

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
 Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR
 PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface: 780'N, 820'E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 6 miles East of Hatch Trading Post, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 780'

16. NO. OF ACRES IN LEASE 2920.8'

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1190'

19. PROPOSED DEPTH 5845'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4914' GL

22. APPROX. DATE WORK WILL START*

5. LEASE DESIGNATION AND SERIAL NO.
 U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Navajo Federal

9. WELL NO.
 #9-2

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 9, T-39-S, R-25-E

12. COUNTY OR PARISH
 San Juan

13. STATE
 Utah

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|-----------------------------------|
| 17 1/2" | 13 3/8" | 48.0# H-40 | 80' | 111 cu.ft. circ. surface |
| 11" | 8 5/8" | 24.0# K-55 | 3500' | 1361 cu.ft. circ. surface |
| 7 7/8" | 5 1/2" | 15.5# K-55 | 5845' | 528 cu.ft. fill to surface casing |

The Upper Ismary and/or the Desert Creek will be selectively perforated and tested in this well.

A 3000 psi WP and 6000 psi test double gate preventer equipped with blind and pipe rams will be used for blow out prevention on this well.

"TIGHT HOLE"

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

24. SIGNED [Signature] TITLE Project Drilling Engineer DATE August 14, 1984

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY Kenneth V. Rhea TITLE Acting DISTRICT MANAGER DATE 12 SEP 1984
 CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED

FLARING OR VENTING OF GAS IS SUBJECT OF NTL 4-A DATED 1/1/80

*See Instructions On Reverse Side

COMPANY MILESTONE PETROLEUM, INC.

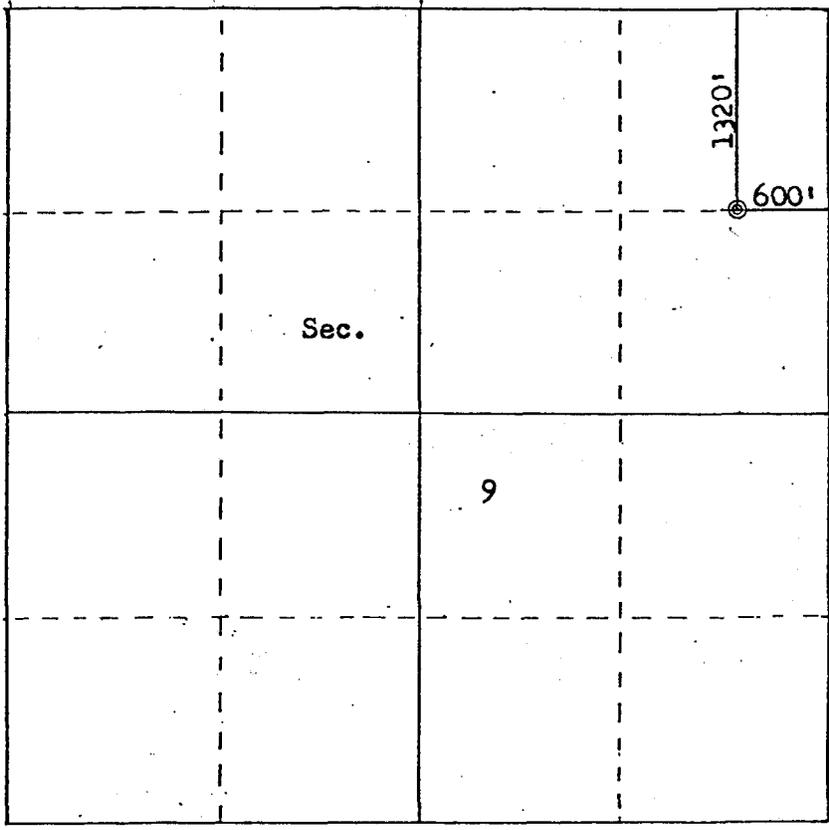
CONFIDENTIAL

LEASE MILESTONE-NAVAJO-FEDERAL WELL NO. 9-2

SEC. 9, T. 39S, R. 25E
San Juan County, Utah

LOCATION 1320'FNL 600'FEL

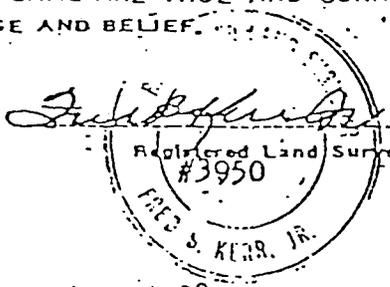
ELEVATION 4865 ungraded ground



SCALE—4 INCHES EQUALS 1 MILE

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

SEAL:



SURVEYED August 28, 1964

REC'D MDO SEP 11 1984

MOAB DISTRICT

CONDITIONS OF APPROVAL FOR PERMIT TO DRILL

STIPULATIONS

1. Planned Access Roads:

Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance by the San Juan Area Manager. *Maximum road width will be 20 feet.*

The access road will be water barred or brought to Class III Road Standards within 60 days of dismantling of the drill rig. If this time frame cannot be met, the San Juan Area Manager will be notified so that temporary drainage control can be installed along the access road.

The Class III Road Standards which ensure drainage control over the entire road through the use of natural, rolling topography; ditch turnouts; drainage dips; outsloping; crowning; low water crossings; and culverts will be determined at the appropriate field inspection.

2. Location of Tank Batteries and Production Facilities:

All permanent (on site for 6 months or longer) above ground facilities (including pump jacks) will be painted a flat, nonreflective, earthtone color to match the standard environmental colors, as determined by the Rock Mountain 5-State Inter-agency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The color will be sandstone.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain $1\frac{1}{2}$ times the storage capacity of the battery.

All loading lines will be placed inside the berm surrounding the tank battery.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

Gas Meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place before any deliveries. Tests for meter accuracy will be conducted monthly for the first 3 months or new meter installations and at least quarterly thereafter. The San Juan Area Manager will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the San Juan Area Manager. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

3. Methods of Handling Waste Disposal:

The reserve pit will be lined with commercial bentonite sufficient to prevent seepage. At least half of the capacity will be in cut.

Three sides of the reserve pit will be fenced with four strands of barbed wire before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying.

A trash basket will be used or a trash pit will be constructed near the mud tanks and dug at least six feet into solid undisturbed material. It will be totally enclosed with a fine wire mesh before the rig moves in. The road and pad will be kept litter free.

A burning permit is required for burning trash between May 1 and October 31. This can be acquired by contacting the State Fire Warden, John Baker, at (801) 587-2705.

Produced waste water will be confined to a lined 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 the required water analysis, will be submitted for the District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).

4. Well Site Layout:

The reserve pit will be located: on the east..

The top 6 inches of soil material will be removed from the location and stockpiled separate from the trees on the south southeast side. Topsoil along the access will be reserved in place.

Access to the well pad will be from the northwest.

5. Reclamation:

- a. Immediately on completion of drilling, all trash and debris will be collected from the location and surrounding area. All trash and debris will be disposed of in the trash pit and will then be compacted and buried under a minimum of two feet of compacted soil.
- b. The operator/holder of his contractor will contact the San Juan Resource Area office in Monticello, Utah, (801) 587-2201, 48 hours before starting reclamation work that involves earthmoving equipment and upon completion of restoration measures.
- c. Before any dirt work to restore the location takes place, the reserve pit must be completely dry.
- d. All disturbed areas will be recontoured to blend as nearly as possible with the natural topography. This includes removing all berms and refilling all cuts.
- e. The stockpiled topsoil will be spread evenly over the disturbed area. All disturbed areas will be ripped 12 inches deep with the contour.
- f. Seed will be broadcast between October 1 and February 28 with the following prescription. A harrow or similar implement will be dragged over the area to assure seed cover.

| | | |
|---------------|----------|--|
| <u>2</u> | lbs/acre | Indian ricegrass (<u>Oryzopsis hymenoides</u>) |
| <u>2</u> | lbs/acre | Curlygrass (<u>Hilaria jamesii</u>) |
| <u> </u> | lbs/acre | crested wheatgrass (<u>Agropyron desertorum</u>) |
| <u> </u> | lbs/acre | Western wheatgrass (<u>Agropyron smithii</u>) |
| <u> </u> | lbs/acre | Alkali sacaton (<u>Sporobolus airoides</u>) |
| <u> </u> | lbs/acre | Sand dropseed (<u>Sporobolus cryptandrus</u>) |
| <u>1</u> | lbs/acre | Fourwing saltbush (<u>Atriplex canescens</u>) |
| <u> </u> | lbs/acre | Shadscale (<u>Atriplex confertifolia</u>) |
| <u> </u> | lbs/acre | Green ephedra (<u>Ephedra viridis</u>) |
| <u>1</u> | lbs/acre | Cliffrose (<u>Cowania mexicana</u>) |
| <u> </u> | lbs/acre | Desert bitterbrush (<u>Purshia glandulosa</u>) |
| <u> </u> | lbs/acre | Winterfat (<u>Eurotia lanata</u>) |
| <u> </u> | lbs/acre | Globemallow (<u>Sphaeralcea ambigua</u>) |
| <u> </u> | lbs/acre | Wild sunflower (<u>Helianthus annuus</u>) |
| <u> </u> | lbs/acre | |

- g. The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed as described in the reclamation section. Enough topsoil will be kept to reclaim the remainder of the location at a future date. This remaining stockpile of topsoil will be seeded in place using the prescribed seed mixture.

6. Other Information:

- a. In the event that this well goes into production, the operator will have to relocate the corral on the west side of the drill pad to a new location selected by BLM.
- b. An archaeological monitor will be required for the access road into the drill pad.

There will be no change from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be used. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.2.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3164.

The dirt contractor will be provided with an approved copy of the surface use plan.

If subsurface cultural materials are exposed during construction, work in that spot will stop immediately and the San Juan Resource Area Office will be contacted. All people who are in the area will be informed by the operator/holder that they are subject to prosecution for disturbing archaeological sites or picking up artifacts. Salvage or excavation of identified archaeological sites will be done by a BLM approved archaeologist only if damage occurs.

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

Your contact with the District Office is: Bob Graff
Office Phone: 801-259-6111 Address: P.O. Box 970, Moab, UT 84532.

Resource Area Manager's address and contacts:
Address: P.O. Box 7, Monticello, UT 84535

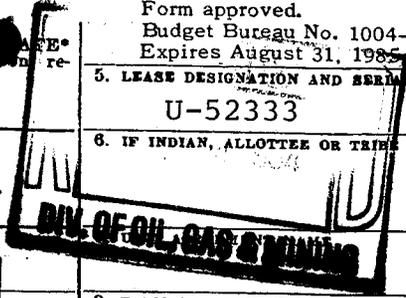
Your contact is: Rich McClure
Office Phone: 801-587-2201
Home Phone: none

7. A drill string safety valve(s) in the open position must be maintained on the rig floor at all times while drilling operations are conducted. Separate valves are required when drilling with a mixed string.

Revised
**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 August 31, 1985



5. LEASE DESIGNATION AND SERIAL NO.
U-52333
6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

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

CONFIDENTIAL

OIL WELL GAS WELL OTHER

| | | | |
|---|---|---|--------------------------|
| 2. NAME OF OPERATOR Milestone Petroleum, Inc. | | 8. FARM OR LEASE NAME Navajo Federal | |
| 3. ADDRESS OF OPERATOR PO Box 4289, Farmington, NM 87499 | | 9. WELL NO. 9-2 | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 1320'N, 600'E | | 10. FIELD AND POOL, OR WILDCAT Wildcat | |
| | | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 9, T-39-S, R-25-E | |
| 14. PERMIT NO. | 15. ELEVATIONS (Show whether DF, RT, GR, etc.) 4865' GL | 12. COUNTY OR PARISH San Juan | 13. STATE Utah |

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

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

| | | | |
|--|---|--|--|
| TEST WATER SHUT-OFF <input type="checkbox"/> | PULL OR ALTER CASING <input type="checkbox"/> | WATER SHUT-OFF <input type="checkbox"/> | REPAIRING WELL <input type="checkbox"/> |
| FRACTURE TREAT <input type="checkbox"/> | MULTIPLE COMPLETE <input type="checkbox"/> | FRACTURE TREATMENT <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| SHOOT OR ACIDIZE <input type="checkbox"/> | ABANDON* <input type="checkbox"/> | SHOOTING OR ACIDIZING <input type="checkbox"/> | ABANDONMENT* <input type="checkbox"/> |
| REPAIR WELL <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | (Other) <u>Change Location</u> <input checked="" type="checkbox"/> | |

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

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

The location of this well has been changed to 1320'N, 600'E, Section 9, T-39-S, R-25-E, San Juan County, Utah. Attached is a revised location plat and profile map for this location.

The revised estimated formation tops are:

| | | | |
|----------|----------|------------------|-------|
| Surface | Morrison | Hermosa | 4496' |
| Entrada | 640' | Upper Ismay | 5466' |
| Navajo | 847' | Up. Desert Creek | 5697' |
| Chinle | 1512' | Akah | 5797' |
| Cutler | 2614' | Total Depth | 5845' |
| Dechelly | 3173' | | |

CONFIDENTIAL

Rich McClure, Bureau of Land Management Representative, agrees with the amended footage location of this well.

APPROVED BY THE STATE
OFFICE OF THE ATTORNEY GENERAL
DATE 9/4/84
BY John R. By...

18. I hereby certify that the foregoing is true and correct
SIGNED [Signature] TITLE Project Drilling Engineer DATE August 29, 1984

(This space for Federal or State office use)
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

COMPANY MILESTONE PETROLEUM, INC.

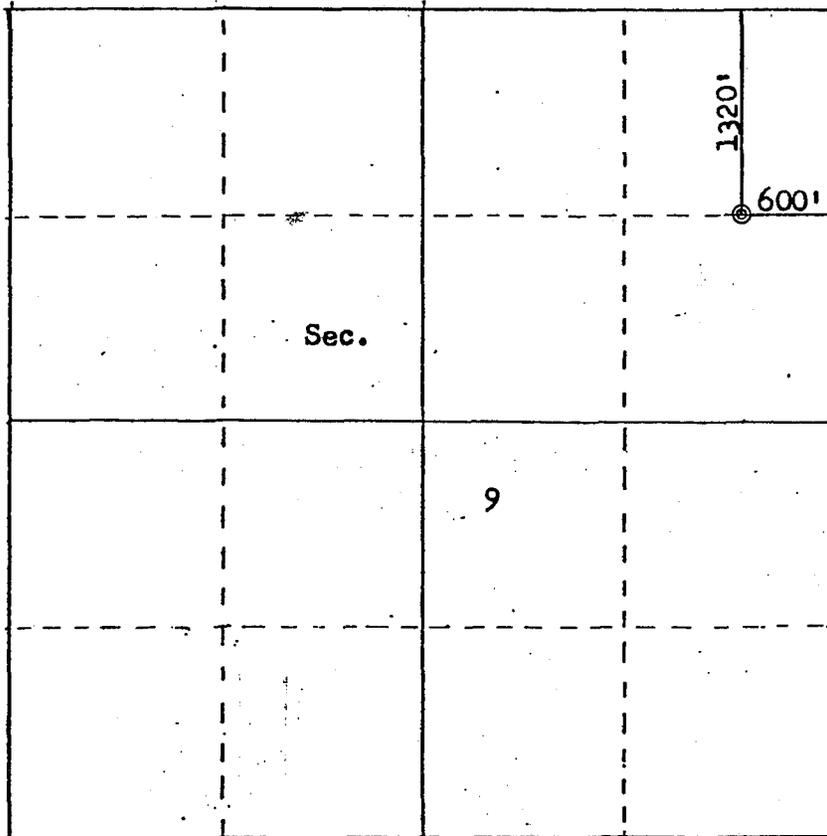
CONFIDENTIAL

LEASE MILESTONE-NAVAJO-FEDERAL WELL NO. 9-2

SEC. 9, T 39S, R 25E
San Juan County, Utah

LOCATION 1320'FNL 600'FEL

ELEVATION 4865 ungraded ground



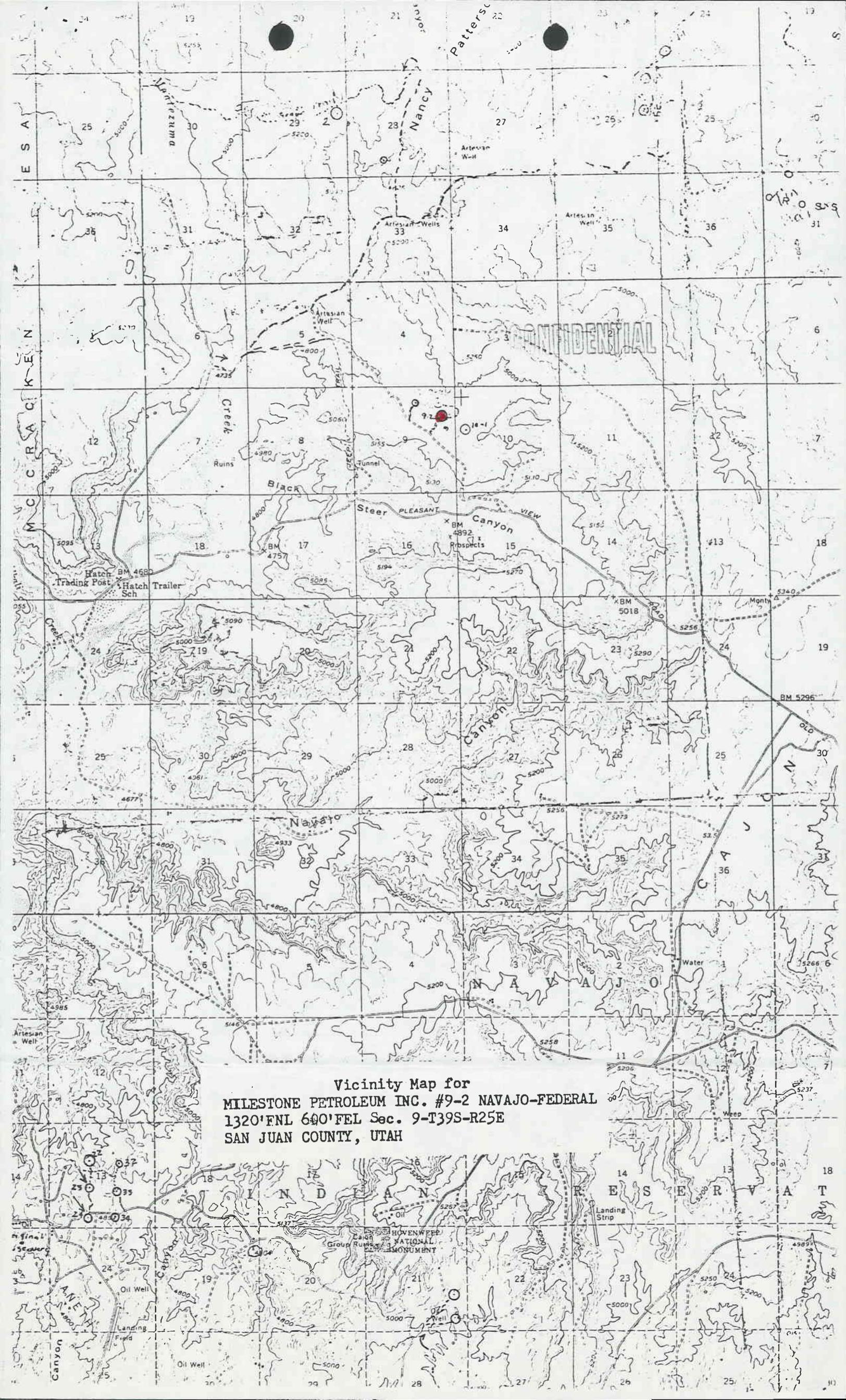
SCALE—4 INCHES EQUALS 1 MILE

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

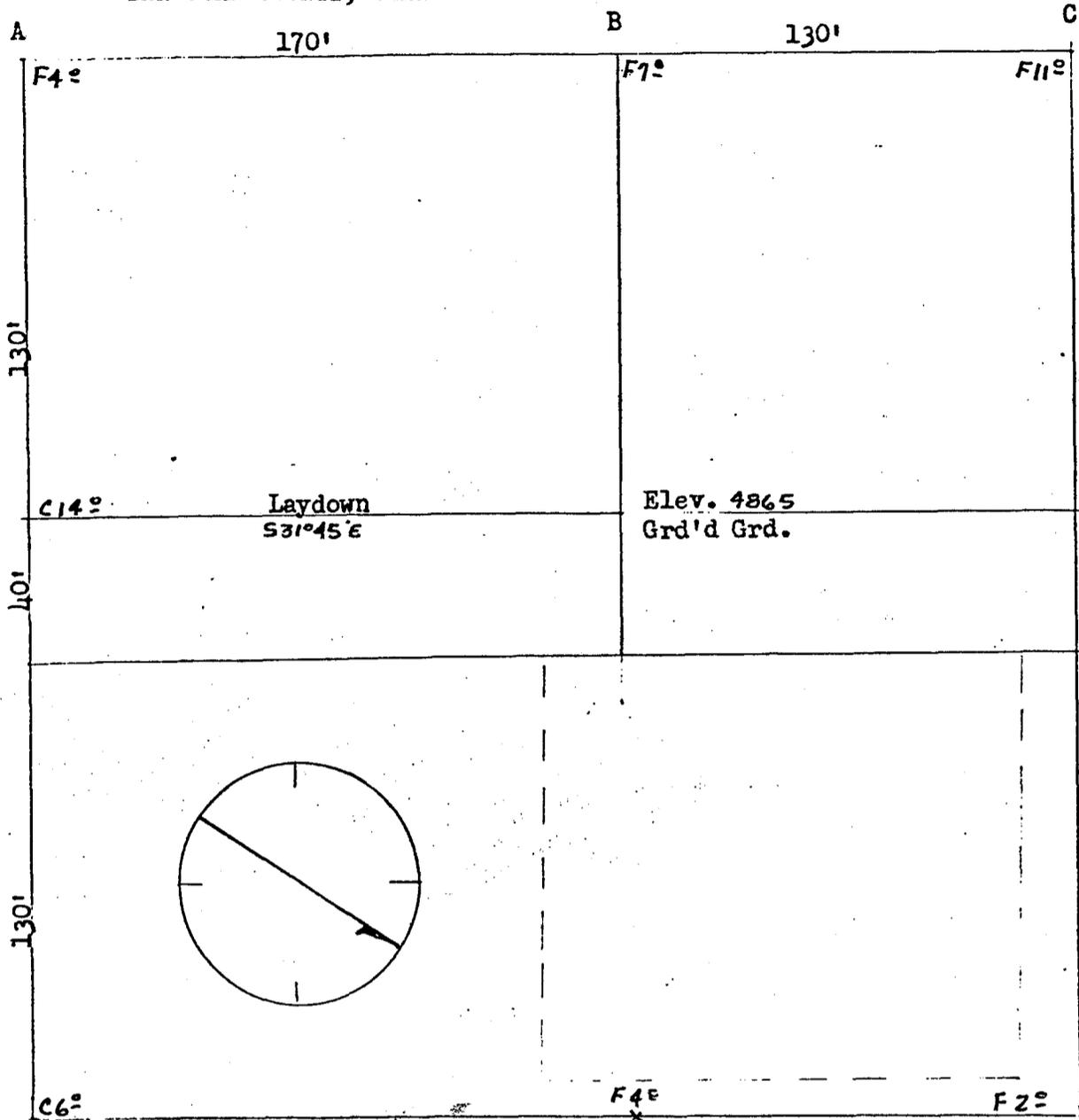
REAL:

Fred S. Kerr, Jr.
 Registered Land Surveyor
 #3950
 FRED S. KERR, JR.

SURVEYED August 28 1984

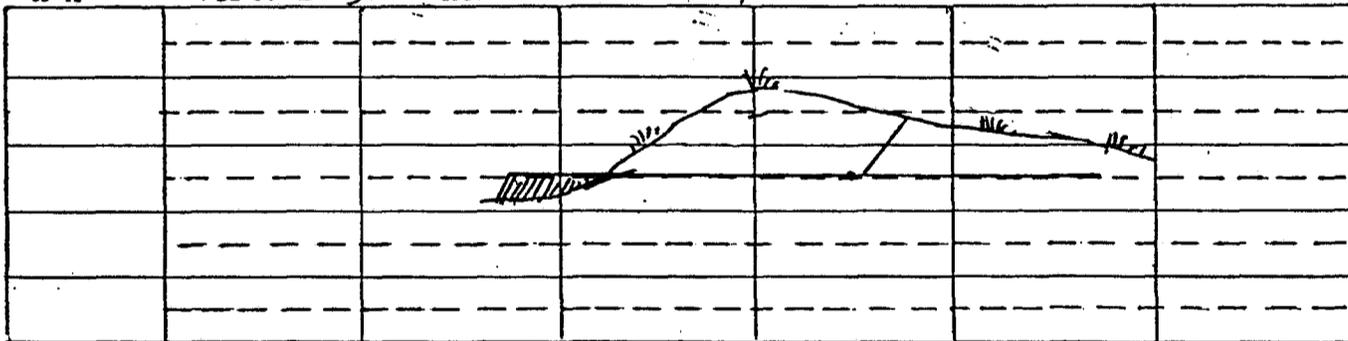


Vicinity Map for
MILESTONE PETROLEUM INC. #9-2 NAVAJO-FEDERAL
1320'FNL 600'FEL Sec. 9-T39S-R25E
SAN JUAN COUNTY, UTAH

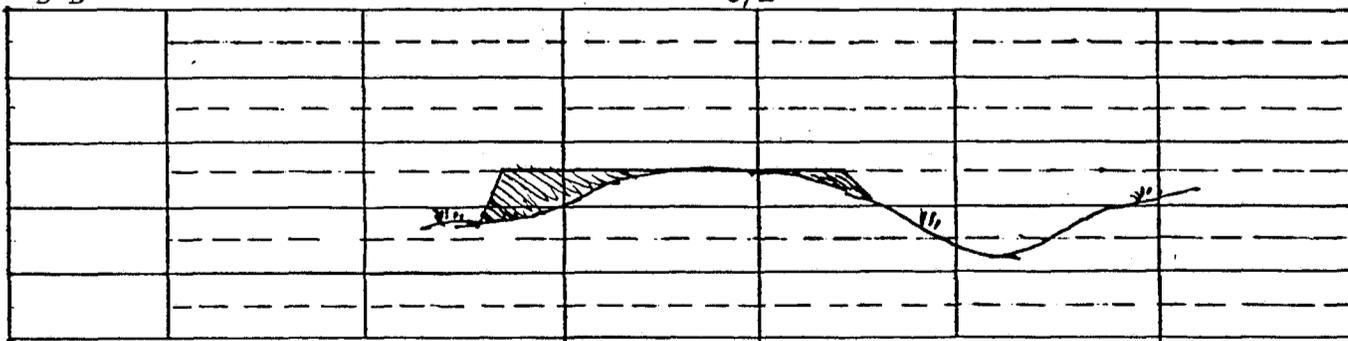


Scale: 1"=50'

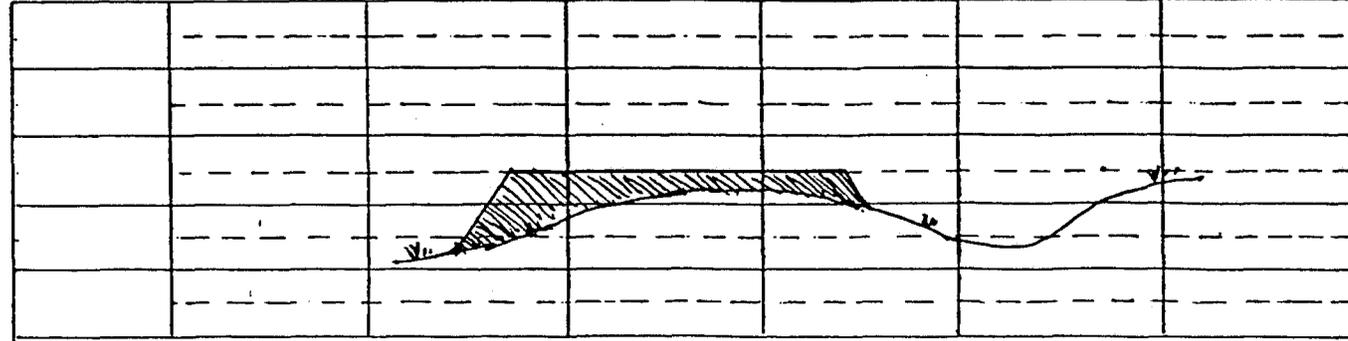
A-A' Vert: 1"=30' Horiz: 1"=100' C/L



B-B' C/L



C-C' C/L



CONFIDENTIAL

The exception location is proposed to take advantage of structural and stratigraphic features revealed by seismic data and geological interpretation. The proposed location of the Milestone Petroleum, Inc., 9-2 Well is intended to penetrate the Upper Ismay Zone of the Paradox Formation of the Pennsylvanian Age to a depth of 5,845 feet, and is intended to situate the well bore inside the reservoir facies. It is believed that drilling at the standard location will situate the well bore outside of the reservoir facies. It is believed that the subject reservoir is the same achieving production through the Milestone Petroleum, Inc., Navajo 9-1 Well located 1,500 feet distant. The enclosed confidential Exhibit "B" depicts the structure of the Upper Ismay Zone at the proposed exception location, as well as the locations of existing wells in the vicinity.

6. The proposed exception location is situated at a point 1,320 feet from the north line and 600 feet from the east line of Section 9, Township 39 South, Range 25 East, Salt Lake Base and Meridian.

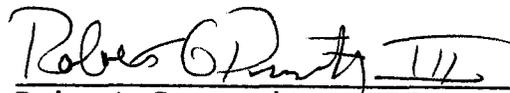
7. As verified by the attached affidavit and ownership plat marked Exhibit "A", the applicant owns 100% of the oil and gas leasehold working interest within a 600-foot radius of the proposed exception location, and the applicant has secured the drilling rights pursuant to a farmout agreement in the 320-acre leasehold interest situated in the west half of Section 10, Township 39 South, Range 25 East, Salt Lake Base and Meridian. Consequently, the Applicant owns or controls the drilling rights to all of the oil and gas leasehold interests within a 660-foot radius of the proposed exception location.

8. Drilling and production at the exception location will not adversely affect any interests in adjoining lands.

9. The proposed exception location is necessary to conserve oil, gas and associated hydrocarbons, and to secure the greatest ultimate recovery of oil, gas and associated hydrocarbons from the subject lands.

NOW, THEREFORE, based on the foregoing, the applicant requests that the Utah Board of Oil, Gas and Mining enter an Order granting an exception to the General Well Spacing Requirements established in Rule C-3(b), without notice and hearing, in accordance with the provisions of Rule C-3(c) and due to the geological conditions stated above, and establish said exception location at a point 1,320 feet from the north line and 600 feet from the east line of Section 9, Township 39 South, Range 25 East, Salt Lake Base and Meridian.

RESPECTFULLY submitted this 28th day of August,
1984.



Robert G. Pruitt, III
Attorney for Applicant,
Milestone Petroleum, Inc.
Pruitt, Gushee & Fletcher
1850 Beneficial Life Tower
Salt Lake City, Utah 84111
(801) 531-8446

EXHIBIT A

AFFIDAVIT

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

TO WIT:

Now, this 27th day of August, 1984, comes the affiant herein, WILLIAM C. MITCHELL, being of lawful age and first duly sworn, and does now depose and say:

That he is employed as a Landman with Milestone Petroleum Inc., and in said capacity is acquainted with the facts and allegations herein, and

That the plat attached hereto and made a part hereof as "Exhibit A" is accurate to scale and reflects pertinent and required data,

And further, that to his information and belief,

That Milestone owns current record title to 100% interest in the leasehold rights under the following described lands:

Township 39 South, Range 25 East
Section 4: Lots 1 thru 4, S/2N/2, S/2 (all)
Section 9: All

That Getty Oil Company, Donald B. Anderson, Ltd., and Chorney Oil Company own 100% interest [in the proportions of Getty - 50%, Anderson - 25%, Chorney - 25%] in the leasehold rights under the following described lands:

Township 30 South, Range 25 East
Section 3: Lots 1 thru 4, S/2N/2, S/2 (all)
Section 10: All

That Milestone Petroleum Inc. has secured the drilling rights from Getty/Anderson/Chorney under that certain farmout agreement dated May 10, 1984, and thereby controls the leasehold interest under the following described lands:

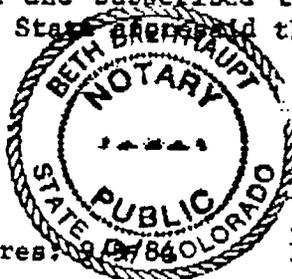
Township 30 South, Range 25 East
Section 10: W/2

Further affiant sayeth not.

William C. Mitchell

William C. Mitchell

Taken, sworn and subscribed to before me, a Notary Public in and for the County and State of Colorado this 27th day of August, 1984.

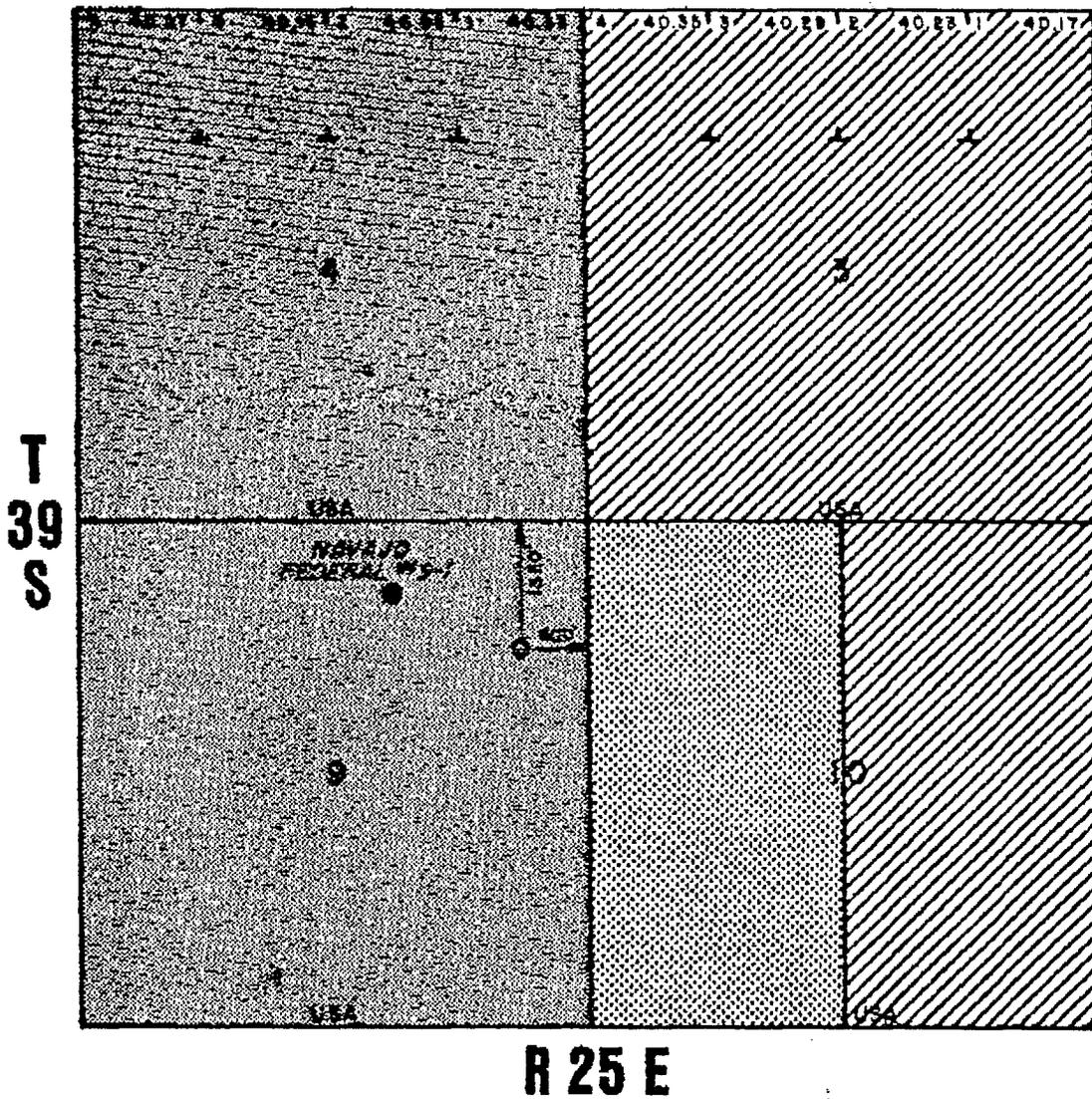


Beth Breirhaupt

Beth Breirhaupt, Notary Public
5613 DTC Parkway
Englewood, CO 80012

My commission expires: 9/8/84

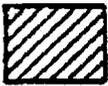
EXHIBIT A



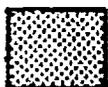
KEY: LEASEHOLD OWNERSHIP



MILESTONE PETROLEUM INC. - 100%
(FEDERAL SERIAL NO. U-52333)



GETTY OIL COMPANY (50%), DONALD B. ANDERSON, LTD. (25%) CHORNEY OIL COMPANY (25%)
(FEDERAL SERIAL NO. U-12426)
(FEDERAL SERIAL NO. U-12424)



GETTY OIL COMPANY, DONALD B. ANDERSON, LTD., & CHORNEY OIL COMPANY, SUBJECT TO
FARMOUT OPTION AGREEMENT IN FAVOR OF MILESTONE PETROLEUM DATED MAY 10, 1984
(FEDERAL SERIAL NO. U-12426)



PROPOSED LOCATION - MILESTONE'S NAVAJO FEDERAL #9-2
1320' FNL - 600' FEL

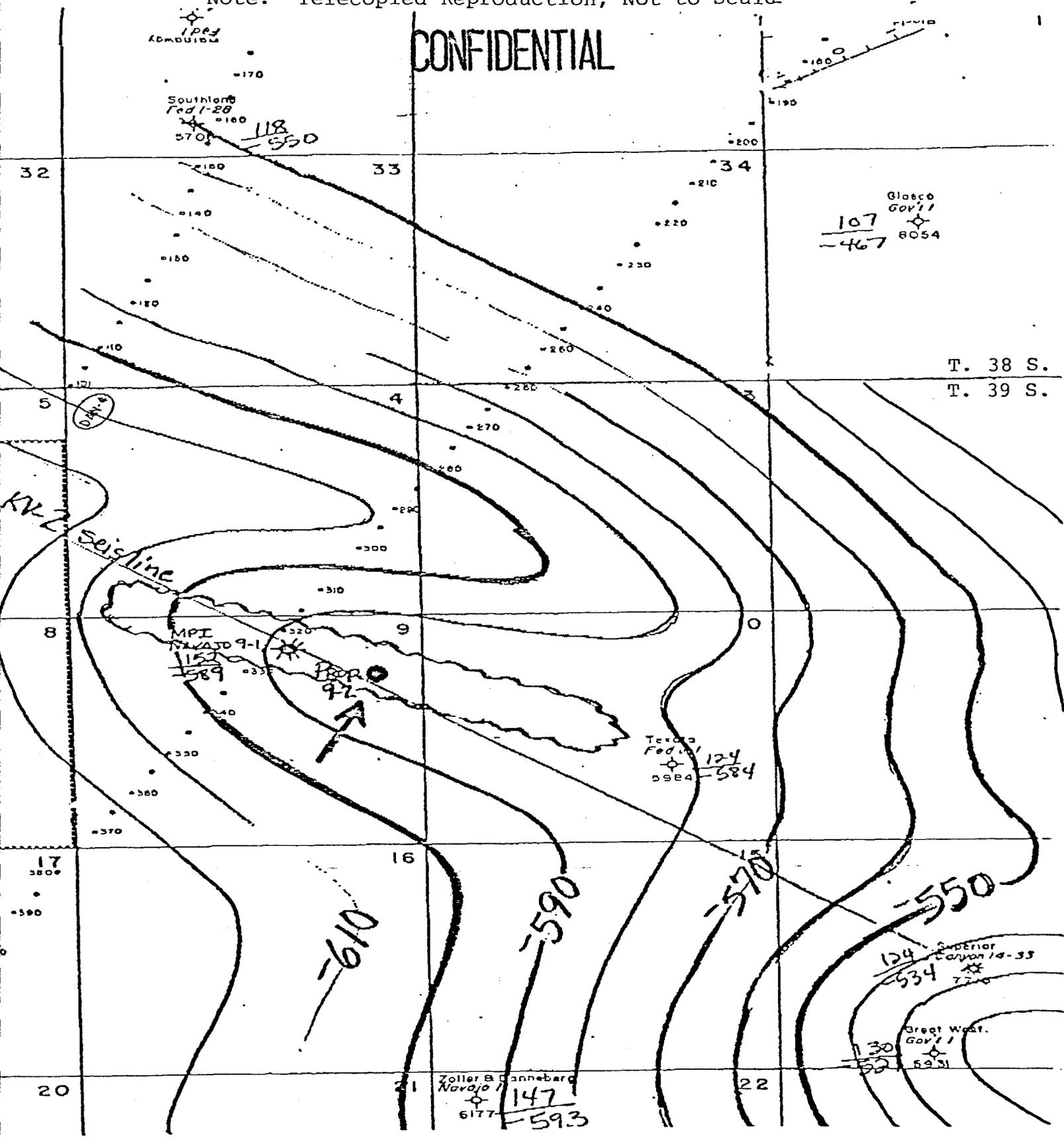
| | | | | | |
|---|--|---------------------------------|--|----------|--|
| DENVER | | milestone petroleum inc. | | COLORADO | |
| NAVAJO PROSPECT T 39 S, R 25 E SAN JUAN COUNTY, UTAH | | | | | |
| Scale: 1" = 2000' | | | | | |
| Orig by: | | Drawn by: | | | |
| Date: | | Revised: | | Map No: | |

STRUCTURE MAP
UPPER ISMAY ZONE.
Contour Interval - 10 Feet
Proposed Location 9-2 = 0

Original Scale 1" = 2000'

Note: Telecopied Reproduction, Not to Scale

CONFIDENTIAL



T. 38 S.
T. 39 S.

Zoller & Danneberg
Navajo 1147
6177 -593

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

| | | |
|---------------------------------|---|-------------------------|
| |) | |
| |) | PETITION FOR EXCEPTION |
| |) | TO GENERAL WELL SPACING |
| IN THE MATTER OF THE PETITION) |) | REQUIREMENTS |
| OF MILESTONE PETROLEUM, INC.) |) | |
| |) | Docket No. _____ |
| |) | |
| |) | Cause No. _____ |
| |) | |

MILESTONE PETROLEUM, INC., hereinafter referred to as "Applicant", by and through its undersigned attorney, alleges the following in support of its application:

1. Applicant is duly authorized to do business in the State of Utah.

2. Applicant owns the entire working interest and operating rights for the production of oil, gas and associated hydrocarbons from the following lands:

Township 39 South, Range 25 East, SLM

Section 9: All

(San Juan County, Utah)

3. Said area is spaced pursuant to Rule C-3(b) of the Utah Board of Oil, Gas and Mining, which sets the General Well Spacing Requirements for unspaced areas of the State.

4. Applicant hereby petitions for an exception location to the General Well Spacing Requirements allowed pursuant to Rule C-3(c) of the Utah Board of Oil, Gas and Mining.

5. The proposed exception location is necessitated by the following geological conditions, to-wit:

CONFIDENTIAL

The exception location is proposed to take advantage of structural and stratigraphic features revealed by seismic data and geological interpretation. The proposed location of the Milestone Petroleum, Inc., 9-2 Well is intended to penetrate the Upper Ismay Zone of the Paradox Formation of the Pennsylvanian Age to a depth of 5,845 feet, and is intended to situate the well bore inside the reservoir facies. It is believed that drilling at the standard location will situate the well bore outside of the reservoir facies. It is believed that the subject reservoir is the same achieving production through the Milestone Petroleum, Inc., Navajo 9-1 Well located 1,500 feet distant. The enclosed confidential Exhibit "B" depicts the structure of the Upper Ismay Zone at the proposed exception location, as well as the locations of existing wells in the vicinity.

6. The proposed exception location is situated at a point 1,320 feet from the north line and 600 feet from the east line of Section 9, Township 39 South, Range 25 East, Salt Lake Base and Meridian.

7. As verified by the attached affidavit and ownership plat marked Exhibit "A", the applicant owns 100% of the oil and gas leasehold working interest within a 600-foot radius of the proposed exception location, and the applicant has secured the drilling rights pursuant to a farmout agreement in the 320-acre leasehold interest situated in the west half of Section 10, Township 39 South, Range 25 East, Salt Lake Base and Meridian. Consequently, the Applicant owns or controls the drilling rights to all of the oil and gas leasehold interests within a 660-foot radius of the proposed exception location.

8. Drilling and production at the exception location will not adversely affect any interests in adjoining lands.

9. The proposed exception location is necessary to conserve oil, gas and associated hydrocarbons, and to secure the greatest ultimate recovery of oil, gas and associated hydrocarbons from the subject lands.

NOW, THEREFORE, based on the foregoing, the applicant requests that the Utah Board of Oil, Gas and Mining enter an Order granting an exception to the General Well Spacing Requirements established in Rule C-3(b), without notice and hearing, in accordance with the provisions of Rule C-3(c) and due to the geological conditions stated above, and establish said exception location at a point 1,320 feet from the north line and 600 feet from the east line of Section 9, Township 39 South, Range 25 East, Salt Lake Base and Meridian.

RESPECTFULLY submitted this 28th day of August, 1984.



Robert G. Pruitt, III
Attorney for Applicant,
Milestone Petroleum, Inc.
Pruitt, Gushee & Fletcher
1850 Beneficial Life Tower
Salt Lake City, Utah 84111
(801) 531-8446

AFFIDAVIT

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

TO WIT:

Now, this 27th day of August, 1984, comes the affiant herein, WILLIAM C. MITCHELL, being of lawful age and first duly sworn, and does now depose and say:

That he is employed as a Landman with Milestone Petroleum Inc., and in said capacity is acquainted with the facts and allegations herein, and

That the plat attached hereto and made a part hereof as "Exhibit A" is accurate to scale and reflects pertinent and required data,

And further, that to his information and belief,

That Milestone owns current record title to 100% interest in the leasehold rights under the following described lands:

Township 39 South, Range 25 East
Section 4: Lots 1 thru 4, S/2N/2, S/2 (all)
Section 9: All

That Getty Oil Company, Donald B. Anderson, Ltd., and Chorney Oil Company own 100% interest [in the proportions of Getty - 50%, Anderson - 25%, Chorney - 25%] in the leasehold rights under the following described lands:

Township 30 South, Range 25 East
Section 3: Lots 1 thru 4, S/2N/2, S/2 (all)
Section 10: All

That Milestone Petroleum Inc. has secured the drilling rights from Getty/Anderson/Chorney under that certain farmout agreement dated May 10, 1984, and thereby controls the leasehold interest under the following described lands:

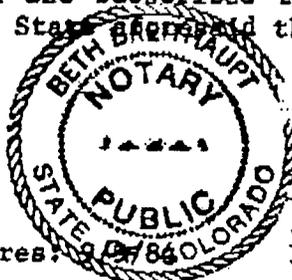
Township 30 South, Range 25 East
Section 10: W/2

Further affiant sayeth not.

William C. Mitchell

William C. Mitchell

Taken, sworn and subscribed to before me, a Notary Public in and for the County and State of Colorado this 27th day of August, 1984.

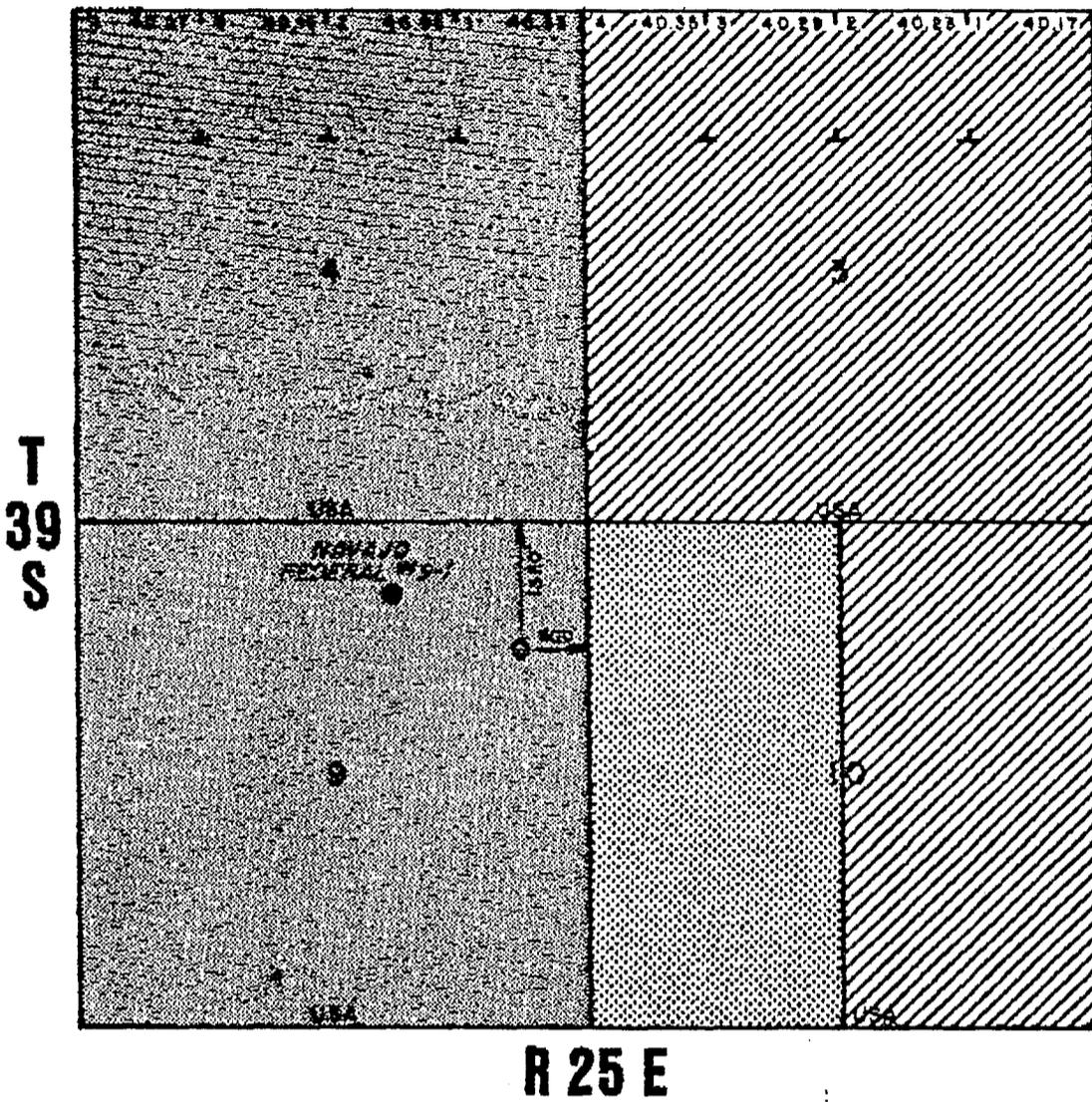


Beth Breithaupt

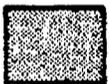
Beth Breithaupt, Notary Public
5613 DTC Parkway
Englewood, CO 80012

My commission expires: 9/27/86

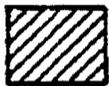
EXHIBIT A



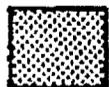
KEY: LEASEHOLD OWNERSHIP



MILESTONE PETROLEUM INC. - 100%
(FEDERAL SERIAL NO. U-52333)



GETTY OIL COMPANY (50%), DONALD B. ANDERSON, LTD. (25%) CHORNEY OIL COMPANY (25%)
(FEDERAL SERIAL NO. U-12426)
(FEDERAL SERIAL NO. U-12424)



GETTY OIL COMPANY, DONALD B. ANDERSON, LTD., & CHORNEY OIL COMPANY, SUBJECT TO
FARMOUT OPTION AGREEMENT IN FAVOR OF MILESTONE PETROLEUM DATED MAY 10, 1984
(FEDERAL SERIAL NO. U-12426)



PROPOSED LOCATION - MILESTONE'S NAVAJO FEDERAL #9-2
1320' FNL - 600' FEL

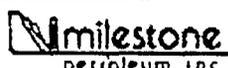
| | |
|---|-----------|
|  DENVER COLORADO | |
| NAVAJO PROSPECT T 39 S, R 25 E SAN JUAN COUNTY, UTAH | |
| Scale: 1" = 2000' | |
| Orig by: | Drawn by: |
| Date: | Revised: |
| | Map No: |

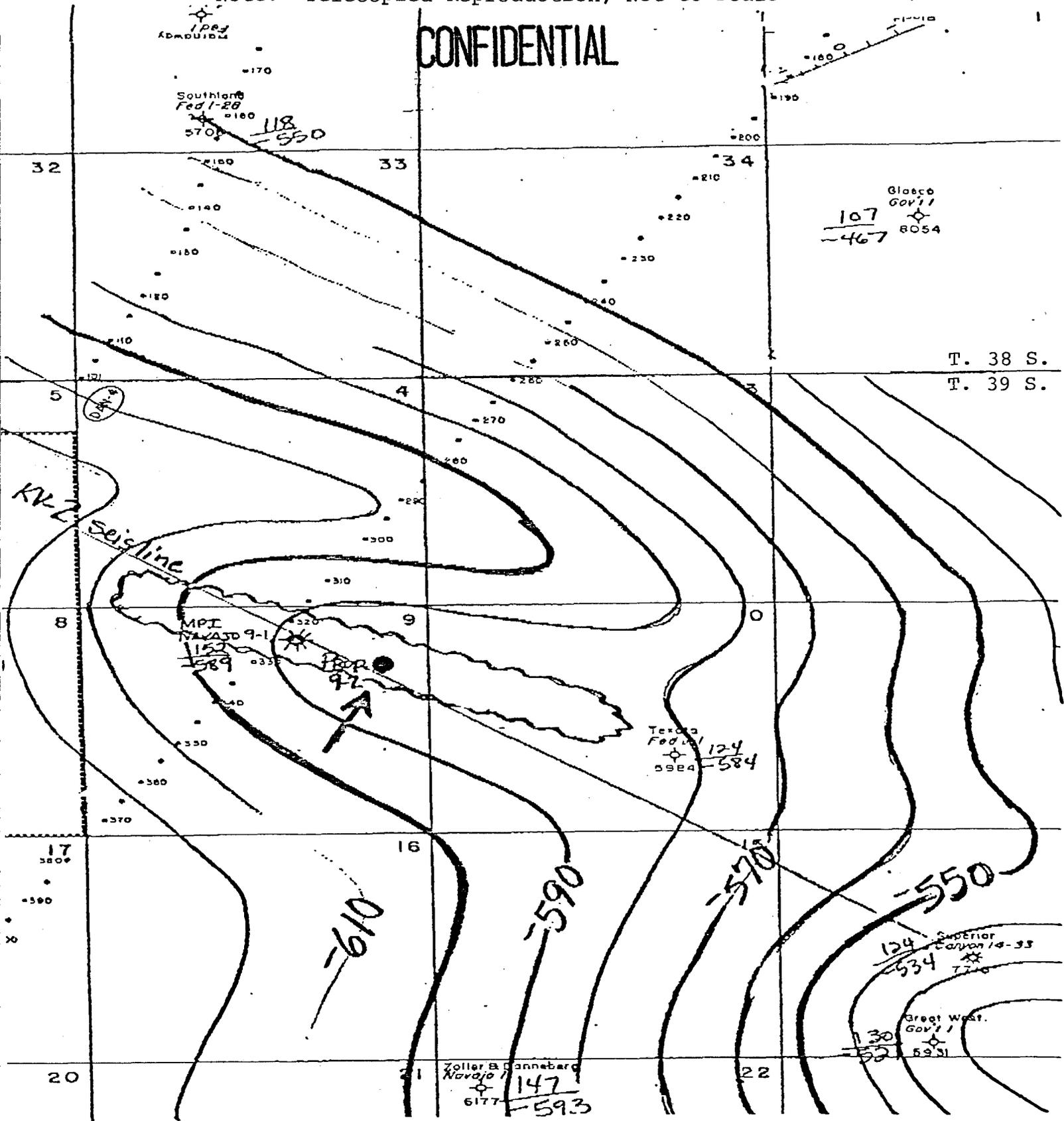
EXHIBIT B

STRUCTURE MAP
UPPER ISMAY ZONE
Contour Interval - 10 Feet
Proposed Location 9-2 = ●

Original Scale 1" = 2000'

Note: Telecopied Reproduction, Not to Scale

CONFIDENTIAL



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
 Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR
 PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface 780'N, 820'E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 6 miles East of Hatch Trading Post, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 780'

16. NO. OF ACRES IN LEASE 2920.8'

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1190'

19. PROPOSED DEPTH 5845'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4914' GL

22. APPROX. DATE WORK WILL START*

5. LEASE DESIGNATION AND SERIAL NO.
 U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Navajo Federal

9. WELL NO.
 #9-2

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 9, T-39-S, R-25-E

12. COUNTY OR PARISH San Juan

13. STATE Utah

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|-----------------------------------|
| 17 1/2" | 13 3/8" | 48.0# H-40 | 80' | 111 cu.ft. circ. surface |
| 11" | 8 5/8" | 24.0# K-55 | 3500' | 1361 cu.ft. circ. surface |
| 7 7/8" | 5 1/2" | 15.5# K-55 | 5845' | 528 cu.ft. fill to surface casing |

The Upper Ismary and/or the Desert Creek will be selectively perforated and tested in this well.

A 3000 psi WP and 6000 psi test double gate preventer equipped with blind and pipe rams will be used for blow out prevention on this well.

APPROVED BY THE STATE
 OF UTAH DIVISION OF
 OIL, GAS, AND MINING

DATE: 8/23/84
 BY: [Signature]

RECEIVED

AUG 17 1984

DIVISION OF OIL
 GAS & MINING

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

24. SIGNED [Signature] TITLE Project Drilling Engineer DATE August 14, 1984

(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

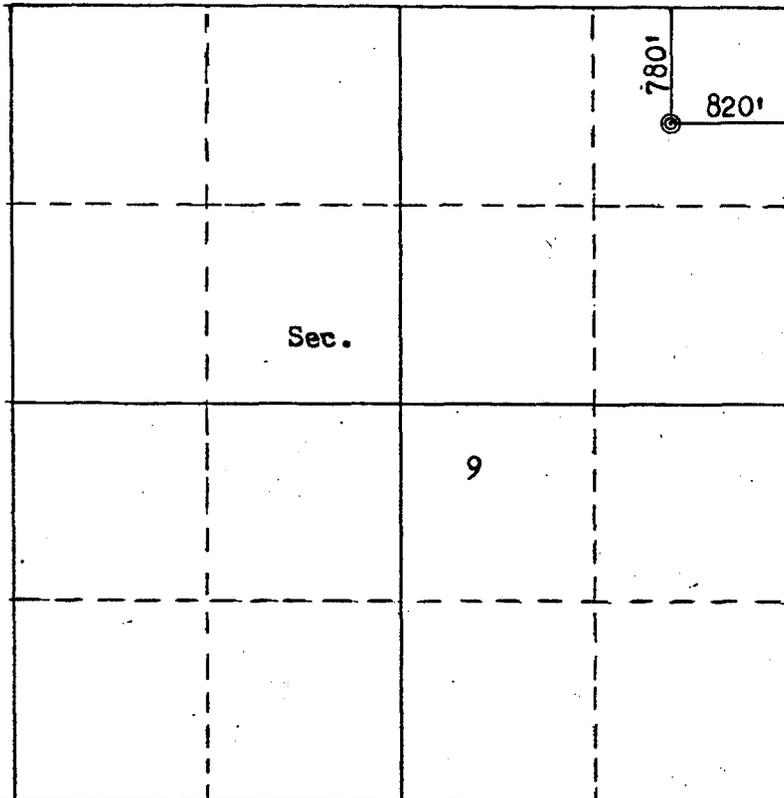
COMPANY MILESTONE PETROLEUM, INCORPORATED

LEASE NAVAJO-FEDERAL WELL NO. 9-2

SEC. 9, T 39S, R 25E
San Juan County, Utah

LOCATION 780'FNL 820'FEL

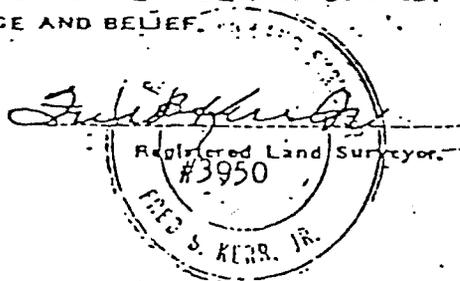
ELEVATION 4914 ungraded ground



SCALE—4 INCHES EQUALS 1 MILE

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

DEALT



SURVEYED August 13, 1984

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

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
 Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR
 PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
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19. PROPOSED DEPTH 5845'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4914' GL - 4865' GL

22. APPROX. DATE WORK WILL START*

5. LEASE DESIGNATION AND SERIAL NO.
 U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
 Navajo Federal

9. WELL NO.
 #9-2

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 9, T-39-S, R-25-E

12. COUNTY OR PARISH San Juan

13. STATE Utah

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|-----------------|---------------|-----------------------------------|
| 17 1/2" | 13 3/8" | 48.0# H-40 | 80' | 111 cu.ft. circ. surface |
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The Upper Ismary and/or the Desert Creek will be selectively perforated and tested in this well.

