



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
AZTDC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTDC NM 87416
(505) 334-6176 FAX: (505) 334-6176
<http://nemrd.state.nm.us/ocd/District/H/3/district.htm>

GARY E. JOHNSON
GOVERNOR

Jennifer A. Salisbury
CABINET SECRETARY

November 2, 1998

EXPIRATION NOTICE ON PERMIT TO DRILL

PHILLIPS PETROLEUM CO
5525 HWY 64 NBU 3004
FARMINGTON NM 87401

RE: San Juan 32-7 Unit #240 E-20-32N-07W
30-045-29469

Gentlemen:

The permit to drill the referenced well has expired. Should you wish to drill this well in the future, you will have to submit a new application.

Sincerely,

Frank T. Chavez
District Supervisor

FTC\dj

xc: Well File
Santa Fe



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 28, 1997

RECEIVED
AUG - 1 1997

OIL CON. DIV.
DIST. 3

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Patrick H. Noah

Administrative Order DD-194

Dear Mr. Noah:

Under the provisions of Rules 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11274 on June 13, 1995, Phillips Petroleum Company ("Phillips") made application to the New Mexico Oil Conservation Division on July 8, 1997 for authorization to directional drill its proposed San Juan "32-7" Unit Well No. 240 (API No. 30-045-29469), San Juan County, New Mexico.

The Division Director Finds That:

- (1) The operator proposes to locate said well at an unorthodox surface coal gas well location 1326 feet from the North line and 231 feet from the West line (Lot 2/Unit E) of Section 20, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico, drill vertically to an approximate depth of 600 feet, kick-off in a west-southwesterly direction, and directionally drill to an estimated true vertical depth of 3,100 feet within the Basin-Fruitland Coal (Gas) Pool at a standard subsurface coal gas well location within the SE/4 NE/4 (Unit H) of Section 19, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico;
E-20-32N-07W
- (2) By Division Order No. R-8768, as amended, the Division promulgated "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," which includes provisions for 320-acre gas spacing and proration units and wells to be located within either the NE/4 or SW/4 of the section and not closer than 790 feet from any outer boundary of the spacing unit nor closer than 130 feet from any quarter section line nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary. Further, since the Basin-Fruitland Coal (Gas) Pool is a "non-prorated" gas pool, Division General Rule 104.D(3) applies, which limits

gas spacing units to only one producing well therein;

- (3) Lots 9, 10, and 15, the N/2 NE/4, the SE/4 NE/4, and the E/2 SE/4 (E/2 equivalent) of said Section 19, being a standard 326.53-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool, is to be dedicated to said well;
- (4) It is necessary for the operator to directionally drill the San Juan "32-7" Unit Well No. 240 in the above-described manner since a location within the E/2 equivalent of said Section 19 is not feasible due to extreme topographical conditions caused by the Los Pinos River arm of Navajo Lake;
- (5) The applicable drilling window or "producing area" for said wellbore should include that area within the SE/4 NE/4 (Unit H) of said Section 19 that is no closer than 790 feet to the quarter section line to the east, nor closer than 10 from any quarter-quarter section lines to the north, west, or south; and,
- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Phillips Petroleum Company ("Phillips") is hereby authorized to drill its San Juan "32-7" Unit Well No. 240 (API No. 30-045-29469), at an unorthodox surface coal gas well location 1326 feet from the North line and 231 feet from the West line (Lot 2/Unit E) of Section 20, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico, and directionally drill in a west-southwesterly direction in such a manner as to bottom said well within the Basin-Fruitland Coal (Gas) Pool at a standard subsurface coal gas well location within the SE/4 NE/4 (Unit H) of Section 19, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico, that is no closer than 790 feet to the quarter section line to the east, nor closer than 10 to any internal quarter-quarter section lines to the north, west, or south.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations in said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total

depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

(2) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(3) Lots 9, 10, and 15, the N/2 NE/4, the SE/4 NE/4, and the E/2 SE/4 (E/2 equivalent) of said Section 19, being a standard 326.53-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool, is to be dedicated to said well;

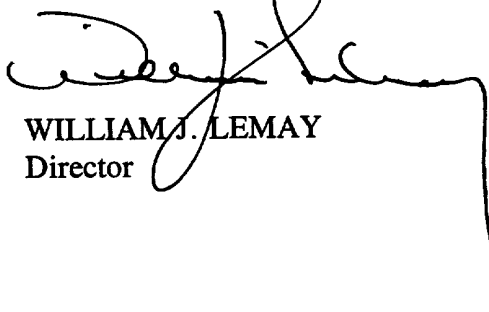
(4) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

(5) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

(6) Jurisdiction of this cause 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
U. S. Bureau of Reclamation - Durango, Colorado



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

July 1, 1997

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED
JUL - 8 1997

OIL CON. DIV.
DIST. 3

ATTN: MR. WILLIAM J. LEMAY

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF DIRECTIONAL WELLBORE
SAN JUAN 32-7 UNIT #240
NE/4 SECTION 19-T32N-R7W,
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS' G. F. 5464**

Gentlemen:

Phillips Petroleum Company ("Phillips"), as operator of the San Juan 32-7 Unit, requests administrative approval of a directional wellbore project for the San Juan 32-7 Unit #240 well.

The proposed bottomhole location in Section 19-T32N-R7W is beneath Navajo Lake. Due to these severe topographical conditions, a vertical well is not feasible. Phillips proposes to drill this well as a directional wellbore with a surface location of 231 feet from the west line and 1326 feet from the north line of Section 19-T32N-R7W.

