



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 30, 1999

RECEIVED
APR - 5 1999
OIL CON. DIV.
DIST. 3

Phillips Petroleum Company
5525 Highway 64 - NBU 3004
Farmington, New Mexico 87401
Attention: S. Scott Prather

Administrative Order NSL-4246(NSP)

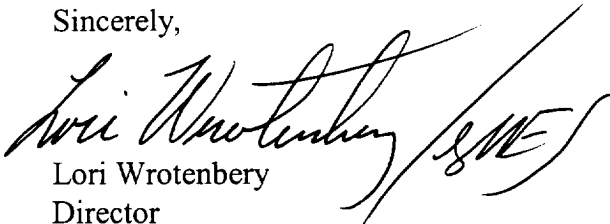
Dear Mr. Prather:

Reference is made to your application dated February 22, 1999 for an unorthodox Basin-Fruitland coal gas well location for Phillips Petroleum Company's proposed San Juan "32-8" Unit Well No. 247 to be drilled 1885 feet from the South line and 185 feet from the West line (Lot 3/Unit L) of irregular Section 19, Township 32 North, Range 8 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

The 223.40 acres comprising Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of irregular Section 19 is to be dedicated to this well; however, pursuant to Rule 4 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, this proposed unit is considered to be non-standard.

By the authority granted me under the provisions of Rules 6 and 8 of the special pool rules for the Basin-Fruitland Coal (Gas) Pool, the above-described unorthodox coal gas well location and non-standard 223.40-acre gas spacing and proration unit are hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

February 22, 1999

State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FEB 23 1999

OIL CON. DIV.
DIST. 8

Attn: Ms. Lori Wrotenbery
Director

**RE: REQUEST FOR ADMINISTRATIVE APPROVAL OF UNORTHODOX WELL LOCATION
SAN JUAN 32-8 UNIT #247 WELL
W/2 SECTION 19-32N-8W
SAN JUAN COUNTY, NEW MEXICO
PHILLIPS CONTRACT C40464**

Dear Ms. Wrotenbery:

Phillips Petroleum Company (Phillips) as Operator of the captioned well, respectfully requests administrative approval of an unorthodox well location for said well.

Phillips proposes to drill the San Juan 32-8 Unit #247 well at a location of 1885' FSL & 185' FWL of Section 19-32N-8W, San Juan County, New Mexico. This well will be located in the Basin Fruitland Coal Pool and will have the W/2 of Section 19 designated as the drillblock. This location is necessary due to topographical considerations. Our representatives have met onsite with the BLM to determine where an acceptable drillsite could be located. For your benefit in reviewing this request, we are providing the following:

1. A letter from the BLM addressing this matter.
2. An APD packet for the subject well (Form C-102 included)
3. A topographical plat of the area
4. A nine-section plat exhibiting offset operations

The offset operators have been furnished with a copy of this correspondence and accompanying data by certified letter.

Thank you for your consideration of this request and should you need additional information or clarification on this matter, please do not hesitate to contact the undersigned.

Very truly yours,

S. Scott Prather, CPL
Senior Landman
San Juan Basin
(505) 599-3410

cc: J. L. Mathis (r) C40464
Ernie Busch – OCD, Aztec
Koch Industries, Inc.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

FEB 17 1999

IN REPLY REFER TO:
3162.5-1 (07200)

Mr. Richard Allred
Phillips Petroleum Company
5525 Highway 64, NBU 3004
Farmington, NM 87401

Dear Mr. Allred:

The purpose of this letter is to inform Phillips Petroleum Company and NMOCD of an unorthodox well placement location for the Phillips Petroleum Company's San Juan 32-8 # 247. In the past, most locations without resource conflicts have been drilled. The window where the 247 would not require an OCD hearing has topographical constraints, is in critical big game winter range and also has elk calving restrictions and impacts to archeological resources. This caused the moving of this well to the location where it is now staked. It is the Bureau of Land Management's goal to stake these wells in an area where resource damage is minimal and can be reduced to acceptable levels by mitigation. Therefore, it is the request of the Authorized Officer that this location be moved to an unorthodox location to lessen impacts to various resources in the area.

If you have any questions, please contact Bill Liess of my staff at (505) 599-6321.

Sincerely,

Ruben Sanchez
Environmental Protection Specialist Team Lead

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1. TYPE OF WORK

DRILL ☒DEEPEN ☐

2. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒OTHER ☐SINGLE
ZONE ☒MULTIPLE
ZONE ☐

3. NAME OF OPERATOR

Phillips Petroleum Company

4. ADDRESS AND TELEPHONE NO.

5525 Highway 64, NBU 3004, Farmington, NM 87401

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

Unit L, 1885' FSL & 185' FWL

At proposed prod. zone

Same as above

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

18 miles northeast of Aztec

7. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

@ 185'

8. NO. OF ACRES IN LEASE

2161.15 acres

9. NO. OF ACRES ASSIGNED
TO THIS WELL

223.40 W/2

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

11. PROPOSED DEPTH

3657'

12. ROTARY OR CABLE TOOLS

Rotary

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

6732' Unprepared Ground Elevation

14. APPROX. DATE WORK WILL START*

2nd Qtr 1999

23. 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 (204 cf) C1 H |
| 8-3/4" | 7" | 20#, J/K-55 | 3332' | L-370 sx (777 cf) 35/65 C1 H POZ |
| 6-1/4" | 5-1/2" liner | 15.5# | 3312' - 3657' | T-100 sx (120 cf) C1 H |
| | | | | ** |

** 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.

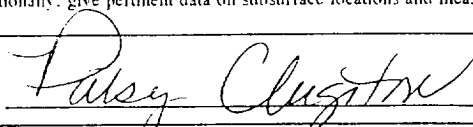
See attached for BOP equipment, mud program and cathodic protection.

This APD and pipeline DO NOT qualify for the APD/ROW process due to the length of the 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.

24.

SIGNED



TITLE Regulatory Assistant

DATE 12-17-98

(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:

APPROVED BY

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.

