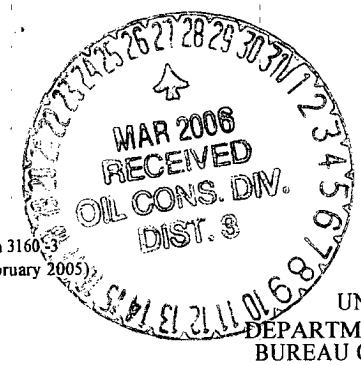


2006 JAN 24 PM 12 23

RECEIVED
070 FARMINGTON NM

Fonn 3160-3
(February 2005)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Ia. Type of work: ☒ DRILL ☐ REENTER	5. Lease Serial No. SF-078542
	6. If Indian, Allotee or Tribe Name
	7. If Unit or CA Agreement, Name and No.
Ib. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8. Lease Name and Well No. SAN JUAN 32-7 UNIT #26M
2. Name of Operator ConocoPhillips Company	9. API Well No. 30-045-33559
3a. Address 4001 Penbrook, Odessa, TX 79762 — 3b. Phone No. *(include area code)* 432-368-1230	10. Field and Pool, or Exploratory BLANCO MESAVERDE / BASIN DAKOTA
4. Location of Well *(Report location clearly and in accordance with any State requirements, *)* At surface SESE 1100 FSL - 660 FEL; At proposed prod. zone	I 1. Sec., T. R. M. or Blk. and Survey or Area SECTION 35, T32N, R7W NMPM P
14. Distance in miles and direction from nearest town or post office*	12. County or Parish SAN JUAN — 13. State NM

15, Distance from proposed* location to nearest propery or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 960 ACRES	17. Spacing Unit dedicated to this well 320.0 ACRES - E/2 (MV) 320.0 ACRES - S/2 (DK)
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8255'	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6699' GL	22 Approximate date work will start*	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:

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 must 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 BLM~

25. Signature Peggy James	Name *(Printed/Typed)* Peggy James	Date 01/20/2006
Title Sr. Associate		
Approved by *(Signature)* /s/ Matthew Carr	Name *(Printed/Typed)*	Date 3/22/06
Title AFM	Office FFO	

Application approval does not warrant or certify that the applicant holds legal orequitable 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 juris iction.

*(Instructions on page 2)

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 commingled pursuant to the terms and conditions outlined in Order R-11363.

This action is subject to technical and procedural 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

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

RECEIVED
070 FARMINGTON NM

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

[1] API Number	[2] Pool Code	[3] Pool Name
30-045-33559	72319 / 71599	BLANCO MESAVERDE / BASIN DAKOTA

[4] Property Code	[5] Property Name	[6] Well Number
31329	SAN JUAN 32-7 UNIT	26M

[7] OGRID No.	[8] Operator Name	[9] Elevation
217817	CONOCOPHILLIPS COMPANY	6699'

