

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

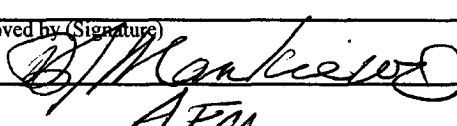
FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-079341-A
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CONOCOPHILLIPS COMPANY		7. If Unit or CA Agreement, Name and No.
Contact: VICKI WESTBY E-Mail: Vicki.R.Westby@conocophillips.com		8. Lease Name and Well No. SAN JUAN 32-8 UNIT 239A
3a. Address 4001 PENBROOK, SUITE 346 ODESSA, TX 79762	3b. Phone No. (include area code) Ph: 915.368.1352	9. API Well No. 3004532396
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 2035FNL 705FWL At proposed prod. zone		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area Sec 30 T32N R8W Mer NMP F
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease	12. County or Parish SAN JUAN
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3640 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6679 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well 221.2 N/2
24. Attachments		20. BLM/BIA Bond No. on file
		23. Estimated duration

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) VICKI WESTBY	Date 05/28/2004
Title AGENT		
Approved by (Signature) 	Name (Printed/Typed) AFM	Date 7-12-04
Title AFM	Office FFO	

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

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #31289 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

HOLD C104 FOR NSP

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

NMOC

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-04532396		² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 31330	⁵ Property Name SAN JUAN 32-8 UNIT		⁶ Well Number 239A
⁷ OGRID No. 217817	⁸ Operator Name CONOCOPHILLIPS COMPANY		⁹ Elevation 6679'

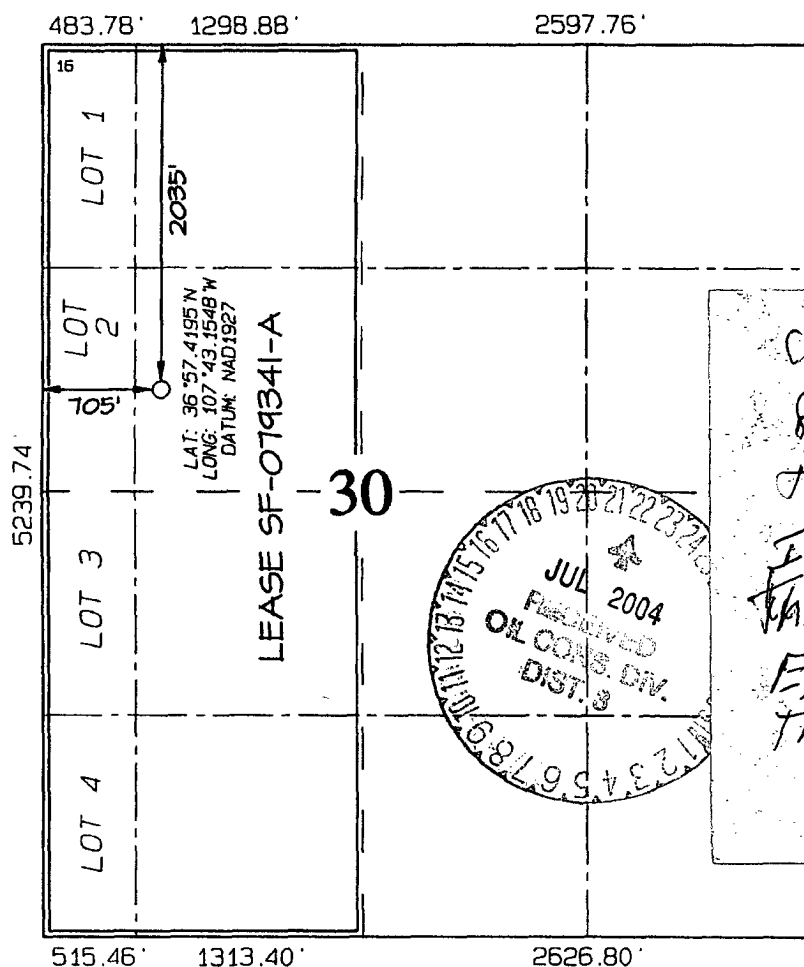
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	30	32N	8W		2035	NORTH	705	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 221.20 Acres - W/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Vicki Westby
Signature
Vicki R. Westby

ConocoPhillips will file new C-102 for the 32-8 #239. It was filed as a S/P that overlaps the #233 E/L dedication. They have filed an NSP application w/ Santa Fe.

JASON C. EDWARDS
Certificate Number 15269

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
March 4, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

San Juan 32-8 Unit

8. Well Number

239A

9. OGRID Number

217817

10. Pool name or Wildcat

Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

ConocoPhillips Company

3. Address of Operator

4001 Penbrook, Odessa, TX 79762

4. Well Location

Unit Letter F : 2035 feet from the North line and 705 feet from the West line

Section 30 Township 32N Range 8W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6679' GL

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL F Sect 30 Twp 32N Rng 8W Pit type Drill Pit Depth to Groundwater >100' Distance from nearest fresh water well >1000'

Distance from nearest surface water >1000' Below-grade Tank Location UL Sect Twp Rng ; feet from the line and feet from the line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Drill Pit Notification

✓

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER:

☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

ConocoPhillips Company's Generic Pit Plan is on file at NMOCD in Aztec, NM. See the attached diagram that details the location of the pit in reference to the proposed wellhead. The drill pit will be lined. The drill pit will be closed after the well has been completed. The solids left after the water has been disposed of will be sampled and NMOCD approval will be obtained prior to closure of this pit.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Vicki Westby TITLE Sr. Analyst DATE 5/25/04

Type or print name Vicki Westby E-mail address: Vicki.R.Westby@conocophillips.com Telephone No. 432-368-1352

(This space for State use)

