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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-039-27869
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator CONOCOPHILLIPS CO.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252		7. Lease Name or Unit Agreement Name SAN JUAN 29-5 UNIT
4. Well Location Unit Letter G : 1700 feet from the NORTH line and 1965 feet from the EAST line Section 22 Township 29N Range 5W NMPM County RIO ARriba		8. Well Number 45M
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6804		9. OGRID Number 217817
10. Pool name or Wildcat BLANCO MESAVERDE / BASIN DAKOTA		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input checked="" type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

ConocoPhillips requested a revision to our 4 1/2" casing program for this APD. Attached is background information and the changes to our drilling program.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Deborah Marberry TITLE REGULATORY ANALYST DATE 02/22/2005

Type or print name DEBORAH MARBERRY
For State Use Only

E-mail address: deborah.marberry@conocophillips.com Telephone No. (832)486-2326

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 88 DATE FEB 24 2005
Conditions of Approval (if any):

Background:

Intermediate Casing: 7" 20# J-55 STC was set at 4082' and cemented to surface on 11-Feb-2005.

We drilled out of the 7" casing with air drilling media (dusting with air) and drilled with air to 7876' MD RKB.

At 7876 MD RKB we converted to membrane nitrogen drilling media and continued drilling (dusting) with membrane nitrogen to 8120 at which point the bit got stuck. We worked the bit free and attempted to continue drilling - but were unable to get the bit to drill.

We pulled out of the hole and found that the bit had some broken teeth. We picked up a new hammer bit and ran in the hole and reamed from 8120' to 8125' and drilled from 8125' to 8141' with membrane nitrogen media. However we were unable to get the well to dust - thus we interpreted that the hole had gotten wet and that we were not cleaning the hole.

We pulled out of the hole and found mud caked on the hammer and bit - thus confirming that the hole had gotten wet. Therefore we are unable to proceed with membrane nitrogen drilling.

We are now loading the hole with water base mud. We have 126' remaining to drill to reach our planned / approved TD.

Our plans are as follows:

1. Load and condition the hole with water mud
2. Drill with water base mud to approved TD
3. Run and cement the 4-1/2" casing in a mud filled hole with a revised cementing program.

The reason for our proposed revision to the cementing program is this - the original APD cement program was developed / planned for cementing the 4-1/2" production casing in an air hole with no mud in it. However, now the 4-1/2" casing will need to be run and cemented in a hole that is filled with mud. To accommodate this, we propose a contingency plan to use a light weight, high performance lead slurry in order to reduce our risk of losing circulation on this cement job. The lead slurry we propose is a high performance slurry (Schlumberger LiteCRETE) which has sufficient compressive strength for our planned fracture stimulation and production operations and is very light. In regard to the tail slurry, we propose to use the same slurry that we have for the 4-1/2" casing in our current approved APD.

Proposed Revised Cementing Program:

Specifically, our proposed contingency cementing program is as follows:

LEAD SLURRY

151 sx Schlumberger LiteCRETE
+ 0.50% D112 Fluid Loss
+ 0.25% D065 Dispersant
+ 0.10% D800 Retarder
+ 0.03% D047 Antifoam
+ 1 lb/bbl slurry CEMNET (loss circulation material)

Compressive Strengths:

4 hrs 09 min = 500 psi

24 hr = 1080 psi

Cement Density = 9.5 ppg

Cement Yield = 2.53 cuft/sx

Calculated Top of Tail Slurry = 3882' (ie 200' inside 7" casing) with 50% excess cement on open hole volume, 0% excess cement on cased hole volume

TAIL SLURRY

202 sx 50 % POZ : 50% Class G Cement

+ 3% D029 Bentonite (extender)

+ 1 lb/sx D024 Gilsonite (extender)

+ 3.5 lb/sx Phenoseal (loss circulation material)

+ 0.25 lb/sx D029 Cellophane Flakes

+ 0.25% D167 Fluid Loss

+ 0.15% D065 Dispersant

+ 0.10% D800 Retarder

+ 0.10% D046 Antifoam

Compressive Strengths:

6 hr 35 min = 500 psi

24 hr = 2100 psi

Cement Density = 13 ppg

Cement Yield = 1.44 cuft/sx

Calculated Top of Tail Slurry = 6400' (ie 1867 ft tail slurry) with 50% excess cement

Centralization:

We also propose to centralize the 4-1/2" casing as follows:

1 centralizer per each three joints from TD to 100' above the top of the Cliffhouse.

No centralizers from 100 ft above the top of the Cliffhouse to surface.

Telephone Conversation with NMOCD, 16-Feb-2005 (Steve Moore)

Charlie Perrin, NMOCD, and with Steve Hayden, NMOCD, today (16-Feb-2005) at 11:50 CST,