

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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. NMSF078459
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. Unit or CA Agreement Name and No.
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401	3b. Phone No. (include area code) 505-599-3454	8. Lease Name and Well No. San Juan 32-7 Unit #203A
4. Location of Well (Report location clearly and in accordance with any State equipment requirements)* At surface Unit P (SESE), 870' FSL & 925' FEL At proposed prod. zone Same as above		9. API Well No. 3004531813
14. Distance in miles and direction from nearest town or post office* 15.7 miles from Ignacio, CO		10. Field and Pool, or Exploratory Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 870'	16. No. of Acres in lease 2554.38 acres	11. Sec., T., R., M., or Blk. and Survey or Area P Sec. 22, T32N, R7W
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3387'	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6614' GL	22. Approximate date work will start* 9/15/03	13. State NM
17. Spacing Unit dedicated to this well 331.40 E/2		20. BLM/BIA Bond No. on file ES0085
23. Estimated duration 30 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Patsy Clugston</i>	Name (Printed/Typed) Patsy Clugston	Date 7/29/03
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Title
SHEAR Administrative Assistant

Approved by (Signature) <i>/s/ David J. Mankiewicz</i>	Name (Printed/Typed)	Date AUG 22 2003
Title	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 Reverse)

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

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Branco Rd., Artesia, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. 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 30045-3813		Pool Code 71629	Pool Name BASIN Fruitland Coal
Property Code 31329	Property Name SAN JUAN 32-7 UNIT		Well Number 203A
OGED No. 217817	Operator Name PHILLIPS PETROLEUM COMPANY		Elevation 6614

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
P	22	32N	7W		870	SOUTH	925	EAST	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	Joint or Infill	Consolidation Code	Order No.
331.40			

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>N81°57'W 5395.50</p> <p>4 2 1</p> <p>5 7 8</p> <p>10 9</p> <p>11 12</p> <p>S89°58'W 2639.34' S87°50'W 2675.64'</p> <p>6011.28' 5161.20' 925' 870'</p> <p>Section 22</p> <p>AUG 2003 RECEIVED OIL CONS. DIV. DIST 63</p> <p>SF-078459</p>				<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>Dicki Westby</i> Signature <i>Dicki Westby</i> Printed Name <i>Sr. Analyst</i> Title <i>July 23, 2003</i> Date</p> <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>09/10/02 Date of Survey <i>Henry P. Broadhurst</i> Signature and Seal of Licensed Surveyor HENRY P. BROADHURST NEW MEXICO 11398 PROFESSIONAL SURVEYOR</p>	
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CONOCOPHILLIPS COMPANY

WELL NAME: San Juan 32-7 #203A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit P (SESE), 870' FSL & 925' FEL
Section 22, T32, R7W
2. Unprepared Ground Elevation: @ 6614'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3387'.

6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 977'</u>	<u>Base Main Coal - 3312'</u>
<u>Ojo Alamo - 2404'</u>	<u>PC Tongue - 3412'</u>
<u>Kirtland - 2484'</u>	<u>Intermediate casing - 3172'</u>
<u>Fruitland - 3077'</u>	<u>Total Depth - 3387'</u>

TD includes 75' of sump/rathole & COPC will comply with the BLM/OCD's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs Formation.

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Water:	<u>Ojo Alamo - 2404' - 2484'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3077' - 3312'</u>
Gas & Water:	<u>Fruitland Coal - 3077' - 3312'</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3#, H-40 @ 200' *

Intermediate String: 7", 20#, J/K-55 @ 3172'

Production Liner: 5-1/2", 15.5# J/K-55 @ 3052' - 3387' (see details below)

* The surface casing will be set at a minimum of 200', but could be set deeper if required to maintain hole stability.

9. Cement Program:

Circulate Cement

Surface String: 150.2 sx Class G cement with 2% bwoc CaCl₂ (S001), 0.25#/sx Cello-Flake (D029) 1.16 cuft/sx yield = 174.27 cf

9. Cement program: (continued from Page 1)

Intermediate String:

Circulate cement

Lead Cement: 398.1 sx Class G w/3% D079 (Extender) 0.25#/sx D029 (Cellephone flakes, + 0.2% D046 Flocele (All purpose antifoam agent) mixed at 11.7 ppg and yield of 2.61 cuft/sx = 1039.6 cf.

Tail: 96 sx - 50/50/G/POZ cement w/2% D020 (Bentonite Extender), 2% S001 (CaCl₂), 5#/sx D024 (Gilsonite), 1/4#/sx D029 (Cellephone flakes) & 2% D046 (all purpose antifoam agent) @ a weight of 13.5 ppg and yield of 1.27 cuft/sx = 122.29 cf.

Note: ConocoPhillips Company continually works to improve the cement slurries on our wells. Our Cementing Service Companies are currently trying to improve what we are using now and before we would use a new cement program it would have to have stronger properties than we are currently using.

Centralizer Program:

Surface: Total four (4) - 10' above shoe and top of 2nd, 3rd, & 4th jts.

Intermediate: Total seven (7) - 10' above shoe and top of 1st, 2nd, 4th, 6th, 8th, & 1st jt. into shoe.

Turbulators: Total three (3) - one at 1st jt below Ojo Alamo and next 2 jts up.

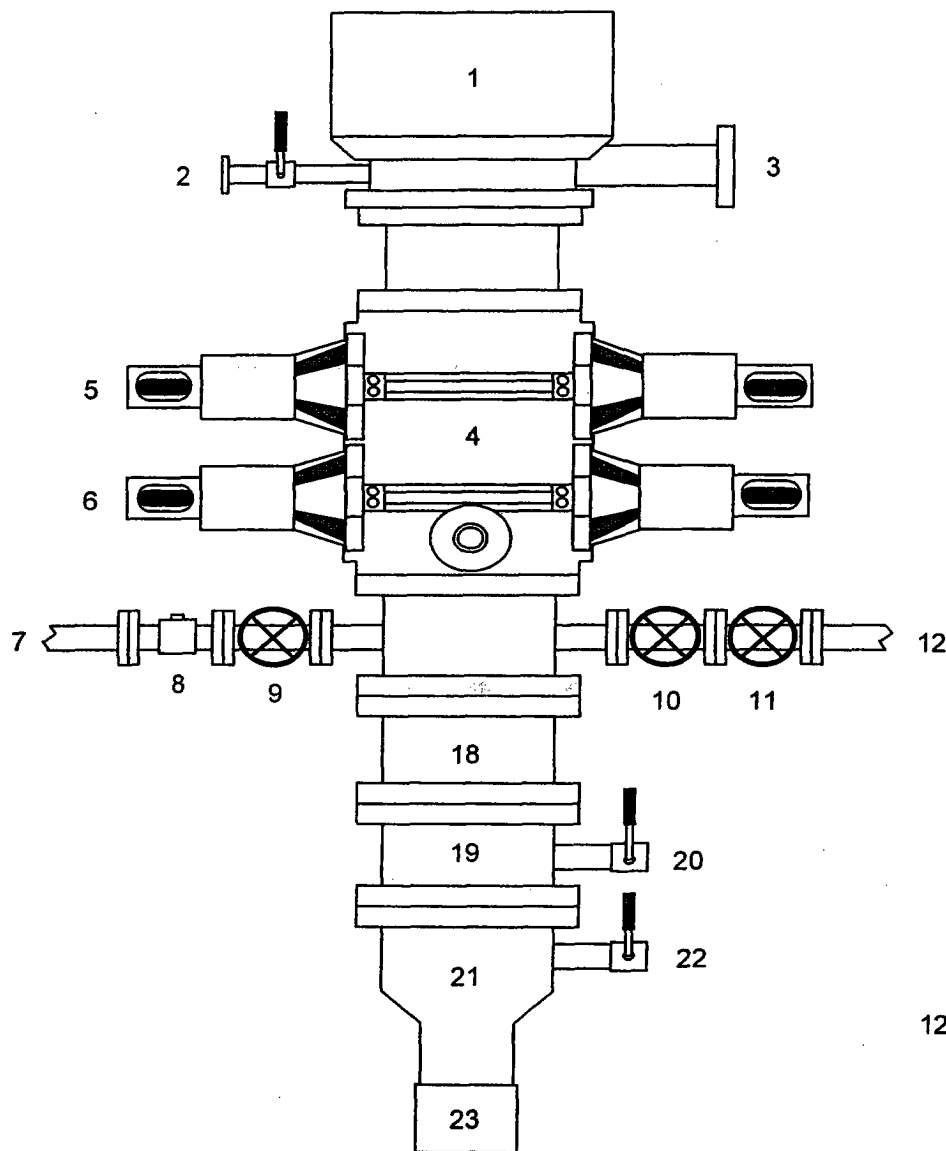
Liner :

- A 5 1/2" 15.5# liner will be run in the open hole without being cemented.

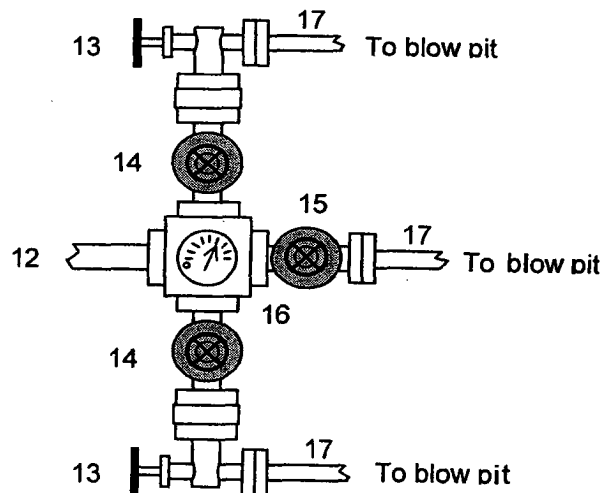
Depending on properties of the coal found while drilling to TD, this well could be either be completed by under-reaming the coal interval and then allowed to flow naturally trying to clean-up, possibly cavitating at a later date if needed, or just cavitated until cleaned out. A 5-1/2", 15.5# liner will be run in the open hole without being cemented for both procedures.

10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series and the testing procedure and testing frequency are enclosed within the APD packet.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.
Below Intermediate - air drilled.

BLOWOUT PREVENTER HOOKUP



1. Rotating Head
2. Fill-up Line & valve
3. Flowline
4. Blowout Preventer (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. Spacer Spool
19. Casing Spool "B" Section
20. Casing Spool "B" Section 2" Valve
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9 5/8" Casing Collar



Drilling contractors used in the San Juan Basin supply 3000 psi equipment, but cannot provide annular preventors because of sub-structure limitations. Maximum anticipated surface pressures for this well will not exceed the working pressure of the proposed BOP system. The above diagram of the BOP system details 2000 psi equipment according to Onshore Order No. 2 even though the equipment will test to 3000 psi. The 2000 psi system allows deletion of the annular preventor and fulfills your requirements.

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

The BOPs will be pressure tested according to Onshore Order #2III, A1 and 30% Safety factor.

**San Juan 32-7 Unit #203A
NMSF078459 – Unit P, 870' FSL & 925' FEL
Section 22, T32N, R7W; San Juan County, NM**

Cathodic Protection

ConocoPhillips proposes to drill a cathodic protection deep well groundbed for the subject well. 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 existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.

See attached drawing on proposed placement of groundbed & underground AC & DC cables and rectifier.