

BHP Pet. (Americas) Inc. ERG
Nav. "0" 13, Apache Cty 689
SW SW Sec. 25, T41N R30E



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 'O' NO. 13
(WELL NAME)

located 660 FSL & 660 FWL (SW/SW 1/4)

Section 25 Township 41N Range 30E, Apache County, Arizona.

The W/2 of the SW/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 9th day of December, 19 77.

OIL AND GAS CONSERVATION COMMISSION

By [Signature]
EXECUTIVE SECRETARY

PERMIT N^o 689

RECEIPT NO. 1021
API Well No. 02-001-20237

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill

FORM NO. 27

SAMPLES ARE REQUIRED

Energy Reserves Group, Inc.
P.O. Box 1201
Wichita, Kansas 67201

NAME STATE OF ARIZONA

ARF NO.

MO.	VO.	SEC.	SUB.	INVOICE / DESCRIPTION	AMOUNT
				<p style="text-align: center;">RECEIVED DEC 9 1977 O & G CONS. COMM.</p> <p>Filing Fee for Drilling Application Navajo "O" No. 13 SW/SW Sec. 25, T41N-R30E Apache Co. Arizona</p>	\$25.00

PLEASE DETACH BEFORE DEPOSITING

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL

RE-ENTER OLD WELL

Energy Reserves Group, Inc.
NAME OF COMPANY OR OPERATOR

P.O. Box 3280, Casper Wyoming
Address City State

Coleman Drilling Company
Drilling Contractor
Farmington, New Mexico
Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor <u>Navajo Tribal 14-20-603-716</u>	Well number <u>13</u>	Elevation (ground) <u>5,210 (ungraded)</u>
Nearest distance from proposed location to property or lease line: <u>660'</u> feet	Distance from proposed location to nearest drilling, completed or applied--for well on the same lease: <u>1,300'</u> feet	

Number of acres in lease: <u>2,560</u>	Number of wells on lease, including this well, completed in or drilling to this reservoir: <u>13</u>
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If lease, purchased with one or more wells drilled, from whom purchased: Name Address
Amoco Production Company, P.O. Box 591, Tulsa, Oklahoma

Well location (give footage from section lines) <u>660' FSL & 660' FWL</u>	Section--township--range or block and survey <u>Sec. 25-T41N-R30E</u>	Dedication (Comply with Rule 105) <u>80 acres W/2SW/4</u>
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Field and reservoir (if wildcat, so state) <u>Teec Nos Pos</u>	County <u>Apache</u>
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Distance, in miles, and direction from nearest town or post office:
1/2 mile north of Teec Nos Pos Trading Post

Proposed depth: <u>5,390'</u>	Rotary or cable tools <u>Rotary</u>	Approx. date work will start <u>December, 1977</u>
Bond Status <u>Active</u>	Organization Report	Filing Fee of \$25.00
Amount <u>\$25,000.00</u>	On file <u>July, '77</u> or attached	Attached <u>X</u>

Remarks:

Energy Reserves Group, Inc., proposes to drill the referenced well with rotary tools. No cores are anticipated. Potential zones which may be tested are the Lower Ismay at 5,161' and the Desert Creek at 5,246'. Copies of all logs run will be furnished upon completion of the well. Our anticipated zone of completion is the Lower Ismay.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Field Services Administrator 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 9 1977

O & G CONS. COMM.

William J. [Signature]
Signature

November 17, 1977
Date

Permit Number: 689
Approval Date: 12-9-77
Approved By: [Signature]

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

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

Form No. 3

COMPANY Energy Reserves Group, Inc.

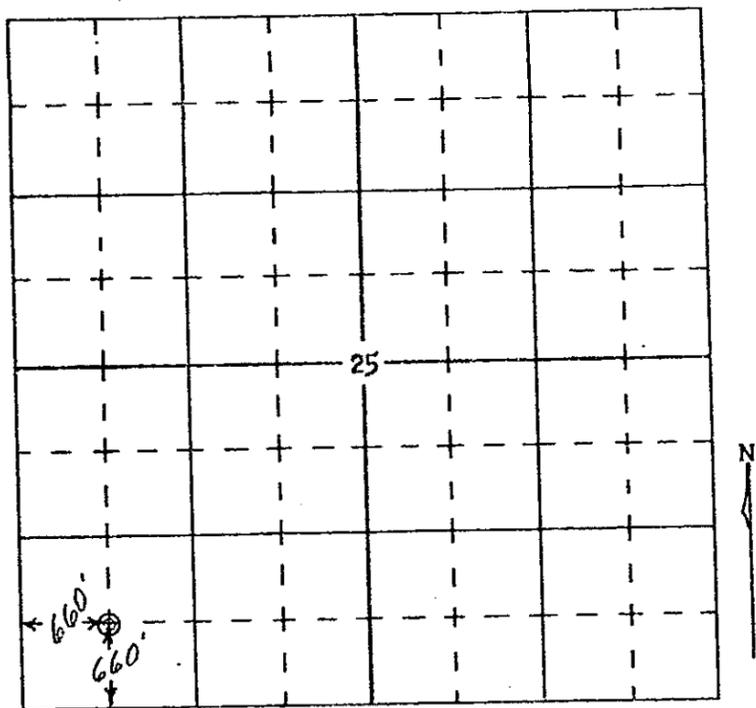
Well Name & No. Navajo "O" No. 13 Lease No. _____

