

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
J. Gregory Merrion and Robert L. Bayless

3. ADDRESS OF OPERATOR
P.O. Box 1541, Farmington, NM 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
1850 FSL and 1850 FWL
At proposed prod. zone
same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
17 miles south of Farmington

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
1850'

16. NO. OF ACRES IN LEASE
156.30

17. NO. OF ACRES ASSIGNED TO THIS WELL
156.30

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
980'

19. PROPOSED DEPTH
1250'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5954' GL

22. APPROX. DATE WORK WILL START*
August 2, 1979

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9-3/4"	7"	23 lb./ft.	30'	10 sacks
5"	2-7/8"	6.4 lb./ft.	1250'	175 sacks

Will drill 9-3/4" hole to 30 ft. and set 30 ft. of 7", 23 lb./ft. casing with 10 sacks cement. Will drill 5" hole to 1250 ft. and run logs. If appears productive, will run 1250 ft. of 2-7/8", 6.4 lb./ft., J-55 casing and cement with 175 sacks. Will perforate and stimulate as required. Minimum specifications for pressure control equipment which is to be used - ~~none~~ required. Circulating medium will be clear water and natural mud and water loss control additives. The gas from this formation is dedicated.

ESTIMATED TOPS		
FORMATION	DEPTH	CONTENT
Ojo Alamo	Surface	
Kirtland	50'	
Fruitland	850'	
Pictured Cliffs	1116'	Gas, Salt Water

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. Steven L. Shum TITLE Engineer DATE August 2, 1979
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

NWU 3-634

*See Instructions On Reverse Side

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

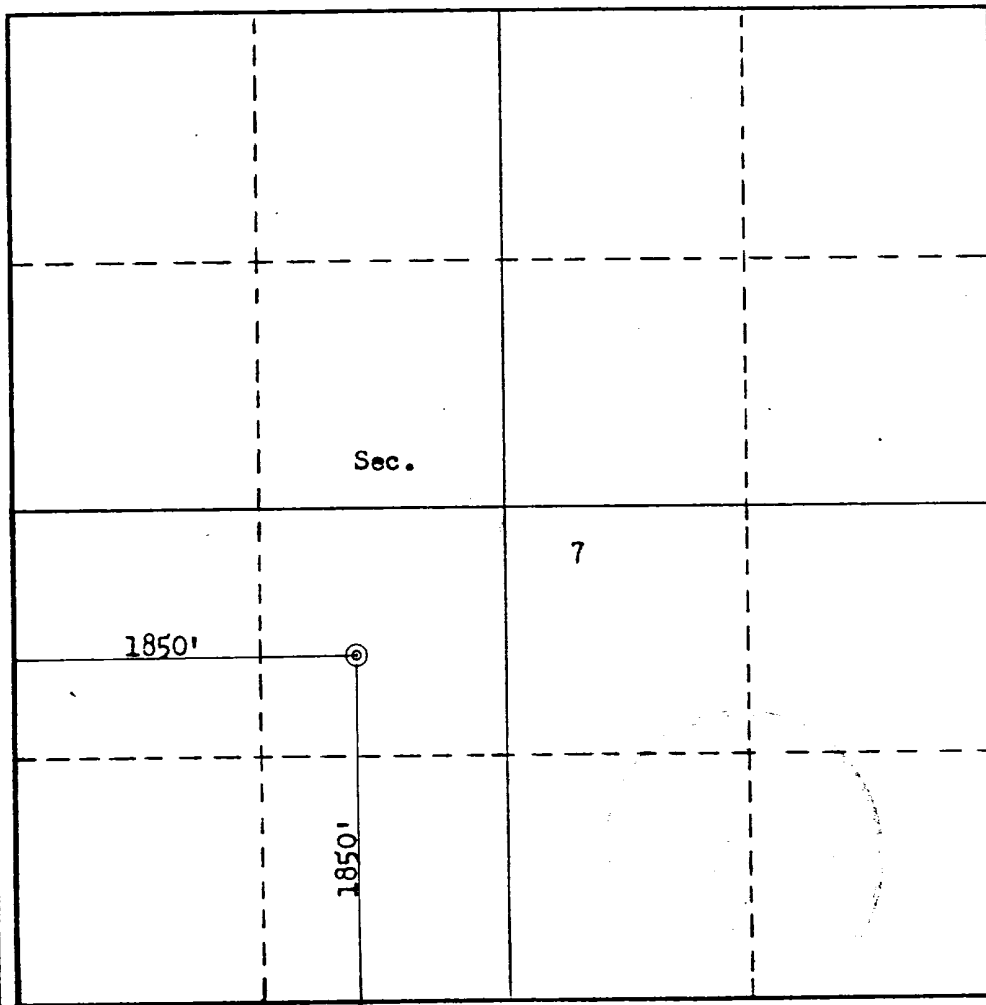
Operator MERRION & BAYLESS			Lease CHACO		Well No. 2R
Unit Letter K	Section 7	Township 26N	Range 12W	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 1850 feet from the West line					
Ground Level Elev. 5954	Producing Formation Pictured Cliffs		Pool WAW Fruitland Pic. Cliffs	Dedicated Acreage: 156.30 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.

Steven S. Dunn
Name
Steven S. Dunn
Position
Engineer
Company
Merrion & Bayless
Date
August 2, 1979

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
July 1979
Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr, Jr.
Fred B. Kerr, Jr.
Certificate No. **2050**

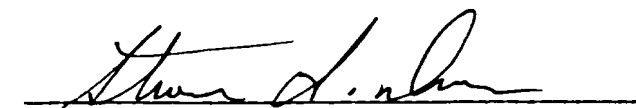
SURFACE USE AND OPERATIONS PLAN

Merrion & Bayless
Chaco #2-R
Section 7, T26N, R12W

- 1 & 2. A topographical map is attached showing location of drillsite and access roads to location; new roads are color coded on the location map. The terrain is relatively flat and no improvements are planned on existing roads. A drive in truck mounted drilling rig will be used and will be driven in to the location with our road work. Our planned access road will be twelve feet in width, and will follow the existing terrain. No turnouts, culverts or cuts and fills are anticipated on the proposed access. In addition, natural drainage and surfacing material will be used.
3. Wells within one mile radius are shown on the topographical map.
4. A. Existing facilities owned or controlled by the Operator and shown on the attached map are as follows: Wellheads.
B. No new facilities are contemplated.
C. Disturbed areas will be reseeded per BLM specifications.
5. A. Water will be hauled from the San Juan River.
B. Truck will haul water on proposed access route shown.
6. No construction materials will be used.
7. Methods of disposal of waste materials:
A. Cuttings will be buried in drilling pit.
B. Drilling fluids will be buried in drilling pit.
C. No produced fluids are anticipated.
D. Sewage will be buried.
E. Garbage and other waste material will be buried.
F. Operator will clean up, fill, and level pits and reseed location per BLM specifications.
8. No ancillary facilities.
9. Wellsite layout attached.
10. Restoration of drillsite -- pits will be filled and leveled and reseeded per BLM specifications immediately after completion.
11. Other information: This lease is on Navajo Tribal surface land. The drillsite is fairly level, arid land with very little vegetation. There is no other surface use or facilities existent. An archeological survey statement will be furnished.
12. Operator representative; Robert L. Bayless
P.O. Box 1541
Farmington, NM 87401 (505) 325-5093
13. 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 Merrion and Bayless and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

