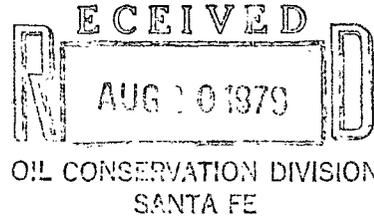


Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82601
Phone 307 265 7331



August 17, 1979



NSL-1068
Rule 104F
9-9-79

State of New Mexico
Energy & Minerals Division
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox Well Location - Gallegos Canyon Unit,
Number 281

Gentlemen:

West Kutz picture of cliffs Pool

Energy Reserves Group, Inc. requests approval of an unorthodox location on its Well Gallegos Canyon Unit #281.

The site is located 2480' FSL & 2360' FWL of Section 25, T28N-R12W. The purpose of this request is for topographical reasons. Please see attached topo map.

The orthodox location for the well would be interfering with farming operations within the Block One Area of the Irrigation Project. To move the location a sufficient distance to eliminate being in the cultivated area requires an unorthodox site. The site as proposed will be out of the farming land and will not interfere in any way with N.A.P.I. operations.

Amoco Production Company is the Gallegos Canyon Unit Operator with Energy Reserves Group, Inc. being a sub-operator of the Pictured Cliffs Formation. Please see attached plat of the Gallegos Canyon Unit Area and the Pictured Cliffs Participating Area.

Amoco Production Company has been notified by certified mail this date.

If any additional information is required, please advise.

Very truly yours,

ENERGY RESERVES GROUP, INC.

A handwritten signature in cursive script, appearing to read "William J. Fiant".

William J. Fiant
Field Services Administrator

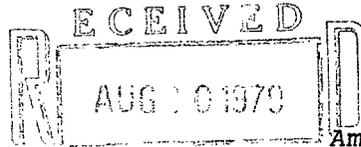
Attachments

WJF/cc

Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82601
Phone 307 265 7331



August 17, 1979



Amoco Production Company
Security Life Building
Denver, Colorado 80202
Attn: R.B. Giles

Amoco Production Company
501 Airport Road
Farmington, New Mexico 87401
Attn: L.O. Speer

Re: Offset Operations Notification - Unorthodox Well Location

Gentlemen:

Energy Reserves Group, Inc. as sub-operator of the Gallegos Canyon Unit, Pictured Cliffs Participating Area proposes to drill an unorthodox location for Well Gallegos Canyon Unit #281.

The proposed well site is located 2480' FSL & 2360' FWL of Section 29, T29N-R12W. The purpose of requesting an unorthodox location is because of topographical reasons. The reason for requesting an exception is to stay out of the Navajo Irrigation Project Area. The orthodox location for the well would be interfering with farming operations within the Block One Area of the Irrigation Project. To move the location a sufficient distance to eliminate being in the cultivated area requires an unorthodox site. The site as proposed will be out of the farming land and will not interfere in any way with N.A.P.I. operations.

If you have no objection to the drilling of this well, we would appreciate you signing in the below listed space and forwarding this letter to the New Mexico Oil Conservation Division in Santa Fe.

If there are any questions, please call anytime.

Very truly yours,

ENERGY RESERVES GROUP, INC.

William J. Frant
Field Services Administrator

Amoco Production Company has no objection to the proposed unorthodox location as planned by Energy Reserves Group, Inc.

Signed: _____

Enclosure

WJF/cc

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
 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
 At proposed prod. zone 2480' FSL & 2360' FWL (NE/SW)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 9 miles east & 5 miles south of Farmington, NM

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
 Unitized

17. NO. OF ACRES ASSIGNED TO THIS WELL
 160

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

19. PROPOSED DEPTH
 1950'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5867' Gr (ungraded)

22. APPROX. DATE WORK WILL START*
 August, 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#	1950'	100sx. or 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 @ 1750'-1950'. No cores or DST's are planned. Copies of all logs run will be furnished upon completion of the 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. 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. Jones TITLE Field Services Administ. DATE July 30, 1979

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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.

