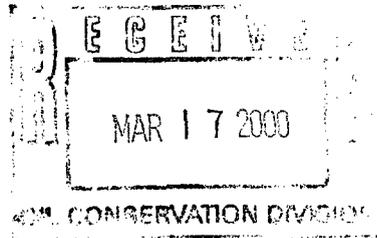


DHC 4/6/00



**PHILLIPS PETROLEUM COMPANY**

FARMINGTON, NEW MEXICO 87401  
5525 HWY. 64 NBU 3004



March 16, 2000

2702

New Mexico Oil & Gas Conservation Div.  
2040 South Pacheco  
Santa Fe, NM 87505-6429

Downhole Commingling Allocation Method  
on the San Juan 30-5 Unit #112

Dear Sirs:

Phillips is proposing to utilize the subtraction method on the subject well for approximately six months after actual commingling occurs. After the six month period we will convert to the ratio method as indicated in our commingling application. We believe this will be a more accurate method of allocating production considering that the Dakota interval has been producing for several months and that the production will not be stabilized on the Mesaverde for several months.

**Dakota Production Forecast**

March 2000	1,870	April 2000	1,803
May 2000	1,856	June 2000	1,789
July 2000	1,841	August 2000	1,833
September 2000	1,767	October 2000	1,819
November 2000	1,753	December 2000	1,805

For example, if the total volume for June 2000 were 15,500 mcf, then the Dakota would be allocated 1,789 mcf and the Mesaverde 13,711 mcf. And subsequently, the Dakota would be allocated 1,789/15,500 or 11.54% and Mesaverde would be allocated 99,726/15,500 or 88.46%.

Sincerely,  
PHILLIPS PETROLEUM COMPANY

Clint Hutchinson  
Reservoir Engineer

CH/pc

cc: OCD - Aztec  
BLM - Farmington  
NM Commissioner of Public Lands - Santa Fe

**DISTRICT I**  
P.O. Box 1980, Hobbs, NM 88241-1980

**DISTRICT II**  
811 South First St., Artesa, NM 88210-2835

**DISTRICT III**  
1000 Rio Brazos Rd, Aztec, NM 87410-1899

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-A  
New 3-12-96

**OIL CONSERVATION DIVISION**

2040 S. Pacheco  
Santa Fe, New Mexico 87505-8429

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

**APPLICATION FOR DOWNHOLE COMMINGLING**

Operator Phillips Petroleum Company Address 5525 Hwy. 64, Farmington, NM 87401

Lessee San Juan 30-5 Unit Well No. 112 Unit Ltr. - Sec - Twp - Rge 0 12, 30N, 5W County Rio Arriba

OGRID NO. 017654 Property Code 009258 API NO. 30-039-26159 Spacing Unit Lease Types: (check 1 or more)  
Federal  State  (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	72319 Blanco Mesaverde		71599 Basin Dakota
2. Top and Bottom of Pay Section (Perforations)			
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 1030 (est.)	a.	a. 546
	b. (Original) 1294 (est.)	b.	b. 3412 (est.)
6. Oil Gravity (°API) or Gas BTU Content	1030		990
7. Producing or Shut-in?			Producing
Production Marginal? (yes or no)	Yes		Yes
• If Shut-in, give date and oil/gas/water rates of last production  Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data  • If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
	Date: estimate Rates: 375 mcfd	Date: Rates:	Date: 2/29/1999 Rates: 71 mcfd
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones?  Yes  No  
If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No

11. Will cross-flow occur?  Yes  No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable.  Yes  No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other?  Yes  No

13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10770

16. ATTACHMENTS:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - Production curve for each zone for at least one year. (If not available, attach explanation.)
  - For zones with no production history, estimated production rates and supporting data.
  - Data to support allocation method or formula.
  - Notification list of all offset operators.
  - Notification list of working, overriding, and royalty interests for uncommon interest cases.
  - Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Clinton W. Hutchinson TITLE Reservoir Eng. DATE 3/16/00

TYPE OR PRINT NAME Clint Hutchinson TELEPHONE NO. ( 505 ) 599-3423

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.

