

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other Pressure Observation Well	5. Lease Serial No. NMSF078998
2. Name of Operator Phillips Petroleum Company	6. If Indian, Allottee or Tribe Name
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401	7. If Unit or CA/Agreement, Name and/or No. NMNM78423A
3b. Phone No. (include area code) 505-599-3454	8. Well Name and No. SJ 32-7 Unit #54
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Unit B, 1010' FNL & 1590' FEL Section 9, T31N, R7W	9. API Well No. 30-045-23614
	10. Field and Pool, or Exploratory Area Basin Fruitland Coal
	11. County or Parish, State San Juan, NM

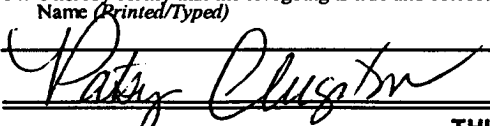
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Record</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Pressure on POW</u>
	<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 recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zone. 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 recompleat 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 final site is ready for final inspection.)

A reading from this Pressure Observation Well was taken on 2/26/02 at a depth of 3472' and the recorded pressure was psig. Phillips wishes to keep this information confidential.

CONFIDENTIAL

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <u>Patsy Clugston</u>		Title <u>Sr. Regulatory/Proration Clerk</u>
		Date <u>3/25/02</u>
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by	Title	Date
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, and Title 43 U.S.C. Section 1212, 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.		

PHILLIPS PETROLEUM CO

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Daily Drilling Report

WELL NAME SAN JUAN 32-7 FRUIT/PIC CL # 54 UNIT		JOB NUMBER 2	EVENT CODE WOV	24 HRS PROG	TMD	TVD	DFS 2	REPT NO. 3	DATE 07/19/2001
SUPERVISOR AL RECTOR		RIG NAME & NO. RIGLESS CTU		FIELD NAME / OCS NO. LOS PINOS SO. FR/PC		AUTH MD		DAILY TANG 0.00	CUM. TANG 0.00
CURRENT STATUS JOB COMPLETE				ACCIDENTS LAST 24 HRS.? NONE		DAILY INT W/O MUD 6,500.00		CUM INTANG W/ MUD 14,900.00	
24 HR FORECAST				DATE OF LAST SAFETY MEETING 07/18/2001		DAILY TOTAL 6,500		CUM COST W/ MUD 14,900	
LITHOLOGY COAL		JAR HRS OF SERVICE	BHA HRS SINCE INSP	LEAKOFF		AFE 1612648		AUTH. 8,000	
LAST SURVEY: DATE		TMD	INC	AZIM	LAST CASING (in.) @ (ft)		NEXT CASING (in.) @ (ft)		LAST BOP PRES TEST

OPERATIONS SUMMARY

FROM	TO	HOURS	CODE	TROUBLE	SUB	PHASE	DESCRIPTION
08:00	08:15	0.25	WS P		c	90WOVR	SAFETY MEETING
08:15	09:45	1.50	WS P		4	90WOVR	TIH W/ PACKER ON 1 1/4" COILED TUBING, SET PACKER @ 3475', LOAD BACK SIDE, PRESSURE TEST 2 7/8" CASING TO 500 PSI/30 MIN, GOOD TEST, COOH
09:45	10:00	0.25	WS P		6	90WOVR	RIG DOWN CUDD, MOVE TO 32-7 #80.
14:00	15:00	1.00	WS P		6	90WOVR	MOVE CUDD BACK TO LOCATION, RU, TIH W/ WASH TOOL, SET DOWN @ 3480', SET 3000# ON OBSTRUCTION, COULD NOT WASH DOWN, NO INCREASE IN PUMP PRESSURE (RECORD SEARCH INDICATES A CIBP SET AT 3480')
15:00	15:15	0.25	WS P		4	90WOVR	COOH
15:15	15:30	0.25	WS P		6	90WOVR	RIG DOWN, MOVE OFF

24 HR SUMMARY: SAFETY MEETING, TIH W/ PACKER ON COILED TUBING, SET PKR @ 3475', LOAD BACK SIDE, PRESSURE TEST TO 500 PSI, GOOD TEST, COOH, RDMO, MIRU, TIH W/ WASH TOOL, WASH DOWN TO 3480', COOH, RDMO

PERSONNEL DATA

COMPANY	SERVICE	NO.	HOURS	COMPANY	SERVICE	NO.	HOURS
CUDD PRESSURE CON	Coiled Tubing	3	5.00	WSI	Wellhead		
BAKER OIL TOOLS	Packers & Plugs	1	3.00	KEY ENERGY SERVICE	WATER	1	4.00
SYNERGY OPERATING	Supervision	1	6.00				

COMMENTS

LOCATION: 1010' FNL, 1590' FEL, SEC 9, T31N, R7W, SAN JUAN COUNTY, NEW MEXICO
PURPOSE OF JOB: PRESSURE TEST CASING