

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD-HOBBS

H-06-63

FORM APPROVED
OMB No. 1004-0136
Expires March 31, 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. LC 057210
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CONOCOPHILLIPS CO.		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252		8. Lease Name and Well No. <u><31422></u> MCA UNIT 407
3b. Phone No. (include area code) (832)486-2326		9. API Well No. 30-025-38038
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <u>2569 FSL & 10' FWL NWSW</u> At proposed prod. zone <u>24 69 FSL per attached SN data 6/12/06</u>		10. Field and Pool, or Exploratory MALJAMAR GRAYBURG/SAN ANI
14. Distance in miles and direction from nearest town or post office*		11. Sec., T., R., M., or Blk, and Survey or Area L Sec: 28 Twn: 17S Rng: 32E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 2569 SOUTH 10 WEST	16. No. of Acres in lease	12. County or Parish LEA
17. Spacing Unit dedicated to this well 40	13. State NEW MEXIC	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 4300	20. BLM/BIA Bond No. on file ES0085
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3956' GL	22. Approximate date work will start* 07/01/2006	23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operation certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Deborah Marberry</i>	Name (Printed/Typed) DEBORAH MARBERRY	Date 05/16/2006
Title REGULATORY ANALYST		
Approved by (Signature) <i>/s/ Tony J. Herrell</i>	Name (Printed/Typed) <i>/s/ Tony J. Herrell</i>	Date JUL 28 2006
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify the 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, are attached.

APPROVAL FOR 1 YEAR

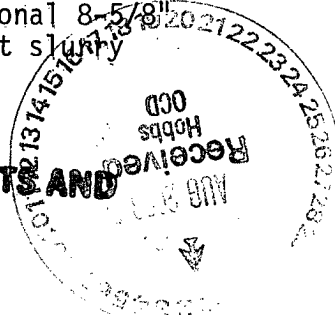
Title 18 U.S.C Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

ConocoPhillips requests approval of a contingency string of casing. Historically in this area problems were sometimes encountered with a 7-7/8" hole. If this occurs we are requesting the hole be opened to 11" and an additional 8-5/8" 32# J-55 ST&C string be ran and cemented to surface with a cement slurry comparable to the production cement.

Witness Surface Casing

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
ConocoPhillips Co.3a. Address P.O. Box 2197, WL3-6085 Houston Tx 77252
3b. Phone No. (include area code) (832)486-24634. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 28 T17S R32E 2469FSL 10FWL Unit L

5. Lease Serial No.

LC057210

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

MCA Unit #407

9. API Well No.

30-025-380

10. Field and Pool, or Exploratory Area

Maljamar Grayburg/San Andres

11. County or Parish, State

Lea
NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Location Change
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat horizontally, give subsurface locations and 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 recompleat 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.)

ConocoPhillips requests to move this well from the original footage of 2569FSL & 10FWL to the new location of 2469FSL & 10FWL. Also, the reserve pit dimensions will remain as they are. Revised plat is attached.

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

Name (Printed/Typed)

Christina Gustartis

Title Regulatory Specialist

Signature



Date 06/12/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Tony J. Herrell

FIELD MANAGER

Date JUL 28 2006

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Office CARLSBAD FIELD OFFICE

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(Instructions on page 2)

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38038	Pool Code 43329	Pool Name Maljamar Grayburg/San Andres
Property Code 31422	Property Name MCA UNIT	Well Number 407
OGRID No. 217817	Operator Name CONOCOPHILLIPS	Elevation 3958'

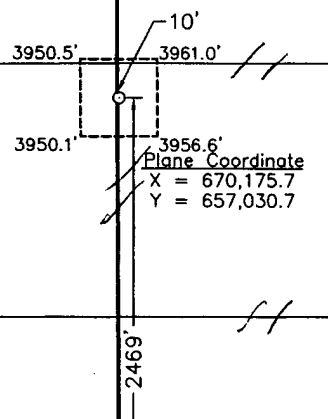
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	28	17 S	32 E		2469	SOUTH	10	WEST	LEA

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
Dedicated Acres	Joint or Infill	Consolidation Code	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

