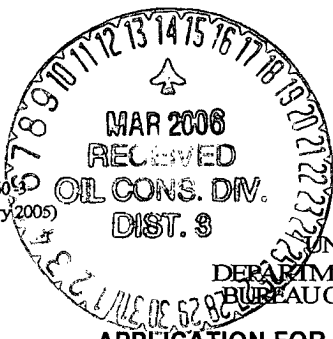


Form 3160-5  
(February 2005)



2005 AUG 23 AM 11 17

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
TO FARMINGTON, NM

### APPLICATION FOR PERMIT TO DRILL OR REENTER

|  |  |  |
|--|--|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |  | 5. Lease Serial No.<br>NM-03402  |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone              |  | 6. If Indian, Allottee or Tribe Name   |
| 2. Name of Operator<br>ConocoPhillips Company  |  | 7. If Unit or CA Agreement, Name and No.   |
| 3a. Address<br>4001 Penbrook, Odessa, TX 79762   |  | 8. Lease Name and Well No.<br>SAN JUAN 32-8 UNIT #7M   |
| 3b. Phone No. (include area code)<br>432-368-1230  |  | 9. API Well No.<br>30-045-33307  |
| 4. Location of Well (Report location clearly and in accordance with any State requirements, *)<br>At surface SENE SEC 21, T31N, R8W 1875 FNL - 175 FEL<br>At proposed prod. zone SWNW SEC 22, T31N, R8W 2150 FNL 660 FWL |  | 10. Field and Pool, or Exploratory<br>BLANCO MESAVERDE / BASIN<br>DAKOTA   |
| 14. Distance in miles and direction from nearest town or post office*  |  | 11. Sec., T. R. M. or Bk. and Survey or Area<br>SURFACE: SEC 21, T31N, R8W <i>H</i><br>BOTTOM HOLE: SEC 22, T31N, R8W <i>E</i> |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  | 16. No. of acres in lease<br>840 ACRES     | 12. County or Parish<br>SAN JUAN   |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.   | 19. Proposed Depth<br>8054' TVD / 8230' MD | 13. State<br>NM  |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.)<br>6531' GL  | 22. Approximate date work will start*      | 17. Spacing Unit dedicated to this well<br>W/2 - 320.0 ACRES   |
| 20. BLM/BIA Bond No. on file   |  |  |
| 23. Estimated duration   |  |  |

#### 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must 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 BLM.

|                                  |                                     |                   |
|----------------------------------|-------------------------------------|-------------------|
| 25. Signature <i>Peggy James</i> | Name (Printed/Typed)<br>Peggy James | Date<br>8/22/2005 |
|----------------------------------|-------------------------------------|-------------------|

Title  
Sr. Associate

|                                    |                             |                 |
|------------------------------------|-----------------------------|-----------------|
| Approved by (Signature) <i>AFM</i> | Name (Printed/Typed)<br>AFM | Date<br>3/13/06 |
|------------------------------------|-----------------------------|-----------------|

|              |               |
|--------------|---------------|
| Title<br>AFM | Office<br>FEO |
|--------------|---------------|

Application approval 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.  
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.

\*(Instructions on page 2)

HOLD C104 FOR *directional survey*

ConocoPhillips Company proposes to drill a vertical wellbore to the Blanco Mesaverde / Basin Dakota formations. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD / ROW.

This well will be downhole cased pursuant to the terms and conditions outlined in Order R-11363.

This action is subject to technical and  
operational review pursuant to 43 CFR 3165.3  
and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE  
SUBJECT TO COMPLIANCE WITH ATTACHED  
"GENERAL REQUIREMENTS".

NMOCD

District I  
PO Box 1980, Hobbs, NM 88241-1980

District II  
PO Drawer DD, Artesia, NM 88211-0719

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
PO Box 2088  
Santa Fe, NM 87504-2088

RECEIVED  
070 FARMINGTON [ ] AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

|                                    |  |                             |   |
|------------------------------------|--|-----------------------------|---|
| *API Number<br><b>30-045-33307</b> |  | *Pool Code<br>72319 / 71599 | *Pool Name<br>BLANCO MESAVERDE / BASIN DAKOTA |
| *Property Code<br>31330 ✓          | *Property Name<br>SAN JUAN 32-8 UNIT ✓     |                             | *Well Number<br>7M ✓                          |
| *OGRID No.<br>217817 ✓             | *Operator Name<br>CONOCOPHILLIPS COMPANY ✓ |                             | *Elevation<br>6531' ✓                         |

