

DEPCO, Inc.
Federal 30 No. 41
NE/4 - NE/4, Sec. 30-T27N-R11W
San Juan County, New Mexico

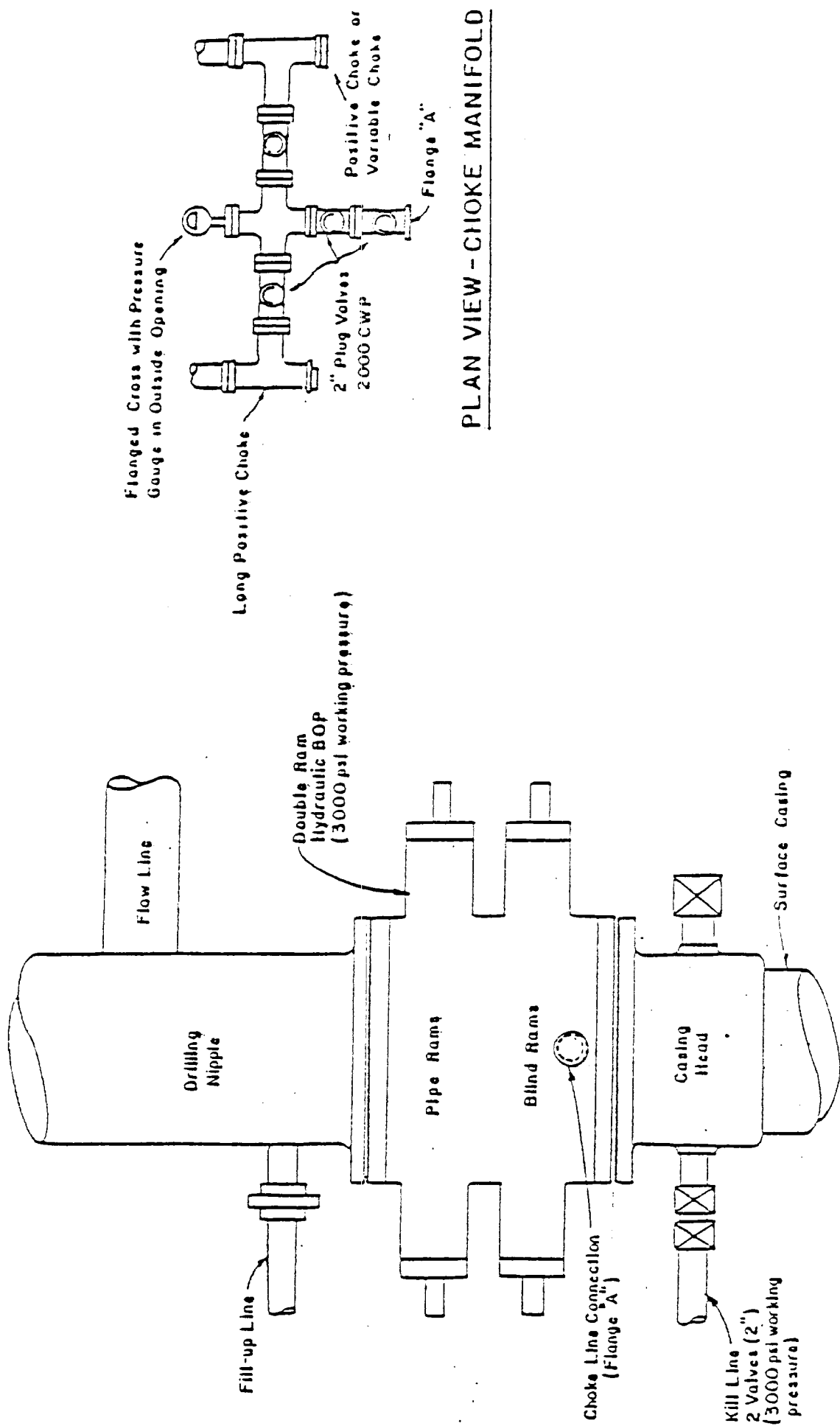
Lease No. SF-078896

1. Surface formation - Wasatch of Tertiary Age
2. Estimated geologic tops: Ojo Alamo 584' KB
Pictured Cliffs - 1612' KB
3. Anticipated depth of oil, gas, water or other mineral-bearing formations:
Coal - 1660' KB
Coal - 1702' KB
Gas - 1730' KB
4. Proposed casing program:
Surface - 8-5/8" 24# K55 STC 0' - 120'
Production - 4-1/2" 10.5# J55 STC 0' - 1850'
5. Operators minimum specification for pressure control equipment requires a 10" - 3000 psi single hydraulic blowout preventor. The BOP will be hydraulically tested to full working pressure after nipping up surface pipe and after any use under pressure. Pipe rams will be operationally checked each 24 hour period. The blind rams and annulus preventer will be checked each time pipe is pulled out of the hole. All testing will be recorded on the daily drilling sheets. Accessories to the BOP will include upper and lower kelly cocks, floor safety valve, drill string BOP and choke manifold with pressure rating equivalent to the BOP stack.
6. Proposed mud program:

DEPTH	TYPE MUD	WT.	VISC.	W.L.
0' - 1600'	Inhibited water to control heaving shales			
1600' - TD	Gel	9.8	40-50	-
7. Auxiliary equipment will consist of:
 - a. Kelly cock
 - b. Float above bit
 - c. Visual monitoring of mud tanks
 - d. Sub with valve to fit drill pipe and collars
8. No coring or drill-stem tests are planned.
The anticipated logging program is as follows:
DIL - Surface pipe - TD
CNL-FDC w/GR - Surface pipe - TD

Casing will be set and perforated in the Pictured Cliffs formation. The perforated section will be treated with a 60,000 lb ± foam frac. Tubing will be run and the well cleaned up and tested.
9. No abnormal pressures or temperatures, hydrogen sulfide or other hazards are expected or known to exist at these depths in this area.
10. The anticipated starting date is during late 1980 or early 1981 depending upon rig availability. Drilling operations should be completed within four days and completion operations are anticipated to require an additional five days.

Ten Point Compliance Program



PLAN VIEW - CHOKE MANIFOLD

Multipoint Surface Use and Operations Plan
Federal 30 No. 41

1. Existing Roads:

- A. The proposed well site is shown on Exhibit "A".
- B. Exhibit "E" shows the existing access roads to the proposed location. The site is located 11 miles south of Bloomfield on Highway 44, then 3 miles southwest, and then 1-3/4 miles northwest to the location.
- C. Final access roads into the site are coded green.
- E. This well is classified as development and roads are shown on Exhibits "E" and "F".
- F. The existing gravel roads will be maintained during the drilling phase of this well. No improvements are planned.

2. Planned Access Roads:

Planned access roads are shown on Exhibit "F"

- (1) Width will not exceed 20 feet.
- (2) Maximum grades will not exceed 5%.
- (3) No turnouts are to be constructed.
- (4) No additional drainage construction is deemed necessary other than minor ditching.
- (5) No culverts, cuts, or fills are required.
- (6) The use of surfacing material is not planned at this time.
- (7) No gates, cattleguards, or fence cuts are necessary.
- (8) The new access road into the location is flagged.

3. Location of Existing Wells:

All existing wells are shown on Exhibit "F".

- (1) Water wells - No shallow, domestic nor deep, high volume wells are known to be in the immediate area.
- (2) Abandoned wells - As shown on Exhibit "F".
- (3) Temporarily abandoned wells - none
- (4) Disposal wells - none
- (5) Drilling wells - none
- (6) Producing wells - as shown on Exhibit "F"
- (7) Shut in wells - none
- (8) Injection wells - none
- (9) Monitoring or observation wells for other resources - none

4. Location of Existing and/or Proposed Facilities:

- A. Existing facilities owned or controlled by operator within a one-mile radius of this location:
 - (1) No tank batteries
 - (2) One West Kutz Pictured Cliffs well - The Mudge "B" 1 (NE $\frac{1}{4}$ - Sec. 29)
 - (3) No oil gathering lines
 - (4) No gas gathering lines
 - (5) No injection lines
 - (6) No disposal lines
- B. Proposed facilities in the event of a producing well are shown on Exhibit "H".
 - (1), (2) - As shown on Exhibit "H"
 - (3) Area to be used will be levelled. Native material will be used in the construction of the location.
 - (4) The pit will be fenced and flagged to discourage the entry of livestock, wildlife, and waterfowl.
- C. All disturbed areas not needed for operations will be rehabilitated in the manner described in Item 10.

5. Location and Type of Water Supply:

- A. Water will be obtained from the San Juan River or purchased from private sources.
- B. Water will be hauled by truck.
- C. No water well will be drilled on the lease.

- (1) The topography of the area generally slopes toward Gallegos Canyon approximately four miles in a southwesterly direction. The surface soils contain sand and shale of the Wasatch formation. Vegetation is comprised of grass, sagebrush, and rabbit brush. The area is occasionally used for cattle grazing. The surface owner of record is: Navajo Tribe in Trust - U.S.A.
Drawer "E"
Window Rock, Arizona 86515
- The Bureau of Indian Affairs has included this area within the Navajo Indian Irrigation Project. In order to avoid interference with sprinkler operation, the wellhead and adjacent facilities will conform to N.I.I.P. requirements.
- (3) The nearest known water source is the San Juan River north of this location. No known occupied dwellings, archaeological, historical, or cultural sites exist in the immediate area.

11. Other Information:

- (1) All topsoil that is stripped and stockpiled will be replaced and the site will be backfilled, leveled, and contoured. Waste will be buried or hauled away upon completion of drilling.
- (2) Rehabilitation will consist of respraying and contouring stockpiled topsoil. Revegetation will consist of seeding with mixture as specified by BLM or landowner. If the well is dry, a dry hole marker will be erected, and the access road will be plowed, ripped, and reseeded as requested.
- (3) Prior to rig release, the reserve pit will be fenced and so maintained until the pit is dry enough to backfill.
- (4) If oil is in the reserve pit, it will be removed or the pit will be flagged to discourage livestock, wildlife, and waterfowl from entering the area.
- (5) Rehabilitation will begin immediately after drilling operations are finished. It is expected that all rehabilitation will be completed during the fall of 1981.

10. Plans for Restoration of Surface:

- (1) See Exhibit "G"
(2) See Exhibit "H"
(3) See Exhibit "H"
(4) The reserve pit will be unlined

9. Well Site Layout:

No camps or airstrips are planned

8. Ancillary Facilities:

- (1) Drill cuttings will be buried in the reserve pit and allowed to evaporate.
- (3) Produced fluids such as oil and formation water will be collected in a test tank.
- (4) Sewage will be contained and a suitable chemical will be used to decompose waste.
- (5) Garbage and other waste material will be placed in a trash pit and buried and later buried.
- (6) Upon completion of drilling, all trash and litter will be buried in the trash pit. The reserve pit will be fenced until dry at which time it will be backfilled.

12. Lessee's or Operators Representative:

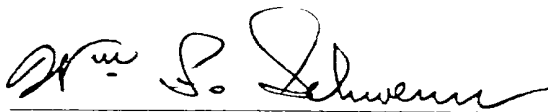
(1) Mr. Fred Crum
Box 400
Aztec, New Mexico 87410
(505) 334-6003

(2) Mr. W. F. Schwenn
DEPCO, Inc.
1000 Petroleum Building
Denver, Colorado 80202
(303) 292-0980

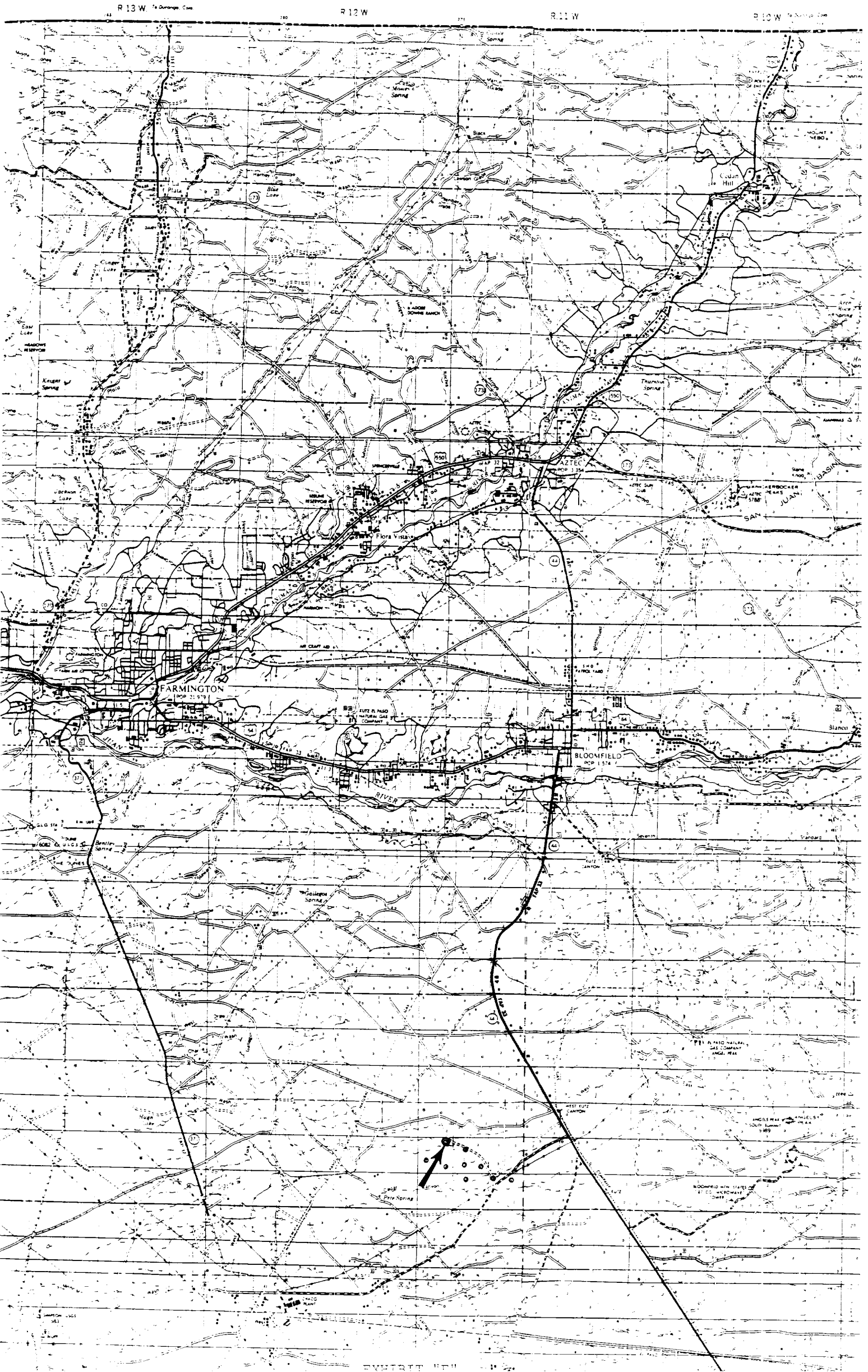
13. Certification:

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by DEPCO, Inc. and its' contractors in conformity with this plan and the terms and conditions under which it is approved.

12 - 16 - 80
Date


W. F. Schwenn

P L A T A C O U N T Y L A F



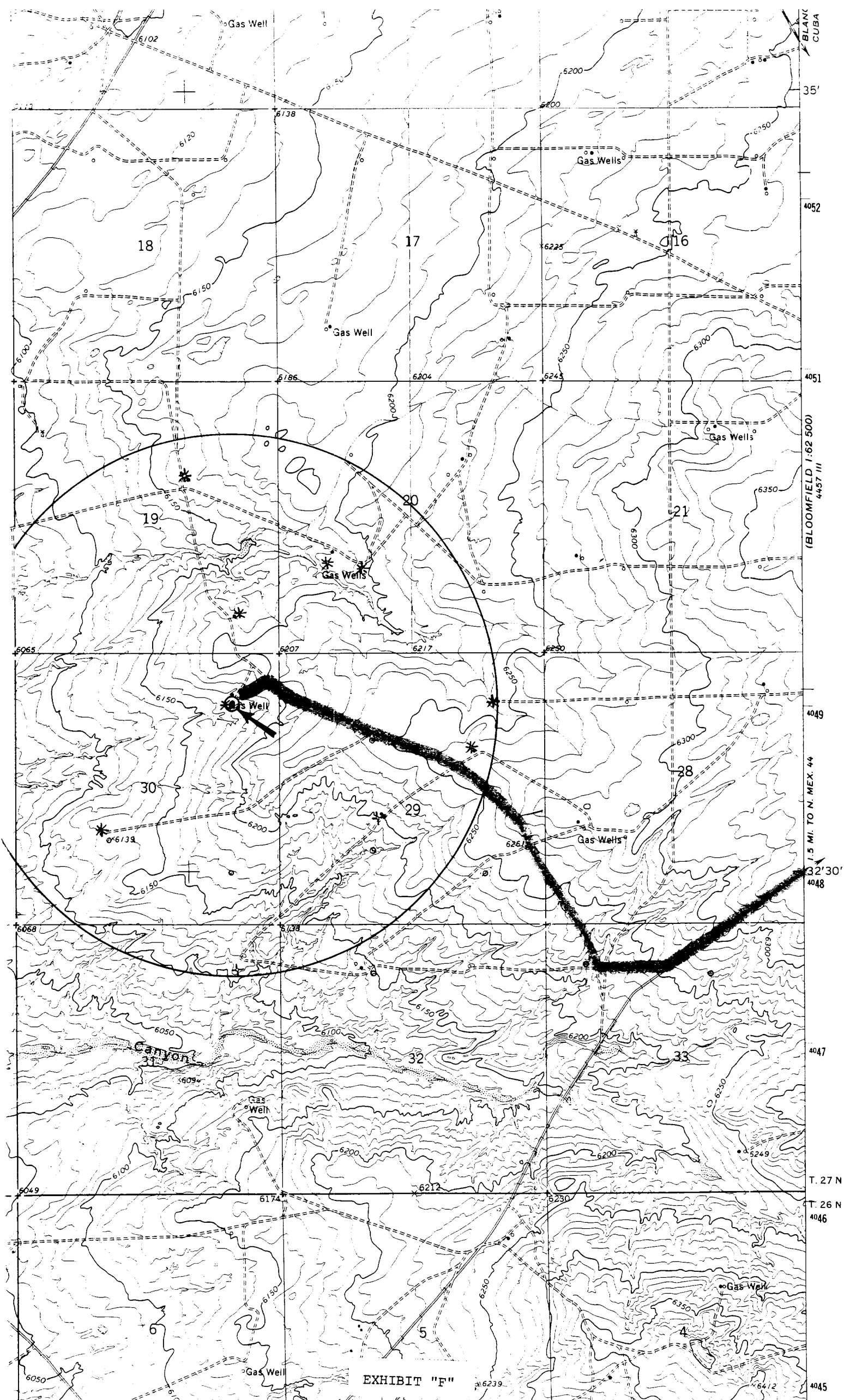
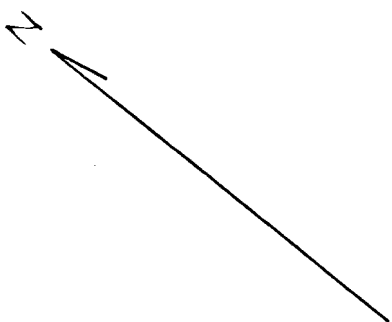
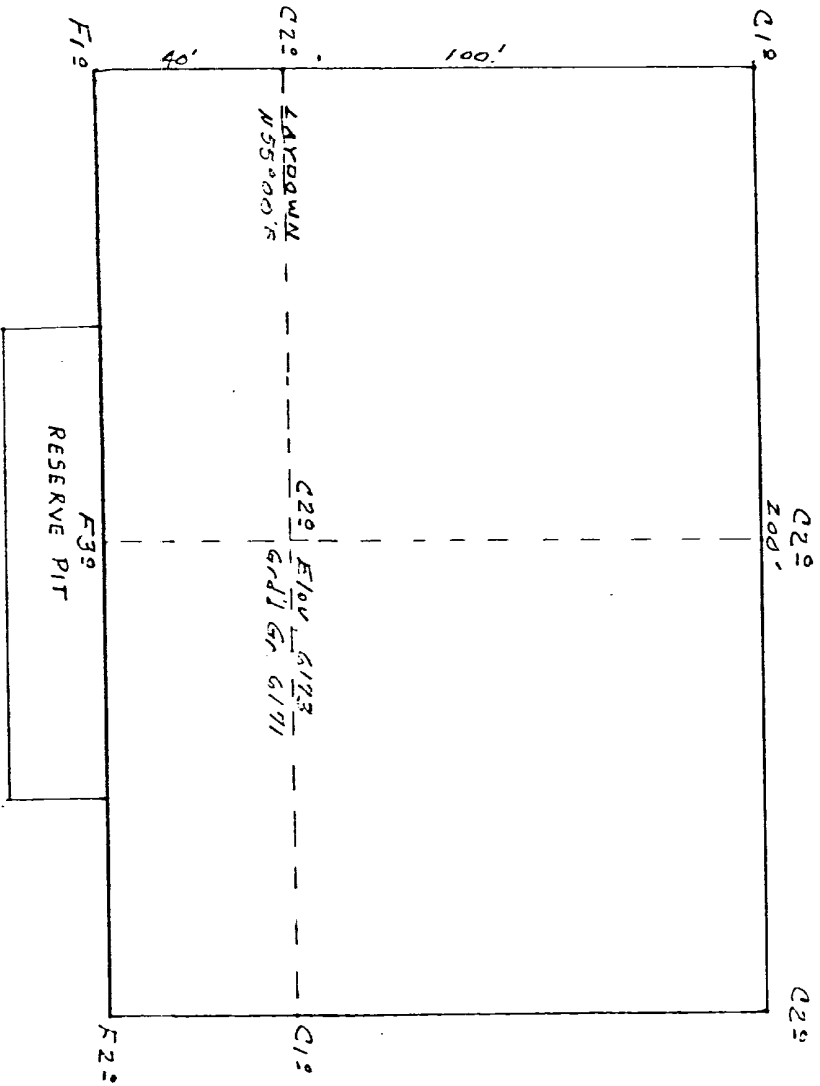


EXHIBIT "F"

Profile for
 DEPCO, INCORPORATED # 41 FEDERAL 30
 1120 FNL 790 FEL Sec. 30-T27N-R11W
 SAN JUAN COUNTY, NEW MEXICO



Scale: 1"=40'

Date: 12-9-80

[illegible]

EXHIBIT "H"

SCHEMATIC FOAM FRAC OPERATION

