

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 14, 1997

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OIL CON. DIV.
DIST. 3

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: Patrick H. Noah

Administrative Order DD-182(NSBHL)

Dear Mr. Noah:

Reference is made to your application dated November 1, 1996 authorizing Phillips Petroleum Company's ("Phillips") recent recompletion of its San Juan "32-8" Unit Well No. 5 (API No. 30-045-10850) by side tracking off of the existing vertical wellbore and directionally drilling to a pre-determined unorthodox bottomhole gas well location in order to further develop the Blanco-Mesaverde Pool underlying the existing standard 320-acre gas spacing and proration unit ("GPU") comprising the W/2 of Section 10, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico.

The Division Director Finds That:

N-10-31N-08W

- (1) By Order No. R-8170, as amended, the Division promulgated the "*General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Blanco-Mesaverde Pool*", which includes provisions for 320-acre gas spacing and proration units ("GPU") and well location requirements whereby the initial well drilled on a GPU shall be located be no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described;
- (2) The San Juan "32-8" Unit Well No. 5, located at a standard surface gas well location 1160 feet from the South line and 1700 feet from the West line (Unit N) of said Section 10, was originally drilled by Phillips in 1953;
- (3) In 1957 said well was finally completed in the Blanco-Mesaverde Pool;
- (4) This application has been duly filed under the applicable provisions of said special pool rules and **Rules 111.D and E** of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the New Mexico Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (5) As indicated by the directional survey, dated October 14, 1996, on file with the Division,

the actual bottomhole location for this well within the Blanco-Mesaverde is now 1298 feet from the South line and 1529 feet from the West line (Unit N) of said Section 10; and,

- (6) It appearing the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E and **Rule 2(d)** of said special pool rules, the subject application should be approved.

IT IS THEREFORE ORDERED THAT:

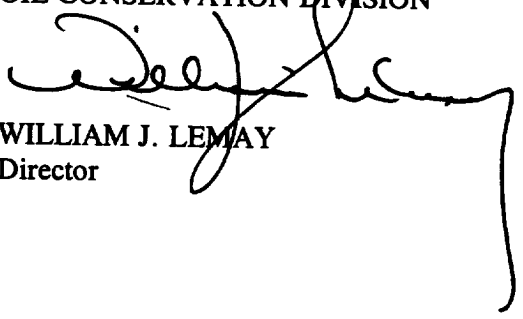
(1) The recompletion by Phillips Petroleum Company of its San Juan "32-8" Unit Well No. 5 (API No. 30-045-10850), located at a standard surface gas well location 1160 feet from the South line and 1700 feet from the West line (Unit N) of Section 10, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico, by side tracking off of the existing vertical wellbore and directionally drilling to its present unorthodox bottomhole gas well location within the Blanco-Mesaverde Pool 1298 feet from the South line and 1529 feet from the West line (Unit N) of said Section 10, is hereby approved.

(2) The existing 320-acre standard gas spacing and proration unit ("GPU") comprising the W/2 of said Section 10 shall be dedicated to said well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

WJL/MES/kv

cc: Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington