

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-078996
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CONOCOPHILLIPS COMPANY Contact: VICKI WESTBY E-Mail: Vicki.R.Westby@conocophillips.com		7. If Unit or CA Agreement, Name and No.
3a. Address 4001 PENBROOK ODESSA, TX 79762	3b. Phone No. (include area code) Ph: 915.368.1352	8. Lease Name and Well No. SAN JUAN 32-7 UNIT 228A
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface NWSE 2321FSL 2485FEL At proposed prod. zone Tract 54 2400FSL 1300FWL		9. API Well No. 30-045-32930
14. Distance in miles and direction from nearest town or post office*	15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
16. No. of Acres in Lease 2537.40	17. Spacing Unit dedicated to this well 317.23 AC NSL/NSP 3851	11. Sec., T., R., M., or Blk. and Survey or Area Sec 7 T31N R7W Mer NMP
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3562 MD 3388 TVD	12. County or Parish SAN JUAN
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6410 GL	22. Approximate date work will start	13. State NM
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:

- 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 (Electronic Submission)	Name (Printed/Typed) VICKI WESTBY Ph: 915.368.1352	Date 03/04/2005
Title AGENT		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 3-31-05
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 #54735 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

HOLD C104 FOR Directional Survey
HOLD C104 FOR

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

NMOCD

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32930		² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL (GAS)
⁴ Property Code 31329	⁵ Property Name SAN JUAN 32-7 UNIT		⁶ Well Number 228A
⁷ GRID No. 217817	⁸ Operator Name CONOCOPHILIPS COMPANY		⁹ Elevation 6410

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	7	31N	7W		2321	SOUTH	2485	EAST	SAN JUAN

¹¹Bottom 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
K	7	31N	7W		2400	SOUTH	1300	WEST	SAN JUAN

¹² Dedicated Acres 317.23	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NS1/ASP 3851
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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

<p>¹⁶</p>	<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Vicki Westby</i> Signature Vicki Westby Printed Name Staff Agent Title and E-mail Address 3/4/05 Date</p> <p>¹⁸SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: 09/14/04 Signature and Seal of Professional Surveyor: Certificate Number: 11878</p>
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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

Form C-103
May 27, 2004

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

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 32-7 UNIT

8. Well Number 228A

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 2321 feet from the South line and 2485 feet from the East line
Section 7 Township 31N Range 7W NMPM SAN JUAN County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6410 GL

Pit or Below-grade Tank Application ☒ Closure ☐

Pit type DRILL Depth to Groundwater >100' Distance from nearest fresh water well 200-1000' Distance from nearest surface water 200-1000'

Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

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 COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/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.

The pit will be constructed and closed in accordance with Rule 50 and as per the Nov. 1, 2004 Guidelines. 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 Staff Agent

DATE 1/24/05

Type or print name
For State Use Only

E-mail address:

Telephone No.

APPROVED BY:
Conditions of Approval (if any):

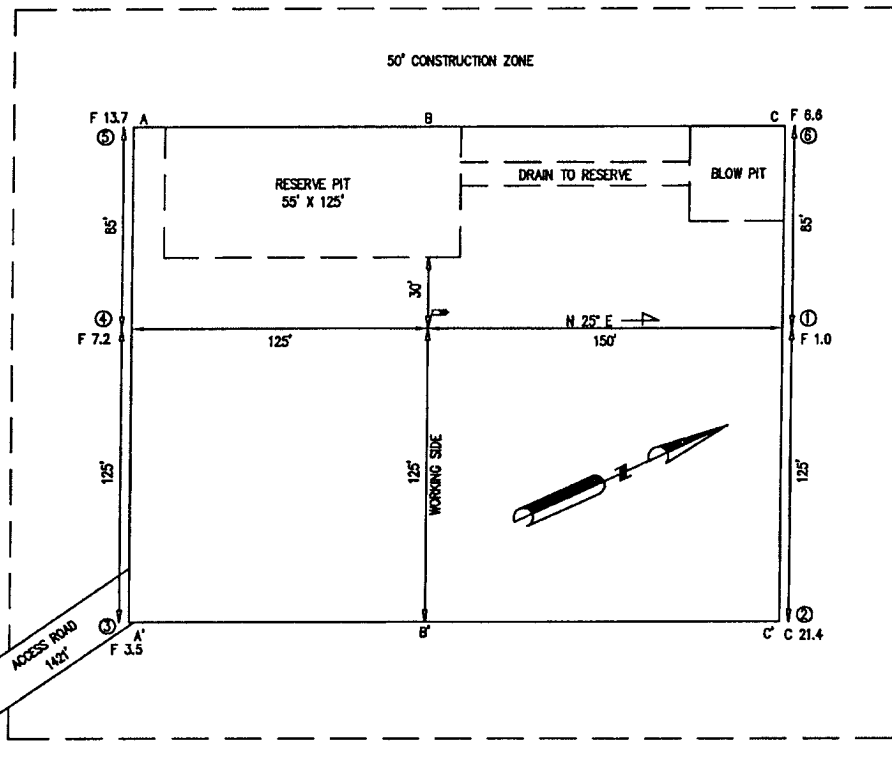
TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. 28


