

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2 NAME OF OPERATOR
Chuska Energy Company

3 ADDRESS OF OPERATOR
P. O. Box 2118, Farmington, New Mexico 87499

4 LOCATION OF WELL (Report location clearly and in accordance with any State requirements *)
 At surface 535' FSL & 660' FEL
 At proposed prod zone SAME SESE

14 DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

10 DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest 6 1/2" well line, if any)

16 NO OF ACRES IN LEASE
5120

17 NO OF ACRES ASSIGNED TO THIS WELL
40

18 DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19 PROPOSED DEPTH
5575'

20 ROTARY OR CABLE TOOLS
Rotary

21 ELEVATIONS (Show whether DF, RT, GR, etc)
4703' GR

22 APPROX DATE WORK WILL START*
June 1, 1986

5 LEASE DESIGNATION AND SERIAL NO.
NOG 8308-1033

6 IF INDIAN, ALLOTTEE OR TRIBE NAME
NAVAJO

7 UNIT AGREEMENT NAME

8 FARM OR LEASE NAME
NAVAJO TRIBAL

9 WELL NO.
44-2

10 FIELD AND, POOL, OR WILDCAT
 ANETH

11 SEC. T, S, R, M, OR BLE AND SURVEY OR AREA
2 - 42S - 24E

12 COUNTY OR PARISH 13 STATE
SAN JUAN UTAH

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
See attached				

SEE ATTACHED

CONFIDENTIAL

APPROVED BY THE STATE
 OF NEW MEXICO
 OIL AND GAS COMMISSIONING

APR 28 1986

DATE 7-2-86
 BY John R. Boya
 WELL SPACING Annex #17 (exc loc) 3 Rule 302.1

DIVISION OF
 OIL, GAS & MINING

14 ABOVE SPACE DESCRIBE PROPOSED PROGRAM If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths Give blowout preventer program, if any

24 SIGNED John Alexander TITLE Vice-President DATE 4/24/86
 (This space for Federal or State office use)

PERMIT NO 43-037-31271 APPROVAL DATE

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

*See Instructions On Reverse Side

1122

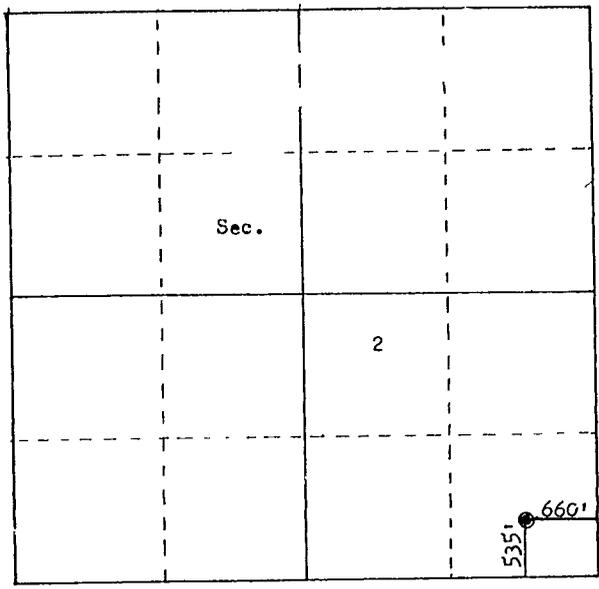
COMPANY CHUSKA ENERGY COMPANY

LEASE NAVAJO TRIBAL WELL NO. 44-2

SEC 2, T 42S, R 24E
San Juan County, Utah

LOCATION 535' FSL 660' FEL

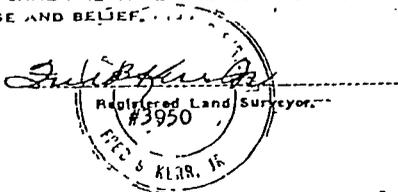
ELEVATION 4703 ungraded ground



SCALE—4 INCHES EQUALS 1 MILE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTE OF ACTUAL SURVEYS MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

SEAL



SURVEYED November 4, 1983

FORMATION INFORMATION AND
DRILLING PRACTICES

Chusla Energy Co.
Navajo Tribal No.44-2
535' FSL % 660' FEL
2-42S-24E
San Juan Co., Utah

1. Surface_Formation: Bluff Sandstone

2. Estimated_Formation_Top:

Chinle	1497'
DeChelly	2423'
Organ Rock	2665'
Hermosa	4359'
Upper Ismay	5201'
Lower Ismay	5321'
Desert Creek	5375'
T.D	5575'

3. Estimated_Depth_of_Anticipated_Oil_Gas_Water_or_Minerals:

Oil 5321' Oil 5375'

4. Proposed_Casing_Program:

0-80'	17 3/8", 54.50 lb.ft., ST&C, J-55 new casing; cemented with 120 cu.ft. Class "B" + 1/4 lb. Flocele/sl. Cement to surface.
0-1600'	8 5/8", 24 lb.ft., ST&C, J-55 new casing; cemented with 800 cu.ft. 65-35 Pozmix with 6% gel followed by 100 cu.ft. Class "B" with 2% CaCl2. Cement to surface.
0-5575'	5 1/2", 15.50 lb.ft., ST&C, J-55, new casing; first stage cemented with 450 cu.ft. Class "H" containing 10 lb. Calseal/sl. and 10% salt. Cement top at 4,000. Stage tool at 2700'. Cement second stage with 500 cu.ft. 65-35 Pozmix with 6% gel followed by 100 cu.ft. Class "B". Cement top at 1,000.

5. Pressure_Control_Equipment_-_Blow_Out_Preventer:

The attached schematic shows the type of blow out preventer to be used while drilling. The unit will be tested to 800 psi prior to drilling from under surface pipe.

6. Drilling_Fluids:

Depths	Type	Vis.	Weight	Fluid_Loss
0-1600	gel-lime	35-45	9.0	not controlled
1600'-4000	gel-chem	35-45	9.5	15 cc.
4000 -t.d	gel-chem	45-50	10.0	9 cc.

7. Auxiliary_Equipment:

a. bit float
b. stabbing valve to be used in drill pipe when Kelly is not connected.

8. Logging - Coring - Testing Program:

Logging - Open Hole: IES, CNL, FDC
Mud: 4000' to t.d

Testing: possible in Lower Ismay and Desert Cr.

Coring: none planned

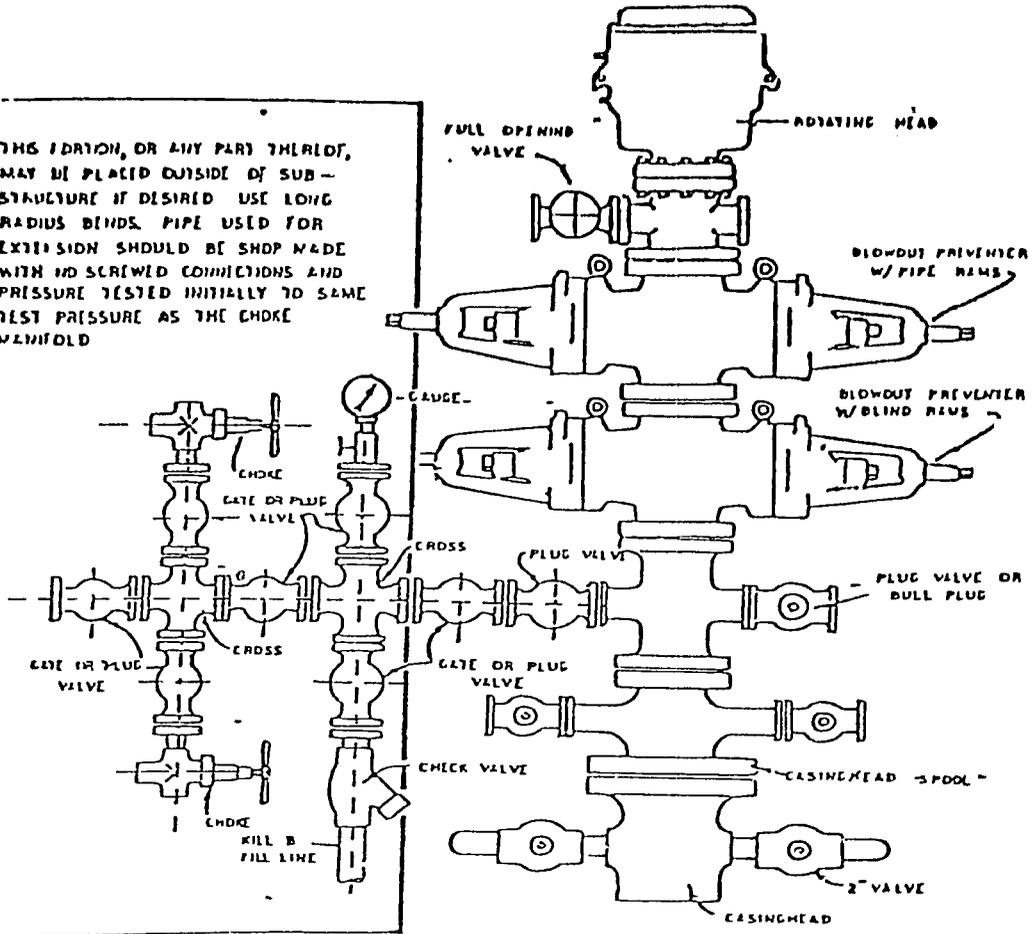
9. Abnormal Temperatures, Pressures, or Potential Hazards:

None expected.

10. Starting Date:

Anticipated starting date is June 1, 1986 . Approximately 5 days will be required to build roads and location. Drilling will take about 15 days. Completion should be accomplished in 6 days.

THIS PORTION, OR ANY PART THEREOF, MAY BE PLACED OUTSIDE OF SUB-STRUCTURE IF DESIRED USE LONG RADIUS BENDS. PIPE USED FOR EXTENSION SHOULD BE SHOP MADE WITH NO SCREWED CONNECTIONS AND PRESSURE TESTED INITIALLY TO SAME TEST PRESSURE AS THE CHOKER MANIFOLD



BLOWOUT PREVENTER HOOKUP

SURFACE USE PLAN

Chuska Energy Co.
Navajo Tribal No. 44-2
535' FSL & 660' FEL
2-426-24E
San Juan Co., Utah

1. Existing Roads (shown in green):

The attached topographic map shows all existing roads within one mile of the proposed location. None of the existing roads will have to be up graded.

2. Planned Access Road (shown in red):

The new access road will have a maximum grade of 10% and will be water barred to prevent erosion. It will be 200' long and 20' wide, with no bar ditches. No cattle guards, gates or turnouts will be needed. It will not have to be surfaced.

3. Location of Existing Wells:

The existing oil, gas, water, drilling and disposal wells are shown on the attached topographic map.

4. Location of Production Facilities:

All production facilities are to be contained within the proposed location site. A 2 1/2" steel gas sales line will be laid in the access road to a point in the NE of 2-42S-24E.

5. Location and Type of Water Supply:

Water will be trucked from the San Juan River, 8 miles north of the location. Point of removal is 0' FSL & 1500' FWL 32-40S-24E, San Juan Co. Utah.

6. Source of Construction Materials:

Any gravel or other construction material that can not be obtained from the excess accumulated from building the location will be purchased from the Navajo Tribe.

7. Methods of Handling Waste Disposal:

All trash will be carried to a landfill or burned. All non-burnable materials (drilling fluids, cuttings, chemicals) will be stored in the reserve pit and then buried when they have dried. Any oil produced while drilling will be trucked from the location prior to leaving pit to dry. Pits will be completely fenced during drying time, then back filled with dirt prior to preparing the location for production or abandonment.

8. Human Waste:

A portable toilet will be supplied for human waste.

9 Ancillary Facilities

No ancillary facilities are planned

10 Well Site Layout

The attached layout shows the drilling rig with all associated facilities. Cut and fill required is also indicated.

11 Plans for Restoration of Surface

Restoration of the well site and access road will begin within 90 days of well completion, weather permitting and if required by the land owner. Should well be abandoned, the drilling site will be reshaped to its approximate former contour. The access road will be plowed up and leveled. Both drill site and road will have any topsoil replaced and will be reseeded when germination can take place. In either case, cleanup of the site will include burning of any safely burnable material, filling of all pits, carrying away of all non-burnable material and any chemicals that cannot be safely buried and the hauling off of any oil that may have accumulated on the pits while drilling. A burn permit will be acquired if necessary. The surface is owned by the Navajo Tribe.

12 General Information

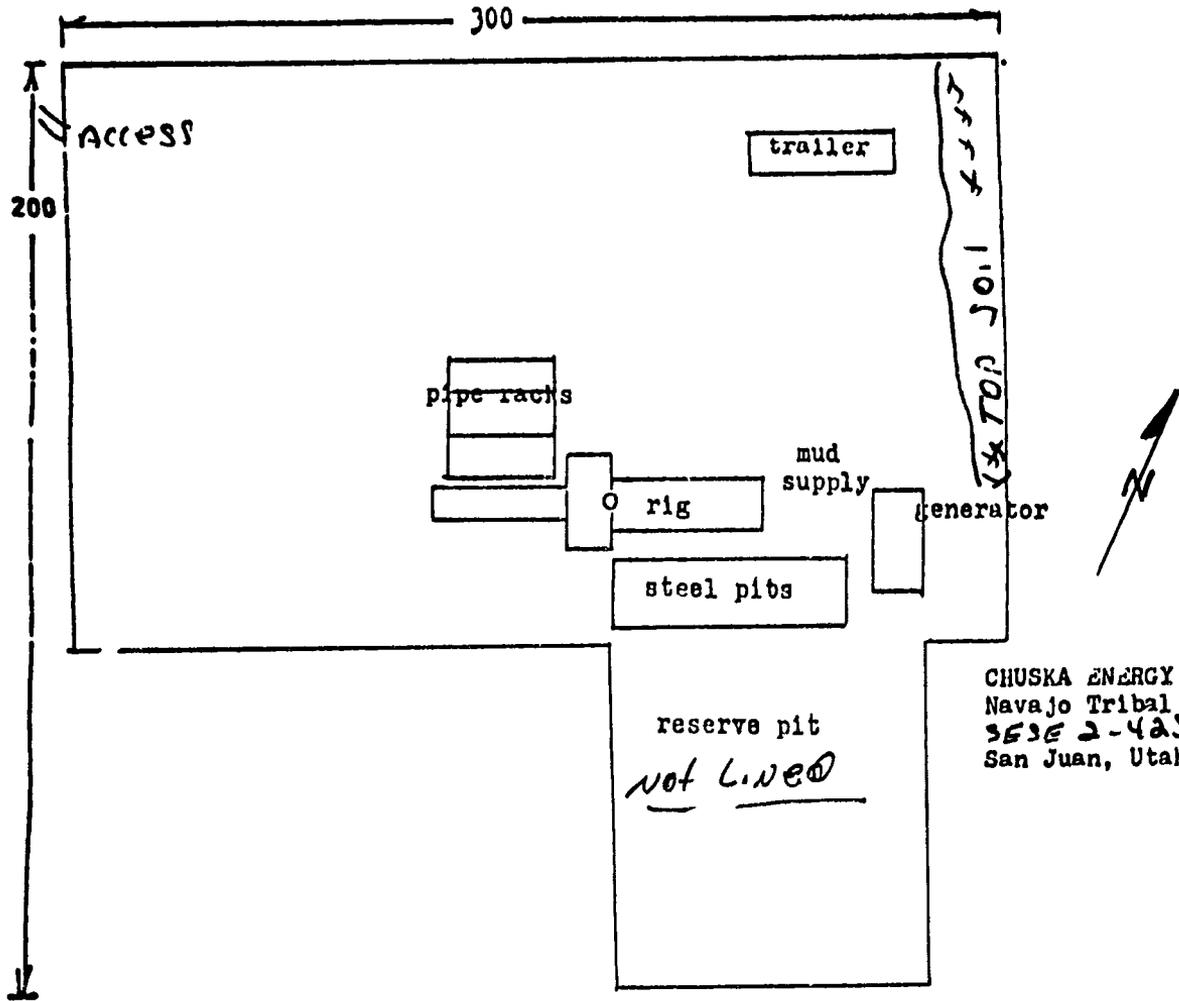
This site is in the Lone Mountain Creel area. It is flat and covered with native weeds and grasses. There are no residences in the area, no artifacts were found.

