

NSL 6/26/00



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

RECEIVED  
JUN - 5 2000  
OIL CONSERVATION DIVISION

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 LOCATOIN  
SAN JUAN 32-7 UNIT #35M WELL  
W/2 SECTION 22-32N-7W  
SAN JUAN COUNTY, NEW MEXICO

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)

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  
 PO Box 1980, Hobbs, NM 88241-1980  
 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

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

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

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

Ul. 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

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

<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'	1725'	1	2	3	4	6011.28'	2495'	2554.36 acres	SF-078459 Section 22	5161.20'	<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>	
													Signature Monica D. Rodahl	
	Printed Name Monica D. Rodahl		Title Regulatory Assistant											
	Date March 9, 2000													
N00°45'E	2639.34'	S87°50'W	2675.64'	9	10	11	12	N01°09'E	<sup>18</sup> SURVEYOR CERTIFICATION <i>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.</i>					
									Date of Survey 02/22/00					
Signature and Seal of Professional Surveyer:														



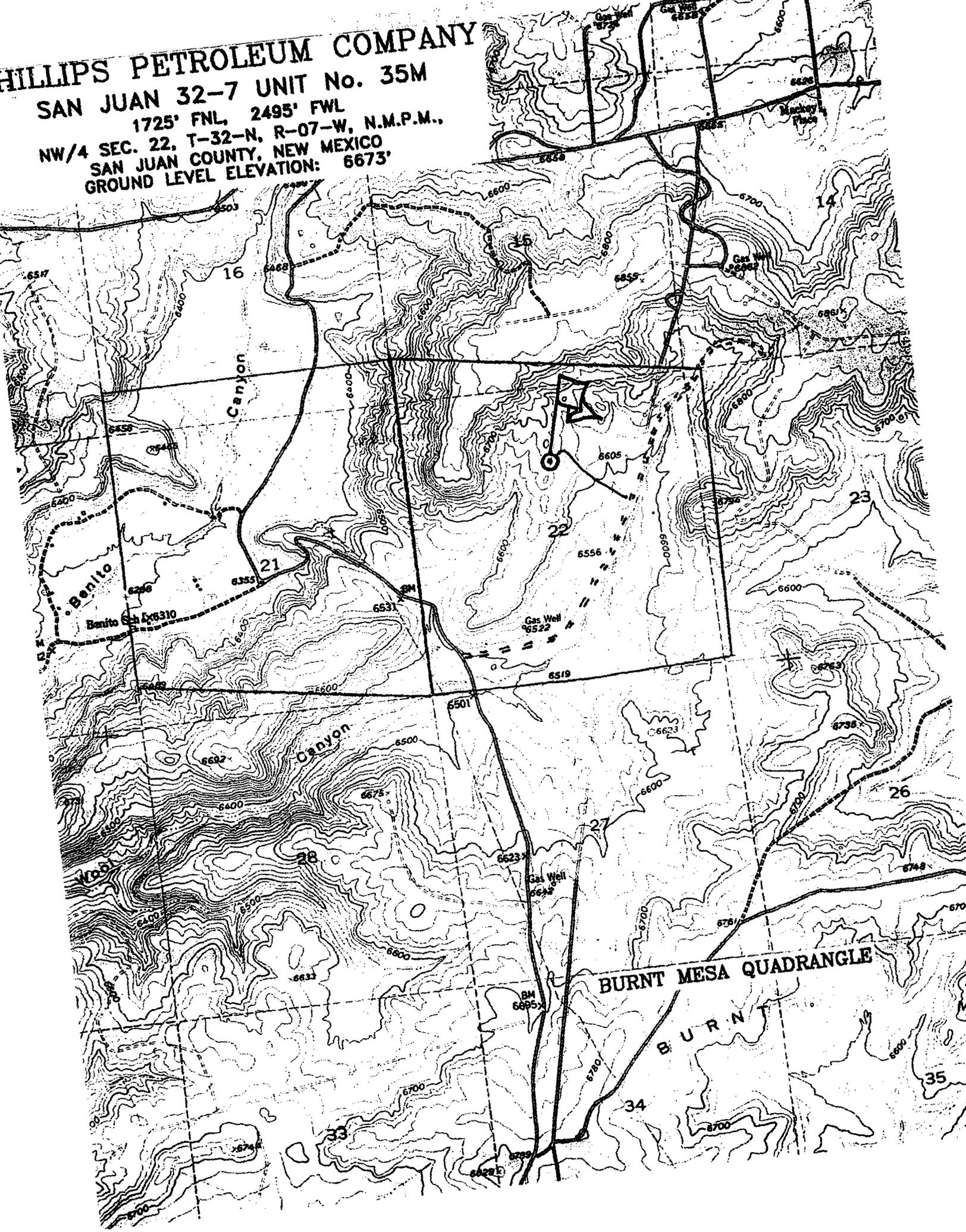
# HILLIPS PETROLEUM COMPANY

SAN JUAN 32-7 UNIT No. 35M

1725' FNL, 2495' FWL

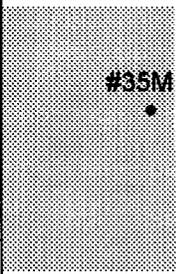
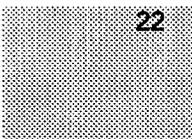
NW/4 SEC. 22, T-32-N, R-07-W, N.M.P.M.,

