

DATE: 6/13/02	SUSPENS: NA	ENGINEER: WJ	LOGGED IN: MN	TYPE: DHC	APP NO: 216451694
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

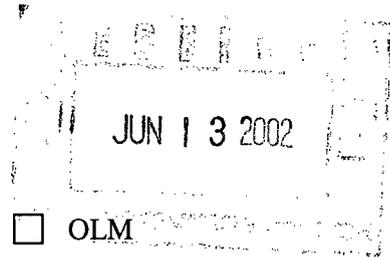
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____



[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
 [B] Offset Operators, Leaseholders or Surface Owner
 [C] Application is One Which Requires Published Legal Notice
 [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Brad Peterson		Reservoir Engineer	6/12/02
Print or Type Name	Signature	Title	Date
		btpeter@ppco.com	
		e-mail Address	

District I,
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

PHILLIPS PETROLEUM COMPANY

5525 Hwy. 64, Farmington, NM 87401

Operator

Address

San Juan 29-5 Unit

#61

Unit H, Section 9, T29N, R5W

Rio Arriba

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. **17654** Property Code **0009256** API No. **30-039-21028** Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Blanco Mesaverde
Pool Code	71629		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Est. Apprx. 3524' - 3702'		4542' - 6180'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1100 psi (est.)		500 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	950 BTU		1150 BTU
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: New Zone Rates:	Date: Rates:	Date: 5/23/02 Rates: 80 mcf/d & 1 bwpd, 0 bopd
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas ** / **	Oil Gas % %	Oil Gas ** / **

NOTE: We will be utilizing the subtraction method on this well until we can establish a good fixed allocation percentage. See attached letter of explanation within application.

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes _____ No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No _____

Are all produced fluids from all commingled zones compatible with each other? Yes No _____

Will commingling decrease the value of production? Yes _____ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No _____

NMOC Reference Case No. applicable to this well: R-10770

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brad Peterson TITLE Reservoir Engineer DATE June 6, 2002

TYPE OR PRINT NAME Brad Peterson TELEPHONE NO. (505) 599-3486 e-mail- btpeter@ppco.com



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

June 11, 2002

New Mexico Oil & Gas Conservation Div.
1220 South St. Francis Drive
Sante Fe, New Mexico 87504

Application for Downhole Commingling
On the San Juan 29-5 # 61

Dear Sirs,

Phillips Petroleum is proposing to commingle the Fruitland Coal and Mesaverde formations on the San Juan 29-5 # 61 (Reference Case No. R-10770). Currently the Mesaverde is producing independently 80 MCFD. Pending commingle approval, the Fruitland Coal will be completed. The Fruitland Coal will be tested for 4-6 months before commingling it with the Mesaverde.

A production forecast has been determined from stabilized Mesaverde production. After the zones are commingled, Phillips Petroleum is proposing to utilize the subtraction method for 36 months or until Fruitland Coal production stabilizes before a ratio between the Fruitland Coal and Mesaverde is established.

Future Fruitland Coal water and gas production were estimated by examining offset low rate Fruitland Coal wells. An initial gas rate of 200 mcf/d and an initial water rate of 4 bwp/d were determined.

Economics for commingling the Fruitland Coal with the Mesaverde and for drilling a new well to complete the Fruitland Coal show completing the Fruitland Coal in this area is only economical by completing the Fruitland Coal in existing Mesaverde wells.

Attached is the C-102 and acreage dedication, Mesaverde gas rate vs time plot for the 29-5 # 61 showing the 36 month forecast, a 36 month Mesaverde gas production forecast, estimated Fruitland Coal gas rate vs time plot for the 29-5 # 61 showing offset production, and economics for commingling the Fruitland Coal with the Mesaverde and drilling and completing the Mesaverde.

Sincerely,

PHILLIPS PETROLEUM

Brad Peterson
Reservoir Engineer

cc: OCD – Aztec
BLM – Farmington
NM Commissioner of Public Lands – Santa Fe

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-21028	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 009256	⁵ Property Name San Juan 29-5 Unit	
⁷ OGRID No. 017654	⁸ Operator Name PHILLIPS PETDROLEUM COMPANY	⁹ Elevation 6847'

¹⁰ Surface Location

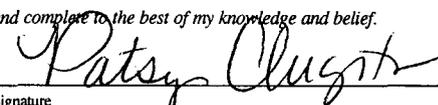
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	9	29N	5W		1520'		900'	East	Rio Arriba

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H									

¹² Dedicated Acres 320 E/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	SECTION 9	SF-80179 320 acres	1520'	900'	17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Patsy Clugston Printed Name Sr. Regulatory Clerk Title 6/5/02 Date
					18 SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> see original C102 Date of Survey dated 9/13/74 Signature and Seal of Professional Surveyor: Signed by Fred B. Kerr, Jr. #3950 Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

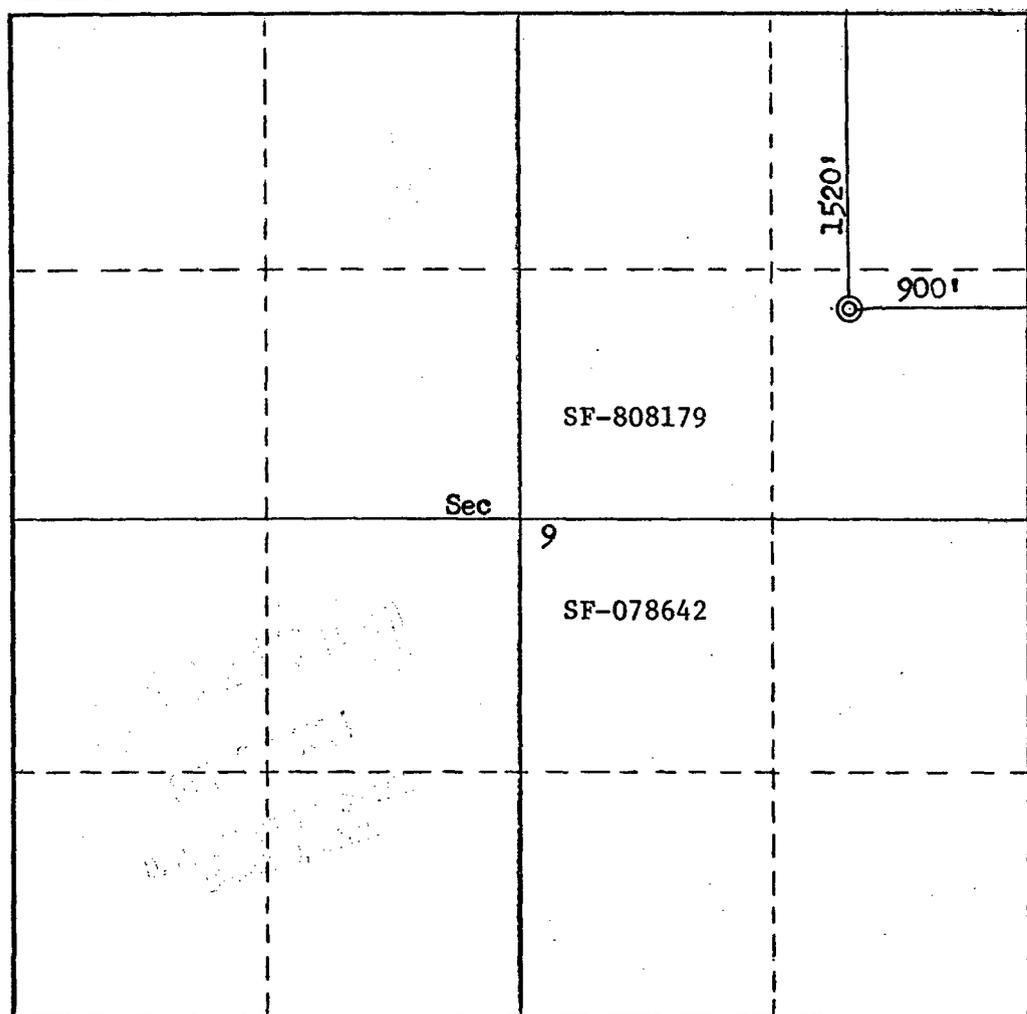
Operator Northwest Pipeline Corporation			Lease San Juan 29-5 Unit			Well No. 61		
Unit Letter H	Section 9	Township 29N	Range 5W	County Rio Arriba				
Actual Footage Location of Well: 1520 feet from the North line and 900 feet from the East line								
Ground Level Elev. 6847	Producing Formation Mesa Verde		Pool Blanco Mesa Verde			Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) SE 1/4, NE 1/4, Sec. 9, T29N, R5W

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name O.B. Whitenburg js

Position
Production & Drilling Eng.

Company
Northwest Pipeline Corp.

