

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

Grace Petroleum Corporation

3. ADDRESS OF OPERATOR

3 Park Central, #200, 1515 Arapahoe, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

200' FNL, 230' FWL

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

50 miles SE of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

200' FNL, 230' FWL

16. NO. OF ACRES IN LEASE

960 1520

17. NO. OF ACRES ASSIGNED
TO THIS WELL

W/80

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH

5960

20. ROTARY OR CABLE TOOLS

Rotary

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

7156' ungraded ground

22. APPROX. DATE WORK WILL START*

June, 1980

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12½"	8-5/8"	24#	300'	Cmt. to surface
7-7/8"	4½"	10.5#	TD	300 Sx Class "G"
				DV Tool @ 3800' cmt to surface

It is proposed to drill and test the Gallup formation at the above location.
Total depth will be approximately 5960'.

A 4½" production string will be run and cemented, or the well plugged
and abandoned, as per regulations, whichever test indicates.

See attached for pertinent data.

This action is subject to administrative
appeal pursuant to 30 CFR 290.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed 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

Scotty G. Smith

TITLE

Southern District
Operations Manager

DATE May 5, 1980

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

(NMOCC)

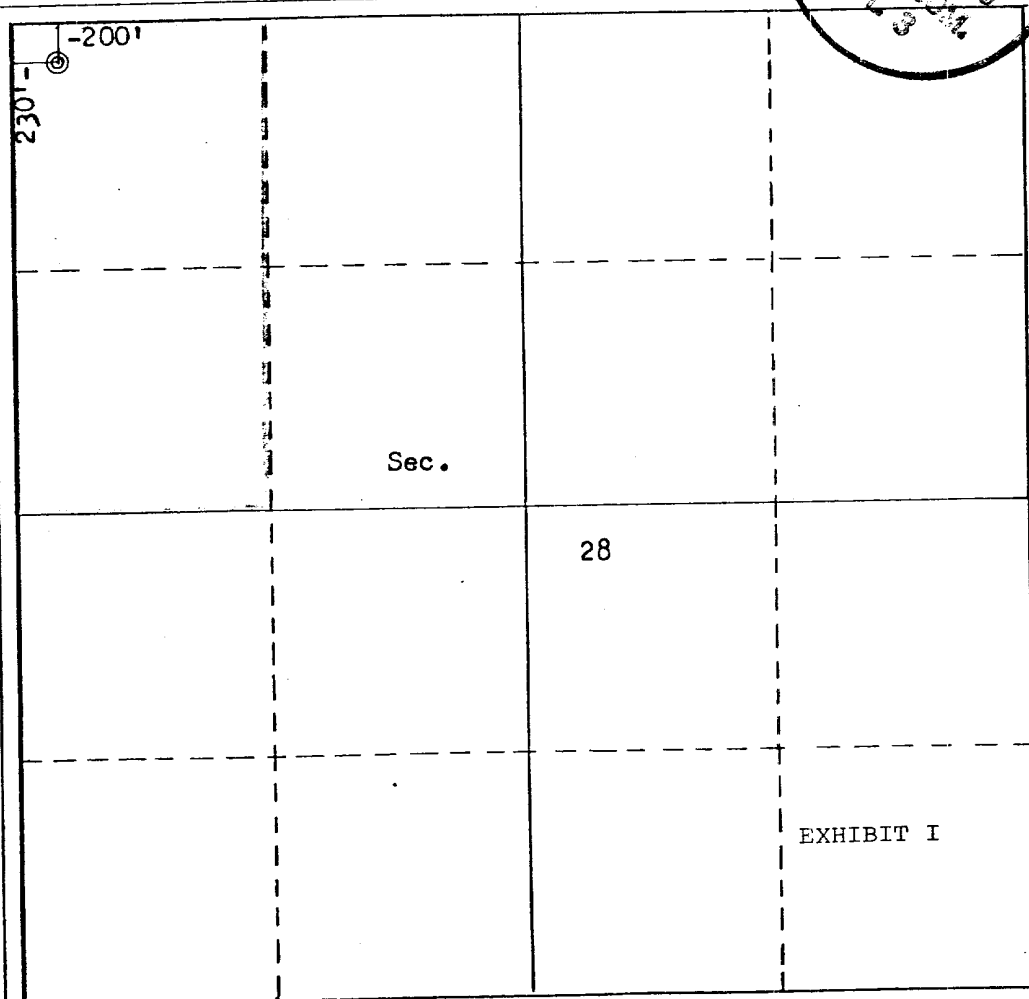
N51-1232

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENTP. O. BOX 2088
SANTA FE, NEW MEXICO 87501Form C-107
Revised 10-1-78

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

Operator GRACE PETROLEUM CORPORATION			Lease CONNIE 28		Well No. 3
Unit Letter D	Section 28	Township 24N	Range 7W	County Rio Arriba	
Actual Footage Location of Well:					
200 feet from the		North	line and	230 feet from the	West line
Ground Level Elev. 7156	Producing Formation Gallup		Pool Escrito		Dedicated Acreage: W/80 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.</p> <p>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). Single Lease</p> <p>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? N/A</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes," type of consolidation _____</p> <p>If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) N/A</p> <p>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.</p>					



CERTIFICATION

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

Scott A. Smith
Name
Scott A. Smith
Position
Southern Dist.-Oper. Mgr.
Company
Grace Petroleum Corp.
Date
May 5, 1980

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.

