

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RCVD DEC 28 '06
OIL CONS. DIV.
DIST. 3

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	5. Lease Number NM-03567 Unit Reporting Number NMNM-76141-DK NMNM-76140-MV
1b. Type of Well GAS	6. If Indian, All. or Tribe
2. Operator ConocoPhillips	7. Unit Agreement Name
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name Gage 9. Well Number #3G
4. Location of Well Unit A (NENE), 1050' FNL & 731' FEL, Latitude 36° 48.841665'N Longitude 107° 54.217104'W	10. Field, Pool, Wildcat Blanco MV/Basin DK 11. Sec., Twn, Rge, Mer. (NMPM) Sec. 20, T30N, R10W API # 30-045-34106
14. Distance in Miles from Nearest Town	12. County San Juan 13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 731'	17. Acres Assigned to Well DK+ MV - 316.18 acres N/2
16. Acres in Lease	
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease	
19. Proposed Depth 7516'	20. Rotary or Cable Tools Rotary
21. Elevations (DF, FT, GR, Etc.) 6408' GL	22. Approx. Date Work will Start
23. Proposed Casing and Cementing Program See Operations Plan attached	
24. Authorized by: <u>Lindis Leland</u> Regulatory Assistant	Date <u>12/14/06</u>

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

Archaeological Report attached

Threatened and Endangered Species Report attached

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes 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 presentations as to any matter within its jurisdiction.

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

NMOCD

12/28/06

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

RCVD DEC 28 06
OIL CONS. DIV.

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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED
670 FARMINGTON NM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

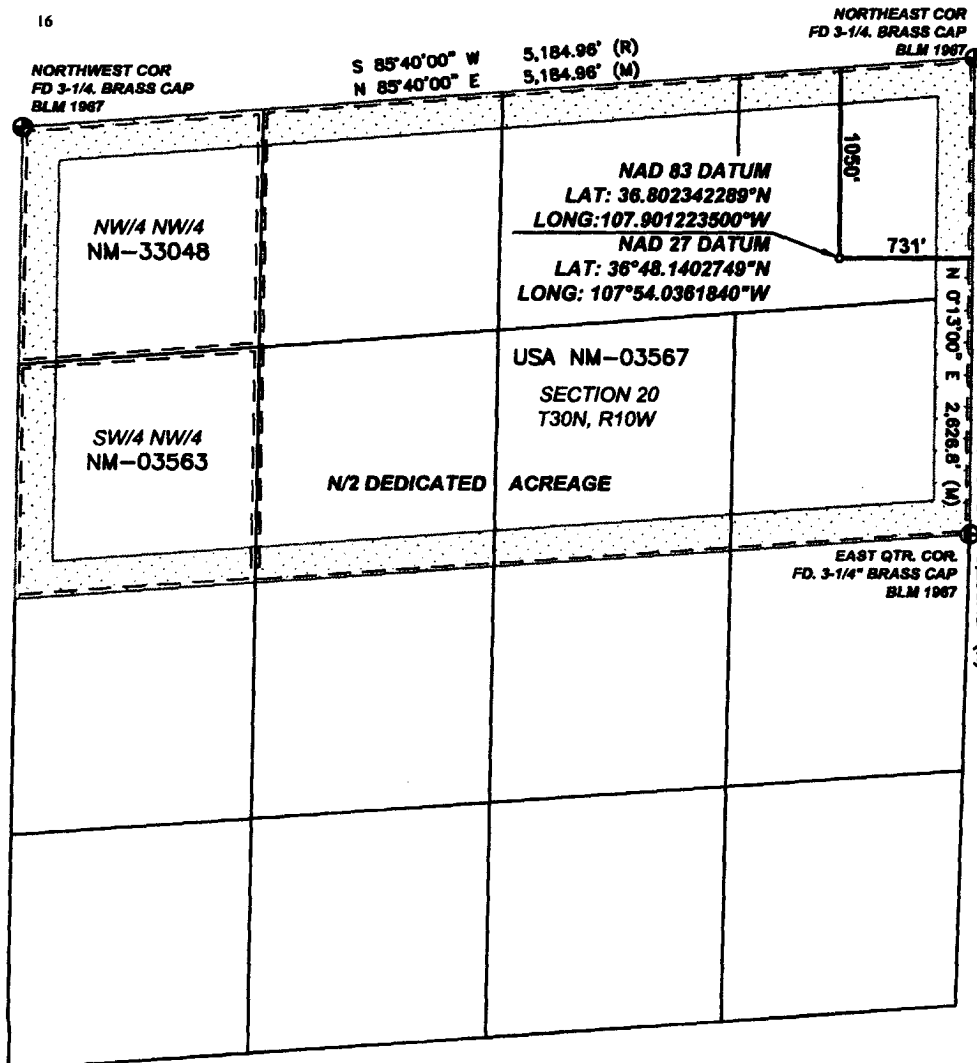
¹ API Number 30-045- 34106		² Pool Code 71599/72319		³ Pool Name DAKOTA / MESA VERDE	
⁴ Property Code 31551		⁵ Property Name GAGE			⁶ Well Number 3G
⁷ OGRID No. 217817		⁸ Operator Name CONOCOPHILLIPS COMPANY			⁹ Elevation 6408.0'

