Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-045-24009

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 [XX] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR
Energy Reserves Group, Inc.

3. ADDRESS OF OPERATOR
P.O. Box 3280 Casper, Wyoming 82601

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
I 2015 FSL & 905 FEL
At proposed prod. zone
NE/SE

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
4 Miles East of Farmington, NM

5. LEASE DESIGNATION AND SERIAL NO.
SF 080723

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Gallegos Canyon Unit

8. FARM OR LEASE NAME
Gallegos Canyon Unit

9. WELL NO.
300

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

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
19, T29N-R12W

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)
1800'

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.

19. PROPOSED DEPTH
1600'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5415 GR (Ungraded)

22. APPROX. DATE WORK WILL START*
~~November~~ ~~December~~ 1979

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12¼"	8-5/8"	24#	120'-200'	Cmt to surface
6-3/4"	4½"	9.5#	1600'	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. No DST's are planned. Copies of all logs run will be furnished upon completion of the well. It is planned to drill 12¼" hole 120'-200' maximum, set 8-5/8" , 24# casing to that depth. Drill 6-3/4" hole to T.D. and set 4½", 9.5# casing. Cement to surface.

gas dedicated

RECEIVED
NOV 1 1979
U. S. GEOLOGICAL SURVEY
FARMINGTON, N. M.

RECEIVED
NOV 26 1979
OIL CON. COM.
DIST. 3

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. Mars TITLE Field Services Administrator DATE 11-13-79

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

NMOCC

*See Instructions On Reverse Side

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

Form C-102
Revised 10-1-78

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

Operator	Lease	Well No.
ENERGY RESERVES GROUP INC.	GALLEGOS CANYON UNIT	300

Unit Letter	Section	Township	Range	County
I	19	29N	12W	San Juan

Actual Footage Location of Well:
2015 feet from the South line and 905 feet from the East line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
5415	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.

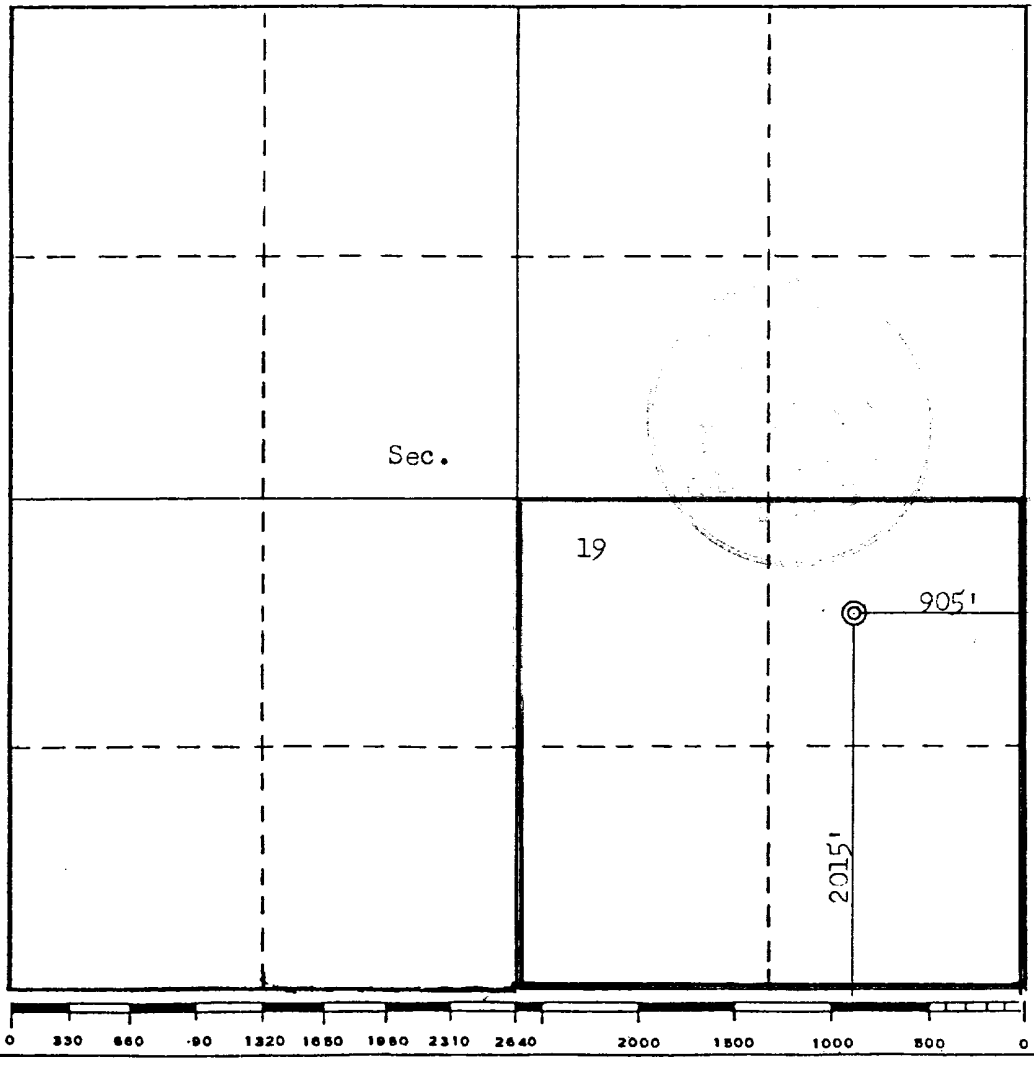
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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: [signature]

