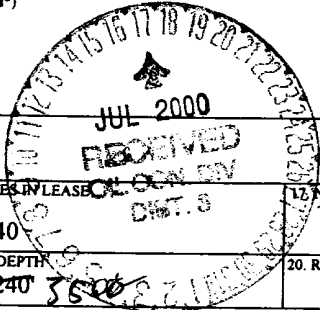


UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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 078417	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Conoco Inc.		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. 275	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) At surface 800' FNL & 1910' FEL At proposed prod. Zone 800' FNL & 1910' FEL		9. API WELL NO. 30-039-26472	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*		10. FIELD AND POOL, OR WILDCAT So. Blanco PC/Basin FC	
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. 17, T28N, R7W	
6. NO. OF ACRES IN LEASE 640		12. COUNTY OR PARISH Rio Arriba	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		13. STATE NM	
9. PROPOSED DEPTH 3240		17. NO. OF ACRES ASSIGNED TO THIS WELL 160 N/E 320 E	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6617'		20. ROTARY OR CABLE TOOLS Rotary	
		22. APPROX. DATE WORK WILL START* 07/05/00	



**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8 3/4"	J-55; 7"	20#	250'	70 sxs, circ.
6 1/4"	J-55; 4 1/2"	10.5#	2940'	310 sxs, circ.

It is proposed to drill a vertical wellbore to be downhole commingled in the Blanco Pictured Cliff and Basin Fruitland Coal 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 10/2/98. 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 including temporary pipeline tie specifications.
6. Production Facility Layout.

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

**APD/ROW**

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

This application includes ROW's for the well pad, cathodic protection, and pipeline. The pipe-wall thickness is .156 and the pipe-wall strength is 42,000# yield.

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 J. Alan Johnson TITLE Sr. Property Analyst DATE 06/06/00  
(This space for Federal or State office Use) HJS

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 JUL 13 2000

\*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.

*[Handwritten signatures]* NMOCD

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

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

200 JUN -7 AM 10:53 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30039-26472		*Pool Code 72439 T 71629	*Pool Name SOUTH BLANCO PICTURED CLIFFS/BASIN FRUITLAND COAL
*Property Code 016608	*Property Name SAN JUAN 28-7 UNIT		*Well Number 275
*OGRID No. 005073	*Operator Name CONOCO, INC.		*Elevation 6617

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County
B	17	28N	7W		800	NORTH	1910	EAST	RIO ARRIBA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ion	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 160/NE-PC 320/E-BFC	13 Joint or Infill	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  
KIS

JoAnn Johnson  
Printed Name  
Sr. Property Analyst  
Title

*6/6/2000*  
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.

MAY 22, 2000  
Date of Survey

*Neale C. Edwards*  
Signature and Seal of Professional Surveyor

NEALE C. EDWARDS  
NEW MEXICO  
6857  
PROFESSIONAL SURVEYOR

Certificate Number 6857

*Handwritten initials*

# Schlumberger

CONOCO, INC.  
BRETT THOMPSON  
HOUSTON, TEXAS  
JUNE 13, 2000

## SAN JUAN 28-7 UNIT #275

### SURFACE CASING

OBJECTIVE: BRING CEMENT TO SURFACE.

SPACER: FRESH WATER

### SLURRY DESIGN

70 SKS CLASS B + 2% S1 + 0.25 PPS D29

MIX WT.: 15.6 PPG  
YIELD: 1.19 CU.FT./SK.  
H2O: 5.19 GAL./SK.  
T.T.: 2:30 HOURS:MINUTES  
C/S: 1000 PSI IN 12 HRS.

### PRODUCTION CASING

OBJECTIVE: BRING CEMENT TO SURFACE.

