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

November 5, 1992

Mr. William J. LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox Location
San Juan 32-7 #236
870' FSL & 2008' FWL
Section 28, T32N, R7W
San Juan County, New Mexico

Dear Mr. LeMay:

Phillips Petroleum hereby requests administrative approval for an unorthodox well location for its San Juan Unit 32-7 #236, a Fruitland Coal well. The request for unorthodox location is dictated by terrain concerns at the standard location as evidenced on the enclosed topo map. The W/2 Section 28, T32N, R7W will be dedicated to this well.

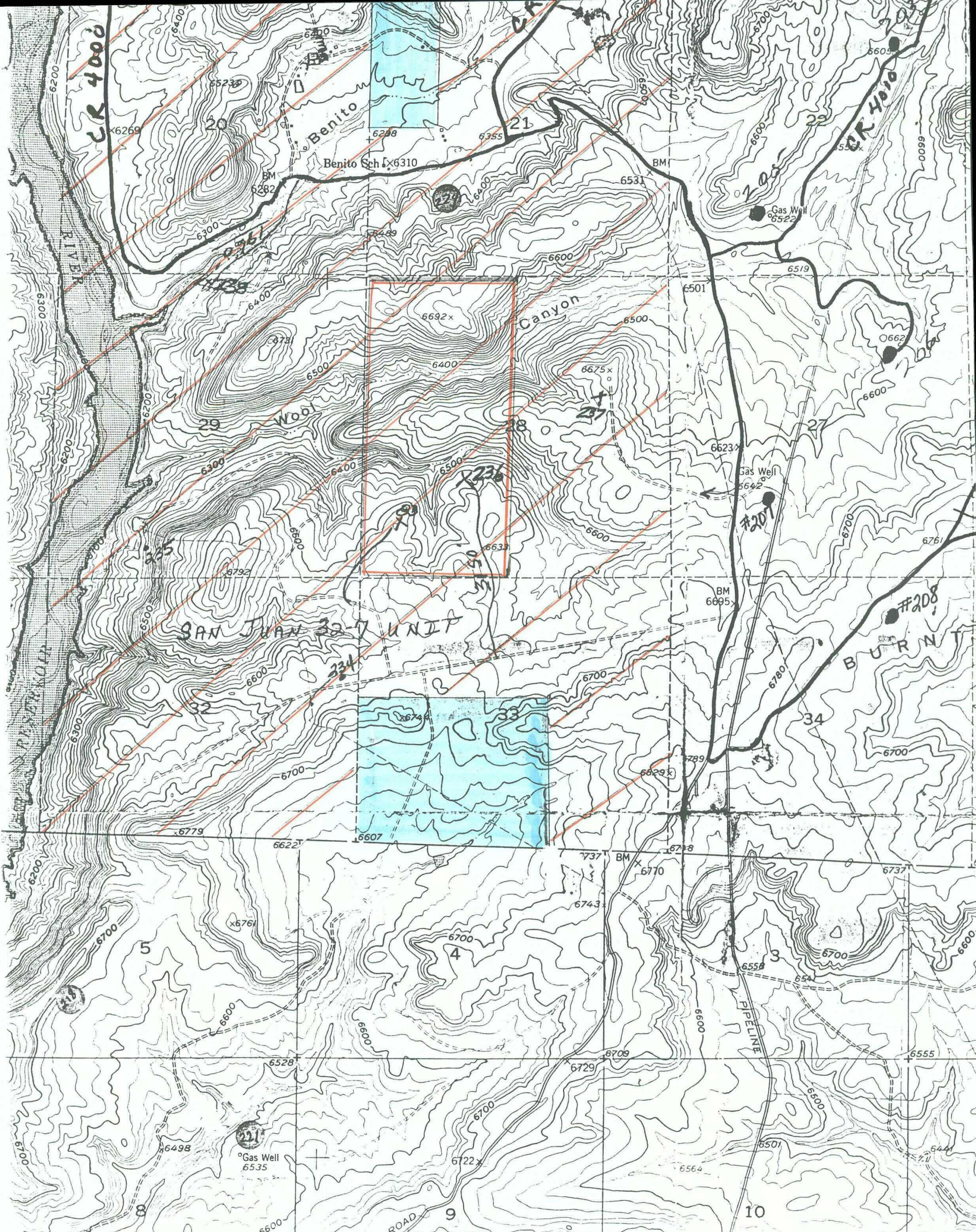
A complete package of maps, C-102, etc. are enclosed herewith. Additionally, you will find a copy of waiver request addressed to offset operators. The cross hatched (red) acreage falls within the Phillips-operated unit. The tracts highlighted in blue represent offset operator's acreage. Your early response to this request will be greatly appreciated.

Very truly yours,

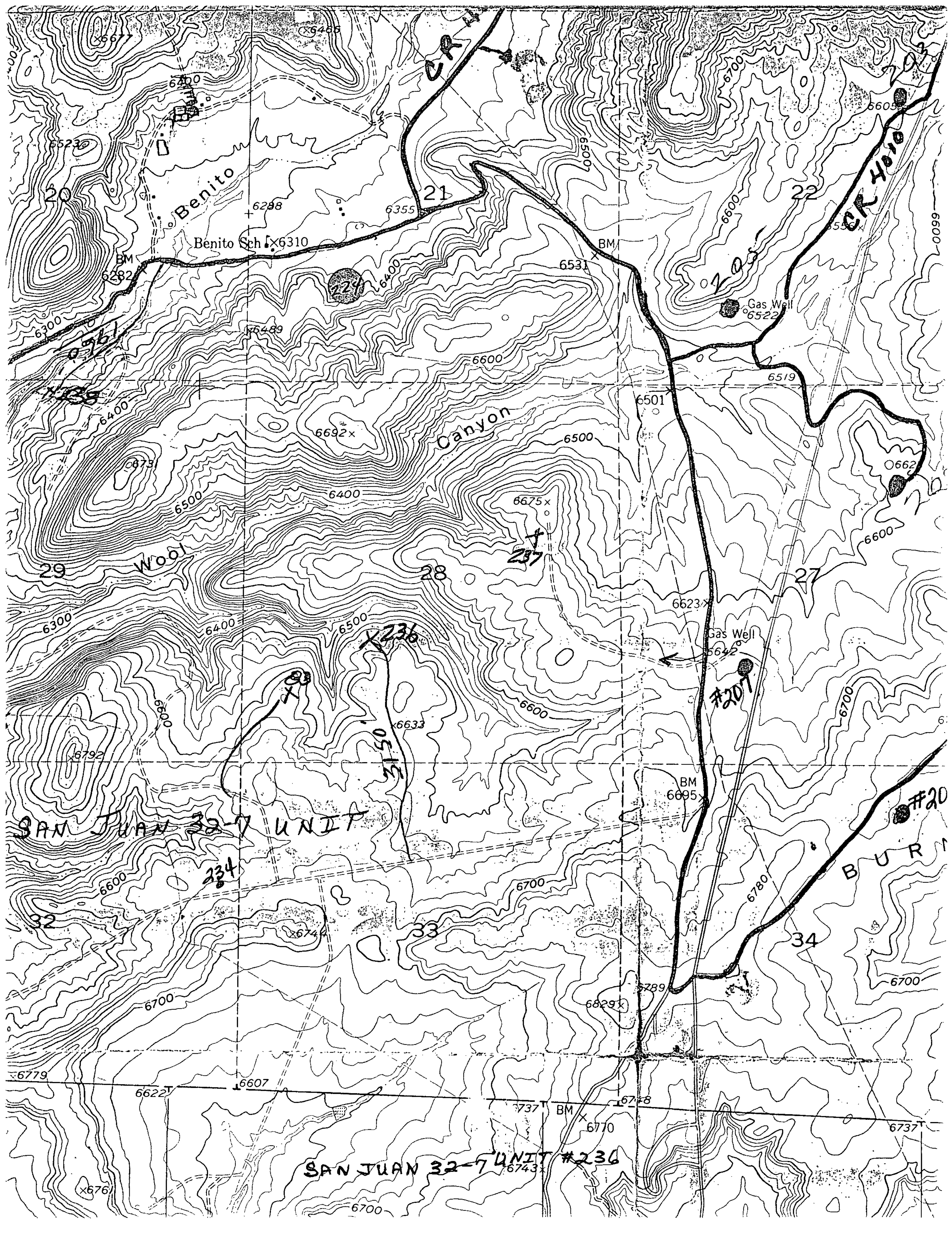
PHILLIPS PETROLEUM COMPANY

W. Frank Hulse, III
Land Specialist, CPL
San Juan Basin
(505) 599-3458

cc: Southland Royalty Company
Pantera Energy Company



SAN JUAN 32-7 UNIT #236



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SAN JUAN 32-7 UNIT
SAN JUAN 32-7 UNIT #236
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Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: SF-078542

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME: San Juan 32-7 Unit

8. FARM OR LEASE NAME:

2. NAME OF OPERATOR: Phillips Petroleum Company

9. WELL NO.: 236

3. ADDRESS OF OPERATOR: 5525 Hwy 64 NBU 3004, Farmington, NM 87401

10. FIELD AND POOL, OR WILDCAT: Basin Fruitland Coal

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: Unit N, 870' FSL & 2008' FWL
At proposed prod. zone: Same as above

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 28, T-32-N, R- 7-W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 20 Miles SE From Ignacio, Colorado

12. COUNTY OR PARISH: San Juan

13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
	960 Acs	360 Acs W/2
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
	3350'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6628' (GL Unprepared)

22. APPROX. DATE WORK WILL START*: Upon Approval

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#, K-55	250'	250 Sx, Circ to Surface
8-3/4"	7"	23#, K-55	3285'	650 Sx, Circ to Surface
6-1/8"	5-1/2"	23#	3185'-3350'	*

*If the coal is cleated a 5-1/2", 23#, P-110 liner will be run in the open hole without being cemented.

There is a possiblity that due to downhole conditions 4-1/2", S-95 liner will be run.

Mud Program and BOP Equipment: See Attached.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED L. E. Robinson — TITLE Sr. Drlg & Prod Engr. Spec. — DATE 10-27-92

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
PHILLIPS PETROLEUM	SAN JUAN 32-7 UNIT	236

Unit Letter	Section	Township	Range	County
N	28	T.32 N.	R.7 W. NMPM	SAN JUAN

Actual Footage Location of Well: 870 feet from the SOUTH line and 2008 feet from the WEST line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
6628	Fruitland	Basin Fruitland Coal	320 W/2 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

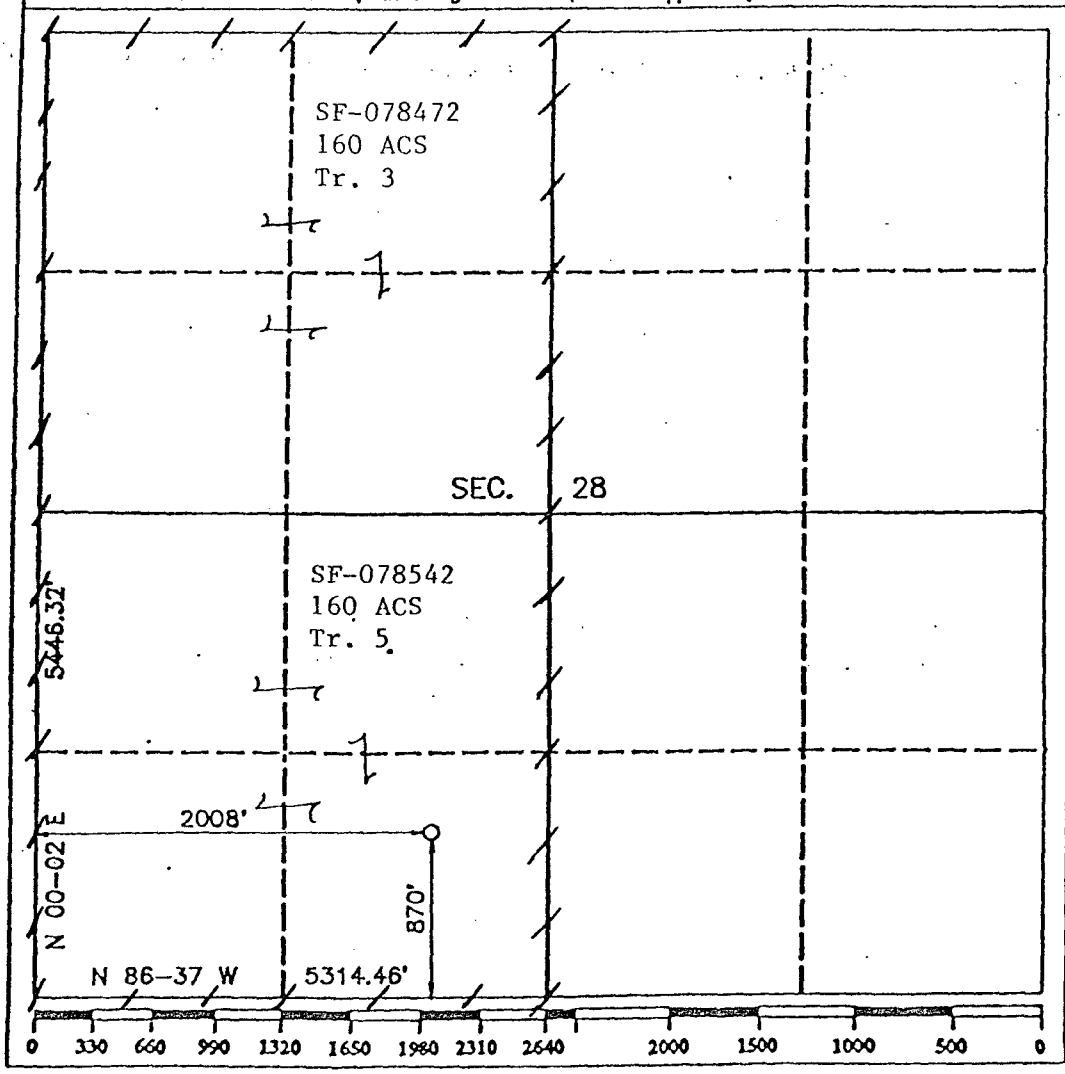
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature: L.E. Robinson

Printed Name: L.E. Robinson

Position: Sr. Drlg & Prod Engr Spec.

