Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-045-23735

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 [XX] OTHER — SINGLE ZONE [XX] MULTIPLE ZONE [ ]

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

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1446' FNL & 1410' FWL (SE/NW)
At proposed prod. zone:

F

5. LEASE DESIGNATION AND SERIAL NO.: SF-078949

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: Gallegos Canyon Unit

8. FARM OR LEASE NAME: Gallegos Canyon

9. WELL NO.: 288

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

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Section 19, T29N-R12W

12. COUNTY OR PARISH: San Juan

13. STATE: New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 3 miles east of Farmington, New Mexico

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

16. NO. OF ACRES IN LEASE: 800

17. NO. OF ACRES ASSIGNED TO THIS WELL: ~~160~~ 158.85

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 2000'

19. PROPOSED DEPTH: 1500'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 5404' Gr (ungraded)

22. APPROX. DATE WORK WILL START*: September, 1979

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#	120'-200'	Cement to surface
6 3/4"	4 1/2"	9.5#	1500'+	250 sx.

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 @ 1350'-1500'. No DST's are planned. Copies of all logs run will be furnished upon completion of the well. It is planned to drill 12¼" hole 120'-200' maximum, set 8 5/8", 24# casing to that depth. Drill 6 3/4" hole to T.D. and set 4½", 9.5# casing. Cement to surface if the Ojo Alamo Formation has not been cemented off by the surface casing. BOP will consist of an 8", series 900, 3000# dual ram preventor.

Gas is dedicated

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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. Mayes TITLE Field Services Administ. DATE August 1, 1979

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Oleal

NMOCC

*See Instructions On Reverse Side

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	Lease	Well No.
ENERGY RESERVES GROUP, INC.	GALLEGOS CANYON UNIT	288

Unit Letter	Section	Township	Range	County
F	19	29 NORTH	12 WEST	SAN JUAN

Actual Footage Location of Well:
1446 feet from the NORTH line and 1410 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5404.0	Pictured Cliffs	West Kutz Pictured Cliffs	~~160~~ 158.85 Acres

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

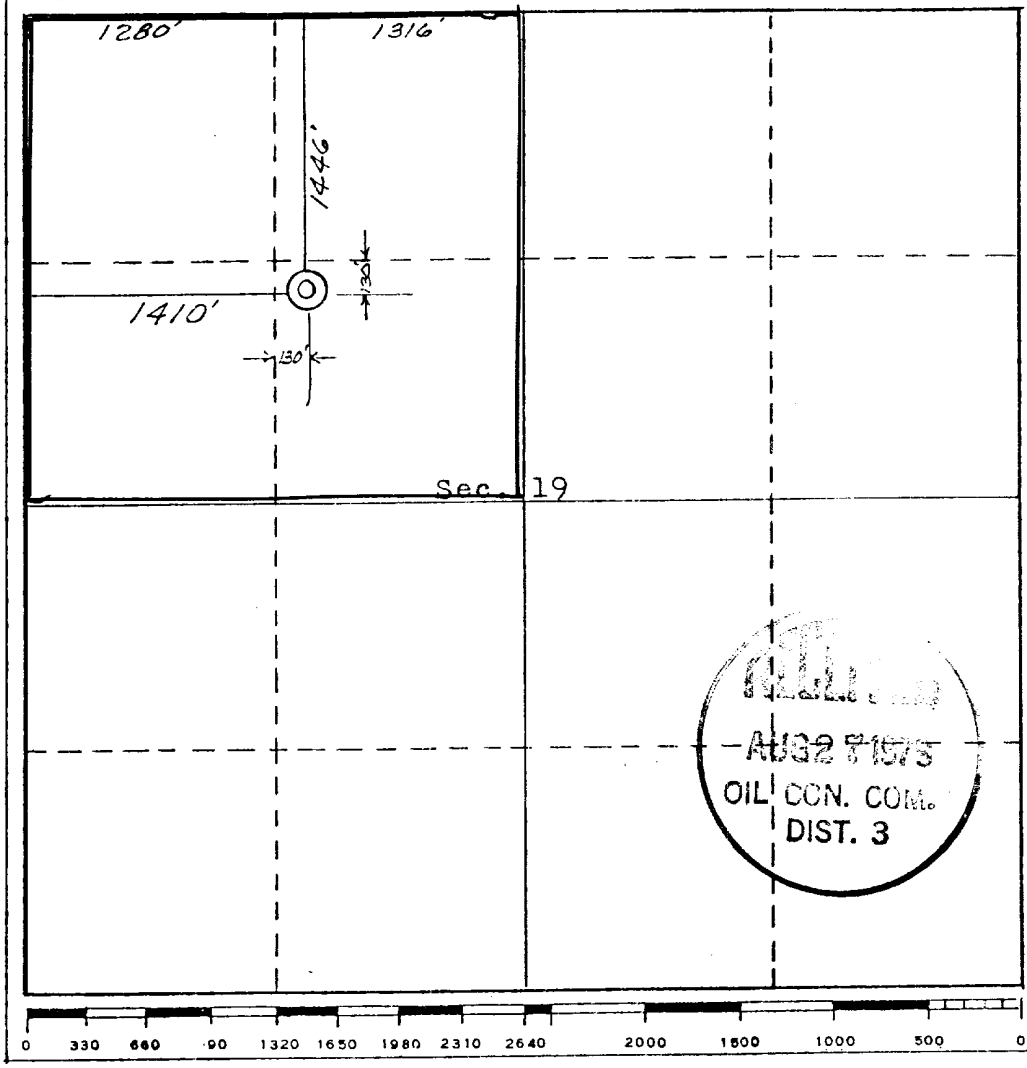
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.



