Fonn 3160 -3 (February 2005)

2005 FEB 10 RM 10 50

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

| 5 | Lease | Serial | No. |
|----|-------|--------|------|
| ٠. | 20400 | Domai | 110. |

| DEPARTMENT OF THE II BUREAU OF LAND MAN | NTERIOR AGEMEN | ECEIAED | | SF- | -078426 | |
|--|-------------------------------|--------------------------------------|---------------|--|--------------|------------------|
| APPLICATION FOR PERMIT TO D | 6. If Indian, Allote | e or Tribe | Name | | | |
| Ia. Type of work: DRILL REENTE | ER | | | 7. If Unit or CA Agreement, Name and No. | | |
| ia. Type of work: | ia. Type of work. | | | | | 16 A |
| lb. Type of Well: Oil Well Gas Well Other | s | ingle Zone Multi | ple Zone | 8. Lease Name and SAN JUAN | | IIT #65C |
| 2. Name of Operator | | | | 9. API Well No. | | |
| ConocoPhillips Company | | . (include area code) | | 30 -039 10. Field and Pool, or | -29 | 1808 |
| 3a. Address 4001 Penbrook, Odessa, TX 79762 | 10. Field and Pool, or BLANCO | | | | | |
| 4. Location of Well (Report location clearly and in accordance with any St | tate requireme | ents, *) | | I 1. Sec., T. R. M. or | | |
| At surface NWNE 1220 FNL - 2615 F | EL | | | SECTION 19, T291 | N. R6W | NMPM |
| At proposed prod. zone | | | | B | ., | |
| 14. Distance in miles and direction from nearest town or post office* | | | | 12. County or Parish | | 13. State |
| | | | | RIO ARRIE | 3A | NM |
| 15, Distance from proposed* location to nearest propery or lease line, ft. | 16. No. of a | icres in lease | 17. Spacin | g Unit dedicated to this | well | |
| (Also to nearest drig. unit line, if any) | 18 | 1840 ACRES 320.0 A | | | | |
| 18. Distance from proposed location* | 19. Propose | | | BIA Bond No. on file | | |
| to nearest well, drilling, completed, applied for, on this lease, ft. | | 5639' | <u></u> | 50085 | | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) | 22 Approxir | nate date work will star | t* | 23. Estimated duration | on | |
| 6260' GL | | | | <u> </u> | | |
| | 24. Attac | chments | | | | |
| The following, completed in accordance with the requirements of Onshore | Oil and Gas | Order No. 1, must be at | tached to thi | is form: | | |
| Well plat certified by a registered surveyor. A Drilling Plan. | | 4. Bond to cover the Item 20 above). | e operations | s unless covered by an | existing b | ond on file (see |
| 3 A Surface Use Plan (if the location is on National Forest System I | ands, the | 5. Operator certific | ation | | | • |
| SUPO must be filed with the appropriate Forest Service office). | | 6. Such other site sp BLM~ | ecific infor | mation and/or plans as | may be re | equired by the |
| 25. Signature | Name | (Printed/Typed) | | | Date | |
| Pegan for | | Pegg | y James | | 02/ | 08/2006 |
| Fitle Sr. Associate | | | | | | |
| Approved by (Signature) | Name | (Printed/Typed) | | | Date | /2/00 |
| Title AFM | Office | FFO | | | · | |
| Application approval does not warrant or certify that the applicant holds | lega orequit | able title to those rights | in the subj | ect lease which would e | ntitle the a | pplicant 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 formation. This well will be drilled and equipped in accordance with the attachments submitted herewith. This application is for APD / ROW.

This notion is subject to technical and it countries are executable to 43 CFR 3165.3 and the countries are 12 CFR 3165.3

ECBURCH RATIONS AUTHORIZED ARE ECBURCT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".



