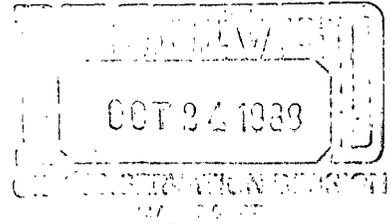




PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Region

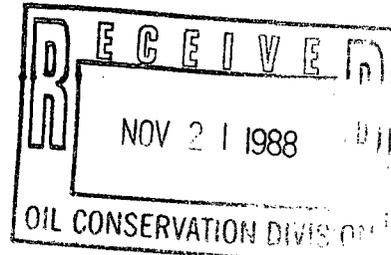


October 18, 1988

RE: Keely-C Fed Well No. 61
Grayburg-Jackson, SR-Q-G-SA Field
Request for Administrative Approval
of Unorthodox Location

State of New Mexico
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, NM 87504

ATTN: William J. Lemay
Director



Dear Sir:

Phillips respectfully requests administrative approval of an unorthodox location for our Keely-C Fed Well No. 61. This wellbore was originally drilled as Grayburg Deep No. 9 with a total depth of 6900', showing no commercial production. It is proposed to plugback to the Grayburg/San Andres formation. Keely-C Fed lease is part of the Burch-Keely Waterflood project authorized by N.M.O.C.D. Order No. R-7900.

The Keely-C Federal Well No. 61 is located 330' FSL and 660' FEL of Section 24, T-17-S, R-29-E, Eddy County, New Mexico and shares the proration with Well No. 4.

Your early attention is appreciated. Please direct any inquiries to me at (915) 367-1488.

Yours very truly,

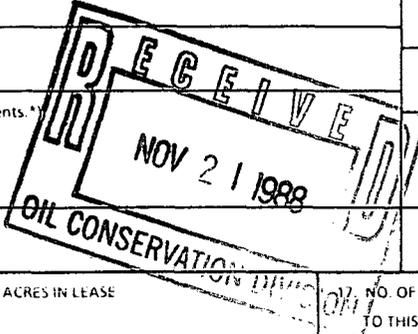
Larry M. Sanders
Larry M. Sanders, Supervisor
Regulation and Proration

LMS:JLB:1sw
REG/PRO11/Keely-C Fed 61

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. LC-028784-C
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR Phillips Petroleum Company		8. FARM OR LEASE NAME Keely-C Fed
3. ADDRESS OF OPERATOR 4001 Penbrook St., Odessa, TX 79762		9. WELL NO. 61
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit P, 330' FSL & 660' FEL At proposed prod. zone Unit P, 330' FSL & 660' FEL		10. FIELD AND POOL, OR WILDCAT Grayburg Jackson-7R-Q-SA
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 2 miles West from Loco Hills, NM		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 24, T-17-S, R-29-E
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest dir. unit line, if any) 330'	16. NO. OF ACRES IN LEASE 1440	12. COUNTY OR PARISH Eddy
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 327.8'	19. PROPOSED DEPTH 5000'	13. STATE NM
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* Upon approval
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR 3610.8'		22. APPROX. DATE WORK WILL START* Upon approval



23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	54.5#	372'	500 sx C-TOC Surface
11"	8-5/8"	24#	3500'	1100 Sx C-TOC Surface
7-7/8"	5-1/2"	15.5# & 14#	6900'	550 Sx C-TOC 3320'

Originally drilled as Grayburg Deep No. 9 - TD 6900' with no commercial production. Propose to plugback and complete as a Grayburg/San Andres producer in the existing Burch-Keely waterflood.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *W.J. Mueller* TITLE Eng. Supv. Reservoir DATE 10-19-88
W.J. Mueller

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE 11-03-88
APPROVED BY *Cecilia Johnson* TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

***See Instructions On Reverse Side**

**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 Phillips Petroleum Company			Lease Keely C Fed Grayburg Deep Unit		Well No. 61
Unit Letter P	Section 24	Township 17 South	Range 29 East	County Eddy	

Actual Footage Location of Well:
330 feet from the **South** line and **660** feet from the **East** line

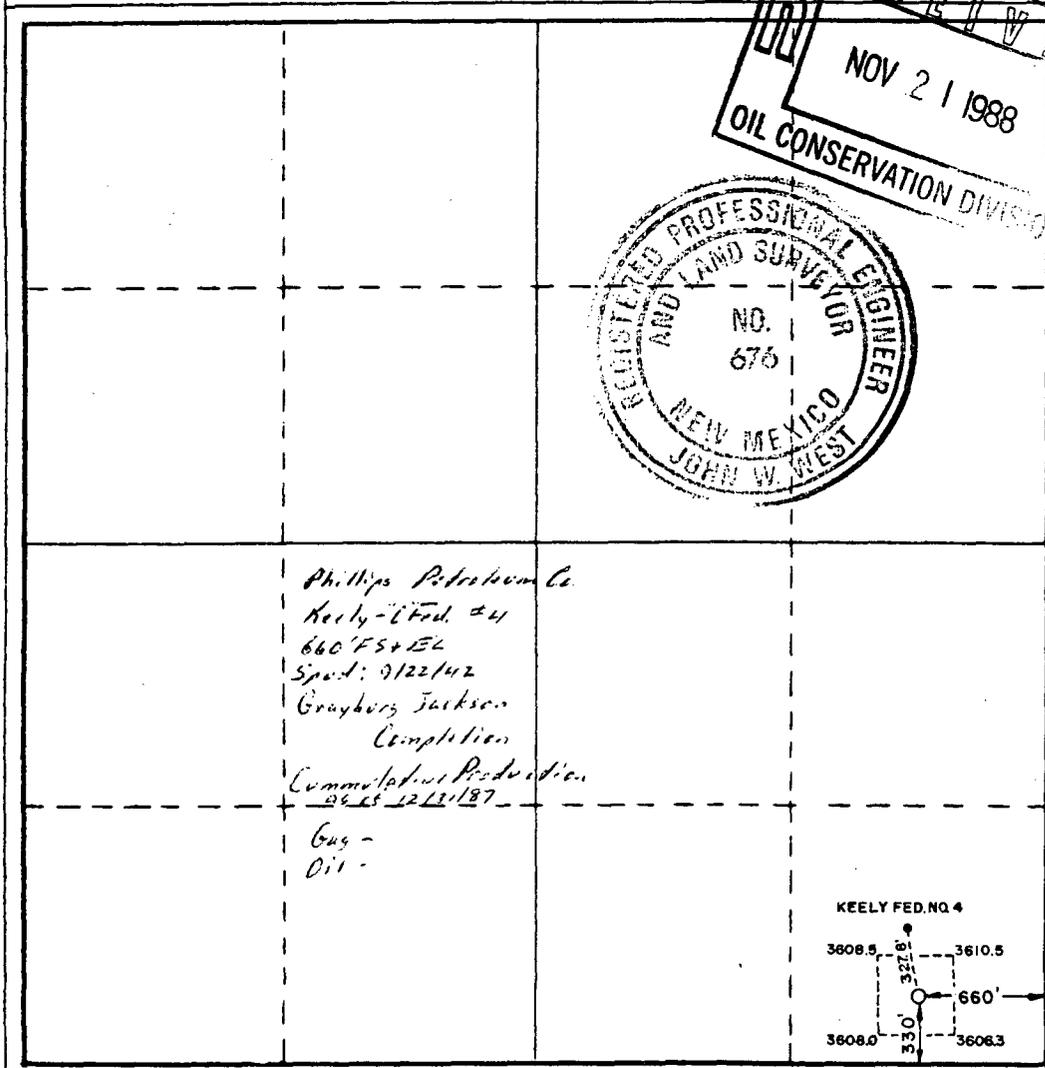
Ground Level Elev. 3610.8	Producing Formation Grayburg - San Andres	Pool Grayburg-Jackson-7R-Q-GB-SA	Dedicated Acreage: 40 Acres
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1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than 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 _____

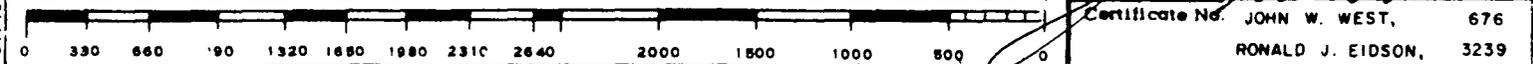
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

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, communitizing 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.	
<i>[Signature]</i>	
Name	W. J. Mueller
Position	Eng. Supervisor, Reservoir
Company	Phillips Petroleum Company
Date	10/19/88
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 11, 1986
Registered Professional Engineer and/or Land Surveyor	
<i>[Signature]</i>	
Certificate No.	JOHN W. WEST, 676
	RONALD J. EIDSON, 3239

