

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

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF TWO UNORTHODOX GAS WELL
LOCATIONS, SIMULTANEOUS DEDICATION,
FOUR LAKES DEVONIAN GAS POOL,
LEA COUNTY, NEW MEXICO

RECEIVED
AUG 11 1992
OIL CONSERVATION DIVISION

CASE: 10546

FIRST AMENDED APPLICATION

Comes now PHILLIPS PETROLEUM COMPANY, by its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of two unorthodox gas well locations, and simultaneous dedication, in the Four Lakes-Devonian Gas Pool, Lea County New Mexico, with each well to be drilled within a fifty foot radius of the following described sites all within Township 12 South, Range 34 East, NMPM, Lea County, New Mexico:

(1) South Four Lakes Well No. 13: 960 feet FEL and 2450 feet FNL (Unit H) Section 2, the 160 acres comprising the NE/4 to be simultaneously dedicated to South Four Lakes Well Nos 8 and 13; and

(2) South Four Lakes Well No. 14: 330 feet FWL

and 2300 feet FNL (Unit E) Section 1, the 160 acres comprising the NW/4 is to be dedicated to said well.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company, is the operator of the South Four Lakes Unit which consists of NW/4 of Section 1, all of Section 2 T12S, R34E, and the W/2 of Section 36 and all of Section 35, T11S, R34E, NMPM, Lea County New Mexico.

2. Applicant proposes to test for production by locating the subject wells as described above.

3. The proposed wells will be located within the current boundaries of the Four Lakes-Devonian Gas Pool.

4. The subject pool was created by Order R-928 dated December 13, 1956 and was reclassified as a gas pool by Order R-1371 issued April 17, 1959.

5. The Division General Rule 104-C II(a) require 160-acre spacing and proration units and require standard well locations to be not closer than 660 feet to any outer boundary of the spacing unit, nor closer than 330 feet to any quarter-quarter section line, nor closer than 3120 feet to any existing pool well.

6. The proposed wells would be at unorthodox

locations and will require exceptions to General Rule 104.

7. Wells at the proposed unorthodox locations should penetrate productive intervals of the Devonian formation at more favorable geologic points than wells drilled at standard locations in the proposed spacing units thereby increasing the likelihood of obtaining commercial production.

8. The South Four Lakes Unit Well No. 14 will be dedicated to a 160-acre gas spacing unit which formerly but does not now have located within that unit another well capable of producing gas from this pool.

9. Previously, the South Four Lakes Unit Well No. 3 was dedicated to this unit, but it has been plugged and abandoned in this pool.

10. The South Four Lakes Unit Well No. 13 will be dedicated to a 160-acre gas spacing unit which currently is dedicated to the South Four Lakes Unit Well No. 8.

11. Applicant seeks approval to simultaneously dedicate the South Four Lakes Unit Wells Nos. 8 and 13

to the same spacing unit and have the option to produce both wells continuously and concurrently, or in the alternative, to produce said wells alternately.

12. The South Four Lakes Unit Well No. 8 is only capable of very marginal production, is draining only a limited area of this 160 acre spacing unit, and needs to be supplemented by the drilling of South Four Lakes Unit Well No 13 which will provide an efficient means to recover gas from the reservoir which might not otherwise be recovered.

13. The 160 spacing unit for South Four Lakes Unit Wells Nos. 8 and 13 and each of the 160 acre spacing units offsetting that spacing unit are all within the South Four Lakes Unit which has common working interest and royalty owners.

14. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Devonian formation, 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

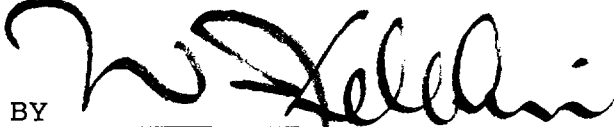
correlative rights.

15. In accordance with Division Rule 1207,
Applicant has notified those affected parties towards
who the proposed location encroaches, with the names
and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice
and hearing, this Application be approved as requested.

Respectfully submitted:

KELLAHIN, KELLAHIN & AUBREY



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ATTORNEYS FOR APPLICANT

EXHIBIT A

OWNERSHIP IN THE SW/4 OF SECTION 1

Commissioner of Public Lands
State of New Mexico
State Land Office Building
P.O. Box 1148
Santa Fe, NM 87504