DATE

APR - 1 2005

LATITUDE: 36°32'40.91" N
LONGITUDE: 107°21'49.41" W
DATUM: NAD27



SURFACE OWNER
BLM

C-C'						
6430'						
6410'						
6390'						
6370'						



San Juan Business Unit

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-7 228A

Lease:		AFE #:		AFE \$:	
Field Name: hPHILLIPS 32-7		Rig:		State: NM	County: SAN JUAN
Geoscientist: Cloud, Tom A		Phone: +1 832 486-2377		Prod. Engineer: Phone:	
Res. Engineer: Peterson, Brad T		Phone: 486-2055		Proj. Field Lead: Phone:	

Primary Objective (Zones):

Zone	Zone Name
JCV	BASIN FRUITLAND COAL (GAS)

Location: Surface

Deviated

Latitude: 36.91	Longitude: -107.61	X:	Y:	Section: 7	Range: 7W
Footage X: 2485 FEL	Footage Y: 2321 FSL	Elevation: 6410	(FT)	Township: 31N	

Tolerance:

Location: Bottom Hole

Deviated

Latitude:	Longitude:	X:	Y:	Section: 7	Range: 7W
Footage X: 1300 FWL	Footage Y: 2400 FSL	Elevation:	(FT)	Township: 31N	

Tolerance:

Location Type:	Start Date (Est.):	Completion Date:	Date In Operation:
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Formation Data: Assume KB = 6423 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	13	6410	<input type="checkbox"/>			
Surface Casing	213	6210	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	1113	5310	<input type="checkbox"/>			
OJAM	2153	4270	<input type="checkbox"/>			Possible water flows.
KRLD	2253	4170	<input type="checkbox"/>			
FRLD	2903	3520	<input type="checkbox"/>			Possible gas.
Intermediate Casing	2953	3470	<input type="checkbox"/>			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
TOP COAL	2988	3435	<input type="checkbox"/>			
BASE MAIN COAL	3123	3300	<input type="checkbox"/>	600		
PC TONGUE	3203	3220	<input type="checkbox"/>			
BASE LOWEST COAL	3308	3115	<input type="checkbox"/>			
PCCF	3311	3112	<input type="checkbox"/>			
Total Depth	3388	3035	<input type="checkbox"/>			6-1/4" hole possibly underreamed to 9.5". Optional Liner: 5.5", 15.5#, J-55 LTC - left uncemented.

