

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF078999
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: CBM <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. If Unit or CA Agreement, Name and No.
Contact: PATSY CLUGSTON E-Mail: pclugs@ppco.com		8. Lease Name and Well No. SAN JUAN 31-6 UNIT 217A
3a. Address 5525 HWY. 64 FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442	9. API Well No. 3003927335
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENW 690FNL 2500FWL 36.86139 N Lat, 107.43190 W Lon At proposed prod. zone		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office* 56.3 MILES FROM BLOOMFIELD, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 35 T31N R6W Mer NMP C
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 690	16. No. of Acres in Lease 2560.00	12. County or Parish RIO ARRIBA
17. Spacing Unit dedicated to this well 320.00	13. State NM	
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3273 MD 3273 TVD	20. BLM/BIA Bond No. on file ES0085
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6438 GL	22. Approximate date work will start 05/01/2003	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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) PATSY CLUGSTON	Date 03/07/2003
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ David J. Mankiewicz	Name (Printed/Typed)	Date MAR 26 2003
Title	Office	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #19357 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

This action is subject to technical and procedural review pursuant to 43 CFR 3185.2 and appeal pursuant to 43 CFR 3185.4

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

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

NMOCD

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

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

DISTRICT III
1000 Rio Brazos Rd., Artec, 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 30-039-27335		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 31328	Property Name SAN JUAN 31-6 UNIT		Well Number 217A
GRID No. 217817	Operator Name PHILLIPS PETROLEUM COMPANY		Elevation 6438

¹⁰ Surface Location

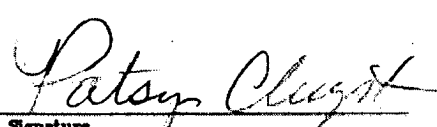
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	35	31N	6W		690	NORTH	2500	WEST	RIO ARriba

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
C									

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320 W/2	Y	U	

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>16</div> <div>East</div> <div>5276.04'</div> <div>2500'</div> <div>SF-078999</div> <div>2560.0 acres</div> <div>5280.0'</div> <div>Section 35</div> <div>West</div> <div>5280.0'</div> <div>NO°03'E</div>	<div>17 OPERATOR CERTIFICATION</div> <div>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</div> <div></div> <div>Signature Patsy Clugston</div> <div>Printed Name SHEAR Administrative Asst.</div> <div>Title 2-19-03</div> <div>Date</div>

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 31-6 Unit #217A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit C, 690' FNL & 2500' FWL
Section 35, T31N, R6W
2. Unprepared Ground Elevation: @ 6438'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3273'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 1338'</u>	<u>Base Coal Interval - 3273'</u>
<u>Ojo Alamo - 2498'</u>	<u>Pictured Cliffs Tongue - 3278'</u>
<u>Kirtland - 2598'</u>	<u>Picture Cliffs - 3413'</u>
<u>Fruitland - 2958'</u>	<u>Interm. Casing - 3063'</u>
<u>Top of Coal - 3083'</u>	<u>T. D. - 3273'</u>
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 - 2498' - 2598'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3083' - 3413'</u>
Gas & Water:	<u>Fruitland Coal - 3083' - 3413'</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 @ 3063'
Production Liner: 5-1/2", 15.5# J/K-55 @ 3043' - 3273' (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:

Surface String: 112.5 sx - 13.5 ppg, Class G cement + 0.25#/sx D029 (lost circulation), 4% S001 (accelerator) & 4% D020 (extender) Yield = 1.27 ft³/sx Volume from 235 feet to surface with 100% excess = 29.4

9. Cement program: (continued from Page 1)

Intermediate String: Lead – 382.3 sx – 11.7 ppg, Class G cement + 0.25#/sx D029 (lost circulation), 3% D0079 (extender), 0.2% D046 (anti-foam), Yield – 2.61 ft³/sx, Mix water = 15.79 gal/sx. Volume from 2925' to surface with 150% excess in open hole = 177.7 bbls.

Tail – 96.8 sx – 13.5 ppg, 50/50 Class G/POZ + 0.25#/sx D029 (lost circulation), 5#/sx D024 (lost circulation), 5#/sx D024 (extender), 2% D020 (extender), 2% S001 (accelerator), 0.1% D046 (anti-foam). Yield – 1.27 ft³/sx, Mix water = 6.33 gal/sx. Volume from 3697' to 2925' with 150% excess – 21.89 bbls.

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.

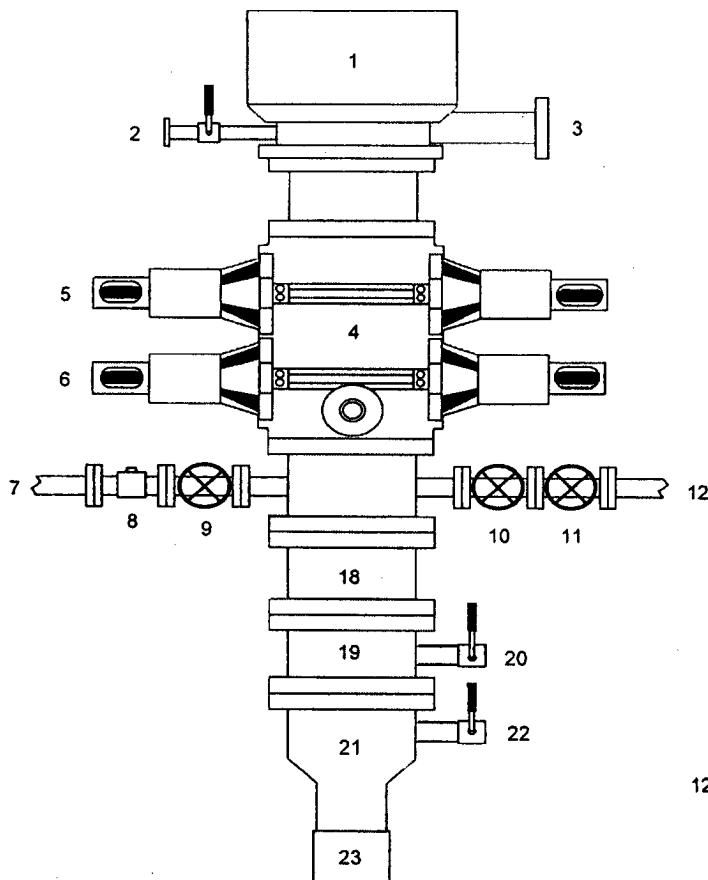
Liner :

- If the coal is clefted a 5 ½" 15.5# liner will be run in the open hole without being cemented.
- If the coal is NOT clefted, a 4-1/2" 11.6# liner will be run & cemented. The well will then be completed by fracture stimulation. The top of the liner will be set approx. 200' into the 7" casing and be set @ TD and be cement in place as follows:

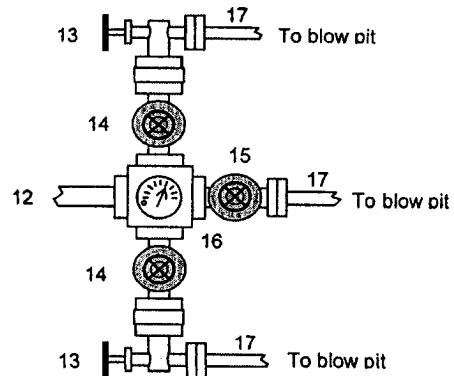
Lead Cement: Class G cement + 0.25#/sx D029 (lost circulation), 3% D0079 (extender), 0.2% D046 (anti-foam), Yield – 2.61 ft³/sx, Mix water = 15.79 gal/sx. Volume from 2925' to surface with 150% excess in open hole

Tail Cement : 50/50 Class G/POZ + 0.25#/sx D029 (lost circulation), 5#/sx D024 (lost circulation), 5#/sx D024 (extender), 2% D020 (extender), 2% S001 (accelerator), 0.1% D046 (anti-foam). Yield – 1.27 ft³/sx, Mix water = 6.33 gal/sx. Volume with 150% excess.

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 31-6 Unit #217A
SF-078999; Unit C, 690' FNL & 2500' FWL
Section 35, T31N, R6W; Rio Arriba County, NM**

Cathodic Protection

Phillips 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 Phillips.