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DIST. 3

CERTIFICATION

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

Name
William F. Clark

Position
Field Services Administrator

Company
Energy Reserves Group, Inc.

Date
August 17, 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
18 August, 1979

Registered Professional Engineer and/or Land Surveyor
Curtis Surveying
Certificate No.
5980

REGISTERED LAND SURVEYOR
NEW MEXICO
5980
LAND SURVEYOR
Curtis Surveying

79-34

Supplemental to Form 9-331C

1. The geologic name of the surface formation.
   Ojo Alamo

2. The estimated tops of important geologic markers.

Fruitland	1040'
Coal Marker	1300'
Pictured Cliffs	1350' - 1500'

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

   The Pictured Cliffs Formation @ 1350'-1500' 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'-200' - cement to surface
   4 1/2" - 9.5# - @ 1500'$^{+}$ - cement w/250 sx.

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 a hydraulically operated - double ram BOP series 900, 3000#. The BOP will be pressure tested to 500 psi after installation and prior to drilling out from under surface casing. See Attachment #1.

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, a float at the bit, and a full opening floor valve to stab into the drill pipe.

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
See Attachment #3.

Go east from Farmington on the Bloomfield Highway (#17) for appx. three miles. Turn north on to a dirt road appx. six hundred feet east of the Border Machinery Co. yard. Proceed on the dirt road for appx. 1000'.

The dirt road will require some minor improvements to allow for transportation of the rig and associated traffic. It may be necessary to haul in gravel or crushed rock to provide a permanent access if well becomes a producer.

2. Planned Access Roads

From the existing road, it is proposed to construct appx. 900' of new road to the proposed site.
(1) Road width will be limited to 20' maximum.
(2) The maximum grade will be less than 8%.
(3) No turn-outs are necessary.
(4 A small culvert may be required where the existing road leaves
&5) Highway #17. No major cuts or fills will be required.
(6) None anticipated.
(7) No gates, cattle guards or fence cuts will be required.

3. Location of Existing Wells

See Attachment No.'s 3 & 4.

4. Location of Existing 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/shoop 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 land owners or BLM specifications.

5. Location and Type of Water Supply

Water will be hauled by truck, probably from the San Juan River or from one of the numerous irrigation canals nearby.

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 #5.
(2) See Attachment #2.
(3) See Attachment No.'s 2 & 5.
(4) It is not planned to line any pits.

10. Plans for Restoration of Surface

Upon completion of the well, the reserve pit will be fenced and allowed to dry. Any accumulation of oil will be skimmed off the pit and trucked to a disposal site. The trash pit will be covered as soon as the well site has been policed up.

