

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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-079380
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" 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 265
3a. Address 4001 PENBROOK ODESSA, TX 79762	3b. Phone No. (include area code) Ph: 915.368.1352	9. API Well No. 30-645-32829
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NESW 1412FSL 1949FWL At proposed prod. zone NESW 1412FSL 1949FWL		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 K Sec 14 T32N R8W Mer NMP
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 1760.00	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 -3970 MD 3453	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 7070 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well W/P
23. Estimated duration		

24. Attachments

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

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- 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 Ph: 915.368.1352	Date 01/11/2005
Title AGENT		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 2-9-05
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 #52904 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

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

NMOCD

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

AMMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32829	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL (GAS)
⁴ Property Code 31330	⁵ Property Name SAN JUAN 32-8 UNIT	
⁶ Well Number 265	⁷ Operator Name CONOCOPHILLIPS COMPANY	
⁸ OGRID No. 217817	⁹ Elevation 7070	

¹⁰Surface Location

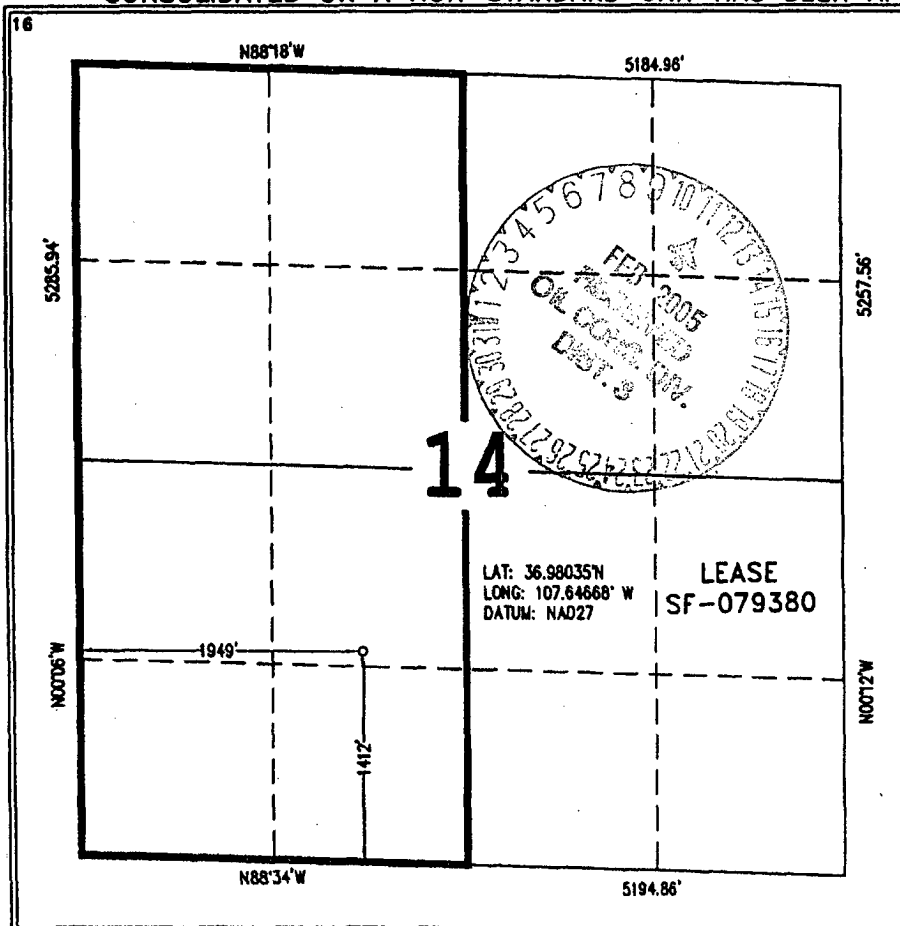
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the North/South line	Feet from the East/West line	County
K	14	32N	08W	1412	SOUTH	1949	SAN JUAN

¹¹Bottom 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 W/2 320.0	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