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. IV DATE JUL 22 2004

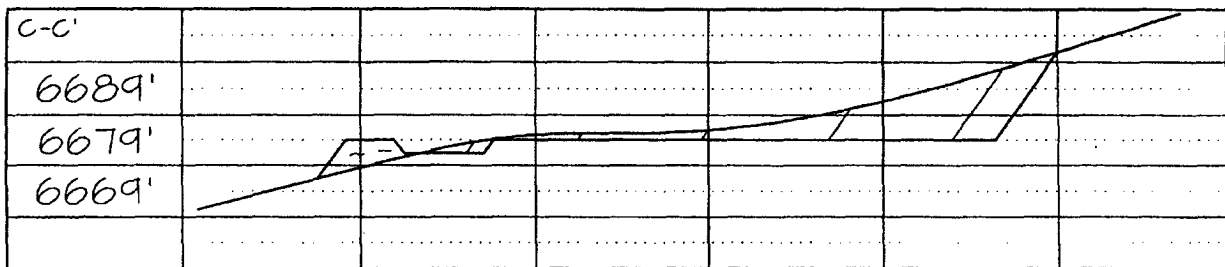
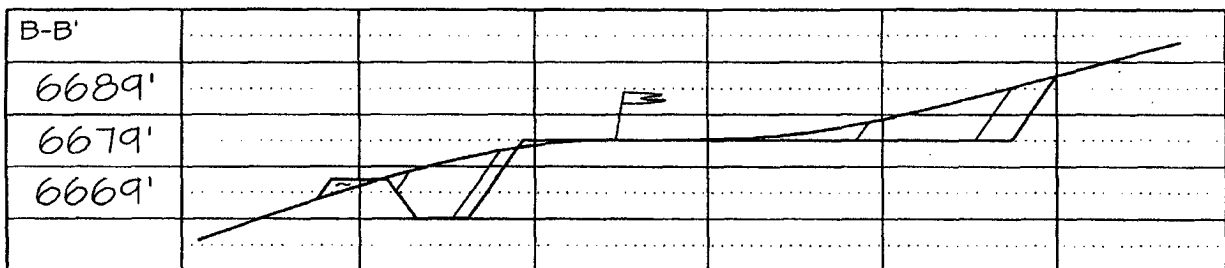
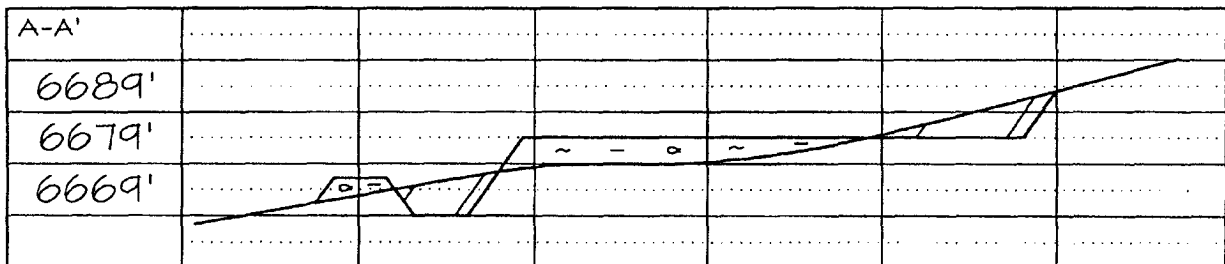
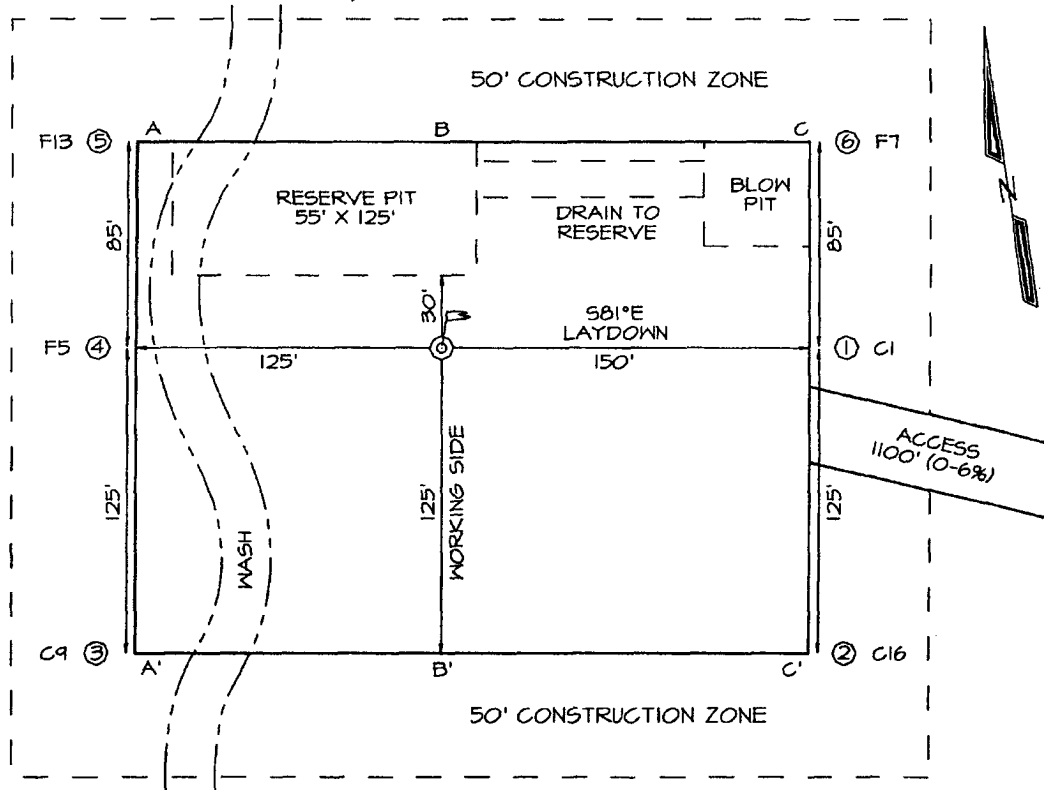
Conditions of approval, if any:

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #239A
2035' FNL & 705' FWL, SECTION 30, T32N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6679'

LATITUDE: 36.95699° N
LONGITUDE: 107.71925° W
 DATUM: NAD1927

PLAT NOTE:

SURFACE OWNER
 Bureau of Land
 Management



PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 239A

Lease:	AFE #: WAN.CBM.4151		AFE \$:
Field Name: hPHILLIPS 32-8	Rig:	State: NM	County: SAN JUAN
Geoscientist: Murphy, Jim O.	Phone: 832-486-2361	Prod. Engineer:	Phone:
Res. Engineer: Peterson, Brad T	Phone: 486-2055	Proj. Field Lead:	Phone:

Primary Objective (Zones):

Zone	Zone Name
JCV	BASIN FRUITLAND COAL (GAS)

Location: Surface				Straight Hole	
Latitude: 36.96	Longitude: -107.72	X:	Y:	Section: 30	Range: 8W
Footage X: 705 FWL	Footage Y: 2035 FNL	Elevation: 6679	(FT)	Township: 32N	
Tolerance:					

Location Type:	Start Date (Est.):	Completion Date:	Date In Operation:
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Formation Data: Assume KB = 6692 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	13	6679	<input type="checkbox"/>			
Surface Casing	213	6479	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	648	6044	<input type="checkbox"/>			
OJAM	2157	4535	<input type="checkbox"/>			Possible water flows.
KRLD	2257	4435	<input type="checkbox"/>			
FRLD	3104	3588	<input type="checkbox"/>			Possible gas.
Intermediate Casing	3205	3487	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
BASE MAIN COAL	3497	3195	<input type="checkbox"/>			
BASE LOWEST COAL	3555	3137	<input type="checkbox"/>			
PCCF	3560	3132	<input type="checkbox"/>			
Total Depth	3640	3052	<input type="checkbox"/>	510		6-1/4" hole possibly underreamed to 9.5". Optional Liner: 5.5", 15.5#, J-55 LTC - left uncemented.

Reference Wells:		
Reference Type	Well Name	Comments

Logging Program:	
Intermediate Logs:	<input type="checkbox"/> Log only if show <input type="checkbox"/> GR/ILD <input type="checkbox"/> Triple Combo
TD Logs:	<input type="checkbox"/> Triple Combo <input type="checkbox"/> Dipmeter <input type="checkbox"/> RFT <input type="checkbox"/> Sonic <input type="checkbox"/> VSP <input type="checkbox"/> TDT
Additional Information:	

Comments: Location/Tops/Logging - HPA

Zones - HPA

General/Work Description -

Mud Log from intermediate casing shoe to TD will be obtained.

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist drilling media with foamer, polymer, & corrosion inhibitor as needed

Printed on: 05/28/2004 11:23:12 AM

San Juan 32-8 #239A - (Cavitate) HPA Well

SURFACE CASING :

Drill Bit Diameter	12.25"
Casing Outside Diameter	9.625"
Casing Weight	32.3 ppf
Casing Grade	H-40
Shoe Depth	200'
Cement Yield	1.16 cuft/sk
Excess Cement	150%

9.001

40'

Class G
2% CaCl₂
0.25#18K Cellulose

Casing Capacity	0.0787 bbl/ft	0.4419 cuft/ft
Hole / Casing Annulus Capacity	0.0558 bbl/ft	0.3132 cuft/ft

Cement Required 150.2 sx

SHOE 200', 9.625", 32.3 ppf, H-40

INTERMEDIATE CASING :

Drill Bit Diameter	8.75"
Casing Outside Diameter	7"
Casing Weight	20 ppf
Casing Grade	J-55
Shoe Depth	3205'
Lead Cement Yield	2.61 cuft/sk
Lead Cement Excess	150%
Tail Cement Length	300'
Tail Cement Yield	1.27 cuft/sk
Tail Cement Excess	150%

6.456

42'

Casing Capacity	0.0405 bbl/ft	0.2273 cuft/ft
Casing / Casing Annulus Capacity	0.0311 bbl/ft	0.1746 cuft/ft
Hole / Casing Annulus Capacity	0.0268 bbl/ft	0.1503 cuft/ft

Lead Cement Required 402.9 sx
Tail Cement Required 96.3 sx

LINER TOP 3185'

SHOE 3205', 7", 20 ppf, J-55

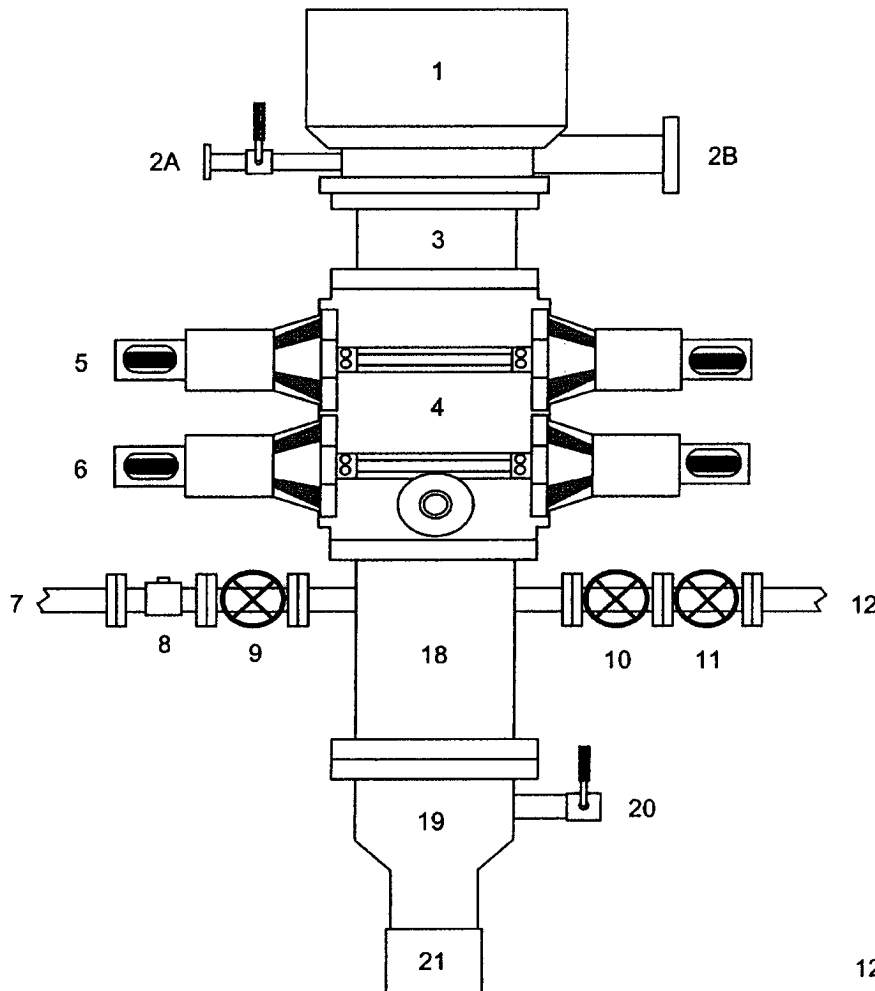
LINER BOTTOM 3460' (Uncemented)

lead: Class G, 3% DO79,
0.25 #18K DO29, 0.05 G.P.S
DO47, 0.2% DO46
@ 11.7 ppq.

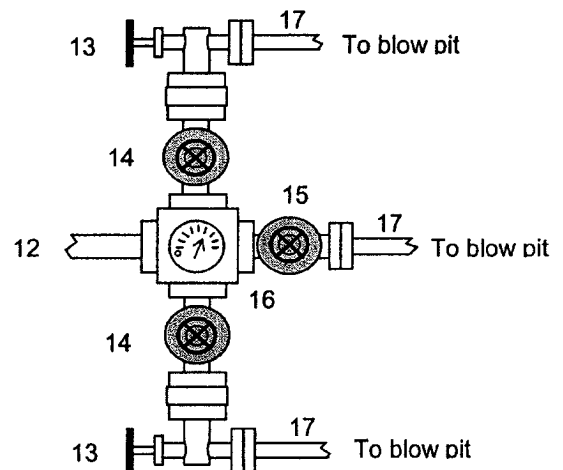
tail: 50/50 G/PDZ, 2% DO20
2% S001, 5 #18K DO24,
0.25 #18K DO29, 2% DO46
@ 13.5 ppq.

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to Intermediate Casing Point & Setting 7" Intermediate Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 3000 psi)
5. Pipe Rams
6. Blind Rams
7. Kill Line
8. Kill Line Check Valve
9. Kill Line Valve
10. Inner Choke Line Valve (3")
11. Outer Choke Line Valve (3")
12. Choke Line (3")
13. Variable Choke
14. Choke Line Valve (2")
15. Panic Line Valve (3")
16. Choke Manifold Pressure Gauge
17. Choke Line (2")
18. Mud Cross Spacer Spool
19. Casing Head "A" Section
20. Casing Head "A" Section 2" Valve
21. 9 5/8" Casing Collar



