

Fonn 3160-3
(February 2005)

JUN 2006

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.
SF-078460

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
SAN JUAN 32-7 UNIT #202A

9. API Well No.
30-045-33701

10. Field and Pool, or Exploratory

BASIN FRUITLAND COAL

11. Sec., T. R. M. or Blk. and Survey or Area

SECTION 18, T32N, R7W NMPM

F

12. County or Parish

SAN JUAN

13. State

NM

1a. Type of work: ☒ DRILL

☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

☐ Single Zone

☐ Multiple Zone

2. Name of Operator

ConocoPhillips Company

3a. Address

4001 Penbrook, Odessa, TX 79762

3b. Phone No. (include area code)

432-368-1230

4. Location of Well (Report location clearly and in accordance with any State requirements, *)

At surface

SENW 1800 FNL - 1585 FWL

At proposed prod. zone

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)

16. No. of acres in lease

2484.35 ACRES

17. Spacing Unit dedicated to this well

314.76 ACRES - W/2

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth

3370'

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

6404'

GL

22 Approximate date work will start*

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

Peggy James

Name (Printed/Typed)

Peggy James

Date

04/07/2006

Title

Senior Associate

Approved by (Signature)

John Lovato

Name (Printed/Typed)

Date

6/8/06

Title

Acting AM

Office

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 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.

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".

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

NMOCD

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

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------|--|------------------------------------|
| 'API Number 30-015-33701 | 'Pool Code 71629 | 'Pool Name BASIN FRUITLAND COAL |
| 'Property Code 31329 | 'Property Name SAN JUAN 32-7 UNIT | 'Well Number 202A |
| 'OGRID No. 217817 | 'Operator Name CONOCOPHILLIPS COMPANY | 'Elevation 6404' |

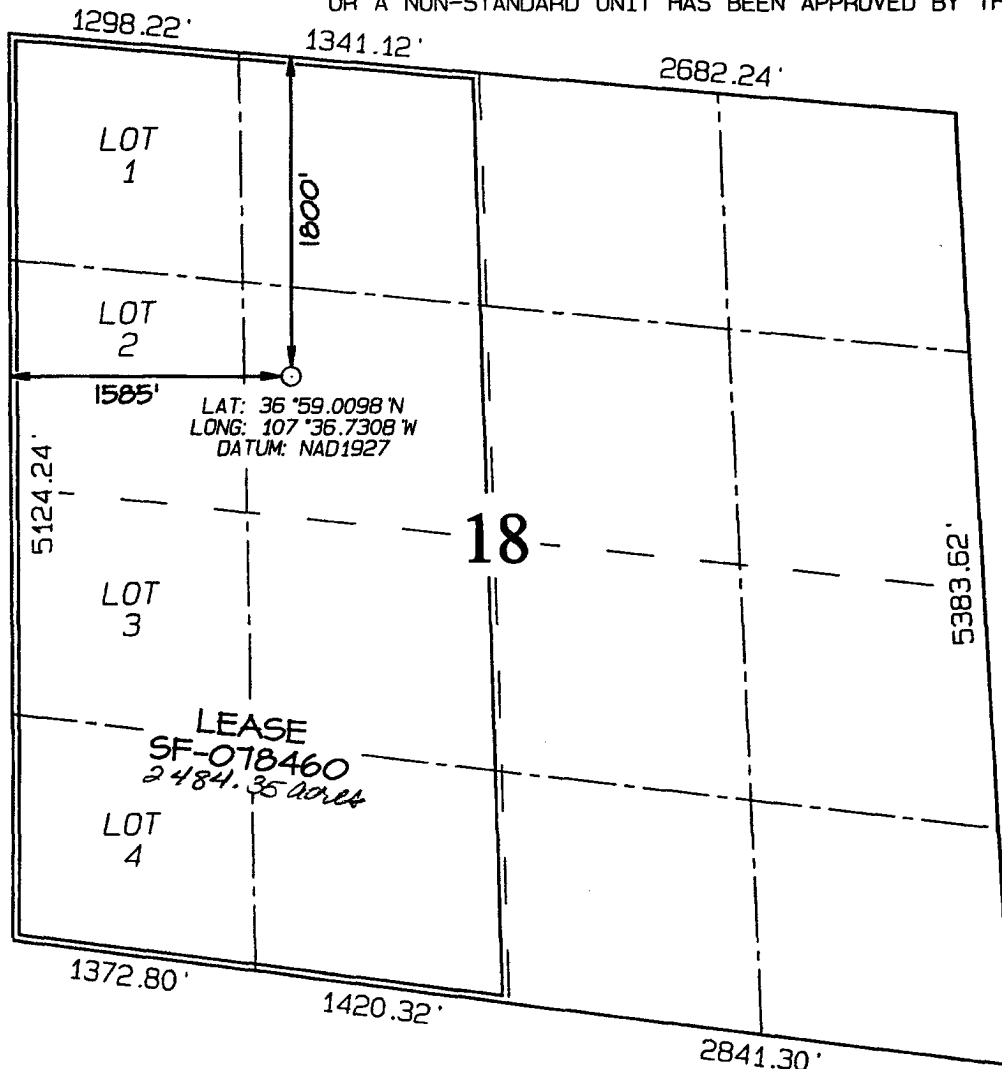
¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| F | 18 | 32N | 7W | | 1800 | NORTH | 1585 | WEST | 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 |
| ¹² Dedicated Acres 314.76 Acres - W/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

