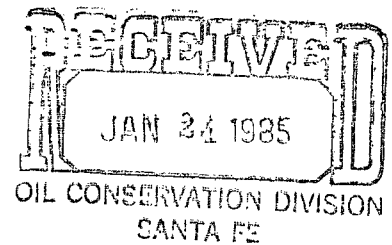


*No offsets
Release Immediately*

By DRC

PETROLEUM ENERGY, INC.



January 21, 1985

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

Gentlemen:

*NSL- 1977
RULE- 104 FE
1977 Dedicated Acreage - 160
SW/4 of Section 5, 26, 19
Mountain Mississippian Pool Ext.*

Please find enclosed an Application for Permit as filed with the Bureau of Land Management.

This location was originally chosen to avoid Indian Ruins in the area, note the comment of the archeological survey attached.

All off-set leases are owned by PETROLEUM ENERGY, INC., and all minerals are owned by the NAVAJO TRIBE.

Should you need anything further to grant an exception please advise.

Thank you,

Sincerely,

PETROLEUM ENERGY, INC

Jay D. Magness
Jay D. Magness

JDM:pjr

Enclosure

cc: Mr. Frank Chavez
Bureau of Land Management



United States Department of the Interior

NATIONAL PARK SERVICE

Southwest Region

P. O. Box 728

Santa Fe, New Mexico 87501

IN REPLY REFER TO:

H22

JUN 18 1975

Mr. Robert E. Lauth
Geological Consultant
960 East Second Avenue
P. O. Box 776
Durango, Colorado 81301

Dear Mr. Lauth:

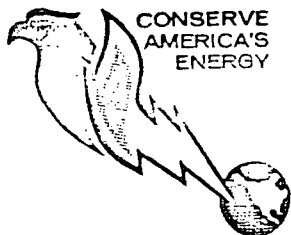
Enclosed is correspondence regarding an archeological clearance survey of three (3) proposed drill locations, SSW of Shiprock Pinnacle, New Mexico. The archeological survey was performed by Archeologist Correll in your company on May 29, 1975.

The following (3) proposed drill locations were included in the archeological survey:

| <u>Site</u> | <u>Location</u> |
|-------------|---|
| 2-5 Navajo | Sec. 5, NW $\frac{1}{4}$, SW $\frac{1}{4}$, T26N, R19W, NMPM |
| 3-5 Navajo | Sec. 5, NW $\frac{1}{4}$, NE $\frac{1}{4}$, T26N, R19W, NMPM |
| (Not given) | Sec. 6, NE $\frac{1}{4}$, Near Center, T26N, R19W, NMPM |

No archeological or historical sites were located within the confines of the project area. However, several archeological sites were located nearby which will necessitate caution that construction or other activities do not exceed the project area and disturb the archeological sites in any way.

Archeological clearance is granted for all three (3) proposed drill



Save Energy and You Serve America!

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒ RE-ENTERDEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐GAS HELIUM
WELL ☒

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

PETROLEUM ENERGY, INC.

3. ADDRESS OF OPERATOR

P. O. BOX 2121 DURANGO, COLORADO 81301

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

At surface

NW $\frac{1}{4}$ SW $\frac{1}{4}$ 1980' FROM SOUTH LINE AND 660' FROM WEST LINE

At proposed prod. zone

SAME

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

3 MILES NORTH AND 1 $\frac{1}{2}$ MILES WEST OF SANASTEE, NEW MEXICO

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any)

5940'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

2200'

21. ELEVATIONS (Show whether DT, BP, GR, etc.)

5993' GROUND

23.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|----------------------|
| 17 1/4" | 13 3/8" | 54# | 100' | 130 SACKS (IN PLACE) |
| 12 1/4" | 9 5/8" | 47# | 1491' | 400 SACKS (IN PLACE) |
| 8 3/4" | 4 1/2" | 10.5# | 6525' | 200 SACKS |

PLUG TOPS AT: 5847', 4807', 3300', 3050', 1425' AND TOP OF HOLE.
PLAN TO RE-ENTER, DRILL OUT, RUN CASING AND COMPLETE AS A MISSISSIPPIAN
HELIUM GAS WELL.

COMPLIANCE OFFICER APPROVAL WILL BE ACQUIRED.

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 AGENT FOR PETROLEUM ENERGY, INC. JANUARY 7, 1985

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:



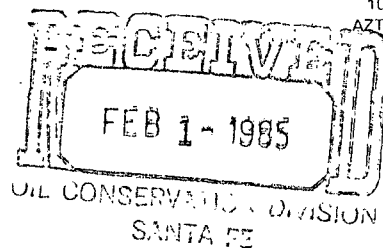
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

NOV 1977

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 1-25-85

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____



1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Gentlemen:

I have examined the application dated 1-22-85
for the Petroleum Energy, Inc. - Navajo 5#2 6-5-26N-19W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve:

Yours truly,

[Signature]