

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0136  
Expires: November 30, 2000


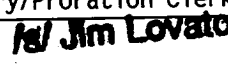
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-012735	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input 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 31-6 Unit	
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. Lease Name and Well No. SJ 31-6 Unit #54	
3b. Phone No. (include area code) 505-589-3454		9. API Well No. 30-039-26481	
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface Unit M, 1300' FSL & 840' FWL At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Navajo City Pictured Cliffs Ext	
11. Sec., T., R., M., or Blk. and Survey or Area Section 6, T30N, R6W		12. County or Parish Rio Arriba	
13. State NM		14. Distance in miles and direction from nearest town or post office* 20 miles east/northeast of Blanco	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 840'		16. No. of Acres in lease 2558.56	
17. Spacing Unit dedicated to this well 160 SW/4		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	
19. Proposed Depth @ 3575'		20. BLM/BIA Bond No. on file ES0048	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6308' GL		22. Approximate date work will start* 3rd Qtr 2000	
23. Estimated duration 1 month			

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Patsy Clugston	Date 6/20/00
Title Sr. Regulatory/Proration Clerk		
Approved by (Signature) 	Name (Printed/Typed) Jim Lovato	Date AUG 24 2000
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)

This action is subject to a 30-day  
procedural review pursuant to 43 CFR 3165.3  
and appeal pursuant to 43 CFR 3165.4.

DRILLING AND RE-ENTRY PERMITS ARE  
SUBJECT TO A 30-DAY PROCEDURAL  
REVIEW AND APPEAL.

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

20 JUL 20 11 09 AM AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-26481		Pool Code 96177	Pool Name Navajo City Pictured Cliffs EXT
Property Code 009259	Property Name SAN JUAN 31-6 UNIT		Well Number 54
OGRID No. 017654	Operator Name PHILLIPS PETROLEUM COMPANY		Elevation 6308'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	6	30N	6W		1300'	SOUTH	840'	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

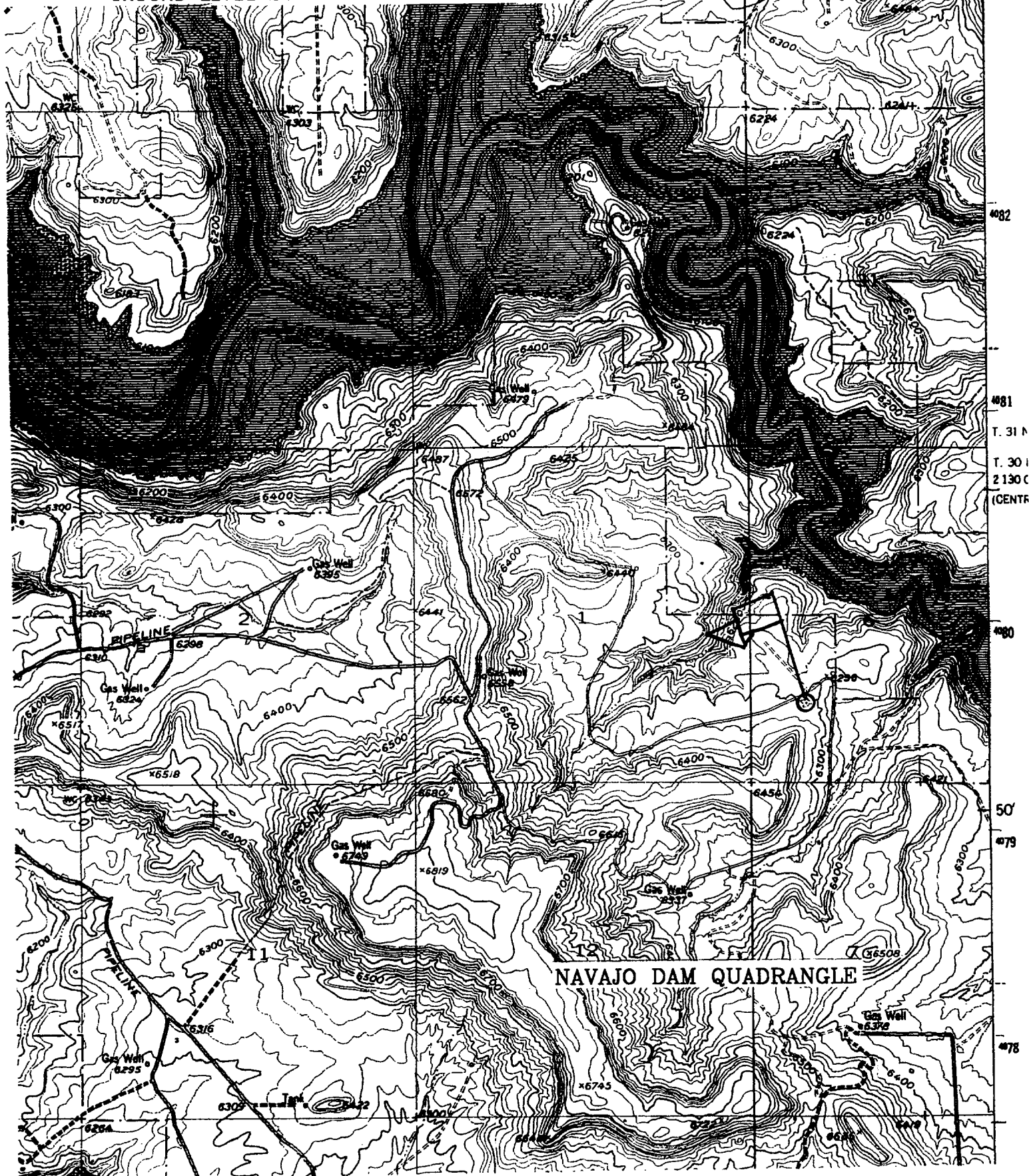
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M									

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160 SW/4	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 West 5280.00' 11 10 9 8 Section 6 NM-012735 2558.56 acres North 840' 1300' S89°58'E 5285.28'				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 June 14, 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. 01/18/2000 Date of Survey Signature and Seal of Professional Surveyor: HENRY P. BROADHURST, JR. NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR Certificate Number	

SW/4 SEC. 6, T-30-N, R-06-W, N.M.P.M.,  
RIO ARriba COUNTY, NEW MEXICO  
GROUND LEVEL ELEVATION: 6308'



## PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 31-6 Unit Well No. 54

### DRILLING PROGNOSIS

1. Location of Proposed Well: Unit M, 1300' FSL & 840' FWL  
Section 6, T30N, R6W, Rio Arriba, NM
2. Unprepared Ground Elevation: @ 6308'.
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3575'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento Fm. -</u>	<u>970'</u>
<u>Ojo Alamo -</u>	<u>2255'</u>
<u>Kirtland -</u>	<u>2375'</u>
<u>Fruitland -</u>	<u>2915'</u>
<u>Pictured Cliffs -</u>	<u>3125'</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 - 2255' - 2375'</u>
Gas & Water:	<u>Fruitland - 2915' - 3125'</u>
Gas:	<u>Pictured Cliffs- 3125' - 3415'</u>

8. The proposed casing program is as follows:

Surface String: 8.5/8", 24#, J-55 ST&C @ 300'  
Production String: 4-1/2", 11.6#, I-80 @ 3575'

Surface Centralizers - 10' above shoe & at 2<sup>nd</sup>, 4<sup>th</sup>, and 6<sup>th</sup> joints

Production Centralizers - 10' above shoe & at 1<sup>st</sup>, 2<sup>nd</sup>, 4<sup>th</sup>, 6<sup>th</sup>, & 8<sup>th</sup> jts & 1 jt above surface casing shoe.

Turbulators : 1<sup>st</sup> joint below Ojo Alamo (base 2564') and next 2 jts up.

9. Cement Program:

Surface String:      211.3 sx Class H with 2% CaCl<sub>2</sub> + 1/4#/sx Cello Flake mixed at 15.6 ppg with 1.2 ft<sup>3</sup>/sx yield or quantity sufficient to circulate cement to surface (254 cf).

Production String:

Lead    321 sx 35/65 (POZ/Class H) cement with 6% Bentonite & 5#/sx Gilsonite, & 1/4#/sx Celloflake 2.1 ft<sup>3</sup>/sx yield (674 cf) (100% excess)

Tail    61 sx Class H cement with 1/4#/sx Celloflake, 5#/sx Gilsonite, 2% CaCl<sub>2</sub> & 0.3% FL-52. Yield 1.21 ( 74 cf).

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 Hole – water with native clays & bentonite as needed.  
    Production Hole – Water with native clays, bentonite and LCM as needed VIS 35-40 All low solids, nondispersed, 9.0+ ppg, fresh water base mud.
12. The testing, logging, and coring programs are as follows:  
     D.S.T.s or cores: \_\_\_\_\_  
     Logs: DIL TD to surface casing, CDL & CNL 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 H<sub>2</sub>S equipment will be used.  
     Estimated bottomhole pressures:  
         Fruitland – 1100 psi  
         Pictured Cliffs – 1500 psi
14. The anticipated starting date is sometime in the 3rd Quarter of 2000 with duration of drilling operations for approximately 20 days thereafter.

## BOP AND RELATED EQUIPMENT CHECK LIST

### 2M 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.*