Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-045-23795

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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

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

2. NAME OF OPERATOR
Energy Reserves Group, Inc.

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
M 1045' FSL and 1075' FWL
At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
SF-078109

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Gallegos Canyon Unit

8. FARM OR LEASE NAME
Gallegos Canyon Unit

9. WELL NO.
295

10. FIELD AND POOL, OR WILDCAT
West Kutz Pictured Cliffs

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 10, T28N-R12W

12. COUNTY OR PARISH: San Juan | 13. STATE: NM

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approx. 7 miles from Farmington, New Mexico

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

16. NO. OF ACRES IN LEASE: Unitized

17. NO. OF ACRES ASSIGNED TO THIS WELL: 135.93

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 900'

19. PROPOSED DEPTH: 1600'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5532 GR. (Ungraded)

22. APPROX. DATE WORK WILL START*
November-December 1979

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12¼"	8-5/8"	24#	120'	Cmt to surface
6¼"	4½"	9.5#	1600'	Cmt to surface

Energy Reserves Group, Inc. proposes to drill the above referenced well with rotary tools from surface to T.D. The anticipated zone of completion is the Pictured Cliffs Formation at 1400'- 1600'. No DST's are planned. Copies of all logs run will be furnished upon completion of the well.

NOV 28 1979
OIL CON. COM.
DIST. 3

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. Hess TITLE Field Services Administrator DATE 11-21-79

(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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

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

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section

Operator	Lease	Well No.
ENERGY RESERVES GROUP	GALLEGOS CANYON UNIT	295

Unit Letter	Section	Township	Range	County
M	10	28N	12W	San Juan

Actual Footage Location of Well:
1045 feet from the South line and 1075 feet from the West line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5532	Pictured Cliffs	West Kutz Pictured Cliff	135.93 Acres

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

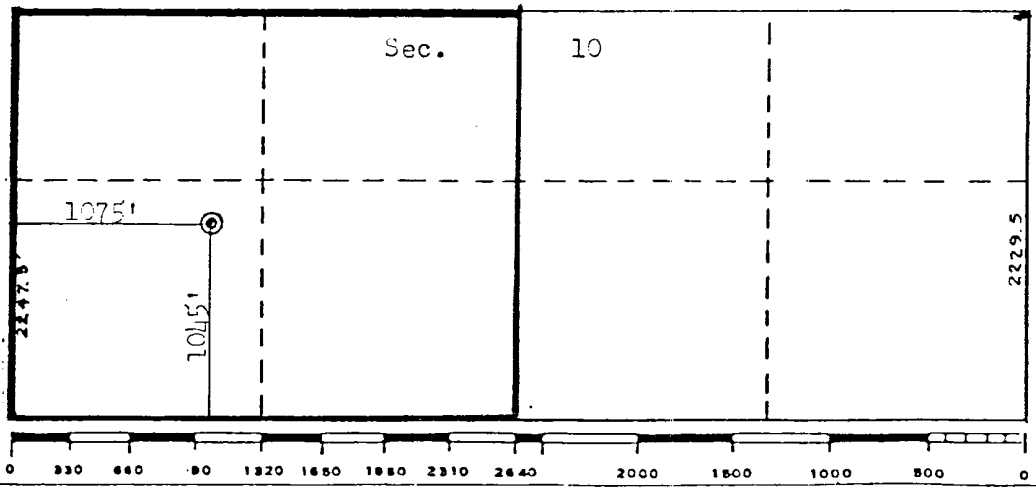
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.

Name
William Hess

Position
Field Services Administ.

Company
Energy Reserves Group

Date
October 31, 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
October 9, 1979

Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr Jr.

REGISTERED LAND SURVEYOR
STATE OF NEW MEXICO
FRED B. KERR, JR.

Certificate No.
3950

Supplemental to Form 9-331C

1. The geologic name of the surface formation.

   Nacimento

2. The estimated tops of important geologic markers.

Ojo Alamo	*150'*
Fruitland	*1050'*
Pictured Cliffs	*1400'*
T.D.	*1600'*

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

   The Pictured Cliffs Formation @ 1400' - 1600' is expected to be gas productive.

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#*	*@ 120'*	*cement to surface*
4 1/2"	*9.5#*	*@ 1600'*	*cement to surface*

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.
   Pressure control equipment to consist of an 8" hydraulically operated double ram BOP series 900, 3000#. The BOP will be pressure tested to 50 psi after installation and prior to drilling out from under surface casing.

