

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☐ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
ConocoPhillips Company

3a. Address
P. O. Box 2197, WL3 6106 Houston TX 77252

3b. Phone No. (include area code)
(832)486-2329

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2305 NORTH 1800 EAST
UL: G, Sec: 35, T: 32N, R: 8W

5. Lease Serial No.
NMSF079381

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM78424B

8. Well Name and No.
SAN JUAN 32-8 UNIT 218

9. API Well No.
30-045-28722

10. Field and Pool, or Exploratory Area
BASIN FRUITLAND COAL

11. County or Parish, State
SAN JUAN
NEW MEXICO

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

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 recomplete horizontally, give subsurface locations 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 recompletion 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 requests approval to sidetrack and access sump hole in order to cavitate the above-mentioned existing well as per the attached procedure.

P.C. non-prod; sump request granted 6/7/05 CEF

CONDITIONS OF APPROVAL
Adhere to previously issued stipulations.

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Yolanda Perez

Title

Sr. Regulatory Analyst

Date

06/07/2005

Signature

Yolanda Perez

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Jim Lovato

Title

Petr. Eng.

Date

6/8/05

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.

Office

Title 18 U.S.C. Section 1001, makes 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 reverse)

NRCCO



ConocoPhillips Company
San Juan Area

Sidetrack and Deepening Proposal:
Date: 02-February-2005

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 sidetrack and deepen this well 100' to a new total depth (TD) of 3649' MD RKB** in order to cavitate the Fruitland coal interval and 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 100' 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.

11. Summary of Proposed Work:

- Pull pump & rods,
- Pull 2-3/8" tubing,
- Set Cast Iron Bridge Plug (CIBP) in 7" casing between 3145' and the top of the liner at approximately 3189',
- Set whipstock (3 degree face) blind (not oriented) approximately on top of CIBP. Top of whipstock will be set between 3131' and 3175',
- Cut window in 7" casing and drill sidetrack hole. The **top** of the window in the 7" casing will be between 3130' and 3174'. The **bottom** of the window in 7" casing will be between 3139' and 3183'.
- Drill 6-1/4" sidetrack hole blind (without surveying) with rotary assembly (not a directional assembly) to new Total Depth of 3649' MD. (Note: the new proposed Total Depth is 100' deeper than the original / current well total depth).
- Underream 6-1/4" hole to 9.5"
- Possibly cavitate if warranted,
- Run 5-1/2" liner,
- Perforate 5-1/2" liner with electric line perforating guns
- Run tubing (2-3/8" or 2-7/8" or a mixed string of 2-3/8" and 2-7/8")
- Run a single-shot inclination survey (not a directional survey and not a gyro survey) after running the 2-3/8" tubing. The survey will be taken at the uppermost F-Nipple in the tubing at approximately 80' above Total Depth, and will be below the lowest perforation. This survey will be used to calculate the maximum possible departure of the sidetrack hole assuming that the entire sidetrack hole section is at this angle and in one direction / azimuth toward the nearest boundary.
- 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 Formation from 3130 ft MD RKB to proposed new TD at 3649'.

14. Estimated Reservoir Pressure: 800 psi

15. We anticipate that no abnormal pressures or temperatures nor any other potential hazards such as Hydrogen Sulfide Gas will be encountered.
16. The testing, logging, and coring programs are as follows:
 - We will obtain a mud log of the sidetrack hole.
 - We will obtain an inclination survey at one depth (one survey station) approximately 80' above Total Depth.
 - No cores
 - Flow tests with pipe in the hole or out of the hole will be performed taking returns via the blooie 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. **Well History**

This well was spudded on September 21, 1992 and was originally completed on October 03, 1992. Several workovers and repairs were performed subsequently.

Our most recent rig work on this well was performed May 30 – June 17, 2004. Our goals for this reentry were to pull the liner, deepen the well to provide sump hole (to optimize a pumping completion for the well), and to cavitate the well. However, we were unable to get the liner out of the hole - and so, we recompleted the well in pumping configuration with the original liner still in the hole (with three cuts in it that we made in our fishing attempt). This recompletion after our failed attempt to pull / fish the liner was finished on June 17, 2004. The well was subsequently returned to production.

18. 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 and has not been cavitated.

Liner (uncemented)

5-1/2" 15.5# J-55 LT&C liner with hanger was originally set on 2-Oct-1992 and was modified by our attempt to pull / fish it May 30 – June 17, 2004. It currently stands as follows:

- 5 1/2" V-SHOE SET @ 3548'
- 8 JTS of 5 1/2", 15.5#, J-55, LT&C with cuts from fishing attempt at 3340', 3448', and 3494' and a 26" gap from 3448' to 3446'.
- Top of liner at @ 3189'. There is no liner hanger in the hole – it was milled up on June 5-6, 2004.

Perforations:

- Original perforations: 3237' - 3456' and 3503' - 3546', 4 holes per foot pre-perforated liner with plugs. Milled out the plugs. October 2-3, 1992.
- Added perforations 3254'-3264', 3268'-3274', 3308'-3311', 3346'-3355', 3362'-3380', 3416'-3427', 3524'-3531', 3544'-3548' on June 17, 2004 via electric line perforating guns, 4 shots per ft, 0.75" diameter holes, 120 degree phasing.

Tubing (from bottom to top) was run on 17-June-2004 after our unsuccessful attempt to pull the liner, deepen, and cavitate:

- 2-3/8" OD x 30' long FL4S Mud Anchor with eight ea 0.25" x 8" slots at 2' and 14' below the top of the jt
- 2-3/8" OD FL4S (1.78" ID) F-Nipple
- 9 jts 2-3/8" OD, 4.43 lb/ft plain end weight, J-55, FL4S tubing
- 2-3/8" FL4S x EUE full bore crossover
- 103 jts + 2 ea pups 2-3/8", 4.7#, J-55, EUE 8rd tbg
- Bottom of Mud Anchor at 3532'
- Top of F-Nipple at 3501' MD RKB

Pump and Rods

- Insert Pump
- 139 ea 7/8" rods and 1 ea 4 ft & 1 ea 6 ft x 7/8" rod sub
- 1-1/4" x 22' polished rod
- Set pump in F-Nipple at 3501' MD RKB

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

19. **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 20' to 40' above the top of the sidetrack window 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 with a mud anchor, F-Nipple, and 2-3/8" or 2-7/8" tubing (or a mixed string of 2-3/8" and 2-7/8" tubing).
- Pump and Rods: We propose to run an insert pump on rods and set the insert pump in the F-Nipple.

20. **Proposed Wellhead: (pumping configuration)**

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

21. **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.

22. **Drilling Mud Program:** The proposed drilling media is air/mist

- 750 - 1800 scfm air
- 5 - 12 bbls water mist per hr
- 1 gal foamer per 10 bbls mist
- ¼ gal corrosion inhibitor per 10 bbls mist

23. The anticipated starting date is approximately April 1, 2004 with duration of operations for a period of approximately 30 days thereafter.

Prepared by:

Steven O. Moore, Drilling Engineer ConocoPhillips Company

Email: Steven.O.Moore@conocophillips.com

Phone: (832) 486-2459

SCHEMATIC OF PROPOSED SIDETRACKWell Name: **San Juan 32-8 # 218**API #: **30-045-28722**Surface Loc: **2035' FNL & 1800' FEL**

Sec. 35 - T32N - R8W

San Juan County, NM

Elevation: **6632' GL (above MSL)**Btm Hole Loc: **Calc max possible departure**Drl Rig RKB: **13' above Ground Level**Datum: **Drl Rig RKB = 13' above GL**Spud: **21-Sep-1992**Original Completion: **3-Oct-1992**

Most Recent Rig Activity:
 Attempted (unsuccessfully)
 to pull liner and deepen.
 Move in Cavitation Rig: **30-May-2004**
 Release Cav Rig: **17-Jun-2004**

Geological Prognosis	
Formation	MD (ft)
Fruitland Formation	3130
Top of uppermost Fruitland Coal	3254
Base of lowest Fruitland Coal	3548
Top of Picture Cliffs	3550
New Proposed Total Depth	3649

11" 3M x 7-1/16" 3M Tubing Head
 9-5/8" 8 RD x 11" 3M Casing Head

21-Sept-1992: 9-5/8", 32.3#, H-40, ST&C
 surface casing set at 237' in 12-1/4" hole and
 cemented to surface.