## 10 Surface Location

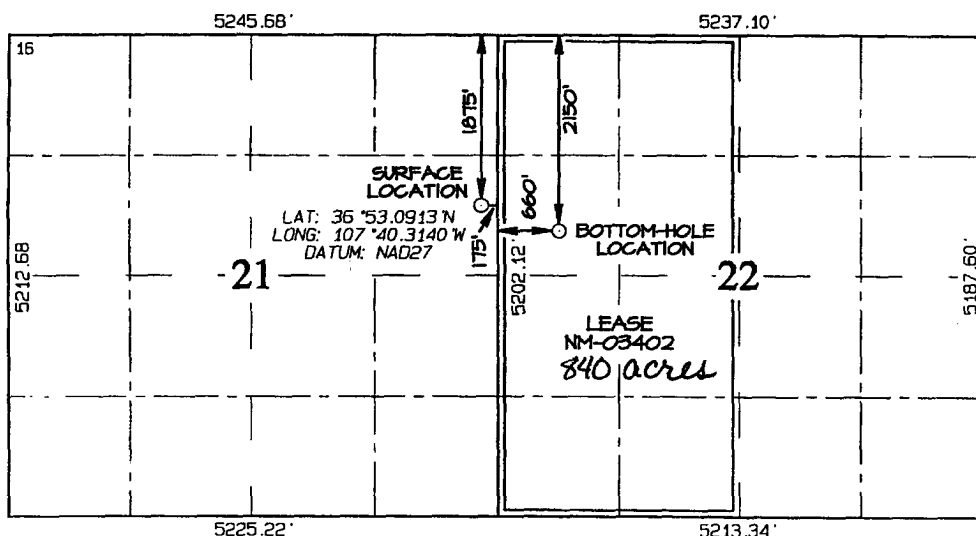
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| H             | 21      | 31N      | 8W    |         | 1875          | NORTH            | 175           | EAST           | SAN JUAN |

## 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             | 22      | 31N      | 8W    |         | 2150          | NORTH            | 660           | WEST           | SAN JUAN |

|   |                    |                       |              |
|---|--------------------|-----------------------|--------------|
| 12 Dedicated Acres<br>320.0 Acres - (W/2) | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---|--------------------|-----------------------|--------------|

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



17 OPERATOR CERTIFICATION

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

*Wicki Westby*  
Signature

*Wicki Westby*  
Printed Name

*Staff Agent*  
Title

*July 26, 2005*  
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.

Survey Date: JANUARY 20, 2005

Signature and Seal of Professional Surveyor

*JASON C. EDWARDS*  
REGISTERED PROFESSIONAL SURVEYOR  
15269

*JASON C. EDWARDS*  
Certificate Number 15269

Submit 3 Copies To Appropriate District Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-103

May 27, 2004

WELL API NO.

30-045-33307

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

SAN JUAN 32-8 UNIT

8. Well Number 7M

9. OGRID Number 217817

10. Pool name or Wildcat

BLANCO MESAVERDE / BASIN DAKOTA

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator  
ConocoPhillips Company

3. Address of Operator  
4001 Penbrook, Odessa, TX 79762

4. Well Location

Unit Letter H 1875 feet from the NORTH line and 175 feet from the EAST line  
Section 21 Township 31N Range 8W NMPM SAN JUAN County

1. Elevation (Show whether DR, RKB, RT, GR, etc.)  
6531' GL

Pit or Below-grade Tank Application ☒ Closure ☐

Pit type DRILL Depth to Groundwater 160' > 1000' Distance from nearest fresh water well 3.5 MILES Distance from nearest surface water 580'

Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The pit will be constructed and closed in accordance with Rule 50 and as per COPC June 2005 General Pit Plan on file with the NMOCD. See the attached diagram that details the location of the pit in reference to the proposed wellhead. The drill pit will be lined. The drill pit will be closed after the well has been completed

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐

SIGNATURE Peggy James

TITLE Sr. Associate

DATE 8/22/2005

Type or print name  
For State Use Only

E-mail address:

Telephone No.

APPROVED BY:

Conditions of Approval (if any):

