

1025 N. French Dr
Hobbs, NM 88240
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 476-3440
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Energy Minerals and Natural Resources Department

Form C-140
Revised 06/99

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505
(505) 476-3440

SUBMIT ORIGINAL
PLUS 2 COPIES
TO APPROPRIATE
DISTRICT OFFICE

APPLICATION FOR
WELL WORKOVER PROJECT

H-0667

I. Operator and Well

Operator name & address Phillips Petroleum Company						OGRID Number 017643			
4001 Penbrook Street, Odessa, Texas 79762						Phone 915/368-1488			
Property Name Hat Mesa -A-					Well Number 1		API Number 30-025-24690		
UL W	Section 2	Township 21-S	Range 32-E	Feet From The 660	North/South Line South	Feet From The 1980	East/West Line East	County Lea	

II. Workover

Date Workover Commenced: 06/05/00	Previous Producing Pool(s) (Prior to Workover): Hat Mesa Morrow
Date Workover Completed: 06/09/00	

III. Attach a description of the Workover Procedures performed to increase production.

IV. Attach a production decline curve or table showing at least twelve months of production prior to the workover and at least three months of production following the workover reflecting a positive production increase.

V. AFFIDAVIT:

State of Texas)

) ss.

County of Ector)

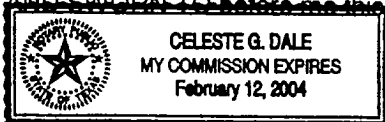
L. M. Sanders, being first duly sworn, upon oath states:

1. I am the Operator, or authorized representative of the Operator, of the above-referenced Well.
2. I have made, or caused to be made, a diligent search of the production records reasonably available for this Well.
3. To the best of my knowledge, this application and the data used to prepare the production curve and/or table for this Well are complete and accurate.

Signature L. M. Sanders
SUBSCRIBED AND SWORN TO before me this

Title Supervisor, Regulation/Proration Date

14th day of May, 2001



Celeste G. Dale
Celeste G. Dale
Notary Public

My Commission expires: 02/12/04

FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a Well Workover Project and the Division hereby verifies the data shows a positive production increase. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project was completed on 06/09/2000.

Signature District Supervisor <u>[Signature]</u>	OCD District <u>1</u>	Date <u>6/3/01</u>
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VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT:

**Phillips Petroleum Company
Hat Mesa A #1
Well Workover Project Tax Incentive Application
May 2001**

Listing of Application Attachments:

BLM Sundry Notice Form 3160-5

Phillips Petroleum Company Workover Procedure

Table of Monthly Production Data (1993 – 2001)

Semi-log Graph of Rate vs. Time (1974 – 2001)

Cartesian Graph of Rate vs. Time (1993 – 2001)

Semi-log Graph of Rate vs. Time -- No Workover Forecast Case

Semi-Log Graph of Rate vs. Time -- Workover Forecast Case

Tabulation of Production Forecasts – No Workover and Workover Cases

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Roger

OPERATOR'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires July 31, 1996
Bureau Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

NM-052315 215

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No.

HAT MESA A 1

9. API Well No.

30-025-24690

10. Field and Pool, or Exploratory Area
HAT MESA MORROW

11. County or Parish, State

LEA NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other REPERF LWR 3 |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | ZONES & ACIDIZE |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

06/05/00 SI TBG PRESS 30 PSI 125 MCF FLOW RATE RU HES RUN 2.25 GAUGE RING T/14300' PERF ZONES W/2-1/8 DP STAR RUNS 4 SPF 90 DEG PH 14292-14300' 37 HOLES TBG PRESS BEFORE 150 AFTER 700 PSI 14142-14148' 29 HOLES PRESS 700-750, 14111-14118' 33 HOLES PRESS 800-850 SHOT 99 HOLES GIH W/7' SLIMTUBE GUN SET 14292-143000' SET OFF PRESS WENT F/850-900 PSI ON TBG @ SURF RD HES TBG PRESS 900, OPEN UP THRU STK PK 14/64 CK FLOW RATE 351 MCF GAS.

06/06/00 TBG PRESS 100 PSI FLOW RATE T/SALES 145 MCF LN PRESS 26 PSI NO FL.

06/07/00 24 HR PROD: TBG PRESS 130 PSI FLOW RATE 155 MCF GAS LN PRESS 25 PSI.

