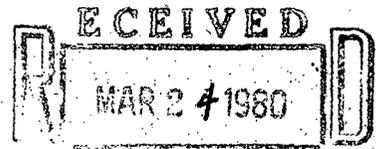


NSL-1174



Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82602
Phone 307 265 7331

OIL CONSERVATION DIVISION
SANTA FE



March 20, 1980

State of New Mexico
Energy and Minerals Division
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

NSL
Rule 104 F
4-13-80
Fruitland Sun

Re: Unorthodox Location - Gallegos Canyon Unit Well No. 306
Gentlemen:

Energy Reserves Group, Inc., requests approval of an unorthodox location on its well Gallegos Canyon Unit #306.

The site as proposed is located 2,015' FSL and 830' FEL Sec. 19-T29N-R12W. The location lies on top of a hill between two existing wells (ERG's GCU #300 on the West and Amoco's GCU #110 E on the East). Very little additional surface disturbance will be required. It also lies due North of the Bloomfield highway which would prohibit moving the location South. The land South of the highway in Sec 19 is predominantly private. ERG would expect considerable difficulty and expense obtaining landowner approval to drill in this area.

Amoco Production Company is the operator of the Gallegos Canyon Unit with Energy Reserves Group, Inc., as the sub-operator of the Pictured Cliffs with negotiations underway to obtain Fruitland operating rights as well. See attached plat of the proposed well location.

Amoco Production Company has been notified by certified mail this date. If any additional information is required please advise.

Very truly yours,
ENERGY RESERVES GROUP, INC.

Curtis J. MacIntyre

Curtis J. MacIntyre
Production Engineer
Rocky Mountain District

CJM:bac

Enclosure

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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 GALLEGOS CANYON UNIT		Well No. 306
Unit Letter I	Section 19	Township 29N	Range 12W	County San Juan

Actual Footage Location of Well:
2015 feet from the **South** line and **830** feet from the **East** line

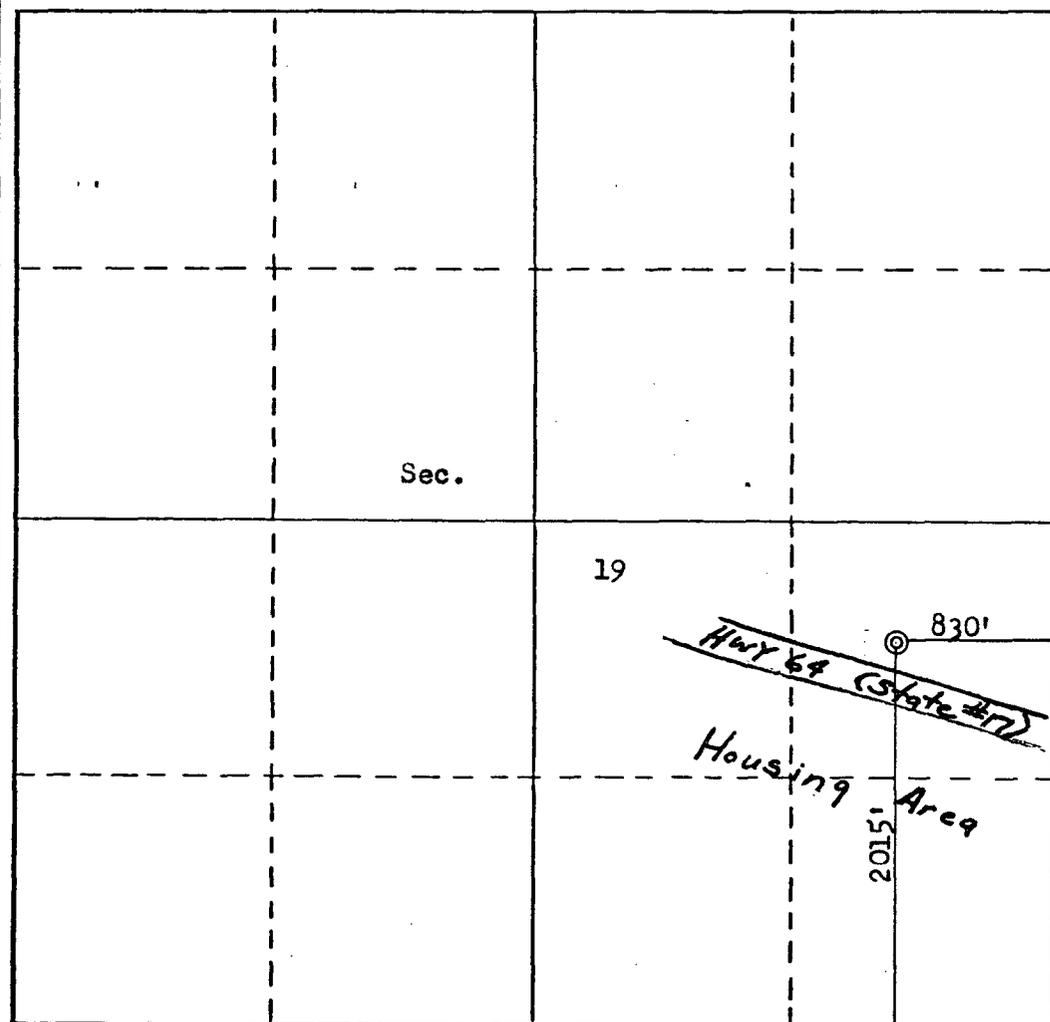
Ground Level Elev. 5415	Producing Formation Fruitland(Gas) Mesa Verde	Pool (Disposal)	Dedicated Acreage: 160 Acres
-----------------------------------	---	---------------------------	--

