

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. NMSF080066
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 PHILLIPS PETROLEUM COMPANY		7. If Unit or CA Agreement, Name and No.
3a. Address 5525 HWY. 64 FARMINGTON, NM 87401		8. Lease Name and Well No. SAN JUAN 30-5 UNIT 214A
3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442		9. API Well No. 30-039-27251
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface SWNW 1755FNL 1155FWL 36.84417 N Lat, 107.38530 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* 66 1/2 MILES FROM BLOOMFIELD, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 5 T30N R5W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1155	16. No. of Acres in Lease 1158.00	12. County or Parish RIO ARRIBA
17. Spacing Unit dedicated to this well 319.31 w/2	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Proposed Depth 3343 MD 3343 TVD	20. BLM/BIA Bond No. on file ES0048	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6455 GL	22. Approximate date work will start 01/01/2003	23. Estimated duration 20 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 11/16/2002
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ David J. Mankiewicz	Name (Printed/Typed)	Date DEC 18 2002
Title		Office

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 #16155 verified by the BLM Well Information System
For PHILLIPS PETROLEUM COMPANY, sent to the Farmington
Committed to AFMSS for processing by Lucy Bee on 11/18/2002 ()

** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL ** ORIGINAL **

HOLD C104 FOR New Plat

NMOCB

DISTRICT I

P.O. Box 1880, Hobbs, N.M. 88241-1880

DISTRICT II

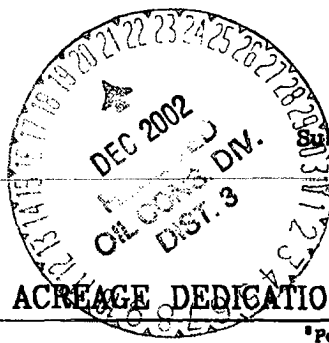
811 South First, Artesia, N.M. 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, N.M. 87410

DISTRICT IV

2040 South Pacheco, 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 30-039-27251	Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 009258	Property Name SAN JUAN 30-5 UNIT	Well Number 214A
OGHD No. 017654	Operator Name PHILLIPS PETROLEUM COMPANY	Elevation 6455'

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
E	5	30N	5W		1755	NORTH	1155	WEST	RIO ARRIBA

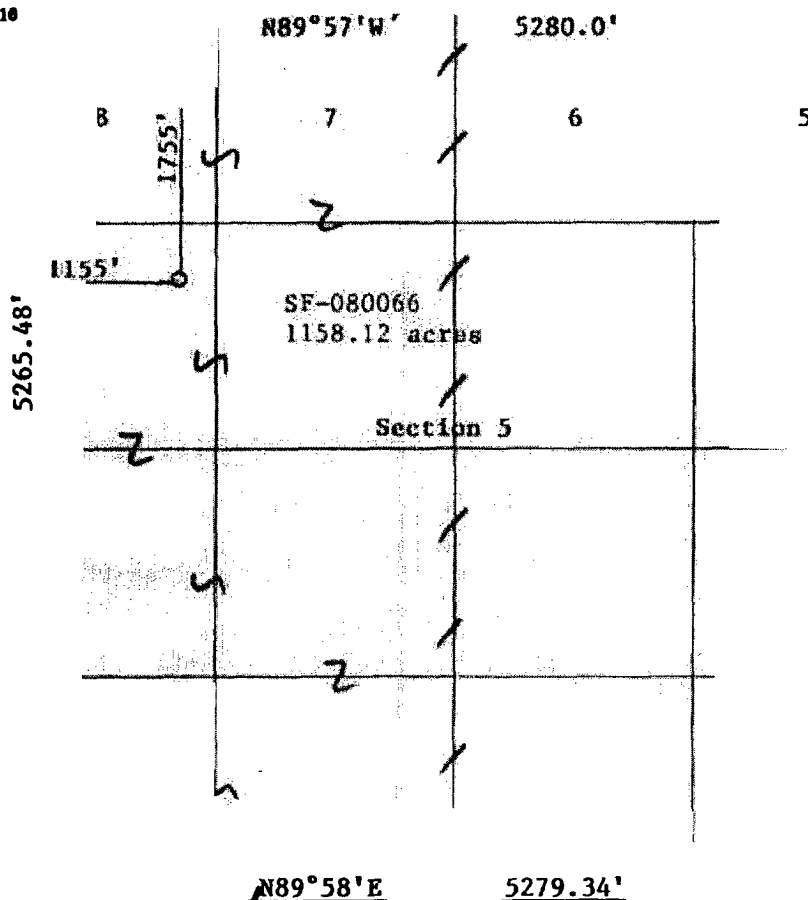
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E									

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
319.31 W/2		U	

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

16



17 OPERATOR CERTIFICATION

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

Signature

Patsy Clugston

Printed Name

SHEAR Administrative Asst.

Title

11/14/02

Date

18 SURVEYOR CERTIFICATION

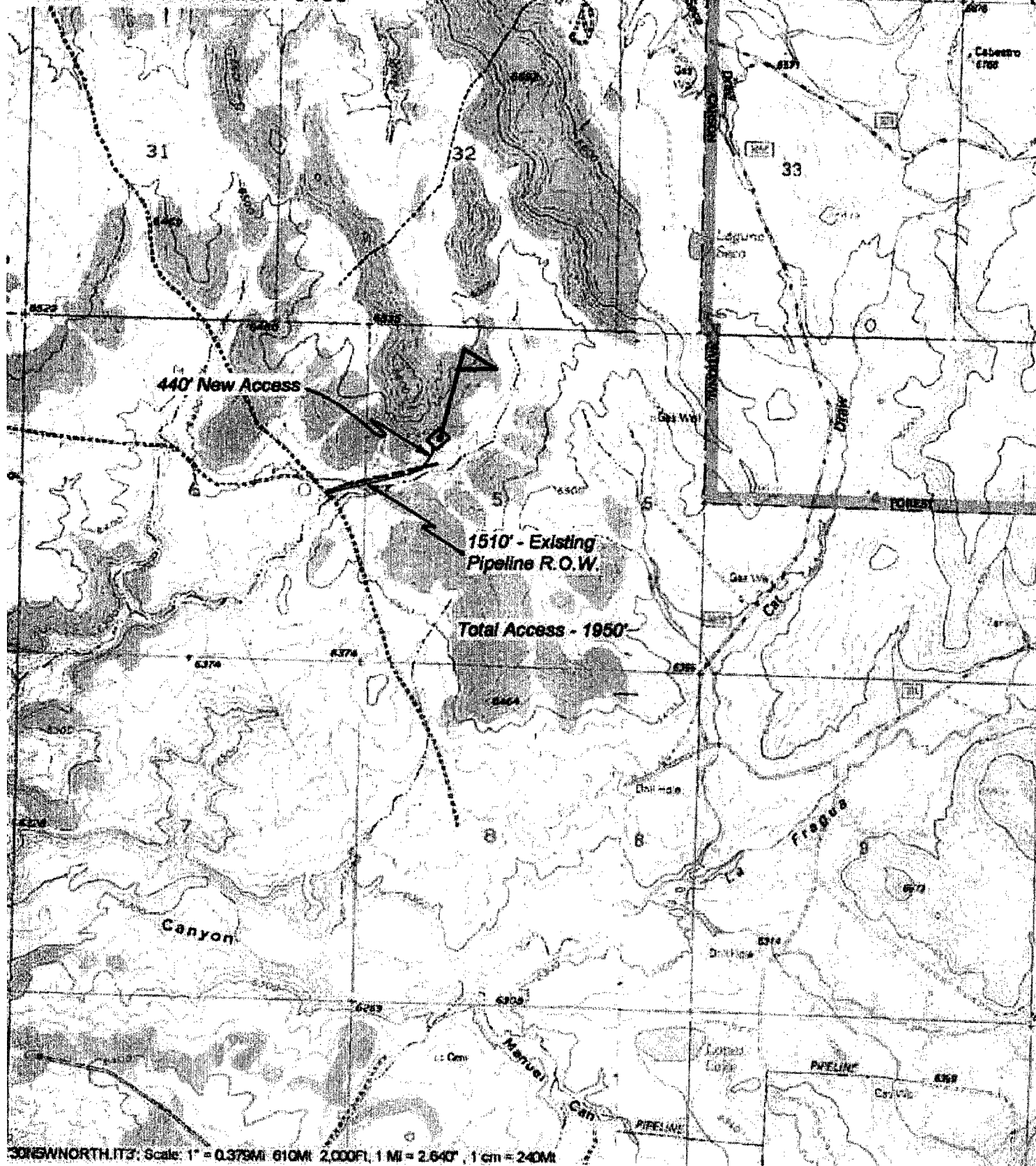
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/17/02

Date of Survey

Surveyor:

Phillips Petroleum Company
San Juan 30-5 Unit #214A
1755' FNL 1155' FWL
Section 5, T30N, R5W, N.M.P.M.
Rio Arriba County, New Mexico
Ground Level Elevation: 6455'



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.5. Lease Serial No.
NMSF080066

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: COAL BED METHANE

8. Well Name and No.

SAN JUAN 30-5 UNIT 214A

2. Name of Operator

PHILLIPS PETROLEUM COMPANY

Contact:

PATSY CLUGSTON

E-Mail: pclugs@ppco.com

9. API Well No.

30-039-27251-00-X1

3a. Address

5525 HIGHWAY 64 NBU 3004
FARMINGTON, NM 87401

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 5 T30N R5W SWNW 1755FNL 1155FWL
36.84417 N Lat, 107.38530 W Lon

11. County or Parish, and State

RIO ARRIBA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

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 recompleat 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 recompleat 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.)

The geological tops were wrong on the original Drilling Prognosis submitted with the APD. See attached for new drilling prognosis.

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #16450 verified by the BLM Well Information System For PHILLIPS PETROLEUM COMPANY, sent to the Farmington Committed to AFMSS for processing by Adrienne Garcia on 12/05/2002 (03AXG0331SE)	
Name (Printed/Typed) PATSY CLUGSTON	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 11/26/2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By As/ David J. Mankiewicz	Title AFM	DEC 18 2002
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 FFU	

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.5. Lease Serial No.
NMSF080066

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
SAN JUAN 30-5 UNIT 214A9. API Well No.
30-039-27251-00-X110. Field and Pool, or Exploratory
BASIN FRUITLAND COAL11. County or Parish, and State
RIO ARRIBA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other: COAL BED METHANE2. Name of Operator
PHILLIPS PETROLEUM COMPANYContact: PATSY CLUGSTON
E-Mail: pclugs@ppco.com3a. Address
5525 HIGHWAY 64 NBU 3004
FARMINGTON, NM 874013b. Phone No. (include area code)
Ph: 505-599-3454
Fx: 505-599-3442

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 5 T30N R5W SWNW 1755FNL 1155FWL
36.84417 N Lat, 107.38530 W Lon**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
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More details on the drilling prognosis submitted with the APD.

#9. Cement Program: Liner-if the coal is NOT clefted, a 4-1/2" 11.6#, J/K-55 liner will be run & set @ TD and tie 200' into the 7" shoe. It then would be cement in place. The well will be completed by fracture stimulation.

Will cement the Lead Slurry with Type III cement - 150% excess casing hole annular volume with Type III cement + 0.25#/sx Cello-flake + 5#/sx Gilsonite + 6% bwoc Bentonite + 10#/sx CSE + 3% bwow KCl + 4% bwoc FL-25 mixed + 0.2#/sx static free mixed at 10. ppg (2.52 cf/sx yield).

Tail - 50 sx Type III cement + 0.2#/sx Cello-flake + 1% CaClum Chloride mixed at 14.5 ppg (1.40 cf/sx yield = 70 cf).

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

Electronic Submission #16871 verified by the BLM Well Information System
For PHILLIPS PETROLEUM COMPANY, sent to the Farmington
Committed to AFMSS for processing by Adrienne Garcia on 12/13/2002 (03AXG0405SE)

Name (Printed/Typed) PATSY CLUGSTON

Title AUTHORIZED REPRESENTATIVE

Signature (Electronic Submission)

Date 12/12/2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USEApproved By **David J. Mankiewicz**

Title

AFM

DEC

18 2002

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

FFO

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**** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ** REVISED ****

BUREAU OF LAND MANAGEMENT

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan30-5 Unit #214A

DRILLING PROGNOSIS

Location of Proposed Well: Unit E, 1755' FNL & 1155' FWL
Section 5, T30N, R5W

2. Unprepared Ground Elevation: @ 6455'

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

4. Type of drilling tools will be rotary

Proposed drilling depth is 3255'

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

<u>Nacimiento - 1400'</u>	
<u>Ojo Alamo - 2525'</u>	<u>Base of Coal - 3255'</u>
<u>Kirtland - 2670'</u>	<u>Picture Cliffs - 3260'</u>
<u>Fruitland - 3025'</u>	<u>Interm. Casing - 3110'</u>
	<u>T. D. - 3255'</u>

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 - 2525' - 2670'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3130' - 3255'</u>
Gas & Water:	<u>Fruitland Coal - 3130' - 3255'</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 @ 3110'
Production Liner: 5-1/2", 15.5# J/K-55 @ 3090' - 3255' (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: 102.7 sx Type III cement. Cement to surface w/110% excess of casing/hole annulus volume w/Type III cement + 2% bwoc Calcium Chloride + 0.25#/sx Cello-flake + 60.6% Fresh water (14.5 ppg). (1.41 cf/sx yield = 145 cf)

9. Cement program: (continued from Page 1)

Intermediate String: **Lead Cement:** 353.2 sx Type III cement. Cement to surface - 110% excess casing/hole annular volume w/ Type III cement + 0.25#/sx Cello-flake + 5#/sx Gilsonite + 6% bwoc Bentonite + 10#/sx CSE + 3% bwow KCL + 0.4% bwoc FL-25 mixed + 0.02#/sx static free mixed at 12.0 ppg. (2.52 cf/sx yield = 890cf)

Tail: 50 sx Type III cement + 0.25#/sx Cello-flake + 1% Calcium Chloride mixed at 14.5 ppg. (1.40 cf/sx yield = 70 cf)

Note: Phillips Petroleum continually works to improve the cement slurries on our wells. BJ Services is 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 :

- If the coal is cleated a 5 1/2" 15.5# liner will be run in the open hole without being cemented.
- If the coal is not cleated, a 4-1/2" 11.6# liner will be run & cemented. The well will then 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.

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

San Juan 30-5 Unit #214A

SURFACE CASING :

Drill Bit Diameter	12.25 "	
Casing Outside Diameter	9.625 "	8.989
Casing Weight	32.3 ppf	
Casing Grade	H-40	
Shoe Depth	200	30
Cement Yield	1.41 cuft/sk	
Excess Cement	110 %	
Casing Capacity	0.0785 bbl/ft	0.4407 cuft/ft
Hole / Casing Annulus Capacity	0.0558 bbl/ft	0.3132 cuft/ft

Cement Required 102.7 sx

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

INTERMEDIATE CASING :

Drill Bit Diameter	8.75 "	
Casing Outside Diameter	7 "	6.455
Casing Weight	20 ppf	
Casing Grade	J-55	
Shoe Depth	3110 '	
Lead Cement Yield	2.52 cuft/sk	
Lead Cement Excess	110 %	
Tail Cement Length	200 '	30
Tail Cement Yield	1.4 cuft/sk	
Tail Cement Excess	110 %	
Casing Capacity	0.0405 bbl/ft	0.2272 cuft/ft
Casing / Casing Annulus Capacity	0.0309 bbl/ft	0.1734 cuft/ft
Hole / Casing Annulus Capacity	0.0268 bbl/ft	0.1503 cuft/ft

Lead Cement Required 353.2 sx

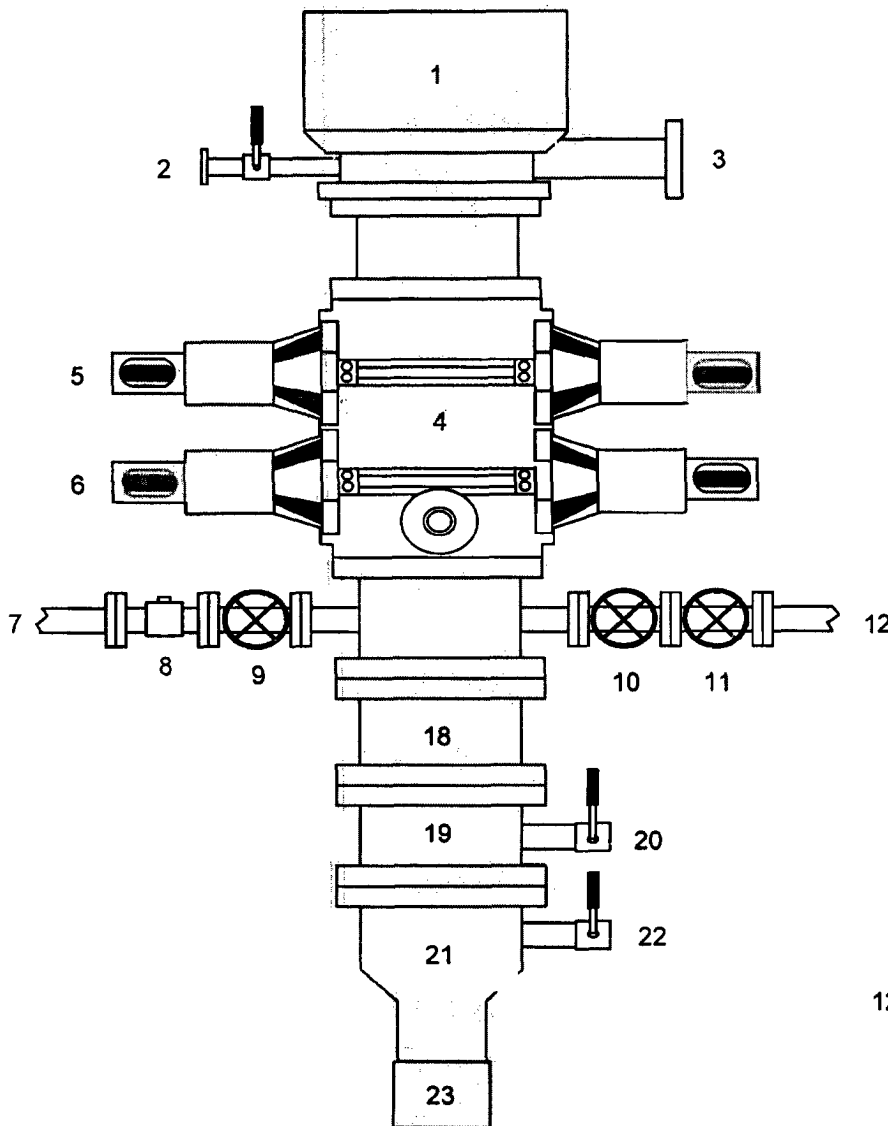
Tail Cement Required 50.0 sx

LINER TOP 3090 '

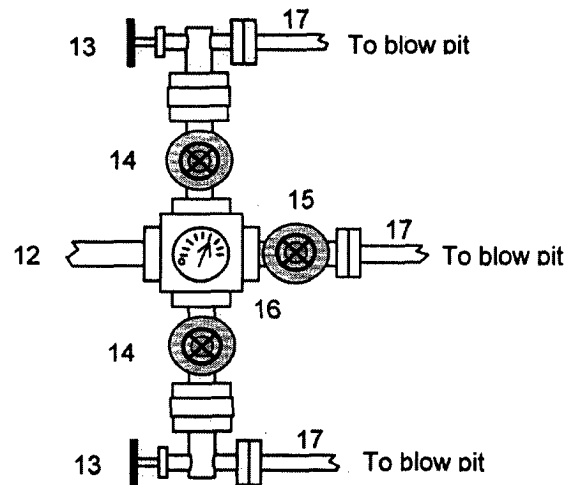
SHOE 3110 ', 7 ", 20 ppf, J-55

LINER BOTTOM 3255 '

BLOWOUT PREVENTER HOOKUP



1. Rotating Head
2. Fill-up Line & valve
3. Flowline
4. Blowout Preventer (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. Spacer Spool
19. Casing Spool "B" Section
20. Casing Spool "B" Section 2" Valve
21. Casing Head "A" Section
22. Casing Head "A" Section 2" Valve
23. 9 5/8" Casing Collar



Drilling contractors used in the San Juan Basin supply 3000 psi equipment, but cannot provide annular preventors because of sub-structure limitations. Maximum anticipated surface pressures for this well will not exceed the working pressure of the proposed BOP system. The above diagram of the BOP system details 2000 psi equipment according to Onshore Order No. 2 even though the equipment will test to 3000 psi. The 2000 psi system allows deletion of the annular preventor and fulfills your requirements.

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