Clint Hutchinson  
 Print or Type Name

*Clint Hutchinson*  
 Signature

Reservoir Engr.  
 Title

3/16/00  
 Date

District I  
 PO Box 1900, Hobbs, NM 88241-1900  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Rio Brann Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Dept. 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**

* API Number		* Pool Code 71599	* Pool Name Basin Dakota
* Property Code 009258	* Property Name SAN JUAN 30-5		* Well Number 112
* OGRID No. 017654	* Operator Name PHILLIPS PETROLEUM COMPANY		* Elevation 6671'

**10 Surface Location**

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
0	12	30N	5W		1190'	SOUTH	1730'	EAST	RIO ARRIBA

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
0									

* Dedicated Acres 268.85 S/2	* Joint or Infill N	* 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**

<p>16 N89°58'W 2640.00'</p> <p>5280.00'</p> <p>N00°03'E</p> <p>2640.00' N89°53'W</p>	<p>Section 12</p> <p>SF-080537 807.21 acres</p>	<p>1320.00'</p> <p>1730'</p> <p>1190'</p> <p>1320.00'</p>	<p>470.58'</p> <p>5280.00'</p> <p>477.84'</p>	<p>17 OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Patsy Clugston</i> Signature Patsy Clugston Printed Name Regulatory Assistant Title March 30, 1999 Date</p> <p>18 SURVEYOR CERTIFICATION</p> <p><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></p> <p>03/03/99 Date of Survey Signature and Seal of Professional Surveyor:</p> <p><i>Henry P. Broadhurst</i> Henry P. Broadhurst NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR Certification Number 13159</p>
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District I  
 871 West 1900, Hobbs, NM 88241-1900  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Ole Braun Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

**OIL CONSERVATION DIVISION**  
 2040 South Pacheco  
 Santa Fe, NM 87505

Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

RECEIVED  
 BLM

AMENDED REPORT

99 APR -1 AM 9:56

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

* AIT Number		* Pool Code 72319	* Pool Name Blanco Mesa Verde	
* Property Code 009258	* Property Name SAN JUAN 30-5			* Well Number 112
* OGRID No. 017654	* Operator Name PHILLIPS PETROLEUM COMPANY			* Elevation 6671'

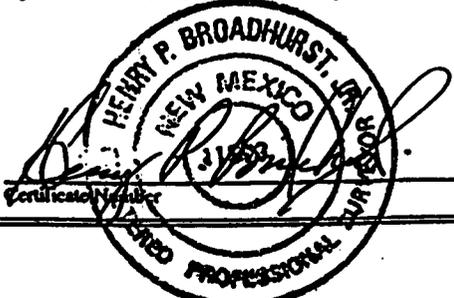
**10 Surface Location**

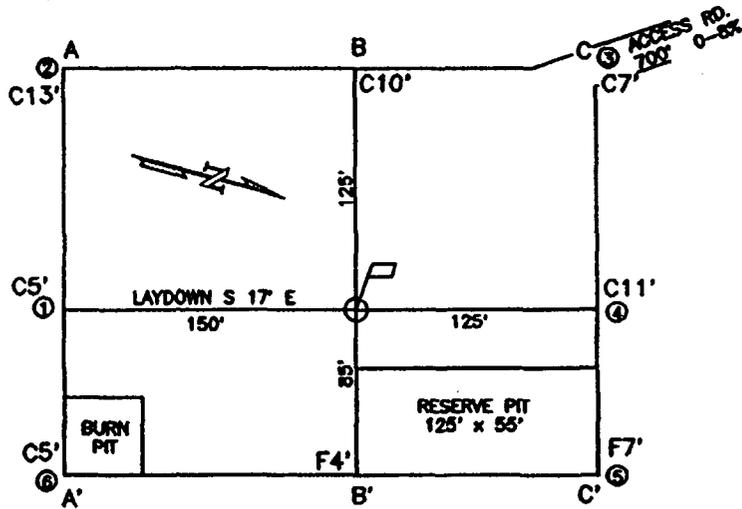
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
0	12	30N	5W		1190'	SOUTH	1730'	EAST	RIO ARRIBA

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
0									
** Dedicated Acres 268.85S/2		** Joint or Infill N	** Consolidation Code II		** 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°58'W 2640.00'  5280.00'  N00°03'E  2640.00' N89°53'W	Section 12 SF-080537 807.21 acres		1320.00'  470.58'  5280.00'  North  1730'  1190'  1320.00' 477.84'	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <i>Patsy Clugston</i> Signature Patsy Clugston Printed Name Regulatory Assistant  Title March 30, 1999 Date
	<b>18 SURVEYOR CERTIFICATION</b> 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.  03/03/99 Date of Survey  Signature and Seal of Professional Surveyor:			
	1730'			



