

Lone Mountain Production Company
1360 Highway 6 & 50
Loma, Colorado 81524

Mike Hebertson
Division Oil, Gas, and Mining
1594 West North Temple
Salt Lake City, Utah 84180

August 28, 1998

Dear Mike,

I am sending you three copies of a drilling permit application for the Jo Reva No. 1 well. This well is located in Grand County, Utah approximately 16 miles north west of Mack, Colorado. The ROW has been approved for that portion of the access road crossing federal lands. An onsite was held with the BLM-Moab for the road ROW on June 13, 1997. The archeology survey was conducted on August 19, 1998 for the road access, drilling pad and pipeline route. It has been submitted to the Utah Division of State History.

Please call me to schedule an onsite inspection at your earliest convenience.

Sincerely,

Joe Dyk, P.E.
Lone Mountain Production Company



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
 Lone Mountain Production Company

3. ADDRESS OF OPERATOR
 P. O. Box 3394, Billings, MT 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 393' FWL, 1685' FSL
 At proposed prod. zone 170' Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 16 miles northwest of Mack, Colorado

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 Drlg. unit: 329' Lease line: 329'

16. NO. OF ACRES IN LEASE
 640 acres

17. NO. OF ACRES ASSIGNED TO THIS WELL
 160 acres

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 2,552'

19. PROPOSED DEPTH
 3,895' (Morrison)

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5500' GR, 5510' KB

22. APPROX. DATE WORK WILL START*
 October 1, 1998

5. LEASE DESIGNATION AND SERIAL NO.
 ML-29282

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 N/A

7. UNIT AGREEMENT NAME
 None

8. FARM OR LEASE NAME
 State

9. WELL NO.
 Jo Reva No. 1

10. FIELD AND POOL, OR WILDCAT
 Bar X

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 NW 1/4 SW 1/4 Sec. 16-T17S-R25E

12. COUNTY OR PARISH
 Grand

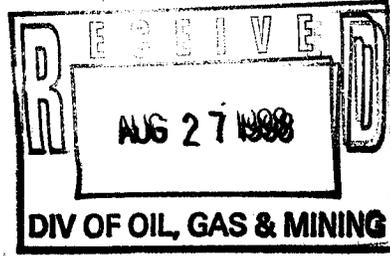
13. STATE
 UT

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8 3/4"	7"	20#, K-55, STC	300'	90 sx 'G'
6 1/4"	4 1/2"	10.5#, J55, STC	3895'	175 sx 10-0 RFC

SEE ATTACHMENTS

*Faving Correction.
9/14/98*



*658449.9
113.64325.6*

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

24. SIGNED Joe Dyk *[Signature]* TITLE Petroleum Engineer DATE August 28, 1998

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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

*See Instructions On Reverse Side

Application for Permit to Drill
Hancock Jo Reva No. 1
NWSW Section 16, T17S-R25E
Grand County, Utah

1. Surface formation is the Mancos shale.
2. Anticipated Geologic Markers: Mancos at surface, Dakota silt at 3461', Dakota sand at 3577', Morrison at 3786', Total depth will be 3895'.
3. Gas is anticipated in the Dakota and Morrison. No oil or other minerals are anticipated. No water sands are expected.
4. Proposed casing program: See item #23 of form 3160-3.
5. Pressure Control equipment: See attached Well Control Plan and schematic of contractor's BOP stack. BOP's will be tested prior to drilling out from surface casing and checked daily.
6. Air or mist drilling will be used to drill the surface hole and casing will be set and cemented back to surface. Then the production hole will be air drilled out under the surface casing.
7. Auxiliary Equipment: See Well Control Plan.
8. The electric logging program will consist of a DIL log from TD to the base of the surface casing and GR-CNL-FDC log on the bottom 1000 feet of the well. No cores or drill stem tests are planned.
9. No abnormal pressures or temperatures are anticipated. No poisonous gas is anticipated.
10. Anticipated spud date is October 1, 1998. Completion operations should commence within 30 days of drilling rig release.
11. Survey plats are attached.
12. The gas is not dedicated at this time.
13. Lone Mountain Production Company's Statewide Bond is ~~UT0719~~ 930010C
14. The completion program will be designed after the logs have been evaluated.

WELL CONTROL PLAN

1. Surface casing: 7", 20#/ft, STC, K55 set at 300 feet and cemented back to surface with 90 sacks Class G + 3% CaCl₂ + ¼ #/sk celloflake. (Yield is 1.18 cu ft/sk)
2. Casing head Flange: 7" by 4-1/2" 600 series casing head with two 2" 2000 psi outlets.
3. Blow out preventer: The drilling rig is equipped with a ~~10"~~^{6"} 3000 psi double gate hydraulic Shaffer BOP (or equivalent) with drill pipe rams and blind rams to meet requirements for a 2000 psi stack as indicated in On Shore Order No. 2. All fill, kill, and choke lines will be a minimum of 2", 2000 psi WP. A rotating head will be used while air or mist drilling. A new rubber will be installed before drilling through the Dakota. Pipe rams and ~~Hydr~~ will be function tested daily and blind rams on each trip when out of the hole with drill string. BOP's will be tested to 2000 psi but not more than 70% of the casing burst pressure prior to drilling the surface casing shoe joint.
5. Anticipated bottom hole pressure gradient is less than 0.23 psi/ft. No abnormal temperatures or hydrogen sulfide gas are anticipated.

LONE MOUNTAIN PRODUCTION COMPANY

By: _____


Joe Dyk, Petroleum Engineer

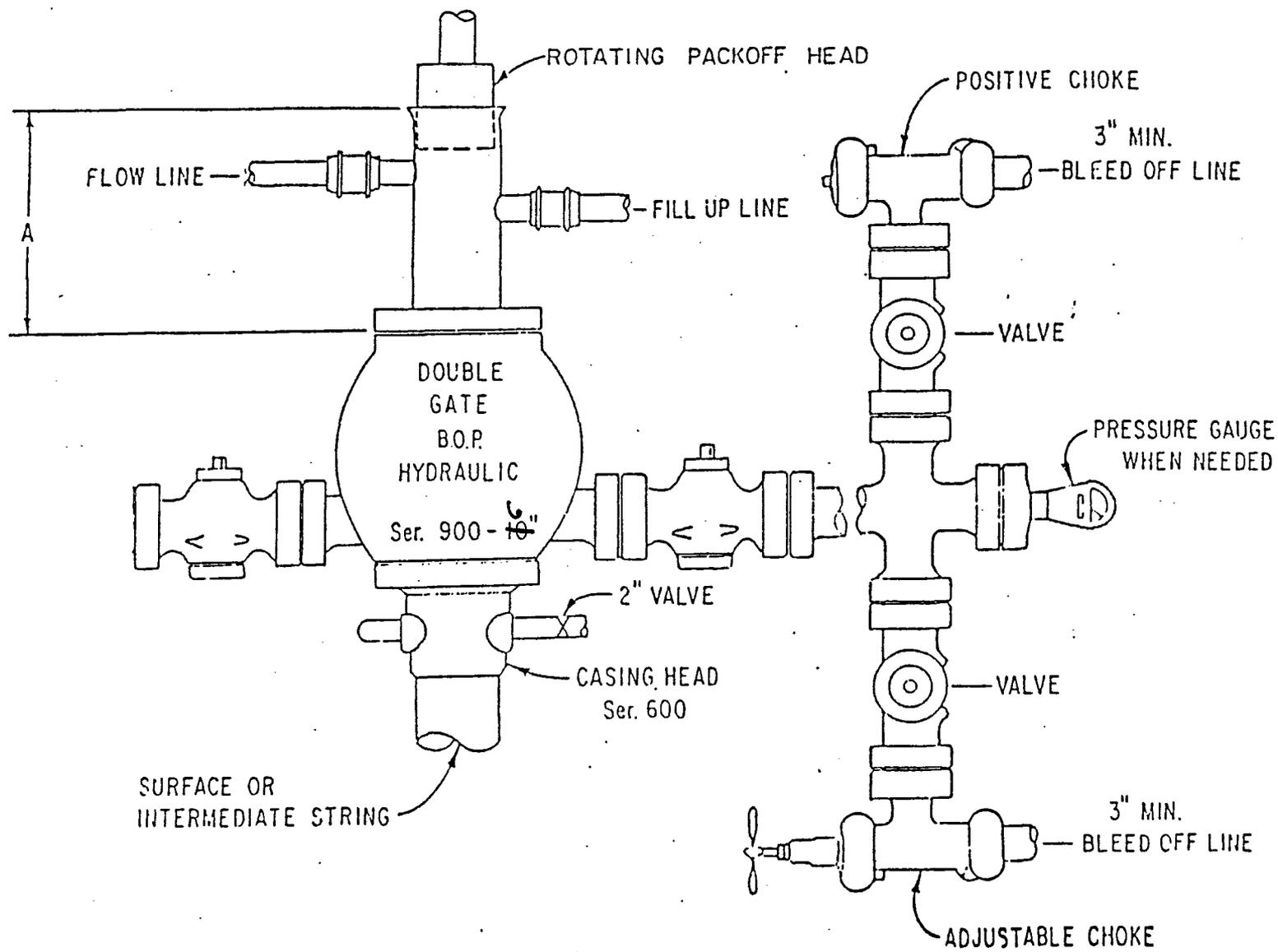


EXHIBIT I
 BLOWOUT PREVENTER DIAGRAM

SURFACE USE PLAN

Lone Mountain Production Company
Hancock Jo Reva No. 1
NWSW Sec. 16, T17S-R25E
Grand County, Utah

1. EXISTING ROADS

See maps #1 and #2 and plat #4. This proposed well is located approximately 16 air miles northwest of Mack, Colorado. Proceed 8.8 miles west of Mack on Highway 6 & 50. Turn right on 2 Road and go 10 miles to the Y. Turn left at the Y and go 1.2 miles west and south. Turn left on the new road and go 0.2 miles east to the location.

2. NEW ROADS

The proposed 0.2 miles of new road will be constructed with an 18 foot travel width. Total disturbance width will be 30 feet. Approximately 700 feet of the new road is on BLM and a ROW has been obtained. The remaining 300 feet of road is on section 16, which is the lease that is being drilled. A cultural survey has been performed on the new road and location area. The topsoil will be wind rowed on the north side of the road.

3. LOCATION OF EXISTING WELLS

5 producing wells, 3 abandoned wells, and 3 dry holes are located within a one mile radius. See map #3.

4. LOCATION OF PRODUCTION FACILITIES

Upon completion of the well as a producing gas well, sufficient facilities to handle gas production will be installed. This includes a heated separator, a meter run and an evaporation pit constructed with an 8' dia. culvert buried 8' in the ground. A submittal in accordance with Onshore Order #7 will be completed at that time. All facilities will be painted Pinyon Green to blend in with the natural surroundings.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be pulled from the Ute water tap at Mack, Colorado.

*981009 Public Facility .20th Barrel
No Permit Required.

6. SOURCE OF CONSTRUCTION MATERIALS

No construction materials will be used other than native materials. Soils from cuts will be used in fills. Only upon completion will outside material be brought in if deemed necessary for production operations.

7. METHODS FOR HANDLING WASTE MATERIALS

Cuttings will be buried in the reserve pit at cleanup. Garbage and other waste material will be contained in a trash cage which will be dumped at an approved sanitary land fill. Human waste will be contained in chemically treated porta-potties.

Drilling fluids will be contained in the reserve pit and left to dry out before reclamation of the pit. Flow back from completion operations will also be contained in the reserve pit. Oil will not be put in the reserve pit.

If the well is productive, produced water will be disposed of on site for 30 days or 90 days with the permission of the State Petroleum Engineer. After that time, application will be made for the approval of a permanent disposal method in compliance with the rules and regulations of the State of Utah and Onshore Order No. 7.

8. ANCILLARY FACILITIES

A 2-7/8" welded steel surface pipeline will be laid across to the Gov't No. 35 well approximately 2500 feet northwest of the Jo Reva No. 1. Construction will commence upon approval of the Sundry notice for this line.

9. WELLSITE LAYOUT

See plat #2 - Pit and pad layout

See plat #3 - Cross sections of pit and pad

This location will be constructed large enough to accommodate the drilling rig and associated equipment with allowance made for future completion and production equipment. In addition to the location indicated on the attached plat, it is proposed to remove existing grass and vegetation a radial distance of 75 feet from the reserve pit. This will act as a fire barrier in the event gas flaring while drilling is necessary.

Top soil will be stripped to a depth of 4" and stockpiled on the east edge of the location. No top soil stripping will be done when soils are saturated to a depth of 3" or frozen below the stripping depth.

The reserve pit will be fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished. 52" by 16' livestock panels will be used to fence the pit.

All construction activities will be confined to the minimum area necessary. The exterior boundaries of the construction area will clearly marked prior to any surface disturbing activities or vegetation removal.

10. PLANS FOR RECLAMATION OF THE SURFACE

A biodegradable mulch may be required if soil erosion or vegetation establishment is determined to be a problem by the authorized officer on the access or location reclamation.

All disturbed areas will be seeded with the approved seed mixture. Seed tags will be submitted to the area manager within 30 days of seeding.

Seed bed will be prepared by contour cultivating 4 - 6" deep and drilling seed ½ to 1" deep following the contour. In areas that cannot be drilled, seed will be broadcast at 1.5 times the application rate and then dragged for cover.

Seeding will be completed after September 15, 1999 and prior to October 31, 1999, if feasible, but no later than the fall of 2000.

If the well is a producer:

Lone Mountain will upgrade and maintain access roads as necessary to prevent soil erosion and accommodate year round traffic. Areas unnecessary to production operations will be reshaped, cultivated on the contour, and seeded with the approved seed mixture with a drill ½ to 1" deep. Areas where seed cannot be drilled will be broadcast seeded at 1.5 times the approved application rate and dragged for seed cover. The top soil will be saved for use during final reclamation unless the site can be recontoured to blend with the natural topography as required for the final abandonment. Perennial vegetation will be established. Additional work will be required in the case of seeding failures. All permanent facilities will be painted Pinyon green to blend with the natural environment.

If the well is abandoned/dryhole:

Lone Mountain will restore the access road and location to blend with the natural topography. During reclamation of the site, fill material will be pushed into cuts and up over the back slope. No depressions will be left that could trap water or form ponds. Top soil will be distributed evenly over the location and seeding according to the approved seed mixture. The access road and location will be ripped or disked prior to seeding.

The area is considered to be satisfactorily reclaimed when:

- a) Soil erosion resulting from the operation has been stabilized.
- b) A vegetative cover at least equal to that present prior to disturbance and a plant species composition at least desirable as that present prior to disturbance has been established. Establishment of seeded species in the approved seed formula will be considered as acceptance.

Additional work will be required until these conditions are satisfied.

11. SURFACE OWNERSHIP

All lands involving new construction are State and Federal lands.

12. NOTIFICATIONS

Lone Mountain will contact the Utah State DOGM Area Manager at least 24 hours prior to commencing construction or maintenance of the access road and/or well pad.

Lone Mountain will immediately bring to the attention of the Utah State DOGM Area Manager any and all antiquities or other objects of historic or prehistoric ruins, artifacts, or fossils discovered as a result of operations under this permit. Lone Mountain will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the area manager. Notice to proceed will be based upon the evaluation of the cultural significance of the object. Evaluation will be by a qualified professional selected by the Area Manager from a federal agency insofar as practical. When not practical, Lone Mountain will follow the mitigation requirements set forth by the area manager concerning protection, preservation, or disposition of any sites or material discovered. In those situations where the area manager determines that data recovery and/or salvage excavations are necessary, Lone Mountain will bear the cost of such data recovery and/or salvage operations.

The Utah State DOGM Area Manager will be notified at least 24 hours prior to commencing reclamation work.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVES AND CERTIFICATION

Joel V. Dyk
Lone Mountain Production Company
1360 Highway 6 & 50
Loma, Colorado 81524
Office Phone: (970) 858-7546
Home Phone: (970) 858-0536
Cell Phone: (970) 250-9770

Jim Routson
Lone Mountain Production Company
P. O. Box 3394
Billings, Montana 59103
Office Phone: (406) 245-5077
Home Phone: (406) 656-4325

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

Aug 28, 1998
Date

Joel V. Dyk
Joel V. Dyk, Petroleum Engineer

JO REVA NO. 1

Distances to nearest wells

State No. 16-3	2990'	-----nearest well on lease
State No. 33	3359'	
Gov't No. 35	2552'	

Distance to lease line	329'	we need topo/geologic exceptions operate offset wells so can probably get
Distance to drilling unit line	435'	

Wells within 1 mile

Section 9-T17S-R25E

Hancock Gov't No. 4,	producing gas well
Lone Mtn Federal No. 9-10	abandoned gas well

Section 16-T17S-R25E

Lone Mountain State No. 16-1	producing gas well
Lone Mountain State No. 16-1	producing gas well
Hancock State No. 33	dry hole
Hancock State No. 32	dry hole

Section 17-T17S-R25E

Hancock Gov't No. 35	producing gas well
Lone Mountain Federal No. 17-1	producing gas well
Lone Mountain Federal No. 17-3	dry hole