Enclosed are the following:

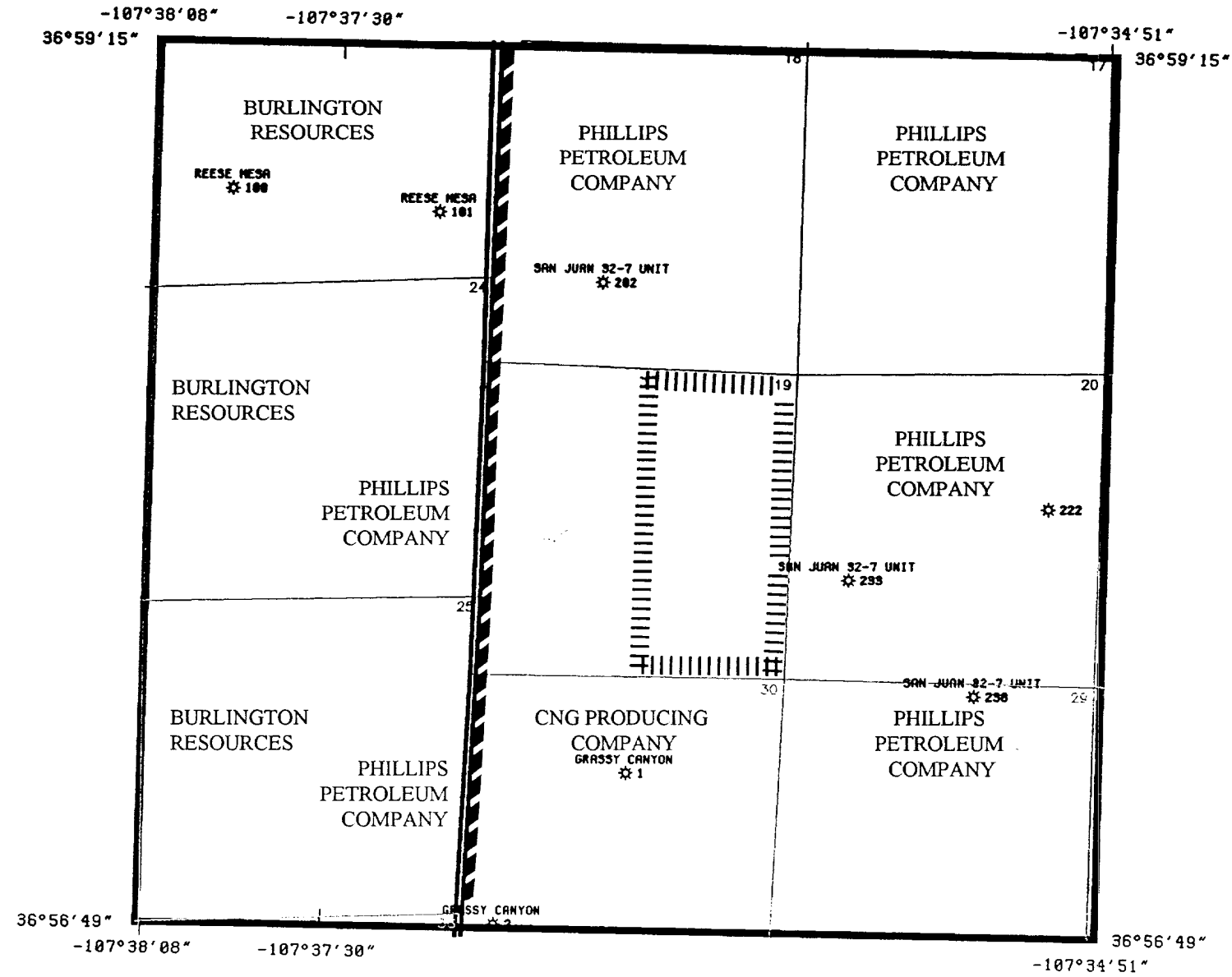
- 1) A nine-section plat which shows the surface location of the #213 well, all offsetting Fruitland wells and the names of offsetting operators
- 2) A vertically oriented and horizontal plan view of the well
- 3) A type log section which identifies the top and bottom of the Fruitland; and
- 4) A list of the names and addresses of all offset operators.

A copy of this application has been sent by certified mail to all offsetting operators. By copy of this letter all offsetting operators are advised that any objection to this application must be filed in writing with the NMOCD within twenty days of the date that notice is sent.

Very truly yours,

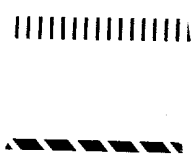
Patrick H. Noah
Senior Land Specialist
San Juan Basin
(505) 599-3410

cc: J. L. Mathis (r)G. F. 5464
Ernie Busch - OCD, Aztec
Burlington Resources Oil & Gas Company
CNG Producing Company



SAN JUAN 32-7 UNIT NO. 240 BOTTOM HOLE LOCATION IS 1800 FEET FROM THE NORTH LINE AND 850 FEET FROM THE EAST LINE OF SECTION 19-T32N-R7W

101071N 10127 PHNORH USR00081



DRILLBLOCK FOR SAN JUAN 32-7 UNIT NO. 240

BOUNDARY OF SAN JUAN 32-7 UNIT

	Phillips Petroleum Company		
AREA <u>SAN JUAN 32-7 UNIT NO. 240</u> <u>NINE-SECTION PLAT OF OFFSETS</u>			
COUNTY <u>SAN JUAN</u>	STATE <u>NEW MEXICO</u>	JOB <u>Q7410PHN USR00081</u>	
SCALE <u>1" = 2563 FEET</u>			

San Juan 32-7 Unit #240

List of Offset Operators

- 1) Burlington Resources Oil & Gas Company
P. O. Box 4289
Farmington, NM 87499-4289
- 2) CNG Producing Company
1450 Poydras Street
New Orleans, LA 70012-6000

16	2841.30'	1800.0'	2638.02'	1326.0'	2601.72'
		Surface			
		231.0' Location			
		Bottom Hole Location			
		850.0'			
Section 19		Section 20			
		2624.16'			
		RECEIVED JUL - 8 1997 OIL CON. DIV. DIST. 3			
3017.52'		2490.84'			

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Signature
Richard A. Allred

Printed Name
Drilling & Production Spvr

Title
6-24-97

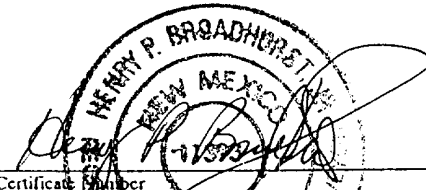
Date

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
04/17/97

Signature and Seal of Professional Surveyor:



Certificate Number

PHILLIPS PETROLEUM

Structure : SEC.20-T32N-R7W Well : SAN JUAN 32-7 #240

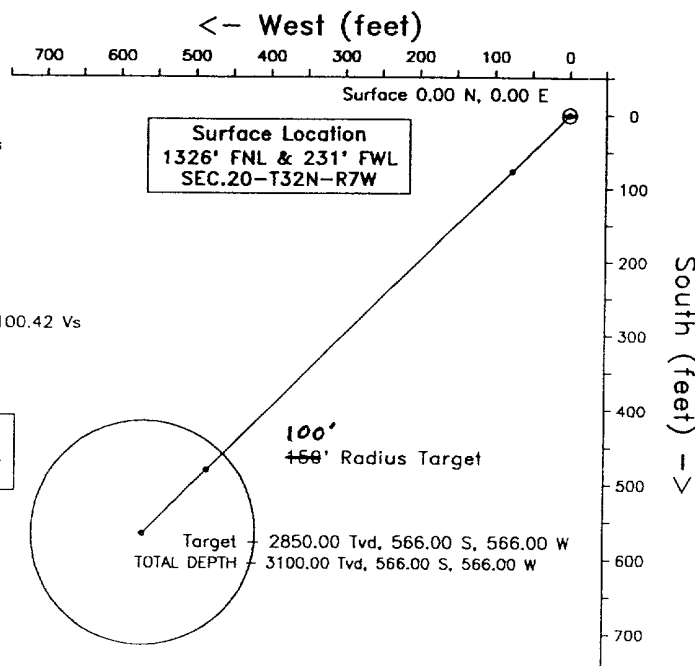
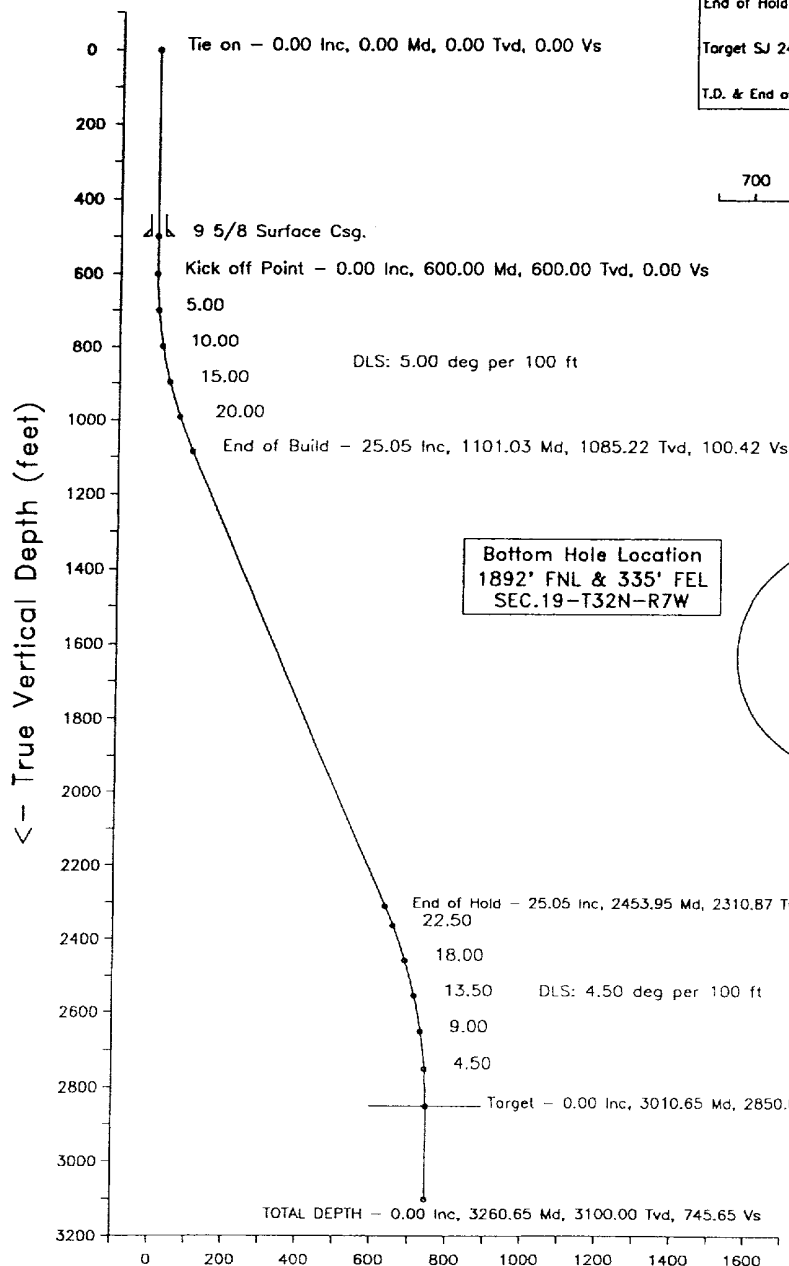
Field : SAN JUAN COUNTY

