

DATE IN 5/28/96 REFERENCE 6/17/98 SERVICE MS LOGGED BY MV TYPE NSL

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Section -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Protraction Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [SD-Simultaneous Drilling]
 [DHC-Downhole Cementing] [CTB-Lease Cementing] [PLC-Pool/Lease Cementing]
 [PC-Pool Cementing] [OLS-Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-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] and [C]

[B] Cementing - 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 - Statement of Understanding

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, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

S. Scott Prather
Print or Type Name

Signature

S.R. LANDMAN
Title

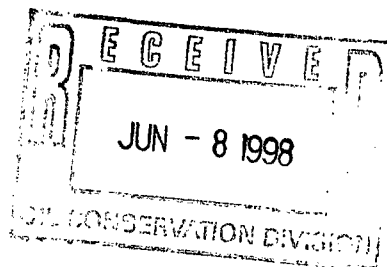
5/27/98
Date

RECEIVED
MAY 28 1998
Oil Conservation Division



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



June 1, 1998

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

NSL-4056

Attn: Peggy Bradfield
Regulatory/Compliance Administrator

RE: REQUEST FOR ADMINISTRATIVE APPROVAL UNORTHODOX WELL LOCATION
SAN JUAN 32 FED 28 #1 WELL
SW/4 SECTION 28-32N-9W
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS' G.F. 28350

Dear Ms. Bradfield:

Phillips Petroleum Company has filed an application for approval of an unorthodox well location for the captioned well. This well is a Coal seam well and the proposed unorthodox location is 432' FSL & 783' FWL of Section 28. Our reason for this request for an unorthodox location is based on topographical considerations. This request was filed on Phillips' behalf by Mr. Tom Kellahin, Attorney At Law, and Burlington should have received a copy of this by U.S. Mail.

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

Please feel free to contact me should you have any questions related to this matter.

Very Truly Yours,

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

cc: J.L. Mathis@G.F. 28350

The undersigned operator waives objection to the application of Phillips Petroleum Company for an unorthodox well location for the San Juan 32 FED 28 #1 Well.

Owner Name: Burlington Resources Oil & Gas Company

By: Shannon Nichols

Title: Landman

Date: 6-4-98



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5825 HWY. 66 NEU 300A

May 28, 1998

HAND DELIVERED

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

RECEIVED

MAY 28 1998

Oil Conservation Division

Re: *San Juan "32" Federal 28 Well No 1.
Administrative Application of Phillips Petroleum Company
for approval of an Unorthodox Fruitland Coal-Gas Well Location,
San Juan County, New Mexico*

Dear Mr. Stogner:

Phillips Petroleum Company hereby requests approval of a vertical Fruitland coal-gas well to be drilled at an unorthodox well location 432 feet FSL and 783 feet FWL of Section 28, Township 32 North, Range 9 West, San Juan County, New Mexico to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of said Section 28. See Form C-102, Enclosure #1)

Background

(1) Phillips is the proposed operator for the W/2 of Section 28 which does not contain a Fruitland coal-gas well.

(2) Standard locations for a coal-gas well would be not closer than 790 feet from the outerboundary.

(3) Phillips has planned a coal-gas well in the SW/4 which is the "on-pattern" quarter-section in which to locate a coal-gas well pursuant to the Basin Fruitland Coal Gas Pool Rules. It originally staked this coal-gas well at an unorthodox gas well location 432 feet FSL and 783 feet FWL for topographical reasons.

(4) The SW/4 of Section 28 has topographical problems which make it very difficult to locate any well at a standard location closest to the south and west boundaries of the W/2 of Section 28. For example, the most southwestern standard location (790' x 790') would require cutting into a 35-40 foot high embankment causing scarred appearance and increasing site preparation costs. (See Topo-map, Enclosure #2)

(5) Anticipating that the BLM would limit surface disturbance in the SW/4, Phillips presumed that the BLM would require that Phillips use a single surface location for both this well and its proposed Mesaverde well. Accordingly, Phillips:

(a) determined that the original coal-gas well location had a surface area too small for two wellbores and decided to try to place both wellbores at the Mesaverde surface location;

(b) applied with the OCD to directionally drill the coal-gas well from an unorthodox surface location (901' FSL x 520' FWL which is within the same drill site pad as the Mesaverde well) to a standard bottom hole location (850' FSL and 850' FWL) recognizing that it would increase the costs of the well by about \$34,800.

(c) Phillips applied with the OCD to vertically drill the Mesaverde well at the same surface location (911 feet FSL and 519 feet FWL).

Change in Circumstances

(6) Since March 12, 1998, Phillips has had the SW/4 inspected with BLM personnel (Bill Leisse-505-599-6321) who did not limit Phillips to a single well pad, but instead, approved two surface locations; one being the original surface location for the coal-gas well and another being the original surface location for the Mesaverde gas well. Both of these locations are unorthodox because there is not an acceptable surface location in the SW/4 which is standard.

(7) Phillips has compared the costs of two well pads versus one well pad and the costs are only increased by approximately \$2,500.00, while two directional wellbores versus two vertical wellbores would increase the cost by between an estimated \$70,000 to \$100,000. Phillips has concluded that if both wells are drilled vertically an estimated total savings of at least \$70,000 will result.

(8) Phillips has also re-evaluated the economics of the coal-gas well and determined that the additional costs (\$34,800.) to directionally drill this well will adversely affect its economics. (See Enclosure #3) More importantly, it is anticipated that this well will require the installation of a progressive cavity pump to "de-water" the coal seam. The installation and operation of this downhole equipment will be at best difficult if not impossible in a directional well of this angle. Because of these factors, Phillips is withdrawing its plan to directionally drill the coal-gas well.

Notification

(9) Burlington Resources Oil and Gas Company ("Burlington") is the only offset operator towards whom this location encroaches. As of the date of this application, a copy of this application has been sent to Burlington by certified mail-return receipt requested. See map attached, Enclosure #4)

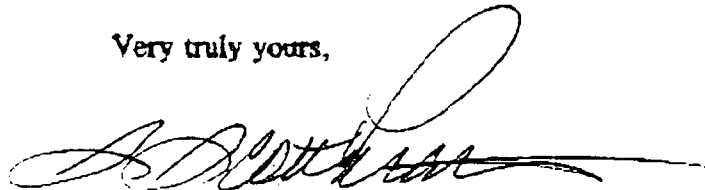
Requested Approval

(10) Phillips requests:

(a) cancellation of its administrative request for approval of directional wellbore for the Fruitland coal-gas Well which is currently pending before the OCD-Aztec; and

(b) approval of a vertical Fruitland coal-gas well location to be drilled at an unorthodox well location 432 feet FSL and 783 feet FWL which will be submitted as a separate administrative application.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Scott Prather', with a long horizontal flourish extending to the right.

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

Act 1
 2000 Hwy 1980, Hobbs, NM 88240-1700
 District II
 211 South First, Acton, NM 88210
 District III
 1000 Rio Grande Blvd., Acton, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Dept.

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Revised October 18, 19
 Instructions on ba
 Submit to Appropriate District Off
 State Lease - 4 Cop
 Fee Lease - 3 Cop

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

* AIT Number	* Pool Code	* Pool Name
	71629	Basin Fruitland Coal
* Property Code	* Property Name	* Well Number
007473	SAN JUAN 32 FED 28	1
* OGRID No.	* Operator Name	* Elevation
017654	PHILLIPS PETROLEUM COMPANY	6737'

