Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-045-24149

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM-03153

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [ ] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME: O.H. Randel

9. WELL NO.: No. 7

2. NAME OF OPERATOR: Energy Reserves Group, Inc.

10. FIELD AND POOL, OR WILDCAT: Basin Dakota

3. ADDRESS OF OPERATOR: P.O. Box 3280, Casper, Wyoming 82602

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 15, T26N-R11W

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
D At proposed prod. zone: 1150' FNL & 1150' FWL (NW/NW)

12. COUNTY OR PARISH: San Juan | 13. STATE: New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 15-1/2 miles south of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	1150'	16. NO. OF ACRES IN LEASE: 1920	17. NO. OF ACRES ASSIGNED TO THIS WELL: W/320 ~~160~~
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	2500'	19. PROPOSED DEPTH: 6310'	20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 6,320 GR (ungraded)

22. APPROX. DATE WORK WILL START*: January, 1980

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#	700'±	cement to surface
7-7/8"	4-1/2"	10.5#	6,310'	500 sx

RECEIVED
JAN 5 1981
OIL CON. COM.
DIST. 3

Energy Reserves Group, Inc. proposes to drill the above referenced well as described on the attached plan of operations.

Gas is dedicated to El Paso Natural Gas Company.

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

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

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 F. Sims TITLE Field Services Administrator DATE 11-18-80

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED AS AMENDED
JAN 2 1981
JAMES F. SIMS
DISTRICT ENGINEER

NMOCC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-7

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

Operator	Lease	Well No.
ENERGY RESERVES GROUP	O. H. RANDALL	7

Unit Letter	Section	Township	Range	County
D	15	26N	11W	San Juan

Actual Footage Location of Well: 1150 feet from the North line and 1150 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
6320	Dakota	Basin Dakota	320 (160) Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

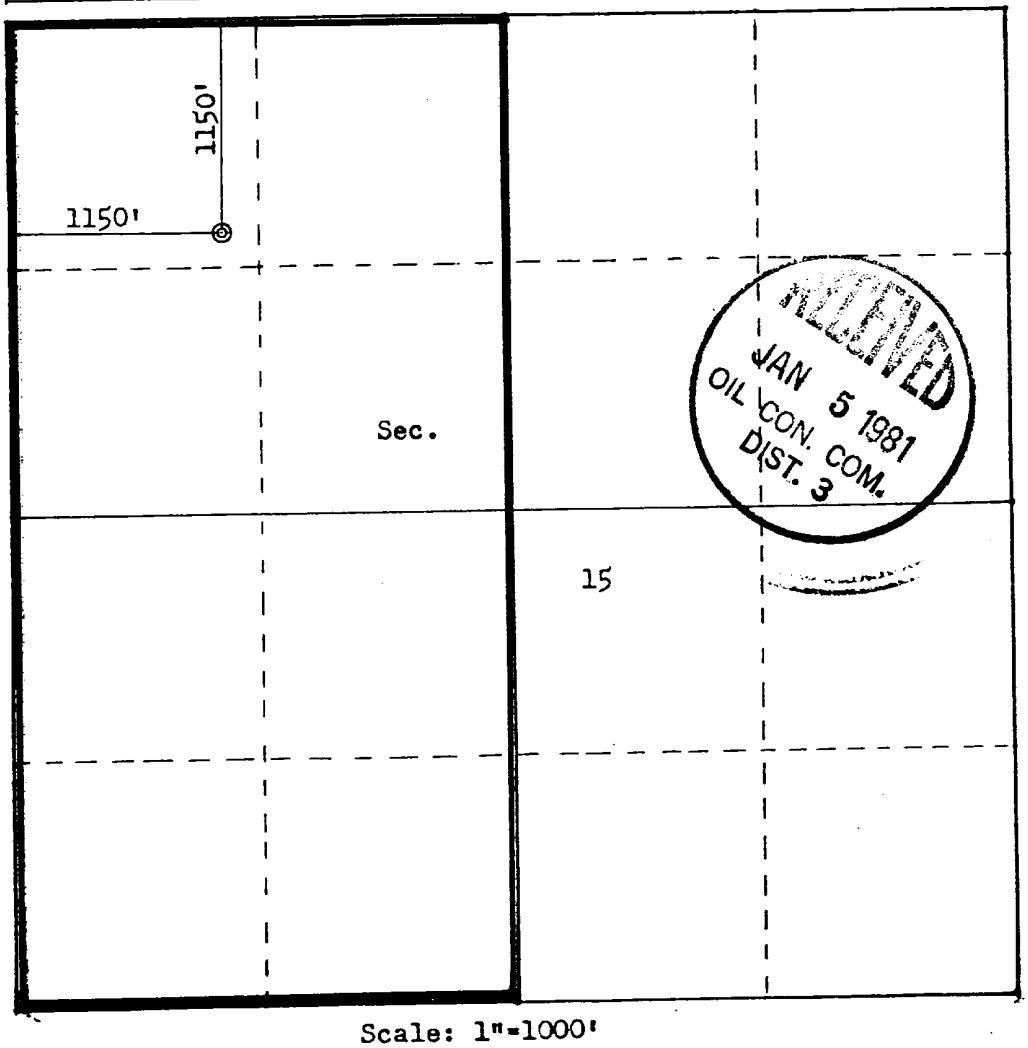
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.



Scale: 1"=1000'

CERTIFICATION

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

Name: William J. Fiant

Position: Field Services Administrator

Company: Energy Reserves Group, Inc.

Date: 11-18-80

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: October 9, 1980

Registered Professional Engineer and Land Surveyor: Fred B. Kerr Jr.

Certificate No.: 3950

FORM 24-11

Supplemental to Form 9-331C

1. The geologic name of the surface formation.

   Nacimento

2. The estimated tops of important geologic markers.

Ojo Alamo	620'
Kirtland	710'
Fruitland	1430'
Pictured Cliffs	1660'
Cliff House	3210'
Mancos	4370'
Gallup	5220'
Greenhorn	6065'
Dakota	6185'
TD	6310'

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

   Ojo Alamo @ 620' is expected to be water productive
   Kirtland @ 710' possible gas
   Fruitland @ 1430' possible gas
   P. Cliffs @ 1660' gas
   Gallup @ 5220 possible oil
   Dakota @6230 primary objective (gas)

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

   8-5/8", 24#, K-55, ST&C, new casing.
   4-1/2", 10.5#, K-55, ST&C, new casing.

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.

   An 8", series 900 2000# dual ram hydraulic preventor will be used. It will be pressure tested to 70% of the yield strength of the casing after setting surface casing and prior to drilling out cement. The BOE will be operated on each trip and recorded on the drillers log.

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 during the drilling of this well. Sufficient quantities of mud materials will be on location to handle minor lost circulation and blow out conditions.

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.

   (1) A kelly cock will be used.
   (2) Floats will be available if needed.
   (3) Monitoring of the mud system will be visual.
   (4) A sub with drill pipe thread and full opening valve will be available on the rig floor.

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

   - No DST's are planned.
   - Logging will consist of: DIL, CNL-FDC-GR from the base of surface casing to TD.
   - No coring is planned

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.

   Possible lost circulation in the Gallup Formation.

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

    It is proposed to commence operations as soon as regulatory approval has been granted. It will take approximately 15-20 days to drill, complete and test this well.

MULTI-POINT SURFACE USE PLAN

1. ESISTING ROADS

A-E. See attached map
F. Existing roads will not require any improvement to allow for rig traffic. They are currently maintained by Energy Reserves Group, Inc. and Southern Union Refinery Company.

2. PLANNED ACCESS ROADS

Approximately 300' of new access road will be required.
(1) Maximum width will be a 20' running surface
(2) Maximum grade will be less than 2%
(3) No turn otus are planned
(4) Drainage will constructed as per BLM recommendations
(5) No major cuts or fills are required
(6) No surfacing is planned
(7) No gates, cattle guards, or fence cuts are required

3. LOCATION OF EXISTING WELLS

See attached map
Energy Reserves Group, Inc. Lease covers Section 9, 10, & 15

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITITES

A. (Existing)
See attached map
(1) There are tank batteries located @ Wells #1, #2, & #5
(2) Wells #1 & #2 are equipped with pumping units. Wells #3 & #5 have a separator only
(3) Oil gathering lines are very short, running from the well head to the battery located at the edge of the well site.
(4) Gas is sold to El Paso Natural Gas Company @ the well head. Gathering lines are buried and they belong to El Paso Natural Gas Company.
(5) NA
(6) NA

B. (Proposed)
(1&2) See attached plat
It will probably be necessary to set a 200-400 barrel tank approximately 150' south east of the well site to collect condensate. All equipment will be kept under 4' and baracated.
(3) Standard oil field construction methods will be used. No outside construction materials will be needed
(4) All pits and any rotating machinery will be fenced or guarded so as to protect livestock & wildlife

C. (Rehabilitation)
Those disturbed areas no longer needed after drilling and completion operations will be recontoured and reseeded as per BLM recommendations.

5. LOCATION & TYPE OF WATER SUPPLY

A. Water will be obtained from the Hill Top Water Well located approximately 2 miles east
B. Water will be hauled by trucks over existing roads.
C. No water wells are planned

6. SOURCE OF CONSTRUCTION MATERIALS

None needed

7. METHODS OF HANDLING WASTE DISPOSAL

(1-5) Cuttings, drilling fluids and produced water will be contained in the reserve pit. Any oil produced will be put into tanks. A portable toilet will be used during drilling and completion operations. Garbage and other trash will be placed in a deep pit and buried.
(6) Upon completion of operations the location will be policed up and all trash and garbage placed in the trash pit. The pit will then be covered to prevent scattering. The reserves pit will be fenced and allowed to dry. After drying it will be backfilled and recontoured to as near its original contour as possible.

8. ANCILLARY FACILITIES

No camps or airstrips are planned

9. WELL SITE LAYOUT

See attached

10. PLANS FOR RESTORATION OF THE SURFACE

See 7. (6)

If the drilling results in a dry hole or failure, the entire disturbed area including access road will be contoured and reseeded as per BLM recommendations. The location rehabilitation will commence as soon as the pit has sufficiently dried to allow back-filling.

11. OTHER INFORMATION

The area is generally arid, high desert type country. The area near the location is relatively flat with gentle rolling hills with numerous small gullies and dry washes. Vegetation is sparse, consisting of sage brush and assorted native grasses. Wildlife is also sparse with an occasional mule deer, coyotes, rabbits, badgers, and other small rodents and birds. There are no nearby occupied dwellings. An Archaeological Inspection has been conducted.

12. LESSEE'S OR OPERATOR's REPRESENTATIVES

The below listed personnel will be responsible for assuring compliance with the approved surface use plan.

Mr. T.C. Durham
P.O. Box 977
Farmington, New Mexico 87401
Home Phone 505-325-7978
Office Phone 505-327-1639
Mobile Phone 505-325-1873 #539

Mr. Harland Gould
2124 Summit Drive
Farmington, New Mexico 87401
Home Phone 505-325-3235
Office Phone 505-334-6200
Mobile Phone 505-325-0474

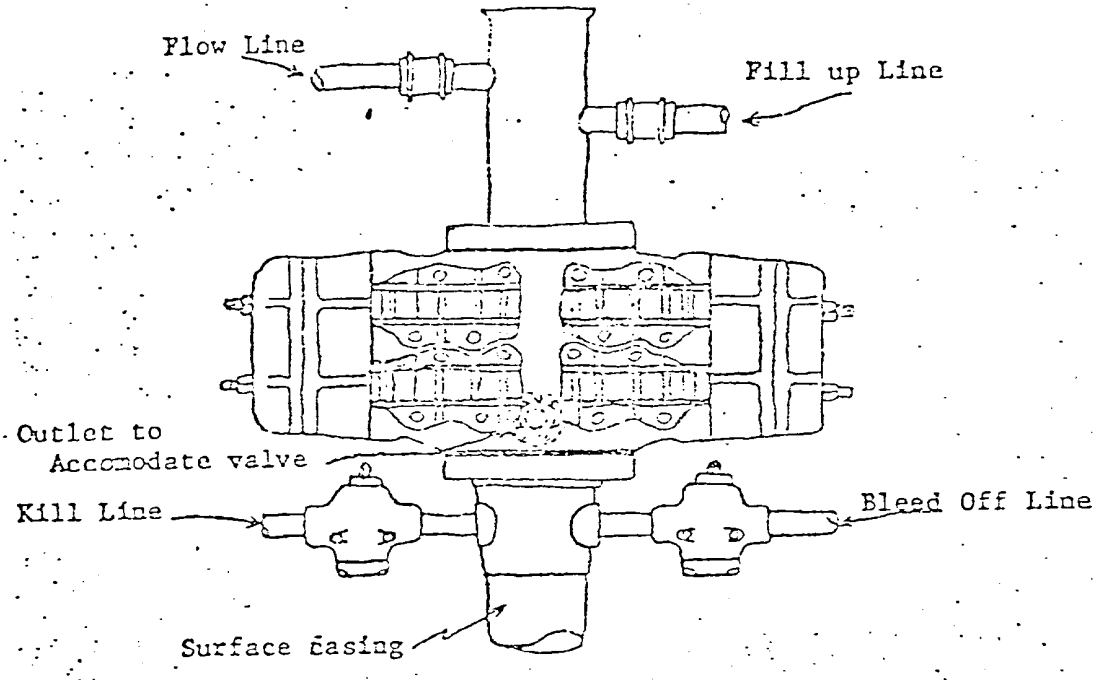
Mr. Bill Fiant
P.O. Box 3280
Casper, Wyoming 82602
Home Phone 307-265-2529
Office Phone 307-265-7331

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 Jack Fritz and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

1-18-80
Date

William J. Fiant, Field Services Administrat



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.

