UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

2006 AUG 25 AM 8 50

RECEIVED
070 FARMINGTON NM
SEP 2006
BUREAU OF LAND MANAGEMENT

1a. Type of Work
DRILL

5. Lease Number
NMSF-078039
Unit Reporting Number

1b. Type of Well
GAS

6. If Indian, All. or Tribe

2. Operator
ConocoPhillips

7. Unit Agreement Name

3. Address & Phone No. of Operator
PO Box 4289, Farmington, NM 87499

(505) 326-9700

8. Farm or Lease Name
Barnes Gas Com B

9. Well Number
#1A

4. Location of Well

Unit D (NWNW), 670' FNL & 804' FWL

Latitude 36° 58.32.90256'N
Longitude 107° 58.53.996'W

10. Field, Pool, Wildcat
Basin Fruitland Coal

11. Sec., Twn, Rge, Mer. (NMPM)
D Sec. 22, T32N, R11W, NMPM

API # 30-045-33916

14. Distance in Miles from Nearest Town

12. County
San Juan

13. State
NM

15. Distance from Proposed Location to Nearest Property or Lease Line
670'

16. Acres in Lease

17. Acres Assigned to Well
FC - 320 W/2

18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease

19. Proposed Depth
3244'

20. Rotary or Cable Tools
Rotary

21. Elevations (DF, FT, GR, Etc.)
6513' GL

22. Approx. Date Work will Start

23. Proposed Casing and Cementing Program
See Operations Plan attached

24. Authorized by: _____ 8/24/06
Sr. Regulatory Analyst

Date

PERMIT NO.

APPROVAL DATE

APPROVED BY _____ TITLE _____ DATE 9/18/06

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3
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 presentations as to any matter within its jurisdiction.

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

NMOCD

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

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

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

Fee Lease - 3 Copies
State Lease - 7 Copies
Submit to Appropriate District Office
Revised June 10, 2003
Form C-102

☐ AMMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-33916	71629	Basin FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
31853	BARNES GAS COM B	1A

7 OGRID No.	8 Operator Name	9 Elevation
217817	CONOCOPHILLIPS COMPANY	6513.0'

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	22	32-N	11-W		670	NORTH	804	WEST	SAN JUAN

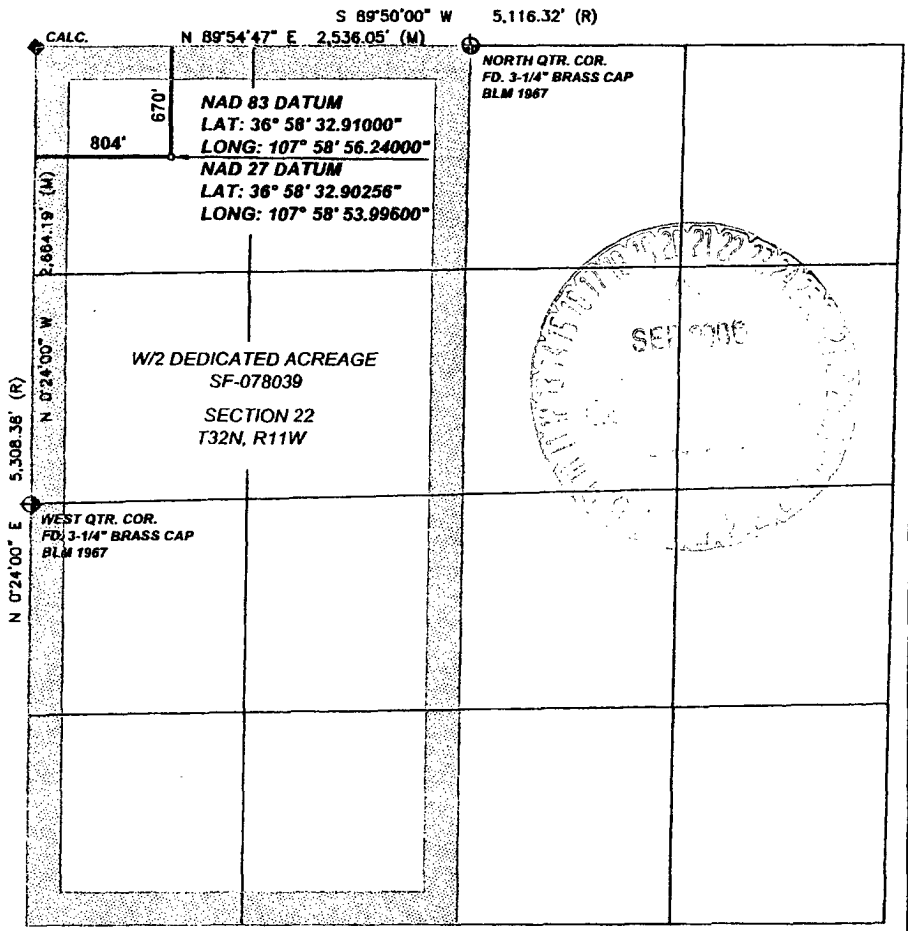
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320 W/2			