<div style="text-align: center; margin-bottom: 20px;"><div style="display: inline-block; transform: rotate(-90deg); transform-origin: center;">SECTION 29</div><div style="display: inline-block; transform: rotate(-90deg); transform-origin: center;">SECTION 28</div></div> <div style="text-align: center;"></div>		<div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 10px;">OPERATOR CERTIFICATION</div> <p><i>I hereby certify the 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 of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"><div style="width: 60%;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;"><i>C. Gustartis</i></div><div>Signature</div></div><div style="width: 35%;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;">6-12-06</div><div>Date</div></div></div> <div style="margin-top: 10px;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Chris Gustartis</div><div>Printed Name</div></div>	
		<div style="text-align: center; border-bottom: 1px solid black; margin-bottom: 10px;">SURVEYOR CERTIFICATION</div> <p><i>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.</i></p> <div style="text-align: center; margin-top: 20px;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;">June 6, 2006</div><div>Date of Survey</div></div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"><div style="width: 60%;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;"><i>[Signature]</i></div><div>Signature & Seal of Professional Surveyor</div></div><div style="width: 35%; text-align: center;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;">LVA</div><div>LVA</div></div></div> <div style="margin-top: 10px; text-align: center;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;">W.O. Num. 2006-0419-1</div><div>W.O. Num.</div></div> <div style="margin-top: 10px; text-align: center;"><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Certificate No. MACON McDONALD 12185</div><div>Certificate No.</div></div>	

NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

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

2. Name of Operator
CONOCOPHILLIPS CO.

3a. Address 3b. Phone No. (include area code)
P.O. BOX 2197 WL3 6108 HOUSTON TX 77252 (832)486-2326

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 28 T17S R32E 2469FSL 10FWL Unit L

5. Lease Serial No.

LC057210

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

MCA Unit #407

9. API Well No.

10. Field and Pool, or Exploratory Area

Maljamar Grayburg/San Andres

11. County or Parish, State

Lea
NM

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	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
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Our original APD indicated we would construct a new access road however, the existing road will be used to access this well. Attached is a plat showing the existing road and the old proposed road.

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

DEBORAH MARBERRY

Title REGULATORY ANALYST

Signature

Date 07/24/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Tony J. Herrell

FIELD MANAGER

Date JUL 28 2006

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Office **CARLSBAD FIELD OFFICE**

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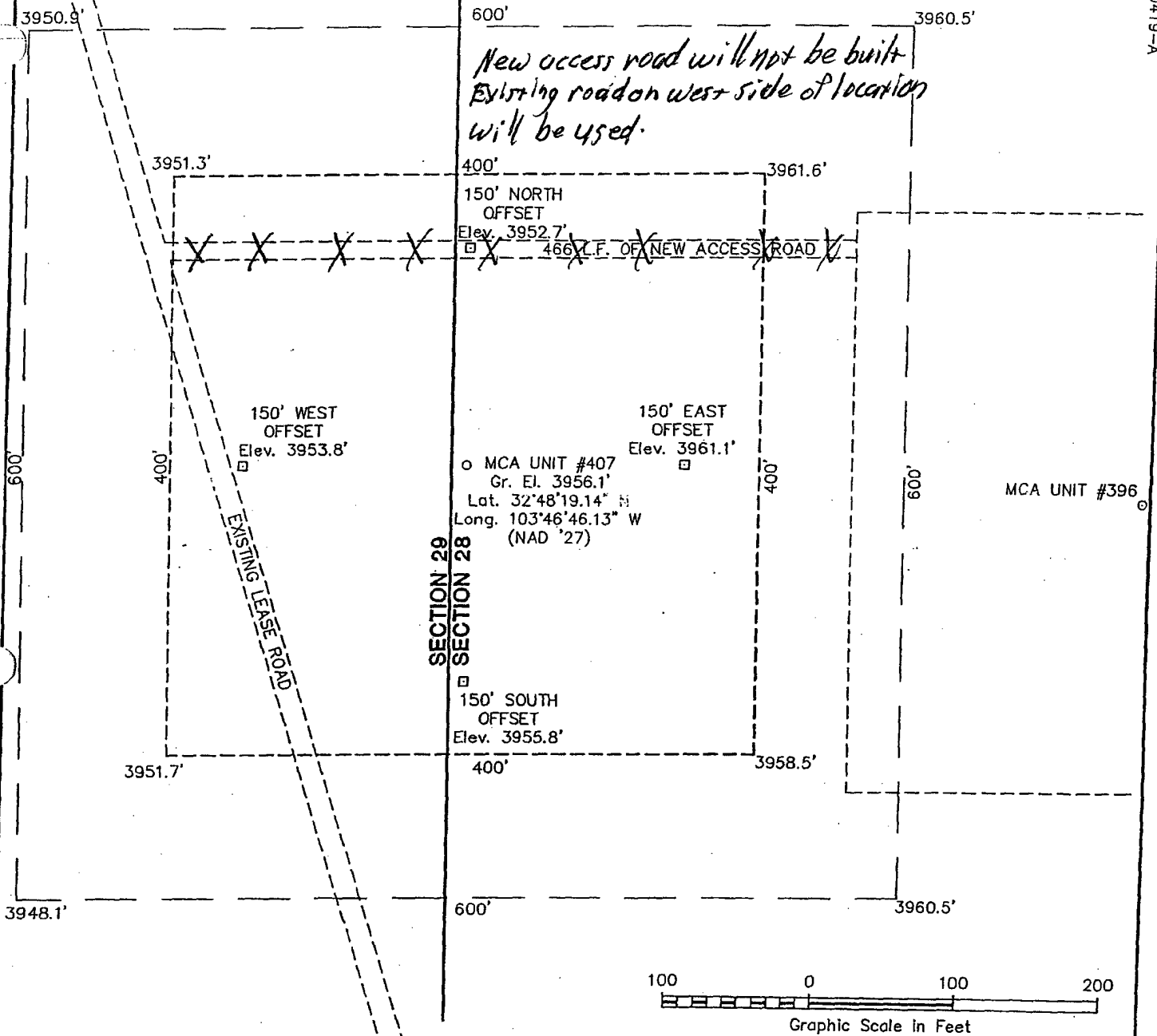
SECTION 28, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.

LEA COUNTY

NEW MEXICO

L-2006-0419-A

*New access road will not be built
Existing road on west side of location
will be used.*



DRIVING DIRECTIONS

FROM THE INTERSECTION OF U.S. HIGHWAY 82 AND STATE HIGHWAY 33 IN MALJAMAR, NM GO SOUTH ON SAID STATE HIGHWAY 33, 4.1 MILES TO A LEASE ROAD ON THE RIGHT (WEST) SIDE OF SAID HIGHWAY, THEN GO WEST ALONG SAID LEASE ROAD 0.8 MILE TO A CURVE TO THE RIGHT (NORTH), THEN GO NORTH-NORTHWEST ALONG SAME LEASE ROAD, 0.7 MILE TO THE PROPOSED LOCATION.

CONOCOPHILLIPS

MCA UNIT #407

Located 2569' FSL & 10' FWL, Section 28
Township 17 South, Range 32 East, N.M.P.M.
Lea County, New Mexico

**WEST
COMPANY**
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

Drawn By: LVA	Date: May 11, 2006
Scale: 1"=100'	Field Book: 331 / 17-18
Revision Date:	Quadrangle: Maljamar
W.O. No: 2006-0419	Dwg. No.: L-2006-0419-A

Hobbs BU Wells
Schlumberger Cement Calculations
Surface Casing

Lead Cement		
Cement Recipe	35.65 Poz Class C Cement	
	CemNET in first 100 bbls	
	+ 5% Salt (bwow)	
	+ 6% Bentonite Gel	
	+ 2% Calcium Chloride	
	+ 0.25 lb/sx Celloflake	
Cement Volume	495	sx
Cement Yield	1.97	cuft/sx
Slurry Volume	975.4	cuft
	173.7	bbls
Cement Density	12.8	ppg
Water Required	10.54	gal/sx

