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OPERATOR	1

5A. Indicate Type of Lease
LEASE ☒ FREE ☐

5. Enter Oil & Gas Lease No.
L2986

7. Unit Agreement Name

8. Name of Lessee Name
New Mexico State

9. Well No.

10. Field and Pool, or Wildcat

Nageezi Gallup

12. County
San Juan

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
b. Type of Well
DRILL ☒ DEEPEN ☐ PLUG BACK ☐
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☒ MULTIPLE ZONE ☐

2. Name of Operator
Kenai Oil & Gas Inc.

3. Address of Operator
2000 Energy Center One-717-17th St. Denver, Colorado 80202

4. Location of Well
UNIT LETTER M LOCATED 950 FEET FROM THE South LINE
980 FEET FROM THE West LINE OF SEC. 32 TWP. 24N RGE. 8W

15. Proposed Depth 55--' 19A. Formation Gallup 20. Rotary or C.T. Rotary

21. Elevations (Show whether D.P., R.L., etc.) 6945 G.L. 21A. Kind & Status Plug Bond Blanket Bond 21B. Drilling Contractor Kenai Drilling 22. Approx. Date Work will start 2-29-80

23. PROPOSED CASING AND CEMENT PROGRAM

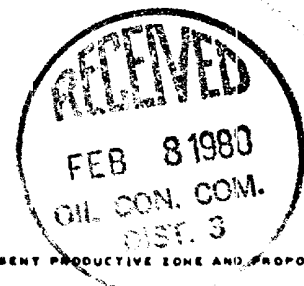
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4	8 5/8	23#	300'	250 sx	Circulate
7 7/8	4 1/2	10.5	5500'	250 sx	4525'

Selectively perforate and sandwater fracture the Gallup formation. A 3000 psi WP and 6000 psi double gate preventer equipped with blind and pipe rams will be used for blow out prevention.

The SW/4 of Section 32 is dedicated to this well.

APPROVAL VALID
FOR 90 DAYS UNLESS
DRILLING COMMENCED

EXPIRES 5-8-80



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.

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

Signed Joe F. Elledge Title Agent Date 1-31-80

(This space for State Use)

APPROVED BY Frank S. Chang TITLE SUPERVISOR DISTRICT #3 DATE FEB 8 1980

CONDITIONS OF APPROVAL, IF ANY:

Use sufficient cement to cover Mesaverde and Pictured Cliffs formations

All distances must be from the outer boundaries of the Section

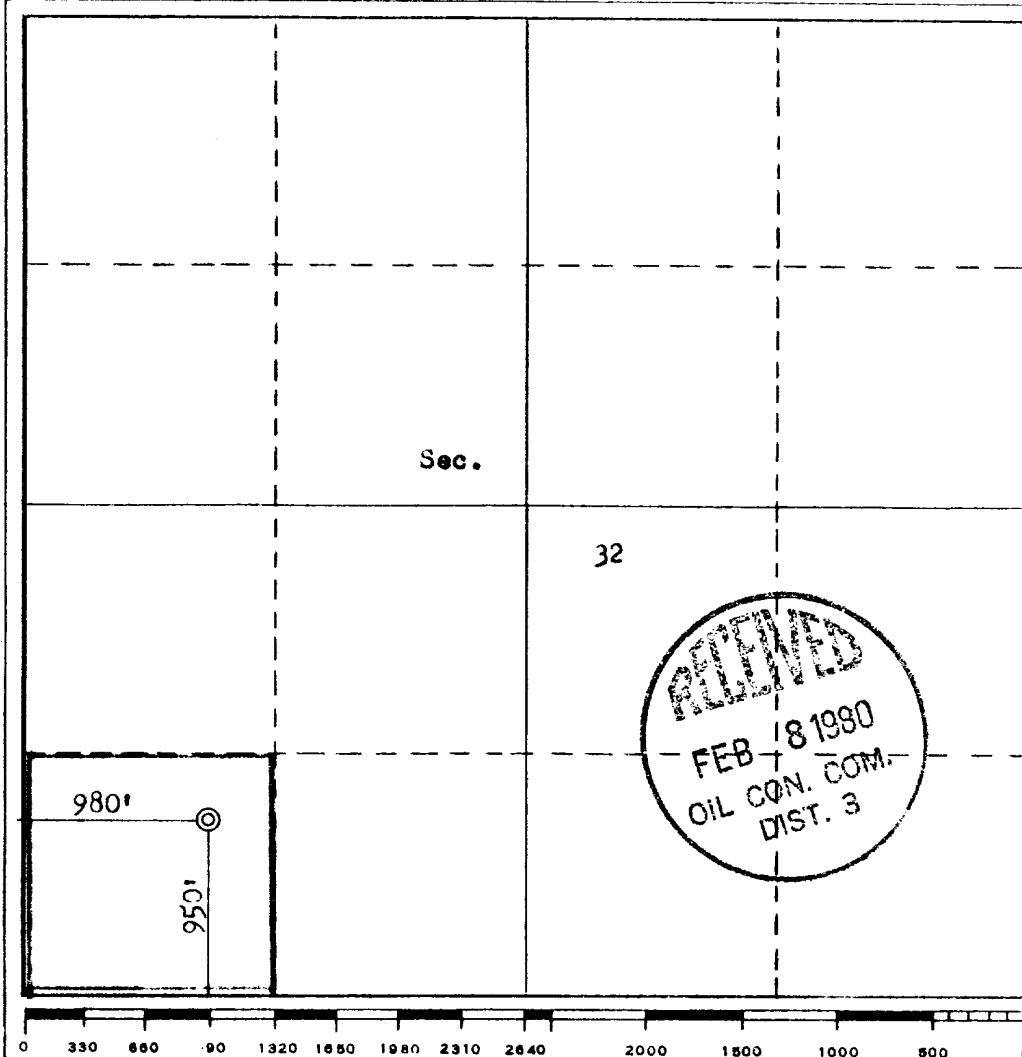
Operator KENAI OIL & GAS, INCORPORATED		Lease NEW MEXICO STATE		Well No. 2
Unit Letter M	Section 32	Township 24N	Range 8W	County San Juan
Actual Footage Location of Well: 950 feet from the South line and 980 feet from the West line				
Ground Level Elev. 6945	Producing Formation Gallup	Pool Nageezi - Gallup	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 *[Signature]*
Agent