06/08/00 TBG PRESS 120 PSI FLOW RATE 110 MCF GAS MIRU HES/GUARDIAN, INSTALL TREESAVER LAY/TST LNS PMP 8000 GAL CLAY-SAFE ACID & 8000 GAL CO2 W/BALLSEALERS CSG PRESS BEGIN RISE W/TBG PRESS POSSIBLE COLR LK W/5000 GAL FL PMPD TBG PRESS 5028 PSI CSG PRESS 4,400 HES LOST PRIME ON BLNDR PMP SD REPRIME BRING RATES/PRESS BK UP BLNDR LOST PRIME AGAIN FL FOAMING SD, ACUTAL PMPD F/JOB WAS 5000 GAL FL W/5000 GAL CO2 DROP 140 FRAC BALLS TOT LD T/REC 119 BBL PRESS MAX 5028 AVG 3596 RATES MAX 8 BPM AVG 7 DROP 140 FRAC BALLS SI RD HES COOH W/TREESVR HKUP FLOW BK MANIF T/FRAC TK OPEN F/FLOWBK, TBG PRESS 1000 PSI CSG 2000 PSI 1500 HRS WELL DEAD RD GUARDIAN FLOW BK 25 BBL FL SI MIRU POOL DDU #682 OPEN UP TBG PRESS 100 PSI CSG PRESS 800 OPEN CSG T/LOW PRESS SEP

(CONTINUED ON BACK)

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

LARRY M. SANDERS

Title

REGULATION & PRORATION SPECIALIST

Date

6/13/00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

ACCEPTED FOR FILE

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

BLM

HAT MESA A #1

06/08/00

CONTINUED

06/09/00

06/10/00

06/11/00

06/12/00

THRU CK @ 1900 HRS CSG PRESS 400 PSI FLOW THRU 24/64 CK SETTING GIVE UP SOME FL SAMPLE TAKEN F/UNICHEM
@ 2200 HRS TBG DEAD LEFT TBG OPEN T/FRAC TK TOT FL REC F/DAY 47 BBL 13 FRAC BALLSEALERS SD.
SWAB, FL @ 10700' SWAB BK 11 BBL FL LST RUN FL @ 1200' STRONG GAS BLOW SI, RD POOL DDU.
TBG PRESS 560 PSI OPEN UP T/SALES CSG PRESS 0 CSG OPEN T/LO PRESS SEP STK BK 20 PSI CK 10/64 LOW PRESS
SEP PRESS 18 FLOW RATE 303 MCF GAS.
24 HR PROD: TBG PRESS 200 PSI CSG 0 FLOW RATE 74 MCF GAS.
24 HR PROD: TBG PRESS 200 PSI FLOW RATE 79 MCF GAS CSG 0 LN PRESS 25 PSI, DROP F/REPORT

RECEIVED

JUN 24 2000

CENTRAL FILES

RECEIVED
JUN 24 2000

2000 JUN 15 A 9 25

RECEIVED

RECEIVED



PHILLIPS PETROLEUM COMPANY

Odessa, Texas

May 18, 2000

PROCEDURE TO REPERF AND ACIDIZE HAT MESA A #1

PROCEDURE NO: 000017

CHARGE TO LEASE EXPENSE MO# 1409185

To: D. T. Thorp
From: R. L. Becker *RLB*

A. IMPORTANCE OF SAFETY

Safe operations are of utmost importance at all Phillips Petroleum Company properties and facilities. To further this goal, the Phillips Supervisor at the location shall request tailgate safety meetings prior to initiation of work and also prior to any critical operations. These tailgate safety meetings shall be attended by all Company, contract, and service personnel then present at the location. All parties shall review proposed upcoming steps, procedures, and potentially hazardous situations. Occurrence of these meetings shall be recorded in the Daily Report.

B. History / Justification

No stimulation has been performed on this well since 1975. Offset Hat Mesa Field Morrow wells have been sand frac'd with good results. Analysis of the BHP buildup data from this well indicates lower upside rate potential to support the risk and cost of a major sand frac stimulation. This proposal to re-perf and pump and mild acid/water block treatment is an intermediary step at much lower cost which is anticipated to increase production by 150 mcf/d. Other New Mexico Morrow operators have had recent success with similar treatments.

C. Formation Properties:

1. Formation Properties

estimated frac gradient = < 0.8 psi/ft
estimated BHP = 1,256 psi (P4137)
Last PBU BHP = 1,454 psi (6/07/98)
BHT = 200 °F

ROE @ 100ppm = N/A

ROE @ 500ppm = N/A

D. Well Category:

TWO. This well is capable of hydrocarbon flow at rates greater than 500 MCFD. A Class 2, 3000 psi Hydraulic BOP is required. No choke manifold is to be used.