TITLE

DEPUTY OIL & GAS INSPECTOR, DIST. 4

DATE

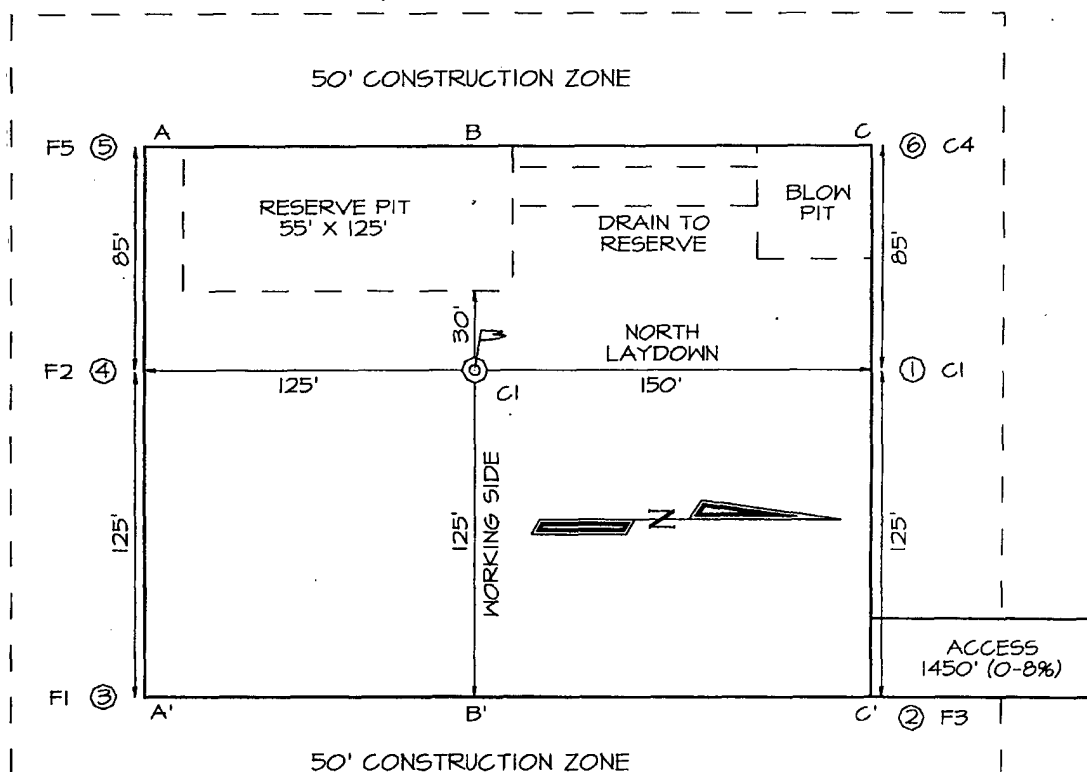
MAR 13 2006

**LATITUDE: 36.88486° N**  
**LONGITUDE: 107.67190° W**

DATUM: NAD1927

PLAT NOTE:

\*SURFACE OWNER\*  
FEE: Marcella and  
Dolinda Jaquez



SECTION LINE / PROPERTY LINE / FENCE-LINE

|       |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|
| A-A'  |  |  |  |  |  |  |
| 6540' |  |  |  |  |  |  |
| 6530' |  |  |  |  |  |  |
| 6520' |  |  |  |  |  |  |
|       |  |  |  |  |  |  |

|       |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|
| B-B'  |  |  |  |  |  |  |
| 6540' |  |  |  |  |  |  |
| 6530' |  |  |  |  |  |  |
| 6520' |  |  |  |  |  |  |
|       |  |  |  |  |  |  |

|       |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|
| C-C'  |  |  |  |  |  |  |
| 6540' |  |  |  |  |  |  |
| 6530' |  |  |  |  |  |  |
| 6520' |  |  |  |  |  |  |
|       |  |  |  |  |  |  |

# PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-8 7M

|  |                                 |                       |                                    |                    |                 |
|--|---------------------------------|-----------------------|------------------------------------|--------------------|-----------------|
| Lease:   |                                 | AFE #:                |                                    | AFE \$:            |                 |
| Field Name: hPHILLIPS 32-7   |                                 | Rig:                  | State: NM                          | County: SAN JUAN   | API #:          |
| Geoscientist: Glaser, Terry J  |                                 | Phone: (832)486-2332  | Prod. Engineer: Moody, Craig E.    |                    | Phone: 486-2334 |
| Res. Engineer: Tomberlin, Timothy A  |                                 | Phone: (832) 486-2328 | Proj. Field Lead: Fransen, Eric E. |                    | Phone:          |
| <b>Primary Objective (Zones):</b>  |                                 |                       |                                    |                    |                 |
| <b>Zone</b>  | <b>Zone Name</b>                |                       |                                    |                    |                 |
| FRR  | BASIN DAKOTA (PRORATED GAS)     |                       |                                    |                    |                 |
| RON  | BLANCO MESAVERDE (PRORATED GAS) |                       |                                    |                    |                 |
| <b>Location: Surface</b>   |                                 |                       |                                    |                    |                 |
| Latitude: 36.88  |                                 | Longitude: -107.67    | X:                                 | Y:                 | Section: 21     |
| Footage X: 175 FEL   |                                 | Footage Y: 1875 FNL   | Elevation: 6531                    | (FT)               | Township: 31N   |
| Tolerance:   |                                 |                       |                                    |                    |                 |
| <b>Location: Bottom Hole</b>   |                                 |                       |                                    |                    |                 |
| Latitude: 36.88  |                                 | Longitude: -107.67    | X:                                 | Y:                 | Section: 22     |
| Footage X: 660 FWL   |                                 | Footage Y: 2150 FNL   | Elevation:                         | (FT)               | Township: 31N   |
| Tolerance:   |                                 |                       |                                    |                    |                 |
| Location Type: Year Round  |                                 | Start Date (Est.):    |                                    | Completion Date:   |                 |
|  |                                 |                       |                                    | Date In Operation: |                 |
| Formation Data: Assume KB = 6544 Units = FT  |                                 |                       |                                    |                    |                 |
| Formation Call & Casing Points   | Depth (TVD in Ft)               | SS (Ft)               | Depletion (Yes/No)                 | BHP (PSIG)         | BHT             |
| Surface Casing   | 213                             | 6331                  | <input type="checkbox"/>           |                    |                 |
| NCMT   | 694                             | 5850                  | <input type="checkbox"/>           |                    |                 |
| OJAM   | 2219                            | 4325                  | <input type="checkbox"/>           |                    |                 |
| KRLD   | 2344                            | 4200                  | <input type="checkbox"/>           |                    |                 |
| FRLD   | 3094                            | 3450                  | <input type="checkbox"/>           |                    |                 |
| PCCF   | 3424                            | 3120                  | <input type="checkbox"/>           |                    |                 |
| LEWS   | 3624                            | 2920                  | <input type="checkbox"/>           |                    |                 |
| Intermediate Casing  | 3724                            | 2820                  | <input type="checkbox"/>           |                    |                 |
| CHRA   | 4534                            | 2010                  | <input type="checkbox"/>           |                    |                 |
| CLFH   | 5324                            | 1220                  | <input type="checkbox"/>           |                    |                 |
| MENF   | 5374                            | 1170                  | <input type="checkbox"/>           |                    |                 |
| PTLK   | 5694                            | 850                   | <input type="checkbox"/>           |                    |                 |
| MNCS   | 5944                            | 600                   | <input type="checkbox"/>           |                    |                 |
| GLLP   | 6244                            | 300                   | <input type="checkbox"/>           |                    |                 |
| GRHN   | 7704                            | -1160                 | <input type="checkbox"/>           |                    |                 |
| CBBO   | 7934                            | -1390                 | <input type="checkbox"/>           |                    |                 |
| Total Depth  | 8054                            | -1510                 | <input type="checkbox"/>           |                    |                 |
| Remarks  |                                 |                       |                                    |                    |                 |
| 12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.   |                                 |                       |                                    |                    |                 |
| Possible water flows.  |                                 |                       |                                    |                    |                 |
| Possible gas.  |                                 |                       |                                    |                    |                 |
| 8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.  |                                 |                       |                                    |                    |                 |
| Gas; possibly wet  |                                 |                       |                                    |                    |                 |
| Gas.   |                                 |                       |                                    |                    |                 |
| Gas.   |                                 |                       |                                    |                    |                 |
| Gas. Possibly wet.   |                                 |                       |                                    |                    |                 |
| Gas possible, highly fractured   |                                 |                       |                                    |                    |                 |
| Gas  |                                 |                       |                                    |                    |                 |
| 6-1/4" Hole. 4-1/2", 11.6 ppf, N-80, LTC casing. Circulate cement a minimum of 100' inside the previous casing string. No open hole logs. Cased hole TDT with GR to surface. |                                 |                       |                                    |                    |                 |
| <b>Reference Wells:</b>  |                                 |                       |                                    |                    |                 |
| Reference Type   | Well Name                       |                       | Comments                           |                    |                 |

# PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-8 7M

| <b>Logging Program:</b>   |       |           |         |                |         |
|---|-------|-----------|---------|----------------|---------|
| Intermediate Logs: <input type="checkbox"/> Log only if show <input type="checkbox"/> GR/ILD <input type="checkbox"/> Triple Combo  |       |           |         |                |         |
|   |       |           |         |                |         |
| TD Logs: <input type="checkbox"/> Triple Combo <input type="checkbox"/> Dipmeter <input type="checkbox"/> RFT <input type="checkbox"/> Sonic <input type="checkbox"/> VSP <input checked="" type="checkbox"/> TDT |       |           |         |                |         |
|   |       |           |         |                |         |
| <b>Additional Information:</b>  |       |           |         |                |         |
|   |       |           |         |                |         |
| Log Type  | Stage | From (Ft) | To (Ft) | Tool Type/Name | Remarks |

Comments: Location/Tops/Logging - May need to be directionally drilled with surface location in section 21.

**Zones - Drilling Mud Program:**

Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist/nitrogen drilling media with foamer, polymer, & corrosion inhibitor as needed

**Centralizer Program:**

Surface: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 3rd, & 4th joints

Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, & 10th joints

Turbolizers placed one per joint from the top of the Ojo Alamo to the top of the Kirtland Shale

Below Intermediate: no centralizers used in air holes. In mud holes centralizers are spaced out appropriately

**San Juan 32-8 #7M**

| <b>Formation</b>    | <b>TVD</b> | <b>MD</b> |
|---------------------|------------|-----------|
| San Jose            | 13         | 13        |
| Surface Casing      | 213        | 213       |
|                     |            |           |
| NCMT                | 694        | 704.45    |
| OJAM                | 2219       | 2337.09   |
| KRLD                | 2344       | 2474.13   |
| FRLD                | 3094       | 3266.83   |
| PCCF                | 3424       | 3600.00   |
| Lewis               | 3624       | 3800.00   |
|                     |            |           |
| Intermediate Casing | 3724       | 3900.00   |
|                     |            |           |
| Chacra              | 4534       | 4709.98   |
| Cliffhouse          | 5324       | 5500.00   |
| Menefee             | 5374       | 5549.98   |
| Point Lookout       | 5694       | 5869.98   |
| Mancos              | 5944       | 6119.98   |
|                     |            |           |
| Gallup              | 6244       | 6419.98   |
| Greenhorn           | 7704       | 7380.01   |
| Cubero              | 7934       | 8109.98   |
|                     |            |           |
| TD                  | 8054       | 8230.00   |



## ConocoPhillips

Field: San Juan County, NM  
Site: San Juan 32-8 7M  
Well: Well 32-8 7M  
Wellpath: Original Hole  
Plan: Plan #1



### FIELD DETAILS

San Juan County, NM  
New Mexico  
USA

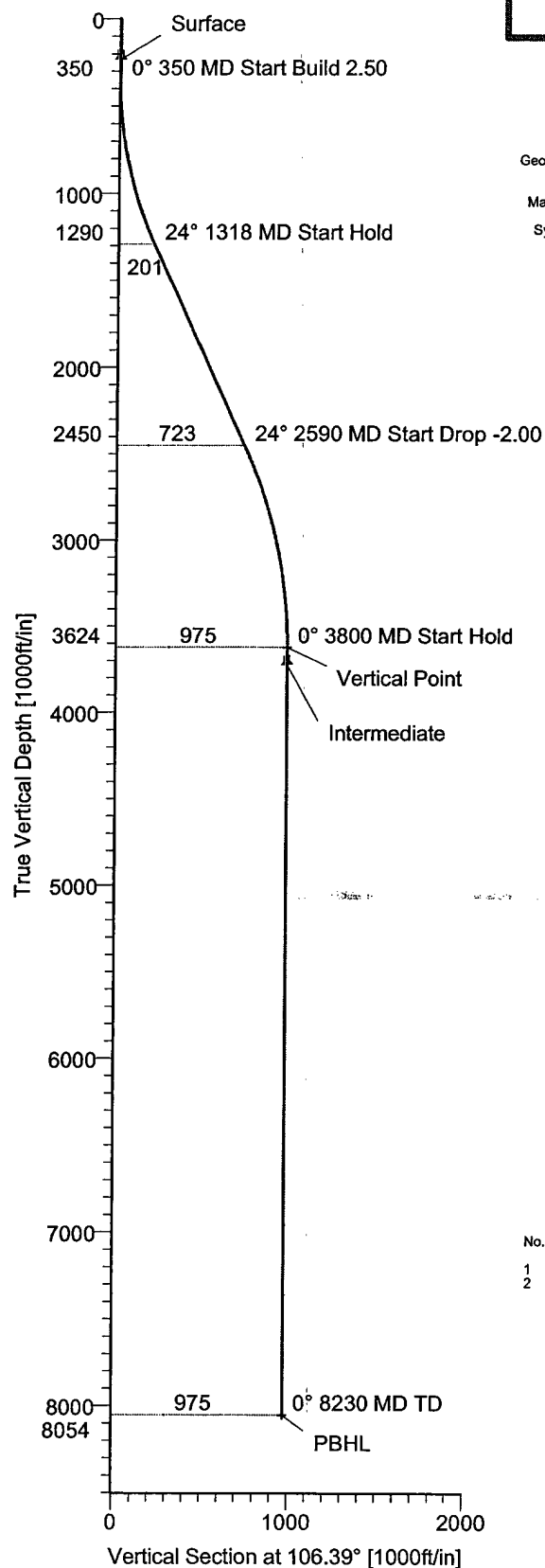
Geodetic System: US State Plane Coordinate System 1927  
Ellipsoid: NAD27 (Clarke 1866)  
Zone: New Mexico, Western Zone  
Magnetic Model: Igrf2005

System Datum: Mean Sea Level  
Local North: Grid North

### SITE DETAILS

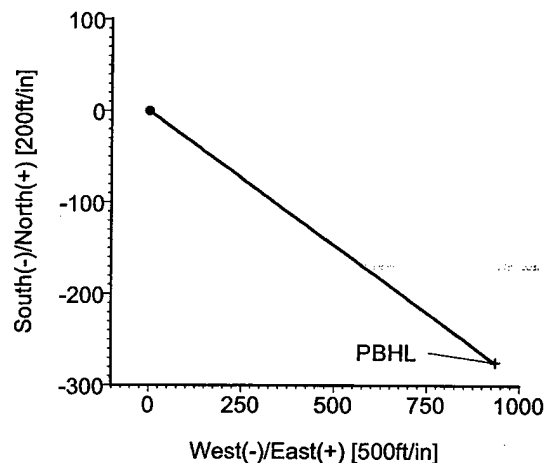
San Juan 32-8 7M  
Sec. 21, T31N, R8W  
San Juan County, NM

Water Depth: 0.00  
Positional Uncertainty: 0.00  
Convergence: 0.00



### SECTION DETAILS

| Sec | MD      | Inc   | Azi    | TVD     | +N/-S   | +E/-W  | DLeg | TFace  | VSec   | Target         |
|-----|---------|-------|--------|---------|---------|--------|------|--------|--------|----------------|
| 1   | 0.00    | 0.00  | 106.39 | 0.00    | 0.00    | 0.00   | 0.00 | 0.00   | 0.00   |                |
| 2   | 350.00  | 0.00  | 106.39 | 350.00  | 0.00    | 0.00   | 0.00 | 0.00   | 0.00   |                |
| 3   | 1318.05 | 24.20 | 106.39 | 1289.52 | -56.84  | 193.24 | 2.50 | 106.39 | 201.43 |                |
| 4   | 2599.91 | 24.20 | 106.39 | 2449.60 | -203.95 | 693.45 | 0.00 | 0.00   | 722.82 |                |
| 5   | 3799.98 | 0.00  | 106.39 | 3624.00 | -275.00 | 935.00 | 2.00 | 180.00 | 974.60 | Vertical Point |
| 6   | 8229.98 | 0.00  | 106.39 | 8054.00 | -275.00 | 935.00 | 0.00 | 106.39 | 974.60 | PBHL           |



