Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1425.

30-045-25743

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: SF-078019

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [ ] MULTIPLE ZONE [X]

8. FARM OR LEASE NAME: E. H. Pipkin

2. NAME OF OPERATOR: Energy Reserves Group, Inc.

9. WELL NO.: 16

3. ADDRESS OF OPERATOR: Box 3280, Casper, Wy. 82602

10. FIELD AND POOL, OR WILDCAT: Kutz Fruitland & West Kutz Pictured Clif

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1,670' FSL 1,100 FEL (NE/SE)
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 1, T27N-R11W

12. COUNTY OR PARISH: San Juan

13. STATE: N. Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approx. 7 miles South of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 1,100'

16. NO. OF ACRES IN LEASE: 2560.96

17. NO. OF ACRES ASSIGNED TO THIS WELL: 160

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 600

19. PROPOSED DEPTH: 1,728'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 5732' GR

22. APPROX. DATE WORK WILL START*: July, 1981

DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS". This action is subject to administrative appeal pursuant to 30 CFR 290.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
9-7/8"	7"	17#	90'±	Cement to the surface
6-1/4"	4-1/2"	9.5#	1728'±	Sufficient to protect the OJO Alamo Formation

RECEIVED
JUL 17 1981
GEOLOGICAL SURVEY
FARMINGTON, N. M.

RECEIVED
AUG - 1981
OIL CON. COM.
DIST. 3

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.

SIGNED [signature] TITLE Field Services Administrator DATE 7-14-81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED AS AMENDED
AUG 5 1981
Dan Elliott
FOR JAMES F. SIMS
DISTRICT ENGINEER

NMOCC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

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

Operator	Lease	Well No.
ENERGY RESERVES GROUP	E. H. PIPKIN	16

Unit Letter	Section	Township	Range	County
I	1	27N	11W	San Juan

Actual Footage Location of Well:
1670 feet from the South line and 1100 feet from the East line

Ground Level Elev:	Producing Formation	Pool	Dedicated Acreage:
5732	Fruitland & Pictured Cliffs	Kutz Fruitland West Kutz Pictured Cliffs	160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

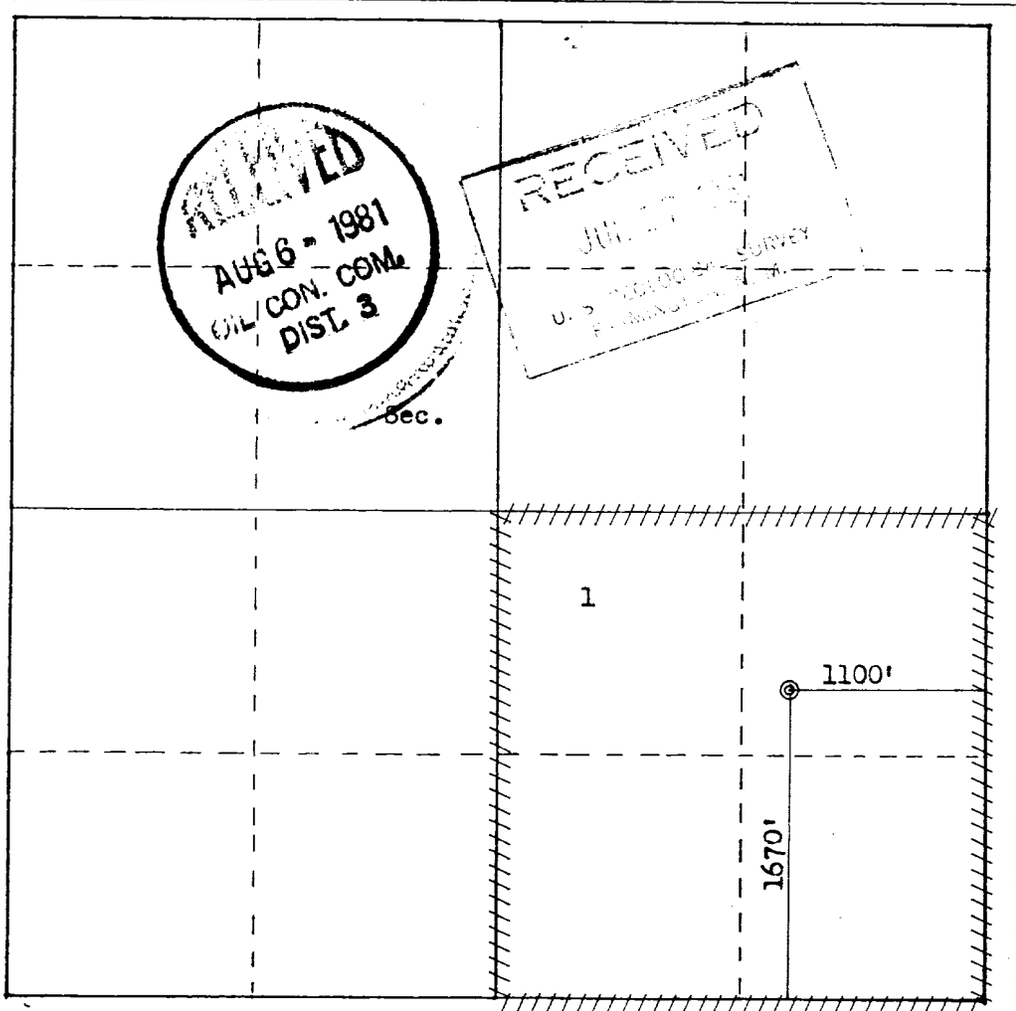
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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.



Scale: 1"=1000'

CERTIFICATION

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

Name: William F. Clark

Position: Field Services Administrator

Company: Energy Reserves Group, Inc.

Date: 7-14-81

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: June 4, 1981

Registered Professional Engineer and Land Surveyor

Fred B. Kerr Jr.

Certificate No. 3950

REGISTERED LAND SURVEYOR — STATE OF NEW MEXICO — FRED B. KERR, JR.

FORM 24-11

LEASE: E. H. Pipkin #16 Lease No. SF-078019

LOCATION:

DATE: 7-14-81

SURFACE USE AND OPERATIONS PLAN

1. Existing roads

   A. See attached map.

   B. Route and distance from nearest town:
   Proceed South from Bloomfield, New Mexico on Highway 44 for approx. 8 miles, turn East on improved gravel surface road and proceed 1.25 miles. Turn North and proceed for approx. 1.75 miles to the Pipkin lease.

   C. Access roads to location: Color coded.

   D. Exploratory well: Not applicable.

   E. Development well: For all existing roads within a one mile radius See Map.

   F. Plans for improvement and/or maintenance: No improvements necessary, roads are currently maintained by ERG, and Southern Union Gas Co.

2. Planned access roads. See Map.

   1. Width: 18' running surface

   2. Maximum grade: Less than 10%

   3. Turnouts: None

   4. Drainage design: None

   5. Location and size of culverts: As per BLM recommendations at onsite inspection
   Major cuts and fills: None

   6. Surface Materials: None

   7. Gates: None
   Cattleguards: None
   Fence cuts: None

   8. Center-line road flagging: The route of the new access road is flagged as shown on Map.

3. Location of existing wells

   1. Water wells: None known

   2. Abandoned wells: None

   3. Temporarily Abandoned Wells: None

   4. Disposal wells: None

   5. Drilling wells: None

   6. Producing wells: See attached map

   7. Shut-in wells: Two wells are awaiting pipeline installation

   8. Injection wells: None

   9. Monitoring or observation wells: None

4. Location of existing and/or proposed facilities owned and/or controlled by Energy Reserves Group, Inc.

A. Existing facilities:

1. Tank batteries: There are tank batteries located at each Dakota well site.

2. Production facilities: Facilities consist of well heads, separators & glycoldehy units.

3. Oil gathering lines: From separator to tank battery

4. Gas gathering lines: All gas gathering lines are owned by Southern Union Refining Co.

5. Injection lines: None

6. Disposal lines: None

B. New production facilities:

1. Proposed tank battery: Possibly one 200-400 bbls. tank located 150' from well head.

2. Dimensions of facilities: Confined to disturbed area.

3. Construction methods and materials: Area to be used will be leveled with dozer, materials used for foundation will consist of crushed rock and native materials.

4. Protective measures and devices: Pits will be fenced and flagged to protect livestock, wildlife and waterfowl.

C. Plans for rehabilitation of disturbed area: All disturbed areas not needed for operation will be contoured to match existing terrain and reseeded with the seed mixture recommended by the surface owner.

5. Location and type of water supply

A. Location: Sec. 1, T27N-R11W

Supply: Kutz Canyon Water Hole

B. Method of transportation: Water will be hauled by tank trucks using existing roads.

C. Water wells to be drilled: None

6. Source of contruction materials

A. Location: Any material needed will be obtained from private sources.

B. From Federal or Indian lands: N.A.

C. Additional materials: N.A.

D. Access roads on Federal or Indian lands: Existing roads will be used to haul any construction material needed.

7. Methods of handling waste disposal

1 & 2. Cuttings and drilling fluids: Deposited during drilling operations will be put in reserve pits.

3. Produced fluids: Tanks will be used for storage of produced fluids during testing.

4. Sewage: Sewage will be contained in a portable lattrine or bored hole and a suitable chemical will be used to decompose waste materials.

5. Garbage and other waste materials: Garbage and other waste materials will be put in burn pit and all flammable materials will be burned. Burn pits will be enclosed with small mesh wire to prevent littering.

6. Proper clean-up of well-site: Upon completion of drilling all trash and litter will be picked up and placed in the burn pit which will be buried. The reserve pits will be fenced on three sides during drilling and the fourth side will be fenced when drilling is completed. They will remain fenced until dry at which time they will be backfilled.

8. Ancillary facilities

1. None planned.

9. Wellsite layout

1. Cuts and fills: See Diagram.
2. Location of pits and stockpiles: For location of mud tanks, reserve, burn and trash pits, pipe racks, living facilities and soil materials stockpiles, See Diagram.
3. Pad orientation: For rig orientation parking areas and access roads, see Diagram.
4. Lining of pits: No plans to line reserve pits at this time.
5. O.S.H.A. requirements: Area needed to conduct the fracturing operations in a safe manner and in accordance with O.S.H.A. standards will be within the areas already disturbed.

10. Plans for restoration of surface

1. Backfilling, leveling, contouring, and waste disposal: Topsoil will be stripped from the location and stockpiled for use after completion of contouring at which time it will be redistributed on the location. Backfilling of the reserve pits will be done as soon as the pits are dry. Contouring of the location will be done, in the event of a dry hole, to restore the surface to as near its original condition as possible. In the event of production those portions of the pad not needed for operations will be contoured in such a manner as to support vegetation and blend into the surrounding topography as much as possible. Waste disposal will begin immediately after completion of drilling. All trash and litter will be picked up, placed in the burn pit and buried.
2. Revegetation and rehabilitation: Revegetation of the location and access roads (those not left for landowner use) will begin with reseeding which will be done in the Spring or Fall of the year with the seed mixture specified by the appropriate agency or landowner. Rehabilitation of the location and access road will include contouring, replacement of topsoil and reseeding as discussed above.
3. Prior to rig release: The pits will be fenced on four sides to protect livestock and wildlife. Fence will remain until pits are backfilled.
4. Oil on pit will be removed or overhead flagging will be installed for the protection of waterfowl.
5. Timetable of rehabilitation operations: Commencement of rehabilitation work will be upon completion of drilling. Completion of rehabilitation work will depend on weather conditions and time required for pits to dry.

11. Other information used

1. Topography, soil characteristics, geologic features, flora and fauna: The area is generally deeply eroded sand stone along the West side of Kutz Canyon. There are numerous gullies and washes through out the area. Vegetation consists of Juniper Trees, Sage Brush, assorted shrubs and grasses. Wildlife consists of Mule Deer, coyotes, badgers, skunks, small rodents and birds.

2. Surface-use and ownership: Public surface - use includes livestock grazing, hunting, etc.

3. Proximity of water, occupied dwellings, archeological, historical or cultural sites: Nearest water is located in Kutz Canyon. No dwelling within one mile of the well site. No archeological, historical or cultural sites of significance were noted.

12. Lessee or operator's field representative

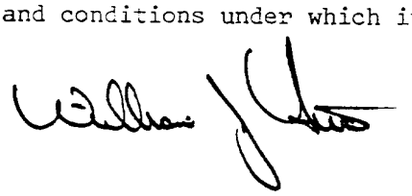
ENERGY RESERVES GROUP, INC.
P.O. BOX 3280
CASPER, WYOMING 82602

Phone No. 307-265-7331 (office)

T. C. Durham
P. O. Box 977
Farmington, New Mexico 87401
Phone: (505) 327-1639

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 Energy Reserves Group, Inc. and its contractos and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



TEN POINT PROGRAM

1) SURFACE FORMATION: Nacimiento

2 & 3) ESTIMATED TOPS:

OJO Alamo	669'
Kirtland	764'
Fruitland	1,324'
Pictured Cliffs	1,613'
Lewis	1,708'
Total Depth	1,728'

4) CASING PROGRAM:

0-90' - 9-7/8" hole, 7" - 17#, H 40, ST&C, new casing
0-1,728' - 6-1/4" hole, 4-1/2", 9.5#, K-55, ST&C, new casing

5) PRESSURE CONTROL EQUIPMENT: (See attached schematic diagram) BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing and then will be checked daily as to mechanical operating condition. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly or to 70% of the minimum internal yield pressure of the casing. Annular type preventors will be tested to 50% of their rated working pressure. BOP's will be pressure tested at least once every 30 days.

6) MUD PROGRAM:

Fresh water base gel mud will be used for the base of surface casing to T.D.

Sufficient mud materials to maintain mud properties, control lost circulation and to contain blowout will be available at wellsite.

7) AUXILLIARY EQUIPMENT:

-Kelly cock
-Bit floats will be available if needed.
-Mud monitoring will be visual unless otherwise specified.
-A sub with full opening valve and drill pipe thread will be available on the rig floor.

8) LOGGING:

DIL, GR-FDC-CNL from base of surface casing to T.D.

CORING: None

TESTING: None

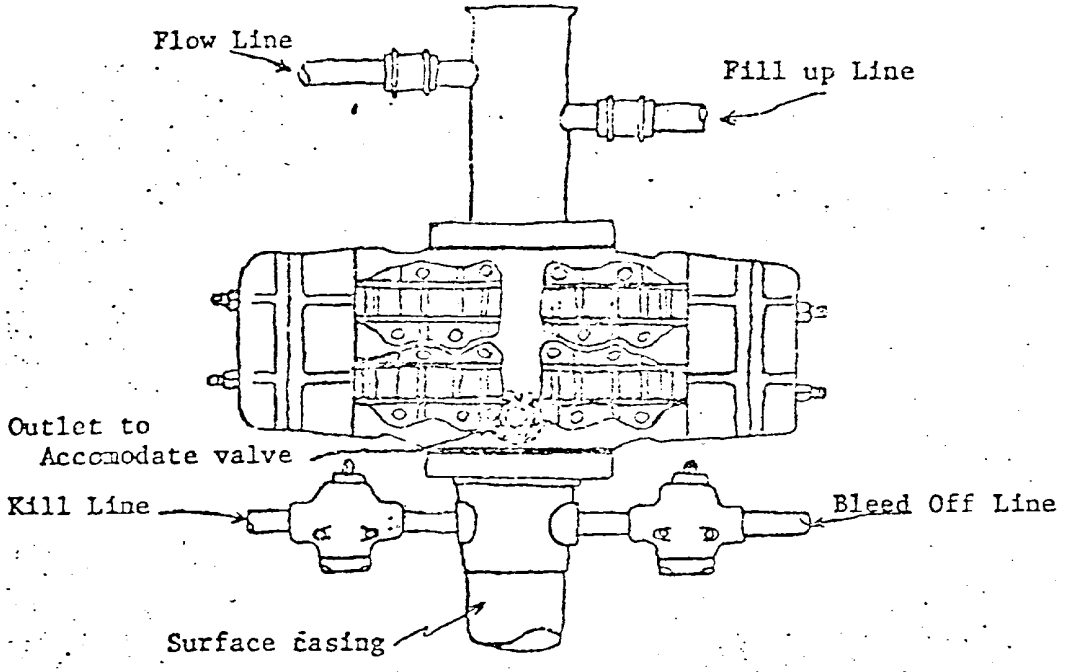
STIMULATION: Foam frac consisting of 20,000 of 70% quality foam and 23,000# 10-20 sand.

9) ABNORMAL PRESSURE: None

ESTIMATED BOTTOMHOLE PRESSURE: 500 psi maximum

10) ANTICIPATED STARTING DATE: July, 1981

DURATION OF OPERATION: Approx. 6 days will be required to drill and complete this well.



Blowout preventer is Shaffer double hydraulic equipped with drill pipe rams in the top and blind rams in the bottom.

Blowout preventer closing unit is Kooney 30 gallon accumulator unit.

When choke manifold is used, it will be installed downstream from bleed off valve.

Kill line or bleed off line may be installed at flanged opening in blowout preventer.

Well Name E H Pipkin #16

Location SE 1-27-11

Formation P C

We, the undersigned, have inspected this location and road.

U.S. Forest Service — Date

Archaeologist — 6-15-81 Date

Bureau of Indian Affairs Representative — Date

Bureau of Land Management Representative — 6/15/81 Date

U. S. Geological Survey Representative - AGREES TO THE FOOTAGE LOCATION OF THIS WELL. — 15 June 1981 Date

REASON:

Seed Mixture: II

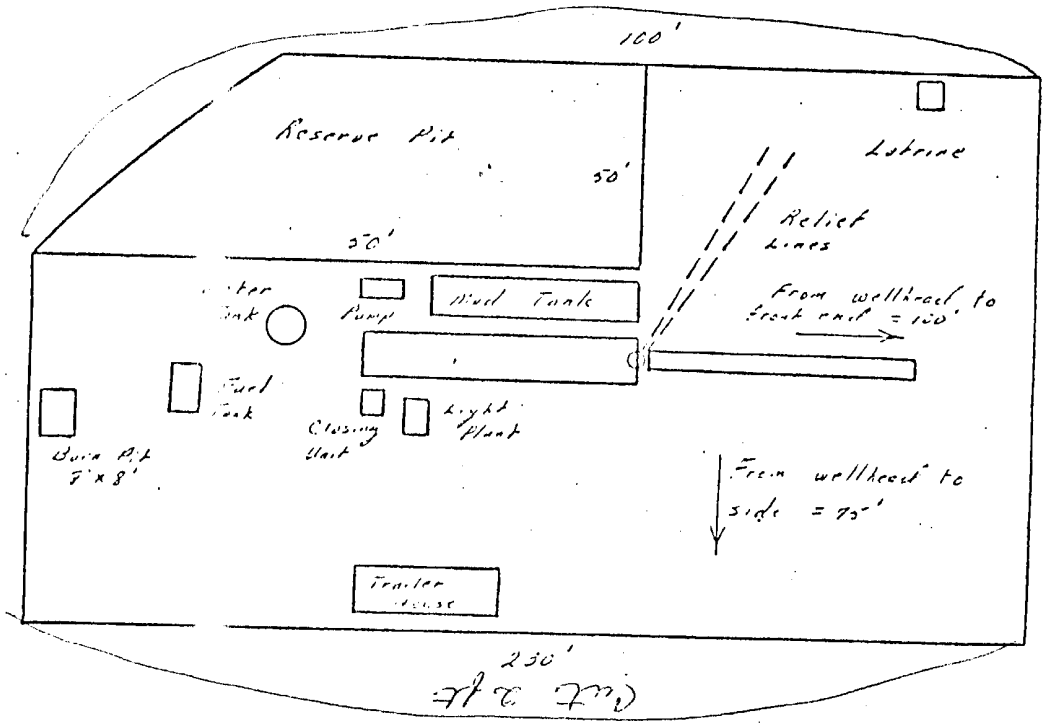
Equipment Color: Brown

Road and Row: (Same) or (Separate)

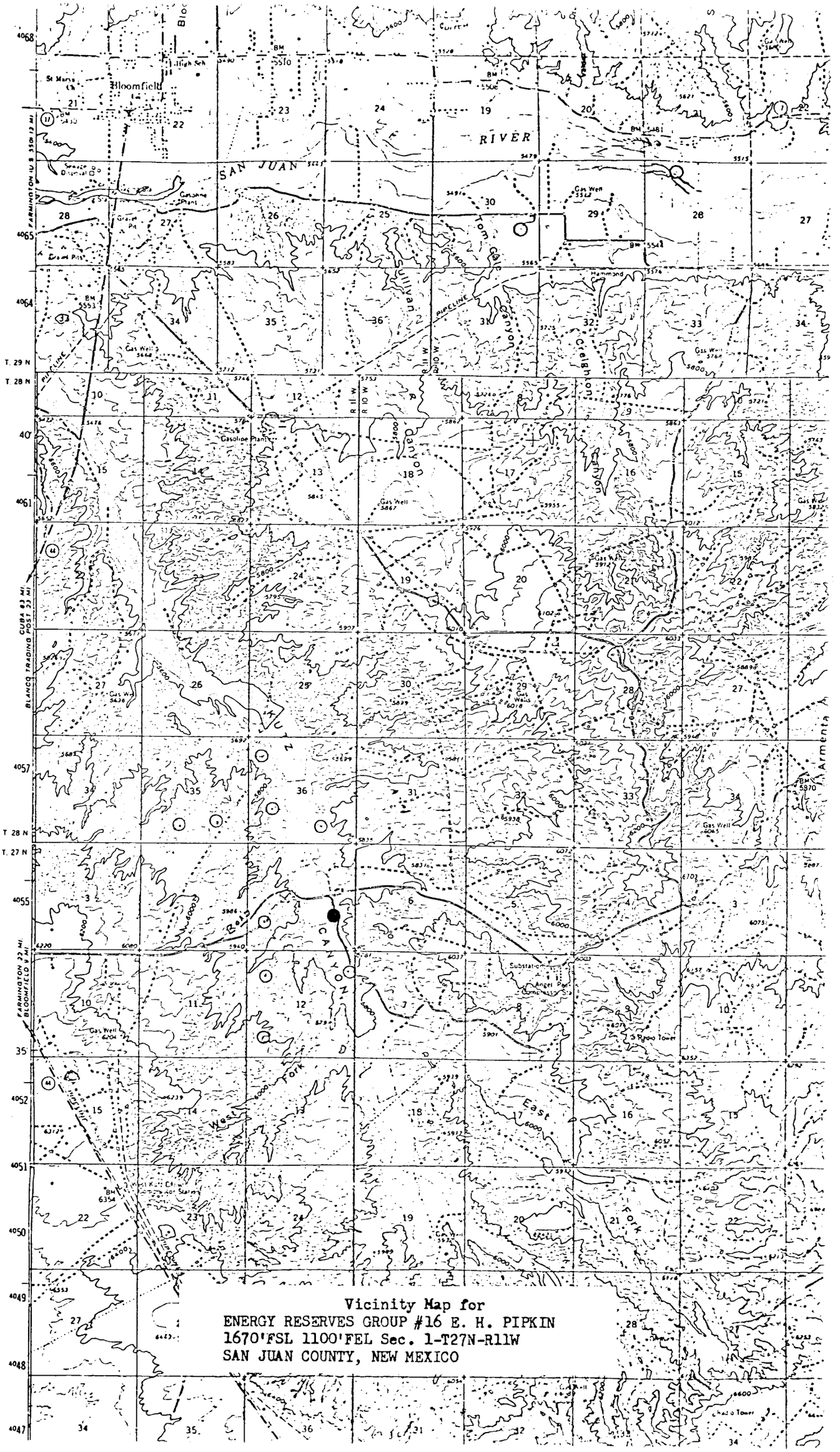
Remarks:

E. H. Pipkin #16

Typical Location Plat for Pictured Cliffs Well



Scale: 1" = 20'



Vicinity Map for
ENERGY RESERVES GROUP #16 E. H. PIPKIN
1670'FSL 1100'FEL Sec. 1-T27N-R11W
SAN JUAN COUNTY, NEW MEXICO