E. Recommended Procedure

1. SI well. MIRU Halliburton. RIH with 2.25" gauge ring and check for any obstructions or fill above 14,100'. Attempt to find fluid level while RIH (last fluid level @ 13,900' - 7/8/99). RIH with 2-1/8" Deepstar guns with 4spf on 90° phasing and re-perf the following intervals:

14,292' - 14,300'	9'	37 holes
14,142' - 14,148'	7'	29 holes
14,111' - 14,118'	8'	33 holes

Total new = 99 holes
Total Existing = 158 holes
Total perforations = 258 holes

Hat Mesa A #1
Procedure No: 00017
May 18, 2000

2. RIH 7' Halliburton StimTube and detonate same across bottom set of perfs at 14,292' – 14,300'. POOH. (NOTE: Must have 1,000 Psig above before detonating). RDMO HES.
3. Flow well for 3-4 days and record daily rates on DIMS.
4. Load and pressure test annulus to 1000 psi. Notify Odessa office if test fails.
5. Shut-in well. NU Guardian 10K tree saver and flowback equipment.
6. MIRU Halliburton pumping services and Flo-CO2 equipment. Apply 1000 psi to annulus and install a relief valve set at 2000 psi. Monitor annulus throughout treatment.
7. Pump 8000 gals of CLAY-SAFE 5 Condition and 8000 gals of CO2 for a 50 Quality foam system (16,000 gals foamed volume) down the 2-7/8" production tubing at maximum rate not exceeding 7500 psi. Drop 7 "floating" ballsealers (0.9 SG) every 500 gals throughout the job (210 total – 81% perforation coverage).
8. Flush with a minimum of 15 tons of liquid CO2, if any CO2 remains then pump remaining volume as overflush.
9. RD pumping equipment. Once SITP drops below 4800 psi, then RD tree saver.
10. NU ball catcher, choke manifold and lay flowback line to earthen pit.
11. Flowback/vent well for 24 hrs. Swab well if necessary.
12. Return well back to sales and report production for three days and drop from report.

Well: HAT MESA A No.: 001

Operator: PHILLIPS PETROLEUM CO

API: 3002524690

Township: 21S Range: 32E Section: 2 Unit: O Type: F

County: Lea

Pool Name:HAT MESA;MORROW (GAS)

	Month	Oil(BBLS)	Gas(MCF)	Days Produced	Daily (Mscfd)	Daily (Bopd)	
Year: 1993	January	244	30,402	31	980.71	7.87	Jan-93
	February	164	22,681	28	810.04	5.86	Feb-93
	March	184	26,079	28	931.39	6.57	Mar-93
	April	185	24,824	29	856.00	6.38	Apr-93
	May	143	26,028	99	262.91	1.44	May-93
	June	148	21,555	30	718.50	4.93	Jun-93
	July	138	22,919	31	739.32	4.45	Jul-93
	August	114	21,839	31	704.48	3.68	Aug-93
	September	95	20,654	30	688.47	3.17	Sep-93
	October	102	18,262	31	589.10	3.29	Oct-93
	November	67	16,751	30	558.37	2.23	Nov-93
	December	125	18,752	31	604.90	4.03	Dec-93
Year: 1994	January	76	18,691	31	602.94	2.45	Jan-94
	February	58	10,015	26	385.19	2.23	Feb-94
	March	101	19,088	31	615.74	3.26	Mar-94
	April	-	17,573	30	585.77	0.00	Apr-94
	May	79	17,115	31	552.10	2.55	May-94
	June	39	11,908	30	396.93	1.30	Jun-94
	July	20	9,427	31	304.10	0.65	Jul-94
	August	28	9,362	31	302.00	0.90	Aug-94
	September	28	8,873	30	295.77	0.93	Sep-94
	October	33	9,244	31	298.19	1.06	Oct-94
	November	45	8,878	30	295.93	1.50	Nov-94
	December	42	8,882	31	286.52	1.35	Dec-94
Year: 1995	January	65	8,797	31	283.77	2.10	Jan-95
	February	48	9,030	28	322.50	1.71	Feb-95
	March	47	12,003	31	387.19	1.52	Mar-95
	April	53	12,698	30	423.27	1.77	Apr-95
	May	52	12,382	31	399.42	1.68	May-95
	June	34	10,589	30	352.97	1.13	Jun-95
	July	40	11,919	31	384.48	1.29	Jul-95
	August	32	11,981	31	386.48	1.03	Aug-95
	September	30	11,488	30	382.93	1.00	Sep-95
	October	50	11,826	31	381.48	1.61	Oct-95
	November	38	9,335	29	321.90	1.31	Nov-95
	December	51	8,684	29	299.45	1.76	Dec-95
Year: 1996	January	-	-	31	-	0.00	Jan-96
	February	-	-	28	-	0.00	Feb-96
	March	3	5,186	23	225.48	0.13	Mar-96
	April	3	1,177	10	117.70	0.30	Apr-96
	May	-	176	2	88.00	0.00	May-96
	June	-	491	26	18.88	0.00	Jun-96
	July	-	680	27	25.19	0.00	Jul-96
	August	-	1,134	31	36.58	0.00	Aug-96
	September	-	1,451	30	48.37	0.00	Sep-96
	October	-	1,441	30	48.03	0.00	Oct-96
	November	-	1,982	30	66.07	0.00	Nov-96
	December	-	2,504	31	80.77	0.00	Dec-96
Year: 1997	January	-	2,914	29	100.48	0.00	Jan-97
	February	4	2,705	28	96.61	0.14	Feb-97
	March	2	2,981	31	96.16	0.06	Mar-97
	April	10	2,829	30	94.30	0.33	Apr-97
	May	3	3,352	31	108.13	0.10	May-97

