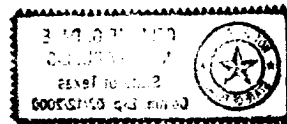


District I - (505) 393-6161
P. O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-14
Originated 11/1/9



Submit Origin
Plus 2 Copies
to appropriate
District Office

H-0531

APPLICATION FOR
QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

- I. Operator: Phillips Petroleum Company OGRID #: 017643
Address: 4001 Penbrook St., Odessa, TX 79762
Contact Party: Larry M. Sanders Phone: (915) 368-1488
- II. Name of Well: Hat Mesa #2 API #: 30-025-24925
Location of Well: Unit Letter N, 660 Feet from the South line and 1980 feet from the West line,
Section 11, Township 21-S, Range 32-E, NMPM, Lea County
- III. Date Workover Procedures Commenced: 12/31/97
Date Workover Procedures were Completed: 02/06/98
- IV. Attach a description of the Workover Procedures undertaken to increase the projection from the Well.
- V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.
- VI. Pool(s) on which Production Projection is based:
Hat Mesa-Morrow
- VII. AFFIDAVIT:
State of Texas)
County of Ector) ss.

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

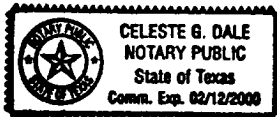
1. I am the Operator or authorized representative of the Operator of the above referenced Well.
2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.
3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

Larry M. Sanders
(Name)

Supervisor, Regulation/Proration
(Title)

mp

SUBSCRIBED AND SWORN TO before me this 3rd day of February, 1999



Celeste G. Dale
Celeste G. Dale
Notary Public

My Commission expires: 02/12/2000

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 2-6-, 1998

Paul J. Kautz
District Supervisor, District 1
Oil Conservation Division

Date: 2/10/99

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

RECEIVED
FEB 10 1999
TOLSON

FIELD REPORT INDIVIDUAL WELL STATUS

LEASE HAT MESA WELL NO. 2 AUTHORIZATION NO. P-CT62

SUMMARY OF WORK PERFORMED FROM: 12-31-97 - 02-06-98

ACIDIZE AND FRACTURE STIMULATE.

		AVERAGE DAILY PRODUCTION			
FIELD & FORMATION		OIL	GAS	WATER	
BEFORE WORK	<u>HAT MESA - MORROW</u>	<u>1.6 BOPD</u>	<u>293 MCFPD</u>	<u>0 BOPD</u>	
AFTER WORK	<u>HAT MESA - MORROW</u>	<u>5.7 BOPD</u>	<u>1228 MCFPD</u>	<u>5 BOPD</u>	
BEFORE WORK	<u></u>	<u></u>	<u></u>	<u></u>	
AFTER WORK	<u></u>	<u></u>	<u></u>	<u></u>	
DATE	<u>P.T.D</u>				

DAILY REPORT OF WORK PERFORMED

DISTRIBUTION:

J. B. MORGAN

L. M. SANDERS

D. T. THORP

CENTRAL FILES

WELL STATUS & CONTROL - BARTLESVILLE

3/25/98

DATE APPROVED
\\WDFILES\WELLSTAT.DT

D P Dollens
ENGINEER

Operation Summary

Friday, March 06, 1998

Date: 1997-12-31 to 1998-02-06

Well: HAT MESA 000002 (54002)

Date	From	Hrs	Operation
12/31/97	10:00	5	MI RU JSI. GIH WITH 2-7/8 TUBING PLUG AND SET AT 13,515. COOH. RD MO JSI.
01/01/98	07:00	1.5	MI RU DDU
	08:30	2	RU KILL TRUCK. PUMP 74 BBLS 2% KCL WATER TO LOAD TUBING. PUMP 185 BBLS 2% KCL WATER TO LOAD CASING.
	10:30	1.5	WATCHING WELL
	12:00	2	NU BOP.
01/02/98	06:00	24	CREW OFF
01/03/98	06:00	8	STING OUT OFF PACKER AND COOH WITH TUBING. REMOVE SEAL ASSEMBLY. RUN 25 STANDS. SD
01/04/98	06:00	24	CREW OFF
01/05/98	06:00	24	CREW OFF
01/06/98	06:00	10	RU TUBING TESTERS. PICK UP NEW SEAL ASSEMBLY. TEST TUBING IN HOLE. LAND TUBING IN PACKER.
	16:00	1	PRESSURE UP CASING TO 2000 PSI. HELD OK.
01/07/98	06:00	2	ND BOP
	08:00	1	NU WELL HEAD
	09:00	2	SWAB WELL DOWN TO 7000'
	11:00	3	RU JSI AND FISHED TUBING PLUG
	14:00	2	SWAB WELL IN
	16:00	14	OPEN WELL TO SALES. RD MO DDU
01/08/98	06:00	6.5	MI RU BJS. MI RU GAURDIAN. TEST LINS TO 10000 PSI. HOLD 2000 PSI ON CASING. ACIDIZE MORROW WITH 5000 GALS 50 QUALITY CO2 ACID SYSTEM. A. PUMP 2,300 GALS CO2 PRE-PAD. B. PUMP 5000 GALS 50 QUALITY CO2 ACID SYSTEM. C. FLUSH THROUGH BOTTOM PERF WITH 100% CO2. MAX. PSI 7633#. AVG. RATE 7.7 BPM. ISIP 4130#. 5 MIN 3348#. 10 MIN 2684#. 15 MIN 1952#. RD MO BJS AND GUARDIAN.
	12:30	5.5	FLOWED WELL TO FRAC TANK.
	18:00	12	OPEN WELL TO SALES
01/09/98	06:00	8	RU DDU. SWAB WELL . TUBING PSI. START 25 PSI. RECOVERED 4 BBLS. WATER. RD DDU.
	14:00	16	FLOWING WELL TO SALES. TUBING PSI 25 PSI. RATE 265 MCF.

Operation Summary

Friday, March 06, 1998

Date: 1997-12-31 to 1998-02-06

Well: HAT MESA 000002 (54002)

Date	From	Hrs	Operation
01/10/98	08:00	2	MI RU JSI. SET TUBING PLUG AT 13,538'. RD MO JSI
01/11/98	06:00	2	MI RU DDU
	08:00	1	LOAD TUBING WITH 2% KCL WATER
	09:00	2	WATCH WELL FOR FLOW
	11:00	1	NU BOP
	12:00	5.5	STING OUT OF PACKER. COOH WITH TUBING. LEFT 50 JTS IN HOLE FOR KILL STRING. SD
01/12/98	06:00	24	CREW OFF
01/13/98	06:00	2	COOH WITH 50 JTS 2-7/8 TUBING
	08:00	6	MI RU HES GIH WITH 5-1/2 IN PACKER ON WIRE LINE AND SET AT 13,521'. RD MO HES.
	14:00	3	RU TUBING TESTERS. GIH WITH 55 JTS 3-1/2 IN TUBING. TESTED TO 12,000 PSI. SD
01/14/98	06:00	11.5	RUN IN HOLE WITH 283 JTS. 3-1/2 TUBING. TEST TUBING TO 12,000 PSI. SD
01/15/98	06:00	5	GIN WITH 89 JTS 3-1/2 TUBING.
	11:00	1	LATCH INTO PACKER AND PULLED 60,000 LBS. RESET TENSION 20,000 LBS.
	12:00	4	MI RU GUARDIAN FRAC STACK AND NU TO BOP.
	16:00	0.5	TEST CASING TO 2000 PSI AND HOLD FOR 10 MIN.
	16:30	1.5	SWAB WELL TO 7500'.
	18:00	4	MI RU JSI. GIH TO FISH PLUG. HAD 5' OF FILL ON PLUG. GIH WITH BAILER, MADE ONE RUN. SD
01/16/98	06:00	5	CLEAN OUT FILL. WITH BAILER ON WIRE LINE.
	11:00	1	RETRIEVE EQUALIZE.
	12:00	2	SWAB WELL DOWN TO 9000'.
	14:00	1	RETRIEVE TUBING PLUG. RD MO JSI
	15:00	2	FLOW WELL DOWN. SWAB RECOVERED 28 BBLS OF WATER. SD.
01/17/98	06:00	6	TUBING PSI 1200 PSI. FLOW WELL DOWN. SWAB RECOVERED 3 BBLS. WATER TUBING PSI 65 PSI. SD.
01/18/98	06:00	2	TUBING PSI 1750 PSI. MI RU BJ TO FRAC MORROW.
	08:00	2.5	WAITING ON GUARDIAN.
	10:30	0.5	RU GUARDIAN'S FLOW BACK MANIFOLD.
	11:00	0.5	RU KILL TRUCK. TO CASING AND PRESSURE CASING TO 2000 PSI. SET RELIEF VALVE AT 2500 PSI.

