

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**RECEIVED****JAN 24 2012**

Sundry Notices and Reports on Wells

Farmington Field Office  
Bureau of Land Management1. Type of Well  
GAS5. Lease Number  
SF-0787386. If Indian, All. or  
Tribe Name7. Unit Agreement Name  
San Juan 30-5 Unit

2. Name of Operator

**ConocoPhillips**

3. Address &amp; Phone No. of Operator

PO Box 4289, Farmington, NM 87499 (505) 326-9700

8. Well Name & Number  
San Juan 30-5 Unit 91M

9. API Well No.

30-039-31037

4. Location of Well, Footage, Sec., T, R, M

Surface: Unit L (NWSW), 1886' FSL & 553' FWL, Section 25, T30N, R5W, NMPM  
BHL : Unit M (SWSW), 710' FSL & 1280' FWL, Section 25, T30N, R5W, NMPM10. Field and Pool  
Blanco MV/Basin DK/  
Basin Mancos11. County and State  
Rio Arriba, NM**12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA**

Type of Submission

Type of Action

☒ Notice of Intent☐ Abandonment☐ Change of Plans☒ Other — ☐ Add Mancos☐ Subsequent Report☐ Recompletion☐ New Construction☐ Final Abandonment☐ Plugging☐ Non-Routine Fracturing☐ Casing Repair☐ Water Shut off☐ Altering Casing☐ Conversion to Injection**RCVD FEB 6 '12****OIL CONS. DIV.****DIST. 3****13. Describe Proposed or Completed Operations**

ConocoPhillips would also like to complete the Basin Mancos formations and trimingle production on this well (DK/MV/Mancos). Attached is a new plat that includes the Basin Mancos and C107A will be submitted and approval received before the well is commingled.

**BLM'S APPROVAL OR ACCEPTANCE OF THIS  
ACTION DOES NOT RELIEVE THE LESSEE AND  
OPERATOR FROM OBTAINING ANY OTHER  
AUTHORIZATION REQUIRED FOR OPERATIONS  
ON FEDERAL AND INDIAN LANDS**

14. I hereby certify that the foregoing is true and correct.

Signed

*Arleen Kellywood*

Arleen Kellywood

Title Staff Regulatory Technician

Date 1/23/12

(This space for Federal or State Office use)

APPROVED BY *Troy L. Salyers*

Title Petroleum Engineer

Date 2/2/2012

CONDITION OF APPROVAL, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

for Directional Sur.  
and "As Drilled" b:

**CONDITIONS OF APPROVAL**  
Adhere to previously issued stipulations.

**NMOCD** *AV*

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

RECEIVED

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
JAN 24 2012 State Lease - 7 Copies  
Fee Lease - 3 Copies  
Farmington Field Office  
Bureau of Land Management  
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-039-31037	<sup>2</sup> Pool Code 71599/72319/97232	<sup>3</sup> Pool Name BASIN DAKOTA / BLANCO MESAVERDE / BASIN MANGOS
<sup>4</sup> Property Code 31327	<sup>5</sup> Property Name SAN JUAN 30-5 UNIT	<sup>6</sup> Well Number 91M
<sup>7</sup> OGRID No. 217817	<sup>8</sup> Operator Name CONOCOPHILLIPS COMPANY	<sup>9</sup> Elevation 6657