### WELLPATH DETAILS

#### Original Hole

| No. | TVD     | MD      | Name         | Size  | Rig:        | SITE   | 0.00ft   |
|-----|---------|---------|--------------|-------|-------------|--------|----------|
| 1   | 230.00  | 230.00  | Surface      | 0.000 | Ref. Datum: | Origin | Origin   |
| 2   | 3724.00 | 3699.98 | Intermediate | 0.000 | V.Section   | +N/-S  | +E/-W    |
|     |         |         |              |       | Angle       |        | Starting |
|     |         |         |              |       | 106.39°     | 0.00   | From TVD |

### TARGET DETAILS

| Name           | TVD     | +N/-S   | +E/-W  | Northing | Easting | Shape |
|----------------|---------|---------|--------|----------|---------|-------|
| Vertical Point | 3624.00 | -275.00 | 935.00 | 0.00     | 0.00    | Point |
| PBHL           | 8054.00 | -275.00 | 935.00 | 0.00     | 0.00    | Point |





**San Juan 32-8 # 7M**  
**Halliburton Cementing Program**

**SURFACE CASING :**

|                         |              |                             |
|-------------------------|--------------|-----------------------------|
| Drill Bit Diameter      | 12.25 "      |                             |
| Casing Outside Diameter | 9.625 "      | Casing Inside Diam. 9.001 " |
| Casing Weight           | 32.3 ppf     |                             |
| Casing Grade            | H-40         |                             |
| Shoe Depth              | 235 '        |                             |
| Cement Yield            | 1.21 cuft/sk |                             |
| Cement Density          | 15.6 lb/gal  |                             |
| Excess Cement           | 125 %        |                             |
| Cement Required         | 143 sx       |                             |

SHOE      235 ',   9.625 ",   32.3 ppf,   H-40   STC

**INTERMEDIATE CASING :**

|                         |              |                             |
|-------------------------|--------------|-----------------------------|
| Drill Bit Diameter      | 8.75 "       |                             |
| Casing Outside Diameter | 7 "          | Casing Inside Diam. 6.456 " |
| Casing Weight           | 20 ppf       |                             |
| Casing Grade            | J-55         |                             |
| Shoe Depth              | 3900 '       |                             |
| Lead Cement Yield       | 2.88 cuft/sk |                             |
| Lead Cement Density     | 11.5 lb/gal  |                             |
| Lead Cement Excess      | 150 %        |                             |
| Lead Cement Required    | 391 sx       |                             |
| Tail Cement Length      | 780 '        |                             |
| Tail Cement Yield       | 1.33 cuft/sk |                             |
| Tail Cement Density     | 13.5 lb/gal  |                             |
| Tail Cement Excess      | 150 %        |                             |
| Tail Cement Required    | 228 sx       |                             |

