



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 2, 1998

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Steven E. Jones

Administrative Order DD-201(NSBHL)

Dear Mr. Jones:

Reference is made to the following: (i) Phillips Petroleum Company's ("Phillips") original application to the Division, dated July 9, 1997; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated July 16, 1997; (iii) a second letter from Mr. Stogner dated January 21, 1998; (iv) Mr. Steven E. Jones' response by letter dated January 27, 1998; and (v) the records of the Division in Santa Fe: all concerning Phillips' request to directional drill its proposed San Juan "32-7" Unit Well No. 220, San Juan County, New Mexico.

The Division Director Finds That:

(1) The subject application has been duly filed under the provisions of:

(a) **Rule 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;

(b) the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, 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; and,

(c) **Rule 104.F** of said Division general rules;

(2) It is the Division's understanding that Phillips intends to place its proposed San Juan "32-7"

Unit Well No. 220 at an unorthodox surface coal gas well location 655 feet from the South line and 705 feet from the West line (Unit M) of irregular Section 5, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, drill vertically to an approximate depth of 600 feet, kick-off in a north-northwesterly direction, and directionally drill to an estimated true vertical depth of 3,100 feet within the Basin-Fruitland Coal (Gas) Pool at a targeted unorthodox subsurface coal gas well location that is approximately 1600 feet from the South line and 150 feet from the West line (Unit L) of said Section 5;

- (3) This well is to be dedicated to the previously approved 319.16-acre non-standard gas spacing and proration unit (see Division Order No. R-9305, issued in Case 10058 and dated September 27, 1990) comprising Lot 9 and that portion of Tract 53 lying in irregular Section 5 and Lots 8, 9, 10, 11, and 13, the NE/4 SW/4, NW/4 SE/4, and that portion of Tract 53 lying in irregular Section 6, both in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico;
- (4) It is necessary for the operator to directionally drill the San Juan "32-7" Unit Well No. 220 in the above-described manner since a location that is within 790 feet from the external boundary of said 319.16-acre gas spacing and proration unit is not feasible due to extreme topographical conditions in that immediate area around the Los Pinos River arm of Navajo Lake; and,
- (5) 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 said **Division General Rule 111** 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.

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. 220, at an unorthodox surface coal gas well location 655 feet from the South line and 705 feet from the West line (Unit M) of irregular Section 5, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, and directionally drill in a north-northwesterly direction to an estimated true vertical depth of 3,100 feet within the Basin-Fruitland Coal (Gas) Pool as close as is reasonably possible to a targeted subsurface location considered to be unorthodox 1600 feet from the South line and 150 feet from the West line (Unit L) of said irregular Section 5.

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) The previously approved 319.16-acre non-standard gas spacing and proration unit (see Division Order No. R-9305, issued in Case 10058 and dated September 27, 1990) comprising Lot 9 and that portion of Tract 53 lying in irregular Section 5 and Lots 8, 9, 10, 11, and 13, the NE/4 SW/4, NW/4 SE/4, and that portion of Tract 53 lying in irregular Section 6, both in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, 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** 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.

(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



KATHLEEN A. GARLAND
Acting Director

S E A L

KAG/MES/kv

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

PHL-NW

February 2, 1998

Rec: 7-10-97
Sus: 7-30-97
Release: 2-2-98

**Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401**

Attention: Steven E. Jones

201
Administrative Order DD-*** (NSBHL)**

Dear Mr. Jones:

Reference is made to the following: (i) Phillips Petroleum Company's ("Phillips") original application to the Division, dated July 9, 1997; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated July 16, 1997; (iii) a second letter from Mr. Stogner dated January 21, 1998; (iv) Mr. Steven E. Jones' response by letter dated January 27, 1998; and, (v) the records of the Division in Santa Fe: all concerning Phillips' request to directional drill its proposed San Juan "32-7" Unit Well No. 220, San Juan County, New Mexico.

The Division Director Finds That:

(1) The subject application has been duly filed under the provisions of:

(a) **Rule 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 11,274 on June 13, 1995;

(b) the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, 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; and,

(c) **Rule 104.F** of said Division general rules;

- (2) It is the Division's understanding that Phillips intends to place its proposed San Juan "32-7" Unit Well No. 220 at an unorthodox surface coal gas well location 655 feet from the South line and 705 feet from the West line (Unit M) of irregular Section 5, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, drill vertically to an approximate depth of 600 feet, kick-off in a north-northwesterly direction, and directionally drill to an estimated true vertical depth of 3,100 feet within the Basin-Fruitland Coal (Gas) Pool at a targeted unorthodox subsurface coal gas well location that is approximately 1600 feet from the South line and 150 feet from the West line (Unit L) of said Section 5;
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- (4) It is necessary for the operator to directionally drill the San Juan "32-7" Unit Well No. 220 in the above-described manner since a location that is within 790 feet from the external boundary of said 319.16-acre gas spacing and proration unit is not feasible due to extreme topographical conditions in that immediate area around the Los Pinos River arm of Navajo Lake; and,
- (5) 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 said **Division General Rule 111** 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 11/274 on June 13, 1995.

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. 220, at an unorthodox surface coal gas well location 655 feet from the South line and 705 feet from the West line (Unit M) of irregular Section 5, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, and directionally drill in a north-

northwesterly direction to an estimated true vertical depth of 3,100 feet within the Basin-Fruitland Coal (Gas) Pool as close as is reasonably possible to a targeted subsurface location considered to be unorthodox 1600 feet from the South line and 150 feet from the West line (Unit L) of said irregular Section 5.

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) The previously approved 319.16-acre non-standard gas spacing and proration unit (see Division Order No. R-9305, issued in Case 10058 and dated September 27, 1990) comprising Lot 9 and that portion of Tract 53 lying in irregular Section 5 and Lots 8, 9, 10, 11, and 13, the NE/4 SW/4, NW/4 SE/4, and that portion of Tract 53 lying in irregular Section 6, both in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, 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** 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 11,274 on June 13, 1995.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

KATHLEEN A. GARLAND
Acting Director

SEAL

KAG/MES/kv

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



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 21, 1998

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401

Attention: Patrick H. Noah

*Re: Administrative application for directional drilling and an
unorthodox bottom-hole coal gas well location: San Juan
"32-7" Unit Well No. 220; irregular Section 5, Township 31
North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas)
Pool, San Juan County, New Mexico.*

Dear Mr. Noah:

In reviewing my files of "pending matters", I found the subject application has been waiting on supplemental information since July 16, 1997 (see copy of letter attached).

Please contact me as to the status of this or this application at this time. If no response is received in the next 30-days I will proceed in taking any appropriate action deemed necessary. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Counsel for Phillips Petroleum Company - Santa Fe



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 16, 1997

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401

Attention: Patrick H. Noah

Re: *Administrative application for directional drilling and an unorthodox bottomhole coal gas well location: San Juan "32-7" Unit Well No. 220; irregular Section 5, Township 31 North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.*

Dear Mr. Noah:

It has been determined subsequent to our initial evaluation of your application dated July 9, 1997 (received by the Division on July 10, 1997) that the issues of drainage, waste, and correlative rights need to be addressed in more detail. Within the S/2 equivalent of said irregular Section 5 (this description is used only as a reference) there are currently two producing Basin-Fruitland Coal gas wells: (i) the San Juan "32-7" Unit Well No. 218 (API No. 30-045-28359) located 681 feet from the South line and 1311 feet from the West line (Unit M), and (ii) the San Juan "32-7" Unit Well No. 219 (API No. 30-045-28360) located 2491 feet from the South line and 1795 feet from the East line (Unit J). The bottomhole location of the proposed San Juan "32-7" Unit Well No. 220 (1600' FSL & 150' FWL) would in essence result in the concentration of three wells within a relatively small area (S/2 equivalent of said Section 5). Further, the lateral distance between the No. 218 well and the No. 220 well will be approximately 1481 feet.

Please supplement the subject application addressing the following:

- (1) What effects on reservoir drainage is this close proximity of coal gas wells producing in an area of higher than normal density?
- (2) All associated correlative rights issues in having these wells so close to each other and potential drainage outside of the Unit area and within the Unit area should all interests not be ratified.
- (3) Why is this well necessary or why is this well not considered in anyway as the drilling of an unnecessary well.

Phillips Petroleum Company

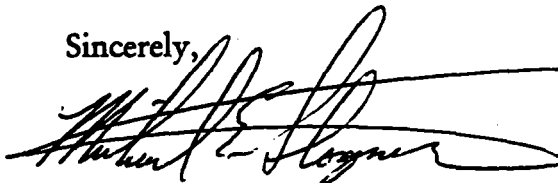
July 16, 1997

Page 2

(4) Since directional drilling appears to be the only option in developing the subject non-standard 319.16-acre gas spacing and proration unit (approved by Division Order No. R-9305 dated September 27, 1990) why is it that the bottomhole location can not be extended into the subject NSP at least a distance of 790 feet from its outer boundary?

