

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

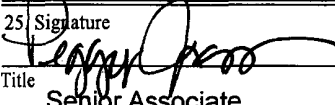
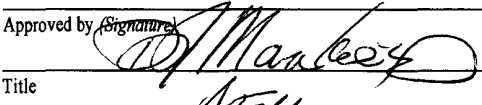
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-079004
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) 432-368-1230	8. Lease Name and Well No. SAN JUAN 32-8 UNIT #16M
4. Location of Well (Report location clearly and in accordance with any State requirements, *) At surface NWNW 1090 FNL - 1080 FWL 0 At proposed prod. zone SW NW 1600 FNL - 900 FWL E		9. API Well No. 30-045-33699
14. Distance in miles and direction from nearest town or post office*		10. Field and Pool, or Exploratory BLANCO MESAVERDE / BASIN DAKOTA
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)		11. Sec., T. R. M. or Blk. and Survey or Area SECTION 15, T31N, R8W NMPM 0
16. No. of acres in lease 840 ACRES		12. County or Parish SAN JUAN
17. Spacing Unit dedicated to this well MV & DK; 320.0 ACRES - W/2		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		19. Proposed Depth 8148 TVD 8104 MD
20. BLM/BIA Bond No. on file		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6572' 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 	Name (Printed/Typed) Peggy James	Date 4/07/2006
Title Senior Associate		
Approved by (Signature) 	Name (Printed/Typed) J. Manbeck	Date 6/15/06
Title AFM	Office FFO	

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 Blanco Mesaverde / Basin Dakota formations. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD / ROW.

This well will be downhole commingled pursuant to the terms and conditions outlined in Order R-11363.

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

NMOC

District I
PO Box 1980, Hobbs, NM 88241-1980

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

RECEIVED

OTO FARMINGTON, NM

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33699	*Pool Code 72319 / 71599	*Pool Name BLANCO MESAVERDE / BASIN DAKOTA
*Property Code 31330	*Property Name SAN JUAN 32-8 UNIT	*Well Number 16M
*GRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY	*Elevation 6572'

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
D	15	31N	8W		1090	NORTH	1080	WEST	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
E	15	31N	8W		1600	NORTH	900	WEST	SAN JUAN

¹² Dedicated Acres 320.0 Acres - W/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

<div><p>15</p><p>1600'</p><p>1080'</p><p>900'</p><p>5126.22'</p><p>SURFACE LOCATION LAT: 36.90131°N LONG: 107.66784°W DATUM: NAD1983</p><p>BOTTOM-HOLE LAT: 36.89990°N LONG: 107.66852°W DATUM: NAD1983</p><p>LEASE SF-079004</p><p>LEASE USA NM-03402</p><p>5204.76'</p><p>5237.10'</p></div>	<div><p>¹⁷ OPERATOR 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>Virgil E. Chavez</i> Signature Virgil E. Chavez Printed Name Projects & Operations Lead Title May 11, 2006 Date</p><p>¹⁸ SURVEYOR 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>Survey Date: SEPTEMBER 29, 2005</p><p>Signature and Seal of Professional Surveyor</p><p></p><p><i>JASON C. EDWARDS</i> Certificate Number 15269</p></div>
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Sundry Notices and Reports on Wells

2006 MAY 16 PM 1 43

1. Type of Well
GAS

2. Name of Operator
ConocoPhillips

3. Address & Phone No. of Operator

PO Box 4289, Farmington, NM 87499 (505) 326-9700

4. Location of Well, Footage, Sec., T, R, M

Surf - Unit D (NWNW), 1090' FNL & 1080' FWL, Sec. 15, T31N, R8W, NMPM

BH - Unit E (SWNW), 1600' FNL & 900' FWL, Sec. 15, T31N, R8W, NMPM

5. Lease Number
NMSF-079004
6. If Indian, All. or
Tribe Name
7. Unit Agreement Name

8. San Juan 32-8 Unit
Well Name & Number

9. SJ 32-8 Unit #16M
API Well No.

30-045- 33699

10. Field and Pool

Basin DK / Blanco MV

11. County and State
San Juan Co., NM

12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA

Type of Submission

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment

Type of Action

☐ Abandonment

☐ Recompletion

☐ Plugging

☐ Casing Repair

☐ Altering Casing

☒ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut off

☐ Conversion to Injection

☒ Other - Direction Drill Plans

13. Describe Proposed or Completed Operations

The subject well changed from a vertical drill well to a directional drill well to protect an existing FC well. See the attached amended C102 (plat) and the directional drill plans.