13 John Alexander
Chuska Energy Co
P O Box 2118
Farmington, N M 87499
505-326-5525

14

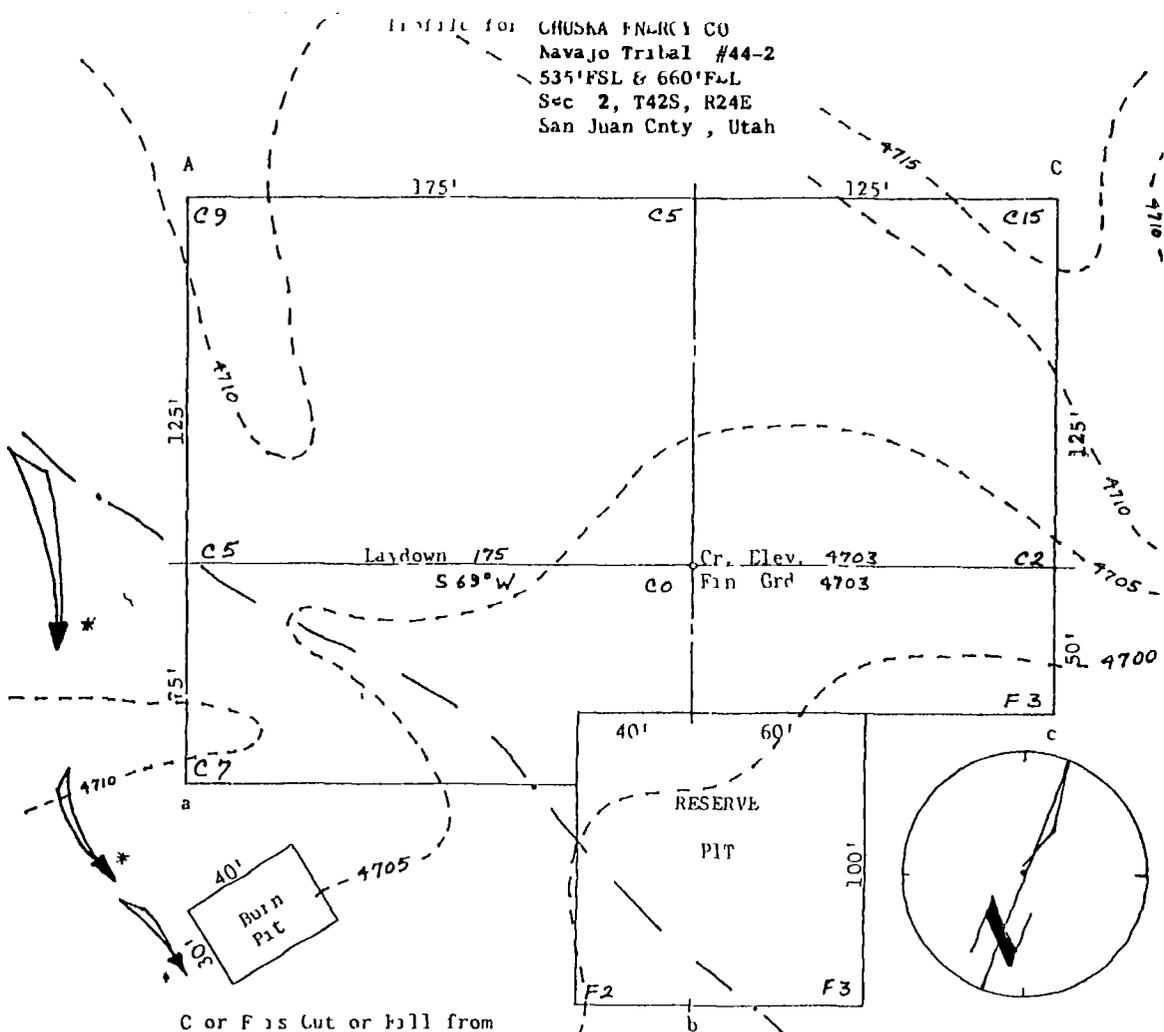
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions which presently exist, that the statements made in the plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Chuska Energy Co and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

John Alexander Date 4/23/06
John Alexander



CHUSKA ENERGY CO.
Navajo Tribal 44-2
SESE 2-423-2VE
San Juan, Utah

TITLE for CHUSKA ENERGY CO
 Navajo Tribal #44-2
 535' FSL & 660' FWL
 Sec 2, T42S, R24E
 San Juan Cnty, Utah



C or F is cut or fill from existing ground to finish grade

* Divert drainage as necessary

Scale 1"=50'

--- = Existing ground
 ——— = Proposed finished grade

A-a Horiz 1"=100' Vert 1"=30 C/L

		C9	C5	C7		
4710						
4700			EASMENTS 26	78		
4690						

B-b C/L

		C5	C0	F1	F2	
4710						
4700		Exc 78	125	Exc 11	Exc 1	
4690						

C-c C/L

		C15	C2	F3		
4720						
4710						
4700		Exc 78	125	Exc 11		
4690						

WHITE MESA VILLAGE QUADRANGLE

UNITED STATES

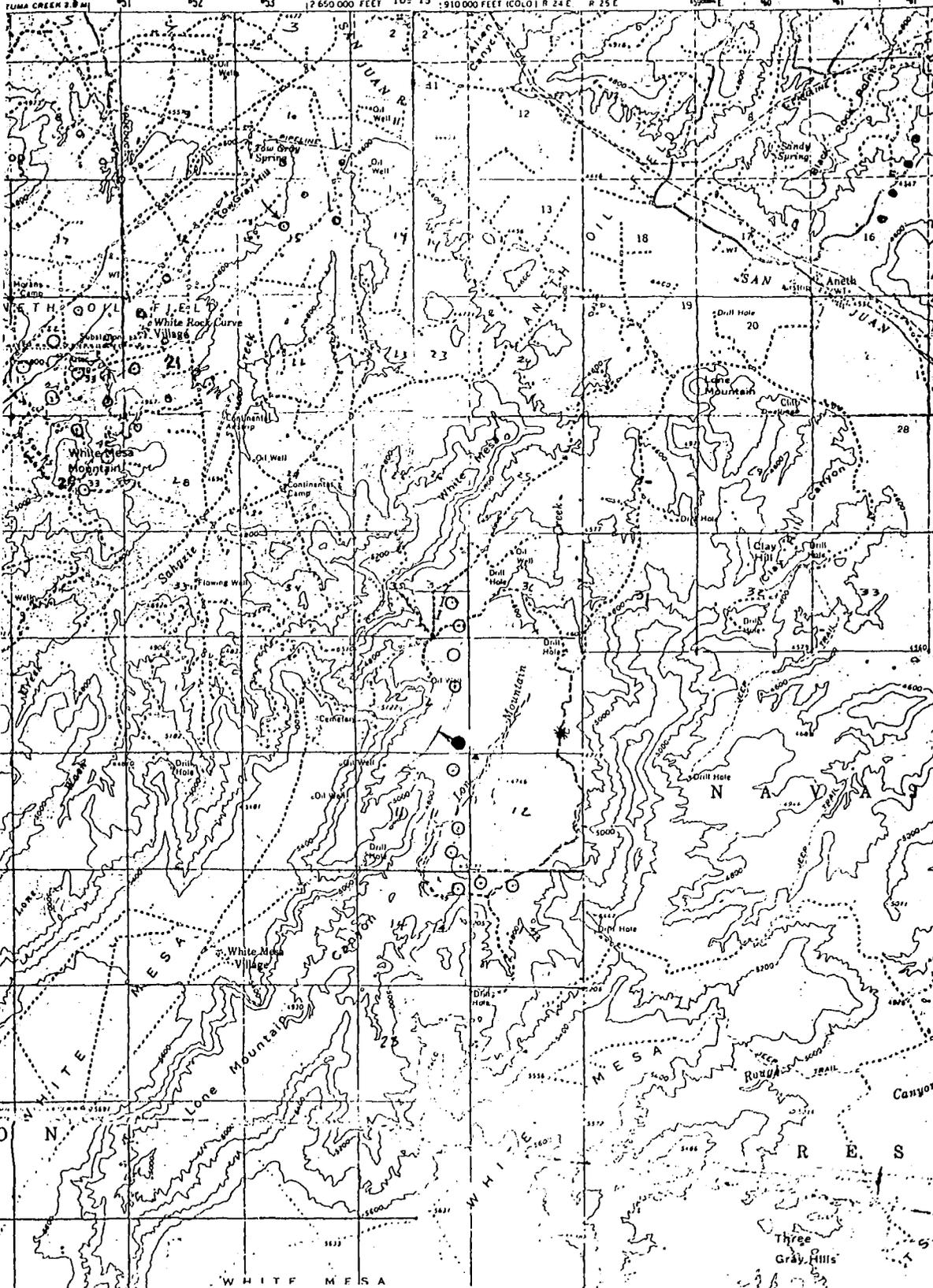
UTAH

DEPARTMENT OF THE INTERIOR

15 MINUTE SERIES (TOPOGRAPHIC)

GEOLOGICAL SURVEY

TUMA CREEK 2.0 MI 451 452 453 12 650 000 FEET 105° 15' : 910 000 FEET (COLOR) R 24 E R 25 E 450000 E 40 41 42



Vicinity Map for
 CHUSKA ENERGY COMPANY #14-2 NAVAJO TRIBAL
 535'FSL 660'FEL Sec. 2-T42S-R24E
 SAN JUAN COUNTY, UTAH

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

IN THE MATTER OF THE PETITION) OF THE SUPERIOR OIL COMPANY) TO VACATE THE ORDER IN CAUSE) NO. 17 INSOFAR AS THE LANDS) ARE WITHIN THE WHITE MESA) UNIT, NAVAJO INDIAN RESER-) VATION, SAN JUAN COUNTY,) UTAH)	FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER Docket No. 84-029 Cause No. 152-3
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PURSUANT TO THE PETITION of the THE SUPERIOR OIL COMPANY, this Cause came on for hearing before the Board of Oil, Gas and Mining at 10:00 a.m. on Thursday, May 24, 1984 in the auditorium of the Department of Natural Resources, 1636 West North Temple, Salt Lake City, Utah.

The following Board members were present and participated in the proceedings:

Gregory P. Williams, Chairman
Richard B. Larsen
John M. Garr
E. Steele McIntyre
Constance R. Lundberg
James W. Carter
Charles R. Henderson

Dr. Diane Nielson, Director of the Division of Oil, Gas and Mining, was present and expressed no objection to the Petition.

Appearance was made by Robert G. Pruitt, Jr., Attorney at Law, on behalf of The Superior Oil Company, and Mr. Charles Hill testified as a witness. A statement in support of the Petition was made on behalf of Phillips Petroleum Company by Phillip Wm. Lear, its attorney.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based upon the evidence and testimony presented at the hearing, the Board enters the following Findings of Fact and Conclusions of Law:

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and in the manner and within the time required by law.

2. The Board has jurisdiction over the matter covered by said Petition and over all parties interested therein, and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Board has previously entered its Order in Cause No. 17 dated February 24, 1960 which established 80-acre drilling and spacing units for the Desert Creek Formation covering lands described therein, which include lands presently within the White Mesa Unit, as contracted effective October 2, 1966, as follows:

TOWNSHIP 41 SOUTH, RANGE 24 EAST, SLM

Section 22: E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
Section 23: W $\frac{1}{2}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 25: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 27: All
Section 28: SE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
Section 32: S $\frac{1}{2}$
Section 33: All
Section 34: All
Section 35: W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 36: NW $\frac{1}{4}$

TOWNSHIP 42 SOUTH, RANGE 24 EAST, SLM

Section 2: W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$
Section 3: All
Section 4: All
Section 5: E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8: E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 9: NW $\frac{1}{4}$
Section 10: NE $\frac{1}{4}$
Section 11: W $\frac{1}{2}$ NW $\frac{1}{4}$

4. The White Mesa Unit was formed effective April 1, 1961, after the Order in Cause No. 17 was entered by this Board, and the Unit was subsequently contracted effective October 2, 1966 to cover the lands described above.

5. The White Mesa Unit is entirely within the Navajo Indian Reservation, and is comprised of Navajo Tribal Oil and Gas Leases which are regulated by the U.S. Government (Bureau of Land Management and Bureau of Indian Affairs) and by the Navajo Indian Tribe pursuant to the White Mesa Unit Agreement and the approved Plan of Development dated March 12, 1984.

6. Petitioner is currently the designated operator of the White Mesa Unit.

7. The approved Plan of Development dated March 12, 1984 will not comply with the 80-acre drilling and spacing units established by Order of this Board in Cause No. 17, which creates the necessity for vacating the Board's Order in Cause No. 17.

ORDER

In accordance with the Findings of Fact and Conclusions of Law stated above, the Board enters the following Order:

1. The Petition of The Superior Oil Company to vacate the Board's Order in Cause No. 17 is granted as to the following described lands which are within the White Mesa Unit:

TOWNSHIP 41 SOUTH, RANGE 24 EAST, SLM

Section 22: E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
Section 23: W $\frac{1}{2}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 25: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 27: All
Section 28: SE $\frac{1}{2}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
Section 32: S $\frac{1}{2}$
Section 33: All
Section 34: All
Section 35: W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 36: NW $\frac{1}{4}$

TOWNSHIP 42 SOUTH, RANGE 24 EAST, SLM

Section 2: W $\frac{1}{2}$, W $\frac{1}{2}$ NE $\frac{1}{4}$
Section 3: All
Section 4: All
Section 5: E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8: E $\frac{1}{2}$ NE $\frac{1}{4}$
Section 9: NW $\frac{1}{4}$
Section 10: NE $\frac{1}{4}$
Section 11: W $\frac{1}{2}$ NW $\frac{1}{4}$

2. This action by the Board vacating the Order in Cause No. 17 as to the above-described lands is to be effective as of the date hereof.

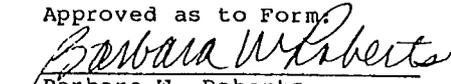
DATED this 24th day of May, 1984.

