

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

5. Lease Serial No.
NMSF079047

1a. Type of Work ☒ DRILL ☐ REENTER
1b. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.
NMNM78424A & D

8. Lease Name and Well No.
SJ 32-8 Unit #17M

9. API Well No.
30-045-30968

10. Field and Pool, or Exploratory
Basin DK & Blanco MV

11. Sec., T., R., M., or Blk. and Survey or Area
Section 23, T31N, R8W

12. County or Parish
San Juan, NM

2. Name of Operator
Phillips Petroleum Company
3a. Address
5525 Highway 64, NBU 3004, Farmington, NM 87401
3b. Phone No. (include area code)
505-599-3454
4. Location of Well (Report location clearly and in accordance with any State requirements)*
At surface Unit E. 1570' FNL & 663' FWL (Lat-36.88585 & Long 107.6511)
At proposed prod. zone same as above

14. Distance in miles and direction from nearest town or post office*
15 miles N NE of Blanco, NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 663'
16. No. of Acres in lease 2160.0 acres
17. Spacing Unit dedicated to this well 320 W/2 - MV & DK

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
19. Proposed Depth 8385'
20. BLM/BIA Bond No. on file ES0048

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6593' GL
22. Approximate date work will start* May 14, 2002
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:

- 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 *Patsy Clugston* Name (Printed/Typed) Patsy Clugston Date 1/2/02

Title
Sr. Regulatory/Proration Clerk

Approved by (Signature) *Jim Lovato* Name (Printed/Typed) Date 3/7/02

Title *Petr. Eng* Office BLM-FFO

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)

procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 11/19/01 BY 60322 UCBAW/ED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"FEDERAL REQUIREMENTS"

NMSF079047

District I
190 Box 1980, Hobbs, NM 88241-1980
District II
111 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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-1
Revised October 18, 19
Instructions on ba
Submit to Appropriate District Offi
State Lease - 4 Copi
Fee Lease - 3 Copi

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-30968	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 009261	⁵ Property Name SAN JUAN 32-8 UNIT	⁶ Well Number 17M
⁷ OGRID No. 017654	⁸ Operator Name PHILLIPS PETROLEUM COMPANY	⁹ Elevation 6593'

¹⁰ Surface Location

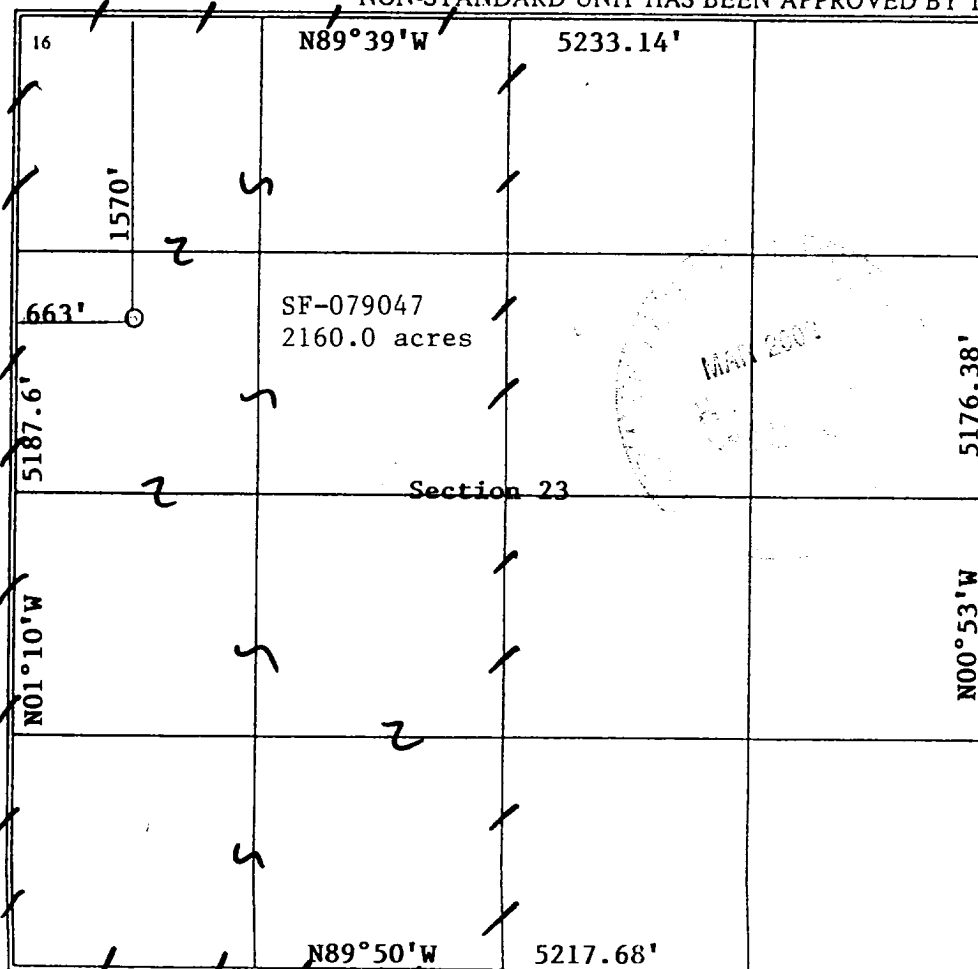
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	23	31N	8W		1570'	NORTH	663'	WEST	SAN JUAN

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
E									

¹² Dedicated Acres 320.0 W/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,
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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
10/25/01
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 knowledge and belief

Date of Survey
9/18/01
Signature and Seal of Professional Surveyor
Certificate Number

District I
P.O. 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

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-10
Revised October 18, 1990
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APN Number 30-045-30968		Pool Code 72319	Pool Name Blanco Mesaverde
Property Code 009261	Property Name SAN JUAN 32-8 UNIT		Well Number 17M
GRID No. 017654	Operator Name PHILLIPS PETROLEUM COMPANY		Elevation 6593'

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
E	23	31N	8W		1570'	NORTH	663'	WEST	SAN JUAN

11 Bottom Hole Location If Different From Surface

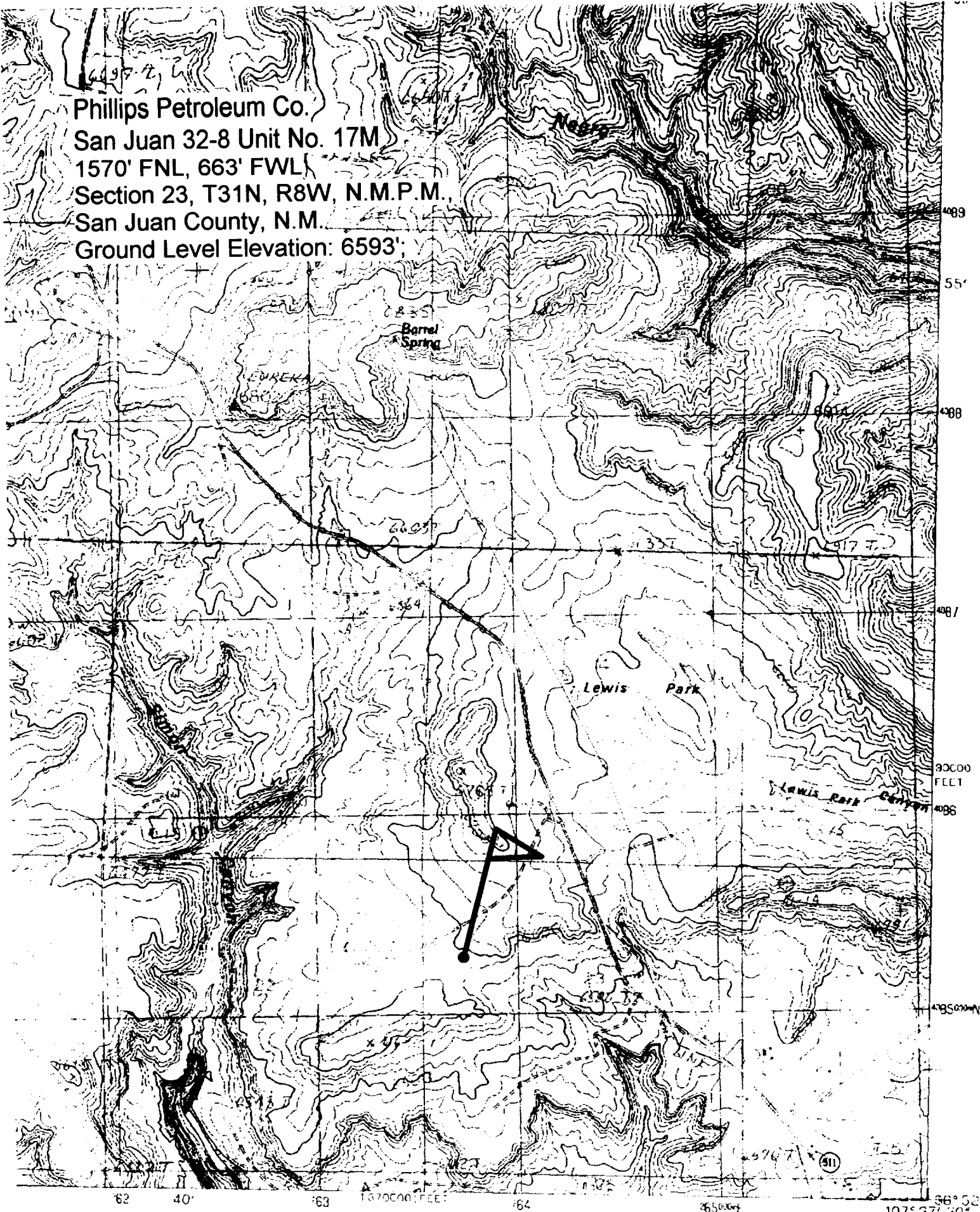
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E									

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 W/2	I	U	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR,
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Section 23</p>	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 Cler	
Date 10-25-01		
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 knowledge and belief.		
Date of Survey 9/18/01		
Signature and Seal of Professional Surveyor 		
Certificate Number		

Phillips Petroleum Co.
 San Juan 32-8 Unit No. 17M
 1570' FNL, 663' FWL
 Section 23, T31N, R8W, N.M.P.M.
 San Juan County, N.M.
 Ground Level Elevation: 6593'



PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-8 Unit #17M (MV/DK)

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit E, 1570' FNL & 663' FWL
Section 23, T31N, R8W
2. Unprepared Ground Elevation: @ 6593' (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 8385'.
6. The estimated tops of important geologic markers are as follows:

	<u>Menefee Fm. - 5474'</u>
<u>Ojo Alamo - 2360'</u>	<u>Pt. Lookout - 5777'</u>
<u>Kirtland Sh - 2478'</u>	<u>Mancos Sh - 6269'</u>
<u>Fruitland Fm. - 3185'</u>	<u>Gallup Ss. - 6769'</u>
<u>Pictured Cliffs - 3482'</u>	<u>Greenhorn Ls. - 7800'</u>
<u>Lewis Shale - 3646'</u>	<u>Graneros Sh. - 7855'</u>
<u>Cliff House Ss - 5405'</u>	<u>Dakota Ss - 7956'</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 - 2360' - 2478'</u>
Gas & Water:	<u>Fruitland - 3185' - 3482'</u>
Gas:	<u>Pictured Cliffs - 3482' - 3640'</u>
	<u>Mesaverde - 5405' - 6269'</u>
	<u>Dakota - 7956' - 8185'</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3# H-40 @ 320' *

Intermediate String: 7", 20#, J/K-55 @ 3740' (J-55 will be used, unless the K-55 is the only casing available.

Production String: 4-1/2", 11.6#, I-80 @ 8385' (TD)

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

9. Cement Program:

Surface String: 197.6 sx Type III cement + 2% bwoc Calcium Chloride + 0.25#/sx Cello-flake + 60.6% FW (1.41 yield = 278 cf). *Circulate*

Intermediate String: **Lead Cement:** 470.1 sx Type III cement (35:65) POZ + 5#/sx Gilsonite + 0.25 #/sx Cello-Flake + 6% bwoc Bentonite + 10#/sx CSE + 3% bwow KCL + 0.4% bwoc FL-25 + 0.02#/sx static free + 129% FW (2.37 yield = 1141 cf). Cement to surface with 120% excess casing/hole annular volume.

Tail Cement: 50.0 sx Type III cement + 0.25#/sx Cello-Flake + 1% Calcium Chloride + 60.5% FW (1.4 yield = 70 cf). Cement to surface with 120% excess of casing/hole annulus volume.

Production String *: **Lead Cement:** 50 sx Type III (35:65) POZ L (Fly Ash L) with 6% gel Bentonite, 5#/sx Phenoseal, 0.2% bwoc CD-32, 0.75 bwoc FL-52 1#/sx LCM-1 0.25#/sx Cello-Flake, 10#/sx CSE, 0.02#/sx Static Free (2.34 yield = 117 cf).

2nd Lead Cement: 242.6 sx Type III (35:65) POZ L (Fly Ash L) with 6% gel Bentonite, 2.5#/sx Phenoseal, 0.2% bwoc CD-32, 0.75 bwoc FL-52 1#/sx LCM-1 0.25#/sx Cello-Flake, 10#/sx CSE, 0.02#/sx Static Free (2.32 yield = 562.832 cf)

Tail Cement - 20 sx Type III (35:65) POZ L (Fly Ash L) with 6% gel Bentonite, 5#/sx Phenoseal, 0.2% bwoc CD-32, 0.75 bwoc FL-52 1#/sx LCM-1 0.25#/sx Cello-Flake, 10#/sx CSE, 0.02#/sx Static Free (1.91 yield = 38 cf).

*The production casing cement is calculated to cover the openhole interval with 50% excess and annular volume 200' within intermediate shoe. Depending on hole conditions, the well may be cemented in a single stage or two staged.

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.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
 Intermediate - spud mud generated from natural clays with gel sweeps pretreated w/LCM before entering coal interval.
 Below Intermediate - air or gas drilled.
12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores: _____
Logs: GR/CCL/CBL & GSL 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 H₂S equipment will be used.

Estimated Bottomhole pressure:
 Mesaverde - 1050 psi
 Dakota - 1900 psi
14. The anticipated starting date is approximately May 14, 2002 with duration of drilling / completion operations for approximately 20 days thereafter.

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.