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.

   Well is to be drilled with gel mud plus required additives for hole conditions and formations to be drilled. Normally about 25 sx of gel will be on location at one time.

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.

   Kelly cock stop for 3½" drill pipe, and a full opening floor valve

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

No coring is planned, no DST's are planned. Logs will probably be IES only. Nitrogen-water (foam) fracing consisting of approximately 20,000 gal. of 70% quality foam with 25,000# 10-20 sand.

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 area.

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

It is planned to commence operations as soon as regulatory approval has been received and a rig can be obtained. It is anticipated it will take 3-4 days to drill and log this well.

ENERGY RESERVES GROUP, INC.

MULTI-POINT SURFACE USE PLAN

1. EXISTING ROADS
Go east from Farmington 6½ miles, turn south for approx 3 miles.

2. PLANNED ACCESS ROADS
No new access road will be required.

3. LOCATION OF EXISTING WELLS
See Attachments

4. LOACTION OF EXCISTING AND/OR PROPOSED FACILITIES
A. (1) None anticipated
(2) A separator may be required if well produces fluid.
(3) N.A.
(4) If the well is a producer, El Paso Natural Gas Co. will install gathering line under a right-of-way permit.
(5) N.A.
(6) N.A.

B. If the well is productive, all facilities will be within the disturbed area. A small pit (20' x 20') may be required if any water is produced. The pit will be fenced w/sheep wire to protect livestock and wildlife.

C. If the well is productive, the reserve pit will be fenced and allowed to dry up. As soon as it is dry, it will be filled and the area restored to its original contour. All trash and debris will be removed.

If the well is dry, the pit will be fenced and allowed to dry. The location and access road will be recontoured and reseeded as per BLM specifications.

5. LOCATION AND TYPE OF WATER SUPPLY
Water will be hauled by truck, probably from Well 257 injection facilities

6. SOURCE OF CONSTRUCTION MATERIALS
None Anticipated.

7. METHODS FOR HANDLING WASTE DISPOSAL
(1&2) All cuttings and drilling fluids will be contained in the reserve pit.
(3) Produced fluids, if any, will be contained in portable tanks, unless it is good water which will be directed into the pit and allowed to evaporate or soak into the ground.
(4) A portable toilet will be used during drilling and completion operations/
(5) All trash will be buried in a small trash pit along side of the reserve pit.
(6) See Item 4.C.

8. ANCILLARY FACILITIES
None required.

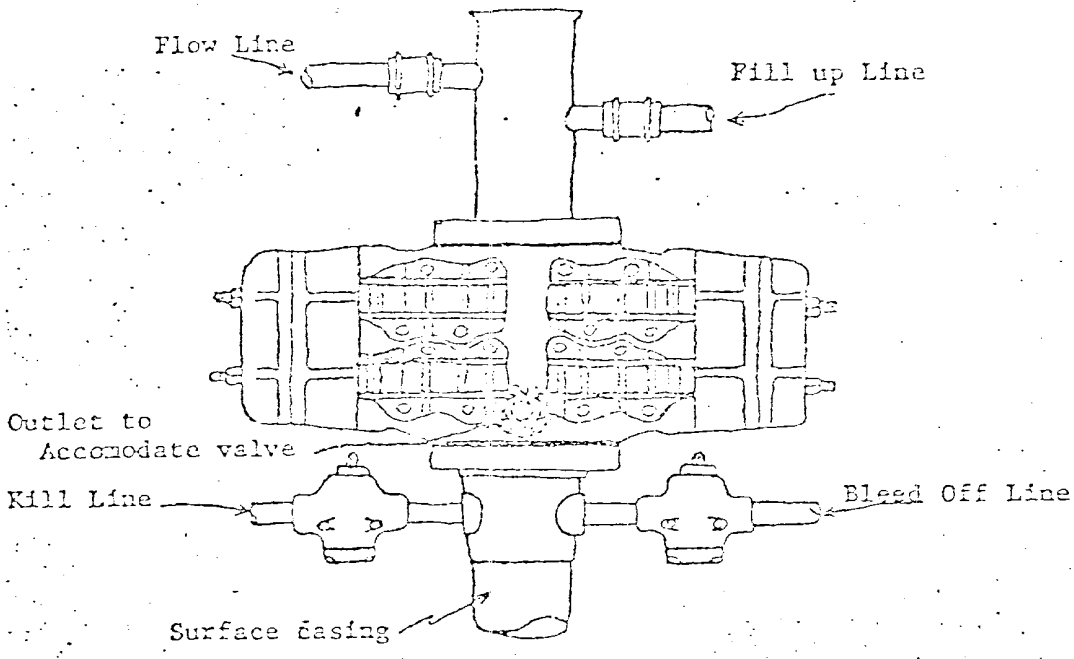
9. WELL SITE LAYOUT
(1) See Attachment
(2) See Attachment
(3) See Attachment
(4) It is not planned to line any pits.