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
A	20	30-N	10-W		1050	NORTH	731	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

¹² Dedicated Acres 316.18N/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



17 OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.	
Signature <i>Kandis Roland</i>	
Printed Name Kandis Roland	
Title and E-mail Address Regulatory Technician	
Date 12/7/2006	
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: 6/9/06	
Signature and Seal of Professional Surveyor: 	
Certificate Number: NM 11583	

District I

1625 N. French Dr., Hobbs, NM 88240

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1301 W. Grand Ave., Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

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1220 S. St. Francis Dr., Santa Fe, NM 87505

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

May 27, 2004

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.)		WELL API NO. <u>045 34106</u> 30-039
1. Type of Well: Oil Well ☐ Gas Well ☒ Other		5. Indicate Type of Lease STATE ☐ FEE ☐
2. Name of Operator ConocoPhillips		6. State Oil & Gas Lease No. NM-03567
3. Address of Operator 3401 E. 30TH STREET, FARMINGTON, NM 87402		7. Lease Name or Unit Agreement Name Gage
4. Well Location Unit Letter <u>A</u> : <u>1050</u> feet from the <u>North</u> line and <u>731</u> feet from the <u>East</u> line Section <u>20</u> Township <u>30N</u> Rng <u>10W</u> NMPM County <u>San Juan</u>		8. Well Number 3G
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6408'		9. OGRID Number 217817
Pit or Below-grade Tank Application ☐ or Closure ☐		10. Pool name or Wildcat Basin Dakota/Blanco Mesaverde
Pit type <u>New Drill</u> Depth to Groundwater <u>>100</u> Distance from nearest fresh water well <u>>1000</u> Distance from nearest surface water <u>>1000</u> Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume <u> </u> bbls; Construction Material <u> </u>		

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 ☐

OTHER: New Drill ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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.

New Drill, Lined:

ConocoPhillips proposes to construct a new drilling pit, an associated vent/flare pit and a pre-set mud pit (if required). Based on ConocoPhillips' interpretation of the Ecosphere's risk ranking criteria, the new drilling pit and pre-set mud pit will be lined pits as detailed in ConocoPhillips' General Plan dated June 2005 on file at the NMOCD office. A portion of the vent/flare pit will be designed to manage fluids and that portion will be lined as per the risk ranking criteria. ConocoPhillips anticipates closing these pits according to the November 1, 2004 Guidelines.

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 ☐.

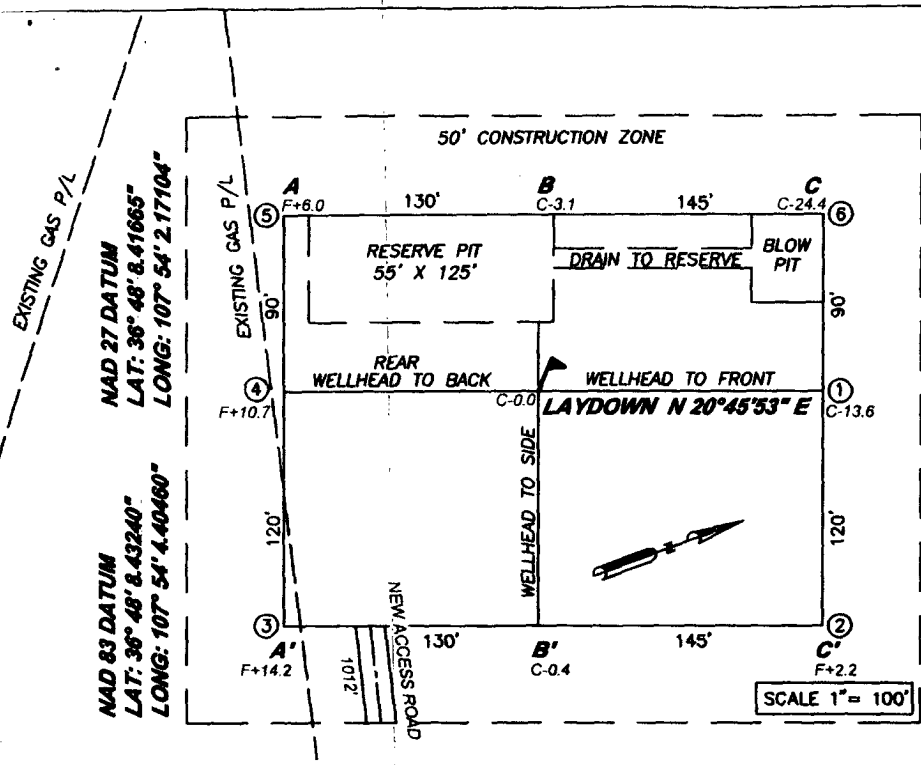
SIGNATURE Kandis Roland TITLE Regulatory Technician DATE 11/3/2006

Type or print name Kandis Roland E-mail address: burnskr@conocophillips.com Telephone No. 505-326-9743

For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE DEC 28 2006

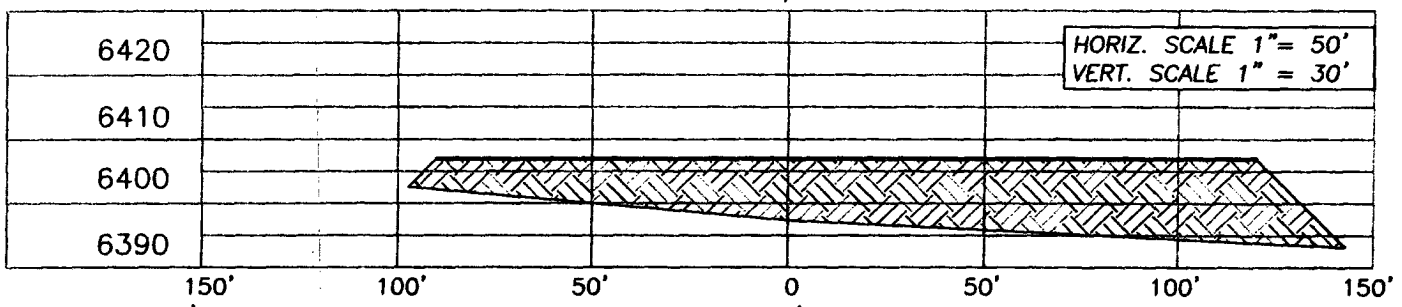
Conditions of Approval (if any):



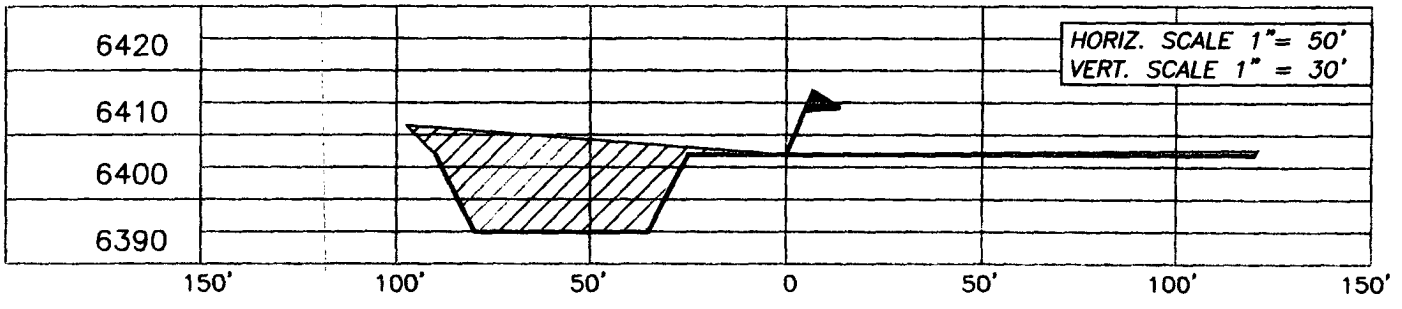
CONOCOPHILLIPS COMPANY

GAGE 3G
1050' FNL, 731' FEL
SECTION 20, T30N, R10W, N.M.PM.
SAN JUAN COUNTY, NEW MEXICO
ELEV.: 6,408.0' NADV88

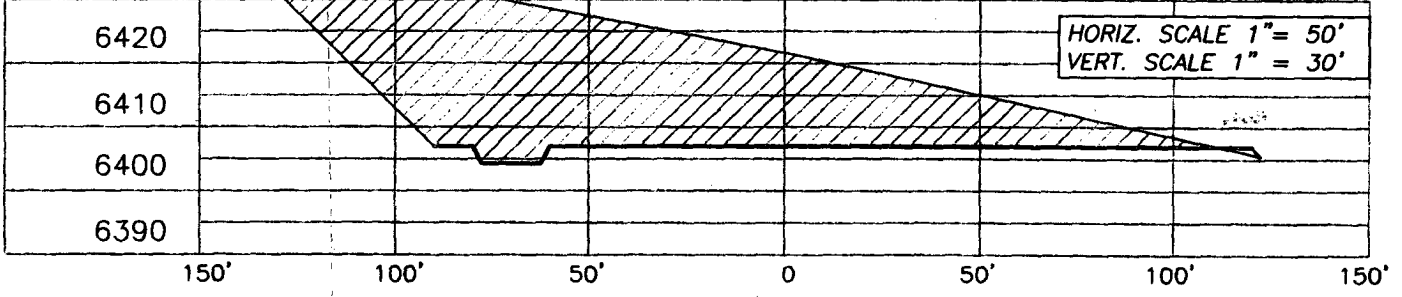
A - A' C/L



B - B' C/L



C - C' C/L



NOTE: CCI IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.

CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD PRIOR TO CONSTRUCTION.

REVISIONS			
NO.	DESCRIPTION	REVISED BY	DATE

1300 W. BROADWAY
BLOOMFIELD, NM, 87413
PHONE: (505) 632-7777

CCI

CHENAULT CONSULTING INC.

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

GAGE 3G

Lease:		AFE #: WAN.CNV.6142		AFE \$:	
Field Name: NEW MEXICO-WEST		Rig: Aztec Rig 301	State: NM	County: SAN JUAN	API #:
Geoscientist: Pippin, Eddie A		Phone: 505-326-9780	Prod. Engineer: Piotrowicz, Greg M.		Phone: +1 832-486-3486
Res. Engineer: Harrington, Tim R.		Phone: 832-486-2207	Proj. Field Lead: Fransen, Eric E.		Phone:

Primary Objective (Zones):

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

Location: Surface		Datum Code: NAD 27		Straight Hole	
Latitude: 36.802338	Longitude: -107.900603	X:	Y:	Section: 20	Range: 10W
Footage X: 731 FEL	Footage Y: 1050 FNL	Elevation: 6408 (FT)	Township: 30N		
Tolerance:					
Location Type: Year Round		Start Date (Est.):	Completion Date:	Date In Operation:	
Formation Data: Assume KB = 6422 Units = FT					

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	213	6209	☐			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	241	6181	☐			
OJAM	1581	4841	☐			Possible water flows.
KRLD	1741	4681	☐			
FRLD	2466	3956	☐			Possible gas.
PCCF	2969	3453	☐			
LEWS	3106	3316	☐			
Intermediate Casing	3206	3216	☐			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
HURF	3700	2722	☐			
CHRA	3963	2459	☐			
UCLFH	4540	1882	☐			
CLFH	4645	1777	☐			Gas; possibly wet
MENF	4752	1670	☐			Gas.
PTLK	5265	1157	☐			Gas.
MNCS	5606	816	☐			
UPPER GLLP	6490	-68	☐			Gas. Possibly wet.
GRHN	7226	-804	☐			Gas possible, highly fractured
GRRS	7273	-851	☐			
TWLS	7326	-904	☐			Gas
PAGU	7411	-989	☐			Gas. Highly Fractured.
CBRL	7466	-1044	☐			
Total Depth	7516	-1094	☐			6-1/4" hole possibly underreamed to 9.5". Optional Liner: 5.5", 15.5#, J-55 LTC - left uncemented.

Reference Wells:

Reference Type	Well Name	Comments
Intermediate	Gage Federal 3	20-30N-10W-SW, KB = 6396
Intermediate	Sunray D 1M	21-30N-10W-NW, KB = 6389
Intermediate	Sunray D 2B	21-30N-10W-SE, KB = 6336

PROJECT PROPOSAL - New Drill / Sidetrack

GAGE 3G

Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo

TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☐ TDT ☒ Other
GR/CBL

Additional Information:

Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks
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Comments: Location/Tops/Logging - TD is 290' below GRHN

C. HARRADEN/ December 11, 2006 *CH*

CONOCOPHILLIPS/ Gage #3G APD

STIPULATION/CONDITION OF APPROVAL

This well is located within a 'vulnerable area'. In order to protect the integrity of the fresh water alluvium aquifer, a minimum surface csg. depth of 200' is stipulated as a condition of approval for this APD.

HOLE: 12.25 "
CSG OD: 9.625 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %
DEPTH: 3206

SURFACE:
Option 1
79 sx
16.4 bbls
91.9 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
76 sx
16.4 bbls
91.9 cuft
1.21 ft³/sx
15.6 ppg
5.29 gal/sx
Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Floccle

Option 3
37 sx
10.6 bbls
59.3 cuft
1.61 ft³/sx
14.5 ppg
7.41 gal/sx
Type III Ready Mix
+ 20% Fly Ash

Comp. Strength
8 hrs 475 psi
24 hrs 1375 psi

HOLE: 8.75 "
CSG OD: 7 "
WGT: 6.456 "
GRADE: J-55
EXCESS: 50 %
TAIL: 641.2
DEPTH: 3206

INTERMEDIATE LEAD:

Option 1
210 sx
102.0 bbls
572.5 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
220 sx
102.0 bbls
572.5 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
218 sx
102.0 bbls
572.5 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 CamNet

Comp. Strength
3 hrs 100 psi
24 hrs 443 psi

INTERMEDIATE TAIL:

Option 1
118 sx
27.5 bbls
154.2 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

Option 2
116 sx
27.5 bbls
154.2 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
120 sx
27.5 bbls
154.2 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 CamNet

Comp. Strength
24 hrs 1850 psi
48 hrs 3411 psi

HOLE: 6.25 "
CSG OD: 4.5 "
WGT: 11.6 ppf
GRADE: N-80
EXCESS: 30 %
DEPTH: 7516

PRODUCTION:

Option 1
416 sx
106.6 bbls
598.5 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

Option 2
413 sx
106.6 bbls
598.5 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
413 sx
106.6 bbls
598.5 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

Gage 3G

SURFACE:

HOLE: 12.25 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppf
GRADE: H-40
EXCESS: 125 %

DEPTH:

7516

INTERMEDIATE LEAD:

Option 4

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

198 sx
102.0 bbls
572.5 cuft

HOLE: 8.75 "
CSG OD: 7 "
CSG ID: 6.456 "
WGT: 20 ppf
GRADE: J-55
EXCESS: 50 %

TAIL:

641.2

DEPTH:

3206

Option 5

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

273 sx
102.0 bbls
572.5 cuft
2.10 ft³/sx
11.7 ppf
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

PRODUCTION:

HOLE: 6.25 "
CSG OD: 4.5 "
CSG ID: 4 "
WGT: 11.6 ppf
GRADE: N-80
EXCESS: 30 %

DEPTH:

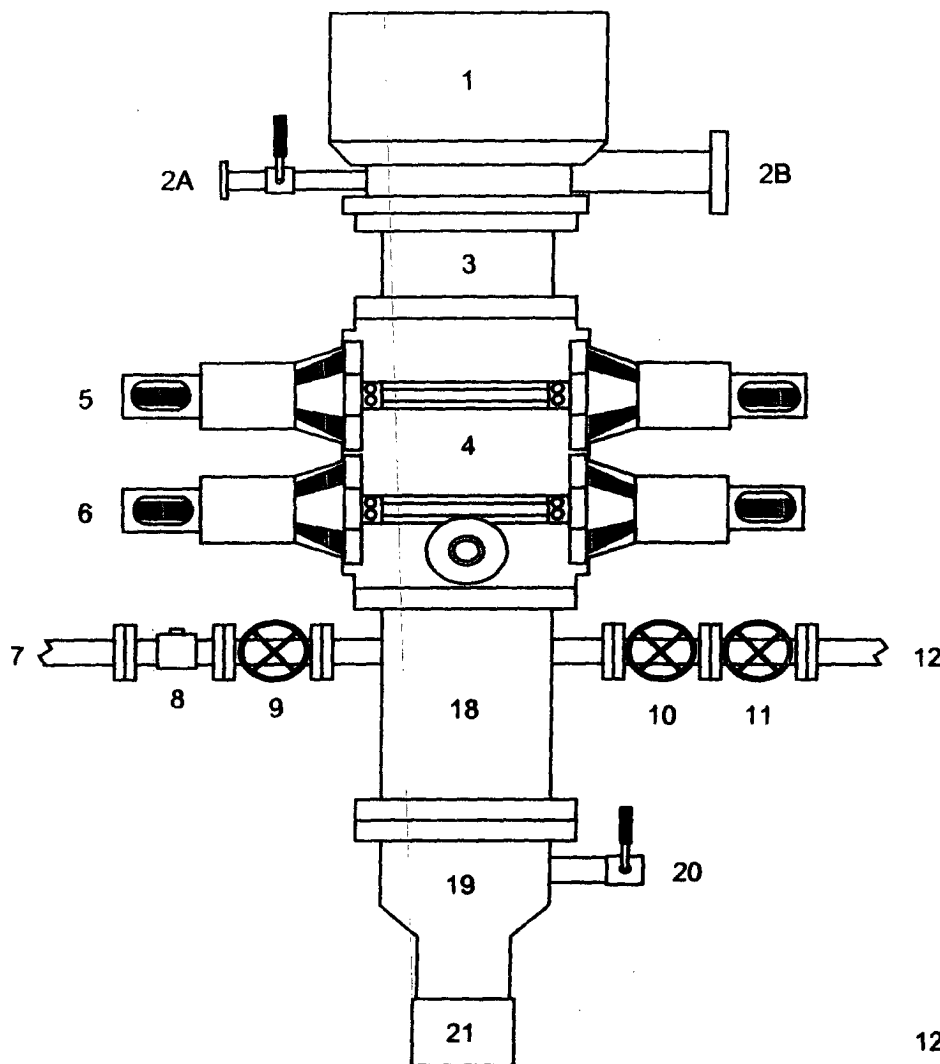
7516

If the 9 5/8" surface casing is preset drilled (MOT) will cement w/75 sx Type I-II cement w/20% Flyash mixed @ 1.61 cf/sx. Will bring cement to surface. Wait on cement for 24 hours for pre-set hole before pressure testing or drilling out. If H&P rig is used to drill the well will use 13 1/2" surface hole then will adjust cement to insure cement reaches surface.

