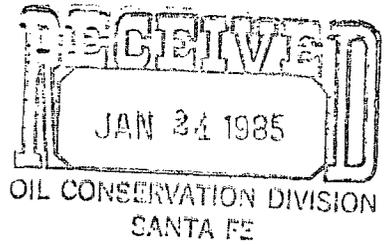


No offsets
Release Immediately

By DRC

PETROLEUM ENERGY, INC.



January 21, 1985

Director Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

NSL- 1977
RULE- 104 FE

1977 Dedicated Acreage - 160
SW/4 of Section 5, 26, 19
Mountain Mississippian Pool Ext.

Gentlemen:

Please find enclosed an Application for Permit as filed with the Bureau of Land Management.

This location was originally chosen to avoid Indian Ruins in the area, note the comment of the archeological survey attached.

All off-set leases are owned by PETROLEUM ENERGY, INC., and all minerals are owned by the NAVAJO TRIBE.

Should you need anything further to grant an exception please advise.

Thank you,

Sincerely,

PETROLEUM ENERGY, INC
Jay D. Magness
Jay D. Magness
JDM:pjr
Enclosure

cc: Mr. Frank Chavez
Bureau of Land Management



United States Department of the Interior

NATIONAL PARK SERVICE

Southwest Region

P. O. Box 728

Santa Fe, New Mexico 87501

IN REPLY REFER TO:

H22

JUN 18 1975

Mr. Robert E. Lauth
Geological Consultant
960 East Second Avenue
P. O. Box 776
Durango, Colorado 81301

Dear Mr. Lauth:

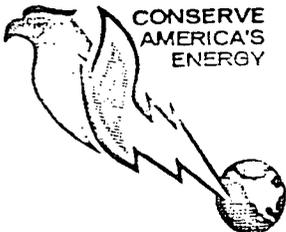
Enclosed is correspondence regarding an archeological clearance survey of three (3) proposed drill locations, SSW of Shiprock Pinnacle, New Mexico. The archeological survey was performed by Archeologist Correll in your company on May 29, 1975.

The following (3) proposed drill locations were included in the archeological survey:

<u>Site</u>	<u>Location</u>
2-5 Navajo	Sec. 5, NW $\frac{1}{4}$, SW $\frac{1}{4}$, T26N, R19W, NMPM
3-5 Navajo	Sec. 5, NW $\frac{1}{4}$, NE $\frac{1}{4}$, T26N, R19W, NMPM
(Not given)	Sec. 6, NE $\frac{1}{4}$, Near Center, T26N, R19W, NMPM

No archeological or historical sites were located within the confines of the project area. However, several archeological sites were located nearby which will necessitate caution that construction or other activities do not exceed the project area and disturb the archeological sites in any way.

Archeological clearance is granted for all three (3) proposed drill



Save Energy and You Serve America!

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL RE-ENTER DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL HELIUM WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 PETROLEUM ENERGY, INC.

3. ADDRESS OF OPERATOR
 P. O. BOX 2121 DURANGO, COLORADO 81301

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface NW 1/4 SW 1/4 1980' FROM SOUTH LINE AND 660' FROM WEST LINE

At proposed prod. zone SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
 3 MILES NORTH AND 1 1/2 MILES WEST OF SANASTEE, NEW MEXICO

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit lne, if any)
 5940'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 2200'

21. ELEVATIONS (Show whether DT, BM, GR, etc.)
 5993' GROUND

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17 1/4"	13 3/8"	54#	100'	130 SACKS (IN PLACE)
12 1/4"	9 5/8"	47#	1491'	400 SACKS (IN PLACE)
8 3/4"	4 1/2"	10.5#	6525'	200 SACKS

5. LEASE DESIGNATION AND SERIAL NO.
 NCC-14-20-
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 NAVAJO TRIBE
 7. UNIT AGREEMENT NAME
 8. FARM OR LEASE NAME
 NAVAJO
 9. WELL NO.
 2-5
 10. FIELD AND FOUR CORNERS
 WILDCAT
 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 NW 1/4 SW 1/4 SECTION 5
 T26N, R19W, N.M.P.M.
 12. COUNTY OR PARISH OR STATE
 SAN JUAN NEW MEXICO

16. NO. OF ACRES IN LEASE
 1905 ACRES
 17. NO. OF ACRES ASSIGNED TO THIS WELL
 160 ACRES
 19. PROPOSED DEPTH
 6525'
 20. ROTARY OR CABLE TOOLS
 ROTARY
 22. APPROX. DATE WORK WILL BE DONE
 FEBRUARY 1, 1985

PLUG TOPS AT: 5847', 4807', 3300', 3050', 1425' AND TOP OF HOLE.
 PLAN TO RE-ENTER, DRILL OUT, RUN CASING AND COMPLETE AS A MISSISSIPPIAN HELIUM GAS WELL.

COMPLIANCE OFFICER APPROVAL WILL BE ACQUIRED.

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.

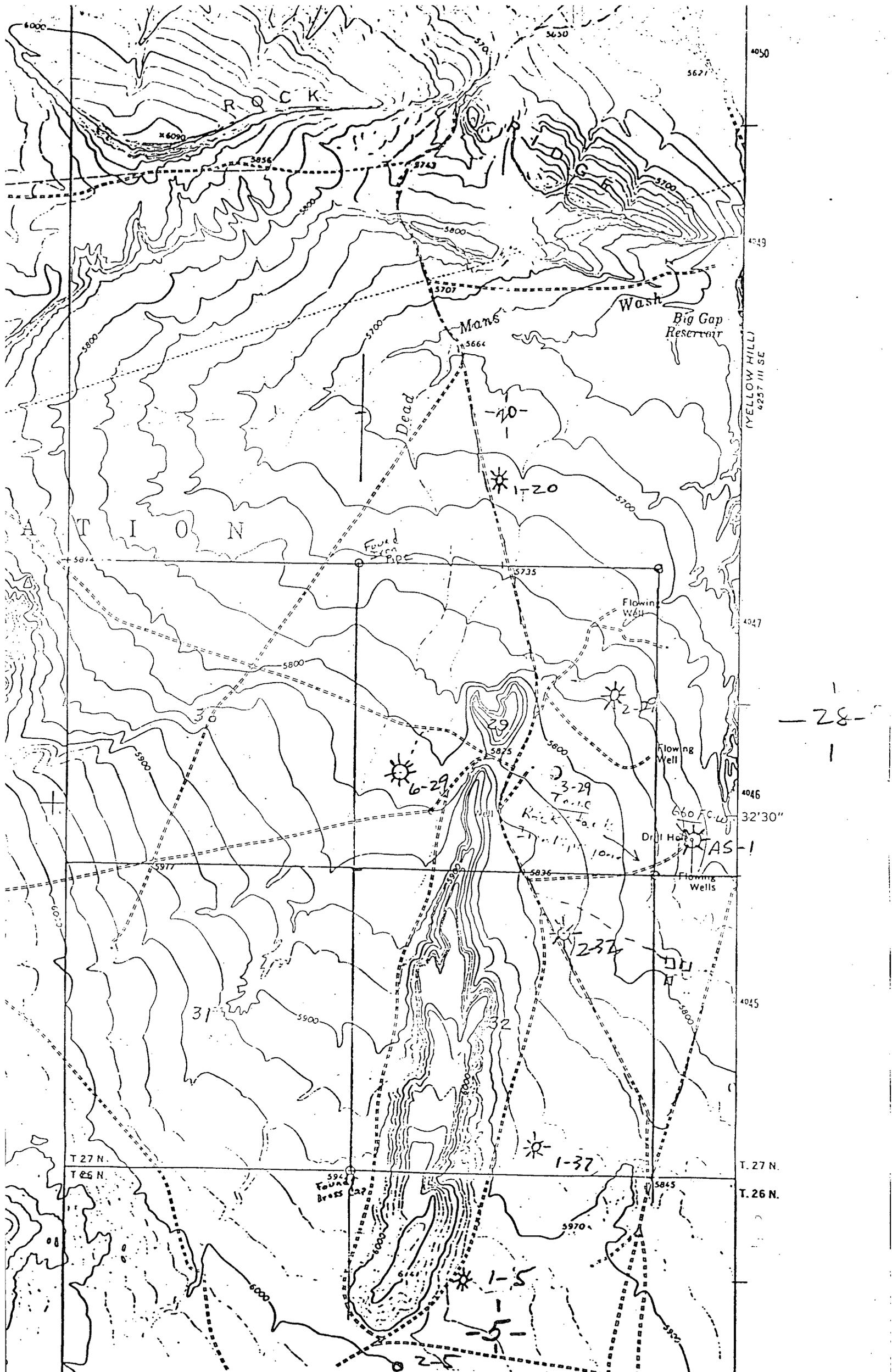
24. SIGNED [Signature] TITLE AGENT FOR PETROLEUM ENERGY, INC. JANUARY 7, 1985

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:



1
-28-
1

Vicinity Map for
 PETROLEUM ENERGY CORP. 2-5 Navajo
 1980FSL 660'FWL Sec 5, T26N-19W
 San Juan, New Mexico

re-entry

FIGURE III

NOV 1977



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

RECEIVED
FEB 1 - 1985
OIL CONSERVATION DIVISION
SANTA FE

DATE 1-25-85

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

Gentlemen:

I have examined the application dated 1-22-85
for the Petroleum Energy, Inc - Navajo 5#2 6-5-26N-19W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

[Signature]