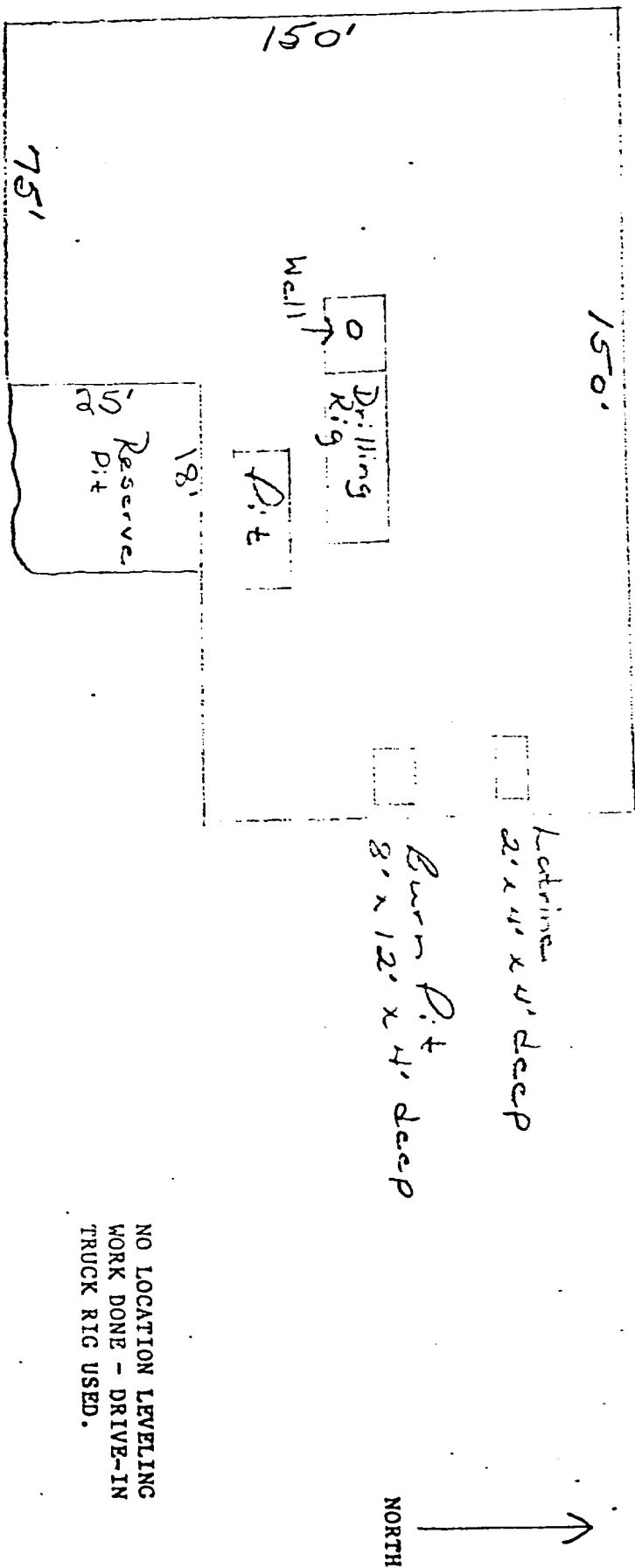
Aug 2 79
DATE

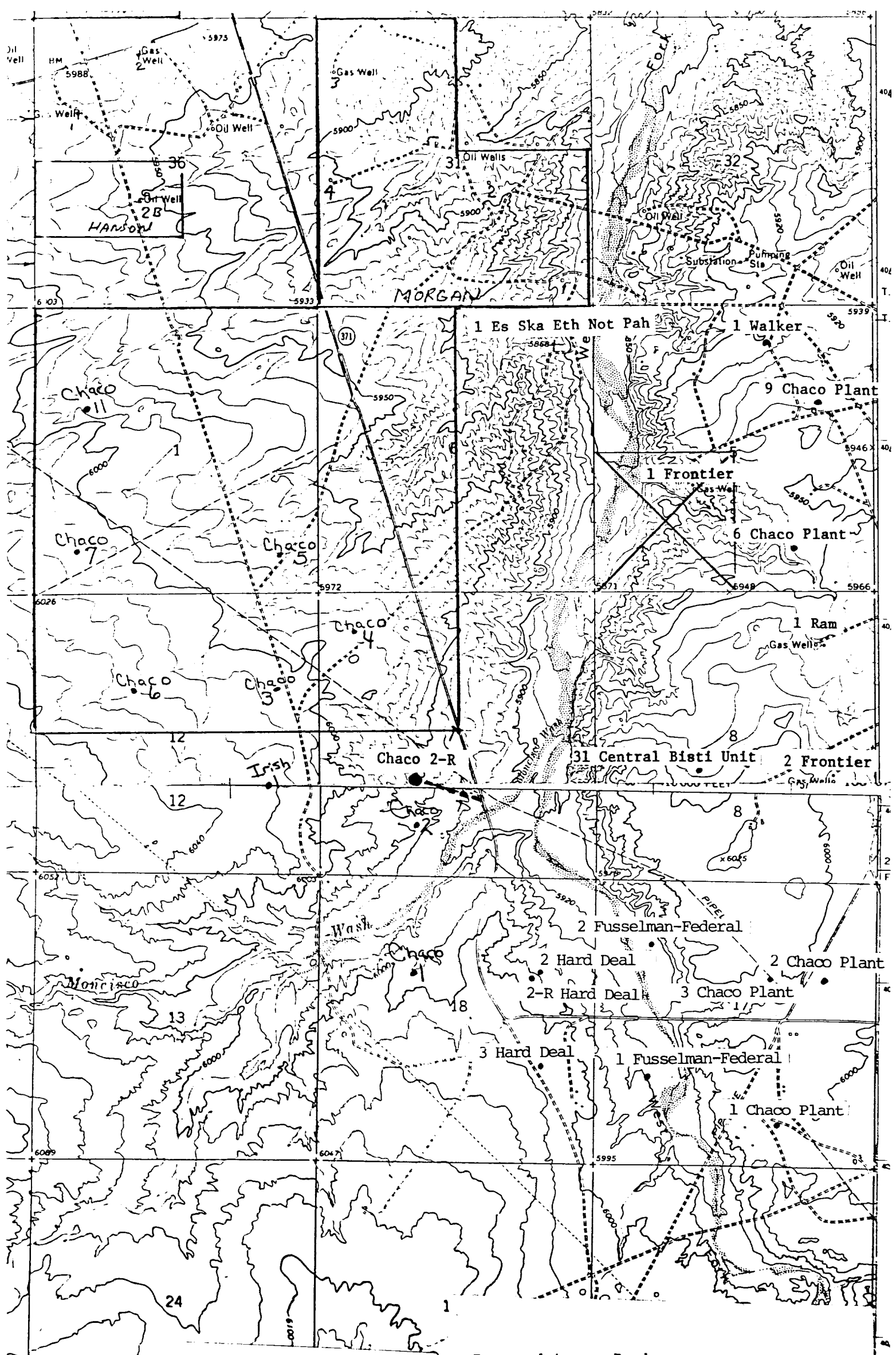

Steven S. Dunn

LOCATION AND EQUIPMENT LAYOUT

MERRION & BAYLESS
Chaco #2-R
Section 7, T26N, R12W

SHALLOW





MERRION & BAYLESS
Chaco #2-R
1850 FSL & 1850 FWL
Section 7, T26N, R12W
San Juan County, New Mexico

Proposed Access Road - - - - -
Existing Road