FORM APPROVED OMB NO. 1004-0136 UNITED STATES Expires February 28, 1995 DEPARTMENT OF THE INTERIOR 5 LEASE DESIGNATION AND SERIAL NO. BUREAU OF LAND MANAGEMENT SF-079294 APPLICATION FOR PERMIT TO DRILL OR DEEPEN 6. IF INDIAN, ALLOTTEE OR TRIBE NAME TYPE OF WORK 2001 812 17 門 2:32 DEEPEN 7 LINIT AGREEMENT NAME DRILL X San Juan 28-7 b. TYPE OF WELL 8. FARM OR LEASE NAME WELL NO. SINGLE ZONE Z-~ MULTIPLE ZONE GAS WELL OTHER OIL WELL #285 NAME OF OPERATOR 9. API WELL NO. 30-039-26709 Conoco Inc. 3. ADDRESS AND TELEPHONE NO 10 Desta Drive, Suite 649W, Midland, TX 79705; 915/686-5565 10. FIELD AND POOL, OR WILDCAT LOCATION OF WELL (Report location clearly and in accordance with any State requirements*) Blanco Pictured Cliffs, South 935' FSL & 905' FEL APR 2001 At proposed prod. Zone 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA 935' FSL & 905' FEL Sec. 26, T28N, R7W 13. STATE 12. COUNTY OR PARISH DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Rio Arriba NM NO. OF ACRES ASSIGNED TO THIS WELL 6. NO. OF ACRES IN LEASE DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. SE/160 Federal Unit (Also to nearest drlg, Unit line, if any) 18. DISTANCE FROM PROPOSED LOCATION* 20. ROTARY OR CABLE TOOLS 9. PROPOSED DEPTH Rotary TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 2050_ 22.APPROX. DATE WORK WILL START* 5/1/01 6189 PROPOSED CASING AND CEMENTING PROGRAM QUANTITY OF CEMENT WEIGHT PER FOOT SETTING DEPTH GRADE, SIZE OF CASING SIZE OF HOLE 67 sxs, circ. 250 36# J-55; 7" 8 3/4" 263 sxs, toc @ 150' 3100' 10.5# J-55; 4 1/2' 6 1/4" It is proposed to drill a vertical wellbore to be completed in the Blanco Pictured Cliffs (South) pool. An NOS was filed 2/15/01. The well will be drilled and equipped according to the following additional attachments: 1. Well Location & Acreage Dedication Plat (C-102). THE CONTROL OF THE RESERVE 2. Proposed Well Plan Outline. 3. Cementing Plan. film 20,000 o procedural review pursuant to 43 CAR Stable 4. Blowout Preventer Hookup. and appeal pursuant to 43 OFR 3185.4. 5. Surface Use Plan. 6. Production Facility Layout. 7. Surface owner settlement letter.

This location is located on Fee lands owned by Leo Pacheco, therefore we will not be filing for the pipeline ROW with this APD.

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. DATE 3/13/01 TITLE Sr. Right-of-Way Agent SIGNED (This space for Federal or State office Use) 4/25/01 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 theron. CONDITIONS OF APPROVAL, IF ANY:

DATE

*See Instructions On Reverse Side

/s/ Joel Farrell

APPROVED BY

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

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

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

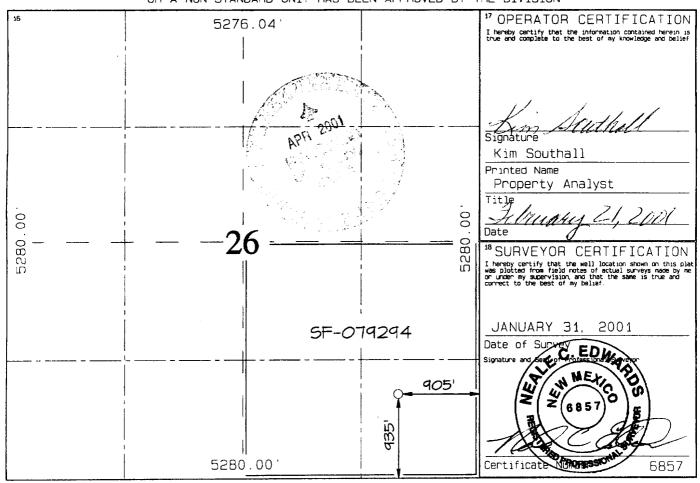
PO Box 2088 2001 MAR 14 FM 2: 32 Santa Fe, NM 87504-2088

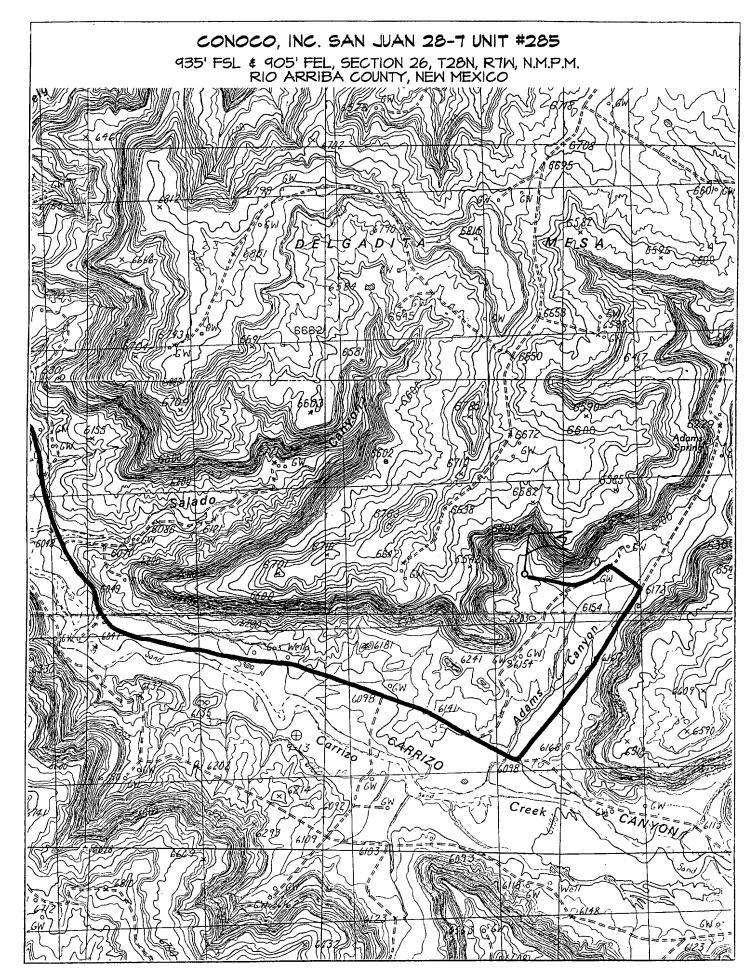
AMENDED REPORT

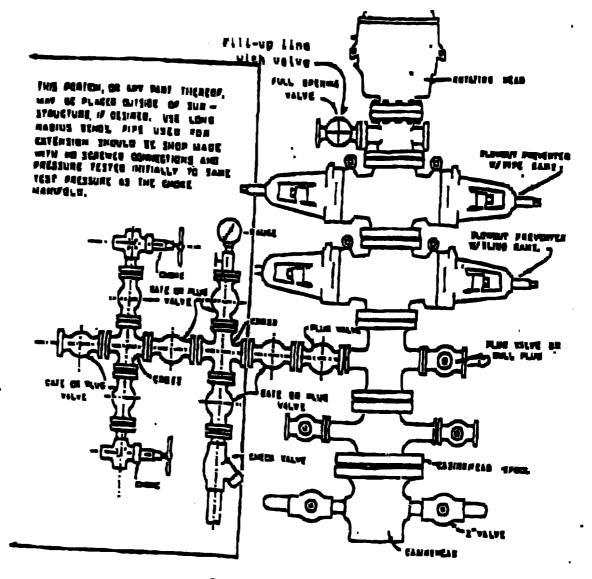
WELL LOCATION AND ACREAGE DEDICATION PLAT

'API Number			*Pool Code			Pool Name				
30-039-76709			72439			BLANCO PICTURED CLIFFS, SOUTH				
Property Code			³Property Name						⁴Well Number	
016608		SAN JUAN 28-7 UNIT							285	
'OGRID No.		*Operator Name							*Elevation	
005073		CONOCO, INC.							6189 ·	
¹⁰ Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West li	East/West line County	
Р	26	28N	7W		935	SOUTH	905	EAST 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 lu	ne County	
12 Dedicated Acres 160.0 Acres - (SE/4)				¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order Na.	L,			

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







BLOWOUT PREVENTER HOCKUP

Drilling contractors used in the San Juan Basing supply 1000 psi equipment, but cannot provide annular preventors because of substructure 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 delation of the test to Jooo psi. The 2000 psi system allows delation of the annular preventor and fulfills your requirements (note diagram No. 1). In addition, the following equipment will comprise the 2000 psi system:

- 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. 3,
- Two chokes (reference diagram No. 1). 6.
- Upper kelly cock valve with handle.
- 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 preventor. 11. Rotating head.