Location 660 feet from South line and 660 feet from West line

Being in Apache County, Arizona

Sec. 25, T.41N., R.30E., G. & S.R.M.

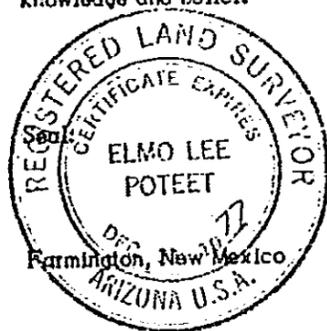
Ground Elevation 5210



Scale - 4 inches equals 1 mile

Surveyed November 5, 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.



RECEIVED

DEC 9 1977

O & G CONS. COMM.

Registered Professional
Engineer and Land Surveyor
Arizona Surveyor No. 5279

ARIZONA U.S.A.

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

 Energy Reserves Group

D & G CONS. COM

February 22, 1979

State of Arizona
Oil & Gas Conservation Commission
1645 W. Jefferson, Suite 420
Phoenix, Arizona 85007

Attn: Mr. Bill Allen

Re: Drilling Permits
Teec Nos Pos Field
Apache County, Arizona

Dear Mr. Allen:

This letter is to inform you of our present plans concerning the above-referenced field.

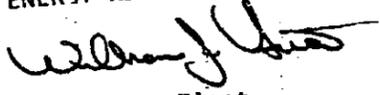
It appears that Navajo Tribal policy concerning mineral development is not too clear at this time. We have personally experienced conflicts concerning surface rights for lands which were involved in two proposed drilling wells (#11 & 13). The problems which we have experienced, plus public-made comments from tribal officials tend to present an unstable situation. We have decided to defer any development plans until a later date.

We would like to rescind any current applications for permit to drill at this time.

Your assistance in this matter has been greatly appreciated. We look forward to working with you and your staff in the future.

Very truly yours,

ENERGY RESERVES GROUP, INC.



William J. Fiant
Field Services Administrator

WJF/kat

689



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
~~PHONE: (602) 255-5161~~
PHONE: (602) 255-5161

January 19, 1979

Mr. Charles S. Pierson
Office of the Attorney General
1801 West Jefferson
Fourth Floor
Phoenix, Arizona 85007

Re: Energy Reserves Group Navajo "0"
No. 13 Well, our File 689

Dear Mr. Pierson:

I am enclosing a copy of two letters received from Energy Reserves Group, Inc., the first letter dated January 15, 1979, the second dated January 12, 1979. Both concern conflict of grazing rights and drilling rights in the Teec Nos Pos field, Apache County, Arizona.

On December 9, 1977, Energy Reserves Group, Inc., having complied with all the applicable laws concerning the drilling of wells in Arizona, was granted our Permit No. 689 to drill the Navajo "0" No. 13 well in the SW/SW/4 of Section 25, Township 41 North, Range 30 East, Apache County, Arizona. Energy Reserves Group, Inc., has, of course, paid the necessary filing fee and filed the necessary drilling bonds with the state.

As you can see from the Energy Reserves Group, Inc. letters, they are being denied access to the drilling site. It is the feeling of this Commission that the issuing of our permits shows compliance with the applicable Arizona state laws. It is understood that this permit is not a guarantee of the permittee's right to drill, but I feel it does imply such protection as this state can give the permittee to exercise the state-granted permit.

The Teec Nos Pos field, through November of 1978, has produced in excess of 295,000 barrels of oil with a value in excess of \$1,500,000. This sum represents a direct tax income to the State of Arizona in excess of \$37,000. After

Mr. Charles S. Pierson
January 19, 1979
Page 2

the county applies its ad valorem tax to this production, 22½% of the amount collected is returned to the state directly, which represents an additional \$20,000+. Consequently, tax-wise we are looking at a substantial sum of money. The continued development of this field means continued and increasing tax revenues to our state and to the benefit of the taxpayers.

