

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SF-078565-A
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CONOCO INC. Contact: VICKI WESTBY E-Mail: Vicki.R.Westby@conoco.com		7. If Unit or CA Agreement, Name and No.
3a. Address 10 DESTA DR., ROOM 608W MIDLAND, TX 79705		8. Lease Name and Well No. SAN JUAN 28-7 UNIT 261G
3b. Phone No. (include area code) Ph: 915.686.5799 Ext: 5799		9. API Well No. 30039 27061
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWNW 395FNL 790FWL At proposed prod. zone		10. Field and Pool, or Exploratory BLANCO MESAVERDE/BASIN DAKO
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk. and Survey or Area D Sec 5 T27N R7W Mer NMP
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in Lease	12. County or Parish RIO ARRIBA
17. Spacing Unit dedicated to this well 320.52 <i>W/S</i>	13. State NM	18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.
19. Proposed Depth 7750 MD	20. BLM/BIA Bond No. on file	21. Elevations (Show whether DF, KB, RT, GL, etc.) 6737 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, 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 (Electronic Submission)	Name (Printed/Typed) VICKI WESTBY	Date 08/07/2002
Title AUTHORIZED SIGNATURE		
Approved by (Signature) <i>Charlie Beecham</i>	Name (Printed/Typed)	Date AUG 29 2002
Title ACTING	Office	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #13427 verified by the BLM Well Information System
For CONOCO INC., sent to the Farmington

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

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NW03D

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
70 Drawer DD, Artesia, NM 88211-0719

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 87504-2088

District III
1000 Rio Brazos Rd., Aztec, NM 87410

AMENDED REPORT

District IV
PO Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-039-29061		*Pool Code 72319 / 71599	*Pool Name BLANCO MESAVERDE / BASIN DAKOTA
*Property Code 016608	*Property Name SAN JUAN 28-7 UNIT		*Well Number 261G
*OSRD No. 005073	*Operator Name CONOCO, INC.		*Elevation 6737'

¹⁰ Surface Location

U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	5	27N	7W		395	NORTH	790	WEST	RIO ARRIBA

¹¹ Bottom Hole Location If Different From Surface

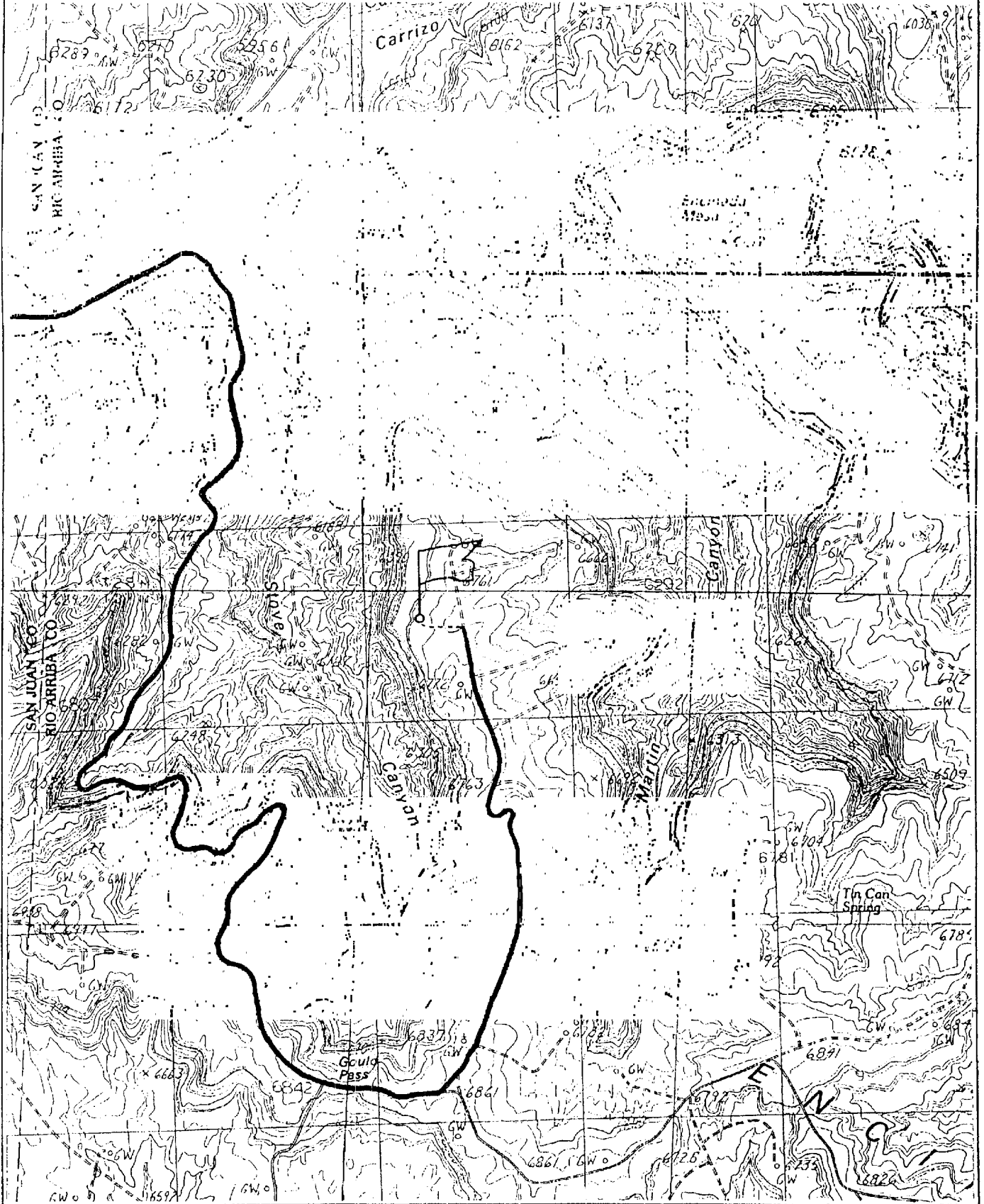
U. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320.52 Acres - (W/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>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 Westby</i> Signature Vicki R. Westby Printed Name Sr. Title Analyst Title Date: <i>July 31, 2002</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: JULY 3, 2002</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>JASON C. EDWARDS</i> Certificate Number 15269</p>

CONOCO, INC. SAN JUAN 28-7 UNIT #2616
395' FNL & 790' FWL, SECTION 5, T27N, R7W, N.M.P.M.
RIO ARriba COUNTY, NEW MEXICO



DRILLING PROGRAM - SAN JUAN 28-7 261G



San Juan Business Unit

Well: SAN JUAN 28-7 261G Area: EAST AFE #: 4237/4238 AFE \$: 338661.15

Field: EAST 28-7 Rig: Key 43 State: NM County: Rio Arriba API:

Location: Surface

Lat: 36.609675 Long: -107.60198 Footage X: 790 FWL Footage: 395 FNL Sec.: 5 Survey: 27N Abstract: 7W

ERA (Emergency Response Area)

Lat: Long:

Formation Data Ground Level 6737 FT Assume KB 6750 FT *"Air Drilled"*

Formation Call & Casing Points	Depth (TVD in Ft)	BHP (PSIG)	BHT	Remarks
Surface Casing	247			Severe lost circulation is possible. 9 5/8", 36 ppf, J-55, STC casing. Circulate cement to surface.
OJAM	2350			Possible water flows
KRLD	2500			
FRLD	3010			Possible gas
PCCF	3260			
LEWS	3360			
Intermediate Casing	3460			7", 20 ppf, J-55, STC Casing. Circulate cement to surface.
CHRA	4200			
CLFH	4920	1300		Gas; possibly wet
MENF	5010			Gas
PTLK	5490			Gas
MNCS	5790			
GLLP	6725			
GRHN	7400			Gas possible, highly fractured
TWLS	7485			Gas
CBBO	7630			Gas
Total Depth	7750	3000		4 1/2", 10.5 ppf, J-55, STC casing. Circulate cement a minimum of 100' inside the previous casing string. No open hole logs. Cased hole TDT with GR to surface.

Logging Program:

TD Logs: Triple Combo Dipmeter RFT Sonic VSP TDT Other

Additional Information:

Comments:



Well: San Juan 28-7 261G
County: San Juan
Area: East 28-1
Rig: Key Rig 43

Company: Conoco, Inc.
Engineer: Mr. Tom Schaefer
Date: 05-Aug-02

Surface Casing:

100 sx Type III Cement + 2%bwoc Calcium Chloride + 0.25 lbs/sk Cello Flake + 59.2% H₂O

Slurry Weight:	13.5	ppg
Slurry Yield	1.73	cf/sk
Amount of Mix Water	9.08	gps
Pump Time	4:22	
Compressives		
8 hrs @ 80 F	440	psi
24 hrs @ 80 F	1000	psi
48 hrs @ 80 F	1400	psi

Intermediate Casing:

Slurry 1 **437** sx Premium Lite Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sk Cello Flake + 8% bwoc Bentonite + 115.5% H₂O

Slurry 2 **73** sx Type III Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sk Cello Flake + 59.2% H₂O

Slurry 1

Slurry Weight:	12.1	ppg
Slurry Yield	2.23	cf/sk
Amount of Mix Water	12.05	gps
Pump Time	3:00	
Compressives		
8 hrs @ 80 F		psi
24 hrs @ 80 F	250	psi
48 hrs @ 80 F	525	psi

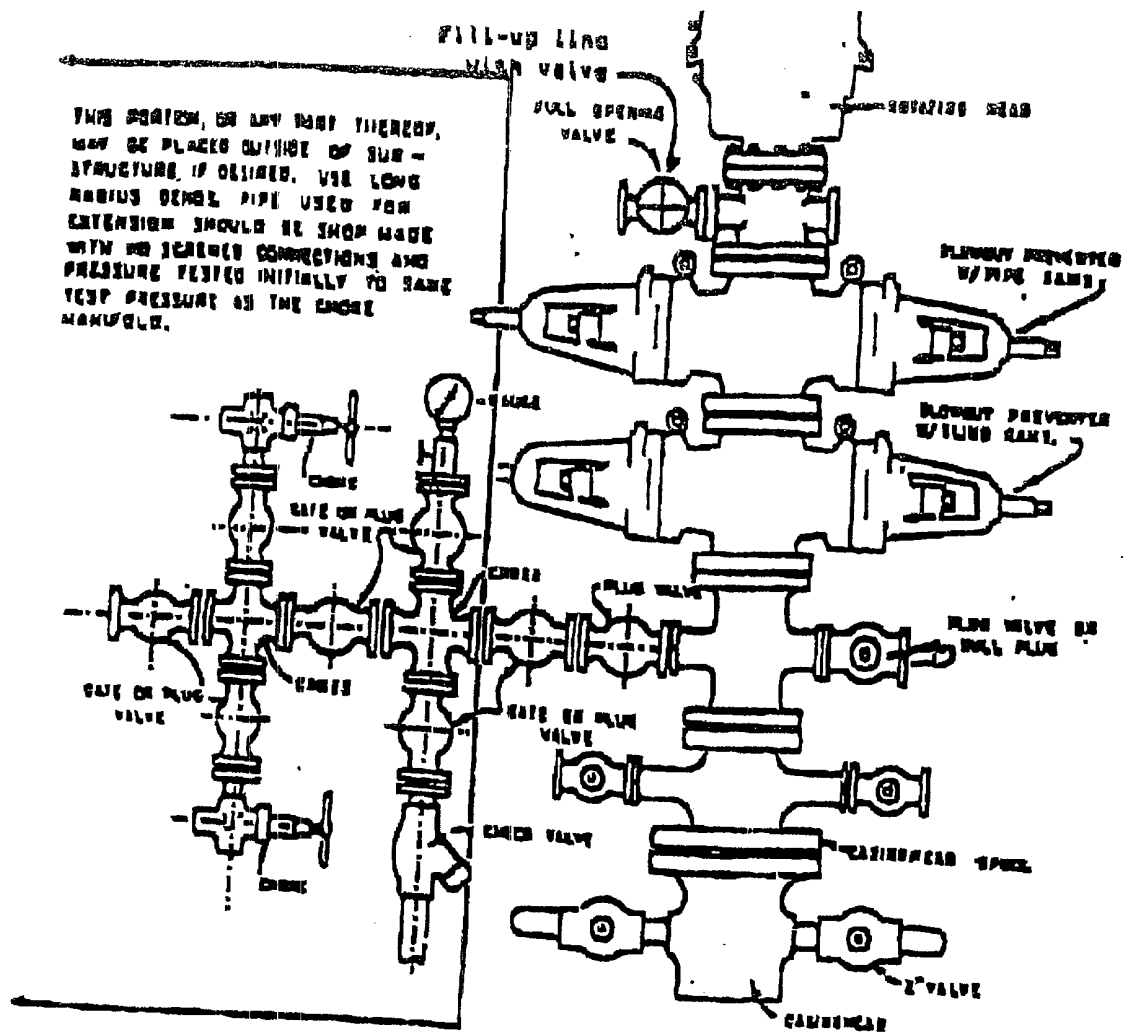
Slurry 2

Slurry Weight:	14.5	ppg
Slurry Yield	1.41	cf/sk
Amount of Mix Water	6.67	gps
Pump Time	2:15	
Compressives		
8 hrs @ 80 F	800	psi
24 hrs @ 80 F	2150	psi
48 hrs @ 80 F	3625	psi

Production Casing:

338 sx Premium Lite High Strength + 0.25 lbs/sk Cello Flake + 2% bwoc CD-32 + 0.65% bwoc FL-62 + 105.4% H₂O

Slurry Weight:	12.5	ppg
Slurry Yield	2.02	cf/sk
Amount of Mix Water	11	gps
Pump Time	3:00	
Compressives		
8 hrs @ 140 F		psi
24 hrs @ 140 F	1600	psi
48 hrs @ 140 F	2000	psi



BLOWOUT PREVENTER HOOKUP

Drilling contractors used in the San Juan Basin supply 1000 psi equipment, but cannot provide annular preventers 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 delation of the annular preventer 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 subs 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 preventer.
11. Rotating head.

Cathodic Protection System Description

Anode Bed Type	Deep Well	
Hole Size	8"	
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	Lorasco SW Calcined Petroleum Coke Braeze	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 8 - 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 always installed under foreign pipelines 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.