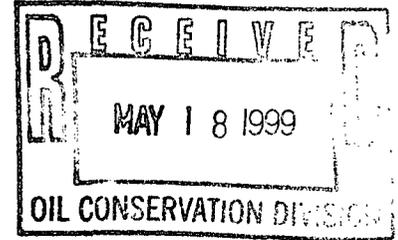


NSL 6/7/99



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 #18B WELL
NW/4 SECTION 5-29N-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 #18B well at a location of 955' FNL & 1365' FWL of Section 5-29N-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 5 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:

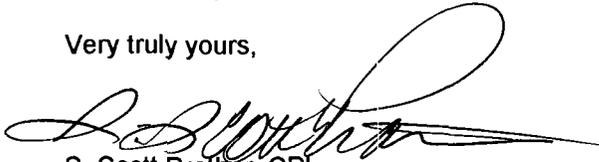
1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of exhibits presented at our March 18, 1999 hearing for downhole commingling in the San Juan 29-6 Unit (Case No. 12136, currently pending with Mr. Catanach)

This drill block is located within the confines of the San Juan 29-6 Unit. The offset operators have been furnished with 3 copies of this correspondence by certified mail and are requested to furnish your office with a Waiver of Objections, keep one copy for their records and return one copy to our office.

Unorthodox Well Location
San Juan 29-6 Unit #18B 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,



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

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

_____ hereby waives objection to Phillips Petroleum Company's application for a Dakota unorthodox location for the San Juan 29-6 Unit #18B well as proposed above.

By: _____

Date: _____

District I -
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, 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 18B
7 OGRID No.		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6789'

10 Surface Location

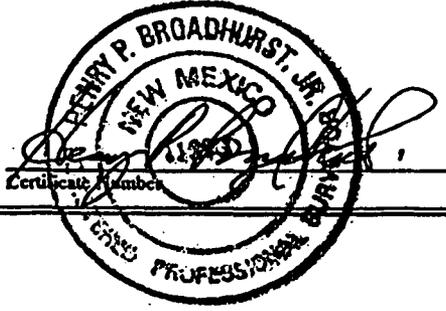
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B/C	5	29N	6W		955'	NORTH	1365'	WEST	RIO ARRIBA

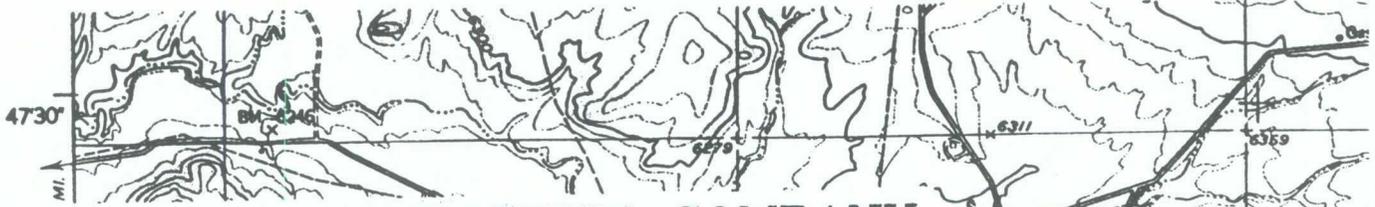
11 Bottom Hole Location If Different From Surface