Section 20-T17S-R25E

Beartooth Federal Nop. 20-1	abandoned gas well
Hancock Gov't No. 14	dry hole

Section 21-T17S-R25E

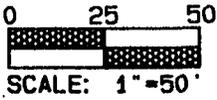
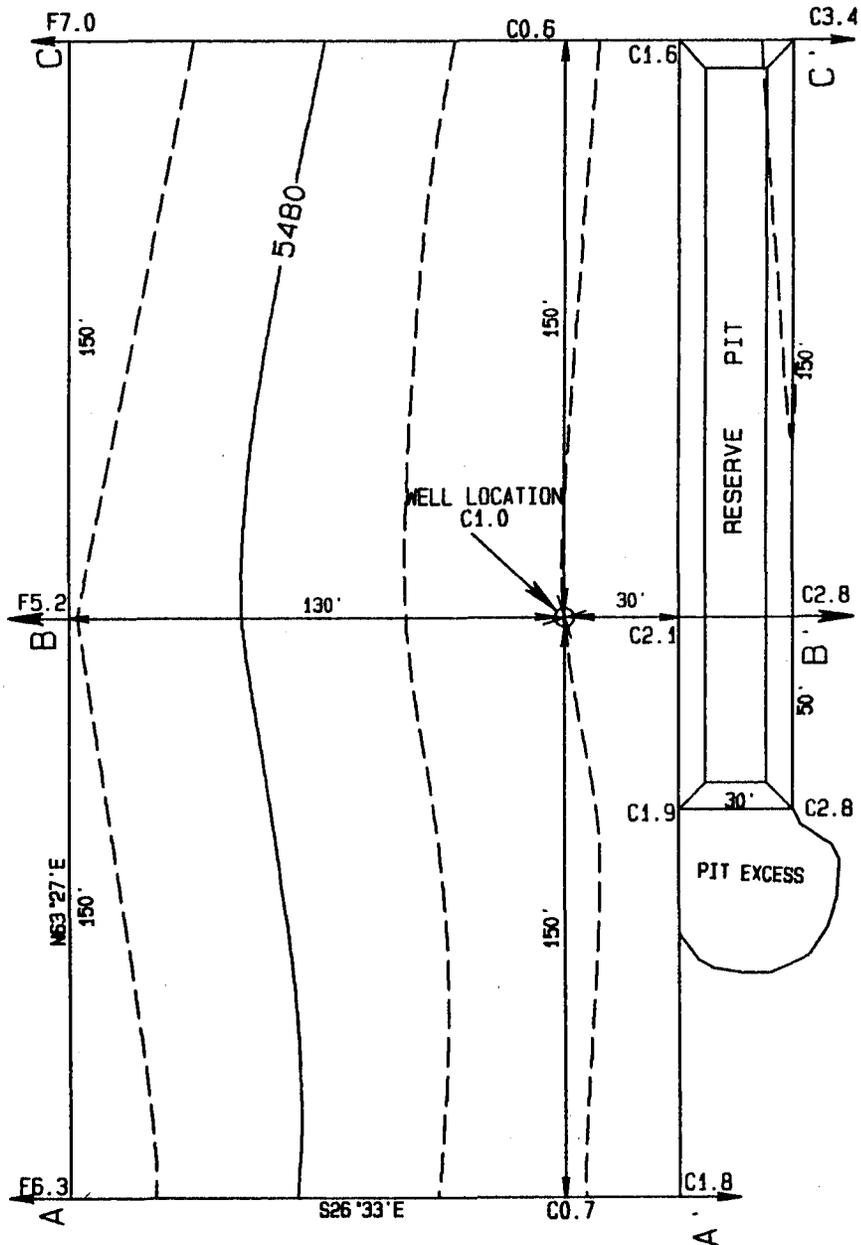
Hancock Federal No. 1	abandoned gas well
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PA LAYOUT

LONE MOUNTAIN PRODUCTION
Jo Reva # 1

Plat #2

REF. PT. 200'
ELEV. = 5487.64



GND. @ WELL HEAD ELEV. = 5484.0
PROPOSED PAD ELEV. = 5483.0

NOTES

1. ELEVATIONS ARE DETERMINED FROM USGS 7.5 MINUTE QUADRANGLE
2. SET REFERENCE POINTS
N63°27'E, 200 FT.
S63°27'W, 200 FT.
3. CONTOUR INTERVAL = 2 FT.
4. TOPSOIL TO BE STOCKPILED ON EXTERIOR OF WELL PAD

REF. PT. 200'
ELEV. = 5485.28

D H SURVEYS INC.
118 OURAY AVE.
GRAND JUNCTION, CO 81501-6572
(970)245-8749
JOB NO. 244-98-05

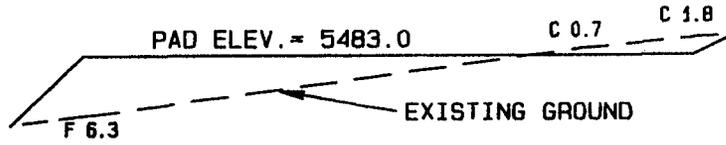
CROSS SECTION

Plat #3

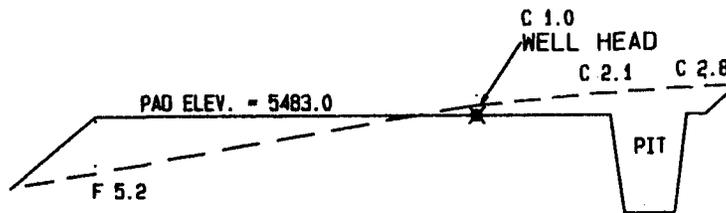
LONE MOUNTAIN PRODUCTION

Jo Reva #1

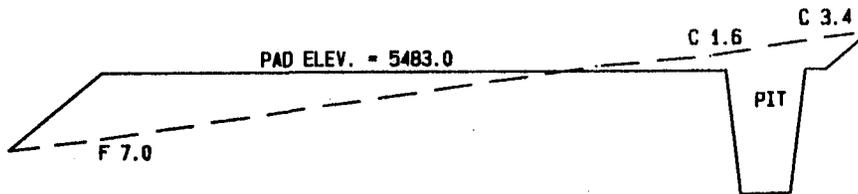
SECTION A - A'



SECTION B - B'



SECTION C - C'



HORIZ. SCALE 1" = 50'
VERT. SCALE 1" = 20'

APPROX. 1407 CU.YDS. CUT PIT ONLY
APPROX. 506 CU.YDS. CUT FROM PAD
APPROX. 4236 CU.YDS. FILL FROM PAD

NOTE: A CUT OF 3 FEET AT THE WELL HEAD, WOULD BE MORE APPROPRIATE FOR BALANCING QUANTITIES RATHER THAN THE CUT OF 1 FOOT AS MARKED ON STAKES IN THE FIELD.

SHEET 3 OF 3

JOB NO. 244-98-05

D H SURVEYS INC.
118 OURAY AVE.
GRAND JUNCTION, CO 81501-6572
(970)245-8749

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/27/98

API NO. ASSIGNED: 43-019-31368

WELL NAME: JO REVA NO. 1
 OPERATOR: LONE MOUNTAIN PROD CO (N7210)
 CONTACT: Joe Dyk (970) 858-7546
 cellular - (970) 250-9720

PROPOSED LOCATION:
 NSW 16 - T17S - R25E
 SURFACE: 2201-FSL-0329-FWL
 BOTTOM: 2201-FSL-0329-FWL
 GRAND COUNTY
 STATE LINE FIELD (260)

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering	<i>Rec'd 9-29-98</i>	<i>10-6-98</i>
Geology		
Surface		

LEASE TYPE: STA
 LEASE NUMBER: ML-29282
 SURFACE OWNER: State

PROPOSED FORMATION: MRSN

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal State Fee
 (No. 930010C)

Potash (Y/N)

Oil Shale (Y/N) *190-5(B)

Water Permit
 (No. Wk Water Tap - Mack, CO)

RDCC Review (Y/N)
 (Date: _____)

St/Fee Surf Agreement (Y/N)

LOCATION AND SITING:

___ R649-2-3. Unit _____

___ R649-3-2. General

___ R649-3-3. Exception

Drilling Unit
 Board Cause No: 13-6(1) *160'
 Date: 8-28-86

* Admin. Aprvl. "Except. Loc" granted 10-9-98. (9B)

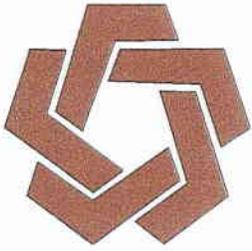
COMMENTS: * Need Presite. (Conducted 9-22-98)

* Need add'l info. "Except. Loc. to Cause 13-6(1)". (Rec'd 9-14-98)

* Verbal Approval to begin dirt work only, granted 10-9-98. (9B)

