

**FILE NOTATIONS**

Entered in NID File ..... ✓  
Location Map Pinned .....  
Card Indexed ..... ✓

Checked by Chief .....  
Approval Letter .....  
Disapproval Letter .....

**COMPLETION DATA:**

Date Well Completed .....  
✓ WW..... TA.....  
CW..... OS..... PA.....

Location Inspected .....  
Bond released  
State or Fee Land .....

**LOGS FILED**

Driller's Log..... ✓  
Electric Logs (No.) ✓.....  
E..... I..... Dual I Lat..... GR-N..... Micro.....  
BHC Sonic GR..... Lat..... Mi-L..... Sonic.....  
CLog..... CCLog..... Others.....

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

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  
 W. A. Moncrief

3. ADDRESS OF OPERATOR  
 P. O. Box 2573, Casper, Wyoming 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*)  
 At surface  
 NW 1/4 NE 1/4  
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 Approximately 8 miles west of Duchesne

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE  
 360.56

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 640.56

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

19. PROPOSED DEPTH  
 8500'

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 6125' GL (Est.)

22. APPROX. DATE WORK WILL START\*  
 October 1, 1978

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4"	10-3/4"	40.5	600'	Circ to surface
9-1/2"	7-5/8"	26.4	6700'	400 sx
6-1/2"	5"	15	6500-8500	400 sx

CONFIDENTIAL

We propose to drill an 8500' Wasatch test and if commercial shows of oil and gas are encountered, set casing, perforate and evaluate any productive interval.

State of Utah, Department of Natural Resources  
 Division of Oil, Gas, and Mining  
 1588 West North Temple  
 Salt Lake City, Utah 84116

IN 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 [Signature] TITLE Production Manager DATE September 14, 1978

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY [Signature] TITLE ACTING DISTRICT ENGINEER DATE OCT 03 1978

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED  
 TO OPERATOR'S COPY

NOTICE OF APPROVAL

\*See Instructions On Reverse Side

NECESSARY FLARING OF GAS DURING DRILLING AND COMPLETION APPROVED SUBJECT TO ROYALTY (NTL-4)

STATE

W. A. Moncrief  
Well No. 3-1  
NW NE  
Sec. 3-T4S-R6W  
Duchesne County  
Utah  
Lease No. 14-20-H62-1939

SUPPLEMENTAL STIPULATIONS:

1. If the well is a producer maintain access road and provide adequate drainage to road.
2. Upon abandonment, access road will be closed, rehabilitated and reseeded using the seed mixture recommended by the BIA.
3. Upon abandonment, water bars will be constructed on the access road as deemed necessary.
4. Construction and maintenance for surface use approved under this plan should be in accordance with the surface use standards as set forth in the BLM/GS Oil and Gas Brochure entitled, "Surface Operating Standards for Oil and Gas Exploration and Development". This includes, but is not limited to, such items as road construction and maintenance, handling of top soil, and rehabilitation.
5. Location falls in Area Valuable Oil Shale. Adequate and sufficient electric/radioactive logs will be run to locate and identify the prime oil shale horizons in the Green River Formation. Casing and cementing programs will be adjusted to eliminate any potential influence of the well bore or productive hydrocarbon zones on the oil shale resource. Surface casing program may require adjustment for protection of fresh water aquifers.

United States Department of the Interior  
Geological Survey  
8440 Federal Building  
Salt Lake City, Utah 84138

Usual Environmental Analysis

Lease No. 14-20-H62-1939

Operator W. A. Moncrief

Well No. 3-1 Texaco Tribal

Location NW 1/4 NE 1/4

Sec. 3

T. 4 S. R. 6 W.

County Duchesne

State Utah

Field Cedar Rim

Status: Surface Ownership Patented

Minerals Ute Indian

Joint Field Inspection Date September 27, 1978

Participants and Organizations:

<u>Gary Stephens</u>	<u>USGS</u>
<u>Lynn Hall</u>	<u>BIA</u>
<u>Clayton Norby</u>	<u>W. A. Moncrief</u>
<u>Jack Skewes</u>	<u>Skewes &amp; Hamilton Const. Company</u>
<u>Gene Stuart</u>	<u>Uinta Engineering</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Related Environmental Analyses and References:

(1)

(2)

Note: change in surface owner to fee surface.

Analysis Prepared by:

Gary Stephens  
Environmental Scientist  
Salt Lake City, Utah

Date September 29, 1978

*noted*  
*George Dinachak*

Proposed Action:

On September 18, 1978, W. A. Moncrief, filed an Application for Permit to Drill the No. 3-1 Texaco Tribal development well, a 8,500-foot oil test of the Wasatch formation of Tertiary age; located at an elevation of 6,125 ft. in the NW 1/4 NE 1/4 Section 3, T. 4 S., R. 6 W., on Tribal mineral lands and Tribal surface; Lease No. 14-20-H62-1939. There was no objection raised to the wellsite nor to the access road.

A rotary rig would be used for the drilling. An adequate casing and cementing program is proposed. Fresh-water sands and other mineral-bearing formations would be protected. A Blowout Preventer would be used during the drilling of the well. The proposed pressure rating should be adequate. Details of the operator's NTL-6 10-Point Subsurface and 13-Point Surface Protection Plans are on file in the U.S.G.S. District Office in Salt Lake City, Utah, and the U.S.G.S. Northern Rocky Mountain Area Office in Casper, Wyoming.

A working agreement has not been reached with the controlling surface owners. Rehabilitation plans would be decided upon as the well neared completion; the Surface Management Agency would be consulted for technical expertise on those arrangements.

The operator proposes to construct a drill pad 200 ft. wide x 300 ft. long, and a reserve pit 150 ft. x 100 ft. A new access road would be constructed 18 ft. wide x 100 feet long and upgrade 18 ft. wide by 0.3 miles access road from an existing and improved road. The operator proposes to construct production facilities on a disturbed area of the proposed drill pad. If production is established, plans for a gas flow line would be submitted to the appropriate agencies for approval. The anticipated starting date is on approval of the application and duration of drilling activities would be about ~~75~~<sup>60</sup> days.

Location and Natural Setting:

The proposed drillsite is approximately 8 miles west of Duchesne, Utah, the nearest town. A fair road runs to within 200 feet east of the location. This well is in the Cedar Rim field.

Topography:

The site is located near the top of a large ridge which separates the location from the Strawberry River. A break in the ridge slope occurs about 50 feet north of the location, going from very gentle to a moderate northward slope.

Geology:

The surface geology is Green River. The soil is rocky sand. No geologic hazards are known near the drillsite. Seismic risk for the area is minor. Anticipated geologic tops are filed with the 10-Point Subsurface Protection Plan.

Approval of the proposed action would be conditioned that adequate and sufficient electric/radioactive/density logging surveys would be made to locate and identify any potential mineral resources. Production casing and cementing would be adjusted to assure no influence of the hydrocarbon zones through the well bore on these minerals. In the event the well is abandoned, cement plugs would be placed with drilling fluid in the hole to assure protection of any mineral resources.

The potential for loss of circulation would exist and is possible in the sandstone units of the Mesa Verde. Loss of circulation may result in the lowering of the mud levels which might permit exposed upper formations to blowout or to cause formation to slough and stick to drill pipe. A loss of circulation would result in contamination due to the introduction of drilling muds, mud chemicals, filler materials, and water deep into the permeable zone, fissures, fractures, and caverns within the formation in which fluid loss is occurring. The use of special drilling techniques, drilling muds, and lost circulation materials may be effective in controlling lost circulation.

A geologic review of the proposed action has been furnished by the Area Geologist, U.S. Geological Survey, Salt Lake City, Utah. The operator's drilling, cementing, casing, and blowout prevention programs have been reviewed by the Geological Survey engineers and determined to be adequate.

Soils:

No detailed soil survey has been made of the project area. The top soils in the area range from a sandy loam to a rocky sand. The soil is subject to runoff from rainfall and has a high runoff potential, and sediment production would be high. The soils are mildly to moderately alkaline and support the salt-desert shrub community. The pinon-juniper association is also present.

Top soil would be removed from the surface and stockpiled. The soil would be spread over the surface of disturbed areas when abandoned to aid in rehabilitation of the surface. Rehabilitation is necessary to prevent erosion and encroachment of undesired species on the disturbed areas. The operator proposes to rehabilitate the location and access roads per the recommendations of the Bureau of Land Management.

Approximately 1.8 acres of land would be stripped of vegetation. This would increase the erosional potential. Proper construction practice, construction of water bars, and reseeding of slope-cut area would minimize this impact.

Air:

No specific data on air quality is available at the proposed location. There would be a minor increase in air pollution due to emissions from rig and support traffic engines. Particulate matter would increase due to dust from travel over unpaved dirt roads. The potential for increased air pollution due to leaks, spills, and fire would be possible.

Relatively heavy traffic would be anticipated during the drilling-operations phase, increasing dust levels and exhaust pollutants in the area. If the well was to be completed for production, traffic would be reduced substantially to a maintenance schedule with a corresponding decrease of dust levels and exhaust pollutants to minor levels. If the project results in a dry hole, all operations and impact from vehicular traffic would cease after abandonment. Due to the limited number of service vehicles and limited time span of their operation, the air quality would not be substantially reduced.

Toxic or noxious gases would not be anticipated.

Precipitation:

Annual rainfall should range from about 8 to 11 inches at the proposed location. The majority of the numerous drainages in the surrounding area are of a non-perennial nature flowing only during early spring runoff and during extremely heavy rain storms. This type of storm is rather uncommon as the normal annual precipitation is around 8 inches.

Winds are medium and gusty, occurring predominantly from West to East. Air mass inversions are rare.

The climate is semi-arid with abundant sunshine, hot summers and cold winters, with temperature variations on a daily and seasonal basis.

Surface-Water Hydrology:

The Strawberry River, which forms Starvation Reservoir 1/2 mile to the southeast, is 1/4 mile south, but is isolated from the location by a large ridge. The broad but dry gulley, which drains the site, eventually feeds into the reservoir at a point 2 1/2 miles east-northeast.

Some additional erosion would be expected in the area since surface vegetation would be removed. If erosion became serious, drainage systems such as water bars and dikes would be installed to minimize the problem. The proposed project should have minor impact on the surface-water systems.

The potentials for pollution would be present from leaks or spills. The operator is required to report and clean up all spills or leaks.

#### Ground-Water Hydrology:

Some minor pollution of ground-water systems would occur with the introduction of drilling fluids (filtrate) into the aquifer. This is normal and unavoidable during rotary drilling operations. The potential for communication, contamination, and commingling of formations via the well bore would be possible. The drilling program is designed to prevent this. There is need for more data on hydrologic systems in the area and the drilling of this well may provide some basic information as all shows of fresh water would be reported. Water production with the gas would require disposal of produced water per the requirements of NTL-2B.

The depths of fresh-water formations are listed in the 10-Point Sub-surface Protection Plan. There would be no tangible effect on water migration in fresh-water aquifers. The pits would be unlined. If fresh water should be available from the well, the owner or surface agency may request completion as a water well if given approval.

#### Vegetation:

Vegetation in the area consists of juniper, sagebrush, shadscale, needle and thread, and Indian ricegrass. Plants in the area are of the pinon-juniper association.

Proposed action would remove about 1.8 acres of vegetation. Removal of vegetation would increase the erosional potential and there would be a minor decrease in the amount of vegetation available for grazing.

The operator proposes to rehabilitate the surface upon completion of operations.

#### Wildlife:

Animal and plant inventory has been made by the Bureau of Land Management. No endangered plants or animals are known to habitat on the project area. The fauna of the area consists predominantly of the mule deer, coyotes, rabbits, foxes, and varieties of small ground squirrels and other types of rodents and various types of reptiles. The area is used by man for the primary purpose of grazing domestic livestock and sheep. The birds of the area are raptors, finches, ground sparrows, magpies, crows, and jays.

Social-Economic Effect:

An on the ground surface archaeological reconnaissance would be required prior to approval of the proposed action. Appropriate clearances would then be obtained from the surface managing agency. If an historic artifact, an archaeological feature or site is discovered during construction operations, activity would cease until the extent, the scientific importance, and the method of mitigating the adverse effects could be determined by a qualified cultural resource specialist.

There are no occupied dwellings and other facilities of this nature in the general area. Minor distractions from aesthetics would occur over the lifetime of the project and are judged to be minor. All permanent facilities placed on the location should be painted a color to blend in with the natural environment. Present use of the area is grazing, recreation, and oil and gas activities.

Noise from the drilling operation may temporarily disturb wildlife and people in the area. Noise levels would be moderately high during drilling and completion operations. Upon completion, noise levels would be infrequent and significantly less. If the area is abandoned, noise levels should return to predrilling levels.

The site is visible from a major road. After drilling operations, completion equipment would be visible to passersby of the area but would not present a major intrusion.

The economic effect of one well would be difficult to determine. The overall effect of oil and gas drilling and production activity are significant in northeastern Utah. But should this well discover a significant new hydrocarbon source, local, State, and possibly National economies might be improved. In this instance, other development wells would be anticipated with substantially greater environmental and economic impacts.

Should the wellsite be abandoned, surface rehabilitation would be done according to the surface owner's requirements and U.S. Geological Survey's satisfaction. This would involve leveling, contouring, reseeding, etc., of the location and possibly the access road. If the well should produce hydrocarbons, measures would be undertaken to protect wildlife and domestic stock from the production equipment.

Land Use:

There are no National, State, or local parks, forests, wildlife refuges or ranges, grasslands, monuments, trails, or other formally designated recreational facilities near the proposed location.

Waste Disposal:

The mud and reserve pits would contain all fluids used during the drilling operations. A trash pit would be utilized for any solid wastes utilized generated at the site and would be buried at the completion of the operations. Sewage would be handled according to State sanitary codes. For further information, see the 13-Point Surface Plan.

Alternatives to the Proposed Action:

(1) Not approving the proposed permit -- The oil and gas lease grants the Lessee exclusive right to drill for, mine, extract, remove, and dispose of all oil and gas deposits.

Under leasing provisions, the Geological Survey has an obligation to allow mineral development if the environmental consequences are not too severe or irreversible. Upon rehabilitation of the site, the effects of this action would be substantially mitigated; if not totally annulled. Permanent damage to the surface and subsurface would be prevented as much as possible under the U.S. Geological Survey and other controlling agencies' supervision with rehabilitation planning reversing almost all effects. Additionally, the growing scarcity of oil should be taken into consideration. Therefore, the alternative of not proceeding with the proposed action at this time is rejected.

(2) Minor relocation of the wellsite access road or any special restrictive stipulations or modifications to the proposed program would not significantly reduce the environmental impact. There are no severe vegetative, animal, or archaeological-historical-cultural conflicts at the site. Since only a minor impact on the environment would be expected, the alternative of moving the location is rejected. At abandonment, normal rehabilitation of the area such as contouring, reseeding, etc., would be undertaken with an eventual return to the present status as outlined in the 13-Point Surface Plan.

Adverse Environmental Effects Which Cannot Be Avoided:

Surface disturbance and removal of vegetation from approximately 1.8 acres of land surface from the lifetime of the project which would result in increased and accelerated erosional potential. Grazing would be eliminated in the disturbed areas and there would be a minor and temporary disturbance of wildlife and livestock. Minor induced air pollution due to exhaust emissions from rig engines of support engines would occur. Minor increase in dust pollution would occur due to vehicular traffic associated with the operation. If the well is a gas producer, additional surface disturbance would be required to install production pipelines. The potential for fires, leaks, spills of gas, oil, or water would exist. During the construction and drilling phases of the project, noise levels would increase. Potential for subsurface damage to fresh-water aquifers and other geologic formations exists.

Minor distractions from aesthetics during the lifetime of the project would exist. If the well is a producer, an irreplaceable and irretrievable commitment of resources would be made. Erosion from the site would eventually be carried as sediment in the Duchesne River. The potential for pollution to Starvation Reservoir would exist through leaks and spills.

Determination:

This requested action does/does not constitute a major Federal action significantly affecting the environment in the sense of NEPA, Section 102(2) (C).

OCT 2 1978

Date

*W. J. Martin*

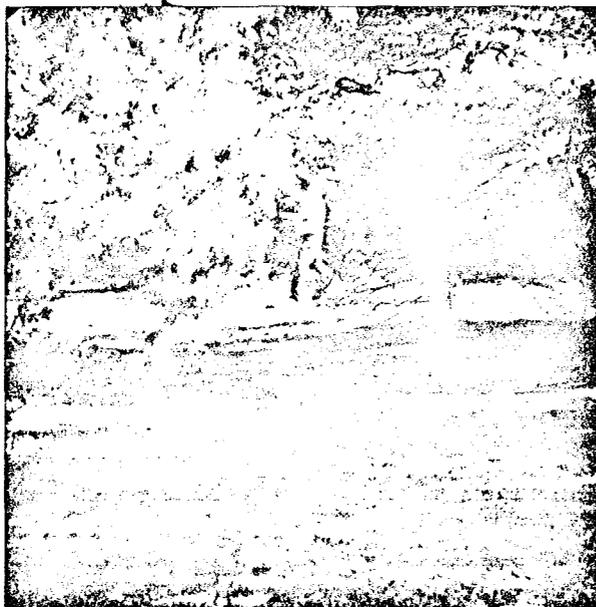
ACTING District Engineer

U.S. Geological Survey

Conservation Division

Oil and Gas Operations

Salt Lake City District



NWNE sec. 3 T4S R6W  
#3-1 TEXACO Tribal  
W.A. MONCRIEF

10  
north

DM: : DISTRICT GEOLOGIST, ME, SALT LAKE CITY, UTAH

: DISTRICT ENGINEER, O&G, SALT LAKE CITY, UTAH

SUBJECT: APD MINERAL EVALUATION REPORT

LEASE NO. 14-20-462-1939

OPERATOR: W. A. Moncrief

WELL NO. 3-1

LOCATION: 1/2 NW 1/2 NE 1/2 sec. 3, T. 4S, R. 6W, USM

Dechesne County, Utah

Stratigraphy: According to geologic map & P.I. information  
the stratigraphy is closer to:

Hintah - surface

Evacuation Creek - 2205'

Parachute Creek - 3467'

Douglas Creek - 4753'

Lower Green River - 6473'

Fresh Water: Useable water may be found in Hintah  
& Green River fms.

Leasable Minerals: Within lands designated prospectively  
valuable for oil shale. Oil shale occurs in the  
Mahogany zone of the Parachute Member of the  
Green River fm.

Additional Logs Needed: Run logs through Parachute Creek  
to identify oil shale

Potential Geologic Hazards: None anticipated

References and Remarks:

Signature: Candace C. Clark

Date: 9-28-78

~~State~~ - D06FM

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING

SUBMIT IN TRIPLICATE\*  
(Other instructions on reverse side)

14-20-H62-1939

5. Lease Designation and Serial No.

Ute Indian Tribe

6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

DRILL

DEEPEN

PLUG BACK

7. Unit Agreement Name

b. Type of Well

Oil Well

Gas Well

Other

Single Zone

Multiple Zone

8. Farm or Lease Name

Texaco Tribal

9. Well No.

#3-1

10. Field and Pool, or Wildcat

Cedar Rim

11. Sec., T., R., M., or Blk. and Survey or Area

3-4S-6W U.S.M.

3. Name of Operator

W. A. Moncrief

4. Address of Operator

P.O. Box 2573 Casper, Wyoming 82602

4. Location of Well (Report location clearly and in accordance with any State requirements.\*)

At surface

NW 1/4 NE 1/4 512 FNL - 1530 FEL Section 3, T4S, R6W, U.S.M.

At proposed prod. zone

12. County or Parrish 13. State

Duchesne Utah

14. Distance in miles and direction from nearest town or post office\*

Approximately 8 miles West of Duchesne

15. Distance from proposed\* location to nearest property or lease line, ft.

(Also to nearest drlg. line, if any)

16. No. of acres in lease

360.56

17. No. of acres assigned to this well

640.56

18. Distance from proposed location\* to nearest well, drilling, completed, or applied for, on this lease, ft.

NA

19. Proposed depth

8000'

20. Rotary or cable tools

Rotary

21. Elevations (Show whether DF, RT, GR, etc.)

6125' GL (Est.) EL Gr. 6140

22. Approx. date work will start\*

October 1, 1978

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
14 3/4"	10 3/4"	40.5	600'	Circ. to surface
9 1/2"	7 5/8"	26.4	6700'	400 sx
6 1/2"	5"	15	6500-8500	400 sx

CONFIDENTIAL

We propose to drill an 8500' Wasatch test and if commercial shows of oil and gas are encountered, set casing, perforate and evaluate any productive interval.

CONFIDENTIAL

IN 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

*Gene Stewart*

Title

*Consultant*

Date

*9/19/78*

(This space for Federal or State office use)

Permit No.

*43-013-3016P*

Approval Date

Applicant

Title

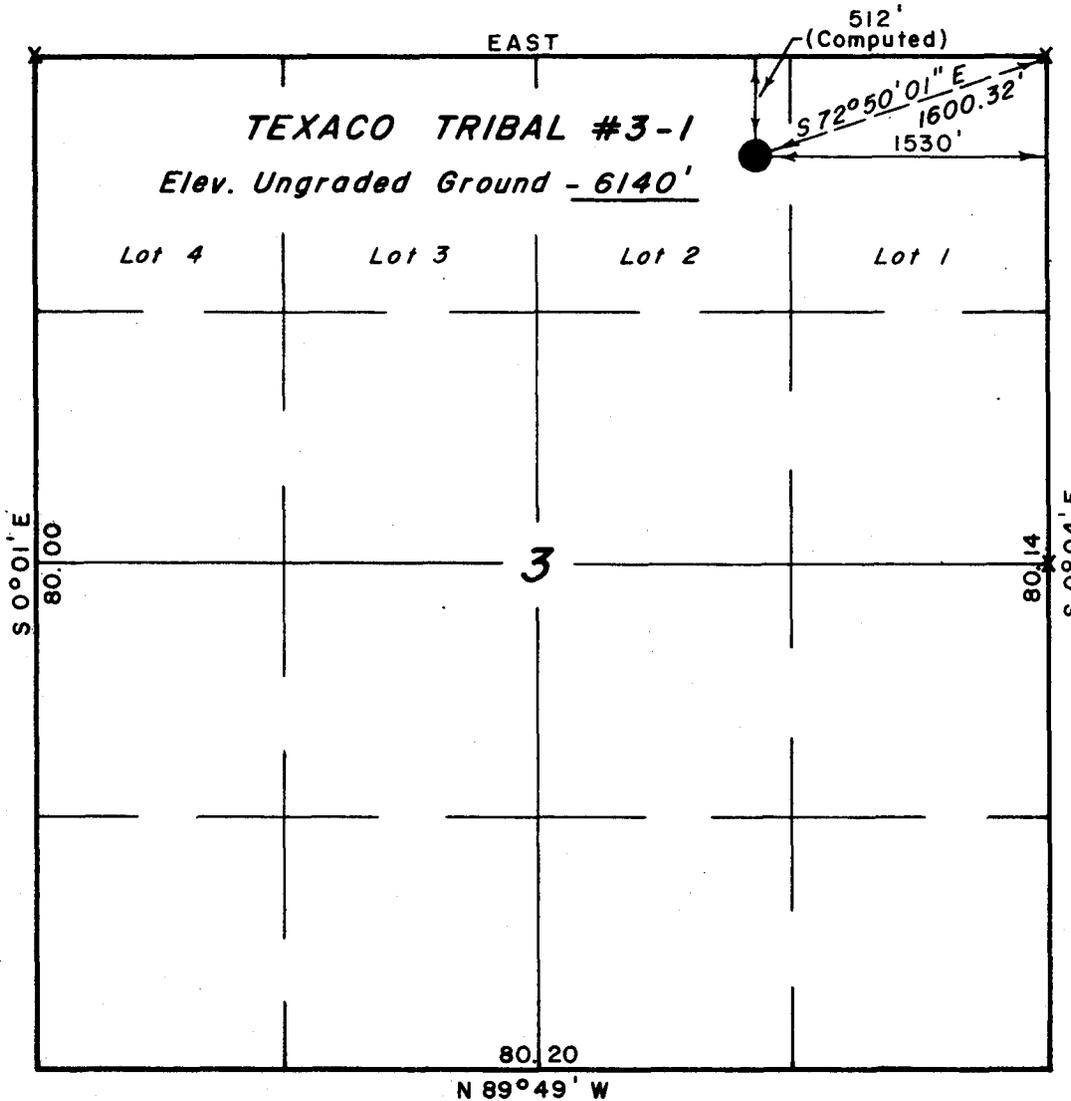
Date

PROJECT

**W.A. MONCRIEF**

**T4S, R6W, U.S.B. & M.**

Well location, **TEXACO TRIBAL #3-1**, located as shown in the NW 1/4 NE 1/4 Section 3, T4S, R6W, U.S.B. & M. Duchesne County, Utah.



**CERTIFICATE**

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.

