

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

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Duncan Exploration Company

3. ADDRESS OF OPERATOR
1777 S. Harrison St., Penthouse 1, Denver, CO 80210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
NENE Sec. 36-T37S-R24E
1000' FNL & 1150' FEL

14. PERMIT NO.
N/A

15. ELEVATIONS (Show whether OF, ST, GR, etc.)
5031' GL

5. LEASE DESIGNATION AND SERIAL NO.
ML-35744

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Taos State

9. WELL NO.
41-36

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR ABBA
Sec. 36-T37S-R24E

12. COUNTY OR PARISH 13. STATE
San Juan UT

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) <input type="checkbox"/>	(Other) <input type="checkbox"/>
(Other) DESIGNATION OF OPERATOR		(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.)*

Duncan Exploration Company designates BWAB Incorporated, 1801 California St., Suite 1000, Denver, CO 80202 operator for the above captioned location. BWAB's Drilling and Production Manager is John Keller, 303-295-7444.

DUNCAN EXPLORATION COMPANY

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

SIGNED By: Raymond T. Duncan TITLE Venture Manager DATE 6/2/87

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: _____

File in Duplicate

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

DESIGNATION OF AGENT

The undersigned producer, operator, transporter, refiner, gasoline or initial purchaser who is conducting oil and/or gas operations in the State of Utah, does, pursuant to the Rules and Regulations and Rules of Practice and Procedure of the Division of Oil, Gas and Mining of the State of Utah, hereby appoint C T Corporation System, whose address is 175 S. Main St., Salt Lake City, UT 84111, (~~his, her or~~ its) designated agent to accept and to be served with notices from said Board, or from other persons authorized under the Oil and Gas Conservation Act of the State of Utah.

The undersigned further agrees to immediately report in writing, all changes of address of the agent, and any termination of the agent's authority, and in the latter case, the designation of a new agent or agents shall be immediately made. This designation of agent, however, shall remain in full force and effect until and unless a new designation agent is filed in accordance with said statute and said regulations.

Effective date of designation June 1, 1986

Company BWAB Incorporated Address 1801 California St., Suite 1000
Denver, CO 80202
ATTN: JOHN R. KELLER

By  Title Drilling & Production Manager
(signature)
John R. Keller

NOTE: Agent must be a resident of the State of Utah

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

SUBMIT IN TRIPLICATE*
(See instructions on reverse side)

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<p>2. NAME OF OPERATOR Tenneco Oil Company</p>		<p>7. UNIT AGREEMENT NAME</p>																	
<p>3. ADDRESS OF OPERATOR P.O. Box 3249, Englewood, CO 80155</p>		<p>8. FARM OR LEASE NAME Taos State</p>																	
<p>4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface NENE Sec. 36-T37S-R24E 1000' FNL & 1150' FEL</p>		<p>9. WELL NO. 41-36</p>																	
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Tenneco Oil Company designates BWAB Incorporated, 1801 California St., Suite 1000, Denver, CO 80202 operator for the above captioned location. BWAB's Drilling and Production Manager is John Keller, 303-295-7444.

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

SIGNED P. W. Cayce TITLE Attorney-in-Fact DATE June 4, 1987
(This space for Federal or State office use)

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



June 5, 1987

State of Utah
Natural Resources
Oil, Gas & Mining
355 W. North Temple
3 Triad Center
Suite 350
Salt Lake City, UT 84180-1203

RECEIVED
JUN 08 1987

**DIVISION OF
OIL, GAS & MINING**

ATTENTION: JOHN BAZA

RE: Taos State #41-36
NENE Sec. 36-T37S-R24E
San Juan Co., UT

Dear Sir:

Enclosed herewith are three copies each of the following information necessary to permit the above captioned well.

1. State of Utah's Application For Permit to Drill
2. Survey plat, well pad plan view, and well pad cross-section
3. Supplement to the Application For Permit To Drill including the general drilling plan
4. Blowout Preventer Hook-Up Diagram
5. Designation of Agent
6. Copies of Sundry Notice designating BWAB as operator (NOTE: the original was filed with the Division of State Lands)
7. Copies of our Applications to Appropriate Water (NOTE: the originals were filed with the Division of Water Rights)

The pre-drill inspection is scheduled for June 15, at 10:00 a.m. with Chip Hutchinson and Carol Revelt out of your Moab field office. Hopefully we have included everything required to receive approval to drill this well without any delays. Our planned spud date is June 20. If any further information is needed or you have any questions in this regard, please contact the undersigned or

State of UT - DOGM
Taos State #41-36 - APD
Page 2



Mr. John Keller as soon as possible at the letterhead telephone number.

Your expediency and cooperation in this matter are greatly appreciated.

Very truly yours,

BWAB Incorporated

Carrie M. Sullivan

Carrie M. Sullivan

:CMS

Enclosures (3)

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

(Other instructions on reverse side)

5. Lease Designation and Serial No.
ML-35744

6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

DRILL [X]

DEEPEN []

PLUG BACK []

7. Unit Agreement Name

b. Type of Well

Oil Well [X]

Gas Well []

Other []

Single Zone [X]

Multiple Zone []

8. Farm or Lease Name

Taos State

2. Name of Operator

BWAB Incorporated

303-295-7444

9. Well No.

41-36

3. Address of Operator

1801 California St., Suite 1000, Denver, CO 80202

10. Field and Pool, or Wildcat

Wildcat UNDESIGNATED

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

At surface

1000' FNL & 1150' FEL

At proposed prod. zone

Same as above

NE/NW

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

Sec. 36-T37S-R24E

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

Approx. 15 miles SE of Blanding, UT

12. County or Parrish 13. State

San Juan UT

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drlg. line, if any)

1000' FNL

16. No. of acres in lease

640

17. No. of acres assigned to this well

1

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

N/A

19. Proposed depth

5,799' ksh

20. Rotary or cable tools

Rotary

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

5031' GL

22. Approx. date work will start*

June 20, 1987

23.

PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: Size of Hole, Size of Casing, Weight per Foot, Setting Depth, Quantity of Cement. Rows include 12 1/2" hole with 8-5/8" casing and 7-7/8" hole with 5-1/2" casing.

- 1. After receipt of approval from DOGM: Notify DOGM within 24 hrs of spud at Moab Utah, 801-259-8151, Chip Hutchinson & Carol Revelt.
2. Set 13-3/8" conductor if necessary.
3. Drill 12 1/2" hole to 1375'.
4. Set 8-5/8", 24#, K or J-55 surface casing, 25' into Chinle @ 1375'.
5. Cement 8-5/8" csg to surface. WOC 8 hrs. NU BOP.
6. TIH & tst surf pipe and BOP to 1000 psi for 15 min.
7. Drill 7-7/8" hole with fresh wtr and fresh wtr gel mud to 4350'. Test BOP function daily.
8. Test BOP's to 2000 psi prior to drilling objectives using tstg company.
9. Drill Ismay and Desert Creek objectives. DST as appropriate.
10. Log and evaluate.
11. Run 5 1/2", 15.5#, J or K-55 production pipe if justified for production and cement to 4600' minimum.
12. P&A per DOGM guidelines if dry. (SEE ATTACHMENT FOR FURTHER DETAILS)

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: John R. Keller Title: Drlg & Prod Manager Date: 6/3/87

(This space for Federal or State office use)

Permit No. 43-037-31326 APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING Approval Date

Approved by: DATE: 6-16-87 BY: John R. Bayer Date: WELL SPACING: 302 ft

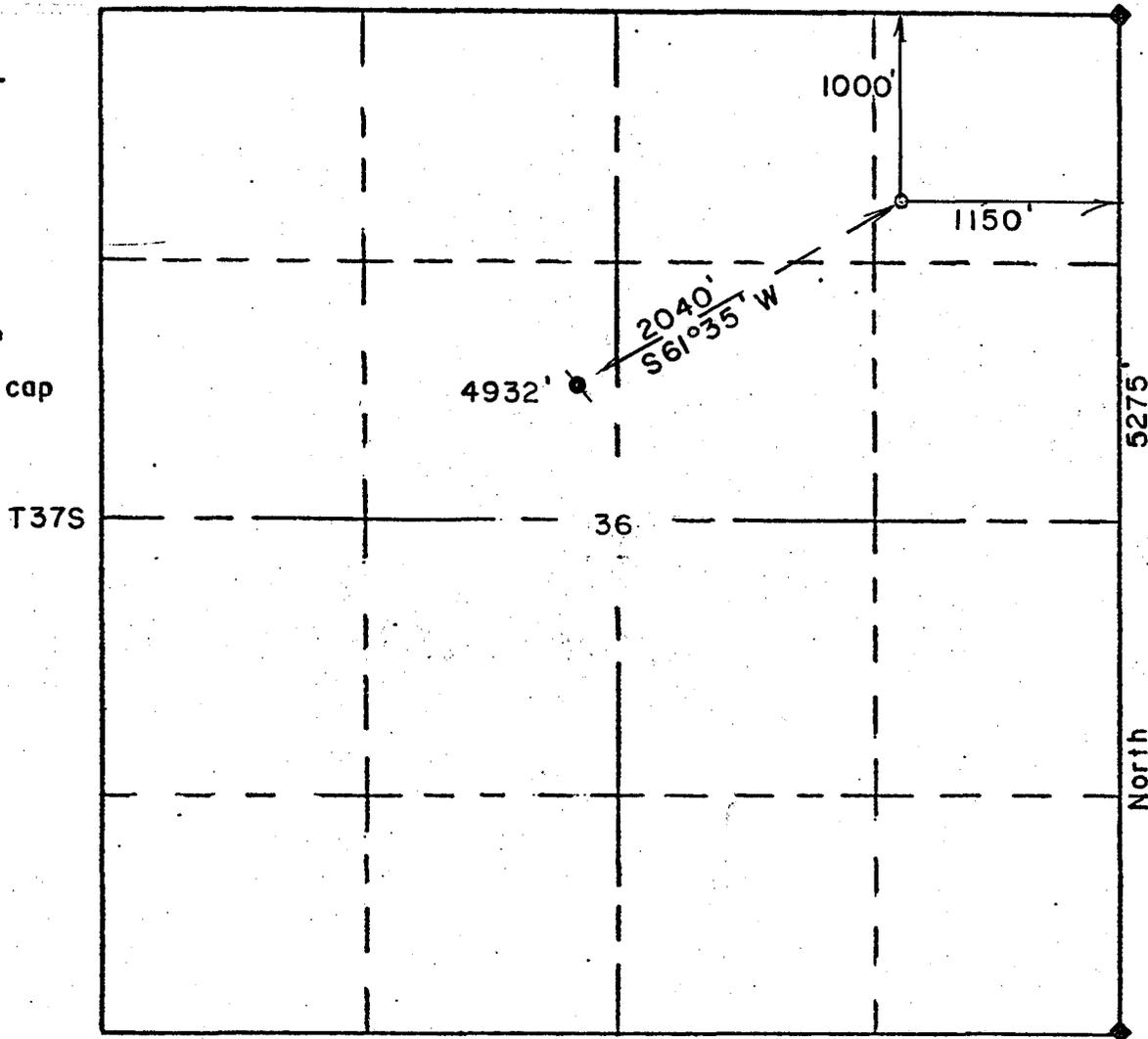
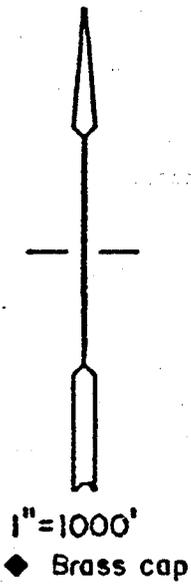
See Instructions On Reverse Side

