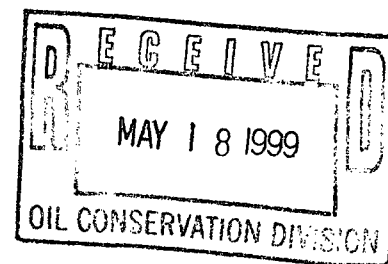


NSL

6/7/99

**PHILLIPS PETROLEUM COMPANY**FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

May 14, 1999

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

Attn: Mr. Michael Stogner

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 29-6 UNIT #84M WELL
NW/4 SECTION 14-29N-6W
RIO ARriba COUNTY, NEW MEXICO
PHILLIPS CONTRACT C40453**

Dear Mr. Stogner:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an unorthodox well location for the said well.

Phillips proposes to drill the San Juan 29-6 Unit #84M well at a location of 1305' FNL & 925' FWL of Section 14-29N-6W, Rio Arriba County, New Mexico. This well will be a commingled well located in the Basin Dakota and Blanco Mesaverde Pools and will have the W/2 of Section 14 designated as the drillblock for the Mesaverde and the N/2 of Section 14 designated as the drillblock for the Dakota. This is an orthodox location for the Mesaverde, (as per Order No. R-10987-A) and is an 80 acre infill well for the Mesaverde Pool, however, it is not an orthodox location for the Dakota Pool as currently established.

In this particular unit, the Mesaverde has been developed on the optional 160 acre basis. It is unlikely that a Dakota well could be drilled as a stand-alone well on an economic basis. The economics are improved through the investment savings realized by drilling the well as a Dakota/Mesaverde commingled well. Since the orthodox locations for the Dakota already have existing Mesaverde wells on them, we are precluded from drilling commingled wells at those locations. The most viable alternative to recover Dakota reserves is to drill the 80 acre Mesaverde infill wells as commingled wells, thus necessitating our request. Additionally, this creates less surface disturbance, which is an increasing concern of the BLM and Fee surface owners.

For your benefit in reviewing this request, we are providing the following:

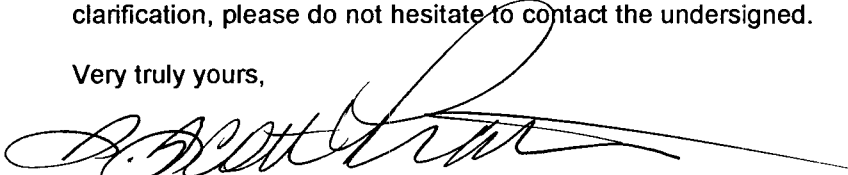
1. Form C-102
2. A topographical plat of the area
3. A nine section plat exhibiting offset operators
4. Copies of exhibits presented at our March 18, 1999 hearing for downhole commingling in the San Juan 29-6 Unit (Case No. 12136, currently pending with Mr. Catanach)

This drill block is located within the confines of the San Juan 29-6 Unit and is completely surrounded by drillblocks operated by Phillips. Per the District OCD office in Aztec, it is our understanding that the 20 day notice period can be waived due to Phillips operating all offsetting drillblocks. We respectfully ask that if possible, the waiting period be waived and this request expedited.

Unorthodox Well Location
San Juan 29-6 Unit #84M Well
May 14, 1999
Page 2

We thank you for your considerate attention to this request and should you need additional information or clarification, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'S. Scott Prather', with a long horizontal flourish extending to the right.

S. Scott Prather, CPL
Senior Landman
San Juan Basin
(505) 599-3410

cc: J. L. Mathis (r) C40453
Ernie Busch – OCD, Aztec

District I
 Box 1980, Hobbs, NM 88241-1980
 District II
 111 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-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name SAN JUAN 29-6			6 Well Number 84M
7 OGRID No.		8 Operator Name PHILLIPS PETROLEUM COMPANY			9 Elevation 6775'

10 Surface Location

UL or lot no. D	Section 14	Township 29N	Range 6W	Lot Idn	Feet from the 1305'	North/South line NORTH	Feet from the 925'	East/West line WEST	County RIO ARriba
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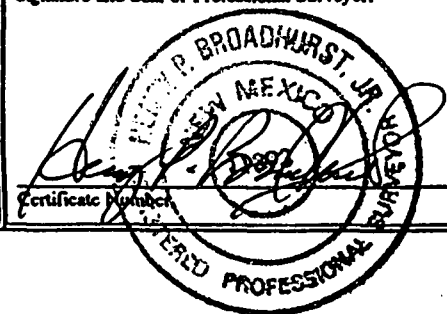
11 Bottom Hole Location If Different From Surface