A 3000 psi WP and 6000 psi test double gate preventer equipped with blind and pipe rams will be used for blow out prevention on this well.

APPROVED BY THE STATE
 OF UTAH DIVISION OF
 OIL, GAS, AND MINING
 DATE: 8/28/84
 BY: John R. Dyer

RECEIVED

AUG 17 1984

DIVISION OF OIL
 GAS & MINING

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

24. SIGNED [Signature] TITLE Project Drilling Engineer DATE August 14, 1984

(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

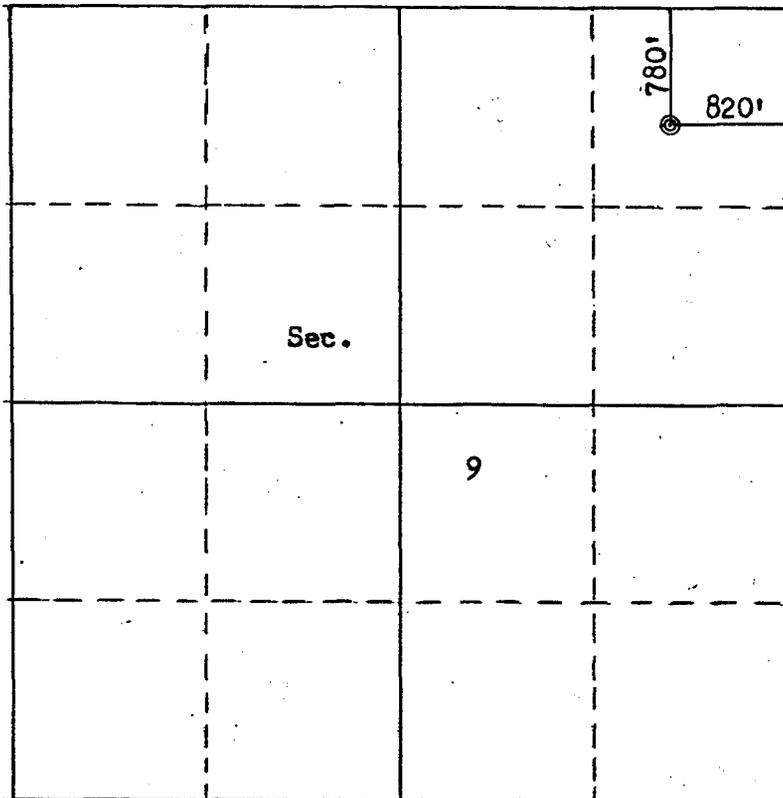
COMPANY MILESTONE PETROLEUM, INCORPORATED

LEASE NAVAJO-FEDERAL WELL NO. 9-2

SEC. 9, T 39S, R 25E
San Juan County, Utah

LOCATION 780'FNL 820'FEL

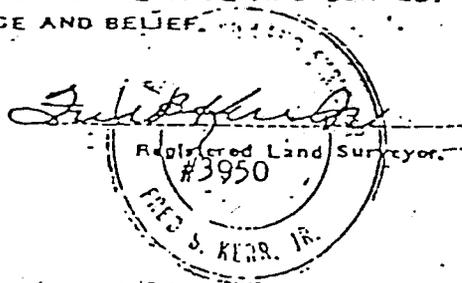
ELEVATION 4914 ungraded ground



SCALE—4 INCHES EQUALS 1 MILE

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

SEAL:

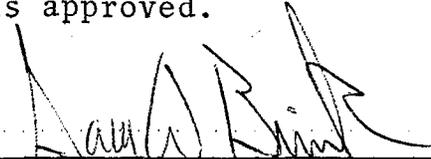


SURVEYED August 13 1984

Multi-Point Surface Use Plan
Navajo Federal #9-2

1. Existing Road - Please refer to Map No. 1 which shows the existing roads. New roads which will be required have been marked on this map. All existing and new roads will be properly maintained during the duration of this project.
2. Planned Access Roads - Please refer to Map No. 1. The grade of the access roads will be consistent with that of the local terrain. The road surface will not exceed twenty feet (20') in width. Upon completion of the project, the access road will be adequately drained to control soil erosion. Drainage facilities may include ditches, water bars, culverts or any other measure deemed necessary by trained Company personnel to insure proper drainage. Gates and/or cattleguards will be installed, if necessary.
3. Location of Existing Wells - Please refer to Map No. 2.
4. Location of Tank Batteries, Production Facilities, and Production Gathering and Service Lines - Please refer to Maps No. 1 and No. 2. Map No. 2 shows the existing gas gathering lines. Map No. 1 shows the existing roads and new proposed access roads. All known production facilities are shown on these two maps.
5. Location and Type of Water Supply - Water for the proposed project will be obtained from an artesian water well located in the SESW Section 28, T-38-S, R-25-E. Use of water for this operation will be approved by obtaining a temporary use permit from the Utah State Engineer and permission from the land owner or surface management agent.
6. Source of Construction Materials - No additional materials will be required to build either the access road or the proposed location.
7. Methods of Handling Waste Materials - All garbage and trash materials will be put into a burn pit shown on the attached Location Plat No. 1. When clean-up operations are begun on the proposed project, the burn pit with its refuse will be buried to a depth of at least three feet (3'). A latrine, the location of which is also shown on Plat No. 1, will be provided for human waste.

7. cont'd. If large amounts of liquids are left in the reserve pit after completion of the project, the pit will be fenced until the liquids have had adequate time to dry. The location clean-up will not take place until such time as the reserve pit can be properly covered over to prevent run-off from carrying any of these materials into the watershed. No earthen pit will be located on natural drainage; all earthen pits will be so constructed as to prevent leakage from occurring.
8. Ancillary Facilities - No camps or air strips will be associated with this project.
9. Wellsite Layout - Please refer to the attached Plat No. 1.
10. Plans for Restoration of the Surface - After completion of the proposed project, the location will be cleaned and leveled. The location will be left in such a condition that will enable reseeding operations to be carried out. Seed mixture as designated by the responsible government agency will be used. The reseeding operations will be performed during the time period set forth by the regulatory body. The location production equipment will be painted as designated by the responsible government agency.
11. Other Information - Terrain is canyon bench with snake brush, rabbit brush, and native grass growing. Sheep, goats, cattle, deer and rabbits are occasionally seen on the proposed project site.
12. Operators Representative - D. C. Walker, Post Office Box 4289, Farmington, New Mexico 87499
13. Certification - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Milestone Petroleum and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.



Project Drilling Engineer

Operations Plan - Navajo Federal #9-2

I. Location: 780'N, 820'E, Section 9, T-39-S, R-25-E, San Juan County, Utah

Field: Wildcat

Elevation: 4914'GL

II. Geology:

| | | | | |
|--------------------|----------|----------|--------------------|-------|
| A. Formation Tops: | Surface | Morrison | Hermosa | 4540' |
| | Entrada | 704' | Upper Ismary | 5510' |
| | Navajo | 891' | Upper Desert Creek | 5743' |
| | Chinle | 1556' | Akah | 5841' |
| | Cutler | 2658' | Total Depth | 5845' |
| | DeChelly | 3217' | | |

B. Logging Program: Dual Lateralog - MSFL, GR-Sonic, GR-FDC-CNL, and dipmeter at total depth.

C. Samples: none

D. Coring: none

E. Drillstem testing: 2 tests are anticipated below the Upper Ismay formation.

F. H₂S protection: no hydrogen sulfide has been found, reported or or known to exist at these depths in this area.

III. Drilling:

A. Mud Program: a water base mud system from surface to total depth. Maximum anticipated mud weight is 10#/gallon.

IV. Materials:

| | | | | |
|--------------------|------------------|--------------|-----------------|----------------------|
| A. Casing Program: | <u>Hole Size</u> | <u>Depth</u> | <u>Csg.Size</u> | <u>Wt.&Grade</u> |
| | 17 1/2" | 80' | 13 3/8" | 48.0# H-40 |
| | 11" | 3500' | 8 5/8" | 24.0# K-55 |
| | 7 7/8" | 5845' | 5 1/2" | 15.5# K-55 |

B. Float Equipment: 13 3/8" conductor - Texas Pattern Guide Shoe on bottom.
8 5/8" surface casing - Guide shoe, float collar and bow type centralizers. Run float collar two joints above shoe.

5 1/2" production casing - Guide shoe, float collar, centralizers, and reciprocating wall cleaners.

C. Tubing: 5840' of 2 7/8", 6.5#, K-55 tubing.

D. Wellhead Equipment: 3000# working pressure xmas tree assembly. Wellhead representative to set all slips and cut off casing.

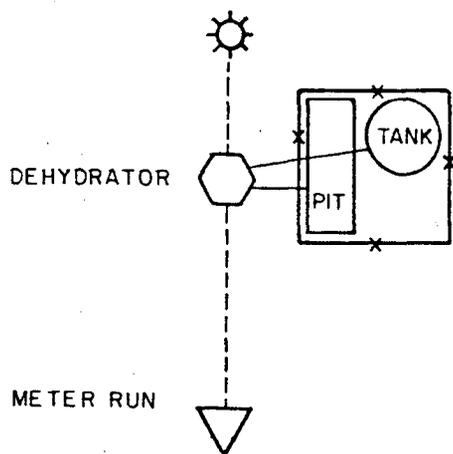
Operations Plan - Navajo Federal #9-2

V. Cementing:

13 3/8" conductor - use 94 sks. Class "B" cement with 1/4# flocele/sack and 3% calcium chloride (111 cu.ft. of slurry, 100% excess to circulate surface). WOC 12 hours. Test casing to 600#/30 minutes.

8 5/8" surface casing - use 658 sks. 65/35 Class "B" Poz with 6% gel and 2% calcium chloride (8.3 gallons water per sack) followed by 250 sks. Class "B" with 2% calcium chloride (1361 cu.ft. slurry, 50% excess to circulate to surface). WOC 12 hours. Test casing to 1000#/30 minutes.

5 1/2" production casing - use 234 sks. 65/35 Class "B" Poz with 6% gel (8.3# gallons water per sack) followed by 100 sks. Class "H" with 10% salt, 10% cal-seal per sack and 0.6% Halad-9 (528 cu.ft. of slurry, 30% excess to fill to base of surface casing). Run temperature survey at 8 hours. WOC 18 hours.



Anticipated Production Facilities

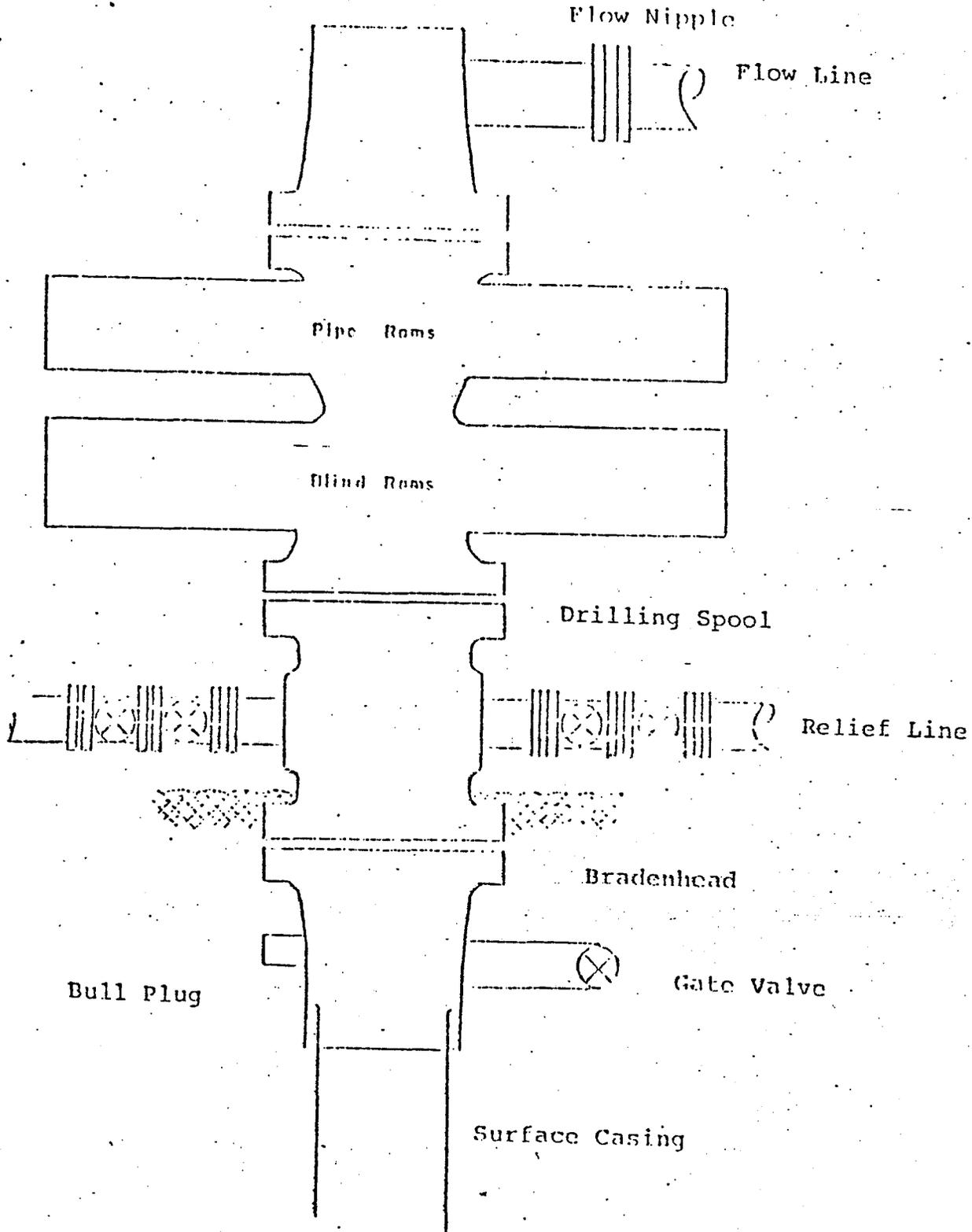
| | | | | | ENG. REC. | DATE |
|--------------|------|------|----|------|------------|------|
| | | | | | DRAWN | |
| | | | | | CHECKED | |
| | | | | | CHECKED | |
| | | | | | PROJ. APP. | |
| PRT. | SEP. | DATE | TO | W.O. | DESIGN | |
| PRINT RECORD | | | | | W.O. | |

SCALE:

DWG. NO.

