

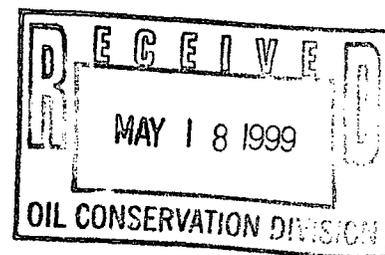
NSL

6/7/99



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



May 14, 1999

Oil Conservation Division
State of New Mexico
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Mr. Michael Stogner

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 29-6 UNIT #31B WELL
NW/4 SECTION 10-29N-6W
RIO ARRIBA COUNTY, NEW MEXICO
PHILLIPS CONTRACT C40453**

Dear Mr. Stogner:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an unorthodox well location for the said well.

Phillips proposes to drill the San Juan 29-6 Unit #31B well at a location of 1330' FNL & 125' FWL of Section 10-29N-6W, Rio Arriba County, New Mexico. This well will be a commingled well located in the Basin Dakota and Blanco Mesaverde Pools and will have the W/2 of Section 10 designated as the drillblock for the Mesaverde and as the drillblock for the Dakota. This is an orthodox location for the Mesaverde, (as per Order No. R-10987-A) and is an 80 acre infill well for the Mesaverde Pool, however, it is not an orthodox location for the Dakota Pool as currently established.

In this particular unit, the Mesaverde has been developed on the optional 160 acre basis. It is unlikely that a Dakota well could be drilled as a stand-alone well on an economic basis. The economics are improved through the investment savings realized by drilling the well as a Dakota/Mesaverde commingled well. Since the orthodox locations for the Dakota already have existing Mesaverde wells on them, we are precluded from drilling commingled wells at those locations. The most viable alternative to recover Dakota reserves is to drill the 80 acre Mesaverde infill wells as commingled wells, thus necessitating our request. Additionally, this creates less surface disturbance, which is an increasing concern of the BLM and Fee surface owners.

For your benefit in reviewing this request, we are providing the following:

1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of exhibits presented at our March 18, 1999 hearing for downhole commingling in the San Juan 29-6 Unit (Case No. 12136, currently pending with Mr. Catanach)

This drill block is located within the confines of the San Juan 29-6 Unit and is completely surrounded by drillblocks operated by Phillips. Per the District OCD office in Aztec, it is our understanding that the 20 day notice period can be waived due to Phillips operating all offsetting drillblocks. We respectfully ask that if possible, the waiting period be waived and this request expedited.

Unorthodox Well Location
San Juan 29-6 Unit #31B Well
May 14, 1999
Page 2

We thank you for your considerate attention to this request and should you need additional information or clarification, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Scott Prather', with a long horizontal flourish extending to the right.

S. Scott Prather, CPL
Senior Landman
San Juan Basin
(505) 599-3410

cc: J. L. Mathis (r) C40453
Ernie Busch – OCD, Aztec

District I
 2040 South Pacheco, Santa Fe, NM 87505

District II
 811 South First, Ardenia, NM 88210

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

District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name SAN JUAN 29-6			6 Well Number 31B
7 OGRID No.		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6766'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	10	29N	6W		1330'	NORTH	125'	WEST	RIO ARRIBA

