

Application for Permit to Drill Loafer Draw Unit "A" No. 1

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October 26, 1973

The 320-acre proration unit allocated to the Loafer Draw Unit "A" No. 1 consists of the east half of the section. A regular location is staked 1980' FSL and 1980' FEL. The location will require an approximate 9' cut on the west side and an approximate 10' fill on the east side. Some blasting may be required to level the location.

As shown on the attached plat, it is planned to rig up with the V-door to the east and reserve pit to the north.

Mr. E. M. Hayhurst has a surface grazing lease on the drill site. Mr. Hayhurst has been notified of our intent to drill and prior to doing any dirt work we will make a damage settlement with him.

The primary objective of the well is the Morrow Sandstone with a projected T.D. of 8850'.

The reserve pit will be lined when it is built. Upon completion of the well, the pits will be backfilled and levelled, and all debris removed.

If the well is completed as a producer, production equipment will be set no closer than 150' from the well, with tanks set to collect both oil and water which will be trucked to sale or disposal. The gas purchaser will install necessary gas measuring equipment and pipeline.

If it is a dry hole, the well will be plugged according to USGS requirements.

The access road to the location will cross land managed by the Bureau of Land Management. The Bureau has been contacted and has approved the proposed access road.

Necessary cattle guards and fences will be installed to protect the rancher's cattle.

The casing program consists of:

13-3/8" conductor pipe set at 30' by rat hole machine and cemented to the surface with Redi-Mix.

9-5/8" surface pipe set at 1650' (or into the Glorieta) with cement circulated to the surface.

5-1/2" production casing set at T.D. 8850' and cemented with sufficient volume of cement to cover all zones from TD through the Strawn zone at approximately 7730'.

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