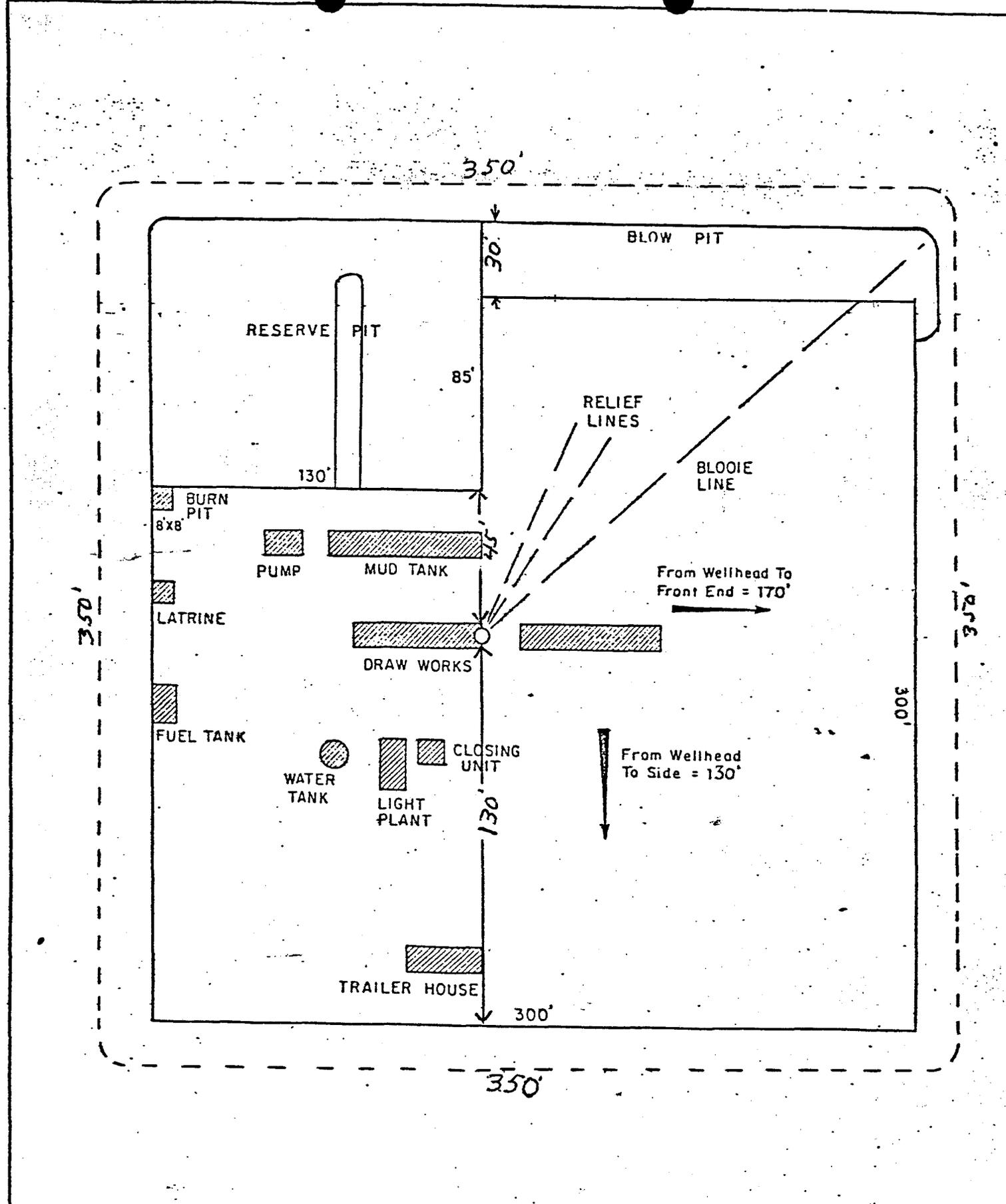
REV

Typical B.O.P. Installation



Series 900 Double Gate BOP, rated
at 3000 psi Working Pressure

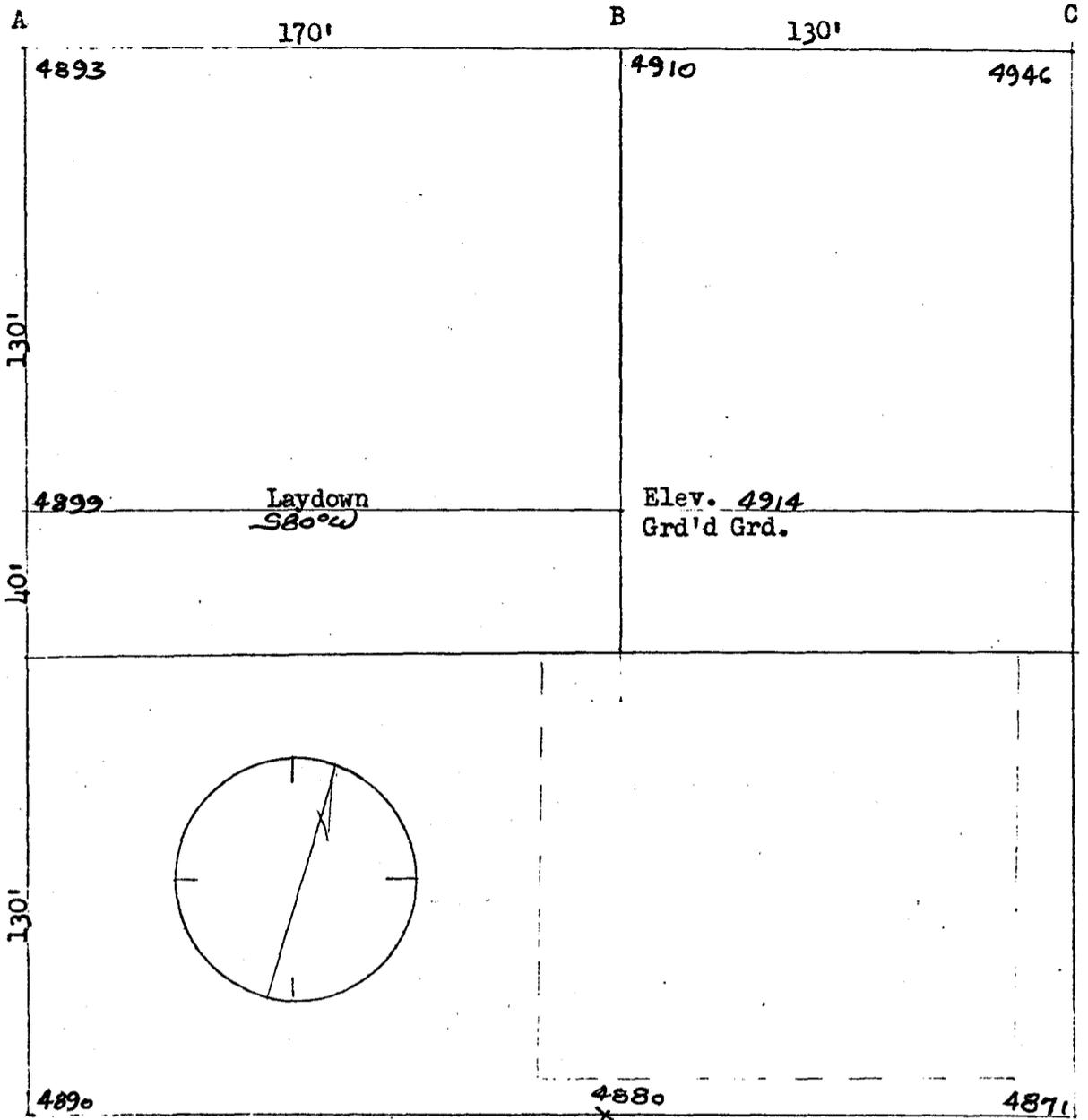
When gas drilling operations begin a Shaffer type
50 or equivalent rotating head is installed on top of
the flow nipple and the flow line is converted into
a blowie line.



| | | | | | | | |
|------|------|------|----|-----|--------|------------|------------------|
| | | | | | | ENG. REC. | DATE |
| | | | | | | DRAWN | J. L. H. 8-16-78 |
| | | | | | | CHECKED | |
| | | | | | | CHECKED | |
| | | | | | | PROJ. APP. | |
| PRT. | SEP. | DATE | TO | W/O | DESIGN | | |

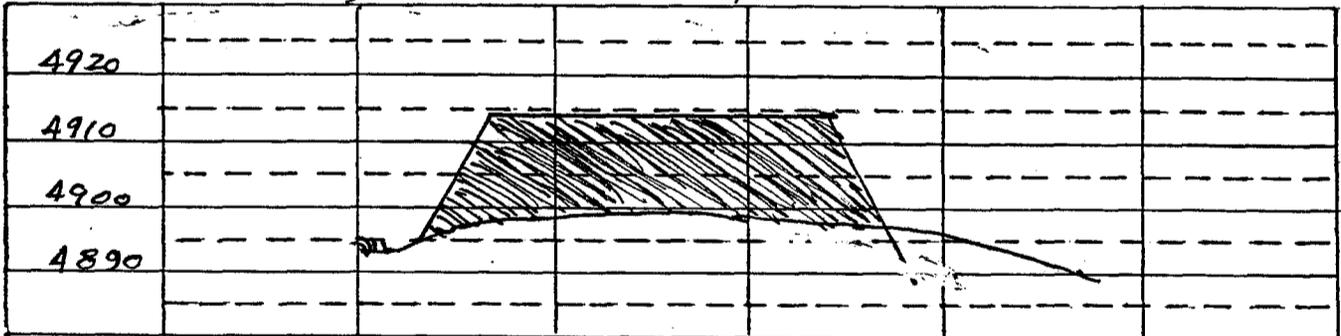

 El Paso Natural Gas Company
TYPICAL LOCATION PLAT.

Profile map for
 MILESTONE PETROLEUM, INC. #9-2 NAVAJO-FEDERAL
 780' FNL 8' FEL Sec. 9-T398-R25E
 SAN JUAN COUNTY, UTAH

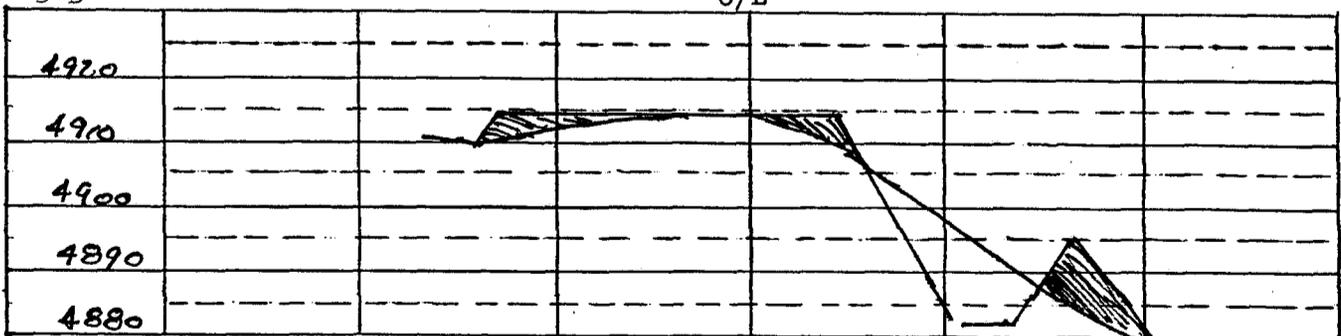


Scale: 1"=50'

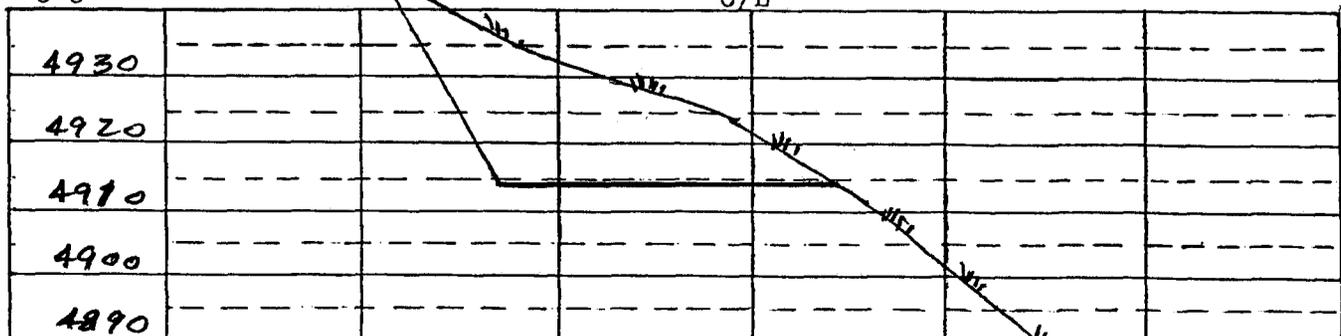
A-A' Vert: 1"=30' Horiz: 1"=100' C/L



B-B' C/L



C-C' C/L



Milestone Petroleum
 Navajo Federal #9-2
 NE Section 9, T-39-S, R-25-E
 San Juan County, Utah



LEGEND OF RIGHT-OF-WAYS

EXISTING ROADS

EXISTING PIPELINES

EXISTING ROAD & PIPELINE

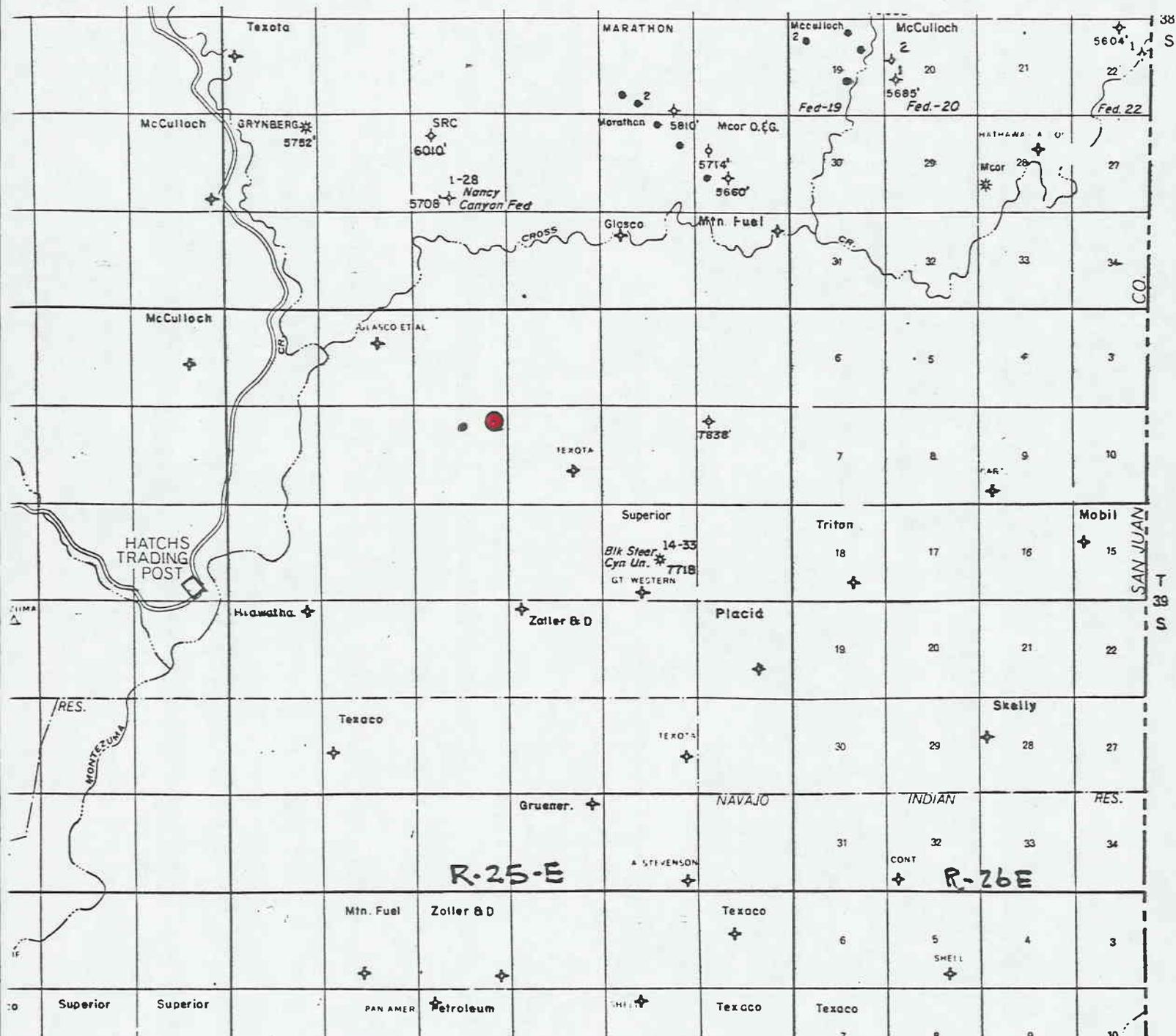
PROPOSED ROADS

PROPOSED PIPELINES

PROPOSED ROAD & PIPELINE

Map #1

Milestone Petroleum
 Navajo Federal #9-2
 NE Section 9, T-39-S, R-25-E
 San Juan County, Utah



Map #2

● Proposed Location

CONFIDENTIAL

OPERATOR

Milestone Petroleum Inc

DATE

8-17-84

WELL NAME

Navajo Fed. #9-2

SEC

*C E/2 NE
NE 1/4 9*

T

395

R

25E

COUNTY

San Juan

43-037-31059

API NUMBER

Fed.

TYPE OF LEASE

POSTING CHECK OFF:

INDEX

MAP

HL

NID

PI

PROCESSING COMMENTS:

*No other oil wells within 1000'
Med water permit*

CHIEF PETROLEUM ENGINEER REVIEW:

APPROVAL LETTER:

SPACING:

A-3

UNIT

c-3-a

CAUSE NO. & DATE

c-3-b

c-3-c

SPECIAL LANGUAGE:

1- water

RECONCILE WELL NAME AND LOCATION ON APD AGAINST SAME DATA ON PLAT MAP.

AUTHENTICATE LEASE AND OPERATOR INFORMATION

VERIFY ADEQUATE AND PROPER BONDING

AUTHENTICATE IF SITE IS IN A NAMED FIELD, ETC.

APPLY SPACING CONSIDERATION

ORDER _____

UNIT _____

c-3-b

c-3-c

CHECK DISTANCE TO NEAREST WELL.

CHECK OUTSTANDING OR OVERDUE REPORTS FOR OPERATOR'S OTHER WELLS.

IF POTASH DESIGNATED AREA, SPECIAL LANGUAGE ON APPROVAL LETTER

IF IN OIL SHALE DESIGNATED AREA, SPECIAL APPROVAL LANGUAGE.

VERIFY LEGAL AND SUFFICIENT DRILLING WATER

El Paso
Exploration Company

P. O. BOX 4289
FARMINGTON, NEW MEXICO 87499-4289
PHONE: 505-325-2841

August 21, 1984

RECEIVED

AUG 23 1984

**DIVISION OF OIL
GAS & MINING**

Bureau of Land Management
District Office
Post Office Box 970
Moab, Utah 84532

Att: Bob Graff

Re: Milestone Petroleum
Navajo Federal #9-2
780'N, 820'E, Section 9, T-39-S, R-25-E
San Juan County, Utah

Gentlemen:

On August 14, 1984, we submitted to you an application for permit to drill and accompanying data for the above referenced well.

Please mark this application and all papers on this well as "TIGHT HOLE" as of August 14, 1984.

Sincerely,



Peggy Bradfield

cc: State of Utah Oil & Gas Conservation Commission



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dianne R. Nielson, Ph.D., Division Director

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

September 4, 1984

Milestone Petroleum, Inc
P. O. Box 4289
Farmington, New Mexico 87499

Gentlemen:

RE: Well No. Navajo Federal #9-2 - C E/2 NE Sec. 9, T. 39S, R. 25E
1320' FNL, 600' FEL - San Juan County, Utah

Approval to drill the above referenced oil well is hereby granted in accordance with Rule C-3(c), General Rules and Regulations and Rules of Practice and Procedure, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water.

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

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 533-5771, (Home) 298-7695 or R. J. Firth, Associate Director, (Home) 571-6068.
4. Compliance with the requirements and regulations of Rule C-27, Associated Gas Flaring, General Rules and Regulations, Oil and Gas Conservation.

Page 2
Milestone Petroleum, Inc.
Well No. Navajo Federal #9-2
September 4, 1984

5. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31059.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

as
Enclosures
cc: Branch of Fluid Minerals

LAW OFFICES
PRUITT, GUSHEE & FLETCHER

SUITE 1850 BENEFICIAL LIFE TOWER

SALT LAKE CITY, UTAH 84111

(801) 531-8446

TELECOPIER (801) 531-8468

ROBERT G. PRUITT, JR.
OLIVER W. GUSHEE, JR.
F. ALAN FLETCHER
ROBERT G. PRUITT, III
THOMAS W. BACHTELL
JOHN F. WALDO
ROBYN K. HOPKINSON



September 4, 1984

HAND DELIVERED

Utah Division of Oil, Gas and Mining
4241 State Office Building
Salt Lake City, Utah 84114

Attn: Mr. John Baza

Re: Milestone Petroleum, Inc.,
Exception Location

Dear John:

Pursuant to our telephone conversation this morning, please find the enclosed Sundry Notice and Report on the Milestone Petroleum, Inc., Navajo Federal 9-2 Well reporting the change in the well location to a point 1320 feet from the north line and 600 feet from the east line of Section 9, Township 39 South, Range 25 East, San Juan County, Utah.

This new well location is the same exception location applied for in the Petition of Milestone Petroleum, Inc., dated August 28, 1984, and approved by Ron Firth of your office August 29, 1984.

If you need anything further to issue the approval letter for the APD as revised by the enclosed Sundry Notice, please advise. Please send the approval letter directly to Milestone's address at Farmington, New Mexico, listed on the Sundry Notice and copy me with that correspondence. Thanks again for your prompt attention given this matter.

Yours very truly,

Robert G. Pruitt, III

RGP:wkl
0880.04
Enclosures

cc: William Mitchell

**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 August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

REC'D MDO SEP 04 1984

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Navajo Federal

9. WELL NO.

9-2

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

Sec. 9, T-39-S, R-25-E

12. COUNTY OR PARISH

San Juan

13. STATE

Utah

SUNDRY NOTICES AND REPORTS ON WELLS

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

OIL WELL GAS WELL OTHER

CONFIDENTIAL

RECEIVED

SEP 17 1984

**DIVISION OF OIL
GAS & MINING**

2. NAME OF OPERATOR

Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR

PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)

At surface 1320'N, 600'E

14. PERMIT NO.

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

4865'GL

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

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT

ALTERING CASING

SHOOTING OR ACIDIZING

ABANDONMENT*

(Other) Change Location

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

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

The location of this well has been changed to 1320'N, 600'E, Section 9, T-39-S, R-25-E, San Juan County, Utah. Attached is a revised location plat and profile map for this location.

The revised estimated formation tops are:

| | | | |
|----------|----------|------------------|-------|
| Surface | Morrison | Hermosa | 4496' |
| Entrada | 640' | Upper Ismay | 5466' |
| Navajo | 847' | Up. Desert Creek | 5697' |
| Chinle | 1512' | Akah | 5797' |
| Cutler | 2614' | Total Depth | 5845' |
| Dechelly | 3173' | | |

CONFIDENTIAL

Rich McClure, Bureau of Land Management Representative, agrees with the amended footage location of this well.

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

SIGNED

[Signature]

TITLE

Project Drilling
Engineer

DATE

August 29, 1984

(This space for Federal or State office use)

APPROVED BY

Kenneth V. Rhea

TITLE

Acting DISTRICT MANAGER

DATE

18 SEP 1984

CONDITIONS OF APPROVAL, IF ANY:

Approved: RDS

*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.

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API #43-037-31059

NAME OF COMPANY: Milestone Petroleum

WELL NAME: Navajo Fed. #9-2

SECTION C E/2 TOWNSHIP 39S RANGE 25E COUNTY San Juan
NE 9

DRILLING CONTRACTOR Drake Well Service

RIG # 17

SPUDDED: DATE 9-21-84

TIME 7:30 P.M.

How Rotary

DRILLING WILL COMMENCE _____

REPORTED BY Jim Falcone (El Paso Exploration)

TELEPHONE # 505-325-2841

DATE 9-22-84 SIGNED JRB

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN THIS MANNER
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

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

OCT 09 1984

OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR

Milestone Petroleum, Inc.

DIVISION OF OIL
GAS & MINING

3. ADDRESS OF OPERATOR

PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*
See also space 17 below.)
At surface

1320'N, 600'E

CONFIDENTIAL

14. PERMIT NO.

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

4865'GL

5. LEASE DESIGNATION AND SERIAL NO.

U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Navajo Federal

9. WELL NO.

9-2

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

12. COUNTY OR PARISH 13. STATE

San Juan Utah

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

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

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

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

9-20-84 Ran 2 jts. 14", 32.23#, conductor casing, set at one foot below ground level at 94'. Cemented with 24 sks. cement circulated to surface.

9-21-84 Spudded well at 7:30 pm 9-21-84.

9-29-84 Drilled surface hole. Ran 91 jts. 8 5/8", 32.0# and 24.0# K-55 and J-55 8rd casing (3872') set at 3884'. Cemented with 1350 sks. cement (2033 cu.ft.) circulated to surface. WOC 12 hrs., held 1000#/30 minutes. Held okay.

CONFIDENTIAL

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

SIGNED

[Signature]

TITLE

Drilling Clerk

DATE

Oct. 5, 1984

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

*See Instructions on Reverse Side

ORAL APPROVAL TO PLUG AND ABANDON WELL

Operator MILESTONE PETROLEUM Representative ROB STANFORD
MILESTONE EL PASO EXPLORATION

Well No. NAVAJO # 9-2 Location ¼ NE¼ Section 9 Township 39S Range 25E

County SAN JUAN Field WILDCAT State UTAH

Unit Name and Required Depth _____ Base of fresh water sands 836'

T.D. 5825' Size hole and Fill per sack _____ " _____ Mud Weight and Top 9.1 #/gal. _____

| Casing Size | Set At | Top of Cement | To Be Pulled | Plugging Requirements | | |
|------------------|--------------|---------------|--------------|-----------------------|---------------------|---------------|
| | | | | From | To | Sacks Cement |
| <u>8 5/8</u> | <u>3884'</u> | <u>surf.</u> | <u>NO</u> | <u>5700</u> | <u>5800</u> | <u>30 sx.</u> |
| | | | | <u>5480</u> | <u>5620</u> | <u>45 sx.</u> |
| <u>Formation</u> | <u>Top</u> | <u>Base</u> | <u>Shows</u> | <u>3834</u> | <u>3949</u> | <u>50 sx.</u> |
| | | | | <u>10 sx</u> | <u>surface plug</u> | |
| | | | | | | |
| | | | | | | |
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| | | | | | | |

REMARKS

DST's, lost circulation zones, water zones, etc., Water Zone at 836' cased off with 8 5/8" string

Approved by JACK FEIGHT Date 10/8/84 Time 14:14 a.m.
p.m.

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 August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

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

RECEIVED

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Navajo Federal

9. WELL NO.

9-2

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

Sec. 9, T-39-S, R-25-E

12. COUNTY OR PARISH

San Juan

13. STATE

Utah

OCT 15 1984

DIVISION OF OIL
GAS & MINING

CONFIDENTIAL

OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR

Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR

PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)

At surface 1320'N, 600'E,

14. PERMIT NO.

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

4865' GL

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

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

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

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

It is intended to plug and abandon this wellbore as follows:

Spot a 35 cu.ft. cement plug from 5695' to 5800', a 53 cu.ft. cement plug from 5470' to 5627', a 60 cu.ft. cement plug at the base of the 8 5/8" surface casing from 3834' to 3948' and a 10 sk. cement plug at the surface. The wellbore will be filled with mud between the cement plugs. A dry hole marker will be installed and the location rehabilitated.

Verbal approval for this work was received October 8, 1984 from Mr. Jack Feight, Mgr. of UIC, Division of Oil, Gas and Mining, State of Utah; and Mr. Bob Graff, District Manager, Bureau of Land Management.

CONFIDENTIAL

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

SIGNED [Signature]

TITLE Drilling Clerk

DATE Oct. 10, 1984

(This space for Federal or State office use)

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

TITLE _____

ACCEPTED
APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

*See Instructions on Reverse Side

DATE: 10/10/84
BY: [Signature]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

Form approved
Budget Position 400-0135
Revised 10/31/1985

5. LEASE DESIGNATION AND SERIAL NO.
U-52333

6. IF INDIAN TITLE OF TRIBE NAME
OCT 17 1984

7. UNIT AGENCY
DIVISION OF OIL
GAS & MINING

8. FARM OR LEASE NAME
Navajo Federal

9. WELL NO.
9-2

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 9, T-39-S, R-25-E

12. COUNTY OR PARISH
San Juan

13. STATE
Utah

SUNDRY NOTICES AND REPORTS ON WELLS

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

OIL WELL GAS WELL OTHER

CONFIDENTIAL

2. NAME OF OPERATOR
Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR
PO Box 4289, Farmington, NM 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface 1320'N, 600'E

14. PERMIT NO.
15. ELEVATIONS (Show whether DF, RT, GR, etc.)
5865'GL

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

NOTICE OF INTENTION TO:

| | | | |
|---------------------|--------------------------|----------------------|--------------------------|
| TEST WATER SHUT-OFF | <input type="checkbox"/> | PULL OR ALTER CASING | <input type="checkbox"/> |
| FRACTURE TREAT | <input type="checkbox"/> | MULTIPLE COMPLETION | <input type="checkbox"/> |
| SHOOT OR ACIDIZE | <input type="checkbox"/> | ABANDON* | <input type="checkbox"/> |
| REPAIR WELL | <input type="checkbox"/> | CHANGE PLANS | <input type="checkbox"/> |
| (Other) | | | |

SUBSEQUENT REPORT OF:

| | | | |
|-----------------------|--------------------------|-----------------|-------------------------------------|
| WATER SHUT-OFF | <input type="checkbox"/> | REPAIRING WELL | <input type="checkbox"/> |
| FRACTURE TREATMENT | <input type="checkbox"/> | ALTERING CASING | <input type="checkbox"/> |
| SHOOTING OR ACIDIZING | <input type="checkbox"/> | ABANDONMENT* | <input checked="" type="checkbox"/> |
| (Other) | | | |

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

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

10-9-84 This wellbore was permanently plugged and abandoned as follows:

Spotted 30 sk. cement plug (35 cu.ft.) from 5800-5685'.
Spotted 45 sk. cement plug (53 cu.ft.) from 5616' to 5459'.
Spotted 50 sk. cement plug (59 cu.ft.) from 3943-3830'.
Spot 10 sk. cement plug (12 cu.ft.) from 37' to surface.
A dry hole marker was set in the top of the 8 5/8" casing.

The wellbore was filled with a total of 130 bbls. of drilling mud between the cement plugs. The following csg. was left in the wellbore:
24# and 32# 8 5/8" csg set at 3884' cemented to surface.
32# 14" csg. set at 94' cemented to surface.

Verbal approval to plug and abandon this wellbore was obtained October 8, 1984, from Bob Graff, BLM, Moab, Utah and Jack Feight, State of Utah Natural Resources, Salt Lake City, Utah.

CONFIDENTIAL

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

SIGNED Dennis Bradford

TITLE Drilling Clerk

DATE October 15, 1984

(This space for Federal or State office use)

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

TITLE _____

ACCEPTED
APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

*See Instructions on Reverse Side
DATE: 10/18/84
BY: John R. Bay

SUNDAY NOTES
(Verbally APPROVED)

BLM/and

- SPOT 45 sack CEMENT plug across
upper ismay formation from 5480'
to 5620' - 53 cub. ft.

upper ismay formation TOP 5486'
BASE 5612'

NO oil -
NO hydrocarbons
water zones
up hole (cased
off w/ 8 5/8"
casing)

NOTE: 8 5/8" surface casing SET FROM
surface to ~~3884~~ 3884 and THAT
surface casing is cemented
to surface & COVER ALL
WATER ZONES

NO lost
circulation

SPOT - 50 sack plug of class B
cement at the base of 8 5/8"
surface casing - 115 ft.
leave 50' ^{in casing} of cement
inside casing & 65' ^{in open hole} of
cement in 7 7/8" hole

NO DST'S
CORE 60'
upper
ismay
formation
5540 to
5600'

SPOT 10 sack cement plug in the
8 5/8" casing at the surface
12 cub. ft.

fill the cellar w/ cement & put in
dry hole marker

all on cement

3384' of
8 5/8" casing

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. RESVR. Other _____

CONFIDENTIAL

2. NAME OF OPERATOR
Milestone Petroleum, Inc.

3. ADDRESS OF OPERATOR
PO Box 4289, Farmington, NM 87499

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

At surface 1320'N, 600'E CNE

At top prod. interval reported below

At total depth

CONFIDENTIAL

RECEIVED

OCT 29 1984

DIVISION OF OIL
GAS & MINING

5. LEASE DESIGNATION AND SERIAL NO.
U-52333

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Navajo Federal

WELL NO.
9-2

10. FIELD AND POOL, OR WILDCAT
Wildcat Kiva

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
Sec. 9, T-39-S, R-25-E

14. PERMIT NO. 43-037-31059 DATE ISSUED 9-4-84

12. COUNTY OR PARISH San Juan 13. STATE Utah

15. DATE SPUDED 9-21-84 16. DATE T.D. REACHED 10-8-84 17. DATE COMPL. (Ready to prod.) P&A

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 4877' KB 19. ELEV. CASINGHEAD 5865' GL

20. TOTAL DEPTH, MD & TVD 5825 21. PLUG BACK T.D., MD & TVD surface 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY Rotary

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* none

25. WAS DIRECTIONAL SURVEY MADE no

26. TYPE ELECTRIC AND OTHER LOGS RUN Dual-Laterlog; Sonic; GR-Density-Neutron;

27. WAS WELL CORED yes

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

| CASING SIZE | WEIGHT, LB./FT. | DEPTH SET (MD) | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
|-------------|-----------------|----------------|-----------|------------------|---------------|
| 14" | 32.23# | 94' | 20" | 24 sks. | |
| 8 5/8" | 32.# & 24# | 3884' | 11" | 1350 sks. | |

29. LINER RECORD

| SIZE | TOP (MD) | BOTTOM (MD) | SACKS CEMENT* | SCREEN (MD) |
|------|----------|-------------|---------------|-------------|
| | | | | |

30. TUBING RECORD

| SIZE | DEPTH SET (MD) | PACKER SET (MD) |
|------|----------------|-----------------|
| | | |

31. PERFORATION RECORD (Interval, size and number) none

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

| DEPTH INTERVAL (MD) | AMOUNT AND KIND OF MATERIAL USED |
|---------------------|----------------------------------|
| none | |

33.* PRODUCTION

| DATE FIRST PRODUCTION | PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) | WELL STATUS (Producing or shut-in) |
|-----------------------|--|------------------------------------|
| none | P&A | P&A |

| DATE OF TEST | HOURS TESTED | CHOKES SIZE | PROD'N. FOR TEST PERIOD | OIL—BBL. | GAS—MCF. | WATER—BBL. | GAS-OIL RATIO |
|--------------|--------------|-------------|-------------------------|----------|----------|------------|---------------|
| none | none | | | 0 | 0 | 0 | 0 |

| FLOW. TUBING PRESS. | CASING PRESSURE | CALCULATED 24-HOUR RATE | OIL—BBL. | GAS—MCF. | WATER—BBL. | OIL GRAVITY-API (CORR.) |
|---------------------|-----------------|-------------------------|----------|----------|------------|-------------------------|
| 0 | 0 | | 0 | 0 | 0 | 0 |

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

TEST WITNESSED BY

35. LIST OF ATTACHMENTS
no temperature survey-circulated to surface. Cementing Record.

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

SIGNED *Deane Bradfield* TITLE Drilling Clerk DATE 10-26-84

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

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 | TOP | |
|--------------------|---------|--------|--|--------------|-------------|------------------|
| | | | | | MEAS. DEPTH | TRUE VERT. DEPTH |
| Morrison | surface | 640' | Interbed grn brn and red waxy sh & fn to cr grn sd. | Morrison | surface | |
| Entrada | 640' | 847' | Orange, fn gr cl unconsolidated rd to sub-rd ss. | Navajo | 847' | |
| Navajo | 847' | 1512' | Wh to orange frn to cr grn ss, red orange soft wiltstone, red to brn soft silty sh. | Chinle | 1512' | |
| Chinle | 1512' | 2614' | Rd to rd br sft sh w/occas thn beds of brn and gry lst | Cutler | 2614' | |
| Cutler | 2614' | 3173' | Rd brn soft anhy sh. Shale & siltstone | DeChelly | 3173' | |
| DeChelly | 3173' | 4496' | Wh & orange frn to crgrn frosted quartz ss. | Hermosa | 4496' | |
| Hermosa | 4496' | 5466' | Wh gry & buff fn cryst hd chirty ls. | Upper Ismay | 5466' | |
| Upper Ismay | 5466' | 5699' | Wh to gr, buff to brn, cryptocrySTALLINE to granular, fossiliferous dolomitc clean to orgillaceous, silty-earthy lst w/ interbed anhy and gry to brn, cryptocrySTALLINE to gran dolomite. | Desert Creek | 5699' | |
| Upper Desert Creek | 5699' | 5797' | Lt to drk gry to brn cryptocrySTALLINE to gran, earthy, silty, dolom fossil lst w/interbed anhyd and drk gry to brn cryptocrySTALLINE earthy silty dolomites w/interbed anhyd and carb sh. | | | |
| Core #1 | | | - from 5540-5599' in Upper Ismay formation. Recovered 59' of massive anhydrite section. No analysis run. | | | |

CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
4241 State Office Building
Salt Lake City, UT 84114

RECEIVED

OCT 29 1984

REPORT OF WATER ENCOUNTERED DURING DRILLING

DIVISION OF OIL
GAS & MINING

Well Name & Number Navajo Federal #9-2
Operator Milestone Petroleum Inc Address PO Box 4289, Farmington, NM 87499
Contractor Drake Well Service Address 607 W. Pinon, Farmington, NM 87499
Location NE 1/4 NE 1/4 Sec. 9 T. 39S R. 25E County San Juan

Water Sands

| | <u>Depth</u> | | <u>Volume</u> | <u>Quality</u> |
|----|--------------|----|-------------------|------------------------|
| | From | To | Flow Rate or Head | Fresh or Salty |
| 1. | 836' | | 12 gal/min. | fresh-no analysis made |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |

(Continue on reverse side if necessary)

| <u>Formation Tops</u> | | | | |
|-----------------------|---------|-------|----------------|------------------|
| | Entrada | 640' | DeChelly | 3173' Akah 5797' |
| | Navajo | 847' | Hermosa | 4496' |
| | Chinle | 1512' | Up. Ismay | 5466' |
| <u>Remarks</u> | Cutler | 2614' | Up. Des. Creek | 5699' |

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

RECEIVED

6-29-1984

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Cementing Report -

DIVISION OF OIL
GAS & MINING

Conductor pipe - 24 sks. 4:1 sand to cement ratio by weight.

8 5/8" casing - 840 sks. Class "B" 65/35 Pozmix with 6% gel,
1/4# flocele/sk 2% calcium chloride (1273 cu.ft.)
followed by 510 sks. 65/35 Class "B" Pozmix with
6% gel, 1/4# flocele/sack and 2% calcium chloride
(760 cu.ft.).

Plugging -

Run 30 min

Spotted 30 sks. Class "B" neat from 5800-5685' (35 cu.ft.)
Spotted 45 sks. Class "B" neat from 5616-5459' (53 cu.ft.)
Spotted 50 sks. Class "B" neat from 3943-3830' (59 cu.ft.)
Spotted 10 sks. Class "B" neat from 37 to surface (12 cu.ft.)

RECEIVED

CONFIDENTIAL

NOV 5 1984

REPORT OF OPERATIONS AND WELL STATUS REPORT

DIVISION OF OIL & GAS & MINING STATE _____ COUNTY San Juan FIELD/LEASE Wildcat

The following is a correct report of operations and production (including drilling and producing wells) for the month of: October, 1984.

Agent's Address PO Box 4289
Farmington, NM 87499
Phone No. (505) 325-2841

Company Milestone Petroleum
Signed [Signature]
Title Project Drilling Engineer

| Sec. and 1/4 of 1/4 | Twp. | Range | Well No. | Days Produced | Barrels of Oil | Gravity | Cu. Ft. of Gas (In thousands) | Gallons of Gasoline Recovered | Barrels of Water (if none, so state) | API NUMBER/REMARKS (if drilling, depth; if shut down, cause; date and result of test for gasoline content of gas) |
|---------------------|--------|-----------|----------|---------------|----------------|---------|-------------------------------|-------------------------------|--------------------------------------|---|
| Navajo Federal | | | #9-2 | | | | | | | |
| Sec. 9, NENE | T-39 | S, R-25-E | | -0- | -0- | | -0- | -0- | -0- | TD of 5825' reached 10-8-84. Well P&A 10-8-84 |
| API # | 43-037 | | 31059 | | | | | | | |

NOV - 5 1984

GAS: (MCF)

Sold _____ 0
Flared/Vented _____ 0
Used On/Off Lease _____ 0

OIL or CONDENSATE: (To be reported in Barrels)

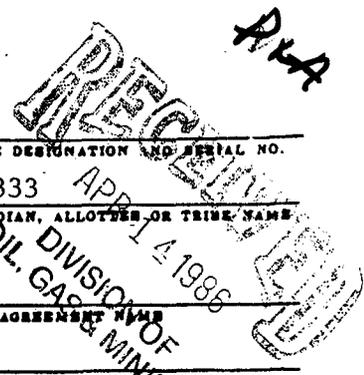
On hand at beginning of month _____ 0
Produced during month _____ 0
Sold during month _____ 0
Unavoidably lost _____ 0
Reason: _____ 0
On hand at end of month _____ 0

DRILLING/PRODUCING WELLS: This report must be filed on or before the sixteenth day of the succeeding month following production for each well. Where a well is temporarily shut-in, a negative report must be filed. THIS REPORT MUST BE FILED IN DUPLICATE.

Note: The API number must be listed on each well.

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

SUBMIT TRIPLICATE
(Other instructions on reverse side)



SUNDRY NOTICES AND REPORTS ON WELLS

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

| | | |
|--|--|---|
| 1. <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER OPERATOR NAME CHANGE | | 5. LEASE DESIGNATION AND SERIAL NO. U-52333 |
| 2. NAME OF OPERATOR MERIDIAN OIL INC. | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME --- |
| 3. ADDRESS OF OPERATOR P. O. Box 1855, Billings, MT 59103 | | 7. UNIT AGREEMENT NAME --- |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface | | 8. FARM OR LEASE NAME Navajo-Federal |
| 14. PERMIT NO. | | 9. WELL NO. See Below |
| 15. ELEVATIONS (Show whether OP, RT, CR, etc.) | | 10. FIELD AND POOL, OR WILDCAT Kiva |
| | | 11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA See Below |
| | | 12. COUNTY OR PARISH San Juan |
| | | 13. STATE Utah |

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

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|--|---|--|--|
| TEST WATER SHUT-OFF <input type="checkbox"/> | PULL OR ALTER CASING <input type="checkbox"/> | WATER SHUT-OFF <input type="checkbox"/> | REPAIRING WELL <input type="checkbox"/> |
| FRACTURE TREAT <input type="checkbox"/> | MULTIPLE COMPLETE <input type="checkbox"/> | FRACTURE TREATMENT <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| SHOOT OR ACIDIZE <input type="checkbox"/> | ABANDON* <input type="checkbox"/> | SHOOTING OR ACIDIZING <input type="checkbox"/> | ABANDONMENT* <input type="checkbox"/> |
| REPAIR WELL <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | (Other) OPERATOR NAME CHANGE <input checked="" type="checkbox"/> | |
| (Other) <input type="checkbox"/> | | (NOTE: Report results of multiple completion on Well (completion or Recompletion Report and Log form.) | |

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

Operator Name change from Milestone Petroleum Inc. to Meridian Oil Inc.

| WELL NUMBER | DESCRIPTION | API NUMBER |
|-------------|----------------------|--------------|
| 4-1 | SESW Sec. 4-39S-25E | 43-037-31112 |
| 4-2 | SWSE Sec. 4-39S-25E | 43-037-31161 |
| 4-3 | NESW Sec. 4-39S-25E | 43-037-31176 |
| 4-4 | NWSW Sec. 4-39S-25E | 43-037-31179 |
| 9-1 | NWNE Sec. 9-39S-25E | 43-037-31001 |
| 9-2 | NENE Sec. 9-39S-25E | 43-037-31059 |
| 10-1 | SWNW Sec. 10-39S-25E | 43-037-31073 |
| 30-1 | NESW Sec. 30-38S-25E | 43-037-31099 |
| 30-2 | SENE Sec. 30-38S-25E | 43-037-31100 |

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

SIGNED *Raymond D. Nelson* TITLE Sr. Operations Technician DATE 4/9/86

(This space for Federal or State office use)

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