

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL ☒ DEEPEN ☐ PLUG BACK ☐

b. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ OTHER ☐
SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
Energy Reserves Group, Inc.

3. ADDRESS OF OPERATOR
PO Box 3280 Casper, Wyoming 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface 1750' FSL 840 FEL (NE/SE)
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 15 miles East from Counselors Trading Post

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 840'
18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 800'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6921 Gr. (ungraded)

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	500'+	cement to surface
7 7/8"	5 1/2"	14, 15.5, 17#	7600'+	250 sx.

Energy reserves Group, Inc. proposes to drill the above referenced well with rotary tools from surface to T.D. It is anticipated that the Dakota formation @ 7300' will be gas productive. No cores or DST's are planned. Copies of all logs run will be furnished upon completion of the well. A 10" series 600 or 900 dual ram BOP will be used.

gas is dedicated



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 William J. [Signature] TITLE Field Services Admn. DATE 5-24-79

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

ok Frank

*See Instructions On Reverse Side

MAY 31 1979

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

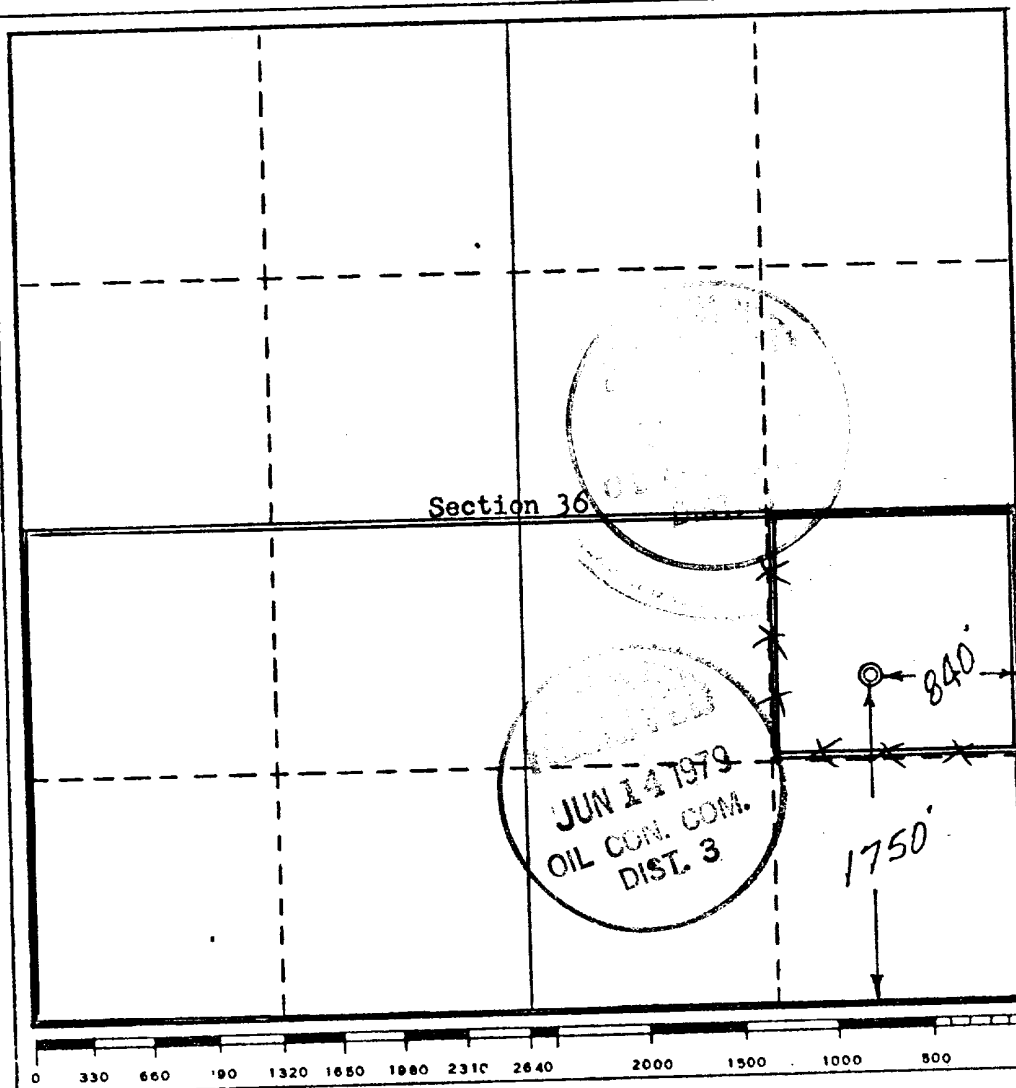
Operator Energy Reserves Group, Inc.			Lease X Jicarilla 35		Well No. X 8
Unit Letter I	Section 36	Township 25 North	Range 5 West	County Rio Arriba	
Actual Footage Location of Well: 1750 feet from the South line and 840 feet from the East line					
Ground Level Elev. 6921	Producing Formation X BASIN DAKOTA		Pool X BASIN DAKOTA		Dedicated Acreage: X 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name William J. Hara
 Position Field Services Adm
 Company Energy Reserves Group
 Date 6-5-79