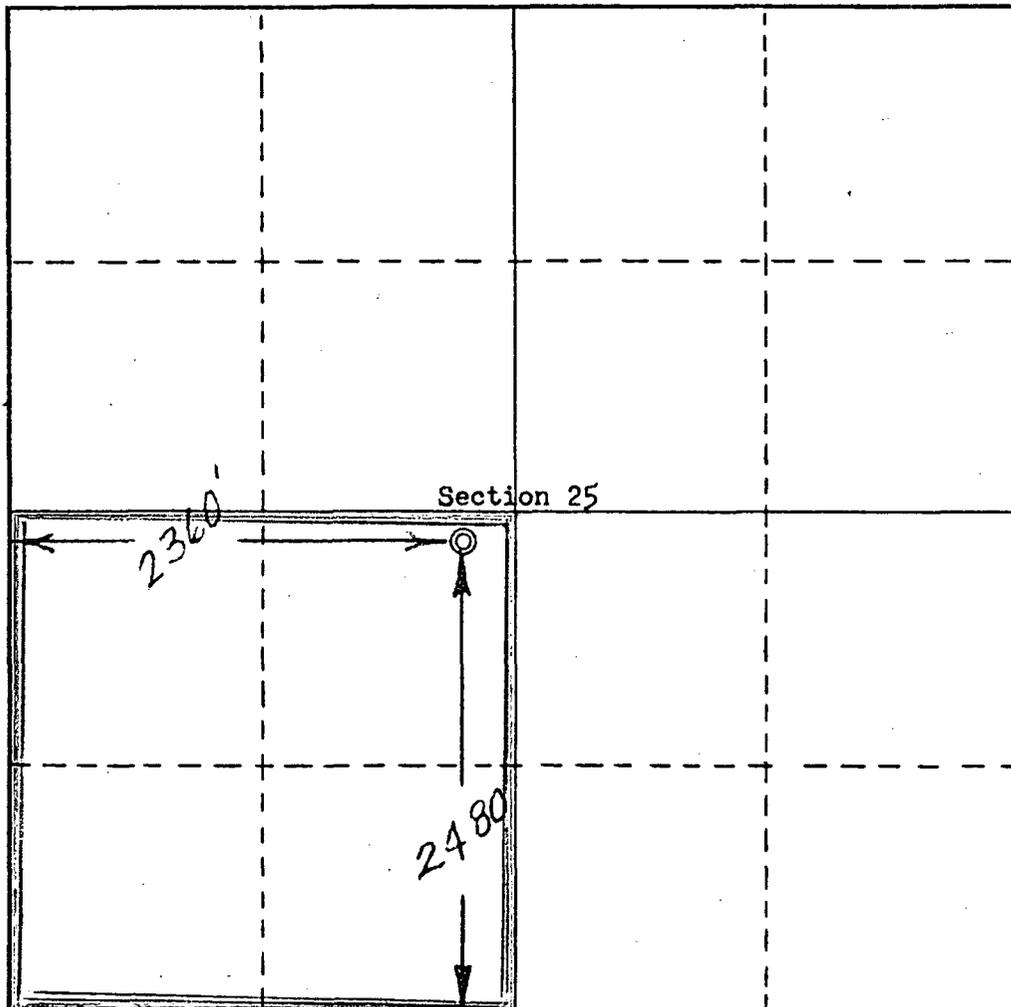
Operator Energy Reserves Group, Inc.		Lease SF-078904-A		Well No. 281	
Unit Letter K	Section 25	Township 28 North	Range 12 West	County San Juan	
Actual Footage Location of Well: 2480 feet from the South line and 2360 feet from the West line					
Ground Level Elev. 5867	Producing Formation Pictured Cliffs		Pool West Kutz Pictured Cliffs	Dedicated Acreage: 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.



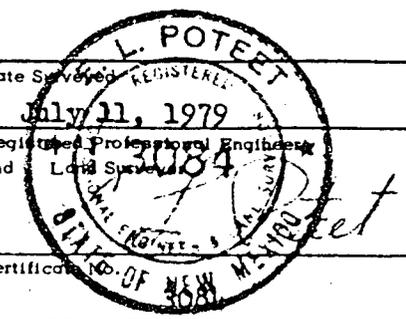
CERTIFICATION

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

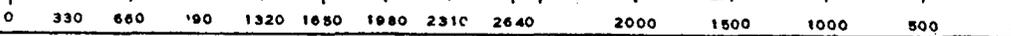
Name
[Signature]
Position
Field Services Administrator
Company
Energy Reserves Group, Inc.
Date
July 30, 1979

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 11, 1979
Registered Professional Engineer and Land Surveyor
No. 3084