[10] Surface Location

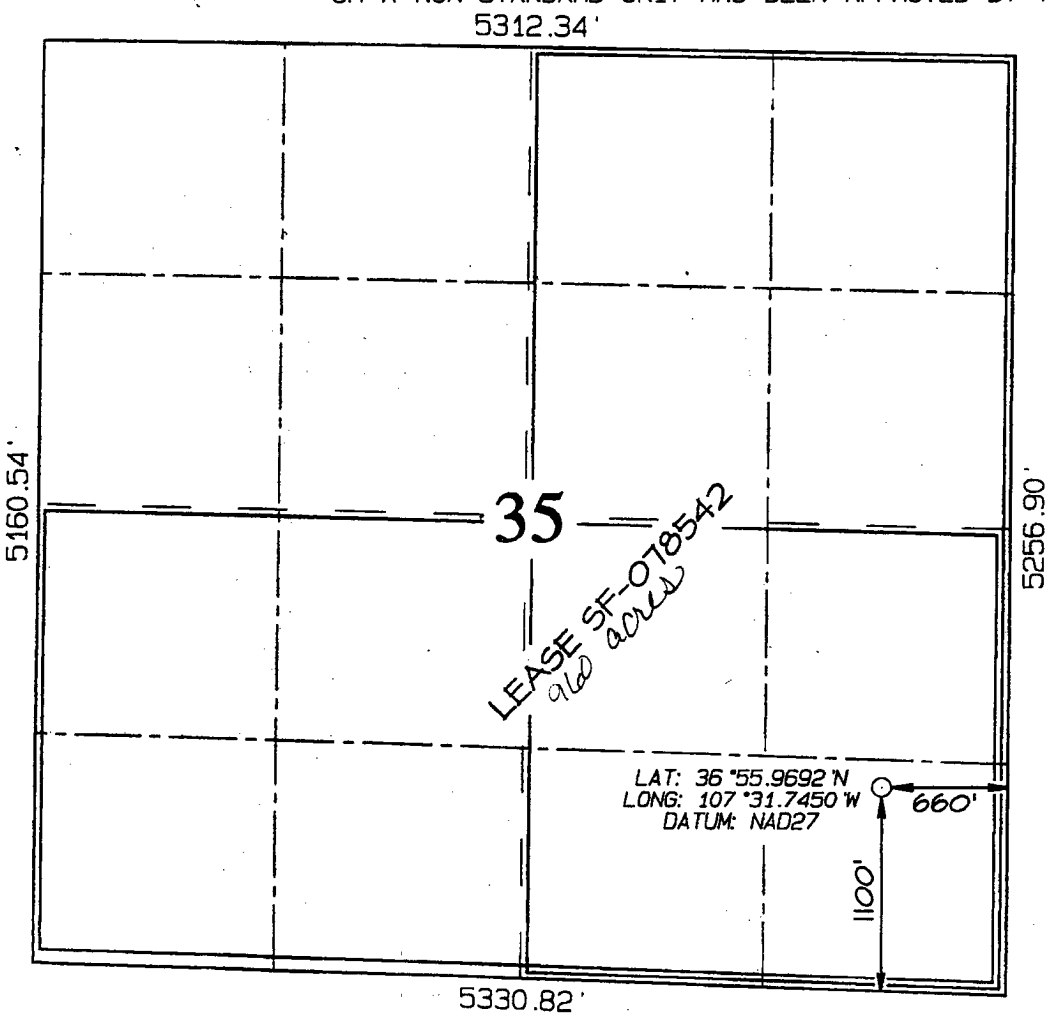
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	32N	7W		1100	SOUTH	660	EAST	SAN JUAN

[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

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320.0 Acres - E/2 (MV) 320.0 Acres - S/2 (DK)			

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

Virgil E. Chavez

Signature

Virgil E. Chavez

Printed Name

Projects & Operations Lead

Title

January 3, 2006

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: AUGUST 24, 2005

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS

Certificate Number 15269

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District 11
1301 W. Grand Ave., Artesia, NM 882 1 0
District III
I 000 Rio Brazos Rd., Aztec, NM 8741 0
District IV
1220 S. St. Francis Dr., Santa I e, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Fonn C- 1 03
May 27, 2004

WELL API NO. 30-045-33559
5. Indicate Type of Lease STATE ☐ FEE ☐
6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name: SAN JUAN 32-7 UNIT
1. Type of Well: Oil Well ☐ Gas Well ☒ Other
8. Well Number: 26M
2. Name of Operator: ConocoPhillips Company
9. OGRID Number: 217817
3. Address of Operator: 4001 Penbrook, Odessa, TX 79762
I 0. Pool name or Wildcat: BLANCO MESVERDE / BASIN DAKOTA

4. Well Location
Unit Letter P 1100 feet from the SOUTH line and 660 feet from the EAST line
Section 35 Township 35N Range 7W NMPM SAN JUAN County

I 1. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 6699 GL

Pit or Below -grade Tank Application ☒ Closure ☐
Pit type DRILL Depth to Groundwater ~~240'~~ >100 Distance from nearest fresh water well ~~3867'~~ >1000 Distance from nearest surface water 658
Liner Thickness: 12 mil Below-Grade Tank: Volume 4400 bbls; Construction Material SYNTHETIC

