

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OFFER TO LEASE AND LEASE FOR OIL AND GAS

UT 075817

The undersigned (reverse) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (49 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

1. Name Frank I. Pritchett, Jr.
Street 323 Buck Ave.
City, State, Zip Code Vacaville, CA, 95688

2. This application/offer/lease is for (Check only One) PUBLIC DOMAIN LANDS ACQUIRED LANDS (percent U.S. interest _____)

Surface managing agency if other than BLM _____ Unit/Project _____

Legal description of land requested: _____ *Parcel No. _____ *Sale Date (month/year) _____

*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T.	R.	Meridian	State	County
18S	24E	SLM	Utah	Grand

Sec. 10. N $\frac{1}{2}$, SW $\frac{1}{4}$, NESE, S $\frac{1}{2}$ SE.

Sec. 15. N $\frac{1}{2}$ NW $\frac{1}{4}$. (680 acres)

Amount required: Filing fee \$ 75⁰⁰ Rental fee \$ 1020⁰⁰ Total \$ 1095⁰⁰

DO NOT WRITE BELOW THIS LINE

3. Land included in lease

T.	R.	Meridian	State	County
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This lease embraces the land, acreage, and mineral described in Item 2.

Entry No. 43242
Recorded 10/16/96
BX 43242
Matthew J. [Signature]
Attorney for [Signature]

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas, and to use the land for other purposes, with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to the laws of the United States and to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations, and all orders, instructions, decisions, stipulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 42 CFR 3129 and is subject to the conditions of that bid or nomination and those specified on this form.

Type and primary term of lease:

Non-competitive lease (ten years):

Competitive lease (ten years):

550

Other _____

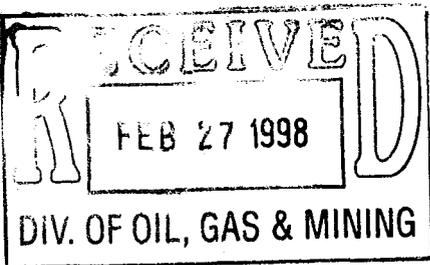
THE UNITED STATES OF AMERICA

by [Signature]
Chief, Branch of Mineral Leasing Adjudication
(Title)

OCT 16 1996
(Date)

EFFECTIVE DATE OF LEASE

NOV 01 1996



Feb. 26, 1998

Division of Oil, Gas , and Mining
Att. Mike Hebertson

Dear Mr. Hebertson,

I have enclosed an approved copy of the APD concerning the Performance Drilling Motors, Inc.(herein referred to as PDM,Inc.) #3 Bookcliffs. I have also included a map showing the lease outline, the proposed location, and copies of the involved leases.

I also request a location exception for geologic and terrain reasons.

The staked location is: 2380 fel., 1980 fsl., Section 10, T 18S-R24E, Grand County, Utah. Thanks for your attention to this matter.

Regards,

Frank I. Pritchett, Jr.

As agent for Performance Drilling Motors, Inc.

A handwritten signature in cursive script, appearing to read "Frank I. Pritchett, Jr.", written in dark ink over the typed name.

RECEIVED
FEB 27 1998

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

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

2. NAME OF OPERATOR
 Frank I. Pritchett, Jr.

3. ADDRESS AND TELEPHONE NO.
 323 Buck Ave., Vacaville, CA 95688 Ph: 707-4498972

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 726 601
 2380' FEL - 1970 FSL Section 10 T18S-R24E
 At proposed prod. zone
 Dakota Silt Grand County, Utah 841 1945 FSL 930 FEL
 10 T18S, R24E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Mack Co., 35 miles east

16. NO. OF ACRES IN LEASE
 40

17. NO. OF ACRES ASSIGNED TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 400'

19. PROPOSED DEPTH
 2158 vertical

20. ROTARY OR CABLE TOOLS
 Air drill rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4960.3 Gr.

22. APPROX. DATE WORK WILL START*
 November 1, 1997

5. LEASE DESIGNATION AND SERIAL NO.
 T-75817-117176305

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARMOR LEASE NAME WELL NO.
 Bookcliffs #3

9. AN WELL NO.

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR B.L.K. AND SURVEY OR AREA
 NW-SE
 Sec. 10, T18S-R24E

12. COUNTY OR PARISH 13. STATE

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14 1/2"	8 5/8" E	24#	250'	Cement to surface
7 7/8"	5 1/2" J55	17#	2750'	200 sks. reg. 2.0% CaCl

Plans are to drill vertically with air to 2158 kick off point. (See attached profile from PDS) start turn with 400' radius and achieve horizontal at 2518. Lateral eastward penetration will continue for 1000' with 6 degree upward slope. If oil flow is encountered, system will be switched to lease crude in a closed-loop system. (See attached drill-pad set-up.)

BLOW OUT EQUIPMENT: Double Gate: Shaffer; type LWS, 11 in. x 3000 psi Annular, Hydril GK, 11 in. x 3000 psi
Choke Manifold: 3 in. x 2 in. x 3000 psi, w/2 Ad1. Chokes
Accumulator/Closing Unit: Koomey, 5-Station, 80 Gal.

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A
Dated 1/1/80
CONDITIONS OF APPROVAL ATTACHED

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

34. SIGNED Frank I. Pritchett, Jr. TITLE Operator DATE 9/19/97

(This space for Federal or State office use)

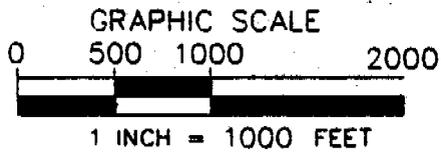
PERMIT NO. 43-019-31366 APPROVAL DATE 3/2/98

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

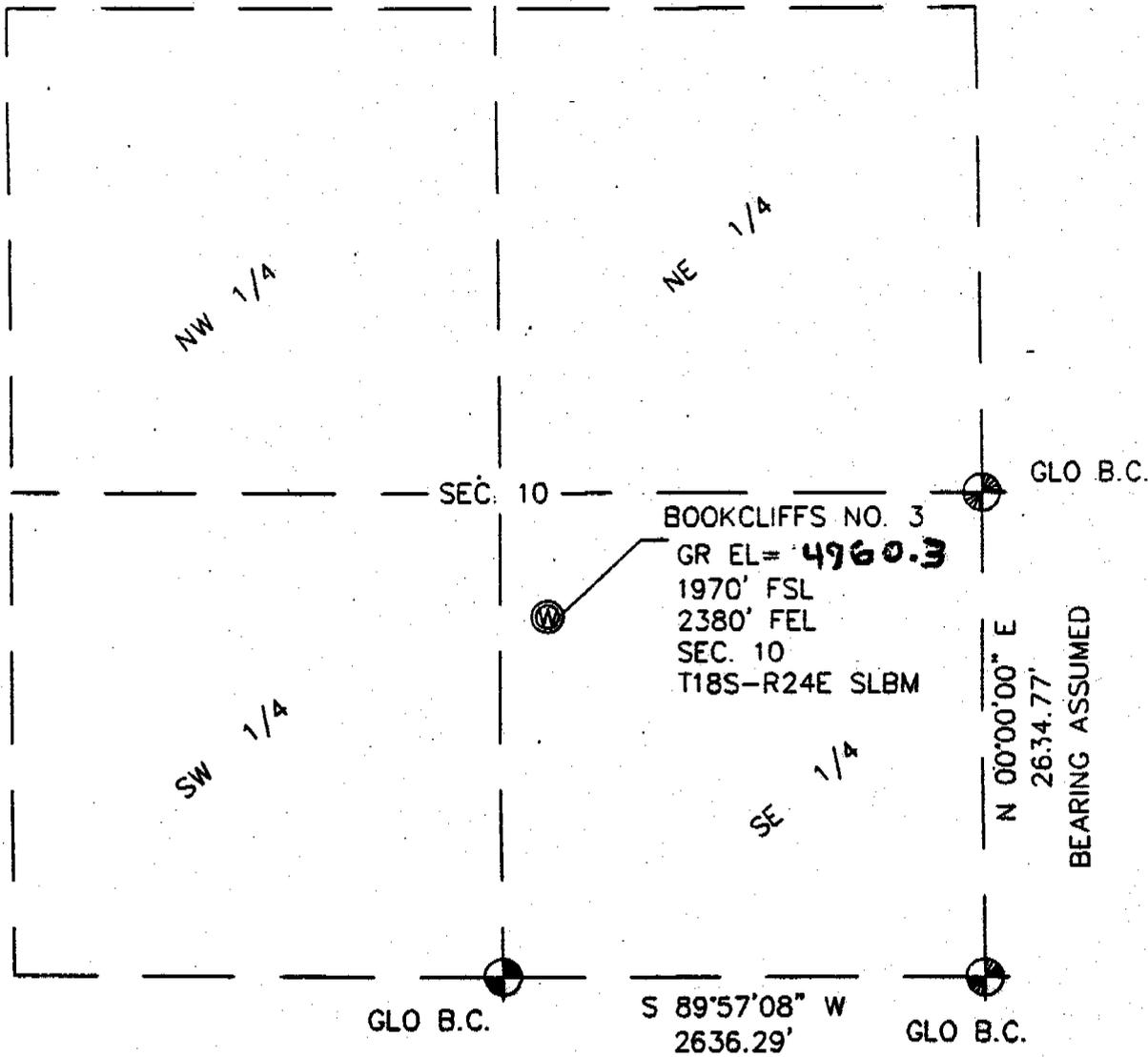
APPROVED BY [Signature] TITLE Assistant Field Manager, Resource Management DATE 2/25/98

*See Instructions On Reverse Side

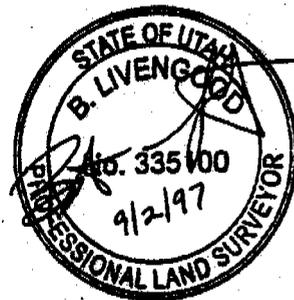
PROPOSED WELL LOCATION



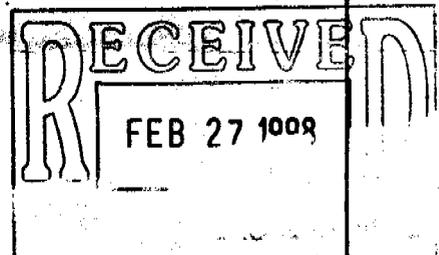
FOUND GLO BRASS CAP



LOCATED NORTH 1970 FEET FROM THE SOUTH LINE
AND WEST 2380 FEET FROM THE EAST LINE OF
SECTION 10, T18S, R24E, SLBM



BOOKCLIFF NUMBER 3
SE 1/4 SEC. 10
T18S, R24E



APPLIED EARTH SCIENCES

737 Horizon Drive, Suite 204
Grand Junction, CO. 81506
Phone/Fax 970-248-3559

SURVEYED BY: DRC/GPN

SURVEY DATE: AUG. 22, 1997

JOB No. 97048

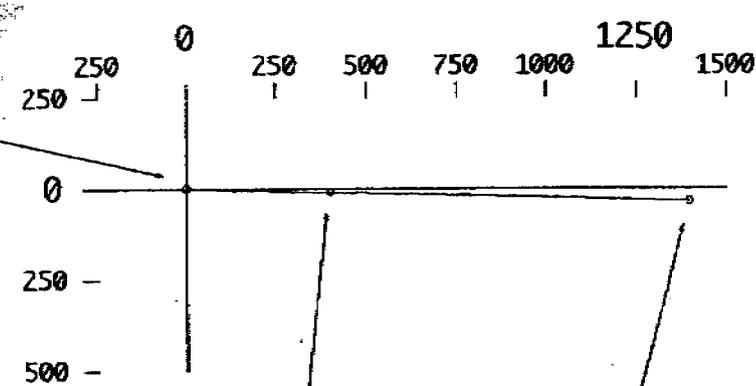
REQUESTED BY: FRANK PRITCHETT

REVISION: 9/10/97

SHEET 1 OF 1

Pritchett Production Company
 Pritchett Book Cliff No. 3
 Sec. 10, TN-18-S, Rge-24-E
 Grand County, Utah

HORIZONTAL PLAN
 Scale 1" = 500'

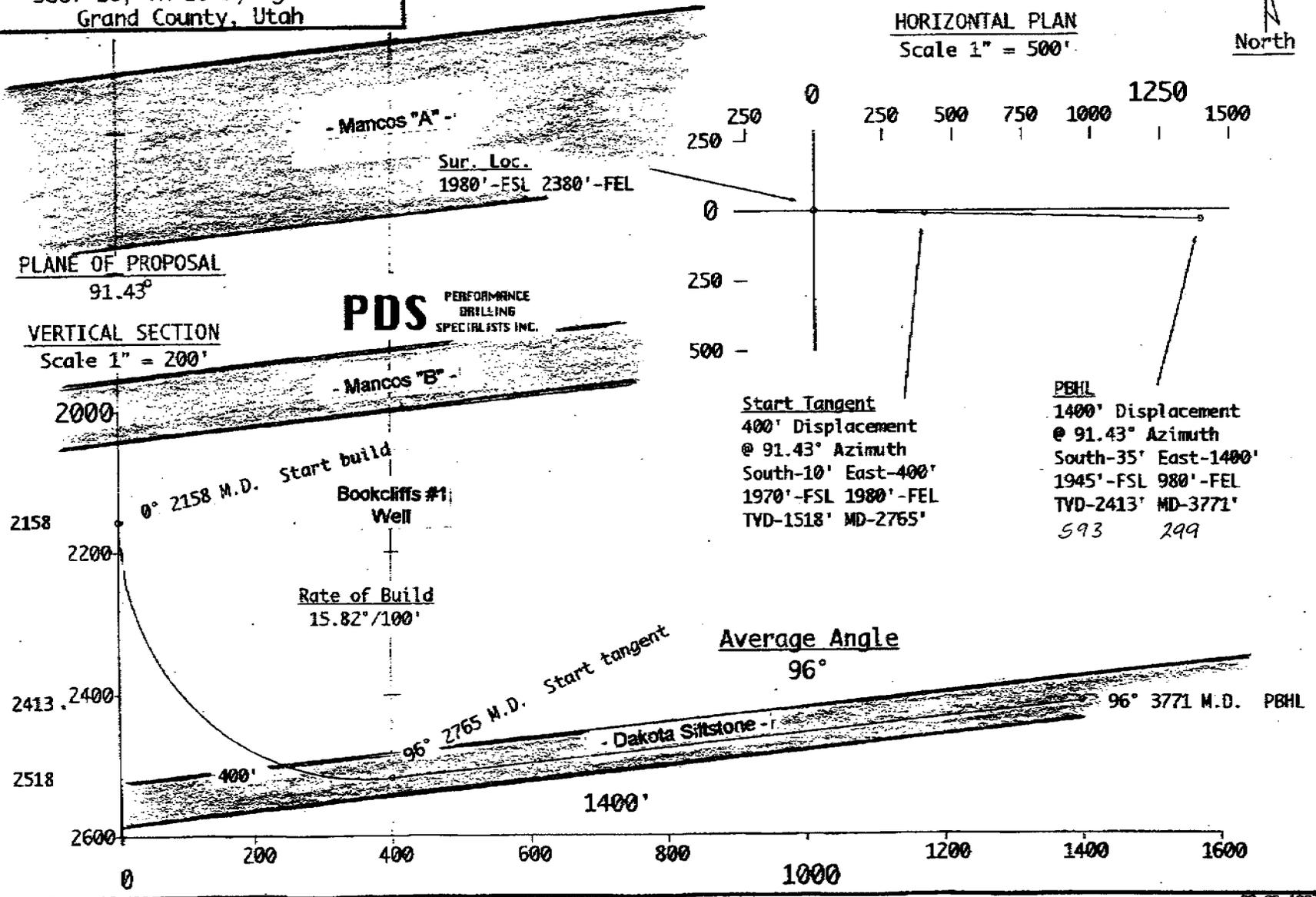


Start Tangent
 400' Displacement
 @ 91.43° Azimuth
 South-10' East-400'
 1970'-FSL 1980'-FEL
 TVD-1518' MD-2765'

PBHL
 1400' Displacement
 @ 91.43° Azimuth
 South-35' East-1400'
 1945'-FSL 980'-FEL
 TVD-2413' MD-3771'
 593 299

PLANE OF PROPOSAL
 91.43°

VERTICAL SECTION
 Scale 1" = 200'



PDS PERFORMANCE
 DRILLING
 SPECIALISTS INC.

Average Angle
 96°

03-03-1997

Performance Drilling Motors, Inc.
Well No. Bookcliffs 3
NWSE Sec. 10, T. 18 S., R. 24 E.,
Lease UTU76305
Grand County, Utah

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Performance Drilling Motors, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT1095 (Principal - Performance Drilling Motors, Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

Performance Drilling Motors, Inc.

Bookcliffs No. 3

Lease U-76305

Location:

Surface- NWSE Sec. 10 T18S, R24E

Bottomhole- NESE of same section

Grand County, Utah

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Permormance Drilling Motors, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT 1095 (Principal - Performance Drilling Motors, Inc.) via surety consent as provided for in 43 CFR § 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR § 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to field representatives to insure compliance.

A. DRILLING PROGRAM

1. Since the proposed horizontal leg of this well extends beyond a drilling "window" as defined by the State of Utah, Division of Oil, Gas and Mining, an approved *exception location* must be received from the Division.
2. During air drilling operations, a rotating head, auto-ignitor and deduster equipment must be used. All other air drilling requirements specified in Onshore Oil and Gas Order No. 2, "*Special Drilling Operations*" shall be followed.
3. The surface casing grade was not specified in your applicaiton. Any grade which meets API standards for the size proposed (8-5/8", 24 lb/ft) will be acceptable.
4. The proposed 3M BOP system is adequate. Testing the system to 2M standards is acceptable.

