

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

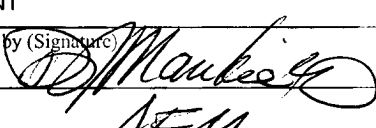
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-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 254A
3a. Address 4001 PENBROOK ODESSA, TX 79762	3b. Phone No. (include area code) Ph: 915.368.1352	9. API Well No. 30-045-32175
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface SENW 1599FNL 1762FWL At proposed prod. zone SENW 1599FNL 1762FWL		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 F Sec 23 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 3933 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6975 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well w/ 320
23. Estimated duration		20. BLM/BIA Bond No. on file

24. Attachments

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 Ph: 915.368.1352	Date 03/04/2005
Title AGENT		
Approved by (Signature) 	Name (Printed/Typed)	Date 3-16-05
Title AEM	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 #54720 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

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

NMOC

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

☐ AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-32175		Pool Code 71629	Pool Name BASIN FRUITLAND COAL (GAS)
Property Code 31330	Property Name SAN JUAN 32-8 UNIT		Well Number 254A
OGRID No. 217817	Operator Name CONOCOPHILLIPS COMPANY		Elevation 6975

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	23	32N	08W		1599'	NORTH	1762'	WEST	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

Dedicated Acres W/2 320.0	Joint or Infill	Consolidation Code	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

<p>16</p> <p>17</p> <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Vicki Westby (pj)</i> Signature Vicki Westby Printed Name Staff Agent Title and E-mail Address 3/4/05 Date</p> <p>18</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: 10/04/04 Signature and Seal of Professional Surveyor Certificate Number: NM 11553</p>
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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
May 27, 2004

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

WELL API NO.
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name San Juan 32-8 Unit
8. Well Number 254A
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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator ConocoPhillips Company	
3. Address of Operator 4001 Penbrook, Odessa, TX 79762	
4. Well Location Unit Letter F 1599 feet from the North line and 1762 feet from the West line Section 23 Township 32N Range 8W NMPM San Juan County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6975 GL	

Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Closure <input type="checkbox"/>
Pit type DRILL Depth to Groundwater 200' Distance from nearest fresh water well >1 Mile Distance from nearest surface water 600'
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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 NMOCDD 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 NMOCDD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Vicki Westby

TITLE Staff Agent

DATE 3/4/2005

Type or print name
For State Use Only

E-mail address:

Telephone No.

DEPUTY OIL & GAS INSPECTOR, DIST. #1

MAR 18 2005

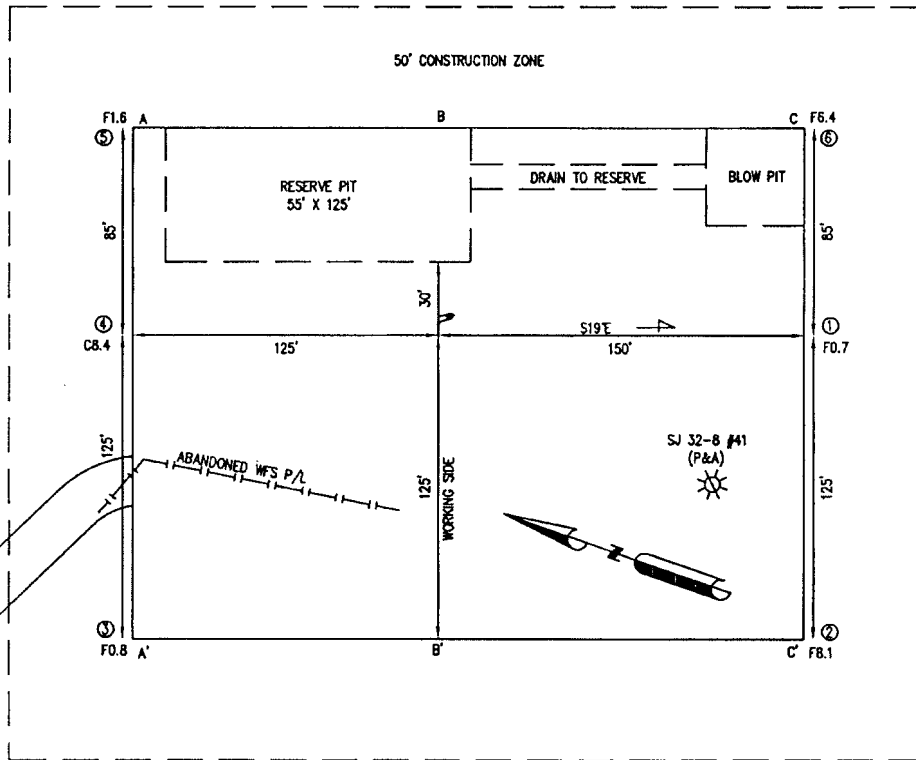
APPROVED BY:
Conditions of Approval (if any):

TITLE

DATE

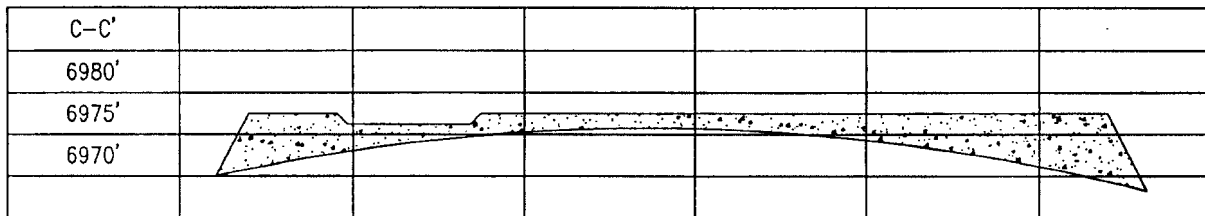
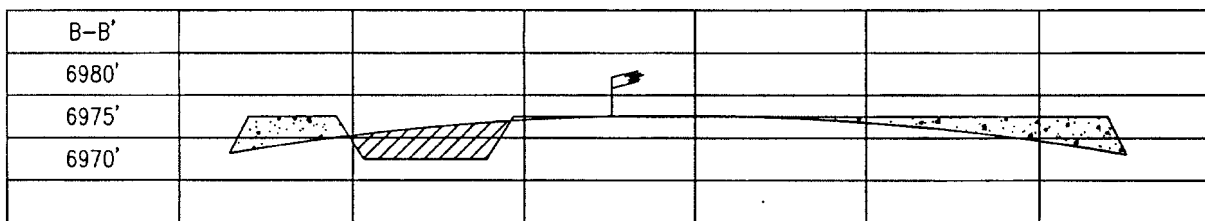
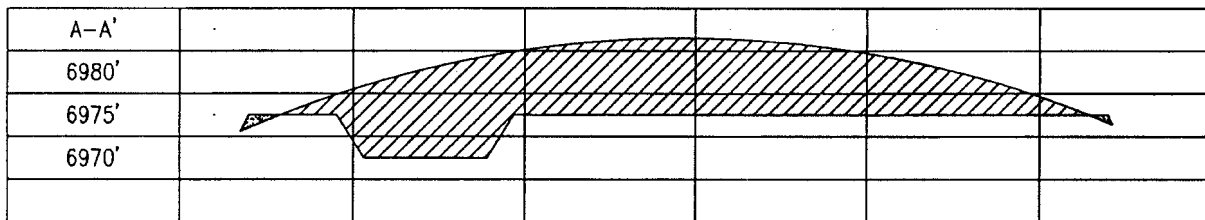
CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #254A
 1599' FNL & 1762' FWL, SECTION 23, T32N, R08W, NMPM
 SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6975'

LATITUDE: 36.97208° N
 LONGITUDE: 107.64720° W
 DATUM: NAD27



PLAT NOTE:

SURFACE OWNER
 BLM



PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 254A

Lease:		AFE #:		AFE \$:	
Field Name: hPHILLIPS 32-8	Rig:	State: NM	County: SAN JUAN	API #:	
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

Surface Hole

Latitude: 36.97	Longitude: -107.65	X:	Y:	Section: 23	Range: 8W
Footage X: 1762 FWL	Footage Y: 1599 FNL	Elevation: 6975 (FT)	Township: 32N		
Tolerance:					

Location Type:	Start Date (Est.):	Completion Date:	Date In Operation:
Formation Data: Assume KB = 6988 Units = FT			

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	13	6975	<input type="checkbox"/>			
Surface Casing	213	6775	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	1138	5850	<input type="checkbox"/>			
OJAM	2523	4465	<input type="checkbox"/>			Possible water flows.
KRLD	2638	4350	<input type="checkbox"/>			
FRLD	3428	3560	<input type="checkbox"/>			Possible gas.
Intermediate Casing	3508	3480	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
TOP COAL	3538	3450	<input type="checkbox"/>			
BASE MAIN COAL	3698	3290	<input type="checkbox"/>			
PC TONGUE	3733	3255	<input type="checkbox"/>			
BASE LOWEST COAL	3848	3140	<input type="checkbox"/>			
PCCF	3853	3135	<input type="checkbox"/>			
Total Depth	3933	3055	<input type="checkbox"/>			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
Intermediate	NWPL 32-8 #41	
Intermediate	COP 32-8 #259A	
Intermediate	NWPL 32-8 #37	

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 254A

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: TD includes 80 feet sump/rathole & COPC will comply with the BLM's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs formation					
Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks

Comments: Location/Tops/Logging - No PCCF PA or gas pool.

General/Work Description - Drill and complete Fruitland coal well.
Obtain mudlog from intermediate casing to TD.
Well is very close to NWPL 32-8 #41. Deviation should be closely monitored.

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 # 254A
Halliburton Cementing Program**

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
Cement Density	15.6	lb/gal
Excess Cement	125	%
Cement Required	141	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	3508'	
Lead Cement Yield	2.91	cuft/sk
Lead Cement Density	11.5	lb/gal
Lead Cement Excess	160	%
Tail Cement Length	300'	
Tail Cement Yield	1.33	cuft/sk
Tail Cement Density	13.5	lb/gal
Tail Cement Excess	160	%
Lead Cement Required	413	sx
Tail Cement Required	95	sx

LINER TOP 3488 '

SHOE 3508 ', 7 ", 20 ppf, J-55

LINER BOTTOM **3933' (Uncemented)**

SAN JUAN 32-8 #254A
OPTION 1

9-5/8 Surface Casing		
Cement Recipe	Standard Cement	
	+ 3% Calcium Chloride	
	+ 0.25 lb/sx Flocele	
Cement Volume	141	sx
Cement Yield	1.21	cuft/sx
Slurry Volume	170.7	cuft
	30.4	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	413	sx
Cement Yield	2.91	cuft/sx
Slurry Volume	1202.3	cuft
	214.1	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	95	sx
Cement Yield	1.33	cuft/sx
Slurry Volume	126.9	cuft
	22.6	bbls
Cement Density	13.5	ppg
Water Required	5.36	gal/sx

OPTION 2

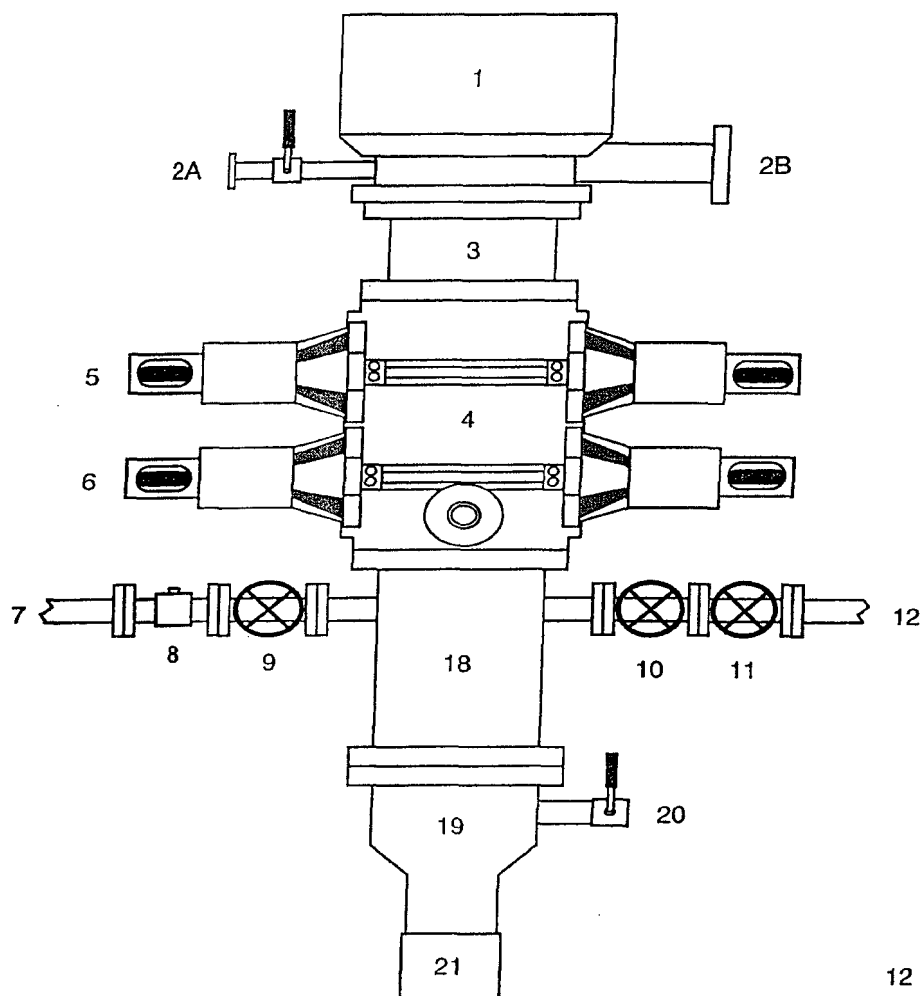
9-5/8 Surface Casing		
Cement Recipe	Class G Cement	
	+ 3% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
Cement Volume	147	sx
Cement Yield	1.16	cuft/sx
Slurry Volume	170.7	cuft
	30.4	bbls
Cement Density	15.8	ppg
Water Required	4.983	gal/sx

7" Intermediate Casing		
Lead Slurry		
Cement Recipe	Class G Cement	
	+ 3% D079 Extender	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 0.2% D046 Antifoam)	
Cement Required	461	sx
Cement Yield	2.61	cuft/sx
Slurry Volume	1202.3	cuft
	214.1	bbls
Cement Density	11.7	ppg
Water Required	15.876	gal/sx

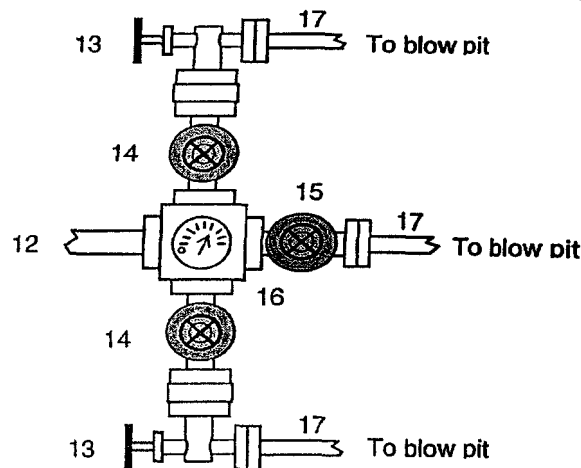
7" Intermediate Casing		
Tail Slurry		
Cement Slurry	50 / 50 POZ : Class G Cement	
	+ 2% D020 Bentonite	
	+ 5 lb/sx D024 Gilsonite extender	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 2% S001 Calcium Chloride	
	+ 0.2% D046 Antifoam	
Cement Required	100	sx
Cement Yield	1.27	cuft/sx
Slurry Volume	126.9	cuft
	22.6	bbls
Cement Density	13.5	ppg
Water Required	5.182	gal/sx

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



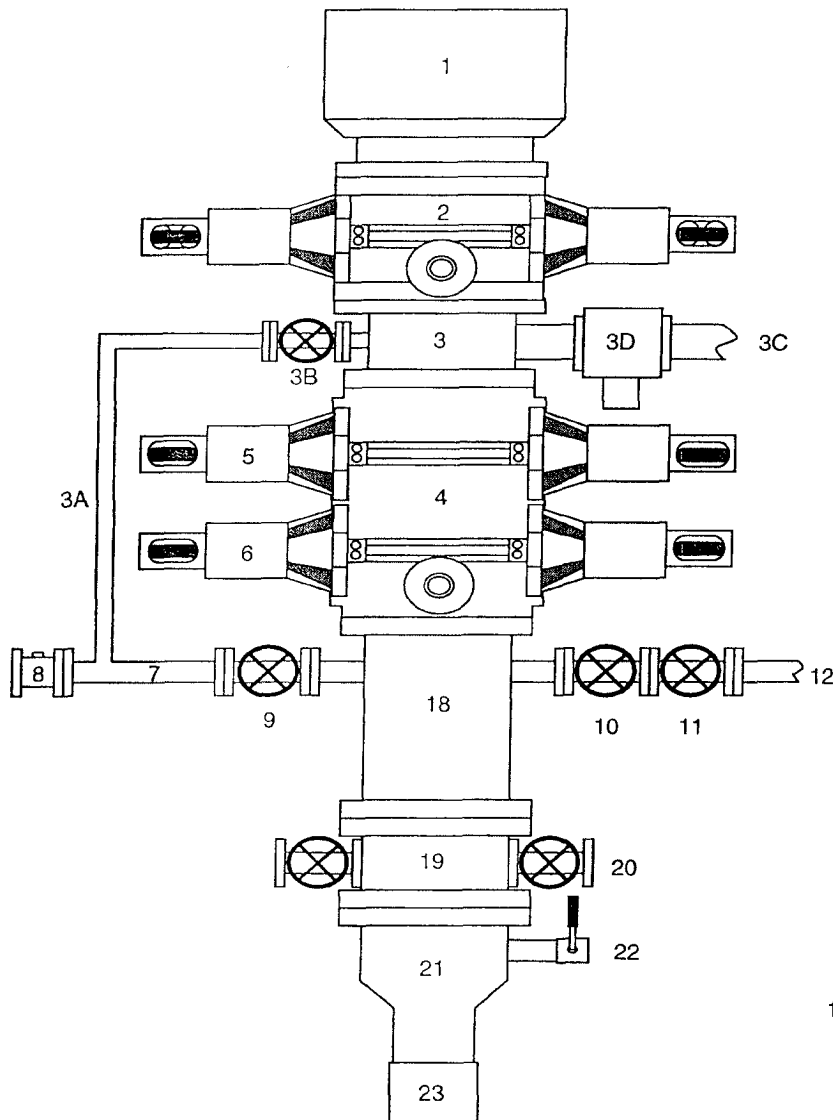
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe 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:

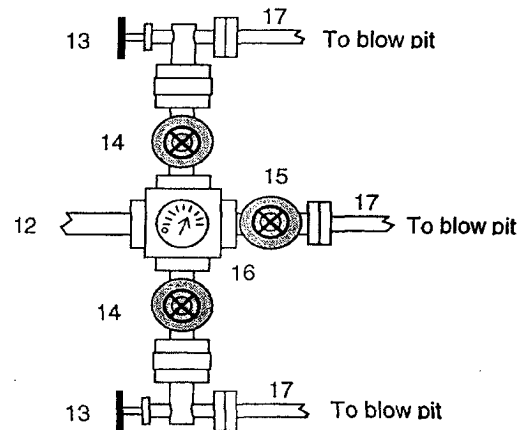
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

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 #:** 254A

Surface Location:

Unit: F **Section:** 23 **Township:** 32N **Range:** 8W

County: San Juan **State:** New Mexico

Footage: 1599 **from the** North **line,** 1762 **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.