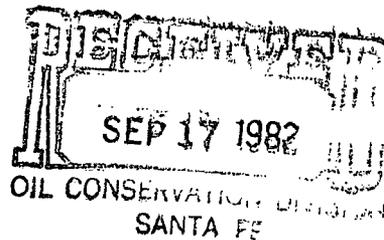


Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602-3280
307 265 7331



September 15, 1982

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



Re: Request for Unorthodox Well Location:
Gallegos Canyon Unit, San Juan County,
New Mexico

Gentlemen:

Energy Reserves Group, Inc. respectfully requests approval of the below referenced well location.

Gallegos Canyon Unit Well No. 331
1875' FNL 640' FWL
Section 29, T29N-R12W
San Juan County, New Mexico
Fee Lease - L.V. Goff et ux

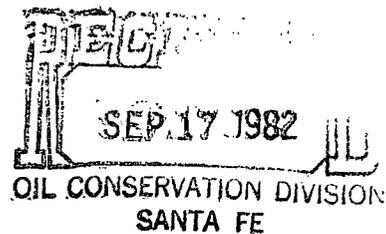
This proposed well is to be drilled to the Pictured Cliffs Formation at a depth of 1365'. Energy Reserves Group, Inc. is the sub operator of the Gallegos Canyon Unit which includes all formations above the base of the Pictured Cliffs Formation. Attached is a map delineating the Gallegos Canyon Unit boundry and the Pictured Cliffs participating area.

This location is situated along the San Juan River bottom approximately 250' North of the current flow channel. Amoco Production Company has constructed an access road and well pad into their well No. 173-E located approximately 100' West of our proposed site. The area was elevated by hauling approximately 3' to 4' of fill material to eliminate flooding during periods of high run off. It is proposed to extend their pad a sufficient distance to allow for rig placement and safety of operations.

In addition, there are private residences located to the Northeast of the well which would prevent moving the site to the orthodox location.

State of New Mexico
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Santa Fe, New Mexico 87501

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We would appreciate your review of our request based upon the topographic conflicts.

Very truly yours,

ENERGY RESERVES GROUP, INC.

William J. Fiant
Field Services Administrator

WJF/ml

cc: State of New Mexico
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87401