	June	2	3,158		30	105.27	0.07	Jun-97
	July	-	3,364		31	108.52	0.00	Jul-97
	August	2	3,728		31	120.26	0.06	Aug-97
	September	2	3,591		30	119.70	0.07	Sep-97
	October	-	3,656		31	117.94	0.00	Oct-97
	November	21	3,616		30	120.53	0.70	Nov-97
	December	20	3,754		31	121.10	0.65	Dec-97
Year:1998	January	14	3,436		31	110.84	0.45	Jan-98
	February	8	3,002		28	107.21	0.29	Feb-98
	March	21	3,833		31	123.65	0.68	Mar-98
	April	21	4,604		30	153.47	0.70	Apr-98
	May	4	3,787		31	122.16	0.13	May-98
	June	3	2,732		28	97.57	0.11	Jun-98
	July	-	3,711		31	119.71	0.00	Jul-98
	August	-	3,757		31	121.19	0.00	Aug-98
	September	1	3,596		29	124.00	0.03	Sep-98
	October	-	4,065		31	131.13	0.00	Oct-98
	November	-	3,710		30	123.67	0.00	Nov-98
	December	12	3,541		31	114.23	0.39	Dec-98
Year:1999	January	8	2,430		31	78.39	0.26	Jan-99
	February	5	2,145		28	76.61	0.18	Feb-99
	March	-	2,749		31	88.68	0.00	Mar-99
	April	-	3,199		30	106.63	0.00	Apr-99
	May	-	4,380		31	141.29	0.00	May-99
	June	-	4,142		30	138.07	0.00	Jun-99
	July	-	3,734		31	120.45	0.00	Jul-99
	August	-	3,822		31	123.29	0.00	Aug-99
	September	-	3,638		30	121.27	0.00	Sep-99
	October	-	3,739		31	120.61	0.00	Oct-99
	November	20	3,965		30	132.17	0.67	Nov-99
	December	-	4,400		31	141.94	0.00	Dec-99
Year:2000	January	-	5,069		31	163.52	0.00	Jan-00
	February	41	4,364		29	150.48	1.41	Feb-00
	March	34	4,761		31	153.58	1.10	Mar-00
	April	7	4,588		30	152.93	0.23	Apr-00
	May	-	3,981		31	128.42	0.00	May-00
	June	17	3,492		30	116.40	0.57	Jun-00
	July	6	4,380		31	141.29	0.19	Jul-00
	August	20	3,145		31	101.45	0.65	Aug-00
	September	52	4,583		30	152.77	1.73	Sep-00
	October	197	14,457		31	466.35	6.35	Oct-00
	November	586	34,502		30	1,150.07	19.53	Nov-00
	December	302	48,916		31	1,577.94	9.74	Dec-00
Year 2001	January	322	43,665		31	1,408.55	10.39	Jan-01
	February	430	43,978		28	1,570.64	15.36	Feb-01
	March	118	33,087		31	1,067.32	3.81	Mar-01
	April	125	37,192	est	30	1,239.73	4.17	Apr-01

