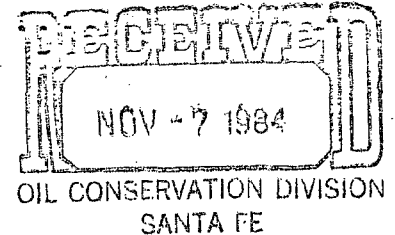


Release November 27, 1984

Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602-3280
307 265 7331



November 6, 1984



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

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87401

Re: Request for Unorthodox Well Location
E. H. Pipkin No. 26
1,470' FNL 850' FWL
Section 12, T27N-R11W

Gentlemen:

Energy Reserves Group, Inc. requests approval of the above well location based upon topographical conflicts. The well is proposed to be completed in the Gallup formation (Kutz Gallup).

The well is located in an area which is highly eroded with numerous gullies and dry washes. In addition to the topographic conflicts, there is a natural gas pipeline which runs thru the area which also causes conflicts with the site. The site specifically falls on the top of a narrow ridge running north and south which drops off steeply to the east and west. To put the well site in a legal location would require substantial earth work.

Energy Reserves Group, Inc. is the offset operator affected by the placement of this well. ERG owns all acreage in section 1 and 12, T27N-R11W and 35 and 36, T28N-R11W. Gulf Oil Company owns the adjacent area in section 11 which requires notification of the proposal. Gulf has been sent a certified letter as of this date.

If any additional information is required, please advise.

Very truly yours,

ENERGY RESERVES GROUP, INC.

Paul C. Bertoglio

William J. Fiant
Field Services Administrator

WJF/kw

Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602-3280
307 265 7331



November 6, 1984

CERTIFIED MAIL #P 507 975 805
RETURN RECEIPT REQUESTED

Gulf Oil Company
P. O. Box 670
Hobbs, NM 88240

Re: Notification of Proposed Unorthodox Well Location
San Juan County, New Mexico

Gentlemen:

In accordance with New Mexico Oil Conservation Division Regulations, we are notifying you of a proposed well site of which you are an offset operator.

E. H. Pipkin No. 26
1,470' FNL 850' FWL
Section 12, T27N-R11W
San Juan County, New Mexico

The proposed well is to be completed as an oil producer in the Kutz Gallup pool. The purpose of the unorthodox well location is based upon topographical conflicts which are detailed on the attached letter to the state of New Mexico.

If you have no objection to our request, we would appreciate your signature of the attached and forwarding it to the Oil Conservation Division at Santa Fe, New Mexico. If you have objection, we would appreciate a call at your earliest convenience, and also your notification to the NMOCD within 20 days of receipt of this letter.

Very truly yours,

ENERGY RESERVES GROUP, INC.

for *Paul C. Bertoglio*

William J. Fiant
Field Services Administrator

WJF/kw

Attach.

2-26 Ohio
☀

26 Angel PK 8
☀

Newman IEC
☀

Newman C-1
☀

26
MARATHON

3-E-26 Ohio C
287 ☀ 8-28-80
2-26-81
185.8 6-81

3-26 Ohio
249 ☀ 9-18-60
11-14-60
4517.3 NA

Angel PKB 27
164 ☀ 1-21-66
3-1-66
2669.6 NA

25
UNION TEXAS PETR.

26-E Angel Peak-B
219 ☀ 12-10-80
3-23-81
155.2 5-81

AMOCO
Hub 1
253 ☀ 9-14-51
11-9-51
2388.5 NA

Hub 2
☀

Pipkin 9E
319 ☀ 12-17-79
4-18-80
271.9 1-27-81

Pipkin 7
143 ☀ 12-13-60
1-5-61
3135.4 NA

35

Pipkin 7-E
389 ☀ 10-27-79
12-17-79
331.2 7-30-80

Pipkin 9
203 ☀ 1-22-61
2-14-61
2202.0 NA

Pipkin 5
138 ☀ 4-21-60
5-17-60
2034.1 NA

Pipkin 6 E
617 ☀ 11-21-79
1-30-80
568.1 7-30-80

36

Pipkin 5-E
214 ☀ 7-26-80
8-29-80
180.2 1-8-81

Pipkin 6
179 ☀ 9-19-60
10-28-60
2087.7 NA

LADD PETR.

I Knauff-B
TA ☀ 5-30-59
6-16-59
1713.1 NA

I Martin Unit B
☀

I E Knauff-B
170 ☀ 4-16-80
5-23-80
102.7 12-80

TENNECO

Balack A1
75 ☀ 6-15-60
8-29-60
3312.0 NA

Balack A1-E
☀ 10-6-83
11-9-83
WOPL

Pipkin 10
79 ☀ 2-23-61
3-21-61
1424.8 NA

Pipkin 10E
119 ☀ 2-5-80
4-30-80
128.3 10-30-80

AMOCO

Gault J-2
76 ☀ 11-30-68
1-31-69
657.4 NA

Sipco Kutz Fed 2J
☀

2
EPNG

Angel PK 1
☀

Pipkin 8X
33 ☀ 1-7-61
2-13-61
406.7 NA

Pipkin 8E
77 ☀ 4-27-80
7-1-80
77.0 10-30-80

ERG

GULF

6E Full
☀ 11-8-80
12-17-80
WOPL

Full 6
☀

Pipkin 12E
154 ☀ 1-31-80
4-12-80
178.5 10-10-80

Pipkin 12
179 ☀ 4-28-61
5-24-61
1887.7 NA

12

Pipkin 11E
216 ☀ 8-8-80
9-5-80
181.0 1-15-81

Pipkin 11
21 ☀ 3-10-61
4-9-61
385.1 NA

Pipkin A-1
97 ☀ 6-29-63
8-3-63
858.4

ERG

BETA DEV.

Hancock Federal 4
TA ☀ 12-14-61
1-31-62
1694.6 NA

LADD PETR.

I US Argo
142 ☀ 7-15-59
8-15-59
1525.1 NA

14

13

18

IO Govt. Fullerton
☀

IE Argo
☀

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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

Energy Reserves Group, Inc.

3. ADDRESS OF OPERATOR

P. O. Box 3280; Casper, WY 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1,470' FNL 850' FWL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

Approximately 7 miles south of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE

2,560'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

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

19. PROPOSED DEPTH

5,850'

20. ROTARY OR CABLE TOOLS

Rotary

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

5,954' GR ungraded

22. APPROX. DATE WORK WILL START*

November 1984

23.

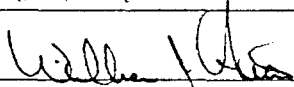
PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	20#	300'	150 sx
7-7/8"	4-1/2"	10.5#	5,850'	1,675 sx

