By DRC

NSL #1935
Rule - 104 F I
Release - 10-31-84
No offset operators

Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602-3280
307 265 7331

Energy Reserves Group

September 14, 1984

RECEIVED
OCT 26 1984
OIL CONSERVATION DIVISION
SANTA FE

State of New Mexico
Oil Conservation Division
Box 2088
Santa Fe, NM 87501

Re: Request for Unorthodox Well Location
Gallegos Canyon Unit
San Juan County, New Mexico

Gentlemen:

Energy Reserves Group, Inc. respectfully request approval of the below referenced well location:

Gallegos Canyon Unit Well No. 337
965' FSL 675' FEL
Section 26, T28N-R12W
San Juan County, New Mexico
Federal Lease SF-078904

This proposed well is to be drilled to the Pictured Cliffs formation at a depth of 1,835'. Energy Reserves Group, Inc. is the sub-operator of the Gallegos Canyon Unit which includes all formations above the base of the Pictured Cliffs formation. Attached is a map delineating the Gallegos Canyon Unit boundry and the Pictured Cliffs participating area.

This location is on lands currently controlled by the Navajo Irrigation Project Authority. The stake was moved to its present location to minimize conflicts with the irrigated farm land. This site has been inspected by personnel from the N.A.P.I., and has been verbally approved. Any alternate location within the 160 acre spacing unit would involve conflicts with the anticipated farm usage of the lands.

We would appreciate your review of our request based upon the topographic conflicts.

Very truly yours,

ENERGY RESERVES GROUP, INC.

William J. Fiant
Administrator, Field Services

WJF/kw

Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK: DRILL [X] 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, WY 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 965' FSL, 675' FEL
At proposed prod. zone:

5. LEASE DESIGNATION AND SERIAL NO.: SF-078904

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME: Gallegos Canyon Unit

8. FARM OR LEASE NAME:

9. WELL NO.: 337

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

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 26, T28N-R12W

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 9 miles southeast of Farmington, NM

12. COUNTY OR PARISH: San Juan

13. STATE: New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 675'

16. NO. OF ACRES IN LEASE: 27,795.68

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.: 2200'

19. PROPOSED DEPTH: 1,835'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 5907' GR ungraded

22. APPROX. DATE WORK WILL START*: Fall, 1984

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9-7/8"	7"	17#	100'	Cement to the surface
6-1/4"	4-1/2"	9.5#	1,835'	Cement to the surface

It is proposed to drill the above referenced well with rotary tools from the surface to T.D.. The anticipated zone of completion is the Pictured Cliffs formation. Attached is the 10 Point Drilling Plan and 13 Point Surface Use Plan.

RECEIVED
OCT 30 1984
OIL CONSERVATION DIVISION
SANTA FE

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 [signature] TITLE Administrator, Field Services DATE 9/14/84

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

United States Department of the Interior
NATIONAL PARK SERVICE
SOUTHWEST REGION
P.O. Box 728
Santa Fe, New Mexico 87501

IN REPLY REFER TO:

H24(SWR-PS)

MAY 27 1982

Mr. Bill Fiant
Field Services Administrator
Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602

RE: Archeological Clearance; Drill Hole #337 Gallegos Canyon Unit, San Juan County, New Mexico (DCA 82-68)

Dear Mr. Fiant:

On May 10, 1982, we received correspondence from Ms. Penelope Whitten, Archeologist with the Division of Conservation Archaeology, recommending clearance for two well pads within San Juan County, New Mexico.

The wells are located as follows:

Well	Location	Area Surveyed
#337 Gallegos Canyon Unit	965' FSL, 675' FEL, Sec. 26, T28N, R12W, N.M.P.M.	200' x 275'
#338 Gallegos Canyon Unit	790' FNL, 1600' FWL, Sec. 9, T27N, R12W, N.M.P.M.	200' x 275'

The survey, performed on April 29, 1982, by DCA personnel, recorded two "cultural loci" within the proposed the proposed impact zone of #338 Gallegos Canyon Unit:

IL #1 - sherd scatter — 25 m. south of center stake
IL #2 - lithic scatter — 28 m. southwest of center stake

Inasmuch as the Bureau of Indian Affairs, Navajo Area Office, has been accepting all newly requested archeological clearances for projects on land under BIA jurisdiction since May 1, 1982, we are forwarding this documentation to the BIA for processing.

However, we wish to make it clear that only #338 Gallegos Canyon Unit needs BIA clearance. The other well, #337 Gallegos Canyon Unit, lies in certain specific disturbed agricultural land in Block I of the Navajo Indian Irrigation Project (N.I.I.P.), which has already received archeological clearance (see our enclosed letter dated May 17, 1982). To verify this clearance, please contact Mr. Al Keller, Project Manager, N.I.I.P., Bureau of Indian Affairs, 3539 E. 30th Street, NW Energy Bldg., Farmington, New Mexico 87401 telephone (505) 325-1864. Mr. Keller gives final approval for projects lying on already cleared portions of the N.I.I.P. such as the #337 well location.

Should you have any questions on this correspondence, please contact Mr. Bruce Panowski, Archeologist with this office. He may be reached at (505) 988-6771.

Sincerely,

Ted Birkedal

Ted Birkedal
Supervisory Archeologist

Enclosure

cc:
BIA, Navajo Area Office,
Window Rock, AZ(2)
Dr. David Doyel, NNCRMP,
Window Rock, AZ
Mr. Thomas Merlan, SHPO,
Santa Fe, NM
Mr. Jerry Thomas, BIA,
Shiprock, NM
District Supervisor, MMS,
Farmington, NM
Mr. Al Keller, NIIP, BIA,
Farmington, NM
Ms. Peggy Powers, DCA,
Farmington, NM (w/o encl.)

H24(SWR)PS

MAY 17 1982

Memorandum

To: Project Manager, Navajo Indian Irrigation Project, Bureau of Indian Affairs, Farmington, New Mexico

From: Supervisory Archeologist, Branch of Indian Cultural Resources

Subject: Conditional Archeological Clearance, N.I.I.P. Block I Previously Disturbed Agricultural Land, San Juan County, New Mexico NTM 82-65

On May 6, 1982, we received correspondence from you requesting archeological clearance for previously farmed land within Block I of the Navajo Indian Irrigation Project.

Approximately 9551 acres of agricultural lands exist as Block I within T27N, R12W; T28N, R12W, and T28N, R11W, San Juan County, New Mexico. This farm land has been disturbed to a depth of 30" - 72" by years of cutting and filling, blading, agricultural chiseling, and yearly plowing and discing. An archeological survey of Block I, performed by Ms. Caroline Davis of the Navajo Tribal Museum, and dated June 25, 1976, has been considered inadequate, and has not been accepted by our office.