14. I hereby certify that the foregoing is true and correct.

Signed Patsy Clugston Patsy Clugston Title Sr. Regulatory Specialist Date 5/15/06

(This space for Federal or State Office use)

APPROVED BY [Signature] Title AFM Date 6/15/06

CONDITION OF APPROVAL, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMOC

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. 30-045-33699
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 32-8 UNIT
8. Well Number 16M
9. OGRID Number 217817
10. Pool name or Wildcat BLANCO MESAVERDE / BASIN DAKOTA

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 D 1090 feet from the NORTH line and 1080 feet from the WEST line Section 15 Township 31N Range 8W NMPM SAN JUAN County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6572' GL	

Pit or Below-grade Tank Application <input checked="" type="checkbox"/> Closure <input type="checkbox"/>	
Pit type DRILL Depth to Groundwater 185' Distance from nearest fresh water well 12950' Distance from nearest surface water 300'	
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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 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. 2

DATE

JUN 19 2006

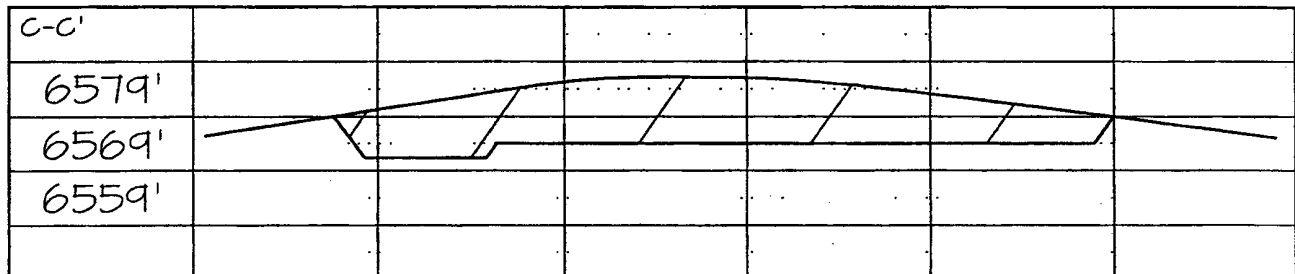
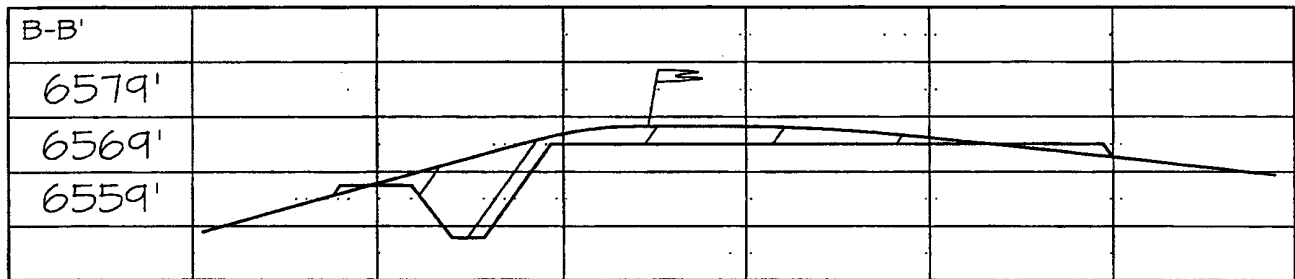
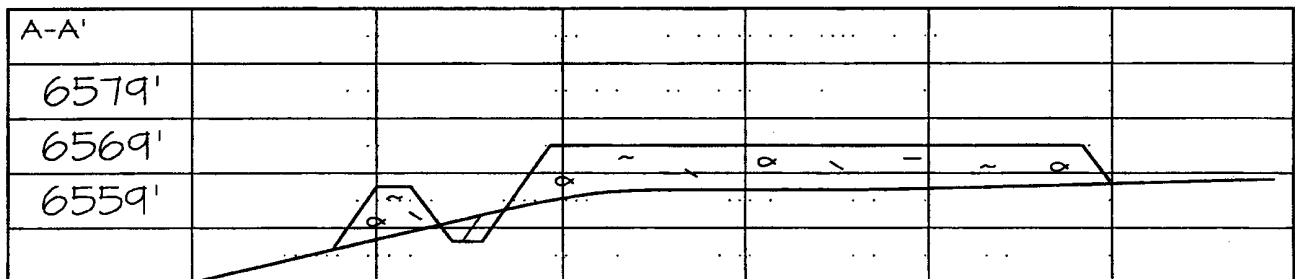
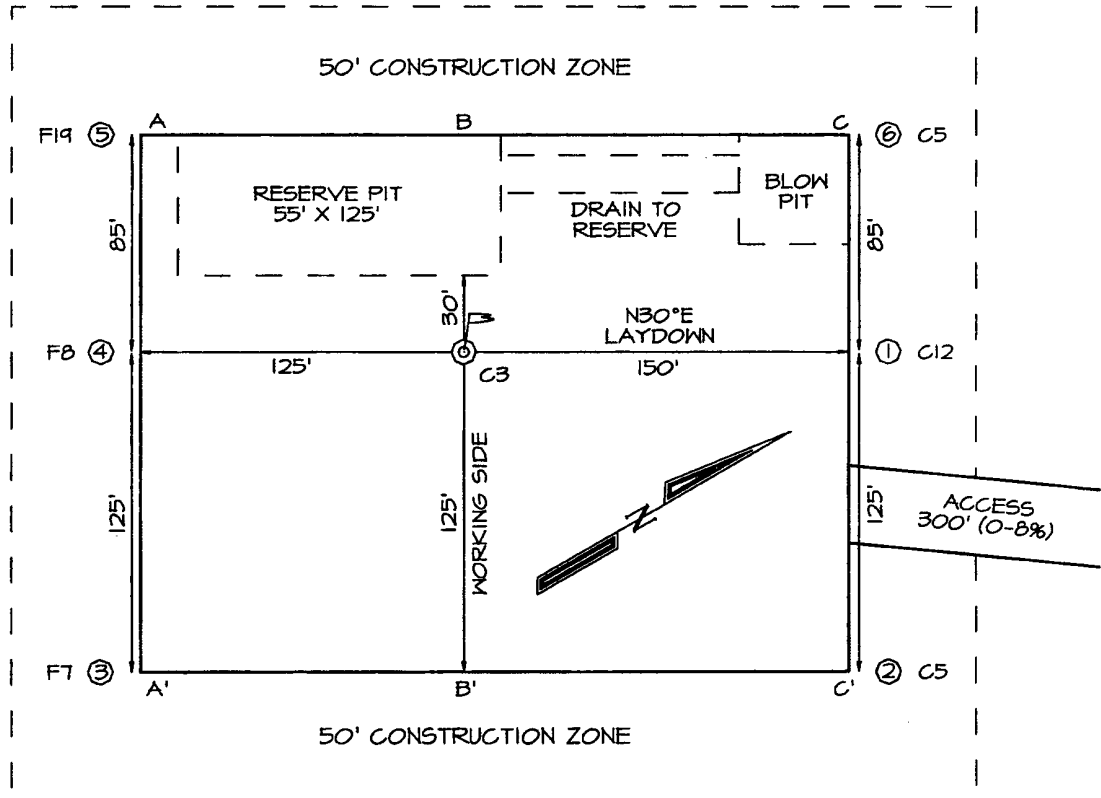
Conditions of Approval (if any):

CONOCOPHILLIPS COMPANY SAN JUAN 32-8 UNIT #16M
1090' FNL & 1080' FWL, SECTION 15, T31N, R8W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6572'

LATITUDE: 36.90131° N
LONGITUDE: 107.66723° W
 DATUM: NAD1927

PLAT NOTE:

SURFACE OWNER
 Bureau of Land
 Management



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 16M

Lease:		AFE #: WAN.CNV.6228		AFE \$:	
Field Name: 32-8	Rig: 486-0597	State: NM	County: SAN JUAN	API #:	
Geoscientist: Glaser, Terry J	Phone: (832)486-2332	Prod. Engineer: Piotrowicz, Greg M.	Phone: +1 832-486-3486		
Res. Engineer: Tomberlin, Timothy A	Phone: (832) 486-2328	Proj. Field Lead: Fransen, Eric E.	Phone:		

