

PLC 8/11/98
146



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762
4001 PENBROOK

EXPLORATION AND PRODUCTION GROUP
Permian Basin Area

RECEIVED
JUL 22 1998

July 20, 1998

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

Re: Surface Commingling
Santa Fe and Vacuum Glorieta East Unit Leases
Vacuum (Yates) and Vacuum (Glorieta) Pools
Lea County, New Mexico

Dear Sir:

Phillips Petroleum Company respectfully requests an exception to Statewide Rule 303-A and Statewide Rule 309-A to surface commingle production from the Santa Fe (Lease #B-2073, B-2388, B-2519) and the Vacuum Glorieta East Unit (State lease numbers attached). Surface commingling will involve the wells currently completed, and all projected well completions located within both leases. The wells presently drilled are shown on the attached lease plat and tank battery schematic. In accordance with the provisions of Statewide Rule 303-B and Statewide Rule 309-B, pertinent information and supporting data are included herein.

1. Production from the leases will be from the Vacuum (Yates) and the Vacuum (Glorieta) pools. Santa Fe Well No's. 97, 113, and 127 are completed in the Vacuum (Yates) pool. Vacuum Glorieta East Unit contains 67 producing wells that are completed in the Vacuum (Glorieta) pool.
2. Adequate test facilities will be provided as shown on the tank battery schematic.
3. Phillips Petroleum Company operates both leases and is the purchaser of the commingled production. Phillips working interest in the leases per the operating agreements is on the attached ownership list. The State Of New Mexico - Common School Land has a 12.5% royalty interest. The Commissioner of Public Lands has been notified via certified mail of the subject application.

Our request is made in the interest of operating more efficiently and economically. Your consideration and administrative approval will be greatly appreciated. If any further information is needed, please contact Celeste Dale at 915/368-1667, or myself at 915/368-1488.

Sincerely,

Larry M. Sanders
Supervisor, Regulation/Proration

/cgd

encl.

cc: Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87504-1148

State of New Mexico
Energy, Minerals, and Natural Resources
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☒ Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

L. M. Sanders
Print or Type Name

Colleen A. Dole
Signature
for: L.M.S.

Supervisor, Regulation/
Title Proration

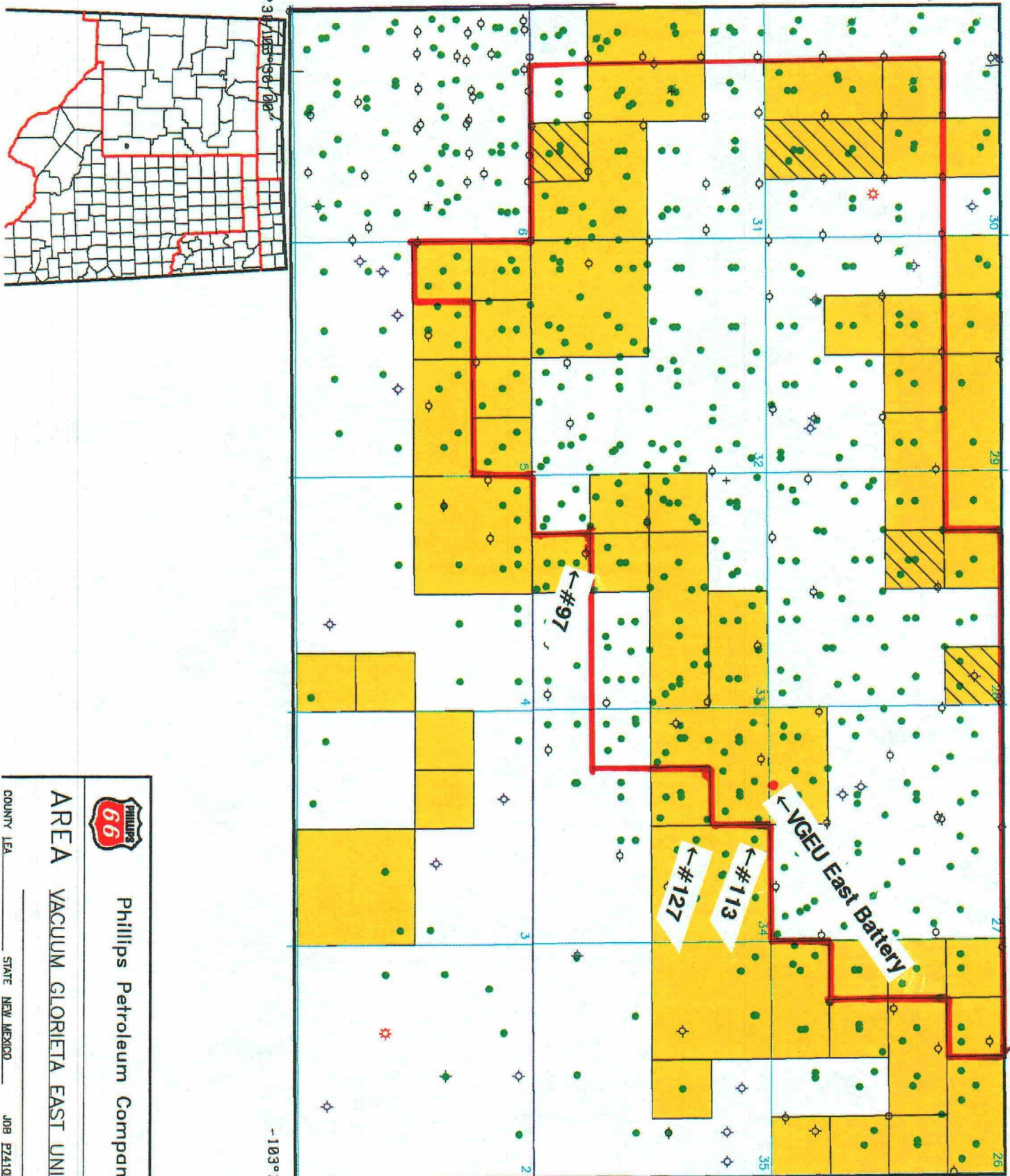
07/20/98
Date

-103°38'18" 30'00"
32°48'47"

-103°25'08"
32°48'47"

32°46'09"
-103°38'18" 30'00"

32°46'09"
-103°25'08"