Thank you for your assistance and cooperation in this matter. Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Examiner/Engineer

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
William J. LeMay, Director - OCD, Santa Fe
W. Thomas Kellahin, Counsel for Phillips Petroleum Company - Santa Fe



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 16, 1997

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401

Attention: Patrick H. Noah

Re: *Administrative application for directional drilling and an unorthodox bottomhole coal gas well location: San Juan "32-7" Unit Well No. 220; irregular Section 5, Township 31 North, Range 7 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.*

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Please supplement the subject application addressing the following:

- (1) What effects on reservoir drainage is this close proximity of coal gas wells producing in an area of higher than normal density?
- (2) All associated correlative rights issues in having these wells so close to each other and potential drainage outside of the Unit area and within the Unit area should all interests not be ratified.
- (3) Why is this well necessary or why is this well not considered in anyway as the drilling of an unnecessary well.

Phillips Petroleum Company

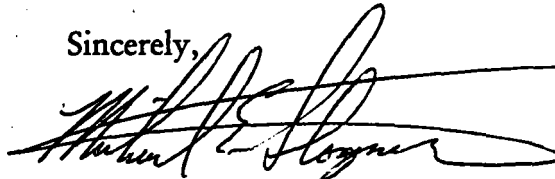
July 16, 1997

Page 2

(4) Since directional drilling appears to be the only option in developing the subject non-standard 319.16-acre gas spacing and proration unit (approved by Division Order No. R-9305 dated September 27, 1990) why is it that the bottomhole location can not be extended into the subject NSP at least a distance of 790 feet from its outer boundary?

Thank you for your assistance and cooperation in this matter. Should you have any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-8185.

Sincerely,

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Michael E. Stogner
Chief Hearing Examiner/Engineer

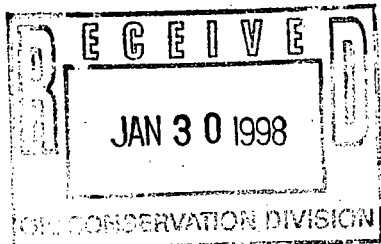
cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
William J. LeMay, Director - OCD, Santa Fe
W. Thomas Kellahin, Counsel for Phillips Petroleum Company - Santa Fe



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

January 27, 1998



Re: Directional Drilling & Unorthodox Location
San Juan 32-7 Unit Well No. 220
Basin-Fruitland Coal (Gas)
Irregular Section 5 & 6, T-31-N, R-7-W,
San Juan County, New Mexico

New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
Attn: Michael E. Stogner
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Please accept our apologies for not responding sooner to your letter dated July 16, 1997 concerning the subject well. In response to your questions we offer the following.

Question 1: From a reservoir standpoint, our proposed well will accelerate de-watering of the cleat system. This will benefit all surrounding wells and the total recovery from the area (sections 5 & 6) will be greater due to this additional de-watering and the development of the previously undeveloped proration unit established by Division Order No. R-9305.

Question 2: Wells #218 & #219 are in the 32-7 Unit participating area (PA). The proposed #220 is expected to be a PA well also. Since ownership is common throughout the PA, there will be no correlative rights problem. Should well #220 not be deemed commercial, no drainage to the other two wells would take place since #220 would be a relatively poor well.

Question 3: Phillips has a responsibility to all interest owners to protect them from drainage. The drilling of this well is the only way to protect the interest owners of this proration unit from drainage. Ideally, this well would have been placed in the center of the proration unit (which is approximately the center of section 6). The presence of the lake and lack of gathering and transportation infrastructure on the west side of the lake dictated the only possible location for this well.

Question 4: The drilling deviation needed to place the bottomhole location 790' from the proration unit's outer boundary would drastically increase the complexity of drilling operations and associated costs as well as create numerous production problems. It is simply too far.

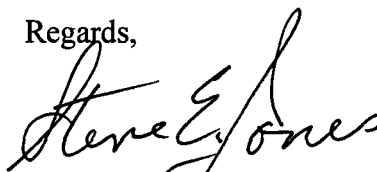
SJ 32-7 #220

01/27/98

Page 2

In summary, Phillips feels that the proposed well location is the only available option to protect interest owners of the subject proration unit. Please feel free to contact us should you have additional questions or comments. Again, we apologize for the tardiness of this reply.

Regards,

A handwritten signature in black ink, appearing to read "Steve E. Jones". The signature is fluid and cursive, with the first name "Steve" and last name "Jones" clearly distinguishable.

Steve E. Jones

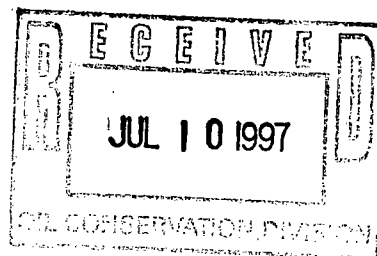
Coal Seam Reservoir Engrg. Specialist
(505) 599-3422



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

DD 7/30/97



July 9, 1997

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

ATTN: MR. WILLIAM J. LEMAY

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF DIRECTIONAL WELLBORE
AND UNORTHODOX WELL LOCATION
SAN JUAN 32-7 UNIT #220
SW/4 SECTION 5-T31N-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 an unorthodox well location and a directional wellbore project for the San Juan 32-7 Unit #220 well.

Per Division Order No. R-9305, a non-standard gas spacing and proration unit was established covering 321.61 acres (Lot 9 of Section 5; Lots 8, 9, 10, 11, 13, NW/4 SE/4, NE/4 SW/4 Section 6; Tract 53 in Section 5 and 6). The majority of this drillblock underlies Navajo Lake. Due to these severe topographical conditions, neither a vertical well nor an unorthodox surface location is possible. Phillips proposes to drill the well as a directional wellbore with a surface location of 655 feet from the south line and 705 feet from the west line of Section 5, with a bottom hole location of Section 5, with a bottom hole location of 1600 feet from the south line and 150 feet from the west line of Section 5; all in T31N-R7W, San Juan County, New Mexico.

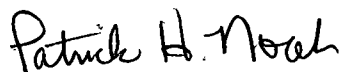
Enclosed are the following:

- 1) A nine-section plat which shows the surface location of the #220 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
- 4) A copy of a topographical map of the area; and
- 5) A list of the names and addresses of all offset operators.

REQUEST FOR ADMINISTRATIVE APPROVAL OF DIRECTIONAL WELLBORE
AND UNORTHODOX WELL LOCATION
SAN JUAN 32-7 UNIT #220
SW/4 SECTION 5-T31N-R7W,
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS' G. F. 5464
JULY 7, 1997
PAGE 2

A copy of this application has been sent by certified mail to all offsetting operators. By copy of this letter all offsetting operators area 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,

A handwritten signature in cursive script that reads "Patrick H. Noah".