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**

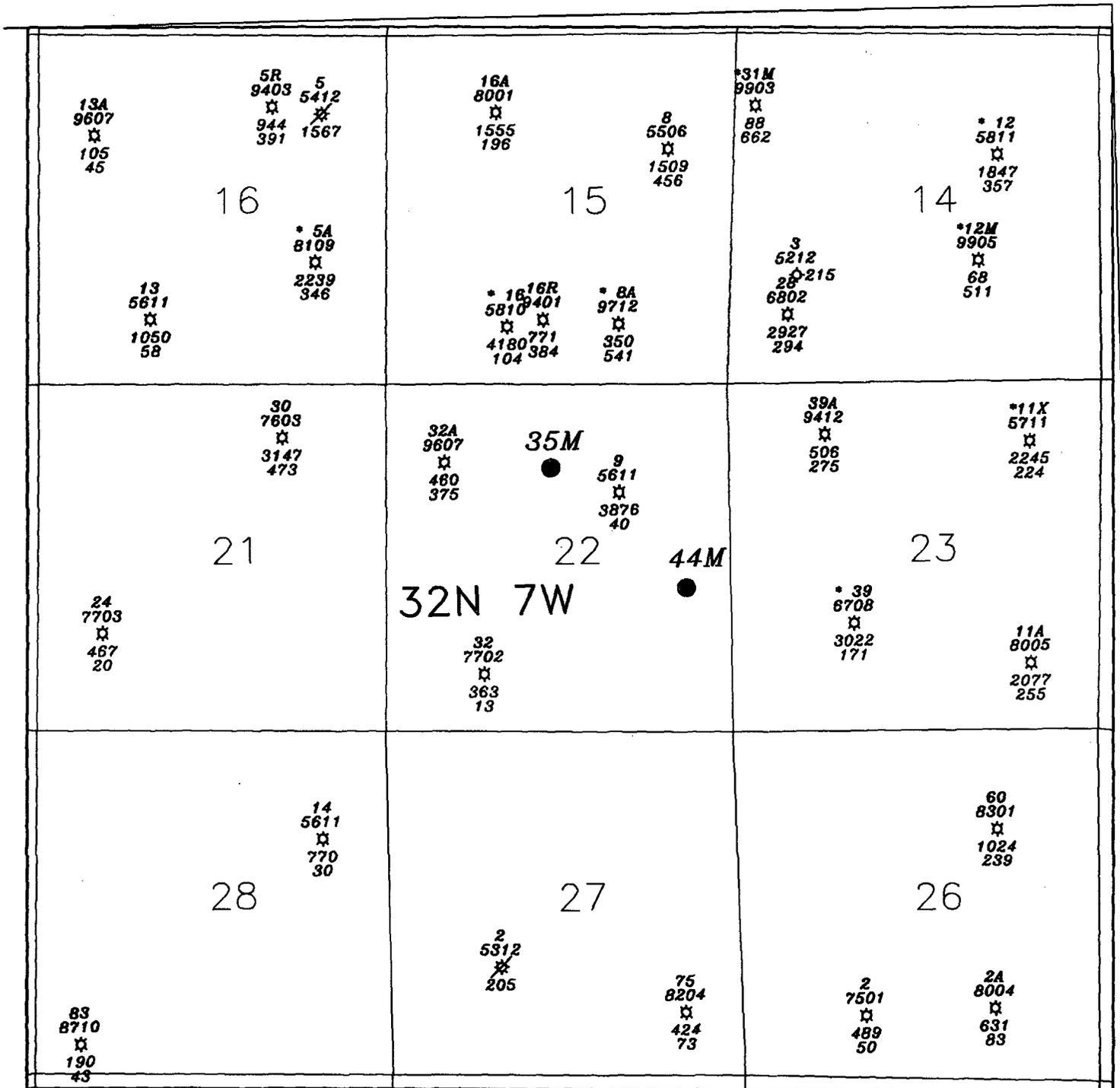
32N

	16  Burlington Resources Oil & Gas	Burlington Resources Oil & Gas	15  Burlington Resources Oil & Gas	Burlington Resources Oil & Gas	14
	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 32-7 Unit)	Phillips Petroleum Company (SJ 29-6 Unit)  Burlington Resources Oil & Gas	26

7W

OFFSET OWNERSHIP LISTING

Burlington Resources Oil & Gas Company



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
<b>DRILL &amp; COMPLETE</b>	105.2	339.4	444.6	<b>DRILL &amp; COMPLETE</b>	119.1	362.2	481.3
<b>FACILITIES</b>	22.6	16.4	39.0	<b>FACILITIES</b>	22.6	16.4	39.0
<b>TOTAL</b>	127.8	355.8	483.6	<b>TOTAL</b>	141.7	378.6	520.3

**Two Singles (Dakota + Mesaverde) 1003.9**

### DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	74.5	330.3	404.8	<b>DRILL &amp; COMPLETE</b>	80.6	362.0	442.6
<b>FACILITIES</b>	22.6	16.4	39.0	<b>FACILITIES</b>	22.6	16.4	39.0
<b>TOTAL</b>	97.1	346.7	443.8	<b>TOTAL</b>	103.2	378.4	481.6

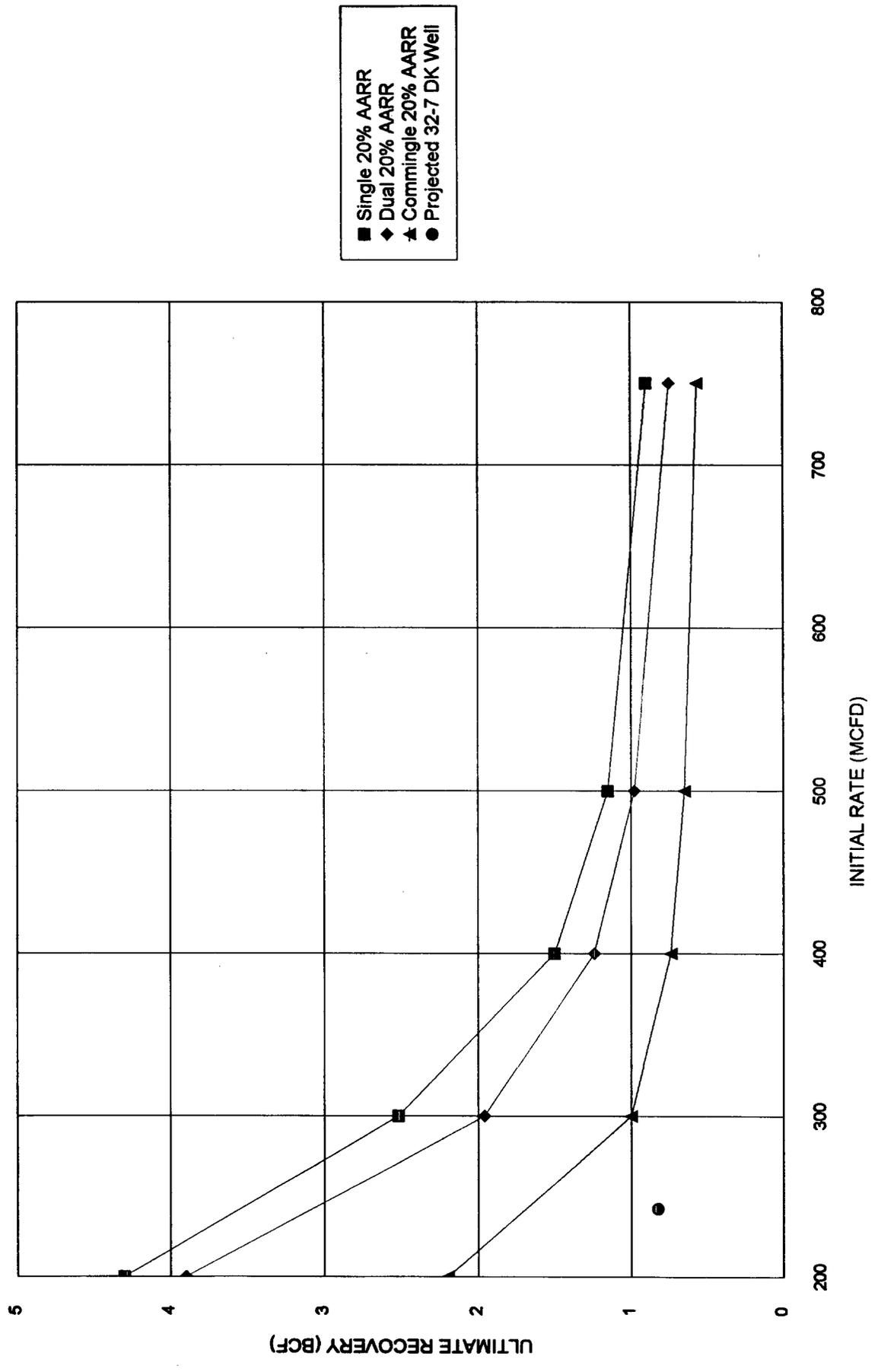
**Dually Completed (Dakota + Mesaverde) 925.4**

### COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
<b>DRILL &amp; COMPLETE</b>	51.7	284.5	336.2	<b>DRILL &amp; COMPLETE</b>	69.7	280.3	350.0
<b>FACILITIES</b>	11.3	8.2	19.5	<b>FACILITIES</b>	11.3	8.2	19.5
<b>TOTAL</b>	63.0	292.7	355.7	<b>TOTAL</b>	81.0	288.5	369.5

**Commingled Completion (Dakota + Mesaverde) 725.2**

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



■ Single 20% AARR  
 ◆ Dual 20% AARR  
 ▲ Commingle 20% AARR  
 ● Projected 32-7 DK Well

