

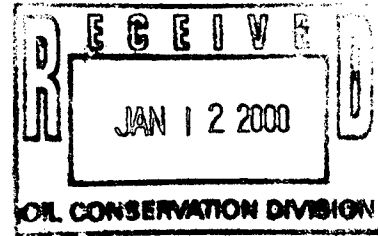


PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

January 5, 2000

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



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

RE: APPLICATION FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX LOCATION
SAN JUAN 30-5 UNIT #265
E/2 SECTION 10-30N-5W
RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Stogner:

Pursuant to our telephone conversation of January 3, I have talked with Mr. Frank Chavez in the Aztec office. I also faxed a copy of the U.S. Forest Service letter related to the location of the captioned well for his benefit. Additionally, as we discussed, I spoke with the BLM (Farmington Office) about configuring Section 10 on a 320 laydown basis. Their reaction was not favorable to this proposal, as they did not hesitate to point out our contractual obligation to develop on stand-up drillblocks. We have also spoken with their Field Representatives and asked them to provide written evidence (along the lines of Forest Service letter) of their position with respect to the well location and their concerns about surface disturbance.

In view of this, I have no option but to ask that the OCD please reconsider our application as requested in my letter of December 27, 1999. For your additional consideration, I am enclosing the following:

1. A copy of Page 10 of the San Juan 30-5 Unit Agreement (portion dealing with Drilling Block configuration)
2. A copy of the letter from the BLM.
3. A copy of my December 27, 1999 letter and attachments.
4. A copy of the U. S. Forest Service letter

Your considerate attention and cooperation in working with us on this matter is very much appreciated. If you require additional information or data to assist your review, please do not hesitate to contact me.

Very truly yours,

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

cc: Frank Chavez-OCD, Aztec

unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the Commissioner and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities and the drilling program outlined in Section 9 above, no further wells, except such as may be necessary to afford protection against



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

3162.5-1 (07200) *BLM 1/11/90*

Mr. Richard Allred
Phillips Petroleum Company
5525 Highway 64, NBU 3004
Farmington, NM 87401

Dear Mr. Allred:

The purpose of this letter is to inform Phillips Petroleum Company and NMOCD of two unorthodox well placement locations for the Phillips Petroleum Company's San Juan 30-5 # 265 and 266. These wells were staked in orthodox locations, but it was the Bureau of Land Management inspector who advised Phillips to move these wells to the now staked unorthodox locations. In the past, most locations without resource conflicts have been drilled. The windows where the wells would not require an OCD hearing have topographical constraints, is in critical big game winter range, impacts archeological resources and is a major concern to the Bureau of Reclamation because of watershed degradation and erosion. This caused the moving of these wells to the location where they are now staked. It is the Bureau of Land Management's goal to approve all wells in an area where resource damage is minimal and can be reduced to acceptable levels by mitigation. Therefore, it is the request of the Authorized Officer that these locations be moved to unorthodox locations to lessen impacts to various resources in the area.

If you have any questions, please contact Bill Liess of my staff at (505) 599-6321.

Sincerely,

Ruben Sanchez
Environmental Protection Team Lead

bcc:L&RR Reader

07200:BLiess:bl/lc:1-10-00:Phillips30.5



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

December 27, 1999

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 LOCATION
SAN JUAN 30-5 UNIT #265 WELL
E/2 SECTION 10-30N-5W
RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Stogner:

Thank you for the prompt attention and reply to our application of December 17, 1999 related to the captioned. By your letter of December 23, 1999, our application has been denied based on the fact that Phillips had previously applied for and received approval to drill the #222 well at an orthodox location in 1990, however the APD was rescinded in 1992 by the BLM, due to the well not being drilled.

Upon receipt of your letter, I visited with our Drilling Supervisor and inquired as to the circumstances surrounding why the location for the #265 was moved from the previous orthodox location of the #222 well. He advised that although the previous location was approved, the circumstances have changed since that time. The U.S. Forest Service has noted to us that they would prefer that we not drill at that particular location. Further they will not grant us access to the previous location due to erosion concerns related to construction of a location and roads/pipeline routes.

Since receiving your letter, we have conferred with the Forest Service and obtained a letter from them evidencing their position. In light of this, we respectfully request that you please incorporate this information into the review process and reconsider the previous denial of this application. Phillips realizes that careful deliberation was given to our application the first time around and apologizes for not being more definitive in stating our reasons for requesting approval of the unorthodox location. Unfortunately, it appears that BLM/Forest Service intervention is becoming more of a norm rather than an exception. For your benefit, I am enclosing our previous application, accompanying information and the Forest Service letter.