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

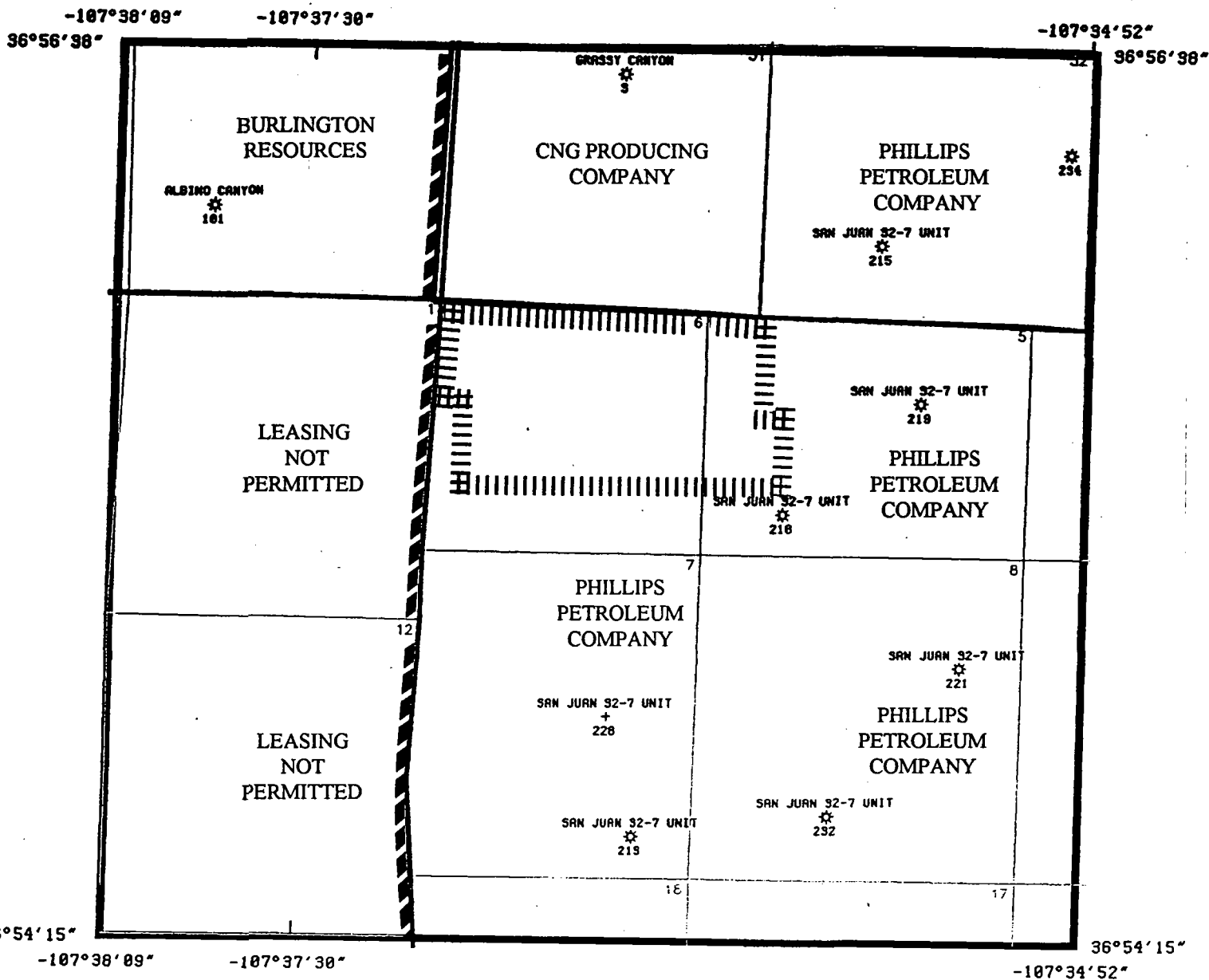
cc: J. L. Mathis (r)G. F. 5464
Ernie Busch - OCD, Aztec
Burlington Resources Oil & Gas Company
CNG Producing Company

San Juan 32-7 Unit #220

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



SAN JUAN 32-7 UNIT NO. 220 SURFACE LOCATION IS 705 FEET FROM THE WEST LINE AND 655 FEET FROM THE SOUTH LINE OF SECTION 5-T31N-R7W AND THE BOTTOM HOLE LOCATION IS INTENDED TO BE 150 FEET FROM THE WEST LINE AND 1600 FEET FROM THE SOUTH LINE OF SECTION 5-T31N-R7W.



Phillips Petroleum Company



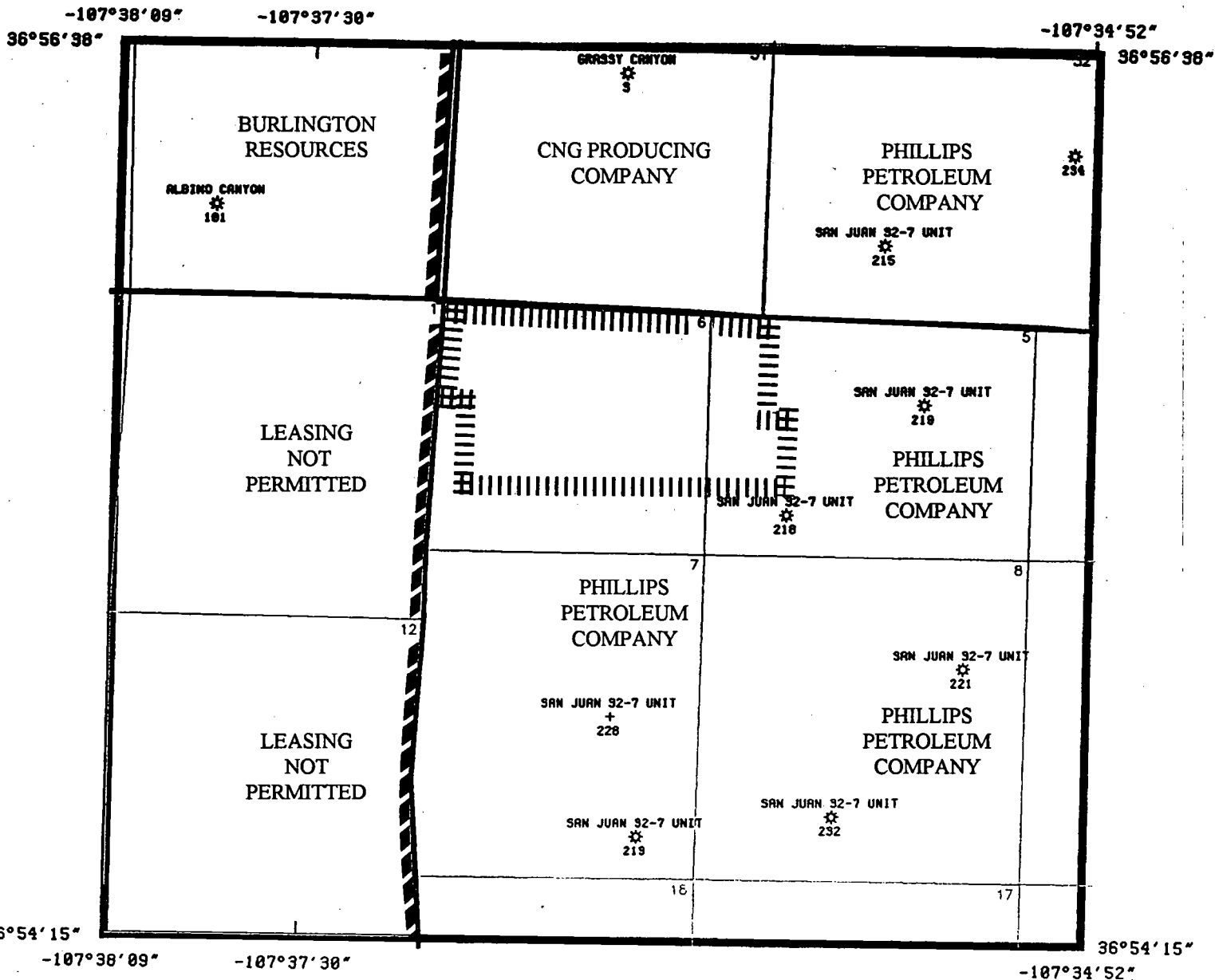
AREA SAN JUAN 32-7 UNIT NO. 220
NINE-SECTION PLAT OF OFFSETS

COUNTY SAN JUAN STATE NEW MEXICO JOB Q7410PHN USR00083

SCALE 1" = 2511 FEET 0 2,511 5,022
 SCALE (FEET)

DRILLBLOCK FOR SAN JUAN
 32-7 UNIT NO. 220

BOUNDARY FOR SAN JUAN
 32-7 UNIT



SAN JUAN 32-7 UNIT NO. 220 SURFACE LOCATION IS 705 FEET FROM THE WEST LINE AND 655 FEET FROM THE SOUTH LINE OF SECTION 5-T31N-R7W AND THE BOTTOM HOLE LOCATION IS INTENDED TO BE 150 FEET FROM THE WEST LINE AND 1600 FEET FROM THE SOUTH LINE OF SECTION 5-T31N-R7W.