ELEVATION A-A'

C/L

6691				
6681				
6671				
6661				
6651				

B-B'

C/L

6691				
6681				
6671				
6661				
6651				

C-C'

C/L

6691				
6681				
6671				
6661				
6651				

COMPANY: PHILLIPS PETROLEUM COMPANY

LEASE: SAN JUAN 30-5 UNIT No.112

FOOTAGE: 1190' FSL, 1730' FEL UNIT 0

SEC. 12 TWN. 30-N RNG. 05-W N.M.P.M.

COUNTY, RIO ARRIBA STATE, N.M.

ELEVATION: 6671

LATITUDE: 36-49-25

LONGITUDE: 107-18-28

	<b>PHILLIPS PETROLEUM COMPANY</b> FARMINGTON, NEW MEXICO	
	SURVEYED: 3/3/99	REV. DATE:
DRAWN BY: T.G.	DATE DRAWN: 3/9/99	FILE NAME: P007201
		P.O. BOX 3631 FARMINGTON, NM 87499 OFFICE: (505)334-0408

M2Y67-01 PARPI - WELLZONE PRODUCTION BROWSE Date: 3/15/00  
 DAILY AVERAGE BY MONTH User: #W9R  
 Wellzone F0647 01 Yr: 1999 Mth: 09 Property: 650479 SAN JUAN 30-5 UNIT #  
 Screen: 1 (1-Prod, 2-Inj, 3-Both) Well No: 0000112  
 Type: D (T-Total, D-Daily Avg) Field: 0422 BASIN  
 Period: M (M-Monthly, Y-Yearly, C-Cumm) Reserv: 20076 DAKOTA

ADJ	OIL (BBL)	GAS (MCF)	WATER (BBL)	PROD	OP	ST	CL	TY
* 1999-09	0.00	5	0	28.00	3	11	03	2
* 1999-10	0.00	43	0	31.00	31	11	03	2
* 1999-11	0.00	32	1	30.00	30	11	03	2
* 1999-12	0.00	64	7	31.00	31	11	03	2
2000-01	0.00	91	0	31.00	31	11	03	2

PA1=ICE PF1=Help PF3=End PF10=Next Well  
 PF7=Backward PF8=Forward PF11=Prev Well

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

DATE: MARCH 2, 2000

WELL NAME: SAN JUAN 30-5 # 112  
FORMATION: DAKOTA

TYPE TEST: STATIC GRADIENT

COUNTY: RIO ARRIBA  
STATE: NEW MEXICO

TOTAL DEPTH: 8233'  
PERFS: MID PERFS 8125'  
TUBING: 2 3/8" 8151'  
CASING SIZE: 4 1/2" TO 8236'  
PACKER:  
OTHER: 1.81" FN @ 8119'  
PRESSURED UP @ 11:45

CASING PRESSURE: 452  
TUBING PRESSURE: 452  
OIL LEVEL:  
WATER LEVEL:  
TEMPERATURE:  
ELEMENT NO.  
ELEMENT RANGE 0 TO 3000

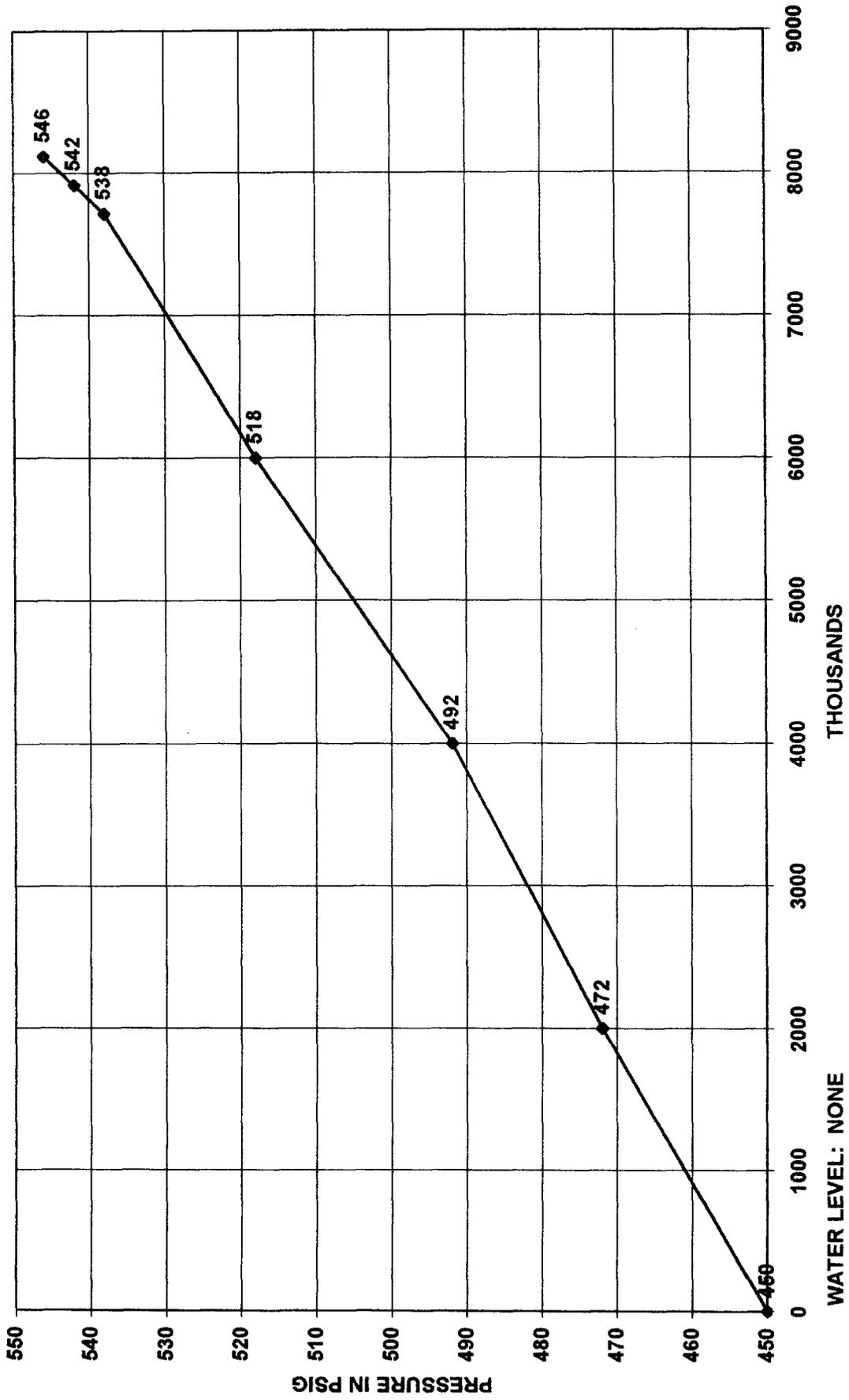
WELL STATUS: PLUNGER LIFT SYSTEM

DEPTH IN FEET	PRESSURE PSIG	GRADIENT PSI/FOOT
0	450	
2000	472	0.011
4000	492	0.010
6000	518	0.013
7719	538	0.012
7919	542	0.020
8119	546	0.020

TD @

H & H WIRELINE SERVICE INC.  
P. O. BOX 899  
FLORA VISTA, NEW MEXICO 87415  
OPERATOR: C. HUGHES  
UNIT NO. T-11

PHILLIPS PETROLEUM: SAN JUAN 30-5 # 112  
DATE: MARCH 2, 2000



WATER LEVEL: NONE

Dakota Production Forecast for 30-5 Unit  
Well #112

Year	Month	Gas (MCF)
Mar-00	1	1870
Apr-00	2	1803
May-00	3	1856
Jun-00	4	1789
Jul-00	5	1841
Aug-00	6	1833
Sep-00	7	1767
Oct-00	8	1819
Nov-00	9	1753
Dec-00	10	1805
Jan-01	11	1797
Feb-01	12	1617
Mar-01	13	1784
Apr-01	14	1719
May-01	15	1770
Jun-01	16	1706
Jul-01	17	1756
Aug-01	18	1749

Initial Rate            60 MCF/D

### 30-5 Unit Mesaverde

