

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐GAS
WELL ☒

OTHER

SINGLE
ZONE ☐MULTIPLE
ZONE ☒

2. NAME OF OPERATOR

Energy Reserves Group, Inc.

3. ADDRESS OF OPERATOR

Box 3280, Casper, Wy. 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface

1,020' FSL

790' FWL (SW/SW)

At proposed prod. zone

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)

790

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

155'

16. NO. OF ACRES IN LEASE

2560.96

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160

19. PROPOSED DEPTH

1910'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GP, etc.)

6,001' GR

23.

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

PROPOSED CASING AND CEMENTING PROGRAM

22. APPROX. DATE WORK WILL START*

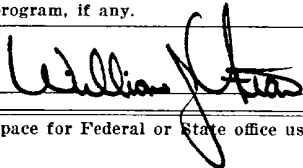
July, 1981

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#	1,910'±	Sufficient to protect the OJO Alamo Formation.

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



TITLE Field Services Administrator DATE 7-15-81

(This space for Federal or State office use)

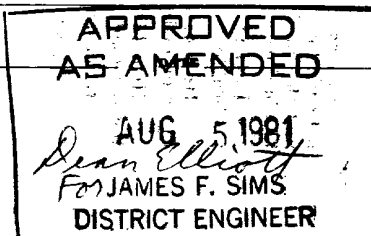
PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:



NMOCC

OIL CONSERVATION DIVISION

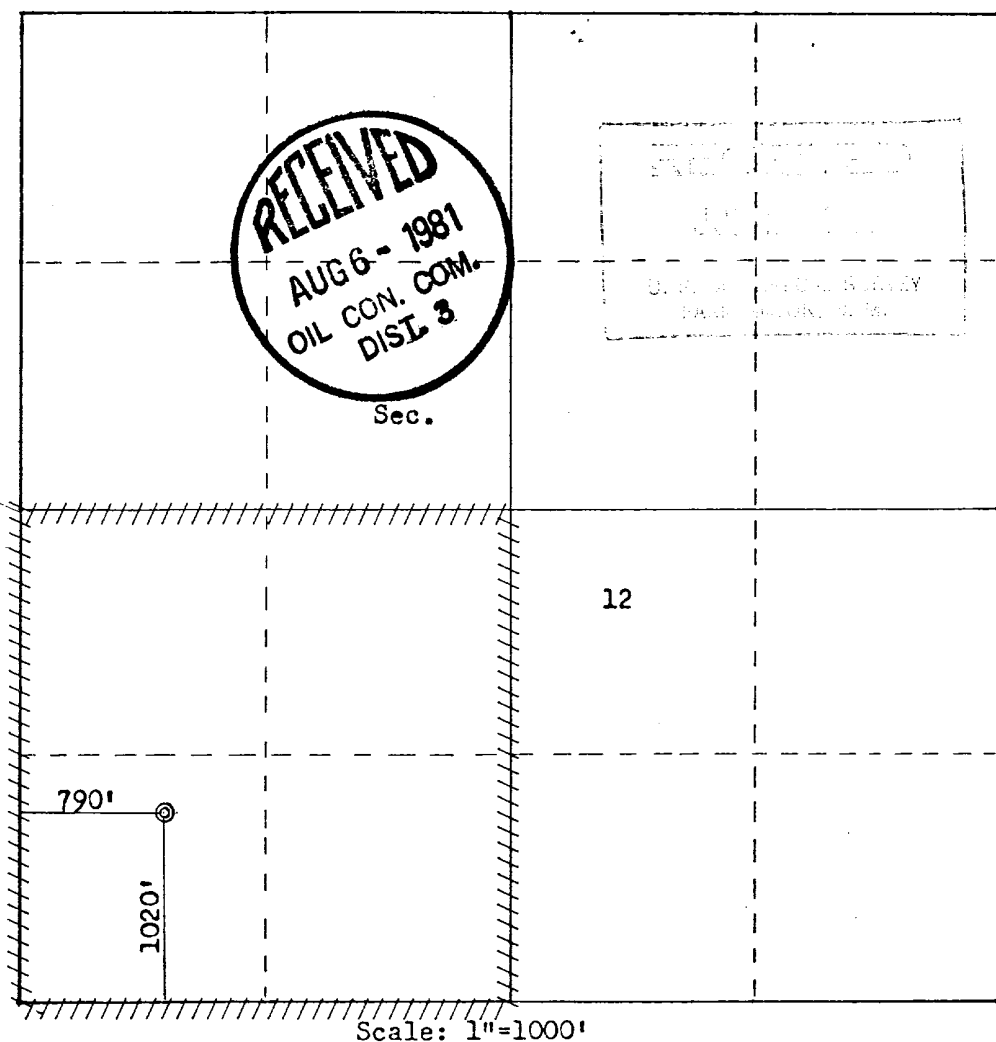
P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-107
Revised 10-1-78

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

Operator ENERGY RESERVES GROUP			Lease E. H. PIPKIN		Well No. 18
Unit Letter M	Section 12	Township 27N	Range 11W	County San Juan	
Actual Footage Location of Well:					
1020		feet from the South	line and 790	feet from the West	line
Ground Level Elev: 6001	Producing Formation Fruitland & Pictured Cliffs		Pool Kutz Fruitland		Dedicated Acreage: 160 Acres
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>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).</p> <p>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?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes," type of consolidation _____</p> <p>If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>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.</p>					



CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name <i>William J. Jones</i>	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 <i>Fred B. Kerr Jr.</i>
Certificate No. 3950	

LEASE: E. H. Pipkin #18

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 construction 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 latrine 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

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.

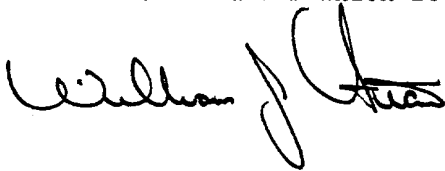
12. Lessee or operator's field representative

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	720'
Kirtland	815'
Fruitland	1,548'
Pictured Cliffs	1,795'
Lewis	1,890'
Total Depth	1,910'

4) CASING PROGRAM: 0-90' - 9-7/8" hole, 7" - 17#, H 40, ST&C, new casing
0-1,910' - 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 from 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

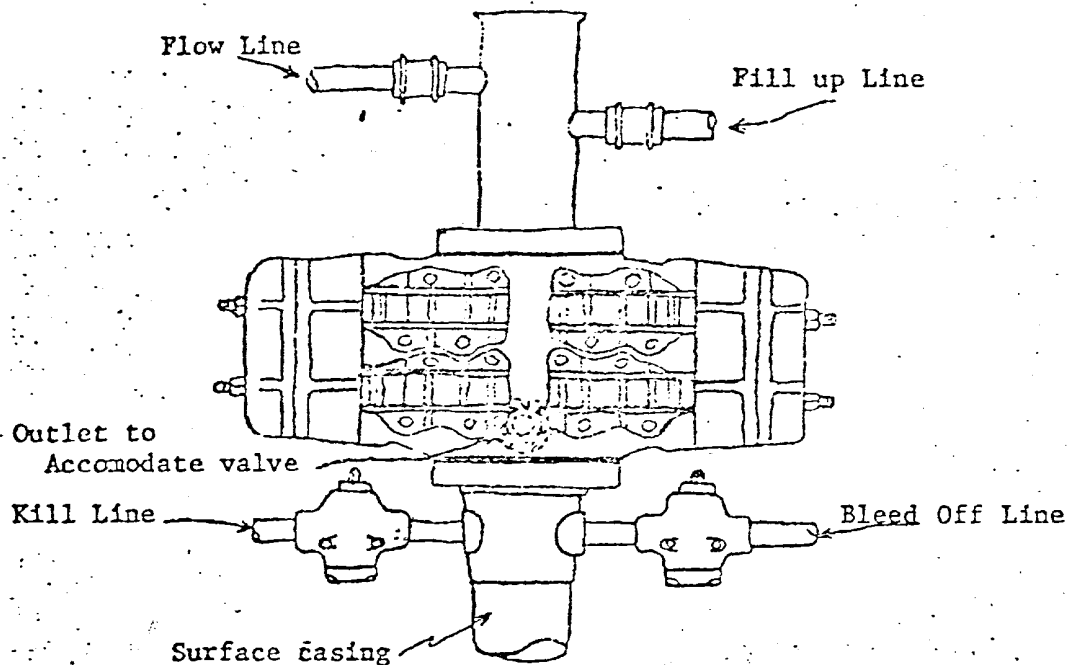
STIMULATION: Foam frac consisting of 20,000 of 70% quality foam and 23,000# 10-20 sand.

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.

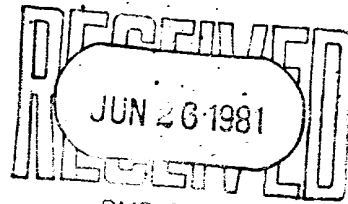


Blowout preventer is Shaffer double hydraulic equipped with drill pipe rams in the top and blind rams in the bottom.

Blowout preventer closing unit is Koozey 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 C. H. Pipkin #18
Location SW 12-27-11
Formation P.C.

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

U. S. Forest Service
Lita Loney
Archaeologist

Date
6-15-81
Date

Bureau of Indian Affairs Representative

Date

Bob M. Lee
Bureau of Land Management Representative

Date
6/17/81

Dice Bringham
U. S. Geological Survey Representative - AGREES

Date
15 June 1981

TO THE FOOTCUT LOCATION OF THIS WELL.
REASON:

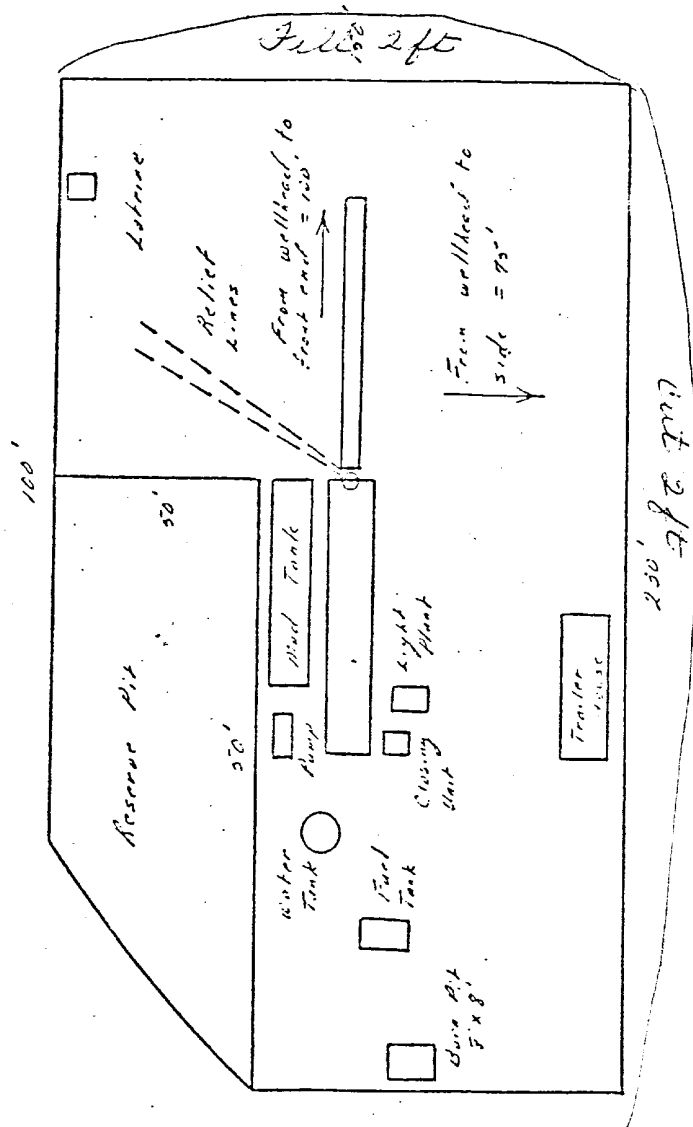
Seed Mixture: TT

Equipment Color: Brown

Road and Row: (Same) or (Separate)

Remarks:

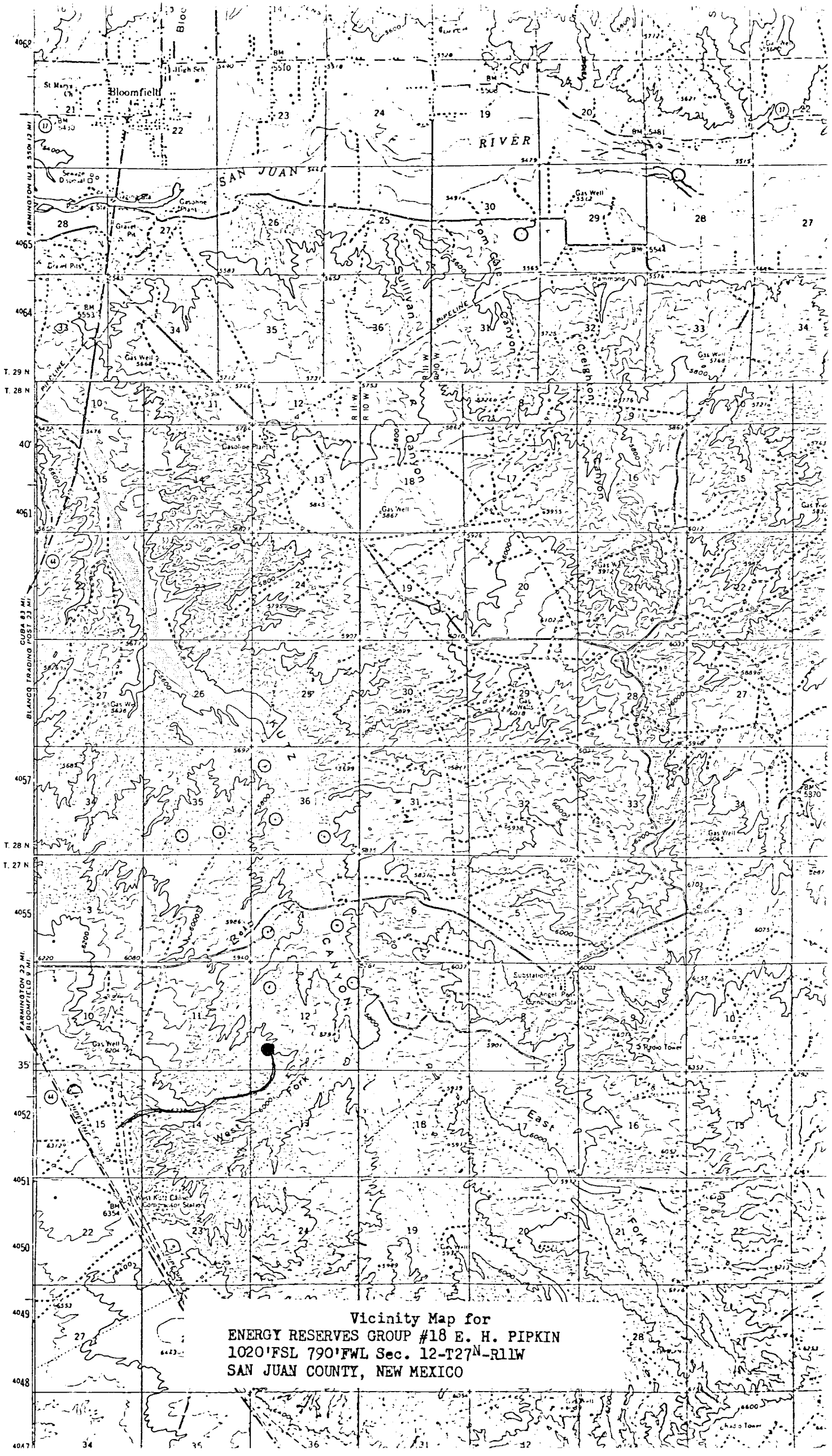
Typical Location Pbt for Pictured Cliffs Well



Scale: 1/4" = 20'

E.H. Pictured #18

✓



Vicinity Map for
ENERGY RESERVES GROUP #18 E. H. PIPKIN
1020'FSL 790'FWL Sec. 12-T27N-R11W
SAN JUAN COUNTY, NEW MEXICO