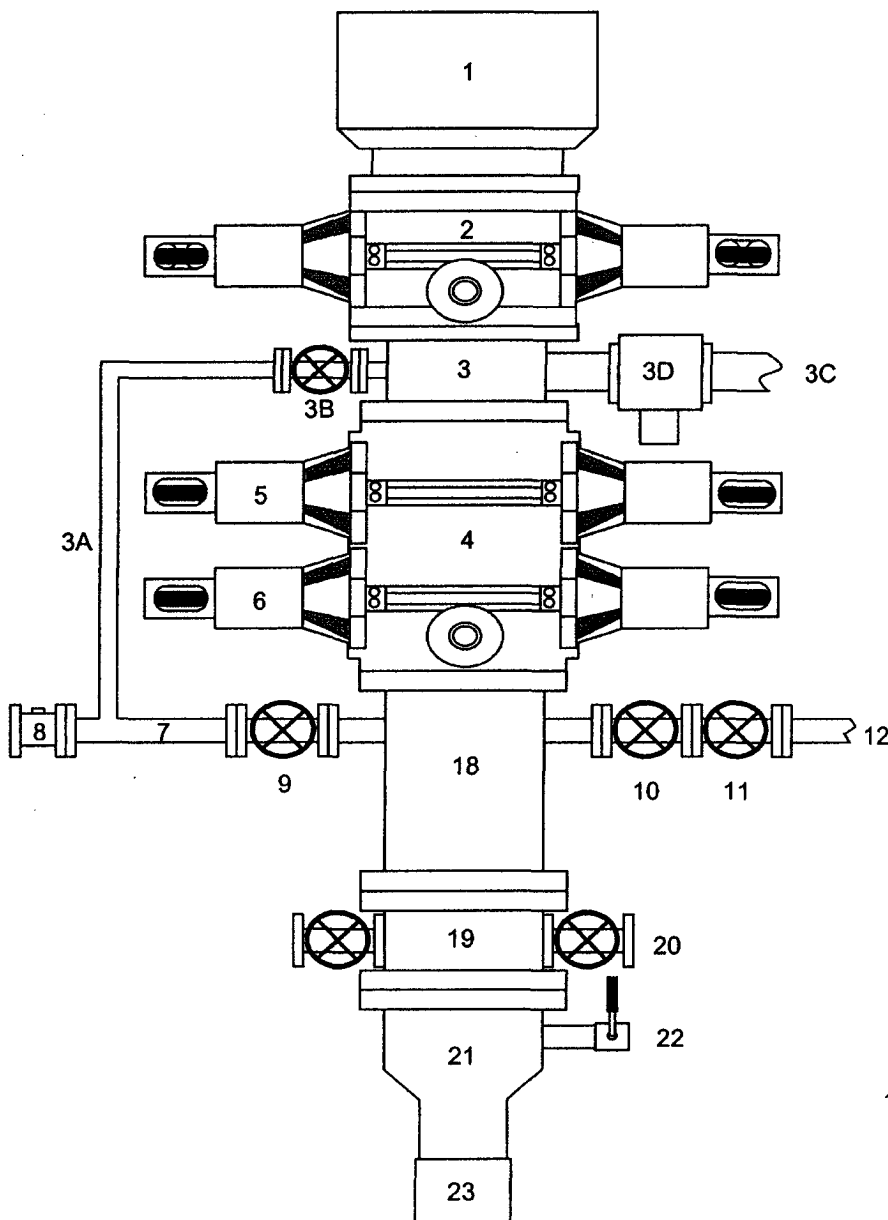
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1000 psi (high pressure test) for 10 minutes. Then the test plug will be removed, and the **9-5/8" casing will be pressure tested** against closed blind rams to 200 psi to 300 psi for 2-3 minutes and to **1000 psi for 30 minutes** (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory requirements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then an 8-3/4" hole will be drilled to intermediate casing point and 7" intermediate casing will be run and cemented.

In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

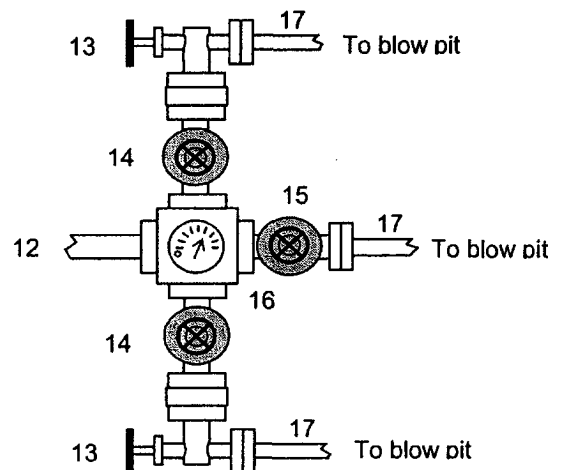
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Cavitation Program