Company: Phillips Petroleum Company

Date: October 27, 1992

SURVEYOR CERTIFICATION

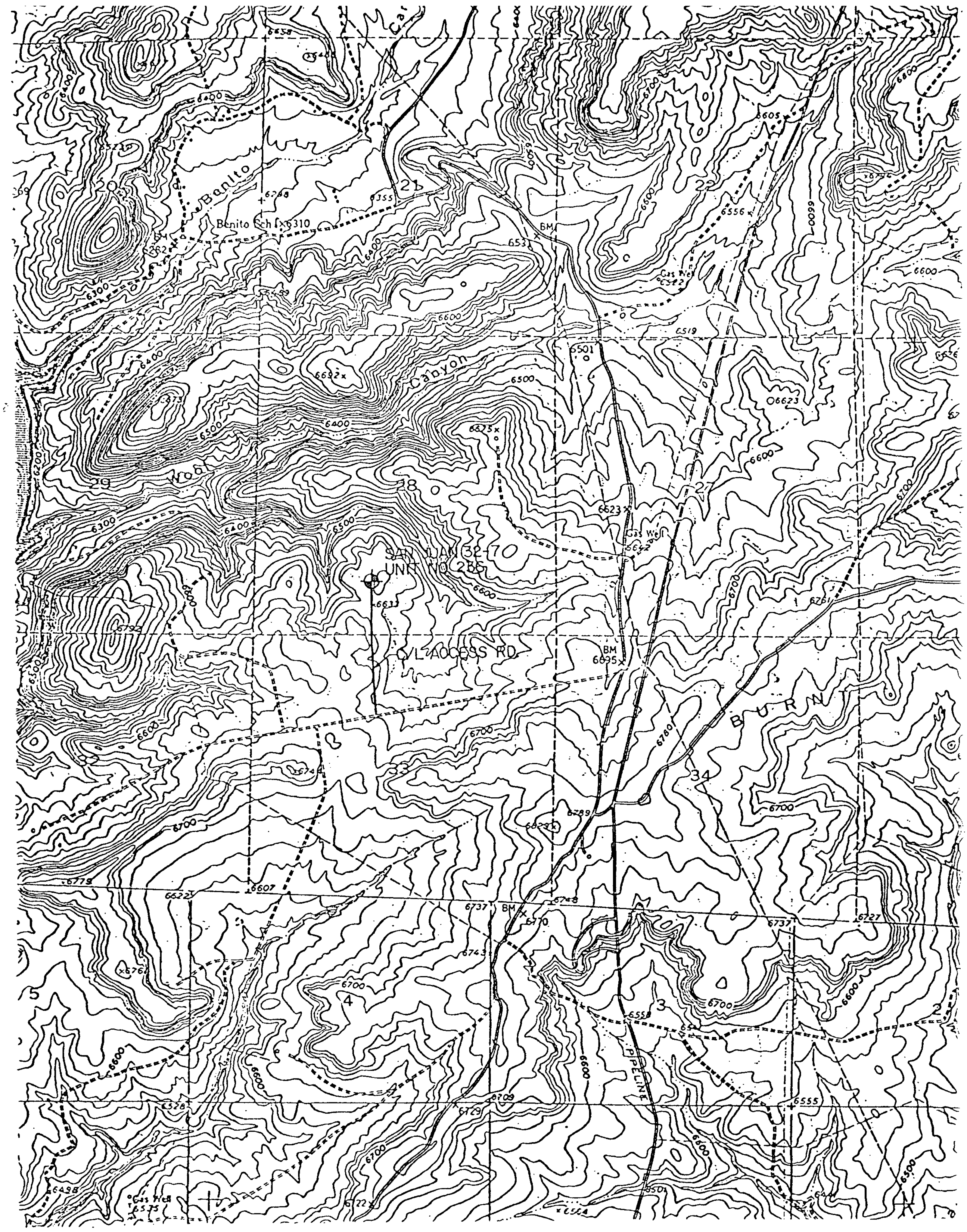
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: OCTOBER 6, 1992

Signature & Seal of Professional Surveyor: ROY A. RUSH, NEW MEXICO, 8894, REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. 8894

Standard 640 acre Section



Benito
Benito Sch
Canyon
SAN JUAN 32-7
UNIT NO 285
C/L ACCESS RD.
BURN
PIPELINE
Gas Well
BM
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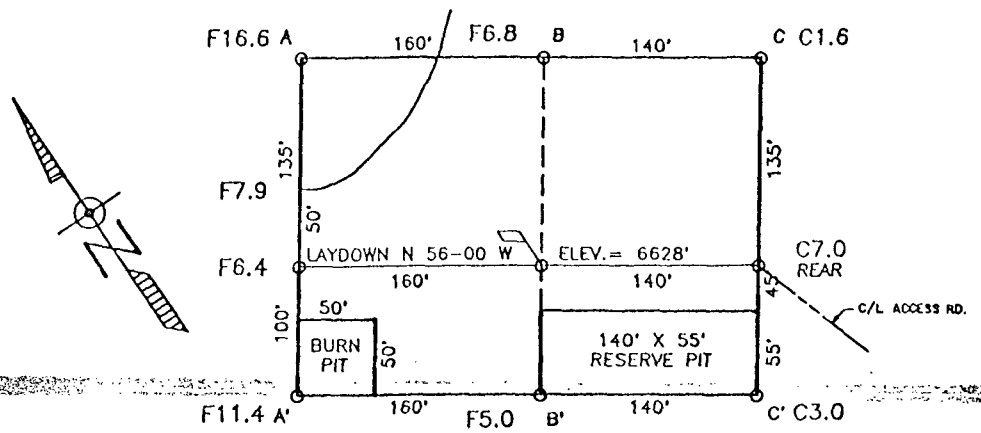
COMPANY: PHILLIPS PETROLEUM

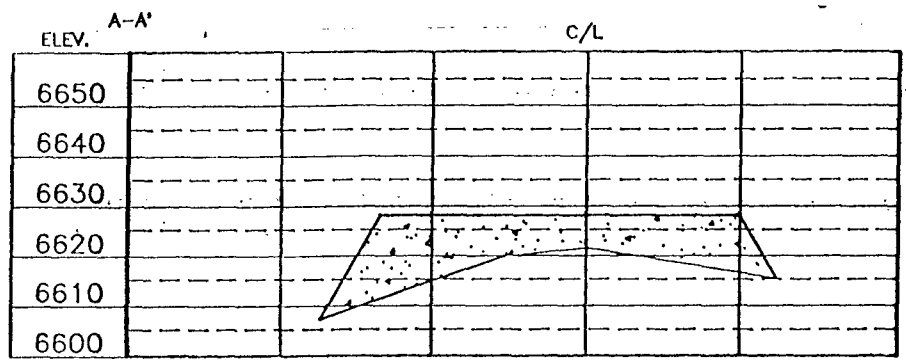
LEASE: SAN JUAN 32-7 UNIT NO. 236

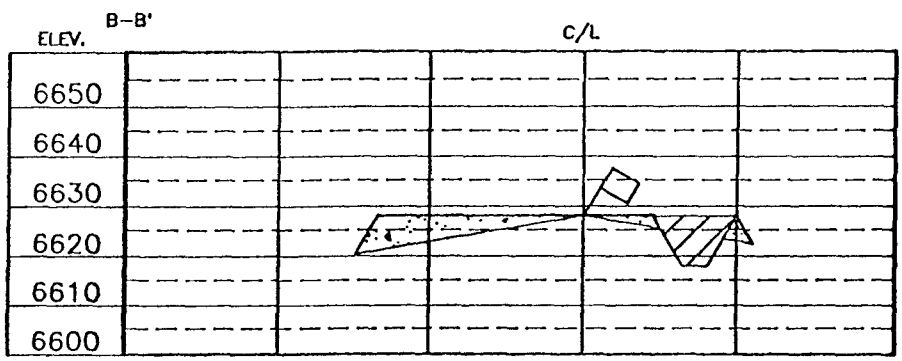
FOOTAGE: 870 FSL, 2008 FWL

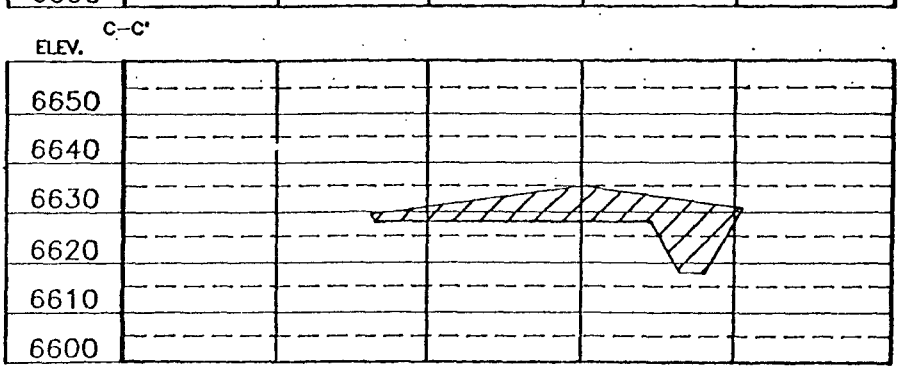
SEC.: 28 TWN: T.32 N. RNG: R.7 W. NMPM

ELEVATION: 6628'