Normally, professional archeological survey and data recovery programs are required by the applicable lead Federal agency before archeological clearance can be considered. However, after conversations in April, 1982, between our office (acting on behalf of the BIA), and the New Mexico State Historic Preservation Officer, and considering the nature of archeological resources in immediately surrounding areas, it has been determined that the completeness and depth of ground disturbance has effectively destroyed any potentially significant archeological resources that may have existed within the Block I agricultural lands. Therefore, continued ground-breaking activites on the Block I areas described herein should have no effect on significant cultural material.

This is not to say, however, that no archeological data can be retrieved from Block I. Roughly 2366 acres of non-agricultural (Class VI) land remain undisturbed. In order to recover existing Block I cultural information, which may in turn be incorporated into the forthcoming overall N.I.I.P. archeological overview, professional surveys should be made of the remaining 2366 acres of Class VI area.

Therefore, because continued ground disturbance in Block I farming areas will have no effect on known significant resources, and under the condition that remaining Class VI land receives an archeological clearance prior to land modification, archeological clearance is granted for the 9551 acres of Block I land discussed herein as previously farmed (see enclosed map for specific boundaries).

Should any previously unrecorded and/or previously undetected cultural material be discovered during construction operations, all work must cease in the immediate area of the exposed resources. Archeologists from the BIA, Navajo Area Office should then be notified to arrange an on-site inspection to determine the significance and disposition of the archeological remains.

It is the responsibility of project sponsors to notify subcontractors of the boundaries of the archeological clearance and stipulations under which clearance is granted.

If you have any questions concerning this clearance, please contact me at (505) 988-6772.

Enclosures

cc:
BIA, Navajo Area Office, Window Rock, AZ (2)
Dr. David Doyel, NNCRMP, Window Rock, AZ
Mr. Thomas Merlan, SHPO, Santa Fe, NM
Mr. Edward McCabe, BIA, Shiprock, NM

TBIRKEDAL:mp:5/14/82:PS

DIVISION OF CONSERVATION ARCHAEOLOGY

San Juan County
Museum Association

May 3, 1982

Mr. Bill Fiant
Field Services Administrator
Energy Reserve Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602

Dear Mr. Fiant;

Enclosed is a copy of "An Archaeological Survey of Two Well Locations on Block 1 of the Navajo Indian Irrigation Project, San Juan County, New Mexico." Two loci of cultural material were found at location #338 Gallegos Canyon Unit. Because of the extensive land disturbance, these artifacts cannot be placed in a contextual framework and therefore have no further information potential. DCA is recommending archaeological clearance for both locations. The National Park Service will review our report and make a final determination on this recommendation.

Also enclosed is an invoice for our services. If you have any questions about either the report or the invoice please let me know.

Sincerely,

Penelope Whitten

Penelope Whitten
Supervisory Archaeologist

cc: Dr. Ted Birkedal, NPS, Santa Fe ✓
Mr. Leo Soucup, NIIP, Farmington
Dr. David Doyel, NNCRMP, Window Rock
Mr. Bill Bingham, MMS, Farmington
Mr. Tom Merlan, NMHPB, Santa Fe
Dept. of Interior, Washington D. C.

H84 N

Project No. 62-82-C

Federal Antiquities Permit
No. 82-AZ/UT/NM-089
Navajo Nation #1981-14

An Archaeological Survey of Two Well Locations on Block 1 of the Navajo Indian Irrigation Project, San Juan County, New Mexico

for

Energy Reserve Group, Inc.

Locations

#337 Gallegos Canyon Unit
#338 Gallegos Canyon Unit

by
Penelope Whitten
Supervisory Archaeologist

Submitted by

Margaret A. Powers
Principal Investigator

DIVISION OF CONSERVATION ARCHAEOLOGY

Contributions to Anthropology Series, No. 493
San Juan County Archaeological Research Center and Library

May 3, 1982

ABSTRACT

On April 29, 1982, the Division of Conservation Archaeology of the San Juan County Museum Association completed an archaeological survey of two well locations for Energy Reserve Group, Inc. The survey area is located on Block 1 of the Navajo Indian Irrigation Project, San Juan County, New Mexico, and is on land under the jurisdiction of the Bureau of Indian Affairs and the Navajo Tribe.

Two loci of cultural material were found at location #338 Gallegos Canyon Unit. Because of the extensive land disturbance these artifacts cannot be placed in any contextual framework and therefore have no further information potential. DCA recommends archaeological clearance for both locations.

INTRODUCTION

On April 29, 1982, the Division of Conservation Archaeology (DCA) of the San Juan County Museum Association conducted an archaeological survey for Energy Reserve Group, Inc. of Casper Wyoming. Harlan Gould, consultant for Energy Reserve Group, Inc., requested the survey on April 28, 1982. Margaret A. Powers administered the project for DCA; Harlan Gould administered the project for Energy Reserve Group, Inc.

In recognition of the limited, nonrenewable nature of archaeological remains, federal and state governments have enacted legislation that is designed to conserve and protect these resources. The principal federal legislation includes the Antiquities Act of 1906 (PL 52-209), the Historic Preservation Act of 1966 (PL 89-665), the National Environmental Policy Act of 1969 (PL 91-852), the 1971 Executive Order No. 11593, the Archaeological and Historical Conservation Act of 1974 (PL 93-291), and the Archaeological Resources Protection Act of 1979 (PL 96-95).

In addition, the states of Arizona, New Mexico, Utah and Colorado have enacted laws to ensure compliance with federal legislation and to protect archaeological resources within their jurisdiction. Work undertaken in the course of this project is governed by the stipulations of Federal Antiquities Permit No. 82-AZ/UT/NM-089 and Navajo Nation Antiquities Permit No. 1981-14 and is for purposes of compliance with these statutes.

Penelope Whitten, DCA archaeologist, surveyed the project area for cultural remains. Dr. Barry Holt, Bureau of Indian Affairs Area Archaeologist; and Dr. David Doyel, Coordinator of the Navajo Nation Cultural Resource Management Program, were notified of the survey schedule prior to beginning fieldwork.

Harlan Gould accompanied the archaeologist during the fieldwork.

METHODS

The pad areas were surveyed by walking a series of parallel transects spaced approximately 10 meters apart. A 25 foot wide buffer zone was also surveyed around the perimeter of each pad. The archaeologist recorded all cultural remains. Those whose information potential exceeded what could be extracted during the survey phase were assigned site status. Other cultural remains were documented as isolated loci (IL). Pertinent environmental data were also recorded.

In addition to field inspection, the archaeologist conducted a search of the records at the Division of Conservation Archaeology to determine if any sites had been previously recorded in the project area.

PROJECT AREAS

Both well locations are situated at the edge of fields in Block 1 of the Navajo Indian Irrigation Project (NIIP). Because blanket archaeological clearance for this block has not yet been formalized, Mr. Leo Soucup of the BIA/NIIP, Farmington, New Mexico, requested that Energy Reserve Group, Inc. have the locations surveyed for cultural remains.