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OCT 22 1980

BLM CASPER

Well Name O. H. Randal #7

Location NW 15-26-11

Formation Dakota

We, the undersigned, have inspected this location and road.

U. S. Forest Service — Date

Randall L Mosher UMSU-SJC — Archaeologist — Date 10-17-80

E. J. Mace N.I.P. — Bureau of Indian Affairs Representative — Date 10-17-80

Bureau of Land Management Representative — Date

Richard Keller — U. S. Geological Survey Representative - AGREES TO THE FOOTAGE LOCATION OF THIS WELL. — Date 10/17/80

REASON:

Seed Mixture: None since ROWs to be used

Equipment Color: Sand

Road and Row: (Same) or (Separate)

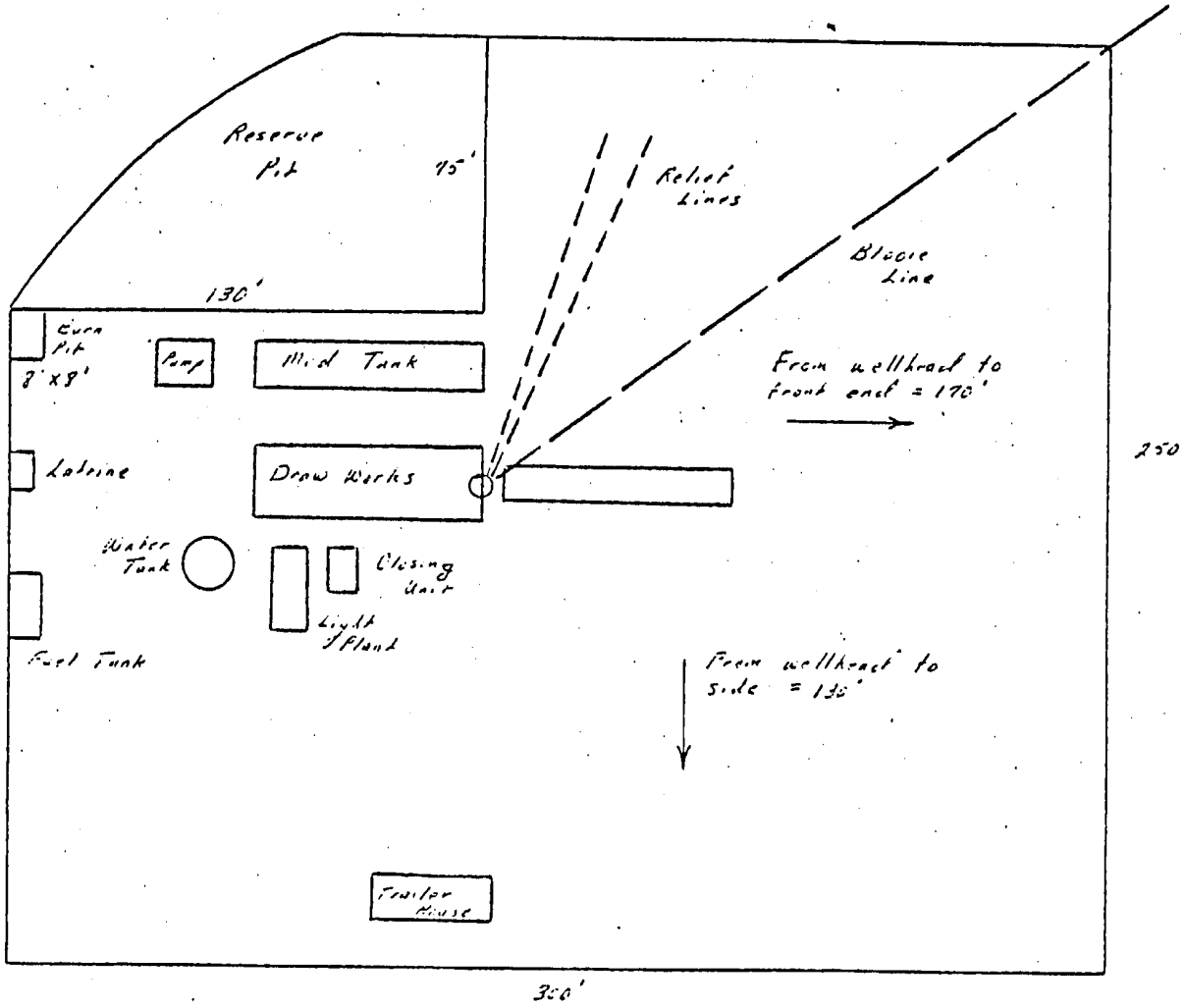
Remarks: Location 1150 FWL, 1130 FNL. Well to be kept water & sediment & barricaded. Tank to be located 150 feet South East. All Pipelines to be buried 4'.

M

Typical Location Plat for Mesa Verde and Dakota Wells

Randall # 7

No cut on location Dig Reserve Pitt



S

N

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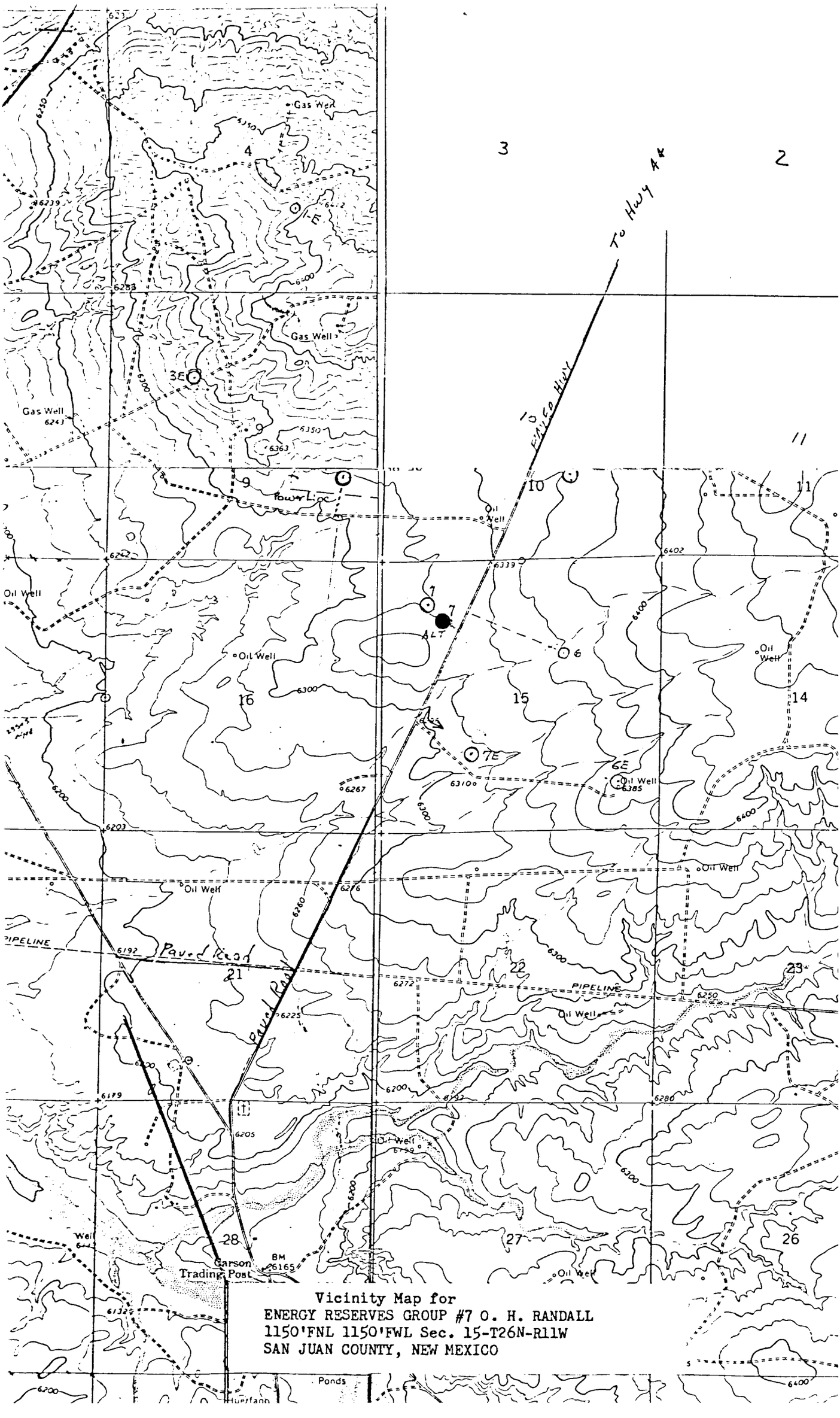

Vicinity Map for
ENERGY RESERVES GROUP #7 O. H. RANDALL
1150'FNL 1150'FWL Sec. 15-T26N-R11W
SAN JUAN COUNTY, NEW MEXICO