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.



CERTIFICATION

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

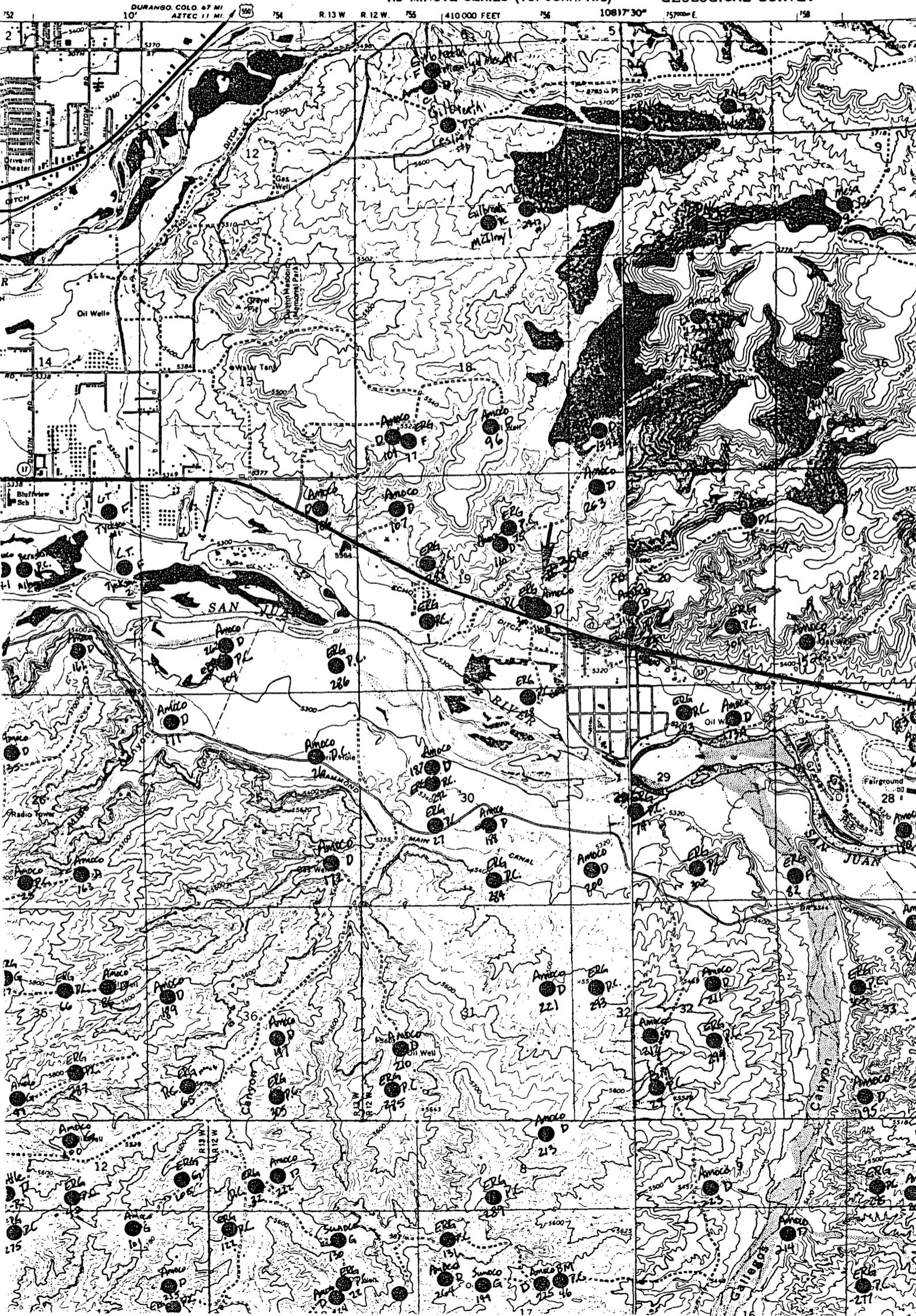
Name <i>Curt Mac Intyre</i>
Position <i>Production Engineer</i>
Company <i>Energy Reserves Group</i>
Date <i>March 11, 1980</i>

