

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF 079381
2. Name of Operator CONOCOPHILLIPS		6. If Indian, Allottee or Tribe Name
3a. Address P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252-2197		7. If Unit or CA/Agreement, Name and/or No.
3b. (Phone No. include area code) Ph: 832.486.2326 Fax: 832.486.2688		8. Well Name and No. SAN JUAN 32-8 UNIT 218
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T32N R8W SWNE 2305FNL 1800FEL		9. API Well No. 30-045-28722
		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
		11. County or Parish, and State SAN JUAN COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input checked="" type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Other

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 recompleat 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 recompleat 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 site is ready for final inspection.)

ConocoPhillips is requesting to recavitate and deepen this well, run a liner, and restore to production. Attached is the procedure and a new BOP schematic for the recavitation.

verbal approval to D. Marberry 5/19/04
STIPULATION: A mud logger must be on the well during deepening to monitor for gas shows in the P.C. Formation. CEH 5/19/04

14. I hereby certify that the foregoing is true and correct.	
CONDITIONS OF APPROVAL	
Electronic Submission #30831 verified by the BLM Well Information System For CONOCOPHILLIPS, sent to the Farmington Adhere to previously issued conditions to AFMSS for processing by MATTHEW HALBERT on 05/19/2004 ()	
Name (Printed/Typed) DEBORAH MARBERRY	Title SUBMITTING CONTACT
Signature (Electronic Submission)	Date 05/18/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>[Signature]</i>	Title Petr. Eng	Date 5/24/04
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.		NMOCD
Office		

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****



ConocoPhillips Company
San Juan Area

Deepening and Recavitation Proposal:

Date: 22-April-2004

1. Well Name: San Juan 32-8 # 218
 2. API #: 30-045-28722
 3. Location: Unit G, 2305' FNL & 1800' FEL, Sec. 35 – T32N – R8W
San Juan County, New Mexico
 4. Elevation: 6636' (GL Elevation) RKB = GL + 13'
 5. Field: Basin Fruitland Coal
 6. APD: Bureau of Land Management
 7. Surface Land Owner: Bureau of Land Management
 8. Current Status:
 - Current TD is 3549'
 - The well is currently completed in pumping configuration with 2-3/8" tubing and insert pump & rods.
 9. **Proposed new drilling depth: We propose to deepen this well 100' to a new total depth (TD) of 3649' MD RKB** in order to provide sump hole to optimize the performance of the planned pumping completion for this well.
 10. Estimated tops of important geologic markers are as follows:

<u>Fruitland formation:</u>	<u>3130 ft MD RKB</u>
<u>Base of lowest coal interval:</u>	<u>3548 ft MD RKB</u>
<u>Top of Pictured Cliffs formation:</u>	<u>3550 ft MD RKB</u>
<u>New Proposed Total Depth:</u>	<u>3649 ft MD RKB</u>
- The new proposed TD includes 101' of sump/rathole. ConocoPhillips Company will comply with the BLM / NMOCD's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs formation.
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11. Summary of Proposed Work:
 - Pull pump & rods,
 - Pull 2-3/8" tubing,
 - Pull liner,
 - Clean out,
 - Deepen 100' to new proposed TD of 3649' MD RKB,
 - Underream 6-1/4" hole to 9.5"
 - Possibly cavitate if warranted,

- Run 5-1/2" liner,
 - Run 2-3/8" tubing,
 - Run pump & rods,
 - Return well to production.
12. Type of drilling tools will be rotary. A power swivel will be used to provide rotation. (We will not use a kelly).
13. Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Oil: None

Gas & Water: Fruitland Coal from 3130 ft MD RKB to proposed new TD at 3649' MD RKB

14. Estimated Reservoir Pressure: 800 psi
15. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas.
16. The testing, logging, and coring programs are as follows:
- No logs
 - No cores
 - Flow tests with pipe in the hole or out of the hole will be performed taking returns via the bloopie lines and / or via the choke manifold and 2" vent line.
 - Shut in Pressure Build-Up tests will be performed with pipe in the hole and/or with pipe out of the hole.
17. Current Wellbore Configuration:

Surface Casing:

9-5/8" 32.3# H40 STC was set at 237 ft and cemented to surface on 21-Sept-1992

Intermediate Casing:

7", 20# J-55 STC was set at 3240' and cemented to surface on 24-Sept-1992

6-1/4" Hole:

- 6-1/4" hole was drilled to TD of 3549' on 26-Sept-2001.
- The 6-1/4" hole has not been underreamed.

Liner (uncemented)

5-1/2" 15.5# J-55 LT&C liner with hanger was set on 2-Oct-1992 as follows:

- 5 1/2" V-SHOE SET @ 3548'
- 8 JTS of 5 1/2", 15.5#, J-55, LT&C
- Brown 7" X 5 1/2" HYFLO 3 hanger, Top of hanger set @ 3180'

Perforations: 3237' – 3456', 3503' – 3546' (Pre-perfed liner)

Tubing (from bottom to top) was run on 23-Mar-2002 (workover):

- 2-3/8" Perforated Sub (Bull Plugged)
- 1 jt 2-3/8" 4.7# J-55 EUE 8rd tubing
- 2-3/8" x 1.78" F-Nipple
- 111 jts, 2-3/8" 4.7# J-55 EUE 8rd tubing
- 1 ea 2-3/8" 4.7# J-55 EUE 8rd tubing sub, 4 ft long
- 1 jt 2-3/8" 4.7# J-55 EUE 8rd tubing

- Total Tubing = 113 jts 2-3/8 tubing
- End of Tubing at 3543' MD RKB
- F-Nipple at 3504' MD RKB

Pump and Rods

- Insert Pump
- 1 ea 2 ft x 7/8" rod sub
- 139 ea 7/8" rods
- 1 ea 4 ft x 7/8" rod sub
- 1-1/4" x 22' polished rod

Wellhead:

- 7-1/16" 3M x 2-3/8" EUE 8rd Bonnet
- 11" 3M x 7-1/16" 3M Tubing Head
- 9-5/8" 8rd x 11" 3M Casing Head

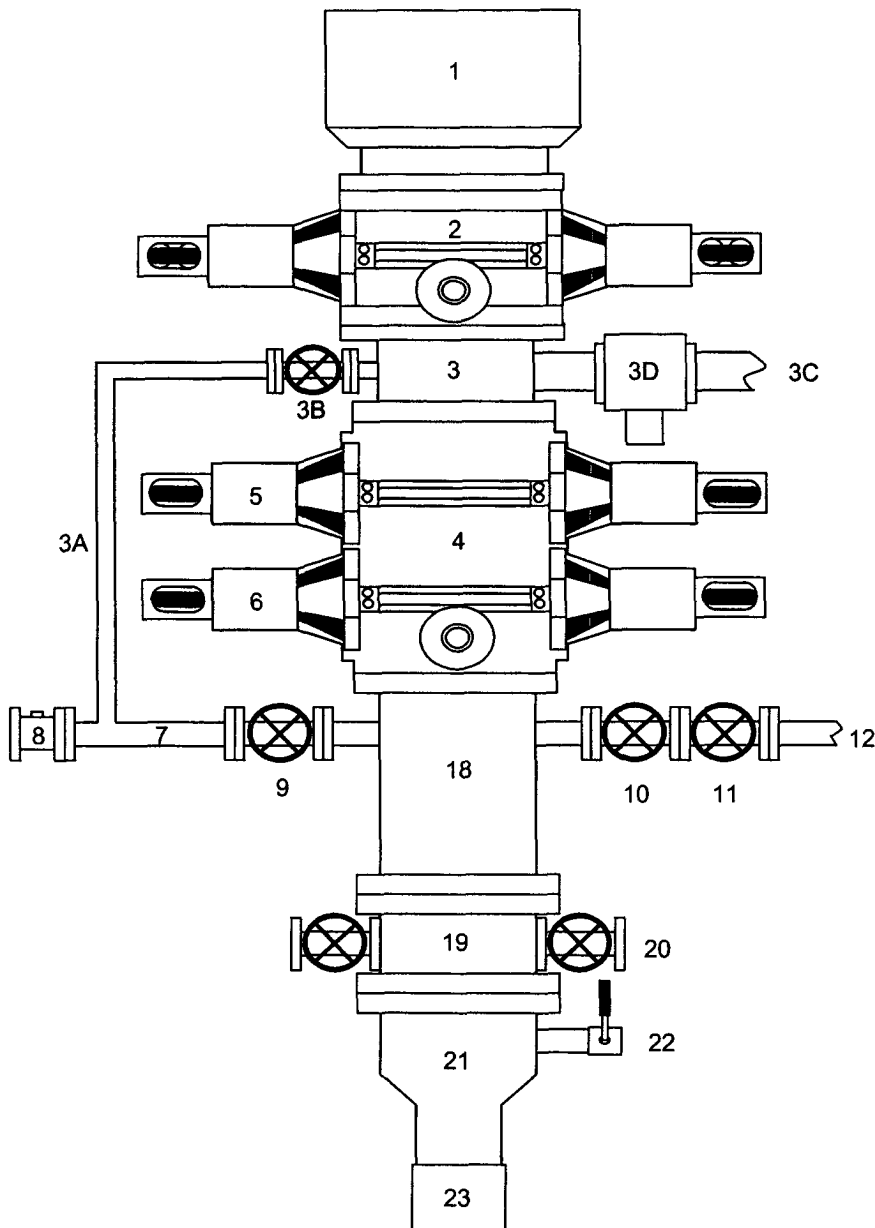
18. Proposed Wellbore Configuration

- Surface Casing: 9-5/8" 32.3# H40 STC as originally set and cemented to surface at 237' MD RKB
- Intermediate Casing: 7", 20# J-55 STC as originally set and cemented to surface at 3240' MD RKB
- Production liner: We propose to run a 5-1/2" 15.5# J-55 LT&C liner either with or without a liner hanger from approximately 3220' to the new proposed TD of 3649' MD RKB. This liner would be left uncemented.
- Perforations: We propose to perforate the uncemented 5-1/2" liner in the Fruitland Coal intervals using electric line perforating guns. The perforation configuration would be 4 shots per ft, 0.75 inch diameter holes, 120 degree phasing.
- Tubing: We propose a pumping well configuration as follows:
 - Mud Anchor consisting of one joint 2-7/8" tubing, orange peeled, with slots in the upper 2' of the joint below the upset.
 - 2-7/8" x 2-3/8" x-over
 - 2-3/8" OD x 1.78" ID F-Nipple
 - 2-3/8", 4.7#, J-55, EUE 8RD tubing to surface
- Pump and Rods: We propose to run an insert pump on rods and set the insert pump in the F-Nipple.

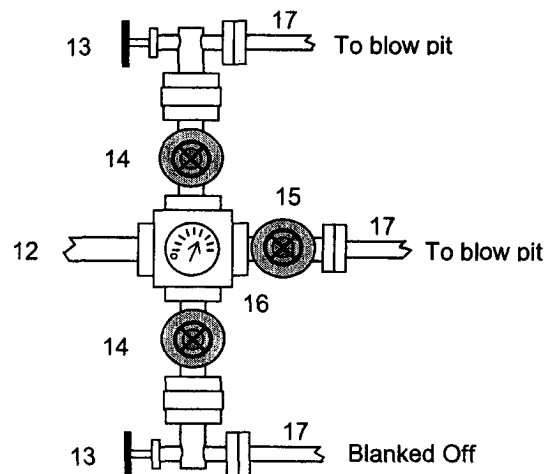
19. Proposed Wellhead: (pumping configuration)
 - 7-1/16" 3M x 2-3/8" EUE 8rd Bonnet
 - 11" 3M x 7-1/16" 3M Tubing Head
 - 9-5/8" 8rd x 11" 3M Casing Head
20. Proposed Blowout Prevention Program: The minimum specifications for pressure control equipment which is to be used, a schematic diagram thereof showing sizes, pressure ratings or API series and the testing procedure and frequency is enclosed as an attachment.
21. Drilling Mud Program: The proposed drilling media is air/mist
 - 750 - 1800 scfm air
 - 5 - 12 bbls water mist per hr
 - 1 gal F-450 foamer per 10 bbls mist
 - ¼ gal corrosion inhibitor per 10 bbls mist
22. The anticipated starting date is approximately May 9, 2004 with duration of operations for a period of approximately 30 days thereafter.
- 23.

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Deepening & Recavitation Program



1. Stripping Head
2. Single Ram BOP (7-1/16", 3M)
3. Mud Cross
- 3A. Equalizing Line (2")
- 3B. Wing Valve (2-1/16", 3M)
- 3C. Blooie Line (2 ea, 5" OD)
- 3D. HCR Valve (1 ea per line, 4-1/16")
4. Double Ram BOP (7-1/16", 3M)
5. Pipe Rams
6. Blind Rams
7. Kill Line
8. Kill Line Check Valve
9. Kill Line Valve
10. Inner Choke Line Valve (3")
11. Outer Choke Line Valve (3")
12. Choke Line (3")
13. Variable Choke
14. Choke Line Valve (2")
15. Panic Line Valve (3")
16. Choke Manifold Pressure Gauge
17. Vent Line (2")
18. Spacer Spool
19. Tubing Head
20. Tubing Head Valves (2- 9/16")
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9-5/8" Casing Collar



This BOP arrangement and test program is for deepening and recavitation programs in which we are reentering an existing well for the purpose of deepening and/or recavitating it. The BOP will be installed on the tubing head. The 7" casing will not be pressure tested because it is open at the shoe to the formation. The pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1800 psi (high pressure test) for 10 minutes. The initial test will be done with a back pressure valve installed in the tubing hanger. Subsequent tests will be done with a test plug (after removal of the tubing hanger). At a minimum the above tests will be performed per Onshore Oil and Gas Order # 2 as follows: a) when initially installed, b) whenever any seal subject to test pressure is broken, c) following any related repairs, and d) at 30-day intervals.

In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

1. String floats will be used inside the drillpipe
2. Stab-in TIW valve for all drillstrings in use