Date Surveyed
April 23, 1980
Registered Professional Engineer
and/or Land Surveyor
Fred B. Kemp Jr.
Fred B. Kemp Jr.
Certificate No. **3950**

SURFACE USE PLAN

OPERATOR: Grace Petroleum CorporationLEASE & WELL NAME: Connie 28 #3LOCATION: NWNW Sec. 28-T24N-R7W (200' FNL, 230' FWL)COUNTY & STATE: Rio Arriba County, New Mexico

TO: The United States Geological Survey (USGS) and the Bureau of Land Management (BLM).

The following information, maps, plats, and descriptions of various surface characteristics should fulfill the requirements of the various agencies as to the environmental commitment of the operator at the above named well site.

Geologic Name of the Surface Formation

San Jose

Estimated Tops of Important Geologic Markers

OJO Alamo	1251'
Kirtland	1877'
Fruitland	2000'
Pictured Cliffs	2320'
Lewis	2460'
Chacra	2815'
La Ventana	3161'
Cliff House	3921'
Menefee	4107'
Point Lookout	4626'
Mancos	4891'
Upper Gallup	5679'
Middle Gallup	5751'
Lower Gallup	5851'

Estimated Depths at which Anticipated Water, Oil, Gas, or Other Mineral-Bearing Formations are Expected to be Encountered

Possible oil and/or gas zones are Pictured Cliffs (2320'), Chacra Zone (2815'), Cliff House (3921'), Menefee (4107'), and Gallup (5679').

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#/ft., new to approximately 300'
4½", K-55, 10.5#/ft. new to TD, approximately 5960'.

(continued)

5. 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

B.O.P. will be as shown on Exhibit 3. The blind and pipe rams will be tested to 2000 psi and held for 20 minutes for each set of rams before the surface casing shoe is drilled out. During drilling, the pipe rams will be closed once a day and a check made for seating, fluid loss, and operations. On each trip, the blind rams will be closed and a check made for seating, fluid loss and operation.

6. Type and Characteristics of the Proposed Circulating Medium or Mediums to be Employed for Rotary Drilling and the Quantities and Type of Mud and Weighting Material to be Maintained

Circulating medium for 12-1/4" surface hole will be gel and lime mud to set 8-5/8" surface casing. For 7-7/8" hole, we propose a CMC mud system weighing 8.8 to 9.1 ppg with a fluid loss of 10 cc or less.

7. Auxiliary Equipment to be Used (such as kelly cocks, floats at the bit, monitoring equipment on the mud system, a sub on the floor with a full opening valve to be stabbed into the drill pipe when the kelly is not in the string, etc.)

A kelly cock will be used on the kelly, and a bottom hole float will also be installed. A full opening safety valve subbed to drill pipe threads will be on the floor at all times. Monitoring of the mud system will be performed using floats and daily measurements by a mud engineer.

8. Testing, Logging, and Coring Programs to be Followed with Provision Made for Required Flexibility

Two Drill Stem Tests may be run in the assumed productive intervals (see No. 3), if samples, shows in the mud or drilling breaks indicate possible hydrocarbons. Logging will be a Dual Induction Lateral Log from TD to base of surface casing. Formation Density-Compensated Neutron Log will be run across zones of interest. No cores are anticipated. If the well is determined to be commercial, 4-1/2" casing will be run and cemented. The cement program will include the following: 1) Cement from TD to approximately 4500' with a "G" class cement with salt and gel. 2) Cement the upper water sands from approximately 3800' to surface with a pozmix cement with gel. This will be sufficient to cover the Ojo Alamo zone. The stimulation procedure will consist of perforating all of the Gallup interval acidizing with a mud acid @ a volume of approximately 50 gal/ft and fracturing the Gallup with approximately 40,000 gals gelled water with 60,000# sand.

(continued)

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. Also, no potentially hazardous hydrogen sulfide gas is expected.

Anticipated Starting Date and Duration of the Operations

Anticipated spud date is August, 1980, with subsequent drilling and completion operations lasting 30-60 days.