RECEIVED JUN 08 1987

DIVISION OF OIL, GAS & MINING

WELL LOCATION PLAT

R24E

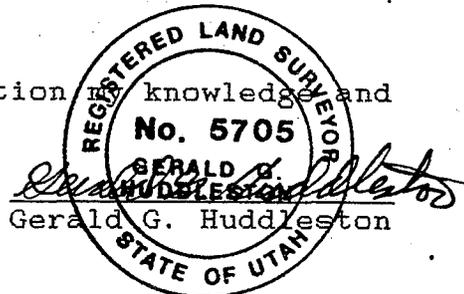


WELL LOCATION DESCRIPTION:

BWAB INC., #41-36 Taos State
1000' FN & 1150' FE
Section 36, T.37 S., R.24 E., SLM
San Juan County, Utah
5031' ground elevation

The above plat is correction in knowledge and belief.

13 May '87



GENERAL DRILLING PLAN

SUPPLEMENT TO STATE OF UTAH DRILLING PERMIT APPLICATION

OPERATORS REPRESENTATIVE:

John R. Keller - Drilling and Production Manager

EWAB Incorporated 303-295-7444

REGULATORY AND PERMITTING BACKGROUND:

Drilling Permit : Applied For - Copy of application attached.

Staking Plot : Attached to permit.

Location Spot : The location is not staked on a normal 40 acre spot due to topographic and geologic constraints on well siting. We are not on a quarter - quarter line and all acreage in Section 36 of 37S-24E is part of our lease. We are 1000' from the closest lease line. The location is the only buildable location meeting the geologic and topographic constraints in the quarter. There are no producing wells located on the lease.

DOG M Onsite : To be scheduled with field inspector for June 15th.

Water Rights : Approval to utilize water from Montezuma Creek has been applied for. Permit request has been submitted to the Price Office of the State of Utah Division of Water Rights. The division official indicates he will be willing to issue a verbal approval on receipt of the proper application. We will ask that he notify the DOGM as well.

DRILLING PROGRAM:

Formation Top:	Entrada	600'	U. Ismay	5,185'
	Navajo	800'	Top of Ismay *	
	Wingate	1,125'	Porosity	5,205'
	Chinle	1,350'	A Shale	5,444'
	Shinarump	2,030'	L. Ismay	5,460'
	Cutler	2,600'	Desert Creek *	5,534'
	Hermosa	4,350'	Chimney Rock	5,602'
* Possible Oil Productive Fay			AKah	5,649'

SUPPLEMENTAL DRILLING PLAN
PERMIT APPLICATION
Page 2

BOP STACK: As per attached diagram the stack will be a 3000 psi WF. A rotating head will be added if conditions dictate the need for one.

MUD PROGRAM: The mud program will be a fresh water gel system similar to other wells drilled in the area. No weighting materials are anticipated to be needed. If they are, barite will be used as the weighting agent.

Tentative Program to Be Followed:

INTERVAL	TYPE	MW	FL	OTHER
0-1375'	Spud Mud	8.4-8.8	NC	Sweeps
1375'-4300'	FWG 28-35 Vis	8.4-8.8	NC	Sweeps
4000'-5799'	FWG 40-45 Vis	8.5-9.2	10	Steel Fits

No special pit monitoring equipment will be used. All monitoring will be done visually through use of mud tank level markers.

LOGGING PROGRAM AND TESTING:

Testing: Two conventional DSTs are anticipated. One in the Desert Creek and one in the Ismay.

Logging: GR-DLL-MSFL Planned to be run.
GR-CNL-FDC
GR-Sonic

GENERAL FORMATION AND PRESSURE INFORMATION:

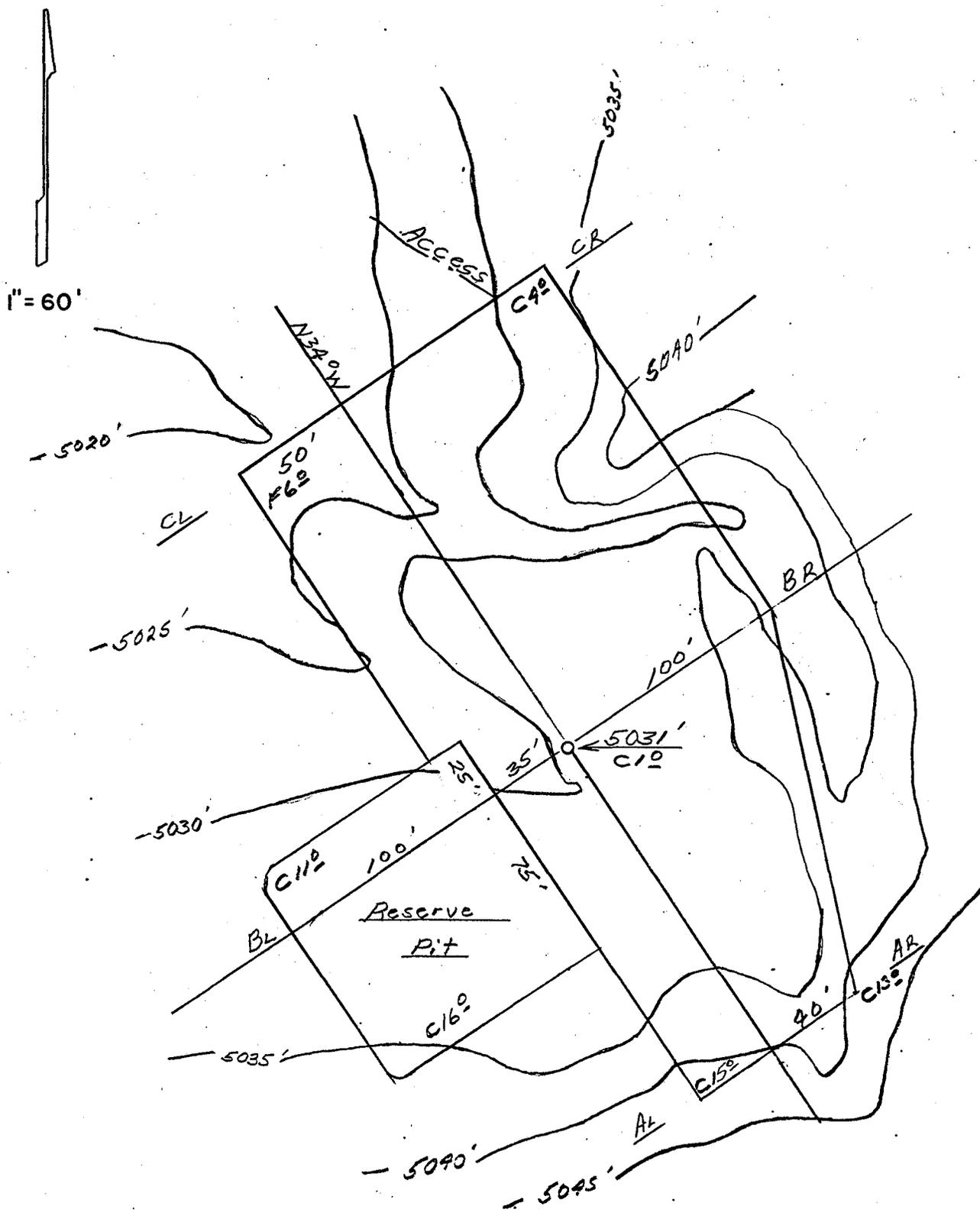
Pressures: Ismay 2215 psi BHP
Desert Creek 2800 psi BHP
Estimated maximum surface shut-in pressure: 1050 psi

SUPPLEMENTAL DRILLING PLAN
PERMIT APPLICATION
Page 3

Special Hazards : No special drilling hazards are expected and gas encountered is not expected to contain hydrogen sulfide.