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 knowledge and belief.

E. L. POSTEET
 REGISTERED SURVEYOR
 STATE OF NEW MEXICO

Date Surveyed May 30 1979
 Registered Professional Engineer and Oil & Gas Surveyor
 Certificate No. 3084

1. The geologic name of the surface formation:

Undivided tertiary

2. The estimated tops of important geologic markers.

Kirtland	2730'	Mancos	5350'	Dakota	7300'
Pictured Cliffs	3050'	Gallup	6400'	T.D.	7600'
Cha Cha	3930'	Greenhorn	7100'		
Cliff House	4650'	Graneros	7200'		

3. The estimated depths at which anticipated water, oil, gas, or other mineral-bearing formations are expected to be encountered.

The Dakota formation @ 7300' is expected to be gas bearing.

4. The proposed casing program, including the size, grade, and weight-per-foot of each string and whether new or used.

8 5/8" - k-55 - 24# - new	5 1/2" - k-55 - 15.5# - new
5 1/2" - k-55 - 14# - new & used	5 1/2" - k-55 - 17# - new

5. The lessee's or operator's minimum specifications for pressure control equipment which is to be used, a schematic diagram thereof showing sizes, pressure ratings (or API series), and the testing procedures and testing frequency.

A 10" series 600 or 900 dual ram hydraulic BOP will be used. It will be tested to 800 psi after installation and prior to drilling out from under the surface casing. The BOP will be operated on each trip.

6. The type and characteristics of the proposed circulating medium or mediums to be employed for rotary drilling and the quantities and types of mud and weighting material to be maintained.

A fresh water base chemical gel mud will be used for drilling operations. Adequate supplies will be on location to handle minor lost circulation and blow out prevention.

7. The auxiliary equipment to be used, such as (1) kelly cocks, (2) floats at the bit, (3) monitoring equipment on the mud system, (4) a sub on the floor with a full opening valve to be stabbed into drill pipe when the kelly is not in the string.

A kelly cock, a float at the bit, and a sub w/drill pipe thread and a full opening valve on the rig floor will be used. Monitoring equipment will be used on the mud system.

8. The testing, logging, fracturing, and coring programs to be followed with provision made for required flexibility.

No coring is planned. No DST's are planned. Logs will consist of DIL-Gamma Ray-Density Neutron. Fracturing will probably consist of gel water base material.

9. Any anticipated abnormal pressures or temperatures expected to be encountered or potential hazards such as hydrogen sulfide gas, along with plans for mitigating such hazards.

No abnormal pressures or temperatures are anticipated. H₂S is not a potential problem in the Dakota formation.