#337 Gallegos Canyon Unit

Legal Description: 965' F/SL, 675' F/EL, Section 26, T28N, R12W, NMPM, San Juan County, New Mexico (Figure 1)

UTM Coordinates: Zone 12, 4057440N, 761670E (well center)

Map Source: U.S.G.S. 7.5' Horn Canyon Quadrangle (1965)

Land Jurisdiction: Bureau of Indian Affairs and Navajo Nation (N.I.I.P.)

Project Area: 150' x 225' (0.77 acres) - well pad
200' x 275' (1.30 acres) - well pad and buffer zone

Description: The proposed location is situated on the southeastern edge of Field 8. The field had already been plowed at the time of the original survey and no surface evidence of historic or prehistoric occupation was observed (Davis 1976).

At the time of the present survey the field was not under cultivation and Russian thistle (Salsola kali) and various unidentified grasses had begun to reestablish themselves.

Access to the proposed location is provided by a paved road which skirts the southeastern edge of the location.

Cultural Resources: No cultural resources were found in the project area.

Recommendations: Archaeological clearance is recommended.

#338 Gallegos Canyon Unit

Legal Description: 790' F/NL, 1600' F/WL, Section 9, T27N, R12W, NMPM, San Juan County, New Mexico (Figure 2)

UTM Coordinates: Zone 12, 4053600N, 757680E (well center)

Map Source: U.S.G.S. 7.5' Gallegos Trading Post Quadrangle (1965).

Land Jurisdiction: Bureau of Indian Affairs and Navajo Nation (N.I.I.P.)

Project Area: 150' x 225' (0.77 acres) - well pad
200' x 275' (1.30 acres) - well pad and buffer zone

Description: The proposed location is situated on the northeastern edge of Field 35. It is not clear if the eastern part of the field had been plowed at the time of the original survey but no cultural resources were reported for that area (Davis 1976).

Vegetation on the proposed pad includes Russian thistle, Mormon tea (Ephedra sp.), prickly pear (Opuntia sp.), narrowleaf yucca (Yucca angustissima), and various unidentified grasses. At the time of the present survey a portion of the field just west of the location had been recently replowed.

Access is provided by a bladed road running along the east side of the pad. This dirt road parallels a paved road.

Cultural Resources: Two loci of cultural material were found in the survey area.

IL #1 consists of approximately 25 corrugated sherds, 3 sherds of Red Mesa B/W and one piece of White Mountain Redware scattered over a 5 meter (E-W) by 15 meter (N-S) area. This IL is located 25 meters (75 feet) south of the center stake in an area which appears to have been recently redisturbed by movement of heavy equipment. Numerous modern corn cobs lie on the surface in this disturbed area. Corncobs were not observed on other portions of the proposed location. There was no evidence of any other type of cultural material (e.g., sandstone rubble) associated with the artifacts.

IL #2 consists of a diffuse scatter of tiny rock fragments, which appear to have been shattered by machinery. One chert nodule measuring approximately 8 centimeters by 10 centimeters was found within this scatter. Flakes have been removed from one end of the nodule, and this flake removal does not appear to be the result of machine impact. A possible ground stone fragment was found near by. The pattern of fracture suggests fire cracking rather than machine impact. A second possible ground stone fragment of an igneous materia is located 9 meters north of the nodule. Two or three possible flakes, also of an igneous material, were observed within the scatter.

The southwest corner of the scatter is located 28 meters east of the center stake (3 meters east of the eastern pad boundary). The scatter extends approximately 30 meters north and at least 7 meters to the east. There is a north-south fence line which seperates the field from the paved road. The area to the east of the fence was not examined.

Recommendations: Because of the extensive land disturbance, the artifacts described above cannot be placed in any contextual framework and therefore have no further information potential. Archaeological clearance is recommended.

REFERENCES CITED

Davis, Caroline M.
1976 Archaeological Clearance Investigation and Recommendations, Navajo Agricultural Products Industry, Block I South of Farmington, San Juan County, New Mexico. The Navajo Tribal Museum, Window Rock, Arizona.

