

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

December 12, 1994

Mike Stogner
NM Oil Conservation Div.
2040 S. Pacheco
Santa Fe, NM 87504

Rec. 12-15-94

Dear Mike,

Enclosed are two applications for administrative approval of non-standard locations. Both are for EnRe Corporation, both are on the same lease (all of T. 27 N., R. 1 W.), both are more than a mile from the closest lease line, and both requests are based on the Jicarilla Apache Tribe's desire to preserve trees for their ponderosa pine timber industry. The locations minimize tree loss, but these more open areas do not coincide with the drilling windows. Nor were any similarly open areas available in the drilling windows.

Robert Kent of the Albuquerque BLM asked that you call him once you have reviewed the applications. He wants to know when the non-standard locations may be approved. His phone number is (505) 761-8762.

Please call me if you have any questions.

Sincerely,



Brian Wood

cc: BLM
EnRe
NMOCD-Aztec

PERMITS WEST, INC.
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 37 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

December 11, 1994

Thurman Velarde
 Tribal Oil & Gas Administration
 P.O. Box 507
 Dulce, NM 87528

Dear Thurman,

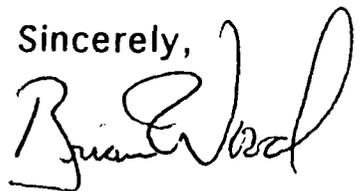
As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard locations for wells. This letter is a notice only. No action need be taken unless you have questions or objections. Land uses (minimize road construction and tree loss in a trophy elk and timber sale area) force the proposed wells to be moved to less than the standard 330' from a quarter-quarter line or 1650' from a section line. The wells are \approx 7,380' from the closest lease line (distance between 11 J #1 and east line of T. 27 N., R. 1 W.) and 5,161' from the closest existing well (distance between 15 J #1 and EnRe's 0-16).

Well Names: Los Indios Canyon 11 J #1 and 15 J #1 oil wells
Proposed TDs: 6,750' and 7,125' respectively
Legal Location: 2400' FSL & 2100' FEL Sec. 11 (11 J #1)
 1395' FSL & 2180' FEL Sec. 15 (15 J #1)
 both T. 27 N., R. 1 W., Rio Arriba County, NM on 701-94-0011
Approximate Locations: 27-28 air miles south of Dulce, NM
Applicant Name: EnRe Corporation (210) 826-0681
Applicant's Address: P.O. Box 6027, San Antonio, Tx. 78209

Submittal Information: Applications for non-standard locations will be filed with the NM Oil Conservation Division this week. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,



Brian Wood

<p>SENDER:</p> <ul style="list-style-type: none"> Complete items 1 and/or 2 for additional services. Complete items 3, and 4a & b. Print your name and address on the reverse of this form so that we can return this card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered. 		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>	
<p>3. Article Addressed to:</p> <p>Thurman Velarde Tribal Oil & Gas Admin PO Box 507 Dulce, NM 87528</p>		<p>4a. Article Number</p> <p>1783951719</p>	
<p>5. Signature (Addressee)</p> <p><i>Thurman Velarde</i></p>		<p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured</p> <p><input type="checkbox"/> Certified <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p>	
<p>6. Signature (Agent)</p> <p><i>[Signature]</i></p>		<p>7. Date of Delivery</p> <p>12/14/94</p>	
		<p>8. Addressee's Address (Only if requested and fee is paid)</p>	

PS Form 3811, December 1991 U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

PERMITS WEST INC.
 PROVIDING PERMITS for LAND USERS
 37 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

December 11, 1994

John Atencio
 BIA - Realty
 P.O. Box 167
 Dulce, NM 87528

Dear John,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard locations for wells. This letter is a notice only. No action need be taken unless you have questions or objections. Land uses (minimize road construction and tree loss in a trophy elk and timber sale area) force the proposed wells to be moved to less than the standard 330' from a quarter-quarter line or 1650' from a section line. The wells are ≈7,380' from the closest lease line (distance between 11 J #1 and east line of T. 27 N., R. 1 W.) and 5,161' from the closest existing well (distance between 15 J #1 and EnRe's O-16).

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 1395' FSL & 2180' FEL Sec. 15 (15 J #1)

both T. 27 N., R. 1 W., Rio Arriba County, NM on 701-94-0011

Approximate Locations: 27-28 air miles south of Dulce, NM

Applicant Name: EnRe Corporation (210) 826-0681

Applicant's Address: P.O. Box 6027, San Antonio, Tx. 78209

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Please call me if you have any questions.

Sincerely,

Brian Wood
 Brian Wood

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3. Article Addressed to: <i>John Atencio</i> <i>BIA Realty</i> <i>P.O. Box 167</i> <i>Dulce, NM 87528</i>		4a. Article Number <i>183957220</i>	
5. Signature (Addressee) <i>John Atencio</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) <i>Kenneth W. ...</i>		7. Date of Delivery <i>12/15</i>	
		8. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Yerano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

December 11, 1994

Tyrone Fairbanks
Fortune Petroleum Corp.
30101 Agoura Ct., Suite 110
Agoura Hills, Ca. 91301

Dear Mr. Fairbanks:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard locations for wells. This letter is a notice only. No action need be taken unless you have questions or objections. Land uses (minimize road construction and tree loss in a trophy elk and timber sale area) force the proposed wells to be moved to less than the standard 330' from a quarter-quarter line or 1650' from a section line. The wells are $\approx 7,380'$ from the closest lease line (distance between 11 J #1 and east line of T. 27 N., R. 1 W.) and 5,161' from the closest existing well (distance between 15 J #1 and EnRe's 0-16).

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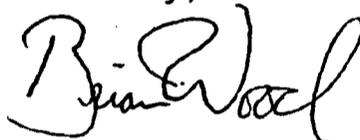
Applicant Name: EnRe Corporation (210) 826-0681

Applicant's Address: P.O. Box 6027, San Antonio, Tx. 78209

Submittal Information: Applications for non-standard locations will be filed with the NM Oil Conservation Division this week. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,



Brian Wood

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3. Article Addressed to: Tyrone Fairbanks Fortune Petroleum Corp 30101 Agoura Ct #110 Agoura, Ca 91301		4a. Article Number P 783951715	
5. Signature (Addressee) Tyrone Fairbanks		4b. Service Type <ul style="list-style-type: none"><input type="checkbox"/> Registered<input type="checkbox"/> Certified<input type="checkbox"/> Express Mail<input type="checkbox"/> Insured<input type="checkbox"/> COD<input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) [Signature]		7. Date of Delivery 12/16	
		8. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

December 11, 1994

Al Greer
 Benson-Montin-Greer Drilling Corp.
 221 Petroleum Center Bldg.
 Farmington, NM 87401

Dear Al,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard locations for wells. This letter is a notice only. No action need be taken unless you have questions or objections. Land uses (minimize road construction and tree loss in a trophy elk and timber sale area) force the proposed wells to be moved to less than the standard 330' from a quarter-quarter line or 1650' from a section line. The wells are ≈7,380' from the closest lease line (distance between 11 J #1 and east line of T. 27 N., R. 1 W.) and 5,161' from the closest existing well (distance between 15 J #1 and EnRe's 0-16).

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3. Article Addressed to: Al Greer Benson-Montin-Greer Drilling Corp. 221 Petroleum Center Bldg. Farmington, NM 87401		4a. Article Number P 783907716	
5. Signature (Addressee) Carol Williams		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
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RETURN ADDRESS completed on the reverse side

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PERMITS WEST, INC.

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37 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

December 11, 1994

Tim Mathews
Deven Resources, Inc.
685 Kromer Ave., Suite 200
Berwyn, Pa. 19312

Dear Mr. Mathews:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard locations for wells. This letter is a notice only. No action need be taken unless you have questions or objections. Land uses (minimize road construction and tree loss in a trophy elk and timber sale area) force the proposed wells to be moved to less than the standard 330' from a quarter-quarter line or 1650' from a section line. The wells are \approx 7,380' from the closest lease line (distance between 11 J #1 and east line of T. 27 N., R. 1 W.) and 5,161' from the closest existing well (distance between 15 J #1 and EnRe's 0-16).

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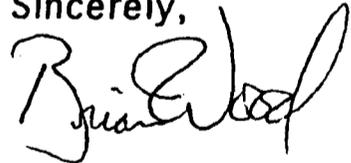
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3. Article Addressed to Tim Mathews Deven Resources, Inc. 685 Kromer av #200 Berwyn Pa 19312		4a. Article Number P 183951717	
5. Signature (Addressee)		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent) Mand L Woodward		7. Date of Delivery 12-16-94	
		8. Addressee's Address (Only if requested and fee is paid)	

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PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

December 11, 1994

Mike Power
Ampolex USA, Inc.
1050 17th St., Suite 2500
Denver, Co. 80265

Dear Mr. Power:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard locations for wells. This letter is a notice only. No action need be taken unless you have questions or objections. Land uses (minimize road construction and tree loss in a trophy elk and timber sale area) force the proposed wells to be moved to less than the standard 330' from a quarter-quarter line or 1650' from a section line. The wells are $\approx 7,380'$ from the closest lease line (distance between 11 J #1 and east line of T. 27 N., R. 1 W.) and 5,161' from the closest existing well (distance between 15 J #1 and EnRe's 0-16).

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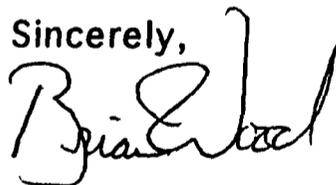
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3. Article Addressed to: Mike Power Ampolex USA, Inc. 1050 17th St. #2500 Denver, Co 80265		4a. Article Number PT839517B	
6. Signature (Addressee) P. Thompson		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
6. Signature (Agent)		7. Date of Delivery DEC 10 1994	
		8. Addressee's Address (Only if requested and fee is paid)	

ur RETURN ADDRESS completed on the reverse side

Thank you for using Return Receipt Service.

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR THE LOS INDIOS CANYON 11 J #1 OIL WELL
2400' FSL & 2100' FEL SEC. 11, T. 27 N., R. 1 W., RIO ARRIBA COUNTY, NM
BY EnRe CORPORATION

I. The well is on Jicarilla Apache Tribal Trust surface and minerals. An onsite was held September 30, 1994. Onsite participants included John Atencio (BIA), Pat Hester (BLM), Mitch Michelson (EnRe), Fred Vigil (Jicarilla Apache Oil & Gas Admin.), Brian Wood (Permits West), et al. Application for Permit to Drill is attached.

II. A C-102 showing the well location, proration unit (all of Sec. 11 which totals 640 acres), and lease (all of T. 27 N., R. 1 W. is lease and totals 17,710.81 ac.) is in the APD.

III. According to NM Oil Conservation Records, there are no producing wells of any kind within a mile radius. A map and affidavit are attached showing the proposed well (square), quarter-quarter lines (dashed lines), and spacing units (solid lines). There is only one lease/mineral agreement (701-94-0011) within a 7,380' radius. It comprises all of T. 27 N., R. 1 W. Interest owners are: Ampolex, Benson-Montin-Greer, Deven Resources, EnRe, Fortune Petroleum, and the Jicarilla Apache Tribe.

IV. A copy of the Los Indios Canyon 7.5' USGS map is attached. The proposed wellsite is marked by a square. Proration units (sections) are marked by solid lines. Quarter-quarter lines are dashed lines. Closest existing well is EnRe's 2A-1 well 7,631' north in N2N2 2-27n-1w. Closest proposed well is EnRe's Los Indios 15 J #1 over a mile southwest in the NWSE 15-27n-1w.

V. Request for a non-standard location is based on the Tribe's desire to minimize road construction (the pad touches the road) and its impacts on their trophy elk hunts and to minimize the loss of timber. Most of the trees to be felled are small "dog hair" ponderosa pine saplings (see attached photos). Moving 90' further south to an orthodox location would require more road and the felling of larger salable timber.

VI. No archaeology sites were found.

VII. Location was moved out of orthodox drilling window due to presence of large ponderosa pines which Tribe wants to preserve for future timber sales. Wellsite is staked in an area with fewer and smaller trees.

VIII. Directional drilling is not feasible because it is not cost effective. EnRe's recent Cedar Canyon 22-G well (22-28n-1w) required 4 sidetracks.

IX. I hereby certify that notice has been sent to the following lessees, lessors, surface management agencies, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct:

Ampolex
Benson-Montin-Greer
BIA
Deven Resources
Fortune Petroleum
Jicarilla Apache Tribe

Brian Wood, Consultant 12-12-94
Signature, Title, & Date

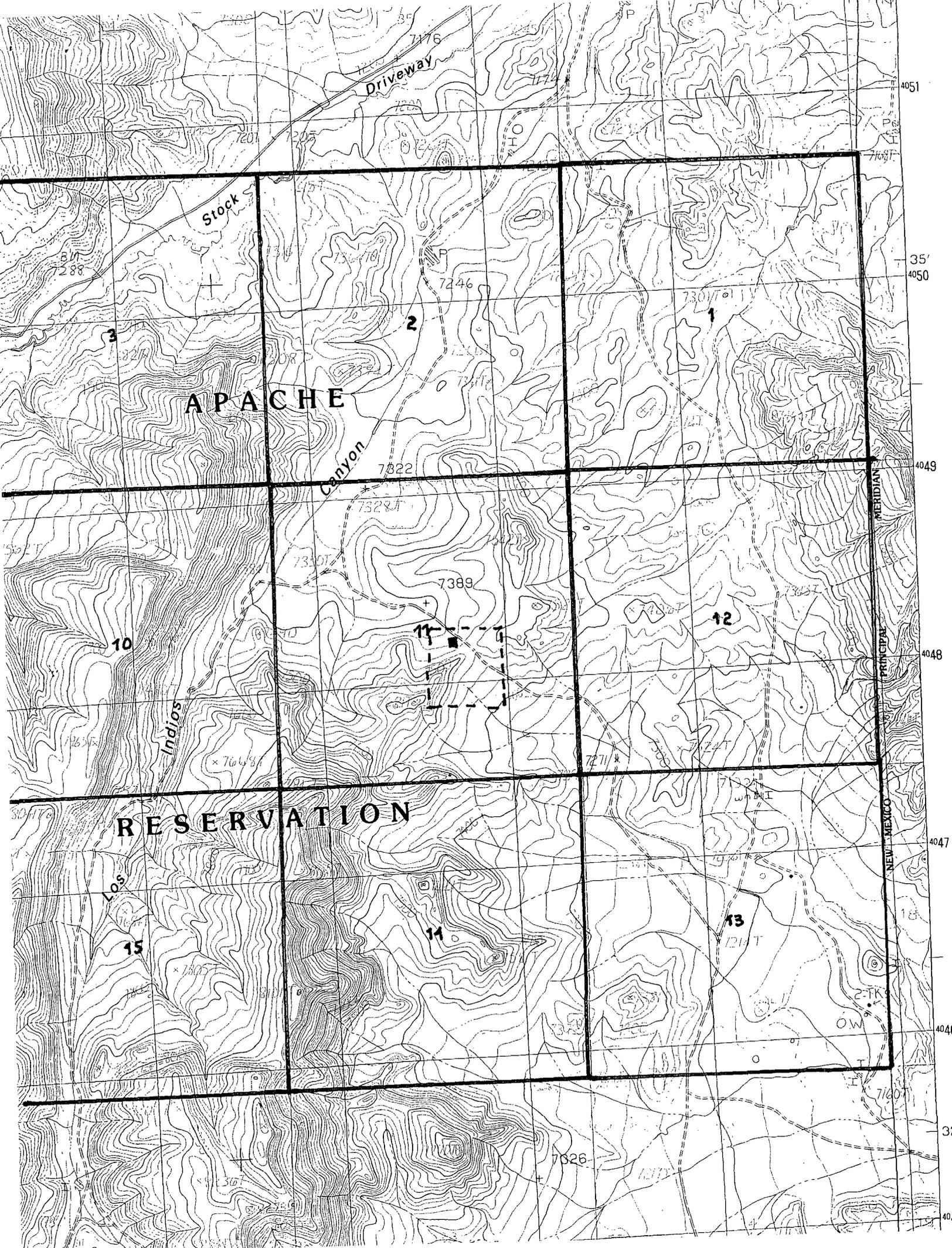
STATE OF New Mexico)
COUNTY OF Santa Fe) SS:

The foregoing instrument was acknowledged before me this 12th day of December, 1994 by Brian Wood. Witness my hand and official seal.

Rufina Ortega
Notary Public

My Commission Expires: 4-20-96

Business Address: 1 La Hacienda Loop - S.F., N.M. 87505



APACHE

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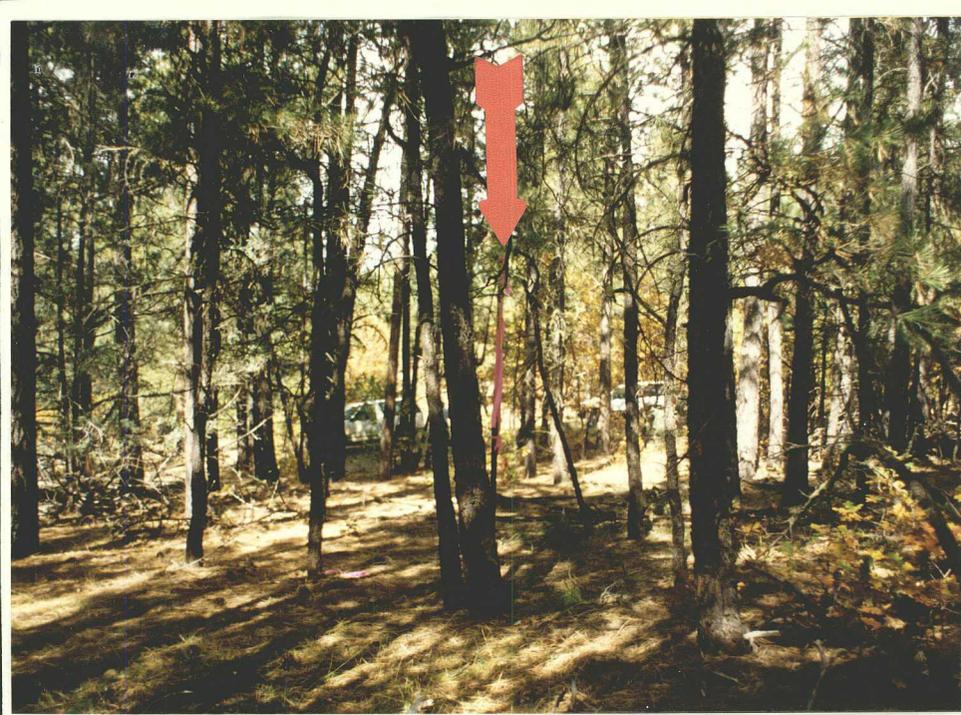
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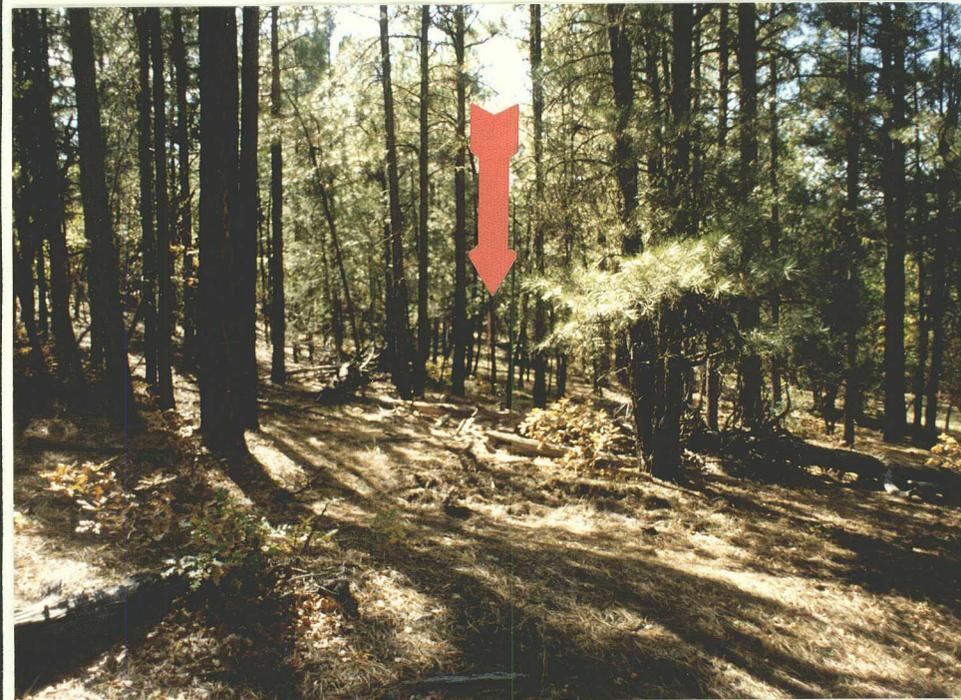
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TOP LEFT - Looking N toward Los Indios Canyon 11 J #1 center stake. Reserve pit beyond stake. Truck on road beyond pit.



MIDDLE LEFT - Looking W toward center stake (arrow) from access onto pad.



LOWER LEFT - Looking S toward reserve pit from beyond edge of pad. Center stake hidden in trees.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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
 EnRe Corporation (210) 826-0681

3. ADDRESS OF OPERATOR
 P.O. Box 6027, San Antonio, Tx. 78209

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 2400' FSL & 2100' FEL
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 27 air miles S of Dulce, NM

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 8160'
 16. NO. OF ACRES IN LEASE 17,710.81

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. >6000'
 19. PROPOSED DEPTH 6,750'

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 7,441' ungraded ground

5. LEASE DESIGNATION AND SERIAL NO.
 701-94-0011

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 Jicarilla Apache

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Los Indios Canyon J

9. WELL NO.
 # 1

10. FIELD AND POOL, OR WILDCAT
 W Puerto Chito Maccos

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 11-27n-1w NMPM

12. COUNTY OR PARISH 13. STATE
 Rio Arriba NM

17. NO. OF ACRES ASSIGNED TO THIS WELL 640

20. ROTARY OR CABLE TOOLS
 Rotary

22. APPROX. DATE WORK WILL START*
 Nov. 20, 1994

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36# (K-55)	>250'	≈177 cu ft and to surface
8-3/4"	7"	23#(N-80)	5,370'	≈1215 cu ft and to surface
6-1/4"	4-1/2"	11.6# (N-80)	6,750'	≈225 cu ft and to 5,270'

cc: BIA, BLM(4 +2 for OCD), EnRe, T. Velarde

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 Consultant DATE 11-9-94

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

EnRe Corporation
 Los Indios Canyon 11 J #1
 2400' FSL & 2100' FEL
 Sec. 11, T. 27 N., R. 1 W.
 Rio Arriba County, NM

Drilling Program

1. FORMATION TOPS

Estimated tops of important geologic markers (based on an ungraded ground elevation of 7,441') are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea Depth</u>
San Jose	000'	13'	+7,441'
Ojo Alamo Ss	1,088'	1,101'	+6,353'
Fruitland	1,321'	1,334'	+6,120'
Pictured Cliffs Ss	1,478'	1,491'	+5,963'
Lewis Shale	1,611'	1,624'	+5,830'
Cliffhouse Ss	3,695'	3,708'	+3,746'
Pt. Lookout Ss	3,905'	3,918'	+3,536'
Mancos Shale	4,131'	4,144'	+3,310'
Gallup (Niobrara)	4,572'	4,585'	+2,869'
Mancos "A" Zone	5,041'	5,054'	+2,400'
Mancos "A" Ss	5,066'	5,079'	+2,375'
Mancos "B" Ss	5,112'	5,125'	+2,329'
Mancos "C" Ss	5,230'	5,243'	+2,211'
7" Casing Seat	5,357'	5,370'	+2,084'
Sanostee	5,518'	5,531'	+1,923'
Greenhorn Ls	5,818'	5,831'	+1,623'
Dakota Ss	5,971'	5,984'	+1,470'
Todilto	6,491'	6,504'	+950'
Entrada Ss	6,591'	6,604'	+850'
Total Depth	6,737'	6,750'	+704'

2. NOTABLE ZONES

EnRe Corporation
Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM

PAGE 2

The Fruitland, Pictured Cliffs, Cliffhouse, Pt. Lookout, Mesa Verde, Mancos, Dakota, and Entrada zones are most likely to have oil or gas. Mancos is the primary goal. Lost circulation may occur in the Pictured Cliffs and Mancos. Only likely water zone is the San Jose. If any other water zones are found, they will be recorded and protected with casing, cement, and weighted mud. Oil and gas shows will be tested for commercial potential based on the well geologist's recommendations.

3. PRESSURE CONTROL

BOP systems will follow Onshore Order #2 and API RP 53. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is on PAGE 4. Maximum pressure will be $\approx 2,700$ psi.

BOP controls will be installed before drilling the surface casing plug and remain in use until the well is completed or abandoned. Once out from under the surface casing, a 10" minimum 3,000 psi BOP and choke manifold system will be used. System will include upper and lower kelly cock with handle, test plug, drill pipe float, mud logging unit with gas detector to detect any influx of formation fluids, and a sub on the floor with a full opening valve to be stabbed into the drill pipe when a kelly is not in the string.

Ram type preventers and associated equipment (e.g., choke manifold and kelly cock) will be pressure tested to 100% of their rated working pressure for a minimum of 10 minutes. A test plug will isolate the BOP stack from the casing. Annular preventers will be tested to $\geq 50\%$ of their rated working pressure for at least 10 minutes. Tests will be run after installation, before drilling out the surface casing shoe, and after any use under pressure, or a minimum of once every 14 days. Pipe rams will be operationally checked each 24 hour period, as will blind rams

EnRe Corporation
 Los Indios Canyon 11 J #1
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 Rio Arriba County, NM

and annular preventer each time pipe is pulled out of the hole. Annular preventers will be functionally operated at least weekly. BOP checks will be noted on the daily drilling report.

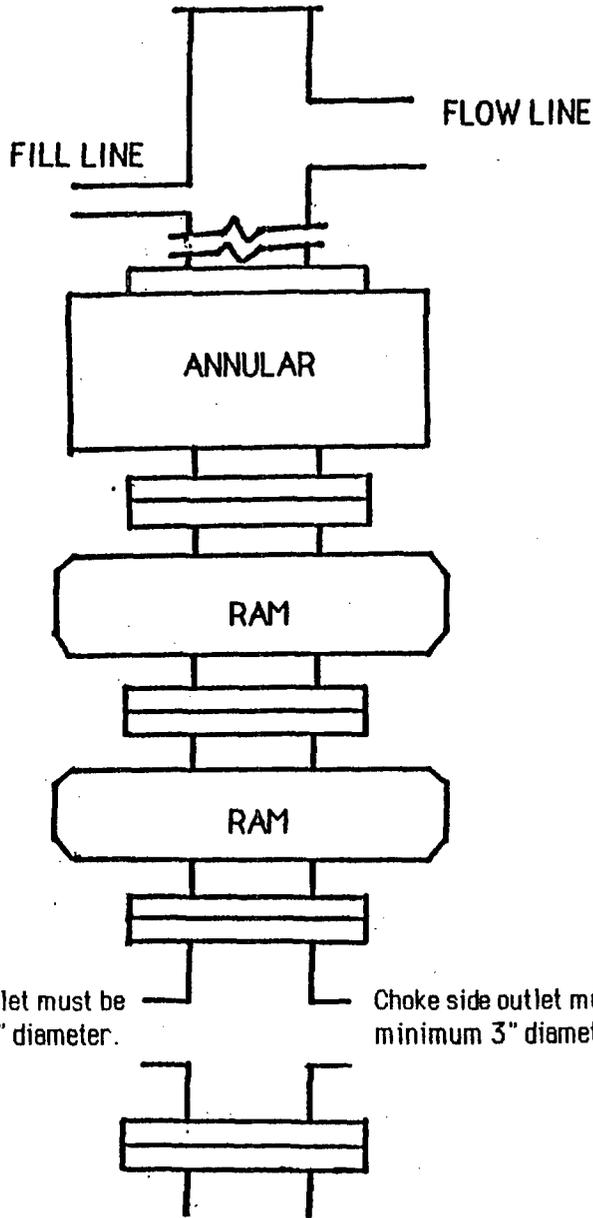
4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>KB Setting Depth</u>
12-1/4"	9-5/8"	36	K-55	ST&C	New	≥250'
8-3/4"	7"	23	N-80	ST&C	New	5,370'
6-1/4"	4-1/2"	11.6	N-80	ST&C	New	6,750'

Surface casing will be cemented to the surface with ≈177 cubic feet (≈150 sx) Class B with 3% salt + 1/4#/sk celloflake + 2% CaCl₂. Volume calculated at 100% excess. Use ≈20 sx for top job. Run regular pattern guide shoe and insert float in top of shoe joint. Place one stop ring 10' from bottom of shoe joint for first centralizer. Place 2 additional centralizers on the casing at 100' intervals.

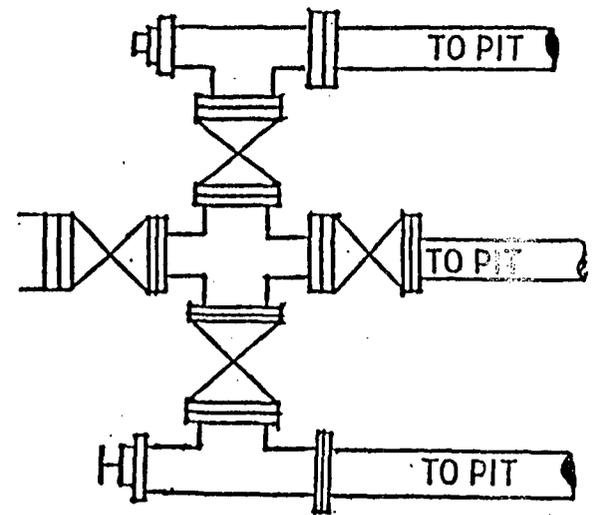
Production casing will be cemented to the surface. Calculations based on 150% excess. Actual volumes will be calculated at 20% excess as measured by caliper log. First stage will be cemented from ≈5,370' to ≈4,200' (DV collar) with ≈265 cubic feet (≈200 sx) of 50/50 Poz "B" with 2% gel and 1/4#/sk celloflake mixed at 13.7#/gal. Second stage lead will be cemented from ≈4,200' to the surface with ≈950 cubic feet of ≈200 sx Class B nitrofied to 4.24#/gal in lead and ≈50 sx Class B + 1/4#/sk celloflake in tail. Cap with 50 sx Class B with 2% CaCl₂ to hold nitrofied cement (previous experience shows denser cement will not easily circulate to surface). DV tool may be installed just below Picture Cliffs. Centralizers will be used.

Liner will be run with at least 100' of overlap and cemented with ≈225 cubic feet (≈180 sx) Class B with 0.7% CFR 322.



TYPICAL BOP STACK
 & CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.
 Safety valve and subs will fit all drill string connections in use.
 All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>ppg</u>	<u>Viscosity</u>	<u>Fluid Loss cc</u>
0' - 250'	Fresh water gel & lime	9.0-10.0	40-50	NC
250' - 1,500'	Gel & PHPA polymer	8.7-8.8	29-33	15-20
1,500' - 5,000'	Gel polymer	8.7-8.9	30-35	12-15
5,000' - 5,370'	Gel polymer & KCl	8.7-8.9	34-38	12-15

At $\approx 4,500'$ will rig up air compressors and booster sufficient to move 1.5MMcf/D with an 800Mcf/d compressor on standby. Rig up separate 500 bbl mud tank with Quadco separator (gas buster), Drilco style degasser, oil skimmer, and 50 hp transfer pump. From 5,000 to TD will control lost circulation with sufficient air to lower mud gradient to 0.22 psi/ft or equivalent mud density of 4.25 ppg. From 5,370' to 6,505' will drill with air mist (foam) as hole requires. At 6,505' will pull back into 7" casing to add mud phase to air stream to drill remainder of well with aerated mud to stay slightly under balanced with the Entrada.