COLORADO  
NEW MEXICO

T  
32  
N

T  
31  
N

R-7-W

● MESAVERDE Kmv { CLIFFHOUSE  
MENEFFEE  
POINT LOOKOUT

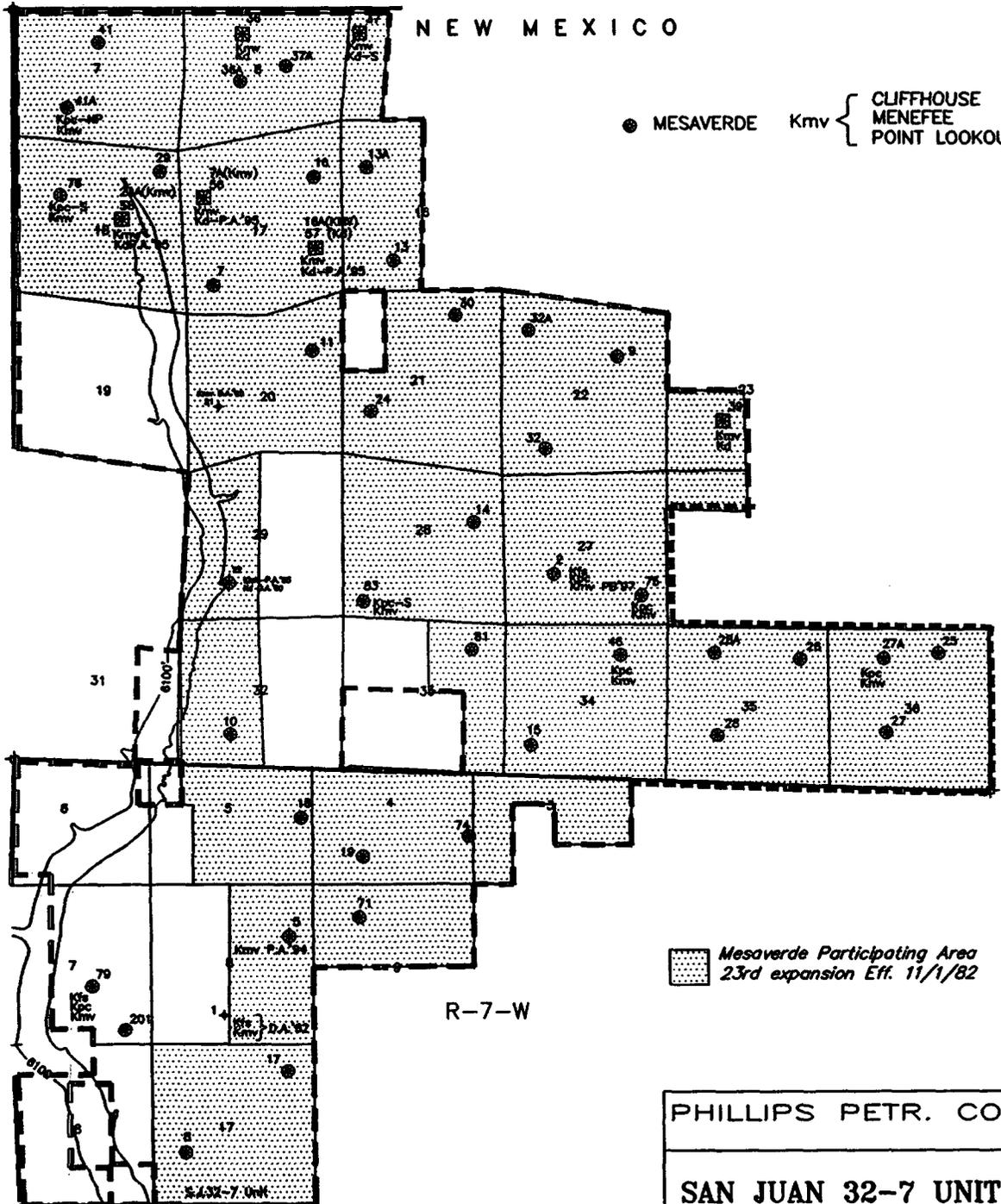
▨ Mesaverde Participating Area  
23rd expansion Eff. 11/1/82

PHILLIPS PETR. CO.

