

ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



30-045-31994
San Juan 32-7
Unit Com 39M
Conoco Phillips
217817

2009 JUN 2 AM 10:04

ADMINISTRATIVE APPLICATION CHECKLIST

6050

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

Ready to write
6-15
Ripe 6-23

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Crystal Tafoya
Print or Type Name

Crystal Tafoya
Signature

Regulatory Technician
Title

06/01/2009
Date

crystal.tafoya@conocophillips.com
e-mail Address



3401 East 30th Street
Farmington, NM 87402

June 1, 2009
Sent Overnight UPS

New Mexico Oil Conservation Division
NSL Examiner
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Sir:

This is a request for administrative approval for a non-standard gas well location in the Blanco Mesaverde and Basin Dakota pool.

The proposed San Juan 32-7 Unit Com #39M was staked as a commingled MV/DK well. The placement of the wells is non-standard for the Mesaverde per Order R-10987-A (1) and the Dakota per Order R-10987B (2) because it is closer than 660' from the section line on the west side of Section 23.

The 32-7 Unit Com #39M is located in the northwest quarter of Section 23, T32N, R7W which lies within the Allison Unit boundary. It is the infill well to the S J 32-7 #39 well that is located in the SW/4 of Section 23 and lies within the SJ 32-7 Unit Boundary and both well's acreage dedication is the west half of section 23. Production from the Basin Dakota and Blanco Mesaverde are included in the 320.00 acres gas spacing unit, W/2 Section 23, T32N, R7W.

The well was staked at an unorthodox location due to terrain, archeology, existing utilities and geology. A majority of the area within the legal spacing window for the MV and DK formation is encompassed with steep or rugged terrain. The areas that were suitable for a well location contained either underground utilities or archeology. Because of this the location was staked non-standard for the MV and DK formations in order to best fit the existing geology, archaeology, utilities and topography. *"primarily for topo reasons"*

To comply with the New Mexico Oil Conservation Division rules, we are submitting the following for your approval of this non-standard location:

1. Approved APD cover page and C102 plat showing location of the well
2. 9 Section Plan showing wells in the area
3. Offset Operator Plat for Section 23 of T32N, R7W
4. Topo and aerial maps showing the location of the well

ConocoPhillips is the offset operator and notification has been provided to the WI owners of the affected units indicated above. Please let me know if you have any questions about this application by calling me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician



3401 East 30th Street
Farmington, NM 87402

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

I hereby certify that since ConocoPhillips is the offset operator and the Working Interest Owner has been notified by certified mail of our application for administrative approval for non-standard well location of the above well.

Working Interest Owners for Offset

Andrew B. Kelly, Jr.
2575 Sunset Dr.
Atlanta, Georgia 30345

BP America Production Company
PO Box 21868
Tulsa, Oklahoma 74121-1868

Castle Inc.
502 Keystone Drive
Warrendale, Pennsylvania 15086

Charles E. Kelly
4585 Jordan Spur Rd.
Bozeman, Montana 59715

Jane Phillips Ladouceur
530 N. Main St., Apt. 310
Butler, Pennsylvania 16001-4319

Susanna P. Kelly
Attn: Steve Williamson
PO Box 1865
Bozeman, Montana 59771



3401 East 30th Street
Farmington, NM 87402

June 1, 2009

Andrew B. Kelly, Jr.
2575 Sunset Dr.
Atlanta, Georgia 30345

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Mr. Kelly:

Attached you will find a copy of our NSL (non-standard location) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that Andrew B. Kelly, Jr. has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 32-7 Unit Com 39M being drilled in the currently staked location.

Attached is a copy of the NSL application that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSL approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician
ConocoPhillips Company

Waiver to NSL - San Juan 32-7 Unit Com 39M

Andrew B. Kelly, Jr. does not object to ConocoPhillips Company drilling the San Juan 32-7 Unit Com 39M at the current non-standard location Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W in San Juan County, New Mexico. API # 30-045-34974

Working Interest Owner

Date



3401 East 30th Street
Farmington, NM 87402

June 1, 2009

BP America Production Company
PO Box 21868
Tulsa, Oklahoma 741121-1868

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Mr. Kelly:

Attached you will find a copy of our NSL (non-standard location) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that BP America Production Company has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 32-7 Unit Com 39M being drilled in the currently staked location.

