

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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-078739	
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 Phillips Petroleum Company		7. UNIT AGREEMENT NAME San Juan 30-5 Unit	
3. ADDRESS AND TELEPHONE NO. 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. FARM OR LEASE NAME, WELL NO. SJ 30-5 Unit #51M	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit I, 1729' FSL & 1040' FEL At proposed prod. zone Same as above		9. API WELL NO. 30-039-26381	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 27 miles from Blanco, NM		10. FIELD AND POOL, OR WILDCAT Basin Dakota and Blanco Mesaverde	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 1040'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA I Section 21, T30N, R5W	
16. NO. OF ACRES IN LEASE 2320 acres		12. COUNTY OR PARISH Rio Arriba	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320 acres MV & DK-E/2		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 7898'		19. PROPOSED DEPTH 7898'	
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START* 2nd Qtr 2000	
22. ELEVATIONS (Show whether DF, RT, GR, etc.) 6421' unprepared groundlevel		23. PROPOSED CASING AND CEMENTING PROGRAM	

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#, J/K-55	320'*	158.5sx Type III(1.41 yield=223 cf)
8-3/4"	7"	20#, J/K-55	3738'	L-342 sx Type III(2.9 yield=992 cf)
				T-100 sx Type III(1.41 yield=141 cf)
6-1/4"	4-1/2"	11.6#, I-80	7898' -	241.7 sx C1 H (2.13 yield=515 cf) **

* The surface casing will be set at a minimum of 320', but could be set deeper if required to maintain hole stability.

** The cement for the 4-1/2" casing is designed to cover the openhole section to 100' above the Cliffhouse Sandstone. Circulation/squeeze cementing will be conducted to isolate the Lewis Shale interval prior to its completion (see attached Drilling Prognosis for more details on this and mud program).

See attached for details on the BOP equipment and Cathodic Protection.

The pipeline for this well is on fee surface & WFS will be appling for ROW.

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. *Patsy Clayton* TITLE Sr. Regulatory/Proration Clerk DATE 2/21/00
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

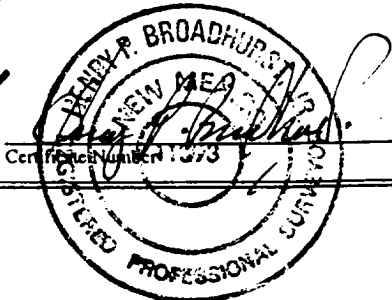
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY */s/ Charlie Beecham* TITLE _____ DATE APR 24 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.



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.

PHILLIPS PETROLEUM COMPANY

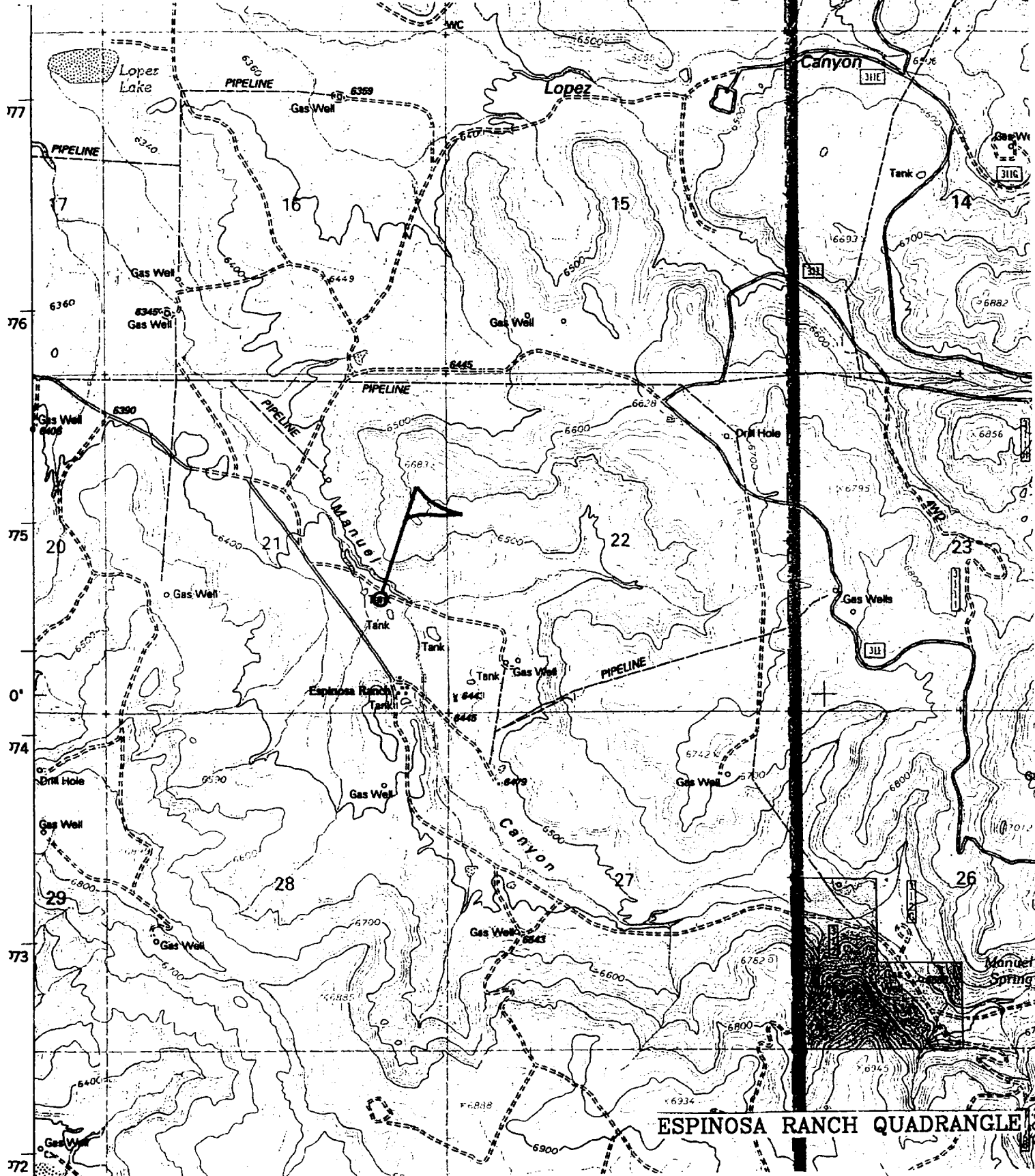
SAN JUAN 30-5 UNIT No. 51M

1729' FSL, 1040' FEL

SE/4 SEC. 21, T-30-N, R-05-W, N.M.P.M.,

RIO ARriba COUNTY, NEW MEXICO

GROUND LEVEL ELEVATION: 6421'



ESPINOSA RANCH QUADRANGLE