

District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Bravo Road
Artesia, NM 87410
District IV - (505) 827-7131
2040 S. Pacheco
Santa Fe, NM 87505

NEW MEXICO
Energy Minerals and Natural Resources Department

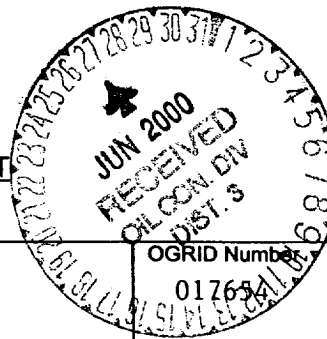
Oil Conservation Division

2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Revised 06/9

SUBMIT ORIGINAL
PLUS 2 COPIES
TO APPROPRIATE
DISTRICT OFFICE

APPLICATION FOR
WELL WORKOVER PROJECT



I. Operator and Well

Operator name & address

Phillips Petroleum Co.
5525 Hwy 64
Farmington, NM 87401

Contact Party

Patsy Clugston

OGRID Number

017654

Phone 505-599-3454

Property Name

San Juan 32-8 Unit

Well Number

226

API Number

30-045-27868

| UL | Section | Township | Range | Feet From The | North/South Line | Feet From The | East/West Line | County |
|----|---------|----------|-------|---------------|------------------|---------------|----------------|----------|
| A | 15 | P 31N | 8W | 836' | North | 891' | East | San Juan |

II. Workover

Date Workover Commenced: Previous Producing Pool(s) (Prior to Workover):

6/26/99

Date Workover Completed:

7/1/99

Basin Fruitland Coal

III. Attach a description of the Workover Procedures performed to increase production.

IV. Attach a production decline curve or table showing at least twelve months of production prior to the workover and at least three months of production following the workover reflecting a positive production increase.

V. AFFIDAVIT:

State of New Mexico)

) ss.

County of San Juan)

Patsy Clugston, being first duly sworn, upon oath states:

- I am the Operator, or authorized representative of the Operator, of the above-referenced Well.
- I have made, or caused to be made, a diligent search of the production records reasonably available for this Well.
- To the best of my knowledge, this application and the data used to prepare the production curve and/or table for this Well are complete and accurate.

Signature

Patsy Clugston

Title

Sr. Regulatory Clerk

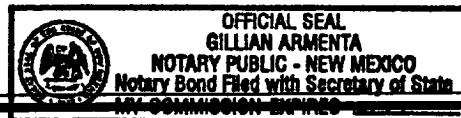
Date 6-22-00

SUBSCRIBED AND SWORN TO before me this 22 day of June, 2000.

Gillian Armenta

Notary Public

My Commission expires: 10/2/2003



FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a Well Workover Project and the Division hereby verifies the data shows a positive production increase. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project was completed on 7/1/99.

Signature District Supervisor

SSS

OCD District

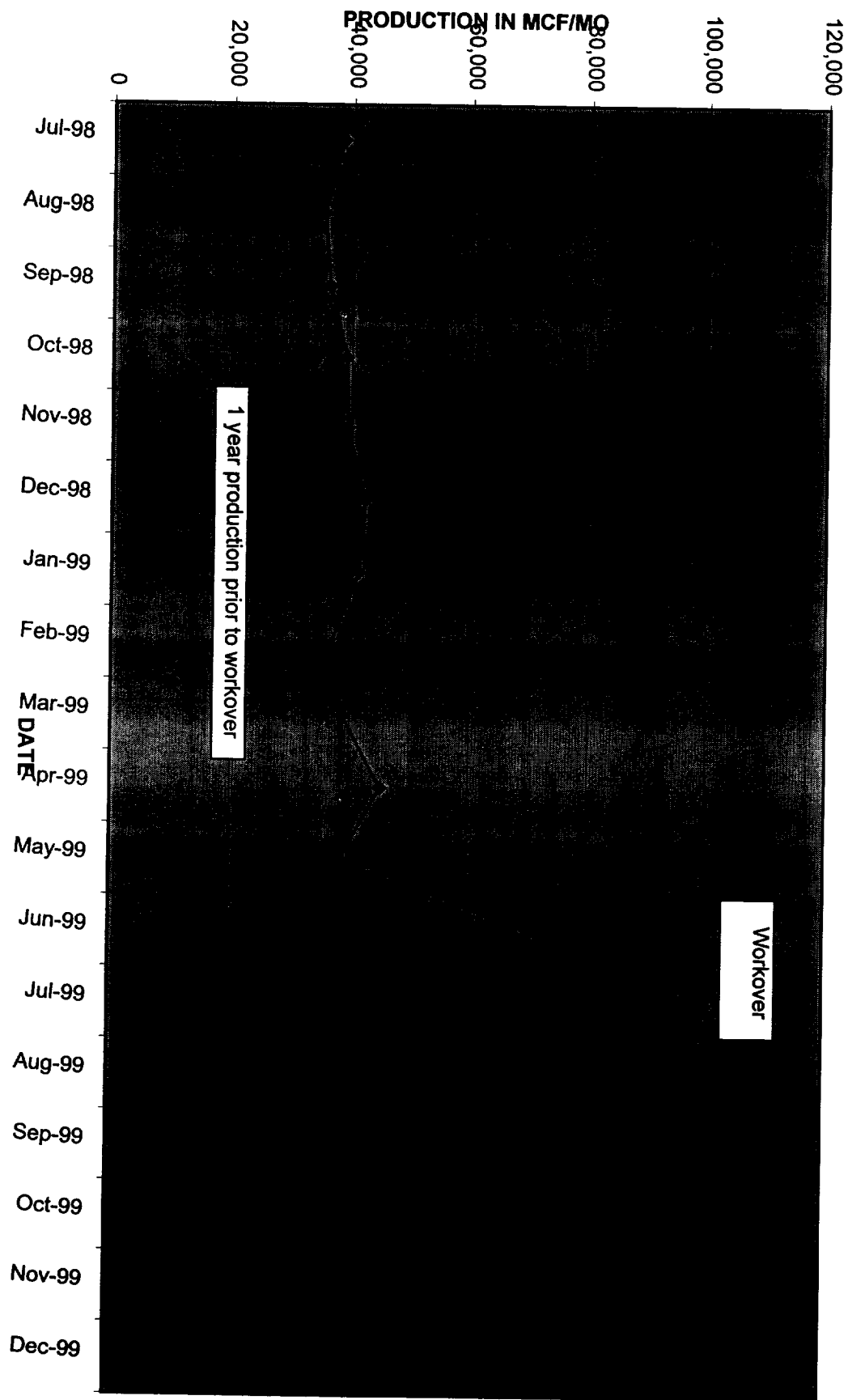
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Date

9/1/00

VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: _____

32-8 #226 WORKOVER PRODUCTION INCREASE



| API # | 32-8 #226 | mcf/Month |
|--------------|-----------|-----------|
| 30-045-27868 | Jul-98 | 38,232 |
| | Aug-98 | 35,134 |
| | Sep-98 | 36,188 |
| | Oct-98 | 39,030 |
| | Nov-98 | 39,225 |
| | Dec-98 | 42,322 |
| | Jan-99 | 41,353 |
| | Feb-99 | 36,657 |
| | Mar-99 | 38,748 |
| | Apr-99 | 45,227 |
| | May-99 | 38,459 |
| | Jun-99 | 67,799 |
| | Jul-99 | 100,389 |
| | Aug-99 | 97,992 |
| | Sep-99 | 90,227 |
| | Oct-99 | 98,421 |
| | Nov-99 | 93,943 |
| | Dec-99 | 94,907 |

**San Juan 32-8 Unit #226
SF-079004; API # 30-045-27868
Unit A, 836' FNL 7 8981' FEL
Section 15, T31N, R8W; San Juan County**

Description of workover procedure used to increase production on subject well:

A compressor was installed and the work entailed:

1. Taking existing surface equipment off.
2. Replacing old equipment with bigger equipment, (i.e.. bigger separator and flow lines).
3. Installing compressor manifold.
4. Debottlenecking location – eliminating any restrictions between wellhead and meter run.
5. Installing compressor and hooking up.

The type of compressor installed is a Cooper 305 hp. Work began approx. 6/26/99 and was completed 7/1/99.