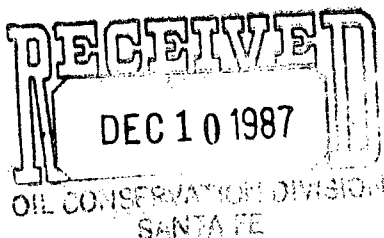


MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494



December 8, 1987

*NSL-2456
RULE-104 F(I)*

Mr. David Catanach, P.E.
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

*Gavilan Mancos Pool
6440 Acres old
All of Section 14*

Re: Unorthodox Location
Crusader #1 Well located 810' FNL & 1270' FWL
Section 14, T25N-R2W, NMPM
Rio Arriba County, New Mexico

*(Anna: KC: Core File 9257
OCD-Atc)*

Dear David:

Enclosed is our Application to Drill the Crusader #1. This location is unorthodox and we have contacted all offset interest owners by the enclosed letter.

The necessities for this location, as previously conveyed to you by the landowner (Todd Colombo) and myself, are:

1. Archeological: The western two-thirds of the W/2 NW/4 of Section 14, T25N-R2W, contain a very large number of artifacts landowner looks to excavate.
2. Todd Colombo's home is in the W/2 NW/4.
This site would minimize audio and visual effects of an oil and gas well on Mr. Colombo's property.
3. State Highway Right-of-Way and Jemez Electric Cooperative Right-of-Way (see enclosed survey).
4. This is the landowner's choice from a surface standpoint.
5. To the west, we fall into very deep arroyos 12-15' deep. It is our understanding that we may obtain administrative approval of this upon your office's receipt of signed releases by all offset interest owners. We hope to have all releases to you within the next two weeks and look forward to its approval.

Thank you for your help in this matter. Please notify me of any further requirements by your office.

