

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

2006 APR 3

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

5. Lease Serial No.
RECEIVED SF-079047

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

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

NMNM 078424A

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

8. Lease Name and Well No.

SAN JUAN 32-8 UNIT #17C

2. Name of Operator
ConocoPhillips Company

9. API Well No.

30-045-33681

3a. Address
4001 Penbrook, Odessa, TX 79762

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

10. Field and Pool, or Exploratory

F BLANCO MESAVERDE

4. Location of Well (Report location clearly and in accordance with any State requirements, *)

At surface SENW 1465 FNL - 2020 FWL

11. Sec., T. R. M. or Blk. and Survey or Area

SECTION 23, T31N, R8W NMPM

At proposed prod. zone

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

6100'

20. BLM/BIA Bond No. on file

ES0085

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
6555' 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

Name (Printed/Typed)

Peggy James

Date

3/30/2006

Title

Senior Associate

Approved by (Signature)

Jim Lovelace

Name (Printed/Typed)

Date

6/8/06

Title

Acting ARM

Office

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)

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.

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

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33681	*Pool Code 72319	*Pool Name BLANCO MESAVERDE
*Property Code 31330	*Property Name SAN JUAN 32-8 UNIT	*Well Number 17C
*OGRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY	*Elevation 6555'

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
F	23	31N	8W		1465	NORTH	2020	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.		

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>16</p><p>LEASE SF-079047 880 acres</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> Signature Virgil E. Chavez Printed Name Projects & Operations Lead Title <i>March 13, 2006</i> 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 29, 2005</p><p>Signature and Seal of Professional Surveyor</p><div><p><i>JASON C. EDWARDS</i> Certificate Number 15269</p></div></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. 30-045-33681
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 17C
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 F 1465 feet from the NORTH line and 2020 feet from the WEST line Section 23 Township 31N Range 8W NMPM SAN JUAN County	

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6555' GL

Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Closure <input type="checkbox"/>
Pit type DRILL Depth to Groundwater 90' Distance from nearest fresh water well 2100' Distance from nearest surface water 270'
Liner Thickness: 12 mil Below-Grade Tank: Volume: 4400 bbls ; Construction Material: Synthetic

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 ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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.

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 3/30/2006

Type or print name

E-mail address peggy.s.james@conocophillips.com

Telephone No.: (432)368-1230

For State Use Only

APPROVED BY: [Signature]
Conditions of Approval (if any):

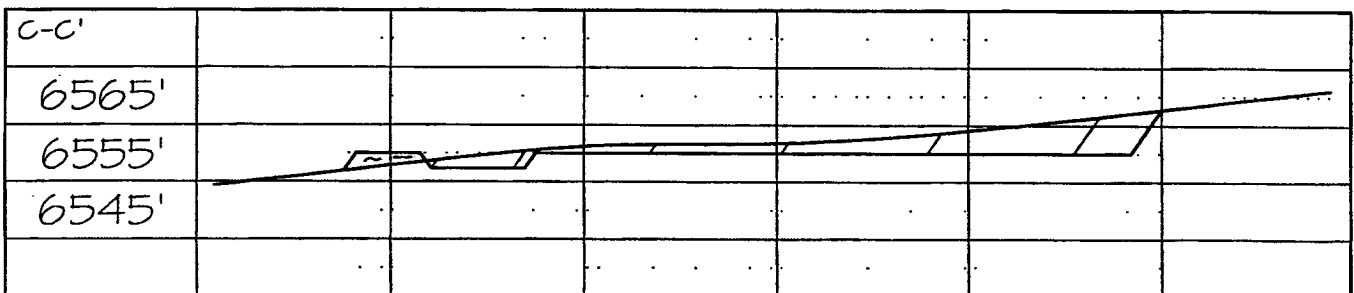
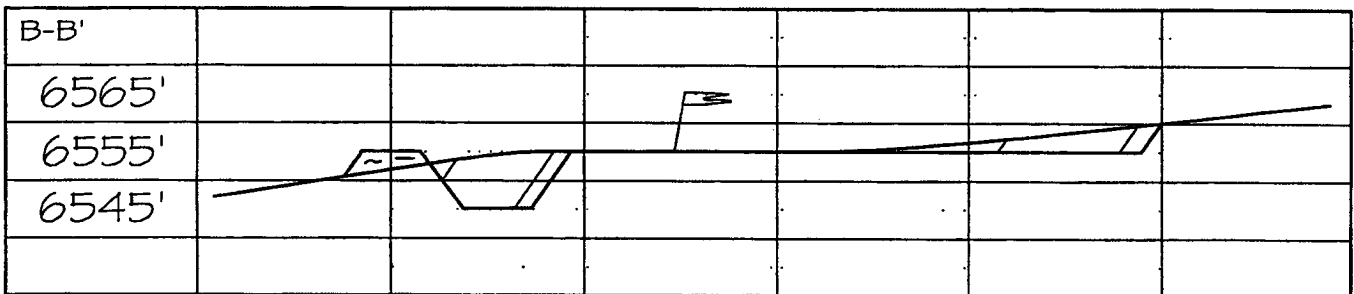
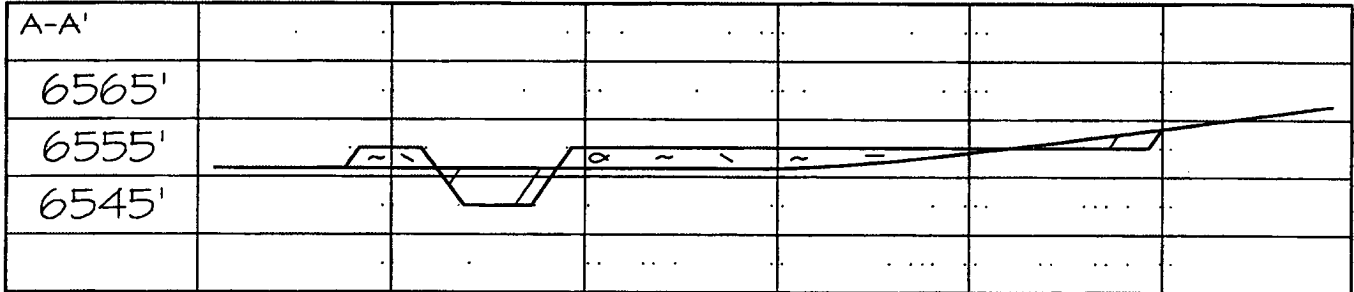
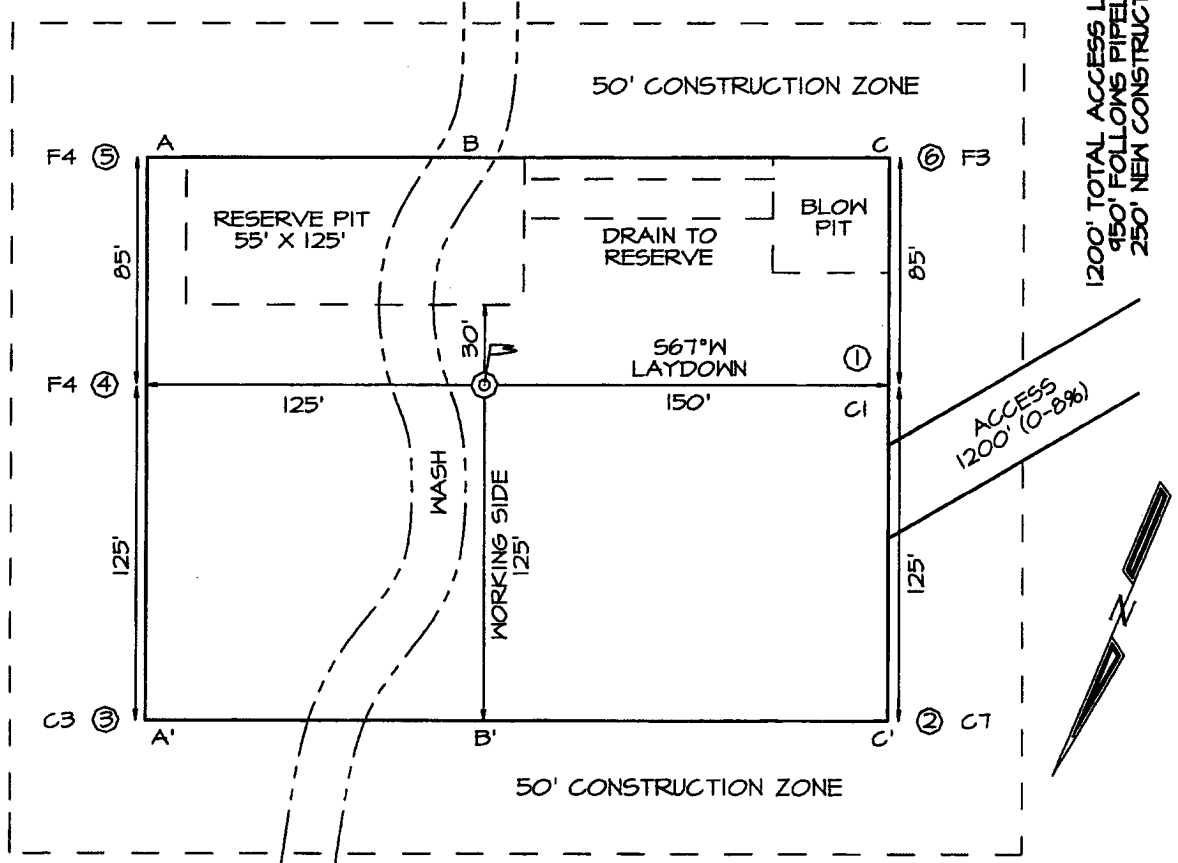
TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE JUN 12 2006

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #17C
1465' FNL & 2020' FWL, SECTION 23, T31N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6555'

LATITUDE: 36.88610° N
LONGITUDE: 107.64655° W
 DATUM: NAD1927

PLAT NOTE:

SURFACE OWNER
 Bureau of Land
 Management



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 17C

Lease:		AFE #: WAN.CNV.6230		AFE \$:	
Field Name: 32-8		Rig:		State: NM County: SAN JUAN	
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: Fransen, Eric E. Phone:	

Primary Objective (Zones):

Zone	Zone Name
R20002	MESAVERDE(R20002)

Location: Surface		Datum Code: NAD 27			
Latitude: 36.886100	Longitude: -107.646550	X:	Y:	Section: 23	Range: 8W
Footage X: 2020 FWL	Footage Y: 1465 FNL	Elevation: 6555	(FT)	Township: 31N	

Tolerance:	
Location Type: Summer Only	Start Date (Est.):
Completion Date:	Date In Operation:
Formation Data: Assume KB = 6570 Units = FT	

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216	6354	<input type="checkbox"/>			13-1/2 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	915	5655	<input type="checkbox"/>			
CJAM	2250	4320	<input type="checkbox"/>			Possible water flows.
KRLD	2395	4175	<input type="checkbox"/>			
FRLD	3120	3450	<input type="checkbox"/>			Possible gas.
PCCF	3470	3100	<input type="checkbox"/>			
LEWS	3670	2900	<input type="checkbox"/>			
Intermediate Casing	3770	2800	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
CHRA	4600	1970	<input type="checkbox"/>			
CLFH	5410	1160	<input type="checkbox"/>			Gas; possibly wet
MENF	5460	1110	<input type="checkbox"/>			Gas.
PTLK	5750	820	<input type="checkbox"/>			Gas.
MNCS	6000	570	<input type="checkbox"/>			
TOTAL DEPTH MV	6100	470	<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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HOLE: 13.5 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %
DEPTH: 235'

SURFACE:
Option 1
222 sx
46.2 bbls
259.5 cuft
1.17 ft³/sx
15.8 ppg
4.973 gal/sx
Class G Cement
+ 3% S001 Calcium Chloride
+ 0.25 lb/sx D029 Cellophane Flakes

Option 2
214 sx
46.2 bbls
259.5 cuft
1.21 ft³/sx
15.6 ppg
5.29 gal/sx
Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Flocele

Option 3
413 sx
193.5 bbls
1086.6 cuft
2.63 ft³/sx
11.7 ppg
15.92 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet

INTERMEDIATE LEAD:

HOLE: 8.75 "
CSG OD: 7 "
CSG ID: 6.466 "
WGT: 20 ppf
GRADE: J-55
EXCESS: 150 %
TAIL: 754'
DEPTH: 3770'

Option 1
399 sx
193.5 bbls
1086.6 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

Option 2
418 sx
193.5 bbls
1086.6 cuft
2.60 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

Option 3
413 sx
193.5 bbls
1086.6 cuft
2.63 ft³/sx
11.7 ppg
15.92 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet

INTERMEDIATE TAIL:

HOLE: 6.25 "
CSG OD: 4.5 "
CSG ID: 4.052 "
WGT: 10.5 ppf
GRADE: J-55
EXCESS: 50 %
DEPTH: 6100'

Option 1
224 sx
52.2 bbls
293.0 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 Gilsolite Extender
+ 0.1% D046 Antifoam
+ 6 lb/sx Phenoseal

Option 2
220 sx
52.2 bbls
293.0 cuft
1.33 ft³/sx
13.5 ppg
5.52 gal/sx
50/50 Poz: Standard Cement
+ 2% Bentonite
+ 6.0 lb/sx Phenoseal

Option 3
229 sx
52.2 bbls
293.0 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 Gilsolite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoam
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet

PRODUCTION:

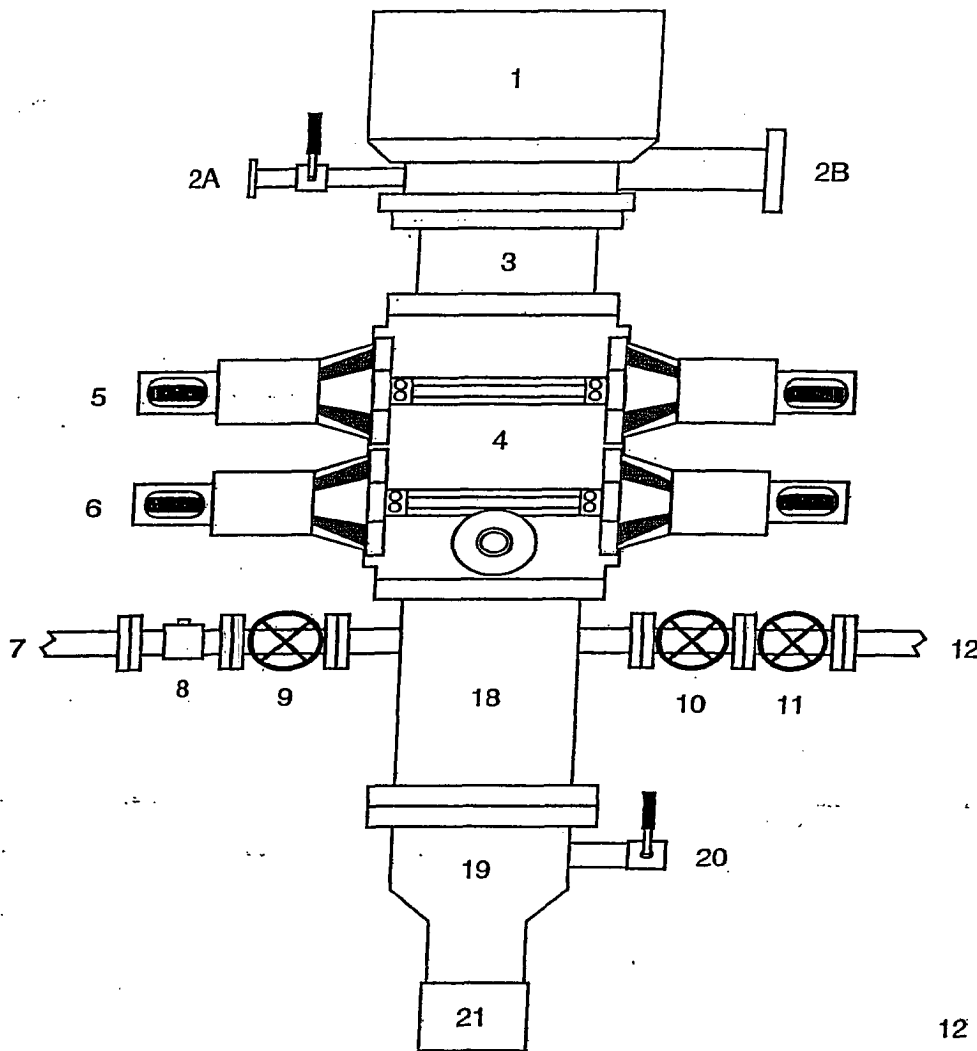
Option 1
265 sx
68.1 bbls
382.1 cuft
1.44 ft³/sx
13.0 ppg
6.47 gal/sx
50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% D020 Bentonite
+ 1.0 lb/sx D024 Gilsolite Extender
+ 0.25% D167 Fluid Loss
+ 0.25% D065 Dispersant
+ 0.1% D800 Retarder
+ 0.1% D046 Antifoam
+ 3.5 lb/sx Phenoseal

Option 2
264 sx
68.1 bbls
382.1 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

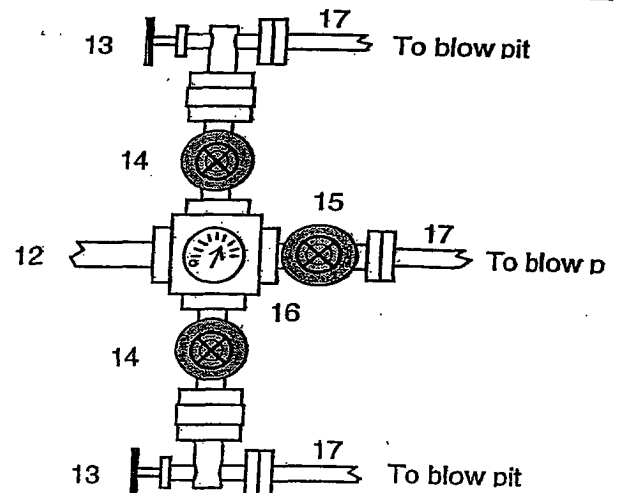
Option 3
229 sx
52.2 bbls
293.0 cuft
1.28 ft³/sx
13.5 ppg
5.255 gal/sx
50/50 Poz: Class G Cement
+ 2% D020 Bentonite
+ 5.0 lb/sx D024 Gilsolite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoam
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

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



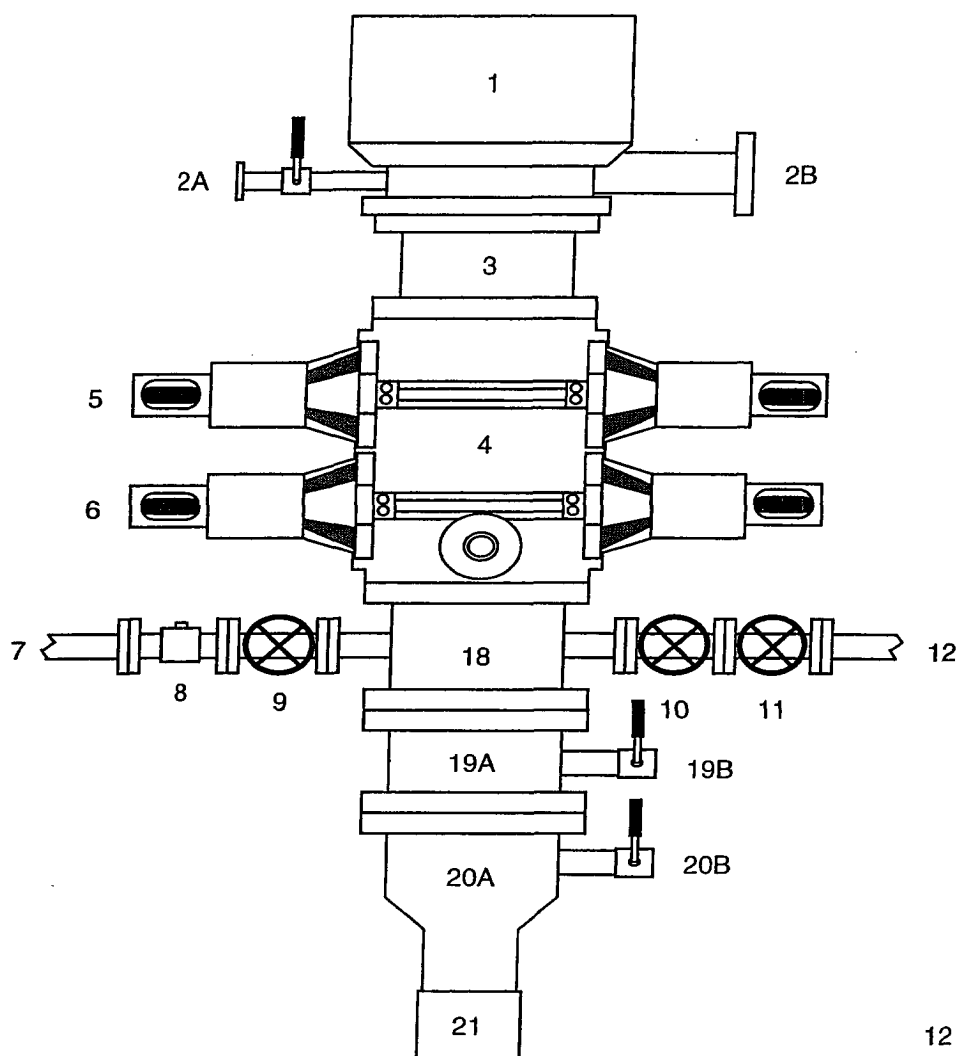
1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 3000 psi)
5. Pipe Rams
6. Blind Rams
7. Kill Line
8. Kill Line Check Valve
9. Kill Line Valve
10. Inner Choke Line Valve (3")
11. Outer Choke Line Valve (3")
12. Choke Line (3")
13. Variable Choke
14. Choke 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



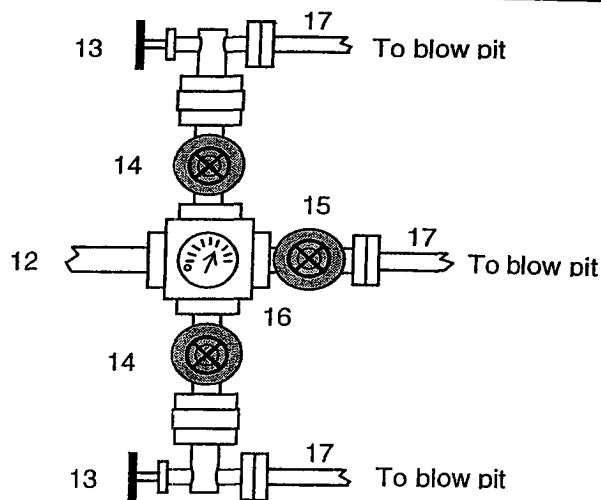
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Blooie 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 #:** 17C

Surface Location:

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

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

Footage: 1465' **from the** NORTH **line,** 2020' **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.