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UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0137 Expires: July 31, 2010

Farmington Field Office Bureau of Land Management

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 page 2.

5. Lease Serial No. SF-080781

6. If Indian, Allottee or Tribe Name RCVD DEC 14 '12 OIL CONS DIV

7. If Unit of CA/Agreement, Name and/or DIST. 3

1. Type of Well Oil Well Gas Well Other

2. Name of Operator ConocoPhillips Company

3a. Address PO Box 4289, Farmington, NM 87499 3b. Phone No. (include area code) (505) 326-9700

8. Well Name and No. Yert HZMC 1H

9. API Well No. 30-045-35383

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Surface Unit B (NW/NE), 1265' FNL & 2335' FEL, Section 31, T29N, R9W Bottomhole Unit D (NW/NW), 1135' FNL & 848' FWL, Section 36, T29N, R10W

10. Field and Pool or Exploratory Area Basin Mancos

11. Country or Parish, State San Juan, New Mexico

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Alter Casing, Casing Repair, Change Plans, Convert to Injection, Deepen, Fracture Treat, New Construction, Plug and Abandon, Plug Back, Production (Start/Resume), Reclamation, Recomplete, Temporarily Abandon, Water Disposal, Water Shut-Off, Well Integrity, and Other Casing Sundry.

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 must 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 must be filed once Testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

9/20/12 Rec'd Verbal Approval from Jim Lovato (BLM) & Charlie Perrin (OCD) to use 13 5/8' BOP thru out drilling operations. 10/03/12 MIRU AWS 920. NU BOPE. PT 13 3/8 csg to 600#/30min @ 10:30hrs on 10/05/12. Test-OK. PU & TIH w/ 12 1/4" bit. Tagged @ 315' & DO cmt to 348'. Drilled ahead to 3897'. Circ. Hole & RIH w/ 83jts, 9 5/8", 40#, L-80, LT&C csg set @ 3889' - 1st Intermediate csg setting depth. Pre-flushed w/ 10bbbls of FW, 10 bbls GW & 10bbbls of FW. Pumped Scavenger w/ 19sx(57cf-10bbbls=3.02yld) Premium Lite w/ 3% CaCl, 0.25 pps celloflake, 5 pps LCM-1, 0.4% FL-52. Pumped Lead w/ 956sx(2036cf-362bbbls=2.13yld) Premium Lite w/ 3% CaCl, 0.25 pps celloflake, 5 pps LCM-1, 8% Bentonite and 0.4% SMS. Pumped Tail w/ 185sx(255cf-45bbls=1.38yld) Type III cmt w/ 1% CaCl, 0.25 pps celloflake, & 0.2% FL-52. Dropped plug and displaced w/ 292bbbls FW. Cir 220 bbls of cmt to surface. PT 9 5/8 csg to 1500#/30 min @ 14:00hrs on 10/16/12. Test-OK. RIH w/ 8 3/4" bit. Drilled ahead to 5131'. Circ. Hole & RIH w/ 121 jts, 7", 26#, L-80, LT&C csg set @ 5121' - 2nd Intermediate Csg setting depth.. Pre-flushed w/ 10bbbls CW & 2 bbls of FW. Pumped Scavenger w/ 9sx(28cf-5bbls-3.10yld) Premium lite HS FM, 0.25pps celloflake, 0.3% CD-32, 6.25pps LCM-1, & 1% FL-52. Tail w/ 141sx(281cf-50bbbls-1.99yld) Premium lite HS FM, 0.25 pps celloflake, 0.3% CD-32, 6.25pps LCM-1, & 1% FL-52. Dropped plug & displaced w/ 10bbbls FW. Bumped Plug. Plug down @ 03:44hrs 10/18/12. RD cmt. WOC. Ran Temperature Survey on 10/19/12. TOC @ 3600' (9 5/8" shoe @ 3859'). 10/18/12 - After cementing 2nd Intermediate csg, noticed pressure building up, to 40lbs on annulus. Had Baker test cement sample & cement set up good. 10/20 - Called Troy Salyers (BLM) & Charlie Perrin(OCD) and requested to continue drilling. BLM OK'd TOC to be run. Test at Completion and again at 30 days. PT 9 5/8 csg to 1500#/30 min @ 21:00hrs on 10/20/12. Test - OK. TIH w/ 6 1/8" bit. Tagged @ 5070' & DO. Drilled ahead to 10636' TD. TD reached 11/05/12. Wash & reamed for several days to clean out. RIH w/ 125 jts, 4 1/2", 11.6#, P-110 liner @ 10,616. Top of Liner @ 5068'. ND BOPE NU WH RD RR @ 11:45hrs on 4/14/12.

\* File an amended sundry with the corrected liner depth. PT will be conducted by Completion Rig. Results & TOC will appear on next report. FARMINGTON FIELD OFFICE BY William T.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Arleen Kellywood Title Staff Regulatory Tech Signature Arleen Kellywood Date 11/13/12

THIS SPACE FOR FEDERAL OR STATE OFFICE USE Approved by Title Date Office

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. 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.

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