Proposed Plug Back and Sidetrack Window:
 Set Cast Iron Bridge Plug (CIBP) at 3145' - 3189'.
 Set whipstock (3 deg face) blind (not oriented) within
 5 ft of CIBP. Top of whipstock will be set between
 3131' and 3175'. Cut window in 7" casing and drill
 sidetrack hole. Bottom of window in 7" casing will be
 between 3138' and 3178'.

Proposed Sidetrack Hole Interval:
 Drill 6-1/4" sidetrack hole
 blind (without surveying) with
 rotary assembly (not a
 directional assembly) to new
 Total Depth of 3649' MD.
 Underream 6-1/4" hole to 9-
 1/2" hole diameter. Perform
 cavitation & clean out
 operations.

Proposed Surveying Program:
 Run an inclination survey (not
 a gyro directional survey) after
 running the tubing. The
 survey will be taken at the F-
 Nipple approximately 80'
 above TD and will be below
 the lowest perforation.

Proposed Liner:
 Run a 5-1/2", 15.5#, J-55,
 LTC liner either with or
 without a liner hanger, set the
 liner on bottom and leave it
 uncemented. Perforate the
 liner with electric line
 perforating guns.

June 5-6, 2004: Milled up liner hanger to depth of
 3189' to try to get liner free for fishing. Current Top
 of 5-1/2" liner is 3189'.

24-Sept-1992: 7", 20#, J-55, ST&C intermediate
 casing set at 3240' in 8-3/4" hole and cemented to
 surface.

Original Producing Interval Hole:
 26-Sept-1992: Drilled 6-1/4" hole to TD of 3549'.
 The 6-1/4" hole was NOT underreamed, and this
 well was NOT cavitated.

12-June-2004: Cut the liner at 3340'. After making
 this cut we speared into the liner - but were unable
 to move it.

11-June-2004: Cut the liner at 3448'. This cut
 was made 12 ft above the indicated freepoint.
 After making this cut we speared into the liner and
 pulled it up 26". Then the liner stuck and we were
 unable to move it further. We have a 26" gap from
 3448' to 3446'. This gap (and the other two cuts)
 was verified by casing collar log on 13-June-04.

11-June-2004: Cut the liner at 3494'. This cut was
 made 34 ft below the indicated freepoint to prepare
 it for subsequent fishing.

02-Oct-1992: Set original liner, 5-1/2", 15.5#, J-55,
 LT&C. The liner was NOT cemented. Bottom of
 liner at 3548'. Top of liner originally at 3180'.
 Liner was set with a Brown HYFLO 3 liner hanger.
 Original liner was pre-perforated and plugged.
 The plugs were milled out on 03-Oct-1992. Added
 perforations with electric line perforating guns on
 17-June-2004 (see comments below).

Schematic prepared by:
 Steven O. Moore, Drilling Engineer
 02-Feb-2005

Sidetrack Bottom Hole Location: **Calc max possible departure**
 Sidetrack TD: **3649' MD**

COMMENTS:

Proposed Tubing: The planned completion is a pumping configuration with mud anchor, either 2-3/8" or 2-7/8" tubing, downhole insert pump, and rods.

Perforations in original liner The original perforations in the original 5-1/2" liner were 3237' - 3456' and 3503' - 3546', 4 holes per foot pre-perforated liner with plugs. The liner was run and the plugs were milled out on October 2-3, 1992. We added perforations on June 17, 2004 via electric line perforating guns, 4 shots per ft, 0.75" diameter holes, 120 degree phasing. The added perforation intervals as follows: 3254'-3264', 3268'-3274', 3308'-3311', 3346'-3355', 3362'-3380', 3416'-3427', 3524'-3531', 3544'-3548'. Added perforations = 272 shots total, 68 ft total.

C-102

C-103

Bureau of Land Management Conditions of Approval:

- 1) If this well is located in a Specially Designated Area (SDA), compliance with the appropriate seasonal closure requirements will be necessary.**
- 2) Pits must be lined with an impervious material at least 12 mils thick. The pit must be fenced on three (3) sides during workover operations and on the 4th side after the rig moves off location. Pits must be closed within 90 days of completion of the workover operations. Prior to closing the pit the liner must be cut off at mud level.**