

BHP Pet. (Americas) Inc. ERG
5 Navajo-0, Apache Cty 678
NE NE, Sec. 26, T41N, R30E

COUNTY APACHE AREA TEEC NOS POSS LEASE NO. 14-20-603-716

WELL NAME ENERGY RESERVES GROUP, INC. 5 NAVAJO

LOCATION NE/NE SEC 26 TWP 41N RANGE 30E FOOTAGE 560FNL & 660 FEL

ELEV 5510 GR 5523 KB SPUD DATE 9-22-77 STATUS Oil Prod. TOTAL 5791

CONTRACTOR Coleman Drilling Co COMP. DATE 11-28-77 P4A 11-17-98 P8TD 5734

CASING SIZE	DEPTH	CEMENT	LINER SIZE & DEPTH	DRILLED BY ROTARY
<u>8 5/8"</u>	<u>802 KB</u>	<u>560 SKS</u>		<input checked="" type="checkbox"/>
<u>5 1/2"</u>	<u>5775 KB</u>	<u>150 SKS</u>		<input type="checkbox"/>

DRILLED BY CABLE TOOL

PRODUCTIVE RESERVOIR Ismay

INITIAL PRODUCTION 3980 / SOME

FORMATION TOPS	DEPTHS	SOURCE		REMARKS
		L.L.	E.L.	
Chinle	1,950'			
De Chelly	3,007'			
Cutler				
(undivided)	3,257'			
Upper Hermosa	4,743'			
Upper Ismay	5,480'			
Lower Ismay	5,543'			
Desert Creek	5,623'			
Akah	5,768'			
T.D.				
Logger	5,779'			
Driller	5,791'			* Am Strat has log, # D-4527

ELECTRIC LOGS	PERFORATED INTERVALS	PROD. INTERVALS	* SAMPLE LOG
Comp. Acoustic Log	5659-5660, 5640-46	5647-54	SAMPLE DESCRP.
Induction, Sclerol	5647-54, 5628-34	5628-34	SAMPLE NO. <u>1785</u>
Neutron, Cement Bond	5591-5601	5591-5601	CORE ANALYSIS
(Gamma Ray) Comp. Dev. Marked Perfs. squeezed			DSTs <u>4</u>

REMARKS _____ APP. TO PLUG

PLUGGING REP.

COMP. REPORT

WATER WELL ACCEPTED BY CROSS CREEK

BOND CO. Seaboard Surety Co filed in P/1689 BOND NO. 73145

BOND AMT. \$ 25,000. CANCELLED 10-9-90 DATE 9-18-70 ORGANIZATION REPORT 7-17-70

FILING RECEIPT 911 LOC. PLAT X WELL BOOK X PLAT BOOK X

API NO. 02-001-20228 DATE ISSUED 6-13-77 DEDICATION E/2 of the NE/4

PERMIT NUMBER 678

WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

DESIGNATE TYPE OF COMPLETION:

Now Well Work-Over Deepen Plug Back Same Reservoir Different Reservoir Oil Gas Dry

DESCRIPTION OF WELL AND LEASE

Operator Energy Reserves Group, Inc.		Address P.C. Box 3280, Casper, Wyoming 82602	
Federal, State or Indian Lease Number or name of lessor if fee lease Navajo "O" 14-20-603-716		Well Number 5	Field & Reservoir Teec Nos Pos - Ismay
Location 560' FNL & 660' FEL (NE NE)		County Apache	
Sec. TWP-Range or Block & Survey Sec. 26-T41N-R30E			
Date spudded 9-22-77	Date total depth reached 10-4-77	Date completed, ready to produce 11-28-77	Elevation (D.F., R.R., RT or Gr.) 5,523' R.B. feet
Total depth 5,791'	P.F.T.D. 5,734'	Single, dual or triple completion? Single	Elevation of casing hd. range feet
Producing interval (s) for this completion (5,647'-5,654')(5,628'-5,634')(5,591'-5,601')		Rotary tools used (interval) 0' - T.D.	Cable tools used (interval)
Was this well directionally drilled? No	Was directional survey made? No	Was copy of directional survey filed?	Date filed
Type of electrical or other logs run (check logs filed with the commission) Induction; BHC Sonic; Sidewall Neutron			Date filed

CASING RECORD

Casing (report all strings set in well-conductor, surface, intermediate, producing, etc.)						
Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amt. pulled
Surface	12-1/4"	8-5/8"	32#	803'	560	-0-
Production	7-7/8"	5-1/2"	14#	5,775'	150	-0-

LINER RECORD

Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft.)
2-7/8 in.	5,691 ft.						

PERFORATION RECORD

Number per ft.	Size & type	Depth interval	ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD	
			Amt. & kind of material used	Depth interval
2	Omega Jets	5,647'-5,654' (1)	500 gals 28%	(1)
2	"	5,628'-5,634' (2)	500 gals 15%	(2)
2	"	5,591'-5,601' (3)	2,000 gals 28%	(1) & (2)
INITIAL PRODUCTION 500 gals 28%				(3)

Date of first production: 11-16-77
Producing method (indicate if flowing, gas lift or pumping—if pumping, show size & type of pump): Pumping

Date of test	Hrs. tested	Choke size	Oil prod. during test	Gas prod. during test	Water prod. during test	Oil gravity
11-28-77	24	N.A.	39 bbls.	50 MCF	39 bbls.	41 °API (Corr)
Tubing pressure	Casing pressure	Cal'd rate of Production per 24 hrs.	Oil	Gas	Water	Gas-oil ratio
N.A.	N.A.		39 bbls.	50 MCF	39 bbls.	1,282

Disposition of gas (state whether vented, used for fuel or sold): Sold

Dist. Production Engineer RMD of the
Energy Reserves Group, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

RECEIVED

DEC 5 1977
O & G CONS. COMM.

Signature: *Hear B. Barnes*
Date: *DECEMBER 1, 1977*

Permit No. 678

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Well Completion or Recompletion Report and Well Log
Form No. 4
File One Copy

(Complete Reverse Side)

DETAIL OF FORMATIONS PENETRATED

Formation	Top	Bottom	Description
Chinle	1,950'		
De Chelly	3,007'		
Cutler (undivided)	3,257'		
Upper Hermosa	4,743'		
Upper Ismay	5,480'		
Lower Ismay	5,543'		
Desert Creek	5,623'		
Akah	5,768'		
T.D.			
Logger	5,779'		
Driller	5,791'		
			DST #1 (5,560'-5,644') Rec. 150' mud.
			DST #2 (5,560'-5,644') Rec. 120' mud.
			DST #3 (5,600'-5,625') Misrun.
			DST #4 (5,600'-5,625') Rec. 180' mud & gas cut oil & 10' water.

* Show all important zones of permeability, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

INSTRUCTIONS:

Attach driller's log or other acceptable log of well.
This Well Completion or Recompletion report and well log shall be filed with the State of Arizona Oil & Gas Conservation Commission not later than thirty days after project completion.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Smith Notes and Reports Office - 070 FARMINGTON, NM

Apache County, Arizona

1. **Type of Well**
Oil

2. **Name of Operator**
Cross Creek Corporation

3. **Address & Phone No. of Operator**

4. **Location of Well, Footage, Sec., T, R, M**
560' FNL and 660' FEL, Sec. 26, T-41-N, R-30-E, NMPM

5. **Lease Number**
BIA 14-20-603-716

6. **If Indian, All. or Tribe Name**
Navajo

7. **Unit Agreement Name**

8. **Well Name & Number**
Navajo 0 #5

9. **API Well No.**
02-001-20228-00

10. **Field and Pool**

11. **County & State**
Apache County, AZ

PW 678

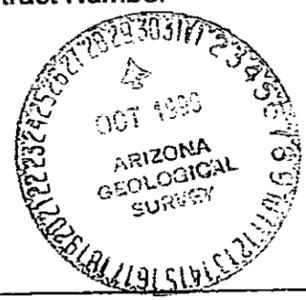
12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA

<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Other -	

13. Describe Proposed or Completed Operations

A-Plus Well Service plugged and abandoned this well under BLM Contract Number 1422-N670-P98-0032 on November 17, 1998 per the attached report.

ENTERED
AFMSS
DEC 11 1998



BY Sm

14. I hereby certify that the foregoing is true and correct.

Signed William F. Clark Title President Date 12/8/98
William F. Clark, A-Plus Well Service

(This space for Federal or State Office use)
APPROVED BY _____ Title _____ Date _____
CONDITION OF APPROVAL, if any:

ACU L

DEC 11 1998

FARMINGTON DISTRICT OFFICE
Sm

FARMINGTON COPY

Form 1100-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions
verse side)

Budget Bureau No. 1004-01A
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Dry Mesa Corporation

3. ADDRESS OF OPERATOR
P. O. Box 5446 Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface

560' FNL & 660' FEL (NE NE)

14. PERMIT NO.
678

15. ELEVATIONS (Show whether DF, NT, OR, etc.)
GRD 5510' ; K. B. 5523'

5. LEASE DESIGNATION AND SERIAL NO.
14-20-603-716

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Navajo

7. UNIT AGREEMENT NAME
Navajo "0"

8. FARM OR LEASE NAME
Navajo "0"

9. WELL NO.
#5

10. FIELD AND POOL, OR WILDCAT
Teec Nos Pos

11. SEC., T., R., N., OR BLE. AND SURVEY OR AREA
Sec 26-T41N-R30E

12. COUNTY OR PARISH
Apache

13. STATE
Arizona

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)

PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANT

SUBSEQUENT REPORT OF:

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Fully state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

Proposed plugging program included on following pages.

18. I hereby certify that the foregoing is true and correct

SIGNED _____ TITLE Engineer DATE 9/2/90

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

678

*See Instructions on Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Form 3160-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions
verse side)

Budget Bureau No. 1004-1013
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.
14-20-603-716

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

Navajo

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Navajo "0"

9. WELL NO.

#5

10. FIELD AND POOL, OR WILDCAT

Teac Nca Pos

11. SEC., T., R., M., OR BLE. AND
SUBVY OR ARMA

Sec 26-T41N-R30E

12. COUNTY OR PARISH

Apache

13. STATE

Arizona

SUNDRY NOTICES AND REPORTS ON WELLS
(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Dry Mesa Corporation

3. ADDRESS OF OPERATOR
P. O. Box 5446 Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface

560' FNL & 660' FEL (NE NE)

14. PERMIT NO.

678

15. ELEVATIONS (Show whether DF, RT, CR, etc.)

GRD 5510' ; K. B. 5523'

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input checked="" type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANE <input type="checkbox"/>	(Other) <input type="checkbox"/>	

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent data, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Proposed plugging program included on following pages.

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE **Engineer**

DATE **9/2/90**

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

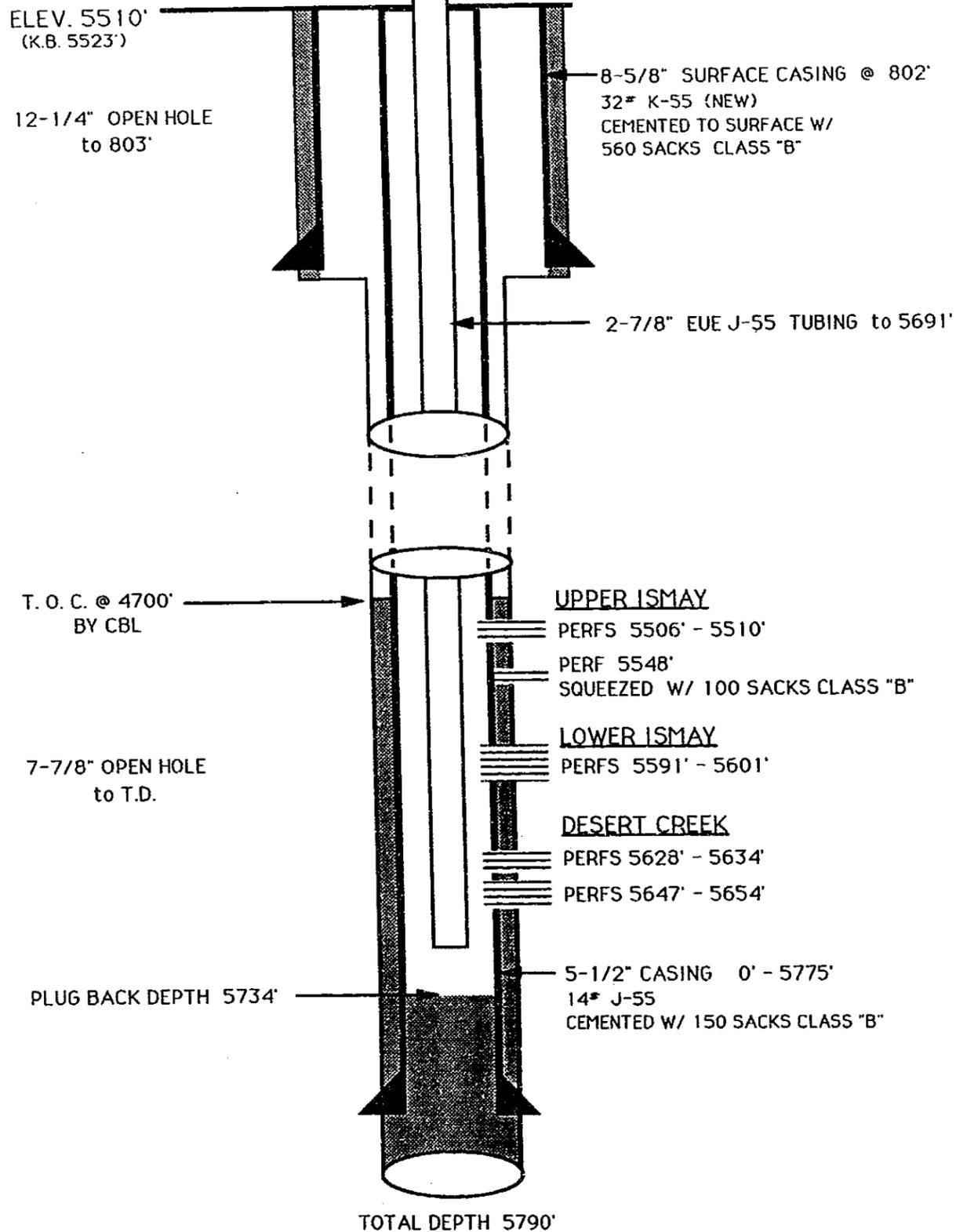
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

678

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Navajo 'O' - Well #5
 T41N R30E NE NE Section 26
 Teec Nos Pos Field Apache Co., Arizona



**OPERATOR'S CERTIFICATE OF COMPLIANCE AND AUTHORIZATION
TO TRANSPORT OIL OR GAS FROM LEASE**

<small>Federal, State or Indian Lease Number, or lessor's name if fee lease</small> 14-20-603-716	<small>Field</small> Teec Nos Pos	<small>Reservoir</small> Ismay
<small>Survey or Sec-Twp-Rge</small> Sec. 23, T41N, R30E	<small>County</small> Apache	<small>State</small> Arizona
<small>Operator</small> Dry Mesa Corporation		
<small>ADDRESS ALL CORRESPONDENCE CONCERNING THIS FORM TO:</small>		
<small>Street</small> P. O. Box 5446	<small>City</small> Farmington	<small>State</small> New Mexico 87499
<small>Above named operator authorizes (name of transporter)</small> Gary-Williams Energy Corporation		
<small>Transporter's street address</small> 370 17th St., Suite 5300	<small>City</small> Denver	<small>State</small> Colorado 80202-5653
<small>Field address</small> 89 Road 4990, Bloomfield, New Mexico 87413		
<small>Oil, condensate, gas well gas, casinghead gas</small>		
<small>To transport</small>	100 % of the oil	<small>from said lease.</small>
<small>OTHER GATHERERS TRANSPORTING FROM THIS LEASE ARE AS FOLLOWS:</small>		
<small>Name of gatherer</small>	<small>% transported</small>	<small>Product transported</small>
<small>Indicate whether or not this certificate is for a new lease. If not a new lease, indicate whether or not it is a change of operator, change of lease name, change of gatherer, or a consolidation or subdivision of leases and give effective date of change.</small>		
This form is submitted because a change in gatherer for the oil. The change was effective July 1, 1990.		

The undersigned certifies that the rules and regulations of the State of Arizona Oil & Gas Conservation Commission have been complied with in drilling and producing operations on this lease, except as noted above, and that the above transporter is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property, and that this authorization will be valid until further notice or until cancelled by the State of Arizona Oil & Gas Conservation Commission.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the Dry Mesa Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date August 24, 1990 Signature *Keith R. Head*

Date approved: _____
**STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION**
 By: *[Signature]* 8/30/90
 Permit No. 678

**STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION**
 Operator's Certificate of Compliance & Authorization to
 Transport Oil or Gas from Lease
 File Two Copies
 Form No. 2

**OPERATOR'S CERTIFICATE OF COMPLIANCE AND AUTHORIZATION
TO TRANSPORT OIL OR GAS FROM LEASE**

Federal, State or Indian Lease Number, or lessor's name if fee lease 14-20-603-4190	Field Dry Mesa	Reservoir Leadville
Survey or Sec-Twp-Rge Sec. 2, T40N, R28E	County Apache	State Arizona
Operator Dry Mesa Corporation		
ADDRESS ALL CORRESPONDENCE CONCERNING THIS FORM TO:		
Street P. O. Box 5446	City Farmington	State New Mexico 87499
Above named operator authorizes (name of transporter) The Permian Corporation		
Transporter's street address P. O. Box 1183	City Houston	State Texas 77251
Field address 2502 West Main, Farmington, New Mexico 87501		
Oil, condensate, gas well gas, casinghead gas		
To transport	100 % of the Oil	from said lease.
OTHER GATHERERS TRANSPORTING FROM THIS LEASE ARE AS FOLLOWS:		
Name of gatherer Hay Hot Oil	% transported 100	Product transported water produced from lease
Indicate whether or not this certificate is for a new lease. If not a new lease, indicate whether or not it is a change of operator, change of lease name, change of gatherer, or a consolidation or subdivision of leases and give effective date of change. Change Of Operator February 1, 1989		

The undersigned certifies that the rules and regulations of the State of Arizona Oil & Gas Conservation Commission have been complied with in drilling and producing operations on this lease, except as noted above, and that the above transporter is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property, and that this authorization will be valid until further notice or until cancelled by the State of Arizona Oil & Gas Conservation Commission.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President, Sec.-Treasurer of the Dry Mesa Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date 4-12-89 Signature Kenneth E. [Signature]

Date approved: 1/9/90

By: [Signature]

Permit No. 852 + 115,77,106

RECEIVED
APR 19 1989
OIL & GAS CONSERVATION COMMISSION

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Operator's Certificate of Compliance & Authorization to
Transport Oil or Gas from Lease
File Two Copies
Form No. 8

678

GAS-OIL RATIO TEST REPORTS

Filed under GAS-OIL RATIO TESTS REPORTS, ~~TEC~~ NOS POS FIELD,
in cabinet in office of Enforcement Director

(Submit in triplicate)

RECEIVED

APR 19 1979

O & G CONS. COMM.

To: District Engineer, U. S. Geological Survey
PO Box 959 Farmington, New Mexico 87401

From: Energy Reserves Group, Inc.
PO Box 3280 Casper, Wyoming 82602

Subject: Pollution Report

Spill _____ Discharge _____ Blowout _____ Accident _____ Fire or
Explosion X

1. Specific Nature and Cause of Incident
Emergency pit with old oil sludge was ignited by Navajo children playing in the area.
2. Location of Incident
Navajo "0" Lease SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23 T41N-R30E
14-20-601-716
3. Description of Resultant Damage and Volume of Pollutant Discharged
No damage - No pollutant discharged
4. Date and Time of Occurrence
4-9-79 1:30PM
5. Length of Time Required to Control Incident or Contain Pollutants
Burned for approximately 45 minutes
6. Action Taken to Prevent Recurrence
This is an emergency pit and does not contain any liquids.
7. Measures Taken to Clean Up Pollutants
None
8. The make or manufacturer, size, working and test pressures, date of installation, type of use, physical damage, etc., of any equipment causing or directly involved with the incident.
9. Other Federal or State Agencies Notified of Incident
Navajo Tribal Police/Shiprock, New Mexico
State of Arizona Oil and Gas Company/Bill Allan

Signature William J. [Signature] Date 4-16-79

Title Field Services Administrator

1078
663
582
640
232

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Energy Reserves Group, Inc.
 2. OIL WELL GAS WELL OTHER (Specify) _____
 3. Well Name Navajo "O" #5
 Location 560' FNL & 660' FEL (NE NE)
 Sec. 26 Twp. 41N Rge. 30E County Apache Arizona.
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease 14-20-603-716

5. Field or Pool Name Teec Nos Pos - Ismay

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) <u>Progress</u>	ABANDONMENT <input type="checkbox"/>
(OTHER) <input type="checkbox"/>			<input checked="" type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

02-15-78 Testing.

02-16-78 Acidized perms 5,506'-10' (Upper Ismay); 5,591'-5,601' (Lower Ismay); 5,628'-34' & 5,647'-54' (Desert Creek) as follows: (staged)

2,000 gals, 40#/1,000 gals gelled cross linked refined guar gum.
 6,000 gals, 40#/1,000 gals cross linked gelled water w/1 ppg granulated salt.
 10,000 gals, 28% HCl emulsified acid.
 13,000 gals, 10#/1,000 gals gelled water.
 1,500 gals, 4% HCl water w/300# rock salt & 300# Benzoic Acid flakes.
 2,000 gals, 40#/1,000 gals cross linked gelled water w/2 ppg granulated salt.

02-17-78 Swabbing load.

02-18-78 Swabbing load.

02-19-78 Shut down for rig repairs.

02-20-78 Rig shut down for Sunday.

02-21-78 Testing. Swabbing & flowing.

02-22-78 Put on pump. Released rig. Prod rate - Before - 23 BOPD, 22 BWPD.
 After - 76 BOPD, 182 BWPD.

Signed Heau B. Barner Title Dist. Prod. Engr Date 2-28-78

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports On Wells
 File Two Copies
 Form No. 25

Permit No. 678

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Energy Reserves Group, Inc.
 2. OIL WELL GAS WELL OTHER (Specify) _____
 3. Well Name Navajo "O" #5
 Location 560' FNL & 660' FEL (NE NE)
 Sec. 26 Twp. 41N Rge. 30E County Apache Arizona.
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease 14-20-603-716

5. Field or Pool Name Teec Nos Pos - Ismay

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:			SUBSEQUENT REPORT OF:		
TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>	FRACTURE TREATMENT	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	(OTHER) <u>Progress</u>	<input checked="" type="checkbox"/>
(OTHER)	<input type="checkbox"/>				

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

- 02-08-78 Tested for communication between perfs. Had communication between Lower Ismay and Desert Creek perfs. Set packer at 5,565' (above Lower Ismay perfs). Pump 500 gals acid. Communicated w/squeeze perfs at 5,548'. Moved packer and reset at 5,501' and S.D.
- 02-09-78 Moved retrievable bridge plug at 5,535'. TOH w/tubing and packer. Perf Upper Ismay 5,518'-22' w/2 JPF. S.D.
- 02-10-78 TIH w/tubing and packer. Pressure test tubing on way in. Spot acid. Set packer at 5,498'. Pumped 5,000 gals, 28% acid and overflushed. Open well to test tank. Recovering load.
- 02-11-78 Testing. Recovering load. Rate 1.8 BTF/hr, 10% oil.
- 02-12-78 Testing. Recovering load. Rate 2.0 BTF/hr, 10% oil.
- 02-13-78 Rig shut down for Sunday.
- 02-14-78 Testing.

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 FEB 17 1978
 O & G CONS. COMM.

8. I hereby certify that the foregoing is true and correct.

Signed Wesley B. Barnes Title Dist. Prod. Engr Date 2-15-78

Permit No. 678

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports On Wells
 File Two Copies
 Form No. 25

SUNDRY NOTICES AND REPORTS ON WELLS

1 Name of Operator Energy Reserves Group, Inc.
 2 OIL WELL GAS WELL OTHER (Specify) _____
 3 Well Name Navajo "O" #5
 Location 560' FNL. & 660' FEL (NE NE)
 Sec. 26 Twp. 41N Rgn. 30E County Apache Arizona.
 4 Federal, State or Indian Lease Number, or lessor's name if fee lease 14-20-603-716

5 Field or Pool Name Teec Nos Pos - Ismay

6 Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:			SUBSEQUENT REPORT OF:		
TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>	FRACTURE TREATMENT	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	MONTHLY PROGRESS	<input type="checkbox"/>
(OTHER)	<input type="checkbox"/>			REPAIRING WELL	<input type="checkbox"/>
				ALTERING CASING	<input type="checkbox"/>
				ABANDONMENT	<input type="checkbox"/>
				(OTHER) <u>Progress</u>	<input checked="" type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

- 01-25-78 Start to move in well servicing rig.
- 01-26-78 Complete MIRU.
- 01-27-78 Perf at 5,548' to place cmt across Upper Ismay interval.
- 01-28-78 Squeeze w/100 sks Class "B" cmt & additives.
- 01-29-78 Tested squeeze job. Leaking. Resqueeze w/100 sks Class "B" cmt & additives.
- 01-30-78 S.D. for Sunday.
- 01-31-78 Drill out cement.
- 02-01-78 Pressure test squeeze job to 1,500 psi for 30 min. Held O.K.
- 02-02-78 S.D. for weather.
- 02-03-78 Cleaned out. Attempting to release B.P.
- 02-04-78 Attempting to release B.P.
- 02-05-78 Retrieved B.P. Drill out cement to 5,675'. Lower Ismay, Upper & Lower Desert Creek perfs plugged w/cement.
- 02-06-78 S.D. for Sunday.
- 02-07-78 Re-perf as follows: Lower Ismay 5,603'-13', Upper Desert Creek 5,640'-46', Lower Desert Creek 5,659'-66' all w/2 JPF.

Permit No. 678

Form No. 25

2 or 3 copies



1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Please see attached sheet.

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FEB 10 1978

O & G CONS. COMM.

2. I hereby certify that the foregoing is true and correct.

Signed Wesley B. Barber

Title Dist. Prod. Engr.

Date 2-8-78

Permit No. 678

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Sundry Notices and Reports On Wells
File Two Copies
Form No. 25

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Energy Reserves Group, Inc.
 2. OIL WELL GAS WELL OTHER (Specify) _____
 3. Well Name Navajo 'O' #5
 Location 560' FNL & 660' FEL (NE NE 1/4)
 Sec. 26 Twp. 41N Rge. 30E County Apache Arizona.

4. Federal, State or Indian Lease Number, or lessor's name if fee lease Navajo 14-20-603-716

5. Field or Pool Name Teec Nos Pos - Ismay

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:			SUBSEQUENT REPORT OF:				
TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>	MONTHLY PROGRESS	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>	FRACTURE TREATMENT	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>	(OTHER) <u>Progress</u>	<input checked="" type="checkbox"/>	ABANDONMENT	<input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

11-13-77 - 11-28-77 Testing.

Production on 11-28-77 - Pumping 39 BO & 39 BW & 50 MCFG in 24 hrs.

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D & G CONS. COMM.

8. I hereby certify that the foregoing is true and correct.

Signed Jerry Cox Title Production Engineer Date 11-28-77
by Allan Barnes

Permit No. 678

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports On Wells
 File Two Copies
 Form No. 25

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Energy Reserves Group, Inc.
 2. OIL WELL GAS WELL OTHER (Specify) _____
 3. Well Name Navajo 'O' #5
 Location 560' FNL & 660' FEL (NE NE)
 Sec. 26 Twp. 41N Rge. 30E County Apache Arizona.
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease 14-20-603-716
 5. Field or Pool Name Teec Nos Pos - Ismay

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input checked="" type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>
(OTHER)	<input type="checkbox"/>	(OTHER)	<input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

It is proposed to do the following work on this well:

1. Perforate and place cement across the Upper Ismay interval - perforate the Upper Ismay from 5,518'-22' - acidize with 250 gals, 28% NE acid and swab test. If the zone is non-productive, the perms will be abandoned by squeeze cementing.
2. Re-treat the Lower Ismay perms 5,591'-5,601' and the Desert Creek perms 5,628'-34' & 5,647'-54' with 5,500 gals, 28% retarded acid to increase the producing rate and return to production.

RECEIVED

JAN 30 1978

O & G CONS. COMM.

8. I hereby certify that the foregoing is true and correct.

Signed Alex B. Barner

Title Dist. Prod. Engr. Date 1-27-78

Permit No. 678

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports On Wells
 File Two Copies
 Form No. 25

Navajo "O" #5

10-30-77 Testing
10-31-77 Shut down for Sunday.
11-01-77 Testing.
11-02-77 Recovered B.P.
11-03-77 Ran cement bond log.
11-04-77 Laid down work string.
11-05-77 Ran 2-7/8", J-55 tubing.
11-06-77 Shut down.
11-07-77 Shut down.
11-08-77 Ran pump and rods.
11-09-77 Trying to rig down.
11-10-77 Rigged down.
11-11-77 Laying flow line and setting production equipment.
11-12-77 Started well pumping.

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NOV 23 1977

O & G CONS. COMM.

RECEIVED

NOV 23 1977

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Energy Reserves Group, Inc. O & G CONS. COMM.

2. OIL WELL GAS WELL OTHER (Specify) _____

3. Well Name Navajo "0" #5

Location 560' FNL & 660' FEL (NE NE 1/4)

Sec. 26 Twp. 41N Rge. 30E County Apache Arizona.

4. Federal, State or Indian Lease Number, or lessor's name if fee lease Navajo 14-20-603-716

5. Field or Pool Name Teec Nos Pos - Ismay

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) <u>Progress</u>	ABANDONMENT <input type="checkbox"/>
(OTHER) _____			<input checked="" type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

- 10-19-77 Testing. Moved B.P. to isolate lower zone.
- 10-20-77 Perf. U. Desert Creek 5,640'-5,646' and test.
- 10-21-77 Acidized perfs w/500 gals., 28% NE acid. Swab test.
- 10-22-77 Testing.
- 10-23-77 Testing.
- 10-24-77 Shut down for Sunday.
- 10-25-77 Moved B.P. down to uncover L. Desert Creek. Acidized perfs. 5,640'-46', 5,659'-66' w/2,000 gals., 28% acid. Swab test.
- 10-26-77 Testing.
- 10-27-77 Moved B.P. to isolate Desert Creek.
- 10-28-77 Perf L. Ismay 5,603'-13'. Ran pkr.
- 10-29-77 Acidized perfs 5,603'-13' w/500 gals., 28% acid. Swab test.

8. I hereby certify that the foregoing is true and correct.

Signed Tony J. Cox Title Production Eng. Date 11-21-77

Permit No. 078

STATE OF ARIZONA
 OIL & GAS CONSERVATION COMMISSION
 Sundry Notices and Reports On Wells
 File Two Copies
 Form No. 25

9-331
1973

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use Form 9-331-C for such proposals.)

1. oil well gas well other

2. NAME OF OPERATOR
Energy Reserves Group, Inc.

3. ADDRESS OF OPERATOR
P.O. Box 3280 - Casper, Wyoming 82602

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE:
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH:

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF	<input type="checkbox"/>		<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>		<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>		<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>		<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>		<input type="checkbox"/>
MULTIPLE COMPLETE	<input type="checkbox"/>		<input type="checkbox"/>
CHANGE ZONES	<input type="checkbox"/>		<input type="checkbox"/>
ABANDON*	<input type="checkbox"/>		<input type="checkbox"/>
(other) Beta Ratio	<input type="checkbox"/>		<input checked="" type="checkbox"/>

Form Approved.
Budget Bureau No. 42-R1424

5. LEASE
14-20-603-716

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Navajo Tribal

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Navajo Tribal

9. WELL NO.

10. FIELD OR WILDCAT NAME
Teec Nos Pos

11. SEC., T., R., M. OR BLK. AND SURVEY OR AREA
Section 23-T31N R30E

12. COUNTY OR PARISH
Apache

13. STATE
Arizona

14. API NO.

15. ELEVATIONS (SHOW DF, KDB, AND WD)

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The orifice plate on the lease master sales meter was changed from 0.375 in. to 0.500 in. on March 30, 1983. This changed the beta ratio from 0.09 to 0.12 which is within the tolerances as set forth by the A.G.A. Committee in Report No. 3.

Subsurface Safety Valve: Manu. and Type _____ Ft.

18. I hereby certify that the foregoing is true and correct

SIGNED Paul Bertoglio TITLE Prod. Engr-RMD DATE April 5, 1983

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

678

Form 9-331
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	5. LEASE DESIGNATION AND SERIAL NO. 14-20-603-716
2. NAME OF OPERATOR Energy Reserves Group, Inc.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo
3. ADDRESS OF OPERATOR P. O. Box 3280, Casper, WY 82602	7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 560' FNL & 660' FEL (NE NE 1/4)	8. FARM OR LEASE NAME Navajo "0"
14. PERMIT NO.	9. WELL NO. 5
15. ELEVATIONS (Show whether DF, ST, CR, etc.) GRD 5510'; K.B. 5523'	10. FIELD AND POOL, OR WILDCAT Teec Nos Pos - Ismay
	11. SEC., T., R., W., OR BLK. AND SURVEY OR AREA Sec. 26-T41N-R30E
	12. COUNTY OR PARISH Apache
	13. STATE Arizona

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	FULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	Progress <input checked="" type="checkbox"/>

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

T.D. 5790' PBTD 5734'
 10-12-77 Move in and rig up completion unit.
 10-13-77 Run tubing and tagged PBTD. Swab fluid to 2800'. TOH.
 10-14-77 Perf Desert Creek 5659'-5666', (equivalent to 5647'-5654' on Density Log).
 10-15-77 Set B.P. below perms and packer above and swab test.
 10-16-77 Acidize perms w/500 gals 28% NE acid. Swab well. Kicked off and flowed. Testing.
 10-17-77 Testing.
 10-18-77 Testing.

18. I hereby certify that the foregoing is true and correct
 SIGNED James B. Barner TITLE Dist. Prod. Engr. - RMD DATE 10-18-77
 (This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
 CONDITIONS OF APPROVAL, IF ANY:

678

*See Instructions on Reverse Side

RECEIVED
 OCT 25 1977
 O & G CONS. COMM.

Form 9-331
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

SUNDRY NOTICES AND REPORTS ON WELLS
(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Energy Reserves Group, Inc.

3. ADDRESS OF OPERATOR
P. O. Box 3280, Casper, WY 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
560' FNL & 660' FEL (NE NE $\frac{1}{4}$)

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, ST, CR, etc.)
GRD 5510'; K.B. 5523'

5. LEASE DESIGNATION AND SERIAL NO.
14-20-603-716

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Navajo

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Navajo "0"

9. WELL NO.
5

10. FIELD AND POOL, OR WILDCAT
Teec Nos Pos - Ismay

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 26-T41N-R30E

12. COUNTY OR PARISH
Apache

13. STATE
Arizona

10. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	FULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) _____	Progress <input checked="" type="checkbox"/>
(Other) _____			

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

T.D. 5790' PBTD 5734'

10-12-77 Move in and rig up completion unit.

10-13-77 Run tubing and tagged PBTD. Swab fluid to 2800'. TCH.

10-14-77 Perf Desert Creek 5659'-5666', (equivalent to 5647'-5654' on Density Log).

10-15-77 Set B.P. below perfs and packer above and swab test.

10-16-77 Acidize perfs w/500 gals 28% NE acid. Swab well. Kicked off and flowed. Testing.

10-17-77 Testing.

10-18-77 Testing.

18. I hereby certify that the foregoing is true and correct

SIGNED James B. Barner TITLE Dist. Prod. Engr. - RMD DATE 10-18-77

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

678

*See instructions on Reverse Side

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O & G CONS. COMM.

Form 9-331
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other Instructions on reverse side)

Form approved.
Budget Bureau No. 42-R1424.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

5. LEASE DESIGNATION AND SERIAL NO. 14-20-603-716	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo	
7. UNIT AGREEMENT NAME	
8. FARM OR LEASE NAME Navajo "O"	
9. WELL NO. 5	
10. FIELD AND POOL, OR WILDCAT Teec Nos Pos-Ismay	
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 26-T41N-R30E	
12. COUNTY OR PARISH Apache	13. STATE Arizona
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, RT, GR, etc.) GRD 5510'; K.B. 5523'

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	Progress <input checked="" type="checkbox"/>

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Drilled 7-7/8" hole to 5,790'- Total Depth. Ran logs. Ran 144 jts. 5-1/2" O.D., 14#, J-55, 8RTH, R-3 new casing set at 5,775' (K.B.) Cemented w/150 sx. of Class "B" neat cement. Plug Down at 5:30 A.M., 10-8-77.

M.O.R.T. & W.O.C.T.

18. I hereby certify that the foregoing is true and correct

SIGNED Kevin C. Gillespie TITLE Operations Supt.- Drilling DATE 10-10-77

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

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FLUID SAMPLE DATA				Date	Ticket Number	
Sampler Pressure	10 P.S.I.G. at Surface			10-2-77	281218	
Recovery: Cu. Ft. Gas	Trace		Kind of Job	OPEN HOLE TEST	Holliburton District FARMINGTON	
cc. Oil			Tester	D. HOEFER	Witness BILL JONES	
cc. Water			Drilling Contractor	COLEMAN #2	PW	
cc. Mud	2250		EQUIPMENT & HOLE DATA			
Tot. Liquid cc.	2250		Formation Tested	Lower Ismay		
Gravity	* API @ *F.		Elevation	5523'	Ft.	
Gas/Oil Ratio	cu. ft./bbl.		Net Productive Interval	82'	Ft.	
	RESISTIVITY	CHLORIDE CONTENT	All Depths Measured From	Kelly Bushing		
Recovery Water	@ *F.	ppm	Total Depth	5642'	Ft.	
Recovery Mud	2.4 @ 73	*F. ppm	Main Hole/Casing Size	7 7/8"		
Recovery Mud Filtrate	@ *F.	ppm	Drill Collar Length	454'	I.D. 2 1/2"	
Mud Pit Sample	3.4 @ 74	*F. ppm	Drill Pipe Length	5059'	I.D. 3.826"	
Mud Pit Sample Filtrate	@ *F.	ppm	Packer Depth(s)	5554' - 5560' Ft.		
Mud Weight	9.2 vis	55 sec	Depth Tester Valve	5532'	Ft.	
Cushion	TYPE	AMOUNT	Depth Back Pres. Valve	Surface Choke	Bottom Choke	
				3/4" Adj.	3/4"	
Recovered	150	Feet of mud.				
Recovered		Feet of				
Recovered		Feet of				
Recovered		Feet of				
Recovered		Feet of				
Remarks	Charts indicate tools apparently plugged during second flow period.					
	SEE PRODUCTION TEST DATA SHEET....					
TEMPERATURE	Gauge No. 2032	Gauge No. 2033	Gauge No.	TIME		
	Depth: 5537 Ft.	Depth: 5638 Ft.	Depth: Ft.	12 Hour Clock	24 Hour Clock	
Est. *F.	Blanked Off NO	Blanked Off YES	Blanked Off	Tool Opened 627 P.M.	Tool Opened 1002 P.M.	
Actual 122 *F.	Pressures		Pressures		By-pass 1002 P.M.	
	Field	Office	Field	Office	Reported Minutes	
Initial Hydrostatic	2731	2725	2794	2782	Computed Minutes	
First Period Flow	Initial	119	130-Q	721	598-Q	
	Final	392	389	1000	1080-Q	5
	Closed in	1786	1786	1854	1846	30
Second Period Flow	Initial	410	672-Q	1253	1256	
	Final	1813	1836	1868	1897	60
	Closed in	1972	1973	2042	2035	120
Third Period Flow	Initial					
	Final					
Final Hydrostatic	2718	2699	2753	2748		
	Q = Questionable.					