B. SURFACE USE PLAN

1. The buried pipeline owned by Wildhorse Pipeline Company that is located along the access route to the well (approximately 100 yards south of the county road) will be covered with 2 feet of compacted gravel or soil prior to moving construction equipment across the pipeline. The operator will notify Wildhorse Pipeline (Dean Salter at 970-255-7515) 24 hours prior to starting construction of the access route.
2. Prior to utilizing any gravel or fill material from a Federally owned surface, the operator will contact the authorized officer to obtain authorizations for the materials.
3. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;

- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

- a time frame for the AO to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

4. No construction or drilling operations will be authorized between February 1 and July 15, unless additional raptor surveys are completed prior to initiating operations to identify and avoid raptor nesting sites within 1/2 mile of the proposed action. Any peregrine falcon nesting areas identified within the project area will be avoided by 1 mile. These limitations do not apply to maintenance and operation of existing wells, and these limitations do not apply to wells where drilling was initiated between July 16 and January 31.

5. Prior to utilizing the reserve pit or any other pit constructed in native soils for containing the fluids utilized for horizontal drilling, the pit will be lined with bentonite or a synthetic liner with a permeability not to exceed 1×10^{-7} cm./sec.

The following requirements will be followed during construction and reclamation of the reserve pit:

- a. Bentonite will be spread to a uniform depth over the reserve pit at an application rate of not less than 5 pounds per square foot. No bulk bentonite will be distributed when winds exceed 10 mph, and no sacked bentonite will be spread when winds exceed 20 mph unless approved in writing by the authorized officer.

After bentonite has been uniformly applied over the reserve pit, the bentonite will be thoroughly mixed with the underlying soil to a depth of 4 inches. Disking, rototilling, or a similar technique will be used to mix the bentonite with the soil. A minimum of two passes at right angles to each other will be made at the full depth of mixing.

- b. If a synthetic liner is used, liner will be designed and installed in such a manner to assure it will not be punctured during installation or drilling operations.
- c. Upon completion of drilling operations, the reserve pit will be de-watered. Depending on the conditions at the time of disposal, the waste water will be (a) disposed of off-site at an approved disposal facility, (b) reinjected with the appropriate Underground Injection Control Permit from the State Division of Oil, Gas and Mining with concurrent approval by the Bureau of Land Management, Moab District Office, or (c) allowed to evaporate.
- d. The remaining reserve pit solids will be tested prior to stabilization. A sample of the pit solids will be analyzed by an independent laboratory for salt properties (electrical conductivity, sodium adsorption ratio and exchangeable sodium percentage), heavy metal content and oil and grease content. The results of these tests will be provided to the Moab District Office within 30 days of analysis.
- e. Moab District will review the analysis prior to authorizing landfarming of hydrocarbons, burying pit contents in the reserve pit, or hauling the pit contents to a disposal site. Additional specifications and approvals may be required prior to reclaiming the reserve pit contents. If the reserve pit contents are buried, the contents may have to be mixed with fly ash, kiln dust, or bentonite for stabilization of the pit contents.

6. To minimize the amount of fugitive dust and spray escaping from the blooie pit, the blooie line will be directed into a sloped bank of soil material.

7. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6. When the well is abandoned, the abandonment marker must be at least four feet above restored ground level and must be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).
8. At the end of drilling operations and prior to reclamation of the reserve pit, the fourth side of the pit will be fenced and the top of the pit will be covered with netting of one inch or less to prevent access by birds.
9. In the event the well pad or road is graveled or surfaced, the material will be removed prior to recontouring the surface for rehabilitation.
10. The operator will be responsible for noxious weed control on the disturbed areas within the limits of the well site and new road construction. The operator is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.
11. During reclamation, the area will be scarified 6 inches deep prior to seeding. The entire soil surface will be scarified with a 6 inch or less distance between the ripped surfaces. The scarified areas will be left in a rough condition to retain moisture, and the soils will be dry and loose prior to seeding. The areas will be drill seeded between October 1 and December 31 with the following mixture of pure live seed (PLS):

Indian ricegrass	4 pounds/acre
Fourwing saltbush	2 pounds/acre
Shadscale	2 pounds/acre
Winterfat	2 pounds/acre
Sand dropseed	1 pound/acre

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the BLM, Natural Resource Protection Specialist at least 48 hours prior to commencing construction of location.

Spud- The spud date will be reported 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab BLM Office within 24 hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab BLM Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval from the Moab BLM Office. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab BLM Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the BLM is to be notified.

First Production- Should the well be successfully completed for production, the Moab BLM Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the local BLM office.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab BLM Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab BLM Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with a water analysis, if required, will be submitted to the Moab BLM Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab BLM Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the Moab BLM Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab BLM Office within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the local BLM office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Rich McClure of the Moab BLM Office in Moab, Utah, at (435) 259-2127 for the following:

2 days prior to commencement of dirt work, construction and reclamation;

Notify Jack Johnson of the Moab BLM Office in Moab, Utah at (435) 259-2129 for the following:

1 day prior to spudding;

3 hours prior to running surface casing;

3 hours prior to testing BOPE;

upon reaching the kick-off point.

If the above cannot be reached, notify the Moab Field Office at (435) 259-6111. If unsuccessful, notify one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at (435) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer Office: (435) 259-2117
Home: (435) 259-2214

Gary Torres, Petroleum Engineer Office: (435) 587-1524 or (435) 259-2136
Home: (435) 587-2705

Bureau of Land Management
Moab District
Application for Permit to Drill
On-Site Inspection Checklist

Company Pritchett WellNo. #3 Bookcliffs

Location: Sec. 10, T. 18S, R. 24E, Lease No. U76305-U75817

On-Site Inspection Date _____

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR § 3100), Onshore Oil and Gas Orders, the approved plan of operations and the conditions of approval. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops: _____
Cretaceous Mancos Shale _____
Mancos "A" 1500' _____
Mancos "B" 1900' _____
Dakota Silt 2480 _____

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered
- Depth/Formation
- Expected Oil Zones: Mancos A & B, Dakota Silt _____
- Expected Gas Zones: None _____
- Expected Water Zones: None _____
- Expected Mineral Zones: None _____

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to BLM. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment -include schematics of the BOP and choke manifold, and describe testing procedures: _____

See Attached Sheet

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

4. Casing Program and Auxiliary Equipment -include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned): _____

8 5/8" surface 24# E @ 250'

Cemented to surface Reg. 2% CaCl

5. Cement -include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques: Surface csq. Cement to surface

Reg. 2% CaCl

3 - Centralizers

Surface casing shall be cemented back to surface. Centralizers shall be run, at a minimum, on the bottom three joints of each casing string.

6. Mud Program and Circulating Medium -include mud components and weights. When air drilling, also include: length and location of blooie line; description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud:

Air drilled and lease crude

Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonable be expected.

7. Coring, Logging and Testing Program: Continues flare testing

Induction - Gamma in vertical hole

Initial opening of drill stem test tools will be restricted to daylight hours.

BLOWOUT PREVENTION EQUIPMENT Choke Manifolds

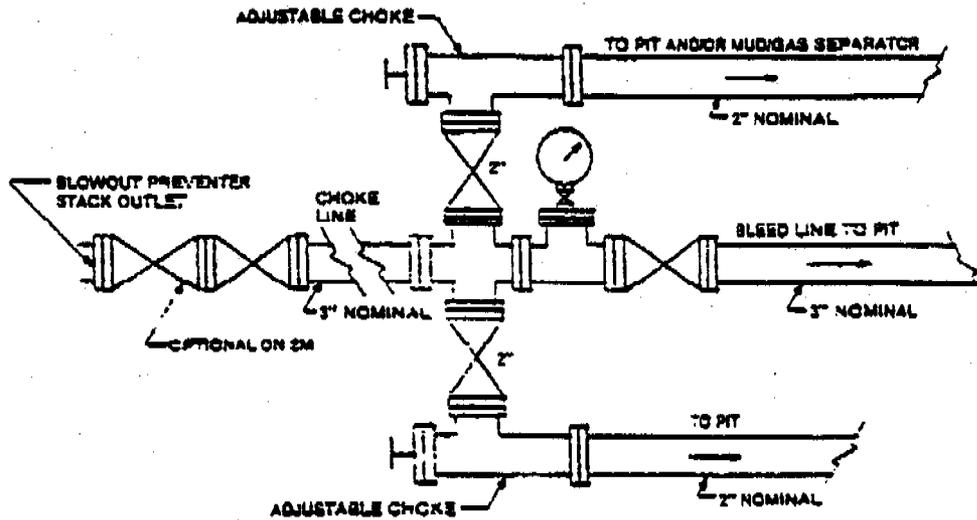


FIGURE K4-1. Typical choke manifold assembly for 2M and 3M rated working pressure service — surface installation.

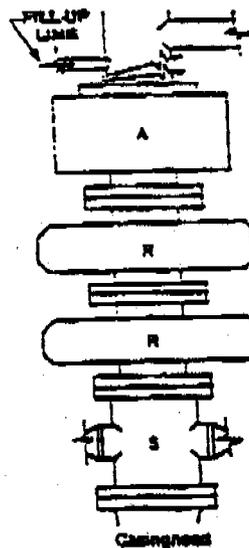


FIGURE K1-2. Recommended IADC Class 3(3000 psi WP) and 4(5000 psi WP) stacks. Either RSRA (left) or SRRA (right) is acceptable and drilling spool is optional if side outlets on runs are utilized.

- f. Maximum grades: Level
- g. Turnouts: _____
- h. Surface materials: Gravel, if needed
- i. Drainage (crowning, ditching, culverts, etc):
ditching for drainage as required
- j. Cattleguards: None
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM right-of-way is required: R.O.W. required
- l. Other: _____

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the Area Manager in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the authorized officer.

If the well is productive, the access road will be rehabilitated or brought to Resource

(Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells - on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: See map

1 producing well - Bush 11-6 NESENW Sec. 11, 18S-24E

4. Location of Production Facilities:

a. On-site facilities: 2 - 500 bbl. test tanks

b. Off-site facilities: Tank battery as needed
close to County road on U75817

c. Pipelines: NW (Williams) gas pipeline follows County
road across lease (Sec. 10)

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows:

Match soil and terrain

All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7-3 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit as specified in NTL-2B. If water is produced from the well, an NTL-2B application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): Haul water from Mack, CO.

Check permits

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (801) 637-1303

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): Gravel pit on county road where road enters Sec. 10 east boundary.

The use of materials under BLM jurisdiction will conform to 43 CFR § 3610.2-3.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be lined with (native material, bentonite, synthetic material):

The reserve pit will be located: Blooiie pit 100' plus from well head, and the pit walls will be sloped at no greater than ___ to 1.

The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.

Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

8. Ancillary Facilities: NA

9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1" = 50'.

All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR § 3162.6.

Access to the well pad will be from: County road approx. 2200' to location

The blooie line will be located: _____, at least 100 feet from the well head.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed: _____

10. Plans for Restoration of the Surface:

The top 1-2 inches of topsoil material will be removed from the location and stockpiled separately on: South end of Drilling Pad

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

All road surfacing will be removed prior to the rehabilitation of roads.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be recontoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between _____ and _____, or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

13. Lessee's or Operator's Representative and Certification

Representative:

Name: Frank I. Pritchett, Jr.

Title: Independent Geologist

Address: 323 Buck Ave., Vacaville, CA 95688

Phone No.: (707) 449-7872

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Caza Drilling Co

and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under BLM bond no. . This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Frank I. Pritchett, Jr.
Signature

Operator
Title

9/19/97
Date

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Building Location- Contact the Resource Area, Natural Resource Protection Specialist at least 48 hours prior to commencing construction of location.

Spud- The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First Production- Should the well be successfully completed for production, the District Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the District Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the District Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomical is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

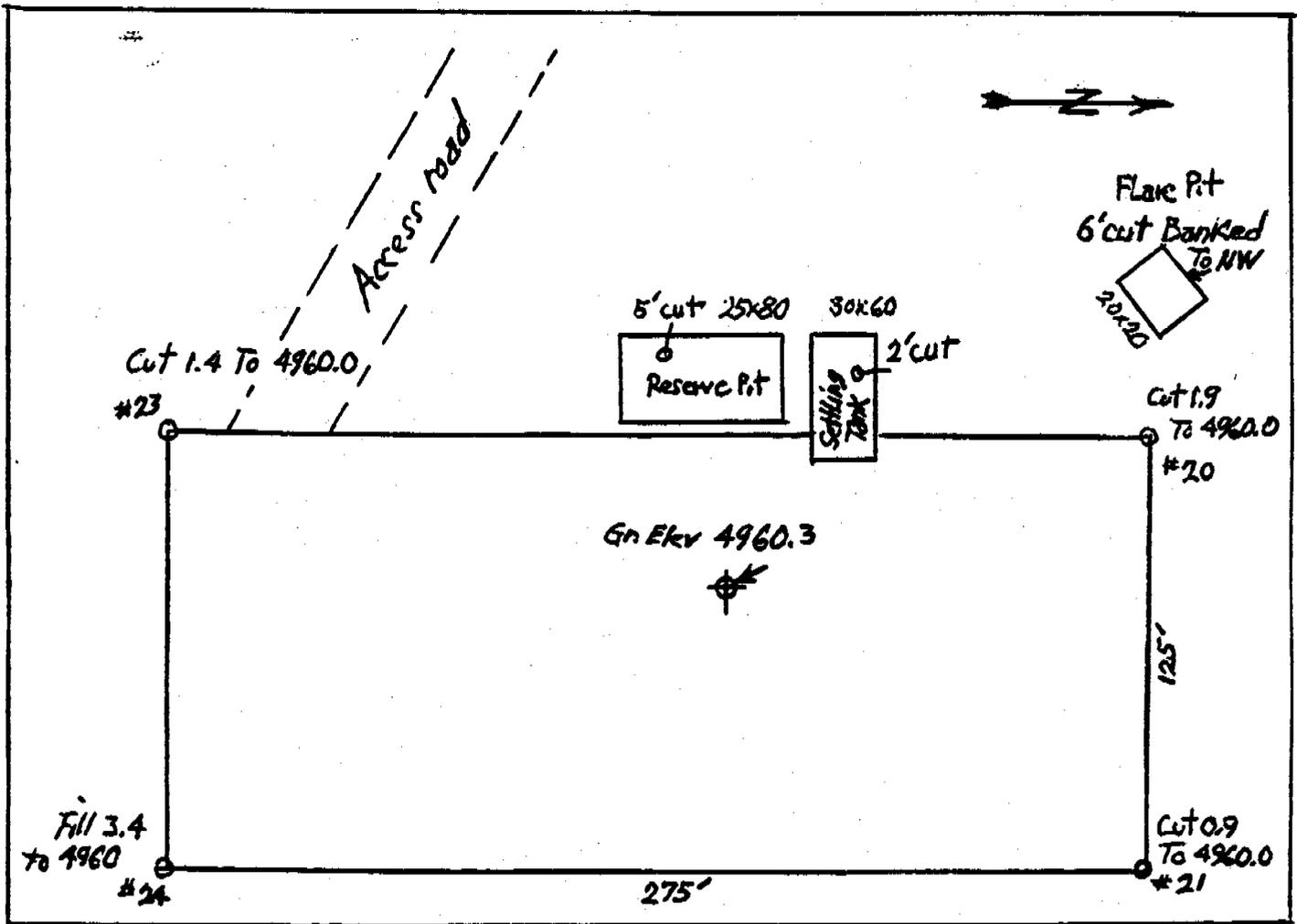
Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along a water analysis, if required, will be submitted to the District Office for approval pursuant Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the District Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the District Office prior to initiating plugging operations.

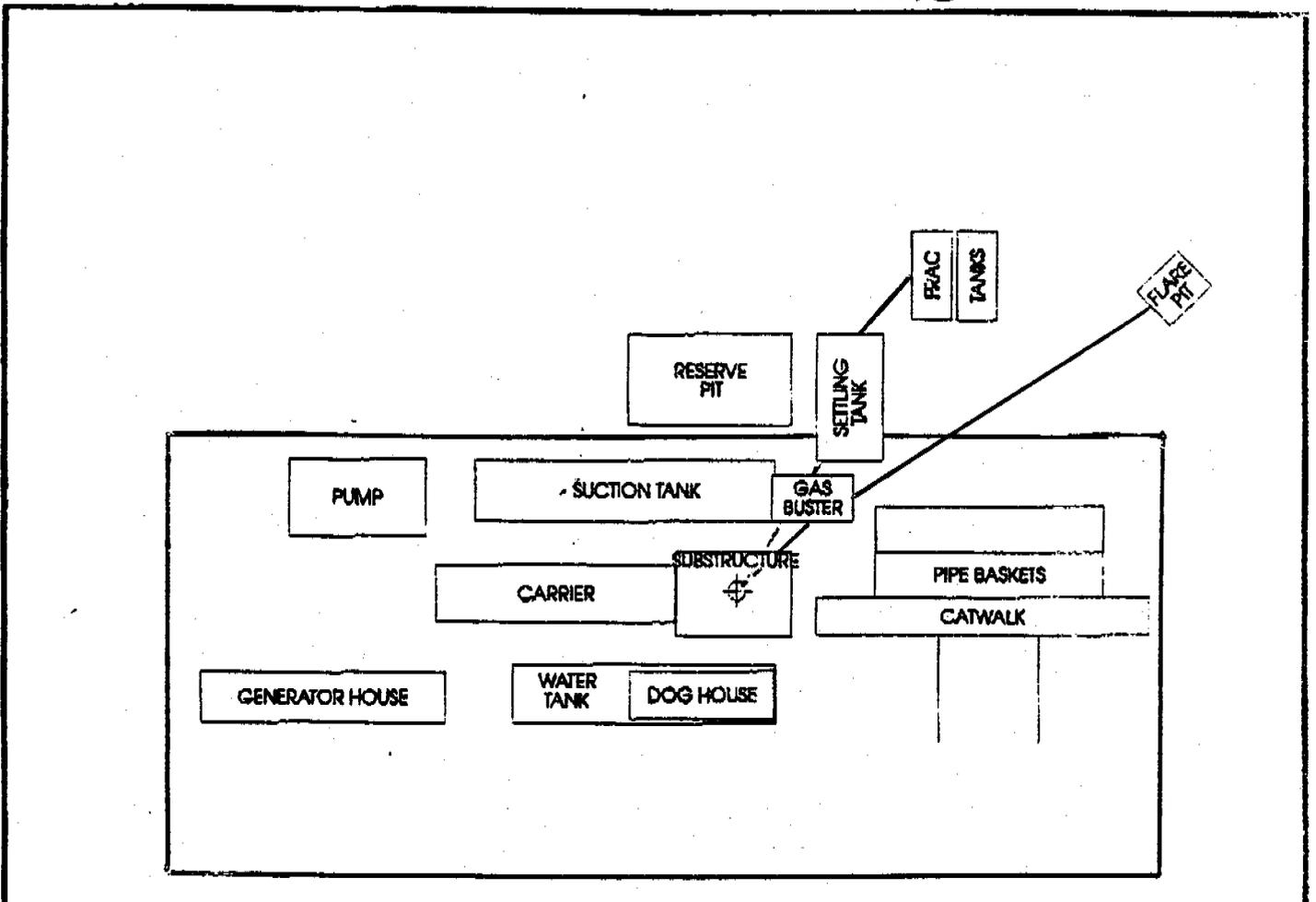
A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Office, within thirty (30) days following plugging and abandonment of the well. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

Pad Layout for Caza Drg Rig #56
 Corners are staked with cut or fill
 marked as shown. Flare pit is 150'
 from wellhead
 Scale 1" = 50 ft.