Primary Objective (Zones):

Zone	Zone Name
R20002	MESAVERDE(R20002)
R20076	DAKOTA(R20076)

Location: Surface		Datum Code: NAD 27		Deviated	
Latitude: 36.901310	Longitude: -107.667230	X:	Y:	Section: 15	Range: 8W
Footage X: 1080 FWL	Footage Y: 1090 FNL	Elevation: 6572	(FT)	Township: 31N	

Tolerance:

Location: Bottom Hole		Datum Code: NAD 27		Deviated	
Latitude: 36.899829	Longitude: -107.667794	X:	Y:	Section: 15	Range: 8W
Footage X: 900 FWL	Footage Y: 1600 FNL	Elevation:	(FT)	Township: 31N	

Tolerance:

Location Type: Summer Only	Start Date (Est.):	Completion Date:	Date In Operation:
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Formation Data: Assume KB = 6588 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216	6372	<input type="checkbox"/>			13-1/2 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	858	5730	<input type="checkbox"/>			
CJAM	2168	4420	<input type="checkbox"/>			Possible water flows.
KRLD	2318	4270	<input type="checkbox"/>			
FRLD	3093	3495	<input type="checkbox"/>			Possible gas.
PCCF	3468	3120	<input type="checkbox"/>			
LEWS	3668	2920	<input type="checkbox"/>			
Intermediate Casing	3768	2820	<input type="checkbox"/>			8 3/4" Hole. 7", 23 ppf, J-55, LTC Casing. Special Drift to 6.25". Circulate cement to surface.
CHRA	4608	1980	<input type="checkbox"/>			
CLFH	5363	1225	<input type="checkbox"/>			Gas; possibly wet
MENF	5413	1175	<input type="checkbox"/>			Gas.
PTLK	5763	825	<input type="checkbox"/>			Gas.
CLLP	7088	-500	<input type="checkbox"/>			Gas. Possibly wet.
CRHN	7798	-1210	<input type="checkbox"/>			Gas possible, highly fractured
PAGU	7978	-1390	<input type="checkbox"/>			Gas. Highly Fractured.
Total Depth	8148	-1560	<input type="checkbox"/>			6-1/4" Hole. 4-1/2", 11.6 ppf, N-80, LTC casing. Circulate cement a minimum of 100' inside the previous casing string. No open hole logs. Cased hole TDT with GR to surface.

Reference Wells:

Reference Type	Well Name	Comments
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PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 16M

Logging Program:

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

TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☒ TDT

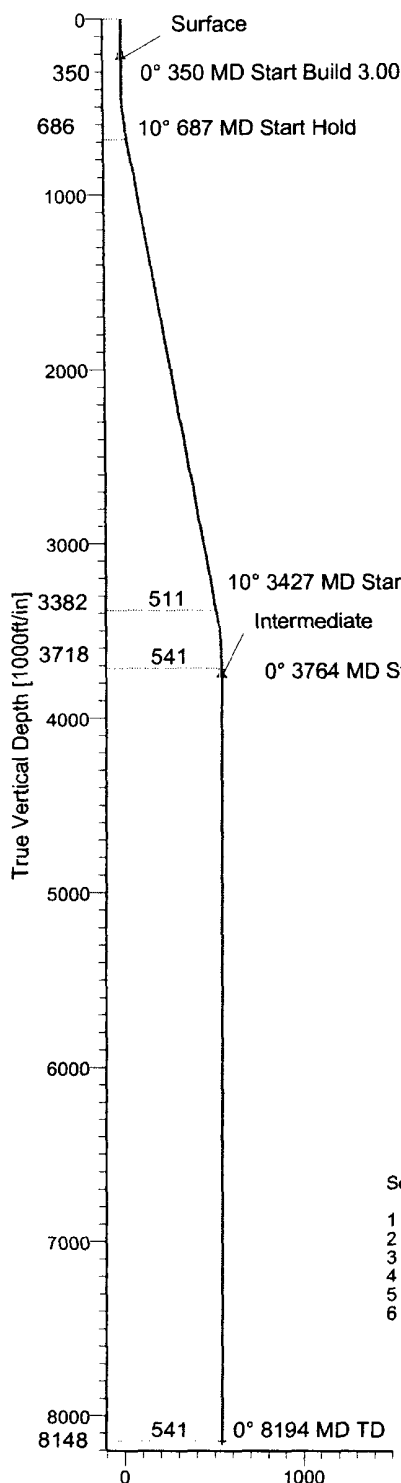
Additional Information:

Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks
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Comments: Zones - DK not in PA

ConocoPhillips

ConocoPhillips
Field: Rio Arriba County, NM
Site: San Juan 32-8 #16M
Well: Well 32-8 #16M
Wellpath: Original Hole
Plan: Plan #1



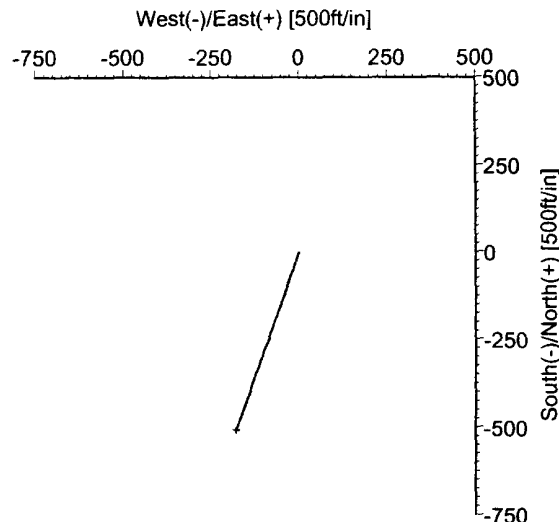
Vertical Section at 199.44° [1000ft/in]

FIELD DETAILS

Rio Arriba County, NM
 USA
 Geodetic System: US State Plane Coordinate System 1927
 Ellipsoid: NAD27 (Clarke 1866)
 Zone: New Mexico, Western Zone
 Magnetic Model: igr2005
 System Datum: Mean Sea Level
 Local North: Grid North

SITE DETAILS

San Juan 32-8 #16M
 Sec. 15, T31N, R8W
 Rio Arriba County
 Water Depth: 0.00
 Positional Uncertainty: 0.00
 Convergence: 0.00



CASING DETAILS

No.	TVD	MD	Name	Size
1	230.00	230.00	Surface	9.625
2	3768.00	3814.13	Intermediate	7.000

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
PBHL	3768.00	-510.00	-180.00	Point

WELLPATH DETAILS

Original Hole	SITE	Origin +N/-S	Origin +E/-W	Starting From TVD
Rig:				
Ref. Datum:				
V. Section Angle	199.44°	0.00	0.00	3768.00

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	199.44	0.00	0.00	0.00	0.00	0.00	0.00	
2	350.00	0.00	199.44	350.00	0.00	0.00	0.00	0.00	0.00	
3	687.37	10.12	199.44	685.62	-28.03	-9.89	3.00	199.44	29.72	
4	3426.76	10.12	199.44	3382.38	-481.97	-170.11	0.00	0.00	511.11	
5	3764.13	0.00	199.44	3718.00	-510.00	-180.00	3.00	180.00	540.83	
6	8194.13	0.00	199.44	8148.00	-510.00	-180.00	0.00	0.00	540.83	PBHL

Ryan Energy Technology
 19510 Oil Center Blvd
 Houston, TX 77073
 Ph: 281-443-1414
 Fax: 281-443-1676

Ryan The leader in
 UNDERGROUND INTELLIGENCE™

Plan: Plan #1 (Well 32-8 #16M/Original Hole)
 Created By: Jeff T. Krichhoff Date: 3/30/2008
 Checked: _____ Date: _____
 Reviewed: _____ Date: _____
 Approved: _____ Date: _____

HOLE: 13.5 "
CSG OD: 9.625 "
CSG ID: 9.001 "
WGT: 32.3 pcf
GRADE: H-40
EXCESS: 125 %

DEPTH: 235'

SURFACE:

Option 1

222 sx
46.2 bbls 6 hrs 250 psi
259.5 cuft 8 hrs 500 psi
1.17 ft³/sx
15.8 ppg
4.973 gal/sx

Option 2

214 sx
46.2 bbls 6 hrs 250 psi
259.5 cuft 8 hrs 500 psi
1.21 ft³/sx
15.6 ppg
5.29 gal/sx
Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Flocele

