

January 7, 1994

William LeMay, Director NM Oil Conservation Div. P.O. Box 2088 Santa Fe, NM 87504

Dear Mr. LeMay:

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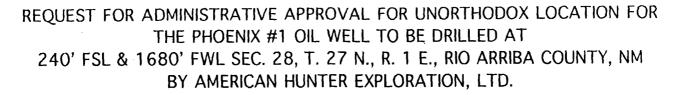
Attached is an application for administrative approval for an unorthodox location. The original application is on file with Ernie Busch of the Aztec NMOCD office.

Please call me if you have any questions.

Sincerely,

)

Brian Wood



PROVIDING PERMITS for the ENERGY INDUSTRY

3" Verano Loop, Santa Le, New Mexico 87505

2

INC.

(505) 984-8120

I. The well is on Jicarilla Apache Tribal surface and minerals. An onsite was held November 15, 1993. Onsite participants included John Atencio (BIA-Dulce), Pat Hester (BLM-Albuquerque), Jason Vicenti (Jicarilla Apache Environment Office - Dulce), Fred Vigil (Jicarilla Apache Energy Office - Dulce), and Brian Wood (Permits West - Santa Fe). Application for Permit to Drill is attached.

II. A C-102 showing the well location, proration unit (Lot 3 = 24.01 acres), and lease (all of Sec. 28 is in Tribal lease #287) in the unit is attached.

III. There are no offset wells producing from the Entrada. All offset wells (dots on attached map) produce from the Mancos or Greenhorn. Closest existing producing well is Benson-Montin-Greer's East Puerto Chiquito Unit #16 Mancos oil well. It is 2,662' north at 530 FN & 1850 FW 28-27n-1e. A map and affidavit are attached showing offset operators and working interest owners.

IV. An enlarged copy of the Pounds Mesa 7.5' USGS map is attached. The proposed wellsite is marked by an arrow. The proration unit is a thick black line. The orthodox drilling window is a thin black line. There are no existing wellpads in the proration unit. Closest existing wellpad is a P&A well 1,076' west in Lot 4.

V. Request for an exception is based on lack of topographic screening to hide well (see letter from surface/mineral owner, Jicarilla Apache Tribe). Orthodox location would be visible from more than 10 miles (see attached Boulder Lake 15' USGS quad) as it would be silhouetted on top of a 500' high hill. Staked location moves well south out of orthodox drilling window and preserves tree (ponderosa pine, Douglas fir) screen on north side of well. Orthodox location would be 90' further north and would eliminate tree screen. Reserve pit (see attached plan view and profile) is only 60' wide at its maximum width to squeeze onto narrow ridge. VI. No archaeology sites were found.

VII. Location was moved out of orthodox drilling window due to the lack of topography to hide a wellpad at an orthodox location. Orthodox drilling window is all on the north side of an unnamed 500' high hill. Anything on the north hilltop is visible from at least 10 miles away, including such vantage points as Stinking Lake, the largest natural lake in New Mexico.

VIII. Directional drilling is not feasible because the combination of multiple targets, steep dips, and complex geology make it economically unfeasible to attempt a directional hole.

IX. I, Brian Wood, hereby certify that notice (return receipt cards are attached) has been sent to the following lessees, lessors, surface management agencies, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well:

Benson-Montin-Greer Molly Bramblette BIA BLM Jicarilla Apache Tribe	
Virgil Stoabs	
Rian 2000 12-4- 43	
) SS:	
COUNTY OF <u>Santa Fe</u>	
The foregoing instrument was acknowledged before me this <u>4th</u> day of _	December
1993 by Brian Wood. Witness my hand and official seal.	,
Sen 1. Lucia	$\sum_{i=1}^{n} \frac{1}{2} $
Notary Public	
My Commission Expires: _04/25/94	
Business Address: <u>101 Paseo de Peralta</u> Santa Fe, NM 87501	•
PERM	TS WEST INC

PROVIDING PERMITS for the ENERGY INDUSTRY

e * v	, BUREAU OF L	AND MANAGE				5. LEASE DEBIGNATION A BIA #2	287
	FOR PERMIT TO	o drill, de	EPEN, O	r plug	BACK	6. IF INDIAN, ALLOTTER Jicarilla A	pache
TYPE OF WELL		DEEPEN 🗌	1	PLUG B		7. UNIT AGBBEMENT NA N/A	
NAME OF OPERATOR	LL OTHER		SINGLE _	J ZON		8. FARM OF LEASE NAM Phoel	ix.
	nter Explorati					9. WELL NO. #1	······································
	t., Suite 1220					10. FIELD AND FOOL, OI	
LOCATION OF WELL (Be At surface	240 FSL & 1000 FWL 11. SEC., T., R., M., OB BLK.						
At proposed prod. sone	At proposed prod. some Same Same						
	S of Dulce, N		OFFICE*	· · ·		Rio Arriba	ł
5. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 240' 16. NO. OF ACRES IN LEASE (Aleo to nearest drig unit line if any) 240' 720 17. NO. OF ACRES ASSIGNED (Aleo to nearest drig unit line if any)							
19. PROPOSED DEPTH OR APPLIED FOR, ON THIS LEASE, FT. 19. PROPOSED DEPTH 5,000' 20. ROTARY OB CABLE TOULS ROTARY 20. ROTARY OB CABLE TOULS ROTARY							
21. ELEVATIONS (Show wh	ether DF, RT, GR, etc.) 7	',510' ungra	aded gro	ound		Dec. 24, 1	993. BIART.
23.		PROPOSED CASIN	NG AND CEME	NTING PRO	GRAM		
BILE OF HOLE	BIZE OF CABING	WEIGHT PER FO	0T . 8	TTING DEPTH	·	QUANTITY OF CEME	NT
		36# (J-55)		400'	-	83 cu ft and to surf	
8-3/4"	7"	23# (K-55)		5,000'	ຂ1	044 cu ft and to su	rtace

*Well is within the East Puerto Chiquito Mancos Unit. However, unit is for Mancos production. Not for Entrada production, which is primary goal of the well.

ABOVE SPACE DESCRIBE FROPOSED PROGRAM : If propose pr. If proposed is to drill or deepen directionally, giv eventer program, Dany.	CC: BIA(1 I is to deepen or plug back, give data on present p e pertinent data on subsurface locations and measu	1), BLM(3+2 for OCD), Kirn(3), Tribe(1) roductive zone and proposed new productive ired and true vertical depths. Give blowout
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(This space for Federal or State office use)	ومصيح والمرابع والمعالية المراجعات المالة المالي المتراجع المالي المرابع المالي المالية المالية المالية المالي	
PERMIT NO.	APPROVAL DATE	
AFPROVED BY CONDITIONS OF AFFROVAL, IF ANY :		DATE

*See Instructions On Reverse Side

• 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the ed States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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	ta & Entrada*	Wildcat	Dedicase 4 Acres
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		3413.67	I hereby certify that the information contained herein in true and complete to the base of my browledge and baller. Signature Frinted Name Brian WOOD
	SEC. 28	American	Pointing Consultan Huillter Exploration, Ltd Data December 4, 199
(4) 24,21 1660) 3.83 23.63	SURVEYOR CERTIFICATION I have by certify that the well location show on this play was plotted from field notes octual surveys made by me or conter - supervison, and that the same it true a correct to the best of my knowledge at belief. $10-7, 4-9, 3$
WEST	*Entrada is prima Dakota is seco		Data Sumateri U. ED IA Neperie V. UDIA Martin Sumateri Suray BOLANCE SUR

Drilling Program

1. FORMATION TOPS

The estimated tops of important geologic markers are:

Formation Name	GL Depth	<u>KB Depth</u>	Subsea Elevation
Cliffhouse Ss	000'	12'	+7,510'
Pt. Lookout Ss	400'	412'	+7,110'
Mancos "A" Shale	1,360'	1,372'	+6,150'
Greenhorn	2,225'	2,237'	+5,285'
Dakota Ss	2,420'	2,432'	+5,090'
Todilto Ls	3,444'	3,456'	+4,066'
Entrada Ss	3,484'	3,496'	+4,026'
Paleozoic	4,314'	4,326'	+3,196'
Total Depth (TD)*	5,000'	5,012'	+2,510'
	· · ·		·

* all elevations reflect the ungraded ground level of 7,510'

2. NOTABLE ZONES

The Point Lookout (400'), Dakota (2,420'), and Entrada (3,484') zones are most likely to have oil and/or gas. The Entrada is the primary goal. The Dakota is a secondary goal. Lost circulation may occur in the Mancos (1,360'). There are no known water zones, but if any are found, then they will be protected with casing, cement, and weighted mud. Fresh water found during drilling will be recorded by depth, cased, and cemented. Oil and gas shows will be tested for commercial potential based on the well site geologist's recommendations.

3. PRESSURE CONTROL



BOP systems will follow Onshore Order #2 and API RP 53. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical model is on PAGE 3.

BOP controls will be installed before drilling the surface casing plug and remain in use until the well is completed or abandoned. Once out from under the surface casing, a 9-5/8" minimum 3,000 psi BOP and choke manifold system will be used. System will include upper and lower kelly cock with handle, drill pipe float, mud logging unit with gas detector to detect any influx of formation fluids, and a sub on the floor with a full opening valve to be stabbed into the drill pipe when a kelly is not in the string.

Ram type preventers and associated equipment (e.g., choke manifold and kelly cock) will be pressure tested to 100% of their rated working pressure for a minimum of 10 minutes. A test plug will isolate the BOP stack from the casing. Annular preventers will be tested to 50% of their rated working pressure for at least 10 minutes. Tests will be run after installation, before drilling out the surface casing shoe, and after any use under pressure, or a minimum of once every 14 days. Pipe rams will be operationally checked each 24 hour period, as will blind rams and annular preventer each time pipe is pulled out of the hole. Annular preventers will be functionally operated at least weekly. BOP checks will be noted on the daily drilling report.

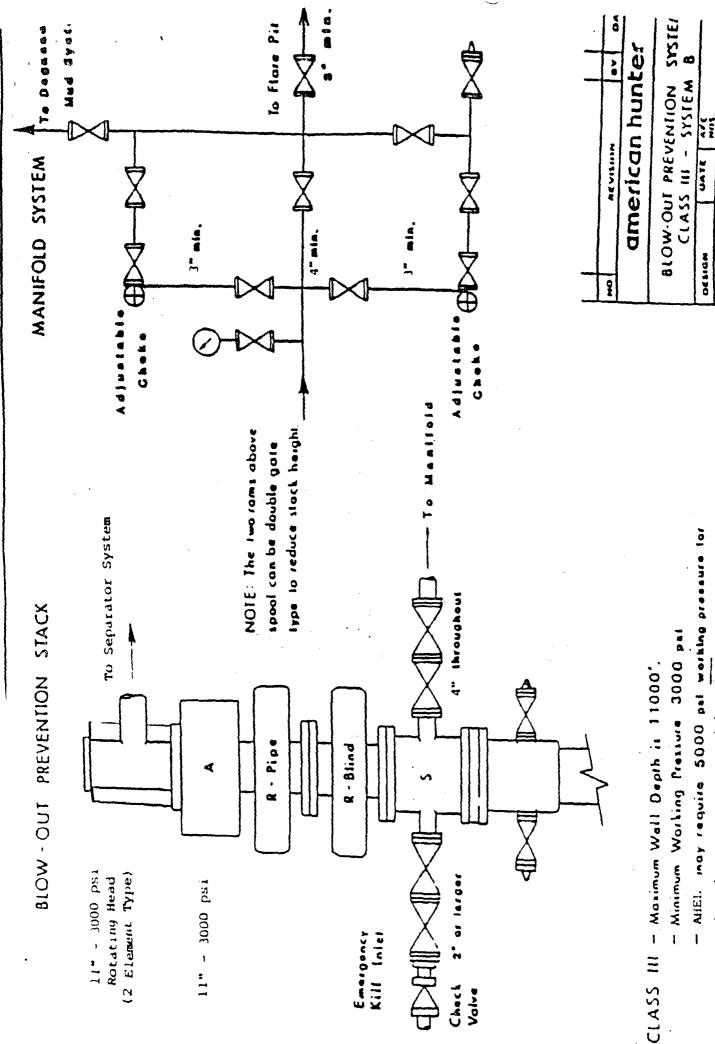
4. CASING & CEMENT

The proposed casing program is:

Hole Size	<u>O.D.</u>	Weight (lb/ft)	Grade	Type	Age	GL Setting Depth
12-1/4"	9-5/8"		1			de octang depan
12-1/4	9-3/0	36	J-55	ST&C	New	400'
8-3/4"	7"	22				
0.07.1	(23	K-55	LT&C	New	5,000'

PAGE 2





these class in same special cases.

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APPROL

Surface casing will be cemented to the surface with ≈ 383 cubic feet Class G with 2% CaCl₂. Volume calculated at 100% excess. Centralizers will be used.

Production casing will be cemented to the surface. Volumes will be calculated at 30% excess as measured by caliper log. First stage will be cemented from TD to \approx 3500' with \approx 357 cubic feet Class G + 0.5% D59 + 0.4% D65 + 0.2% D136 + 0.25% D79. Second stage will be cemented from \approx 3500' to the surface with \approx 687 cubic feet Litepoz and 65-35 Poz + 2% CaCl₂ + 6% bentonite. Centralizers will be used.

5. MUD PROGRAM

Depth	Туре	ppg	Viscosity	Fluid Loss
0' - 400'	Fresh water gel/lime	8.5-9.0	35-40	NC
400' - 5,000'	КОН-РНРА	8.5-8.8	32-36	8-10

Sufficient mud material to maintain mud properties, control lost circulation, and contain a blowout will be available at the wellsite while drilling. Mud will be checked frequently by rig personnel.

6. CORING, TESTING, & LOGGING

No cores are planned. BHC Sonic/GR/Caliper and DIL/SFL/SP/GR logs may be run. Mud logger will be on site from base of surface casing to TD. DSTs may be run in the Dakota and Entrada. Stimulation procedures will be determined after log evaluation. If stimulation is warranted, then a Sundry Notice will be submitted for approval.

7. DOWNHOLE CONDITIONS



PAGE 4

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No abnormal temperatures pressures, nor hydrogen sulfide are expected. Maximum pressure will be $\approx 2,000$ psi.

8. OTHER INFORMATION

The anticipated spud date is December 24, 1993. It is expected it will take \approx 2-3 weeks to drill and \approx 10 days to complete the well.

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Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 11 & 12)

From the junction of US 64 and NM 537, go south 9.1 miles on NM 537. Then turn left onto J-16 and go SE 8.5 mi. on J-16 to a junction. Then turn right onto J-16 and go SE 9.5 mi. on J-16 to a junction. Then turn right onto J-16 and go NW 0.5 mi. to a junction. Then bear left on J-16 and go SW 1.0 mi. to a junction. Then turn left and go SE 1.0 mi. to a dry hole. Then continue SE on a logging road for \approx 1500' to the proposed well.

Of the existing roads, only the final $\approx 1500'$ will need upgrading. That $\approx 1500'$ of logging road will be widened to as much as 30'. The road will have a $\approx 16'$ wide running surface and a maximum disturbed width of 30'. Maximum grade will be 8%. Maximum cut or fill will be 1'. No culverts or cattleguards are needed.

Only those ponderosa pine and Douglas fir marked with orange flagging will be removed. There are 10 such flagged trees. Prune limbs rather than breaking them. The road will be initially flat bladed. Borrow ditches will be installed on the last portion of road as it descends east to the pad. Those ditches will channel runoff north and south of the pad. If production results, then the rest of the road will be crowned and ditched. In any event, water bars and/or outsloping will be used to channel runoff away from the road. Drainage control will be installed at least every 100 yards. Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT

No new road will be built.



3. EXISTING WELLS (See PAGE 12)

According to NM Oil Conservation Div. records, there are no water or gas wells within a mile. There are nine oil wells, one gas injection well, and two plugged and abandoned wells within a mile. Closest of the ten active wells is BMG's EPCMU #16 Mancos oil well which is 2,662' north.

4. PROPOSED PRODUCTION FACILITIES

The exact type, location, and layout of the production facilities are not known now. It is expected they will include a meter run, dehydrator, separator, tank battery, and/or heater-treater. All will be painted a flat juniper green color. Pipelines may be laid west downhill to a possible production facility near BMG's compressor or tank battery. A Sundry Notice and/or right-of-way will be submitted for approval before installation.

5. WATER SUPPLY

Water will be trucked from a private water source east of El Vado Dam or from lakes to the north. Exact source will depend on price and availability.

6. CONSTRUCTION MATERIALS & METHODS

Brush and topsoil will be stripped and stockpiled east and south of the wellpad and pit. Trees will be felled, limbed, and decked. Slash will be piled no higher than 18".



> Topsoil depth is very shallow and as much as possible will be saved. Reserve pit will be built all in cut. Subsoil from the reserve pit will be kept separate from topsoil and stockpiled west of the pit. A diversion ditch will be built along the road to divert runoff to the south and north of the pad. The reserve pit will be lined with minimum 12 mil plastic.

7. WASTE DISPOSAL

The reserve pit will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The 4th side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries. Once dry, contents of the reserve pit will be buried in place. No oil will be discharged into the pit. All oil will go into tanks.

All trash will be placed in a portable trash cage. It will be hauled to an approved landfill. There will be no burial or burning.

Human waste will be disposed of in chemical toilets or minimum 10' deep ratholes under trailers. Ratholes will be immediately filled when the trailers are removed.

8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers may be on location for the company man, tool pusher, and mud loggers.

9. WELL SITE LAYOUT

See PAGES 13 and 14 for depictions of the well pad, cross section, cut



PAGE 8

PAGE 9

and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The wellpad and backfilled pit will be recontoured to a natural appearance, water barred, stockpiled topsoil spread evenly over disturbed areas, and disturbed areas ripped or harrowed. BLM seed mix #1 will be drilled at a depth and time to be determined by BLM.

If seed is broadcast, the rate will be increased as determined by BLM. A harrow or cable will be dragged over the area to assure seed cover. After seeding is done, the stockpiled brush will be scattered evenly over disturbed areas. The ≈ 1500 ' of upgraded road will be reclaimed in the same manner as the wellsite.

If the well is a producer, then the reserve pit and any other areas not needed for workovers will be reclaimed as previously described.

11. SURFACE OWNER

The well and new road are on Jicarilla Apache Tribal land.

12. OTHER INFORMATION

The nearest hospital is a $\approx 1-1/2$ hour drive away in northwest Espanola. Hospital emergency room phone number is (505) 753-7111.



13. REPRESENTATION

Anyone having questions concerning the APD should call:
Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 984-8120
FAX: (505) 988-9682

The field representative while drilling will be: Brad Salzman (505) 324-0766

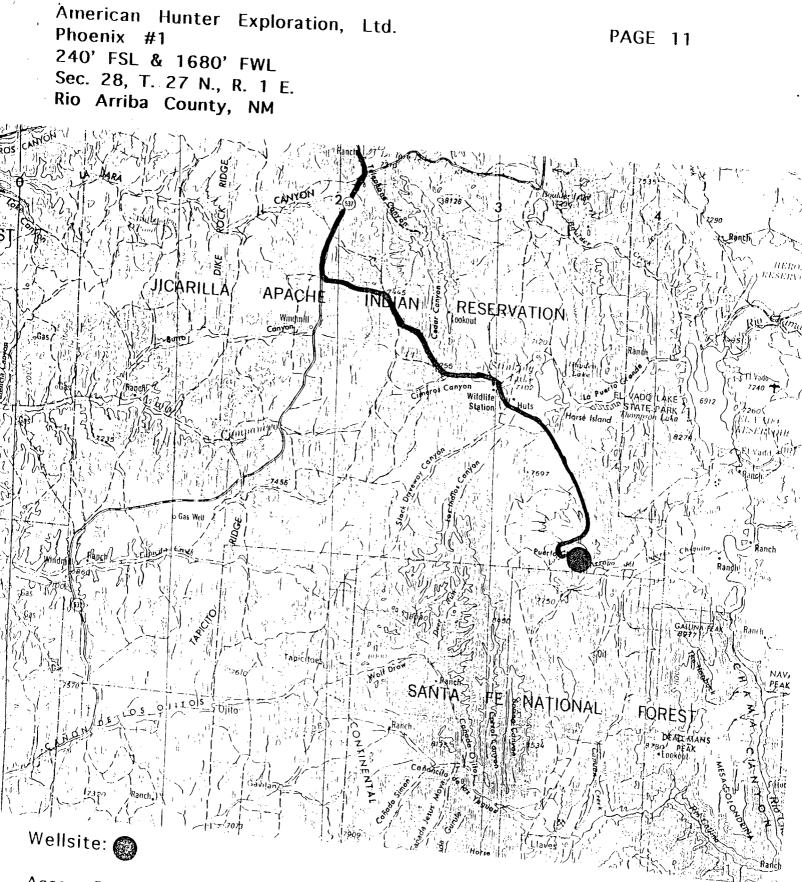
American Hunter Exploration, Ltd. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by American Hunter Exploration, Ltd.

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 currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by American Hunter Exploration, Ltd. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

