

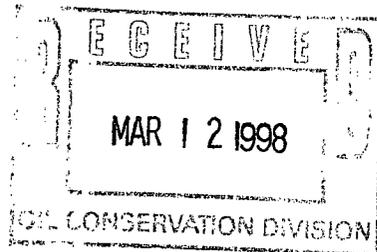
NSL 4/1/98



**PHILLIPS PETROLEUM COMPANY**

4001 PENBROOK  
ODESSA, TEXAS 79762

EXPLORATION AND PRODUCTION  
Permian Profit Center



March 10, 1998

Michael Stogner, Hearings Examiner  
State of New Mexico  
Energy, Minerals, and Natural Resources  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87504

Re: Request for Unorthodox Location  
Grayburg Deep Unit Well No. 15  
Sand Tank (Morrow)  
Eddy County, New Mexico

Dear Sir:

Phillips Petroleum Company respectfully requests administrative approval for an unorthodox location for the subject well based on geological considerations. It is understood the well is to be located 198' FNL and 2201' FWL in Unit Letter C, Section 30, T-17-S, R-30-E, Eddy County, New Mexico with a W/2 320 acre proration unit. NMOCD Form C-102 attached.

Under the provision of NMOCD Rule 104.F (3) attached is the information requested for the geological exhibits. The list of operators of all spacing units surrounding the W/2 of Section 30 is attached.

If any additional information is needed,, please contact me at the letterhead address or telephone (915) 368-1488.

Sincerely,

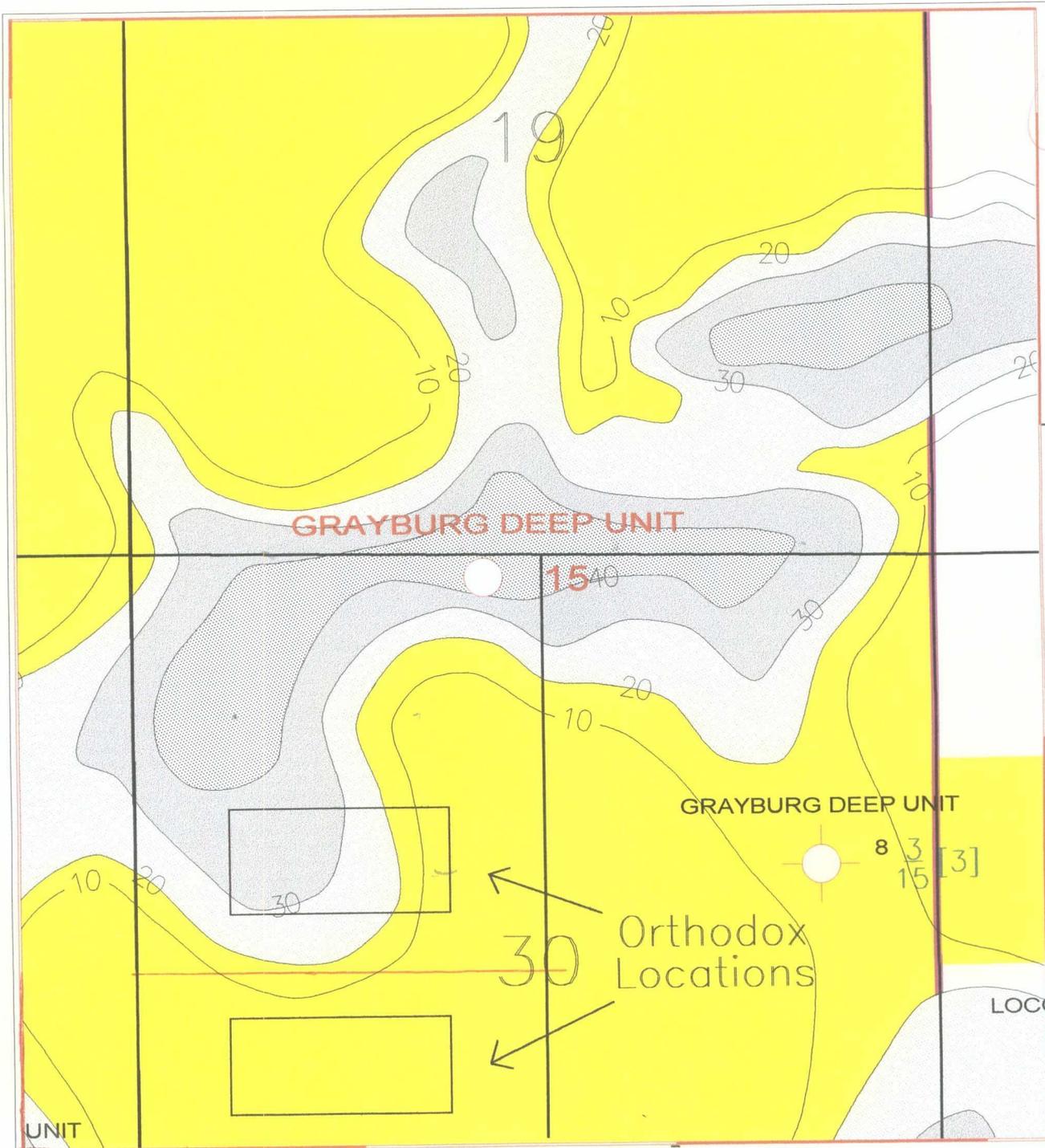
L. M. Sanders  
Senior Regulations Analyst

/cgd

cc: NMOCD at Artesia  
BLM at Carlsbad

## Grayburg Deep 15 Unorthodox Location

The Grayburg Deep 15 well is located primarily to test Middle Morrow sands. The presence of these sands are indicated by a seismic anomaly on the Loco Hills 3D recorded in 1994. This seismic anomaly trends east - west along the boundary between Sections 19 and 30 .The optimum location to test this anomaly is at the unorthodox location of 200' FNL and 2200' FWL in Section 30. To drill in any other location would not adequately test this geophysical model and lead to inclusive results which may curtail future drilling .



Scale 1:12000.

2000.0 200.0 600.0 800.0 1000. inches



200. 0. 200. 400. 600. 800. 1000. feet



KEY:



Net<sup>1</sup> Gross [Number of sands]

<sup>1</sup> NET CALCULATED FROM NEUTRON-DENSITY CROSSOVER, INFERRED FROM TEST DATA

*\$135.00*

Phillips Petroleum

LOCO HILLS - 3D PROSPECT  
MIDDLE MORROW SAND MAP

J. Ackerman

Scale 1:12000.

02/19/96

File: mdmor15.gpt

DISTRICT I  
P.O. Box 1680, Hobbs, NM 88241-1680

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION  
P.O. Box 2088

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

Santa Fe, New Mexico 87504-2088

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 84872	Pool Name Sand Tank (Morrow)
Property Code 009090	Property Name GRAYBURG DEEP UNIT	Well Number 15
OGRID No. 017643	Operator Name PHILLIPS PETROLEUM CO.	Elevation 3610'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	30	17 S	30 E		198	NORTH	2201	WEST	EDDY

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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

	<p>NEW MEXICO EAST NAD 1927 Y=659313 X=598732</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>L. M. Sanders</i> Signature L. M. Sanders Title Sr. Regulations Analyst Date March 10, 1998</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>FEBRUARY 24, 1998</p>	<p>Date Surveyed Signature &amp; Seal of Professional Surveyor Professional Surveyor RONALD G. EIDSON 3-98 98-11-0272</p>
	<p>Certification No. 3239 12641</p>	<p>CDG</p>

**Grayburg Deep Unit  
Well No. 15  
Offset Operators**

Well Location: 200' FNL, 2200' FWL Section 30, T17S, R30E, Eddy County, NM  
Proration Unit: W/2 of Section 30, T17S, R30E, Eddy County, NM (per 8151)

Marbob Energy Corporation  
P. O. Box 227  
Artesia, NM 88211-0227  
Phone: 505/748-3303  
Fax: 505/746-2523

Mack Energy Corporation  
P. O. Box 960  
Artesia, NM 88211  
Phone: 505/746-9862  
Fax: 505/746-9539

Xeric Oil & Gas Corporation  
P. O. Box 352  
Midland, TX 79702-0352  
Phone: 915/683-3171

Southwest Royalties, Inc.  
P. O. Box 11390  
Midland, TX 79702-8390  
Phone: 915/686-9927  
Fax: 915/688-0191

Shahara Oil Corporation  
207 W. McKay Street  
Carlsbad, NM 88220  
Phone: 505/885-5433

Provided by: Danna C. Thornton  
Date: February 13, 1998

1998\dct\grabrg15.oop

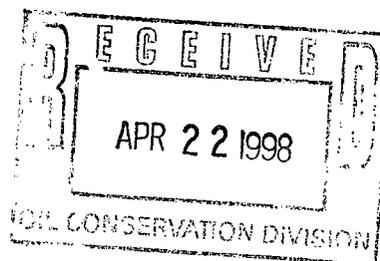
Grayburg Deep 15 Unorthodox Location

04/20/98

The Grayburg Deep 15 well is located primarily to test Middle Morrow sands. The presence of these sands are indicated by a seismic anomaly on the Loco Hills 3D recorded in 1994. This seismic anomaly trends east-west along the northern edge of Section 30. The seismic anomaly that defines this Middle Morrow channel varies in quality and reliability and is best defined at the unorthodox location of 198' FNL and 2201' FWL in Section 30. To drill in any other location would not adequately test this geophysical model and lead to inclusive results which may curtail future drilling.

Attached is a north-south seismic line that passes through the Middle Morrow sandstone seismic anomaly at the Grayburg Deep #15 location. (red-brown anomaly that the Grayburg Deep #15 will penetrate between the blue and red horizons, Base Middle Morrow Limestone and the Miss. Unconformity respectively). This seismic anomaly trends east-west as depicted on the attached time-slice map. The dark blues correspond to the red-brown seismic anomaly. The dark blues are trending east-west under the northern boundary of Section 30 in the time-slice map from the 3D seismic. Grayburg Deep #14 which was an unorthodox location was drilled on the same type of anomaly. To move forward in this area, Phillips must test this location as staked or else wonder forever if the Middle Morrow sands were lying under the section line.

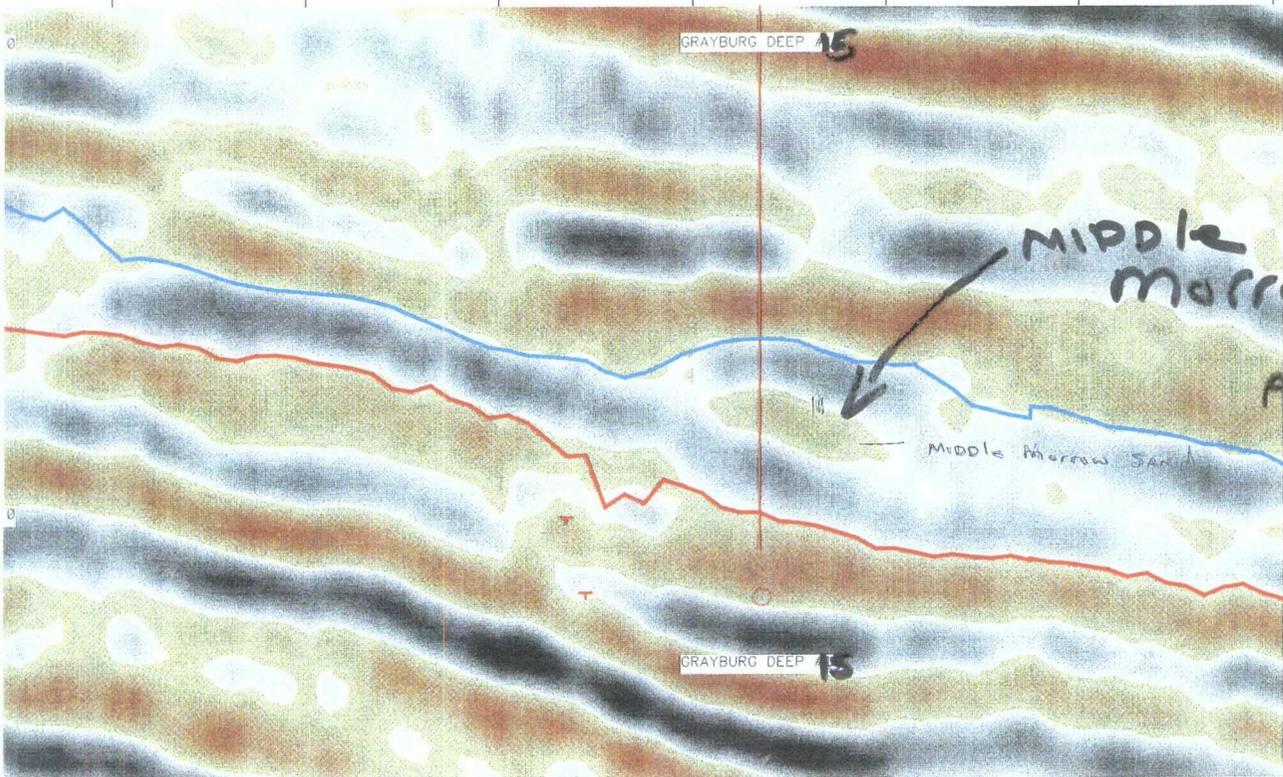
**This data is proprietary and confidential to Phillips. Viewing of this data to anyone outside of the government would require Phillips approval.**



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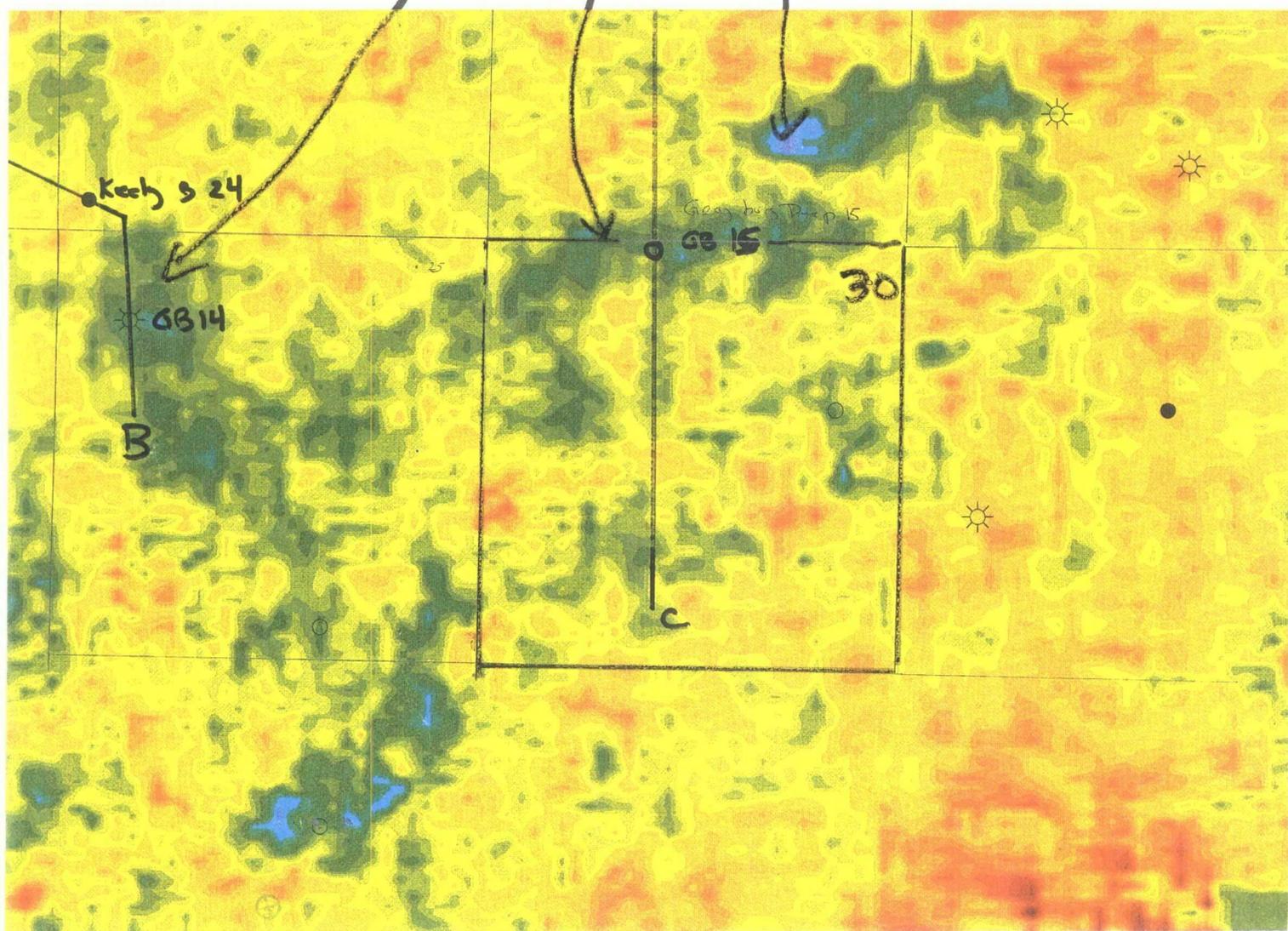


1004'

Arbitrary Line S

# Time slice map

## MIDDLE MURROW Time Anomalies



# FAX

**Date** 04/20/98

**Number of pages including cover sheet** 4

**TO:** **Michael Stogner**  
STATE OF NEW MEXICO  
OIL CONSERVATION  
DIVISION

**Phone** 505/827-8185  
**Fax Phone** 505/827-1389

**FROM:** **CELESTE G. DALE**  
Phillips Petroleum  
Company  
4001 PENBROOK ST.  
ODESSA, TX 79762

**Phone** 915/368-1667  
**Fax Phone** 915/368-1507

**CC:**

**REMARKS:**  Urgent  For your review  Reply ASAP  Please Comment

Grayburg Deep Unit Plan of Development

*Operators*



**PHILLIPS PETROLEUM COMPANY**

4001 PENBROOK  
ODESSA, TEXAS 79762

MAR 17 A 9 32

EXPLORATION AND PRODUCTION  
Permian Profit Center

ROSWELL OFFICE

March 16, 1998

United States Department of the Interior  
Bureau of Land Management  
Roswell District Office  
P. O. Box 1397  
Roswell, NM 88202

RE: 1998 Plan of Development/Operations  
Grayburg Deep Unit  
Contract No.-14-08-001-1602  
Eddy County, New Mexico

Gentlemen:

In compliance with Section 10 of the Unit Agreement of the Grayburg Deep Unit, Eddy County, New Mexico, approved by the Acting Director, United States Geological Survey on June 4, 1954, and designated by Contract Number 14-08-001-1602, Phillips Petroleum Company as successor to General American Oil Company of Texas respectfully submits for your consideration and approval the following Plan of Development/Operations for the unitized land.

1. Current Status

There are currently 4 wells producing in the unit. They are the #1, #5, #10, and #14 wells. The #1, #10, and #14 produce from the Pennsylvanian Morrow sands. Current Production rates are as follows:

<u>Well</u>	<u>BOPD</u>	<u>BWPD</u>	<u>MCFD</u>
#1	1.1	0.5	513
#10	0.6	0	244
#14	18	2	954

The #5 well produces from the Abo formation and is currently producing an average of 8 BOPD, 22 BWPD, and 16 MCFD. The #14 well was drilled in September 1997 and

completed in the Pennsylvanian Morrow sands in October 1997. The formation was hydraulically fractured with 41,000 pounds of sand and placed on production.

## 2. Future Development

Within the Grayburg Deep Unit, the Grayburg Deep #13 was drilled in April 1997 and the Grayburg Deep #14 was drilled in October 1997. The Grayburg Deep #13 was plugged and abandoned. The Grayburg Deep #14 was completed in the Morrow and is currently producing approximately 1 mmcfpd. Phillips has staked locations for the Grayburg Deep #15, #16, and #17. AFE's have been prepared by local Phillips geoscientists and sent to Houston for approval. The Grayburg Deep #15 and #16 wells will be balloted to partners. Phillips is planning to drill the Grayburg Deep #15 and #16 in 1998.

## 3. Modifications

The Plan of Development/Operations may be modified from time to time with the approval of the Bureau of Land Management to meet changing conditions.

## 4. Attachments

Current Unit map.

Please contact Celeste Dale at 915/368-1667 if there are any questions regarding this Plan of Development/Operations.

Sincerely,



L. M. Sanders  
Regulatory Affairs

cc: State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Working Interest Owners

APPROVED

MAR 17 1998

*Shirley A. Amador Lopez*  
AUTHORIZED OFFICER, MINERALS  
BUREAU OF LAND MANAGEMENT



# FAX

**Date** 04/20/98

**Number of pages including cover sheet** 4

**TO:** *Michael Stogner*  
STATE OF NEW MEXICO  
OIL CONSERVATION  
DIVISION

**Phone** 505/827-8185  
**Fax Phone** 505/827-1389

**FROM:** *CELESTE G. DALE*  
Phillips Petroleum  
Company  
4001 PENBROOK ST.  
ODESSA, TX 79762

**Phone** 915/368-1667  
**Fax Phone** 915/368-1507

**CC:**

**REMARKS:**  Urgent  For your review  Reply ASAP  Please Comment

Hard copy (original) to follow via overnight mail (to be sent tomorrow)

Grayburg Deep 15 Unorthodox Location

04/20/98

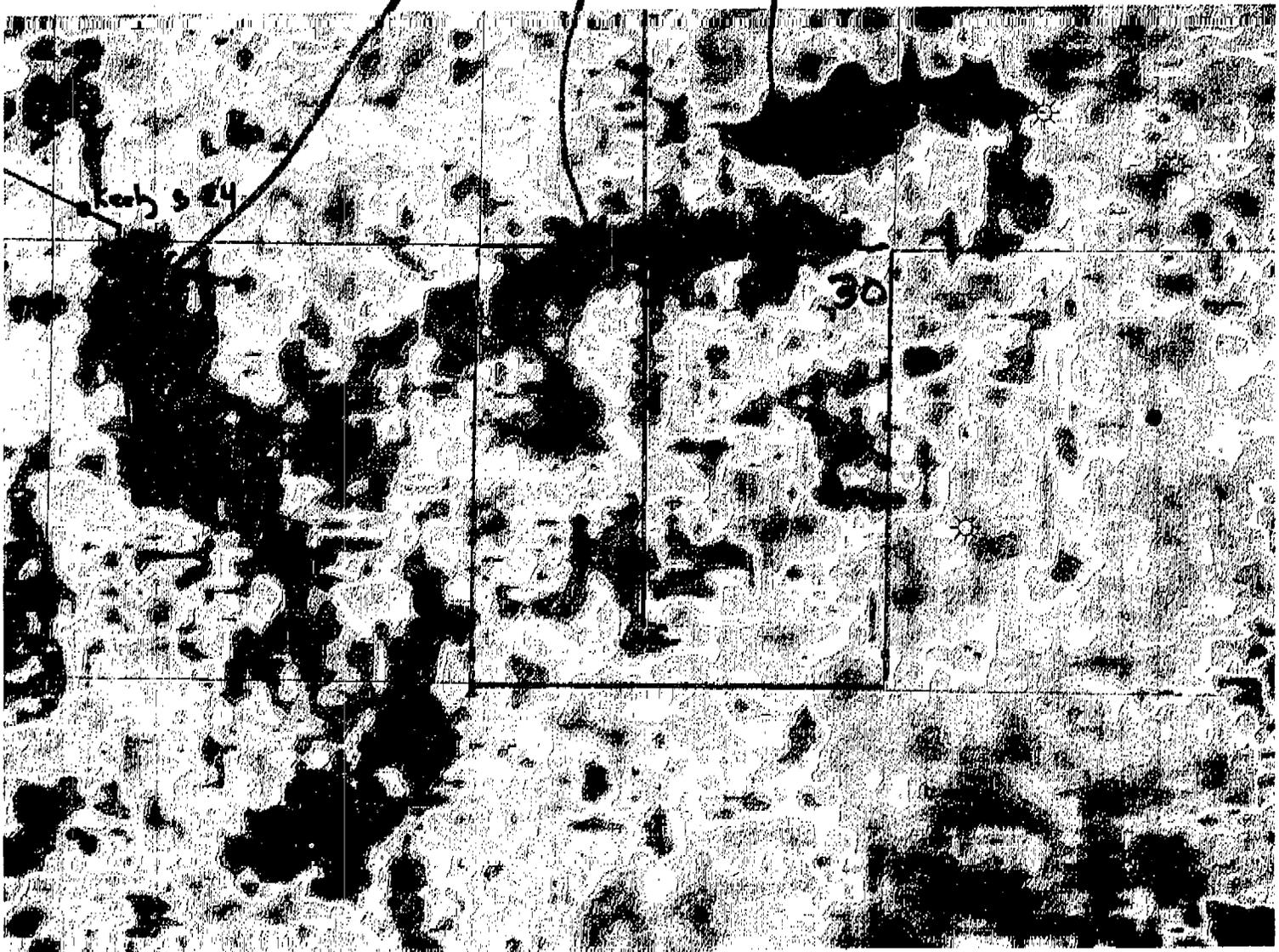
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# Time slice map