(Continued)

1. A Legible Map Showing Existing Roads (See Exhibit 2):

- A. Proposed well site location as staked (staking to include two (2) each 200-foot directional reference stakes):

Exhibit I shows proposed well site as staked by a registered land surveyor.

- B. Planned Access Road (route and distance from nearest town or locatable referenced point to where well access route leaves the main road:

To reach the Connie 28 #3 location from Bloomfield, N.M., go south-east on New Mexico Highway 44 for approximately 48 miles.

Turns north onto dirt road marked by BCO mailbox. Continue on dirt road for approximately 5 miles, turn right (east, immediately before BCO camp). Go 1.1 miles and turn right at second tank battery. Follow road two (2) miles to location.

- C. Access road(s) to location color-coded or labeled:

Access road is color coded red on Exhibit 2

- D. If exploratory well, all existing roads within a 3-mile radius (type of surface, conditions, etc.):

N/A

- E. If development well, all existing roads within a 1-mile radius of wellsite:

Exhibit 2 shows roads within 1-mile radius.

- F. Plans for improvement and/or maintenance of existing roads:

Improvement and/or maintenance will be according to BLM specification.

(continued)

2. Map Showing All Necessary or Planned Access Roads to be Constructed or Reconstructed (See Exhibit 2):

- A. Width: Approximately 16 - 20'
- B. Maximum Grades: Approximately 1%
- C. Turnouts: None are planned.
- D. Drainage Design: No drainage design will be incorporated for the drilling phase. Brush will be cleared and windrowed.
- E. Location and size of culverts and brief description of any major cut and fills: No culverts will be necessary. A 2 - 5' cut will be taken from all corners of the location and moved toward the center of the location, as required to level the location.
- F. Surfacing Material: None is planned.
- G. Necessary gates, cattleguards, or fence cuts: None necessary
- H. New or reconstructed roads are to be center-line flagged at the time of location staking: Access road was centerline flagged at time of location staking.

3. Location of Existing Wells (See Exhibit 4):

A two-mile radius map, if exploratory, or a 1-mile radius map, if development well, showing and identifying existing (1) water wells, (2) abandoned wells, (3) temporarily abandoned wells, (4) disposal wells, (5) drilling wells, (6) producing wells, (7) shut-in wells, (8) injection wells, and (9) monitoring or observation wells for other resources is attached.

Well is a development well. Exhibit 4 shows existing wells within a 1-mile radius.

(continued)

4. Location of Existing and/or Proposed Facilities:

- A. Within 1-mile radius of location showing the following existing facilities owned or controlled by lessee/operator: (1) tank batteries, (2) production facilities, (3) oil gathering lines, (4) gas gathering lines, (5) injection lines, (6) disposal lines.

Exhibit 4 shows existing operator owned facilities within a 1-mile radius.

B. New facilities in the event of production.

It is proposed to utilize existing facilities at Grace Federal 21 #1 location approximately $\frac{1}{2}$ mile north-east of location. New facilities will consist of approximately 1 mile of 2" gas transmission surface line and will follow existing R-O-W.

(1) Dimensions of facilities:

Actual production facilities will utilize a beam pumping unit and will require approximately 50' x 50'.

(2) Construction methods and materials:

Any construction will utilize soil materials native to the site. Construction methods will be employed to assure no drainage flows are impounded.

(3) Protective measures to protect livestock & wildlife:

Fences will be installed around equipment and pits to protect wildlife and livestock.

C. Rehabilitation of Disturbed Areas Unnecessary for Production:

Areas unnecessary for use will be graded to blend with the surrounding topography. Topsoil will be replaced on these areas and seeded according to BLM requirements.

(continued)

5. Location and Type of Water Supply

Water will be supplied from private ranchers' water well located approximately 2 miles northeast of proposed well site.

A. Water Transportation System:

Vacuum trucks will be utilized to haul water to the well site. Trucks will follow existing roads. Or, a temporary pipeline will be laid from the above well to the well location.

B. Water Wells:

No water wells will have to be drilled.

6. Source of Construction Materials

A. Materials:

Construction materials will consist of soil encountered within the boundaries of proposed well site.

B. Land Ownership: BLM

C. Materials Foreign to Site: N/A

D. Access Roads:

Approximately $\frac{1}{2}$ mile of access road to be constructed will utilize soil encountered within the road boundaries.

7. Methods for Handling Waste Disposal

A. Cuttings:

Cuttings will be contained in the reserve pit, Exhibit 5.

B. Drilling Fluids:

Drilling fluids will be retained in the reserve pit, Exhibit 5.

(continued)

7. Methods for Handling Waste Disposal, (Cont'd)

C. Produced Fluids: Produced fluids will be stored in tanks on the location and hauled off by truck.

D. Sewage: Sewage disposal will be necessary during drilling operations only. A portable toilet will be provided for human waste.

E. Garbage: A burn pit will be constructed and fenced with small mesh wire, overhead and around. Any refuse will be burned.

F. Cleanup of Well Site:

Clean up of this location will proceed after the rig moves off, as outlined in Section 10 of this report.

8. Ancillary Facilities

None required.

9. Well Site Layout

A. Cross-Section of Drill Pad:

See Exhibit 5.

B. Location of Burn, Trash, and Reserve Pits, Soil Material Stockpiles, Access Roads, Mud Tanks, Pipe Racks, Living Facilities:

See Exhibit 5.

(continued)

9. Well Site Layout, (Cont'd)

C. Rig Orientation and Layout:

See Exhibit 6.

D. Lining of Pits: No liners are planned.

10. Plans for Restoration of Surface Upon Completion of Operations:

A. Backfilling, Leveling, Contouring, and Waste Disposal; Segregation of Spoils Materials as Needed:

Prior to backfill operations, any hydrocarbon material on the pit surface will be removed. The fluids and solids contained in the pit will be backfilled when the pit dries. The entire area will be contoured, graded or leveled to its previous condition, such that no drainage will be impounded. The topsoil will be replaced and the area reseeded per BLM recommendations.

B. Revegetation and Rehabilitation - Including Access Roads:

The reseeded will be BLM specifications. Access road will be maintained for vehicular traffic if production results, or regraded to original condition if well is not productive. The area will be reseeded with seed mixture selected by BLM.

C. Prior to Rig Release, Pits Will be Fenced and so Maintained Until Cleanup:

This will be adhered to until pits are dry and backfilled, and the area is restored.

D. Oil on Pit:

Oil will be removed or overhead flagging will be installed.

(continued)

10. Plans for Restoration of Surface Upon Completion of Operations, (Cont'd):

E. Rehabilitation Timetable:

Three to six months upon completion of operations.

11. Other Information

A. Surface Description (Topography, Soil Characteristics, Geologic Features, Flora and Fauna):

Topography is pediment slope with northeasterly drainage, alluvial surface deposits and sandstone bluffs. Soil is sandy, clayey loam. Principle vegetation consists of pinion, juniper, sagebrush, saltbush, scrub oak, prickly pear, narrow-leaf yucca, grama, indian ricegrass, needle and thread.

B. Surface Ownership and Use: BLM

C. Proximity of Water, Dwellings, Historical Sites:

(1) Water: Nearest source of water is approximately 1-1/2 miles north of proposed location.

(2) Occupied Dwellings: Nearest occupied dwelling is located 1-1/2 miles north of proposed location.

(3) Sites: None found.

Refer to Report 80-SJC-093 Cultural Management Program, San Juan campus, New Mexico State University.

(continued)

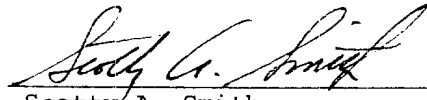
12. Operator's Field Representative

Benjamin C. Stromberg
3 Park Central - Suite 200
1515 Arapahoe Street
Denver, CO 80202

Work: 303/825-8193
Home: 303/733-9076

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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 Grace Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

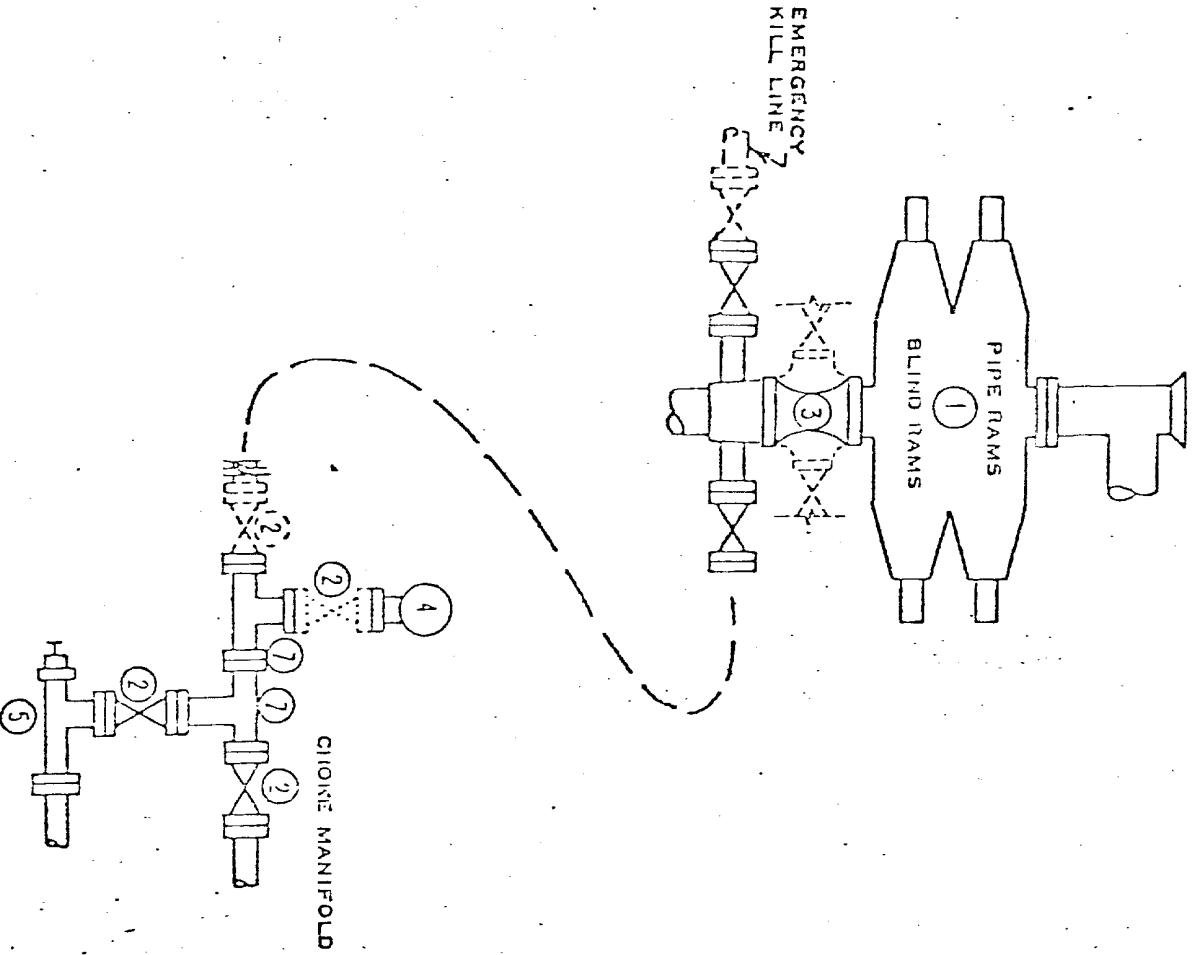


Scotty A. Smith
Southern District Operationa Manager



Exhibit #2

DOUBLE PREVENTER



- ① SERIES 900 RAM-TYPE BOP
- ② 2" SERIES 900 VALVE
- ③ SERIES 900 DRILLING SPOOL
- ④ 2" MUD PRESSURE GAUGE
- ⑤ 2" SERIES 900 CHOKE
- ⑥ 2" SERIES 900 CHECK VALVE
- ⑦ 2" SERIES 900 STEEL TEE

NOTES:

- 1. 3000 PSI WP CLAMP
HUNS MAY BE SUBSTITUTED
FOR FLANGES

- 2. VALVES MAY BE EITHER HAND OR POWER
OPERATED BUT, IF POWER OPERATED,
THE VALVES FLANGED TO THE BOP RUN
MUST BE CAPABLE OF BEING OPENED AND
CLOSED MANUALLY OR CLOSE ON POWER
FAILURE AND BE CAPABLE OF BEING
OPENED MANUALLY

..... OPTIONAL EQUIPMENT

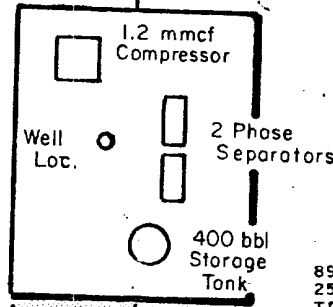
3000 PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP

EXHIBIT NO. 3

R 7 W

RED FERN
DASHKO

TD 6139
COMP. 6-9-58



8940 BBLs
25036 MCF
TD 6139
COMP. 6-9-58

13563 BBLs
40557 MCF
TD 5999
COMP. 11-4-60

Pan Amer.

BCO
1-22 Stephenson

BCO Fed 22-7

76435 BBLs
501202 MCF
TD 6060
COMP. 11-4-60

79422 BBLs
495756 MCF
TD 5750
COMP. 5-28-61

BCO
6-22 Lybrook

BCO
4-22

BCO
2-22

81925 BBLs
480289 MCF
TD 5663
COMP. 3-29-61

EASTERN
1-22 Fed

85106 BBLs
187498 MCF
TD 5650
COMP. 6-8-58

BCO
7-27 Lybrook

58494 BBLs
138315 MCF
TD 5795
COMP. 5-28-62

BCO
1-27 Fed

69713 BBLs
113775 MCF
TD 6956
COMP. 6-10-58

PAN AMERICAN
I-Zanotti

43526 BBLs
TD 5740
COMP. 3-4-58

RIO ARRIBA CO., N.M.

