Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
NMSF078998

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No
NMNM78423A

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
SJ 32-7 Unit #231

2. Name of Operator
Phillips Petroleum Company

9. API Well No.
30-045-28348

3a. Address
5525 Highway 64, NBU 3004, Farmington, NM 87401

3b. Phone No. *(include area code)*
505-599-3454

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Unit L, 1474' FSL & 1234' FWL
Section 17, T31N, R7W

11. County or Parish, State
San Juan, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Deepen to add additional FC pay
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Phillips wishes to deepen the subject well to 3364' which logs from offset wells indicates is the base of the Fruitland Coal interval. The Pictured Cliffs Sandstone interval starts at 3365'. Our contract geologist will be on site to make sure that we stay in the Fruitland Coal interval.

Attached find the drilling plan and BOP schematic.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* Patsy Clugston

Title Sr. Regulatory/Proration Clerk

Date 4/4/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title PE

Date 4/4/02

Conditions of approval, if any, are attached. Approval of this notice 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.

Office FFO

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, 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.

NMOCD

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-7 #231 Deepening Details

The existing well pad will be utilized during this activity and there will be no new disturbance. The reserve pit will be lined and fenced per BLM regulations and will be closed upon completion of activities.

DRILLING PROGNOSIS

1. Location of Proposed Well: L, 1474' FSL & 1234' FWL
   Section 17, T31N, R7W

2. Unprepared Ground Elevation: @ 6449'.

3. The geological name of the surface formation is San Jose.

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3364'.

6. The estimated tops of important geologic markers are as follows:

Ojo Alamo -	2240'	Base of Coal -	3364'
Kirtland -	2350'	Picture Cliffs -	3365'
Fruitland -	2990'	Interm. Casing -	3000'
Top of Coal -	3145'	T. D. -	3364'

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Water:	Ojo Alamo -	2240' – 2350'
Oil:	none	
Gas:	Fruitland Coal -	3070' – 3364'
Gas & Water:	Fruitland Coal -	3070' – 3364'

8. Note that the surface and intermediate casings have already been set and cemented. The following lists the casing type, setting depth and cement details as completed in 10/1990 by Northwest Pipeline Corporation.

   Surface String: 9-5/8", 36#, K-55 @ 224' *
   Intermediate String: 7", 23#, J-55 @ 3000'

   Surface Cement – Cemented with 120 sx (143 cf) Class "B" w/3% CaCl2 and ¼# Cello-flake/sk. Displaced w/15.5 bbls water. Circulated 20 bbls cement to surface

Intermediate Cement – Cemented w/360 sx (745 cf) Class "B" 65/35 POZ w/12% gel & ¼#/ cello-flake/sx. Tail – 75 sx (89 cf) Class "B" w/2% CaCl2 & ¼# cello-flake/sk. Circ. 15 bbls cement to surface.

9. Liner: Note the original liner has been removed and a will be replaced after deepening to the new TD with a 5-1/2" 15.5# J-55 Liner will be set @ TD. The liner hanger will be set 20' into the intermediate casing.

10. BOP equipment – 2M – attached schematic.

11. Drilling Mud Prognosis: Below Intermediate – Drilled with air/mist.

12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores:
Logs: Mud logs only

13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H_2S equipment will be used.

Estimated Bottomhole pressures: Fruitland Coal - +/- 1400 psi

14. Testing & completion - plug back if necessary. Since the mud logger will be on location we are not anticipating deepen past the productive zones in the Fruitland coal, but for some reason if we do drill into the Pictured Cliffs interval we will pump a cement plug to the base of the coal and then run the liner.

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.

drilling\BOPck.lst

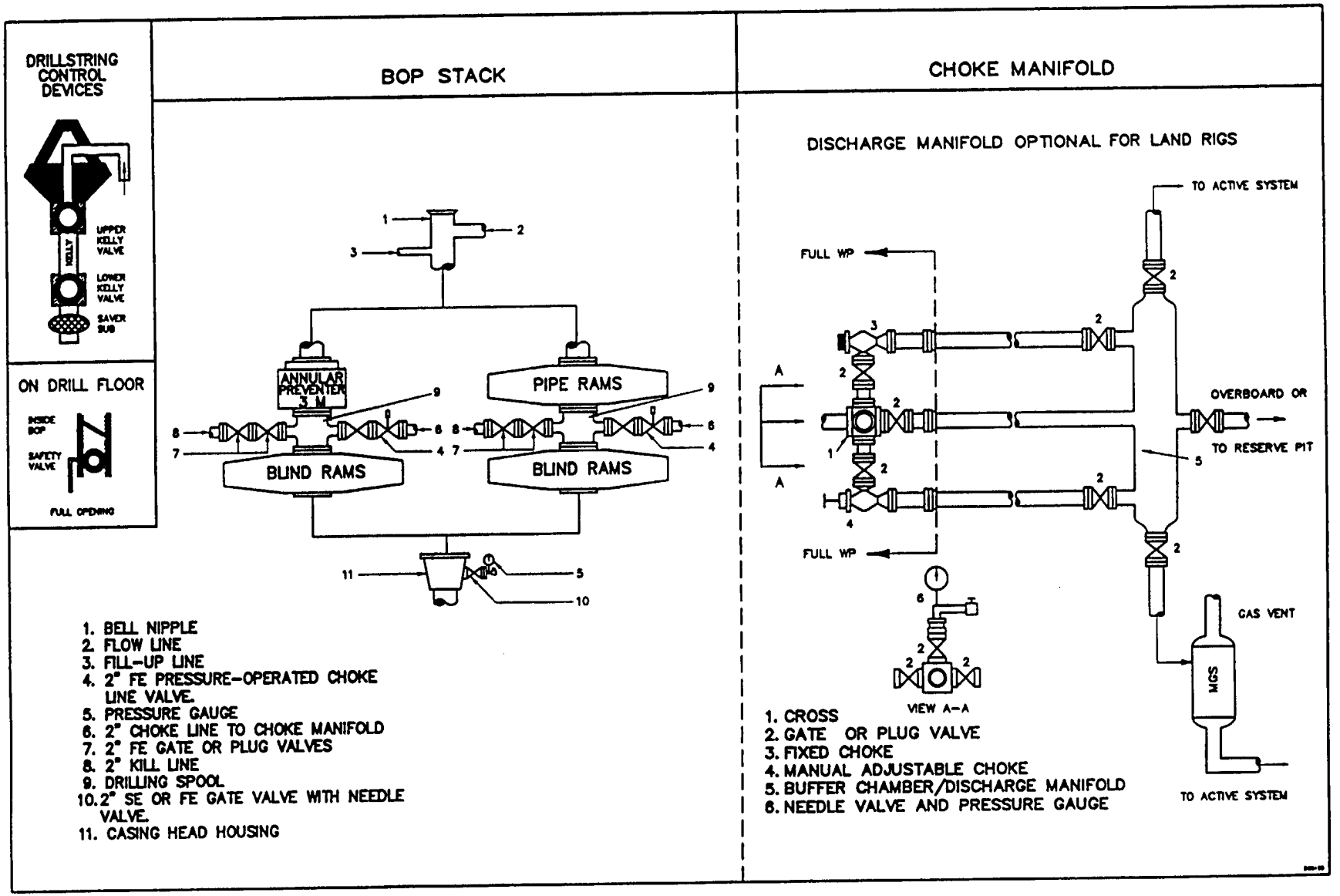

Fig. 2.4. Class 2 BOP and Choke Manifold.