10. The anticipated starting date and duration of the operations.

It is planned to commence operations as soon as a regulatory approval is obtained and a rig becomes available. It is estimated it will take 15-20 days to drill, log, complete and test this well.

1. EXISTING ROADS

See attached topographical map:

Existing roads in the area are presently maintained by Energy Reserves Group, Inc. or Amoco.

2. PLANNED ACCESS ROADS

- (1) Maximum width will be a 20' running surface
- (2) Maximum grade will be less than 8%
- (3) No turn outs are planned
- (4&5) Culverts will be installed per B.I.A. recommendations
- (6) It is not planned to surface any roads
- (7) No gates, cattle guards, or fence cuts are required
- (8) The road route was flagged @ the time the well was staked

3. LOCATION OF EXISTING WELLS

See attached topographical map

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- (1) There is presently a tank battery @ Well #1
- (2) Oil production facilities are located @ Well #1
- (3) There is an existing buried oil gathering line from Well #2 to the tank battery located @ Well #1
- (4) Gas gathering lines are buried and are owned by El Paso Natural Gas Company
- (5) Injection Lines - NA
- (6) Disposal Lines - NA

New Facilities

- (1&2) See attached plat
- (3) Standard oil field construction methods will be used. If new tanks are required it will be necessary to haul in gravel for base, otherwise natural material will be used.
- (4) All rotating parts will be guarded, pits if any will be fenced and flagged so as to protect livestock and wildlife.
- (5) After drilling and completion operations have been completed those disturbed areas no longer needed will be recontoured and reseeded as per B.I.A. recommendations.

5. LOCATION AND TYPE OF WATER SUPPLY

- (1) Description of location - Largo Canyon, 7-8 miles SW of lease
- (2) Water will be hauled by truck over existing roads
- (3) It is not planned to drill a water well

6. SOURCE OF CONSTRUCTION MATERIALS

No construction materials will be obtained from Federal or Indian lands without prior approval. If any material is required it will be hauled over existing access roads.

7. METHODS FOR HANDLING WASTE DISPOSAL

Cuttings and drilling fluids will be contained in the reserve pit. Any produced fluids will be contained in tanks and hauled from the location. Sewage will be disposed of in either a chemical toilet or temporary hole dug with a dry hole digger. Garbage and other waste material will be put into a deep trash pit fenced with sharp wire to prevent scattering. Garbage will be burned and/or buried. Upon completion of operations the entire area will be policed up and all trash placed into the pit. After the reserve pit has dried sufficiently it will be back filled and recontoured to its original condition.

8. ANCILLARY FACILITIES

None are planned

9. WELL SITE LAYOUT

See attached drawing

10. PLAN FOR RESTORATION OF SURFACE

Upon completion of operations those areas no longer needed for producing operations will be recontoured and reseeded as per B.I.A. recommendations. The pit will be fenced and allowed to dry before backfilling. If there is oil on the pit it will be removed or flagging will be installed. Clean up operations will commence as soon as the rig has moved and the pit will be covered as soon as it dries.

11. OTHER INFORMATION

The area is generally high desert type country. Numerous gullies and washes with occasional rock out croppings. Vegetation consists of pinion-juniper trees, sage and other small bushes and assorted native grasses. Surface and mineral ownership is the Jicarilla Apache Indian Tribe. There are no occupied dwellings in the immediate vicinity of the area to be disturbed. An archaeological inspection is planned to determine if there are any cultural or historical values.

12. LESSEE'S OR OPERATOR'S REPRESENTATIVE

Bill Fiant, T.C. Durham, or Roscoe Gillespie will be responsible for assuring compliance with approved surface use and operations plan.