Exhibit 4

BASIN

2-Coleen
86578 BBLs
322937 MCF
TD 6104
COMP. 6-15-60

Judy

126796 BBLs
160758 MCF
TD 6110
COMP. 10-8-60

55127 BBLs
78572 MCF
TD 7242
COMP. 2-25-60

TD 6285
COMP. 7-5-57

64960 BBLs
198349 MCF
TD 6250
COMP. 3-27-60

6316 BBLs
17351 MCF
TD 6150
COMP. 3-7-61

48191 BBLs
84782 MCF
TD 6350
COMP. 2-1-60

BCO
Bigbee

BCO
2-16 State

BCO
1-16 State

PET C
Connie 2-21
CAL OIL
1 Fed 3

PET C
5-21

CAL OIL
2 Fed 3-21

PET C
Connie 1-21

135671 BBLs
547903 MCF
TD 5734
COMP. 5-31-59

11168 BBLs
42570 MCF

SOUTH UNION
1 Ernest

PET C
Connie 4-28

45157 BBLs
200676 MCF
TD 5712
COMP. 5-5-61

Connie 28-1

Connie 28-3

Connie 28-2

PET C
3-29

12124 BBLs
63170 MCF
TD 7160
COMP. 8-12-60

Connie 29-1

Well Loc.