Reference Wells:

Reference Type	Well Name	Comments
Intermediate	NWPL 32-7 #79	
Intermediate	Phillips 32-7 #228	
Intermediate	COP 32-7 #218A	

Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo

San Juan 32-7 # 228A

SURFACE CASING :

Drill Bit Diameter	12.25"	
Casing Outside Diameter	9.625"	Casing Inside Diam. 9.001"
Casing Weight	32.3	ppf
Casing Grade	H-40	
Shoe Depth	230'	
Cement Yield	11.21	cuft/sk
Excess Cement	125	%
Cement Required	147	sx

SHOE 230 ', 9.625 ", 32.3 ppf, H-40 STC

INTERMEDIATE CASING :

Drill Bit Diameter	8.75"	
Casing Outside Diameter	7"	Casing Inside Diam. 6.456"
Casing Weight	20	ppf
Casing Grade	J-55	
Shoe Depth	3125'	
Lead Cement Yield	2.91	cuft/sk
Lead Cement Excess	160	%
Tail Cement Length	315'	
Tail Cement Yield	1.38	cuft/sk
Tail Cement Excess	160	%
Lead Cement Required	360	sx
Tail Cement Required	100	sx

LINER TOP 3105 '

SHOE 3125 ', 7 ", 20 ppf, J-55

LINER BOTTOM 3562' (Uncemented)

SAN JUAN 32-7 #228A

HLB OPTION

9-5/8 Surface Casing		
Cement Recipe	Class C Standard Cement	
	+ 3% Calcium Chloride	
	+0.25 lb/sx Flocele	
Cement Volume	147	sx
Cement Yield	1.21	cuft/sx
Slurry Volume	179.8	cuft
	32.0	bbls
Cement Density	15.6	ppg
Water Required	5.29	gal/sx

7" Intermediate Casing		
Lead Slurry		
Cement Recipe	Standard Cement	
	+ 3% Econolite (Lost Circulation Additive)	
	+ 10 lb/sx Gilsonite (Lost Circ. Additive)	
	+ 0.25 lb/sx Flocele (Lost Circ. Additive)	
Cement Required	312D-280	sx per Peggy James 30 31905
Cement Yield	2.91	cuft/sx
Slurry Volume	1047.2	cuft
	186.5	bbls
Cement Density	11.5	ppg
Water Required	16.88	gal/sx

7" Intermediate Casing		
Tail Slurry		
Cement Slurry	50 / 50 POZ:Standard Cement	
	+ 2% Bentonite (Light Weight Additive)	
	+ 5 lbm/sk Gilsonite (Lost Circ. Additive)	
	+ 0.25 lbm/sk Flocele (lost Circ. Additive)	
	+ 2% Calcium Chloride (Accelerator)	
Cement Required	100	sx
Cement Yield	1.33	cuft/sx
Slurry Volume	132.7	cuft
	23.6	bbls
Cement Density	13.5	ppg
Water Required	5.36	gal/sx

SLB OPTION

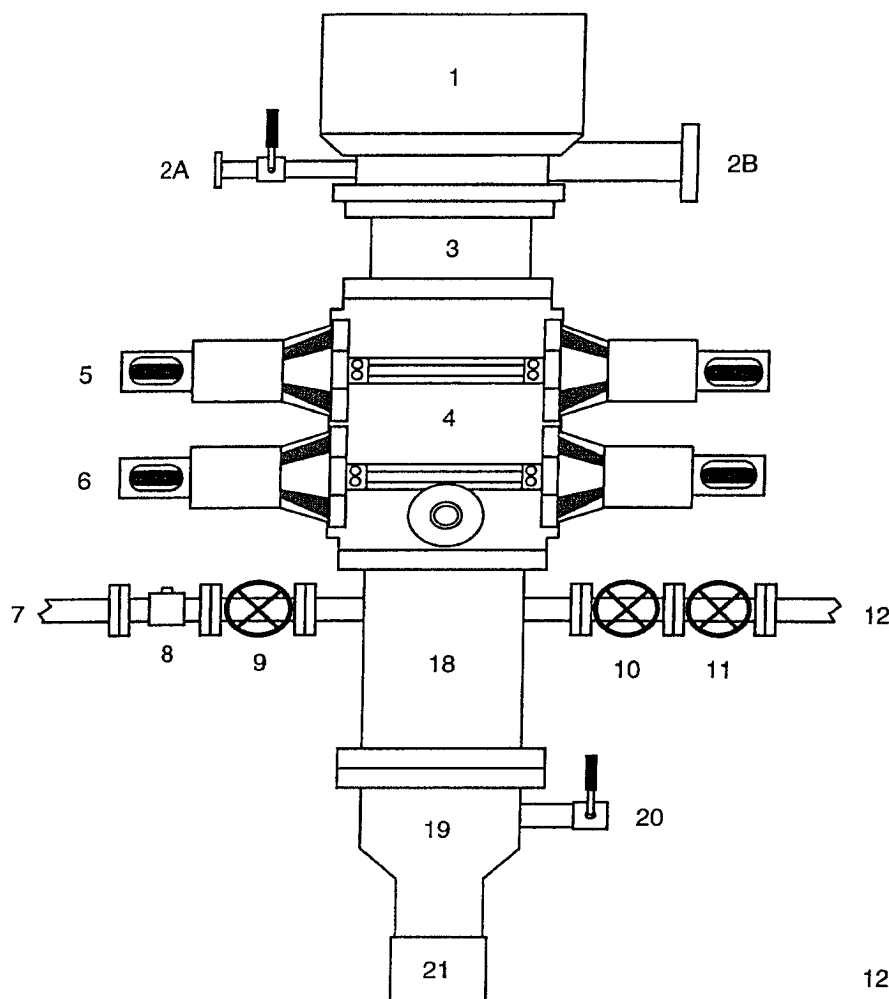
9-5/8" Surface Casing		
Cement Slurry	Class G	
	+ 2% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
Cement Volume	147	sx
Cement Yield	1.16	cuft/sx
Cement Volume	170.59	cuft
Cement Density	15.8	ppg
Water Required	4.983	gal/sx