91746



**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.

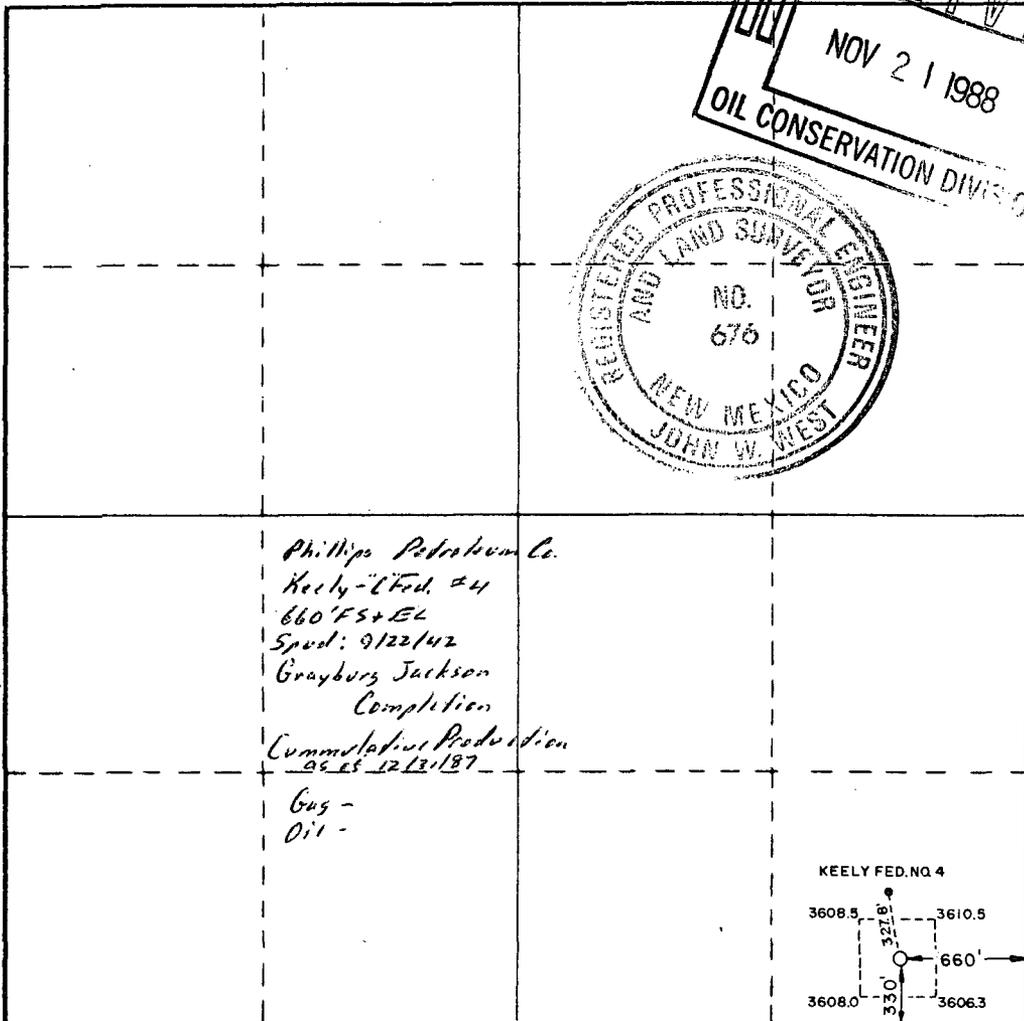
Operator Phillips Petroleum Company			Lease Keely C Fed Grayburg Deep Unit		Well No. 61
Unit Letter P	Section 24	Township 17 South	Range 29 East	County Eddy	
Actual Footage Location of Well: 330 feet from the South line and 660 feet from the East line					
Ground Level Elev. 3610.8	Producing Formation Grayburg - San Andres	Pool Grayburg-Jackson-#7R-Q-#GB-SA		Dedicated Acreage: 40 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.) _____

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	<i>W. J. Mueller</i>
Position	Eng. Supervisor, Reservoir
Company	Phillips Petroleum Company
Date	10/19/88
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 11, 1986
Registered Professional Engineer and/or Land Surveyor	
<i>John W. West</i>	
Certificate No.	JOHN W. WEST, 676
	RONALD J. EIDSON, 3239

91746



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

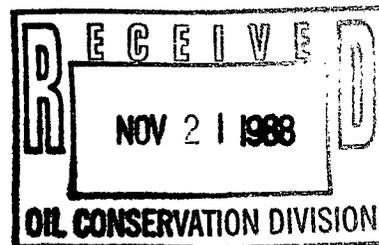
OIL CONSERVATION DIVISION

NOV 16 1988

P.B.R. Regulatory Section

GARREY CARRUTHERS
GOVERNORPOST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 14, 1988

Phillips Petroleum Company
4001 Penbrook
Room 401
Odessa, TX 79762Attention: L.M. Sanders
Supervisor, Regulation and Proration

RE: Keely "C" Federal Well No. 61

Dear Larry:

In reviewing your filing for an unorthodox oil well location on the subject well, I find that an exception is not needed. Since there are no special rules for this pool all of the requirements under General Rule 104 C.I. are satisfied for this well. I am therefore returning this application to you.

If you should have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner".

Michael E. Stogner
Petroleum Engineer

MES/ag

Michael,

*Here is our letter as we discussed
on Wednesday, Nov. 16, 1988*

Larry Sanders