2 Phase Separator

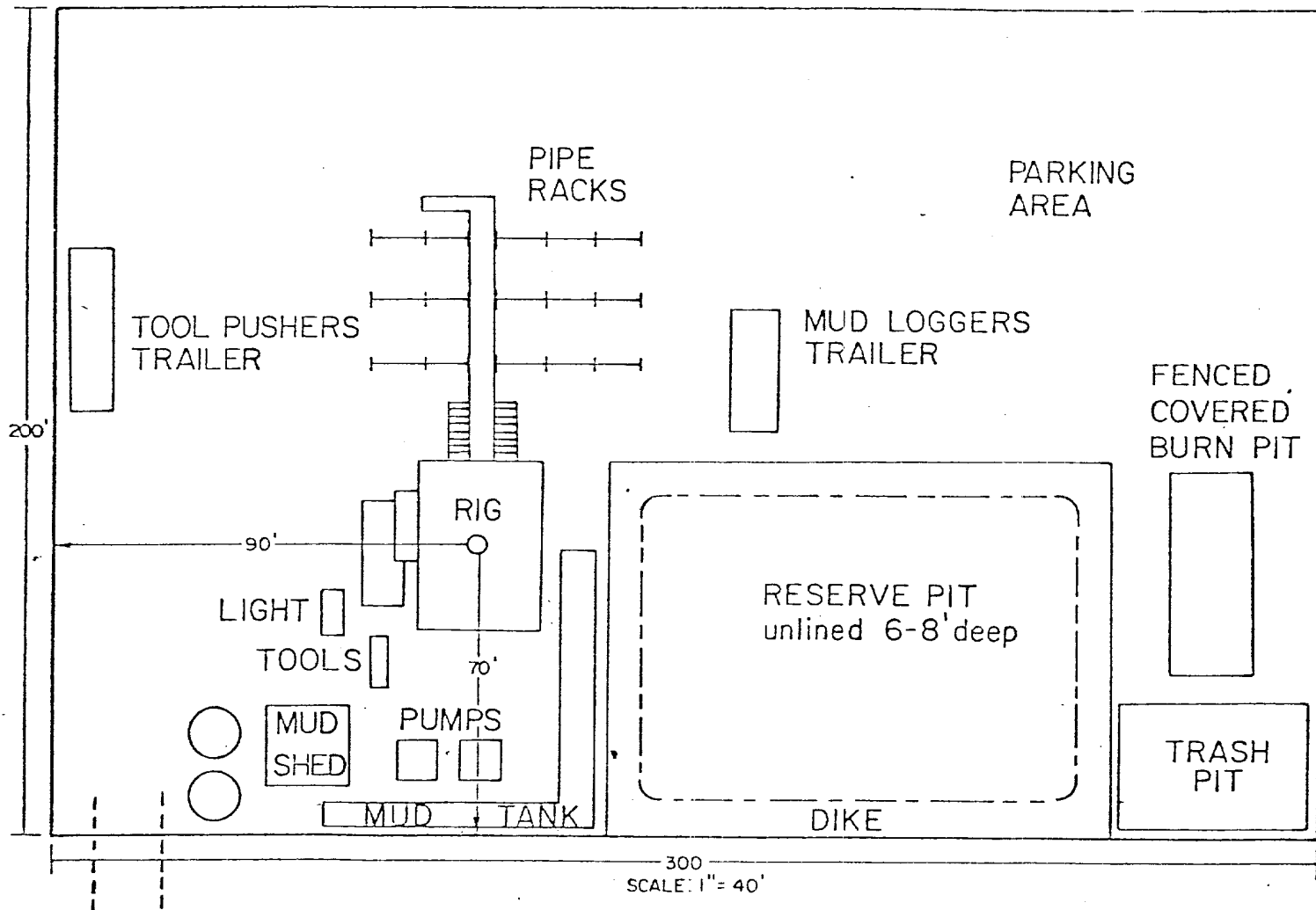
400 bbl Storage Tanks

DORFMAN
I-32 State

TD 5750
COMP. 9-20-62

T 24 N

N



Proposed Access Road

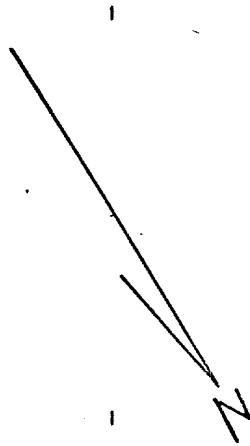
EXHIBIT 5

Connie 28 #3
NW NW Sec. 28-T24N-R7W
Rio Arriba County, New Mexico



GRACE Petroleum Corp.
Rocky Mountain Region
1515 Arapahoe Suite 200 Three Park Central
Denver, Colorado 80202 (303) 825-8193

Profile for
 GRACE PETROLEUM CORP. #3 CONNIE 28
 200' FNL 230' FWL Sec. 28-T24N-R7W
 RIO ARriba COUNTY, NEW MEXICO



Scale: 1"=40'