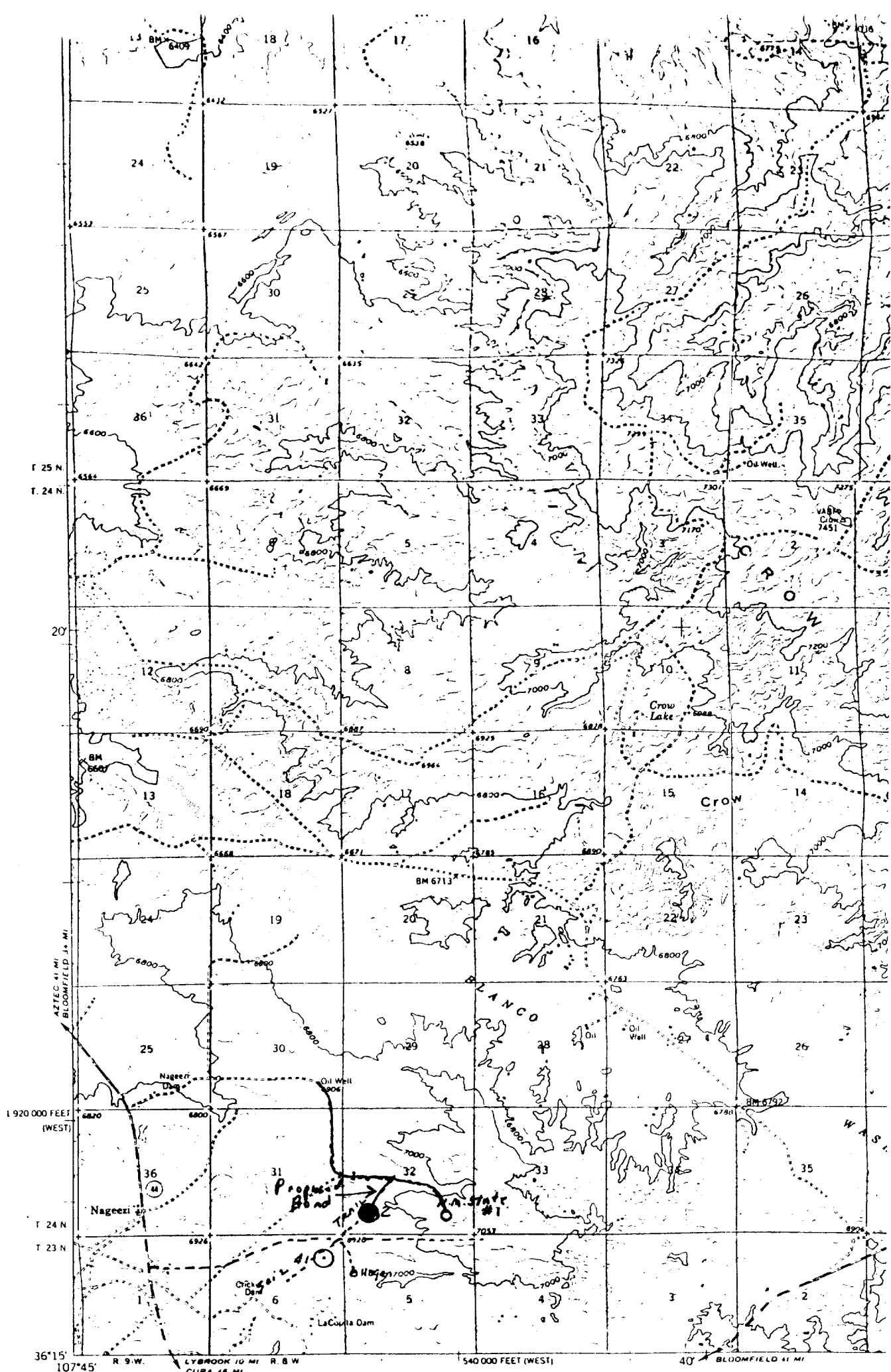
Company
Kenai Oil & Gas Inc.

Date
January 31, 1980

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
January 25, 1980

Registered Professional Engineer and/or Land Surveyor
[Signature]
Fred B. Kerr Jr.
Certificate No. **3950**



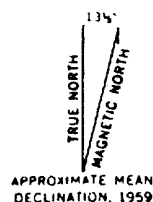
Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

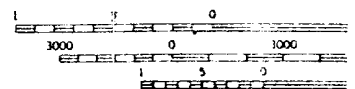
Topography by photogrammetric methods from aerial photographs taken 1955 Field checked 1959

Polyconic projection 1927 North American datum
10,000-foot grid based on New Mexico coordinate system,
west and central zones
1000 meter Universal Transverse Mercator grid ticks,
zone 13, shown in blue

Dashed land lines indicate approximate locations
Certain land lines omitted because of insufficient data



APPROXIMATE MEAN
DECLINATION, 1959



Vicinity Map for
KENAI OIL & GAS, INCORPORATED #2 NEW MEXICO STATE
950' FSL 980' FWL Sec 32-T24N-R8W
SAN JUAN COUNTY, NEW MEXICO

THIS MAP
FOR SALE BY U.S. GEOLOGICAL SURVEY
A FOLDER DESCRIPTION