FORM APPROVED Form 3160-3 SUBMIT IN TRIPLICATE\* OMB NO. 1004-0136 (July 1992) (Other instructions on **UNITED STATES** Expires: February 28, 1995 reverse side) 7: DEPARTMENT OF THE INTERIOR LEASE DESIGNATION AND SERIAL NO. SF-078739 BUREAU OF LAND MANAGEMENT 6. IF INDIAN, ALLOTTEE OR TRIBE NAME APPLIÇATION FOR PERMIT TO DRILL OR DEEPEN 7. UNIT AGREEMENT NAME ÖRILL **DEEPEN** L TYPE OF PURIOR San Juan 30-5 Unit MULTIPLE X OII. GAS X SĨNĠLE 8. FARM OR LEASE NAME, WELL NO 2. NAME OF OPERATOR SJ 30-5 Unit #71M Phillips Petroleum Company 9. API WELL NO. 3. ADDRESS AND TELEPHONE NO. 30-039-5525 Highway 64, NBU 3004, Farmington, NM 10. FIELD AND POOL, OR WILDCAT 4. LOCATION OF WELL (Report location clearly and in accordance with any State required Blanco Mesaverde 2 1999 and Basin Dakota Unit D, 824' FNL & 795' FWL 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA At proposed prod. zone Section 22, T30N. R5<u>W</u> Same as above 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\* 12. COUNTY OR PARISH 13. STATE @ 25 miles east of Blanco. NM Rio Arriba NM 15. DISTANCE FROM PROPOSED\* 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED LOCATION TO NEAREST TO THIS WELL PROPERTY OR LEASE LINE, FT 795 2320 acres 320 W/2(DK) & W/2(MV) (Also to nearest drlg, unit line, if any) 18. DISTANCE FROM PROPOSED LOCATIONS 19. PROPOSED DEPTH 20. ROTARY OR CABLE TOOLS TO NEAREST WELL, DRILLING, COMPLETED. OR APPLIED FOR, ON THIS LEASE, FT @ 8058' Rotary 22. APPROX. DATE WORK WILL START\* 21. ELEVATIONS (Show whether DF.RT. GR. etc.) 6493' (unprepared groundlevel) 4th Qtr 1998 or 1st '99 23. PROPOSED CASING AND CEMENTING PROGRAM SIZE OF HOLE GRADE, SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH QUANTITY OF CEMENT 9-5/8" 12-1/4" 185 sx (222 cf) Cl H 36#. J-55 350' 8-3/4" 7" 20#, J-55 3608 L-460sx(966cf)POZ;T-100sx(120cf)Cl H 6-1/4" 4-1/2" 11.6#, N-80 L-250sx(538cf)POZ;T-100sx(150cf)Cl H 8058 DAILLING OPERATIONS AUTHORIZED ARE This action is subject to technical and BUBJECT TO COMPLIANCE WITH ATTACHED procedural review pursuant to 43 CFR 3165.3 "GENERAL REQUIREMENTS" and appeal pursuant to 43 CFR 3165.4. \*\* The 4-1/2" casings cement is designed to cover openhole section (with 50% excess). See cement and mud details on drilling prognosis. See attached BOP Equipment and Cathodic Protection. See attached WFS survey for pipeline information. This pipeline & APD qualify the APD/ROW process. Archeaological reports and surface work may be filed under SJ 30-5 #71E. Phillips plans changed to include the Mesaverde zone and thus the name changed to 71M (the footages are the same). 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. 24. Regulatory Assistant 12/3/98 TITLE DATE SIGNED (This space for Federal or State office use) 6 1999 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 concluct operations thereon. CONDITIONS OF APPROVAL, IF ANY: Team Lead, Petroisum Management FEB 26 1999 /S/ Duane W. Spencer APPROVED BY TITLE \*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, and follows or fraudulent statements or representations as to any matter within its jurisdiction.