3/9/98

CTB-506

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

February 12, 1998

Re: 32-7 #1 CPD
Off-Lease Measurement of Gas

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

FEB 17 1998

OIL CONSERVATION DIV.

Attn: David Catanach

Phillips Petroleum Company respectfully requests New Mexico Oil Conservation approval for off-lease measurement/commingling of gas through the subject central point of delivery (CPD) located in San Juan County, New Mexico. The original application was approved by the BLM on April 4, 1995 and the allocation method was approved by the OCD on April, 10 1995. A copy of the following documents are attached for your reference:

1) **Original application for the 32-7 #1 CPD dated February 23,1995 and approved by the BLM on April 4, 1995**
2) **Approval of the allocation method for the 32-7 #1 CPD by Frank Chavez of the OCD dated April 10, 1995.**
3) **Request to add the San Juan 32-7 #230 to the application dated January 7, 1998.**

There are a total of 26 wells connected to this central delivery point.

As we discussed by phone last year, Phillips has several cases where off-lease measurement/commingling approval was obtained from the BLM without approval from the OCD in Santa Fe. This was unintentional. We did obtain approval for the allocation method on these cases from the OCD office in Aztec. It was not known at that time that additional approval was needed from the OCD in Santa Fe. I will be forwarding for approval these additional applications in the coming weeks.

If you have any questions concerning this, please call me at (505) 599-3450.

Sincerely,
Phillips Petroleum Company

Doyle Pruden
Accounting Specialist

cc: Frank Chavez-OCD Aztec, NM
Sherry Richard

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

February 23, 1995

Bureau of Land Management
ATTN: Mr. Mike Pool
1235 La Plata Highway
Farmington, NM 87401

32-7 #1 CPD
Off-Lease Measurement of Gas

Dear Mr. Pool:

Phillips Petroleum Company requests approval for off-lease measurement/commingling of gas through the subject central point of delivery (CPD) located in San Juan County, New Mexico. Our original request for approval was submitted on August 31, 1994. Due to additional information requests and changes in our proposal, a complete new application is being submitted.

The required information for this application is attached. Phillips is the only operator participating in this CPD which contains only 32-7 Unit Fruitland Coal wells. If additional wells are proposed to be added to the system, prior approval will be obtained.

If you have any questions or if additional information is required, please contact me at 599-3460.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Ed Hasely
Environmental/Regulatory Engineer