<sup>10</sup> SURFACE LOCATION

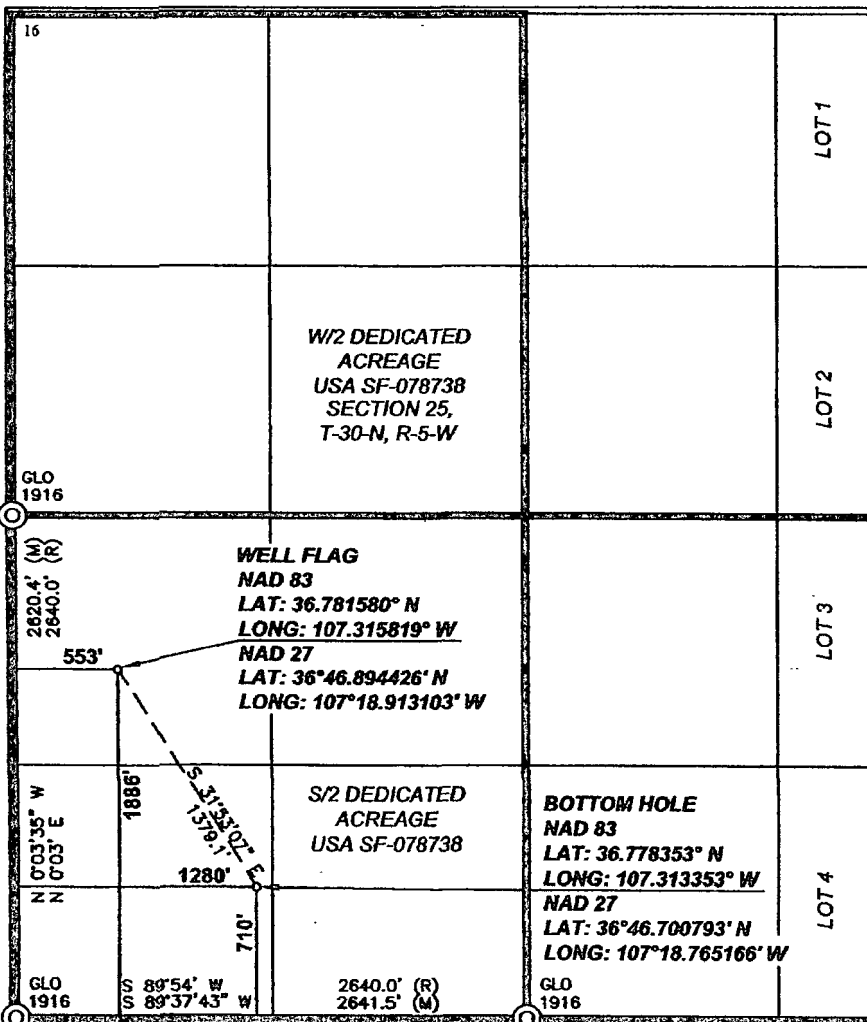
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	25	30-N	5-W		1886	SOUTH	553	WEST	RIO ARRIBA

<sup>11</sup> 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
M	25	30-N	5-W		710	SOUTH	1280	WEST	RIO ARRIBA

<sup>12</sup> Dedicated Acres MV -320.00-W/2 DK -270.04-S/2	<sup>13</sup> Joint or Infill /MC	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No. R-13510
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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



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Arleen Kellywood*  
Signature

Arleen Kellywood  
Printed Name

arleen.r.kellywood@conocophillips.com  
Title and E-mail Address

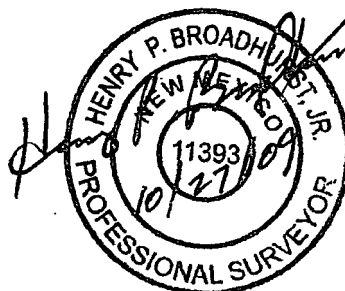
1/23/12  
Date

1/23/12  
Date

<sup>18</sup> 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: 9/22/09  
Signature and Seal of Professional Surveyor:



Certificate Number: NM 11393

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 14773  
ORDER NO. R-13510

APPLICATION OF CONOCOPHILLIPS  
COMPANY TO TERMINATE THE LA JARA  
CANYON-GALLUP POOL AND TO EXPAND  
THE BASIN-MANCOS GAS POOL AND FOR  
EXCEPTIONS TO RULE 19.15.12.9 NMAC TO  
PERMIT DOWNHOLE COMMINGLING  
PRODUCTION INCLUDING FURTHER  
EXCEPTIONS FROM RULE 19.15.12.10 AND  
RULE 19.15.12.11 APPROVING  
ALTERNATIVE ALLOCATION METHODS  
AND NOTIFICATIONS FOR THE GALLUP  
FORMATION, NOW MANCOS FORMATION  
PRODUCTION WITH MESAVERDE AND  
DAKOTA FORMATION PRODUCTION, RIO  
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 15, 2011, at Santa Fe, New Mexico, before Examiner Terry Warnell.

NOW, on this 31<sup>st</sup> day of January, 2012, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) The applicant, ConocoPhillips Company, ("CPC") [OGRID 217817] ("Applicant") seeks an order (1) for the termination of the La-Jara Canyon-Gallup Pool

(Pool Code 96483); (2) adding the abolished pool acreage ("the subject area") in its entirety to the Basin-Mancos Gas Pool (Pool Code 97232); (3) pre-approving down-hole commingling of production from the Mancos, Mesaverde and the Dakota formations within the subject area and (4) approving alternative methods of allocation and notification.

(3) At the hearing, Applicant appeared through counsel and presented land, geologic and engineering evidence as follows:

(a) CPC is the current operator of the San Juan 30-5 Unit that contains two wells in the Gallup formation each currently spaced on 160-acre spacing units as part of the La Jara Canyon-Gallup Pool.