Attached is a copy of the NSL application that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSL approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician
ConocoPhillips Company

Waiver to NSL - San Juan 32-7 Unit Com 39M

BP America Production Company does not object to ConocoPhillips Company drilling the San Juan 32-7 Unit Com 39M at the current non-standard location Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W in San Juan County, New Mexico. API # 30-045-34974

Company Agent

Date



3401 East 30th Street
Farmington, NM 87402

June 1, 2009

Castle Inc.
502 Keystone Drive
Warrendale, Pennsylvania 15086

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Castle Inc.:

Attached you will find a copy of our NSL (non-standard location) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that Castle, Inc. has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 32-7 Unit Com 39M being drilled in the currently staked location.

Attached is a copy of the NSL application that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSL approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician
ConocoPhillips Company

Waiver to NSL - San Juan 32-7 Unit Com 39M

Castle, Inc. does not object to ConocoPhillips Company drilling the San Juan 32-7 Unit Com 39M at the current non-standard location Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W in San Juan County, New Mexico. API # 30-045-34974

Company Agent

Date



3401 East 30th Street
Farmington, NM 87402

June 1, 2009

Charles E. Kelly
4585 Jordan Spur Rd.
Bozeman, Montana 59715

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Charles E. Kelly:

Attached you will find a copy of our NSL (non-standard location) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that Charles E. Kelly has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 32-7 Unit Com 39M being drilled in the currently staked location.

Attached is a copy of the NSL application that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSL approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician
ConocoPhillips Company

Waiver to NSL - San Juan 32-7 Unit Com 39M

Charles E. Kelly does not object to ConocoPhillips Company drilling the San Juan 32-7 Unit Com 39M at the current non-standard location Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W in San Juan County, New Mexico. API # 30-045-34974

Working Interest Owner

Date



3401 East 30th Street
Farmington, NM 87402

June 1, 2009

Jane Phillips Ladouceur
530 N. Main St., Apt. 310
Butler, Pennsylvania 16001-4319

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Jane Phillips Ladouceur:

Attached you will find a copy of our NSL (non-standard location) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that Jane Phillips Ladouceur has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 32-7 Unit Com 39M being drilled in the currently staked location.

Attached is a copy of the NSL application that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSL approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician
ConocoPhillips Company

Waiver to NSL - San Juan 32-7 Unit Com 39M

Jane Phillips Ladouceur does not object to ConocoPhillips Company drilling the San Juan 32-7 Unit Com 39M at the current non-standard location Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W in San Juan County, New Mexico. API # 30-045-34974

Working Interest Owner

Date



3401 East 30th Street
Farmington, NM 87402

June 1, 2009

Susanna P. Kelly
Attn: Steve Williamson
PO Box 1865
Bozeman, Montana 59771

Re: San Juan 32-7 Unit Com 39M
Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W
San Juan Co., New Mexico
API # - 30-045-34974

Dear Susanne P. Kelly

Attached you will find a copy of our NSL (non-standard location) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that Susanne P. Kelly has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 32-7 Unit Com 39M being drilled in the currently staked location.

Attached is a copy of the NSL application that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSL approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9837.

Sincerely,

Crystal Tafoya
Regulatory Technician
ConocoPhillips Company

Waiver to NSL - San Juan 32-7 Unit Com 39M

Susanne P. Kelly does not object to ConocoPhillips Company drilling the San Juan 32-7 Unit Com 39M at the current non-standard location Unit D (NWNW), 866' FNL & 621' FWL, Sec. 23, T32N, R7W in San Juan County, New Mexico. API # 30-045-34974

Working Interest Owner

A COMPLETE C-144 MUST BE SUBMITTED TO AND APPROVED BY THE NMOCD FOR: A PIT, CLOSED LOOP SYSTEM, BELOW GRADE TANK, OR PROPOSED ALTERNATIVE METHOD, PURSUANT TO NMOCD PART 19.15.17, PRIOR TO THE USE OR CONSTRUCTION OF THE ABOVE APPLICATIONS.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 04 2009

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Bureau of Land Management
Farmington Field Office

1a. Type of Work DRILL	5. Lease Number NM-04206 Unit Reporting Number
1b. Type of Well GAS	6. If Indian, All. or Tribe
2. Operator ConocoPhillips Company	7. Unit Agreement Name OIL CONS. DIV. DIST. 3 San Juan 32-7 Unit Com
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name
4. Location of Well Surface: Unit D(NWNW), 866' FNL & 621' FWL Surface: Latitude: 36.97043° N (NAD 83) Longitude: 107.54328° W	9. Well Number 39M
10. Field, Pool, Wildcat Basin DK/Blanco MV	11. Sec., Twn, Rge, Mer. (NMPM) 0 Sec. 23, T32N, R7W API # 30-045-34974
14. Distance in Miles from Nearest Town 15 miles/Ignacio, CO	12. County San Juan
15. Distance from Proposed Location to Nearest Property or Lease Line 621'	13. State NM
16. Acres in Lease 160.00	17. Acres Assigned to Well MV/DK 320.00 (W/2)
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 850' from San Juan 32-7 Unit 39A (MV)	
19. Proposed Depth 8448'	20. Rotary or Cable Tools Rotary
21. Elevations (DF, FT, GR, Etc.) 6822' GR	22. Approx. Date Work will Start
23. Proposed Casing and Cementing Program See Operations Plan attached	BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS 5/11/2009 Date
24. Authorized by: <u>Crystal Tafoya</u> Crystal Tafoya (Regulatory Technician)	