Position: Field Services Administ.

Company: Energy Reserves Group

Date: November 13, 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: October 17, 1979

Registered Professional Engineer and/or Land Surveyor: [signature]
Fred B. Kerr Jr.

REGISTERED LAND SURVEYOR

Certificate No.: 3950

Supplemental to Form 9-331C

1. The geologic name of the surface formation.

   Nacimiento

2. The estimated tops of important geologic markers.

Ojo Alamo	100'
Fruitland	1000'
Pictured Cliffs	1300'
T.D.	1600'

3. The estimated depths at which anticipated water, oil, gas, or other mineral-bearing formations are expected to be encountered.

   The Pictured Cliffs Formation @1300-1600 feet is expected to be gas productive.

4. The proposed casing program, including the size, grade, and weight-per-foot of each string and whether new or used.

8-5/8"	24#	@120-200 feet	Cement to surface
4½"	9.5#	@1600 feet	Cement to surface

5. The lessee's or operator's minimum specifications for pressure control equipment which is to be used, a schematic diagram thereof showing sizes, pressure ratings (or API series), and the testing procedures and testing frequency.

   Pressure control equipment to consist of an 8" hydraulically operated double ram BOP series 900, 3000#. The BOP will be pressure tested to 500 psi after installation and prior to drilling out from under surface casing.

6. The type and characteristics of the proposed circulating medium or mediums to be employed for rotary drilling and the quantities and types of mud and weighting material to be maintained.

   Well is to be drilled with gel mud plus required additives for hole conditions and formations to be drilled. Normally about 25sx. of gel will be on location at one time.

7. The auxiliary equipment to be used, such as (1) kelly cocks, (2) floats at the bit, (3) monitoring equipment on the mud system, (4) a sub on the floor with a full opening valve to be stabbed into drill pipe when the kelly is not in the string.

   Kelly cock stop for 3½" drill pipe, and a full opening floor valve to stab into the drill pipe.

8. The testing, logging, fracing, and coring programs to be followed with provision made for required flexibility.

No coring is planned, no DST's are planned. Logs will probably be IES only. Nitrogen-water (foam) fracing consisting of approximately 20,000 gal. of 70% quality foam with 25,000# 10-20 sand.

9. Any anticipated abnormal pressures or temperatures expected to be encountered or potential hazards such as hydrogen sulfide gas, along with plans for mitigating such hazards.

No abnormal pressures or temperatures are anticipated. H2s is not a potential problem in the area.

10. The anticipated starting date and duration of the operations.

It is planned to commence operations as soon as regulatory approval has been received and a rig can be obtained. It is anticipated it will take 3-4 days to drill and log this well.

ENERGY RESERVES GROUP, INC.

MULTI-POINT SURFACE USE PLAN

1. EXISTING ROADS

Go east from Farmington 4 miles, turn North for approximately ¼ mile.

2. PLANNED ACCESS ROADS

Approx. ¼ mile of New access road will be required.

3. LOCATION OF EXISTING WELLS

See attachments

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

A. (1) None anticipated
(2) A separator may be required if well produces fluid.
(3) N.A.
(4) If the well is a producer, El Paso Natural Gas Company will install gathering line under a right-of-way permit.
(5) N.A.
(6) N.A.

B. If the well is productive, all facilities will be within the disturbed area. A small pit (20'x20') may be required if any water is produced. The pit will be fenced w/sheep wire to protect livestock and wildlife.

C. If the well is productive, the reserve pit will be fenced and allowed to dry up. As soon as it is dry, it will be filled and the area restored to its original contour. All trash and debris will be removed. If the well is dry, the pit will be fenced and allowed to dry The location and access road will be recontoured and reseeded as per BLM specifications.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be hauled by truck, probably from the San Juan River.

6. SOURCE OF CONSTRUCTION MATERIALS

None anticipated.

7. METHODS FOR HANDLING WASTE DISPOSAL

(1 & 2) All cuttings and drilling fluids will be contained in the reserve pit.
(3) Produced fluids, if any, will be contained in portable tanks, unless it is good water which will be directed into the pit and allowed to evaporate or soak into the ground.
(4) A portable toilet will be used during drilling and completion operations
(5) All trash will be buried in a small trash pit along side of the reserves pit (6) See item 4,C

8. ANCILLARY FACILITIES

None required.

9. WELL SITE LAYOUT

(1) See attachment
(2) See attachment
(3) See attachment
(4) It is not planned to line any pits.

10. PLANS FOR RESTORATION OF SURFACE

Upon completion of the well, the reserve pit will be fenced and allowed to dry. Any accumulation of oil will be skimmed off the pit and trucked to a disposal site.

The disturbed area will be recontoured to its original contour and reseeded as per BLM's recommendations. It is planned to commence rehabilitation as soon as the pit has dried and weather permits.

11. OTHER INFORMATION

(1) The area is generally rolling hills near the well site. The soil is composed mostly of sand with only sparce vegetation. Sage brush, cactus and assorted native grasses. Wildlife consists of rodents and birds.
(2) The surface is public land and is not presently used for any activity ie: grazing, recreation, etc.
(3) The San Juan Rive is appx. 1½ miles north of the propcsed well.

There was no evidence of any historical archaeological or cultural sites in the area to be disturbed.

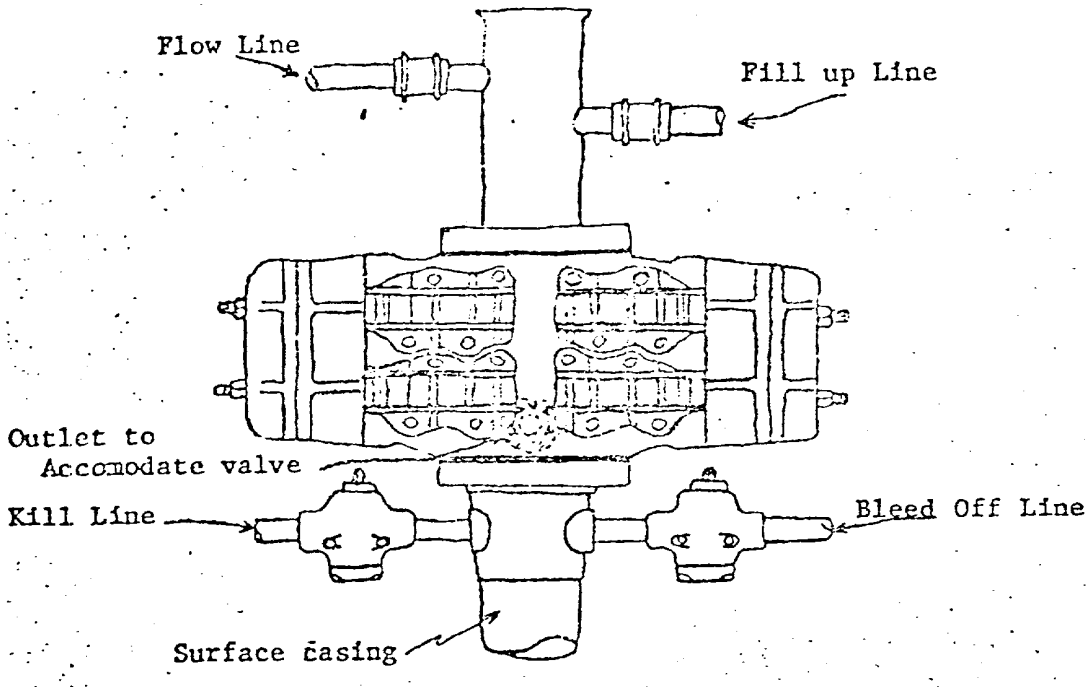
CERTIFICATION

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 _____
JACK TATZ
and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

William J. Huan

11-12-79
Date

FIELD SERVICES ADMINISTRATOR
Name and Title



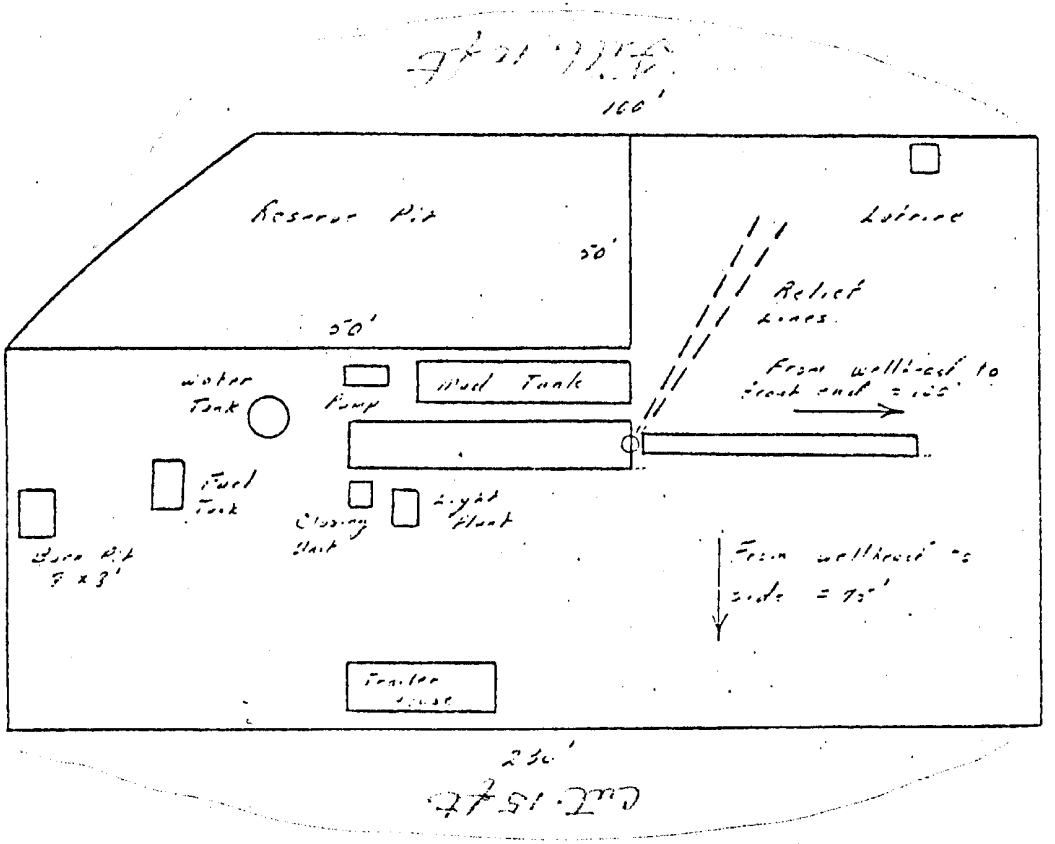
Blowout preventer is Shaffer double hydraulic equipped with drill pipe rams in the top and blind rams in the bottom.

Blowout preventer closing unit is Koomey 30 gallon accumulator unit.

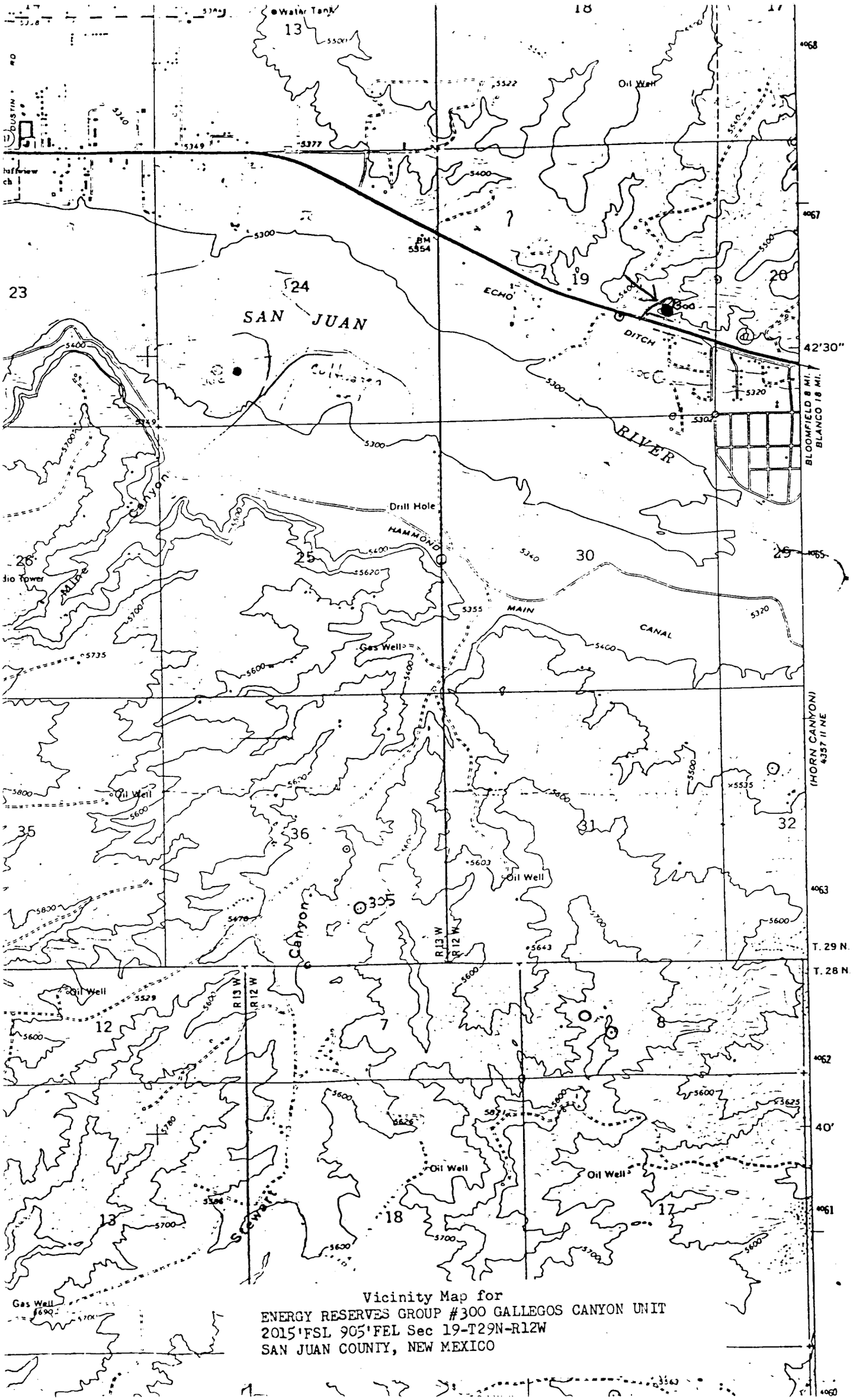
When choke manifold is used, it will be installed downstream from bleed off valve.

Kill line or bleed off line may be installed at flanged opening in blowout preventer.

Typical Location Plat for Pictured Cliffs Well



Scale: 1" = 25'



Vicinity Map for
ENERGY RESERVES GROUP #300 GALLEGOS CANYON UNIT
2015'FSL 905'FEL Sec 19-T29N-R12W
SAN JUAN COUNTY, NEW MEXICO

BLM

Well Name Gallegos Canyon Unit #300

Location SE 19-29-12

Formation PC

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

U. S. Forest Service	Date
Archaeologist Billy J. Naylor	Date 10/26/79
Bureau of Indian Affairs Representative	Date
Bureau of Land Management Representative	Date 10/26/79
U. S. Geological Survey Representative Andy Stump	Date 10/30/79

Seed Mixture: "T"

Equipment Color: BROWN

Road and Row: (Same) or (Separate) ?

Remarks: