



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

WASHINGTON 25, D. C.

SEP 18 1952

IN REPLY REFER TO:

RECEIVED

SEP 23 1952

LAND DEPARTMENT
SAN JUAN DIVISION

File 32-4 Unit
Phillips Petroleum Company
Suite 7, 316 $\frac{1}{2}$ So. Dewey Ave.
Bartlesville, Oklahoma

Gentlemen:

Reference is to your application of August 27, 1952, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requesting designation of 16,906 acres, more or less, in Rio Arriba County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to regulations of December 22, 1950, 30 C. F. R., Sec. 226.3, the following described land is designated as a logical unit area, to be known as the San Juan 32-4 Unit Area:

New Mexico Principal Meridian, New Mexico

T. 32 N., R. 4 W.

Sec. 7, Lots 5, 6, 7, 8 and 9, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ (all)
Sec. 8, Lots 5, 6, 7 and 8, S $\frac{1}{2}$ S $\frac{1}{2}$ (all)
Sec. 9, Lots 5, 6, 7 and 8, S $\frac{1}{2}$ S $\frac{1}{2}$ (all)
Sec. 10, Lots 5, 6, 7 and 8, S $\frac{1}{2}$ S $\frac{1}{2}$ (all)
Sec. 11, Lots 5, 6, 7 and 8, S $\frac{1}{2}$ S $\frac{1}{2}$ (all)
Sec. 12, Lots 5, 6, 7 and 8, S $\frac{1}{2}$ S $\frac{1}{2}$ (all)
Secs. 13 thru 17, all
Sec. 18, Lots 1, 2, 3 and 4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, (all)
Sec. 19, Lots 1, 2, 3 and 4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$ (all)
Secs. 20 thru 29, all
Sec. 30, Lots 1, 2, 3 and 4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$ (all)
Sec. 31, Lots 1, 2, 3 and 4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$ (all)
Secs. 32 thru 36, all

Any unit agreement submitted for the area described above should conform with section 226.12 of the above-cited regulations, and provide for the drilling of four wells. The first two wells shall be drilled to a depth sufficient to test the Mesaverde formation, and the remaining two wells to a depth sufficient to test the Fruitland formation, at locations in the approved unit area, so spaced as to reasonably establish the reserves underlying the unit area. The first of such wells shall be commenced not later than sixty days from the date of final approval of the unit agreement, and the other wells shall be commenced in succession with not more than thirty days between wells.

51

The form of unit agreement heretofore given preliminary approval for use on your other San Juan units, with appropriate modifications to take care of differences in area and test program and to eliminate requirements relating to State of New Mexico lands, will be acceptable for the San Juan 32-4 unit area.

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all Federal acreage showing the current record owner of all issued leases and the current status of all lease applications, if any. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in my opinion does not have the full commitment of sufficient lands to afford effective control of unit operations.

Very truly yours,

Thomas B. Nolan

Acting Director

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UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey
Washington 25, D. C.

MAR 20, 1953

Phillips Petroleum Company
316½ South Dewey Avenue
Bartlesville, Oklahoma

Attention: Mr. George Sneed

Gentlemen:

This is in reference to the San Juan 32-4 unit agreement, Rio Arriba County, New Mexico, No. 14-08-001-462, approved February 11, 1953. It is noted that the description and acreage listed under tract Nos. 10, 11, 12, and 13 of exhibit B to the unit agreement are in error based on land office resurvey plats. Such plats indicate that, as a result of a conflict as to the location of the boundary line between the States of Colorado and New Mexico, a resurvey of the area was completed in 1917 and the old "Carpenter Line" was abandoned as the boundary between the two states, and the new "Darling Line" was established as the true boundary. Consequently, the result of this resurvey reduced the acreage in the sections of townships in New Mexico bordering the Colorado State boundary.

Tracts 10 through 13 are patented land tracts bordering the northern limits of the unit area and all lease interests are held by your company. These tracts as erroneously described in exhibit B extend beyond the limits of the unit area northward into the State of Colorado. Accordingly, the description and acreage of the four tracts should be revised to exclude any lands in the State of Colorado and to conform to the unit area designated September 18, 1952. The correct acreage is as follows:

Tract 10, Lots 6,7,8, sec. 10, T. 32N., R 4W.	84.91 acres
Tract 11, Lots 5,6, sec. 9, T. 32N., R 4W.	55.91 "
Tract 12, Lot 5, sec. 8, and Lots 7,8, sec. 9, T. 32N., R 4W.	85.82 "
Tract 13, SE¼SE¼ sec. 10, Lot 8, SW¼SW¼ sec. 11 NW¼NW¼ sec. 14, T. 32N., R. 4 W.	147.80 "

After the above correction is made, the unit area will be bound to contain a total of 16,901.49 acres consisting of 16,207.05 acres of Federal land, and 694.44 acres of patented land.

For clarification of the records, it is believed that corrected exhibit pages should be prepared and circulated.

Very truly yours,

/s/ H. J. Duncan

For the Director

PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma

April 2, 1953

Mr. H. J. Duncan
United States Geological Survey
General Services Building
Washington 25, D. C.

Dear Mr. Duncan: Re: San Juan 32-4 Unit Agreement, Rio Arriba
County, New Mexico

We have your letter of March 20, 1953, concerning the amount of acreage and description of lands shown opposite Tracts Nos. 10, 11, 12 and 13 in Exhibit B to the above mentioned Unit Agreement.

Upon investigation of the records of the United States surveys of this township, we have found that the amounts of acreage and the descriptions of the lands shown opposite Tracts Nos. 10, 11, 12 and 13 on Exhibits B do not conform to the latest survey of Township 32 North, Range 4 West in New Mexico, to which latter survey reference was made in describing the approved unit area. We are, therefore, correcting the descriptions of Tracts Nos. 10, 11, 12 and 13 to conform to the present survey as outlined in your letter and a corrected Exhibit B will be prepared and circulated in accordance with your suggestion.

The error in the description of these tracts was brought about by the conflict in the survey of Township 32 North, Range 4 West in New Mexico and the survey of Township 32 North, Range 4 West in Colorado. Our lessor's predecessor in title secured patents to these lands based on the United States survey of Township 32 North, Range 4 West in New Mexico made in 1907, using the now abandoned Carpenter Line as the North boundary of the township. Therefore, the oil and gas leases secured by us describe the lands with reference to such survey and in preparing the Exhibit B we used the description and acreage as shown by our oil and gas leases.

In your letter of March 20 you stated that according to your calculations there is a total of 16,207.05 acres of Federal lands included in this unit. We have totaled the Federal acreage as shown on Exhibit B and as checked with the last United States survey of this township and arrive at a total of 16,206.22 acres of Federal lands. If you do not agree with our calculation of the total amount of Federal acreage in the unit, please advise.

Very truly yours,

/s/ George L. Sneed

George L. Sneed

GLS:CBM:rvh
bcc: Owen I. Jones

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Y

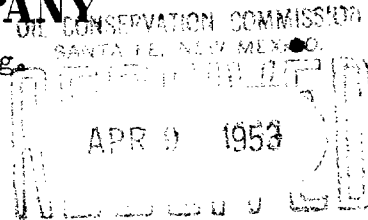
PHILLIPS PETROLEUM COMPANY

10th Floor West Wing Phillips Bldg.
BARTLESVILLE, OKLAHOMA

April 6, 1953

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, CHIEF GEOLOGIST
D. C. HEMSELL, MGR. LAND DIVISION
W. B. WEEKS, MGR. GEOLOGICAL SECTION
A. J. HINTZE, MGR. EXPLORATION SECTION



Re: San Juan 32-4 Unit
Rio Arriba County,
New Mexico
Unit No. 14-08-001-462

The Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

ATTENTION: E. S. Walker

Gentlemen:

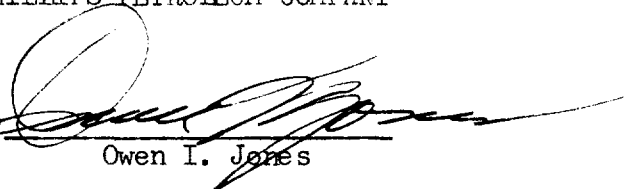
On February 20, 1953, you were furnished with a copy of the above described Unit Agreement which was approved by the Acting Director of the U.S.G.S. on February 11, 1953. We are enclosing a copy of a letter dated March 20, 1953, from Mr. H. J. Duncan, For the Director, of the U.S.G.S., calling our attention to errors in describing Tracts 10, 11, 12 and 13, and a copy of our reply dated April 2, 1953.

We have revised Exhibit "B" to properly describe the above referred to tracts and since Phillips Petroleum Company and Stanolind Oil and Gas Company have taken assignments of the federal leases included in the unit we have shown them as the Lessee of Record.

The enclosed Exhibit "B" should be substituted for the schedule attached to your copy of the Unit Agreement.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By 
Owen I. Jones

OIJ:ndb
encl.

cc: G. E. Benskin
file

100-168
Phades
Vick
MAIN OFFICE OCC
10th Floor West Wing - Phillips Building

SEP 1 1954
SEP 1 1954

Re: Termination
San Juan 32-4 Unit
Rio Arriba County,
New Mexico
Effective September 1, 1954

Stanolind Oil and Gas Company
Stanolind Building
Tulsa, Oklahoma

ATTENTION: Mr. G. A. Jenkinson - Unitization Manager

Gentlemen:

Attached is photo copy of joint application by Stanolind Oil and Gas Company and Phillips Petroleum Company for termination of San Juan 32-4 Unit, No. 14-08-001-462, as well as photo copy of Mr. H. J. Duncan's letter dated August 24, 1954, approving the application, effective September 1, 1954.

This day we have forwarded a letter to the other interested parties advising of the termination of San Juan 32-4 Unit pursuant to paragraph 2 of Mr. Duncan's letter of August 24, 1954. Request you make proper distribution within your company of this notice.

If you desire additional information, please advise.

Very truly yours

ORIGINAL SIGNED BY
R. N. RICHEY

R. N. RICHEY
San Juan Division

RNR:RBD:pw

cc: Messrs. C. F. Bedford
Ben Kee
H. M. Young

MAIN OFFICE 600

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building
BARTLESVILLE, OKLAHOMA

September 1, 1954

Director
United States Geological Survey
Department of the Interior
Roswell, New Mexico

Commissioner of Public Lands
of the State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

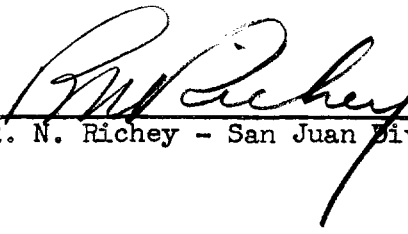
Oil Conservation Commission
of the State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Gentlemen:

This is to advise that by letter dated August 30, 1954, in accordance with the provisions of Section 20 of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico, all interested parties were notified that the Director of the United States Geological Survey on August 24, 1954, approved the termination of said Unit Agreement as of September 1, 1954, and that as of that date the San Juan 32-4 Federal Unit, No. 14-08-001-462, embracing lands in Township 32 North, Range 4 West, N.M.P.M., New Mexico, will be dissolved and terminated.

Very truly yours

PHILLIPS PETROLEUM COMPANY
Unit Operator

By 
R. N. Richey - San Juan Division

RNR:RBE:pw

cc: Manager - Bureau of Land Management
Messrs. John A. Anderson

A. M. Rippel
K. E. Beall
R. B. Stewart
L. E. Fitzjarrald
C. B. McDonald
D. E. Fryhofer
M. B. Heine
R. E. Parr
R. L. Powell
R. L. Pulsifer (3)
E. R. Holt
D. M. McBride
F. D. Smythe (2)
G. P. Bunn

P. B. Cordry
T. E. Smiley (2)
S. E. Redman
M. A. Tippie
F. R. Burgess
H. M. Young
W. M. Freeman
R. B. Edmundson
R. C. Charles
E. A. Humphrey (3)



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

AUG 24 1954

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MAIN OFFICE OCC

Phillips Petroleum Company
10th Floor, West Wing
Phillips Building
Bartlesville, Oklahoma

Gentlemen:

On August 20, 1954, effective September 1, 1954, Acting Director of the Geological Survey, Arthur A. Baker, approved the termination of the San Juan 32-4 unit agreement, New Mexico, No. 14-08-001-462, approved February 11, 1953, pursuant to the last paragraph of section 20 thereof.

One copy of the approved application is enclosed for your records. It is requested that you send notice of this approval to each interested working interest owner, lessee, and lessor at their last known address.

Very truly yours,

For the Director

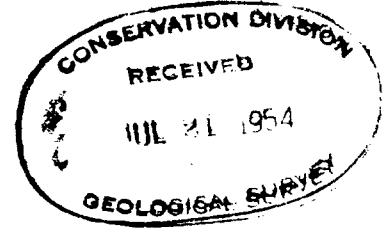
Enclosure

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

BARTLESVILLE, OKLAHOMA
July 15, 1954

Mr. W. E. Wrather, Director
United States Geological Survey
General Services Administration Building
Washington 25, D. C.



Re: San Juan 32-4 Unit
No. 14-08-001-462
Rio Arriba County, New Mexico

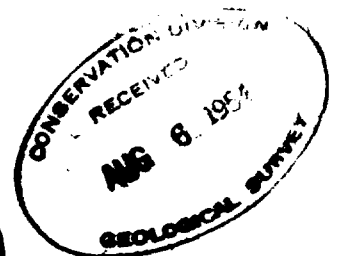
Dear Sir:

Reference is made to Unit Agreement entered into on September 24, 1952, for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico, embracing all lands in Township 32 North, Range 4 West, approved by your office under date of February 11, 1953, and designated No. 14-08-001-462.

Phillips Petroleum Company, Unit Operator, has drilled two test wells upon the Unit Area. The San Juan 32-4 Mesa Well #1-29 was located in the SW/4 of Section 29, Township 32 North, Range 4 West, and the San Juan 32-4 Mesa (formerly Fruit well) #2-16 was located in the SW/4 of Section 16, Township 32 North, Range 4 West. Both wells tested all potential producing zones down to and including the Mesaverde formation without obtaining any evidence of oil or gas in commercial quantities and have been properly plugged and abandoned. Attached hereto as Exhibit "A" is a summary of the geological information obtained from the drilling of said two test wells and other wells in the immediate vicinity of said unitized area.

On May 27, 1954, Phillips Petroleum Company, as Operator of the San Juan 32-4 Unit, wrote requesting a deferment of further drilling obligations until January 1, 1955, in order that a reevaluation of the prospects of the Fruitland-Pictured Cliffs formations could be made in the light of recent developments in the easterly San Juan Basin area. Your letter of July 6, 1954, granted a deferment of the obligations until September 1, 1954.

We have now completed our resurvey of the Fruitland-Pictured Cliffs possibilities and have concluded that the individual sand members which have recently been found highly productive to the south are not present, as such, beneath the San Juan 32-4 Unit and that further drilling within the Unit Area is unwarranted.



Mr. W. E. Wrather

-2-

July 15, 1954

Based on the geological information as set out in the aforementioned Exhibit "A", Phillips Petroleum Company as Unit Operator, and Phillips Petroleum Company, and Stanolind Oil and Gas Company, as owners of 100% of the working interest committed to said Unit Agreement, are of the opinion that it has been reasonably determined that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested and said Phillips Petroleum Company and Stanolind Oil and Gas Company, as owners of 100% of the working interest committed to said Unit Agreement, have agreed that said Unit Agreement be terminated in accordance with Section 20 thereof, effective as of September 1, 1954.

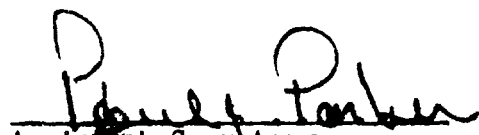
Phillips Petroleum Company, as Unit Operator, is not in default of the terms of said Unit Agreement, and in accordance therewith has given notice of termination of the Unit to all interested parties.

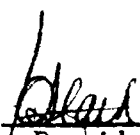
Phillips Petroleum Company and Stanolind Oil and Gas Company therefore respectfully request the approval of such termination of said Unit Agreement for the development and operation of the San Juan 32-4 Unit Area by the Director of the United States Geological Survey.

Very truly yours

ATTEST:

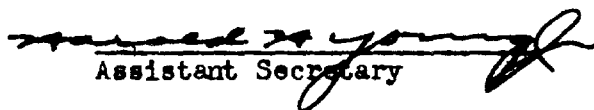
PHILLIPS PETROLEUM COMPANY



Assistant Secretary

By 
Vice President

ATTEST:

STANOLIND OIL AND GAS COMPANY


Assistant Secretary

By 
Vice President





AUG 20 1954

Date Approved _____


Acting Director, United States Geological Survey

July 15, 1954

RNR:GEB:wg

PHILLIPS PETROLEUM COMPANY

MAIN OFFICE 000

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BARTLESVILLE, OKLAHOMA

10 W. W. Phillips Bldg.

July 9, 1954

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, CHIEF GEOLOGIST
D. C. HEMSELL, MGR. LAND DIVISION
W. B. WEEKS, MGR. GEOLOGICAL SECTION
A. J. HINTZE, MGR. EXPLORATION SECTION

Re: Modification of Drilling
Requirements
San Juan 32-4 Unit

Oil Conservation Commission of the
State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Attention: Mr. B. Macey
Director - Secretary

Gentlemen:

On May 27, 1954 Phillips Petroleum Company, Unit Operator of San Juan 32-4 Unit and owner of 98.42% of the oil and gas leases committed to the Unit, applied to the Director, United States Geological Survey, in accordance with Section 9 of the Unit Agreement, for an extension of the time in which to commence the third of four unit obligation wells until January 1, 1955.


The Director has approved the application, but for the lesser time until September 1, 1954.

A photocopy of the application bearing the Director's approval is herewith enclosed. We respectfully request your concurrence in the extension of drilling time to September 1, 1954 and ask that you indicate your approval in the form provided below and return a copy of this letter for our file.

Yours very truly

PHILLIPS PETROLEUM COMPANY

BY

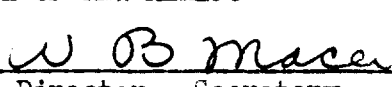

R. N. RICHEY
San Juan Division

RNR:wg
Enc.

Approved 7-16 - 1954.

OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

BY


Director - Secretary

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

10th Floor West Wing - Phillips Building

May 27, 1954

Mr. W. E. Brather, Director
United States Geological Survey
General Services Administration Building
Washington 25, D. C.

Re: Application for Modification of Drilling
Requirements, San Juan 32-4 Unit, No. 14-08-001-462

Dear Sir:

The undersigned Phillips Petroleum Company is Unit Operator and owner of 98.42% of the working interest in lands committed to the Unit Area of San Juan 32-4 Unit, Rio Arriba County, New Mexico. In accord with Section 9 of the Unit Agreement, Unit Operator hereby requests that the drilling requirements of that section be again modified to defer the time for commencement of the third of four obligation exploratory wells required by the Unit Agreement, to January 1, 1955.

In accord with the provisions of the Unit Agreement, two test wells have been drilled to the Mesaverde formation on this Unit. Well #1-29, Section 29-32N-4W, was spudded March 6, 1953, and drilled with rotary tools to 6384' where 7" casing was cemented. The Mesaverde section was drilled with cable tools and total depth of 6920' was reached September 13, 1953. Only a slight show of gas was encountered in the Mesaverde and the rate of water entry increased with depth while drilling through the horizon. While drilling a drill stem test of the Fruitland-Pictured Cliffs interval 3975'-4192' resulted in a flow of only 11.2 MCFGPD.

Well #2-16, Section 16-32N-4W, was spudded April 1, 1953, as a Fruitland test, but a drill stem test 3620'-3731' obtained only a slight blow of gas, and the hole was deepened and casing set at the top of the Mesaverde at 6058'. Three Fruitland-Pictured Cliffs intervals opened by gun and jet perforating were treated with mud acid and Stratofrac, but no gas entered. These perforations were squeezed with cement and the hole was drilled to total depth of 6556' with cable tools. No gas was encountered in the Mesaverde.

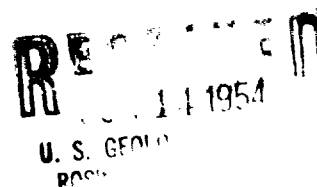
Both wells have been plugged and abandoned.

Our letter to you dated September 17, 1953, included a detailed history of these wells and requested a deferment of the commencement of the third required well until October 1, 1954, in order that geologic evaluation might be made of development then underway in the vicinity of the Unit. On October 19, 1953, the acting Director approved a lesser deferment until only July 1, 1954.

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LAND DEPARTMENT
SAN JUAN DIVISION



May 27, 1954

The following significant developments have taken place in the vicinity of the Unit since the granting of the drilling deferment:

Two miles west and a little south of the subject Unit, San Juan 32-5 Unit well S.J. #2, SW/4 Section 35-32N-5W, was completed in the Fruitland-Pictured Cliffs interval 2875'-3064' with a three hour potential test of only 396 MCFGPD after finding the Mesaverde barren at total depth of 5884'.

Two and three-quarters miles west of the northwest corner of the subject Unit, San Juan 32-5 Unit well S.J. #3, SW/4 Section 10-32N-5W, drilled to 9153', cemented 7" casing at 8990' and tested the Dakota intervals 8990'-9031' and 8858'-8880'. After sand-oil frac treatment the well flowed gas at the rate of 285 MCFGPD and 25 bbls per day of water on a four hour test through a separator. The well has since been plugged and abandoned as non-commercial at that depth. Drill stem tests had failed to indicate paying quantities of gas in the Fruitland-Pictured Cliffs and the Mesaverde.

These developments, in themselves, are not encouraging. However, other quite recent developments, somewhat removed but on the same general trend, have given new significance to the Fruitland-Pictured Cliffs potentialities of the easterly San Juan Area. Adequate re-evaluation cannot yet be given the subject Unit in the light of these developments, but we have reason to hope that within a reasonable time further development of the easterly San Juan Area will warrant continued exploration of the subject Unit.

In view of these circumstances we respectfully request a further deferment of our obligation to commence drilling the third San Juan 32-4 Unit obligation well until January 1, 1955.

Very truly yours

PHILLIPS PETROLEUM COMPANY

ORIGINAL SIGNED BY

R. H. RICHEY

By

R. H. Richey - San Juan Division

RRB:pw

Approved this 2nd day of July, 1954
for a period of time expiring Sept. 1, 1954, as
the time requested is deemed excessive.

Arthur J. Baber
Acting Director, United States Geological Survey

PHILLIPS PETROLEUM COMPANY

LEGAL DEPARTMENT

RAYBURN L. FOSTER
VICE PRESIDENT
AND GENERAL COUNSEL

HARRY D. TURNER
GENERAL ATTORNEY

WALTER L. BARNES
H. K. HUDSON
ASSISTANT GENERAL ATTORNEYS

BARTLESVILLE, OKLAHOMA

December 24, 1952

STAFF ATTORNEYS
DARLENE G. ANDERSON
R. Y. BANDY, JR.
ROBT. B. BURGESS
ED. WAITE CLARK
S. E. FLOREN
DARALL G. HAWK
KENNETH HEADY
D. E. HODGES
HILARY D. MAHIN
LLOYD G. MINTER
JAMES MULLEN
C. B. McDONALD, JR.
GEORGE L. SNEED
HAYDEN E. WEAVER
R. M. WILLIAMS
WM. J. ZEMAN

New Mexico Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Gentlemen:

In accord with my conversations on December 23 with George Graham and Bill Macey, I have prepared and am herewith forwarding application of Phillips Petroleum Company to the New Mexico Oil Conservation Commission for public hearing and adoption of an order approving the proposed San Juan 32-4 Unit Agreement. In view of the fact that there are no State of New Mexico lands within the bounds of this Unit Area, we have been advised that the Commissioner of Public Lands of the State of New Mexico is not involved; hence no application for his approval is forwarded, nor are we forwarding any filing fee in connection with the enclosed application. If any filing fee is required, please immediately advise me and we will forward same.

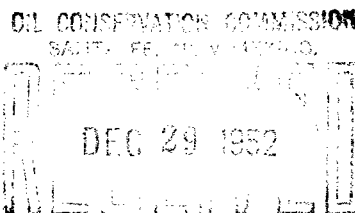
It is my understanding that, in view of the special circumstances which were discussed in our conversations above referred to, this application will be heard on the January 15 docket of the Commission, notwithstanding its late filing.

Yours very truly,

George L. Sneed
George L. Sneed

GLS:mle
Enc.

cc: Mr. W. B. Macey
Mr. George Graham



417

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

November 3, 1953

Re: Application for Modification
of Drilling Requirements
San Juan 32-4 Unit
Rio Arriba County, New Mexico

Mr. R. R. Spurrier
Director - Secretary
Oil Conservation Commission of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Dear Mr. Spurrier:

On September 17, 1953, Phillips Petroleum Company, as designated Unit Operator of the San Juan 32-4 Unit and owner of 98.42% of the oil and gas leases committed to the Unit, made application to the Director, United States Geological Survey, in accord with Section 9 of the Unit Agreement for deferring the time for commencement of the third of four obligation exploratory wells required by the Unit Agreement to October 1, 1954. There are no State owned minerals in this Unit.

True copy of this application is enclosed and you will observe that the U.S.G.S. has granted an extension of time for further drilling to only July 1, 1954.

In accord with the provisions of the Unit Agreement, two test wells have been drilled to the Mesaverde formation on this Unit, both of which were incapable of producing unitized substances from either the Fruitland or Pictured Cliffs or Mesaverde formations. Structurally these two wells found the Mesaverde formation at the deepest depth in the San Juan Basin to date and it would appear that the Mesaverde formation under this Unit is too low structurally for gas production. A detailed history of both of these wells is attached to the application herewith.

For the record we respectfully request your concurrence in this extension of drilling time to July 1, 1954, and ask that you please indicate your approval by dating and signing a copy of this letter.

Yours very truly

PHILLIPS PETROLEUM COMPANY
Designated Unit Operator of San Juan 32-4 Unit

Approved _____, 1953

Oil Conservation Commission of the
State of New Mexico

By _____
R. F. Hood - San Juan Division

By _____
Director - Secretary

RFR:ow

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

September 17, 1953

Mr. W. D. Wrather, Director
United States Geological Survey
General Services Administration Building
Washington 25, D. C.

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NOV 3 1953
LAND DEPARTMENT
SAN JUAN DIVISION

Re: Application for Modification of Drilling
Requirements, San Juan 32-4 Unit,
No. 14-08-001-462

Dear Sir:

The undersigned Phillips Petroleum Company is unit operator and owner of 98.42% of the working interest in lands committed to the Unit Area of San Juan 32-4 Unit, Rio Arriba County, New Mexico. In accord with Section 9 of the Unit Agreement, Unit Operator hereby requests that the drilling requirements of that section be modified to defer the time for commencement of the third of four obligation exploratory wells required by the Unit Agreement, to October 1, 1954.

In accord with the provisions of the Unit Agreement, two test wells have been drilled to the Mesaverde formation on this Unit. A detailed history of the drilling and testing of these two wells is attached as an exhibit hereto. Notwithstanding the elaborate testing of both these wells, we have not obtained any evidence of production in commercial quantities and propose to plug and abandon these two wells immediately.

As you know, extensive exploratory operations are being conducted immediately north, west and south of this Unit. We should like to defer the commencement of the third test on this Unit in order to make further geological study of the area and closely observe development that is taking place on surrounding lands.

Your early consideration of this request for modification will be sincerely appreciated.

Very truly yours

PHILLIPS PETROLEUM COMPANY

By R. F. Wood
R. F. WOOD, San Juan Division

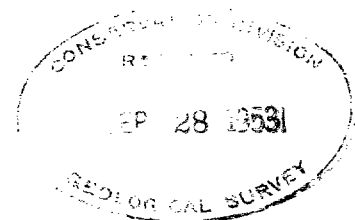
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Attach.

SEP 19 1953

Approved _____
For a period of time expiring July 1, 1954

Thomas R. Kolan

Director, U. S. Geological Survey



Phillips Petroleum Company's San Juan 32-4 Mesa Well #1-29 located 1550' from the south line and 1650' from the west line of Section 29, Township 32 North, Range 4 West, N.M.P., Rio Arriba County, New Mexico, was spudded on March 6, 1953. 10 3/4" surface casing was set and cemented at 176.30' with 155 sacks and 7" casing was set and cemented at 6384' with 450 sacks of cement. Gas for drilling in use is not available in that area consequently the Mesaverde formation was drilled with cable tools. The well reached a depth of 6920' on September 13, 1953. Detailed history of the drilling and testing in this well is herewith.

Phillips Petroleum Company's San Juan 32-4 Mesa (formerly Fruit) Well #2-16 located 1650' from the south line and 990' from the west line of Section 16, Township 32 North, Range 4 West, N.M.P., Rio Arriba County, New Mexico, was spudded April 1, 1953. 10 3/4" surface casing was set and cemented at 171' with 155 sacks cement. 7" casing was set and cemented in double stage at 6058' with 280 and 170 sacks cement. This was originally scheduled as a test of the Fruitland formation but discouraging results forced us to change it to a Mesaverde test well. The gas still not being available in the area for drilling purposes and to lay a line with necessary compressors would have been prohibitive in cost, the Mesaverde formation was likewise drilled with cable tools and reached depth of 6540' on September 14, 1953.

Neither of these wells encountered any encouraging shows of oil or gas in either the Fruitland or Mesaverde formations and fair and adequate tests were made in both wells. We would like to use this one year's time to make further geological study of the area and to closely watch the development that is taking place and will occur during that period in the general area. We believe electric logs on both of these wells have been furnished your office but if not they will be immediately procured and furnished, as well as any other information you may desire concerning these wells not herein contained.

It is not believed that the Fruitland formation carries commercial quantities of gas in this area. On the #1-29 a drill stem test of the Fruitland interval 3975-4192' flowed only 11.2 MCF/D. This was the only gas encountered in this formation. (The Fruitland was also drill-stem tested on the #2-16 well, but gas failed to flow in amounts sufficient to measure.) After setting casing on the Mesaverde the casing was perforated opposite the Fruitland formation from 3575-3625' and from 3636-3685' with four holes per foot. The well failed to respond after 16 hours of swabbing; the intervals were then acidized with 4000 gallons of Dowell mud acid. The hole was again swabbed for 10 1/2 hours but the gas flow was too small to measure. The interval 3714-3770' was shot using 240 Lane Wells cone jet shots and this interval was acidized with 3000 gallons of Dowell mud acid. There was no response to the treatment. Stratofrac treatment was subsequently attempted with negative results in perforations 3575-3625'; 3635-3685' and 3714-3770'. We believe that these tests and treatments are sufficient to condemn the Fruitland possibilities in this area.

The Mesaverde is indicated to be carrying water and only small amounts of gas under this unit. The top of the Cliff House was encountered at 6424' in the #1-29. No gas was encountered from the top of the formation down to 6446'; however, from 6446-6456' the well made 4 gallons water per hour. The water flow continued to increase with depth until 6701' at which depth 3500' of inexhaustible water was standing in the well bore. A 5 1/2" liner was then run to

a total depth of 6701'. Thus the Point Lookout, which was topped at 6695', was drilled without a large column of water in the well bore which might possibly drown any shows of gas. The hole was deepened to 6740' at which depth a very slight show of gas was noted. Water was encountered in the interval 6742-6753' and flowed at the rate of 15 gallons per hour. Since then the water flow has continued to increase until at the present total depth of 6910' there is 700' of water in the hole.

The history of the #2-16 is very similar to that of #1-29. The Cliff House was topped at 6070' where a water flow of 35 gallons per hour with a small amount of gas was noted. The water flow rate increased until by the time the Point Lookout was encountered at approximately 6350', 4500' of water was standing in the well bore. Additional water was found in the Point Lookout and the water column rose to 6000' when the interval 6355-6365' was drilled. At the present total depth of 6524' we have 6000' of water in the hole. It is evident that the Mesaverde is carrying sufficient water in this area to condemn any possible gas production.

Structurally these two wells are the deepest tests drilled to date in the San Juan Basin. The Mesaverde was encountered in the #1-29 at 6424' or 4862' corrected to sea level and on the #2-16 at 6070' or 4735' corrected. Thus the #2-16 is structurally 127' lower than the #1-29. In the vicinity of the #1-6 Unit, which is the northernmost unit in which commercial gas has been found, the Mesaverde is ordinarily topped at about 4100'. Therefore the Mesaverde in #2-4 Unit is running from 400-600' deeper than in the area where the northernmost gas is encountered. We are of the opinion that the Mesaverde under this unit is therefore too low structurally for gas production.

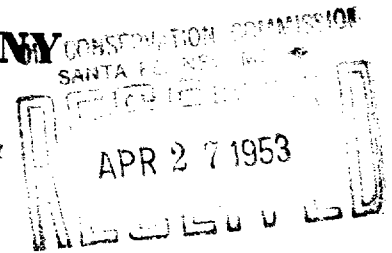
L.Fd:pw

Exhibit of two pages attached to letter dated September 17, 1953, to Director, U.S.G.S.

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

April 23, 1953



Re: San Juan 32-4 Unit
Rio Arriba County, N. M.
Unit No. 14-08-001-462

Stanolind Oil and Gas Company
Stanolind Building
Tulsa, Oklahoma

Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

The Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Gentlemen:


On April 6, 1953, you were furnished with a revised copy of Exhibit "B" to be attached to your copy of the above Unit Agreement. The following corrections should be made on the "revised Exhibit "B":

1. Page 1 - Tract 5, the number of acres should be changed to 2,523.78.
2. Page 2 - The total Federal acreage should be 16,207.05 acres.
3. Page 5 - Recapitulation, total Federal acres 16,207.05, total of Unit Area 16,901.49 acres.

At such time as this Exhibit is re-run, you will be furnished with new pages reflecting the above changes.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By 
Owen I. Jones

OIJ:ndb

cc: G. E. Benskin
C. W. Corbett
file

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

10 West Wing Phillips Bldg.

February 20, 1953

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, CHIEF GEOLOGIST
D. C. HEMSELL, MGR. LAND DIVISION
W. B. WEEKS, MGR. GEOLOGICAL SECTION
A. J. HINTZE, MGR. EXPLORATION SECTION

Re: San Juan Unit 32-4
Rio Arriba County, N. M.
Unit No. 14-08-001-462

Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Gentlemen:

The above numbered Federal unit was approved by the Acting Director, United States Geological Survey on February 11, 1953. We are enclosing for your files a fully executed copy of the Unit Agreement and also a fully executed copy of the Unit Operating Agreement.

We sincerely appreciate your cooperation in connection with obtaining approval of this and other units by the State of New Mexico.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By 
Owen I. Jones

OIJ:ndb
Registered - RR
enclosures

cc: G. E. Benskin

Case 468

January 20, 1953

Mr. George L. Sneed
Phillips Petroleum Company
Martinsville, Oklahoma

Re: San Juan 32-4 Unit Agreement
Rio Arriba County, New Mexico

Dear Sir:

We are in receipt of your proposed Unit Agreement for the San Juan 32-4 Unit Area in Rio Arriba County. It appears that this proposed form is substantially the form of agreement heretofore approved by me for others.

This office is withholding formal approval of the Unit Agreement pending a hearing before the New Mexico Oil Conservation Commission.

Yours very truly,

A. S. MILLER
Commissioner of Public Lands

cc: U. S. Geological Survey, Roswell, N.M.
Oil Conservation Commission, Santa Fe, N.M.

et

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