Form 3160-3
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
2003 JUL 29 PM 4:27
070 Farmington, NM

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMSF078543

1a. Type of Work [X] DRILL [ ] REENTER

6. If Indian, Allotee or Tribe Name

1b. Type of Well [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

7. Unit or CA Agreement Name and No.

2. Name of Operator
ConocoPhillips Company

8. Lease Name and Well No.
San Juan 32-7 Unit #206A

3a. Address
5525 Highway 64, NBU 3004, Farmington, NM 87401

3b. Phone No. (include area code)
505-599-3454

9. API Well No.
30045 31810

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

At surface Unit P (SESE), 1010' FSL & 745' FEL

At proposed prod. zone Same as above

10. Field and Pool, or Exploratory
Basin Fruitland Coal

11. Sec., T., R., M., or Blk. and Survey or Area
Sec. 27, T32N, R7W

14. Distance in miles and direction from nearest town or post office*
aprox. 20 miles from Ignacio, CO

12. County or Parish
San Juan,

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
745'		320 E/2

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
	3516'	ES0085

21. Elevations (Show whether DF, KDB, RT, GL, etc.	22. Approximate date work will start*	23. Estimated duration
6736' GL	9/15/03	30 days

SEP 2003

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall 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 shall 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 authorized officer.

25. Signature	Name (*Printed/Typed*)	Date
Patsy Clugston	Patsy Clugston	7/29/03

Title
SHEAR Administrative Assistant

Approved by (Signautre)	Name (*Printed/Typed*)	Date

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 knowlingly 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".

NMOCD

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

1 API Number	2 Pool Code	3 Pool Name
30-045-31810	71629	BASIN FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
31329	SAN JUAN 32-7 UNIT	206A

7 OGRID No.	8 Operator Name	9 Elevation
217817	CONOCOPHILLIPS COMPANY	6736'

10 Surface Location

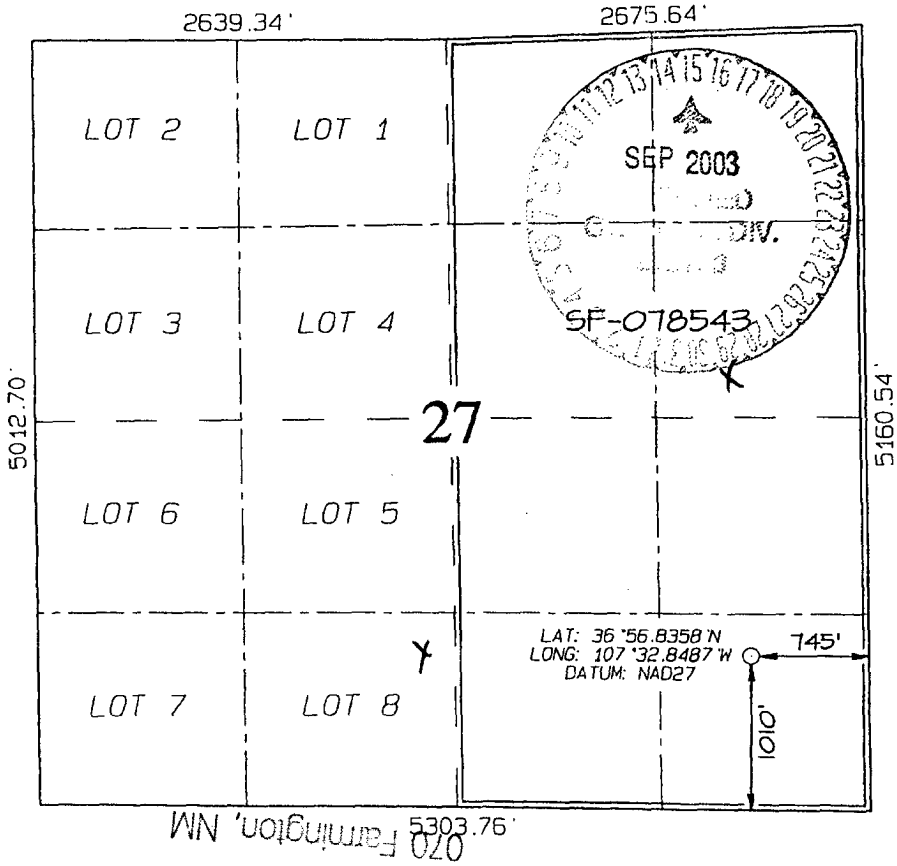
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	27	32N	7W		1010	SOUTH	745	EAST	SAN JUAN

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	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 Acres - (E/2)			

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

Vicki Westby
Signature

Vicki Westby
Printed Name

Sr. Analyst
Title

July 23, 2003
Date

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: MAY 22, 2003

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

070 Farmington, NM

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Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
2003 AUG 19 PM 1:05
070 Farmington, NM

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

SEP 2003

5. Lease Serial No.
NMSF078543

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
[ ] Oil Well [X] Gas Well [ ] Other

8. Well Name and No.
SJ 32-7 Unit #206A

2. Name of Operator
ConocoPhillips Company

9. API Well No.
30-045-31810

3a. Address
5525 Highway 64, NBU 3004, Farmington, NM 87401

3b. Phone No. *(include area code)*
505-599-3454

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Unit P (SESE), 1010' FSL & 745' FEL
Section 27, T32N, R7W

11. County or Parish, State
San Juan, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
[ ] Subsequent Report	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Final Abandonment Notice	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other BOP Configuration Change
	[X] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
	[ ] Convert to Injection	[ ] Plug Back	[ ] Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Due to problems with the planned BOP Key Energy was using, ConocoPhillips needs to change the BOP configuration initially submitted to the following:

To request an exception to Onshsore Order #2 to
- Allow us to test our BOP and 9-5/8" surface casing to 1000 psi in lieu of Onshore Order #2 requirements
- Allow us to test our BOP and 7" casing (for the cavitation program) to 1800 psi in lieu of Onshore Order #2 requirement.

See attached BOP Schematics - one for drilling to intermediate casing point & setting 7" intermediate casing and the other for the cavitation program.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* Patsy Clugston

Title SHEAR Administrative Assistant

Date 8/18/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ David J. Mankiewicz

Title

Date SEP 12 2003

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, 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 representations as to any matter within its jurisdiction.

NMOCD

CONOCOPHILLIPS COMPANY

WELL NAME: San Juan 32-7 #206A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit P (SESE), 1010' FSL & 745' FEL
   Section 27, T32, R7W

2. Unprepared Ground Elevation: @ 6736'.

3. The geological name of the surface formation is San Jose.

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3516'.

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

Naciamento - 1111'	Base Main Coal – 3436'
Ojo Alamo - 2552'	PC Tongue - 3556'
Kirtland - 2661'	Intermediate casing – 3324'
Fruitland - 3124'	Total Depth - 3516'

TD includes 80' 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:	Ojo Alamo - 2552' - 2661'
Oil:	none
Gas:	Fruitland Coal - 3124' - 3436'
Gas & Water:	Fruitland Coal - 3214' - 3436'

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 @ 3324'
Production Liner: 5-1/2", 15.5# J/K-55 @ 3304' - 3516' (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: 420.0 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 = 1096.18 cf.

Tail: 96 sx – 50/50/G/POZ cement w/2% D020 (Bentonite Extender), 2% S001 (CaCl2), 5#/sxD024 (Gilsonite), ¼#/sx D029 (Celephane 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 ½" 15.5# liner will be run in the open hole without being cemented.

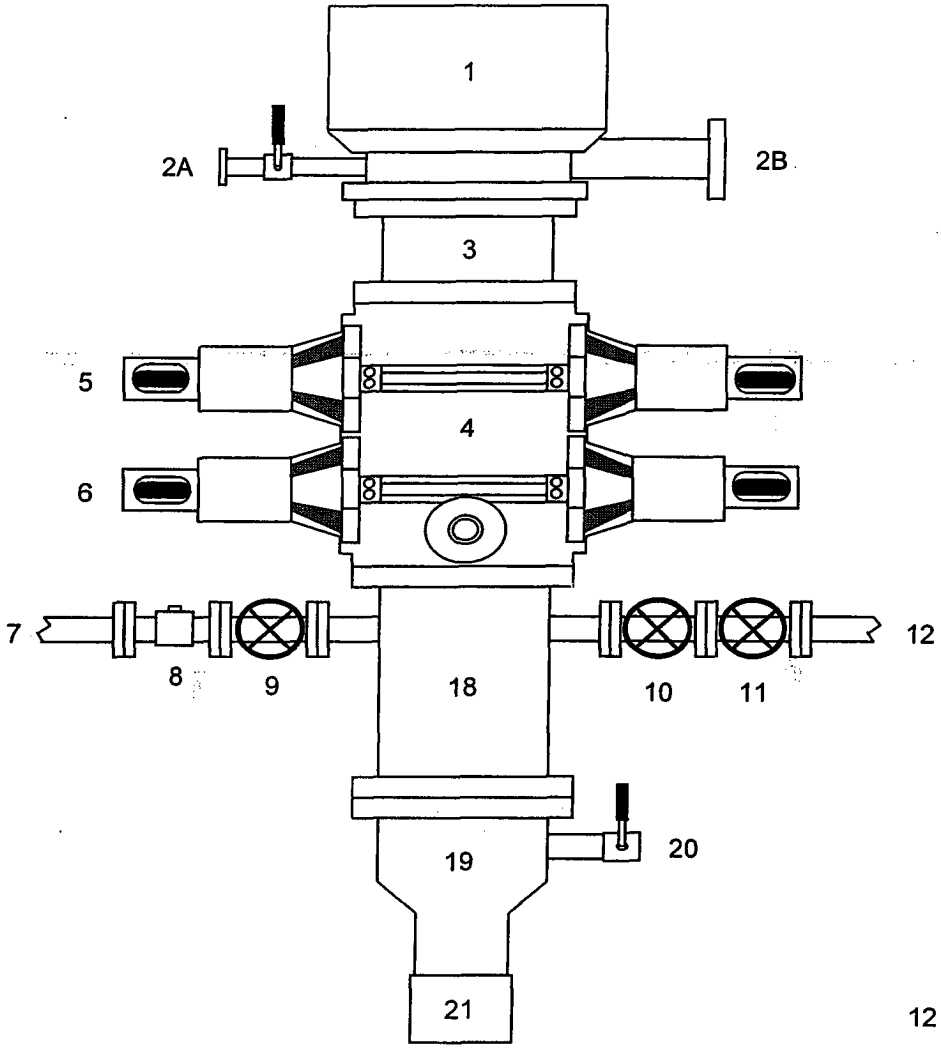
Depending on properties of the coal found while drilling to TD, this well could be either be completed by under-reaming the coal interval and then allowed to flow naturally trying to clean–up, possibly cavitating at a later date if needed, or just cavitated until cleaned out. A 5-1/2", 15.5# liner will 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.

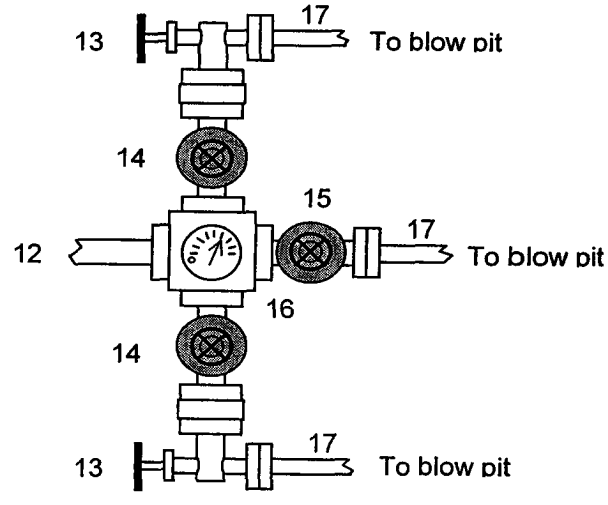
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.
Below Intermediate - air drilled.

BLOWOUT PREVENTER 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



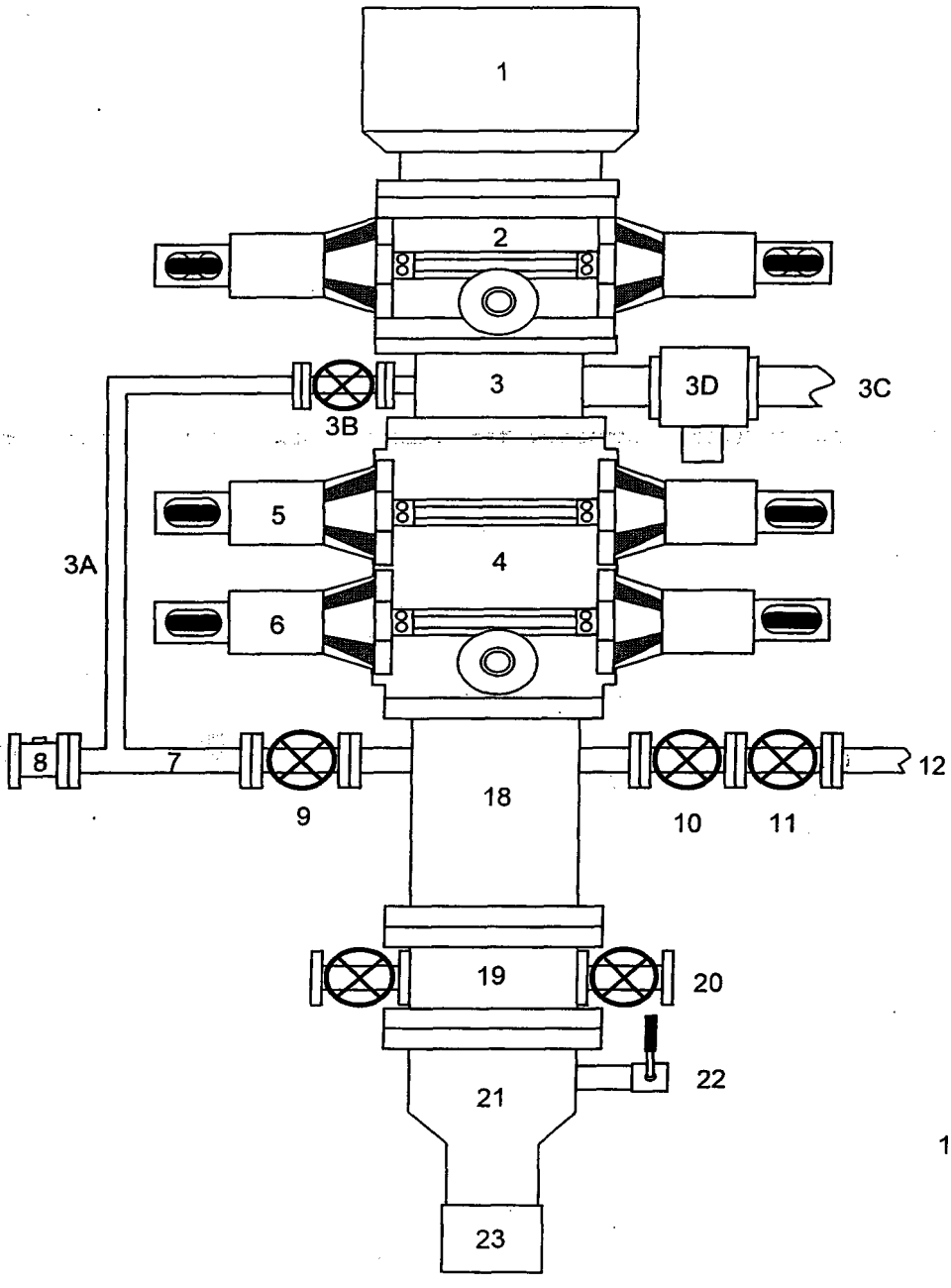
This BOP arrangement is for the drilling operations from the time the 9-5/8" surface casing is set through the setting of the 7" intermediate casing. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. The Pipe Rams, Blind Rams, Choke Manifold, and 9-5/8" surface casing will be tested to a low pressure test of 200 psi to 300 psi and to a high pressure test of **1000 psi** (this value is 44% of the minimum internal yield pressure of the 9-5/8" casing). We will drill the 8-3/4" hole to intermediate casing point and run and cement the 7" intermediate casing. Then we will nipple down the BOP, install a trash cap, & move out the drilling rig. We will install the casing spool on the 7" stub after the drilling rig is moved off location. At a later date we will move in the cavitation rig for the cavitation program.

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

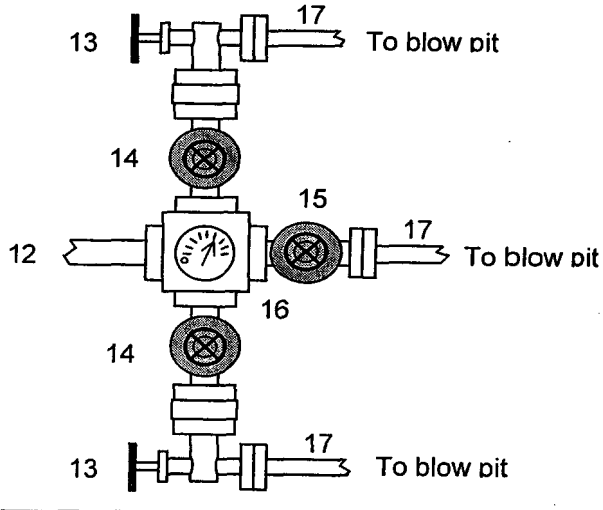
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Cavitation Program



1. Rotating Head
2. Single Ram BOP (7-1/16", 3M)
3. Mud Cross
3A. Equalizing Line (2")
3B. Wing Valve (2-1/16", 3M)
3C. Blooie Line (2 ea, 5" OD)
3D. HCR Valve (1 ea per line, 4-1/16")
4. Double Ram BOP (7-1/16", 3M)
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. Vent Line (2")
18. Spacer Spool
19. Tubing Head
20. Tubing Head Valves (2- 9/16")
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9-5/8" Casing Collar



This BOP arrangement and test program is for the cavitation program. The BOP will be installed on the tubing head. The 7" casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 2-3 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. The pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1800 psi (high pressure test) for 10 minutes - This test will be done with a test plug or possibly without a test plug (ie against casing). If we conduct this test without a test plug we will ensure that we have sufficient drillstring weight in the hole to exceed the upward force generated by the test.

We use a power swivel and air/mist to drill the 6-1/4" hole in our cavitation program. We do not use a kelly. In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

1. String floats will be used inside the drillpipe
2. Stab-in TIW valve for all drillstrings in use
3. Each blooie line is equipped with a hydraulically controlled valve (HCR valve).

San Juan 32-7 Unit #206A
NMSF078543 – Unit P, 1010' FSL & 745' FEL
Section 27, 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.