*Jene Stewart*

REGISTERED LAND SURVEYOR  
REGISTRATION NO 3154  
STATE OF UTAH

<b>UINTAH ENGINEERING &amp; LAND SURVEYING</b>	
P.O. BOX Q - 110 EAST - FIRST SOUTH VERNAL, UTAH - 84078	
SCALE 1" = 1000'	DATE 9/15/78
PARTY RK TJ WJ DJ	REFERENCES G.L.O. Plat
WEATHER Cool / Partly Cloudy / Slight Wind	FILE W.A. MONCRIEF

X = Section Corners Located

W. A. Moncrief, Texaco Tribal #3-1  
NW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 3, T 4S, R 6W  
Duchesne County, Utah

### DRILLING PLAN

1. The geologic name of the surface formation is the Tertiary Green River.
2. Estimated tops of important geologic markers are as follows:

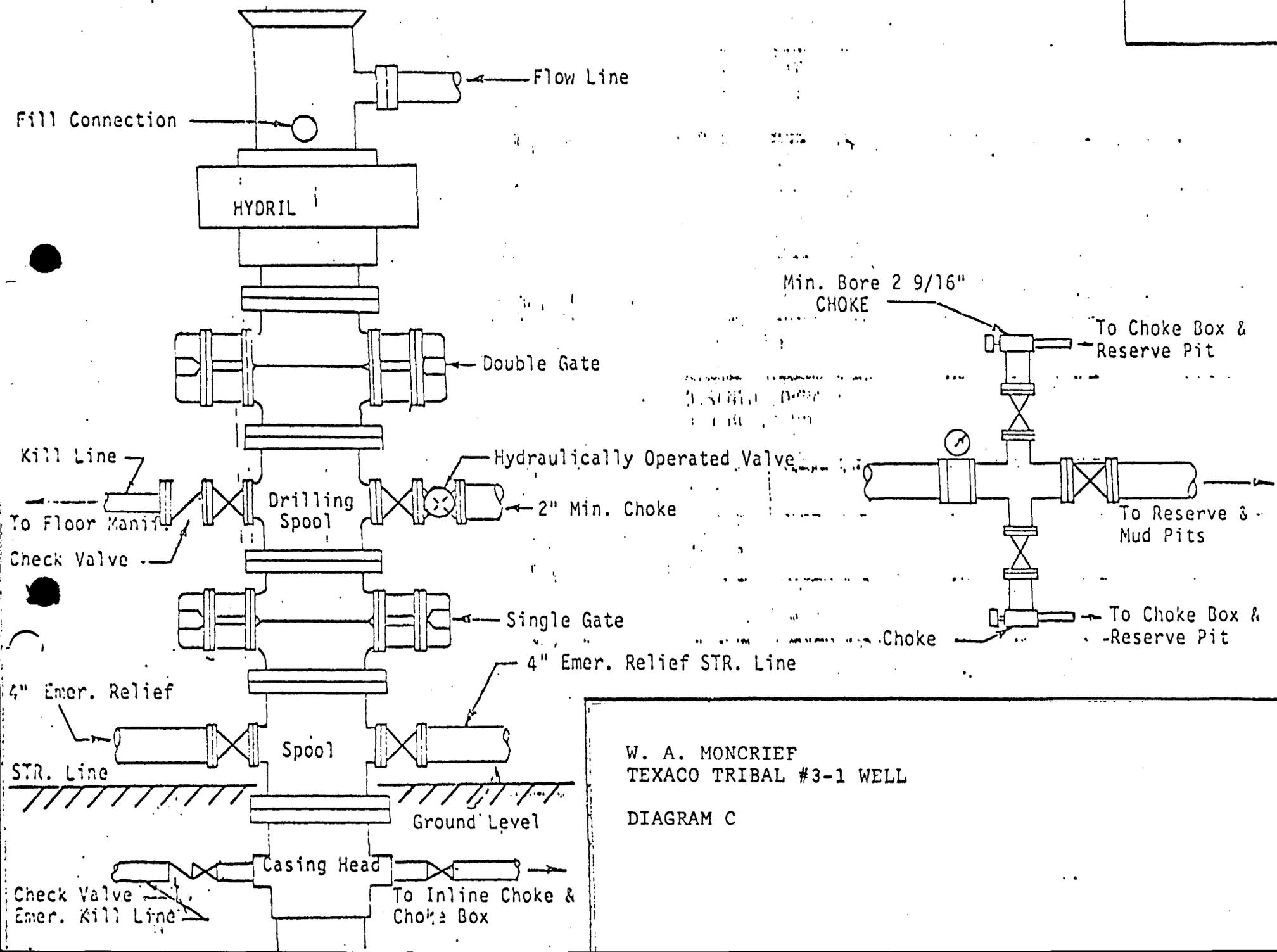
Green River	Surface
Wasatch	6700'

3. Oil and gas may be encountered in shallow Green River sands from 3000' to 3500' and in the Wasatch (6700'). No other formations are expected to produce water, oil, gas, or other minerals in measurable quantities.
4. The proposed casing program is listed under Item 23 on Form 9-331C. All casing is new and grade is K-55.
5. Operator's minimum specifications for pressure control equipment is a 10" 5000 psi double hydraulic blowout preventor. Please refer to Diagram C. Blowout preventor will be tested daily.
6. Fresh water base drilling mud will be used for the entire drilling operations and spud mud will be used for the surface hole. A dispersed mud system will be used thereon to total depth. Mud weight will be controlled by controlling drilling solids. Barite will be used for weighting material in the event abnormal pressures are encountered. Total system volume will be approximately 500 barrels, not including potential reserve pit volume.
7. Auxiliary equipment is as follows:
  - (1) Kelly cocks
  - (2) Bit floats
  - (3) A PVT and flow sensor will be used to monitor mud system. Visual checks will also be conducted.
  - (4) A full opening-quick close drill pipe valve is to be located on the derrick floor at all times.
8. Commercial shows of oil and gas will be tested. We anticipate drill stem tests in the Wasatch formation. No cores are anticipated. The logging program is as follows:

BHC-Gamma Ray Sonic w/Caliper, Integrated - TD to sones of surface casing.  
Formation Density/Compensated Neutron - Zones of interest.  
Dual Inducation Laterolog - TD to base of surface casing.

W. A. Moncrief, Texaco Tribal #3-1  
NW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 3, T 4S, R 6W  
Duchesne County, Utah  
Page 2

9. Bottom hole pressure is estimated at 4000 psi. No abnormal pressures, temperatures, or potential hazards, such as hydrogen sulfide gas are expected.
10. The estimated starting date is October 1, 1978 and the duration of operations will be approximately 75 days.



W. A. MONCRIEF  
 TEXACO TRIBAL #3-1 WELL

DIAGRAM C

W. A. MONCRIEF  
13 Point Surface Use Plan  
for  
Well Location  
Texaco Tribal #3-1  
Located In  
Section 3, T4S, R6W, U.S.B. & M.  
Duchesne County, Utah

W. A. Moncrief  
Texaco Tribal #3-1  
Section 3, T4S, R6W, U.S.B. & M.

1. EXISTING ROADS

See attached Topographic Map "A".

To reach W. A. Moncrief well location, Texaco Tribal #3-1, located in the NW 1/4 NE 1/4 Section 3, T4S, R6W, U.S.B. & M. , from Duchesne, Utah:

Proceed Westerly from Duchesne along U. S. Highway 40 approximately 8.1 miles to the point that an existing paved road, leading to the Strawberry River, exits to the South; proceed Southerly on this paved road 0.3 miles to the point that an existing dirt road exits to the East; proceed Easterly on this road 0.3 to the point that the planned access road (to be discussed in Item #2) leaves the existing road and proceeds in a Westerly direction to the proposed location site.

The last 0.3 miles of road, prior to the planned access road, will be upgraded to meet the requirements in Item #2. Other than this, there is no anticipated construction on any of the above described roads.

The road will be maintained and kept at the necessary standards required for an orderly flow of traffic during the drilling, completion, and production activities of this location.

2. PLANNED ACCESS ROAD

See Topographic Map "B".

The proposed access road leaves the existing road described in Item #1 in the NW 1/4 NE 1/4 Section 3, T4S, R6W, U.S.B. & M., and proceeds in a Westerly direction approximately 100' to the proposed location site.

In order to facilitate the anticipated traffic flow necessary to drill and produce this well, the following standards will be met:

The proposed access road will be an 18' crown road (9' either side of the centerline) with drain ditches along either side of the proposed road where it is determined necessary in order to handle any run-off from normal meteorological conditions that are prevalent to this area.

Back slopes along the cut areas of the road will be 1 1/2 to 1 slopes and terraced.

The road will be centerline flagged prior to the commencement of construction.

The grade of this road will vary from flat to 8%, but will not exceed this amount. The road will be constructed from native borrow materials accumulated during construction.

If deemed necessary by the local governmental agencies or their representatives, turnouts will be installed for safety purposes every 0.25 miles or on the top of ridges or at intervals and locations that will provide the greatest sight distance. These turnouts will be 200' in length and 10' in width and will be tapered from the shoulder of the road for a distance of 50' in length at both the access and outlet ends.

Any fences that are encountered along this access road will be cut and replaced

W.A Moncrief  
Texaco Tribal #3-1  
Section 3, T4S, R6W, U.S.B. & M.

2. PLANNED ACCESS ROAD - continued

with a cattleguard having a minimum width of 18' and a loading factor large enough to facilitate the heavy trucks required in the drilling and production of this well.

If cattleguards are to be located at existing gates, they will be installed with the above requirements and with a new gate installed at one end of the cattleguard.

The access from the road to the gate will be of such a nature that there will be no impedance of traffic flow along the main access road and no difficulties encountered by traffic utilizing the gate, either leaving or entering the proposed access road.

The terrain that this road traverses is relatively flat.

The vegetation along this route consists of sagebrush, rabbitbrush, some grasses, and cacti.

3. LOCATION OF EXISTING WELLS

As shown on Topographic Map "B", there are other wells within a one-mile radius of the proposed well site. (See Location plat for exact placement of W. A. Moncrief well location within Section 3.

4. LOCATION OF TANK BATTERIES, PRODUCTION FACILITIES, AND PRODUCTION GATHERING AND SERVICE LINES

At the present time there are no W. A. Moncrief batteries, production facilities, oil gathering lines, gas gathering lines, injection, or disposal lines within a one-mile radius.

In the event that production of this well is established then the existing area of the location will be utilized for the establishment of the necessary production facilities.

The area will be built, if possible, with native materials and if these materials are not available then the necessary arrangements will be made to get them from private sources.

The total area that is needed for the production of this well will be fenced and cattleguards will be utilized for access to the facilities.

The rehabilitation of the disturbed area that is not required for the production of this well, will meet the requirements of Items #7 and #10 and these requirements and standards will be adhered to.

5. LOCATION AND TYPE OF WATER SUPPLY

Water to be used in the drilling and production of this well will be hauled from the Strawberry River at the point where the road crosses it in the SW 1/4 SE 1/4 Section 3, T4S, R6W, U.S.B. & M. The water will be hauled by truck over

W. A. Moncrief  
Texaco Tribal #3-1  
Section 3, T4S, R6W, U.S.B. & M.

5. LOCATION AND TYPE OF WATER SUPPLY - continued

existing roads a distance of approximately 1.5 miles to the proposed location site.

If this water source is not available for use then other necessary arrangements will be made at which time all concerned parties will be notified.

All regulations and guidelines will be followed in order to satisfy the anticipated water requirements.

6. SOURCE OF CONSTRUCTION MATERIAL

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. No additional road gravels or pit lining material from other sources are anticipated at this time, but if they are required, the appropriate actions will be taken to acquire them from private sources.

7. METHODS FOR HANDLING WASTE DISPOSAL

See Location Layout Sheet.

A reserve and burn pit will be constructed.

The reserve pit will be approximately 8' deep and at least one-half of this depth shall be below the surface of the existing ground.

One half of the reserve pit will be used as a fresh water storage area during the drilling of this well and the other one-half will be used to store non-flammable materials such as cuttings, salts, drilling fluids, chemicals, produced fluids, etc.

If deemed necessary by the agencies concerned, to prevent contamination to surrounding areas the reserve pits will be lined with a gel.

The pits will have wire and overhead flagging installed at such time as deemed necessary to protect the water fowl, wildlife, and domestic animals.

At the onset of drilling, the reserve pit will be fenced on three sides and at the time the drilling activities are completed, it will be fenced on the fourth side and allowed to dry completely prior to the time that backfilling and reclamation activities are attempted.

When the reserve pit dries and reclamation activities commence, the pits will be covered with a minimum of four feet of soil and all requirements in Item #10 will be followed.

The burn pit will be constructed and fenced on all four sides with a small mesh wire to prevent any flammable material from escaping and creating a fire hazard.

All flammable material will be burned and then buried upon completion of this well.

A portable chemical toilet will be supplied for human waste.

W. A. Moncrief  
Texaco Tribal #3-1  
Section 3, T4S, R6W, U.S.B. & M.

8. ANCILLARY FACILITIES

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. WELL SITE LAYOUT

See Location Layout Sheet.

The appropriate Ute Tribal Agencies will be notified before any construction begins on the proposed location site.

As mentioned in Item #7, the pits will be unlined unless it is determined by the representatives of the agencies involved that the materials are too porous and would cause contamination to the surrounding area; then the pits will be lined with a gel and any other type materials necessary to make it safe and tight.

When drilling activities commence, all work shall proceed in a neat and orderly sequence.

10. PLANS FOR RESTORATION OF SURFACE

As there is some topsoil on the location site, it shall be stripped and stockpiled. (See location layout sheet and Item #9). When all drilling and production activities have been completed, the location site and access road will be reshaped to the original contour and the stockpiled topsoil spread over the disturbed area.

Any drainages re-routed during the construction activities shall be restored to their original line of flow as near as possible. Fences around pits are to be removed upon completion of drilling activities and all waste being contained in the trash pit shall be buried with a minimum of 5' cover.

As mentioned in Item #7, the reserve pit will be completely fenced and wired with overhead wire and flagging installed. If there is oil in the pits, it will be allowed to dry completely before covering.

Restoration activities shall begin within 90 days after completion of the well. Once completion activities have begun, they shall be completed within 30 days.

When restoration activities have been completed, the location site and access ramp shall be reseeded with a seed mixture recommended by the Ute Tribal District Manager when the moisture content of the soil is adequate for germination. The Lessee further covenants and agrees that all of said cleanup and restoration activities shall be done and performed in a diligent and most workmanlike manner and in strict conformity with the above mentioned Items #7 and #10.

11. OTHER INFORMATION

The Topography of the General Area (See Topographic Map "A")

The area is located along the Northern slope of the Book Cliff Mountains forming a part of the West Tavaputs Plateau. The area is interlaced with numerous canyons, ridges, and bench lands of which the side slopes are relatively steep with ledges formed of sandstone and conglomerate being common.

W. A. Honerief

Texaco Tribal #3-1

Section 3, T4S, R6W, U.S.B. & M.

11. OTHER INFORMATION - continued

The visible geologic structures of the area are the glacial outwashes of the Recent or Pleistocene Epoch (Quaternary Period) along the tops of the benches, plateaus and ridges and from the Duchesne River Formation of the Eocene Epoch (Tertiary Period) along the lower portions of the ridges and the canyon and draw bottom lands. The upper areas consist of light redish-brown clayey-sands with poorly graded gravels (SM-ML) to heavy brownish gray sandy clays (OL) in the bottom lands.

Outcrops of sandstone and conglomerate deposits are common in the area.

The topsoils in the area range from a sandy clay (SM-ML) type soil with large boulders to a clayey (OL) type soil.

The majority of the numerous washes and streams in the area are of a non-perennial nature flowing during the early spring run-off and heavy rain storms of long duration which are rare as the normal annual rainfall in the area is only 8".

Due to the low precipitation average, climate conditions, and the marginal types of soils, the vegetation that is found in the area is common of the semi-arid region we are located in and consists of juniper and pinion forests as the primary flora with areas of sagebrush, rabbit brush, some grasses, and cacti.

The fauna of the area consists predominantly of the mule deer, coyotes, rabbits, and varieties of small ground squirrels and other types of rodents.

The area is used by man for the primary purpose of grazing domestic sheep and cattle.

The birds of the area are raptors, finches, ground sparrows, magpies, crows, and jays.

The Topography of the Immediate Area (See Topographic Map "B")

Texaco Tribal #3-1 location site sits on the top portion of a large ridge. This ridge extends to the East and West, bordering the Strawberry River. The sides of the ridge slope gradually to the North and steeply to the South into the Strawberry River. The proposed location site lies approximately 0.5 miles North of the Strawberry River.

The terrain in the immediate vicinity of the location slopes to the North through the location site at approximately a 6% grade.

The vegetation in the immediate area surrounding the location site is juniper and pinion trees with sagebrush, grasses, and cacti.

W. A. Moncrief, Texaco Tribal #3-1  
NE/NE/4 Section 3, T 4S, R 6W  
Cachesne County, Utah

11. Other Information - continued

There are no occupied dwellings or other facilities of this nature in the general area.

There are no visible archaeological, historical, or cultural sites within any reasonable proximity of the proposed location site. (See Topographic Map 'B').

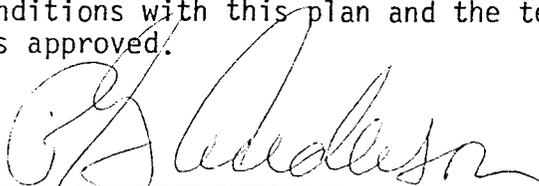
12. Lessee's or Operator's Representative

Percy G. Anderson  
P. O. Box 2573  
Casper, Wyoming 82602

Phone: 1-307-237-2541

13. Certification

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 this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by W. A. Moncrief and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.



DATE

Percy G. Anderson

9/14/78

mc

W. A. MONCRIEF  
PROPOSED LOCATION  
TEXAS TRIBAL '3-1

TOPO. MAP A

SCALE - 1" = 4 MI.



UINTAH AND OURAY INDIAN RESERVATION

PROPOSED LOCATION

W. A. MONCRIEF  
PROPOSED LOCATION  
TEXACO TRIBAL #3-1

TOPO. MAP 'B'

SCALE - 1" = 2000'

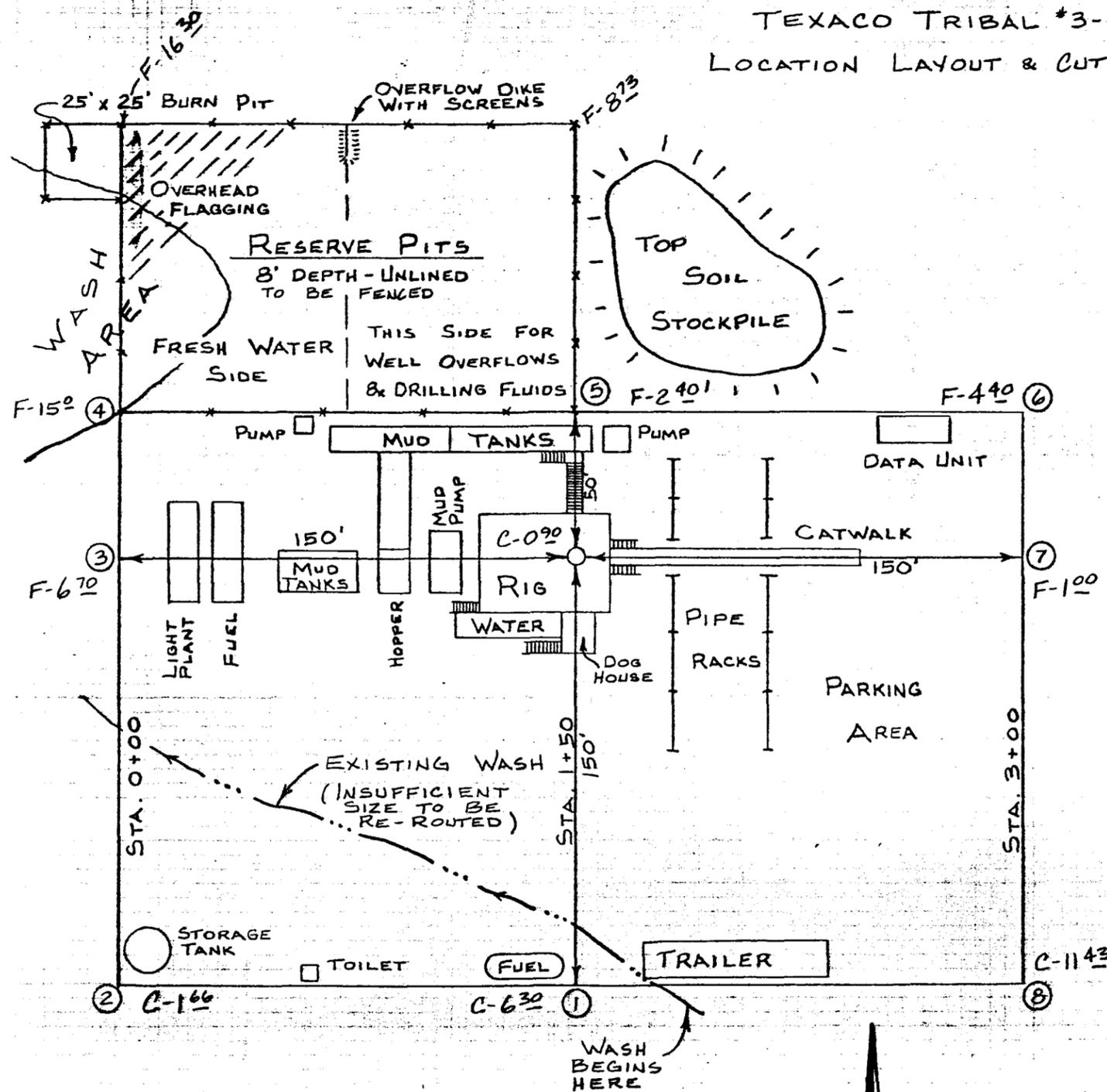
ROAD CLASSIFICATION

- Medium-duty  Light-duty 
- Unimproved dirt 
-  State Route

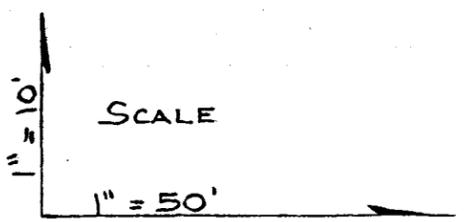
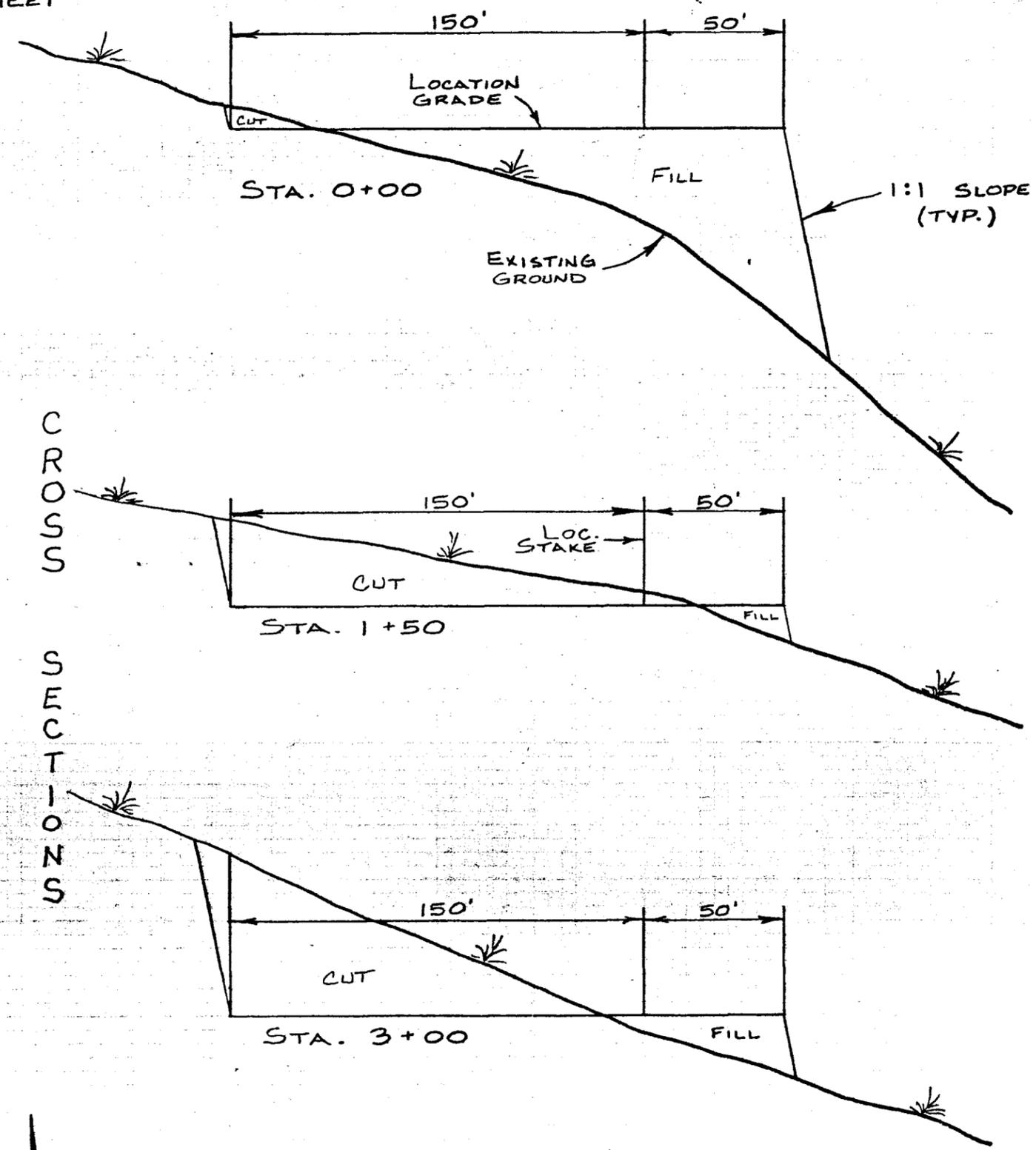
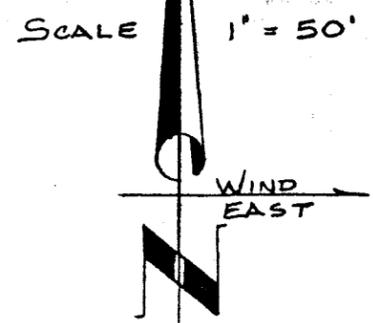
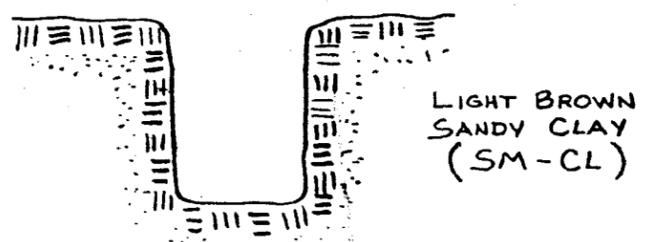




**W.A. MONCRIEF**  
**TEXACO TRIBAL #3-1**  
**LOCATION LAYOUT & CUT SHEET**



**SOILS LITHOLOGY**  
 - NO SCALE -



**APPROX. YARDAGES**

CUT - 5,609	CU. YDS.
FILL - 3,679	CU. YDS.

Conf.