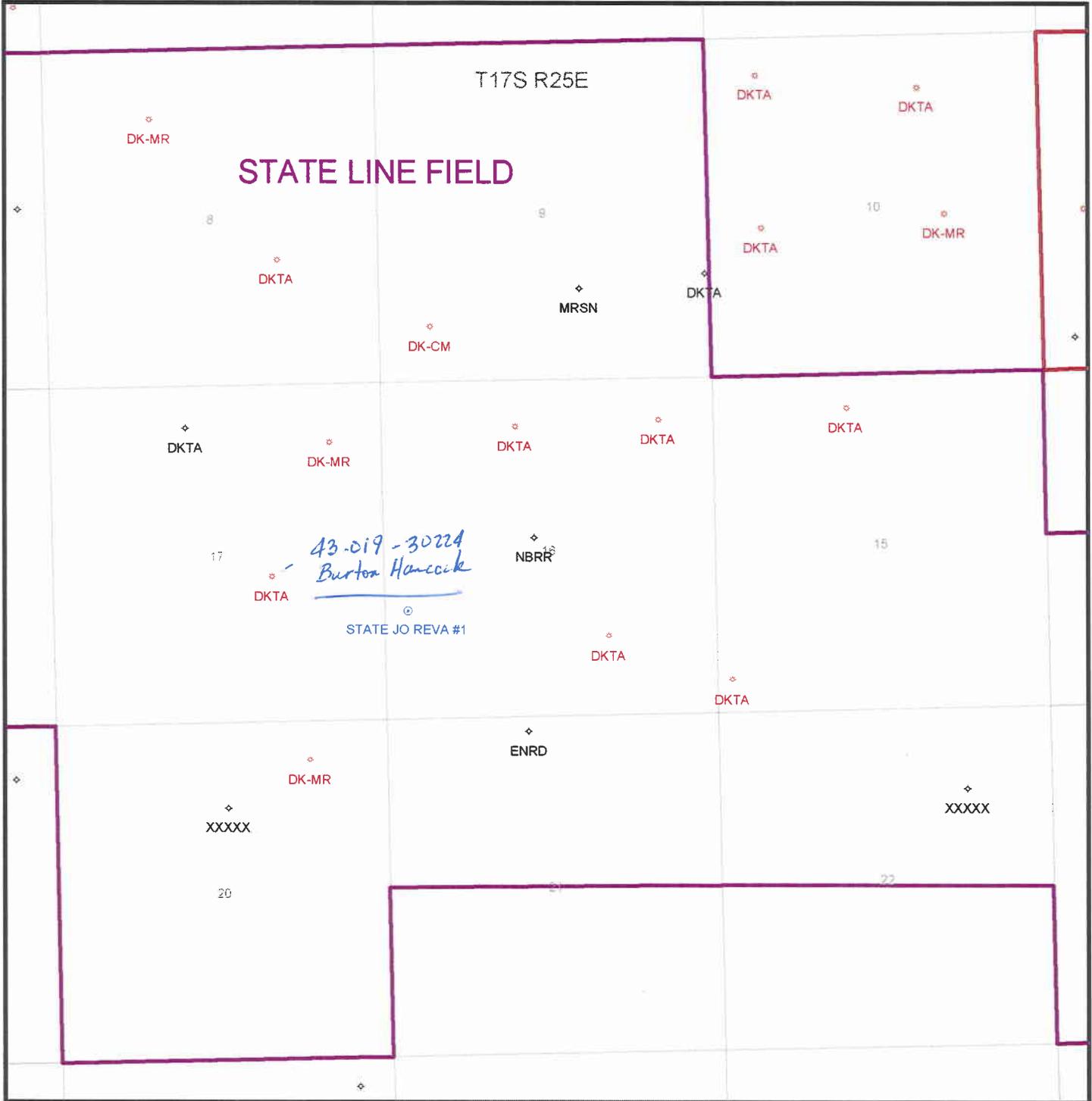
STIPULATIONS: ENGINEERING: NONE

① STATEMENT OF BASIS



DIVISION OF OIL, GAS & MINING

OPERATOR: LONE MOUNTAIN PRODUCTION (N7210)
FIELD: STATE LINE FIELD (260)
SEC. 16, TWP 17S, RNG 25E
COUNTY: GRAND



DATE PREPARED:
2-SEP-1998

Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved,
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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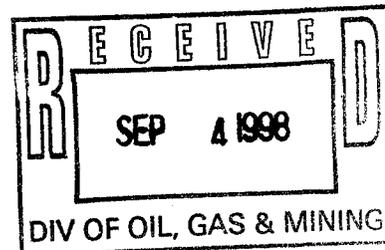
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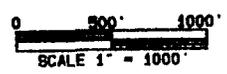
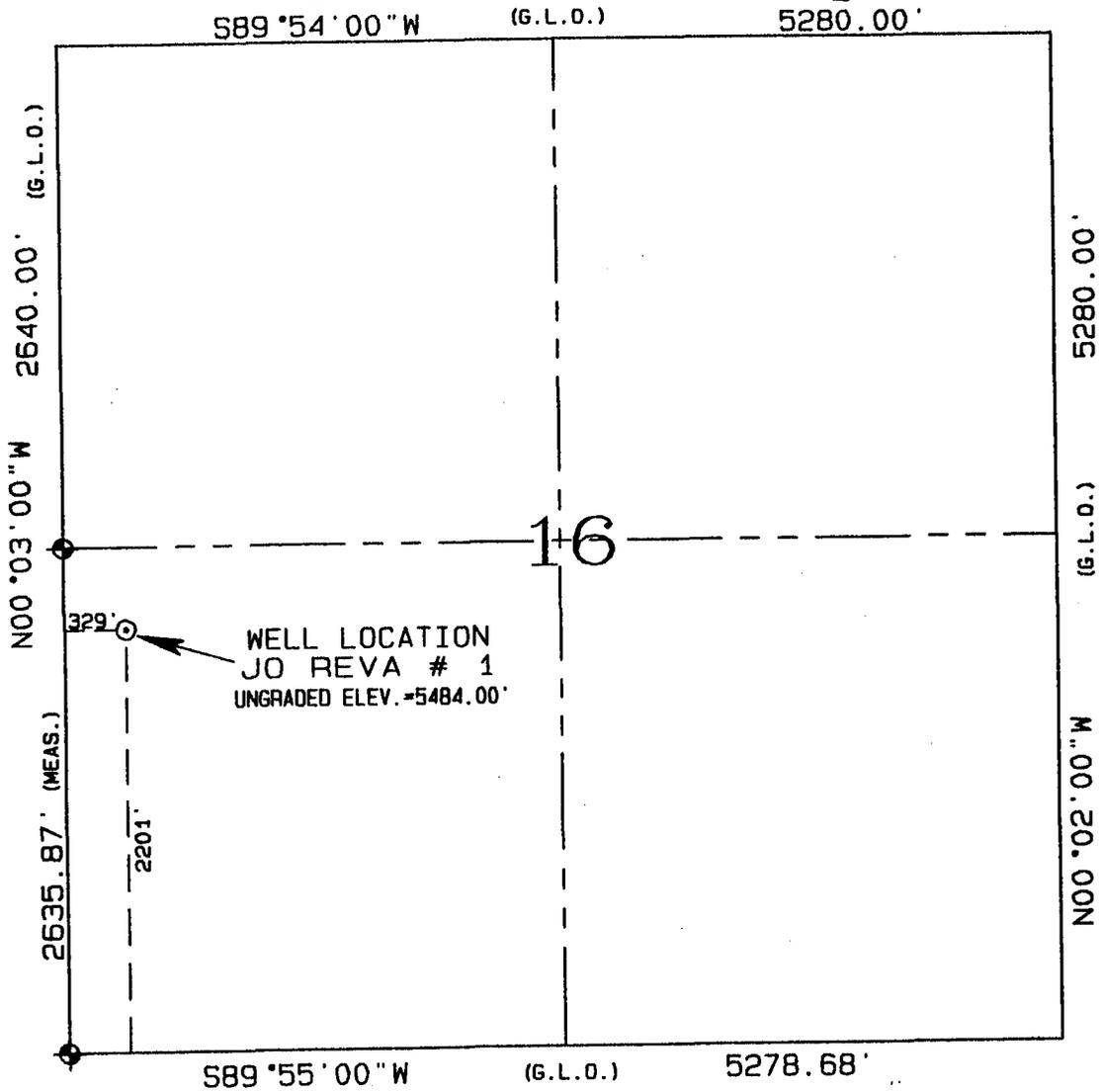
24. SIGNED Joe Dyk TITLE Petroleum Engineer DATE August 28, 1998

(This space for Federal or State office use)

PERMIT NO. 43-019-31368 APPROVAL DATE _____
 APPROVED BY Bradley G. Hill TITLE RECLAMATION SPECIALIST III DATE 10/19/98
 CONDITIONS OF APPROVAL, IF ANY: _____

*See Instructions 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 its jurisdiction.



LEGEND

⊕ FOUND G.L.O. BRASS CAP 1924

**LONE MOUNTAIN PRODUCTION
WELL LOCATION**

2201 FT. FSL - 329 FT. FWL
SECTION 16, T. 17 S., R. 25 E., S.L.B&M.
GRAND COUNTY, UTAH

SURVEYOR'S STATEMENT

I, MICHAEL W. DRISSEL, a registered Land Surveyor in the State of UTAH, do hereby state that the well location shown hereon was staked on the ground based on existing monumentation found in the field and is correct to the best of my knowledge and belief.

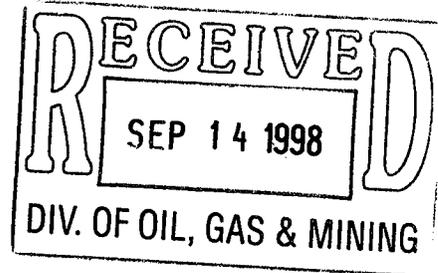
MICHAEL W. DRISSEL
7-31-98

D H SURVEYS INC.
118 OURAY AVE.
GRAND JUNCTION, CO 81501-6572
(970)245-8749

Burton W. Hancock

100 North 27th, #650
Billings, Montana 59101

September 10, 1998



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

Re: Jo Reva No. 1
NW/NW Sec. 16-T17S-R25E
Grand County, Utah
Exception Location

Dear Mr. Hebertson:

I am the lessee of the lease where Lone Mountain Production Company plans to drill the referenced well. I am also lessee of the offset Federal lease in Section 17, and was the lessee of the NW 1/4 of Section 16 where Lone Mountain drilled the State No. 16-3 well.

The location for the Jo Reva well was selected by me and my geologist, and I have no objections to the location as an exception location being too close to the lease line. The Jo Reva is located 2552 feet from the nearest offset well in Section 17, which I operate.

If any further information is needed please advise.

Sincerely,

Burton W. Hancock
Burton W. Hancock

cc: Joe Dyk
Jim Routson

State of Utah
On-Site Evaluation
Division of Oil, Gas and Mining

OPERATOR: Lone Mountain Production Compay

WELL NAME & NUMBER: Jo Reva No. 1

API NUMBER: 43-019-31368

LEASE: ML - 29282 **FIELD/UNIT:** State Line

LOCATION: 1/4, 1/4 NW SW Sec: 13 TWP: 17S RNG: 25E 329 FWL 2201 FSL

LEGAL WELL SITING: 500 F SEC.LINE; 500 F 1/4, 1/4 LINE; 2500 F ANOTHER WELL.

GPS COORD (UTM): 6588437 E, & 4354488 N

SURFACE OWNER: State of Utah School & Institutional Trust Lands

PARTICIPANTS:

Mike Hebertson, DOGM, Joel Dyke Lone Mountain Production

Dave Hebertson SITLA, Chris Colt Division of Wildlife Resources

REGIONAL/LOCAL SETTING & TOPOGRAPHY:

This well is located in front of the Book Cliffs of Eastern Utah, North of the leading edge of the Uncompahgre Uplift and West of the Douglas Creek Arch of Western Colorado. The Book Cliffs are an area of vertical sandstone cliffs underlain by Mancos Shale slopes ranging in height up to 1,000-1,500'. The entire area is incised by canyons and arroyos. Generally the North facing slopes have more gentle grades and are not as steep as the more highly weathered South facing slopes. The well is located on the Mancos Shale about one mile South of the South facing vertical Cliffs that actually form the primary rise of Book Cliffs.

SURFACE USE PLAN:

CURRENT SURFACE USE: Wildlife Habitat

PROPOSED SURFACE DISTURBANCE: 300' X 160' pad with a 150' X 30' X 7' pit which will be outboard and placed on the South side, in the cut side of the pad. The access road is ~1400' long and enters from the NW corner of the pad.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: See the attached Map . Eight existing gas wells.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All pipelines and facilities are in place along existing roads.

SOURCE OF CONSTRUCTION MATERIAL: Borrowed from the construction of the pad.

ANCILLARY FACILITIES: None.

WASTE MANAGEMENT PLAN:

See the waste management plan submitted with the APD. These appear to be sufficient for the proposed activity at this site.

ENVIRONMENTAL PARAMETERS:

AFFECTED FLOOD PLAINS AND/OR WETLANDS: The pad is about 1/4 mile from a secondary drainage which eventually empties into San Arroyo Wash, thence to the Green River and the Colorado River. It should not impact any of these systems and vegetation buffers will be left in place to control any erosion.

FLORA/FAUNA: Deer, Elk, Rabbits, Raptors, and indigenous birds. Pinion, Juniper, Sagebrush, Scrub Oak, Mountain Mahogany, Various Grasses, and wild flowers

SOIL TYPE AND CHARACTERISTICS: decomposed sandstone mixed with weathered shale, only moderately permeable.

SURFACE FORMATION & CHARACTERISTICS: Cretaceous age Mancos Shale dark gray in fresh exposed cuts to light tan and buff in weathered areas.

EROSION/SEDIMENTATION/STABILITY: moderate erosion in the drainage areas, however the location appears to be stable.

PALEONTOLOGICAL POTENTIAL: A survey has been conducted and filed.

RESERVE PIT:

CHARACTERISTICS: pit will be in cut material on the South side of the location. It will be 150' X 30' X 7'.

LINER REQUIREMENTS (Site Ranking Form attached): None required.

SURFACE RESTORATION/RECLAMATION PLAN:

The surface will be restored as the lease stipulations require in Accordance with SITLA regulations.

SURFACE AGREEMENT: State Lease

CULTURAL RESOURCES/ARCHAEOLOGY: None were observed

OTHER OBSERVATIONS/COMMENTS:

The operator has chosen to use a smaller rig and to shorten the length of the location. This will be done by rounding the corners of the pad and by moving the reserve pit from the Southeast corner to the

Southwest corner of the pad and the pit will be shortened to 100'.
Rounding the corners will preserve the wildlife corridor in a small
gully to the East of the location. The Right-of-Way to the pad across
BLM ground has been cleared and issued. Wildlife Representative Chris
Colt wanted to move the location to preserve as large of buffer as
possible for the wildlife corridor, however by shrinking the location
the same effect was achieved.

ATTACHMENTS:

Pictures were take of this location.

K. Michael Hebertson
DOGM REPRESENTATIVE

September 22, 1998 11:00 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200		
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	10	
100 to 200	15	
< 100	20	<u>10</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	15	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>5</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	15	
TDS >10000 or Oil Base	20	
Mud Fluid containing high levels of hazardous constituents		<u>0</u>
Drill Cuttings		
Normal Rock, Salt	0	
	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>3</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>
Final Score		<u>18</u>

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

Operator Name: Lone Mountain Production Company

Name & Number: Jo Reva No.1

API Number: 43-019-31368

Location: 1/4, 1/4 NW SW Sec. 16 T. 17 S R. 25 E County: Grand

Geology/Ground Water:

The proposed casing program calls for 300 feet of surface pipe. It should be stipulated that intermediate casing will be set and cemented to protect and isolate all water zones encountered. The likelihood of this happening is very remote since the well is not sited on a delta or alluvial fan where water would be more likely encountered. 300' of casing cemented to surface should adequately protect any water worth using should any be found.

Reviewer: K. Michael Hebertson

Date: 22-September-1998

Surface:

A surface inspection of the site was conducted with the Operators representative on Tuesday Sep. 22, 1998. The BLM in Moab has inspected and approved the Road Right-of-Way and has approved the R.O.W. for a grade not to exceed 10%. This location appears to have no major problems. Both SITLA and DWR were contacted and both attended the presite. DWR has indicated that they will have comments about the impact to the wildlife in the area which will be forwarded by E-Mail. The well is in an active area and does not require RDCC review or filing. At the time of the presite the pad was shortened and two of the corners were rounded to help with wildlife concerns. However the well was not moved as was first requested.

Reviewer: K. Michael Hebertson

Date: 22-Sep-1998

Conditions of Approval/Application for Permit to Drill

1. Berms will be established at the toe of the fill slopes to catch runoff and control erosion.
2. Dust suppression will be used while air drilling.
3. Topsoil and plant debris will be replaced on the unused portion of the location after completion, and the location will be regraded.

Well name:	Lone Mt. Jo Reva No. 1	
Operator:	Lone Mountain	Project ID:
String type:	Surface	43-019-31368
Location:	Grand Co.	

Design parameters:

Collapse

Mud weight: 8.330 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.433 psi/ft
Calculated BHP: 130 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 263 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 79 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 300 ft

Cement top: -200 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 500 ft
Next mud weight: 8.330 ppg
Next setting BHP: 216 psi
Fracture mud wt: 14.250 ppg
Fracture depth: 500 ft
Injection pressure: 370 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	300	7	20.00	K-55	ST&C	300	300	6.331	12
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	130	2270	17.49	130	3740	28.81	5	254	48.35 J

Prepared RJK
by: Department of Natural Resources

Phone:
FAX:

Date: October 6, 1998
State of Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 300 ft, a mud weight of 8.33 ppg. The casing is considered to be evacuated for collapse purposes.
In addition, burst strength is biaxially adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	Lone Mt. Jo Reva No. 1	
Operator:	Lone Mountain	Project ID:
String type:	Production	43-019-31368
Location:	Grand Co.	

