Oil Cons.
N.M. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
LC 028793(A)

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

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OCT 26 2004
OCD-ARTESIA

8. Well Name and No.
Grayburg Deep Unit 10

2. Name of Operator
ConocoPhillips Co.

9. API Well No.
30-015-25796

3a. Address
4001 Penbrook St., - Odessa, TX 79762

3b. Phone No. *(include area code)*
(432)368-1506

10. Field and Pool, or Exploratory Area
Anderson (Pennsylvanian)

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Unit C, 660' FNL & 2480' FWL, Sec. 19, T-17-S, R-30-E

11. County or Parish, State
Eddy County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/ Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Notice of intent to remove tubing obstruction. Procedure and wellbore diagram are attached.

RECEIVED
2004 OCT 22 AM 9:17
BUREAU OF LAND MGMT.
ROSWELL OFFICE

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Stacey D. Linder

Title
Regulatory Representative

Signature
Stacey D. Linder

Date
10/19/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
(ORIG. SGD.) ALEXIS C. SWOBODA

Title
PETROLEUM ENGINEER

Date
OCT 25 2004

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Accepted for record - NMOCD

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.

(Instructions on reverse)

CONOCOPHILLIPS COMPANY
Permian Basin Area
July 20, 2004
GRAYBURG DEEP UNIT #10
REMOVE TUBING OBSTRUCTION
CHARGE M. O. #2822484

****

To: L. E. Deen
From: J. T. Lowder JTL

A. **IMPORTANCE OF SAFETY**

Safe operations are of utmost importance at all ConocoPhillips properties and facilities. To further this goal, the ConocoPhillips Supervisor at the location shall request tailgate safety meetings prior to initiation of work and also prior to any critical operations. All Company, contract, and service personnel then present shall attend these tailgate safety meetings at the location. All parties shall review the proposed upcoming steps, procedures, and potentially hazardous situations. Occurrence of these meetings shall be recorded in the Daily Report.

B. History / Justification

The purpose of the proposed project is to remove a tubing obstruction using coiled tubing in the Grayburg Deep Unit #10. The subject well appears to have an obstruction in the tubing at 10,788' based on sinker bar runs. An unsuccessful attempt to dislodge the obstruction with sinker bars was made in October 2003. The well was then placed on production flowing up the tubing/casing annulus in late October 2003 and produced until the middle of May 2004. The proposed project is expected to restore the production to a projected rate of 300 MCFD. ConocoPhillips is the operator of the subject well with a 71.23% working interest and a 62.14% net revenue interest.

The Grayburg Deep Unit #10 was drilled and initially completed as an Anderson Penn gas producer in December 1987 with Penn perforations at 10,891-98', 10,912-30' and 10,947-60'. During July 1998, the Penn was reperforated at 10,891-900', 10,912-30' and 10,947-60'. Stim tube treatments were performed at 10,893-98', 10,916-26' and 10,949-57' in January 1999. During April 1999, the Penn perforations were acidized with 4000 gallons of Clay Safe 5 and was fracture treated with 23,768 gallons of nitrogen foam and 14,000 pounds of 20-40 mesh sintered bauxite. The well averaged 513 MCFD during the first seven months of 2003 prior to the tubing obstruction, and averaged 329 MCFD from November 2003 through March 2004 while flowing up the tubing/casing annulus. The Grayburg Deep Unit #10 has a cumulative Penn production of 2,269.8 MMCFG through March 2004. Economics for the Grayburg Deep Unit #10 proposed project were performed using a gross initial production rate of 300 MCFD and 1.2 BOPD, gross unrisked reserves of 326.9 MMCFG and 1.3 MBO, a workover cost of $27,000, and an operating expense of $6,000 per year.

C. Formation Properties:

Gas Gravity = 0.7	H2S Concentration = 0 ppm
Estimated BHP = 900 psi	H2S ROE @ 100 ppm = 0'
BHT = 163°F	H2S ROE @ 500 ppm = 0'

D. Well Category:

Well Category Two since this well is capable of flowing gas at rates greater than 500 MCFD but less 3000 MCFD. A BOP will not be required for this operation.

_____ J. T. Lowder

Grayburg Deep Unit #10
Remove Tubing Obstruction

E. Recommended Procedure

1. MI and set 1/2 frac tank w/ gas buster. Hook up dual choke flowback manifold and flowline from manifold to frac tank.

2. MIRU 1.5" coiled tubing unit with nitrogen pump. Pick up injector head lubricator and BOPs. RU milling tools and pressure test connections with fluid to check for leaks. RU coiled tubing unit to wellhead and pressure test to 1000 psig. Hook up flowline from lubricator to manifold.

3. Displace fluid out of coiled tubing with foam.

4. RIH with coiled tubing unit pumping 300-400 SCF and 1/4 BPM fluid.

5. Tag obstruction. Mill through obstruction and trip to 11,000'+/-.

6. Shift circulating port and jet tubing dry. POOH w/ coiled tubing unit.

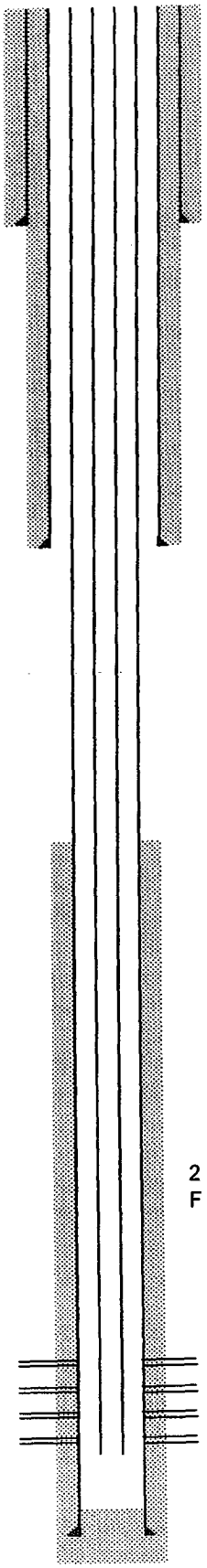
7. RDMO coiled tubing unit and clean location.

8. Unhook flowline to frac tank. MO dual choke flowback manifold and frac tank. Produce well to sales.

Jack T. Lowder

Jack T. Lowder
7/20/04

ConocoPhillips - Permian Basin Area
July 13, 2004



GL 3632'
DF 3646'
RKB 3647'

17 1/2" hole
13 3/8" Casing at 429'.
10 jts - 61#, K-55, ST&C.
500 sx cmt. Circ 200 sx.

11" hole
8 5/8" Casing at 3510'.
80 jts - 32#, K-55, ST&C & LT&C.
2500 sx cmt. Circ 580 sx.

TOC at 7000' by calculation.

DV tool at 9526'.

2 7/8", 6.5#, N-80 Tbg at 11,110+/-'.
F Nipple at 10,978'.

Penn Perforations

10,891' - 10,898' 6 spf (42 holes).
10,899' - 10,900' 4 spf (8 holes).
10,912' - 10,930' 6 spf (108 holes).
10,947' - 10,960' 6 spf (78 holes).

7 7/8" hole
5 1/2" Casing at 11,240'.
132 jts - 17#, L-80, LT&C. 30 jts - 17#, N-80, LT&C. 21 jts - 17#, K-55, ST&C.
15 jts - 15.5#, K-55, ST&C. 81 jts - 15.5#, J-55, ST&C. DV Tool at 9526'.
1st Stage: 500 sx cmt (50 sx circ). 2nd Stage: 550 sx cmt. TOC at 7000' by calculation.

PBTD: 11,160'
TD: 11,240'

Lease & Well No.:	**Grayburg Deep Unit #10**
Well Category:	Two
Area:	New Mexico
Subarea:	Maljamar
Field:	Anderson Penn (Gas)
API Number:	30-015-25796
Legal Description:	660' FNL, 2480' FWL Sec 19, T-17-S, R-30-E Eddy County, New Mexico
Spudded:	11/03/87
Completed:	12/31/87

Well History:

1/88 RIH w/ 2.25" R nipple, 1 jt of 2 7/8", 6.5#, N-80 tbg, Baker Lok-Set pkr, 10' of 2 7/8", 6.5#, N-80 tbg, 2.31" R nipple, 248 jts 6.5#, N-80 tbg. Set 2.25" R nipple at 10,778', Lok-set pkr at 10,747', 2.31" R nipple at 10,737'. Perf'd Penn 10,891-98', 10,912-30', 10,947-60' w/ 2 spf (76 holes, 0 deg phasing) using 2 1/8" thru tbg gun on wireline. 4 pt test ind 450 mcfd caof on 1/14/88. IPF 288 mcfg (calc 24 hr rate) w/ 592 psi ftp on 1/15/88.

7/98 Perf'd Penn 10,891-900', 10,912-30', 10,947-60' w/ 4 spf (160 holes, 60 deg phasing) using 2 1/8" thru tbg gun on wireline. Prod before: 186 mcfd. Prod after: 437 mcfd.

1/99 Performed stim tube trmts: 10,949-57' w/ 8' stim tube, 10,916-26' w/ 10' stim tube, 10,893-98' w/ 5' stim tube. Pmpd 60 bbl methanol water block removal trmt. Prod before: 300 mcfd. Prod after: 30 mcfd.

4/99 Jet washed 10,891-960' OA w/ 400 gal Clay Safe 5 using coiled tbg. Acdzd 10,891-960' OA w/ 4000 gal Clay Safe 5 foamed to 60Q w/ CO2 using 175 bioballs. Attempted Alcofoam frac. Frac'd 10,891-960' OA w/ 23,768 gal N2 foam (13,830 gal liquid & 526 mscf N2) & 24,270 lbs 20-40 mesh sintered bauxite (carboprop). Well screened out on 3-5 ppg ramp stage w/ 14,000 lbs 20-40 mesh sintered bauxite in formation & 10,270 lbs 20-40 mesh sintered bauxite left in casing. CO from 8537-10,747' w/ coiled tbg. RIH w/ 1.9" downhole motor w/ 1.94" bit on coiled tbg. Could not get past 10,650'. RIH w/ hydroblast jet on coiled tbg. Could not get past 10,737' w/ jet wash. Set collar stop & plug at 10,403'. Perf'd tbg w/ 4 spf at 10,400'. Made 5 swab runs & line parted. Left swab & 400' line in hole. Fired string shot at 9000'. Rec 9000' tbg. Back'd off tbg at 10,250'. Rec tbg, swab, tbg plug, & collar stop. Back'd off tbg at 10,604' & rec tbg. RIH w/ 5 jts wash pipe & 6 drill collars. Wash over 2' of fish & wash pipe stuck. Back'd off at top of btm jt of wash pipe. Rec 4 jts wash pipe & 6 drill collars. RIH w/ spear, bumper sub, jars, collars, & accelerator. Rec 28' of wash pipe. RIH w/ concave btm mill, stabilizers, jars, & collars. Wash/milled 10,608-701'. Rec tbg above pkr. Wash/milled 10,707-747'. Rec 10' tbg sub, pkr, 1 jt of tail pipe, & 2.25" R nipple. RIH w/ notched collar, 1 jt of 2 7/8" tbg, 2.25" F nipple w/ retrievable check valve, & 2 7/8" tbg. CO to 11,121' using water/soap sweep. Fished check valve. Prod after: 775 mcfg w/ 100 psi ftp on 7/22/99.