WELL PAD PLAN VIEW

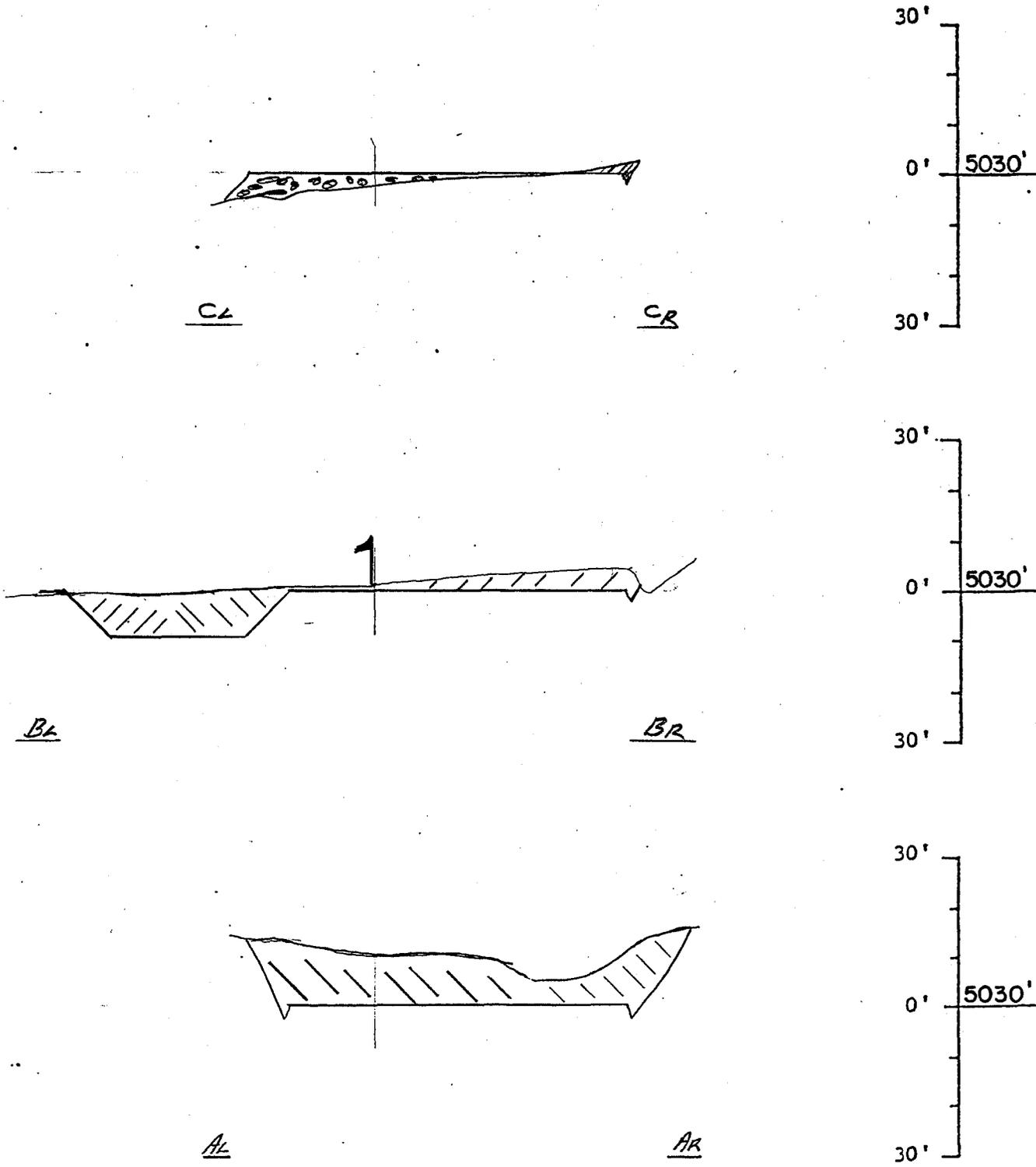
Well 41-36 Taos State



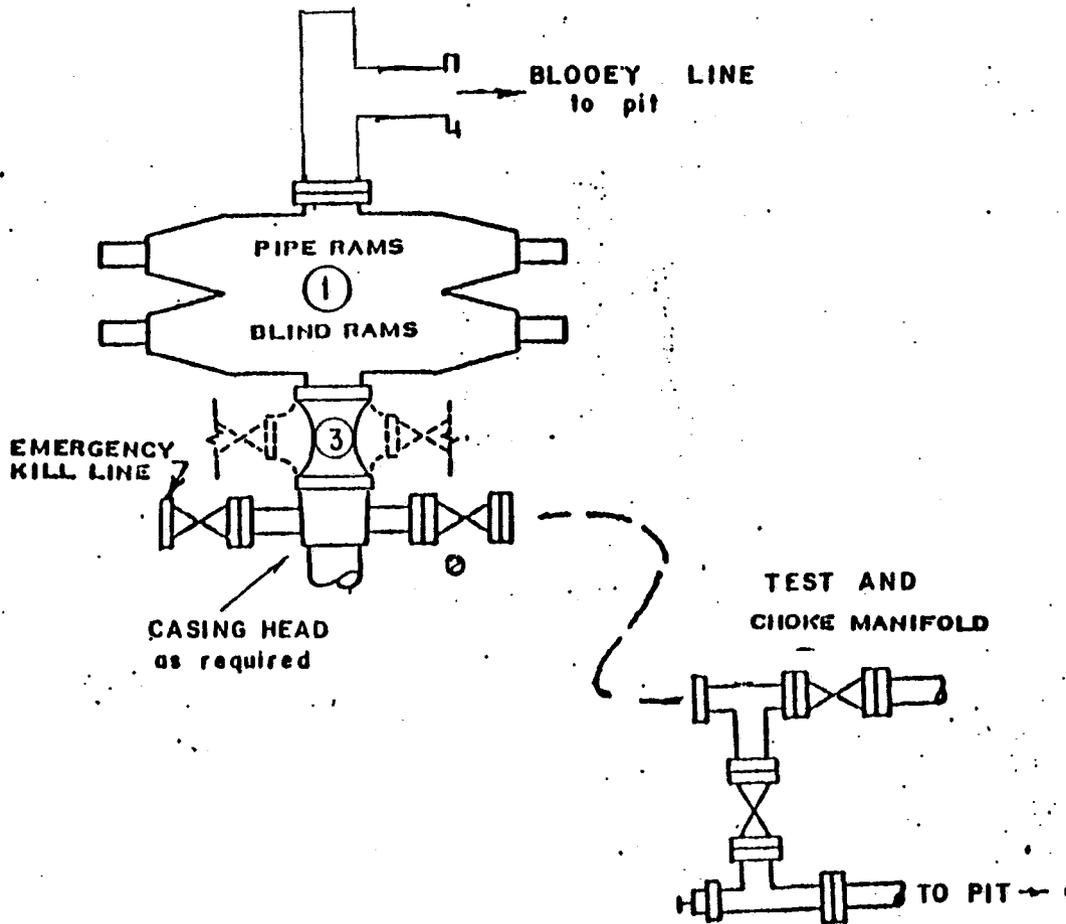
WELL PAD CROSS-SECTION

Cut //
Fill

Scales: 1" = 60' H.
1" = 30' V.



DOUBLE PREVENTER



- ① SERIES 900 RAM-TYPE DOP
- ② 2" SERIES VALVE
- ③ SERIES 900 DRILLING SPOOL

..... OPTIONAL EQUIPMENT

BWAB INCORPORATED
Taos State #41-36

3000 PSI WORKING PRESSURE
BLOWOUT PREVENTER HOOK-UP
(SERIES 900 FLANGES OR BETTER)



June 4, 1987

State of Utah
Division of Water Rights
453 South Carbon Ave.
P.O. Box 718
Price, UT 84501

ATTENTION: MR. MARK PAGE

RE: Application to Appropriate Water
Taos State #41-36
Sec. 36-T37S-R24E
San Juan Co., UT

Dear Sir:

Enclosed herewith are two (2) copies each of our two (2) Applications To Appropriate Water and two (2) checks in the amount of \$15.00 each to cover the cost of filing fees for these applications. I am submitting two (2) applications for the same location so that BWAB Inc. will have a backup water source in case for some reason we can not use the Montezuma Creek. I am asking that both sources be considered and approved with the understanding that we must have landowner approval to use the wells and that we plan to use only the creek if sufficient water is available at the time drilling commences. Our presite drill inspection is scheduled for June 15th at 10:00 a.m. and your expediency in processing this application will be greatly appreciated. We plan to spud this well around the 20th of June if all of our State applications have been approved.

If you should have any questions in this regard, please do not hesitate to contact the undersigned or Mr. John Keller at the letterhead address or telephone number.

Very truly yours,

BWAB Incorporated

Carrie M. Sullivan

:CMS

Enclosures (2)

cc: Mr. Bob Burger
Salt Lake City, UT

FILING FOR WATER IN THE STATE OF UTAH

Rec. by _____

Fee Rec. _____

APPLICATION TO APPROPRIATE WATER

Receipt # _____

Microfilmed _____

Roll # _____

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of the Laws of Utah.

* WATER USER CLAIM NO. 09-1519

* APPLICATION NO. A T-62571

1. PRIORITY OF RIGHT: _____

* FILING DATE: _____

2. OWNER INFORMATION (Applicant)

Name(s): BWAB Incorporated * Interest: _____ %
Address: 1801 California St., Suite 1000, Denver, CO 80202, 303-295-7444

Is the land owned by the applicant? Yes _____ No X

(If "No", please explain in EXPLANATORY section.)

3. QUANTITY OF WATER: _____ cfs and/or 0.5 ac-ft

4. SOURCE: Montezuma Creek * DRAINAGE: _____

which is tributary to _____

which is tributary to _____

POINT(S) OF DIVERSION: _____ COUNTY: San Juan County

Water will be pumped from the creek via an irrigation pump from a point approximately 1320' FNL & 2640' FEL of Sec. 36-T37S-R24E.

Description of Diverting Works: Irrigation pump will discharge to earth pit

* COMMON DESCRIPTION: via a plastic pipeline.

5. POINT(S) OF REDIVERSION

The water will be rediverted from N/A at a point: _____

Description of Rediverting Works: _____

6. POINT(S) OF RETURN

The amount of water consumed is _____ cfs or 0.5* ac-ft

The amount of water returned is _____ cfs or 0 ac-ft

The water will be returned to the natural stream/source at a point(s): _____

7. STORAGE Not Named

Reservoir Name: Temp. Earth Pit Storage Period: from June 20th to June 30th, 1987

Capacity: 1.8 ac-ft. Inundated Area: .23 acres

Height of dam: 8.0 feet

Legal description of inundated area by 40 acre tract: NENE Sec. 36-T37S-R24E, San Juan County, UT

*Most of the water will not be permanently removed from the ecosystem as it will evaporate and percolate from the reserve pit. Only about 1/3 of the 5 ac-ft will be lost to future use.
* These items are to be complete by Division of Water Rights

Appropriate

BWAB INCORPORATED
DENVER COLORADO

900163



First Interstate Bank
of Riverton, N.A.
P. O. Box 233
Riverton, Wyoming 82501
99-192/1023

REGISTERED *REGISTERED*
15 DOLS 00 CTS
R-8P81186

PAY

DATE

AMOUNT

06-01-87

\$*15.00*

TO State of Utah
THE Division of Water Rights
ORDER 1636 West North Temple
OF Salt Lake City, UT 84116

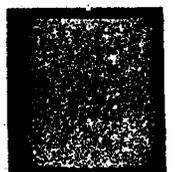
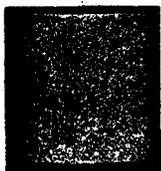
⑈009001638⑈ ⑆102301924⑆ 600⑈000⑈⑈⑈⑈

VOS

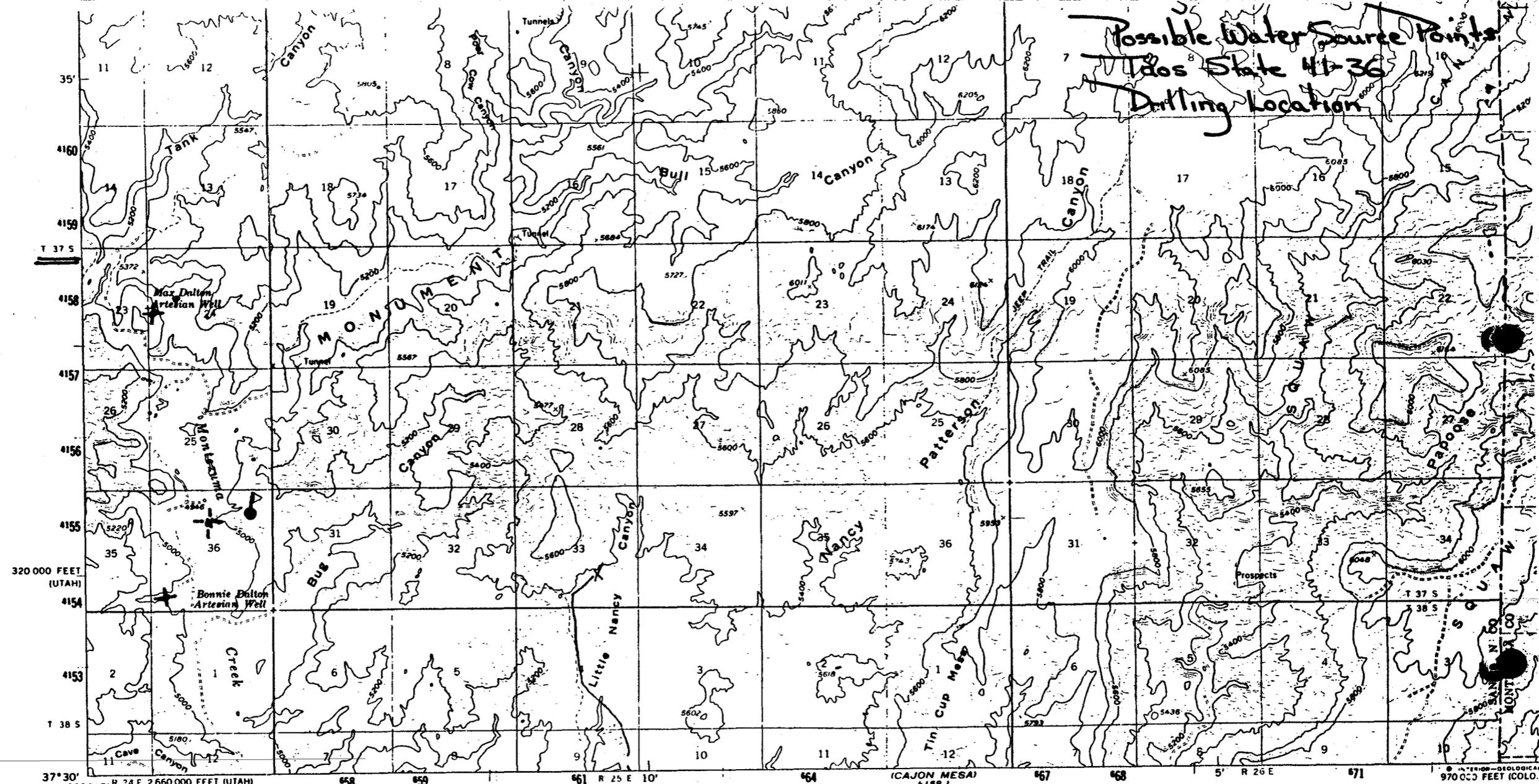
BWAB INCORPORATED

Filing Fee for Permit for use of water - Taos State #41-36.

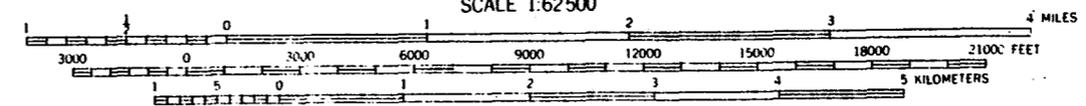
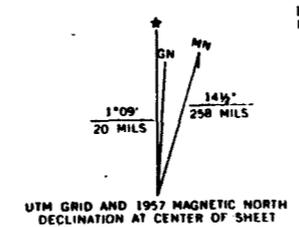
\$15.00



Possible Water Source Points
 Tdos State 41-36
 Drilling Location

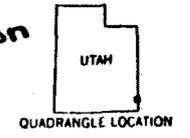


Mapped, edited, and published by the Geological Survey
 Control by USGS and USC&GS
 Topography from aerial photographs by photogrammetric methods
 Aerial photographs taken 1953 and 1955
 Advance field check 1954 and 1957
 Polyconic projection. 1927 North American Datum
 10,000-foot grids based on Utah coordinate system, south zone
 and Colorado coordinate system, south zone
 1000-meter Universal Transverse Mercator grid ticks,
 zone 12, shown in blue
 Dashed land lines indicate approximate locations
 Unchecked elevations are shown in brown



CONTOUR INTERVAL 40 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

MONUMENT CANYON
 UTAH-COLORADO



★ Well location
 ⊕ Water Source Points

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
 FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

DRILLING LOCATION ASSESSMENT

State of Utah

Division of Oil, Gas & Mining

OPERATOR: BWAB, Inc. WELL NAME: Taos State 41-26
QTR/QTR: NENE SECTION: 36 TWP: 37S RANGE: 24E
COUNTY: San Juan FIELD: Wildcat 1000' F N L 1150 F E L
SFC OWNER: Virginia Tracy Dalton LEASE #: ML-35744. State minerals/fee surface
SPACING: F SECTION LINE F QTR/QTR LINE F ANOTHER WELL
INSPECTOR: C. Hutchinson, C. Revelt DATE & TIME: June 15, 1987 at 10 a.m.
PARTICIPANTS: John R. Keller from BWAB (303) 295-7444; Lowell Larson from Perry McDonald Construction Co. (303) 565-1083; Max Dalton representing daughter Virginia.

REGIONAL SETTING/TOPOGRAPHY: Blanding Basin--Canyon Country. Cretaceous Morrison plateau cut by canyons of Montezuma Creek and its tributaries.

LAND USE

CURRENT SURFACE USE: Domestic and wildlife grazing.
PROPOSED SURFACE DISTURBANCE: NW trending irregularly shaped pad 320' x 150' with a 100' square pit off the SW side of the pad. Access road will consist of either an improved dirt road or a combination of newly excavated road and improved dirt.
AFFECTED FLOODPLAINS AND/OR WETLANDS: Approx 1200' horizontal and 150' vertical East of Montezuma Creek.
FLORA/FAUNA: Cows, deer, native grasses and shrubs, some juniper trees.

ENVIRONMENTAL PARAMETERS

GEOLOGY

SOIL TYPE AND CHARACTERISTICS: Reddish buff colored silty mud with some sandstone and siltstone cobbles.
SURFACE FORMATION & CHARACTERISTICS: Pad butts up against sandstone cliffs of the Salt Wash member of the Morrison Formation, consisting of alternating resistant sandstone ledges and thin, erodible mudstone layers. Area directly underneath proposed location is covered by soils from Cretaceous and Jurassic formations.

EROSION/SEDIMENTATION/STABILITY: Pad butts up against a stable outcrop of Morrison Formation--no stability problems anticipated. Part of the perimeter of the location will be trenched to prevent rain water from flowing across the pad.

SUBSURFACE GEOLOGY

OBJECTIVE(S)/DEPTH(S): Ismay at 5205' or Desert Creek at 5524'.

ABNORMAL PRESSURES - HIGH AND LOW: None anticipated. Estimated Ismay BHP = 2215 psi. Estimated Desert Creek BHP = 2800 psi.

CULTURAL RESOURCES/ARCHAEOLOGY: N/A--surface lease is fee and landowner does not require a survey to be completed.

WATER RESOURCES: Pad is about 1200' from Montezuma Creek. There are two artesian wells in Montezuma Creek--the Bonnie Dalton artesian well is one mile south and the Max Dalton artesian well is about 1.5 miles NW of the location--both probably sourced from alluvial gravels. The potentiometric gradient is to the south. Potentiometric elevation is about 1500 meters near the well.

RESERVE PIT

CHARACTERISTICS: 100' x 100' x 10'--with about 95% located on cut.

LINING: Will determine upon construction of the location. If the location has to be blasted then 2#'s bentonite per square foot will be applied to the pit.

MUD PROGRAM: Spud mud from 0-1375', Fresh water gel from 1375' to TD. Will use barite if need weighting material in mud.

DRILLING WATER SUPPLY: Have applied for a permit to appropriate water from Montezuma Creek and a backup permit to obtain water from nearby artesian wells.

OTHER OBSERVATIONS: If water from Montezuma Creek is used it will probably be pumped to the location rather than trucked. There are some Anasazi ruins near the location--pottery shards and stone rings. BWAB may need to excavate a road near the ruins--is OK with landowner. Access road will cross Montezuma Creek. If the well is a producer the tank battery will be located on West side of Montezuma Creek adjacent to road.