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			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 I 1 03. 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 rny knowledge and belief. I further certify that anv 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 01/20/2006

Type or print name E-mail address peggy.s.james@conocophillips.com: Telephone No.: (432)368-1230

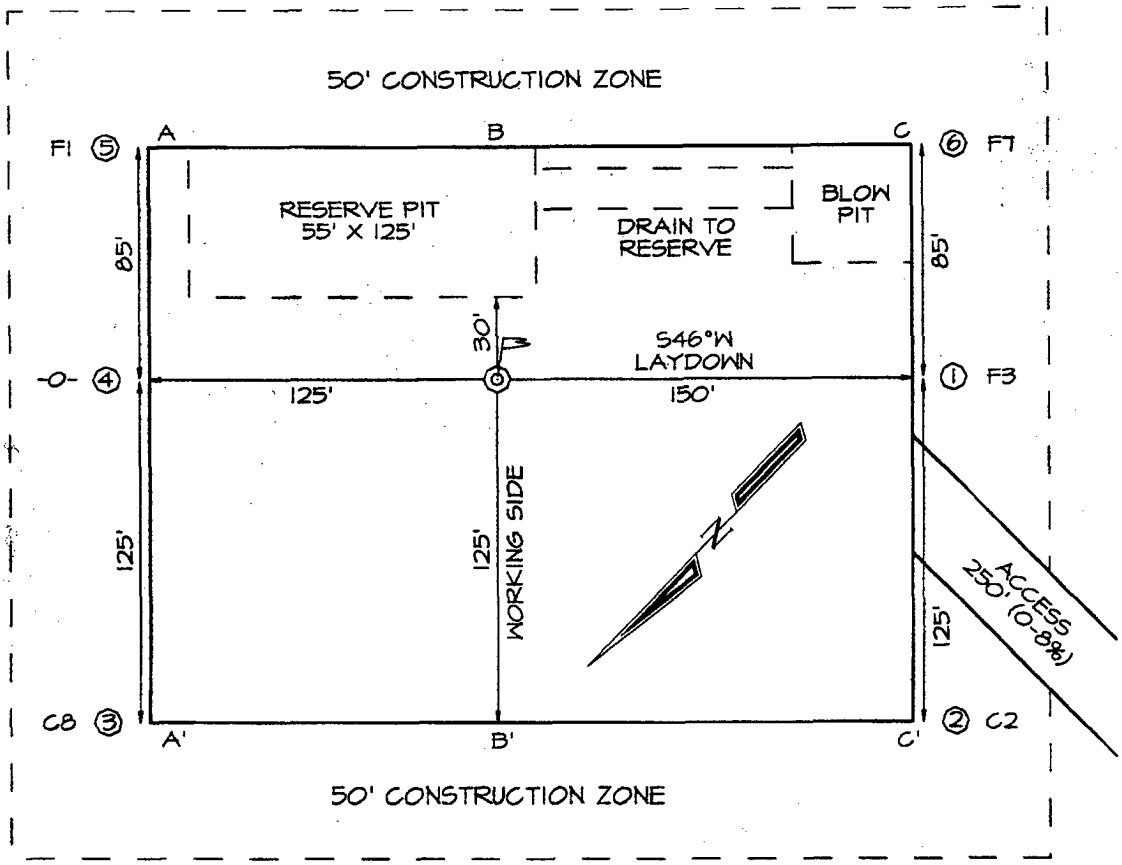
For State Use Only