SAN JUAN 32-7 UNIT  
SAN JUAN CO, NM

March 4, 1999

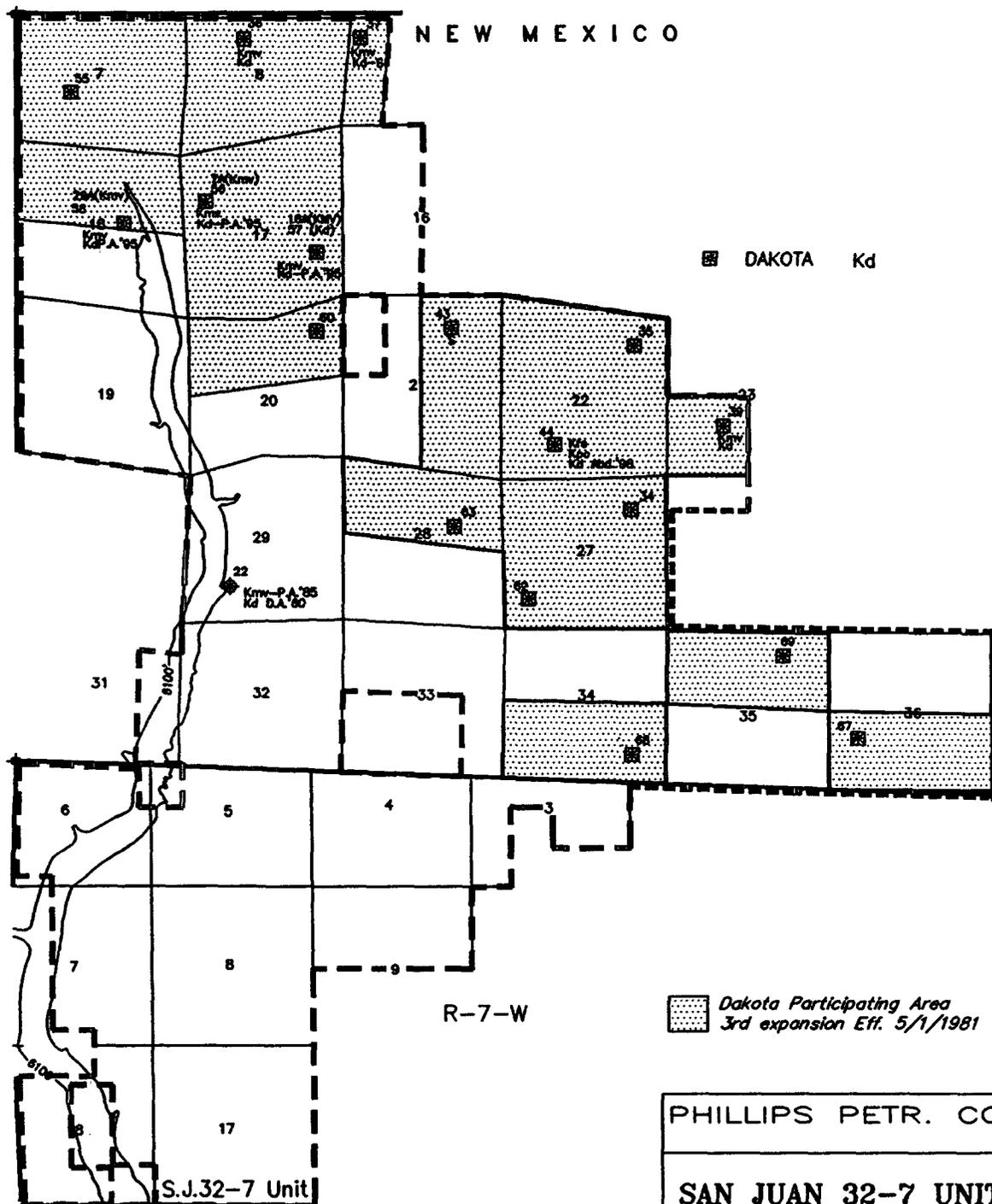
J. Hopkins



COLORADO  
NEW MEXICO

T  
32  
N

T  
31  
N



DAKOTA Kd

Dakota Participating Area  
3rd expansion Eff. 5/1/1981

R-7-W

S.J. 32-7 Unit

PHILLIPS PETR. CO.

**SAN JUAN 32-7 UNIT**  
SAN JUAN CO, NM

March 4, 1999 J. Hopkins

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

07/05/00 12:28:19  
OGOMES -TPXZ  
PAGE NO: 1

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5 45.13  Federal owned U	6 43.50  Federal owned U	7 42.06  Federal owned U A	8 40.42  Federal owned U A

PF01 HELP    PF02    PF03 EXIT    PF04 GoTo    PF05    PF06  
PF07 BKWD   PF08 FWD    PF09 PRINT   PF10 SDIV    PF11    PF12

*342.56*

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

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PAGE NO: 2

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M 40.00  Federal owned U A	N 40.00  Federal owned U A A	11 42.61  Federal owned U	12 40.58  Federal owned U

PF01 HELP    PF02    PF03 EXIT    PF04 GoTo    PF05    PF06  
PF07 BKWD   PF08 FWD    PF09 PRINT   PF10 SDIV    PF11    PF12