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FARMINGTON, NEW MEXICO 87401 5525 HWY. 64 NBU 3004

September 17, 1992

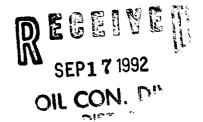
RE: Step Rate Test

San Juan 32-8 Unit SWD #303

State of New Mexico Energy, Minerals & Natural Resources Dept. Oil Conservation Division 1000 Rio Brazos Road Aztec, NM 87410

ATTN: Frank Chavez

Dear Mr. Chavez,



The San Juan 32-8 Unit SWD #303 Step-Rate Test results, as witnessed by OCD representatives Dianna Fairhurst and Charles Gholson on September 15, are enclosed for your review. The rate, surface pressure, and bottomhole pressure were all directly measured. Based on this data, Phillips Petroleum requests a maximum authorized injection pressure limit of 3200 psi.

The 32-8 SWD #303 tubular design is a 5-1/2" by 4-1/2" tapered casing and 2-7/8" IPC injection tubing. The friction pressure generated by the 2-7/8" is much greater than that generated by the 3-1/2" tubing normally run in injection wells. As apparent from the enclosed graph, a pressure limit of 3200 psi is below the fracture initiation pressure based on the straight-line injection behavior. In fact, the corresponding measured BHP of 4600 psi is well below the estimated bottomhole fracture pressure of 5800 psi.

This injection well is critical to Phillips operations in the San Juan 32-8 Unit. This area tends to have tighter injection sands but also some of the highest coal seam water production per well. A 3200 psi maximum injection pressure will aid Phillips in disposing of the large volumes of produced coal seam water, possibly avoiding the drilling of an additional disposal well in this unit.

Your consideration in this matter is appreciated. Please contact Mike Larimer at 599-3459 if there are any questions.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Robert G. Flesher

Area Manager

RGF: TML

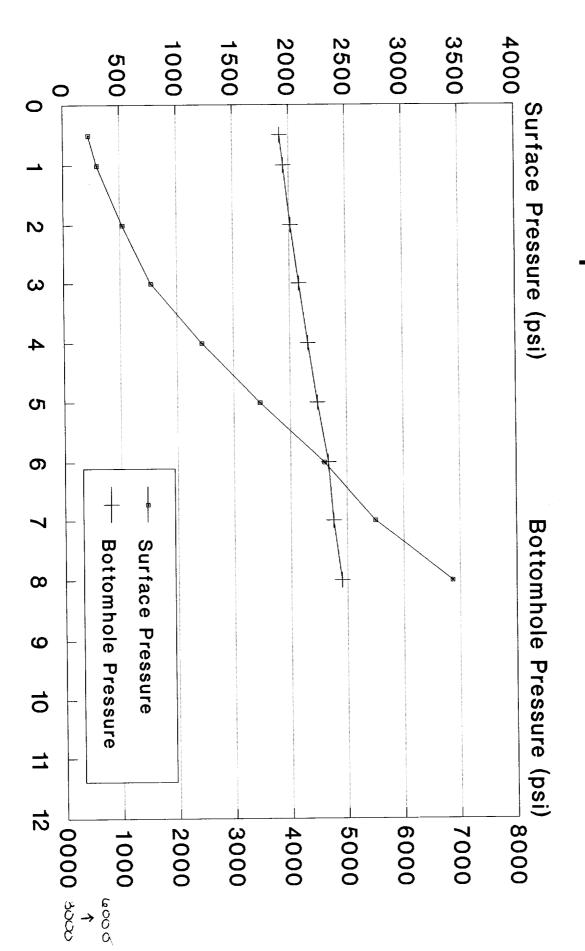
cc: Dave Catanach, NMOCD, Santa Fe

DATA TABLE

| RATE (BPM) | Surface Pressure (psi) | Bottomhole Pressure (psi) | |
|---------------|---------------------------|---------------------------|--|
| 0.5 | 225 | 3844 | |
| 1.0 | 300 | 3905 | |
| 2.0 | 520 | 4026 | |
| 3.0 | 770 | 4170 | |
| 4.0 | 1220 | 4321 | |
| 5.0 | 1730 | 4482 | |
| 6.0 | 2300 | 4675 | |
| ★ 7.0 | 2750 | 4757 | |
| 8.0 | 3430 | 4903 | |

PUMP RATED @ 3000 psi - SURFACE MAY

San Juan 32-8 SWD #303 Step Rate Test (9/15/92)



| | No. | 30024 | | |
|--|---------------------------------------|----------|--|--|
| STATE OF NEW MEXICO, | ` | | | |
| County of San Juan: | | | | |
| CHRISTINE HILL being sworn, says: "That she is the NATIONAL AD MANAGER The Farmington Daily Times, a newspaper of general circulat published in English in Farmi said county and state, and th hereto attached LEGAL NOTI | of daily ion ngton at the | , | | |
| was published in a regular an issue of the said Farmington Times, a daily newspaper duly fied for the purpose within t meaning of Chapter 167 of the Session Laws of the State of Mexico for ONE consecutiv (days) (////) on the same dafollows: | Daily quali he 1937 New | | | |
| First Publication FRIDAY, SEP | TEMBER | 11, 1992 | | |
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| Subscribed and sworn to be this day | efore m | e | | |
| Notary Public, San Juan Cou New Mexico | al inty, | | | |
| My Comm expires: | 3,19 | 93 | | |

LEGAL NOTICE

Notice is hereby given of the application of Phillips Petroleum Company.

Attention: R.G. Flesher, Area Manager, 5525 Hwy 64 NBU 3004, Farmington, New Mexico 87401, Telephone (505) 599-3401, to the Oil Conservation Division, New Mexico Energy and Minerals Department, for approval of the following well for the purpose of saltwater disposal.

Well No. 303
Unit Name:
San Juan 32-8 Unit
Location:
Section 14, T-31-N,
R-8-W, San Juan
County, New Mexico

The disposal formation is Morrison, Bluff, Entrada and Chinle at an approximate depth between 8510-9210 feet below the surface of the ground. Expected maximum disposal rate is 6,000 barrels per day and expected maximum injection pressure is 2700 pounds per square inch.

Interested parties must file objections or request for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico 87501, within fifteen days of this publication.

Legal No 30024 published in the Farmington Daily Times, Farmington, New Mexico on Friday, September 11, 1992.