UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK 5. Lease Number Type of Work 1a. SF-079004 DRILL **Unit Reporting Number** NMNM-78424AMK Type of Well 6. If Indian, All. or Tribe 1b. GAS 2. 7. Unit Agreement Name Operator ConocoPhillips San Juan 32-8 Unit 3. Address & Phone No. of Operator 8. Farm or Lease Name PO Box 4289, Farmington, NM 87499 San Juan 32-8 Unit 9. Well Number (505) 326-9700 #42A Location of Well 10. Field. Pool. Wildcat Unit P (SESE), 426' FSL & 672' FEL, Blanco Mesaverde 11. Sec., Twn, Rge, Mer. (NMPM) Latitude 360 54.1974468'N Sec. 10, T31N, R8W Longitude 107° 39.2004448'W API # 30-045- 34146 14. Distance in Miles from Nearest Town 12. County 13. State 34 Miles from Bloomfield San Juan NM 15. Distance from Proposed Location to Nearest Property or Lease Line 426' 16. 17. Acres Assigned to Well-Acres in Lease MV - 320 acres E/2 18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease 19. **Proposed Depth** 20. Rotary or Cable Tools 6160' Rotary 21. Elevations (DF, FT, GR, Etc.) 22. Approx. Date Work will Start 6614' GL 23. **Proposed Casing and Cementing Program** See Operations Plan attached 24. Authorized by: Regulatory Assistant APPROVAL DATE PERMIT NO. APPROVED B

Archaeological Report attached

Threatened and Endangered Species Report attached

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

NOTIFY AZTEC OCD 74
IN TIME TO WITNESS 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.

3/28/07



District I

*)

1625 N. Prench Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

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 D707 149 16 PH 3: 40 Santa Fe, NM 87505

RECEIVED

Fee Lease 3 Copies State Lease - 7 Copies Submit to Appropriate District Office Revised June 10, 2003

Form C-102

☐ AMMENDED REPORT

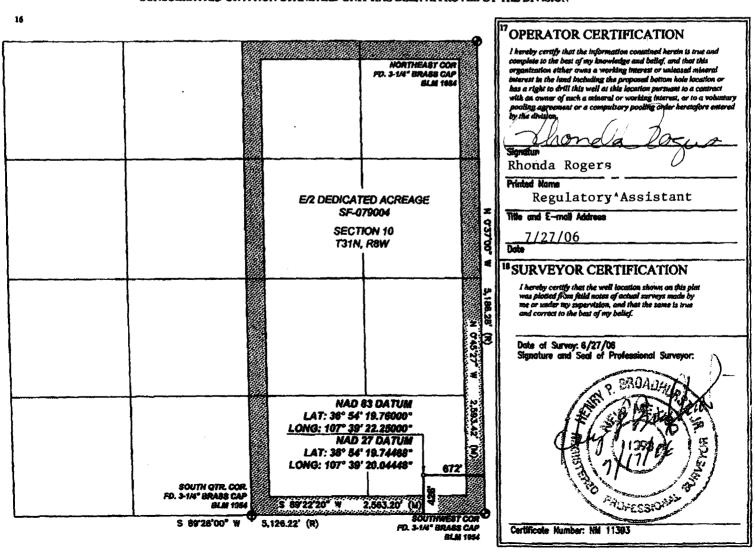
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	7	² Pool Code						
30-045- 3								
⁴ Property Code		5 P.	roperty Name	Well Number				
31330		SAI	N JUAN 32-8	42A				
7 OGRID No.		8 Q	penstor Name	⁹ Elevation				
217817	<u> </u>	HILLIPS COMPANY	6,614.0					
		16 arran	CD 7 0 0 1 00 00 1					

¹⁰ SURFACE LOCATION

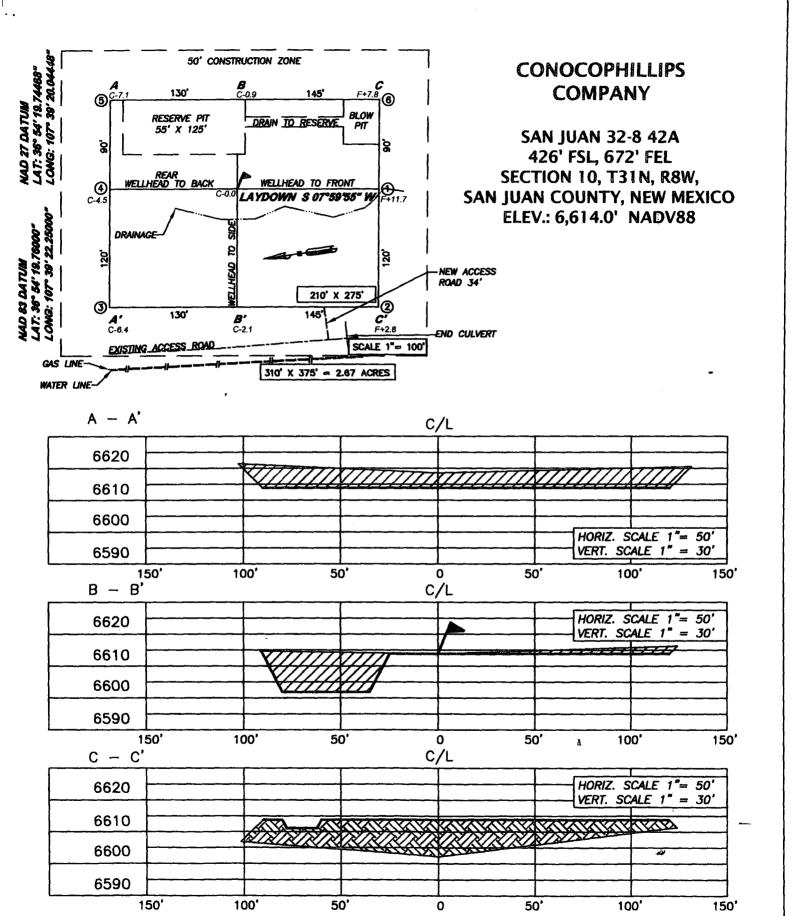
UL or lot no.	Section	Township	Range	Lot Ide	Feet from the	North/South line	Foot from the	East/West line	County			
P	10	31-N	8-W		426	SOUTH	672	EAST	SAN JUAN			
11 Bottom Hole Location If Different From Surface												
UL or lot no.	Section	Township	Renge				Fost from the	East/West line	County			
j	į								-			
12 Dedicated Acres	Dedicated Acres 13 Joint or Infill 14 Consolidation Code 15 Order No.											
320 €	2			į								

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



	State of New Mex	Kico			Form C-103				
Office District I	Energy, Minerals and Natura	l Resources			May 27, 2004				
1625 N. French Dr., Hobbs, NM 88240	<i>3,</i>		WELL API NO.	3/11	46				
<u>District II</u> 1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERVATION I	NOISIVI	5. Indicate Type of Le	30 0 13 - 1	70				
District III	1220 South St. Franci		STATE	FEE					
1000 Rio Brazos Rd., Aztec, NM 87410	Santa Fe, NM 875		6. State Oil & Gas Le	<i></i>					
District IV	·		SF-079004						
1220 S. St. Francis Dr., Santa Fe, NM 87		.							
	CES AND REPORTS ON WELLS S TO DRILL OR TO DEEPEN OR PLUG BACK	7. Lease Name or Unit Agreement Name							
1`	ION FOR PERMIT" (FORM C-101) FOR SUCH	San Juan 32-8 Unit							
PROPOSALS.)									
1. Type of Well:	Lau		8. Well Number	#42 h					
Oil Well Gas Well X	Other		9. OGRID Number	#42A					
2. Name of Operator	nocoPhillips Company		9. OGRID Number	217817					
3. Address of Operator			10. Pool name or Wild						
	REET, FARMINGTON, NM 87402		Blan	co Mesaverde					
4. Well Location Unit Letter P:	426' feet from the South	line and	672' feet from t	ha East	lino				
Section 10		_ line and ang 8W	672' feet from t		line an Juan				
and the second s	. Elevation (Show whether DR, RKB, RT,								
	6614'								
Pit or Below-grade Tank Application	or Closure								
Pit type New Drill Depth to Ground		h water well	>1000' Distance from	n nearest surface wat	er <200'				
Pit Liner Thickness: N/A	mil Below-Grade Tank: Vo	olume	bbls; Construction	Material					
PERFORM REMEDIAL WORK TEMPORARILY ABANDON	Appropriate Box to Indicate Na NTENTION TO: PLUG AND ABANDON CHANGE PLANS	REMEDIAL COMMENC	SUBSEQUENT F WORK CE DRILLING OPNS.		CASING				
PULL OR ALTER CASING	MULTIPLE COMPL	CASING/C	EMENT JOB	Lj					
OTHER: Ne	w Drill	OTHER:							
13. Describe proposed or comple	ted approxima (Closely state all partings	t details and a	ive pertinent dates inch	ading agriculturated da					
13. Describe proposed of compre	action operations. (Clearly state an pertiner	ii detans, and g	ive pertinent dates, men	ading estimated da	te				
of starting any proposed work	k). SEE RULE 1103. For Multiple Com								
of starting any proposed work									
of starting any proposed work									
of starting any proposed work									
of starting any proposed work or recompletion.									
of starting any proposed work									
of starting any proposed work or recompletion. New Drill, Unlined:	k). SEE RULE 1103. For Multiple Com	pletions: Attac	h wellbore diagram of p	roposed completion	n				
of starting any proposed work or recompletion. New Drill, Unlined: ConocoPhillips proposes to constru	k). SEE RULE 1103. For Multiple Comparison of the comparison of th	pletions: Attac	h wellbore diagram of p	roposed completion	n ocoPhillips'				
of starting any proposed work or recompletion. New Drill, Unlined: ConocoPhillips proposes to construinterpretation of the Ecosphere's ri	k). SEE RULE 1103. For Multiple Comp act a new drilling pit, an associated vent/f sk ranking criteria, the new drilling pit ar	pletions: Attac lare pit and a pa	h wellbore diagram of p re-set mud pit (if require pit will be unlined pits a	ed). Based on Consideration	n ocoPhillips' coPhillips'				
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APPPROVED BY
Conditions of Approval (if any):



TE: CCI IS NOT LIABLE FOR UNDERGROUND UTILITIES

INTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF IY MARKED OR UNMARKED BURIED PIPELINES OR BLES ON WELL PAD AND OR ACCESS ROAD PRIOR TO INSTRUCTION.

REVISIONS												
NO.	DESCRIPTION	REVISED BY	DATE									

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

CHENAULT CONSULTING INC.



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 42A

Lease:				A	FE #: WAN.	CNV.7	A	AFE \$:				
Field Name: 32-8			Rig: Ul	NSCHEDULED	32-8	,	State:	NM	County: SAN JUAN	A	PI #:	
Geoscientist: Brain	n, Ted H.		Phone:	832-486-259)2 P	rod. E	Ingineer:	Piot	owicz, Greg M.	Phon	e: +1 832-486-3486	
Res. Engineer:			Phone:	832 486-265	1 P	roj. F	ield Lead:	Fran	sen, Eric E.	Phon	e:	
Patingly Objects	re (Zones):											
Zone	Zone Name											
R20002	MESAVERDE(F	R20002)										
Location: Surface	0	atum Co	de: NA	D 27			4.		1		Straight Hole	
Latitude: 36.90550	0 Longitude	e: -107.65	55600	X:	Y	:			Section: 10		Range: 8W	
Footage X: 672 FE	L Footage	Y: 426 FS	L	Elevation: 66	14 (F	ר (ז	Township:	31N				
Tolerance:												
Location Type: Sur	nmer Only		Start D	ate (Est.):		Com	pletion Da	te:	Date 1	in Opera	ation:	
Formation Data:	Assume KB = (6630	Units =	FT								
Formation Call & Casing Points	C	Depth TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	внт			Remar	ks		
Surface Casing		335	6414			_			1/4 hole. 9 5/8" 32.3 nt to surface.	ppf, H-	40, STC casing.	
NCMT		<i>⊋ವ</i> 970	5660				Circulate	Cerrie	nt to surface.			I
OJAM		2310	4320	ō			Possible v	vater	flows.			
KRLD		2420	4210									
FRLD		3200	3430				Possible g	as.				
PCCF		3490	3140									
LEWS		3690	2940									
Intermediate Casing	l	3790	2840				8 3/4" Ho surface.	le. 7'	", 20 ppf, J-55, STC (Casing.	Circulate cement to	
CHRA		4685	1945				,					
CLFH		5455	1175				Gas; poss	ibly w	<i>r</i> et			1
MENF		5510	1120				Gas.					
PTLK		5810	820				Gas.					
TOTAL DEPTH MV		6160	470				a minimu	m of :	-1/2", 10.5 ppf, J-55, 100' inside the previo e TDT with GR to sui	us casir	sing. Circulate cemen ng string. No open hol	t e
Total Depth		6160	470									[
Cartanana Malla		16			1.2	4.7						200

Comments

10-31N-8W, SW

15-31N-8W, N/NE

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Well Name

San Juan 32 8 5

San Juan 32 8 16A

Reference Type

Intermediate

Intermediate



PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 42A

Intermediate Logs: Log only if show GR/ILD Triple Combo												
TD Logs:	TD Logs: Triple Combo Dipmeter RFT Sonic VSP TDT											
A 1400 - 17 C												
Additional Information:												
Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks							

Comments:

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																				7							,				
	10					10.0	1												V.				edi								
Ø	DEPTH:	EXCESS:	WGT: GRADE:	CSG ID:	HOLE									DEPTH:	TAIL:	EXCESS:	GRADE:	WGT:	CSG ID	HOLE:							DEPTH:	EXCESS:	GRADE:	WGT:	HOLE:
	6160	50 %	10.5 ppf J-55	4.052 *	6.25 "									3790	758	% UGT	J-55	20 ppf	6.456 "	8.75 "							235	725 %		9.001 " 32.3 ppf	
13.0 ppg 6.47 galfsx 50/50 Poz: Class G Cement + 0.25 lb/sx D029 Cellophane Flakes + 3% D020 Bentonite + 1.0 lb/sx D024 Glisonite Extender + 0.25% D167 Fluid Loss + 0.25% D065 Dispersant + 0.1% D040 Retarder + 0.1% D046 Antifoamer + 3.5 lb/sx Phenoseal	388.3 cuft	270 sx	PRODUCTION: Option 1	+ o lo/sx Finenoseal	+ 1.5 ib/sx D024 Gilsonite Extender + 0.1% D046 Antifoamer	+ 3% 300 + Calcium Critishae + 2% D020 Bentonite	+ 0.25 lb/sx D029 Cellophane Flakes	50/50 Poz: Class G Cement	13.5 ppg	1.31 ft ³ /sx	52.5 bbis 294.5 cuft	225 sx	INTERMEDIATE TAIL: Option 1			+ 0.20% D046 Amiroam + 10 lb/sx Phenoseal	+ 3% D079 Extender	Class G Cement	11.7 ppg	2.72 ft ³ /sx	1092.6 cuft	402 sx	Option 1	INTERMEDIATE LEAD:	+ 0.25 lb/sx D029 Cellophane Flakes	Class G Cement	4.973 gal/sx	1.17 ft/sx	172.9 cuft	30.8 bbls	SURFACE: Option 1
eert hane Flakes e Extender s	•	Comp. Strength			e Extender ·	Hide	hane Flakes	ent	5399	5 3170	8:22 1000 psi	omp. Stre									•-	Comp. Strength			ohane Flakes	2140		psi	500	6 hrs 250 psi	
1.45 it /sx 1.759 24 hrs 13.1 ppg 24 hrs 6.55 galfsx 50/50 Poz: Standard Cement + 3% Bentonite + 0.2% CFR-3 Friction Reducer + 0.1% HR-5 Retarder + 0.8% Hallad-9 Fluid Loss Additive + 3.5 lb/sx Phenoseal	388.3 cuft	268 sx	Option 2			+ 6.0 lb/sx Phenoseal	+ 2% Bentonite	50/50 Poz: Standard Cement	13.5 ppg	1.33 ft ³ /sx	52.5 bbls 294.5 cuff	221 sx	Option 2			+ 3% Bentonite + 5.0 (b/sx Phenosea)	+ 30 lb/sx San Juan Poz	Type III Ashgrove Cement	11.5 ppg	2.60 ft ³ /sx	1092.6 cuft	10/16 bblc	Option 2		+ 0.25 lb/sx Flocele	Standard Cement	5.29 gal/sx	1.21 ft'/sx	172.9 cuft	30.8 bbls	Option 2
24 hrs 24 hrs ent ducer	12 hrs	S Com						a	24hrs	12 hrs	4.05 6.05	Con								24 hrs	12 hrs	Con							8 hrs	9 6 6 7	,
2300 psi		폏								_	500 psi	g								450	350 psi	Stren								Comp. Strength	:
				+ 1.0 lb/bbl CemNet	+ 0.1% D046 Antifoamer + 0.15% D065 Dispersant	+ 5.0 lb/sx D024 Gilsonite Extender + 2% S001 Calcium Chloride	+ 2% D020 Bentonite	5.255 gal/sx 50/50 Poz: Class G Ceme	13.5 ppg	1 28 ft ³ /sx	52.5 bbls	230 sx	Option 3			+ 0.20% D046 Antifoam + 1.0 lb/bbl CemNet	+ 3% D079 Extender	Class G Cement	11.7 ppg	2.63 ft³/sx	194.0 pois 1092.6 cuft	415 8x	Option 3		T 20% FIY ASI	Type I-II Ready Mix	7.41 gal/sx	1.61 ft ³ /sx	104.3 cuft	18.6 bbls	Option 3
) Extender ide		ā .			24 hrs 1850 psi	Comp. Strength									24 hrs 443 psi	mp. Stre							24 hrs 1375 psi	Comp. Strength	

				4		
HOLE: CSG OD: WGT: GRADE: EXCESS: EXCESS:	DEPTH:	TAIL:	CSG OD: CSG ID: WGT: GRADE: EXCESS:	<u>.</u>	DEPTH:	HOLE: CSG OD: CSG ID: WGT: GRADE: EXCESS:
6.25 " 4.5 " 4.52 " 10.5 ppf J-55 50 %	. ⊙ 3 790 '	758	6.456 6.456 20 ppf J-55 150 %	o 75 :	30 - 23 - 23 - 23 - 23 - 23 - 23 - 23 -	12.25 " 9.625 " 9.001 " 32.3 ppf H-40 125 %
PRODUCTION:	INTERMEDIATE TAIL:		11.5 ppg 16.85 gal/sx Standard Cement + 3% Econolite (Extender) + 10 lb/sx Phenoseal	Comp. Stre 1:47 50 12 hrs 350		SURFACE:
		TOLOW DUPO MININGIII	11.72 pag 11.724 gal/sx 75% Type XI / 25% Class G Cement + 0.25 lb/sx D029 Cellophane Flakes + 3% D079 Extender + 0.00% DASA Artifican	Option 5 520 sx	,	

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, 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

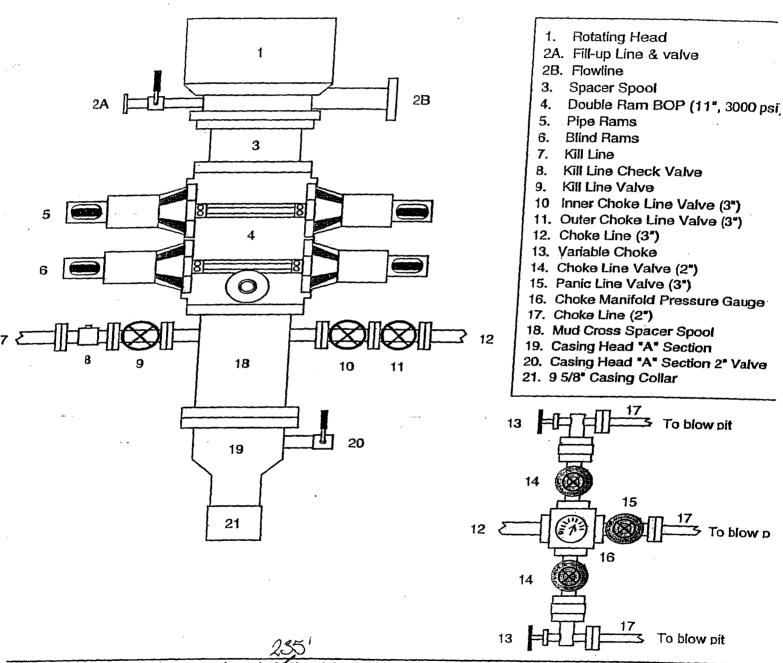
Centralizer Program:

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, 8, and 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, 8, and 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, 8

10ºº joints

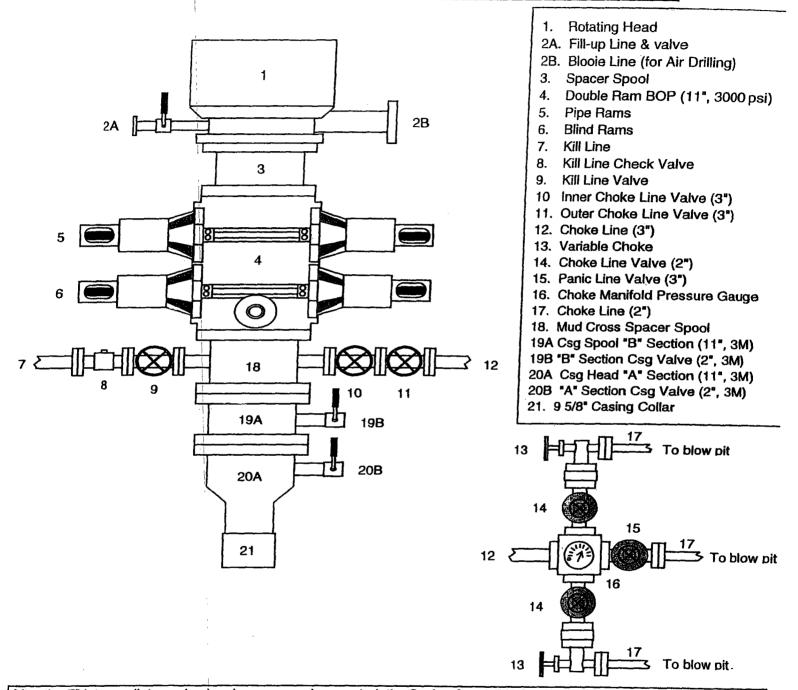
Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM For Drilling to Intermediate Casing Point & Setting 7" Intermediate Casing



2-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A 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) 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" ing will be pressure tested against closed blind rams to 200 psi to 300 psi for 10 minutes and to 1000 psi for 30 utes (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory irements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then an 8-3/4" will be drilled to intermediate casing point and 7" intermediate casing will be run and cemented.

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM For Drilling to TD and Setting 4.5 inch Casing



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