BOARD OF OIL, GAS AND MINING

By:


Gregory P. Williams,
Chairman

Approved as to Form


Barbara W. Roberts
Assistant Attorney General

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF
THE TEXAS COMPANY, THE CARTER OIL
COMPANY AND CONTINENTAL OIL COMPANY
FOR AN ORDER ESTABLISHING 80-ACRE
DRILLING UNITS FOR THE ANETH POOL,
SAN JUAN COUNTY, UTAH, WITH REFERENCE
TO THE KNOWN PRODUCING ZONES OF THE
HERNOSA FORMATION (CAUSE NO. 8)

CAUSE NO. 17 ✓
(CONSOLIDATED CAUSES NOS.
8 AND 11)

AND

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AN ORDER
ESTABLISHING 30-ACRE DRILLING AND
SPACING UNITS FOR THE UPPER PARADOX
SECTIONS OF THE HERNOSA FORMATION,
DESERT CREEK AREA, SAN JUAN COUNTY,
UTAH (CAUSE NO. 11)

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER

The above captioned Cause No. 17 is before the Oil and Gas
Conservation Commission of the State of Utah as a consolidation of Causes
Nos. 8 and 11, such consolidation having been effected on February 2, 1959,
by order of this Commission. Each of said Causes Nos. 8 and 11 arose out
of an application for an order establishing 80-acre drilling and spacing
units for an area defined in the particular application. Since the
initiation of said proceedings, the Commission has, pursuant to several
requests, permitted several additions to the areas covered by said appli-
cations as originally filed, with the result that this consolidated Cause
now involves those lands hereinbelow particularly described. Hearings
were held in Cause No. 8 and in Cause No. 11 prior to their consolidation,
and further hearings have been held in this Cause No. 17 since such
consolidation. During the extensive course of the proceedings numerous
witnesses testified and many exhibits were introduced both in support of
and in opposition to the applications. On January 30, 1960, upon the
conclusion of the hearings in this consolidated Cause, the matter was
submitted to the full Commission for decision.

NOW, THEREFORE, after due and careful consideration, this Commis-
sion makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. The area involved in this consolidated Cause, and which is hereinafter for convenience referred to as the "Greater Aneth Area," lies within San Juan County and is described as follows:

X. 40 S., R. 23 E., S1EM

Section 1: All
Section 2: E4
Section 11: E4, SW4
Sections 12, 13, 14, 23 through 26,
34, 35, 36: All

Y. 40 S., R. 24 E., S1EM

Sections 7 through 11,
13 through ~~all~~ All #3-35

Z. 40 S., R. 25 E., S1EM

Section 16: E4
Section 17: E4
Section 18: E4
Sections 19, 20, 21: All
Section 22: E4, NW4
Sections 27 through 34: All

AA. 41 S., R. 23 E., S1EM

Sections 1, 2, 3, 10 through 15,
22, 23, 24: All
Section 25: E4
Section 35: E4
Section 36: All

AB. 41 S., R. 24 E., S1EM

Sections 1 through 24: All
Section 25: NW
Sections 26 through 35: All

} portions vacated
See Cause # 152-3

AC. 41 S., R. 25 E., S1EM

Section 3: NW
Sections 4 through 9: All
Section 10: NW4
Sections 16 through 20: All

AD. 42 S., R. 23 E., S1EM

Section 1: All
Section 2: E4
Section 11: E4
Section 12: All

AE. 42 S., R. 24 E., S1EM

Sections 2 through 10: All

} portions vacated
See Cause # 152-3

2. The Desert Creek (Aneth) formation is continuous over the Greater Aneth Area and constitutes a common source of supply. It is

found at a depth of approximately 3600 feet below the surface of the ground and varies in thickness from 100 feet to 120 feet. The formation consists essentially of carbonate material with minor amounts of other constituents. The reservoir is what is known as a "stratigraphic trap."

3. The properties of the reservoir rock, in regard to permeability and porosity distribution, indicate a degree of heterogeneity that is common in limestone reservoirs.

4. The original reservoir pressure at a datum of 900 feet subsea was approximately 1200 pounds per square inch.

5. The producing mechanism from the original reservoir pressure down to the saturation pressure or bubble point pressure is "fluid expansion." The producing mechanism below the saturation pressure or bubble point pressure is the release of gas originally in solution in the oil or so-called "solution gas drive." The predominant producing mechanism is "solution gas drive."

6. Reduced formation pressures which have been found upon the completion of new wells show that drainage of oil and gas had occurred from under the locations of the newly drilled wells by reason of production from earlier drilled wells.

7. With the drilling of the field on an 80-acre pattern there is and will be efficient horizontal communication. In some areas of the field there is also efficient vertical communication through interfingering of reservoir layers aided by fractures, while in other areas vertical communication between layers depends to a substantial extent upon connection provided by the well bore.

8. In the five special test wells drilled by Shell Oil Company and the well layer tested by Humble Oil and Refining Company, pressure depletion from original reservoir pressure had occurred in each of the lenses and layers tested. The pressure depletion conditions found at the location of each such well were normal for a heterogeneous reservoir of this type.

9. The various layers or lenses containing oil and gas are of sufficient size that wells drilled with a density of one well to each 80 acres will, with insignificant exceptions, pierce the various layers and

provide efficient and adequate intercommunication for all parts of the reservoir.

10. While there are varying permeabilities within the pay sections throughout the field, any so-called barriers of low permeability are not continuous and do not completely surround or isolate oil and gas or create islands but, to the contrary, the pressure history of this field along with the gas/oil ratio behavior in relationship to the total cumulative production demonstrates that the field is being efficiently and economically drained by one well to each 80-acre tract.

11. Pressure differentials exist in the reservoir. These differentials are normal, are to be expected and constitute a condition necessary to the flow of oil through the reservoir into producing wells. The variation in magnitude of the pressure differentials existing within the reservoir is attributed to differences in rate of production, cumulative production, permeability, pay thickness, porosity and water saturation and differences in shut-in times prior to measurement of pressures.

12. One well to each 80 acres will efficiently and economically drain the reservoir as found in and underlying the Greater Aneth Area.

13. Eighty-acre spacing and drilling units for the Greater Aneth Area should be established in order to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties. No more than one well should be drilled on any such unit for the production of oil or gas from the Desert Creek (Aneth) formation.

14. Except for the "Specially Designated Drilling Units" hereinafter specified, the drilling and spacing units for the Greater Aneth Area should be formed by dividing each governmental quarter section into two such units to consist respectively of the east half of such quarter section and the west half of such quarter section. Each specially designated drilling unit consisting of an 80-acre tract as specifically described below should constitute a drilling and spacing unit and represents a departure from the general spacing unit pattern as set forth in the preceding sentence.

SPECIALLY DESIGNATED DRILLING UNITS

<u>80-ACRE TRACT</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
N¼ NE¼, NE¼ NW¼	16	40 South	24 East

<u>80-ACRE TRACT</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$	16	40 South	24 East
NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	16	40 South	24 East
E $\frac{1}{2}$ SE $\frac{1}{4}$	16	40 South	24 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	16	40 South	24 East
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	16	40 South	24 East
NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	16	40 South	24 East
NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$	13	41 South	23 East
SE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$	13	41 South	23 East
NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$	13	41 South	23 East
NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	13	41 South	23 East
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	13	41 South	23 East
NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	13	41 South	23 East
E $\frac{1}{2}$ SE $\frac{1}{4}$	13	41 South	23 East
E $\frac{1}{2}$ SW $\frac{1}{4}$	13	41 South	23 East
N $\frac{1}{2}$ SW $\frac{1}{4}$	11	41 South	24 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	11	41 South	24 East
N $\frac{1}{2}$ SE $\frac{1}{4}$	11	41 South	24 East
S $\frac{1}{2}$ SE $\frac{1}{4}$	11	41 South	24 East
NW $\frac{1}{4}$ NE $\frac{1}{4}$)	11)	41 South	24 East
NW $\frac{1}{4}$ NW $\frac{1}{4}$)	12)		
SE $\frac{1}{4}$ NE $\frac{1}{4}$)	11)	41 South	24 East
SW $\frac{1}{4}$ NW $\frac{1}{4}$)	12)		
N $\frac{1}{2}$ NE $\frac{1}{4}$	12	41 South	24 East
E $\frac{1}{2}$ NE $\frac{1}{4}$	12	41 South	24 East
N $\frac{1}{2}$ SW $\frac{1}{4}$	18	41 South	24 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	18	41 South	24 East

15. Except as may be hereafter ordered by the Commission, after notice and hearing, and as hereinafter provided, in that portion of the Greater Aneth Area lying north of the San Juan River the permitted well for a spacing unit should be located in either the northwest quarter of a governmental quarter section or in the southeast quarter of a governmental quarter section and should be not less than 500 feet from any property or lease line or governmental quarter-quarter section line. Except as

hereinafter provided, in that portion of the Greater Aneth Area lying south of the San Juan River the permitted well for a spacing unit should be located in either the northeast quarter of a governmental quarter section or in the southwest quarter of a governmental quarter section and should be not less than 500 feet from any property or lease line or governmental quarter-quarter section line. An exception should be recognized for any well which has heretofore been drilled or which is now being drilled to the Desert Creek (Aneth) formation and which is not located in accordance with the general well location pattern above defined and such heretofore drilled or now being drilled well shall be the permitted well for the drilling and spacing unit upon which it is located, provided expressly that no one of the five test wells drilled by Shell Oil Company under this Commission's order of February 24, 1959 in this Cause shall constitute the permitted well for the drilling unit upon which such well was drilled unless, after notice and hearing, specifically ordered by this Commission pursuant to said Order of February 24, 1959, or otherwise; and provided further that the water injection well drilled by Phillips Petroleum Company under this Commission's order of August 5, 1959 in Cause No. 23 shall not constitute the permitted well for the drilling unit upon which such well was drilled unless, after notice and hearing, specifically so ordered by the Commission.

16. Wherever reference is made herein to a "governmental quarter-quarter section" or to any subdivision thereof or to a "governmental quarter-quarter section" or to any specific description by subdivision, section, township and range, such reference is intended, in the case of surveyed lands, to refer to the indicated quarter section or other legal subdivision as determined by the government survey and is intended, in the case of unsurveyed lands or of partially surveyed lands, to refer to the indicated quarter section or other legal subdivision as determined by and through projection or protraction from existing township surveys and/or existing township boundary line surveys.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this Cause and over the lessors and operators in the areas involved. Notice

of the respective hearings and respective other proceedings in this consolidated Cause, and in Causes Nos. 8 and 11 prior to the consolidation thereof, was in each instance given in all respects as required by law.

2. The Desert Creek (Aneth) formation is continuous over the Greater Aneth Area, as such area is defined in Finding 1 of the foregoing Findings, and constitutes a common pool or source of supply.

3. One well to each 80 acres will efficiently and economically drain the said pool or common source of supply as found in and underlying the Greater Aneth Area.

4. The establishment of 80-acre spacing and drilling units for the Greater Aneth Area is necessary to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties.

5. The shape and pattern of the spacing units for the Greater Aneth Area should be as set forth and defined in Finding 14 of the foregoing Findings.

6. No more than one well should be drilled on any such spacing or drilling unit for the production of oil or gas from the Desert Creek (Aneth) formation.

7. The locations or patterns of the permitted wells should be as set forth in Finding 15 of the foregoing Findings.

8. The here-involved applications for the issuance by this Commission of an Order establishing 80-acre spacing should be granted.

ORDER

IT IS THEREFORE ORDERED by the Commission as follows:

1. That 80-acre drilling and spacing units be and the same are hereby established for the production of oil and gas from the Desert Creek (Aneth) formation underlying the Greater Aneth Area;

2. That the shape and pattern of such drilling and spacing units shall be as set forth and defined in Finding 14 of the foregoing Findings;

3. That no more than one well shall be drilled on any such unit for the production of oil or gas from the Desert Creek (Aneth) formation;

4. That the location of the permitted well for each such unit shall be as set forth and defined in Finding 15 of the foregoing Findings, provided, however, that an exception in respect to the location of a permitted well may be had without notice or hearing upon the filing with the Commission of an application showing that the proposed exception location is within the quarter-quarter section specified hereunder as the situs for the permitted well; that topographic conditions exist which reasonably require a well location nearer than 500 feet to one or more boundaries of said quarter-quarter section; and either that the ownership of all oil and gas leases within a radius of 600 feet of the proposed exception location is common with the ownership of the oil and gas leases upon the proposed exception location or that all owners of oil and gas leases within such radius have consented in writing to the proposed exception location.

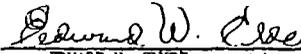
5. That nothing in the foregoing Findings of Fact or Conclusions of Law or in this Order is intended or shall be construed in any manner to determine or affect any question relating to the boundaries of any lease or the title to any lands or to determine the rights of any party in respect to any voluntary or involuntary pooling of interests within any hereby established spacing or drilling unit.

6. That this Order shall be effective forthwith; and

7. The Commission retains continuing jurisdiction of all matters covered by this Order.

DATED this 24th day of February, 1960.

By Order of
THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH


EDWARD W. CLYDE,
Commissioner Presiding

APPROVED:



~~CONFIDENTIAL~~

070345

OPERATOR Chaska Energy Co. DATE 5-5-86

WELL NAME Neaps Inlet 44-2

SEC SE SE 2 T. 42S R. 24E COUNTY San Juan

43-037-31271
API NUMBER

Indian
TYPE OF LEASE

CHECK OFF:

1

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Neak water permit

APPROVAL LETTER:

SPACING: 203 _____ UNIT

302

17 2/24/86
CAUSE NO. & DATE
(exc loc)

302.1

STIPULATIONS:

1- Water

CHUSKA ENERGY CO.
P.O Box 2118
Farmington, N.M 87499
(505)-326-5525

June 12, 1986

RECEIVED
JUN 16 1986

**DIVISION OF
OIL, GAS & MINING**

Division of Oil, Gas, and Mining
355 W. North Temple
Suite 350
Salt Lake City, Utah 84180-1203

Attention: Mr. John Baza

Re: Request for Spacing Change, Aneth, Utah

Gentlemen:

Chuska Energy Company requests a vacation of the 80 acre spacing requirement for the following areas:

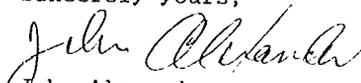
Township 42S, Range 24E
Section 2, E/2 NE/4, NE/4 SE/4, S/2 SE/4
Section 11, E/2

The 80 acre spacing for this area was set in Cause 17, involving the Greater Aneth Field. Areas to the north and west were vacated to 40 acre spacing in 1984.

We ask for administrative approval of 40 acre spacing for the above area. We fully expect to be asked to appear for a formal hearing on this matter at a later date.

