

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0136
Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

SINGLE ZONE ☒

MULTIPLE ZONE

2. NAME OF OPERATOR

Conoco Inc.

3. ADDRESS AND TELEPHONE NO.

10 Desta Drive, Suite 607W, Midland, TX 79705; 915/686-5565

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*)

At surface

900' FNL & 1820' FWL

At proposed prod. Zone

900' FNL & 1820' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. Unit line, if any)

6. NO. OF ACRES IN LEASE

SJ 28-7 Unit

16. NO. OF ACRES ASSIGNED
TO THIS WELL

320.20 W/2

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

9. PROPOSED DEPTH

7245' -

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

22. APPROX. DATE WORK WILL START*

03/12/01

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

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|-----------------------|-----------------|---------------|---------------------|
| 12 1/2" | J-55; 9 5/8" | 36# | 285' | 141 sxs, circ. - |
| 8 3/4" | J-55; 7" | 20# | 3200' | 512 sxs, circ. -- |
| 6 1/4" | J-55, 4 1/2" | 10.5# | 7245' - | TOC 3100', 327 sxs. |

It is proposed to drill a vertical wellbore to the Dakota Pool. A DHC application will be filed with the BLM and NMOCD. An NOS was filed 01/17/01. The well will be drilled and equipped according to the following additional attachments:

1. Well Location & Acreage Dedication Plat (C-102).
2. Proposed Well Plan Outline.
3. Cementing Plan.
4. Blowout Preventer Hookup.
5. Surface Use Plan.
6. Production Facility Layout.

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

APD/HOW

This application includes ROW's for the well pad, access road, cathodic protection, and pipeline.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED

Ken Smith

TITLE Analyst

DATE 11/09/00

(This space for Federal or State office Use)

PERMIT NO.

APPROVAL DATE

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:

MAR - 1 2001

APPROVED BY

/s/ Jim Lovato

TITLE

DATE

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

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

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 30-039-26666 | | *Pool Code 71593 | *Pool Name BASIN DAKOTA |
| *Property Code 016608 | *Property Name SAN JUAN 28-7 UNIT | | *Well Number 254M |
| *GRID No. 005073 | *Operator Name CONOCO, INC. | | *Elevation 6282' |

10 Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|-------------|---------|----------------------|---------------------------|-----------------------|------------------------|----------------------|
| UL or lot no. C | Section 6 | Township 27N | Range 7W | Lot Idn | Feet from the 900 | North/South line NORTH | Feet from the 1820 | East/West line WEST | County RIO ARriba |
|--------------------|--------------|-----------------|-------------|---------|----------------------|---------------------------|-----------------------|------------------------|----------------------|

11 Bottom Hole Location If Different From Surface

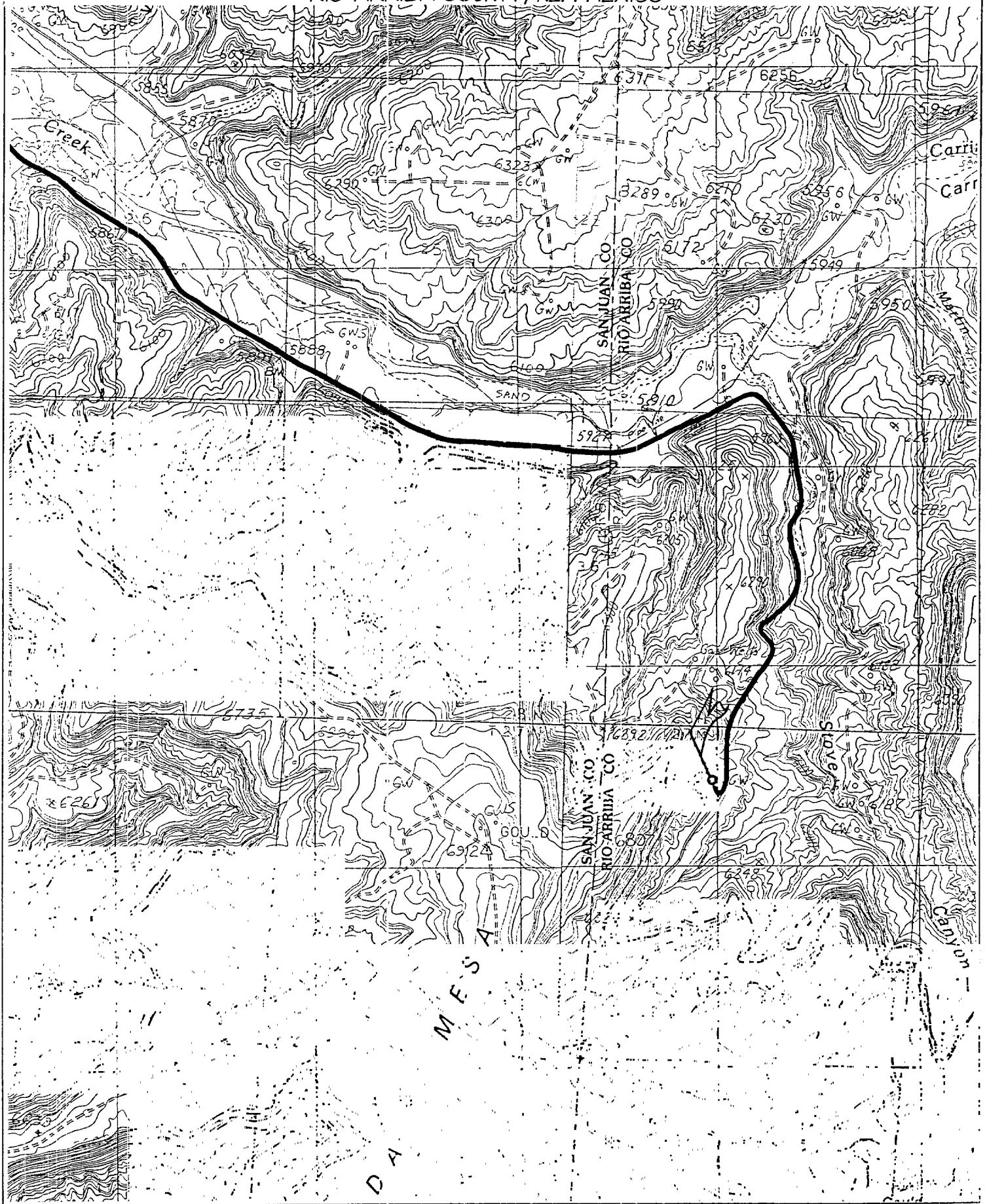
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

