

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-079329
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CONOCOPHILLIPS COMPANY		7. If Unit or CA Agreement, Name and No.
Contact: VICKI WESTBY E-Mail: Vicki.R.Westby@conocophillips.com		8. Lease Name and Well No. SAN JUAN 32 FEDERAL 24 1A
3a. Address 4001 PENBROOK, SUITE 346 ODESSA, TX 79762	3b. Phone No. (include area code) Ph: 915.368.1352	9. API Well No. 3004532397
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWSE 1940FSL 1535FEL At proposed prod. zone		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area J Sec 24 T32N R9W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease 3703 MD	12. County or Parish SAN JUAN
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3703 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6761 GL	22. Approximate date work will start	17. Spacing Unit dedicated to this well E/2
20. BLM/BIA Bond No. on file		23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) VICKI WESTBY	Date 05/25/2004
Title AGENT		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 6-18-04
Title AFM	Office FFO	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #31112 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

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

NMOCD

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30045-32397		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 31349	*Property Name SAN JUAN 32 FEDERAL 24		*Well Number 1A
*GRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 6761'

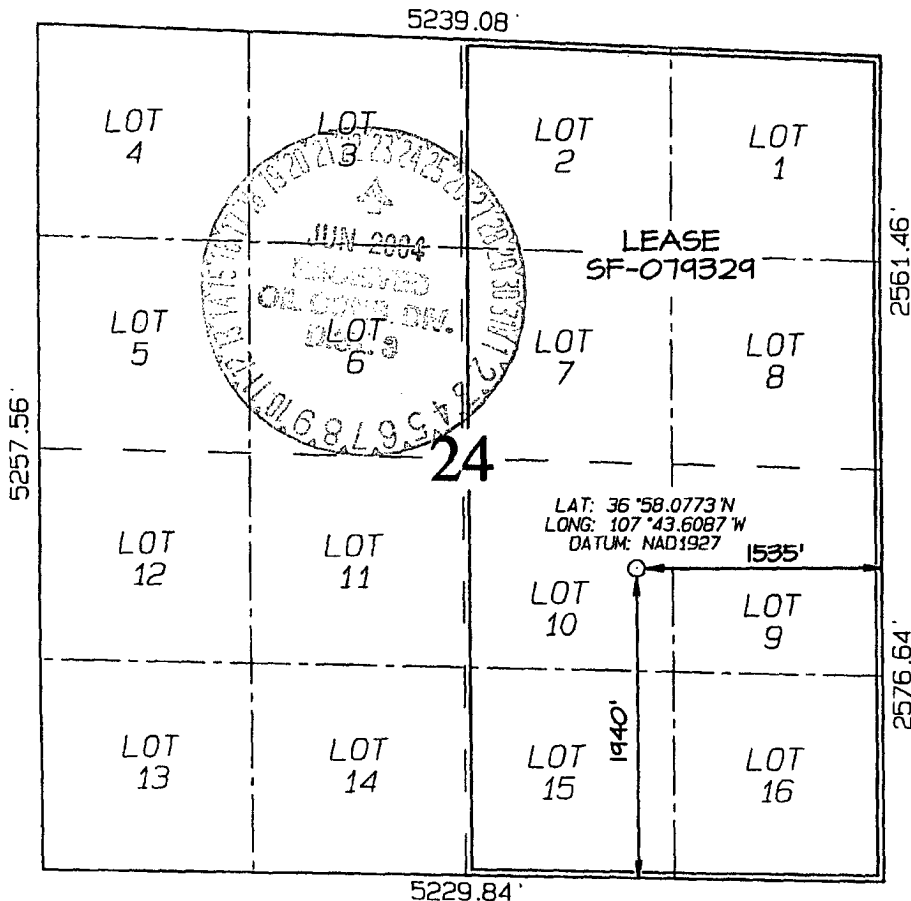
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	24	32N	9W		1940	SOUTH	1535	EAST	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
¹² Dedicated Acres 310.18 Acres - E/2					¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A 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

Vicki Westby
Signature
Vicki R. Westby
Printed Name
Sr. Analyst
Title
May 25, 2004
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 belief.

Date of Survey: APRIL 1, 2004

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

Additional Operator Remarks:

1A

- ConocoPhillips Company proposes to drill a vertical wellbore to the Basin Fruitland Coal formation. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD/ROW.

Submit 3 Copies To Appropriate District Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103

March 4, 2004

WELL API NO.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

San Juan 32 Federal 24

8. Well Number

1A

9. OGRID Number

217817

10. Pool name or Wildcat

Basin Fruitland Coal

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

ConocoPhillips Company

3. Address of Operator

4001 Penbrook, Odessa, TX 79762

4. Well Location

Unit Letter J : 1940 feet from the South line and 1535 feet from the East line

Section 24 Township 32N Range 9W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6761' GL

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL J Sect 24 Twp 32N Rng 9W Pit type Drill Pit Depth to Groundwater >100' Distance from nearest fresh water well >1 000'

Distance from nearest surface water >1000' Below-grade Tank Location UL Sect Twp Rng ; feet from the line and feet from the line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Drill Pit Notification

✓

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER:

☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

ConocoPhillips Company's Generic Pit Plan is on file at NMOCD in Aztec, NM. See the attached diagram that details the location of the pit in reference to the proposed wellhead. The drill pit will be lined. The drill pit will be closed after the well has been completed. The solids left after the water has been disposed of will be sampled and NMOCD approval will be obtained prior to closure of this pit.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Vicki Westby TITLE Sr. Analyst DATE 5/25/04

Type or print name Vicki Westby E-mail address: Vicki.R.Westby@conocophillips.com Telephone No. 432-368-1352

(This space for State use)

APPROVED BY [Signature] TITLE DATE

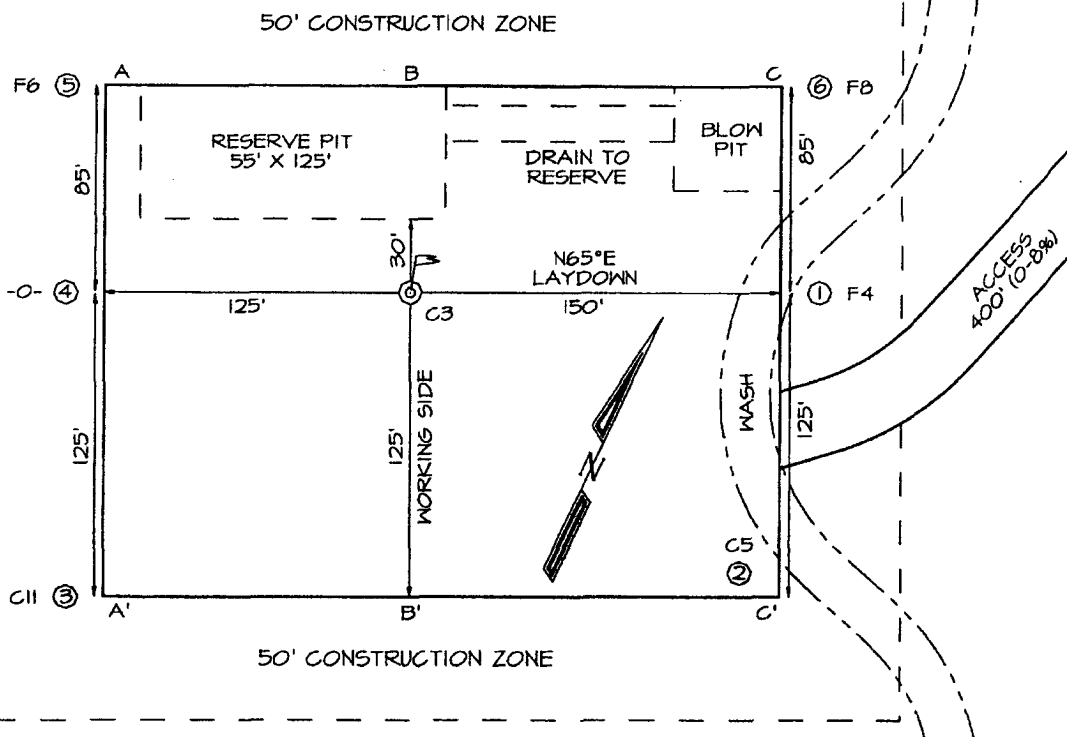
Conditions of approval, if any:

LATITUDE: 36.96796° N
LONGITUDE: 107.72681° W

DATUM: NAD1927

PLAT NOTE:

****SURFACE OWNER***
Bureau of Land
Management



A-A'					
6768'					
6758'					
6748'					

B-B'						
6768'						
6758'						
6748'						

C-C'							
6768'							
6758'							
6748'							

CONOCOPHILLIPS COMPANY

WELL NAME: San Juan 32 Fed 24 # 1A

DRILLING PROGNOSIS

1. Location of Proposed Well: 1940' FSL & 1535' FEL
Section 24, T32N, R9W
2. Unprepared Ground Elevation: @ 6761'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3703'.

6. The estimated tops (MD RKB) of important geologic markers are as follows:
Note: RKB is 13' above ground level.

<u>San Jose -</u>	<u>13'</u>	<u>Base of Lowest Coal -</u>	<u>3623'</u>
<u>Nacimiento -</u>	<u>833'</u>	<u>Total Depth -</u>	<u>3703'</u>
<u>Ojo Alamo -</u>	<u>2223'</u>		
<u>Kirtland Shale -</u>	<u>2283'</u>		
<u>Fruitland -</u>	<u>3143'</u>		
<u>Intermediate Csg -</u>	<u>3349'</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 -</u>	<u>2223' - 2283'</u>
Oil:	<u>none</u>	
Gas:	<u>Fruitland Coal -</u>	<u>3143' - 3703'</u>
Gas & Water:	<u>Fruitland Coal -</u>	<u>3143' - 3703'</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3#, H-40, ST &C @ 200' below ground level*
Intermediate String: 7", 20#, J-55, ST&C @ 3349' MD RKB
Prod Liner Option: 5-1/2", 15.5#, J-55, LT &C @ 3329' - 3703' MD RKB

* The surface casing will be set at a minimum of 200' below ground level, but could be set deeper if required to maintain hole stability.

9. Cement Program:

Surface String: 150 sx Class G cement with 1.16 cuft/sx yield, 2% bwoc CaCl2 (S001), 0.25#/sx Cellophane Flake (D029) = 174.0 cf . Cement will circulate to surface.

9. Cement program: (continued from Page 1)

Intermediate String:

Lead Cement: 437 sx Class G w/3% D079 (chemical extender) 0.25#/sx D029 (Cellophane flakes), 0.05 GPS D047 (antifoam agent) 0.2% D046 (antifoam agent) mixed at 11.7 ppg and yield of 2.61 cuft/sx = 1140.6 cf. **Lead slurry Cement will circulate to surface.**

Tail: 100 sx – 50/50/G/POZ cement w/2% D020 (bentonite extender), 2% S001 (CaCl₂), 5#/sx D024 (gilsonite), 1/4#/sx D029 (cellophane flakes) & 2% D046 (antifoam agent) @ a weight of 13.5 ppg and yield of 1.27 cuft/sx = 127.0 cf.

Note: ConocoPhillips Company continually works to improve the cement slurries on our wells. Our Cementing Service Companies are currently trying to improve what we are using now and before we would use a new cement program it would have to have stronger properties than we are currently using.

Centralizer Program:

Surface: Total four (4) - 10' above shoe and top of 2nd, 3rd, & 4th jts.

Intermediate: Total seven (7) - 10' above shoe and top of 1st, 2nd, 4th, 6th, 8th, & 1st jt. into shoe.

Turbulators: Total three (3) - one at 1st jt below Ojo Alamo and next 2 jts up.

10. Cavitation Option: Depending on well conditions the well may be cavitated or may be completed without cavitation.
11. Production liner option: Depending on well conditions a 5-1/2" liner may be run or the well may be completed without a liner. If a liner is run, it would be run without a liner hanger – or possibly with a liner hanger – and would be left uncemented.
12. Perforations: If a liner is run, it will be perforated using electric line perforating guns in the Fruitland Coal interval(s).
13. Tubing will be run in either flowing well configuration or in pumping well configuration. The size of tubing run and the configuration (either pumping or flowing configuration) will be dependent on the well conditions and flow test results. Our proposed options for the tubing string are as follows:

Pumping Well Configuration:

- 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
- Insert pump run on rods and set in F-Nipple

2-3/8" Flowing Well Configuration:

- 2-3/8" OD x 1.78" ID F-Nipple
- 2-3/8", 4.7#, J-55, EUE 8RD tubing to surface

2-7/8" Flowing Well Configuration:

- 2-7/8" OD x 2.5" ID F-Nipple
- 2-7/8", 6.5#, J-55, EUE 8RD tubing to surface

3-1/2" Flowing Well Configuration:

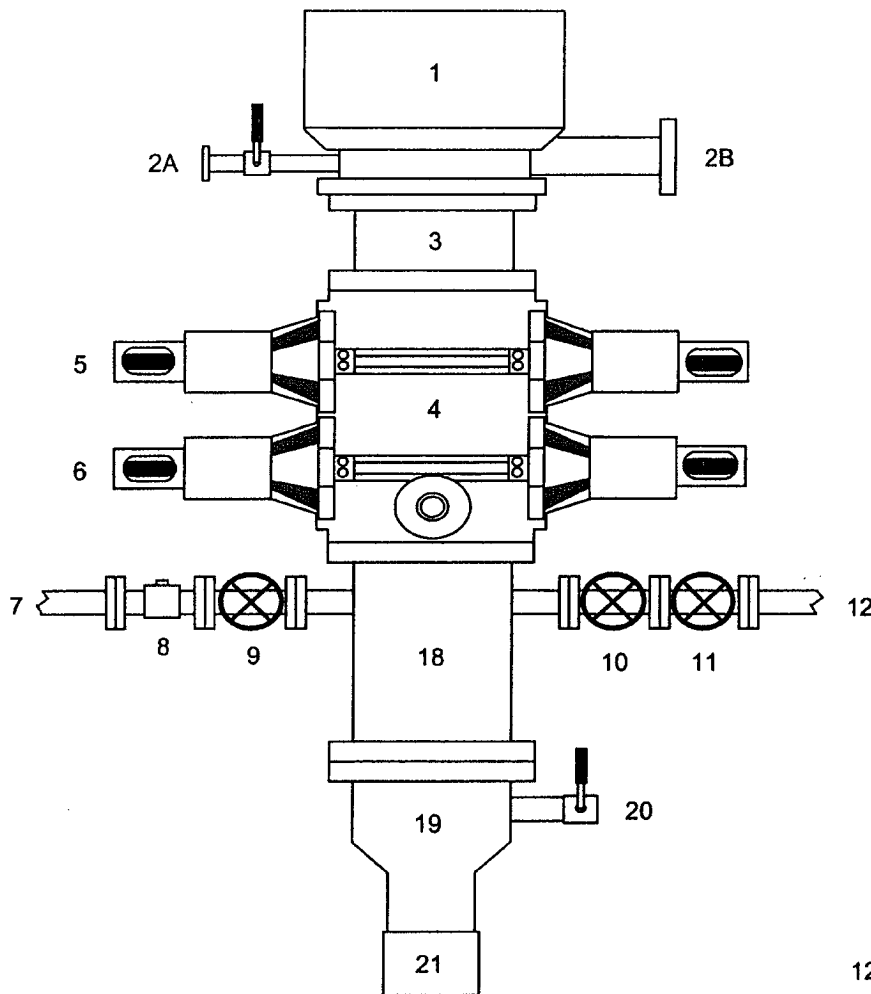
- 3-1/2" OD x 1.78" ID F-Nipple
- 3-1/2", 9.2# J-55 FL4S (as an option inside the liner or in the open hole)
- 3-1/2" 9.3# J-55 EUE 8rd tubing to surface

14. 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.
15. Drilling Mud Prognosis:
 - Surface - spud mud on surface casing.
 - Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.
 - Below Intermediate – air / water mist drilling media with foamer and polymer as needed for hole stability and with corrosion inhibitor.
16. The testing, logging, and coring programs are as follows:
 - D.S.T.s: Flow Tests and Shut-In pressure build up tests will be taken as needed in the Fruitland coal interval.
 - Cores: None
 - Logs: Mud log from intermediate casing shoe to TD
17. 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.

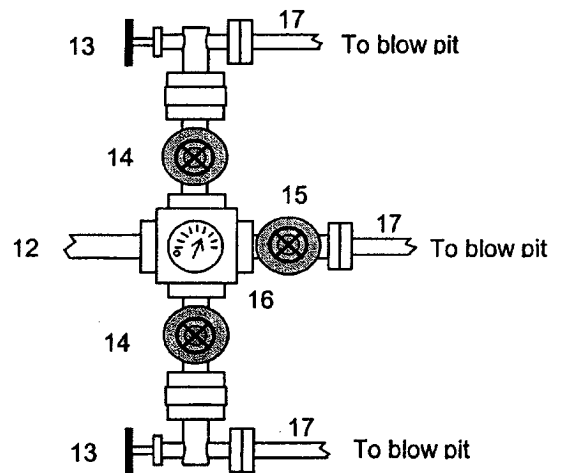
Estimated Bottomhole pressures: Fruitland Coal - 4 1/2 450 psi

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to Intermediate Casing Point & Setting 7" Intermediate Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 3000 psi)
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. Choke Line (2")
18. Mud Cross Spacer Spool
19. Casing Head "A" Section
20. Casing Head "A" Section 2" Valve
21. 9 5/8" Casing Collar



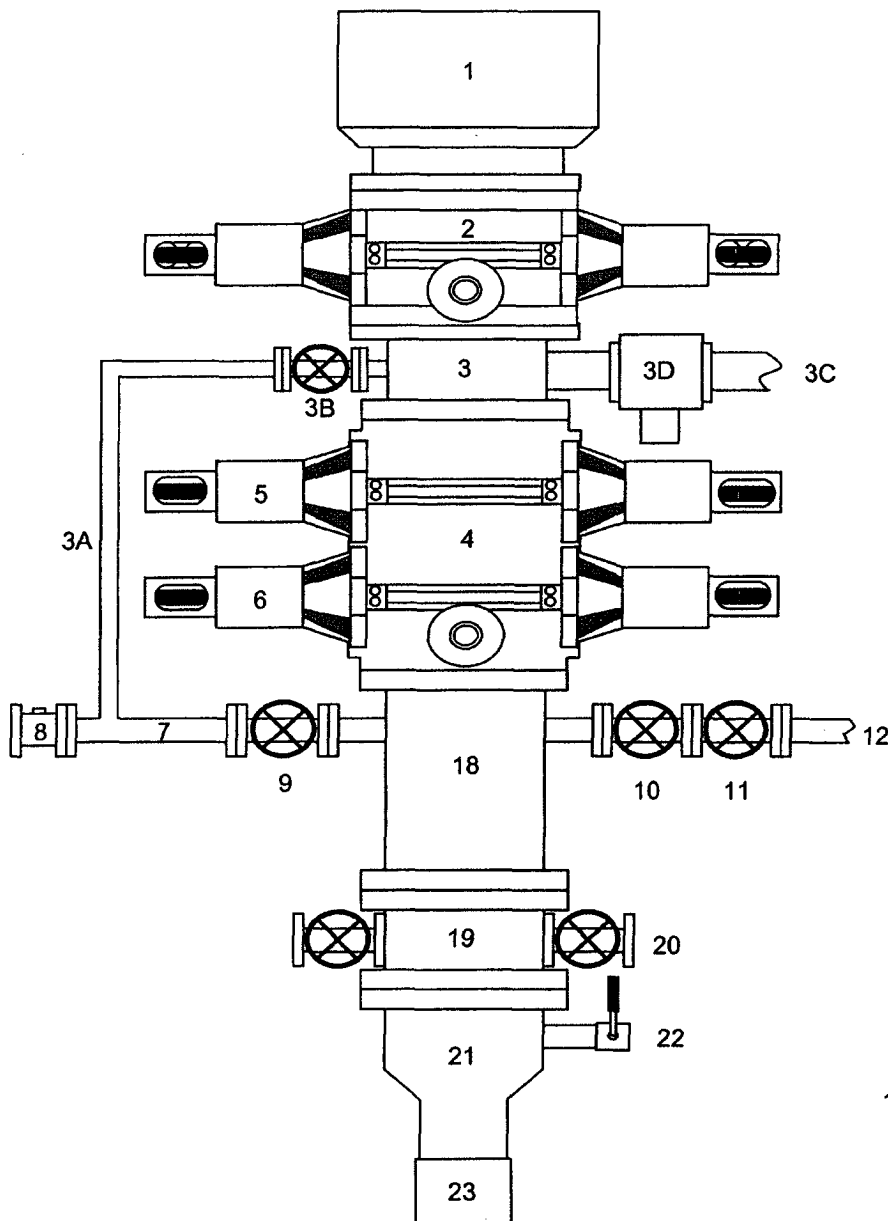
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1000 psi (high pressure test) for 10 minutes. Then the test plug will be removed, and the **9-5/8" casing will be pressure tested** against closed blind rams to 200 psi to 300 psi for 2-3 minutes and to **1000 psi for 30 minutes** (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory requirements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then an 8-3/4" hole will be drilled to intermediate casing point and 7" intermediate casing will be run and cemented.

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

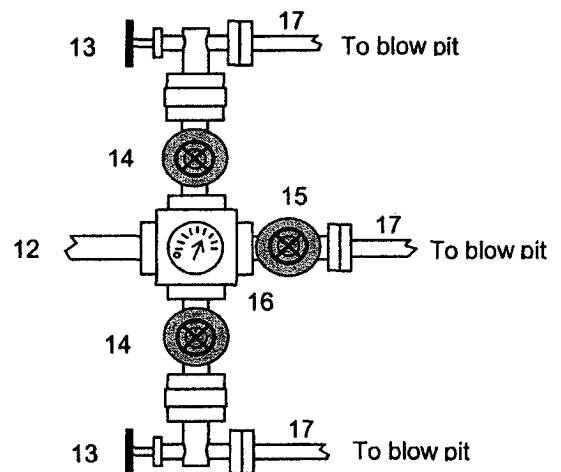
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Cavitation Program



1. Rotating Head
2. Single Ram BOP (7-1/16", 3M)
3. Mud Cross
- 3A. Equalizing Line (2")
- 3B. Wing Valve (2-1/16", 3M)
- 3C. Bloopie 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 the cavitation program. The BOP will be installed on the tubing head. The 7" casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 2-3 minutes and to 1800 psi for 30 minutes - this test pressure is 48% of the minimum internal yield strength of 3740 psi for the 7", 20#, J-55, STC casing. 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 - This test will be done with a test plug or possibly without a test plug (ie against casing). If we conduct this test without a test plug we will ensure that we have sufficient drillstring weight in the hole to exceed the upward force generated by the test.

We use a power swivel and air/mist to drill the 6-1/4" hole in our cavitation program. We do not use a kelly. 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
3. Each bloopie line is equipped with a hydraulically controlled valve (HCR valve).

Release June 27, 2004

ConocoPhillips

**ConocoPhillips Company
RPA – Property Tax, Real
Estate, Right of Way and
Claims**

Vicki R. Westby
Sr. Analyst
4001 Penbrook St., Ste. 317
Odessa TX, 79762
Phone (432)368-1352
Fax (432)368-1287

June 14, 2004

AF

NMOCD
Attn: Steve Hayden
1000 Rio Brazos Road
Aztec, NM 87410

RE: San Juan 32 Fed 24 #1A Well
Section 24, T32N-R9W
San Juan County, New Mexico



Dear Steve:

Please find attached a copy of the HPA Notification Letter and a copy of the certified return receipt for the San Juan 32 Fed 24 #1A well located in Section 24, T32N-R9W, San Juan County, New Mexico.

Sincerely,

Vicki Westby
Vicki Westby
Sr. Analyst



**ConocoPhillips Company
RPA – Property Tax, Real
Estate, Right of Way and
Claims**

Vicki R. Westby
Sr. Analyst
4001 Penbrook St., Ste. 317
Odessa TX, 79762
Phone (432)368-1352
Fax (432)368-1287

June 4, 2004

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RE: San Juan 32 Fed 24 #1A Well
Basin Fruitland Coal
1940' FSL & 1535' FEL, Section 24, T32N-R9W
San Juan County, New Mexico

To the Affected Parties:

ConocoPhillips Company is submitting the enclosed Application for Permit to Drill to the appropriate regulatory agency(s) for approval. This well is located inside the High Productivity Area of the Basin-Fruitland Coal Pool as indicated on the attached plat. Notice is being made pursuant to New Mexico Oil Conservation Commission Order R-8768-F dated July 17, 2003.

The affected parties have twenty (20) days from receipt of this notice in which to file with the District Office of the New Mexico Oil Conservation Division written objection to the proposed Application for Permit to Drill.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Westby".

Vicki Westby
Sr. Analyst

Cc: NMOCD Aztec
Well File

San Juan 32 Fed 24 #1A – HPA “Affected Parties”

Peoples Energy Production Corp.
Attn: Diane Sumerall
909 Fannin St., Suite 1300
Houston, TX 77010-1038
(Certified Receipt #7003 0500 0001 8091 4488)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



Peoples Energy Production Corp.
Attn: Diane Sumerall
909 Fannin St, Ste. 1300
Houston, TX 77010-1038

2. Article Number
(Transfer from service label)

7003 0500 0001 8091 4488

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

6-7-04

D. Is delivery address different from item 1? ☐ Yes
if YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SAN JUAN 32 FED 24 #1A

OFFSET OPERATOR PLAT

TOWNSHIP 32 NORTH, RANGE 9 WEST

1940' FSL 1535' FEL

ConocoPhillips	24 ●	ConocoPhillips
ConocoPhillips		ConocoPhillips
Peoples Energy Production	Peoples Energy Production	ConocoPhillips