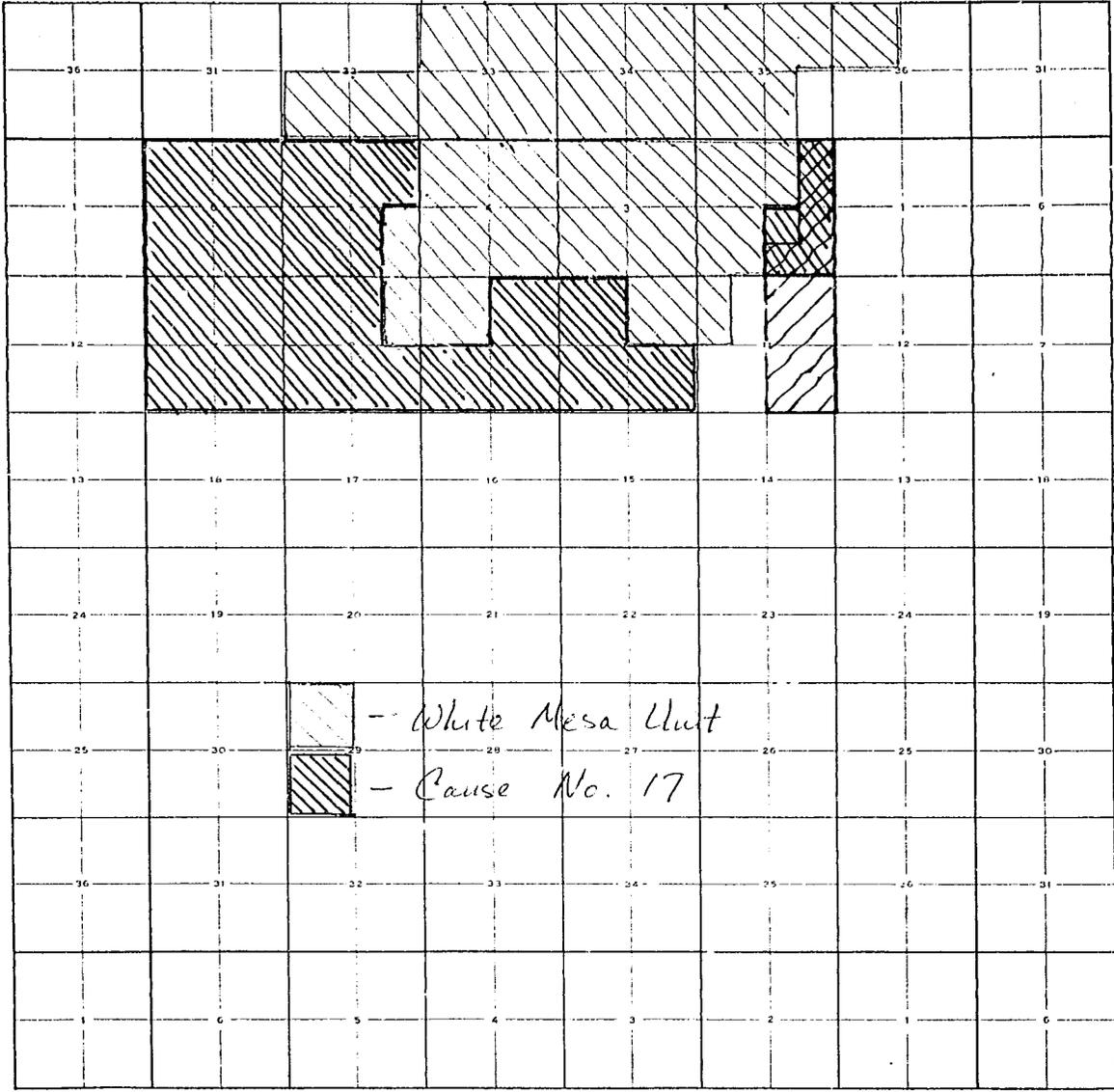
All offset operators have been notified of this application by certified mail.

Sincerely yours,


John Alexander

RECEIVED
JUN 16 1986

DIVISION OF
OIL, GAS & MINING



- White Mesa Unit
- Cause No. 17

TOWNSHIP 42 S RANGE 24 E COUNTY SAN JUAN STATE UTAH
REMARKS: 40 ACRE SPACING
REQUEST

COMPANY
CHUSKA ENERGY

JUL 04 1988

CHUSKA ENERGY CO.
P O Box 2118
Farmington, N M 87499
(505)-326-5525

June 12, 1986

Mobil Oil
P O Box 5444
Denver, Colo 80217-5444

Attention. Mr R D Baker

Re. Request for Change of Spacing Requirement, Aneth, Utah

Gentlemen

Chuska Energy has petitioned the Division of Oil, Gas, and Mining to change the 80 acre spacing of the following areas to 40 acres: Twn 42S-Rng 24E; Sec 2 E/2 NE/4, NE/4 SE/4, S/2 SE/4; Sec 11 E/2. This spacing was originally part of Cause No 17 setting 80 acre spacing for the Greater Aneth Field. In early 1984, your leases in section 2 and Sec. 35-Twn. 41S-Rng 24E were vacated from this order.

We now seek to vacate our leases from this order because of the small reservoir size in the area.

Please indicate your non-objection to this matter by signing one copy of this letter and returning it to us in the inclosed envelope.

Sincerely,

John Alexander
John Alexander

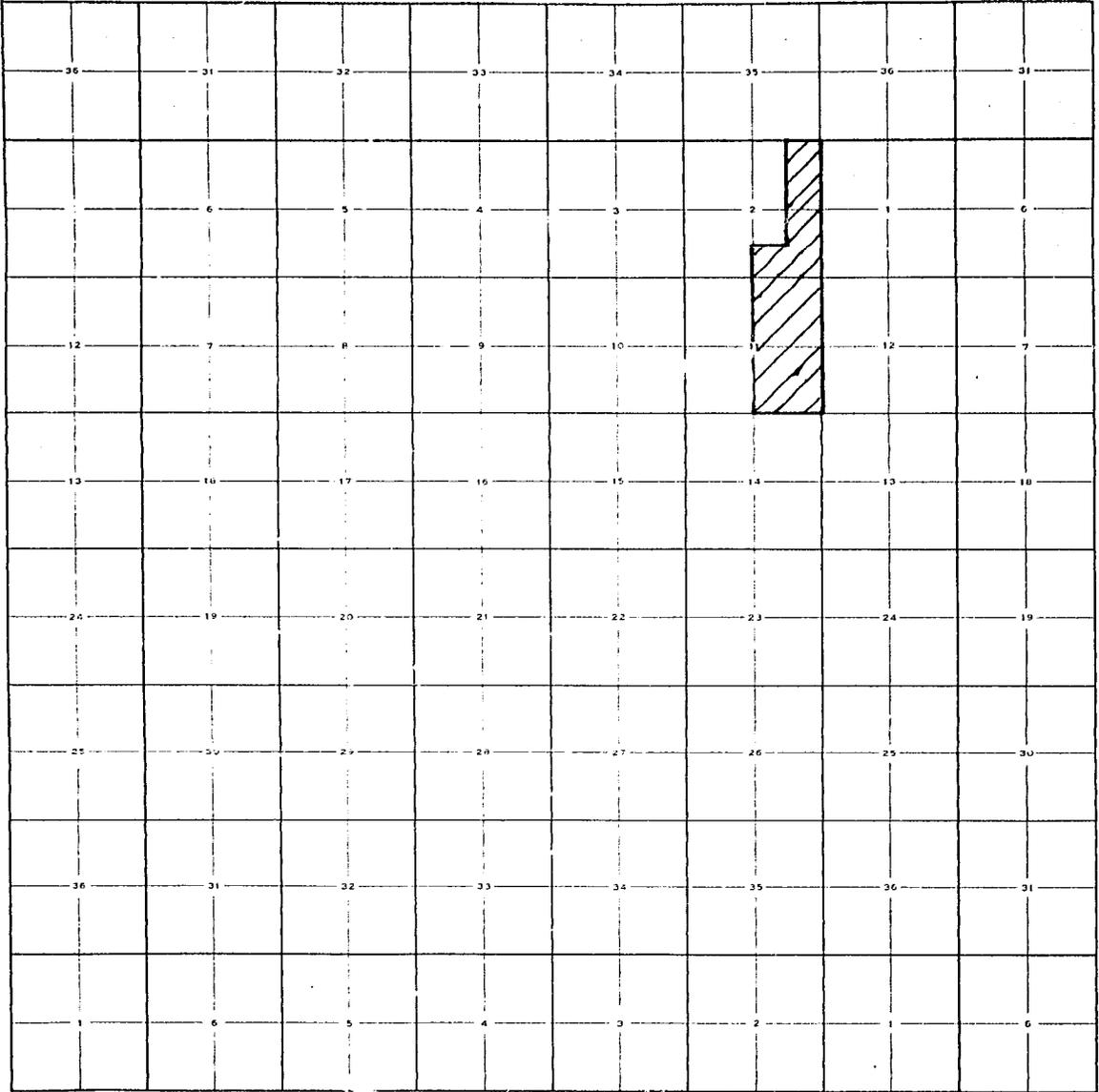
Mobil Oil does not object to the spacing change indicated above

