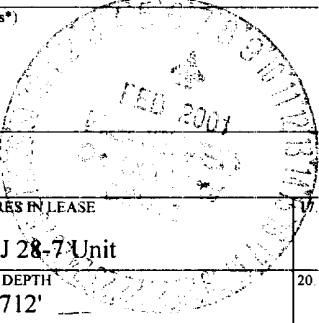


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. SF 078565	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Conoco Inc. <i>5073</i>			7. UNIT AGREEMENT NAME San Juan 28-7	
3. ADDRESS AND TELEPHONE NO. 10 Desta Drive, Suite 649W, Midland, TX 79705; 915/686-5515			8. FARM OR LEASE NAME WELL NO. #260M	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) At surface 980' FSL & 1730' FEL At proposed prod. Zone 980' FSL & 1730' FEL			9. API WELL NO. <i>30-039-26563</i>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <i>JH</i>			10. FIELD AND POOL, OR WILDCAT Mesaverde/Dakota	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any)		6. NO. OF ACRES IN LEASE SJ 28-7 Unit	11. SEC. T, R, M, OR BLK AND SURVEY OR AREA Sec. 5, T27N, R7W	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		9. PROPOSED DEPTH 7712'	12. COUNTY OR PARISH Rio Arriba	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6742'		17. NO. OF ACRES ASSIGNED TO THIS WELL <i>3199 F/2</i>	13. STATE NM	
			20. ROTARY OR CABLE TOOLS Rotary	
			22. APPROX. DATE WORK WILL START* 12/03/00	



PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/2"	J-55; 9 5/8"	36#	250'	138 sxs, circ.
8 3/4"	J-55; 7"	20#	3800'	619 sxs, circ.
6 1/4"	J-55, 4 1/2"	10.5#	7712' -	TOC 3700', 352 sxs.

It is proposed to drill a vertical wellbore to be downhole commingled in the Mesaverde/Dakota Pools following the acquisition of sufficient production test data for allocation purposes. A downhole commingling application will be filed with the BLM and OCD. An NOS was filed 05/25/00. The well will be drilled and equipped according to the following additional attachments:

1. Well Location & Acreage Dedication Plat (C-102).
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan.
6. Production Facility Layout.

This application includes ROW's for the well pad, access road and cathodic protection..

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

25. SIGNED *Kimberly Suttell* TITLE Analyst DATE 11/10/2000
(This space for Federal or State office Use)

PERMIT NO. _____ APPROVAL DATE _____
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:

APPROVED BY */s/ Jim Lovato* TITLE _____ DATE FEB - 5 2001

*See Instructions On Reverse Side

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 representations as to any matter within its jurisdiction.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" For such proposals

5. Lease Designation and Serial No.

SF 078565

6. If Indian, Allottee or Tribe Name

7. If unit or CA, Agreement Designation

San Juan 28-7

8. Well Name and No.

Unit #261M 260 M

9. API Well No.

30-039-2656-3

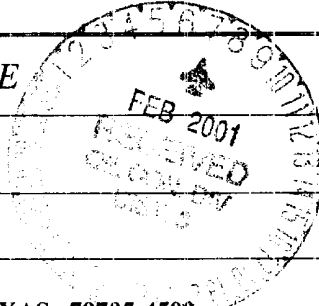
10. Field and Pool, or Exploratory Area

Blanco Mesaverde/Basin Dakota

11. County or Parish, State

Rio Arriba County, NM

SUBMIT IN TRIPLICATE



1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

CONOCO INC.

3. Address and Telephone

10 DESTA DRIVE, SUITE 649W, MIDLAND, TEXAS 79705-4500

4. Location of Well (Footage, Sec., T. R. M. or Survey Description)

Section 5, T27N, R7W
980' FSL & 1730' FEL

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other Amending TOC
	<input checked="" type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.

Conoco Inc. proposes to adjust the Well Plan Outline. The quantity of cement in the 4 1/2" casing size will remain at 352 Sxs. however the TOC will change to 3700'.



14. I hereby certify that the foregoing is true and correct.

Signed

Kimberly Southall

Title Analyst

Date 11/10/00

15. (This space for Federal or State office use)

Approved by

Conditions of approval if any:

Jim Lovato

Title

Date

FEB 5

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 representations as to any matter within its jurisdiction.

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District II
PO Drawer 00, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-26523		*Pool Code 72319 / 71599	*Pool Name BLANCO MESAVERDE / BASIN DAKOTA
*Property Code 016608	*Property Name SAN JUAN 28-7 UNIT		*Well Number 260M
*GRID No. 005073	*Operator Name CONOCO, INC.		*Elevation 6742'

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
0	5	27N	7W		980	SOUTH	1730	EAST	RIO ARRIEA

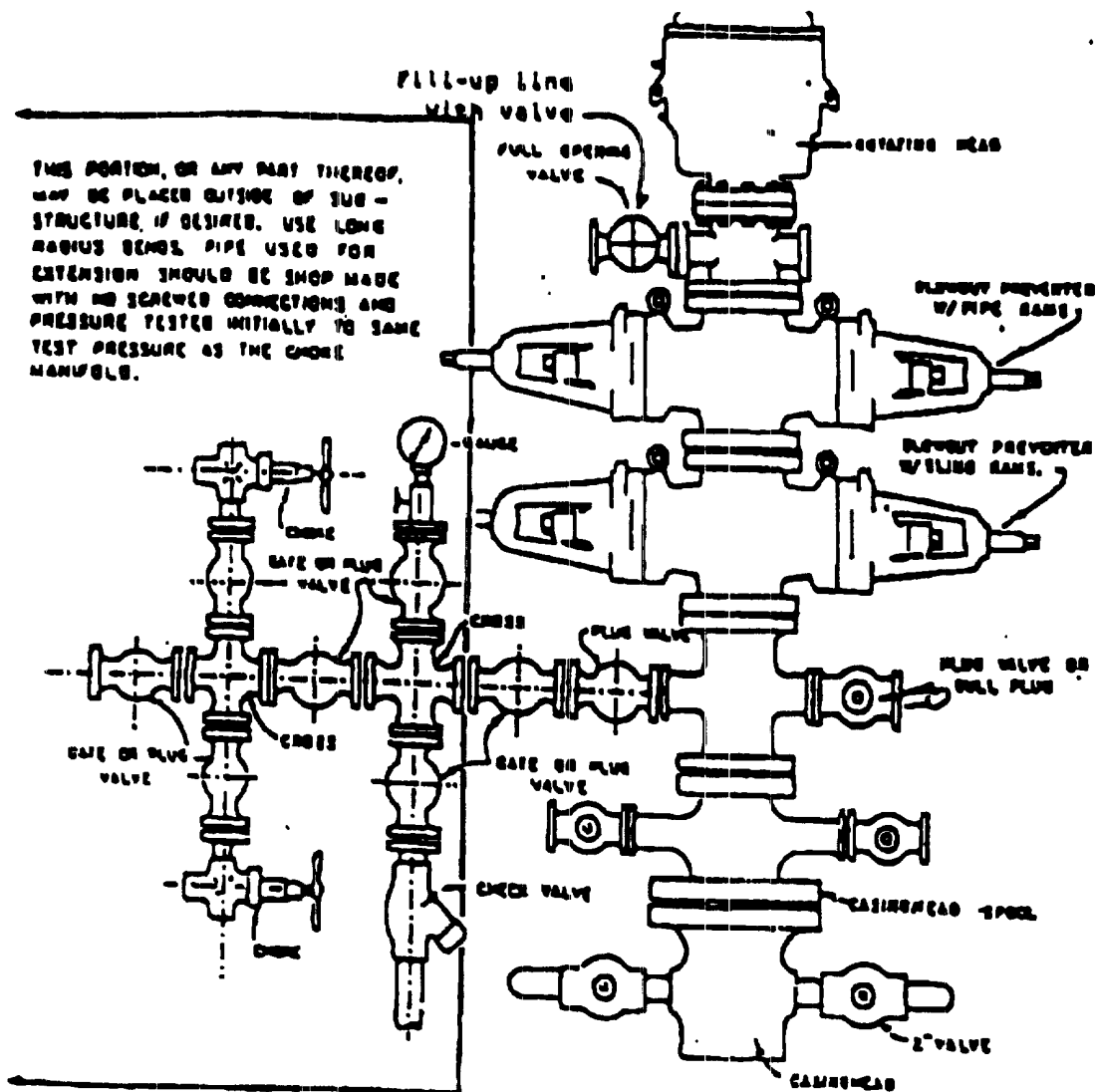
¹¹ Bottom Hole Location If Different From Surface

