

*Release Immediately
no offset*

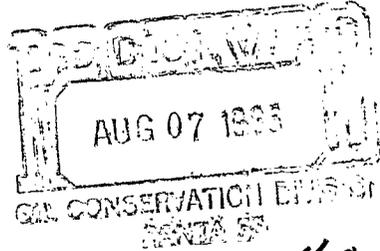
By Dec

A. R. KENDRICK

Box 516 • Aztec, New Mexico 87410 • (505) 334 2555

August 5, 1985

Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501



*NSL-2117
RULE-104F(I)*

Re: Application for Non-Standard Location

*160 Acre dedication
SE 1/4 Section 32*

Gentlemen:

We respectfully request approval of the non-standard location of the S.E.R.H., Inc. Navajo 32 #1 well located 660' FSL 2150' FEL of Section 32, T27N, R19W, a Beautiful Mountain Mississippian Gas Pool extension in San Juan County.

Exhibit A, a copy of the permit to drill, shows that the well was approved as a wildcat oil well attempt. The well has been producing since 1980.

All wells shown on Exhibit B are operated by S.E.R.H., Inc. under an Operating Agreement with the minerals owner, the Navajo Tribe of Indians, or on leased acreage from the Navajo Tribe. Therefore, there are no offset operators. The Navajo Tribe of Indians has been notified of this application by certified mail with this mailing.

If further information is needed, please contact me.

Yours very truly,

A. R. Kendrick

Enclosures

xc: Navajo Tribe of Indians
c/o Bureau of Indian Affairs
Navajo Area Office
Box M
Window Rock, Arizona 86515

S.E.R.H., Inc.
Box 312
Otis, Kansas 67565

Oil Conservation Division,
1000 Rio Brazos Road
Aztec, New Mexico 87410

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

30-045-22272

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
 Petroleum Energy Inc.

3. ADDRESS OF OPERATOR
 (Box 761 Durango 81301) Okla.
 1140 N.W. 63rd Street Oklahoma City, Oklahoma 73116

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface
 660' FSL & 2150' F.E.L.
 At proposed prod. zone

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

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
 1271.00

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40.00

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

19. PROPOSED DEPTH
 6100'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 +5868' GR

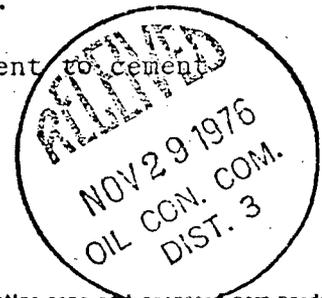
22. APPROX. DATE WORK WILL START*
 Upon Approval

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"		+100'	Suff. to circulate to surface
12 1/4"	8 5/8"	32#/ft.	1600'	Cement in one stage.

Plan to drill well as follows:

1. Drill 17 1/4" hole to +100'.
2. Set and cement 12 1/4" casing to + 100' & cement with sufficient cement to circulate back to surface.
3. Install BOP and test both sets of rams to 1000 psi for 15 min.
4. Drill 12 1/4" hole to 1600'.
5. Set 8 5/8" casing to 1600'. Cement in one stage with sufficient to cement back to surface.
6. Drill 7 7/8" hole to 6100'.
7. Set and cement 4 1/2" at T.D.
8. Complete through perforations and stimulate as required.



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. Frank Philmann TITLE Agent DATE October 8, 1976

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE Oct 1976

CONDITIONS OF APPROVAL, IF ANY:
Okal

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

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

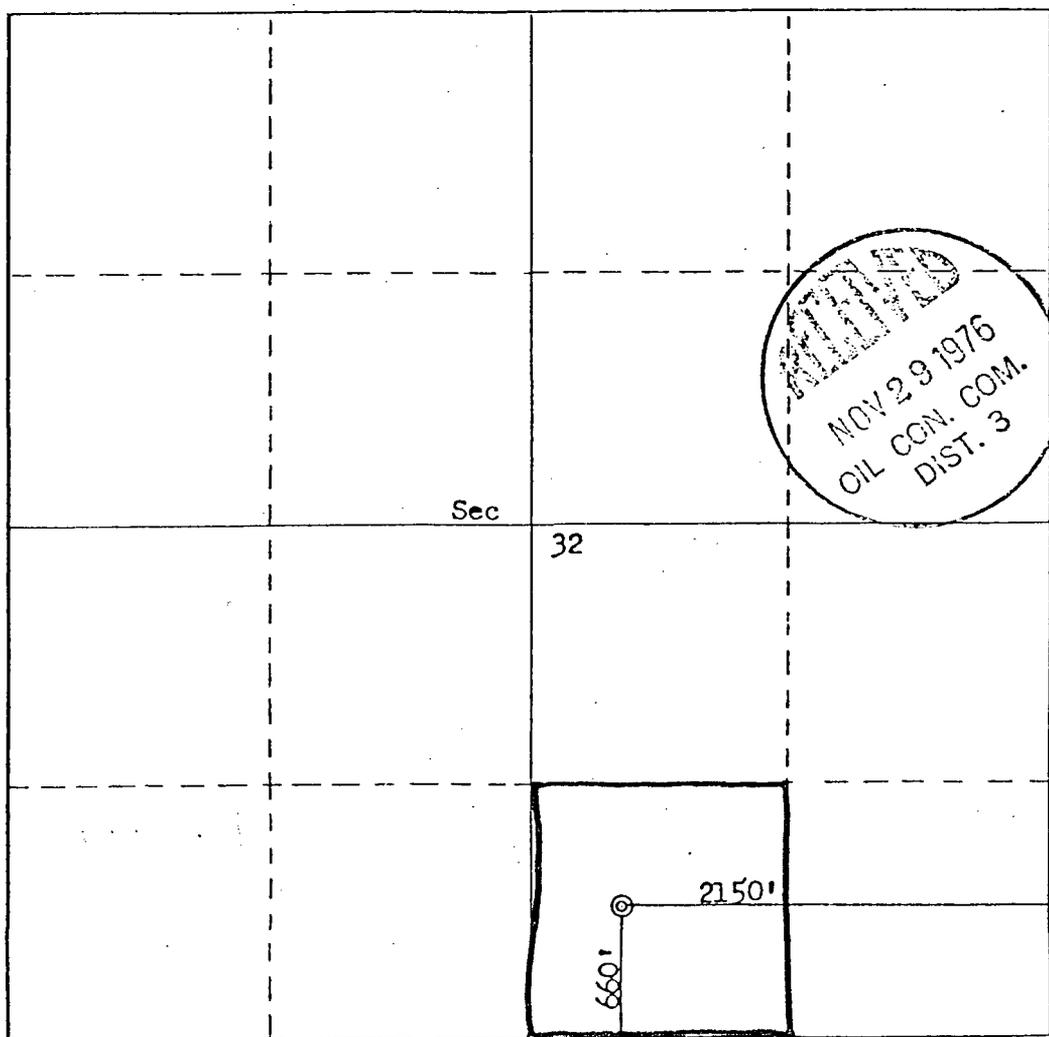
Operator Petroleum Energy Inc.		Lease Navajo 32		Well No. 1-32
Unit Letter 0	Section 32	Township 27N	Range 19W	County San Juan
Actual Footage Location of Well: 660 feet from the South line and 2150 feet from the East line				
Ground Level Elev: 5868	Producing Formation	Pool	Dedicated Acreage: Acres	

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

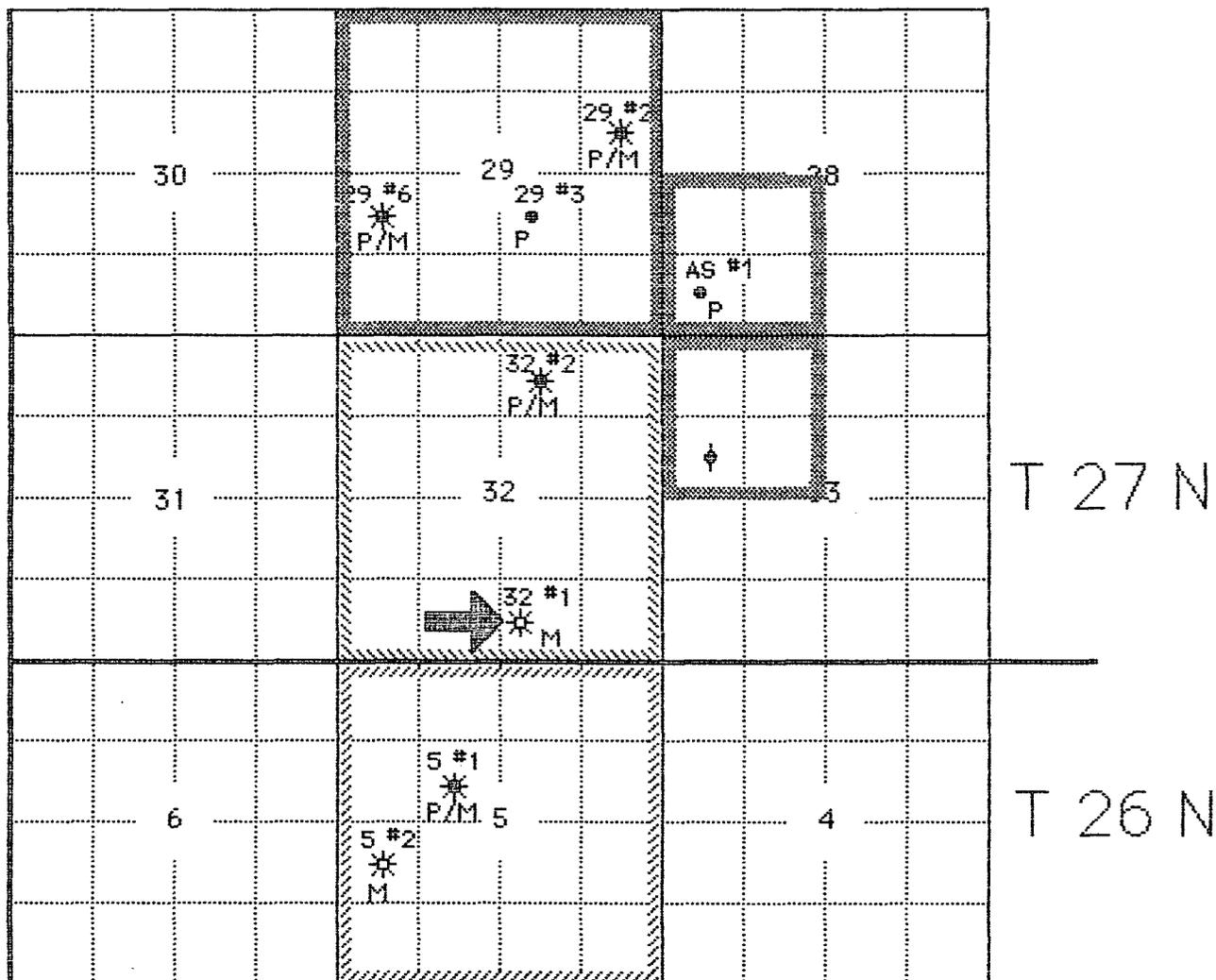
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
Position
Company
Date

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 7, 1976
Registered Professional Engineer and/or Land Surveyor Fred B. Kerr Jr.
Certificate No. 3950

R 19 W



LEGEND:

- * = OIL WELL
- = OIL/GAS WELL
- = GAS WELL
- = PENNSYLVANIAN OIL WELL
- M = MISSISSIPPIAN GAS WELL
- ▨ = LEASE NO. NOD-C-14-20-4158
- ▨ = LEASE NO. NOD-C-14-20-4157
- ▤ = OPERATING AGREEMENT W/NAVAJO TRIBE

EXHIBIT B



ENERGY AND MINERALS DEPARTMENT

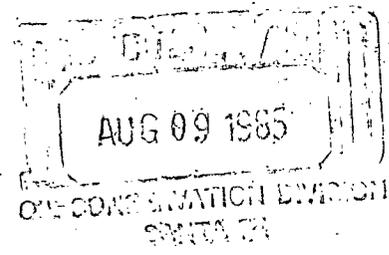
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

2117

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

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 8-5-85



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

Gentlemen:

I have examined the application dated 8-5-85

for the J.E.R.H. Inc. Navajo 32 #1 0-32-27N-19W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

[Signature]

Yours truly,

[Signature]