SHOE      3900 ',   7 ",   20 ppf,   J-55   STC

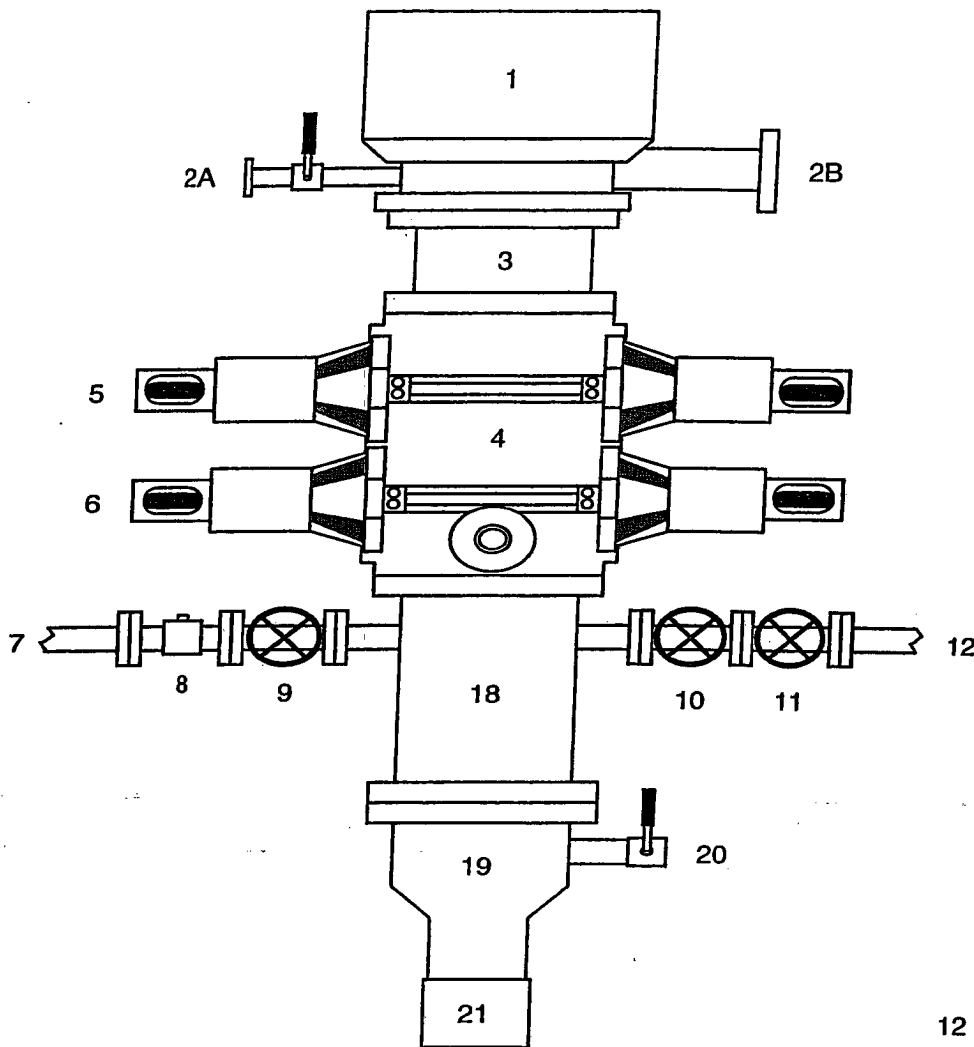
**PRODUCTION CASING :**

|                         |              |                                 |
|-------------------------|--------------|---------------------------------|
| Drill Bit Diameter      | 6.25 "       |                                 |
| Casing Outside Diameter | 4.5 "        | Casing Inside Diam. 4.000 "     |
| Casing Weight           | 11.6 ppf     |                                 |
| Casing Grade            | N-80         |                                 |
| Top of Cement           | 3700 '       | 200' inside intermediate casing |
| Shoe Depth              | 8230 '       |                                 |
| Cement Yield            | 1.45 cuft/sk |                                 |
| Cement Density          | 13.1 lb/gal  |                                 |
| Cement Excess           | 50 %         |                                 |
| Cement Required         | 476 sx       |                                 |

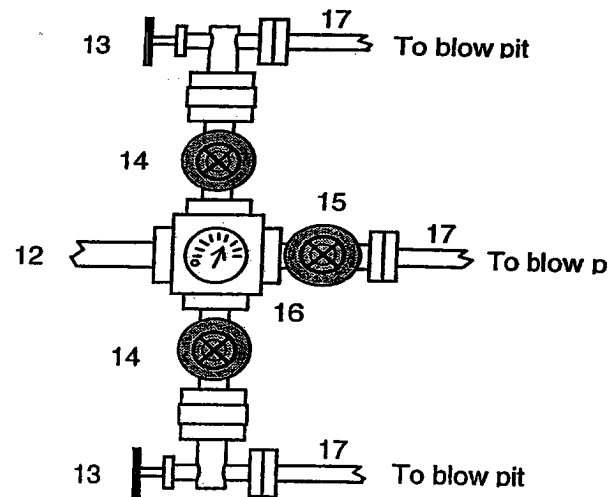
SHOE      8230 ',   4.5 ",   11.6 ppf,   N-80   LTC

# BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to Intermediate Casing Point & Setting 7" Intermediate Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Flowline
3. Spacer Spool
4. Double Ram BOP (11", 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. Mud Cross Spacer Spool
19. Casing Head "A" Section
20. Casing Head "A" Section 2" Valve
21. 9 5/8" Casing Collar