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



TITLE Administrator, Field Services DATE November 5, 1984

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

P. O. BOX 2088

Form C-107

Revised 10-1-77

ENERGY AND MINERALS DEPARTMENT

SANTA FE, NEW MEXICO 87501

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

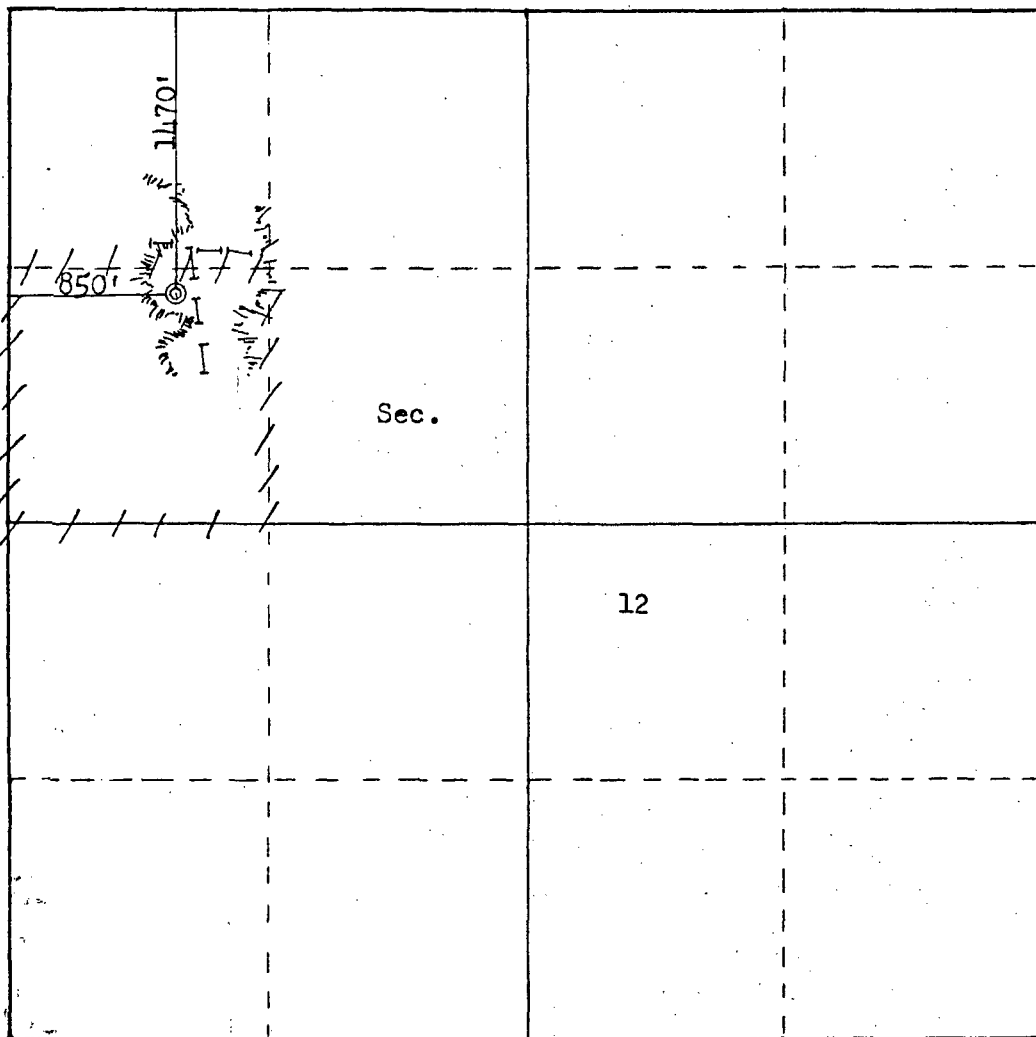
Operator ENERGY RESERVES GROUP			Lease E. H. Pipkin		Well No. 26
Unit Letter E	Section 12	Township 27N	Range 11W	County San Juan	
Actual Footage Location of Well: 1470 feet from the North line and 850 feet from the West line					
Ground Level Elev: 5954	Producing Formation Gallup		Pool Kutz Gallup		Dedicated 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.



Scale: 1"=1000'

CERTIFICATION

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

William J. Fiant
Name

William J. Fiant

Position

Administrator, Field Services

Company

Energy Reserves Group, Inc.

Date

November 5, 1984

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 26, 1984

Registered Professional Engineer
and Land Surveyor

Fred B. Kerr Jr.
Fred B. Kerr Jr.

Certificate No. 4, 1984

3950

TEN POINT PLAN

- 1) SURFACE FORMATION: Nacimiento
- 2 & 3) ESTIMATED TOPS:

Ojo Alamo	-	650'	Water
Kirtland	-	760'	
Fruitland	-	1,560'	Possible Gas
Pictured Cliffs	-	1,770'	Gas
Cliffhouse	-	3,310'	
Mancos	-	4,455'	
Gallup	-	5,315'	Primary Obj. - Oil
T.D.	-	5,850'	
- 4) CASING PROGRAM:

0-300', drill 12-1/4" hole, set 8-5/8", 20#, K-55, S T & C, new casing, cmt to surface w/150 sx

0-5,850', drill 7-7/8" hole, set 4-1/2", 10.5#, K-55, S T & C, new casing, cmt in two stages:

1st stage - 5,850'-3,200', 775 sx 65-35 pozmix followed by 150 sx class "B" cement

2nd state - 1,900'-surface, 750 sx 65-35 pozmix, stage collar @ 1,900'
- 5) PRESSURE CONTROL EQUIPMENT: (See attached diagram) BOE will consist of an 8" 3,000# dual ram preventor. The rams will be tested to 70% of the yield strength of the surface casing.
- 6) MUD PROGRAM: Fresh water base gel mud will be used throughout the entire operation. A mud logger will be used from 4,400' to T.D.. Sufficient mud materials to maintain mud properties, control lost circulation and to contain a blow out will be available at the well site. Approximate maximum mud weight will be 9ppg. It is proposed to treat mud w/LCM prior to drilling into the Gallup formation.
- 7) AUXILIARY EQUIPMENT: Equipment will include, Kelly Cock and a drill pipe safety valve.
- 8) LOGGING: SP-Dual Induction-SFL and GR-FDC-CNL from 3,800' to T.D..

CORING: None

TESTING: None

STIMULATION: 50,000 gallons 70 quality foam w/50,000# 20-40 sand.
- 9) ABNORMAL PRESSURE OR TEMPERATURE: None

ESTIMATED BOTTOMHOLE PRESSURE: 1,000 psi.

No H₂S is found in this area.
- 10) ANTICIPATED STARTING DATE & DURATION OF OPERATION:

November 1984, duration of operation is approximately 3-4 weeks, depending on problems encountered.

SURFACE USE & OPERATIONS PLAN

1) EXISTING ROADS:

- A. See attached map.
- B. Route and Distance from Nearest Town: Go south from Bloomfield, New Mexico on highway 44 for approximately 10 miles. Turn east for approximately 2-3/4 miles to the proposed site.
- C. Access Roads to Location: Color coded.
- D. Exploratory Well: N/A
- E. Development Well: For existing roads within a one (1) mile radius, see map.
- F. Plans for Improvement and/or Maintenance: No improvements are necessary. Maintenance is provided by ERG and Southern Union on an as needed basis.

2) PLANNED ACCESS ROADS:

- 1. Width: 20' running surface, flat bladed.
- 2 - 8. No new access road will be required.

3) LOCATION OF EXISTING WELLS:

- 1. Water Wells: None
- 2. Abandoned Wells: E. H. Pipkin #1 and #4 P.C..
- 3. Temporarily Abandoned Wells: None
- 4. Disposal Wells: None
- 5. Drilling Wells: None
- 6. Producing Wells: ERG currently operates 30 producing wells on this lease.
- 7. Shut-in Wells: Wells are periodically shut-in as demand dictates.
- 8. Injection Wells: None
- 9. Monitoring or Observation Wells: None

4) LOCATION OF EXISTING and/or PROPOSED FACILITIES OWNED and/or OPERATED BY E.R.G.:

A. Existing Facilities:

- 1. Tank Batteries are Located at Wells: 5, 5E, 6, 6E, 7, 7E, 8X, 8E, 9, 9E, 10, 11, 11E, 12, 12E.
- 2. Production Facilities: All above listed wells produce oil and/or condensate in conjunction with natural gas. Each well has a separator and/or treater with storage facilities. All other ERG wells produce gas only.
- 3. Oil Gathering Lines: There is a short gathering line from each well which produces oil and/or condensate to each on site tank battery.
- 4. Gas Gathering Lines: Gas Company of New Mexico owns all gathering lines on this lease.
- 5. Injection Lines: None
- 6. Disposal Lines: None

B. New Production Facilities:

- 1. Proposed Tank Battery: It is proposed to set (1) 400 bbl tank at the well site.
- 2. Dimensions of Facilities: The tank and separator will be installed on the well site originally disturbed for drilling the well.
- 3. Construction Methods and Materials: Area to be used will be leveled with a dozer. Materials to be used for foundation will consist of crushed rock or gravel and native materials.
- 4. Protective Measures and Devices: Any pits will be fenced to protect livestock and wildlife.
- 5. Plans for Rehabilitation of Disturbed Area: All disturbed areas not needed for operations will be contoured to match existing terrain and reseeded with BLM seed mix #2.

5) LOCATION AND TYPE OF WATER SUPPLY:

- A. Location of Supply: Kutz Wash in Section 35, T28N-R11W or at the San Juan River near Bloomfield.
- B. Method of Transportation: Water will be hauled by tank trucks using existing roads.

5) LOCATION AND TYPE OF WATER SUPPLY Cont'd.:

C. Water Wells to be Drilled: None

6) SOURCE OF CONSTRUCTION MATERIALS:

A. Location: Any gravel needed to set a tank will be hauled from Bloomfield or Farmington and purchased from private sources.

B. From Federal or Indian Lands: None

C. Additional Materials: none

D. Access Roads on Federal or Indian Lands: None

7) METHODS OF HANDLING WASTE DISPOSAL:

1 & 2. Cuttings and Drilling Fluids: All material will be put into the reserve pit.

3. Produced Oil: Tanks will be used for the storage of oil produced while completing the well. Produced water will be placed in the reserve pit while testing.

4. Sewage: Sewage will be contained in a portable toilet (chemical).

5. Garbage and Other Waste Material: Garbage and other waste material will be put into a burn pit and all flammable materials will be burned. The pit will be enclosed by a fence to prevent littering.

6. Clean-up of Well Site: Upon completion of drilling, all trash and litter will be picked up and placed into the burn pit and burned or buried. The reserve pit will be fenced and allowed to dry before backfilling.

8) ANCILLARY FACILITIES:

1. None planned.

9) WELLSITE LAYOUT:

1. Cuts and Fills: See diagram.

2. Location of Pits and Stockpiles: For location of facilities, see attached diagram.

3. Pad Orientation: See diagram.

4. Lining of Pits: None

5. O.S.H.A. Requirements: Area needed to conduct the fracturing operations in a safe manner and in accordance with O.S.H.A. standards will be within the area already disturbed.

10) PLANS FOR RESTORATION OF THE SURFACE:

1. Backfilling, Leveling, Contouring and Waste Disposal: There is very little topsoil in the area. It is not customary to strip soil in this general vicinity. Backfilling of the reserve pit will be done as soon as the pit has dried. All portions of the site not needed for operations will be re-contoured and reseeded w/BLM seed mixture #2. Waste disposal will begin immediately after completion of drilling. All waste and litter will be picked up, placed into the burn pit and burned and/or buried.

2. Revegetation and Rehabilitation: Revegetation of the unused portions of the location will be conducted in the late summer using BLM mixture #2.

3. Timetable of Rehabilitation: Rehab will commence as soon as the pit is sufficiently dry to allow backfilling. Probably spring or early summer of 1985.

11) OTHER INFORMATION:

Topography, Soil Characteristics, Geologic Features, Flora and Fauna: The area is generally highly eroded with numerous gullies and dry washes. The soil is sandy with underlying sandstone ledges. The area drains easterly into Kutz Wash which drains into the San Juan River near Bloomfield. There are no significant geologic features found in the immediate area. Vegetation consists of juniper trees, sage and other shrubs and assorted native grasses. Wildlife found in the area includes, mule deer, coyotes, badger, rabbits, skunks, and other small rodents and birds.

2. Surface Ownership & Use: Ownership is BLM, use is livestock grazing.

3. Proximity of Water, Occupied Dwelling, Archaeological, Historical or Cultural Sites: The nearest stream or live water source is the Kutz Wash approximately 1/2 mile east. There are no nearby dwellings. An archaeological inspection has been performed.

12). LESSEE OR OPERATORS FIELD REPRESENTATIVE:

Energy Reserves Group, Inc.
P. O. Box 3280
Casper, WY 82602
(307)265-7331

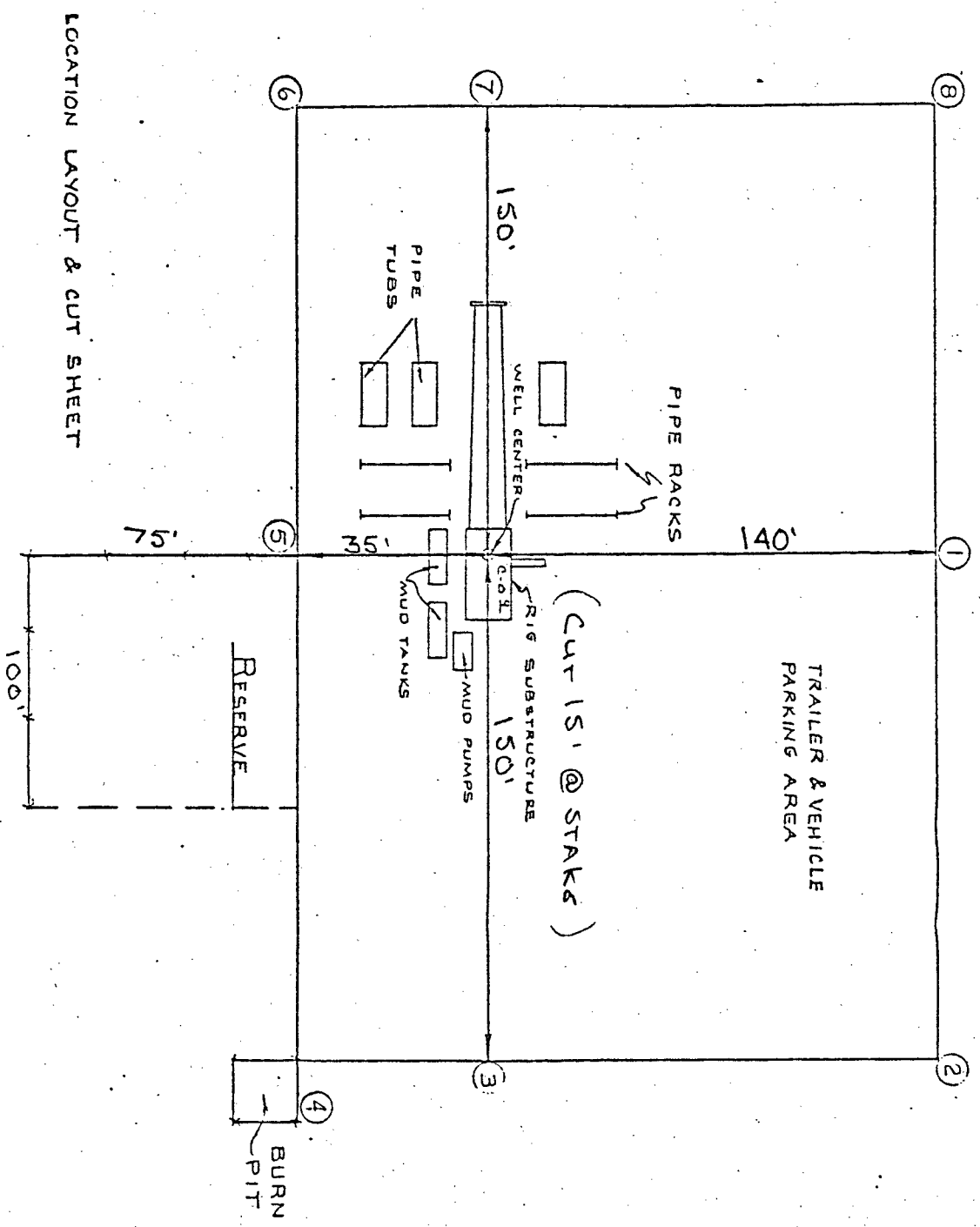
T.C. Durham
(505)327-1639

13) 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 Energy Reserves Group, Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



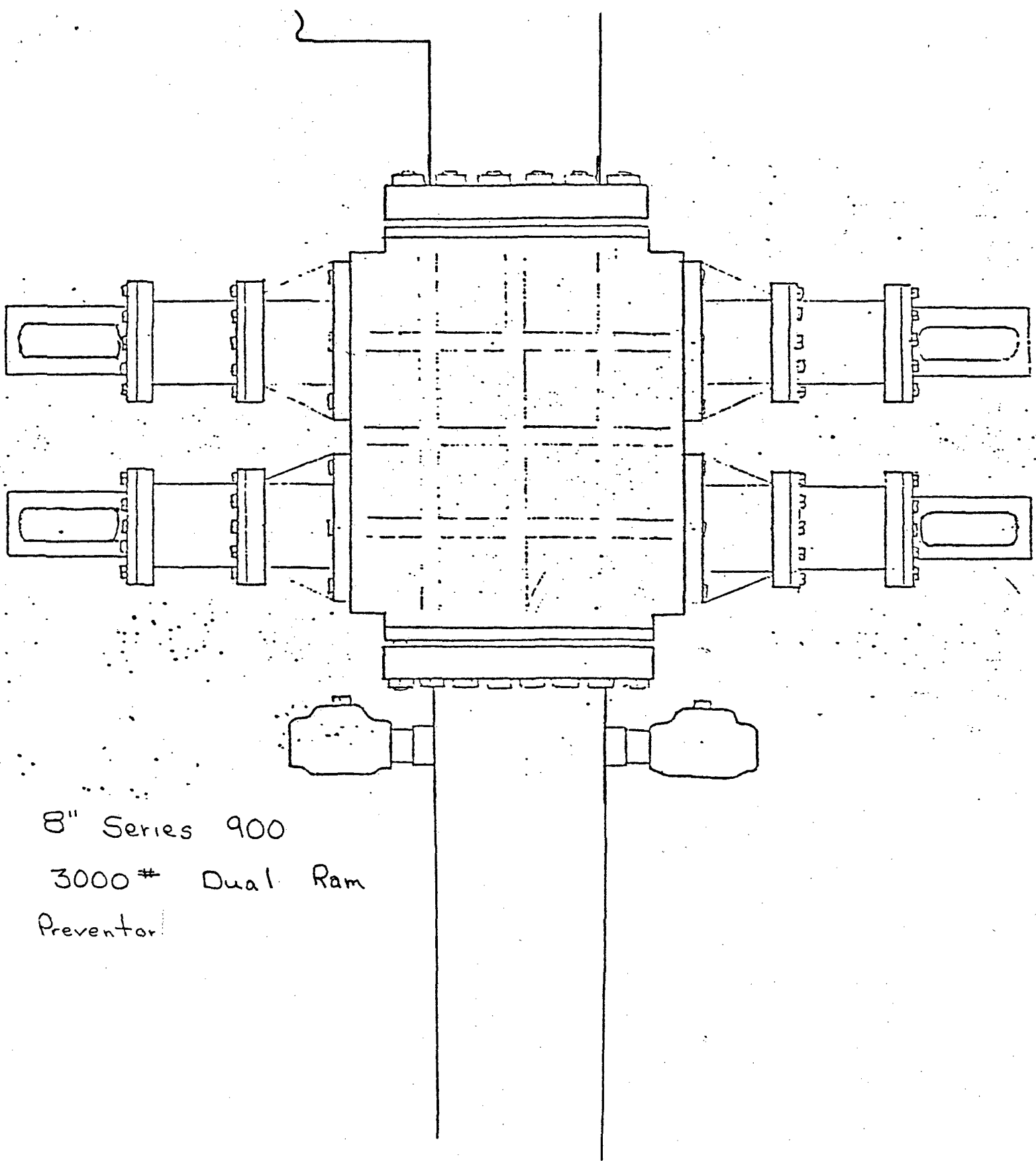
William J. Fiant
Administrator, Field Services



LOCATION LAYOUT & CUT SHEET

2

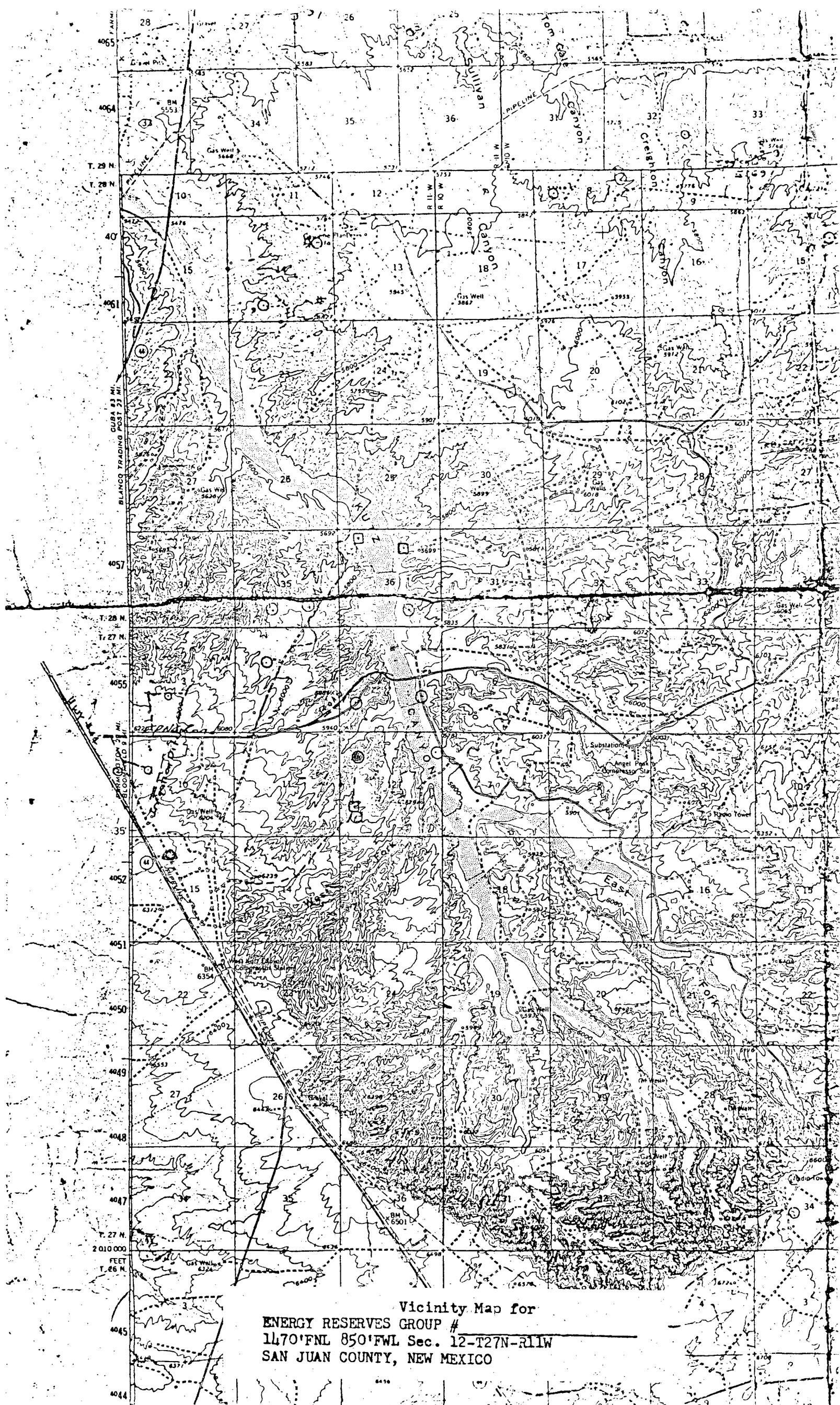
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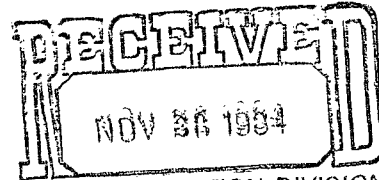
8" Series 900

3000# Dual Ram

Preventor



NSC-1947



OIL CONSERVATION DIVISION
SANTA FE
Energy Reserves Group

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

Re: Unorthodox Well Location
E. H. Pipkin No. 26
1,470' FNL 850' FWL
Section 12, T27N-R11W
San Juan County, New Mexico

Gentlemen:

Gulf Oil Company waives any objection to Energy Reserves Group, Inc.
proposal of the above referenced well scheduled to be completed in
the Kutz Gallup pool.

J. A. Frank
Signed

11.19.84
Date