Tail Cement		
Cement Recipe	Class C Standard Cement	
	+ 2% Calcium Chloride	
	+ 5% Salt	
	+ 3% Bentonite Gel	
	+ 0.25 lb/sx Celloflake	
Cement Volume	320	sx
Cement Yield	1.34	cuft/sx
Slurry Volume	429.0	cuft
	76.4	bbls
Cement Density	14.8	ppg
Water Required	6.29	gal/sx

Hobbs BU Wells
Schlumberger Cement Calculations
Production Casing

Lead Cement	
Cement Recipe	50:50 Poz Class C
	CemNET in first 100 bbls
	+ 5% Salt (bwow)
	+ 10% Bentonite
	+ 0.2% Uniflac
	+ 0.2% TIC Dispersant
	+ 0.25 lb/sx Celloflake
Cement Quantity	994 sx
Cement Yield	2.54 cuft/sx
Cement Volume	975.4 cuft
	173.7 bbls
Cement Density	11.8 ppg
Water Required	14.71 gal/sx

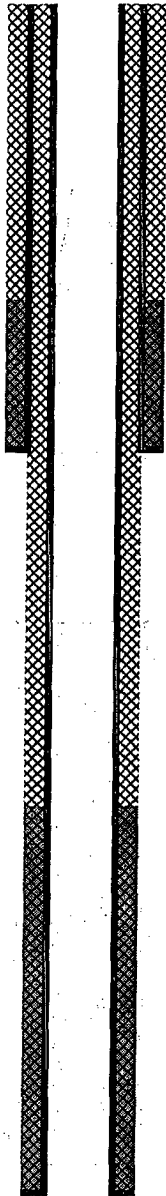
Tail Cement	
Cement Recipe	TXI Lightweight
	+ 2% Antifoamer
	+ 0.2% XE114A
	+ 0.3% Uniflac
	+ 0.2% TIC Dispersant
Cement Quantity	570 sx
Cement Yield	1.34 cuft/sx
Cement Volume	764.2 cuft
	136.1 bbls
Cement Density	13.2 ppg
Water Required	6.78 gal/sx

Hobbs BU Wells			
Schlumberger Cement Calculations			
	Surf. Csg	Int. Csg	Prod. Csg
OD	8.625	8.625	5.5
ID	8.097	7.92	4.892
Depth	1550	950	7250
Hole Diam	12.25	12.25	7.875
% Excess Lead	125	100	225
% Excess Tail	100	100	150
Lead Yield	1.97	1.94	2.54
Tail Yield	1.34	1.33	1.34
Ft of Tail Slurry	500	800	1750
Top of Tail Slurry	1050	2500	5500
Top of Lead Slurry	0	0	0
Mud Wt (ppg)	8.9	10.0	10.0
Mud Type	WBM	BRINE	BRINE

Surface Casing						
	Ft	Cap	XS Factor	bbbls	cuft	sq
Lead Open Hole Annulus	1050	0.073539	2.25	173.7	975.4	495.1
Lead Total				173.7	975.4	495.1
Tail Open Hole Annulus	500	0.073539	2	73.5	412.9	308.1
Tail Shoe Track Volume	45	0.063714	1	2.9	16.1	12.2
Tail Total				76.4	429.0	320.3

Production Casing						
	Ft	Cap	XS Factor	bbbls	cuft	sq
Lead Open Hole Annulus	3950	0.03087	3.25	396.3	2225.0	876.0
Lead Cased Hole Annulus	1550	0.034316	1	53.2	298.6	117.6
Lead Total				449.5	2523.7	993.6
Tail Open Hole Annulus	1750	0.03087	2.5	135.1	758.3	565.9
Tail Shoe Track Volume	45	0.023257	1	1.0	5.9	4.4
Tail Total				136.1	764.2	570.3

Hobbs BU Wells
Schlumberger Cement Calculations



SURFACE CASING :

Drill Bit Diameter	12.25 "
Casing Outside Diameter	8.625 "
Casing Inside Diam.	8.097 "
Casing Weight	24 ppf
Casing Grade	J-55
Shoe Depth	1550
Excess Lead Cement	125 %
Excess Tail Cement	100 %
Tail Cement Length	500 '

