

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

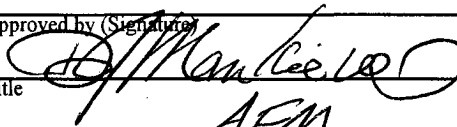
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-078472
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 32-7 UNIT 236A
3a. Address 4001 PENBROOK, SUITE 346 ODESSA, TX 79762	3b. Phone No. (include area code) Ph: 915.368.1352	9. API Well No. 300453244.8
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 1986FNL 1406FWL At proposed prod. zone		10. Field and Pool, or Exploratory 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 28 T32N R7W 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	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 3357 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6582 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well 320 W2
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	Date 06/28/2004
Title AGENT		
Approved by (Signature) 	Name (Printed/Typed)	Date 3-31-05
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 #32407 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

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

NMOCD

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 71629	Pool Name BASIN FRUITLAND COAL
Property Code 31329	Property Name SAN JUAN 32-7 UNIT		Well Number 236A
OMRID No. 217817	Operator Name CONOCOPHILLIPS COMPANY		Elevation 6582'

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
6	29	32N	R7W		1986	NORTH	1406	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
Dedicated Acres 320 W 1/2		Joint or Indiv		Consolidation Code		Order No.			

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

	5278.68'	<p>17 OPERATOR CERTIFICATION I hereby verify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Vicki Westby</i> Signature VICKI R. WESTBY Printed Name SR. ANALYST Title and E-mail Address 6/28/04 Date</p> <p>18 SURVEYOR 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. MAY 13, 2004 Date of Survey Signature and Seal of Professional Surveyor Certificate Number 9625</p>
	SEC. 28	
	5314.98'	

Submit 3 Copies To Appropriate District Office

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District II

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State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103

March 4, 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 32-7

8. Well Number

236 A

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 : 1986 feet from the North line and 1406 feet from the West line

Section 28 Township 32N Range 7W NMPM San Juan County

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

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 28 Twp 32N Rng 7W Pit type Drill Pit Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water 200-1000' 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 NMOC 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 NMOC 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 NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Vickie Westby TITLE Sr. Analyst DATE 6/28/04

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]

Conditions of approval, if any:

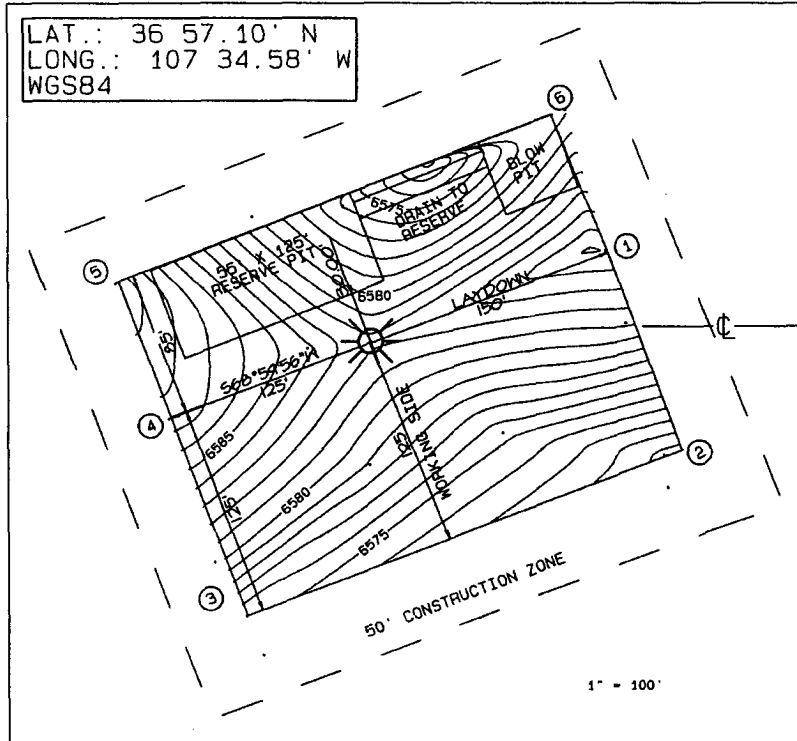
TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4

DATE APR - 1 2005

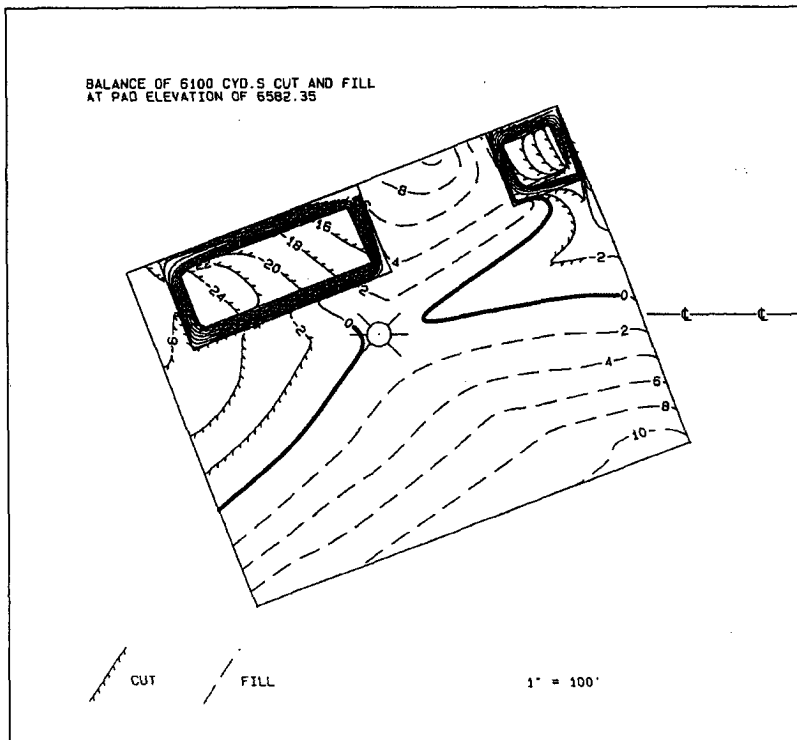
CONOCOPHILLIPS CO.
SAN JUAN 32-7 UNIT 236A
1986 FNL & 1406 FWL SEC 28, T32N R7W, NMPM
SAN JUAN COUNTY, NEW MEXICO

LAT.: 36 57.10' N
 LONG.: 107 34.58' W
 WGS84

OWNERSHIP: BLM



PROPOSED ACCESS
 2919.46'





San Juan Business Unit

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-7 236A

Lease: AFE #: WAN.CBM.4159 AFE \$:
Field Name: hPHILLIPS 32-7 Rig: State: NM County: SAN JUAN API #:
Geoscientist: Murphy, Jim O. Phone: 832-486-2361 Prod. Engineer: Bergman, Pat W. Phone: (832) 486-2358
Res. Engineer: Anderson, Derrick K Phone: 832 486-3486 Proj. Field Lead: Phone:

Primary Objective (Zones):

Zone	Zone Name
JCV	BASIN FRUITLAND COAL (GAS)

Location: Surface Straight Hole
Latitude: 36.95 Longitude: -107.58 X: Y: Section: 28 Range: 7W
Footage X: 1406 FWL Footage Y: 1986 FNL Elevation: 6582 (FT) Township: 32N
Tolerance:

Location Type: Start Date (Est.): Completion Date: Date In Operation:

Formation Data: Assume KB = 6595 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	13	6582	<input type="checkbox"/>			
Surface Casing	213	6382	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	885	5710	<input type="checkbox"/>			
OJAM	2335	4260	<input type="checkbox"/>			Possible water flows.
KRLD	2455	4140	<input type="checkbox"/>			
FRLD	3005	3590	<input type="checkbox"/>			Possible gas.
Intermediate Casing	3145	3450	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
BASE MAIN COAL	3265	3330	<input type="checkbox"/>	400		
Total Depth	3357	3238	<input type="checkbox"/>			6-1/4" hole possibly underreamed to 9.5". Optional Liner: 5.5", 15.5#, J-55 LTC - left uncemented.
PC TONGUE	3365	3230	<input type="checkbox"/>			

Reference Wells:

Reference Type	Well Name	Comments
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Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo
TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☐ TDT
Additional Information:

Comments: 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

San Juan 32-7 # 236A

SURFACE CASING :

Drill Bit Diameter	12.25 "	
Casing Outside Diameter	9.625 "	9.001
Casing Weight	32.3 ppf	
Casing Grade	H-40	
Shoe Depth	230 '	40 '
Cement Yield	1.16 cuft/sk	
Excess Cement	125 %	
Casing Capacity	0.0787 bbl/ft	0.4419 cuft/ft
Hole / Casing Annulus Capacity	0.0558 bbl/ft	0.3132 cuft/ft

Cement Required 155.0 sx

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

INTERMEDIATE CASING :

Drill Bit Diameter	8.75 "	
Casing Outside Diameter	7 "	6.456
Casing Weight	20 ppf	
Casing Grade	J-55	
Shoe Depth	3145 '	
Lead Cement Yield	2.61 cuft/sk	
Lead Cement Excess	160 %	
Tail Cement Length	300 '	42 '
Tail Cement Yield	1.27 cuft/sk	
Tail Cement Excess	160 %	
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 407.0 sx
Tail Cement Required 99.8 sx

LINER TOP 3125 '

SHOE 3145 ', 7 ", 20 ppf, J-55

LINER BOTTOM 3357' (Uncemented)

San Juan 32-7 # 236A		
9-5/8" Surface Casing		
Cement Slurry	Class G	
	+ 2% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
Cement Volume	155	sx
Cement Yield	1.16	cuft/sx
Cement Volume	179.75	cuft
Cement Density	15.8	ppg
Water Required	4.983	gal/sx

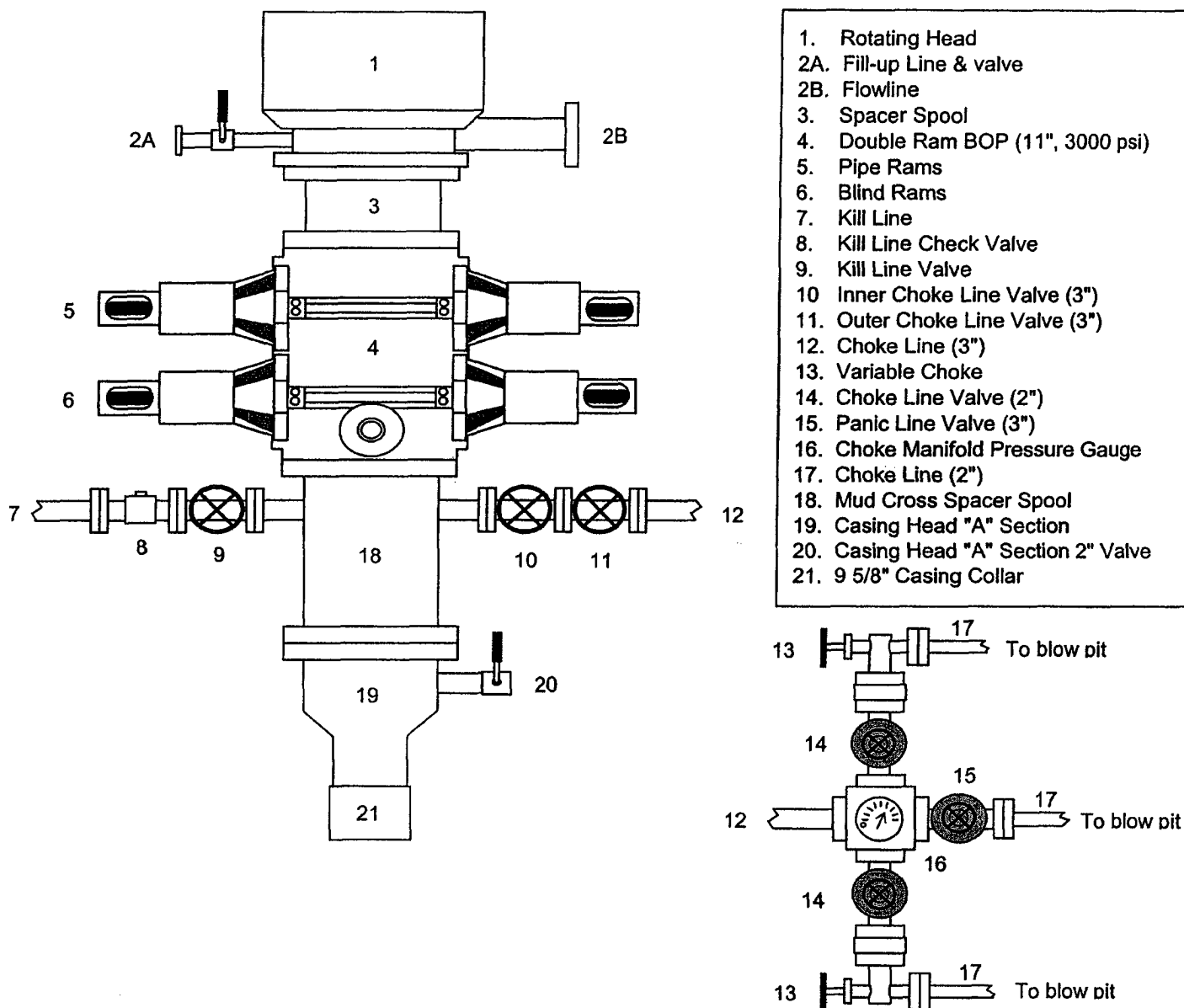
San Juan 32-7 # 236A

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	407	sx
Cement Yield	2.61	cuft/sx
Cement Volume	1062.18	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

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

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



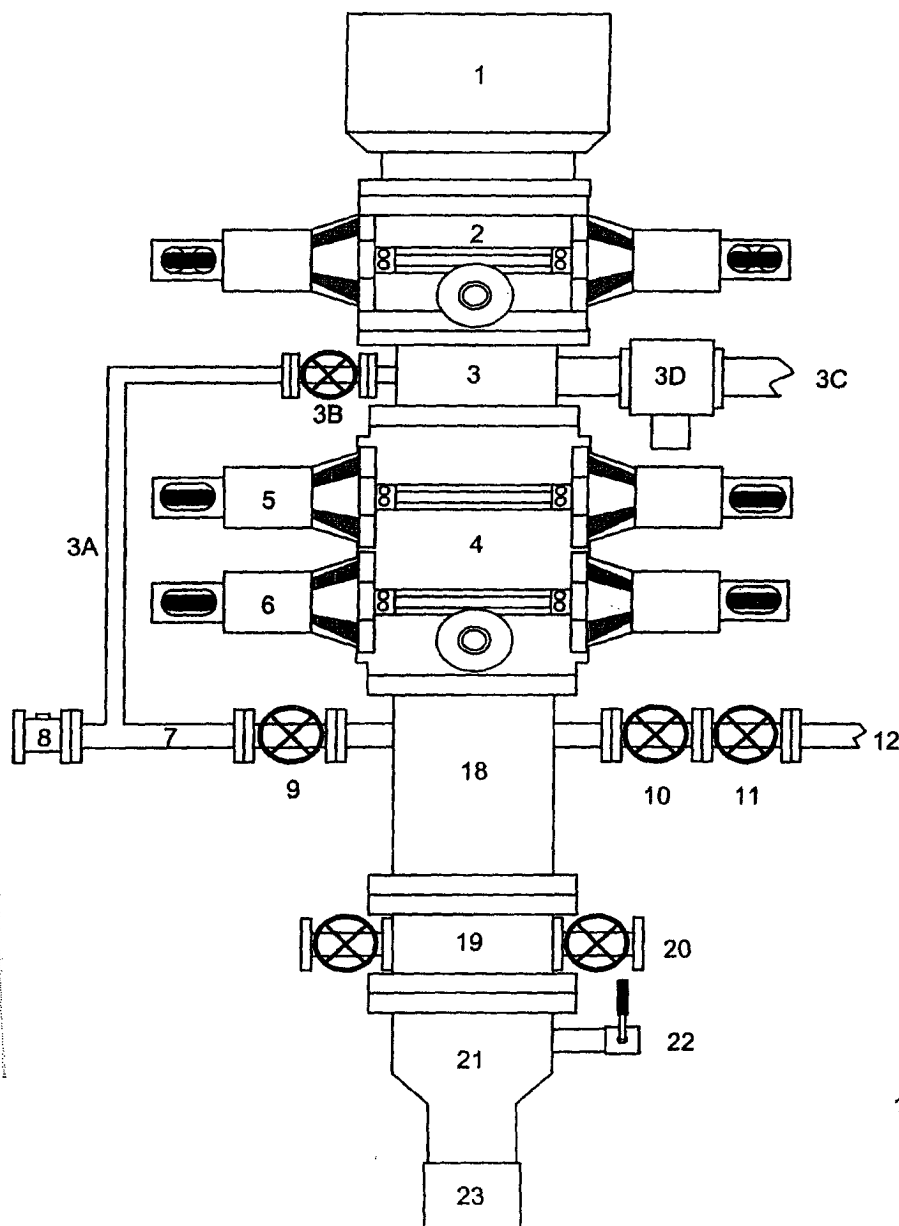
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

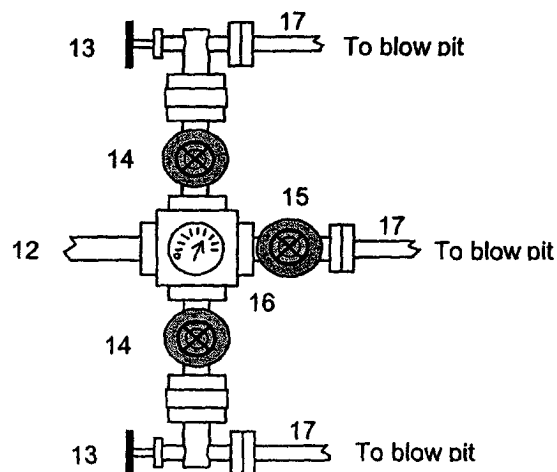
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

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).

Cathodic Protection System Description

Anode Bed Type	Deep Well	
Hole Size	8"	
Hole Depth	200' - 500'	As required to place anodes below moisture and in low resistance strata.
Surface Casing	8" Diam., \geq 20' Length. Cemented in Annular Space	When needed, casing will be installed at an adequate depth to control ground water flow. Casing will extend a minimum of 2' above grade, be surrounded by a concrete pad, and sealed with a PVC cap. Steel casing will be substituted when boulders are encountered.
Vent Pipe	1" Diam. PVC	Vent pipe will extend from bottom of hole, through top of casing cap, and sealed with a 1" perforated PVC cap.
Type Of Anodes	Cast Iron Or Graphite	
Number Of Anodes	8 - 20	Sufficient quantity to achieve a total anode bed resistance of < 1 ohm and a design life \geq 20 years.
Anode Bed Backfill	Loversco SW Calcined Petroleum Coke Breeze	Installed from bottom of hole to 10' above top anode.
Anode Junction Box	8 - 20 Circuit Fiberglass Or Metal	Sealed to prevent insect & rodent intrusion.
Current Splitter Box	2 - 5 Circuit Metal	Sealed to prevent insect & rodent intrusion.
DC / AC Cable	DC: #2, #4, #6, #8 Stranded Copper (One Size Or Any Combination Of) With High Molecular Weight Polyethylene (HMWPE) Insulation. AC: #8 Stranded Copper HMWPE	18" depth in typical situation, 24" depth in roadway, & 36" depth in arroyos and streams. EXCEPTION: If trenching is in extremely hard substratum, depth will be 8 - 12" with cable installed in conduit. Installed above foreign pipelines if 1' clearance is available, if not, installed under foreign pipeline with 1' clearance (AC cable always installed under foreign pipeline in conduit).
Power Source	1) Rectifier 2) Solar Power Unit 3) Thermoelectric Generator	Choice of power source depending on availability of AC & other economic factors.
External Painting	Color to be selected according to BLM specifications.	Paint applied to any surface equipment associated with the CP system which can reasonably be painted.