Form 3160-5
(August 1999)

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.

5. Lease Serial No.
NMSF078998

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM78423A

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other: COAL BED METHANE

8. Well Name and No.
SAN JUAN 32-7 UNIT 231A

2. Name of Operator
CONOCOPHILLIPS COMPANY
Contact: PATSY CLUGSTON
E-Mail: plclugs@ppco.com

9. API Well No.
30-045-31319-00-X1

3a. Address
PO BOX 2197 WL3 4066
HOUSTON, TX 77252

3b. Phone No. (include area code)
Ph: 505.599.3454
Fx: 505-599-3442

10. Field and Pool, or Exploratory
BASIN FRUITLAND COAL

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 17 T31N R7W NWNW 1220FNL 1205FWL
36.90333 N Lat, 107.59830 W Lon

11. County or Parish, and State
SAN JUAN COUNTY, NM

MAY 2003

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original A PD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 site is ready for final inspection.)

ConocoPhillips will be using a slightly different cement slurry than approved with the APD. See attached for the details of the new program. We would also like to move the TD to this well to 3596' (200' deeper than proposed with original permit). This sump/rathole will ease any production problems we may encounter due to the water production anticipated. If a pump is required this deeper depth will provide adequate spacing between the pump and the lowest FC perforation. Since this well will be cased and cemented to TD and only be perforated in the FC interval we don't anticipate cross flow between the PC and FC intervals.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #20766 verified by the BLM Well Information System
For CONOCOPHILLIPS COMPANY, sent to the Farmington
Committed to AFMSS for processing by Adrienne Garcia on 04/28/2003 (03AXG1040SE)

Name *(Printed/Typed)* PATSY CLUGSTON — Title AUTHORIZED REPRESENTATIVE

Signature (Electronic Submission) — Date 04/17/2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By **/s/ Chip Harraden** — Title — Date APR 29 2003

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, 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-7 Unit #231A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit D, 1220' FNL 7 1205' FWL
   Section 17, T31N, R7W

2. Unprepared Ground Elevation: @ 6491'.

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

4. Type of drilling tools will be rotary.

5. Proposed drilling depth is 3596'.

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

Naciamento - 1106'	Base Coal Interval – 3396'
Ojo Alamo - 2261'	Pictured Cliffs - 3396'
Kirtland - 2361'	Interm Casing – n/a
Fruitland - 2996'	T. D. - 3596'
Top of Coal - 3096'	

7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

Water:	Ojo Alamo - 2261' - 2361'
Oil:	none
Gas:	Fruitland Coal - 3096' - 3396'
Gas & Water:	Fruitland Coal - 3096' - 3396'

8. The proposed casing program is as follows:

Surface String: 9-5/8", 32.3#, H-40 @ 200' *
Production String: 5-1/2", 17#, J-55 STC @ 3596'

* 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: 123.2 sx – 15.8 ppg Class G cement + 2% bwoc CaC12 & 0.25 #/sx Cello-flake. Yield = 1.16 ft3/sx Volume from 235 feet to surface with 100% excess = 143 cf – 25.45 bbls

9. Cement program: (continued from Page 1)

Production String: Lead – 501.7 sx – 11.7 ppg, Class G cement + 0.25#/sx D029 (lost circulation), 3% D0079 (extender), j0.2% D046 (anti-foam), Yield – 2.61 ft3/sx, Mix water = 15.79 gal/sx. Volume from 2925' to surface with 150% excess in open hole = 1309.43 cf – 233.2 bbls.

Tail – 179.8 sx – 13.5 ppg, 50/50 Class G/POZ + 0.25#/sx D029(lost circulation), 5#sx D024 (lost circulation), 5#/sx D024 (extender), 2% D020 (extender), 2% S001 (accelerator), 0.1% D046 (anti-foam). Yield – 1.27 ft3/sx, Mix water = 6.33 gal/sx. Volume from 3697' to 2925' with 150% excess – 228.34 cf = 40.86 bbls.

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.

Production : 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.

The well will 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.
Production - fresh water w/polymer sweeps. Bentonite as required for viscosity w/LCM for lost circulation.

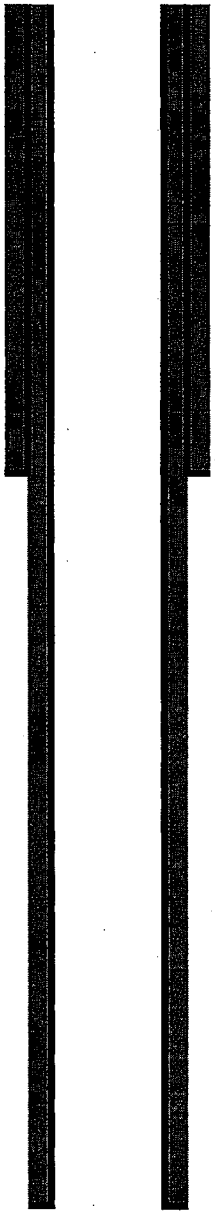
12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores:
Logs: GR/CCL/CBL & GSL over zones of interest

13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H_2S equipment will be used.

Estimated Bottomhole pressures: Fruitland Coal - +/- 525 psi

14. The anticipated starting date is sometime around May 15, 2003 with duration of drilling/ completion operations for approximately 30 days thereafter.

San Juan 32-7 #231A



SURFACE CASING :

Drill Bit Diameter	[illegible]	"	
Casing Outside Diameter	[illegible]	"	8.989
Casing Weight	[illegible]	ppf	
Casing Grade	[illegible]		
Shoe Depth	[illegible]	'	40 '
Cement Yield	[illegible]	cuft/sk	
Excess Cement	[illegible]	%	

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

Cement Required **123.2 sx**

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

INTERMEDIATE CASING :

Drill Bit Diameter	[illegible]	"	
Casing Outside Diameter	[illegible]	"	4.901
Casing Weight	[illegible]	ppf	
Casing Grade	[illegible]		
Shoe Depth	[illegible]	'	
Lead Cement Yield	[illegible]	cuft/sk	
Lead Cement Excess	[illegible]	%	
Tail Cement Length	[illegible]	'	90 '
Tail Cement Yield	[illegible]	cuft/sk	
Tail Cement Excess	[illegible]	%	

Casing Capacity	0.0233	bbl/ft	0.1310 cuft/ft
Casing / Casing Annulus Capacity	0.0491	bbl/ft	0.2757 cuft/ft
Hole / Casing Annulus Capacity	0.0309	bbl/ft	0.1733 cuft/ft

Lead Cement Required **501.7 sx**
Tail Cement Required **179.8 sx**

SHOE **3596 ', 5.5 ", 17 ppf, J-55**