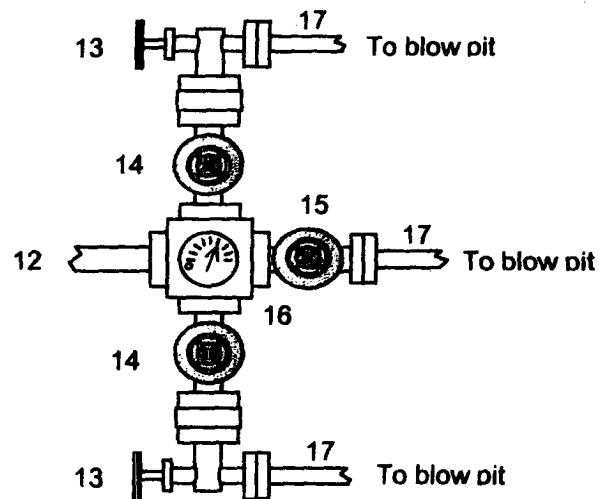
M³-12/1/06

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



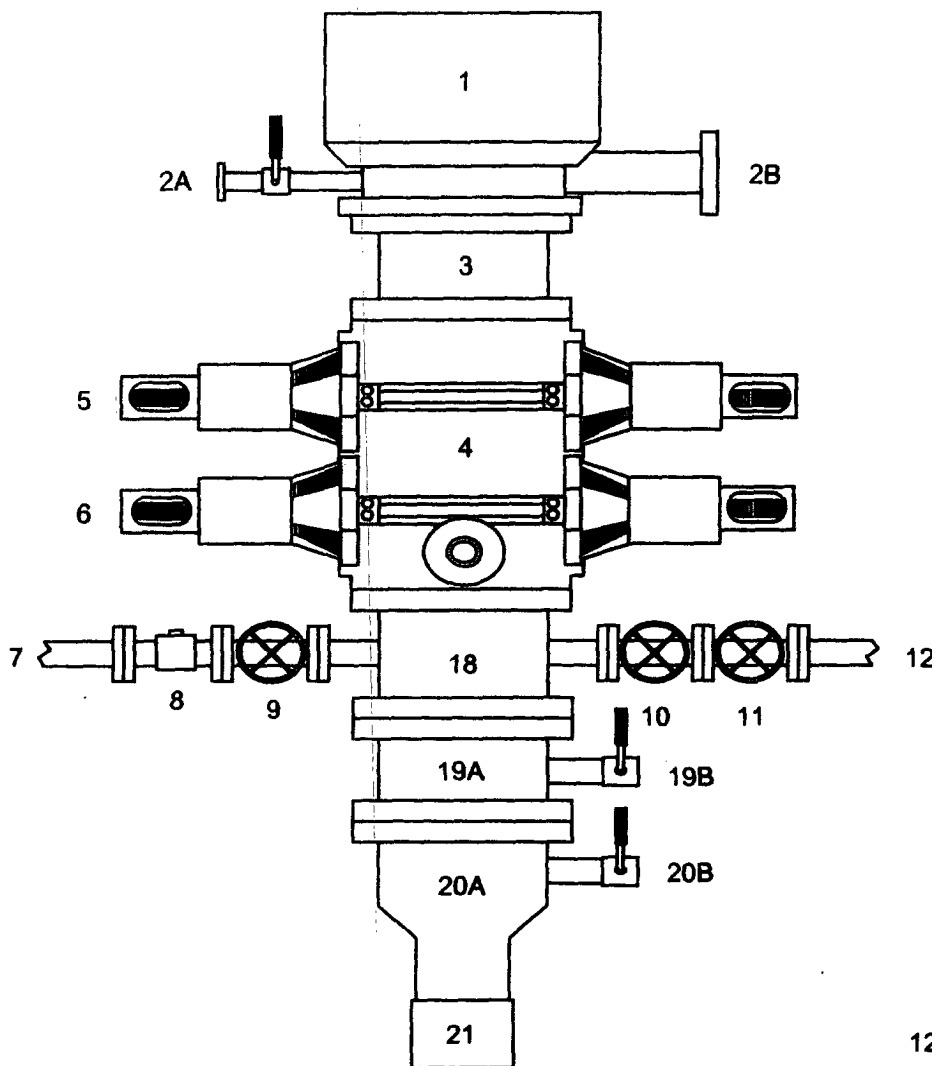
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

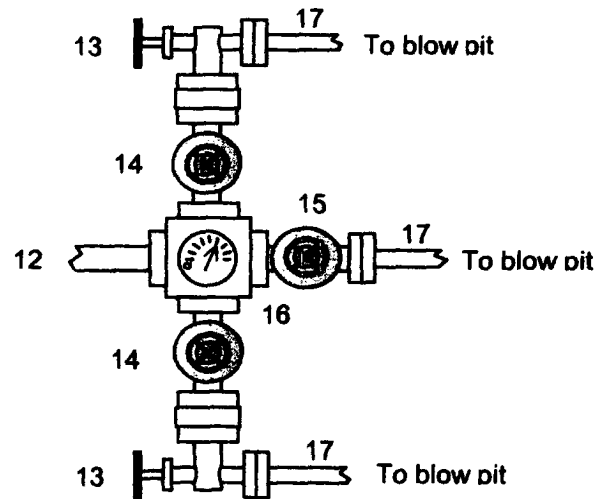
- . Upper Kelly cock Valve with handle
- . Stab-in TIW valve for all drillstrings in use

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Bleeed 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

Revision Date: September 1, 2004