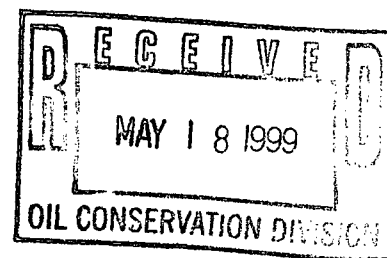


NSL

6/7/99

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

May 14, 1999

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

Attn: Mr. Michael Stogner

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION  
SAN JUAN 29-6 UNIT #31B WELL  
NW/4 SECTION 10-29N-6W  
RIO ARriba COUNTY, NEW MEXICO  
PHILLIPS CONTRACT C40453**

Dear Mr. Stogner:

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

Phillips proposes to drill the San Juan 29-6 Unit #31B well at a location of 1330' FNL & 125' FWL of Section 10-29N-6W, Rio Arriba County, New Mexico. This well will be a commingled well located in the Basin Dakota and Blanco Mesaverde Pools and will have the W/2 of Section 10 designated as the drillblock for the Mesaverde and as the drillblock for the Dakota. This is an orthodox location for the Mesaverde, (as per Order No. R-10987-A) and is an 80 acre infill well for the Mesaverde Pool, however, it is not an orthodox location for the Dakota Pool as currently established.

In this particular unit, the Mesaverde has been developed on the optional 160 acre basis. It is unlikely that a Dakota well could be drilled as a stand-alone well on an economic basis. The economics are improved through the investment savings realized by drilling the well as a Dakota/Mesaverde commingled well. Since the orthodox locations for the Dakota already have existing Mesaverde wells on them, we are precluded from drilling commingled wells at those locations. The most viable alternative to recover Dakota reserves is to drill the 80 acre Mesaverde infill wells as commingled wells, thus necessitating our request. Additionally, this creates less surface disturbance, which is an increasing concern of the BLM and Fee surface owners.

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

1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of exhibits presented at our March 18, 1999 hearing for downhole commingling in the San Juan 29-6 Unit (Case No. 12136, currently pending with Mr. Catanach)

This drill block is located within the confines of the San Juan 29-6 Unit and is completely surrounded by drillblocks operated by Phillips. Per the District OCD office in Aztec, it is our understanding that the 20 day notice period can be waived due to Phillips operating all offsetting drillblocks. We respectfully ask that if possible, the waiting period be waived and this request expedited.

Unorthodox Well Location  
San Juan 29-6 Unit #31B Well  
May 14, 1999  
Page 2

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

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  
San Juan Basin  
(505) 599-3410

cc: J. L. Mathis (r) C40453  
Ernie Busch – OCD, Aztec

District I  
 241 West 9th, Hobbs, NM 88241-1980  
 District II  
 811 South First, Ardena, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C-102  
 Revised October 18, 1994  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name SAN JUAN 29-6			6 Well Number 31B
7 OGRID No.		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6766'

10 Surface Location

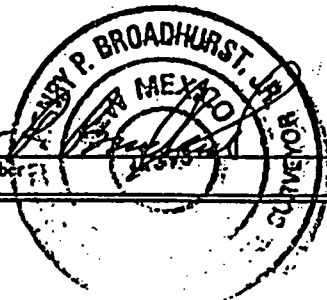
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	10	29N	6W		1330'	NORTH	125'	WEST	RIO ARriba

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
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 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

1330' 5280.00' N00°02"E	N89°55"E 5268' 12"	5280.00' N00°03"E	<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.  Signature _____ Printed Name _____ Title _____ Date _____
	Section 10		<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. 03/25/99 Date of Survey _____ Signature and Seal of Professional Surveyor: _____
	N89°55"E 5265' 48"		Certificate Number _____