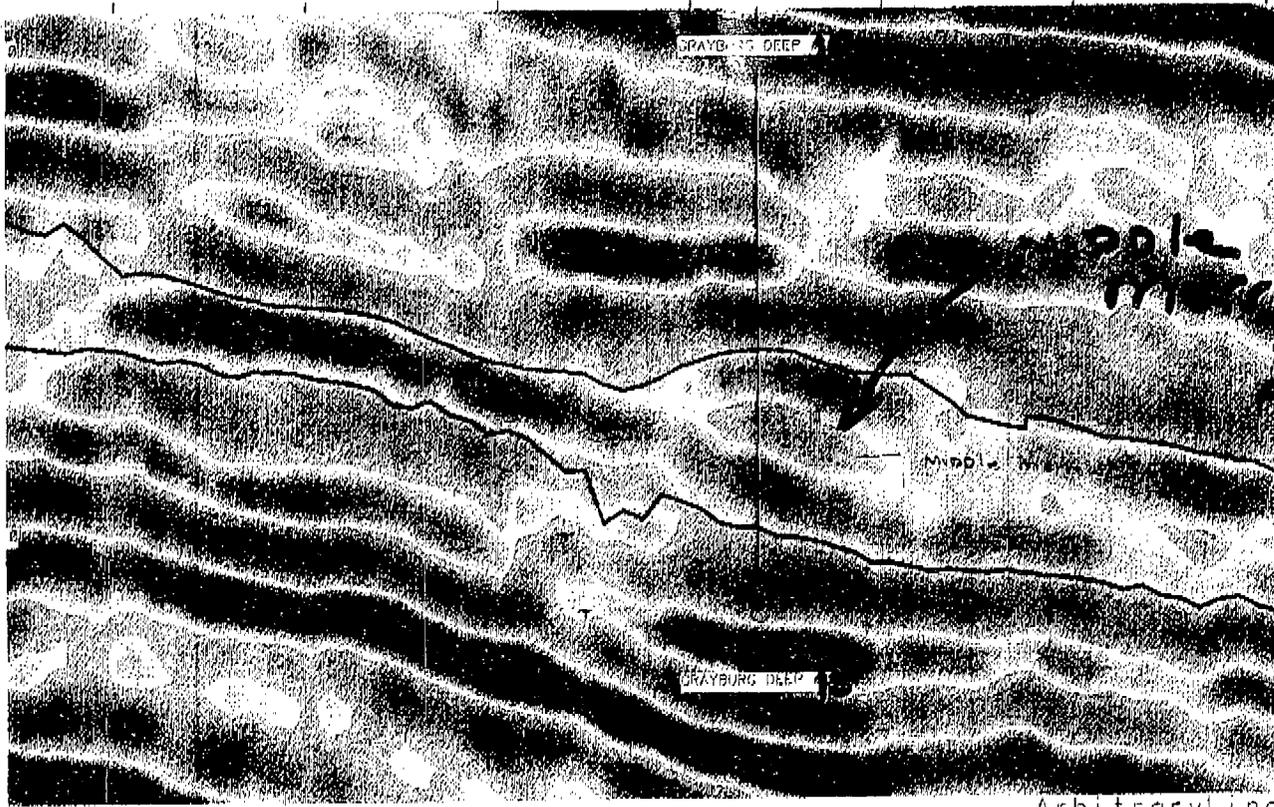
## MIDDLE MURROW Time Anomalies



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MIDDLE MISSISSIPPIAN  
 SAND ANOMOLY  
 Base Merit  
 MISS. UNCONG.

1004'

Arbitrary Line S

County Eddy Pool Sand Tank-Morrow Gas

TOWNSHIP 18 South Range 29 East NMPM

	6	5	4	3	2	1
	7	8	9	10	11	12
	18	17	16	15	14	13
*	19	20	21	22	23	24
	30	29	28	27	26	25
	31	32	33	34	35	36

Ext:  $\frac{5}{2}$  Sec. 12 (R-10680, 10-8-96) Ext:  $\frac{N}{2}$  Sec. 12 (R-10713, 11-26-96)

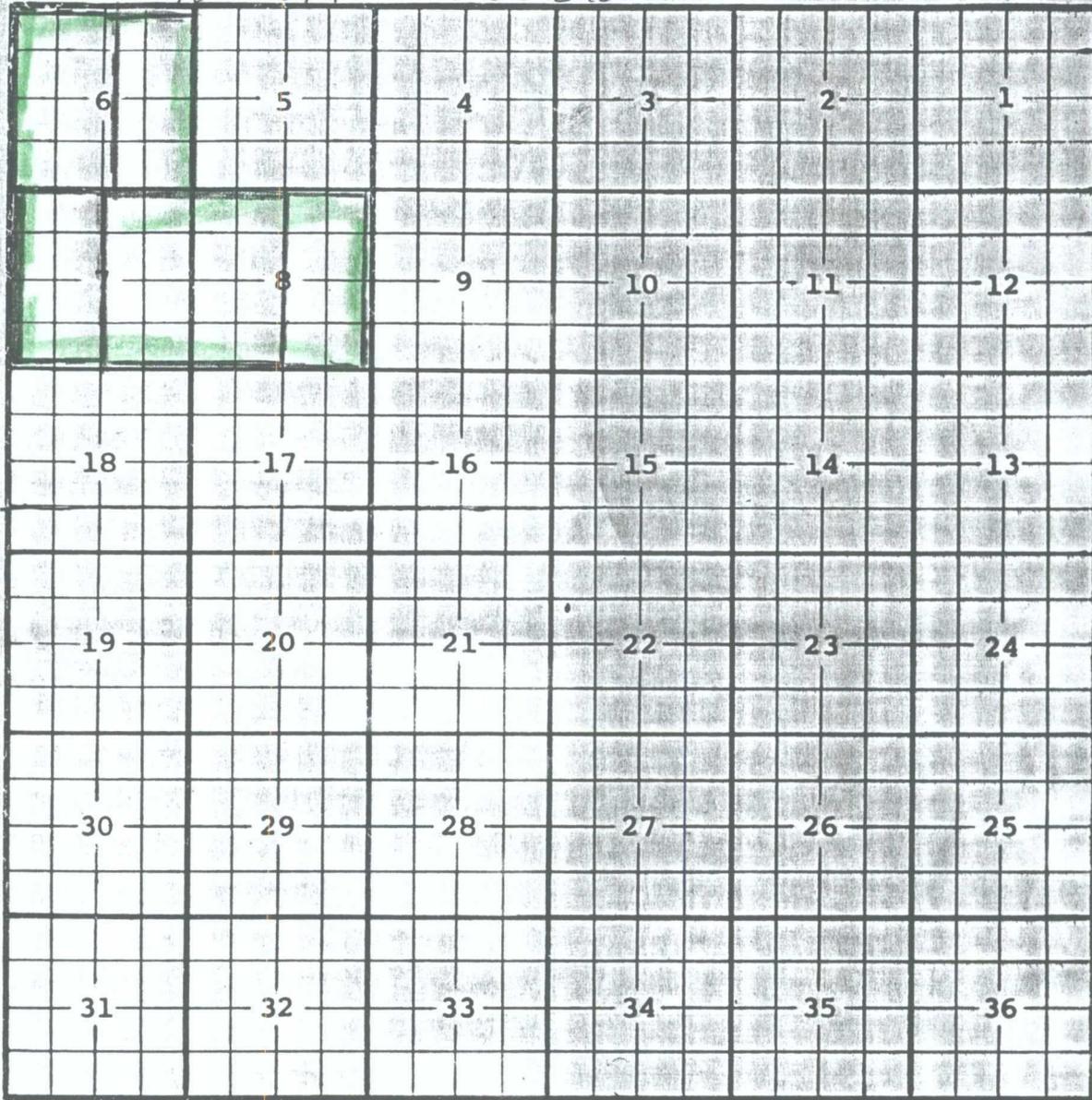
Ext: All Sec. 1 (R-10787, 4-9-97)





COUNTY Eddy POOL Sand Tank-Morrow Gas

TOWNSHIP 15 South RANGE 30 East NMPM



Description: E/2 Sec. 8 (R-7708, 10-25-84)

Ext: E/2 Sec. 7, W/2 Sec. 8 (R-1059, 5-8-96) Ext: W/2 Sec. 7 (R-10619, 7-2-96)

Ext: E/2 Sec. 6 (R-10724, 1-8-97) Ext: W/2 Sec. 6 (R-10822, 6-18-97)

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(SOUTH CROSSROADS UNIT—Cont'd.)

(b) The Unit Area may be expanded as provided in said plan. SEC. 4. That the Unit Operator shall file with the Commission an executed original or executed counterpart thereof of the South Crossroads Unit Agreement not later than 30 days after the effective date thereof.

SEC. 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original or any such counterpart.

SEC. 6. That this order shall become effective upon approval of the Commissioner of Public Lands of the State of New Mexico and shall terminate ipso facto on termination of said Unit Agreement. The last Unit Operator shall immediately notify the Commission, and the Commissioner of Public Lands, in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

WEST ANDERSON RANCH UNIT

Chaves, Eddy and Lea Counties, New Mexico Order No. R-509, Approving the West Anderson Ranch Unit, Chaves, Eddy and Lea Counties, New Mexico, Dated July 7, 1954 The application of Continental Oil Company for approval of the West Anderson Ranch Unit Agreement embracing 5,344.34 acres of land, more or less, in Chaves, Eddy and Lea Counties, New Mexico, within Townships 15 and 16 S., Ranges 31 and 32 E., N.M.P.M.

CASE NO. 743 Order No. R-509

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9:00 o'clock a.m., on the 7th day of July, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 7th day of July, 1954, the Commission, a quorum being present, having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof. (2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SEC. 1. That this order shall be known as the WEST ANDERSON RANCH UNIT AGREEMENT ORDER

SEC. 2. (a) That the project herein referred to shall be known as the West Anderson Ranch Unit Agreement, and shall hereafter be referred to as the "Project".

(b) That the plan by which the project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the West Anderson Ranch Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the West Anderson Ranch Unit Agreement Plan.

SEC. 3. That the West Anderson Ranch Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in any manner any right, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission

by law relative to the supervision and control of operations for exploration and development of any lands committed to said West Anderson Unit Agreement, or relative to the production of oil or gas therefrom.