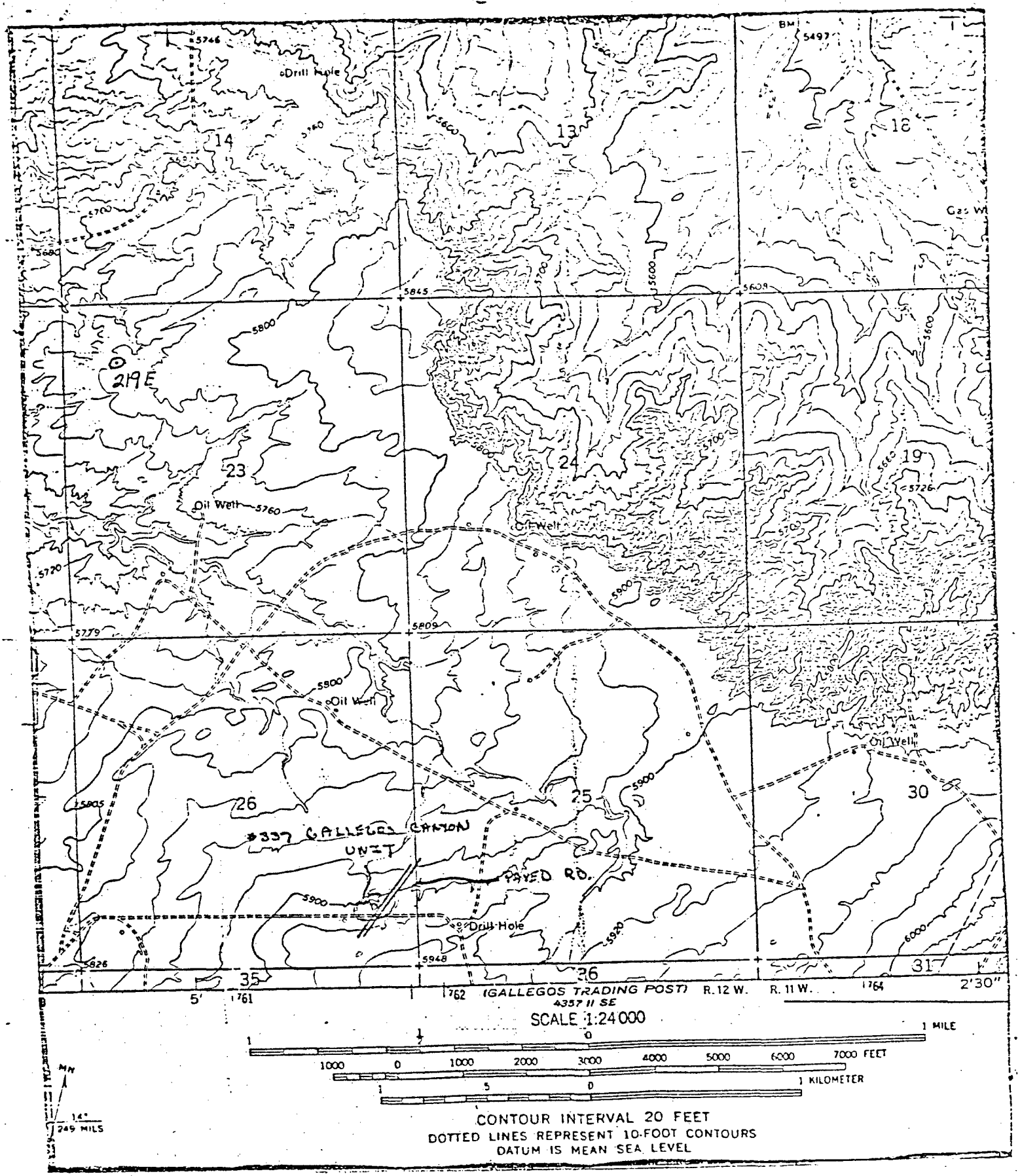


FIGURE 1
USGS 7.5' HORN CANYON QUADRANGLE (1965), T28N, R12W, SECTION 26, NMPM, SAN JUAN COUNTY, NEW MEXICO

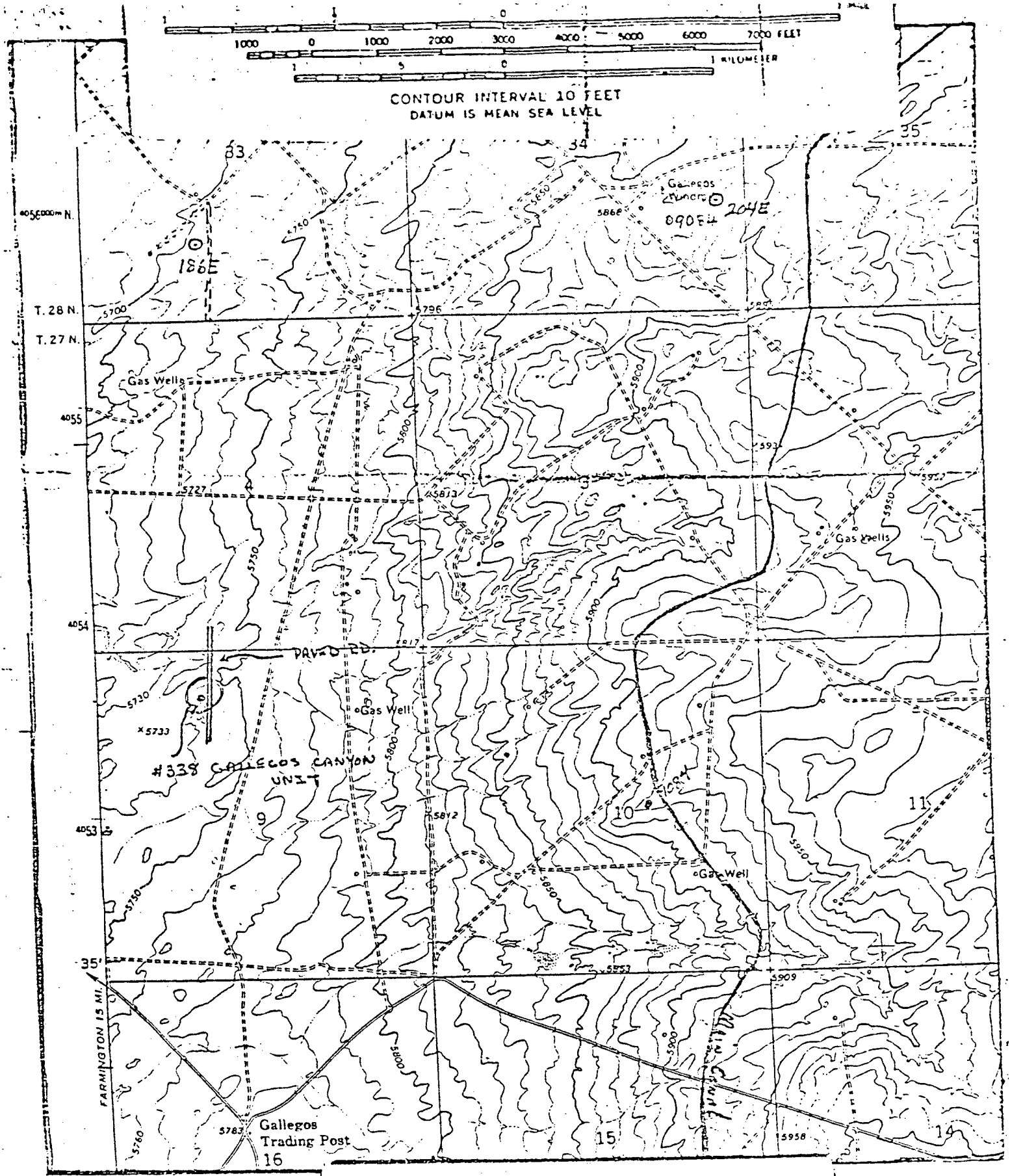


FIGURE 2
USGS 7.5' GALLEGOS TRADING POST QUADRANGLE (1965), T27N, R12W, SECTION 9, NMPM, SAN JUAN COUNTY, NEW MEXICO

TEN POINT PROGRAM

1) SURFACE FORMATION: Nacimiento

2 & 3) ESTIMATED TOPS:

Ojo Alamo	357'	water
Kirtland	532'	
Fruitland	1,410'	gas
Pictured Cliffs	1,685'	gas
Total Depth	1,835'	

4) CASING PROGRAM:
0-100' - 9-7/8" hole - run 7", 17#, K-55 - new, ST&C - cemented to the surface.
0-1,835' - 6-¼" hole - run 4-½", 9.5#, K-55 - new, ST&C - cemented to the surface

5) PRESSURE CONTROL EQUIPMENT: (See attached schematic diagram)

Annular type preventor will be tested to 50% of its rated work pressure.

6) MUD PROGRAM:

A fresh water base gel mud will be used. Monitoring will be visual.

Sufficient mud materials to maintain mud properties, control lost circulation and to contain blowout will be available at wellsite.

7) AUXILIARY EQUIPMENT:

Equipment will include (1) Kelly cock, (2) sub on rig floor with full opening valve with drill pipe thread.

8) LOGGING: DIL-SP; Neutron-Den-GR-from base of surface casing to T.D.

CORING: None

TESTING: None

STIMULATION: Nitrogen/water frac consisting of approx. 20,000 gal. of 70% quality foam w/25,000#, 10-20 sand.

9) ABNORMAL PRESSURE:

The Fruitland sand is expected to contain excessive pressures.