Location : NEW MEXICO

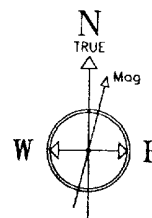


WELL PROFILE DATA

Point	MD	Inc	Dir	TVD	North	East	V. Sect	Deg/100
Tie on	0.00	0.00	225.00	0.00	0.00	0.00	0.00	0.00
KOP	600.00	0.00	225.00	600.00	0.00	0.00	0.00	0.00
End of Build	1101.03	25.05	225.00	1085.22	-76.22	-76.22	107.80	5.00
End of Hold	2453.95	25.05	225.00	2310.87	-481.31	-481.31	680.67	0.00
Target SJ 240	3010.65	0.00	225.00	2850.00	-566.00	-566.00	800.44	4.50
T.D. & End of Hold	3260.65	0.00	225.00	3100.00	-566.00	-566.00	800.44	0.00



-- Baker Hughes INTEQ --
DRAWN BY: WALLY HOLBROOK
DATE: JUNE 17, 1997
TVD REFERENCED RKB
DENVER, COLORADO
PHONE: (303) 534-3223



3-Jun-97

Magnetic North is 11.50 degrees East of TRUE North
To correct azimuth from Magnetic to TRUE add 11.50 deg

Vertical Section (feet) -->

Azimuth 246.32 with reference 0.00 N, 0.00 E from SLOT #1

PHILLIPS PETROLEUM
SEC.20-T32N-R7W

SAN JUAN 32-7 #240
SLOT #1
SAN JUAN COUNTY
NEW MEXICO

P R O P O S A L L I S T I N G

by
Baker Hughes INTEQ

Your ref : INITIAL PLAN, REV.#3
Our ref : prop2912
License :

Date printed : 17-Jun-97
Date created : 9-Jun-97
Last revised : 17-Jun-97

Field is centred on n36 50 0.000,w107 30 0
Structure is centred on n36 59 13.300,w107 35 54.36

Slot location is n36 59 0.189,w107 35 51.513
Slot Grid coordinates are N 2177306.294, E 568840.335
Slot local coordinates are 1326.00 S 231.00 E

Projection type: mercator - New Mexico West (3003), Spheroid: Clarke - 1866

Reference North is True North

PROPOSAL LISTING Page 1
Your ref : INITIAL PLAN, REV.#3
Last revised : 17-Jun-97

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert Depth	R E C T A N G U L A R C O O R D I N A T E S	Dogleg Deg/100ft	Vert Sect
0.00	0.00	225.00	0.00	0.00 N	0.00 E	0.00
500.00	0.00	225.00	500.00	0.00 N	0.00 E	0.00
600.00	0.00	225.00	600.00	0.00 N	0.00 E	0.00
700.00	5.00	225.00	699.87	3.08 S	3.08 W	4.36
800.00	10.00	225.00	798.99	12.31 S	12.31 W	17.41
900.00	15.00	225.00	896.58	27.61 S	27.61 W	39.05
1000.00	20.00	225.00	991.93	48.87 S	48.87 W	69.11
1100.00	25.00	225.00	1084.28	75.92 S	75.92 W	107.36
1101.03	25.05	225.00	1085.22	76.22 S	76.22 W	107.80
1500.00	25.05	225.00	1446.66	195.68 S	195.68 W	276.74
2000.00	25.05	225.00	1899.62	345.39 S	345.39 W	488.45
2453.95	25.05	225.00	2310.87	481.31 S	481.31 W	680.67
2510.65	22.50	225.00	2362.75	497.47 S	497.47 W	703.53
2610.65	18.00	225.00	2456.55	521.94 S	521.94 W	738.13
2710.65	13.50	225.00	2552.77	541.12 S	541.12 W	765.27
2810.65	9.00	225.00	2650.82	554.92 S	554.92 W	784.77
2910.65	4.50	225.00	2750.10	563.22 S	563.22 W	796.52
3010.65	0.00	225.00	2850.00	566.00 S	566.00 W	800.44
3260.65	0.00	225.00	3100.00	566.00 S	566.00 W	800.44

All data is in feet unless otherwise stated.
Coordinates from SLOT #1 and TVD from rotary table.
Bottom hole distance is 800.44 on azimuth 225.00 degrees from wellhead.
Vertical section is from wellhead on azimuth 225.00 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

PHILLIPS PETROLEUM
 SEC. 20-T32N-R7W, SAN JUAN 32-7 #240
 SAN JUAN COUNTY, NEW MEXICO

PROPOSAL LISTING Page 2
 Your ref : INITIAL PLAN, REV.#3
 Last revised : 17-Jun-97

Comments in wellpath

=====			
MD	TVD	Rectangular Coords.	Comment
3010.65	2850.00	566.00 S	SJ 240
3260.65	3100.00	566.00 S	TOTAL DEPTH

Casing positions in string 'A'

=====			
Top MD	Top TVD	Rectangular Coords.	Bot MD Bot TVD Rectangular Coords. Casing
0.00	0.00	0.00N	0.00E 500.00 500.00 0.00N 0.00E 9 5/8 Surfa

