

2005 MAY 16 AM 9 43

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OTD FARMINGTON, NM

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-079380
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 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.
3a. Address 4001 Penbrook, Odessa, TX 79762	3b. Phone No. (include area code) 432-368-1352	8. Lease Name and Well No. San Juan 32-8 Unit #259
4. Location of Well (Report location clearly and in accordance with any State requirements, *) At surface NESE 2567 FSL - 1077 FEL At proposed prod. zone SENE 1750 FNL - 1077 FEL		9. API Well No. 30-045-33085
14. Distance in miles and direction from nearest town or post office*		10. Field and Pool, or Exploratory Basin Fruitland Coal
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 1760 acres	11. Sec., T. R. M. or Blk. and Survey or Area Section 22, T32N, R8W NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3835' TVD 4027.53' MD	12. County or Parish San Juan
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6872' GL	22. Approximate date work will start*	13. State NM
17. Spacing Unit dedicated to this well E/2 - 320.0 acres		
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, must be attached to this form:

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

25. Signature <i>Vicki Westby</i>	Name (Printed/Typed) Vicki Westby	Date 5/12/2005
Title Staff Agent		

Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed) FFO	Date 6-14-05
Title AFM		

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 page 2)

ConocoPhillips Company proposes to drill a directional 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.

ConocoPhillips will use mudloggers to prevent us from accessing the Pictured Cliffs formation.

This well does not require HPA notification.

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

NMOCD

HOLD C104 FOR Directional Survey

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South 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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30065-33085		Pool Code 71629	Pool Name BASIN FRUITLAND COAL (GAS)
Property Code 31330	Property Name SAN JUAN 32-8 UNIT		Well Number 259
OGRID No. 217817	Operator Name CONOCOPHILLIPS COMPANY		Elevation 6872

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
I	22	32N	08W		2567	1077	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
H	22	32N	08W		1750	1077	SAN JUAN

Dedicated Acres E/2 320.0	Joint or Infill	Consolidation Code	Order No.
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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

16

LEASE
SF-079380
RECEIVED
1760 total
acres

LAT: 36.96907° N
LONG: 107.65695° W
DATUM: NAD27

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 Westby
Printed Name
Staff Agent
Title and e-mail Address
March 31, 2005
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: 03/16/05
Signature and Seal of Professional Surveyor:
Henry P. Broadhurst, Jr.
Certificate Number: NM 11393

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

May 27, 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 32-8 UNIT

8. Well Number 259

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 I 2567 feet from the SOUTH line and 1077 feet from the EAST line
Section 22 Township 32N Range 8W NMPM SAN JUAN County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6872' GL

Pit or Below-grade Tank Application ☒ Closure ☐

Pit type DRILL Depth to Groundwater 120' Distance from nearest fresh water well > 1 MILE Distance from nearest surface water 500'

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 11.03. 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.

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 NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Vicki Westby *Vicki Westby* TITLE Staff Agent DATE 5/12/2005

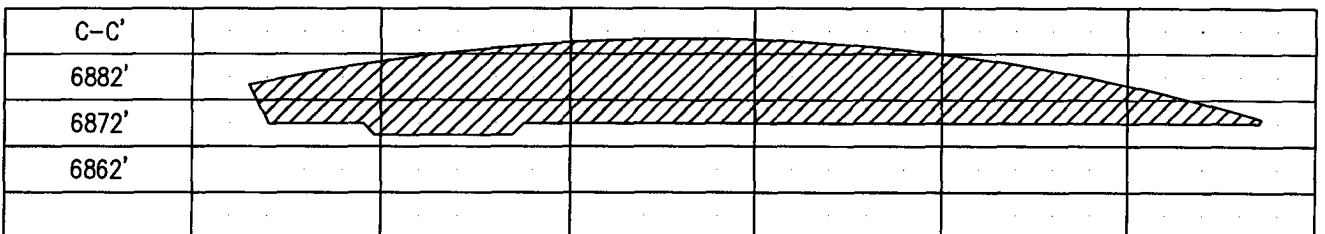
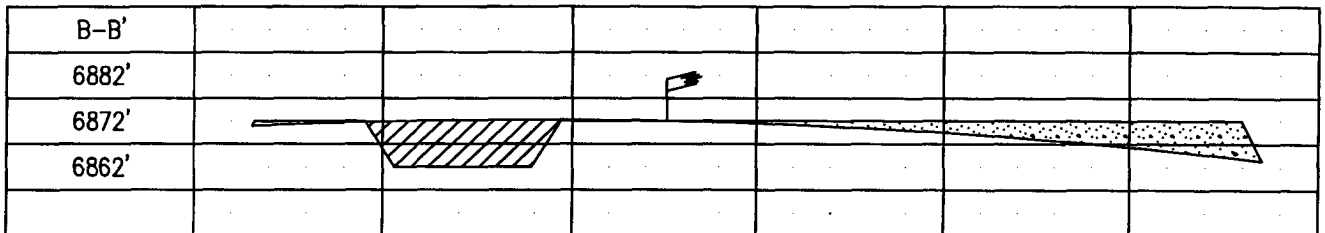
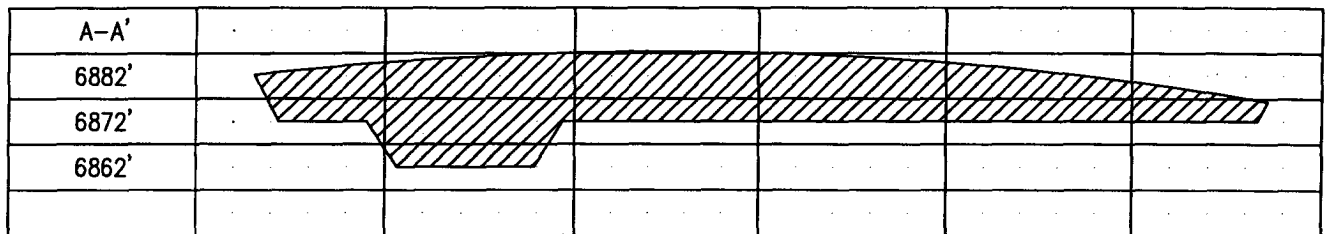
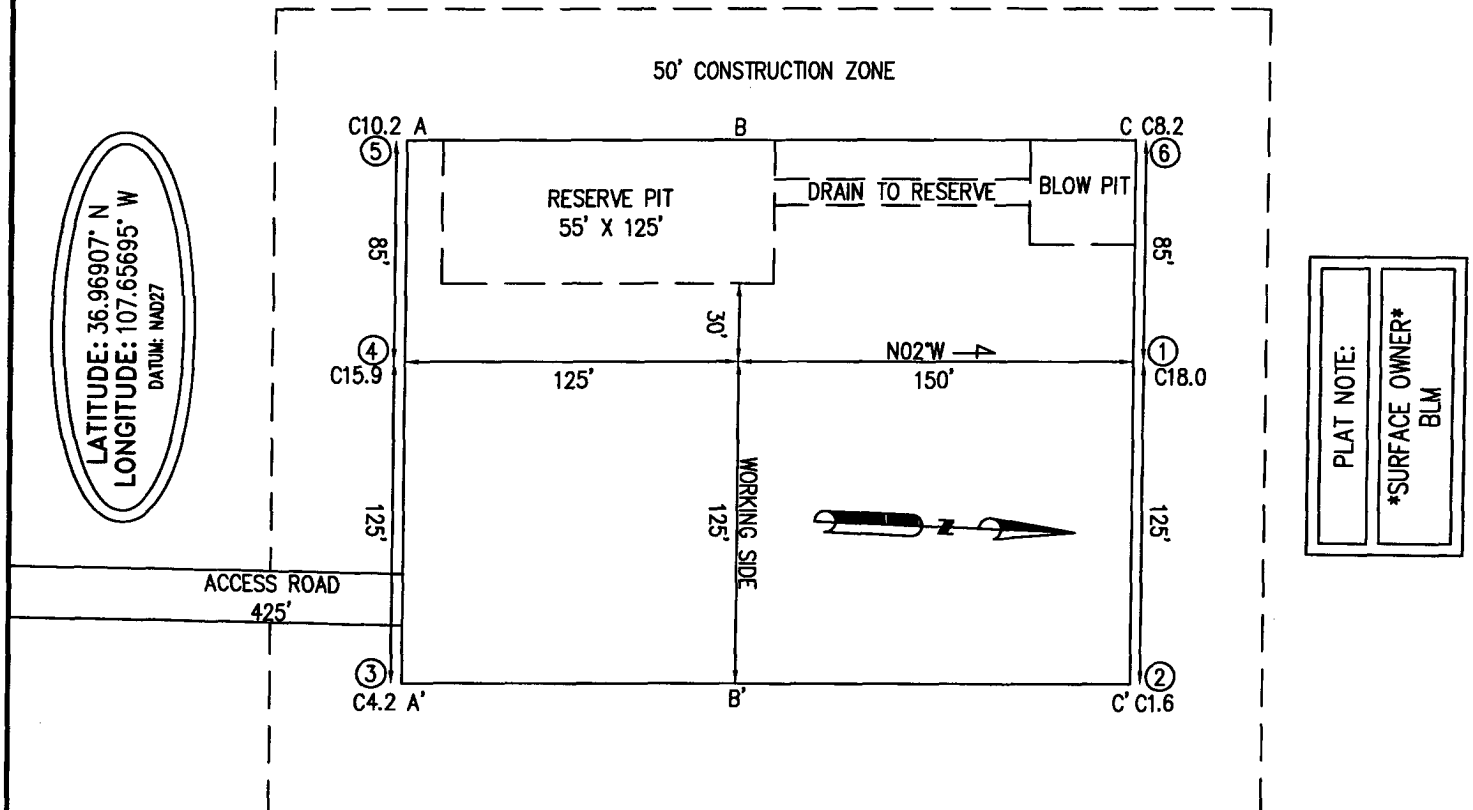
Type or print name
For State Use Only

E-mail address:

Telephone No.

APPROVED BY: *[Signature]* DEPUTY OIL & GAS INSPECTOR, DIST. 00 JUN 16 2005
Conditions of Approval (if any): TITLE DATE

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #259
 2567' FSL & 1077' FEL, SECTION 22, T32N, R08W, NMPM
 SAN JUAN COUNTY NEW MEXICO ELEVATION: 6872'



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 259

Lease:		AFE #:		AFE \$:	
Field Name: hPHILLIPS 32-8		Rig:		State: NM	County: SAN JUAN
Geoscientist: Cloud, Tom A		Phone: +1 832 486-2377		Prod. Engineer: Phone: 832-486-2254	
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					Straight Hole	
Latitude: 36.97	Longitude: -107.66	X:	Y:	Section: 22	Range: 8W	
Footage X: 1077 FEL	Footage Y: 2567 FSL	Elevation: 6872	(FT)	Township: 32N		
Tolerance:						

Location: Bottom Hole					Straight Hole	
Latitude:	Longitude:	X:	Y:	Section: 22	Range: 8w	
Footage X: 1077 FEL	Footage Y: 1750 FNL	Elevation:	(FT)	Township: 32n		
Tolerance:						

Location Type:	Start Date (Est.):	Completion Date:	Date In Operation:
Formation Data: Assume KB = 6885 Units = FT			

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	13	6872	<input type="checkbox"/>			
Surface Casing	213	6672	<input type="checkbox"/>			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	1045	5840	<input type="checkbox"/>			
OJAM	2635	4250	<input type="checkbox"/>			Possible water flows.
KRLD	3160	3725	<input type="checkbox"/>			
FRLD	3325	3560	<input type="checkbox"/>			Possible gas.
Intermediate Casing	3425	3460	<input type="checkbox"/>			8 3/4" Hole. 7", 23 ppf, J-55, LTC Casing. Circulate cement to surface.
TOP COAL	3455	3430	<input type="checkbox"/>			
BASE MAIN COAL	3575	3310	<input type="checkbox"/>	1200		
PC TONGUE	3645	3240	<input type="checkbox"/>			
BASE LOWEST COAL	3760	3125	<input type="checkbox"/>			
PCCF	3765	3120	<input type="checkbox"/>			
Total Depth	3835	3050	<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	EPNG SJ #31-22	
Intermediate	COP SJ 32-8 #259A	
Intermediate	NWPL SJ 32-8 #41	

Logging Program:

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

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 259

TD Logs:	<input type="checkbox"/> Triple Combo <input type="checkbox"/> Dipmeter <input type="checkbox"/> RFT <input type="checkbox"/> Sonic <input type="checkbox"/> VSP <input type="checkbox"/> TDT				
Additional Information:	TD includes 80 feet sump/rathole & COPC will comply with the BLM's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs formation				
Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks

Comments: Zones - Obtain mudlog from intermediate casing to TD.
4-6 ft coal just above PCCF. No PCCF PA.

