

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

PHILLIPS PETROLEUM COMPANY **5525 Hwy. 64, Farmington, NM 87401**

Operator **San Juan 32-7 Unit** #19 Unit N, Section 4, T31N, R7W San Juan
Address
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 17654 Property Code 0009260 API No. 30-045-60030 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	South Los Pinos Fruitland Sands PC		Blanco Mesaverde
Pool Code	80690		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3379' - 3590'		5904' - 5984
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	1465 psig (est.)		626 psig
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1032		1012
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 9/5/01 Rates: 85 mcf/d	Date: Rates:	Date: 7/1/98 Rates: 31 mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 0% Gas Estimated 60% **	Oil % Gas %	Oil 0% Gas Estimated 40% **

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: R-11210

- Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - Production curve for each zone for at least one year. (If not available, attach explanation.)
 - For zones with no production history, estimated production rates and supporting data.
 - Data to support allocation method or formula.
 - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Eric Dahlgren TITLE Reservoir Engineer DATE September 6, 2001

TYPE OR PRINT NAME Eric Dahlgren TELEPHONE NO. (505) 599-3455 e-mail- ewdahlg@ppco.com



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

September 6, 2001

New Mexico Oil & Gas Conservation Division.
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

Downhole Commingle Allocation Method
Ons the San Juan 32-7 Unit #19

Dear Sirs:

Phillips Petroleum is proposing to commingle the Mesaverde and Pictured Cliffs formations on the above mentioned well (Reference Case No. R-11210). The Mesaverde has produced since the 1950's and cumed more than 1.5 BCF of gas. In August of 2001 we cleaned out the Mesaverde, isolated it with a bridge plug, and completed the Pictured Cliffs formation.

A production forecast has been determined from stabilized Mesaverde production. When the zones are commingled, Phillips Petroleum is proposing to utilize the subtraction method for 12 months before a ratio between the Mesaverde and the Pictured Cliffs is established.

Attached is the Mesaverde rate vs. time Plot for the 32-7 #19, a 24 month Mesaverde forecast, and an estimated Pictured Cliffs monthly production forecast based off offset data. After the twelve month period we will convert to the ratio method as indicated in our commingling application. We believe this will be a more accurate method of allocating production considering that the Mesaverde interval has been producing for several months and that the production will not be stabilized on the Pictured Cliffs for several months

Mesaverde Production Forecast

November 2001	1,704	December 2001	1,701	January 2002	1,697
February 2002	1,694	March 2002	1,690	April 2002	1,687
May 2002	1,683	June 2002	1,680	July 2002	1,676
August 2002	1,673	September 2002	1,670	October 2002	1,666

For example, if the total volume for November 2002 were 3,994 mcf, then the Mesaverde would be allocated 1,659 mcf and the Pictured Cliffs 2,335 mcf. And subsequently, the Mesaverde would be allocated (1,659/3,994) or 41.54%, and Pictured Cliffs would be allocated (2,335/3,994) or 58.46%.

Sincerely,

PHILLIPS PETROLEUM COMPANY

Eric Dahlgren
Reservoir Engineer

cc: OCD - Aztec
BLM- Farmington
NM Commissioner of Public Lands - Santa Fe

599-3400

NEW MEXICO OIL CONSERVATION COMMISSION

Form O-128
Revised 6/17

Well Location and Acreage Dedication Plat

Section A,

Date August 24, 1957

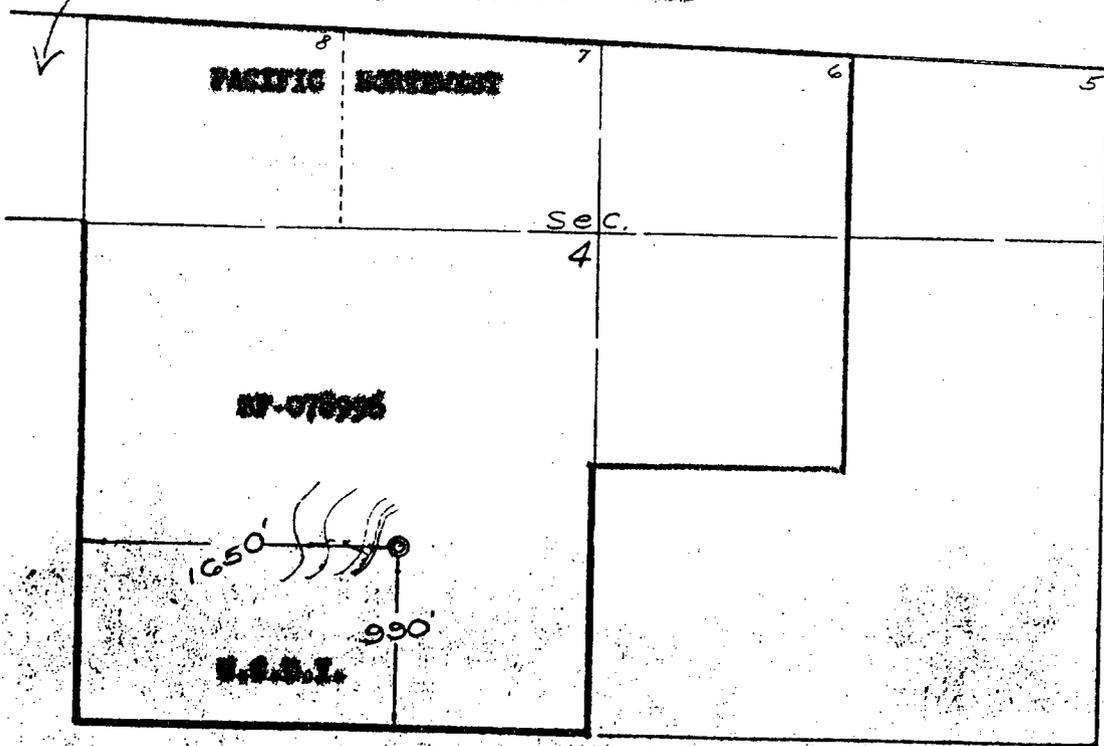
Operator Pacific Northwest Pipeline Corporation Lease 22-7
 Well No. 19-4 Unit Letter _____ Section 4 Township 31 North Range 7 West
 Located 990 Feet From South Line, 1650 Feet From West
 County San Juan G. L. Elevation 6624 Dedicated Acreage 921.25
 Name of Producing Formation Mesa Verde Pool Blanco

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
 Yes No _____
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes,"
 Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

<u>Owner</u>	<u>Land Description</u>

Section B

LOT #1 SECTION 4 Dedicated to Well



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

PACIFIC NORTHWEST PIPELINE CORP.
 (Operator)

(Representative)
4054 N. Hwy, Farmington
 Address

This is to certify that the well location shown on the plat in Section B is true to the best of my knowledge and belief.

Date Surveyed August 19, 1957

Wm. V. Edinger
 Registered Land Surveyor

Certificate No. 1045

Scale 1" = 1000'

District I
 PO Box 1900, Hobbs, NM 88241-1900
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-1
 Revised October 18, 19
 Instructions on b
 Submit to Appropriate District Offi
 State Lease - 4 Cop
 Fee Lease - 3 Cop

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

AP# Number 30-045-60030		Pool Code 80690	Pool Name S. Los Pinos Fruitland Sands, PC
Property Code 009260	Property Name San Juan 32-7 Unit		Well Number 19
OGRID No. 017654	Operator Name Phillips Petroleum Company		Elevation 6624'

10 Surface Location

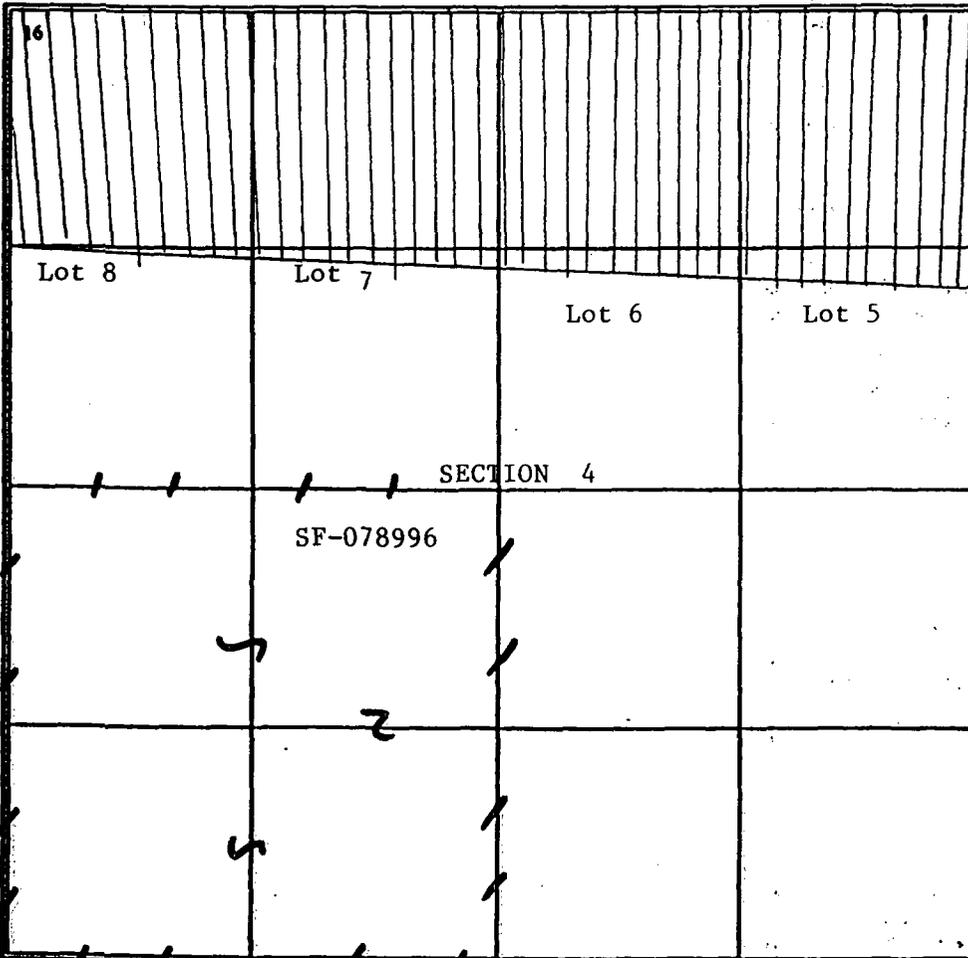
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
N	4	31N	7W		990'	South	1650'	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
N									

12 Dedicated Acres 160 SW/4	13 Joint or Infill Y	14 Consolidation Code U	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Patsy Clugston
 Signature
 Patsy Clugston
 Printed Name
 Sr. Regulatory/Proration Cle
 Title
 September 1, 2000
 Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

August 19, 1957
 Date of Survey
 Signature and Seal of Professional Surveyor:

See original plat signed
 by Ernest V. Echohawk
 1545
 Certificate Number

32-7 #19

Mesaverde 24 Month Forecast

MSCF/D

MSCF/M

56	1704	11/01/2001
56	1701	12/01/2001
56	1697	01/01/2002
56	1694	02/01/2002
56	1690	03/01/2002
55	1687	04/01/2002
55	1683	05/01/2002
55	1680	06/01/2002
55	1676	07/01/2002
55	1673	08/01/2002
55	1670	09/01/2002
55	1666	10/01/2002
55	1659	11/01/2002
54	1656	12/01/2002
54	1653	01/01/2003
54	1649	02/01/2003
54	1646	03/01/2003
54	1643	04/01/2003
54	1640	05/01/2003
54	1636	06/01/2003
54	1633	07/01/2003
54	1630	08/01/2003
53	1626	09/01/2003
53	1623	10/01/2003

32-7 #19

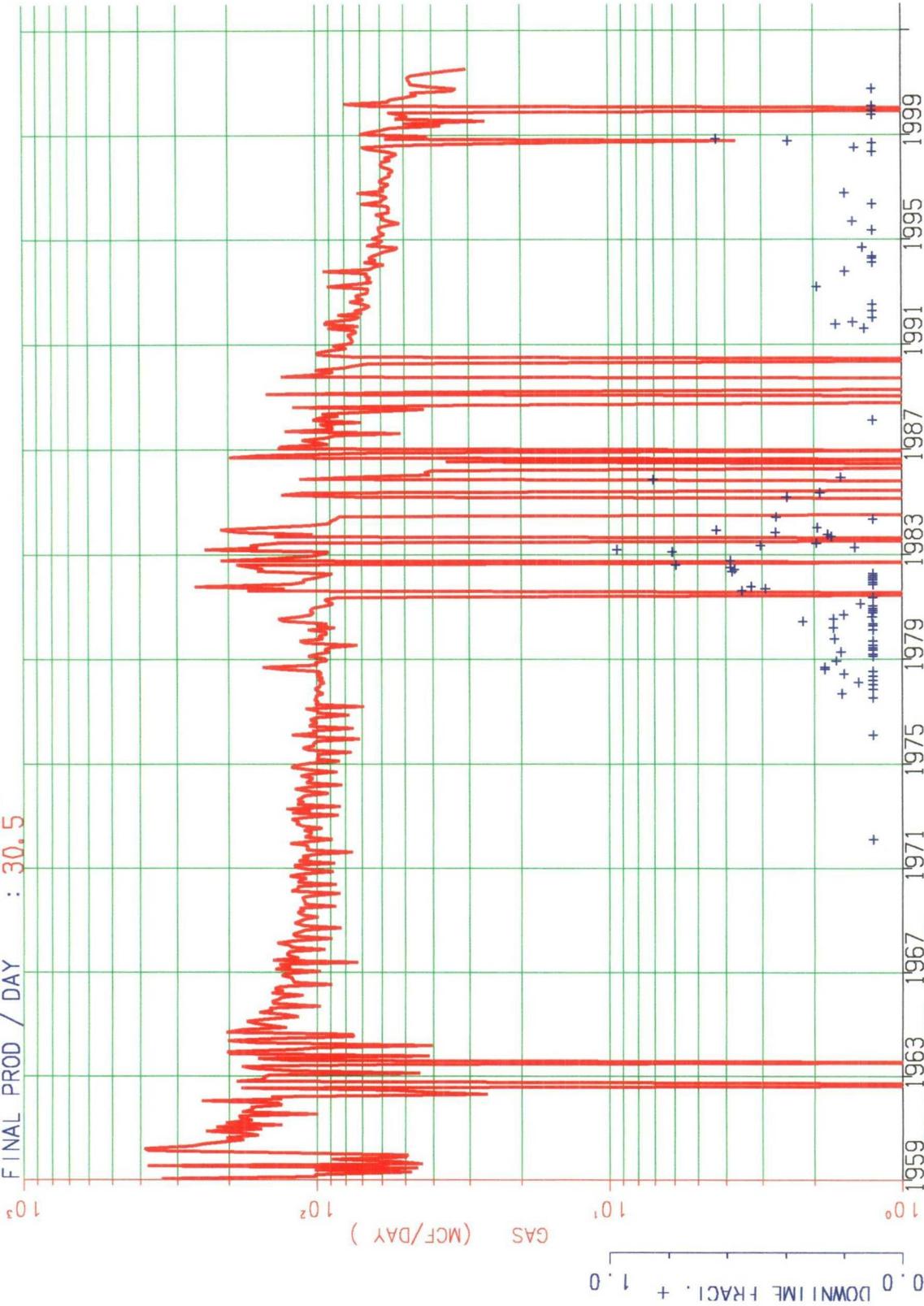
Pictured Cliffs 24 Month Forecast

MSCF/D	MSCF/M	
85	2587	10/01/2001
84	2567	11/01/2001
84	2548	12/01/2001
83	2529	01/01/2002
83	2511	02/01/2002
82	2492	03/01/2002
81	2474	04/01/2002
81	2456	05/01/2002
80	2438	06/01/2002
80	2420	07/01/2002
79	2403	08/01/2002
78	2386	09/01/2002
77	2352	10/01/2002
77	2335	11/01/2002
76	2318	12/01/2002
76	2302	01/01/2003
75	2286	02/01/2003
75	2270	03/01/2003
74	2254	04/01/2003
74	2238	05/01/2003
73	2223	06/01/2003
73	2207	07/01/2003
72	2192	08/01/2003
72	2177	09/01/2003

12/93-7/98

INITIAL PROD / DAY : 61.3
REMAINING LIFE : 4.67
HYPR(0.44) DECL % : 2.10
CUM PRODUCTION : 98996.
FINAL PROD / DAY : 30.5

ASSOC. Current Cums
1387. MMCF GAS



AVERAGE ON TIME = 0.980

LEASE- 650116 : SAN JUAN 32-7 MESA VERDE
RESVR- 002 : BLANCO MESAVERDE
WELL - 000019 CUM MMCF= 1509.

M657201
ZONE-650116002000019 M657201
API-30045600300000 THRU 2/01