STIPULATIONS FOR APD APPROVAL: Notify Chip Hutchinson 24 hours prior to construction of the pit. Chip should arrange with the on-site company rep. to be contacted before cementing or any other tests that need witnessing (i.e. BOP or DST tests).

ATTACHMENTS

CONFIDENTIAL
PERIOD
EXPIRED 061810
ON 12-27-88

OPERATOR BWAB DATE 6-9-87

WELL NAME San State 41-36

SEC NENE 36 T 375 R 24E COUNTY San Juan

43-037-31326
API NUMBER

State
TYPE OF LEASE

CHECK OFF:

PLAT

STATE LANDS
#2039-321-6
TRAVELERS
 BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other well in Sec. 36
Water #09-1519 (T-62571)
Exception requested.

APPROVAL LETTER:

SPACING: 203 _____ UNIT

302

_____ CAUSE NO. & DATE

302.1

STIPULATIONS:

1- State History (Chip Hutchinson, Moab 259-8154)
2- The operator shall notify DOGM ~~within~~ after excavation of reserve pit and prior to placing fluids in pit to allow inspection ^{and} to determine necessity for pit lining.



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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

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

June 16, 1987

BWAB Incorporated
1801 California Street
Suite 1000
Denver, Colorado 80202

Gentlemen:

Re: Taos State 41-36 - NE NE Sec. 36, T. 37S, R. 24E,
1000' FNL, 1150' FEL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule 302.1, Oil and Gas Conservation General Rules, subject to the following stipulations:

1. Prior to any ground-disturbing activity on state lands or lands owned or controlled by the state or its subdivisions, a cultural resource clearance report must be filed with and approved by the Division of State History, phone (801) 533-4563. A list of acceptable archaeological contractors is available from the Division of State History.
2. The operator shall notify DOGM (Chip Hutchinson, Moab, 259-8151) after excavation of reserve pit and prior to placing fluids in pit to allow inspection and to determine necessity for pit lining.

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

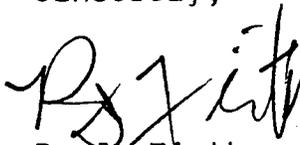
1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. All well operators are responsible for sending an Entity Action Form to the Division of Oil, Gas and Mining within five working days of the time that a new well is spudded or a change in operations or interests necessitates a change in Entity status.
3. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.

Page 2
BWAB Incorporated
Taos State 41-36
June 16, 1987

4. 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) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
5. Compliance with the requirements and regulations of Rule 311.3, Associated Gas Flaring, Oil and Gas Conservation General Rules.
6. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.
7. 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 43-037-31326.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

as
Enclosures
cc: State Lands
D. R. Nielson
8159T

FILING FOR WATER IN THE STATE OF UTAH

Rec. by DL
 Fee Rec. 15.00
 Receipt # 22451
 Microfilmed 43-037-31300
 Roll # Dwg
071307

APPLICATION TO APPROPRIATE WATER

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer based upon the following showing of facts, submitted in accordance with the requirements of the Laws of Utah.

JUN 08 1987

TEMPORARY

WATER USER CLAIM NO. 09 - 1519

WATER RIGHTS
SALT LAKE

APPLICATION NO. T62571

1. PRIORITY OF RIGHT: June 5, 1987

FILING DATE: June 5, 1987

2. OWNER INFORMATION

Name: BWAB Incorporated
 phone (303) 295-7444
 Address: 1801 California Street, Suite 1000, Denver, CO 80202

Interest: 100 %

The land is not owned by the applicant(s), see explanatory.

3. QUANTITY OF WATER: 0.5 acre feet (Ac. Ft.)

4. SOURCE: Montezuma Creek DRAINAGE: San Juan River

POINT(S) OF DIVERSION:

COUNTY: San Juan

(1) S. 1320 feet, W. 2640 feet, from the NE Corner of Section 36,
 Township 37 S, Range 24 E, SLB&M

Description of Diverting Works: Pump and pipeline

COMMON DESCRIPTION: 9 3/4 mi. N. Hatch Trading Post

5. STORAGE

Water is to be stored in Unnamed Temporary Earth Pit reservoir from June 20 to June 30.
 Capacity 1.8 ac.ft. Inundating 0.23 acres. Height of dam 8 feet.

The area inundated by the reservoir includes all or part of each of the following legal subdivisions.

TOWN	RANGE	SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
			NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
37	S	24 E 36	X															

All locations in Salt Lake Base and Meridian

6. NATURE AND PERIOD OF USE

Oil Exploration From June 20 to June 30.

7. PURPOSE AND EXTENT OF USE

Oil Exploratio: Drilling of an oil and gas well.

8. PLACE OF USE

The water is used in all or parts of each of the following legal subdivisions.

TOWN	RANGE	SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
			NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
✓ 37	S	24 E 36	X															

All locations in Salt Lake Base and Meridian

RECEIVED

JUN 25 1987

DIVISION OF
OIL, GAS & MINING

Appropriate

BWAB Inc. is applying to use water from Montezuma Creek, a public flowing water course, for the purpose of drilling an exploratory oil and gas well. It is our understanding this water is the property of the State of Utah. The surface of the ground along the river at this point is owned by Guy and Virginia Tracy of Monticello, Utah. The well to be drilled is the Taos State #41-36.

The applicant hereby acknowledges he/they are a citizen(s) of the United States or intends to become such a citizen.

The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purpose herein described.

The undersigned hereby acknowledges that even though he/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained therein, at the time of filing, rests with the applicant(s).

Signature of Applicant

1974 JUN 14 10 11 AM

STATE ENGINEER'S ENDORSEMENT

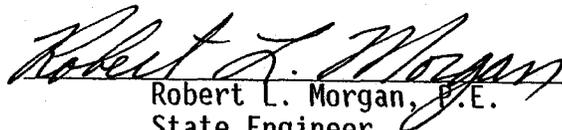
WATER RIGHT NUMBER: 09 - 1519

APPLICATION NO. T62571

1. June 5, 1987 Application received by MP.
 2. June 5, 1987 Application designated for APPROVAL by MP and SG.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated June 24, 1987, subject to prior rights and this application will expire on June 24, 1988.


Robert L. Morgan, P.E.
State Engineer

FILING FOR WATER IN THE STATE OF UTAH

Rec. by DL
 Fee Rec. 15.00
 Receipt # 22450
 Microfilmed _____
 Roll # _____

APPLICATION TO APPROPRIATE WATER

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer based upon the following showing of facts, submitted in accordance with the requirements of the Laws of Utah.

JUN 08 1987

WATER RIGHTS
SALT LAKE

WATER USER CLAIM NO. 09 - 1518

APPLICATION NO. T62570

1. PRIORITY OF RIGHT: June 5, 1987

FILING DATE: June 5, 1987

2. OWNER INFORMATION

Name: BWAB Incorporated

Interest: 100 %

Address: 1801 California Street, Suite 1000, Denver, CO 80202

The land is not owned by the applicant(s), see explanatory.

3. QUANTITY OF WATER: 0.5 acre feet (Ac. Ft.)

4. SOURCE: Max Dalton or Bonnie Dalton Wells DRAINAGE: San Juan River

POINT(S) OF DIVERSION:

COUNTY: San Juan

(1) S. 3 feet, E. 10 feet, from the W $\frac{1}{2}$ Corner of Section 24,
Township 37 S, Range 24 E, SLB&M

(2) S. 10 feet, W. 720 feet, from the NE Corner of Section 01,
Township 38 S, Range 24 E, SLB&M

COMMON DESCRIPTION: 11.5 or 9 ml. N. Hatch Post

5. STORAGE

Water is to be stored in Unnamed Temporary Earth Pit reservoir from June 20 to June 30. Capacity 1.8 ac.ft. Inundating 0.23 acres. Height of dam 8 feet.

The area inundated by the reservoir includes all or part of each of the following legal subdivisions.

TOWN RANGE SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter				
	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	
37 S 24 E 36	X																

All locations in Salt Lake Base and Meridian

6. NATURE AND PERIOD OF USE

Oil Exploration From June 20 to June 30.

7. PURPOSE AND EXTENT OF USE

Oil Exploratio: Drilling oil and gas well.

8. PLACE OF USE

The water is used in all or parts of each of the following legal subdivisions.

TOWN RANGE SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter				
	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	
37 S 24 E 36	X																

All locations in Salt Lake Base and Meridian

RECEIVED

JUN 25 1987

DIVISION OF
OIL, GAS & MINING

BWAB Inc. intends to purchase water from Mr. Dalton or Mrs. Virginia Terry depending on whether one or both wells are utilized. We will only utilize this source if it proves impossible to use the water from Montezuma Creek. We have applied for a permit to appropriate water from the creek which is our preferred source due to its proximity to the drilling location and the fact that it will greatly facilitate water transportation. The well to be drilled is the Taos State #41-36.

The applicant hereby acknowledges he/they are a citizen(s) of the United States or intends to become such a citizen.

The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purpose herein described.

The undersigned hereby acknowledges that even though he/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained therein, at the time of filing, rests with the applicant(s).

Signature of Applicant

STATE ENGINEER'S ENDORSEMENT

WATER RIGHT NUMBER: 09 - 1518

APPLICATION NO. T62570

1. June 5, 1987 Application received by MP.
 2. June 5, 1987 Application designated for APPROVAL by MP and SG.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated June 24, 1987, subject to prior rights and this application will expire on June 24, 1988.


Robert L. Morgan, P.E.
State Engineer

070702

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API #43-037-31326

NAME OF COMPANY: B.W.A.B.

WELL NAME: TAOS STATE 41-36

SECTION 36 NENE TOWNSHIP 37S RANGE 24E COUNTY SAN JUAN

DRILLING CONTRACTOR Four Corners

RIG # 4

SPUDDED: DATE 6/26/87

TIME 9:00 pm

HOW R

DRILLING WILL COMMENCE 6/26/87

REPORTED BY Wayne Hutson

TELEPHONE #

DATE 6/30/87 SIGNED CH/SBH

070746



BWAB INCORPORATED

July 1, 1987

State of Utah
Division of Oil, Gas & Mining
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RECEIVED
JUL 06 1987

DIVISION OF
OIL, GAS & MINING

RE: Taos State #41-36
NENE Sec. 36-T37S-R24E
San Juan Co., UT

13-037-31306

Gentlemen:

I am writing this letter to ask you that all information pertaining to the above captioned well be held strictly confidential. All future correspondence sent to your office by BWAB Incorporated will be clearly marked with a red CONFIDENTIAL stamp and should be given that consideration.

If you should have any questions in this regard, please contact the undersigned at your earliest convenience.

Very truly yours,

BWAB Incorporated

Carrie M. Sullivan

Carrie M. Sullivan

:CMS

BWAB INCORPORATED



July 17, 1987

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

RECEIVED
JUL 23 1987

DIVISION OF
OIL, GAS & MINING

RE: Report of Water Encountered
Taos State #41-36
Sec. 36-T37S-R24E
San Juan Co., UT

Gentlemen:

Enclosed herewith are three (3) copies of the Report Of Water Encountered During Drilling Form for the above captioned well. If you should have any questions in this regard, please contact Mr. John Keller at the letterhead address or telephone number.

Very truly yours,

BWAB Incorporated

Carrie M. Sullivan

Carrie M. Sullivan

:CMS

Enclosures (3)

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

RECEIVED
JUL 23 1987

DIVISION OF
OIL, GAS & MINING

REPORT OF WATER ENCOUNTERED DURING DRILLING

073119

Well Name & Number Taos State #41-36 J3-037-31300
Operator BWAB Incorporated Address 1801 California St., Suite 1000
Denver, CO 80202
Contractor Four Corners Drlg Co. Address P.O. Box 1067, Farmington, NM
87499
Location SWNE 1/4 NE 1/4 Sec. 36 T. 37S R. 24E County San Juan

Water Sands

	<u>Depth</u>		<u>Volume</u> Flow Rate or Head	<u>Quality</u> Fresh or Salty
	From	To		
1.	2724'	-30'	2" stream (200 psi surf SI)	Brine
2.	4100'		2" stream (200 psi surf SI)	Brine
3.				
4.				
5.				

(Continue of reverse side if necessary)

<u>Formation Tops</u>				
	Hermosa	4,196'	Chimney Rock Shale	5,548'
	Upper Ismay	5,236'	Akah	5,570'
	Hovenweep	5,366'		
<u>Remarks</u>	Desert Creek	5,480'		

- 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.

BWAB INCORPORATED



September 24, 1987

State of Utah
Oil, Gas & Mining
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

SEP 28 1987
DIVISION OF OIL
& GAS

RE: Taos State #41-36
NENE Sec. 36-T37S-R24E
San Juan Co., UT

Gentlemen:

Enclosed herewith are two (2) copies of our Well Completion Report for the above captioned well. If you have any questions in this regard, please do not hesitate to contact the undersigned.

Very truly yours,

BWAB Incorporated

A handwritten signature in cursive script that reads "Carrie M. Sullivan".

Carrie M. Sullivan

:CMS

Enclosure (2)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

5. LEASE DESIGNATION AND SERIAL NO.

ML-35 **093009**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Taos State

9. WELL NO.

#41-36

10. FIELD AND POOL, OR WILDCAT

Undesignated

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

Sec. 36-T37S-R24E

12. COUNTY OR PARISH

San Juan

13. STATE

UT

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

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

2. NAME OF OPERATOR
BWAB Incorporated

3. ADDRESS OF OPERATOR
1801 California St., Suite 1000, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface NENE 1000' FNL & 1150' FEL
At top prod. interval reported below
At total depth Same as above
SEP 28 1987

14. PERMIT NO. 43-037-31326 DATE ISSUED 06/16/87

15. DATE SPUDDED 06/26/87 16. DATE T.D. REACHED 07/11/87 17. DATE COMPL. (Ready to prod.) 09/23/87 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5031' GL 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 5616' 21. PLUG, BACK T.D., MD & TVD 5507' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 5258' - 5278' 5330' - 5340' - Ismay 25. WAS DIRECTIONAL SURVEY MADE

26. TYPE ELECTRIC AND OTHER LOGS RUN
Dual Laterolog Microlaterolog Gamma Ray; Z Densilog Neutron GR;
BHC Acoustilog GR; CBL-CEJ-GR-CL
8-11-87
27. WAS WELL CORED No

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24#	1381'	12 1/4"	500sxs 65/35 poz + 110	Circ to surf
				sxs Class "B" + additives	None
5 1/2"	15.5#	5593'	7 7/8"	150sxs 65/35 poz +	
				170sxs 10-2 RFC + additives	None

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 7/8	5300'	RBP @ 5310'

31. PERFORATION RECORD (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL	SIZE	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5330'-5340'	w/2 JSPF 5/8"	5330'-5340'	1100 gals 20% HCL + additives
5258'-5278'	w/2 JSPF 5/8"	5258'-5278'	1600 gals 20% HCL + 400 gals 40#gel + 1#/gal rock salt

33.* PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
07/29/87			Pumping				Producing
09/23/87	24			120	146	123	1220/1
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
	50#		120	146	123	41.2	

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

35. LIST OF ATTACHMENTS

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

SIGNED John R. Keller TITLE Drlg. & Prod. Manager DATE 9/24/87

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

INSTRUCTIONS

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

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

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

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

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

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

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	
			TRUB. VERT. DEPTH	
			Hermosa	4271'
			Upper Ismay Anhydrite	5236'
			Upper Ismay Limestone	5252'
			Hovenweep Shale	5366'
			Lower Ismay	5414'
			Gothic Shale	5458'
			Desert Creek	5480'
			Chimney Rock Shale	5548'
			Akah	5570'
			Salt	5600'

well file

SEP 28 1987

DIVISION OF OIL
GAS & MINING



BWAB INCORPORATED

September 25, 1987

State of Utah
Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

120101

Attention: Mr. John Baza

POW
43-037-31326

Re: Request to Flare Gas in
Excess of 100 MCFPD
Taos State #41-36
San Juan County, Utah

Gentlemen:

(^{N4320} BWAB Incorporated) is in the process of testing its Taos State #41-36 well in San Juan County, Utah. We anticipate producing gas at a rate in excess of 100 MCFPD. We respectfully request that we be given permission to exceed the 100 MCFPD flaring rate allowed under Rule C-27. We request this exception for the reasons outlined below.

We request relief because there is not a viable market currently available in the area for our gas. BWAB Incorporated's inquiries indicate that there is no purchaser in the area that actually has room for additional volumes in their systems at this time. KOCH Hydrocarbon has the only line into the area and will issue a contract for the gas; however, they are market limited and we think it is very doubtful they can absorb any significant additional volumes at this time. Their tentative contract price for new gas

Norm,
I've been cleaning out my files & I feel these need to go in well records.

LSHA,
PLEASE ROUTE
THX, Norm JRB

11-30-87
can take it. KOCH, all the gas that is th other operators. We think, based on e area, that KOCH, edy their marketing ted market options a gas at this time. to transport gas, to reach additional ther complicated by t gas transmission, at KOCH will likely ey connect us. The Juan Basin made by tern Gas Processors es the best sales

.....continued

well file

SEP 28 1987

DIVISION OF OIL
GAS & MINING



BWAB INCORPORATED

September 25, 1987

State of Utah
Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

120101

Attention: Mr. John Baza

POW
43-037-31326

Re: Request to Flare Gas in
Excess of 100 MCFPD
Taos State #41-36
San Juan County, Utah

Gentlemen:

(^{N4320} BWAB Incorporated) is in the process of testing its Taos State #41-36 well in San Juan County, Utah. We anticipate producing gas at a rate in excess of 100 MCFPD. We respectfully request that we be given permission to exceed the 100 MCFPD flaring rate allowed under Rule C-27. We request this exception for the reasons outlined below.

We request relief because there is not a viable market currently available in the area for our gas. BWAB Incorporated's inquiries indicate that there is no purchaser in the area that actually has room for additional volumes in their systems at this time. KOCH Hydrocarbon has the only line into the area and will issue a contract for the gas; however, they are market limited and we think it is very doubtful they can absorb any significant additional volumes at this time. Their tentative contract price for new gas is indefinite, but is estimated to be \$1.30/MCF if they can take it. KOCH, due to their limited market, is currently unable to take all the gas that is tendered to them under their current purchase contracts with other operators. We do not wish to commit our gas to KOCH for this reason. We think, based on our investigations and those of other operators in the area, that KOCH, through no fault of their own, will not be able to remedy their marketing problems in the foreseeable future, due to their limited market options through Mountain Fuels, whose entire system is loaded with gas at this time. Even if KOCH is able to contract with Mountain Fuels to transport gas, Northwest would have to be involved as a contract carrier to reach additional markets off Mountain Fuels' system. This situation is further complicated by the fact that Northwest's system is closed to contract gas transmission, under FERC Order 436, at this time. It is our opinion that KOCH will likely be unable to take our gas on a continuous basis even if they connect us. The economic evaluations of marketing alternatives in the San Juan Basin made by Yates Petroleum and Meridian Oil indicate that the Western Gas Processors line, to be built at the end of this year, constitutes the best sales alternative available to operators in the area.

.....continued

State of Utah
Taos State #41-36
September 25, 1987
Page Two of Four



Should the State of Utah be willing to grant us permission to flare all of our gas until the Western line is completed, we feel we will be able to conclude a marketing agreement much more favorable to both BWAB and the State's royalty interest. The current timetable indicates that the Western Gas Processors line will be completed by June of 1988, and possibly before. Western Gas Processors is expected to have better marketing alternatives than KOCH due to their connections through El Paso Natural Gas to California and other markets. Their initial price will likely be comparable to KOCH's, but the long term price is expected to be better. They are also expected to be able to move our gas on a constant basis, whereas KOCH, due to their current limited market options, cannot, in the near term, be relied upon to take all of our gas on any consistent basis, if at all. As we plan further development in the area, BWAB feels it is essential that we be able to commit our acreage and reserves to this new purchaser. If we cannot find an available market for all of our gas, our oil production will be curtailed indefinitely. This new market will benefit the State of Utah and our royalty owners as well.

Over a period of time, the ability to sell one hundred percent (100%) of our gas at a higher price will benefit BWAB and its partners through a higher rate of return on investment, which encourages further development in the area. The State of Utah will receive higher royalty payments due to a higher price for the gas and additional oil and gas production generated by future field development. In the short term, approval to flare will benefit both the operators, and the State as well, through higher oil and gas revenues.

BWAB, like other oil companies, has been severely impacted by lower crude prices and it is essential to both ourselves and our partners that we maintain our cash flow as high as possible from these wells. If we are curtailed to only 100 MCFPD, with our fifty-five percent (55%) water cut, our producing rate will be curtailed to 80 BOPD and our cash flow will be severely affected. With our high operating costs due to the high water cut, the effect on total cash flow will be very significant. We need this cash flow to provide funding for development drilling and facility installation for disposal of produced water. Further development drilling is essential to evaluate reservoir extent, reserves and to honor offset option commitments. Further development drilling will help quantify the gas reserve volumes upon which a sales contract will need to be based. If we are able to develop our reserve base prior to negotiating a contract, we will be in a much stronger position to negotiate the most favorable marketing terms. If the reserves stated below are correct, and we are able to negotiate only a fifteen cent per MCF improvement in the price of the gas purchased from the well, the total value of each well's reserves will be increased by \$73,500. If the total volume of gas produced from one well were flared, it would take 387 days to offset this value at a 146 MCFPD flaring rate, assuming a gas value of \$1.30/MCF. If there are four wells in the field and the value of the gas is enhanced by \$.15 per MCF, the additional value to the State after allowing for flared gas is \$32,156, assuming a 6-month flare period.

State of Utah
Taos State #41-36
September 25, 1987
Page Three of Four



Gas and oil reserves are difficult to determine at this time due to the fact that the extent of the structure is not yet fully defined. Based on analogy to other wells in the area, we are estimating recoverable reserves at 290,000 barrels of oil and 490 MMCF from this well.

At our current rate of gas production of 146 MCFPD, it is not economically viable to conserve this gas through reinjection or other such enhanced recovery methods. We believe that our well is capable of additional production, but it would require several million cubic feet per day of gas and additional drilling to make a plant and gas reinjection economically viable. Obviously, one well will not produce such volumes. To reinject the gas, a plant and facilities, possibly costing in excess of \$1 million, would be needed to process the gas for reinjection. Based on our experience in the Ismay at Kiva Field, the most economically viable alternative is to sell the gas. Gas injection might be viable if: (i) more gas were available, (ii) an injection well was available, and, (iii) if the gas had to be flared for several years. With a market becoming available in the first half of next year, the reinjection alternative is in no way economically viable due to the capital cost involved and the short duration of the need for reinjection.

If we are allowed to flare all of our produced gas until June of next year there should be a number of additional wells drilled in the area by BWAB Incorporated and Yates Petroleum. These additional wells should produce sufficient additional gas to allow BWAB and the other operators to negotiate satisfactory contract terms with Western Gas Processors, and might produce enough gas to justify reinjection in the event that Western Gas Processors deal was to fall through. We feel that the possibility that Western's line will not be completed is extremely remote, as they have the full commitment of virtually all the operators in the area.

In summary, our request for approval to flare all our gas until the Western Gas Processors line is completed next year is based on the following: lack of a viable market for the gas at this time; the conceivably higher price and ability to market 100% of our gas that will exist if the Western connection can be made; the need to maintain our cash flows to provide capital to fund field development drilling and construction of produced water disposal facilities; and, finally, the fact that current gas volumes are inadequate to justify gas reinjection or other such conservation techniques.

Enclosed you will find a copy of our completion report. A gas analysis is not currently available for our well, but we have included a copy of an analysis of gas from a similar well in the area. In addition, we have enclosed a listing of our well test data, since the well was placed on the pump. Gas used in lease operations is estimated at 18 MCFPD.



State of Utah
Taos State #41-36
September 25, 1987
Page Four of Four

If you have further questions, please contact the undersigned at (303)295-7444. We respectfully request the Commission to grant us relief in this matter, as we feel this relief will be in the best interest of the operator and the State of Utah.

Very truly yours,

BWAB INCORPORATED

John R. Keller
Drilling and Production Manager

JRK/ep
enclosures

cc: Ms. Lisa Schneider
State of Utah
Division of State Lands & Forestry
355 West North Temple
3 Triad Center, Suite 320
Salt Lake City, Utah 84180-1203

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

SUBMIT IN DUPLICATE*
(See other instructions
on reverse side)

56 64 01

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.

ML-35744

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

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

RECEIVED
MAY 31 1988

2. NAME OF OPERATOR
BWAB Incorporated

3. ADDRESS OF OPERATOR
1801 California St., Suite 1000, Denver, CO 80202

DIVISION OF
OIL, GAS & MINING

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

At surface NENE 1000' FNL & 1150' FEL

At top prod. interval reported below

At total depth Same as above

Taos State

9. WELL NO.

#41-36

10. FIELD AND POOL, OR WILDCAT

Undesignated

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

Sec. 36-T37S-R24E

12. COUNTY OR PARISH

San Juan

13. STATE

UT

CONFIDENTIAL

14. PERMIT NO. 43-037-31326 DATE ISSUED 06/16/87

15. DATE SPUDDED 06/26/87 16. DATE T.D. REACHED 07/11/87 17. DATE COMPL. (Ready to prod.) 09/23/87 18. ELEVATIONS (DF, RES, RT, GR, ETC.)* 5031' GL 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 5616' 21. PLUG, BACK T.D., MD & TVD 5507' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 0-5616' ROTARY TOOLS CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 5258' - 5278' - Ismay 5330' - 5340' - Ismay 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN Dual Laterolog Microlaterolog Gamma Ray; Z Densilog Neutron GR; BHC Acoustilog GR; CBI-CEJ-GR-CL 27. WAS WELL CORED No

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24#	1381'	12 1/4"	500sxs 65/35 poz + 110	Circ to sur.
5 1/2"	15.5#	5593'	7 7/8"	sxs Class "B" + additives 150sxs 65/35 poz + 170sxs 10-2 RFC + additives	None None

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 7/8	5300'	RBP @ 5310'

31. PERFORATION RECORD (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL	SIZE	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5330'-5340'	w/2 JSPF 5/8"	5330'-5340'	1100 gals 20% HCL + additives
5258'-5278'	w/2 JSPF 5/8"	5258'-5278'	1600 gals 20% HCL + 400 gals 40#gel + 1#/gal rock salt

33. PRODUCTION							
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
07/29/87		Pumping				Producing	
DATE OF TEST	HOURS TESTED	CHOKER SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
09/23/87	24			120	146	123	1220/1
FLOW. TUBING PRBS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
	50#		120	146	123	41.2	

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

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct

EXHIBIT "N"

SIGNED John R. Keller

TITLE Drlg. & Prod. Manager

DATE 9/24/87

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

INSTRUCTIONS

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

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

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

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

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

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

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

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.
		MEAS. DEPTH	TRUE VERT. DEPTH
			4271'
			5236'
			5252'
			5366'
			5414'
			5458'
			5480'
			5548'
			5570'
			5600'

DAILY COMPLETION REPORT

TAOS STATE #41-36

WC - BWAB Inc. - Meridian/Taos Prospect - SWNE Sec
36-T37S-R24E - San Juan Co., UT - PD 5,800' - Desert
Creek - Four Corners Rig #7 - (Enterprise '87) (WI BPO
50%, APO 30%)

09/24/87

IPP: 123 BO, 120 BW & 146 MCFPD. GOR 1220/1.
Producing from the Ismay Formation @ 5258'-5278' &
5330'-5340'. Tank battery should be completed this
weekend. FINAL REPORT UNTIL UNIT HAS BEEN SPED UP AND
WELL IS TESTED AT INCREASED SPEED.

DAILY COMPLETION REPORT

TAOS STATE #41-36

WC - BWAB Inc. - Meridian/Taos Prospect - SWNE Sec 36-T37S-R24E - San Juan Co., UT - PD 5,800' - Desert Creek - Four Corners Rig #7 - (Enterprise '87) (WI BPO 50%, APO 30%)

- 09/12/87 Pmpd 125 BO, 117 BW & 151 MCFPD. 6 SPM. 50# CP. Set 2 - 400 bbl steel tks & 6 X 20 vertical treater. Cont assy of flowlines.
- 09/13/87 Pmpd 163 BO, 125 BW & 197 MCFPD. 6 SPM. 50# CP. Installed 2nd H-brace in stream bed. Cont assy flowlines & plumbing treater.
- 09/14/87 Pmpd 128 BO, 153 BW & 154.8 MCFPD. 6 SPM. 50# CP. No work on tank battery, SDFS.
- 09/15/87 No gauge. Will change reporting format. Reports will run one day late due to lag time in receiving gauge.
- 09/16/87 Pmpd 105 BO, 230 BW & 127 MCFPD. 50# CP. Treater malfunctioned, invalid test.
- 09/17/87 Pmpd 149 BO, 170 BW & 180 MCFPD. 50# CP. Comp laying flowline & installing flowline through crossing. Doping & wrapping flowline from casing to battery. Comp turn out of treater. Prep to install 1" fuel gas line.
- 09/18/87 Made 125 BO, 140 BW & 151 MCFPD. Fin laying 1" fuel gas line. Trimmed treater. Set last 2 tanks. Cont working on recycle lines. Will set catwalks today.
- 09/19/87 Made 126.26 BO, 165 BW & 152.7 MCFPD. TP 65#, 6 SPM.
- 09/20/87 Made 114 BO, 145 BW & 137.9 MCFPD.
- 09/21/87 Made 115 BO, 156 BW & 139 MCFPD. Installing catwalks & cont piping battery.
- 09/22/87 Made 105 BO, 195 BW. Gauged early and drained wtr. Gauge not representative of true cut.
- 09/23/87 Made 120 BO, 120 BW & est 145 MCFPD. 6 SPM, 50# TP.