1025' 555

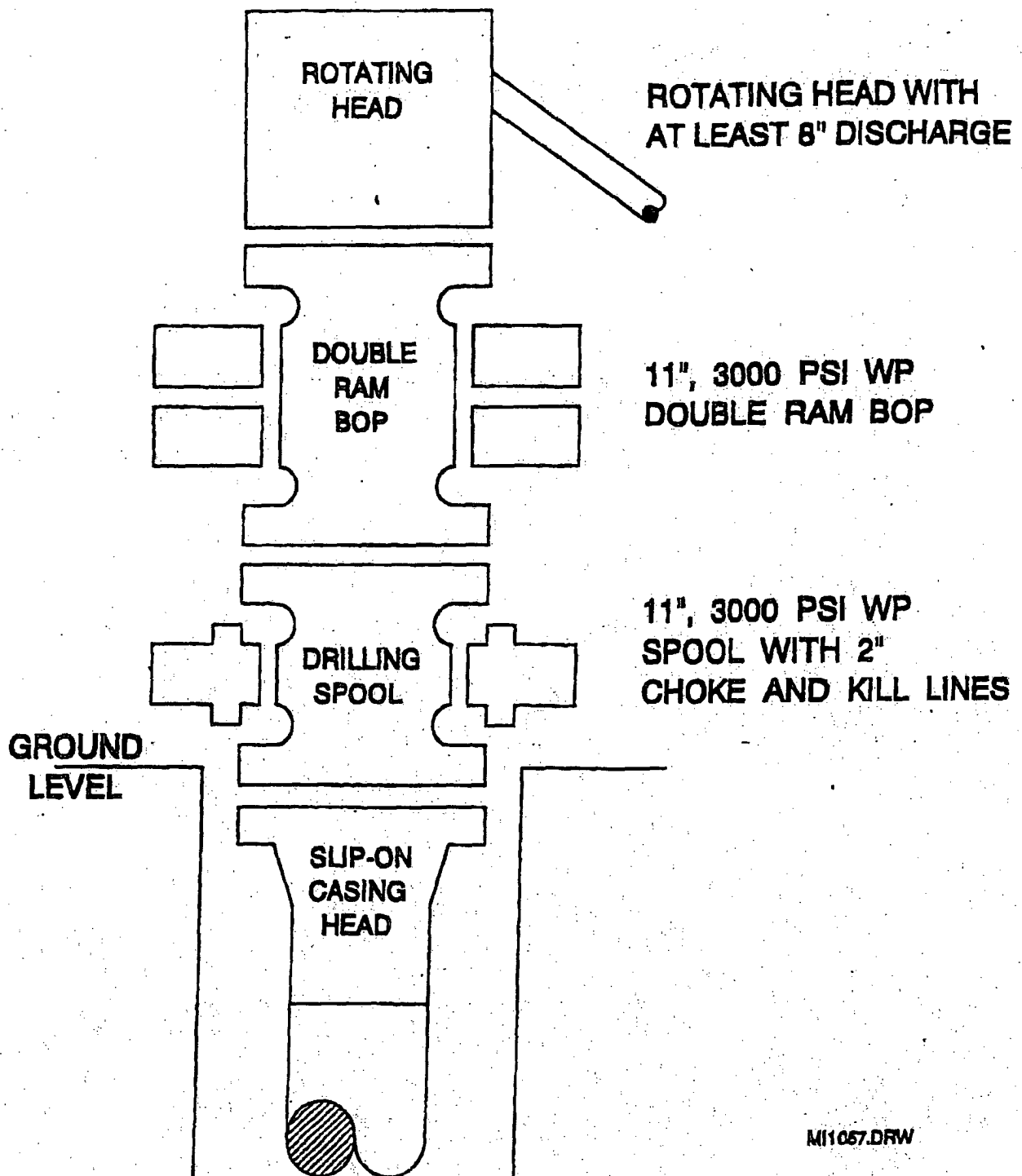
SHOE ~~1550~~ ', 8.625 ", 24 ppf, J-55 STC

PRODUCTION CASING :

Drill Bit Diameter	7.875 "
Casing Outside Diameter	5.5 "
Casing Inside Diam.	4.892 "
Casing Weight	17 ppf
Casing Grade	J-55
Top of Cement	0 '
Shoe Depth	7250
Excess Lead Cement	225 %
Excess Tail Cement	150 %
Tail Cement Length	1750 '

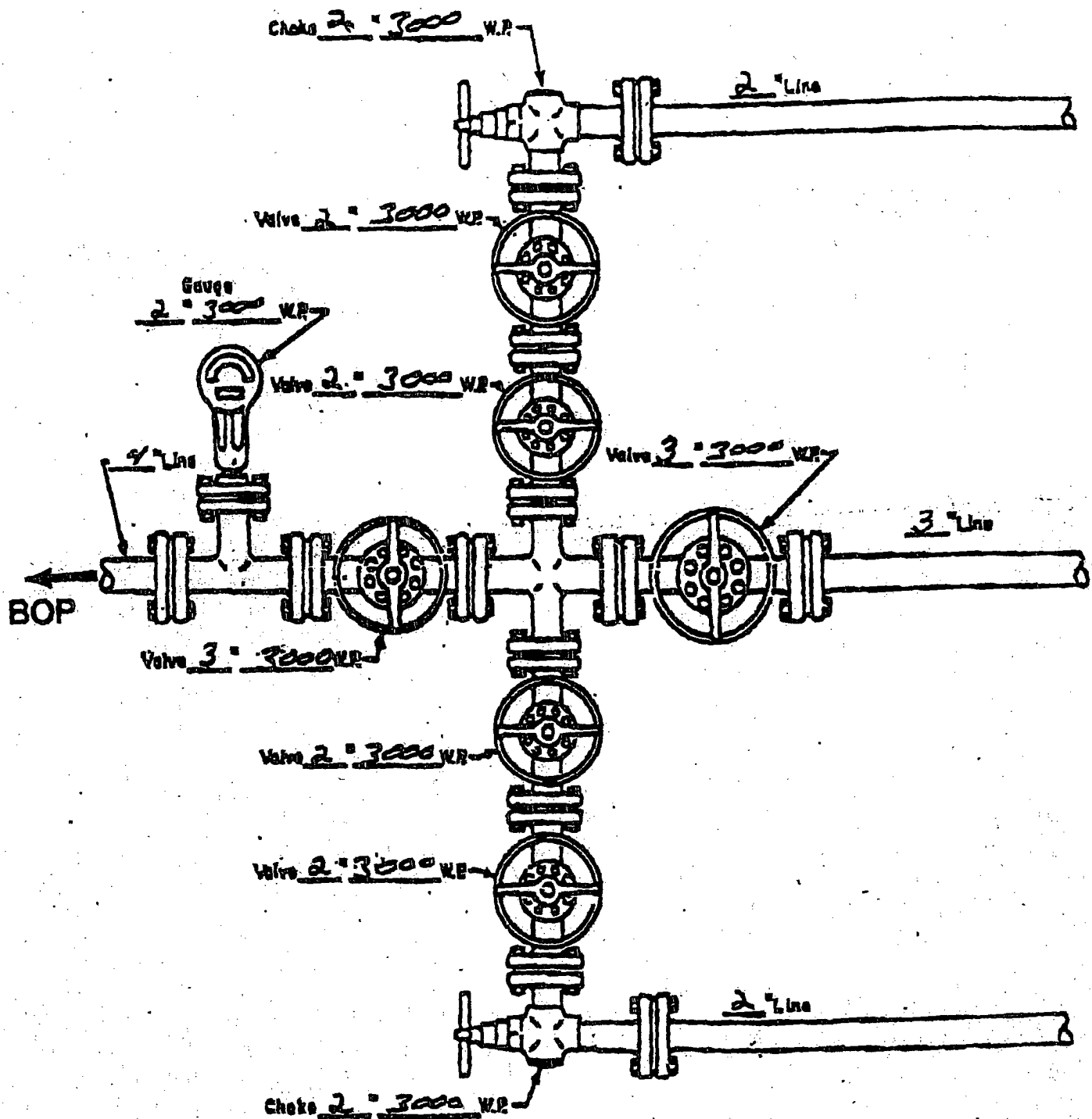
SHOE 7250 ', 5.5 ", 17 ppf, J-55 LTC

BOP SPECIFICATIONS



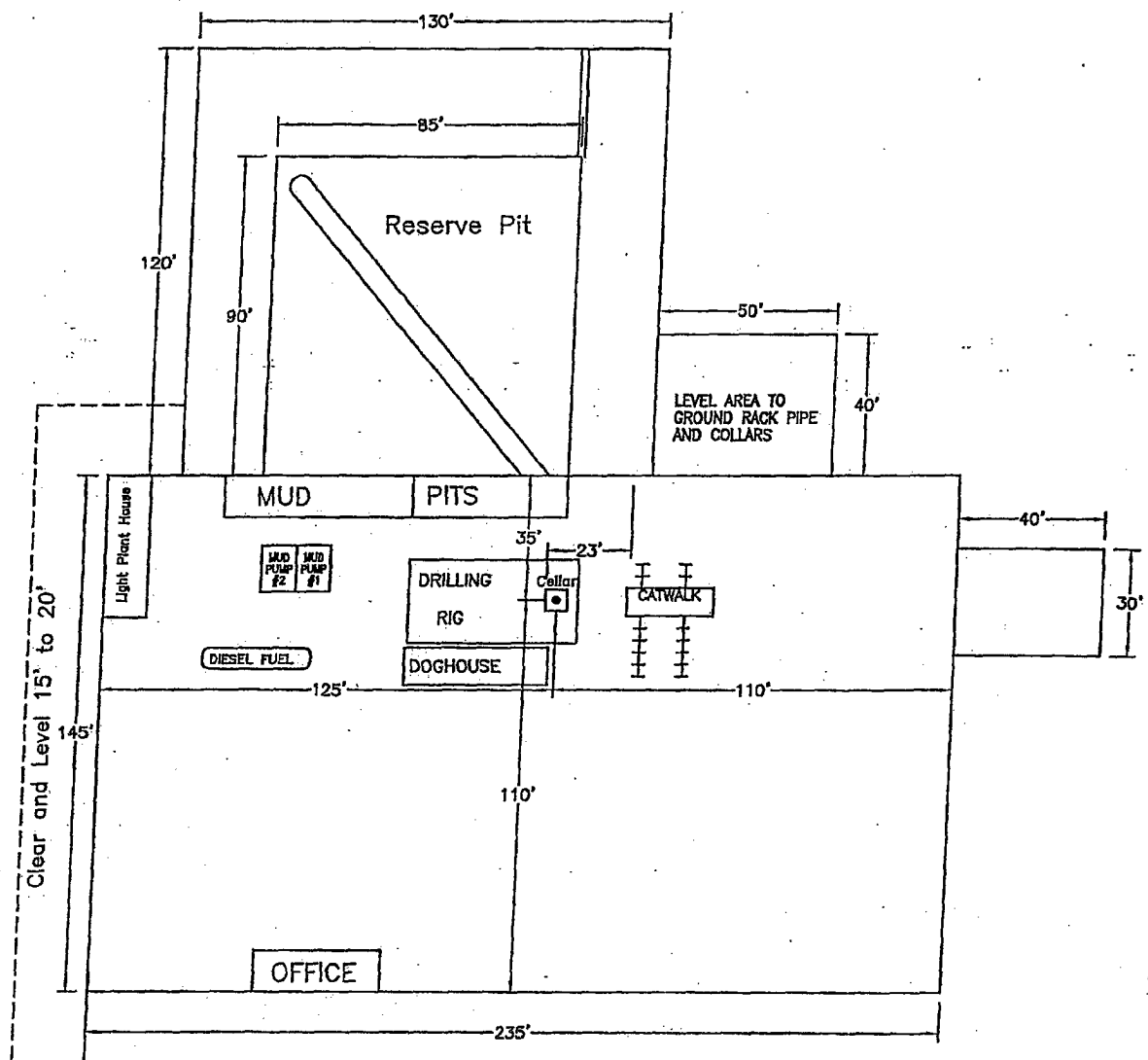
MI1057.DRW

CHORE MANIFOLD DIAGRAM



MANIFOLD
3000 W.P.

- ☒ Manual
- ☐ Hydraulic



H2S DRILLING OPERATIONS PLAN

ConocoPhillips, Inc. will comply with Onshore Order No. 2 and No. 6 for working in an H2S environment or a potential H2S environment.

I. Hydrogen Sulfide Training

All contractors and subcontractors employed by ConocoPhillips will receive or have received training from a qualified instructor within the last twelve months in the following areas prior to commencing drilling operations on this well.

1. The hazards and characteristics of hydrogen sulfide (H2S)
2. Safety precautions.
3. Operations of safety equipment and life support systems.

In addition, contractor supervisory personnel will be trained or prepared in the following areas:

1. The effect of H2S on metal components in the system, especially where high tensile strength tubulars are to be used.
2. Corrective action and shutdown procedures when drilling or reworking a well, blowout prevention and well control procedures, if the nature of work performed involves these items.
3. The contents and requirements of the contingency plan when such plan is required.

II. H2S EQUIPMENT AND SYSTEMS

1. Safety Equipment

The following minimum safety equipment will be on location:

- A. Wind direction indicators placed near rig floor/mud return lines and at points along the perimeter of the location to allow visibility of at least one indicator from any point on location.
- B. Automatic H2S detection alarm equipment (both audio and visual)
- C. Clearly visible warning signs. Signs will use the words "POISON GAS" and "CAUTION" with a strong color contrast.
- D. Protective breathing equipment will be located in the doghouse and at briefing areas on location.

2. Well Control Systems

A. Blowout Prevention Equipment

Equipment includes but is not limited to:

1. Pipe rams to accommodate all pipe sizes
2. Blind rams
3. Choke manifold
4. Closing Unit
5. Flare line and means of ignition

B. Communication

The rig contractor will be required to have two-way communication capability. ConocoPhillips will have either land-line, satellite phone, microwave phone, or mobile (cellular) telephone capabilities.

C. Mud Program

The mud program has been designed to minimize the volume of H₂S circulated to surface. Proper mud weight, safe drilling practices and the use of H₂S scavengers when appropriate will minimize hazards when penetrating H₂S bearing zones.

D. Drill Stem Tests

Any planned drill stem test will be cancelled if H₂S is detected prior to such test. In the event that H₂S is detected during testing, the test will be terminated immediately.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☐

Operator: CONOCOPHILLIPS CO. Telephone: (832)486-2326 e-mail address: deborah.marberry@conocophillips.com		
Address: P.O. BOX 2197 WL3 6108 HOUSTON, TX 77252		
Facility or well name: MCA UNIT #407 API#: 30-025-38038 U/l or Qtr/Qtr L Sec 28 T 17S R 32E		
County: LEA Latitude Longitude NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> Pit Volume 20910 bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes	(20 points)
	No	(0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(0 points)
Ranking Score (Total Points)		

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:

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

Date: 05/23/2006

Printed Name/Title: DEBORAH MARBERRY REGULATORY ANALYST

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Approval:

Printed Name/Title:

PETROLEUM ENGINEER

Signature:

Date:

AUG 02 2006

CONDITIONS OF APPROVAL - DRILLING

Well Name & No. 407 – MCA UNIT
Operator's Name: CONOCOPHILLIPS CO.
Location: 2469 ~~2569~~ FSL & 10' FWL – SEC 28 – T17S – R32E – LEA COUNTY
Lease: LC-057210

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 8-5/8 inch 5-1/2 inch Note: A contingency string of 8-5/8 inch, 32#, J-55 casing may be run (11 inch hole) if problems are encountered with the 7-7/8 inch hole.

C. BOP tests

2. No Hydrogen Sulfide (H₂S) gas has been encountered in Sec 28 – T17S – R32E.

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 8-5/8 inch surface casing shall be set at 1025 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 500 feet above the uppermost hydrocarbon bearing interval.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.