Targets associated with this wellpath

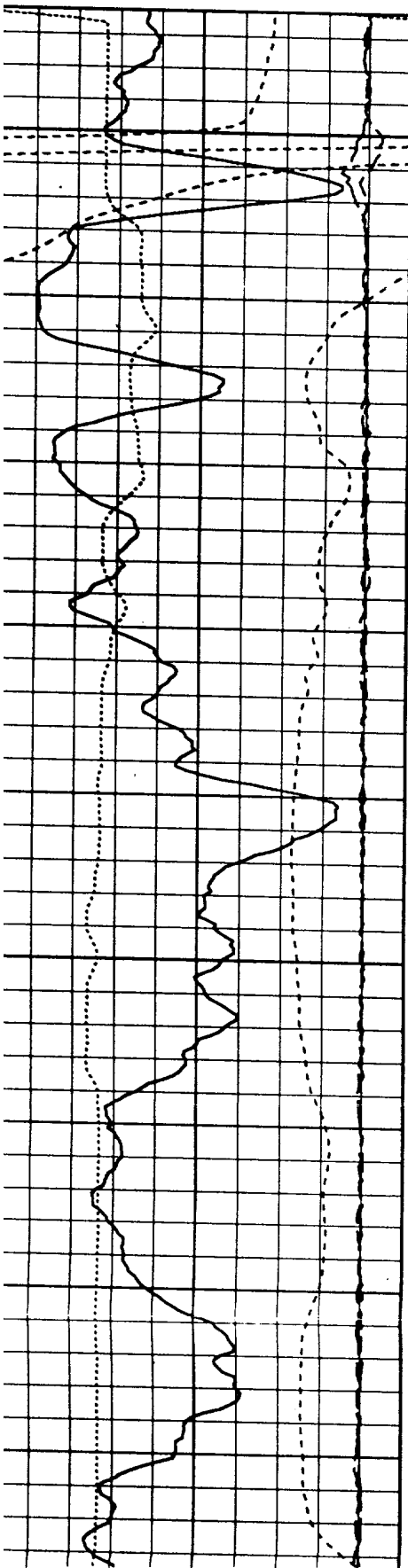
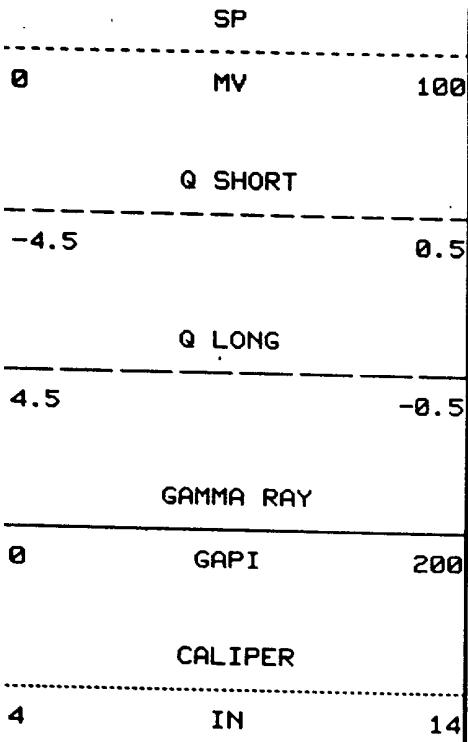
=====			
Target name	Geographic Location	T.V.D.	Rectangular Coordinates Revised
SJ 240		2850.00	566.00S 566.00W 9-Jun-97