Phillips Petroleum Company



AREA VACUUM GLORIETA EAST UNIT

COUNTY LEA

STATE NEW MEXICO

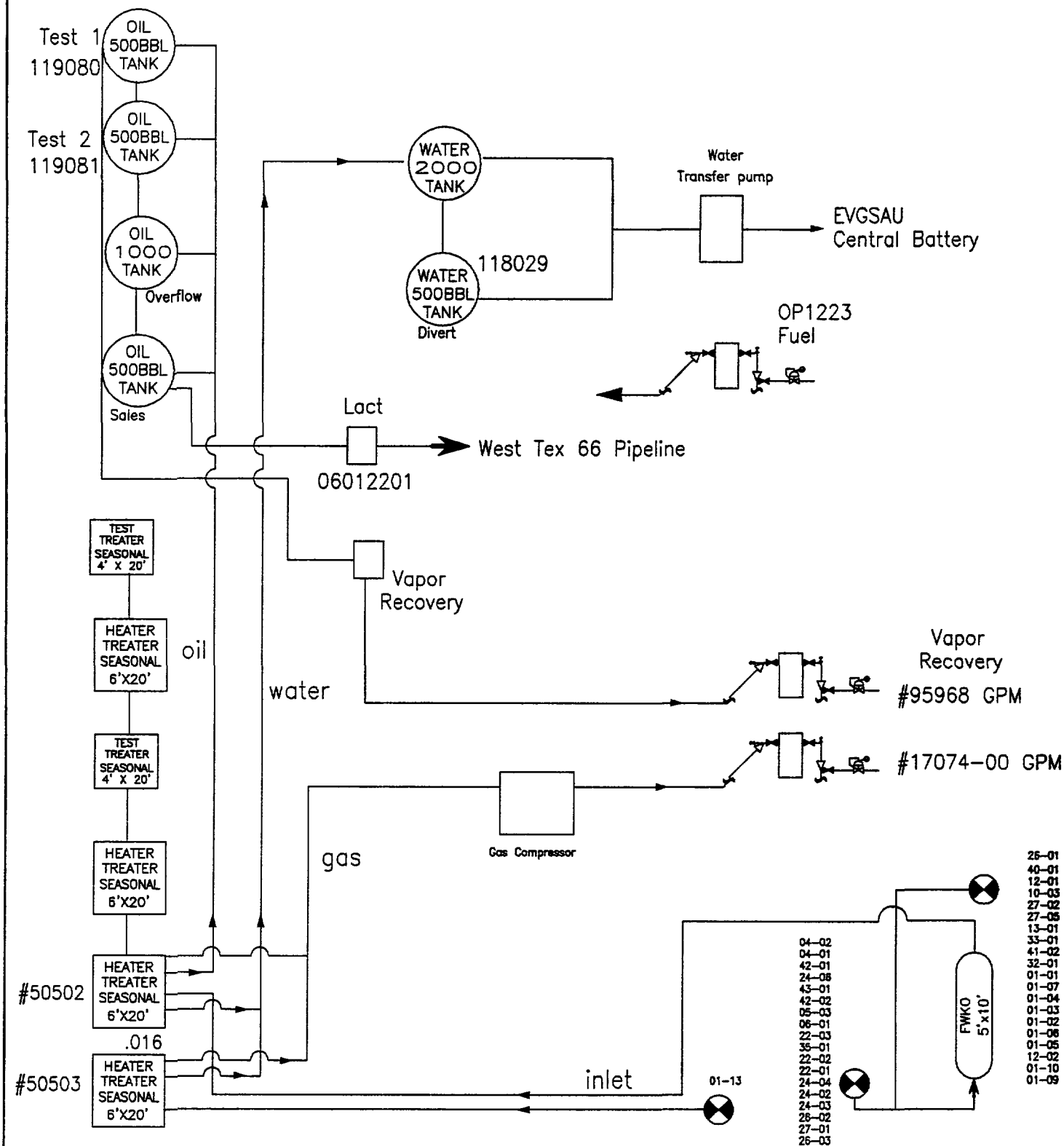
JOB E7410NH4 USR00238

GRAVITY AND VALUE OF COMMINGLED LIQUID HYDROCARBONS

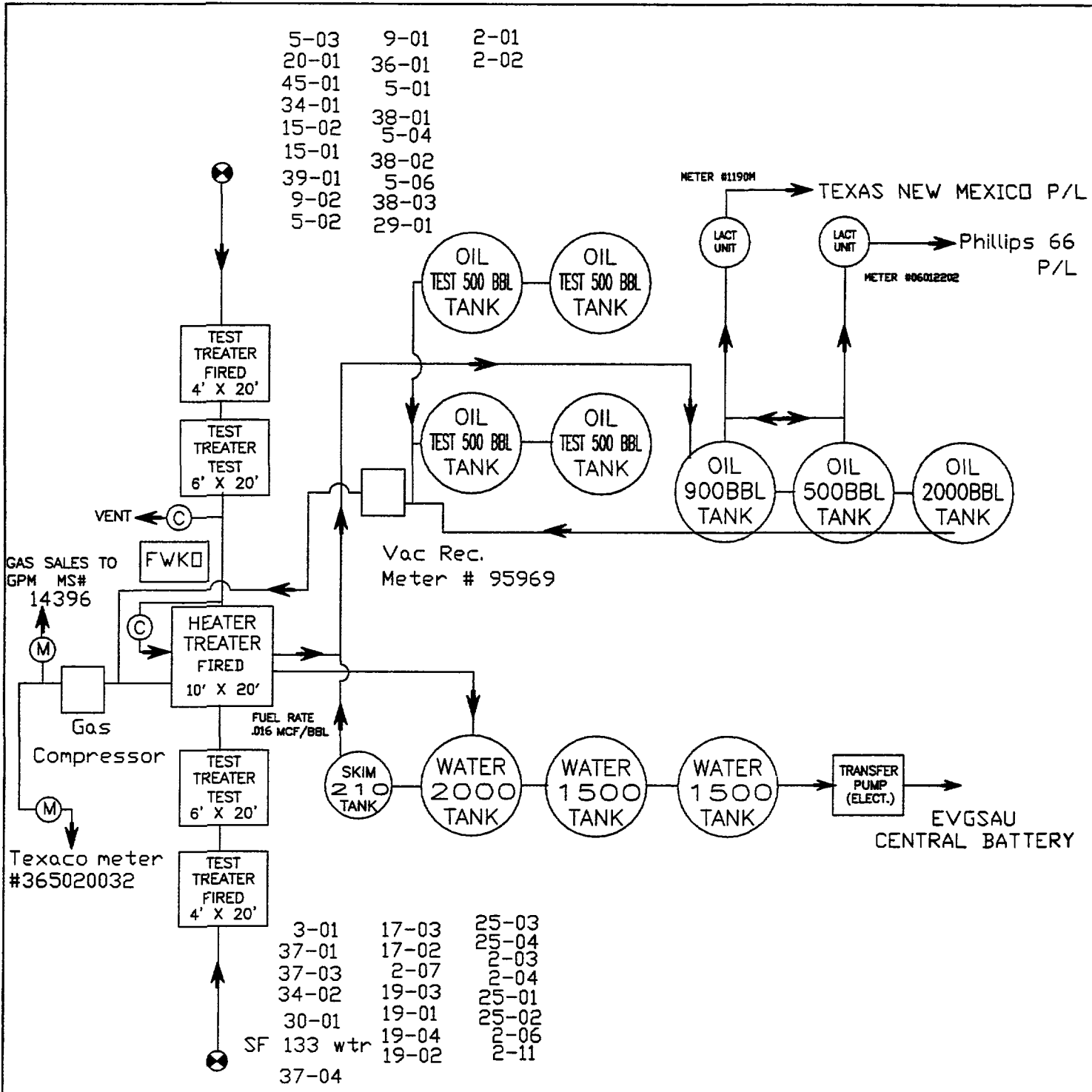
	<u>Phillips Petroleum Company</u> <u>Santa Fe Lease</u> <u>Vacuum (Yates) Field</u>	<u>Phillips Petroleum Company</u> <u>Vacuum Glorieta East Unit</u> <u>Vacuum (Glorieta) Field</u>	<u>Total Commingled</u> <u>Production</u>
Oil Gravity	33	35	34
Value (\$/Bbl) (06/98-YTD Avg.)	\$13.74	\$13.71	\$13.73