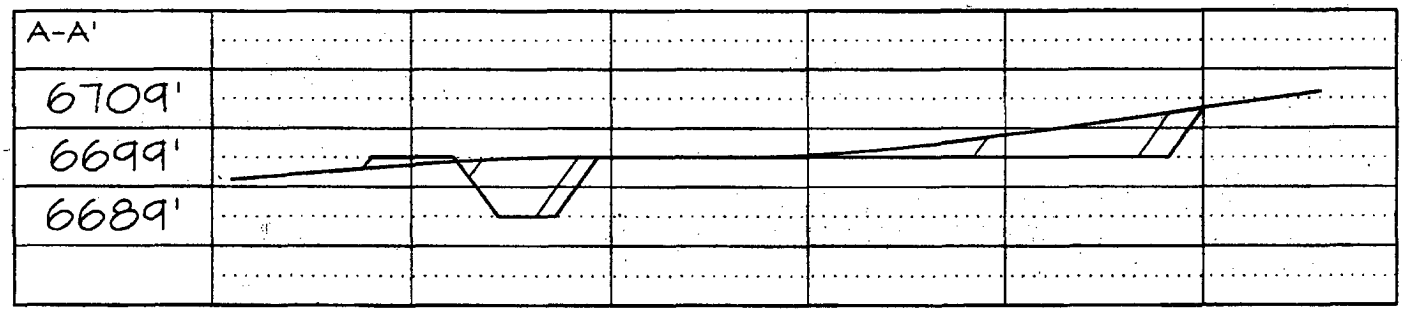
APPROVED BY: TITLE DEPUTY OIL & GAS INSPECTOR, DIST. DATE MAR 27 2006
Conditions of Approval (if any):

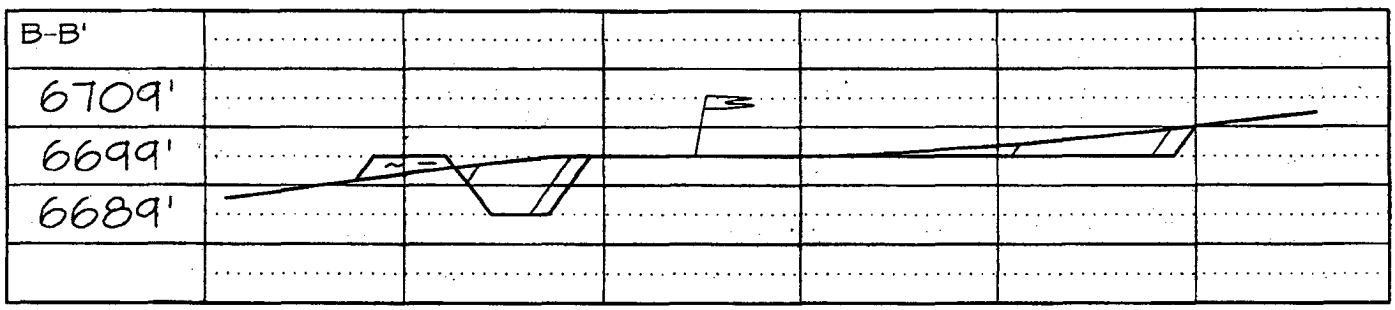
CONOCOPHILLIPS COMPANY SAN JUAN 32-7 UNIT #26M
1100' FSL & 660' FEL, SECTION 35, T32N, R7W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 6699'

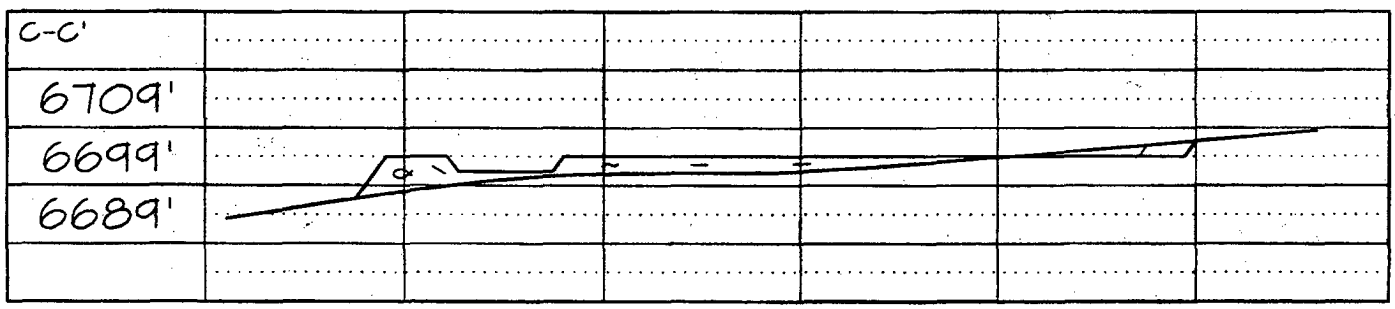
LATITUDE: 36.93282° N
LONGITUDE: 107.52908° W
DATUM: NAD1927

