ENERGETICS, INCORPORATED

FORMATION INFORMATION AND DRILLING PRACTICES

WELL:

Ute 18 No. 31

LOCATION:

550' FNL & 1880' FEL
S.18-T31N-R14W
San Juan Co., NM

LEASE NUMBER:

MOO-C-1420-1716

1) Surface formation.

Menefee

2) Estimated tops of important geologic markers.

Point Lookout	984
Mancos	1374
Gallup	2500

3) Hydro Carbon, Water or Mineral Bearing Formation.

2500' OIL

4) Proposed Casing Program.

0-100'	8 5/8, 32#, new casing. Cement with 100 sk. Class B + 2% $CaCl_2$.
0-2500	5 ½, 15.5#, new casing. Cement with 230 sk. Halliburton Light with 6 ¼ lb. Gilsonite/sk. followed by 100 sk. Class B + 2% $CaCl_2$ with 6 ¼ lb. Gilsonite/sk.
2500-2700	Open hole (drill with cable tool)

5) Specifications for pressure control equipment.

The attached schematic shows the type of blow out preventer to be used while drilling. The unit will be tested to 200 psi as soon as possible after its installation on the surface pipe. Testing will be done with the rig pump. This is a manual type preventer, and its operation will be manually checked when practical.

6) Drilling Fluids.

Depth	Type	Viscosity	Weight	Fluid Loss
0-100	Gel-Lime	35-55	8.9-9.2	N/C
100-2500	Gel-Chem	30-40	8.6-9.5	10
2500-2700	Water			

7) Auxiliary equipment.

a. bit float
b. full opening valve for stabbing in drill pipe when the kelly is not in use

8) Logging - Coring - Drill Stem Testing.

Logging: Induction Electric Log, Formation Compensated Density, Gamma Ray, Caliper

Coring: None

Drill Stem Testing: None

9) Abnormal temperatures, pressures, or hazardous conditions.

None expected.

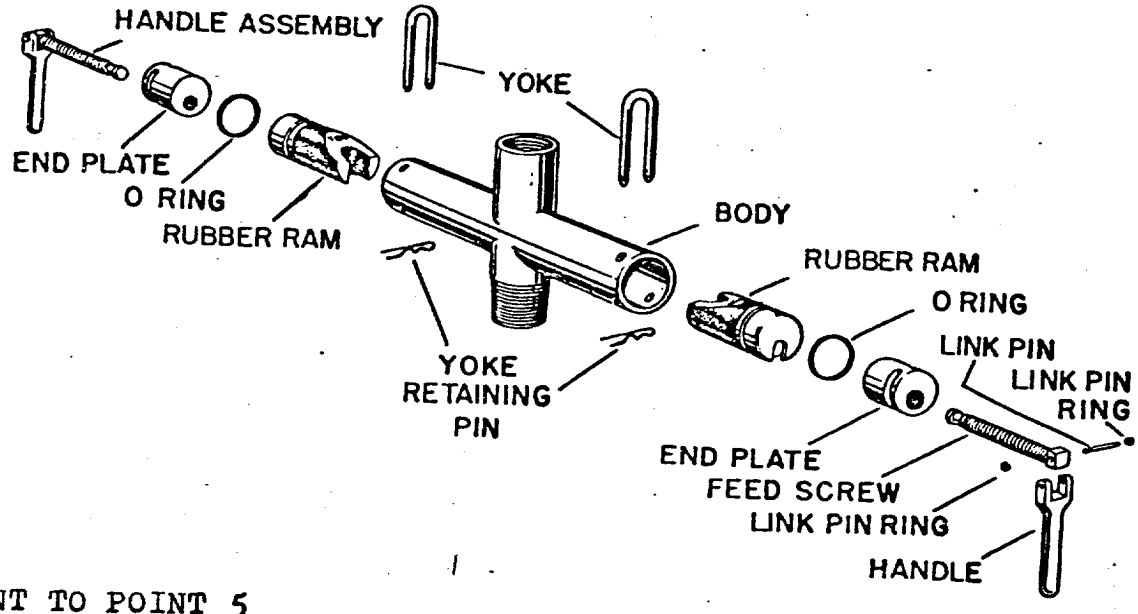
10) Starting date.

Anticipated starting date is July 15, 1978. Approximately 15 days will be needed to build roads and location and drill the well to total depth. If commercial, completion will commence immediately and require approximately 7 days to complete.