# PHILLIPS PETROLEUM COMPANY

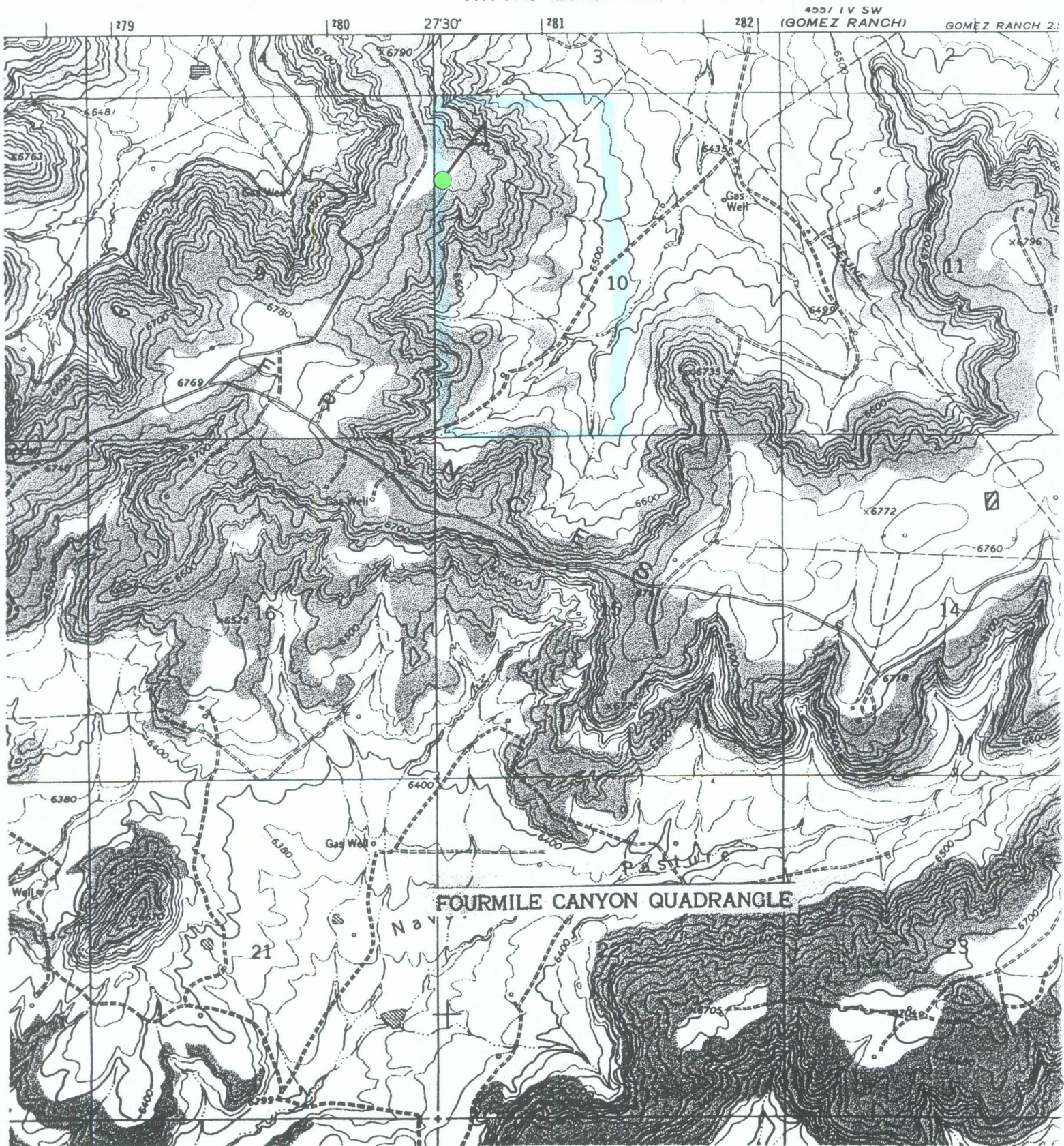
SAN JUAN 29-6 UNIT No.31B

1330' FNL, 125' FWL

NW/4 SEC.10, T-29-N, R-06-W, N.M.P.M.,

RIO ARriba COUNTY, NEW MEXICO

GROUND LEVEL ELEVATION: 6766





**OFFSET OWNERSHIP**  
**PHILLIPS PETROLEUM COMPANY**  
**SAN JUAN 29-6 UNIT #31B WELL**

<p style="text-align: right;">4</p> <p>PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: right;">3</p> <p>PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: right;">2</p> <p>PHILLIPS PETROLEUM COMPANY</p>
<p style="text-align: right;">9</p> <p>PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: right;">10</p> <p>- ● #31B</p>	<p style="text-align: right;">11</p> <p>PHILLIPS PETROLEUM COMPANY</p>
<p style="text-align: right;">16</p> <p>PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: right;">15</p> <p>PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: right;">14</p> <p>PHILLIPS PETROLEUM COMPANY</p>



T  
29  
N

R-6-W

● MESAVERDE Km — Kch CLIFFHOUSE  
Km MENESEE  
Kpl POINT LOOKOUT

Mesaverde Participating Area  
37th expansion Eff. 11/1/62

PHILLIPS PETR. CO.

SAN JUAN 29-6 UNIT

RIO ARRIBA CO, NM

March 4, 1999

J. Hopkins

# **DRILLING AND COMPLETION COSTS** **CAPITAL EXPENSES (M\$)**

## **MESAVERDE**

## **DAKOTA**

### **SINGLE COMPLETION**

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	105.2	339.4	444.6	DRILL & COMPLETE	119.1	362.2	481.3
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	127.8	355.8	483.6	TOTAL	141.7	378.6	520.3

Two Singles (Dakota + Mesaverde) 1003.9

### **DUAL COMPLETION**

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	74.5	330.3	404.8	DRILL & COMPLETE	80.6	362.0	442.6
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	97.1	346.7	443.8	TOTAL	103.2	378.4	481.6

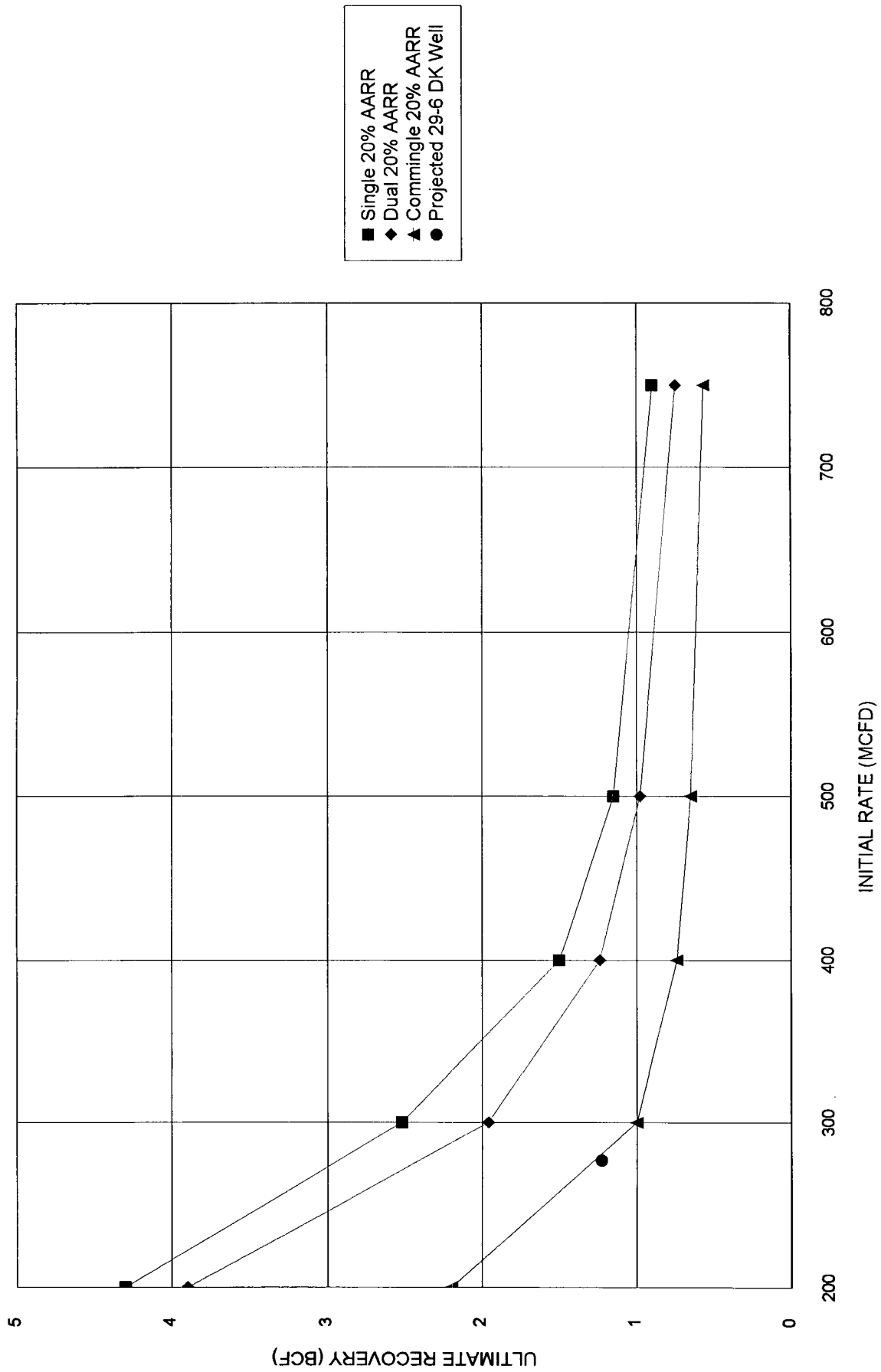
Dually Completed (Dakota + Mesaverde) 925.4

### **COMMINGLE COMPLETION**

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	51.7	284.5	336.2	DRILL & COMPLETE	69.7	280.3	350.0
FACILITIES	11.3	8.2	19.5	FACILITIES	11.3	8.2	19.5
TOTAL	63.0	292.7	355.7	TOTAL	81.0	288.5	369.5

Commingled Completion (Dakota + Mesaverde) 725.2

# **SAN JUAN 29-6 UNIT** DAKOTA MARGINAL ECONOMICS





CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION05/25/99 09:40:43  
OGOMES -TPZE  
PAGE NO: 1

Sec : 10 Twp : 29N Rng : 06W Section Type : NORMAL

D 40.00  Federal owned U	C 40.00  Federal owned U A	2 42 14.30 84.13  Mixed Non State U U	1 42 8.41 84.13  Mixed Non State U U
E 40.00  Federal owned U	F 40.00  Federal owned U	3 42 22.76 84.13  Mixed Non State U U	4 42 30.40 84.13  Mixed Non State U U

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION05/25/99 09:40:47  
OGOMES -TPZE  
PAGE NO: 2

Sec : 10 Twp : 29N Rng : 06W Section Type : NORMAL

L 40.00  Federal owned U	K 40.00  Federal owned U A	J 40.00  Federal owned U	I 40.00  Federal owned U A
M 40.00  Federal owned U A A	N 40.00  Federal owned U	O 40.00  Federal owned U	P 40.00  Federal owned U

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12