CAZA Drilling Inc. RIG No. 56

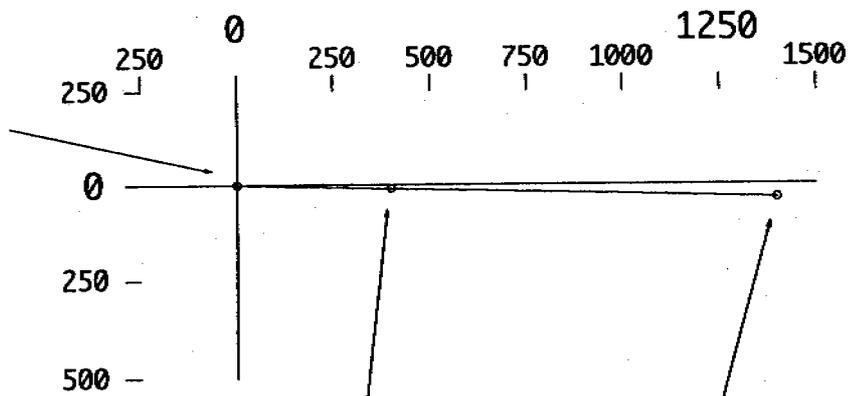
Scale 1" = 50'



Pritchett Production Company
 Pritchett Book Cliff No. 3
 Sec. 10, TN-18-S, Rge-24-E
 Grand County, Utah



HORIZONTAL PLAN
 Scale 1" = 500'



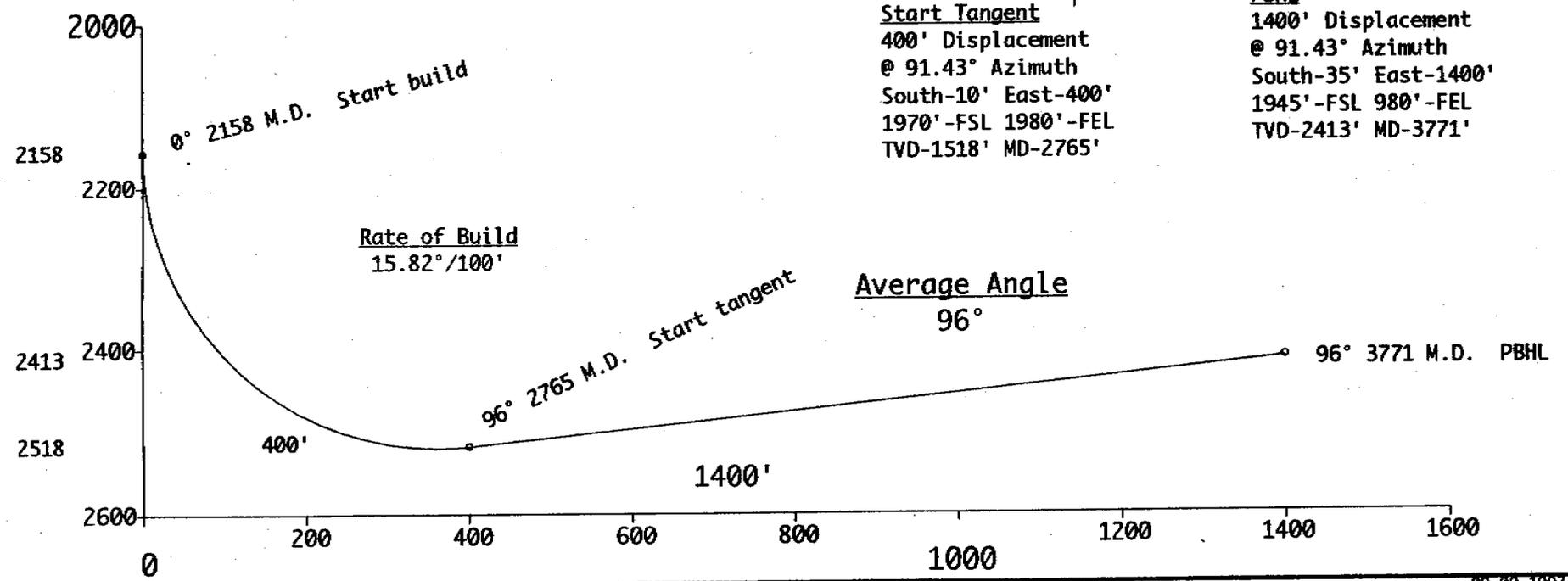
Sur. Loc.
 1980'-FSL 2380'-FEL

PDS PERFORMANCE
 DRILLING
 SPECIALISTS INC.

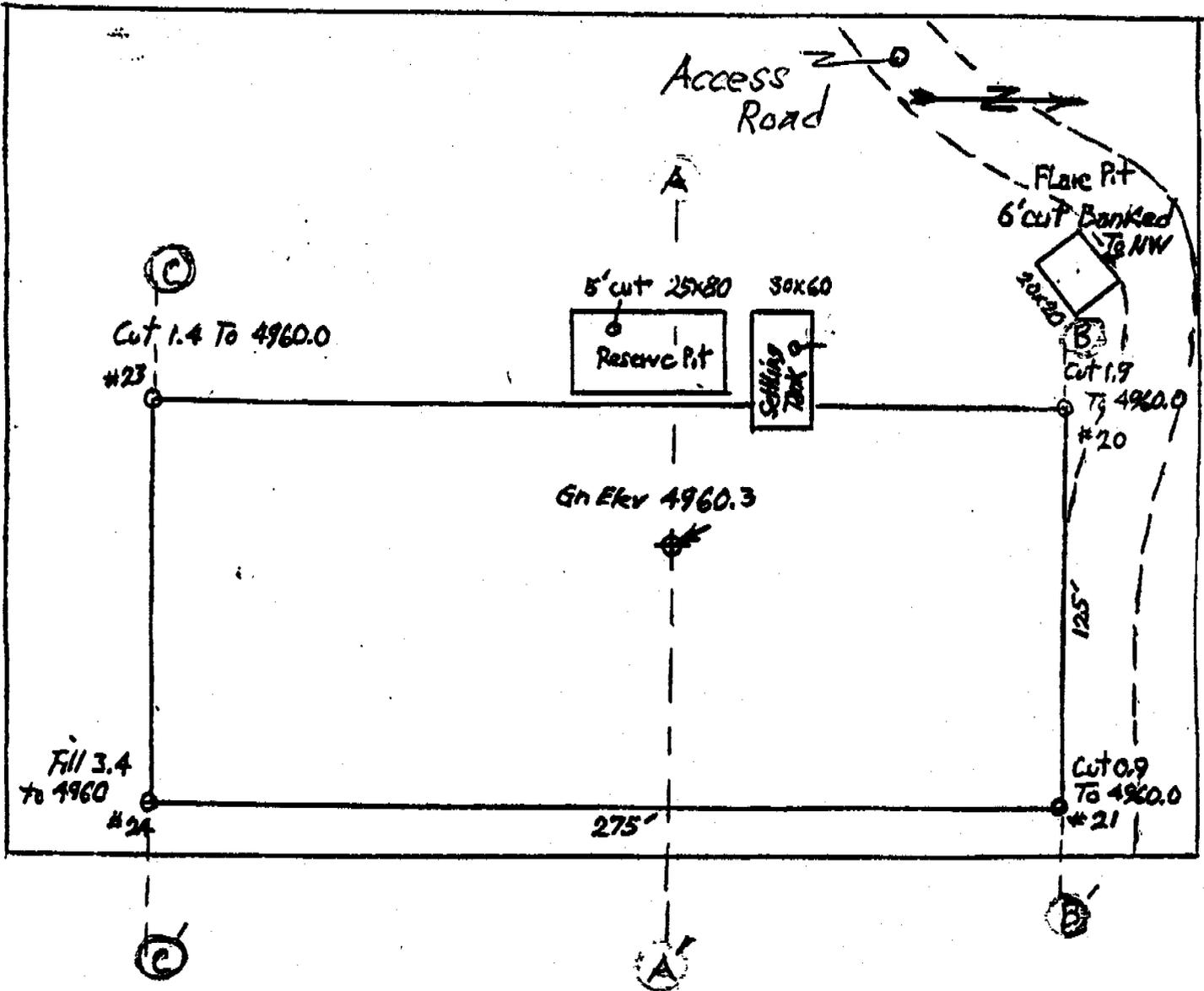
Start Tangent
 400' Displacement
 @ 91.43° Azimuth
 South-10' East-400'
 1970'-FSL 1980'-FEL
 TVD-1518' MD-2765'

PBHL
 1400' Displacement
 @ 91.43° Azimuth
 South-35' East-1400'
 1945'-FSL 980'-FEL
 TVD-2413' MD-3771'

PLANE OF PROPOSAL
 91.43°
VERTICAL SECTION
 Scale 1" = 200'

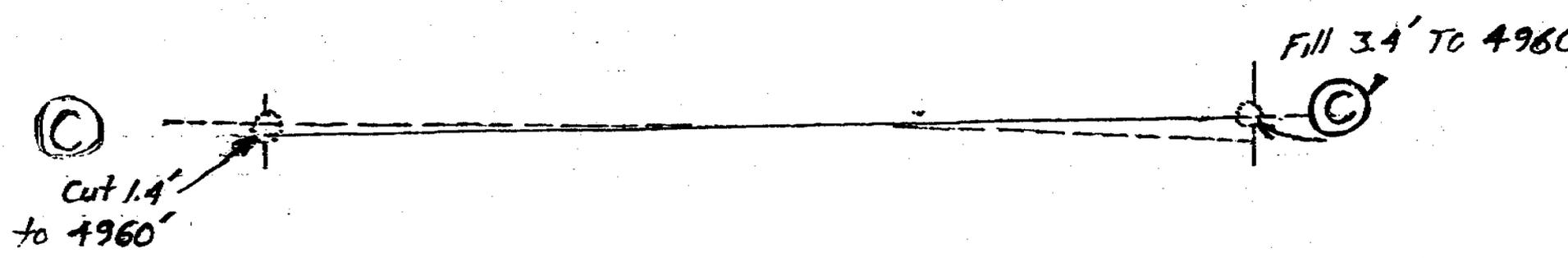
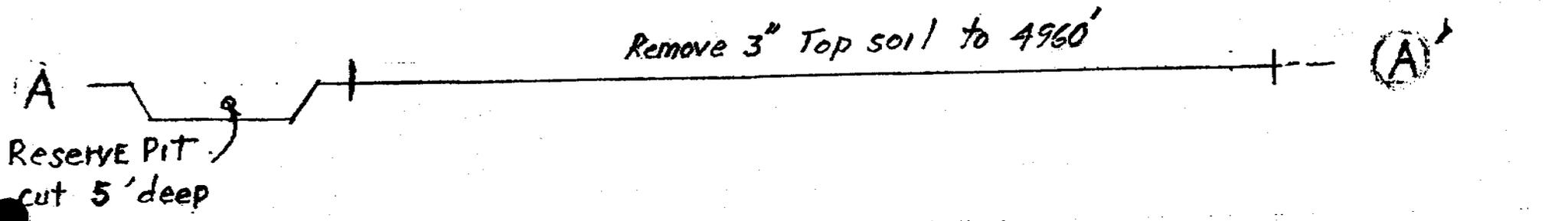
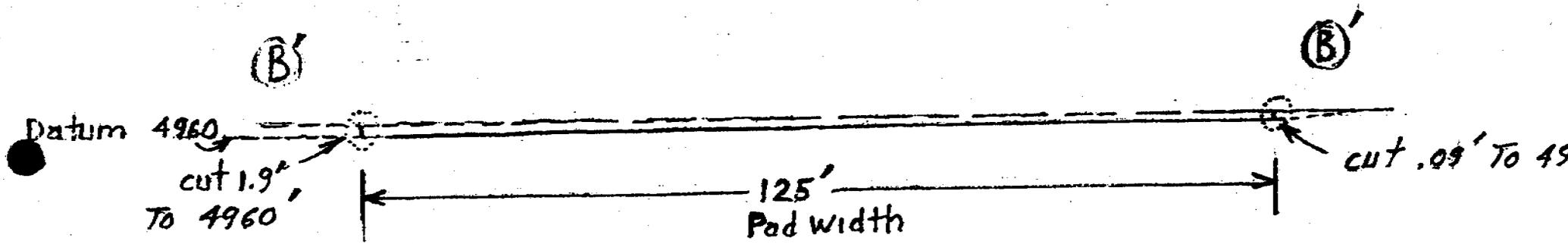


Pad Layout for Caza Drg Rig #56
 Corners are staked with cut or fill
 marked as shown. Flare pit is 150'
 from wellhead
 Scale 1" = 50 ft.

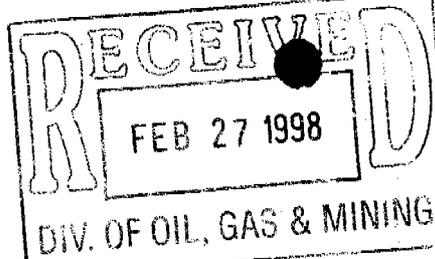


CROSS SECTIONS A-A', B-B', C-C'

Showing cut and fill across
Drilling Pad for Caza Drg. Rig #56



FORM 2800-14
(August 1985)



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT
SERIAL NUMBER UTU-75346

-
1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).

 2. Nature of Interest:
 - a. By this instrument, the holder:

Frank I. Pritchett, Jr.
532 Lorraine Court
Grand Junction, Colorado 81504

receive a right to use, maintain, and terminate an access road on public lands described as follows:

T. 18 S., R. 24 E., SLM.
Section 10, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$.

 - b. The right-of-way granted herein is 35 feet wide, 2000 feet long and contains 1.61 acres, more or less.

 - c. This instrument shall terminate 30 years from its effective date unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.

 - d. This instrument may be renewed. If renewed, the right-of-way shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.

 - e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental: Waived as provided in 43 CFR 2803.1-2.

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The map, Exhibit A, attached hereto, is incorporated into and made a part of this grant instrument.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.
- g. No surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to special stipulations in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.
- h. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer. Within five working days the authorized officer will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- a timeframe for the authorized officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the authorized officer are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the authorized officer will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The authorized officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the authorized officer that the required mitigation has been completed, the operator will then be allowed to resume construction.

- i. Sixty (60) days prior to termination of the right-of-way, the holder shall contact the authorized officer to arrange a joint inspection of the right-of-way. This inspection will be held to agree to an acceptable termination (and rehabilitation) plan. This plan shall include, but is not limited to, removal of facilities, drainage structures, or surface material, recontouring, topsoiling, or seeding. The authorized officer must approve the plan in writing prior to the holder's commencement of any termination activities.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant.

