

## TWELVE POINT PLAN OF DEVELOPMENT

For Surface Use for Palmer Oil & Gas Company's  
Federal No. 3  
SW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 10-T31N-R7W  
San Juan County, New Mexico

1. Existing roads including location of the exit from the main highway.  
Refer to attached highway map. The location will be approximately 10 miles North of Navajo City.
2. Planned access road.  
See Topographic Map attached. Existing road to the Federal #2 will be used.
3. Location of wells.  
Federal #2 located 1850' FEL and 1620' FNL Sec. 10-31N-7W.
4. Location of existing and/or proposed facilities.  
Should commercial production result in this well, a skid mounted production unit will be used and a 12' x 15' tank, if necessary. All equipment will be set on gravel pad. The gravel will be purchased and hauled in from Farmington. Livestock and wildlife will be protected by a guard around the wellhead unit. No fence is planned around the tanks or separator as no hazard exists. The production equipment will be painted the color which meets the Federal standard #595-34127.
5. Location and type of water supply.  
No arrangements for water have been made at this time.
6. Source of construction materials.  
All construction material such as gravel, sand, timbers, etc., will be purchased in Farmington and hauled to the location. No water, sand, or gravel will be used from this lease.
7. Methods for handling waste disposal.  
At the time of drilling, a reserve pit will be in use to dispose of waste drilling fluids. An earthen pit will be dug adjacent to the reserve pit for waste disposal such as food wrappers, rags, empty containers, etc. Upon completion of the operation, the reserve pit and other earthen pits will be covered with a minimum of 3' of clean soil and reseeded as per USGS requirements for this area.
8. Ancillary Facilities.  
No camps or airstrips will be used.
9. Wellsite layout.  
See attached plat. Top soil will be stockpiled and placed back in place upon completion. The pits will be unlined.
10. Plans for restoration of surface.  
Upon completion of the drilling of the well, all pits will be backfilled and top soil replaced and recontoured back to the original terrain. The location of the separator unit and tanks will be left level with gravel pad under each

piece of equipment. Pits will be backfilled as soon as they evaporate enough to permit such work. If well is drilled as planned in late 1977, complete restoration and clean up will be accomplished by Spring 1978. Should it be necessary to protect livestock or wild game, pits will be fenced and maintained until clean up operations are commenced. Should oil accumulate on the pit, it will be removed and buried 6' deep or overhead flagging will be employed to protect wildlife. The location will be reseeded as per USGS requirements.

11. Other information.

- 1) Topography -- drillsite and access is low valley profile and sandy hills.
- 2) Vegetation -- sparse grass, sagebrush and sparse pinon trees.
- 3) Land use -- land is used for grazing with no reservoir or water on this lease. There are no known archeological, cultural, or historical sites on this lease.

12. Lessee's or operator's representative.

Elledge Consulting and Production Company  
1701 Bloomfield Highway  
Farmington, New Mexico 87401

Harold W. Elledge, President

Office Phone (505) 327-1181


OR

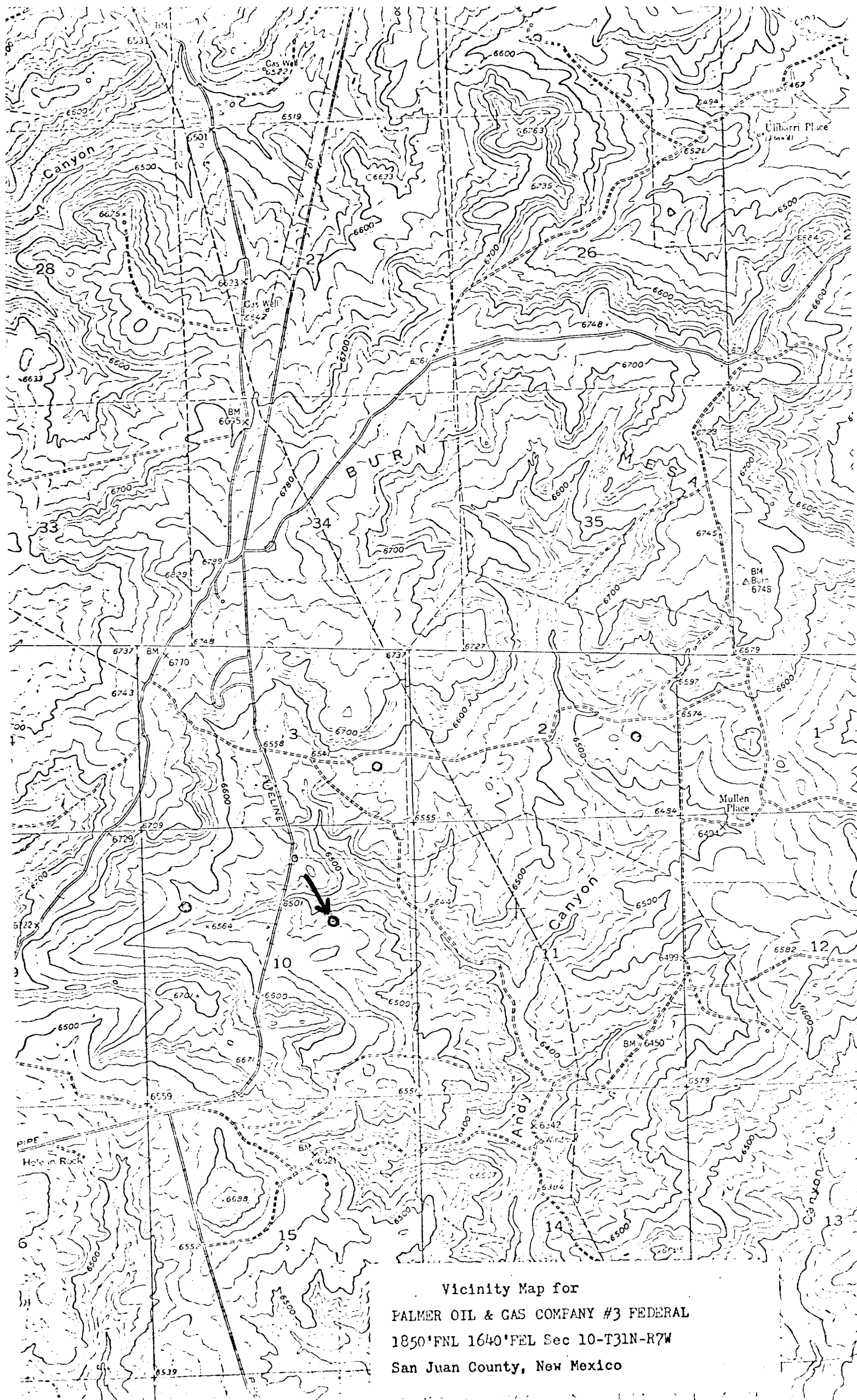
James G. Rouston  
P. O. Box 2564  
Billings, Montana 59103

Office Phone (406) 248-3151

13. 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 Cardinal Drilling Company, and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is proposed.

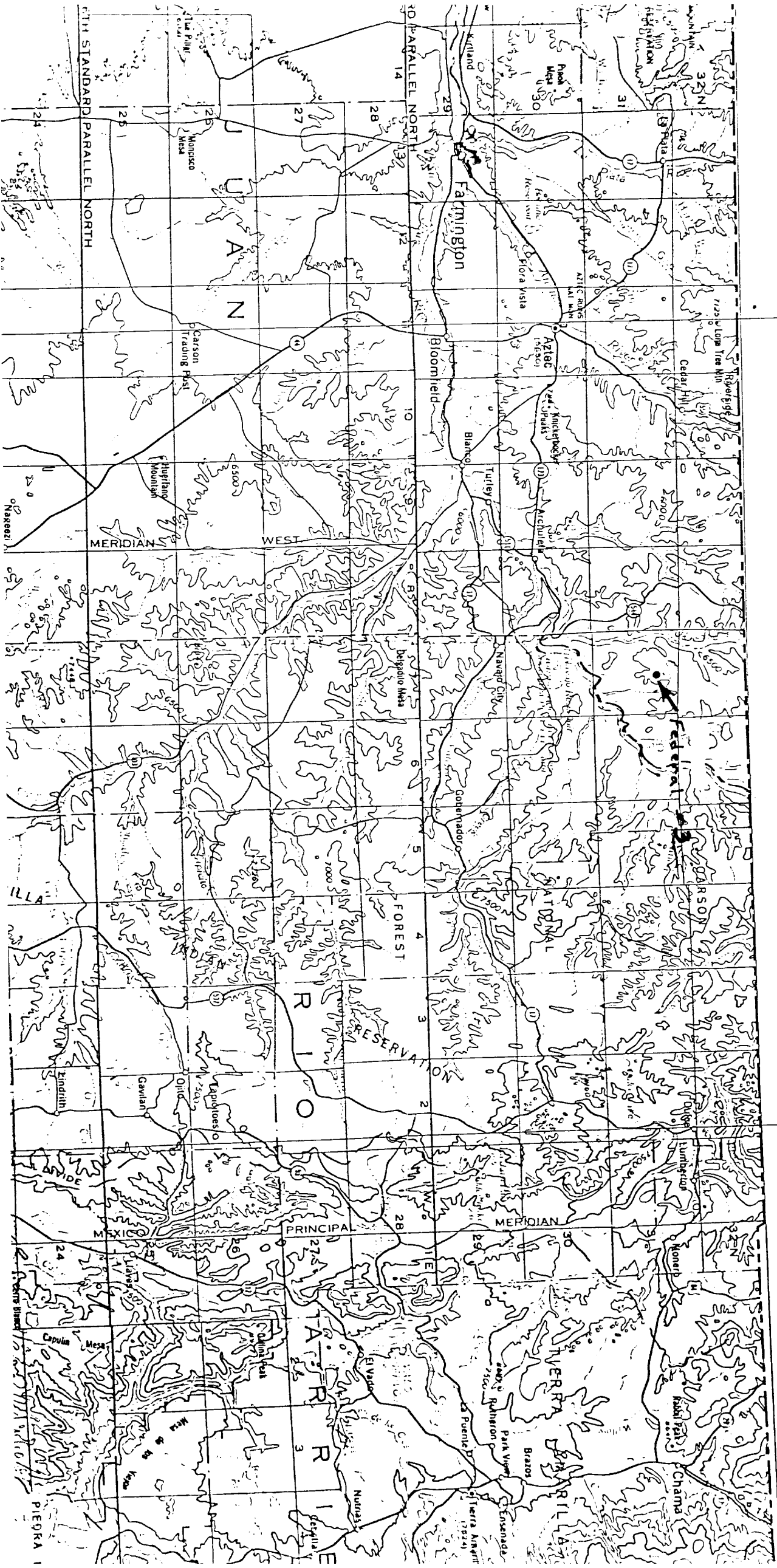
Date: November 3, 1977

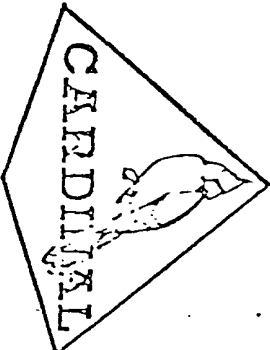
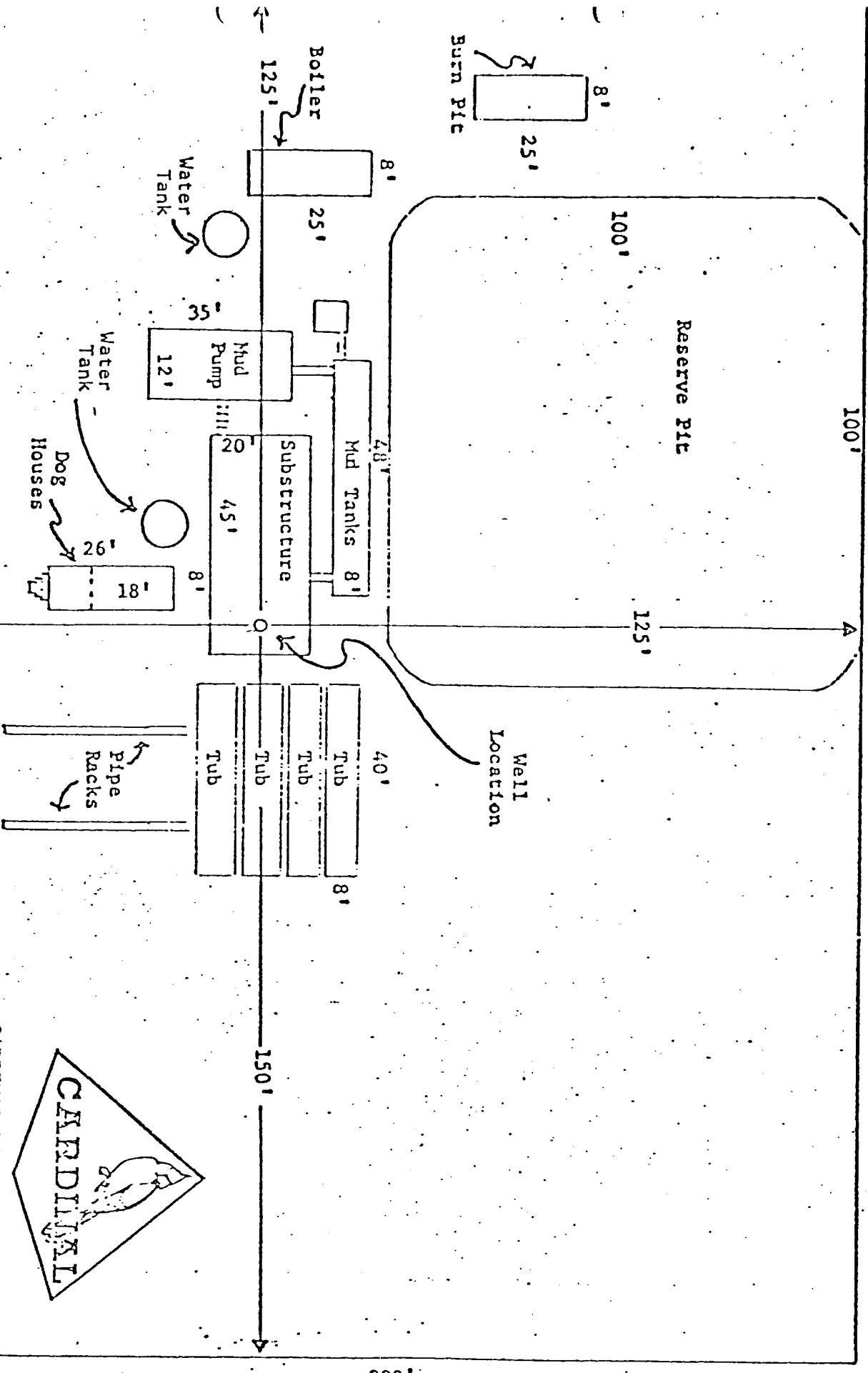
  
James G. Rouston



108°

107°





CARDINAL PETROLEUM COMPANY  
Rt. #4

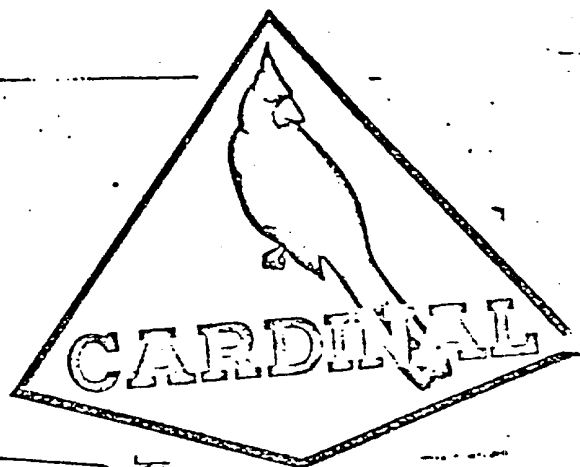
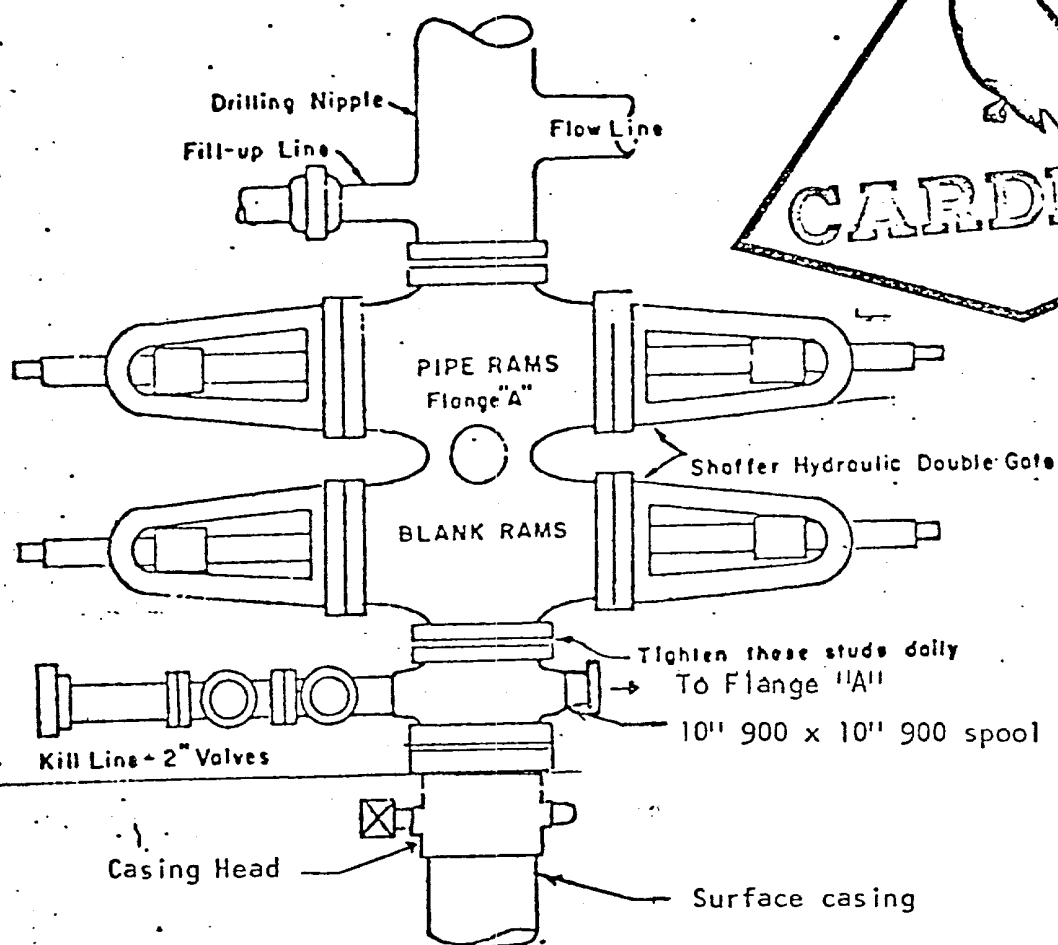
SEVEN POINT WELL CONTROL PLAN

PALMER OIL & GAS COMPANY  
Federal No. 3  
SW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 10-T31N-R7W  
San Juan County, New Mexico

1. Surface Casing: 8-5/8" 24#ft., Grade K-55, Short T&C, set at 250' and cemented with pump and plug method back to surface.
2. Casinghead Flange: 8-5/8" x 8" 900 Series and a 1500 psi W.P. Larkin (or equivalent) casinghead with two 2" 1500 psi L. P. outlets.
3. Approximately 3700' of 5-1/2" 14# production casing will be set through the Pictured Cliffs.
4. Blowout Preventor: An 8" 3000 psig W.P. Double gate hydraulic Schaffer BOP (or equivalent) with drill pipe rams and blind rams. All fill, kill, and choke lines will be minimum of 2" 2000psi working pressure. The rams will be closed daily and checked for proper operation.
5. Auxillary quipment: a) Drill pipe floats will be allowed at contractor's discretion. b) Visual and manual monitoring of mud system will be maintained.
6. Anticipated bottom hole pressure is less than 1350 psi at 3700' or a gradient of .365 psi/ft.
7. Well will be drilled with water base mud system with 8.8 -9.0 ppg weight. 35-45 seconds viscosity to 3875. A 7-7/8" mud drilled hole will be drilled to approximately 3700' and a 5-1/2" 14.5# casing set through the Pictured Cliffs and cemented with 600 sx.

PALMER OIL & GAS COMPANY

By:   
James G. Rouston



### PLAN VIEW-CHOKE MANIFOLD

