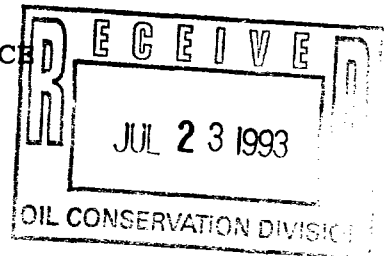


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10779

APPLICATION OF PHILLIPS PETROLEUM COMPANY
TO QUALIFY FIVE PORTIONS OF ITS EAST VACUUM
GRAYBURG-SAN ANDRES UNIT PRESSURE MAINTENANCE
PROJECT FOR THE RECOVERED OIL TAX RATE,
LEA COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Phillips Petroleum Company as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Phillips Petroleum Co.
4001 Penbrook
Odessa, Texas 79762
Attn: Elizabeth Harris, Esq.
(915) 368-1278

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

Pre-Hearing Statement
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Page 2

STATEMENT OF CASE

APPLICANT

Phillips Petroleum Company seeks to qualify five portions of its East Vacuum-Grayburg-San Andres Unit Pressure Maintenance Project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act by means of significant changes in process or expansion of geologic area as summarized on Exhibits "A" and "B" attached.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
James Stevens (P.E.)	1 Hr.	est. 16 exhibits

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

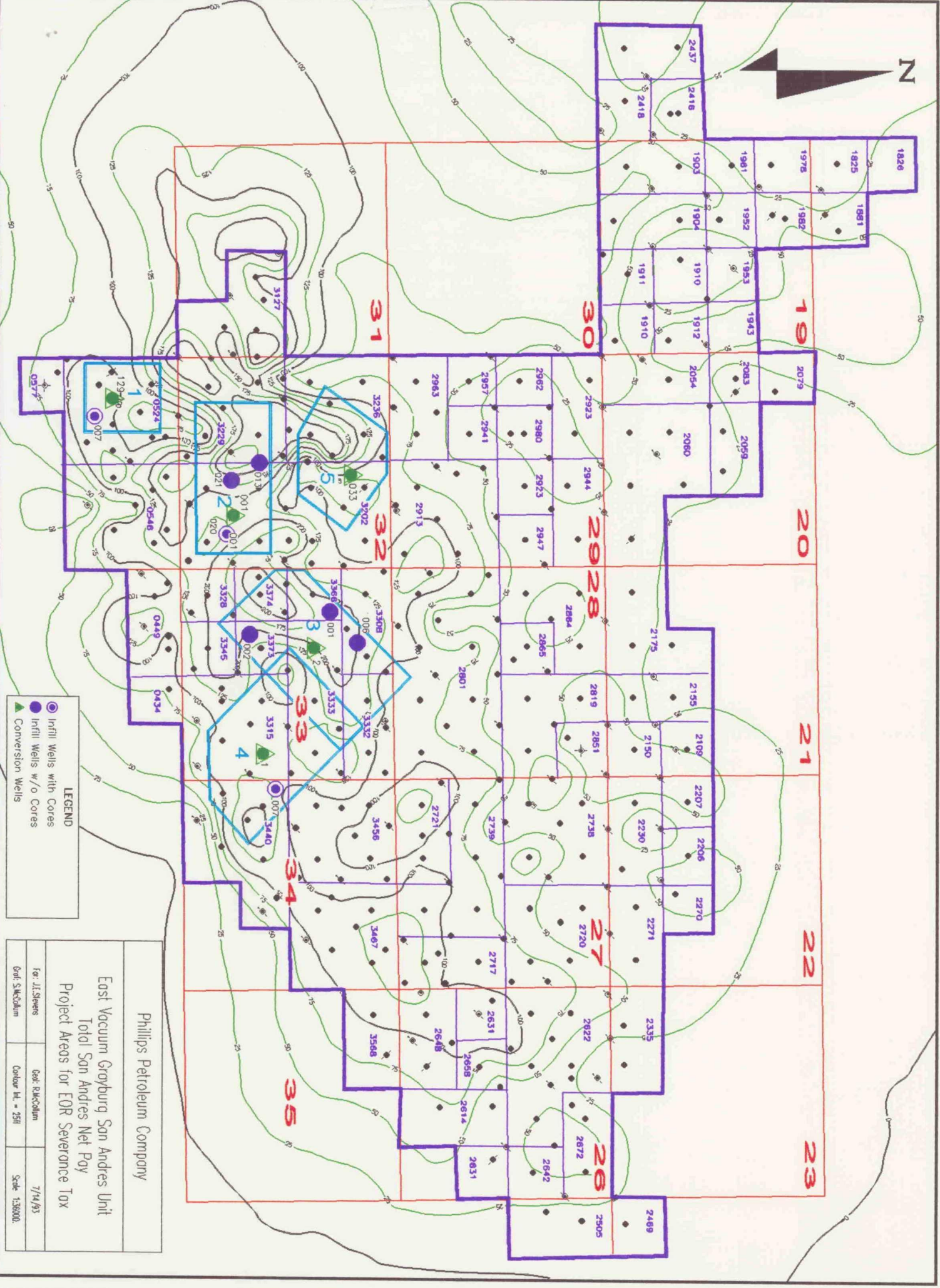
By: 

W. Thomas Kellahin

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Santa Fe, New Mexico 87504

(505) 982-4285



N

Philips Petroleum Company
 East Vacuum Groyburg San Andres Unit
 Total San Andres Net Pay
 Project Areas for EOR Severeance Tax

For J.L. Stevens Carl: Blackburn 7/14/93
 Carl: Blackburn Carl: H. = 25H Scale: 1:50000

AREA 1: This area is not in the existing CO2 injection project. The CO2 project area will be geographically expanded into Area 1 by conversion of Well 0524-129 to water alternating CO2 injection ("WAG") and the drilling of infill Well 0524-007. The entire area including Wells 0524-008, 0524-045, 0524-002, 0524-112, and 0524-003 will be affected by this change which will significantly change the process used for displacement of crude oil in the entire 80-acre area.

AREA 2: This area will include three additional infill Wells: 3202-020, 3202-021 and 3229-013. Well 3202-001 will be converted to WAG injection. The impact of these changes will significantly change the process used for displacement of crude oil by improving sweep efficiency and contacting additional areas of the reservoir that currently are not being CO2 flooded. As a consequence, the following wells should experience an improvement in oil recovery through improved sweep efficiency: Wells 3202-004, 3202-006, 3202-012, 3202-015, 3229-003, 3229-004 and 3229-005.

AREA 3: This area is being converted from two 80-acre nine-spot patterns to a 160-acre line drive pattern. Well 3333-002 will be converted to injection and Wells 3308-006, 3366-001 and 3373-002 will be drilled offset to the line drive injection. The combination of these changes will alter the displacement process significantly by improving sweep efficiency and contacting additional zones of the reservoir that presently are not being efficiently CO2 flooded. In addition to the new infill wells, Wells 3308-002, 3308-003, 3308-005, 3332-032, 3360-029, 3373-028, 3333-003, 3333-004, 3333-008, 3328-002, 3374-003, and 3374-001 should experience an improvement in oil recovery through improved sweep efficiency.

AREA 4: This area is being converted from one 80-acre nine-spot pattern and one 70-acre seven spot pattern to a 150-acre line drive pattern. Well 3315-001 will be converted and Well 3340-007 will be drilled to accomplish these changes in operations. The combination of these changes will alter the oil displacement process significantly by improving sweep efficiency and contacting additional zones of the reservoir that presently are not being efficiently CO2 flooded. In addition, the following wells should experience an improvement in oil recovery through improved sweep efficiency: Wells 3440-001, 3440-003, 3440-005, 3333-004, 3333-007, 3333-001, 3315-004, 3315-005 and 3315-002.

AREA 5: The conversion of Well 3202-033 will alter this pattern from an 80-acre inverted nine-spot pattern to an 80-acre line drive pattern. This change will alter the oil displacement process significantly by improving sweep efficiency and contacting additional zones of the reservoir that presently are not being CO2 flooded. The following wells should experience an improvements in oil recovery through improved sweep efficiency: Wells 3202-003, 3202-019, 3202-016, 3236-007, 3236-003, 3236-004 and 3236-005.