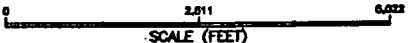
07410PHN 16:06 PHNOAH USR00083

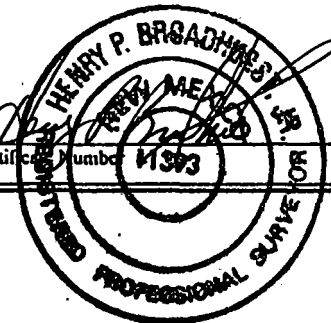


DRILLBLOCK FOR SAN JUAN 32-7 UNIT NO. 220



BOUNDARY FOR SAN JUAN 32-7 UNIT

	Phillips Petroleum Company		
AREA <u>SAN JUAN 32-7 UNIT NO. 220</u>			
NINE-SECTION PLAT OF OFFSETS			
COUNTY <u>SAN JUAN</u>	STATE <u>NEW MEXICO</u>	JOB <u>07410PHN USR00083</u>	
SCALE <u>1" = 2511 FEET</u>			



PHILLIPS PETROLEUM



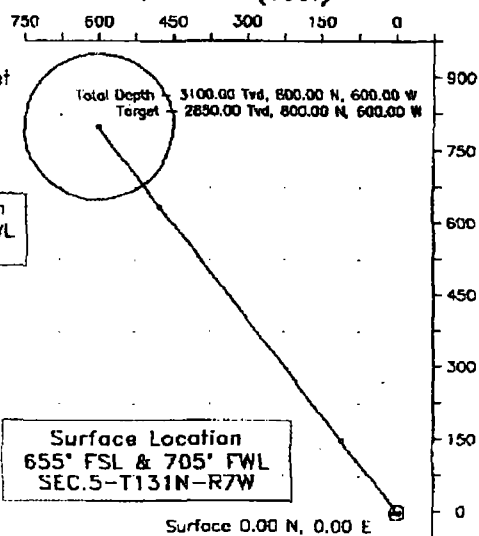
Structure : SEC.5-T31N-R7W Well : SAN JUAN 32-7 #220

Field : SAN JUAN COUNTY Location : NEW MEXICO

WELL PROFILE DATA

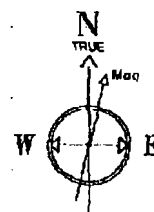
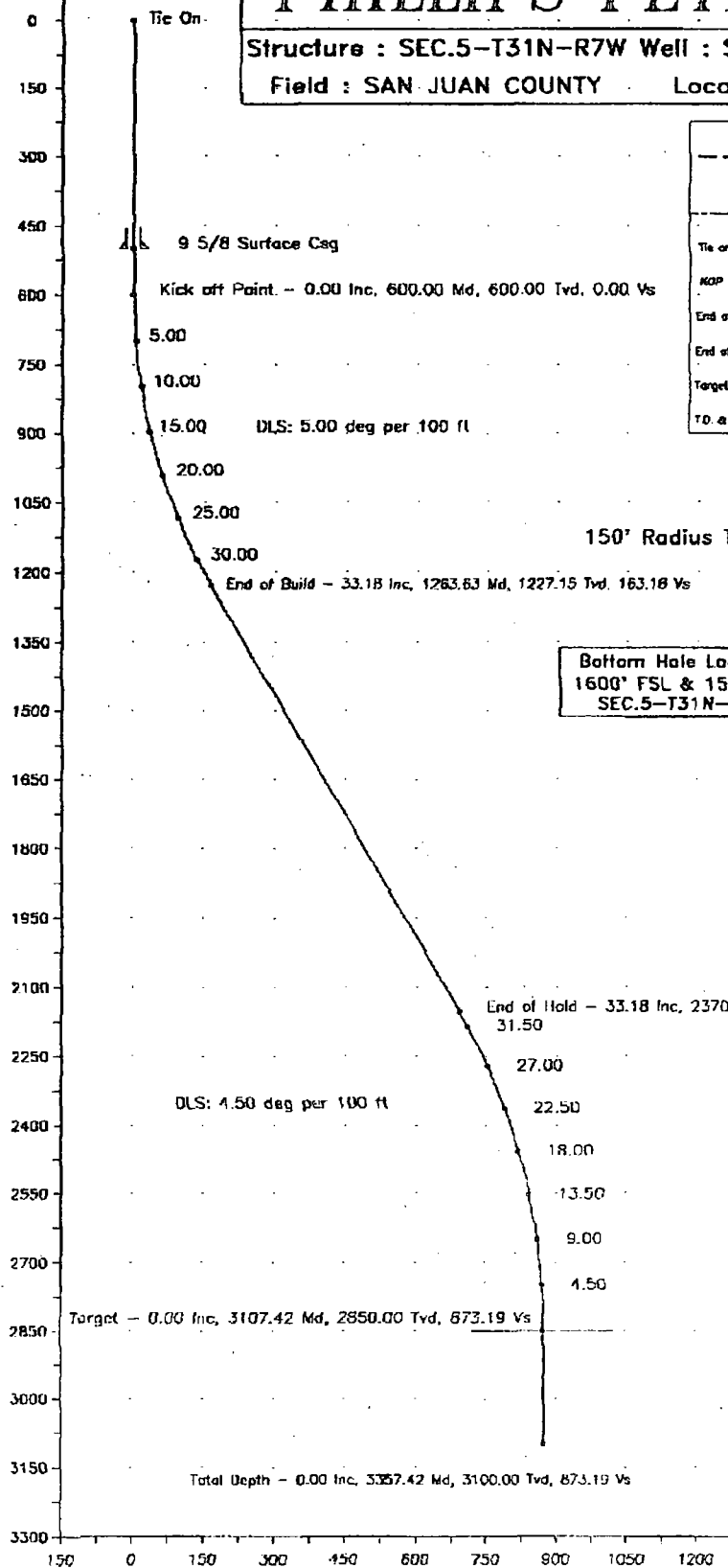
Point	MD	Inc	Th	TVD	North	East	V. Sect	Deg/100
Tie on	0.00	0.00	323.13	0.00	0.00	0.00	0.00	0.00
KOP	600.00	0.00	323.13	600.00	0.00	0.00	0.00	0.00
End of Build	1263.63	33.18	323.13	1227.15	149.48	-112.11	180.85	5.00
End of Hole	2370.08	33.18	323.13	2153.17	633.91	-473.43	782.35	0.00
Target SJ 220	3107.42	0.00	323.13	2850.00	800.00	-800.00	1000.00	1.50
T.D. & End of Hole	3357.42	0.00	323.13	3100.00	800.00	-800.00	1000.00	0.00

← West (feet)



← North (feet)

← True Vertical Depth (feet)



9-Jun-97

Magnetic North is 11.51 degrees East of TRUE North
To correct azimuth from Magnetic to TRUE add 11.51 deg

Azimuth 293.96 with reference 0.00 N, 0.00 E from SLOT #1

-- Baker Hughes INTEQ --
DRAWN BY: WALLY HOLBROOK
DATE: JULY 01, 1997
TVD REFERENCED RKB
DENVER, COLORADO
PHONE: (303) 534-3223

PHILLIPS PETROLEUM
SEC.5-T31N-R7W

SAN JUAN 32-7 #220
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 : prop2916
License :

Date printed : 1-Jul-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 56 39.000,w107 38 21

Slot location is n36 56 45.476,w107 38 12.316
Slot Grid coordinates are N 2163657.238, E 557444.693
Slot local coordinates are 655.00 N 705.00 E

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

Reference North is True North

PHILLIPS PETROLEUM
SEC.5-T31N-R7W,SAN JUAN 32-7 #220
SAN JUAN COUNTY,NEW MEXICO

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	323.13	0.00	0.00 N	0.00 E	0.00	0.00
500.00	0.00	323.13	500.00	0.00 N	0.00 E	0.00	0.00
600.00	0.00	323.13	600.00	0.00 N	0.00 E	0.00	0.00
700.00	5.00	323.13	699.87	3.49 N	2.62 W	5.00	4.36
800.00	10.00	323.13	798.99	13.93 N	10.45 W	5.00	17.41
900.00	15.00	323.13	896.58	31.24 N	23.43 W	5.00	39.05
1000.00	20.00	323.13	991.93	55.29 N	41.46 W	5.00	69.11
1100.00	25.00	323.13	1084.28	85.89 N	64.42 W	5.00	107.36
1200.00	30.00	323.13	1172.96	122.82 N	92.11 W	5.00	153.52
1263.63	33.18	323.13	1227.15	149.48 N	112.11 W	5.00	186.85
1500.00	33.18	323.13	1424.98	252.97 N	189.73 W	0.00	316.21
2000.00	33.18	323.13	1843.45	471.89 N	353.92 W	0.00	589.86
2370.06	33.18	323.13	2153.17	633.91 N	475.43 W	0.00	792.39
2407.42	31.50	323.13	2184.73	649.90 N	487.43 W	4.50	812.38
2507.42	27.00	323.13	2271.96	688.98 N	516.74 W	4.50	861.23
2607.42	22.50	323.13	2362.75	722.46 N	541.85 W	4.50	903.08
2707.42	18.00	323.13	2456.55	750.15 N	562.61 W	4.50	937.68
2807.42	13.50	323.13	2552.77	771.86 N	578.89 W	4.50	964.82
2907.42	9.00	323.13	2650.82	787.46 N	590.59 W	4.50	984.32
3007.42	4.50	323.13	2750.10	796.86 N	597.65 W	4.50	996.08
3107.42	0.00	323.13	2850.00	800.00 N	600.00 W	4.50	1000.00
3357.42	0.00	323.13	3100.00	800.00 N	600.00 W	0.00	1000.00 Total Depth