STATE OF UTAH  
DIVISION OF OIL, GAS, AND MINING

\*\* FILE NOTATIONS \*\*

CONFIDENTIAL

Date: Sept. 18-

Operator: W.A. Mancini

Well No: Space Tribal 3-1

Location: Sec. 3 T. 4 R. 6W County: Duchesne

File Prepared:

Entered on N.I.D.:

Card Indexed:

Completion Sheet:

API Number: B-013-30468

CHECKED BY:

Administrative Assistant: \_\_\_\_\_

Remarks: \_\_\_\_\_

Petroleum Engineer: \_\_\_\_\_

Remarks: \_\_\_\_\_

Director: J

Remarks: \_\_\_\_\_

INCLUDE WITHIN APPROVAL LETTER:

Bond Required:

Survey Plat Required:

Order No. \_\_\_\_\_

Surface Casing Change   
to \_\_\_\_\_

Rule C-3(c), Topographic exception/company owns or controls acreage  
within a 660' radius of proposed site

O.K. Rule C-3

O.K. In \_\_\_\_\_ Unit

Other: \_\_\_\_\_

Letter Written/Approved



SCOTT M. MATHESON  
Governor

OIL, GAS, AND MINING BOARD

GORDON E. HARMSTON  
Executive Director,  
NATURAL RESOURCES

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116  
(801) 533-5771

I. DANIEL STEWART  
Chairman

CHARLES R. HENDERSON  
JOHN L. BELL  
THADIS W. BOX  
C. RAY JUVELIN

CLEON B. FEIGHT  
Director

September 19, 1978

W.A. Moncrief  
c/o Gene Stewart  
P.O. Box "Q"  
Vernal, Utah 84078

Re: Well No's:  
Texaco Tribal 3-1  
Sec. 3, T. 4 S, R. 6 W,  
Bates 9-1  
Sec. 9, T. 4 S, R. 6 W,  
Duchesne County, Utah

Gentlemen:

Insofar as this office is concerned, approval to drill the above referred to wells is hereby granted in accordance with Rule C-3(c), General Rules and Regulations and Rules of Practice and Procedure.

Should you determine that it will be necessary to plug and abandon this well(s), you are hereby requested to immediately notify the following:

PATRICK L. DRISCOLL - Chief Petroleum Engineer  
HOME: 582-7247  
OFFICE: 533-5771

Enclosed please find Form OGC-8-X, which is to be completed whether or not water sands (aquifers) are encountered during drilling.

Further, it is requested that this Division be notified within 24 hours after drilling operations commence, and that the drilling contractor and rig number be identified.

The API numbers assigned to these wells are:

#3-1: 43-013-30468

#9-1: 43-013-30469

Very truly yours,

DIVISION OF OIL, GAS, AND MINING

CLEON B. FEIGHT  
Director

**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  
W. A. Moncrief

3. ADDRESS OF OPERATOR  
P. O. Box 2573, Casper, Wyoming 82602

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)  
AT SURFACE: NWNE (512' FNL, 1530' FEL)  
AT TOP PROD. INTERVAL:  
AT TOTAL DEPTH:

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

5. LEASE  
14-20-H62-1939

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
Ute Indian Tribe

7. UNIT AGREEMENT NAME  
P

8. FARM OR LEASE NAME  
Texaco Tribal

9. WELL NO.  
3-1

10. FIELD OR WILDCAT NAME  
Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
3-4S-6W

12. COUNTY OR PARISH  
Duchesne

13. STATE  
Utah

14. API NO.  
43-013-30468

15. ELEVATIONS (SHOW DF, KDB, AND WD)  
6125' GL

REQUEST FOR APPROVAL TO:

- TEST WATER SHUT-OFF
  - FRACTURE TREAT
  - SHOOT OR ACIDIZE
  - REPAIR WELL
  - PULL OR ALTER CASING
  - MULTIPLE COMPLETE
  - CHANGE ZONES
  - ABANDON\*
- (other) Monthly

SUBSEQUENT REPORT OF:



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.)\*

CONFIDENTIAL

October 1978      Spudded well at 3:00 p.m., 10-14-78. Ran 16 jts 10-3/4", 40.5# K-55 casing and set at 665' KB w/660 sx cement. Drilling 9 1/2" hole at 3,310'.

Subsurface Safety Valve: Manu. and Type \_\_\_\_\_ Set @ \_\_\_\_\_ Ft.

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

SIGNED [Signature] TITLE Production Manager October 25, 1978

(This space for Federal or State office use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING

Form approved.  
Budget Bureau No. 42-R355.5.

Release  
date: 7-3-79

5. LEASE DESIGNATION AND SERIAL NO.

14-20-H62-1939

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

Ute Indian Tribe

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Texaco Tribal

9. WELL NO.

3-1

10. FIELD AND POOL, OR WILDCAT

Cedar Rim

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

3-4S-6W

12. COUNTY OR PARISH

Duchesne

13. STATE

Utah

WELL COMPLETION OR RECOMPLETION REPORT AND LOG \*

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  Other \_\_\_\_\_

b. TYPE OF COMPLETION: NEW WELL  WORK OVER  DEEP-EN  PLUG BACK  DIFF. RESVR.  Other \_\_\_\_\_

2. NAME OF OPERATOR

W. A. Moncrief

3. ADDRESS OF OPERATOR

P. O. Box 2573, Casper, Wyoming 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) \*

At surface NW 1/4 NE 1/4  
At top prod. interval reported below (512' FNL, 1530' FEL)  
At total depth

14. PERMIT NO. 43-013-30468 DATE ISSUED 9/19/78

15. DATE SPUDDED 10/14/78 16. DATE T.D. REACHED 11/25/78 17. DATE COMPL. (Ready to prod.) 12/3/78 18. ELEVATIONS (DF, REB, BT, GR, ETC.) \* 6138 GL, 6151' KB 19. ELEV. CASINGHEAD =

20. TOTAL DEPTH, MD & TVD 8255' 21. PLUG, BACK T.D., MD & TVD 7907 22. IF MULTIPLE COMPL., HOW MANY \* NA 23. INTERVALS DRILLED BY → ALL 24. ROTARY TOOLS 25. CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD) \* 7338-7762 and 6816-7279; Wasatch 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN Dual Induction-SFL, BHC Sonic & Compensated Neutron-Formation Density 27. WAS WELL CORED No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"	-	30'	17-1/2"	-	-0-
10-3/4"	40.5	665	14-3/4"	660 sx	-0-
7-5/8"	26	6713	9-1/2"	750 sx	-0-

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
5"	6476	8255	275 sx	-	2-7/8	6508	6508
					5-1/2	4168	(Heat string)

31. PERFORATION RECORD (Interval, size and number) SEE REVERSE SIDE  
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. SEE REVERSE SIDE

33.\* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)					
12/2/78	Flowing	Producing					
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
12/3/78	7	20/64"	→	100	1400	None	14,000 CF/bbl
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
1700	PKR	→	343	4800	None	43	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Vented TEST WITNESSED BY Larry Brandly

35. LIST OF ATTACHMENTS None

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records  
SIGNED [Signature] TITLE Production Manager DATE 1/15/79

\*(See Instructions and Spaces for Additional Data on Reverse Side)

# INSTRUCTIONS

**General:** This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 36.

**Item 4:** If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

**Item 18:** Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. **Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

**Item 29: "Sacks Cement":** Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. **Item 33:** Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP TRUE VERT. DEPTH
<b>37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES</b>						
DRILL STEM TESTS - NONE						
ITEM 31, Perforation Record				Green River	Surface	
ZONE 1 - 7760-62, 7600-08, 7400-05 & 7338-42	7590-94	7568-78	7553-59, 7524-28, 7468-77, 7420-27, w/1-11/16" gun; 69 shots.	Wasatch	6733	
ZONE 2 - 7273-79, 7235-44, 6925; 6908-10, 6949-51 & 6816-18	7076-80	7024-28	7016-20, 6977-80, 6960-64, w/1-11/16" gun; 59 shots.			
ITEM 32, Acid, Shot, Fracture, Cement						
Acidized Zone #1 w/12,000 gal 15% HCl			Squeeze, etc.			
Breakdown 3000# @ 5 BPM.			Used 80 ball sealers evenly in last 10,000 gal.			
Displace w/2130 gal. Average 8 BPM @ 5900#.			Max pressure 600#. Used 251,000 scf of nitrogen.			
Acidized Zone #2 w/10,000 gal 15% HCl			and with additives and 500 scf of nitrogen/			
bb1. Breakdown w/210 gal water @ 5 BPM and 2600#.			Pump 420 gal of TLC-80 fluid			
w/55 ball sealers.			Pump acid w/70 ball sealers spaced through-			
out. Max. pressure 6000#. Average 8 BPM @ 4900#.			All water used was formation			
water. Used 190,000 scf of nitrogen.						



STATE OF UTAH  
NATURAL RESOURCES & ENERGY  
Oil, Gas & Mining

Scott M. Matheson, Governor  
Temple A. Reynolds, Executive Director  
Cleon B. Feight, Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

TO: C. B. Feight, Director  
FROM: R. J. Firth, Petroleum Engineer *RJF*  
DATE: August 23, 1982  
SUBJECT: Gas Flaring - Rule C-27  
South Cedar Rim Area, Duchesne County, Utah

Hearings have recently been held before the Board in the matter of continued gas flaring in the South Cedar Rim area by Moncrief Oil Company and Koch Exploration Company. These hearings were Cause No. 196-7, May 27, 1982, involving Moncrief and Cause No. 196-8, June 28, 1982 involving Koch. Both companies presented information regarding present and future oil and gas production volumes, proposed gas gathering facilities and the economics of operating this system and the present production facilities. In both instances, it was determined that there were insufficient gas production volumes and inadequate gas reserves to justify a gas gathering system by each individual operator.

However, it was proposed that the entire area be studied to determine if it might be feasible and economical to install a gas gathering system that might be used by both operators on a cooperative basis. The following parameters were used to evaluate the pipeline installation and to determine the economics of gathering and marketing the casing head gas from the wells in this area:

1. Wells to be connected to the proposed gathering system are Moncrief No. 3-1, Moncrief No. 9-1, Moncrief No. 15-1, Koch No. 10-1, and Koch No. 11-1. All additional wells in the area are presently uneconomical to produce or shut in.
2. The proposed gathering system would be 2" and 3" OD lines laid on the surface. It would be necessary to increase the gathering line size to 3-4" OD line at the proposed river crossing and for the final approximately 2 miles of line including the highway crossing. It was concluded that less expensive plastic line might be used for the gathering lines between wells prior to the river crossing.
3. Gas sales meters, dehydrators, labor and miscellaneous expenses and a possible compressor installation were included in the initial pipeline expenditures.
4. The initial gas price was estimated at \$ 3.00 per MCF less basic and overriding royalties, estimated taxes, and transportation charges for sales gas. The approximate net price of \$ 2.15 per MCF was escalated at 8% annually.

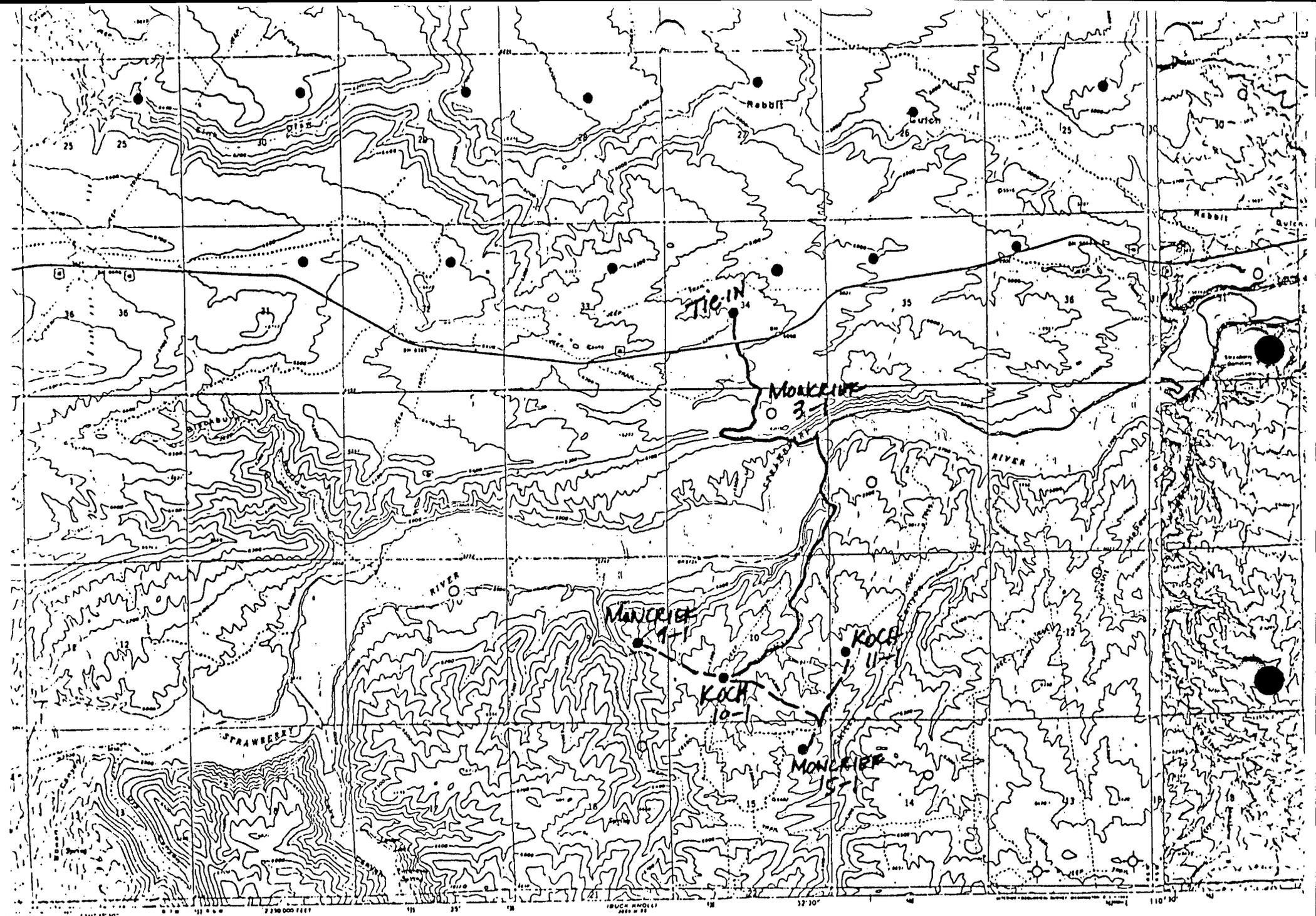
Page 2  
C. B. Feight  
August 23, 1982

5. Operating costs for the system were estimated at \$ 500.00 per month escalated at 10% annually. No allowance was made for the fuel gas useage for the compressor and dehydrator systems but this gas volume would reduce the gas sales volume.
6. Gas production decline was estimated at 20% per year based on the lease oil decline rate.

A gross estimated expenditure of \$ 500,000 would be necessary to install these necessary facilities to initiate gas sales. Although the operators would benefit from the current income generated by the sale of the presently flared gas, unfortunately under present circumstances, payout of the initial expenditures and the operating expenses would never be realized.

As there appears to be no indication of any unreasonable or excessive amount of gas production that will diminish the quantity of oil or gas that might ultimately be produced, continued flaring of gas should be allowed in order to produce the oil associated with this gas.

cc: Board of Oil, Gas & Mining



TIG-IN

MONCKIEP  
3-1

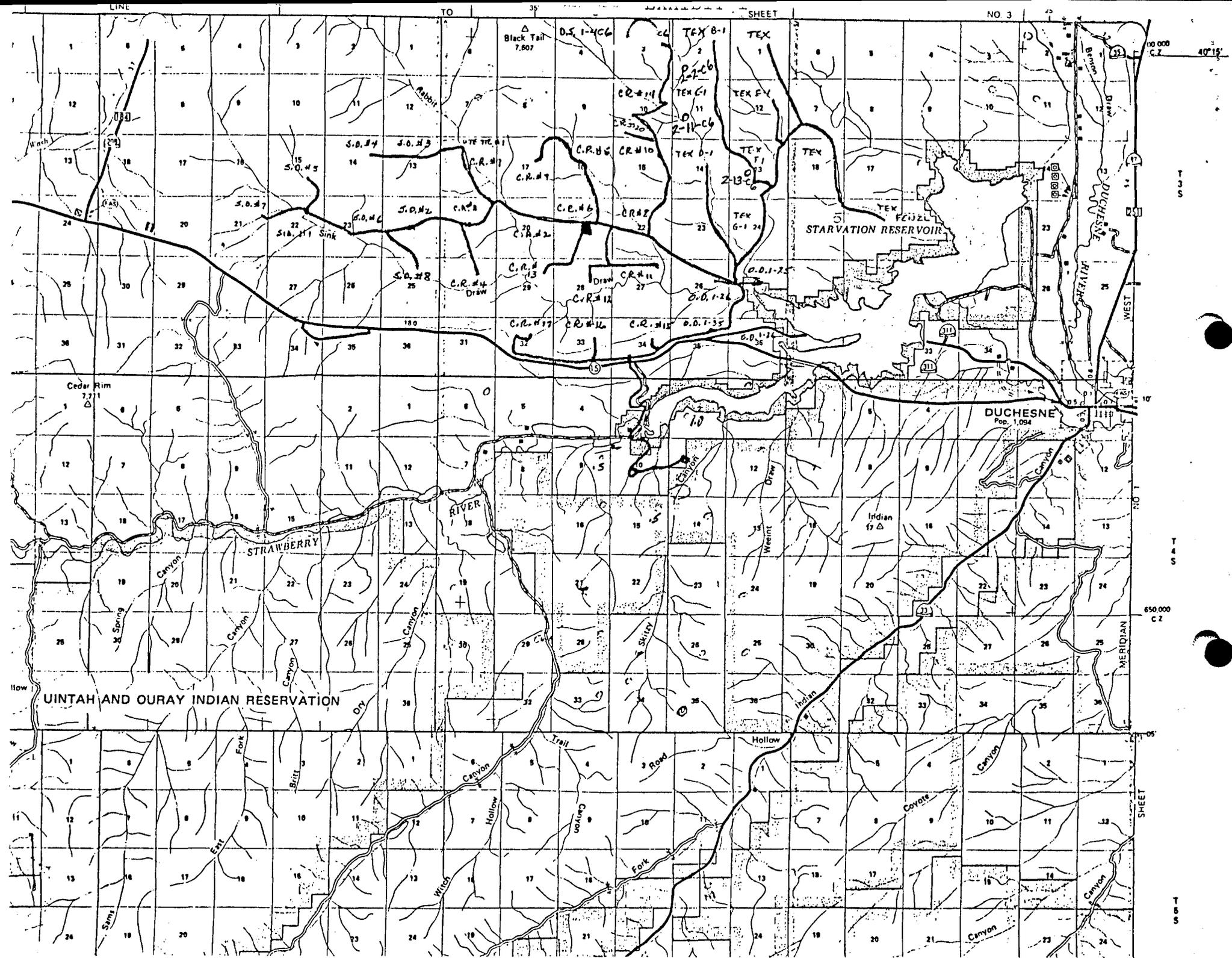
MANCKIEP  
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KOCH  
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11-1

MONCKIEP  
15-1

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<p>MFS 4 Cedar Rim</p>	<p>Koch 13 Cedar Rim</p>	<p>Koch 12 Cedar Rim</p>	<p>Koch 11 Cedar Rim</p>	<p>ODoU 1 26 Burton Hawks</p>	<p>ODoU 1 25 Burton Hawks</p>
<p>Koch Cedar Rim 18</p> <p>10-78 OIL 188 BO GAS 4,479 MCF 10-78 CUM OIL 18,432 BO CUM GAS 31,50,920 MCF</p>	<p>Koch Cedar Rim 17</p> <p>10-78 OIL 329 BO GAS 2,765 MCF 10-78 CUM OIL 71,763 BO CUM GAS 223,224 MCF</p>	<p>Koch Cedar Rim 16</p> <p>10-78 OIL 11,554 BO GAS 12,694 MCF 10-78 CUM OIL 264,244 BO CUM GAS 784,254 MCF</p>	<p>Koch Cedar Rim 15</p> <p>10-78 OIL 2,896 BO GAS 17,085 MCF 10-78 CUM OIL 278,296 BO CUM GAS 647,531 MCF</p>	<p>10-78 OIL 3,424 BO GAS 14,523 MCF 10-78 CUM OIL 18,432 BO CUM GAS 209,361 MCF</p>	<p>10-78 OIL 2,391 BO GAS 85,883 MCF 10-78 CUM OIL 187,995 BO CUM GAS 622,954 MCF</p>
				<p>ODoU 1 35 Burton Hawks Tribal</p> <p>10-78 OIL 2,829 BO GAS 9,718 MCF 10-78 CUM OIL 98,517 BO CUM GAS 192,139 MCF</p>	<p>ODoU 1 30 Tribal</p> <p>10-78 OIL 1,381 BO GAS 6,893 MCF 10-78 CUM OIL 35,198 BO CUM GAS 101,109 MCF</p> <p>30</p>

<p>Koch Cedar Rim 22</p>	<p>Koch Cedar Rim 21</p>	<p>Municipal Tribal 1</p> <p>3/79 OIL 1,494 BO GAS 5,105 MCF 4-1-79 CUM OIL 5,927 BO CUM GAS 14,141 MCF</p>	<p>Municipal Howley 2</p> <p>3/79 OIL 1,495 BO GAS 18,064 MCF 4-1-79 CUM OIL 32,700 BO CUM GAS 62,714 MCF</p>	<p>Municipal 12</p>
<p>Municipal Pendergast 1</p> <p>3/79 OIL 285 BO GAS ---</p> <p>4-1-79 CUM OIL 495 BO GAS 218 MCF</p>	<p>Municipal Batus 9</p> <p>3/79 OIL 9,599 BO GAS 6,332 MCF 4-1-79 CUM OIL 60,268 BO CUM GAS 32,05 MCF</p>	<p>Koch Reimann 11</p> <p>3/79 OIL 14,559 BO GAS 4,944 MCF 4-1-79 CUM OIL 20,974 BO CUM GAS 10,320 MCF</p>	<p>Koch 11</p> <p>3/79 OIL 150 BO GAS 2,104 MCF 4-1-79 CUM OIL 150 BO CUM GAS 2,700 MCF</p>	
<p>Gull Baba Ute 11-16 COMPLETING</p>	<p>Municipal Gull Tribal 15</p> <p>3/79 OIL 0,023 BO GAS 1,711 MCF 4-1-79 CUM OIL 14,474 BO CUM GAS 14,701 MCF</p>	<p>Municipal Gull Black Jack Ute 1-19</p> <p>3/79 OIL 65 BO GAS --- 4-1-79 CUM OIL 65 BO CUM GAS ---</p>		

<p>Gull Ute Tribal 1 22 GREENHAWK</p> <p>3/79 OIL 1,124 BO GAS ---</p>	<p>Gull Ute Tribal 1 23</p> <p>3/79 OIL 1,124 BO GAS ---</p>
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FILE IN QUADRUPPLICATE  
FORM OGC-8-X

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116

January 16, 1979

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well Name & Number: TEXACO TRIBAL 3-1

Operator: W. A. Moncrief Address: P. O. Box 2573  
Casper, Wyoming 82602

Contractor: R. L. Manning Co. Address: 2200 United Bank Center,  
1700 Broadway, Denver, CO 80290

Location NW 1/4 NE 1/4; Sec. 3 T. 4 N, R. 6 W; Duchesne County.

Water Sands:

<u>Depth:</u>		<u>Volume:</u>	<u>Quality:</u>
From-	To-	Flow Rate or Head	Fresh or Salty
1.	<u>NO WATER SANDS ENCOUNTERED.</u>		
2.	_____		
3.	_____		
4.	_____		
5.	_____		

(Continue on Reverse Side if Necessary)

Formation Tops:

Wasatch 6733

Remarks:

None.

- NOTE: (a) Upon diminishing supply of forms, please inform this office.  
(b) Report on this form as provided for in Rule C-20, General Rules and Regulations and Rules of Practice and Procedure.  
(c) If a water analysis has been made of the above reported zone, please forward a copy along with this form.



# MONCRIEF OIL

CC: BOARD  
DR NICHSON  
RS FINTL  
JR BAZA

November 28, 1984

P.O. BOX 2573  
CASPER, WYOMING 82602

307-237-2541

Board of Oil, Gas & Mining  
Dept. of Natural Resources  
State of Utah

REC 0 1 1984

Attn: Ms. Marjorie Larson, Secretary

DEPARTMENT OF  
OIL, GAS & MINING

Re: Docket No. 84-083  
Cause No. 196-7  
Gas Flaring  
4S-6W Duchesne County, Utah

Gentlemen:

W. A. Moncrief operates two wells in the subject area, namely Bates 9-1 and Texaco Tribal 3-1. These wells produce from the Wasatch Formation.

Between 1979 and 1982 several hearings before the Board were conducted concerning the flaring of gas from wells located in this area.

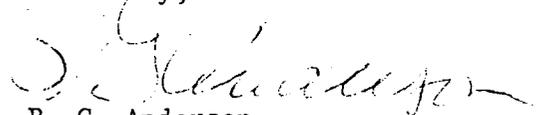
To our knowledge, nothing significant has transpired since this time to significantly change the economic picture regarding this matter.

If anything, history has borne out our original prediction of this area i.e., there were insufficient gas reserves associated with this area to justify a gas gathering system. In addition to the two wells mentioned above Koch Exploration operates two wells in this area and these are the only wells now producing. It is interesting to note Koch has not connected their two wells and they own the nearest gas gathering facility.

Last week we were in contact with a Mr. Glenn Feight of the Board's office and we expressed our concern at the time that we did not know exactly how to respond to the Board's order to appear on December 6, 1984. Mr. Feight indicated he would look into the matter and advise us. To date we have heard nothing further.

Please accept this letter as Moncrief's response to the subject matter.