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 <i>March 11, 1980</i>
Registered Professional Engineer and/or Land Surveyor <i>Fred B. Kerr, Jr.</i>
Certificate No. 3950

FARMINGTON SOUTH QUADRANGLE
NEW MEXICO—SAN JUAN CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

March 24, 1980

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Energy Reserves Group
P. O. Box 3280
Casper, Wyoming 82601

Re: Application for Non-Standard
Location: Gallegos Canyon Unit
Well No. 306, Sec. 19, T-29-N,
R-12-W, San Juan County

We may not process the subject application for non-standard location until the required information or plats checked below (is) (are) submitted.

- A plat must be submitted clearly showing the ownership of the offsetting leases.
- A statement must be submitted that offset owners have been notified of the application by certified mail.
- A plat must be submitted fully identifying the topography necessitating the non-standard location.
- Other: No original copy of the application has been received.

Very truly yours

R. L. STAMETS
Technical Support Chief

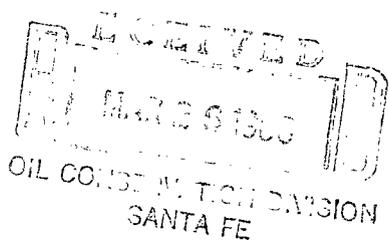
RLS/dr

OIL CONSERVATION COMMISSION
By the DISTRICT

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE March 24, 1980

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL α _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____



Gentlemen:

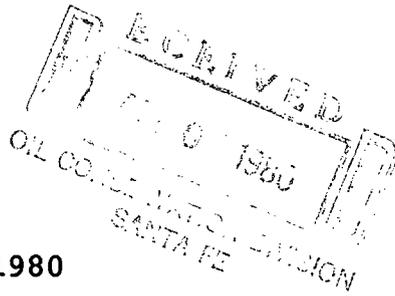
I have examined the application dated March 20, 1980
for the Energy Reserves Group G.C.U. # 306 I-19-29N-12w
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours very truly,

Frank S. Chazy



Amoco Production Company

Denver Region
Security Life Building
Denver, Colorado 80202
303-820-4040

March 31, 1980

Joe D. Ramey, Director
Department of Energy and Minerals
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

File: HAS-73-986.511

Dear Mr. Ramey:

Unorthodox Well Location,
Gallegos Canyon Unit, Well No. 306,
2,015' FSL and 830' FEL of
Section 19-T29N-R12W
San Juan County, New Mexico

Energy Reserves Group, Inc., as sub-operator of the Gallegos Canyon Unit Pictured Cliffs Participating Area, proposes to drill the captioned well at an unorthodox location. The purpose of requesting the unorthodox location is because of topographical reasons. Existing surface disturbance adjacent to the well and the Bloomfield Highway to the south are the prime reasons for the placement of the well.

Amoco Production Company has no objection to the proposed unorthodox location as planned by Energy Reserves Group, Inc.

Yours truly,

RBG/bm

cc: Curtis J. MacIntyre
Energy Reserves Group, Inc.
P. O. Box 1407
First of Denver Plaza, Suite 3200
633 Seventeenth Street
Denver, CO 80201

CF690