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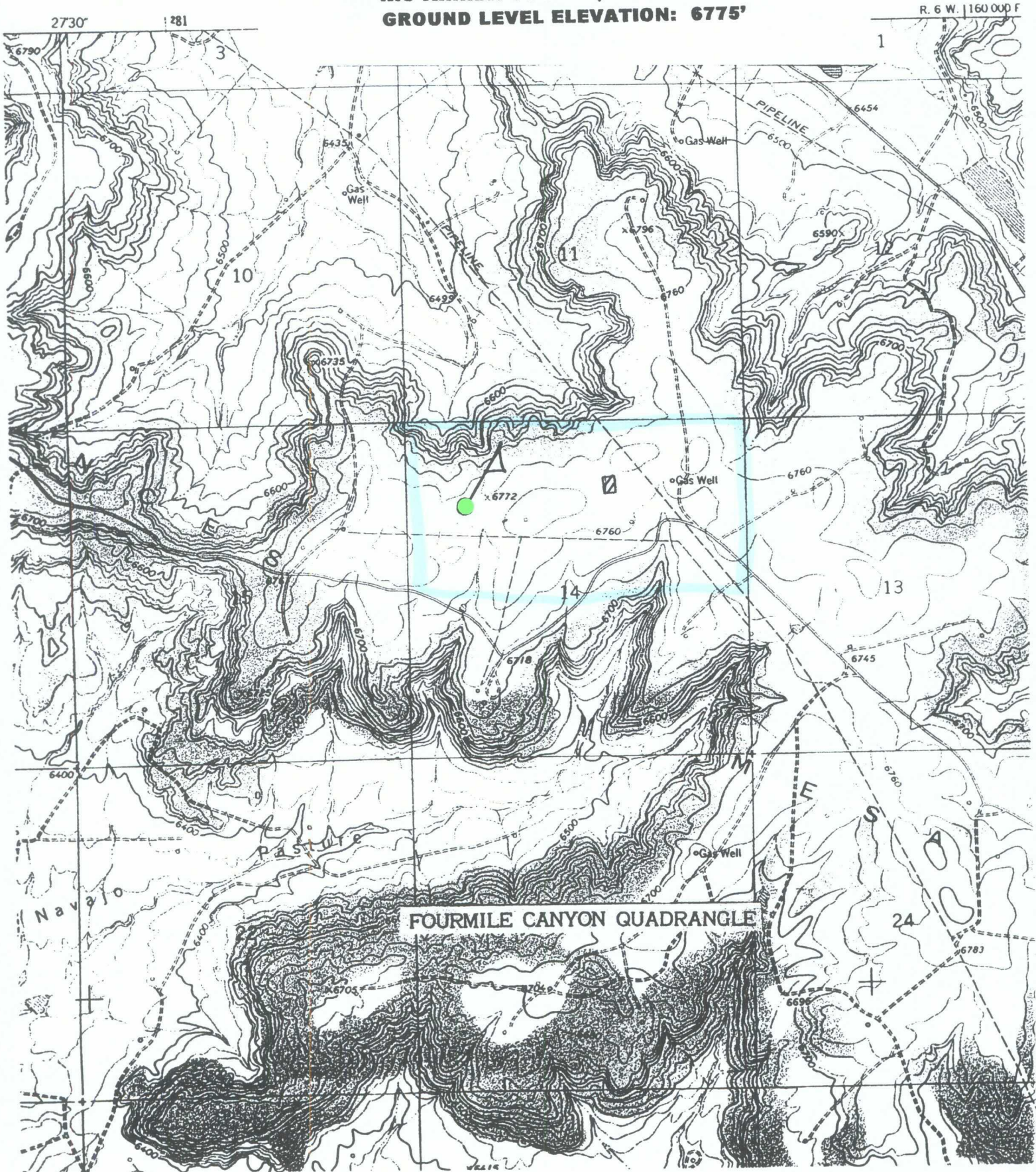
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 925'	S 89-47 E 1305'	5278.68'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
				Signature
				Printed Name
5280.00'	Section 14	5280.00'	Title	
			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.	
N 00-03 E	S 89-53 E	5281.32'	03/24/99 Date of Survey	
			Signature and Seal of Professional Surveyor:	
			Certificate Number	