Virgil E. Chavez

Signature

Virgil E. Chavez

Printed Name

Projects & Operations Lead

Title

March 6, 2006

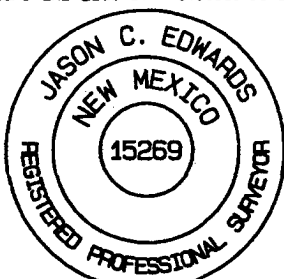
Date

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: MARCH 28, 2005

Signature and Seal of Professional Surveyor



JASON C. EDWARDS

Certificate Number 15269

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-1-03
May 27, 2004

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

| | |
|--|---------------|
| WELL API NO. 30-045-33701 | |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> | |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name SAN JUAN 32-7 UNIT | |
| 8. Well Number | 202A |
| 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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other | |
| 2. Name of Operator ConocoPhillips Company | |
| 3. Address of Operator 4001 Penbrook, Odessa, TX 79762 | |
| 4. Well Location Unit Letter F 1800 feet from the NORTH line and 1585 feet from the WEST line Section 18 Township 32N Range 7W NMPM SAN JUAN County | |

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6404' GL

| | |
|--|--|
| Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Closure <input type="checkbox"/> | |
| Pit type DRILL | Depth to Groundwater 120' Distance from nearest fresh water well 6375' Distance from nearest surface water 485' |
| Liner Thickness: 12 mil Below-Grade Tank: Volume: 4400 bbls; Construction Material: Synthetic | |

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 ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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 COPC June 2005 General Pit Plan on file with the NMOCD. 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 NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE **Peggy James**

TITLE **Senior Associate**

DATE **04/07/2006**

Type or print name

E-mail address **peggy.s.james@conocophillips.com:**

Telephone No.: **(432)368-1230**

For State Use Only

APPROVED BY:

TITLE

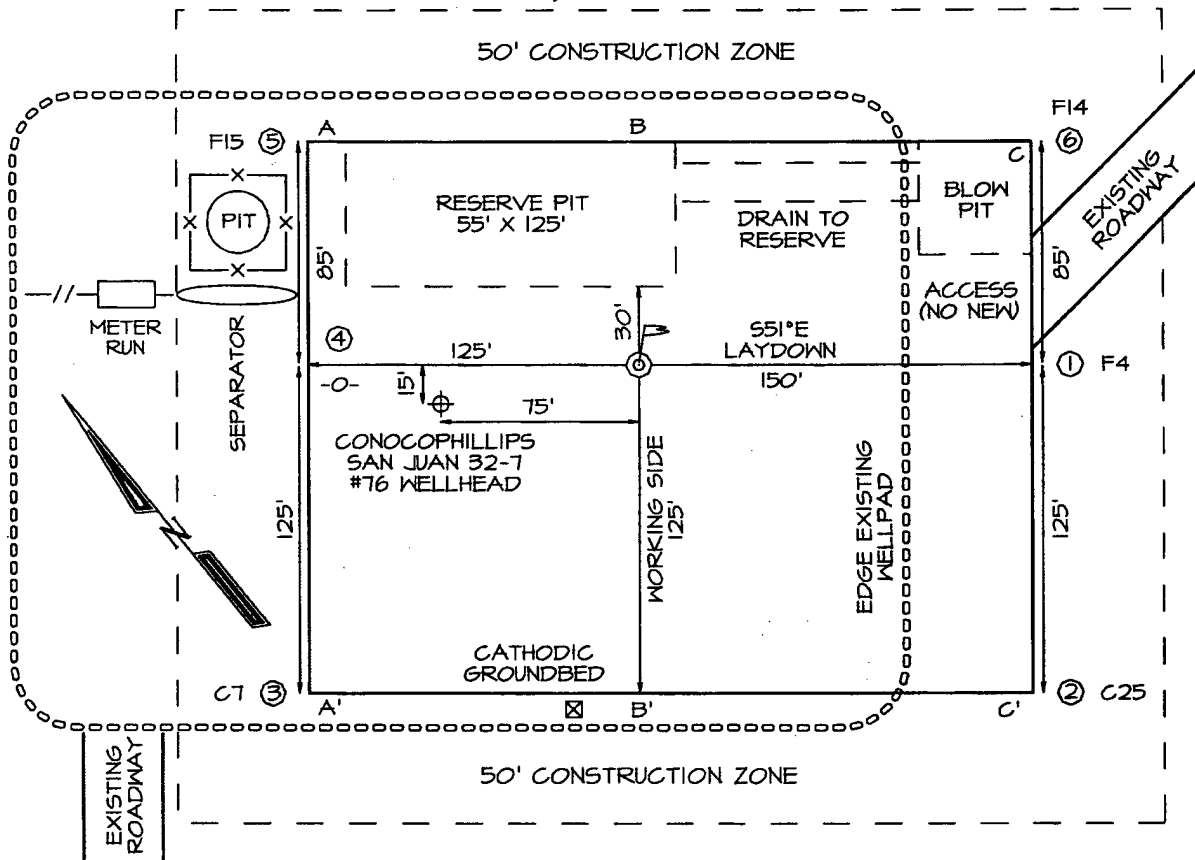
DEPUTY OIL & GAS INSPECTOR, DIST. 4

DATE

JUN 12 2006

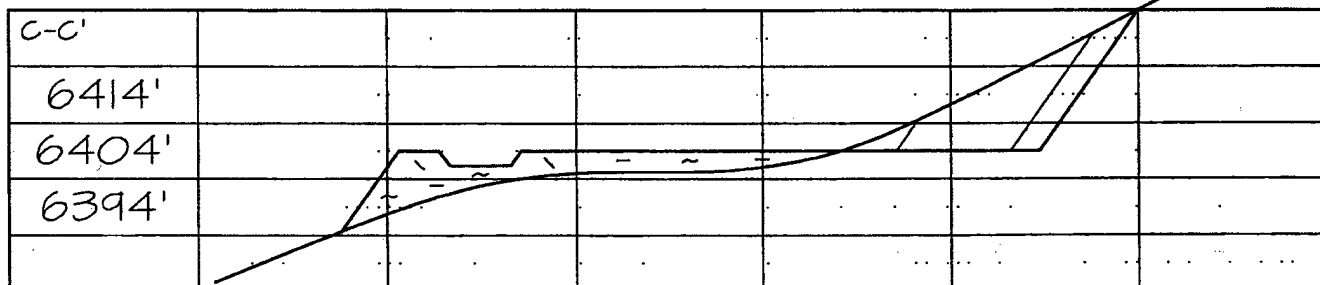
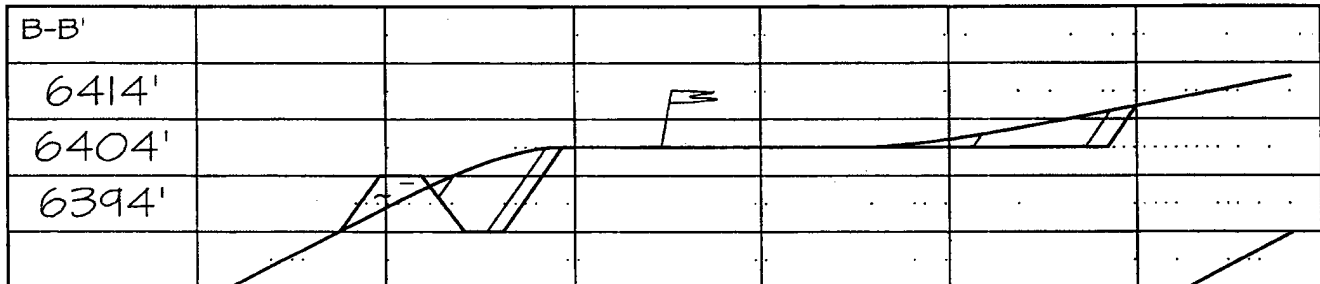
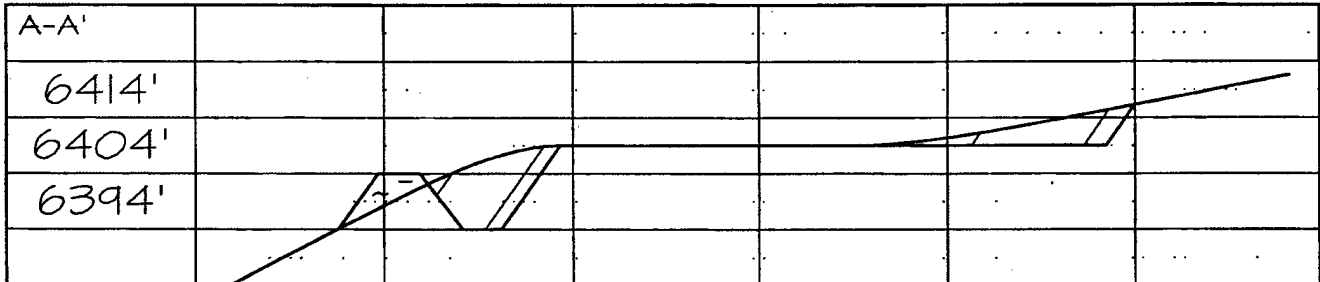
Conditions of Approval (if any):

CONOCOPHILLIPS COMPANY SAN JUAN 32-7 UNIT #202A
1800' FNL & 1585' FWL, SECTION 18, T32N, R7W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6404'



LATITUDE: 36.98350° N
LONGITUDE: 107.61218° W
 DATUM: NAD1983

PLAT NOTE:
 SURFACE OWNER
 Bureau of Land
 Management



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-7 202A

| | | | | | |
|----------------------------------|----------------------|---------------------|------------------|---------|--|
| Lease: | | AFE #: WAN.CBM.6121 | | AFE \$: | |
| Field Name: 32-7 | Rig: H&P 282 | State: NM | County: SAN JUAN | API #: | |
| Geoscientist: Wentz, Robert M. | Phone: 832-486-2056 | Prod. Engineer: | Phone: | | |
| Res. Engineer: Stasney, Janet F. | Phone: +832 486-2359 | Proj. Field Lead: | Phone: | | |

