

FILE NOTATIONS

Entered in N I D File

Entered On S R Sheet

Location Map Pinned

Card Indexed

I W R for State or Fee Land

Checked by Chief *PHB*

Copy N I D to Field Office

Approval Letter

Disapproval Letter

COMPLETION DATA:

Date Well Completed *11-13-63*

Location Inspected

OW WW TA

Bond released

SI GW OS PA

State of Fee Land

LOGS FILED

Driller's Log *2-21-64*

Electric Logs (No.) *1*

E *1 gr* E-I GR GR-N Micro

Lat Mi-L Sonic Others

Kyu

S. D. W.

DM

Budget Bureau No. 42-2306.1
Approval expires 12-31-60.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LAND OFFICE
LEASE NUMBER
UNIT **Westwater**

LESSEE'S MONTHLY REPORT OF OPERATIONS

State **Utah** County **Grand** Field **Westwater**

The following is a correct report of operations and production (including drilling and producing wells) for the month of **September**, 19**63**,

Agent's address **P. O. Box 15568** Company **Oil Incorporated**
Salt Lake City 15, Utah Signed *[Signature]*

Phone **486-8496** Agent's title **Vice President**

SEC. AND 1/4 OF 1/4	TWP.	RANGE	WELL NO.	DATE PRODUCED	BARRELS OF OIL	GRAVITY	CU. FT. OF GAS (In thousands)	GALLONS OF GASOLINE RECOVERED	BARRELS OF WATER (If none, so state)	REMARKS (If drilling, depth; if shut down, cause; date and result of test for gasoline content of gas)
DAKOTA PARTICIPATING AREA										
NENE 13	17S	23E	1	30	0	0	2,046	0	0	
NWNE 18	17S	24E	D-2	30	0	0	2,076	0	0	
CASTLEGATE PARTICIPATING AREA										
SWNW 18	17S	24E	18-C-2	30	0	0	3,870	0	0	
NENE 13	17S	23E	C-4	30	0	0	4,438	0	0	
NWSE 12	17S	23E	C-5	30	0	0	4,180	0	0	
SENE 18	17S	24E	C-6	30	0	0	4,567	0	0	
NESE 7	17S	24E	C-7	30	0	0	4,128	0	0	
NWNE 18	17S	24E	D-2	30	0	0	4,619	0	0	
MORRISON PARTICIPATING AREA										
SWSE 7	17S	24E	E-2	30	0	0	17,017	0	0	
NENW 17	17S	24E	E-3	30	0	0	39,228	0	0	
ENTRADA PARTICIPATING AREA										
SWSE 7	17S	24E	E-2	22	0	0	32,661	0	0	
NENW 17	17S	24E	E-3	8	0	0	12,738	0	0	
NON-PARTICIPATING										
SWNE 14	17S	23E	E-4	0	0	0	0	0	0	SI waiting on pipeline
SESW 1	17S	23E	M-1	0	0	0	0	0	0	SI waiting on pipeline
NWNW 7	17S	24E	M-3	0	0	0	0	0	0	Drilling at 5665

NOTE.—There were **no** runs or sales of oil; **131,500** M cu. ft. of gas sold; **no** runs or sales of gasoline during the month. (Write "no" where applicable.)

NOTE.—Report on this form is required for each calendar month, regardless of the status of operations, and must be filed in duplicate with the supervisor by the 6th of the succeeding month, unless otherwise directed by the supervisor.

Copy to NHC



OIL INCORPORATED

63 EAST STRATFORD AVE.
P. O. BOX 15568 PHONE 486-8496
SALT LAKE CITY, 15, UTAH

October 16, 1963

Mr. Don Russell
U. S. Geological Survey
Empire Building
Salt Lake City, Utah

Re: Notice of Intention to Drill
Westwater Unit M-3 Well

Dear Mr. Russell:

Enclosed please find, in triplicate, Notice of Intention
to Drill the above captioned M-3 well, Grand County, Utah.

Yours very truly,

OIL INCORPORATED

E. J. Schuh
Vice President

--jw
Encl.

100

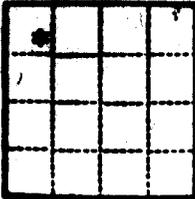
11.

(SUBMIT IN TRIPPLICATE)

Land Office Salt Lake City

Lease No. Utah 04011

Unit Westwater



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	<input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....		SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....		SUBSEQUENT REPORT OF ALTERING CASINGS.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....		SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....		SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....		SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

October 16, 19 63

Well No. M-3 is located 1170 ft. from N line and 1035 ft. from W line of sec. 7

SE NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 7 T17S R24E SLB&M
(Of Sec. and Sec. No.) (Twp.) (Range) (Meridian)

Westwater Grand Utah
(Well) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is 7025 ft. Ground Level

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

Set 3 joints of 10 3/4 or 9 5/8" conductor pipe circulate cement. Drill 8 3/4" hole to 2200' or through the Castlegate with mud, set 2200' of 7" 20# J-55 casing, circulate cement. Calculated fill up 7, 315'/sk, 350 sks. 50 sks. excess. Drill 6 1/2" hole to 6200' to test the Morrison formation if productive run 4 1/2" casing liner hung @ 2100'. Cement with enough cement to cover 200 feet above the Dakota.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company OIL INCORPORATED

Address 63 East Stratford Avenue

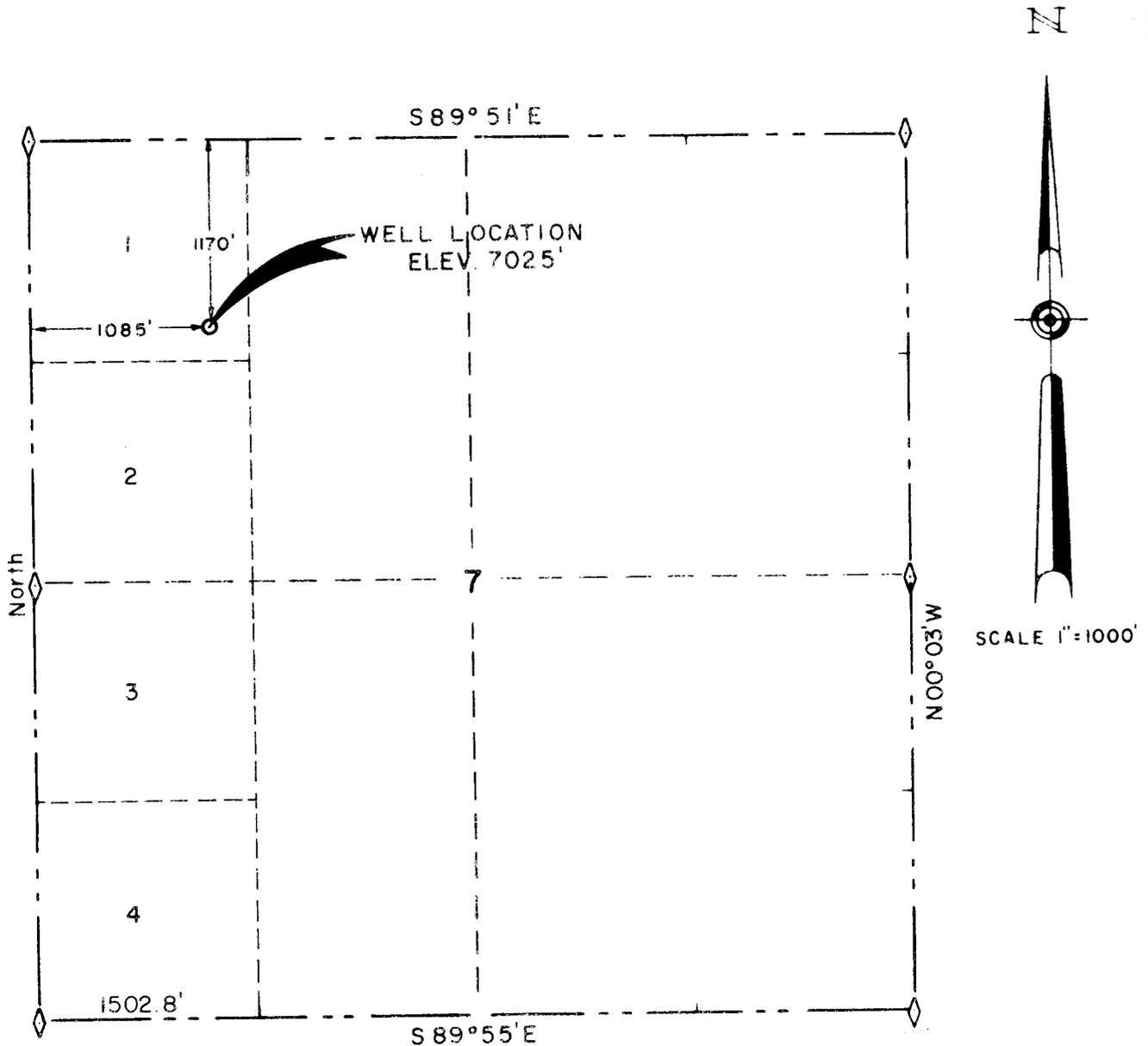
Salt Lake City 15, Utah

By _____

Title Vice President

Eager P. J. T. O.

WELL LOCATION
 NW 1/4 NW 1/4 SECTION 7
 T17S R24 SLB & M



I, Richard J. Mandeville do hereby certify that this plat was plotted from notes of a field survey made under my supervision on

Richard J. Mandeville
 Registered Engineer & Land Surveyor

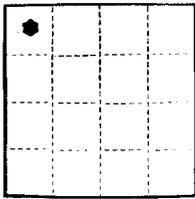
WESTERN ENGINEERS
 WELL LOCATION
 OIL INC.
 M-3

GRAND COUNTY, UTAH

SURVEYED W.F.O.
 DRAWN C.G.S.
 Grand Junction, Colo. 3/28/63

Drilling & Completion History (cont'd)
Westwater Unit M-3

11/8/63 Finish cleaning out hole.
11/9/63 Perforating 4½" casing 2 jets/foot 6126-32, 6134-54, 6157-70, 6171-73, 6177-80, 6182-86. Lost McCullough tools in hole. Perforated 2319-29, 2332-38, 2348-50.
11/10/63 Pick up 2" tubing drill junk with H₂O.
11/11/63 Blow hole dry to 2600'. Hole unloaded with compressors and Kcg.
11/12/63 Run 6094' of 1½" tubing Howco R3 packer, set down type, 1200# on packer. Two joints 2 3/8" tubing below packer with a ½" swab catcher pin in bottom collar. Swab in, release rig @ 8 p. m.



Copy H X Y C

(SUBMIT IN TRIPLICATE)
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Land Office **Salt Lake City**
Lease No. **Utah 04011**
Unit **Westwater**

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL	SUBSEQUENT REPORT OF WATER SHUT-OFF	
NOTICE OF INTENTION TO CHANGE PLANS	SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF	SUBSEQUENT REPORT OF ALTERING CASING	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL	SUBSEQUENT REPORT OF RE-DRILLING OR REPAIR	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE	SUBSEQUENT REPORT OF ABANDONMENT	
NOTICE OF INTENTION TO PULL OR ALTER CASING	SUPPLEMENTARY WELL HISTORY	
NOTICE OF INTENTION TO ABANDON WELL	Production Casing	X

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

November 14, 19 63

Well No. **M-3** is located **1170** ft. from **N** line and **1085** ft. from **XX** line of sec. **7**
(S)
NW 1/4 NW 1/4 Sec. 7 **T17S** **R24E** **S10B&M**
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)
Westwater **Grand** **Utah**
(Field) (County or Subdivision) (State or Territory)

The elevation of the derrick floor above sea level is **7025** ft. **Ground Level.**

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

11/4/63

Ran 4130' 4 1/2" 9.6# J-55 liner, hung @ 2350' with Burns double steel liner hanger. Cemented with 175 sks. Ideal Reg.

11/5/63

Ran Schlumberger temperature survey inconclusive. Perf 4 holes @ 6118. Squeezed 50 sks. Ideal regular cement. Pumped at 2400-2600# at surface. Left 10 feet of cement in the pipe. W. O. C. 24 hours.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company **Oil Incorporated**
Address **63 E. Stratford Avenue**
Salt Lake City, Utah 84115

By *[Signature]*
Title **Vice President**

6/10

K

November 14, 1963

Mr. Don Russell
U. S. Geological Survey
416 Empire Building
231 E. 4th South
Salt Lake City, Utah

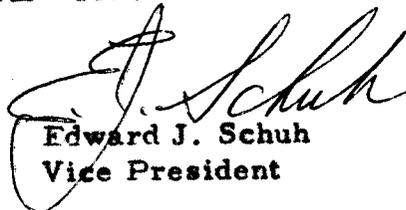
Re: Westwater Unit M-3
Grand County, Utah

Dear Mr. Russell:

Enclosed please find, in triplicate, the Sundry Notices and Reports on Wells as pertains to setting production casing on the Westwater Unit M-3, Grand County, Utah.

Very truly yours,

OIL INCORPORATED


Edward J. Schuh
Vice President

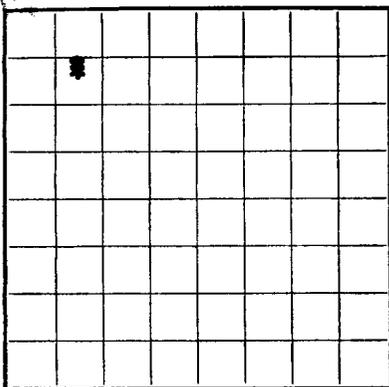
--jw
Encl.
cc: Oil & Gas Cons. Com.

Salt Lake City

U. S. LAND OFFICE U-04011

SERIAL NUMBER

LEASE OR PERMIT TO PROSPECT



LOCATE WELL CORRECTLY

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

U. S. GEOLOGICAL SURVEY
SALT LAKE CITY, UTAH
DEC 14 1963

LOG OF OIL OR GAS WELL

Company Oil Incorporated Address 63 E. Stratford Ave., Salt Lake City, Ut.
 Lessor or Tract U-04011 Federal Field Westwater State Utah
 Well No. M-3 Sec. 7 T. 17S R. 24E Meridian SLB&M County Grand
 Location 1170 ft. [N.] of [S.] Line and 1085 ft. [E.] of [W.] Line of Sec. 7 Elevation 7034
(Derrick floor relative to sea level)

The information given herewith is a complete and correct record of the well and all work done thereon so far as can be determined from all available records.

Signed _____ Title Vice President
 Date December 13, 1963

The summary on this page is for the condition of the well at above date.

Commenced drilling October 20, 1963 Finished drilling November 3, 1963

OIL OR GAS SANDS OR ZONES

(Denote gas by G)

No. 1, from 2319 to 2350 G No. 4, from _____ to _____
 No. 2, from 6126 to 6186 G No. 5, from _____ to _____
 No. 3, from _____ to _____ No. 6, from _____ to _____

IMPORTANT WATER SANDS

No. 1, from _____ to _____ No. 3, from _____ to _____
 No. 2, from _____ to _____ No. 4, from _____ to _____

CASING RECORD

Size casing	Weight per foot	Threads per inch	Make	Amount	Kind of shoe	Cut and pulled from	Perforated		Purpose
							From—	To—	
9 5/8"	32#	8	CP	103'	Guide				Conductor
7"	20#	8	CP	2368'	Flange				SAE History
4 1/2"	9.5	8	Spang	410'	Flange				SAE History

MUDDING AND CEMENTING RECORD

Size casing	Where set	Number sacks of cement	Method used	Mud gravity	Amount of mud used
9 5/8"	103'	75 sks.	Colorado Cementers		
7"	2368	350 sks.	Colorado Cementers		
4 1/2"	6482	175 sks.	Colorado Cementers		

PLUGS AND ADAPTERS

Heaving plug—Material _____ Length _____ Depth set _____
 Adapters—Material _____ Size _____

SHOOTING RECORD

FOLD MARK

FOLD MARK

9 5/8"	103'	75 sks.	Colorado Cementers
7"	2368	350 sks.	Colorado Cementers
4 1/2"	6482	175 sks.	Colorado Cementers

PLUGS AND ADAPTERS

Heaving plug—Material _____ Length _____ Depth set _____
 Adapters—Material _____ Size _____

SHOOTING RECORD

Size	Shell used	Explosive used	Quantity	Date	Depth shot	Depth cleaned out

TOOLS USED

Rotary tools were used from 0 feet to 6550 feet, and from _____ feet to _____ feet
 Cable tools were used from _____ feet to _____ feet, and from _____ feet to _____ feet

DATES

_____, 19____ Put to producing **Shut in November 13, 19 63**
 The production for the first 24 hours was _____ barrels of fluid of which _____% was oil; _____% emulsion; _____% water; and _____% sediment. Gravity, °Bé. _____
 If gas well, cu. ft. per 24 hours _____ Gallons gasoline per 1,000 cu. ft. of gas _____
 Rock pressure, lbs. per sq. in. _____

EMPLOYEES

~~Baker Tool Pusher~~, Driller _____ ~~Homedew~~, Driller _____
~~Bartman~~, Driller _____ ~~Allred~~, Driller _____

FORMATION RECORD

FROM—	TO—	TOTAL FEET	FORMATION
0	210	210	Wasatch
210	2058	1849	Mesaverde
2058	2319	261	Buck Tongue (Mancos)
2319	2400	81	Castlegate
2400	5934	3534	Mancos
5934	5990	56	Dakota Silt
4990	6550	560	Dakota, Cedar Mountain, Morrison (undifferentiated)

U.



OIL INCORPORATED

63 EAST STRATFORD AVE.
P. O. BOX 15568 PHONE 486-8496
SALT LAKE CITY 15, UTAH

February 20, 1964

Oil & Gas Conservation Commission
310 Newhouse Building
Salt Lake City, Utah 84111

Attention: Clarella N. Peck
Records Clerk

Re: Well No. Westwater Unit M-3, Sec. 7,
T17S, R24E, Grand County, Utah.

Dear Miss Peck:

Replying to your letter of February 19, 1964, and our telephone conversation of this day, I am enclosing herewith Form 42-R 355.4 "Log of Oil or Gas Well", U. S. Department of Interior, Geological Survey, as well as the Schlumberger "Induction-Gamma-Ray Log" on well Westwater Unit M-3, as well as "Sundry Notice and Report on Wells" prepared by your office, Form OGCC-1b, and a copy of the Drilling and Completion Report.

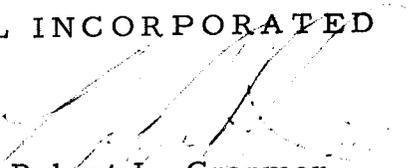
This office does not file with the U. S. Geological Survey their Form 9-331 except in cases of activity.

The M-3 well is completed only to the extent that it will be treated with acid this spring as soon as it is physically possible to get into the area.

I would appreciate it if you would send to us a supply of your Form OGCC-1b so that we can report to you on this well as required by Rule C-22(1), General Rules and Regulations and Rules of Practice and Procedure, Utah State Oil and Gas Conservation Commission.

Very truly yours,

OIL INCORPORATED


Robert L. Cranmer
President

RLC:jw
Encls.

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION

SUBMIT IN TRIPLICATE*
(Other instructions on re-verse side)

5. LEASE DESIGNATION AND SERIAL NO.
Utah-04011

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Westwater Unit

8. FARM OR LEASE NAME
Utah-04011

9. WELL NO.
Westwater Unit M-3

10. FIELD AND POOL, OR WILDCAT
Westwater Field

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 7, T17S, R24E

12. COUNTY OR PARISH
Grand

13. STATE
Utah

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Oil Incorporated

3. ADDRESS OF OPERATOR
63 East Stratford Avenue, Salt Lake City, Utah 84115

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
Sec. 7, T17S, R24E, SLB&M, Grand County, Utah
1170 ft. S. of North Line and 1085 ft. E. of West Line

14. PERMIT NO.
Utah-04011

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
7034 DF

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

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

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

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

See Drilling and Completion History enclosed. Intention to acidize well as soon as weather permits.

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

SIGNED _____ TITLE **President** DATE **February 20, 1964**

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

February 24, 1964

Oil Incorporated
63 East Stratford Avenue
Salt Lake City, Utah

Attention: Mr. Robert L. Cranmer, President

Re: Well No. Westwater Unit M-#3
Sec. 7, T. 17 S. R. 24 E.,
Grand County, Utah

Gentlemen:

We are in receipt of your "Well Completion or Recompletion Report and Log" for the above mentioned well. However, upon checking the information on said log we find that the initial production and water sands encountered while drilling were omitted.

We also note a discrepancy in the location of this well. Our records indicate that this well is located 1170' FNL & 1035' FWL of Section 7, whereas, you show said well to be located 1170' FNL & 1085' FWL of Section 7. Would you please inform this office as to which location is correct so that we may keep our records accurate.

Thank you for your consideration with respect to these requests.

Very truly yours,

OIL & GAS CONSERVATION COMMISSION

CLARELLA N. PECK
RECORDS CLERK

CNP:kgw

Enclosure - Forms

February 19, 1964

Oil Incorporated
63 E. Stratford Avenue
Salt Lake City, Utah 84115

Attention: E. J. Schuh, Vice President

Re: Well No. Westwater Unit M-#3
Sec. 7, T. 17 S. R. 24 E.,
Grand County, Utah

Gentlemen:

Our records indicate that you have not filed a Monthly Report of Operations for the months of December, 1963 and January, 1964 for the subject well. Rule C-22(1), General Rules and Regulations and Rules of Practice and Procedure, Utah State Oil and Gas Conservation Commission requires that said reports be filed on or before the sixteenth (16) day of the succeeding month. These reports may be filed on Form OGCC-1b (U. S. Geological Survey Form 9-331, "Sundry Notices and Report on Wells"), or on Company Forms containing substantially the same information.

We are enclosing forms for your convenience.

Very truly yours,

OIL & GAS CONSERVATION COMMISSION

CLARELLA W. PECK
RECORDS CLERK

GP:kgw

Enclosure - Forms

Copy H.L.E.

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. Utah-04011
2. NAME OF OPERATOR Oil Incorporated		6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----
3. ADDRESS OF OPERATOR 63 East Stratford Avenue, Salt Lake City, Utah 84115		7. UNIT AGREEMENT NAME Westwater Unit
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface Sec. 7, T17S, R24E, SLB&M, Grand County, Utah 1170 ft. S. of North Line and 1085 ft. E. of West Line		8. FARM OR LEASE NAME Utah-04011
14. PERMIT NO. Utah 04011	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 7034 DF	9. WELL NO. Westwater Unit M-3
		10. FIELD AND POOL, OR WILDCAT Westwater Field
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7, T17S, R24E Grand County, Utah
		12. COUNTY OR PARISH 13. STATE Grand Utah

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

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

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

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

Intention to acidize well as soon as weather permits.

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

SIGNED *Robert L. Cranmer* TITLE President DATE March 20, 1964

(This space for Federal or State office use)

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

Supp H-L-C.

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

5. LEASE DESIGNATION AND SERIAL NO. Utah-04011	
6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----	
7. UNIT AGREEMENT NAME Westwater Unit	
8. FARM OR LEASE NAME Utah-04011	
9. WELL NO. Westwater Unit M-3	
10. FIELD AND POOL, OR WILDCAT Westwater Field	
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7, T17S, R24E Grand County, Utah	
12. COUNTY OR PARISH Grand	13. STATE Utah

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Oil Incorporated

3. ADDRESS OF OPERATOR
63 East Stratford Avenue, Salt Lake City, Utah 84115

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
Sec. 7, T17S, R24E, SLB&M, Grand County, Utah
1170 ft. S. of North Line and 1085 ft. E. of West Line

14. PERMIT NO. **Utah-04011**

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
7034 DF

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

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

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

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

Intention to acidize well as soon as weather permits.

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

SIGNED *Robert T. Cranmer* TITLE President DATE April 20, 1964

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

STATE OF UTAH
OIL & GAS CONSERVATION COMMISSION

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. Utah-04011
2. NAME OF OPERATOR Oil Incorporated		6. IF INDIAN, ALLOTTEE OR TRIBE NAME -----
3. ADDRESS OF OPERATOR 63 East Stratford Avenue, Salt Lake City, Utah 84115		7. UNIT AGREEMENT NAME Westwater Unit
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface Sec. 7, T17S, R24E, SLB&M, Grand County, Utah 1170 ft. S. of North Line and 1085 ft. E. of West Line		8. FARM OR LEASE NAME Utah-04011
14. PERMIT NO. Utah-04011	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 7034 DF	9. WELL NO. Westwater Unit M-3
		10. FIELD AND POOL, OR WILDCAT Westwater Field
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7, T17S, R24E Grand County, Utah
		12. COUNTY OR PARISH Grand
		13. STATE Utah

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

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

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

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

Intention to acidize well as soon as weather permits.

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

SIGNED Robert L. Cranmer TITLE President DATE April 20, 1964
(This space for Federal or State office use)

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

*See Instructions on Reverse Side



OIL INCORPORATED

63 EAST STRATFORD AVE.

P. O. BOX 15568 PHONE 486-8496

SALT LAKE CITY 15, UTAH

April 28, 1964

Oil & Gas Conservation Commission
310 Newhouse Building
Salt Lake City, Utah 84111

Attention: Clarella N. Peck
Records Clerk

Re: Well No. Westwater Unit M-#3
Sec. 7, T.17 S. R. 24 E.,
Grand County, Utah

Gentlemen:

Replying to your letter of February 24, 1964, I note that you call to our attention the discrepancy of the location of this well. I am afraid that there may have been a typographical error in your records. I am enclosing, for your files, a photo copy of a plat prepared by Western Engineers on Well M-#3.

I am also enclosing Report of Water Encountered During Drilling as well as Sundry Notices and Reports on Wells for March and April, 1964.

Very truly yours,

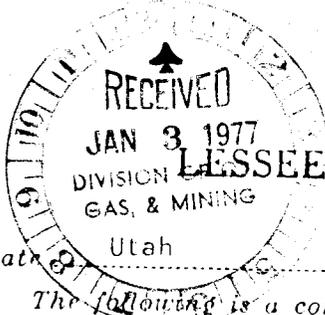
OIL INCORPORATED



R. L. Cranmer

President

/vw
Encls.



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Budget Bureau No. 42-R-306.5
LAW OFFICE Salt Lake City
LEASE NUMBER
UNIT Westwater

LESSEE'S MONTHLY REPORT OF OPERATIONS

State Utah County Grand Field Westwater

The following is a correct report of operations and production (including drilling and producing wells) for the month of November, 1976.

Agent's address P. O. Box 986 Billings, Montana 59103 Company Oil Resources Incorporated
Signed JOHN P. CREAM Agent's title Controller

SEC. AND 1/4	TWP.	RANGE	WELL No.	DATA Produced	BARRELS OF OIL	GRAVITY	CU. FT. OF GAS (In thousands)	GALLONS OF GASOLINE RECOVERED	BARRELS OF WATER (If none, so state)	REMARKS (If drilling, depth; if shut down, cause; date and result of test for gasoline content of gas)
DAKOTA PARTICIPATING AREA										
NENE 13	17S	23E	G-1	30			1350	-0-	-0-	
NWNE 18	17S	24E	D-2	-0-	-0-	-	-0-	-0-	-0-	Shut-in
NWNW 7	17S	24E	M-3	28			8914	-0-	-0-	
CASTLEGATE PARTICIPATING AREA										
SWNW 18	17S	24E	C-2	30			1562	-0-	-0-	
NENE 13	17S	23E	C-4	30			1751	-0-	-0-	
NWSE 12	17S	23E	C-5	-0-	-0-	-	-0-	-0-	-0-	Shut-in
WSENE 18	17S	24E	C-6	30			1794	-0-	-0-	
ENESE 7	17S	24E	C-7	30			1648	-0-	-0-	
NWNE 18	17S	24E	D-2	30			1811	-0-	-0-	
*NWNW 7	17S	24E	M-3	-0-	-0-	-	-0-	-0-	-0-	Shut-in
MORRISON PARTICIPATING AREA										
SWSE 7	17S	24E	E-2	28			8848	-0-	-0-	
NENW 17	17S	24E	E-3	28			12809	-0-	-0-	
ENTRADA PARTICIPATING AREA										
NENW 17	17S	24E	E-3	-0-	-0-	-	-0-	-0-	-0-	Shut-in
NWNE 18	17S	24E	E-5	28			10746	-0-	-0-	
NON-PARTICIPATING										
SENE 14	17S	23E	E-4	-0-	-0-	-	-0-	-0-	-0-	Shut-in
NWSE 12	17S	23E	M-2	28			811	-0-	-0-	
TOTALS							52044			
GAS: (MCF)		OIL or CONDENSATE: (Barrels)		WATER: (Barrels)						
Sold		Sold		Disposition		n/a				
Vented/Flared		Used		Produced						
Used On Lease		Unavoidably Lost		Injected						
Lost		Reason		Other						

NOTE.—There were ND runs or sales of oil; 52044 M cu. ft. of gas sold; None runs or sales of gasoline during the month. (Write "no" where applicable.)

NOTE.—Report on this form is required for each calendar month, regardless of the status of operations, and must be filed in duplicate with the supervisor by the 6th of the succeeding month, unless otherwise directed by the supervisor.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LESSEE'S MONTHLY REPORT OF OPERATIONS

State UTAH County Grand Field Westwater

The following is a correct report of operations and production (including drilling and producing wells) for the month of MARCH, 19 77.

Agent's address 3 Park Central, Suite 200 Company THE COLUMBUS CO.,
1515 Arapahoe A Div. of W. R. Grace & Co.
Denver, Colorado 80202 Signed *Cathleen M. Maloney*
Phone (303) 825-8193 Agent's title Production Ass't

SEC. AND 1/4 OF 1/4	TWP.	RANGE	WELL NO.	DAYS PRODUCED	BARRELS OF OIL	GRAVITY	CU. FT. OF GAS (In thousands)	GALLONS OF GASOLINE RECOVERED	BARRELS OF WATER (If none, so state)	REMARKS (If drilling, depth; if shut down, cause; date and result of test for gasoline content of gas)	
<u>DAKOTA PARTICIPATING AREA</u>											
NENE 13	17S	23E	G-1	31			1395			SHUT IN	
NWNE 18	17S	24E	D-2	0			0				
NWNW 7	17S	24E	M-3	31			10,982				
<u>CASTLEGATE PARTICIPATING AREA</u>											
SWNW 18	17S	24E	C-2	31			2183			SHUT IN	
NENE 13	17S	23E	C-4	31			2447				
NWSE 12	17S	23E	C-5	0			0				
SENE 18	17S	24E	C-6	31			2506				
NESE 7	17S	24E	C-7	31			2303				
NWNE 18	17S	24E	D-2	31			2530				
NWNW 7	17S	24E	M-3	0			0		SHUT IN		
<u>MORRISON PARTICIPATING AREA</u>											
SWSE 7	17S	24E	E-2	31			17,629				
NENW 17	17S	24E	E-3	31			1175				
<u>ENTRADA PARTICIPATING AREA</u>											
NENW 17	17S	24E	E-3	0			0			SHUT IN	
NWNE 18	17S	24E	E-5	31			11,522				
<u>NON-PARTICIPATING</u>											
SENE 14	17S	23E	E-4	0			0			SHUT IN	
NWSE 12	17S	23E	M-2	31			1209				
							55,881				

NOTE.—There were No runs or sales of oil; 55,881 M cu. ft. of gas sold;

No runs or sales of gasoline during the month. (Write "no" where applicable.)

NOTE.—Report on this form is required for each calendar month, regardless of the status of operations, and must be filed in duplicate with the supervisor by the 6th of the succeeding month, unless otherwise directed by the supervisor.

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

February 14, 1984

STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining
4241 State Office Bldg.
Salt Lake City, UT 84114

Attn: Claudia Jones
Well Records Specialist

RE: Utah Operated Wells

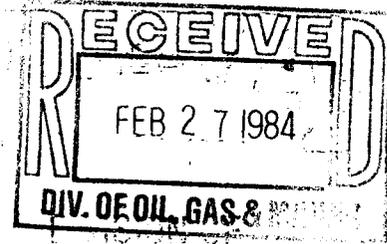
Dear Claudia,

Pursuant to your request, attached is a list of all producing wells which are operated by J. C. Thompson in the state of Utah.

Very truly yours,

Sandra S. Brown
Sandra S. Brown

Enclosure



Westwater #3
Sec 13, T17S-R23E, NENW
Grand County, UT

Moon Ridge #31-15
Sec. 15, T17S-R21E NWNE
Grand County, UT

Segundo Canyon 2
Sec 33, T16S-R21E SWSE
Grand County, UT

Segundo Canyon 23-4
Sec. 4, T17S-R21E NESW
Grand County, UT

Westwater M-15
Sec. 2, T17S-R23E NESE
Grand County, UT

Bull Canyon #1 4970
Sec. 4, T20S-R21E SWSE
Grand County, UT

Westwater Federal C#1
Sec. 12, T17S-R23E NENW
Grand County, UT

Westwater Federal D#1
Sec. 11, T17S-R23E SESE
Grand County, UT

Westwater Federal B#1
NWSE Sec. 17-T17S-R24E
Grand County, UT

Westwater #5
NESW Sec. 18-T17S-R24E
Grand County, UT

Bull Canyon #1 104
NWNE Sec. 4, T20S-R21E
Grand County, UT

Federal #1
SWSW Sec. 8-T17S-R24E
Grand County, UT

Castlegate C-2
SWNW Sec. 18-T17S-R24E
Grand County, UT

Castlegate C-4
NENW Sec. 13-T17S-R23E
Grand County, UT

M-3 Horse Point
NWNW Sec. 7-T17S-R24E
Grand County, UT

M-4
SENE Sec. 6-T17S-R24E
Grand County, UT

M-6 Horse Point
NESE Sec. 32-T17S-R24E
Grand County, UT

E-2
SWSE Sec. 7-T17S-R24E
Grand County, UT

E-3
NENW Sec. 17-T17S-R24E
Grand County, UT

E-5
NWNE Sec. 18-T17S-R24E
Grand County, UT

Dakota M-1
SESW Sec. 1-T17S-R23E
Grand County, UT

Horse Point M-7
SWNW Sec 6-T17S-R24E
Grand County, UT

#1 Fed 675
NENW Sec 10-T20S-R21E
Grand County, UT

Castlegate C-5 (SI)
NWSE Sec. 12-T17S-R23E
Grand County, UT

Castlegate C-6
SENE Sec. 18-T17S-R24E
Grand County, UT

Castlegate C-7
NESE Sec. 7-T17S-R24E
Grand County, UT

Castlegate D-2
NWNE Sec. 18-T17S-R24E
Grand County, UT

Castlegate C-10
NWNE Sec. 13-T17S-R23E
Grand County, UT

THE FOLLOWING METERS WILL HAVE CALIBRATION / SETTLEMENT TESTS RUN ON THE DATES INDICATED. STARTING TIME WILL BE 0800 OR AS SPECIFIED BELOW AND AT THE OFFICE OF THE NORTHWEST PIPELINE GRAND JUNCTION DISTRICT YOU WILL BE NOTIFIED SHOULD ANY CHANGES OCCUR IN THIS SCHEDULE. IF YOU HAVE ANY QUESTIONS ABOUT THE SCHEDULE, CONTACT OR WRITE THE DISTRICT OFFICE.

METER CODE	WELL NAME	LOC	RUN	DAY	MO/YR	STARTING TIME
92041018	M-2 17S. 23E. 12	06	03	<u>1</u>	10/85	<u>0800</u>
92050017	HORSE POINT UNIT M-7 17S. 24E. 4	06	03	<u>1</u>	10/85	<u>1100</u>
92259013	WESTWATER #3 17S. 23E. 13	06	03	<u>2</u>	10/85	<u>1000</u>
92260010	FEDERAL D-1 17S. 23E. 11	06	03	<u>2</u>	10/85	<u>1100</u>
92037010	E-5-E 17S. 24E. 18	06	03	<u>5</u>	11/85	<u>0900</u>
92038017	E-2-M 17S. 24E. 7	06	03	<u>5</u>	11/85	<u>1000</u>
92040011	M-1 17S. 23E. 1	06	03	<u>5</u>	11/85	<u>1300</u>
92108015	WESTWATER M-15 17S. 23E. 2	06	03	<u>7</u>	11/85	<u>1000</u>
92051013	SEGUNDO #2 14S. 21E. 33	06	03	<u>3</u>	12/85	<u>1100</u>
92052010	SEGUNDO #23-4 17S. 21E. 4	06	03	<u>3</u>	12/85	<u>1300</u>
92053016	MOUNRIDGE #31-15 14S. 21E. 15.	06	03	<u>4</u>	12/85	<u>1100</u>
92262014	FEDERAL C-1 17S. 23E. 12	06	03	<u>6</u>	12/85	<u>0900</u>
92301010	WESTWATER #5 17S. 24E. 18	06	03	<u>6</u>	12/85	<u>1100</u>
92039013	E-3-M 17S. 24E. 17	06	07	<u>9</u>	10/85	<u>0830</u>
92042014	M-3 17S. 24E. 7	06	07	<u>9</u>	10/85	<u>1000</u>
92043010	FEDERAL #1 17S. 23E. 13	06	07	<u>9</u>	10/85	<u>0930</u>
92048012	HORSE POINT UNIT M-4 17S. 24E. 6	06	07	<u>10</u>	10/85	<u>1000</u>
92049019	HORSE POINT UNIT M-6 14S. 24E. 32	06	07	<u>10</u>	10/85	<u>0900</u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPL
(Other instructions
verse side)

Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

U-04011

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
J. C. Thompson

3. ADDRESS OF OPERATOR
1700 Broadway, Denver, CO 80290

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface
1170' FNL, 1085' FWL (NW NW)

7. UNIT AGREEMENT NAME
Westwater

8. FARM OR LEASE NAME

9. WELL NO.
Unit #3

10. FIELD AND POOL, OR WILDCAT
Westwater

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

7-T17S-R24E

14. PERMIT NO.
N/A

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
7034 DF

12. COUNTY OR PARISH
Grand

13. STATE
UT

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

NOTICE OF INTENTION TO:

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

PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANS

SUBSEQUENT REPORT OF:

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

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

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

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

8-19-82: Re-perforated 6135-55 and 6159-69 (Buckhorn) w/70 shots (1-9/16").

10-15-82: Frac 6126-86 (gross) with 269 bbl. water, 65% quality foam, 907 mcf nitrogen, 8,000 lbs 100 mesh, 56,800 lbs. 20-40 mesh sand (total 64,800 lbs.), through 2-3/8" tubing. Maximum pressure 8,400 psi.

RECEIVED
JUN 12 1986

DIVISION OF
OIL, GAS & MINING

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

SIGNED J. C. Thompson TITLE Operator DATE 10/26/82

(This space for Federal or State office use)

APPROVED BY E. W. Guynn TITLE District Oil & Gas Supervisor DATE NOV 16 1982
CONDITIONS OF APPROVAL, IF ANY

Accepted

Sub

*See Instructions on Reverse Side

COMPANY: JC Thompson UT ACCOUNT # W1240 SUSPENSE DATE: June 23, 1986

TELEPHONE CONTACT DOCUMENTATION

CONTACT NAME: CAROL (BLM)

CONTACT TELEPHONE NO.: 1-259-6111

SUBJECT: JC Thompson

- | | | | | |
|-------------------|------------|-----|-----|----|
| 1. Westwater UE 3 | 4301915658 | 17S | 24E | 17 |
| 2. Harsepaint M 3 | 4301915662 | 17S | 24E | 7 |

(Use attachments if necessary)

- RESULTS:
1. Carol will send copy of report of 10-82
 2. Carol will send copy of workbooks of 4-67

(Use attachments if necessary)

Be sure Ada gets a copy of these.

CONTACTED BY: JC

DATE: 6-6-68

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1308
DENVER, COLORADO 80202

December 15, 1987

State of Utah
Division of State Lands & Forestry
355 West North Temple
3 Triad Center, Ste. 400
Salt Lake City, UT 84180-1204
Attention: Patrick D. Spurgin, Director

Bureau of Land Management
P.O. Box 970
Moab, UT 84532
Attention: Paul Brown

Re: Westwater Field
Grand County, Utah

Gentlemen:

The purpose of this letter is to propose a new central compression and delivery system for three wells located in the Westwater Field as follows:

<u>Well</u>	<u>Location</u>	<u>OSI</u>	<u>Lease No.</u>
Federal C-1	NE4 NW4 Sec. 12-T17S-R23E		SL-071892 (Non-unit)
Westwater M-1	SE4 SW4 Sec. 1-T17S-R23E		SL-071567 (Non-unit)
Westwater M-3	NW4 NW4 Sec. 7-T17S-R24E		U-04011 (Unitized).

The State of Utah owns 1/3 of the royalty on production from Well M-1 and the United States owns royalty on the remaining 2/3; moreover, the United States owns all the royalty on production from Wells C-1 and M-3. Please refer to the enclosed map.

The background of this request is that delivery pressures from all three wells have declined to the point that they are not capable of producing into the purchasers lines. The most economic and efficient procedure for the producer to continue production is to lay pipelines from all three wells to a central compression and delivery site. Individual wellhead compressors are currently in use at each well, but individual compressors use more fuel and involve other operating costs that would ultimately result in premature abandonment; therefore, the central delivery point is proposed.

The question arises about accurate measurement of the production from each well when there would be fuel used for compression followed by delivery into a single purchase meter. The procedure proposed herein is that tests be run on the producers test meter on a three-month frequency, with the volume measured from each well to be compared to the other wells to determine a ratio of total production for each well. That ratio would be applied to total production measured at the purchase meter to calculate production and to determine royalty amounts. This method has the attribute of allocating fuel gas use on the basis of production, and the royalty payable to the State of Utah could be determined on a reasonable basis in accord with the State's ownership.

STWATER
ACED AREA

R 23E | R 24E

PEASE
M-14 St
6912'

OIL INC.
M-8 Westwater
5524'

THOMPSON
M-7 Horseshoe
5603'

M-4
6

3

2

6

THOMPSON
M-15 Westwater St.
8417

THOMPSON
M-1 Westwater (State 1/3)
5165' (USA 2/3)

PEASE
M-10 Fed.
6275'

New Pipeline
SL-071567

Compressor Site
THOMPSON
Fed C-1
5550'

New Pipeline

OIL INC.
C-3 Westwater
1194'

M-3
5550'

(USA 100%)
US 04011

PEA
Gov

T
17
S

10

THOMPSON
C-9 Westwater
6876'

PEASE
M-12 Fed
6608'

THOMPSON
Fed D-1
6749'

M-2
4897'
939'
C-3

(USA 100%)
SL-071892

C-7
1136'

T. O. & G.
I Plosynski - Fed.
6

15

14

E-4
6471'

3
5930'

C-10
1973'

5167'
4-C
729'

D-2
5289'
4408'

E-5
5957'

WESTWATER FIELD
Grand County, Utah

COMPRESSOR / PIPELINE PROJECT

WESTWATER UNIT (THOMPSON) Scale: 1"=2000' 12-15-87



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

JAN 7 1988

December 31, 1987

J. C. Thompson
Independent Oil Operator
410 - 17th Street, Suite 1305
Denver, CO 80202

JAN 07 1988
ORDONAL

Gentlemen:

After reviewing your request of December 15, 1987 for the Westwater Field wells with the Division of Oil, Gas and Mining, we have determined your proposal is not acceptable.

While the use of a central compressor is encouraged to maintain production from the three wells, we do not feel the proposed method of measurement is reasonable. Since the test meters at the wellhead would have to be maintained, we would suggest measurements be taken on a monthly basis rather than every three to six months. The allocation of fuel used in the central compressor could be based on these measurements.

Oil, Gas and Mining provided us with a history of production from these wells for the first six months of 1987. The allocation of production between the wells is not consistent during this period and we do not feel a measurement every three or six months would provide an accurate basis for allocation of production and costs.

We would also like to remind Thompson that under the concept of gross proceeds, compression costs are not allowable deductions from the royalty base. In order for these costs to be acceptable deductions, we would need to have evidence that the Minerals Management Service Royalty Compliance Group had allowed them to be taken as these types of costs are normally to be borne exclusively by the lessee or operator.

If you have any questions concerning our position, please contact us.

Sincerely,

PATRICK D. SPURGIN, DIRECTOR

lys

cc: Ronald J. Firth, Utah Division of Oil, Gas and Mining

GORDON L. ALLOTT, JR.

Attorney At Law

1600 Broadway

400 Colorado State Bank Building

Denver, Colorado 80202-4991

(303) 831-6068



January 8, 1988

Thomas J. Blair
Acting Chief
Royalty Valuation & Standards Division
Minerals Management Service
Denver Federal Center
Building 41, Room 288
6th and Kipling
Denver, CO 80225

Dear Tom:

Enclosed is the correspondence concerning the matter about which we spoke this morning. As you can tell from Mr. Thompson's letter of December 15, 1987, he proposes to switch from individual well-head compressors to a central compressor for these three wells. As he points out, this should result in a decline in both the amount of fuel used and the general costs.

Upon the switch to a single compressor there would be a single sales point. The first purchaser would remove it's sales meters from the individual wells. Allocation of fuel usage and production would be done on a sampling basis as described in Mr. Thompson's letter.

The State of Utah has some concerns about the accuracy of this sampling method, which is reflected in the enclosed copy of a letter that Mr. Thompson received from Patrick Spurgin, Director of the State of Utah, Department of Natural Resources. As you can see, Utah is concerned about the previous consistency of production as being incompatible with the ability to be allocated back to the various wells. Mr. Thompson's tests show that the previous inconsistency is due to variables, including different line pressures and other unique operational factors, which would be controlled by centralized compression. The BLM has no problem with the allocation method and I am sure that after we have had an opportunity to discuss this further with the Utah officials, that they will have no objections either. The consistency can be demonstrated. I raise this issue with you only so that you will

have a full picture of the issues involved. Allocations of this kind are common in the industry. The wells are mature and if consistency cannot be found, then my client has the ability to shorten the sample period.

The issue that really has Mr. Thompson concerned is the last paragraph of Mr. Spurgin's letter. My client believes that gas used for well-head compression is exempt from royalty as gas used on the leasehold. If he switches to a single compressor which is off the lease to save leasehold gas and costs, then that gas should come within the same exception.

I take it from Mr. Spurgin's letter that Utah would accept that concept if we could get a ruling from your Division to that effect and would, therefore, request such a ruling.

If you have any further questions, please feel free to call me or my client directly.

Sincerely yours,

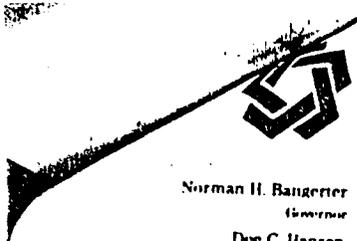


Gordon L. Allott, Jr.

GLA/kll

Enclosures

cc: J. C. Thompson
Patrick D. Spurgin
Paul Brown



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangerter
Governor
Dev C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

RECEIVED

FEB 01 1988

GORDON L. ALLOTT

January 25, 1988

Comp/Pipel. Com.

Gordon L. Allott, Jr.
Attorney at Law
1600 Broadway, 400 Colorado State Bank Building
Denver, CO 80202-4991

RECEIVED
FEB 2 1988
J. C. THOMPSON

Dear Mr. Allott:

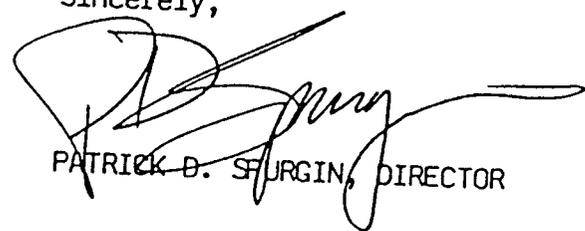
We received a copy of your January 8, 1988 letter to the Minerals Management Service (MMS) regarding the Westwater wells and the central compressor proposal.

Lisa Schneider of our staff recently discussed this situation with Paul Brown of the Bureau of Land Management and Ron Firth of the Utah Division of Oil, Gas and Mining. It is our understanding after these discussions that the main concern with this proposal is the accuracy of the allocation of volumes from the central sales meter back to the individual wells given the past consistency of the wells.

We also understand the MMS has the final approval over both the proposed measurement and allocation methods and the allowance of any compression deduction from the royalty base. Accordingly, we will await their comments before we approve any part of the proposal.

If you have any questions, please contact us at (801) 538-5508.

Sincerely,



PATRICK D. SPURGIN, DIRECTOR

lys

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

January 26, 1988

Bureau of Land Management
P.O. Box 970
Moab, UT 84532
Attention: Paul Brown

State of Utah
Division of State Lands & Forestry
355 West N. Temple
3 Triad Center, Suite 400
Salt Lake City, UT 84180-1204
Attn: Patrick D. Spurgin, Director

Re: Westwater Field
Grand County, Utah

Gentlemen:

This request is being written in substitution of our letter of December 15 regarding central compression and delivery facilities for the following wells:

Federal C-1	NE4 NW4 Sec. 12-T17S-R23E	SL-071892 (Non-unit)
Westwater M-1	SE4 SW4 Sec. 1-T17S-R23E	SL-071567 (Non-unit)
Westwater M-3	NW4 NW4 Sec. 7-T17S-R23E	U-04011 (Unitized).

The State of Utah owns 1/3 of the royalty on production from Well M-1 and the United States owns royalty on the remaining 2/3; moreover, the United States owns all the royalty on production from Wells C-1 and M-3. Please refer to the enclosed map.

The background of this request is that delivery pressures from all three wells have declined to the point that they are not capable of producing into the purchasers lines. The most economic and efficient procedure for the producer to continue production is to lay pipelines from all three wells to a central compression and delivery site. Individual wellhead compressors are currently in use at each well, but individual compressors use more fuel and involve other operating costs that would ultimately result in premature abandonment; therefore, the central delivery point is proposed.

The question arises about accurate measurement of the production from each well when there would be fuel used for compression followed by delivery into a single purchase meter. The procedure proposed herein is that tests be run on the producers test meter on a three-month frequency, with the volume measured from each well to be compared to the other wells to determine a ratio of total production for each well. That ratio would be applied to total production measured at the purchase meter to calculate production and to determine royalty amounts. This method has the attribute of allocating fuel gas use on the basis of production, and the royalty payable to the State of Utah could be determined on a reasonable basis in accord with the State's ownership.

We propose that tests be run every three months initially with each well test to be 7 days in duration. The ratios determined would be used for the following three months. Individual Btu determinations would be performed annually and would be used for determining gas quality adjustments. Current standards for retaining on file the meter charts and gas quality measurements would continue. If after six months the ratios are found to be stable, then we propose to extend the testing frequency to a six-month period.

The Utah Division of State Lands & Forestry has objected to the procedure described above because of concern that production during the first half of 1987 was not consistent among the wells. Our response to this concern is as follows:

- 1) We believe production with the proposed facility will be much more consistent than before where many wells were competing for space in the pipeline.
- 2) Production can be managed by the operator to achieve the desired short term ratio. These are older wells (M-1 and M-3 have produced for more than 25 years), and remaining reserves may be determined with a relatively high degree of accuracy -- we believe with as much accuracy as the measurement facilities. If adjustments of the ratios are required based on productive characteristics, then such adjustments could be made without inequity to either the Federal or State royalty owners.

The State raised another concern which is very troublesome to Thompson as operator; that is, the State believes there may be reason to collect royalty on the gas used for fuel in the compressor. Thompson believes the facility proposed falls properly in the category of lease use gas, which is allowed in the Lease from the United States. Further, the proposed facility will result in less fuel consumption than at present where three individual wellhead compressors are employed. Thompson requests that both the Bureau of Land Management (BLM) and Division of State Lands & Forestry (DSL) initial in the column adjacent their approval that royalty will be collected based on measurements at the purchase meter.

For BLM

For DSL

Preliminary discussions with the BLM indicate the method proposed herein is reasonable. Thompson understands that the responsibility for determining the proper method for measuring production for royalty purposes has been agreed in a memorandum dated 7-21-87 between the Minerals Management Service and the BLM rests with the BLM.

Thompson requests that the BLM consider this request and if acceptable, sign and send two copies to DSL. Then DSL is requested to sign and send a copy to Thompson.

Thank you in advance for your prompt attention to this request.

GORDON L. ALLOTT, JR.

Attorney At Law
1600 Broadway
400 Colorado State Bank Building
Denver, Colorado 80202-4991

(303) 831-6068

February 8, 1988

RECEIVED

FEB 9 1988

J. C. THOMPSON

Patrick D. Spurgin, Director
Department of Natural Resources
Division of State Lands and Forestry
3 Triad Center, Suite 400
355 West North Temple
Salt Lake City, UT 84180-1204

ATTENTION: Lisa Schneider

Dear Mr. Spurgin:

This letter is in reply to your January 25, 1988 letter concerning the Westwater Well of J.C. Thompson and the proposed installation of a central compressor unit.

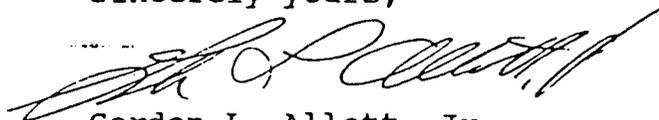
The next to last paragraph of your letter states:

We also understand the MMS has the final approval over both the proposed measurement and allocation methods and the allocation of any compression deduction for the royalty base.

I must say that we also thought that this was correct, but have found, after making application to the MMS, that we were incorrect. Evidently, on January 21, 1987, the MMS and the BLM entered into a Memorandum of Understanding which makes it the sole function of the BLM not only to make the determination of the proposed measurement, but also of the royalty question. I am enclosing a copy of a letter from the MMS to that effect.

Mr. Thompson has made application to the BLM concerning the allocation method and the royalty question. I have not yet received an answer. As soon as we do, we will contact you. If you have any questions, please call me.

Sincerely yours,



Gordon L. Allott, Jr.

GLA/kll

cc: J. C. Thompson

United States Department of the Interior



MINERALS MANAGEMENT SERVICE

ROYALTY MANAGEMENT PROGRAM

P.O. BOX 25165

DENVER, COLORADO 80225

IN REPLY
REFER TO:

Mail Stop 653

MMS-RVS-0G:88-0024

FEB 3 1988

Memorandum

To: District Manager, Moab District Office, Bureau of Land Management

From: ^{Acting} Chief, Royalty Valuation and Standards Division *D. G. H.*

Subject: Determination of Royalty Free Gas

By letter dated January 8, 1988 (copy attached), Mr. Gordon L. Allott, Jr., Attorney at Law, requested a ruling from the Royalty Valuation and Standards Division regarding the royalty-bearing status of gas that would be used off-lease to power a central compression station. This central compression station would replace existing individual on-lease compressors located on three Federal leases in Utah.

In accordance with the January 21, 1987, Memorandum of Understanding between the Bureau of Land Management (BLM) and the Minerals Management Service, it is the sole responsibility of BLM to determine the royalty free use of gas produced onshore. Consequently, we are forwarding to you, for your action, Mr. Allott's letter along with all supporting documentation.

The attached documents indicate that the point of royalty measurement, under the central compressor scenario, would be a single meter located downstream of the central compressor if approved by BLM. Allocation to the individual leases would be by well tests. Our understanding of BLM's current policy indicates that, under such an arrangement, each Federal lease's proportionate share of the gas used to fuel the central compressor upstream of the point of royalty measurement would be royalty free.

If you have any questions regarding this matter, please contact Mr. Tom Phillips at (303) 231-3181. Also, please advise us of your response to Mr. Allott.

Attachment



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 25165
DENVER, COLORADO 80225

IN REPLY
REFER TO:

Mail Stop 653

MMS-RVS-OG:88-0024

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

FEB 3 1988

Mr. Gordon L. Allott, Jr.
Attorney at Law
1600 Broadway
400 Colorado State Bank Building
Denver, Colorado 80202-4991

Dear Mr. Allott:

Reference is made to your January 8, 1988, letter wherein you requested a ruling from the Royalty Valuation and Standards Division regarding the royalty-bearing status of gas that would be used off-lease to power a central compression station. This central compression station would replace existing individual on-lease compressors located on three Federal leases in Utah.

In accordance with the January 21, 1987, Memorandum of Understanding between the Bureau of Land Management (BLM) and the Minerals Management Service, it is the sole responsibility of BLM to determine the royalty free use of gas produced onshore. Consequently, we have forwarded your request along with copies of all supporting documentation to:

Bureau of Land Management
Moab District Office
P.O. Box 970
Moab, Utah 84532
Attn: Mr. Lynn Jackson

If you wish to inquire further regarding the status of your request, please contact Mr. Lynn Jackson of BLM at (801) 259-6111.

Sincerely,

David A. Hubbard

Acing

Chief, Royalty Valuation and
Standards Division



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
P. O. Box 970
Moab, Utah 84532

3160
(SL-071892)
(SL-071567)
(U-04011)
(Westwater)
(U-065)

FEB 18 1988

Mr. Patrick D. Spurgin, Director
State of Utah, Division of State Lands and Forestry
355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204

Re: Westwater Central Compressor Proposal; J. C. Thompson, Operator

Dear Mr. Spurgin:

We are in receipt of numerous correspondence (copies enclosed) to and from Utah State Division of Lands and Forestry, Minerals Management Service, and Mr. J. C. Thompson, regarding Mr. Thompson's Westwater proposal for a common sales point for the C-1, M-1, and M-3 wells, located on three federal leases in Grand County, Utah.

These documents, as well as telephone conversations between our office, Mr. Thompson, and the State Divisions of Oil, Gas and Mining and Lands and Forestry, indicate there are concerns being raised by Lands and Forestry that have effectively brought this proposal to a standstill. Additionally, some of the correspondence to Mr. Thompson from Lands and Forestry has directed him to a federal agency (MMS) having no jurisdictional responsibilities in this matter, and has erroneously informed him that lease use gas is subject to royalty. Accordingly, we would like to address these concerns as outlined in your letters to Mr. Thompson, and inform you of BLM's position on this matter.

PROPOSED METHOD OF MEASUREMENT

Mr. Thompson's proposal is to meter all three wells at a central point in Section 12 downstream of a compressor. This would be the custody transfer point to Northwest Pipeline Company. Allocation of sales volumes back to individual wells would be done on the basis of individual well tests done on each well every three months with each well test to last seven days. The frequency of well tests would be adjusted up or down depending on the variation of allocation ratios from that point on. This method of allocation for both gas used on lease and gas sold is one of the standard methods used by industry in such situations, and will therefore be approved by our office.

FLUCTUATION OF GAS VOLUMES PRODUCED

Another concern raised by your office is apparently related to past fluctuations in gas produced from these wells. A review of BLM production records show that the three wells in question have produced in varying rates (MCF per day) over the last eighteen months:

C-1 Well (SL-071892) 16-514 MCF Per Day, 217 MCF Avg/18 months

M-1 Well (SL-071567) 22-462 MCF Per Day, 217 MCF Avg/18 months

M-3 Well (U-04011) 14-660 MCF Per Day, 256 MCF Avg/18 months

Further discussions with both Mr. Thompson and Northwest Pipeline indicate that fluctuations in production are due to pipeline pressures, individual operating conditions, and reservoir characteristics. We are in agreement with Mr. Thompson that these fluctuations will moderate when this proposal is implemented, as the central compressor will stabilize pressure differentials between the wells and the pipeline.

ROYALTY DUE GAS

The final issue is whether or not gas used for compression purposes is subject to royalty.

Current BLM policy identified in NTL-4A, Royalty or Compensation for Oil and Gas Lost (copy enclosed), indicates that "no royalty obligation shall accrue on any produced gas which (1) is used on the same lease...for beneficial purposes, ...". We have determined this to be the case and will approve accordingly.

In addition, Mr. Thompson's proposal would replace existing well head compressors operating at 112 horsepower, with a single central compressor operating at 50 horsepower, making the total system more efficient and resulting in increased sales and royalty payments to both the State and Federal government.

We hope this letter has clarified BLM's role and responsibility in such matters. We would also like to emphasize that it is our goal to maximize royalty from oil and gas production on federal leases under our jurisdiction, and to coordinate our approvals with the State of Utah.

Towards these ends, we feel the proposal at issue is viable, meets industry and government standards for allocating production, and will maximize royalty returns to both the State and Federal governments. The only alternative is to shut the wells in, possibly resulting in premature abandonment of the resource, in which case, no one benefits.

It is our intent to approve Mr. Thompson's proposals within the next thirty days. In the event that your office has further concerns in this matter, please feel free to contact either Paul Brown, District I & E Coordinator, or Lynn Jackson, District Branch Chief of Fluid Minerals, at 259-6111.

Sincerely yours,



District Manager

Enclosures

- 1-NTL-4A Excerpt
- 2-Misc. Correspondence

ACTING

cc:

- U-920, Howard Lemm (w/Encl.)
Division of Oil, Gas and Mining (w/Encl.)
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1204
- G. L. Allot, Jr. (w/Encl.)
1600 Broadway
400 Colorado State Bank Bldg.
Denver, Colorado 80202-4991
- J. C. Thompson (w/Encl.)
410 17th St., Suite 1305
Denver, Colorado 80202
- U-065, Paul Brown (w/Encl.)
- U-068, Elmer Duncan (w/Encl.)
Minerals Management Service-RMP (w/Encl.)
P. O. Box 25165, MS 653
Denver, Colorado 80225



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

MEMORANDUM

MARCH 15, 1988

FROM: LISA SCHNEIDER, STATE LANDS & FORESTRY

A handwritten signature in cursive script, appearing to read 'Lisa', written over the printed name 'LISA SCHNEIDER'.

TO: JOHN BAZA, OIL, GAS & MINING

SUBJECT: J. C. THOMPSON WESTWATER COMPRESSOR PROPOSAL

Attached for your review and files is the BLM response to the J. C. Thompson proposal for a central compressor for his wells in the Westwater field. It covers both production and royalty related matters.

Please let me know if you have any comments or if the Division of Oil, Gas & Mining must formally respond to Thompson's proposal.

Thanks for your input.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
P. O. Box 970
Moab, Utah 84532

RECORDED
MAR 25 1988

DIVISION OF
OIL, GAS & MINING

3160
(SL-071892)
(SL-071567)
(U-04011)
(WESTWATER)
(U-065)

MAR 23 1988

Mr. J. C. Thompson
410-17th Street, Suite 1305
Denver, Colorado 80202

Re: Westwater Central Compressor Proposal

Dear Mr. Thompson:

We are in receipt of various documents from your office, Minerals Management Service, Mr. Gordon L. Allott, Jr., and the State of Utah (Divisions of Oil, Gas, and Mining as well as Lands and Forestry) dated from December 15, 1987 through February 18, 1988 regarding your proposal in the Westwater Gas Field in Grand County, Utah. This request for approval centers around the following key elements:

Construction of Pipeline Tie-ins for wells C-1, M-1, and M-3 to the well site at C-1;

Approval of off-lease measurement of gas for wells M-3 and M-1 at the C-1 well site;

Approval of gas used for compression purposes (of all three wells) at well site C-1 to be considered as "royalty free" (as used on lease) gas under NTL-4A;

Approval to allocate gas sold, gas used on lease, and gas used for compression purposes to be based on individual well tests; and

The method and frequency of said tests.

After careful consideration, approval of this proposal is hereby granted under the following terms and conditions:

1. Construction of the pipeline between M-1 to M-3 shall not commence prior to obtaining a ROW grant from the Grand Resource Area BLM Office.

2. The Grand Resource Area office will be notified 48 hours in advance prior to any work commencing on either lease or ROW approved actions.
3. The Grand Resource Area office shall be notified 48 hours in advance of any well tests, meter calibrations, etc.
4. Well tests to determine individual allocations of well production will be conducted at a minimum of every ninety (90) days, be at least seven (7) days in duration, and all meters shall be calibrated prior to each test. Modification of this methodology shall be reviewed on an annual basis. The Grand Resource Area office shall be notified as in item #3, so that staff from that office may witness said tests.
5. Well tests shall be conducted in a manner that as close as possible represents actual conditions during selling phases (pressure, choke, etc.).
6. Test results for each well test and meter calibration shall be submitted to this office whether those tests are witnessed or not.
7. All gas produced, sold, used on lease, etc., will be reported to this office on Form 3160-6 on a well-by-well basis.

We regret not responding to this matter on a more timely basis. A great deal of confusion arose over federal and state jurisdiction over this project. In the future we recommend sending any and all requests directly to the Utah State Division of Oil, Gas, and Mining for state level approval.

Please feel free to call the Branch of Fluid Minerals at (801) 259-6111, if you have any questions or comments. Thank you for your cooperation, we look forward to a continued excellent working relationship.

Sincerely yours,

/S/ GENE NODINE

District Manager

cc:

U-922, Howard Lemm

U-068, Elmer Duncan

U-065, Paul Brown

Minerals Management Service-RMP

G. L. Alott, Jr.

State Division of Oil, Gas, and Mining ✓

State Division of Lands and Forestry

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
CONSERVATION DIVISION

Notice to Lessees and Operators of Onshore
Federal and Indian Oil and Gas Leases
(NTL-4A)

Royalty or Compensation for Oil and Gas Lost

This Notice is issued pursuant to the authority prescribed in the Oil and Gas Operating Regulations, Title 30 CFR 221, and in accordance with the terms of the Federal and Indian oil and gas leases under the jurisdiction of the Geological Survey. This Notice supersedes certain provisions of NTL-4, issued effective December 1, 1974; Supplement No. 1 to NTL-4, issued effective December 1, 1978, to 10 lessees and operators on a nationwide basis; and Supplement No. 1 to NTL-4, issued effective December 1, 1978, to all lessees and operators in Wyoming. Lessees and operators who submitted payments for royalty on oil and gas lost under those provisions of NTL-4, which are hereby revoked, may file with the Area Oil and Gas Supervisor (Supervisor) an application for a refund of those payments in accordance with the addendum attached to this Notice.

I. GENERAL

Oil production subject to royalty shall include that which (1) is produced and sold on a lease basis or for the benefit of a lease under the terms of an approved communitization or unitization agreement and (2) the Supervisor determines to have been avoidably lost on a lease, communitized tract, or unitized area. No royalty obligation shall accrue as to that produced oil which (1) is used on the same lease, same communitized tract, or same unitized participating area for beneficial purposes or (2) the Supervisor determines to have been unavoidably lost.

Gas production (both gas well gas and oil well gas) subject to royalty shall include that which is produced and sold on a lease basis or for the benefit of a lease under the terms of an approved communitization or unitization agreement. No royalty obligation shall accrue on any produced gas which (1) is used on the same lease, same communitized tract, or same unitized participating area for beneficial purposes, (2) is vented or flared with the Supervisor's prior authorization or approval during drilling, completing, or producing operations, (3) is vented or flared pursuant to the rules, regulations, or orders of the appropriate State regulatory agency when said rules, regulations, or orders have been ratified or accepted by the Supervisor, or (4) the Supervisor determines to have been otherwise unavoidably lost.

Where produced gas (both gas well gas and oil well gas) is (1) vented or flared during drilling, completing, or producing operations without the prior authorization, approval, ratification, or acceptance of the Supervisor or (2) otherwise avoidably lost, as determined by the Supervisor, the compensation due the United States or the Indian lessor will be computed on the basis of the full value of the gas so wasted, or the allocated portion thereof, attributable to the lease.

II. DEFINITIONS

As used in this Notice, certain terms are defined as follows:

A. "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) any combination of the foregoing.

B. "Beneficial purposes" shall mean that oil or gas which is produced from a lease, communitized tract, or unitized participating area and which is used on or for the benefit of that same lease, same communitized tract, or same unitized participating area for operating or producing purposes such as (1) fuel in lifting oil or gas, (2) fuel in the heating of oil or gas for the purpose of placing it in a merchantable condition, (3) fuel in compressing gas for the purpose of placing it in a marketable condition, or (4) fuel for firing steam generators for the enhanced recovery of oil. Gas used for beneficial purpose shall also include that which is produced from a lease, communitized tract, or unitized participating area and which is consumed on or for the benefit of that same lease, same communitized tract, or same unitized participating area (1) as fuel for drilling rig engines, (2) as the source of actuating automatic valves at production facilities, or (3) with the prior approval of the Supervisor, as the circulation medium during drilling operations. Where the produced gas is processed through a gasoline plant and royalty settlement is based on the residue gas and other products at the tailgate of the plant, the gas consumed as fuel in the plant operations will be considered as being utilized for beneficial purposes. In addition, gas which is produced from a lease, communitized tract, or unitized participating area and which, in accordance with a plan approved

by the Supervisor, is reinjected into wells or formations subject to that same lease, same communitized tract, or same unitized participating area for the purpose of increasing ultimate recovery shall be considered as being used for beneficial purposes; provided, however, that royalty will be charged on the gas used for this purpose at the time it is finally produced and sold.

C. "Unavoidably lost" production shall mean (1) those gas vapors which are released from storage tanks or other low-pressure production vessels unless the Supervisor determines that the recovery of such vapors would be warranted, (2) that oil or gas which is lost because of line failures, equipment malfunctions, blowouts, fires, or otherwise except where the Supervisor determines that said loss resulted from the negligence or the failure of the lessee or operator to take all reasonable measures to prevent and/or control the loss, and (3) the venting or flaring of gas in accordance with Section III hereof.

III. AUTHORIZED VENTING AND FLARING OF GAS

Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in III.B and C above, only after approval by the Supervisor.



DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangertter
Governor

Dee C. Hansen
Executive Director

Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801 538-5500

RECEIVED
MAR 30 1988

DIVISION OF
OIL, GAS & MINING

Mr. Gordon Allott, Jr.
Attorney at Law
1600 Broadway
400 Colorado State Bank Building
Denver, CO 80202-4991

3/29/88

John -
Attached is a copy
of the letter we
sent to Thompson's
attorney regarding the
Westwater field.
Thank, Jim

March 28, 1988

Dear Mr. Allott:

We have received a letter dated February 18, 1988 from Mr. Kenneth V. Rhea, Acting District Manager of the Moab District office of the Bureau of Land Management (BLM), and have reviewed it with personnel in the Utah Division of Oil, Gas and Mining (DOGM).

Based on the discussions we have had with the BLM and DOGM, we will approval J. C. Thompson's request for a central compressor in the Westwater field. The production will be monitored over the next several months to determine if the central metering is adequately accounting for production. If it is felt the arrangement is not accurate, J. C. Thompson will be notified.

Based on the BLM's letter and 30 C.F.R. 202.150, an allowance will be made for the gas used for compression purposes as it is considered to be beneficial for the lease. J. C. Thompson should be reminded that compression deductions are not usually allowable and before a deduction can be made from the royalty base, approval must be granted.

For future inquires of this nature, please be advised that DOGM normally deals with production and measurement issues while this Division handles royalty matters.

If you have any questions, please contact Lisa Schneider at (801) 538-5508.

Sincerely,

PATRICK D. SPURGIN, DIRECTOR

lys



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangert
Governor
Dee C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

RECEIVED
OCT 07 1988

DIVISION OF
OIL, GAS & MINING

MEMORANDUM

OCTOBER 6, 1988

FROM: LISA SCHNEIDER, STATE LANDS & FORESTRY *LS*

TO: JOHN BAZA, OIL, GAS & MINING

SUBJECT: J. C. THOMPSON WESTWATER FIELD CENTRAL COMPRESSOR

It has been six months since the BLM and State Lands approved J. C. Thompson's proposal for a central compressor in the Westwater field. Below is a recap of the production since that time:

	³⁰⁸⁹⁵ C-1	^{43,019} M-1 ₁₅₆₆₀	⁻¹⁵⁶⁶² M-3
March, 1988	0	0	0
April, 1988	0	0	0
May, 1988	168	28	0
June, 1988	3550	6609	2377
July, 1988	3506	8205	2525
	210	308	301

These figures are mcf of gas produced and transported.

Do you feel these numbers are reasonable given the past production of these wells and the affect a central compressor might have on them?

Thanks.



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangert
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

December 2, 1988

TO: Lisa Schneider, Royalty Audit Supervisor
Utah Division of State Lands and Forestry

FROM: John Baza, Petroleum Engineer *JEB*

RE: J. C. Thompson Westwater Field Central Compressor

7

As a follow up to your memo and our previous conversations concerning J. C. Thompson's installation of a central compressor for three wells in the Westwater field, I have reviewed the available production data on the Oil and Gas Information System. The most current production information available from the database only includes reported production through August 1988. The following table restates the figures from your memo to me dated October 6, 1988, and the August 1988 reported volumes are included:

	<u>C-1</u>	<u>M-1</u>	<u>M-3</u>	<u>Total</u>
March 1988	0	0	0	0
April	0	0	0	0
May	168	28	0	196
June	3550	6609	2377	12536
July	3506	8205	2525	14236
August	0	8913	0	8913

Limited production has occurred since the central compressor was approved by the U.S. Bureau of Land Management and your agency. As shown by the table, the wells produced significant amounts of gas only during June, July, and August of this year. As yet, I can see nothing which would cause me to doubt the validity of the Mr. Thompson's production reporting or his allocation methods.

It would be my recommendation that we continue to monitor reported production figures on a six month basis and observe how production amounts change with time. Reported production from previous years for the three wells showed seasonal production fluctuations of more than 100 percent. If we begin to note similar variations in reported production under the current measurement method, then we may want to approach Mr. Thompson about the validity of using the central compressor.

O13/21

cc: R. J. Firth
Well files



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

June 15, 1989

Mr. J. C. Thompson
410 17th Street, Ste. 1305
Denver, CO 80202

Dear Mr. Thompson:

An internal review has identified a concern regarding the reporting of gas production on the wells which flow to your Westwater central compressor, the C-1, M-1 and M-3.

Your accepted January, 1988 proposal for the allocation of production to individual wells called for well tests to be performed every three months with each test to be seven days in duration. Our review of production reported during the past year does not appear to reflect the allocation method which was agreed upon. We would appreciate your review of the production reported on the subject wells from May, 1988 to April, 1989, and advising the division of your findings.

As a related item, your January, 1988 proposal identified that fuel gas used would be allocated on the basis of production. However, no fuel gas has been reported to our division.

Thank you in advance for your review of this reporting.

Sincerely,

A handwritten signature in cursive script that reads "Steven L. Schneider".

Steven L. Schneider
Audit Supervisor

tlc
cc: D. R. Nielson
R. J. Firth
L. Y. Schneider

AU10/16

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

RECEIVED
JUN 26 1989

June 21, 1989

DIVISION OF
OIL, GAS & MINING

Mr. Steven L. Schneider, Audit Supervisor
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Ste. 350
Salt Lake City, UT 84180-1203

T175, R24E, 7

Re: Central Compressor Project (Westwater Wells C-1, M-1, M-3)

Dear Mr. Schneider:

This is in response to your letter of June 15 wherein you request a report of production allocation procedures during the period May 1988 to April 1989. You also requested a report of fuel use gas for the captioned project.

It must be stated at the outset that our project as proposed did not start operating until March 10, 1989. We had all equipment in place and ready to operate; however, the pipeline delayed certain necessary action for over six months. Therefore, all operations until March 10, 1989 were as before. No allocation of production reporting or fuel gas was necessary prior to March 10. Production for March and April is shown on the attached table.

The volume measurement procedure originally proposed involved a test meter. By agreement with the pipeline the meters at Wells M-1 and M-3 have been left in place and are read by the pipeline. In addition, the Central Delivery Meter (#94129) is read by the pipeline, and the difference is allocated to Well C-1. We believe this procedure is more accurate than using a test meter.

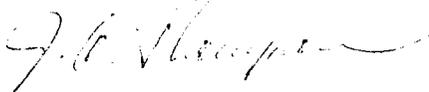
Fuel use gas for March, April, and May 1989 will be allocated among the wells based on their volumes and on the gas quality measurement as determined by the pipeline at the Central Delivery Meter on 5-25-89. The attached handwritten Internal Memo shows daily gas use to be 7.319 MCF for all wells. We plan

Page 2
June 21, 1989
Division of Oil, Gas & Mining

to review the quality of gas at three month intervals to determine if adjustments are necessary. Amended production reports to show fuel use gas will be filed for the months of March and April 1989.

Please advise if there are any questions or if you require additional information.

Yours sincerely,



J.C. Thompson

JCT/bkf

Enclosures

cc: Bureau of Land Management (w/enclosures)

Table 1.
Production and Allocation of Fuel Use Gas*
for Common Delivery Point - March & April 1989

	<u>Production (MCF)</u>		<u>Fuel Use (MCF)</u>	
	<u>As Reported</u>	<u>Corrected</u>	<u>March</u>	<u>April</u>
<u>C-1</u>				
3/1-3/9/89	3,678	3,678	0	
3/10-3/31/89	<u>952</u>	<u>965</u>	14	
Total (March)	4,630	4,643		
4/89	472	478		6
<u>M-1</u>				
3/1-3/9/89	1,902	1,902	0	
3/10-3/31/89	<u>2,446</u>	<u>2,481</u>	35	
Total (March)	4,348	4,383		
4/89	0	0		0
<u>M-3</u>				
3/1-3/9/89	5,885	5,885	0	
3/10-3/31/89	<u>7,906</u>	<u>8,019</u>	112	
Total (March)	13,791	13,904		
4/89	68	69		1
Total Fuel Use			161	7

*Calculation of Fuel Use Gas 3/10-3/31/89 (22 days):

$$22 \text{ days} \times 7.319 \text{ MCF/Day} = 161.018 \text{ MCF}$$

Allocation of Fuel Use Gas:

$$\begin{array}{l} \text{C-1: } 965 \div 11,465 \times 161 = 14 \\ \text{M-1: } 2,481 \div 11,465 \times 161 = 35 \\ \text{M-3: } \underline{8,019} \div 11,465 \times 161 = \underline{112} \\ \text{Total } 11,465 \qquad \qquad \qquad 161 \end{array}$$

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

J.C. Thompson Internal Memo

6-20-89

Calculation of Fuel Use Gas at Central Delivery Point
(Wells Fed C-1, M-1, M3)

Compressor: Ariel JGS Integral

Utilized Brake HP: 42

Fuel Consumption: 7900 Btu/BHP-Hr.

Gas Quality (5-25-89): 1,088 Btu/Ft.³, or 1,088,000/MCF.

Hourly Fuel Consumption: $\frac{7900 \times 42}{1,088,000} = .30496$ MCF

Daily Fuel Consumption: $.30496 \times 24 = 7.319$ MCF

Westwater M-3
Sand cleanout
NWNW Sec. 7 - T17S - R24E
Grand County, Utah

July 27, 1996 MIRU Monument Well Service (MWS). Blew down tubing and casing, nipple up BOP. Unseat packer, POOH with tubing. All tubing was good except last joint, which had a hole 1 ft. above SSN. A standing valve and spring were found inside the SSN, and the 4-ft. perforated sub at the end of the string was packed full of sand. Replaced bad joint of tubing and replaced the 4-ft. perforated sub with a notched collar. RIH w/ casing scraper at the end of tubing, tagged fill at 6,125 ft. POOH a few feet and let well blow 15 minutes hoping it would clean out fill. Added another joint and tagged fill at same depth. Dropped 3 soap sticks and shut well in for ½ hour, then opened tubing up. Well did not unload. Shut in overnight.

July 28, 1996 Found well with 130 psi casing pressure. POOH and changed bottom hole assembly to a notched collar, SSN, 4 stands of tubing and a hydrostatic bailer. RIH, ran bailer down to 6,199 ft. POOH and recovered 60 ft. of sand. RIH and landed tubing as follows:

1 notched collar & SSN	1.30
55 stands of 2 ³ / ₈ " tubing	3,403.94
Baker Double "R" packer	4.60
44 stands of 2 ³ / ₈ " tubing	<u>2,723.16</u>
Total	6,133.00
Below KB	<u>8.00</u>
Landed at	6,141.00

July 30, 1996 MWS crew on location. Well had 130 psi on tubing and 25 psi on casing. Rigged down and moved out. Put well on production.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

5. Lease Designation and Serial Number:

U-04011

6. If Indian, Allottee or Tribe Name:

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

7. Unit Agreement Name:

Westwater

8. Well Name and Number:

M-3

9. API Well Number:

43-019-15662

10. Field and Pool, or Wildcat:

Westwater

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:

J. C. Thompson

3. Address and Telephone Number:

5000 S. Quebec St., Ste. 640, Denver CO 80237 (303) 220-7772

4. Location of Well

Footages:

CO, Sec., T., R., M.: NWNW Sec. 7-T17S-R24E

County: Grand

State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other workover
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

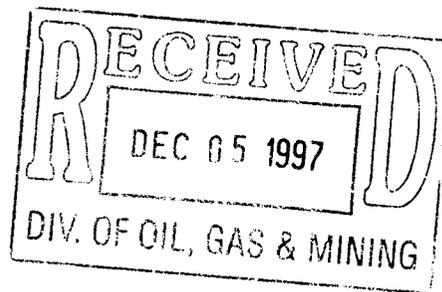
Date of work completion 7-30-96

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

See attached workover report.



13.

Name & Signature:

Walid Bou-Matar
Walid Bou-Matar

Title: Vice President

Date: 11-25-97

(This space for State use only)

Accepted by the
Utah Division of
Oil, Gas and Mining

(4104)

(See Instructions on Reverse Side)

FOR RECORD ONLY

WO tax credit - 12/97

PHONE CONVERSATION DOCUMENTATION FORM

This is the original form or a copy

Route this form to:

WELL FILE _____

SUSPENSE

OTHER

Section 7 Township 17S Range 24E
API number API # 43-019-15662

Return date _____

To: initials _____

Date of phone call: DECEMBER 4, 1998 Time: 9:00 AM

DOG M employee (name) CAROL DANIELS Initiated call?

Spoke with:

Name J. C. THOMPSON Initiated call?

of (company/organization) SAME Phone no. 1-303-220-7772

Topic of conversation: CORRECT WELL NAME (WESTWATER M-3 OR HORSEPOINT M-3)

Highlights of conversation: MR. THOMPSON SAID THE WELL NAME WAS STILL WESTWATER M-3 AND HAD NEVER BEEN CHANGED TO HORSEPOINT M-3. I TOLD HIM WE WOULD CHANGE THE NAME IN OUR COMPUTER SYSTEM (3270).

12/04/98 D E T A I L W E L L D A T A menu: opt 00
 api num: 4301915662 prod zone: CSLGT sec twnshp range qr-qr
 entity: 301 : HORSEPOINT M-3 7 17.0 S 24.0 E NWNW
 well name: WESTWATER M-3
 operator: N1240 : THOMPSON, J C meridian: S
 field: 265 : WESTWATER
 confidential flag: confidential expires: alt addr flag:
 * * * application to drill, deepen, or plug back * * *
 lease number: U-04011 lease type: 1 well type: GW
 surface loc: 1170 FNL 1085 FWL unit name: WESTWATER
 prod zone loc: 1170 FNL 1085 FWL depth: 6200 proposed zone: MRSN
 elevation: 7025' apd date: 631016 auth code:
 * * completion information * * date recd: la/pa date:
 spud date: 631020 compl date: 631103 total depth: 6550'
 producing intervals: 2319-2350',6126-6186'
 bottom hole: 1170 FNL 1085 FWL first prod: 680217 well status: TAZ
 24hr oil: 24hr gas: 24hr water: gas/oil ratio:
 * * well comments: directionl: api gravity:
 631113 SI;SEE DKTA:981204 NM CHG FR HORSEPOINT M-3:

_____ 2 SCREENS (THIS SCREEN TAZ'D TO ELIMINATE DOUBLE WELL COUNT)
 opt: 21 api: 4301915662 zone: date(yymm): enty acct:

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: see attached list
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:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: J.C. THOMPSON OPERATOR, LLC		8. WELL NAME and NUMBER: see attached list
3. ADDRESS OF OPERATOR: 7979 E Tufts Ave Pkwy #815 <small>CITY</small> Denver <small>STATE</small> CO <small>ZIP</small> 80237		9. API NUMBER:
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____		10. FIELD AND POOL, OR WILDCAT: COUNTY: Grand 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 <small>(Submit in Duplicate)</small> 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"/> SUBSEQUENT REPORT <small>(Submit Original Form Only)</small> Date of work completion: _____	<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 March 17, 2005, J.C. Thompson Operator, LLC became the operator of all wells on the attached list, which were previously operated by J.C. Thompson.

previous operator: **J.C. Thompson**
 7979 E Tufts Ave Pkwy #815 *N1240*
 Denver CO 80237-~~2873~~

by: *J.C. Thompson*

new operator: **J.C. Thompson Operator, LLC**
 7979 E Tufts Ave Pkwy #815 *N2805*
 Denver CO 80237-~~2843~~

State + Fee BOND # LPM 8756586
BLM Bond # LPM 4021517

NAME (PLEASE PRINT) <u>J.C. Thompson</u>	TITLE <u>Member and Manager</u>
SIGNATURE <i>J.C. Thompson</i>	DATE <u>3/17/2005</u>

(This space for State use only)

APPROVED 8/24/05
Earlene Russell
 Division of Oil, Gas and Mining
 Earlene Russell, Engineering Technician
(5/2000) (See instructions on Reverse Side)

RECEIVED
MAY 25 2005
 DIV. OF OIL, GAS & MINING

SCHEDULE OF PROPERTIES

J C Thompson Operator, LLC
(effective March 17, 2005)

<u>API No.</u>	<u>Lease No.</u>	<u>Well Name</u>	<u>Location (Grand County, Utah)</u>	
4301930169	ML-27428	State 428 #1	SWSE	5-T16S-R22E
4301930193	ML-21913	State 913 #1A	C SE	9-T16S-R22E
4301930706	ML-27406	Peterson Springs #1	NWSE	14-T17S-R21E
4301916206	UTU-05109	Horse Point Unit 1-X	NWNE	14-T16S-R23E
4301920154	UTU-020509	Horsepoint M-4	SENE	6-T17S-R24E
4301930013	ML-21613	Horsepoint M-6	NESE	32-T16S-R24E
4301930049	UTU-029600	Horsepoint M-7	SWNW	6-T17S-R24E
4301915671	UTU-02981	Moonridge 31-15	NWNE	15-T16S-R21E
4301915672	UTU-03008A	Segundo #2	SWSE	33-T16S-R21E
4301915673	UTU-04600	Segundo #23-4	NESW	4-T17S-R21E
4301930895	SL-071892	Westwater C-1	NENW	12-T17S-R23E
4301930891	SL-071892	Westwater D-1	SESE	11-T17S-R23E
4301930853	SL-071893	Westwater Unit #3	S2N2NW	13-T17S-R23E
4301930852	SL-071893	Westwater Unit #5	NESW	18-T17S-R24E
4301930892	SL-071892	Westwater B-1	NWSW	17-T17S-R24E
4301915657	SL-071892	Westwater E2	SWSE	7-T17S-R24E
4301915649	SL-071892	Castlegate 2	SWNW	18-T17S-R24E
4301915650	SL-071893	Westwater Castlegate 4	NENE	13-T17S-R23E
4301915652	SL-071892	Westwater Castlegate 6	SENW	18-T17S-R24E
4301915653	UTU-04011	Westwater Castlegate 7	NESE	7-T17S-R24E
4301915656	SL-071892	Castlegate D-2	NWNE	18-T17S-R24E
4301915654	SL-071891	Westwater C9-10	SWSE	10-T17S-R23E
4301930077	SL-071892	Westwater E5	NWNE	18-T17S-R24E
4301915658	SL-071892	Westwater E3	NENW	17-T17S-R24E
4301915662	UTU-04011	Westwater M3	NWNW	7-T17S-R24E

SCHEDULE OF PROPERTIES
J C Thompson Operator, LLC
Page 2

<u>API No.</u>	<u>Lease No.</u>	<u>Well Name</u>	<u>Location (Grand County, Utah)</u>	
4301915660	SL-071567	Westwater M1	SESW	1-T17S-R23E
4301915661	SL-071892	Westwater M2	NWSE	12-T17S-R23E
4301915647	UTU-026A	Bryson Canyon Govt #1	SWSW	8-T17S-R24E
4301930641	UTU-15889	Middle Canyon #4-30	SWSW	30-T16S-R24E
4301930925	UTU-30123	Middle Canyon #11-30	SENW	30-T16S -R24E

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: 7/26/2005

8. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a

9. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

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: 8/24/2005
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/24/2005
3. Bond information entered in RBDMS on: 8/24/2005
4. Fee/State wells attached to bond in RBDMS on: 8/24/2005
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: U0068

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number LPM8756586**
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:

** Bond rider deleted J. C. Thompson and added J. C. Thompson Operator, LLC



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155



IN REPLY REFER TO
3180
UT-922

July 26, 2005

J.C. Thompson Operator, LLC
7979 East Tufts Avenue Parkway, #815
Denver, Colorado 80237-2843

Re: Westwater Unit
Grand County, Utah

Gentlemen:

On June 6, 2005, we received an indenture dated March 17, 2005, whereby J.C. Thompson resigned as Unit Operator and J.C. Thompson Operator, LLC was designated as Successor Unit Operator for the Westwater Unit, Grand County, Utah.

This indenture was executed by all required parties and the signatory parties have complied with Sections 5 and 6 of the unit agreement. The instrument is hereby approved effective July 26, 2005. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Westwater Unit Agreement.

Your Utah statewide oil and gas bond No. UTB000186 will be used to cover all Federal operations within the Westwater Unit.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

/s/ Terry Catlin

Terry Catlin
Acting Chief, Branch of Fluid Minerals

Enclosure

bcc: Field Manager - Moab (w/enclosure)
SITLA
Division of Oil, Gas & Mining
File - Westwater Unit (w/enclosure)
Agr. Sec. Chron
Reading File
Central Files

UT922:TAThompson:tt:7/26/05

RECEIVED

JUL 28 2005

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING
 CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

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

6/1/2012

FROM: (Old Operator): N2805- J. C. Thompson 8400 E Prentice Ave, Suite 735 Greenwiid Village, CO 80111 Phone: 1 (303) 220-7772	TO: (New Operator): N8060- National Fuel Corporation 8400 E Prentice Ave, Suite 735 Greenwood Villiage, CO 80111 Phone: 1 (303) 220-7772
---	--

WELL NAME	CA No.	SEC TWN RNG	Unit:	API NO	ENTITY NO	LEASE TYPE	Westwater	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: 8/14/2012
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/14/2012
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 8/14/2012
- Is the new operator registered in the State of Utah: Business Number: 1260477-0143
- (R649-9-2)Waste Management Plan has been received on: Yes
- Inspections of LA PA state/fee well sites complete on: N/A
- Reports current for Production/Disposition & Sundries on: 8/14/2012
- 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 N/A
- Federal and Indian Units:**
 The BLM or BIA has approved the successor of unit operator for wells listed on: Not Yet
- 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")** 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: 8/31/2012
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/31/2012
- Bond information entered in RBDMS on: 8/31/2012
- Fee/State wells attached to bond in RBDMS on: 8/31/2012
- 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: LPM4021517
- Indian well(s) covered by Bond Number: N/A
- (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number LPM 8756586
- The **FORMER** operator has requested a release of liability from their bond on: N/A

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** 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:

J C Thompson Operator, LLC (N2805) to National Fuel Corporation (N8060)

Effective 8/1/2012

Westwater Unit

Well Name	Sec	TWP	RNG	API Number	Entity	Least	Well Type	Well Status
WESTWATER CASTLEGATE-4	13	170S	230E	4301915650	355	Federal	GW	P
WESTWATER U CASTLEGATE-6	18	170S	240E	4301915652	355	Federal	GW	P
WESTWATER U CASTLEGATE-7	07	170S	240E	4301915653	355	Federal	GW	P
CASTLEGATE D-2	18	170S	240E	4301915656	355	Federal	GW	P
WESTWATER U E2	07	170S	240E	4301915657	345	Federal	GW	P
WESTWATER U E3	17	170S	240E	4301915658	350	Federal	GW	P
WESTWATER M-2	12	170S	230E	4301915661	290	Federal	GW	P
WESTWATER M-3	07	170S	240E	4301915662	301	Federal	GW	P
WESTWATER U E5	18	170S	240E	4301930077	9695	Federal	GW	P
WESTWATER UNIT 5	18	170S	240E	4301930852	371	Federal	GW	P
WESTWATER UNIT 3	13	170S	230E	4301930853	340	Federal	GW	P

PHONE 303-220-7772
FAX 303-220-7772

J. C. THOMPSON OPERATOR, LLC
8400 E. Prentice Ave. – Suite 735
Greenwood Village, Colorado 80111

August 9, 2012

RECEIVED

AUG 14 2012

DIV. OF OIL, GAS & MINING

State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Re: Operator Change
J.C. Thompson Operator, LLC to National Fuel Corporation

J.C. Thompson Operator, LLC, the operator of certain wells located in Grand County, Utah, requests that the designated operator of all wells be changed to National Fuel Corporation effective June 1, 2012. Accordingly, enclosed for approval is the Sundry Notice (submitted in triplicate) regarding the leases.

National Fuel Corporation is principal to its Statewide Utah Bond #LPM4021517 and the bond has been previously provided to the Salt Lake City office. The Resignation of Unit Operator and Designation of Successor Operator will also be provided accordingly.

Please advise if any additional information or documentation is required.

Sincerely,



Lynne Jansons
Land and Contract Management
National Fuel Corporation
303.996.6776 (office)
303.220.7773 (fax)
ljansons@national-fuel.com

enclosures

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

FORM 9

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.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	5. LEASE DESIGNATION AND SERIAL NUMBER: see attached list
2. NAME OF OPERATOR: NATIONAL FUEL CORPORATION <i>1780060</i>	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 8400 E Prentice Ave., Suite 7 Greenwood Village CO 80111	7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:	8. WELL NAME and NUMBER: see attached list
COUNTY: Grand	9. API NUMBER:
STATE: UTAH	10. FIELD AND POOL, OR WILDCAT:
PHONE NUMBER: (303) 220-7772	

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

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

Effective June 1, 2012, National Fuel Corporation succeeded J.C. Thompson Operator, LLC as operator of all wells on the attached list and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. National Fuel Corporation is principal to the Statewide Utah Bond No. LPM4021517.

base
State: LPM 8756586

NAME (PLEASE PRINT) <u>Diane Thompson</u>	TITLE <u>President and Chief Operating Officer</u>
SIGNATURE <u><i>Diane Thompson</i></u>	DATE <u><i>July 30, 2012</i></u> <u><i>July 30, 2012</i></u>

(This space for State use only)

APPROVED

AUG 31 2012

DIV. OIL GAS & M. (See Instructions on Reverse Side)

Rachael Medina
Engineer Tech

RECEIVED
AUG 14 2012
DIV. OF OIL, GAS & MINING

(5/2000)