Design parameters:

Collapse

Mud weight: 8.330 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature 130 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 300 ft

Cement top: 2,896 ft

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.433 psi/ft
 Calculated BHP 1,685 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 3,412 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	3895	4.5	10.50	J-55	ST&C	3895	3895	3.927	81.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1685	4010	2.38	1685	4791	2.84	36	132	3.68 J

Prepared RJK
 by: Department of Natural Resources

Phone:
 FAX:

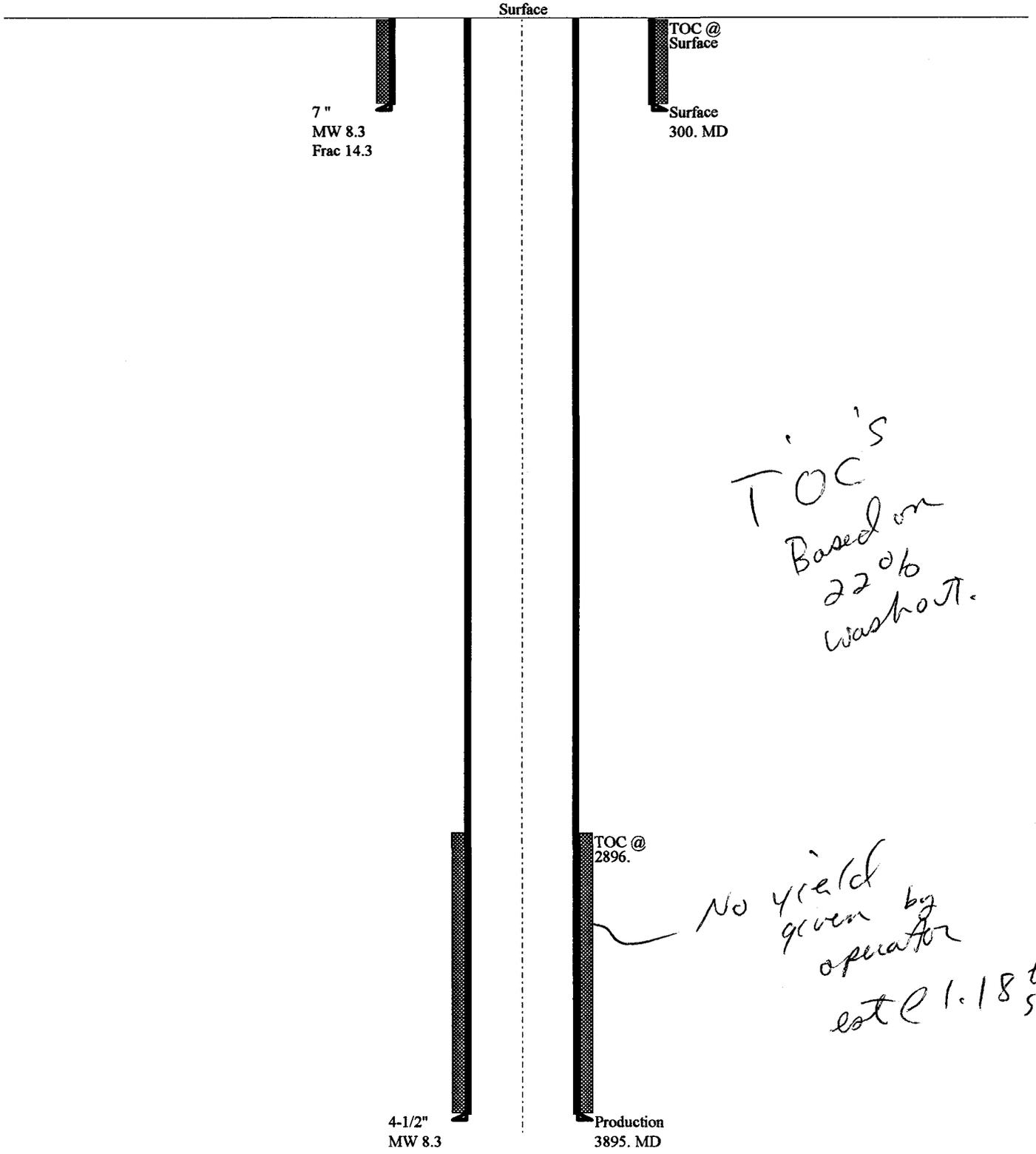
Date: October 6, 1998
 State of Utah

ENGINEERING STIPULATIONS: NONE

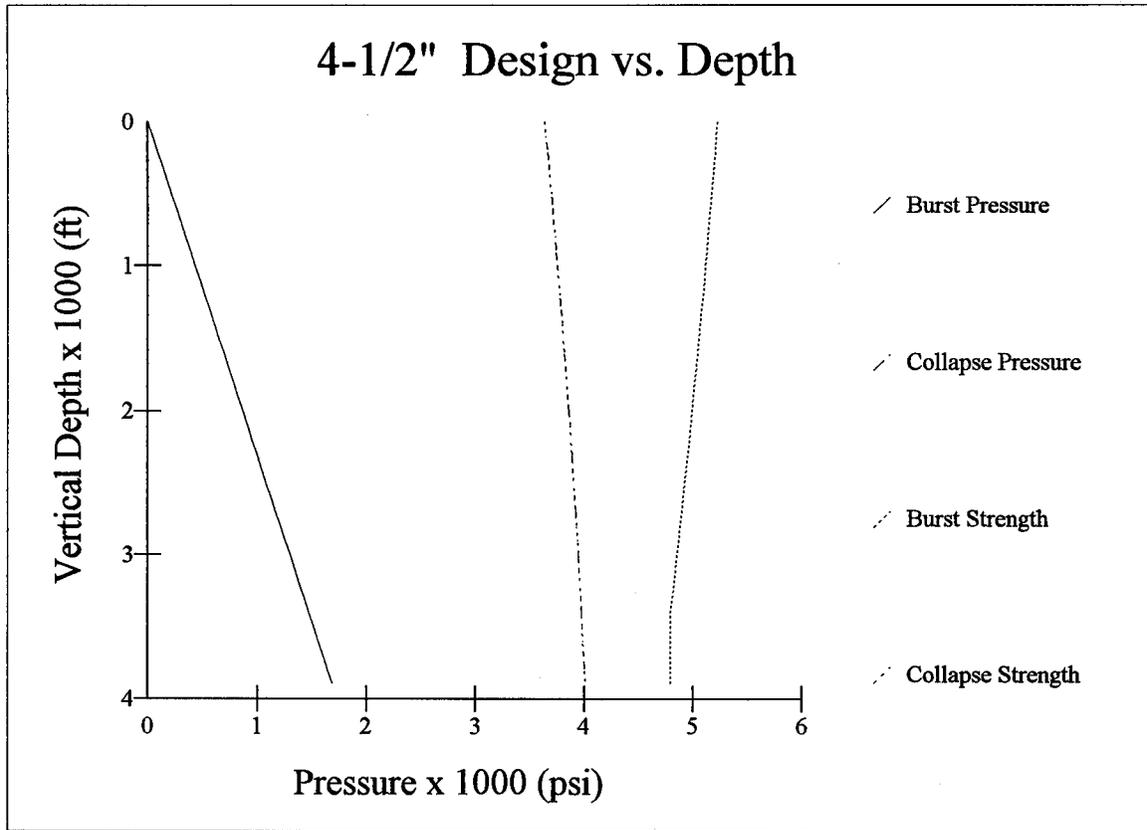
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
 Collapse is based on a vertical depth of 3895 ft, a mud weight of 8.33 ppg. The casing is considered to be evacuated for collapse purposes.
 In addition, burst strength is biaxially adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Lone Mt. Jo Reva No. 1
Casing Schematic



Lone Mt. Jo Reva No. 1 - Production



TRANSACTION REPORT

OCT-09-98 THU 03:36 PM

P. 01

SEND (M)

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
OCT-09	03:33 PM	19708584163	2' 40"	4	SEND	(M) OK	185	

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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: OCTOBER 9, 1998

FAX#: (970)858-4163

ATTN: NETTIE

COMPANY: LONE MOUNTAIN PROD. CO.

DEPARTMENT: _____

NUMBER OF PAGES:(INCLUDING THIS ONE) 4

From: LISHA CORDOVA



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

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DEPARTMENT: _____

NUMBER OF PAGES:(INCLUDING THIS ONE) 4

From: LISHA CORDOVA

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:

***VERBAL APPROVAL TO BEGIN DIRT WORK ONLY. SEE COMMENTS ON "ON-SITE EVALUATION"**

REGARDING RESERVE PIT & OTHER OBSERVATIONS/COMMENTS.

AN APPROVED APPLICATION WILL BE FORTHCOMING SOMETIME EARLY NEXT WEEK.

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.



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

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801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

October 19, 1998

Lone Mountain Production Company
P.O. Box 3394
Billings, Montana 59103

Re: Jo Reva No. 1 Well, 2201' FSL, 329' FWL, NW SW, Sec. 16,
T. 17 S., R. 25 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 43-019-31368.