I feel that the state has an economic interest in aiding the operator in question to exercise the lawful permit we have granted him. In addition, the increasing activity of industrial and financial development on Indian reservations is a well recognized problem. Inasmuch as non-Indian owned industry developed on Indian land is taxable by the State of Arizona and consequently represents a substantial amount of money, it is my feeling that the state should express concern and do all that it can to aid those individuals who enter our state expecting to do business on the Navajo reservation.

As I explained to you in our phone conversation this date, I cannot in conscience advise an oil operator to consider development on the Navajo reservation, in view of the treatment that our operators have been receiving in the past and as evidenced in the situation here discussed.

The Commission would greatly appreciate such influence as your office may have in aiding this operator with this problem. Should you need further information, please do not hesitate to contact this office. I am enclosing two small maps so that you may get a clearer picture of the well situation in the Teec Nos Pos field.

Very truly yours,

John Bannister
John Bannister
Executive Secretary

JB/vb

Enc.

January 19, 1979

Mr. William J. Fiant
Field Services Administrator
Energy Reserves Group
P.O. Box 3280
Casper, Wyoming 82601

Re: Energy Reserves Group Navajo "0" No. 13
SW/SW/4 Sec. 25, T41N, R30E, Apache County
State Permit No. 689

Dear Mr. Fiant:

Thank you for your letter of January 15, 1979 and the copy of your letter of January 12, 1979 concerning the conflicts in drilling the captioned well on the Navajo reservation.

I am requesting the Attorney General of Arizona to use his legal influence to help resolve your problem.

This Commission is vitally concerned with the mounting problems on the Navajo reservation and wish to do all that we can in securing a fair and equitable treatment for both the operator and the tribe. For your information, I am attaching a copy of our letter to the Attorney General.

I will appreciate it if you will keep this office currently advised as to this situation.

Very truly yours,

John Bannister
Executive Secretary

JB/vb

Enc.

RECEIVED

JAN 19 1979

O & G CONS. COMM.

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

 Energy Reserves Group

January 15, 1979

State of Arizona
Oil & Gas Conservation Commission
1645 W. Jefferson St.
#420
Phoenix, Az. 85007

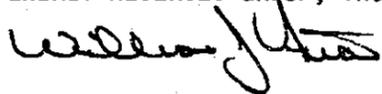
Re: (Attached Letter) - Drilling Well Conflicts, Apache County.

Gentlemen:

The attached letter may be useful in understanding some of the problems an oil and gas operator experiences in conducting operations on Tribal Lands.

We would appreciate any assistance or advise you may be able to render concerning problems such as this.

Very truly yours,
ENERGY RESERVES GROUP, INC.



William J. Fiant
Field Services Administrator

WJF/vdd
Enclosures

FILE-689

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



January 12, 1979

Mr. Benny Hoskay
P. O. Box 981
Teec Nos Pos
Arizona 86514

Mr. Horace Tso
P. O. Box 243
Teec Nos Pos
Arizona 86514

Re: Grazing Rights Conflict in reference to proposed oil & gas well,
Teec Nos Pos Field, Apache County, Arizona

Mr. Horace Tso:

Please consider this letter as a request for your assistance in dealing with the referenced problem in the Teec Nos Pos area.

Energy Reserves Group, Inc. is proposing to drill an oil and gas well #13, 660' FSL, 660' FWL, Sec. 25, T41N, R30E. All requirements have been completed. We have been working with the Tribal Land Administration offices in Window Rock and also in Montezuma Creek in settling surface damages with the grazing lessees. We contacted the two lessees, John Moon & Carl Redhair, and obtained their permission to drill the well. Both signed a damage release form which was witnessed by the Land Administration, U.S.G.S., and our area foreman.

Upon receiving approval we trucked equipment to the proposed site to start construction of the access road and drilling location. While our area foreman was instructing the tractor operator as to how to build the road, he was confronted by a Ms. Irene Totachinny angrily protesting their presence. Ms. Totachinny did not speak English and was not able to converse with our foreman. A short time later Ms. Totachinny's daughter arrived and was able to relate her mother's remarks. Ms. Totachinny claims to have surface grazing rights encompassing the entire Teec Nos Pos oil field. She claims that she is due monies for past drilling operations and demands \$500.00 in damages for the proposed location. Also, she claims her brother Mr. Herbert Brown is entitled damages. She stated that the only way that we would construct the location was to pay her and her brother, or it would be over her dead body. At this time our foreman instructed the tractor to return to Farmington until the matter could be settled.

Mr. Deschinny, ONLA, was contacted for further information as to how to handle the problem. Mr. Deschinny requested that we again contact the ONLA people at Montezuma Creek and request that they talk with Ms. Totachinny. On January 9, 1979, Ms. Virginia Norton/ONLA, Mr. Ray Swanson/USGS, our area foreman Mr. T.C. Durham, and myself met with Ms. Totachinny at Teec Nos Pos. Ms. Norton explained to Ms. Totachinny that according to BIA and Tribal records she has no valid claim to any of the lands mentioned. Ms. Totachinny argued that she did have rights and that if necessary she would get an attorney to settle the matter. She also claimed that if we contacted the Navajo police to stand by while we conducted our operations that they had better not leave or

14-20-603-716

FILE 689

 Energy Reserves Group

Page 2

else she would be back. I again contacted Mr. Deschinny with ONLA for additional instructions. He stated that we should contact the Navajo Police and file a complaint with them. I explained that unless it was absolutely necessary, we did not wish to involve the police as it could potentially jeopardize our existing operations at Teec Nos Pos. The other alternative to the problem would be to contact you and request your assistance on settling this matter.

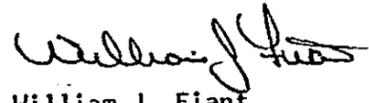
Energy Reserves Group, Inc. would like to drill this well and possibly others to fully develop the Teec Nos Pos Field. We have, and will make every effort to comply with all rules and regulations pertaining to our operations. We have made surface damage payments on all of our existing and proposed wells. It would not be equitable to us or to the other surface lessees to pay anyone who is not entitled to compensation.

We would appreciate any assistance that you could give in settling this matter.

If you have any questions, please call me collect anytime or notify Mr. Deschinny at Window Rock.

Very truly yours,

ENERGY RESERVES GROUP, INC.


William J. Fiant
Field Services Administrator
Rocky Mountain District

WJF/kat

cc: Daniel Deschinny
Wally Averett
Ed Mays
Arnold Church
T.C. Durham
State of Arizona Oil & Gas Commission

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

MAR 27 1978
O & G CON. COMM.

 Energy Reserves Group

March 22, 1978

Oil & Gas Conservation Commission
State of Arizona
1645 West Jefferson, Suite 420
Phoenix, AZ 85007

Attn: W. E. Allen

Re: Expiration of State Permit 688
Navajo "O" #11
NE SE Sec. 26-T41N-R30E
Apache County, Arizona

Dear Bill:

Thanks for your letter of March 17, 1978, reminding us of the expiration of Permits to Drill the Navajo "O" #8, #11, and #13 wells.

We are planning on drilling the #11 well and would like to extend that permit for 60 days, if possible. The possibility of drilling the #8 and #13 wells is questionable right now. I believe it would be better for both of us to let those permits expire and re-apply if we should decide to drill them later.

Beginning to look like golf weather here.

Very truly yours,

ENERGY RESERVES GROUP, INC.

Dean B. Barnes

Dean B. Barnes
District Production Engineer
Rocky Mountain District

DBB/dp

*D. Barnes called
3-23-78 to request
extension on well No. 13.
Extension granted to
Sept. 23, 1978*

689
*9-5-78 Roscoe Gillispe called
on #13 - verbally granted
until March 1, 1979
WGA*



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
1645 WEST JEFFERSON, SUITE 420
PHOENIX, ARIZONA 85007
PHONE: (602) 271-5161

March 17, 1978

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

Re: Energy Reserves Group, Inc.
Navajo "0" #8
State Permit 685

Navajo "0" #11
State Permit 688

Navajo "0" #13
State Permit 689

Dear Dean:

This letter is to inform you that the above referenced drilling permits have reached their expiration date.

Should you desire to keep these permits in active status, please advise and state the length of the extension you desire.

Very truly yours,

Bill

W. E. Allen
Director
Enforcement Section

WEA/vb

December 9, 1977

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

Gentlemen:

Attached are your approved Applications to Drill your Navajo "O" No. 11 and Navajo "O" No. 13, your drilling permits and receipts for the \$25.00 filing fee.

Please note on the permits and applications to drill that we have listed the description within the section of the dedication for your Wells No. 11 and 13. If this is not satisfactory, please advise. In the future, it will be appreciated if you will describe your preferred dedication at the time you submit your application to drill.

If we can be of any assistance, please advise.

Very truly yours,

W. E. Allen
Director
Enforcement Section

WEA/vb
Enc.

689