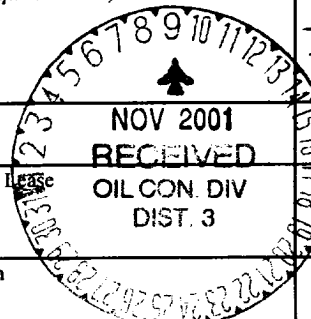


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER		5. Lease Serial No. SF-077106
1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CONOCO INC.		7. If Unit or CA Agreement, Name and No. 22395
Contact: VICKI WESTBY E-Mail: Vicki.R.Westby@conoco.com		8. Lease Name and Well No. LACKEY B LS 17F
3a. Address 10 DESTA DR., ROOM 608W MIDLAND, TX 79705	3b. Phone No. (include area code) Ph: 915.686.5799 Ext: 5799	9. API Well No. 30-045-30876
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NESE 1640FSL 1020FEL At proposed prod. zone		10. Field and Pool, or Exploratory BLANCO MESAVERDE/BASIN DAKO
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area I Sec 21 T28N R9W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease	12. County or Parish SAN JUAN
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 7825 MD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6992 GL	22. Approximate date work will start	20. BLM/BIA Bond No. on file 320 E/2
23. Estimated duration		



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 (Electronic Submission)	Name (Printed/Typed) VICKI WESTBY	Date 10/11/2001
Title AUTHORIZED SIGNATURE		
Approved by (Signature) /s/ Jim Lovato	Name (Printed/Typed)	Date - 7
Title	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.

2-28-01

Additional Operator Remarks (see next page)

Electronic Submission #7850 verified by the BLM Well Information System
For CONOCO INC., sent to the Farmington
Committed to AFMSS for processing by Maurice Johnson on 10/16/2001 ()

This action is subject to technical and procedural review pursuant to 43 CFR 3165.9 and appeal pursuant to 43 CFR 3165.4.

APPROVED FOR THE BLM BY THE BLM
SUPERVISOR TO DISCREPANCY WITH ATTACHED
"GENERAL REQUIREMENTS"

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

K

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

District II
PO Drawer 00, 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

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-30876	*Pool Code 72319 / 71599	*Pool Name BLANCO MESAVERDE / BASIN DAKOTA
*Property Code 22395	*Property Name LACKEY B LS	*Well Number 17F
*GRID No. 005073	*Operator Name CONOCO, INC.	*Elevation 6992'

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	21	28N	9W		1640	SOUTH	1020	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

¹² Dedicated Acres 320.0 Acres - (E/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

¹⁶ 21	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Vicki R. Westby</i> Signature Vicki R. Westby Printed Name Sr. Title Analyst Title <i>September 17, 2001</i> 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: AUGUST 8, 2001 Signature and Seal of Professional Surveyor JASON C. EDWARDS Certificate Number 15269

1640' FSL & 1020' FEL, SECTION 21, T28N, R9W, N.M.P.M.
SAN JUAN COUNTY, NEW MEXICO



PROJECT PROPOSAL - New Drill / Sidetrack



Well : LACKEY B LS 17F Lease : LACKEY B LS AFE # : 3278 (MV) AFE \$:
 Field Name : EAST NON 28-7 Rig : State : NM County : San Juan API # :
 Geoscientist : Glaser, Terry J Phone : (281) 293 - 6538 Prod. Engineer : Moody, Craig E. Phone : (281) 293 - 6559
 Res. Engineer : Shannon, Marc Phone : (281) 293 - 6564 Proj. Field Lead : Phone :

Primary Objective (Zones) :

Pool	Pool Name
FRR	BASIN DAKOTA (PRORATED GAS)
RON	BLANCO MESAVERDE (PRORATED GAS)

"Air Drill"

Surface Location :

Latitude : 36.644703 Longitude : -107.7879 X : Y : Section : 21 Survey : 28N Abstract : 9W
 Footage X : 1020 FEL Footage Y : 1640 FSL Elevation : 6992 (FT)

Bottom Hole Location :

Latitude : Longitude : X : Y : Section : Survey : Abstract :
 Location Type : Year Round Start Date (Est.) : Completion Date : Date In Operation :

Formation Data : Assume KB = 7005 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	295	6710	☒			Severe lost circulation is possible. 9 5/8", 36 ppf, J-55, STC casing. Circulate cement to surface.
OJAM	2185	4820	☒			Possible water flows"
KRLD	2322	4683	☒			
FRLD	2905	4100	☒			Possible gas
PCCF	3230	3775	☒			
LEWS	3630	3375	☒			
Intermediate Casing	3730	3275	☒	1300		7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
CHRA	4207	2798	☒			
CLFH	4855	2150	☒			Gas; possibly wet
MENF	4900	2105	☒			Gas
PTLK	5510	1495	☒			Gas
GLLP	6683	322	☒			
GRHN	7445	-440	☒			Gas possible, highly fractured
TWLS	7585	-580	☒			Gas
PAGU	7635	-630	☒			Gas
CBBO	7685	-680	☒			Gas

PROJECT PROPOSAL - New Drill / Sidetrack



Total Depth

7825

-820

☐

3000

4 1/2", 10.5 ppf, J-55, STC casing. Circulate cement a minimum of 100' inside the previous casing string. No open hole logs. Cased hole TDT with GR to surface.

Logging Program

Intermediate Logs :

☐ Log only if show ☐ GR / ILD ☐ Triple Combo

TD Logs :

☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☒ TDT

Additional Information :

Logging company to provide a sketch with all lengths, OD's & ID's of all tools prior to running in the hole.

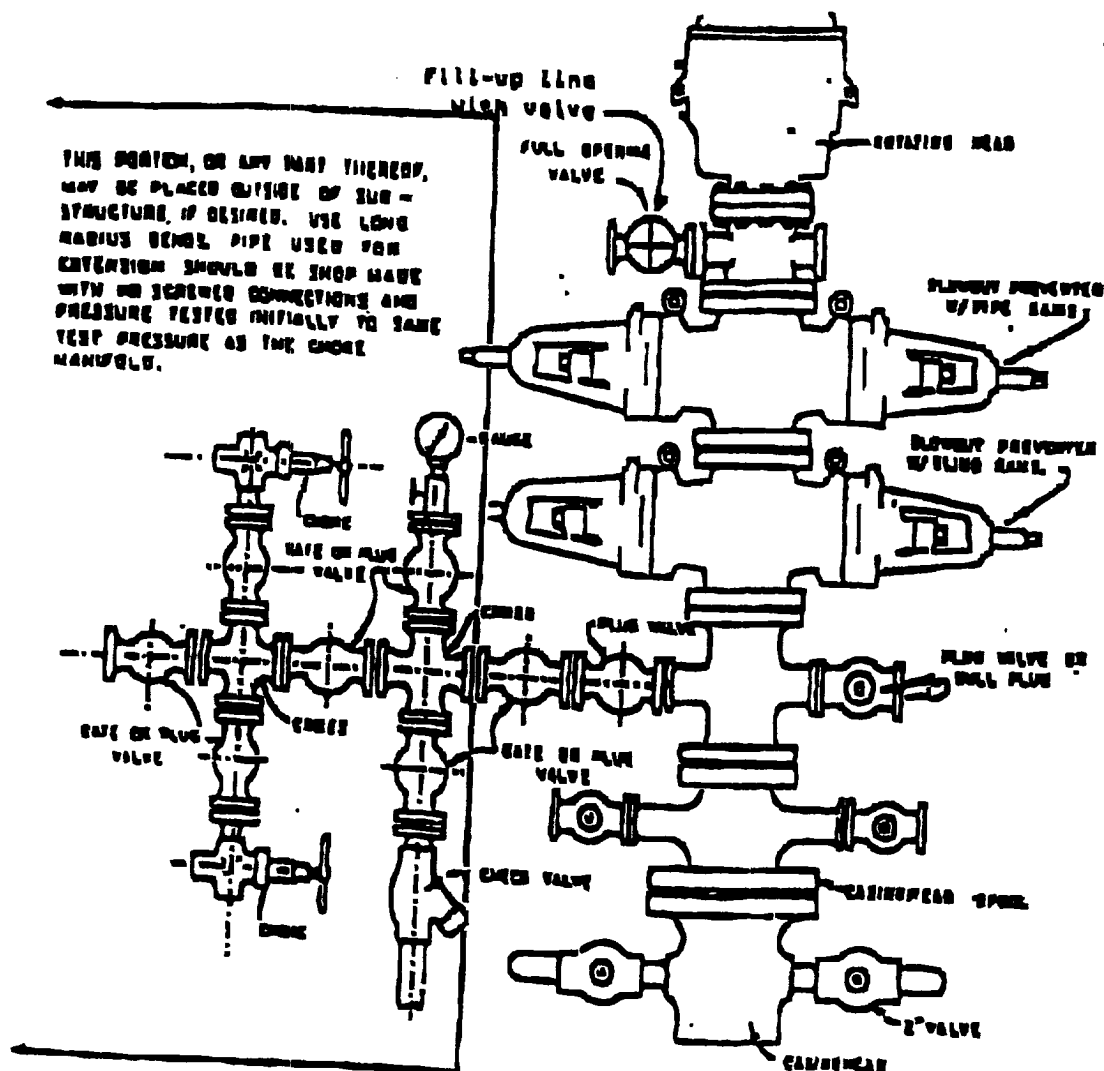
Cased hole TDT with GR to surface.

Comments : footages will change slightly

Cementing Summary

Lackey B LS #17F

		OH				
		Depth	Excess			
	9-5/8" Sfc Casing	0		Class 'H' Cement	191.5 sx	Slurry Volume 203.0 cu ft
				Flocele (if req'd)	0.25 lb/sk	36.2 bbl
				CaCl2	2.0% bwoc-db	Slurry Density 16.5 ppg
				Defoamer (if req'd)	0.05 gal/bbl	Slurry Yield 1.06 cu ft/sk
	9-5/8" shoe	295	100%			Mix Fluid 4.22 gal/sk
	7" Lead Cement	150%		Blend	346.73 sx	Slurry Volume 981.3 cu ft
				Class 'H' Cement	84 lb/sk	174.8 bbl
				San Juan Poz	lb/sk	Slurry Density 11.4 ppg
				Econolite	3.0% bwob	Slurry Yield 2.83 cu ft/sk
				CaCl2	bwob	Mix Fluid 17.29 gal/sk
				CFR-3	bwob	
				HR-5	bwob	
	7" Top of Tail	2,775		Silicalite-blended	10 lb/sk	
				Flocele	0.5 lb/sk	
				Defoamer (if req'd)	0.05 gal/bbl	
	7" Tail Cement	150%		Blend	173.96 sx	Slurry Volume 207.0 cu ft
				Class 'H' Cement	100% bwob	36.9 bbl
				San Juan Poz	lb/sk	Slurry Density 15.6 ppg
				Econolite	bwob	Slurry Yield 1.19 cu ft/sk
				CaCl2	1.00% bwob	Mix Fluid 5.2 gal/sk
				CFR-3	bwob	
				HR-5	bwob	
	4.5" TOC	2,275		Silicalite-blended	bwob	
				Flocele	0.25 lb/sk	
				Gilsonite	lb/sk	
				Defoamer (if req'd)	0.05 gal/bbl	
	7" Casing Intermediate	3,275	150%			
	4.5" Cement	50%		Blend	481.21 sx	Slurry Volume 818.1 cu ft
				Class 'H' Cement	47 lb/sk	145.7 bbl
				San Juan Poz	24 lb/sk	Slurry Density 12.8 ppg
				Bentonite	3.00% bwob	Slurry Yield 1.70 cu ft/sk
				Halad-344	0.40% bwoc	Mix Fluid 8.26 gal/sk
				CFR-3	0.20% bwoc	
				HR-5	0.15% bwoc	
				Silicalite-blended	20 lb/sk	
				Flocele	0.25 lb/sk	
				Defoamer (if req'd)	0.05 gal/bbl	
	4-1/2" Casing Production	7,825	50%			



BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basing 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. Please see the attached BOP diagram details 3000 psi equipment according to Onshore Order No. 2 even though the equipment will test to 3000 psi. The 3000 psi system allows the installation of the annular preventor and fulfills your requirements (note diagram No. 1). In addition, the following equipment will comprise the 3000 psi system:

1. Two rams with one blind and one pipe ram.
2. Kill line (2 inch maximum).
3. One kill line valve.
4. One choke line valve.
5. Two chokes (reference diagram No. 1).
6. Upper kelly cock valve with handle.
7. Safety valve and subs to fit all drill strings in use.
8. Two-inch minimum choke line.
9. Pressure gauge on choke manifold.
10. Fill-up line above the upper most preventor.
11. Rotating head.

Cathodic Protection System Description

Anode Bed Type	Deep Well	
Hole Size	8"	
Hole Depth	200' - 500'	As required to place anodes below moisture and in low resistance strata.
Surface Casing	8" Diam., $\geq$ 20' Length, Cemented In Annular Space	When needed, casing will be installed at an adequate depth to control ground water flow. Casing will extend a minimum of 2' above grade, be surrounded by a concrete pad, and sealed with a PVC cap. Steel casing will be substituted when boulders are encountered.
Vent Pipe	1" Diam. PVC	Vent pipe will extend from bottom of hole, through top of casing cap, and sealed with a 1" perforated PVC cap.
Type Of Anodes	Cast Iron Or Graphite	
Number Of Anodes	8 - 20	Sufficient quantity to achieve a total anode bed resistance of < 1 ohm and a design life $\geq$ 20 years.
Anode Bed Backfill	Loreasco SW Calcined Petroleum Coke Breaze	Installed from bottom of hole to 10' above top anode.
Anode Junction Box	8 - 20 Circuit Fiberglass Or Metal	Sealed to prevent insect & rodent intrusion.
Current Splitter Box	2 - 5 Circuit Metal	Sealed to prevent insect & rodent intrusion.
DC / AC Cable	DC: #2, #4, #6, #8 Stranded Copper (One Size Or Any Combination Of) With High Molecular Weight Polyethylene (HMWPE) Insulation. AC: #8 Stranded Copper HMWPE	18" depth in typical situation, 24" depth in roadway, & 36" depth in arroyos and streams. EXCEPTION: If trenching is in extremely hard substratum, depth will be 8 - 12" with cable installed in conduit. Installed above foreign pipelines if 1' clearance is available, if not, installed under foreign pipeline with 1' clearance (AC cable always installed under foreign pipeline in conduit).
Power Source	1) Rectifier 2) Solar Power Unit 3) Thermoelectric Generator	Choice of power source depending on availability of AC & other economic factors.
External Painting	Color to be selected according to BLM specifications.	Paint applied to any surface equipment associated with the CP system which can reasonably be painted.