P.D.B. *6/27/86*

For Mobil Oil date

ENVIRONMENTAL/REGULATORY MANAGER

Name and Title (printed or typed)



TOWNSHIP 42 S RANGE 24 E COUNTY SAN JUAN STATE UTAH
REMARKS: 40 ACRE SPACING
REQUEST

COMPANY
CHUSKA ENERGY



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangertler, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Inrad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

June 30, 1986

Mr. John Alexander
Chuska Energy Company
P.O. Box 2118
Farmington, New Mexico 87499

Dear Mr. Alexander:

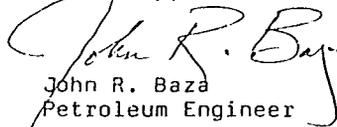
RE: Request For Exception Location For Well No. Navajo Tribal 44-2,
Sec.2, T.42S, R.24E, San Juan County, Utah.

Based on our recent telephone conversation and your letter dated June 12, 1986, it is my understanding that you are requesting an exception location for the referenced well. After staff review of your request, it has been determined that approval of the exception location can be granted in accordance with Rule 302.1 of the Oil and Gas Conservation General Rules. By this letter, the Division of Oil, Gas and Mining hereby grants such approval for a well located 535' FSL & 660' FEL, Section 2, Township 42S, Range 24E.

The specific request stated in your letter for vacation of the spacing order established by the Board of Oil, Gas and Mining cannot be granted administratively by the Division. Vacation of previously established spacing orders can only be accomplished by the Board, after appropriate petition, notice and hearing. Therefore, you are advised to submit a petition for such a hearing in a form required by the procedural rules of the Board. A copy of such procedural rules is enclosed for your information.

Thank you for your consideration in this matter, please contact us if you have further questions.

Sincerely,



John R. Baza
Petroleum Engineer

sb
Enclosure
cc: D. R. Nielson
R. J. Firth
Well File

0288T-15



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

55 W. North Temple • 3 Triad Center, Suite 350 • Salt Lake City, UT 84110 1203 • 801-538-5340

July 2, 1986

Chuska Energy Company
P. O. Box 2118
Farmington, New Mexico 87499

Gentlemen:

Re: Well Name: Navajo Tribal 44-2 - SE SE Sec. 2, T. 42S, R. 24E
535' FSL, 660' FEL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 17 dated February 24, 1960 and Rule 302.1, Oil and Gas Conservation General Rules, and subject to the following stipulation:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) 801-538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. Compliance with the requirements and regulations of Rule 311.3, Associated Gas Flaring, Oil and Gas Conservation General Rules.

Page 2

Chuska Energy Company

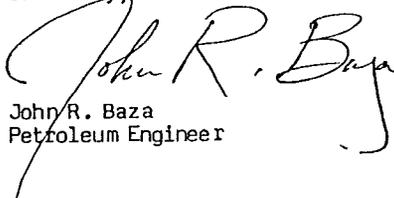
Well Name: Navajo Tribal 44-2

July 2, 1986

5. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at each drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable State and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.
6. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31271.

Sincerely,



John R. Baza
Petroleum Engineer

as

Enclosures

cc: Branch of Fluid Minerals
Bureau of Indian Affairs
D. R. Nielson

81591

071006

Copy Sent

CHUSKA ENERGY CO.
P.O. Box 2118
Farmington, N.M. 87499
(505)-326-5525

July 7, 1986

Division of Oil, Gas, and Mining
355 W. North Temple, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
JUL 09 1986

DIVISION OF
OIL, GAS & MINING

Attention: Mr. Baza

Re: Spacing Request, Aneth Field

Gentlemen:

Chuska Energy Co. has requested vacation of the 80 acre spacing requirement in certain parts of the Aneth Field, San Juan Co., Utah. Attached is a letter from Mobil Oil, the only offset operator, stating that they have no objection to this petition.

43-037-31271

Sincerely,

John Alexander
John Alexander

Place in well file
Navajo Tribal
44-2

Sec. 2, T42S,
R24E
San Juan Co.

Caller Service 4104
Farmington, New Mexico 87499

RECEIVED
SEP 4 1987
BUREAU OF OIL
AND GAS ADMINISTRATION

Chunka Energy Company
P.O. Box 2118
Farmington, NM 87499

MAR 25 1987

Gentlemen:

Enclosed are your Applications for Permit to Drill (APDs) for the following wells:

- ~~1.~~ No. 23-24 Navajo Tribal A, NE/4SE/4 sec. 24, T. 41 S., R. 24 E., San Juan County, Utah, on Operating Agreement NO-G-8505-1087.
- 2. No. 44-2 Navajo Tribal, SE/4SE/4 sec. 2, T. 42 S., R. 24 E., San Juan County, Utah, on Operating Agreement NO-G-8308-1033.
- ~~3.~~ No. 31-32 Navajo Tribal A, NE/4SE/4 sec. 32, T. 43 S., R. 25 E., San Juan County, Utah, on Operating Agreement NO-G-8505-1087.
- ~~4.~~ No. 11-12 Navajo Tribal, NE/4SE/4 sec. 12, T. 42 S., R. 24 E., San Juan County, Utah, on Operating Agreement NO-G-8308-1033.
- 5. No. 43-5 Navajo Tribal A, NE/4SE/4 sec. 5, T. 41 S., R. 23 E., San Juan County, Utah, on Operating Agreement NO-G-8505-1087.
- 6. No. 14-4 Navajo Tribal A, SW/4SW/4 sec. 4, T. 41 S., R. 23 E., San Juan County, Utah, on Operating Agreement NO-G-8505-1087.

The subject deficient and unapproved APDs are hereby returned pursuant to 43 CFR 3160, Section III Part B2 of Onshore Order No. 1, which states "If the deficiencies are not corrected and/or the additional required information is not submitted within 45 days of the date of any oral or written notice, the application shall be returned to the proponent".

If you wish to drill these wells at some later date, please refile your applications.

Sincerely,

/s/ John L. Kerkor

FOR Ron Fallows
Area Manager

6 Enclosures

cc:
ADO (015) Well files (6) FSH (Hiner) 3162.3-1(I)
016:JLova:cs:03/24/87



STATE OF UTAH
NATURAL RESOURCES
Oil Gas & Mining

Norman H. Bangert, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Trad Center • Suite 350 • Salt Lake City UT 84180-1203 • 801-538 5340

091102

September 9, 1987

Chuska Energy Company
P.O. Box 2118
Farmington, New Mexico 87499

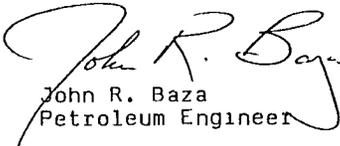
Gentlemen:

RE: Well No. Navajo Tribal 44-2, Sec. 2, T. 42S, R. 24E,
San Juan County, Utah, API NO. 43-037-31271

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill must be filed with this office for approval, prior to future drilling of the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division of Oil, Gas and Mining immediately.

Sincerely,


John R. Baza
Petroleum Engineer

sb
cc: BLM-Farmington
D. R. Nielson
R. J. Firth
Well file
0327T-106