Form 3160-3 (August 1999)

UNITED STATES DEPARTMENT OF THE INTERIOR RURFALLOF LAND MANAGEMENT

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

| BUREAU OF LAND | BUREAU OF LAND MANAGEMENT | | | | | |
|---|---|---|--|--|--|--|
| APPLICATION FOR PERMIT | TO DRILL OR REENTER | 6. If Indian, Allottee or Tribe Name | | | | |
| ia. Type of Work: 💆 DRILL 🔲 REENTER | | 7. If Unit or CA Agreement, Name and No. NMNM78419D | | | | |
| / 1b. Type of Well: ☐ Oil Well 🛛 Gas Well 🔲 Otl | her 🔀 Single Zone 🔲 Multiple Zon | 8. Lease Name and Well No. SAN JUAN 30-5 UNIT 208A | | | | |
| Name of Operator CONOCOPHILLIPS COMPANY Contact: Contact: | VICKI WESTBY E-Mail: Vickl.R.Westby@conocophillips.com | 9. API Well No. 30-039-27854-00-X1 | | | | |
| 3a. Address P O BOX 2197 WL 6106 HOUSTON, TX 77252 | 3b. Phone No. (include area code) Ph: 915.368.1352 | 10. Field and Pool, or Exploratory BASIN FRUITLAND COAL | | | | |
| 4. Location of Well (Report location clearly and in accorda | unce with any State requirements.*) | 11. Sec., T., R., M., or Blk. and Survey or Area | | | | |
| At surface SESE 270FSL 710FEL At proposed prod. zone | | Sec 19 T30N R5W Mer NMP SME: BLM | | | | |
| 14. Distance in miles and direction from nearest town or post | office* | 12. County or Parish RIO ARRIBA 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 320.00 E | | | | |
| Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. | 19. Proposed Depth 3147 MD | 20. BLM/BIA Bond No. on file ES0085 | | | | |
| 21. Elevations (Show whether DF, KB, RT, GL, etc. 6234 GL | 22. Approximate date work will start | 23. Estimated duration | | | | |
| | 24. Attachments | | | | | |
| The following, completed in accordance with the requirements or | f 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 Syste SUPO shall be filed with the appropriate Forest Service Off | Item 20 above). 5. Operator certification | information and/or plans as may be required by the | | | | |
| 25. Signature (Electronic Submission) | Name (Printed/Typed) VICKI WESTBY | Date 07/29/2004 | | | | |
| Title AGENT | | | | | | |
| Approved by (Signature) (Electronic Submission) | Name (Printed/Typed) WAYNE TOWNSEND | Date 10/04/2004 | | | | |
| Title ACTING FIELD MANAGER MINERALS | Office Farmington | | | | | |

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.

operations thereon.
Conditions of approval, if any, are attached.

Additional Operator Remarks (see next page)

Electronic Submission #33803 verified by the BLM Well Information System For CONOCOPHILLIPS COMPANY, sent to the Farmington Committed to AFMSS for processing by MARGIE DUPRE on 08/04/2004 (04MXD2943AE).

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

** BLM REVISED **

OCT 200A



D:strict I PO 80x 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 PD Box 2088, Santa Fe. NM 87504-2088

State of New Mexico Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

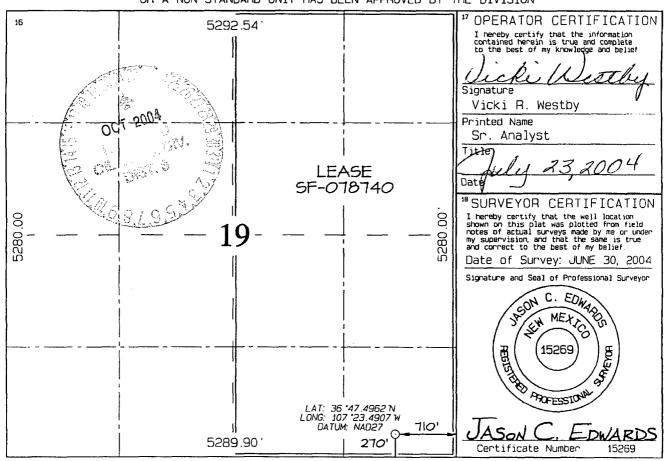
WELL LOCATION AND ACREAGE DEDICATION PLAT

| 'API Number | *Pool Code 71629 | 'Poo1 Name BASIN FRUITLAND C | COAL |
|----------------|---------------------|---------------------------------|--------------|
| ¹Property Code | SAN | *Property Name | *Well Number |
| 31327 | | JUAN 30-5 UNIT | 208A |
| '0GRIO No. | CONOCC | 'Operator Name | 'Elevation |
| 217817 | | OPHILLIPS COMPANY | 6234' |

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 |
|-------------------------------|---------|----------|--------|---------|-------------------------------|---------------------------------|-------------------------|----------------|---------------|
| Р | 19 | 30N | 5W | | 270 | S0UTH | 710 | EAST | RIO ARRIBA |
| , | | 11 E | Bottom | Hole L | ocation I | f Different | From Surf | ace | |
| UL or lat no. | Section | Township | Range | Lat Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| ¹² Dedicated Acres | | 0.0 Acr | es – E | | ¹³ Joint or Infill | ^M Consolidation Code | ¹⁶ 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



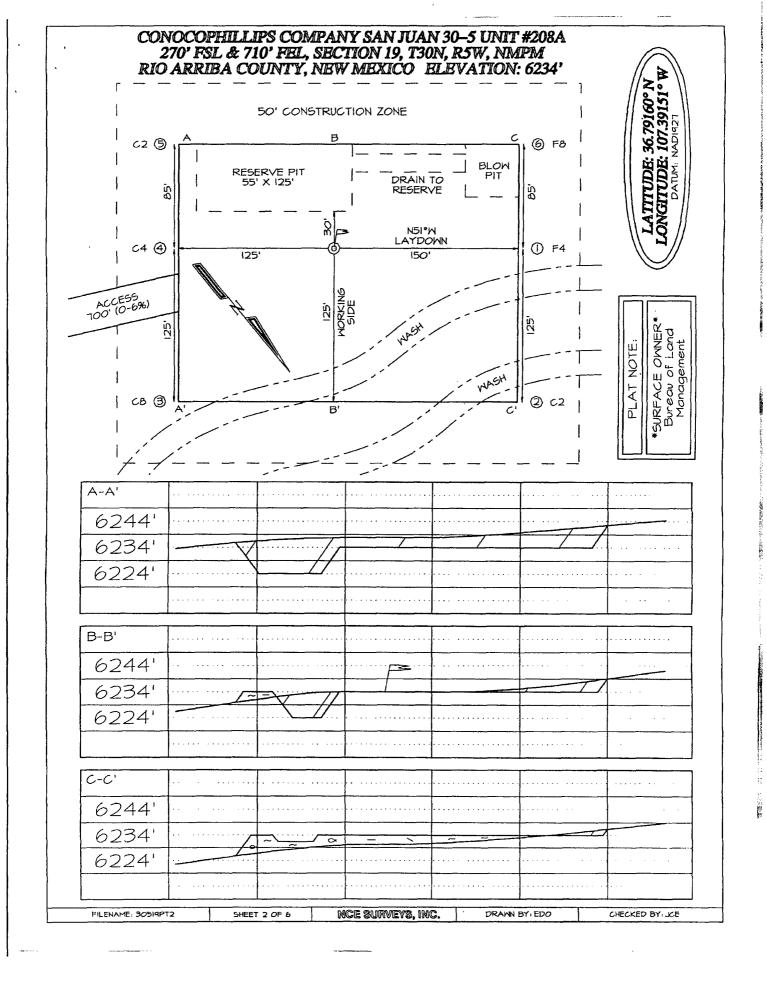
Additional Operator Remarks:

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

This is a HPA well that does not require notification. The 208A is located entirely within the SJ 30-5 FC PA and is surrounded by the PA operator - ConocoPhillips.

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

| Office ' | | Form C-103 |
|--|---|--|
| District I | Energy, Minerals and Natural Resources | May 27, 2004 |
| 1625 N. French Dr., Hobbs, NM 88240 | | WELL API NO. |
| District II | OIL CONSERVATION DIVISION | |
| * 1301 W. Grand Ave., Artesia, NM 88210 District III | 1220 South St. Francis Dr. | 5. Indicate Type of Lease |
| 1000 Rio Brazos Rd., Aztec, NM 87410 | | STATE FEE |
| District IV | Santa Fe, NM 87505 | 6. State Oil & Gas Lease No. |
| 1220 S. St. Francis Dr., Santa Fe, NM 87505 | | |
| | CES AND REPORTS ON WELLS | 7. Lease Name or Unit Agreement Name |
| | ALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A | San Juan 30-5 Unit |
| | ATION FOR PERMIT" (FORM C-101) FOR SUCH | Jan Jan John John John John John John John Joh |
| PROPOSALS.) | | 8. Well Number 208A |
| | Gas Well X Other | |
| 2. Name of Operator | | 9. OGRID Number |
| ConocoPhillips Company | | 217817 |
| 3. Address of Operator | | 10. Pool name or Wildcat |
| 4001 Penbrook, Odessa, T | TX 79762 | BASIN FRUITLAND COAL |
| 4. Well Location | | |
| Unit Letter P : 2 | 270 feet from the <u>SOUTH</u> line and 710 feet | from the EAST line |
| Section 19 | | JMPM RIO ARRIBA County |
| Section 19 | 11. Elevation (Show whether DR, RKB, RT, GR, etc. | |
| The second secon | 11. Elevation (Snow whether DR, RRB, R1, GR, etc. 6234 | |
| Pit or Below-grade Tank Application X | | |
| | | |
| Pit type <u>DRILLING</u> Depth to Groundy | vater >50' Distance from nearest fresh water well >1000' | Distance from nearest surface water <200' |
| Pit Liner Thickness: mil | Below-Grade Tank: Volume bbls; C | onstruction Material |
| 12 Check A | ppropriate Box to Indicate Nature of Notice, | Report or Other Data |
| 12. Chook II | ppropriate Box to maleute Nature of Notice, | Report of Other Bata |
| NOTICE OF INT | ENTION TO: SUB | SEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK | PLUG AND ABANDON REMEDIAL WOR | |
| TEMPORARILY ABANDON | CHANGE PLANS COMMENCE DR | |
| PULL OR ALTER CASING | MULTIPLE COMPL CASING/CEMEN | |
| TOLL ON ALTER CASING | MOETH LE COMP L GASHAGACLMEN | 1.008 |
| | | |
| OTHER: Drill Pit Notification | X □ OTHER: | П |
| OTHER: Drill Pit Notification | X OTHER: | d give pertinent dates, including estimated date |
| 13. Describe proposed or comple | ted operations. (Clearly state all pertinent details, and | |
| 13. Describe proposed or comple of starting any proposed wor | | |
| 13. Describe proposed or comple | ted operations. (Clearly state all pertinent details, and | |
| 13. Describe proposed or comple of starting any proposed wor | ted operations. (Clearly state all pertinent details, and | |
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| 13. Describe proposed or comple of starting any proposed wor or recompletion. | ted operations. (Clearly state all pertinent details, and k). SEE RULE 1103. For Multiple Completions: At | oct 2004 |
| 13. Describe proposed or comple of starting any proposed wor or recompletion. I hereby certify that the information about the starting and the starting and the starting and the starting any proposed work or recompletion. | ted operations. (Clearly state all pertinent details, and k). SEE RULE 1103. For Multiple Completions: At a second complete to the best of my knowledge over is true and complete to the best of my knowledge. | oct 2004 oct 2004 e and belief. I further certify that any pit or below- |
| 13. Describe proposed or comple of starting any proposed wor or recompletion. I hereby certify that the information algrade tank has been/will be constructed or cl | ted operations. (Clearly state all pertinent details, and k). SEE RULE 1103. For Multiple Completions: At | oct 2004 oct 2004 e and belief. I further certify that any pit or below- |
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| 13. Describe proposed or comple of starting any proposed wor or recompletion. I hereby certify that the information algrade tank has been/will be constructed or cl. SIGNATURE | ted operations. (Clearly state all pertinent details, and k). SEE RULE 1103. For Multiple Completions: At some over is true and complete to the best of my knowledge osed according to NMOCD guidelines □, a general permit □ | e and belief. I further certify that any pit or below- or an (attached) alternative OCD-approved plan DATE DATE Lips.com Telephone No. (432) 368-1352 |
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PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 30-5 208A

| Lease: | | | | | AFE #: W | | .4178 | | AFE \$: |
|---------------------------------------|---|-------------------|------------------|--------------|----------|-------|-------------------|--|----------------------------|
| Field Name: hPHI | ILLIPS 30 | -5 | Rig: | 320-2419 | (| ····, | State: NM | County: RIO ARRIBA | API #: |
| Geoscientist: Mur | rphy, Jim | Ο. | Phone | e: 832-486-; | 2361 | Prod. | Engineer: | Р | hone: |
| Res. Engineer: Ko | olesar, Jar | nes E. | Phone | e: (832) 486 | 5 - 2336 | Proj. | Field Lead: | Р | hone: |
| Primary Objecti | ve (Zone | es): | | | 14. | | | | |
| Zone | Zone N | ame | | | | | | | |
| JCV | BASIN F | RUITLAND COAL | (GAS) | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Location: Surface | e () | | | | | | (# A) | | Straight Hole |
| Latitude: 36.79 | Lo | ngitude: -107.39 |) | X: | | Y: | | Section: 19 | Range: 5W |
| Footage X: 710 FE | EL Fo | otage Y: 270 FS | - | Elevation: | 5234 | (FT) | Township: 30N | | |
| Tolerance: | | | | | | | | | |
| Location Type: | | | Start l | Date (Est.): | | Con | npletion Date: | Date In O | peration: |
| Formation Data: | Assume | KB = 6247 | Units = | FT | | | | | |
| Formation Call & | | Depth (TVD in Et) | SS | Depletion | | внт | | Remarks | |
| Casing Points SAN JOSE | | (TVD in Ft) | | (Yes/No) | (PSIG) | | | | |
| Surface Casing | | 17 213 | 6230 6034 | = | | | 12-1/4 hole 9 | 5/8" 32 3 nnf H-40 STC | casing. Circulate cement |
| • | | 213 | 0031 | _ | | | to surface. | 5/0 52.5 ppi, 11 10, 510 | casing. Circulate terrient |
| NCMT | | 958 | 5289 | | | | | | |
| OJAM | | 2325 | 3922 | = | | | Possible water f | lows. | |
| KRLD FRLD | | 2460 | 3787 | _ | | | Descible and | | |
| rkld Intermediate Casino | , | 2797 | 3450 3382 | | | | Possible gas. | 20 ppf 1-55 STC Cacin | a Circulata coment to |
| memediate casing | , | 2865 | 3302 | | | | surface. | , 20 ppf, J-55, STC Casin | g. Circulate Cellient to |
| BASE MAIN COAL | | 2995 | 3252 | = | 130 | | | | |
| PC TONGUE | | 3071 | 3176 | | | | | | į |
| Total Depth | | 3137 | 3110 | | | | 6-1/4" hole post | sibly underreamed to 9.5° C-left uncemented. | ". Optional liner: 5.5", |
| PCCF | | 3147 | 3100 | | | | 15.5% / 5 55 2.10 | . Total ancomentation | |
| Reference Wells | | est bushes | | | | | | | |
| Reference Type | Weli Nan | ne | | Comment | s | | | | |
| | | | | | | | | | |
| Logging Program Intermediate Logs: | and property of party and an arrange of | only if show | CDVII | | Combo | | | | |
| TD Logs: | | | GR/ILD pmeter | | Combo | 7 VCD | C) TDT | | |
| Additional Informat | | C COITIDO [] DI | Pinera | | Sonic [| VSP | TDT | The state of the s | |
| | | | | | | | | | |
| C | | | | | | | | | |
| Comments: Locatio | n/Tops/Lo | ogging - HPA | | | | | | | |

Zones - HPA

General/Work Description -

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

Printed on: 7/27/2004 2:44:29 PM

TD includes 80 feet sump/rathole & COPC will comply with the BLM's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs formation.

San Juan 30-5 # 208A

SURFACE CASING: Drill Bit Diameter Casing Outside Diameter Casing Weight Casing Grade Shoe Depth 2230 Casing Inside Diam. 9001 Casing Inside Diam. 9001

Shoe Depth 230 Cement Yield 22 cuft/sk Excess Cement 125 %
Cement Required 147 sx

125 % 147 sx

STC

Casing Inside Diam. 6.456 "

SHOE

230 ', 9.625 ", 32.3 ppf, H-40

INTERMEDIATE CASING:

Drill Bit Diameter Casing Outside Diameter Casing Weight 20 ppf Casing Grade - J-56 Shoe Depth 2865 Lead Cement Yield 2.91 cuft/sk **Lead Cement Excess** 160 % **Tail Cement Length** 315 Tail Cement Yield 1.33 cuft/sk **Tail Cement Excess** 160 % **Lead Cement Required** 325 sx **Tail Cement Required** 100 sx

LINER TOP

2845 '

SHOE

2865 ',

7 ",

20 ppf,

J-55

LINER BOTTOM 3675 (Uncemented)

| San Juan 30- | 5#208A | |
|--------------------|------------|----------|
| | Surf. Csg. | Int. Csg |
| OD | 9.625 | 7 |
| ID | 9.001 | 6.456 |
| Depth | 230 | 2865 |
| Hole Diam | 12.25 | 8.75 |
| % Excess Lead | | 160 |
| % Excess Tail | 125 | 160 |
| Lead Yield | | 2,91 |
| Tail Yields | 1.21 | 1.33 |
| Ft of Tail Slurry | 230 | 315 |
| Top of Tail Slurry | 0 | 2550 |
| Top of Lead Slurry | N/A | 0 4.5 |
| Mud Wt (ppg) | 8.9 | 9.0 |
| Mud Type | WBM | WBM |

| | Programs of | - Ft | Cap | XS Factor | ⊸ bbls ⊹ | cuft | SX |
|------------------------------|-------------|------|----------|-----------|----------|-------|-------|
| Open Hole <mark>A</mark> nnu | lus 🗼 📜 | 230 | 0.055804 | 2.25 | 28.9 | 162.1 | 134.0 |
| Shoe Track Volu | | . 40 | 0.078735 | 1 | . 3.1 | 17.7 | 13.3 |

| | Ft III | Cap | XS Factor | bbls | cuft | SX |
|----------------------------|---------------------------------------|----------|--------------|-------|-------|-------|
| Lead Open Hole Annulus | 2320 | 0.026786 | 2.6 | 161,6 | 907.1 | 311.7 |
| Lead Cased Hole Annulus | 220 | 0.031116 | 1435-1457-1 | 6.8 | 38.4 | 13.2 |
| cead Lotal Paris Rus Paris | And the second | | 455 5 | 168,4 | 945.6 | 324.9 |
| Tail Open Hole Annulus | 315 | 0.026786 | 2.6 | 21.9 | 123.2 | 92.6 |
| Tail Shoe Track Volume | 42 | 0.040505 | JAMES NEWS | 1.7 | 9.6 | 7.2 |
| Tail Total (1882) | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | 100 | | 23.6 | 132.7 | 99.8 |

| | San Juan 30-5 # 208A | | | | | |
|----------------|---|--|--|--|--|--|
| | 9-5/8 Surface Casing *** | | | | | |
| | Class C Standard Cement + 3% Calcium Chloride | | | | | |
| Cement Recipe | | | | | | |
| | +0.25 lb/sx Flocele | | | | | |
| Cement Volume | 147/ sx | | | | | |
| Cement Yield | 1.21 cuft/sx | | | | | |
| | 179.8 cuft | | | | | |
| Slurry Volume | 32.0 bbls | | | | | |
| Cement Density | 15.6 ppg | | | | | |
| Water Required | 5.29 gal/sx | | | | | |

.

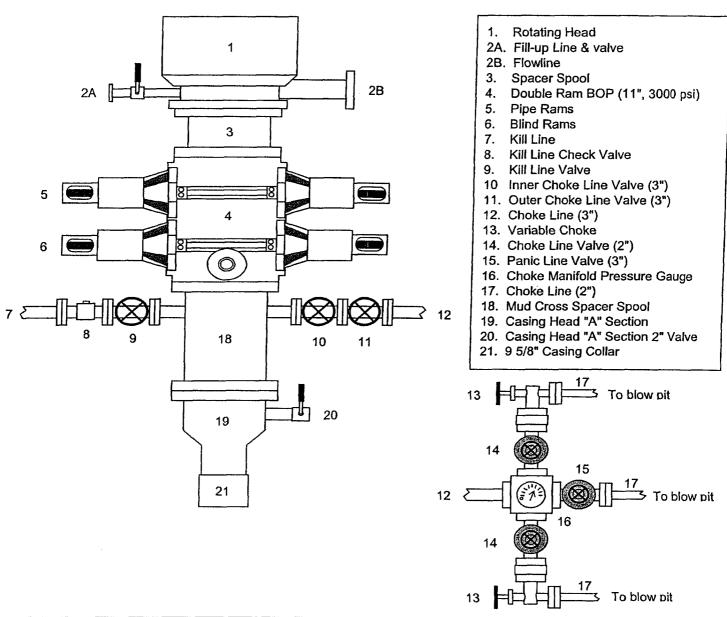
San Juan 30-5 # 208A

| | 7" Intermediate Casing | | | | | |
|--|---|--------|--|--|--|--|
| | Lead Slurry | | | | | |
| | Standard Cement + 3% Econolite (Lost Circulation Additive) + 10 lb/sx Gilsonite (Lost Circ. Additive) | | | | | |
| Cement Recipe | | | | | | |
| | | | | | | |
| | Cement Required | 325 SX | | | | |
| Cement Yield | 2.91 cuft/sx | | | | | |
| College and the College and th | 945.6 cuft | | | | | |
| Slurry Volume | 168 4 bbls | | | | | |
| Cement Density | 11.5 ppg | | | | | |
| Water Required | 16.88 gal/sx | | | | | |

| | 7" Intermediate Casing | | | | |
|--------------------------------|--|--|--|--|--|
| | Tail Slurny | | | | |
| | 50 / 50 POZ:Standard Cement + 2% Bentonite (Light Weight Additive) + 5 lbm/sk Gilsonite (Lost Circ. Additive) + 0.25 lbm/sk Flocele (lost Circ. Additive) | | | | |
| | | | | | |
| Cement Slurry | | | | | |
| | | | | | |
| | + 2% Calcium Chloride (Accelerator) | | | | |
| Cement Required | 100 sx | | | | |
| Cement Yield | 1.33 cuft/sx | | | | |
| TENNEY DIVINE NUMBER OF STREET | 5/13/217 cuft | | | | |
| Slurry Volume | 23.6 bbls | | | | |
| Cement Density | 13.5 ppg | | | | |
| Water Required | 5.36 gal/sx | | | | |

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

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



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.

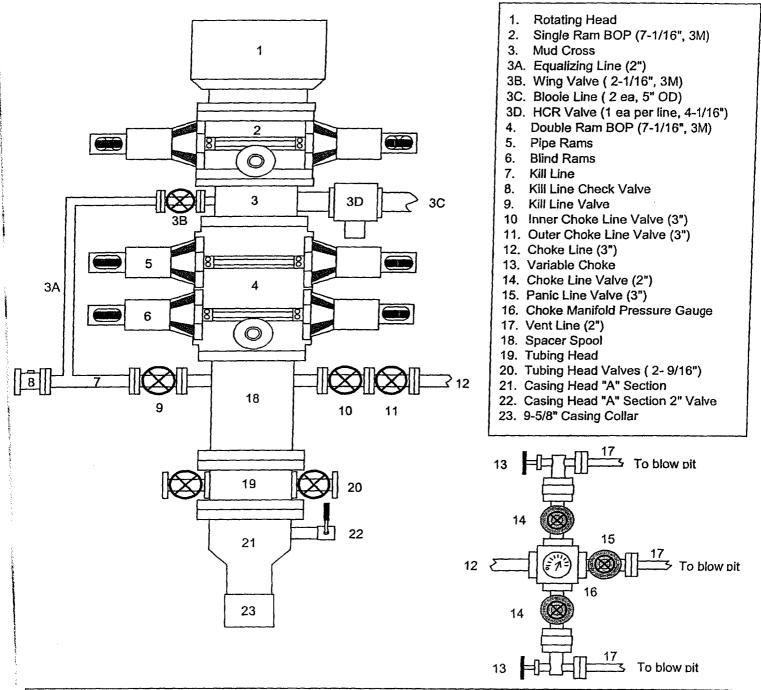
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

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

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

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For Cavitation Program



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: | <u> San Juan 30-5 lu</u> | <u>n</u> it Well i | #: <u> </u> | 208A | |
|-------------|--------------------------|--------------------|---------------|----------|-------|
| Surface Loc | ation: | | | | |
| Unit: P | Section: 19 Township: | 30N_Range | :: <u>5W</u> | <u> </u> | |
| County: R | o arriba | State: New N | Aexico | | |
| Footage: 2 | 70 from the South | line, 710 | 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.