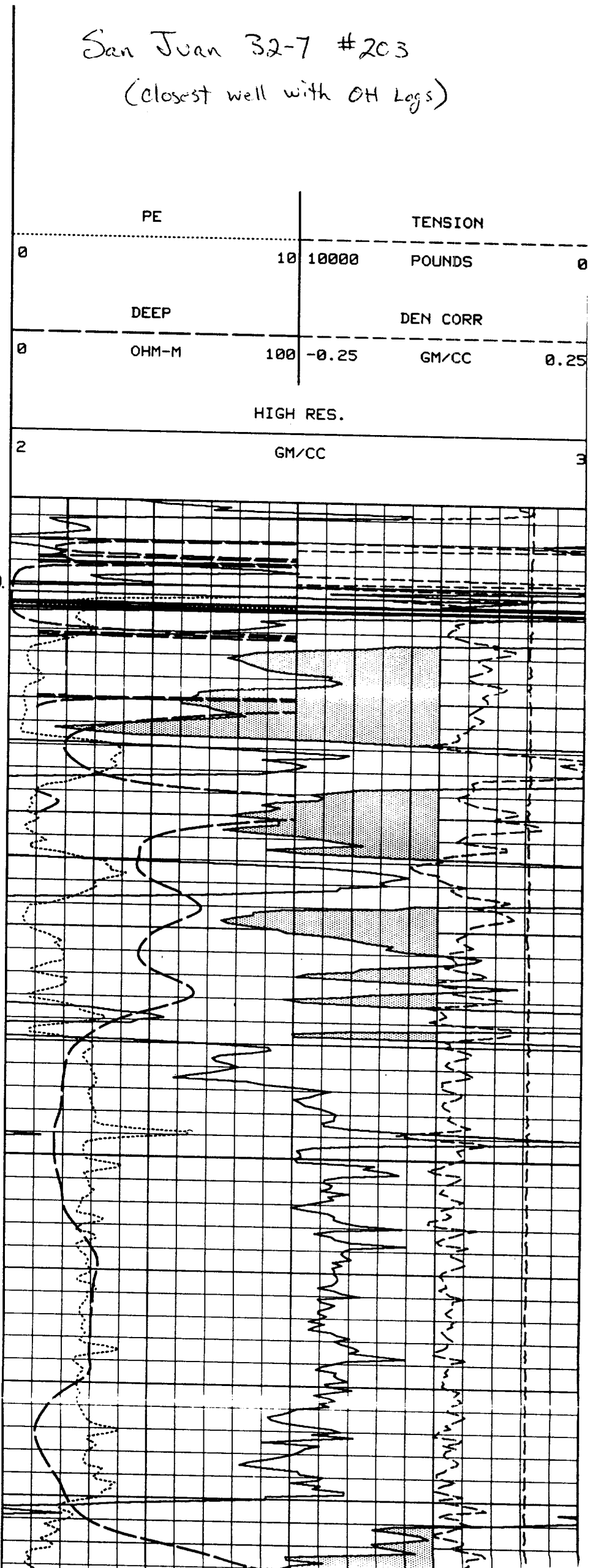
coals marked

HIGH RESOLUTION SPECTRAL DENSITY LOG

COMPANY WELL FIELD COUNTY	COMPANY NORTHWEST PIPELINE CORP.			
	WELL SJ 32-7 NO. 203			
	FIELD BASIN FRUITLAND.			
	COUNTY SAN JUAN.		STATE NM	
API NO.		OTHER SERVICES		
LOCATION		MICRO		
1265 FNL AND 775 FEL.		SDL-DSN II		
SEC. 22		CSNG		
TWP 32N		DIGL		
RGE 7W		DSN II		
PERMANENT DATUM G.L.		ELEV. 6624		
LOG MEASURED FROM K.B. 16 FT. ABOVE PERM. DATUM		ELEV.: K.B. 6640		
DRILLING MEASURED FROM KELLY BUSHING		D.F. 6639		
		G.L. 6624		
DATE	10/29/89			
RUN NO.	ONE			
DEPTH-DRILLER	3349			
DEPTH-LOGGER	3338			
BTM. LOG INTER.	3336			
TOP LOG INTER.	3200			
CASING-DRILLER	7.00 #3205	e	e	e
CASING-LOGGER	3204			
BIT SIZE	6.25			
TYPE FLUID IN HOLE	WATER.			
DENS. : VISC	8.3 : NA	:	:	:
PH : FLUID LOSS	NA : NA	:	:	:
SOURCE OF SAMPLE	FLOWLINE	:	:	:
RM e MEAS. TEMP.	2.05 e 8	e	e	e
RMF e MEAS. TEMP.	NA e NA	e	e	e
RMC e MEAS. TEMP.	NA e NA	e	e	e
SOURCE RMF : RMC	MEAS : MEAS	:	:	:
RM e BHT	.92 e 129	e	e	e
TIME SINCE CIRC.	7 1/2 HRS.			
TIME ON BOTTOM	17:27			
MAX. REC. TEMP.	129 e T.D.	e	e	e
EQUIP. : LOCATION	4550 : FARM	:	:	:
RECORDED BY	G. FRISCH.	G. BENZA.		
WITNESSED BY	J. VAUGHAN.	R. HAWKS		



3200.
Top Coal
3205'

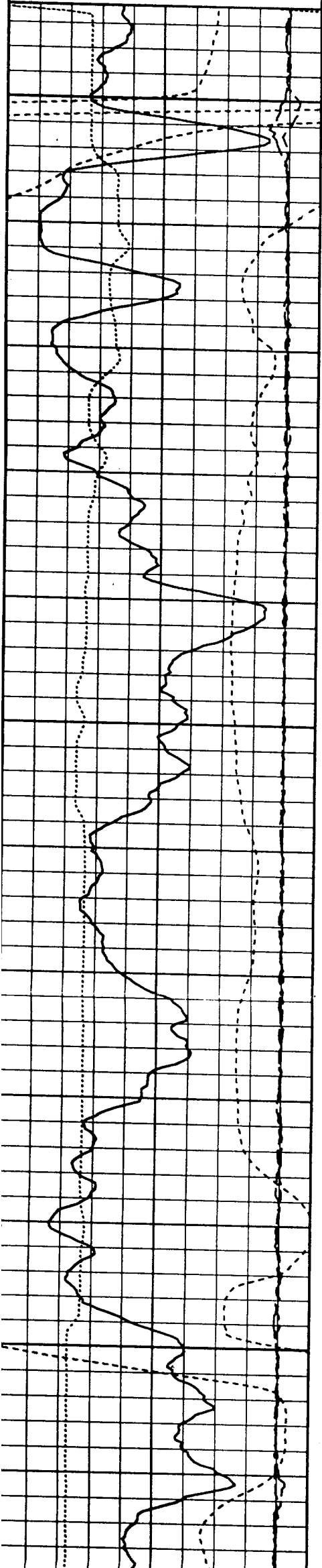


CALIPER

4

IN

14



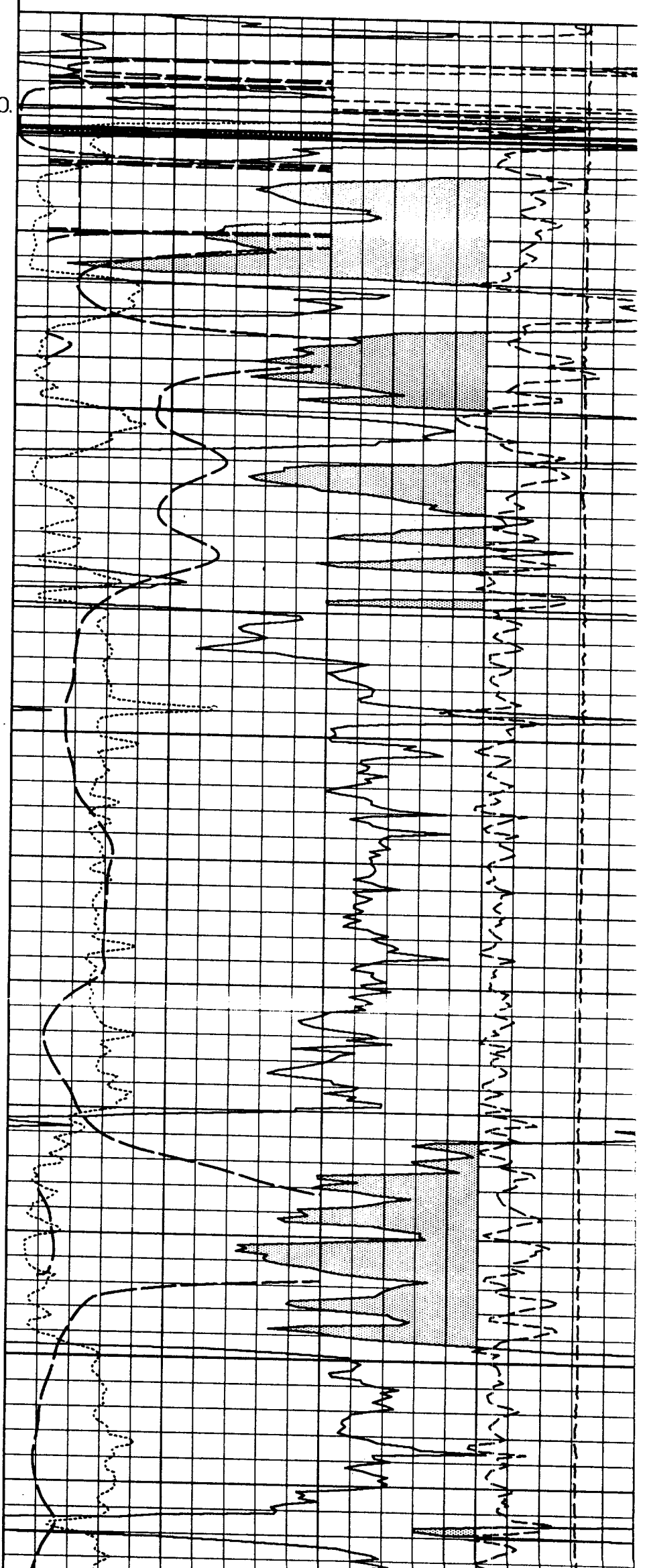
3200.

Base
3300.
5299'

HIGH RES.

2

GM/CC





PETRO WIRELINE

P.O. BOX 2900 700 DUSTIN RD.
FARMINGTON, NEW MEXICO 87499
(505) 326-6669



GAMMA RAY
CORRELATION
LOG

COMPANY WELL FIELD CNTY STATE	COMPANY <u>PHILLIPS PETROLEUM</u>						
	WELL <u>SAN JAUN 32-7 #233</u>						
	FIELD <u>BASIN FRUITLAND COAL</u>						
	COUNTY <u>SAN JUAN</u> STATE <u>NM</u>						
LOCATION: <u>1691 FSL & 977 FWL</u>		OTHER SERVICES: <u>PERFORATE</u>					
SEC. <u>20</u> TWP. <u>32N</u> RGE. <u>7W</u>							
PERM. DATUM <u>GROUND LEVEL</u> ELEV. <u>6291</u>		ELEV.: K.B. <u>6306</u>					
LOG MEASURED FROM <u>K.B. 25 FT. ABOVE PERMANENT DATUM</u>		D.F. _____					
DRILLING MEASURED FROM <u>K.B.</u>		G.L. <u>6281</u>					
DATE <u>6-12-93</u>							
RUN NO. <u>ONE</u>							
DEPTH DRILLER <u>2915</u>							
DEPTH LOGGER <u>2916</u>							
BTM. LOG INTERVAL <u>2915</u>							
TOP LOG INTERVAL <u>2600</u>							
OPEN HOLE SIZE _____							
TYPE FLUID _____							
DENS. _____ VISC. _____							
MAX. REC. TEMP. °F _____							
EST. CEMENT TOP _____							
TIME WELL READY _____							
TIME LOGGER ON BTM. _____							
EQUIP. NO. <u>103</u>							
LOCATION <u>FARMINGTON</u>							
RECORDED BY <u>HUSKEY</u>							
WITNESSED BY <u>DAVE GREEN</u>							
BOREHOLE RECORD				TUBING RECORD			
RUN NO.	BIT	FROM	TO	SIZE	WGT.	FROM	TO
CASING RECORD		SIZE	WT/FT	GRADE	TYPE JOINT	TOP	BOTTOM
SURFACE STRING							
PROD. STRING							
LINER							

SJ327

FINISH DEPTH: 2586.0 FEET

DIRECTION: UP

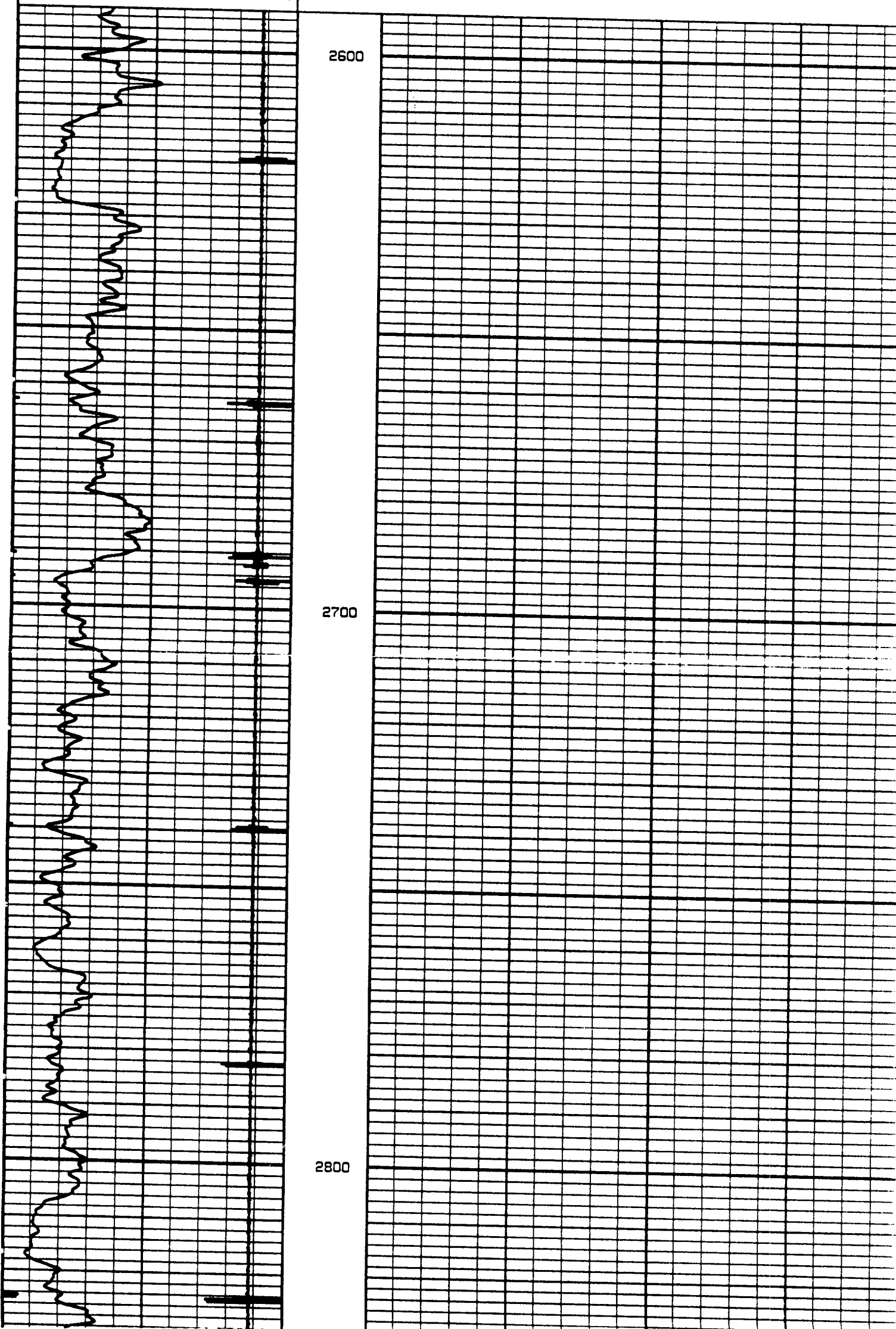
DATE: 06/12/93 TIME: 19:09:31 MODE: TRACE PLAY