- SEC. 4. (a) That the Unit Area shall be: NEW MEXICO PRINCIPAL MERIDIAN T. 15 S., R. 31 E., Chaves County, New Mexico Sec. 33: All Sec. 34: S/2, W/2 NW/4 T. 16 S., R. 31 E., Eddy County, New Mexico Sec. 1: All Sec. 2: Lots 1, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, S/2 Sec. 3: Lots 8, 9, 16, E/2 SE/4 T. 16 S., R 32 E., Lea County, New Mexico Sec. 5: Lots 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, S/2 Sec. 6: All Sec. 7: Lot 1, NE/4 NW/4, NE/4 Sec. 8: N/2 containing 5,344.34 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said Plan.

SEC. 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the West Anderson Ranch Unit Agreement within 30 days after the effective date thereof.

SEC. 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SEC. 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

GRAYBURG DEEP UNIT

Eddy County, New Mexico

Order No. R-506, Approving the Grayburg Deep Unit, Eddy County, New Mexico, Dated July 7, 1954

The application of General American Oil Company of Texas for an order approving a proposed unit agreement for the development and operation of the Grayburg Deep Unit Area, consisting of 5,484.17 acres, more or less, situated in Township 17 South, Range 29 East and Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

CASE NO. 715 Order No. R-506

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m., June 16, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 7th day of July, 1954, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof. (2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

## (GRAYBURG DEEP UNIT—Cont'd.)

## IT IS THEREFORE ORDERED:

That the order herein shall be known as the:  
**"GRAYBURG DEEP UNIT AGREEMENT ORDER"**

SEC. 1. (a) That the project herein shall be known as the Grayburg Deep Unit Agreement and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Grayburg Deep Unit Area referred to in the Petitioner's petition and filed with said petition and such plan shall be known as the Grayburg Deep Unit Agreement Plan.

SEC. 2. That the Grayburg Deep Unit Agreement shall be, and is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval of said agreement shall not be considered as waiving or relinquishing in any manner any rights, duties, or obligations which are now or may hereafter be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Grayburg Deep Unit Agreement or relative to the production of oil or gas therefrom.

SEC. 3. (a) That the Unit Area shall be:

**NEW MEXICO PRINCIPAL MERIDIAN****Township 17 South, Range 29 East**

Sec. 12: S/2

Sec. 13: All

Sec. 23: All

Sec. 24: All

Sec. 25: All

**Township 17 South, Range 30 East**

Sec. 7: W/2 SW/4

Sec. 18: All

Sec. 19: All

Sec. 30: All

containing 5484.17 acres, more or less.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

SEC. 4. That the unit operator shall file with the Commission an executed original or executed counterpart thereof of the Grayburg Deep Unit Agreement not later than 30 days after the effective date thereof.

SEC. 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original or any such counterpart.

SEC. 6. That this order shall become effective on the first day of the calendar month next following the approval of the Director of the United States Geological Survey and shall terminate ipso facto in the termination of said Unit Agreement. The last Unit Operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

**HUAPACHE UNIT**

Eddy County, New Mexico

Order No. R-513, Approving the Huapache Unit, Eddy County  
 New Mexico, Dated July 16, 1954

*The application of Humble Oil & Refining Company for approval of the Huapache Unit Agreement embracing 38,658 acres of land, more or less, in Eddy County, New Mexico, within Townships 23 and 24 S., Ranges 22 and 23 E., N.M.P.M.*

CASE NO. 74  
 Order No. R-51

**ORDER OF THE COMMISSION**

BY THE COMMISSION: This cause came on for hearing a 9 o'clock a.m., on the 15th day of July, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission."

NOW, on this 16th day of July, 1954, the Commission, quorum being present, having considered said application and the evidence introduced in support thereof, and being full advised in the premises,

**FINDS:**

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

**IT IS THEREFORE ORDERED:**

SEC. 1. That this order shall be known as the  
**HUAPACHE UNIT AGREEMENT ORDER**

SEC. 2. (a) That the project herein referred to shall be known as the Huapache Unit Agreement, and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Huapache Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Huapache Unit Agreement Plan.

SEC. 3. That the Huapache Unit Agreement Plan shall be, and is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Huapache Unit Agreement, or relative to the production of oil or gas therefrom.

SEC. 4. (a) That the Unit Area shall be:

**NEW MEXICO PRINCIPAL MERIDIAN****Township 23 South, Range 22 East**

Secs. 1, 2, 3, 4, 5: All

Sec. 6: Lots 1, 2, 3, 4, E/2, E/2 W/2 (All)

Secs. 8, 9, 10, 11, 12: All

Sec. 13: Lots 1, 2, 3, 4, N/2, N/2 S/2 (All)

Sec. 14: Lots 1, 2, 3, 4, N/2, N/2 S/2 (All)

Sec. 15: Lots 1, 2, 3, 4, N/2, N/2 S/2 (All)

Secs. 16 and 17: All

Sec. 21: Lots 1, 2, 3, 4, W/2, W/2 E/2 (All)

Secs. 22, 23, 24, 25,

26, 27: All

Sec. 28: Lots 1, 2, 3, 4, W/2, W/2 E/2 (All)