

Form 3160-3
(February 2005)

2006 APR 10 AM 9 58

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-012299	
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 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.	
3a. Address 4001 Penbrook, Odessa, TX 79762		8. Lease Name and Well No. SAN JUAN 31-6 UNIT #40M	
3b. Phone No. (include area code) 432-368-1230		9. API Well No. 30-039-26932	
4. Location of Well (Report location clearly and in accordance with any State requirements, *) At surface SENE 1916 FNL - 469 FEL At proposed prod. zone		10. Field and Pool, or Exploratory BLANCO MESAVERDE / BASIN DAKOTA	
14. Distance in miles and direction from nearest town or post office*		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 1, T30N, R6W NMPM H	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		12. County or Parish RIO ARRIBA	
16. No. of acres in lease 386.61 ACRES		13. State NM	
17. Spacing Unit dedicated to this well DK: 272.81 ACRES - N/2 MV: 226.61 ACRES - E/2			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 7951'		20. BLM/BIA Bond No. on file	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6435' GL		22. Estimated duration	
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 	Name (Printed/Typed) Peggy James	Date 04/06/2006
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Title
Senior Associate

Approved by (Signature) 	Name (Printed/Typed) J. Mankiewicz	Date 5/8/06
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Title
AFM

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 CTR FOR NSP For Blanco Mesaverde
NSL For each pool

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

This well will be downhole commingled pursuant to the terms and conditions outlined in Order R-11363.

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

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

NMOC

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

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

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 30-039-26932	*Pool Code 71629	*Pool Name 71549 DAKOTA / MESAVERDE 72319
*Property Code A650263 A650114	*Property Name 31328 SAN JUAN 31-6 UNIT	*Well Number 40M
*GRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY	*Elevation 6435

Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	1	30N	06W	1916		NORTH	469	EAST	RIO ARRIBA

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 N/2 272.87/2 225.6	*Joint or Infill	*Consolidation Code	*Order No.
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DAK & NV

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

16	
	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Virgil Chavez</i> Signature Virgil Chavez Printed Name Projects & Operations Lead Title and Email Address March 22, 2006 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. Date of Survey 02/24/06 Signature of Professional Surveyor: <i>Henry P. Broadhurst, Jr.</i> Circular stamp: HENRY P. BROADHURST, JR., NEW MEXICO, 11333, PROFESSIONAL SURVEYOR Certificate No. 62658303</p>

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. 30-039-26932	
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 31-6 UNIT	
8. Well Number	40M
9. OGRID Number	217817
10. Pool name or Wildcat BLANCO MESAVERDE / BASIN DAKOTA	

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>H</u> <u>1916</u> feet from the <u>NORTH</u> line and <u>469</u> feet from the <u>EAST</u> line Section <u>1</u> Township <u>30N</u> Range <u>6W</u> NMPM <u>RIO ARRIBA</u> County	

I 1. Elevation (Show whether DR, RKB, RT, GR, etc.)
6435' GL

Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Closure <input type="checkbox"/>	
Pit type <u>DRILL</u>	Depth to Groundwater <u>40'</u>
Distance from nearest fresh water well <u>5735'</u>	
Distance from nearest surface water <u>>1000'</u>	
Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume: <u>4400</u> bb1s; 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 I 103. 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 Senior Associate

DATE 04/06/2006

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, DISTRICT I

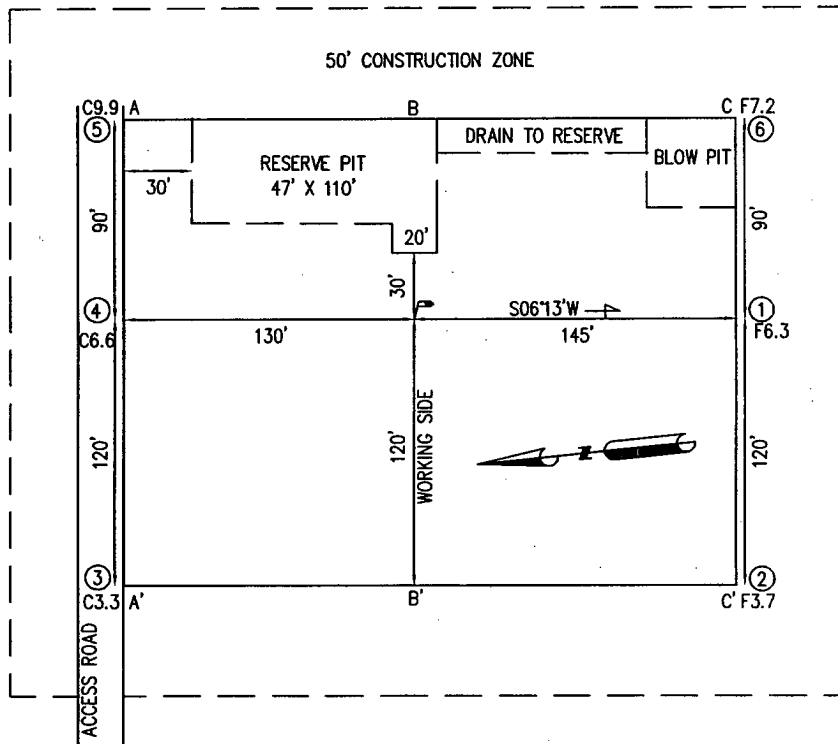
DATE

MAY 08 2006

Conditions of Approval (if any):

CONOCOPHILLIPS COMPANY SAN JUAN 31-6 UNIT #40M
 1916' FNL & 469' FEL, SECTION 1, T30N, R06W, NMPM
 RIO ARriba COUNTY, NEW MEXICO ELEVATION: 6435'

LATITUDE: 36.84360° N
 LONGITUDE: 107.40880° W
 DATUM: NAD27



PLAT NOTE:
 SURFACE OWNER
 BLM

A-A'						
6445'						
6435'						
6425'						

B-B'						
6445'						
6435'						
6425'						

C-C'						
6445'						
6435'						
6425'						

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 31-6 40M

Lease:		AFE #: 1/1		AFE \$:	
Field Name: 31-6	Rig: H&P 283	State: NM	County: RIO ARRIBA	API #:	
Geoscientist: Glaser, Terry J	Phone: (832)486-2332	Prod. Engineer: Pusch, Jenney	Phone: 832-486-2345		
Res. Engineer: Tomberlin, Timothy A	Phone: 486-2328	Proj. Field Lead:	Phone:		

Primary Objective (Zones):

Zone	Zone Name
R20002	MESAVERDE(R20002)
R20076	DAKOTA(R20076)

Location: Surface		Datum Code: NAD 27		Straight Hole	
Latitude: 36.843600	Longitude: -107.408800	X:	Y:	Section: 1	Range: 6W
Footage X: 469 FEL	Footage Y: 1916 FNL	Elevation: 6435	(FT)	Township: 30N	

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

Formation Data: Assume KB = 6451 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216	6235	<input type="checkbox"/>			13-1/2" hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
CJAM	2451	4000	<input type="checkbox"/>			Possible water flows.
KRLD	2651	3800	<input type="checkbox"/>			
FRLD	3071	3380	<input type="checkbox"/>			Possible gas.
PCCF	3371	3080	<input type="checkbox"/>			
LEWS	3571	2880	<input type="checkbox"/>			
Intermediate Casing	3671	2780	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
CHRA	4521	1930	<input type="checkbox"/>			
CLFH	5351	1100	<input type="checkbox"/>			Gas; possibly wet
MENF	5391	1060	<input type="checkbox"/>			Gas.
PTLK	5621	830	<input type="checkbox"/>			Gas.
MNCS	5871	580	<input type="checkbox"/>			
CLLP	6901	-450	<input type="checkbox"/>			Gas. Possibly wet.
CRHN	7641	-1190	<input type="checkbox"/>			Gas possible, highly fractured
CBBO	7801	-1350	<input type="checkbox"/>			Gas
TOTAL DEPTH DK	7951	-1500	<input type="checkbox"/>			6 1/4" Hole. 4 1/2", 11.6 ppf, N-80, LTC 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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PROJECT PROPOSAL - New Drill / Sidetrack**SAN JUAN 31-6 40M****Logging Program:**Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple ComboTD 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: Location/Tops/Logging - TD is 310' below top of Greenhorn

General/Work Description - This well is in the DK PA.

TOPSET FRUITLAND COAL Wells: (topset casing above coal to prepare for cavitation/DO/UR)

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

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

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

CASE & FRAC FRUITLAND COAL Wells: (casing set below coal to prepare for frac completion)

Drilling Mud Program:

Surface: spud mud

Production: fresh water mud with bentonite and polymer as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Production: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

MESA VERDE Wells:

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

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

DAKOTA Wells:

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

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

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

HOLE: 13.5"
CSG OD: 9.625"
CSG ID: 9.001"
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %
DEPTH: 235'

HOLE: 8.75"
CSG OD: 7"
CSG ID: 6.456"
WGT: 20 ppf
GRADE: J-55
EXCESS: 150 %
TAIL: 734.2'
DEPTH: 3671'

