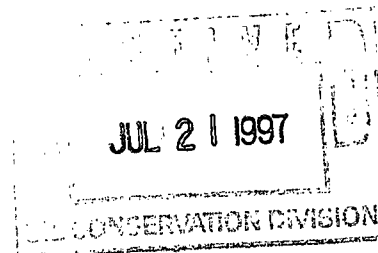


NSL 8/11/97



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004



July 17, 1997

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

ATTN: MR. WILLIAM J. LEMAY

**RE: REQUEST FOR APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 32-7 UNIT #228
SECTION 7-T31N-R7W,
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS' G. F. 5464**

Gentlemen:

Phillips Petroleum Company, as operator of the San Juan 32-7 Unit, requests administrative approval of an unorthodox well location for the San Juan 32-7 Unit #228 well.

Per Division Order No. R-9305, a non-standard gas spacing and pioration unit was established covering 317.23 acres (Tract 54 in Section 6 and 7-T31N-R7W and Lots 6 and 7, SW/4 NE/4, N/2 SE/4 Section 7-T31N-R7W). Much of this drillblock is covered by Navajo Lake. Due to these severe topographical conditions an orthodox location is not possible.

Enclosed is a copy of the C-102 for this well and an archaeological report (including a topographical plat) for the well. Also included is a plat showing offset operators. The only offset operator other than Phillips Petroleum Company is Burlington Resources.

A copy of this application has been sent by certified mail to offsetting operator Burlington Resources. By copy of this letter Burlington is advised that any objection to this application must be filed in writing with the NMOCD within twenty days of the date that notice is sent.

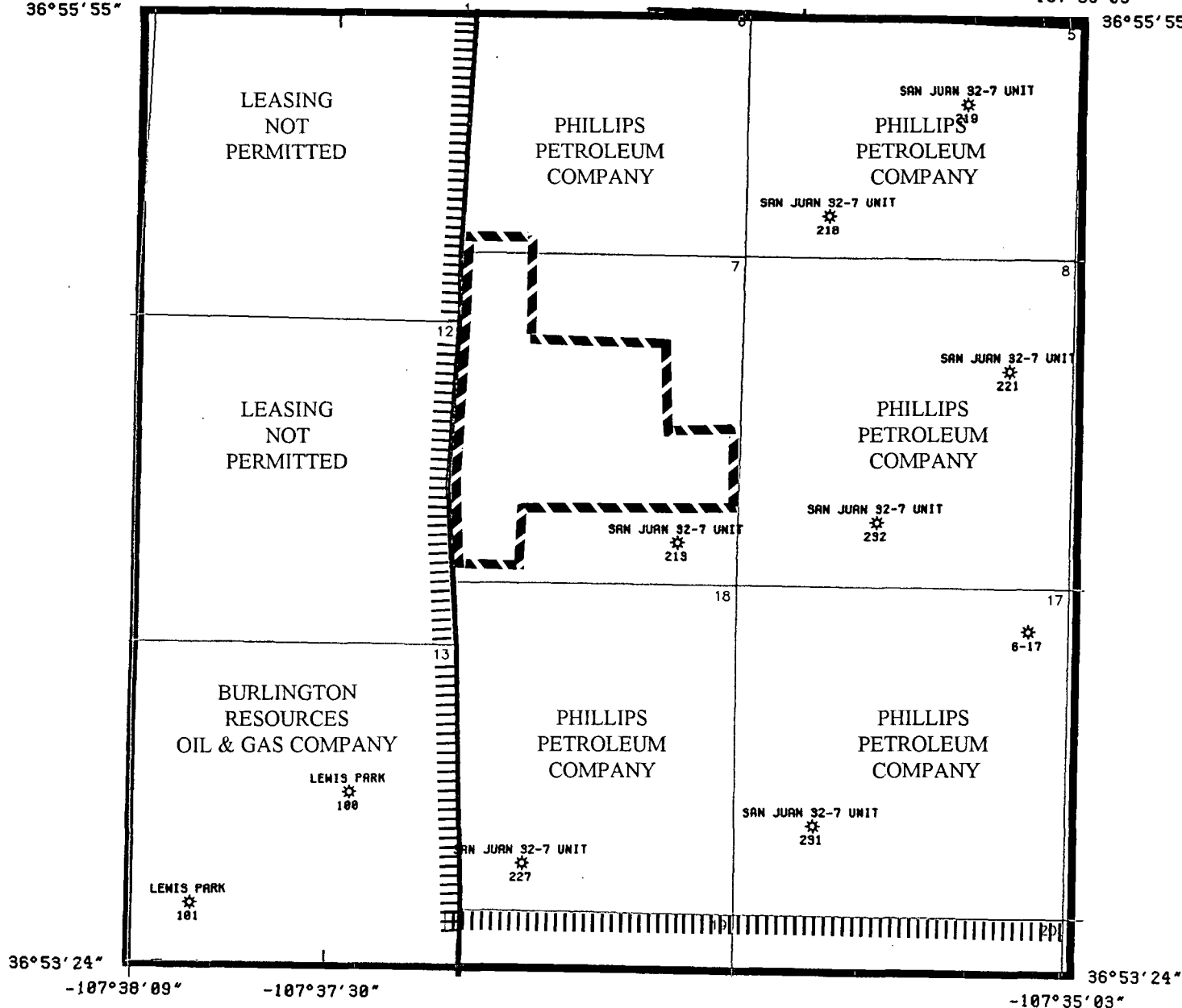
Very truly yours,

Patrick H. Noah

Patrick H. Noah
Senior Land Specialist
San Juan Basin
(505) 599-3410

cc: J. L. Mathis (r)G. F. 5464
Ernie Busch - OCD, Aztec
Burlington Resources Oil & Gas Company

-107°38'09" -107°37'30" -107°35'03"
36°55'55" 36°55'55"



**ARCHAEOLOGICAL SURVEY OF
PHILLIPS PETROLEUM'S PROPOSED
SAN JUAN 32-7 UNIT WELL NO. 228
WELL PAD AND ACCESS ROAD
SAN JUAN COUNTY, NEW MEXICO**

LAC REPORT 9046w

by

Steven L. Fuller and Barbara Cullington

LA PLATA ARCHAEOLOGICAL CONSULTANTS

P.O. Box 783

Dolores, Colorado 81323

(303) 882-4933

New Mexico Cultural Resource Use Permit 19-2920-90-I

October 12, 1990

Prepared For:

Phillips Petroleum

300 West Arrington, Suite 200

Farmington, New Mexico 87401

INTRODUCTION

The archaeological survey of Phillips Petroleum's San Juan 32-7 Unit #228 well pad and access road was conducted by personnel of La Plata Archaeological Consultants on July 3, 1990. The fieldwork was conducted by Fred Harden, and the project was administered by Steven Fuller. The survey was conducted at the request of Mr. Larry Sanders, of Phillips Petroleum. Mr. Richard Allred, representing Phillips Petroleum, accompanied the archaeologist during the fieldwork phase of the project. Personnel of Daggett Land Surveying staked the proposed well location.

The project is on lands administered by the Bureau of Land Management's Farmington Resource Area and is within San Juan County, New Mexico (Fig. 1). All work was conducted under the authority of New Mexico Cultural Resource Use Permit No. 19-2920-90-I issued to La Plata Archaeological Consultants.

The area was surveyed for a well pad and access road proposed by Phillips Petroleum. The well pad will measure approximately 300 by 220 ft. Access will require 250 ft of access to an existing road that is to the south connecting to a graded road that services an existing well pad. For this project, 8.1 acres were intensively surveyed. During the survey two archaeological sites (LA79264 and LA79265) were encountered on the edge of the north and northwest buffer zone. The sites can be protected during construction and archaeological clearance is recommended for the project.

PREFIELD RECORDS SEARCH

The recently updated ARMS records on file at La Plata Archaeological Consultants were consulted, as well as a recent copy of the BLM data base map for this area. Numerous well pad surveys were conducted within 1 mile of the proposed project area. One previously recorded site (LA4286) is within 0.5 mile (1300 ft) of the proposed project area which are shown on Figure 1a, included with BLM copies of the report.

FIELD METHODS

Prior to the survey, the proposed well pad was marked at the center, the four corners, and the four centerline endpoints. A 7.2-acre block (600 by 520 ft) was surveyed centered on the well center stake, which was sufficient to cover the 300- by 220-ft well pad, 50-ft construction zone, and at least a 100-ft buffer for cultural resources. A 250-ft access road was also surveyed with a 150-ft corridor width. The 8.1-acre block was surveyed by pedestrian transects, which were no farther than 15 m or 50-ft apart. The extent of the surveyed area is illustrated on Figure 1.

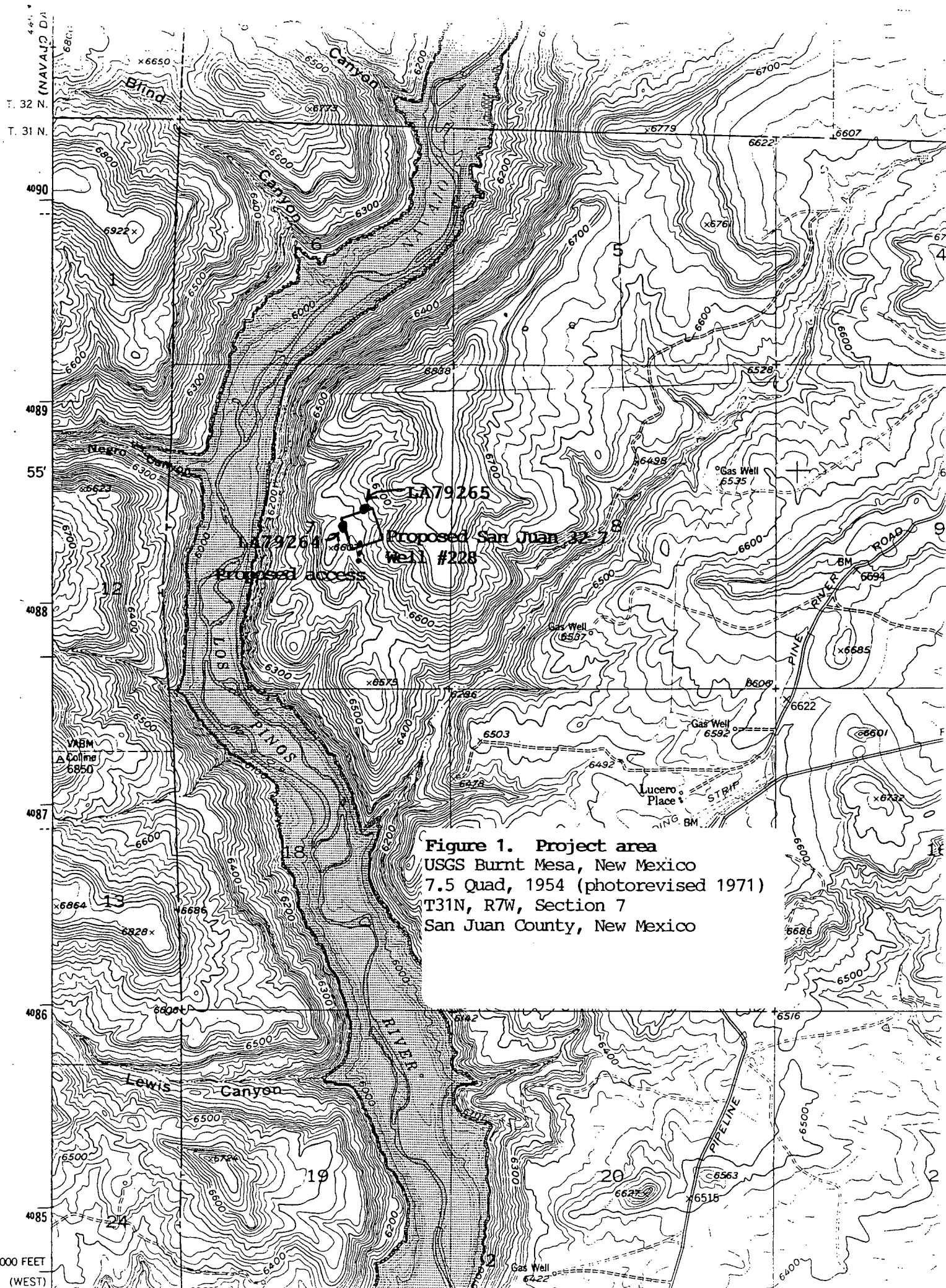


Figure 1. Project area
 USGS Burnt Mesa, New Mexico
 7.5 Quad, 1954 (photorevised 1971)
 T31N, R7W, Section 7
 San Juan County, New Mexico

ENVIRONMENT

The survey area is on a sandy saddle bench 0.5 km east and 600 ft above Los Pinos River (Navajo Reservoir). The area is comprised of pinyon, juniper, mountain mahogany, grasses, and ephedra. Soils are sand and cobble colluvium with sandy alluvial sheetwash deposits.

PROJECT LOCATION AND DESCRIPTION

Project Name:	Phillips Petroleum's San Juan 32-7 Unit #228 well pad and access road.
Legal Description:	T31N, R7W, Section 7, SE 1/4 SW 1/4 NW 1/4. The actual footage of the location is 2628 FNL, 1436 FEL; San Juan County, New Mexico, (see Fig. 2, well plat).
Elevation:	6582 ft
Map Reference:	Burnt Mesa, New Mexico, 7.5' (1954, photorevised 1971)
Land Jurisdiction:	Bureau of Land Management, Farmington Resource Area
Project Area:	The well pad will measure about 300 by 220 ft. Access will require 250 ft of road that will connect to an existing road.
Surveyed Area:	600- by 520-ft block (7.2 acres) for well pad and buffer zone. 250- by 150-ft corridor for the access road (0.9 acres). Total area surveyed: 8.1 acres.
Results:	Two archaeological sites were recorded and are described in Appendix A (provided only with BLM copies of this report).

RECOMMENDATIONS

Two archaeological sites were encountered in the buffer zone for the survey for SJ 32-7 #228 well pad and access road. Site LA79264 is 125 ft west of the proposed well pad (Figure 3) and should be far enough from the construction zone to not warrant fencing. Site LA79265 (Figure 4) is 150-ft north of the well pad and also should not require fencing. These sites can be protected during construction, and archaeological clearance is recommended.

DISTRICT I
P.O. Box 1960, Hobbs, N.M. 88241-1960

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

DISTRICT IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 009260	⁵ Property Name San Juan 32-7 Unit	⁶ Well Number 228
⁷ GRID No. 017654	⁸ Operator Name Phillips Petroleum CO.	⁹ Elevation 6582

¹⁰ Surface Location

UL or lot no. G	Section 7	Township 31 N	Range 7 W	Lot Idn	Feet from the 2628	North/South line North	Feet from the 1436	East/West line East	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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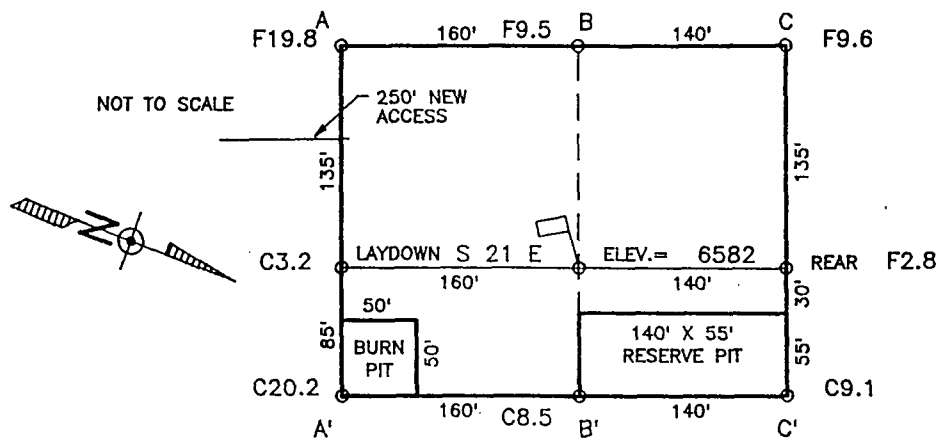
¹² Dedicated Acres 317.23	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>1320</i> <i>1320</i></p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>6-13</i></p> <p>Date of Survey _____</p> <p>Signature _____</p> <p></p> <p>8894</p> <p>Certificate Number _____</p>

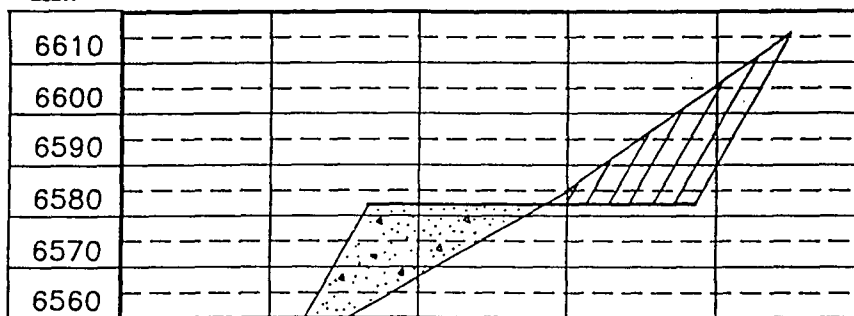
Figure 2. Well pad plat

COMPANY: PHILLIPS PETROLEUM
 LEASE: SAN JUAN 32-7 UNIT NO.228
 FOOTAGE: 2628 FNL, 1436 FEL
 SEC.: 7, TWN: T.31 N., RNG: R.7 W., NMPM
 ELEVATION: 6582



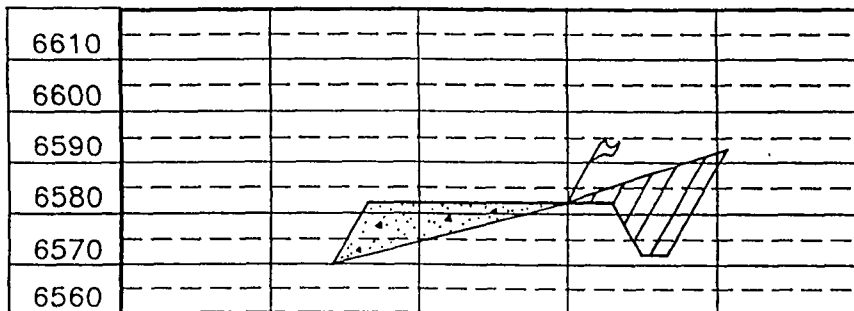
ELEV. A-A'

C/L



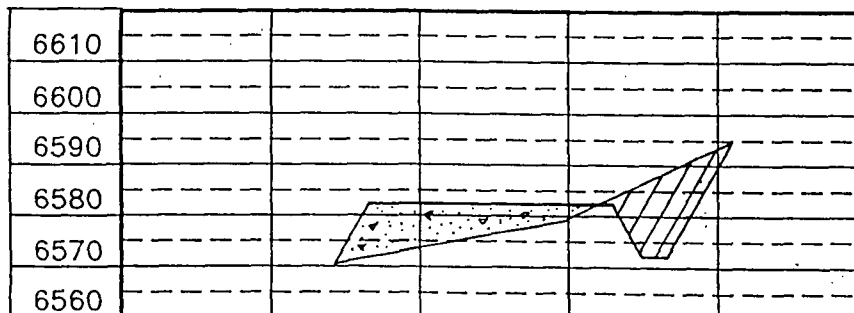
ELEV. B-B'

C/L



ELEV. C-C'

C/L



CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

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54 *** Federal owned	6 54 18.53 *** Federal owned U	G 40.00 Federal owned	H 40.00 Federal owned

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PF02
PF08 **FWD**

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PF09 **PRINT**

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PF10 **SDIV**

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OG5SECT

ONGARD
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9 54 34.30 *** U	8 54 14.08 *** 	55 19.49 Federal owned	P 40.00 Federal owned

PF01 **HELP**
PF07 **BKWD**

PF02
PF08 **FWD**

PF03 **EXIT**
PF09 **PRINT**

PF04 **GoTo**
PF10 **SDIV**

PF05
PF11

PF06
PF12

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10058
ORDER NO. R-9305

*APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR EIGHT NON-STANDARD GAS
PRORATION UNITS AND SEVEN UNORTHODOX
COAL GAS WELL LOCATIONS, SAN JUAN COUNTY,
NEW MEXICO*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of September, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Phillips Petroleum Company, is the operator of the San Juan 32-7 Unit in Townships 31 and 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico.
- (3) The applicant proposes to establish eight non-standard gas spacing and proration units, described in Exhibit "A" attached hereto and made a part hereof, for Basin-Fruitland Coal Gas Pool production within the boundaries of said Unit Area.
- (4) The applicant further seeks approval of three non-standard coal gas well locations, instead of the original seven as requested and advertised, in three of the eight non-standard units. Said non-standard locations are described in Exhibit "A".

(5) Said non-standard units are necessitated by irregular sections resulting from survey corrections and variations in the United States Public Lands Survey.

(6) The acreage contained in each individual proration unit should be based on the latest official surveys and resurveys accepted by the United States Government.

(7) The applicant is proposing to develop the Basin-Fruitland Coal Gas Pool, which is spaced on 320-acre units, on the same spacing units in the area which were established for the Basin-Dakota and/or Blanco-Mesaverde Pool, both developed on 320-acre spacing, by Division Order Nos. R-1066, R-2046, and R-5364.

(8) Each of the previous orders was issued to promote the orderly development of gas reserves spaced on 320 acres in that area of said Unit which contained survey variances.

(9) Those units established by said previous Orders R-1066, R-2046 and R-5364 have proven to be effective in promoting orderly development in the Blanco-Mesaverde and/or Basin-Dakota Pools.

(10) The eight proposed non-standard proration units may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and can be efficiently and economically drained and developed by the aforesaid wells to be drilled in each unit.

(11) The three requested non-standard coal gas well locations, proposed San Juan 32-7 Unit Well Nos. 213, 217 and 218, are necessitated due to topographic conditions that exist in the area and to the irregular sizes and shapes of their respective units.

(12) No offset operator and/or interested party appeared at the hearing in opposition to this application.

(13) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(14) At the time of the hearing it was called to the Division's attention that one of their requested non-standard units was the subject of Division Order No. R-9099, which order approved a 325.68-acre, more or less, non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 8 and 9, and the SE/4 SE/4 of Section 7; Lots 5, 6, and 7, the NE/4 NE/4 and the S/2 NE/4 of Section 18; and all of Tract 55 being in said Sections 7 and 18 as recorded on the Federal Survey Plat approved November 13, 1917, all in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico. Said unit is to be dedicated to Northwest Pipeline Corporation's San Juan 32-7 Unit Well No. 201 to be drilled at an unorthodox coal gas well location 500 feet from the South line and 880 feet from the East line (Unit P) of said Section 7.

(15) Said Northwest Pipeline well was never drilled and the unit has yet to be developed, therefore said Order No. R-9099 should be superseded at this time.

IT IS THEREFORE ORDERED THAT:

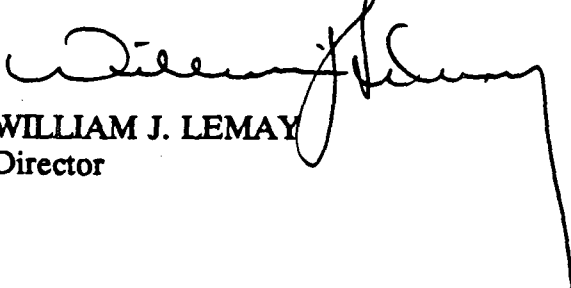
(1) Division Order No. R-9099, dated January 9, 1990, is hereby superseded by this Order.

(2) The application of Phillips Petroleum Company for eight non-standard gas spacing and proration units and three unorthodox coal gas well locations, as described in Exhibit "A" attached hereto and made a part hereof, is hereby approved.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

Exhibit "A"
Case No. 10058
Order No. R-9305

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO

Provision Unit No.	Acreage* (More or Less)	Section	Description	Proposed Dedicated Well	Location
1	325.68	7	Lots 8 and 9, the SE/4 SE/4 and that portion of Tract 55 lying in this Section.	San Juan 32-7 Well No. 213	Non-Standard Coal Gas Well Location 706' FSL - 995' FEL Section 7
		18	Lots 5, 6, and 7, NE/4 NE/4, S/2 NE/4, and that portion of Tract 55 lying in this Section.		
2	323.15	4	Lots 6, 7 and 8, SW/4, and NW/4 SE/4.	San Juan 32-7 Well No. 216	N/A
		5	Lot 5.		
3	323.39	3	Lots 5, 6, 7 and 8, W/2 SW/4.	San Juan 32-7 Well No. 217	Non-Standard Coal Gas Well Location 636' FNL - 618' FEL Section 4
		4	Lot 5, NE/4 SE/4, and S/2 SE/4.		
4	324.39	5	SW/4 SW/4	San Juan 32-7 Well No. 218	N/A
		6	Lots 12, 14, and 15 and S/2 SE/4		
		7	Lot 5, N/2 NE/4, and SE/4 NE/4		

<i>Proration Unit No.</i>	<i>Acreage* (More or Less)</i>	<i>Section</i>	<i>Description</i>	<i>Proposed Dedicated Well</i>	<i>Location</i>
5	321.66	5	Lots 6, 7 and 8, E/2 SW/4, and SE/4	San Juan 32-7 Well No. 219	<u>Non-Standard Coal Gas Well Location</u> 291' FSL - 1795' FEL Section 5
6	319.16	5	Lot 9 and that portion of Tract 53 lying in this Section.	San Juan 32-7 Well No. 220	N/A
		6	Lots 8, 9, 10, 11 and 13, NE/4 SW/4, NW/4 SE/4, and that portion of Tract 53 lying in this Section.		
7	321.61	18	Lots 8, 9 and 10, SE/4 NW/4, E/2 SW/4, and SE/4.	San Juan 32-7 Well No. 227	N/A
8	317.23	6	That portion of Tract 54 lying in this Section.	San Juan 32-7 Well No. 228	N/A
		7	Lots 6 and 7, SW/4 NE/4, N/2 SE/4, and that portion of Tract 54 lying in this Section.		

* The acreage contained in each individual proration unit is based on the latest official surveys and resurveys accepted by the United States Government.