PLAT NOTE:
SURFACE OWNER Bureau of Land Management









ConocoPhillips

San Juan Business Unit

PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 32-7 26M

Lease:	AFE #: WAN.CNV.6119			AFE $:
Field Name: 32-7	Rig: H&P 282	State: NM	County: SAN JUAN	API #:
Geoscientist: Brain, Ted H.	Phone: 832-486-2592	Prod. Engineer: Piotrowicz, Greg M.		Phone: +1 832-486-3486
Res. Engineer: Skinner, Steve E	Phone: 832 486-2651	Proj. Field Lead:		Phone:

Primary Objective (Zones):

Zone	Zone Name
R20002	MESAVERDE(R20002)
R20076	DAKOTA(R20076)

Location: Surface — **Straight Hole**

Latitude: 36.93	Longitude: -107.53	X: 0.00	Y: 0.00	Section: 35	Range: 7W
Footage X: 660 FEL	Footage Y: 1100 FSL	Elevation: 6699 (FT)	Township: 32N		
Tolerance:					

Location Type: | Start Date (Est.): | Completion Date: | Date In Operation:

Formation Data: Assume KB = 6715 Units = FT

Formation Call & Casing Points	Depth (TVD in Ft)	SS (Ft)	Depletion (Yes/No)	BHP (PSIG)	BHT	Remarks
Surface Casing	216	6499	☐			12-1/4 hole. 9 5/8" 32.3 ppf, H-40, STC casing. Circulate cement to surface.
NCMT	1490	5225	☐			
CJAM	2515	4200	☐			Possible water flows.
KRLD	2685	4030	☐			
FRLD	3375	3340	☐			Possible gas.
PCCF	3635	3080	☐			
LEWS	3835	2880	☐			
Intermediate Casing	3935	2780	☐			8 3/4" Hole. 7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
CHRA	4735	1980	☐			
CLFH	5565	1150	☐			Gas; possibly wet
MENF	5640	1075	☐			Gas.
PTLK	5915	800	☐			Gas.
CLLP	7190	-475	☐			Gas. Possibly wet.
CRHN	7905	-1190	☐			Gas possible, highly fractured
CBBO	8105	-1390	☐			Gas
Total Depth	8255	-1540	☐			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.

Reference Wells:

Reference Type	Well Name	Comments

ConocoPhillips

PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 32-7 26M

Logging Program:

Intermediate Logs: ☐ Log only if show ☐ GR/ILD ☐ Triple Combo

TD Logs: ☐ Triple Combo ☐ Dipmeter ☐ RFT ☐ Sonic ☐ VSP ☑ TDT

Additional Information:

Log Type	Stage	From (Ft)	To (Ft)	Tool Type/Name	Remarks

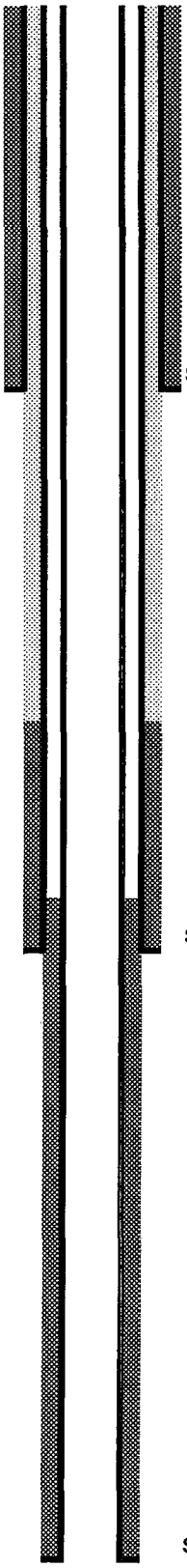
Comments: Zones - Drilling Mud Program:
Surface: spud mud
Intermediate: fresh water mud with bentonite and polymer as needed
Below Intermediate: air/mist/nitrogen drilling media with foamer, polymer, & corrosion inhibitor as needed

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

General/Work Description - Funds in the amount of $1,082,365 gross ($545,447 COPC net) are requested to drill and equip the referenced well as an 8,270' MV 80/DK 160-acre well, to be located 1100' FSL & 660' FEL of Section 35-T32N-R7W, San Juan Co., NM. COPC has 76.02/63.36% in the MV and 25/20.63% in the DK. The pre-drill charge code is WAN.RFE.PD06.62. The subject well is scheduled to spud on May 10, 2006.

Section 35-T32N-R7W is in an area with well-developed pay in the Point Lookout and Menefee members of the Mesaverde Group. It is estimated that this well will produce 1.335 Bcf EUR, 0.815 Bcf from the Mesaverde and 0.52 from the Dakota. The commingled flowstream has an IP of 408 mcf/d and production for 40 years. The 13% economic indicators generated are: PI 1.19, NPV $199M, AARR of 19.0%.

San Juan 32-7 # 26M
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	3935	'	
Lead Cement Yield	2.88	cuft/sk	
Lead Cement Density	11.5	lb/gal	
Lead Cement Excess	150	%	
Lead Cement Required	**395**	**sx**	
Tail Cement Length	787	'	
Tail Cement Yield	1.33	cuft/sk	
Tail Cement Density	13.5	lb/gal	
Tail Cement Excess	150	%	
Tail Cement Required	**230**	**sx**	

SHOE 3935 ', 7 ", 20 ppf, J-55 STC

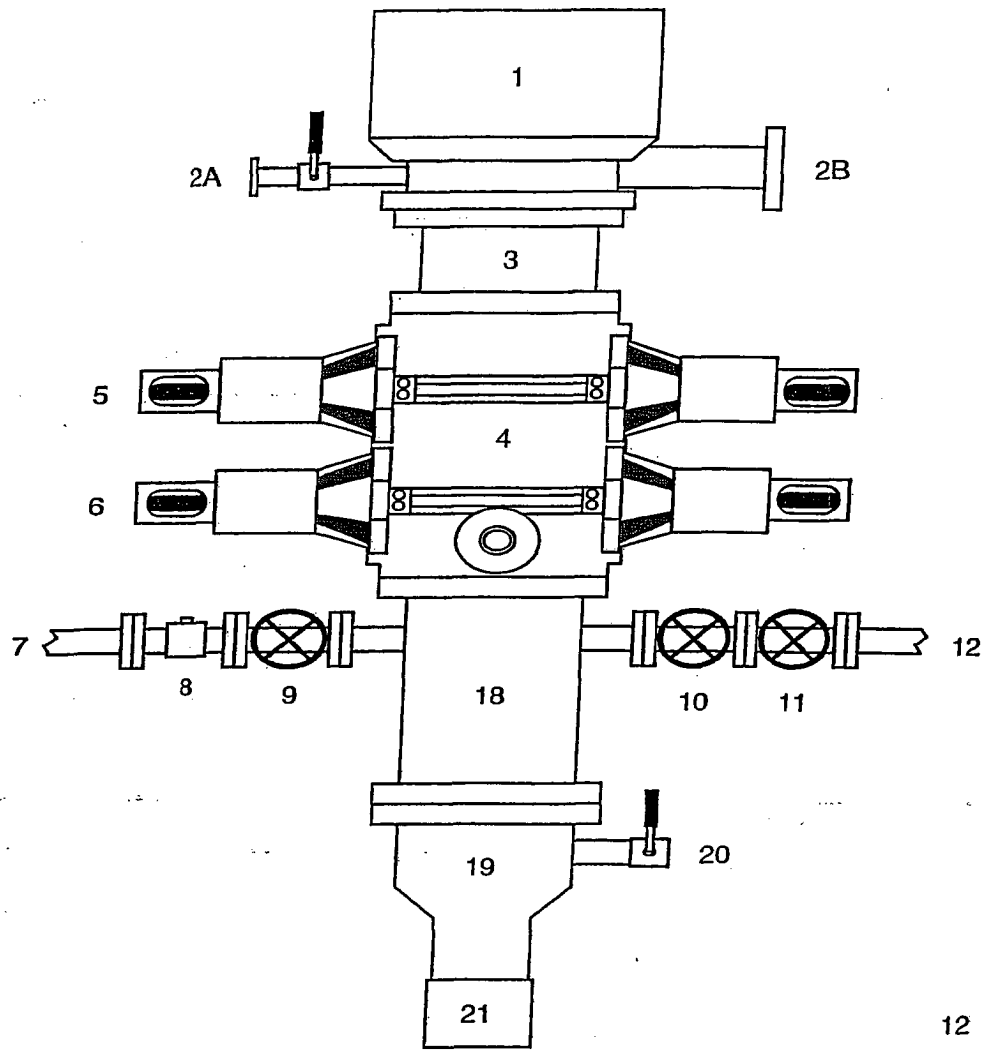
PRODUCTION CASING :

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	3735	'	200' inside intermediate casing
Shoe Depth	8255	'	
Cement Yield	1.45	cuft/sk	
Cement Density	13.1	lb/gal	
Cement Excess	50	%	
Cement Required	**475**	**sx**	

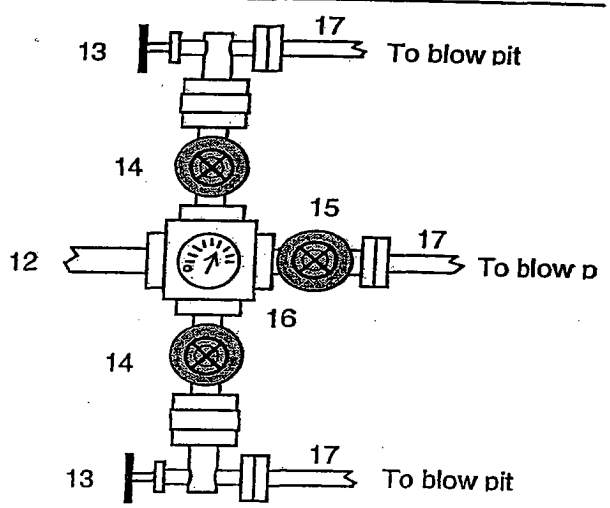
SHOE 8255 ', 4.5 ", 11.6 ppf, N-80 LTC

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

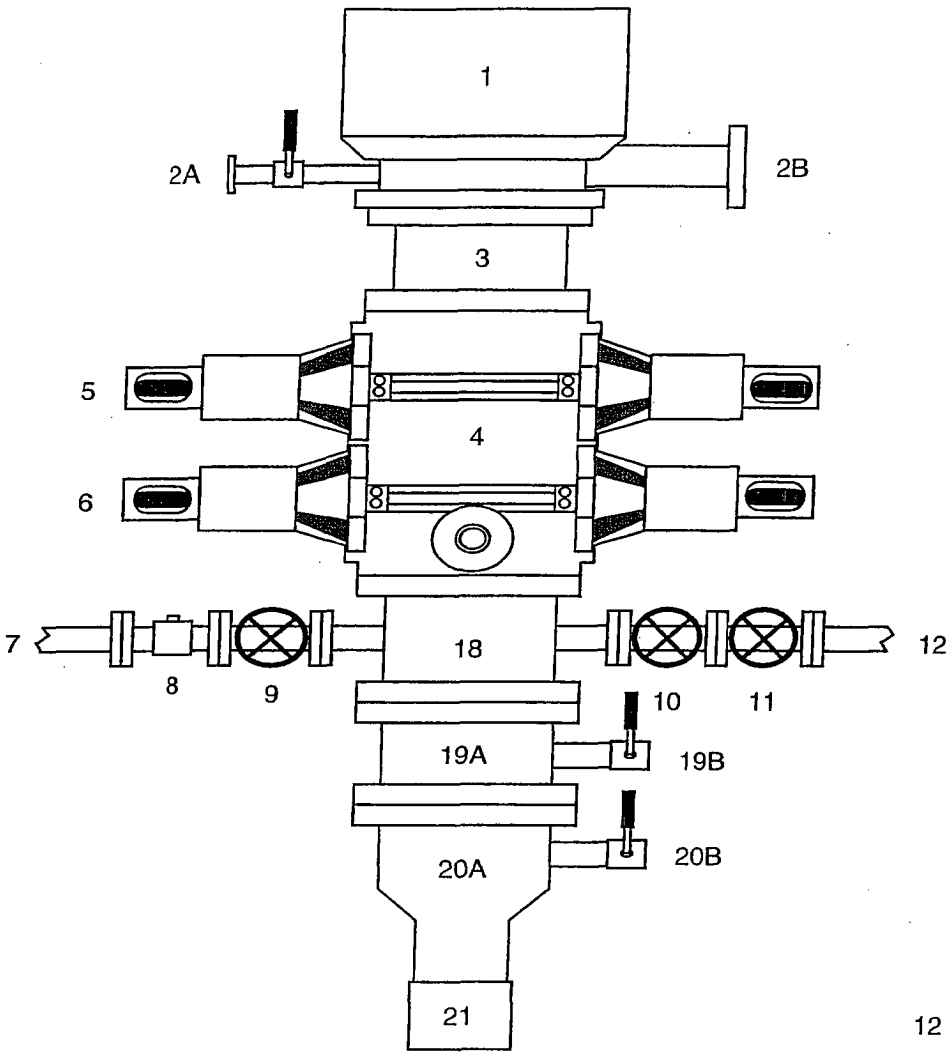


A 12-1/4" hole will be drilled to approximately 220' and the 9-5/8" surface casing will be run and cemented. The Casing Head "A" Section will be screwed onto the 9-5/8" surface casing stub. The BOP will be installed on the Casing Head "A" Section. A test plug will be set in the wellhead and the pipe 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.

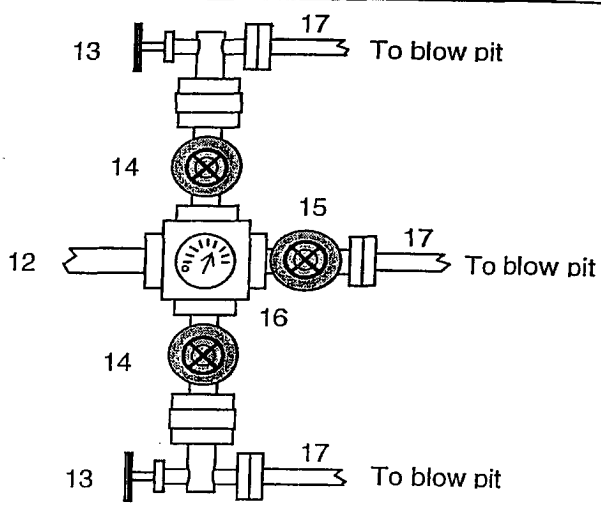
In addition to the equipment in the above diagram the following equipment will comprise the BOP system:

BLOWOUT PREVENTER ARRANGEMENT & PROGRAM

For Drilling to TD and Setting 4.5 inch Casing



1. Rotating Head
2A. Fill-up Line & valve
2B. Blooie 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

Revision Date: Septem[illegible]

Property : SAN JUAN 32-7 UNIT **Well #:** 26M

Surface Location:

Unit: P **Section:** 35 **Township:** 37N Range: 7W

County: SAN JUAN **State: New Mexico**

Footage: 1100 **from the** SOUTH line, 660 **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.