



## PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004

May 31, 2000



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

Attn: Mr. Michael E. Stogner  
Chief Hearing Officer/Engineer

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATON  
SAN JUAN 32-7 UNIT #35M WELL  
W/2 SECTION 22-32N-7W  
SAN JUAN COUNTY, NEW MEXICO

30-045-30190

Dear Mr. Stogner:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an Unorthodox Well Location for said well.

Phillips proposes to drill the San Juan 32-7 Unit #35M well at a location of 1725' FNL & 2495' FWL of Section 22-32N-7W, San Juan County, New Mexico. This will be a commingled well located in the Basin Dakota and Blanco Mesaverde Pools and will have the W/2 of Section 22 designated as the drillblock for the Mesaverde and N/2 as the drillblock for the Dakota. This is an orthodox location for the Mesaverde (as per Order No. R-10987-A) and is an 80 acre infill well for the Mesaverde Pool, however it is not an orthodox location for the Dakota Pool, as currently established.

Topographical considerations and optimal spacing of this 80 acre Mesaverde infill well for the reservoir drainage purposes are the primary reasons this location was selected. As demonstrated in the Exhibits presented in conjunction with Case No. 12137 (Phillips' application for downhole commingling) it is unlikely that a stand-alone Dakota well can be drilled on an economic basis. The most viable alternative to recover Dakota reserves is to drill Dakota/Mesaverde commingles wells. Utilization of 80 acre Mesaverde infill wells accomplishes this, however it precludes drilling the well at a standard Dakota location. The drilling of commingled wells also provides the added benefit of less surface disturbance.

For your benefit in reviewing this request, we are providing the following:

1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. A plat of this well's location in relation to existing and proposed Mesaverde wells
5. Copies of Exhibits presented in Case 12137, (Order No. 11210 issued)

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X

Mr. Michael Stogner  
Application for Administrative Approval of Unorthodox Well Location  
San Juan 32-7 Unit #35M Well  
May 31, 2000  
Page 2

I have been advised that personnel from the Aztec District Office have met with our Drilling Supervisor, Richard Allred, at the location and concur with our determination that an orthodox location is not possible.

This drillblock is located within the confines of the San Juan 32-7 Unit. Phillips is the Operator of this unit. The ownership of all Dakota offset spacing units to the Northwest, North, Northeast and East is different from the Dakota Spacing unit for this well and per Rule 104.F notice of this application is required to be sent to all affected persons. All affected persons are being furnished with 3 copies of this application by certified mail and are advised that they must submit objections to this application is required to be sent to all affected persons. All affected persons are being furnished with 3 copies of this application by certified mail and are advised that they must submit objections to this application in writing within twenty (20) days. They may alternately forward an executed waiver to your office, retain one copy for their records and return one copy to our office.

We appreciate and thank you for your attention to this request and should you need additional information or clarification on this matter, please do not hesitate to contact the undersigned.

Very truly yours,



S. Scott Prather, CPL  
Senior Landman  
San Juan Area  
(505) 599-3410

cc: J. L. Mathis (r)C40463  
Frank Chavez-OCD, Aztec  
Offset Owners

\_\_\_\_ hereby waives objection to Phillips Petroleum Company's application for a Dakota unorthodox location for the San Juan 32-7 Unit #35M well as proposed above.

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

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

**SAN JUAN 32-7 UNIT  
MESAVERDE PARTICIPATING AREA OWNERS**

**ENERGEN RESOURCES**

**PHILLIPS PETROLEUM COMPANY**

**WILLIAMS PRODUCTION COMPANY**

District I  
P.O. Box 1900, Hatch, NM 88241-1900  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 71599	<sup>3</sup> Pool Name Basin Dakota
<sup>4</sup> Property Code 009260	<sup>5</sup> Property Name SAN JUAN 32-7 UNIT	<sup>6</sup> Well Number 35M
<sup>7</sup> OGRID No. 017654	<sup>8</sup> Operator Name PHILLIPS PETROLEUM COMPANY	<sup>9</sup> Elevation 6673'