Sincerely,



P. G. Anderson  
Production Manager

PGA/dmb

cc: Mr. Mel May, Ft. Worth  
Working Interest Owners  
(Addressee List Attached)

Working Interest Owners  
Addressee List

Gulf Oil Exploration  
and Production  
P. O. Box 2619  
Casper, WY 82602

Koch Exploration, Inc.  
Seventeenth St. Plaza  
Suite 2540  
1225 Seventeenth Street  
Denver, CO 80202

Koch Exploration  
P. O. Box 2256  
Wichita, KS 67201

Juanita Smith  
1476 S. Wasatch Dr.  
Salt Lake City, UT 84108

Dennis Smith  
4400 Coldwater Canyon Ave.  
Suite 200  
Studio City, CA 91604

Texaco, Inc.  
P. O. Box 2100  
Denver, CO 80201

Ute Indian Tribe  
Uintah and Ouray Reservation  
Energy and Mineral Res.  
P. O. Box 129  
Ft. Duchesne, UT 84026

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

---00000---

IN THE MATTER OF GAS FLARING	:	NOTICE OF HEARING
BY MONCRIEF OIL COMPANY FROM	:	
WELLS LOCATED IN TOWNSHIP 4	:	DOCKET NO. 84-083
SOUTH, RANGE 6 WEST, SLM,	:	CAUSE NO. 196-7
DUCHESNE COUNTY, UTAH	:	

---00000---

THE STATE OF UTAH TO ALL OPERATORS, TAKERS OF PRODUCTION,  
MINERAL AND ROYALTY OWNERS, AND PARTICULARLY ALL PERSONS INTERESTED  
IN DUCHESNE COUNTY, UTAH.

Notice is hereby given that the Board of Oil, Gas and Mining,  
on its own Order to Show Cause, will conduct a hearing on the  
above-captioned matter at 10:00 a.m., or as soon thereafter as  
possible, on Thursday, December 6, 1984, in the Board Room, Suite  
301 of the Division of Oil, Gas and Mining, 355 West North Temple, 3  
Triad Center, Salt Lake City, Utah.

The purpose of the proceeding will be to receive evidence and  
testimony as to whether the Board should revoke the order issued in  
Cause No. 196-7, dated August 26, 1982, and issue a new order  
subject to the interpretation of Rule C-27, approved by the Board of  
Oil, Gas and Mining, March 22, 1984.

Persons interested in this matter may participate pursuant to  
the Procedural Rules of the Board. The Petition and any subsequent  
pleadings may be inspected in the office of the undersigned, at 355  
West North Temple, 3 Triad Center, Suite 350, Salt Lake City, Utah.

DATED this 5th day of November, 1984.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

---

Marjorie L. Larson  
Secretary of the Board

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

---00000---

IN THE MATTER OF GAS FLARING	:	ORDER TO SHOW CAUSE
BY MONCRIEF OIL COMPANY FROM	:	
WELLS LOCATED IN TOWNSHIP 4	:	DOCKET NO. 84-083
SOUTH, RANGE 6 WEST, SLM,	:	CAUSE NO. 196-7
DUCHESNE COUNTY, UTAH	:	

---00000---

Moncrief Oil Company is hereby ordered to appear before the Board of Oil, Gas and Mining to show cause as to why the order issued in Cause No. 196-7, dated August 26, 1982, should not be revoked and a new order entered subject to the interpretation of Rule C-27, approved by the Board of Oil, Gas and Mining, March 22, 1984.

Such hearing will be held on December 6, 1984, in the Board Room, Suite 301 of the Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center, Salt Lake City, Utah, at 10:00 a.m., or as soon thereafter as the matter can be heard.

DATED this 5th day of November, 1984.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

Marjorie L. Larson  
Marjorie L. Larson  
Secretary of the Board

BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES AND ENERGY  
in and for the STATE OF UTAH

-----  
IN THE MATTER OF THE DISCONTINUANCE )  
OF FLARING OF GAS BY MONCRIEF OIL )  
COMPANY FROM WELLS LOCATED IN )  
DUCESNE COUNTY, UTAH )

ORDER  
CAUSE NO. 196-7

-----  
This cause came on for hearing before the Board of Oil, Gas and Mining at 10:00 a.m., on Thursday, May 27, 1982, and for determination on Thursday, August 26, 1982, in Room 303 of the State Capitol Building, Salt Lake City, Utah, pursuant to an Order to Show Cause why the flaring of gas by Moncrief Oil Company from wells located in Duchesne County should not be discontinued.

The following Board Members were present:

Charles R. Henderson, Chairman

Edward T. Beck (May 27)

E. Steele McIntyre (August 26)

Herm Olsen

Margaret Bird

NOW, THEREFORE, the Board, being fully advised in the premises, finds as follows:

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and manner and within the time required by law and the rules and regulations of the Board,
2. that the nearest pipeline facility to Moncrief's wells is the gas gathering line installed by Santa Fe Energy Company,
3. that about 24,000 feet of line would have to be laid to connect Moncrief's wells to the Santa Fe Energy Company line,
4. that none of the wells which Moncrief operates in Township 4 South, Range 6 West, Duchesne County, produces sufficient oil or gas or contains adequate reserves to justify the cost of a gas gathering system,
5. that the cost of said gas gathering system might be less if Koch Exploration Company, the operator of the wells to the north, connected their wells to the Santa Fe Energy Company line,

6. that Ron J. Firth, Chief Petroleum Engineer, Division of Oil, Gas and Mining, upon the request of the Board, made a study of the South Cedar Rim Area to determine if it might be feasible and economical to install a gas gathering system that might be used by Moncrief and Koch on a cooperative basis.

7. That it was determined that there were insufficient gas production volumes and inadequate gas reserves to justify a jointly operated gas gathering system.

IT IS THEREFORE ORDERED BY THE BOARD THAT Moncrief Oil Company be authorized to flare gas from wells located in Duchesne County for an indefinite period from this date.

DATED this 26th day of August, 1982.

Charles R. Henderson  
Charles R. Henderson, Chairman

\_\_\_\_\_  
Edward T. Beck

E. Steele McIntyre  
E. Steele McIntyre

Herm Olsen  
Herm Olsen

Margaret Bird  
Margaret Bird

RECEIVED

JAN 24 1985

MONCRIEF

January 22, 1985



**KOCH**

HYDROCARBON  
Division of Koch Industries Inc.

Mr. Percy G. Anderson  
MONCRIEF OIL  
P. O. Box 2573  
Casper, Wyoming 82602

Re: Bates 9-1 & Texaco  
Tribal 3-1 Wells  
T4S-R6W  
Duchesne County, Utah

Dear Percy:

To confirm our recent conversation, Koch Hydrocarbon Company would be very interested in purchasing Moncrief's gas production from the captioned wells and would therefore like to make the following gas gathering and processing proposal for said wells:

1. Koch will act as Moncrief's contractor for the 4.6 miles of six inch plastic pipeline. Moncrief will reimburse Koch for the actual expenditure estimated at \$343,000 and Koch will pay back the line at \$.10/MCF delivered.
2. Koch will pay Moncrief 70% of the net sales proceeds received for the gas liquids and residue gas saved and sold at the tailgate of our Cedar Rim Plant. We are currently receiving the maximum lawful price for the residue gas. If we continue to receive the maximum lawful price and your wells qualify for section 102 pricing, the price you receive per wellhead MCF should be approximately be \$3.00.
3. Contract term of 10 years.

If said proposal is of interest to Moncrief, a formal contract will be prepared for your review. Please note that this proposal is subject to the final approval of Koch Hydrocarbon Company's management. We appreciate your interest in Koch and look forward to working with you.

Very truly yours,

KOCH HYDROCARBON COMPANY

*John A. Boone, Jr.*  
John A. Boone, Jr.  
Manager, Natural Gas  
Rocky Mountain Area

JAB:ko

**ECONOMIC FORECAST - GAS GATHERING PROPOSAL**  
**SOUTH CEDAR RIM AREA 4S-6W DUCHESNE COUNTY, UTAH**

Year	Lease and Well	Oil BBLs	Gas MCF	Gas Used On Lease MCF	Gas Avail. For Sale MCF	Oil Income @ \$13.67/BBL M\$	Gas Income @ \$2.05/MCF M\$	Direct Op. Expense M\$	Net Oper. Income M\$	Gas Line Inv. \$340M	
										Net Cash Flow M\$	Discounted Cash Flow @ 12%
1985	Bates 9-1	9,600	75,800	3,000	72,800	131	149	90	190		
	Texaco Tribal 3-1	2,880	20,160	2,100	18,060	39	37	66	10		
									200	-140	*
1986	Bates 9-1	4,320	41,900	2,500	39,400	59	81	90	50		
	Texaco Tribal 3-1	1,740	13,200	1,900	11,300	24	23	66	-19		
									31	-109	*
1987	Bates 9-1	2,880	31,700	2,300	29,400	39	60	90	9		
	Texaco Tribal 3-1	Shut-in - Below Economic Limit									
									9	-100	*

**Notes:**

\*Not Calculated - Investment in Gas Gathering System does not Payout.

Oil Price: \$20/BBL less Royalty, Orr Severance and Ad Valorem Taxes.

Gas Price: \$3/MCF less Royalty, Orr Severance and Ad Valorem Taxes.

Royalty	16.67%
Orr	5.00%
Severance and Ad Valorem Tax	10.00%
	31.67%

∴ Net R.I. = 1 - .3167 = 0.6833

**KOCH** EXPLORATION COMPANY

SEVENTEENTH STREET PLAZA SUITE 2540  
1225 SEVENTEENTH STREET DENVER, COLORADO 80202  
TEL. 303-292-4311

SUBSIDIARY OF



**KOCH**  
INDUSTRIES, INC.

cc: Board  
RJ Firth  
DR Milson  
JR Baza  
BW Roberts  
M Moench

February 13, 1985

**RECEIVED**

FEB 9 1985

**DIVISION OF OIL  
GAS & MINING**

Chairman Gregory P. Williams  
Board of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180

Re: Gas Flaring  
Bates 9-1 & Texaco Tribal 3-1 Wells  
Sections 9 and 3-T4S-R6W, SLM  
Duchesne County, Utah

Dear Chairman Williams:

Koch Industries, Inc. has been advised that the above-captioned matter will be presented as an informal item to the Board of Oil, Gas and Mining prior to the formal hearings on February 28, 1985. It is our understanding that the Board will at that time make a determination on this matter pursuant to Rule C-27, Associated Gas Flaring.

Koch is a working interest owner under both of the subject wells and as such supports Moncrief Oil's position that they be allowed to continue flaring. We understand that both the State and Federal governments are also recommending continuance of the flaring and, therefore, encourage a favorable ruling by the Board.

Yours very truly,

  
Janet Kae Kruse  
Landman

JKK:cem

cc: Mr. P. G. Anderson  
Moncrief Oil  
P. O. Box 2573  
Casper, Wyoming 82602

Bud Ziser  
Koch Exploration Company

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

---

IN THE MATTER OF	:	
GAS FLARING BY MONCRIEF OIL	:	O R D E R
COMPANY FROM WELLS LOCATED	:	
IN TOWNSHIP 4 SOUTH,	:	Docket No. 84-083
RANGE 6 WEST, SLM,	:	Cause No. 196-7
DUCHESNE COUNTY, UTAH	:	

---

This matter was heard before the Board of Oil, Gas and Mining, on December 6, 1984 in the Board Hearing Room, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203.

The following members of the Board were present and participating:

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

Present and representing the Division of Oil, Gas and Mining were Dr. Dianne R. Nielson, Director, and Ronald J. Firth, Associate Director, Oil and Gas. Present and representing the Board was David S. Christensen, Assistant Attorney General. Present and representing the Division was Barbara W. Roberts, Assistant Attorney General.

Moncrief Oil Company was not represented at the hearing but responded to the Board's Order to Show Cause by letter dated November 28, 1984 from P.G. Anderson, Production Manager.

#### FINDINGS

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over the subject matter of said Order to Show Cause and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Board's Order in Cause No. 196-7, dated August 26, 1982, provided for the flaring of gas from Moncrief operated wells in Duchesne County for an indefinite period from that date.

4. The Board on March 22, 1984, interpreted Rule C-27 to mean that:

1. An operator need not obtain Board approval for the flaring of an average of 0-25MCF/day; and
- 2) An operator may flare an average of 26-100 MCF/day for one month subsequent to the completion of the required seventy-two (72) hour test. Subsequent to that one-month period, no more than an average of 25 MCF/day may be flared without Board approval; and
- 3) The operator must obtain prior Board approval whenever an average of 100 MCF/day or greater will be flared.

5. The Board finds no cause why the Order in Cause No. 196-7 should not be revoked.

O R D E R

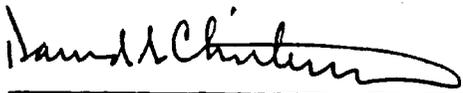
Based upon the above findings, the Board hereby Orders that:

1. The Board Order entered in Cause No. 196-1 on August 22, 1982, be revoked.
2. The wells operated by Moncrief Oil Company be brought by December 16, 1984, into compliance with Rule C-27 as that rule has been interpreted by the Board.

DATED this 4<sup>th</sup> day of January, 1985.

  
GREGORY P. WILLIAMS, Chairman

Approved as to form:

  
DAVID S. CHRISTENSEN  
Assistant Attorney General



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
VERNAL DISTRICT OFFICE  
170 South 500 East  
Vernal, Utah 84078

IN REPLY  
REFER TO:

3100  
9C-196  
9C-197

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FEB 11 1985

DIVISION OF OIL  
& GAS & MINING  
OIL  
& MINING

February 5, 1985

Moncrief Oil Company  
P.O. Box 2573  
Casper, Wyoming 82602

Re: Venting of Produced Natural  
Gas

Gentlemen:

After reviewing the data presented to the Bureau of Land Management and Division of Oil, Gas and Mining during the meeting scheduled on January 30, 1985, this office concurs that the flaring/venting of produced natural gas is warranted for the following wells:

Texaco Tribal No. 3-1  
Section 3, T.4S., R.6W.  
Duchesne County, Utah  
Lease 14-20-H62-1939  
Communitization Agreement 9C-196

Bates No. 9-1  
Section 9, T.4S., R.6W.  
Duchesne County, Utah  
Communitization Agreement 9C-197

Therefore, this office authorizes Moncrief Oil Company to flare/vent the produced natural gas associated with the above wells. It is our understanding that these wells will continue to be shut-in until such time that the Board of Oil, Gas and Mining for the State of Utah also authorizes continued flaring/venting for said wells. The Bureau of Indian Affairs will also be informed of this approval.

It is the suggestion of this office that Moncrief Oil Company inform the Bureau of Indian Affairs of the shut-in status of these wells along with the reasons why as the older Indian leases can be terminated if a lease in its extended term does not have any production for more than 30 days. This office has also informed them of this fact, but the above is also to protect yourself from lease terminations.

Please keep this office informed should Koch Hydrocarbon Company decide to lay a gas sales line at their expense. If you have any questions regarding this matter, please contact Jerry Kenczka at (801) 789-1362. Your cooperation has been greatly appreciated.

Sincerely,

*Don Alvord*

Donald C. Alvord  
Associate District Manager

2/19/85  
JRB

## Moncriet Briefing:

- Wells SI after Board issued order in Cause No. 196-7, 1/4/85.
- Two wells of concern Bates 9-1, Texaco Tribal 3-1. Wells worked over in 1983, additional parts were opened and GOR increased dramatically.
- Current decline rate for both wells is matching previous performance.
- Koch has offered pipeline connection at approximately \$340,000.
- Moncriet shows economics are not attractive for pipeline alternative. (Net cash flow is negative). Tribal 3-1 is SI after two years as uneconomic well.
- BLM supports Moncriet's statement.

## Alternatives:

Division  
rec. →

1. - Allow flaring. 2000 to 1 GOR will not work on these cases.
2. - Docket a hearing - on Moncriet's motion or Board's motion. Similar info. would result.

ECONOMIC FORECAST - GAS GATHERING PROPOSAL  
SOUTH CEDAR RIM AREA 4S-6W DUCHESNE COUNTY, UTAH

Year	Lease and Well	Oil BBLs	Gas MCF	Gas Used On Lease MCF	Gas Avail. For Sale MCF	Oil Income @ \$13.67/BBL M\$	Gas Income @ \$2.05/MCF M\$	Direct Op. Expense M\$	Net Oper. Income M\$	<u>Gas Line Inv. \$340M</u>	
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	31.67%

∴ Net R.I. = 1 - .3167 = 0.6833

BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

---

IN THE MATTER OF	:	
GAS FLARING BY MONCRIEF OIL	:	O R D E R
COMPANY FROM WELLS LOCATED	:	
IN TOWNSHIP 4 SOUTH,	:	Docket No. 84-083
RANGE 6 WEST, SLM,	:	Cause No. 196-7
DUCHESNE COUNTY, UTAH	:	

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This matter was heard before the Board of Oil, Gas and Mining, on December 6, 1984 in the Board Hearing Room, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203.

The following members of the Board were present and participating:

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

Present and representing the Division of Oil, Gas and Mining were Dr. Dianne R. Nielson, Director, and Ronald J. Firth, Associate Director, Oil and Gas. Present and representing the Board was David S. Christensen, Assistant Attorney General. Present and representing the Division was Barbara W. Roberts, Assistant Attorney General.

Moncrief Oil Company was not represented at the hearing but responded to the Board's Order to Show Cause by letter dated November 28, 1984 from P.G. Anderson, Production Manager.

#### FINDINGS

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over the subject matter of said Order to Show Cause and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Board's Order in Cause No. 196-7, dated August 26, 1982, provided for the flaring of gas from Moncrief operated wells in Duchesne County for an indefinite period from that date.

4. The Board on March 22, 1984, interpreted Rule C-27 to mean that:

1. An operator need not obtain Board approval for the flaring of an average of 0-25MCF/day; and
- 2) An operator may flare an average of 26-100 MCF/day for one month subsequent to the completion of the required seventy-two (72) hour test. Subsequent to that one-month period, no more than an average of 25 MCF/day may be flared without Board approval; and
- 3) The operator must obtain prior Board approval whenever an average of 100 MCF/day or greater will be flared.

5. The Board finds no cause why the Order in Cause No. 196-7 should not be revoked.

O R D E R

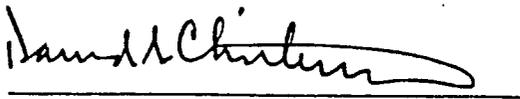
Based upon the above findings, the Board hereby Orders that:

1. The Board Order entered in Cause No. 196-1 on August 22, 1982, be revoked.
2. The wells operated by Moncrief Oil Company be brought by December 16, 1984, into compliance with Rule C-27 as that rule has been interpreted by the Board.

DATED this 4<sup>th</sup> day of January, 1985.

  
\_\_\_\_\_  
GREGORY P. WILLIAMS, Chairman

Approved as to form:

  
\_\_\_\_\_  
DAVID S. CHRISTENSEN  
Assistant Attorney General

THE OIL AND GAS CONSERVATION  
GENERAL RULES AND REGULATIONS  
AND  
RULES AND PRACTICE AND PROCEDURE  
(Amended to January 1, 1982)

By Order of:  
BOARD OF OIL, GAS AND MINING

RULE C-27 - ASSOCIATED GAS FLARING - Within twenty (20) days following the completion or recompletion of an oil well, the operator shall file with the Board the results of a stabilized production test of at least 72 hours duration showing the average daily oil production and average daily gas production during the test period. If the average daily gas production exceeds 25 MCFG and the operator intends to flare or otherwise waste the associated gas, the well may not produce more than an average of 100 MCFG per day for one calendar month or until such time as further relief may be granted by the Board. If the operator wishes to flare more than an average of 100 MCFG per day after one calendar month, the operator must submit with the production test results, a statement justifying the need to flare or otherwise waste more than that amount. The statement should include such information as a gas analysis, estimated gas reserves, proximity of the well to a market, estimated gas price at the nearest market, estimated cost of marketing the gas, reinjection potential or other conservation-oriented disposition alternatives, amount of gas used in lease operations and any other information pertinent to a determination of whether marketing or not marketing or otherwise conserving the associated gas is economically feasible.

The Board will review the justification statement at its next regularly scheduled meeting. The Board may elect to: (1) docket a hearing for the operator to show further cause why it should be allowed to flare or otherwise waste more than an average of 100 MCFG per day for one calendar month, (2) restrict production until the gas is marketed or otherwise beneficially utilized in which case the operator may docket a hearing on its own behalf to seek further relief, or (3) take any other action the Board deems appropriate in the circumstances.

RULE C-27

Interpretation approved by the Board of Oil, Gas and Mining,  
March 22, 1984:

- a) Flaring of an average of 0-25 MCF/day - Operator need not obtain Board approval for flaring at this level.
- b) Flaring of an average of 26-100 MCF/day - Operator may continue to flare at this level without Board approval for one (1) month, (e.g. from the 12th day of March to the 12th day of April) subsequent to the completion of the seventy-two (72) hour test. At the end of the one (1) month period, no more than an average of 25 MCF/day may be flared without Board approval.
- c) Flaring of an average of more than 100 MCF/day - Operator must first obtain Board approval for flaring at this level.

TRACT 12000 3-1  
 NW NE 3-4S-6W  
 Duchesne County, UT  
 Lease No. 09-001939

PRODUCTION FORMATION MUSKIE  
 Oil Gravity: 46  
 BTU: 1110

DATE	OIL PRODUCED BBLs	CUM OIL	GAS PRODUCED MCF	CUM GAS MCF	WATER PRODUCED	CUM WATER	GAS/OIL RATIO MCF/BBL	DAYS OF PRODUCTION
December 78	450	450	3990	3990	--	--	8870	21
January 79	0	450	0	3990	--	--	0	SI) 0
February	3881	4331	9728	13718	--	--	2343	23
March	1490	5921	1731	15449	185	85	3413	31
April	2810	8731	5862	21311	535	420	2538	29
May	881	9112	1419	22730	115	935	1611	31
June	3025	12137	5977	28707	1420	2355	1844	30
July	1662	13799	4369	33076	855	3210	1629	30
August	770	14569	1268	34344	0	3210	1646	31
September	1509	16078	2716	37060	826	4036	2462	30
October	884	16962	1089	38149	0	4036	1592	31
November	1192	17954	3334	42083	840	4376	2796	30
December	653	18607	2477	44560	29	4405	3093	Incl. P 21
January 80	1951	20558	4317	48877	178	5183	2210	29
February	1804	22362	5011	53888	220	5403	3843	29
March	1215	23577	4486	58374	114	5517	3692	30
April	1036	24613	3357	61731	195	6412	3240	30
May	915	25528	3155	64886	125	7137	3440	31
June	969	26497	4013	68899	820	7157	4141	30
July	968	27465	3451	72350	646	8103	3555	31
August	897	28362	2870	75220	557	8760	3200	31
September	756	29118	2288	77508	516	9276	3026	23
October	838	29956	3839	81347	336	10312	4561	25
November	826	30782	1861	83208	662	10974	2253	30
December	722	31504	3592	86800	427	11401	4975	27





Bates 9-1  
SE NE 9-4S-6W

Production Formation: Wasatch  
Oil Gravity: 44  
Gas Gravity: BTU 1247/CF

Puiesne County, UT  
Lease No. 09-001942

DATE	OIL PRODUCED BBLs	CUM OIL	GAS PRODUCED MCF	CUM GAS MCF	WATER PRODUCED	CUM WATER	GAS/OIL RATIO MCF/BBL	DAYS OF PRODUCTION
November 78	12824	12824	5925	5925	--	--	460	15
December	15679	28503	8613	14538	--	--	550	31
January 79	83513	42016	7418	21956	--	--	549	31
February	8693	150709	4867	26823	--	--	560	28
March	9599	160308	5332	32155	--	--	555	31
April	9982	170170	5064	37219	--	--	508	29
May	7899	177469	3575	40794	--	--	483	31
June	7792	185461	3219	44013	--	--	413	30
July	9850	195311	4189	48202	--	--	425	31
August	12326	107637	5602	53804	40	40	454	31
September	11123	118760	5623	59427	180	220	506	30
October	11101	129861	5214	64641	80	300	471	31
November	10155	140016	4968	69609	100	400	489	30
December	10917	150933	5054	74663	120	520	5	31
January 80	9502	160435	3979	78642	160	680	419	31
February	9937	170372	3953	82615	180	860	398	29
March	10101	180473	4607	87222	160	1020	456	31
April	9205	189678	7489	94711	120	1140	617	28
May	10289	199967	7852	102563	160	1300	1800	31
June	10031	209998	7255	110818	160	1460	1272	30
July	9552	219550	7527	118345	340	1800	1997	31
August	8611	228161	7507	125852	210	2010	1743	31
September	7522	235683	7185	133037	160	2170	1885	30
October	7153	242836	7598	140635	160	2330	222	31
November	6380	249216	7597	148232	170	2500	197	30
December	5894	255110	7035	155267	60	2560	187	31

Bates 9-1  
SE/NF 9-4S-6W

Production Formation

Oil Gravity: 44

Duchesne County, UT  
Lease No. 09-001942

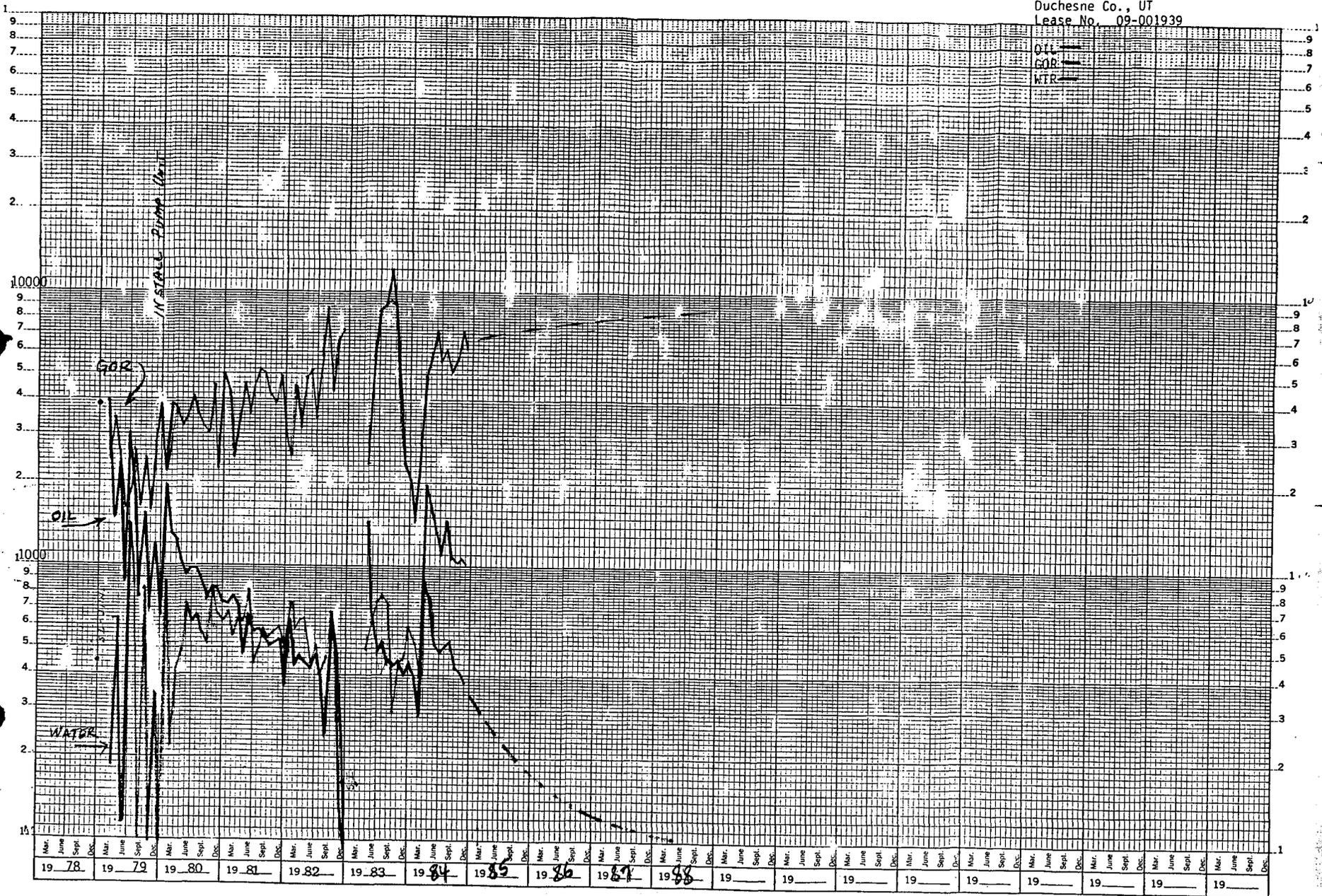
Gas Gravity: BTU 1247/CF

DATE	OIL PRODUCED BBL	CUM OIL	GAS PRODUCED MCF	CUM GAS MCF	WATER PRODUCED	CUM WATER	GAS/OIL RATIO MCF/BBL	DAYS OF PRODUCTION
January 81	422	259532	8679	226637	80	2640	1763	31
February	475	263807	7583	234220	80	2720	1773	28
March	4402	268209	9797	244017	00	2820	2225	31
April	2807	271016	5564	249581	80	2900	1782	28
May	268	271284	33	249614	0	2900	1231	14
June	87	271371	185	249799	0	2900	2126	9
July	0	271371	0	249799	0	2900	0	WOPU 0
August	43	271414	201	250000	0	2900	4674	WOPU 2
September	385	271789	233	250233	704	3404	605	Install. PA 5
October	4861	275850	1173	251406	1417	5221	288	31
November	3401	279451	1425	252831	1412	6233	396	30
December	2528	281979	1533	254364	1475	7308	606	31
January 82	2174	284154	1218	255582	1447	8455	560	29
February	1731	285885	1119	256701	825	9378	644	27
March	1985	287870	1112	257813	882	10260	560	31
April	1795	289665	1288	259102	859	11119	659	30
May	1678	291343	1208	260300	827	11946	711	31
June	1448	292792	1098	261398	803	12749	751	30
July	1818	294610	1198	262596	800	13549	651	31
August	1300	295910	1123	263719	592	14141	883	31
September	1251	297161	881	264600	571	14712	707	30
October	657	297818	571	265171	465	15177	569	18
November	1271	299089	631	265802	1414	16591	559	26
December	1271	300360	731	266533	881	17472	572	31
January 83	1159	301519	438	266971	716	18188	277	31
February	1057	302576	377	267348	533	18721	357	28
March	1134	303710	357	267705	636	19357	315	30
April	1189	304899	722	268427	601	19958	600	30
May	841	305740	1409	269836	564	20522	1699	31
June	1209	306949	1120	270956	512	21034	753	30
July	1277	308226	549	271505	547	21581	4304	31
August	1240	309466	805	272310	740	22321	549	31
September	4733	314200	1105	283315	566	22887	2389	22
October	4748	318948	1107	284422	400	23287	2328	30
November	3360	322308	1438	295860	537	23824	1482	30
December	3325	325633	5341	301201	698	24522	1600	21





Barrels Per Month (Gas-Oil Ratio) CF/Bbl





STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

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

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

March 5, 1985

TO: Ronald J. Firth, Associate Director, Oil and Gas  
FROM: Dianne R. Nielson, Director *DAN*  
RE: Gas Flaring by Moncrief Oil Company, Docket No. 84-083,  
Cause No. 196-7

The purpose of this memo is to insure that the Division conduct periodic review of gas flaring by Moncrief Oil Company, in conjunction with Docket No. 84-083, Cause No. 196-7, and briefing session comments by the Board on February 28, 1985. The Board has authorized the Division to administratively regulate flaring in excess of that permitted in Rule C-27 or the GOR 2000:1 Rule.

In order to monitor any changes in technical or economic conditions related to flaring of these wells, please prepare a status report every 90 days on this flaring issue for the Division Director. The report should note changes, if any, in: 1) exploration/development for oil or gas reserves in the area, 2) changes in economic conditions which may impact viability of gas sales, 3) changes in the amount or rate of flaring, or 4) other related factors. Regardless of this schedule, please notify me immediately of any changes in recommendations regarding flaring in this area.

mjm  
cc: B. Roberts  
M. Moench  
0195V-9



Bates 9-1

SE/NE 9-4S-6W

Duchesne County, UT  
Lease No. 09-001942

Production Formation

Oil Gravity: 44

Gas Gravity: BTU 1247/CF

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April	2807	271016	5564	249581	80	2900	1982	28
May	268	271284	33	249614	0	2900	1231	14
June	87	271371	185	249799	0	2900	2726	9
July	0	271371	0	249799	0	2900	0	(WOPU) 0
August	43	271414	207	250000	0	2900	4674	(WOPU) 2
September	385	271799	233	250233	704	3604	605	Install PIA 5
October	4061	275860	1173	251406	7617	5221	288	31
November	3601	279461	1425	252831	7012	6233	396	30
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March	1985	288470	1112	257813	882	10260	560	31
April	1956	289426	1289	259102	859	11119	659	30
May	1678	291104	1204	260306	827	11946	718	31
June	1448	292552	1090	261396	803	12749	752	30
July	1818	294370	1192	262590	800	13549	657	31
August	1302	295672	1122	263712	592	14091	823	31
September	1251	296923	824	264536	594	14685	707	30
October	657	297580	574	265110	185	14870	569	18
November	1127	298707	630	265740	1114	15984	559	26
December	126	298833	72	265812	881	16865	572	31
January 83	1159	300152	438	266250	716	17581	377	31
February	1057	301209	377	266627	533	18114	357	28
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April	1189	303532	712	267696	601	19351	600	30
May	841	304373	1459	269155	504	19855	1699	31
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September	4733	314608	1115	282836	566	22226	239	27
October	4748	319356	1107	283943	400	22626	232	30
November	3360	322716	1638	290581	537	23163	482	30
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Texaco Tribal 3-1

Production Formation: Wasatch

NW NE 3-4S-6W

Oil Gravity: 46

Duchesne County, UT

BTU: 1110

Lease No: 09-001939

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BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

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IN THE MATTER OF	:	
GAS FLARING BY MONCRIEF OIL	:	ORDER ✓
COMPANY FROM WELLS LOCATED	:	
IN TOWNSHIP 4 SOUTH,	:	Docket No. 84-083
RANGE 6 WEST, SLM,	:	Cause No. 196-7
DUCHESNE COUNTY, UTAH	:	

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#### FINDINGS

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2. The Board has jurisdiction over the subject matter of said Order to Show Cause and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

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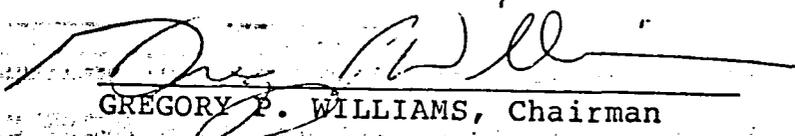
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O R D E R

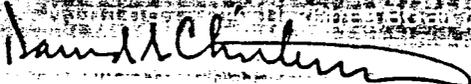
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1. The Board Order entered in Cause No. 196-7 on August 22, 1982, be revoked.
2. The wells operated by Moncrief Oil Company be brought by December 16, 1984, into compliance with Rule C-27 as that rule has been interpreted by the Board.

DATED this 4<sup>th</sup> day of January, 1985.

  
GREGORY P. WILLIAMS, Chairman

Approved as to form

  
DAVID S. CHRISTENSEN  
Assistant Attorney General

THE OIL AND GAS CONSERVATION  
GENERAL RULES AND REGULATIONS  
AND  
RULES AND PRACTICE AND PROCEDURE  
(Amended to January 1, 1982)

By Order of:  
BOARD OF OIL, GAS AND MINING

RULE C-27 - ASSOCIATED GAS FLARING - Within twenty (20) days following the completion or recompletion of an oil well, the operator shall file with the Board the results of a stabilized production test of at least 72 hours duration showing the average daily oil production and average daily gas production during the test period. If the average daily gas production exceeds 25 MCFG and the operator intends to flare or otherwise waste the associated gas, the well may not produce more than an average of 100 MCFG per day for one calendar month or until such time as further relief may be granted by the Board. If the operator wishes to flare more than an average of 100 MCFG per day after one calendar month, the operator must submit with the production test results, a statement justifying the need to flare or otherwise waste more than that amount. The statement should include such information as a gas analysis, estimated gas reserves, proximity of the well to a market, estimated gas price at the nearest market, estimated cost of marketing the gas, reinjection potential or other conservation-oriented disposition alternatives, amount of gas used in lease operations and any other information pertinent to a determination of whether marketing or not marketing or otherwise conserving the associated gas is economically feasible.

The Board will review the justification statement at its next regularly scheduled meeting. The Board may elect to: (1) docket a hearing for the operator to show further cause why it should be allowed to flare or otherwise waste more than an average of 100 MCFG per day for one calendar month, (2) restrict production until the gas is marketed or otherwise beneficially utilized in which case the operator may docket a hearing on its own behalf to seek further relief, or (3) take any other action the Board deems appropriate in the circumstances.

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STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

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

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

March 18, 1985

Moncrief Oil Company  
P.O. Box 2573  
Casper, Wyoming 82602

Gentlemen:

RE: Request to Flare Associated Gas. Well No. Bates 9-1,  
Texaco Tribal 3-1, T.4S, R.6W, Duchesne County, Utah.

The Board of Oil, Gas and Mining has reviewed the justification statement for flaring from the subject wells presented during the briefing session for the Board on February 28, 1985. The Board has authorized the Division to administratively regulate flaring in excess of that permitted by Rule C-27, of the General Rules and Regulations of the Board. With this authority, the Division has determined that Moncrief may continue to produce and flare associated gas from the subject wells on a temporary basis.

The Division will continue to monitor changes in technical or economic conditions related to flaring of these wells. Factors which will be evaluated in order to allow continued flaring of the wells will include:

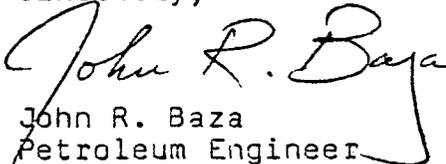
1. changes in exploration and development for oil and gas reserves in the area;
2. changes in economic conditions which may impact liability or gas sales;
3. changes in the amount of rate of flaring or
4. any other related factors.

Please note that with sufficient justification, the Division may recommend that the Board reevaluate Moncrief's request to flare and require additional justification for continued flaring from the wells. Moncrief will be notified in the event that more information is necessary or that a hearing is docketed.

Page 2  
Moncrief Oil Company  
Request to Flare  
March 18, 1985

Please contact this office if you have any additional questions,  
thank you for your consideration in this matter.

Sincerely,

  
John R. Baza  
Petroleum Engineer

cc: D.R. Nielson  
R.J. Firth  
Well File  
0090T-50-51

8/6/85  
JRB

Moncrief Oil Co.

Bates 9-1, Sec. 9, T4S R6W

Texaso Tribal 3-1, Sec. 3, T4S, R6W

Duchesne Co.

Both wells currently have GOR greater than 2000. Combined gas flared from both wells is approx. 12000 Mcf per month. Gas production does not appear to be declining at the rate projected. Thus, economics of gas collection & sales are very conservative. If other factors are a consideration, then simple economics may not provide good justification for flaring gas.

Recommendation: Request an updated economic scenario from Moncrief describing costs & other considerations for gas flaring.



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

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

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

August 21, 1985

TO: Dianne R. Nielson, Director  
THROUGH: R. J. Firth, Associate Director *RJF*  
FROM: John R. Baza, Petroleum Engineer *JRB*  
RE: Gas Flaring by Moncrief Oil Company, Docket No. 84-083,  
Cause No. 196-7.

This Memorandum presents a status report and recommendations concerning the flaring of associated gas from two wells operated by Moncrief in Duchesne County. The wells are the Texaco Tribal 3-1 in Sec. 3, T.4S, R.6W and the Bates 9-1 in Sec. 9, T.4S, R.6W. These wells were reviewed by the Board in February, 1985, to consider gas flaring in excess of Rule C-27. Based on an economic forecast prepared and other mitigating factors cited by Moncrief, the operator was given approval to flare gas as required, and both wells continue to flare gas at a combined rate in excess of 500 MCF/D. Because gas production does not appear to be declining as rapidly as projected by the operator, the economic justification for flaring gas presented to the Board in February may no longer be valid. Therefore, it is recommended that the Division require Moncrief to submit a new economic evaluation justifying continued gas flaring.

The attached tables provide all the information available to date constituting the production and disposition histories for the two wells. The latest information available when the Board reviewed this matter in February was through September, 1984. Since then, updated production and disposition information has been received which indicates that gas production from both wells remains high. Although oil production has declined over the last year, the producing gas-oil ratio (GOR) has increased, resulting in very little net change in gas production. At current producing rates and GOR, the amount of gas being produced is roughly equal in value to the amount of oil produced, based on Moncrief's price figures for oil and gas.

Page Two  
Dianne R. Nielson  
August 21, 1985

An additional attachment presents Moncrief's economic forecast presented to the Board in February. the combined production indicated for the two wells in 1985 is 12,480 BO and 96,960 MCFG. From current production figures available to the Division, it is estimated that 1985 production may be as much as 18,000 BO and 156,000 MCFG. Thus, the original economic forecast may no longer be valid and it may in fact be economically feasible to install a gathering system for produced gas. For this reason, the Division should require Moncrief to provide an updated economic evaluation of gas flaring.

Other factors were presented during the February Board hearing which may still have relevance in this matter. Specifically, there are some problems with the pipeline crossing a river which may still render a gathering system unfeasible. If this is the case, and economics are not the sole basis for justifying gas flaring, then it may be up to the Board to determine whether waste is occurring from continued flaring; however, a first step is to reconsider at least the economic rationale for allowing flaring in the first place.

sb  
Attachments  
cc: R.J. Firth  
Well File  
0155T-20-21

WELL NO. Texaco To. 6. 3-1 SEC. 3 1/4

DATE 12/2/78 GOR 14000

LEASE \_\_\_\_\_ API# 4301330468

BO 100 MCF GAS 1400 BBL WATER 0

MONTH	DAYS PRODUCED	BBLS OIL	MCF GAS	BBL WATER	DISPOSITION				
					MCF FLARED	MCF FLARED/D	MCF USED ON LEASE	MCF SOLD	GOR
JANUARY	21	257	1349	533	1253	60	96		524
FEBRUARY	0	0	0	0	0		0		-
MARCH	21	420	3192	544					760
APRIL	30	463	2069	1462					446
MAY									
JUNE									
JULY									
AUGUST									
SEPT.									
OCTOBER									
NOV.									
DECEMBER									

PRODUCTION

DISPOSITION

OPERATOR MONCREIF OIL TOWNSHIP 4S RNG 6W  
 WELL NO. TEXACO TRIBAL 3-1 SEC. 3  $\frac{1}{4}$  NWNE  
 LEASE INDIAN API# 43-013-30468

IP TEST DATA:  
 DATE 12/3/78 GOR 14,000 CF/bbl  
 BO 100 MCF GAS 1400 BBL WATER -0-

MONTH	DAYS PRODUCED	BBLS OIL	3.2		MCF FLARED	MCF FLARED/D	MCF USED ON LEASE	MCF SOLD	GOR
			MCF GAS	BBL WATER					
JANUARY	30	398	592	534	* 472	16	120	-0-	1487
FEBRUARY	23	282	802	395	* 713	31	89	-0-	2844
MARCH	22	914	4506	1991	* 3958	180	287	-0-	4930
APRIL	30	756	4377	1721	** 4199	140	178	-0-	5790
MAY	29	517	3767	1486	** 3624	125	143	-0-	728
JUNE	23	485	2744	1139	** 2624	114	120	-0-	565
JULY	31	508	3125	1469	2910	94	215	-0-	615
AUGUST	31	534	2649	1094	2465	80	184	-0-	496
SEPT.	30	431	2472	1017	2306	77	166	-0-	573
OCTOBER	31	416	3006	1670	2835	91	171		722
NOV.	30	377	2327	1009	2166	72	161		617
1984 DECEMBER	31	448	2529	1010	2361	76	168		56

PRODUCTION

DISPOSITION

WELL NO. TEXACO TRIBAL 3-1 SEC. 3 4/4 NWNE

LEASE INDIAN API# 43-013-30468

IP TEST DATA:

DATE 12/3/78

GOR 14,000

BO 100

MCF GAS 1400

BBL WATER 0

PRODUCTION

DISPOSITION

MONTH	DAYS PRODUCED	BBLS OIL	MCF GAS	BBL WATER	MCF FLARED	MCF FLARED/D	MCF USED ON LEASE	MCF SOLD	GOR
JANUARY	SHUT-IN								
FEBRUARY	SHUT-IN								
MARCH	SHUT-IN								
APRIL	29	1439	3426	499	3217	111	209	0	2381
MAY	31	707	4103	616	3947	127	156	0	5803
JUNE	24	496	4159	755	4017	167	142	0	8385
JULY	31	532	4694	790	4552	147	142	0	8823
AUGUST	31	449	4599	731	4456	144	143	0	943
SEPT.	30	439	4383	293	4317	144	66	0	9984
OCTOBER	28	445	1745	436	1672	60	73	0	3921
NOV.	29	398	948	455	836	129	112	0	2382
DECEMBER	31	449	935	615	802	26	133	0	2082

WELL NO. Bates 9-1 SEC. 9 W/4  
 LEASE \_\_\_\_\_ API# 4301330469

Entity # 530 DATE 11/13/73 GOR 80.1  
 BO 1056 MCF GAS 850 BBL WATER 0

MONTH	DAYS PRODUCED	BBLs OIL	MCF GAS	BBL WATER	DISPOSITION					
					MCF FLARED	MCF FLARED/D	MCF USED ON LEASE	MCF SOLD	GOR	
JANUARY	21	1143	11591		11382	542	209	0	10141	
FEBRUARY	0	0	0	0	0	0	0	0	-	
MARCH	26	1263	7094						801	
APRIL	30	1557	11196						719	
MAY										
JUNE										
JULY										
AUGUST										
SEPT.										
OCTOBER										
NOV.										
DECEMBER										

OPERATOR MONCREIF OIL TWNHP 4S RNG 6W  
 WELL NO. BATES 9-1 SEC. 9  $\frac{1}{4}$ / $\frac{1}{4}$  SE/NE  
 LEASE FEE API# 43-013-30469

IP TEST DATA:  
 DATE 11/18/78 GOR 804 CF/bbl  
 BO 1056 MCF GAS 850 BBL WATER -0-

MONTH	DAYS PRODUCED	BBLs OIL	88.5		MCF FLARED	MCF FLARED/D	MCF USED ON LEASE	MCF SOLD	GO
			MCF GAS	BBL WATER					
JANUARY	31	6268	16,151	970	* 15,463	499	688	-0-	2577
FEBRUARY	29	4851	14,531	103	* 14,050	484	481	-0-	2995
MARCH	31	4228	16,446	1430	* 15,900	513	546	-0-	90
APRIL	30	3438	14,491	1816	** 13,901	463	590	-0-	4215
MAY	28	2609	13,192	1687	** 12,692	453	500	-0-	5056
JUNE	25	1854	8,762	1479	** 8,378	335	384	-0-	4726
JULY	30	2421	12,285	1962	11,855	395	430	-0-	5074
AUGUST	27	2324	12,700	1858	12,292	455	408	-0-	55
SEPT.	30	2231	14,322	1759	13,927	464	395	-0-	6420
OCTOBER	30	2063	12500	1922	12105	404	395	0	605
NOV.	21	1221	5722	1171	5487	261	235	0	468
DECEMBER	31	1941	13804	2103	13403	432	401	0	7110

PRODUCTION

DISPOSITION

\* - Disposition reported by individual well.  
 \*\* - Disposition allocated from prod figures

WELL NO. HAPES 9-1SEC. 9 W/4 SENEDATE 11/18/78GOR 804

LEASE \_\_\_\_\_

API# 43-013-30469BO 1056MCF GAS 850BBL WATER 0

MONTH	DAYS PRODUCED	BBLS OIL	MCF GAS	BBL WATER	DISPOSITION				
					MCF FLARED	MCF FLARED/D	MCF USED ON LEASE	MCF SOLD	GOR
JANUARY	31	1159	438	716	232	7	206	0	378
FEBRUARY	28	1057	377	583	176	6	201	0	355
MARCH	30	1134	357	636	162	5	195	0	315
APRIL	30	1189	712	601	515	17	197	0	595
MAY	31	841	1429	564	1289	42	140	0	165
JUNE	30	1609	1212	512	1014	34	198	0	75
JULY	31	1277	5496	547	5295	171	201	0	43
AUGUST	31	1240	805	746	598	19	207	0	64
SEPT.	22	4733	11165	566	10424	474	741	0	23
OCTOBER	30	4748	1107	400	641	21	466	0	23
NOV.	30	3360	1638	537	1251	42	387	0	48
DECEMBER	31	3325	5341	698	4942	159	399	0	16

ECONOMIC FORECAST - GAS GATHERING PROPOSAL  
SOUTH CEDAR RIM AREA 4S-6W DUCHESNE COUNTY, UTAH

Year	Lease and Well	Gas Line Inv. \$340M									
		Oil BBLs	Gas MCF	Gas Used On Lease MCF	Gas Avail. For Sale MCF	Oil Income @ \$13.67/BBL M\$	Gas Income @ \$2.05/MCF M\$	Direct Op. Expense M\$	Net Oper. Income M\$	Net Cash Flow M\$	Discounted Cash Flow @ 12%
1985	Bates 9-1	9,600	75,800	3,000	72,800	131	149	90	190		
	Texaco Tribal 3-1	2,880	20,160	2,100	18,060	39	37	66	10		
									200	-140	*
1986	Bates 9-1	4,320	41,900	2,500	39,400	59	81	90	50		
	Texaco Tribal 3-1	1,740	13,200	1,900	11,300	24	23	66	-19		
									31	-109	*
1987	Bates 9-1	2,880	31,700	2,300	29,400	39	60	90	9		
	Texaco Tribal 3-1	Shut-in - Below Economic Limit									
									9	-100	*

Notes:

\*Not Calculated - Investment in Gas Gathering System does not Payout.

Oil Price: \$20/BBL less Royalty, Orr Severance and Ad Valorem Taxes.

Gas Price: \$3/MCF less Royalty, Orr Severance and Ad Valorem Taxes.

Royalty	16.67%
Orr	5.00%
Severance and Ad Valorem Tax	10.00%
	31.67%

∴ Net R.I. = 1 - .3167 = 0.6833



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

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

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

August 21, 1985

Moncrief Oil Company  
P.O. Box 2573  
Casper, Wyoming 82602

Gentlemen:

RE: Gas Flaring at Well No. Texaco Tribal 3-1, Sec.3, and Bates 9-1, Sec.9, T.4S, R.6W, Duchesne County, Utah

The Division staff has monitored production and disposition reports for the referenced wells as stated in the letter of approval to flare gas dated March 18, 1985. The staff has determined that production does not appear to be declining as rapidly as projected by Moncrief in their previously prepared economic forecast. A copy of said forecast is enclosed for your information. Therefore, the Division requests that Moncrief submit an updated economic evaluation justifying the need to flare additional gas from the two wells. As part of the evaluation, Moncrief should state any other mitigating factors which would render the beneficial use of the produced gas unfeasible. The Division staff will review Moncrief's response and brief the Board of Oil, Gas and Mining as necessary.

A review of the recent production and disposition history for the two wells indicates that gas is currently being flared in excess of 500 MCF/D. It also appears that although oil production has declined somewhat, the producing gas-oil ratio (GOR) has increased, resulting in very little net change in gas production. By Moncrief's estimates of oil and gas prices, the amount of gas being produced is roughly equivalent to the value of oil produced. It is estimated that oil and gas production for both wells in 1985 may be as high as 18,000 BO and 156,000 MCFG which is substantially higher than the figures presented in Moncrief's economic forecast.

Page Two  
Moncrief Oil Company  
August 21, 1985

Because the economic justification to flare gas may no longer be valid, the Division requests an updated justification statement. The statement should include current estimates for construction and operation of a gathering system, a production forecast based on current production and GOR trends, similar information as presented on the last economic forecast, and any other mitigating factors which would render a gathering system unfeasible. The Division staff will review all information presented and inform Moncrief if any further action is necessary. Moncrief should continue to produce both wells until otherwise informed.

Your prompt response to this request is appreciated. Please contact this office if any further information is needed.

Best Regards,

*For*  
*RJ Firth*  
Dianne R. Nielson  
Director

JRB/sb  
Enclosures  
cc: R. J. Firth  
Well File  
0155T-18-19

ECONOMIC FORECAST - GAS GATHERING PROPOSAL  
SOUTH CEDAR RIM AREA 4S-6W DUCHESNE COUNTY, UTAH

Year	Lease and Well	Oil BBLs	Gas MCF	Gas Used On Lease MCF	Gas Avail. For Sale MCF	Oil Income @ \$13.67/BBL M\$	Gas Income @ \$2.05/MCF M\$	Direct Op. Expense M\$	Net Oper. Income M\$	Gas Line Inv. \$340M		
										Net Cash Flow M\$	Discounted Cash Flow @ 12%	
1985	Bates 9-1	9,600	75,800	3,000	72,800	131	149	90	190			
	Texaco Tribal 3-1	2,880	20,160	2,100	18,060	39	37	66	<u>10</u>			
									200	-140	*	
1986	Bates 9-1	4,320	41,900	2,500	39,400	59	81	90	50			
	Texaco Tribal 3-1	1,740	13,200	1,900	11,300	24	23	66	<u>-19</u>			
									31	-109	*	
1987	Bates 9-1	2,880	31,700	2,300	29,400	39	60	90	9			
	Texaco Tribal 3-1	Shut-in - Below Economic Limit										
									9	-100	*	

Notes:

\*Not Calculated - Investment in Gas Gathering System does not Payout.

Oil Price: \$20/BBL less Royalty, Orr Severance and Ad Valorem Taxes.

Gas Price: \$3/MCF less Royalty, Orr Severance and Ad Valorem Taxes.

Royalty	16.67%
Orr	5.00%
Severance and Ad Valorem Tax	<u>10.00%</u>
	31.67%

∴ Net R.I. = 1 - .3167 = 0.6833

# MONCRIEF OIL

P.O. BOX 2573  
CASPER, WYOMING 82602  
307-237-2541

September 6, 1985

RECEIVED

SEP 16 1985

DIVISION OF OIL  
GAS & MINING

State of Utah  
Natural Resources  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Re: Gas Flaring  
Texaco Tribal 3-1  
Bates 9-1  
Duchesne County, Utah

Gentlemen:

In regard to your letter of August 21, 1985, we have again reviewed the performance of the two subject wells. Although the oil production is not declining as rapidly as previously projected we have not changed our opinion as to the economic viability of the proposed gas line i.e., there are insufficient gas reserves to justify the installation of this gas line.

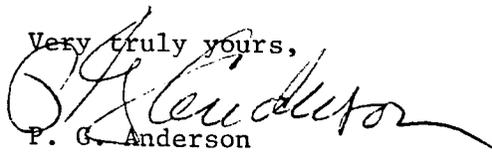
Contrary to the figures mentioned in your letter that there is in excess of 500 MCF/D being flared from these two wells, our measurements indicate the Bates 9-1 is flaring approximately 320 MCF/D and the Texaco Tribal 3-1 is flaring approximately 70 MCF/D for a total of 390 MCF/D.

A revised economic forecast is presented based on a slightly more optimistic decline. However it should be recognized that these wells are high operating cost wells and at the present time only the Bates 9-1 is producing sufficient oil to warrant continued operation. The Texaco Tribal 3-1 is now at or below the economic limit and should we have another major equipment or tubular break down in the near future the well will probably be shut-in as uneconomical to produce.

In our opinion, the remaining life of these two wells is very tentative and we do not feel it would be prudent to invest \$300+M in a gas line to gather this gas.

We trust the foregoing is the information you seek. If you need further information please advise.

Very truly yours,

  
P. G. Anderson  
Production Manager

PGA:jh

cc: WI Owners (address list attch.)

ECONOMIC FORECAST - GAS GATHERING  
SOUTH CEDAR RIM AREA 4S-6W DUCHESNE COUNTY, UTAH

Gas Line Inv. \$340M

<u>Year</u>	<u>Lease and Well</u>	<u>Oil BBLs</u>	<u>Gas MCF</u>	<u>Gas Used On Lease MCF</u>	<u>Gas Avail. For Sale MCF</u>	<u>Oil Income @\$13.67/BBL M\$</u>	<u>Gas Income @\$2.05/MCF M\$</u>	<u>Direct Op. Expense M\$</u>	<u>Net Oper. Income M\$</u>	<u>Net Cash Flow-Gas M\$</u>	<u>(sales only)</u>	
	(4th Qtr. Only)											
1985	Bates 9-1	3,900	24,300	1,000	23,300	53	50	23	80			
	Texaco Tribal 3-1	930	6,400	500	5,900	13	<u>13</u>	17	9			
							63				-277	
1986	Bates 9-1	12,000	77,000	4,000	73,000	164	150	94	220			
	Texaco Tribal 3-1	3,360	24,000	1,800	22,200	46	<u>46</u>	68	24			
							196				- 81	
1987	Bates 9-1	7,800	54,000	4,000	50,000	107	103	94	116			
	Texaco Tribal 3-1	SHUT-IN BELOW ECONOMIC LIMIT										
							<u>103</u>				+ 22	

NOTES:

Direct Operating Expense (Based on last 24 months actual expense)

Bates 9-1: \$7800/month

Texaco Tribal 3-1: \$5700/month

Oil Price: \$20/BBL less Royalty, ORR Severance and Ad Valorem Taxes.

Gas Price: \$3/MCF less Royalty, ORR Severance and Ad Valorem Taxes.

Royalty 16.67%

ORR 5.00%

Severance and Ad Valorem Tax 10.00%

31.67%

\* Net R.I. = 1 - .3167 - 0.6833

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  
W. A. Moncrief

3. ADDRESS OF OPERATOR  
P. O. Box 2573, Casper, WY 82602

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)  
AT SURFACE: NW/NE (512' FNL, 1530' FEL)  
AT TOP PROD. INTERVAL:  
AT TOTAL DEPTH:

5. LEASE  
14-20-H62-1939

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
Ute Indian Tribe

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME  
Texaco Tribal

9. WELL NO.  
3-1

10. FIELD OR WILDCAT NAME  
Cedar Rim

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
3-4S-6W

12. COUNTY OR PARISH  
Duchesne

13. STATE  
Utah

14. API NO.  
43-013-30468

15. ELEVATIONS (SHOW DF, KDB, AND WD)  
6151' KB

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 checked="" type="checkbox"/>
(other) Change of ownership and operator			

(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.)\*

On January 31, 1986, W. A. Moncrief finalized the sale of its Working Interest effective October 28, 1985 to Messrs. Darrel Hadden and Thomas D. Harrison, P. O. Box 293, Duchesne, UT 84121.

Subsurface Safety Valve: Manu. and Type \_\_\_\_\_

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

SIGNED W. A. Moncrief TITLE Production Manager DATE February 3, 1986

(This space for Federal or State office use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

RECEIVED

SEP 16 1985

DIVISION OF OIL  
GAS & MINING

BATES 9-1 and TEXACO TRIBAL 3-1

WORKING INTEREST OWNERS

Moncrief Oil  
P.O. Box 2573  
Casper WY 82602

Moncrief Oil  
Moncrief Building  
Ninth at Commerce  
Fort Worth TX 76102

Gulf Oil Corporation  
P.O. Box 2619  
Casper WY 82602

Texaco, Inc.  
P.O. Box 2100  
Denver CO 80201

Koch Exploration Co.  
One Park Central  
Suite 530  
1515 Arapahoe St.  
Denver CO 80202

Dennis G. Smith  
4400 Coldwater Canyon Ave.  
Suite 200  
Studio City CA 91604

Juanita C. Smith  
1476 S. Wasatch Dr.  
Salt Lake City UT 84116

# MONCRIEF OIL

February 3, 1986

P.O. BOX 2573  
CASPER, WYOMING 82602  
307-237-2541

RECEIVED  
FEB 06 1986

WORKING INTEREST OWNERS  
BUCK KNOLL AREA WELLS  
DUCHESNE COUNTY, UTAH  
(Address List Attached)

DIVISION OF  
OIL, GAS & MINING

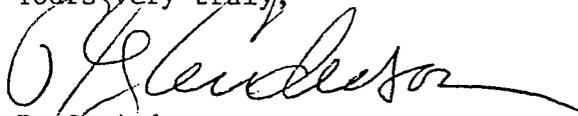
Re: Texaco Tribal 3-1  
Bates 9-1  
Reimann 10-1  
Koch Tribal 11-1  
Gulf Tribal 15-1  
T4S-R6W, Duchesne County, Utah

Ladies and Gentlemen:

Please be advised W. A. Moncrief et al has sold its working interest in the above five wells effective October 28, 1985 to Messrs. Hadden and Harrison of Duchesne, Utah. Please direct any further correspondence in regard to the above wells to the new owners.

As to the Reimann 10-1 and Koch Tribal 11-1 wells, Koch Exploration Company, operator of these two wells, is hereby advised of this sale and all expenses and revenue should be apportioned accordingly.

Yours very truly,



P. G. Anderson  
Production Manager

PGA/dmb

Enclosures

cc: Texaco Trading and Transportation, Inc.  
Chase Industries  
W. A. Moncrief, Jr.  
Kay Martin  
State of Utah  
Ute Indian Tribe  
Bureau of Land Management

BUCK KNOLL AREA WELLS  
DUCHESNE COUNTY, UTAH  
WORKING INTEREST OWNERS

Moncrief Oil  
Moncrief Building  
Ninth at Commerce  
Fort Worth, TX 76102

Chevron, USA  
Attn: W. J. Mansfield  
P. O. Box 599  
Denver, CO 80201

Texaco, Inc.  
P. O. Box 2100  
Denver, CO 80201

Koch Exploration Co.  
One Park Central  
Suite 530  
1515 Arapahoe St.  
Denver, CO 80202

Dennis G. Smith  
4400 Coldwater Canyon Ave.  
Suite 200  
Studio City, CA 91604

Juanita C. Smith  
1476 S. Wasatch Dr.  
Salt Lake City, UT 84116

Fawn B. Coltharp  
3707 Cold Point Drive  
Salt Lake City, UT 84109

Lorraine Shelton  
5321 Chiquita Lane  
San Bernadino, CA 92404

Burton/Hawks, Inc.  
P. O. Box 359  
Casper, WY 82602

# RECEIVED MONCRIEF OIL

FEB 10 1986

February 4, 1986

P.O. BOX 2573  
CASPER, WYOMING 82602  
307-237-2541

DIVISION OF  
OIL, GAS & MINING

TO: WHOM IT MAY CONCERN

Please be advised W. A. Moncrief et al has sold its working interest in the following wells effective October 28, 1985 to Mssrs. Hadden and Harrison of Duchesne, Utah:

~~Texaco Tribal 3-1~~  
Bates 9-1  
Reimann 10-1  
Koch Tribal 11-1  
Gulf Tribal 15-1

Please direct any further correspondence or invoices in regard to the above wells to the new owners at P. O. Box 293, Duchesne, Utah 84121.

Thank you.

MCKAY, BURTON & THURMAN

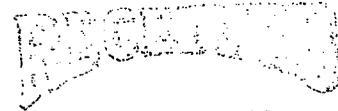
A PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW  
SUITE 1200 KENNECOTT BUILDING  
10 EAST SOUTH TEMPLE STREET  
SALT LAKE CITY, UTAH 84133  
(801) 521-4135

OF COUNSEL  
DAVID L. MCKAY  
WILLIAM T. THURMAN  
TELEFAX 801-521-4252

WILFORD M. BURTON  
BARRIE G. MCKAY  
WILLIAM THOMAS THURMAN  
DAVID L. BIRD  
R. KIMBALL MOSIER  
REID TATEOKA  
STEPHEN W. RUPP  
JOEL T. MARKER  
SCOTT C. PIERCE  
MONA LYMAN  
HARRY CASTON  
SHAWN D. TURNER

March 11, 1992



MAR 12 1992

DIVISION OF  
OIL & GAS

R. J. Firth  
Associate Director, Division of Oil,  
Gas & Mining  
#3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

*Re: Hadden & Harrison, joint venture  
Documents regarding sale of operating assets to YM Oil Corporation*

Dear Mr. Fifth:

In response to my letter of March 6, 1992 to Dianne R. Nielson, Lisha Romero of your office called to request copies of documents evidencing the sale of Hadden & Harrison's operating assets to YM Oil Corporation. Therefore, I have enclosed with this letter copies of the following documents:

1. Assets Sale Agreement between Hadden & Harrison and YM Oil Corporation, dated December 4, 1991. Please note that the Assets Sale Agreement contains signatures of Darrel Hadden and Thomas D. Harrison of Hadden & Harrison, as well as that of Paul L. McCulliss, president of YM Oil Corporation. Please also note on page 14 the address for YM Oil Corporation is as follows:

Paul L. McCulliss  
YM Oil Corporation  
P.O. Box 13557  
Denver, CO 80201

I have also included a copy of Exhibit "C" to the Assets Sale Agreement which indicates that the certificates of deposit held by First Interstate Bank of Park City in favor of the Division of Oil & Gas are assets that were excluded from the sale to YM Oil Corporation and those certificates of deposit, upon release by the State, shall remain property of Hadden & Harrison.

R. J. Firth  
March 11, 1992  
Page 2

2. Also enclosed is a copy of the Assignment, Bill of Sale and Conveyance, between Thomas D. Harrison, Darrel Hadden and Hadden & Harrison and YM Oil Corporation, dated January 31, 1992.

If you have any further questions regarding these documents or the matters addressed in my letter of March 6, 1992, please give me a call.

Very truly yours,



Joel T. Marker

JTM:als  
08015

Enclosures

cc (w/o encl.): Darrel Hadden  
Jeffrey C. Swinton  
Paul L. McCulliss

RECEIVED

MAR 12 1992

DIVISION OF  
OIL GAS & MINING

ASSETS SALE AGREEMENT

BETWEEN

HADDEN & HARRISON

AND

YM OIL CORPORATION

For the Sale of Oil and Gas Assets  
By Hadden & Harrison To,  
And the Assumption of Certain Liabilities  
By, YM Oil Corporation

Dated effective as of December 4, 1991

## ASSETS SALE AGREEMENT

THIS ASSETS SALE AGREEMENT (this "Agreement") dated effective as of the 4<sup>th</sup> day of December, 1991, by and between <sup>Darrel Hadden, Thomas D Harrison and</sup> Hadden & Harrison, a Utah joint venture, ("Hadden"), (Hadden is sometimes referred to herein as the "Seller"), and YM Oil Corporation, a corporation organized under the laws of the State of Colorado ("YM Oil").

### R E C I T A L S

A. Hadden owns a working interest in or has operating rights with respect to producing gas wells, producing oil wells and undeveloped acreage under various oil and gas leases covering lands in the Altamont-Bluebell area, the Peter's Point area and the Red Wash area of the Uintah Basin in the Utah counties of Duchesne, Carbon and Uintah (the "Oil and Gas Properties"). The Oil and Gas Properties are more fully identified upon Exhibit "A" attached hereto.

B. Hadden is desirous of selling substantially all of the assets and operations of its oil and gas business to YM Oil and YM Oil is desirous of purchasing substantially all of the assets and operations of Hadden's oil and gas business as identified on Exhibit "B" attached hereto (the "Purchased Assets"). Those assets not being purchased by YM Oil (the "Excluded Assets") are identified on Exhibit "C" attached to this Agreement.

C. As consideration for the Purchased Assets, YM Oil is willing to pay certain sums and to assume certain of the liabilities of Hadden as identified upon Exhibit "D" attached hereto (the "Assumed Liabilities") and Hadden is willing to sell the Purchased Assets for certain sums and for the assumption of the Assumed Liabilities.

## A G R E E M E N T

NOW THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Sale and Purchase of Assets. Subject to the terms and conditions hereof, and in reliance upon the respective representations and warranties of each party to the other hereunder, YM Oil agrees to purchase from Hadden and Hadden agrees to sell to YM Oil at the Closing (as identified in Section 9 below) the Purchased Assets as identified upon Exhibit "B".

2. Purchase Price and Terms of Payment. The total purchase price to be paid to Hadden by YM Oil for the Purchased Assets is \$750,000.00, payable as follows:

(a) YM Oil shall pay to Hadden a \$10,000.00 nonrefundable deposit upon execution of this Agreement;

(b) YM Oil shall pay to Hadden an additional \$90,000.00 in cash or certified funds at Closing;

(c) YM Oil shall pay in full in cash or certified funds the Paid Claims (as identified upon Exhibit "E") at Closing and shall further assume the Assumed Liabilities at Closing; and

(d) The balance of the purchase price - \$132,000.00 - shall be paid by YM Oil to <sup>Darrel</sup> Hadden in 18 monthly installments of \$7,800.00 each, including interest, commencing 30 days after Closing and continuing on the same day of each successive month until fully paid. The principal balance shall bear interest at 8% per year, payable with and included in periodic installments. YM Oil's obligation to pay the balance shall

be evidenced by a promissory note in the form set forth on Exhibit "F" attached to this Agreement, and shall be secured by the granting of liens on the Purchased Assets to Hadden pursuant to the form of the Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing set forth on Exhibit "G".

3. Representations and Warranties of Hadden. Hadden represents and warrants to YM Oil as follows:

(a) Authority. Hadden represents without warranty, express or implied, that it has full power and authority to convey, assign, transfer and sell so much of the Purchases Assets or so much interest therein, as to which it now holds undivided record title as revealed by the public record of Carbon, Uintah and Duchesne Counties, Utah, respectively, however, Hadden does not represent that it has power and authority to convey, assign, transfer or sell all right, title and interest in the Purchased Assets.

Hadden further represents that it will endeavor, through its best efforts, to obtain such title in and to the Purchased Assets as it does not now possess, but Hadden specifically denies that such representation constitutes a binding covenant to obtain such title. However, in the event Hadden is able through such efforts to obtain full and complete power and authority to deal with all of the Purchased Assets, then, in such event, Hadden represents that it shall convey, assign, transfer and sell to YM Oil all of such undivided interest pursuant to the covenants, terms, conditions and provisions of this Agreement.

(b) Validity. This Agreement has been and the documents to be delivered at the Closing have been, or will be, duly executed and delivered by Hadden, and are, or will be, the lawful, valid and legally binding obligations of Hadden, enforceable in accordance with their respective terms.

(c) Taxes. To the best of Hadden's knowledge, all federal, state and other tax returns and reports of every nature required to be filed by or on behalf of Hadden have been filed; no extensions of time in which to file any such returns and reports are in effect; and all taxes shown on such returns and deficiency assessments, penalties and interest have been paid or waived or satisfied or by payment to be made at Closing, will be paid, waived or satisfied.

(d) Pending or Threatened Litigation Against Seller. To the best of Hadden's knowledge, except as identified upon Exhibit "H" attached hereto, (i) Hadden is not engaged in or party to or threatened with any suit, action, proceeding, investigation or legal, administrative, arbitration or other method of settling disputes or disagreements or governmental investigation, and no notice has been received by Hadden and no other circumstances exist to provide any basis for any such action against Hadden or with respect to the Oil and Gas Properties; and (ii) Hadden is not aware of any hazardous condition with respect to the Oil and Gas Properties which would cause any obligation to report to any state, local or federal agency.

(e) Insurance. Exhibit "I", attached hereto, sets forth a complete and correct list (including the name of the insurer, coverage, and expiration date) of all policies of casualty and liability insurance relating to the business which are in force, including the amounts thereof maintained by Hadden or in which Hadden is named insured or which are owned by Hadden or on which Hadden is paying premiums. Such policies are in full force and effect as of the date of this Agreement and will remain such to the Closing Date.

(f) Title to Assets. Without warranty, express or implied, Hadden in good faith believes that it is the sole and exclusive legal and equitable owner of all

right, title and interest in, and has good, marketable and indefeasible title to, all of the Purchased Assets, free and clear of any material mortgage, trust deed, lien, claim, right, security interest, encumbrance, covenant, easement or restriction of any kind or nature, direct or indirect, whether accrued, absolute, contingent or otherwise, except only those encumbrances or restrictions as specifically described in this Agreement or in any exhibit to this Agreement.

4. Representations and Warranties of YM Oil. YM Oil represents and warrants to Hadden as follows:

(a) Authority. YM Oil has full legal right, power and authority without the consent of any other person to execute and deliver this Agreement and to carry out the transactions contemplated hereby. All corporate and other actions required to be taken by YM Oil to authorize the execution, delivery and performance of all transactions contemplated hereby have been duly and properly taken.

(b) Validity. This Agreement has been and the documents to be delivered at Closing have been, or will be, duly executed and delivered by YM Oil and are, or will be, the lawful, valid and legally binding obligations of YM Oil, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in the creation of any lien, charge or encumbrance or the acceleration of any indebtedness or other obligation of YM Oil and are not prohibited by, do not violate or conflict with any provision of, do not result in a default under or a breach of (i) the Articles of Incorporation or Bylaws of YM Oil; (ii) any contract, agreement or other instrument to which YM Oil is a party; (iii) any regulation, order, decree or judgment of any court or governmental agency; or (iv) any law applicable to YM Oil.

(c) Due Organization. YM Oil is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado, with full power and authority to own or lease its properties and to carry on the business in which it is engaged. YM Oil is or will be at Closing duly licensed and qualified to do business as a foreign corporation and in good standing in all jurisdictions (including Utah) where, by the nature of its business or the character and location of its property or personnel, failure to be so licensed or qualified would have material adverse effect upon its business or assets.

(d) Pending or Threatened Litigation Against YM Oil. To the best of YM Oil's knowledge, YM Oil is not engaged in or party to or threatened with any suit, action, proceeding, investigation or legal, administrative, arbitration or other method of settling disputes or disagreements or governmental investigation, and no notice has been received by YM Oil and no other circumstances exist to provide any basis for any such action against YM Oil.

Each of the foregoing representations and warranties is made as of the date of this Agreement and as of the Closing Date as though made at such time, and each of such representations and warranties shall survive the Closing and any investigation at any time made by or on behalf of YM Oil.

5. Covenants of Seller with Respect to Conduct of Business Prior to Closing. Hadden covenants, warrants and agrees that from the date hereof to the Closing Date, except for transactions in the normal course of business or transactions expressly approved in writing by YM Oil, Hadden shall to the extent material;

(a) Operate the Oil and Gas Properties in the usual, regular and ordinary course;

(b) Maintain the tangible properties and assets of the business in good repair, order and condition, reasonable wear and use in the ordinary course of business excepted;

(c) Maintain in full force and effect the insurance identified upon Exhibit "I";

(d) Maintain the books, accounts and records of the Oil and Gas Properties in the usual, regular and ordinary manner on a basis consistent with prior years;

(e) Not incur any indebtedness with respect to the business for borrowed monies or become a guarantor or surety or pledge credit on or otherwise become responsible in any manner with respect to any undertaking of another;

(f) Not sell, mortgage, lease or otherwise dispose of, or encumber, or purchase, rent, or otherwise acquire any real estate or any interest therein; or

(g) Use its best efforts to preserve the business and use its best efforts to preserve the goodwill of its suppliers, customers, distributors and others having business relations with Hadden.

6. Covenants of YM Oil with Respect to Conduct of Business Prior to Closing. YM Oil covenants, warrants and agrees that from the date hereof to the Closing Date, except for transactions in the normal course of business or transactions expressly approved by Hadden, ~~YM Oil shall not contact or communicate with suppliers, creditors, or other parties with whom Hadden maintains business relationships.~~ However, the parties anticipate that Hadden and YM Oil will work together in efforts by YM Oil to obtain the release of Hadden from the Assumed Liabilities.

7. Conditions to Obligations of YM Oil. The obligations of YM Oil to purchase the Purchased Assets of Hadden at the Closing, are, at the option of YM Oil, subject to the following express conditions precedent:

(a) The representations and warranties of Hadden contained in this Agreement were true when made, and shall be true at and as of the Closing Date, as though such representations and warranties had been made at and as of the Closing Date, and Hadden shall have performed all covenants and agreements on its part required to be performed, and shall not be in default under any of the provisions of this Agreement, at or prior to the Closing Date;

(b) At the Closing Date, no governmental agency or body, or other person or entity, shall have instituted or threatened any action, not indemnified against by Seller, to restrain or prohibit any of the transactions contemplated by this Agreement;

(c) The business shall not have been adversely affected in any material way as the result of any Act of God, fire, flood, explosion, war, labor disturbance or other casualty or any other occurrence; and there shall have been no material adverse change in the business of Hadden ~~since December 1, 1991,~~ Prior to clos:

(d) Hadden shall have obtained an order of the United States Bankruptcy Court for the District of Utah dismissing Hadden's pending Chapter 11 reorganization case, Case No. 91A-02646; and

(e) The documents to be delivered at the Closing shall be adequate and sufficient to vest in YM Oil all of Hadden's right, title and interest in and to the Purchased Assets.

8. Conditions to Obligations of Seller. The obligation of Hadden to sell the Purchased Assets of Hadden at Closing, are, at the option of Hadden, subject to the following express conditions precedent:

(a) The representations and warranties of YM Oil contained in this Agreement were true when made, and shall be true at and as of the Closing Date, as though such representations and warranties had been made at and as of the Closing Date, and YM Oil shall have performed all covenants and agreements on its part required to be performed, and shall not be in default under any of the provisions of this Agreement, at or prior to the Closing Date;

(b) At the Closing Date, no governmental agency or body, or other person or entity, shall have instituted or threatened any action, not indemnified against by YM Oil, to restrain or prohibit any of the transactions contemplated by this Agreement;

(c) The business shall not have been adversely affected in any material way as the result of any Act of God, fire, flood, explosion, war, labor disturbance or other casualty or any other occurrence; and there shall have been no material adverse change in the business of Hadden since <sup>prior to closing</sup> ~~December 1, 1991,~~

(d) Hadden shall have obtained an order of the United States Bankruptcy Court for the District of Utah dismissing Hadden's pending Chapter 11 reorganization case, Case No. 91A-02646;

(e) The documents to be delivered at the Closing shall be adequate and sufficient for YM Oil to assume all of the liabilities and obligations absolute, accrued, contingent or otherwise of the Assumed Liabilities and the release of Hadden therefrom;

(f) YM Oil must provide documents, in form satisfactory to counsel for Hadden, establishing that YM Oil has placed operator's bonds and other bonds with all applicable state, federal and tribal authorities sufficient to satisfy those authorities to approve the assignments to YM Oil and to assure release of Hadden's bonds and deposits (as described on Exhibit "C") to Hadden; and

(g) YM Oil shall obtain a policy of general liability insurance in an amount not less than \$2,000,000.00 and casualty insurance covering the equipment and such other of the tangible assets of the Purchased Assets in an amount satisfactory to Hadden. The insurance policies will name Hadden as an additional insured party.

9. Closing. The consummation of the transactions contemplated by this Agreement (the "Closing") shall commence and continue until completed at the offices of McKay, Burton & Thurman, Suite 1200, Kennecott Building, 10 East South Temple Street, Salt Lake City, Utah, 84133, at 10:00 a.m., Salt Lake City time, on ~~December~~ <sup>January 31, 1992</sup>, ~~1991~~, or such other date as agreed to by the parties hereto in writing (the "Closing Date"). At the Closing, all transactions shall be conducted substantially concurrently and no transaction shall be deemed to be completed until all are completed.

(a) Deliveries by Seller to YM Oil.

(i) Bills of sale, general assignments and certificates of title, as applicable, transferring the personal property part of the Purchased Assets to YM Oil in a form acceptable to counsel for YM Oil;

(ii) Assignments transferring Hadden's interest in the Oil and Gas Properties to YM Oil in a form acceptable to counsel for YM Oil;

(iii) Satisfaction of lien of the Utah State Tax Commission in a form acceptable to counsel for YM Oil;

(iv) A copy of the order dismissing Hadden's Chapter 11 reorganization case; and

(v) Such other agreements, documents, instruments, papers, satisfactions of judgments and termination statements of liens as may be reasonably necessary to carry out the transactions contemplated hereby and to comply with the terms hereof;

(b) Deliveries by YM Oil to Seller.

(i) Cash or certified funds in the amount of \$90,000.00, plus the amount required to satisfy the Paid Claims as set forth upon Exhibit "E";

(ii) Assumption Agreement of Assumed Liabilities and Indemnification covering the Assumed Liabilities;

(iii) Promissory Note in the form attached hereto as Exhibit "F";

(iv) Deed of Trust, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing in the form attached hereto as Exhibit "G";

(v) Guaranty Agreements given by Paul L. McCulliss and George G. Vaught, Jr. to Hadden in the form attached hereto as Exhibit "J"; and

(vi) Such other agreements, documents, instruments and papers as may be reasonably necessary to carry out the transactions contemplated hereby and to comply with the terms hereof.

(c) At the Closing, Hadden shall aid YM Oil in taking actual possession and operating control of the business.

10. Indemnification of Seller Against Obligees or Assumed Liabilities.

YM Oil shall, at the Closing, assume all of the Assumed Liabilities. To more fully implement this indemnification, YM Oil shall deliver to Hadden at Closing the Assumption Agreement of Assumed Liabilities and Indemnification in the form attached hereto as Exhibit "K".

11. YM Oil General Indemnification. YM Oil hereby indemnifies and agrees to defend and hold harmless Hadden from and against any and all loss, damage or expense including court costs, reasonable attorneys' fees, interest expense and amounts paid in compromise or settlement, suit, action, claim, liability or obligation related to, caused by, arising from or on account of any misrepresentation, breach of any representation or warranty, failure to fulfill any covenant or agreement pursuant to this Agreement (including all obligations arising from YM Oil's assumption of obligations under applicable oil and gas leases, which obligations YM Oil expressly adopts, ratifies and assumes, including, without limitation, all environmental and plugging liability attributable thereto), or the inaccuracy of any document or certificate delivered in connection herewith.

12. Guaranty of Paul L. McCulliss and George G. Vaught, Jr. YM Oil shall cause its principals, Paul L. McCulliss and George G. Vaught, Jr., to enter into the Guaranty Agreements in the form attached hereto as Exhibit "J" and shall deliver to Hadden such Guaranty Agreements at the Closing.

13. Survival. All representations, warranties, covenants and agreements contained in this Agreement or in any exhibit, document or certificate delivered pursuant hereto shall survive the Closing and shall be fully effective and enforceable following the Closing Date except in such case as by the context hereof such representation, warranty,

covenant or agreement is clearly fulfilled prior to or at the Closing. Representations and warranties set forth in this Agreement or in any exhibit, document or certificate delivered pursuant hereto shall not be affected by any investigation, verification or approval by any party hereto or by anyone on behalf of any such party, except as specifically set forth in an exhibit, document or certificate delivered pursuant to this Agreement.

14. Attorneys' Fees. If any action is brought by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs as fixed by a court of competent jurisdiction.

15. Records and Documents. For five years following the Closing Date, YM Oil shall grant to Hadden, and its representatives, access to and the right to make copies of those records and documents related to the business and retained by YM Oil, as may be necessary or useful in connection with Hadden's preparation and support of tax returns or prosecution or defense of actions related to the business, or for any other reasonable purpose relating to the sale contemplated hereby or conduct of the business prior to such sale. YM Oil shall not dispose of any such records without first giving sixty days (60) prior written notice to Hadden, during which period it shall have the right to take possession of the records to be disposed of.

16. Amendment and Waiver. No amendment or waiver of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by the party against whom such amendment or waiver is charged and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

17. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be sent by registered or certified mail, postage prepaid, as follows:

(a) If to Hadden: or Darrel Hadden If to Thomas D. Harris

Hadden & Harrison  
Darrell Hadden  
13381 North Dryfork Canyon  
Vernal, UT 84078

2444 Morningstar Cou  
Park City, Utah 8406

With a copy to:

Robert M. McRae  
209 East 100 North  
Vernal, Utah 84078

Joel T. Marker Jeffrey C. Swinton  
McKay, Burton & Thurman Stoker & Swinton  
Suite 1200, Kennecott Building 311 South State Suite #400  
10 East South Temple Street Salt Lake City, Utah 84111  
Salt Lake City, UT 84133

(b) If to YM Oil Corporation

President  
YM Oil Corporation  
P.O. Box 13557  
Denver, CO 80201

Any party may change its address for receiving notice by written notice given to the others named above.

18. Binding Effect. This Agreement shall be binding upon and shall enure to the benefit of the parties named herein and their respective heirs, legal representatives, successors and assigns, as applicable.

19. Assignment. This Agreement is not assignable. Any assignment of this Agreement by a party hereto, without the prior written consent of the other parties hereto, shall be void.

20. Entire Transaction. This Agreement and the exhibits, documents and certificates referred to herein shall contain the entire understanding and agreement

among the parties with respect to the transactions contemplated hereby and shall supersede all other agreements and understandings among the parties.

21. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Utah, and the parties hereby consent to the jurisdiction of Utah courts over all matters relating to this Agreement and the exhibits, documents and certificates referred to herein.

22. Possibility of Litigation. It is recognized that in the future, litigation may arise relating to the business and the conduct, products, property or assets thereof, which may relate directly or indirectly to the period prior to the Closing Date, the period subsequent to the Closing Date or both. Therefore, all of the parties hereto agree that, to the extent reasonable under the circumstances, they will assist and provide information, records and documents to any other party with respect to any such litigation or potential litigation in which any other party is or may be involved or by which such other party may be affected.

23. Headings. The Section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of any provision of this Agreement.

24. Brokers. Hadden and YM Oil have retained no brokers or finders or incurred any liability for any brokerage fees, commissions or finders' fees with respect to this Agreement or the transactions contemplated hereby. The parties hereto shall each indemnify and hold harmless the other parties with respect to any liability for any broker fee or finder fee claimed or payable to any person as a consequence of this Agreement or the transactions contemplated hereby.

25. Expenses. Each party to this Agreement shall pay its own costs and expenses in connection with the transactions contemplated hereby.

26. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

27. Incorporated Documents. All exhibits, documents and certificates to be delivered hereunder or referred to herein at or prior to the Closing Date are hereby incorporated in this Agreement by reference.

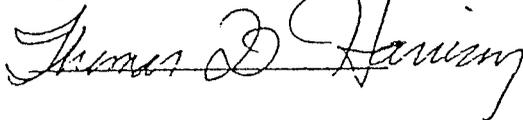
28. Cooperation. Hadden agrees to execute such other documents as may be reasonably requested by YM Oil to carry out the terms of this Agreement and accomplish the intent hereof. Hadden also agrees to assist in the transfer to YM Oil of the Purchased Assets and to be available and accessible to YM Oil, by telephone or otherwise, to answer any questions YM Oil may have in connection with the operation of the business or pertaining to the Purchased Assets being acquired hereunder by YM Oil.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective as of the day and year first above written.

DARREL HADDEN



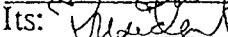
THOMAS D. HARRISON



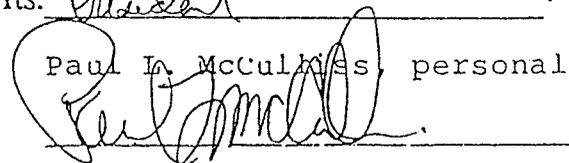
HADDEN & HARRISON

By:   
Darrel Hadden

YM OIL CORPORATION

By:   
Its: 

Paul L. McCullough, personally



George G. Vaught, Jr., personally

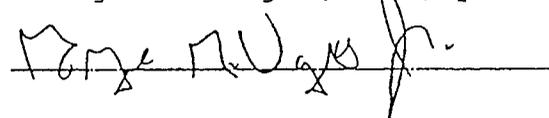


EXHIBIT "C"

to Assets Sale Agreement  
between Hadden & Harrison  
and YM Oil Corporation

Excluded Assets

The following assets are excluded from the sale to YM Oil Corporation and they shall remain the property of Hadden & Harrison:

\$50,000 certificate of deposit held by  
Amwest Surety as security for a bond  
in favor of the Ute Indian Tribe

\$25,000 certificate of deposit held by  
First Interstate Bank, Park City Branch,  
in favor of the State of Utah, Division  
of Oil and Gas

\$5,000 certificate of deposit held by  
the State of Utah in favor of the  
Division of Oil and Gas

\$25,000 cash deposit held by the Department  
of Interior, Bureau of Land Management  
in Salt Lake City as security for operations  
of the business on federal land

Accounts receivable owed to Hadden by Texaco  
Trading and Transportation, Inc. and  
Questar Energy Corporation as of the  
date of Closing

Oil and gas produced, transported or delivered  
at or before 7:00 a.m. on the Closing Date

RECEIVED

MAR 12 1992

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

DIVISION OF  
OIL, GAS & MINING

THIS ASSIGNMENT, BILL OF SALE AND CONVEYANCE (this Assignment"), effective at 7:00 a.m., Utah time, on January 31, 1992, (the "Effective Time"), is made by THOMAS D. HARRISON with an address of 2444 Morningstar Court, Park City, Utah 84060, DARREL HADDEN with an address of 13381 North Dry Fork Canyon, Vernal, Utah 84078, and HADDEN & HARRISON, a Joint Venture, with an address of 13381 North Dry Fork Canyon, Vernal, Utah 84078 ("Assignors") to YM OIL CORPORATION with an address of P.O. Box 13557, Denver, Colorado 80201 ("Assignee").

FOR TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignors do hereby transfer, grant, sell, convey and assign unto Assignee, its heirs, successors and assigns, the following (all of which are herein referred to as the "Properties"):

- A. All of Assignors' right, title and interest in and to the lands, Oil and Gas Leases, and Wells described in attached and incorporated Exhibit "A".
- B. All of Assignors' right, title and interest in and to all petroleum, hydrocarbons, associated gases and products, and all other materials produced or derived from the lands covered by the subject Oil and Gas Leases at and after the Effective Time.
- C. All of Assignors' right, title and interest in and to all oil and gas Wells, injection Wells, fixtures, equipment, tanks, oil in tanks and all other improvements now or as of the Effective Time appurtenant to the Properties or used or held for use in connection with the operation of the Properties.
- D. All of Assignors' right, title and interests in and to all permits, licenses, documents and agreements relating to the Properties including, without limitation, the following:  
  
Operating, partnership, joint venture, limited partnership, farmout, farmin, dry hole, bottom hole, acreage contribution, and purchase and acquisition agreements, area of mutual interest agreements, salt water disposal agreements, servicing contracts, easements, surface use and/or right-of-way agreements, permits, licenses, unitization, communitization or pooling agreements, declarations or governmental orders relating to pooling or unitization.
- E. All of Assignors' files, records, information and data relating to the Properties including, without limitation, title records (including abstracts of title, title opinions, certificates of title and title curative documents), contracts, correspondence, geological, geophysical and seismic records, data and information, production records, electric logs, core production curves and all related documents.
- F. All Assignors' right, title and interest, whether or not described hereinbefore, in Hadden & Harrison Joint Venture.

TO HAVE AND TO HOLD the Properties unto Assignee, its heirs, successors and assigns, subject to the following:

1. The Properties are conveyed to Assignee without warranty of fitness for a particular purpose or of title, express, implied or statutory.
2. Unless provided otherwise, all recording references in Exhibit "A" are to the official real property records of the county or counties in which the Properties are located.
3. All covenants and obligations provided for in this Assignment shall be deemed to be covenants running with the land and the leasehold estates therein and any transfer or other disposition of the Properties, except as otherwise provided in this Assignment, shall be made subject to the terms and conditions of this Assignment.
4. This Assignment and the provisions herein contained shall be binding upon and inure to the benefit of the Assignee, its heirs, successors, legal representatives and assigns, and shall be binding upon and inure to the benefit of Assignors, their heirs, successors, legal representatives and assigns.
5. Assignors agree to execute such other documents as may be required by governmental and tribal authority to effect the transfer hereby made with all appropriate agencies. Separate assignments of the Properties shall be executed on officially approved forms by Assignors and Assignee in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, powers and privileges set forth in this Assignment as fully as though they were set forth in each such assignment. The Properties conveyed by such separate assignments are the same, and not in addition to, the Properties conveyed hereby.
6. Assignee hereby accepts this Assignment and hereby agrees to bear and assume its proportionate share of all obligations, duties and liabilities under the Oil and Gas Leases and hereby adopts, ratifies, and agrees to be bound by the terms thereof, including, without limitation, all environmental and plugging liability attributable thereto.
7. Whether or not correctly described in Exhibit "A", it is the intent of Assignors and Assignee that this Assignment serve to transfer to Assignee all of Assignors' right, title and interest in and to all Assignors' oil and gas Wells situated in Carbon, Duchesne and Uintah Counties, Utah, together with all personalty associated in any manner whatsoever therewith, and all of Assignors' right, title and interest in and to all oil and gas leasehold rights in connection with lands situated in Carbon, Duchesne and Uintah Counties, Utah.

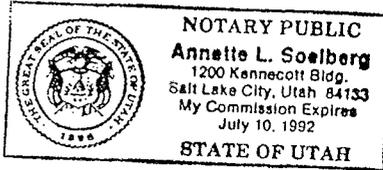


STATE OF UTAH )  
 ) SS.  
COUNTY OF Salt Lake )

The foregoing ASSIGNMENT, BILL OF SALE AND CONVEYANCE was acknowledged before me, a notary public, this 24<sup>th</sup> day of January, 1992, by DARREL HADDEN, individually.

WITNESS my hand and official seal.

My commission expires: July 10, 1992



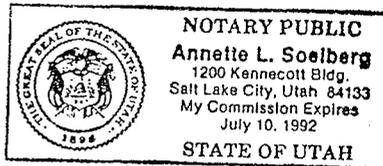
Annette L. Soelberg  
Notary Public

STATE OF UTAH )  
 ) SS.  
COUNTY OF Salt Lake )

The foregoing ASSIGNMENT, BILL OF SALE AND CONVEYANCE was acknowledged before me, a notary public, this 26<sup>th</sup> day of January, 1992, by DARREL HADDEN and THOMAS D. HARRISON, as General Partners of HADDEN & HARRISON, a Joint Venture.

WITNESS my hand and official seal.

My commission expires: July 10, 1992



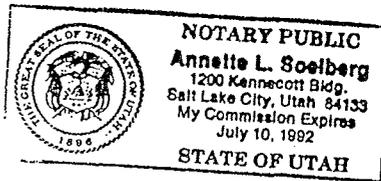
Annette L. Soelberg  
Notary Public

STATE OF UTAH )  
 ) SS.  
COUNTY OF Salt Lake )

The foregoing ASSIGNMENT, BILL OF SALE AND CONVEYANCE was acknowledged before me, a notary public, this 28<sup>th</sup> day of January, 1992, by PAUL L. McCULLISS, as President of YM OIL CORPORATION.

WITNESS my hand and official seal.

My commission expires: July 10, 1992



Annette L. Soelberg  
Notary Public

DDD: (Assign, Bill Sale, Convey/Hadden & Harrison - YM Oil Corp.)

MCKAY, BURTON & THURMAN  
A PROFESSIONAL CORPORATION

ATTORNEYS AND COUNSELORS AT LAW  
SUITE 1200 KENNECOTT BUILDING  
10 EAST SOUTH TEMPLE STREET  
SALT LAKE CITY, UTAH 84133  
(801) 521-4135

OF COUNSEL  
DAVID L. MCKAY  
WILLIAM T. THURMAN  
TELEFAX 801-521-4252

WILFORD M. BURTON  
BARRIE G. MCKAY  
WILLIAM THOMAS THURMAN  
DAVID L. BIRO  
R. KIMBALL MOSIER  
REID TATEOKA  
STEPHEN W. RUPP  
JOEL T. MARKER  
SCOTT C. PIERCE  
MONA LYMAN  
HARRY CASTON  
SHAWN D. TURNER

February 20, 1992

TO THE CREDITORS OF HADDEN & HARRISON,  
JOINT VENTURE

*Re: Notice of Dissolution of Joint Venture and Sale of Assets  
and Assumption of Liabilities by YM Oil Corporation*

NOTICE IS HEREBY GIVEN of the dissolution of Hadden & Harrison, a joint venture, effective January 31, 1992. As of that date Hadden & Harrison ceased carrying on active operations and began a process of winding up its affairs pursuant to the provisions of 48-1-1 U.C.A. As of January 31, 1992 neither Darrel Hadden nor Thomas D. Harrison have any further authority to act on behalf of the Hadden & Harrison joint venture to carry on any further business or to incur any additional claims, debts or other obligations for the joint venture, except as is necessary to wind up the affairs of the joint venture.

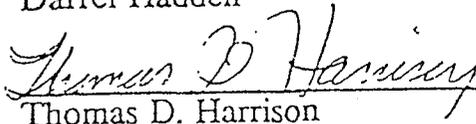
NOTICE IS ALSO GIVEN of the transfer and sale of the assets of the Hadden & Harrison joint venture to YM Oil Corporation, a Colorado corporation, and the assumption of all obligations of Hadden & Harrison joint venture by YM Oil effective January 31, 1992. Under the terms of the sale agreement YM Oil has agreed to assume and satisfy all obligations of the Hadden & Harrison joint venture. You may contact YM Oil at the following address:

Paul L. McCulliss  
President  
YM Oil Corporation  
P.O. Box 13557  
Denver, CO 80201  
Telephone: (303) 292-5458

COPY



Darrel Hadden



Thomas D. Harrison

Very truly yours,

MCKAY, BURTON & THURMAN



Joel T. Marker

Attorneys for Hadden & Harrison, a Utah  
joint venture

RECEIVED  
STATE TAX COMMISSION

APR 15 1992

RECEIVED BY  
Auditing Division

HADDEN & HARRISON JOINT VENTURE  
13381 N. Dryfork Cyn  
Vernal, Utah 84078  
(801) 789-8501

April 11, 1992

Utah State Tax Commission  
160 E 300 S  
Salt Lake City, Utah 84134-0550

Dear Sirs:

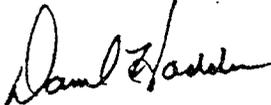
Effective January 31, 1992 Hadden & Harrison ceased its operations on all producing entities listed on the enclosed return. Also enclosed is a copy of a letter giving notice of dissolution and sale of assets.

Hadden & Harrison is hereby requesting that you close our conservation and severance tax accounts # N7228 on the above effective date. Our quarterly severance tax return will be filed as soon as we receive them from the state.

The enclosed quarterly conservation tax return only includes January production and tax payment.

If we need to file additional forms or you need more information please contact me at the above address.

Sincerely,

  
Darrel Hadden

COPY

RECEIVED

APR 17 1992

DIVISION OF  
OIL GAS & MINING

Division of Oil, Gas and Mining  
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File \_\_\_\_\_  
\_\_\_\_\_  
(Location) Sec \_\_\_ Twp \_\_\_ Rng \_\_\_  
(API No.) \_\_\_\_\_

Suspense  
(Return Date) \_\_\_\_\_  
(To - Initials) \_\_\_\_\_

Other  
OPERATOR CHANGE  
\_\_\_\_\_  
\_\_\_\_\_

1. Date of Phone Call: 3-17-92 Time: 11:25

2. DOGM Employee (name) L. ROMERO (Initiated Call   
Talked to:

Name PAUL MCCULLISS, PRES. (Initiated Call  - Phone No. (303 ) 292-5458

of (Company/Organization) YM OIL CORPORATION

3. Topic of Conversation: OPERATOR CHANGE "HADDEN & HARRISON TO YM OIL CORPORATION".

4. Highlights of Conversation: \_\_\_\_\_

MR. MCCULLISS STATED THAT HE HAS APPLIED FOR A SURETY BOND. HE WILL GET IN

TOUCH WITH US, JUST AS SOON AS HE RECEIVES A RESPONSE FROM THE SURETY COMPANY.

I ALSO REFERRED HIM TO THE BLM TO OBTAIN APPROVAL FOR WELLS DRILLED ON FEDERAL

LEASES, AND THE BIA FOR WELLS DRILLED ON INDIAN LEASES, OF WHICH HE STATED THAT

HE HAS ALREADY BEEN IN TOUCH WITH THEM AND IS IN THE PROCESS OF TAKING CARE OF

THOSE REQUIREMENTS.

\*BLM/VERNAL "NO DOCUMENTATION HAS BEEN FILED AS OF YET". THEY NEED HADDEN & HARRISON

TO SUBMIT A SEPARATE SUNDRY NOTICE FOR EACH WELL, STATING WHO THE WELL WAS SOLD TO

& EFFECTIVE DATE, AND SEPARATE SUNDRY NOTICES FROM YM OIL CORP. CERTIFYING THAT

THEY ARE THE OPERATOR AND BOND COVERAGE.



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

July 6, 1992

Paul McCulliss  
McCulliss Resources Company, Inc.  
621 17th Street, Suite 2155  
Denver, Colorado 80293

Dear Mr. McCulliss:

Re: Operator Change, Hadden & Harrison to McCulliss  
Resources Company, Inc., for wells located in  
Carbon, Duchesne and Uintah County, Utah.

In reviewing the operator change for the referenced companies, it was determined that your company is not currently registered with the Utah Department of Commerce. This letter is written to advise you of your responsibility to register your company with the state prior to conducting business within Utah. This can be accomplished by contacting:

Department of Commerce  
Division of Corporations  
160 East 300 South  
Salt Lake City, Utah 84111  
(801) 530-4849

Sincerely,

Lisha Romero  
Administrative Analyst

cc: Dept. of Commerce  
D.T. Staley  
R.J. Firth  
Operator File(s)  
Correspondence File/ldc

Division of Oil, Gas and Mining  
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File \_\_\_\_\_  
\_\_\_\_\_  
(Location) Sec \_\_\_ Twp \_\_\_ Rng \_\_\_  
(API No.) \_\_\_\_\_

Suspense  
(Return Date) \_\_\_\_\_  
(To - Initials) \_\_\_\_\_

Other  
OPERATOR CHANGE  
\_\_\_\_\_  
\_\_\_\_\_

1. Date of Phone Call: 4-16-92 Time: 8:37

2. DOGM Employee (name) L. ROMERO (Initiated Call   
Talked to:

Name PAUL MCCULLISS (Initiated Call  - Phone No. (303) 292-5458  
of (Company/Organization) MCCULLISS RESOURCES COMPANY

3. Topic of Conversation: OPERATOR CHANGE FROM HADDEN & HARRISON TO YM OIL CORP. OR  
TO MCCULLISS RESOURCES CO.? ALSO, BOND #B03489 (\$20,000) RECEIVED ON 4-13-92  
SHORT \$20,000, FOR THE BATES 9-1 & REIMANN 10-1 WELLS.

4. Highlights of Conversation: \_\_\_\_\_

MR. MCCULLISS STATED THAT THEY WANT TO OPERATE THE WELLS IN UTAH UNDER THE NAME  
OF MCCULLISS RESOURCES COMPANY, HE IS PRESIDENT OF BOTH. AS FAR AS THE BOND  
AMOUNT, HE REFERRED ME TO BRUCE HERBRICK AT (303)571-4235. MR. HERBRICK HANDLES  
SOME OF HIS AFFAIRS, AND SHOULD HAVE SET UP EITHER A \$40,000 SURETY OR A BLANKET  
BOND IN THE AMOUNT OF \$80,000.

8:48/DEPT. OF COMMERCE - NEITHER COMPANY IS REGISTERED AS OF YET.

8:55/BRUCE HERBRICK - MSG LEFT WITH RECEPTIONIST.

9:00/DARREL HADDEN - RETURNED HIS CALL, APPRISED HIM OF SITUATION. WILL NOTIFY  
HIM AS SOON AS ADDITIONAL BONDING IS RECEIVED.

920417/11:45 - BRUCE HERBRICK ASKED ME TO MAIL A LETTER TO PAUL MCCULLISS.  
REQUESTING ADDITIONAL BONDING, ALONG WITH RULES & REGS.

Routing:

1- <del>LAC</del> 7- <del>LAC</del>
2- <del>DPS</del>
3- <del>VLC</del>
4- <del>RJF</del>
5- <del>RWM</del>
6- <del>ADA</del>

Attach all documentation received by the division regarding this change.  
 Initial each listed item when completed. Write N/A if item is not applicable.