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

9-13-79
Date

William J. Quan
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.

Multi-Point Surface Use Plan Worksheet

Well Name: Gallegos Canyon Unit #295

Location: SW 10-28-12 County: _____

Formation: PC TD: _____

1. Show proposed new roads on topographic map (Map No. 1).

2. Show proposed new gathering pipeline on pipeline map (Map No. 2).

3. Show any production facilities which are not on either Map No. 1 or Map No. 2.

4. Name water supply point: Hammond Ditch or San Juan River

5. Place on the location plat (Plat No. 1) the following items:

   North Line
   Access Road entrace to location
   Amounts of cuts and fills around the location
   Any other pertinent information

6. Terrain: Rolling hills and sand stone ledges

   Vegetation and timber: Cedar & Sage Brush

   Wildlife and domestic animals: Deer

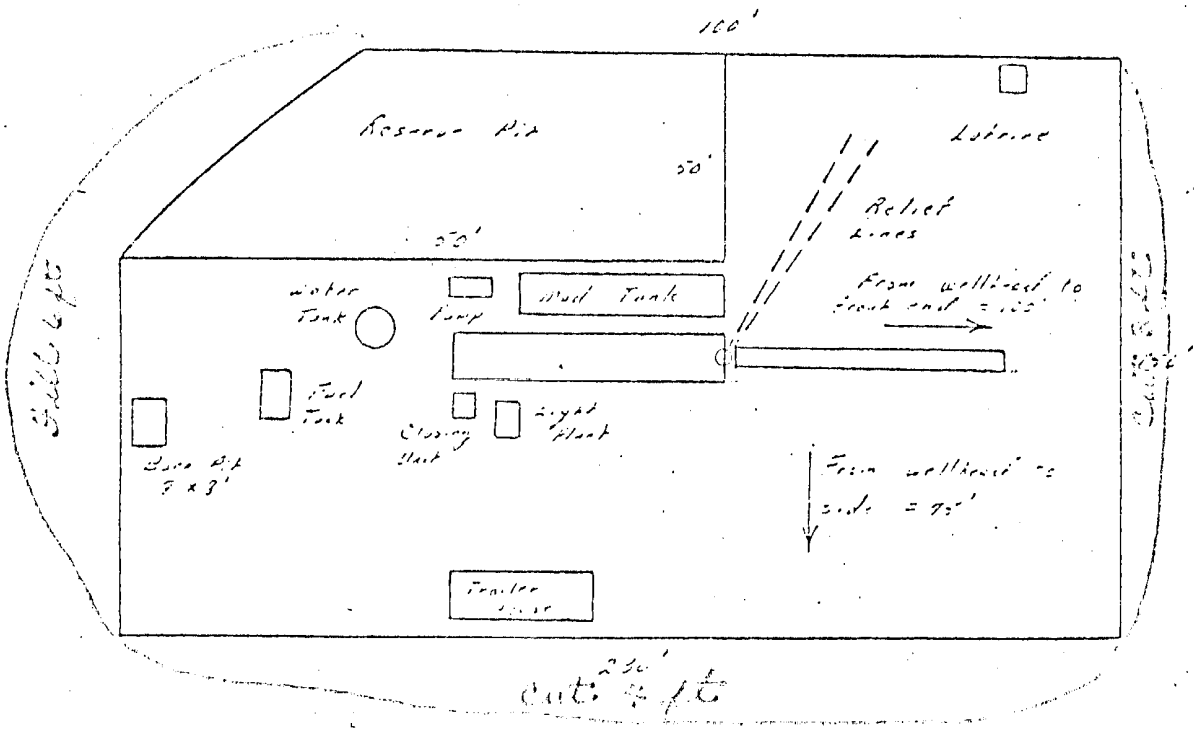
7. Distance to nearest town or post office: Farmington NM. 7 mi

