

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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. NMSF078997
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.
Contact: PATSY CLUGSTON E-Mail: pclugs@ppco.com		8. Lease Name and Well No. SAN JUAN 30-5 UNIT 260A
3a. Address 5525 HWY. 64 FARMINGTON, NM 87401	3b. Phone No. (include area code) Ph: 505-599-3454 Fx: 505-599-3442	9. API Well No. 30 039 27256
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SENW 1355FNL 1805FWL 36.83083 N Lat, 107.36500 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* 68.9 MILES FROM BLOOMFIELD		11. Sec., T., R., M., or Blk. and Survey or Area Sec 9 T30N R5W Mer NMP F
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1355	16. No. of Acres in Lease 2560.00	12. County or Parish RIO ARRIBA
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3139 MD 3139 TVD	13. State NM
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6364 GL	22. Approximate date work will start 01/01/2003	17. Spacing Unit dedicated to this well 320.00 W/2
		20. BLM/BIA Bond No. on file ES0048
		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.
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 12/13/2002
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) /s/ David J. Mankiewicz	Name (Printed/Typed)	Date
Title AKM	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 #16893 verified by the BLM Well Information System
For PHILLIPS PETROLEUM 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 3165.2
and appeal pursuant to 43 CFR 3165.4

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

NMOCD

District I
P.O. Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 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. AIT Number 30039-27256		2. Pool Code 71629		3. Pool Name Basin Fruitland Coal	
4. Property Code 009258		5. Property Name SAN JUAN 30-5 UNIT			6. Well Number 260A
7. OGRID No. 017654		8. Operator Name PHILLIPS PETROLEUM COMPANY			9. Elevation 6364'

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
F	9	30N	5W		1355'	NORTH	1805	WEST	RIO ARriba

11. Bottom Hole Location If Different From Surface

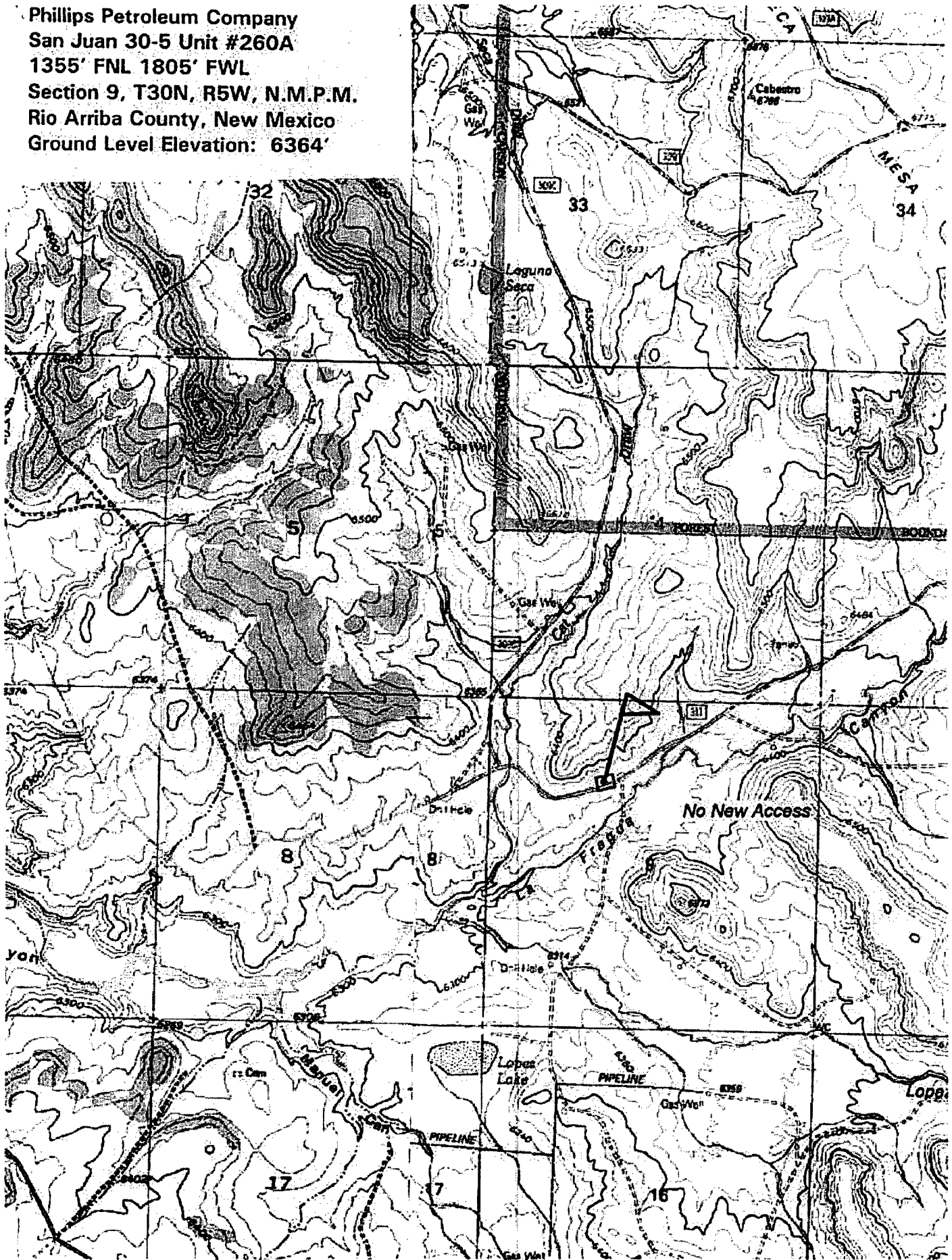
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F									

12. Dedicated Acres	13. Joint or Infill	14. Consolidation Code	15. Order No.
320 W/2	Y	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

<p>16. N89°42'E 5261.52'</p> <p>1355'</p> <p>1805'</p> <p>SF-078997 2560.0 acres</p> <p>Section 9</p> <p>5280.0'</p> <p>N0°01'E</p> <p>N0°02'E</p> <p>N89°44'E 5260.2'</p>	<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>Patsy Clugston</i></p> <p>Signature Patsy Clugston Printed Name SHEAR Administrative Asst. Title 11/14/02 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 11/14/02 Signature and Seal of Professional Surveyor <i>[Signature]</i> Certificate Number 11993</p>

Phillips Petroleum Company
 San Juan 30-5 Unit #260A
 1355' FNL 1805' FWL
 Section 9, T30N, R5W, N.M.P.M.
 Rio Arriba County, New Mexico
 Ground Level Elevation: 6364'



PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 30-5 Unit #260A

DRILLING PROGNOSIS

Location of Proposed Well: Unit F, 1355' FNL & 1805' FWL
Section 9, T30N, R5W

2. Unprepared Ground Elevation @ 6364'

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

4. Type of drilling tools will be rotary

5. Proposed drilling depth is 3139'

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

<u>Nacimiento - 1159'</u>	<u>Base of Coal - 3139'</u>
<u>Ojo Alamo - 2404'</u>	<u>Picture Cliffs - 3144'</u>
<u>Kirtland - 2564'</u>	<u>Interm. Casing - 2979'</u>
	<u>T. D. - 3139'</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 - 2404' - 2564'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 2999' - 3139'</u>
Gas & Water:	<u>Fruitland Coal - 2999' - 3139'</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 @ 2979'

Production Liner: 5-1/2", 15.5# J/K-55 @ 2959' - 3139' (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

Intermediate String: Lead Cement: 336.8 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 = 849cf)

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 ½" 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. The top of the liner will be set approx. 200' into the 7" casing and be set @ TD and be cement in place as follows:

Lead Cement: Type III cement - 150% 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)

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)

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.
1. 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
13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H₂S equipment will be used.

Estimated Bottomhole pressures: Fruitland Coal - +/- 700 psi
4. The anticipated starting date is sometime around January 1, 2003 with duration of drilling operations for approximately 30 days thereafter.

San Juan 30-5 Unit #260A

SURFACE CASING :

Drill Bit Diameter		
Casing Outside Diameter		8.989
Casing Weight		
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,

INTERMEDIATE CASING :

Drill Bit Diameter	8.75 "	
Casing Outside Diameter	7 "	6.455
Casing Weight	20 ppf	
Casing Grade	J-55	
Shoe Depth	2979 '	
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

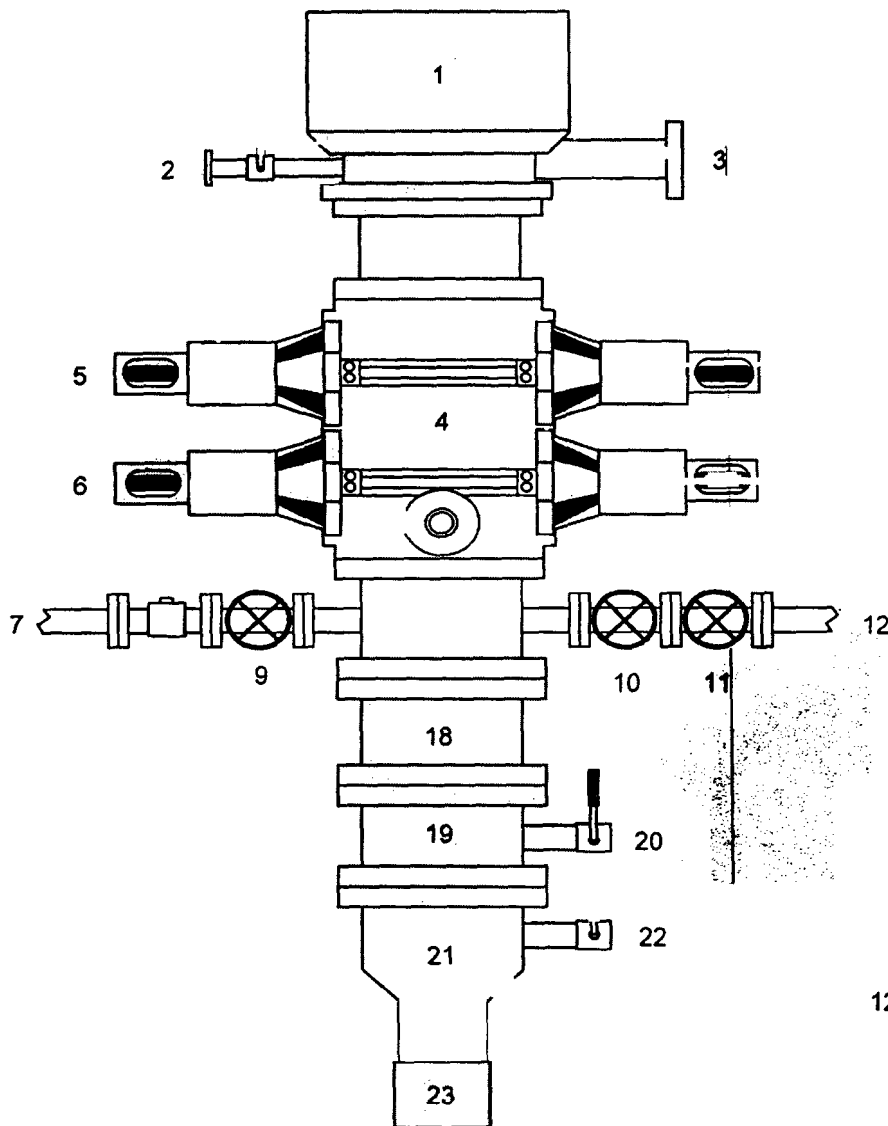
Lead Cement Required 336.8 sx
Tail Cement Required 50.0 sx

LINER TOP 2959 '

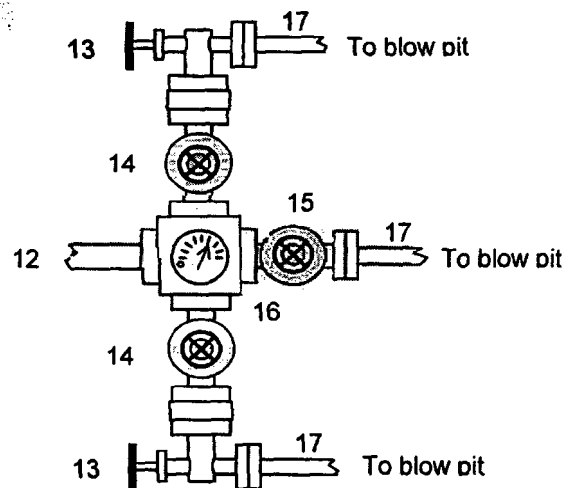
SHOE 2979 ', 7 ", 20 ppf,

LINER BOTTOM 3139

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