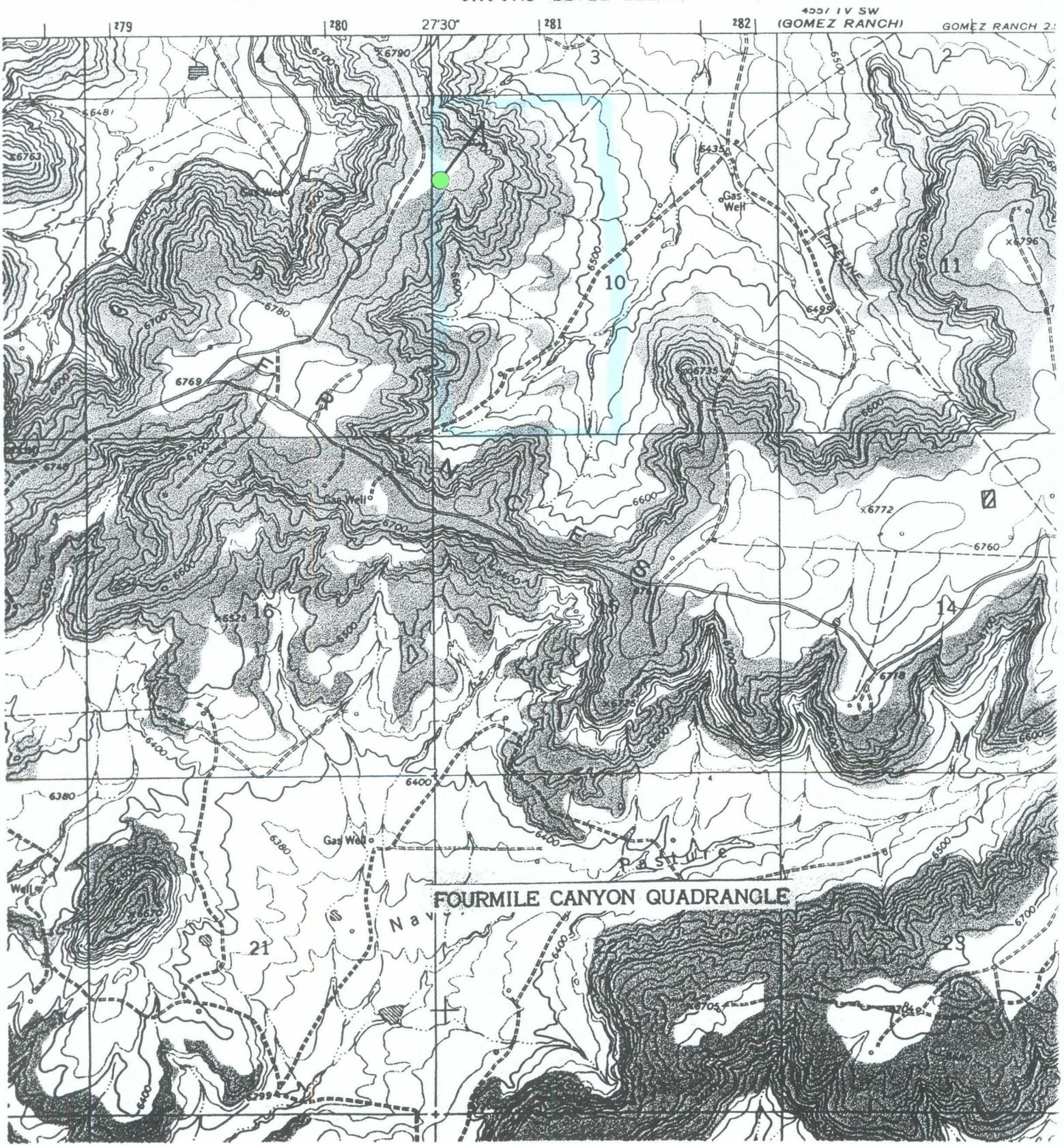
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 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

16 1330' 5280.00' N00°02"E N89°55"E	N89°55"E 5268 12'	5280.00' N00°03"E	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 _____ Printed Name _____ Title _____ Date _____	
	Section 10			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> Date of Survey 03/25/99 Signature and Seal of Professional Surveyer:
	N89°55"E 5265 48'			

PHILLIPS PETROLEUM COMPANY
SAN JUAN 29-6 UNIT No.31B
1330' FNL, 125' FWL
NW/4 SEC.10, T-29-N, R-06-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
GROUND LEVEL ELEVATION: 6766



OFFSET OWNERSHIP
PHILLIPS PETROLEUM COMPANY
SAN JUAN 29-6 UNIT #31B WELL

4 PHILLIPS PETROLEUM COMPANY	3 PHILLIPS PETROLEUM COMPANY	2 PHILLIPS PETROLEUM COMPANY
9 PHILLIPS PETROLEUM COMPANY	10 - #31B	11 PHILLIPS PETROLEUM COMPANY
16 PHILLIPS PETROLEUM COMPANY	15 PHILLIPS PETROLEUM COMPANY	14 PHILLIPS PETROLEUM COMPANY

DRILLING AND COMPLETION COSTS CAPITAL EXPENSES (M\$)

MESAVERDE

DAKOTA

SINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	105.2	339.4	444.6	DRILL & COMPLETE	119.1	362.2	481.3
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	127.8	355.8	483.6	TOTAL	141.7	378.6	520.3

Two Singles (Dakota + Mesaverde) 1003.9

DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	74.5	330.3	404.8	DRILL & COMPLETE	80.6	362.0	442.6
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	97.1	346.7	443.8	TOTAL	103.2	378.4	481.6