10 Surface Location

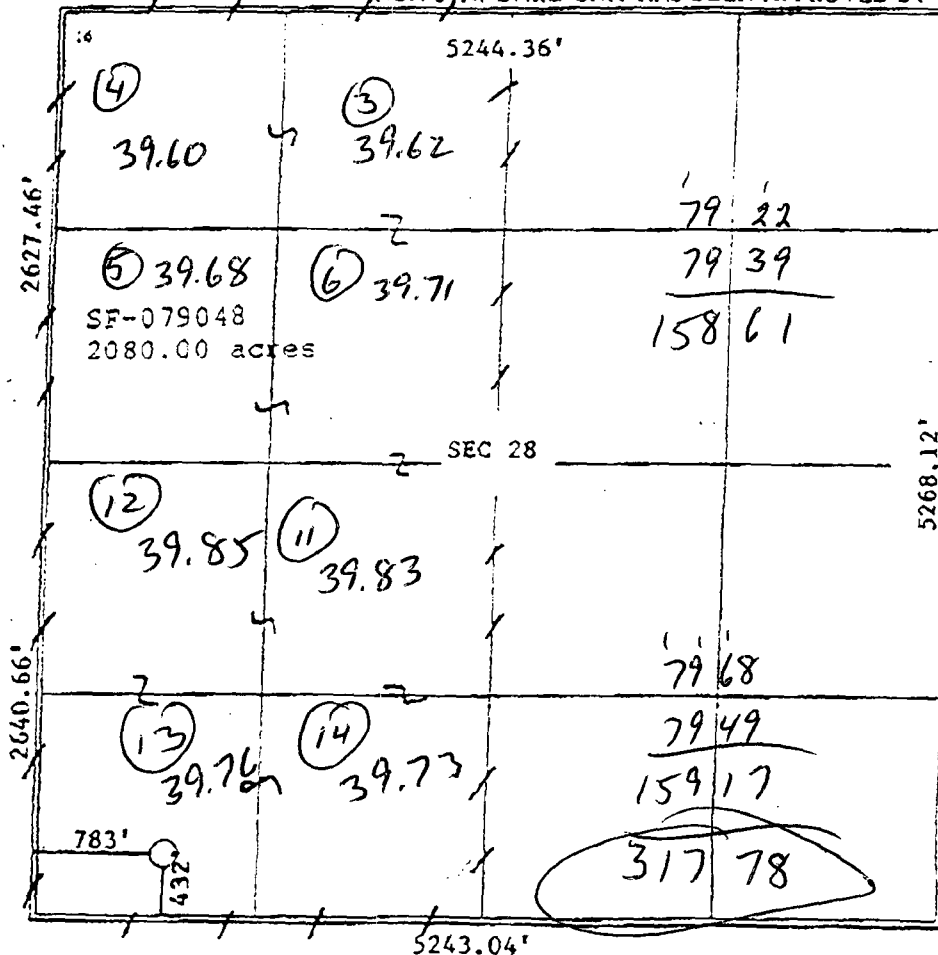
UT. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	28	32N	9W		432'	SOUTH	783'	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

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

" Dedicated Acres	" Joint or Inful	" Consolidation Code	" Order No.
317.78W/2	N	none	

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



17 OPERATOR CERTIFICATION

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

Richard Allred
 Signature

Richard Allred
 Printed Name

Development Superintendent
 Title

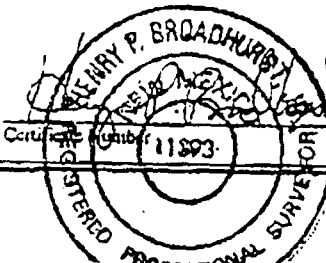
January 8, 1998
 Date

18 SURVEYOR CERTIFICATION

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

11/19/97
 Date of Survey

Signature and Seal of Professional Surveyor:



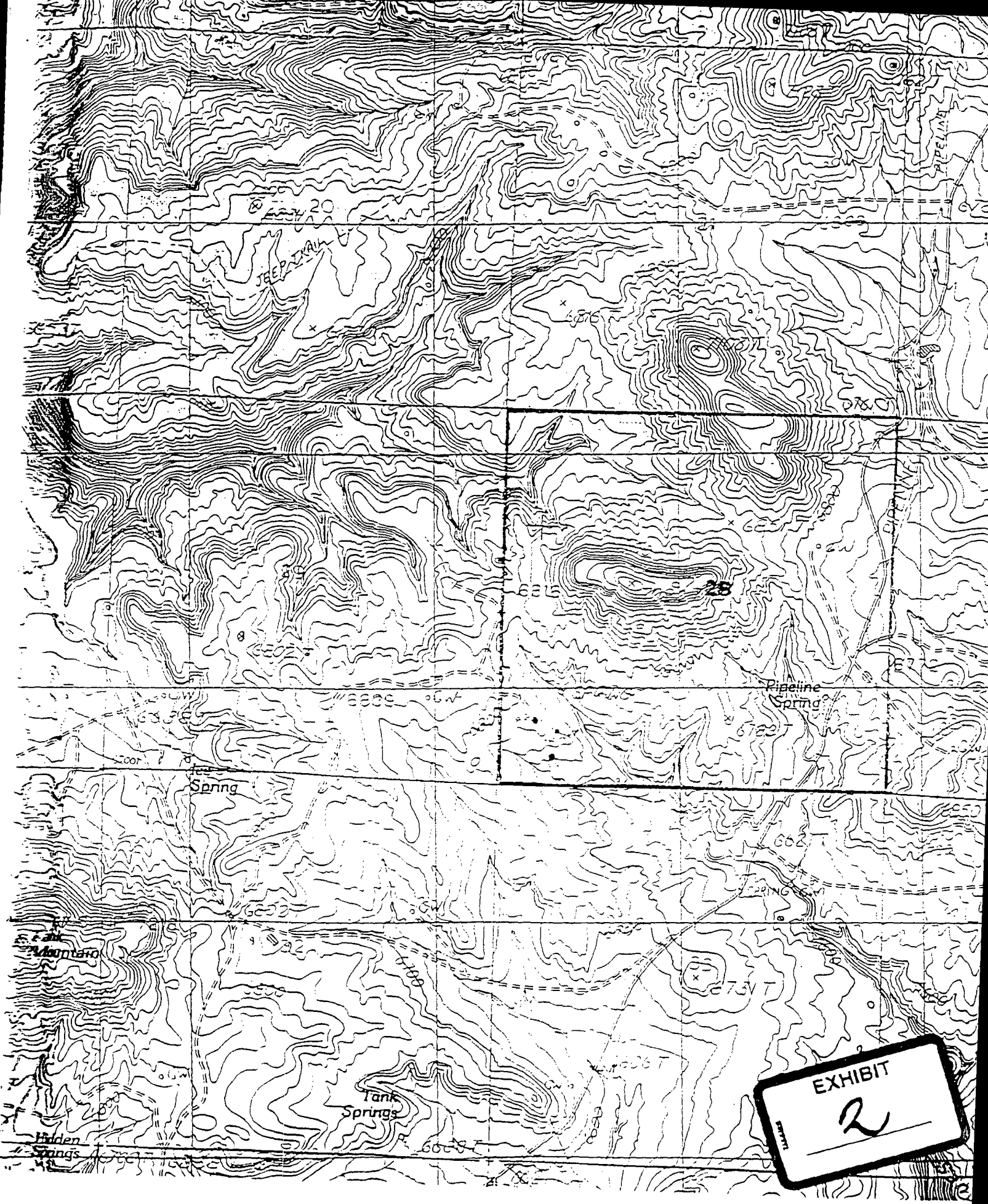


EXHIBIT
2