District I PO Box 1980, Hobbs, NM B8241-1980

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 875042208EB 10 89 10 50

AMENDED REPORT

RECEIVED

070 FARMINGTON NM

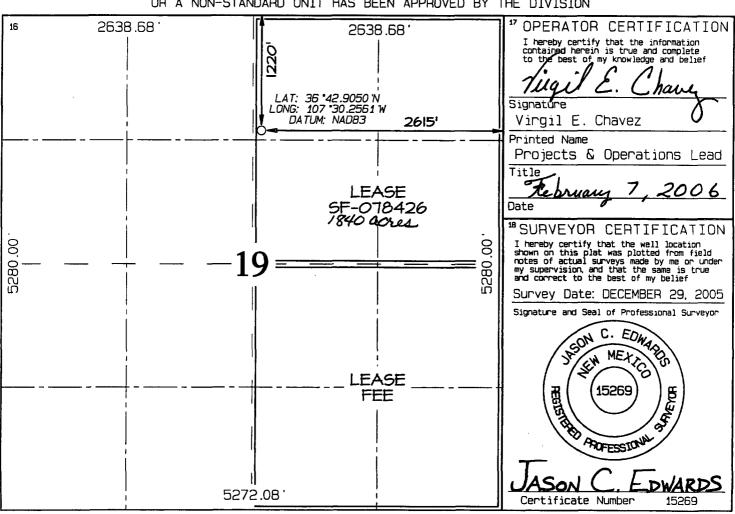
WELL LOCATION AND ACREAGE DEDICATION PLAT

| 'API Number | 'Pool Code | POOI Name | |
|----------------|------------|----------------------|--------------|
| 30-039-29808 | 72319 | BLANCO MESAY | VERDE |
| 'Property Code | | Property Name | *Well Number |
| 31326 | 5 | SAN JUAN 29-6 UNIT | 65C |
| 'OGRID No. | | *Operator Name | *Elevation |
| 217817 | CON | NOCOPHILLIPS COMPANY | 6260 ' |
| | 1 | O Surface Location | |

Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|--------------------|--|----------|----------|----------|-------------------------------|----------------------------------|-------------------------|----------------|---------------|
| В | 19 | 29N | БW | | 1220 | NORTH | 2615 | EAST | RIO ARRIBA |
| L | <u></u> | 11 = | <u> </u> | <u> </u> | <u> </u> | 5 5 5 5 | | <u> </u> | I WILLIAM |
| | 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 |
| | | | | | | | | | |
| | | | | | | | L | | |
| 12 Dedicated Acres | | | | | ³³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. | | |
| | 320 | 0.0 Acre | es – E, | /2 | | | | | |
| | | | | | |] | 1 | | |

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



| Submit 3 Copies To Appropriate District State of New Mexico | Fonn C- 1 03 |
|--|---|
| Energy, Minerals and Natural Resources | May 27, 2004 |
| District 11 OIL CONSERVATION DIVISION | 24808 |
| District III 1220 Courth St. Engage Dr. | _ |
| 1 1000 Rio Brazos Rd., Aztec, NM 8741 0 District IV Santa Fe, NM 87505 STATE 6. State Oil & Gas Lease | FEE No. |
| 1220 S. St. Francis Dr., Santa I e, NM | |
| 87505 SUNDRY NOTICES AND REPORTS ON WELLS 7. Lease Name or Unit Ag | greement Name |
| (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 SAN ILLAN 20. | 6 I DUT |
| PROPOSALS.) | |
| 1. Type of Well: Oil Well Gas Well Other 2. Name of Operator 9. OGRID Number | 65C |
| ConocoPhillips Company | 217817 |
| 3. Address of Operator 4001 Penbrook, Odessa, TX 79762 I 0. Pool name or Wildcat | |
| 4. Well Location BLANCO MES | AVERDE |
| Unit Letter B 1220 feet from the NORTH line and 2615 feet from the | EAST line |
| Section 19 Township 29N Range 6W NMPM RIO ARRIB | |
| I 1. Elevation (Show whether DR, RKB, RT, GR, etc.) | |
| Pit or Below-grade Tank Application Closure | |
| Pit or Below-grade Tank Application Closure Pit type DRILL Depth to Groundwater 40' 5 Distance from nearest fresh water well 4,194 Distance from nearest surfa | ce water 1,536 |
| Liner Thickness: 12 mil Below-Grade Tank: Volume 4400 bb1s; Construction Material SYNTHE | TIC |
| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data | |
| | OF. |
| | OF. NG CASING □ |
| TEMPORARILY ABANDON CHANGE PLANS COMMENCE DRILLING OPNS. P AND | |
| PULL OR ALTER CASING | |
| OTHER: OTHER: | |
| 13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, includ | |
| of starting any proposed work). SEE RULE I 1 03. For Multiple Completions: Attach wellbore diagram of proof or recompletion. | posed completion |
| or recomplication. | |
| | |
| 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 wel | |
| 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 | |
| I hereby certify that the information above is true and complete to the best of thy knowledge and benef. I further certify that | onvenit on halave |
| grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD | anv pit or below- -approved plan |
| grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD | anv pit or below- -approved plan 2/08/2006 |
| grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD SIGNATURE Peggy James TITLE Sr. Associate DATE OF Type or print name E-mail address peggy.s.james@conocophillips.com: Telephone No | -approved plan |
| grade tank has been/will be constructed or closed according to NMOCD guidelines a general permit or an (attached) alternative OCD SIGNATURE Peggy James TITLE Sr. Associate DATE OF THE DESTRUCTION OF THE | -approved plan 02/08/2006 |

CONOCOPHILLIPS COMPANY SAN JUAN 29-6 UNIT #65C 1220' FNL & 2615' FEL, SECTION 19, T29N, R6W, NMPM RIO ARRIBA COUNTY, NEW MEXICO ELEVATION: 6260' COPC PIPELINE UNIMPROVED ROADWAY В FII (5) 6 F6 BLOW PIT RESERVE PIT 55' X 125' DRAIN TO RESERVE g. NI3°M 150' LAYDONN ① C1 ④ 125 1/4 SECTION LINE PROPERTY LINE F3 ATITUDE: SIDE FENCE-LINE (4-WIRE) MORKING 9 25 125 В C18 3 (2) C9 50' CONSTRUCTION ZONE A-A' 6273' 6263' 6253' B-B' 6273' 6263 62531 C-C' 6273 6263' 62531 FILENAME: 29619BT SHEET 2 OF 6 NCE SURVEYS, INC. DRAWN BY, EDO CHECKED BY: JCE



PROJECT PROPOSAL - New Drill / Sidetrack

San Juan Business Unit

SAN JUAN 29-6 65C

| Lease: | | | | AFF | #: WAN. | .CNV. | 5105 | | | | AFE \$: |
|---|--|---------------------------------------|------------|-----------------------|---------------|------------------|-----------------------|---------------------|--------------|-----------|---|
| Field Name: 29 | - -6 | | Rig: H&P | | - // | | State: Ni | M Coun | ty: RIO ARF | RIBA | API #: |
| Geoscientist: G | | | | 832)486-233 | 2 F | Prod. | | Moody, Cr | | | one: 486-2334 |
| Res. Engineer: | | - | | 332-486-2385 | | | ield Lead: F | | | • | one: |
| | tive (Zones): | | | | | | | | | | |
| Zone | Zone Name | | | |] | | | | | | |
| RON | BLANCO MES | SAVERDE (F | RORATED | GAS) | | | | | | | |
| | | ı | | | | | | | | | |
| (Location A Stiff | :66 | | | | | | | | | | ் SraightGole |
| Latitude: 36.72 | Longitu | de: -107.50 |) X: | |) | / : | | Sect | ion: 19 | | Range: 6W |
| Footage X: 258 | 5 FEL Footage | e Y: 1190 F | NL E | evation: 6263 | 3 (F | ·T) | Fownship: 2 | 9N | | | |
| Tolerance: | | · · · · · · · · · · · · · · · · · · · | | | | | | | | | |
| Location Type: | Year Round | | Start Dat | e (Est.): | | Con | pletion Date | : | Da | ate In Op | eration: |
| Formation Data | : Assume KB = | 6279 | Units = FI | - | | | | | | | |
| Formation Call & Casing Points | | Depth (TVD in Ft) | SS (Ft) | Depletion (Yes/No) | BHP (PSIG) | внт | | | Rei | marks | |
| Surface Casing | | 216 | 6063 | | | | | . 9 5/8" | 32.3 ppf, H | -40, STC | casing. Circulate o |
| NCMT | | 1119 | 5160 | П | | | to surface. | | | | |
| CJAM | | 2259 | 4020 | Ä | | | Possible wa | ter flows. | | | |
| (RLD | | 2389 | 3890 | Ä | | | | | | | |
| RLD | | 2829 | 3450 | H | | | Possible gas | s. | | | |
| PCCF | | 3119 | 3160 | | | | | | | | |
| .EWS | | 3319 | 2960 | $\overline{\Box}$ | | | | | | | |
| Intermediate Cas | sing | 3419 | 2860 | | | | 8 3/4" Hole. surface. | . 7", 20 p | pf, J-55, S | TC Casing | J. Circulate cemen |
| CHRA | | 4099 | 2180 | | | | Surface. | | | | |
| LFH | | 4879 | 1400 | ī | | | Gas; possib | lv wet | | | |
| MENF | | 4969 | 1310 | ñ | | | Gas. | , | | | |
| TLK | | 5289 | 990 | ō | | | Gas. | | | | |
| MNCS | | 5539 | 740 | | | | | | | | |
| TOTAL DEPTH M | V | 5639 | 640 | | | | a minimum | of 100' in | side the pre | evious ca | casing. Circulate co sing string. No ope |
| Reference\\\ | IISH - | | | | | | logs. Cased | noie IDI | WILL GK (0 | surrace. | |
| Reference Type | | | | Comments | | erane de la cela | | | | | |
| | | | | | | | | 77) 1 × 1 × 1 × 1 | | | |
| <u>L'ogging Progr</u> Intermediate les | The state of the s | if chou | CD/TLD | Trial C | | | | | | | |
| michinediate LO | gs: Log only | II SHOW | GK/ILD | Triple Co | OUDO | | | | | | |
| | | | · | | | | | | | | |
| TD Logs: | ☐ Triple Co | mbo 🔲 D | ipmeter [| RFT 🗌 : | Sonic 🗌 | VSP | ✓ TDT | | | | |
| Additional Inforr | nation: | <u></u> | | | | | <u></u> | | | | |
| | | | | | | | | | | | |
| Log Type | Stage | From | (Ft) | To (Ft) | [7 | Tool 1 | ype/Name | | Remark | s | |

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PROJECT PROPOSAL - New Drill / Sidetrack

SAN JUAN 29-6 65C

Comments: Zones - Drill and equip the SAN JUAN 29-6 65C well as an 80-acre Mesaverde/Lewis infill well, to be located 2200 FEL & 400 FNL of Section 19-T29N-R6W, Rio Arriba County, NM. Once established and adequately tested, production will be from Mesaverde/Lewis only.

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 - Drill and equip the SAN JUAN 29-6 65C well as an 80-acre Mesaverde/Lewis infill well, to be located 2200 FEL & 400 FNL of Section 19-T29N-R6W, Rio Arriba County, NM. Once established and adequately tested, production will be from Mesaverde/Lewis only.

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MESA VERDE Wells:

Drilling Mud Program: Surface: spud mud

Intermediate: fresh water mud with bentonite and polymer as needed

Below Intermediate: air/mist 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, 3'd, & 4th joints Intermediate: centralizers placed 10' above the shoe latched over a stop collar and at the top of the 2nd, 4th, 6th, 8th, 8th, 8

10" 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

DAKOTA Wells:

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 29-6 #65C Halliburton Cementing Program

SURFACE CASING:

Drill Bit Diameter
Casing Outside Diameter
Casing Weight
Casing Grade
Shoe Depth
Cement Yield
Excess Cement

1315 " 91625 " 3243 ppf 1140 235 '

125 %

212 sx

Casing Inside Diam. 9:001 "

SHOE

235 ', 9.625 ",

Cement Required

32.3 ppf,

H-40 STC

INTERMEDIATE CASING:

Drill Bit Diameter
Casing Outside Diameter
Casing Weight
Casing Grade
Shoe Depth
Lead Cement Yield
Lead Cement Excess
Tail Cement Length
Tail Cement Excess
Lead Cement Required
Tail Cement Required

SHOE

3419 ',

7 ",

20 ppf,

J-55 STC

PRODUCTION CASING:

Drill Bit Diameter
Casing Outside Diameter
Casing Weight
Casing Grade
Top of Cement
Shoe Depth
Cement Yield
Cement Excess
Cement Required

6/25 " 10.5 ppf J-55 32/19 '

Casing Inside Diam. 4.052 "

200' inside intermediate casing

50 % 252 sx

SAN JUAN 29-6 #65C

HALLIBURTON OPTION

| 9-5/8 Surface Casing | | | | | | |
|----------------------|---------------|-------------------------|--|--|--|--|
| | Class C Stan | Class C Standard Cement | | | | |
| Cement Recipe | + 3% Calciur | n Chloride | | | | |
| | +0.25 lb/sx F | locele | | | | |
| Cement Volume | 212 | sx | | | | |
| Cement Yield | 1.21 | cuft/sx | | | | |
| Slurry Volume | 258.6 | cuft | | | | |
| Siurry volume | 46.1 | bbls | | | | |
| Cement Density | 15.6 | ppg | | | | |
| Water Required | 5.29 | gal/sx | | | | |

| 7" Intermediate Casing | | | | | | |
|------------------------|-----------------------|---------------|--|--|--|--|
| | Lead Slurry | | | | | |
| | Standard Ce | ment | | | | |
| Cement Recipe | + 3% Econoli | te (extender) | | | | |
| | + 10 lb/sx Pheno Seal | | | | | |
| Cement Required | 340 sx | | | | | |
| Cement Yield | 2.88 cuft/sx | | | | | |
| Slurry Volume | 978.4 | cuft | | | | |
| Sidily volume | 174.3 | bbls | | | | |
| Cement Density | 11.5 ppg | | | | | |
| Water Required | 16.91 | gal/sx | | | | |

| 7" Intermediate Casing | | | | | |
|------------------------|----------------------|---------------|--|--|--|
| | Tail Slurry | | | | |
| | 50 / 50 POZ:St | andard Cement | | | |
| Cement Slurry | + 2% Benton | ite | | | |
| | + 6 lb/sx Pheno Seal | | | | |
| Cement Required | 200 sx | | | | |
| Cement Yield | 1.33 cuft/sx | | | | |
| Slurry Volume | 266.6 | cuft | | | |
| Sidily volume | 47.5 | bbls | | | |
| Cement Density | 13.5 ppg | | | | |
| Water Required | 5.52 | gal/sx | | | |

| 4-1/2" Production Casing | | | | | |
|--------------------------|------------------------------------|-----------------|--|--|--|
| | 50 / 50 POZ:Standard Cement | | | | |
| | + 3% Benton | ite | | | |
| Coment Besine | + 3.5 lb/sx P | henoSeal | | | |
| Cement Recipe | + 0.2% CFR-3 F | riction Reducer | | | |
| | + 0.1% HR-5 Retarder | | | | |
| | + 0.8% Halad-9 Fluid Loss Additive | | | | |
| Cement Quantity | 252 | sx | | | |
| Cement Yield | 1.45 | cuft/sx | | | |
| Cement Volume | 365.2 | cuft | | | |
| Cement volume | 65.0 | | | | |
| Cement Density | 13.1 | ppg | | | |
| Water Required | 6.47 | gal/sx | | | |

SCHLUMBERGER OPTION 1

| 9-5/8 Surface Casing | | | | | |
|----------------------|------------------------------------|-------------------------|--|--|--|
| | | Class G Standard Cement | | | |
| Cement Recipe | + 2% S001 Calcium Chloride | | | | |
| | +0.25 lb/sx D029 Cellophane Flakes | | | | |
| Cement Volume | 211 | sx | | | |
| Cement Yield | 1.16 | cuft/sx | | | |
| Cement Volume | 245.2 | cuft | | | |
| Cement Density | 15.8 | ppg | | | |
| Water Required | 4.983 | gal/sx | | | |

| F | | | | | |
|------------------------|-----------------------|-------------------|--|--|--|
| 7" Intermediate Casing | | | | | |
| Lead Slurry | | | | | |
| | Class G Stan | dard Cement | | | |
| | +0.25 lb/sx D029 0 | Cellophane Flakes | | | |
| Cement Recipe | + 3% D079 E | Extender | | | |
| | + 0.20% D046 Antifoam | | | | |
| | + 10 lb/sx Pheno Seal | | | | |
| Cement Required | 360 sx | | | | |
| Cement Yield | 2.72 | cuft/sx | | | |
| Slurry Volume | 978.8 | cuft | | | |
| Siurry volume | 174.5 | bbls | | | |
| Cement Density | 11.7 ppg | | | | |
| Water Required | 15.74 | gal/sx | | | |

| 7" Intermediate Casing | | | |
|------------------------|-------------------------------------|---------|--|
| Tail Slurry | | | |
| | 50 / 50 POZ:Standard Cement | | |
| | +0.25 lb/sx D029 Cellophane Flakes | | |
| | + 2% D020 Bentonite | | |
| Cement Slurry | + 1.5 lb/sx D024 Gilsonite Extender | | |
| | + 2% S001 Calcium Chloride | | |
| | + 0.10% D046 Antifoam | | |
| | + 6 lb/sx Pheno Seal | | |
| Cement Required | 203 | sx | |
| Cement Yield | 1.31 | cuft/sx | |
| Slurry Volume | 266.5 | cuft | |
| Siding volume | 47.5 | bbls | |
| Cement Density | 13.5 | ppg | |
| Water Required | 5.317 | gal/sx | |

| 4-1/2" Production Casing | | | |
|--------------------------|-------------------------------------|---------|--|
| Cement Recipe | 50 / 50 POZ:Class G Standard Cement | | |
| | +0.25 lb/sx D029 Cellophane Flakes | | |
| | + 3% D020 Bentonite | | |
| | + 1.0 lb/sx D024 Gilsonite Extender | | |
| | + 0.25% D167 Fluid Loss | | |
| | + 0.15% D065 Dispersant | | |
| | + 0.1% D800 Retarder | | |
| | + 0.1% D046 Antifoamer | | |
| | + 3.5 lb/sx PhenoSeal | | |
| Cement Quantity | 254 | sx | |
| Cement Yield | 1.44 | cuft/sx | |
| Cement Volume | 365.1 | cuft | |
| Cement volume | 65.0 | | |
| Cement Density | 13 | ppg | |
| Water Required | 6.43 gal/sx | | |

SCHLUMBERGER OPTION 2

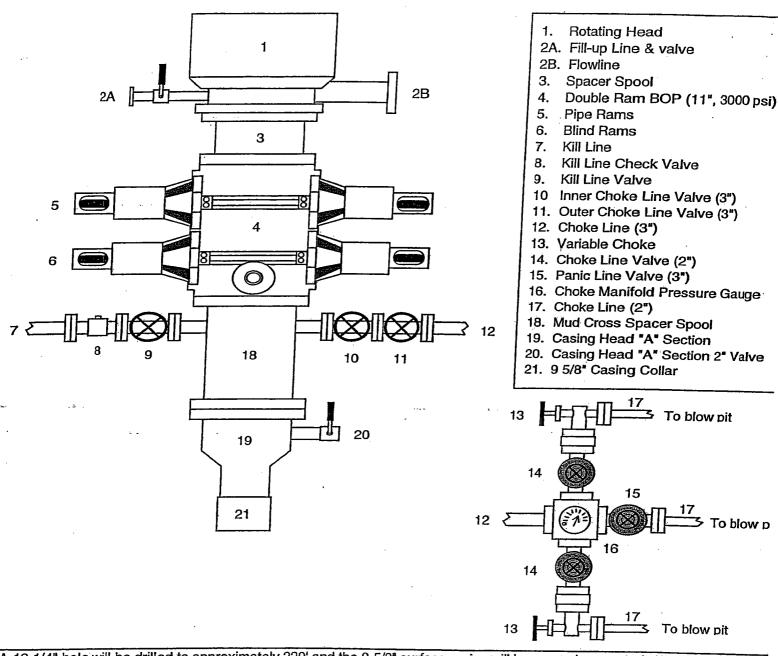
| 9-5/8 Surface Casing | | | |
|----------------------|----------------------------|-------------------|--|
| | Type III Cement | | |
| Cement Recipe | + 2% S001 Calcium Chloride | | |
| | + 0.25 lb/sx D029 | Cellophane Flakes | |
| : | + 0.20% D04 | 6 Antifoam | |
| Cement Volume | 195 | sx | |
| Cement Yield | 1.33 | cuft/sx | |
| Cement Volume | 259.5 | cuft | |
| Cement Density | 14.8 | ppg | |
| Water Required | 6.095 | gal/sx | |

| 7" Intermediate Casing | | | | |
|------------------------|-------------------------------------|---------|--|--|
| Lead Slurry | | | | |
| Cement Recipe | 75% Type XI / 25% Class G Cement | | | |
| | + 0.25 lb/sx D029 Cellophane Flakes | | | |
| | + 3% D079 Extender | | | |
| | + 0.20% D046 Antifoam | | | |
| | | | | |
| Cement Required | 467 | sx | | |
| Cement Yield | 2.1 | cuft/sx | | |
| Slurry Volume | 981.1 | cuft | | |
| | 174.7 | bbls | | |
| Cement Density | 11.7 | ppg | | |
| Water Required | 11.724 gal/sx | | | |

| 7" Intermediate Casing | | | | |
|------------------------|-------------------------------------|---------|--|--|
| Tail Slurry | | | | |
| | 50 / 50 POZ: Class G Cement | | | |
| | + 0.25 lb/sx D029 Cellophane Flakes | | | |
| Cement Slurry | + 2% D020 Bentonite | | | |
| | + 1.5 lb/sx D024 Gilsonite Extender | | | |
| | + 2% S001 Calcium Chloride | | | |
| | + 0.10% D046 Antifoam | | | |
| | + 6 lb/sx Pheno Seal | | | |
| Cement Required | 204 | sx | | |
| Cement Yield | 1.31 | cuft/sx | | |
| Slurry Volume | 266.6 | cuft | | |
| | 47.5 | bbls | | |
| Cement Density | 13.5 | ppg | | |
| Water Required | 5.317 gal/sx | | | |

| 4-1/2" Production Casing | | | |
|--------------------------|-------------------------------------|--------------|--|
| Cement Recipe | 50 / 50 POZ:CI | ass G Cement | |
| | + 0.25 lb/sx D029 Cellophane Flakes | | |
| | + 3% D020 Bentonite | | |
| | + 1.0 lb/sx D024 Gilsonite Extender | | |
| | + 0.25% D16 | 7 Fluid Loss | |
| | + 0.15% D065 Dispersant | | |
| | + 0.1% D800 Retarder | | |
| | + 0.1% D046 Antifoamer | | |
| | + 3.5 lb/sx Pl | henoSeal | |
| Cement Quantity | 254 | sx | |
| Cement Yield | 1.44 | cuft/sx | |
| Cement Volume | 365.2 | cuft | |
| Cement volume: | 65.0 | | |
| Cement Density | 13 | ppg | |
| Water Required | 6.47 | gal/sx | |

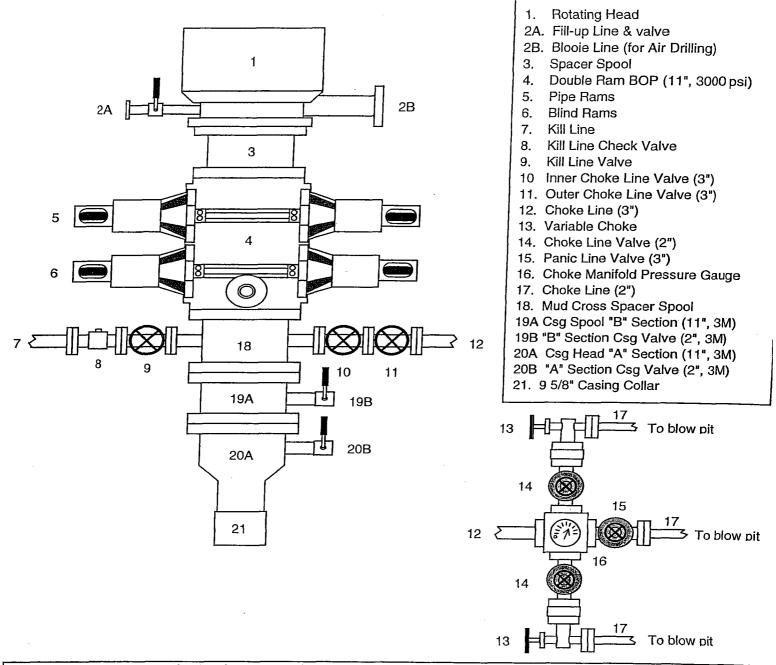
BLOWOUT PREVENTER ARRANGEMENT & PROGRAM For Drilling to Intermediate Casing Point & Setting 7" Intermediate Casing



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



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 29-6 UNIT | | | _ | Well # | : | 65C | |
|-------------------|--------------------|----------|---------|-------|---------|----------|------|-------|
| Surface Loca | tion: | | | | | | | |
| Unit: B | _Section | n: 19 To | wnship: | 29N | _Range: | 6W | | |
| County: RIC |) ARRI | BA | ··· | State | : New M | exico | | |
| Footage | 1220 | from the | NORTH | line | 2615 | 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.