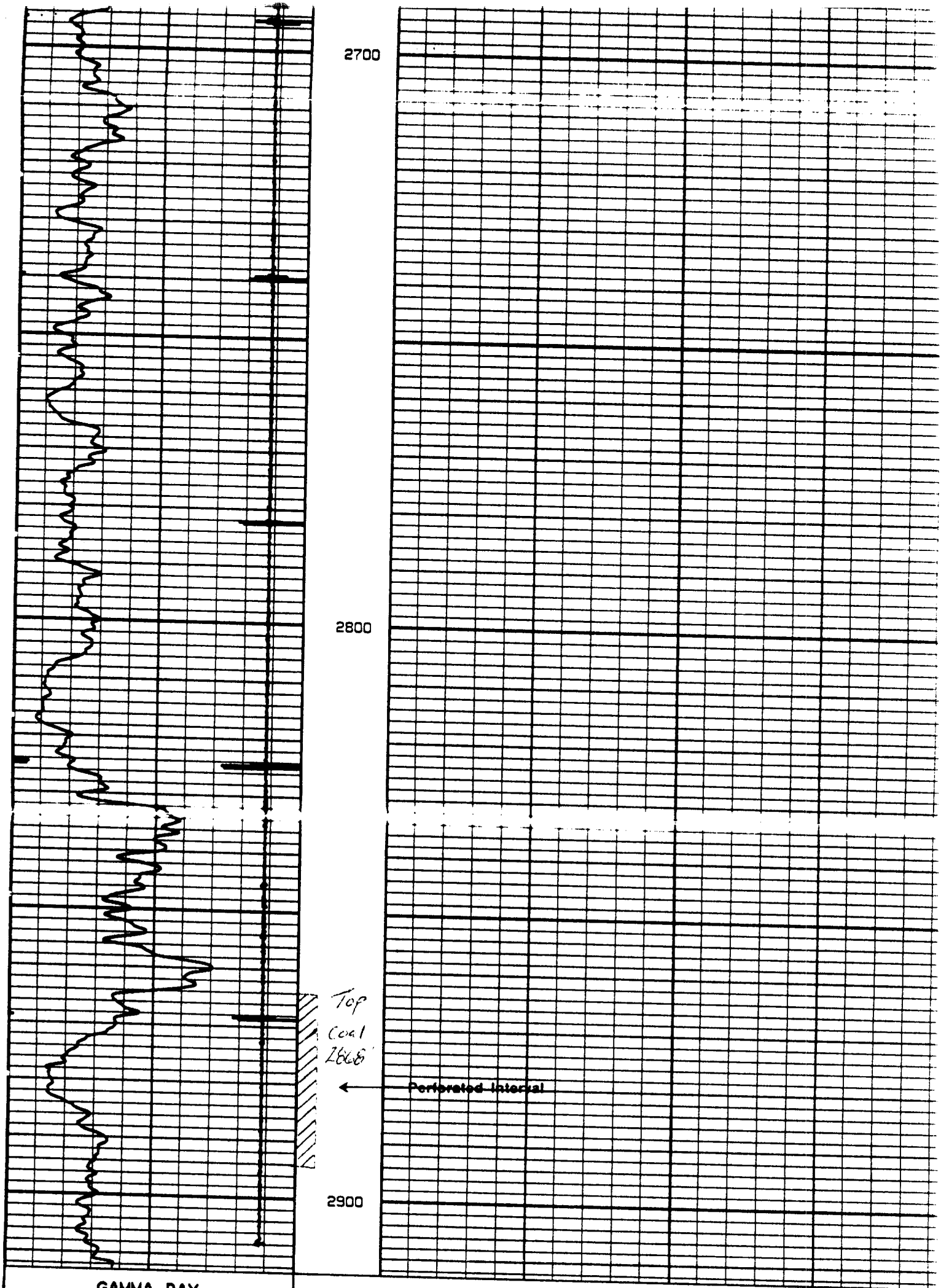
COLLAR LOCATOR

-2300 MILLIVOLTS 300

GAMMA RAY

0 API 180





GAMMA RAY
0 API 180
COLLAR LOCATOR
-2300 MILLIVOLTS 300

START DEPTH: 2916.2 FEET DIRECTION: UP DATE: 06/12/93 TIME: 18:59:17 MODE: TRACE PLAYBACK

SJ327

VERSION: 2.10