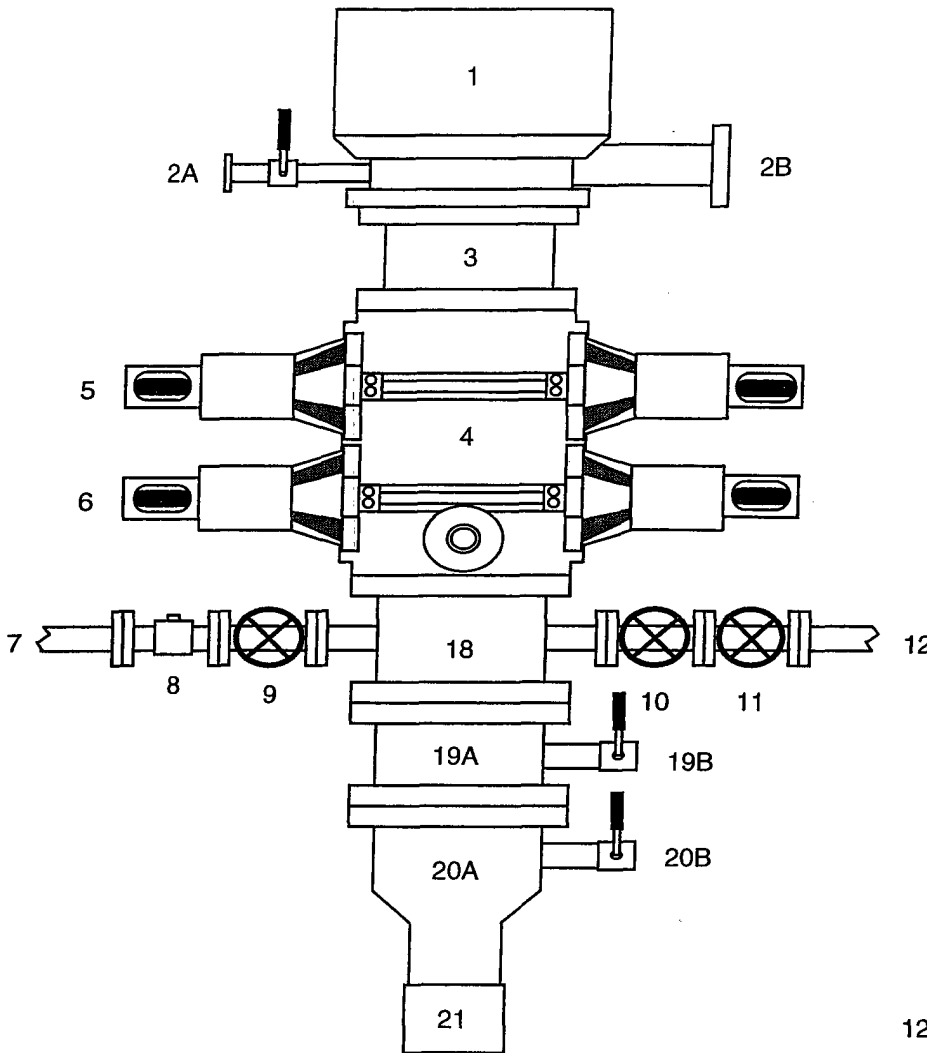
A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe rams and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 minutes and to 1000 psi (high pressure test) for 10 minutes. Then the test plug will be removed, and the 9-5/8" casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 10 minutes and to 1000 psi for 30 minutes (this value is one 44% of the minimum internal yield pressure of the 9-5/8" casing). (Note: per regulatory requirements we will wait on cement at least 8 hrs after placement before testing the 9-5/8" surface casing). Then an 8-3/4" hole will be drilled to intermediate casing point and 7" intermediate casing will be run and cemented.

In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

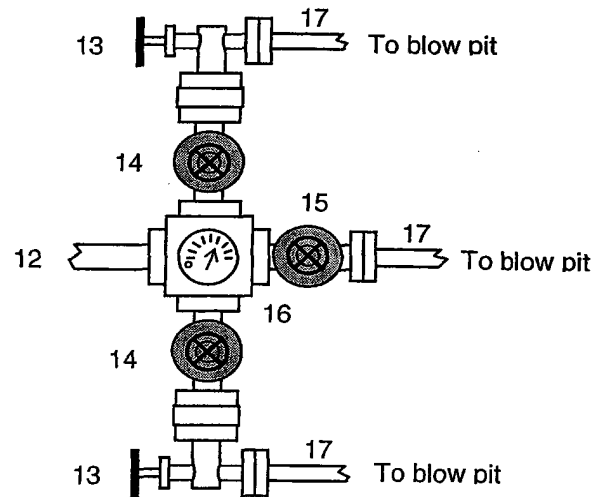
1. Inner Kelly cock Valve with handle

# BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
- 2A. Fill-up Line & valve
- 2B. Bloopie Line (for Air Drilling)
3. Spacer Spool
4. Double Ram BOP (11", 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. Mud Cross Spacer Spool
- 19A Csg Spool "B" Section (11", 3M)
- 19B "B" Section Csg Valve (2", 3M)
- 20A Csg Head "A" Section (11", 3M)
- 20B "A" Section Csg Valve (2", 3M)
21. 9 5/8" Casing Collar



After the 7" intermediate casing has been run and cemented, the Casing Spool ("B" Section) will be installed on the wellhead ("A" Section) and the BOP will be installed on the Casing Spool. A test plug will be set in the wellhead and the pipe rams, blind rams, and choke manifold will be tested to 200 psi to 300 psi (low pressure test) for 10 minutes and to 3000 psi (high pressure test) for 10 minutes. Then the test plug will be removed and the 7" casing will be pressure tested against closed blind rams to 200 psi to 300 psi for 10 minutes and to 1800 psi for 30 minutes - this test pressure is 48% of the minimum internal yield strength of 3740 psi for the 7", 20#, J-55, STC casing. Then we will air drill the 6-1/4" hole to TD and run and cement the 4-1/2" casing.

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

Property : SAN JUAN 32-8 UNIT Well #: 7M

**Surface Location:**

Unit: H Section: 21 Township: 31N Range: 8W

County: SAN JUAN State: New Mexico

Footage: 1875 from the NORTH line, 175 from the EAST line.

**CATHODIC PROTECTION**

ConocoPhillips (COP) proposes to drill a cathodic protection deep well groundbed for the subject well. COP will drill a hole vertically at the surface large enough to accommodate 20 feet of 8 inch diameter PVC pipe for surface casing to assist in further drilling and loading. Casing may be cemented in place for stability if needed. COP 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 the existing well pad and a Farmington based company will be doing the drilling for ConocoPhillips.