Certification No. OF 1988



Township, T28N

Range, R11-12W

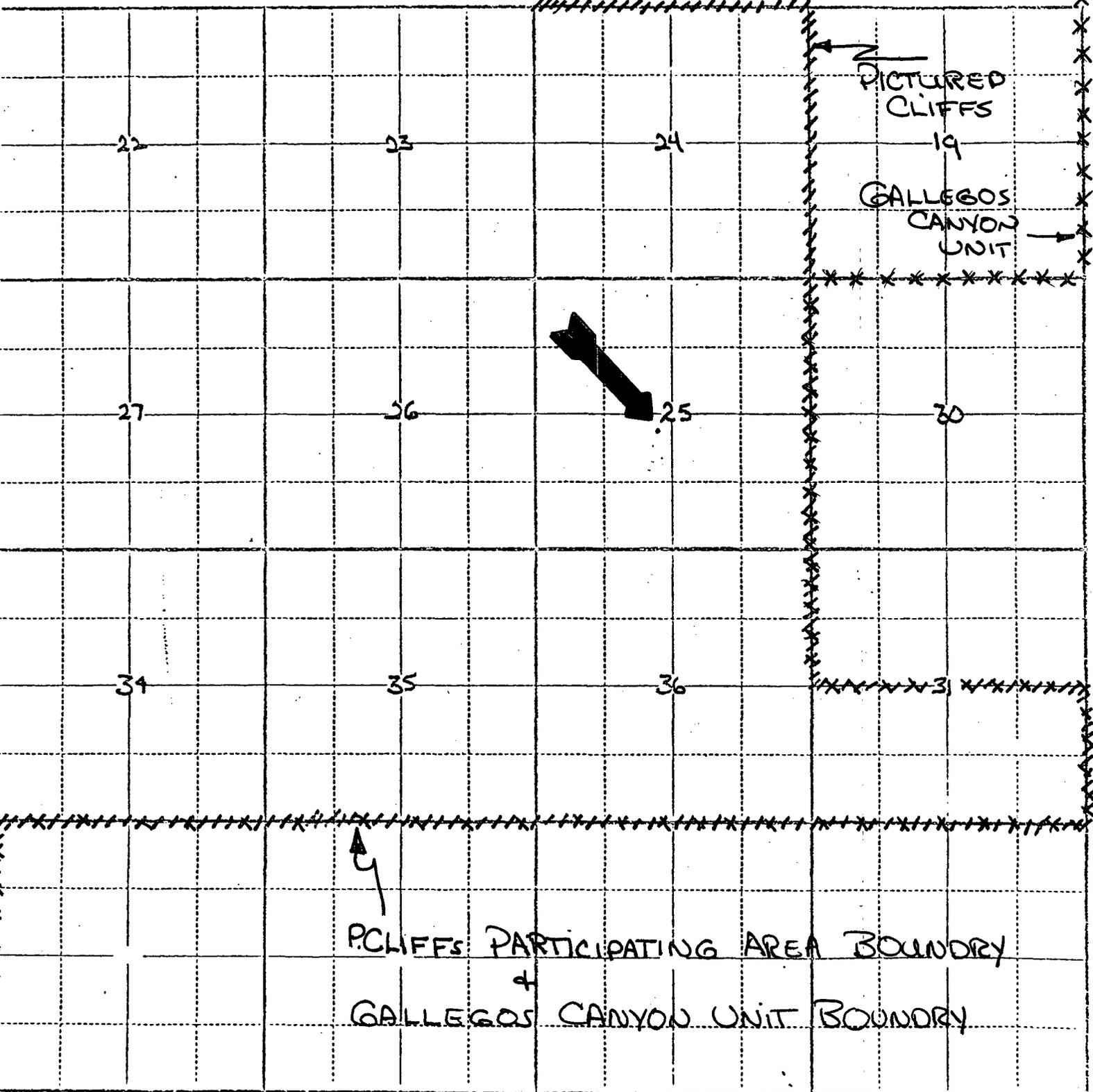
County, SAN JUAN

State, N. Mexico

13

18

R12W | R-11W



1-4
(92 Ac.)

Sec 25 - T28N - R12W

63psi

Q = 7.7
1465'

107 Ac.
2.1 cfs
63 psi

1-3
(113 Ac.)

LAT 33.3-01
L=390
Q=2.4

1-2
(128 Ac.)

122 Ac.
2.4 cfs
68 psi

L=670
Q=2.4

1-7
(131 Ac.)

L=1220
Q=1.99

84 Ac.
1.7 cfs
68 psi

LAT 33.3-02
STA 2+99.5

1-8
(198 Ac.)

124 Ac.
2.5 cfs
73 psi

1-1
(89 Ac.)

188 Ac.
3.7 cfs
63 psi

249 Ac.
5.0 cfs
143 psi

Q=5.0

159 Ac.
3.2 cfs
87 psi

4-5
(97 Ac.)

92 Ac.
1.8 cfs
93 psi

Q=1.8

4-4
(262 Ac.)