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

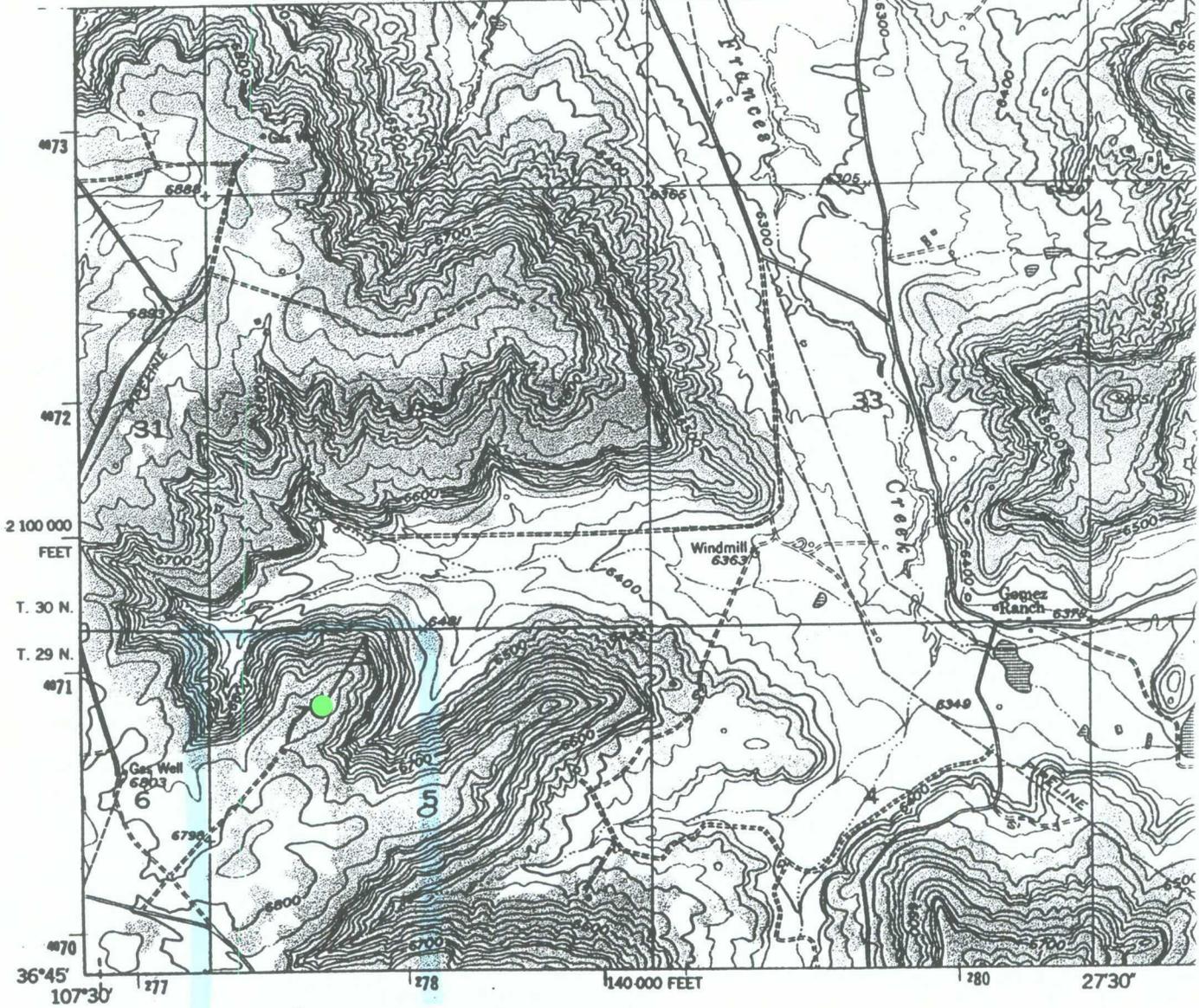
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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

16 955' 1365' 5256.90' S00°06"E N89°58"E Section 5 5295.84'	S89°58"W 5280.00'	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 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> 03/25/99 Date of Survey Signature and Seal of Professional Surveyer:  Certificate Number
	5256.90'	
	5256.90'	
	S00°01"E	



PHILLIPS PETROLEUM COMPANY
SAN JUAN 29-6 UNIT No.18B
 955' FNL, 1365' FWL
 NW/4 SEC.5, T-29-N, R-06-W, N.M.P.M.,
 RIO ARRIBA COUNTY, NEW MEXICO
 GROUND LEVEL ELEVATION: 6789



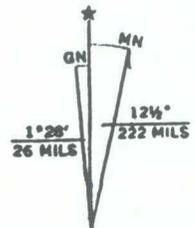
DELGADITO MESA
 4887' ELEV

Mapped, edited, **GOMEZ RANCH QUADRANGLE**
 Control by USGS and NOS/NOAA

Topography by photogrammetric methods from
 aerial photographs taken 1950. Field check 1954

Polyconic projection. 1927 North American datum
 10,000-foot grid based on New Mexico coordinate system,
 central zone
 1000-meter Universal Transverse Mercator grid ticks,
 zone 13, shown in blue

Areas covered by dashed light-purple pattern are subject



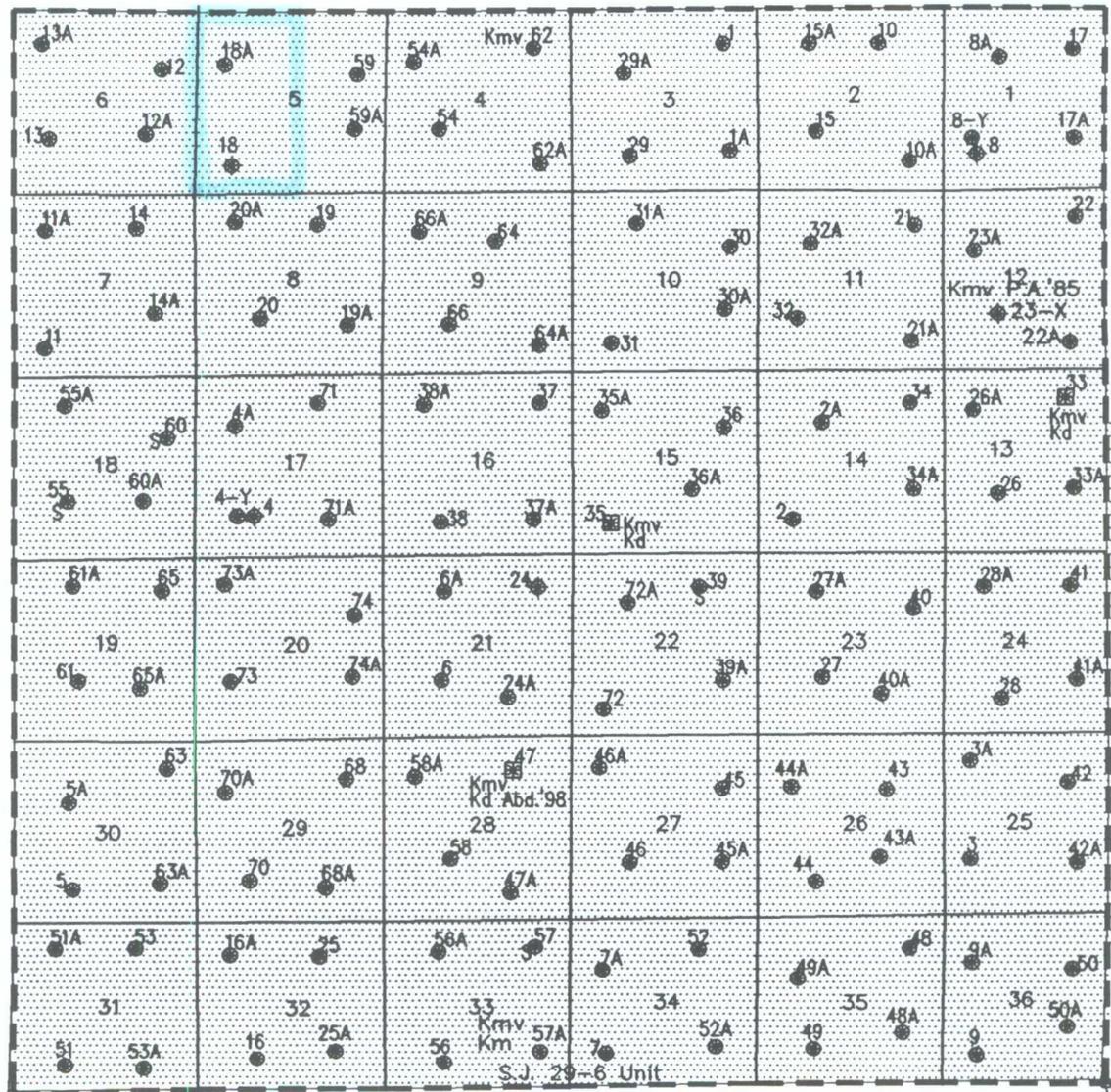
UTM GRID AND 1982 MAGNETIC NORTH
 DECLINATION AT CENTER OF SHEET

OFFSET OWNERSHIP
PHILLIPS PETROLEUM COMPANY
SAN JUAN 29-6 UNIT #18B WELL

31 BURLINGTON RESOURCES OIL & GAS CO.	32 BURLINGTON RESOURCES OIL & GAS CO.	33 BURLINGTON RESOURCES OIL & GAS CO.
6 PHILLIPS PETROLEUM COMPANY	5 ● #18B	4 PHILLIPS PETROLEUM COMPANY
7 PHILLIPS PETROLEUM COMPANY	8 PHILLIPS PETROLEUM COMPANY	9 PHILLIPS PETROLEUM COMPANY

T30N-R6W

T29N-R6W



R-6-W

T
29
N

● MESAVERDE KmV — Kpl

☐ Mesaverde Participating Area
37th expansion Eff. 11/1/62

PHILLIPS PETR. CO.

