

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. NMSF078996
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 CONOCOPHILLIPS COMPANY		7. If Unit or CA Agreement, Name and No.
Contact: PATSY CLUGSTON E-Mail: pclugs@ppco.com		8. Lease Name and Well No. SAN JUAN 32-7 UNIT 216A
3a. Address 5525 HWY. FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442	9. API Well No. 30045 32338
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWNW 700FNL 800FWL 36.92946 N Lat, 107.58205 W Lon At proposed prod. zone		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
14. Distance in miles and direction from nearest town or post office* 20 MILES FROM IGNACIO CO		11. Sec., T., R., M., or Blk. and Survey or Area E Sec 4 T31N R7W Mer NMP SME: BLM
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 3360 MD 3360 TVD	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 3360 MD 3360 TVD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6593 GL	22. Approximate date work will start 06/15/2004	17. Spacing Unit dedicated to this well 323.15 R-9305 unit #2
		20. BLM/BIA Bond No. on file ES0085
		23. Estimated duration 30 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 (Electronic Submission)	Name (Printed/Typed) PATSY CLUGSTON	Date 05/04/2004
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 6-18-04
Title AFM	Office FFO	

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 #30280 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington

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

This action is subject to technical and
operational review pursuant to 43 CFR 3165.3
pursuant to 43 CFR 3165.4

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

NMOC

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

*PT Number 30-015-32338		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 31329	*Property Name SAN JUAN 32-7 UNIT		*Well Number 216A
*OGRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 6593'

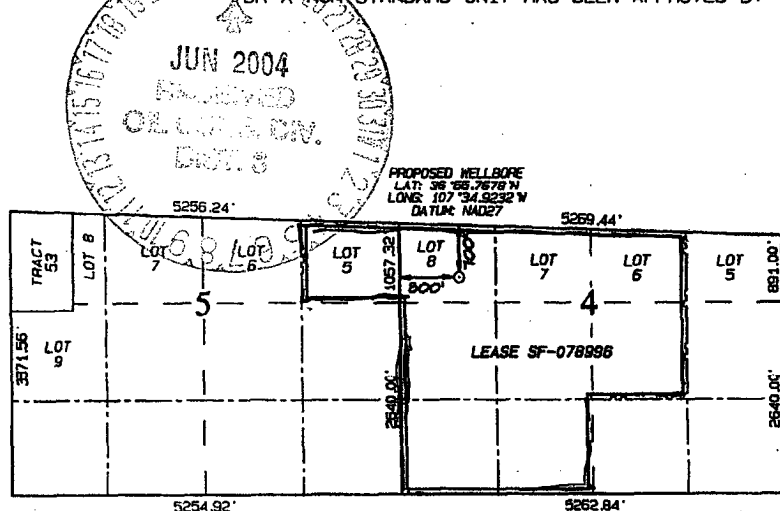
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
E	4	31N	7W		700	NORTH	800	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 323.15 Acres					*Joint or Infill		*Consolidation Code		*Order No. R-9305 unit #2

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



¹⁷ OPERATOR CERTIFICATION

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

Vicki Westby
Signature
Vicki R. Westby
Printed Name
Sr. Analyst
Title
April 28, 2004
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.

Survey Date: JANUARY 11, 2004

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
15269

JASON C. EDWARDS
Certificate Number 15269

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
March 4, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
Federal Lease - NMSF078765

7. Lease Name or Unit Agreement Name

San Juan 32-7 Unit 31329

8. Well Number

San Juan 32-7 Unit #216A

9. OGRID Number

217817

10. Pool name or Wildcat

Basin Fruitland Coal 71629

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

CONOCOPHILLIPS COMPANY

3. Address of Operator

5525 Hwy. 64, Farmington, New Mexico 87401

4. Well Location

Unit Letter E: 935 feet from the South line and 1085 feet from the East line

Section 5 Township 31N Range 7W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

6647' GL

Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)

Pit Location: UL E Sect 4 Twp 31N Rng 7W Pit type Drill Pit Depth to Groundwater >100' Distance from nearest fresh water well >1000'

Distance from nearest surface water >200, <1000' Below-grade Tank Location (N/A) UL Sect Twp Rng ;

feet from the line and feet from the line

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPLETION ☐

OTHER: Drill Pit Notification ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

ConocoPhillips's Generic Pit Plan is on file at NMOCD in Aztec, NM. See the attached diagram that details the location of the pit in reference to the proposed wellhead. The drill pit will be closed after the well has been completed. The solids left after the water has been disposed off will be sampled and NMOCD approval will be obtained prior to closure of this pit.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Patsy Clugston TITLE Patsy Clugston DATE 5/4/04

Type or print name Patsy Clugston E-mail address: Patsy.L.Clugston@conocophillips.com Telephone No. 505-599-3454

(This space for State use)

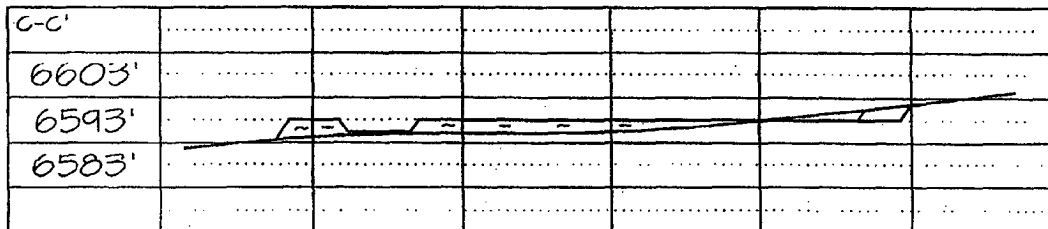
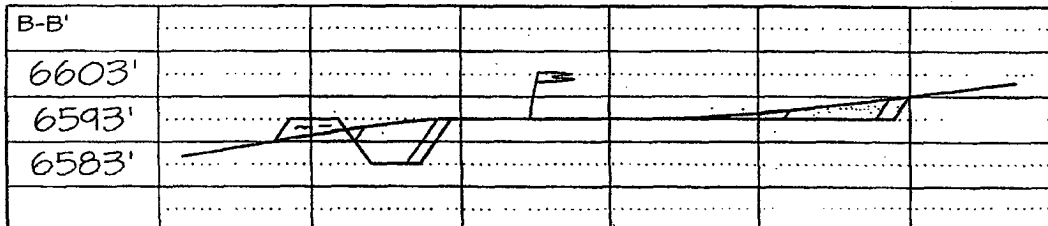
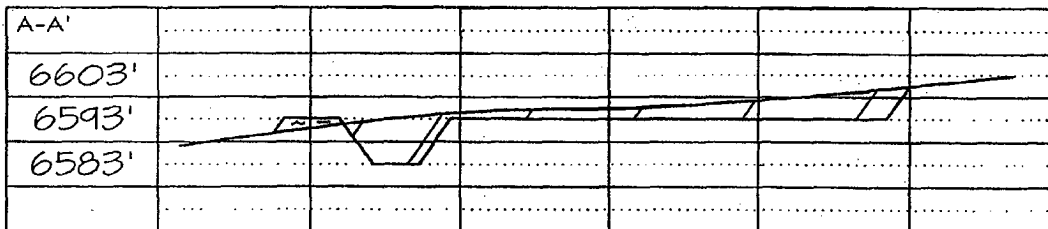
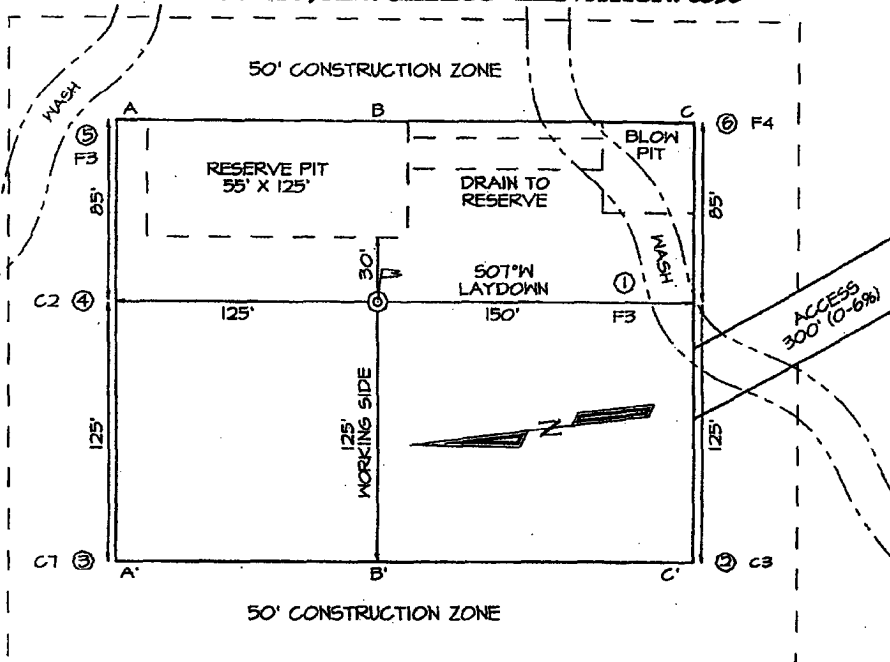
APPROVED BY [Signature] TITLE DATE
Conditions of approval, if any:

CONOCOPHILLIPS COMPANY SAN JUAN 32-7 UNIT #216A
700' FNL & 800' FWL, SECTION 4, T31N, R7W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6593'

LATITUDE: 36.92946° N
 LONGITUDE: 107.58205° W
 DATUM: NAD83

PLAT NO. E:

SURFACE OWNER
 Bureau of Land
 Management



FILENAME: 3114E1

SHEET 2 OF 6

NCE SURVEYS, INC.

DRAWN BY: EDO

CHECKED BY: JCE

CONOCOPHILLIPS COMPANY

WELL NAME: San Juan 32-7 Unit #216A - HPA well

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit E, 700 FNL & 800 FWL,
Section 4, T31N, R7W

2. Unprepared Ground Elevation: @ 6593'

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

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3360'.

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

<u>Nacimiento -</u>	<u>966'</u>	<u>Base of Lowest Coal -</u>	<u>3266'</u>
<u>Ojo Alamo -</u>	<u>2356'</u>	<u>PC Interval -</u>	<u>3376'</u>
<u>Kirtland -</u>	<u>2466'</u>	<u>Intermediate casing -</u>	<u>3176'</u>
<u>Fruitland -</u>	<u>3011'</u>	<u>Total Depth -</u>	<u>3360'</u>

TD includes 94' of sump/rathole & COPC will comply with the BLM/OCD's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs Formation.

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 -</u>	<u>2356' - 2466'</u>
Oil:	<u>none</u>	
Gas:	<u>Fruitland Coal -</u>	<u>3011' - 3266'</u>
Gas & Water:	<u>Fruitland Coal -</u>	<u>3011' - 3266'</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 @ 3176'

Production Liner: 5-1/2", 15.5# J/K-55 @ 3156' - 3360' (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: 150.2 sx Class G cement with 2% bwoc CaCl₂ (S001), 0.25#/sx
Cello-Flake (D029) 1.16 cuft/sx yield = 174.27 cf

9. Cement program: (continued from Page 1)

Intermediate String:

Lead Cement: 398.7 sx Class G w/3% D079 (Extender) 0.25#/sx D029 (Cellephone flakes, + 0.2% D046 Flocele (All purpose antifoam agent) mixed at 11.7 ppg and yield of 2.61 cuft/sx = 1040.56 cf.

Tail: 96 sx - 50/50/G/POZ cement w/2% D020 (Bentonite Extender), 2% S001 (CaCl₂), 5#/sx D024 (Gilsonite), 1/4#/sx D029 (Celephane flakes) & 2% D046 (all purpose antifoam agent) @ a weight of 13.5 ppg and yield of 1.27 cuft/sx = 122.29 cf.

Note: ConocoPhillips Company continually works to improve the cement slurries on our wells. Our Cementing Service Companies are 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 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 :

- A 5 1/2" 15.5# liner will be run in the open hole without being cemented.

Completion - depending on well conditions the:

- Well will either be cavitared and a 5-1/2" liner will be run without being cemented, or
 - Well will be underreamed, tubing will be set and cavitared at a later date.
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.

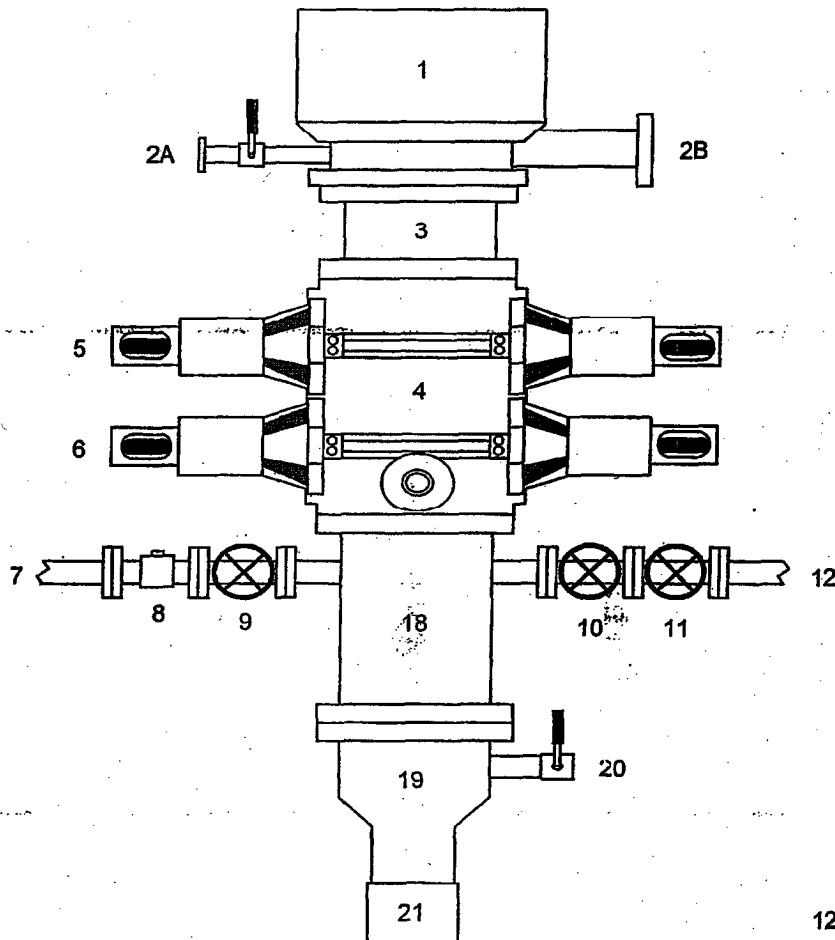
12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores:
Logs: Mud logs only
13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H₂S equipment will be used.

Estimated Bottomhole pressures: Fruitland Coal - +/- 350 psi
14. The anticipated starting date is sometime around June 15, 2004 with duration of drilling operations for approximately 30 days thereafter.
15. Since this well falls within the High Productivity Area and according to NMOCD Order R-8768-F, the "Affected Parties" will be notified by Certified Mail. This notification will be put in the mail on 5/4/05 "Affected Parties will have 20 days to file their written objection to the proposed Application for permit to Drill to the NMOCD in Aztec. See attached copy of letter to "Affected Parties."

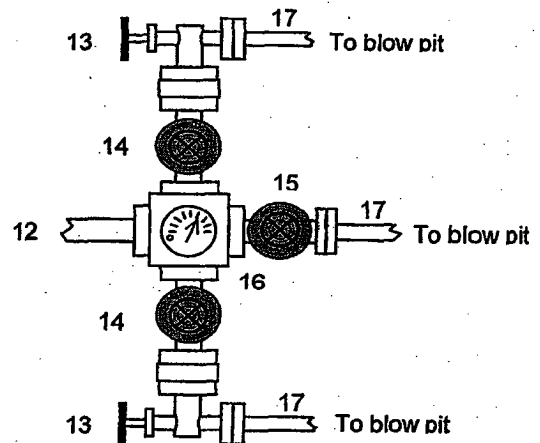
2004drill\ 327 #216 newest drill prog-cav HPA.doc

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to Intermediate Casing Point & Setting 7" Intermediate Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 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. Mud Cross Spacer Spool
19. Casing Head "A" Section
20. Casing Head "A" Section 2" Valve
21. 9 5/8" Casing Collar