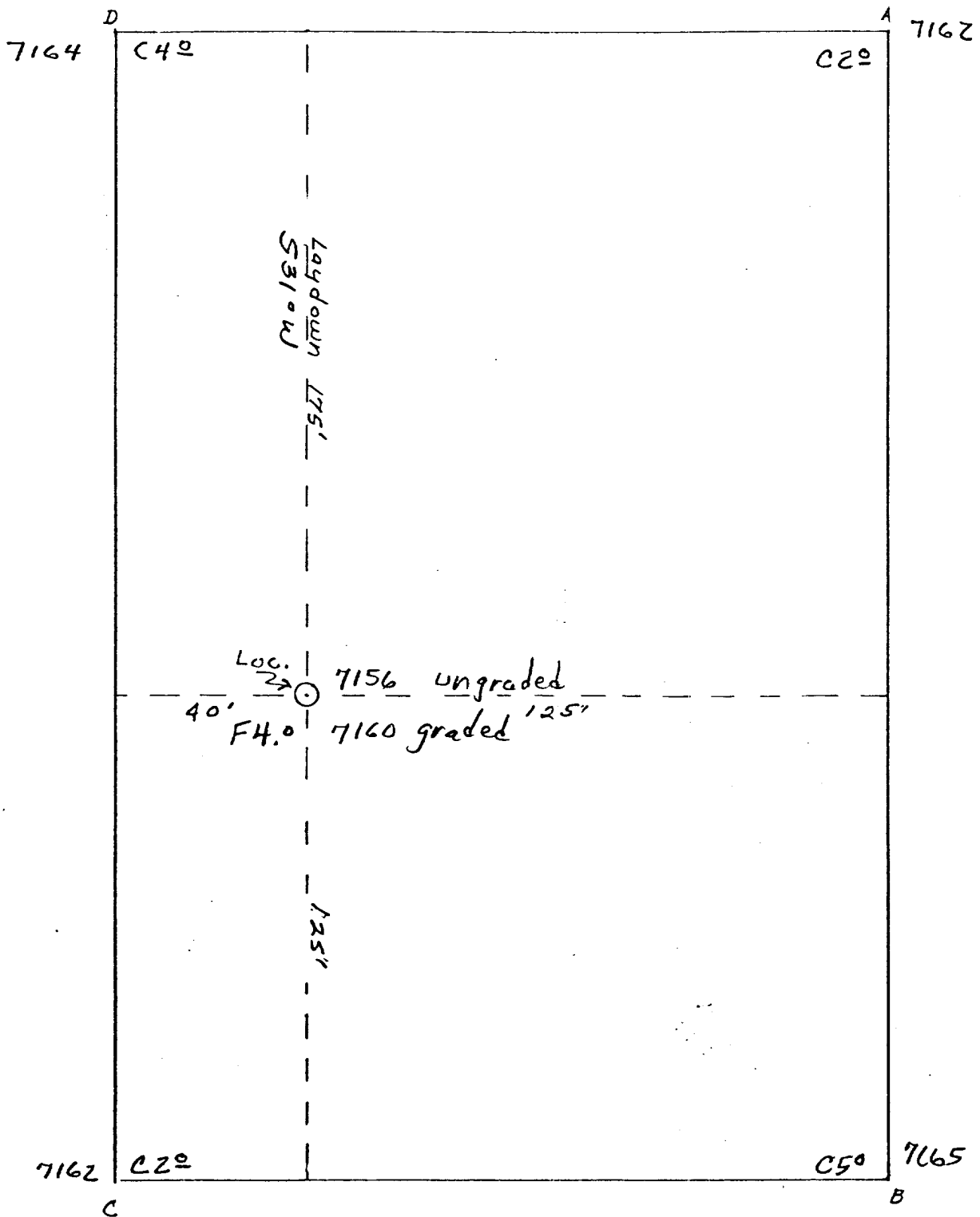
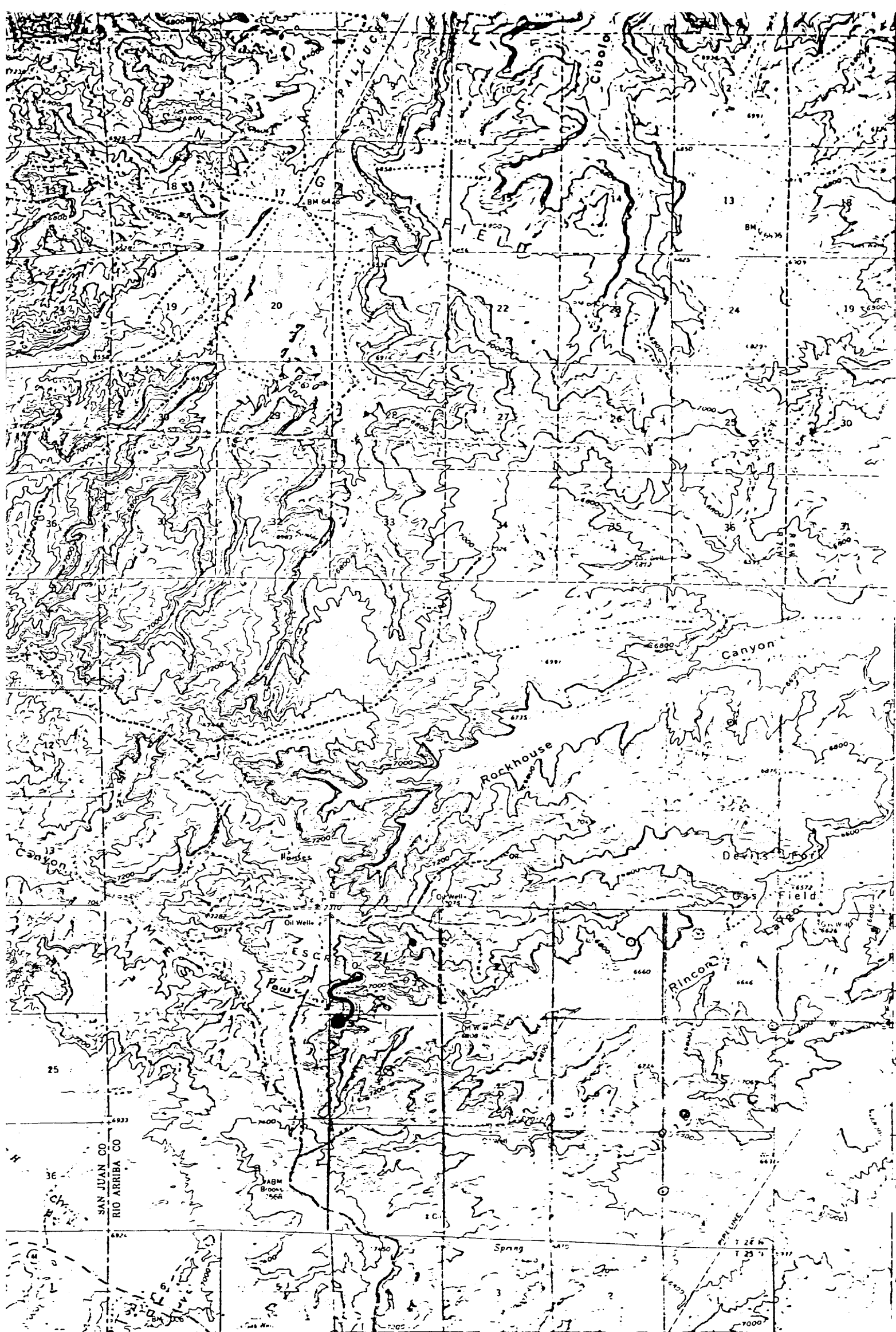


Exhibit 6



R. 8 W. R. 7 W. LYBROOK 3
CUBA 36
SCALE 1:62500
6700 1000 12000
CONT. INTERVAL 40 FEET

Vicinity Map for
GRACE PETROLEUM CORP. #3 CONNIE 28
200'FNL 230'FWL Sec. 28-T24N-R7W
RIO ARRIBA COUNTY, NEW MEXICO

CLASSIFICATION
- Light July
: dirt
State Route