- Change of Operator (well sold)       Designation of Agent  
 Designation of Operator             Operator Name Change Only

The operator of the well(s) listed below has changed (EFFECTIVE DATE: 1-31-92)

TO (new operator)	<u>MCCULLISS RESOURCES CO INC</u>	FROM (former operator)	<u>HADDEN &amp; HARRISON</u>
(address)	<u>621 17TH ST STE 2155</u>	(address)	<u>13381 N DRY FORK CANYON</u>
	<u>DENVER CO 80293</u>		<u>VERNAL UT 84078</u>
	<u>PAUL MCCULLISS</u>		<u>DARREL HADDEN</u>
	phone <u>(303) 292-5458</u>		phone <u>(801) 789-8501</u>
	account no. <u>N 6940</u>		account no. <u>N 7228</u>

Well(s) (attach additional page if needed):

**\*PAUL MCCULLISS ALSO PRES OF YM OIL CORP/DENVER**

Name: <u>TRIBAL 11-1/GR-WS</u>	API: <u>43-013-30482</u>	Entity: <u>6415</u>	Sec <u>11</u> Twp <u>4S</u> Rng <u>6W</u>	Lease Type: <u>INDIAN</u>
Name: <u>GULF TRIBAL 15-1/GR-WS</u>	API: <u>43-013-30429</u>	Entity: <u>10958</u>	Sec <u>15</u> Twp <u>4S</u> Rng <u>6W</u>	Lease Type: <u>INDIAN</u>
Name: <u>TEXACO TRIBAL 3-1/GR-WS</u>	API: <u>43-013-30468</u>	Entity: <u>10959</u>	Sec <u>3</u> Twp <u>4S</u> Rng <u>6W</u>	Lease Type: <u>INDIAN</u>
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____ Twp _____ Rng _____	Lease Type: _____

**OPERATOR CHANGE DOCUMENTATION**

1. (Rule R615-8-10) Sundry or other legal documentation has been received from former operator (Attach to this form). *(Rec'd 3-9-92/3-12-92)*
2. (Rule R615-8-10) Sundry or other legal documentation has been received from new operator (Attach to this form). *(Rec'd 3-12-92)*
3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is company registered with the state? (yes)/no \_\_\_\_\_ If yes, show company file number: 165626.
- \* 4. (For Indian and Federal Wells ONLY) The BLM has been contacted regarding this change (attach Telephone Documentation Form to this report). Make note of BLM status in comments section of this form. Management review of Federal and Indian well operator changes should take place prior to completion of steps 5 through 9 below.
5. Changes have been entered in the Oil and Gas Information System (Wang/IBM) for each well listed above. *(4-14-93)*
6. Cardex file has been updated for each well listed above. *(4-14-93)*
7. Well file labels have been updated for each well listed above. *(4-14-93)*
8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to State Lands and the Tax Commission. *(4-14-93)*
9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

- 1. (Rule R615-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) \_\_\_\_ (If entity assignments were changed, attach copies of Form 6, Entity Action Form).
- 2. State Lands and the Tax Commission have been notified through normal procedures of entity changes.

BOND VERIFICATION (Fee wells only)

- 1. (Rule R615-3-1) The new operator of any fee lease well listed above has furnished a proper bond.
- 2. A copy of this form has been placed in the new and former operators' bond files.
- 3. The former operator has requested a release of liability from their bond (yes/no) \_\_\_\_.  
Today's date \_\_\_\_\_ 19\_\_\_\_. If yes, division response was made by letter dated \_\_\_\_\_ 19\_\_\_\_.

LEASE INTEREST OWNER NOTIFICATION RESPONSIBILITY

- 1. (Rule R615-2-10) The former operator/lessee of any fee lease well listed above has been notified by letter dated \_\_\_\_\_ 19\_\_\_\_, of their responsibility to notify any person with an interest in such lease of the change of operator. Documentation of such notification has been requested.
- 2. Copies of documents have been sent to State Lands for changes involving State leases.

MICROFILMING

- 1. All attachments to this form have been microfilmed. Date: March 15 1993.

FILED

- 1. Copies of all attachments to this form have been filed in each well file.
- 2. The original of this form and the original attachments have been filed in the Operator Change file.

REMARKS

930128 Hold for BIA/Btm Approval per Admin.  
 930414 Not approved by BIA/Btm as of yet. (oper. chgd per admin.)  
 \* McCulliss has been reporting prod. since 6/92 to current.

FS Prince Well, Uinta County, Utah

Township 7 South, Range 24 East, SLM  
Section 3: All  
Section 10: All  
Containing 1,525.52 ares, more or less  
Federal Oil & Gas Lease SL-070932-A  
Dated January 1, 1951

Landsdale 1-11 Well, Uintah County, Utah

Township 7 South, Range 24 East, SLM  
Section 11: SW/4NW/4, SW/4, SW/4SE/4  
Containing 240 acres, more or less  
Federal Oil & Gas Lease U-38430  
Dated December 1, 1977

Township 7 South, Range 24 East, SLM  
Section 11: N/2NW/4, SE/4NW/4  
Containing 120 acres, more or less  
Federal Oil & Gas Lease U-42823

Government Pickrell #1 Well, Carbon County, Utah

Township 12 South, Range 15 East, SLM  
Section 9: NE/4, E/2NW/4, SW/4NW/4  
Section 10: S/2  
Section 11: NW/4, W/2NE/4, N/2SW/4, NW/4SE/4, NE/4SE/4,  
S/2S/2  
Section 13: N/2  
Section 14: NE/4  
Containing 1,640 acres, more or less  
Federal Oil & Gas Lease U-013064 and U-01519-B

All of Assignor's right, title and interest, now owned or hereafter acquired in and to the following wells and leases, all lying in Township 4 South, Range 6 West, USM, Duchesne County, Utah:

Texaco Tribal #3-1 Well

Subdivision of Unit

<u>Tract</u>	<u>Description</u>
1	Sec. 3: Lots 1, 2, 3, 4, S/2NW, SWNE, N/2SW
2	Sec. 3: West 58 rods of the SWSW
3A	Sec. 3: SENE, N/2SE, SESE
3B	Sec. 3: Beginning at a point which is 356 feet North of the Southwest corner of the Southeast quarter of the Southeast quarter of said

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT" - for such proposals

5. Lease Designation and Serial No.

6. If Indian, Alottee or Tribe Name

Ute

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

9. API Well No.

43-013-30468

10. Field and Pool, Or Exploratory Area

Cedar Rim

11. County or Parish, State

Duchesne County, UT

**SUBMIT IN TRIPLICATE**

1. Type of Well

Oil Well  Gas Well  Other Pipeline

2. Name of Operator

Coastal Oil & Gas Corporation

3. Address and Telephone No.

P. O. Box 749, Denver, CO 80201-0749

(303) 573-4455

4. Location of Well (Footage, Sec., T., R., M., Or Survey Description)

Various -- see attached map.

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Gas Line

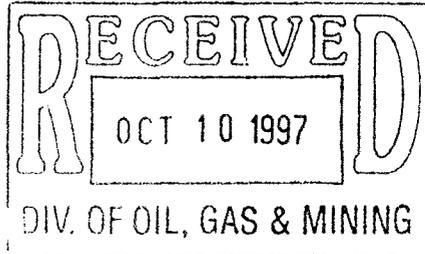
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

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

13. 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 markets and zones pertinent to this work.)

Operator proposes to install a three inch plastic gas line from the Ute #1-15D6 to tie into an existing meter station located in Section 34-T3S-R6W. The line will also service the Ute #1-11D6, Reimann #10-1, Bates #9-1 and Texaco Tribal #3-1. The line will parallel an existing road or pipeline. See attached map.

Well Name	Location of Well	Lease Designation	API No.
Ute #1-15D6	768' FNL & 898' FEL NENE Section 15-T4S-R6W	14-20-H62-4741	43-013-30429
Ute #1-11D6	1898' FSL & 992' FWL NWSW Section 11-T4S-R6W	14-20-H62-4801	43-013-30482
Reimann #10-1	1749' FSL & 1928' FWL NESW Section 10-T4S-R6W	14-20-H62-4741	43-013-30460
Bates #9-1	2268' FNL & 745' FEL SENE Section 9-T4S-R6W	14-20-H62-4741	43-013-30469
Texaco Tribal #3-1	512' FNL & 1530' FEL NWNE Section 3-T4S-R6W	14-20-H62-4741	43-013-30468

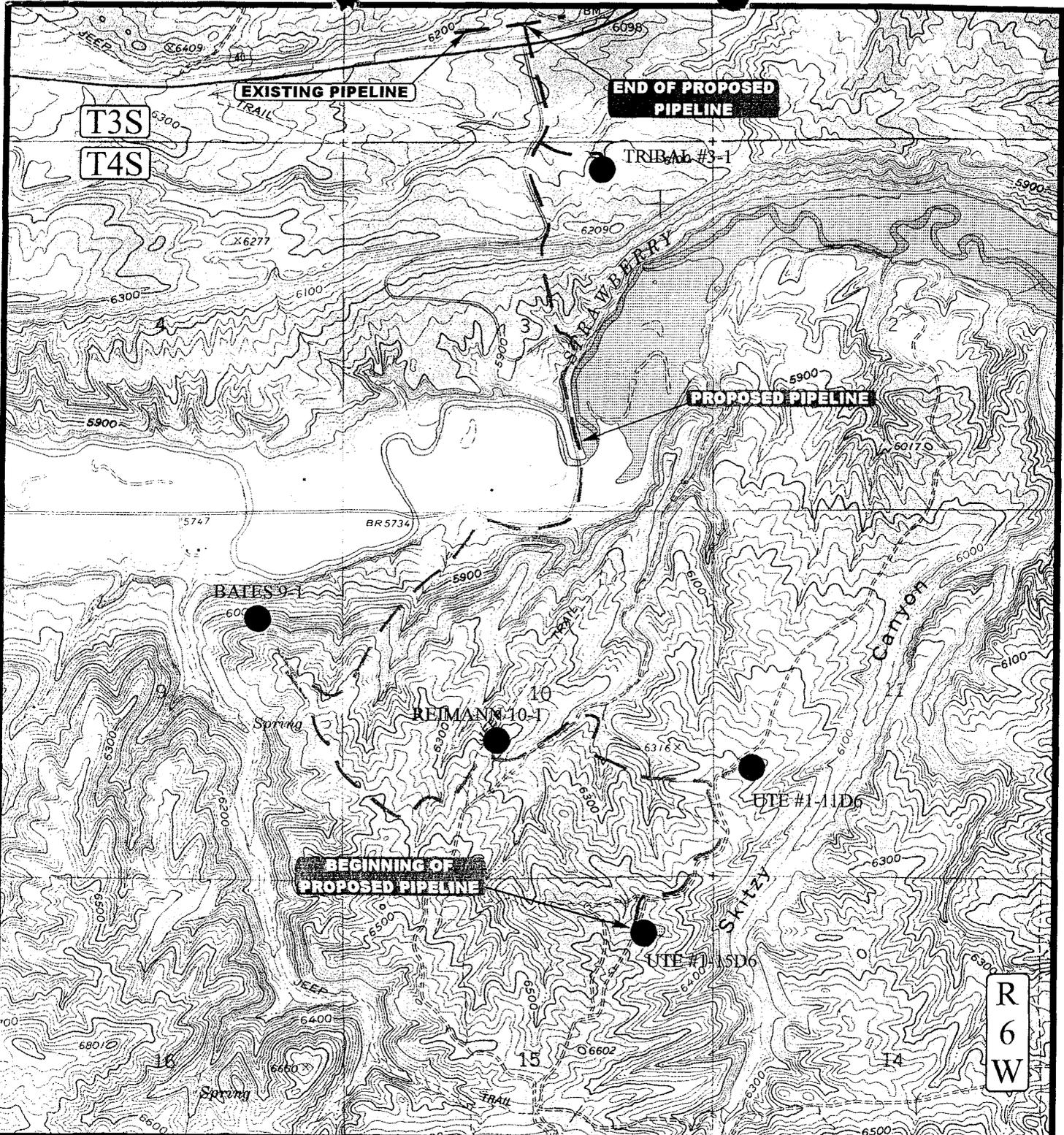


14. I hereby certify that the foregoing is true and correct

Signed Sheila Bremer Title Environmental & Safety Analyst Date 10/09/97

(This space for Federal or State office use)

APPROVED BY \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any:



APPROXIMATE TOTAL PIPELINE DISTANCE = 24,940' +/-

**LEGEND:**

- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- PROPOSED ACCESS



CIG EXPLORATION INC.

PIPELINE TOPO

SECTIONS 3,9,10,11,&15 T4S, R6W, U.S.B.&M.  
 SECTIO 34, T3S R6W, U.S.B.&M.



Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (801) 789-1017 \* FAX (801) 789-1813  
 Email: uels@easlink.com

TOPOGRAPHIC  
 MAP

9	30	97
MONTH	DAY	YEAR

SCALE: 1" = 2000'

DRAWN BY: C.G.

REVISED: 10-7-97

**1**  
 TOPO

STATE OF UTAH

FORM 9

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION AND SERIAL NUMBER:  
*1420 H62 1939*

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  
**Ute Indian Tribe**

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
**Texaco Tribal 3-1**

9. API NUMBER:  
**43-013-30468**

10. FIELD AND POOL, OR WILDCAT:  
**65 Bluebell**

1. TYPE OF WELL OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR  
**Mountain Oil and Gas Inc. N2485**

3. ADDRESS OF OPERATOR: CITY / STATE / ZIP PHONE NUMBER:  
**Box 1574; Roosevelt, UT 84066 (435) 722-2992**

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: **512 FNL 1530 FEL** COUNTY: **Duchesne Co.**  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNE Section 3 Township 4S Range 6W USM** STATE: **Utah**

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <b>6-17-04</b>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER:
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
**Self-Certification Statement: Please be advised that Mountain Oil and Gas, Inc.; PO Box 1574; Roosevelt, Utah 84066 in considered to be the new operator of the Texaco Tribal 3-1 Well, and is responsible under the terms and conditions of the lease of the operations conducted upon the associated leased lands. This was effective June 17, 2004. Please send all communications regarding this lease to Mountain Oil and Gas, Inc.; PO Box 1574; Roosevelt, Utah 84066.**

BIA BOND #0310275323

NAME (PLEASE PRINT) Robert L. Ballou TITLE Agent, Geologist  
SIGNATURE *Robert L. Ballou* DATE June 17, 2004

(This space for State use only)

APPROVED 10/28/04

(5/2000) Earlene Russell  
Division of Oil, Gas and Mining (See Instructions on Reverse Side)  
Earlene Russell, Engineering Technician

RECEIVED  
JUN 22 2004  
DIV. OF OIL, GAS & MINING

**STATE OF UTAH**  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:

*1420 H621939*

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL                      OIL WELL     GAS WELL     OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
**Texaco Tribal 3-1**

2. NAME OF OPERATOR  
**Mountain Oil and Gas Inc.**

9. API NUMBER:  
**43-01330468**

3. ADDRESS OF OPERATOR:  
**PO Box 1574 Roosevelt, Utah 84066**

PHONE NUMBER:  
**(435) 722-2992**

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL  
 FOOTAGES AT SURFACE:  
**512 FNL    1530 FEL**

COUNTY:  
  
 STATE:  
**Utah**

**NWNE Section 3 Township 4S Range 6W USM**

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <b>June 17 2004</b>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER:
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

**Please note effective June 17th 2004 McCulliss Resources relinquishes operatorship of the Texaco Tribal 3-1 well. Please release McCulliss Resources's Letter of Credit # \_\_\_\_\_ McCulliss Resources relinquishes operatorship to Mountain Oil and Gas Inc. PO Box 1574 Roosevelt, Utah 84066.**

*N6940*

NAME (PLEASE PRINT)

**Paul L. McCulliss**

TITLE

**President**

SIGNATURE



DATE

**June 17, 2004**

(This space for State use only)

APPROVED *10/28/04*

(5/2000) *Earlene Russell*  
 Division of Oil, Gas and Mining  
 Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED

JUN 25 2004

DIV. OF OIL, GAS & MINING



7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA not yet

8. **Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet

9. **Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: not yet

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

1. Changes entered in the **Oil and Gas Database** on: 10/28/2004
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/28/2004
3. Bond information entered in RBDMS on: n/a
4. Fee/State wells attached to bond in RBDMS on: n/a
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**FEDERAL WELL(S) BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: UT 1208

**INDIAN WELL(S) BOND VERIFICATION:**

1. Indian well(s) covered by Bond Number: 310275323

**FEE & STATE WELL(S) BOND VERIFICATION:**

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number n/a
2. The **FORMER** operator has requested a release of liability from their bond on: n/a  
The Division sent response by letter on: n/a

**LEASE INTEREST OWNER NOTIFICATION:**

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

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STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> <small>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.</small>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>Surface, Trbl ls expire</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>Expired</b>
1. TYPE OF WELL <b>OIL WELL X GAS WELL OTHER _____</b>		7. UNIT OR CA AGREEMENT NAME: <b>9C196</b>
2. NAME OF OPERATOR <b>Mountain Oil and Gas, Inc.</b>		8. WELL NAME and NUMBER: <b>Texaco Tribal 3-1</b>
3. ADDRESS OF OPERATOR: <b>PO Box 1574; Roosevelt, Utah 84066</b>		9. API NUMBER: <b>43-013-30468-00-00</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE:  QUARTER, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>04S 06W 03</b>		10. FIELD AND POOL, OR WILDCAT: <b>Cedar Rim</b>  COUNTY: <b>Duchesne</b> STATE: <b>Utah</b>

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
**Mountain Oil and Gas, Inc. intends to pull sucker rods out of tubing and replace low pressure Radagen with BA adapter to better secure the pressure while re-leasing the leases in this section.**

NAME (PLEASE PRINT)	<b>Kari Taylor-Schreck</b>	TITLE	<b>Production Assist.</b>
SIGNATURE	<i>Kari Taylor-Schreck</i>	DATE	<b>12/20/05</b>

(This space for State use only)

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

43, 013, 30468

**ROUTING**

1. DJJ
2. CDW

Change of Operator (Well Sold)

**X - Operator Name Change/Merger**

The operator of the well(s) listed below has changed, effective:

1/1/2006

<b>FROM:</b> (Old Operator): N2485-Mountain Oil & Gas, Inc. PO Box 1776 Ballard, UT 84066 Phone: 1 (435) 722-2992	<b>TO:</b> (New Operator): N3130-Homeland Gas & Oil, Inc. PO Box 1776 Ballard, UT 84066 Phone: 1 (435) 722-2992
---	---

**CA No.**

**Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 10/30/2006
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 10/30/2006
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 6/19/2006
- Is the new operator registered in the State of Utah: yes Business Number: 6174726-0143
- (R649-9-2) Waste Management Plan has been received on: Requested 10/31/06
- Inspections of LA PA state/fee well sites complete on: n/a
- Reports current for Production/Disposition & Sundries on: \_\_\_\_\_
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA not yet
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 10/31/2006
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/31/2006
- Bond information entered in RBDMS on: 10/31/2006
- Fee/State wells attached to bond in RBDMS on: 10/31/2006
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: 310279523
  - Indian well(s) covered by Bond Number: SB-509795
  - (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number F16420
  - The **FORMER** operator has requested a release of liability from their bond on: n/a
- The Division sent response by letter on: \_\_\_\_\_

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/31/2006

**COMMENTS:** Homeland Gas and Oil, Inc was added as a principal on the Mountain Oil & Gas Inc Bond - no release possible. All wells moved to Homeland, except three "Stripper Wells".

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER see attached list
<small>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals</small>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: see attached list
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME see attached list
2. NAME OF OPERATOR Homeland Gas & Oil		8. WELL NAME and NUMBER see attached list
3. ADDRESS OF OPERATOR 3980 East Main, HWY 40 Ballard UT 84066		9. API NUMBER attached
PHONE NUMBER (435) 722-2992		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: see attached list COUNTY _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN STATE <b>UTAH</b>		

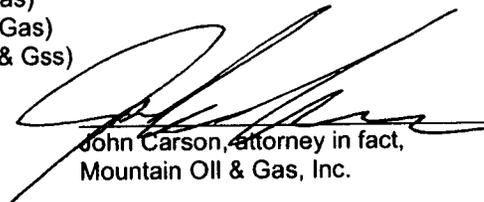
11 CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

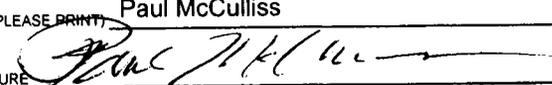
12 DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Effective January 1, 2006, operation of attached well list was taken over by:  
Homeland Gas & Oil  
3980 E Main ST HWY 40 **N3130**  
Ballard, UT 84066

Previous operator was: Mountain Oil & Gas **N2485**  
PO Box 1574  
Roosevelt, UT 84066

BIA Bond: SB-509795 (to be transferred from Mountain Oil & Gas)  
BLM Bond: 0310279523 (to be transferred from Mountain Oil & Gas)  
SITLA Bond: Dated 09/14/04 (to be transferred from Mountain Oil & Gss)

  
John Carson, attorney in fact,  
Mountain Oil & Gas, Inc.

NAME (PLEASE PRINT) <u>Paul McCulliss</u>	TITLE <u>Director</u>
SIGNATURE 	DATE <u>10/22/06</u>

(This space for State use only)

**APPROVED** 10/31/06  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

**RECEIVED**  
**OCT 30 2006**  
DIV. OF OIL, GAS & MINING

well_name	sec	twp	rng	api	entity	qtr_qtr	well	stat	lease	l_num
UTE TRIBAL 1-34B	34	010N	020W	4301310494	775	SWNE	OW	P	Indian	14-20-H62-1704
WESLEY BASTIAN FEE 1	08	010S	010W	4301310496	942	SWNE	OW	S	Fee	FEE
UTE TRIBE 1-13	13	050S	040W	4301320073	1225	SWSW	OW	P	Indian	14-20-H62-4894
UTE TRIBAL 2	08	010S	010W	4301330020	690	NWSW	OW	S	Indian	14-20-H62-2117
UTE TRIBAL 2-35B	35	010N	020W	4301330106	705	NWSE	OW	P	Indian	14-20-H62-1614
DUSTIN 1	22	020S	030W	4301330122	1092	NESW	OW	S	Fee	FEE
HANSEN 1	23	020S	030W	4301330161	1093	SENE	OW	P	Fee	FEE
UTE TRIBAL 1-26B	26	010N	020W	4301330168	715	SWNE	OW	P	Indian	INDIAN
MYRIN RANCH 1	20	020S	030W	4301330176	1091	SWNE	OW	S	Fee	FEE
KNIGHT 1	28	020S	030W	4301330184	1090	SENE	OW	S	Fee	FEE
UTE 1-12B6	12	020S	060W	4301330268	1866	SENE	OW	S	Indian	14-20-H62-4951
JOSIE 1-3B5	03	020S	050W	4301330273	215	SENE	OW	S	Fee	FEE
V MILES 1	20	010S	040W	4301330275	740	NWNE	OW	S	Fee	FEE
A RUST 2	22	010S	040W	4301330290	745	NENE	OW	S	Fee	FEE
SINK DRAW 7	21	030S	070W	4301330302	6360	SENE	OW	S	Indian	14-20-H62-1141
UTE TRIBAL 1-32Z1	32	010N	010W	4301330324	755	NESW	OW	S	Indian	14-20-H62-2457
REIMANN 10-1	10	040S	060W	4301330460	6410	NESW	OW	S	Fee	FEE
TEXACO TRIBAL 3-1	03	040S	060W	4301330468	10959	NWNE	OW	S	Indian	14-20-H62-1939
BATES 9-1	09	040S	060W	4301330469	530	SENE	OW	S	Fee	FEE
UTE 1-14D6	14	040S	060W	4301330480	5275	SWNE	OW	P	Indian	14-20-H62-4893
1-31C5	31	030S	050W	4301330501	2330	SENE	OW	P	Indian	14-20-H62-4890
JOSIE 1A-3B5	03	020S	050W	4301330677	216	NESW	OW	S	Fee	FEE
LAWSON 1-21A1	21	010S	010W	4301330738	935	NESW	OW	S	Fee	FEE
UTE TRIBAL 11-25	25	040S	030W	4301330743	2645	NESW	OW	S	Indian	14-20-H62-4892
UTE TRIBAL 16-2	02	050S	040W	4301330756	2610	SESE	OW	P	Indian	14-20-H62-3404
UTE TRIBAL 7-24	24	040S	030W	4301330768	2625	SWNE	OW	P	Indian	14-20-H62-4891
UTE TRIBAL 24-12	24	050S	040W	4301330830	9104	NWSW	OW	S	Indian	14-20-H62-4716
UTE TRIBAL 13-15X	13	050S	040W	4301330844	9100	SWSE	OW	S	Indian	14-20-H62-4715
GUSHER 2-17B1	17	020S	010W	4301330846	8436	NENE	OW	S	Fee	FEE
COYOTE UTE TRIBAL 10-9	09	040S	040W	4301330861	9900	NWSE	OW	S	Indian	I-109-IND-5351
BROWN 3-2	03	010S	020W	4301330986	10290	NWNW	GW	P	Fee	FEE
L E FONT 3-27Z2	27	010N	020W	4301331052	9464	SESE	OW	P	Indian	14-20-H62-4733
BADGER UTE H E MANN 2-28Z2	28	010N	020W	4301331053	9459	SWSE	OW	P	Indian	14-20-H62-4305
WALKER 2-24A5	24	010S	050W	4301331085	218	SESW	OW	S	Fee	FEE
DYE-HALL 2-21A1	21	010S	010W	4301331163	10713	SENE	OW	S	Fee	FEE
BASTIAN 3-8A1	08	010S	010W	4301331181	10758	NWSE	OW	P	Fee	FEE
RUST 3-22A4	22	010S	040W	4301331266	11194	NESW	OW	S	Fee	FEE
BEND UNIT 2	08	070S	220E	4304715416	2475	NENE	GW	S	Federal	U-0647
MONADA STATE 1	02	060S	190E	4304730080	11089	NWNW	OW	PA	State	ML-40730
UTE TRIBAL 1-16A1E	16	010S	010E	4304730231	780	SESE	OW	P	Indian	14-20-H62-4888
C J HACKFORD 1-23	23	010S	010E	4304730279	790	SENE	OW	S	Fee	FEE
UTE TRIBAL 1-14-B1E	14	020S	010E	4304730774	4521	NWNE	OW	P	Indian	14-20-H62-2931
RIVER JUNCTION 11-18	18	090S	200E	4304731316	9705	NESW	OW	S	Federal	U-27041A
BRENNAN FED 4-15	15	070S	200E	4304731332	9760	NESE	GW	S	Federal	U-14219
PENNY 16-7	07	090S	200E	4304731360	2680	SESE	OW	S	Federal	U-27041
HORSESHOE BEND 34-E	34	060S	210E	4304731595	10203	SWNW	OW	S	Federal	U-74499