G TUBING BLOWOUT PREVENTERS

G BLOWOUT PREVENTER RAMS

PREVENTER SIZE	2-3/8"	2-7/8"	3-1/2"
RAM I.D. INCHES	Part No.	Part No.	Part No.
Blank	28262	28263	28264
9/16"	59383	45019	59388
5/8"	44948	44969	59393
3/4"	59391	41502	59410
7/8"	59392	54571	59389
1"	59384	59386	45903
1.050"	44949	41424	45056
1-1/8"	28354	28336	28365
1-1/4"	28355	28331	28366
1.315"	45055	44109	44057
1-3/8"	44730	59387	44964
1-1/2"	28356	28337	28367
1-5/8"	59385	46780	59390
1.660"	45462	43629	44963
1-3/4"	28357	28346	28368
1.900"	45463	43630	45609
2.063"	....	....	59394



ATTACHMENT TO POINT 5
API SERIES 6" 600

ENERGETICS INCORPORATED

Surface Development Plan

WELL:

Ute 18 No. 31

LOCATION:

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San Juan Co., NM

LEASE NUMBER:

MOO-C-1420-1716

1) Existing roads. (Shown in green.)

The attached topographic map shows all existing roads within one mile of the proposed location. Access will be made to a county road 1 ½ mile south of the location.

All existing roads are in good condition and will not have to be upgraded to handle normal drilling activity traffic.

2) Planned access road. (Shown in red.)

The planned access road will be approximately 1000' long and 20' wide. Maximum grade will be 5%. No turnouts or culverts will be required. Water bars will be used to aid drainage and prevent erosion. No surfacing material will be required. No gates, cattle guards, or fences will be crossed. No cuts or fills should be required.

3) Location of existing wells.

All wells (water, abandoned, disposal, and drilling) are shown and so labled on the attached section layout.

4) Location of tank batteries, production facilities and production, gathering and service lines.

All production facilities are to be contained within the proposed location. Energetics, Inc. does not own or control any such facilities in the area.

5) Location and type of water supply.

Water for drilling will be trucked from the San Juan River located 15 miles southeast of location. This water is not on federal land.

6) Source of construction material.

Any construction material required for road or location will be excess material accumulated during building of such sites.

7) Methods of handling waste disposal.

(Refer to attached well site layout)
All burnable material will be burned in the trash pit when conditions permit. All nonburnable material (drilling fluids, cuttings, chemicals, etc.) will be held in the reserve pit and buriedwhen dry. Any oil produced while drilling will be trucked from the location prior to leaving the pit to dry. Pits will be fenced during dryout itme, the completely back filled with sirt prior to preparing the location for production or abandonment.

8) Ancillary facilities.

No ancillary facilities are planned.

9) Well site lay out.

The attached lay out shows the drilling rig with all facilities. Cut and fill required is also indicated.

10) Plans for restoration of surface.

Restoration of well site and access road will begin within 90 days of well completion, weather permitting.

Should the well be abandoned, the drilling site will be reshaped to its approximate former contour. The access road will be plowed and leveled. Both site and road will have top soil replaced and will be reseeded when germination can occur.

Should the well be commercial, that portion of the location, not needed for operation, will be repaired as above. The portion needed for daily production operations, and the access road, will be maintained in good repair.

In either case, clean up of the site will include burning any safely burnable material, filling of all pits, carrying away of all nonburnable materila and chemicals that can not be buried. Any oil that has accumulated on the pits will be trucked away.

11) Other information.

General topography of the area may be seen on the attached map.

The drilling site is on a gentle south slope surrounded by sandstone outcrops. The area is covered with cedar and mormontea. There is evidence of small animal life. There are no creeks, rivers, or ponds in the area. The soil is a sandy loam.

Surface belongs to the Ute Mountain Tribe.

There are no occupied dwellings in the area.

There are no archaeological or cultural sites visible on the location. The archaeologists report is forthcoming.

