

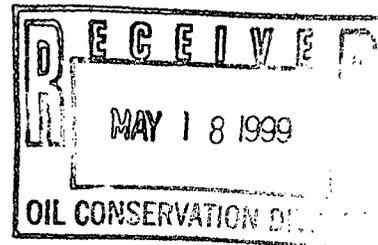
NSL

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 #8B WELL  
NW/4 SECTION 1-29N-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 #8B well at a location of 1305' FNL & 660' FWL of Section 1-29N-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 1 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:

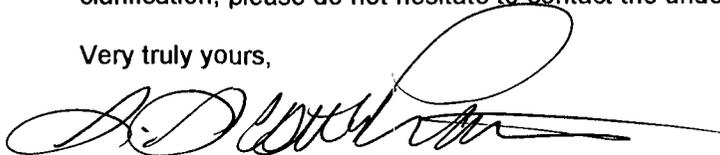
1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of exhibits presented at our March 18, 1999 hearing for downhole commingling in the San Juan 29-6 Unit (Case No. 12136, currently pending with Mr. Catanach)

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 #8B 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 #8B well as proposed above.

By: \_\_\_\_\_

Date: \_\_\_\_\_

District I  
 1711 North 1900, Hobbs, NM 88241-1900  
 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

Form C-102  
 Revised October 18, 1994

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

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. AIT Number		2. Pool Code		3. Pool Name	
4. Property Code		5. Property Name SAN JUAN 29-6			6. Well Number 8B
7. OGRID No.		8. Operator Name PHILLIPS PETROLEUM COMPANY			9. Elevation 6635'

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
D	1	29N	6W		1305'	NORTH	660'	WEST	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

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 8 660'	2640.00'	S89°58'W	1320.00'	582.12'	1305'	5280.00'	17. OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
5268.12'	Section 1	7	6	5	9	North	Printed Name
							Title
S00°09'W	2640.00'	N89°58'W	1320.00'	591.36'	12	11	18. SURVEYOR CERTIFICATION 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.
							Date of Survey 03/25/99
13			14	15			Signature and Seal of Professional Surveyor: HENRY P. BROADHURST, JR. NEW MEXICO 10593 PROFESSIONAL SURVEYOR