Frank P. [Signature]
 (Signature of Holder)

[Signature]
 (Signature of BLM Authorized Officer)

Lease owner
 (Title)

Assistant District Manager - Resources Mgt.
 (Title)

10/17/97
 (Date)

2/25/98
 (Effective Date of Grant)

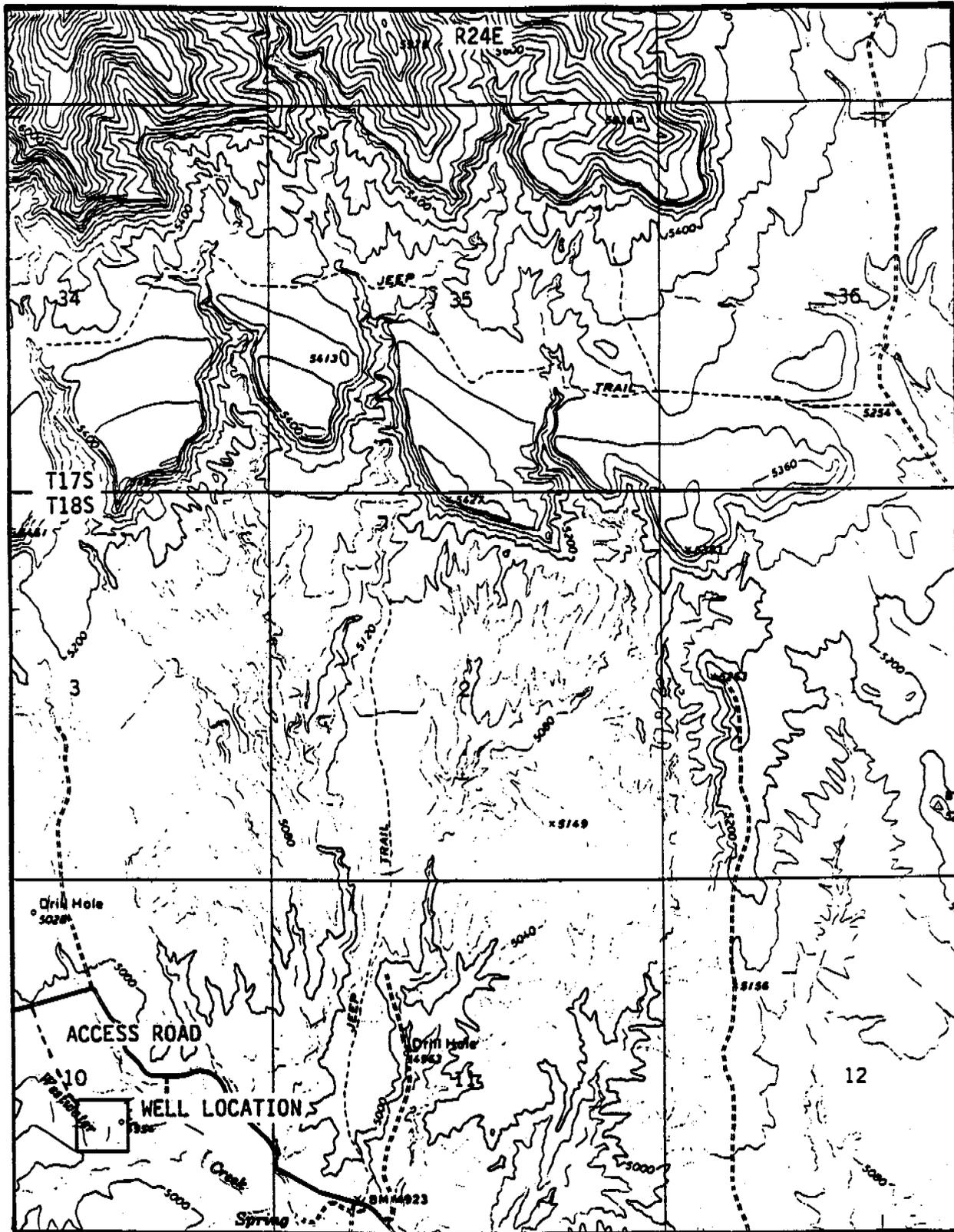


Exhibit A - Right-of-Way UTU-75346
Road to Bookcliffs #3 Well
T. 18 S., R. 24 E., Section 10
Grand County, Utah

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. <u>U-75817-UTU 76305</u>
2. Name of Operator <u>Performance Drilling Motors, Inc. (PDM, Inc.)</u>	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. <u>P.O. Box 621149 Littleton, Colorado 80162 303-904-9058</u>	7. If Unit or CA, Agreement Designation <u>Bookcliffs # 3</u>
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <u>970-434-9265</u>	8. Well Name and No.
	9. API Well No. <u>43-019-31366</u>
	10. Field and Pool, or Exploratory Area <u>Wildcat</u>
	11. County or Parish, State <u>Grand Co., Utah</u>

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

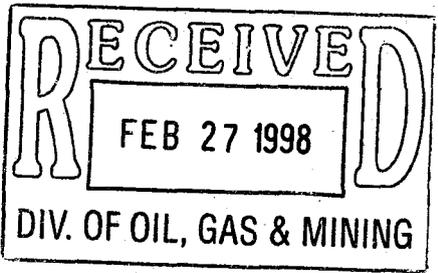
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/>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

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

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

The original APD was filed with Frank I. Pritchett, Jr. as operator.
The designated operator will now be as stated above ref. Line 2.

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**



RECEIVED
OAR FIELD OFFICE
1998 FEB 24 PM 3:51
DEPT OF THE INTERIOR
BUREAU OF LAND MGMT

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

Signed Bam H. Bueh Title President Date 2-22-98

(This space for Federal or State office use)

Approved by X5 Ooka Title Assistant Field Manager, Resource Management Date 2/25/98

Conditions of approval, if any: CONDITIONS OF APPROVAL ATTACHED

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

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/27/98

API NO. ASSIGNED: 43-019-31366

WELL NAME: BOOKCLIFFS #3
OPERATOR: PERFORMANCE DRILLING (NA) (NE/OF)

PROPOSED LOCATION:
NWSE 10 - T18S - R24E
SURFACE: 1970-FSL-2380-FEL
BOTTOM: 1970-FSL-2380-FEL
GRAND COUNTY
UNDESIGNATED FIELD (002)

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: FED
LEASE NUMBER: UTU - 76305

PROPOSED PRODUCING FORMATION: DKTA

RECEIVED AND/OR REVIEWED:

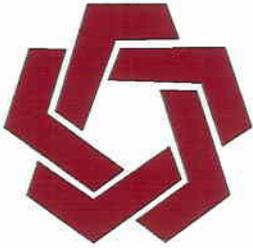
- Plat
- Bond: Federal State Fee
(Number UT 1095)
- Potash (Y/N)
- Oil shale (Y/N)
- Water permit
(Number PAC 3-0477 COLORADO)
- RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

- R649-2-3. Unit: _____
- R649-3-2. General.
- R649-3-3. Exception.
- Drilling Unit.
Board Cause no: _____
Date: _____

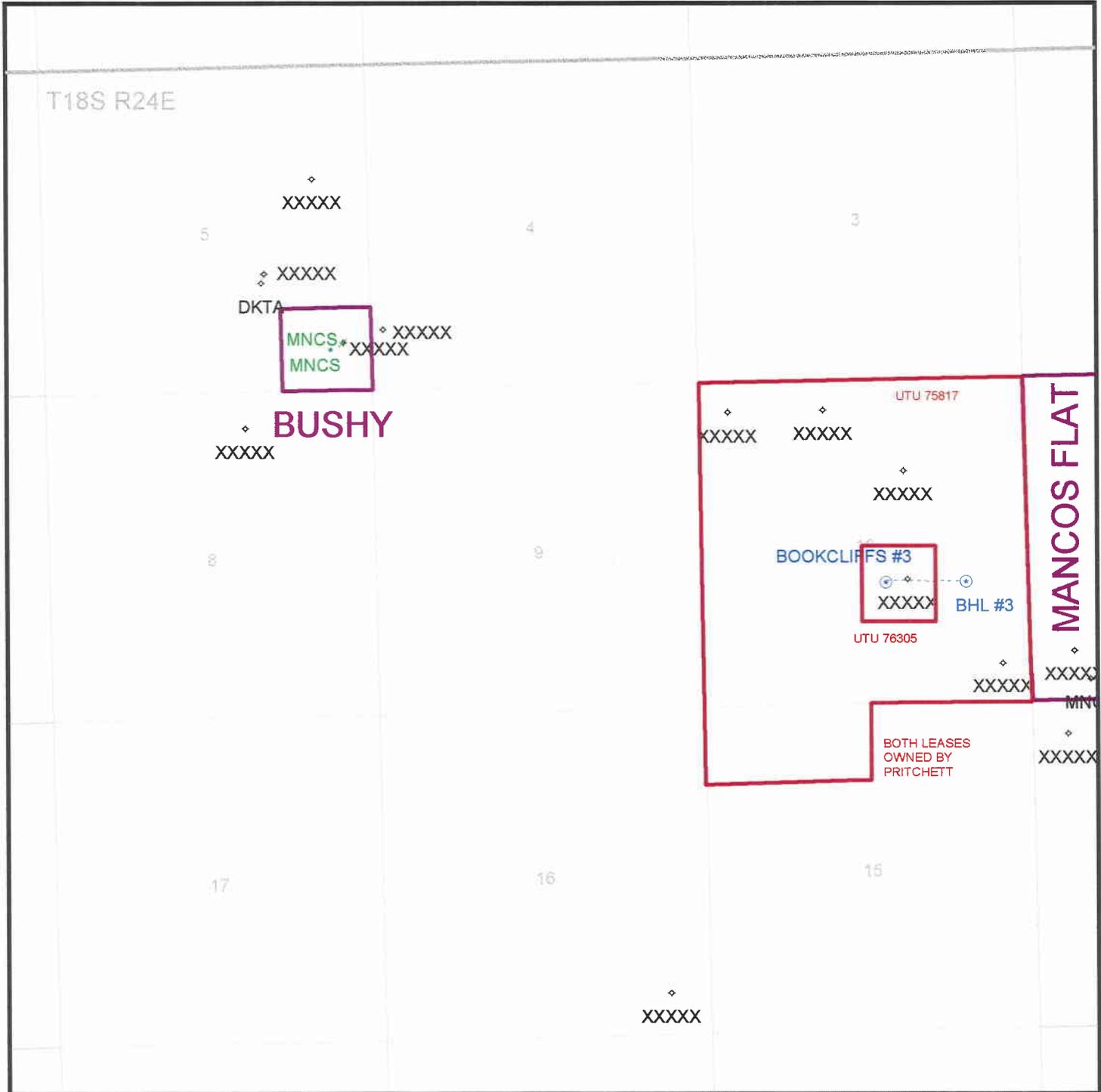
COMMENTS: _____

STIPULATIONS: 1. Directional drilling



DIVISION OF OIL, GAS & MINING

OPERATOR: PERFORMANCE DRILLING (N)
FIELD: UNDESIGNATED (002)
SEC. 10, TWP. 18S, RNG. 24E,
COUNTY: GRAND UAC: R649-2-3 EXCEPTION



DATE PREPARED:
2-MAR-1998



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

March 2, 1998

Performance Drilling Motors, Inc.
P.O. Box 621149
Littleton, Colorado 80162

Re: Bookcliffs #3 Well, 1970' FSL, 2380' FEL, NW SE, Sec. 10,
T. 18 S., R. 24 E., Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31366.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza".

John R. Baza
Associate Director

lwp

Enclosures

cc: Grand County Assessor
Bureau of Land Management, Moab District Office

Operator: Performance Drilling Motors, Inc.
Well Name & Number: Bookcliffs #3
API Number: 43-019-31366
Lease: UTU-76305
Location: NW SE Sec. 10 T. 18 S. R. 24 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Utah Admin. R. 649-3-11, Directional Drilling, submittal of a complete angular deviation and directional survey report is required.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: PDM INC.

Well Name: #3 BOOKCLIFFS

Api No. 43-019-31366

Section 10 Township 18S Range 24E County GRAND

Drilling Contractor CAZA

Rig # 16

SPUDDED:

Date 3/15/98

Time _____

How ROTARY

Drilling will commence _____

Reported by FRANK PRITCHETT

Telephone # 1-970-434-9265

Date: 3/26/98 Signed: JLT

J

Att. ~~Eric Jones~~, John Baza

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0185
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial No.
NTL 76305

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Performance Drilling Motors, Inc. (PDM, Inc.)

3. Address and Telephone No.

P.O. box 621149, Littleton CO, 80162 (303) 904-9058

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

2350 Fel-1980 FSL, Section 10, T18S-R24E

8. Well Name and No.

Bookcliffs #3R

9. API Well No.

43-019-31366

10. Field and Pool, or Exploratory Area

Wildcat

11. County or Parish, State

Grand Co, Utah

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

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

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

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Will plug back to 700' and re-drill vertical hole to 2158. Begin rigging up Tues, Mar 31, 1998 @ 2158 will build curve & TD 1945 FSL - 980 FEL Sec. 10. T18S-R24E. Grand Co., Utah. TVD 2413 - MD 3771

Ph. Frank Pritchett (970) 434-9265

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

Signed

Frank Pritchett

Title

Agent for Performance Drilling Motors Inc. (PDM, Inc)

Date

3/30/98

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if

Accepted by the Utah Division of Oil, Gas and Mining

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

*See instruction on Reverse Side

FOR RECORD ONLY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial No.

LITU 76305

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Performance Drilling Motors, Inc. (PDM, Inc)

3. Address and Telephone No.

P.O. box 621149 Littleton, CO 80162 (303) 904-9058

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

2350 FEL-1980 FSL, Section 10, T18S R24E

8. Well Name and No.

Bookcliffs #3R

9. API Well No.

43-019-31366

10. Field and Pool, or Exploratory Area

Wildcat

11. County or Parish, State

Grand Co., Utah

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

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other

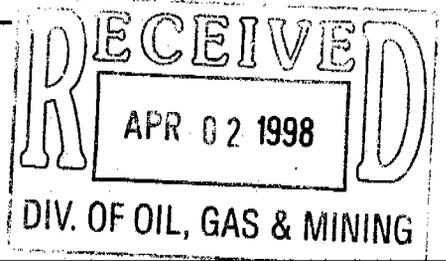
Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

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

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Begin rigging up Tues., Mar 31, 1998. Will plug back to 700' and re-drill hole with directional tools To 2158. At 2158 will build Turn e TD 1945-FSL-980 FEL, Sec. 10
TVD = 2413 - MD = 3771

Ph. Frank Pritchett (970) 434-9265



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

Signed

Frank Pritchett

Title Agent for Performance Dr. Motors Inc Date 3/30/98

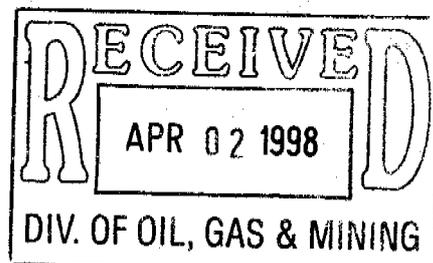
(This space for Federal or State office use)

Approved by
Conditions of approval, if any:

Title

Date

PDM Inc. #3 Bookcliffs		
Daily Drilling Report		
Loc. 2380 Fel-1980 Fsl, Sec.10		
Grand County, Utah		
El. Gr. 4960 Kb. 4976		
Date	Total depth	Activity
1998		
2-Mar	0	Building location
3-Mar		Finish building location
4-Mar		"
5-Mar		Prep to set conductor pipe
6-Mar		"
7-Mar		Moving in rat hole rig
8-Mar	72'	Dig cellar and conductor, rat&mouse hole
9-Mar	72'	finish setting conductor pipe
10-Mar	72'	Waiting on rig move
11-Mar	72'	"
12-Mar	72'	Moving Caza rig #16
13-Mar	72'	"
14-Mar	72'	Rigging up
15-Mar	72'	Spud 4:30 AM
16-Mar	322'	Set 321' 8 5/8 24# w 300sks reg+2%cacl
17-Mar	360'	Drg sh.
18-Mar	1237'	"
19-Mar	2145'	Start building curve. Dev.7-3/4 degrees @ 2145'
20-Mar	2250'	Convert from foam to KCL mud
21-Mar	2300'	drg w kcl mud
22-Mar	3030'	Cut fault in Dakota coal. Temp.suspended
23-Mar	"	waiting on orders
24-Mar	"	"
25-Mar	"	"
26-Mar	"	"
27-Mar	"	"
28-Mar	"	"
29-Mar	"	"
30-Mar	"	"
31-Mar	"	"



THOMAS MWD SERVICES

A DIVISION OF THOMAS TOOLS, INC.

43-019-31366
Sec 10, T18S R24E

FIELD SURVEY CALCULATIONS

DATE_PRINTED:	4-14-98	TTI.REP.:	J.DESOTELL
COMPANY:	PDM INC.	WELL_NAME:	BOOKCLIFF # 3R
LOCATION:	GRAND COUNTY, UTAH	RIG:	CAZA #16
FILE_NAME:	*98M195.SRV	VERT.SEC.DIR.:	S 88.57 E
CALCULATION_MODEL:	Minimum Curvature Method	DEPTH_DATUM:	RKB
GRID_CONVERGENCE:	MAGN.DEC. 12.63 E	MAGN.TO_MAP_CORR.:	
COMMENTS:	TIE IN AT 345 FEET M.D.		
TRUE BEARINGS			

 ***** Survey Program *****

PAGE: 1

Date: 4/14/1998 Time: 12:31: 5

Filename: "98M195.SRV PDM INC. BOOKCLIFF # 3R

Target Coordinates: 8.3 S 333.2 E Target TVD: 2518.600

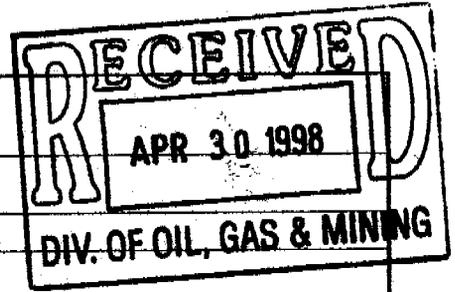
Using Minimum Curvature Method. TRUE BEARINGS GRAND CO. UTAH

S #	MEASURED DEPTH (feet)	DRIFT ANGLE (deg)	DRIFT DIRECTION (deg)	COURSE LENGTH (feet)	TRUE		RECTANGULAR --- COORDINATES (feet)	DOGLEG -SEVERITY DG/100FT
					VERTICAL DEPTH (feet)	VERTICAL SECTION (feet)		
0	345.0	5.10	124.100	0.0	344.5	0.0	8.6 S 12.7 E	0.00
1	380.0	5.40	123.400	35.0	379.4	15.6	10.4 S 15.4 E	0.88
2	409.0	5.80	116.700	29.0	408.3	18.1	11.8 S 17.8 E	2.64
3	438.0	6.30	113.900	29.0	437.1	20.9	13.1 S 20.6 E	2.00
4	467.0	6.50	112.800	29.0	465.9	23.9	14.4 S 23.5 E	0.81
5	556.0	6.30	100.500	89.0	554.4	33.4	17.2 S 33.0 E	1.55
6	646.0	6.00	103.000	90.0	643.8	42.9	19.2 S 42.4 E	0.45
7	735.0	5.40	100.900	89.0	732.4	51.6	21.0 S 51.1 E	0.71
8	765.0	5.40	101.900	30.0	762.3	54.4	21.6 S 53.8 E	0.31
9	856.0	5.10	104.700	91.0	852.9	62.5	23.5 S 61.9 E	0.43
10	950.0	5.40	121.300	94.0	946.5	70.4	26.8 S 69.8 E	1.64
11	1013.0	4.90	120.600	63.0	1009.2	75.3	29.7 S 74.6 E	0.80
12	1044.0	5.10	116.000	31.0	1040.1	77.7	31.0 S 77.0 E	1.44
13	1075.0	5.80	120.600	31.0	1071.0	80.4	32.4 S 79.6 E	2.66
14	1166.0	3.00	138.500	91.0	1161.7	86.0	36.6 S 85.1 E	3.39
15	1229.0	3.50	127.600	63.0	1224.6	88.7	39.0 S 87.7 E	1.26
16	1260.0	3.90	113.200	31.0	1255.5	90.4	40.0 S 89.4 E	3.25
17	1323.0	3.50	100.500	63.0	1318.4	94.3	41.1 S 93.3 E	1.44
18	1354.0	3.70	103.300	31.0	1349.4	96.2	41.5 S 95.2 E	0.86
19	1448.0	4.40	117.000	94.0	1443.1	102.4	43.9 S 101.4 E	1.27
20	1511.0	4.40	119.500	63.0	1505.9	106.8	46.2 S 105.6 E	0.30
21	1605.0	4.10	111.400	94.0	1599.7	113.1	49.2 S 111.9 E	0.71
22	1636.0	4.20	112.800	31.0	1630.6	115.2	50.0 S 114.0 E	0.46
23	1731.0	3.50	111.100	95.0	1725.4	121.2	52.4 S 119.9 E	0.75
24	1824.0	3.20	116.000	93.0	1818.2	126.2	54.6 S 124.9 E	0.45
25	1856.0	3.30	119.500	32.0	1850.2	127.8	55.4 S 126.5 E	0.69
26	1885.0	3.70	112.500	29.0	1879.1	129.4	56.2 S 128.1 E	2.02
27	1918.0	3.50	105.800	33.0	1912.1	131.4	56.9 S 130.0 E	1.41
28	1950.0	3.30	95.300	32.0	1944.0	133.3	57.2 S 131.9 E	2.04
29	1981.0	3.20	90.000	31.0	1974.9	135.0	57.3 S 133.6 E	1.02
30	2012.0	3.20	92.800	31.0	2005.9	136.7	57.3 S 135.4 E	0.50
31	2042.0	3.50	97.700	30.0	2035.9	138.5	57.5 S 137.1 E	1.38
32	2104.0	3.90	96.300	62.0	2097.7	142.5	58.0 S 141.1 E	0.66
33	2167.0	5.40	102.300	63.0	2160.5	147.5	58.9 S 146.1 E	2.50
34	2198.0	9.50	87.200	31.0	2191.2	151.5	59.0 S 150.1 E	14.55
35	2228.0	13.20	86.800	30.0	2220.7	157.4	58.7 S 156.0 E	12.34

S #	MEASURED DEPTH (feet)	DRIFT ANGLE (deg)	DRIFT DIRECTION (deg)	COURSE LENGTH (feet)	TRUE VERTICAL DEPTH (feet)	VERTICAL SECTION (feet)	RECTANGULAR COORDINATES (feet)	DOGLEG -SEVERITY DG/100FT
36	2260.0	17.40	82.600	32.0	2251.5	165.8	57.9 S 164.4 E	13.57
37	2291.0	22.50	81.200	31.0	2280.6	176.2	56.4 S 174.8 E	16.52
38	2323.0	27.80	81.500	32.0	2309.6	189.6	54.4 S 188.3 E	16.57
39	2353.0	33.30	81.900	30.0	2335.4	204.6	52.2 S 203.4 E	18.35
40	2385.0	37.00	79.800	32.0	2361.6	222.7	49.2 S 221.5 E	12.16
41	2417.0	40.10	84.300	32.0	2386.6	242.4	46.5 S 241.3 E	13.06
42	2448.0	45.00	85.400	31.0	2409.4	263.2	44.6 S 262.2 E	15.99
43	2478.0	50.00	87.500	30.0	2429.7	285.2	43.3 S 284.2 E	17.45
44	2508.0	55.10	87.900	30.0	2447.9	309.0	42.3 S 308.0 E	17.03
45	2538.0	60.00	87.900	30.0	2464.0	334.2	41.4 S 333.3 E	16.33
46	2570.0	64.90	88.200	32.0	2478.8	362.5	40.4 S 361.7 E	15.34
47	2602.0	69.80	88.900	32.0	2491.2	392.0	39.7 S 391.2 E	15.44
48	2633.0	74.80	91.000	31.0	2500.6	421.5	39.7 S 420.7 E	17.37
49	2665.0	79.50	91.000	32.0	2507.7	452.7	40.2 S 451.9 E	14.69
50	2695.0	84.30	90.700	30.0	2511.9	482.4	40.6 S 481.6 E	16.03
51	2727.0	89.00	90.300	32.0	2513.8	514.4	40.9 S 513.5 E	14.74
52	2759.0	93.60	90.700	32.0	2513.1	546.3	41.2 S 545.5 E	14.43
53	2790.0	95.00	90.300	31.0	2510.7	577.2	41.5 S 576.4 E	4.70
54	2805.0	94.80	90.300	15.0	2509.5	592.2	41.6 S 591.3 E	1.33
55	2821.0	94.80	90.700	16.0	2508.1	608.1	41.7 S 607.3 E	2.49
56	2836.0	94.80	90.300	15.0	2506.9	623.1	41.8 S 622.2 E	2.66
57	2852.0	94.80	90.300	16.0	2505.5	639.0	41.9 S 638.2 E	0.00
58	2867.0	94.80	90.700	15.0	2504.3	654.0	42.0 S 653.1 E	2.66
59	2927.0	92.70	90.300	60.0	2500.3	713.8	42.6 S 713.0 E	3.56
60	2977.0	92.40	90.000	50.0	2498.1	763.8	42.7 S 762.9 E	0.85
61	3008.0	92.90	90.300	31.0	2496.7	794.7	42.8 S 793.9 E	1.88
62	3039.0	93.10	90.000	31.0	2495.1	825.7	42.8 S 824.9 E	1.16
63	3071.0	92.90	89.600	32.0	2493.4	857.6	42.7 S 856.8 E	1.40
64	3101.0	92.70	89.600	30.0	2491.9	887.6	42.5 S 886.8 E	0.67
65	3165.0	93.40	88.900	64.0	2488.5	951.4	41.7 S 950.7 E	1.55
66	3228.0	93.40	88.900	63.0	2484.8	1014.2	40.5 S 1013.6 E	0.00
67	3255.0	93.40	88.600	27.0	2483.2	1041.2	39.9 S 1040.5 E	1.11

--- Final Closure Direction: 92.196
--- Final Closure Distance: 1041.266 feet

43-019-31366



PDM Inc. #3 Bookcliffs

Daily Drilling Report

Loc. 2380 Fel-1980 Fsl, Sec.10

Grand County, Utah

El. Gr. 4960 Kb. 4976

Date	Total depth	Activity
1998		
2-Mar	0	Building location
3-Mar		Finish building location
4-Mar		"
5-Mar		Prep to set conductor pipe
6-Mar		"
7-Mar		Moving in rat hole rig
8-Mar	72'	Dig cellar and conductor, rat&mouse hole
9-Mar	72'	finish setting conductor pipe
10-Mar	72'	Waiting on rig move
11-Mar	72'	"
12-Mar	72'	Moving Caza rig #16
13-Mar	72'	
14-Mar	72'	Rigging up
15-Mar	72'	Spud 4:30 AM
16-Mar	322'	Set 321' 8 5/8 24# w 300sks reg+2%cacl
17-Mar	360'	Drg sh.
18-Mar	1237'	"
19-Mar	2145'	Start building curve. Dev. 7-3/4 degrees @ 2145'
20-Mar	2250'	Convert from foam to KCL mud
21-Mar	2300'	drg w kcl mud
22-Mar	2932'	Cut fault in Dakota coal. Temp. suspended
23-Mar	"	waiting on orders
24-Mar	"	"
25-Mar	"	"
26-Mar	"	"
27-Mar	"	"
28-Mar	"	"
29-Mar	"	"
30-Mar	"	"
31-Mar	"	"
Apr.1	Rig up	Prep to plug back to 700'
Apr.2	Drill out plugs	Set block and cement to 700' WOC.
Apr.3	700'	Prep to begin vertical hole with directional tools
Apr.4	1230	drg sh
Apr.5	1590	drg sh
Apr.6	2213	Start building curve at 2159
Apr.7	2680	curve too steep, plug back to 2150 and re-drill

Date	Total Depth	Activity
Apr.8	2150	WOC
Apr. 9	2370	Drg. sltstn
Apr.10	2780	Drg sltstn
Apr.11	3300	Ran 5 1/2' prod csg to 2450
Apr.12	3300	waiting on swabbing unit

DIVISION OF HIGHWAYS
STATE OF TEXAS
RECEIVED

Co. Road

Westwater Creek

GWD Co. Bookcliffs #1



48 49

58 59

60

61

62

63

64

65

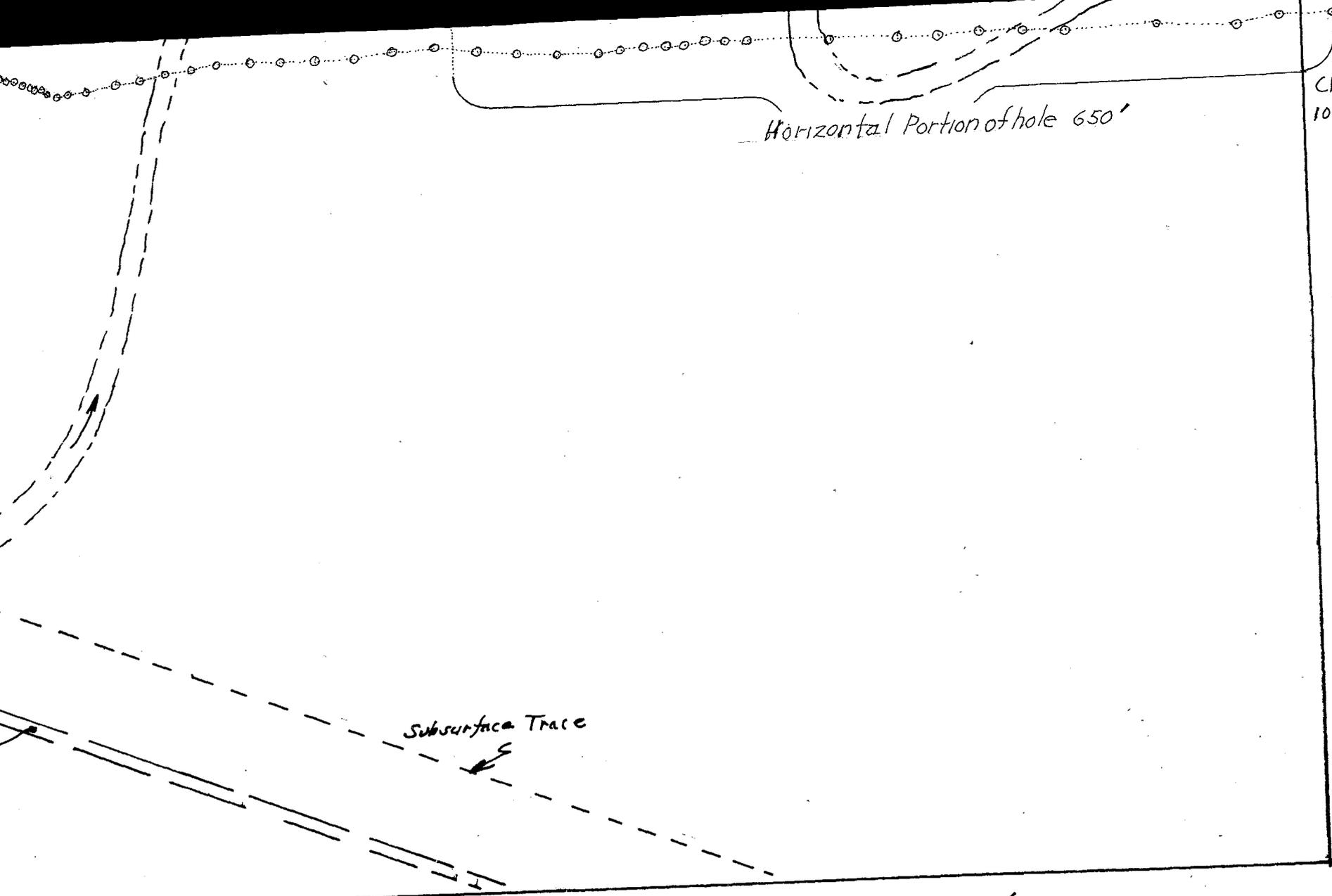
66

67

68

1

MTD
3300



Closure:
1086.0960

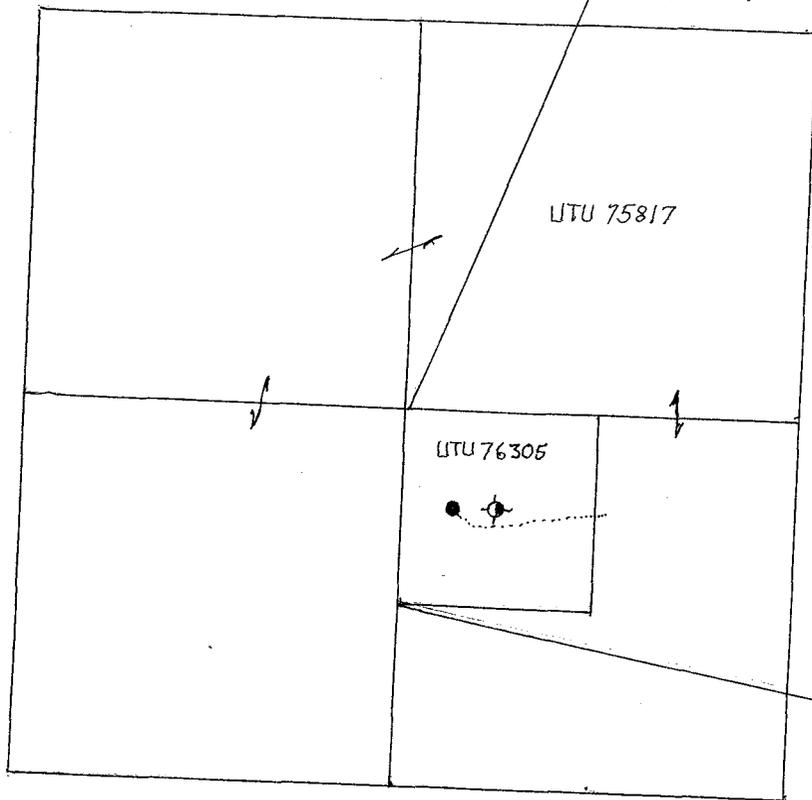
Horizontal Portion of hole 650'

Subsurface Trace

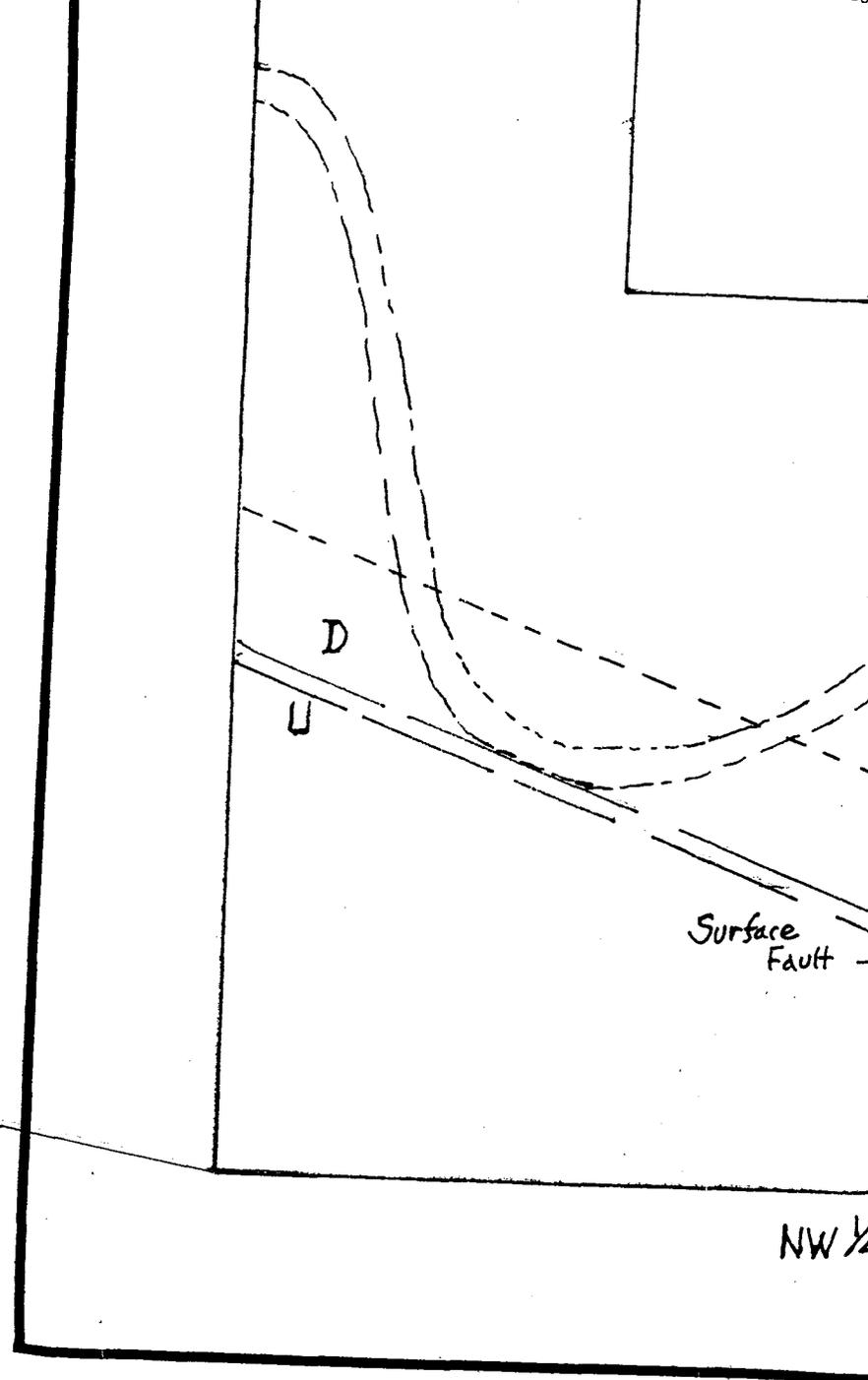
Scale: 1" = 100'