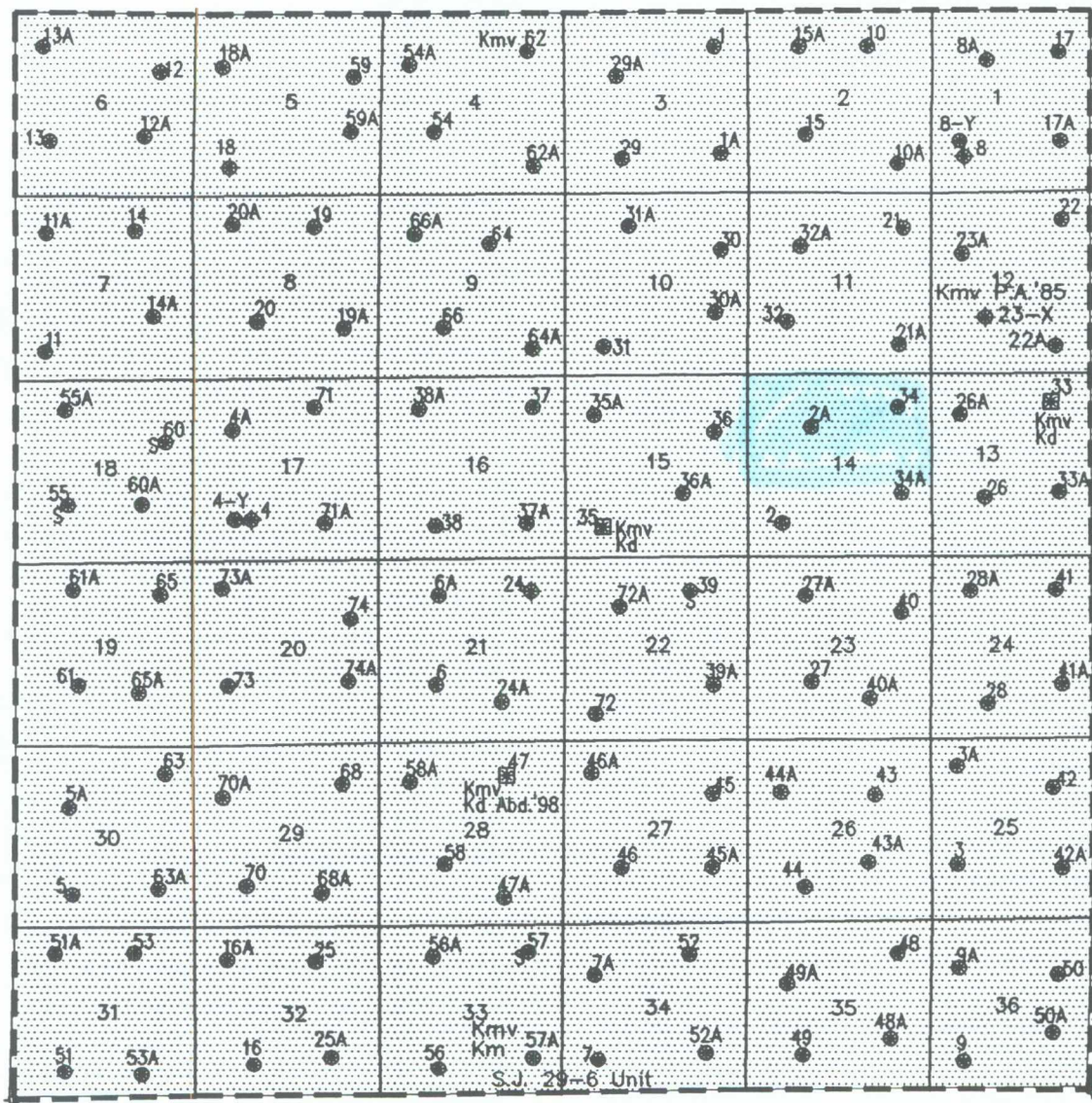


PHILLIPS PETROLEUM COMPANY
SAN JUAN 29-6 UNIT NO.84M
1305' FNL, 925' FWL
NW/4 SEC. 14, T-29-N, R-06-W, N.M.P.M.,
RIO ARriba COUNTY, NEW MEXICO
GROUND LEVEL ELEVATION: 6775'



OFFSET OWNERSHIP
PHILLIPS PETROLEUM COMPANY
SAN JUAN 29-6 UNIT #84M WELL

10 PHILLIPS PETROLEUM COMPANY	11 PHILLIPS PETROLEUM COMPANY	12 PHILLIPS PETROLEUM COMPANY
15 PHILLIPS PETROLEUM COMPANY	14 ● #84M	13 PHILLIPS PETROLEUM COMPANY
22 PHILLIPS PETROLEUM COMPANY	23 PHILLIPS PETROLEUM COMPANY	24 PHILLIPS PETROLEUM COMPANY



R-6-W

● MESAVERDE Km — Koh CLIFFHOUSE
Km MENESEE
Kpl POINT LOOKOUT

Mesaverde Participating Area
37th expansion Eff. 11/1/62

PHILLIPS PETR. CO.

SAN JUAN 29-6 UNIT

RIO ARRIBA CO, NM

March 4, 1999

J. Hopkins

DRILLING AND COMPLETION COSTS CAPITAL EXPENSES (M\$)

MESAVERDE

DAKOTA

SINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	105.2	339.4	444.6	DRILL & COMPLETE	119.1	362.2	481.3
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	127.8	355.8	483.6	TOTAL	141.7	378.6	520.3

Two Singles (Dakota + Mesaverde) 1003.9

DUAL COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	74.5	330.3	404.8	DRILL & COMPLETE	80.6	362.0	442.6
FACILITIES	22.6	16.4	39.0	FACILITIES	22.6	16.4	39.0
TOTAL	97.1	346.7	443.8	TOTAL	103.2	378.4	481.6

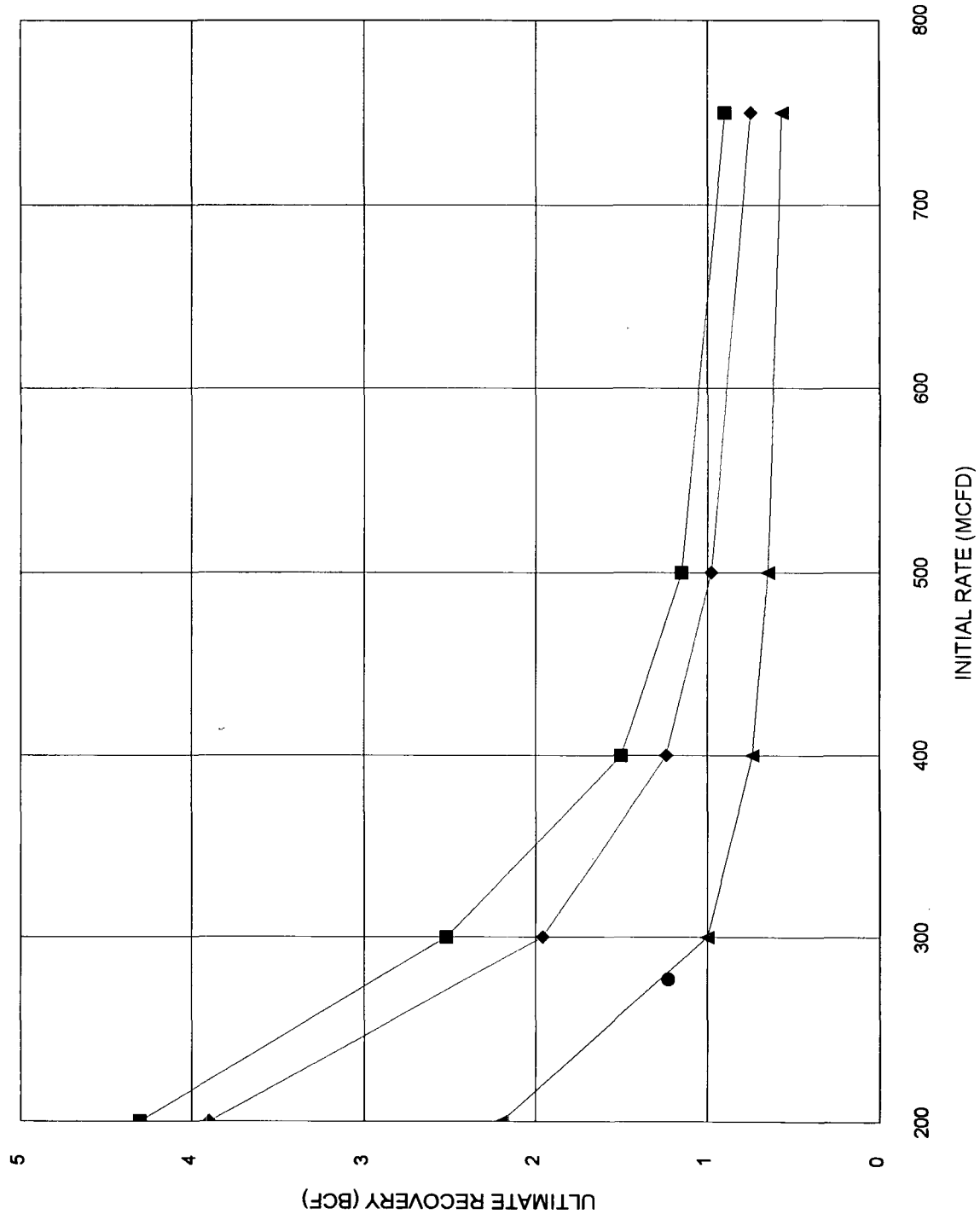
Dually Completed (Dakota + Mesaverde) 925.4

COMMINGLE COMPLETION

	TANGIBLE	INTANGIBLE	TOTAL		TANGIBLE	INTANGIBLE	TOTAL
DRILL & COMPLETE	51.7	284.5	336.2	DRILL & COMPLETE	69.7	280.3	350.0
FACILITIES	11.3	8.2	19.5	FACILITIES	11.3	8.2	19.5
TOTAL	63.0	292.7	355.7	TOTAL	81.0	288.5	369.5

Commingled Completion (Dakota + Mesaverde) 725.2

SAN JUAN 29-6 UNIT DAKOTA MARGINAL ECONOMICS



- Single 20% AARR
- ◆ Dual 20% AARR
- ▲ Commingle 20% AARR
- Projected 29-6 DK Well

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION05/25/99 09:54:02
OGOMES -TPZE
PAGE NO: 1

Sec : 14 Twp : 29N Rng : 06W Section Type : NORMAL

D 40.00 Federal owned U	C 40.00 Federal owned U	B 40.00 Federal owned U	A 40.00 Federal owned U A
E 40.00 Federal owned U	F 40.00 Federal owned U A	G 40.00 Federal owned U A A	H 40.00 Federal owned U

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

51
1831
1745
895

31
2640
1635
1005

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION05/25/99 09:54:09
OGOMES -TPZE
PAGE NO: 2

Sec : 14 Twp : 29N Rng : 06W Section Type : NORMAL

L 40.00 Federal owned U	K 40.00 Federal owned U A	J 40.00 Federal owned U	I 40.00 Federal owned U A
M 40.00 Federal owned U A	N 40.00 Federal owned U A A	O 40.00 Federal owned U	P 40.00 Federal owned U

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD : ONGARD 05/25/99 09:55:07
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPZE

API Well No : 30 39 7623 Eff Date : 01-01-1900 WC Status : A
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
OGRID Idn : 17654 PHILLIPS PETROLEUM CO NW
Prop Idn : 9257 SAN JUAN 29 6 UNIT

Well No : 084
GL Elevation: 6744

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
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B.H. Locn : G	14	29N	06W	FTG 1635 F N	FTG 1745 F E		P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 05/25/99 09:54:58
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPZE
 Page No : 1

API Well No : 30 39 7623 Eff Date : 04-30-1991
 Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
 Prop Idn : 9257 SAN JUAN 29 6 UNIT Well No : 084
 Spacing Unit : 30991 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :
 Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	A	14		29N	06W	40.00	N	FD		
	B	14		29N	06W	40.00	N	FD		
	C	14		29N	06W	40.00	N	FD		
	D	14		29N	06W	40.00	N	FD		
	E	14		29N	06W	40.00	N	FD		
	F	14		29N	06W	40.00	N	FD		
	G	14		29N	06W	40.00	N	FD		
	H	14		29N	06W	40.00	N	FD		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF