

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.<br>NMSF079048  |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: CBM <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone |  | 6. If Indian, Allottee or Tribe Name                                       |
| 2. Name of Operator<br>PHILLIPS PETROLEUM COMPANY   |  | 7. If Unit or CA Agreement, Name and No.<br>23197                          |
| 3a. Address<br>5525 HWY. 64<br>FARMINGTON, NM 87401   |  | 8. Lease Name and Well No.<br>SJ 32 FED COM 1A                             |
| 3b. Phone No. (include area code)<br>Ph: 505.599.3454<br>Fx: 505-599-3442   |  | 9. API Well No.<br>30-045. 31267   |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.)*<br>At surface NESE 1495FSL 945FEL 36.99611 N Lat, 107.81440 W Lon<br>At proposed prod. zone                                   |  | 10. Field and Pool, or Exploratory<br>BASIN FRUITLAND COAL                 |
| 14. Distance in miles and direction from nearest town or post office*<br>16 1/2 MILES N/NE OF AZTEC, NM   |  | 11. Sec., T., R., M., or Blk. and Survey or Area<br>Sec 7 T32N R9W Mer NMP |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br>945   | 16. No. of Acres in Lease<br>2080.00               | 12. County or Parish<br>SAN JUAN   |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.   | 19. Proposed Depth<br>3592 MD<br>3592 TVD          | 13. State<br>NM  |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.)<br>6842 GL   | 22. Approximate date work will start<br>01/01/2003 | 17. Spacing Unit dedicated to this well<br>288.73 A/I                      |
|   |  | 20. BLM/BIA Bond No. on file<br>ES0048                                     |
|   |  | 23. Estimated duration<br>20 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<br>(Electronic Submission)       | Name (Printed/Typed)<br>PATSY CLUGSTON | Date<br>11/15/2002  |
| Title<br>AUTHORIZED REPRESENTATIVE             |  |                     |
| Approved by (Signature)<br>David J. Mankiewicz | Name (Printed/Typed)                   | Date<br>DEC 17 2002 |
| Title<br>Office                                |  |                     |

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #16144 verified by the BLM Well Information System  
For PHILLIPS PETROLEUM COMPANY, sent to the Farmington  
Committed to AFMSS for processing by Lucy Bee on 11/18/2002 ()

\*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\*

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., Aztec, 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<br><b>30045-31267</b> | Pool Code<br>71629                                 | Pool Name<br>Basin Fruitland Coal |
| Property Code<br>007473          | Property Name<br><b>SAN JUAN 32 FED (7) COM</b>    | Well Number<br>1A                 |
| OGED No.<br>017654               | Operator Name<br><b>PHILLIPS PETROLEUM COMPANY</b> | Elevation<br>6842'                |

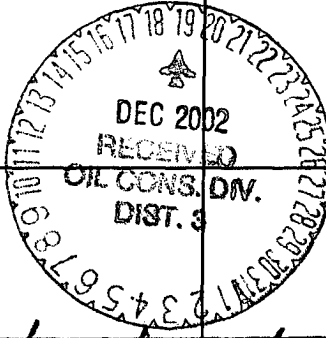
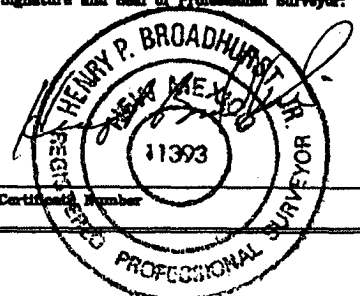
### 10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| I             | 7       | 32N      | 9W    |         | 1495'         | SOUTH            | 945'          | 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 |
|--|---------|----------------------|-------------------------|-----------|---------------|------------------|---------------|----------------|--------|
| I  |         |                      |                         |           |               |                  |               |                |        |
| Dedicated Acres<br>all <del>288.73</del> |         | Joint or Infill<br>I | Consolidation Code<br>C | 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

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
| 16   |  |  |  | 17 OPERATOR CERTIFICATION<br>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  |  |  |  |
|  |  |  |  | Signature<br><i>Patsy Clugston</i>   |  |  |  |
|  |  |  |  | Printed Name<br>Patsy Clugston   |  |  |  |
| 205.92'  |  |  |  | Sr. Regulatory Clerk   |  |  |  |
| 262.68'  |  |  |  | Title<br>August 26, 2002   |  |  |  |
| 10   |  |  |  | Date   |  |  |  |
| 1346.40'   |  |  |  | 18 SURVEYOR CERTIFICATION<br>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. |  |  |  |
| 89°43'W  |  |  |  | Date of Survey<br>07/16/02   |  |  |  |
| 2693.46'   |  |  |  | Signature and Seal of Professional Surveyor:   |  |  |  |
| 7  |  |  |  |   |  |  |  |
| 251.46'  |  |  |  |  |  |  |  |
| 2745.60'   |  |  |  |  |  |  |  |
| 11   |  |  |  |  |  |  |  |
| SF-079148  |  |  |  |  |  |  |  |
| 12   |  |  |  |  |  |  |  |
| 13   |  |  |  |  |  |  |  |
| 14   |  |  |  |  |  |  |  |
| 945'   |  |  |  |  |  |  |  |
| 2645.28'   |  |  |  |  |  |  |  |
| 15   |  |  |  |  |  |  |  |
| 1495'  |  |  |  |  |  |  |  |
| North  |  |  |  |  |  |  |  |
| SF-079625  |  |  |  |  |  |  |  |
| 18   |  |  |  |  |  |  |  |
| 379.50'  |  |  |  |  |  |  |  |
| 1307.46'   |  |  |  |  |  |  |  |
| 89°04'W  |  |  |  |  |  |  |  |
| 2614.92'   |  |  |  |  |  |  |  |

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32 Fed 7 COM #1A

DRILLING PROGNOSIS

Location of Proposed Well: Unit I, 1495' FSL & 945' FEL  
Section 7, T32N, R9W

2. Unprepared Ground Elevation: @ 6842'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary
5. Proposed drilling depth is 3592'
6. The estimated tops of important geologic markers are as follows:

|                            |                               |
|----------------------------|-------------------------------|
| <u>Nacimiento - 562'</u>   |                               |
| <u>Ojo Alamo - 1842'</u>   | <u>Base of Coal - 3592'</u>   |
| <u>Kirtland - 1907'</u>    | <u>Picture Cliffs - 3597'</u> |
| <u>Fruitland - 3202'</u>   | <u>Interm. Casing - 3337'</u> |
| <u>Top of Coal - 3242'</u> | <u>T. D. - 3592'</u>          |
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 - 1842' - 1907'</u>      |
| Oil:         | <u>none</u>                           |
| Gas:         | <u>Fruitland Coal - 3242' - 3592'</u> |
| Gas & Water: | <u>Fruitland Coal - 3242' - 3592'</u> |
8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3#, H-40 @ 200' \*  
Intermediate String: 7", 20#, J/K-55 @ 3337'  
Production Liner: 5-1/2", 15.5# J/K-55 @ 3317' - 3592' (see details below)

\* 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: 102.7 sx Type III cement. Cement to surface w/110% excess of casing/hole annulus volume w/Type III cement + 2% bwoc Calcium Chloride + 0.25#/sx Cello-flake + 60.6% Fresh water (14.5 ppg). (1.41 cf/sx yield = 145 cf)

## 9 Cement program: (continued from Page 1)

Intermediate String: Lead Cement: 381.7 sx Type III cement. Cement to surface - 110% excess casing/hole annular volume w/ Type III cement + 0.25#/sx Cello-flake + 5#/sx Gilsonite + 6% bwoc Bentonite + 10#/sx CSE + 3% bwow KCL + 0.4% bwoc FL-25 mixed + 0.02#/sx static free mixed at 12.0 ppg. (2.52 cf/sx yield = 962cf)

Tail: 50 sx Type III cement + 0.25#/sx Cello-flake + 1% Calcium Chloride mixed at 14.5 ppg. (1.40 cf/sx yield = 70 cf)

Note: Phillips Petroleum continually works to improve the cement slurries on our wells. BJ Services is 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 2<sup>nd</sup>, 3<sup>rd</sup>, & 4<sup>th</sup> jts.

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

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

Liner :

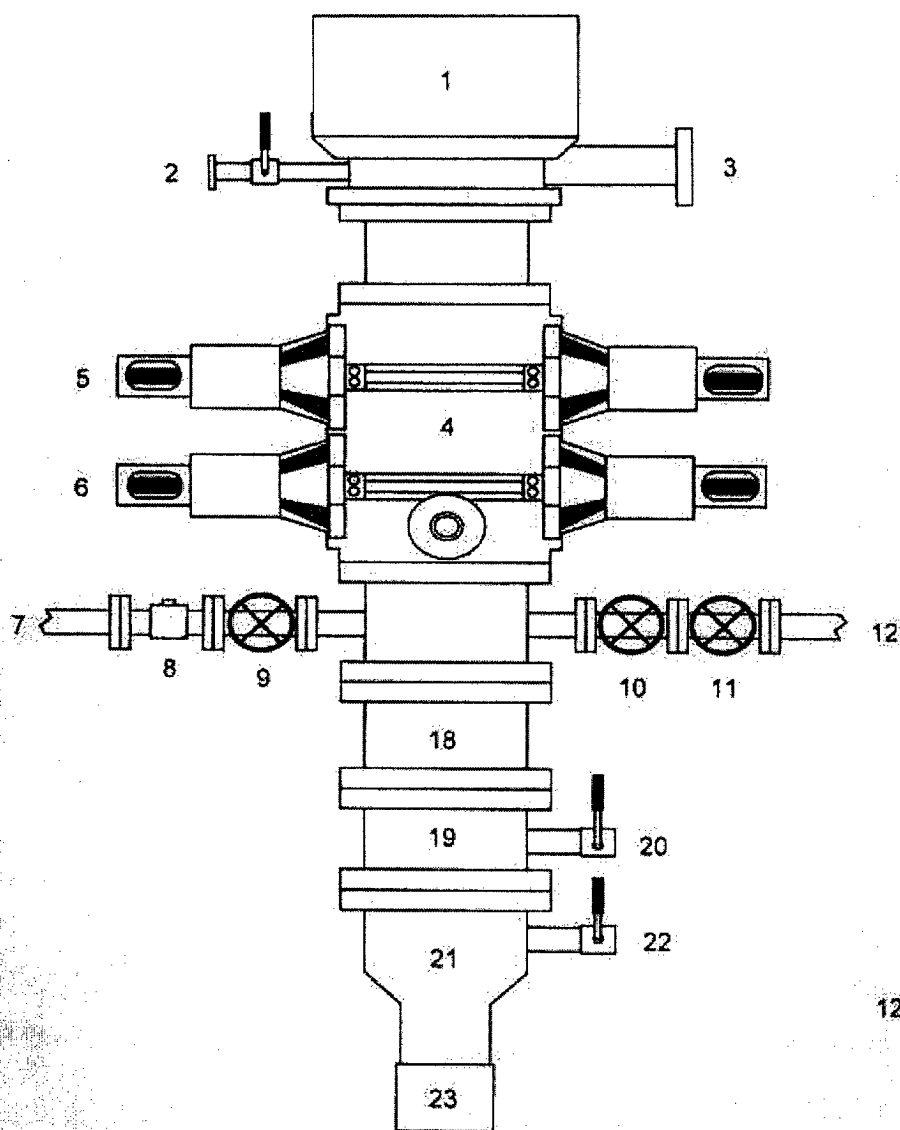
- If the coal is cleated a 5 1/2" 15.5# liner will be run in the open hole without being cemented.
- If the coal is not cleated, a 4-1/2" 11.6# liner will be run & cemented. The well will then be completed by fracture stimulation.

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.

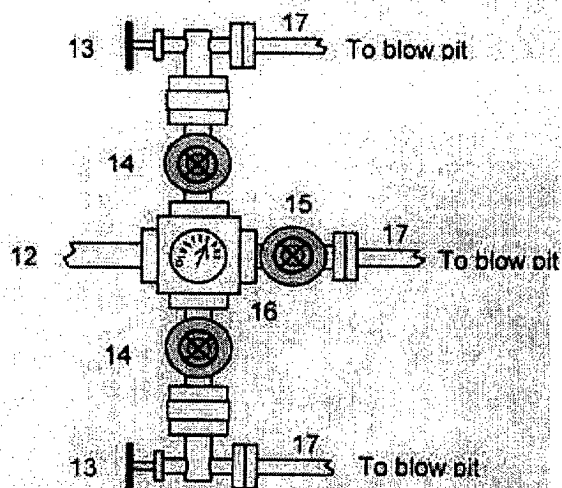
Drilling Mud Prognosis: Surface - spud mud on surface casing.  
Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.  
Below Intermediate - air drilled.

12. The testing, logging, and coring programs are as follows:  
D.S.T.s or cores:  
Logs: Mud logs only

# 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