Sufficient mud material to maintain mud properties, control lost circulation, and contain a blowout will be at the wellsite while drilling. Mud will be checked frequently by rig personnel. Mud logging unit, gas detector, and flow sensor will be used.

6. CORING, TESTING, & LOGGING

Mud loggers will rig up at $\approx 1,200'$. No cores are planned. A DST may be run in the Entrada. Triple combination, Sonic, Dual Induction - Gamma Ray, Spectral Density, and Compensated Neutron logs may be run from TD to base of surface casing.

7. DOWNHOLE CONDITIONS

EnRe Corporation
Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM

PAGE 6

No abnormal temperatures pressures, nor hydrogen sulfide are expected.

8. OTHER INFORMATION

Tentative spud date is November 20, 1994. Drilling will take \approx 20 days.
Completion will take \approx 10 days.

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 12 & 13)

From the junction of US 64 and NM 537, go south 9.1 miles on NM 537. Then turn left onto J-16 and go SE 8.5 mi. to J-8. Then turn right onto J-8 and go S 1.35 mi. to J-17 at a green LACT. Then turn right onto J-17 and go SW 0.9 mi. to J-55. Then bear right and go SW 1.25 mi. Then turn left and go SE 0.5 mi. to the proposed well.

Roads will be maintained at least equal to their present condition. Only upgrading needed will be to limb or fell a few trees along J-55.

2. ROAD TO BE BUILT (See Page 14)

Seventy-five feet of new road will be built. It will have a $\approx 15'$ wide running surface within a maximum disturbed width of 40'. It will be crowned and ditched. No culverts, gates, or cattleguards are needed. Maximum grade is 5%.

3. EXISTING WELLS (See PAGE 12)

According to NM Oil Conservation Division records, there are no oil, injection, water, or gas wells within a mile.

4. PROPOSED PRODUCTION FACILITIES

The exact type, location, and layout of the production facilities are not known now. It is expected they may include a meter run,

EnRe Corporation
Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM

PAGE 8

dehydrator, separator, tank battery, and/or heater-treater. All will be painted a flat juniper green color. A flowline will be buried north to a possible production facility at the LACT on J-17. A Sundry Notice and or right-of-way will be submitted for approval before installation.

5. WATER SUPPLY

Water will be trucked from Tribal land. Primary source will be a new water hole recently dug by EnRe in Cisneros Canyon. A secondary source will be an existing seep pond below Hayden Dam. Exact source will depend on availability.

6. CONSTRUCTION MATERIALS & METHODS

Large ponderosa pines will be felled and limbed, but the trunks will be left intact and pushed to the side. Other smaller trees will be felled, cut into 16" lengths for firewood, and stacked by the road. A diversion ditch to be cut along the south side of the pad will run along the toe of the slope, rather than above it.

Brush and the top 6" of topsoil will be stripped and stockpiled south of the pad. The reserve pit will be terraced down so at least half its capacity is in cut and lined with minimum 12 mil plastic.

7. WASTE DISPOSAL

The reserve pit will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The 4th side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries. No oil will be discharged into the pit. All oil will go into tanks.

EnRe Corporation
Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM

PAGE 9

All trash will be placed in a portable trash cage. It will be hauled to an approved landfill. There will be no burial or burning.

Human waste will be disposed of in chemical toilets or minimum 10' deep ratholes under trailers. Ratholes will be immediately filled when the trailers are removed.

8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers will be on site for the company man, tool pusher, and mud loggers.

9. WELL SITE LAYOUT

See Pages 14-16 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for the pit to fully evaporate, at which point it will be backfilled. The wellpad and backfilled pit will be recontoured to a natural shape, water barred, stockpiled topsoil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. A seed mix will be drilled at a depth and time to be determined by the Tribe.

If seed is broadcast, the rate will be increased as determined by the Tribe. A harrow or cable will be dragged over the area to assure seed cover. After seeding is done, the stockpiled brush and limbs will be

EnRe Corporation
Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM

PAGE 10

scattered evenly over disturbed areas.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

11. SURFACE OWNER

The well and road are on Jicarilla Apache Tribal trust land.

12. OTHER INFORMATION

The nearest hospital is a ≈2 hour drive away in northwest Espanola. Hospital phone number is (505) 753-7111.

13. REPRESENTATION

Anyone having questions concerning the APD should call:

Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 466-8120
FAX: (505) 466-9682
Cellular: (505) 699-2276

The field representative while drilling will be:

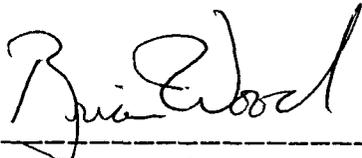
Harvey Ashford
(505) 325-1873, Unit 2895
or dial (505) 327-1870 and ask for Rig 7
or cellular phone (505) 320-7626 then (210) 415-4235

EnRe Corporation
Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM

PAGE 11

EnRe Corporation has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by EnRe Corporation.

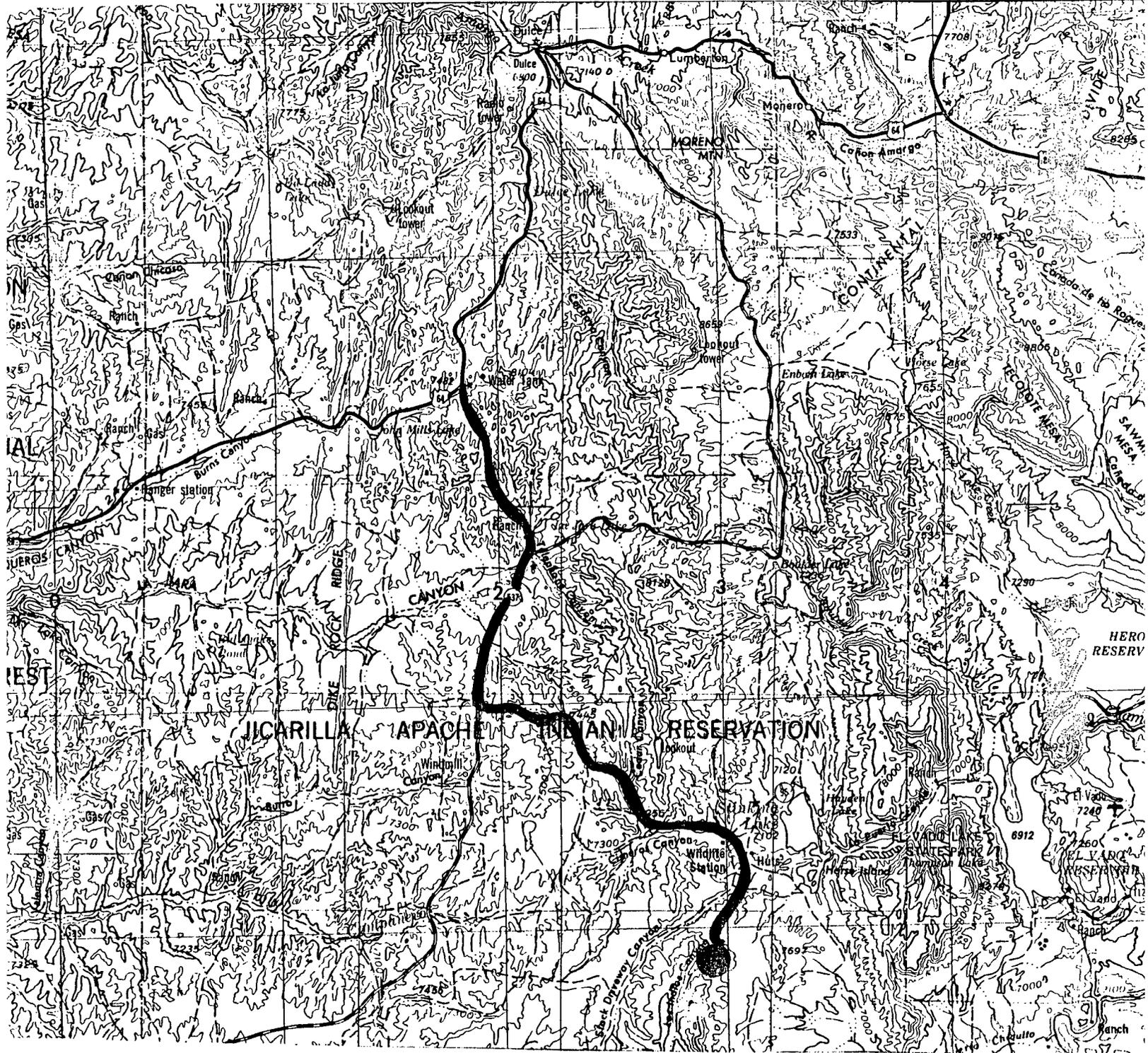
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by EnRe Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



Brian Wood, Consultant

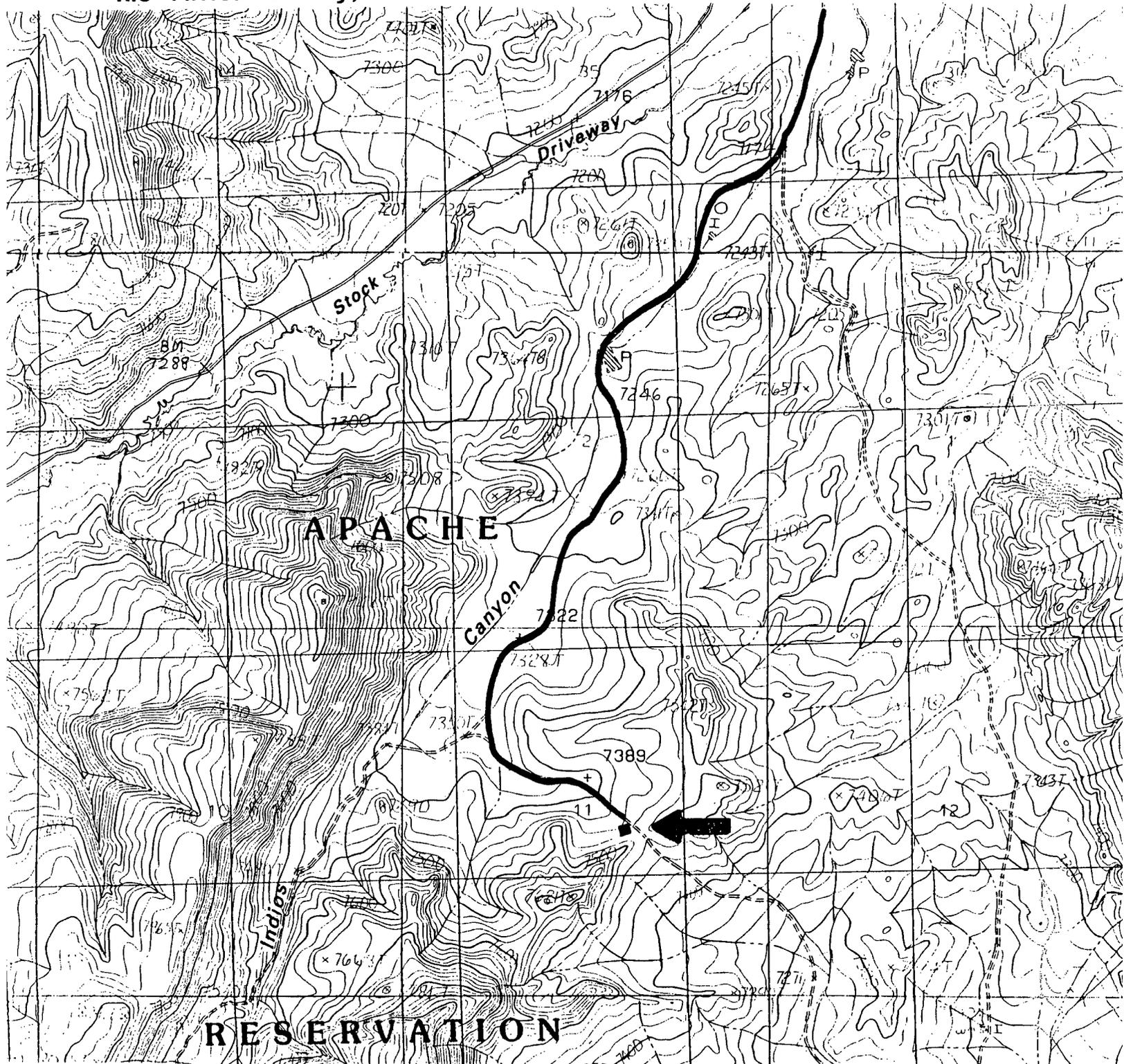
November 9, 1994
Date

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2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM



PROPOSED WELL: ●
ACCESS ROUTE: ~

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Los Indios Canyon 11 J #1
2400' FSL & 2100' FEL
Sec. 11, T. 27 N., R. 1 W.
Rio Arriba County, NM



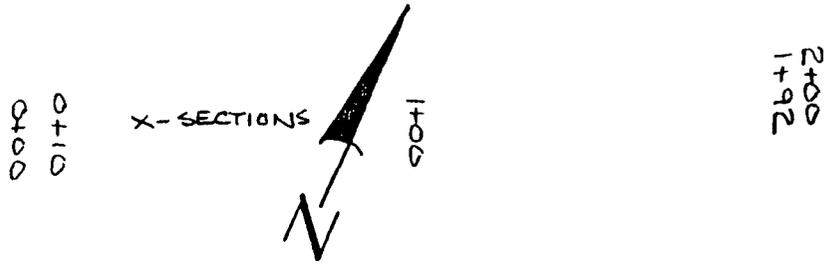
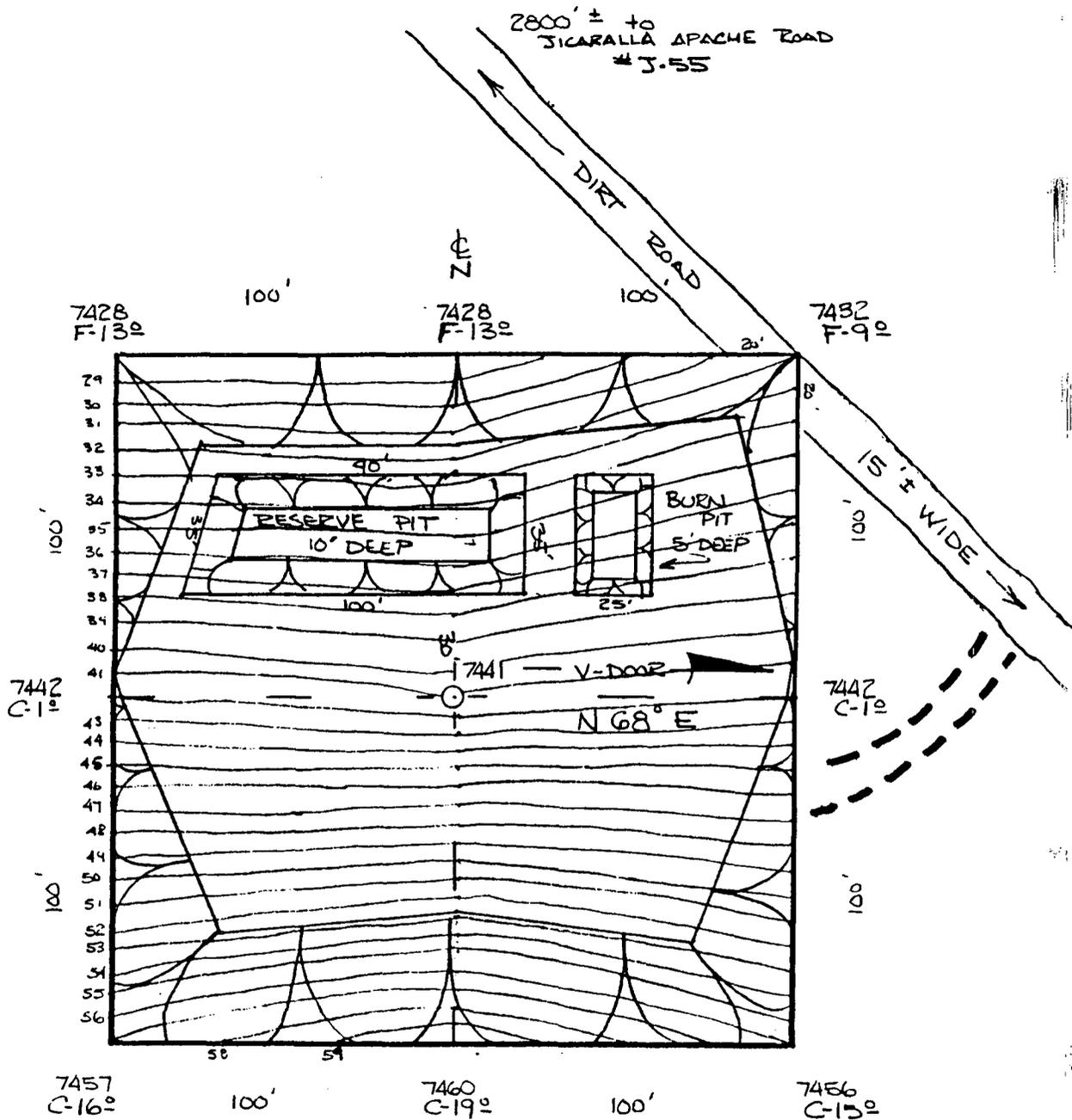
PROPOSED WELL: ■ ←

ACCESS ROUTE: ~

Scale 1" = 50'

Contour Int. = 1'

LOS INDIOS CANYON 11 J-1
2400 F/SL & 2100 F/EL
Sec. 11 T27N R1W N.M.P.M.
Rio Arriba Co., NM.



TOPOGRAPHY AND PAD LAYOUT



January 5, 1995

To: Mike Stogner

Fr: Brian Wood

Subj: EnRe's Los Indios 11 J #1 and 15 J #1 NSL applications

Ernie Busch says the NSL approval letter(s) should include the Mancos and Entrada. EnRe plans to drill and test the Entrada, but the primary goal is the Mancos. Ernie wants to call both "Wildcat; Los Indios Entrada Oil" since the Entrada is deeper than the Mancos. He will approve both APDs once he receives the NSL approval letter(s).

P. S.

Congratulations on the new title. Was it the necktie?

Mike Stogner

From: Ernie Busch
To: Mike Stogner
Subject: EnRe CORPORATION (NSL)
Date: Mon, Jan 9, 1995 1:53PM
Priority: High

LOS INDIOS CANYON 11J #1
2400 FSL; 2100 FEL
J-11-27N-01W
RECOMMEND: APPROVAL