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist drilling media with foamer, polymer, & corrosion inhibitor as needed

Centralizer Program:

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

General/Work Description -

SAN JUAN 32-8 #259

HALLIBURTON OPTION

9-5/8 Surface Casing		
Cement Recipe	Standard Cement	
	+ 3% Calcium Chloride	
	+ 0.25 lb/sx Flocele	
Cement Volume	141	sx
Cement Yield	1.21	cuft/sx
Slurry Volume	170.7	cuft
	30.4	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	426	sx
Cement Yield	2.91	cuft/sx
Slurry Volume	1239.5	cuft
	220.8	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

SCHLUMBERGER OPTION

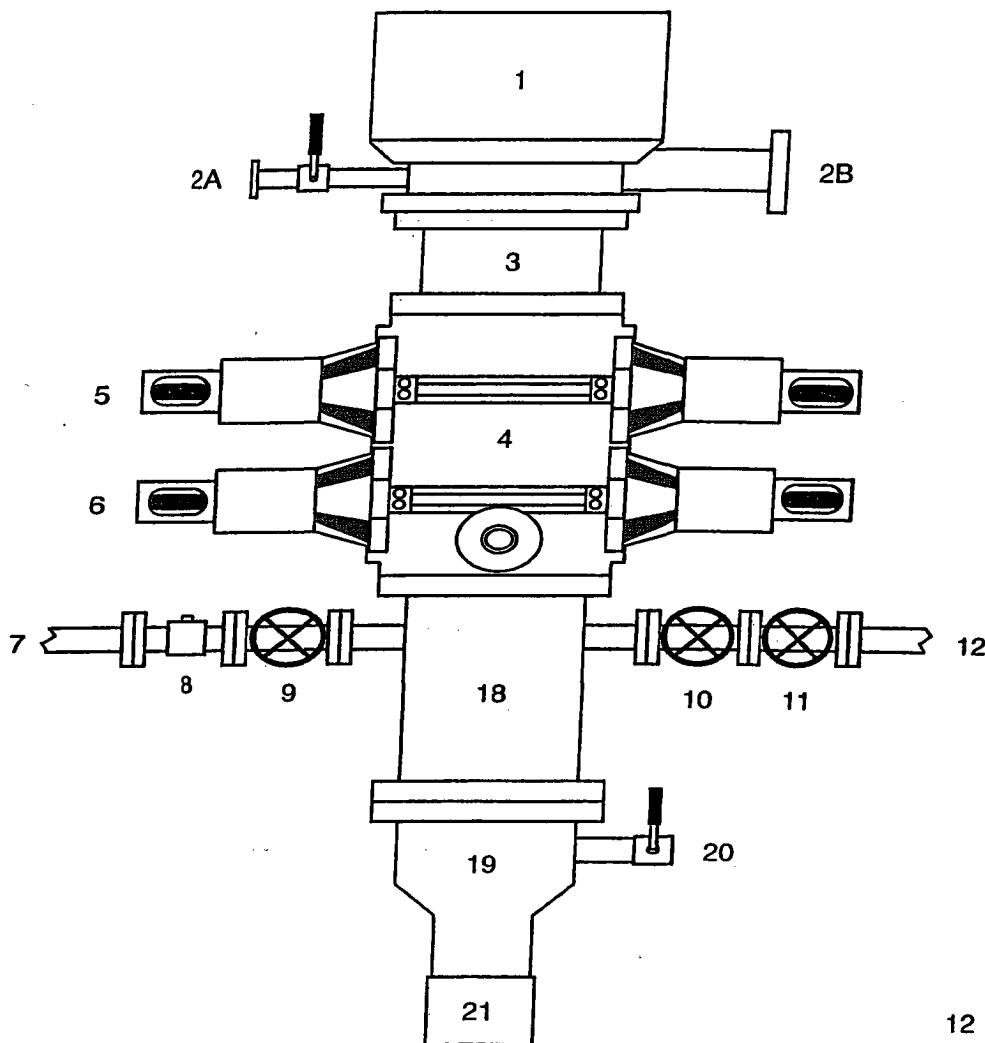
9-5/8 Surface Casing		
Cement Recipe	Class G Cement	
	+ 3% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
Cement Volume	147	sx
Cement Yield	1.16	cuft/sx
Slurry Volume	170.7	cuft
	30.4	bbls
Cement Density	15.8	ppg
Water Required	4.983	gal/sx

7" Intermediate Casing		
Lead Slurry		
Cement Recipe	Class G Cement	
	+ 3% D079 Extender	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 0.2% D046 Antifoam	
Cement Required	477	sx
Cement Yield	2.61	cuft/sx
Slurry Volume	1245.3	cuft
	221.8	bbls
Cement Density	11.7	ppg
Water Required	15.876	gal/sx

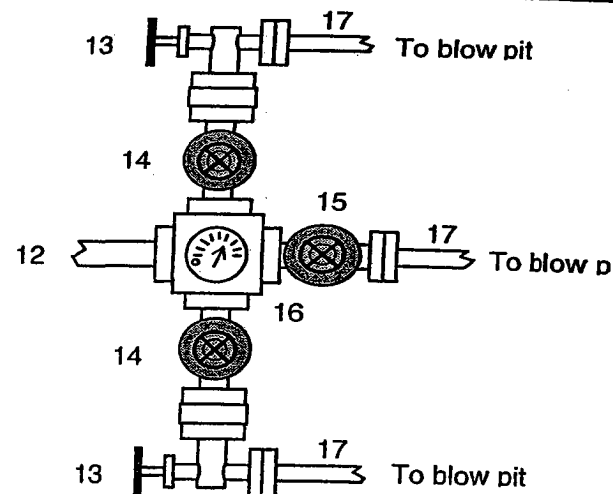
7" Intermediate Casing		
Tail Slurry		
Cement Slurry	50 / 50 POZ : Class G Cement	
	+ 2% D020 Bentonite	
	+ 5 lb/sx D024 Gilsonite extender	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 2% S001 Calcium Chloride	
	+ 0.2% D046 Antifoam	
Cement Required	100	sx
Cement Yield	1.27	cuft/sx
Slurry Volume	126.9	cuft
	22.6	bbls
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



