

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires: November 30, 2000

RECEIVED

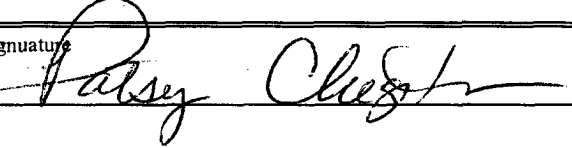
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF078998
1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. Indian, Allottee or Tribe Name
2. Name of Operator ConocoPhillips Company		7. Unit or CA Agreement Name and No. San Juan 32-7 Unit
3a. Address 5525 Highway 64, NBU 3004, Farmington, NM 87401		8. Lease Name and Well No. SJ 32-7 Unit #229A
3b. Phone No. (include area code) 505-599-3454		9. API Well No. 3004531758
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface Unit F, 1655' FNL & 1795' FWL At proposed prod. zone Same as above		10. Field and Pool, or Exploratory Basin Fruitland Coal
14. Distance in miles and direction from nearest town or post office* 21 miles SE of Ignacio, CO		11. Sec., T., R., M., or Blk. and Survey or Area Sec. 9, T31N, R7W
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 1655'	16. No. of Acres in lease 2158.91	17. Spacing Unit dedicated to this well 320 N/2
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 3678'	20. BLM/BIA Bond No. on file ES0085
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6605' GL	22. Approximate date work will start* August 1, 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:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Patsy Clugston	Date 6/30/03
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Title
SHEAR Administrative Assistant

Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

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 Reverse)

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

NMOC

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

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

*API Number 30-45-31758		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL
*Property Code 31329	*Property Name SAN JUAN 32-7 UNIT		*Well Number 229A
*GRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 6605'

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
F	9	31N	7W		1655	NORTH	1795	WEST	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 320.0 Acres - (N/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

<p>16</p> <p>5262.84'</p> <p>1655'</p> <p>1795'</p> <p>5280.00'</p> <p>9</p> <p>LAT: 36°55.0035' N LONG: 107°34.7187' W DATUM: NAD27</p> <p>SF-078998</p> <p>AUG 2003</p> <p>070 Farmington, NM</p> <p>2003 JUN 30 PM 3:40</p> <p>5268.12'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Vicki R. Westby</i> Signature Vicki R. Westby Printed Name Sr. Analyst Title Date <i>June 23, 2003</i></p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey: APRIL 3, 2003</p> <p>Signature and Seal of Professional Surveyor</p> <p> JASON C. EDWARDS Certificate Number 15269</p>

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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

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

ConocoPhillips Company

3a. Address

5525 Highway 64, NBU 3004, Farmington, NM 87401

3b. Phone No. (include area code)

505-599-3454

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit F (SENW), 1655' FNL & 1795' FWL
Section 9, T31N, R7W

5. Lease Serial No.

NMSF078998

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No

8. Well Name and No.

SJ 32-7 Unit #229A

9. API Well No.

30045 31758

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other <u>Change in</u> |
| <input checked="" type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | <u>the Drilling Prog</u> |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | <u>from Original APD</u> |

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 final site is ready for final inspection.)

Plans have changed to our drilling program and therefore we need to submit a change in the drilling procedure for this well. We will now be topsetting and either underreaming and/or cavitating this well.

If the well is initially underreamed, we may or may not run a liner. The tubing will be set and then the well will be turned to sales. If well conditions warrant, we may return and cavitate the well at a later date. After we cavitate we will then run and perforate the liner, rerun the tubing and return the well to production. A new Drilling Prognosis with more detail is attached.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Patsy Clugston

Title

SHEAR Administrative Assistant

Date

8-13-03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ David J. Markiewicz

Title

Date

AUG 15 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



WELL NAME: San Juan 32-7 Unit #229A

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit F, 1655' FNL & 1795' FWL
Section 9, T31N, R7W
2. Unprepared Ground Elevation: @ 6605'
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3678'.
6. The estimated tops of important geologic markers are as follows:

<u>Nacimiento - 990'</u>	<u>PC Tongue - 3381'</u>
<u>Ojo Alamo - 2396'</u>	<u>Base Lowest Coal - 3496'</u>
<u>Kirtland - 2484'</u>	<u>Pictured Cliffs - 3498'</u>
<u>Fruitland - 3025'</u>	<u>T. D. - 3678'</u>
<u>Base of Main Coal - 3376'</u>	

TD includes 180' 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 - 990' - 2396'</u>
Oil:	<u>none</u>
Gas:	<u>Fruitland Coal - 3025' - 3496'</u>
Gas & Water:	<u>Fruitland Coal - 3025' - 3496'</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 @ 3678'

* 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: 150 sx - 15.8 ppg Class G cement + 2% S001 CaCl₂, + 0.25#/sx D029 Cellophane Flakes. Water required - 4.983 gal/sx . Yield - 1.16 cf/sx (174.27 cf.) Will circulated cement to surface.

9. Cement program: (continued from Page 1)

Intermediate String:

Lead Cement: 396.4 sx Class G w/3% D079 (Extender) 0.25#/sx D029 (Cellephone flakes, + 0.2% D046 Flocele (All purpose antifoam agent) mixed at 11.7 ppg and yield of 2.61 cuft/sx = 1034.55 cf.

Tail: 96 sx - 50/50/G/POZ cement w/2% D020 (Bentonite Extender), 2% S001 (CaCl₂), 5#/sx D024 (Gilsonite), 1/4#/sx D029 (Cellephone flakes) & 2% D046 (all purpose antifoam agent) @ a weight of 13.5 ppg and yield of 1.27 cuft/sx = 122.29 cf.

Circulate to Surface

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 2nd, 3rd, & 4th jts.

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

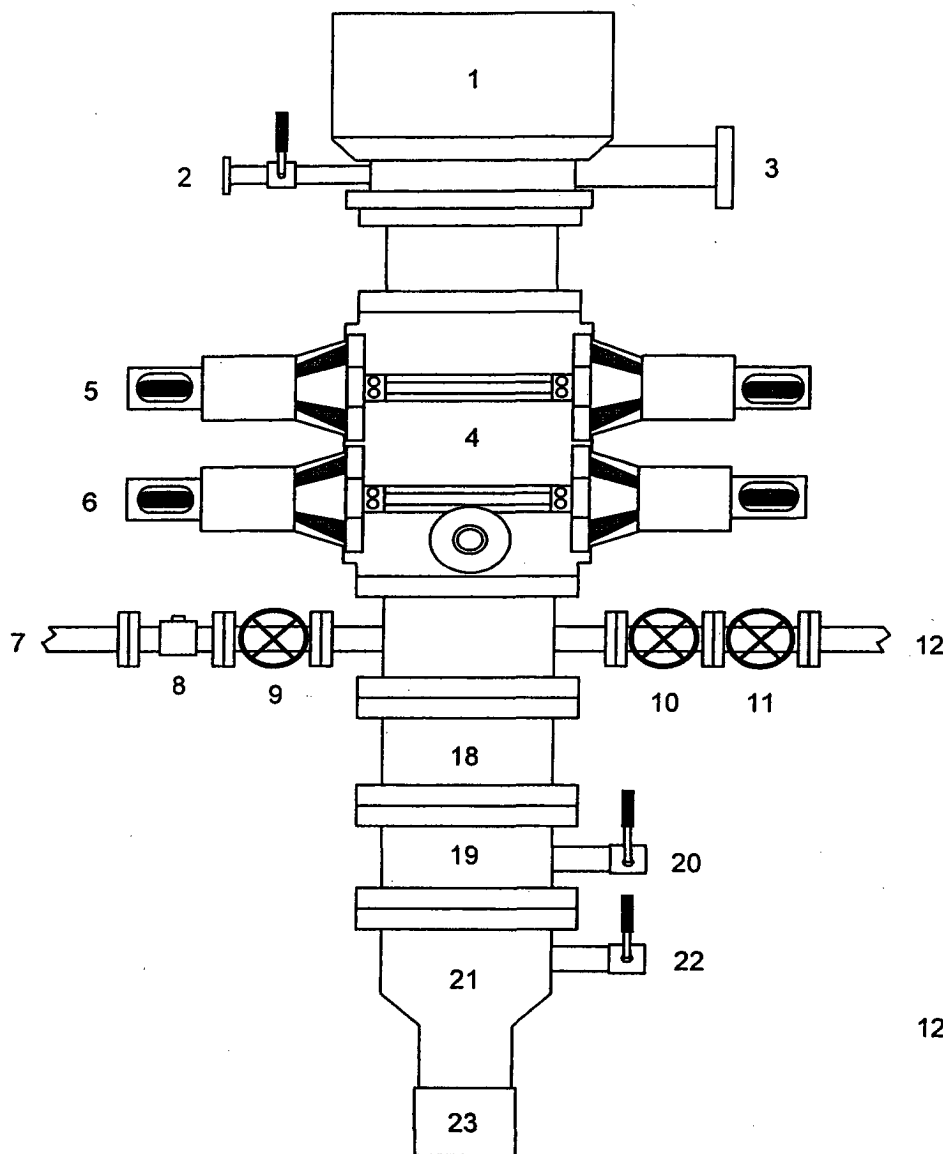
Turbulators: Total three (3) - one at 1st jt below Ojo Alamo and next 2 jts up.

Liner : A 5 1/2" 15.5# liner will be run in the open hole without being cemented.

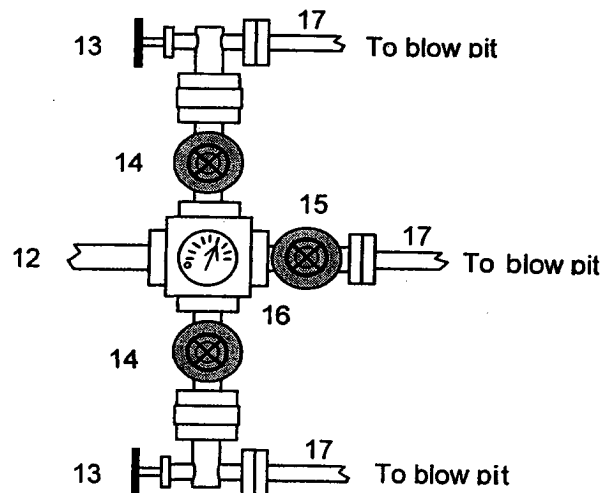
Completion - Depending on well conditions,

- Well will either be cavitaged and a 5-1/2" liner will be run without being cemented, or
 - Well will be underreamed, tubing will be set and cavitaged at a later date.
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.
Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.
Below Intermediate - air drilled.
12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores:
Logs: Mud logs only

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 32-7 Unit #229A
NM078998; 1655' FNL & 1795' FWL
Section 9, T31N, R7W; 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.