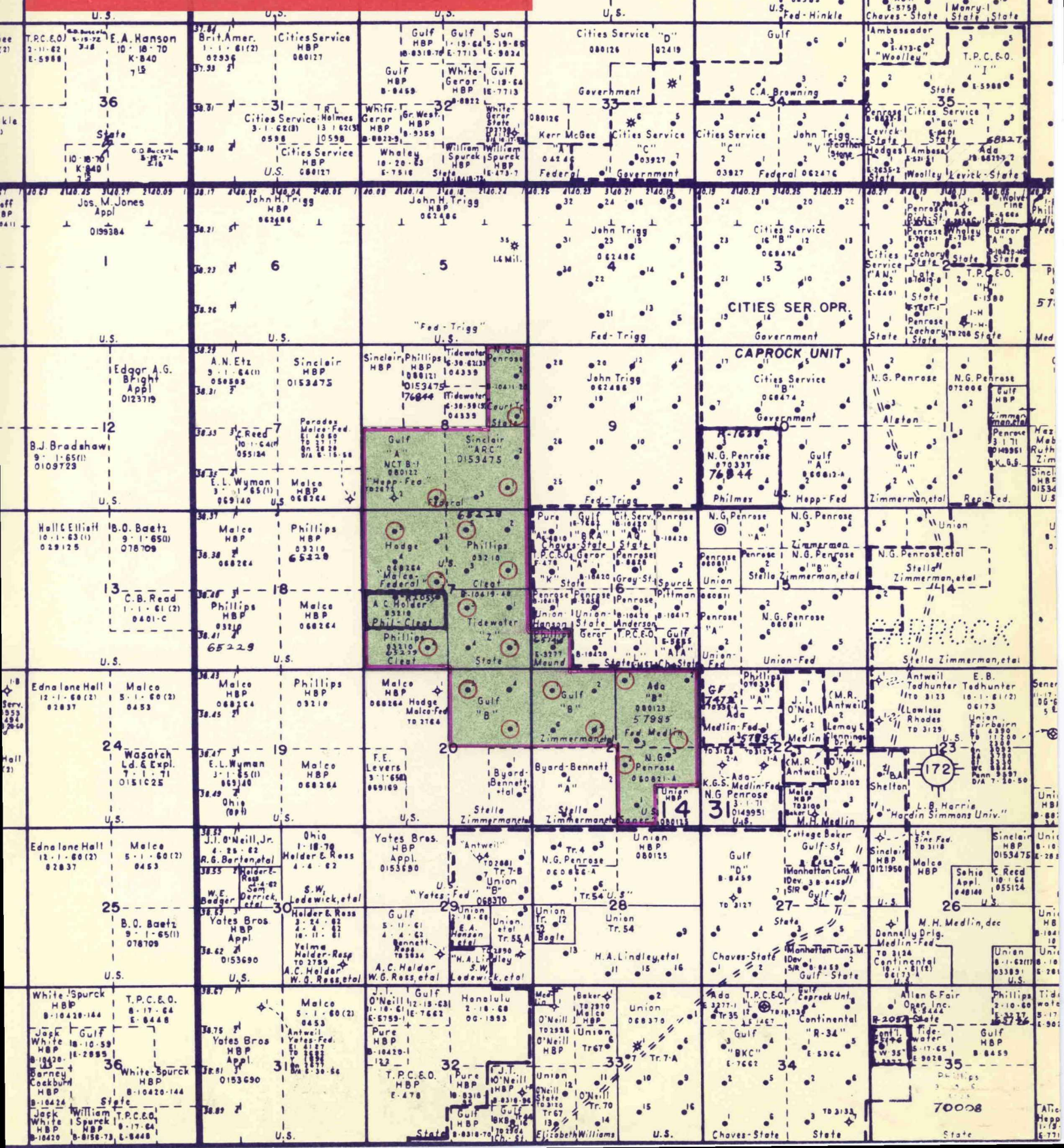


Phillips Exhibit



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2643
Order No. R-2336

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A WATERFLOOD PROJECT,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 27, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th day of October, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the West Cap Queen Sand Unit Agreement has been approved by the Commission by Order No. R-2332; that the West Cap Queen Sand Unit Area comprises 1,680 acres, more or less, in Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico, as more fully described in said order.

(3) That the applicant, Phillips Petroleum Company, seeks permission to institute a waterflood project in the Caprock-Queen Pool in the West Cap Queen Sand Unit Area by the injection of water into the Queen formation through 17 wells located within said unit area.

(4) That the wells in the project area are in an advanced stage of depletion and should properly be classified as "stripper" wells.

(5) That approval of the subject application will neither cause waste nor impair correlative rights.

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(6) That the subject application should be approved and should be governed by the provisions of Rule 701.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to institute a waterflood project in the Caprock-Queen Pool in the West Cap Queen Sand Unit Area by the injection of water into the Queen formation through the following-described 17 wells located in Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico:

Ada Federal Medlin "B" Well No. 1, located 330 feet from the North line and 2310 feet from the East line of Section 21;

Gulf Hopp Federal "A" Well No. 1, located 330 feet from the South line and 2310 feet from the West line of Section 8;

Gulf Zimmerman "B" Well No. 1, located 660 feet from the North line and 660 feet from the West line of Section 21;

Gulf Zimmerman "B" Well No. 3, located 1980 feet from the North line and 1980 feet from the West line of Section 21;

Gulf Zimmerman "B" Well No. 5, located 660 feet from the North line and 1980 feet from the East line of Section 20;

Gulf Zimmerman "B" Well No. 7, located 1980 feet from the North line and 660 feet from the East line of Section 20;

Hodge Malco Federal Well No. 2, located 2310 feet from the North line and 2310 feet from the West line of Section 17;

Hodge Malco Federal Well No. 5, located 660 feet from the North line and 990 feet from the West line of Section 17;

Penrose Court Trust Well No. 1, located 2310 feet from the North line and 330 feet from the East line of Section 8;

Penrose Saner Federal Well No. 2, located 1980 feet from the South line and 2310 feet from the East line of Section 21;

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Phillips Cleat Well No. 1, located 1982 feet from the North line and 660 feet from the East line of Section 17;

Phillips Cleat Well No. 4, located 660 feet from the South line and 1982 feet from the West line of Section 17;

Phillips Cleat Well No. 5, located 660 feet from the North line and 1979 feet from the East line of Section 17;

Sinclair A.R.C. Federal Well No. 1, located 660 feet from the South line and 660 feet from the East line of Section 8;

Tidewater State "Z" Well No. 2, located 660 feet from the South line and 660 feet from the East line of Section 17;

Tidewater State "Z" Well No. 3, located 1980 feet from the South line and 1980 feet from the East line of Section 17; and

Phillips-West Cap - 9 W Well No. 4, to be located in the SE/4 NE/4 of Section 21.

(2) That the subject waterflood project shall be governed by the provisions of Rule 701, including the allowable provisions thereof, and including the provisions with respect to expansion of the waterflood project.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

ear/