HOLE: 6.25"
CSG OD: 4.5"
CSG ID: 4"
WGT: 11.6 ppf
GRADE: N-80
EXCESS: 50 %
DEPTH: 7953'

SURFACE:
Option 1
222 sx
188.2 bbls
1056.9 cuft
2.72 ft³/sx
11.7 ppg
15.74 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal
Comp. Strength
9 hrs 300 psi
48 hrs 525 psi
2.72 ft³/sx
11.7 ppg
15.74 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal
Comp. Strength
9 hrs 300 psi
48 hrs 525 psi

INTERMEDIATE LEAD:

Option 1

389 sx
188.2 bbls
1056.9 cuft
2.72 ft³/sx
11.7 ppg
15.74 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal
Comp. Strength
9 hrs 300 psi
48 hrs 525 psi

Option 2

406 sx
188.2 bbls
1056.9 cuft
2.80 ft³/sx
11.5 ppg
14.62 gal/sx
Type III Ashgrove Cement
+ 30 lb/sx San Juan Poz
+ 3% Bentonite
+ 5.0 lb/sx Phenoseal
Comp. Strength
12 hrs 350 psi
24 hrs 450 psi

Option 3

402 sx
188.2 bbls
1056.9 cuft
2.83 ft³/sx
11.7 ppg
15.92 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet
Comp. Strength
3 hrs 100 psi
24 hrs 443 psi

INTERMEDIATE TAIL:

Option 1

218 sx
50.9 bbls
285.6 cuft
1.31 ft³/sx
13.5 ppg
5.317 gal/sx
50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% S001 Calcium Chloride
+ 2% D020 Bentonite
+ 1.5 lb/sx D024 Gilsontite Extender
+ 0.1% D046 Antifoamer
+ 6 lb/sx Phenoseal
Comp. Strength
3:53 500 psi
8:22 1000 psi
24 hrs 3170 psi
48 hrs 5399 psi

Option 2

215 sx
50.9 bbls
285.6 cuft
1.33 ft³/sx
13.5 ppg
5.52 gal/sx
50/50 Poz: Standard Cement
+ 2% Bentonite
+ 6.0 lb/sx Phenoseal
Comp. Strength
2:05 50 psi
4:06 500 psi
12 hrs 1250 psi
24 hrs 1819 psi

Option 3

223 sx
50.9 bbls
285.6 cuft
1.28 ft³/sx
13.5 ppg
5.255 gal/sx
50/50 Poz: Class G Cement
+ 2% D020 Bentonite
+ 5.0 lb/sx D024 Gilsontite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoamer
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet
Comp. Strength
24 hrs 1850 psi
48 hrs 3411 psi

PRODUCTION:

Option 1

474 sx
121.5 bbls
682.4 cuft
1.44 ft³/sx
13.0 ppg
6.47 gal/sx
50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% D020 Bentonite
+ 1.0 lb/sx D024 Gilsontite Extender
+ 0.25% D167 Fluid Loss
+ 0.25% D065 Dispersant
+ 0.1% D800 Retarder
+ 0.1% D046 Antifoamer
+ 3.5 lb/sx Phenoseal
Comp. Strength
7 hrs 500 psi
24 hrs 2100 psi

Option 2

471 sx
121.5 bbls
682.4 cuft
1.45 ft³/sx
13.1 ppg
6.55 gal/sx
50/50 Poz: Standard Cement
+ 3% Bentonite
+ 0.2% CFR-3 Friction Reducer
+ 0.1% HR-5 Retarder
+ 0.8% Halad-9 Fluid Loss Additive
+ 3.5 lb/sx Phenoseal
Comp. Strength
9:32 50 psi
12 hrs 500 psi
13:29 1026 psi
24 hrs 2300 psi

San Juan 31-6 #40M

HOLE: 13.5 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %
DEPTH: 2351

SURFACE:

INTERMEDIATE LEAD:

Option 4

367 sx
188.2 bbls
1056.9 cuft
2.88 ft³/sx
11.5 ppg
16.85 gal/sx
Standard Cement
+ 3% Econolite (Extender)
+ 10 lb/sx Phenoseal

Comp. Strength
1:47 50 psi
12 hrs 350 psi
24 hrs 450 psi

HOLE: 8.75 "
CSG OD: 7 "
CSG ID: 6.456 "
WGT: 20 ppf
GRADE: J-55
EXCESS: 150 %

TAIL: 734.2

DEPTH: 3671

Option 5

503 sx
188.2 bbls
1056.9 cuft
2.10 ft³/sx
11.7 ppg
11.724 gal/sx
75% Type XI/25% Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% D079 Extender
+ 0.20% D046 Antifoam

Comp. Strength
10:56 500 psi
42 hrs 1012 psi

INTERMEDIATE TAIL:

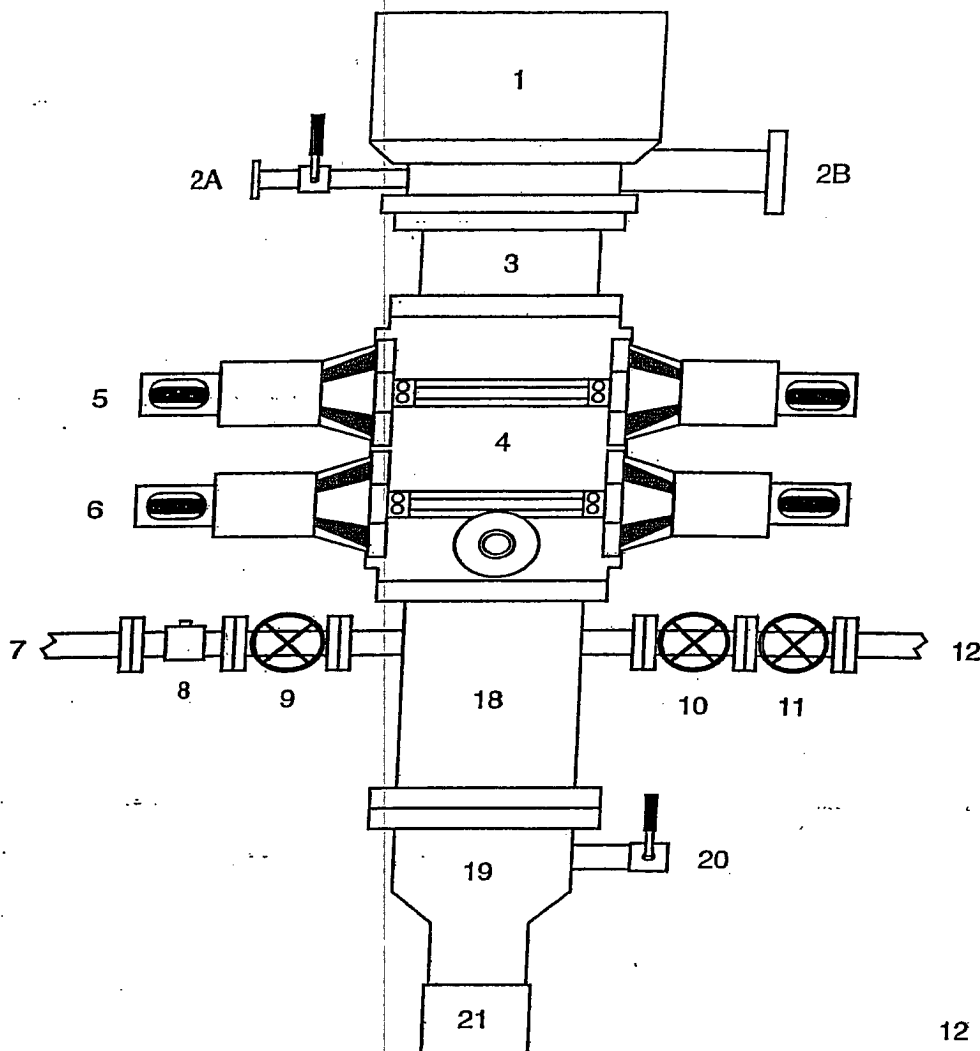
HOLE: 6.25 "
CSG OD: 4.5 "
CSG ID: 4 "
WGT: 11.6 ppf
GRADE: N-80
EXCESS: 50 %

PRODUCTION:

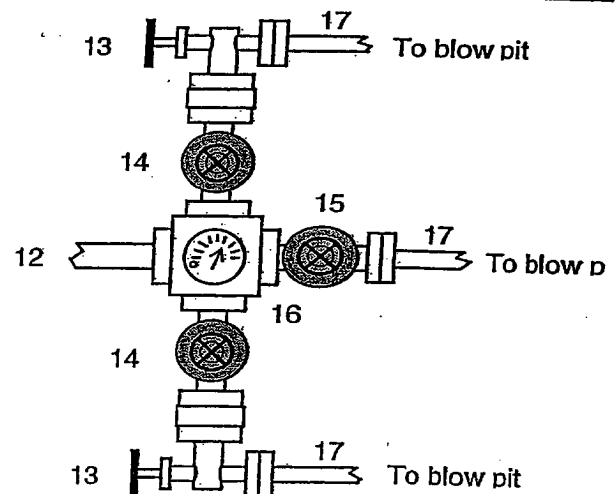
DEPTH: 7951

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

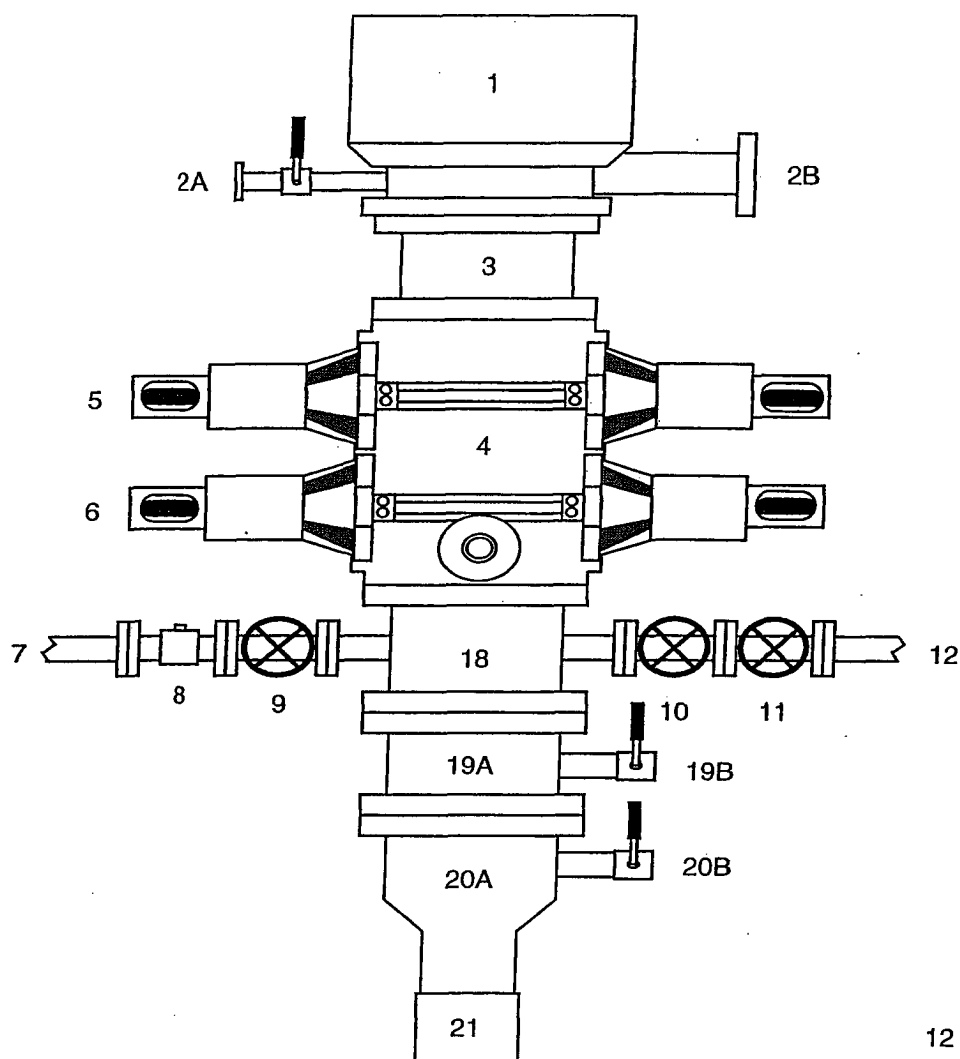


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

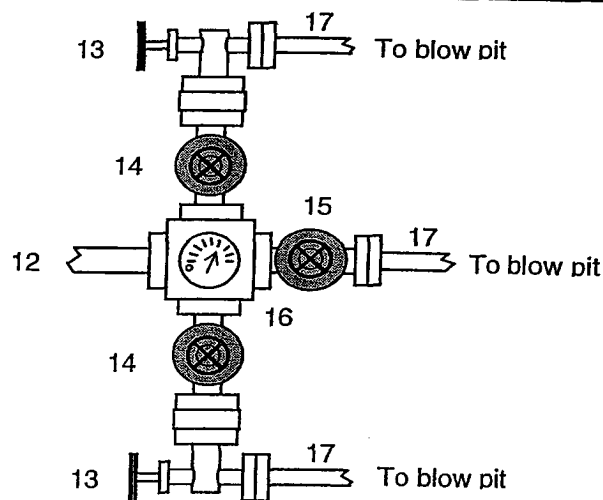
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Bloopie 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 31-6 UNIT Well #: 40M

Surface Location:

Unit: H Section: 1 Township: 30N Range: 6W

County: RIO ARRIBA State: New Mexico

Footage: 1916 from the NORTH line, 469 from the EAST 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.