

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

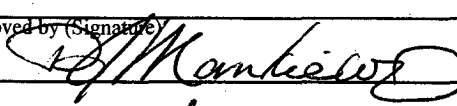
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF079004
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.
3a. Address 5525 HWY. FARMINGTON, NM 87401		8. Lease Name and Well No. SAN JUAN 32-8 UNIT 226A
3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442		9. API Well No. 3004532294
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SESE 1090FSL 1070FEL 36.89312 N Lat, 107.65714 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* APPROX. 39-1/2 MILES NE OF AZTEC, NM		11. Sec., T., R., M., or Blk. and Survey or Area P Sec 15 T31N R8W 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	12. County or Parish SAN JUAN
17. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	18. Proposed Depth 3481 MD 3481 TVD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6518 GL	22. Approximate date work will start 05/30/2004	17. Spacing Unit dedicated to this well 320.00 E/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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
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 04/08/2004
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) 	Name (Printed/Typed)	Date 7-19-04
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 #29457 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the FarmingtonDRILLING AND REENTERING AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

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

NMOCD

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

District II
PO Drawer DD, 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 30-065-32294		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 31330	*Property Name SAN JUAN 32-8 UNIT		*Well Number 226A
*GRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 6518'

¹⁰ Surface Location

U. or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
p	15	31N	8W		1090	SOUTH	1070	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

U. or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 320.0 Acres - E/2					*Joint or Infill	*Consolidation Code	*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

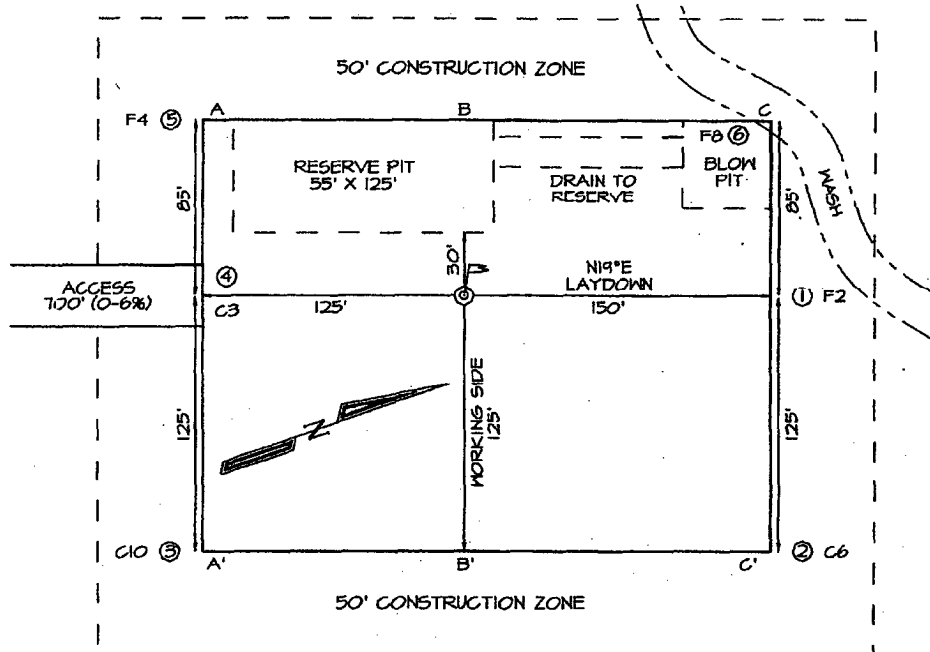
	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Vicki R. Westby</i> Signature Vicki R. Westby Printed Name Sr. Analyst Title <i>April 8, 2004</i> Date</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: MARCH 15, 2004</p> <p>Signature and Seal of Professional Surveyor</p> <div style="text-align: center;"></div> <p><i>JASON C. EDWARDS</i> Certificate Number 15269</p>

Additional Operator Remarks:

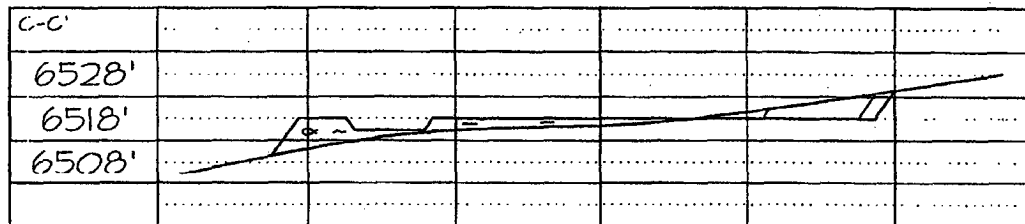
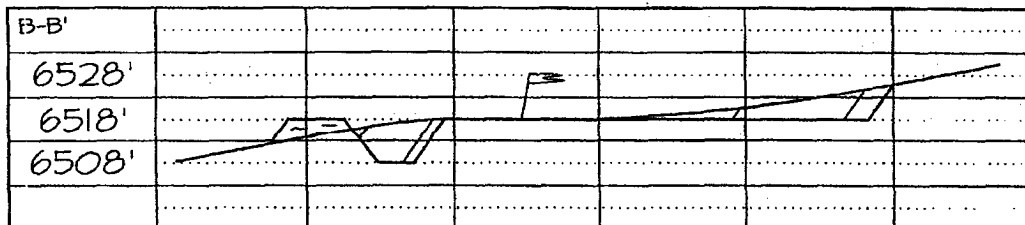
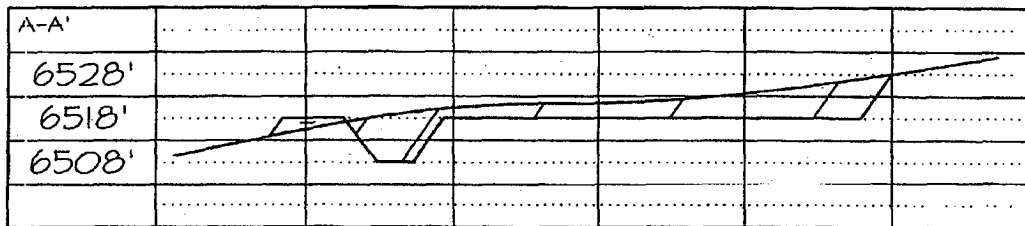
- See attached for Surface Use Plan, Drilling Plan, topo maps, cut & fill diagram, BOP & cathodic details

This is a HPA well that doesn't require Notification. The 226A is located entirely within the SJ 32-8 FC PA and is surrounded by the PA Operator - ConocoPhillips.

LATITUDE: 36.89312° N
LONGITUDE: 107.65714° W
DATUM: NAD1927



PLAT NOTE:	*SURFACE OWNER* Bureau of Land Management
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CONOCOPHILLIPS COMPANY

WELL NAME: San Juan 32-8 Unit #226A - HPA well

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit P, (SESE), 1090 FSL & 1070 FEL
Section 15, T31N, R8W

2. Unprepared Ground Elevation: @ 6518'

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

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3481'.

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

<u>Nacimiento - 661'</u>	<u>Base of Lowest Coal - 3401'</u>
<u>Ojo Alamo - 2173'</u>	<u>PC Interval - 3481'</u>
<u>Kirtland - 2301'</u>	<u>Intermediate casing - 3151'</u>
<u>Fruitland - 2961'</u>	<u>Total Depth - 3481'</u>

TD includes 80' 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 - 2173' - 2301'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 2961' - 3401'</u>
Gas & Water:	<u>Fruitland Coal - 2961' - 3401'</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 @ 3151'

Production Liner: 5-1/2", 15.5# J/K-55 @ 3131' - 3481' (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:

Circulate cement
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:

Circulate cement
Lead Cement: 395 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 = 1031 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 (Cellephone 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 cavitaded and a 5-1/2" liner will be run without being cemented, or
- Well will be underreamed, tubing will be set and cavitaded 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.

San Juan 32-8 Unit #226A (Cavitate) HPA Well

SURFACE CASING :

Drill Bit Diameter	12.25 "	
Casing Outside Diameter	9.625 "	9.001
Casing Weight	32.3	ppf
Casing Grade	H-40	
Shoe Depth	200 '	40 '
Cement Yield	1.16	cuft/sk
Excess Cement	150	%

Casing Capacity	0.0787 bbl/ft	0.4419 cuft/ft
Hole / Casing Annulus Capacity	0.0558 bbl/ft	0.3132 cuft/ft

Cement Required 150.2 sx

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

INTERMEDIATE CASING :

Drill Bit Diameter	8.75 "	
Casing Outside Diameter	7 "	6.456
Casing Weight	20	ppf
Casing Grade	J-55	
Shoe Depth	3151 '	
Lead Cement Yield	2.61	cuft/sk
Lead Cement Excess	150	%
Tail Cement Length	300 '	42 '
Tail Cement Yield	1.27	cuft/sk
Tail Cement Excess	150	%

Casing Capacity	0.0405 bbl/ft	0.2273 cuft/ft
Casing / Casing Annulus Capacity	0.0311 bbl/ft	0.1746 cuft/ft
Hole / Casing Annulus Capacity	0.0268 bbl/ft	0.1503 cuft/ft

Lead Cement Required 395.1 sx

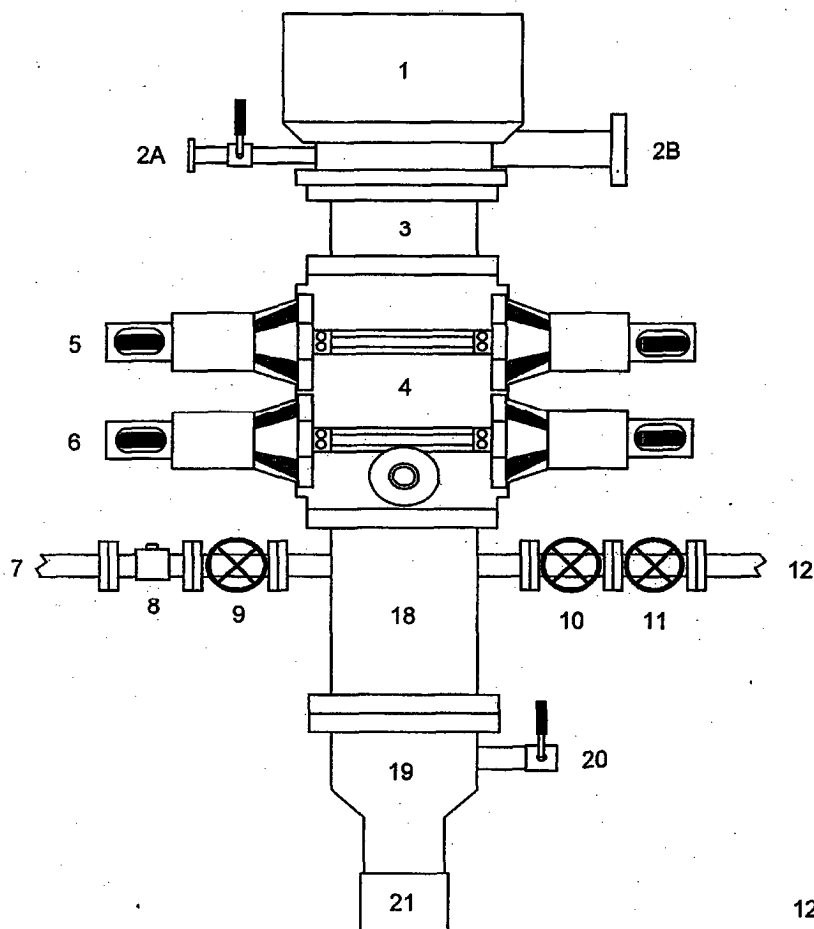
Tail Cement Required 96.3 sx

LINER TOP 3131 '

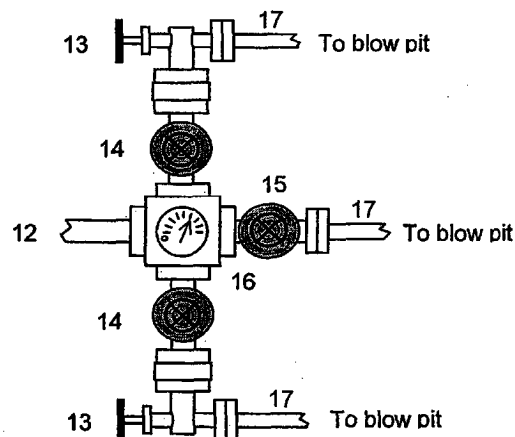
SHOE 3151 ', 7 ", 20 ppf, J-55

LINER BOTTOM 3481' (Uncemented)

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



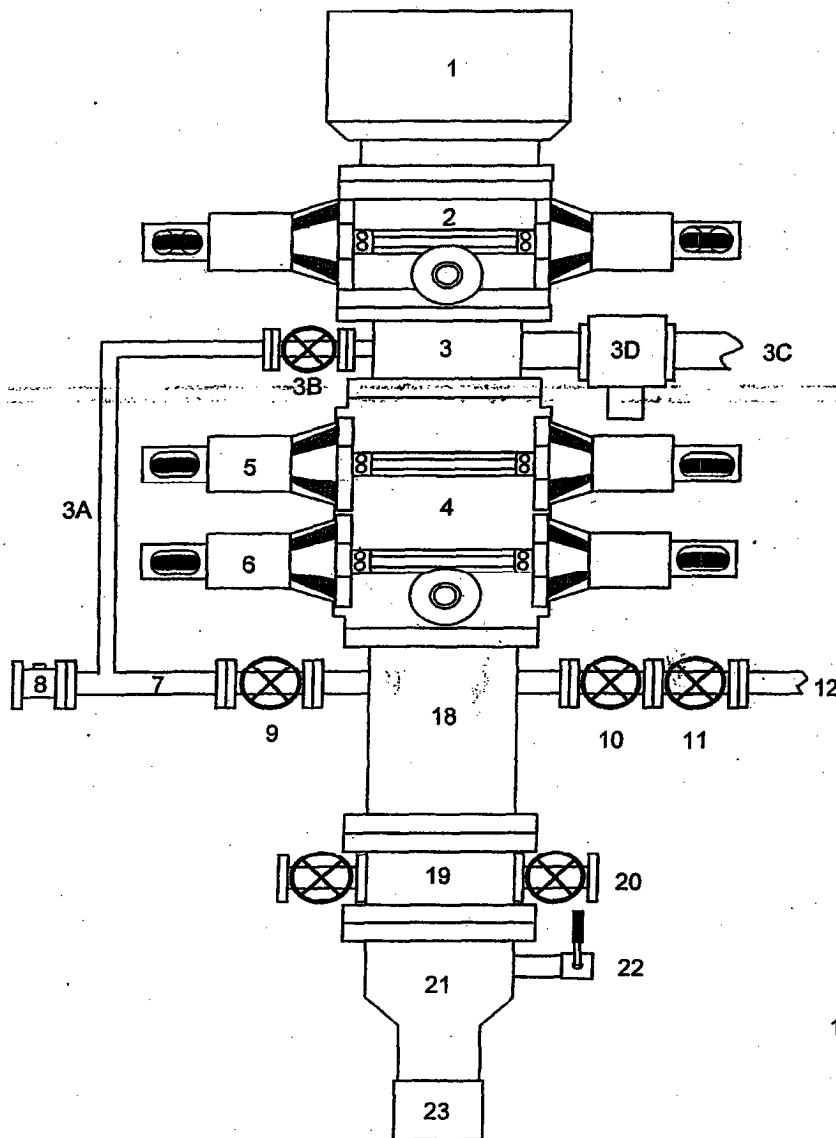
This BOP arrangement is for the drilling operations from the time the 9-5/8" surface casing is set through the setting of the 7" intermediate casing. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. The Pipe Rams, 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:

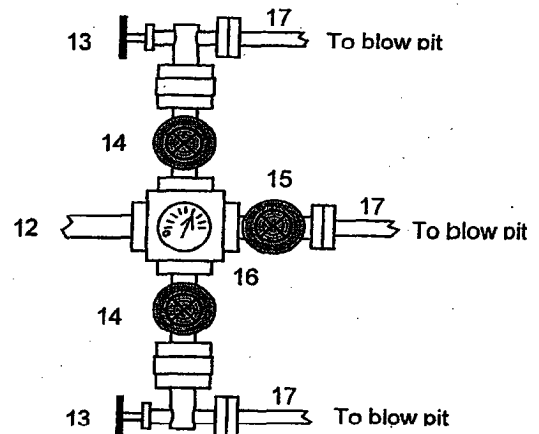
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

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. Bore 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 7" 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 bore line is equipped with a hydraulically controlled valve (HCR valve).

**San Juan 32-8 Unit #226A
NMSF079004; Unit P, 1090 FSL & 1070 FEL
Sec. 15, T31N, R8W, 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.