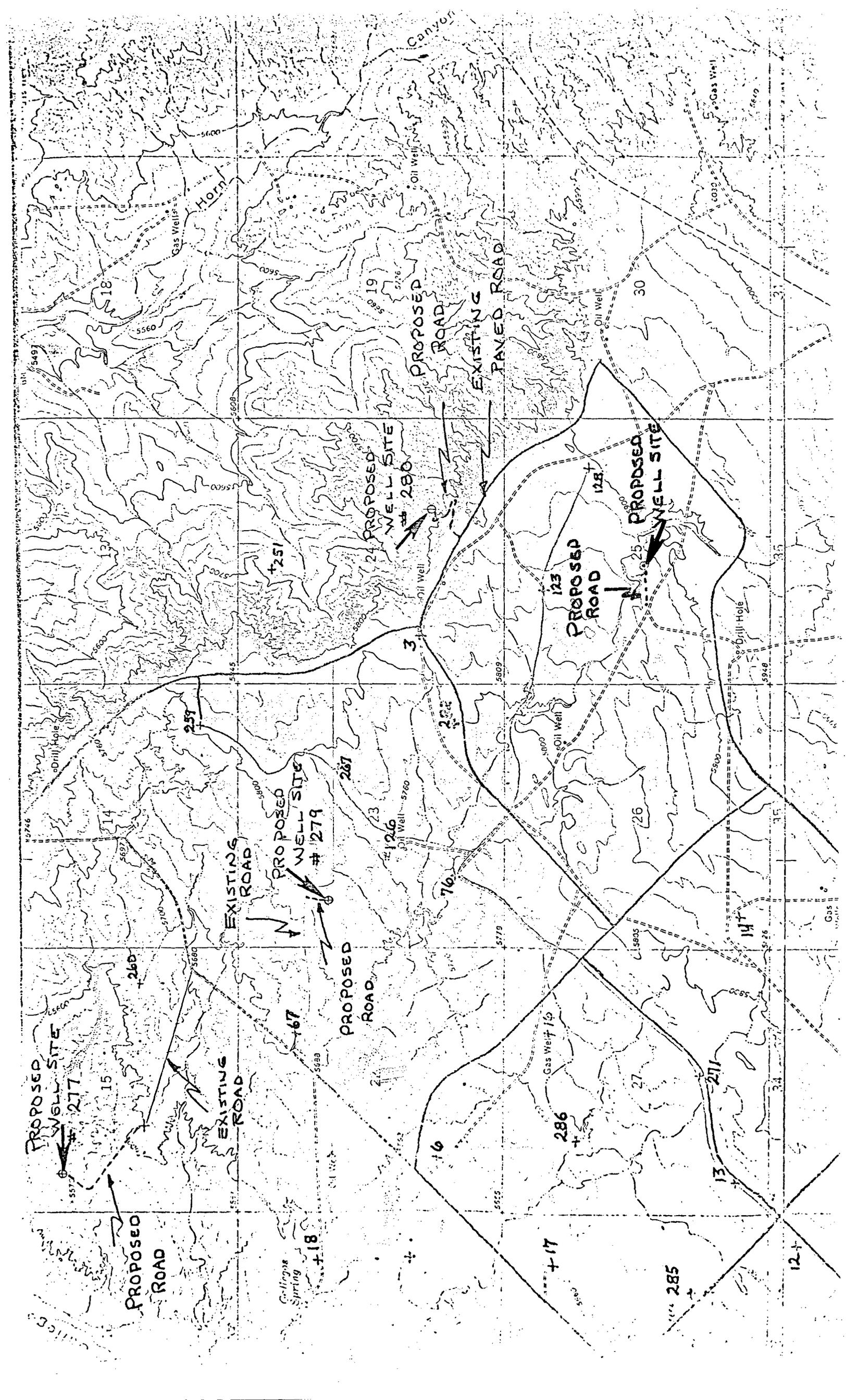
4-6
(167 Ac.)

CDR - F. B. J. III
LAT 33.3-03

55

35





OIL CONSERVATION COMMISSION
AZTEC DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE 8/27/79

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL XXX _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

R. L. Stamets

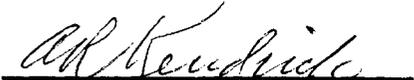
Gentlemen:

I have examined the application dated 7/17/79
for the Energy Reserves Group Gallegos Canyon Unit #281 K-25-28N-12W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours very truly,


A. R. Kendrick

RECEIVED
AUG 31 1979
OIL CONSERVATION DIVISION
SANTA FE