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: Lone Mountain Production Company
Well Name & Number: Jo Reva No. 1
API Number: 43-019-31368
Lease: ML-29282
Location: NW SW Sec. 16 T. 17 S. R. 25 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 prior to spudding the well. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

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. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: LONE MOUNTAIN PRODUCTION

Well Name: JO REVA # 1

APi No. 43-019-31368 Lease Type: STATE

Section 16 Township 17S Range 25E County GRAND

Drilling Contractor HAYES PET RIG# 1

SPUDDED:

Date 10/30/98

Time _____

How ROTARY

Drilling will commence _____

Reported by JOE DYKE

Telephone # _____

Date: 10/30/98 Signed: JLT

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN
TRIPLICATE*
(Other Instructions on
reverse side)

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. ML-29282
SUBMIT IN TRIPLICATE	6. IF INDIAN, ALLOTEE OR TRIBE NAME
b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> WELL <input type="checkbox"/> WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> ZONE <input type="checkbox"/> ZONE <input type="checkbox"/>	7. IF UNIT OR CA, AGREEMENT DESIGNATION
2. NAME OF OPERATOR Lone Mountain Production Company	8. WELL NAME and No. Jo Reva State No. 1
3. ADDRESS OF OPERATOR P. O. Box 3394, Billings, Montana 59103 (406) 245-5077	9. API WELL NO. 43-019-31368
4. LOCATION OF WELL (Footage, Sec, T., R., M., or Survey Description) 2201' FSL, 329' FWL Section 16-T17S-R25E (NWSW)	10. Field and Pool, or Exploratory Area Bar-X
	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 checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other Notice of Spud	<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 of Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form)</small>

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

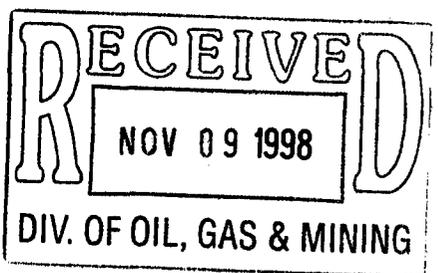
The Jo Reva State No. 1 well was spud at 1:30 a.m., November 4, 1998.

Drilled 8-3/4" st
to 290' KB. Cer
Tested casing to

, Utah DOGM. Ran 7 jts. 7", 23# casing
urface. Tested BOP's and lines to 1600 psi.

OIL AND GAS

JRB	
RJK	✓
SLS	
GLH	
DTS	
2CLD	✓
3PIC	✓
4 MICROFILM	
FILE	



14. I hereby certify that the foreg

Signed: James J. Ra

Date: **November 5, 1998**

(This space for Federal or State office use)

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

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

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN
TRIPLICATE*
(Other Instructions on
reverse side)

Form Approved.
Budget Bureau No. 1004-0135
Expires : March 31, 1993

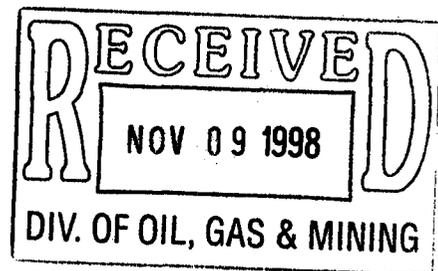
<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p align="center">Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals</p> <p align="center">SUBMIT IN TRIPLICATE</p> <p>b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> WELL <input type="checkbox"/> WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> ZONE <input type="checkbox"/> ZONE <input type="checkbox"/></p> <p>2. NAME OF OPERATOR Lone Mountain Production Company</p> <p>3. ADDRESS OF OPERATOR P. O. Box 3394, Billings, Montana 59103 (406) 245-5077</p> <p>4. LOCATION OF WELL (Footage, Sec, T., R., M., or Survey Description) 2201' FSL, 329' FWL Section 16-T17S-R25E (NWSW)</p>	<p>5. LEASE DESIGNATION AND SERIAL NO. ML-29282</p> <p>6. IF INDIAN, ALLOTEE OR TRIBE NAME</p> <p>7. IF UNIT OR CA, AGREEMENT DESIGNATION</p> <p>8. WELL NAME and No. Jo Reva State No. 1</p> <p>9. API WELL NO. 43-019-31368</p> <p>10. Field and Pool, or Exploratory Area Bar-X</p> <p>11. County or Parish, State Grand County, Utah</p>
--	---

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

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

The Jo Reva State No. 1 well was spud at 1:30 a.m., November 4, 1998.

Drilled 8-3/4" surface hole to 295' with air. Notified John Thompson, Utah DOGM. Ran 7 jts. 7", 23# casing to 290' KB. Cemented with 90 sx. Class "G", 3% CaCl₂, cement to surface. Tested BOP's and lines to 1600 psi. Tested casing to 1600 psi.



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

Signed: James J. Routson (cg)

Title: **President**

Date: **November 5, 1998**

(This space for Federal or State office use)

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

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make 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 of Reverse Side

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

OPERATOR Lone Mountain Production Company
 ADDRESS P. O. Box 3394
Billings, MT 59103

OPERATOR ACCT. NO. N 7210

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
A	99999	12499	43-019-31368	Jo Reva State No. 1	NWSW	16	17S	25E	Grand	11/4/98	
WELL 1 COMMENTS:											
WELL 2 COMMENTS:											
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.

(3/89)

RECEIVED

NOV 09 1998

James J. Lauter (sg)
 Signature _____

President _____ 11/5/98
 Title _____ Date

Phone No. (406) 245-5077

DIV. OF OIL, GAS & MINING

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN
TRIPLICATE*
(Other instructions on
reverse side)

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. ML-29282
SUBMIT IN TRIPLICATE		6. IF INDIAN, ALLOTEE OR TRIBE NAME
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. IF UNIT OR CA, AGREEMENT DESIGNATION
2. NAME OF OPERATOR Lone Mountain Production Company		8. WELL NAME and No. Jo Reva State No. 1
3. ADDRESS OF OPERATOR P. O. Box 3394, Billings, Montana 59103 (406) 245-5077		9. API WELL NO. 43-019-31368
4. LOCATION OF WELL (Footage, Sec, T., R., M., or Survey Description) 2201' FSL, 329' FWL Section 16-T17S-R25E (NWSW)		10. Field and Pool, or Exploratory Area Bar-X
		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 checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>Run casing</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 of Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log Form)</small>

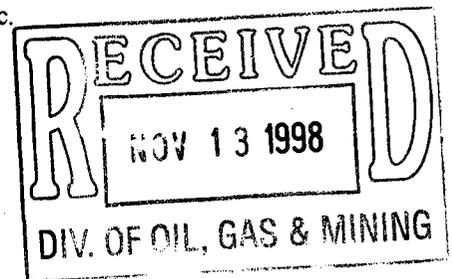
13. Describe the Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If a well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent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

Drilled 6-1/4" wellbore to 3833'. Ran E-logs.

Log Tops: Dakota Silt @ 3430' (+2064'); Dakota Sand @ 3532' (+1962'); Morrison @ 3654' (+1840').

Ran 4-1/2" casing to 3818' KB and cemented with 175 sacks of 10-3 thixotropic.

Rig released @ 8:00 a.m., 11/10/98.



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

Signed: Jan D. Routh

Title: **President**

Date: **November 10, 1998**

(This space for Federal or State office use)

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

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make 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 of Reverse Side

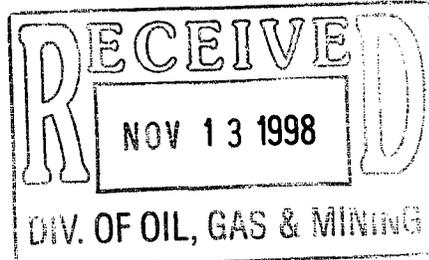
LONE MOUNTAIN PRODUCTION COMPANY

Mailing Address:
P.O. Box 3394
Billings, MT 59103-3394

(406) 245-5077
FAX 248-6321

Shipping Address:
100 North 27th Street
Suite 650
Billings, MT 59101

November 10, 1998



State of Utah
Division of Oil, Gas & Mining
1594 W. Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

RE: SUNDRY NOTICE
REPORT OF WATER ENCOUNTERED
JO REVA STATE NO. 1 WELL
NWSW SECTION 16: T17S-R25E
GRAND COUNTY, UTAH

Gentlemen:

Enclosed is one Sundry Notice advising of the current status of the referenced well and one Report of Water Encountered During Drilling - Form 7, each in duplicate.

Should you have any questions or need further information you may contact Jim Routson at (406) 245-5077 or Joe Dyk at (970) 858-7546 (office) or (970) 250-9770 (cell).

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY

James G. Routson (cg)

James G. Routson
President

Enclosures

cc: Joe Dyk

OIL AND GAS

	JRB	
4	RJK	✓
	SLS	
1	GLH	
	DTS	
	...	
	...	
	MICROFILM	
3	FILE	

drl

REPORT OF WATER ENCOUNTERED DURING DRILLING

1. Well name and number: Jo Reva State No. 1

API number: 43-019-31368

2. Well Location: QQ NWSW Section 16 Township 17S Range 25E County Grand

3. Well operator: Lone Mountain Production Company

Address: P. O. Box 3394

Billings, MT 59103-3394

Phone: (406) 245-5077

4. Drilling contractor: Hays Petroleum Company Inc.

Address: 226 1/2 E. Main Street

Rangely, CO 81648-2728

Phone: (970) 675-8491

5. Water encountered (attach additional pages as needed):

DEPTH		VOLUME (FLOW RATE OR HEAD)	QUALITY (FRESH OR SALTY)
FROM	TO		
No water encountered			

RECEIVED
NOV 13 1998
DIV. OF OIL, GAS & MINING

6. Formation tops: Dakota Silt 3430' (+2064')

Dakota Sand 3532' (+1962')

Morrison 3654' (+1840')

TD 3833'

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

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

Date: 11/10/98

Name & Signature: James G. Routson *James J. Routson (cg)*

Title: President

REPORT OF WATER ENCOUNTERED DURING DRILLING

1. Well name and number: Jo Reva State No. 1

API number: 43-019-31368

2. Well Location: QQ NWSW Section 16 Township 17S Range 25E County Grand

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Billings, MT 59103-3394

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DEPTH		VOLUME (FLOW RATE OR HEAD)	QUALITY (FRESH OR SALTY)
FROM	TO		
No water encountered			

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Dakota Sand 3532' (+1962')

Morrison 3654' (+1840')

TD 3833'

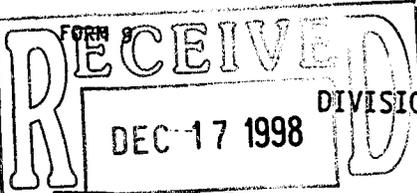
If an analysis has been made of the water encountered, please attach a copy of the report to this form.

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

Date: 11/10/98

Name & Signature: James G. Routson *James G. Routson (cg)*

Title: President



STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

DIV. OF OIL, GAS AND MINING NOTICES AND REPORTS ON WELLS

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

3. LEASE DESIGNATION & SERIAL NO.	ML-29282
6. IF INDIAN ALLOTTEE OR TRIBE NAME	
7. UNIT AGREEMENT NAME	
8. FARM OR LEASE NAME	Jo Reva State
9. WELL NO.	No. 1
10. FIELD AND POOL, OR WILDCAT	State line
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA	NWSW Sec. 16: T17S-R25E
12. COUNTY	Grand
13. STATE	Utah

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>
2. NAME OF OPERATOR Lone Mountain Production Company
3. ADDRESS OF OPERATOR P. O. Box 3394, Billings, Montana 59103
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 2201' FSL, 329' FWL, Sec. 16, T17S-R25E At proposed prod. zone Same
14. API NO. 43-019-31368
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 5484' GL, 5494' KB

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

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

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

* Must be accompanied by a cement verification report.

Initial production of the Jo Reva State No. 1 well into the LMPC/Bar-X Gathering System began at 12:00 noon, 12/8/98.

SICP 540 psi, SITP 500 psi, initial rate 1,034 MCFD.

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

SIGNED James R. Ponton TITLE President DATE 12/14/98

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: _____

LONE MOUNTAIN PRODUCTION COMPANY

Mailing Address:
P.O. Box 3394
Billings, MT 59103-3394

(406) 245-5077
FAX 248-6321

Shipping Address:
100 North 27th Street
Suite 650
Billings, MT 59101

December 14, 1998

State of Utah
Division of Oil, Gas & Mining
1594 W. Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

RE: SUNDRY NOTICE
WELL COMPLETION REPORT
JO REVA STATE NO. 1 WELL
NWSW SECTION 16: T17S-R25E
GRAND COUNTY, UTAH

Gentlemen:

Enclosed, in duplicate, is the well completion report and the sundry notice advising that the initial production of the referenced well began at 12:00 noon, December 8, 1998.

If you have any questions or need further information you may contact me at (406) 245-5077 or Joe Dyk at (970) 858-7546.

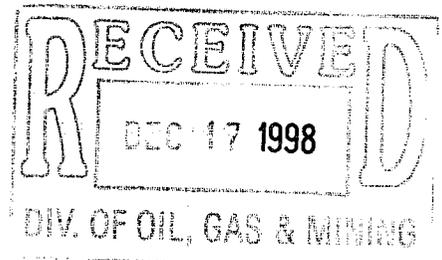
Sincerely,

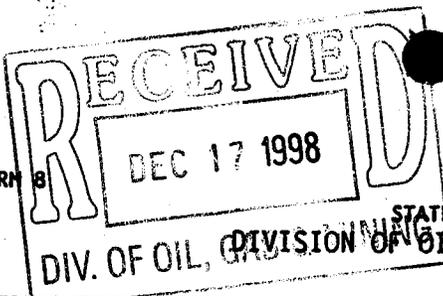
LONE MOUNTAIN PRODUCTION COMPANY


James G. Routson
President

Enclosures

cc: Joe Dyk





FORM 8

STATE OF UTAH
DIV. OF OIL, GAS AND MINING

5. LEASE DESIGNATION AND SERIAL NO.

ML-29282

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Jo Reva State

9. WELL NO.

No. 1

10. FIELD AND POOL, OR WILDCAT

State line

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

Sec. 16: T17S-R25E (NW 1/4 SW 1/4)

12. COUNTY

Grand

13. STATE

Utah

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1. TYPE OF WELL: OIL WELL [] GAS WELL [X] DRY [] Other []

1. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [] DEEP-EN [] PLUG BACK [] DIFF. RESVR. [] Other []

2. NAME OF OPERATOR

Lone Mountain Production Company

3. ADDRESS OF OPERATOR

P. O. Box 3394, Billings, Montana 59103

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

At surface 2201' FSL, 329' FWL

At top prod. interval reported below

Same

At total depth

Same

14. API NO. DATE ISSUED

43-019-31368

10/19/98

15. DATE STUDDED

11/4/98

16. DATE T.D. REACHED

11/9/98

17. DATE COMPL. (Ready to prod.)

11/26/98

18. ELEVATIONS (DF, BEB, RT, CR, ETC.)

5484' GL, 5494' KB

19. ELEV. CASINGHEAD

5485'

20. TOTAL DEPTH, MD & TVD

3833'

21. PLUS BACK T.D., MD & TVD

3781'

22. IF MULTIPLE COMPL., HOW MANY

23. INTERVALS DEBILLED BY

0-TD

ROTARY TOOLS

CABLE TOOLS

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

Dakota 3545'-3654'

25. WAS DIRECTIONAL SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN
ESP-DIL, GR-GDC-CNL, GR-CBL 11-18-98

27. WAS WELL CORED YES [] NO [X] (Submit analysis)

DRILL STEM TEST YES [] NO [X] (See reverse side)

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

Table with columns: CASING SIZE, WEIGHT, LB./FT., DEPTH SET (MD), HOLE SIZE, CEMENTING RECORD, AMOUNT FULLED. Rows include 7" 23# K-55 and 4-1/2" 11.6# N-80.

29. LINER RECORD

Table with columns: SIZE, TOP (MD), BOTTOM (MD), SACKS CEMENT, SCREEN (MD). Row: None.

30. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD). Row: 2-3/8", 3654', None.

31. PERFORATION RECORD (Interval, size and number)

Dakota: 3548', 3558', 3560', 3566', 3584', 3610', 3627', 3632', 3640', 3650', 10 holes, .38" EHD

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

Table with columns: DEPTH INTERVAL (MD), AMOUNT AND KIND OF MATERIAL USED. Row: 3548'-3650', 500 gal. 7-1/2% MSR, Frac with 100,000# 20-40 sand, 1165 bbls. X-linked borate fluid.

33. PRODUCTION

Table with columns: DATE FIRST PRODUCTION, PRODUCTION METHOD, WELL STATUS, DATE OF TEST, HOURS TESTED, CHOKER SIZE, PROD'N. FOR TEST PERIOD, OIL-BBL., GAS-MCF., WATER-BBL., GAS-OIL RATIO, FLOW. TUBING PRESS., CASING PRESSURE, CALCULATED 24-HOUR RATE, OIL-BBL., GAS-MCF., WATER-BBL., OIL GRAVITY-API (CORR.).

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Sold

TEST WITNESSED BY

Joe Dyk

35. LIST OF ATTACHMENTS

None

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

SIGNED James S. Rowson

TITLE President

DATE 12/14/98

See Spaces for Additional Data on Reverse Side

INSTRUCTIONS

This form should be completed in compliance with the Utah Oil and Gas Conservation General Rules. If not filed prior to this time, all logs, tests, and directional surveys as required by Utah Rules should be attached and submitted with this report.

ITEM 18: Indicate which elevation is used as reference for depth measurements given in other spaces on this form and on any attachments.

ITEMS 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

ITEM 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

ITEM 33: Submit a separate completion report on this form for each interval to be separately produced (see instruction for items 22 and 24 above).

37. SUMMARY OF POROUS ZONES: Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.		38. GEOLOGIC MARKERS		
Formation	Top	Bottom	Description, contents, etc.	
				Name
				Meas. Depth
				Top True Vert. Depth
Dakota Sand	3545' 3600'	3572' 3654'	Tight gas Gas	Dakota Silt Dakota Sand Morrison
				3430' 3532' 3654'
				+2064' +1962' +1840'