Primary Objective (Zones):

| Zone | Zone Name |
|------|----------------------------|
| JCV | BASIN FRUITLAND COAL (GAS) |

| | | | | | |
|---------------------|------------------------|--------------------|------|---------------|-----------|
| Location: Surface | | Datum Code: NAD 27 | | Straight Hole | |
| Latitude: 36.983497 | Longitude: -107.612180 | X: | Y: | Section: 18 | Range: 7W |
| Footage X: 1585 FWL | Footage Y: 1800 FNL | Elevation: 6404 | (FT) | Township: 32N | |

Tolerance:

| | | | |
|---|--------------------|------------------|--------------------|
| Location Type: | Start Date (Est.): | Completion Date: | Date In Operation: |
| Formation Data: Assume KB = 6420 Units = FT | | | |

| Formation Call & Casing Points | Depth (TVD in Ft) | SS (Ft) | Depletion (Yes/No) | BHP (PSIG) | BHT | Remarks |
|--------------------------------|-------------------|---------|--------------------------|------------|-----|---|
| SAN JOSE | 16 | 6404 | <input type="checkbox"/> | | | |
| Surface Casing | 216 | 6204 | <input type="checkbox"/> | | | 13-1/2" hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface. |
| NCMT | 520 | 5900 | <input type="checkbox"/> | | | |
| CJAM | 2010 | 4410 | <input type="checkbox"/> | | | Possible water flows. |
| KRLD | 2120 | 4300 | <input type="checkbox"/> | | | |
| FRLD | 2850 | 3570 | <input type="checkbox"/> | | | Possible gas. |
| TOP COAL | 2950 | 3470 | <input type="checkbox"/> | | | |
| BASE MAIN COAL | 3110 | 3310 | <input type="checkbox"/> | | | |
| PC TONGUE | 3200 | 3220 | <input type="checkbox"/> | | | |
| BASE LOWEST COAL | 3280 | 3140 | <input type="checkbox"/> | | | |
| PCCF | 3290 | 3130 | <input type="checkbox"/> | | | |
| Total Depth | 3370 | 3050 | <input type="checkbox"/> | | | 8 3/4" Hole. 5 1/2", 17 ppf, N-80, LTC Casing. Circulate cement to surface. |

Reference Wells

| Reference Type | Well Name | Comments |
|----------------|----------------|----------|
| Intermediate | 32-7 #76 | |
| Intermediate | Reese Mesa #11 | |
| Intermediate | 32-7 #41A | |
| Intermediate | 32-7 #202 | |
| Intermediate | 32-7 #246A | |
| Intermediate | 32-7 #246 | |
| Intermediate | Reese Mesa #1 | |

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-7 202A

Logging Program:Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple ComboTD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☐ TDT**Additional Information:**

| Log Type | Stage | From (Ft) | To (Ft) | Tool Type/Name | Remarks |
|----------|-------|-----------|---------|----------------|---------|
|----------|-------|-----------|---------|----------------|---------|

Comments: General/Work Description - Mud log from intermediate casing shoe to TD will be obtained. Drilling mud program:

No PCCF PA or gas pool

Case & frac well

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

TOPSET FRUITLAND COAL Wells: (topset casing above coal to prepare for cavitation/DO/UR)

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist/nitrogen 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

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

CASE & FRAC FRUITLAND COAL Wells: (casing set below coal to prepare for frac completion)

Drilling Mud Program:

Surface: spud mud

Production: fresh water mud with bentonite and polymer 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

Production: 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

MESA VERDE Wells:

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

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

DAKOTA Wells:

Drilling Mud Program:

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist/nitrogen 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

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

HOLE: 13.5 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 ppg
GRADE: H-40
EXCESS: 125 %
DEPTH: 235'

SURFACE:

Option 1
222 sx
46.2 bbls
259.5 cuft
1.17 ft³/sx
15.8 ppg
4.973 gal/sx
Class G Cement
+ 3% S001 Calcium Chloride
+ 0.25 lb/sx D029 Cellophane Flakes

Comp. Strength
6 hrs 250 psi
8 hrs 500 psi

Option 2

214 sx
46.2 bbls
259.5 cuft
1.21 ft³/sx
15.6 ppg
5.29 gal/sx
Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Flocele

Comp. Strength
6 hrs 250 psi
8 hrs 500 psi

PRODUCTION LEAD:

Option 1
416 sx
201.5 bbls
1131.5 cuft
2.72 ft³/sx
11.7 ppg
15.74 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal

Comp. Strength
9 hrs 300 psi
48 hrs 525 psi

HOLE: 7.875 "
CSG OD: 5.5 "
CSG ID: 4.892 "
WGT: 17 ppg
GRADE: N-80
EXCESS: 150 %

TAIL: 674'

DEPTH: 3370'

Option 2

435 sx
201.5 bbls
1131.5 cuft
2.80 ft³/sx
11.5 ppg
14.62 gal/sx
Type III Ashgrove Cement
+ 30 lb/sx San Juan Poz
+ 3% Bentonite
+ 5.0 lb/sx Phenoseal

Comp. Strength
1:47 hrs 50 psi
12 hrs 350 psi
24 hrs 450 psi

Option 3

430 sx
201.5 bbls
1131.5 cuft
2.83 ft³/sx
11.7 ppg
15.92 gal/sx
Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet

Comp. Strength
3 hrs 100 psi
24 hrs 443 psi

PRODUCTION TAIL:

Option 1
227 sx
53.0 bbls
297.5 cuft
1.31 ft³/sx
13.5 ppg
5.317 gal/sx
50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% S001 Calcium Chloride
+ 2% D020 Bentonite
+ 1.5 lb/sx D024 Gilsonite Extender
+ 0.1% D046 Antifoamer
+ 6 lb/sx Phenoseal

Comp. Strength
3:53 500 psi
8:22 1000 psi
24 hrs 3170 psi
48 hrs 5399 psi

Option 2

224 sx
53.0 bbls
297.5 cuft
1.33 ft³/sx
13.5 ppg
5.52 gal/sx
50/50 Poz: Standard Cement
+ 2% Bentonite
+ 6.0 lb/sx Phenoseal

Comp. Strength
2:05 50 psi
4:06 500 psi
12 hrs 1250 psi
24hrs 1819 psi

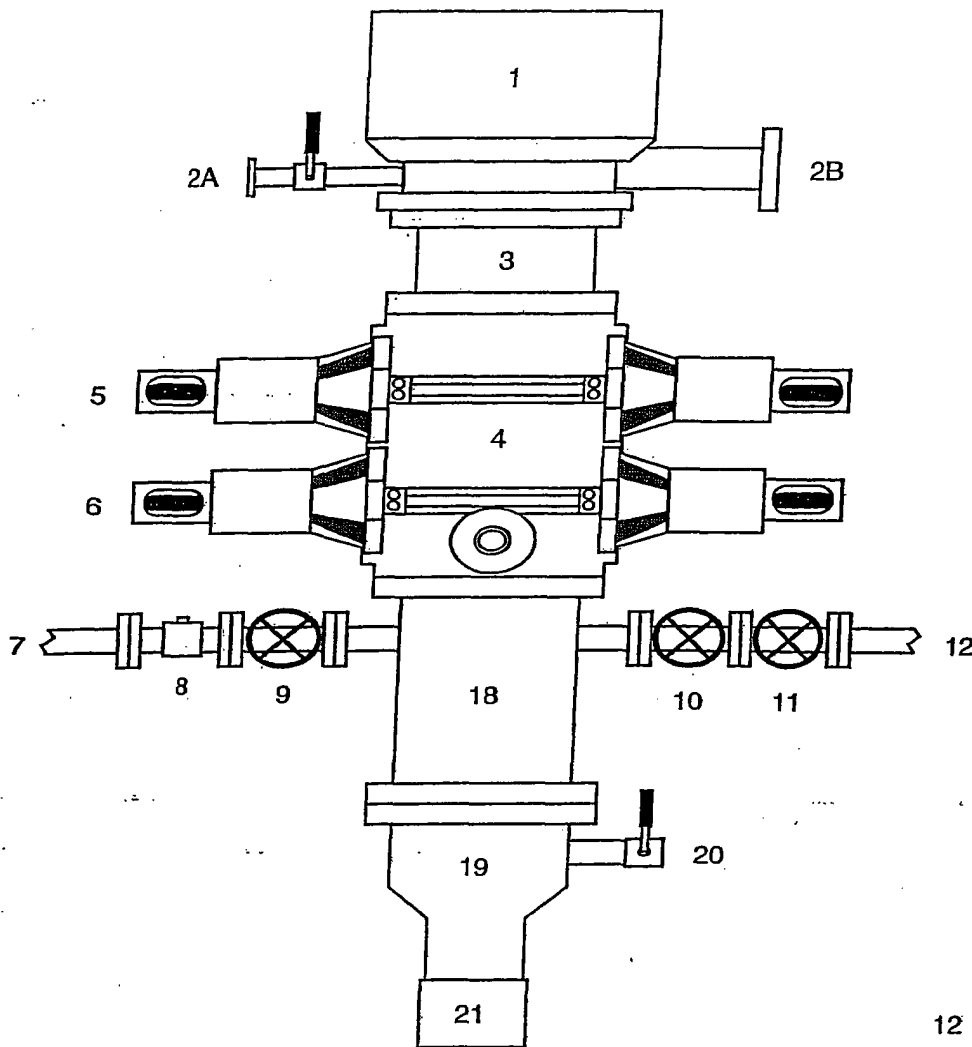
Option 3

232 sx
53.0 bbls
297.5 cuft
1.28 ft³/sx
13.5 ppg
5.255 gal/sx
50/50 Poz: Class G Cement
+ 2% D020 Bentonite
+ 5.0 lb/sx D024 Gilsonite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoamer
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet

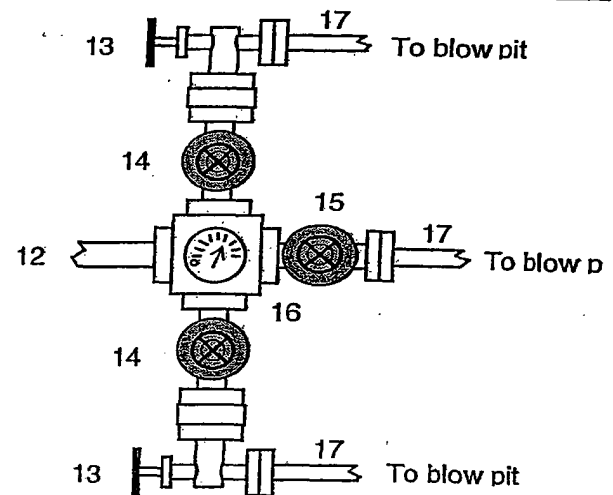
Comp. Strength
24 hrs 1850 psi
48 hrs 3411 psi