<sup>10</sup> Surface Location

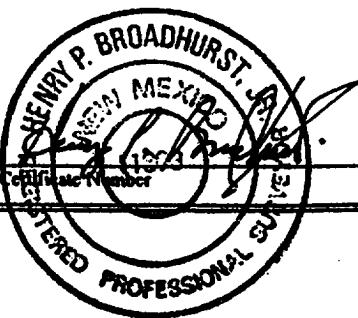
U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	22	32N	7W		1725'	NORTH	2495'	WEST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

U.L. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres    <sup>13</sup> Joint or Infill    <sup>14</sup> Consolidation Code    <sup>15</sup> Order No.  
342.56 N/2    I    U

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A  
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

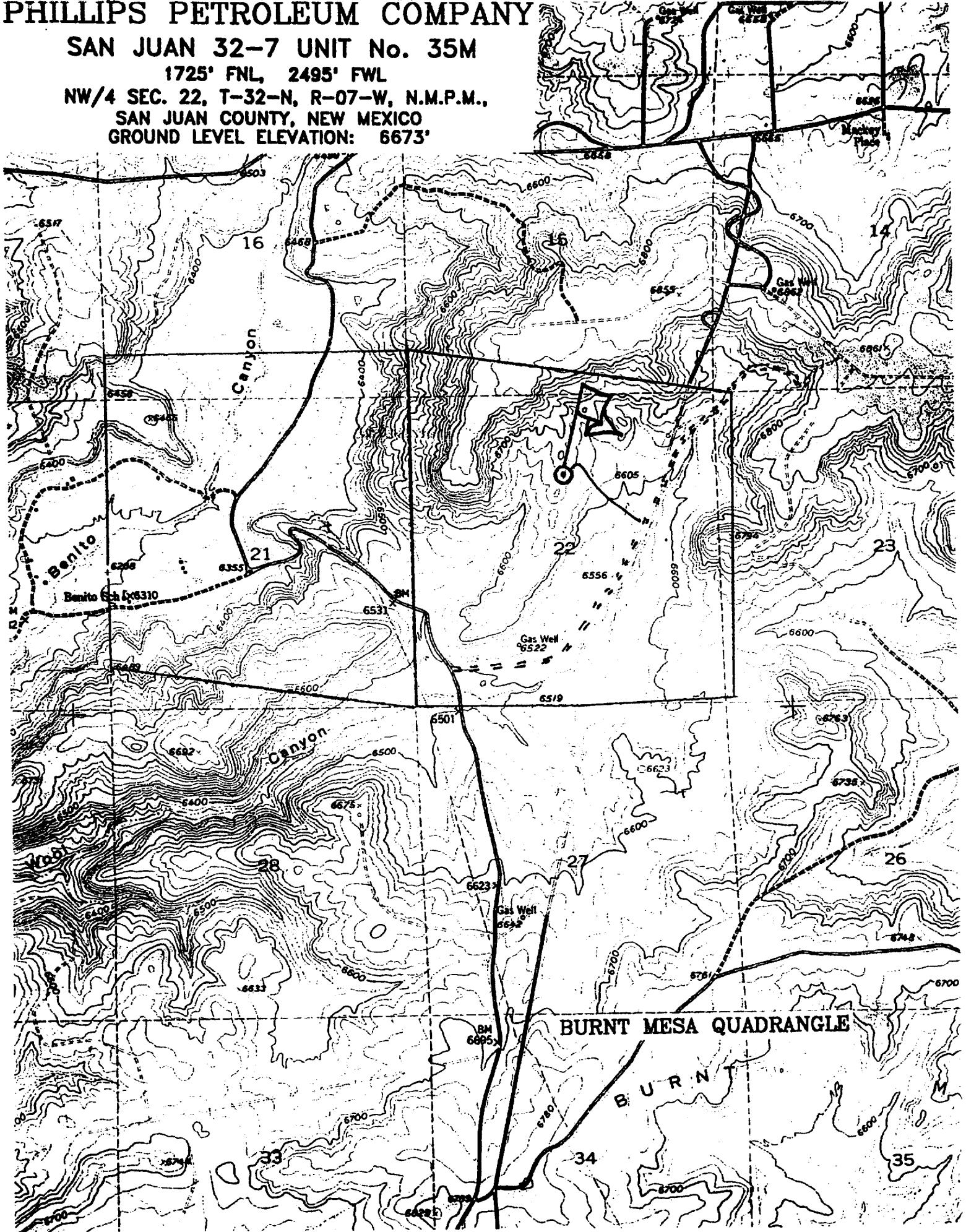
16		N81°57'W	5395.50'							<sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
4		3 1725'	2			1				Signature Monica D. Rodahl
S		S	S			S				Printed Name Monica D. Rodahl
2495'		2554.36 acres								Regulatory Assistant Title
6011.28'										March 9, 2000 Date
5	6	7		8						
	SF-078459									
	Section 22									
			10	9						<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.
										02/22/00 Date of Survey
										Signature and Seal of Professional Surveyor: 
S89°58'W	2639.34'	S87°50'W	2675.64'							

# PHILLIPS PETROLEUM COMPANY

## SAN JUAN 32-7 UNIT No. 35M

1725' FNL, 2495' FWL

NW/4 SEC. 22, T-32-N, R-07-W, N.M.P.M.,  
SAN JUAN COUNTY, NEW MEXICO  
GROUND LEVEL ELEVATION: 6673'



**PLAT OF OFFSET OPERATORS TO W/2**  
**SECTION 22-32N-7W, SAN JUAN COUNTY, NEW MEXICO**

	16	Burlington Resources Oil & Gas	Burlington Resources Oil & Gas	15	Burlington Resources Oil & Gas	14
32N	21	Phillips Petroleum Company (SJ 32-7 Unit)	#35M	22	Burlington Resources Oil & Gas	23
	28	Phillips Petroleum company (SJ 32-7 Unit)	Phillips Petroleum Company (SJ 32-7 Unit)	27	Phillips Petroleum Company (SJ 29-6 Unit)	26
					Burlington Resources Oil & Gas	

7W

## OFFSET OWNERSHIP LISTING

Burlington Resources Oil & Gas Company

134 9607 105 45	5R 9403 5 944 5412 391 1567	16A 8001 1555 196	8 5506 1509 456	31M 9903 88 662	16	* 54 8109 2239 346	* 16R 5810 401 9712 4180 771 104 384	3 5212 28 215 6802 2927 294	* 12 5811 1847 357
13 5611 1050 58	30 7603 3147 473	32A 9607 460 376	35M 9412 506 275	* 11X 5711 2245 224	21	22	44M	23	
24 7703 467 20	32 7702 363 13	32N 7W	* 39 6708 3022 171	11A 8005 2077 255					
83 8710 190 43	14 5611 770 30	27	60 8301 1024 239	26					

San Juan 32-7 (Mesaverde)  
 Proposed 35M & 44M MV/DK Well

# DRILLING AND COMPLETION COSTS CAPITAL EXPENSES (M\$)

## MESAVERDE

## DAKOTA

### SINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	105.2	339.4	444.6	DRILL & COMPLETE	119.1	362.2	481.3
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	127.8	355.8	483.6	TOTAL	141.7	378.6	520.3
Two Singles (Dakota + Mesaverde)						1003.9	

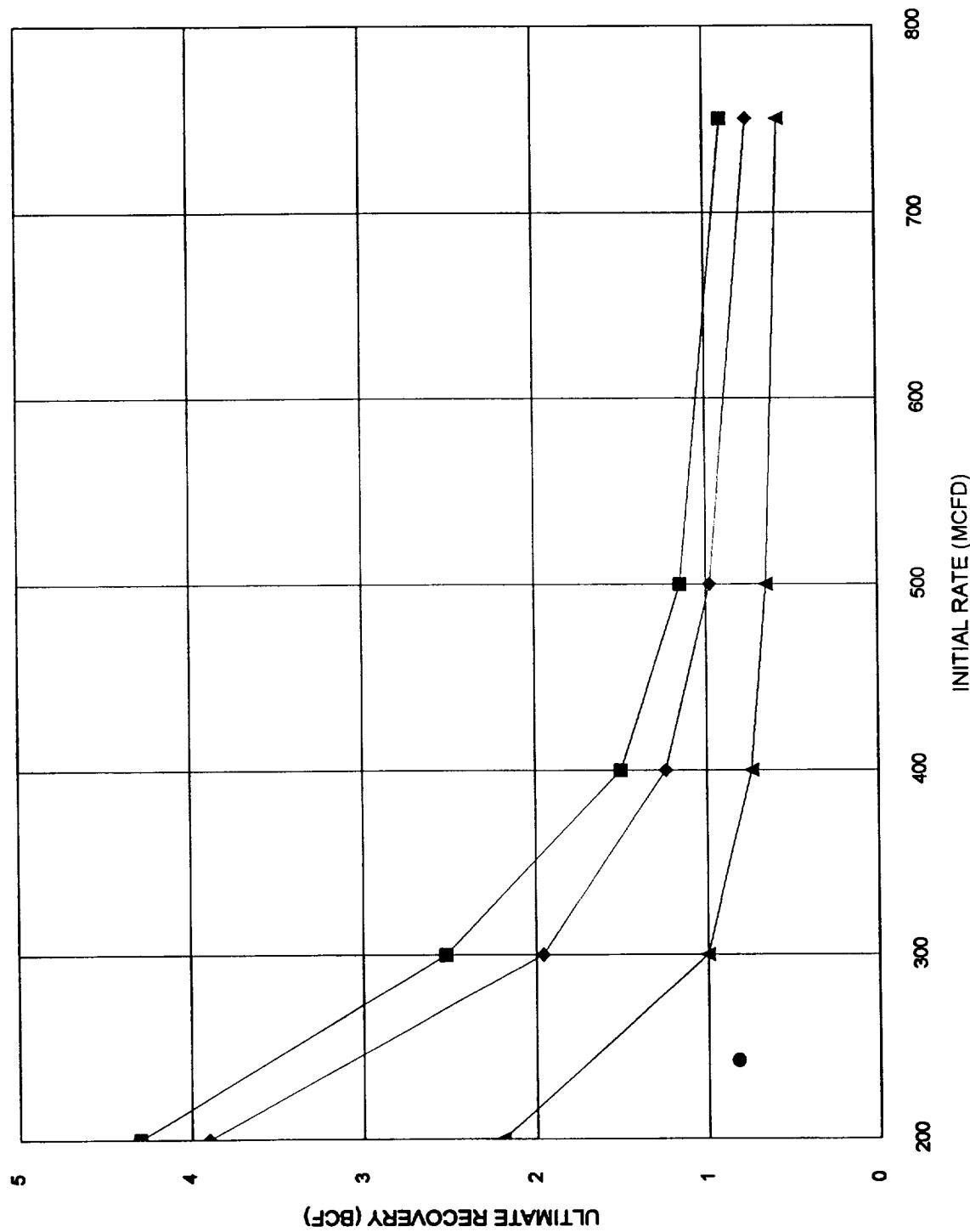
### DUAL COMPLETION

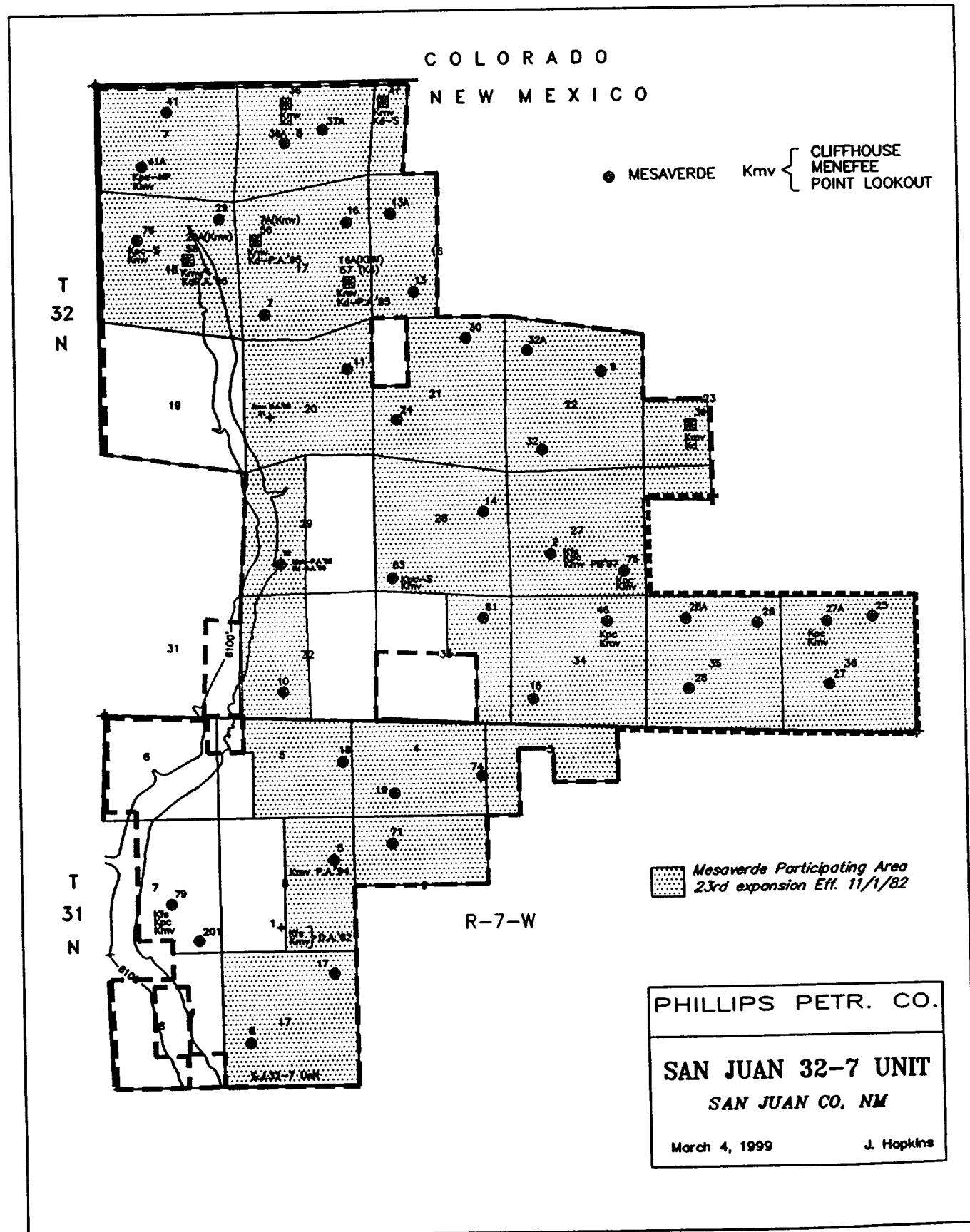
	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	74.5	330.3	404.8	DRILL & COMPLETE	80.6	362.0	442.6
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	97.1	346.7	443.8	TOTAL	103.2	378.4	481.6
Dually Completed (Dakota + Mesaverde)						925.4	

### COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	51.7	284.5	336.2	DRILL & COMPLETE	69.7	280.3	350.0
FACILITIES	11.3	8.2	19.5	FACILITIES	11.3	8.2	19.5
TOTAL	63.0	292.7	355.7	TOTAL	81.0	288.5	369.5
Commingle Completion (Dakota + Mesaverde)						725.2	

**SAN JUAN 32-7 UNIT**  
DAKOTA MARGINAL ECONOMICS





C O L O R A D O  
N E W M E X I C O