¹⁷OPERATOR CERTIFICATION

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

Vicki Westby (rj)
Signature

Vicki Westby
Printed Name

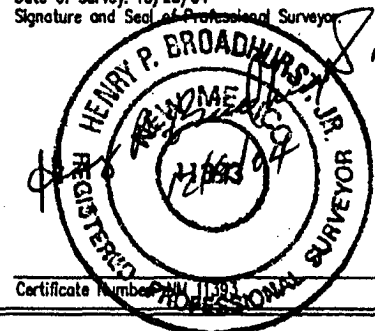
Staff Agent
Title and E-mail Address

1/11/05
Date

¹⁸SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: 10/28/04
Signature and Seal of Professional Surveyor



Certificate Number: NM 1193

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

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

Form C-103 May 27, 2004

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 265

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 [X] Other []

2. Name of Operator ConocoPhillips Company

3. Address of Operator 4001 Penbrook, Odessa, TX 79762

4. Well Location Unit Letter K 1412 feet from the South line and 1949 feet from the West line Section 14 Township 32N Range 8W NMPM SAN JUAN County

1. Elevation (Show whether DR, RKB, RT, GR, etc.) 7070 GL

Pit or Below-grade Tank Application [X] Closure []

Pit type DRILL Depth to Groundwater 70' Distance from nearest fresh water well >1 MILE Distance from nearest surface water 100'

Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

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 COMPL []

OTHER: []

SUBSEQUENT REPORT OF:

REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] P AND A [] CASING/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 11.03. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The pit will be constructed and closed in accordance with Rule 50 and as per the Nov. 1, 2004 Guidelines. 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 [X] or an (attached) alternative OCD-approved plan []

SIGNATURE Vicki Westby

TITLE Staff Agent

DATE 1/11/05

Type or print name For State Use Only

E-mail address:

Telephone No.

APPROVED BY: Conditions of Approval (if any):

TITLE

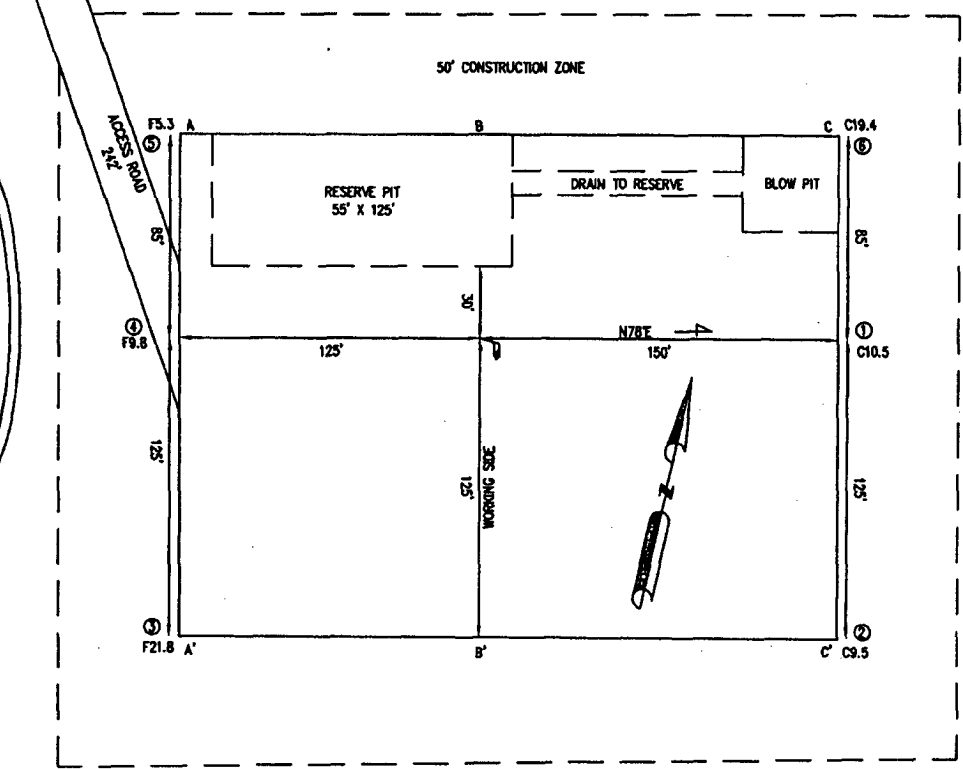
DEPUTY OIL & GAS INSPECTOR, DIST. #1

DATE

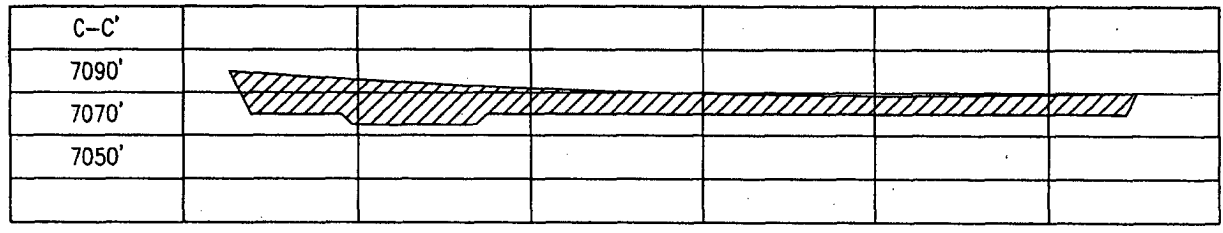
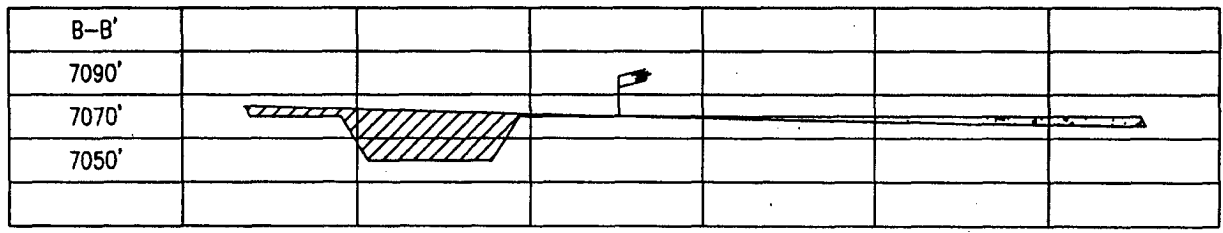
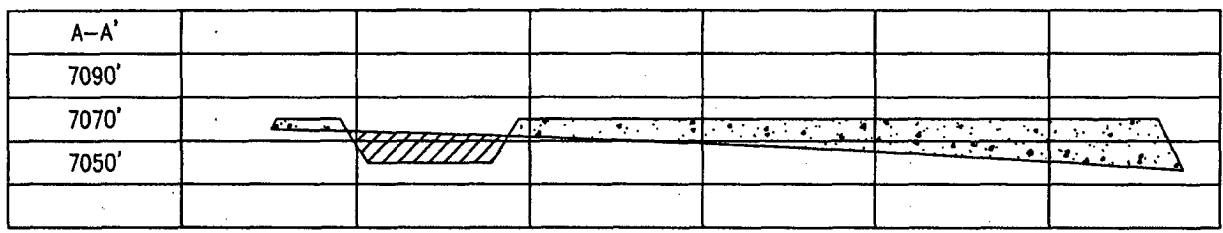
FEB 11 2005

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #265
 1412 FSL & 1949' FWL, SECTION 14, T32N, R08W, NMPM
 SAN JUAN COUNTY, NEW MEXICO ELEVATION: 7070'

LATITUDE: 36.98035° N
 LONGITUDE: 107.64668° W
 DATUM: NAD27



PLAT NOTE:
 SURFACE OWNER
 BLM



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

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.

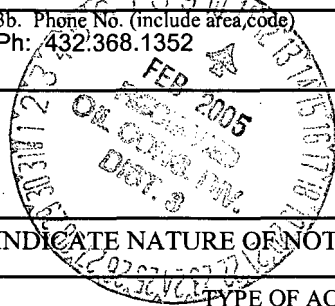
5. Lease Serial No.
NMSF079380

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. SAN JUAN 32-8 UNIT 265
2. Name of Operator CONOCOPHILLIPS COMPANY		9. API Well No. 801045-32829-00-X1
3a. Address P O BOX 2197 WL 6106 HOUSTON, TX 77252	3b. Phone No. (include area code) Ph: 432.368.1352	10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 14 T32N R8W NESW 1412FSL 1949FWL		11. County or Parish, and State SAN JUAN COUNTY, NM



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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Change to Original APD

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 recomplete 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 site is ready for final inspection.)