District I
190 Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Geology, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Revised October 18, 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

| | | | | | | | |
|------------------------|--|--|--|--------------------------------------|--|-----------------------|--|
| 1. AIT Number | | 2. Pool Code 71629 | | 3. Pool Name Basin Fruitland Coal | | | |
| 4. Property Code | | 5. Property Name SAN JUAN 32-8 UNIT | | | | 6. Well Number 247 | |
| 7. OGRID No. 017654 | | 8. Operator Name PHILLIPS PETROLEUM COMPANY | | | | 9. Elevation 6732' | |

10. Surface Location

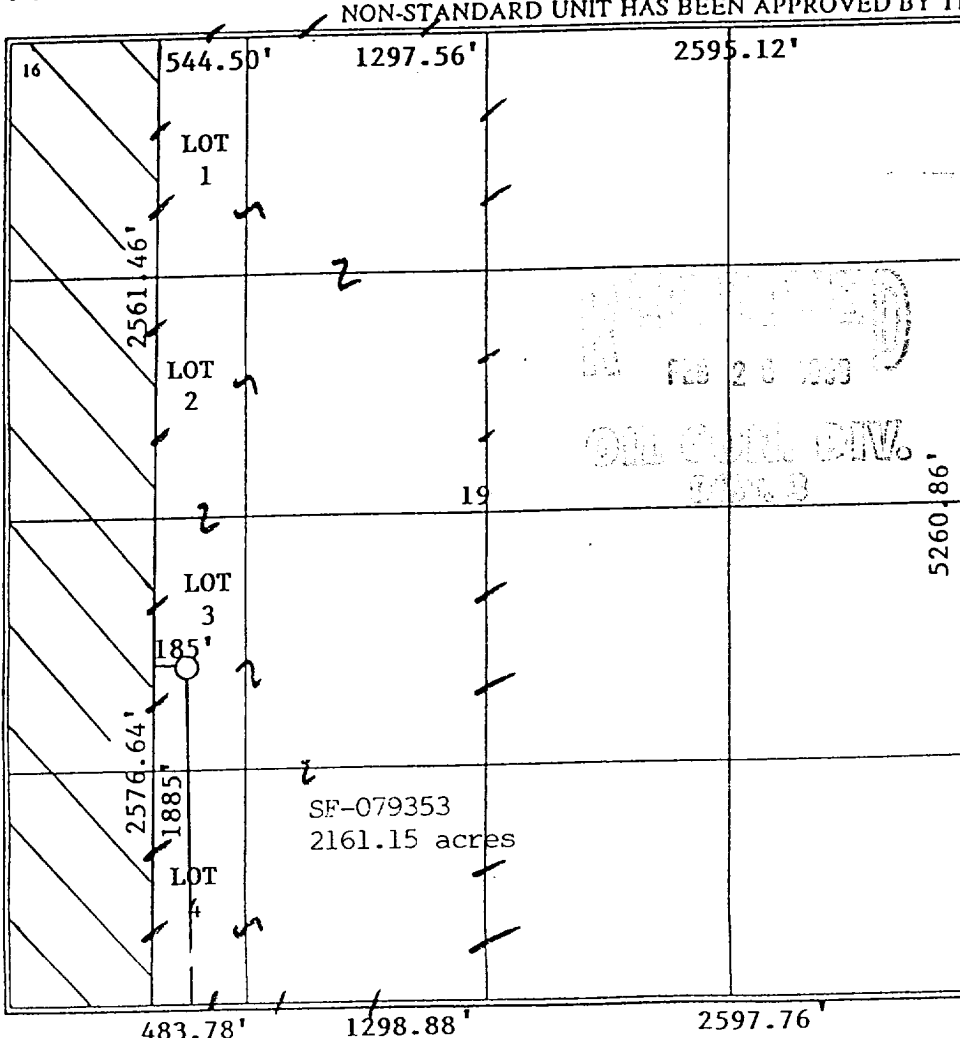
| | | | | | | | | | |
|--------------------|---------------|-----------------|-------------|---------|------------------------|---------------------------|-----------------------|------------------------|--------------------|
| UL or lot no. L | Section 19 | Township 32N | Range 8W | Lot Idn | Feet from the 1885' | North/South line SOUTH | Feet from the 185' | East/West line WEST | County SAN JUAN |
|--------------------|---------------|-----------------|-------------|---------|------------------------|---------------------------|-----------------------|------------------------|--------------------|

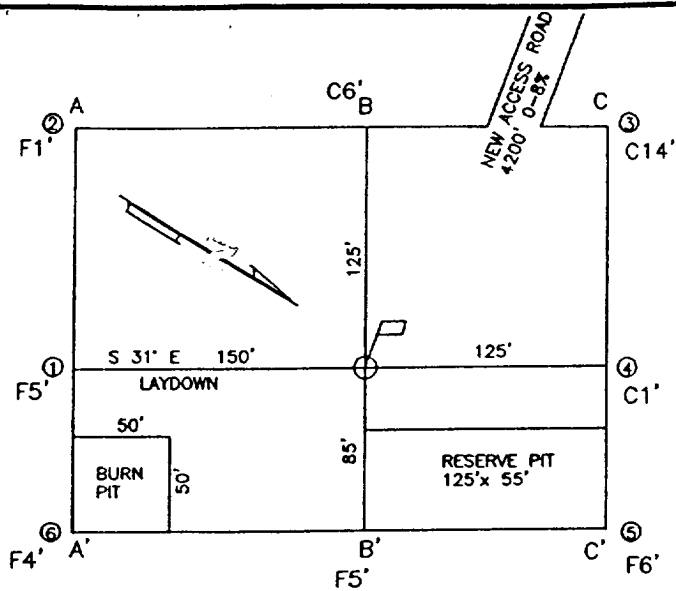
11. Bottom Hole Location If Different From Surface

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

| | | | |
|-----------------------------------|--------------------------|-----------------------------|---------------|
| 12. Dedicated Acres 223.40 W/2 | 13. Joint or Infill N | 14. Consolidation Code U | 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>LOT 1 LOT 2 LOT 3 LOT 4</p> <p>SF-079353 2161.15 acres</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>Patsy Clugston</i> Signature Patsy Clugston Printed Name Regulatory Assistant Title 12-14-98 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>09/16/98 Date of Survey</p> <p>Signature and Seal of Professional Surveyer: <i>Henry P. Broadhurst</i> Certificate Number 11593</p> | | | | | |



A-A' ELEVATION

| ELEVATION | C/L |
|-----------|-----|
| 6752 | |
| 6742 | |
| 6732 | |
| 6722 | |
| 6712 | |

B-B'

| ELEVATION | C/L |
|-----------|-----|
| 6752 | |
| 6742 | |
| 6732 | |
| 6722 | |
| 6712 | |

C-C'

| ELEVATION | C/L |
|-----------|-----|
| 6752 | |
| 6742 | |
| 6732 | |
| 6722 | |
| 6712 | |

COMPANY: PHILLIPS PETROLEUM CO.

LEASE: SAN JUAN 32-8 UNIT #247

FOOTAGE: 1885 FSL 185 FWL UNIT L

SEC. 19 TWN. 32 N RNG. 8 W N.M.P.M.

COUNTY, SAN JUAN STATE, N.M.

ELEVATION: 6732

LATITUDE: 36-58-03

LONGITUDE: 107-43-16



PHILLIPS PETROLEUM CO.

FARMINGTON, NEW MEXICO

SURVEYED: 9/16/98

REV. DATE:

APP. BY H.B.

DRAWN BY: S.B.

DATE DRAWN: 9/25/98

FILE NAME: 328247C

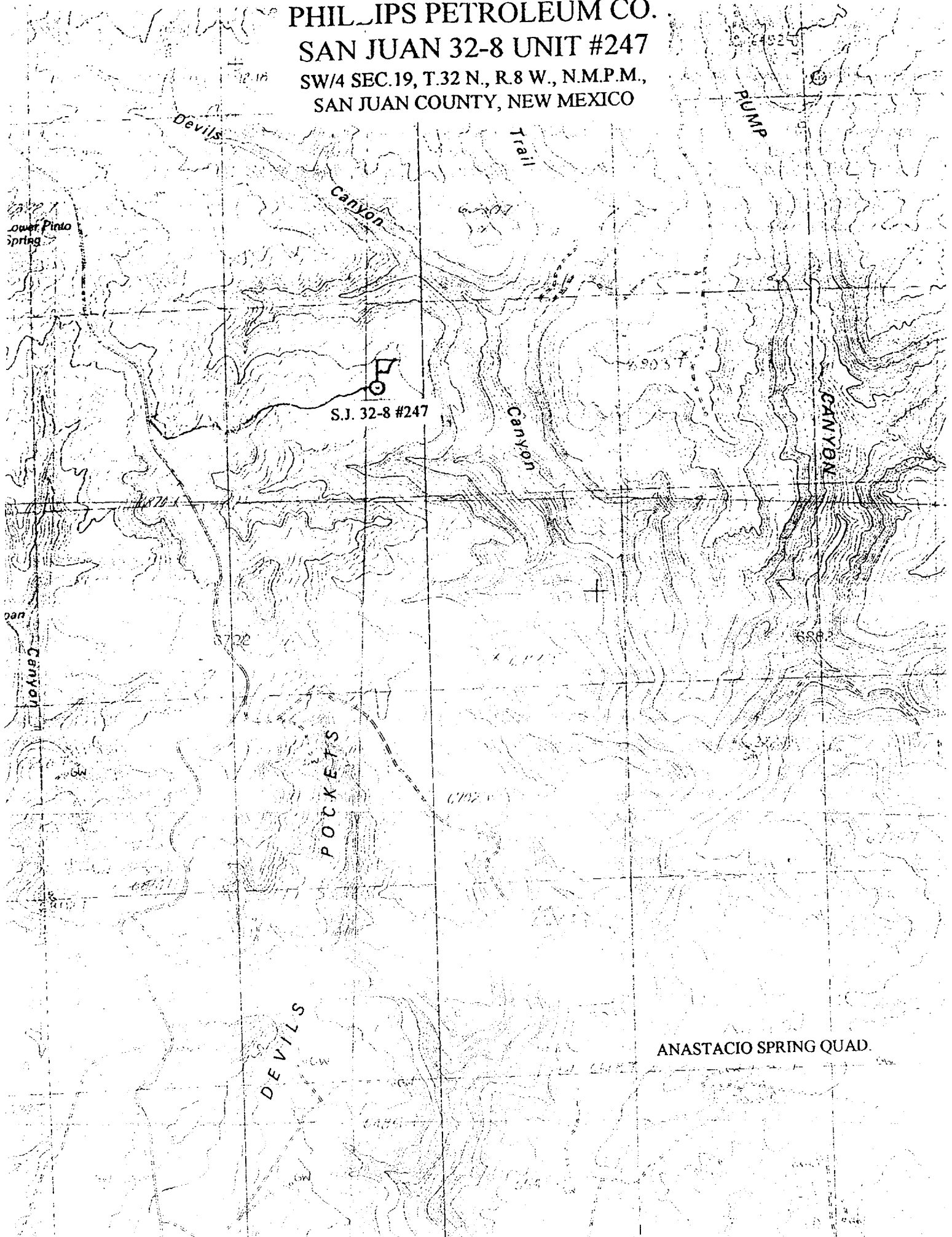
UNITED
FIELD SERVICES INC.

P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505)325-5319

PHILIPS PETROLEUM CO.

SAN JUAN 32-8 UNIT #247

SW/4 SEC. 19, T. 32 N., R. 8 W., N.M.P.M.,
SAN JUAN COUNTY, NEW MEXICO



LINE PHILLIPS PETROLEUM CO. - SAN JUAN 32-8 UNIT NO. 247

FROM 0+00 = 88+04.54 ON BLANCO LATERAL N-9

(9N731.0-1, R/W NO. 58604)

COUNTY SAN JUAN STATE NEW MEXICO

SECTION 19

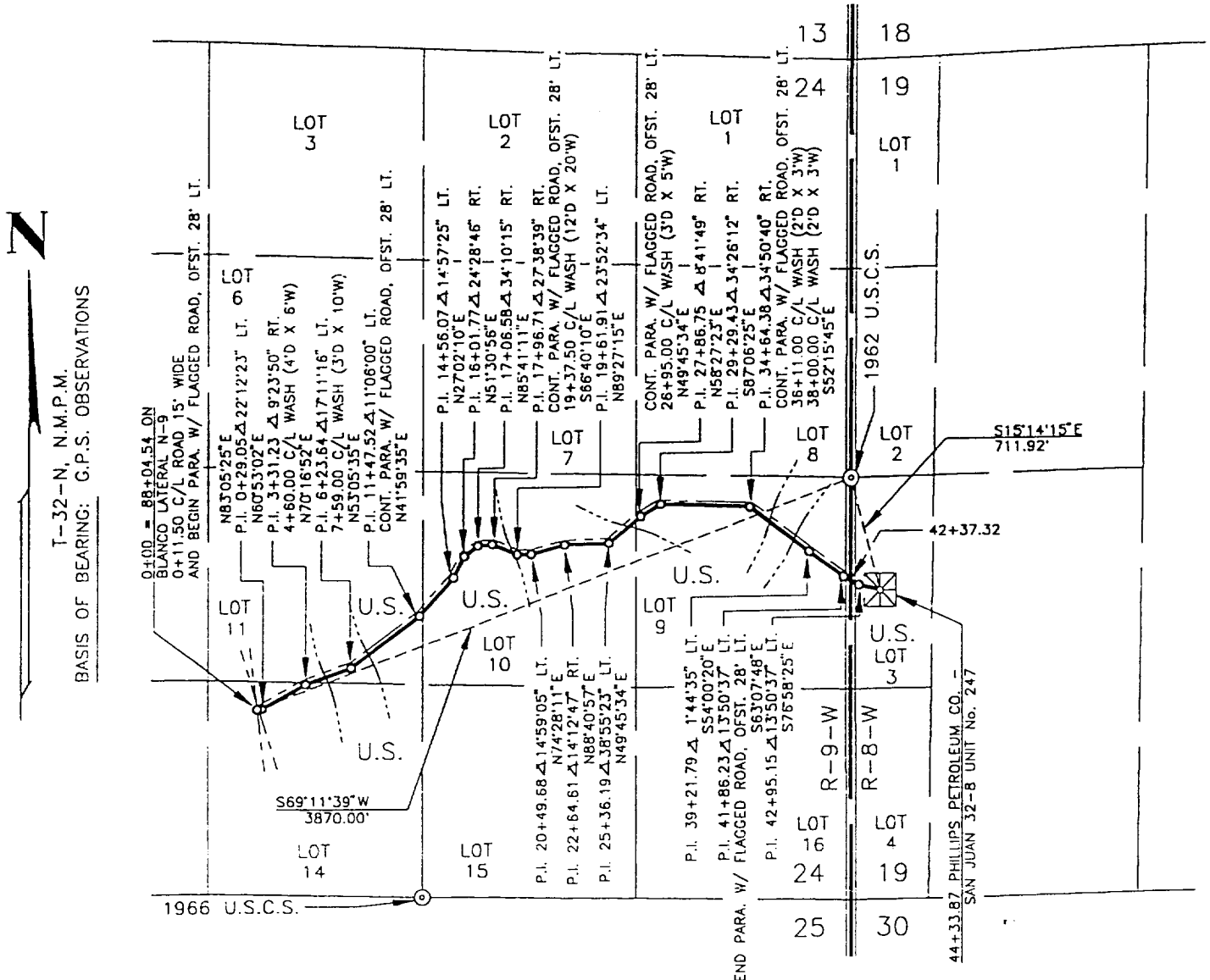
TOWNSHIP 32-N

RANGE 8-W, N.M.P.M.

SECTION 24

TOWNSHIP 32-N

RANGE 9-W, N.M.P.M.



DWN. BY GV CONSTR. COMMENCED _____ APPL. DWG. _____ SLACK CHAIN _____
CKD. BY MD CONSTR. COMPLETED _____ DATE _____ PIPE SIZE 4.50" O.D.

PRINT RECORD

PIPE DATA

METER STA. NO.

NOTE: WELL FLAG
SURVEY FOLLOWS EXISTING FLAGGED PROPOSED ROAD,
LOCATION NOT BUILT & EXISTING WELL FLAG.

PRELIMINARY

| SUBDIVISION | OWNER | LESSEE | METER(S) | RODS | ACRE(S) |
|------------------------------|---------------|-------------------------|----------|---------|---------|
| LOTS 9, 10, 11 & 14, SEC. 24 | UNITED STATES | RICHARD & LINN BLANCETT | | 256.807 | 3.891 |
| LOT 3, SEC. 19 | UNITED STATES | RICHARD & LINN BLANCETT | | 11.912 | 0.181 |

SURFACE USE PLAN

Phillips Petroleum Company, San Juan 32-8 Unit, Well No. 247,NWSW/4, Section 19, T32N, R8W. San Juan County, New Mexico. (Federal Lease No. SF-079353).

This plan is to accompany Application for Permit to Drill the subject well which is located approximately 18 miles north and east of Aztec, NM. The following is a discussion of pertinent information concerning the possible effect which the proposed drilling well may have on the environment of the well and road sites and surrounding acreage. A copy will be posted on the derrick floor so that all contractors and sub-contractors will be aware of all items of this plan.

1. **Existing Roads:**

A. To reach the proposed location, start from Aztec, NM taking NM 550 north approx. 4 miles and turn right on Hart Canyon. Go approx. 6½ miles and turn left on Arkansas Loop Road and go 8½ miles. Turn right at "Y" (east). Follow road 2 miles and turn right (south) and go 1 ½ miles. Turn left (east) ¾ mile to location.

2. **Planned Access Roads:**

A. The access road is shown on the attached map. All existing roads used to access the proposed location shall be maintained in the same or better condition than presently found. The access road is to be classified A Temporary Resource Road.

B. Turnouts: None

C. Culverts, Cuts and Fills: See cut and Fill Sketch.

D. Surfacing Material: Natural materials at the well site.

E. Gates, Cattleguards, Fences: As required

F. Proposed Road: Approximately 4434' of new access required.

G. Drainage: Will be provided as needed.

3. **Location of Existing Wells: None.**

4. **Location of Tank Batteries, Production Facilities, Production Gathering and Service Lines:**

In the event of production, production facilities will be located on the drill pad. The actual placement of this equipment will be determined when the well's production characteristics can be evaluated after completion (including compression). The condensate tank will be enclosed by a dike. Upon completion of drilling, the location and surrounding area will be cleared of debris.

The flow-line from this well will have to be constructed. This pipeline will be constructed and owned by El Paso Field Service and they will be applying for the pipeline Right-of-Way, since it doesn't fit the APD/ROW criteria (4434' in length). This pipeline will run adjacent to the access road (see attached El Paso Plat). Phillips will have a 2" Drisco water line that will be laid in the same trench as El Paso's gas line.

There are two options for disposal of the produced water from this well. The plan is for Phillips to lay a 2-1/2" Drisco plastic water line in the same trench as El Paso's gas line until it ends, then run the water pipeline south and east to the water facilities at Phillips's 32-8 #239 (see attached map with tentative route mapped out). A separate ROW for the water line will be proposed and approved before this happens (we are waiting on weather conditions to allow survey and archy work to be performed). Hopefully this will take place before the well is first delivered. If the well is ready to first deliver before the water line is built, we will truck the water to the 32-8 #239 water facility mentioned above, until these lines are complete.

5. **Water Supply Source:** Will be provided by the drilling contractor and trucked to the drilling site. See Attachment No. 1 - WATER SUPPLY SOURCES.

6. **Source of Construction Materials:**

No additional construction materials will be required to build the proposed location. The dirt from the reserve pit will be back-sloped and saved for use when the pit is rehabilitated.

7. **Methods for Handling Waste Disposal:**

- A. A Conventional Drilling System will be used. The drill cuttings, fluids and completion fluids will be placed in the reserve pit. The reserve pit will be fenced with wire mesh on three sides away from the pad during drilling and the fourth side fenced as soon as the rig moves out. The reserve pit will be backfilled and leveled as soon as practical.
- B. All garbage and trash will be placed in specially constructed wire mesh containers. Upon cleanup, the refuse in the containers will be hauled to an approved landfill site.

All produced water will be collected in tanks until piped and transported to an approved disposal system.

8. **Ancillary Facilities:** None

9. **Well Site Layout:** Attached sketch shows the relative location and dimensions of the well pad, and reserve pit. Location will be 275' X 210'.

10. **Plans for Restoration of Surface:**

Pit will be filled and leveled as soon as practical. If well is productive, drilling pad will remain as well service pad. If dry hole, the pad will be ripped and re-seeded per regulations. Reserve pit dirt will be saved to be used during restoration of the pit area.

11. **Other Information:**

- A. Terrain: See Archaeological Survey
- B. Soil: See Archaeological Survey
- C. Vegetation: See Archaeological Survey
- D. Surface Use: See Archaeological Survey
- E. Ponds and Streams: See Archaeological Survey
- F. Water Wells: No known water wells are located in Section.
- G. Residences and Buildings: There are no occupied residences or buildings within one quarter of a mile of the proposed well location.
- H. Arroyos, Canyons, etc.: See Archaeological Survey.
- I. Well Sign: Sign identifying and locating the well will be maintained at drill site with the spudding of the well.
- J. Archaeological Resources: See Archaeological Survey. One previously recorded site was encountered, but can be avoided.

12. **Operator's Representatives:** Field personnel who can be contacted concerning compliance of the Surface Use Plan is as follows:**Drilling and Production**

| | | |
|----------------------|----|----------------------|
| B. J. Morris | or | R. A. Allred |
| 5525 Hwy. 64 | | 5525 Hwy. 64 |
| Farmington, NM 87401 | | Farmington, NM 87401 |
| Phone: 505-599-3485 | | Phone: 505-599-3403 |

13. **Surface Ownership:** Federal14. **Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Phillips Petroleum Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

R A ALLRED
Typed or Printed Name

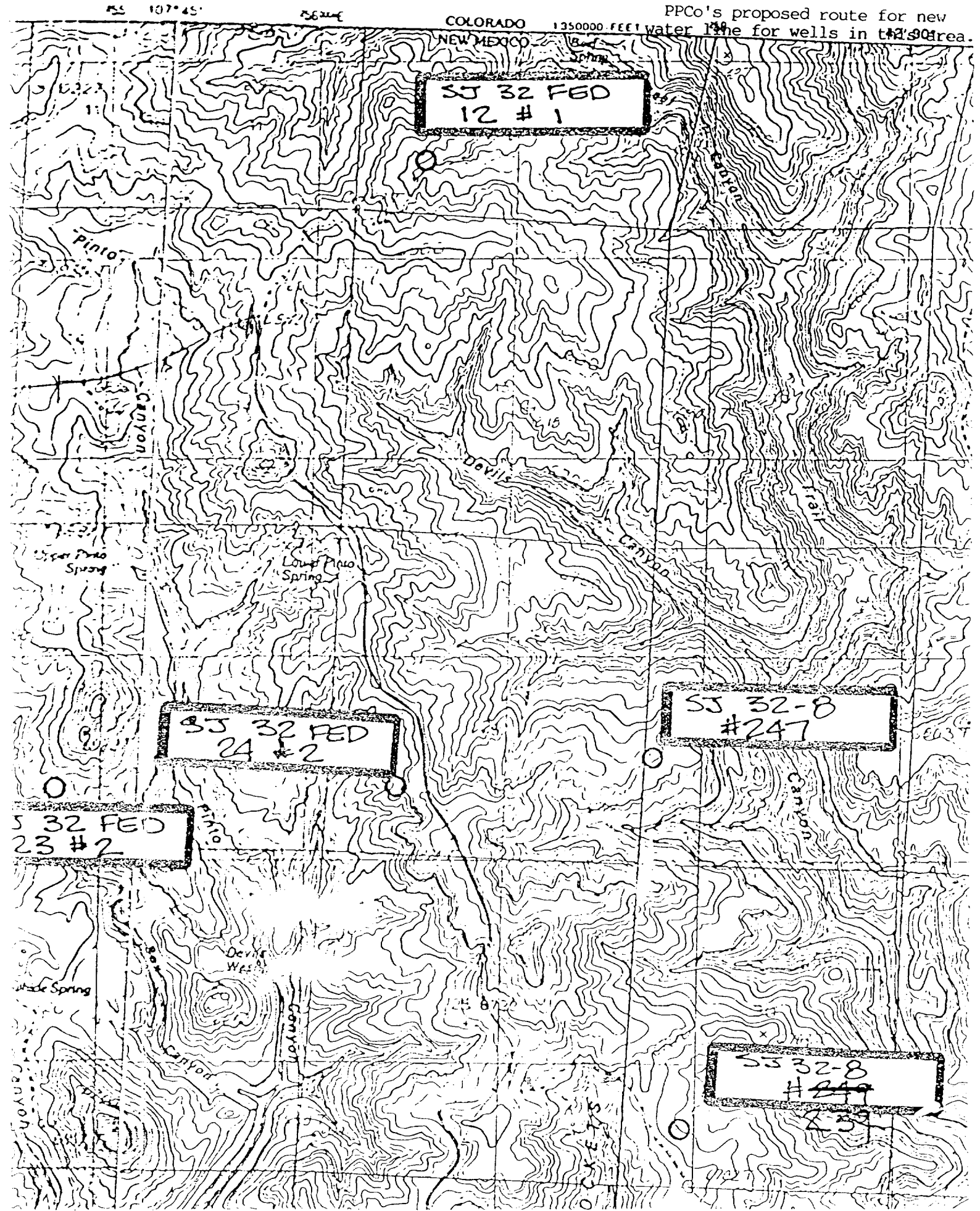
R A Allred
Signature

12-15-98
Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF GEOLOGICAL SURVEY

E. Aso's proposed gas line with
PPCo's water line in same trench

PPCo's proposed route for new
water line for wells in the area.



PHILLIPS PETROLEUM COMPANY

WELL NAME: San Juan 32-8 Unit #247

DRILLING PROGNOSIS

1. Location of Proposed Well: Unit L, 1885' FSL & 185' FWL
Section 19, T32N, R9W, San Juan County, NM
2. Unprepared Ground Elevation: @ 6732'.
3. The geological name of the surface formation is San Jose.
4. Type of drilling tools will be rotary.
5. Proposed drilling depth is 3657'.
6. The estimated tops of important geologic markers are as follows:

| | |
|----------------------------|-------------------------------|
| <u>Naciamenta - 772'</u> | |
| <u>Ojo Alamo - 2292'</u> | <u>Base of Coal - 3657'</u> |
| <u>Kirtland - - 2347'</u> | <u>Picture Cliffs - 3657'</u> |
| <u>Fruitland - 3302'</u> | <u>Interm. Casing - 3332'</u> |
| <u>Top of Coal - 3352'</u> | <u>T. D. - 3657'</u> |
7. The estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

| | |
|--------------|----------------------------------|
| Water: | <u>Ojo Alamo - 2292 - 2347</u> |
| Oil: | <u>None</u> |
| Gas & Water: | <u>Fruitland - 3352' - 3657'</u> |
8. The proposed casing program is as follows:

| | |
|----------------------|---|
| Surface String: | <u>9-5/8", 36#, J/K-55 @ 350'</u> |
| Intermediate String: | <u>7", 20#, J/K-55 @ 3332'</u> |
| Production Liner: | <u>5-1/2", uncemented liner 3312' - 3657'</u> |
9. Cement Program:

| | |
|-----------------|--|
| Surface String: | <u>185 sx Cl H with 2% CaCl₂ + 1/4#/sx Cello-Flake: mixed @</u> <u>15.6 ppg, 1.2 ft³/sx yield . (204 cf) 5.23 gal H₂O sx. or sufficient</u> <u>to circulate to surface.</u> |
|-----------------|--|

Intermediate String: **Lead Cement:** 370 sx 35/65 (Class "H" POZ) cement with 5#/sx Gilsonite, 1/4#/sx Cello-Flake and 6% gel (Bentonite) mixed at 12.0 ppg with a yield of 2.1 ft³/sx. Note 100% excess on Lead Slurry.

Tail: 100 sx Class "H" cement with 5#/sx Gilsonite, 1/4#/sx Cello-Flake, 0.3% FL-52 and 2% CaCl₂ mixed at 15.6 ppg with a 1.2 ft³/sx yeild. or quantity sufficient to circulate cement to surface.

Centralizer Program:

Surface: Total four (4) - 1 - 10' above shoe, top of 2nd, 4th, & 6th jts .

Intermediate: Total seven (7) - 10' above shoe, top of 1st, 2nd, 4th, 6th, 8th, & 1st jt. into shoe.

Turbulators: Total Three (3) - one at 1 jt below Ojo Alamo; 2 & 3 next 2 jts up.

Liner :

- If the coal is cleated a 5 1/2" 15.5# liner will be run in the open hole without being cemented.
- If the coal is not cleated, the well will be stimulate and open hole completed.

10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series and the testing procedure and testing frequency are enclosed within the APD packet.
11. Drilling Mud Prognosis: Surface - spud mud on surface casing.
Intermediate - fresh water w/polymer sweeps. Bentonite as required for viscosity.
Below Intermediate - air drilled.

12. The testing, logging, and coring programs are as follows:
D.S.T.s or cores: _____
Logs: Mud logs only
13. Anticipated no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas. Low risk H₂S equipment will be used.

Estimated Bottomhole pressures:
Fruitland - +/- 1300 psi
14. The anticipated starting date is sometime in the 2nd Qtr 1999 with duration of drilling operations for approximately 20 days thereafter.

BOP AND RELATED EQUIPMENT CHECK LIST

2M SYSTEM:

2 hydr. rams (pipe & blind) or hydr. ram and annular with blind ram on bottom

Kill Line (2-inch minimum)

1 kill line valve (2-inch minimum)

1 choke line valve

2 chokes (refer to diagram in attachment 1) on choke manifold

Upper kelly cock valve in open position with handle available

Safety valve (in open position) and subs to fit all drill strings in use (with handle available)

Pressure gauged on choke manifold

2 inch minimum choke line

Fill-up line above the uppermost preventer

The BOPs will be pressure tested according to Onshore Order #2 III, A 1 and 30% safety factor.

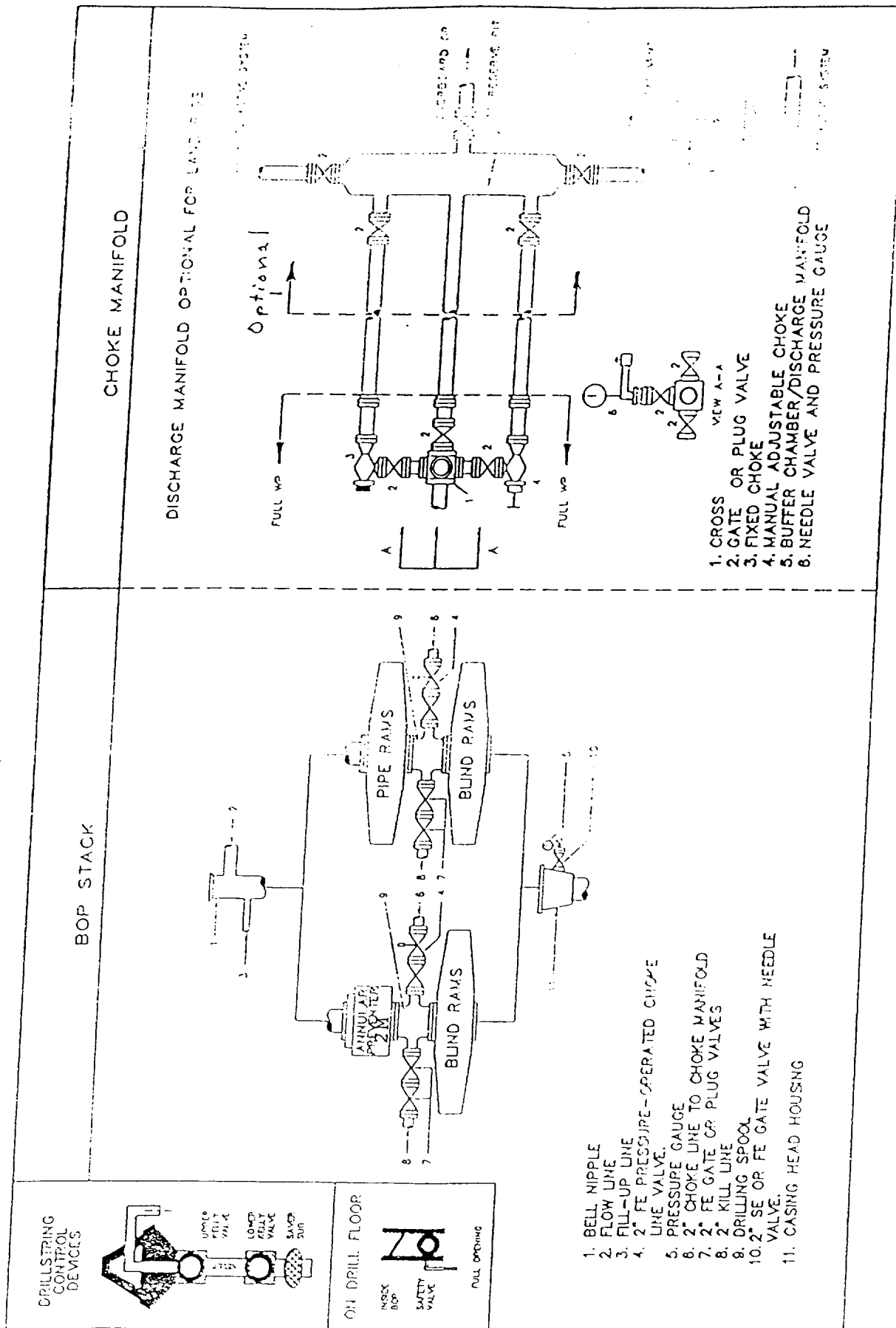
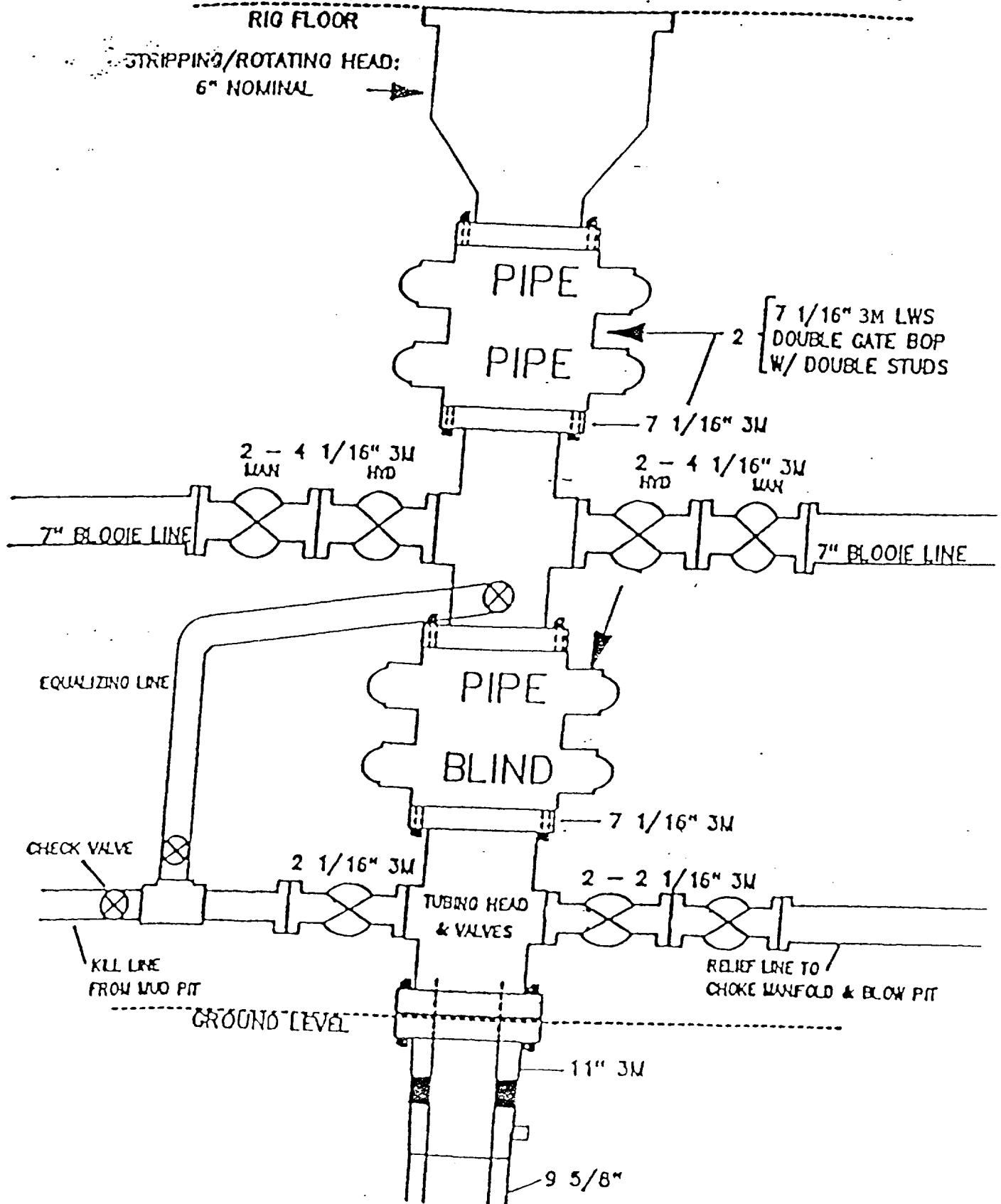


Fig. 2.4. Class 2 BOP and Choke Manifold.

COMPLETION BOP/WELLHEAD CONFIGURATION



WATER SUPPLY SOURCE
Surface Use Plan

Attachment No 1

Depending on which drilling contractor is used, the water for drilling and completion operations will come from one of the following locations:

1. San Juan River at Blanco Bridge, NW SE SE Section 18, T29N, R9W.
2. 29-6 Waterhole in Unit L, Section 28, T29N, R6W.
3. Navajo Reservoir, SW NW SE Section 14, T30N, R7W.
4. Sims Mesa (SJ #14) NW SW Section 35, T31N, R7W.
5. La Jara Water Hole, Unit M, Section 11, T30N, R6W.
6. Pine River
7. City of Ignacio, CO.
8. Produced Water
9. City of Aztec, NM.

PROPOSED MUD PROGRAM
 SAN JUAN 32-8 Unit
 Well No. 247
 San Juan County, NM

| DEPTH | MUD WEIGHT | VISCOSITY | FLUID LOSS | CL-PPM | % SOLIDS | ADDITIVES |
|--------------------------|---|-----------|------------|----------|----------|---------------------|
| 0 - 350' +/- | Spud Mud 8.5 - 8.7 ppg Lime and Gel | 27 - 50 | - | - | - | Bentonite & Lime |
| 350' +/- to 3332' +/- | 8.34 - 8.8 ppg | 27 - 40 | NC | 1200 PPM | - | Water & Polymer |

350' - 3332' +/- Clear water with Polymer sweeps as required to keep hole conditioned.

3332' - TD Circulate hole with produced water and air.

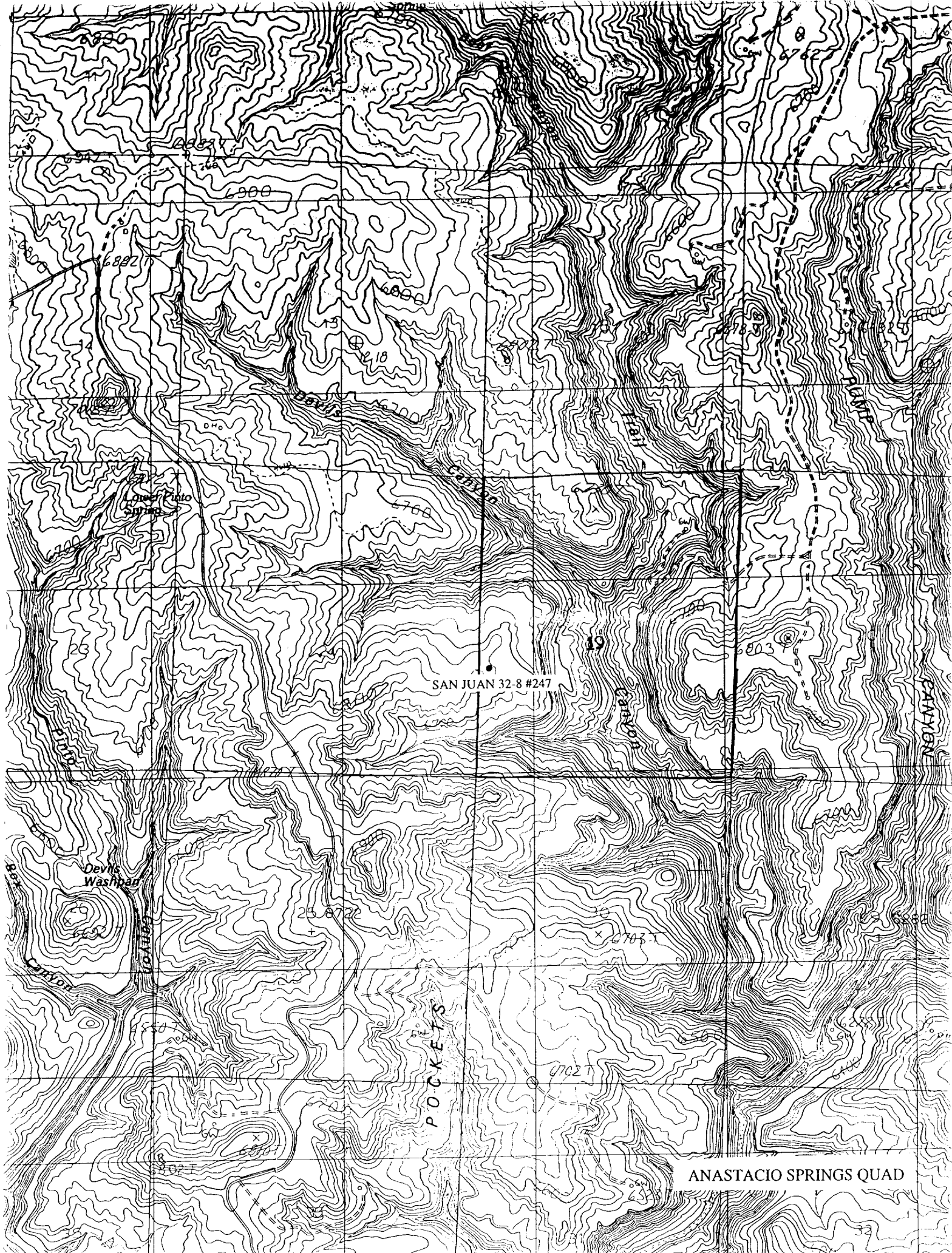
Note: Estimated BHP is 1300 psi

**San Juan 32-8 Unit #247
SF-079353; Unit L, 1885' FSL & 185' FWL
Section 19, T32N, R8W; San Juan County, NM**

Cathodic Protection

Phillips proposes to drill a cathodic protection deep well groundbed for the subject well. Will drill a 6-7/8" hole to an anticipated minimum depth of 300' (maximum depth of 500'). Cement plugs will not be used unless more than one water zone is encountered. Prior drilling history for the area indicates only one zone to that depth. If more than one water zone is encountered, notification will be made and details of cement and casing will be provided.

All drilling activity will remain on existing well pad and "Tierra Dynamic Company" of Farmington will be doing the drilling for Phillips.



ANASTACIO SPRINGS QUAD

OFFSET OWNERS PLAT
 FOR DRILLBLOCKS SURROUNDING W/2 SEC. 19-32N-8W
 SAN JUAN COUNTY, NEW MEXICO

| | | | | | |
|----------|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|----|
| | 13 PHILLIPS PETROLEUM | 18 PHILLIPS PETROLEUM | | 17 PHILLIPS PETROLEUM | |
| | | | | | |
| | 24 PHILLIPS PETROLEUM | #247 | 19 PHILLIPS PETROLEUM | PHILLIPS PETROLEUM | 20 |
| | 25 KOCH INDUSTRIES, INC | 30 PHILLIPS PETROLEUM | | 29 PHILLIPS PETROLEUM | |
| T32N-R9W | | T-32N-R8W | | | |

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau No. 1004-0135

Expires: March 31, 1993

Lease Designation and Serial No.

SF-079353

Indian Allottee or Tribe Name

PH 12:36

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT - " for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Phillips Petroleum Company

3. Address and Telephone No.

5525 Highway 64, NBU 3004, Farmington, NM 87401

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Unit L, 1885' FSL & 185' FWL
Section 19, T32N, R8W

070 FARMINGTON, NM Agreement Designation

San Juan 32-8 Unit

8. Well Name and No.

SJ 32-8 Unit #247

9. API Well No.

30-045-29761

10. Field and Pool, or exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

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

TYPE OF SUBMISSION

- ☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Spud Report
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

7/16/99

MIRU Key Energy #37. Spud 12-1/4" hole @ 0001 hrs 7/17/99. Drilled ahead to 388'. Circ. hole. RIH w/9-5/8" 36#. K-55 casing and landed @ 382'. RU BJ to cement. Pumped 10 bbls mud clean and 10 bbls water spacer ahead of 195 sx (234 cf) Class H cement w/2% CaCl2 & 1/4#/sx Cello-flake, mixed at 15.6 ppg with 1.20 yield. Rate 3 bpm @ 140 #. Dropped wood plug & displaced w/27 bbls of water. Plug down at 17:12 hrs 7/17/99 with 100 psi. Circulated 8 bbls (37.5 sx) to surface. WOC.

NU WH & BOP. PT casing, blind rams and lines to 200 psi for 3 minutes and 1500 psi for 10 minutes. Good test.

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

Signed

Larry Clugston

Title

Regulatory Assistant

Date

7/19/99

(This space for Federal or State office use)

Approved by

RS/ Duane W. Spencer

Title

Team Lead, Petroleum Management

Date

JUL 20 1999

Conditions of approval, if any:

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.

* See Instruction on Reverse Side

NMOCD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

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Unit L, 1885' FSL & 185' FWL
Section 19, T32N, R8W

6. Lease Designation and Serial No.

SP 079353

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

San Juan 32-8 Unit

8. Well Name and No.

SJ 32-8 Unit #247

9. API Well No.

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Basin Fruitland Coal

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- ☐ Notice of Intent
☒ Subsequent Report
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TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other 7" casing report
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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RIH w/8-3/4" bit and tagged cement @ 350' Drilled cement from 350' - 388, then drilled new formation to 3382'. Circ. hole. COOH. RIH w/7" 20#, K-55 casing and set @ 3365'. RU BJ to cement. Pumped 10 bbls mud flush and 10 bbls FW spacer ahead of Lead - pumped 400 sx (840 cf) 35/65 POZ Class H cement w/5#/sx Gilsonite, 1/4#/sx Cello-flake + 6% gel, mixed @ 12.0 ppg w/2.10 yield. Tail pumped 100 sx (128 cf) Class H cement w/5#/sx Gilsonite, 1/4#/sx Cello-flake, 0.3% FL-25 & 2% CaCl2 mixed at 15.2 ppg w/yield of 1.28. Dropped plug and displaced with 135 bbls of water. Plug down @ 0655 hrs 7/21/99 with 1100 psi. Held OK. Had 8 bbls (45 cf) cement to surface. WOC.

RD BJ & ND BOP valve. Raised BOP. Set slips and cut off 7" casing. NU lines, valves & choke. NU BOPs.

PT 7" casing, blind rams, choke, valves and lines to 200 psi for 3 minutes and then 2000 psi for 10 minutes. Good test.

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

Signed Patsy Chugita Title Regulatory Assistant Date 7/23/99

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

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.

* See Instruction on Reverse Side

NMOCD

ACCEPTED FOR RECORD
AUG 13 1999
FARMINGTON FIELD OFFICE
BY