attachments
cc: Frank Chavez - OCD Aztec, NM
J. W. Taylor

leh\327#1cpd.mea

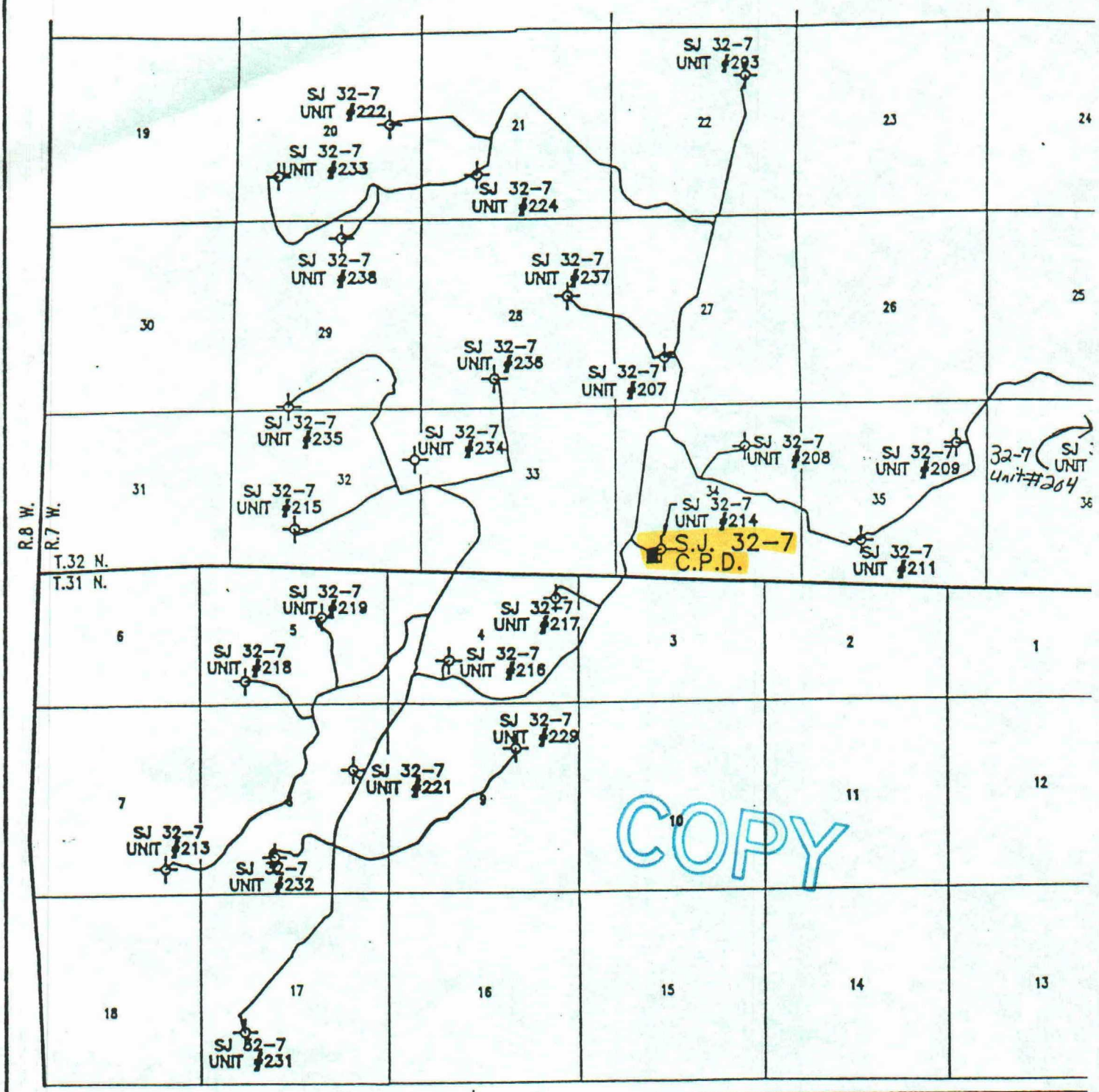
APPROVED
DISTRICT MANAGER

OPERATOR

Off Lease Measurement/Commingling Application

Contents:

T.31 N., R.7 W., N.M.P.M.,
T.32 N., R.7 W., N.M.P.M.,
RIO ARRIBA COUNTY, NEW MEXICO



0 2000 4000
SCALE: 1"=4000'

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Daggett, Inc.
420 West Elm Street
FARMINGTON, NEW MEXICO 87401
(505) 326-1772
REGISTERED LAND SURVEYOR
NEW MEXICO No.8894

FARMINGTON AREA

UNIT	CPD LOCATION SEC	TWN	RNG	Q/Q	WELL #	CONNECT DATE	LEASE OR AGREEMENT NUMBER	CPD OWNER
CPD #1 32-7	34	31N	8W	S / SW				WILLIAMS FIELD SERVICE
S. J. 32-7					204	11/10/92	891000441O	
S. J. 32-7					207	11/10/92	8910004410	30-045-27745
S. J. 32-7					208	11/10/92	NMSF078542	27746
S. J. 32-7					209	11/10/92	NMSF078543	27824
S. J. 32-7					211	04/14/93	NMSF078542	28238
S. J. 32-7					213 COM	09/30/92	NMNM84048	
S. J. 32-7					214	09/30/92	NMSF078998	28272
S. J. 32-7					215	06/23/93	891000441X	27854
S. J. 32-7					216	01/20/93	NMSF078996	28640
S. J. 32-7					217	09/30/92	NMSF078996	28358
S. J. 32-7					218	09/30/92	NMSF078996	28359
S. J. 32-7					219	09/30/92	NMSF078996	28360
S. J. 32-7					221	09/30/92	NMSF078996	28273
S. J. 32-7					222	01/26/93	NMSF078460	28735
S. J. 32-7					224 COM	01/26/93	NMNM87134	
S. J. 32-7					229	09/30/92	NMSF078998	28347
S. J. 32-7					231	09/30/92	NMSF078998	28348
S. J. 32-7					232	04/14/93	NMSF078996	28304
S. J. 32-7					233	09/03/93	NMSF078460	28777
S. J. 32-7					234	01/19/93	891000441X	28669
S. J. 32-7					235	01/19/93	NMSF078472	28748
S. J. 32-7					236	09/10/93	NMSF078542	28822
S. J. 32-7					237	09/08/93	NMSF078472	28910
S. J. 32-7					238	09/08/93	NMSF078460	28823

Description of System

Fruitland Coal wells, operated by Phillips Petroleum, are tied into a Phillips gathering system. The gathering system delivers gas to the Central Point of Delivery (CPD) which is operated by Williams Field Service (WFS). The CPD is the point of interconnection on WFS's Manzanares System where WFS receives Phillips Petroleum's gas for gathering. (See Attached Map)

Each of the wells are equipped with a separator, a dehydrator and an electronic flow gas meter. Some wells may also have a small compressor on location. The gas is produced through the separator to remove excess water. The water is stored in water storage tanks on location prior to disposal. The gas is further dried by the dehydrator prior to measurement. Fuel gas required to operate the well equipment (separator, dehydrator, compressors and tank heaters) is taken from the dehydrator prior to measurement. The gas leaving the well location is measured through Phillips Petroleum's electronic flow meter.

After the gas is measured at the individual well locations, the combined gas enters the gathering system which is operated by Phillips Petroleum. The gathering system delivers the gas to the CPD.

At the CPD, the gas enters a gas/water separator which separates any free water that drops out in the pipeline. Since all the gas flows through dehydrators on individual well locations prior to entering the gathering system, this water volume is normally negligible. The gas then goes through Phillips Petroleum's check meter (electronic flow meter) and directly through WFS's CPD meter. Williams compresses the gas downstream of the CPD meter. No gas is removed for fuel between Phillips Petroleum's allocation gas meters on the individual wells and the CPD meter.

Mechanical Integrity

All lines downstream of the meter runs on the individual well locations to the CPDs have been pressure tested with either water or nitrogen. (See attached)

Equipment Specifications

A sheet is attached that lists the size and make of all fuel burning equipment on each well location. A separate sheet details the burner size for each type of equipment. The equipment list is subject to change as operational needs vary over time. Equipment changes will be reflected in our fuel gas calculations.