# PHILLIPS PETROLEUM COMPANY

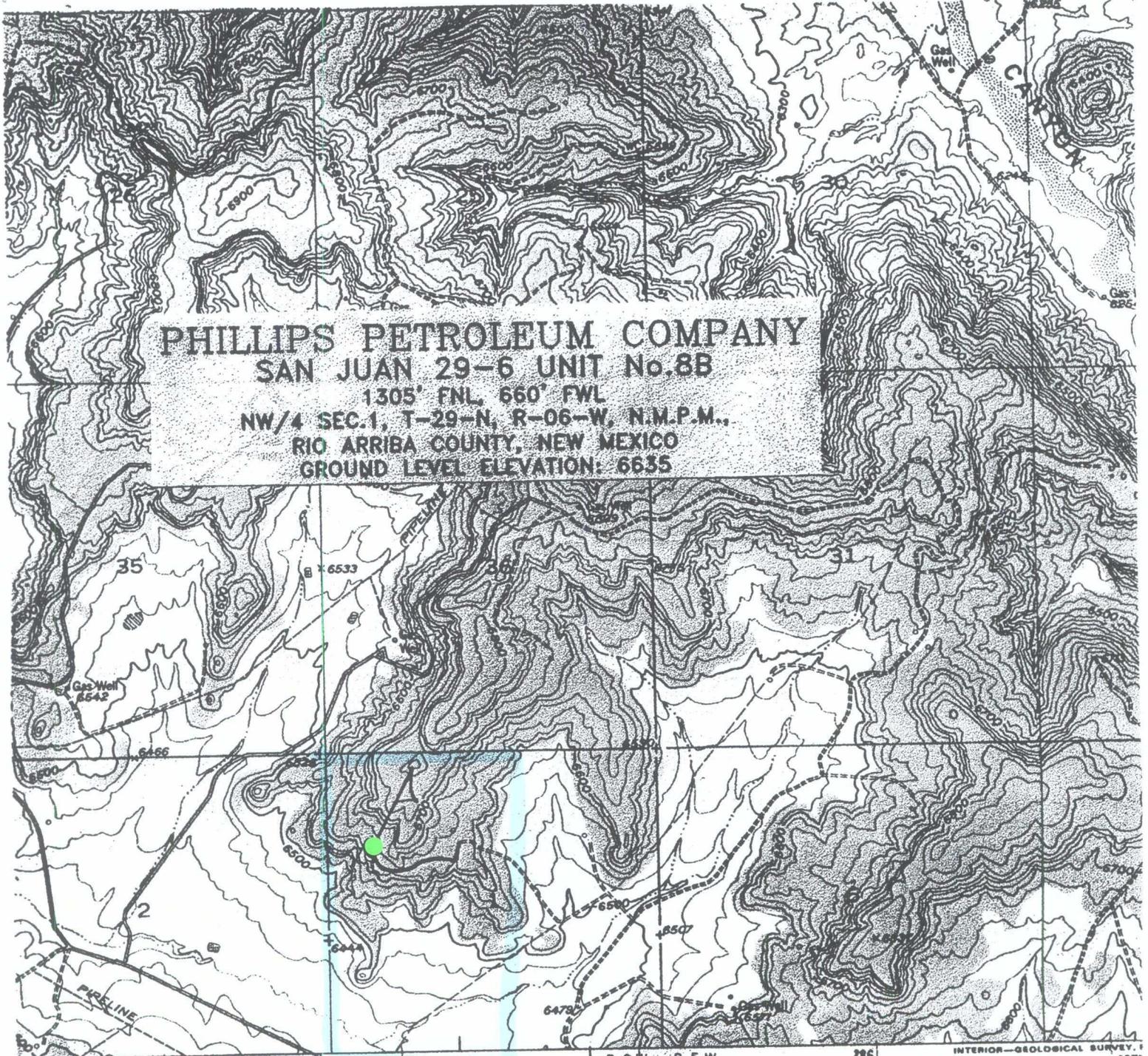
## SAN JUAN 29-6 UNIT No.8B

1305' FNL, 660' FWL

NW/4 SEC.1, T-29-N, R-06-W, N.M.P.M.,

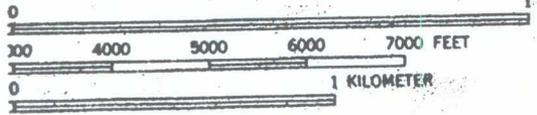
RIO ARRIBA COUNTY, NEW MEXICO

GROUND LEVEL ELEVATION: 6635



4.7 MI. TO U.S. 64

1:24 000



VERTICAL DATUM OF 1929

### GOMEZ RANCH QUADRANGLE



QUADRANGLE LOCATION

ROAD CLASSIFICATION

Light-duty

CONFORMS TO NATIONAL MAP ACCURACY STANDARDS  
R. COLORADO 80225, OR RESTON, VIRGINIA 22092  
A LIST OF SYMBOLS IS AVAILABLE ON REQUEST

