Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT - " for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: SF-081089
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA, Agreement Designation: San Juan 32-8 Unit
8. Well Name and No.: SJ 32-8 Unit #237
9. API Well No.: 30-045-28209
10. Field and Pool, or exploratory Area: Basin Fruitland Coal
11. County or Parish, State: San Juan, NM

1. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other
2. Name of Operator: Phillips Petroleum Company
3. Address and Telephone No.: 5525 Highway 64, NBU 3004, Farmington, NM 87401 505-599-3454
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): Unit G, 1790' FNL & 1093' FEL, Section 23, T31N, R8W

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
[X] Notice of Intent	[ ] Abandonment	[X] Change of Plans
[ ] Subsequent Report	[ ] Recompletion	[ ] New Construction
[ ] Final Abandonment Notice	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing Repair	[ ] Water Shut-Off
	[ ] Altering Casing	[ ] Conversion to Injection
	[X] Other Deepen well & install PCP	[ ] Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

RECEIVED
JUN 2 1998
OIL CON. DIV.
DIST. 3

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

A sundry dated 3/23/98 was previously submitted to recaviate and rerun a liner on this well. The procedure description only included cleaning out to TD. Subsequent to the sundry submission it was decided to deepen the well by +/- 50' from 3360' to 3410'. The basis for deepening the well is:

1. Provide an unlined sump area in the wellbore to assist in more effecient separation and removal of water to improve gas production and recovery.

A Progressive Cavity pump will be installed below the liner in this sump area. Plans are to only recavitate this well if production doesn't increase dramatically.

A variance to allow the well to be deepened from the Fruitland Coal into the non-productive (in this area) Pictured Cliffs (PC) interval to a depth of 3410' is requested. Detailed on the attached is a brief description of the procedure and justification for granting the variance to deepen this well into the PC.

14. I hereby certify that the foregoing is true and correct
Signed Peggy Cole Title Regulatory Assistant Date 5-28-98

(This space for Federal or State office use)
Approved by /s/ Duane W. Spencer Title Date MAY 2 0 1998
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

* See Instruction on Reverse Side

NMOCD

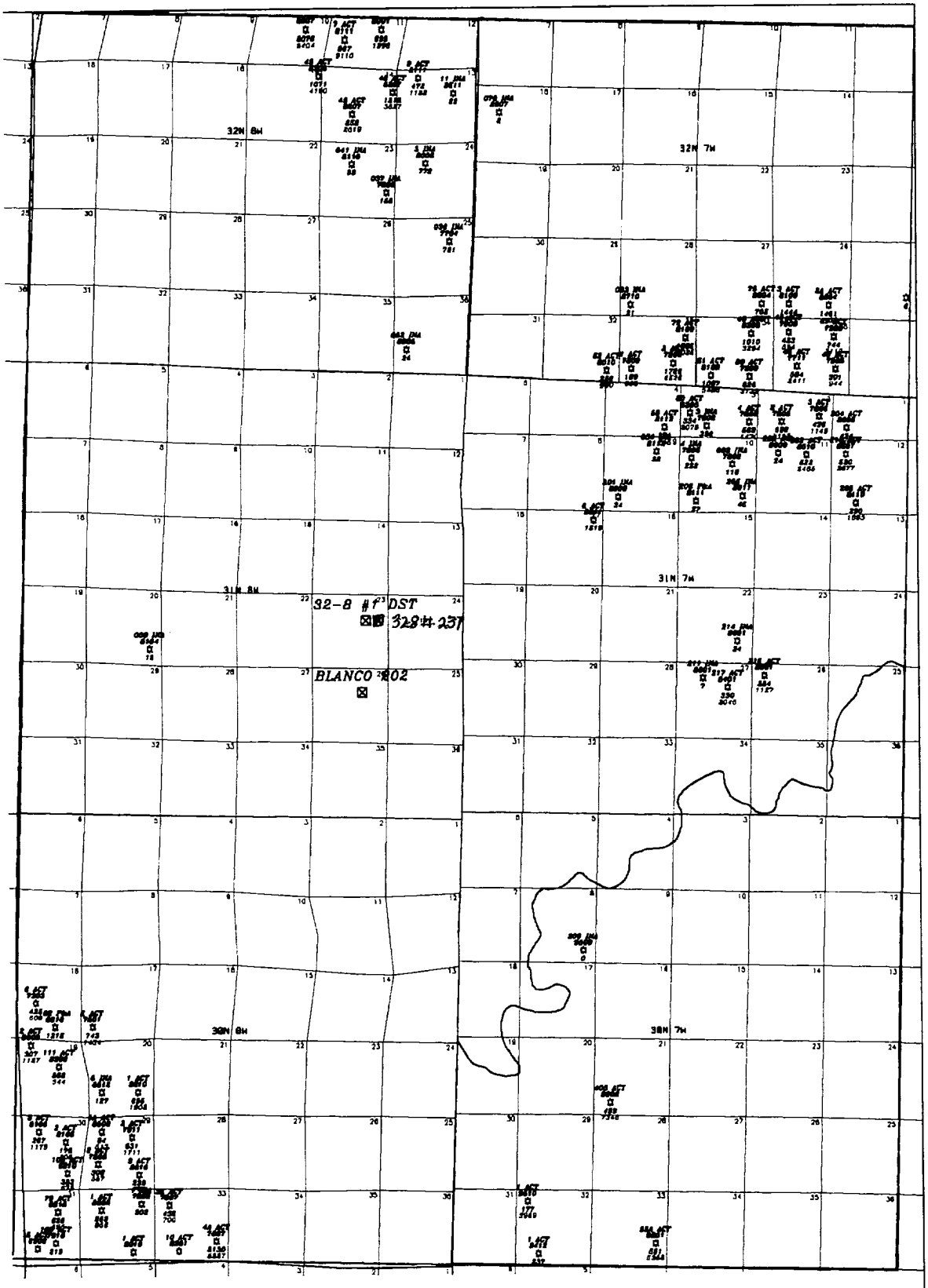
San Juan 32-8 Unit #237
SF-081089; Unit G, 1790' FNL & 1093' FEL
Section 23, T31N, R8W; San Juan County, New Mexico

Procedure to drill out the bottom of the liner, deepen 50' and then install Progressive Cavity Pump.

1. MIRU rig. Install BPV & ND WH. NU & test BOP. Retrieve BPV.
2. POOH w/2-7/8" tubing.
3. RIH w/mill on 2-3/8" workstring.
4. Drill out bottom of liner. COOH
5. GIH w/4 ¾" bit and drill 4 ¾" hole to 3410'. COOH.
6. RIH w/Progressive Cavity Pump (on 2-/38" production tubing) below liner.
7. Set BPV.
8. ND BOP & NU & test WH. Retrieve BPV. Return well to production.

Basis for defining the PC as non-productive in the area of the San Juan 32-8 #237 well.

1. There is an off-set well in the same quarter section, SJ 32-8 #1, that had a DST conducted across the Pictured Cliffs interval. The DST showed no influx across this zone. The interval tested by the DST was 3399' – 3533' (Attachment 1).
2. Unless well encounter a naturally fractured interval, the PC and other Cretaceous Sandstones in the San Juan Basin are non-productive without wellbore stimulation such as hydraulic fracturing (Attachment 2).



Pictured Cliffs Production

Blue – First Production Date
Red – Cumulative Production (MMCF)
Light Blue – Current Monthly Production (MCF)

FORM 1-WOG-1CM

WELL RECORD

STATE New Mexico PARISH COUNTY San Juan

OPERATOR Phillips Petroleum Company

FARM Mesa Unit 32-8 WELL NO. 1-23

LOCATION 1800' FNL, 1600' FEL NE SE NE

SECTION 23 TWP-BLK 31N RGE-SURVEY 8W

WILDCAT ( ) FIELD (X) AREA OR FIELD NAME Blanco Ext.

ELEVATION 6485' DF KB 6478' GL

DRILLING AND COMPLETION DATA

SPUDDED. DATE	12-19-52
COMPLETED. DATE	4-13-53
TOTAL DEPTH	6240'
PLUGGED BACK	
PLUGGED BACK	
INITIAL POTENTIAL/3 hr	1,540 MCFG
CHOKE SIZE	
SI CASING PRESSURE 672 hrs.	878#
TUBING PRESSURE	
G. O. R.	
PAY ZONES	5355-6240' Kmv

Shot 5355-6240' w/2575 qts.

CASING AND TUBING RECORD

SIZE OD	WT/FT	DEPTH	CEMENT
10-3/4"		160'	250
7"		5306'	450

GEOLOGICAL TOPS

SAMPLE FORMATION	SAMPLE DEPTH	SAMPLE DATUM	ELECTRIC LOG FORMATION	ELECTRIC LOG DEPTH	ELECTRIC LOG DATUM
			Kirtland	2760'	
			Farmington		
			Fruitland	3095'	
			Pictured Cliffs	3400'	
			Lewis	3520'	
			Cliffhouse	5300'	
			Menefee	5352'	
			Point Lookout	5638'	
			Mancos	6058'	

MISCELLANEOUS INFORMATION

12-17-52 Location

1-21-53 TD 3533' prep. Ø shead

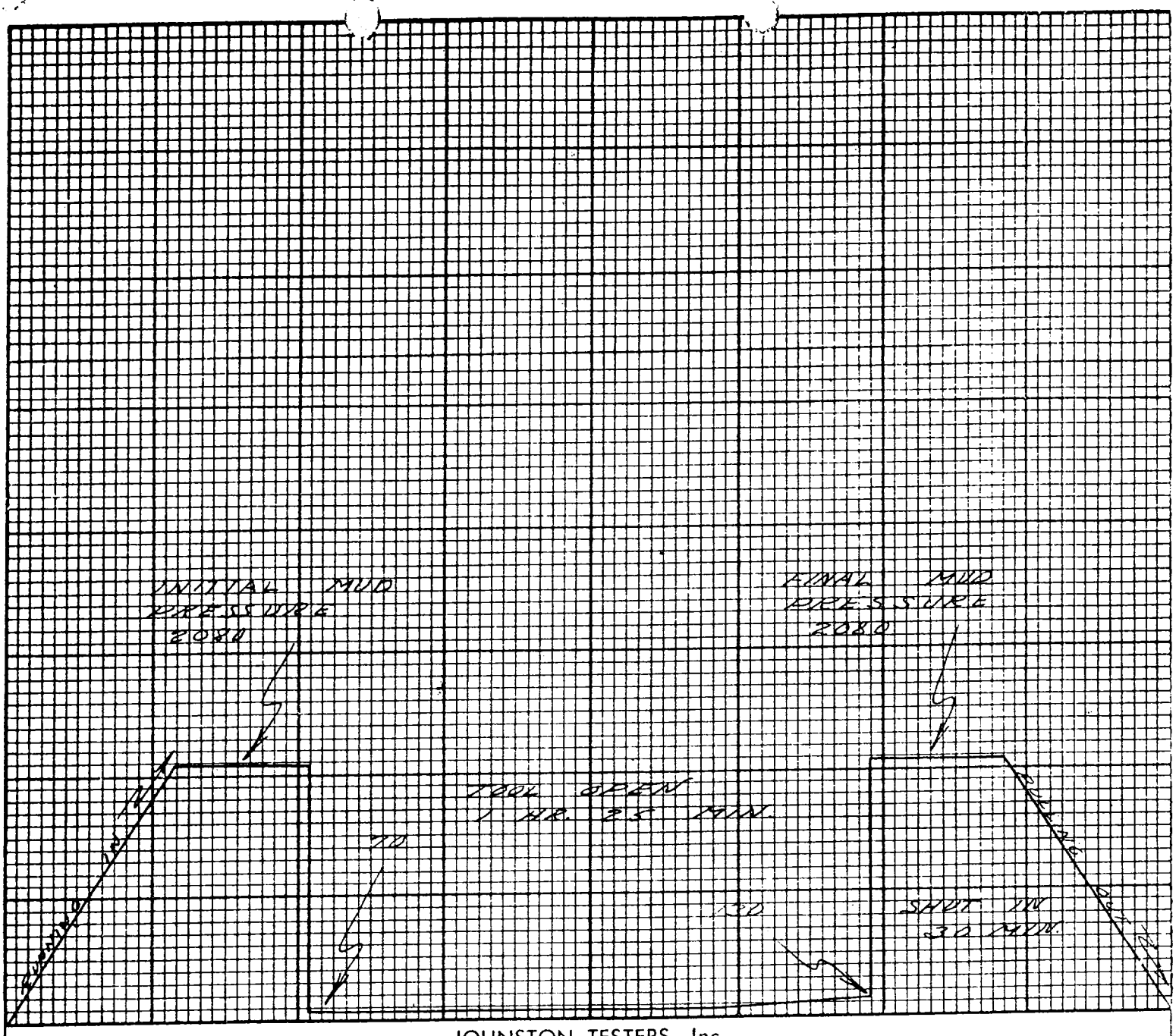
DST 3399-3533' Tool open 105 min. No gas.

Rec. 70' sli. GCM, FP 90#

SIP 140# after 30 min. HP 2010#

Shot 5355-6240' w/2575 qts.

Attachment 1



JOHNSTON TESTERS, Inc.

SUB-SURFACE PRESSURE RECORD

Company Phillips Petroleum Co.
Well No. #1-23 Mesa Unit
Location ~~Wildcat~~
Packer Set At 3399' Total Depth 3533'
Water Cushion -----
Recovery 70' Drilling Mud Slightly Gas Cut.

Date of Test 1-15-53
Recorder No. L-260
Pressure Element 3000#
Max. Temp. ----- Mud Wt. 10.4#
Date Calibrated 1-25-52

Surface Pressure ----- Choke Size: Top 3/4" Bottom _____ Number of Copies 6
Kind of Test Formation Operator Stanley Lowry Test Ticket # 28155

Phillips Petroleum Co.

Box 939

Aztec, New Me[illegible] 9

FORMATION AND CASING TESTING JOHNSTON

2080
2080
130
70
TOP

San Juan 32-8 Unit
Unit G, 1790' FNL & 1093' FEL
Section 23, T31N, R8W
San Juan County, NM

Drill Stem Test Data of the Cretaceous in the San Juan Basin

Numerous drill stem tests of the Cretaceous sandstones have been run in the San Juan Basin. Most of them were run in the early years of the development (mid-1940's to late 1950's). Previous studies of the Cretaceous drill stem test data show that the drill stem tests may divided into four broad categories based on their recoveries. They are listed as follows:

1) Recovery of a small amount of measurable gas to surface (10-50 Mcfgd) with little, or no water. Wells of this type today will make commercial gas wells with fracture stimulation.

2) Recovery of gas to surface (TSTM) plus gas cut rat-hole mud. Wells of this type today will make sub-commercial to commercial wells after fracture stimulation based on the thickness and development of the sandstone.

3) Recovery of no gas to surface and no gas cut rat-hole mud. Wells of this type today will make sub-commercial or possibly commercial gas wells after fracture stimulation.

4) Recovery of salty water in significant amounts (1000' ±). Wells of this type are water productive, and the sandstone is porous and permeable.

Production from the Cretaceous in the San Juan Basin is from a basin-centered gas accumulation. The reservoir sandstones have low porosities and permeabilities, and require fracture stimulation to produce. The main exception are areas of natural tectonic fracturing. If any of the Cretaceous reservoirs were significantly porous and permeable enough to produce without stimulation they would be water filled from the outcrop to the center of the basin (eg. Entrada). Wells drilled along the ragged southwestern edge of the basin produce water when completed in the best looking sandstones and make gas wells when completed in the worst looking sandstones.

Canadian Hunter's Elmworth Deep Field (69 TCF) in the Alberta Basin was discovered and developed based on principles and observations of the San Juan Basin. The Elmworth Deep Field produces gas below water primarily due to the tight matrix of the reservoir rocks.

The reservoirs of the San Juan Basin have a pressure gradient of 0.33.

John E. Bricher, Petroleum Geologist