Daggett Surveying, Inc.
3539 E. 30th. Street Suite No. 7B Ph. (505) 326-1772
Farmington, New Mexico 87401

SURFACE USE PLAN

Phillips Petroleum Company , San Juan 32-7 Unit , Well No. 236 , SE/4 SW/4, Section 28, T-32-N, R-7-W, San Juan County, New Mexico. (Federal Lease No. SF-078542.)
This plan is to accompany "Application for Permit to Drill" the subject well which is located approximately 20 miles Southeast from Ignacio, Colorado. The following is a discussion of pertinent information concerning the possible effect which the proposed drilling well may have on the environment of the well and road sites and surrounding acreage. A copy will be posted on the derrick floor so that all contractors and sub-contractors will be aware of all items of this plan.

1. Existing Roads:
   A. To reach the proposed location, go North on Hwy 511 from Navajo Dam to mile marker #32, turn South thru La Boca Ranch. Go approx. 7 miles on CR 4000 past CR 4010 and turn right at intersection just past watering hole. Go approx. 3/4 mi. Access is on right.
2. Planned Access Roads:
   A. The access road is shown on the attached map. All existing roads used to access the proposed location shall be maintained in the same or better condition than presently found. The access road is to be classified "Temporary Resource Road.
   B. Turnouts: None.
   C: Culverts, Cuts and Fills: See Cut and Fill Sketch.
   D: Surfacing Material: Natural materials at well site.
   E: Gates, Cattle Guard, Fences: As required
   F: Proposed Road: Approximately 1600' of new access is needed.
3. Locations of Existing Wells: SJ 32-7 Unit #83, 460' FSL & 660' FWL, Sec. 28

4. Locations of Tank Batteries, Production Facilities, Production Gathering, and Service Lines: In the event of production, production facilities will be located on the drill pad. The actual placement of this equipment will be determined when the well's production characteristics can be evaluated after completion. To protect livestock and wildlife, the reserve pit will be fenced with wire mesh. The condensate tanks will be enclosed by a dike. Upon completion of drilling, the location and surrounding area will be cleared of debris. The flowline will tie into the flowline on the existing pad.

5. Water Supply Source: Will be provided by the drilling contractor and trucked to the drilling site. See Attachment No. 1 - WATER SUPPLY SOURCE.

6. Source of Construction Materials:

   No additional construction materials will be required to build the proposed location. The dirt from the pit will be back-sloped and saved for use when the pit is rehabilitated.

7. Methods for Handling Waste Disposal:

A. The drill cuttings, fluids and completion fluids will be placed in the reserve pit. The reserve pit will be fenced with wire mesh on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out. The reserve pit will be back filled, leveled and contoured so as to prevent any materials being carried into the watershed.. Upon completion, the pad will be leveled, contoured, and re-seeded with the appropriate seed mixture.

B. All garbage and trash will be placed in specially constructed wire mesh containers. Upon cleanup, the refuse in the containers will be hauled to an approved landfill site.

All produced water will be collected in tanks until hauled to an approved disposal system, or separate disposal applications will be submitted for appropriate approval.

8. Ancillary Facilities: None

9. Well Site Layout: Attached sketch shows the relative location and dimensions of the well pad, mud pit, reserve pit, and trash pit. Location will be 235' X 300'.

10. Plans for Restoration of Surface:

Pit will be back filled and levelled as soon as practical to original condition. If well is productive, drilling pad will remain as well service pad. If dry hole, the pad will be ripped per regulations. Commencement of rehabilitation operations will immediately follow removal of drilling and completion equipment from location and rehabilitation of the surface is planned to be completed within 60 days from commencement. Pit dirt will be saved to be used during restoration of the pit area.

11. Other Information:

A. Terrain: See Archaeological Survey
B. Soil: See Archaeological Survey
C. Vegetation: See Archaeological Survey
D. Surface Use: See Archaeological Survey

E. Ponds and Streams: See Archaeological Survey
F. Water Wells: No water wells are located in Section 28
G. Residences and Buildings: There are no occupied residences or buildings within one quarter of a mile of the proposed well location.
H. Arroyos, Canyons, etc.: See Archaeological Survey
I. Well Sign: Sign identifying and locating the well will be maintained at drill site with the spudding of the well.
J. Archaeological Resources: See Archaeological Survey. No cultural resources encountered. No archaeological protection necessary.

12. Operator's Representatives: Field personnel who can be contacted concerning compliance of the "Surface Use Plan" is as follows:

Production and Drilling	or	R. A. Allred
R. G. Flesher		5525 Hwy 64 NBU 3004
5525 Hwy 64 NBU 3004		Farmington, New Mexico 87401
Farmington, New Mexico 87401		Phone: 505-599-3403
Phone: 505-599-3401		

13. Surface Ownership: Federal

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Phillips Petroleum Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

L. E. Robinson
Typed or Printed Name

L. E. Robinson
Signature.

October 27, 1992
Date

su327236.jgb

PHILLIPS PETROLEUM COMPANY

PRELIMINARY

Well Name: San Juan 32-7 Unit Well No. 236

DRILLING PROGNOSIS

1. Location of Proposed Well: 870' FSL & 2008' FWL, Section 28, T-32-N, R-7-W San Juan County

2. Unprepared Ground Elevation: 6628'.

3. The geologic name of the surface formation is San Jose.

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3350'.

6. The estimated tops of important geologic markers are as follows:

Ojo Alamo -	2360'	Base Coal -	3295'
Kirtland -	2475'	Picture Cliffs -	3385'
Fruitland -	3115'	Int. Csg. -	3285'
Top Coal -	3205'	T.D.	3350'

7. The estimated depths at which anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered are as follows:

Water: Ojo Alamo - 2360' - 2475'
Oil: None
Gas: Fruitland Coal 3205'-3295'

8. The proposed casing program is as follows:

Surface String 9-5/8", 36#, K-55 @ 250'
Intermediate String 7", 23#, K-55 @ 3285'
Liner * 5-1/2", 23#, P-110 or 15.5#, J-55 @ 3185'-3350'

9. Cement Program:

Surface String = 250 sxs (295 cu ft) CL "B" W/3% CaCl2 & 1/4# Cele-Flake/sk or quantity sufficient to circulate cement to surface.

Intermediate String = Lead cmt. 500 sxs (1035 cu ft) Cl "B" 65/35 POZ w/12% Gel & 1/4# Cele-Flake/sx.

Intermediate String (Continued)

Tail. 150 sxs (177 cu ft) Cl "B" w/1/4# Cele-flake/sk

Centralizer Program: Surface: Centralizer at 10' above shoe. Top of 2nd Joint. Top of 4th Joint.

Intermediate: Centralizer at 10' above shoe.
Top of 2nd Jt., Top of 4th Jt.
Top of 6th Jt., Top of 8th Jt.

Turbulator at 1 Jt. below Ojo Alamo
Turbulator at top of next joint.
Turbulator at top of next joint.

Liner =
* If the coal is cleated a 5-1/2" 23#, P-110 liner will be run in the open hole without being cemented.

