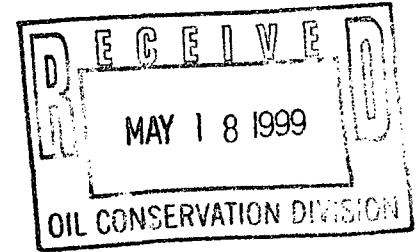


NSL

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 #29B WELL
NW/4 SECTION 3-29N-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 #29B well at a location of 755' FNL & 1380' FWL of Section 3-29N-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 3 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:

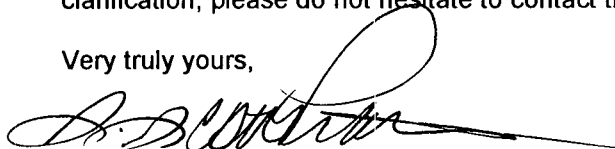
1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of exhibits presented at our March 18, 1999 hearing for downhole commingling in the San Juan 29-6 Unit (Case No. 12136, currently pending with Mr. Catanach)

This drill block is located within the confines of the San Juan 29-6 Unit. The offset operators have been furnished with 3 copies of this correspondence by certified mail and are requested to furnish your office with a Waiver of Objections, keep one copy for their records and return one copy to our office.

Unorthodox Well Location
San Juan 29-6 Unit #29B 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,



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

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

_____ hereby waives objection to Phillips Petroleum Company's application for a Dakota unorthodox location for the San Juan 29-6 Unit #29B well as proposed above.

By: _____

Date: _____

District I
P.O. Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, 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 29B
7 OGRID No.		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6379'

10 Surface Location

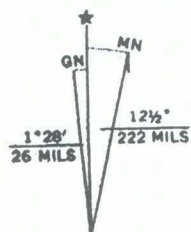
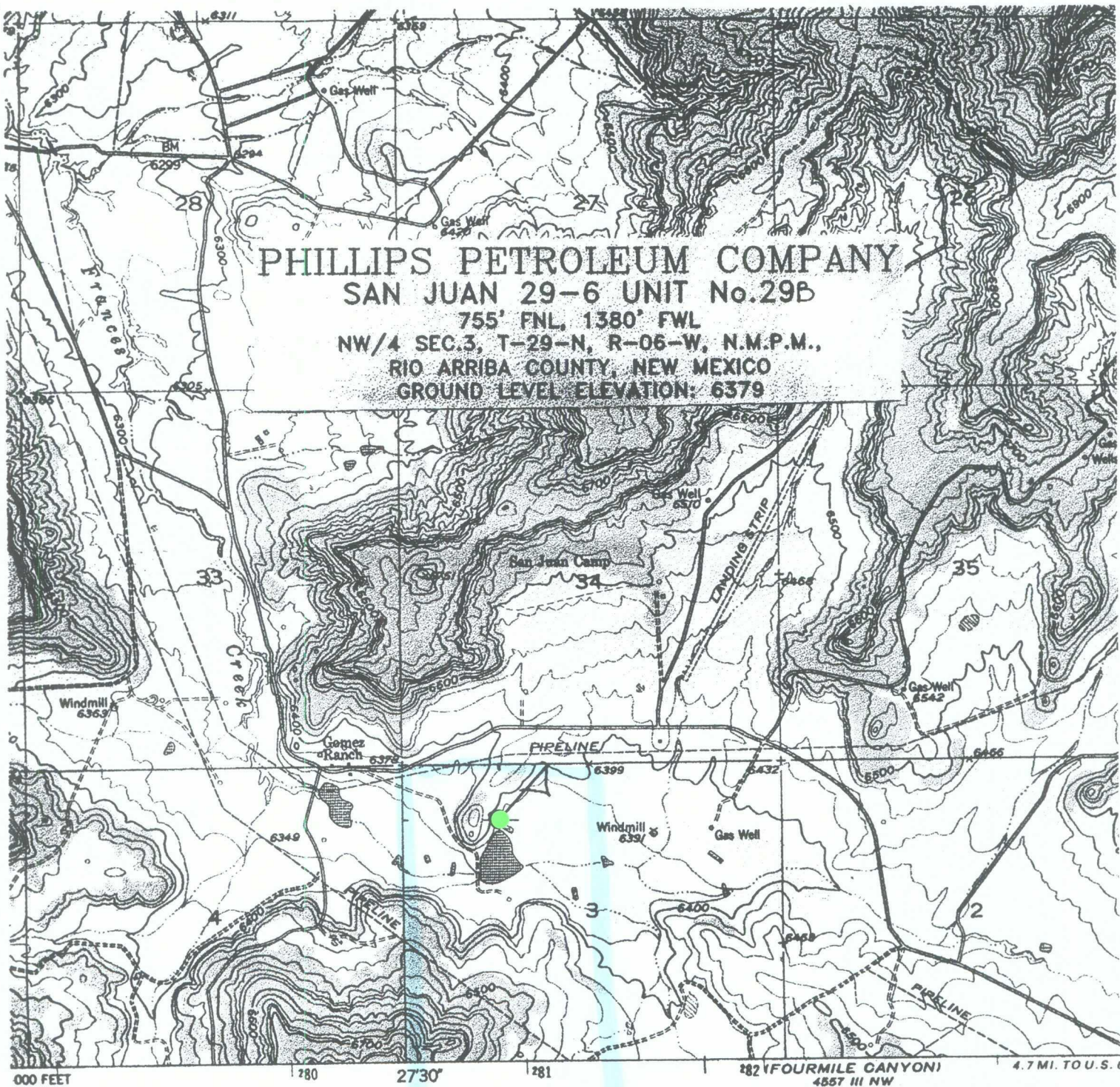
UL or lot no. C	Section 3	Township 29N	Range 6W	Lot Idn	Feet from the 755'	North/South line NORTH	Feet from the 1380'	East/West line WEST	County RIO ARriba
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11 Bottom Hole Location If Different From Surface

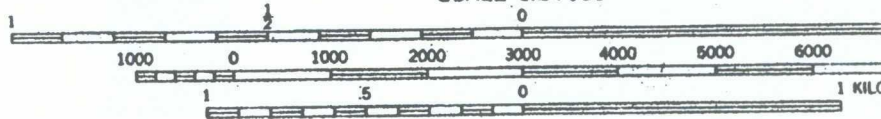
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

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

16		S89°58'W		5280.00'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
1380'		755'				Signature	
5273.40'						Printed Name	
						Title	
						Date	
		Section 3				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.	
A.50.00S						03/25/99 Date of Survey	
						Signature and Seal of Professional Surveyor:	
S89°55'E				5268.12'		HENRY P. BROADHURST, JR. NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR	



UTM GRID AND 1982 MAGNETIC NORTH



CONTOUR INTERVAL 20 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

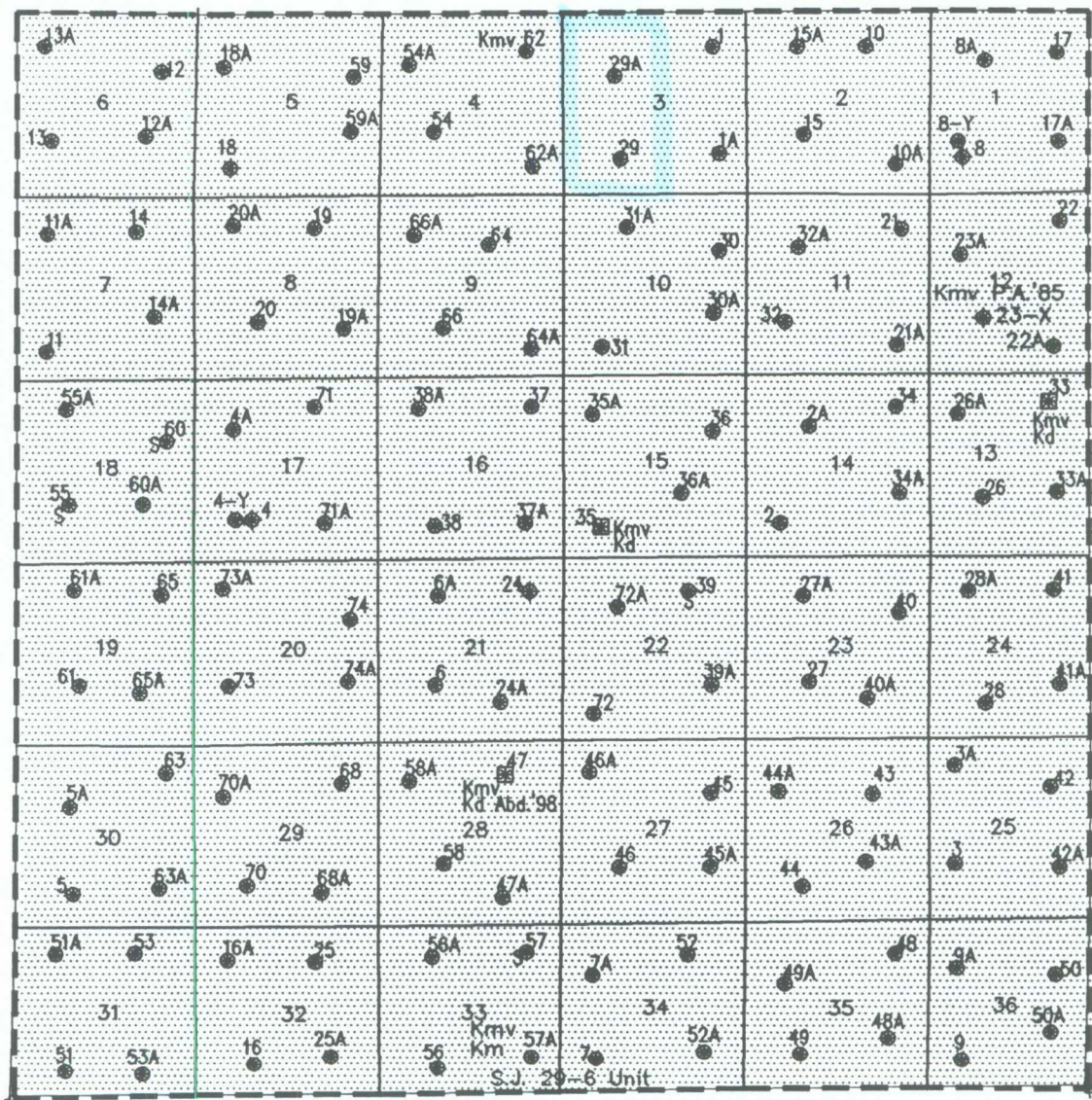
GOMEZ RANCH QUADRANGLE

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

<p style="text-align: center;">33</p> <p style="text-align: center;">BURLINGTON RESOURCES OIL & GAS CO.</p>	<p style="text-align: center;">34</p> <p style="text-align: center;">BURLINGTON RESOURCES OIL & GAS CO.</p>	<p style="text-align: center;">35</p> <p style="text-align: center;">BURLINGTON RESOURCES OIL & GAS CO.</p>
<p style="text-align: center;">4</p> <p style="text-align: center;">PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: center;">3</p> <p style="text-align: center;">● #29B</p>	<p style="text-align: center;">2</p> <p style="text-align: center;">PHILLIPS PETROLEUM COMPANY</p>
<p style="text-align: center;">9</p> <p style="text-align: center;">PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: center;">10</p> <p style="text-align: center;">PHILLIPS PETROLEUM COMPANY</p>	<p style="text-align: center;">11</p> <p style="text-align: center;">PHILLIPS PETROLEUM COMPANY</p>

T30N-R6W

T29N-R6W



R-6-W

● MESAVERDE Km — Koh CLIFFHOUSE
Km MENEFEE
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		

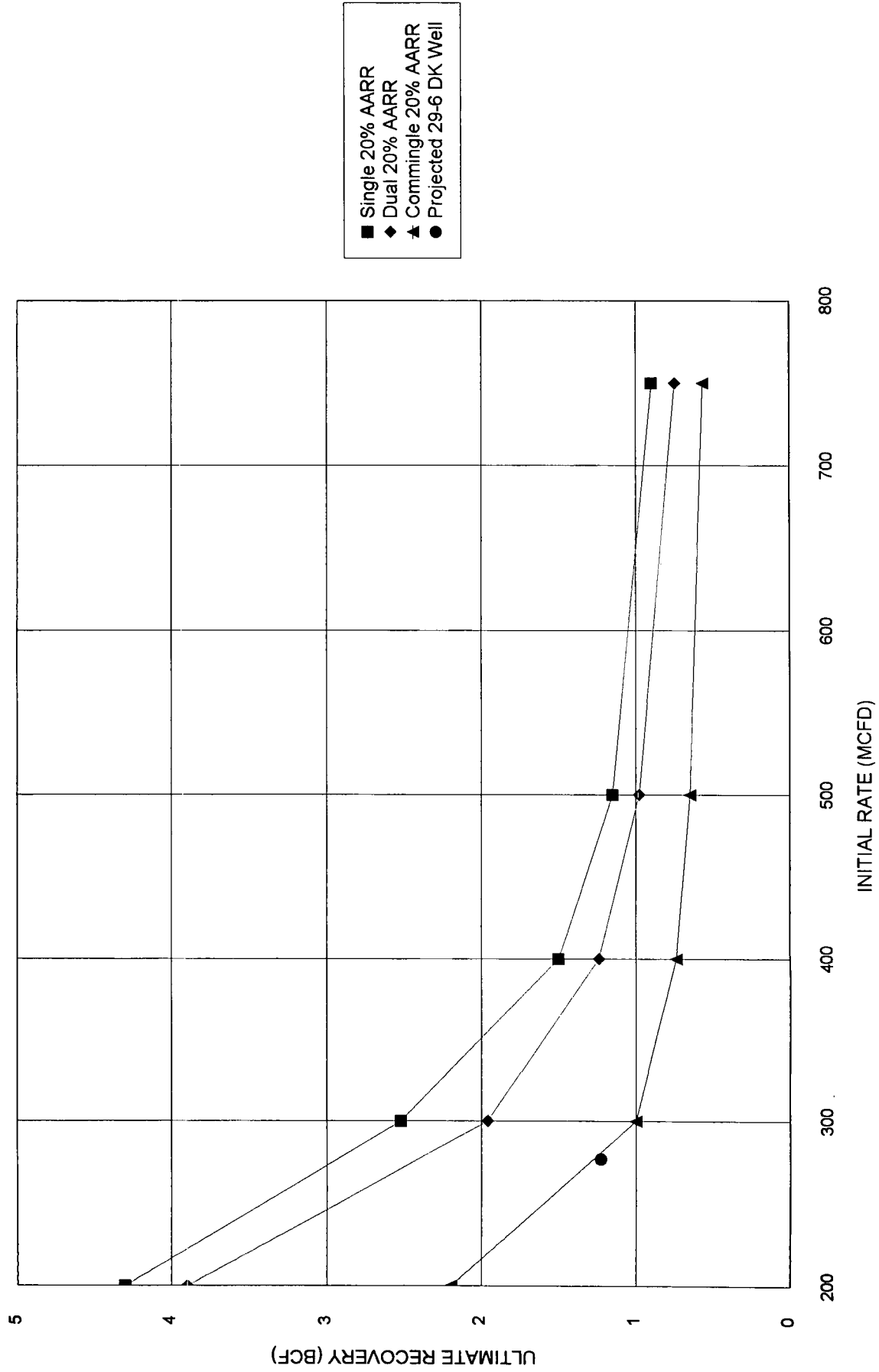
DUAL COMPLETION

	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
				Commingle Completion (Dakota + Mesaverde)	725.2		

SAN JUAN 29-6 UNIT
DAKOTA MARGINAL ECONOMICS



CMD : ONGARD 05/25/99 09:14:18
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPX8

OGRID Idn : 17654 API Well No: 30 39 26179 APD Status(A/C/P): A
Opr Name, Addr: PHILLIPS PETROLEUM CO NW Aprvl/Cncl Date : 05-18-1999
5525 HWY 64 NBU 3004
FARMINGTON,NM 87401

Prop Idn: 9257 SAN JUAN 29 6 UNIT Well No: 29 B

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: 7	3	29N	06W			FTG 755 F N	FTG 1380 F W
OCD U/L	: C		API County	: 39				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): P Ground Level Elevation : 6379

State Lease No: Multiple Comp (Y/N) : Y
Prpsd Depth : 7879 Prpsd Frmtn : BLANCO MV/BASIN DK

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD : ONGARD 05/25/99 09:14:10
OG6CLOG C105-WELL COMPLETION OR RECOMP CASING LOG OGOMES -TPX8

OGRID Identifier : 17654 PHILLIPS PETROLEUM CO NW
Prop Identifier : 9257 SAN JUAN 29 6 UNIT
API Well Identifier : 30 39 26179 Well No : 029B
Surface Locn - UL : 7 Sec : 3 Twp : 29N Range : 06W Lot Idn :
Multiple comp (S/M/C) : Y TVD Depth (Feet) : MVD Depth (Feet):
Spud Date : P/A Date :
Casing/Linear Record:

S Size Grade Weight Depth(ft) Depth(ft) Hole Size Cement ---- TOC ----
(inches) (lb/ft) Top-Liner Bot-Liner (inches) (Sacks) (feet) Code

E0004: No matching record found. Enter data to create.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 TLOG PF11 PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION05/25/99 09:13:35
OGOMES -TPX8
PAGE NO: 1

Sec : 03 Twp : 29N Rng : 06W Section Type : NORMAL

8 38 40 26.05 *** 13.39	7 38 26.19 ***	6 38 26.33 ***	5 38 35.37 ***
Mixed Non State U U	Mixed Non State U U	Mixed Non State U U	Mixed Non State U U
9 38 40 14.12 *** 13.39	10 38 14.00 ***	11 38 13.88 ***	12 38 31.09 ***
Mixed Non State U U	Mixed Non State U U	Mixed Non State U U	Mixed Non State U U

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

05/25/99 09:13:40
OGOMES -TPX8
PAGE NO: 2

Sec : 03 Twp : 29N Rng : 06W Section Type : NORMAL

L 40.00	K 40.00	14 42 30.81 62.46	13 42 35.26 62.46
Federal owned U	Federal owned U	Mixed Non State U U	Mixed Non State U U
M 40.00	N 40.00	15 42 14.30 62.46	16 42 17.17 62.46
Federal owned U	Federal owned U A A	Mixed Non State U U	Mixed Non State U U

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