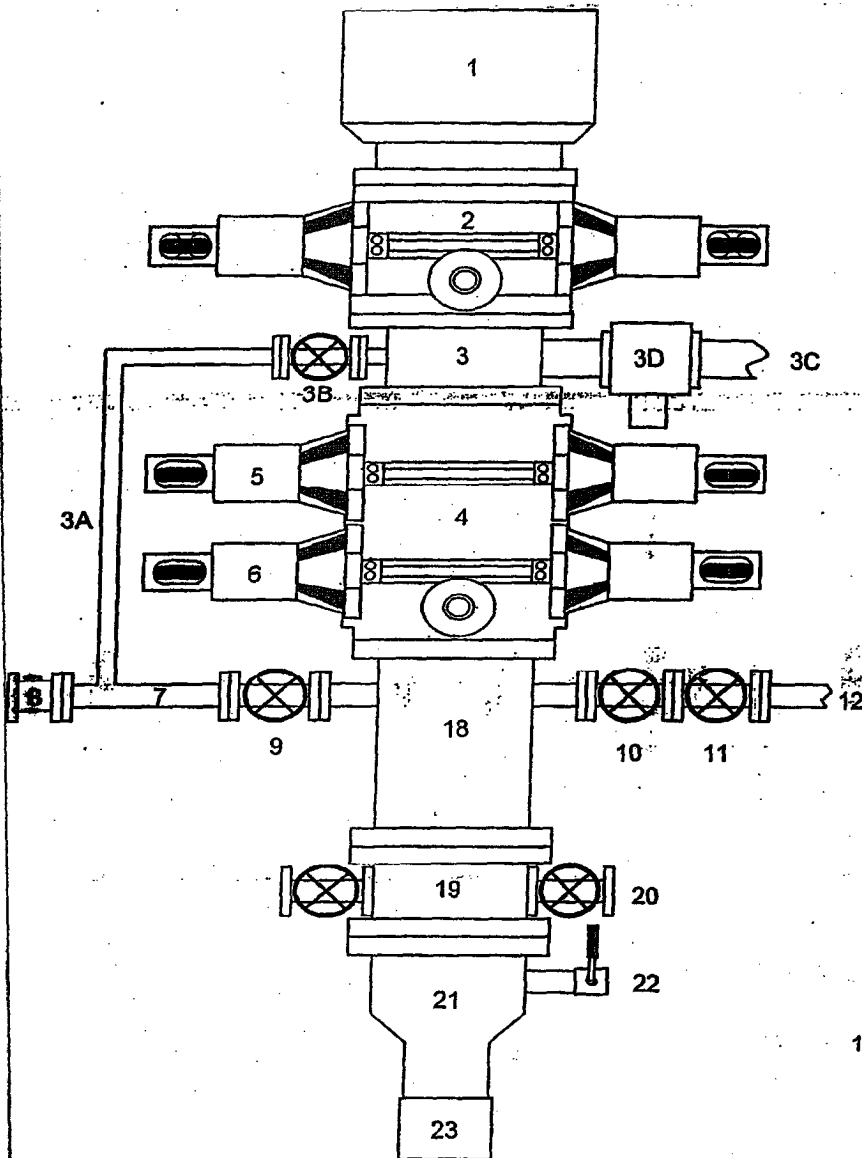
This BOP arrangement is for the drilling operations from the time the 9-5/8" surface casing is set through the setting of the 7" intermediate casing. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. The Pipe Rams, Blind Rams, Choke Manifold, and 9-5/8" surface casing will be tested to a low pressure test of 200 psi to 300 psi and to a high pressure test of 1000 psi (this value is 44% of the minimum internal yield pressure of the 9-5/8" casing). We will drill the 8-3/4" hole to intermediate casing point and run and cement the 7" intermediate casing. Then we will nipple down the BOP, install a trash cap, & move out the drilling rig. We will install the casing spool on the 7" stub after the drilling rig is moved off location. At a later date we will move in the cavitation rig for the cavitation program.

In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

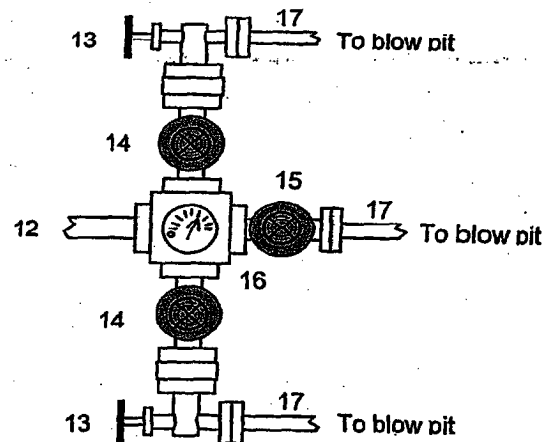
1. Upper Kelly cock Valve with handle
2. Stab-In TIW valve for all drillstrings in use

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Cavitation Program



1. Rotating Head
2. Single Ram BOP (7-1/16", 3M)
3. Mud Cross
- 3A. Equalizing Line (2")
- 3B. Wing Valve (2-1/16", 3M)
- 3C. Bloole Line (2 ea, 5" OD)
- 3D. HCR Valve (1 ea per line, 4-1/16")
4. Double Ram BOP (7-1/16", 3M)
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. Vent Line (2")
18. Spacer Spool
19. Tubing Head
20. Tubing Head Valves (2- 9/16")
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9-5/8" Casing Collar



This BOP arrangement and test program is for the cavitation program. The BOP will be installed on the tubing head. The casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 2-3 minutes and to 1800 psi for 30 minutes - this test pressure is 48% of the minimum internal yield strength of 3740 psi for the 7", 20#, J-55, STC casing. The pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1800 psi (high pressure test) for 10 minutes - This test will be done with a test plug or possibly without a test plug (ie against casing). If we conduct this test without a test plug we will ensure that we have sufficient drillstring weight in the hole to exceed the upward force generated by the test.

We use a power swivel and air/mist to drill the 6-1/4" hole in our cavitation program. We do not use a kelly. In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

1. String floats will be used inside the drillpipe
2. Stab-in TIW valve for all drillstrings in use
3. Each bloole line is equipped with a hydraulically controlled valve (HCR valve).

**San Juan 32-7 Unit #216A
NMSF078996; Unit E, 700 FNL & 800 FWL
Section 4, T31N, R7W, San Juan County, NM**

Cathodic Protection

ConocoPhillips proposes to drill a cathodic protection deep well groundbed for the subject well. Will drill a 6-7/8" hole to an anticipated minimum depth of 300' (maximum depth of 500'). Cement plugs will not be used unless more than one water zone is encountered. Prior drilling history for the area indicates only one zone to that depth. If more than one water zone is encountered, notification will be made and details of cement and casing will be provided.

All drilling activity will remain on existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.

ConocoPhillips

San Juan Area
5525 Hwy. 64
Farmington, NM 87401

Release June 6, 2004

May 10, 2004

NMOCD
Attn: Steve Hayden
1000 Rio Brazos Rd
Aztec, NM 87410



A
Dear Steve:

Attached is a copy of the APD for the SJ 32-7 Unit #216A, the Notification Letter to Coleman Oil & Gas and the return receipt for the notifications. The 20-day waiting period for Affected Parties to give written objection to this permit should be approx. 5/27/04.

Thanks,

Patsy Clugston

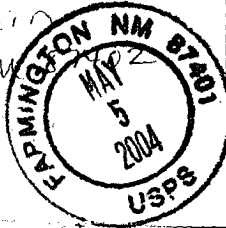
Patsy Clugston
599-3454

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Coleman Oil & Gas
6540 East Main
Farmington, NM 87401



2. Article Number
(Transfer from service label)

7001 0320 0004 8667 8945

PS Form 3811, August 2001

32-7 #216A

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

D. Is delivery address different from item 1? ☒ Yes

If YES, enter delivery address below: ☐ No

P.O. BOX 3337
Farmington, N.M. 87499

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt

102595-01-M-0381



San Juan Area
5525 Hwy. 64
Farmington, NM 87401

May 4, 2004

(Certified Mail – Return Receipt Requested – 7001 0320 0004 8667 8945)

Re: SJ 32-7 Unit #216A
Basin Fruitland Coal
700 FNL & 800 FWL, Section 4, T31N, R7W
San Juan County, New Mexico

To the Affected Parties:

ConocoPhillips Company is submitting the enclosed Application for Permit to Drill to the appropriate regulatory agency(s) for approval. This well is located inside the High Productivity Area of the Basin-Fruitland Coal Pool as indicated on the attached plat. Notice is being made pursuant to New Mexico Oil Conservation Commission Order R-8768-F dated July 17, 2003.

The affected parties have twenty (20) days from receipt of this notice in which to file with the District Office of the New Mexico Oil Conservation Division written objection to the proposed Application for Permit to Drill.

Sincerely

A handwritten signature in cursive script that reads "Patsy Clugston".

Patsy Clugston
Regulatory Analyst

cc: NMOCD Aztec
Well File

San Juan 32-7 Unit #216A– HPA “Affected Parties”

Coleman Oil & Gas
6540 East Main
Farmington, NM 87402

SAN JUAN 32-7 #216A
OFFSET OPERATOR PLAT

TOWNSHIP 31 **NORTH, RANGE** 7 **WEST**

700' FNL 800' FWL

