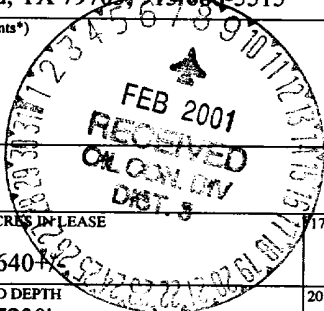


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 078500X	
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>473</i>		7. UNIT AGREEMENT NAME San Juan 28-7 Unit	
3. ADDRESS AND TELEPHONE NO. 10 Desta Drive, Suite 649W, Midland, TX 79705; 915/686-5515		8. FARM OR LEASE NAME WELL NO. 250M	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) At surface: 1120' FNL & 1825' FWL At proposed prod. Zone: 1120' FNL & 1825' FWL		9. API WELL NO. <i>30-039-26452</i>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		10. FIELD AND POOL, OR WILDCAT Blanco Mesaverde / Basin Dakota	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any)		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 30, T28N, R7W	
16. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES IN LEASE 640		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		17. NO. OF ACRES ASSIGNED TO THIS WELL W/305.76	
19. PROPOSED DEPTH 7230'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6260'		22. APPROX. DATE WORK WILL START* 02/20/00	



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#	285	141 sxs, circ.
8-3/4"	J-55; 7"	20#	<i>2750 3512</i>	442 sxs, circ.
6-1/4"	J-55, 4 1/2"	10.5#	7230'	362 sxs, TOC @ 2650'

It is proposed to drill a vertical wellbore to the Blanco Mesaverde and Basin Dakota Pools. DHC application will be filed with the BLM and the NMOCD. An NOS was filed 08/09/99. 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. **This action is subject to technical and procedural review pursuant to 43 CFR 3165.3**
3. Cementing Plan. **and appeal pursuant to 43 CFR 3165.4.**
4. Blowout Preventer Hookup.
5. Surface Use Plan.
6. Production Facility Layout.
7. Temporary pipeline tie-in specifications.

APD/ROW

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

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

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.

SIGNED *Kimberly Southall* TITLE Analyst DATE 12/21/00
(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 _____

*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.

NMOCD

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

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

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

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039 26452		² Pool Code 72319 / 71599		³ Pool Name BLANCO MESAVERDE / BASIN DAKOTA	
⁴ Property Code 016608		⁵ Property Name SAN JUAN 28-7 UNIT			⁶ Well Number 250M
⁷ GRID No. 005073		⁸ Operator Name CONOCO, INC.			⁹ Elevation 6260'

¹⁰ Surface Location

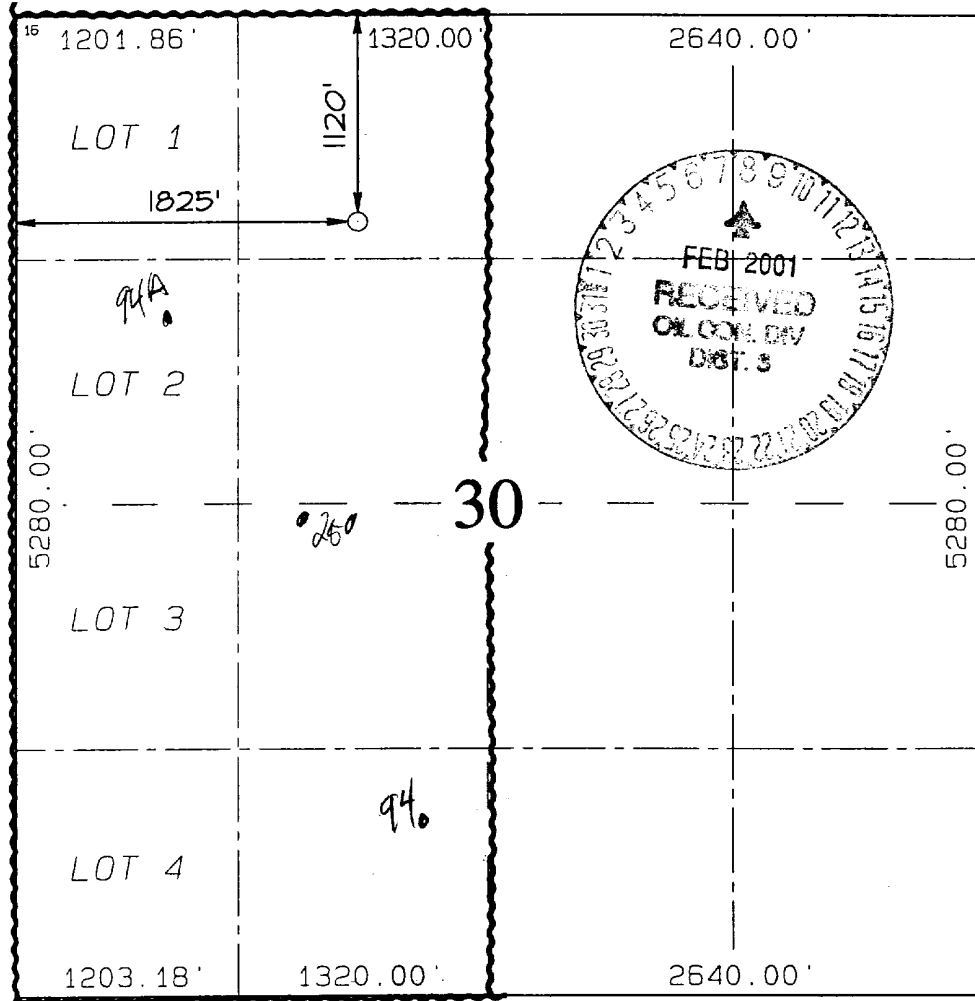
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	30	28N	7W		1120	NORTH	1825	WEST	RIO ARRIBA

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

¹² Dedicated Acres 305.76 W2	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



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

JoAnn Johnson
Signature
JoAnn Johnson
Printed Name
Sr. Property Analyst
Title
12-5-00
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

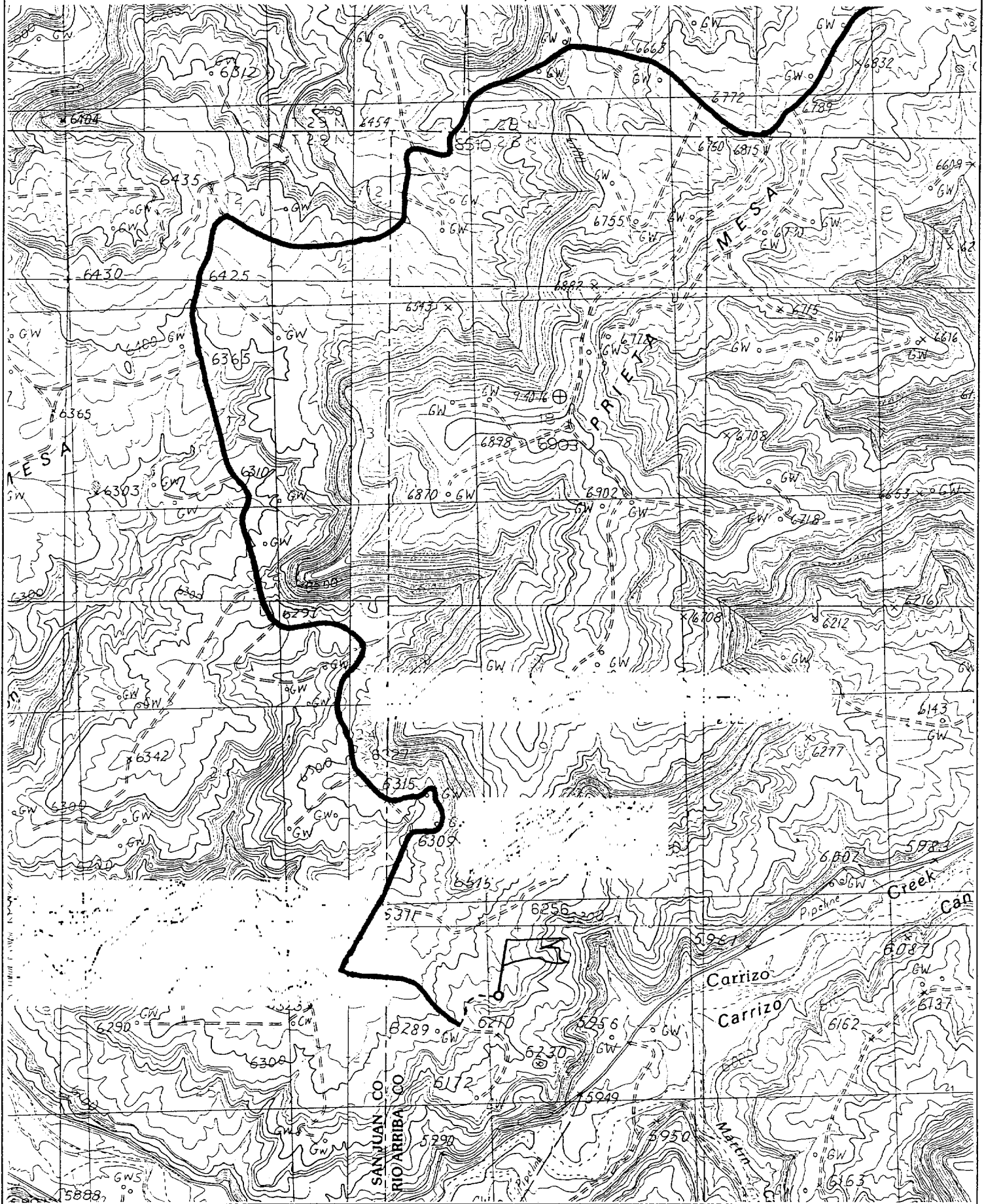
Neale C. Edwards
Signature and Seal of Professional Surveyor

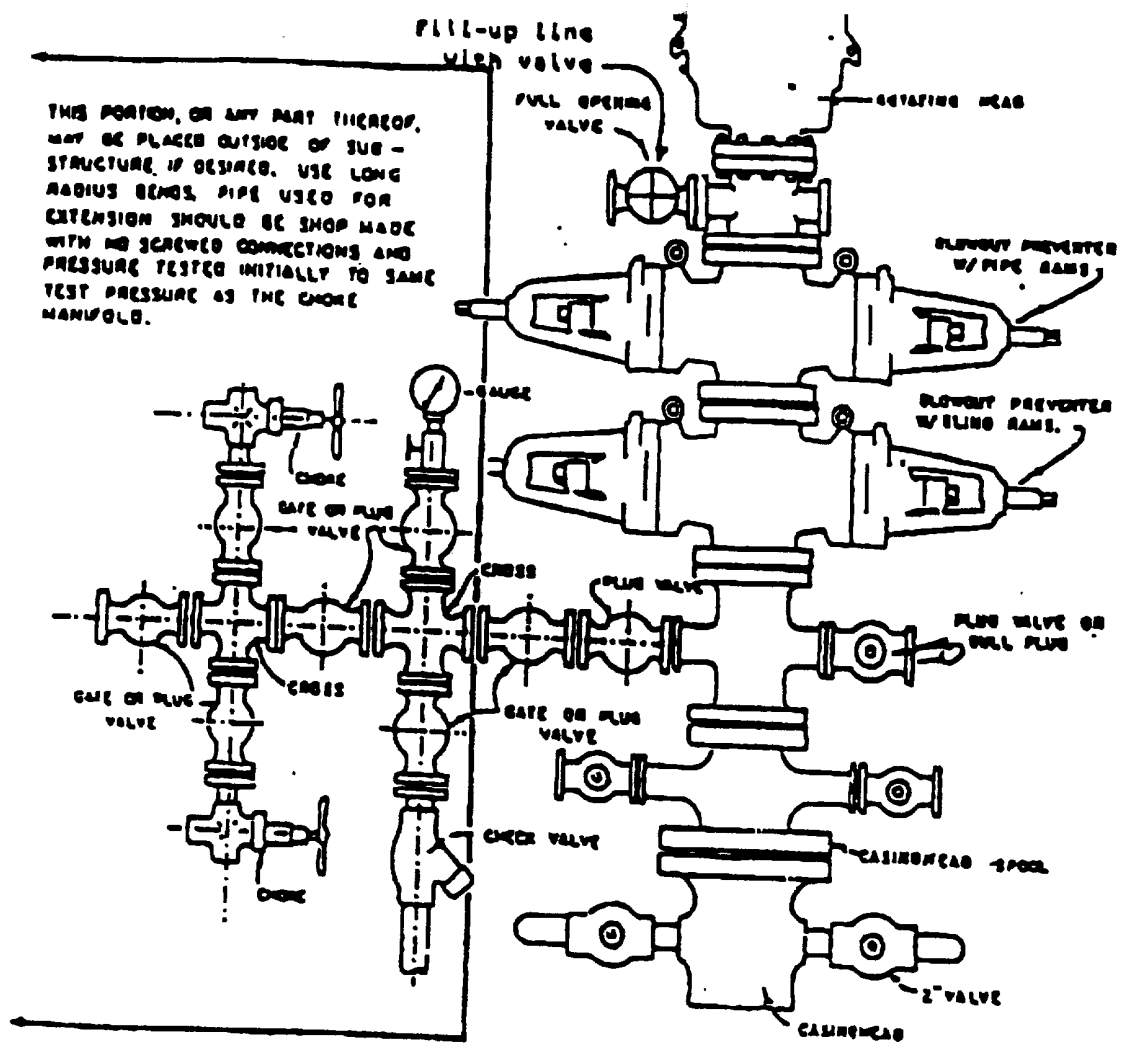
NEALE C. EDWARDS
NEW MEXICO
6857
REGISTERED PROFESSIONAL SURVEYOR

Certificate Number 6857

CONOCO, INC. SAN JUAN 28-7 UNIT #250M

1120' FNL & 1825' FNL, SECTION 30, T28N, R7W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO





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 Breeze	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>a/ways</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.