WELL NUMBER	PROD SEP MFG	SIZE	DEHY MFG	SIZE	TANK #1 MFG	TANK #2 MFG	TANK #3 MFG	RENTA COMI HP
CPD # 1 32-7								
32-7 #203	AMER TANK	4 MM	P & A	2 MM	WESTERN	WESTERN		
32-7 #204	P & A	2 MM	P & A	2 MM	WESTERN	WESTERN	PALMER	
32-7 #207	P & A	2 MM	P & A	2 MM	PALMER	PALMER		1
32-7 #208	P & A	2 MM	P & A	2 MM	PALMER	PALMER		1
32-7 #209	PESCO	2 MM	PESCO	2 MM	PERMIAN	PERMIAN	PERMIAN	
32-7 #211	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #213 COM	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	1
32-7 #214	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #215	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #216	P & A	2 MM	P & A	2 MM	PESCO	PESCO	PESCO	
32-7 #217	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	1
32-7 #218	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #219	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #221	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #222	P & A	2 MM	P & A	2 MM	PESCO	PESCO	PESCO	1
32-7 #224 COM	P & A	2 MM	P & A	2 MM	PESCO	PESCO	PESCO	
32-7 #229	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #231	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #232	P & A	2 MM	P & A	2 MM	PALMER	PALMER	PALMER	
32-7 #233	P & A	2 MM	P & A	2 MM	PERMIAN	PERMIAN		
32-7 #234	P & A	2 MM	P & A	2 MM	PESCO	PESCO	PESCO	
32-7 #235	PESCO	4 MM	PESCO	4 MM	PESCO	PESCO	PESCO	
32-7 #236	P & A	2 MM	P & A	2 MM	PERMIAN	PERMIAN		
32-7 #237	P & A	2 MM	P & A	2 MM	PERMIAN	PERMIAN		
32-7 #238	ENERTEK	4 MM	ENERTEK	4 MM	PESCO	PESCO	PESCO	

BURNER SIZES

	Size (MMCF/D)	Manufacturer	Burner Size (BTU/HR)
Separators			
	2	P&A	250,000
	2	Pesco	250,000
	2	Enertek	250,000
	4	P&A	400,000
	4	Pesco	400,000
	4	Enertek	400,000
	4	American Tank	400,000
	6	P&A	450,000
	6	Pesco	450,000
Dehydrators			
	2	P&A	150,000
	2	Pesco	125,000
	4	P&A	250,000
	4	Pesco	125,000
	4	Enertek	250,000
	6	P&A	350,000
	6	Pesco	200,000
Tank Heaters			
	N/A	All	350,000

ALLOCATION DETAILS

Basically, the gas sales volume (mcf) will be allocated on a volume basis and the gas sales MMBTUs will be allocated on an MMBTU basis.

The gas sales volume (mcf) from an individual well is determined by first calculating a ratio by dividing its metered volume (mcf) by the sum of the metered volumes (mcf) of all wells connected to the CPD. This ratio is then multiplied by the total CPD volume (mcf). The gas production volume for an individual well is determined by adding the well's estimated fuel gas volume and the "Flared or Vented" gas volume to the well's allocated sales volume.

The fuel gas volumes are based upon the type and size of equipment on each well location and the number of producing days for each well. The fuel gas usage for the equipment was detailed in Phillips Petroleum's August 17, 1994 letter addressed to Mr. Mike Pool (attached).

The MMBTUs assigned to an individual well is determined by first calculating a ratio by dividing its metered MMBTUs by the sum of the metered MMBTUs of all wells connected to the CPD. This ratio is then multiplied by the total CPD MMBTUs. The individual well BTU value (MMBTU/mcf) will be calculated by dividing the allocated MMBTUs by the allocated volume (mcf).

If a section of line is blown down, the calculated volume of blowdown gas will be allocated to the affected wells. This allocated blowdown volume will be reported as "Flared or Vented" gas.

Since all the gas flows through dehydrators on individual well locations prior to entering the gathering system, water volumes at the CPD are normally negligible. If these water volumes become significant, they will be allocated to the wells.

Allocation examples using actual data for the months October, November and December, 1994 are attached.

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY 64 NBU 3004

August 17, 1994

Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87041
Attn: Mike Pool

Gas Used on Lease As Reported
On Form MMS-3160 (Monthly
Report of Operations)

Dear Mr. Pool:

It has been brought to our attention that there are volume discrepancies between gas used on lease as reported by Phillips Petroleum Company on Form MMS-3160 and gas used on lease as calculated by Mike Wade of your office. This was found during the recent Production Accountability Inspections conducted by Mike Wade. The most notable volume discrepancy is the gas used by water tank heaters on our coal seam wells. We have not been calculating or reporting any gas used on lease volumes for these tank heaters.

I am proposing that effective with August 1994 production, Phillips Petroleum Company report gas used on lease based on the attached table for all leases that we operate in the area that your office administers. I would also like to recommend for your approval that we not be required to make retroactive corrections prior to August 1994 for gas used on lease as reported on the Form MMS-3160. The reasoning behind this request is the manpower involved for both Phillips Petroleum Company and the federal agencies to process these corrections, the relatively small gas volumes as compared to the produced volumes, and the fact that volumes are not royalty bearing.

Please let me know your decision concerning this as early as possible to allow our Production Accounting personnel time to make adjustments prior to August's production reports. My phone number is 599-3460 if you would like to discuss.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Ed Hasely
Environmental/Regulatory Engineer

cc: J. W. Taylor
E. D. Pruden

lch\mms3160.gas

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FUEL USE EQUIPMENT

(All factors at 15.025 Pressure Base)

SEPARATORS	≤ 2 MM	-	4.3	mcf/producing day
	4 MM	-	6.9	mcf/producing day
	6 MM	-	7.7	mcf/producing day
DEHYDRATORS	≤ 2 MM	-	2.4	mcf/producing day
	4 MM	-	3.2	mcf/producing day
	6 MM	-	4.7	mcf/producing day
	10 MM	-	6.0	mcf/producing day
TANK HEATERS		-	1.8	mcf/producing day/tank

Note: Anticipate tank heaters to operate from November through March, but this may vary year to year.

COMPRESSORS	50 HP	-	8	mcf/producing day
	80 HP	-	13	mcf/producing day
	100 HP	-	16	mcf/producing day
	120 HP	-	19	mcf/producing day
	165 HP	-	26	mcf/producing day

BLOWDOWN GAS

Fruitland Sand & Mesaverde - 0.7 mcf/minute of blowdown

Dakota - 1.0 mcf/minute of blowdown

Monthly Production

Sheets are attached that show the estimated 1995 production for each of the wells connected to the CPD. The allocation examples show the BTU content of the gas from the individual wells, as well as the BTU content of the combined gas at the CPD. Since all the gas is produced from wells completed in the same formation and in the same general area, the BTU content of the gas does not vary substantially.

Evidence on Federal Royalties

Gas volumes and MMBTU quantities are allocated to the wells from the CPD because the most accurate volumes and MMBTU quantities available are from the CPD. The reasons for this, such as measurement errors, stable flow rates, BTU content, etc., have been discussed on numerous occasions. The inherently greater accuracy of the CPD volume, as compared to the sum of the individual well metered volumes, warrants the acceptance of the CPD volume as representative of the total sales volume from the individual wells. It is then necessary only to reduce the total sales volume to its individual components through the proposed allocation method.

Sheets are attached (Allocation Examples) that compare the allocated sales volume with the metered volume for the months October, November and December, 1994. The results vary well by well, month by month, and CPD by CPD, but overall the volumes are extremely close. At the 32-7 #1 CPD, the sum of the allocated MMBTUs were 2.4 higher than sums of the individual well's metered MMBTUs for these three months. This computes to higher overall royalties by following the described off-lease measurement practice.

Economic Justification

The CPD system utilizing off-lease gas measurement will extend the economic life of all affected wells due to the reduction of back pressure on the wells. Without the system, the gas would have been produced into a conventional gas pipeline operated at a substantially higher pressure. The higher pipeline pressure would decrease the recoverable reserves from each well or force Phillips to install compressors on each well location. Either scenario will reduce the economic life of the wells.

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1995 PROJECTED CPD VOLUMES

cpd95pjt.wk3

CPD NUMBER	UNIT	WELL	YEARLY MMCF	CPD TOTAL
32-7 #1 CPD	S.J. 32-7	203	0	
	S.J. 32-7	204	365	
	S.J. 32-7	207	183	
	S.J. 32-7	208	146	
	S.J. 32-7	209	146	
	S.J. 32-7	211	9	
	S.J. 32-7	213	91	
	S.J. 32-7	214	46	
	S.J. 32-7	215	365	
	S.J. 32-7	216	183	
	S.J. 32-7	217	365	
	S.J. 32-7	218	548	
	S.J. 32-7	219	475	
	S.J. 32-7	221	183	
	S.J. 32-7	222	46	
	S.J. 32-7	224	183	
	S.J. 32-7	229	164	
	S.J. 32-7	231	237	
	S.J. 32-7	232	91	
	S.J. 32-7	233	219	
	S.J. 32-7	234	201	
	S.J. 32-7	235	840	
	S.J. 32-7	236	9	
	S.J. 32-7	237	73	
	S.J. 32-7	238	493	
		TOTAL		5,661