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

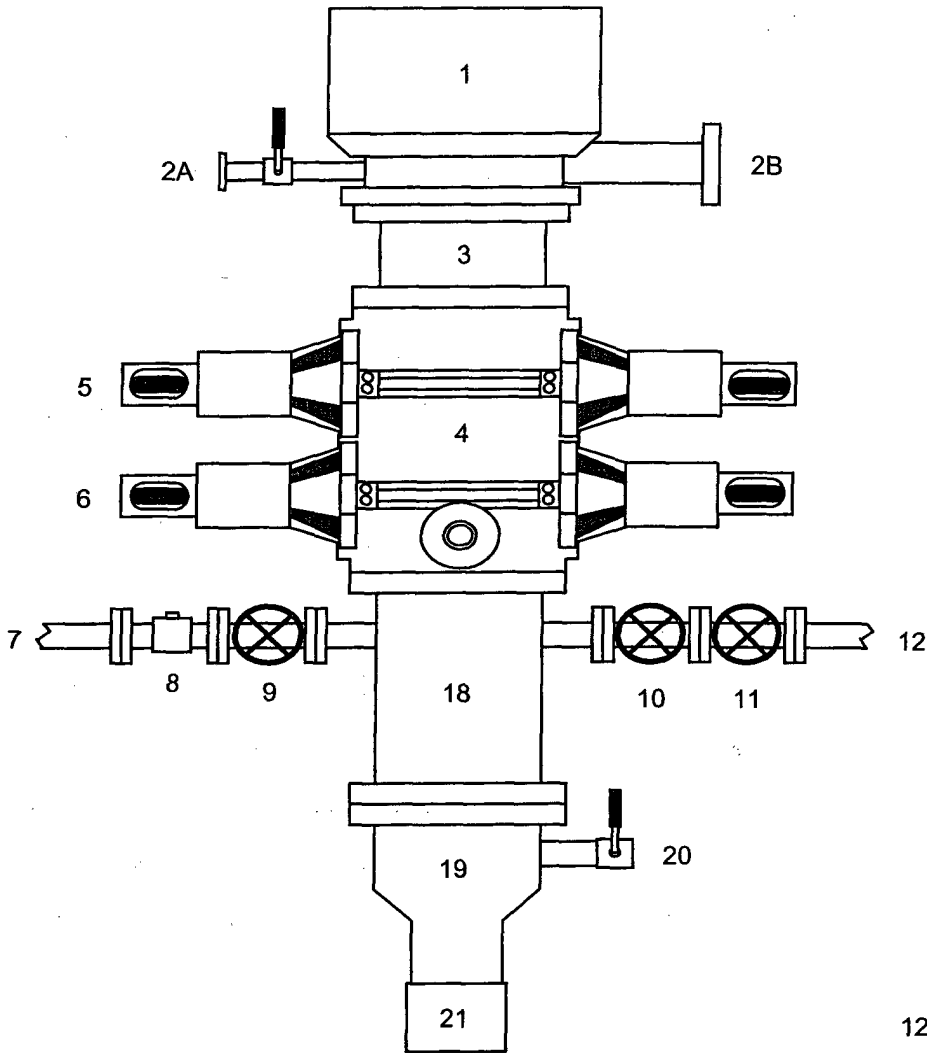


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

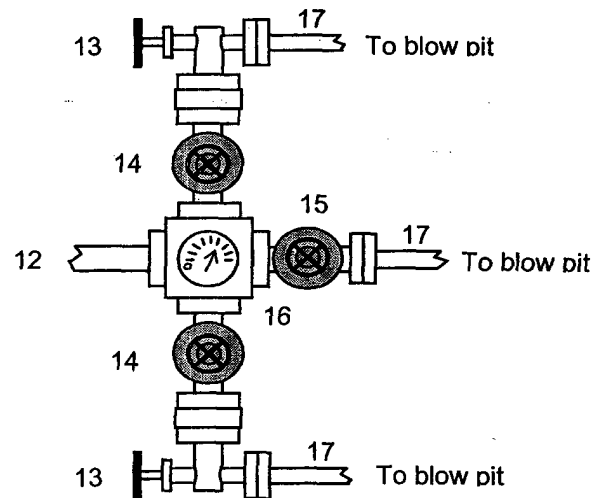
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to Intermediate Casing Point & Setting 5 1/2" 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 a 7-7/8" hole will be drilled to production casing point and 5 1/2" 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

Property : SAN JUAN 32-7 UNIT **Well #:** 202A

Surface Location:

Unit: F **Section:** 18 **Township:** 32N **Range:** 7W

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

Footage: 1800 **from the** NORTH **line,** 1585 **from the** WEST **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.