

Phillips will send
a new plat —
per Provencall w/

Steve Jones
5-15-02

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. NMSF0079353
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. If Indian, Allottee or Tribe Name
2. Name of Operator Phillips Petroleum Company		7. Unit or CA Agreement Name and No. NMM784248
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401	3b. Phone No. (include area code) 505-599-3454	8. Lease Name and Well No. SJ 32-8 Unit #260
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface Unit K, 1328' FSL & 863' FWL At proposed prod. zone Same as above		9. API Well No. 30-045-30996
14. Distance in miles and direction from nearest town or post office* 18 1/2 miles NE of Aztec, NM		10. Field and Pool, or Exploratory Basin Fruitland Coal
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)		11. Sec., T., R., M., or Blk. and Survey or Area K Sec. 18, T32N, R8W
16. No. of Acres in Lease 2161.15 acres		12. County or Parish San Juan, NM
17. Spacing Unit dedicated to this well 272.95 S/2 304.60 W/2		13. State
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.		20. BLM/BIA Bond No. on file ES0048
19. Proposed Depth 3608'		23. Estimated duration 30 days
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6748' GL		22. Approximate date work will start* May 2002

PERMITTING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED

24. Attachments

This action is subject to technical and
procedural review pursuant to 43 CFR 3160.8
and appeal pursuant to 43 CFR 3160.4.

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

- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- 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 2/11/02
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Title Sr. Regulatory/Proration Clerk	
Approved by (Signature) <i>David J. Markiewicz</i>	Name (Printed/Typed) David J. Markiewicz
Title Office	
Date MAY 1 2002	

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)

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-045-30996		71629		Basin Fruitland Coal	
009261		SAN JUAN 32-8 UNIT			260
017654		PHILLIPS PETROLEUM COMPANY			6748'

¹⁰ Surface Location

UL or lot no. K	Section 18	Township 32N	Range 8W	Lot Idn	Feet from the 1328'	North/South line SOUTH	Feet from the 863'	East/West line WEST	County SAN JUAN
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" Bottom Hole Location If Different From Surface

[illegible]

" Dedicated Acres 272.9557 307.60 W/2	" Joint or Infill J	" Consolidation Code U	" 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

NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16

504.24'

1300.20'

S87°28'W

2600.40'

1

NM33055

2

Section 18

3

SF-079353

2161.15 acres

863'

1328'

4

2618.88'

2614.92'

S87°39'W

North

00°21'W

00°29'W

5260.86'

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Patsy Clugston

Signature

Patsy Clugston

Printed Name

Sr. Regulatory/Proration Clerk

Title

11/26/01

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.

09/13/00

Date of Survey

Signature and Seal of Professional Surveyer:

Perry R. Broadhurst

PERRY R. BROADHURST

NEW MEXICO

REGISTERED SURVEYOR

11398

Certificate Number

PHILLIPS PETROLEUM COMPANY

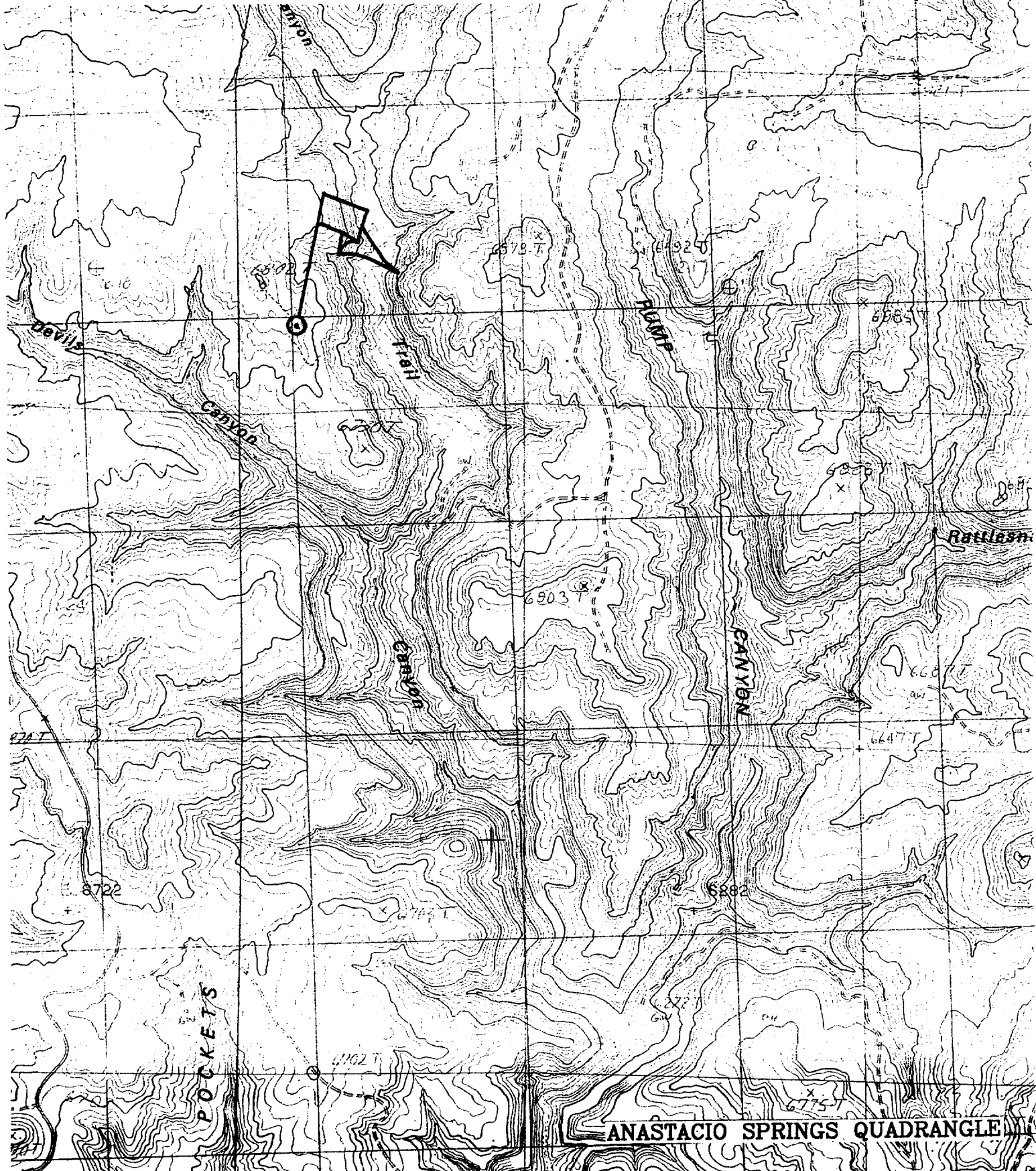
SAN JUAN 32-8 UNIT No. 260

1328' FSL, 863' FWL

SW/4 SEC. 18, T-32-N, R-08-W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

GROUND LEVEL ELEVATION: 6748'



PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-8 Unit #260

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit K, 1328' FSL & 863' FWL
Section 18, T32N, R8W
2. Unprepared Ground Elevation: @ 6748'.
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3608'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 1068'</u>	
<u>Ojo Alamo - 2298'</u>	<u>Base of Coal - 3568'</u>
<u>Kirtland - 2378'</u>	<u>Picture Cliffs - 3673'</u>
<u>Fruitland - 3238'</u>	<u>Interm. Casing - 3388'</u>
<u>Top of Coal - 3408'</u>	<u>T. D. - 3608'</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 - 2298' - 2378'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3408' - 3568'</u>
Gas & Water:	<u>Fruitland Coal - 3408' - 3568'</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 @ 3388'
Production Liner: 5-1/2", 15.5# J/K-55 @ 3368' - 3608' (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:** 388.1 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 = 978cf)

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

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 - +/- 1500 psi

14. The anticipated starting date is sometime around May 2002 with duration of drilling operations for approximately 30 days thereafter.

2001drill\ 328#260 fc prog

San Juan 32-8 #260 (CS)

SURFACE CASING :

Drill Bit Diameter	12.25 "	
Casing Outside Diameter	9.625 "	8.989
Casing Weight	32.3 ppf	
Casing Grade	H-40	
Shoe Depth	200 '	30 '
Cement Yield	1.41 cuft/sk	
Excess Cement	110 %	

Casing Capacity	0.0785 bbl/ft	0.4407 cuft/ft
Hole / Casing Annulus Capacity	0.0558 bbl/ft	0.3132 cuft/ft

Cement Required 102.7 sx

SHOE 200 ', 9.625 ", 32.3 ppf, H-40

INTERMEDIATE CASING :

Drill Bit Diameter	8.75 "	
Casing Outside Diameter	7 "	6.455
Casing Weight	20 ppf	
Casing Grade	K-55	
Shoe Depth	3388 '	
Lead Cement Yield	2.52 cuft/sk	
Lead Cement Excess	110 %	
Tail Cement Length	200 '	30 '
Tail Cement Yield	1.4 cuft/sk	
Tail Cement Excess	110 %	

Casing Capacity	0.0405 bbl/ft	0.2272 cuft/ft
Casing / Casing Annulus Capacity	0.0309 bbl/ft	0.1734 cuft/ft
Hole / Casing Annulus Capacity	0.0268 bbl/ft	0.1503 cuft/ft

Lead Cement Required 388.1 sx
Tail Cement Required 50.0 sx

LINER TOP 3368 '

SHOE 3388 ', 7 ", 20 ppf, K-55

LINER BOTTOM 3608 '

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.

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
☐ 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 K, 1328' FSL & 863' FWL
Section 18, T32N, R8W

5. Lease Serial No.

NMSF079353

6. If Indian, Allottee or Tribe Name

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

NMNM78425B

8. Well Name and No.

SJ 32-8 Unit #260

9. API Well No.

30-045-30996

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

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other <u>Corrected</u> |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>C102</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 recomplete 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 recompletion 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 previously submitted C102 had the acreage dedication incorrect. Attached is an amended report.

MAY 2002

2002 MAY -2 PM 10:40
C102

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

Patsy Clugston

Title

Sr. Regulatory/Proration Clerk

Date

5/8/02

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

MAY 10 2002

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.

NM000