

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. NMSF078997
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator PHILLIPS PETROLEUM COMPANY Conoco Phillips		7. If Unit or CA Agreement, Name and No. 31327
3a. Address 5525 HWY. 64 FARMINGTON, NM 87401		8. Lease Name and Well No. SAN JUAN 30-5 UNIT 37M
3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442		9. API Well No. 3003927248
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENW 1298FNL 1842FWL 36.83083 N Lat, 107.38250 W Lon At proposed prod. zone		10. Field and Pool, or Exploratory BASIN DK & BLANCO MV
14. Distance in miles and direction from nearest town or post office* 26 MILES ENE OF BLANCO, NM		11. Sec., T., R., M., or Blk. and Survey or Area C Sec 8 T30N R5W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1298	16. No. of Acres in Lease 2560.00	12. County or Parish RIO ARRIBA
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 7872 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6375 GL	22. Approximate date work will start 01/01/2003	17. Spacing Unit dedicated to this well 320.00 w/2
		20. BLM/BIA Bond No. on file ES0048
		23. Estimated duration 20 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:

- | | |
|---|--|
| 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 (Electronic Submission)	Name (Printed/Typed) PATSY CLUGSTON	Date 11/08/2002
Title AUTHORIZED REPRESENTATIVE		
Approved for Signature David J. Mankiewicz	Name (Printed/Typed)	Date JAN - 6 2004
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 #15922 verified by the BLM Well Information System
For PHILLIPS PETROLEUM COMPANY, sent to the Farmington

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

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

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

NMOCD

District I
 191 Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 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 30-039-27248		Pool Code 72319	Pool Name Blanco Mesaverde
Property Code 009258	Property Name SAN JUAN 30-5 UNIT		Well Number 37M
OGRID No. 017654217817	Operator Name ConocoPhillips PHILLIPS PETROLEUM COMPANY		Elevation 6375'

10 Surface Location


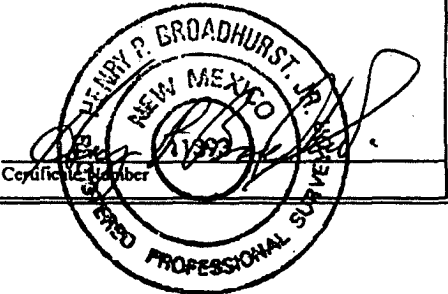
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	8	30N	5W		1298'	NORTH	1842'	WEST	RIO ARriba

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.
820 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

16 N89°58'E 5279.34' 1842' 1298' SF-078997 2560.0 acres Section 8 5280.00' N00°01'E East 5280.00'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Patsy Clugston Printed Name Sr. Regulatory/Proration Clerk Title 4-3-2001 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. 03/09/01 Date of Survey Signature and Seal of Professional Surveyor: 

District I
190 Box 1980, Hobbs, NM 88241-1980
District II
111 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number 30-039-27248		Pool Code 71599	Pool Name Basin Dakota
Property Code 009258	Property Name 31327 SAN JUAN 30-5 UNIT		Well Number 37M
GRID No. 017654	Operator Name ConocoPhillips PHILLIPS PETROLEUM COMPANY		Elevation 6375'

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	8	30N	5W		1298'	NORTH	1842'	WEST	RIO ARriba

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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>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Patsy Clugston</i></p> <p>Signature Patsy Clugston Printed Name Sr. Regulatory/Proration Clerk Title 4-3-2001 Date</p>
	<div>18 SURVEYOR CERTIFICATION</div> <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>03/09/01 Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <div><p>Henry P. Broadhurst NEW MEXICO 15593 SURVEYOR</p></div>

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 30-5 Unit #37M (MV/DK)

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit C, 1298' FNL & 1842' FWL
Section 8, T30N, R5W

2. Unprepared Ground Elevation: @ 6375' (unprepared)

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

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 7872'.

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

<u>Nacimiento - 1247'</u>	<u>Menefee Fm. - 5317'</u>
<u>Ojo Alamo - 2587'</u>	<u>Pt. Lookout - 5562'</u>
<u>Kirtland Sh - 2687'</u>	<u>Mancos Sh - 6017'</u>
<u>Fruitland Fm. - 2912'</u>	<u>Gallup Ss. - 6932'</u>
<u>Pictured Cliffs - 3112'</u>	<u>Greenhorn Ls. - 7562'</u>
<u>Lewis Shale - 3362'</u>	<u>Graneros Sh. - 7687'</u>
<u>Cliff House Ss - 5257'</u>	<u>Dakota Ss - 7737'</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 - 2587' - 2687'</u>
Gas & Water:	<u>Fruitland - 2912' - 3112'</u>
Gas:	<u>Pictured Cliffs - 3112' - 3362'</u>
	<u>Mesaverde - 5257' - 6017'</u>
	<u>Dakota - 7737' - 7872'</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3# H-40 @ 220' *

Intermediate String: 7", 20#, J/K-55 @ 3462' (J-55 will be used, unless the K-55 is the only casing available.)

Production String: 4-1/2", 11.6#, I-80 @ 7872' (TD)

* The surface casing will be set at a minimum of 220', but could be set deeper if required to maintain hole stability.

9. Cement Program:

Surface String: 138.7 sx Type III cement + 2% bwoc Calcium Chloride + 0.25#/sx Cello-flake + 60.6% FW (1.41 yield = 196 cf). *Circulate cement*

Intermediate String: Lead Cement: 438.2 sx Type III cement (35:65) POZ + 5#/sx Gilsonite + 0.25 #/sx Cello-Flake + 6% bwoc Bentonite + 10#/sx CSE + 3% bwow KCL + 0.4% bwoc FL-25 + 0.02#/sx static free + 129% FW (2.37 yield = 1039 cf). Cement to surface with 120% excess casing/hole annular volume.

Tail Cement: 50.0 sx Type III cement + 0.25#/sx Cello-Flake + 1% Calcium Chloride + 60.5% FW (1.4 yield = 70 cf). Cement to surface with 120% excess of casing/hole annulus volume.

Production String *: Lead Cement: 50 sx Type III (35:65) POZ L (Fly Ash L) with 6% gel Bentonite, 5#/sx Phenoseal, 0.2% bwoc CD-32, 0.75 bwoc FL-52 1#/sx LCM-1 0.25#/sx Cello-Flake, 10#/sx CSE, 0.02#/sx Static Free (2.34 yield = 117 cf).

2nd Lead Cement: 247.1 sx Type III (35:65) POZ L (Fly Ash L) with 6% gel Bentonite, 2.5#/sx Phenoseal, 0.2% bwoc CD-32, 0.75 bwoc FL-52 1#/sx LCM-1 0.25#/sx Cello-Flake, 10#/sx CSE, 0.02#/sx Static Free (2.32 yield = 573 cf)

Tail Cement - 20 sx Type III (35:65) POZ L (Fly Ash L) with 6% gel Bentonite, 5#/sx Phenoseal, 0.2% bwoc CD-32, 0.75 bwoc FL-52 1#/sx LCM-1 0.25#/sx Cello-Flake, 10#/sx CSE, 0.02#/sx Static Free (1.91 yield = 38 cf).

*The production casing cement is calculated to cover the openhole interval with 50% excess and annular volume 200' within intermediate shoe. Depending on hole conditions, the well may be cemented in a single stage or two staged.

Centralizer Program:

Surface: Total four (4) 1 @ 10' above shoe & top of 2nd, 4th & 6th joint

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

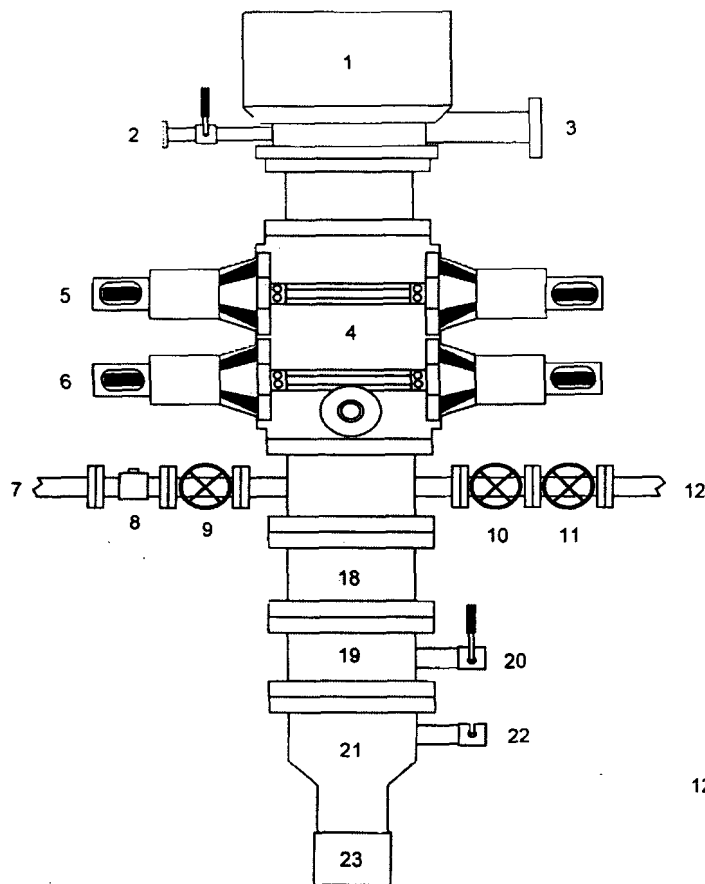
Production: None planned.

Turbulators: Total Three (3) - on intermediate casing at 1st jt. below the Ojo Alamo and next 2 jts up.

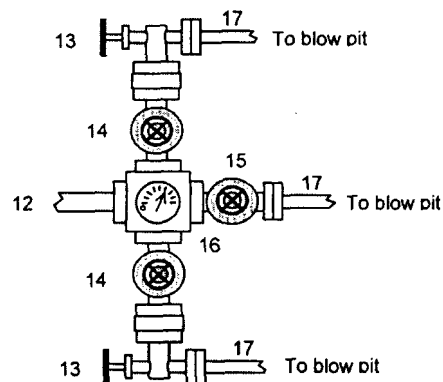
10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series and the testing procedure and testing frequency are enclosed within the APD packet.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Intermediate - spud mud generated from natural clays with gel sweeps pretreated w/LCM before entering coal interval.
Below Intermediate - air or gas drilled.
12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores: _____
Logs: GR/CCL/CBL & GSL over zones of interest
13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H₂S equipment will be used.

Estimated Bottomhole pressure:
Dakota - 2400 psi
Mesaverde - 510 psi
14. The anticipated starting date is approximately January 1, 2003 with duration of drilling / completion operations for approximately 20 days thereafter.

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

**San Juan 30-5 Unit #37M
SF-078997; Unit C, 1298' FNL & 1842' FWL
Section 8, T30N, R5W; 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.