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY [Signature] TITLE AFM DATE 5/13/09

Archaeological Report attached
Threatened and Endangered Species Report attached

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3
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 presentations as to any matter within its jurisdiction.

NOTIFY AZTEC OCD 24 HRS.
PRIOR TO CASING & CEMENT

Example Master Plan Type 3 Bond Numbers ES-0048 and ES-0085

MAY 14 2009

This action is subject to technical and procedural review pursuant to 43 CFR 3165.8 and 43 CFR 3165.4

HOLD C104 FOR NSL

NMOCD

Drilling operations authorized and subject to compliance with attached "General Requirements".

[Signatures]

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

RECEIVED

Form C-102
Revised October 12, 2005

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Submit to: Appropriate District Office
MAY 17 2006 State Lease - 4 Copies
Fee Lease - 3 Copies

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

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Bureau of Land Management
Santa Fe, NM 87505 Farmington Field Office

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87606

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34974		*Pool Code 71599 / 72319	*Pool Name BASIN DAKOTA/BLANCO MESAVERDE
*Property Code -13616 31387	*Property Name SAN JUAN 32-7 UNIT COM		*Well Number 39 M
*GRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 6822'

10 Surface Location

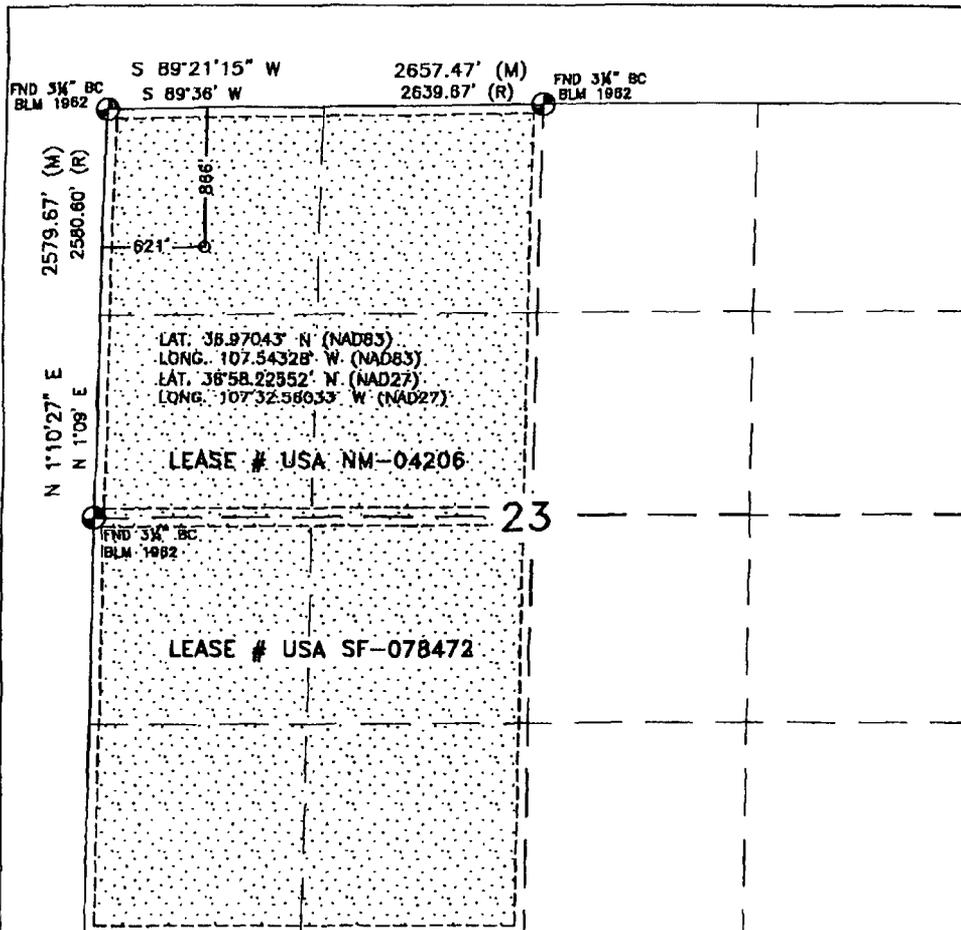
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	23	32N	7W		866'	NORTH	621'	WEST	SAN JUAN

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
D									
12 Dedicated Acres 320.00 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

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the division.

Crystal Tafoya 4/29/09
Signature Date

Crystal Tafoya 4-29-09
Printed Name

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.

APRIL 14, 2008

Date of Survey

Signature and Seal of Professional Surveyor:

David R. Russell



DAVID RUSSELL

Certificate Number

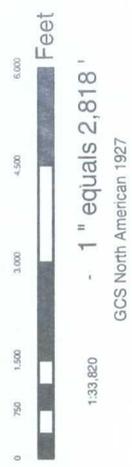
10201

Legend

SJB_P2000_ALL_by_FORMATION1

MESAVERDE ●

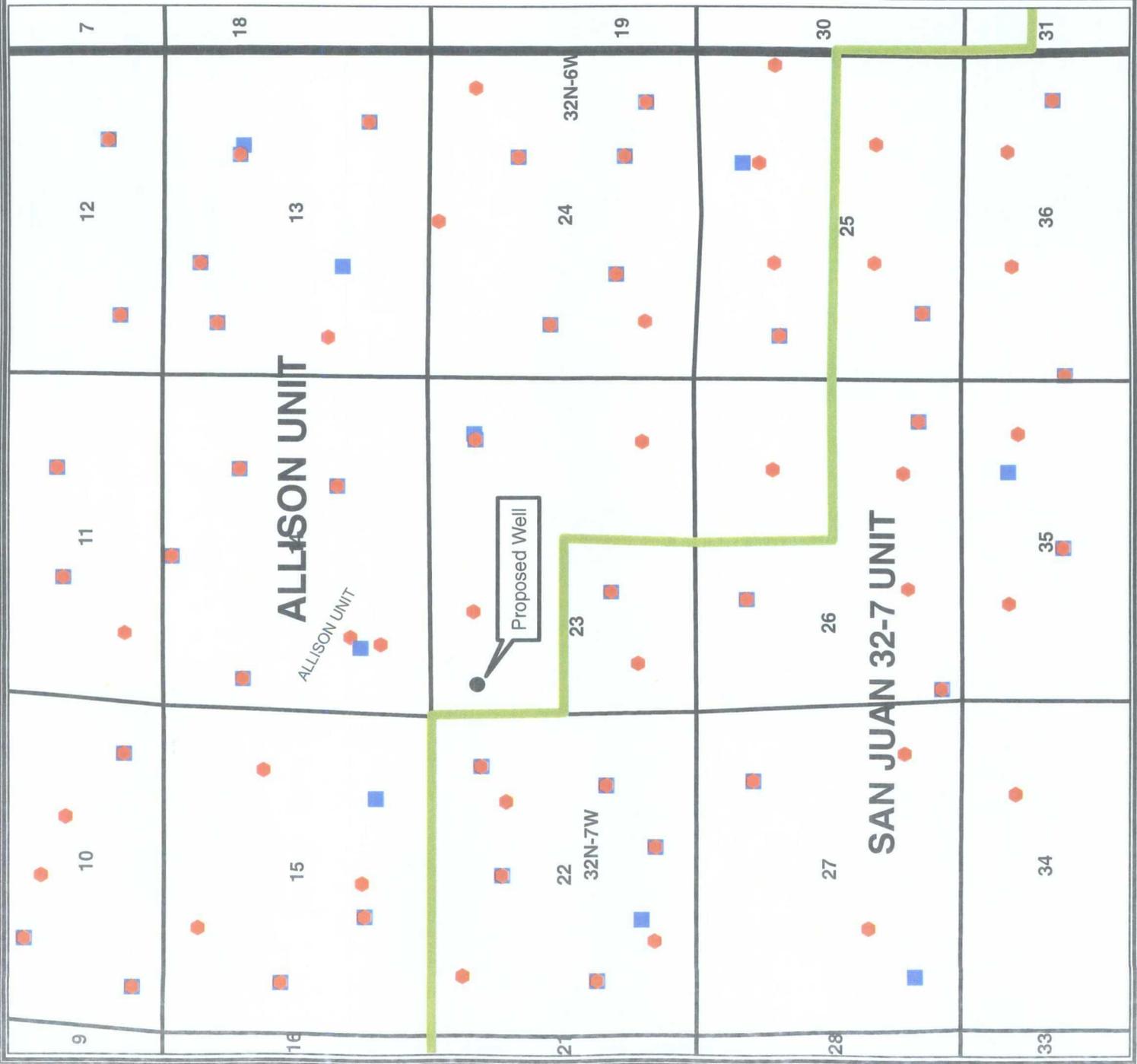
DAKOTA ■

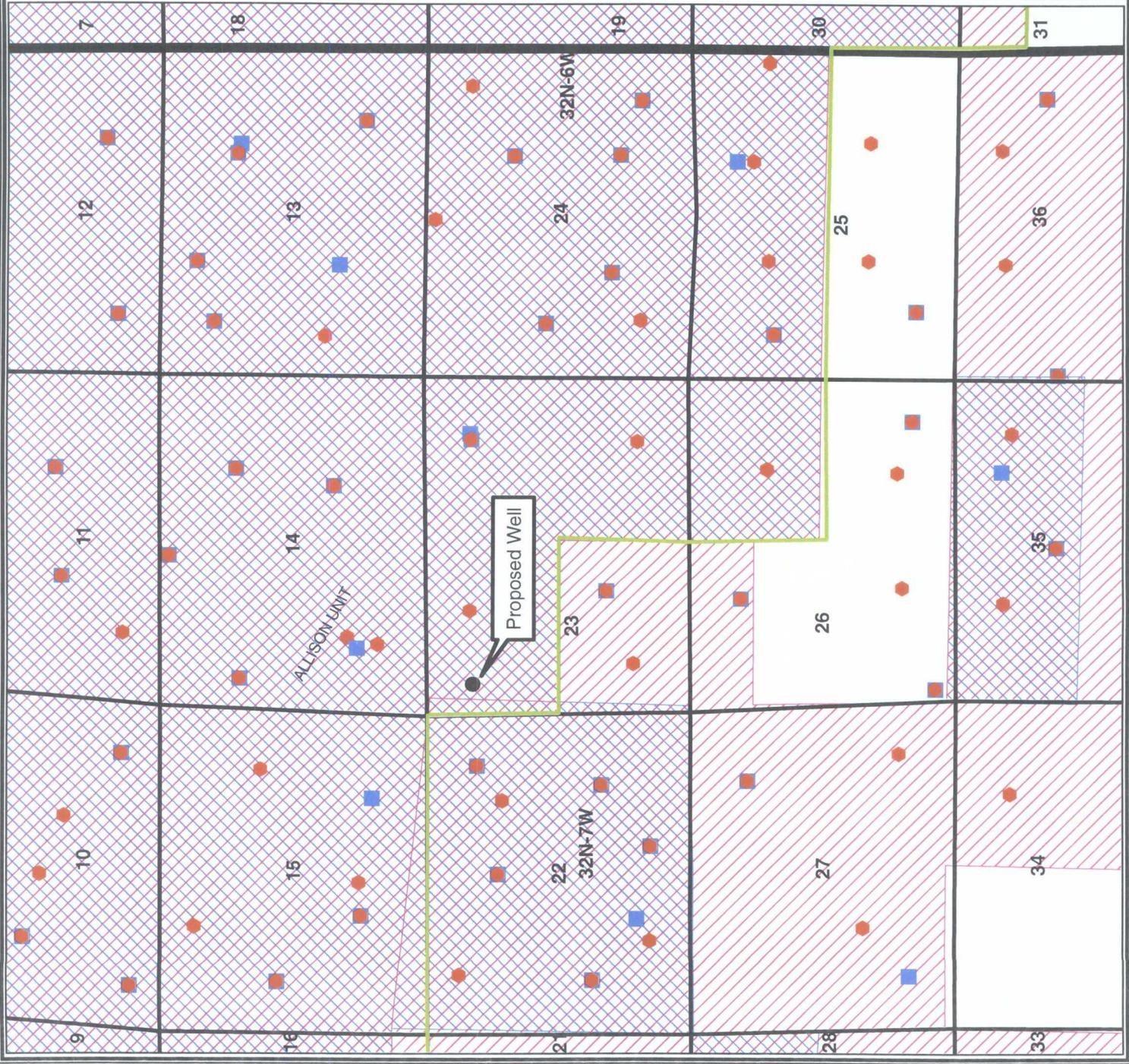


ConocoPhillips
 © Unpublished Work, ConocoPhillips

Proposed
 San Juan 32-7 Unit Com 39M
 Nine Section Map with
 Units Noted

Author:	Date: 5/29/09
Compiled by:	Scale: <Scale>





Legend

SJB_P2000_ALL_by_FORMATION

MESAVERDE

DAKOTA

Mesaverde Participating Area

Dakota Participating Area

Feet

0 750 1,500 3,000 4,500 6,000

1:33,820 - 1" equals 2,818'

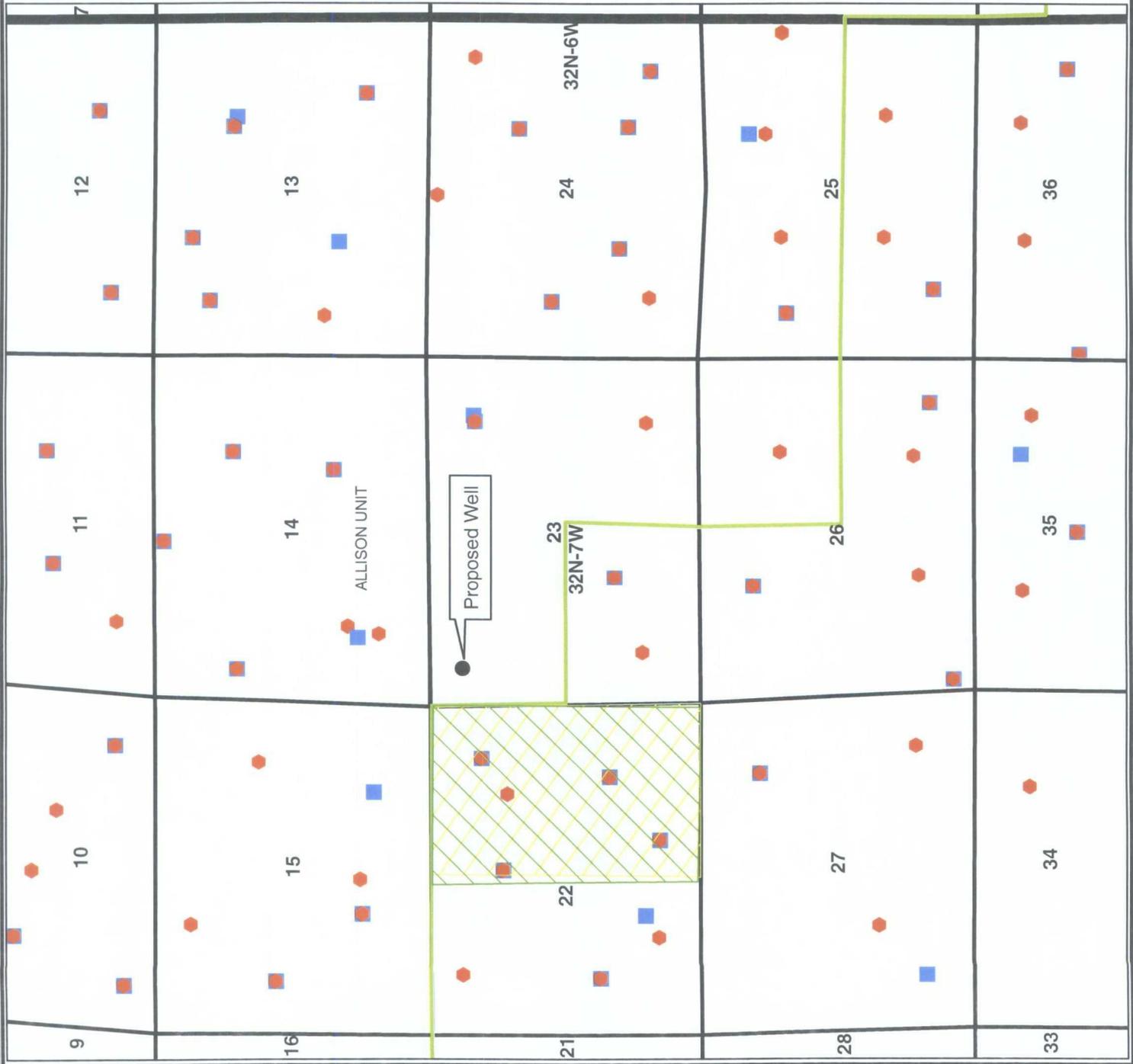
GCS North American 1927



ConocoPhillips
 © Unpublished Work, ConocoPhillips

Proposed
 San Juan 32-7 Unit Com 39M
 Nine Section Map

Author: _____ Date: 5/29/09
 Compiled by: _____ Scale: <Scale>



Legend
 SJB_P2000_ALL_by_FORMATION
 MESAVERDE
 DAKOTA

Offset Operator -
 ConocoPhillips Co.
 (Mesaverde formation)

Offset Operator -
 ConocoPhillips Co.
 (Dakota formation)

0 700 1,400 2,800 4,200 5,600 Feet
 1:32,976 - 1" equals 2,748'
 GCS North American 1927



ConocoPhillips
 © Unpublished Work, ConocoPhillips

Proposed San Juan 32-7 Unit Com 39M
 Sec 23, T32N, R7W
 San Juan County
 866' FNL, 621' FWL
 Offset Map

Author:
 Date: 5/29/09
 Compiled by:
 Scale: <Scale>
 Project: R:\Plat\Public\Projects\IDSWMSLS Co...

Legend



1:33,820 - 1" equals 2,818'
GCS North American 1927

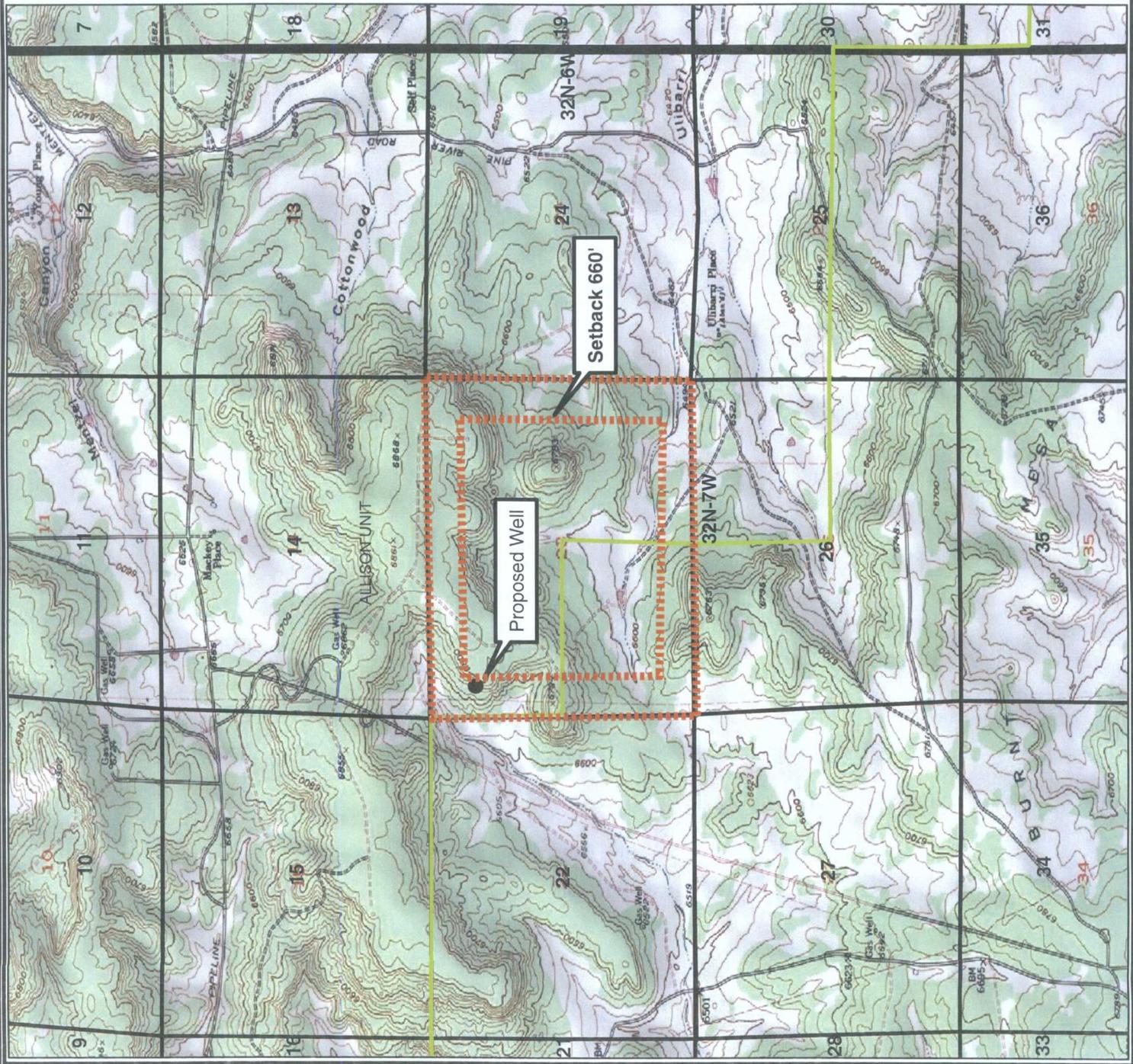


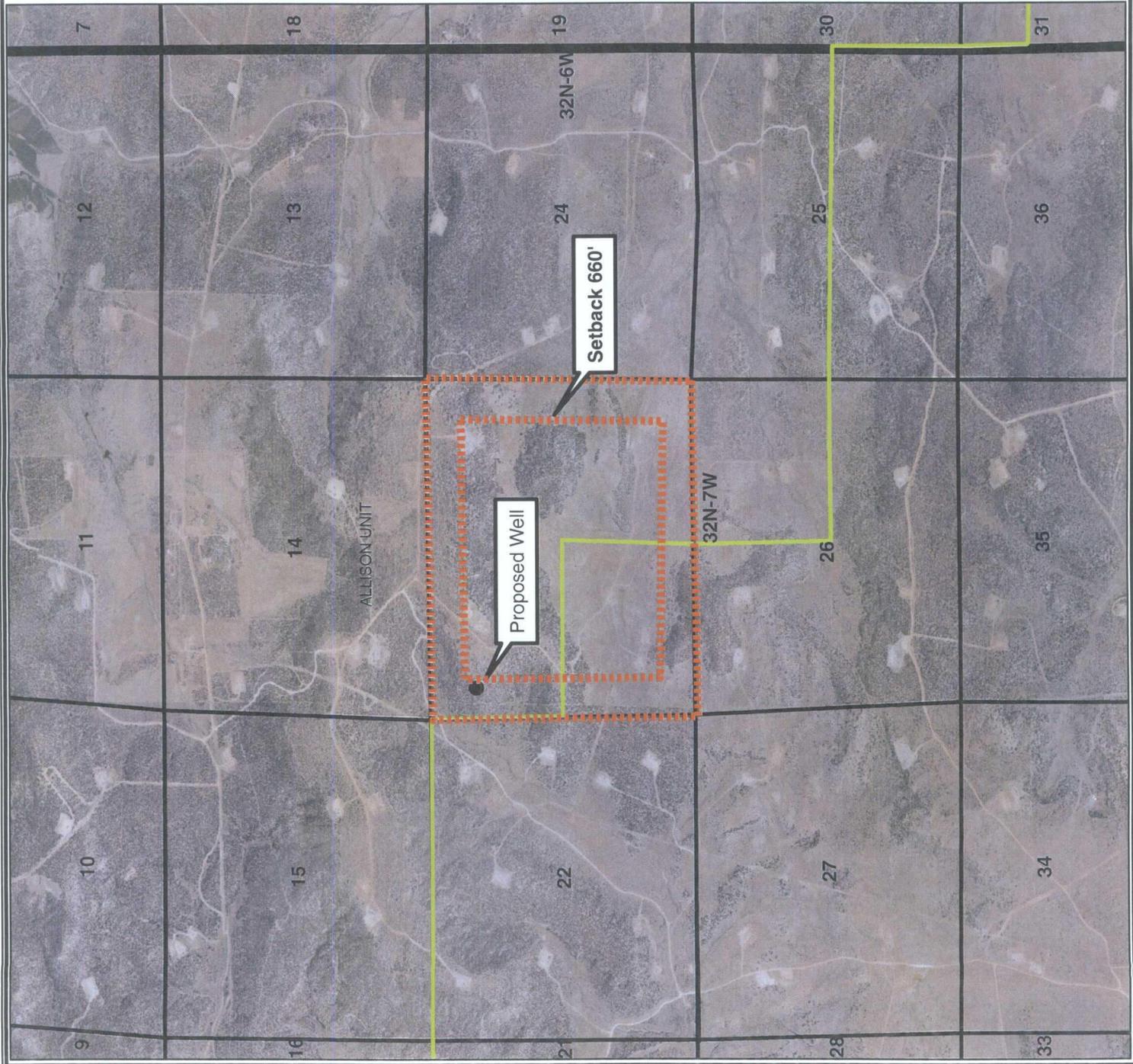
ConocoPhillips

© Unpublished Work, ConocoPhillips

Proposed San Juan 32-7 Unit Com 39M
Sec 23, T32N, R7W
San Juan County
866' FNL; 621' FEL
Topo Map

Author: _____ Date: 5/29/09
Compiled by: _____ Scale: sScale





Legend



ConocoPhillips
 © Unpublished Work, ConocoPhillips

Proposed San Juan 32-7 Unit Com 39M
 Sec 23, T32N, R7W
 San Juan County
 866' FNL; 621' FEL
 Aerial Map

Author:
 Compiled by:
 Date: 5/29/09
 Scale: <Scale>