ESTIMATED BOTTOMHOLE PRESSURE: 425 psi

10) ANTICIPATED STARTING DATE: Summer of 1982

DURATION OF OPERATION: 3 days to drill - 4 days to complete.

LEASE: Gallegos Canyon Unit Lease No. SF-078904

LOCATION: SE¼ Sec 26, T28N-R12W

DATE: 4-29-82

SURFACE USE AND OPERATIONS PLAN

1. Existing roads

   A. See attached map

   B. Route and distance from nearest town:

   Proceed from Farmington, N.M. East on 3003 rd. into the Block One area of the Navajo Irrigation project. See attached map for further directions.

   C. Access roads to location: Color coded.

   D. Exploratory well: Not applicable.

   E. Development well: For all existing roads within a one mile radius See Map.

   F. Plans for improvement and/or maintenance: ERG-Amoco & El Paso Nat. Gas Co. currently maintain all roads in the area which are not county roads.

2. Planned access roads. See Map.

   1. Width: 18'

   2. Maximum grade: 0%

   3. Turnouts: None

   4. Drainage design: None

   5. Location and size of culverts: None

      Major cuts and fills: None

   6. Surface Materials: None

   7. Gates: None

      Cattleguards: None

      Fence cuts: None

   8. Center-line road flagging: The route of the new access road is flagged as shown on Map.

3. Location of existing wells

   1. Water wells: None

   2. Abandoned wells: None

   3. Temporarily Abandoned Wells: None

   4. Disposal wells: #259 is the nearest disposal well

   5. Drilling wells: None

   6. Producing wells: See map

   7. Shut-in wells: None

   8. Injection wells: None

   9. Monitoring or observation wells: None

4. Location of existing and/or proposed facilities owned and/or controlled by Energy Reserves Group, Inc.

A. Existing facilities: ERG operates the Gallegos Canyon Unit P.C. participation a

1. Tank batteries: No oil is produced from the P.C. or Fruitland wells.

2. Production facilities: Dehy units and meters are owned and operated by El Paso Natural Gas Co.

3. Oil gathering lines: NA

4. Gas gathering lines: Each well is served by a gathering line owned by El Paso Nat. Gas Co.

5. Injection lines: NA

6. Disposal lines: There are three disposal systems in the GCU. All wells producing in excess of 5 BWPD are equipped with a disposal line.

B. New production facilities:

1. Proposed tank battery: None

2. Dimensions of facilities: All new well facilities will be contained to the existing pad area.

3. Construction methods and materials: Area to be used will be leveled with dozer, materials used for foundation will consist of crushed rock and native materials.

4. Protective measures and devices: Pits will be fenced and flagged to protect livestock, wildlife and waterfowl.

C. Plans for rehabilitation of disturbed area: All disturbed areas not needed for operation will be contoured to match existing terrain and reseeded with the seed mixture recommended by the surface owner.

5. Location and type of water supply

A. Location: NE¼ Sec. 33, T29N-R12W

Supply: Hammond Ditch

B. Method of transportation: Water will be hauled by tank trucks using existing roads.

C. Water wells to be drilled: None

6. Source of contruction materials

A. Location: Native materials will be used for construction of the pad & pits.

B. From Federal or Indian lands: None

C. Additional materials: Any fill material or gravel needed will be hauled in by truck from private sources.

D. Access roads on Federal or Indian lands: Existing authorized roads will be used

7. Methods of handling waste disposal

1 & 2. Cuttings and drilling fluids: Deposited during drilling operations will be put in reserve pits.

3. Produced fluids: Tanks will be used for storage of produced fluids during testing.

4. Sewage: Sewage will be contained in a portable lattrine or bored hole and a suitable chemical will be used to decompose waste materials.

5. Garbage and other waste materials: Garbage and other waste materials will be put in burn pit and all flammable materials will be burned. Burn pits will be enclosed with small mesh wire to prevent littering.

6. Proper clean-up of well-site: Upon completion of drilling all trash and litter will be picked up and placed in the burn pit which will be buried. The reserve pits will be fenced on three sides during drilling and the fourth side will be fenced when drilling is completed. They will remain fenced until dry at which time they will be backfilled.

8. Ancillary facilities

1. None planned.

9. Wellsite layout

1. Cuts and fills: See Diagram.
2. Location of pits and stockpiles: For location of mud tanks, reserve, burn and trash pits, pipe racks, living facilities and soil materials stockpiles, See Diagram.
3. Pad orientation: For rig orientation parking areas and access roads, see Diagram.
4. Lining of pits: No plans to line reserve pits at this time.
5. O.S.H.A. requirements: Area needed to conduct the fracturing operations in a safe manner and in accordance with O.S.H.A. standards will be within the areas already disturbed.

10. Plans for restoration of surface

1. Backfilling, leveling, contouring, and waste disposal: Topsoil will be stripped from the location and stockpiled for use after completion of contouring at which time it will be redistributed on the location. Backfilling of the reserve pits will be done as soon as the pits are dry. Contouring of the location will be done, in the event of a dry hole, to restore the surface to as near its original condition as possible. In the event of production those portions of the pad not needed for operations will be contoured in such a manner as to support vegetation and blend into the surrounding topography as much as possible. Waste disposal will begin immediately after completion of drilling. All trash and litter will be picked up, placed in the burn pit and buried.
2. Revegetation and rehabilitation: Revegetation of the location and access roads (those not left for landowner use) will begin with reseeding which will be done in the Spring or Fall of the year with the seed mixture specified by the appropriate agency or landowner. Rehabilitation of the location and access road will include contouring, replacement of topsoil and reseeding as discussed above.
3. Prior to rig release: The pits will be fenced on four sides to protect livestock and wildlife. Fence will remain until pits are backfilled.
4. Oil on pit will be removed or overhead flagging will be installed for the protection of waterfowl.
5. Timetable of rehabilitation operations: Commencement of rehabilitation work will be upon completion of drilling. Completion of rehabilitation work will depend on weather conditions and time required for pits to dry.

11. Other information used

1. Topography, soil characteristics, geologic features, flora and fauna:

The well site is located in class six land within the Navajo irrigation project. Soil is sandy and contains very little vegetation - mostly weeds. The area is flat and has previously been cleared & leveled. No wildlife is found in the area

2. Surface-use and ownership: None - NIIP is the surface owner.

3. Proximity of water, occupied dwellings, archeological, historical or cultural sites:

The San Juan River is the nearest live stream in the area being located approximately 4 miles North. The nearest occupied dwellings are located 1½ miles East. Archeological inspections have been conducted and reports will be submitted to the appropriate offices.

12. Lessee or operator's field representative

ENERGY RESERVES GROUP, INC.
P.O. BOX 3280
CASPER, WYOMING 82602

Phone No. 307-265-7331 (office)

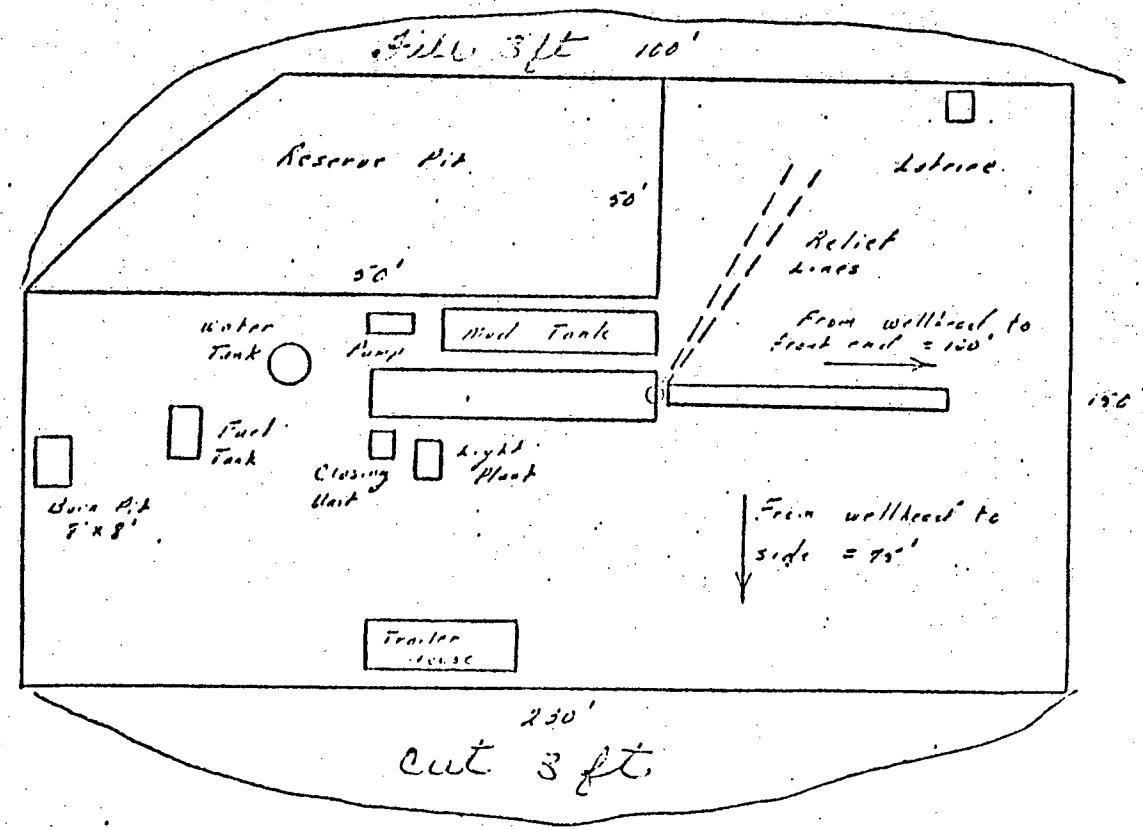
13. Certification

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 Energy Reserves Group, Inc. and its contractos and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

FIELD SERVICES ADMINISTRATOR

E

Typical Location Plat for Pictured Cliffs Well



Scale: 1" = 30'

S

N

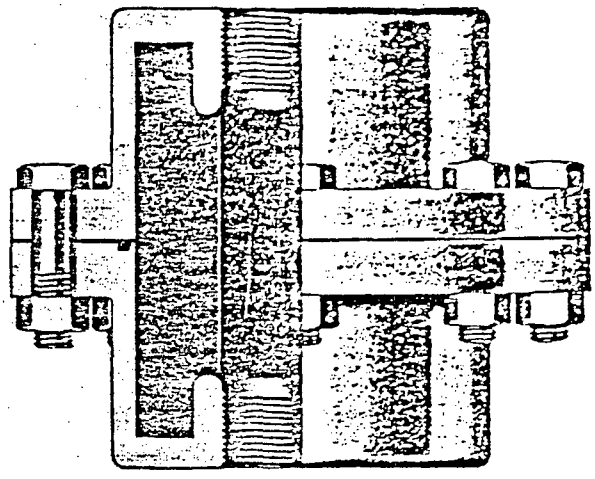
W

REGAN TYPE 'K' STRIPPER BLOWOUT PREVENTER

Patented

The Regan Type 'K' Stripper Blowout Preventer is for production workover operations where minimum cost and weight are important factors. The strippers are being used for medium high pressure stripping jobs of tubing and sucker rods. Type 'K' Stripper bodies are furnished for either 3,000 lb. or 6,000 lb. test depending on requirements.

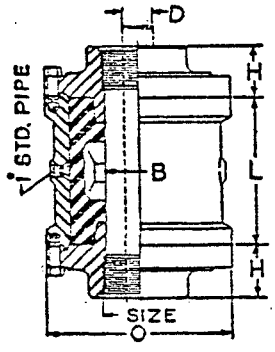
The Regan Type 'K' Stripper Blowout Preventer in the 3" size is also used in connection with the Regan High Pressure Lubricator Stuffing Box and the Regan High Pressure Lubricator for complete automatic control of any wire line operations. A special hour-glass-shaped packer is available for use when a 2" bore is sufficient.



Size	Test Pressure	Part No.	Weight	O.D.	Height	Bore	Standard Connection
3"	3000	12108	70	10¾	9	3	3" Line Pipe
3"	6000	16171	134	11½	10¼	3	3" Line Pipe
4"	3000	12488	215	14½	15	4	3" Line Pipe

REGAN TYPE K BLOWOUT PREVENTER

This preventer is no longer being manufactured and has been replaced by the Type KFL & Torus. The information listed below is for replacement packers for existing preventers only.



Model 3—Body assembled with Model 3 flanges (Blank or threaded). When the Blowout Preventer is assembled with Model 3 flanges at both ends, it presents the standard hook-up which may be placed in any position in the cellar by employing nipples of suitable length. Conventional practice in this hook-up, calls for a welded mud line connection, either above or below the Blowout Preventer.