1. Rotating Head
2. Single Ram BOP (7-1/16", 3M)
3. Mud Cross
- 3A. Equalizing Line (2")
- 3B. Wing Valve (2-1/16", 3M)
- 3C. Blooie Line (2 ea, 5" OD)
- 3D. HCR Valve (1 ea per line, 4-1/16")
4. Double Ram BOP (7-1/16", 3M)
5. Pipe Rams
6. Blind Rams
7. Kill Line
8. Kill Line Check Valve
9. Kill Line Valve
10. Inner Choke Line Valve (3")
11. Outer Choke Line Valve (3")
12. Choke Line (3")
13. Variable Choke
14. Choke Line Valve (2")
15. Panic Line Valve (3")
16. Choke Manifold Pressure Gauge
17. Vent Line (2")
18. Spacer Spool
19. Tubing Head
20. Tubing Head Valves (2- 9/16")
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9-5/8" Casing Collar



This BOP arrangement and test program is for the cavitation program. The BOP will be installed on the tubing head. The 7" casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 2-3 minutes and to 1800 psi for 30 minutes - this test pressure is 48% of the minimum internal yield strength of 3740 psi for the 7", 20#, J-55, STC casing. The pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1800 psi (high pressure test) for 10 minutes - This test will be done with a test plug or possibly without a test plug (ie against casing). If we conduct this test without a test plug we will ensure that we have sufficient drillstring weight in the hole to exceed the upward force generated by the test.

We use a power swivel and air/mist to drill the 6-1/4" hole in our cavitation program. We do not use a kelly. In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

1. String floats will be used inside the drillpipe
2. Stab-in TIW valve for all drillstrings in use
3. Each blooie line is equipped with a hydraulically controlled valve (HCR valve).



**ConocoPhillips Company
RPA – Property Tax, Real
Estate, Right of Way and
Claims**

Vicki R. Westby
Sr. Analyst
4001 Penbrook St. , Ste. 317
Odessa TX, 79762
Phone (432)368-1352
Fax (432)368-1287

June 14, 2004

NMOCD
Attn: Steve Hayden
1000 Rio Brazos Road
Aztec, NM 87410




RE: San Juan 32-8 #239A Well
Section 30, T32N-R8W
San Juan County, New Mexico

Dear Steve:

Please find attached a copy of the HPA Notification Letter and a copy of the certified return receipt for the San Juan 32-8 #239A well located in Section 30, T32N-R8W, San Juan County, New Mexico.

Sincerely,


Vicki Westby
Sr. Analyst



ConocoPhillips Company
RPA – Property Tax, Real
Estate, Right of Way and
Claims

Vicki R. Westby
Sr. Analyst
4001 Penbrook St. , Ste. 317
Odessa TX, 79762
Phone (432)368-1352
Fax (432)368-1287

June 4, 2004

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RE: San Juan 32-8 #239A Well
Basin Fruitland Coal
2035' FNL & 705' FWL, Section 30, T32N-R8W
San Juan County, New Mexico

To the Affected Parties:

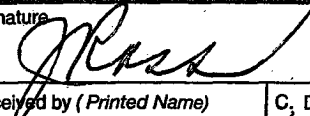

ConocoPhillips Company is submitting the enclosed Application for Permit to Drill to the appropriate regulatory agency(s) for approval. This well is located inside the High Productivity Area of the Basin-Fruitland Coal Pool as indicated on the attached plat. Notice is being made pursuant to New Mexico Oil Conservation Commission Order R-8768-F dated July 17, 2003.

The affected parties have twenty (20) days from receipt of this notice in which to file with the District Office of the New Mexico Oil Conservation Division written objection to the proposed Application for Permit to Drill.

Sincerely,


Vicki Westby
Sr. Analyst

Cc: NMOCD Aztec
Well File

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>	
<p>1. Article Addressed to:</p> <p></p> <p>Peoples Energy Production Corp. Attn: Diane Sumerall 909 Fannin St, Ste. 1300 Houston, TX 77010-1038</p>		<p>B. Received by (Printed Name)</p>	<p>C. Date of Delivery 6-7-07</p>
		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes if YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>PS Form 3811, August 2001</p>		<p>Domestic Return Receipt</p>	

7003 0500 0001 8091 4518

2ACPRI-03-P-4081

SAN JUAN 32-8 #239A
OFFSET OPERATOR PLAT

2035' FNL; 705' FWL

TOWNSHIP 32 **NORTH,** **RANGE** 8 **WEST**

ConocoPhillips	ConocoPhillips	ConocoPhillips
Peoples Energy Production Corp	● 30	ConocoPhillips
Peoples Energy Production Corp		ConocoPhillips