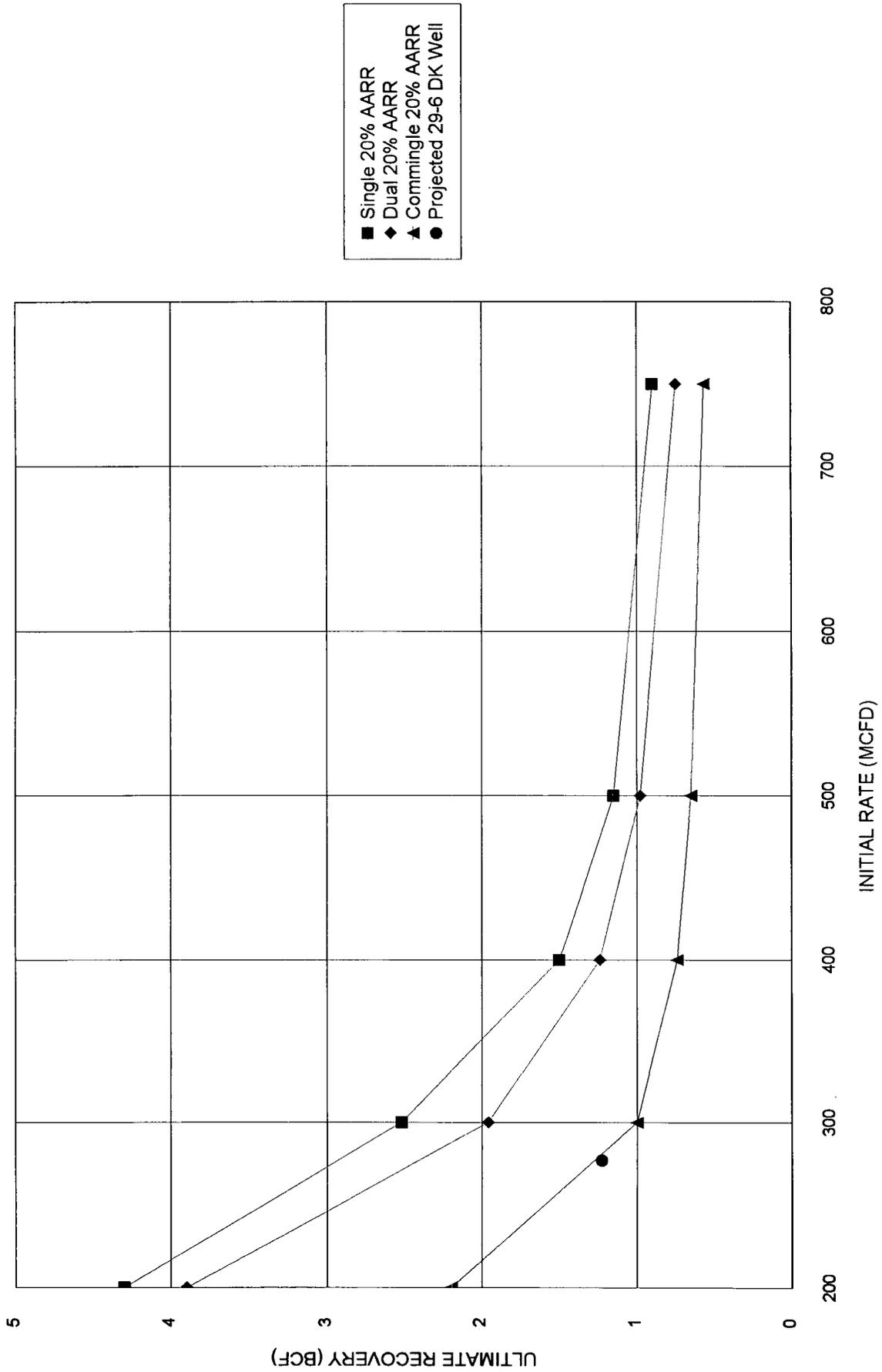
Dually Completed (Dakota + Mesaverde) 925.4

COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	51.7	284.5	336.2	DRILL & COMPLETE	69.7	280.3	350.0
FACILITIES	11.3	8.2	19.5	FACILITIES	11.3	8.2	19.5
TOTAL	63.0	292.7	355.7	TOTAL	81.0	288.5	369.5

Commingled Completion (Dakota + Mesaverde) 725.2

SAN JUAN 29-6 UNIT
 DAKOTA MARGINAL ECONOMICS



■ Single 20% AARR
 ◆ Dual 20% AARR
 ▲ Commingle 20% AARR
 ● Projected 29-6 DK Well

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

05/25/99 09:40:43
OGOMES -TPZE
PAGE NO: 1

Sec : 10 Twp : 29N Rng : 06W Section Type : NORMAL

D 40.00 Federal owned U	C 40.00 Federal owned U A	2 42 14.30 84.13 Mixed Non State U U	1 42 8.41 84.13 Mixed Non State U U
E 40.00 Federal owned U	F 40.00 Federal owned U	3 42 22.76 84.13 Mixed Non State U U	4 42 30.40 84.13 Mixed Non State U U

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

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PAGE NO: 2

Sec : 10 Twp : 29N Rng : 06W Section Type : NORMAL

L 40.00 Federal owned U	K 40.00 Federal owned U A	J 40.00 Federal owned U	I 40.00 Federal owned U A
M 40.00 Federal owned U A A	N 40.00 Federal owned U	O 40.00 Federal owned U	P 40.00 Federal owned U

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12