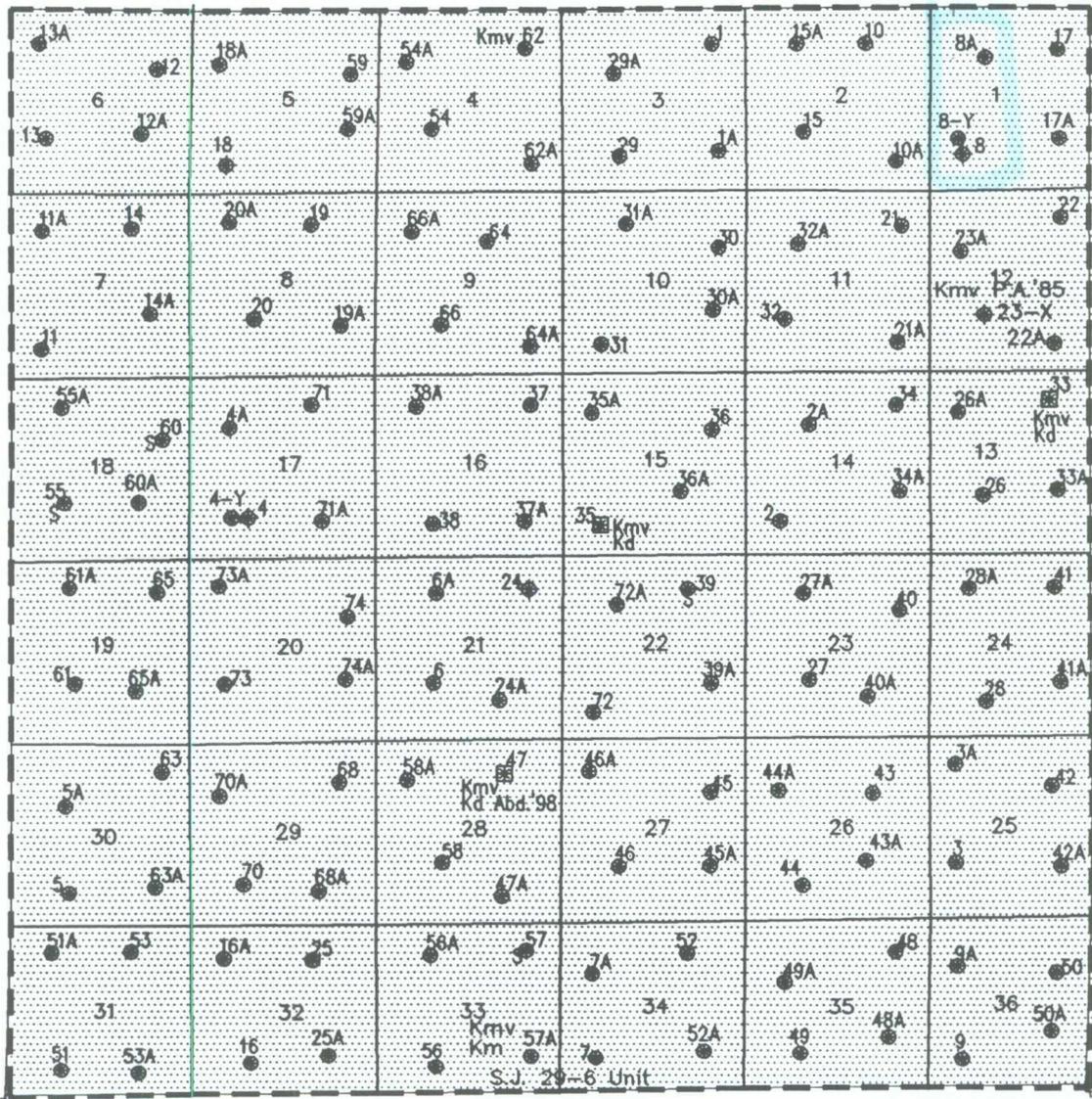
Revisions shown in purple and woodland compiled from  
aerial photographs taken 1981 and other source data  
Partial field check by U.S. Forest Service. Map edited 1982

GOMEZ  
N36

PH  
DMA 485

**OFFSET OWNERSHIP**  
**PHILLIPS PETROLEUM COMPANY**  
**SAN JUAN 29-6 UNIT #8B WELL**

T30N-R6W		T30N-R5W		
35  BURLINGTON RESOURCES OIL & GAS CO.	36  BURLINGTON RESOURCES OIL & GAS CO.	31  PHILLIPSS PETROLEUM COMPANY		T30N-R5W
2  PHILLIPS PETROLEUM COMPANY	1   #8B	6  PHILLIPS PETROLEUM COMPANY		T29N-R5W
11  PHILLIPS PETROLEUM COMPANY	12  PHILLIPS PETROLEUM COMPANY	7  PHILLIPS PETROLEUM COMPANY		
T29N-R6W		T29N-R5W		



R-6-W

T  
29  
N

⊙ MESAVERDE KmV — Kch CLIFFHOUSE  
Km MENEFEE  
Kpl POINT LOOKOUT

▨ 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
<b>DRILL &amp; COMPLETE</b>	105.2	339.4	444.6	<b>DRILL &amp; COMPLETE</b>	119.1	362.2	481.3
<b>FACILITIES</b>	22.6	16.4	39.0	<b>FACILITIES</b>	22.6	16.4	39.0
<b>TOTAL</b>	127.8	355.8	483.6	<b>TOTAL</b>	141.7	378.6	520.3

Two Singles (Dakota + Mesaverde) 1003.9

### DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	74.5	330.3	404.8	<b>DRILL &amp; COMPLETE</b>	80.6	362.0	442.6
<b>FACILITIES</b>	22.6	16.4	39.0	<b>FACILITIES</b>	22.6	16.4	39.0
<b>TOTAL</b>	97.1	346.7	443.8	<b>TOTAL</b>	103.2	378.4	481.6