7/74-4/1

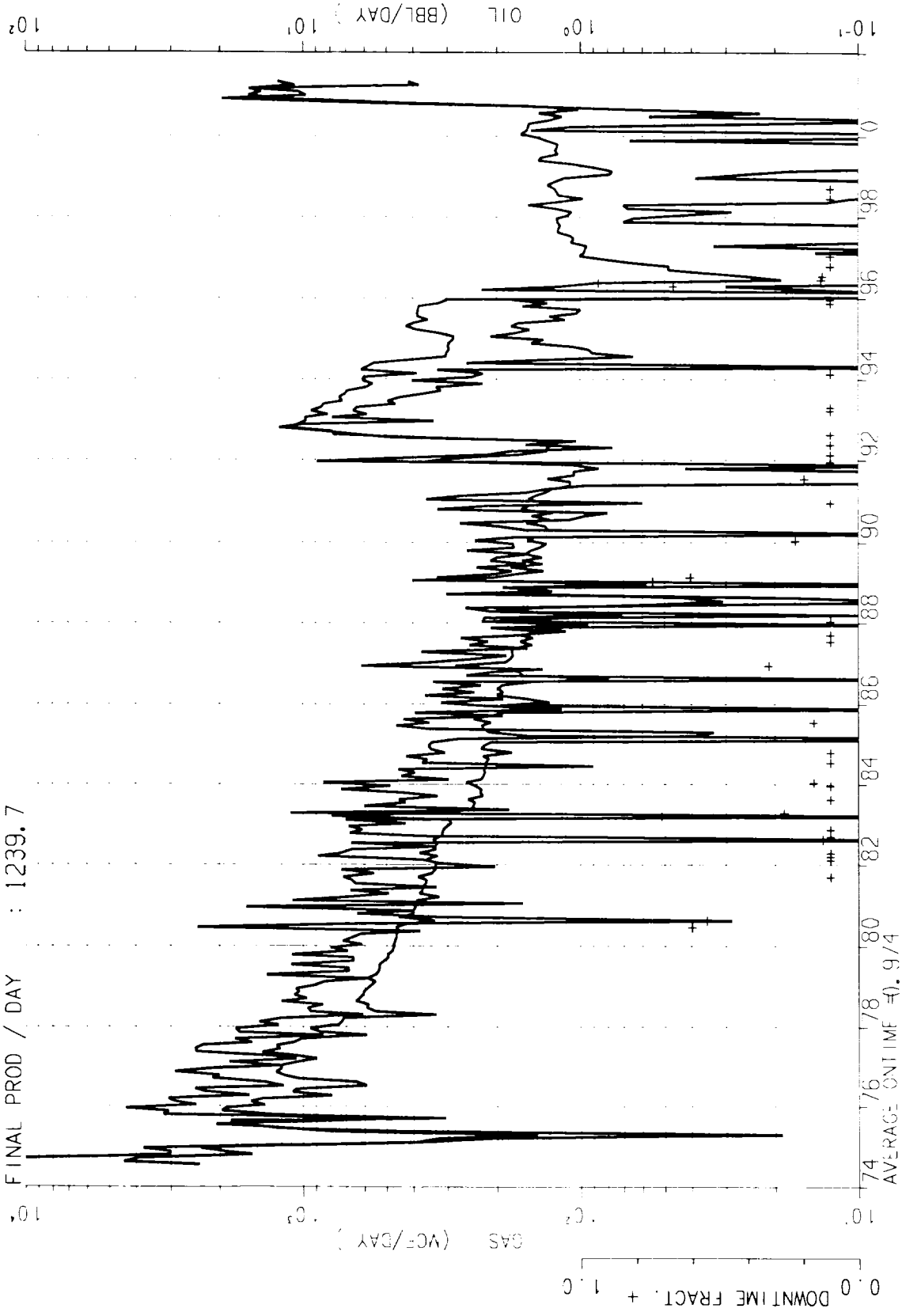
INITIAL PROD / DAY : 2362.4
REMAINING LIFE : 26.83

CUM PRODUCTN-MUNITS : 4158.
FINAL PROD / DAY : 1239.7

ASSOC.

Current Cums

4158. MMCF GAS
62056. BBL OIL
3536. BBL H2O

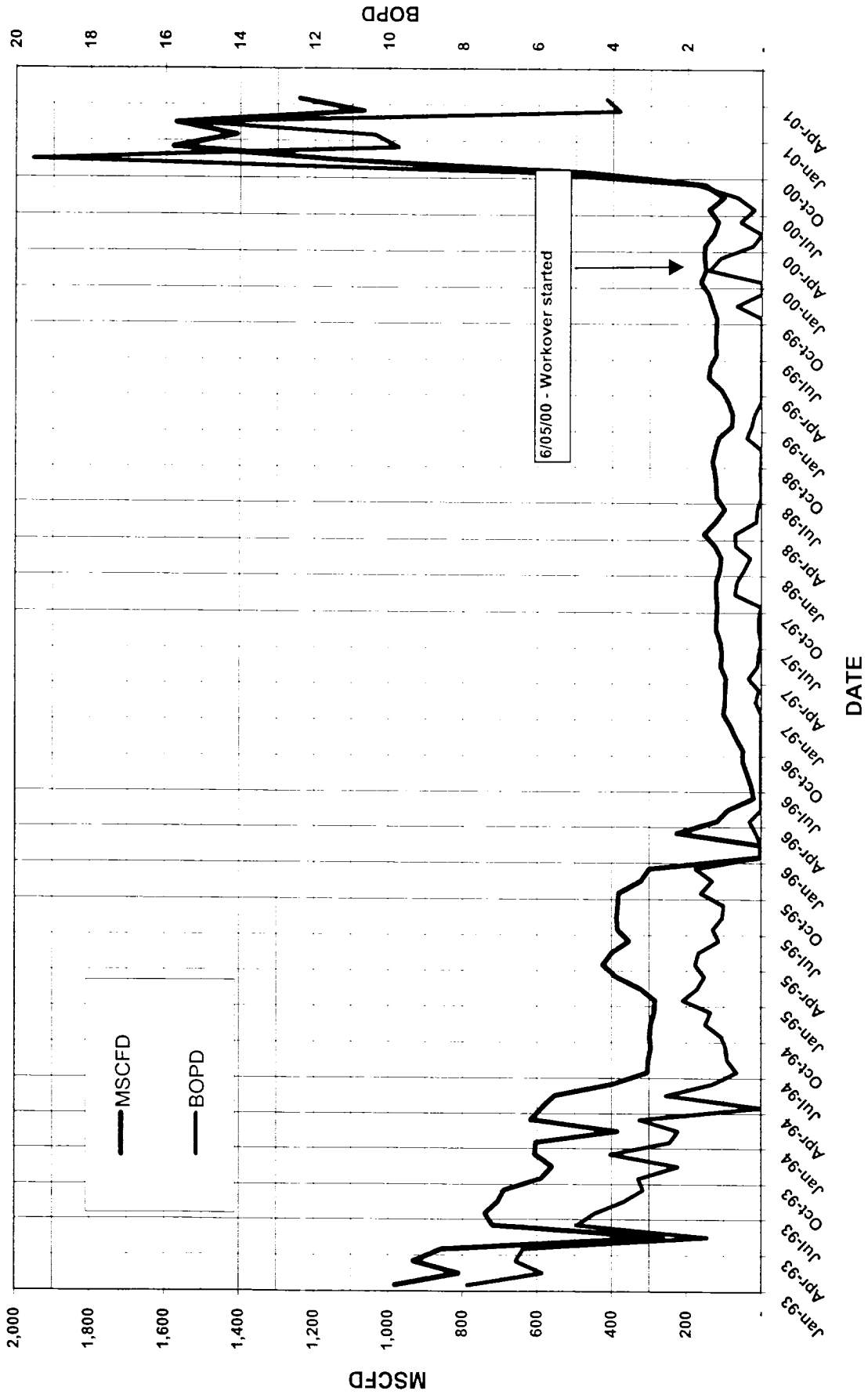


HAT MESA A
HAT MESA
CUM MMCF= 3919. 021S032E002

WELL - 1 MORROW

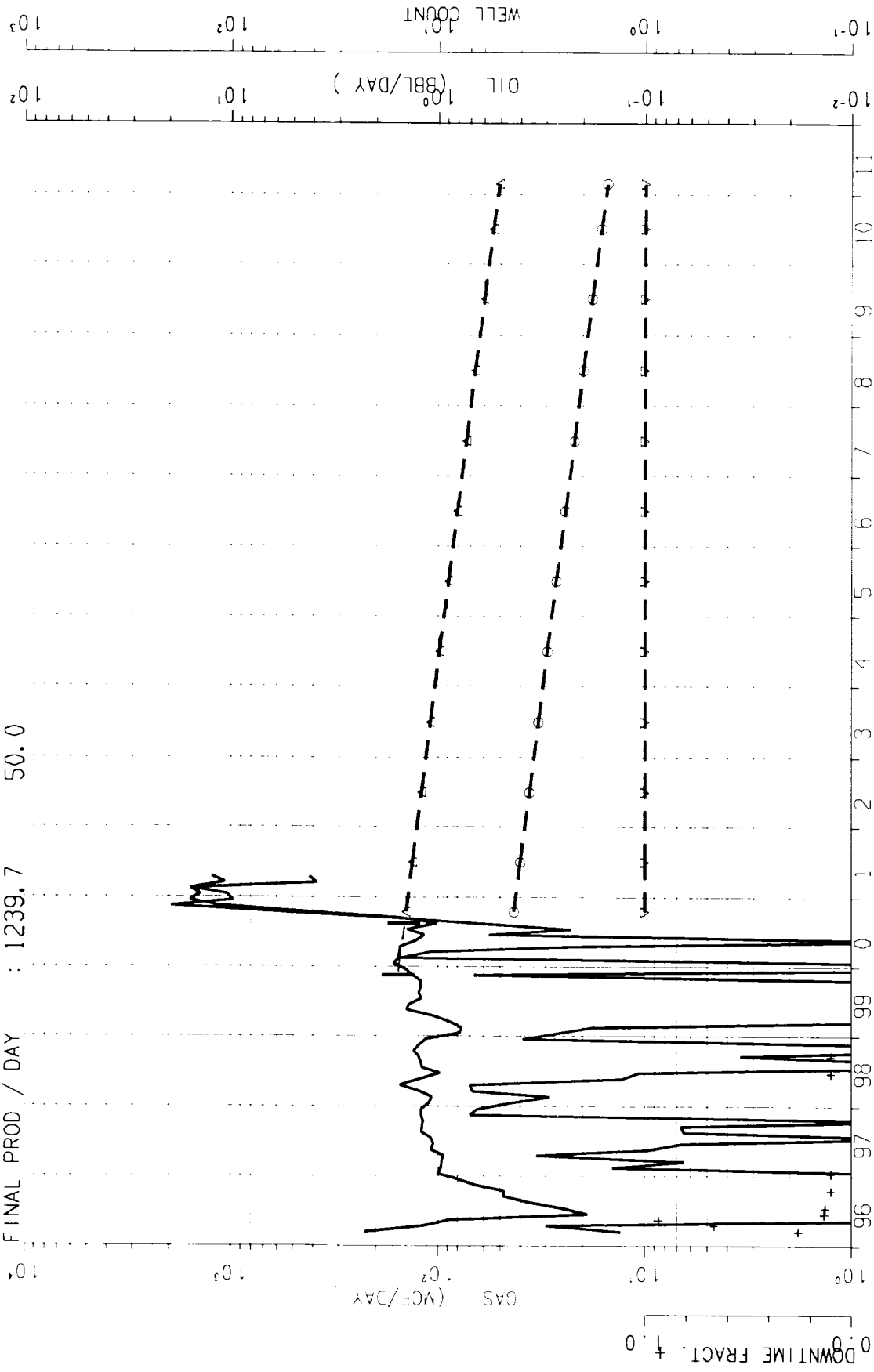
DWIGHTS A
PI-230021025246907824 API-300252469000
PHILLIPS PETROLEUM CO THRU 6/00

HAT MESA A #1 - TAX INCENTIVE APPLICATION



12/99-7/0 8/0-LIFE
 : 155.6 145.6
 : 0.67 10.72
 : 9.97 9.97
 : 35035. 350002.
 : 1239.7 50.0
 ASSOC. 0.4
 Current Cums
 436109. MCF GAS
 2448. BBL OIL
 183. BBL H2O