10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series and the testing procedure and testing frequency are enclosed within the APD packet .

11. The proposed mud program is enclosed within the APD packet.

12. The testing, logging, and coring programs are as follows:
D.S.T.'s or cores: None
Logs: GR-D-N-NGT-ML

Special Tests: None

13. Anticipate no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H_2S equipment will be used.

14. The anticipated starting date is immediately upon approval with duration of operations for approximately 30 days thereafter.

sj327236.jgb

BLOWOUT PREVENTER REQUIREMENTS

Well Name: San Juan 32-7 Unit Well No. 236

I. Blowout preventer equipment, installation, testing and responsibilities will be in accordance with Phillips Petroleum Company's Blowout Preventer Standards.

II. Figure No. 7-9 or 7-10 (Drawing Attached): Casing String 9 5/8" surface BOP Size 10"; Working Pressure 3,000 psi.

III. Equipment to be furnished by Contractor:

A. Ram Type BOPs:
1. No. Required 2
2. Acceptable Manufacturers & Types
   a. Cameron Iron Works: QRC; F; SS; U
   b. Shaffer Tool Works: B; E; LWS; LWP
   c. Hydril

B. Annular Type BOPs:
1. No. Required None
2. Acceptable Manufacturers & Types
   a. Hydril - GK
   b. Shaffer - Spherical
   c. Cameron - D

C. Preventer Operating Equipment
1. Hydraulic Pump - air, steam or electrically operated of sufficient volume and pressure capacity to close the largest ram type preventer in less than 30 seconds. Electrically operated pump must be equipped with explosion proof motor and controls.
2. Manifold with a control valve for each preventer.
3. A Hydril or equivalent regulator for each annular type preventer.
4. Accumulator of sufficient volume and pressure capacity to close all preventers in the assembly without recharging. If the pump in C.1. is incapable of recharging the accumulator in excess of 1500 psi, a separate pump capable of this is to be furnished.
5. Remote control panel with a station for each preventer control valve.
6. Steel piping to connect hydraulic closing units to preventers.
7. Choke manifold with seamless steel piping and flanged or clamp hub connections. Choke manifold assembly and piping sizes as specified, on the attached drawing. All working lines, except hydraulic closing lines, shall have flanged or clamp hub connections to preventers, spools and casing heads.
8. Full opening drill string safety valve (I.D. equal or larger

III. C. (continued)
than I. D. of tool joint in use). Working pressure to equal or exceed specified BOP working pressure. O.D. and configuration such that valve can be run in the hole with adequate clearance.

9. Full opening upper Kelly cock. Working pressure to equal or exceed specified BOP working pressure.
10. Hydraulic pump of sufficient pressure rating to test preventer assembly to rated working pressure with necessary hose and fittings to connect the pump to drill pipe box or safety valve pin.
11. Drilling spool for use with single ram type preventers or with dual ram type preventers which do not have outlets between the rams.
12. Two valves on each side of drilling spool or dual preventers, one side for choke manifold connection and the other for kill line connection.
13. Hand wheels and extensions for manual operation of the ram type preventers. U-joints, extension guides, working platform(s) as necessary.
14. A 1" - 5000 PSI WP plug valve on the closing side of the annular type preventer using a XXE 1" x 4" nipple.
15. Flowlines from choke manifold to pits.
16. Pressure gauge with pressure range at least equivalent to BOP WP.

IV. Equipment to be Furnished by Phillips:

A. Test plug to seat in casing head.

B. Remote controlled chokes, if installed.

C. Casinghead with valves on outlets.

D. Inside blowout preventer, if required.

E. Mud-gas separator, if required, and necessary piping.

V. Location of Equipment & Controls:

A. Remote control panel on the rig floor adjacent to drillers position and stairway exit from the floor.

B. Accumulator-Hydraulic Control Valve Unit to be placed minimum of 50 feet from wellbore in easily accessible location.

C. Choke Manifold located 5 feet or more from the BOPs with minimum number of turns in the run.

D. Manual closing facilities installed so handwheels are outside the substructures in unobstructed location. U-joints, extension

V. (Continued)
guides and working platforms installed as necessary for proper and safe operation.

E. Choke Manifold connection, where possible, is to be made between the two bottom ram type preventers through use of a drilling spool or by connecting between rams of dual type units with outlets so installed.
1. On dual type preventers where outlets are not installed between rams, connection is to be made to a drilling spool installed between the ram type and annular type preventers.

F. Position and Type Rams will be as shown on the attached drawing.

G. Fill up line to be tied into the bell nipple above annular preventers.

H. Safety Valve, open with connections and/or subs available to fit any tool joint in use, shall be on the rig floor at all times.

VI. Testing

A. Initial Installation Test
Immediately after installation, each component part of the blowout preventer assembly including choke lines, valves and closing facilities will be tested individually by steps as outlined in the Blowout Preventer Testing Procedure section of Phillips' Blowout Preventer Standards. The test pressure will be at the working pressure specified in Item II. All components must be satisfactorily tested before drilling out.

B. Ram Change or Repair Test
1. After each ram change or when any component part of the preventer assembly, including lines and valves, is disturbed, the disturbed portion is to be tested to working pressure specified in Item II.
2. Installation of casing rams is not required for running casing.

C. Weekly Pressure Test
The first trip out of the hole after 12:01 AM, Tuesday, weekly test will be performed as outlined in the Blowout Preventer Testing Procedure which includes testing the entire assembly with water to 1/2 the specified working pressure for 10 minutes. The Kelly cock and safety valve are to be tested to the specified working pressure. The weekly test is not required where the test falls within three days after the initial installation test. Upper kelly cock valve with handle available.

D. Operational Test
Each preventer unit is to be closed and opened on each trip or

VI. D. (continued)

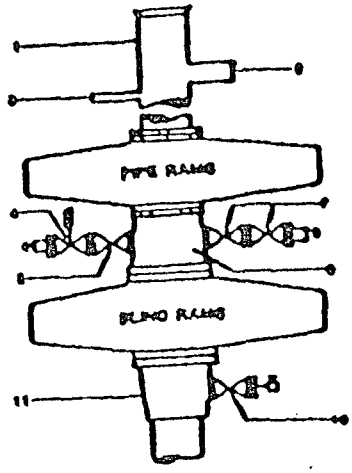
at least once each 48 hours (trip is not required just to actuate blind rams or pipe rams that do not fit top section of tapered string).

VII. Responsibilities

A. Contractor is to install and test the blowout preventer assembly as specified.

B. The driller is to check and record the accumulator pressure on the daily drilling report at the beginning of each tour.

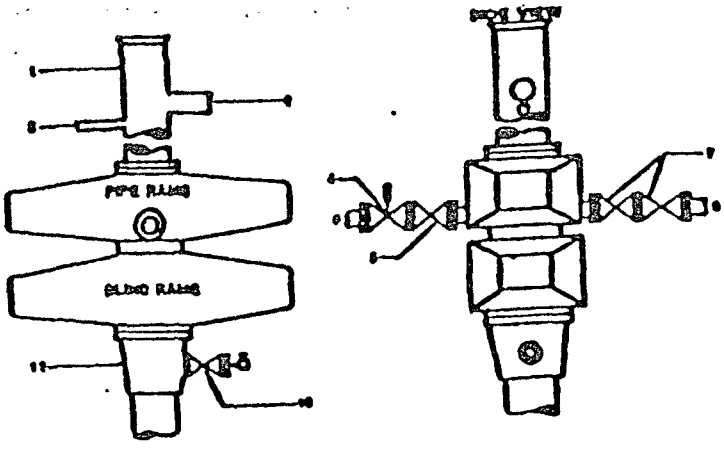
C. Expense of rig time and pressure testing services for initial and weekly tests will be borne by:
1. Contractor while on footage contract.
2. Owner while on daywork contract.



1. BELL NIPPLE
2. FLOW LINE
3. FILL-UP LINE
4. 3" 5M PRESSURE OPERATED CHOKE LINE VALVE
5. 3" 5M GATE VALVE
6. 3" 5M CHOKE LINE TO MANIFOLD
7. 3" 5M GATE VALVES
8. 3" 5M KILL LINE
9. DRILLING SPOOL
10. 3" 5M OR 5M GATE VALVE WITH NEEDLE VALVE
11. CASING HEAD HOUSING

NOTE: THE DRILLING SPOOL MAY BE LOCATED BELOW BOTH SETS OF RAMS IF A DOUBLE PREVENTER IS USED AND IT DOES NOT HAVE SUITABLE OUTLETS BETWEEN RAMS

Figure 7-9. Standard Hydraulic Blowout Preventer Assembly
3 M Working Pressure Alternative 1



1. BELL NIPPLE
2. FLOW LINE
3. FILL-UP LINE
4. 3" 5M PRESSURE-OPERATED CHOKE LINE VALVE
5. 3" 5M GATE VALVE
6. 3" 5M CHOKE LINE TO MANIFOLD
7. 3" 5M GATE VALVES
8. 3" 5M KILL LINE
10. 3" 5M OR 5M GATE VALVE WITH NEEDLE VALVE
11. CASING HEAD HOUSING

Figure 7-10. Standard Hydraulic Blowout Preventer Assembly
3 M Working Pressure Alternative 3 (without Drilling Spool)

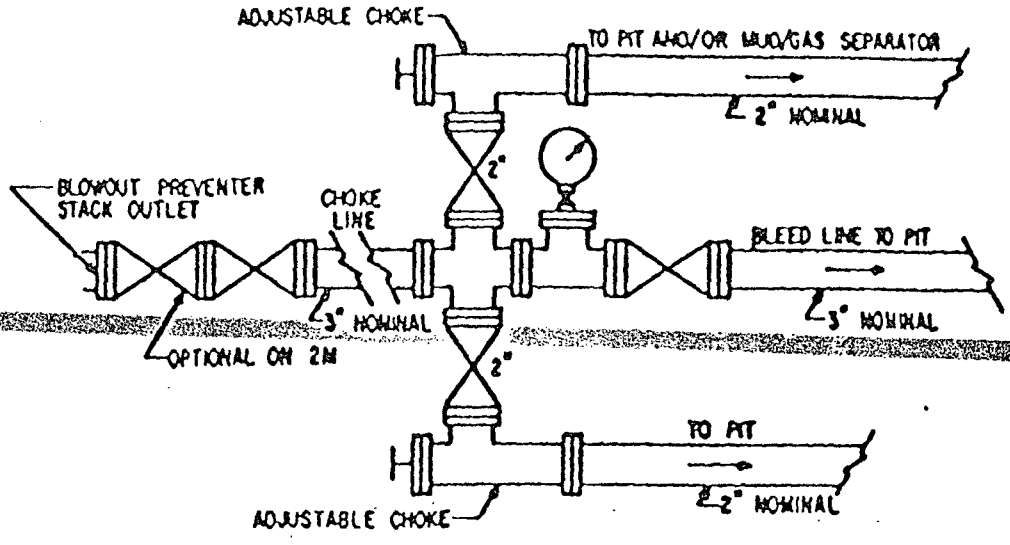


FIG. 3.A.1

TYPICAL CHOKE MANIFOLD ASSEMBLY
FOR 2M AND 3M RATED WORKING
PRESSURE SERVICE — SURFACE INSTALLATION

PROPOSED MUD PROGRAM
SAN JUAN 32-7 UNIT
Well No. 236
San Juan County

DEPTH	MUD WEIGHT	VISCOSITY	FLUID LOSS	CL-PPM	% SOLIDS	ADDITIVES
0-250 Ft.	Spud Mud Lime and Gel					Bentonite
250-3000 Ft.	8.0-9.0 PPG	45-65 Sec/Qt	8-10CC	1200 PPM		Drispac Lime, Soda Ash
3000-TD	9.5-10.0 PPG	35-50 Sec/Qt	6-8CC		Low Solids	Drispac, Soda Ash Caustic Soda Bentonite

250-3000' Polymer mud and water with sweeps every 500' or less if hole conditions dictate.

3000'-TD Fresh water mud with CaCo3 & Polymer, low solids. Mud Wt. 9.5 to 10.0 PPG, as necessary to control well.

Start mud up 100' above Fruitland

WATER SUPPLY SOURCE
Surface Use Plan
San Juan Unit Wells

Attachment No. 1

Depending on which drilling contractor is used, the water for drilling and completion operations will come from one of the following locations:

1. San Juan River at Blanco Bridge, NW SE SE Section 18, T-29-N, R-9-W.

2. 29-6 Waterhole in Unit L, Section 28, T-29-N, R-6-W.

3. Navajo Reservoir, SW NW SE Section 14, T-30-N, R-7-W.

4. Sims Mesa (S.J. #14) BW SW Section 35, T-31-N, R-7-W.

5. La Jara Water Hole, Unit M, Section 11, T-30-N, R-6-W.

6. Pine River

7. City of Ignacio

watsup6.jgb

ARCHAEOLOGICAL SURVEY OF PHILLIPS PETROLEUM'S RELOCATED SAN JUAN 32-7 UNIT NO. 236 WELL PAD SAN JUAN COUNTY, NEW MEXICO

LAC REPORT 9262

by

Steven L. Fuller

LA PLATA ARCHAEOLOGICAL CONSULTANTS
26851 County Road P
Dolores, Colorado 81323
(303) 565-8708

New Mexico Cultural Resource Use Permit No. 19-2920-92-L

October 14, 1992

Prepared For:
Phillips Petroleum
5525 Highway 64 NBU 3004
Farmington, New Mexico 87401

INTRODUCTION

The archaeological survey of Phillips Petroleum's relocated San Juan 32-7 Unit No. 236 well pad was conducted by personnel of La Plata Archaeological Consultants on October 6, 1992. The fieldwork was conducted by Steve Fuller who also administered the project. The survey was conducted at the request of Ms. Gail Bearden of Phillips Petroleum who accompanied the archaeologist during the fieldwork phase of the project. Personnel of Daggett Surveying staked the relocated well location.

The project is on land administered by the BLM's Farmington Resource Area, and is in San Juan County, New Mexico (Figure 1). All work was conducted under the authority of New Mexico Cultural Resource Use Permit No. 19-2920-92-L issued to La Plata Archaeological Consultants.

The area was originally surveyed for a well pad and access road proposed by Phillips Petroleum (Cavanaugh 1992). The well pad was moved about 300 feet to the southeast due to topographic considerations. The relocated well pad overlaps considerably with the original location surveyed in September 1992. As the relocated center stake is on the edge of the original buffer zone, an area covering only about 3.7 acres was surveyed for the relocation. The original access surveyed by Cavanaugh for the original well pad required no modification, only shortening. No new or previously recorded archaeological sites were found during the additional survey. Archaeological clearance is recommended for the project.

PREFIELD RECORDS SEARCH

The recently updated ARMS records on file at La Plata Archaeological Consultants were consulted, as well as a recent copy of the BLM data base map for this area. Only one site BLM33422, has been recorded within 0.5 mile of the proposed project area (Fig. 1a, BLM copy only). This site is 2400 ft from the proposed location and will not be affected by the proposed action.

FIELD METHODS

Prior to the survey, the relocated well pad was marked at the center, the four corners, and the four centerline endpoints. A 3.7-acre block (300 by 535 ft) was surveyed centered to the southeast of the well center stake to cover the portion of the well pad and buffer zones that fell out of the original survey area. The 3.7-acre block was surveyed by pedestrian transects that were no farther than 15 m or 50 ft apart. No additional access corridor was surveyed. The extent of the surveyed area is illustrated on Figure 1.