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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Patsy Clugston
Signature

Patsy Clugston
Printed Name

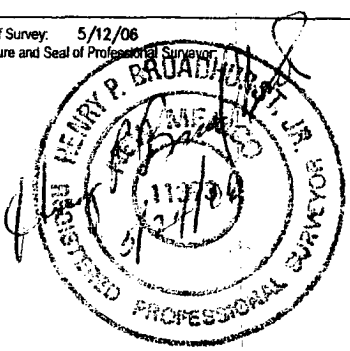
Sr. Regulatory Specialist
Title and E-mail Address

8-24-06
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: 5/12/06
Signature and Seal of Professional Surveyor:



Certificate Number: NM 11393

b

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
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District III
1000 Rio Brazos Rd., Aztec, NM 87410
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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.	30-045-
5. Indicate Type of Lease	STATE ☐ FEE ☐
6. State Oil & Gas Lease No.	Federal Lease # SF-078039
7. Lease Name or Unit Agreement Name	Barnes Gas Com B
8. Well Number	#1A
9. OGRID Number	217817
10. Pool name or Wildcat	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: 3401 E. 30TH STREET, FARMINGTON, NM 87402
4. Well Location
   Unit Letter D : 670' feet from the North line and 804' feet from the West line
   Section 22 Township 32N Rng 11W NMPM County San Juan
11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6513' GL

Pit or Below-grade Tank Application ☐ **or Closure** ☐

Pit type New Drill **Depth to Groundwater** >100' **Distance from nearest fresh water well** >1000' **Distance from nearest surface water** >1000'
Pit Liner Thickness: 12 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:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	New Drill		☒	OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

SEP 2006

We are constructing Drilling and workover pits as per our General plan on file with the OCD dated June 2005 and we are closing all pits as per the November 1, 2004 Guidelines.

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 ☐.**

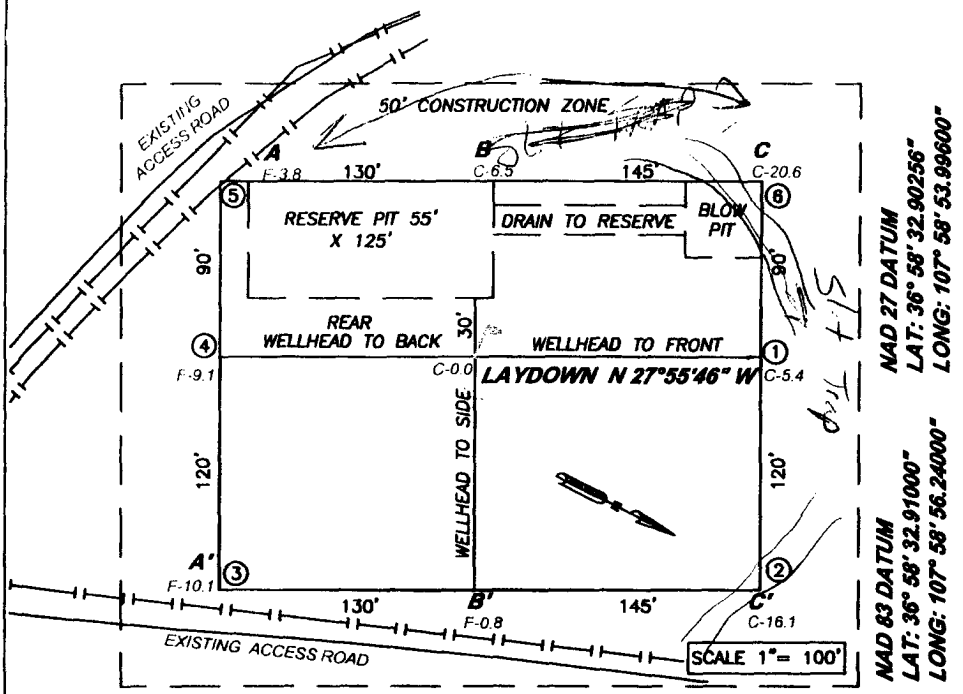
SIGNATURE Patsy Clugston TITLE Sr. Regulatory Specialist DATE 8/20/o06

Type or print name Patsy Clugston E-mail address: plclugston@br-inc.com Telephone No. 505-326-9518

For State Use Only

APPPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE SEP 2 0 2006

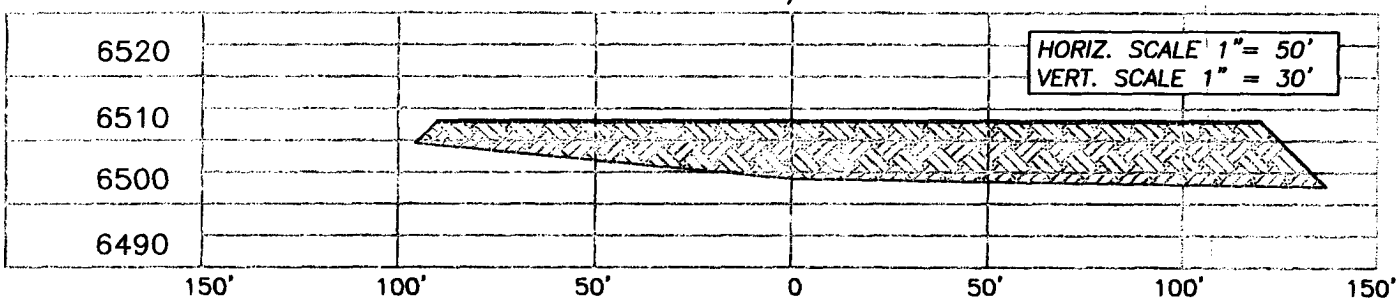
Conditions of Approval (if any):



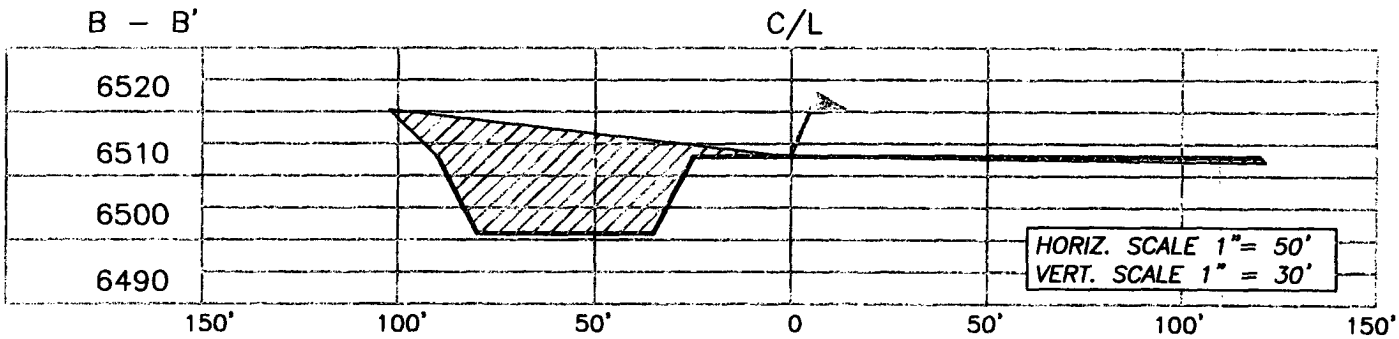
CONOCOPHILLIPS COMPANY

BARNES GAS COM B 1A
670' FNL, 804' FWL
SECTION 22, T32N, R11W,
SAN JUAN COUNTY, NEW MEXICO
ELEV.: 6,513.0' NADV88

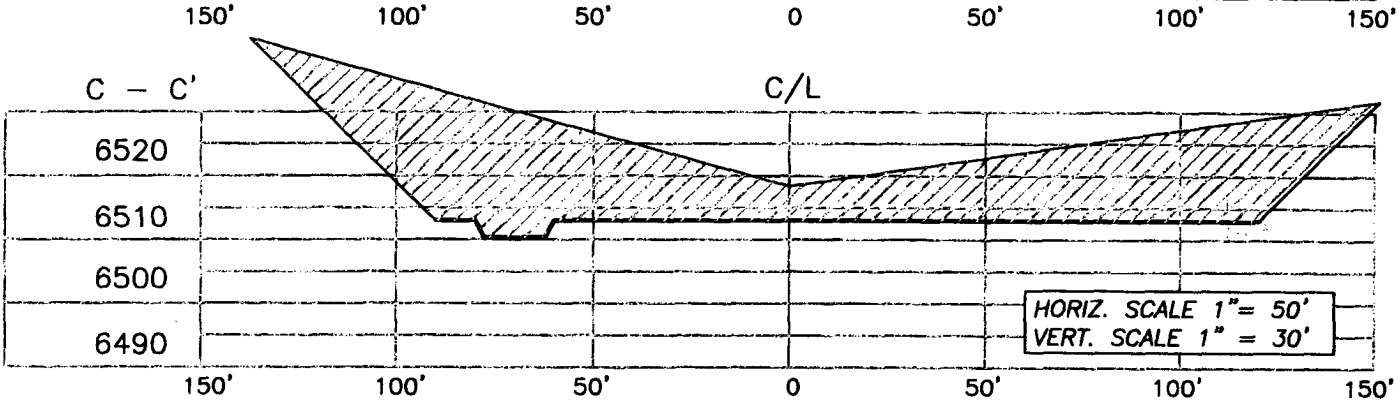
A – A'



B – B'



C – C'



NOTE: CCI IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES.

CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD PRIOR TO CONSTRUCTION.

REVISIONS			
NO.	DESCRIPTION	REVISED BY	DATE

CCI
1300 W. BROADWAY
BLOOMFIELD,NM, 87413
PHONE: (505)632-7777
CHENAULT CONSULTING INC.

ConocoPhillips

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

BARNES GAS COM B 1A

Lease:	AFE #: WAN.CBM.6125			AFE $:
Field Name: NEW MEXICO-NORTH	Rig: Patterson Rig 747	State: NM	County: SAN JUAN	API #:
Geoscientist: Brain, Ted H.	Phone: 832-486-2592	Prod. Engineer: Piotrowicz, Greg M.		Phone: +1 832-486-3486
Res. Engineer:	Phone: 832 486-2651	Proj. Field Lead: Fransen, Eric E.		Phone:

Primary Objective (Zones):

Zone	Zone Name
R20001	FRUITLAND COAL(R20001)

Location: Surface	Datum Code: NAD 27				**Straight Hole**
Latitude: 36.975800	Longitude: -107.981700	X:	Y:	Section: 22	Range: 11W
Footage X: 804 FWL	Footage Y: 670 FNL	Elevation: 6513 (FT)	Township: 32N		
Tolerance:					

Location Type: Year Round | Start Date (Est.): | Completion Date: | Date In Operation:

Formation Data: Assume KB = 6529 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216	6313	☐			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
OJAM	1199	5330	☐			Possible water flows.
KRLD	1319	5210	☐			
FRLD	2739	3790	☐			Possible gas.
Total Depth	3244	3285	☐			7 7/8" Hole. 5 1/2", 17 ppf, N-80, LTC Casing. Circulate cement to surface.

Reference Wells:

Reference Type	Well Name	Comments

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

Comments:

Printed on: 8/21/2006 8:12:20 AM

Barnes Gas Com B #1A

APD Cement Calculations

HOLE:	12.25 "
CSG OD:	9.625 "
CSG ID:	9.001 "
WGT:	32.3 ppf
GRADE:	H-40
EXCESS:	125 %
DEPTH:	235 '

SURFACE:

Option 1

148 sx	Comp. Strength		
30.8 bbls	6 hrs	250	psi
172.9 cuft	8 hrs	500	psi
1.17 ft^3/sx			psi
15.8 ppg			
4.973 gal/sx			

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

Option 2

143 sx	Comp. Strength		
30.8 bbls	6 hrs	250	psi
172.9 cuft	8 hrs	500	psi
1.21 ft^3/sx			
15.6 ppg			
5.29 gal/sx			

Standard Cement
+ 3% Calcium Chloride
+ 0.25 lb/sx Flocele

Option 3

65 sx	Comp. Strength		
18.6 bbls	8 hrs	475	psi
104.3 cuft	24 hrs	1375	psi
1.61 ft^3/sx			
14.5 ppg			
7.41 gal/sx			

Type I-II Ready Mix
+ 20% Fly Ash

HOLE:	7.875 "
CSG OD:	5.5 "
CSG ID:	4.892 "
WGT:	17 ppf
GRADE:	N-80
EXCESS:	150 %
TAIL:	649 '
DEPTH:	3244 '

PRODUCTION LEAD:

Option 1

400 sx	Comp. Strength		
193.7 bbls	9 hrs	300	psi
1087.8 cuft	48 hrs	525	psi
2.72 ft^3/sx			
11.7 ppg			
15.74 gal/sx			

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

Option 2

418 sx	Comp. Strength		
193.7 bbls	1:47 hrs	50	psi
1087.8 cuft	12 hrs	350	psi
2.60 ft^3/sx	24 hrs	450	psi
11.5 ppg			
14.62 gal/sx			

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

Option 3

414 sx	Comp Strength		
193.7 bbls	3 hrs	100	psi
1087.8 cuft	24 hrs	443	psi
2.63 ft^3/sx			
11.7 ppg			
15.92 gal/sx			

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

PRODUCTION TAIL:

Option 1

219 sx	Comp. Strength		
51.0 bbls	3:53	500	psi
286.6 cuft	8:22	1000	psi
1.31 ft^3/sx	24 hrs	3170	psi
13.5 ppg	48 hrs	5399	psi
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

Option 2

215 sx	Comp. Strength		
51.0 bbls	2:05	50	psi
286.6 cuft	4:06	500	psi
1.33 ft^3/sx	12 hrs	1250	psi
13.5 ppg	24hrs	1819	psi
5.52 gal/sx			

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

Option 3

224 sx	Comp. Strength		
51.0 bbls	24 hrs	1850	psi
286.6 cuft	48 hrs	3411	psi
1.28 ft^3/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

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

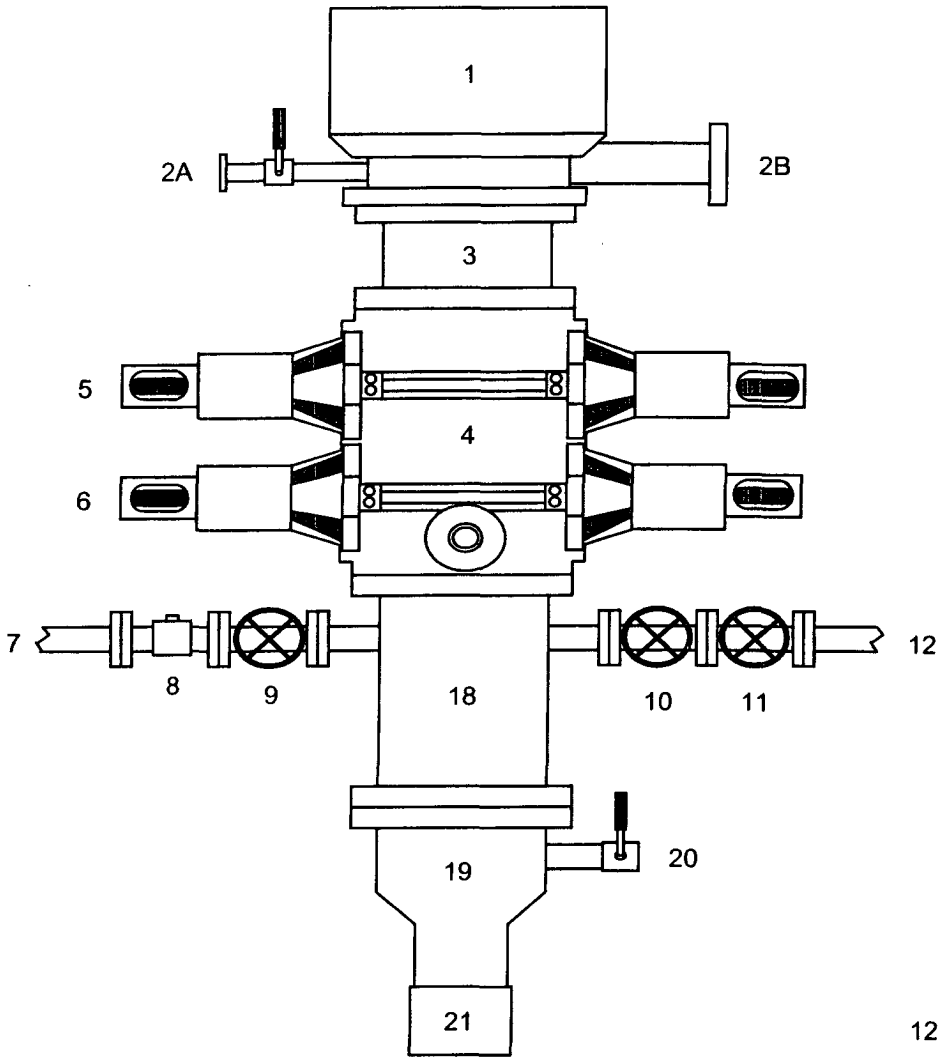
DAKOTA Wells:

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

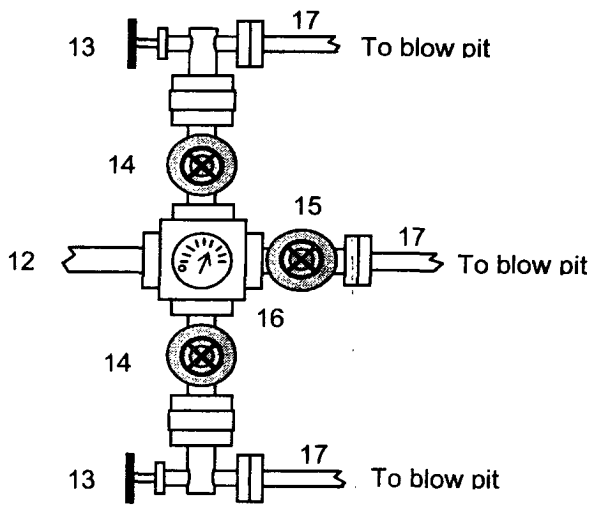
Centralizer Program:
Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints
Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints
Turbolizers placed one per 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

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