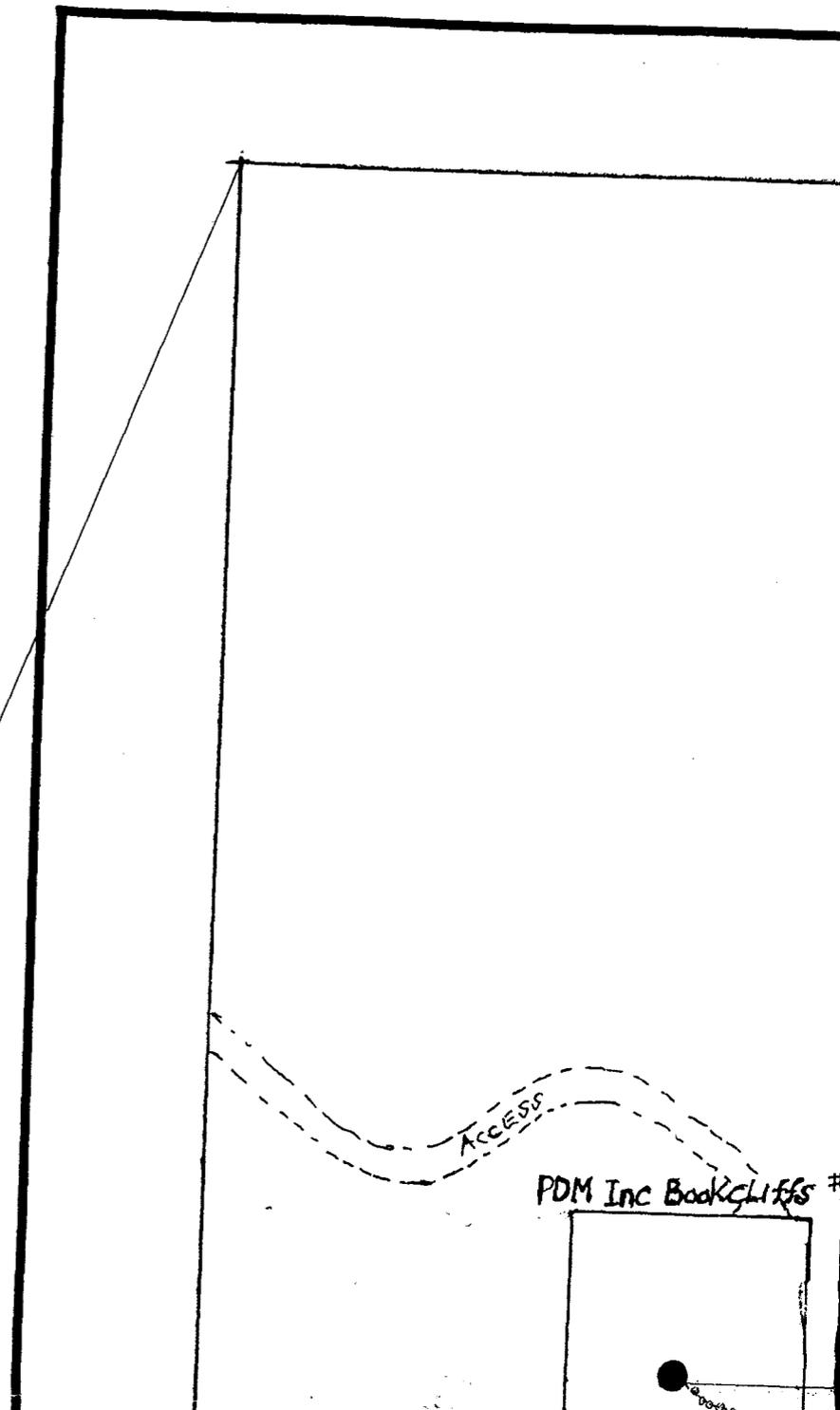
1/4-SE 1/4 Sec. 10 T18S-R24E

Ownership is the same for both Leaves.



Sec. 10, T18S - R24E
Grand Co, Utah.





ACCESS

PDM Inc BookGloss #



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

Michael O. Leavitt
 Governor

Ted Stewart
 Executive Director

Lowell P. Braxton
 Division Director

1594 West North Temple, Suite 1210
 PO Box 145801
 Salt Lake City, Utah 84114-5801
 801-538-5340
 801-359-3940 (Fax)
 801-538-7223 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING
 FACSIMILE COVER SHEET

DATE: 7-1-98

							P. 01	*
<u>TRANSACTION REPORT</u>								*
							JUL-01-98 TUE 11:05 AM	*
SEND (M)								*
DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M# DP	*
JUL-01	11:01 AM	18012592106	3' 15"	5	SEND	(M) OK	181	*
TOTAL							3M 15S PAGES: 5	*

If you do not receive all of the pages, or if they are illegible, please call (801)538-5340.
 We are sending from a sharp facsimile machine. Our telecopier number is (801)359-3940.

MESSAGES:

Eric: Here is the add'l info which it
 appears you do not have in your files,
 let me know what the field situation
 looks like if you can. Also, I'll be
 sending a letter your way in response
 to the attached letter. Take care;

Important: This message is intended for the use of the individual or entity of which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

BT

ROCKY MOUNTAIN GEO-ENGINEERING CORP.
BIT RECORD - FEET PER DAY - DEVIATION

(303) 243-3044

WELL NAME:	HOOKCLIFF #3	ELEVATION:	4960CL - 4976KBP
COMPANY:	PDM INC	SECTION:	SEC. 10, T18S, R24E
CONTRACTOR:	CAZA 16	COUNTY & STATE:	GRAND, UTAH
SPUD DATE:	3/15/98	ED. DATE:	3/22/98

BIT RECORD								FEET PER DAY			DEVIATION	
RUN	SIZE	MAKE	TYPE	IN/OUT	FTG	HOURS	FT/HR	DATE	DEPTH	FT	DEPTH	DEV.(DEG)
1	12.25	SEC	DTTJ	105	28	3.5	8.0	3/17/98	322	896	416	6
2	12.25	RTC	HP12J	322	217	5.5	39.5	3/18/98	1218	927	583	6.75
3	7.875	SEC	ERAD7C	2145	1823	33.75	54.0	3/19/98	2145	105	654	6
4	7.875	SEC	ERA22C	2932	787	39.5	19.9	3/20/98	2250	50	890	5.75
								3/21/98	2300	460	1196	5.75
								3/22/98	2760	172	1444	5.75
								3/23/98	2932		2105	7.75
											2141	8.06
											2173	13.31
											2204	20
											2236	26.06
											2268	30.44
											2297	34
											2324	36.5
											2356	39.81
											2387	41.7
											2417	44.81
											2449	48.9
											2480	54.1
											2512	58.9
											2542	63.6
											2572	68.3
											2602	73.3
											2636	76
											2666	78.8
											2698	81.6
											2728	83.3
											2758	86.2
											2789	84.4
											2821	84.6
											2852	84.2



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

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

July 1, 1998

Frank I. Pritchett, Jr.
Performance Drilling Motors, Inc.
P.O. Box 621149
Littleton, Colorado 80162

Re: Request for Temporary Unit Spacing for Bookcliffs #3 Well, API # 43-019-31366

Dear Mr. Pritchett:

The Division of Oil, Gas and Mining (the "Division") has received and is returning your request for temporary spacing for the above-referenced Performance Drilling Motors, Inc. ("PDM") horizontal well ("the well"). In order to consider your request, the Division requires submittal of the following information stipulated in our March 2, 1998 approval to drill the well.

- a complete angular deviation and directional survey report; and,
- completed forms including Form 8 (Well Completion Report and Log), Form 9 (Sundry Notices and Reports on Wells, and Form 10 (Monthly Oil and Gas Production Report).

In an attempt to gather information with regards to completion of the well, I spoke with Wayne Fisher of PDM on June, 4 1998. Mr. Fisher indicated that the well began producing at 22 BOPD on May 5, 1998.

We will be happy to process your request for temporary spacing upon receipt of the outstanding documentation for the well. Please call me at (801) 538-5274 or Brad Hill at (801) 538-5315 with any questions or concerns you may have.

Sincerely,

Robert J. Krueger, Petroleum Engineer

lwp

cc: Eric Jones, BLM, Moab
Brad Hill, Division
John Baza, Division
Well File

FISHERCONSULTING 9708839337 7.01
8002 WCR 24H
Loveland, CO. 80538
Ph. (970) 669-8217
Fax (970) 635-9337
E-Mail jwfisher@sprynet.com

Fisher Consulting

Fax

To: BOB KRUEGER From: Wayne Fisher
Fax: 801-359-3940 Date: 7/14
Phone: 801-538-5340 Pages 2 W/COVER
Re: PDM BOOKCIPES #3 CC:
 Urgent For Review Please Comment Please Reply Please Recycle

•Comments:

BOB,
THIS IS TO LET YOU KNOW ABOUT OUR
NEXT STEP TO IMPROVE THIS WELL

THANKS

Wayne

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

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

5. Lease Designation and Serial No.

UTU 76305

6. If Indian, Alibates or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

PDM BOOKCLIFFS #3

9. API Well No.

43-019-31366

10. Field and Pool, or Exploratory Area

MANCOS FLATS

11. County or Parish, State

GRAND, UTAH

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

PERFORMANCE DRILLING MOTORS INC.

3. Address and Telephone No.

P.O. BOX 621149 LITTLETON CO 80162

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

2380' FEL-1980' ESL, SEC 10, 18S, 24E (303) 904-9058

GRAND CO. UTAH

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

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

- Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other ACID WASH
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

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

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

PLAN TO DO AN ACID WASH DOWN THRU HORIZONTAL SECTION OF OPEN HOLE. (FROM 2604' TO 3300' MD)
ESTIMATE STARTING OPERATION 7/15/98. EXPECT TO BE COMPLETED 7/18/98

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

Signed J. Wayne Fisher

Title AGENT FOR PDM INC.

Date 7/14/98

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

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

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

*See instruction on Reverse Side

DEPARTMENT OF ENERGY
 DIVISION OF OIL, GAS AND MINING
 ENTITY ACTION FORM - FORM 6

OPERATOR Performance Drilling Motors, Inc. OPERATOR ACCT. NO. W 5165
 ADDRESS _____

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	APE NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
A	99999	12437	43-019-3866	Bookcliffs # 3	NAUSA	10	18S	24E	Grand Co. Utah	3/15/98	6/15/98

WELL 1 COMMENTS: Entity added 7-30-98. *lee*

WELL 2 COMMENTS:

RECEIVED

JUL 30 1998

DIV OF OIL, GAS & MINING

WELL 3 COMMENTS:

WELL 4 COMMENTS:

WELL 5 COMMENTS:

ACTION CODES (See instructions on back of form)
 A - Establish new entity for new well (single well only)
 B - Add new well to existing entity (group or unit well)
 C - Re-assign well from one existing entity to another existing entity
 D - Re-assign well from one existing entity to a new entity
 E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each action code was selected.

Shawn Patrick

 Signature
 Agent for PDM, Inc. 7/30/98
 Title Date
 Phone No. (970) 434-9265

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____
b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RENVR. Other _____

2. NAME OF OPERATOR
PERFORMANCE DRILLING MOTORS INC.

3. ADDRESS OF OPERATOR
P.O. Box 621149 LITTLETON CO. 80162

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface *2380' FEL-1980' FSL, SEC 10-7185-R24E*

At top prod. interval reported below
At total depth *2295' FEL-1949' FSL SEC 10-7185-R24E*

14. PERMIT NO. *43-019-31366* DATE ISSUED *2-25-98*

5. LEASE DESIGNATION AND SERIAL NO.
UTU 76305

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
PRITCHETT

9. WELL NO.
PDM BOOKCLIFFS #3

10. FIELD AND POOL, OR WILDCAT
WILDCAT

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
*NW/SE SEC 10
7185-24E*

12. COUNTY OR PARISH
GRAND

13. STATE
UTAH

15. DATE SPUNDED *3-15-98* 16. DATE T.D. REACHED *4-12-98* 17. DATE COMPL. (Ready to prod.) *5-6-98*

18. ELEVATIONS (DF, RKB, RT, OR, ETC.)* *4690 G.L.* 19. ELEV. CASINGHEAD *4690 G.L.*

20. TOTAL DEPTH, MD & TVD *3300 MD/2480 TVD* 21. PLUG, BACK T.D., MD & TVD *SAME*

22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY
→ ROTARY TOOLS *X* CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
TOP 2480 TVD - 2570 MD

25. WAS DIRECTIONAL SURVEY MADE
YES

26. TYPE ELECTRIC AND OTHER LOGS RUN
FROM 322' TO 2245'

27. WAS WELL CORRED
NO

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<i>8 5/8</i>	<i>24 #</i>	<i>320</i>	<i>12 1/4</i>	<i>304 SXS STANDARD</i>	<i>N/A</i>
<i>5 1/2</i>	<i>15.5 #</i>	<i>2604</i>	<i>7 7/8</i>	<i>NONE</i>	<i>N/A</i>

29. LINER RECORD

30. TUBING RECORD

31. PERFORATION RECORD (Interval, size and number)
NONE - OPEN HOLE COMPLETION

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

33.* PRODUCTION

DATE FIRST PRODUCTION *5/5/98* PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) *PUMPING - 1 1/2" x 48" x 2" PUMPER* WELL STATUS (Producing or shut-in) *PRODUCING*

DATE OF TEST *5/6/98* HOURS TESTED *24* CHOKER SIZE *N/A* PROD'N. FOR TEST PERIOD *→* OIL—BBL. *11* GAS—MCF. *DRUG. MUD* WATER—BBL. *24* GAS-OIL RATIO *N/A*

FLOW. TUBING PRBS. *12* CASING PRESSURE *30* CALCULATED 24-HOUR RATE *→* OIL—BBL. GAS—MCF. *38* OIL GRAVITY/API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) *USED FOR FUEL AND VENTED* TEST WITNESSED BY *WAYNE FISHER*

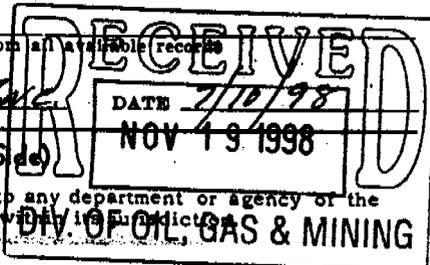
35. LIST OF ATTACHMENTS
ELECTRIC LOG'S, MUD LOG'S, DIRECTIONAL MAP & SURVEY'S

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *J. Wayne Fisher* TITLE *AGENT E/PDM INC.*

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

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



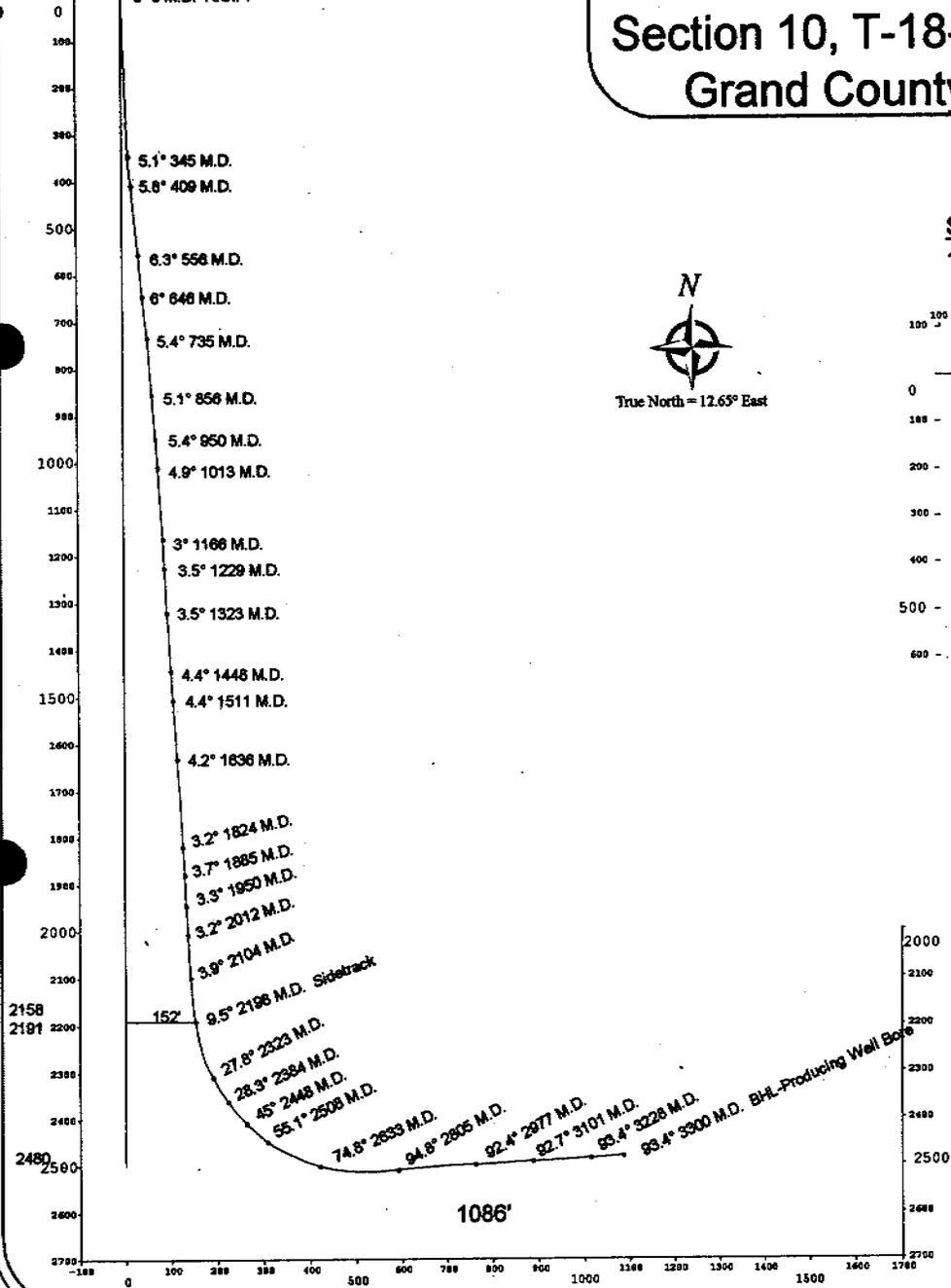
PLANE OF PROPOSAL

91.43° Azimuth

VERTICAL SECTION

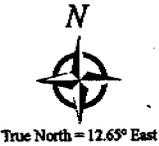
Scale 1" = 400'

0' 0 M.D. K.O.P.