The disturved area will be recontoured to its original contour and reseeded as per land owner or BLM's recommendations. It is planned to commence rehabilitation as soon as the pit has dried and weather permits.

11. Other Information

(1) The area is generally rolling hills near the well site. The soil is composed mostly of sand with only sparce vegetation. Sage brush, cactus and assorted native grasses. Wildlife consists of rodents and birds.

(2) The surface is privately owned and is not presently used for any activity, ie: grazing, recreation, etc.

(3) The San Juan River is appx. 1/2 mile south of the proposed well. There are several irrigation canals along the south side of Highway #17. Border Machinery Co. maintains an implement business appx. 600'-800' southwest of the proposed well.

There was no evidence of any historical archaeological or cultural sites in the area to be disturbed.

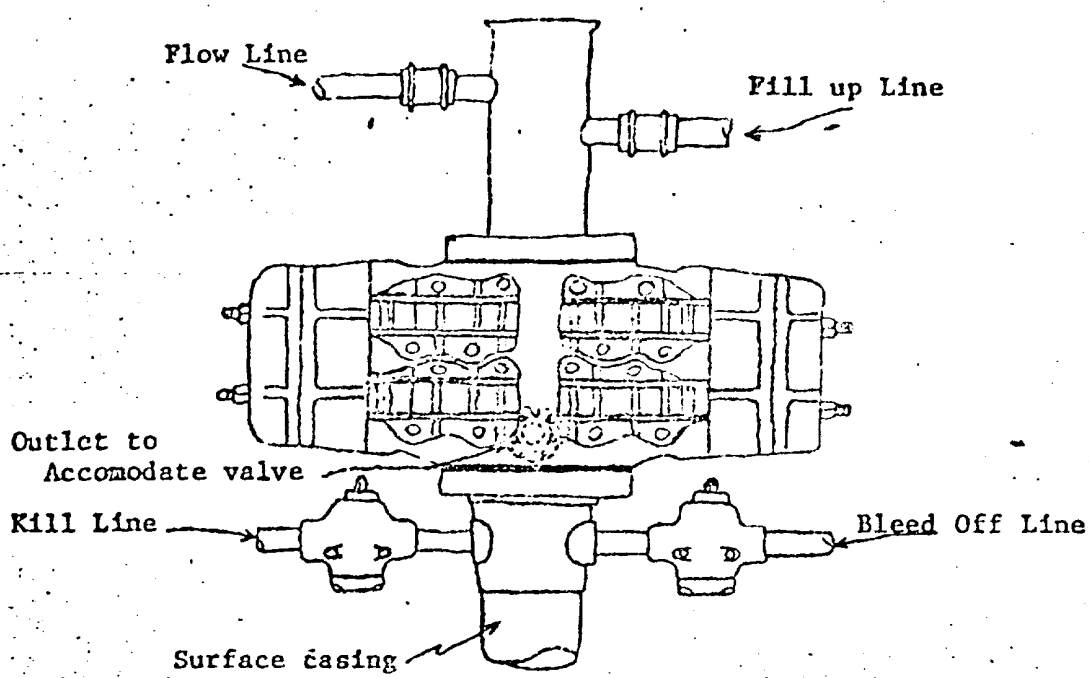
CERTIFICATE ATTACHED.

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.