SAN JUAN 29-6 UNIT
RIO ARRIBA CO, NM

March 4, 1999

J. Hopkins

**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		

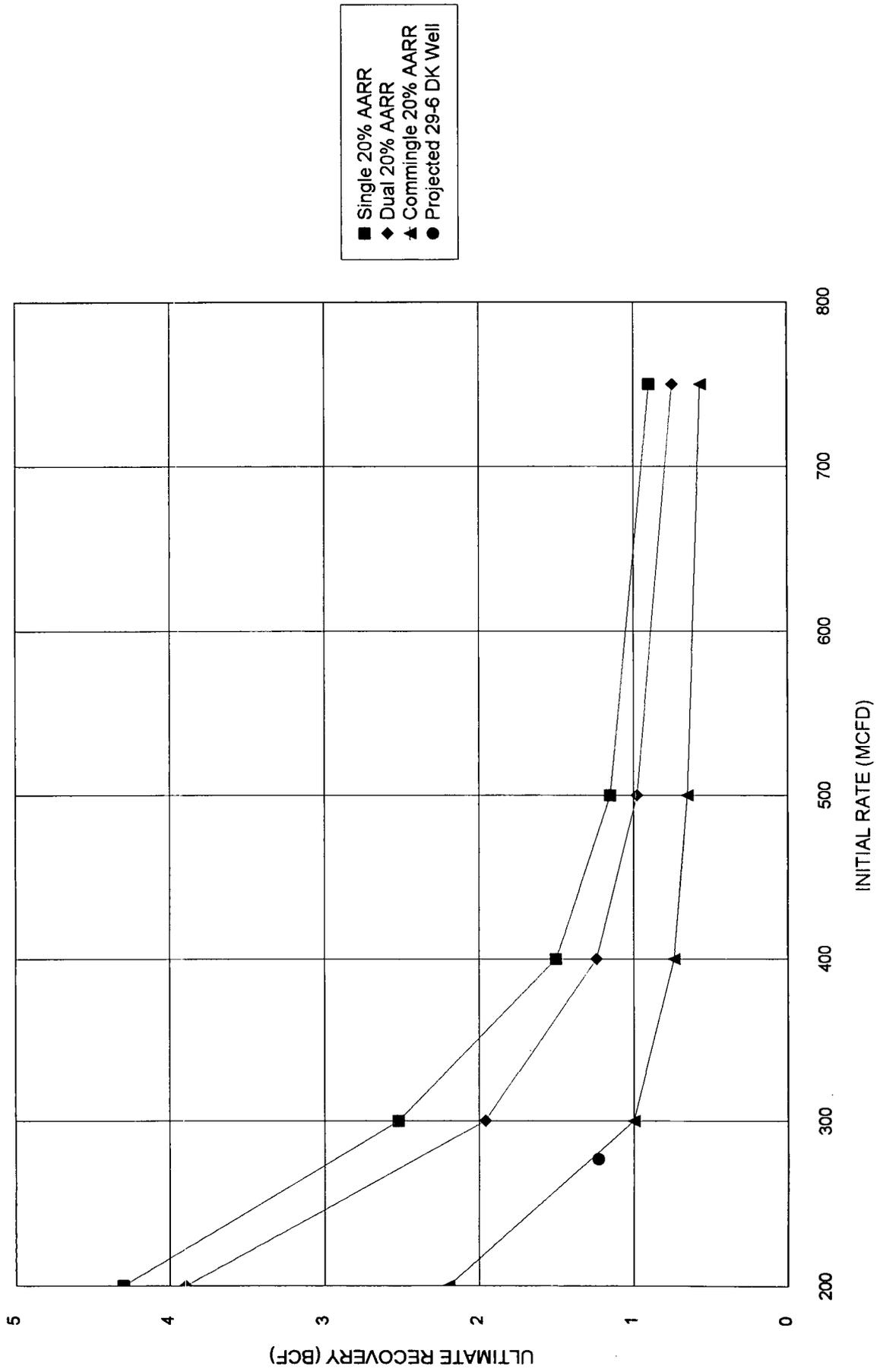
DUAL COMPLETION

	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 08:45:46
OGOMES -TPX8
PAGE NO: 1

Sec : 05 Twp : 29N Rng : 06W Section Type : NORMAL

8 39.30 Federal owned U	7 39.30 Federal owned U	6 39.30 Federal owned U	5 39.30 Federal owned U
E 40.00 Federal owned U A	F 40.00 Federal owned U	G 40.00 Federal owned U	H 40.00 Fee owned U A A

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

1
79.30
74.30

158.60
16

318.60

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

05/25/99 08:45:51
OGOMES -TPXE
PAGE NO: 2

Sec : 05 Twp : 29N Rng : 06W Section Type : NORMAL

L 40.00 Federal owned U A	K 40.00 Federal owned U	J 40.00 Federal owned U	I 40.00 Fee owned U A
M 40.00 Federal owned U 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

CMD : ONGARD 05/25/99 08:46:05
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPX8

API Well No : 30 39 21561 Eff Date : 01-01-1979 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 17654 PHILLIPS PETROLEUM CO NW
Prop Idn : 9257 SAN JUAN 29 6 UNIT

Well No : 018A
GL Elevation: 6788

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: E	5	29N	06W	FTG 1550 F N FTG	800 F W	P

Lot Identifier:

Dedicated Acre: 160.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 05/25/99 08:47:13
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPX8

API Well No : 30 39 7682 Eff Date : 10-06-1994 WC Status : P
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 17654 PHILLIPS PETROLEUM CO NW
Prop Idn : 9257 SAN JUAN 29 6 UNIT

Well No : 018
GL Elevation: 6773

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: M	5	29N	06W	FTG 790 F S	FTG 1025 F W	P

Lot Identifier:

Dedicated Acre:

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC