Form 3160-5
(August 1999)

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.

RECEIVED JUN 2001 OIL CON. DIV. DIST. 3

1. Type of Well ☐ Oil Well ☒ Gas Well ☐ Other	5. Lease Serial No. SF 078835-A
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA/Agreement, Name and/or No.
	8. Well Name and No. SAN JUAN 28-7 236M
2. Name of Operator CONOCO INC. Contact: DEBORAH MARBERRY E-Mail: deborah.moore@usa.conoco.com	9. API Well No. 30-039-26604
3a. Address P.O. BOX 2197 DU 3066 HOUSTON, TX 77252 3b. Phone No. (include area code) Ph: 281.293.1005 Fx: 281.293.5466	10. Field and Pool, or Exploratory BLANCO MESAVERDE/BASIN DAKOTA
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)* Sec 6 T27N R7W Mer NESE	11. County or Parish, and State RIO ARRIBA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ APDCH
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete 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 recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well was calculated for depth with the wrong elevation. Conoco requests to deepen this well as per the attached.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #4528 verified by the BLM Well Information System
For CONOCO INC., sent to the Farmington
Committed to AFMSS for processing by Maurice Johnson on 05/30/2001 ()

Name (*Printed/Typed*) DEBORAH MARBERRY — Title SUBMITTING CONTACT

Signature — Date 05/25/2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date 6/5/01

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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Conoco San Juan 28-7 # 236M DK/MV New Well
Drillout; run liner across DK Procedure
Rio Arriba County, NM

PEER REVIEWED -- PAT BERGMAN; 5/9/01

Summary:
The San Juan 28-7 #236M is a recently drillec DK/MV new drill which was TD'd at the objective depth of 7450', but after cased hole logs were run, was determined to be cased too shallow, above the DK formation objective. To complete the DK, which is the main objective of the well, the below proposed procedure outlines a method to drill-out an additional 300' using a workover rig/power swivel/air-mist system (3 7/8" hole); run 2 7/8" liner and cement in-place; then perforate and frac stimulate. After testing the DK completion, another procedure will be generated to complete the MV, and DHC w/ DK. Incremental costs for drillout and set liner and additional logging is $98,000. New proposed TD is 7730'.

The costs will be charged to the original AFE, which provided funds to drill and equip San Juan Unit 28-7 No. 236M, a 160-acre Mesaverde/160-acre Dakota infill well located in the south half of Section 6 of T27N, R7W, Rio Arriba County, NM. This well was drilled to the proposed TD of 7450 ft. to further develop the Dakota on 160 acre spacing in the western portion of the unit, and, downhole commingle with production to be established in the Blanco Mesaverde pool.

Based on a normalized, risked plot of area wells, new Dakota reserves of approximately 940 MMCFG are expected with an IP of 480 MCFD. Overall minimal geologic and reservoir risk are expected with development of all three major zones expected in the proposed location. Modest, if any, depletion of the Dakota sands are expected from offset unit producers.

GOAL IS TO DO THIS WORK W/ DAYLIGHT RIG, IN 6 DAY PERIOD (not including perforating/stimulating, which is included in original AFE).

General information:

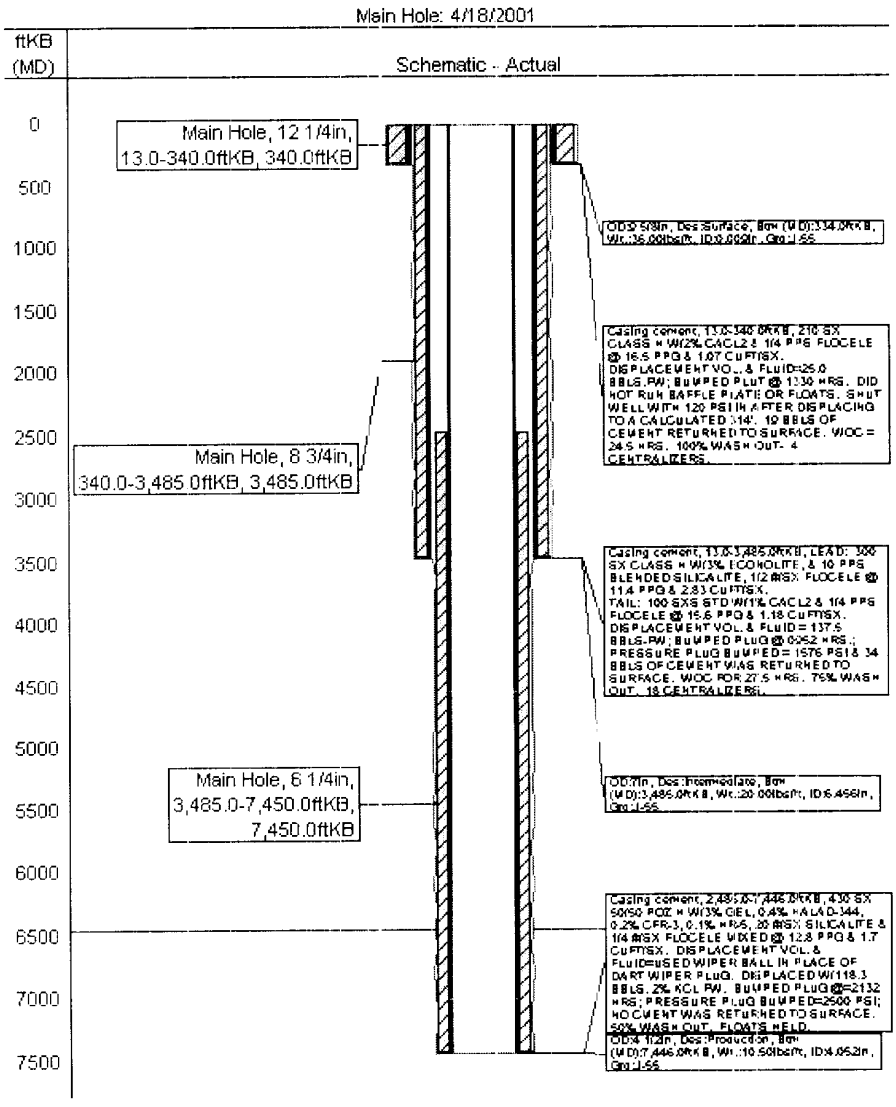
AFE's: #3018 DK zone
#3019 MV zone

Location: 1510' FSL , 1245' FEL, T 27 N, R 7 W, Section 6, Unit letter I

Elev: 6,448' KB: 6,461' Csg Shoe: 7446'FC(PBTD): 7439'

API: 300392660400

Casing/Cement Details:



Pools: Basin-Dakota (#7' 599)
Blanco-Mesaverde (#72319)

Existing Logs: Schlumberger TDT ; CBL

Wellhead: 5000# WP (limiting factor on injection pressure)
7 1/16" 5M X 2 1/16" 5M tree adapter/cap
11" 3M X 7 1/16" 5M tubing spool
11" 3M X 7 1/16" 5M tubing spool
9 5/8" 8 rd X 11" 3M casing spool

BHT: 212 DEGF (Static temp in Lower Cubero)

BHP: DK approx 2900psi
Mesaverde may be 500-600 psi

Emergency Response Information:

Wellpad: Lat: 36 35 58.9992 N; Long: 107 36 37.0008 W

Special BLM stips: Stips on Compressor installations
Notify BLM office (Envir compl staff) @ 599-6323 48 hrs prior to Construction activities
No construction if location too wet (greater than 6" ruts)
Pits will be lined (8 mill min)
Certain drainage stips (see attached); standard location/berm stips
Paint color to be used: Federal 595a-34127 (Juniper Green)
See special vent stips (into tanks; etc)

MSO Area: Stan Moran Mobile # -- 505-320-9577

Procedure:

1. Notify MSO. RU workover rig. Conduct pre-job safety meeting. Ensure all equipment; BOP's; etc have proper certification; pressure tested FOR DRILLING OPERATIONS, including having 7 1/16", 5000 psi rated spherical BOP. Also, power swivel and 2 air/mist packages, as specified by Mark Mabe, on-site Company supv.

2. RIH w/ following assembly, for drilling out FloatCollar/FloatShoe and 290' openhole interval:

QTY	Desc
12	3 1/8" drill collars w/ 2 7/8" PAC connections
6	Lift Subs, 2 7/8" PAC w/ 2 3/8" elev neck
1	Sub, 2 3/8" 8rd Box by 2 7/8" PAC pin
1	Sub, bit, 2 7/8" PAC box by 2 3/8" reg box
1	Float, 1R "F"
2	String Floats, 2 3/8" 8rd
3	Floats, 1F-2R "GA"
1	Float releasing tool
1	3 7/8" rotary bit

3. RIH w/ assembly on 2 7/8" drill string and tag FC @ 7439'. Pressure test casing/FC/BOP equipment to 3800 psi. If good pressure test, proceed to circulate cut water using air units w/ mist. Proceed w/ drillout of FloatCollar and FloatShoe using power swivel; then proceed to drill open-hole interval to 7730'.
NOTE: a)Assume use of 12 hour rig, shut-down after FloatShoe drillout to allow full day of drilling of open-hole section.
b)Have liner section on-site and ready to run immediately after open hole section drilled.
c) If full openhole interval cannot be completed in 12 hour period, pull-up into casing; circulate casing clean; and SDON. May require night-watch.
d) ADHERE TO NEW CONOCO AIR DRILLING STANDARD PROCEDURES. Monitor air injection pressures for sudden increases CONTINUOUSLY during drilling; ensure misting continuously; etc.

e) IF DRILLOUT TO TD IS NOT OBTAINED BY 3 DAY TARGET TIME, RECONVENE w/ TEAM (DECISION POINT) – Team to include Terry Glaser, Craig Moody, Eric Franisen, Ricky Joyce, Mark Mabe, Christine Valvatne .
f)**GET SAMPLE OF WATER CIRCULATED OFF BOTTOM; SEND TO UNICHEM FOR ANALYSIS/WATER QUALITY.**

4. As soon as open hole section completed; as time permits; obtain GOOD cleanout of OH; then PU into casing; circulate casing clean; POOH and immediately run 4417' 2 7/8" flush joint liner (150' overlap; liner hanger on top; with mechanism to add pack-off in event overlap does not pressure test; FC 10' above FS.). Cement in place, as per vendor recommendations.(.0368 cu ft/linear ft; incl excess, approx 24 cu ft displacement, or est sxs of 15). Displace w/ 2% KCL water. Unlatch from hanger; reverse out; PU and WOC. Next day, pressure test csg/liner top to 3500 psi. . Clean-out using tapered string & mill. NOTE: Depending on availability of frac vendor; etc, may elect to rig-down at this point, and go rigless for stimulation phase.
5. RU Schlumberger and run 1 11/16" GR/CBL log from PBTD to 7400' ; tie-into orginal log. Fax log to Houston Engineers at continuous fax 281-293-6362. (and send to Houston server). Notify either Craig Moody or Terry Glaser. Ensure cement 100' into overlap.

6. Proceed to perforate and fracture stimulate and test as per Lucas Bazan stimulation procedure (probably slickwater frac; perforation to be done using 1 9/16" strip guns).

7. If time permits, obtain production test of DK; if not, proceed to set plug over DK and perf/stimulate MV as per Lucas Bazan procedure.

8. Obtain separate stabilized tests; and report to Christine Valvatne and Trigon for C-104 application; DHC

9. After good cleanout of hole, using tapered workstring, RIH w/ 2 3/8" production tubing, w/ SN and muleshoe on bottom, and tag liner top. PJ 5' and land. Turn well over to MSO to put on production.

San Juan East Team