Legal Location Sec. Twp. Rng. 26 - 41 - 30

Lease Name NAVAJO "0"

Well No. 5

Test No. 1

Field Area TEEC NOS POS

Failed Interval 5560' - 5642'

County APACHE

State ARIZONA

Lease Owner/Company Name ENERGY RESERVES GROUP, INCORPORATED

Gauge No.		2032		Depth		5537'		Clock No.		14121		12 hour		Ticket No.		281218			
First Flow Period		First Closed In Pressure		Second Flow Period		Second Closed In Pressure		Third Flow Period		Third Closed In Pressure		Time Defl. .000"		PSIG Temp. Corr.		Time Defl. .000"		PSIG Temp. Corr.	
Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.
0	.000	130-Q	.000	.000	389	.000	672-Q	.000	1836	.000	1836								
1	.041	389	.0069*	.0801**	740	.0801**	1712	.0741***	1858		1858								
2			.0277	.1469	1160	.1469	1759	.1550	1879		1879								
3			.0485	.2137	1631	.2137	1779	.2359	1901		1901								
4			.0693	.2804	1695	.2804	1796	.3167	1916		1916								
5			.0901	.3472	1723	.3472	1814	.3976	1932		1932								
6			.1109	.4140	1740	.4140	1836	.4785	1943		1943								
7			.1317	.4785	1755	.4785		.5594	1951		1951								
8			.1525	.5594	1765	.5594		.6402	1962		1962								
9			.1733	.6402	1777	.6402		.7211	1970		1970								
10			.1940	.7211	1786	.7211		.8020	1973		1973								
11																			
12																			
13																			
14																			
15																			

Gauge No.		2033		Depth		5638'		Clock No.		11118		24 hour		Ticket No.		Test 1			
First Flow Period		First Closed In Pressure		Second Flow Period		Second Closed In Pressure		Third Flow Period		Third Closed In Pressure		Time Defl. .000"		PSIG Temp. Corr.		Time Defl. .000"		PSIG Temp. Corr.	
Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.	Time Defl. .000"	PSIG Temp. Corr.
0	.000	598-Q	.000	.000	1080-Q	.000	1256	.000	1897		1897								
1	.018	1080-Q	.0034*	.0403**	1323	.0403**	1774	.0370***	1920		1920								
2			.0136	.0738	1670	.0738	1820	.0773	1941		1941								
3			.0238	.1074	1759	.1074	1841	.1177	1960		1960								
4			.0339	.1409	1767	.1409	1857	.1580	1977		1977								
5			.0441	.1745	1785	.1745	1877	.1983	1989		1989								
6			.0543	.2080	1803	.2080	1897	.2387	2001		2001								
7			.0645	.2790	1817	.2790		.2790	2011		2011								
8			.0747	.3194	1829	.3194		.3194	2020		2020								
9			.0848	.3597	1837	.3597		.3597	2028		2028								
10			.0950	.4000	1846	.4000		.4000	2035		2035								
11																			
12																			
13																			
14																			
15																			

SPECIAL PRESSURE DATA

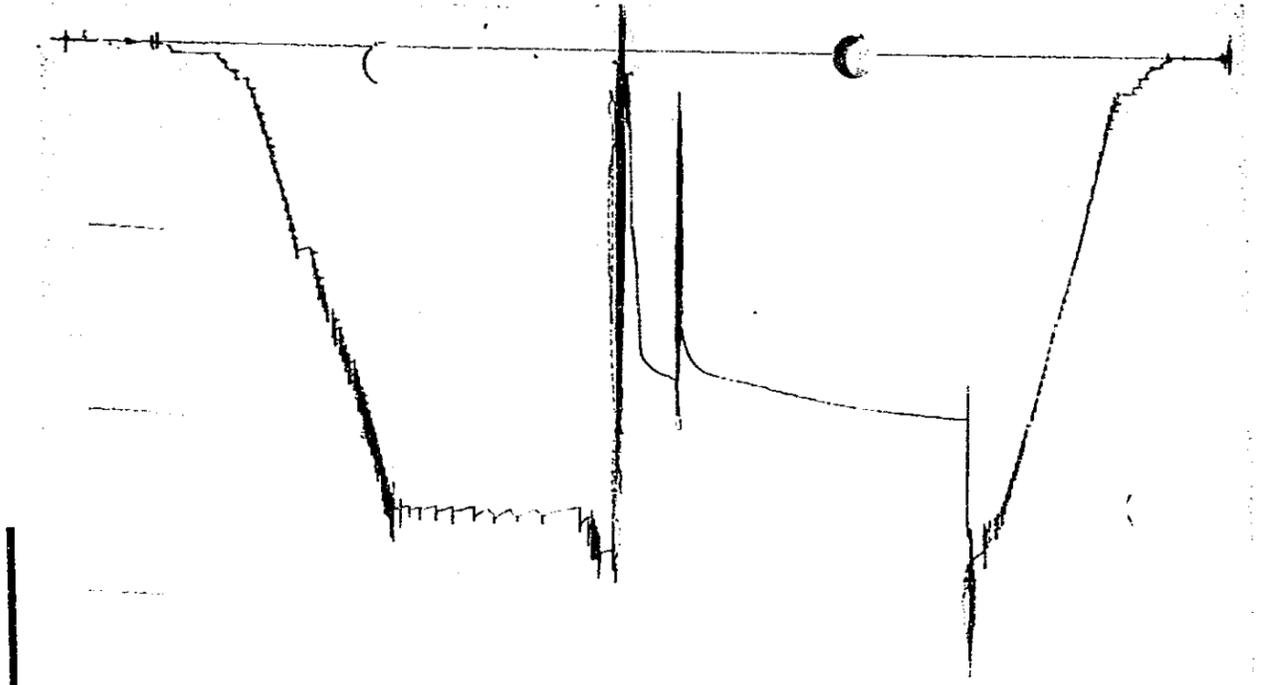
LITTLE'S BEST DC 8/74

FORM 153-81-PRINTED IN U.S.A.

Reading Interval: * = 1 minute interval. ** = 12 minute interval. *** = 11 minute interval.
 REMARKS: Q = Questionable.

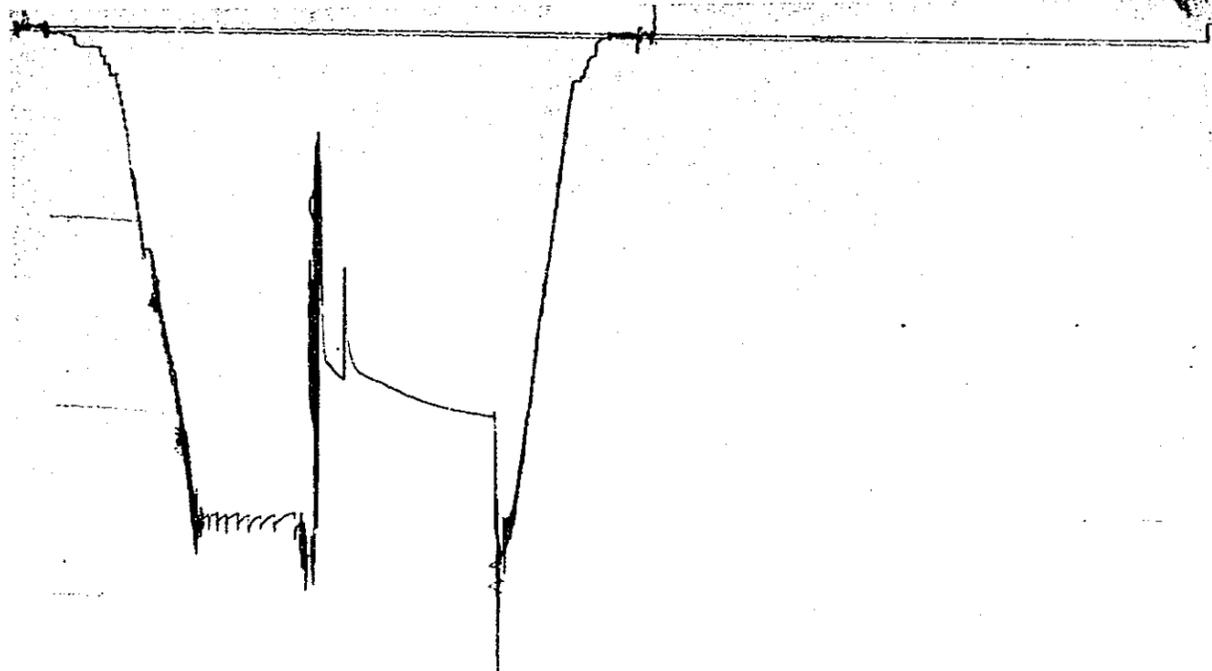
CKET NO. 281218 Test 1

	O. D.	I. D.	LENGTH	DEPTH
Drill Pipe or Tubing	6"	2.50"	1'	
Reversing Sub				
Water Cushion Valve				
Drill Pipe	4 1/2"	3.826"	5059'	
Drill Collars	6 1/2"	2.50"	454'	
Handling Sub & Choke Assembly				
Dual CIP Valve	5"	.89"	8'	5524'
Dual CIP Sampler	5"	.75"	5'	5532'
Hydro-Spring Tester				
Multiple CIP Sampler				
Extension Joint				
AP Running Case	5"	3.50"	4'	5537'
Hydraulic Jar	5"	1.75"	5'	
VR Safety Joint	5"	1.00"	3'	
Pressure Equalizing Crossover				
Packer Assembly	6 3/4"	1.53"	6'	5554'
Distributor				
Packer Assembly	6 3/4"	1.53"	6'	5560'
Flush Joint Anchor				
Pressure Equalizing Tube				
Blanked-Off B.T. Running Case				
Drill Collars				
Anchor Pipe Safety Joint				
Packer Assembly				
Distributor				
Packer Assembly				
Anchor Pipe Safety Joint				
Side Wall Anchor				
Drill Collars	6 1/2"	2.50"	65'	
Flush Joint Anchor	5 3/4"	2.50"	10'	
Blanked-Off B.T. Running Case	5 3/4"	3.50"	4'	5638'
Total Depth				5642'



281218-2032

PRESSURE
TIME



281218-2033

Each Horizontal Line Equal to 1000 p.s.i.

Test 1

FLUID SAMPLE DATA				Date	Ticket Number
Sampler Pressure	10	P.S.I.G. at Surface		10-3-77	281219
Recovery: Cu. Ft. Gas			Kind of Job	OPEN HOLE TEST	Halliburton District FARMINGTON
cc. Oil			Tester	D. HOEFER	Witness BILL JONES
cc. Water			Drilling Contractor	COLEMAN #2	PW
cc. Mud	2250			EQUIPMENT & HOLE DATA	
Tot. Liquid cc.	2250			Formation Tested	Lower Ismay
Gravity	* API @ _____ *F.		Elevation	5523'	Ft.
Gas/Oil Ratio	cu. ft./bbl.		Net Productive Interval	82'	Ft.
	RESISTIVITY	CHLORIDE CONTENT	All Depths Measured From	Kelly Bushing	
Recovery Water	@ _____ *F.	ppm	Total Depth	5642'	Ft.
Recovery Mud	2.4 @ 73 *F.	ppm	Main Hole/Casing Size	7 7/8"	
Recovery Mud Filtrate	@ _____ *F.	ppm	Drill Collar Length	454'	I.D. 2 1/2"
Mud Pit Sample	3.4 @ 74 *F.	ppm	Drill Pipe Length	5059'	I.D. 3.826"
Mud Pit Sample Filtrate	@ _____ *F.	ppm	Packer Depth(s)	5554' - 5560'	Ft.
Mud Weight	9.2	vis 55 sec	Depth Tester Valve	5532'	Ft.
Cushion	TYPE	AMOUNT	Depth Back Pres. Valve	Surface Choke	Bottom Choke
Recovered		130 Feet of mud.		3/4" Adj.	3/4"
Recovered		Feet of			
Recovered		Feet of			
Recovered		Feet of			
Recovered		Feet of			
Recovered		Feet of			
Remarks	Initial closed in pressure non-usuable. Charts indicate severe partial plugging of anchor perforations throughout flow periods. Tools apparently plugged after 21 minutes into final flow period - closed in pressure period started at this time.				
	SEE PRODUCTION TEST DATA SHEET.....				
TEMPERATURE	Gauge No. 2032	Gauge No. 2033	Gauge No.	TIME	
	Depth: 5537 Ft.	Depth: 5638 Ft.	Depth: _____ Ft.	Hour Clock	A.M. / P.M.
Est. *F.	Blanked Off NO	Blanked Off YES	Blanked Off	Tool Opened 450	P.M.
Actual 122 *F.	Pressures	Pressures	Pressures	Open 850	P.M.
	Field Office	Field Office	Field Office	Reported Minutes	Computed Minutes
Initial Hydrostatic	2731 2706	2780 2780			
Flow Initial	198 212-Q	1534 1520-Q			
Flow Final	265 114	1600 1640		15 15	
Closed in				45 --	
Flow Initial	265 UTR	1600 1159-Q			
Flow Final	1450 2001	1200		60 21	
Closed in	2052 2041	2109 2118		120 159	
Flow Initial					
Flow Final					
Closed in					
Final Hydrostatic	2692 2668	2740 2731			
	0 = questionable - UTR = unable to read.				

Legal Location Sec. - Twp. - Rng. 26 - 41 - 30
 Lease Name NAVAJO "0"
 Well No. 5
 Test No. 2
 Field Area TECC NOS POS
 Meas. From Tester Valve
 County APACHE
 State ARIZONA
 Lease Owner/Company Name ENERGY RESERVES GROUP, INCORPORATED
 Tested Interval 5560' - 5642'

Test 2

Gauge No.		2032		Depth		5537'		Clock No.		14121		12 hour		Ticket		281219	
Flow Period		Closed In Pressure		Flow Period		Closed In Pressure		Flow Period		Closed In Pressure		Flow Period		Closed In Pressure		Flow Period	
Time Defl. 000"	PSIG Temp. Corr.	Time Defl. 000"	Log $t + \theta$	Time Defl. 000"	PSIG Temp. Corr.	Time Defl. 000"	Log $t + \theta$	Time Defl. 000"	PSIG Temp. Corr.	Time Defl. 000"	Log $t + \theta$	Time Defl. 000"	PSIG Temp. Corr.	Time Defl. 000"	Log $t + \theta$	Time Defl. 000"	PSIG Temp. Corr.
0 .000	212-0	NON-USUABLE		.000	UTR	.000		.000	1450	.000							
1 .095	114	NON-USUABLE		.179		.0321*		.1028	1840	.1735							
2									1887								
3									1924								
4									1954								
5									1973								
6									1989								
7									2001								
8									2015								
9									2023								
10									2028								
11									2035								
12									2037								
13									2041								
14									2041								
15									2041								
Gauge No. 2033		Depth 5638'		Clock No. 11118		24 hour											
0 .000	1520-0	NON-USUABLE		.000	1159-0	.000		.000	1200								
1 .052	1640	NON-USUABLE		.070	1200	.0169*		.0539	1821								
2								.0910	1876								
3								.1281	1933								
4								.1652	1979								
5								.2023	2013								
6								.2393	2040								
7								.2764	2060								
8								.3135	2074								
9								.3506	2087								
10								.3877	2097								
11								.4247	2105								
12								.4618	2109								
13								.4989	2113								
14								.5360	2117								
15									2118								

Reading Interval * = 5 minute interval. Q = Questionable
 REMARKS: UTR = Unable to read.

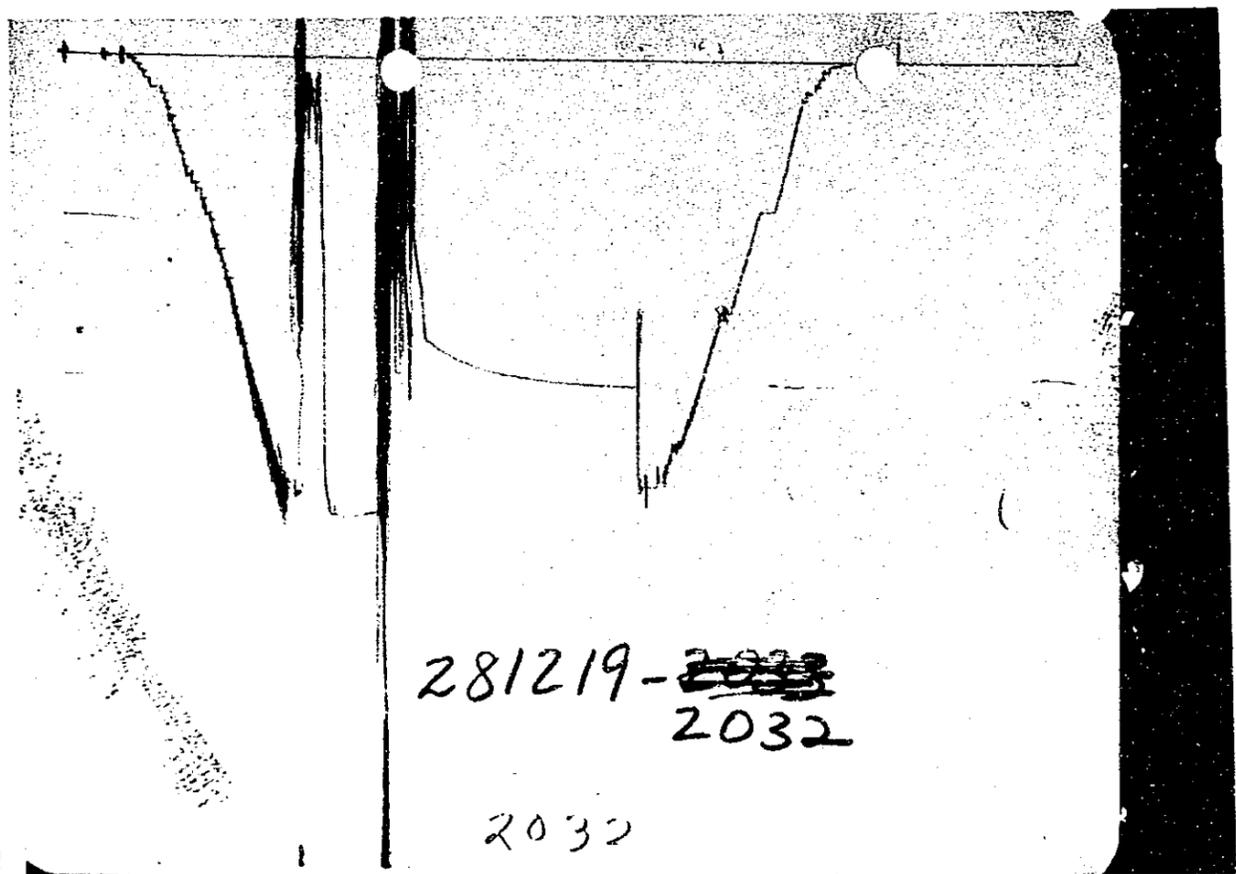
SPECIAL PRESSURE DATA

TICKET NO. 281219

Test 2

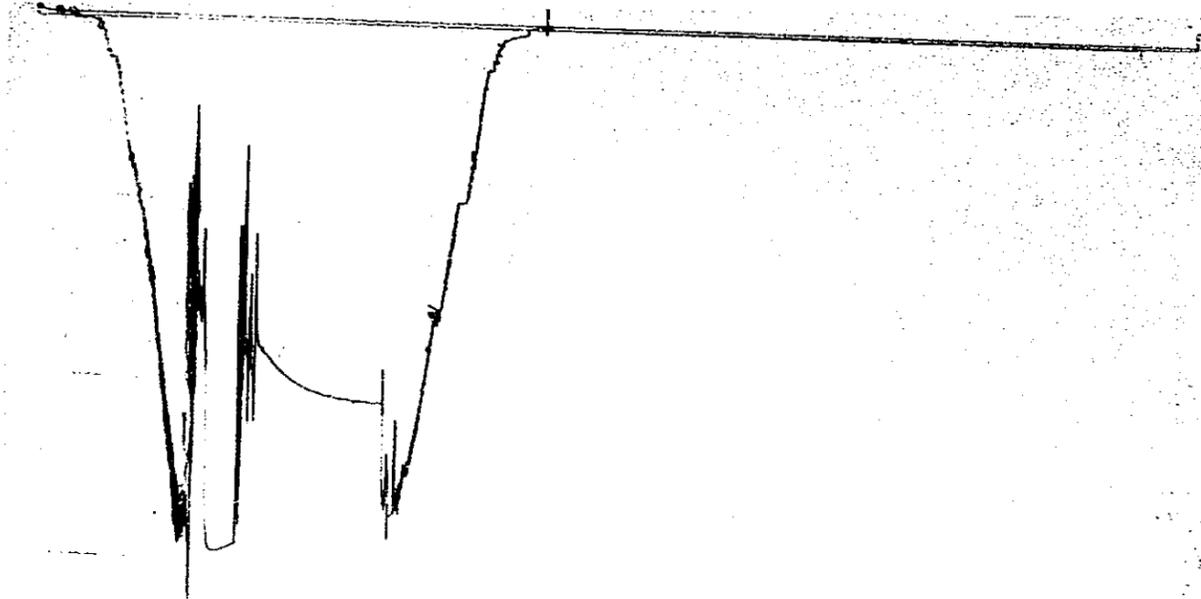
	O. D.	I. D.	LENGTH	DEPTH
Drill Pipe or Tubing	6"	2.50"	1'	
Reversing Sub				
Water Cushion Valve				
Drill Pipe	4 1/2"	3.826"	5059'	
Drill Collars	6 1/2"	2.50"	454'	
Handling Sub & Choke Assembly				
Dual CIP Valve	5"	.89"	8'	5524'
Dual CIP Sampler	5"	.75"	5'	5532'
Hydro-Spring Tester				
Multiple CIP Sampler				
Extension Joint				
AP Running Case	5"	3.50"	4'	5537'
Hydraulic Jar	5"	1.75"	5'	
VR Safety Joint	5"	1.00"	3'	
Pressure Equalizing Crossover				
Packer Assembly	6 3/4"	1.53"	6'	5554'
Distributor				
Packer Assembly	6 3/4"	1.53"	6'	5560'
Flush Joint Anchor				
Pressure Equalizing Tube				
Blanked-Off B.T. Running Case				
Drill Collars				
Anchor Pipe Safety Joint				
Packer Assembly				
Distributor				
Packer Assembly				
Anchor Pipe Safety Joint				
Side Wall Anchor				
Drill Collars	6 1/2"	2.50"	65'	
Flush Joint Anchor	5 3/4"	2.50"	10'	
Blanked-Off B.T. Running Case	5 3/4"	3.50"	4'	5638'
Total Depth				5642'

9



PRESSURE

TIME



Each Horizontal Line Equal to 1000 p.s.i.

Test 2

FLUID SAMPLE DATA				Date	Ticket Number
Sampler Pressure	1540	P.S.I.G. at Surface		10-7-77	281965
Recovery: Cu. Ft. Gas	9.4			Kind of Job	OPEN HOLE STRADDLE
cc. Oil	480			Halliburton District	FARMINGTON
cc. Water	320			Tester	G.K. SMITH
cc. Mud				Witness	MR. JONES
Tot. Liquid cc.	800			Drilling Contractor	COLOMAN DRILLING COMPANY SM
Gravity	* API @ _____ *F.		EQUIPMENT & HOLE DATA		
Gas/Oil Ratio	cu. ft./bbl.		Formation Tested	Lower Ismay	
	RESISTIVITY	CHLORIDE CONTENT	Elevation	5522'	Ft.
Recovery Water	.36	@ 71 *F.	Net Productive Interval	11'	Ft.
Recovery Mud		@ _____ *F.	All Depths Measured From	Rotary Kelly Bushing	
Recovery Mud Filtrate		@ _____ *F.	Total Depth	5791'	Ft.
Mud Pit Sample		@ _____ *F.	Main Hole/Casing Size	7 7/8"	
Mud Pit Sample Filtrate		@ _____ *F.	Drill Collar Length	402'	I.D. 2 1/4"
Mud Weight	9.2	vis 70 sec	Drill Pipe Length	5160'	I.D. 3.826"
			Packer Depth(s)	5594-5600-5626-5632' Ft.	
			Depth Tester Valve	5578'	Ft.
Cushion	TYPE	AMOUNT	Depth Back Pres. Valve	Surface Choke	Bottom Choke
Recovered	180	Feet of gas & oil cut mud		3/4" Adj	3/4"
Recovered	10	Feet of water			
Recovered		Feet of			
Recovered		Feet of			
Recovered		Feet of			
Remarks	SEE PRODUCTION TEST DATA SHEET				
TEMPERATURE	Gauge No. 2033	Gauge No. 2032	Gauge No. 6039	TIME	
	Depth: 5582 Ft.	Depth: 5615 Ft.	Depth: 5787 Ft.		
	24 Hour Clock		12 Hour Clock	24 Hour Clock	
Est. *F.	Blanked Off no		Blanked Off yes	Blanked Off yes	
Actual 116 *F.	Pressures		Pressures	Pressures	
	Field	Office	Field	Office	Field
Initial Hydrostatic	2727	2723	2785	2778	2817
Flow Initial	54	59	53	66	
Flow Final	67	59	66	UTR	Hydrostatic
Closed in	1761	1759	1773	1773	release
Flow Initial	67	86	53	77	
Flow Final	80	70	66	75	
Closed in	1788	1782	1773	1790	2659
Flow Initial					
Flow Final					
Closed in					
Final Hydrostatic	2727	2650	2731	2703	2766
	UTR = Unable to read.				

Legal Location: 26 41 N 30 E
 Lease Name: NAVAJO
 Well No.: 110" 5
 Test No.: 4
 Tested Interval: 5600 - 5626'
 County: APACHE
 State: ARIZONA

ENERGY RESERVE GROUP, INCORPORATED
 Lease Owner/Company Name

Test 4

Gauge No.		2033		Depth		5615'		Clock No.		12118		24 hour		Ticket No.		281965	
Flow Period	Time Delt. .000"	PSIG Temp. Corr.	Time Delt. .000"	Log $t + \theta$	PSIG Temp. Corr.	Time Delt. .000"	PSIG Temp. Corr.	Time Delt. .000"	Log $t + \theta$	PSIG Temp. Corr.	Time Delt. .000"	PSIG Temp. Corr.	Time Delt. .000"	Log $t + \theta$	PSIG Temp. Corr.	Time Delt. .000"	PSIG Temp. Corr.
0	.0000	59	.0000		59	.0000	86	.0000		70							
1	.0069	49	.0168*		1116	.0368**	59	.0304***		1164							
2	.0137	47	.0369		1437	.0702	53	.0573		1460							
3	.0206	47	.0571		1570	.1037	55	.0843		1588							
4	.0274	48	.0772		1638	.1371	57	.1113		1658							
5	.0343	52	.0973		1680	.1706	63	.1383		1694							
6	.0412	55	.1175		1706	.2040	70	.1653		1719							
7	.0480	59	.1376		1726			.1922		1737							
8			.1578		1741			.2192		1749							
9			.1779		1751			.2462		1757							
10			.1980		1759			.2732		1762							
11								.3002		1767							
12								.3271		1771							
13								.3541		1774							
14								.3811		1778							
15								.4080		1782							
Gauge No.		2032		Depth		5615'		Clock No.		14121		12 hour					
0	.0000	66	.0000		439	.0000	77	.0000		75							
1	.1060	UTR	.0336*		1188	.0725**	50	.0606***		1162							
2		UTR=	.0738		1475	.1384	56	.1144		1471							
3		Unable to	.1141		1597	.2043	62	.1692		1601							
4		read due to	.1544		1668	.2702	66	.2220		1666							
5		star-stepping	.1946		1699	.3361	71	.2758		1708							
6			.2349		1725	.4020	75	.3297		1731							
7			.2752		1744			.3835		1748							
8			.3155		1745			.4373		1756							
9			.3557		1768			.4911		1765							
10			.3960		1773			.5449		1772							
11								.5988		1776							
12								.6526		1780							
13								.7064		1784							
14								.7602		1786							
15								.8140		1790							

REMARKS: *First interval is equal to 5 minutes. ** = 11 minutes. *** = 9 minutes.

SPECIAL PRESSURE DATA

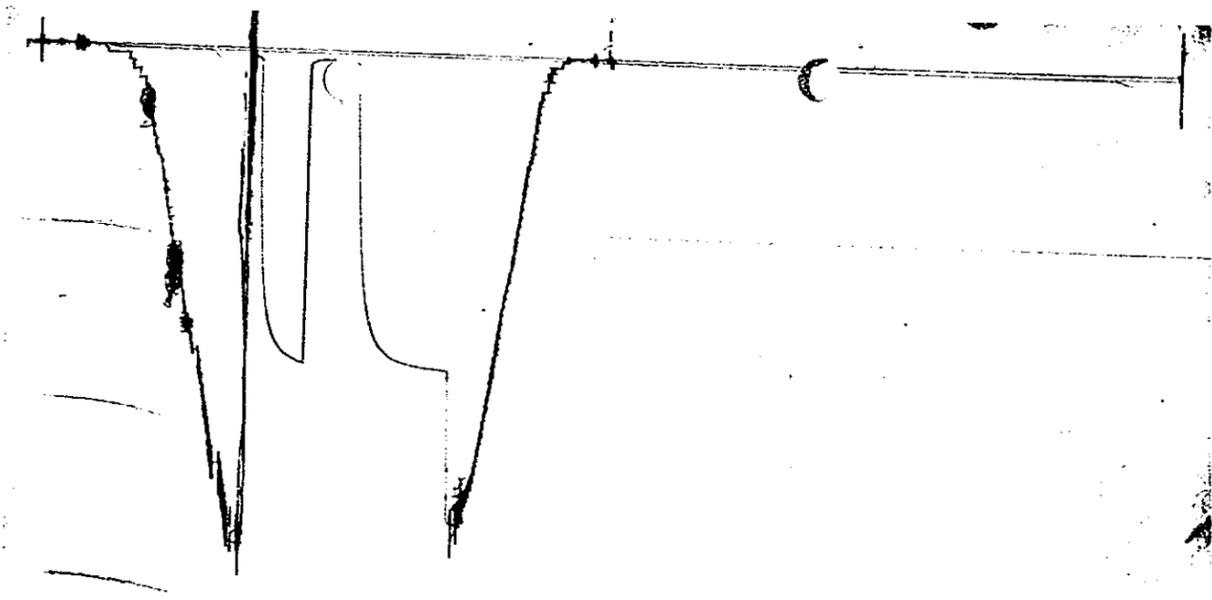
JOHN W. M.—PRINTED IN U.S.A.

LITTLE B. 98072 THE M/74

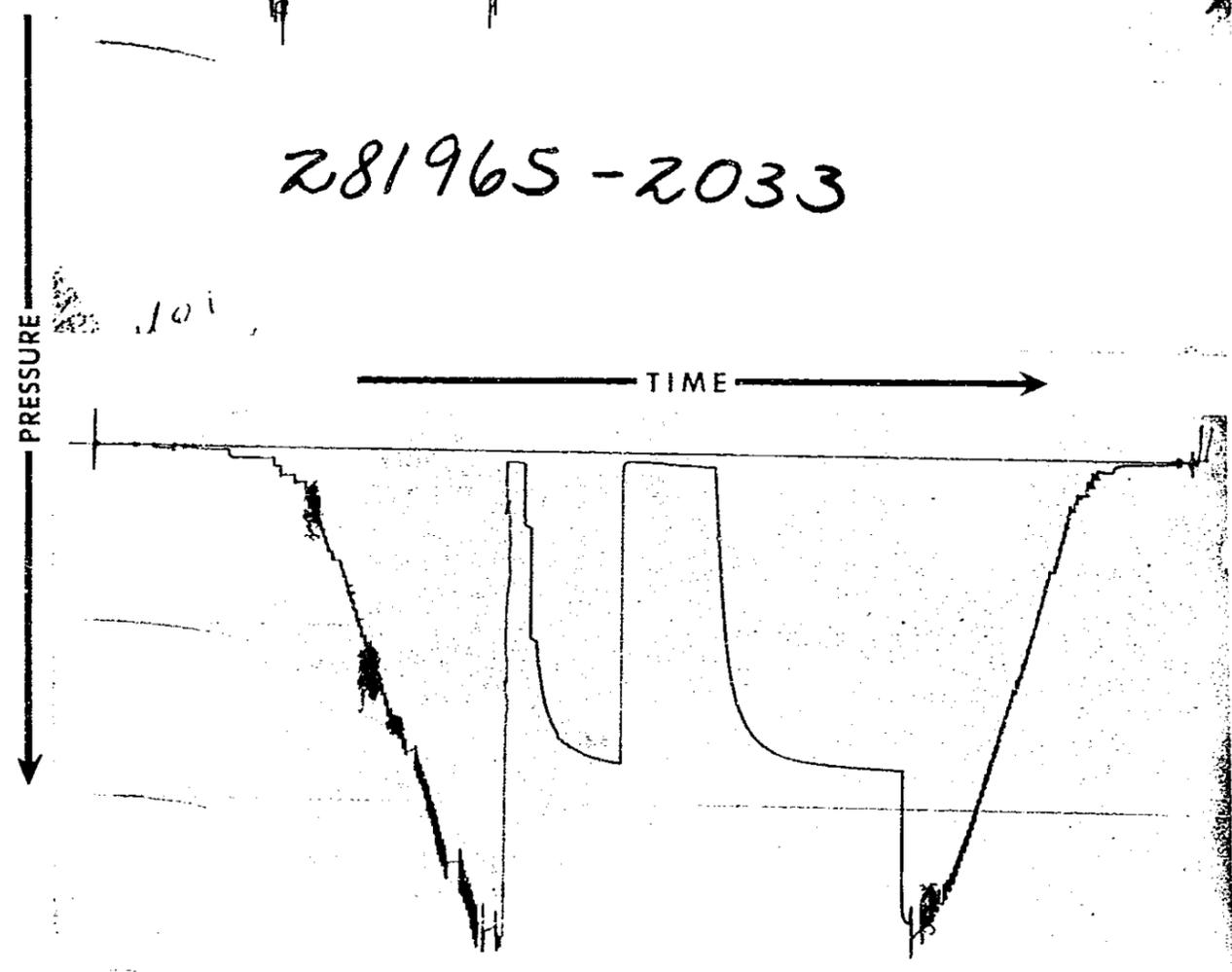
TICKET NO. 281965

Test 4

	O. D.	I. D.	LENGTH	DEPTH
Drill Pipe or Tubing				
Reversing Sub	6"	3"	1'	
Water Cushion Valve				
Drill Pipe	4 1/2"	3.826"	5160'	
Drill Collars	6"	2 1/4"	402'	
Handling Sub & Choke Assembly				
Dual CIP Valve				
Dual CIP Sampler	5"	3/4"	7'	5573'
Hydro-Spring Tester	5"	3/4"	5'	5578'
Multiple CIP Sampler				
Extension Joint				
AP Running Case	5"		4'	5582'
Hydraulic Jar	5"	1"	6'	
VR Safety Joint	5"	1"	3'	
Pressure Equalizing Crossover				
Packer Assembly	6 3/4"	1 1/2"	6'	5594'
Distributor				
Packer Assembly	6 3/4"	1 1/2"	6'	5600'
Flush Joint Anchor	5 3/4"	2 1/2"	13'	
Pressure Equalizing Tube				
Blanked-Off B.T. Running Case	5"		4'	5615'
Drill Collars				
Anchor Pipe Safety Joint	5"	1"	3'	
Packer Assembly	6 3/4"	1 1/2"	6'	5626'
Distributor				
Packer Assembly	6 3/4"	1 1/2"	6'	5632'
Anchor Pipe Safety Joint				
Side Wall Anchor				
Drill Collars	6"	2 1/4"	127'	
Flush Joint Anchor	5 3/4"	2 1/2"	23'	
Blanked-Off B.T. Running Case	5 3/4"		4'	5787'
Total Depth				5791'



281965-2033



281965-2032

PRESSURE

TIME

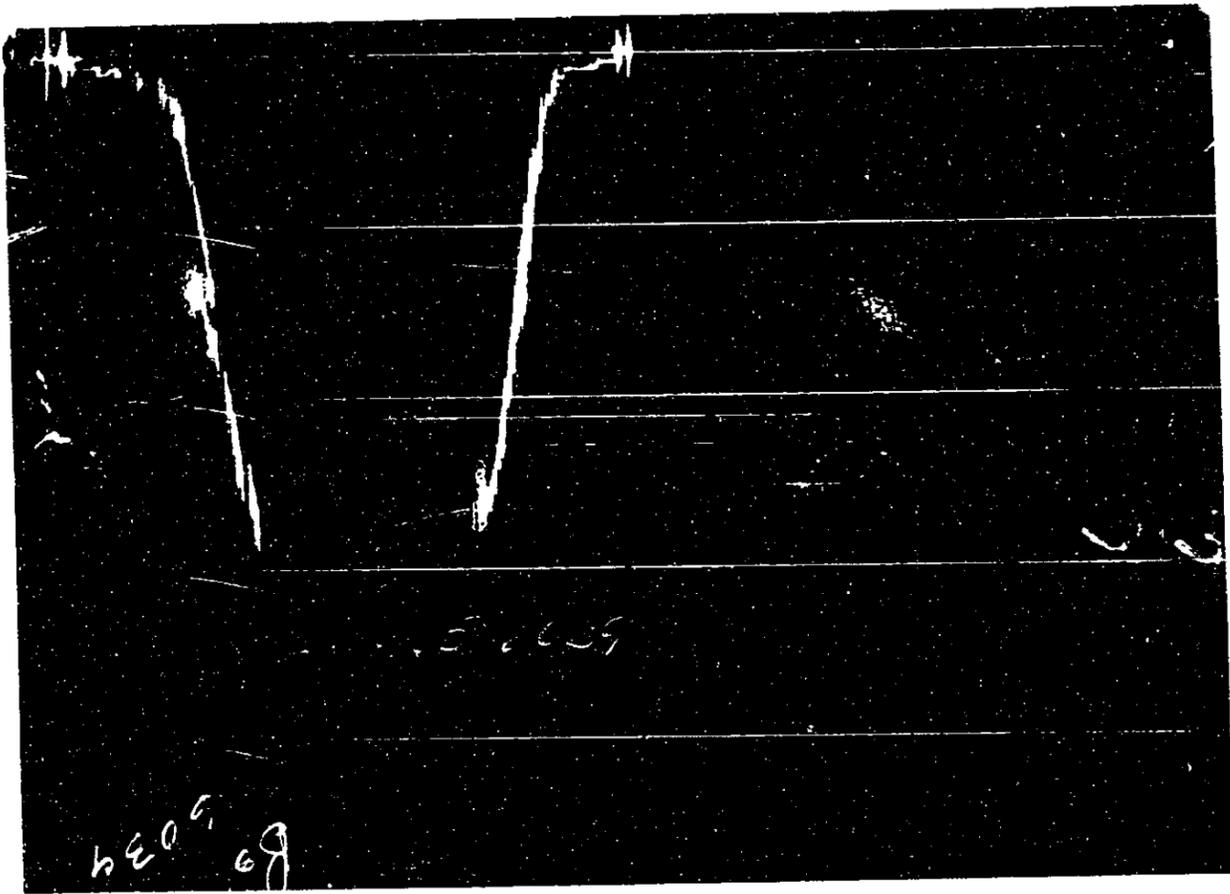
Each Horizontal Line Equal to 1000 p.s.i.

Test 4



C

C



D

Form 9-331
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPlicate
(Other instructions
verse side)

Form approved
Budget Bureau No. 42-R1424.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. 14-20-603-716
2. NAME OF OPERATOR Energy Reserves Group, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo
3. ADDRESS OF OPERATOR P. O. Box 3280, Casper, WY 82602		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 560' FNL & 660' FEL (NE NE 1/4)		8. FARM OR LEASE NAME Navajo Tribal
14. PERMIT NO. 1078		9. WELL NO. 5
15. ELEVATIONS (Show whether DF, RT, OR, etc.) GRD 5510'; KB 5523'		10. FIELD AND POOL, OR WILDCAT Teec Nos Pos - Ismay
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 26-T41N-R30E
		12. COUNTY OR PARISH Apache
		13. STATE Arizona

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	FILL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input checked="" type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	
(Other) <input type="checkbox"/>			

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The above described well was spudded at 10:00 P.M., 9-22-77.
Drilled 12-1/4" hole to 803' (K.B.)
Ran 19 jts. - 785.10' (net), 8-5/8" O.D., 32#, 8RTH, K-55, SS, R-2 & R-3,
new casing set at 802' (K.B.). Cemented w/560 sx. of Class B cement w/2%
CaCl2. Plug down at 11:36 P.M., 9-23-77. Good returns.
Pressure tested casing and BOPE to 800 psi. Held O.K.
Drilled out w/7-7/8" bit.

RECEIVED

SEP 29 1977

O & G CONS. COMM.

18. I hereby certify that the foregoing is true and correct
SIGNED Walter B. Barber TITLE Dist. Prod. Engr. - RMD DATE 9-26-77
(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL

RE-ENTER OLD WELL

Energy Reserves Group, Inc.

NAME OF COMPANY OR OPERATOR

Box 3280 Casper Wyoming
Address City State

Drilling Contractor
To Be Determined

Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor	Well number	Elevation (ground)
Navajo 14-20-603-716	Navajo Tribal #5	5510'

Nearest distance from proposed location to property or lease line:	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease:
3300' feet	2250' feet

Number of acres in lease:	Number of wells on lease, including this well, completed in or drilling to this reservoir:
2560	5

If lease, purchased with one or more wells drilled, from whom purchased:	Name	Address
	Amoco Production Co.	P.O. Box 591 Tulsa, Oklahoma

Well location (give footage from section lines)	Section—township—range or block and survey	Dedication (Comply with Rule 105)
560' FNL & 660 FEL	Sec. 26, T41N, R30E GSRM	80 Acres E/2 of NE/4

Field and reservoir (If wildcat, so state)	County
Teec Nos Pos - Ismay	Apache

Distance, in miles, and direction from nearest town or post office:
2 Miles north Teec Nos Pos Trading Post

Proposed depth:	Rotary or cable tools	Approx. date work will start
5640'	Rotary	July 1977

Bond Status	Organization Report	Filing Fee of \$25.00
Active	On file July 1970 or attached	Attached X

Remarks: Energy Reserves Group, Inc. proposes to drill the referred well with rotary tools. No cores are anticipated. Potential zones which may be tested are the lower Ismay at 5475' and the Desert Creek at 5640'. Copies of all logs ran will furnished upon completion of the well. Our anticipated completion zone is the Lower Ismay.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Field Services Administrator of Energy Reserves Group, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

RECEIVED

William J. Hunt
Signature

JUN 10 1977

June 6, 1977

D & G CONS. COMM.

Date

Permit Number: 1678
Approval Date: 6-13-77
Approved By: *W. J. Hunt*

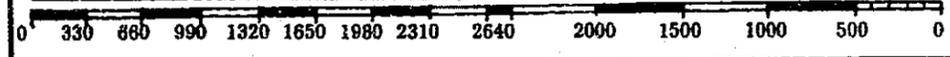
STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter
File Two Copies

Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

Form No. 3

1. Operator shall outline the dedicated acreage for both oil and gas wells on the plat.
2. A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
3. All distances shown on the plat must be from the outer boundaries of the Section.
4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES NO
5. If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES NO If answer is "yes," Type of Consolidation _____
6. If the answer to question four is "no," list all the owners and their respective interests below:

Owner	Land Description
	<p style="text-align: center;">CERTIFICATION</p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <p>Name _____</p> <p>Position Field Services Administrator</p> <p>Company Energy Reserves Group, Inc.</p> <p>Date June 6, 1977</p> <p>I hereby certify that the well location shown on the 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.</p> <p>Date Surveyed _____</p> <p>Registered Professional Engineer and/or Land Surveyor _____</p> <p>Certificate No. _____</p>



PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement
8 5/8"	24#	MU-46	0	500'	0 - 500'	360
5 1/2"	14#	K-55	0	5640'	5240' - 5640'	80



PERMIT TO DRILL

This constitutes the permission and authority from the
OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,

To: ENERGY RESERVES GROUP, INC.
(OPERATOR)

to drill a well to be known as

NAVAJO TRIBAL NO.5
(WELL NAME)

located 560 FTL & 660 FTL (NE/NE 1/4)

Section 26 Township 41N Range 30E, Apache County, Arizona.

The E/2 of the NE/4 of said
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 13 day of June, 1977.

OIL AND GAS CONSERVATION COMMISSION

By W.E. O'Leary
EXECUTIVE SECRETARY

PERMIT No 678

RECEIPT NO. 911
API Well No. 02-001-20228

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill

FORM NO. 27

SAMPLES ARE REQUIRED

COMPANY Energy Reserves Group, Inc.

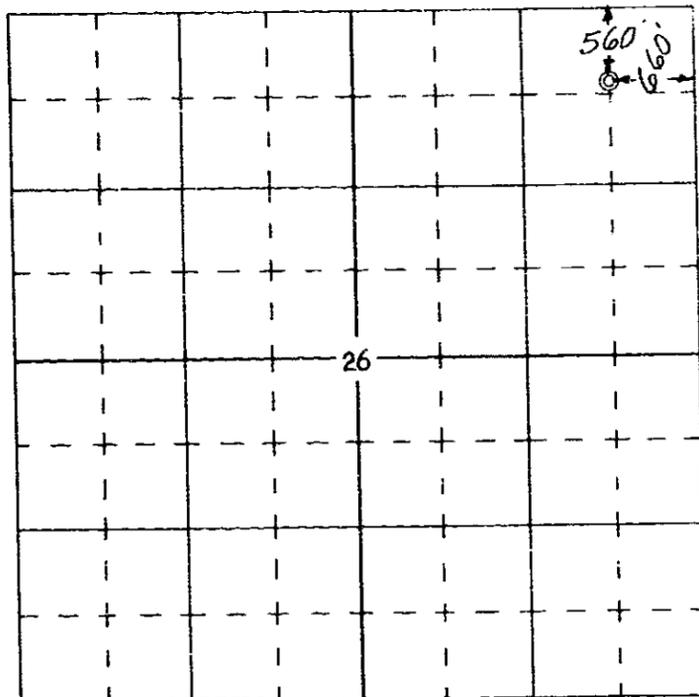
Well Name & No. Navajo "O" No. 5 Lease No. _____

Location 560 feet from North line and 660 feet from East line

Being in Apache County, Arizona

Sec. 26, T.41N., R.30E., G. & S.R.M.

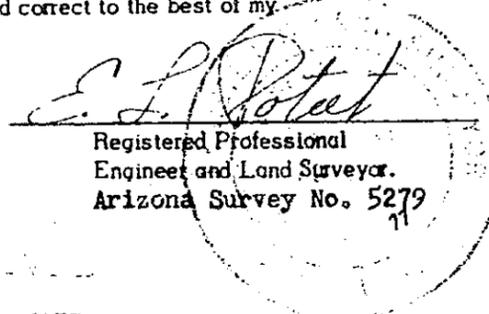
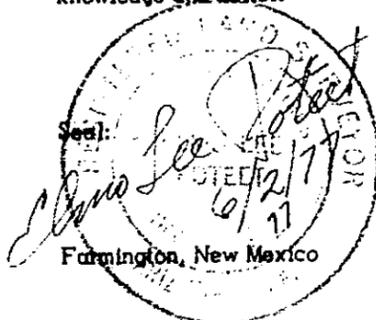
Ground Elevation 5510



Scale - 4 inches equals 1 mile

Surveyed June 2, 19 77

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.



RECORDED
JUN 1 1977

D & G CONS. COMM.

TEEC NOS POS FIELD

Operator: Cross Creek Corporation*

Bond Company **: Indian lands, bond posted with BIA

Amount: Unknown

Bond No.: Not applicable

Date approved: n/a

* In accordance with IBLA 92-541 affirmation of SDR 92-16 that Cross Creek Corporation is lessee of record and responsible to plug and abandon the five unplugged wells

** Pursuant to commission motion of October 31, 1997, no bond required with State of Arizona when bond is posted with the BIA.

Permits covered by this bond posted with the BIA:

232

582

640

663

678

✓ P4A 11-17-98



IN REPLY REFER TO

United States Department of the Interior

OFFICE OF HEARINGS AND APPEALS

Interior Board of Land Appeals
4015 Wilson Boulevard
Arlington, Virginia 22203

Permit # 678

CROSS CREEK CORP.

IBLA 92-541

Decided September 29, 1994

Appeal from a decision of the New Mexico State Office, Bureau of Land Management, affirming order to plug and abandon wells on Indian oil and gas lease. SDR-92-16.

Affirmed.

1. Board of Land Appeals—Bureau of Indian Affairs:
Generally—Bureau of Land Management—Indians: Mineral Resources: Oil and Gas: Generally—Res Judicata—Rules of Practice: Appeals: Jurisdiction

Where a decision by BIA declaring that an Indian oil and gas lease held in its extended term by production terminated for lack of production is not appealed, review of that termination is barred by the doctrine of administrative finality. Further, neither BLM nor the Board of Land Appeals has jurisdiction to review BIA's decision, which is committed entirely to its authority.

2. Bureau of Indian Affairs: Generally—Bureau of Land Management—Indians: Mineral Resources: Oil and Gas: Generally—Oil and Gas Leases: Assignments, and Transfers—Oil and Gas Leases: Termination

Where an Indian oil and gas lease held by production has been deemed by BIA to have terminated due to lack of production, BLM properly requires the lessee of record to plug and abandon wells on the leased land.

APPEARANCES: Earl P. Enos, Esq., Duncan, Oklahoma, for appellant.

OPINION BY ADMINISTRATIVE JUDGE HUGHES

The Cross Creek Corporation (Cross Creek) has appealed from the April 22, 1992, decision of the New Mexico State Office, Bureau of Land Management (BLM), affirming a February 12, 1992, order by the Farmington (New Mexico) Resource Area (FRA), BLM, requiring it to plug and abandon five wells located on Indian oil and gas lease 14-20-603-716. 1/

1/ The five wells are within the Teac Nos Pos Field, situated in Apache County, Arizona, within the Navajo Indian Reservation.

IBIA 92-541

At all relevant times, Cross Creek was the lessee of record under the lease, by virtue of a 1987 assignment of record title from BHP Petroleum (Americas), Inc., which was approved effective January 25, 1990, by the Bureau of Indian Affairs (BIA). 2/ Sometime in late 1989 or early 1990, Cross Creek sought BIA's approval of a February 15, 1989, assignment of record title to Dry Mesa Corporation (Dry Mesa), its designated operator. However, BIA never approved the assignment, despite the August 29, 1989, favorable recommendation of the lessor, Navajo Tribe of Indians (Tribe).

The facts, which are not disputed by Cross Creek, are as follows. Throughout the relevant time period, the subject lease, which had originally been issued effective December 22, 1954, was in its extended term, and thus held by production. That is, the lease continued so long as oil and/or gas was being produced in paying quantities. See 25 U.S.C. § 396a (1988); 25 CFR 211.10. Where a lease is held by production, the lease terminates by operation of law if production ceases during the extended term. See Mobil Oil Corp. v. Albuquerque Area Director, BIA, 18 IBIA 315, 331, 97 I.D. 215, 223 (1990).

For some time prior to the FRA's February 1992 order, none of the five wells on the leased lands was producing oil or gas (Decision at 1; see also Memorandum from the Chief, Branch of Mineral Resources, FRA, to BIA, dated Apr. 17, 1990). 3/ This was despite the fact that, by letter dated June 19, 1991, BIA had required Cross Creek to "commence production activities" within 30 days, test each well within 5 months, and either produce or plug and abandon each well, and thereafter to "diligently operate all active wells." In addition, BIA had warned that "[d]isruption of lease production for any reason without prior approval of the appropriate regulatory agencies will result in automatic termination of the lease without any further notification to the lessee." Id.

BIA notified Cross Creek by letter dated November 27, 1991, that the lease had "expired by its own terms effective November 19, 1991, for failure to produce the wells" (Decision at 1; see also Letter to BIA from the Director, Minerals Department, The Navajo Nation, dated Oct. 30, 1991). So far as we are aware, no appeal was taken by Cross Creek from BIA's November 1991 notification of termination of the lease.

2/ Jurisdiction regarding lease matters, including the approval of any assignment of record title to the lease, resided with BIA. See 25 U.S.C. §§ 1a, 2, 396a (1988); 25 CFR Part 211.

3/ The Board has obtained the five well files, which indicate that one of the wells is a salt water disposal well (No. 2) and the other four wells are, according to Dry Mesa, "played out" (Letter to BLM from Dry Mesa, dated Sept. 4, 1990). In particular, Dry Mesa reports that well Nos. 4 and 5 have been shut in since 1985, well No. 3 was producing less than three barrels of oil when it was shut in in 1987, and well No. 1 produced between three and five barrels of oil when it was last produced in 1987-88. See "Teec Nos Pos Proposed Plugging Program," attached to Letter to BLM from Dry Mesa, dated Sept. 4, 1990.

IBLA 92-541

The FRA subsequently issued its February 1992 order, requiring Cross Creek to plug and abandon the wells on the subject lease. 4/ On March 13, 1992, Cross Creek requested the BLM State Director to review that order, pursuant to 43 CFR 3165.3(b). Cross Creek contended that Dry Mesa, not Cross Creek, was liable for plugging and abandoning the wells since, although BIA had not approved the pending assignment of the lease to Dry Mesa, both BIA and BLM had recognized Dry Mesa as the de facto lessee. Alternatively, Cross Creek asserted that, if it were properly required to plug and abandon the wells, it should first have a reasonable opportunity to return the lease to production.

In its April 1992 decision, the State Office concluded that, in the absence of BIA's approval of the pending assignment of record title to Dry Mesa, Cross Creek remained ultimately liable for compliance with the terms of the lease, including the requirement to plug and abandon wells on the lease following its termination on November 19, 1991. Thus, it affirmed the FRA's February 1992 order requiring Cross Creek to plug and abandon the wells. Cross Creek has appealed from that decision.

In its statement of reasons for appeal (SOR), appellant repeats its contentions that BLM improperly required it to plug and abandon the wells and that (in any case), before doing so, appellant should have a reasonable opportunity to return the lease to production.

[1] We start with appellant's second contention, which can be viewed as an attack on the validity of BIA's decision declaring that the lease terminated, since appellant plainly cannot have an opportunity to produce from the lease if the lease was properly declared terminated. That is, the only way that appellant's argument could prevail is if BIA had improperly determined that the lease had terminated, thus preserving lessee's rights to further produce from the lease.

So far as we are aware, appellant did not seek administrative review of BIA's decision that the lease had terminated. In the absence of a timely appeal, the propriety of that termination is not properly subject to further review in the Department, but is barred by the doctrine of administrative finality. See Daymon D. Gililand, 108 IBLA 144, 147 (1989).

4/ The February 1992 order was preceded by other letters, dated Oct. 21, and 23, 1991, in which the FRA noted that the wells had long been approved for plugging and abandonment as a result of sundry notices approved by BLM on Oct. 3, 1990. The FRA required Dry Mesa to notify it, within 30 days, whether that had occurred and either submit the appropriate report or indicate when such activity was scheduled to be performed. Noting that Dry Mesa had failed to comply, BLM issued its February 1992 order, which specifically required Cross Creek, as the lessee of record, to notify BLM when the wells were scheduled to be plugged. The allowed time for compliance with that notice was 30 days from receipt of the letter.

In any event, BLM lacked authority to review questions regarding the termination noted by BIA, since the leased lands are tribal lands situated within an Indian reservation. See 43 CFR 3100.0-3(a). Rather, that matter was committed entirely to BIA. See 25 U.S.C. §§ 1a, 2, 396a (1988); 25 CFR Part 211. Thus, any questions regarding termination were not properly presented to BLM in appellant's March 1992 SDR request. By the same token, this Board may not adjudicate any question regarding lease termination, as we have no jurisdiction to review the BIA decision regarding lease termination. See 25 CFR 2.3 and 2.4; e.g., *Mobil Oil Corp. v. Albuquerque Area Director*, BIA, 18 IBIA at 332 n.14, 97 I.D. at 224 n.14. We, therefore, do not reach questions regarding whether BIA properly declared the lease terminated. 5/

[2] The authority to require that the wells be plugged and abandoned resides with BLM. 43 CFR 3160.0-1, 3160.0-2, 3161.1(a), 3161.2, and 3162.3-4; *Everett Hall*, 101 IBIA 362 (1988). BLM was authorized, in these circumstances, to require that any wells that had already been drilled be plugged and abandoned. *Daymon D. Gililland*, *supra* at 147. Appellant does not dispute that authority, but argues that BLM improperly required it, rather than Dry Mesa, to plug and abandon the wells.

Absent BIA's approval of the assignment of record title from appellant to Dry Mesa, appellant, as holder of record title, remained ultimately liable for compliance with the terms of the lease. 43 CFR 3106.7-2. 6/ BIA correctly notified appellant that, in the event of termination of the lease, it would be appellant's responsibility "to plug and abandon all wells on the lease" (Letter to Appellant from Acting Area Director, Navajo Area Office, BIA, dated June 19, 1991). Further, it is established that the lessee of record's liability extends after expiration of the lease. See *Glen Moruan*, 122 IBIA 36, 44 (1992).

Appellant contends that, as a result of certain actions by BLM and BIA, Dry Mesa became the "de facto lessee" and was therefore liable under the

5/ We do note that, as stated above, BIA's authority to declare a lease held by production terminated by operation of law when production ceases is well established. See *Mobil Oil Corp. v. Albuquerque Area Director*, BIA, 18 IBIA at 331, 97 I.D. at 223.

It is also established that BIA was not required to give appellant notice or an opportunity to re-establish production prior to termination: "Unlike 30 U.S.C. § [226(f)], the [Indian Mineral Leasing Act] does not require that notice be given before leases may expire by their own terms." 18 IBIA at 332, 97 I.D. at 224.

6/ BIA is the designated representative for management of Indian leases. An applicable regulation requires approval of assignments by the Secretary, and his designated representative for Indian leases is BIA. See 25 CFR 211.26(a). We express no opinion on whether BIA should have approved the pending assignment of record title to the lease from appellant to Dry Mesa prior to the November 19, 1991, expiration of the lease.

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lease. 7/ Appellant also notes that both BIA and BLM acknowledged Dry Mesa to be the operator under the lease and knowingly permitted it to conduct operations, including producing and selling oil and gas from the lease (see Letter to State Director, dated Mar. 9, 1992, at 2). 8/ Nothing that BIA and BLM permitted Dry Mesa to do was inconsistent with its role as operator under the lease. At the same time, BLM and BIA did nothing to indicate that Dry Mesa held record title. 9/

The assignment of operating rights under a lease has long been distinguished from the assignment of record title to the lease. 10/ Harry L. Bichee, 2 IBLA 23, 25, 27 (1971). Thus, although BIA and BLM may recognize that operating rights have been assigned to a particular party and allow those rights to be exercised (even going so far as to "approve" the

7/ Appellant also raises certain arguments regarding another Indian oil and gas lease, 14-20-603-4190, principally that it has been denied the benefits of that lease (see Letter to State Director, dated Mar. 9, 1992, at 2, 3). That lease was not the subject of BLM's April 1992 decision, and thus is not properly before the Board.

8/ Appellant also states that, when deciding to terminate the lease, BIA notified Dry Mesa, rather than appellant (see Letter to State Director, dated Mar. 9, 1992, at 2). It appears that BIA's Nov. 27, 1991, notification of termination was sent to appellant (see Decision at 1). We also attribute no significance to any notice that might have also been sent to Dry Mesa, who was the operator under the lease.

9/ Appellant states that, by assertedly permitting Dry Mesa to act as the lessee, BIA and BLM acted in violation of their regulations (Letter to State Director, dated Mar. 9, 1992, at 4). No regulations are cited. We find no substance to this charge.

Appellant indicates that no bond was required of Dry Mesa in connection with its operations on the lease (see *id.* at 2). The record indicates that appellant had, prior to acquiring record title to the lease, properly submitted a surety bond that covered operations on the lease (see Letter to Appellant from Acting Assistant Area Director, Navajo Area Office, BIA, dated Oct. 25, 1988). Since Dry Mesa was not the lessee of record, it was not required to submit a bond to conduct operations. See 25 U.S.C. § 396c (1988); 25 CFR 211.6(a).

The fact that Dry Mesa paid no bond actually supports the conclusion that Dry Mesa was never the lessee of record. The fact that appellant did pay the bond shows that it was the lessee of record.

10/ In particular, it appears that the assignment of operating rights does not require BIA approval. Appellant has provided a copy of a Sept. 30, 1988, letter from BIA, which states that, as of August 1987, it will no longer process assignments of operating rights. The assignment of record title does require BIA approval. See 25 U.S.C. §§ 1a, 2, 396a (1988); 25 CFR 211.26(a).

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assignment of operating rights), that action neither constitutes recognition that the party is the record title holder nor effects an approval of the assignment of record title to that party. See id. at 27.

The assignment of record title requires BIA approval. See 25 U.S.C. §§ 1a, 2, 396a (1988); 25 CFR 211.26(a). Since the assignment of record title, unlike the assignment of operating rights, gives rise to a contractual relationship between the lessor and the lessee's assignee, in order to effect a change in the holder of record title, the agency must affirmatively approve an assignment of record title, in order to bring the assignee under the prevailing terms of the contract with the lessor. See Alaska Statebank, 111 IBLA 300, 308 (1989). ^{11/} As appellant acknowledges, BIA never did so (see Letter to State Director, dated Mar. 9, 1992, at 2). Thus, appellant remained liable under the contractual terms of the lease and regulation.

Appellant also argues that the liability for plugging and abandoning a well stems only from operations conducted on a leasehold and that, since it has not undertaken any operations since January 1989, it cannot be made to plug and abandon (see Letter to State Director, dated Mar. 9, 1992, at 4). We disagree. It is established that, regardless of whether the lessee of record drilled or reworked the wells or produced from them, it is still ultimately responsible for plugging and abandoning them as the lessee of record, even if it did not profit from the earlier production. 43 CFR 3106.7-2; see Ralph G. Abbott, 115 IBLA 343, 346 (1990).

BLM and BIA were not required to wait until appellant and Dry Mesa sorted out their differences before taking action under the lease. Rather, they were entitled to look to appellant, as the lessee of record, for compliance with the production requirements of its lease, and, in the absence of any production, for compliance with the requirement to plug and abandon wells upon the termination of the lease. We, therefore, conclude that the State Office properly affirmed the FRA's 1992 order requiring appellant to plug and abandon the wells on Indian oil and gas lease 14-20-603-716. ^{12/}

^{11/} As we held in Alaska Statebank, supra, this procedure protects the government, by allowing it to determine whether the assignee is acceptable as a lessee.

^{12/} We also note that appellant is under the erroneous impression that BLM was prevented from requiring Dry Mesa to plug and abandon the wells, having failed to obtain a bond from it, and as a result proceeded against appellant (see Letter to State Director, dated Mar. 9, 1992, at 2). It would appear not only that BLM could have required Dry Mesa, as the designated operator, to plug and abandon the wells (see Glen Morgan, supra at 48; Ralph G. Abbott, supra at 346), but that it actually sought to do so. In any event, appellant is not absolved from its obligations as lessee of record because BLM might also have required Dry Mesa to comply.