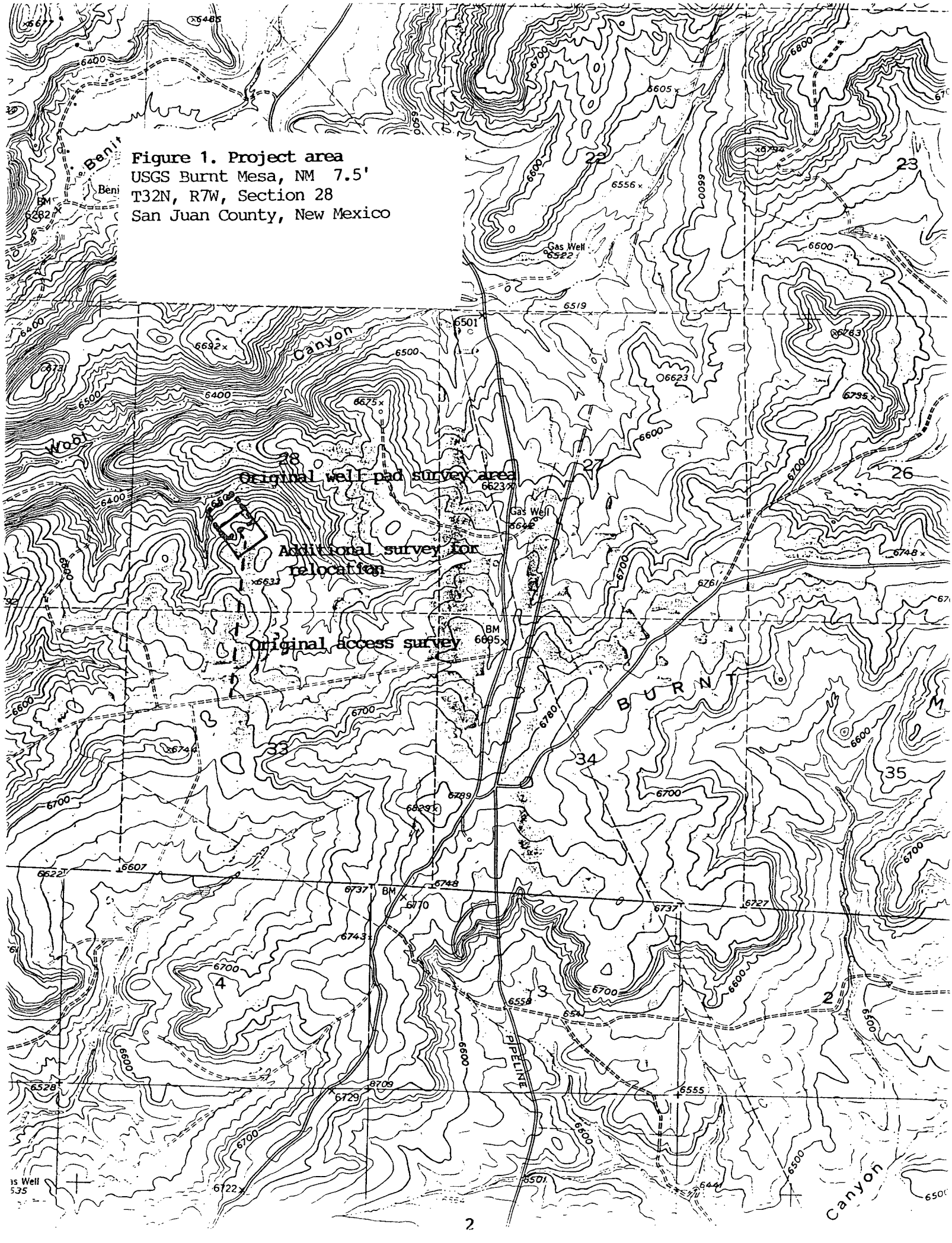


Figure 1. Project area
USGS Burnt Mesa, NM 7.5'
T32N, R7W, Section 28
San Juan County, New Mexico

Figure 1a. BLM Supplement
USGS Burnt Mesa, New Mexico
7.5' 1954 Photorevised 1971
T32N, R7W Section 28
San Juan County, New Mexico

ENVIRONMENT

The proposed SJ 32-7 No. 236 well pad is located on the point of a mesa finger of Burnt Mesa, and is on the south side of a tributary canyon to Wool Canyon. The point is covered with a chained and burned pinyon-juniper forest, and with second growth Gambel oak, pinyon, juniper, mountain mahogany, prickly pear, and sparse broom snakeweed. Soils are a sandy residuum derived from the weathering of local sandstone deposits, which outcrop on the northwest and north ends of the survey area. Soils in the mesa-top area range from deep reddish brown loams on top of the knoll to shallow rocky soils on the east-aspect slopes.

PROJECT LOCATION AND DESCRIPTION

Project Name:	Phillips Petroleum's Relocated San Juan 32-7 Unit No. 236 well pad.
Legal Description:	T32N, R7W, Section 28, NE¼ SE¼ SW¼. Quarter sections were defined by the land surveyors on Form C-102. The actual footage of the relocated well is 870 FSL, 2008 FWL; San Juan County, New Mexico, (see Fig. 2, well pad plat). Please note that the section lines portrayed on the USGS Burnt Mesa quadrangle (Figure 1) are inaccurate.
Elevation:	6628 ft
Map Reference:	USGS Burnt Mesa, New Mexico, 7.5' (1954, photorevised 1971)
Land Jurisdiction:	Bureau of Land Management, Farmington Resource Area
Project Area:	The well pad will measure about 300 by 235 ft., and 2850 ft of new access is required. Access will be to a maintained dirt road to the south of the proposed location.
Surveyed Area:	A 300- by 535-ft block (3.7 acres) for the portion of the well pad, 50 ft construction zone, and 100 ft buffer zone that extends southeast past the original survey area. No additional survey was required for the road corridor as it was surveyed in September 1992 for the original location.
Results:	No sites were encountered.

RECOMMENDATIONS

During the additional survey for the relocated SJ 32-7 No. 236 well, no archaeological sites were encountered. Archaeological clearance is recommended for the project.