(b) The Rules for the La Jara Canyon-Gallup Pool are based upon the general statewide rules (19.15.15.10.C NMAC) and provide in part, that gas wells will be spaced on 160-acre units with wells no closer than 660 feet to the outer boundary of the unit.

(c) These Gallup wells are part of the larger Mancos formation which is located vertically between the base of the Mesaverde formation and the top of the Dakota formation. The Mancos formation is widely known as being marginally productive and for the most part is only economic if developed concurrently with Mesaverde and or Dakota wells.

(d) CPC desires to streamline the regulatory process by converting all existing 160-acre gas spacing units into 320-acre gas spacing units such that the remaining acreage in the La Jara Canyon-Gallup Pool can be further developed with similarly dedicated Mesaverde and or Dakota wells also on 320-acre spacing units.

(e) This change is necessary in order to drill more wells and recover production from the Mancos formation that might otherwise be wasted.

(f) Division Order R-10600, dated May 17, 1996, established the La Jara Canyon-Gallup Pool.

(g) Division Order R-12984, dated September 3, 2008, created the Basin-Mancos Gas Pool and in doing so expanded the La Jara Canyon-Gallup Pool such that the pool now comprises the following-described area:

Township 30 North, Range 5 West, NMPM

Section 25: SW/4  
Section 26: S/2  
Section 27: S/2  
Section 34: W/2

(h) CPC is the only operator in the La Jara Canyon-Gallup Pool and currently operates two wells, and plans to drill an additional three wells. The two wells are the San Juan 30-5 Unit Well No. 91 (API No. 30-039-23168) dedicated to the SW/4 of Section 25 and the San Juan 30-5 Unit Well No. 102 (API No. 30-039-23176) dedicated to the SW/4 of Section 34.

(i) These two wells are within the San Juan 30-5 Unit but have not been designated part of any participating area. CPC owns 100% of these drill block gas-spacing units.

(j) CPC also requests pre-approval for downhole commingling of production from the Mancos, Mesaverde and Dakota formations with certain exceptions to Rule 19.15.12.9 NMAC and the elimination of notice requirements for downhole commingling.

(k) CPC proposes an Alternative Allocation Method using a Spinner Method of allocation. This method is already approved for the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool as per Division Rule 19.15.12.10.B and C and Rule 19.15.12.11.C NMAC.

(l) The commingling of condensate and gas from the Mancos with condensate and gas from the Mesaverde and Dakota will not reduce the total value of remaining reserves.

(4) No other party appeared at the hearing or otherwise opposed this application.

(5) The existing two Gallup "gas" wells in the La Jara Canyon-Gallup Pool will not be adversely affected by inclusion in the Basin-Mancos Gas Pool or by being downhole commingled with production from the Mesaverde and Dakota formations.

(6) Current rules that govern the La Jara Canyon-Gallup Pool preclude the drilling of more than one well per 160-acre standard unit. Consequently, drilling of additional wells in the La Jara Canyon-Gallup Pool pursuant to current well density rules will cause the operator and working interest owners to either drill too few wells or have to incur the time and expenses of seeking exceptions to certain Division rules.

(7) Approval of this application will provide greater flexibility for operators to further develop the acreage currently encompassed within the La Jara Canyon-Gallup

Pool and will allow a small resource to be developed in conjunction with the Basin-Dakota Gas Pool and Blanco-Mesaverde Gas Pool wells and should be approved.

(8) Prior to the hearing ConocoPhillips notified all the royalty and overriding royalty interest owners and all affected interests of its intentions.

(9) Applicant's request for an exception to certain requirements of Rule 19.15.12.11.C(2) NMAC is appropriate, will not violate correlative rights and should be approved.

**IT IS THEREFORE ORDERED THAT:**

(1) The La Jara Canyon-Gallup Pool (Pool Code 96483), which currently comprises in its entirety the following-described area, is hereby abolished:

**Township 30 North, Range 5 West, NMPM**

Section 25: SW/4  
Section 26: S/2  
Section 27: S/2  
Section 34: W/2

(2) The Basin-Mancos Gas Pool (Pool Code 97232) established by Order No. R-12984 is hereby expanded to include all of the area specifically described in Ordering Paragraph (1) above.

(3) Pre-approval for downhole commingling of production from the Basin-Mancos, Basin-Dakota and Blanco-Mesaverde Gas Pools is hereby GRANTED within the following described area:

**Township 30 North, Range 5 West, NMPM**

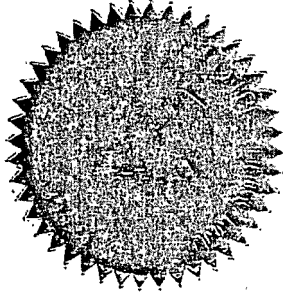
Section 25: SW/4  
Section 26: S/2  
Section 27: S/2  
Section 34: W/2 and SE/4

(4) Henceforth, the following procedure should be used to obtain approval to downhole commingle production from these pools: the operator shall file a Form C-103 with the Aztec District Office which includes all of the information required by Rule 19.15.12.11.C(2) NMAC except that the operator shall not be required to provide notice to all interest owners within the proposed spacing unit or provide supporting data to justify (a) the marginal economic criteria, (b) pressure criteria or (c) the Spinner Method for Allocation.

(5) The Spinner Method of allocating production of oil and gas from wells downhole commingled in the Basin-Mancos, Basin-Dakota and Blanco-Mesaverde Gas Pools within the pre-approved area is hereby approved.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

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

JAMI BAILEY  
Director

# APD Worksheet

TYPE OF WORK Drill New Well <input checked="" type="checkbox"/> ReEnter P&A Well <input type="checkbox"/> Deepen Well <input type="checkbox"/>				LEASE SERIAL NO. NMNM23044		APD RECEIVED 2/1/2012	
TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> CBM <input type="checkbox"/> Other <input type="checkbox"/>				REPORTING TO: UNIT/PA/CA Lease NMNM 23044			
MINERAL OWNERSHIP Federal <input checked="" type="checkbox"/> Indian <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> USFS <input type="checkbox"/>				Sec, T-R 32-T31N, R4W		API NO.	
SURFACE OWNERSHIP Federal <input type="checkbox"/> Indian <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> USFS <input checked="" type="checkbox"/>				COUNTY Rio Arriba		STATE NM	
NAME OF OPERATOR Williams Production Company, LLC				GEO. FORMATION Fruitland Coal		SPACING UNIT ASSIGNED 5½, 320.00 AC.	
WELL NAME/NO. Schalk 32 #2A				Surf. Hole: NWSW Bot. Hole: NESE		LEASE EXPIRES HBP - Actual	
BLM BOND NO. UTB000178		NATION/STATE WIDE N/W		BOND AMOUNT \$150,000.00		P.O.D. REQUIRED No	
						C-102 REQUIRED Attached	
LESSEE(S) Rouse, J. E. Trust & Schalk Dev. Co.							
BOND HELD BY: Williams Production Company, LLC							
PAYMENT INFORMATION BY:		CHECK #/DATE		CREDIT CARD CC		TRANSACTION NO. 2584833	
						DATE TRANSACTION 2/1/2012	
<b>DRILLING PLAN (8pt.)</b>				<b>SURFACE USE PROGRAM (13 pt.)</b>			
Estimated Formation Tops (Geo. Marker)				Existing Roads			
Est. Depths (Oil/Gas/Water/Other Min. Bearing Zone)				Access Roads to be Constructed & Reconstructed			
BOP (Pressure control BOP's and Related Equipment)				Locating of Existing Well w/ in 1 mile			
Supplementary Info. (Casing/Cementing Program)				Location of Existing and/or Proposed Facilities			
Characteristics of the Proposed circulating medium (Mud Program)				Location and type of Water Supply (Rivers, Creeks, Lakes, Ponds, etc.)			
Logging Program				Construction Material			
Abnormal Pressures & Temp. or Hazard Zones				Method of Handling Waste Disposal			
Other facets of the proposed operation				Ancillary Facilities			
<b>WELL LOCATION REQUIREMENTS MET</b>				Well Site Layout			
Special Pool Rules				Plans for Reclamation of the Surface			
Statewide Rules				Surface Ownership			
Orthodox Location				Other Info.			
Unorthodox Location				Lessee's or Operator Representatives & Certification			
<b>Surface Concurrence Received</b>				<b>Surface Owner's Agreement Received</b>			
<b>NOS Posted</b>	<b>APD to Geo.</b>	<b>Returned</b>	<b>APD to FSM</b>	<b>Adj. Start</b>	<b>Map Posted</b>	<b>Adj. Complt.</b>	
2/2/2012	2/1/2012		2/2/2012	2/2/2012	2/2/2012	2/2/2012	
<b>T&amp;E Clearances Rec'd Date</b>		<b>Cultural Clearances Rec'd Date</b>		<b>CX/EA#</b>		<b>10-day Letter Sent</b>	
						2/2/2012	
						<b>ENGR.</b>	

Remarks

AFMSS: \_\_\_ M:Drive: \_\_\_ E-Mail: \_\_\_ NMOCD: \_\_\_