All data is in feet unless otherwise stated.
Coordinates from SLOT #1 and TVD from rotary table.
Bottom hole distance is 1000.00 on azimuth 323.13 degrees from wellhead.
Vertical section is from wellhead on azimuth 323.13 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

PHILLIPS PETROLEUM
 SEC.5-T31N-R7W,SAN JUAN 32-7 #220
 SAN JUAN COUNTY,NEW MEXICO

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

MD	TVD	Rectangular Coords.	Comments in wellpath =====
			Comment
3357.42	3100.00	800.00 N 600.00 W	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 220		2850.00	945.00N 555.00W	9-Jun-97

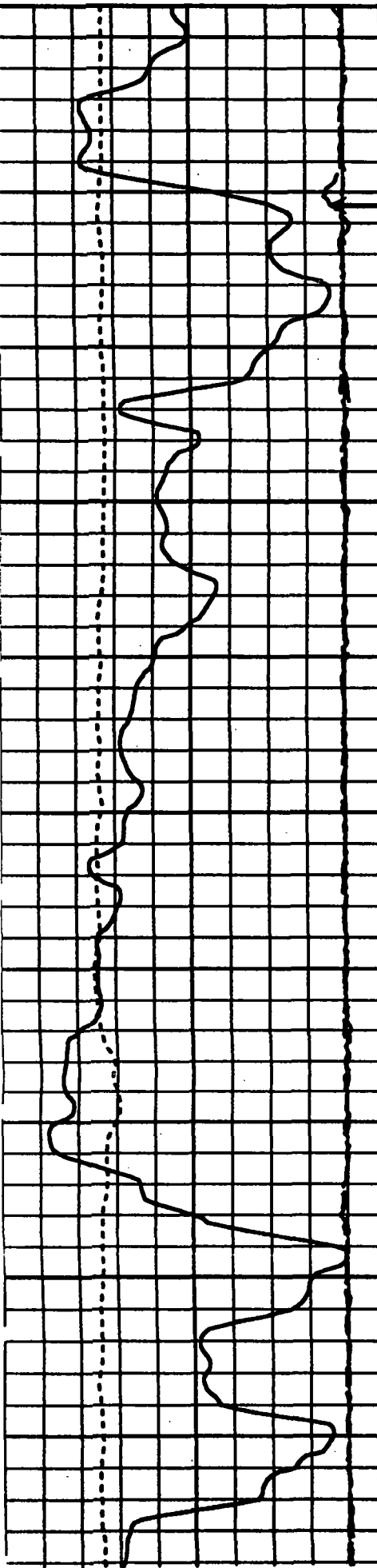
coals marked



SPECTRAL DENSITY DUAL SPACED NEUTRON

COMPANY WELL FIELD COUNTY	COMPANY PHILLIPS PETROLEUM COMPANY			
	WELL SAN JUAN 32-7 NO. 218			
	FIELD BASIN FRUITLAND COAL			
	COUNTY LA PLATA		STATE CO	
	API NO. 30-045-28359		OTHER SERVICES	
	LOCATION		SDL/DSN	
	681 F8L AND 1311 FML		ML	
			CSNG	
	SEC. 5	TWP 31N	RGE 7W	
PERMANENT DATUM GL		ELEV. 6646		ELEV.: K.B. 6662
LOG MEASURED FROM KB		16 FT. ABOVE PERM. DATUM		D.F. 6661
DRILLING MEASURED FROM KB				G.L. 6646
DATE	4/5/91			
RUN NO.	ONE			
DEPTH-DRILLER	3400			
DEPTH-LOGGER	3400			
BTH. LOG INTER.	3396			
TOP LOG INTER.	2000			
CASING-DRILLER	7.0 #3232			
CASING-LOGGER	3231			
BIT SIZE	6.25			
TYPE FLUID IN HOLE	PROD. WATER			
DENS. : VISC	NA : NA			
PH : FLUID LOSS	NA : NA			
SOURCE OF SAMPLE	NA			
RM # MEAS. TEMP.	NA # NA			
RMF # MEAS. TEMP.	NA # NA			
RMC # MEAS. TEMP.	NA # NA			
SOURCE RMF : RMC	NA : NA			
RM # BHT	NA # NA			
TIME SINCE CIRC.	NA			
TIME ON BOTTOM	23:24			
MAX. REC. TEMP.	116 #TD			
EQUIP. : LOCATION	4550 : FARM			
RECORDED BY	R. FRIDAY			
WITNESSED BY	T. MOORE	D. WALTERS		

Q SHORT		
-4.5	QUALITY	0.5
Q LONG		
4.5	QUALITY	-0.5
GAMMA		
0	API	200
CALIPER		
4	INCHES	14

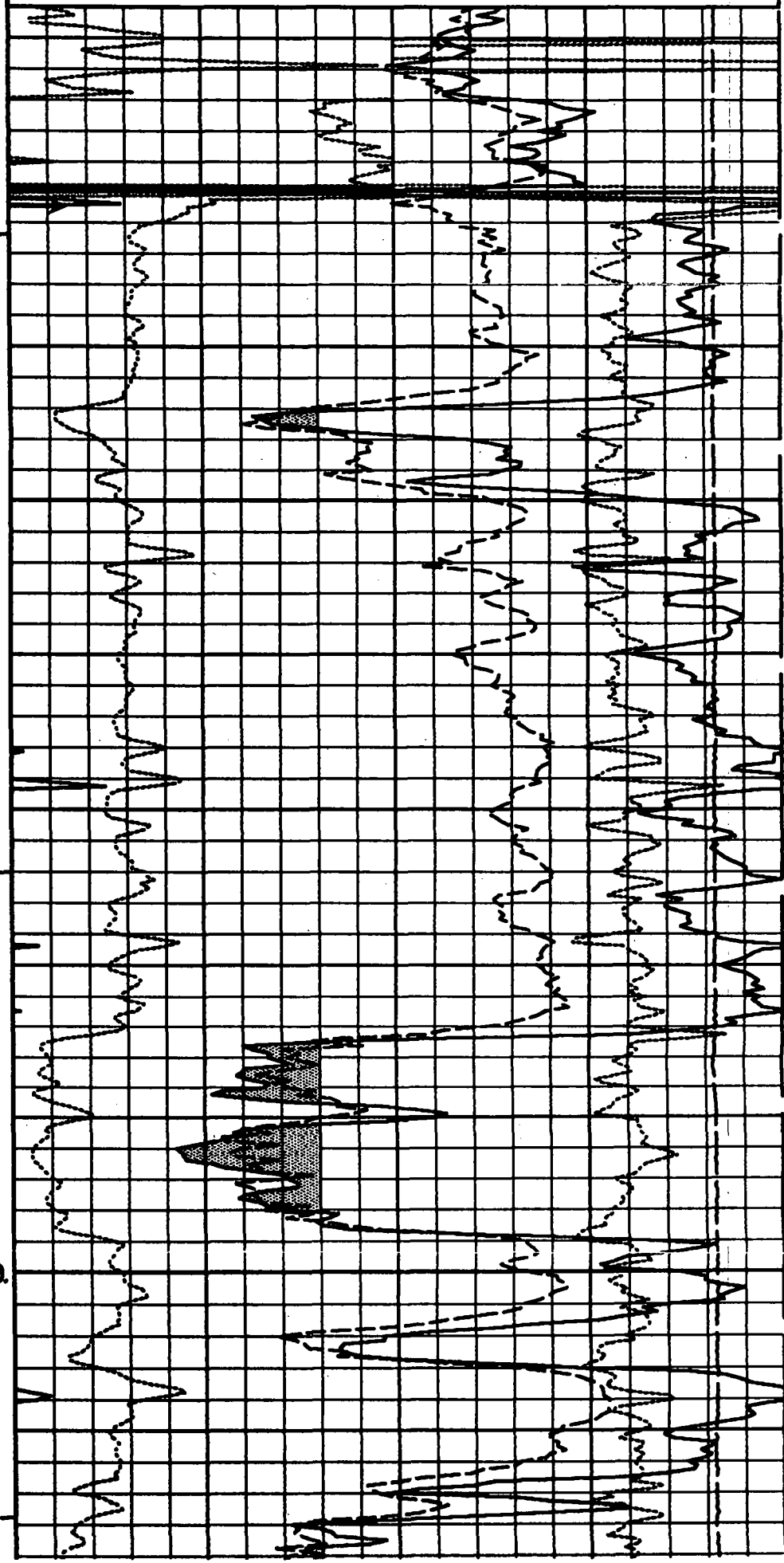


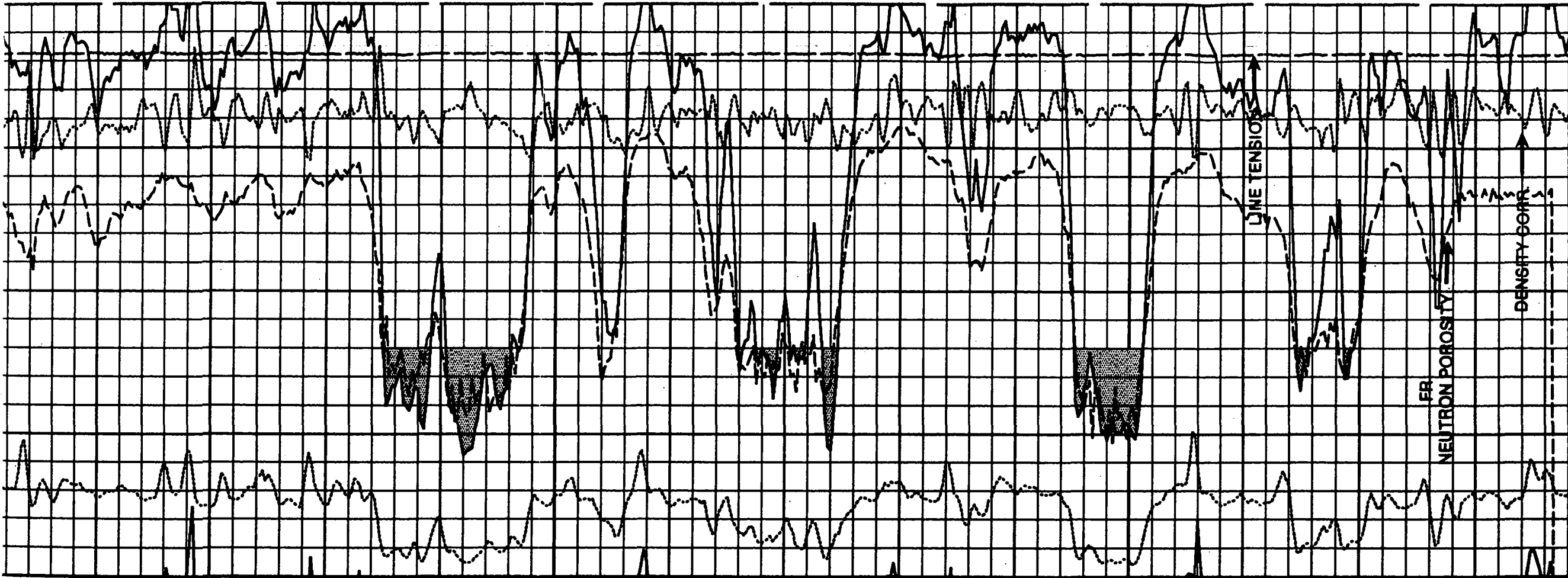
CASING

Top Coal
@ 3244'

3300.

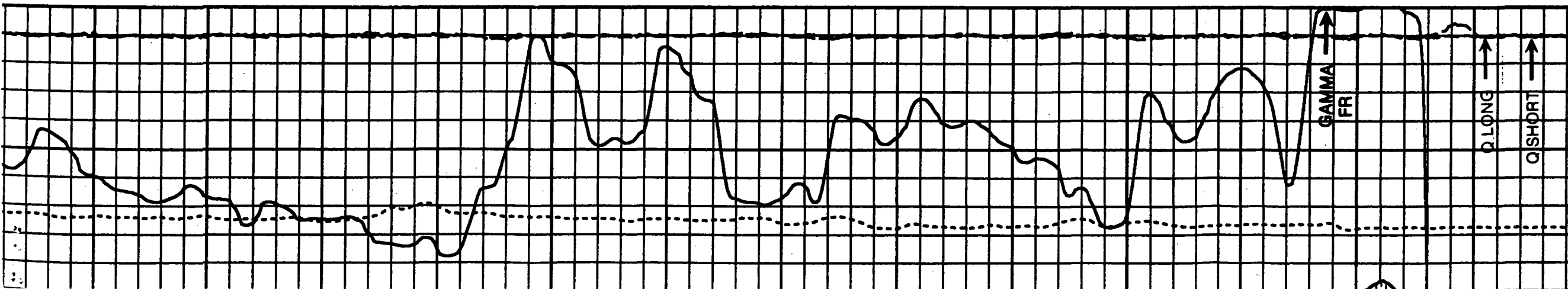
REPEAT SECTION		TENSION	
		10000	LBS
PE		DEN CORR	
0	10	-0.25	GM/CC
			0.25
DPHI			
100		2.65	
NPHI			
100		SAND	

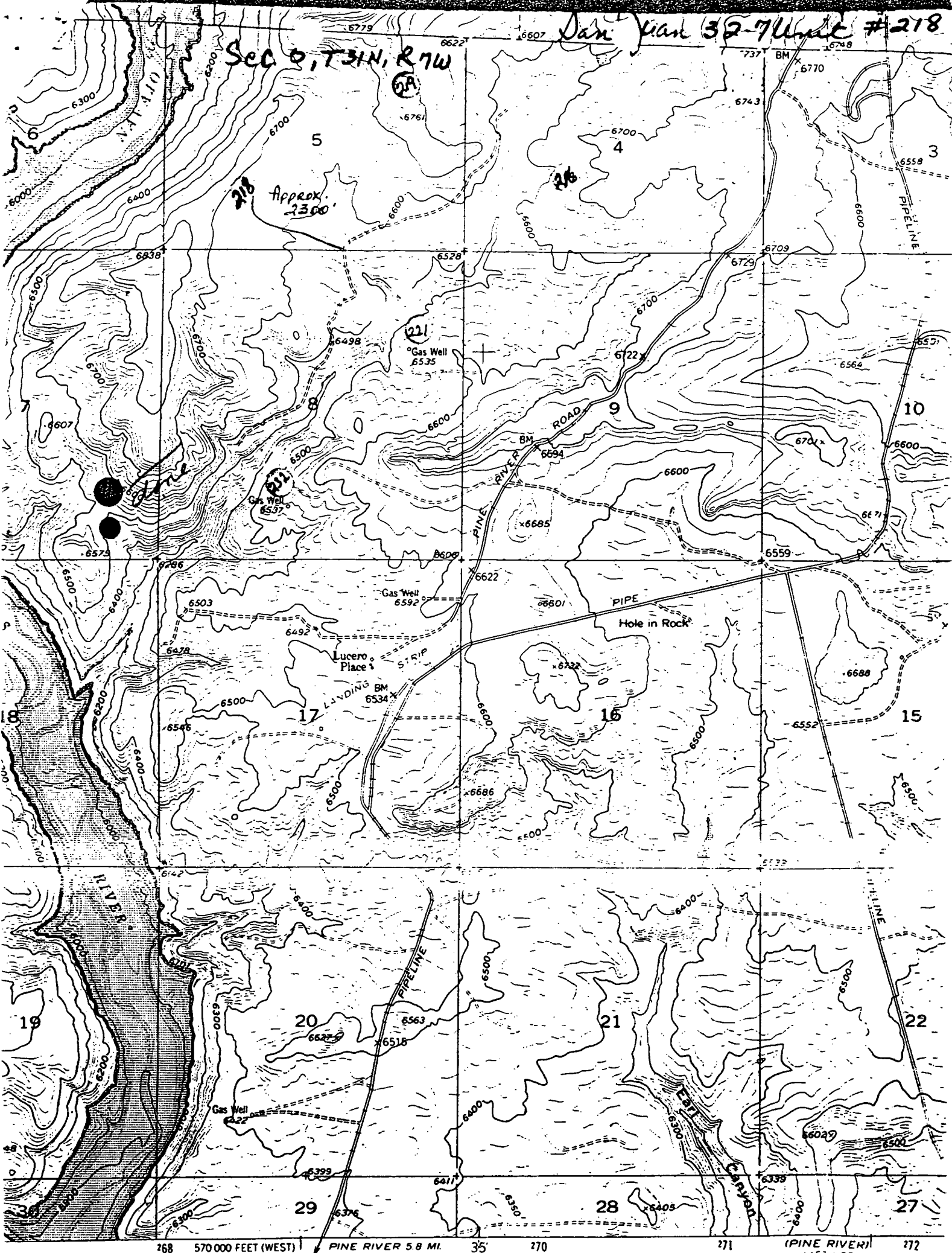




3300

Base
Coal @
3351





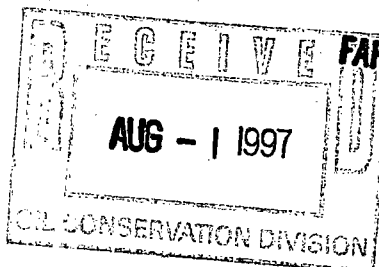


PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

MERIDIAN OIL

JUL 15 1997



July 9, 1997

Burlington Resources Oil & Gas Company
P. O. Box 4289
Farmington, NM 87499-4289

ATTN: PEGGY BRADFELD
REGULATORY/COMPLIANCE ADMINISTRATOR

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF DIRECTIONAL WELLBORE
AND UNORTHODOX WELL LOCATION
SAN JUAN 32-7 UNIT #220
SW/4 SECTION 5-T31N-R7W,
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS' G. F. 5464**

Dear Ms. Bradfield:

Enclosed is a copy of Phillips' application for administrative approval of a directional wellbore project and unorthodox well location for the #220 well.

In order to expedite our work, Phillips asks you to consider waiving any objection to this proposal. If a waiver is acceptable, please return one executed copy of this letter to my attention and to the attention of the NMOCD in Santa Fe. Stamped and addressed envelopes are provided for your convenience.

Feel free to contact me if you have any questions.

Very truly yours,

Patrick H. Noah

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

cc: J. L. Mathis (r)G. F. 5464

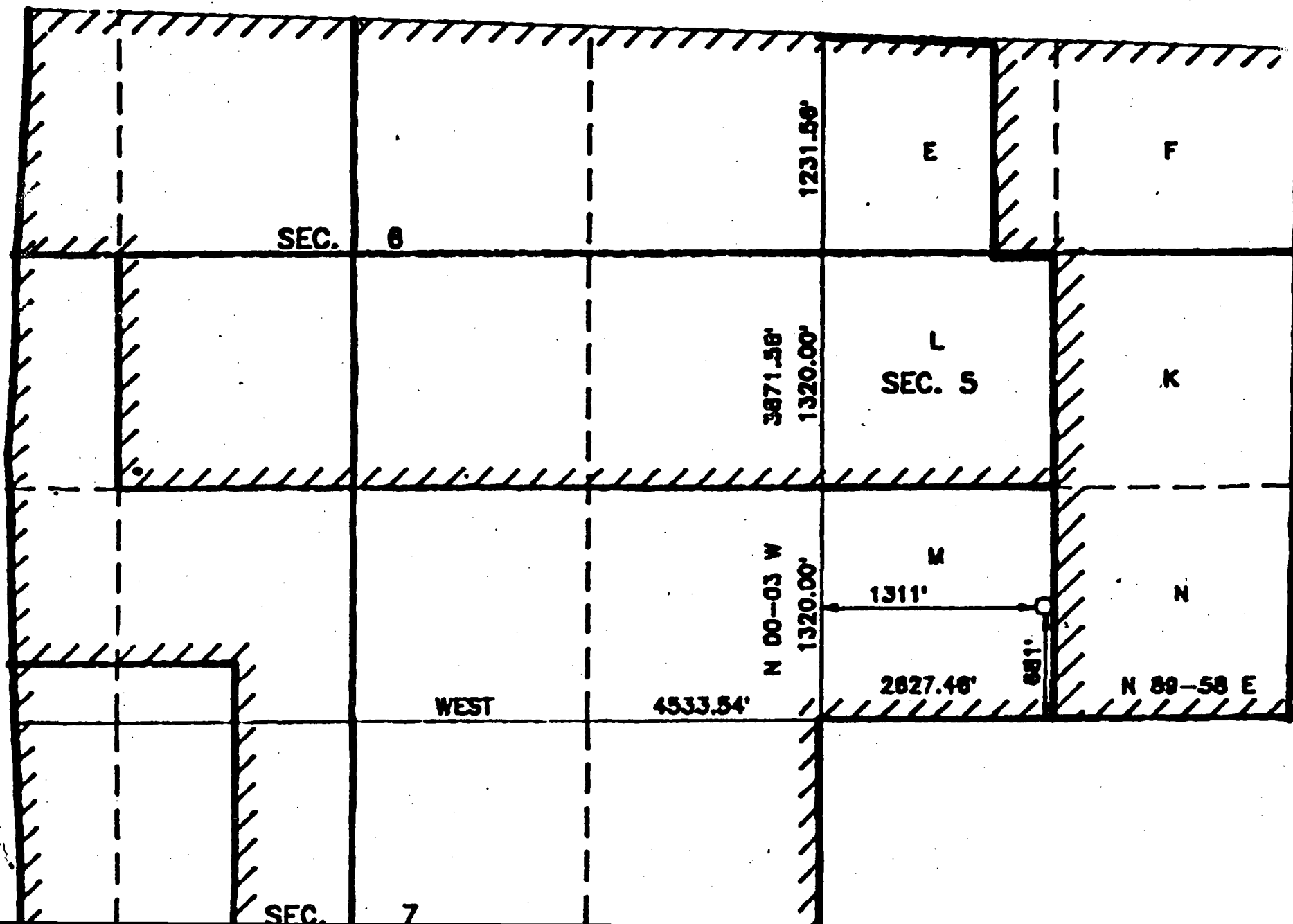
The undersigned operator waives objection to the application of Phillips Petroleum Company for a directional well project and unorthodox well location for the San Juan 32-7 Unit #220 well.

Owner Name: Burlington Resources Oil & Gas Company

By: *Alan Alexander*

Title: Alan Alexander, Senior Land Advisor

Date: July 17, 1997



**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. 10058
ORDER NO. R-9305**

***APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR EIGHT NON-STANDARD GAS
PRORATION UNITS AND SEVEN UNORTHODOX
COAL GAS WELL LOCATIONS, SAN JUAN COUNTY,
NEW MEXICO***

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of September, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Phillips Petroleum Company, is the operator of the San Juan 32-7 Unit in Townships 31 and 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico.
- (3) The applicant proposes to establish eight non-standard gas spacing and proration units, described in Exhibit "A" attached hereto and made a part hereof, for Basin-Fruitland Coal Gas Pool production within the boundaries of said Unit Area.
- (4) The applicant further seeks approval of three non-standard coal gas well locations, instead of the original seven as requested and advertised, in three of the eight non-standard units. Said non-standard locations are described in Exhibit "A".

(5) Said non-standard units are necessitated by irregular sections resulting from survey corrections and variations in the United States Public Lands Survey.

(6) The acreage contained in each individual proration unit should be based on the latest official surveys and resurveys accepted by the United States Government.

(7) The applicant is proposing to develop the Basin-Fruitland Coal Gas Pool, which is spaced on 320-acre units, on the same spacing units in the area which were established for the Basin-Dakota and/or Blanco-Mesaverde Pool, both developed on 320-acre spacing, by Division Order Nos. R-1066, R-2046, and R-5364.

(8) Each of the previous orders was issued to promote the orderly development of gas reserves spaced on 320 acres in that area of said Unit which contained survey variances.

(9) Those units established by said previous Orders R-1066, R-2046 and R-5364 have proven to be effective in promoting orderly development in the Blanco-Mesaverde and/or Basin-Dakota Pools.

(10) The eight proposed non-standard proration units may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and can be efficiently and economically drained and developed by the aforesaid wells to be drilled in each unit.

(11) The three requested non-standard coal gas well locations, proposed San Juan 32-7 Unit Well Nos. 213, 217 and 218, are necessitated due to topographic conditions that exist in the area and to the irregular sizes and shapes of their respective units.

(12) No offset operator and/or interested party appeared at the hearing in opposition to this application.

(13) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(14) At the time of the hearing it was called to the Division's attention that one of their requested non-standard units was the subject of Division Order No. R-9099, which order approved a 325.68-acre, more or less, non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 8 and 9, and the SE/4 SE/4 of Section 7; Lots 5, 6, and 7, the NE/4 NE/4 and the S/2 NE/4 of Section 18; and all of Tract 55 being in said Sections 7 and 18 as recorded on the Federal Survey Plat approved November 13, 1917, all in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico. Said unit is to be dedicated to Northwest Pipeline Corporation's San Juan 32-7 Unit Well No. 201 to be drilled at an unorthodox coal gas well location 500 feet from the South line and 880 feet from the East line (Unit P) of said Section 7.

(15) Said Northwest Pipeline well was never drilled and the unit has yet to be developed, therefore said Order No. R-9099 should be superseded at this time.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-9099, dated January 9, 1990, is hereby superseded by this Order.

(2) The application of Phillips Petroleum Company for eight non-standard gas spacing and proration units and three unorthodox coal gas well locations, as described in Exhibit "A" attached hereto and made a part hereof, is hereby approved.

(3) 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

SEAL

Exhibit "A"
Case No. 10058
Order No. R-9305

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO

<i>Proration Unit No.</i>	<i>Acreage* (More or Less)</i>	<i>Section</i>	<i>Description</i>	<i>Proposed Dedicated Well</i>	<i>Location</i>
1	325.68	7	Lots 8 and 9, the SE/4 SE/4 and that portion of Tract 55 lying in this Section.	San Juan 32-7 Well No. 213	<u>Non-Standard Coal Gas Well Location</u> 706' FSL - 995' FEL Section 7
		18	Lots 5, 6, and 7, NE/4 NE/4, S/2 NE/4, and that portion of Tract 55 lying in this Section.		
2	323.15	4	Lots 6, 7 and 8, SW/4, and NW/4 SE/4.	San Juan 32-7 Well No. 216	N/A
		5	Lot 5.		
3	323.39	3	Lots 5, 6, 7 and 8, W/2 SW/4.	San Juan 32-7 Well No. 217	<u>Non-Standard Coal Gas Well Location</u> 636' FNL - 618' FEL Section 4
		4	Lot 5, NE/4 SE/4, and S/2 SE/4.		
4	324.39	5	SW/4 SW/4	San Juan 32-7 Well No. 218	N/A
		6	Lots 12, 14, and 15 and S/2 SE/4		
		7	Lot 5, N/2 NE/4, and SE/4 NE/4		

<i>Proration Unit No.</i>	<i>Acreage* (More or Less)</i>	<i>Section</i>	<i>Description</i>	<i>Proposed Dedicated Well</i>	<i>Location</i>
5	321.66	5	Lots 6, 7 and 8, E/2 SW/4, and SE/4	San Juan 32-7 Well No. 219	<u>Non-Standard Coal Gas Well Location</u> 291' FSL - 1795' FEL Section 5
6	319.16	5	Lot 9 and that portion of Tract 53 lying in this Section.	San Juan 32-7 Well No. 220	N/A
		6	Lots 8, 9, 10, 11 and 13, NE/4 SW/4, NW/4 SE/4, and that portion of Tract 53 lying in this Section.		
7	321.61	18	Lots 8, 9 and 10, SE/4 NW/4, E/2 SW/4, and SE/4.	San Juan 32-7 Well No. 227	N/A
8	317.23	6	That portion of Tract 54 lying in this Section.	San Juan 32-7 Well No. 228	N/A
		7	Lots 6 and 7, SW/4 NE/4, N/2 SE/4, and that portion of Tract 54 lying in this Section.		

** The acreage contained in each individual proration unit is based on the latest official surveys and resurveys accepted by the United States Government.*

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/16/97 08:26:29
OGOMES -EMD6
PAGE NO: 1

Sec : 05 Twp : 31N Rng : 07W Section Type : NORMAL

8 53 12.30 25.91	7 35.34	6 34.02	5 32.70
Federal owned U	Federal owned U	Federal owned U	Federal owned U

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

07/16/97 08:26:42
OGOMES -EMD6
PAGE NO: 2

Sec : 05 Twp : 31N Rng : 07W Section Type : NORMAL

9 53 38.14 25.91 Federal owned U	K 40.00 Federal owned U	J 40.00 Federal owned U A	I 40.00 Federal owned U A
M 40.00 Federal owned U A	N 40.00 Federal owned U	O 40.00 Federal owned U	P 40.00 Federal owned U

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SEGT

ONGARD
INQUIRE LAND BY SECTION

07/16/97 08:29:55
OGOMES -EMD6
PAGE NO: 1

Sec : 06 Twp : 31N Rng : 07W Section Type : NORMAL

	10 40.62 Federal owned U		
11 16.85 Federal owned U	10 40.62 Federal owned U	9 39.30 Federal owned U	8 53 25.23 14.10 Federal owned U

PF01 HELP
PF07 BKWD

PF02
PF08 FWD

PF03 EXIT
PF09 PRINT

PF04 GoTo
PF10 SDIV

PF05
PF11

PF06
PF12

CMD :
OG5SECT

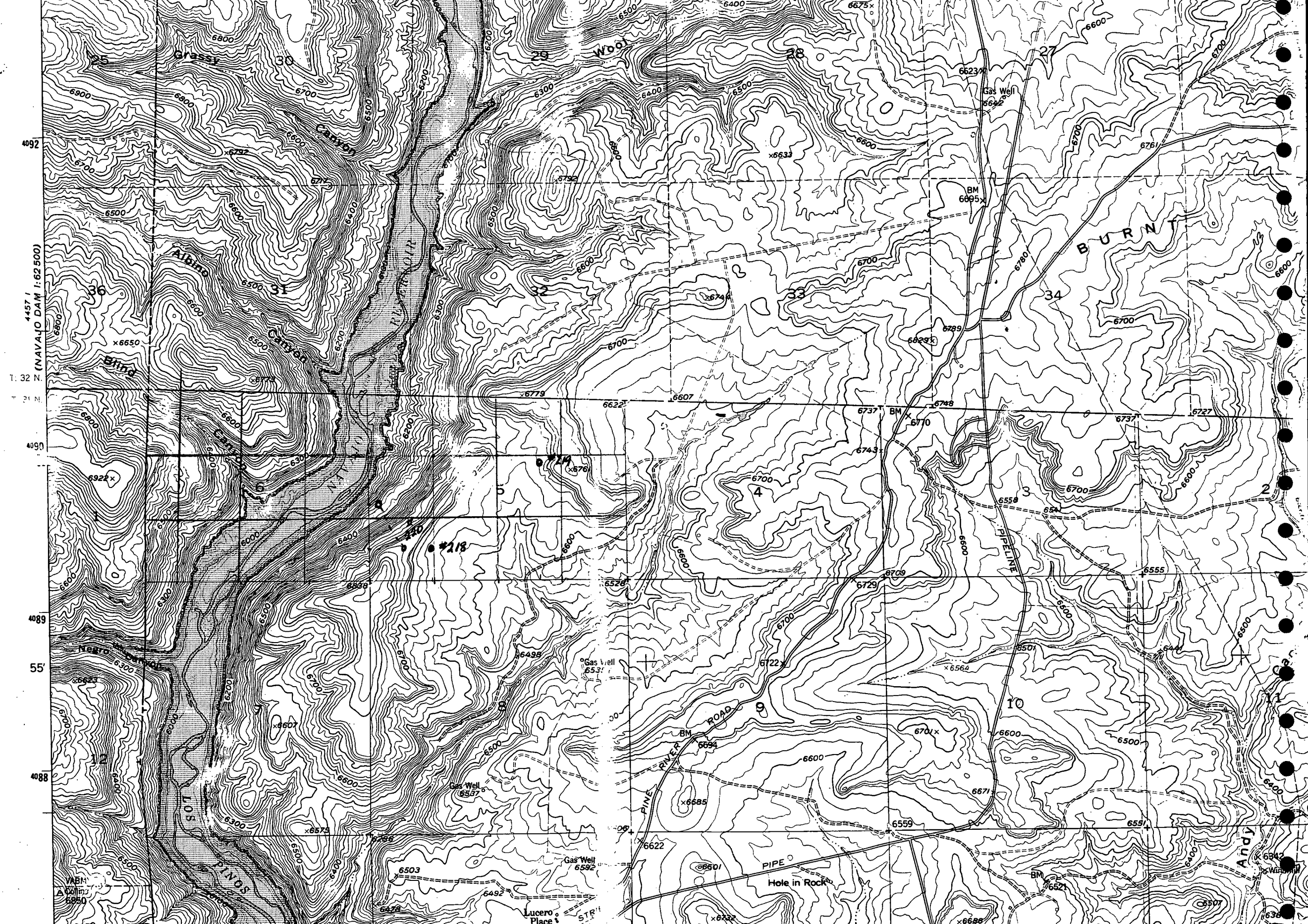
ONGARD
INQUIRE LAND BY SECTION

07/16/97 08:30:12
OGOMES -EMD6
PAGE NO: 2

Sec : 06 Twp : 31N Rng : 07W Section Type : NORMAL

12 18.21 Federal owned U	K 40.00 Federal owned U	J 40.00 Federal owned U	13 53 39.02 14.10 Federal owned U
15 54 13.58 8.92 Federal owned U	14 54 34.25 8.92 Federal owned U	O 40.00 Federal owned U	P 40.00 Federal owned U

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



***** TO ALL MVS USERS *****

IF ANYONE IS USING THE FOLLOWING ESOTERIC NAMES, PLEASE

CONTACT SYSTEMS--

UNIT=SPACE

UNIT=USER1

UNIT=SYSSQ

UNIT=USERS

THESE ESOTERIC NAMES WILL DIAPPEAR SOON UNLESS WE HEAR

OTHERWISE FROM USERS.

SS-338-O

DATA DOCUMENTS/INC.