BILL FIANT

T.C. DURHAM

R. GILLESPIE

Box 3280
Casper, Wyoming
307-265-7331
307-265-2529

Box 977
Farmington, New Mexico
505-327-1639
505-325-7978
505-325-1873 #539

Box 3280
Casper, Wyoming
307-265-7331
307-234-0745
307-265-4541

Office
ne
oil

13. CERTIFICATION

See attached

CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite 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 _____

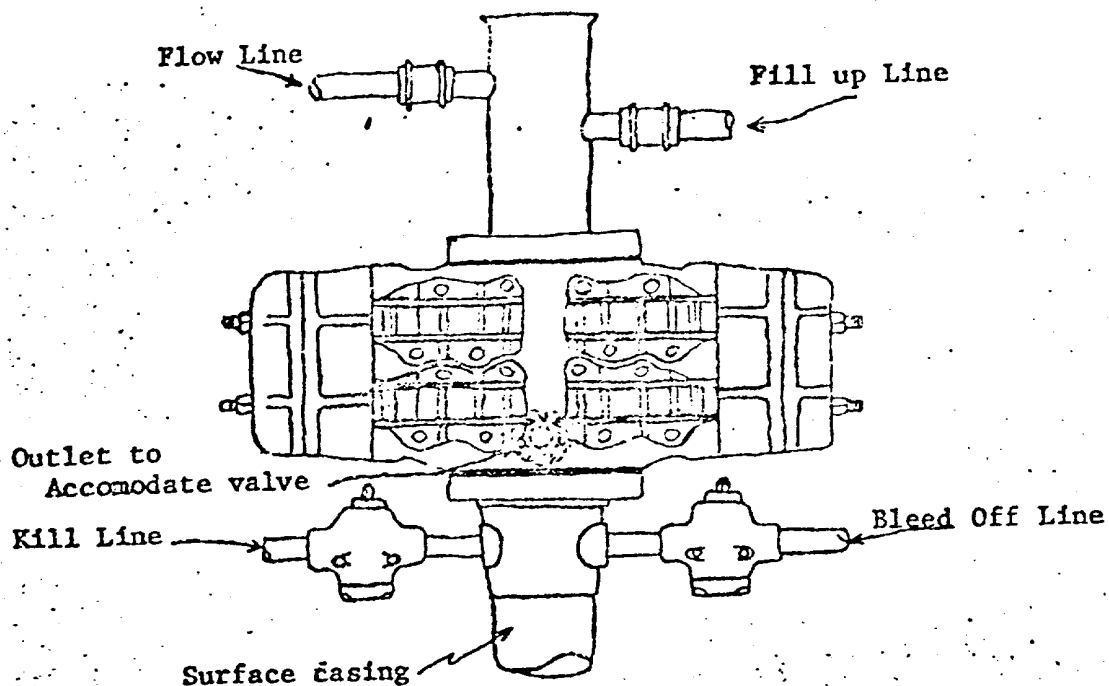
Digg Inc.

and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

5-25-79
Date

William J. [Signature]
Name and Title

Field Services Administrator



Blowout preventer is Shaffer double hydraulic equipped with drill pipe rams in the top and blind rams in the bottom.

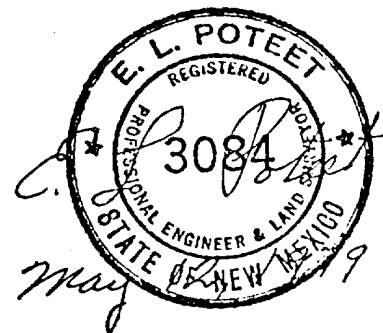
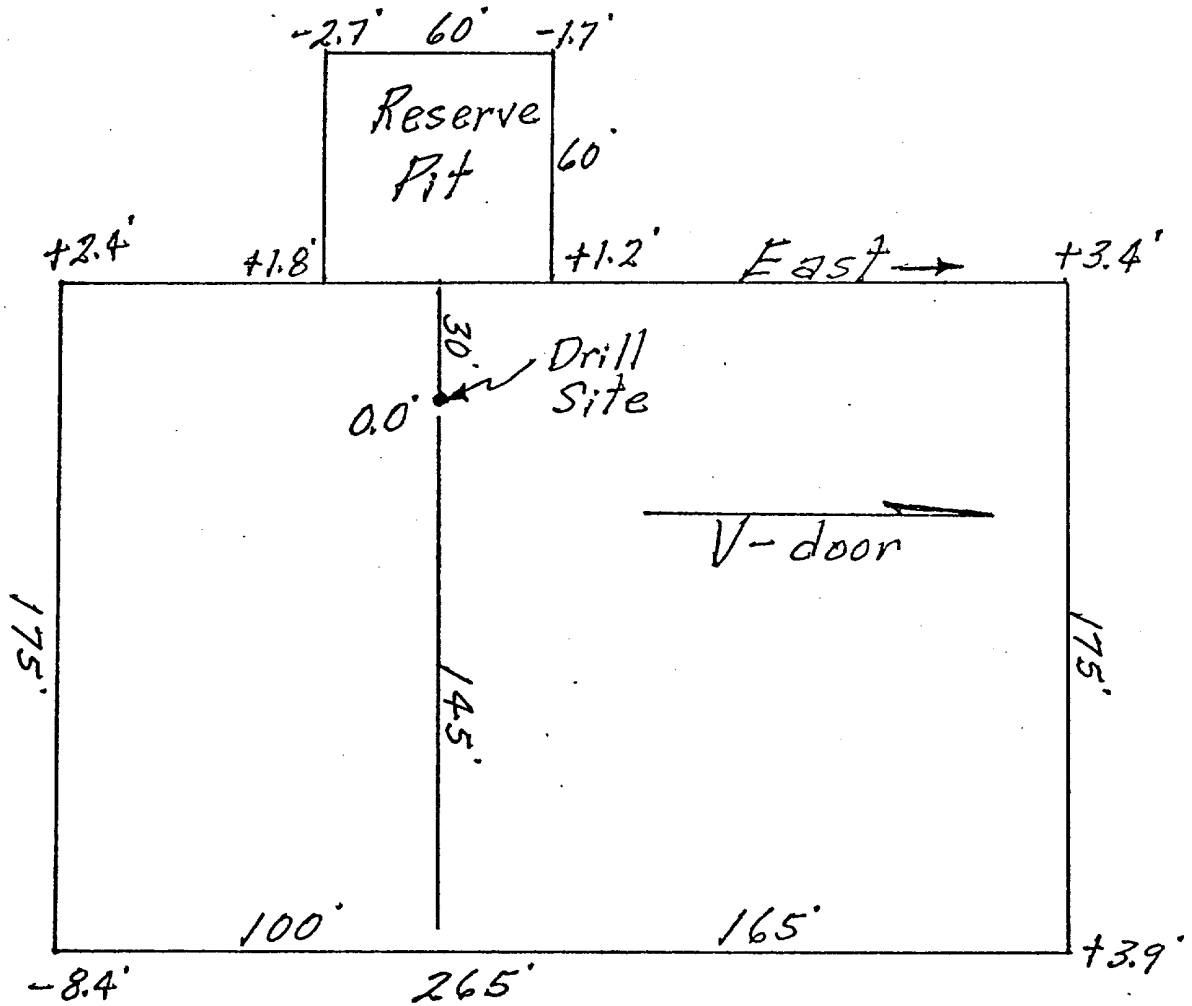
Blowout preventer closing unit is Koomey 30 gallon accumulator unit.

When choke manifold is used, it will be installed downstream from bleed off valve.

Kill line or bleed off line may be installed at flanged opening in blowout preventer.

Energy Reserves Group, Inc.

1750' FS & 840' FE Sec 36-25N-5W
Rio Arriba County, New Mexico



WELL NO. 8
 1750' FSL + 840' FEL
 SEC. 36, T25N-R5W