7" Intermediate Casing		
Lead Slurry		
Cement Slurry	Class G	
	+ 3% D079 Extender	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 0.2% D046 Antifoam	
Cement Volume	404	sx
Cement Yield	2.61	cuft/sx
Cement Volume	1054.36	cuft
Cement Density	11.7	ppg
Water Required	15.876	gal/sx

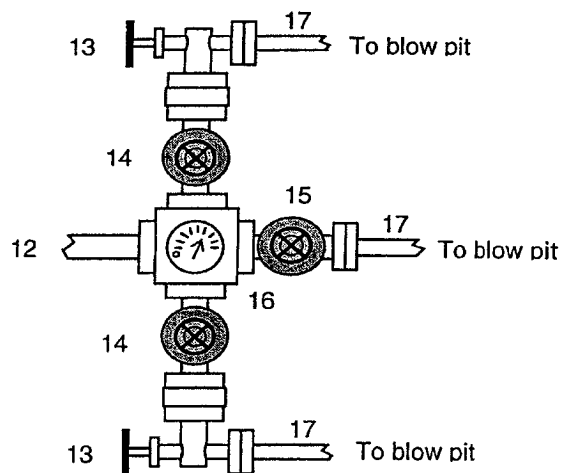
7" Intermediate Casing		
Tail Slurry		
Cement Slurry	50% POZ / 50% Class G cement	
	+ 2% D020 Bentonite	
	+ 2% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 5 lb/sx Gilsonite Extender	
	+ 0.2% D046 Antifoam	
Cement Volume	100	sx
Cement Yield	1.27	cuft/sx
Cement Volume	126.80	cuft
Cement Density	13.5	ppg
Water Required	5.182	gal/sx

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



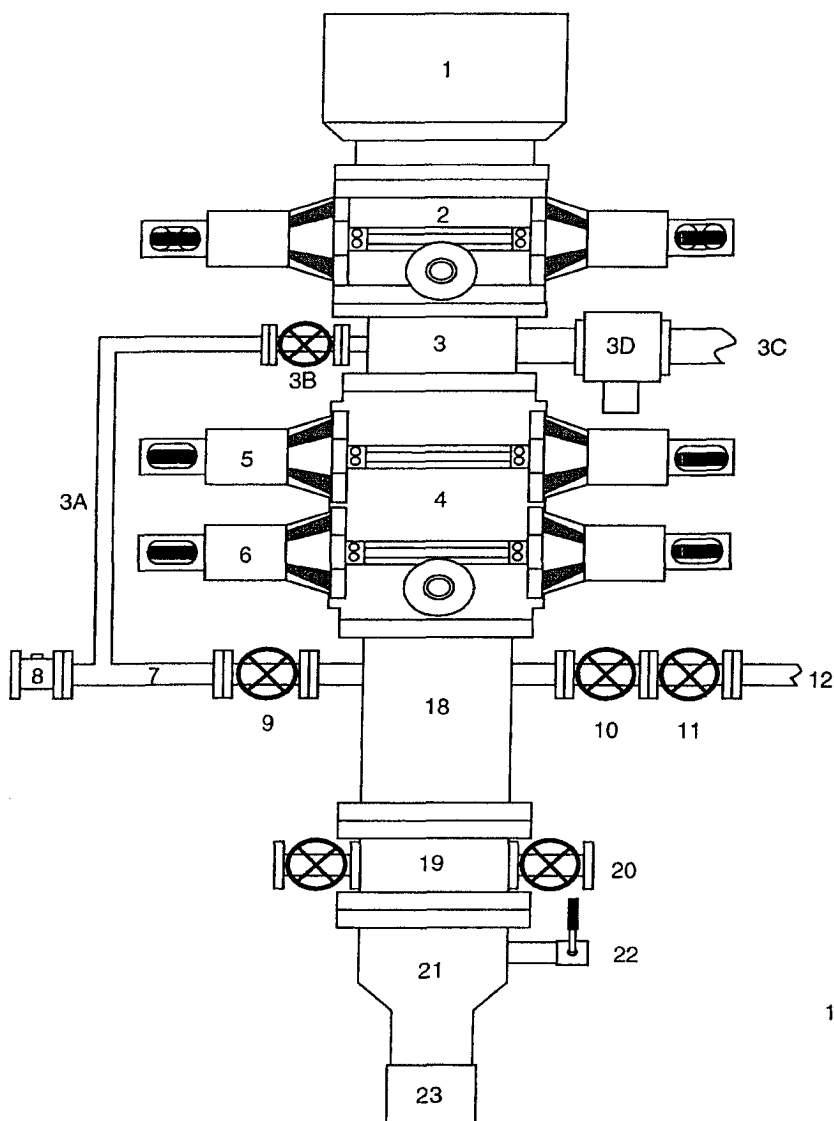
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 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 10 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:

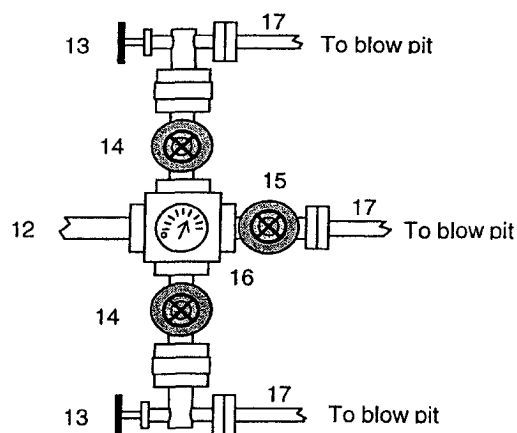
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Cavitation Program



1. 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 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 10 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 10 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 blooie line is equipped with a hydraulically controlled valve (HCR valve).

Property : SAN JUAN 32-7 UNIT **Well #:** 228A

Surface Location:

Unit: J **Section:** 7 **Township:** 31N **Range:** 7W

County: SAN JUAN **State:** New Mexico

Footage: 2321 **from the** South **line,** 2485 **from the** East **line.**

CATHODIC PROTECTION

ConocoPhillips (COP) proposes to drill a cathodic protection deep well groundbed for the subject well. COP will drill a hole vertically at the surface large enough to accommodate 20 feet of 8 inch diameter PVC pipe for surface casing to assist in further drilling and loading. Casing may be cemented in place for stability if needed. COP will drill a 6-7/8" hole to an anticipated minimum depth of 300' (maximum depth of 500'). Cement plugs will not be used unless more than one water zone is encountered. Prior drilling history for the area indicates only one zone to that depth. If more than one water zone is encountered, notification will be made and details of cement and casing will be provided.

All drilling activity will remain on the existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.