

DATE 6/13/02	SUSPENSE NA	ENGINEER WJ	LOGGED IN RV	TYPE DHC	APP NO. 216451694
--------------	-------------	-------------	--------------	----------	-------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Brad Peterson

Print or Type Name

Signature

Reservoir Engineer

Title

6/12/02

Date

btpeter@ppco.com

e-mail Address



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

June 11, 2002

New Mexico Oil & Gas Conservation Div.
1220 South St. Francis Drive
Sante Fe, New Mexico 87504

Application for Downhole Commingling
On the San Juan 29-5 # 61

Dear Sirs,

Phillips Petroleum is proposing to commingle the Fruitland Coal and Mesaverde formations on the San Juan 29-5 # 61 (Reference Case No. R-10770). Currently the Mesaverde is producing independently 80 MCFD. Pending commingle approval, the Fruitland Coal will be completed. The Fruitland Coal will be tested for 4-6 months before commingling it with the Mesaverde.

A production forecast has been determined from stabilized Mesaverde production. After the zones are commingled, Phillips Petroleum is proposing to utilize the subtraction method for 36 months or until Fruitland Coal production stabilizes before a ratio between the Fruitland Coal and Mesaverde is established.

Future Fruitland Coal water and gas production were estimated by examining offset low rate Fruitland Coal wells. An initial gas rate of 200 mcf/d and an initial water rate of 4 bwpd were determined.

Economics for commingling the Fruitland Coal with the Mesaverde and for drilling a new well to complete the Fruitland Coal show completing the Fruitland Coal in this area is only economical by completing the Fruitland Coal in existing Mesaverde wells.

Attached is the C-102 and acreage dedication, Mesaverde gas rate vs time plot for the 29-5 # 61 showing the 36 month forecast, a 36 month Mesaverde gas production forecast, estimated Fruitland Coal gas rate vs time plot for the 29-5 # 61 showing offset production, and economics for commingling the Fruitland Coal with the Mesaverde and drilling and completing the Mesaverde.

Sincerely,

PHILLIPS PETROLEUM

Brad Peterson
Reservoir Engineer

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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-21028	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 009256	⁵ Property Name San Juan 29-5 Unit	
⁷ OGRID No. 017654	⁸ Operator Name PHILLIPS PETDROLEUM COMPANY	⁶ Well Number 61
		⁹ Elevation 6847'

¹⁰ Surface Location

UL or lot no. H	Section 9	Township 29N	Range 5W	Lot Idn	Feet from the 1520'	North/South line	Feet from the 900'	East/West line East	County Rio Arriba
--------------------	--------------	-----------------	-------------	---------	------------------------	------------------	-----------------------	------------------------	----------------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. H	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
--------------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

¹² Dedicated Acres 320 E/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No.
------------------------------------------	------------------------------------	---------------------------------------	-------------------------

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

16		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Patsy Clugston</i> Signature Patsy Clugston Printed Name Sr. Regulatory Clerk Title 6/5/02 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. see original C102 Date of Survey dated 9/13/74 Signature and Seal of Professional Surveyor: Signed by Fred B. Kerr, Jr. #3950 Certificate Number

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

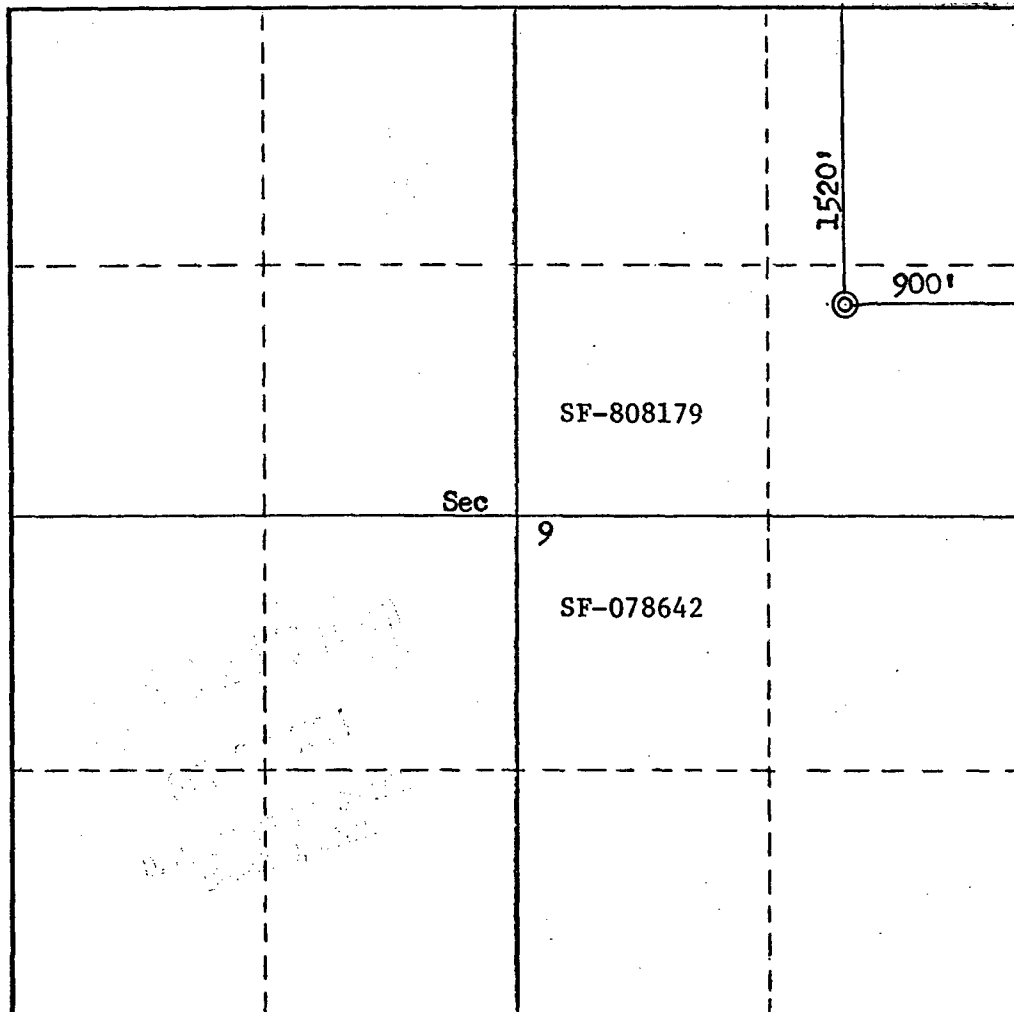
Operator Northwest Pipeline Corporation			Lease San Juan 29-5 Unit		Well No. 61
Unit Letter H	Section 9	Township 29N	Range 5W	County Rio Arriba	
Actual Footage Location of Well: 1520 feet from the North line and 900 feet from the East line					
Ground Level Elev. 6847	Producing Formation Mesa Verde		Pool Blanco Mesa Verde		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) SE 1/4, NE 1/4, Sec. 9, T29N, R5W

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name O.B. Whitenburg js

Position
Production & Drilling Eng.

Company
Northwest Pipeline Corp.

Date September 20, 1974

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 knowledge and belief.

Date Surveyed
September 13, 1974

Registered Professional Engineer
and/or Land Surveyor

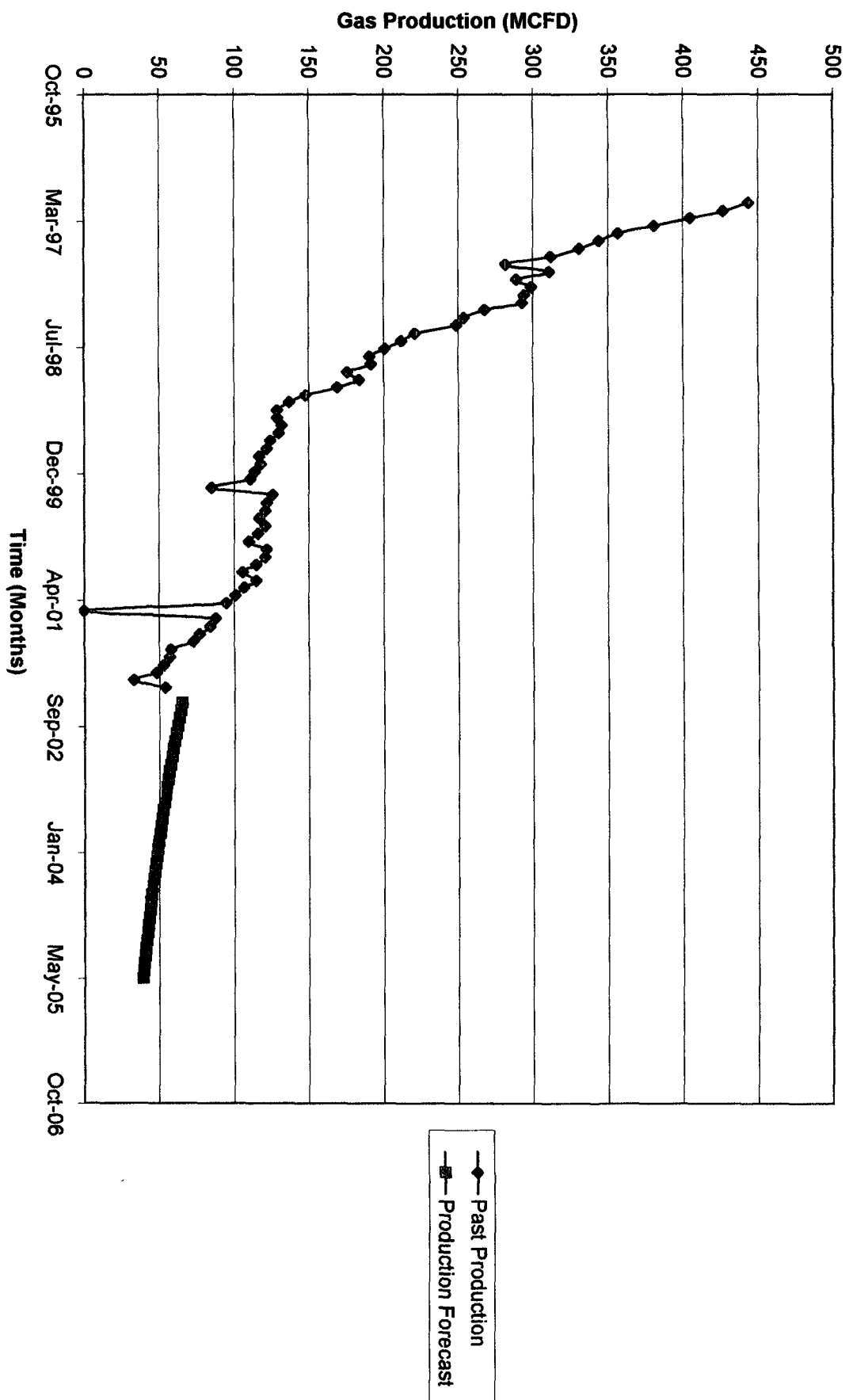
Fred B. Kerr Jr.

Certificate No.

3950

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 0

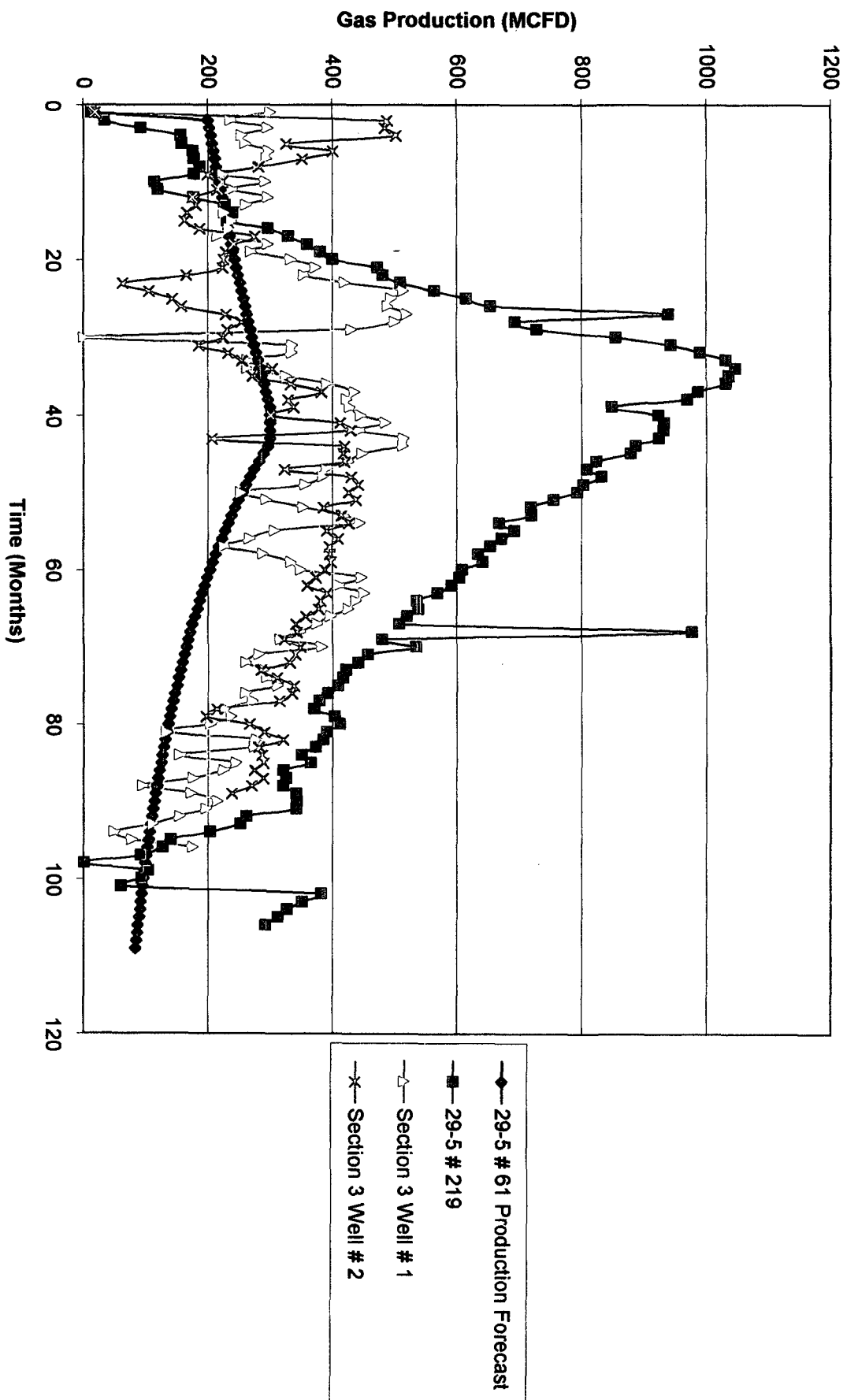
29-5 # 61 Mesaverde Production and Forecast



29-5 # 61 Mesa Verde Production Forecast

Month	Year	Average Rate (MCFD)	Monthly Volume (MMCF)
6	2002	65.0675	2.3
7	2002	64.0135	2.33
8	2002	62.985	2.3
9	2002	61.982	2.19
10	2002	61.0045	2.22
11	2002	60.044	2.12
12	2002	59.109	2.16
1	2003	58.1995	2.12
2	2003	57.307	1.89
3	2003	56.44	2.06
4	2003	55.5815	1.96
5	2003	54.7485	2
6	2003	53.941	1.9
7	2003	53.142	1.94
8	2003	52.36	1.91
9	2003	51.6035	1.82
10	2003	50.8555	1.85
11	2003	50.1245	1.77
12	2003	49.4105	1.8
1	2004	48.7135	1.78
2	2004	48.0335	1.64
3	2004	47.362	1.73
4	2004	46.7075	1.65
5	2004	46.0615	1.68
6	2004	45.4325	1.6
7	2004	44.8205	1.63
8	2004	44.217	1.61
9	2004	43.622	1.54
10	2004	43.044	1.57
11	2004	42.4745	1.5
12	2004	41.922	1.53
1	2005	41.378	1.51
2	2005	40.8425	1.35
3	2005	40.3155	1.47
4	2005	39.797	1.4
5	2005	39.2955	1.43
6	2005	38.794	1.37

29-5 # 61 Production Forecast for Fruitland Coal



29-5 # 61 Fruitland Coal Completion Economics

	Commingle with Mesaverde Case	New Drill Case
Rate of Return	25.6%	-0.2%
Payout	3.2 years	12.9 years
Net Present Value at 13%	\$58,500	- \$183,900
Capital Outlay	\$129,500	\$423,100
Net Investment/Barrel of Oil Equivalent	\$3.27	\$10.68

The economics were ran using the same production forecast for the Fruitland Coal. Economics assumed the well would be fraced for both cases.