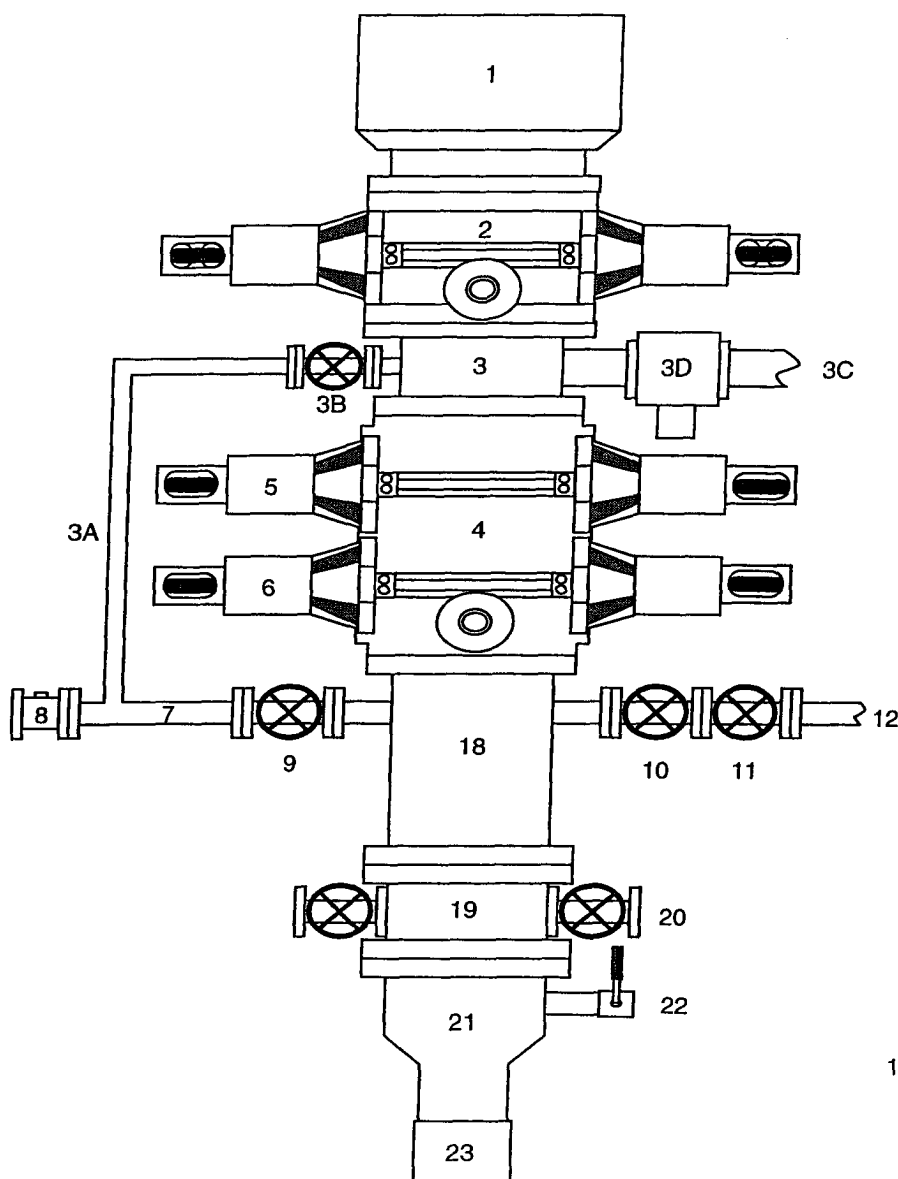
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe 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:

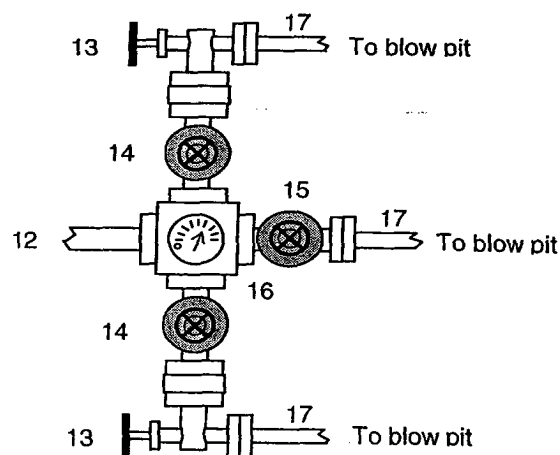
1. Upper Kelly cock Valve with handle

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 32-8 UNIT Well #: 259

Surface Location:

Unit: I Section: 22 Township: 32N Range: 8W

County: SAN JUAN State: New Mexico

Footage: 2567 from the SOUTH line, 1077 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.

MULTI-POINT SURFACE USE PLAN

ConocoPhillips Company San Juan 32-8 Unit #259

The following is required information concerning the possible effect, which the drilling of this well may have on the environment, existing road sites, and surrounding acreage. A copy will be posted on the derrick floor so all contractors and sub-contractors will be aware of all items on this plan.

1. Existing Roads and Well Location

- A. The proposed Basin Fruitland Coal directional well location site has a surface location at 2567' FSL and 1077' FEL, Section 22, T32N, R8W. The bottom hole is targeted to have a location at 1750' FNL and 1077' FEL, San Juan County, New Mexico. All existing roads used to access the location shall be maintained in the same or better condition than presently maintained.
- B. Directions to the location are as follows:
From the intersection of CO Hwy 172 & CO Hwy 151 in Ignacio, CO, travel southerly on State Hwy 172 for 13.6 miles (changes to NM Hwy 511 at state line);
Turn right on well road and travel for 0.23 miles;
The well flag is located 425' northwest of well pad.

2. Planned Access Road

- A. 425' of new access road will need to be constructed to reach the proposed well pad. This portion of new roadway, as well as high maintenance areas of the existing roadway, will be plated with sandstone from the well pad if suitable material is available.
- B. Turnouts as specified by Bureau of Land Management (BLM).
- C. Culverts as specified by BLM; 18" minimum diameter culverts shall be placed in all low spots as needed. Any additional culverts deemed necessary by dirt contractor during construction shall also be a minimum of 18" in diameter, brought to the attention of the BLM lead, and placed accordingly.
- D. Gates, cattleguards, or fences as specified by the BLM.

3. Topographic Map and Well Location

A 7.5' quadrangle topographic map was filed with the Notice of Staking. The proposed directionally drilled well is located on the Anastacio Spring quadrangle topographic map: T32N, R8W, NESE/4, Section 22, 2567' FSL and 1077' FEL. The general terrain is gradually sloping to the south at an average 5% grade or less. The proposed well pad is located just south of Wilmer canyon and approximately 0.5 mile west of highway 511. The primary vegetation in the immediate and surrounding project area consists of piñon/juniper, antelope bitterbrush, mountain mahogany, oak, blue grama, bottlebrush squirrel tail, western wheat grass, Indian ricegrass, broom snakeweed, galleta and several annual forbs with a few intermittent cacti. Approximately eighteen (18) existing natural gas wells are located within a 1 mile radius of the proposed project. Pipelines and access roads associated with these facilities represent further disturbance within the area.

4. Wellsite Layout and Cross Sections

See Cut & Fill plat for details. The proposed project will require 3:1 cut and fill slopes where suitable during the clean-up phase of the project; 2:1 cut and fill slopes will be allowed if necessary. Drainage will be diverted above the cut slope on the south side draining east and west and on the north side draining east and west around the location.

5. Water Supply

Due to the presence of adequate clay material on the location site, produced water will be utilized in the drilling operations of this well according to the terms of the Beneficial Use Permit on file with the BLM. Produced water that is suitable for drilling operations and meets the established requirements will be trucked from the nearest existing ConocoPhillips gas well in the area or a two-inch (2") poly line will be installed on the surface along the new and existing access roadway to the well location. Said poly line, if utilized, will tie-in to the existing ConocoPhillips produced water gathering system at an existing riser along said system. In the event that an adequate amount of produced water is not available then water will be trucked to the location from one of the following sources;

- a) San Juan River at Blanco Bridge, NWSESE of Section 18, T29N, R9W
- b) 29-6 Waterhole in Unit L, Section 28, T29N, R6W
- c) Navajo Reservoir, SWNWSE of Section 14, T30N, R7W
- d) Sims Mesa (SJ #14) NWSW Section 35, T31N, R7W
- e) La Jara Water Hole, Unit M, section 11, T30N, R6W
- f) Pine River
- g) City of Ignacio, CO
- h) City of Aztec, NM

6. Source of Construction Materials

Construction materials will be obtained from the location site.

7. Methods of Handling Waste Disposal

- A. The drill cuttings, fluids and completion fluids will be placed in the reserve pit that will be lined. The reserve pit will be fenced on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out. The reserve pit will be allowed to dry, and materials remaining in the reserve pit shall be capped with a 4" minimum of suitable clay material. The reserve pit will then be backfilled, leveled and contoured so as to prevent any materials being carried into the watershed. Upon completion, the pad will be leveled, contoured, and reseeded with the appropriate seed mixture as specified by the BLM. The BLM seed mix for this project is a special test mixture for areas receiving more than 10" of annual precipitation.
- B. All garbage and trash will be hauled away to a landfill designated by ConocoPhillips.
- C. Chemical toilets will be provided and maintained during drilling operations.
- D. Slash and small trees will be chipped and spread over the seeded and mulched topsoil to help reduce erosion during reclamation.

8. Ancillary Facilities

There is a possibility for the placement of a compressor unit on location during some stage in the life of this well. If and when a compressor is placed on location, it will abide by any noise restrictions in affect at the time.

9. Production Facility Layout

- A. See attachment to this plan. Production equipment will be painted the color designated by the BLM. Color: Juniper Green.
- B. Any production equipment encompassed by a dirt berm or one in which potentially hazardous fluids are present shall be adequately fenced and properly maintained in order to safeguard both livestock and wildlife.
- C. Location of Proposed New Facilities – A 4-1/2" OD buried steel pipeline that is 6,365 feet