Class G Cement
+ 3% S001 Calcium Chloride
+ 0.25 lb/sx D029 Cellophane Flakes

INTERMEDIATE LEAD:

Option 1

404 sx
195.9 bbls 9 hrs 300 psi
1099.9 cuft 48 hrs 525 psi
2.72 ft³/sx
11.7 ppg
15.74 gal/sx

Option 2

423 sx
195.9 bbls 1.47 hrs 50 psi
1099.9 cuft 12 hrs 350 psi
2.60 ft³/sx
11.5 ppg
14.62 gal/sx

Option 3

418 sx
195.9 bbls 3 hrs 100 psi
1099.9 cuft 24 hrs 443 psi
2.63 ft³/sx
11.7 ppg
15.92 gal/sx

Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 10 lb/sx Phenoseal

Type III Ashgrove Cement
+ 30 lb/sx San Juan Poz
+ 3% Bentonite
+ 5.0 lb/sx Phenoseal

Class G Cement
+ 3% D079 Extender
+ 0.20% D046 Antifoam
+ 1.0 lb/bbl CemNet

TAIL: 762.8'

DEPTH: 3814'

INTERMEDIATE TAIL:

Option 1

226 sx
52.7 bbls 3.53 500 psi
295.7 cuft 8.22 1000 psi
1.31 ft³/sx 24 hrs 3170 psi
13.5 ppg 48 hrs 5399 psi
5.317 gal/sx

Option 2

222 sx
52.7 bbls 2.05 50 psi
295.7 cuft 4.06 500 psi
1.33 ft³/sx 12 hrs 1250 psi
13.5 ppg 24 hrs 1819 psi
5.52 gal/sx

Option 3

231 sx
52.7 bbls 24 hrs 1850 psi
295.7 cuft 48 hrs 3411 psi
1.28 ft³/sx
13.5 ppg
5.255 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 Gilsontite Extender
+ 0.1% D046 Antifoamer
+ 6 lb/sx Phenoseal

50/50 Poz: Standard Cement
+ 2% Bentonite
+ 6.0 lb/sx Phenoseal

50/50 Poz: Class G Cement
+ 2% D020 Bentonite
+ 5.0 lb/sx D024 Gilsontite Extender
+ 2% S001 Calcium Chloride
+ 0.1% D046 Antifoamer
+ 0.15% D065 Dispersant
+ 1.0 lb/bbl CemNet

PRODUCTION:

Option 1

483 sx
123.8 bbls 7 hrs 500 psi
694.9 cuft 24 hrs 2100 psi
1.44 ft³/sx
13.0 ppg
6.47 gal/sx

Option 2

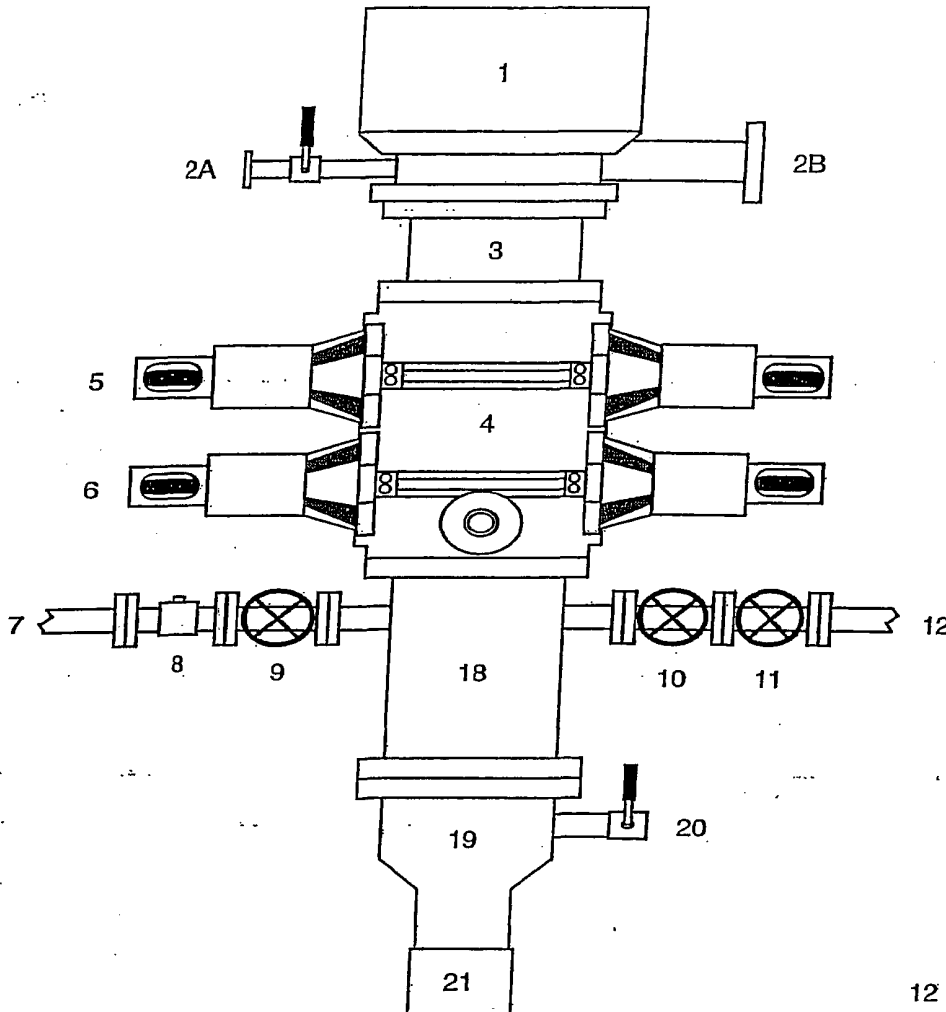
479 sx
123.8 bbls 9.32 50 psi
694.9 cuft 12 hrs 500 psi
1.45 ft³/sx 13.29 1026 psi
13.1 ppg 24 hrs 2300 psi
6.55 gal/sx

50/50 Poz: Class G Cement
+ 0.25 lb/sx D029 Cellophane Flakes
+ 3% D020 Bentonite
+ 1.0 lb/sx D024 Gilsontite Extender
+ 0.25% D167 Fluid Loss
+ 0.25% D065 Dispersant
+ 0.1% D800 Retarder
+ 0.1% D046 Antifoamer
+ 3.5 lb/sx Phenoseal

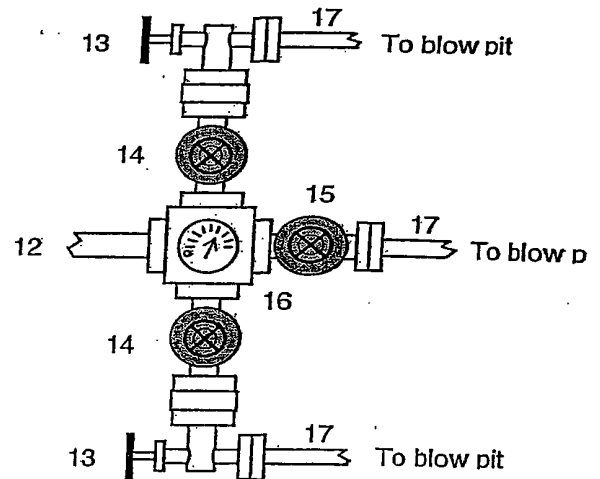
50/50 Poz: Standard Cement
+ 3% Bentonite
+ 0.2% CFR-3 Friction Reducer
+ 0.1% HR-5 Retarder
+ 0.8% Halad-9 Fluid Loss Additive
+ 3.5 lb/sx Phenoseal

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

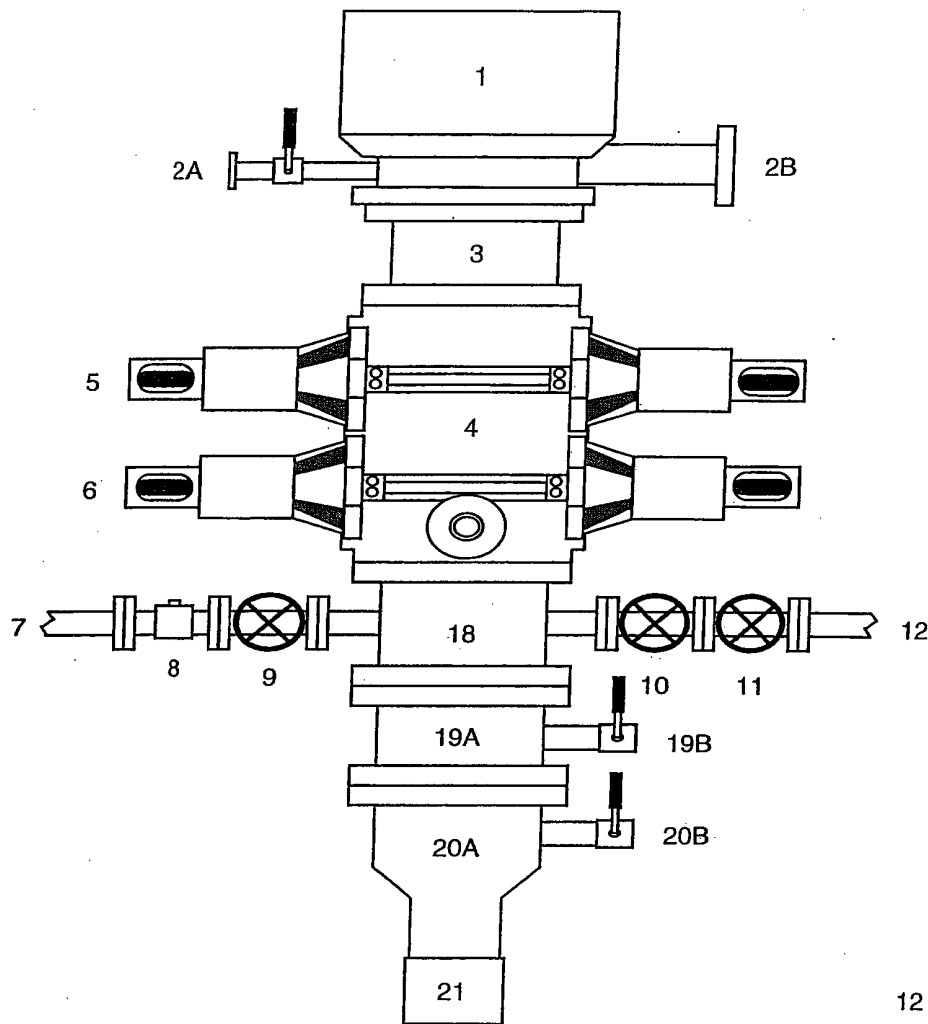


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe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

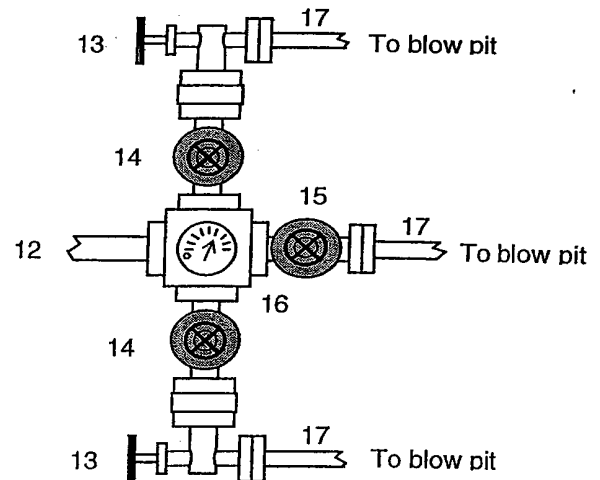
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Bloopie Line (for Air Drilling)
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
- 19A Csg Spool "B" Section (11", 3M)
- 19B "B" Section Csg Valve (2", 3M)
- 20A Csg Head "A" Section (11", 3M)
- 20B "A" Section Csg Valve (2", 3M)
21. 9 5/8" Casing Collar



After the 7" intermediate casing has been run and cemented, the Casing Spool ("B" Section) will be installed on the wellhead ("A" Section) and the BOP will be installed on the Casing Spool. A test plug will be set in the wellhead and the pipe rams, blind rams, and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 minutes and to 3000 psi (high pressure test) for 10 minutes. Then the test plug will be removed and 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. Then we will air drill the 6-1/4" hole to TD and run and cement the 4-1/2" casing.

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 32-8 UNIT **Well #:** 16M

Surface Location:

Unit: D **Section:** 15 **Township:** 31N **Range:** 8W

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

Footage: 1090 **from the** NORTH **line,** 1080 **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.