Sincerely,

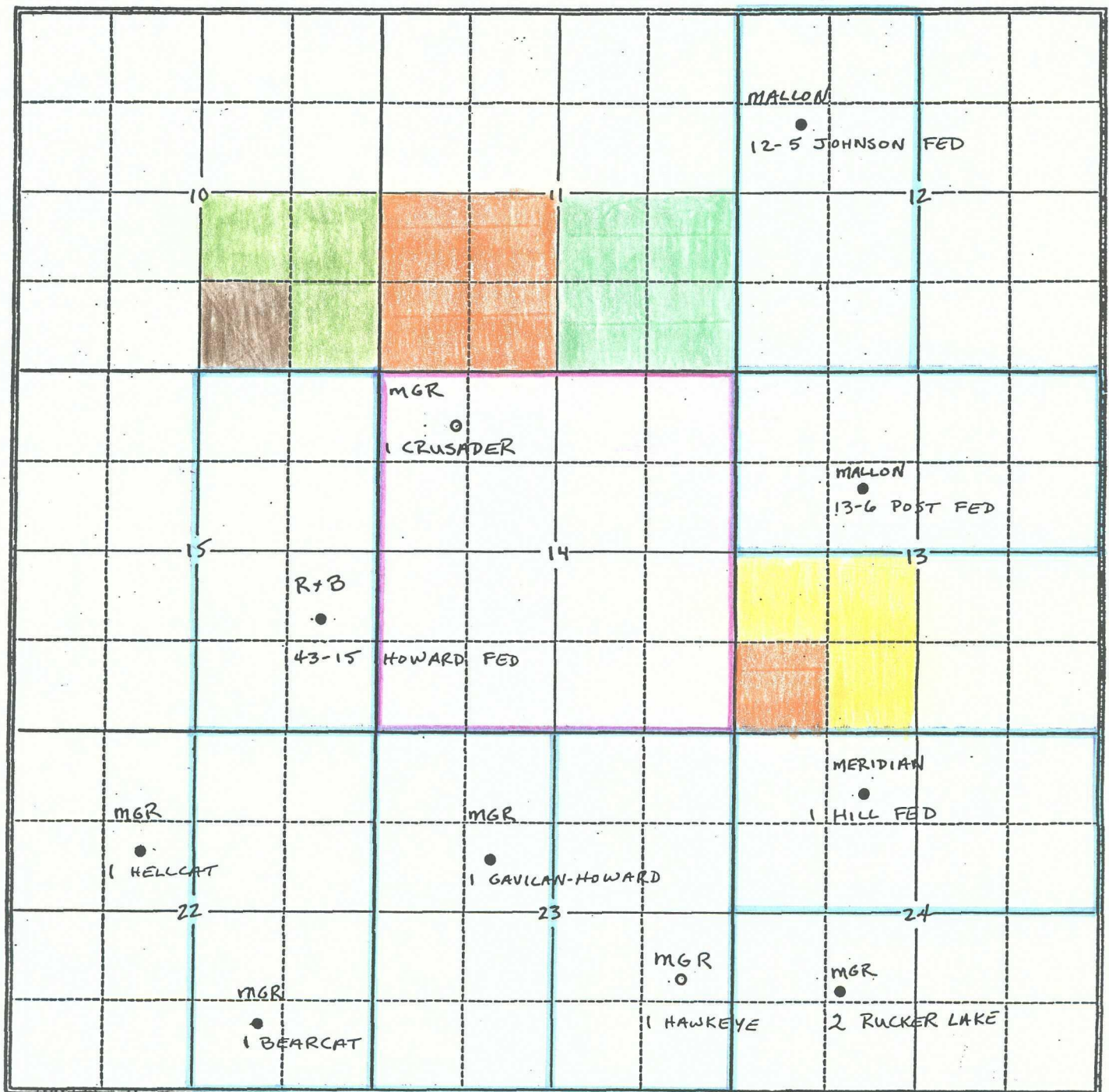
Christopher L. Phillips

Christopher L. Phillips

CLP:dw
Enclosures

cc: Ernie Busch, NMOCD
Well File

TOWNSHIP 25N RANGE 2W COUNTY Rio Arriba STATE New Mexico



- - Proposed Location (Drilg. Unit)
- - Drilg. / Producing Units (incl. Approved)
- - Dugan Production Corp.
- - Sun Oil Co., David Beach Est., Helmerich & Payne
- - MESA GRANDE RESOURCES, et. AL.
- - MESA GRANDE Ltd.
- - E.L. Fundwgsland

● GALLUP OIL WELL

○ LOCATION

MESA GRANDE RESOURCES, INC.
1200 PHILTOWER BUILDING
TULSA, OKLAHOMA 74103
(918) 587-8494

December 7, 1987

To All Offset Operators or
Interest Owners
(See Attached List)

Re: Unorthodox Well Location
Crusader #1 Well
810' FNL & 1270' FWL
Section 14, T25N-R2W
Rio Arriba County, New Mexico

Gentlemen:

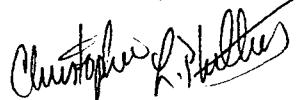
Mesa Grande Resources, Inc. intends to drill the above location sometime in December, 1987. The location as staked is unorthodox. Due to a homesite and archeological remains covering the western two-thirds of the W/2 NW/4 of Section 14, the landowner will not allow a drillsite within the drilling window allowed by state rules. We also have a county highway and electrical easements which force the location to be placed even further to the east.

The New Mexico Oil Conservation Division has indicated that our site may be approved administratively for an unorthodox location providing there are no objections by offset operators.

Therefore, we hereby request that you indicate your approval by executing a copy of this letter in the space below and returning it to us at your earliest convenience.

If you have any questions, please contact me at (918) 587-8494 or the letterhead address. Thank you for your prompt attention to this matter.

Very truly yours,



Christopher L. Phillips

(Company Name) has no objections to the drilling of the
Crusader #1 Well as staked by Mesa Grande
Resources, Inc.

By: _____

CLP:dw
Enclosures

CRUSADER #1 WELL
UNORTHODOX WELL LOCATION

Attached to Letter dated 12/07/87

OFFSET OPERATORS AND INTEREST OWNERS

Reading & Bates Petroleum Co.
3200 Mid-Continent Tower
Tulsa, Oklahoma 74103
Attn: Eric Koelling

Mesa Grande, Ltd.
1305 Philtower Building
Tulsa, Oklahoma 74103
Attn: L. Sweet

Meridian Oil
Post Office Box 4289
Farmington, New Mexico 87499
Attn: Van Goebel

Arriba Company, Ltd.
Post Office Box 35304
Tulsa, Oklahoma 74153
Attn: G. L. Morris

Larry Fundingsland
Ventures in Petroleum
7400 East Orchard, Suite 240
Englewood, Colorado 80111

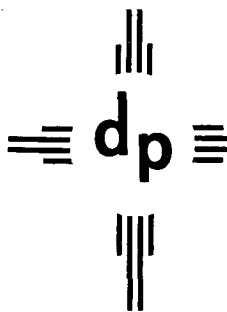
David Beach Estate
c/o Lewis Beach
Post Office Box 700537
Tulsa, Oklahoma 74170-0537

Mallon Oil Company
1099 18th Street, Suite 2750
Denver, Colorado 80202
Attn: Karen McClintock

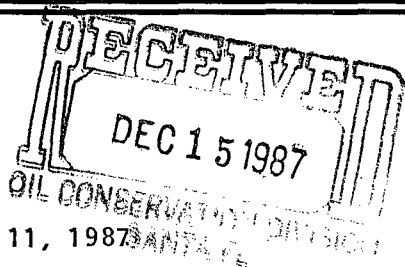
Helmerich & Payne
1579 East 21st Street
Tulsa, Oklahoma 74114

Dugan Production Corp.
Post Office Box 208
Farmington, New Mexico 87499-0208
Attn: Rich Corcoran

Sun Exploration & Production Co.
Terminal Annex
Post Office Box 5940
Denver, Colorado 80217-5940
Attn: Frank E. Syfan, Jr.



dugan production corp.



December 11, 1987

NSL-2456

William J. LeMay
New Mexico Oil Conservation Division
P O Box 2088
Santa Fe, NM 87504-2088

Dear Mr. LeMay:

Attached is a copy of our letter wherein we waive objection to the unorthodox location proposed by Mesa Grande Resources, Inc. for the drilling of their Crusader #1 well within the Gavilan Mancos Oil Pool.

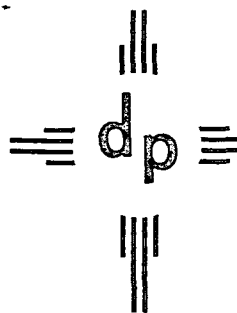
Very truly yours,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg

enc.



dugan production corp.

December 11, 1987

Mesa Grande Resources, Inc.
Attn: Christopher L. Phillips
1200 Philtower Building
Tulsa, OK 74103

Re: Unorthodox Well Location
Mesa Grande Resources' Crusader #1 Well
Proposed Location 810' FNL & 1270' FWL
Section 14, T25N, R2W
Rio Arriba County, New Mexico

Dear Chris:

Dugan Production, as owner of offsetting leasehold interest, waives objection to Mesa Grande's proposal to drill the captioned well at the proposed location. It is our understanding that this well will be drilled on a standard 640 acre spacing unit comprising all of Section 14.

As instructed in your letter of December 7, 1987, we are returning this waiver of objection to your office. We are also forwarding a copy to the New Mexico Oil Conservation Division in Santa Fe.

Very truly yours,

John D. Roe
Petroleum Engineer

JDR/cg

✓cc: New Mexico Oil Conservation Division, Santa Fe, New Mexico

COPY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

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

Form C-101
Revised 10-1-78

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

5A. Indicate Type of Lease
STATE ☐ FEE ☒

5. State Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name
b. Type of Well OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name CRUSADER
2. Name of Operator MESA GRANDE RESOURCES, INC.		9. Well No. #1
3. Address of Operator 1200 Philtower Building, Tulsa, Oklahoma 74103		10. Field and Pool, or Wildcat GAVILAN ⁴ MANCOS
4. Location of Well UNIT LETTER <u>D</u> LOCATED <u>810</u> FEET FROM THE <u>North</u> LINE AND <u>1270</u> FEET FROM THE <u>West</u> LINE OF SEC. <u>14</u> TWP. <u>25N</u> RGE. <u>2W</u> NMPM		12. County Rio Arriba
19. Proposed Depth 8300'		19A. Formation Dakota
20. Rotary or C.T. Rotary		
21. Elevations (Show whether DF, RT, etc.) 7318	21A. Kind & Status Plug. Bond Statewide	21B. Drilling Contractor Four Corners
22. Approx. Date Work will start 1/5/88		

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 $\frac{1}{2}$	9 5/8ths	36#	400	150 sx	Surface
8 $\frac{1}{2}$ & 7 7/8ths	5 $\frac{1}{2}$	17# & 15.5#	8300	3 stage	2000'
				1035 sx	
				1687 ft ³	

PROPOSED PROGRAM:

- The proposed well will be drilled through the Dakota Formation and will evaluate the hydrocarbon potential of the Dakota, Graneros, Greenhorn and Mancos zones. The completion program will be determined at total depth after log analysis.
- A BOP will be installed after surface casing is set and cemented. Prior to drilling out from under surface, BOP will be tested to 500# SIP. All subsequent work will be conducted through BOP.
- ALL of Section 14 is dedicated to this well.

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed Christopher L. Phillips Title Field Operations Manager Date 12/08/87
(This space for State Use)

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

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

RECEIVED NOV 12 1987
Well No. 1

Operator Mesa Grande Resources, Inc.		Lease Crusader		Well No. 1	
Unit Letter D	Section 14	Township 25 North	Range 2 West	County Rio Arriba	
Actual Footage Location of Well: 810 feet from the North line and 1270 feet from the West line					
Ground Level Elev. 7297	Producing Formation		Pool	Dedicated Acreage: 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 Force-pooling; pending communitization

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 Division.

<p>East R/W Fence 810'</p> <p>Hwy. 95 1270'</p> <p>Overhead Electric</p> <p>FEE</p> <p>Reading & Bates 25.0000%</p> <p>Hooper, Kimball & Williams 25.0000%</p> <p>P C, Ltd. 11.7065%</p> <p>Ibex Partnership 11.7065%</p> <p>Clark & Oatman 1.5870%</p> <p>Mountain States 12.5000%</p> <p>Mary Alice Gilliland 6.2500%</p> <p>Duer Wagner, Jr. 5.8125%</p> <p>Duer Wagner III 0.4375%</p>		<p>NOTE: Proposed location is 104' East of electric line and 146' East of Highway R/W fence.</p>	
SECTION 14		FEE	
<p>Mesa Grande Resources, Inc. 48.3399%</p> <p>Texaco Producing Inc. 25.0000%</p> <p>Mesa Grande, Ltd. 17.8125%</p> <p>Arriba Company, Ltd. 0.9375%</p> <p>Johansen Energy Partnership 0.5859%</p> <p>Peter C. Neumann 4.6875%</p> <p>Venada National 2.6367%</p>		<p>U.S.A. NM-01355</p> <p>Mesa Grande, Ltd. 95%</p> <p>Arriba Company, Ltd. 5%</p> <p>David Beach Estate 7.1429%</p> <p>Helmerich & Payne 14.2857%</p> <p>Sun Operating Ltd. 78.5714%</p> <p>Partnership</p>	

CERTIFICATION

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

Name Christopher L. Phillips
Manager, Field Operations

Position
MESA GRANDE RESOURCES, INC.

Company
December 7, 1987

Date

I hereby certify that the location shown on this plat was determined from field notes of actual measurements made by me or under my supervision, and that the same is true and correct to the best of my knowledge.

EDGAR L. RISENHOVER
NEW MEXICO
5979
REGISTERED LAND SURVEYOR

Date Surveyed
November 9, 1987

Registered Professional Engineer
and/or Land Surveyor

Edgar L. Risenhoover
Certificate No. 5979
Edgar L. Risenhoover, L.S.