CDP1094.WK3

ALLOCATION EXAMPLE

32-7 #1 CPD OCTOBER, 1994

07-Feb-95

UNIT	WELL #	METERED GAS VOLUME (mcf)	VOLUME RATIO	ALLOCATED GAS VOLUME (mcf)	MEASURED WELL BTU VALUE	METERED MMBTU's	MMBTU RATIO	ALLOCATED MMBTU	ALLOCATED WELL BTU VALUE		VOLUME DIFFERENCE (%)	MMBTU DIFFERENCE (%)	WELL BTU VALUE DIFFERENCE (%)
32-7 #1 CPD	CPD	381,401			0.967	368,815							
S. J. 32-7	203	0	0	0	0.929	0	0	0					
S. J. 32-7	204	34,434	0.092379	35,233	0.954	32,842	0.091459	33,731	0.957		2.32%	2.71%	0.38%
S. J. 32-7	207	8,174	0.0219291	8,364	0.974	7,963	0.022177	8,179	0.978		2.32%	2.71%	0.38%
S. J. 32-7	208	5,935	0.0159223	6,073	0.954	5,661	0.015764	5,814	0.957		2.32%	2.71%	0.38%
S. J. 32-7	209	10,987	0.0294758	11,242	0.956	10,502	0.029245	10,786	0.959		2.32%	2.71%	0.38%
S. J. 32-7	211	0	0	0	0.000	0	0	0					
S. J. 32-7	213	6,029	0.0161745	6,169	0.970	5,849	0.016288	6,007	0.974		2.32%	2.71%	0.38%
S. J. 32-7	214	300	0.0008048	307	0.970	291	0.000811	299	0.974		2.32%	2.71%	0.38%
S. J. 32-7	217	0	0	0	0.969	0	0	0					
S. J. 32-7	218	37,332	0.1001537	38,199	0.972	36,294	0.101072	37,277	0.976		2.32%	2.71%	0.38%
S. J. 32-7	219	34,153	0.0916252	34,946	0.960	32,784	0.091297	33,672	0.964		2.32%	2.71%	0.38%
S. J. 32-7	221	14,748	0.0395657	15,090	0.966	14,247	0.039676	14,633	0.970		2.32%	2.71%	0.38%
S. J. 32-7	229	13,406	0.0359654	13,717	0.963	12,910	0.035951	13,259	0.967		2.32%	2.71%	0.38%
S. J. 32-7	231	21,277	0.0570816	21,771	0.965	20,533	0.05718	21,089	0.969		2.32%	2.71%	0.38%
S. J. 32-7	232	8,375	0.0224683	8,569	0.978	8,194	0.022817	8,415	0.982		2.32%	2.71%	0.38%
S. J. 32-7	216	15,766	0.0422968	16,132	0.962	15,166	0.042235	15,577	0.966		2.32%	2.71%	0.38%
S. J. 32-7	224 C	12,040	0.0323007	12,320	0.963	11,594	0.032288	11,908	0.967		2.32%	2.71%	0.38%
S. J. 32-7	234	14,181	0.0380446	14,510	0.967	13,714	0.038191	14,085	0.971		2.32%	2.71%	0.38%
S. J. 32-7	235	48,815	0.1309601	49,948	0.961	46,908	0.13063	48,178	0.965		2.32%	2.71%	0.38%
S. J. 32-7	222	3,004	0.0080591	3,074	0.959	2,881	0.008022	2,959	0.963		2.32%	2.71%	0.38%
S. J. 32-7	233	15,622	0.0419105	15,985	0.966	15,092	0.042027	15,500	0.970		2.32%	2.71%	0.38%
S. J. 32-7	236	165	0.0004427	169	0.967	160	0.000444	164	0.971		2.32%	2.71%	0.38%
S. J. 32-7	237	4,444	0.0119223	4,547	0.956	4,248	0.011829	4,363	0.959		2.32%	2.71%	0.38%
S. J. 32-7	238	35,731	0.0958586	36,561	0.966	34,518	0.096126	35,453	0.970		2.32%	2.71%	0.38%
S. J. 32-7	215	27,829	0.0746592	28,475	0.961	26,742	0.074471	27,466	0.965		2.32%	2.71%	0.38%
TOTAL		372,747	1	381,401		359,091	1	368,815			2.32%	2.71%	

** All volumes and BTU values assume a 14.73 Pressure Base.

CDP1094.WK3

COPY

ALLOCATION EXAMPLE

32-7 #1 CPD NOVEMBER, 1994

07-Feb-95

UNIT	WELL #	METERED GAS VOLUME (mcf)	VOLUME RATIO	ALLOCATED GAS VOLUME (mcf)	MEASURED WELL BTU VALUE	METERED MMBTU's	MMBTU RATIO	ALLOCATED MMBTU	ALLOCATED WELL BTU VALUE		VOLUME DIFFERENCE (%)	MMBTU DIFFERENCE (%)	WELL BTU VALUE DIFFERENCE (%)
32-7 #1 CPD	CPD	380,681			0.962	366,215							
S. J. 32-7	203	0	0	0	0.929	0	0	0					
S. J. 32-7	204	35,855	0.0948362	36,102	0.954	34,197	0.09389	34,384	0.952		0.69%	0.54%	-0.14%
S. J. 32-7	207	7,406	0.0195888	7,457	0.974	7,215	0.019809	7,255	0.973		0.69%	0.54%	-0.14%
S. J. 32-7	208	5,690	0.01505	5,729	0.954	5,427	0.0149	5,457	0.952		0.69%	0.54%	-0.14%
S. J. 32-7	209	10,302	0.0272487	10,373	0.956	9,847	0.027035	9,900	0.954		0.69%	0.54%	-0.14%
S. J. 32-7	211	0	0	0	0.000	0	0	0					
S. J. 32-7	213	7,751	0.0205013	7,804	0.970	7,520	0.020645	7,561	0.969		0.69%	0.54%	-0.14%
S. J. 32-7	214	2,870	0.0075911	2,890	0.970	2,784	0.007644	2,799	0.969		0.69%	0.54%	-0.14%
S. J. 32-7	217	0	0	0	0.969	0	0	0					
S. J. 32-7	218	39,071	0.1033425	39,341	0.972	37,985	0.104287	38,191	0.971		0.69%	0.54%	-0.14%
S. J. 32-7	219	34,131	0.0902762	34,366	0.960	32,763	0.08995	32,941	0.959		0.69%	0.54%	-0.14%
S. J. 32-7	221	14,321	0.0378789	14,420	0.966	13,835	0.037984	13,910	0.965		0.69%	0.54%	-0.14%
S. J. 32-7	229	12,533	0.0331497	12,619	0.963	12,069	0.033136	12,135	0.962		0.69%	0.54%	-0.14%
S. J. 32-7	231	19,345	0.0511674	19,478	0.965	18,668	0.051254	18,770	0.964		0.69%	0.54%	-0.14%
S. J. 32-7	232	8,010	0.0211864	8,065	0.978	7,836	0.021515	7,879	0.977		0.69%	0.54%	-0.14%
S. J. 32-7	216	14,669	0.0387994	14,770	0.962	14,111	0.038742	14,188	0.961		0.69%	0.54%	-0.14%
S. J. 32-7	224 C	12,417	0.0328429	12,503	0.963	11,957	0.032829	12,022	0.962		0.69%	0.54%	-0.14%
S. J. 32-7	234	13,309	0.0352022	13,401	0.967	12,871	0.035337	12,941	0.966		0.69%	0.54%	-0.14%
S. J. 32-7	235	52,011	0.1375687	52,370	0.961	49,979	0.137218	50,251	0.960		0.69%	0.54%	-0.14%
S. J. 32-7	222	3,330	0.0088078	3,353	0.959	3,193	0.008767	3,210	0.958		0.69%	0.54%	-0.14%
S. J. 32-7	233	17,625	0.046618	17,747	0.966	17,027	0.046747	17,119	0.965		0.69%	0.54%	-0.14%
S. J. 32-7	236	235	0.0006216	237	0.967	227	0.000624	229	0.966		0.69%	0.54%	-0.14%
S. J. 32-7	237	4,167	0.0110217	4,196	0.956	3,983	0.010935	4,005	0.954		0.69%	0.54%	-0.14%
S. J. 32-7	238	33,881	0.089615	34,115	0.966	32,731	0.089863	32,909	0.965		0.69%	0.54%	-0.14%
S. J. 32-7	215	29,144	0.0770856	29,345	0.961	28,005	0.076889	28,158	0.960		0.69%	0.54%	-0.14%
TOTAL		378,073	1	380,681		364,231	1	366,215			0.69%	0.54%	

** All volumes and BTU values assume a 14.73 Pressure Base.

CDP1294.WK3

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ALLOCATION EXAMPLE

32-7 #1, CPD DECEMBER, 1994

08-Feb-95

UNIT	WELL #	METERED GAS VOLUME (mcf)	VOLUME RATIO	ALLOCATED GAS VOLUME (mcf)	MEASURED WELL BTU VALUE	METERED MMBTU's	MMBTU RATIO	ALLOCATED MMBTU	ALLOCATED WELL BTU VALUE		VOLUME DIFFERENCE (%)	MMBTU DIFFERENCE (%)	WELL BTU VALUE DIFFERENCE (%)
32-7 #1 CPD	CPD	447,189			0.963	430,643							
S. J. 32-7	203	0	0	0	0.929	0	0	0					
S. J. 32-7	204	43,291	0.1004259	44,909	0.955	41,334	0.099537	42,865	0.954		3.74%	3.70%	-0.03%
S. J. 32-7	207	7,332	0.0170087	7,606	0.974	7,143	0.017201	7,408	0.974		3.74%	3.70%	-0.03%
S. J. 32-7	208	6,877	0.0159532	7,134	0.954	6,559	0.015795	6,802	0.953		3.74%	3.70%	-0.03%
S. J. 32-7	209	13,752	0.0319017	14,266	0.956	13,144	0.031653	13,631	0.955		3.74%	3.70%	-0.03%
S. J. 32-7	211	0	0	0	0.000	0	0	0					
S. J. 32-7	213	9,825	0.0227919	10,192	0.970	9,532	0.022953	9,885	0.970		3.74%	3.70%	-0.03%
S. J. 32-7	214	1,089	0.0025262	1,130	0.970	1,056	0.002544	1,096	0.970		3.74%	3.70%	-0.03%
S. J. 32-7	217	5,276	0.0122392	5,473	0.969	5,113	0.012313	5,302					
S. J. 32-7	218	38,819	0.0900518	40,270	0.972	37,740	0.090881	39,137	0.972		3.74%	3.70%	-0.03%
S. J. 32-7	219	39,071	0.0906364	40,532	0.960	37,505	0.090316	38,894	0.960		3.74%	3.70%	-0.03%
S. J. 32-7	221	16,213	0.0376107	16,819	0.966	15,663	0.037717	16,243	0.966		3.74%	3.70%	-0.03%
S. J. 32-7	229	13,826	0.0320734	14,343	0.963	13,314	0.032062	13,807	0.963		3.74%	3.70%	-0.03%
S. J. 32-7	231	19,984	0.0463586	20,731	0.965	19,285	0.046441	19,999	0.965		3.74%	3.70%	-0.03%
S. J. 32-7	232	8,243	0.019122	8,551	0.978	8,064	0.01942	8,363	0.978		3.74%	3.70%	-0.03%
S. J. 32-7	216	15,292	0.0354742	15,864	0.962	14,710	0.035424	15,255	0.962		3.74%	3.70%	-0.03%
S. J. 32-7	224 C	12,564	0.0291458	13,034	0.963	12,099	0.029136	12,547	0.963		3.74%	3.70%	-0.03%
S. J. 32-7	234	14,953	0.0346878	15,512	0.967	14,461	0.034823	14,996	0.967		3.74%	3.70%	-0.03%
S. J. 32-7	235	57,091	0.132439	59,225	0.961	54,861	0.132111	56,893	0.961		3.74%	3.70%	-0.03%
S. J. 32-7	222	3,603	0.0083582	3,738	0.959	3,455	0.00832	3,583	0.959		3.74%	3.70%	-0.03%
S. J. 32-7	233	25,182	0.0584169	26,123	0.966	24,327	0.058582	25,228	0.966		3.74%	3.70%	-0.03%
S. J. 32-7	236	150	0.000348	156	0.967	145	0.000349	150	0.967		3.74%	3.70%	-0.03%
S. J. 32-7	237	4,635	0.0107522	4,808	0.956	4,430	0.010668	4,594	0.955		3.74%	3.70%	-0.03%
S. J. 32-7	238	40,575	0.0941254	42,092	0.966	39,198	0.094392	40,649	0.966		3.74%	3.70%	-0.03%
S. J. 32-7	215	33,431	0.0775528	34,681	0.961	32,125	0.077361	33,315	0.961		3.74%	3.70%	-0.03%
TOTAL		431,074	1	447,189		415,263	1	430,643			3.74%	3.70%	

** All volumes and BTU values assume a 14.73 Pressure Base.

S. J. 32-7	204	X		32-7 SWD
S. J. 32-7	207	X		32-7 SWD
S. J. 32-7	208	X		32-7 SWD
S. J. 32-7	209	X		32-7 SWD
S. J. 32-7	211	X		32-7 SWD
S. J. 32-7	213 COM	X		32-7 SWD
S. J. 32-7	214	X		32-7 SWD
S. J. 32-7	217	X		32-7 SWD
S. J. 32-7	218	X		32-7 SWD
S. J. 32-7	219	X		32-7 SWD
S. J. 32-7	221	X		32-7 SWD
S. J. 32-7	229	X		32-7 SWD
S. J. 32-7	231	X		32-7 SWD
S. J. 32-7	232	X		32-7 SWD
S. J. 32-7	216	X		32-7 SWD
S. J. 32-7	224 COM	X		32-7 SWD
S. J. 32-7	234	X		32-7 SWD
S. J. 32-7	235	X		32-7 SWD
S. J. 32-7	222	X		32-7 SWD
S. J. 32-7	233	X		32-7 SWD
S. J. 32-7	236	X		32-7 SWD
S. J. 32-7	237	X		32-7 SWD
S. J. 32-7	238	X		32-7 SWD
S. J. 32-7	215	X		32-7 SWD

COPY

October 19, 1994

PHILLIPS PETROLEUM COMPANY
San Juan Basin, New Mexico
Off-Lease Measurement of Gas Applications

STATEMENT: The allocation meters are calibrated and gas samples are collected in accordance with Onshore Oil and Gas Order No. 5.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER A. SALISBURY
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 FAX: (505) 334-6170

April 10, 1995

COPY

Mr Ed Hasely
Phillips Petroleum Company
5525 Hwy 64 NBU 3004
Farmington NM 87401

Re: 32-7 #1 CPD

Dear Mr. Hasely:

As per Rule 403.C. your application for the approval of the allocation method to be used at the referenced CPD is hereby approved.

Sincerely,

Frank T. Chavez, Supervisor District III

FTC/sh

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 16, 1999

Bureau of Land Management
Attn: Duane Spencer
1235 La Plata Hwy.
Farmington, NM 87401

New Mexico Oil & Gas Conservation
Attn: Frank Chavez
1000 Rio Brazos Rd.
Aztec, NM 87410

State of New Mexico
Attn : David Catanach
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

32-7 #1 CPD
Off-Lease Measurement of Gas
Addition of San Juan 32-7 #220

Gentlemen:

Phillips Petroleum Company requests approval to add the San Juan 32-7 #220 to the off-lease measurement/commingling application for the subject CPD. The original application was approved by the BLM on April 4, 1995 and the allocation method was approved by the NMOCD on April 10, 1995. The application dated February 12, 1998 to David Catanach is still waiting for approval.

The San Juan 32-7 #220 is located in Unit M, 655' FSL & 705' FWL, Section 5, T31N, R7W. This is a federal lease - SF-078996. This well will be connected to the 32-7 #1 CPD.

We expect first production to the CPD from the San Juan 32-7 #220 to be approximately July 23, 1999. Phillips Petroleum Company will follow Onshore Oil and Gas Order #5 and the allocation procedures outlined in the original approved application in regards to gas production from this well.

If you have any questions concerning these well additions, please call me at 599-3450.

Sincerely,
Phillips Petroleum Company

Doyle Pruden
Accounting Specialist

cc: Danny Jaap

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

June 3, 1999

Bureau of Land Management
Attn: Duane Spencer
1235 La Plata Hwy.
Farmington, NM 87401

New Mexico Oil & Gas Conservation
Attn: Frank Chavez
1000 Rio Brazos Rd.
Aztec, NM 87410

State of New Mexico
Attn : David Catanach
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

32-7 #1 CPD
Off-Lease Measurement of Gas
Addition of San Juan 32-7 #240

Gentlemen:

Phillips Petroleum Company requests approval to add the San Juan 32-7 #240 to the off-lease measurement/commingling application for the subject CPD. The original application was approved by the BLM on April 4, 1995 and the allocation method was approved by the NMOCD on April 10, 1995. The application dated February 12, 1998 to David Catanach is still waiting for approval.

The San Juan 32-7 #240 is located in Unit E, 1680' FNL, 135' FWL, Section 20, T32N and R7W. This is a fee lease. This well will be connected to the 32-7 #1 CPD.

The first production to the CPD was June 3, 1999 for the San Juan 32-7 #240. Phillips Petroleum Company will follow Onshore Oil and Gas Order #5 and the allocation procedures outlined in the original approved application in regards to gas production from this well.

If you have any questions concerning these well additions, please call me at 599-3450.

Sincerely,
Phillips Petroleum Company

Doyle Pruden
Accounting Specialist

cc: Danny Jaap

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

May 19, 1999

Bureau of Land Management
Attn: Duane Spencer
1235 La Plata Hwy.
Farmington, NM 87401

New Mexico Oil & Gas Conservation
Attn: Frank Chavez
1000 Rio Brazos Rd.
Aztec, NM 87410

State of New Mexico
Attn : David Catanach
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

32-7 #1 CPD
Off-Lease Measurement of Gas
Addition of San Juan 32-7 #205

Gentlemen:

Phillips Petroleum Company requests approval to add the San Juan 32-7 #205 to the off-lease measurement/commingling application for the subject CPD. The original application was approved by the BLM on April 4, 1995 and the allocation method was approved by the NMOCD on April 10, 1995. The application dated February 12, 1998 to David Catanach is still waiting for approval.

The San Juan 32-7 #205 is located in Unit M, 791' NSL & 1073' FWL, Section 22, T32N, and R7W. The federal lease number is SF-078459. This well will be connected to the 32-7 #1 CPD.

We expect first production to the CPD from the San Juan 32-7 #205 to be sometime during the last week in May, 1999. Phillips Petroleum Company will follow Onshore Oil and Gas Order #5 and the allocation procedures outlined in the original approved application in regards to gas production from this well.

If you have any questions concerning these well additions, please call me at 599-3450.

Sincerely,
Phillips Petroleum Company

Doyle Pruden
Accounting Specialist

cc: Danny Jaap

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

May 1, 1999

Bureau of Land Management
Attn: Duane Spencer
1235 La Plata Hwy.
Farmington, NM 87401

New Mexico Oil & Gas Conservation
Attn: Frank Chavez
1000 Rio Brazos Rd.
Aztec, NM 87410

State of New Mexico
Attn : David Catanach
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

32-7 #1 CPD
Off-Lease Measurement of Gas
Addition of San Juan 32-7 #241

Gentlemen:

Phillips Petroleum Company requests approval to add the San Juan 32-7 #241 to the off-lease measurement/commingling application for the subject CPD. The original application was approved by the BLM on April 4, 1995 and the allocation method was approved by the NMOCD on April 10, 1995. The application dated February 12, 1998 to David Catanach is still waiting for approval.

The San Juan 32-7 #241 is located in Unit G, 2234' FNL & 1841' FEL, Section 21, T32N, and R7W. This is a fee lease. This well will be connected to the 32-7 #1 CPD.

The first production to the CPD was April 30, 1999 for the San Juan 32-7 #241. Phillips Petroleum Company will follow Onshore Oil and Gas Order #5 and the allocation procedures outlined in the original approved application in regards to gas production from this well.

If you have any questions concerning these well additions, please call me at 599-3450.

Sincerely,
Phillips Petroleum Company

Doyle Pruden
Accounting Specialist

cc: Danny Jaap

PHILLIPS PETROLEUM COMPANY
FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

June 24, 1999

Bureau of Land Management
Attn: Duane Spencer
1235 La Plata Hwy.
Farmington, NM 87401

New Mexico Oil & Gas Conservation
Attn: Frank Chavez
1000 Rio Brazos Rd.
Aztec, NM 87410

State of New Mexico
Attn : David Catanach
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

32-7 #1 CPD
Off-Lease Measurement of Gas
Addition of San Juan 32-7 #228

Gentlemen:

Phillips Petroleum Company requests approval to add the San Juan 32-7 #228 to the off-lease measurement/commingling application for the subject CPD. The original application was approved by the BLM on April 4, 1995 and the allocation method was approved by the NMOCD on April 10, 1995. The application dated February 12, 1998 to David Catanach is still waiting for approval.

The San Juan 32-7 #228 is located in Unit G, 2628' FNL & 1436' FEL, Section 7, T31N, R7W. This is a federal lease - SF-078996. This well will be connected to the 32-7 #1 CPD.

The first production to the CPD was June 24, 1999 for the San Juan 32-7 #228. Phillips Petroleum Company will follow Onshore Oil and Gas Order #5 and the allocation procedures outlined in the original approved application in regards to gas production from this well.

If you have any questions concerning these well additions, please call me at 599-3450.

Sincerely,
Phillips Petroleum Company

Doyle Pruden
Accounting Specialist

cc: Danny Jaap