

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

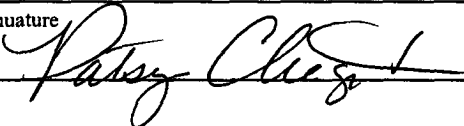

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF079380	
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. Indian, Allottee or Tribe Name	
2. Name of Operator ConocoPhillips Company		7. Unit or CA Agreement Name and No. NM	
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. Lease Name and Well No. San Juan 32-8 Unit #259A	
3b. Phone No. (include area code) 505-599-3454		9. API Well No. 3004531848	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface Unit P (SESE), 1255' FSL & 1190' FEL At proposed prod. zone same as above		10. Field and Pool, or Exploratory Basin Fruitland Coal	
14. Distance in miles and direction from nearest town or post office* approx. 38 miles NE of Aztec, NM		11. Sec., T., R., M., or Blk. and Survey or Area P Sec. 22, T32N, R8W	
5. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1190'		12. County or Parish San Juan,	
16. No. of Acres in lease		13. State NM	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well 320 E/2	
19. Proposed Depth 3962'		20. BLM/BIA Bond No. on file ES0085	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6854' GL		22. Approximate date work will start* 9/15/03	
		23. Estimated duration 30 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

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

25. Signature 	Name (Printed/Typed) Patsy Clugston	Date 8/14/03
Title SHEAR Administrative Assistant		
Approved by (Signature) 	Name (Printed/Typed) David J. Mankiewicz	Date SEP 15 2003
Title 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 Reverse)

ONLY AGENTS 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 I

P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II

811 South First, Artesia, N.M. 88210

DISTRICT III

1000 Rio Brazos Rd., Artesia, N.M. 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-31848		*Pool Code 71629	*Pool Name Basin Fruitland Coal
*Property Code 31330	*Property Name SAN JUAN 32-8 UNIT		*Well Number 259A
*CENR No. 217817	*Operator Name PHILLIPS PETROLEUM COMPANY		*Elevation 6854

10 Surface Location

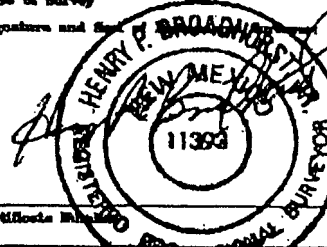
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	32N	8W		1255	SOUTH	1190	EAST	SAN JUAN

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

*Dedicated Acres	*Joint or Infill	*Consolidation Code	*Order No.
320.00			

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	N89°43'W	5196.84'	17 OPERATOR CERTIFICATION I hereby certify that the information submitted herein is true and complete to the best of my knowledge and belief. <i>Wicki Westby</i> Signature Wicki Westby Printed Name Sr. Analyst Title August 11, 2003 Date
5295.18'			
N0°35'E			
			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. 09/03/02 Date of Survey Signature and Seal  Certificate No. 11393

Section 22

SF-079380

SEP 2003

1190'

1255'

5201.46'

N89°53'W

U/O Farmington, NM

2003 AUG 14 PM 3:38

RECEIVED



WELL NAME: San Juan 32-8 Unit #259A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit P (SESE), 1255' FSL & 1190' FEL
Section 22, T32N, R8W
2. Unprepared Ground Elevation: @ 6854'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3962'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 942'</u>	<u>Base of Main Coal - 3585'</u>
<u>Ojo Alamo - 2498'</u>	<u>Base Lowest Coal - 3762'</u>
<u>Kirtland - 2548'</u>	<u>Pictured Cliffs - 3767'</u>
<u>Fruitland - 3362'</u>	<u>T. D. - 3962'</u>
<u>Top of Coal - 3467'</u>	

TD includes 200' of sump/rathole & COPC will comply with the BLM/OCD's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs Formation.

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Water:	<u>Ojo Alamo - 2498' - 3548'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3362' - 3762'</u>
Gas & Water:	<u>Fruitland Coal - 3362' - 3762'</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3#, H-40 @ 200' *

Production String: 5-1/2", 17#, J-55 STC @ 3962'

* The surface casing will be set at a minimum of 200', but could be set deeper if required to maintain hole stability.

9. Cement Program:

Surface String: 150 sx - 15.8 ppg Class G cement + 2% S001 CaCl₂, + 0.25#/sx D029 Cellophane Flakes. Water required - 4.983 gal/sx . Yield - 1.16 cf/sx (174.27 cf.) Will circulated cement to surface.

9. Cement program: (continued from Page 1)

Production String: Lead – 529.3 sx – 11.7 ppg, Class G cement + 3% D079 (Extender) + 0.25#/sx D029 (Cellophane Flakes) + 5#/sx Pheno Seal, + 0.2% D046 Antifoam. Mix water = 15.876 gal/sx. Yield – 2.61 ft³/sx (1381.53 cf)

Tail – 243 sx – 13.5 ppg, 50/50 Class G/POZ + 2% D029 (Bentonite) + 2% S001 (CaCl₂) + 0.25#/sx D029 (Cellophane Flakes), + 5#/sx Gilsonite extender, + 2.5#/sx Pheno Seal, # 0.2% D046 Antifoam.) Mix water = 5.182 gal/sx. Yield = 1.27 ft³/sx (308.67 cf). Anticipate circulating cement to surface.

Note: ConocoPhillips Company continually works to improve the cement slurries on our wells. Our Cementing Service Companies are currently trying to improve what we are using now and before we would use a new cement program it would have to have stronger properties than we are currently using.

Centralizer Program:

Surface: Total four (4) - 10' above shoe and top of 2nd, 3rd, & 4th jts.

Production : Total seven (7) - 10' above shoe and top of 1st, 2nd, 4th, 6th, 8th, & 1st jt. into shoe.

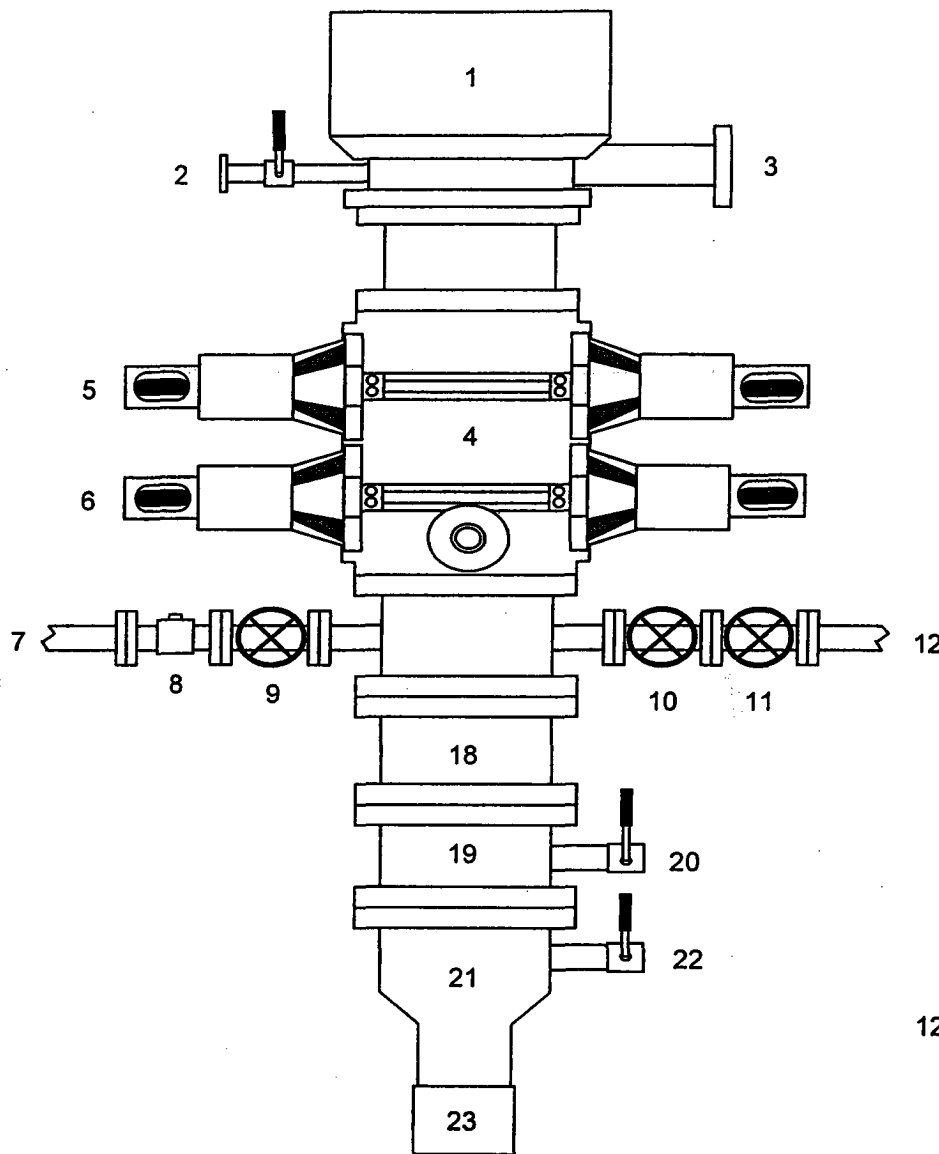
Turbulators: Total three (3) - one at 1st jt below Ojo Alamo and next 2 jts up.

The well will be completed by fracture stimulation.

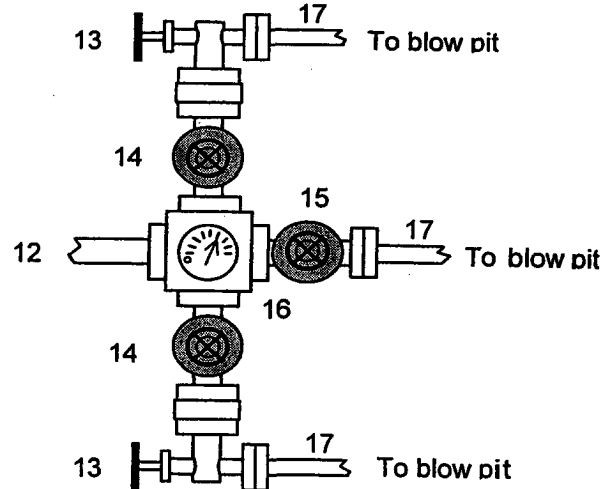
10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series and the testing procedure and testing frequency are enclosed within the APD packet.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Production - fresh water w/polymer sweeps. Bentonite as required for viscosity w/LCM for lost circulation.
12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores:
Logs: GR/CCL/CBL & GSL over zones of interest
13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H₂S equipment will be used.

Estimated Bottomhole pressures: Fruitland Coal – 800 psi
14. The anticipated starting date is sometime around September 15, 2003 with duration of drilling/ completion operations for approximately 30 days thereafter.

BLOWOUT PREVENTER HOOKUP



1. Rotating Head
2. Fill-up Line & valve
3. Flowline
4. Blowout Preventer (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. Spacer Spool
19. Casing Spool "B" Section
20. Casing Spool "B" Section 2" Valve
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9 5/8" Casing Collar



Drilling contractors used in the San Juan Basin supply 3000 psi equipment, but cannot provide annular preventors because of sub-structure limitations. Maximum anticipated surface pressures for this well will not exceed the working pressure of the proposed BOP system. The above diagram of the BOP system details 2000 psi equipment according to Onshore Order No. 2 even though the equipment will test to 3000 psi. The 2000 psi system allows deletion of the annular preventor and fulfills your requirements.

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

The BOPs will be pressure tested according to Onshore Order #2III, A1 and 30% Safety factor.

**San Juan 32-8 Unit #259A
NMSF079380 – Unit P, 1255' FSL & 1190' FEL
Section 22, T32N, R8W; San Juan County, NM**

Cathodic Protection

ConocoPhillips proposes to drill a cathodic protection deep well groundbed for the subject well. 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 existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.

See attached drawing on proposed placement of groundbed & underground AC & DC cables and rectifier.