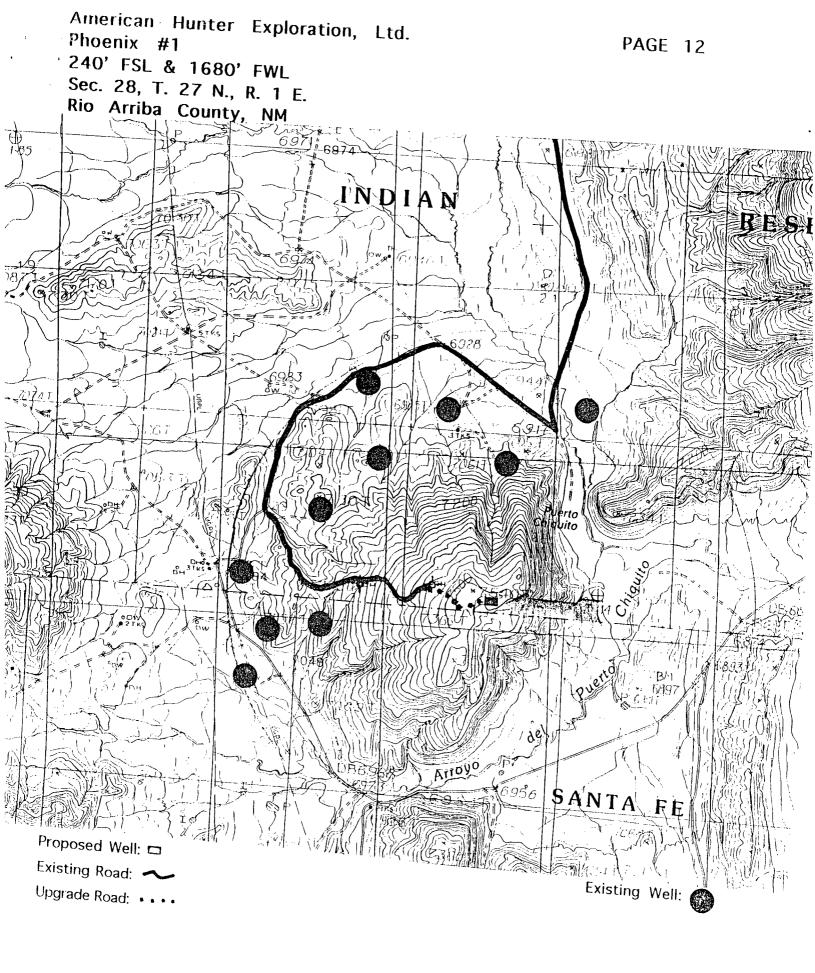
Brian Wood, Consultant

December 4, 1993 Date

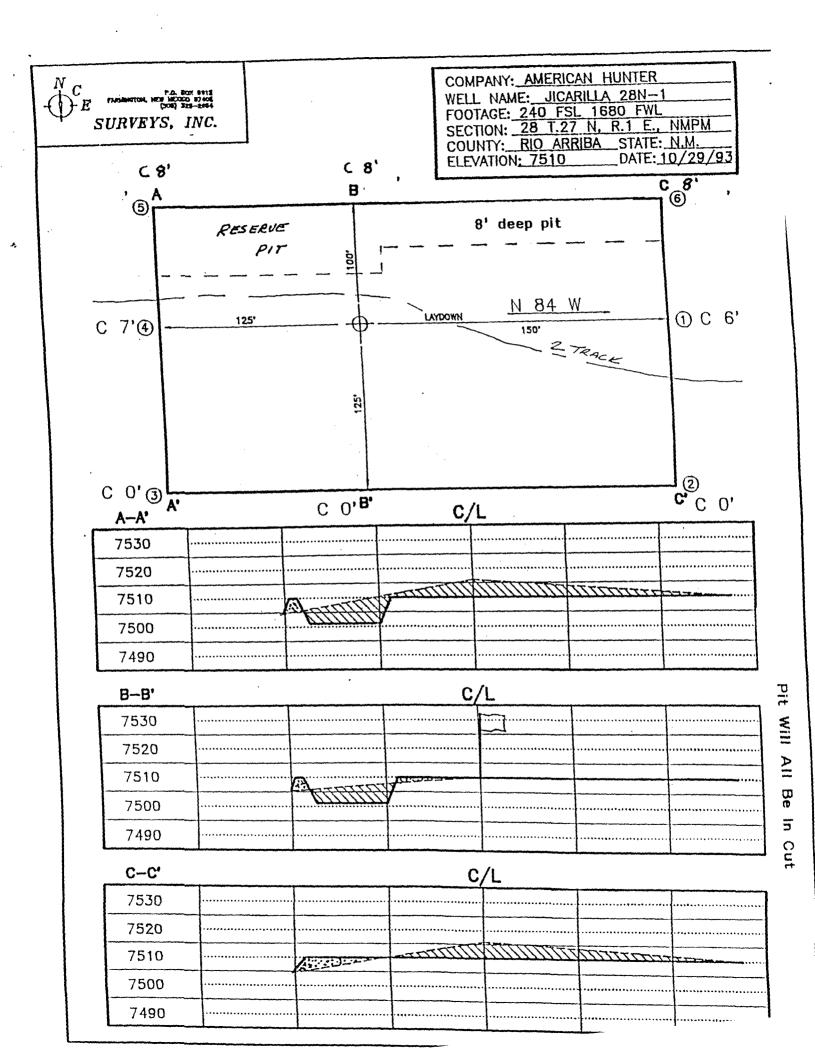




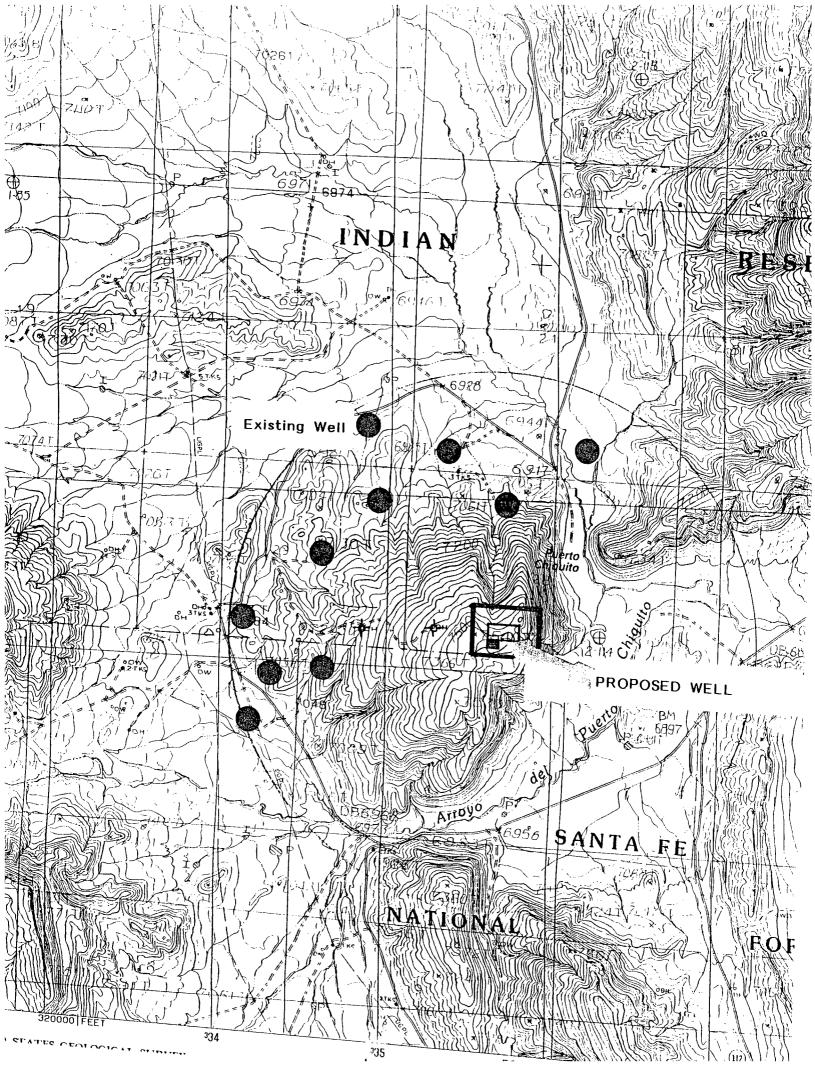








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RA., A244, 184 37410	WELL LOCATION AI AI Distances must be	ND ACREAGE DED from the outer boundarie		Well No.
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S 89-49 E		5281	35. 23.52	OPERATOR CERTIFICATION I hereby certify that the inform contained herein in true and camplete to best of my browledge and bellet. Signature Printed Name Brian Wo
	SEC. 28		American	Position Consulta Consulta Uniter Exploration, Li Data November 29, 19 SURVEYOR CERTIFICATIO
			₩ 2000 S	1 hereby certify that the well location on this plas was plotted from field no octual surveys made by me or und supervison, and that the same is tru correct to the bast of my provided t belief. $10-724-92$



american hunter

Operators and Working Interest Owners

Tract A:

Virgil L. Stoabs 221 Petroleum Building Farmington, New Mexico 87401

Molly E. Bramblette, Trustee 710 Crestview Drive Farmington, New Mexico 87401

Tract B:

Benson-Montin-Greer Drilling Corp. 221 Petroleum Center Building Farmington, New Mexico 87401

There are no offsetting wells producing from the objective formations in the proposed well.

I, Douglas J. Kirn, hereby certify that the information is correct to the best of my knowledge.

By: Douglas J. Kirn

Consultant for American Hunter Explortion Ltd.

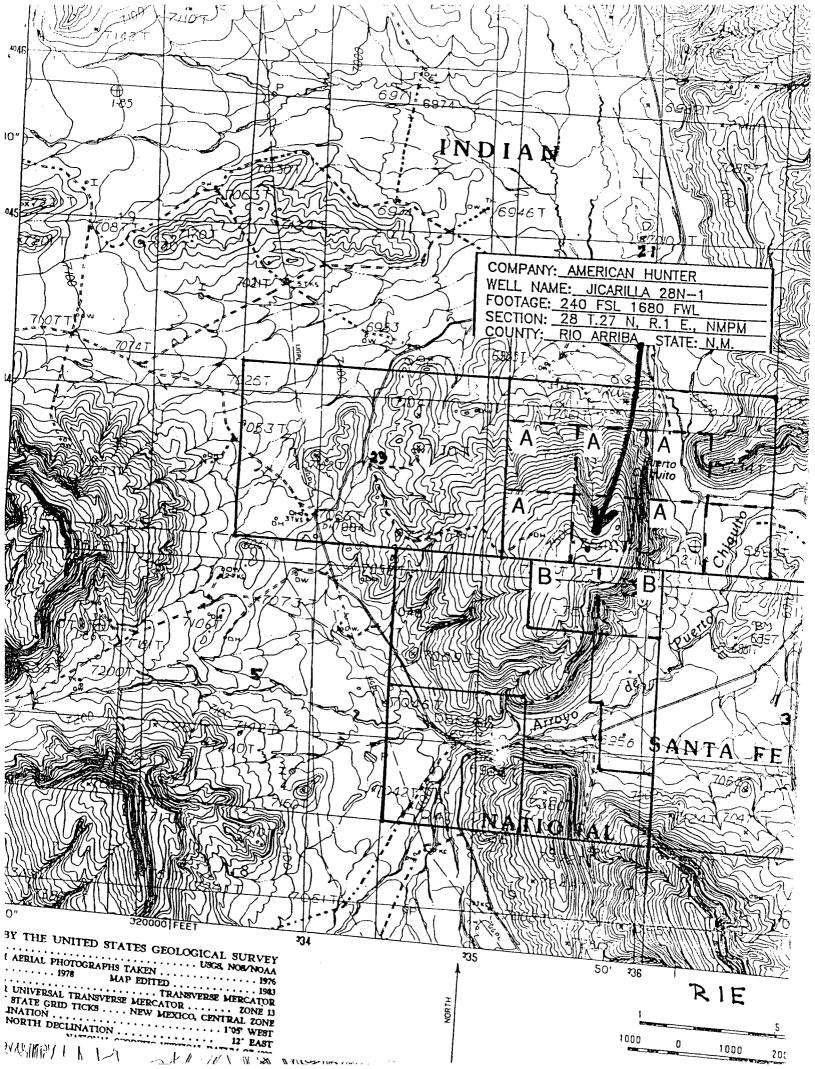
STATE OF Colorado; County of Denver, ss:

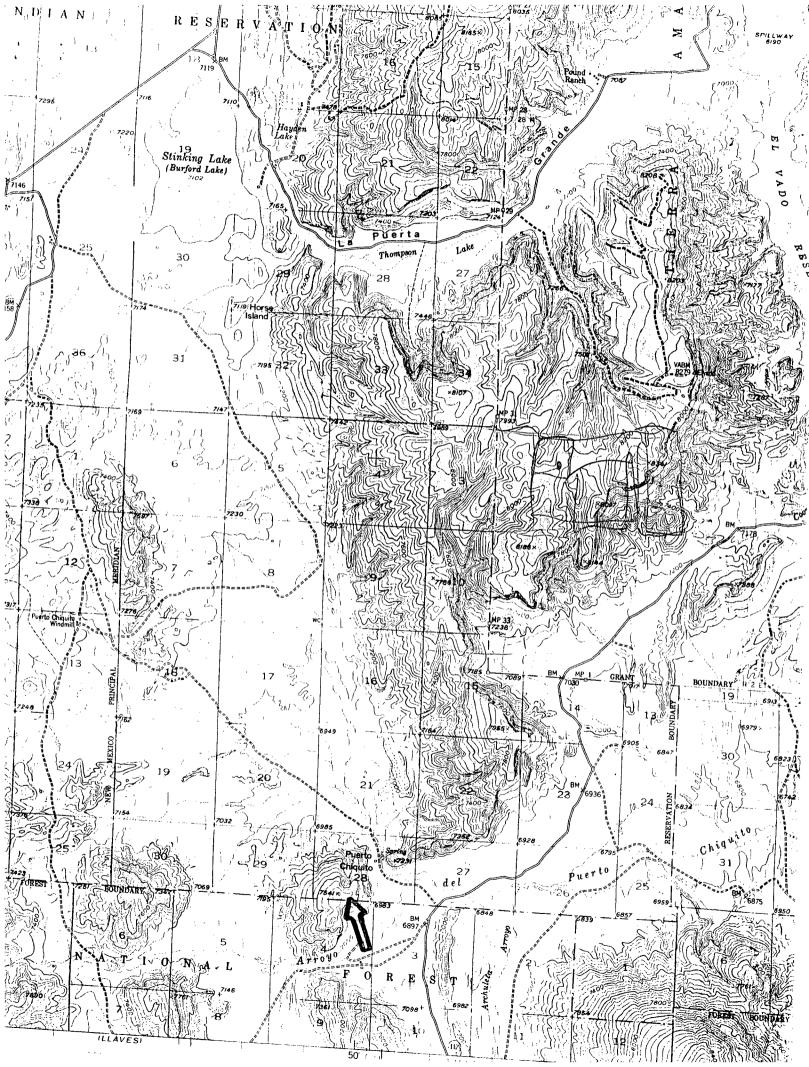
Before me the undersigned, a Notary Public, in and for said County and State, on this 24th day of November, 1993, personally appeared Douglas J. Kirn to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

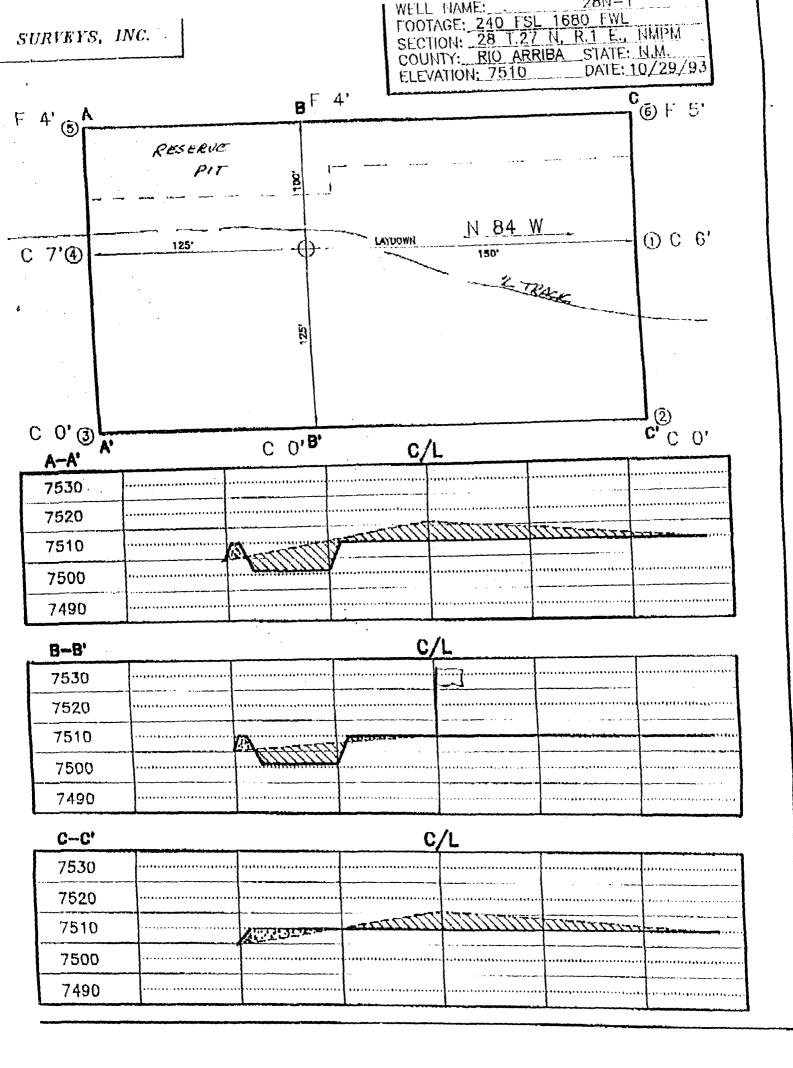
Given under my hand and seal the day and year last above written.

My Commission expires March 29, 1994

Monny Heffeman









PROVIDING PERMITS for the ENERGY INDUSTRY 37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

December 4, 1993

Molly Bramblette, Trustee 710 Crestview Drive Farmington, NM 87401

Dear Ms. Bramblette:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

<u>Well Name:</u> Phoenix #1 oil well, proposed TD of \approx 5,000' <u>Legal Location:</u> 240' FSL & 1680' FWL Sec. 28, T. 27 N., R. 1 E., Rio Arriba County, New Mexico (see attached map) on Tribal lease #287 <u>Approximate Location:</u> 26 air miles south of Dulce, NM

<u>Applicant Name:</u> American Hunter Exploration, Ltd. (303) 825-5212 <u>Applicant's Address:</u> 410 17th St., Suite 1220, Denver, Co. 80202

<u>Submittal Information</u>: An application for an exception location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. Their address is 1000 Rio Brazos Road, Aztec, NM 87410. Their phone number is (505) 334-6178.

SENDER:		
 Complete items 1 and/or 2 for additional services. Complete items 3, and 4a & b. Print your name and address on the reverse of this form so the reverse of this form so the reverse of this form so the reverse of the complete items. 		
 Attach this form to the front of the mailplece, or on the back i does not permit: Write "Return Receipt Requested" on the mailplece below the article The Return Receipt will show to whom the article was delivered a 	icle number. 2. Restricted Delivery	in June bod
delivered.	Aa. Article Number P 137698837	an Wood ∑ ≦
Molly Bramblette 710 Crestview Dr.	4b. Service Type Registered Certified COD	g Ret
Farming ton, NM 87401	Express Mail Return Receipt for Merchandise	
Molly Brandfette 5. Signeture (Addressee)	8. Addressee's Address (Only if requested	
3. Signature (Agent)	and fee is paid)	
25 Form 3811; December 1991 + U.S.G.P.O.; 1992-30	7-530 DOMESTIC DETUDU PROT	



37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

December 4, 1993

Al Greer & Virgil Stoabs Benson-Montin-Greer Drilling Corp. 221 Petroleum Center Bldg. Farmington, NM 87401

Dear Al & Virgil,

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SENDER: 1 also wish to receive the following services (for an extrement of the mailplece, or on the back if space deal not permit. • Attach this form to the front of the mailplece, or on the back if space deal not permit. 1 also wish to receive the following services (for an extrement of the mailplece, or on the back if space deal not permit. • Write: "Return Receipt Requested" on the mailplece below the article number. 1 also wish to receive the following services (for an extrement of the mailplece, or on the back if space deal not permit. • Write: "Return Receipt Requested" on the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. 2! Restricted perpendent of the mailplece below the article number. P 13.7 69.8 23.8 5 Cond P M. Registered in nour Perpendent of the service of the condition of the service of the condition of the mailplece of the condition of the conditinter of the condition of the conditer of the conditinte	incerely,
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PERMITS for the ENERGY INDUSTRY 37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

December 4, 1993

Pat Hester **Bureau of Land Management** 435 Montano NE Albuquerque, NM 87107

Dear Pat.

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is ≈240' from the closest lease line and 2,662' from the closest producing well.

Well Name: Phoenix #1 oil well, proposed TD of \approx 5,000' Legal Location: 240' FSL & 1680' FWL Sec. 28, T. 27 N., R. 1 E., Rio Arriba County, New Mexico (see attached map) on Tribal lease #287 Approximate Location: 26 air miles south of Dulce, NM

<u>Applicant Name:</u> American Hunter Exploration, Ltd. (303) 825-5212 Applicant's Address: 410 17th St., Suite 1220, Denver, Co. 80202

Submittal Information: An application for an exception location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. Their address is 1000 Rio Brazos Road, Aztec, NM 87410. Their phone number is (505) 334-6178.

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SENDER: Complete items 1 and/or 2 for additional services Complete items 3, and 4a & b: Print Your name and address on the reverse of this form so that we ettim this card to you. Attach this form to the front of the mellplece; or on the back if span does not permit. Write "Return Receipt Requested" on the mailplece below the article nu "The Return Receipt will show to whom the article wes delivered and the allivered.	ce 1. Addressee's Address 5
BLM 435 Montano NE Albuquerque NM 871077	Article Number P 137 699 839 Service Type Registered Insured Certified COD Express Mail Return Receipt for Merchandise Date of Delivery Addressee's Address (Only if requested
Sighature (Agent) Form 3811 , December 1991 ± U.S.G.P.O. : 1992-307-530	DOMESTIC PERMIT



PROVIDING PERMITS for the ENERGY INDUSTRY 17 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

December 4, 1993

Darrell Tafoya Bureau of Indian Affairs P.O. Box 167 Dulce, NM 87528

Dear Darrell,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

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SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b • Print your name and address on the reverse of this form so that return this card to you. • Attach this form to the front of the mailplece, or on the back if does not permit. • Write "Return Receipt Requested" on the mailplece below the article • The Return Receipt will show to whom the article was delivered an delivered.	space
3: Article Addressed to: Darrell Tafsya BIA PO Bsi 167 Duce NM 87528	4a: Article Number E 4b: Service Type Insured Registered Insured Certified COD Express Mail Return Receipt for Merchandise 7.1 Date of Delivery 2
5 Signature (Addressee) 6 Signature (Agent) PS Form 3811 December 1991 & USBPO : 1992-302	8. Addressee's Address (Only if requested send fee is paid)



PROVIDING PERMITS for the ENERGY INDUSTRY 37 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

December 4, 1993

Thurman Velarde Jicarilla Apache Tribe Oil & Gas Administration P.O. Box 507 Dulce, NM 87528

Dear Thurman,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

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SENDER	
Complete items 1 and/or 2 for additional services Complete items 3 and 4a & b Print your name and address on the reverse of this form s return this card to you:	I also wish to receive the following services (for one the
does not permit. does not permit. • Write Return Baceline Baceli	ack If space
3. Article Addressed to:	ed and the date 2: All Restricted Delivery Consult postmaster for fee.
Thurman Velarde 1946 Admin	4b. Service Type Registered Insured
PO B+ 507	COD Express Mail
5 Signatule (Addpessee)	
B. Signature (Agent)	8: Addressee's Address (Only if requested and fee is paid)
S Form 3811; December 1991 * U.S.G.P.O. : 1992-3	07-530 DOMESTIC RETURN DECENT

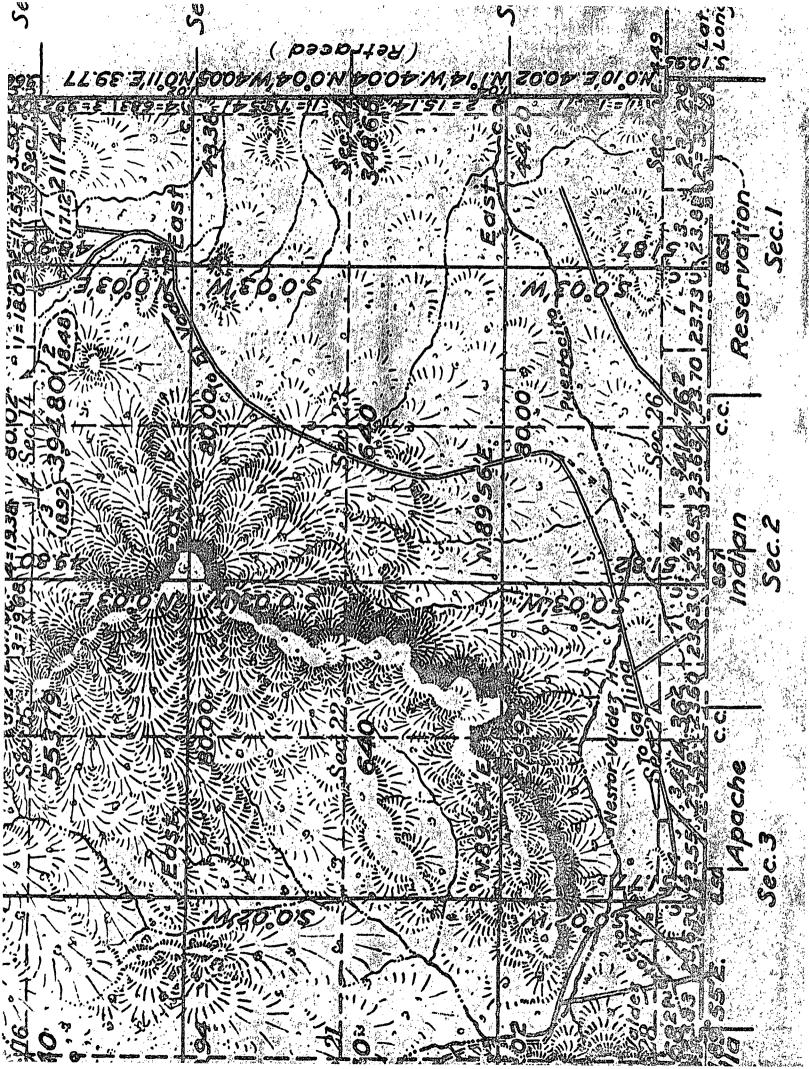


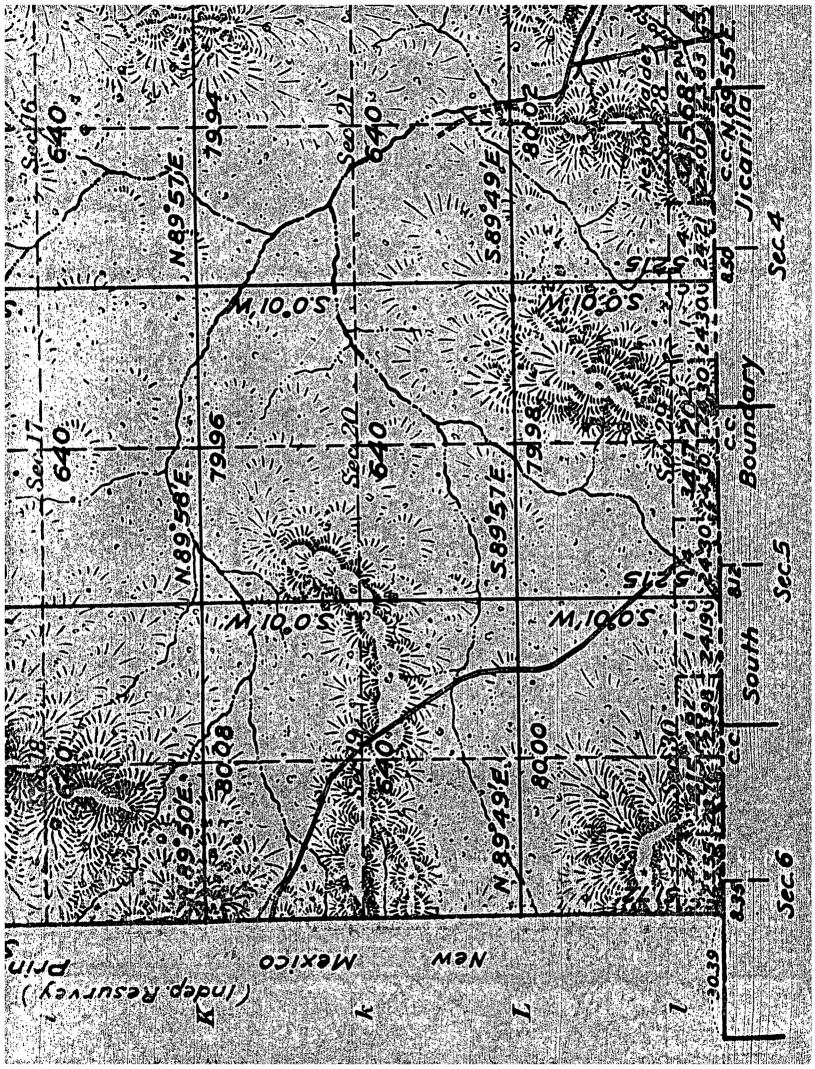
A DESTATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
94 JAN 3 AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAL AZTEC, NEW MEXICO 874 1 (505) 334-6178
Date: 12-30-93
Cettur: Mille Stognes
Oil Conservation Division P.O. Box 2088 Santa Fe, NM 87504-2088
•
RE: Proposed MC Proposed DHC Proposed NSL // Proposed SWD
Proposed WFX Proposed PMX
Proposed NSP Proposed DD
Gentlemen:
I have examined the application received on $12 - 15 - 73$
for the American Hunter Expl. LTD. PHOENIN #1
OPERATOR LEASE & WELL NO.
N-28-27N-0/Eand my recommendations are as follows:
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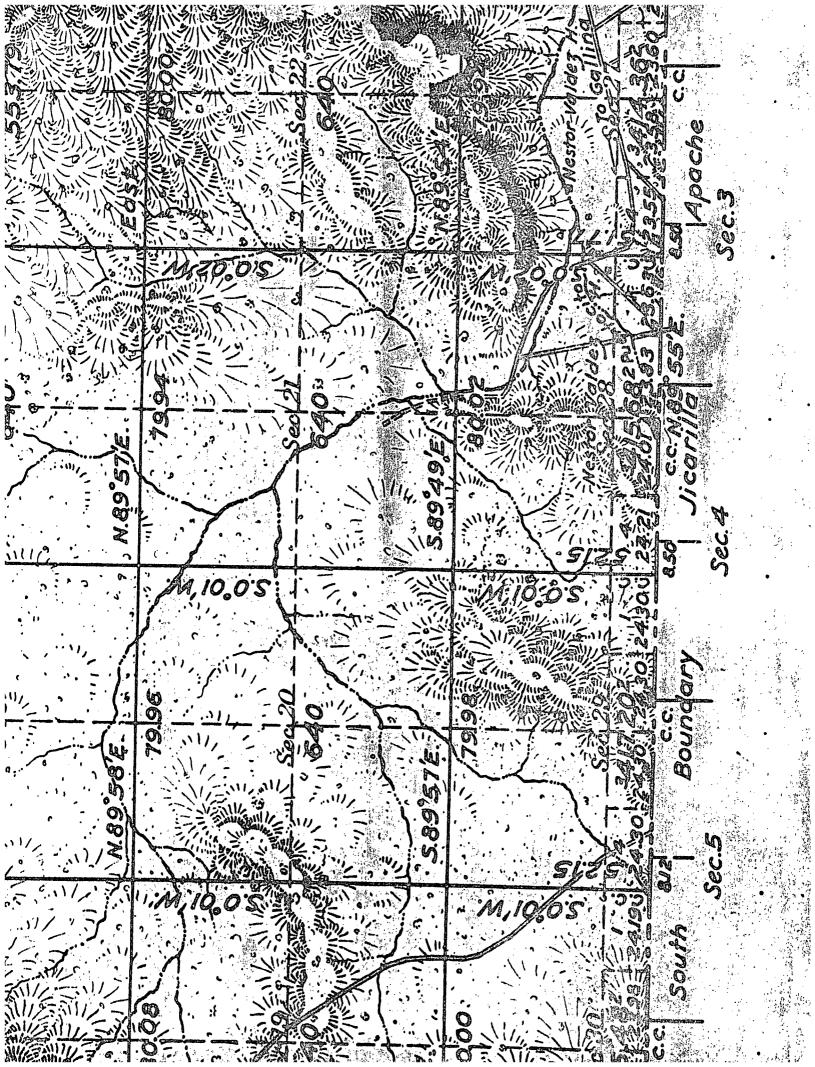
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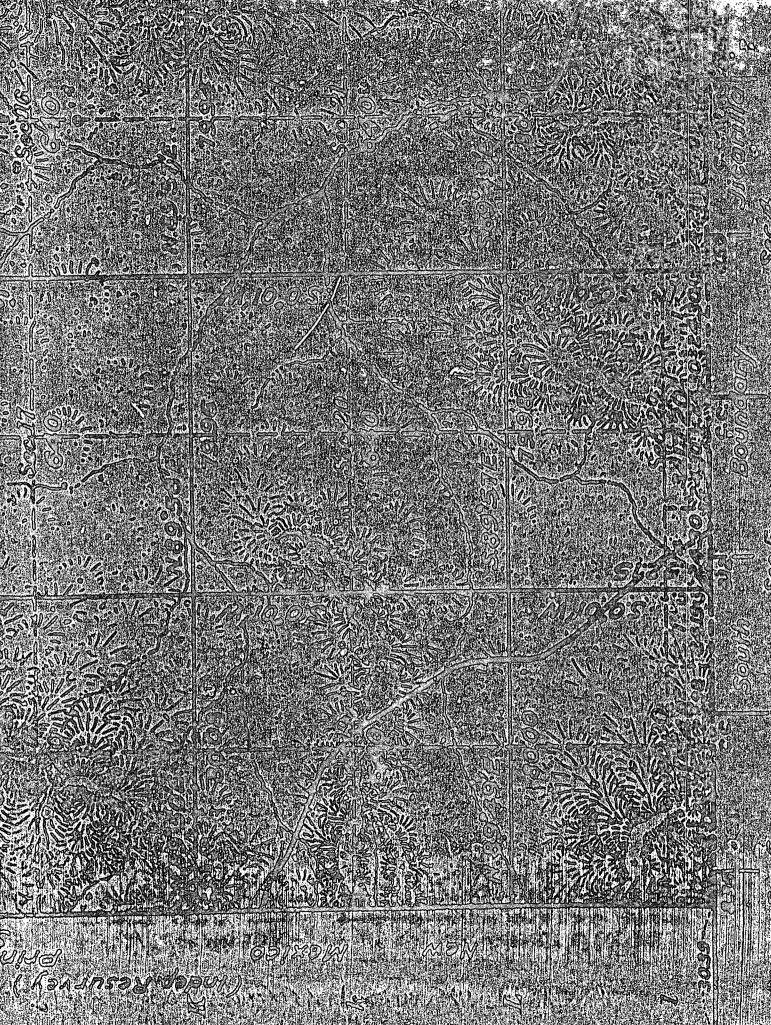
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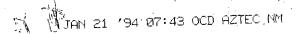












P.1

STATE OF NEW MEXICO

2



ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

BRUCE KING

ANITA LOCKWOOD CABINET SECRETARY

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

FAX TRANSMITTAL SHEET

DATE: 1-21-94 TO: MOTHE STOGNER FROM: ERDITE BUSCH FAX: 505-334-6170 COMMENTS: AS PER YOUR REQUEST

NUMBER OF PAGES INCLUDING COVER:

1

1 JAN 21 '94 07:44 OCD AZTEC NM-
ENERGY MINERALS and NATURAL RESOURCES DEPARTMENT
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
AN A THE DISTRICT OFFICE
94 JAN 3 FILL AZTEC DISTRICT OFFICE
AZTEC, NEW MEXICO 87410 [505] 334-6176
Date: 12-30-93
Cettur: Mike Stognes
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088
DR. Deepond Md
RE: Proposed MC Proposed DHC Proposed SWD
Proposed WFX Proposed PMX
Proposed NSP Proposed DD
Gentlemen:
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for the American Hunter Expl. LTD. PHOENTX #1
OPERATOR LEASE & WELL NO.
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$\Lambda / - 28 - 27N - 0/E$ and my recommendations are as follows:
Approve
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UIL CON, DIV
DIST. 3
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I have not received an
application for the above described
well. Could you send me a copy of
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P.3

DIST. 3

REQUEST FOR ADMINISTRATIVE APPROVAL FOR UNORTHODOX LOCATION FOR THE PHOENIX #1 OIL WELL TO BE DRILLED AT 240' FSL & 1680' FWL SEC. 28, T. 27 N., R. 1 E., RIO ARRIBA COUNTY, NM BY AMERICAN HUNTER EXPLORATION, LTD.

I. The well is on Jicarilla Apache Tribal surface and minerals. An onsite was held November 15, 1993. Onsite participants included John Atencio (BIA-Dulce), Pat Hester (BLM-Albuquerque), Jason Vicenti (Jicarilla Apache Environment Office - Dulce), Fred Vigil (Jicarilla Apache Energy Office - Dulce), and Brian Wood (Permits West - Santa Fe). Application for Permit to Drill is attached.

II. A C-102 showing the well location, proration unit (Lot 3 = 24.01 acres), and lease (all of Sec. 28 is in Tribal lease #287) in the unit is attached.

III. There are no offset wells producing from the Entrada. All offset wells (dots on attached map) produce from the Mancos or Greenhorn. Closest existing producing well is Benson-Montin-Greer's East Puerto Chiquito Unit #16 Mancos oil well. It is 2,662' north at 530 FN & 1850 FW 28-27n-1e. A map and affidavit are attached showing offset operators and working interest owners.

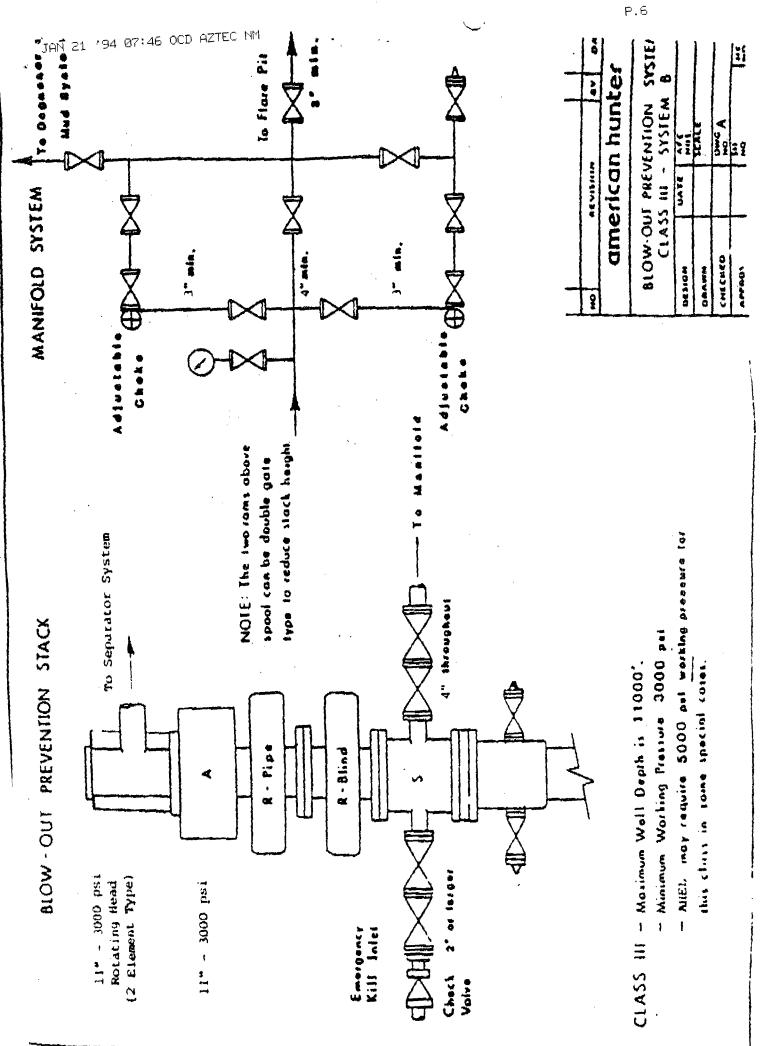
IV. An enlarged copy of the Pounds Mesa 7.5' USGS map is attached. The proposed wellsite is marked by an arrow. The proration unit is a thick black line. The orthodox drilling window is a thin black line. There are no existing wellpads in the proration unit. Closest existing wellpad is a P&A well 1,076' west in Lot 4.

V. Request for an exception is based on lack of topographic screening to hide well (see letter from surface/mineral owner, Jicarilla Apache Tribe). Orthodox location would be visible from more than 10 miles (see attached Boulder Lake 15' USGS quad) as it would be silhouetted on top of a 500' high hill. Staked location moves well south out of orthodox drilling window and preserves tree (ponderosa pine, Douglas fir) screen on north side of well. Orthodox location would be 90' further north and would eliminate tree screen. Reserve pit (see attached plan view and profile) is only 60' wide at its maximum width to squeeze onto narrow ridge.

annerly 9-JAN 21	DEPARTME	TTEL MANATES	NTER		laus on	Form approved. Budget Bureau No. 1004-0136 Expires August 31, 1985 5. LEASE DESIGNATION AND BERIAL NO. BIA #287	
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APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK					Jicarilla Apache		
. TYPE OF WELL				7. UNTE AGEBEMENT NAME N/A*			
OIL CAS SINGLE MULTIPLE OTHER SINGLE DULTIPLE OTHER SONE					8. FARM OR LEASE NAME Phoenix		
American Hunter Exploration, Ltd. (303) 825-5212					9. WELL NO. #1		
410 17th \$	St., Suite 1	220, Denver				10. FIELD AND FOOL, OR WILDCAT	
LOCATION OF WELL (SL & 1680'		ate requirements.*)		Wildcat	
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And the second	s S of Dulce	e, NM				RIO ALLIDA 13. NM	
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Hamilton, force-pool	ing, stc.? No If another is "ye	B are well, have the general of the owners of type of occurringhing	
allowable will be par	ngund in the well hand all increases han a direction of the bar has been a superior of the second se	ave been connolidated (by communication on approved by the Division.	a, mailtrinka, forced-pooling, or otherwise)
S 89-49 E		5281.32'	OPERATOR CERTIFICATION I hereby certify that the info contained herein in true and complete best of my browledge and belief.
			Signature Frian Doct
	OIL CON	, DN	an Humiler Exploration,
ء 1 1	SEC. 28		SURVEYOR CERTIFICATI
	11112		> 1 hereby cersify that the well location on this plat was plotted from field octual surveys made by me or so
1680 [.] WEST		5280.00'	Deta Subgroup C , ED W
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	*Entrada is p	rimary goal. econdary goal.	



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PAGE 4

Surface casing will be cemented to the surface with ≈ 383 cubic feet Class G with 2% CaCl₂. Volume calculated at 100% excess. Centralizers will be used.

Production casing will be cemented to the surface. Volumes will be calculated at 30% excess as measured by caliper log. First stage will be cemented from TD to \approx 3500' with \approx 357 cubic feet Class G + 0.5% D59 + 0.4% D65 + 0.2% D136 + 0.25% D79. Second stage will be cemented from \approx 3500' to the surface with \approx 687 cubic feet Litepoz and 65-35 Poz + 2% CaCl₂ + 6% bentonite. Centralizers will be used.

5. MUD PROGRAM

Depth	Type	ppg	Viscosity	Fluid Loss
0' - 400'	Fresh water gel/lime	8.5-9.0	35-40	NC
400' - 5,000'	КОН-РНРА	8.5-8.8	32-36	8-10

Sufficient mud material to maintain mud properties, control lost circulation, and contain a blowout will be available at the wellsite while drilling. Mud will be checked frequently by rig personnel.

6. CORING, TESTING, & LOGGING

No cores are planned. BHC Sonic/GR/Caliper and DIL/SFL/SP/GR logs may be run. Mud logger will be on site from base of surface casing to TD. DSTs may be run in the Dakota and Entrada. Stimulation procedures will be determined after log evaluation. If stimulation is warranted, then a Sundry Notice will be submitted for approval.

7. DOWNHOLE CONDITIONS

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PAGE 5

No abnormal temperatures pressures, nor hydrogen sulfide are expected. Maximum pressure will be $\approx 2,000$ psi.

8. OTHER INFORMATION

The anticipated spud date is December 24, 1993. It is expected it will take \approx 2-3 weeks to drill and \approx 10 days to complete the well.



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Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 11 & 12)

From the junction of US 64 and NM 537, go south 9.1 miles on NM 537. Then turn left onto J-16 and go SE 8.5 mi. on J-16 to a junction. Then turn right onto J-16 and go SE 9.5 mi. on J-16 to a junction. Then turn right onto J-16 and go NW 0.5 mi. to a junction. Then bear left on J-16 and go SW 1.0 mi. to a junction. Then turn left and go SE 1.0 mi. to a dry hole. Then continue SE on a logging road for \approx 1500' to the proposed well.

Of the existing roads, only the final $\approx 1500'$ will need upgrading. That $\approx 1500'$ of logging road will be widened to as much as 30'. The road will have a $\approx 16'$ wide running surface and a maximum disturbed width of 30'. Maximum grade will be 8%. Maximum cut or fill will be 1'. No culverts or cattleguards are needed.

Only those ponderosa pine and Douglas fir marked with oran e flagging will be removed. There are 10 such flagged trees. Prune limbs rather than breaking them. The road will be initially flat bladed. Borrow ditches will be installed on the last portion of road as it descends east to the pad. Those ditches will channel runoff north and south of the pad. If production results, then the rest of the road will be crowned and ditched. In any event, water bars and/or outsloping will be used to channel runoff away from the road. Drainage control will be installed at least every 100 yards. Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT

No new road will be built.

PERMITS WEST, INC.

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P.09

PAGE 6

13. <u>REPRESENTATION</u>

Anyone having questions concerning the APD should call: Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 984-8120
FAX: (505) 988-9682

The field representative while drilling will be: Brad Salzman (505) 324-0766

American Hunter Exploration, Ltd. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by American Hunter Exploration, Ltd.

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 currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by American Hunter Exploration, Ltd. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

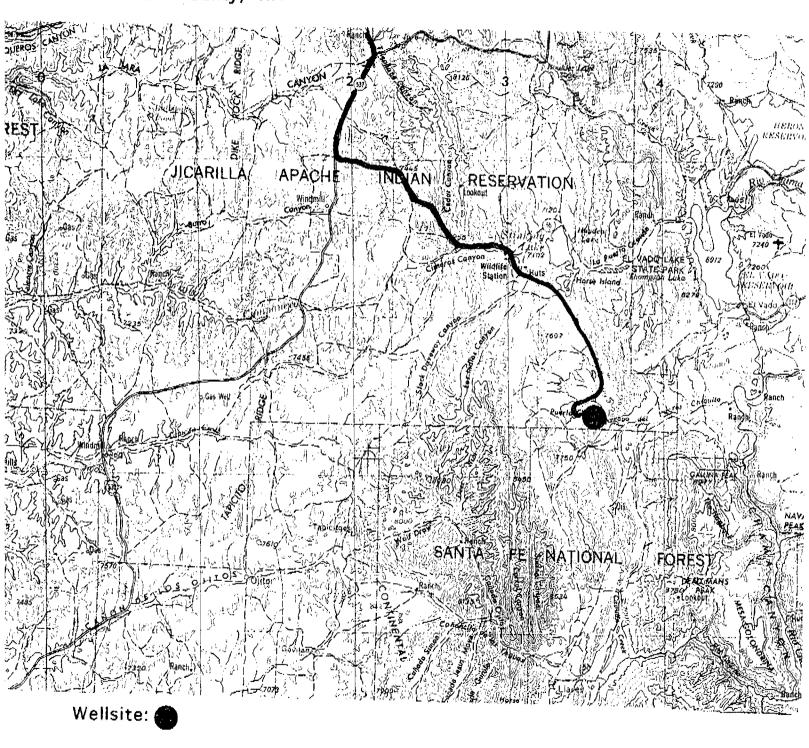
Brian Wood, Consultant

December 4, 1993 Date



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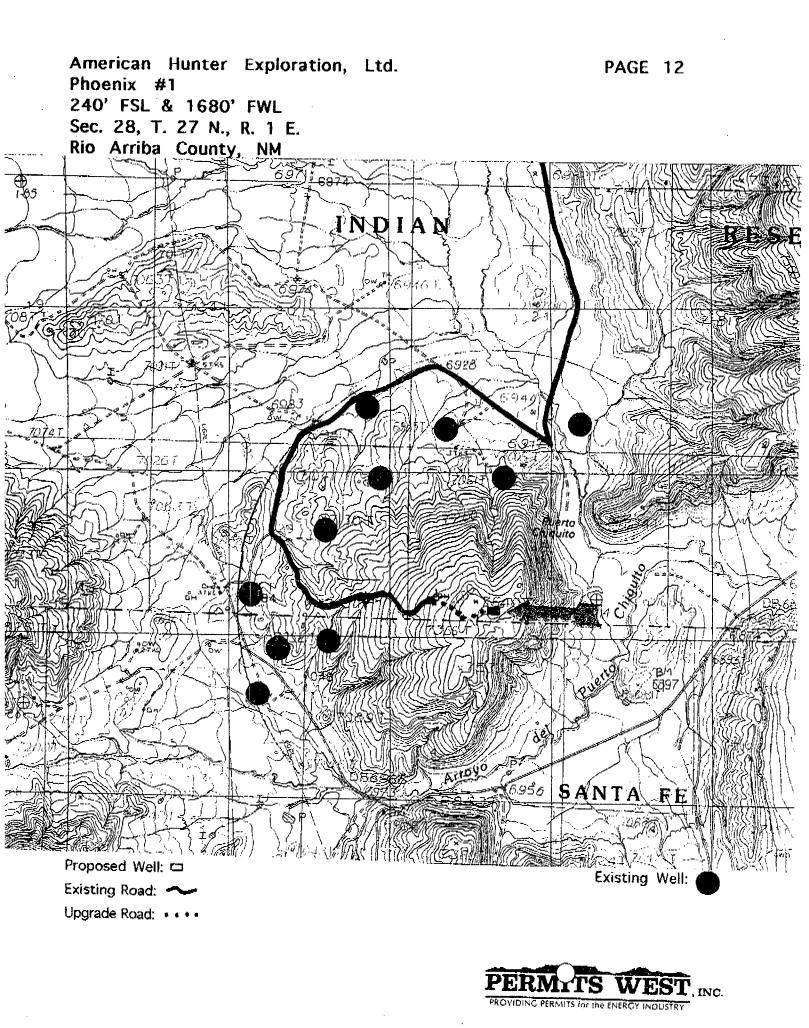


Access Route:



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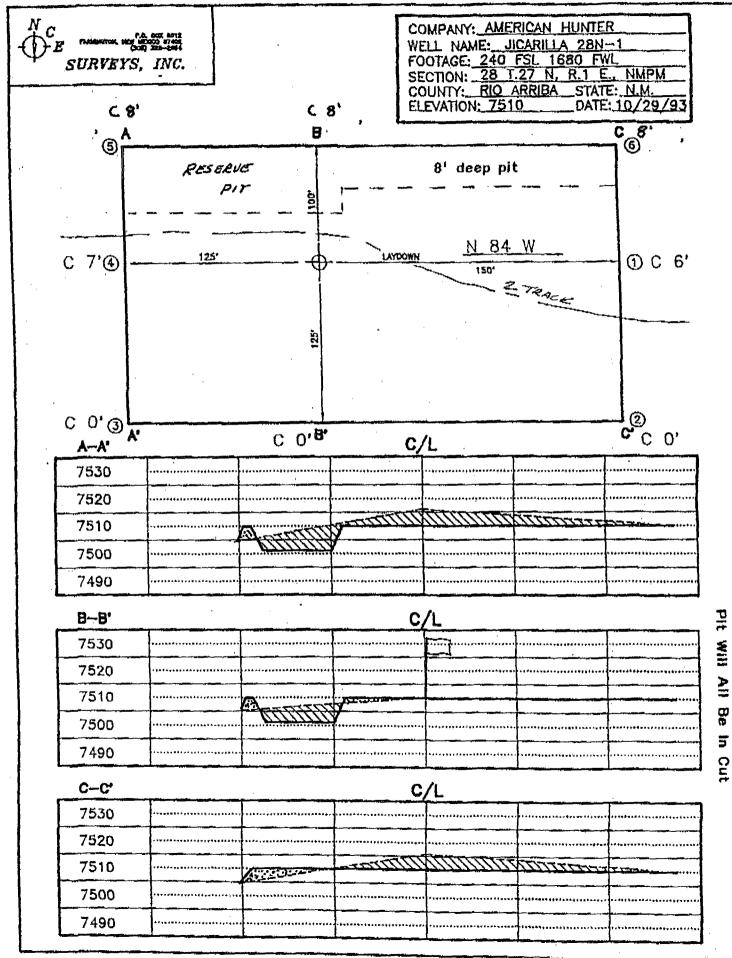


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American Hunter Exploration Ltd. 410 Seventeenth St., Suite 1220 Denver, CO 80202 Bus: (303) 825-5212

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-	بالغارب والاطالي	-

american hunter

Operators and Working Interest Owners

Tract A:

Virgil L. Stoabs 221 Petroleum Building Farmington, New Mexico 87401

Molly E. Bramblette, Trustee 710 Crestview Drive Farmington, New Mexico 87401

Tract B:

Benson-Montin-Greer Drilling Corp. 221 Petroleum Center Building Farmington, New Mexico 87401

There are no offsetting wells producing from the objective formations in the proposed well.

I, Douglas J. Kirn, hereby certify that the information is correct to the best of my knowledge.

1001 By: Douglas J. Kirn

Consultant for American Hunter Explortion Ltd.

STATE OF Colorado; County of Denver, ss:

Before me the undersigned, a Notary Public, in and for said County and State, on this 24th day of November, 1993, personally appeared Douglas J. Kirn to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My Commission expires March 29, 1994

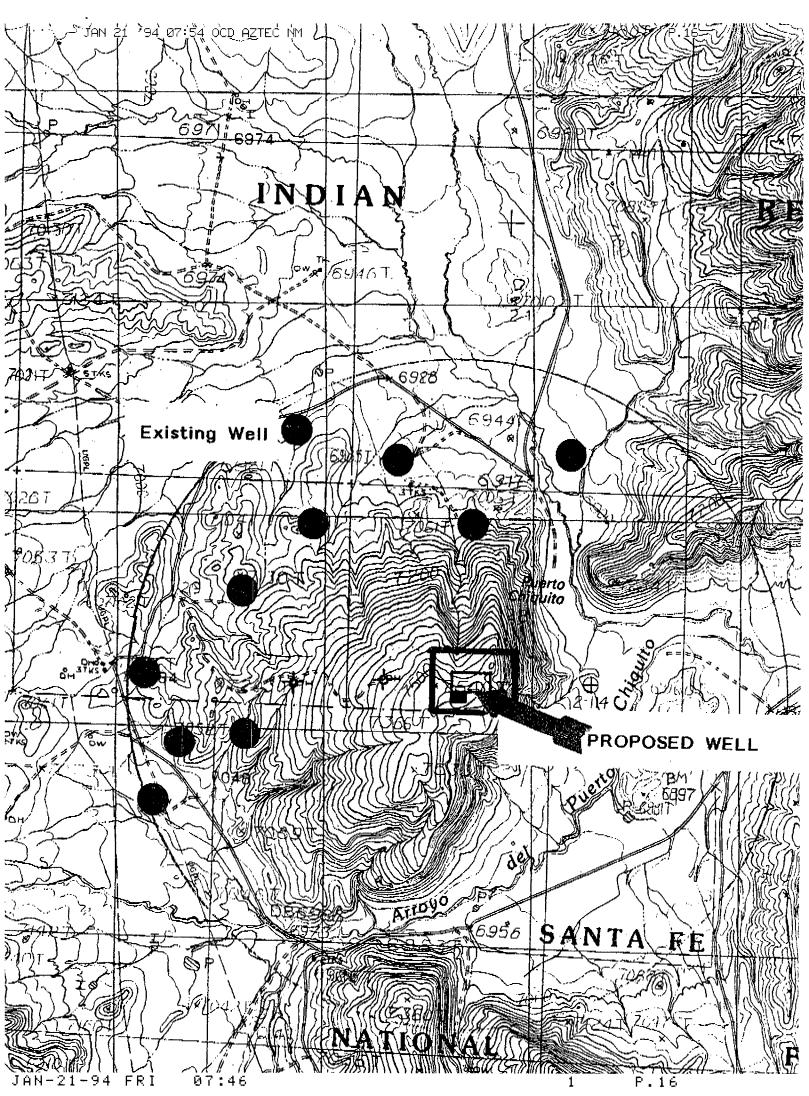
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JAN 21 794 07:56 OCD AZTEC NM

P.17



OIL & GAS ADMINISTRATION

JICARILLA APACHE TRIBE P.O. Box 507 Duice, New Mexico 87528 [505] 759-3485 / 759-3242

November 30, 1993

AMERICAN HUNTER EXPLORATION, LTD. 410-17th Street, Suite 1220 Denver, Colorado 80202

Attention: Jeff Kirn

Dear Jeff:

This letter is to inform you that the Tribe does not object to the unorthodox location of the American Hunter Phoenix Number 1 in T 27 N, R 1 E, Section 28. The relocation of said well would actually improve the aesthetics of the area.

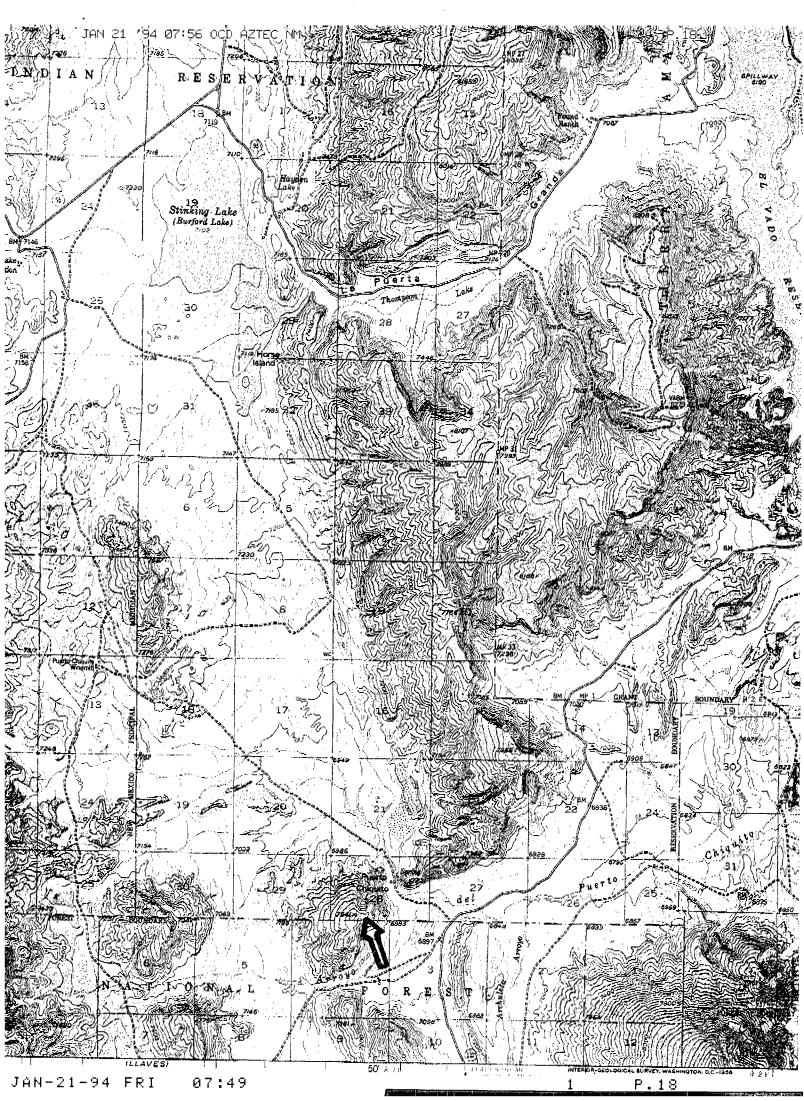
Very truly yours,

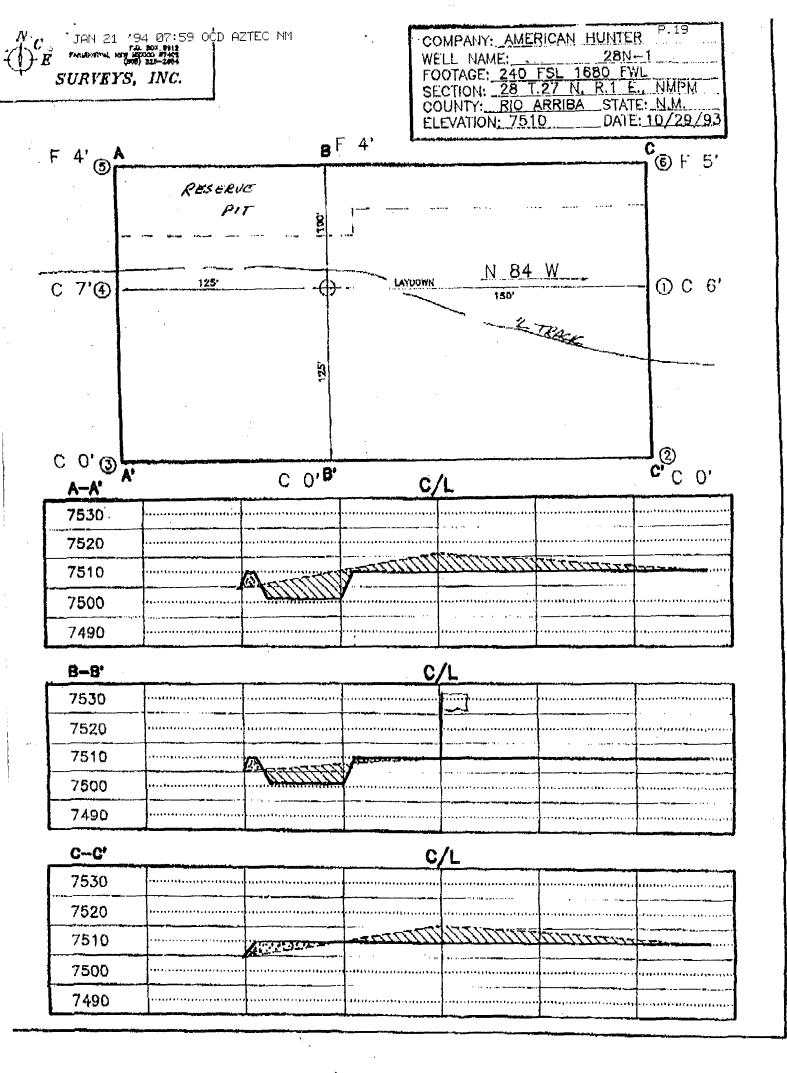
Thurman Velarde 011 & Gas Administrator

TV/ojw

cc: Chron File







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JAN 21 '94 07:59 OCD AZTEC NM



December 4, 1993

Molly Bramblette, Trustee 710 Crestview Drive Farmington, NM 87401

Dear Ms. Bramblette:

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

<u>Well Name:</u> Phoenix #1 oil well, proposed TD of ≈5,000' <u>Legal Location:</u> 240' FSL & 1680' FWL Sec. 28, T. 27 N., R. 1 E., Rio Arriba County, New Mexico (see attached map) on Tribal lease #287 <u>Approximate Location:</u> 26 air miles south of Dulce, NM

Applicant Name: American Hunter Exploration, Ltd. (303) 825-5212 Applicant's Address: 410 17th St., Suite 1220, Denver, Co. 80202

<u>Submittal Information</u>: An application for an exception location will be filed with the NM Oll conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. Their address is 1000 Rio Brazos Road, Aztec, NM 87410. Their phone number is (505) 334-6178.

SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that eturn this card to you. Attach this form to the front of the meilplace, or on the back is loss not permit. Write "Return Raceipt Requested" on the mailplace below the artiin The Return Receipt will show to whom the article was delivered ex-	1 space	June boo
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Molly Bramblette 710 Crestview Dr. Farmington, NM 87401 <u>Malle Bramblette</u> Signature (Addressee)	P 137 698 837 4b. Service Type Insured Registered Insured Certified COD Express Mail Return Receipt for Merchandise 7. Date of Delivery 2 8. Addressee's Address (Only if requested and fee is paid)	what Buish to nok ye
Signature (Agent) Form 3811, December 1991 ★ U.S.G.P.O.: 1992-307		1 P.2
JAN-21-94 FRI 07:50		_



December 4, 1993

Al Greer & Virgil Stoabs Benson-Montin-Greer Drilling Corp. 221 Petroleum Center Bldg. Farmington, NM 87401

Dear Al & Virgil,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

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ENDER: Complete Items 1 and/or 2 for additional services. Complete Items 3, and 4s & b. Print Your name and address on the reverse of this form so th Um this card to you. "Attack this form to the front of the maliplace, or on the back of not permit. Write "Return Receipt Requested" on the maliplace below the ar The Return Receipt will show to whom the article was delivered livered.	If space 1. C. Addressee's Address	incerely,	
3. Article Addressed to: B=M=G Drilling 221 Petroleum Center Farmington NM 87401	4a. Article Number / DEC	rian Wood	roz f
Signature (Addressee) Signature (Agent) Lorella haves	8. Addressee's Address (Only if requested and fee is paid)		
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December 4, 1993

Pat Hester Bureau of Land Management 435 Montano NE Albuquerque, NM 87107

Dear Pat,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

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JAN 21 '94 08:02 OCD A



PROVIDING PERMITS for the ENERCY INDUSTRY 17 Verano Loop, Santa Fe, New Mexico 87505 (505) 984-8120

December 4, 1993

Darrell Tafoya Bureau of Indian Affairs P.O. Box 167 Dulce, NM 87528

Dear Darrell,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections.

Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is \approx 240' from the closest lease line and 2,662' from the closest producing well.

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SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, and 48 & b. Print your name and address on the reverse of this form so that we durn this card to you. Attach this form to the frant of the maliplece, or on the back if space jes not permit. Write "Return Receipt Requested" on the maliplece below the article nu The Return Receipt will show to whom the article was delivered and the livered.	cen fee): a 1. 🖾 Addressee's Address	icerely, Mis Large
Darrell Tafoya BIA PO Bx 167	Article Number Service Type Registered Insured Certified COD Express Meil Return Receipt for Merchandise Date of Delivery	ungan Wood
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JAN 21 '94 08:02 OCD AZTEC NM



Thurman Velarde Jicarilla Apache Tribe Oil & Gas Administration P.O. Box 507 Dulce, NM 87528

December 4, 1993

P.24

Dear Thurman,

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1-21-94 FRI

07:54

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following well, an exception location. This letter is a notice only. No action need be taken unless you have questions or objections. Topography forced the below proposed well to be moved to less than the standard 330' from a quarter-quarter line. The well is ≈240' from the closest lease line and 2,662' from the closest producing well. Well Name: Phoenix #1 oil well, proposed TD of ≈5,000' Legal Location: 240' FSL & 1680' FWL Sec. 28, T. 27 N., R. 1 E., Rio Arriba County, New Mexico (see attached map) on Tribal lease #287 Approximate Location: 26 air miles south of Dulce, NM Applicant Name: American Hunter Exploration, Ltd. Applicant's Address: 410 17th St., Suite 1220, Denver, Co. 80202 Submittal Information: An application for an exception location will be (303) 825-5212 filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. Their address is 1000 Rio Brazos Road, Aztec, NM 87410. Their phone number is (505) 334-6178. ENDER: tiplete items 1 and/or 2 for additional services Antipere nome 3, and 4a & b. Anti-your name and address on the reverse of this form so that we can it this cord to you. Then this form to the front of the maliplace, or on the back if space I also wish to receive the following services (for an extra not permit. fee): the Annum Receipt nequested" on the malipiece below the article number. The Annum Receipt will show to whom the article was delivered and the date icerely, 1 Addresase's Address ŝ 2. A Restricted Delivery Thurman Velarde Consult postmaster for fee. 4a. Article Number D& G Admin 4b. Service Type an Wood Certified Bx 507 ula NM 87528 Express Mail Return Receipt for eture (Addressee) 7. Date of Delivery Merchandise 8. Addressee's Address (Only if requested ture (Agent 124619 3811, December 1991 + U.S.G.P.O.; 1992-307-530

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