We sincerely thank you for your patience and understanding in this matter and appreciate the efforts of the OCD to work with industry to arrive at a satisfactory means to address the Federal Governments' "philosophy" on future development.

Very Truly Yours,

S. Scott Prather
Senior Landman
San Juan Area

DATE IN 12/22/99	SUSPENSE 1/11/00	ENGINEER MS	LOGGED BY RV	TYPE NSL
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2040 South Pacheco, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATION FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

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 - Certification

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 understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

S. Scott Prather
Print or Type Name

Signature

Sr. Landman
Title

12/21/99
Date



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

December 17, 1999

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

Attn: Ms. Lori Wrotenberry

RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 30-5 UNIT #265 WELL
E/2 SECTION 10-30N-5W
RIO ARRIBA COUNTY, NEW MEXICO
PHILLIPS CONTRACT C40454

Ladies and Gentlemen:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an unorthodox location for this well.

Phillips proposes to drill the San Juan 30-5 Unit #265 well at a location of 1840' FNL & 2510' FEL of Section 10-30N-5W, Rio Arriba County, New Mexico. This well will be a Fruitland Coal in the Basin Fruitland Coal Pool with the E/2 of Section 10 designated as the drillblock.

This request for an unorthodox location is being made as a result of topographical concerns. An orthodox location would require extensive excavation into a steep grade on the side of a mesa for location construction and pipeline/road construction. Surface disturbance of this nature has been vigorously opposed by the BLM due to concerns over erosion and potential sedimentation impacts.

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

1. Form C-102
2. A topographical plat (with orthodox location windows penciled in)
3. A nine section plat exhibiting offset operations.

This drillblock is located within the confines of the San Juan 30-5 Unit. The offset operators have been furnished with three (3) copies of this correspondence by certified mail and are requested to furnish your office with a Waiver of Objections, keep one copy for their records and return one copy to our office.

We thank you for your considerate attention to this request. Should you need additional information or clarification, please do not hesitate to contact the undersigned.

Very truly yours,

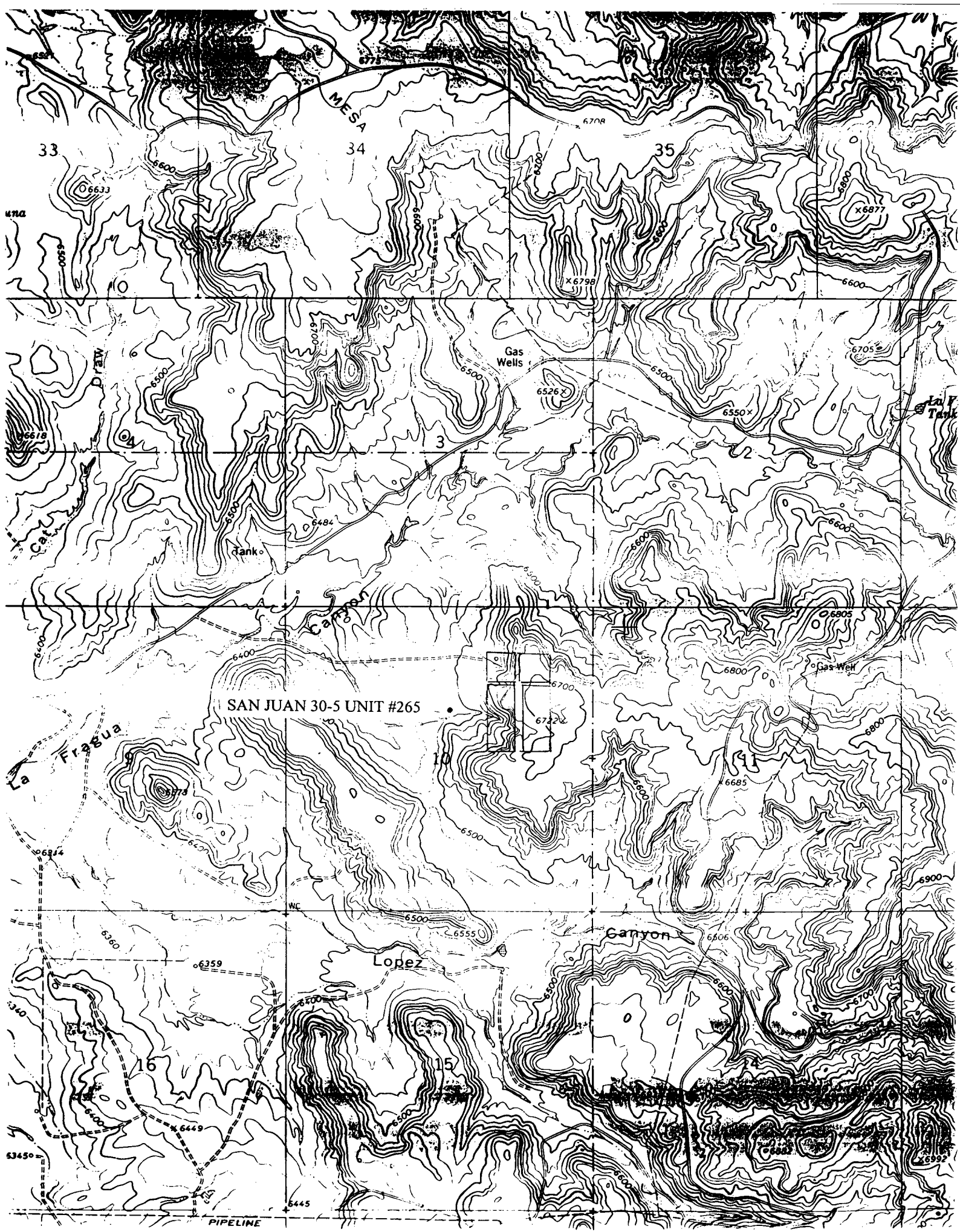
S. Scott Prather, CPL
Senior Landman
San Juan Area
(505) 599-3410

cc: J. L. Mathis (r) C40454
OCD Office - Aztec
Offset Owners (3 copies)

_____ hereby waives objection to Phillips Petroleum Company's application for a Fruitland Coal unorthodox location for the San Juan 30-5 Unit #265 well as proposed above.

By: _____

Date: _____



District I
P.O. 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

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

APN Number		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 009258	Property Name SAN JUAN 30-5 UNIT		Well Number 265
OGRID No. 017654	Operator Name PHILLIPS PETROLEUM COMPANY		Elevation 6482'

10 Surface Location



UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	10	30N	5W		1840'	NORTH	2510'	EAST	RIO ARriba

11 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
G									
Dedicated Acres 320 E/2		Joint or Infill J	Consolidation Code U	Order No.					

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 N89°48'E 5280.00' N00°02'E	1840' 5264.82' 2510'	Section 10 SF-078997 2560. acres	5265.48'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Patsy Clugston Printed Name Sr. Regulatory/Proration Clerk Title December 17, 1999 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. 10/29/99 Date of Survey Signature and Seal of Professional Surveyor: HENRY P. BROADHURST, JR. Certification Number

 PHILLIPS PETROLEUM CO. FARMINGTON, NEW MEXICO		
SURVEYED: 10/29/99	REV. DATE:	APP. BY
DRAWN BY: K.REA	DATE DRAWN: 10/31/99	FILE NAME: UF004
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  UNITED FIELD SERVICES INC. </div> <div style="text-align: right;"> P.O. BOX 3651 FARMINGTON, NM 87499 OFFICE: (505)334-0408 </div> </div>		

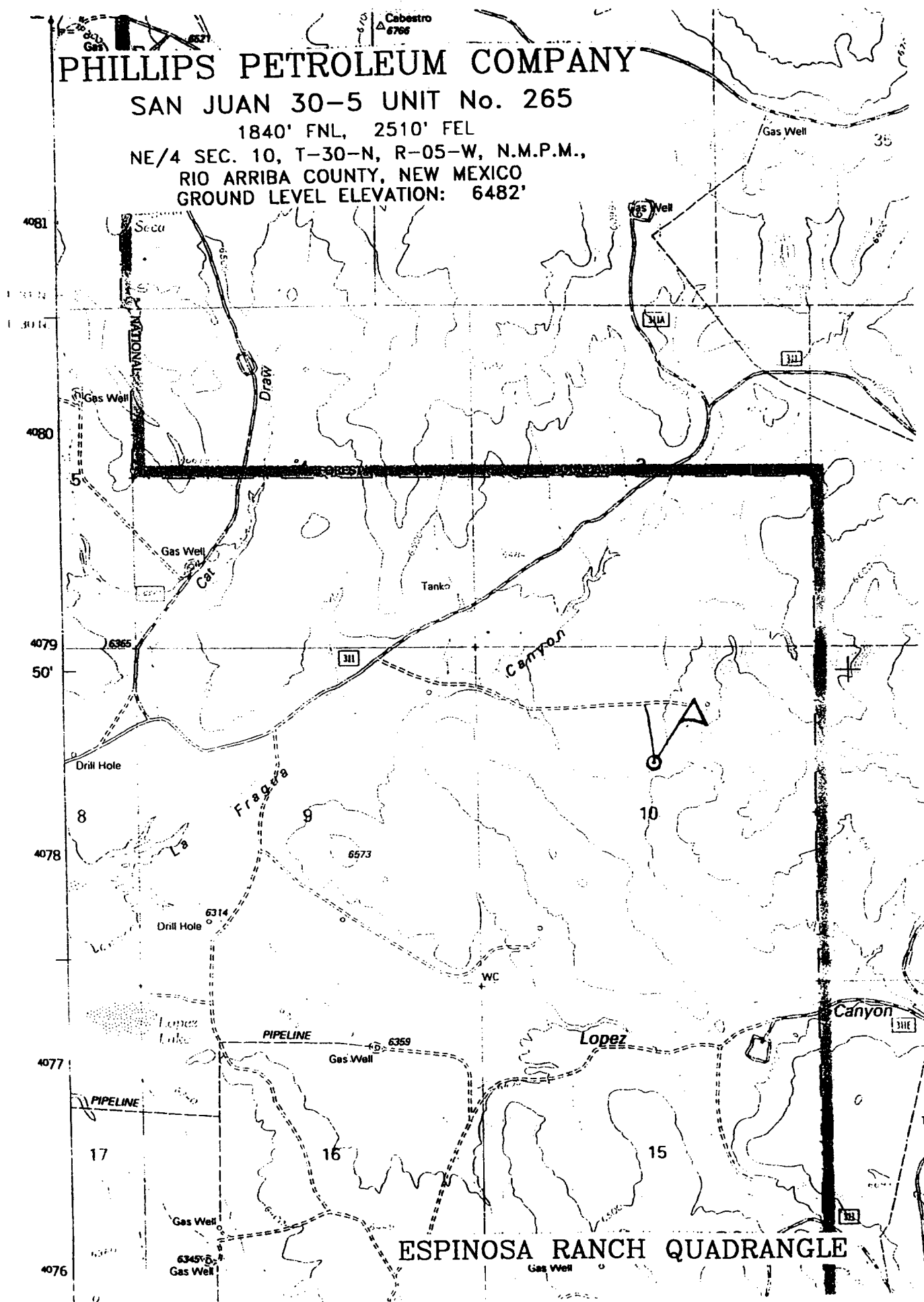
PHILLIPS PETROLEUM COMPANY

SAN JUAN 30-5 UNIT No. 265

1840' FNL, 2510' FEL

NE/4 SEC. 10, T-30-N, R-05-W, N.M.P.M.,

RIO ARriba COUNTY, NEW MEXICO
GROUND LEVEL ELEVATION: 6482'



**PLAT OF OFFSET OPERATIONS
SAN JUAN 30-5 UNIT #265**

4	3	2
BURLINGTON RESOURCES O&G CO.	SCHALK DEVELOPMENT COMPANY	SCHALK DEVELOPMENT COMPANY
9	10	11
PHILLIPS PETROLEUM COMPANY	• #265	PHILLIPS PETROLEUM COMPANY
16	15	14
PHILLIPS PETROLEUM COMPANY	PHILLIPS PETROLEUM COMPANY	PHILLIPS PETROLEUM COMPANY



United States
Department of
Agriculture

Forest
Service

Southwestern Region 3
Carson National Forest
Jicarilla Ranger District

664 East Broadway
Bloomfield, New Mexico 87413
505-632-2956
FAX 505-632-8173

File Code: 2820

Date: 12/28/99

Scott Prather
Phillips Petroleum
5525 Highway 64, NBU 30040
Farmington, NM 87401

RE: Unorthodox location for well: San Juan 30-5 Unit #265

Dear Mr. Prather,

The Jicarilla Ranger District, Carson National Forest is requesting you apply for an unorthodox location as follows, as discussed by Richard Allred of your company and Camela Hooley of this office:

San Juan 30-5 Unit #265, T30N R5W Sec.10, 1840'FNL/2510'FEL

The mineral operator is required to comply with applicable regulations such as the Endangered Species Act and the Archeological Resources Protection Act under 36CFR228.112(c). The operator is also required under 36CFR228.108(c) to minimize or prevent damage to surface resources. The Carson National Forest Management Plan states that surface resource impacts will be minimized when administering mineral resources.

Prevention of unnecessary resource damage requires that the location be unorthodox. I understand that an orthodox location had been approved in the past (then called the #222), however, by locating the well at the unorthodox location above, the surface impacts will be greatly reduced. The access road would be reduced from approximately 4500' to about 900'. The well will also be located in the sagebrush drainage bottom instead of opening up a new bench that is used as a wildlife security and bedding area. Also please note that the previous approval for the #222 has expired.

Thank you for your cooperation in this matter.

Mark Catron
District Ranger



Caring for the Land and Serving People

Printed on Recycled Paper



T-30-N, R-5-W