Date September 20, 1974

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
September 13, 1974

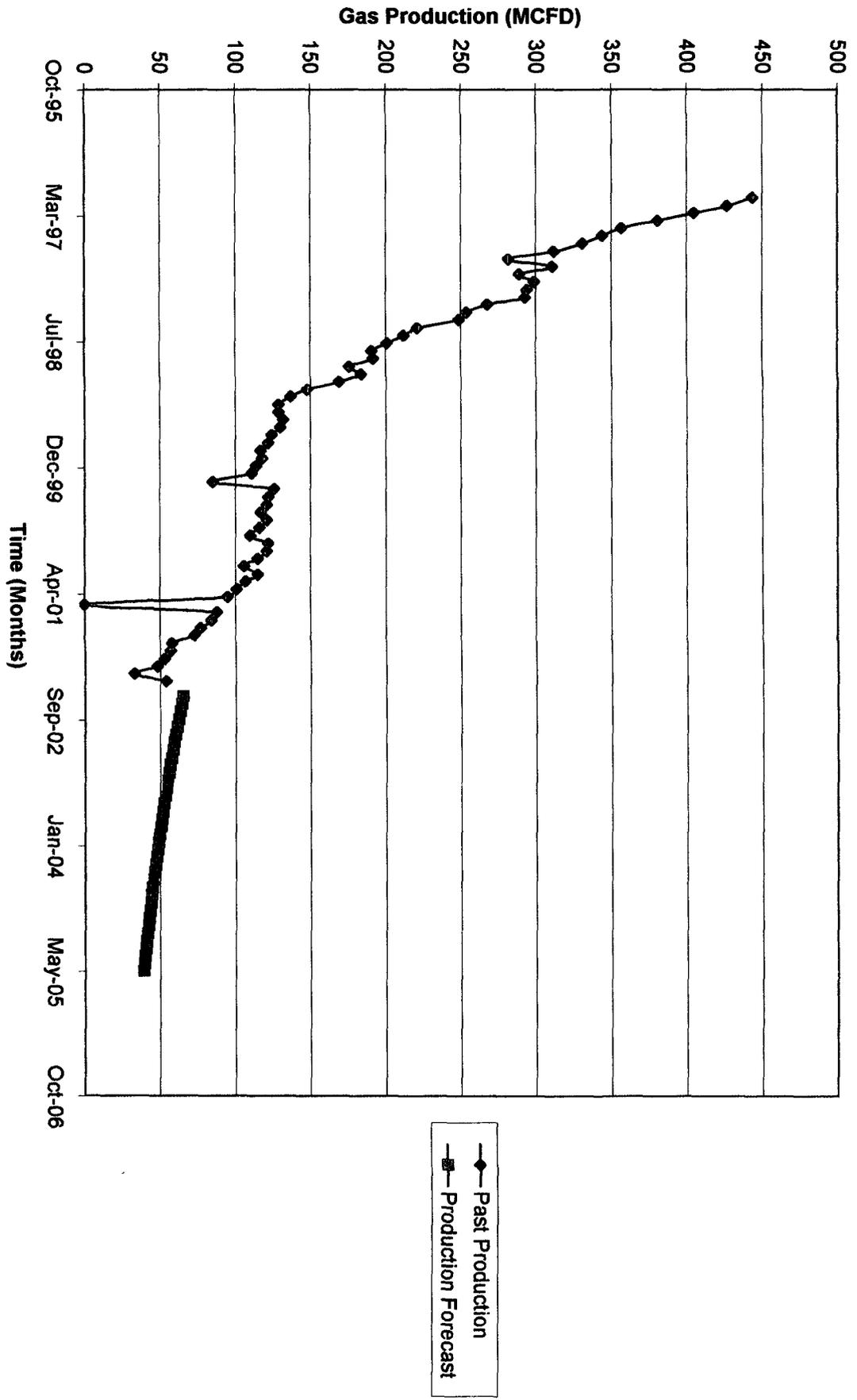
Registered Professional Engineer and/or Land Surveyor

Fred B. Kern Jr.
Fred B. Kern Jr.

Certificate No.
3950



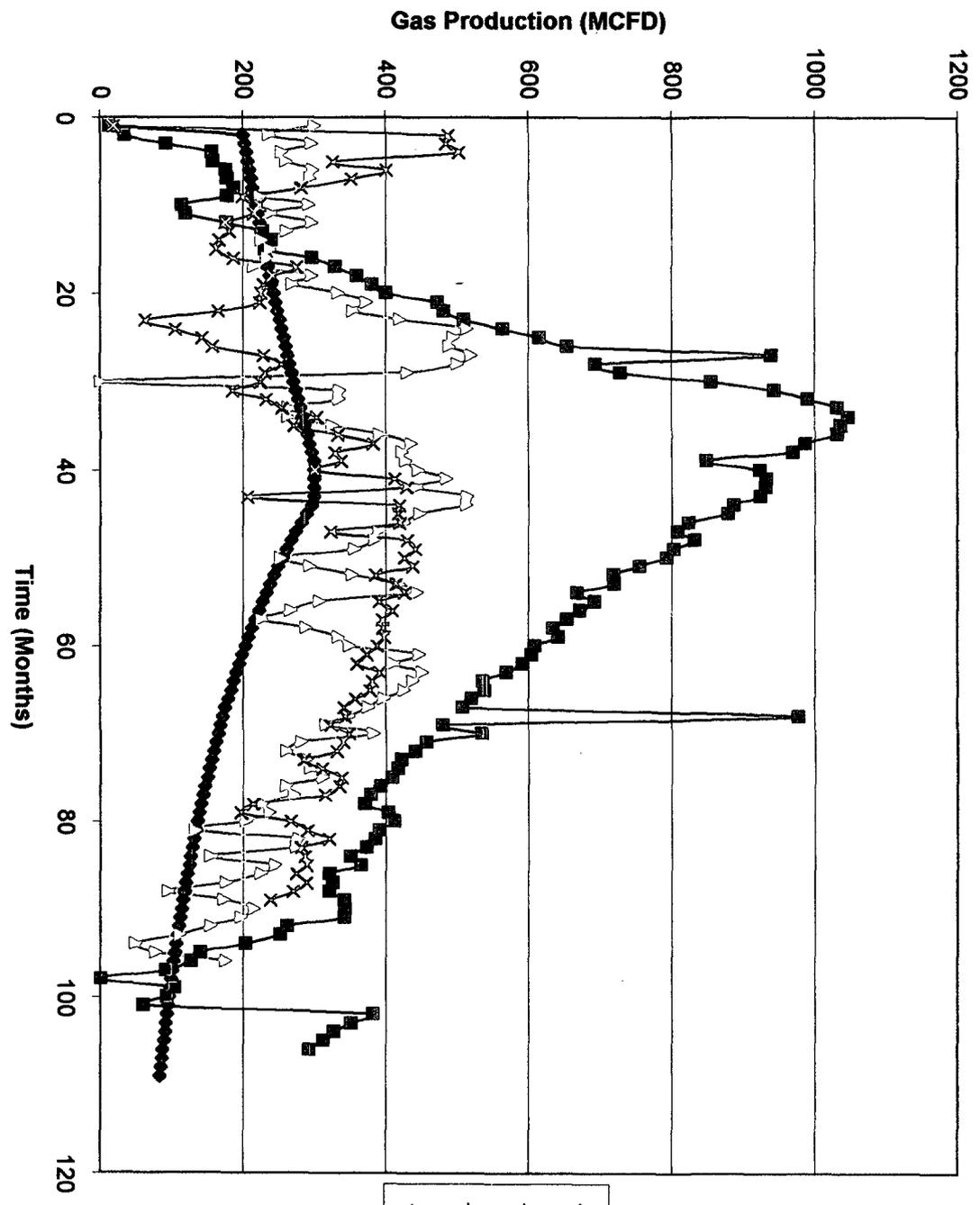
29-5 # 61 Mesaverde Production and Forecast



29-5 # 61 Mesa Verde Production Forecast

Month	Year	Average Rate (MCFD)	Monthly Volume (MMCF)
6	2002	65.0675	2.3
7	2002	64.0135	2.33
8	2002	62.985	2.3
9	2002	61.982	2.19
10	2002	61.0045	2.22
11	2002	60.044	2.12
12	2002	59.109	2.16
1	2003	58.1995	2.12
2	2003	57.307	1.89
3	2003	56.44	2.06
4	2003	55.5815	1.96
5	2003	54.7485	2
6	2003	53.941	1.9
7	2003	53.142	1.94
8	2003	52.36	1.91
9	2003	51.6035	1.82
10	2003	50.8555	1.85
11	2003	50.1245	1.77
12	2003	49.4105	1.8
1	2004	48.7135	1.78
2	2004	48.0335	1.64
3	2004	47.362	1.73
4	2004	46.7075	1.65
5	2004	46.0615	1.68
6	2004	45.4325	1.6
7	2004	44.8205	1.63
8	2004	44.217	1.61
9	2004	43.622	1.54
10	2004	43.044	1.57
11	2004	42.4745	1.5
12	2004	41.922	1.53
1	2005	41.378	1.51
2	2005	40.8425	1.35
3	2005	40.3155	1.47
4	2005	39.797	1.4
5	2005	39.2955	1.43
6	2005	38.794	1.37

29-5 # 61 Production Forecast for Fruitland Coal



- ◆ 29-5 # 61 Production Forecast
- 29-5 # 219
- △ Section 3 Well # 1
- * Section 3 Well # 2

29-5 # 61 Fruitland Coal Completion Economics

	Commingle with Mesaverde Case	New Drill Case
Rate of Return	25.6%	-0.2%
Payout	3.2 years	12.9 years
Net Present Value at 13%	\$58,500	- \$183,900
Capital Outlay	\$129,500	\$423,100
Net Investment/Barrel of Oil Equivalent	\$3.27	\$10.68

The economics were ran using the same production forecast for the Fruitland Coal. Economics assumed the well would be fraced for both cases.