

SAN JUAN 29-6 Unit Dakota Gas Production
Rio Arriba County, N.M.
Gas Volumes In MCF @ 14.73 ppsa & 60°F

WELL NO.	LOCATION	CUM PROD TO 1/1/75	MONTHS												1/1/75 to 12/1/75 TOTAL	CUM PROD TO 12/1/75
			JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV			
35	M-15-29N-6W	1314627	5799	5870	10592	6964	5700	4063	5848	4315	8111	10334	7854	75070	1389697	
47	D-28-29N-6W	80209	Zone Abandoned - Last Production			5242	5268	3972	4369	4296	3399	4670	5057	50891	80209	
69	A-26-29N-6W	781624	5634	4027	4957	4057	5026	4987	4463	2711	6152	4004	5843	52002	832515	
75	H-23-29N-6W	1052200	4398	3812	6549	2607	2335	3588	1984	384	0	0	0	19002	1104202	
76	N-23-29N-6W	429334	1729	3337	3038	2009	2335	3588	1984	384	0	0	1946	28279	448356	
77	H-22-29N-6W	417291	1641	1749	2655	2009	1585	2122	4810	1834	4403	3525	0	20464	334370	
78	L-22-29N-6W	313906	2827	2233	2885	2246	1784	1496	856	2346	2733	1078	10323	107963	954606	
79	M-24-29N-6W	846643	9925	10891	10934	7860	8397	10706	10632	10447	10355	7495	4361	44063	439200	
80	H-24-29N-6W	395137	3895	4344	4188	2891	3972	3156	4458	5527	4171	3100	6361	44063	1123930	
81	L-25-29N-6W	1058485	6258	4918	6516	8098	6293	4946	6088	6970	4775	5862	11822	120463	670147	
82	B-25-29N-6W	549684	12732	12631	11181	8098	8837	8545	12769	13139	10848	9861	5806	41919	717481	
83	M-13-29N-6W	675562	4354	3586	2948	2957	2903	3710	3446	5432	4465	2312	4088	34336	568814	
84	G-14-29N-6W	534478	3140	2755	4627	2828	2203	3175	2343	3321	3384	2492	5488	51616	559922	
85	A-27-29N-6W	508306	4326	4062	3927	5536	5320	4482	4714	5241	3474	5048	2433	22777	444792	
86	N-21-29N-6W	422015	2114	1842	2136	2208	2250	1916	2071	2271	1938	1498	5676	57870	893808	
87	H-33-29N-6W	834938	4069	4508	4301	6178	6075	5653	5892	3685	5679	6154	6339	68309	1150362	
89	N-11-29N-6W	1082053	3690	8026	5474	4773	5626	7910	4202	6363	7822	8084	6317	3814	506931	
90	G-15-29N-6W	473117	3278	2810	3511	2848	2845	2552	3516	3175	3355	2507	2857	28417	359809	
91	H-21-29N-6W	331392	2958	2174	3067	2702	2702	1663	2315	2443	2714	2789	6124	54525	826502	
92	M-12-29N-6W	771977	4128	5362	5072	3527	3938	6376	4281	5283	4561	5913	1806	20191	305206	
93	B-16-29N-6W	285015	2250	1833	1516	1965	2150	1724	1619	1909	2079	1340	4227	41109	509969	
95	L-34-29N-6W	468860	3922	1938	2461	4468	3908	4314	4552	3081	4245	3993	4890	52889	458422	
97	N-35-29N-6W	405533	5339	3965	5110	4924	5126	3985	5402	5157	3656	5335	2785	43077	332084	
98	K-26-29N-6W	299007	4094	3264	3992	3971	3958	3019	4543	5083	3791	4577	8473	89827	709707	
99	A-34-29N-6W	619880	8471	7163	8554	8748	8632	8058	9616	5900	7590	8622	3203	33565	320497	
100	G-35-29N-6W	286932	4906	2205	3926	3287	3670	2471	2246	2630	1580	3441	4976	48628	282441	
101	B-36-29N-6W	233813	4628	3613	4187	5408	5156	3479	3339	4177	4377	5088	6614	43724	271632	
102	G-10-29N-6W	227908	2376	3893	4348	3740	2389	3734	2477	5371	3536	5046	3634	39534	287433	
103	G-11-29N-6W	247899	4304	3599	2573	4215	2561	4601	2658	3555	3646	4183	2854	28288	136756	
104	N-14-29N-6W	108468	3435	3092	2985	1932	2125	2414	1408	2907	2842	2294	5462	65042	294821	
107	N-36-29N-6W	229779	5231	4767	5486	8263	7313	5428	7211	6732	4724	4425				
TOTAL PARTICIPATING WELLS			16277092	136051	128269	143676	132910	129540	128245	134326	135685	134405	133093	144899	1483099	17760191
NON-PARTICIPATING			1089424	3623	6382	5378	4563	3455	5027	3549	2224	6829	5207	3945	50203	1139627
TOTAL NON-PARTICIPATING WELLS			1774325	7010	10510	9616	9510	8349	9185	7483	7263	9786	10286	8853	97851	1872176
UNIT GRAND TOTAL			18051417	143061	138779	153292	142420	137889	137430	141809	142948	144191	145379	153732	1580950	1963367

Northwest Pipeline Corporation



ONE PARK CENTRAL
SUITE 1487
DENVER, COLORADO 80202
303-623-9303

April 27, 1976

TO ALL WORKING INTEREST OWNERS:

Re: San Juan 29-6 Unit
Rio Arriba County, New Mexico
PROPOSED APPLICATION FOR THE
INITIAL DAKOTA PARTICIPATING
AREA "A"
Effective December 31, 1974

Gentlemen:

Please reference my letter of April 12, 1976, to all Dakota Working Interest Owners advising the results of the poll taken March 25, 1976, concerning the Proposed Initial Dakota Participating Area "A". Said proposal is based upon the completion of the San Juan 29-6 Unit No. 106 well in the SW/4 of Section 31, Township 29 North, Range 6 West.

It has been brought to our attention that under Section 7 of the San Juan 29-6 Unit Operating Agreement in matters requiring the concurrence of the Working Interest Owners, that the "....Unit Operator will be governed by the decision of the owners of a majority of the Working Interest Owners in the....nonadmitted drilling block...."

The Working Interest Owners in the nonadmitted drilling block of the S/2 of Section 31, Township 29 North, Range 6 West, are:

Phillips Petroleum Company	75%
Southern Union Production Company	25%

They both desire establishing an Initial Dakota Participating Area "A".

In view of these results, Northwest Pipeline Corporation, as Unit Operator, is compelled to file an application with the proper Regulatory Agencies for approval of the Initial Dakota Participating Area "A" effective December 31, 1974, as follows:

Working Interest Owners of the San Juan 29-6 Unit
April 27, 1976
Page 2

Township 29 North, Range 6 West, N.M.P.M.
Section 31: S/2 & NW/4
Containing 480.00 acres, more or less

Very truly yours,

Betty R. Burnett
Supervisor of Contracts and Units

BRB:cak



PHILLIPS PETROLEUM COMPANY

DENVER, COLORADO 80202
1804 SECURITY LIFE BUILDING

LEGAL

April 21, 1976

Northwest Pipeline Corporation
One Park Central
Suite 1487
Denver, Colorado 80202

Attention Betty R. Burnett, Supervisor of
Contracts and Units

Re: San Juan 29-6 Unit
Rio Arriba County,
New Mexico--Dakota
Participating Areas

Phillips Petroleum Company strongly protests the course of action proposed in your letter of April 12, 1976. We believe that the proposal contained in your letter of February 6, 1976 for the establishment of a separate Dakota Participating Area is the only valid and proper one, and as a Working Interest Owner under the subject Unit and under the proposed Initial Dakota Participating Area A, we must insist on creation of the proposed new Participating Area. We submit the following for your consideration:

1. Your letter of March 25, 1976 polled all Dakota Working Interest Owners in the San Juan 29-6 Unit as to whether application should be made for approval of Initial Dakota Participating Area A covering the S $\frac{1}{2}$ and NW $\frac{1}{4}$ of Section 31-29N-6W. It is our position that the only parties entitled to vote on such matter were the Working Interest Owners in the lands proposed for the new Participating Area. Reference is made to the language of Article VII of the Unit Operating Agreement which provides in part:

"In any matter in which the action of the Unit Operator requires the concurrence of the Working Interest Parties hereto or any of them, Unit Operator will be governed by the decision of the owners of a majority of the Working Interest in the Participating Area, or the non-admitted drilling block as the case may be, unless otherwise specified herein or in the Unit

Agreement, determined in the proportion that the acreage interest of each such Party in the Participating Area or such affected drilling block bears to the total acreage interest in the Participating Area or affected drilling block."

It is noted that the issue submitted was creation of a new Participating Area not the expansion of an existing one. Under these circumstances where creation of a new Initial Participating Area located two and one-quarter miles from the boundary of an existing one is proposed, it can hardly be argued with any degree of logic that the Unit Agreement permits participation in the voting by Working Interest Owners in the existing Participating Area. It would be about as logical to let the Working Interest Owners in the Mesa Verde and Pictured Cliffs Participating Areas vote!

Under the terms of the Unit Operating Agreement, the Working Interest Owners in the affected "non-admitted drilling blocks" were the parties entitled to vote and we understand that the vote of such parties was overwhelmingly in favor of creation of the Initial Dakota A Participating Area.

2. In our view the letters of Northwest Pipeline Corporation dated February 6 and March 25, 1976, except for the statements pertaining to voting, properly apply the terms of the Unit Agreement and the Unit Operating Agreement to the circumstances existing. We take it that these letters have expressed and continue to express the honest opinion of the Operator as to the proper course of action to be taken.

The language of the Unit Agreement clearly provides for each separate pool or deposit of unitized substances to be a separate Participating Area, and it is clear from the context that the borders of pools or deposits are determined upon the basis of the ability of tracts to produce unitized substances in paying quantities. Under this test there should be two separate Participating Areas for the Dakota in San Juan 29-6 Unit and such separate Participating Areas can be combined only "with the consent of the owners of all Working Interests in the lands within the Participating Areas so to be combined." We do not consent to any such combination.

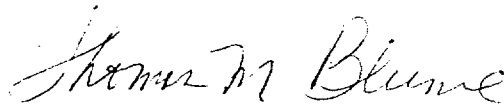
It may be argued that the proposed Initial Participating Area A is connected to the existing Participating Area by commercial production in the Unit to the south of Unit 29-6. But such an argument cannot stand. First of all, the Unit Agreement covering San Juan 29-6 Unit cannot affect or be affected by lands outside of its boundaries, and to take such outside land into account would be contrary to the structure and intent of the agreement. Secondly, the very term "Participating Area" implies a degree of commonalty of ownership and control which is destroyed by the existence of a connecting portion of the reservoir located outside of the jurisdiction of the Working Interest Owners of the San Juan 29-6 Unit.

3. It would be inequitable to the Working Interest Owners, Royalty Owners and Overriding Royalty Interest Owners in the proposed Initial Dakota Participating Area A to include those lands in the existing Dakota Participating Area. Substantial depletion has already occurred in the existing Participating Area so that a goodly share of the reserves under those lands have been produced and the proceeds paid to the owners of lands located in the old Area. The lands in the proposed Participating Area A are undepleted. To combine the two areas now, without any retroactive adjustment, would result in the unjust enrichment of the owners in the old Participating Area at the expense of the owners of Working Interests, Royalties and Overriding Royalties in the proposed Dakota Participating Area A.
4. Joinder of the two areas would deter additional development in the lands surrounding the Initial Participating Area A. If the Working Interest Owners in the Participating Area A are subjected to the unjust deprivation of reserves referred to in the preceding paragraph it will not be economical for them to drill any additional wells on the lands surrounding the spacing unit for the No. 106 Well. On the other hand, if a separate Participating Area is established, several additional locations may be feasible for drilling.
5. As stated under point 1 above, you would be completely wrong in basing your actions on any poll of Dakota Working Interest Owners which includes the existing Participating Area. It well may be that no vote is required or proper for the initiation or expansion of a Participating Area. This could be a matter which is left to the sound discretion and good faith judgment of the Operator with, of course, the further approval of the designated regulatory agencies being required. If this is the

April 21, 1976

guideline, we all know what the Operator's good faith opinion and recommendation should be, for they are cogently expressed in the letters of February 6, 1976 and March 25, 1976 to which I have referred--so cogently that we would most certainly want to refer to them in proceedings before any regulatory agency to which a contrary opinion and recommendation might be presented.

In summation we submit that the appropriate voting entity has overwhelmingly approved establishment of the proposed Initial Dakota Participating Area A; that the establishment of such Initial Participating Area A is proper under the terms of the Unit Agreement; that amalgamation of the lands within the proposed Initial Participating Area A with the existing Dakota Participating Area would be unjust and inequitable; that such amalgamation would deter or prevent the development of lands surrounding the proposed Initial Participating Area A; and that if no voting procedure is provided for under the Unit Agreement and Unit Operating Agreement, the recommendation then becomes a matter for the sound judgment and discretion of the Unit Operator, which has already been expressed very cogently in the letters dated February 6, 1976 and March 25, 1976 in which the Unit Operator recommended establishment of the separate Participating Area. We respectfully solicit your cooperation in recommending the establishment of the proposed Initial Dakota A Participating Area as described in detail in your letter of March 25, 1976.



Thomas M. Blume
Regional Chief Attorney

TMB/et

cc: All Working Interest Owners in
the San Juan 29-6 Unit

NORTHWEST PIPELINE CORPORATION

ONE PARK CENTRAL, SUITE 1487
DENVER, COLORADO 80202
(303) 623-9303

April 12, 1976

To All Dakota Working Interest Owners:

Re: San Juan 29-6 Unit
Dakota Participating Area
Rio Arriba County, New Mexico

By letter of March 25, 1976, Northwest Pipeline Corporation, as Unit Operator, polled all of the Dakota working interest owners concerning the proposed Initial Dakota Participating Area "A" based upon the completion of the San Juan 29-6 Unit No. 106 Well in the SW $\frac{1}{4}$ Section 31-29N-6W. The results of this poll of the working interest owners in the 10th Expanded Dakota Participating Area and the 480 acres proposed to be dedicated to the No. 106 Well are as follows:

In favor of Participating Area "A"	11.89%
Not in favor of Participating Area "A"	88.11%

In view of the majority Dakota Interest Owners voting against creating Participating Area "A", Northwest Pipeline Corporation will file an application with the proper Regulatory Agencies for approval of the Eleventh Expanded Participating Area of the Dakota as follows:

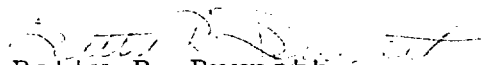
Eleventh Expanded Participating Area - Effective December 1, 1974

Township 29 North, Range 6 West, N. M. P. M.

Section 31: S $\frac{1}{2}$ & NW $\frac{1}{4}$

Containing 480.00 acres, more or less.

Yours very truly,


Betty R. Burnett
Supervisor of Contracts and Units

BRB:sjm

bcc: R. W. Keener
Carey Lackey

San Juan 29-6 Unit

Dakota Working Interest Owners

American Petrofina Company
of Texas
P. O. Box 2159
Dallas, TX 75221

El Paso Natural Gas Company
Attn: James R. Permenter
P. O. Box 1492
El Paso, TX 79978

Mr. James E. McElvain, Executor
for the Estate of Carl R.
McElvain, deceased
309 West Jefferson Street
Morris, IL 60450

Koch Industries, Inc.
P. O. Box 2256
Wichita, KS 67201

James J. Johnston
2635 Exxon Building
Houston, TX 77002

Phillips Petroleum Company
Attn: Mr. N. N. Beckner
1000 Security Life Building
Denver, CO 80202

Mr. J. William McElvain
310 East Jefferson Street
Morris, IL 60450

Mrs. Veva Jean Gibbard
P. O. Box 436
Sulphur, OK 73806

First National Bank of Ft. Worth
Trustee U/A/W/ Eula May Johnston
P. O. Box 2645
Fort Worth, TX 76101

Beta Development Company
Attn: Mr. John Hampton
P. O. Box 1659
Midland, TX 79701

Union Texas Petroleum
A Division of Allied Chemical
Corporation
Attn: Donald B. Wells
Suite 1122 Lincoln Tower
1260 Lincoln Street
Denver, CO 80203

Mrs. Catherine B. McElvain
Individually and as Executrix of the
Estate of T. H. McElvain, Dec'd.
Box 2148
Santa Fe, NM 87501

V. A. Johnston Family Trust
P. O. Box 925
Ralls, TX 79357

Southern Union Production Company
Suite 1700 Campbell Centre
8350 North Central Expressway
Dallas, TX 75206

Mabelle M. Miller,
Individually & as Independent
Executrix of the Estate of
Forrest B. Miller
1224 Lois Street
P. O. Box 1445
Kerrville, TX 78028

Mrs. Ruth M. Vaughn
300 Caversham Road
Bryn Mawr, PA 19010

Union Texas Petroleum
A Division of Allied Chemical Corp.
Attn: Mr. W. L. Hixon
P. O. Box 2120
Houston, TX 77001

Texas Pacific Oil Company, Inc.
Attn: Mr. L. B. Jeffers
1700 One Main Place
Dallas, TX 75250

Union Oil Company of California
Attn: Mr. Harold Simpson
District Operations Manager
P. O. Box 2620
Casper, WY 82601

The Wiser Oil Company
P. O. Box 192
Sisterville, WV 26175