Figure 2

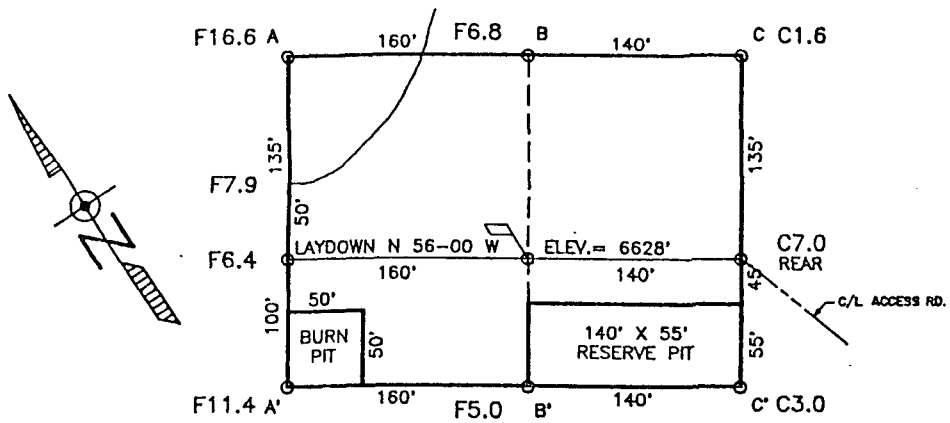
COMPANY: PHILLIPS PETROLEUM

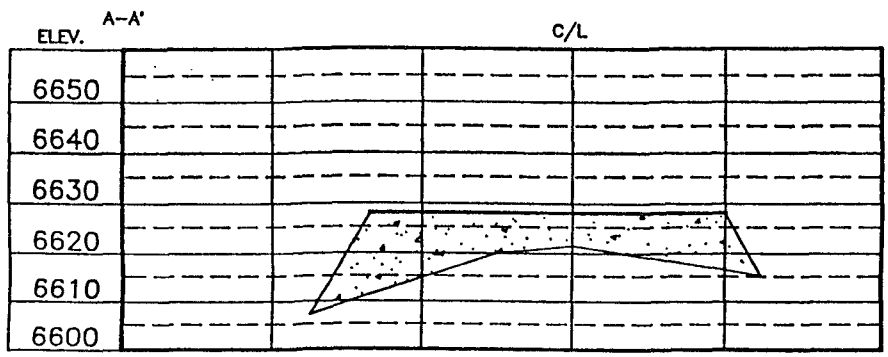
LEASE: SAN JUAN 32-7 UNIT NO. 236

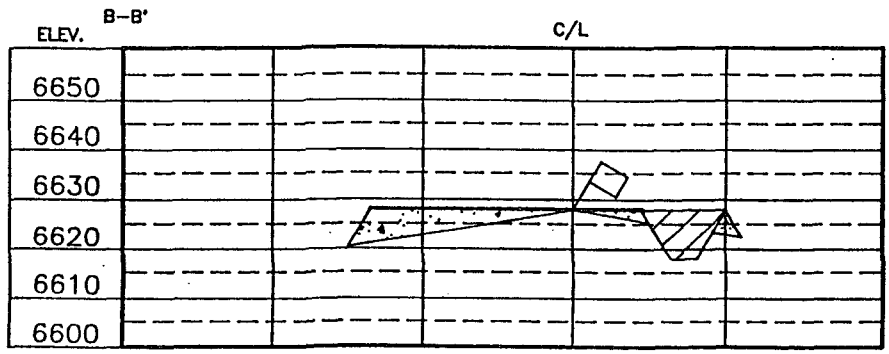
FOOTAGE: 870 FSL, 2008 FWL

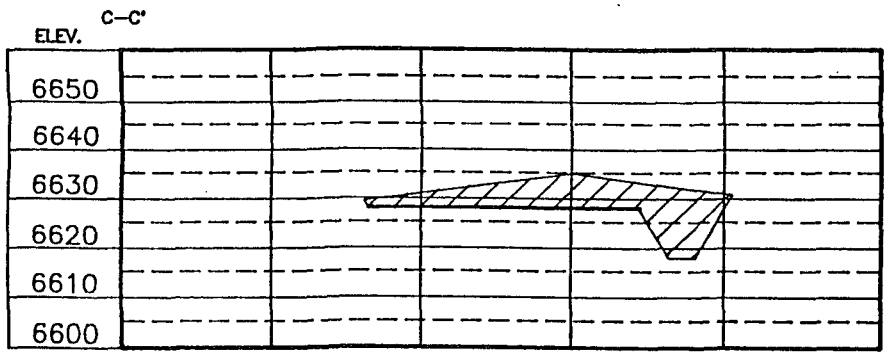
SEC.: 28 TWN: T.32 N. RNG: R.7 W. NMPM

ELEVATION: 6628'









Daggett Surveying, Inc.

3539 E. 30th. Street Suite No. 7B Ph. (505) 326-1772
Farmington, New Mexico 87401

REFERENCES

Cavanaugh, Maureen

1992 Archaeological survey of Phillips Petroleum's Proposed San Juan 32-7 No. 236 well pad and access road, San Juan County, New Mexico. LAC Report 9246a. La Plata Archaeological Consultants, Dolores.

NSL-3187

RETURN THIS COPY

OIL CONSERVATION DIVISION
RECEIVED
92 NOV 25 AM 10 43

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

REGISTERED RETURN RECEIPT REQUESTED

November 5, 1992

Southland Royalty Company
c/o Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499-4289

Attn: Mr. Kent Beers

Re: San Juan 32-7 Well Nos. 236 & 238
Basin Fruitland Coal-Unorthodox Location
San Juan County, New Mexico

Gentlemen:

Phillips Petroleum Company as Unit Operator of the San Juan 32-7 Unit hopes to drill two additional wells in the unit prior to year end. The permitting of these wells is a critical element. The records reflect that Southland Royalty Company is operator of the W/2 NW/4 Section 21, T32N, R7W. This is non unit acreage and substantially removed from our locations but the regulation (Rule 104 F(4)) requires waiver from offset operators. Therefore we request your waiver at your earliest convenience. If you examine a topo map you can see that the need for the unorthodox location is based upon terrain conditions. Section 29 is bisected by the river and Section 28 is very rugged.

The proposed unorthodox locations are as follows:

San Juan 32-7 #236	870' FSL & 2008' FWL Sec. 28, T32N, R7W
San Juan 32-7 #238	518' FNL & 2313' FEL Sec. 29, T32N, R7W

If you agree to grant these waivers please sign and return one copy of this letter to the addressee set forth on the enclosed envelope and fax a copy to the undersigned at 599-3442.

Thank you for your kind assistance.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

W. Frank Hulse, III
Land Specialist, CPL
San Juan Basin
(505) 599-3458

Southland Royalty Company hereby waives objection to Phillips Petroleum Company's application for an unorthodox location for the San Juan 32-7 #236 and #238 as proposed above.

BY: _____ Date: November 20, 1992

cc: Mr. William J. LeMay/NMOCD
Richard Allred (r) Gail Bearden

-06-1992 09:15 FROM PHILLIPS FARMINGTON AREA TO 918063765833 P.02

11:45 ☎806 376 5833 PANTERA ENERGY ☑002

PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO [illegible]
5525 HWY. [illegible] NE [illegible]

REGISTERED [illegible] RECEIPT REQUESTED

November 5, 1992

376-[illegible] - phone
1-806-376-5833 - fax

Pantera Energy Company
Fisk Bldg., 724 South Polk
Amarillo, Texas 79101

Re: San Juan 32-7 #236 & #238
Basin Fruitland Coal -
Unorthodox Location
San Juan County, New Mexico

Gentlemen:

[illegible] Company as Unit Operator of the San Juan 32-7 Unit hopes to [illegible] additional wells [illegible] prior to year end. The permitting of [illegible] is a critical [illegible] records reflect that your company is [illegible] of the [illegible] Section 33, T32N, R7W. This is [illegible] location but the regulation (Rule 104 [illegible] acres. Therefore we request your waiver at your [illegible] you can see that the need [illegible] based upon [illegible] conditions. Sec [illegible] is [illegible] by the river and [illegible] 28 is very rugged.

The [illegible] unorthodox locations are as follows:

[illegible] 32-7 #236	870' FSL & 2008' FWL Sec. 28, T32N, R7W
[illegible] Juan 32-7 #238	518' FNL & 2313' FEL Sec. 29, T32N, R7W

If you agree to grant these waivers please sign and return one copy of this letter to the addressee set forth on the enclosed envelope and fax a copy to the undersigned at 599-3442.

Thank you for your kind assistance.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

[signature] for

W. Frank Hulse, III
Land Specialist, CPL
San Juan Basin
(505) 599-3458

PANTERA ENERGY COMPANY hereby waives objection to Phillips Petroleum Company's application for an unorthodox location for the San Juan 32-7 #236 and #238 as proposed above.

BY: Scott D. Wenick President Date: 11/6/92

cc: Mr. William J. Lemay/NMOCD
Richard Allred (r) Gail Bearden