

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. NM-012698
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		7. Unit or CA Agreement Name and No. San Juan 29-6 Unit
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. Lease Name and Well No. SJ 29-6 Unit #89M
3b. Phone No. (include area code) 505-599-3454		9. API Well No. 30-039-26734
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface Unit 0, 1180' FSL & 1415' FEL At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Blanco MV & Basin DK
14. Distance in miles and direction from nearest town or post office* 22 miles East by NE of Blanco		11. Sec., T., R., M., or Blk. and Survey or Area Section 11, T29N, R6W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1180'	16. No. of Acres in lease 1732.46 acres	12. County or Parish Rio Arriba
17. Spacing Unit dedicated to this well 320 E/2 MV & S/2 - DK	13. State NM	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
19. Proposed Depth 8168' =	20. BLM/BIA Bond No. on file ES0048	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6751' GL -
22. Approximate date work will start* 2nd Qtr 2001	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 <i>Patsy Clugston</i>	Name (Printed/Typed) Patsy Clugston	Date 4/11/01
Title Sr. Regulatory/Proration Clerk		
Approved by (Signature) <i>Is/ Joel Farrell</i>	Name (Printed/Typed)	Date APR 26
Title Office		

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, 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.

*(Instructions on Reverse)

APR 2001 RECEIVED OIL CON. DIV DIST. 3

APPROVED AND RECOMMENDED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

District I
 170 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

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

2001 APR 12 AM 6:26 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30039-26734		Pool Code 72319	Pool Name Blanco Mesaverde
Property Code 009257	Property Name SAN JUAN 29-6 UNIT		Well Number 89M
OGRID No. 017654	Operator Name PHILLIPS PETROLEUM COMPANY		Elevation 6751'

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	11	29N	6W		1180'	South	1415'	East	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
0									

12 Dedicated Acres 320 E/2	13 Joint or Infill Y	14 Consolidation Code U	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	S89°45'E	5281.22'	Section 11	17 OPERATOR CERTIFICATION	
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
				Signature: <i>Patsy Clugston</i> Printed Name: Patsy Clugston Title: Sr. Regulatory/Proration Clerk Date: 1-9-01	
5280.00'	N00°03'E	1732.46 acres	NM-012698	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.	
				Date of Survey: 12/05/00	
				Signature and Seal of Professional Surveyer:	
					
	S89°47'E	5278.68'		1180'	21A

District I
 P1 Box 1980, Hobbs, NM 88241-1980
 District II
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State of New Mexico
 Energy, Minerals & Natural Resources Department

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 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
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 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ All Number 30039-26734	¹ Pool Code 71599	¹ Pool Name Basin Dakota
⁴ Property Code 009257	⁴ Property Name SAN JUAN 29-6 UNIT	⁸ Well Number 89M
⁷ OGRID No. 017654	⁷ Operator Name PHILLIPS PETROLEUM COMPANY	⁸ Elevation 6751'

¹⁰ Surface Location

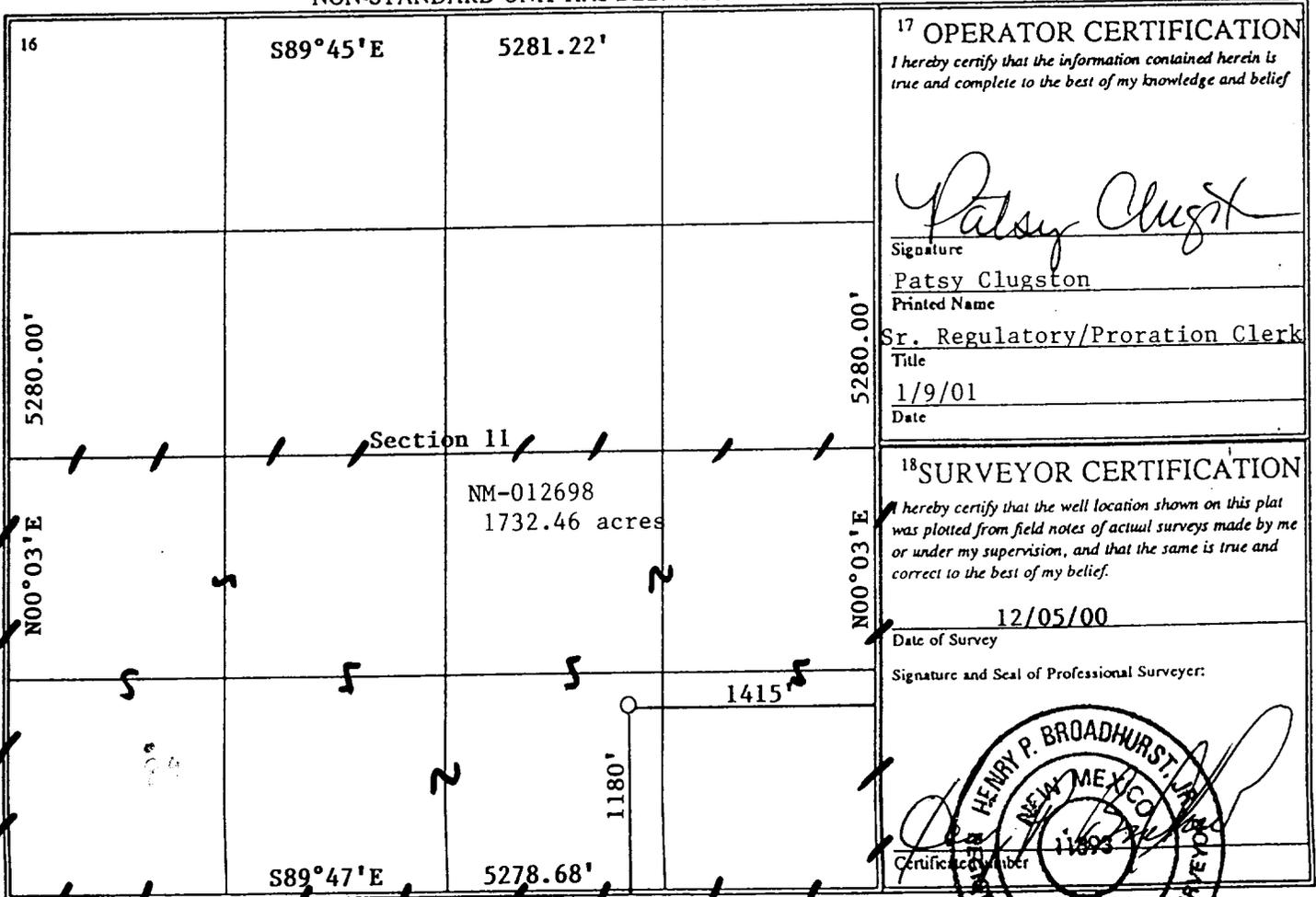
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	11	29N	6W		1180'	South	1415'	East	Rio Arriba

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
0									

¹² Dedicated Acres 320 S/2	¹³ Joint or Infill Y	¹⁴ Consolidation Code U	¹⁵ Order No.
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¹⁷ OPERATOR CERTIFICATION

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

Patsy Clugston
 Signature
 Patsy Clugston
 Printed Name
 Sr. Regulatory/Proration Clerk
 Title
 1/9/01
 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.

12/05/00
 Date of Survey

Signature and Seal of Professional Surveyor:

Henry P. Broadhurst, Jr.
 Certified Number 11893
 HENRY P. BROADHURST, JR.
 NEW MEXICO
 REGISTERED PROFESSIONAL SURVEYOR

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 29-6 #89M MV/DK

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit O, 1180' FSL & 1415' FEL
Section 11, T29N, R6W
2. Unprepared Ground Elevation: @ 6751' (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 8168' .
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 1758'</u>	<u>Menefee Fm. - 5568'</u>
<u>Ojo Alamo - 2800'</u>	<u>Pt. Lookout - 5861'</u>
<u>Kirtland Sh - 2961'</u>	<u>Mancos Sh - 6085'</u>
<u>Fruitland Fm. -3364'</u>	<u>Gallup Ss. - 6783'</u>
<u>Pictured Cliffs - 3674'</u>	<u>Greenhorn Ls. - 7853'</u>
<u>Lewis Shale - 3790'</u>	<u>Graneros Sh. - 7898'</u>
<u>Cliff House Ss - 5488'</u>	<u>Dakota Ss - 8018'</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 - 2800' - 2961'</u>
Gas & Water:	<u>Fruitland - 3364' - 3674'</u>
Gas:	<u>Mesaverde - 5488' - 6085'</u>
	<u>Dakota - 8018' - 8168'</u>
8. The proposed casing program is as follows:

Surface String:	<u>9-5/8", 32.3#, H-40 @ 320'</u>
Intermediate String:	<u>7", 20#, J/K-55 @ 3915'</u>
Production String:	<u>4-1/2", 11.6#, I or N-80 @ 8168' (TD)</u>
9. Cement Program:

Surface String:	<u>158.5 sx Type III cement with 2% bwoc CaCl₂ + 1/4#/sx Cello-flake mixed at 14.5 ppg with a 1.41 ft³/sx yield w/46.5% H₂O or sufficient to circulate to surface - 223 cf.</u>
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Note: Cement slurry calculations based on cement to surface with 140% excess hole volume.

Intermediate String: **Lead Cement:** 472.7 sx Type III cement (35:65) POZ with 5#/sx Gilsonite, 1/4#/sx Cello-flake, 6% bwoc gel (bentonite), 10#/sx CSE, 3% bwow KCL, 0.4% bwoc FL-25 mixed and 0.02#/sx Static Free mixed at 12.0 ppg with a yield of 2.37 ft3/sx – 1120 cf.

Tail Cement: 50 sx – Type III cement with 1/4#/sx Cello-flake and 1% CaCl2 mixed at 14.5 ppg with a 1.40 ft3/sx yield (70 cf).

In the event we encounter fluid loss during drilling operations, a contingency plan for cementing the intermediate casing may require a stage collar. Phillips cannot predict exact volumes. However the 1st stage will be CI H cement w/5#/sx Gilsonite, 0.25#/sx Cello-flake, 0.3% FL-25 & 2% CaCl2 mixed at 15.2 ppg 1.28 yield. Stage 2 - lead slurry: 65 % Class H & 35% POZ w/6% Bentonite mixed at 12.6 ppg 1.79 cf/sx Tail Slurry - Class H w/2% CaCl2 mixed at 15.6 ppg 1.20 yield. All attempt to be circulated to surface.

Production String

Lead: 334.1 sx Type III (35/65 POZ (Fly Ash) with 6% bwoc Bentonite, 10#/sx CSE, 0.2#/sx Static Free, 1% bwoc FL-52, 0.3% bwoc CD-32, 0.3% bwoc R-3 & 0.25#/sx Cello-Flake mixed at 12.3 ppg with a yield of 2.13 ft3/sx –712cf.

Note: The Production String casing cement is designed to cover openhole section (with 40% excess) and 100' inside the 7" shoe.

Note: Phillips Petroleum continually works to improve the cement slurries on our wells. BJ Services is 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) 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.

BOP AND RELATED EQUIPMENT CHECK LIST

3M SYSTEM:

2 hydr. rams (pipe & blind) or hydr. ram and annular with blind ram on bottom

Kill Line (2-inch minimum)

1 kill line valve (2-inch minimum)

1 choke line valve

2 chokes (refer to diagram in attachment 1) on choke manifold

Upper kelly cock valve in open position with handle available

Safety valve (in open position) and subs to fit all drill strings in use (with handle available)

Pressure gauged on choke manifold

2 inch minimum choke line

Fill-up line above the uppermost preventer

The BOPs will be pressure tested according to Onshore Order #2 III, A 1 and 30% safety factor.