

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		2001 MAR 20 PM 2:16	
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			
2. Name of Operator Phillips Petroleum Company		5. Lease Serial No. SF-079341	
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401		6. If Indian, Allottee or Tribe Name	
3b. Phone No. (include area code) 505-599-3454		7. Unit or CA Agreement Name and No. San Juan 32-9 Unit	
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface Unit H, 2600' FNL & 874' FEL 2600 1042 At proposed prod. zone same as above		8. Lease Name and Well No. SJ 32-9 Unit #272	
14. Distance in miles and direction from nearest town or post office* 17-1/2 miles NE of Aztec, NM		9. API Well No. 30-045-30602	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 874'		10. Field and Pool, or Exploratory Basin Fruitland Coal	
16. No. of Acres in lease 1560.0 acres		11. Sec., T., R., M., or Blk. and Survey or Area Section 21, T32N, R9W	
17. Spacing Unit dedicated to this well 316.71 acres E/2		12. County or Parish San Juan,	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		13. State NM	
19. Proposed Depth 3609'		20. BLM/BIA Bond No. on file ES0048	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6791 6704 GL		22. Approximate date work will start* 2nd Qtr 2001	
		23. Estimated duration 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 <i>Patsy Clugston</i>	Name (Printed/Typed) Patsy Clugston	Date 3/20/01
Title Sr. Regulatory/Proration Clerk		
Approved by (Signature) <i>/s/ Lee Otten</i>	Name (Printed/Typed)	Date MAY - 9 2001
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)

This action is subject to
procedural review pursuant to 43 CFR 3163.3
and appeal pursuant to 43 CFR 3165.4.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

5. Lease Serial No.

SF-079341

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

San Juan 32-9 Unit

8. Well Name and No.

SJ 32-9 Unit #272

9. API Well No.

30-045-30602

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Phillips Petroleum Company

3a. Address

5525 Highway 64, NBU 3004, Farmington, NM 87401

3b. Phone No. (include area code)

505-599-3454

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit H, Section 21, T32N, R9W

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

TYPE OF SUBMISSION

☒ Notice of Intent☒ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other

Location Moved

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 zones. 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.)

The APD for this well is still pending, because the location had to be moved to avoid a nearby wash. Moving the location was the best way to avoid detailed surface mitigation. The well pad moved approx. 2' north and 168' west. Attached is a new location plat, cut/fill and pad layout sheet and topo map for the new location. All sundries will indicate the new footages:

Unit H, 2600' FNL & 1042' FEL, Section 21, T32N, R9W

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Patsy Clugston

Title

Sr. Regulatory/Proration Clerk

Date

4/30/01

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ Stephen Mason

Title

Date MAY - 9

Office

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.

Title 18 U.S.C. Section 1001, and Title 18 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.

NMOCD

District I
180 Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 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

1. Well Number 30-045-30602		2. Pool Code 71629		3. Pool Name Basin Fruitland Coal	
4. Property Code 24510		5. Property Name SAN JUAN 32-9 UNIT			6. Well Number 272
7. OGRID No. 017654		8. Operator Name PHILLIPS PETROLEUM COMPANY			9. Elevation 6791

10 Surface Location

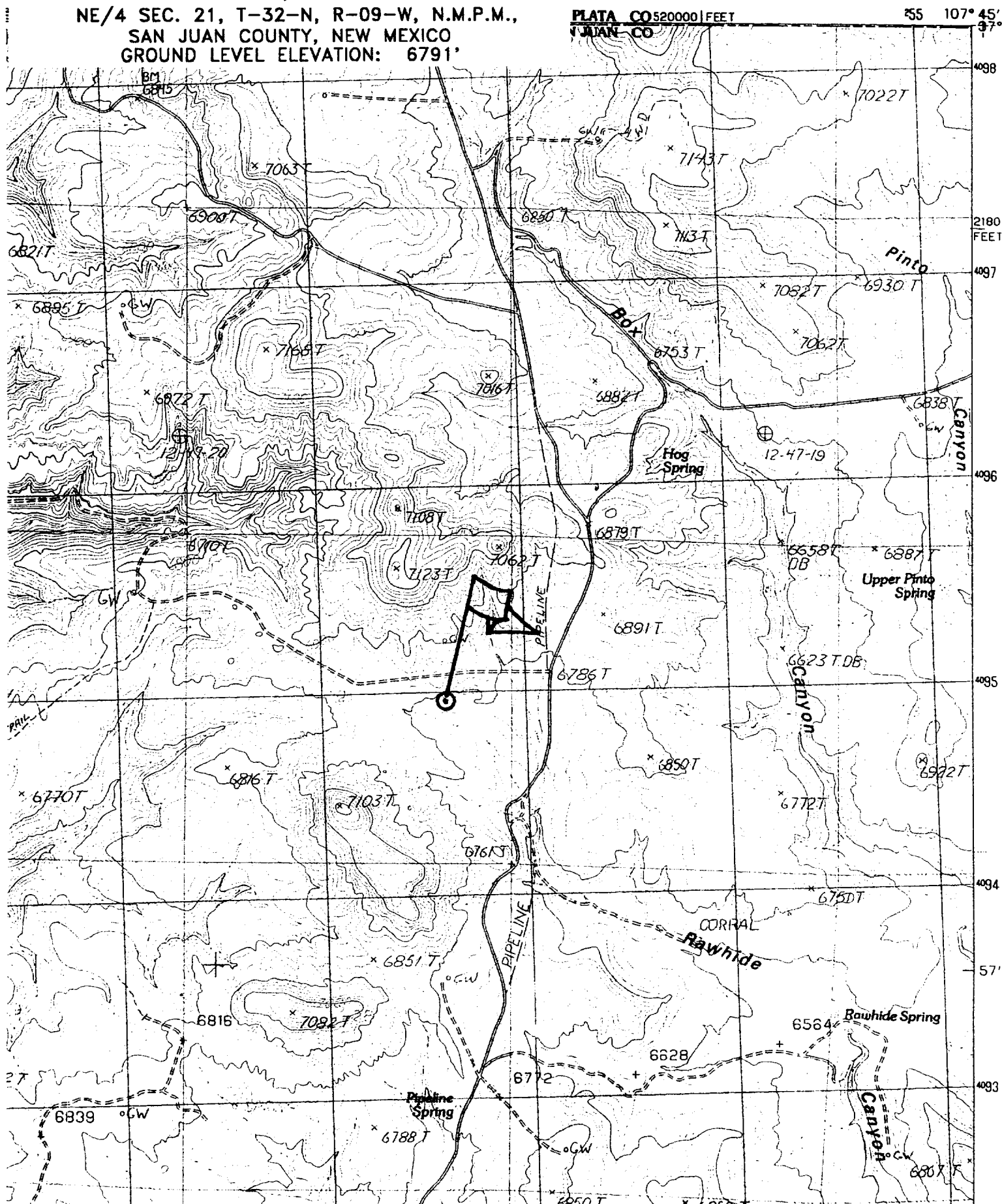
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	21	32N	9W		2600'	NORTH	1042'	EAST	SAN JUAN

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
H									
12. Dedicated Acres 316.71 E/2		13. Joint or Infill J		14. Consolidation Code U		15. 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		N89°58'W		5237.76'		17 OPERATOR CERTIFICATION	
4		3		2		1	
				2600'			
5254.92'		6		SF-079341 1560.0 acres		5266.80'	
5		7		8		Signature Patsy Clugston	
				1042'		Printed Name Sr. Regulatory/Proration Clerk	
		SECTION 21				Title May 1, 2001	
						Date	
12		11		10		18 SURVEYOR CERTIFICATION	
N00°14'E				9		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.	
				N00°13'E		04/18/01	
						Date of Survey	
13		14		15		Signature and Seal of Professional Surveyor	
				5244.36'		16	
		N89°47'W				Certificate Number	



PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-9 Unit #272

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit H, 2602' FNL & 874' FEL
Section 21, T32N, R9W

2. Unprepared Ground Elevation: @ 6794'

3. The geological name of the surface formation is San Jose.

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3609'.

6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 829'</u>	
<u>Ojo Alamo - 2109'</u>	<u>Base of Coal - 3609'</u>
<u>Kirtland - 2129'</u>	<u>Picture Cliffs - 3619'</u>
<u>Fruitland - 3229'</u>	<u>Interm. Casing - 3394'</u>
<u>Top of Coal - 3259'</u>	<u>T. D. - 3609'</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 - 2109' - 2129'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3259' - 3609'</u>
Gas & Water:	<u>Fruitland Coal - 3259' - 3609'</u>

8. The proposed casing program is as follows:

Surface String: 9-5/8", 36#, J/K-55 @ 200' *
Intermediate String: 7", 20#, J/K-55 @ 3394'
Production Liner: 5-1/2", 15.5# J/K-55 - 3374' - 3609' (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: 102.5 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:** 388.8 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 = 979.8 cf)

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 be 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.

Intermediate: 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.

Liner :

- If the coal is cleated a 5 ½" 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.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.
Below Intermediate - air drilled.

BOP AND RELATED EQUIPMENT CHECK LIST

2M SYSTEM:

2 hydr. rams (pipe & blind) or hydr. ram and annular with blind ram on bottom

Kill Line (2-inch minimum)

1 kill line valve (2-inch minimum)

1 choke line valve

2 chokes (refer to diagram in attachment 1) on choke manifold

Upper kelly cock valve in open position with handle available

Safety valve (in open position) and subs to fit all drill strings in use (with handle available)

Pressure gauged on choke manifold

2 inch minimum choke line

Fill-up line above the uppermost preventer

The BOPs will be pressure tested according to Onshore Order #2 III, A 1 and 30% safety factor.