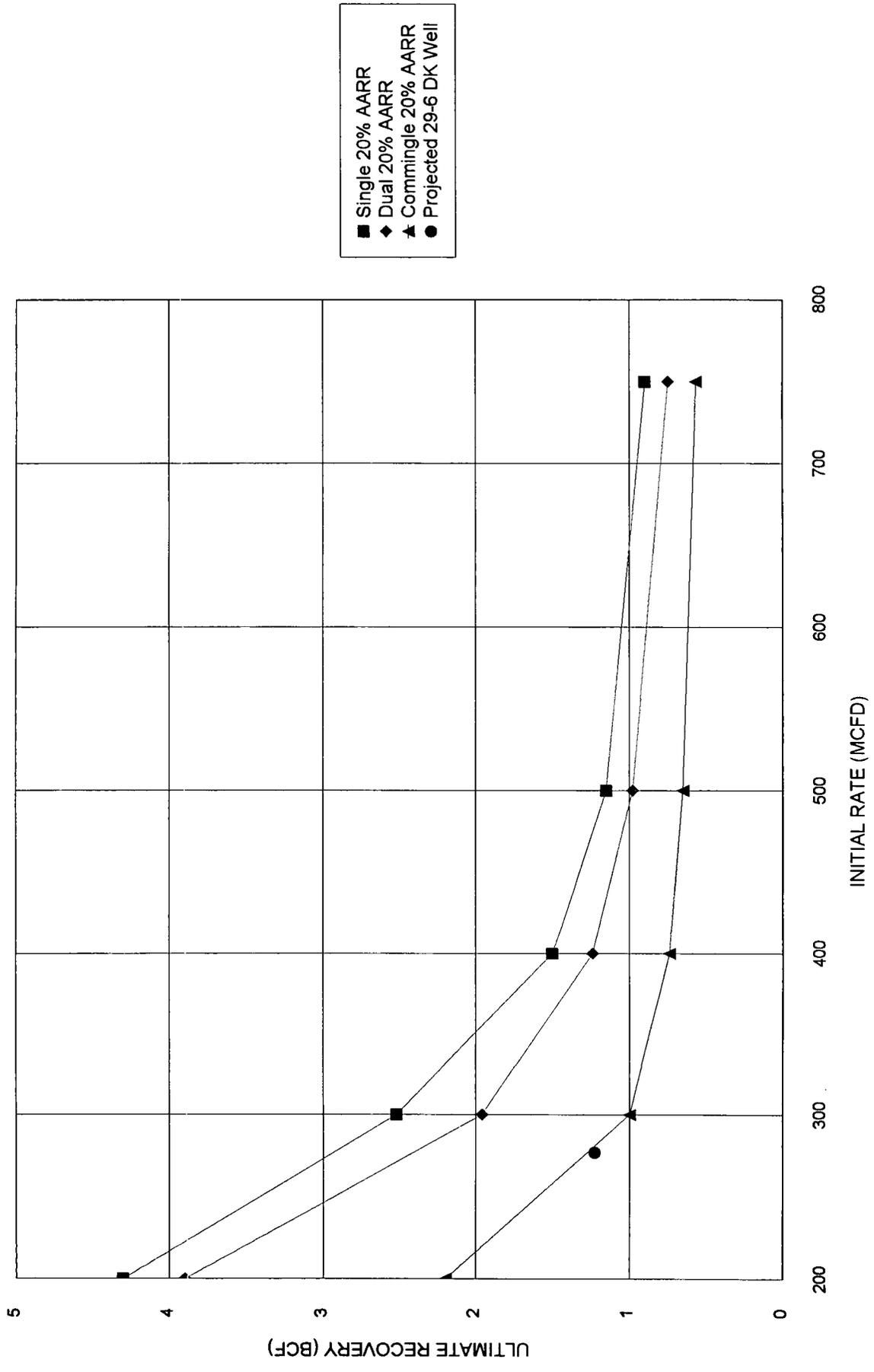
Dually Completed (Dakota + Mesaverde) 925.4

### COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	51.7	284.5	336.2	<b>DRILL &amp; COMPLETE</b>	69.7	280.3	350.0
<b>FACILITIES</b>	11.3	8.2	19.5	<b>FACILITIES</b>	11.3	8.2	19.5
<b>TOTAL</b>	63.0	292.7	355.7	<b>TOTAL</b>	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  
 ▲ Comingle 20% AARR  
 ● Projected 29-6 DK Well

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

05/25/99 09:00:52  
OGOMES -TPX8  
PAGE NO: 1

Sec : 01 Twp : 29N Rng : 06W Section Type : NORMAL

8 39.69  Federal owned U	7 39.80  Federal owned U A	6 39.90  Federal owned U A A	5 17.66  Federal owned U
E 40.00  Federal owned U	F 40.00  Federal owned U A	G 40.00  Federal owned U A	9 17.75  Federal owned 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

05/25/99 09:00:56  
OGOMES -TPX8  
PAGE NO: 2

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Federal owned U A A	Federal owned U U	Federal owned U U	Federal owned U
M 40.00	13 37 11.40 51.19	14 37 24.58 51.19	15 37 16.29 51.19
Federal owned U	Federal owned U U	Federal owned U U	Federal owned U U

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