INITIAL PROD / DAY
 REMAINING LIFE
 EXP (0.00) DECL %
 CUM PRODUCTION
 FINAL PROD / DAY

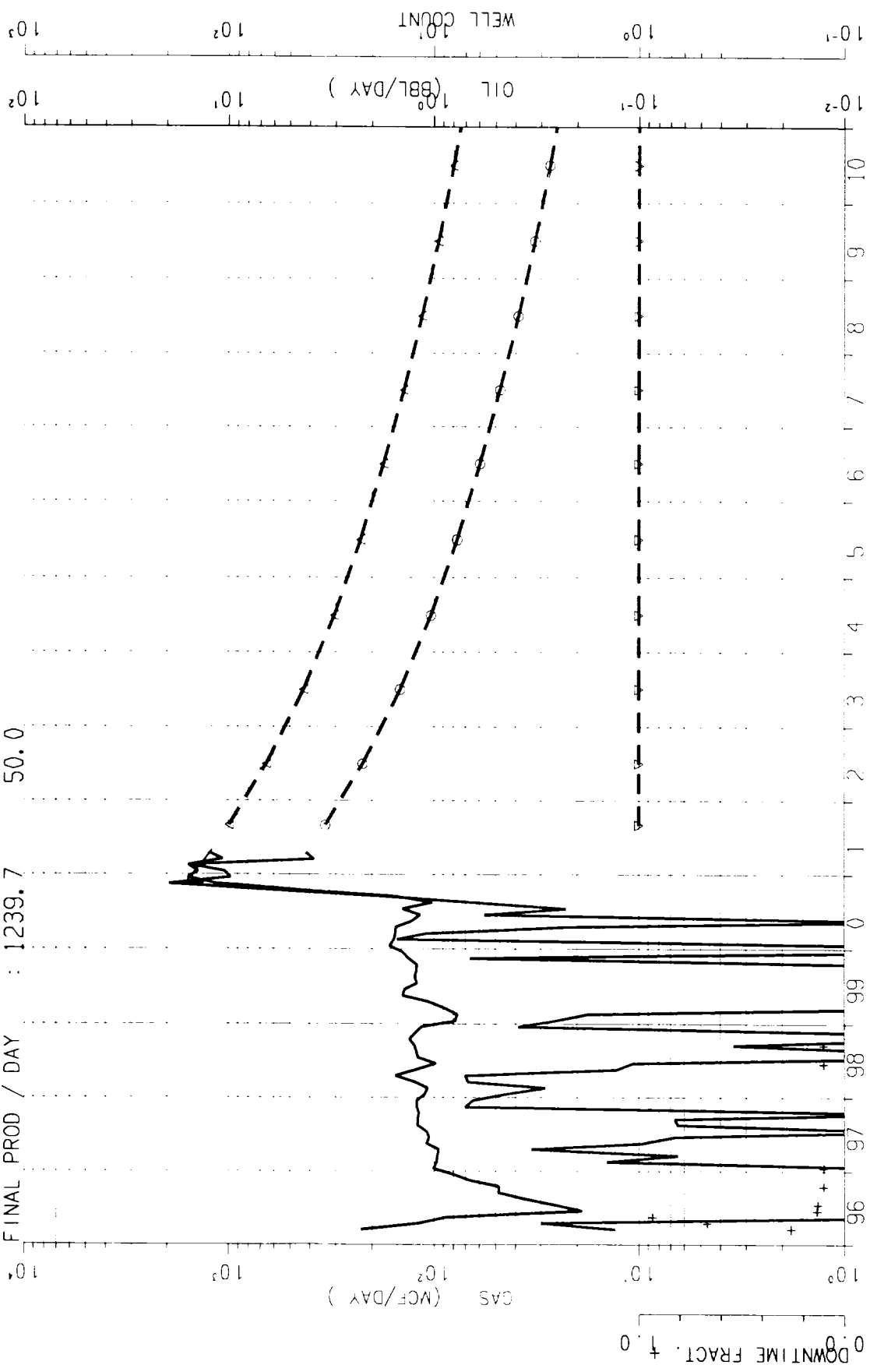


DWIGHTS A
 PI-230021025246907824 API-300252469000
 PHILLIPS PETROLEUM CO THRU 6/00

HAT MESA A
 HAT MESA
 CUM MMCF= 3919. 0215032E002

WELL - 1

INITIAL PROD / DAY : 1586.6
 REMAINING LIFE : 0.42
 HYPR(0.50) DECL % : 72.22
 CUM PRODUCTN-MUNITS : 207.
 FINAL PROD / DAY : 1239.7
 12/0-4/1
 5/1-LIFE
 ASSOC.
 Current Cums
 436109. MCF GAS
 2448. BBL OIL
 183. BBL H2O



HAT MESA A
 HAT MESA
 CUM MMCF= 3919. 021S032E002
 MORROW
 DWIGHTS A
 PI-230021025246907824 API-300252469000
 PHILLIPS PETROLEUM CO THRU 6/00

Phillips Petroleum Company
Well Workover Project Tax Incentive Application
Hat Mesa A #1
May-01

No Workover Case			Workover Case		
	Annual Forecast * Mscfy	Annual Forecast* Bopy		Annual Forecast* Mscfy	Annual Forecast* Bopy
2001	48,512	146		399,247	1,816
2002	43,910	132		237,547	808
2003	39,745	119		156,375	532
2004	35,975	108		110,738	377
2005	32,563	98		82,535	281
2006	29,474	88		63,890	217
2007	26,678	80		50,921	173
2008	24,148	72		41,438	141
2009	21,857	66		34,528	117
2010	18,784	59		29,156	99
2011	5,664	17		24,946	85
2012				21,587	73
2013				14,330	49
	327,310	985		1,267,238	4,768

* Forecast commences January 1, gas economic limit = 50 Mscfd