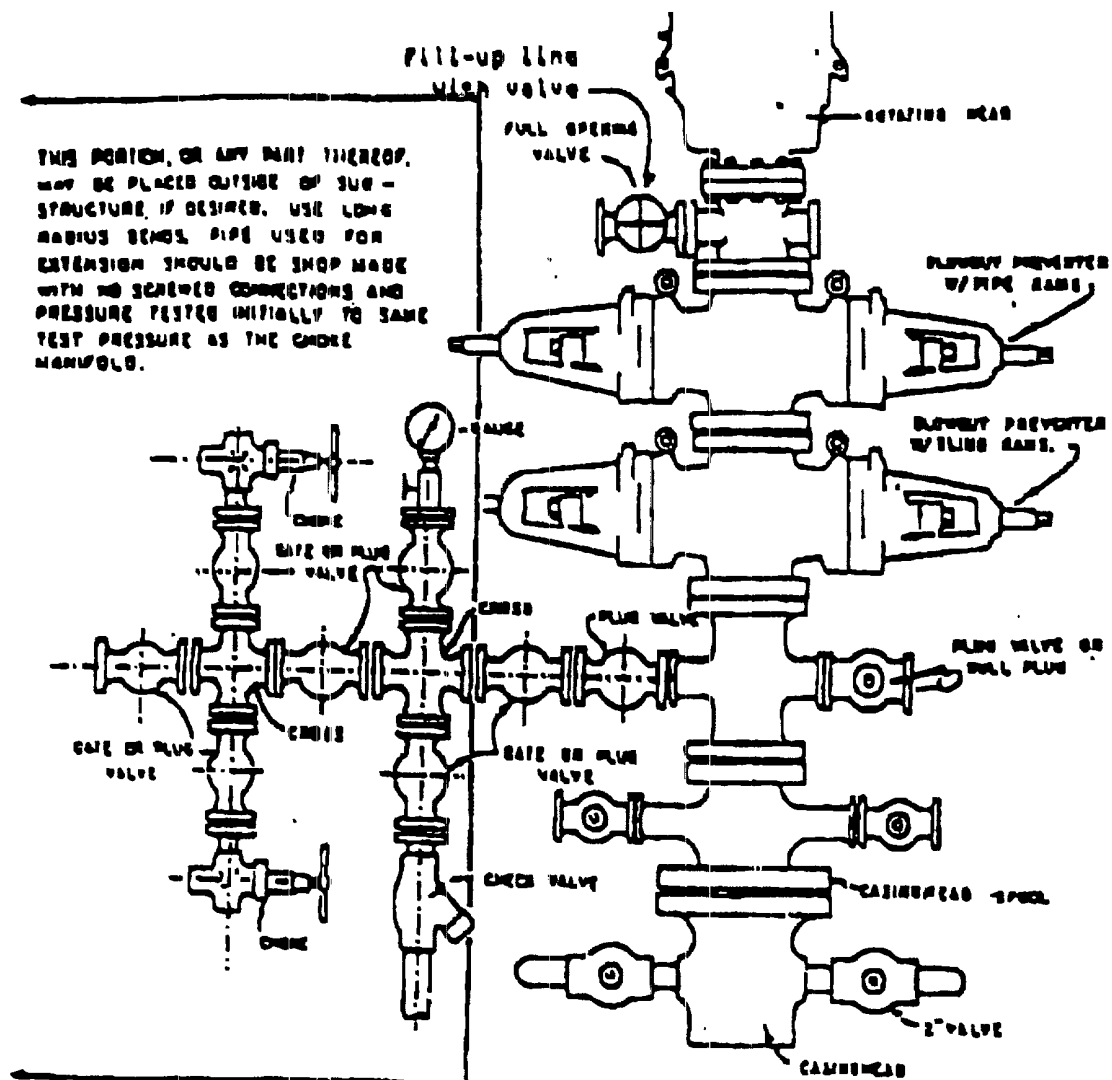
| | | | |
|--|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 320.20 Acres (W/2) | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|--|--------------------|-----------------------|--------------|

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

| | | |
|--|--|--|
| <p>1316.70' 1316.70' 2665.08'</p> <p>LOT 4 LOT 3 LOT 2 LOT 1</p> <p>1820' 900'</p> <p>SF-078835 6</p> <p>1376.10' 1376.10' 1370.16' 1383.36'</p> <p>1376.10' 1370.16' 1370.16' 1370.16'</p> <p>2751.54' 1319.34' 1320.00' 2638.68'</p> <p>MAR 2001 RECEIVED OIL CON. DIV DIST. 3</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>JoAnn Johnson</i></p> <p>Signature</p> <p>JoAnn Johnson</p> <p>Printed Name</p> <p>Sr. Property Analyst</p> <p>Title</p> <p>12-15-00</p> <p>Date</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>NOVEMBER 13, 2000</p> <p>Date of Survey</p> <p><i>Neale G. Edwards</i></p> <p>Signature and Seal of Registered Professional Surveyor</p> <p>NEALE G. EDWARDS NEW MEXICO 6857</p> <p>Certificate No. 6857</p> |
|--|--|--|

CONOCO, INC. SAN JUAN 28-7 UNIT #254M
900' FNL & 1820' FWL, SECTION 6, T27N, R7W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO





BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basing 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. Please see the attached BOP diagram 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 (note diagram No. 1). In addition, the following equipment will comprise the 2000 psi system:

1. Two rams with one blind and one pipe ram.
2. Kill line (2 inch maximum).
3. One kill line valve.
4. One choke line valve.
5. Two chokes (reference diagram No. 1).
6. Upper kelly cock valve with handle.
7. Safety valve and sub to fit all drill strings in use.
8. Two-inch minimum choke line.
9. Pressure gauge on choke manifold.
10. Fill-up line above the upper most preventor.
11. Rotating head.

Cathodic Protection System Description

| | | |
|-----------------------------|---|--|
| Anode Bed Type | Deep Well | |
| Hole Size | 3" | |
| Hole Depth | 200' - 500' | As required to place anodes below moisture and in low resistance strata. |
| Surface Casing | 8" Diam., \geq 20' Length, Cemented In Annular Space | When needed, casing will be installed at an adequate depth to control ground water flow. Casing will extend a minimum of 2' above grade, be surrounded by a concrete pad, and sealed with a PVC cap. Steel casing will be substituted when boulders are encountered. |
| Vent Pipe | 1" Diam. PVC | Vent pipe will extend from bottom of hole, through top of casing cap, and sealed with a 1" perforated PVC cap. |
| Type Of Anodes | Cast Iron Or Graphite | |
| Number Of Anodes | 8 - 20 | Sufficient quantity to achieve a total anode bed resistance of < 1 ohm and a design life \geq 20 years. |
| Anode Bed Backfill | Loreco SW Calcined Petroleum Coke Breeze | Installed from bottom of hole to 10' above top anode. |
| Anode Junction Box | 8 - 20 Circuit Fiberglass Or Metal | Sealed to prevent insect & rodent intrusion. |
| Current Splitter Box | 2 - 5 Circuit Metal | Sealed to prevent insect & rodent intrusion. |
| DC / AC Cable | DC: #2, #4, #6, #8 Stranded Copper (One Size Or Any Combination Of) With High Molecular Weight Polyethylene (HMWPE) Insulation. AC: #8 Stranded Copper HMWPE | 18" depth in typical situation, 24" depth in roadway, & 36" depth in arroyo's and streams. EXCEPTION: If trenching is in extremely hard substratum, depth will be 6 - 12" with cable installed in conduit. Installed above foreign pipelines if 1' clearance is available, if not, installed under foreign pipeline with 1' clearance (AC cable <i>always</i> installed under foreign pipeline in conduit). |
| Power Source | 1) Rectifier 2) Solar Power Unit 3) Thermoelectric Generator | Choice of power source depending on availability of AC & other economic factors. |
| External Painting | Color to be selected according to BLM specifications. | Paint applied to any surface equipment associated with the CP system which can reasonably be painted. |