8. Distance to nearest well: 900 ft

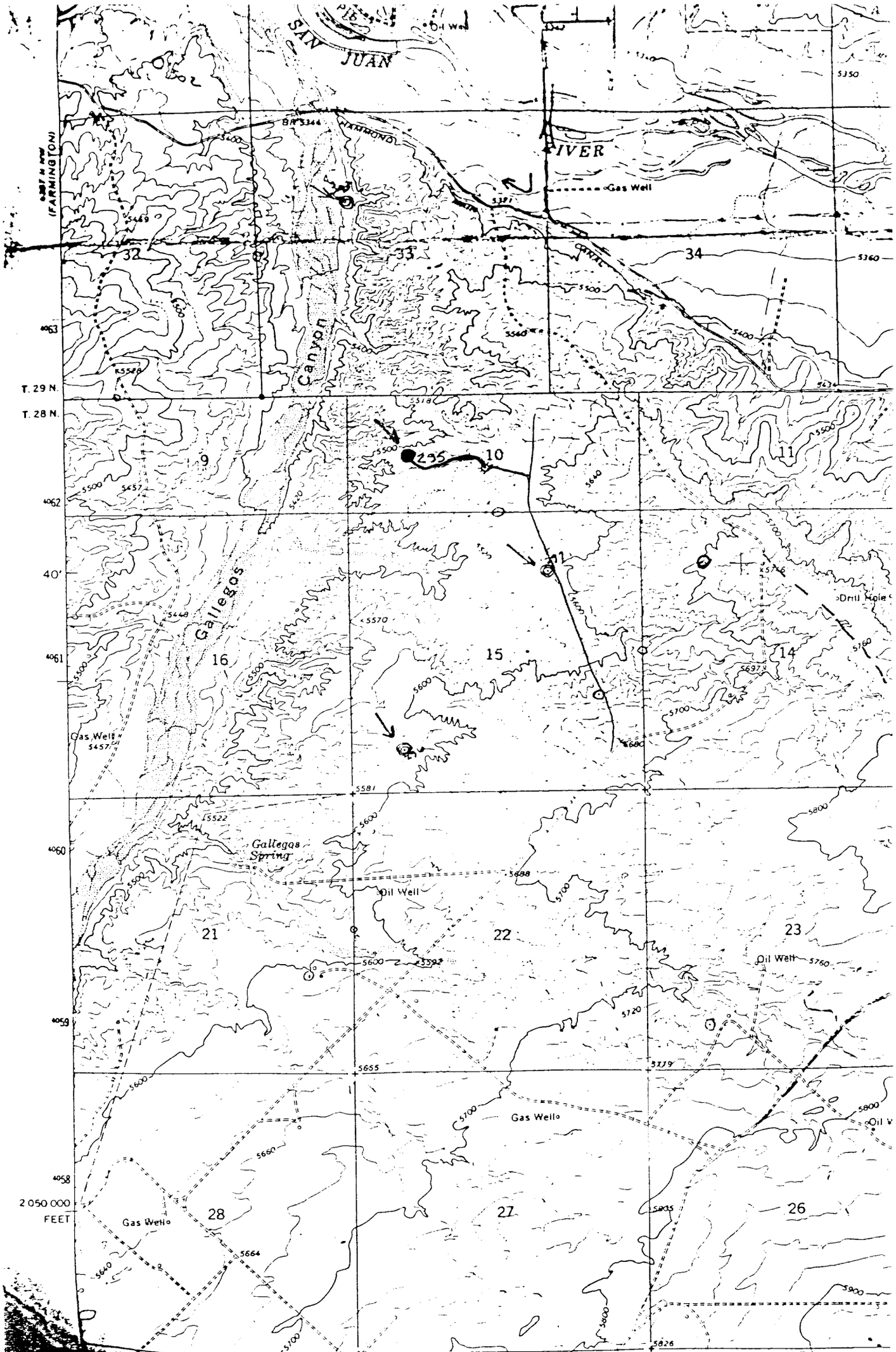
Date: 10-23-79 Initials: _____

Gallegos Canyon Unit #295

Typical Location Plat for Pictured Cliffs Well



Scale: 1" = 25'



Vicinity Map for
ENERGY RESERVES GROUP #295 GALLEGOS CANYON UNIT
1045'FSL 1075'FWL Sec 10-T28N-R12W
SAN JUAN COUNTY, NEW MEXICO

Contours from aerial

1000