Oil Volume (BOPD) #Wells	10 BOPD 3 Wells (Expected production upon reactivation of wells)	400 BOPD (East Btty.) 900 BOPD (Unit Prod.) 67 Wells	410 BOPD

There will be no loss of actual commercial value of the commingled production. The value of the commingled production will equal the sum of the value of the production from each common source of supply.

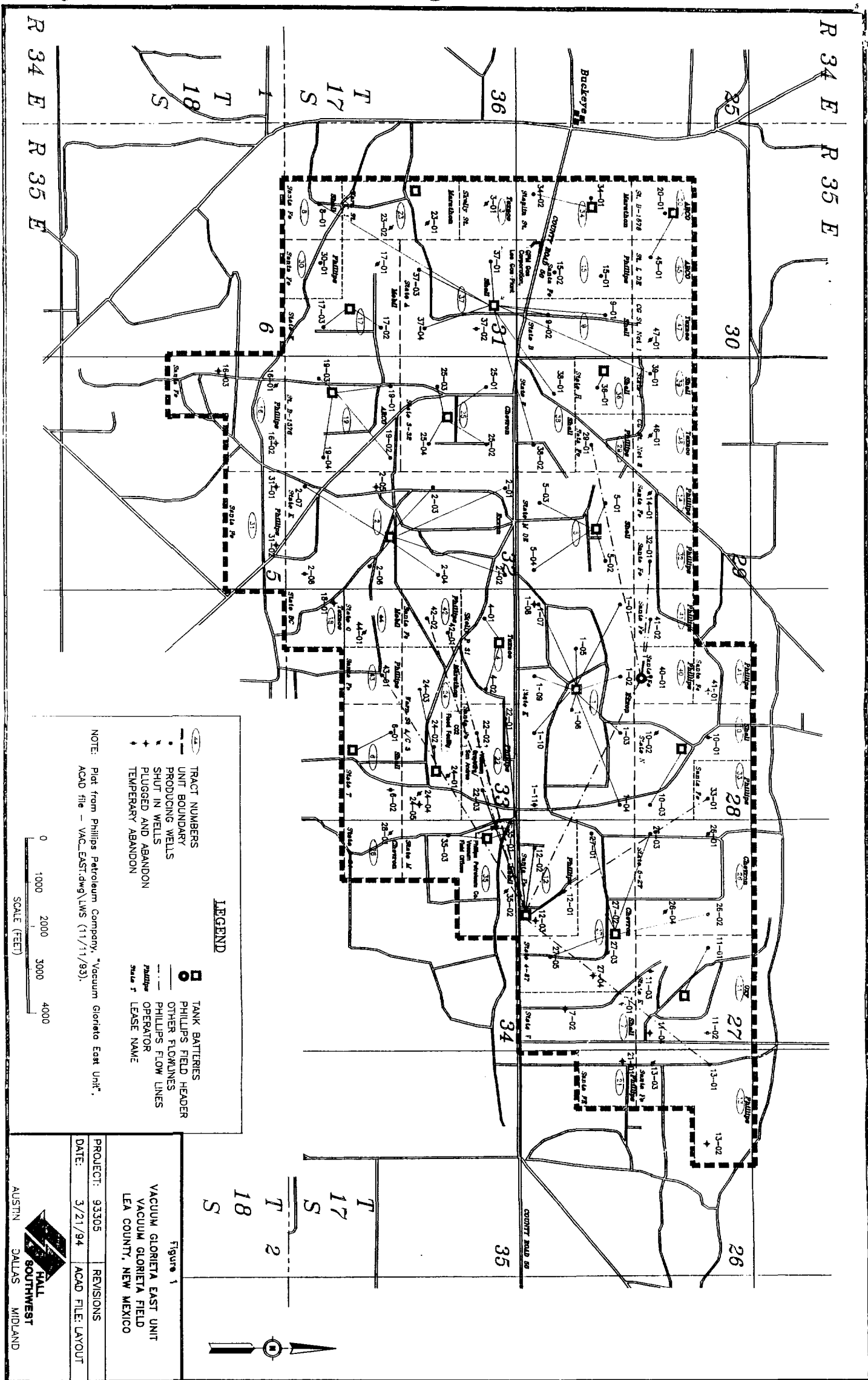
Santa Fe Well	State Lse #	Phillips Lse #	Phillips' WT%	Phillips' NRI%	State of NM RI%	ORRI%
#113	NM-B-2519 (NE/4 Sec. 34)	015633-002	100%	87.5%	12.5%	-0-
#127	NM-B-2519 (NE/4 Sec. 34)	015633-002	100%	87.5%	12.5%	-0-
#97	NM-2073 (SE/4SW/4 Sec. 33)	015370-000	100%	87.5%	12.5%	-0-



NO.	REVISION	UPDATED BY	DATE	CHKD	APP'D
FOR BIDS	<div style="text-align: center;"> PHILLIPS PETROLEUM COMPANY BARTLESVILLE, OKLAHOMA </div>	<div style="text-align: center;"> </div>	JA NO.	FILE CODE	
FOR APPR			AFE NO.	SCALE	
FOR CONST			FILE NAME: VGEU	NO	
DRAWN 01-17-97	dgu	LEASE NAME: VGEU East		DWG NO. 1.0	
CHECKED		LEASE CODE: 600291 phase #3			
APP'D		NETWORK:			



NO.	REVISION	UPDATED BY	DATE	CHKD	APP'D
FOR BIDS	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> PHILLIPS PETROLEUM COMPANY BARTLESVILLE, OKLAHOMA </div> </div>	JA NO.		FILE CODE	
FOR APPR		AFE NO.		SCALE	
FOR CONST		LEASE NAME: VGEU WEST BATTERY LEASE CODE: 600291 Phase #3 NETWORK:		NO	
DRAWN 01/17/97 MB	FILE NAME: VGEUW				
CHECKED	DWG NO. 1.0				
APP'D					



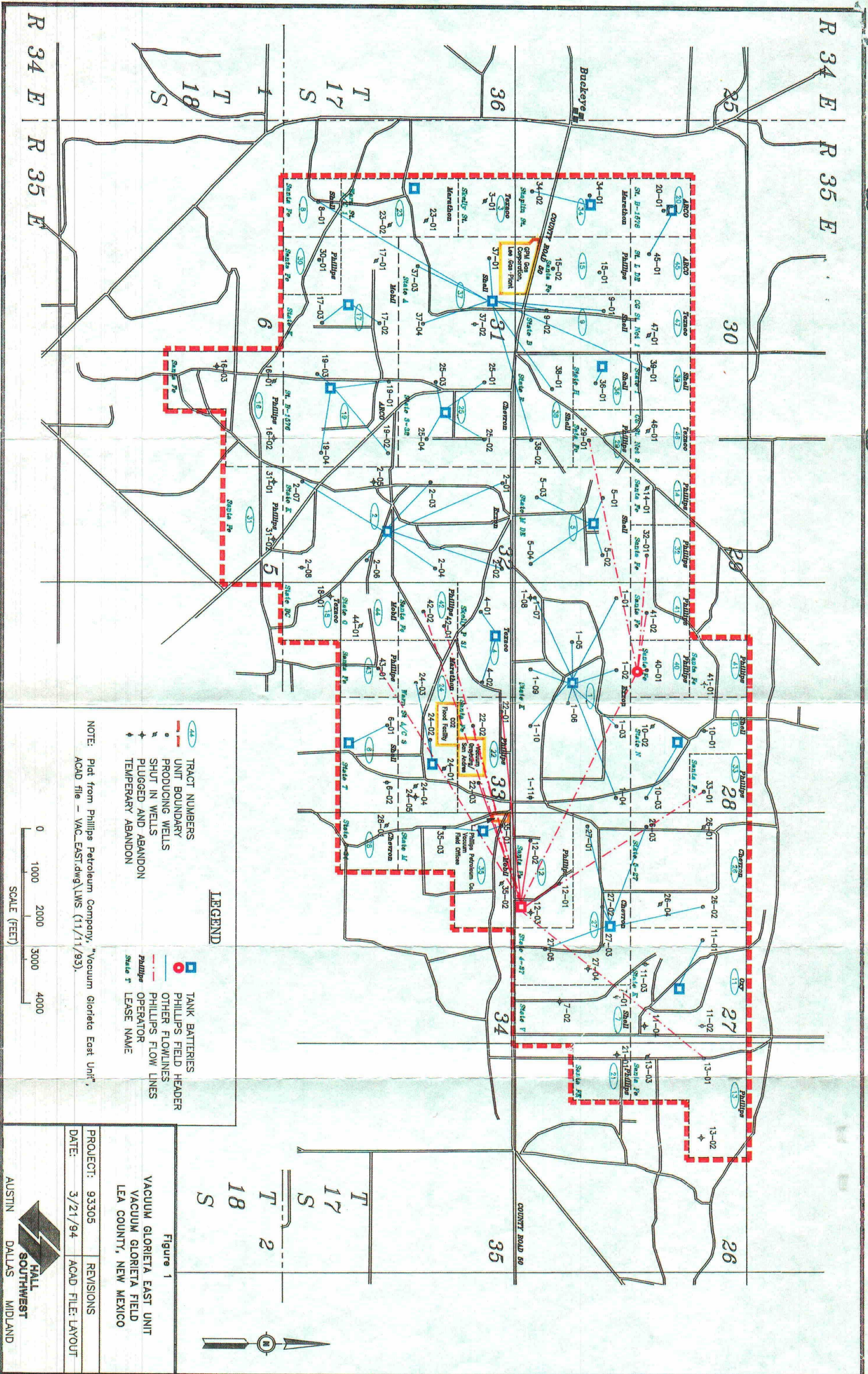
NOTE: Plat from Phillips Petroleum Company, "Vacuum Glorieta East Unit", ACAD file - VAC.EAST.dwg (11/11/93).

PROJECT: 93305
DATE: 3/21/94
ACAD FILE LAYOUT

VACUUM GLORIETA EAST UNIT
VACUUM GLORIETA FIELD
LEA COUNTY, NEW MEXICO

SCALE (FEET)
0 1000 2000 3000 4000

HALL
SOUTHWEST
AUSTIN DALLAS MIDLAND



PERMIAN BASIN REGION BALLOT SYSTEM
 AFE INFORMATION

LEASE NUMBER : 600281
 LEASE/UNIT NAME : VACUUM GLORIETA EAST U. PH VI
 LANDMAN: DANNIA THORNTON ENGINEER: HAROLD CHESLEY
 PROPOSED WORK : COMMINGLED 3 SHUTIN VATES WELLS WITH THE VGEU EAST
 : BATTERY - SANTA FE NO. 97, 113, 127
 AFE : VACGLOBAL
 AMOUNT : 0
 DATE SENT : 02/23/98
 DATE APPROVED : 03/17/1998
 % REQ FOR APPROVAL : 65.00000 (3 WORKING INTEREST OWNERS)

COMPANY	U.I.	RESPONSE YES=2,NO=1,NONE=0	RESPONSE RECEIVED	PERCENT APPROVAL	PERCENT REJECTED
=====	=====	=====	=====	=====	=====
PHILLIPS	34.86476	2	02/23/1998	34.86476	.00000
2808 MCBEE COMPAN	.27247	0		.00000	.00000
5468 OXY USA INC	4.07688	2	03/05/1998	4.07688	.00000
5801 EXXON CORP	19.36871	0		.00000	.00000
6150 CHEVRON USA	12.89448	0		.00000	.00000
7058 ALTURA	23.99153	2	03/02/1998	23.99153	.00000
9794 TEXACO E&P	4.53117	2	03/17/1998	4.53117	.00000
=====	=====	=====		=====	=====
7	100.0000	4		67.46434	.00000



PHILLIPS PETROLEUM COMPANY

4001 PENBROOK
ODESSA, TEXAS 79762

EXPLORATION AND PRODUCTION
Permian Profit Center

February 23, 1998

RECEIVED

MAR 17 1998

LAND SECTION
PHILLIPS PETROLEUM CO.
ODESSA, TEXAS

Working Interest Owners
Vacuum Glorieta East Unit
(See attached list)

Re: Vacuum Glorieta East Unit
East Battery
Lea County, New Mexico
GF 53585; LCN 600281

Ladies and Gentlemen:

Pursuant to the terms of that certain Joint Operating Agreement dated September 10, 1993, covering the operations for the Vacuum Glorieta East Unit ('VGEU'), Phillips Petroleum Company hereby requests approval to surface commingle the following three (3) shut-in Yates Formation wells with the VGEU East Battery located in the S/2 SW/4 of Section 27, T17S, R35E, Lea County, New Mexico:

Santa Fe No. 97	990' FSL, 1980' FWL Section 33, T17S, R35E	API 30025207910000
Santa Fe No. 113	330' FNL, 2310' FEL Section 34, T17S, R35E	API 30025217130000
Santa Fe No. 127	1650' FNL, 2310' FEL Section 34, T17S, R35E	API 30025246430000

Said wells will be connected to existing flowlines in order to produce them from the East Battery. Each well will be well tested at the well site using a portable well tester. Connecting and producing the above wells from the VGEU East Battery should not impact Unit operations in any way. VGEU production into the East Battery will not be curtailed due to adding the Yates wells. Should capacity become an issue at the East Battery, production from the Yates wells will be curtailed to alleviate any capacity problems. The VGEU Working Interest Owners will not incur any costs associated with the surface commingling of the wells.

Please note your election below and return one (1) copy of this letter to the undersigned within fifteen (15) days of the above date. Should you have any questions concerning this matter, please contact Harold Chesley at (915) 368-1448. Thank you.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

Danna C. Thornton
Danna C. Thornton
Landman

DCT:dt
dct\g53585.lta
Enclosure/Attachments

APPROVED
COMPANY TEXACO EXPLORATION AND PRODUCTION, INC.
BY: P. R. MONTICELLO
JOINT INTEREST COORDINATOR

APPROVE: X

DISAPPROVE: _____

By: P. R. Monticello
Title: _____

Date: 3/13/98

RECEIVED

MAR 03 1998



PHILLIPS PETROLEUM COMPANY

4001 PENBROOK
ODESSA, TEXAS 79762

EXPLORATION AND PRODUCTION
Permian Profit Center

February 23, 1998

100% INTEREST
PHILLIPS PETROLEUM CO.
ODESSA, TEXAS

Working Interest Owners
Vacuum Glorieta East Unit
(See attached list)

Re: Vacuum Glorieta East Unit
East Battery
Lea County, New Mexico
GF 53585; LCN 600281

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Very truly yours,

PHILLIPS PETROLEUM COMPANY

Danna C. Thornton
Danna C. Thornton
Landman

DCT:dt
dct\g53585.lta
Enclosure/Attachments

COMPANY

OXY USA INC.

By: *[Signature]*

Title: *[Signature]*

APPROVE: *[Signature]*

DISAPPROVE: _____

Date: *2/27/98*

RECEIVED

MAR 02 1998



PHILLIPS PETROLEUM COMPANY

4001 PENBROOK
ODESSA, TEXAS 79762

EXPLORATION AND PRODUCTION
Permian Profit Center

February 23, 1998

LAND SECTION
PHILLIPS PETROLEUM CO
ODESSA, TEXAS

Working Interest Owners
Vacuum Glorieta East Unit
(See attached list)

Re: Vacuum Glorieta East Unit
East Battery
Lea County, New Mexico
GF 53585; LCN 600281

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Santa Fe No. 113	330' FNL, 2310' FEL Section 34, T17S, R35E	API 30025217130000
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Very truly yours,

PHILLIPS PETROLEUM COMPANY

Danna C. Thornton
Danna C. Thornton
Landman

DCT:dt
dct\g53585.lta
Enclosure/Attachments

COMPANY

Altura Energy Ltd.

By: R. Hinn

Title: Director of Non-Operated Assets/BM

Ron Hinn

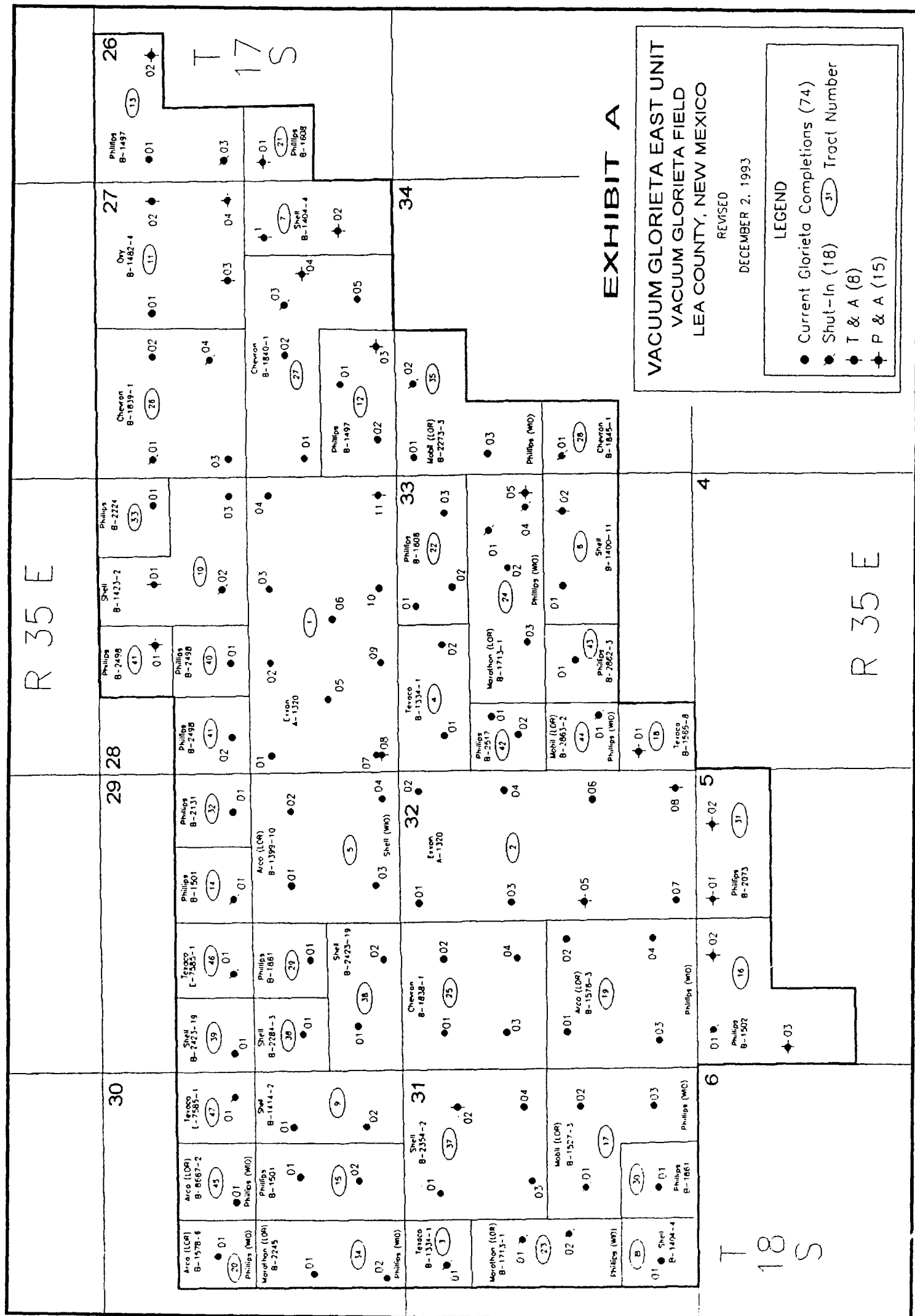
APPROVE: ✓

DISAPPROVE: _____

Date: 2/25/98

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
VACUUM GLORIETA EAST UNIT OPERATING AGREEMENT DATED SEPTEMBER 10, 1993
BETWEEN PHILLIPS PETROLEUM COMPANY AS OPERATOR
AND ARCO OIL AND GAS COMPANY, ET AL AS NON-OPERATOR



VACUUM GLORIETA EAST UNIT
WORKING INTEREST OWNER PARTICIPATION

OWNER	PHASE I	PHASE II	PHASE III	PHASE IV	PHASE V	PHASE VI
MCBEE	0.2416238%	0.24933358%	0.2570477%	0.2647597%	0.2678445%	0.2724717%
CHEVRON	7.0158492%	8.4855064%	9.9551636%	11.4248208%	12.0126837%	12.8944780%
EXXON	34.8896172%	31.0093911%	27.1291649%	23.2489388%	21.6968483%	19.3687126%
OXY	1.4955999%	2.1409205%	2.7862412%	3.4315618%	3.6896900%	4.0768824%
PHILLIPS	24.2609496%	26.9119019%	29.5628542%	32.2138064%	33.2741875%	34.8647587%
SHELL	23.5721123%	23.6769665%	23.7818207%	23.8866750%	23.9286166%	23.9915292%
TEXACO	8.5242480%	7.5259778%	6.5277077%	5.5294375%	5.1301294%	4.5311674%

EXHIBIT "C"
ATTACHED TO AND MADE A PART OF
THAT CERTAIN VACUUM GLORIETA EAST
UNIT OPERATING AGREEMENT DATED SEPTEMBER 10, 1993
LEA COUNTY, NEW MEXICO
WORKING INTEREST OWNER SUMMARY OF
UNIT PARTICIPATION

EXHIBIT "B"
 ATTACHED TO AND MADE A PART OF THAT CERTAIN VACUUM GLORIETA EAST UNIT AGREEMENT
 DATED SEPTEMBER 10, 1993, BETWEEN PHILLIPS PETROLEUM COMPANY AS OPERATOR
 AND ARCO OIL AND GAS COMPANY, ET AL AS NON-OPERATOR

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING RENTAL PERCENTAGE	WORKING INTEREST OWNER & %
1	11-22-28	State K	24241-001	T17S-R35E Sec. 28: S/2 Lea County, New Mexico	320.00	A-1320	12.5	Exxon Corporation	None	Exxon Corporation 100%
2	11-22-28	State K	24241-001	T17S-R35E Sec. 32: E/2 Lea County, New Mexico	320.00	A-1320	12.5	Exxon Corporation	None	Exxon Corporation 100%
3	11-16-32	Skelly J State	NM316668	T17S-R35E Sec. 31: NE/4 NW/4 Lea County, New Mexico	40.00	B-1334-1	12.5	Texaco Exploration & Production Inc.	None	Texaco Expl. & Pr. Inc. 100%
4	11-16-32	Skelly P State	NM316668	T17S-R35E Sec. 33: N/2 NW/4 Lea County, New Mexico	80.00	B-1334-1	12.5	Texaco Exploration & Production Inc.	None	Texaco Expl. & Prod. Inc. 96.027% Shell Western E&P Inc. 3.973%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING ROYALTY PERCENTAGE	WORKING INTEREST OWNER & %
5	12-03-32	State M	NM-890	T17S-R35E Sec. 29: SE/4 Lea County, New Mexico	160.00	B-1399-10	12.5	Arco Oil & Gas Co.	None	Shell Western E&P Inc. 100%
6	12-03-32	State T	NM-891	T17S-R35E Sec. 33: N/2 SE/4 Lea County, New Mexico	80.00	B-1400-11	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%
7	12-03-32	State V	NM-878	T17S-R35E Sec. 27: E/2 SE/4 Lea County, New Mexico	80.00	B-1404-4	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%
8	12-03-32	State E	NM-878	T17S-R35E Sec. 31: SE/4 SW/4 Lea County, New Mexico	40.00	B-1404-4	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%
9	12-03-32	State B	NM-882	T17S-R35E Sec. 30: E/2 SE/4 Lea County, New Mexico	80.00	B-1414-2	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY		DESCRIPTION	NO. OF ACRES	STATE		LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING		WORKING INTEREST OWNER & %
			LEASE NUMBER	LEASE NUMBER			LEASE NUMBER	LEASE NUMBER			ROYALTY PERCENTAGE	ROYALTY PERCENTAGE	
10	12-03-32	State N	NM-575		T17S-R35E Sec. 28: W/2 NE/4, SE/4 NE/4 Lea County, New Mexico	120.00	B-1423-2		12.5	Shell Western E&P Inc.	None		Shell Western E&P Inc. 100%
11	11-26-32	State K	6-3010106		T17S-R35E Sec. 27: NE/4 Lea County, New Mexico	160.00	B-1482-4		12.5	OXY USA Inc.	None		OXY USA Inc. 100%
12	12-19-32	Santa Fe	015370-000		T17S-R35E Sec. 27: S/2 SW/4 Lea County, New Mexico	80.00	B-1497		12.5	Phillips Petroleum Company	None		Phillips Petroleum Company 100%
13	12-19-32	Santa Fe	015201-000		T17S-R35E Sec. 26: W/2 NW/4, NE/4 NW/4 Lea County, New Mexico	120.00	B-1497		12.5	Phillips Petroleum Company	None		Phillips Petroleum Company 100%
14	12-19-32	Santa Fe	015201-000		T17S-R35E Sec. 29: SW/4 NE/4 Lea County, New Mexico	40.00	B-1501		12.5	Phillips Petroleum Company	None		Phillips Petroleum Company 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING RENTAL PERCENTAGE	WORKING INTEREST OWNER & %
15	12-19-32	Santa Fe	015203-000	T17S-R35E Sec. 30: W/2 SE/4 Lea County, New Mexico	80.00	B-1501	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
16	12-19-32	Santa Fe	015204-000	T18S-R35E Sec. 5: Lots 3 & 4, SW/4 NW/4 Lea County, New Mexico	119.95	B-1502	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
17	12-21-32	State K	221487-000	T17S-R35E Sec. 31: N/2 SE/4, SE/4 SE/4 Lea County, New Mexico	120.00	B-1527-3	12.5	Mobil Producing Texas & New Mexico, Inc.	None	Phillips Petroleum Company 100%
18	12-29-32	State BC	NM82148	T17S-R35E Sec. 33: SW/4 SW/4 Lea County, New Mexico	40.00	B-1565-8	12.5	Texaco Exploration & Production Inc.	None	Texaco Expl. & Pr. Inc. 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING RENTAL PERCENTAGE	WORKING INTEREST OWNER & %
19	01-04-33	State B-1576	221506-000	T17S-R35E Sec. 32: SW/4 Lea County, New Mexico	160.00	B-1576-3	12.5	Arco Oil & Gas Co.	None	Phillips Petroleum Company 100%
20	01-04-33	State B-1578	221507-000	T17S-R35E Sec. 30: SE/4 NW/4 Lea County, New Mexico	40.00	B-1578-6	12.5	Arco Oil & Gas Co.	None	Phillips Petroleum Company 66.67% Wm B McBee 33.33%
21	01-10-33	Santa Fe	015214-000	T17S-R35E Sec. 26: NW/4 SW/4 Lea County, New Mexico	40.00	B-1608	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
22	01-10-33	Santa Fe	015214-000	T17S-R35E Sec. 33: N/2 NE/4 Lea County, New Mexico	80.00	B-1608	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
23	02-10-33	Warn St AC 1	221505-000	T17S-R35E Sec. 31: SE/4 NW/4, NE/4 SW/4 Lea County, New Mexico	80.00	B-1713-1	12.5	Marathon Oil Company	None	Phillips Petroleum Company 100%