IBLA 92-541

Accordingly, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

David L. Hughes
David L. Hughes
Administrative Judge

I concur:

C. Randall Grant, Jr.
C. Randall Grant, Jr.
Administrative Judge



Jane Dee Hull
Governor

State of Arizona
Arizona Geological Survey

416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500



Larry D. Fellows
Director and State Geologist

December 1, 1997

CERTIFIED MAIL

Mr. Ken Hand
15 Willowbrook
Wichita KS 67207

678

Re: Release of Performance Bond, C.D. #2538054

Dear Ken:

Our records show that Dry Mesa Corporation has no outstanding drilling or plugging obligations in Arizona. As a result, the referenced certificate of deposit and executed release form are enclosed.

It has been our pleasure working with you the past several years.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

SECURITIES SAFEKEEPING
1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: 11/7/97

STATE AGENCY NO. _____

STATE AGENCY OIL & GAS CONSERVATION COMM.

State Treasurer's Use Only

COMPANY DRY MESA CORPORATION ✓

P.O. BOX 5446

FARMINGTON NM 87499

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.:

BANK:

MATURITY DATE:

INTEREST RATE: %

AMOUNT \$

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.: 2538054 ✓

BANK: VALLEY NATIONAL BANK OF AZ ✓

MATURITY DATE: 11/24/92 ✓

INTEREST RATE: 8.0 % ✓

AMOUNT \$ 25,000.00 ✓

STATE TREASURER VALIDATION NO. _____

RECEIVED
 STATE TREASURER'S OFFICE
 NOV 17 10 05 AM '97

RECEIVED THE ABOVE RELEASE		STATE AGENCY AUTHORIZATION	
BY <u>Stewart Rainz</u> <u>11/7/97</u>	Authorized Signature	BY <u>Stewart Rainz</u>	Authorized Signature
OIL & GAS CONSERVATION COMMISSION Bank or Firm		STATE TREASURER AUTHORIZATION	
		BY <u>Katharine Johnston</u>	Authorized Signature
FOR BANK USE ONLY		BANK AUTHORIZATION	
Checked by _____	Verified by _____	BY _____ Authorized Signature	
		STATE'S DEPOSITORY BANK	

PERMIT 678

SECURITIES SAFEKEEPING
1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: 11/29/89

STATE AGENCY NO. _____

STATE AGENCY OIL & GAS CONSERVATION COMM. ✓

COMPANY DRY MESA CORPORATION ✓
P O BOX 5446

FARMINGTON, NEW MEXICO 87499

State Treasurer's Use Only

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.: 2538054 ✓

BANK: VALLEY NATIONAL BANK OF AZ ✓

MATURITY DATE: 11/24/92 ✓

INTEREST RATE: 8.0 % ✓

AMOUNT \$ 25,000.00 ✓

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.:

BANK:

MATURITY DATE:

INTEREST RATE: %

AMOUNT \$

STATE TREASURER VALIDATION NO. _____

RECEIVED
NOV 29 3 19 PM '89
STATE TREASURER

RECEIVED THE ABOVE RELEASE		STATE AGENCY AUTHORIZATION	
BY _____		BY <u>Kate Donnell</u>	
Authorized Signature		Authorized Signature	
Date		STATE TREASURER AUTHORIZATION	
Bank or Firm		BY <u>Katherine Jaramilla</u>	
Authorized Signature		Authorized Signature	
FOR BANK USE ONLY		BANK AUTHORIZATION	
BY _____		BY _____	
Authorized Signature		Authorized Signature	
Checked by _____		Verified by _____	
Authorized Signature		Authorized Signature	
STATE'S DEPOSITORY BANK			



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

March 8, 1994

Mr. Kenneth R. Hand
Dry Mesa Corporation
15 Willowbrook
Wichita, KS 67207

Dear Mr. Hand:

According to our records, Dry Mesa Corporation posted a \$25,000 state-wide performance bond on November 24, 1989, to cover its operations in the State of Arizona. Dry Mesa Corporation, therefore, meets the current bonding requirements of the Arizona Oil and Gas Conservation Commission to operate its existing, permitted oil and gas wells in Arizona.

Our records further indicate that Dry Mesa Corporation's bond currently covers six active permits at the Navajo-O (BIA 14-20-603-716) lease and five active permits at the Navajo-138 (BIA 14-20-603-4190) lease.

Please let me know if I can be of further assistance.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

c Dennis Peterson, First National Bank, Farmington, NM



Fife Symington
Governor

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795



Larry D. Fellows
Director and State Geologist

May 12, 1993

Mr. Ken Hand
Dry Mesa Corporation
15 Willowbrook
Wichita, KS 67207

Dear Mr. Hand:

I received your letter of May 6, 1993, requesting release from further liability on the Navajo "O" lease because "Dry Mesa Corporation has never owned any title interest in the subject Navajo "O" and resigned as interim operator of that lease some time ago."

Our records indicate that Dry Mesa Corporation assumed ownership and operatorship of the Navajo "O" (BIA 14-20-603-716) lease on or about February 1, 1989, and posted a \$25,000 performance bond (certificate of deposit) on November 24, 1989.

A.A.C. R12-7-103, copy enclosed, requires a performance bond to remain in effect until (1) the wells under the bond have been plugged and abandoned as approved by the Commission, or (2) the property is transferred and the transferee posts a new bond or bonds for the wells. As a result, I cannot release Dry Mesa Corporation's liability on the Navajo "O" lease because (1) the wells on the Navajo "O" lease have not been plugged or abandoned, and (2) a new owner has not put up a bond or bonds for the wells.

Please let me know if I can be of further assistance in this matter.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosure

c Larry D. Fellows

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87499
505 325-2058

6 May 1993



CERTIFIED MAIL NO. P 321 755 847
RETURN RECEIPT REQUESTED

Mr. Steve Rauzi
Arizona Geological Survey
845 Park Avenue
Suite 100
Tucson, Arizona 85719

678

Re: Navajo Tribal "0"
BIA 14-20-603-716
Apache County, Arizona

Dear Mr. Rauzi:

Dry Mesa Corporation has in effect and force a \$25,000.00 Certificate of Deposit that is pledged to the State of Arizona as a bond for operations on the subject lease as well as Navajo Tract 138, BIA 14-20-603-4190.

Dry Mesa Corporation has never owned any title interest in the subject Navajo "0" and resigned as interim operator of that lease some time ago. This letter is to request the State of Arizona to release Dry Mesa Corporation from any further liability concerning the Navajo "0" and make the current owner, Cross Creek Corporation, liable for any and all operations on that lease. This action will leave the \$25,000.00 bond in place but it will only pertain to Navajo Tract 138. Thank you for your help.

Sincerely,

Kenneth R. Hand
Kenneth R. Hand
PRESIDENT

MEMORANDUM TO FILE

DATE: JUNE 1, 1992

FROM: STEVEN L. RAUZI

SUBJECT: STATUS OF OPERATORSHIP AT THE TEEC NOS POS LEASE

I CONTACTED JOHN KELLER, BUREAU OF LAND MANAGEMENT, FARMINGTON, NEW MEXICO (BLM) WHO REFERRED ME TO KEN TOWNSEND OF THIS OFFICE.

KEN TOWNSEND WAS OUT, ACCORDING TO STEVE MASON:

1. FARMINGTON OFFICE BLM ORDERED CROSS CREEK TO P&A WELLS
2. CROSS CREEK APPEALED TO NEW MEXICO STATE OFFICE
3. NEW MEXICO STATE OFFICE UPHELD THE FARMINGTON ORDER TO P&A
4. CROSS CREEK APPEALED TO INTERIOR BOARD OF LAND APPEALS (IBLA)
5. IBLA COULD TAKE A COUPLE OF YEARS TO ISSUE DECISION

P/N 678

CERTIFIED MAIL P 718 638 830

CROSS CREEK CORPORATION

P. O. Box 1957
Duncan, OK 73534

March 9, 1992



State Director
Bureau Of Land Management
P. O. Box 27115
Santa Fe, New Mexico 87502-7115

Re: Navajo Tribal Lease No. 14-20-603-716

Sir:

This is to advise that we do hereby request an administrative review of the Orders of the Bureau of Land Management respecting the termination of the above referred to lease set out in your letter of February 12, 1992, addressed to Cross Creek Corporation. This request for administrative review is pursuant to applicable statutes and regulations particularly 43 C.F.R. Section 3165.3. We also request the opportunity to make oral presentation in support.

We believe, first, that Cross Creek Corporation should not be required to bear the expense of plugging the wells on the Navajo "O" lease, BIA Lease No. 14-20-603-716, hereinafter referred to simply as # 716.

We believe that the wells on this lease should not be plugged without giving Cross Creek Corporation an opportunity to make reasonable efforts to place them on production.

In support of our view we offer the following:

1. Cross Creek Corporation transferred all of its right, title and interest in and to Leases No. 716 and 4190 to Dry Mesa Corporation, together with operating rights, leaving it without any claim to or interest in those leases or the proceeds of production.
2. The Navajo Nation approved the assignment to Dry Mesa Corporation of both leases.
3. Dry Mesa Corporation posted a bond with the Oil and Gas Commission for the State of Arizona believing that to be appropriate.

4. Both Bureau of Indian Affairs, hereinafter referred to simply as BIA, and Bureau of Land Management, hereinafter referred to simply as BLM, accepted Dry Mesa Corporation as the owner and operator of both Leases No. 716 and 4190. They acknowledged Dry Mesa Corporation was operating on both leases and although they had not formally approved the assignment from Cross Creek Corporation to Dry Mesa Corporation and had not required bond to be posted by Dry Mesa Corporation they knowingly permitted Dry Mesa Corporation to conduct operations on both leases.

5. Both BIA and BLM knowingly permitted Dry Mesa Corporation to operate both leases, produce and receive income from them without requiring the requisite bond or security to be posted.

6. When BIA and BLM determined to cancel the Navajo "O" Lease, No. 716, it notified Dry Mesa Corporation thus acknowledging Dry Mesa Corporation to be the operator and lessee.

7. When BIA and BLM decided to terminate the lease on the Navajo "O", No. 716, it did not notify Cross Creek Corporation thus acknowledging that Cross Creek Corporation was neither the lessee nor the operator.

8. BLM's present inability to compel Dry Mesa Corporation to plug the wells on the Navajo "O" Lease, No. 716, is due directly to the failure of BLM and BIA to obtain the necessary bond or security from Dry Mesa Corporation at the time it assumed operations with the knowledge of the BIA and BLM and their implied consent.

9. BIA and BLM do implicitly acknowledge Dry Mesa Corporation to be the lessee and operator of Tract No. 138 lease, No. 4190, and yet they have never approved the assignment of the lease or operating rights and have never required Dry Mesa Corporation to post the requisite security.

10. The assignment of Tract No. 138 lease, No. 4190, and the Navajo "O" lease, No. 716, were part and parcel of the same transaction. It is obviously unfair to Cross Creek Corporation to permit Dry Mesa Corporation to continue as de facto operator and lessee of No. 4190 and receive the benefits therefrom without requiring Dry Mesa Corporation to assume the responsibilities of its companion lease.

11. It is obviously unfair to Cross Creek Corporation to compel the return of operations and status as lessee of the Navajo "O" lease, No. 716, (Lease No. 716) and its burden without at the same time acknowledging Cross Creek Corporation to be the lessee and operator of Tract No. 138 lease, No. 4190, and lending all assistance in permitting Cross Creek Corporation to enjoy the production from Tract No. 138 lease, No. 4190.

12. It is patently unfair to put the burden of plugging wells on the Navajo "O" lease, No. 716, without first giving Cross Creek Corporation the option of making reasonable efforts to put the wells back on production and at least attempt to re-coup the costs which might be required for plugging. Such an option must be without impossible conditions such as were placed on it by the Order dated June 19, 1991, to pay any outstanding obligations owed to the Navajo tribe with respect to this lease without determining at that time what those obligations were and so advising Cross Creek Corporation.

13. If Cross Creek Corporation is the lessee and operator of the Navajo "O" Lease, No. 716, because the assignment of the lease and operating rights to Dry Mesa Corporation were never approved by the BIA then by the same token Cross Creek Corporation is both the lessee and operator of the Tract No. 138 lease, No. 4190, and should be so confirmed by the BIA and the BIA and BLM should assist Cross Creek Corporation in securing possession of that lease and its production.

14. Since the BIA has not accepted the assignment of the lease or operating rights to Dry Mesa Corporation on Tract No. 138 lease, No. 4190, Cross Creek Corporation now formally makes demand on BIA and BLM not to permit Dry Mesa Corporation to operate and receive proceeds of production from that lease.

15. Since the BIA has not approved the assignment of the lease or the assignment of operating rights on Tract No. 138 lease, No. 4190, Cross Creek Corporation now makes formal demand on the BIA not to grant any tardy approval of the assignment of the lease or operating rights on that lease to Dry Mesa Corporation to the detriment of Cross Creek Corporation.

16. Since the BIA and the BLM have impliedly accepted Dry Mesa Corporation to be the operator of the Navajo "O" Lease, No. 716, then Cross Creek Corporation should have been released of any obligations or responsibilities with respect to that lease and its bond released as to that lease. To do otherwise is to impose an unfair obligation on Cross Creek Corporation.

17. BIA and BLM both permitted Dry Mesa Corporation to remove equipment from the Navajo "O" Lease, No. 716, in violation of their own rules and regulations. Having done so it is unfair to require Cross Creek Corporation to assume any responsibilities for placing said lease back on production having permitted it to be robbed of the necessary equipment.

18. It is unfair to Cross Creek Corporation to put the burden of plugging the wells on the Navajo "O" Lease, No. 716, when both BIA and BLM acquiesced in the assumption of operations by Dry Mesa Corporation and impliedly acknowledged Dry Mesa Corporation to be the operator when they failed to require the posting of adequate security in violation of its own rules and regulations.

19. The BIA and BLM having impliedly, if not formally, acknowledged Dry Mesa Corporation to be the operator and lessee of the Navajo "O" Lease, No. 716, then Dry Mesa Corporation is the only entity liable for any breach of the rules of the BIA or the BLM and Cross Creek Corporation should not be saddled with any responsibility which rightfully should go to Dry Mesa Corporation.

20. The BIA and BLM both knowingly allowed Dry Mesa Corporation to perform as though it was both lessee and operator of the Navajo "O" Lease, No. 716, in violation of its own rules and regulations.

21. According to BIA and BLM rules and regulations liability for plugging results from "operations" and since Cross Creek Corporation has not performed any operations on the Navajo "O" Lease, No. 716, since January, 1989, it would follow it cannot be made to plug the wells.

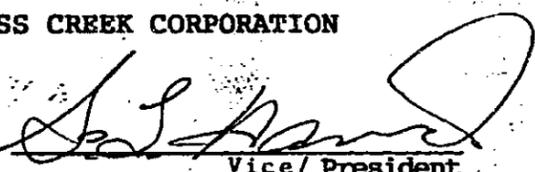
We therefore respectfully request:

That responsibility for plugging the wells on the Navajo "O" Lease, No. 716, should be enforced against Dry Mesa Corporation.

If BIA and BLM insist Cross Creek Corporation has to plug the wells we ask that Cross Creek Corporation be granted a reasonable opportunity to put the wells back on production.

Respectfully submitted

CROSS CREEK CORPORATION

By: 
Vice/ President

cc/BLM, Farmington, NM
BIA, Window Rock, Az.
Navajo Tribe, Window Rock, Az.
~~Arizona Geological Survey, Tucson, Az.~~

SCHEDULE "A"

Documentation in support of the request by Cross Creek Corporation for administrative review by State Director, Bureau of Land Management, of orders respecting Navajo Tribal "O" BIA Lease No. 14-20-603-716.

- 1) Assignment and conveyance dated April 1, 1987, from BHP Petroleum to Cross Creek Corporation.
- 2) Collective bond on behalf of Cross Creek Corporation (\$50,000.00) required by Bureau of Indian Affairs.
- 3) Letter of October 25, 1988, from BIA approving bond.
- 4) Letter of August 16, 1988, showing approval by the Navajo Nation of assignment of Lease No. 716 to Cross Creek Corporation.
- 5) Letter of March 13, 1990, from BIA showing approval by BIA of assignment of Lease No. 716 to Cross Creek Corporation.
- 6) Agreement dated February 15, 1989, of Leases No. 716 and 4190 between Cross Creek Corporation and Dry Mesa Corporation.
- 7) Assignment and conveyance of Leases No. 716 and 4190 from Cross Creek Corporation to Dry Mesa Corporation.
- 8) Assignment of Lease No. 716 from Cross Creek Corporation to Dry Mesa Corporation.
- 9) Letter of September 6, 1989, from the Navajo Nation showing approval of assignment of Lease No. 716 to Dry Mesa Corporation.
- 10) Letter dated September 15, 1989, from Cross Creek Corporation to BIA.
- 11) Letter dated November 13, 1989, from area director of BIA to Dry Mesa Corporation.
- 12) Letter dated April 20, 1990, from area director of BIA to Dry Mesa Corporation requiring bond.
- 13) Letter dated June 19, 1991, from area director of BIA to Cross Creek Corporation stipulating conditions for operating Lease No. 716.
- 14) Letter dated October 21, 1991, from BLM to Dry Mesa Corporation regarding plugging.

- 15) Letter dated December 16, 1991, from BLM to Dry Mesa Corporation regarding plugging requirements and assessment of fine.
- 16) Letter dated January 24, 1992, from Arizona Geological Survey to Cross Creek Corporation.
- 17) Letter dated May 8, 19__, from Cross Creek Corporation to area director of BIA regarding reduction in bond.
- 18) Letter dated September 30, 1988, from BIA to Cross Creek Corporation advising that BIA "will no longer process assignment of operating rights, but these documents will still have to be submitted to the Navajo tribe for tribal approval and to the BIA for record purposes only."

A:\Cross-A



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

January 24, 1992

Mr. Scott Hand
Cross Creek Corporation
P. O. Box 1957
Duncan, Oklahoma 73534

678

Re: BIA Lease 14-20-603-716, Navajo "O", Apache County, Arizona

Dear Mr. Hand:

I received word today that Dry Mesa Corporation has resigned as interim operator of the BIA Lease 14-20-603-716 (Navajo Tribal "O") in Apache County, Arizona as requested by the Bureau of Indian Affairs.

Mr. Stephen Mason of the Bureau of Land Management in Farmington informed me that the BIA considers Cross Creek Corporation to be the legitimate operator of the lease. He indicated that you would probably plug and abandon the wells according to the plugging and abandonment plans submitted by Dry Mesa Corporation and as modified by the BLM in Farmington.

Dry Mesa Corporation has submitted these plans to the Commission and I am enclosing copies of our Form 10, Plugging Record, for your use in reporting the work actually done after the wells have been plugged and abandoned. The Commission will accept copies of all reports submitted to the BLM throughout this process, but will require Form 10, properly filled out, upon completion of the work.

I would appreciate learning of your intent in this matter and please don't hesitate to call me if you have any questions.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator



Fife Symington
Governor

State of Arizona
Arizona Geological Survey

845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Larry D. Fellows
Director and State Geologist

January 24, 1992

Mr. Ken Hand
Dry Mesa Corporation
15 Willowbrook
Wichita, KS 67207

678

Dear Ken:

Enclosed is the copy of the December 1991 injection report for the Dry Mesa Field. I received your letter wherein you resigned as interim operator of the Navajo "O" lease in Apache County. Since your letter is dated January 16, 1992, I believe it would be appropriate that you submit the December 1991 injection and production reports for the Navajo "O" lease.

Sincerely,

Steve

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosure

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87409
505 325-2058

16 January 1992

CERTIFIED MAIL P 321 755 830
RETURN RECEIPT REQUESTED

678

Mr. Stephen Mason
Department Of The Interior
Bureau Of Land Management
Farmington Resource Area
1235 La Plata Highway
Farmington, New Mexico 87401

Re: BIA Lease 14-20-603-716
Navajo Tribal "O"
Apache County, Arizona

Dear Mr. Mason:

This letter is to inform the Bureau Of Land Management that Dry Mesa Corporation has resigned as interim Operator of the subject lease.

Sincerely,

Kenneth R. Hand
Kenneth R. Hand



1-24-92

Steve Mason indicated that the Navajo's (BIA) informed Ken that he had no rights to the Navajo O and that ownership will revert to Cross Creek.

FLOYD SCHMIDT
RR #3
Baldwin City, KS 66006
913-594-3417



INSTRUMENT

RICK COOPER
1632 Valleyview Court
Wichita, KS 67212
316-722-7537



117 E. Patterson
Bellefontaine, OH 43311
513-592-5025

Steve:

I am enclosing a copy of a letter
where Dry Mesa resigned as operator
of the Navajo "O".

There was no production in December
but if you need some paperwork, call me
here in Farmington.

Thanks,

Ken



— We Go To The Edge For You, Our Customer —

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87499
505 325-2058

November 1, 1990

Dan Brennan
Arizona Oil and Gas Commission
5150 North 16th Street Suite B-141
Phoenix, Arizona 85016

RE: Teec Nos Pos Plugging Program
Apache County, Arizona

Dear Mr. Brennan:

Regarding your letter dated October 9, 1990, Dry Mesa Corporation is revising its proposed plugging program. For your information, the BLM approved the original proposed plugging plans for wells #1, #3, #4, and #5 with these changes:

1. Instead of plugging off the Winnegate Formation, the upper aquifer to protect is the Chinle. Tops for the Chinle as reported by the BLM are #1 - 1535', #3 - 1620', #4 - 1710', and #5 - 1955'.

2. A 50' cement plug must be placed down the surface casing/production casing annulus.

Since the Arizona O&G Commission requires a plug 50' above, 50' below, and across the aquifers and since the aquifers are >300' thick, the original proposed perforate and squeeze plugging method will not be adequate. Our recent squeeze experience showed that the only places where a decent bond was obtained was in that part of the hole with no or very little washout. The original hole is probably not in gauge through these aquifers. Therefore, I think we will have to shoot and pull the production casing to get a plug like the Commission requires.

Before I submit a revised plugging program, I would like to make sure we agree on formation tops and bases for the two plugging horizons. Here are my picks for the plugging horizons:

#232
582
640
663
678

Well	#1	#2	#3	#4	#5
Base Surface Casing	1522'	1539'	514'	507'	802'
Top Chinle	1532'	1687'	1624'	1710'	1955'
Base Chinle	1810'	2030'	1910'	2020'	2270'
Top De Chelly	2488'	2640'	2533'	2667'	2940'
Base De Chelly	2800'	2955'	2888'	2980'	3260'
Top Cement (EST)	4680'	2614' (CBL)	4594' (CBL)	4800' (EST)	4700' (CBL)

For wells #1, #3, #4, and #5, I will propose that we:

1. squeeze perfs
2. set a CIBP
3. shoot and pull casing 500' above top of cement
4. place plug #1 50' above to 50' below top and base of De Chelly
5. place plug #2 50' above to 50' below top and base of Chinle
6. place plug #3 50' above to 50' below base of surface casing
7. place plug #4 50' below to surface inside surface casing

For Well #2, the two squeeze jobs at 3500' and 3100' have left cement outside casing up to a depth of 2614' (CBL). It is my guess that the squeeze hole at 3100' is where the casing leak is at. Would a squeeze of this interval satisfy the Commission for a plug in the De Chellys (assuming this squeeze hole is leaking)? Obviously, we could not pull the casing below 2614' and two squeeze jobs have already been performed to try and get cement over the De Chellys with very little success. We may shoot and pull casing from a depth of 2400' to get a plug in the Chinle and a plug at the surface. I am working with the EPA to see what changes they will require in the original plan before I send a revised plan to you. They indicated that there would be a few minor changes and were going to send out a letter to every one within the next two weeks. Look this over and see what you think.

Sincerely

Bob Hand
Bob Hand



Oil and Gas Conservation Commission
STATE OF ARIZONA

5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

October 9, 1990

P/W 232, 582, 640, 662, 678

Mr. Bob Hand
Dry Mesa Corporation
P. O. Box 5446
Farmington, NM 87499

Dear Bob:

Following up on our recent conversation, I am sending you copies of the electric logs on the five wells you are talking about plugging. I have marked them in a couple of ways: First in red are the "scout" tops for the De Chelly; Second in blue ink are whatever "sample" tops we have.

Our rule for plugging requires cement across and 50 feet above and below "fresh water strata." Frankly for this purpose I don't care what name anybody gives to the formation--if it is an aquifer we have to protect it. So it seems to me that we ought to pick the porous zones, perhaps as identified by the SP curves, our criteria for what ought to be protected.

As you can see on the logs, the given tops don't correlate. So what I suggest is going from the sample log and E-log on each well and correlating the porosity zones and cementing across them. For instance, the No. 1 well clearly the porosity zone extends from 2489 to 2800, although it doesn't look very porous from, say, 2670 to 2800. But as we know, SP is supposed to be suppressed by fresh water zones.

The E-log on the No. 2 well is terrible, but the sample log shows porosity 2640 to 2955.

Mr. Bob Hand
Dry Mesa Corporation

October 9, 1990
Page 2

Following is a table I have worked out from our information.

	1	2	3	4	5
	E-log	Spl	E-log	Spl	E-log*
Top Wingate porosity zone	**	800	**	**	? ? ?
Base Wingate porosity zone	**	1090	**	**	? ? ?
Top "De Chelly" porosity zone	2488	2490	2640	2650? 2700	2533 2667 2940
Base "De Chelly" porosity zone	2670? 2800	2800	2955?	2955	2710? 2880? 3100
Top ORGAN Rock	2798	2800	2955	2955?	2888 2980 3260

* No sample log or log started too deep
** Interval not logged

The only well in the field on which we have a decent driller's log is the No. 12. (Copy enclosed.) It reports a shallow water flow, which I assume is the Wingate, and a deeper one (from the De Chelly?) which they had to kill with 9.3 lb. mud. So those do seem to be the zones to plug.

They sure didn't do anybody any favor when they drilled, logged, cased, and cemented these holes.

The porosity logs are all questionable in my mind because the hole is so big. The sample logs we have show the section which is enlarged to be loose or friable sand which lead me to think it has lots of porosity, and if porosity, presumably also water.

You have proposed a single perforation to cement off the Wingate and De Chelly zones outside the pipe. I doubt if one hole is enough to cement these big intervals shown in the tables.

Mr. Bob Hand
Dry Mesa Corporation

October 9, 1990
Page 3

Have you thought about shooting off the pipe above the cement and pulling it for whatever salvage value it may have? If you pull the pipe, you could do a lot better job of plugging without the nonsense of the perforating and squeezing, and we could be sure the cement plug blocks off the aquifers.

Let me know what you think.

Very truly yours,



Daniel J. Brennan
Executive Director

Enclosure

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87499
505 325-2058

September 5, 1990

Mr. Dan Brennan
Arizona Oil and Gas Commission
5150 North 16th Street Suite B-141
Phoenix, Arizona 85016 September 5, 1990

711 582
678

Dear Mr. Brennan:

Dry Mesa Corporation received a letter from the BLM dated August 15, 1990 (copy of letter enclosed) which basically stated that since the SWD Well #2 in Teec Nos Pos Field had failed a mechanical integrity test, Dry Mesa Corporation needs to submit plugging and abandonment plans for this well. Therefore, please find enclosed preliminary plugging and abandonment plans for the 5 wells that Dry Mesa Corporation operates in Teec Nos Pos Field. Besides BLM and State of Arizona standards, Well #2 falls under the UIC Program (underground injection control) which is sponsored by the U.S. EPA. This gives the EPA final authority and say so as to how this well is plugged. The other four wells on the lease are oil wells that have played out. They will be plugged according to BLM and State of Arizona requirements.

Dry Mesa Corporation is not in any hurry to plug these wells but we do want to be in compliance with BLM standards and to get our paper work in and approved. Please review the enclosed material to see if it will meet the States requirements. Also, if there are any areas where the proposed plugging program may be redundant or unnecessary, please bring these to our attention. If there are any questions or comments, please contact us. Thank you for your time.

Sincerely,

Bob Hand

Bob Hand

DRY MESA CORPORATION

POST OFFICE BOX 5446
FARMINGTON, NEW MEXICO 87499
505 325-2058

Teec Nos Pos Proposed Plugging Program

In response to a letter Dry Mesa Corporation received from the BLM regarding plugging of the Navajo "O" #2 SWD well, Dry Mesa Corporation is submitting plugging and abandonment plans for all 5 wells that it operates in Teec Nos Pos Field, Apache County, Arizona.

Teec Nos Pos Field has played out. Wells #4 and #5 have been shut-in since 1985. The field has a limited water drive and both of these wells have watered out. Well #3 was making less than 3 bls/day of oil when it was shut-in in 1987. Well #1 was making 3 - 5 bls/day of oil when it was operated steadily in 1987-88. Well #1 has since lost annular gas pressure to run the pumpjack engine. Repeated attempts to restore gas pressure by pumping the well off with butane brought out to the lease in tanks has been unsuccessful. To restore Wells #1 and #3 to production would require:

1. Getting a pipeline hookup and purchasing lease gas from Northwest Pipeline to run the pumpjacks.
2. Replacing the existing downhole pumps and several joints of tubing per well.
3. Acidize both wells and give them a paraffin treatment; pressure test and repair flowlines due to the highly corrosive fluids at Teec Nos Pos
4. Do road work to get the workover equipment on to the lease.
5. Repair vandalized surface equipment including gauges and pumpjack engine parts.
6. The major expense to repair and reequip Well #2 for brine disposal or, pay to have produced water hauled off.

Dry Mesa Corporation can not justify doing this work when the anticipated combined production from these 2 wells will most likely be less than 10 bls/day.

Therefore, for Wells #1, #3, #4, and #5, find enclosed a BLM proposed plugging form, a generalized plugging diagram, a current wellbore sketch, and a proposed plugging program with specific well plugging information included. Note that Well #2 is a SWD well and is included in the UIC Program (underground injection control) sponsored by the U. S. EPA. The EPA has final jurisdiction for plugging this well. A copy of the proposed plugging program that was submitted to the EPA for Well #2 is included, however, it has not been approved at this time.

Dry Mesa has not established a timetable to commence plugging operations at Teec Nos Pos Field. If there are any questions, comments, or changes in the proposed plugging program that you may have or if there are any areas of the proposed program that you feel are unnecessary or redundant, please contact us.

PROPOSED PLUGGING PROGRAM for TEEC NOS POS FIELD

The following is a generic plugging program to be followed in the plugging of Dry Mesa Corporation Wells #1, #3, #4, #5 in Teec Nos Pos Field, Apache County, Arizona. Well #2 is a SWD well and falls under the jurisdiction of the UIC Program (underground injection control) sponsored by the EPA. Therefore, Well #2 will be plugged according to EPA regulations.

All wells use 5-1/2", 14#, J-55 production casing. Casing capacity is 0.137 cubic ft/foot. Cement for plugging will be Class 'B', 15.6 ppg slurry weight, 1.18 cubic feet/sack slurry volume.

1. Remove surface equipment, NU BOP stack, TOH w/ existing tubing.
2. TIH w/ squeeze tool. Squeeze existing perforations w/ 35 sacks Class 'B' cmt. TOH w/ squeeze tool.
3. TIH w/ CIBP. Set plug 25' above top perf. Place 25 sack cmt plug on top of CIBP. Mix and circ 9.2 ppg mud to fill hole. TOH.
4. TIH w/ perf gun. Perf #1 at 50' below top of the De Chellys; Perf #2 at 50' below top of Winnegate; and Perf #3 at 50' below surface casing shoe. TOH w/ perf gun.
5. PU packer. RIH and set packer at 100' above Perf #1. Pump 45 sacks Class 'B' cmt below packer. (5-1/2" casing capacity is 12 sacks/100' - this leaves a 12 sack plug inside 5-1/2" casing and a 33 sack plug outside 5-1/2" casing). Release packer and pull up to 100' above Perf #2. Pump 45 sacks Class 'B' cmt below packer. Release packer and pull up to 100' above Perf #3. Pump 45 sacks Class 'B' cmt below packer. Release packer and TOH. Lay down packer.
6. TIH to 50'. Mix and pump 6 sacks Class 'B' cmt. TOH. ND BOP stack.
7. Cut off casing head. install permanent marker.
8. Cut off tie downs, remove accessible flow lines, fill all pits, restore surface as required by BLM Surface Management Agency Standards.

WELL SPECIFICS

	PERFORATIONS	TOP OF DE CHELLYS	TOP OF WINNEGATE	SURFACE CASING SHOE
#1	5122'-5140'	2488'	1234'	1522'
#3	5214'-5228'	2582'	1324'	514'
#4	5314'-5326'	2667'	1385'	501'
#5	5506'-5510'	3007'	1643'	802'
	5591'-5601'			
	5628'-5634'			
	5647'-5654'			

A change from the proposed plan will be needed for Well #1 because the surface casing shoe is below the Winnegate Formation. On Well #1, it is proposed that the 5-1/2" casing be perforated at 2538' (50' below the top of the De Chellys), 1572' (50' below the surface casing shoe) and at 150'.

Well #1: CIBP @ 5097'; perf #1 @ 2538'; perf #2 @ 1572'; perf #3 @ 150'; plug #1 @ 5097' - 4897'; plug #2 @ 2538' - 2438'; plug #3 @ 1572' - 1472'; plug #4 @ 150' - 50'; plug #5 @ 50' - surface.

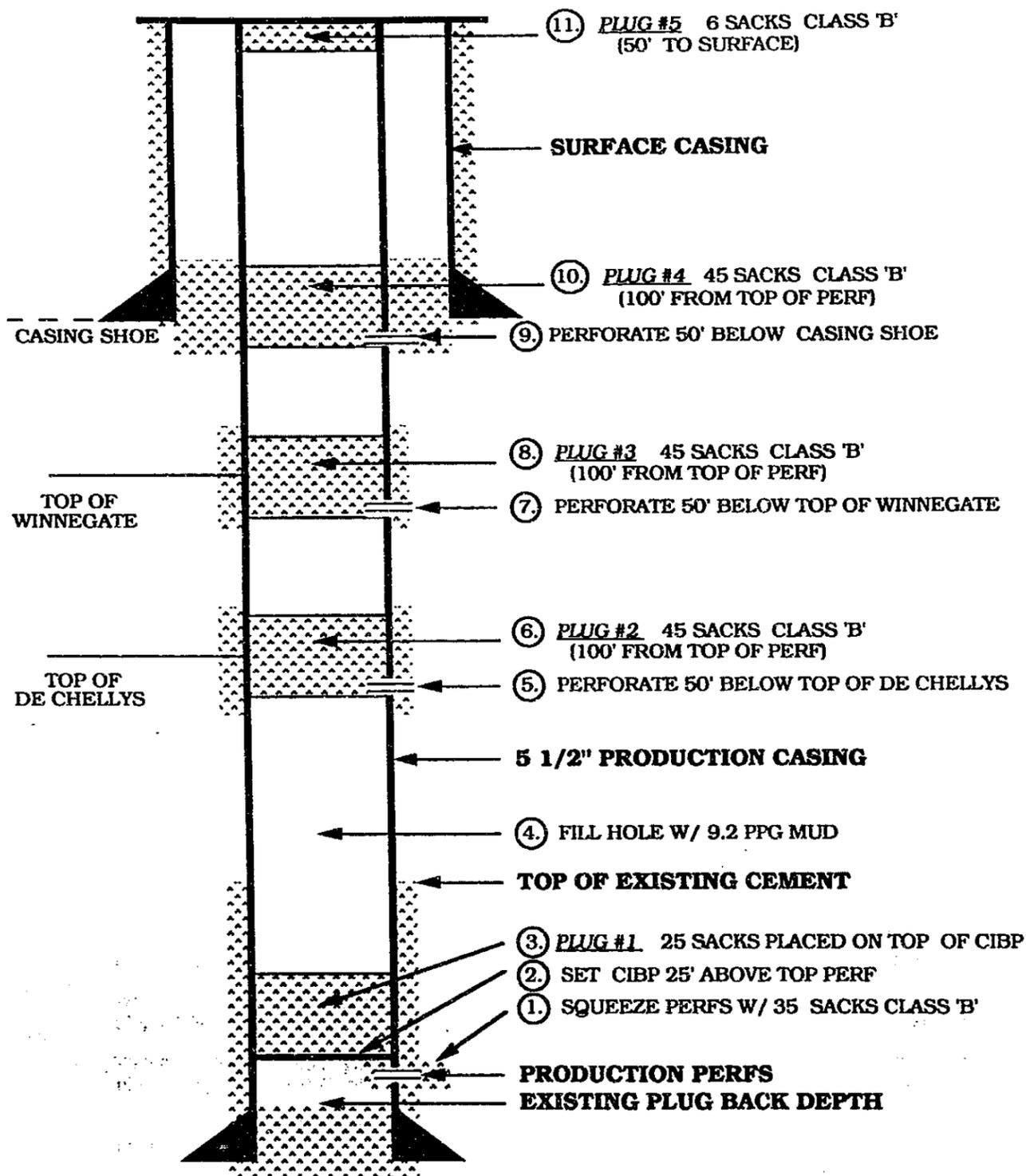
Well #3: CIBP @ 5189'; perf #1 @ 2632'; perf #2 @ 1374'; perf #3 @ 564'; plug #1 @ 5189' - 4989'; plug #2 @ 2632' - 2532'; plug #3 @ 1374' - 1274'; plug #4 @ 564' - 464'; plug #5 @ 50' - surface.

Well #4: CIBP @ 5289'; perf #1 @ 2717'; perf #2 @ 1435'; perf #3 @ 551'; plug #1 @ 5289' - 5089'; plug #2 @ 2717' - 2617'; plug #3 @ 1435' - 1335'; plug #4 @ 551' - 451'; plug #5 @ 50' - surface.

Well #5: CIBP @ 5489'; perf #1 @ 3057'; perf #2 @ 1693'; perf #3 @ 852'; plug #1 @ 5489' - 5289'; plug #2 @ 3057' - 2957'; plug #3 @ 1693' - 1593'; plug #4 @ 852' - 752'; plug #5 @ 50' - surface.

PROPOSED PLUGGING DIAGRAM

FOR TEEC NOS POS WELLS #1, #3, #4, & #5
APACHE COUNTY, ARIZONA



AZ OIL & GAS
CONSERVATION COMMISSION

JAN 26 1990

CROSS CREEK CORPORATION
P.O. BOX 1957
DUNCAN, OK. 73534-1957

January 23, 1989

Arizona Oil & Gas Commission
5150 N 16th Street B141
Phoenix, Az. 85016

RE: Dry Mesa Field , Tract 138 Lease
Teec Nos Pos Field, Navajo "0"

Attention: Dan Brennan

Dear Sir:

Enclosed herewith please find copies of the following
information:

Tax Sale Notice
Letter to Apache County Treasurer
Agreement of Sale & Purchase

If you have any questions please feel free to call.

Thank you,



Scott L. Hand
Cross Creek Corporation

CROSS CREEK CORPORATION
P.O. BOX 1957
MUNCAN, OK. 73534-1957

AZ OIL & GAS
CONSERVATION COMMISSION

JAN 26 1990

January 23, 1990

Lavere O. Connolly
Apache County Treasurer
P.O. Box 699
St. Johns, Az. 85936

RE: Parcel ID 989-12-700-00-8

Dear Mr. Connolly:

Enclosed herewith please find a copy of the Agreement of Sale and Purchase from Cross Creek Corporation to Ken R. Hand d/b/a Dry Mesa Corporation effective February 15, 1989 for Operating Rights of the leases this tax statement covers. For your convenience I have highlighted the following items:

- #2) Buyer's Representations (c)
- #5) Taxes
- #7) Effective Date
- #15) Miscellaneous

Cross Creek Corporation has mailed or delivered to Kenneth R. Hand d/b/a Dry Mesa Corporation, P.O. Box 5446, Farmington, NM 87499 and/or #15 Willowbrook, Wichita, Ks. 67207, any and all tax statements, requests and demands as follows:

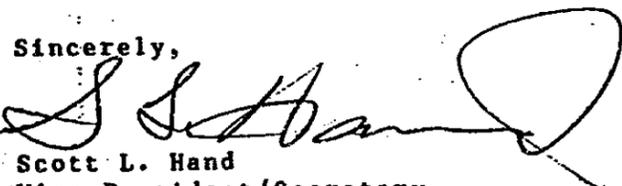
- a) Copy 1988 Tax Statement, delivered 2/13/89
- b) Original 1988 Tax Stment, delivered 2/14/89
- c) Delinquent Tax Notice, mailed 10/5/89
- d) 1989 Original Tax Statement, mailed 10/5/89
- e) Tax Sale Notice, mailed 1/23/89

We have also notified by mail, the sale of these properties, to the Arizona Department of Revenue, Division of Evaluation and Equalization, Sales, Use & Severance Tax Division and Apache County Tax Assessor.

We are asking that any further request regarding these properties be sent to the current operator, Kenneth R. Hand d/b/a Dry Mesa Corporation at the address or addresses above.

Thank you for your prompt attention and cooperation in this matter.

Sincerely,


Scott L. Hand
Vice-President/Secretary

cc: Kenneth R. Hand d/b/a Dry Mesa Corporation
cc: Arizona Oil & Gas Commission

**AZ OIL & GAS
CONSERVATION COMMISSION**

LAVERE O. CONNOLLY
APACHE COUNTY TREASURER
P. O. BOX 699
ST. JOHNS, ARIZONA 85936
TELEPHONE: (602) 337-4364 EXT. 252

JAN 26 1990

JAN 22 REC'D

JANUARY 8, 1990

CROSS CREEK CORP.
SCOTT HAND
P. O. BOX 447
FARMINGTON, N. M. 77057

PARCEL ID 989-12-700-00-8
DESCRIPTION VALUE OF PRODUCING OIL AND GAS INTEREST

**** TAX SALE NOTICE ****

YEAR	RECEIPT	TAX CERT	TAX	INTEREST	TOTAL
88 F	43741		8,993.06	1,438.89	10,431.95
89 F	43644		4,403.62	88.07	4,491.69
TOTAL IF PAID BY FEBRUARY 1, 1990					14,923.64

PAYMENT MUST BE MADE BY CERTIFIED CHECK, CASHIERS CHECK, OR POSTAL MONEY ORDER.
THIS PARCEL HAS DELINQUENT TAXES. ADDITIONAL TAXES, INTEREST, AND PENALTIES MAY BE DUE.
UNDER THE PROVISIONS OF THE STATUTES COVERING DELINQUENT TAXES, IT IS MANDATORY FOR ME TO ADVERTISE & SELL ALL TAXES OLDER THAN 1989, WHICH ARE OUTSTANDING AGAINST THIS PROPERTY AFTER FEBRUARY 1, 1990 (ARS #42-385).

SINCERELY YOURS,
LAVERE O. CONNOLLY
APACHE COUNTY TREASURER

JAN 26 1990

AGREEMENT OF SALE AND PURCHASE

This agreement made and entered into this 15th day of February, 1989 by and between CROSS CREEK CORPORATION, an Oklahoma corporation, with an office and place of business at #30 Road 1990, Farmington, New Mexico 87499; hereinafter sometimes called "Seller," and DRY MESA CORPORATION, a Delaware corporation, with an office and place of business at #15 Willowbrook, Wichita, Kansas 67207, hereinafter sometimes called "Buyer."

Seller agrees to sell and Buyer agrees to buy for the sum described hereinafter the following described and referred to properties and interests which are together hereinafter sometimes referred to as the "Subject Interests."

All of Seller's right, title and interest in and to:

1. All of those properties, rights and interests described on Exhibit "A", attached hereto and made a part hereof for all purposes, together with all operating rights as to the oil, gas and mineral leases described on Exhibit "A".
2. Together with all units associated with the oil, gas and mineral leases noted on said Exhibit and all personal property, improvements, moveables, easements, permits, licenses, servitudes and rights-of-way situated upon or used or useful or held for future use in connection with the exploration, development, maintenance or operation of the properties, rights and interests described in No. 1 hereinabove or the production, treating, storing or transportation of the oil, gas or other minerals produced from such leases, including, but not by way of limitation, wells, tanks, boilers, buildings, fixtures, machinery and other equipment, pipelines, power lines, telephone and telegraph lines, roads and other appurtenances situated upon or used or useful or held for future use in connection with the exploration, development, maintenance or operation of the properties, rights and interests described in No. 1 hereinabove or the production, treating, storing or transportation of oil, gas or other minerals produced from the properties, rights and interests described in No. 1 hereinabove.

This agreement does not cover the sale and conveyance of any gas purchase pipelines, gas purchase facilities or gas purchase contracts.

This agreement and conveyance is made and accepted subject to the following terms and conditions:

1. Seller's Representations: Seller represents to Buyer:
 - (a) That the Subject Interests include all the property rights acquired by CROSS CREEK CORPORATION on those leases. (See Exhibit "A".)
 - (b) That, to the best of Seller's knowledge, there are no administrative proceedings, litigations or claims pending (other than those listed below), affecting or relating to the ownership, use, operation or maintenance of the Subject Interests.
 - (c) That, to the best of Seller's knowledge, all oil and gas leases, contracts, licenses, easements, permits and other rights and interests comprising

any portion of the Subject Interests are now and shall be as of the date of closing in full force and effect according to their respective terms and provisions and that all rights granted thereby are valid and subsisting, and Seller has received no notices or demands affecting or relating to such rights.

- (d) That, to the best of Seller's knowledge, all payments of rentals, royalties, and other charges, if any, required by the terms and provisions of the oil, gas and mineral leases, contracts, licenses, permits and easements comprising any portion of the Subject Interests to be made prior to closing date to prevent forfeiture or termination thereof shall have been fully and timely paid.
- (e) That all consents, waivers or permissions required for the valid and effective conveyance and assignment to Buyer of any rights or interests included within the Subject Interests have been obtained or will be obtained prior to the date of closing, and, if requested by Buyer, satisfactory evidence thereof will be furnished to Buyer at or before the date of closing.
- (f) That Seller has caused no lien to attach to any of the Subject Interests.
- (g) Seller has full power and authority to enter into and perform its obligations under this agreement and has taken all proper corporate action to authorize entering into this agreement and the performance of its obligations hereunder.
- (h) That Seller shall not have received, prior to the closing date, any prepayment for production of oil, gas or other minerals from the Subject Interests produced subsequent to the effective date hereof except payments for which Seller will make proper accounting to Buyer on the date of closing.
- (i) The conveyance and assignment from Seller to Buyer of the Subject Interests will contain no warranty of title to the Subject Interests, either expressed or implied, except that as to those items listed on Exhibit "A". Seller warrants that the Subject Interests have not been disposed of, mortgaged or encumbered by Cross Creek Corporation.

2. Buyer's Representations: Buyer represents to Seller:

- (a) That Buyer is negotiating this transaction and entering into this contract for its own account.
- (b) That Buyer will promptly cooperate in the closing of the transaction evidenced hereby after being informed by Seller that the papers necessary for such conveyance have been prepared.
- (c) That Buyer will promptly post a bond necessary to meet the requirements of operation of the Subject Interests. The buyer will accept any and all liabilities that should occur by the absence of such bonds.

3. Buyer's Conditions to Closing: The obligations of Buyer under this agreement to purchase the Subject Interests

shall, at Buyer's option, be conditioned upon the following:

- (a) Seller shall have performed all of the terms and provisions contained in this agreement to be performed.
 - (b) At the date of closing, no suit, action or other proceeding shall be pending or threatened in which it is sought to restrict or prohibit the consummation of the sale of the Subject Interests as contemplated by this agreement or in which title of Seller to any part of the Subject Interests is brought into question.
4. Records, Contracts and Files: If requested by Buyer, all original lease and land records, and all existing contracts, well files, including all well logs, core analyses, drilling records, filed forms, and all other materials pertaining to the Subject Interests in possession of Seller and copies or duplicates of which Buyer does not have shall be delivered to Buyer and, as of closing, shall become the property of Buyer as a part of the Subject Interests.
 5. ~~Property and/or mineral interests and all necessary interest taxes that remain unpaid against the Subject Interests shall be the responsibility of Buyer.~~
 6. Conditions and Covenants: Buyer agrees that from and after the effective date, hereinafter noted, it will assume and carry out all conditions and covenants and obligations contained in the leases, contracts, licenses, easements and permits comprising the Subject Interests which Buyer is legally obligated to perform. Seller declares that, to the best of its knowledge, such conditions, covenants and obligations have been fully complied with and performed down to the effective date hereinafter noted and agrees to hold Buyer harmless from any claim or judgment arising out of Seller's failure to so comply with and perform any such conditions, covenants and obligations with which Seller was legally obligated to comply or as to which Seller was legally obligated to perform.
 7. ~~The conveyance and assignment of Subject Interests to Buyer shall be made effective as to the date set forth above.~~
 8. The Buyer will assume ownership of any and all oil remaining in the tanks on the Subject Interests. The Seller will receive all monies for oil sold before the effective date and will pay all royalties and severance taxes due upon said production. After such royalties and taxes are paid, fifty (50) percent of the remaining monies will be paid to Hay Hot Oil under the terms of Exhibit "C", and the remaining fifty (50) percent will be credited to Sun's Interest.
 9. Closing Date: This sale and purchase shall be consummated and closed on the day first written above.
 10. Operation of Subject Interests: All costs and expenses of the operation of the Subject Interests after the effective date shall be charged to the account of Buyer and shall be paid solely by Buyer.
 11. Delivery of Records, Contracts and Files: At the time of

closing, or as soon thereafter as possible, Seller shall deliver to Buyer all records, contracts, files and other materials herein required to be furnished and delivered by Seller and which have not already been so delivered to Buyer. At closing, Seller shall then deliver to Buyer instruments of assignment and conveyance covering all of the Subject Interests duly executed and acknowledged on behalf of Seller.

12. Payment of Purchase Price: Buyer agrees to assume the liabilities as shown on Exhibit "B". The liability to Hay Hot Oil, Incorporated will be met under the conditions as set out in an agreement between Hay Hot Oil, Incorporated and Cross Creek Corporation and attached as Exhibit "C". The liability to Cross Creek Corporation will be met by and in a promissory note and agreement between the Buyer and Seller and a copy herein attached as Exhibit "D".
13. Negotiations of This Sale and Purchase: Each party represents that it has negotiated this transaction only through its own personnel and has incurred no obligation to any agent or broker for any commission in connection with this transaction.
14. Entire Agreement: This agreement contains the entire agreement between the parties hereto with respect to the transaction covered hereby and supersedes all prior agreements between the parties, oral or written, relating to the subject matter of this agreement. This agreement shall extend to and be binding upon the heirs, successors and assigns of the parties hereto. An assignment shall be executed in consummation of this agreement. Any conflict between said assignment and this agreement shall be resolved in favor of this agreement.
15. Miscellaneous:
 - (a) The personal property, improvements and moveables included in the Subject Interests are to be conveyed without any warranties, expressed or implied, as to quality, merchantability or fitness for use of or for a particular purpose. Additionally, such items will be conveyed "as is" and "where is."
 - (b) ~~Buyer agrees to indemnify and hold Seller harmless from any and all claims, attorneys' fees, costs, court expenses, interest, penalties, damages, rulings and judgments accruing on and after the effective date and based on or in any way related to the use, operation, maintenance or for maintenance of the personal property, improvements and moveables included in the Subject Interests.~~
 - (c) ~~Buyer agrees that, upon completion of this transaction, it solely assumes the responsibility to properly and promptly plug and abandon all wells needing such operations and located on the Subject Interests.~~
 - (d) ~~Buyer shall fully comply with all rules, regulations, orders, laws and rulings with respect to the Subject Interests and agrees to indemnify and hold Seller harmless from any attorneys' fees, judgments and damages accruing on and after the effective date and resulting from Buyer's failure to so comply.~~

- (e) Buyer shall fully comply with all terms, covenants and conditions of the oil, gas and mineral leases included in the Subject Interests and all related documentation and agrees to indemnify and hold Seller harmless from all claims, demands, fines, attorneys' fees, judgments and damages accruing on and after the effective date and resulting from Buyer's failure to comply.
- (f) Buyer hereby agrees to indemnify and hold harmless Seller from all attorneys' fees, costs, fines, damages, claims, judgments, and losses, accruing after said effective date, and resulting from, arising out of our association with, or our obligations with the Subject Interests, or any part thereof.
- (g) Buyer and Seller, for themselves and any related business concerns, hereby waive and release any and all claims and causes of action in favor of Buyer or Seller, and any related business concern, against Buyer or Seller, and any related business concern, and arising out of the contractual or business relationship of Buyer and Seller, or any related business, as to the Subject Interests, excluding this Agreement of Sale and Purchase and said Assignment executed pursuant to this Agreement of Sale and Purchase. If this waiver and release is legally ineffectual then Buyer and Seller hereby agrees to indemnify and hold harmless each other from any and all claims, damages and causes of action in behalf of each (or in behalf of any affiliate or related business concern of each) except for those claims, damages and causes of action arising by virtue of or pursuant to this Agreement of Sale and Purchase or said Assignment, and arising out of, related to or associated with the contractual or business relationship of Seller (or any affiliate or related business concern of Seller) with Buyer (or any affiliate or related business concern of Buyer) as to the Subject Interests.
- (h) The conveyance of the Subject Interests shall be made specifically subject to any and all conveyances, reservations and matters of record in Apache County, Arizona, or the Bureau of Land Management, even though such conveyances, reservations and matters are not specifically recited herein or in said conveyance, to any gas purchase contracts currently in force as to the Subject Interests, if any, and to all non-consent elections by seller or its predecessors in interest.

This agreement may be executed in one or more counterparts, each of which shall have the same validity as the original. This instrument is signed effective as to the date first written above.

SELLER: CROSS CREEK CORPORATION


S. L. Hand
Vice President/Secretary

BUYER: DRY MESA CORPORATION

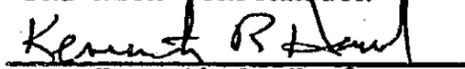

Kenneth R. Hand
President

EXHIBIT "A"

LEASE SCHEDULE

LEASE NO.	NAME	LEASE DATE & TERM	BASIC RI	ORRI BURDEN	DESCRIPTION	GROSS ACRES	NET ACRES
BIA 14-20-603-4190	Navajo Tract 138	05/28/58 HBP	16.67%	-0-	Township 40 North, Range 28 East Section 1 : All Section 2 : All Section 11 : All Section 12 : All	2,357.00	1,178.50
					Apache County, Arizona		
BIA 14-20-603-716	Teec Nos Pos	10/07/54	12.5%	-0-	Township 41 North, Range 30 East Section 23: S $\frac{1}{2}$ Section 25: W $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 26: NE $\frac{1}{4}$	640.00	640.00



Oil and Gas Conservation Commission
STATE OF ARIZONA
3110 N. 19th AVENUE, SUITE 190
PHOENIX, ARIZONA 85015
PHONE: (602) 255-5161

December 24, 1987

BHP Petroleum
5613 DTC Parkway, Ste 600
Englewood, CO 80111

Attn: J. W. Bair

Gentlemen:

Thank you for your letter of Dec. 21, 1987, confirming the sale of property in the Dry Mesa and Teec Nos Pos fields to Cross Creek Corp.

Please be aware that your bonds (Nos. 731451 and 8111-66-21) on these properties cannot be released until Cross Creek files their own bond(s), which to date they have not done.

If we can be of any assistance, please advise.

Sincerely,

R. A. Ybarra
R. A. Ybarra
Enforcement Director

RAY:lr

RECEIVED
DEC 23 1987

O & G CONSV. COMM.

Suite 600
5613 DTC Parkway
Englewood, Colorado 80111
Telephone (303) 850-9090
DEX: (303) 850-9110

December 21, 1987



Oil and Gas Conservation Commission
State of Arizona
Suite 190
3220 N. 19th Avenue
Phoenix, Arizona 85015
Attn: R. A. Ybarra

Re: Transfer of Property
Dry Mesa and Teec Nos Pos Fields
Apache County, Arizona

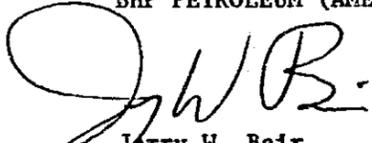
Gentlemen:

Pursuant to your letter dated October 14, 1987 (copy attached), this is to notify you that Tract 138 property in Dry Mesa Field and property in Teec Nos Pos Field, Apache County, Arizona, has been sold by BHP Petroleum (Americas) to Cross Creek Corporation, P. O. Box 1957, Duncan, Oklahoma 73534. Operations were assumed from BHP by Cross Creek at 7:00 a.m. on April 1, 1987. A list of wells involved is attached.

If you have any further questions, please do not hesitate to contact us.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.


Jerry W. Bair

/js
Attachment



Oil and Gas Conservation Commission

STATE OF ARIZONA

3110 N. 19th AVENUE, SUITE 190

PHOENIX, ARIZONA 85015

PHONE: (602) 255-5161

October 14, 1987

BHP Petroleum Company, Inc.
1300 Post Oak Tower
5051 Westheimer
Houston, TX 77056

RE: Transfer of Property
Dry Mesa and Teec Nos Pos Fields
Apache County, Arizona

Gentlemen:

We understand that certain wells located in the above-captioned fields have been transferred to Cross Creek Corp., effective July 20, 1987.

Please be informed that BHP is also required to notify the Commission in writing to confirm the transfer. Identify and give a location for each well transferred and confirm the effective date of transfer.

Your bonds, Nos. 731451 and 8111-66-21, will be released as soon as we receive proper bonding from the new operator.

If you have any questions on this matter, please call.

Sincerely,

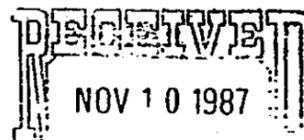
R. A. Ybarra

R. A. Ybarra
Enforcement Director

/kb

NOV 4 1987

cc: Cross Creek Corp.
P. O. Box 447
Farmington, NM 87499-0447



BHP PETROLEUM
DNV LAND DEPT.

WELL LOCATIONS

BHP Petroleum (Americas) Inc.

<u>Well Name</u>	<u>Description</u>
Old Trading Post #1	790' FSL and 1850' FWL Sec. 10, T26N, R14W
Navajo "O" #1	1880' FWL and 660' FSL Sec. 23, T41N, R30E
Navajo "O" #2	1830' FSL and 1930' FEL Sec. 23, T41N, R30E
Navajo "O" #3	1000' FSL and 900' FWL Sec. 23, T41N, R30E
Navajo "O" #4	660' FSL and 660' FEL Sec. 23, T41N, R30W
Navajo "O" #5	560' FNL and 660' FEL Sec. 26, T41N, R30E
Navajo Tract 138 #1	660' FNL and 660' FEL Sec. 11, T40N, R28E
Navajo Tract 138 #2	1980' FNL and 660' FWL Sec. 12, T40N, R28E
Navajo Tract 138 #3	760' FSL and 2035' FEL Sec. 2, T40N, R28E
Navajo Tract 138 #6	1689.5' FSL and 2289.7' FWL Sec. 2, T40N, R28E

1300 Post Oak Tower
5051 Westheimer
Houston, Texas 77056
Telephone (713) 877-5999
Fax (713) 877-5950
Telex 262496



August 19, 1986

Mr. R. A. Ybarra
Enforcement Director
Oil & Gas Conservation Commission
State of Arizona
1645 West Jefferson, Suite 420
Phoenix, Arizona 85007

Re: BHP Petroleum (Americas)-
Bond #731451
BHP Petroleum Company -
Bond #8111-66-21

Dear Mr. Ybarra:

Pursuant to your request July 16, 1986 of Ms. Diana Jones, we submit the following well information by company:

BHP Petroleum Company Apache County, Arizona
Formerly: Monsanto Oil Company
Dry Mesa Field
Navajo Tract 138
Well #'s

State Permit No.

1	77
2	106
3	115
6	852

Legal Description on the above is: Sec 1, 2, 11 & 12 TWP 40N-29.

BHP Petroleum (Americas) Apache County, Arizona
Teec Nos Pos, Ismay Field
Navajo Tribal '0'

<u>Well #'s</u>	<u>State Permit No.</u>	<u>Section No.</u>
1	232	23
2	582	23
3	640	23
4	663	23
5	678	26
6	683	25
9	687	26

TWP 41N-30E.

RECEIVED

SEP 6 1977

O & G CONS. COMM.

Energy Reserves Group, Inc.
P.O. Box 3280
Casper, Wyoming 82601
Phone 307 265 7331

 Energy Reserves Group

September 2, 1977

State of Arizona
Oil and Gas Commission
1645 West Jefferson
Suite 420
Phoenix, Arizona 85007

Attn: W. E. Allen

Re: Well - Navajo Tribal "O" No. 5
NE/NE Sec. 26, T41N, R300
Apache County
Permit No. 678

Dear Mr. Allen:

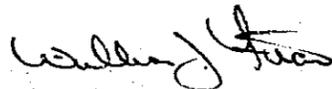
Thank you for your letter of August 29, 1977 concerning the expiration of the referenced permit.

We would appreciate a ninety day extension to allow for the availability of a drilling rig.

We have contracted with Coleman Drilling Co. to drill the well. They have indicated that the rig should be available by mid September.

If any additional information is required please let us know.

Sincerely yours,
ENERGY RESERVES GROUP, INC.



William J. Fiant
Field Services Administrator

WJF/vdd

Enclosures

August 29, 1977

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

Re: Energy Reserves Group Navajo Tribal "0" No. 5
NE/4 NE/4 Sec. 26, T41N, R30E, Apache County
State Permit 678

Dear Dean:

This is to advise that the permit on the above-referred well will expire on September 13, 1977. Should you wish an extension on this permit, please advise prior to the expiration date.

Very truly yours,

W. E. Allen
Director
Enforcement Section

WEA/vb



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

June 13, 1977

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

Gentlemen:

Attached is your approved application to drill, your drilling permit and a copy of your receipt for the \$25.00 filing fee. Also enclosed are the necessary forms to keep us advised of your progress.

Please note that 10' samples from surface to T.D. are required.

If we can be of any assistance, please advise.

Very truly yours,

W. E. Allen
Director
Enforcement Section

WEA/vh

Enc.