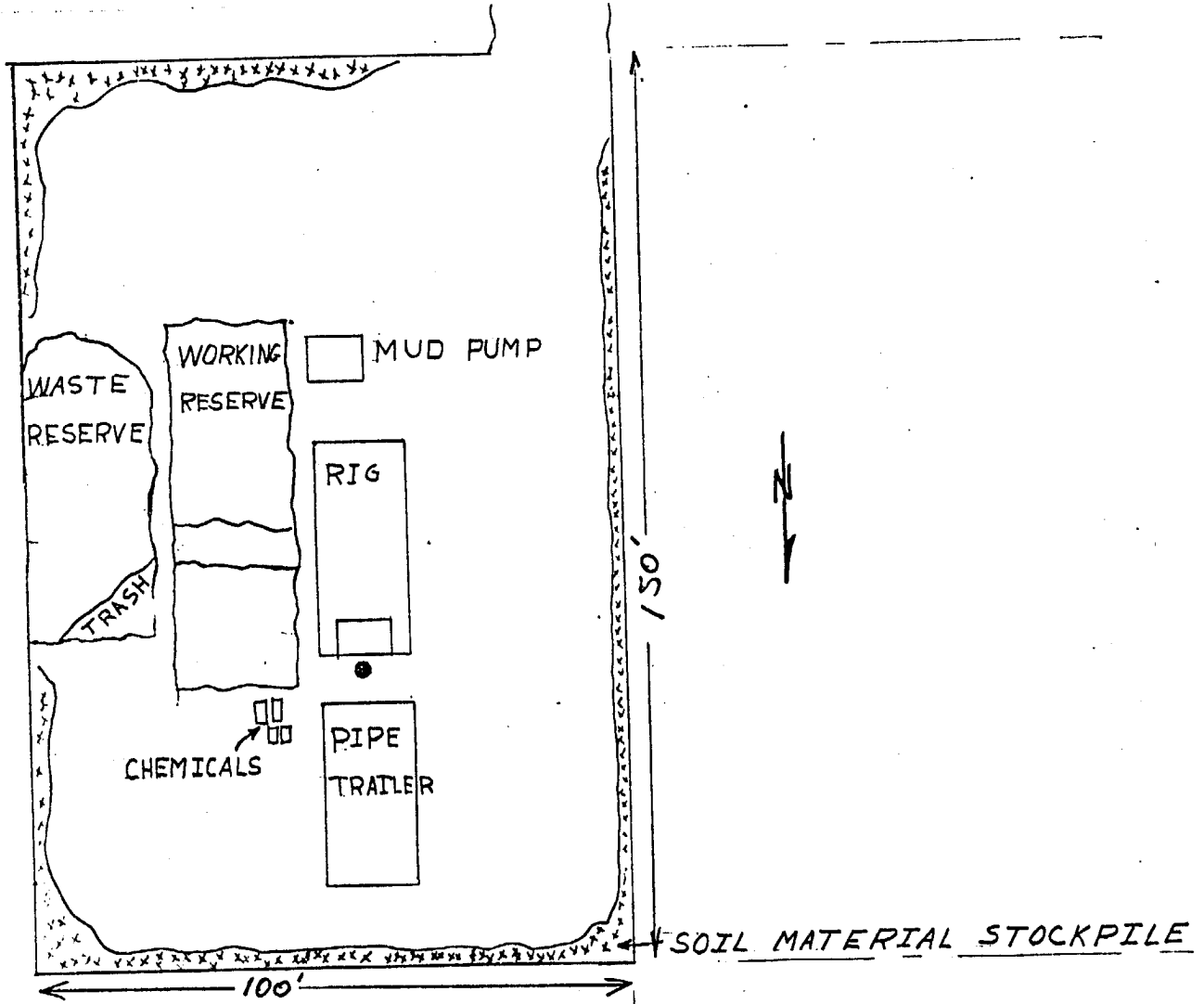
12)

John Alexander
3E Company, Inc.
P.O. Box 190
Farmington, NM 87401
Phone: 505-327-4020

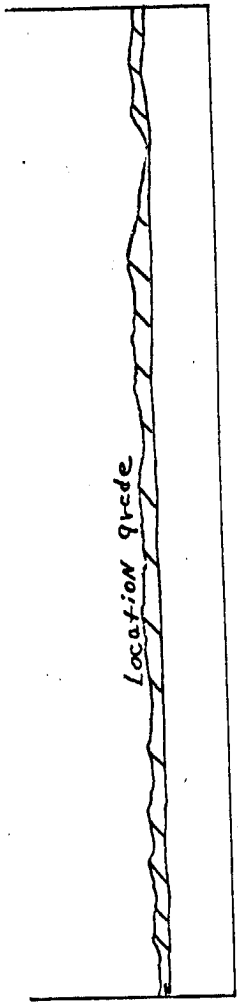
13) I hereby certify that I or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Energetics, Incorporated and its contractors and sub-contractors in conformith with this plan and the terms and conditions under which it is approved.

5-23-78

John Alexander
John Alexander

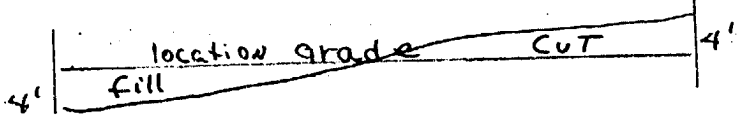


PLAN VIEW 1"=30'
ALL PITS - EARTHEN



CUT & FILL (SIDE) - 6" TOP SOIL

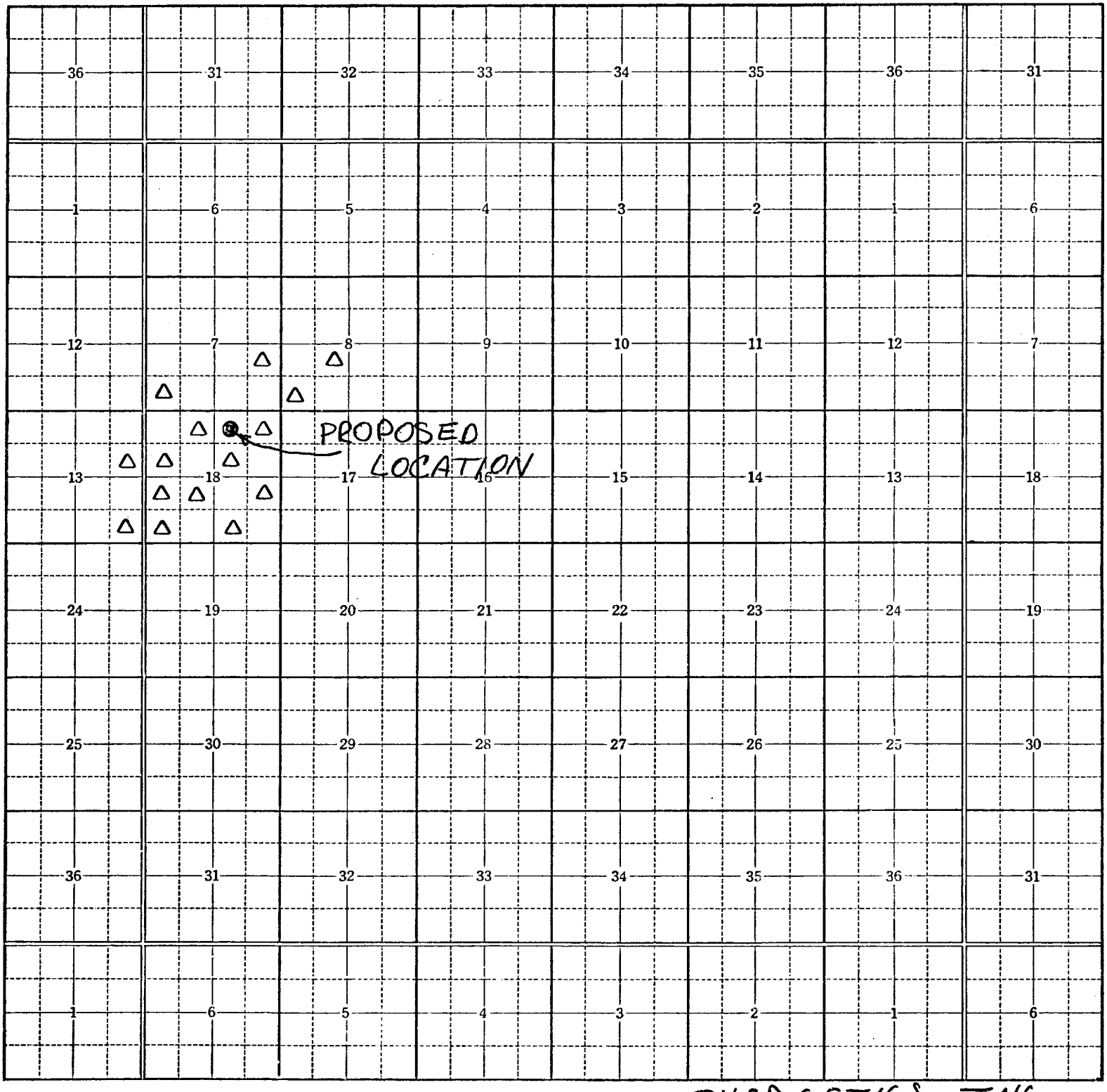
WELL SITE LAYOUT
ENERGETICS INC.



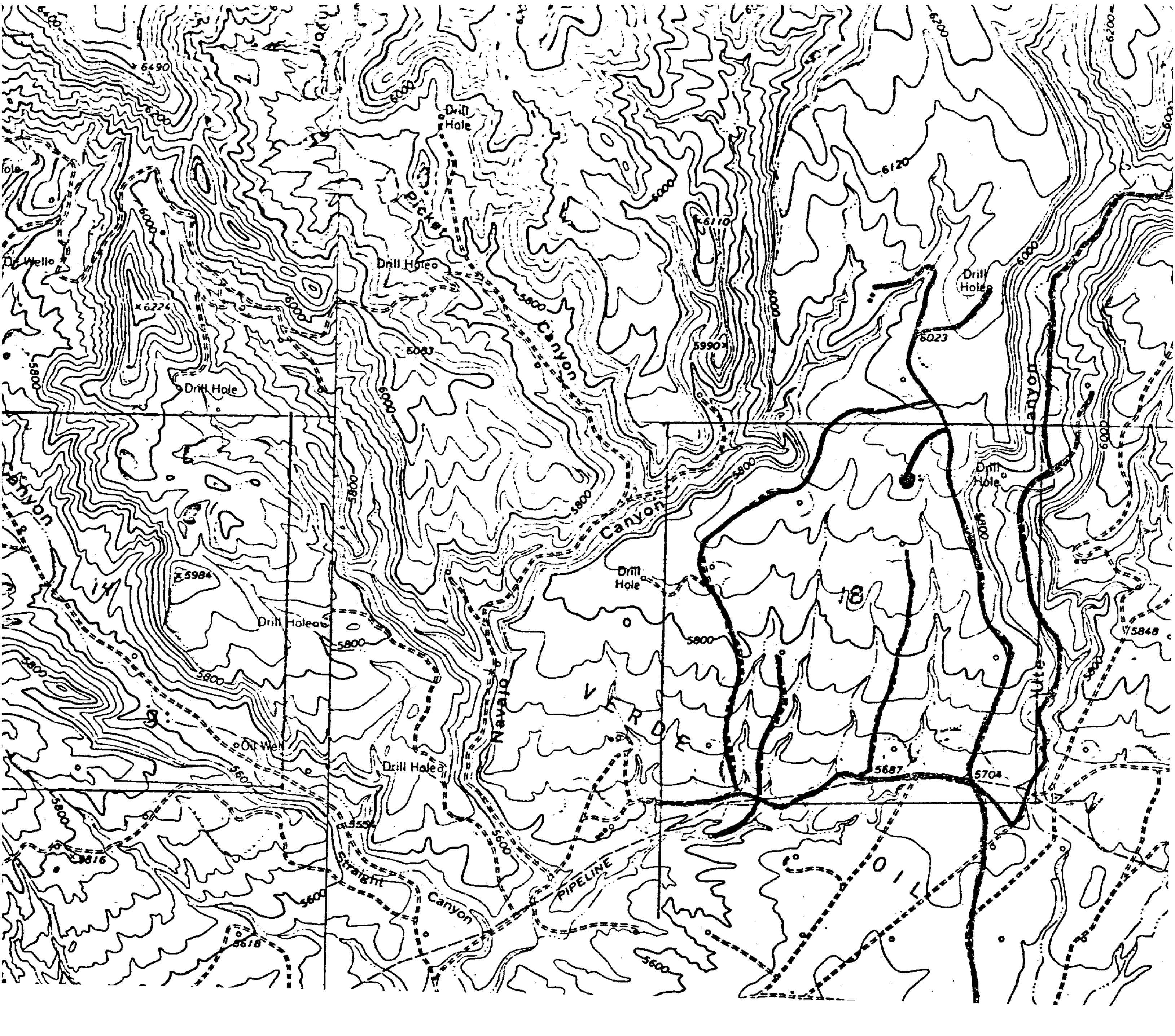
Δ=PLUG & abandoned

Township 31, Range 14, County SAN JUAN, State NM

Island Township Plat



ENERGETICS INC.
UTE 18 #31
OFFSET WELLS



Drill Hole
Drill Hole
Drill Hole
Drill Hole
Drill Hole
Drill Hole
Drill Hole
Drill Hole
Oil Well
Oil Well
Canyon
Canyon
Canyon
Navajo
Straight
Canyon
PIPELINE
Ute
Canyon
V E R D E
O I L
6490
6224
6083
6110
6120
5990
6023
5984
5848
5687
5704
5800
6000
5600