

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. NMSF079381
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 CONOCOPHILLIPS COMPANY		7. If Unit or CA Agreement, Name and No. 31330
3a. Address 5525 HWY. 64 FARMINGTON, NM 87401		8. Lease Name and Well No. SAN JUAN 32-8 UNIT 218A
3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442		9. API Well No. 3004531670
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SESE 680FSL 685FEL 36.93472 N Lat, 107.63750 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* 36.8 MILES NE OF BLOOMFIELD, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 35 T32N R8W Mer NMP SME: BLM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 680	16. No. of Acres in Lease 2240.00	12. County or Parish SAN JUAN
17. Spacing Unit dedicated to this well 320.00 E12	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Proposed Depth 3846 MD 3846 TVD	20. BLM/BIA Bond No. on file ES0085	
21. Elevations (Show whether DF, KB, RT, GL, etc.) 6883 GL	22. Approximate date work will start 05/30/2003	23. Estimated duration 30 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:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- 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 05/08/2003
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) DM	Name (Printed/Typed)	Date 5-29-03
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 #21608 verified by the BLM Well Information System  
For CONOCOPHILLIPS 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 3165.3  
and appeal pursuant to 43 CFR 3165.4

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

NMOCD

DISTRICT I  
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II  
811 South First, Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
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

<sup>1</sup> API Number 30-045-31670	<sup>2</sup> Pool Code 71629	<sup>3</sup> Pool Name Basin Fruitland Coal
<sup>4</sup> Property Code 009261	<sup>5</sup> Property Name SAN JUAN 32-8 UNIT	<sup>6</sup> Well Number 218A
<sup>7</sup> OGHD No. 017654	<sup>8</sup> Operator Name PHILLIPS PETROLEUM COMPANY	<sup>9</sup> Elevation 6883

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	32N	8W		680	SOUTH	685	EAST	SAN JUAN

<sup>11</sup> 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
P									

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
320.0 E/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

<sup>16</sup> 5285.94' N0°04'W N89°23'W 2603.04'	N89°07'W 5160.54'	Section 35 JUN 2003	N89°19'W 2612.28'	680'	685'	<sup>17</sup> 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 Sr. Regulatory/Proration Clerk Title October 8, 2002 Date	
						<sup>18</sup> 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.  Date of Survey 08/13/02 Signature and Seal of Professional Surveyor: HENRY P. BROADHURST, D.M. NEW MEXICO 11393 Certification Number	

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.**

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: COAL BED METHANE		5. Lease Serial No. NMSF079381
2. Name of Operator CONOCOPHILLIPS COMPANY		6. If Indian, Allottee or Tribe Name
3a. Address THREE WESTLAKE PARK W-4106 HOUSTON, TX 77252		7. If Unit or CA/Agreement, Name and/or No. NMMN78424B
3b. Phone No. (include area code) Ph: 505-599-3454 Fx: 505-599-3442		8. Well Name and No. SAN JUAN 32-8 UNIT 218A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T32N R8W SESE 680FSL 685FEL 36.93472 N Lat, 107.63750 W Lon		9. API Well No. 30-045-31670-00-X1
		10. Field and Pool, or Exploratory BASIN FRUITLAND COAL
		11. County or Parish, and State SAN JUAN 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 checked="" 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> 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 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.)

ConocoPhillips would like to deepen the subject well to allow for sump/rathole in non-producing Pictured Cliffs Formation. Plans are to have a mudlogger on site to verify that PC gas isn't encountered and the mud logs will be faxed to the BLM for their verification. The maximum depth we would deepen to is 4000'. If PC gas is encountered in the process, we will plug back to the base of the coal interval.

We will also changing our casing and cement design on this well. See attached for the revisions made.

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #21991 verified by the BLM Well Information System For CONOCOPHILLIPS COMPANY, sent to the Farmington Committed to AFMSS for processing by Adrienne Garcia on 05/19/2003 (03AXG1205SE)	
Name (Printed/Typed) PATSY CLUGSTON	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 05/16/2003

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <b>/s/ David J. Mankiewicz</b>	Title	Date MAY 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 \*\***

**NMCCD**

San Juan 32-8 Unit #218A  
NMSF079381; API-30-045-  
SESE 680' FSL & 685' FEL, Sec. 35, T32N, R8W  
San Juan Co., NM

Revisions to Drilling Prognosis for APD

1. TD = 4000' RKB
2. 9-5/8", 32.3# H-40 surface casing set at 200' and cemented as follows:
  - 125 sx Class G cement + 2% bwoc CaCl<sub>2</sub> (S001) + 0.25 lbs/sx Cellophane flakes (D029) mixed at 15.8 ppg with 1.16 ft<sup>3</sup>/sx yield.
3. No 7" intermediate casing on this one. The plan is to set a long string of 5.5" production casing through the coal and perforate and fracture.
4. 5.5", 17#, J-55 intermediate casing set at 3515' and cement as follows:
  - Lead: 568.7 sx - Class G cement with 3% bwoc Extender (D079) + 0.2% bwoc Antifoam Agent (D046) + 0.25 lbs/sx Cellophane flakes (D029) mixed at 11.7 ppg with a yield of 2.61 ft<sup>3</sup>/sx
  - Tail: 179.8 sx - 50/50 Class G/Poz with 0.25 lbs/sx Cellophane flakes (D029) + 5 lbs/sx Gilsonite extender (D024) + 2% bwoc Bentonite (D020) + 0.2% bwoc Antifoam Agent (D046) and 2% bwoc CaCl<sub>2</sub> (S001) mixed at 13.5 ppg with a 1.27 ft<sup>3</sup> /sx yield.

## San Juan 32-8 #218A

### SURFACE CASING :

Drill Bit Diameter	2.25"	
Casing Outside Diameter	9.625"	8.989
Casing Weight	32.3	ppf
Casing Grade	H-40	
Shoe Depth	200'	40'
Cement Yield	11.16	cuft/sk
Excess Cement	100%	%
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	5.5"	
Casing Outside Diameter	5.5"	4.901
Casing Weight	17	ppf
Casing Grade	J-55	
Shoe Depth	4000'	
Lead Cement Yield	2.61	cuft/sk
Lead Cement Excess	150%	%
Tail Cement Length	500'	90'
Tail Cement Yield	1.27	cuft/sk
Tail Cement Excess	50%	%
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** 568.7 sx

**Tail Cement Required** 179.8 sx

**SHOE** 4000', 5.5", 17 ppf, J-55

PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-8 Unit #218A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit P, 680' FSL & 685' FEL  
Section 35, T32N, R8W
2. Unprepared Ground Elevation: @ 6883'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3846'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 1076'</u>	<u>Base Coal Interval - 3796'</u>
<u>Ojo Alamo - 2521'</u>	<u>Pictured Cliffs - 3806'</u>
<u>Kirtland - 2671'</u>	<u>Interm Casing - n/a</u>
<u>Fruitland - 3371'</u>	<u>T. D. - 3846'</u>

TD includes 50' of sump/rathole & COPC will comply with the BLM/OCD's Conditions of Approval for the proposed sump/rathole in this non-producing Pictured Cliffs Formation.

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 - 2521' - 2671'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3371' - 3796'</u>
Gas & Water:	<u>Fruitland Coal - 3371' - 3796'</u>

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 @ 3846'

\* 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: *Circulate Cement*  
123.2 sx - 15.8 ppg Class G cement + 2% bwoc CaC12 & 0.25  
#/sx Cello-flake. Yield = 1.16 ft<sup>3</sup>/sx Volume from 235 feet to  
surface with 100% excess = 143 cf - 25.45 bbls

9. Cement program: (continued from Page 1) *TOC must overlap w/ G or POZ csg min 100'*  
**Production String:** Lead - 543.2 sx - 11.7 ppg, Class G cement + 0.25#/sx D029 (lost circulation), 3% D0079 (extender), 0.2% D046 (anti-foam), Yield - 2.61 ft<sup>3</sup>/sx, Mix water = 15.79 gal/sx. Volume from 2925' to surface with 150% excess in open hole = 1417.75 cf.

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 ft<sup>3</sup>/sx, Mix water = 6.33 gal/sx. Volume from 3695' to 2925' with 150% excess - 228.34 cf.

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 2<sup>nd</sup>, 3<sup>rd</sup>, & 4<sup>th</sup> jts.

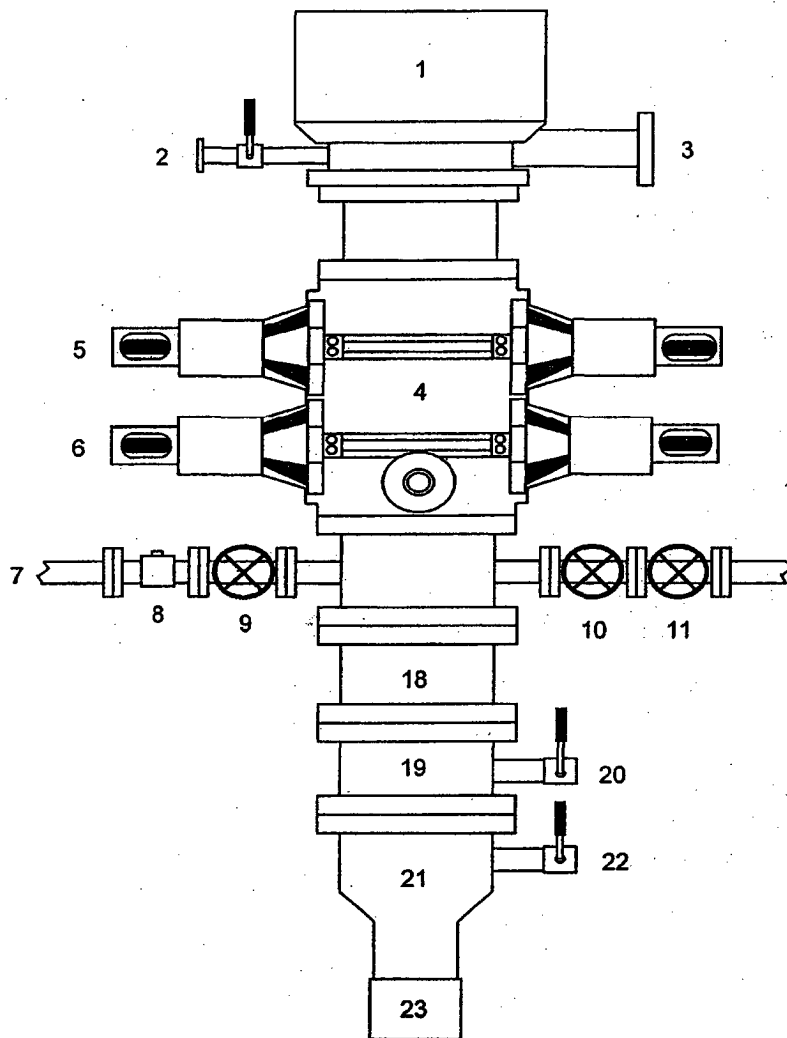
Production: Total seven (7) - 10' above shoe and top of 1<sup>st</sup>, 2<sup>nd</sup>, 4<sup>th</sup>, 6<sup>th</sup>, 8<sup>th</sup>, & 1<sup>st</sup> jt. into shoe.

Turbulators: Total three (3) - one at 1<sup>st</sup> jt below Ojo Alamo and next 2 jts up.

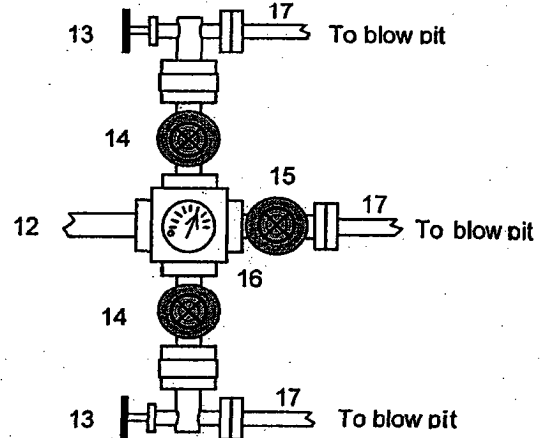
The well will be completed by fracture stimulation.

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<sub>2</sub>S equipment will be used.  
 Estimated Bottomhole pressures: Fruitland Coal - +/- 1150 psi
14. The anticipated starting date is sometime around May 30, 2003 with duration of drilling/ completion operations for approximately 30 days thereafter.

## 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

*The BOPs will be pressure tested according to Onshore Order #2III, A1 and 30% Safety factor.*



**San Juan 32-8 Unit #218A  
NMSF079381; Unit P, 680' FSL & 685' FEL  
Section 35, T32N, R8W; San Juan County, NM**

**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 existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.