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 319.9	¹³ Joint or Infill I	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

¹⁶	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>JoAnn Johnson</i> Signature JoAnn Johnson Printed Name Sr. Property Analyst Title 11/3/00 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. OCTOBER 9, 2000 Date of Survey Signature and Seal of Professional Surveyor Neale C. Edwards Certificate No. 6857



BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basing 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. Please see the attached BOP diagram 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 (note diagram No. 1). In addition, the following equipment will comprise the 2000 psi system:

1. Two rams with one blind and one pipe ram.
2. Kill line (2 inch maximum).
3. One kill line valve.
4. One choke line valve.
5. Two chokes (reference diagram No. 1).
6. Upper kelly cock valve with handle.
7. Safety valve and subs to fit all drill strings in use.
8. Two-inch minimum choke line.
9. Pressure gauge on choke manifold.
10. Fill-up line above the upper most preventor.
11. Rotating head.

Cathodic Protection System Description

Anode Bed Type	Deep Well	
Hole Size	8"	
Hole Depth	200' - 500'	As required to place anodes below moisture and in low resistance strata.
Surface Casing	8" Diam., \geq 20' Length, Cemented In Annular Space	When needed, casing will be installed at an adequate depth to control ground water flow. Casing will extend a minimum of 2' above grade, be surrounded by a concrete pad, and sealed with a PVC cap. Steel casing will be substituted when boulders are encountered.
Vent Pipe	1" Diam. PVC	Vent pipe will extend from bottom of hole, through top of casing cap, and sealed with a 1" perforated PVC cap.
Type Of Anodes	Cast Iron Or Graphite	
Number Of Anodes	8 - 20	Sufficient quantity to achieve a total anode bed resistance of < 1 ohm and a design life \geq 20 years.
Anode Bed Backfill	Loresco SW Calcined Petroleum Coke Braeze	Installed from bottom of hole to 10' above top anode.
Anode Junction Box	8 - 20 Circuit Fiberglass Or Metal	Sealed to prevent insect & rodent intrusion.
Current Splitter Box	2 - 5 Circuit Metal	Sealed to prevent insect & rodent intrusion.
DC / AC Cable	DC: #2, #4, #6, #8 Stranded Copper (One Size Or Any Combination Of) With High Molecular Weight Polyethylene (HMWPE) Insulation. AC: #8 Stranded Copper HMWPE	18" depth in typical situation, 24" depth in roadway, & 36" depth in arroyo's and streams. EXCEPTION: If trenching is in extremely hard substratum, depth will be 6 - 12" with cable installed in conduit. Installed above foreign pipelines if 1' clearance is available, if not, installed under foreign pipeline with 1' clearance (AC cable <i>always</i> installed under foreign pipeline in conduit).
Power Source	1) Rectifier 2) Solar Power Unit 3) Thermoelectric Generator	Choice of power source depending on availability of AC & other economic factors.
External Painting	Color to be selected according to BLM specifications.	Paint applied to any surface equipment associated with the CP system which can reasonably be painted.

CP system will be a stand alone system situated on wellpad.