changed to
221517-000

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING RENTAL PERCENTAGE	WORKING INTEREST OWNER & %
24	02-10-33	Warn St AC 3	221505-000	T17S-R35E Sec. 33: S/2 NE/4, SE/4 NW/4 Lea County, New Mexico	120.00	B-1713-1	12.5	Marathon Oil Company	None	Phillips Petroleum Company 100%
25	03-31-33	State 3-32	T49-0110	T17S-R35E Sec. 32: NW/4 Lea County, New Mexico	160.00	B-1838-1	12.5	Chevron USA, Inc.	None	Chevron USA, Inc. 100%
26	03-31-33	State 5-27	T49-0310	T17S-R35E Sec. 27: NW/4 Lea County, New Mexico	160.00	B-1839-1	12.5	Chevron USA, Inc.	None	Chevron USA, Inc. 100%
27	03-31-33	State 4-27	T49-0520	T17S-R35E Sec. 27 N/2 SW/4, W/2 SE/4 Lea County, New Mexico	160.00	B-1840-1	12.5	Chevron USA, Inc.	None	Chevron USA, Inc. 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE ROYALTY RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING ROYALTY PERCENTAGE	WORKING INTEREST OWNER & %
28	03-31-33	State 6-34	T49-0420	T17S-R35E Sec. 34: NW/4 SW/4 Lea County, New Mexico	40.00	B-1845-1	12.5	Chevron USA, Inc.	None	Chevron USA, Inc. 100%
29	04-10-33	Santa Fe	015221-000	T17S-R35E Sec. 29: NE/4 SW/4 Lea County, New Mexico	40.00	B-1861	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
30	04-10-33	Santa Fe	015221-000	T17S-R35E Sec. 31: SW/4 SE/4 Lea County, New Mexico	40.00	B-1861	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
31	08-10-33	Santa Fe	015370-000	T18S-R35E Sec. 5: Lots 1 & 2 Lea County, New Mexico	79.85	B-2073	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
32	09-11-33	Santa Fe	015395-000	T17S-R35E Sec. 29: SE/4 NE/4 Lea County, New Mexico	40.00	B-2131	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSOR OF RECORD	OVERRIDING ROYALTY PERCENTAGE	WORKING INTEREST OWNER & %
33	05-22-34	Santa Fe	015472-000	T17S-R35E Sec. 28: NE/4 NE/4 Lea County, New Mexico	40.00	B-2224	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
34	11-22-33	Staplin State AC 1	221504-000	T17S-R35E Sec. 30: E/2 SW/4 Lea County, New Mexico	80.00	B-2245	12.5	Marathon Oil Company	None	Phillips Petroleum Company 100%
35	12-07-33	State M	221489-000	T17S-R35E Sec. 34: N/2 NW/4, SW/4 NW/4 Lea County, New Mexico	120.00	B-2273-3	12.5	Mobil Producing Texas & New Mexico, Inc.	None	Phillips Petroleum Company 100%
36	12-09-33	State H	NM-1117	T17S-R35E Sec. 29: NW/4 SW/4 Lea County, New Mexico	40.00	B-2284-3	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc 100%

ORRI of 1/16 X 8/8
William Edward Burgland
and Betty B. Karay, Co-
Trustees of Frederick
H. Burgland Trust, 1835
Santa Barbara Drive,
Denedin, FL 34698

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE ROYALTY RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING ROYALTY PERCENTAGE	WORKING INTEREST OWNER & %
37	01-02-34	State A	NM-1021	T17S-R35E Sec. 31: NE/4 Lea County, New Mexico	160.00	B-2354-2	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%
38	01-15-34	State F	NM-1042	T17S-R35E Sec. 29: S/2 SW/4 Lea County, New Mexico	80.00	B-2423-19	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%
39	01-15-34	State I	NM-1019	T17S-R35E Sec. 29: SW/4 NW/4 Lea County, New Mexico	40.00	B-2423-19	12.5	Shell Western E&P Inc.	None	Shell Western E&P Inc. 100%
40	05-22-34	Santa Fe	015628-000	T17S-R35E Sec. 28: SE/4 NW/4 Lea County, New Mexico	40.00	B-2498	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
41	05-22-34	Santa Fe	015628-000	T17S-R35E Sec. 28: SW/4 NW/4, NE/4 NW/4 Lea County, New Mexico	80.00	B-2498	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RENTAL RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING ROYALTY PERCENTAGE	WORKING INTEREST OWNER & %
42	02-10-34	Santa Fe	015635-000	T17S-R35E Sec. 33: SW/4 NW/4 Lea County, New Mexico	40.00	B-2517	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
43	05-21-34	Santa Fe	021796-000	T17S-R35E Sec. 33: NE/4 SW/4 Lea County, New Mexico	40.00	B-2862-3	12.5	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
44	05-21-34	State 0	221490-000	T17S-R35E Sec. 33: NW/4 SW/4 Lea County, New Mexico	40.00	B-2863-2	12.5	Mobil Producing Texas & New Mexico, Inc.	None	Phillips Petroleum Company 100%
45	05-10-40	State "L" DE	221508-000	T17S-R35E Sec. 30: SW/4 NE/4 Lea County, New Mexico	40.00	B-8667-2	12.5	Arco Oil & Gas Co.	None	Phillips Petroleum Company 100%
46	11-17-53	NM CG St NCT 2	NM163199	T17S-R35E Sec. 29: SE/4 NW/4 Lea County, New Mexico	40.00	E-7585-1	12.5	Texaco Exploration & Production Inc.	None	Texaco Expl. & Pr. Inc. 100%

TRACT NO.	LEASE DATE	LEASE NAME	COMPANY LEASE NUMBER	DESCRIPTION	NO. OF ACRES	STATE LEASE NUMBER	LEASE RYALTY RATE (PERCENTAGE)	LESSEE OF RECORD	OVERRIDING RYALTY PERCENTAGE	WORKING INTEREST OWNER & %
47	11-17-53	NM CG St NCT 1	NM163199	T17S-R35E Sec. 30: SE/4 NE/4 Lea County, New Mexico	40.00	E-7585-1	12.5	Texaco Exploration & Production Inc.	None	Texaco Expl.& Pr.Inc. 100%

TOTAL STATE ACREAGE 4,239.80

PH/VACEAST.EXB

PLC 8/11/98



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

**State of New Mexico
Commissioner of Public Lands**

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5715

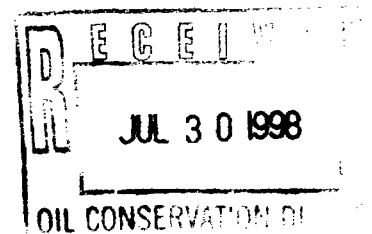
PLANNING
(505)-827-5752

July 29, 1998

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Attn: Mr. Larry M. Sanders

Re: Application for Surface Commingling
Santa Fe and Vacuum Glorieta East Unit Leases
Vacuum (Yates) and Vacuum (Glorieta) Pools
Lea County, New Mexico



Dear Mr. Sanders:

We are in receipt of your letter of July 20, 1998, requesting our approval to surface commingle the production from the Santa Fe Well Nos. 97, 113 and 127 with the Vacuum Glorieta East Unit (East Battery) production located in the S2/SW/4, Section 27-17S-35E.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please contact Debbie Padilla of our Surface Division at (505) 827-5729 regarding a Right of Way easement for this project.

Your \$30.00 filing fee has been received.

Please submit a copy of the Oil Conservation Division's order approving this application.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

pc: Reader File

BLM

OCD: David Catanach, Ben Stone

"WE WORK FOR EDUCATION"