ConocoPhillips Company
3401 E. 30th Street
Farmington, NM 87402

ConocoPhillips

Monica Kuehling
Oil Conservation Division
1000 Rio Brazos Rd
Aztec, NM 87410

April 19, 2011

RE: San Juan 30-5 Unit 72M
API# 30-039-30644
Sec. 10, T30N, R5W
Lease #: SF-078997
Reference: RBDMS MPK1004131303

Dear Ms. Kuehling:

On February 24, 2011 a letter was received regarding the subject well indicating a bradenhead failure and requesting remedial activity. A proposal to not repair the intermediate casing is attached for your review. Also attached are a current wellbore schematic, gas sample analysis and the two most recent bradenhead tests.

If further detail or information is needed regarding the subject well please contact me at 326-9837.

Sincerely,

Crystal Tafoya

Crystal Tafoya
Staff Regulatory Technician

Approved Brandon Powell

NL

San Juan 30-5 Unit 72M
Proposal to Not Repair the Intermediate Casing

On February 24, 2011 ConocoPhillips received a Notice of Violation concerning the 2010 bradenhead test due to high pressure on the Intermediate Casing. Given that there is no pressure on the bradenhead and gas samples from the casing and intermediate string, the test indicated that there is not a integrity issue.

Pertinent data for this well is summarized below:

Formation:	Mesa Verde/Dakota
TD:	7980'
PBTD:	7970'

Surface Casing:	9-5/8" 32.3 #/ft set at 228' with cement circulated to surface
Intermediate Casing:	7" 20 #/ft set at 3620' with cement circulated to surface
Production casing:	4-1/2" 11.6 #/ft set at 7972' with TOC @ 3625' b CBL (5/27/2009)

Perforations:

5096-5476' (Cliffhouse/Menefee)
5533-6034' (Point Lookout)
7806-7950' (Dakota)

Formation Tops:

Ojo Alamo	2615'
Kirtland	2708'
Fruitland	3171'
Pictured Cliffs	3405'
Lewis	3548'
Huerfanito	4188'
Chacra	4545'
Mesa Verde	5093'
Menefee	5416'
Point Lookout	5609'
Mancos	6062'
Gallup	6921'
Greenhorn	7625'
Graneros	7676'
Dakota	7787'

This well was drilled and completed in April through July of 2009 as a commingled Mesa Verde and Dakota producer. According to the sundry filed with the NMOCD on August 3, 2009, top of cement was called at 2050'. Upon re-evaluation of the log, the top of continuous cement coverage is closer to 4470', with partial cement coverage to 3625'. Gas samples taken from the intermediate valve and casing valve showed slightly different gas in the two casing strings (see attached sample). A wellhead seal tests performed on July 15, 2010 pressure tested the casing seals to 3000 psi for 10 minutes showing a good seal. Also, the bradenhead test performed August 18, 2010 did not show any communication between the intermediate and production casing strings.

With no communication between the production and intermediate casings, and very little production casing cement above the intermediate shoe, it is believe that the intermediate casing is being charged by gas entering below the shoe from the Lewis zone. With cement circulated to surface on the intermediate string and no pressure on the bradenhead, ConocoPhillips believes there is no threat to freshwater aquifers. Therefore, ConocoPhillips proposes to repair this well if pressure is found on the bradenhead.

ConocoPhillips would like to propose the following:

- Lease operator will continue to monitor wellhead pressures as normal.
- If the bradenhead pressure continues to reflect 0 to 24 psig, continue to operate as normal.
- If the bradenhead pressure reflects a pressure of 25 psig or greater, the NMOCD will be notified.
- ConocoPhillips will meet with NMOCD representatives if necessary to further dsicuss the proposal.

ConocoPhillips will continue to operate in a safe and environmentally friendly manner. The company will continue to notify the NMOCD within five days of known casing failures, as directed. The company will also immediately address necessary plans to repair known wellbore integrity issues that indicate obvious casing and/or cement failures. ConocoPhillips will continue to operate in a prudent manner.

Current Schematic

ConocoPhillips

Well Name: SAN JUAN 30-5 UNIT #72M

API / UWI	Surface Legal Location	Field Name	License No	State/Province	Well Configuration Type
3003930644	010-030N-005W-P	MV/DK COM		NEW MEXICO	VERTICAL

Ground Elevation (ft)	Original KB/RT Elevation (ft)	KB-Ground Distance (ft)	KB-Casing Flange Distance (ft)	KB-Tubing Hanger Distance (ft)
6,477.00	6,492.00	15.00		

Edit

Well Config: VERTICAL - Original Hole, 4/13/2011 9:51:05 AM

ftKB (MD)	ftKB (TVD)	Schematic - Actual	Frm Final
15			
16			
18			
44			
227	227	Surface Casing Cement, 15-228, 4/20/2009, 102 sx Premix, circulated to surface	
228	228	Surface, 9 5/8in, 9 001in, 15 ftKB, 228 ftKB	
233	233		
2,050	2,049		
2,615	2,614		OJO ALAMO, 2,615
2,708	2,707		KIRTLAND, 2,708
3,171	3,169		FRUITLAND, 3,171
3,405	3,403		PICTURED CLIFFS, 3,405
3,548	3,546		LEWIS, 3,548
3,576	3,574	Intermediate1, 7in, 6.456in, 15 ftKB, 3,620 ftKB	
3,576	3,575	Intermediate Casing Cement, 15-3,620, 5/11/2009, 444 sx Premium Lite FM followed by 85 sx Type III, circulated to surface	
3,619	3,617		
3,620	3,618		
3,630	3,628	Tubing, 2 3/8in, 4.70lbs/ft, L-80, 15 ftKB, 7,818 ftKB	
4,179	4,177		
4,188	4,186		HUERFANITO BENTONITE, 4,188
4,189	4,187		
4,545	4,543		CHACRA, 4,545
5,093	5,091		MESA VERDE, 5,093
5,096	5,094	Cliffhouse/Menefee, 5,096-5,476, 6/22/2009	
5,416	5,414		MENEFEE, 5,416
5,476	5,474		
5,533	5,531		POINT LOOKOUT, 5,609
5,609	5,607	Point Lookout, 5,533-6,034, 6/22/2009	
6,034	6,032		
6,062	6,060		MANCOS, 6,062
6,921	6,919		GALLUP, 6,921
7,521	7,519		
7,531	7,529		
7,625	7,623		GREENHORN, 7,625
7,676	7,674	Pup Jt/ Marker, 2 3/8in, 4.70lbs/ft, L-80, 7,818 ftKB, 7,820 ftKB	GRANEROS, 7,676
7,787	7,785		DAKOTA, 7,787
7,806	7,804	Tubing, 2 3/8in, 4.70lbs/ft, L-80, 7,820 ftKB, 7,851 ftKB	
7,818	7,816		
7,820	7,818	F Nipple, 2 3/8in, 4 70lbs/ft, L-80, 7,851 ftKB, 7,852 ftKB	
7,851	7,848		
7,852	7,849	Expendable Check, 2 3/8in, 4.70lbs/ft, L-80, 7,852 ftKB, 7,852 ftKB	
7,852	7,850		
7,950	7,948	Dakota, 7,806-7,950, 6/22/2009	
7,970		PBTD, 7,970	
7,970			
7,971			
7,972		Production1, 4 1/2in, 4 000in, 15 ftKB, 7,972 ftKB	
7,980		Production Casing Cement, 2,050-7,980, 5/18/2009, 298 sx Premium Lite HS FM, TOC @ 2050' per CBL (5/27/09)	
		TD, 7,980, 5/17/2009	

Report Printed: 4/13/2011

2030 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

ANALYSIS NO. CP 10517
CUST. NO. 18300 - 19100

WELL/LEASE INFORMATION

CUSTOMER NAME	CONOCO PHILLIPS COMPANY	SOURCE	CASING
WELL NAME	SJ 30-5 #72M	PRESSURE	300 PS G
COUNTY/ STATE	RIO ARRIBA NM	SAMPLE TEMP	N/A DEG.F
LOCATION	P10-30N-05W	WELL FLOWING	Y
FIELD		DATE SAMPLED	07/07/2010
FORMATION		SAMPLED BY	MIKE MCKINNEY
CUST.STN.NO.	A0242980ZSM	FOREMAN/ENGR.	JAMES HUFF

REMARKS H2S= 005 PPM

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.483	0.0530	0.00	0.0047
CO2	0.902	0.1370	0.00	0.0122
METHANE	93.833	15.9010	945.69	0.5198
ETHANE	3.718	0.9960	65.80	0.0386
PROPANE	0.826	0.2260	20.78	0.0126
I-BUTANE	0.160	0.0520	5.20	0.0032
N-BUTANE	0.136	0.0430	4.44	0.0027
I-PENTANE	0.058	0.0210	2.32	0.0014
N-PENTANE	0.031	0.0110	1.24	0.0008
HEXANE PLUS	0.154	0.0690	8.12	0.0051
TOTAL	100.000	17.5110	1,052.57	0.5999

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBLITY FACTOR	(1/Z)	1.0020
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,058.4
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,040.0
REAL SPECIFIC GRAVITY		0.6011

GPM, BTU, and SPG calculations as shown above are based on current GPA factors.

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,052.7	CYLINDER #	8116
DRY BTU @ 14.696	1,056.0	CYLINDER PRESSURE	289 PSIG
DRY BTU @ 14.730	1,058.4	DATE RUN	07/08/2010
DRY BTU @ 15.025	1,079.8	ANALYSIS RUN BY	PATRICIA KING

CONOCO PHILLIPS COMPANY
WELL ANALYSIS COMPARISON

LEASE :	SJ 30-5 #72M	CASING	4/13/2011
STN.NO. :	A02423802SM		18300 - 19100
MTR.NO. :			

SMPL DATE	07/07/2010
TEST DATE	07/08/2010
RUN NR.	CP100517
NITROGEN	0.463
CO2	0.602
METHANE	93.633
ETHANE	3.718
PROPANE	0.825
I-BUTANE	0.160
N-BUTANE	0.136
I-PENTANE	0.058
N-PENTANE	0.031
HEXANE +	0.154
BTU	1 058.4
GPM	17.5110
SP.GRAV	0.6011

2030 AFTON PLACE
FARMINGTON, N.M. 87401
(505) 325-6622

ANALYSIS NO. CP100518
CUST. NO. 18300 - 19105

WELL/LEASE INFORMATION

CUSTOMER NAME	CONOCO PHILLIPS COMPANY	SOURCE	INTERMEDIATE
WELL NAME	SJ 30-5 #72M	PRESSURE	1100 PSI G
COUNTY/ STATE	RIO ARRIBA NM	SAMPLE TEMP	N/A DEG.F
LOCATION	P10-30N-05W	WELL FLOWING	Y
FIELD		DATE SAMPLED	07/07/2010
FORMATION		SAMPLED BY	MIKE MCKINNEY
CUST.STN.NO.	A02429802SM	FOREMAN/ENGR.	JAMES HUFF

REMARKS H2S= 001 PPM

ANALYSIS

COMPONENT	MOLE %	GPM**	B.T.U.*	SP.GR *
NITROGEN	0.104	0.0110	0.00	0.0010
CO2	0.246	0.0420	0.00	0.0037
METHANE	96.985	16.4710	979.55	0.5372
ETHANE	1.574	0.4220	27.86	0.0163
PROPANE	0.628	0.1730	15.80	0.0096
I-BUTANE	0.107	0.0350	3.48	0.0021
N-BUTANE	0.154	0.0490	5.02	0.0031
I-PENTANE	0.051	0.0190	2.04	0.0013
N-PENTANE	0.037	0.0130	1.48	0.0009
HEXANE PLUS	0.114	0.0510	6.01	0.0038
TOTAL	100.000	17.2660	1,041.24	0.5790

* @ 14.730 PSIA DRY & UNCORRECTED FOR COMPRESSIBILITY
** @ 14.730 PSIA & 60 DEG. F.

COMPRESSIBILITY FACTOR	(1/Z)	1.0020
BTU/CU.FT (DRY) CORRECTED FOR	(1/Z)	1,046.0
BTU/CU.FT (WET) CORRECTED FOR	(1/Z)	1,027.6
REAL SPECIFIC GRAVITY		0.5800

GPM, BTU, and SPG calculations as shown above are based on current GPA factors.

ANALYSIS RUN AT 14.730 PSIA & 60 DEGREES F

DRY BTU @ 14.650	1,040.3
DRY BTU @ 14.696	1,043.5
DRY BTU @ 14.730	1,046.0
DRY BTU @ 15.025	1,066.9

CYLINDER #	6041
CYLINDER PRESSURE	240 PSIG
DATE RUN	07/08/2010
ANALYSIS RUN BY	DAWN BLASSINGAME

CONOCO PHILLIPS COMPANY

WELL ANALYSIS COMPARISON

LEASE :	SJ 30-5 #72M	INTERMEDIATE	4/13/2011
STN.NO. :	A024193028M		18900 - 19105
MTR.NO. :			

SMPL DATE	07/07/2010
TEST DATE	07/08/2010
RUN NR.	CP100518
NITROGEN	0.104
CO2	0.246
METHANE	96.985
ETHANE	1.574
PROPANE	0.626
I-BUTANE	0.107
N-BUTANE	0.164
I-PENTANE	0.051
N-PENTANE	0.037
HEXANE +	0.114
BTU	1,046.0
GPM	17.2880
SP.GRAV.	0.6800

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
http://emnrd.state.nm.us/ocd/District III/3district.htm

BRADENHEAD TEST REPORT

(submit 1 copy to above address)

Date of Test 5/10/2010 Operator ConocoPhillips API # 3003930644

Property Name SAN JUAN 30-5 UNIT Well No. 72M Location: Unit P Section 10 Township 030N Range 005W

Well Status Flowing Initial PSI: Tubing 335 Intermediate 1123 Casing 335 Bradenhead 0

OPEN BRADENHEAD AND INTERMEDIATE TO ATMOSPHERE INDIVIDUALLY FOR 15 MINUTES EACH

Testing	PRESSURE				
	BRADENHEAD			INTERM	
TIME	BH	Int	Csg	Int	Csg
5 min		1123	335		335
10 min		1123	335		335
15 min		1123	335		335
20 min					335
25 min					335
30 min					335

FLOW CHARACTERISTICS	BRADENHEAD	INTERMEDIATE
Steady Flow		Y
Surges		
Down to Nothing		
Nothing	Y	
Gas		Y
Gas & Water		
Water		

If Bradenhead flowed water, check all of the descriptions that apply below:

CLEAR ____ FRESH ____ SALTY ____ SULFUR ____ BLACK ____

If Intermediate flowed water, check all of the descriptions that apply below:

CLEAR ____ FRESH ____ SALTY ____ SULFUR ____ BLACK ____

5 MINUTE SHUT-IN PRESSURE Bradenhead 0 Intermediate 4

REMARKS:

BH had nothing on it INT Blew hard for 9 min's then tappered off to almost nothing around the 25 min mark

Tested By crawfls Witness No

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
http://emnrd.state.nm.us/ocd/District III/3district.htm

BRADENHEAD TEST REPORT

(submit 1 copy to above address)

Date of Test 8/18/2010 Operator ConocoPhillips API # 3003930644

Property Name SAN JUAN 30-5 UNIT Well No. 72M Location: Unit P Section 10 Township 030N Range 005W

Well Status Flowing Initial PSI: Tubing 300 Intermediate 1127 Casing 300 Bradenhead 0

OPEN BRADENHEAD AND INTERMEDIATE TO ATMOSPHERE INDIVIDUALLY FOR 15 MINUTES EACH

Testing	PRESSURE				
	BRADENHEAD			INTERM	
TIME	BH	Int	Csg	Int	Csg
5 min		1127	300		
10 min		1127	300		
15 min		1127	300		
20 min					
25 min					
30 min					

FLOW CHARACTERISTICS	BRADENHEAD	INTERMEDIATE
Steady Flow		
Surges		
Down to Nothing		
Nothing	Y	
Gas		
Gas & Water		
Water		

If Bradenhead flowed water, check all of the descriptions that apply below:

CLEAR ____ FRESH ____ SALTY ____ SULFUR ____ BLACK ____

If Intermediate flowed water, check all of the descriptions that apply below:

CLEAR ____ FRESH ____ SALTY ____ SULFUR ____ BLACK ____

5 MINUTE SHUT-IN PRESSURE Bradenhead 0 Intermediate ____

REMARKS:

Bradenhead was dead. Intermediate does not blow down. Seal test shows seals are good. No witness per Kelly Roberts

Tested By mcelrd Witness No

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
http://emnrd.state.nm.us/ocd/District III/3distric.htm

BRADENHEAD TEST REPORT

(submit 1 copy to above address)

Date of Test 5-9-11 Operator Conoco Phillips API #30-0 39-30644

Property Name San Juan 30 5 Unit Well No. 72M Location: Unit P Section 10 Township 30 Range 5

Well Status(Shut-In or Producing) Initial PSI: Tubing 175 Intermediate 1137 Casing 216 Bradenhead 0

OPEN BRADENHEAD AND INTERMEDIATE TO ATMOSPHERE INDIVIDUALLY FOR 15 MINUTES EACH

Testing	PRESSURE Bradenhead BH	Bradenhead Int	Bradenhead Csg	INTERM Int	INTERM Csg
TIME 5 min				102	216
10 min				17	218
15 min				1	219
20 min				0.1	219
25 min				0.0	220
30 min				0.0	221

FLOW CHARACTERISTICS	BRADENHEAD	INTERMEDIATE
Steady Flow		✓
Surges		
Down to Nothing	✓	
Nothing		
Gas		
Gas & Water		
Water		

DIST. 3

OIL CONS. DIV.

RCVD MAY 9 '11

If bradenhead flowed water, check all of the descriptions that apply below:

CLEAR_____ FRESH_____ SALTY_____ SULFUR_____ BLACK_____

5 MINUTE SHUT-IN PRESSURE BRADENHEAD 0 INTERMEDIATE 8.3

REMARKS: BH Blew down in 3 seconds. Had blow just 10 min. to Med blow to light blow at 11:5 - Blew steady Med/light mist @ 30 min.

By Jessie Tuttle Witness Monica Kuehling

Production Engineer
(Position)

Retest - 0

E-mail address _____