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OTC FARMINGTON NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.
SF-079047

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

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

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
SAN JUAN 32-8 UNIT #17B

2. Name of Operator
ConocoPhillips Company

9. API Well No.
30-045-33547

3a. Address
4001 Penbrook, Odessa, TX 79762

3b. Phone No. (include area code)
432-368-1230

10. Field and Pool, or Exploratory

4. Location of Well (Report location clearly and in accordance with any State requirements, *)
At surface NWSW 1965 FSL - 385 FWL
At proposed prod. zone

BLANCO MESAVERDE
11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 23, T31N, R8W NMPM
L

14. Distance in miles and direction from nearest town or post office*

12. County or Parish
SAN JUAN

13. State
NM

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
880 ACRES

17. Spacing Unit dedicated to this well
320.0 ACRES - W/2

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth
6054'

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6519' GL

22 Approximate date work will start*

23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must 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 BLM~

25. Signature
Peggy James
Title
Sr. Associate

Name (Printed/Typed)
Peggy James

Date
1/20/2006

Approved by (Signature)
M. M. Mendenhall
Title
AFM

Name (Printed/Typed)
Office
FFO

Date
4/24/06

Application approval 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.
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.

*(Instructions on page 2)

HOLD C104 FOR N^{SL}

ConocoPhillips Company proposes to drill a vertical wellbore to the Blanco Mesaverde formation. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD / ROW.

NMOCD
R

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33547		*Pool Code 72319	*Pool Name BLANCO MESAVERDE
*Property Code 31330 ✓	*Property Name SAN JUAN 32-8 UNIT ✓		*Well Number 17B
*GRID No. 217817 ✓	*Operator Name CONOCOPHILLIPS COMPANY ✓		*Elevation 6519' ✓

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
L	23	31N	8W		1965	SOUTH	385	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 320.0 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

<div><p>15</p><p>5233.14'</p><p>LEASE SF-079047 860 Acres</p><p>5187.60'</p><p>305'</p><p>1965'</p><p>5212.68'</p><p>LAT: 36°52.8770' N LONG: 107°39.1212' W DATUM: NAD27</p></div>	<div><p>¹⁷ 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>Virgil E Chavez</i></p><p>Signature Virgil E. Chavez</p><p>Printed Name Projects & Operations Lead</p><p>Title <i>December 8, 2005</i></p><p>Date</p></div>
	<div><p>¹⁸ 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>Survey Date: SEPTEMBER 1, 2005</p><p>Signature and Seal of Professional Surveyor</p><div><p>JASON C. EDWARDS NEW MEXICO 15269 REGISTERED PROFESSIONAL SURVEYOR</p></div><p><i>JASON C. EDWARDS</i> Certificate Number 15269</p></div>

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. 30-045-33547	
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	17B
9. OGRID Number	217817
10. Pool name or Wildcat BLANCO MESAVERDE	

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 <u>L</u> <u>1965</u> feet from the <u>SOUTH</u> line and <u>385</u> feet from the <u>WEST</u> line Section <u>23</u> Township <u>31N</u> Range <u>8W</u> NMPM <u>SAN JUAN</u> County	

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6519' GL

Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Closure <input type="checkbox"/>	
Pit type <u>DRILL</u>	Depth to Groundwater <u>90'</u>
Distance from nearest fresh water well <u>5181'</u>	
Distance from nearest surface water <u>160'</u>	
Liner Thickness: <u>12</u> mil	Below-Grade Tank: Volume <u>4400</u> bbls; Construction Material <u>SYNTHETIC</u>

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 1103. 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 COPC June 2005 General Pit Plan on file with the NMOCD. 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

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 Peggy James TITLE Sr. Associate DATE 1/20/2006

Type or print name E-mail address peggy.s.james@conocophillips.com Telephone No.: (432)368-1230

For State Use Only

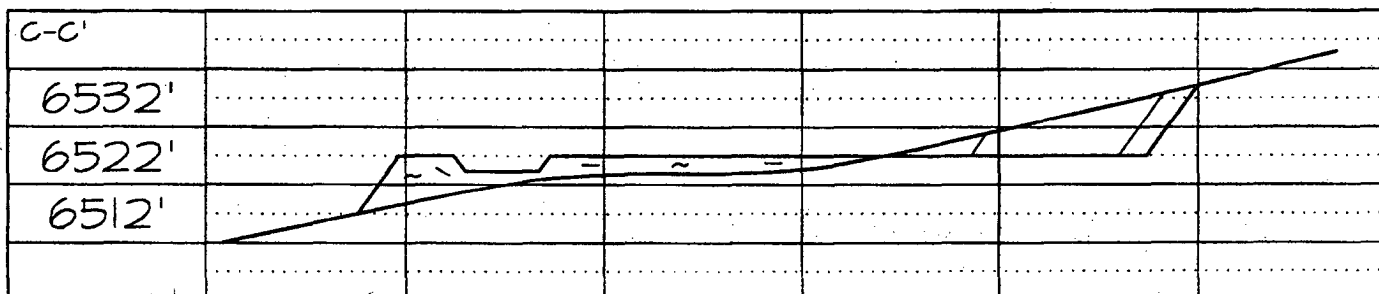
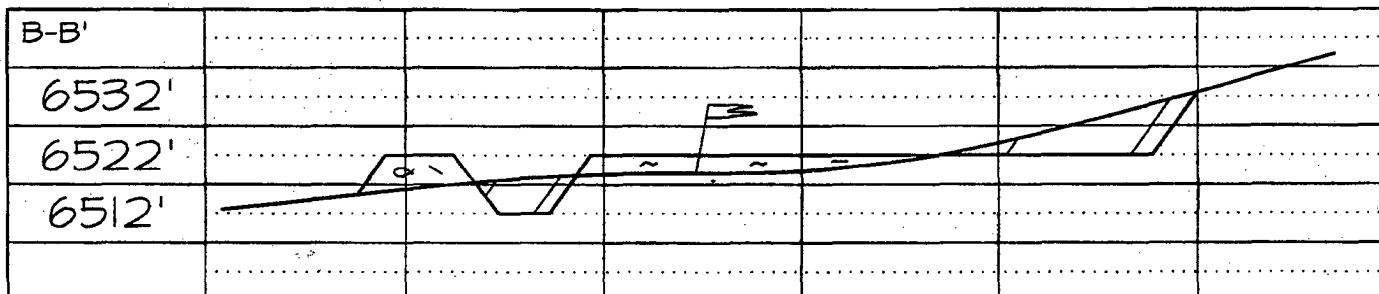
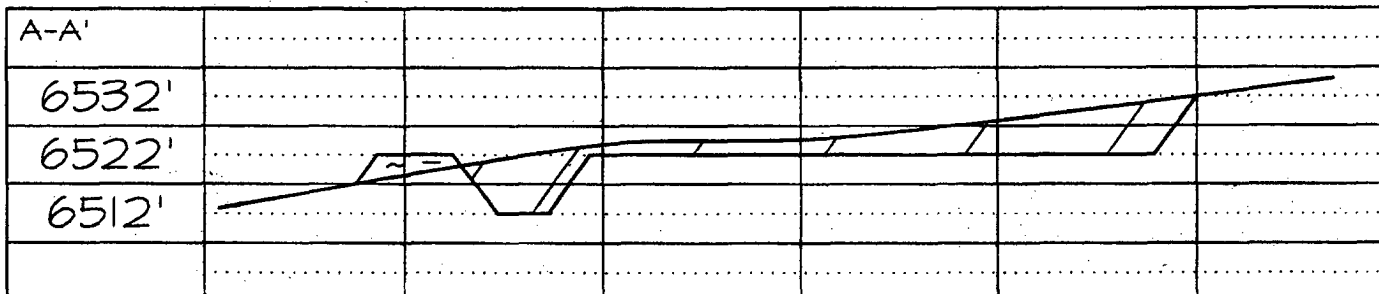
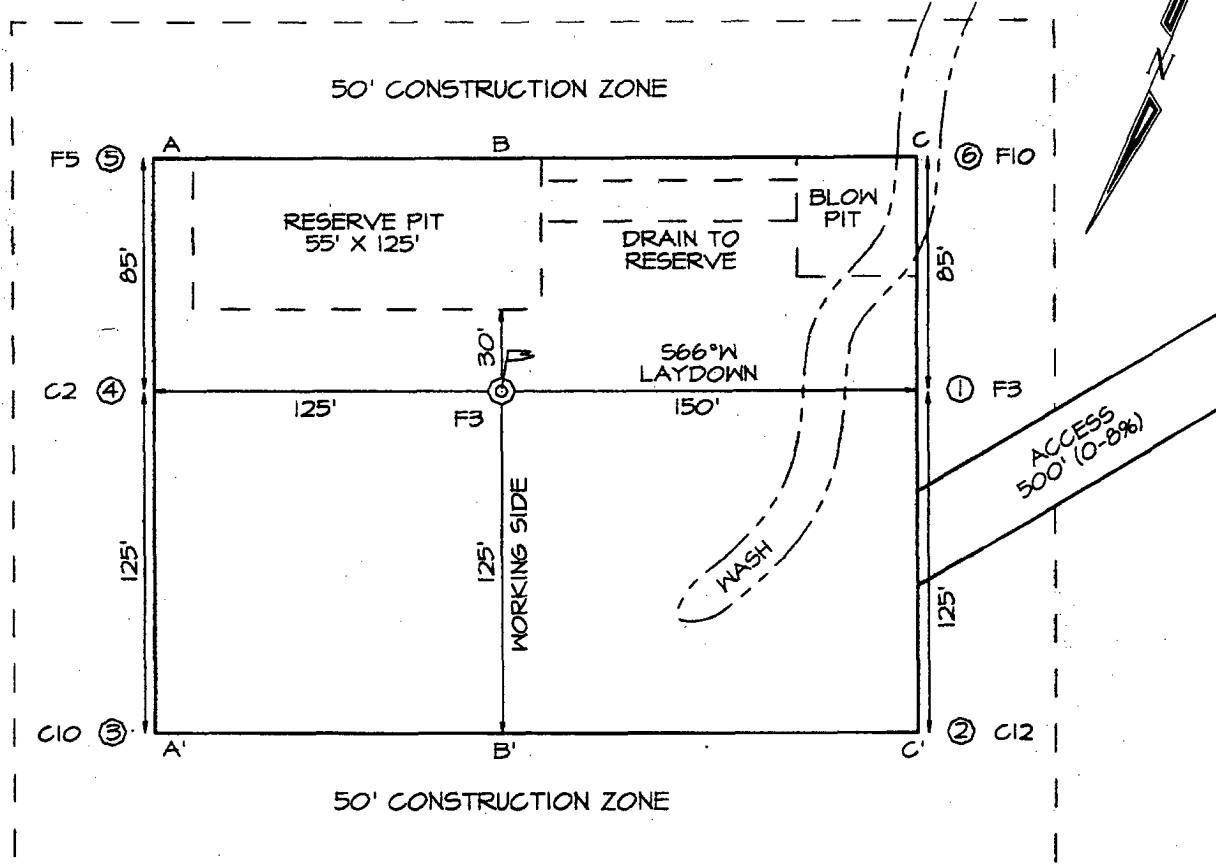
APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. III DATE APR 26 2006
Conditions of Approval (if any):

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #17B
1965' FSL & 385' FWL, SECTION 23, T31N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6519'

LATITUDE: 36.88128° N
LONGITUDE: 107.65202° W
 DATUM: NAD1927

PLAT NOTE:

SURFACE OWNER
 Bureau of Land
 Management



PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 17B

Lease:		AFE #: WAN.CNV.6229		AFE \$:	
Field Name: 32-8	Rig:	State: NM	County: SAN JUAN	API #:	
Geoscientist: Brain, Ted H.	Phone: 832-486-2592	Prod. Engineer: Piotrowicz, Greg M.	Phone: +1 832-486-3486		
Res. Engineer: Skinner, Steve E	Phone: 832 486-2651	Proj. Field Lead: Hernandez, Lino	Phone: 5053245816		

Primary Objective (Zones):

Zone	Zone Name
R20002	MESAVERDE(R20002)

Location: Surface

Straight Hole

Latitude: 36.88	Longitude: -107.65	X:	Y:	Section: 23	Range: 8W
Footage X: 385 FWL	Footage Y: 1965 FSL	Elevation: 6519	(FT)	Township: 31N	

Tolerance:

Location Type: Summer Only	Start Date (Est.):	Completion Date:	Date In Operation:
Formation Data: Assume KB = 6534 Units = FT			

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SURFACE CSG	216	6318	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	864	5670	<input type="checkbox"/>			
CJAM	2214	4320	<input type="checkbox"/>			Possible water flows.
KRLD	2354	4180	<input type="checkbox"/>			
FRLD	3084	3450	<input type="checkbox"/>			Possible gas.
PCCF	3434	3100	<input type="checkbox"/>			
LEWS	3734	2800	<input type="checkbox"/>			
Intermediate Casing	3834	2700	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
CHRA	4584	1950	<input type="checkbox"/>			
CLFH	5384	1150	<input type="checkbox"/>			Gas; possibly wet
MENF	5424	1110	<input type="checkbox"/>			Gas; possibly wet
PTLK	5704	830	<input type="checkbox"/>			Gas.
MNCS	5954	580	<input type="checkbox"/>			
Total Depth	6054	480	<input type="checkbox"/>			6-1/4" Hole. 4-1/2", 10.5 ppf, J-55, STC casing. Circulate cement a minimum of 100' inside the previous casing string. No open hole logs. Cased hole TDT with GR to surface.

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:

Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks
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San Juan 32-8 # 17B
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	235'	
Cement Yield	1121	cuft/sk
Excess Cement	125	%
Cement Required	141	sx

SHOE 235 ', 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	3834'	
Lead Cement Yield	288	cuft/sk
Lead Cement Excess	150	%
Tail Cement Length	766.8'	
Tail Cement Yield	133	cuft/sk
Tail Cement Excess	150	%
Lead Cement Required	383	sx
Tail Cement Required	224	sx

SHOE 3834 ', 7 ", 20 ppf, J-55 STC

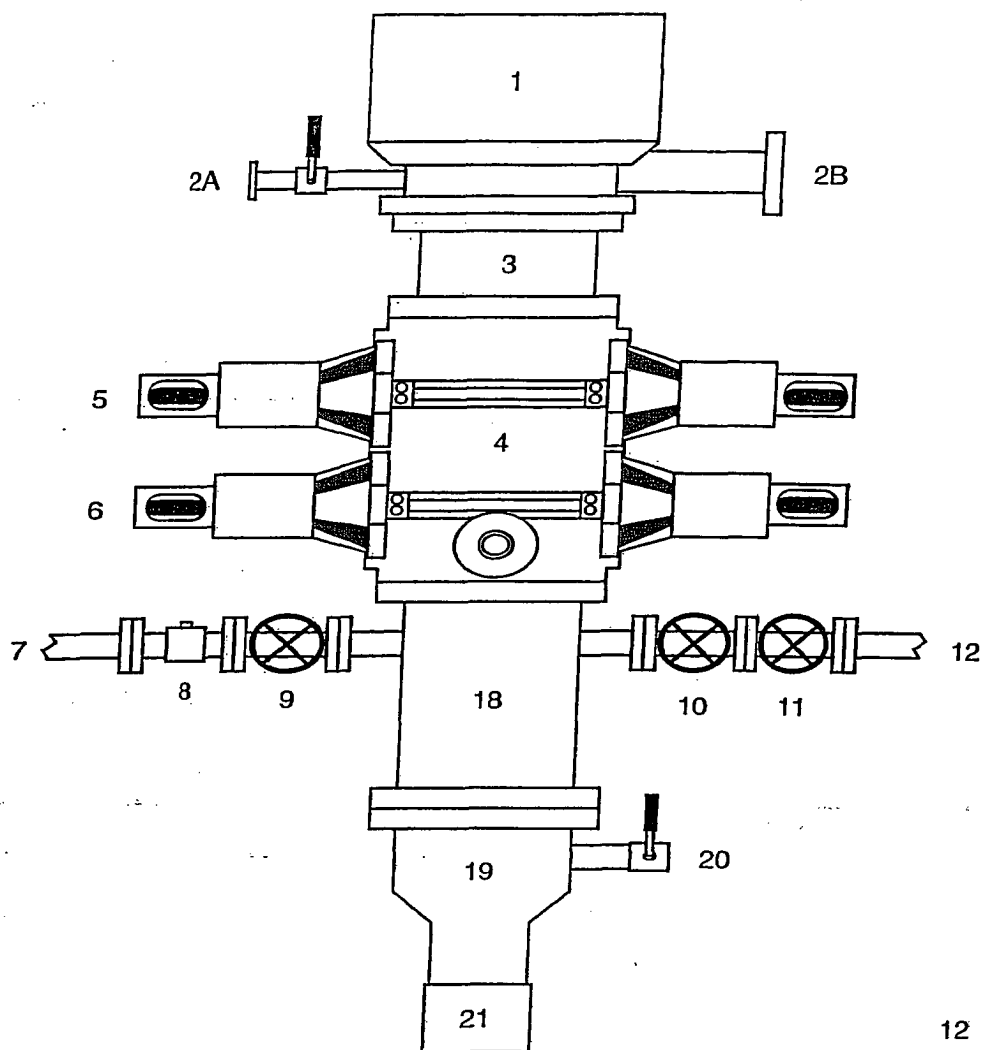
PRODUCTION CASING :

Drill Bit Diameter	6.25"	
Casing Outside Diameter	4.5"	Casing Inside Diam. 4.052"
Casing Weight	10.5	ppf
Casing Grade	J-55	
Top of Cement	3634'	200' inside intermediate casing
Shoe Depth	6054'	
Cement Yield	145	cuft/sk
Cement Excess	50	%
Cement Required	252	sx

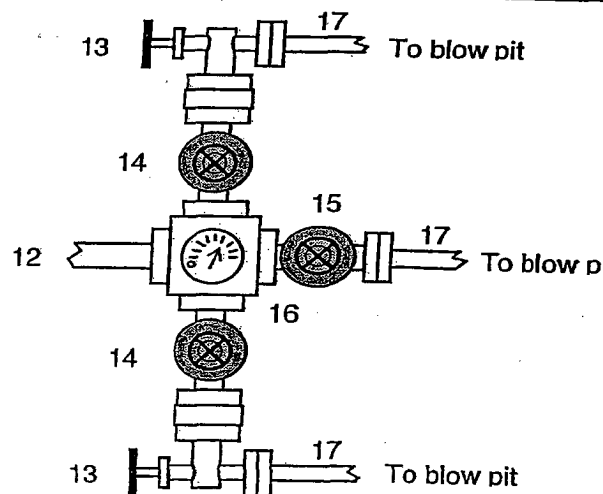
SHOE 6054 ', 4.5 ", 10.5 ppf, J-55 STC

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

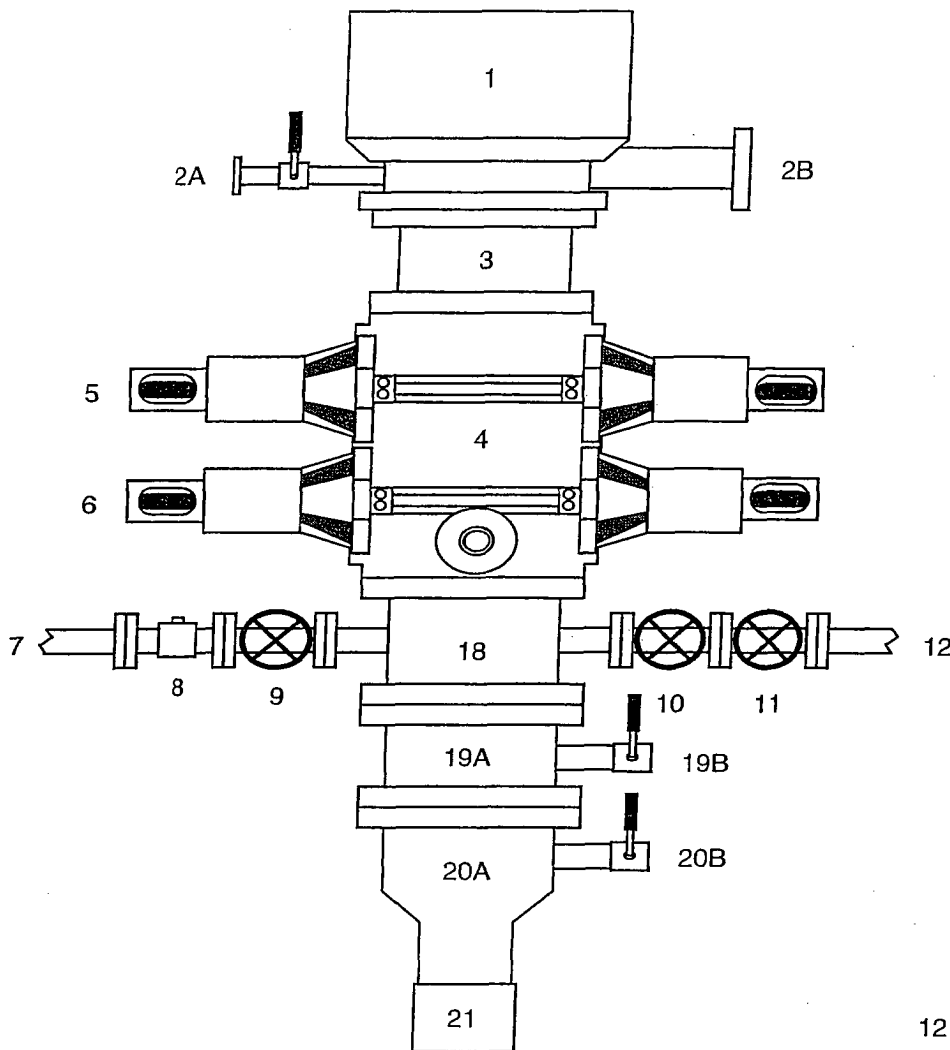


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

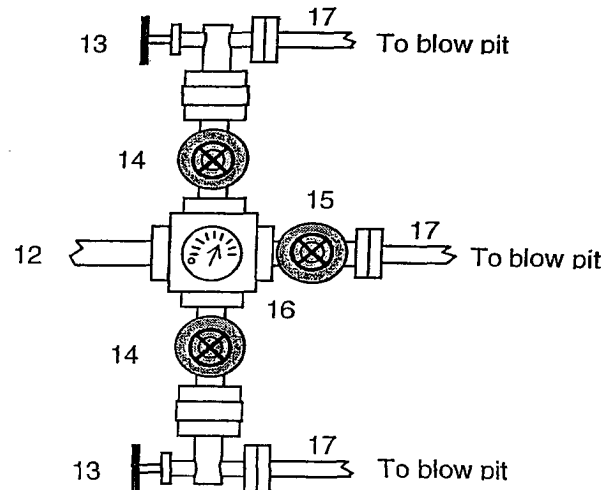
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Bleeie Line (for Air Drilling)
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
- 19A Csg Spool "B" Section (11", 3M)
- 19B "B" Section Csg Valve (2", 3M)
- 20A Csg Head "A" Section (11", 3M)
- 20B "A" Section Csg Valve (2", 3M)
21. 9 5/8" Casing Collar



After the 7" intermediate casing has been run and cemented, the Casing Spool ("B" Section) will be installed on the wellhead ("A" Section) and the BOP will be installed on the Casing Spool. A test plug will be set in the wellhead and the pipe rams, blind rams, and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 minutes and to 3000 psi (high pressure test) for 10 minutes. Then the test plug will be removed and 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. Then we will air drill the 6-1/4" hole to TD and run and cement the 4-1/2" casing.

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

Property : SAN JUAN 32-8 UNIT **Well #:** 17B

Surface Location:

Unit: L **Section:** 23 **Township:** 31N **Range:** 8W

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

Footage: 1965 **from the** SOUTH **line,** 385 **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.