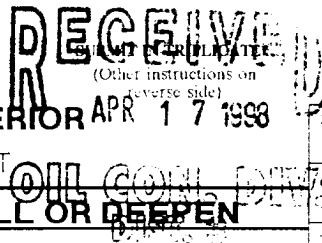


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



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

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF-079099-A
2. NAME OF OPERATOR Phillips Petroleum Company 17654		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS AND TELEPHONE NO. 5525 Highway 64, NBU 3004, Farmington, NM 87401 505-599-3454		7. UNIT AGREEMENT NAME San Juan 32 Fed Com 35
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit H, 1790' FNL & 1185' FEL At proposed prod. zone Same as above		8. FARM OR LEASE NAME, WELL NO. SJ 32 Fed Com 35 #1 23128
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE Approximately 15 miles northeast of Aztec, NM		9. API WELL NO. 30-045-24587
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) @ 700' from SF-079048		10. FIELD AND POOL, OR WILDCAT Basin Fruitland Coal 71629
16. NO. OF ACRES IN LEASE 158.10 acres		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 35, T32N, R9W
17. NO. OF ACRES ASSIGNED TO THIS WELL 314.13 E/2		12. COUNTY OR PARISH San Juan.
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 3589'		13. STATE NM
19. PROPOSED DEPTH 3589'		20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3505' (unprepared ground level)		22. APPROX. DATE WORK WILL START March 1998

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#, J/K-55	350	185 sx C1 B (204 cf)
8-3/4"	7"	20#, J/K-55	3296'	Lead - 450 sx 65/35 POZ (994.5 cf) Tail - 150 sx C1 B (180 cf)
6-1/4"	5-1/2"	15.5#	3276' - TD	

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

** The 6-1/4" interval from the 7" casing shoe to the base of the coal may be underreamed to 9-1/2".

See the drilling prognosis for more details on the 5-1/2" liner.

See attached for BOP equipment, mud program and cathodic protection.

Pipeline Right-of-Ways will be applied for by El Paso. See a copy of El Paso's pipeline survey to start category determination.

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.

24. SIGNED Patsy Clugston TITLE Regulatory Assistant DATE 2-23-98

(This space for Federal or State office use)

APR 15 1998

PERMIT NO. APPROVAL DATE

Applicant 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:

APPROVED BY /s/ Duane W. Spencer 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 the jurisdiction.

DISTRICT I
P.O. Box 1980, Hobbs, N.M. 88241-1980

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

DISTRICT II
P.O. Drawer DD, Artesia, N.M. 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE, DEDICATION, PLAT

¹ API Number 30-045-29587	² Pool Code 71629	³ Pool Name Basin Fruitland Coal
⁴ Property Code 007473	⁵ Property Name SAN JUAN 32 FED COM 35	⁶ Well Number 1
⁷ OGRID No. 017654	⁸ Operator Name PHILLIPS PETROLEUM	⁹ Elevation 6709

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
H	35	32-N	9-W		1790	NORTH	1185	EAST	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
H									

¹² Dedicated Acres E/ 214.18	¹³ Joint or Infill N	¹⁴ Consolidation Code C	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

16	S 88-20 W	Lot 2 5360.52'	Lot 1	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>R. A. Allred</i> Signature Richard Allred Printed Name Development Superintendent Title 1-8-98 Date
RECEIVED APR 17 1998 OIL CON. DIV. DIST. 3		SE-079009-A 158.10 acres		
		Lot 7 2	Lot 8 2	
		Lot 10 SE-079042 156.03 acres	Lot 9	
		Lot 15	Lot 16	18 SURVEYOR CERTIFICATION 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. MAY 7, 1990 Date of Survey <i>PROF. A. RUSH</i> Signature and Seal of Professional Surveyer: 8894 Certificate Number

PHILLIPS PETROLEUM CO.

SAN JUAN 32 FED COM 35 UNIT #1 ACCESS ROAD

E/2 SEC.35, SW/4 SEC.36, T.32 N., R.9 W., N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO

POCKET

DEVILS

Anastacio
Spring

Arena

CANYON

ANASTACIO SPRING QUAD.

S.J. 32 FED COM 35 #1

Rawhide

Distance
Canyon

Big Glade Canyon

Canyon