### SLURRY DESIGN

#### LEAD

145 SKS CLASS B + 3% D79 + 0.2% D46 + 2% S1 + 0.25 PPS D29

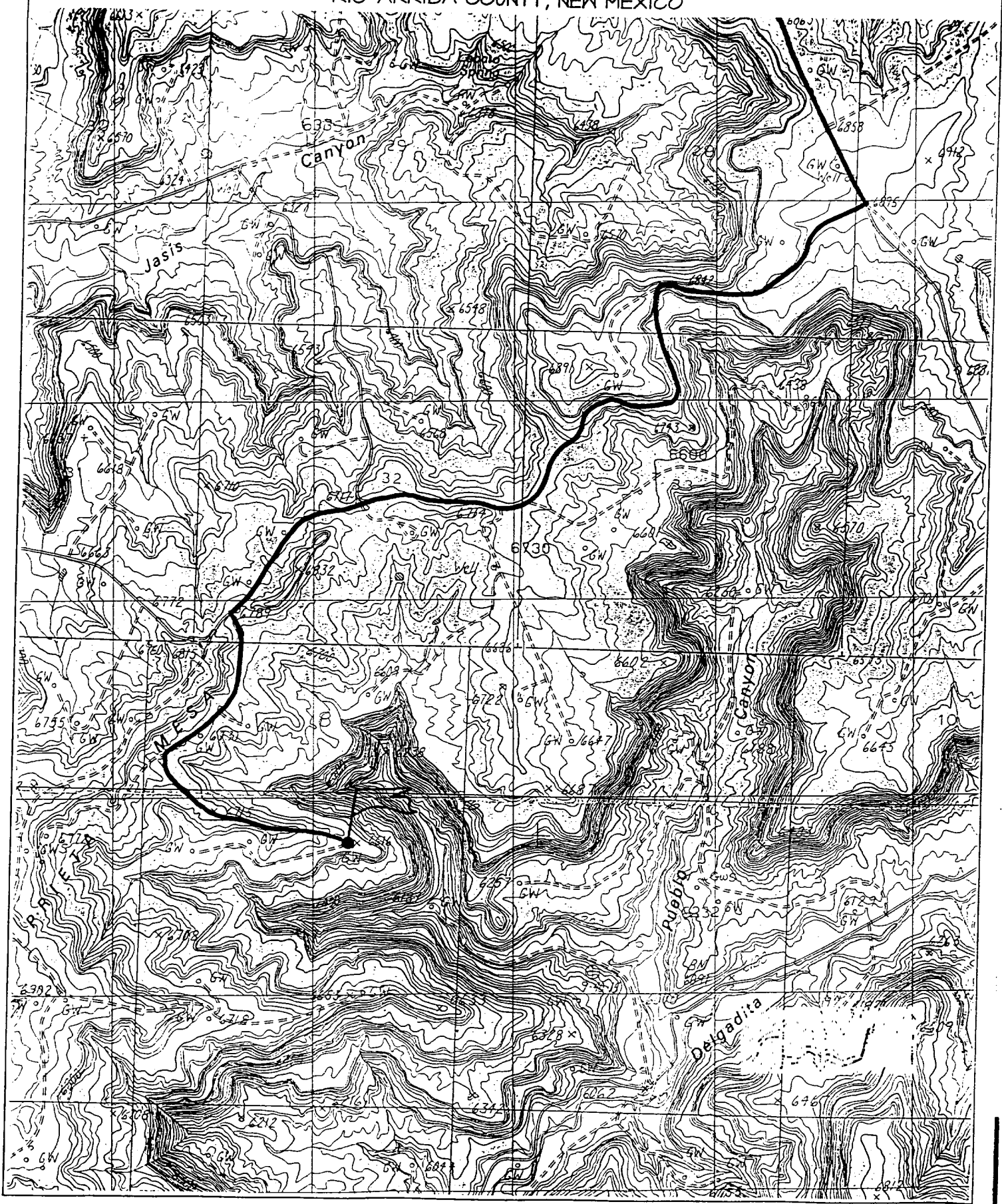
MIX WT.: 11.4 PPG  
YIELD: 2.9 CU.FT./SK.  
H2O: 17.78 GAL./SK.  
F/L: NO CONTROL  
T.T.: 5:00 HOURS:MINUTES  
C/S: 300 PSI IN 48 HRS.

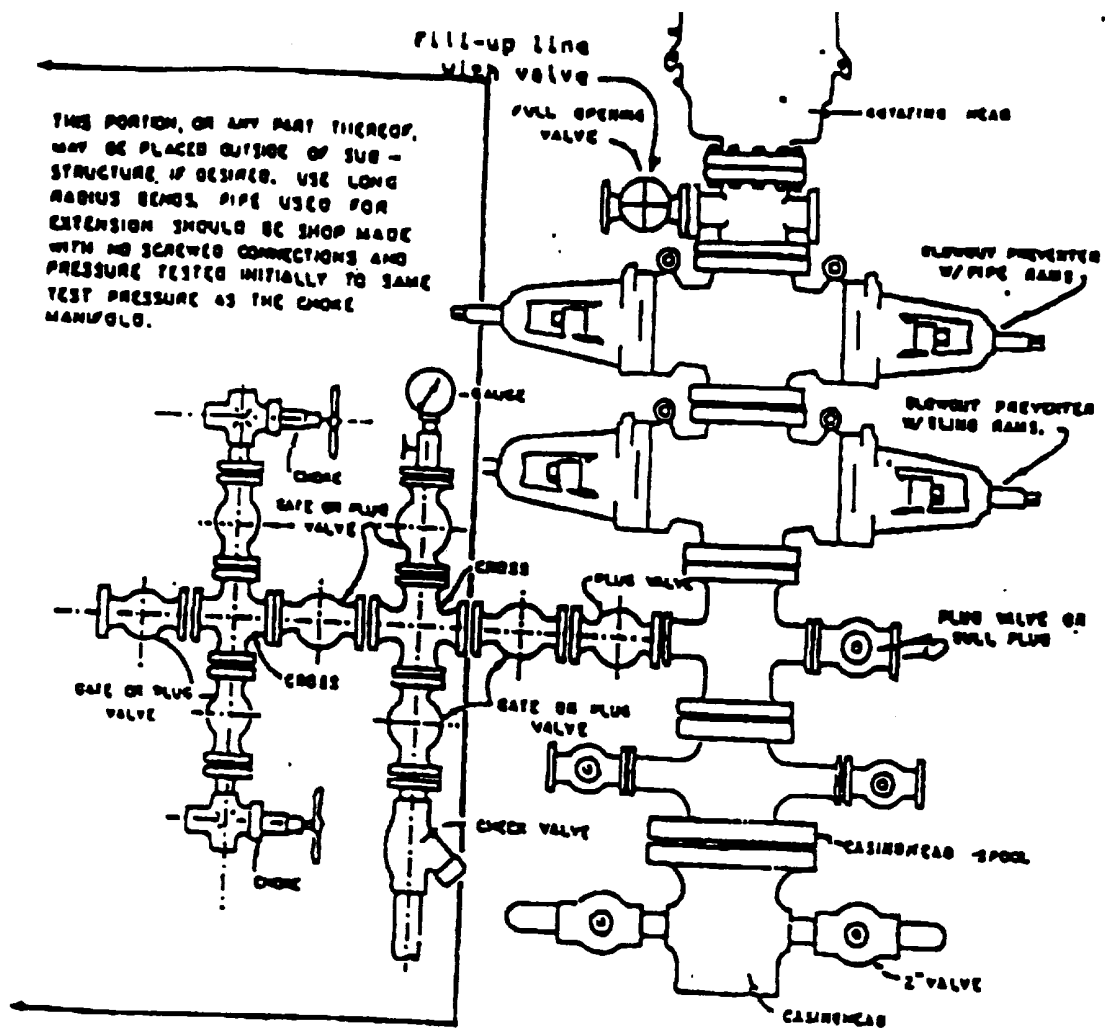
#### TAIL

80 SKS 50:50 (POZ:B) + 2% D20 + 2% S1 + 0.25 PPS D29

MIX WT.: 13.5 PPG  
YIELD: 1.27 CU.FT./SK.  
H2O: 5.72 GAL./SK.  
F/L: NO CONTROL  
T.T.: 4:30 HOURS:MINUTES  
C/S: 1200 PSI IN 24 HOURS

CONOCO, INC. SAN JUAN 28-7 UNIT #275  
800' FNL & 1910' FEL, SECTION 17, T28N, RTW, 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 the 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.