PDM
Book Cliff Well No. 3
Section 10, T-18-S, R-24-E
Grand County, Utah

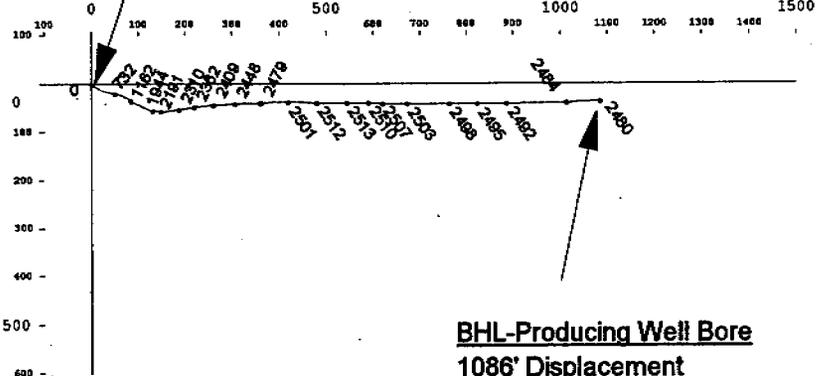
43-019-31366



Surface Location
 1980'-FSL 2380'-FEL

HORIZONTAL PLAN

Scale 1"=400'



BHL-Producing Well Bore
 1086' Displacement
 @ 92.04° Azimuth
 South-39' East-1085'
 TVD-2480' MD-3300'

PDS PERFORMANCE
 DRILLING
 SPECIALISTS INC.

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS:

BARRY BRYANT
PERFORMANCE DRL MOTORS INC
PO BOX 621149
LITTLETON CO 80162

UTAH ACCOUNT NUMBER: N5165

REPORT PERIOD (MONTH/YEAR): 11 / 98

AMENDED REPORT (Highlight Changes)

Well Name			Producing Zone	Well Status	Days Oper	Production Volumes		
PI Number	Entity	Location				OIL(BBL)	GAS(MCF)	WATER(BBL)
PDM INC 258-2			MNCS			U-14258		
4301930361	02805	185 24E 5						
PDM INC 258-6A			MNCS			U-14258		
4301931177	02805	185 24E 5						
PDM INC 11-6			MNCS			fee		
4301931081	12298	185 24E 11						
BOOKCLIFFS 3			DKTA			UTU-70305		
4301931366	12437	185 24E 10						
TOTALS								

REMARKS: _____

I hereby certify that this report is true and complete to the best of my knowledge.

Date: _____

Signature: _____

Telephone Number: _____

Please include a typed self-addressed envelope

Mail to: Secretary of State
Corporations Section
1560 Broadway, Suite 200
Denver, CO 80202
(303) 894-2251
Fax (303) 894-2242

For office use only 002

FILED - CUSTOMER COPY
VICTORIA BUCKLEY
COLORADO SECRETARY OF STATE

MUST BE TYPED
FILING FEE: \$25.00

CHANGE OF NAME

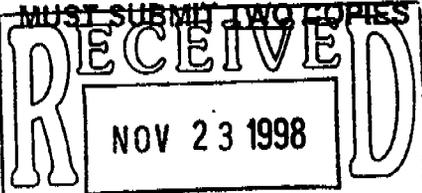
19981176312 C

\$ 25.00

SECRETARY OF STATE

09-30-1998 13:33:24

MUST SUBMIT TWO COPIES



ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION

DIV. OF OIL, GAS & MINING

Pursuant to the provisions of the Colorado Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is Performance Drilling Motors, Inc.

SECOND: The following amendment to the Articles of Incorporation was adopted on September 14
19 98, as prescribed by the Colorado Business Corporation Act, in the manner marked with an X below:

- No shares have been issued or Directors Elected - Action by Incorporators
- No shares have been issued but Directors Elected - Action by Directors
- Such amendment was adopted by the board of directors where shares have been issued and shareholder action was not required.
- Such amendment was adopted by a vote of the shareholders. The number of shares voted for the amendment was sufficient for approval.

THIRD: If changing corporate name, the new name of the corporation is Performance Drilling Management, Inc.

FOURTH: The manner, if not set forth in such amendment, in which any exchange, reclassification, or cancellation of issued shares provided for in the amendment shall be effected, is as follows:

Not Applicable

If these amendments are to have a delayed effective date, please list that date:
(Not to exceed ninety (90) days from the date of filing)

Please change Operator
name from
Performance Drilling Motors, Inc.

Harry Bryant
Harry Bryant, President

to:

Performance Drilling Management, Inc.

Revised 7/95

per enclosed amendment.
Everything else is the same.

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS:

UTAH ACCOUNT NUMBER: N5165

Performance Drilling
 BARRY BRYANT *Management, Inc.*
~~PERFORMANCE DRL MOTORS INC~~
 PO BOX 621149
 LITTLETON CO 80162

REPORT PERIOD (MONTH/YEAR): 10 / 98

AMENDED REPORT (Highlight Changes)

Well Name API Number Entity Location	Producing Zone	Well Status	Days Oper	Production Volumes		
				OIL(BBL)	GAS(MCF)	WATER(B)
PDM INC 258-2 4301930361 02805 18S 24E 5	MNCS	POW	8	61	24	0
PDM INC 258-6A 4301931177 02805 18S 24E 5	MNCS	SGW	0	0	0	0
PDM INC 11-6 4301931081 12298 18S 24E 11	MNCS	POW	8	8	0	0
PDM INC #3 430193136600 12437 18S 24E 10	Dakota	POW	8	40	42	67
TOTALS				109	66	67

COMMENTS: _____

RECEIVED
 NOV 23 1998
 DIV. OF OIL, GAS & MINING

I hereby certify that this report is true and complete to the best of my knowledge.

Date: 11-20-98

Name and Signature: Anne L. Lewis, agent

Telephone Number: 303-617-720



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:
3100
U-14258
UTU-75817
UTU-76305
(UT-932)

DEC 16 1998

NOTICE

Performance Drilling Management, Inc.	:	Oil and Gas
P.O. Box 621149	:	U-14258, UTU-75817
Littleton, CO 80162	:	and UTU-76305

Name Change Recognized

Acceptable evidence has been received in this office concerning the change of name of Performance Drilling Motors, Inc. to Performance Drilling Management, Inc. on Federal oil and gas leases U-14258, UTU-75817, and UTU-76305.

For our purposes, the name change is recognized effective September 30, 1998, the date the Secretary of State of Colorado accepted the name change.

The oil and gas lease files have been noted as to the name change. The list of leases was obtained from our Automated Land and Mineral Record System (ALMRS). We have not abstracted the lease files to determine if the entity affected by the name change holds an interest in the leases identified nor have we attempted to identify leases where the entity is the operator on the ground maintaining no vested record title or operating rights interests. We are notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the name change by a copy of this notice. If additional documentation for changes of operator are required by our Field Offices, you will be contacted by them.

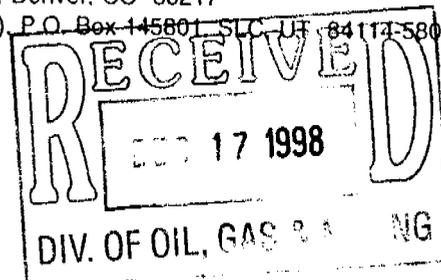
Due to the name change, the name of the principal on the bond is required to be changed from Performance Drilling Motors, Inc. to Performance Drilling Management, Inc. on BLM Bond No. UT1095. You may accomplish this by submitting a rider to the original bond. Otherwise, a replacement bond with the new name should be furnished to this office.

ROBERT LOPEZ

Robert Lopez
Group Leader,
Minerals Adjudication Group

cc:

All BLM State Offices
Moab Field Office
Vernal Field Office
MMS-Reference Data Branch, MS 3130, P.O. Box 5860, Denver, CO 80217
State of Utah, DOGM, Attn: Kristen Risbeck (Suite 1210), P.O. Box 145801, SLC, UT 84114-5801
Teresa Thompson (UT-931)
Irene J. Anderson (UT-932)





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

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

January 5, 1999

Performance Drilling Motors, Inc.
Attn: Barry Bryant
P.O. Box 621149
Littleton, CO 80162

Re: Operator Name Change - Performance Drilling Motors Inc. To
Performance Drilling Management Inc.

Dear Mr. Bryant:

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

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

Sincerely,

Kristen D. Risbeck

Kristen D. Risbeck

cc: Department of Commerce
Operator File(s)
Well File

OPERATOR CHANGE WORKSHEET

1-KDR ✓	6-KAS ✓
2- GLH ✓	7-SJ
3-JRB ✓	8-FILE
4-CDW ✓	
5-KDR ✓	

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

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

The operator of the well(s) listed below has changed, effective: 9-30-98

TO: (new operator) (address) <u>PERFORMANCE DRILLING MGMT.</u> <u>P.O. BOX 621149</u> <u>LITTLETON, CO 80162</u> <u>BARRY BRYANT</u> Phone: <u>(303)904-9058</u> Account no. <u>N5165</u>	FROM: (old operator) (address) <u>PERFORMANCE DRILLING MOTORS II</u> <u>P.O. BOX 621149</u> <u>LITTLETON, CO 80162</u> <u>BARRY BRYANT</u> Phone: <u>(303)904-9058</u> Account no. <u>N5165</u>
--	--

WELL(S) attach additional page if needed:

Name: <u>PDM INC 258-2</u>	API: <u>43-019-30361</u>	Entity: <u>02805</u>	S	<u>5</u>	T	<u>18S</u>	R	<u>24E</u>	Lease: <u>U-14258</u>
Name: <u>PDM INC 258-6A</u>	API: <u>43-019-31177</u>	Entity: <u>02805</u>	S	<u>5</u>	T	<u>18S</u>	R	<u>24E</u>	Lease: <u>U-14258</u>
Name: <u>PDM INC 11-6</u>	API: <u>43-019-31081</u>	Entity: <u>12298</u>	S	<u>11</u>	T	<u>18S</u>	R	<u>24E</u>	Lease: <u>FEE</u>
Name: <u>BOOKCLIFFS 3</u>	API: <u>43-019-31366</u>	Entity: <u>12437</u>	S	<u>10</u>	T	<u>18S</u>	R	<u>24E</u>	Lease: <u>UTU-76305</u>
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____

OPERATOR CHANGE DOCUMENTATION

1. (r649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator (attach to this form). *(11.23.98)*
2. (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). *(11.23.98)*
3. The **Department of Commerce** has been contacted if the new operator above is not currently operating any wells in Utah. Is the company registered with the state? (yes/no) N/A If yes, show company file number: *Letter Sent 1.5.99*
4. **FOR INDIAN AND FEDERAL WELLS ONLY.** The BLM has been contacted regarding this change. Make note of BLM status in comments section of this form. BLM approval of **Federal** and **Indian** well operator changes should ordinarily take place prior to the division's approval, and before the completion of steps 5 through 9 below. *(Rel'd 12.17.98)*
5. Changes have been entered in the **Oil and Gas Information System** (3270) for each well listed above. *(4.30.99)*
6. **Cardex** file has been updated for each well listed above. *(5.3.99)*
7. Well file labels have been updated for each well listed above. ** new filing system*
8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to Trust Lands, Sovereign Lands, UGS, Tax Commission, etc. *(4.30.99)*
9. A folder has been set up for the **Operator Change** file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

c:\dons\wpdocs\forms\operchng

ENTITY REVIEW

- N/A
- (r649-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) ____ If entity assignments were changed, attach copies of Form 6, Entity Action Form.
 - Trust Lands, Sovereign Lands, Tax Commission, etc., have been notified through normal procedures of entity changes.

BOND VERIFICATION - (FEE WELLS ONLY)

ISC 200 1009

- N/A
- (r649-3-1) The NEW operator of any fee lease well listed above has furnished a proper bond.
 - A copy of this form has been placed in the new and former operator's bond files.
 - The FORMER operator has requested a release of liability from their bond (yes/no) ____, as of today's date _____. If yes, division response was made to this request by letter dated _____.

LEASE INTEREST OWNER NOTIFICATION OF RESPONSIBILITY

- N/A
- Copies of documents have been sent on _____ to _____ at Trust Lands for changes involving State leases, in order to remind that agency of their responsibility to review for proper bonding.
 - (r649-2-10) The former operator of any fee lease wells listed above has been contacted and informed by letter dated _____ 19 ____, of their responsibility to notify all interest owners of this change.

FILMING

- ✓
- All attachments to this form have been microfilmed. Today's date: 5.12.99.

FILING

- Copies of all attachments to this form have been filed in each well file.
- The original of this form, and the original attachments are now being filed in the Operator Change file.

COMMENTS

981207 Per Chris Merritt w/ BLM, he has not heard of name change. Will look into it and send me any approvals.
 981208 faxed both documents received from Performance Drilling to Chris Merritt @ BLM.



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:
3100
U-14258
UTU-75817
(UT-932)

JUN 5 2000

NOTICE

Magnum Drilling Services, Inc.	:	Oil and Gas Leases
P.O. Box 621149	:	U-14258 and UTU-75817.
Littleton, CO 80162	:	

Name Change Recognized

Acceptable evidence has been received in this office concerning the change of name of Performance Drilling Management, Inc. to Magnum Drilling Services, Inc. on Federal oil and gas leases U-14258 and UTU-75817.

The oil and gas lease files have been noted as to the name change. The list of leases was obtained from our automated records system. We have not abstracted the lease files to determine if the entity affected by the name change holds an interest in the leases identified nor have we attempted to identify leases where the entity is the operator on the ground maintaining no vested record title or operating rights interests. We are notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the name change by a copy of this notice. If additional documentation for changes of operator are required by our Field Offices, you will be contacted by them.

Due to the name change, the name of the principal on the bond is required to be changed to Magnum Drilling Services, Inc. on BLM Bond No. UT1095. The bond is in the form of a Certificate of Deposit (CD) held by this office. Please submit a letter to this office stating that CD No. 1028523777 now constitutes bond coverage of all operations conducted by or on behalf of Magnum Drilling Services, Inc. on Federal oil and gas leases in the State of Utah.

/s/ Robert Lopez

Robert Lopez
Chief, Branch of
Minerals Adjudication

RECEIVED

JUN 07 2000

DIVISION OF
OIL, GAS AND MINING

cc: Moab Field Office
MMS-Reference Data Branch, MS 3130, Box 5860, Denver, CO 80217
State of Utah, DOGM, Attn: Jim Thompson (Ste. 1210), Box 145801, SLC, UT 84114-5801
Irene Anderson (UT-932)
Teresa Thompson (UT-931)
LaVerne Steah (UT-942)

Magnum Drilling Services, Inc
P.O. Box 621149
Littleton, Colorado 80162

July 18, 2000

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

To Whom It May Concern:

Please be advised that Performance Drilling Management, Inc. has changed its name to Magnum Drilling Services, Inc. ("Magnum"). Enclosed is a copy of the amendment to the Articles of Incorporation reflecting this change. Also consider the following when regarding this request:

Federal ID # 84-1353178
Utah Account Number: N5165 (This account number is on the Monthly Oil and Gas Production Report).

If you have any questions regarding this change, please contact Barry Bryant at (303) 904-9058.

Best regards,


Barry Bryant

RECEIVED

JUL 25 2000

DIVISION OF
OIL, GAS AND MINING

Please include a typed self-addressed envelope

Mail to: Secretary of State
Corporations Section
1560 Broadway, Suite 200
Denver, CO 80202
(303) 894-2251
Fax (303) 894-2242

For office use only 002

MUST BE TYPED
FILING FEE: \$25.00
MUST SUBMIT TWO COPIES

19991231540 C
\$ 25.00
SECRETARY OF STATE
12-10-1999 13:34:36

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION

CHANGING NAME

Pursuant to the provisions of the Colorado Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is PERFORMANCE DRILLING MANAGEMENT, INC.

SECOND: The following amendment to the Articles of Incorporation was adopted on NOVEMBER 30 19 99, as prescribed by the Colorado Business Corporation Act, in the manner marked with an X below:

- No shares have been issued or Directors Elected - Action by Incorporators
- No shares have been issued but Directors Elected - Action by Directors
- Such amendment was adopted by the board of directors where shares have been issued and shareholder action was not required.
- Such amendment was adopted by a vote of the shareholders. The number of shares voted for the amendment was sufficient for approval.

THIRD: If changing corporate name, the new name of the corporation is MAGNUM DRILLING SERVICES, INC.

FOURTH: The manner, if not set forth in such amendment, in which any exchange, reclassification, or cancellation of issued shares provided for in the amendment shall be effected, is as follows:

NOT APPLICABLE

If these amendments are to have a delayed effective date, please list that date: _____
(Not to exceed ninety (90) days from the date of filing)

Signature Bruce H. Burt
Title PRESIDENT

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS

BARRY BRYANT
 PERFORMANCE DRL MANAGEMENT
 PO BOX 621149
 LITTLETON, CO 80162

UTAH ACCOUNT NUMBER: N5165

REPORT PERIOD (MONTH/YEAR): 6 / 2000

AMENDED REPORT (Highlight Changes)

WELL NAME			Producing Zone	Well Status	Well Type	Days Oper	Production Volumes		
API Number	Entity	Location					OIL (BBL)	GAS (MCF)	WATER (BBL)
PDM INC 258-2									
4301930361	02805	18S 24E 05	MNCS		OW				
PDM INC 258-6A									
4301931177	02805	18S 24E 05	MNCS		GW				
PDM INC 11-6									
4301931081	12298	18S 24E 11	MNCS		OW				
BOOKCLIFFS 3									
4301931366	12437	18S 24E 10	DKTA		OW				
<i>Join, these people still need to change our name. Please handle. Barry</i>									

TOTALS

COMMENTS :

hereby certify that this report is true and complete to the best of my knowledge.

Date: _____

Name and Signature: _____

Telephone Number: _____

OPERATOR CHANGE WORKSHEET

ROUTING

1. GLH		4-KAS ✓
2. CDW ✓		5- DD ✓
3. JLT		6-FILE

Enter date after each listed item is completed

Change of Operator (Well Sold)

Designation of Agent

X Operator Name Change (Only)

Merger

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

7-18-2000

FROM: (Old Operator):

PERFORMANCE DRILLING MANAGEMENT INC

Address: P. O. BOX 621149

LITTLETON, CO 80162

Phone: 1-(303)-904-9058

Account No. N5165

TO: (New Operator):

MAGNUM DRILLING SERVICES INC

Address P. O. BOX 621149

LITTLETON, CO 80162

Phone: 1-(303)-904-9058

Account N1465

CA No.

Unit:

WELL(S)

NAME	API NO.	ENTITY NO.	SEC. TWN RNG	LEASE TYPE	WELL TYPE	WELL STATUS
PDM INC 258-2	43-019-30361	2805	05-18S-24E	FED	OW	P
PDM INC 258-6A	43-019-31177	2805	05-18S-24E	FED	GW	S
BOOKCLIFFS 3	43-019-31366	12437	10-18S-24E	FED	OW	S

OPERATOR CHANGES DOCUMENTATION

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 07/25/2000
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 07/25/2000
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 10-17-2000
- Is the new operator registered in the State of Utah: YES Business Number: 1401148-0143
- If **NO**, the operator was contacted on: _____
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the (merger, name change, or operator change for all wells listed on Federal or Indian leases on: 06/05/2000
- Federal and Indian Units:** The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
- Federal and Indian Communization Agreements ("CA"):** The BLM or the BIA has approved the operator

change for all wells listed involved in a CA on: N/A

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

DATA ENTRY:

- 1. Changes entered in the **Oil and Gas Database** on: 10/17/2000
- 2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/17/2000
- 3. Bond information entered in RBDMS on: N/A
- 4. Fee wells attached to bond in RBDMS on: N/A

STATE BOND VERIFICATION:

- 1. State well(s) covered by Bond No.: N/A

FEE WELLS - BOND VERIFICATION/LEASE INTEREST OWNER NOTIFICATION:

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

FILMING:

- 1. All attachments to this form have been **MICROFILMED** on: 2. 26.01

FILING:

- 1. **ORIGINALS/COPIES** of all attachments pertaining to each individual well have been filled in each well file on: _____

COMMENTS:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT TO DRILL --" for such proposals

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

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.
UTU-76305
6. If Indian, Allottee or Tribe Name
N/A
7. If Unit or CA, Agreement Designation
N/A
8. Well Name and No.
Magnum # 3
9. API Well No.
43-019-3136600
10. Field and Pool, or Exploratory Area
Mancos Flats
11. County of Parish, State
Grand County, Utah

1. Type of Well:
OIL GAS OTHER:
2. Name of Operator
Magnum Drilling Services, Inc.
3. Address and Telephone Number
P O Box 759, Minden, LA 71058-0759
318-377-6763
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2380' FEL, 1980' FSL, Sec. 10 - T18S - R24E
Grand County, Utah

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other: Address change and well name change.	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completions on Well Completion or Recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)*

1. Please change OPERATOR NAME AND BUSINESS AND MAILING ADDRESS to the following;

Business: Magnum Drilling Services, Inc.
P O Box 759
Minden, LA 71058-0759 Phone (318) 377-6763

2. Please change WELL NAME to the following;

Magnum # 3

RECEIVED
JUN 24 2002
DIVISION OF
OIL, GAS AND MINING

If additional information is needed, please contact the undersigned at Ph. No. (307) 673-9201 or Fax No. (307) 673-9228

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

Name/J. Wayne Fisher
J. Wayne Fisher
(This space for Federal or State office use)

Title: Agent for Magnum Drilling Services, Inc.
Date: June 18, 2002

Approved by _____ Title _____ Date _____
Conditions of approval (if any):

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

*See Instructions On Reverse Side

COPY

Fisher Consulting
J. WAYNE FISHER
Oil & Gas Consultant
18 Crown Drive
Sheridan, Wyoming 82801

June 18, 2002

State of Utah
Department of Natural Resources
Division Oil, Gas and Mining
P O Box 145801
Salt Lake City, UT 84114-5801

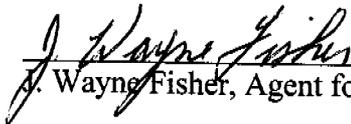
Attn: Lisha Cordova

The attached Sundry notices are to notify your office of an address change and to request a change of the well names on the four listed wells.

API No.	Old Name;	New Name:
4301931081	PDM Inc. # 11-6	Magnum # 11-6
430193136600	Bookcliffs # 3	Magnum # 3
430193117700S1	PDM Inc. # 258-6A	Magnum # 258-6A
430193036100S1	PDM Inc. # 258-2	Magnum # 258-2

Attached, find three copies of Federal Sundry Notices and 1 Utah Sundry Notice with two copies for your files.

Sincerely,



J. Wayne Fisher, Agent for Magnum Drilling Services, Inc.

RECEIVED

JUN 24 2002

**DIVISION OF
OIL, GAS AND MINING**

Office: (307) 673-9201 / Fax: (307) 673-9228 / E-mail: jwfisher@fiberpipe.net
Cell WY: (307) 751-6989 / Cell CO: (970) 215-8119

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Budget Bureau No. 1004-0135

Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT TO DRILL -" for such proposals

5. Lease Designation and Serial No.

UTU-76305

6. If Indian, Allottee or Tribe Name

N/A

SUBMIT IN TRIPLICATE

1. Type of Well:

OIL GAS OTHER:

7. If Unit or CA, Agreement Designation

N/A

2. Name of Operator

Magnum Drilling Services, Inc.

8. Well Name and No.

Magnum # 3

3. Address and Telephone Number

P O Box 759, Minden, LA 71058-0759
318-377-6763

9. API Well No.

43-019-3136600

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

2380' FEL, 1980' FSL, Sec. 10 - T18S - R24E
Grand County, Utah

10. Field and Pool, or Exploratory Area

Mancos Flats

11. County of Parish, State

Grand County, Utah

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

TYPE OF SUBMISSION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

TYPE OF ACTION

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other: Change of Operator
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completions on Well Completion or Recompletion Report and Log Form)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)*

1. Magnum Drilling Services, Inc. has sold the lease and it's interest in this well effective September 20, 2002 to:
Peak Oil Tool (Lyle D. Anthony Jr.)
3150 27 1/2 Road
Grand Junction, CO 81506
2. We will file form 3000-3, notice for Assignment of Record to the BLM office in Salt Lake City, Utah as soon as all signatures are obtained.
3. We will record the Bill of Sale and Assignment of Record with the Grand County, Utah recorders office as soon as all signatures and approval has been obtained.

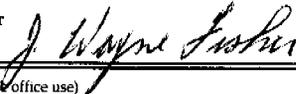
Please forward a copy of this notice after it has been logged in to:

J. Wayne Fisher
18 Crown Drive
Sheridan, WY 82801

If additional information is needed, please contact the undersigned at Ph. No. (307) 673-9201 or Fax No. (307) 673-9228

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

Name/J. Wayne Fisher



Title: Agent for Magnum Drilling Services, Inc.

Date: September 25, 2002

(This space for Federal or State office use)

Approved by _____

Title _____

Date _____

Conditions of approval (if any):

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

*See Instructions On Reverse Side

COPY

Fisher Consulting
J. WAYNE FISHER
Oil & Gas Consultant
18 Crown Drive
Sheridan, Wyoming 82801

October 26, 2002

Bureau of Land Management
82 E. Dagwood
Moab, UT 84532

Attn: Eric Jones

The attached Sundry notices are to notify your office that Magnum Drilling Services, Inc. and J. Wayne Fisher have sold their interest in the following listed wells to Peak Oil Tools (Lyle D. Anthony Jr.) effective September 20, 2002.

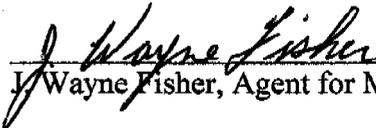
API No.	Well Name:
430193136600	Magnum # 3
430193117700S1	Magnum # 258-6A
430193036100S1	Magnum # 258-2

We have also filed the appropriate Assignments of record with the BLM Salt Lake office (copy enclosed).

Attached, find three copies of each Federal Sundry Notice for your processing and files.

It has been a pleasure working with your office and staff.

Sincerely,



J. Wayne Fisher, Agent for Magnum Drilling Services, Inc.

COPY

Office: (307) 673-9201 / Fax: (307) 673-9228 / E-mail: jwfisher@fiberpipe.net
Cell WY: (307) 751-6989 / Cell CO: (970) 215-8119

Fisher Consulting
J. WAYNE FISHER
Oil & Gas Consultant
18 Crown Drive
Sheridan, Wyoming 82801

October 26, 2002

State of Utah
Department of Natural Resources
Division Oil, Gas and Mining
P. O. Box 145801
Salt Lake City, Utah 84114-5801

Attn: Lisha Cordova

Re: USO&G leases
UTU-14258, UTU-75817, UTU-76305
Fee Lease

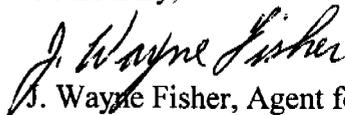
Oil and Gas Lease dated September 4, 1959, recorded September 8, 1959 in book 6X at page 371, Grand County, Utah records, from Nick Patsantaras, to Jerry Phillips and Eddie Capansky, Lessees, as amended by a Lease Addendum dated February 7, 1961, recorded February 23, 1961 in book 96 at page 265, Grand County, Utah records, from Gust Patsantaras and Mable Patsantaras, ratifying the said lease as to the following lands:

Township 18, Range 24 East, S.L.M., Grand County, Utah
Section 11: S/2 SW/4
Section 14: N/2 Nw/4
Containing 160 acres m/l

Enclosed please find Utah Sundry Notice and copies of three (3) Federal Sundry Notices notifying of operator change and appropriate information. Please return an approved copy to me.

It's been a pleasure working with your office and staff.

Yours truly,



J. Wayne Fisher, Agent for Magnum Drilling Services

RECEIVED

SEP 30 2002

DIVISION OF
OIL, GAS AND MINING

Office: (307) 673-9201 / Fax: (307) 673-9228 / E-mail: jwfisher@fiberpipe.net
Cell WY: (307) 751-6989 / Cell CO: (970) 215-8119

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. UTU-76305
2. Name of Operator Peak Oil Tools	6. If Indian, Allocated or Tribe Name N/A
3. Address and Telephone No. 3150 27-1/2 Road Grand Junction, Colo 81506 (970-250-4118)	7. If Unit or CA, Agreement Designation N/A
4. Location of Well (Footage, Sec., T., R., N., or Survey Description) 2380' FEL, 1980' FSL, Sec. 10-T18S-R24E Grand County, Utah.	8. Well Name and No. Magnum # 3
	9. API Well No. 43-019-3136600
	10. Field and Pool, or Exploratory Area Mancos Flats
	11. County or Parish, State Grand County, Utah

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other Change of Operator.	<input type="checkbox"/> Dispose Water
<small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log forms.)</small>		

13. Describe Proposed or Completed Operation (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

CHANGE OF OPERATOR

Peak Oil Tools is taking operations of the above captioned well.
Peak Oil Tools is responsible under the terms and conditions of the lease for operations conducted on the leased lands or portions thereof.
Bond coverage for this well will be provided by BLM Bond No. - **UTB 000006**
Effective date: **9-17-02**

RECEIVED
MORNING FIELD OFFICE
2002 DEC -6 P 1:02
BUREAU OF THE INTERIOR
BUREAU OF LAND MGMT

14. I hereby certify that the foregoing is true and correct		
Signed <u>[Signature]</u>	Title <u>Owner of Peak Oil Tools</u>	Date <u>11-23-02</u>
(This space for Federal or State office use)	ACCEPTED Division of Resources Moab Field Office	DEC 10 2002
Approved by _____	Title _____	Date _____
Conditions of approval, if any: <u>Conditions of Acceptance Attached</u>		

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

Peak Oil Tools
Well Nos. 258-2, 258-6A and 3
Sections 5 and 10, T. 18 S., R. 24 E.
Leases UTU14258 and UTU76305
Grand County, Utah

CONDITIONS OF ACCEPTANCE

Acceptance of these applications does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject leases which would entitle the applicant to conduct operations thereon.

Be advised that Peak Oil Tools is considered to be the operator of the above wells effective September 17, 2002, and is responsible under the terms and conditions of the leases for the operations conducted on the leased lands.

Bond coverage for these well is provided by UTB000006 (Principal -- Peak Oil Tools) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43CFR 3106.7-2 continuing responsibility are met.

6. (R649-9-2)Waste Management Plan has been received on: IN PLACE

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: 12/10/2002

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: 12/16/2002

2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 12/16/2002

3. Bond information entered in RBDMS on: N/A

4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: N/A

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB 000006

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: N/A

FEE WELL(S) BOND VERIFICATION:

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

2. The **FORMER** operator has requested a release of liability from their bond on: N/A

The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS:

Form 3160-3 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0137 Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. UTU 76305

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well [X] Oil Well [] Gas Well [] Other

8. Well Name and No. Magnum 3

2. Name of Operator Peak Oil Tools

9. API Well No. 43-019-31366

3a. Address P.O. Box 304 Loma, CO 81524

3b. Phone No. (include area code) 970-250-4118

10. Field and Pool or Exploratory Area

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2380' FEL 1980' FSL Sec 10, T18S, R24E

11. Country or Parish, State Grand County, Utah

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Alter Casing, Casing Repair, Change Plans, Convert to Injection, Deepen, Fracture Treat, New Construction, Plug and Abandon, Plug Back, Production (Start/Resume), Reclamation, Recomplete, Temporarily Abandon, Water Disposal, Water Shut-Off, Well Integrity, and Other.

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Plugs were set as follows: 2800' to 2500' 3/20/09, 2100' to 1990' 3/24/09, 1550' to 1420' 3/25/09, 380' to 150' 3/26/09, 120' to surface 3/27/09

All cement plugs were Class A neat cement 15.8#/gal, yield 1.15 cu ft/sk, 5 gal mix water per sk

Dig 3' below wellhead and cut casing. Weld on dry hole plate and cover.

All plugs were witnessed by Jack Johnson, BLM, Moab, UT.

RECEIVED MAY 06 2010 DIV. OF OIL, GAS & MINING

RECEIVED MOAB FIELD OFFICE 2009 APR - 8 AM 8:42

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Lyle D. Anthony

Title Owner

Signature Lyle D. Anthony by Notary Reed

Date 04/08/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by [Signature] Assistant Field Manager, Date 4/14/09

Division of Resources

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

Please see attached note.

Peak Oil Tools
Well No. Magnum 3
Section 10, T18S, R24E
Lease UTU76305
Grand County, Utah

NOTE: We appreciate your responsiveness to this matter. Your work was well designed, well documented and was properly conducted on a timely schedule. Thank you for your efforts.

CONDITIONS OF APPROVAL

Contact Ben Kniola (435-259-2137) or Dave Skinner (435-259-2145) of the Bureau of Land Management for surface reclamation requirements.

Section V. of Onshore Oil and Gas Order No. 1 requires that operators submit three separate Sundry Notices (Form 3160-5) in relation to the plugging and abandonment of any jurisdictional well, i.e., a Notice of Intent to Abandon (NIA) as a precursor to the commencement of actual abandonment operations or as a written confirmation of any orally prescribed abandonment program; a Subsequent Report of Abandonment (SRA) reflecting the actual downhole abandonment operations performed, which is to be submitted within 30 days of completing those operations; and, a notice from the operator that the location is ready for inspection. Section V. also states that "Final abandonment shall not be approved until the surface reclamation work required by the approved drilling permit or approved abandonment notice (NIA) has been completed to the satisfaction of the Moab Field Office.

Accordingly, final approval of an abandoned well has two components:

- 1) Satisfactory completion of the approved downhole plugging plan.
- 2) Satisfactory reclamation of the site.

You will therefore be required to submit a Final Abandonment Notice (Sundry Notice - Form 3160-5) when vegetative reclamation is complete. You will not be released from bond liability on this location until such final abandonment has been approved by the Moab Field Office.