DATA CHART FOR REGAN TYPE K BLOWOUT PREVENTER HOUSINGS

Nom. Size BOP	B Bore	PACKOFF RANGE Max.	PACKOFF RANGE Min.	O 3000#	O 6000#	L Body Lgth.	H Flg. HL	Packer Part No.
6⅝-7	6¼	6¼	2⅜	17	19	14	6¼	5516
8⅝	7⅛	7⅛	2⅜	21¼	22	17	6	5042
9⅝	8⅛	8⅛	2⅜	24¼	25¼	19½	6¾	5067
10¾	10	10	2⅜	27¼	29½	21	6¾	5686
11¾	11⅛	11⅛	2⅛	30	33½	25	6¾	8294
13⅜	12⅜	12⅜	2⅛	32	36½	28	7¾	5043
13⅜	13⅜	13⅜	2⅛	34½	36½	30	7¾	7101

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

Form C-102
Revised 10-1-7

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

Operator	Lease	Well No.
ENERGY RESERVES GROUP, INC.	GALLEGOS CANYON UNIT	337

Unit Letter	Section	Township	Range	County
P	26	28N	12W	San Juan

Actual Footage Location of Well:
965 feet from the South line and 675 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5907	Pictured Cliffs	West Kutz Pictured Cliffs	160 Acres

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

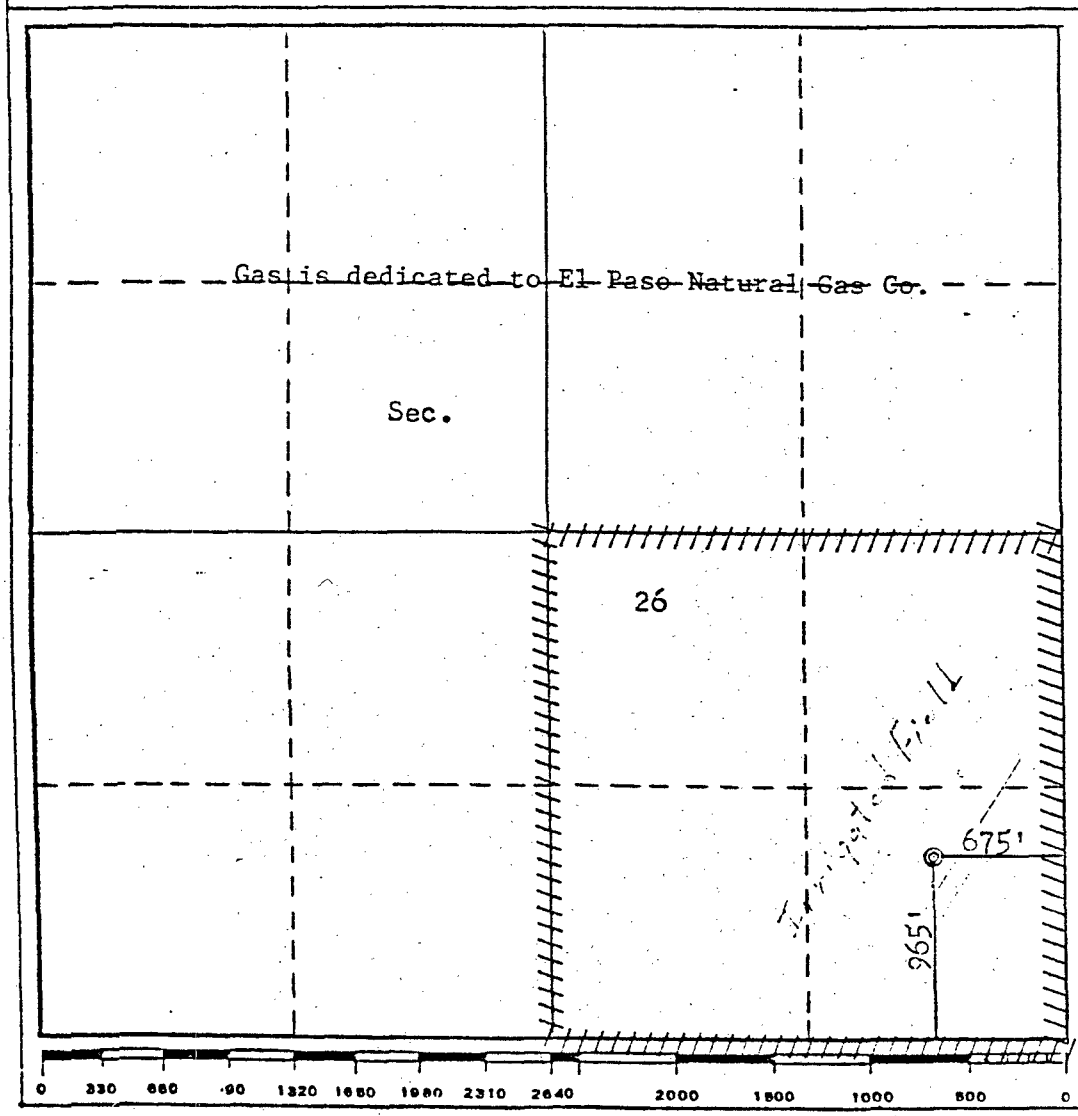
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.



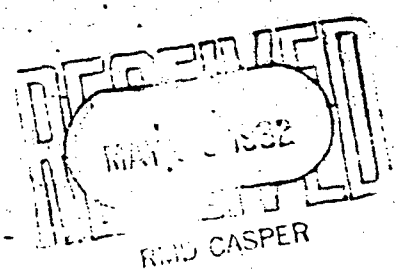
CERTIFICATION

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

Name
Position
Field Services Administrato
Company
Energy Reserves Group, Inc.
Date
May 4, 1982

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
April
Registered Professional Engineer and/or Land Surveyor
Fred B. Kerr Jr.
Certificate No.
3950



Well Name Gallegos Canyon Unit #337

Location SE 26-28-12

Formation PC

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

U. S. Forest Service	Date
Archaeologist	4-29-82 Date
Bureau of Indian Affairs Representative	4-28-82 Date
Bureau of Land Management Representative	Date
U. S. Geological Survey Representative - AGREES TO THE FOOTAGE LOCATION OF THIS WELL.	4-27-82 Date

REASON:

Seed Mixture:

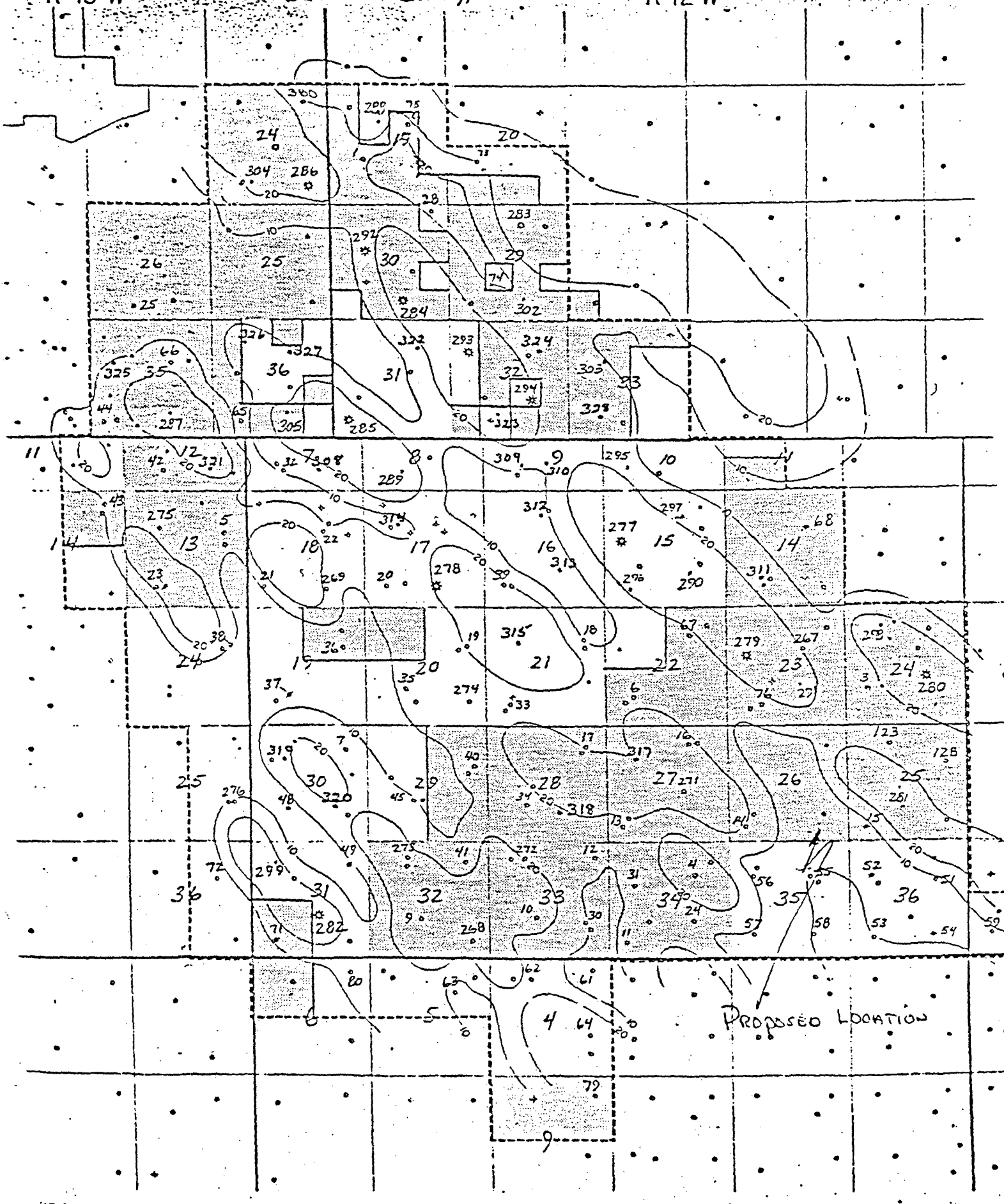
Equipment Color:

Road and Row: (Same) or (Separate)

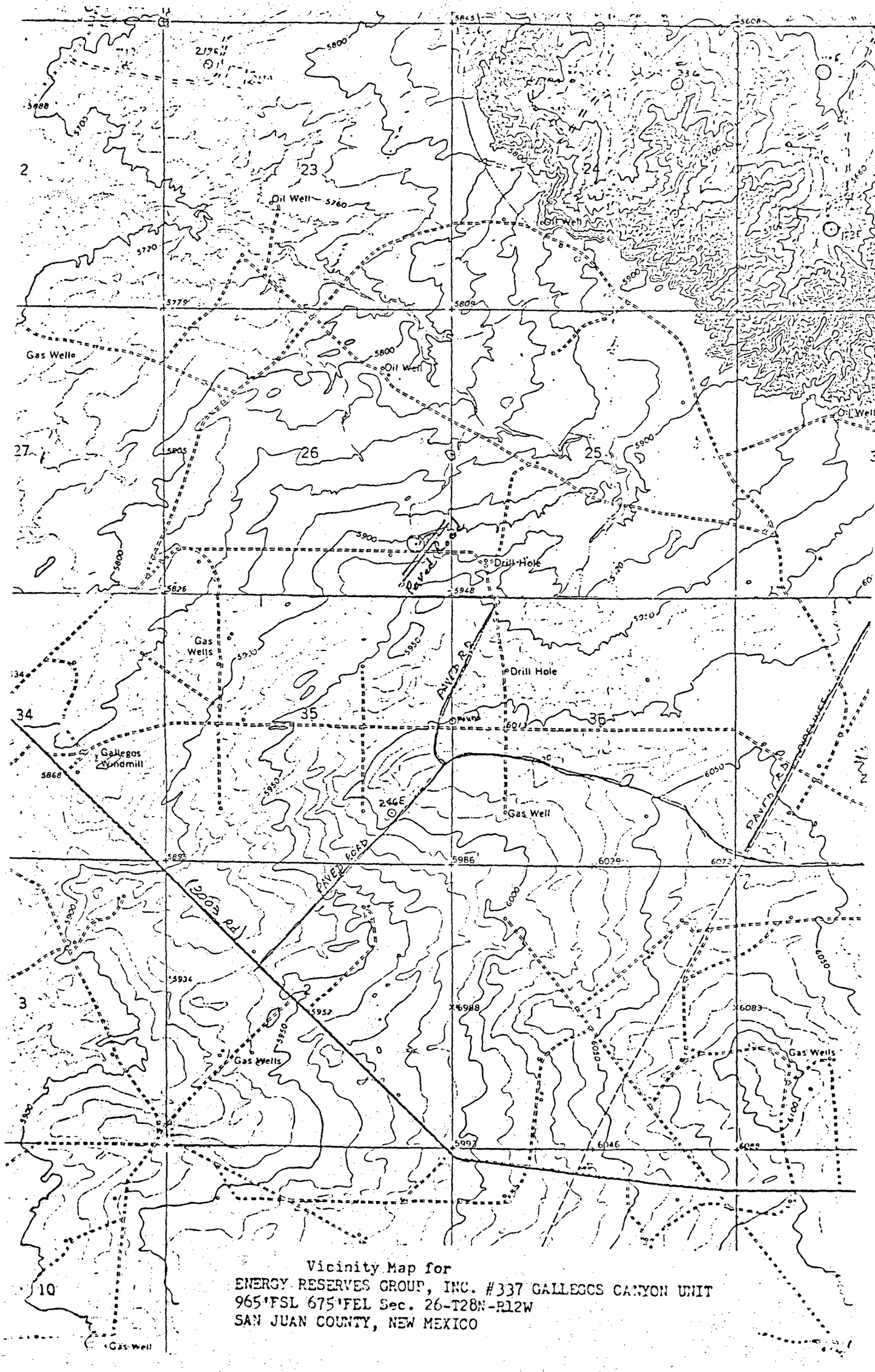
Remarks:

GALLEGOS CANYON UNIT — PICTURED CLIFFS

R 13 W — San Juan County, New Mexico — R 12 W



Note: Unnumbered wells are not Unit — Pictured Cliffs wells



Vicinity Map for
ENERGY RESERVES GROUP, INC. #337 GALLEGOS CANYON UNIT
965'FSL 675'FEL Sec. 26-T28N-R12W
SAN JUAN COUNTY, NEW MEXICO