7-31-79
Date

[signature] Field Services Ad-
Name and Title

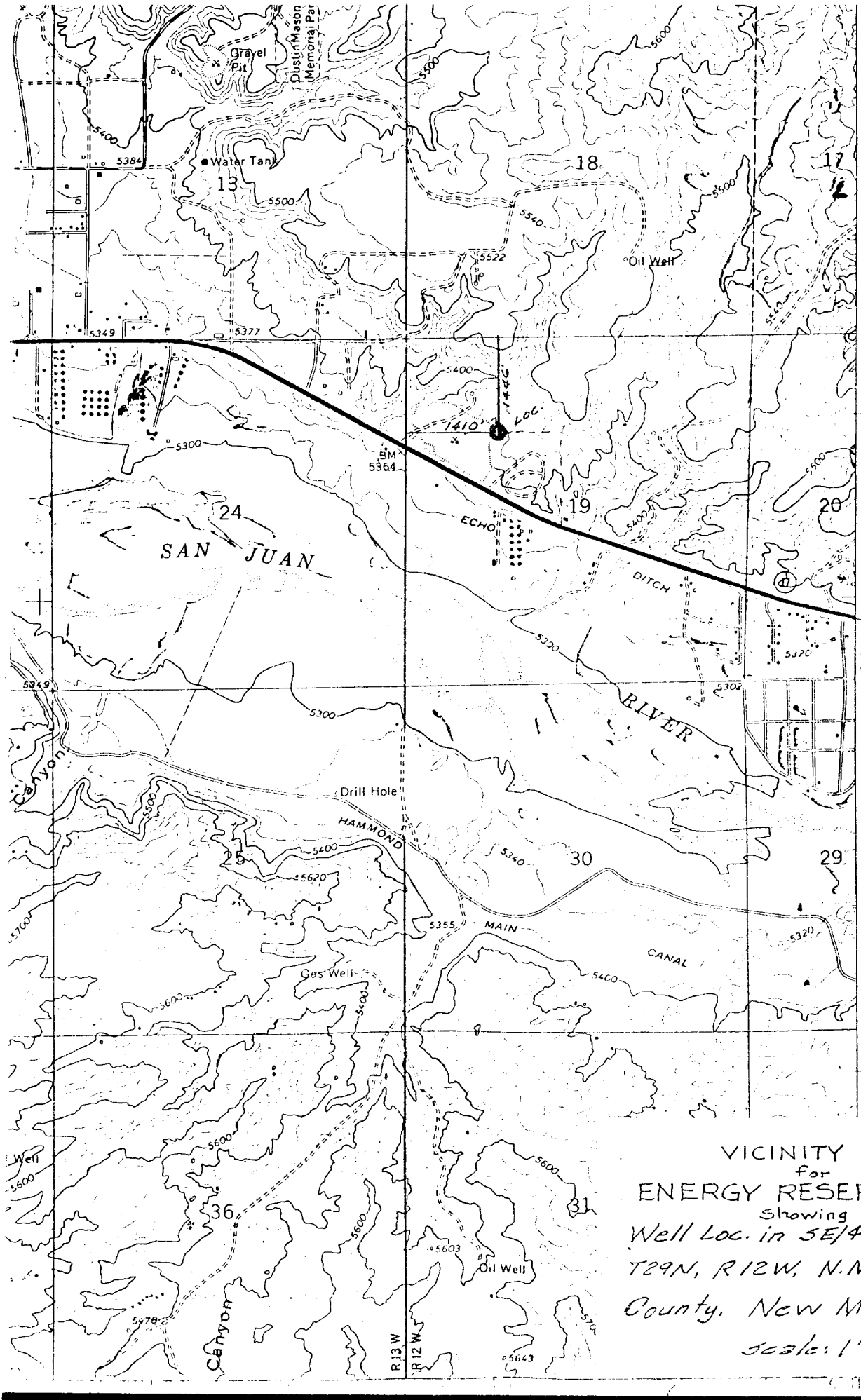


Blowout preventer is Shaffer double hydraulic equipped with drill pipe rams in the top and blind rams in the bottom.

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.

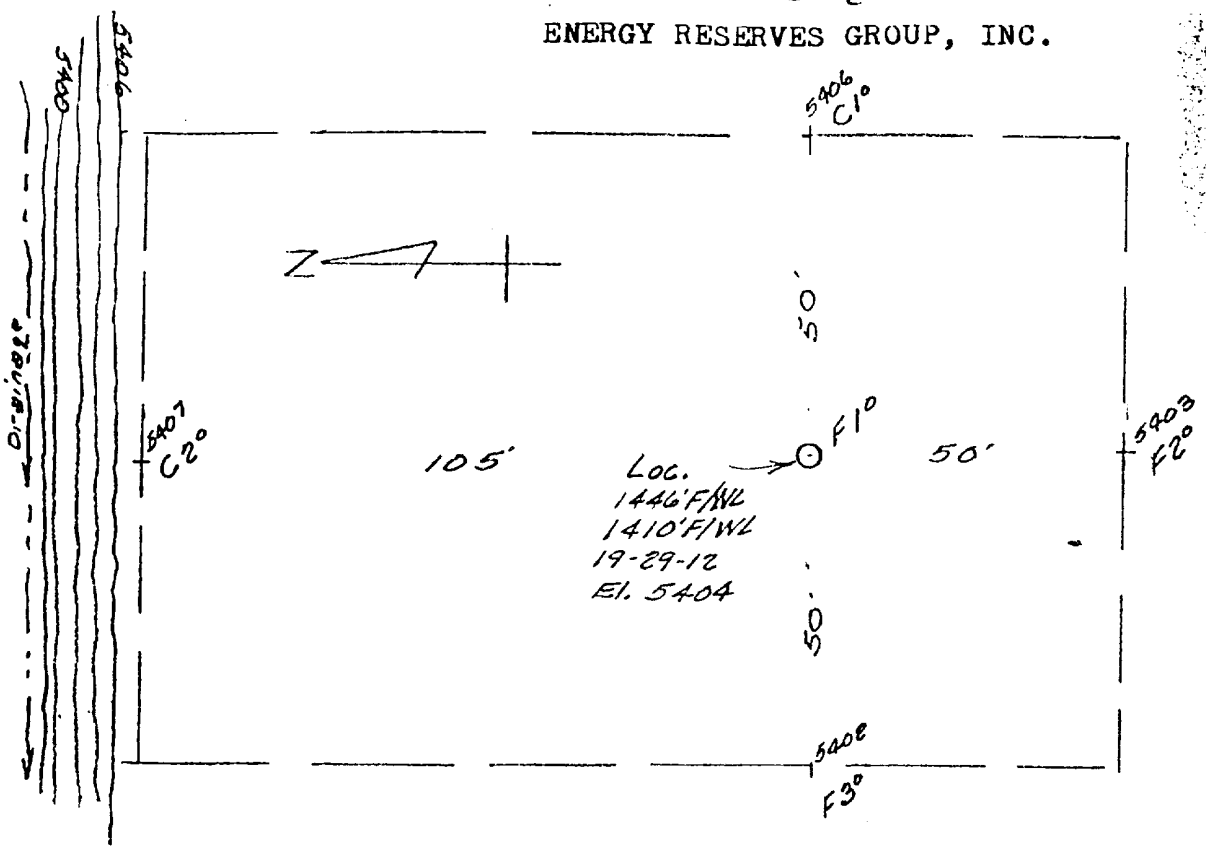


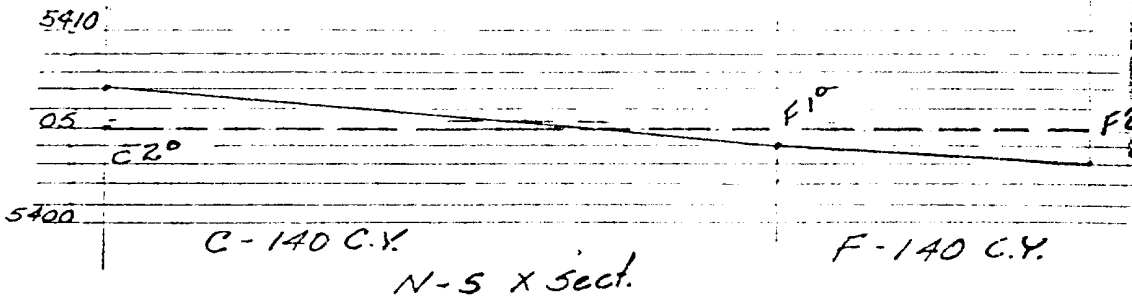
VICINITY MAP
for
ENERGY RESERVES GROUP, Inc
Showing
Well Loc. in SE/4 NW/4 Sec. 19,
T29N, R12W, N.M.P.M., San Juan
County, New Mexico
Scale: 1" = 2000'

STOCKING
Surveying & Mapping, Inc.
CURTIS C. STOCKING
813 DONROVIN LANE
FARMINGTON, NEW MEXICO 87401
5980 N.M.L.S.
Phone: 505-325-3956

Location rad Diagram

ENERGY RESERVES GROUP, INC.





N-S X Sect.