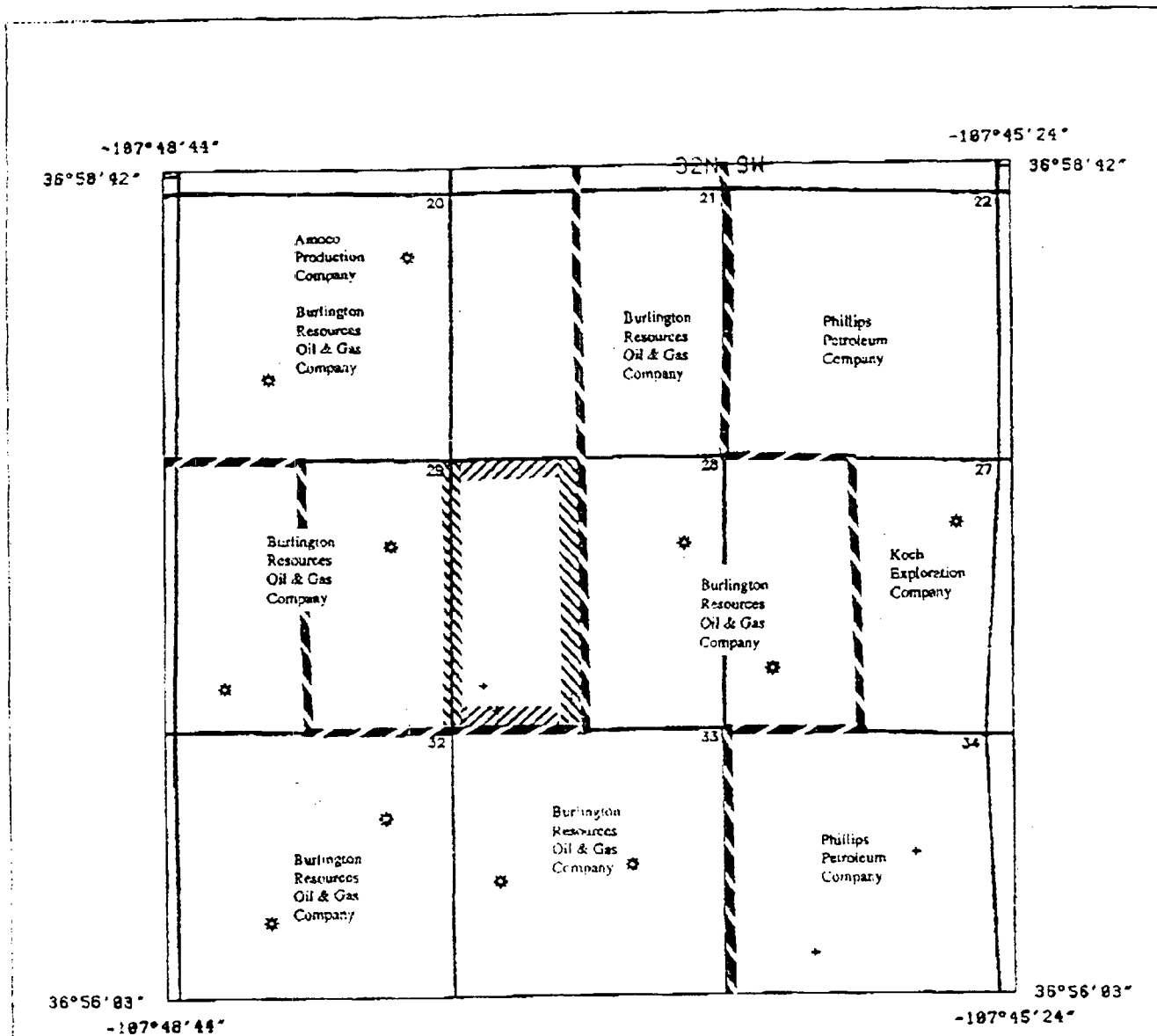
INTEQ Directional Drilling Cost Estimate

Horizontal Drilling Services	Day	4	\$6250	\$25,000
Standby per Man	Day	2 x 2	\$650	\$2,600
Standby for Directional & MWD	Day		\$500	
Transportation for BHI service personnel From Casper	Miles	2 x 1200	\$1	\$2400
Lost in Hole Insurance Directional BHA without MWD	Day	4	\$250	\$1000
Lost in Hole Insurance MWD	Day	4	\$350	\$1400
Meals & lodging	Day	2 x 6	\$75	\$900
Inspection	per well		\$1500	\$1500
Trucking (to be paid by customer)	-	-	-	ICC Rate
TOTAL				\$34,800

3/5/98

4





San Juan 32.9
Unit Boundary

Phillips
Petroleum
Company
Drillblock

66		PHILLIPS PETROLEUM COMPANY		66	
AREA					
TYPE INFORMATION					
COUNTY	SAN JUAN	STATE	NM	COUNTRY	
MAPPED BY	SCOTT PRATHER	DATE	14 JAN 26 11:24		
PROJECTION	LAMBERT	CENTRAL MERIDIAN	-107.78405		
SPHEROID	CLARK 1886	BASE PARALLELS	38.84172 38.87123		
SCALE	1 = 600,000				
SCALE (FEET)					

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

June 1, 1998

VIA FACSIMILE

Mr. Michael E. Stogner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

Re: San Juan "32" Federal 28 Well No 1.
Administrative Application of Phillips Petroleum Company
for approval of an Unorthodox Fruitland Coal-Gas Well Location,
San Juan County, New Mexico

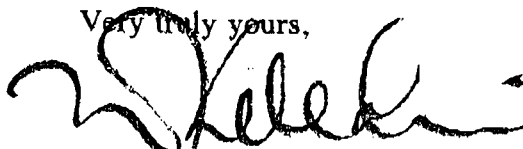
Dear Mr. Stogner:

On May 28, 1998, I delivered to you the referenced administrative application for Phillips Petroleum Company. The only party to whom notice was required was Burlington Resources Oil & Gas Company. I have just received a signed waiver from Burlington (copy attached) showing that they have waived any objection to the Division approving this location.

You may remember that this is the "companion" case to the Mesaverde unorthodox gas well location approved by Division Order NSL-4039 dated May 21, 1998.

I recognize that everyday you are asked to expedite some order for somebody and I do my very best not to request such action. However, in this instance, Phillips has a rig available it would be most appreciated if you would call me and let me know when we might expect the processing of this application to be complete.

Very truly yours,



W. Thomas Kellahin

cfx: Phillips Petroleum Company
S. Scott Prather

TOTAL P.01

Well # 274
Well # 283

PHILLIPS PETROLEUM COMPANY

PHILADELPHIA, NEW MEXICO 87401
8225 MAY 84 NEW 3004

June 1, 1998

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

Attn: Peggy Bradford
Regulatory/Compliance Administrator

RE: REQUEST FOR ADMINISTRATIVE APPROVAL UNORTHODOX WELL LOCATION
SAN JUAN 32 FWD 28 01 WELL
SW/4 SECTION 28-32N-01W
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS' O.F. 28330

Dear Ms. Bradford:

Phillips Petroleum Company has filed an application for approval of an unorthodox well location for the captioned well. This well is a Concretion well and the proposed unorthodox location is 432' FSL & 783' FWL of Section 28. Our reason for this request for an unorthodox location is based on topographical considerations. This request was filed on Phillips' behalf by Mr. Tom Kellahin, Attorney At Law, and Burlington should have received a copy of this by U.S. Mail.

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

Please feel free to contact me should you have any questions related to this matter.

Very Truly Yours,

S. Scott Frasier
Senior Landman
San Juan Basin Area
(505) 599-3410

cc: J.L. Mathis@G.F. 28390

The undersigned operator waives objection to the application of Phillips Petroleum Company for an unorthodox well location for the San Juan 32 FWD 28 01 Well.

Owner Name: Burlington Resources Oil & Gas Company

By: Sharon N. MathisTitle: LandmanDate: 6-1-98

28 32 18 59 781 P.02

TO

WATERBURY PETROLEUM FROM PHILLIPS PETROLEUM