Operation Summary

Friday, March 06, 1998

Date: 1997-12-31 to 1998-02-06

Well: HAT MESA 000002 (54002)

Date	From	Hrs	Operation
01/18/98	11:30	1.5	FRAC WELL. PUMP 55,500 GALS OF 50 QUALITY MEDALLION 40 CARRYING 74,500 LBS 20/40 MESH BAUXITE. FLUSH WITH 95 BBLS. 50 QUALITY CO2 LINEAR GEL. SD ISOP 5320 PSI. AVG. PSI 10,500 PSI. MAX. PSI 11,750 PSI. AVG RATE 20 BPM. 5 MIN 4400 PSI. 10 MIN. 4250. 15 MIN. 4050. RD MO BJ.
	13:00	4.5	FLOW WELL TO FRAC TANK. WELL DIED. RECOVERED 109 BBLS. WATER. SHUT WELL IN.
01/19/98	06:00	11	TUBING PSI 500 PSI. SWAB AND FLOW WELL. FLUID LEVEL START 1000'. FLUID LEVEL END 800'. RECOVERED 64 BBLS. WATER. SHUT WELL IN.
01/20/98	06:00	4	MI RU JSI. TUBING PSI. 850 PSI. RUN SLM. TAGGED AT 14,145. GIH WITH TUBING PLUG AND SET AT 13,521. RD MO JSI.
	10:00	2	FLOWED WELL TO 0 PSI. AND MONITOR FOR 1 HR.
	12:00	1	RD FRAC STRACK.
	13:00	0.5	LOAD TUBING WITH 2% KCL.
	13:30	0.5	RELEASE TUBING FROM PACKER.
	14:00	3.5	COOH LAYING DOWN 125 JTS 3-1/2 TUBING SD.
01/21/98	06:00	9.5	COOH. LAYING DOWN 298 JTS 3-1/2 TUBING.
	15:30	0.5	REDRESS RATCH LATCH.
	16:00	2	GIH WITH 50 JTS. 2-7/8 TUBING. SD
01/22/98	06:00	4	GIH WITH 383 JTS. 2-7/8 TUBING.
	10:00	2	CIRCULATE 2% KCL CONTAINING 1% TH-606 PACKER FLUID AND 5 GALS. DEFOAMER. 315 BBLS TOTAL.
	12:00	0.5	LATCH INTO PACKER AND PULL 30,000 LBS. RELEASE AND SET AT 15,000 LBS COMPRESSION.
	12:30	0.5	CLOSE BOP AND PRESURE CASING TO 1,500 PSI.
	13:00	1	ND BOP. NU WELL HEAD.
	14:00	0.5	TEST CASING TO 1,500 PSI AND HOLD FOR 10 MIN. RD MO KILL TRUCK.
	14:30	1	SWAB WELL DOWN TO 6,500'.
	15:30	2.5	RU JSI. RETRIEVE TUBING PLUG.
01/23/98	06:00	24	FLOW WELL 24 HRS TO FRAC TANK. TUBNG PSI 1350 PSI DOWN TO 70 PSI. RECOVERED 103 BBLS WATER.
01/24/98	06:00	4	HOOK WELL UT TO SALES. RD MO DDU.
	10:00	20	WELL FLOWING TO SALES NO GAUGE.
01/25/98	06:00	24	WELL FLOWED 20 HRS. RECOVERED 20 BBLS WATER. TUBING PSI 105 PSI. FLOW RATE 648 MCF GAS.

Operation Summary

Friday, March 06, 1998

Date: 1997-12-31 to 1998-02-06

Well: HAT MESA 000002 (54002)

Date	From	Hrs	Operation
01/26/98	06:00	24	WELL FLOWED 24 HRS. RATE 1003 MCF GAS. TUBING PSI 115 PSI. RECOVERED 24 BBLS WATER.
01/27/98	06:00	24	WELL FLOWED 24 HRS. RATE 1077 MCF GAS. TUBING PSI 120 PSI. RECOVERED 18 BBLS WATER.
01/28/98	06:00	24	WELL FLOWED 24 HRS. RATE 1090 MCF GAS. TUBING PSI 120 PSI. RECOVERED 21 BBLS WATER. NEED TO RECOVER 405 BBLS WATER. TEMP DROP FROM REPORT.
02/06/98	06:00	24	WELL FLOWING TO SALES. RATE 1228 MCF GAS. TUBING PSI 100 PSI. RECOVERED 5.7 BBLS OIL AND 5 BBLS WATER. COMPLETE DROP FROM REPORT.

HATMESA No2		
	FORECASTS	
	FRAC	NO FRAC
	GAS RATES	
	MSCF/D	
1998	1216.4	253.9
1999	904.1	235.0
2000	693.2	217.6
2001	545.2	202.1
2002	435.6	188.3
2003	356.2	175.9
2004	295.9	164.7
2005	249.3	154.6
2006	211.0	145.4
2007	180.8	137.1
2008	156.2	129.4
2009	137.0	122.4
2010	120.5	116.0
2011	106.8	110.1
2012	93.2	104.6
2013	84.9	99.5
2014	76.7	94.9
2015	69.3	90.5
2016	62.8	86.5
2017	57.1	82.7
2018	52.1	79.2
2019	47.8	75.9
2020	43.9	72.8
2021	40.4	69.9
2022	37.3	67.1
2023	34.6	64.6
2024	32.1	62.2
2025	29.8	59.9
2026	27.8	57.7
2027	25.9	55.7
2028	24.3	53.8
2029	22.7	51.9
2030	21.3	50.2
2031	20.1	48.6
2032	18.9	47.0
2033	17.8	45.5
2034	16.8	44.1
2035	15.9	42.8
2036	15.0	41.5
2037	14.3	40.3
2038	13.5	39.1
2039	12.8	38.0

2040	12.2	36.9
2041	11.6	35.9
2042	11.1	34.9
2043	10.6	34.0
2044	10.1	33.1
2045	9.6	32.2
2046	9.2	31.4
2047	8.8	30.6
2048	8.4	29.8
2049	8.1	29.1
2050	7.7	28.4
2051	7.4	27.7
2052	7.1	27.0
2053	6.9	26.4
2054	6.6	25.8
2055	6.3	25.2
2056	6.1	24.6
2057	5.9	24.1
2058	5.7	23.6
2059	5.5	23.0
2060	5.3	22.5
2061	5.1	22.1
2062	4.9	21.6
2063	4.7	21.2
2064	4.6	20.7
2065	4.4	20.3
2066	4.3	19.9
2067	4.1	19.5
2068	4.0	19.1
2069	3.9	18.7
2070	3.8	18.4
2071	3.7	18.0
2072	3.5	17.7
2073	3.4	17.4
2074	3.3	17.0
2075	3.2	16.7
2076	3.1	16.4
2077	3.1	16.1
2078	3.0	15.9
2079	2.9	15.6
2080	2.8	15.3
2081	2.7	15.0
2082	2.7	14.8
2083	2.6	14.5
2084	2.5	14.3
2085	2.5	14.1
2086	2.4	13.8
2087	2.3	13.6
2088	2.3	13.4

2089	2.2	13.2
2090	2.2	13.0
2091	2.1	12.7
2092	2.1	12.6
2093	2.0	12.4
2094	2.0	12.2
2095	1.9	12.0
2096	1.9	11.8
2097	1.8	11.6
2098	1.8	11.5
2099	1.7	11.3
2100	1.7	11.1
2101	1.7	11.0
2102	1.6	10.8
2103	1.6	10.6
2104	1.6	10.5
2105	1.5	10.4
2106	1.5	10.2
2107	1.5	10.1
2108	1.4	9.9
2109	1.4	9.8
2110	1.4	9.7
2111	1.3	9.5
2112	1.3	9.4
2113	1.3	9.3
2114	1.3	9.2
2115	1.2	9.0
2116	1.2	8.9
2117	1.2	8.8
2118	1.2	8.7
2119	1.1	8.6
2120	1.1	8.5
2121	1.1	8.4
2122	1.1	8.3
2123	1.1	8.2
2124	1.0	8.1
2125	1.0	8.0
2126	1.0	7.9
2127	1.0	7.8
2128	1.0	7.7
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2130		7.5
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2134		7.2
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2137		6.9

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2149	6.1
2150	6.0
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2165	5.2
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2180	4.5
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2185	4.3
2186	4.3

2187	4.2
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2189	4.2
2190	4.1
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2401	1.2
2402	1.2
2403	1.2
2404	1.2
2405	1.2
2406	1.2
2407	1.2
2408	1.2
2409	1.1
2410	1.1
2411	1.1
2412	1.1
2413	1.1
2414	1.1
2415	1.1
2416	1.1
2417	1.1
2418	1.1
2419	1.1
2420	1.1
2421	1.1
2422	1.1
2423	1.1
2424	1.1
2425	1.1
2426	1.1
2427	1.1
2428	1.1
2429	1.1
2430	1.1
2431	1.0

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2432		1.0
2433		1.0
2434		1.0
2435		1.0
2436		1.0
2437		1.0
2438		1.0
2439		1.0
2440		1.0
2441		1.0
2442		1.0
2443		1.0
2444		1.0
2445		1.0
2446		1.0
2447		1.0
2448		1.0
2449		1.0
2450		1.0
2451		1.0
2452		1.0
2453		1.0
2454		1.0
2455		1.0
2456		1.0
TOTAL	2541.2	2363.7
	MMSCF	MMSCF

HAT MESA No2