ConocoPhillips company requests to revise the TD for this well to 3953 ft. A revised well plan and cement schematic is attached to this sundry.

Mudloggers will be used to prevent drilling into the Pictured Cliff formation.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #53287 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington
Committed to AFMSS for processing by ADRIENNE BRUMLEY on 01/25/2005 (05AXB0700SE)**

Name (Printed/Typed) VICKI WESTBY	Title AGENT
Signature (Electronic Submission)	Date 01/21/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>[Signature]</i>	Title <i>AFM</i>	Date <i>2-9-05</i>
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 <i>FFD</i>	

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOC D

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 265

Lease:		AFE #:		AFE \$:	
Field Name: hPHILLIPS 32-8		Rig:		State: NM	County: SAN JUAN
Geoscientist: Cloud, Tom A		Phone: +1 832 486-2377		Prod. Engineer: Phone: 832-486-2254	
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: 36.98	Longitude: -107.65	X:	Y:	Section: 14	Range: 8W
Footage X: 1949 FWL		Footage Y: 1412 FSL		Elevation: 7070 (FT)	Township: 32N

Tolerance:

Location Type:	Start Date (Est.):	Completion Date:	Date In Operation:
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Formation Data: Assume KB = 7083 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	13	7070	<input type="checkbox"/>			
Surface Casing	213	6870	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	1059	6024	<input type="checkbox"/>			
OJAM	2528	4555	<input type="checkbox"/>			Possible water flows.
KRLD	3143	3940	<input type="checkbox"/>			
FRLD	3535	3548	<input type="checkbox"/>			Possible gas.
Intermediate Casing	3618	3465	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
BASE MAIN COAL	3756	3327	<input type="checkbox"/>	1250		
PC TONGUE	3793	3290	<input type="checkbox"/>			
BASE LOWEST COAL	3950	3133	<input type="checkbox"/>			
Total Depth	3953	3130	<input type="checkbox"/>			6-1/4" hole possibly underreamed to 9.5". Optional Liner: 5.5", 15.5#, J-55 LTC - left uncemented.
PCCF	3955	3128	<input type="checkbox"/>			

Reference Wells:

Reference Type	Well Name	Comments
Intermediate	NWPL SJ 32-8 #45	

Logging Program:

Intermediate Logs: Log only if show GR/ILD Triple Combo

TD Logs: Triple Combo Dipmeter RFT Sonic VSP TDT

Additional Information:

Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks
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Comments: General/Work Description - A sundry notice is needed with a revised TD. The notice should include "Mudloggers will be used to prevent drilling into the Pictured Cliff Formation."

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 265

Well is within existing PCCF PA.
Prospective 8 ft lowest coal seam just above PCCF.

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

San Juan 32-8 # 265

SURFACE CASING :

Drill Bit Diameter	12.25 "	
Casing Outside Diameter	9.625 "	Casing Inside Diam. 9.001 "
Casing Weight	32.3	ppf
Casing Grade	H-40	
Shoe Depth	230 '	
Cement Yield	1.21	cuft/sk
Excess Cement	125	%
Cement Required	147	sx

SHOE 230 ', 9.625 ", 32.3 ppf, H-40 STC

INTERMEDIATE CASING :

Drill Bit Diameter	8.75 "	
Casing Outside Diameter	7 "	Casing Inside Diam. 6.456 "
Casing Weight	20	ppf
Casing Grade	J-55	
Shoe Depth	3618 '	
Lead Cement Yield	2.91	cuft/sk
Lead Cement Excess	160	%
Tail Cement Length	315 '	
Tail Cement Yield	1.33	cuft/sk
Tail Cement Excess	160	%
Lead Cement Required	426	sx
Tail Cement Required	100	sx

LINER TOP 3598 '

SHOE 3618 ', 7 ", 20 ppf, J-55

LINER BOTTOM 3953 ' (Uncemented)

OPTION 1

9-5/8 Surface Casing	
Cement Recipe	Class C Standard Cement
	+ 3% Calcium Chloride
	+0.25 lb/sx Flocele
Cement Volume	147 sx
Cement Yield	1.21 cuft/sx
Slurry Volume	179.8 cuft
	32.0 bbls
Cement Density	15.6 ppg
Water Required	5.29 gal/sx

7" Intermediate Casing	
Lead Slurry	
Cement Recipe	Standard Cement
	+ 3% Econolite (Lost Circulation Additive)
	+ 10 lb/sx Gilsonite (Lost Circ. Additive)
	+ 0.25 lb/sx Flocele (Lost Circ. Additive)
Cement Required	426 sx
Cement Yield	2.91 cuft/sx
Slurry Volume	1240.0 cuft
	220.9 bbls
Cement Density	11.5 ppg
Water Required	16.88 gal/sx

7" Intermediate Casing	
Tail Slurry	
Cement Slurry	50 / 50 POZ:Standard Cement
	+ 2% Bentonite (Light Weight Additive)
	+ 5 lbm/sk Gilsonite (Lost Circ. Additive)
	+ 0.25 lbm/sk Flocele (lost Circ. Additive)
	+ 2% Calcium Chloride (Accelerator)
Cement Required	100 sx
Cement Yield	1.33 cuft/sx
Slurry Volume	132.7 cuft
	23.6 bbls
Cement Density	13.5 ppg
Water Required	5.36 gal/sx

OPTION 2

9-5/8" Surface Casing	
Cement Slurry	Class G
	+ 2% S001 Calcium Chloride
	+ 0.25 lb/sx D029 Cellophane Flakes
Cement Volume	147 sx
Cement Yield	1.16 cuft/sx
Cement Volume	170.59 cuft
Cement Density	15.8 ppg
Water Required	4.983 gal/sx

7" Intermediate Casing	
Lead Slurry	
Cement Slurry	Class G
	+ 3% D079 Extender
	+ 0.25 lb/sx D029 Cellophane Flakes
	+ 0.2% D046 Antifoam
Cement Volume	478 sx
Cement Yield	2.61 cuft/sx
Cement Volume	1247.05 cuft
Cement Density	11.7 ppg
Water Required	15.876 gal/sx

7" Intermediate Casing	
Tail Slurry	
Cement Slurry	50% POZ / 50% Class G cement
	+ 2% D020 Bentonite
	+ 2% S001 Calcium Chloride
	+ 0.25 lb/sx D029 Cellophane Flakes
	+ 5 lb/sx Gilsonite Extender
	+ 0.2% D046 Antifoam
Cement Volume	100 sx
Cement Yield	1.27 cuft/sx
Cement Volume	126.80 cuft
Cement Density	13.5 ppg
Water Required	5.182 gal/sx

Additional Operator Remarks:

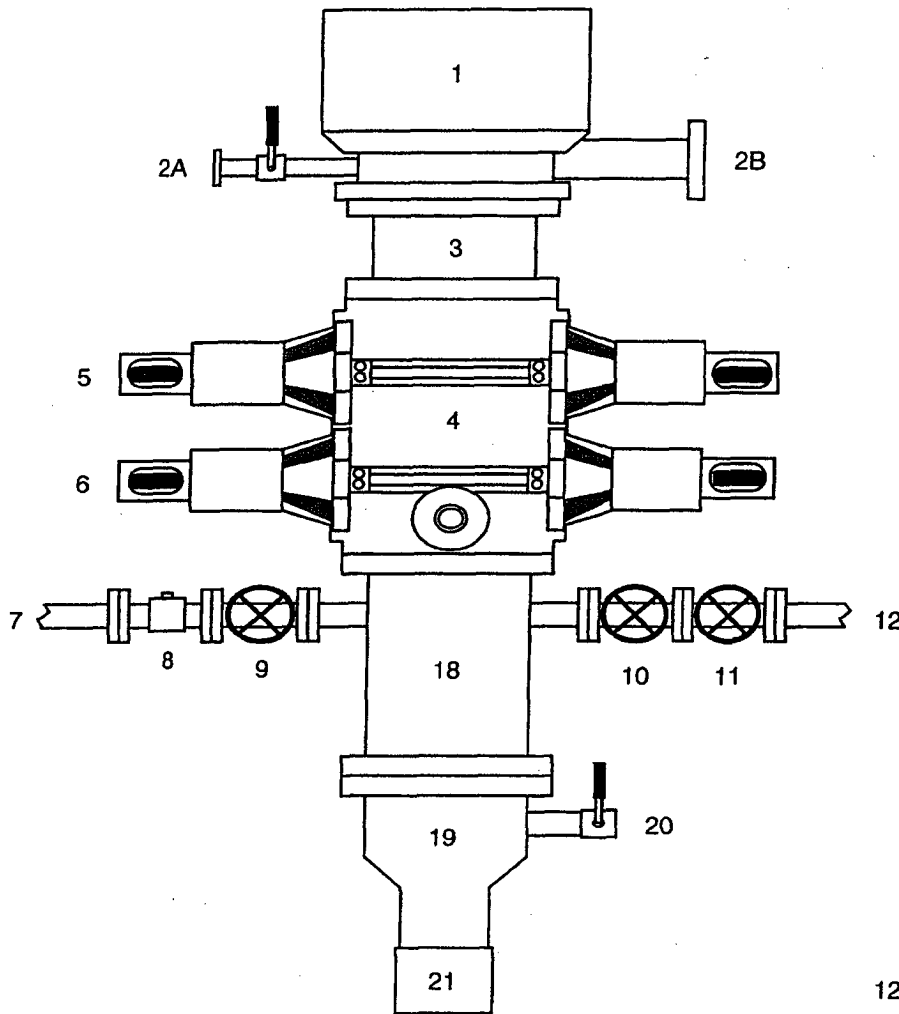
ConocoPhillips company proposes to drill a vertical wellbore to the Basin Fruitland Coal formation. This well will be drilled and equipped in accordance with the attachments submitted herewith.

ConocoPhillips will have mudloggers on location and they will be picking the TD to prevent us from accessing the PC.

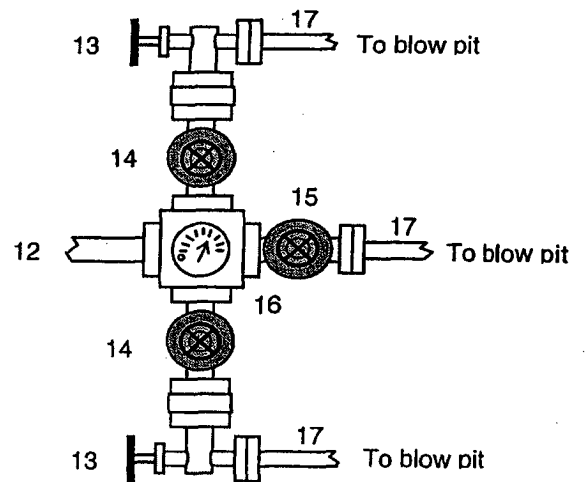
This application is for APD/ROW

This well does not require HPA notification.

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

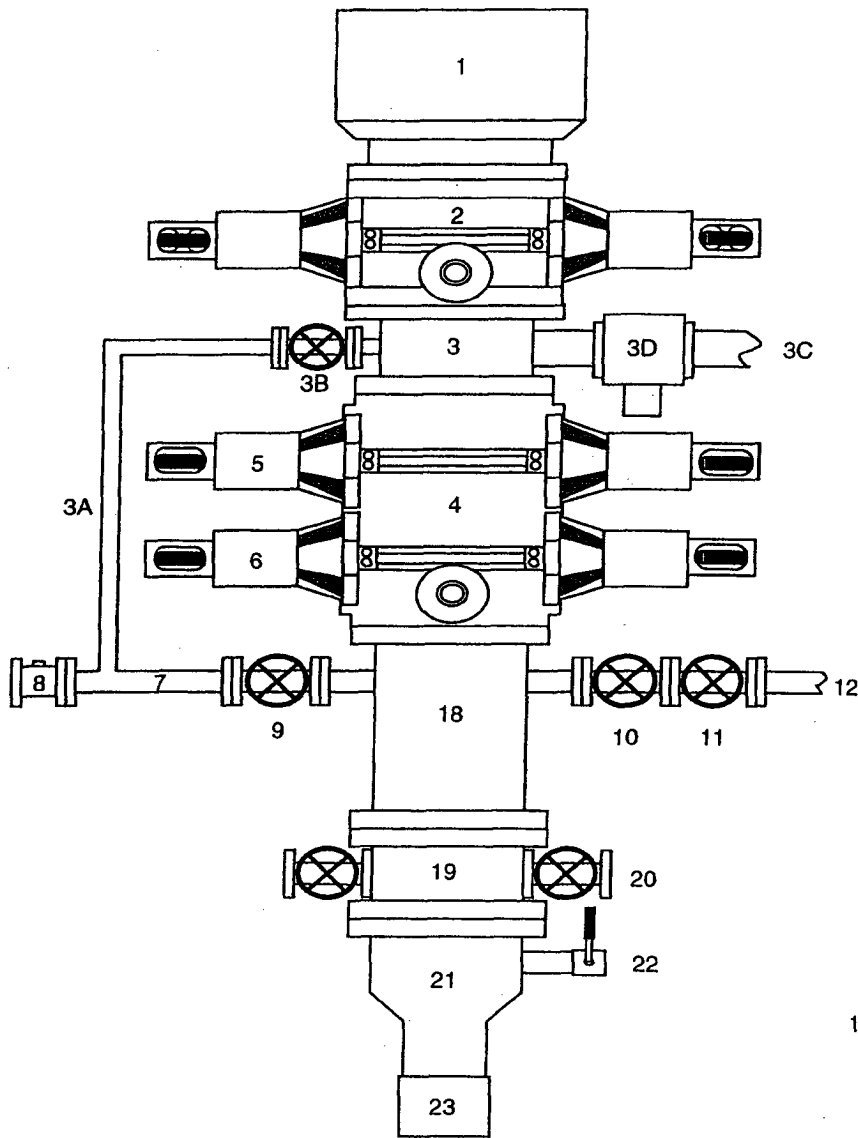


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 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 10 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.

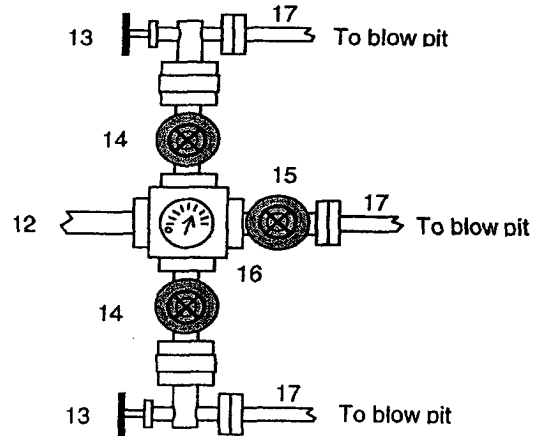
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

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. Stripping 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 10 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 10 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).

Property : SAN JUAN 32-8 UNIT **Well #:** 265

Surface Location:

Unit: K **Section:** 14 **Township:** 32N **Range:** 8W

County: SAN JUAN **State:** New Mexico

Footage: 1412 **from the** South **line,** 1949 **from the** West **line.**

CATHODIC PROTECTION

ConocoPhillips (COP) proposes to drill a cathodic protection deep well groundbed for the subject well. COP will drill a hole vertically at the surface large enough to accommodate 20 feet of 8 inch diameter PVC pipe for surface casing to assist in further drilling and loading. Casing may be cemented in place for stability if needed. COP will drill a 6-7/8" hole to an anticipated minimum depth of 300'(maximum depth of 500'). Cement plugs will not be used unless more than one water zone is encountered. Prior drilling history for the area indicates only one zone to that depth. If more than one water zone is encountered, notification will be made and details of cement and casing will be provided.

All drilling activity will remain on the existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.

32-8 #265

