Form 3160-3
(August 1999)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
SF 078460

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

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

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
SAN JUAN 30-7 UNIT 245A

2. Name of Operator
CONOCOPHILLIPS COMPANY
Contact: VICKI WESTBY
E-Mail: Vicki.R.Westby@conocophillips.com

9. API Well No.
30045324 65

3a. Address
4001 PENBROOK, SUITE 346
ODESSA, TX 79762

3b. Phone No. (include area code)
Ph: 915.368.1352

10. Field and Pool, or Exploratory
FRUITLAND COAL

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*

At surface SESE 660FSL 660FEL

At proposed prod. zone

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 17 T32N R7W Mer NMP

14. Distance in miles and direction from nearest town or post office*

12. County or Parish
SAN JUAN

13. State
NM

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

17. Spacing Unit dedicated to this well
E/2 346.12

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.

19. Proposed Depth
3523 MD

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KB, RT, GL, etc.
6573 GL

22. Approximate date work will start

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.
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	Name (Printed/Typed)	Date
(Electronic Submission)	VICKI WESTBY	07/13/2004

Title
AGENT

Approved by (Signature)	Name (Printed/Typed)	Date
/s/ Matthew Mancieo		9-3-04
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 #33014 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 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

1 API Number	2 Pool Code	3 Pool Name
30-045-32465	71629	BASIN FRUITLAND COAL

4 Property Code	5 Property Name	6 Well Number
31329	SAN JUAN 32-7 UNIT	245A

7 OGRID No.	8 Operator Name	9 Elevation
217817	CONOCOPHILLIPS COMPANY	6573'

10 Surface Location

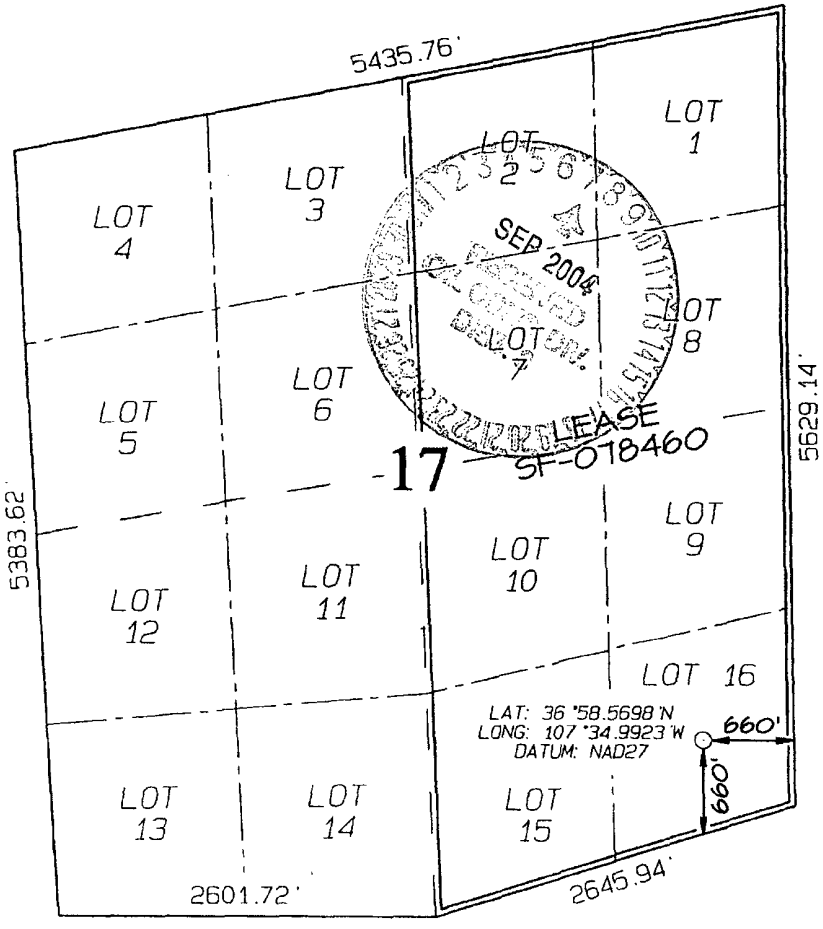
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	32N	7W		660	SOUTH	660	EAST	SAN JUAN

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	13 Joint or Infill	14 Consolidation Code	15 Order No.
346.12 Acres - (E/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

Signature: Vicki Westby

Vicki R. Westby
Printed Name

Sr. Analyst
Title

7/13/04
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: APRIL 1, 2004

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

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

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

Form C-103
May 27, 2004

WELL API NO.

5. Indicate Type of Lease STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name
SAN JUAN 32-7 UNIT

1. Type of Well: Oil Well ☐ Gas Well X☐ Other

8. Well Number **245A**

2. Name of Operator
ConocoPhillips Company

9. OGRID Number
217817

3. Address of Operator
4001 Penbrook, Odessa, TX 79762

10. Pool name or Wildcat
BASIN FRUITLAND COAL

4. Well Location
Unit Letter P : 660 feet from the **SOUTH** line and 660 feet from the **EAST** line
Section 17 Township 32N Range 7W NMPM SAN JUAN County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
6573

Pit or Below-grade Tank Application X☐ or Closure ☐

Pit type DRILLING Depth to Groundwater >100' Distance from nearest fresh water well >1000' Distance from nearest surface water >1000'

Pit Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
OTHER: **Drill Pit Notification**	X ☐	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.

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 Vicki Westby TITLE Sr. Analyst DATE 7/13/04

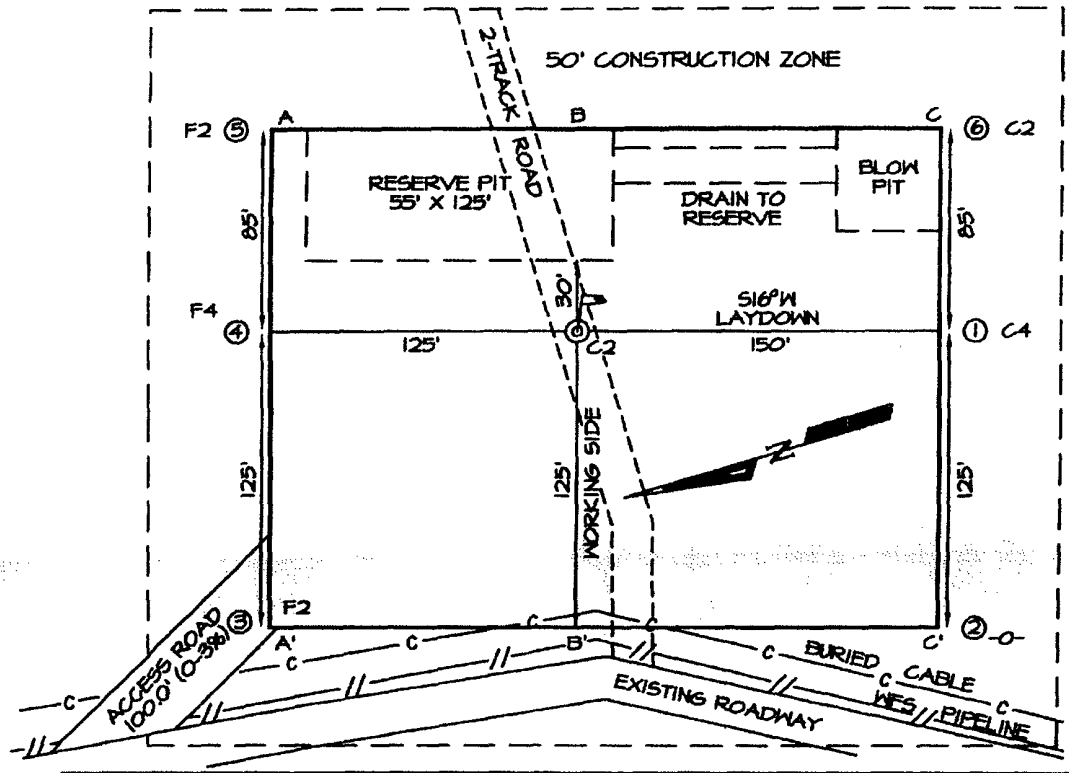
Type or print name **Vicki Westby** E-mail address: **Vicki.R.Westby@ConocoPhillips.com** Telephone No. **(432) 368-1352**

For State Use Only

APPROVED BY: TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE SEP - 7 2004

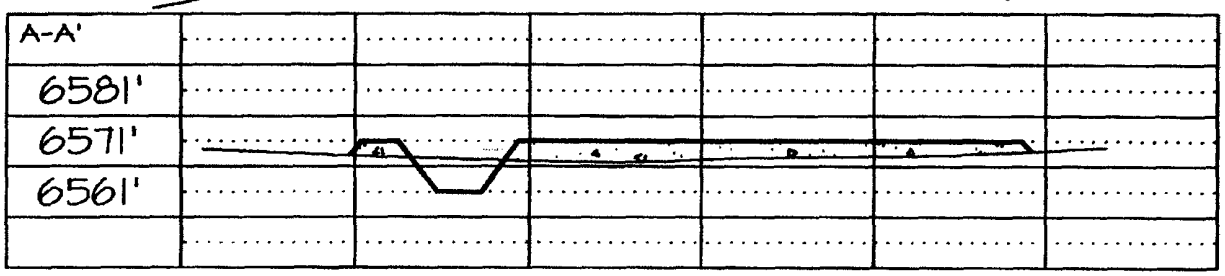
Conditions of Approval (if any):

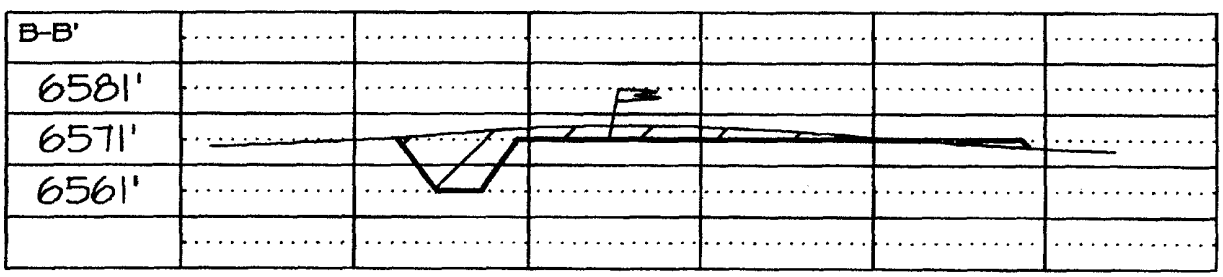
CONOCOPHILLIPS COMPANY SAN JUAN 32-7 UNIT #245A
660' FSL & 660' FEL, SECTION 17, T32N, R7W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6573'

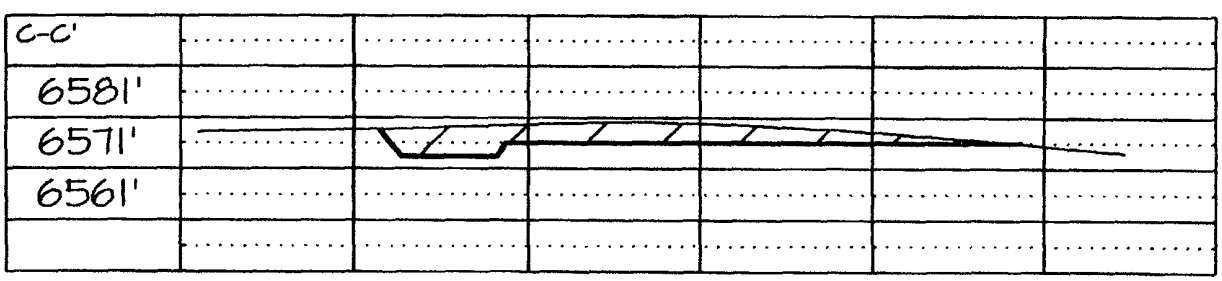


LATITUDE: 36.97615°
LONGITUDE: 107.58322°
DATUM: NAD1927

PLAT NOTE:
SURFACE OWNER Bureau of Land Management







FILENAME: 32-7#245ACF	SHEET 2 OF 6	NCE SURVEYS, INC.	DRAWN BY: KER	CHECKED BY: JCE

Additional Operator Remarks:

ConocoPhillips Company proposes to drill a vertical wellbore to the Fruitland Coal formation. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD/ROW.

ConocoPhillips will have mudloggers on location and they will be picking the TD to prevent us from accessing the PC.

ConocoPhillips

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-7 245A

Lease:	AFE #: WAN.CBM.4162			AFE $:
Field Name: hPHILLIPS 32-7	Rig: 486-0597	State: NM	County: SAN JUAN	API #:
Geoscientist: Murphy, Jim O.	Phone: 832-486-2361	Prod. Engineer:		Phone:
Res. Engineer: Anderson, Derrick K	Phone: 832 486-3486	Proj. Field Lead:		Phone:

Primary Objective (Zones):

Zone	Zone Name
JCV	BASIN FRUITLAND COAL (GAS)

Location: Surface — **Straight Hole**

Latitude: 36.98	Longitude: -107.58	X:	Y:	Section: 17	Range: 7W
Footage X: 660 FEL	Footage Y: 660 FSL	Elevation: 6573 (FT)	Township: 32N		
Tolerance:					

Location Type: Start Date (Est.): Completion Date: Date In Operation:

Formation Data: Assume KB = 6586 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
SAN JOSE	26	6560	☐			
Surface Casing	226	6360	☐			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	796	5790	☐			
OJAM	2196	4390	☐			Possible water flows.
KRLD	2346	4240	☐			
FRLD	3046	3540	☐			Possible gas.
Intermediate Casing	3101	3485	☐			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
BASE MAIN COAL	3276	3310	☐	750		
PC TONGUE	3366	3220	☐			
BASE LOWEST COAL	3446	3140	☐			
PCCF	3451	3135	☐			
Total Depth	3523	3063	☐			6-1/4" hole possibly underreamed to 9.5". Optional Liner: 5.5", 15.5#, J-55 LTC - left uncemented.

Reference Wells:

Reference Type	Well Name	Comments

Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo

TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☐ TDT

Additional Information:

Comments: General/Work Description - Fruitland Coal 160-acre infill well

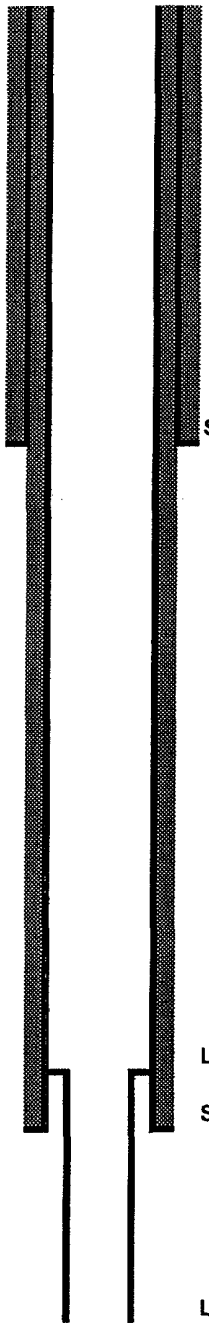
Mud Log from intermediate casing shoe to TD will be obtained.

Drilling Mud Program:
Surface: spud mud
Intermediate: fresh water mud with bentonite and polymer as needed
Below Intermediate: air/mist drilling media with foamer, polymer, & corrosion inhibitor as needed

Provide funds to drill and complete the Fruitland Coal formation in the San Juan 32-7 # 245A located in the SE 1/4 of Section 17,

Printed on: 07/06/2004 8:45:06 AM

San Juan 32-7 # 245A



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	230	'	40 '
Cement Yield	1.16	cuft/sk	
Excess Cement	125	%	

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

Cement Required **155.0 sx**

SHOE **230 ', 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	3088	'	
Lead Cement Yield	2.61	cuft/sk	
Lead Cement Excess	160	%	
Tail Cement Length	300	'	42 '
Tail Cement Yield	1.27	cuft/sk	
Tail Cement Excess	160	%	

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 **398.4 sx**
Tail Cement Required **99.8 sx**

LINER TOP **3068 '**

SHOE **3088 ', 7 ", 20 ppf, J-55**

LINER BOTTOM 3510 ' (Uncemented)

San Juan 32-7 # 245A		
9-5/8" Surface Casing		
Cement Slurry	Class G	
	+ 2% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
Cement Volume	155	sx
Cement Yield	1.16	cuft/sx
Cement Volume	179.75	cuft
Cement Density	15.8	ppg
Water Required	4.983	gal/sx

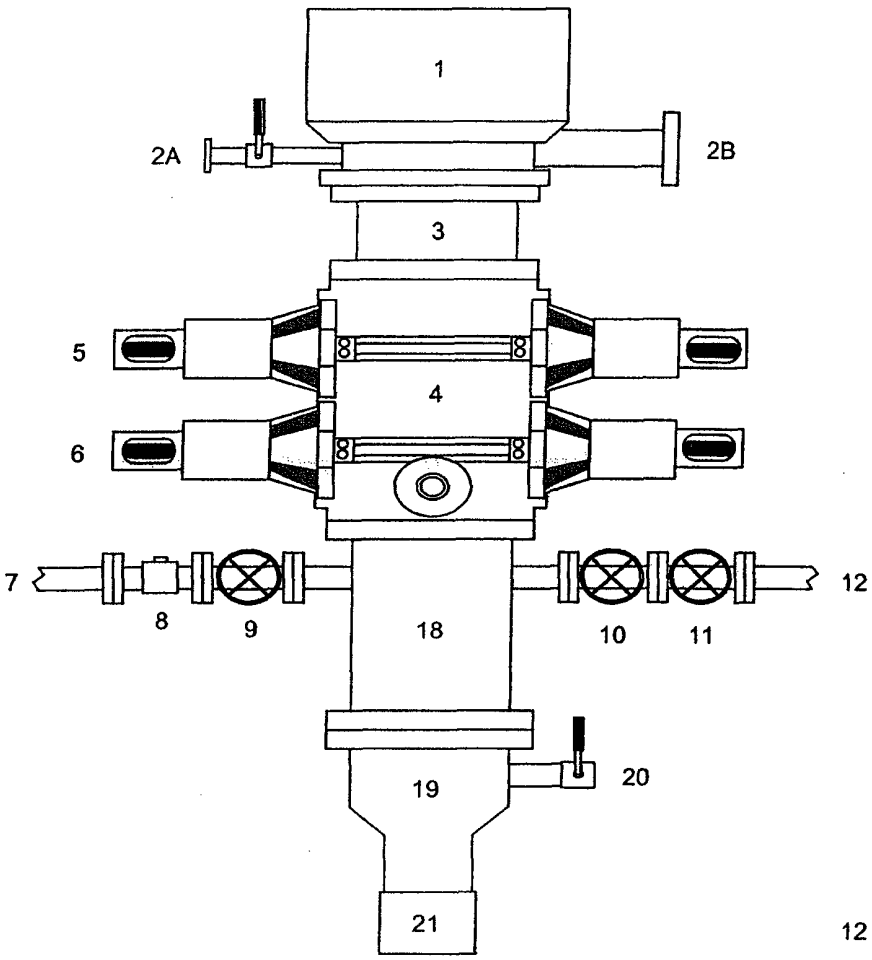
San Juan 32-7 # 245A		

7" Intermediate Casing		
Lead Slurry		
Cement Slurry	Class G	
	+ 3% D079 Extender	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 0.2% D046 Antifoam	
Cement Volume	398	sx
Cement Yield	2.61	cuft/sx
Cement Volume	1039.90	cuft
Cement Density	11.7	ppg
Water Required	15.876	gal/sx

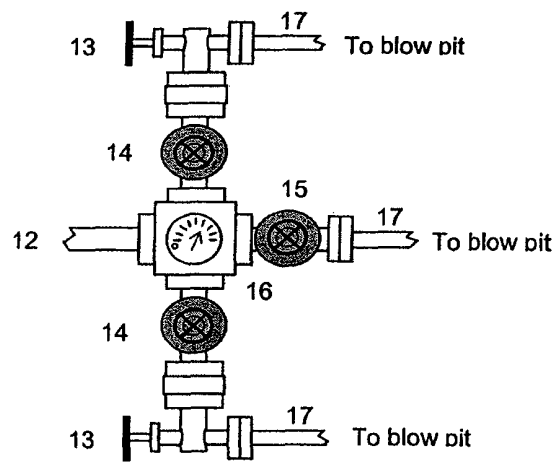
7" Intermediate Casing		
Tail Slurry		
Cement Slurry	50% POZ / 50% Class G cement	
	+ 2% D020 Bentonite	
	+ 2% S001 Calcium Chloride	
	+ 0.25 lb/sx D029 Cellophane Flakes	
	+ 5 lb/sx Gilsonite Extender	
	+ 0.2% D046 Antifoam	
Cement Volume	100	sx
Cement Yield	1.27	cuft/sx
Cement Volume	126.80	cuft
Cement Density	13.5	ppg
Water Required	5.182	gal/sx

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

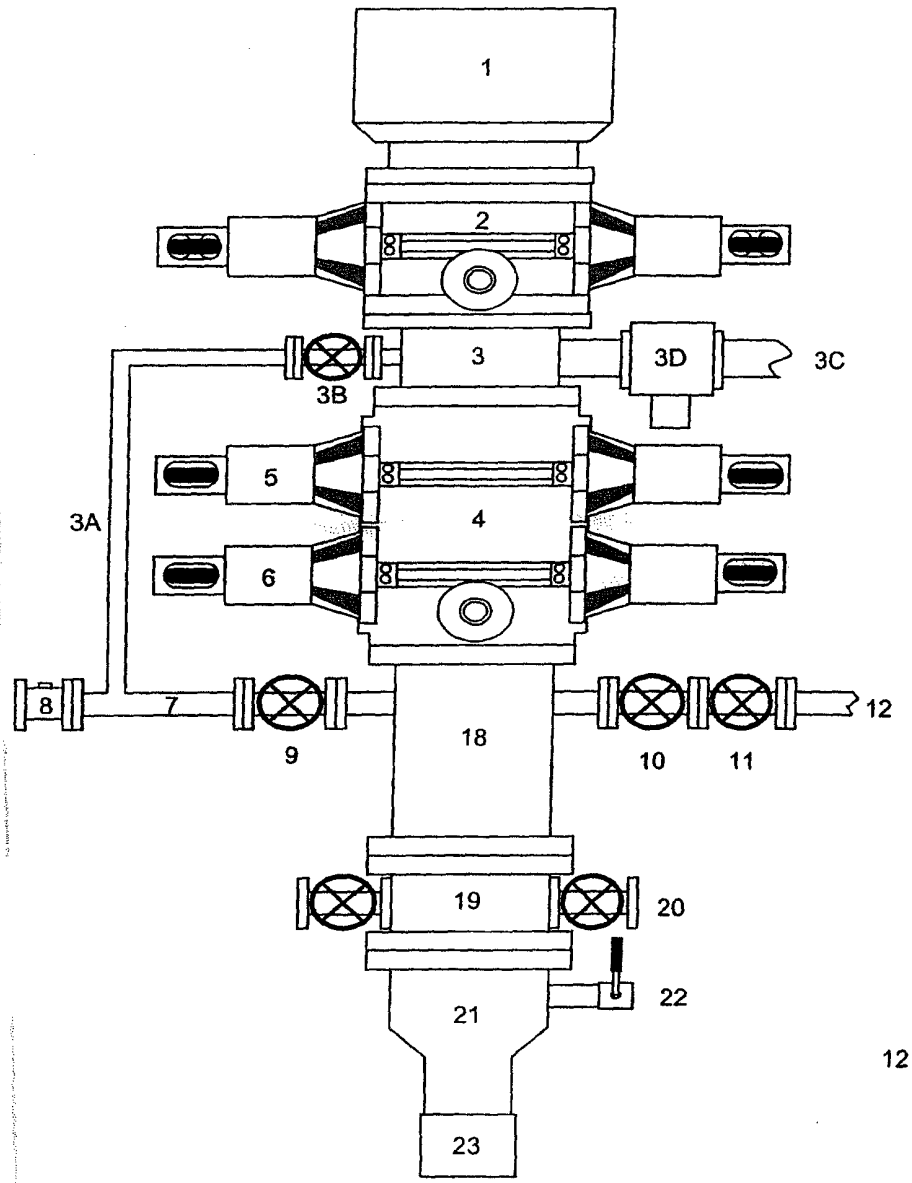


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 2-3 minutes and to 1000 psi (high pressure test) for 10 minutes. Then the test plug will be removed, and the **9-5/8" casing will be pressure tested** against closed blind rams to 200 psi to 300 psi for 2-3 minutes and **to 1000 psi for 30 minutes** (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory requirements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then an 8-3/4" hole will be drilled to intermediate casing point and 7" intermediate casing will be run and cemented.

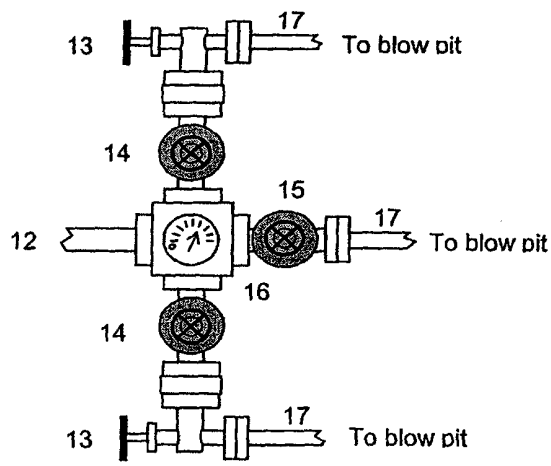
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:
1. Upper Kelly cock Valve with handle
2. Stab-in TIW valve for all drillstrings in use

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. Blooie 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 blooie line is equipped with a hydraulically controlled valve (HCR valve)

Property : San Juan 32-7 **Well #:** 245 A

Surface Location:

Unit: P **Section:** 17 **Township:** 32N **Range:** 7W

County: San Juan **State:** New Mexico

Footage: 660 **from the** South **line,** 660 **from the** East **line.**

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