DAILY COMPLETION REPORT

TAOS STATE #41-36

WC - BWAB Inc. - Meridian/Taos Prospect - SWNE Sec 36-T37S-R24E - San Juan Co., UT - PD 5,800' - Desert Creek - Four Corners Rig #7 - (Enterprise '87) (WI BPO 50%, APO 30%)

09/01/87 Hot oiled for paraffin when unable to get down with pmp. Completed rning rods. Detail to follow. Started well. Pmpd up. DP-60 developed engine leak. SD engine @ dark. Will install new gasket in am & return to prod.

09/02/87 Pumped 6 hrs, rec. 50 bbls. total fluid. Engine went down due to fuel gas problem.

09/03/87 Turned through separator @ 6:30 pm. Pmpd 12 hrs, 6 SPM & 106" stroke. CP 60 psi. Made 38.37 BO & 126 BW. & 46 MCF.

09/04/87 Pmpd 116.67 BO, 123.33 BW & 141 MCF. 106" stroke, 2" bore pmp, 6 SPM. 60# CP.

09/05/87 Pmpd 100 BO, 121 MCFPD & 175 BW.

09/06/87 Pmpd 130.54 BO, 157.9MCFPD & 160 BW.

09/07/87 Pmpd 113.33 BO, 137 MCFPD & 130 BW.

09/08/87 Pmpd 180 BO, 217.8 MCFPD & 145 BW.

09/09/87 Pmpd 140 BO, 177 BW & 169 MCFPD. Sat. 9/5/87 built tank battery. Tues 9/8/87 comp location & installed tank grades. Prep to string flowlines & construct ROW to creek crossing.

09/10/87 Fin stringing flowline & started assy flowline. Started crossing construction. Tanks & treater to arrive Fri. 9/11/87 am. Pmpd 113.78 BO, 165 BW & 137.0 MCFPD.

09/11/87 Pmpd 151.73 BO, 167.51 BW & 183.5 MCFPD. Still pmpg 6 SPM. Will shoot FL & incr unit speed next week after turning into battery. Completed creek crossing supports, will concrete today. Had to blast to dig in the east support. Continued assembling flowline. Tks & treater to arrive Fri. pm.

HYDROCARBON ANALYSIS OF SEPARATOR GAS SAMPLE

<u>Component</u>	<u>Mol Percent</u>	<u>GPM</u>
Hydrogen Sulfide	0.00	
Carbon Dioxide	0.05	
Nitrogen	1.59	
Methane	55.57	
Ethane	16.18	4.327
Propane	12.23	3.370
iso-Butane	1.85	0.605
n-Butane	5.40	1.703
iso-Pentane	1.42	0.519
n-Pentane	2.00	0.724
Hexanes	1.52	0.590
Heptanes plus	<u>2.19</u>	<u>0.921</u>
	100.00	12.759

Calculated gas gravity (air = 1.000) = 1.025

Calculated gross heating value = 1717 BTU per cubic foot of dry gas at 14.73 psia and 60°F.

Collected at 20 psig and 140°F.

BWAB INCORPORATED



December 2, 1988

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 320
Salt Lake City, Utah 84180-1203

RECEIVED
DEC 05 1988

DIVISION OF
OIL, GAS & MINING

RE: Taos State 41-36
NENE Section 36, T37S-R24E
San Juan County, Utah

Gentlemen:

Enclosed please find one original and three copies of our Sundry Notice for reclamation of the pit for the referenced well. Upon approval, please return one copy to our office for our files.

If anything further is needed, or if you have any questions, please contact the undersigned.

Respectfully,

BWAB INCORPORATED

John R. Keller
Drilling and Production Manager

JRK/ep
enclosures

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

PRINT IN TRIPLICATE*
(Other instructions on reverse side)

5. LEASE DESIGNATION AND SERIAL NO. ML-35744
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FARM OR LEASE NAME Taos State
9. WELL NO. 41-36
10. FIELD AND POOL, OR WILDCAT Wildcat
11. SEC., T., R., M., OR BLK. AND SUBVY OR AREA Sec. 36-T37S-R24E
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.)

RECEIVED
DEC 05 1988

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
BWAB INCORPORATED

3. ADDRESS OF OPERATOR
1801 California Street, Suite 1000
DIVISION OF OIL, GAS & MINING

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
NENE, 1000' FNL & 1150' FEL

14. PERMIT NO. HA 43-037-31324

15. ELEVATIONS (Show whether OF, RT, GR, etc.)
5031' GL

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>Pit Reclamation</u>	
(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.)*

Please be advised that the pit for the subject location has been filled and reclaimed by Ray L. Atchison Construction Co., Drawer 28, Farmington, NM 87499.

CONFIDENTIAL

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

SIGNED John R. Keller TITLE Drilling & Production Mgr. DATE December 2, 1988

(This space for Federal or State office use)

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



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

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

December 12, 1988

Mr. John R. Keller
BWAB Incorporated
1801 California Street, Suite 1000
Denver, Colorado 80202

Dear Mr. Keller:

RE: Approvals for Reserve Pit Reclamation

The Division of Oil, Gas and Mining recently received sundry notices which provided subsequent notification of reserve pit reclamation for the following two wells:

Taos State #41-36, Section 36, Township 37 South, Range 24 East
Muckleshoot Federal #15-32, Section 15, Township 38 South, Range 25 East

Because the sundry notices refer to work which has already transpired, the Division will not respond to or take other action with these notices other than to record and file the documents in Division records. This letter will attempt to better explain the procedures regarding submittal and approval of sundry notices.

The types of operations for which the Division requires a notice of intent include any workover or other downhole operation on a well which affects the producing zone of the well. Such activities include recompletions, plug backs, plug and abandonment, perforation and reperforation, acid stimulation, fracture stimulation, etc. The sundry notice form (DOG M form 5) should be used for submitting a notice of intent to the Division. In all cases where notice of intent is required, approval must be obtained either verbally or in writing prior to commencing such operations. After the operation has been performed, the operator should submit a subsequent notice using the sundry notice form which provides the details of the work performed and any modifications to a previously stated plan of operations.

Sundry notice forms should also be utilized for requests for approval or notification to the Division of gas venting or flaring, testing activities, leaks or spills, undesirable events, or other conservation related operation. Approval of such activities may be required contingent upon whether advance knowledge of the operation was available and whether the activity was an emergency necessitated by prudent operations. For example, gas venting or flaring normally requires prior approval; however, in cases of emergencies, reasonable amounts of gas may be vented or flared without approval as long as the Division is timely notified and the operator acts to control the emergency condition.

Page 2
Mr. John R. Keller
December 12, 1988

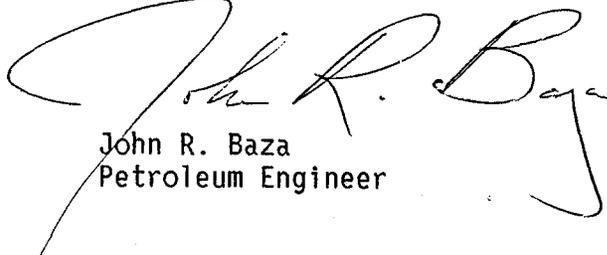
The Division does not normally require prior notice of intent and approval of other surface operations or routine maintenance activities unless such notice has been required under a condition of approval, by a formal request for action by the Division, or by order of the Board of Oil, Gas and Mining. However, if an operation causes a substantial change in production or disposition of product from a well, it would be helpful to receive a short explanation from the operator. In such circumstances, subsequent notice of well activities is adequate and sufficient. The Division will not normally respond to subsequent notification of work performed, and such documents will simply be recorded and filed in Division records.

Another situation in which sundry notice forms may be used is notification of change of operator on a well. Again, this is not a circumstance that the Division must approve; however, the Division must receive prompt notification of operator changes from both the previous operator and the new operator of any well in the state. The Division will record any operator changes upon receipt of notification from both parties, and no other response or action will be taken by the Division.

In the case of the two referenced wells, it is not necessary to provide notice of intent or obtain approval from the Division for reclamation of the reserve pits as long as no other associated downhole work is involved. For this reason, the Division will not respond to your submitted sundry notices. Any documents of this type which you might submit in the future will normally be recorded and filed as information items.

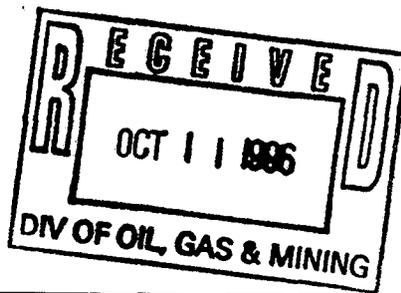
I hope this clarifies the procedures for sundry notice submittal and approval. If you have any other questions or concerns, please do not hesitate to contact me.

Sincerely,



John R. Baza
Petroleum Engineer

Attachment
cc: D. R. Nielson
R. J. Firth
Well files
OI2/36-37



BWAB INCORPORATED

October 4, 1996

State of Utah
Bond of Lessee
Utah Oil/Gas Regulation
3 Triad Center
Suite 350
Salt Lake City, UT 84180

To Whom It May Concern:

As we no longer have operations in the State of Utah, BWAB Incorporated hereby requests the termination of Bond #203G3216. The release date of the bond should be August 31, 1996. Please advise when this bond has been released, so that we can request a credit from Travelers Indemnity Company.

If you have any questions or concerns, please contact the undersigned at 303-295-7444.

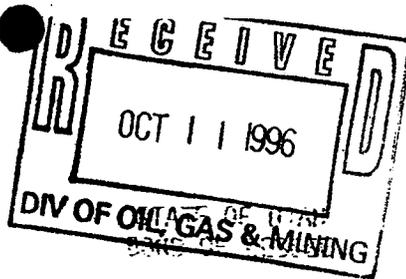
Respectfully yours,

A handwritten signature in cursive script that reads "Randall C. Roulrier".

Randall C. Roulrier
President

RCR/eb

Enclosure



BOND NUMBER 203G321-6
Corporate Surety Bond

KNOW ALL MEN BY THESE PRESENTS, that we BWAB, INCORPORATED
of 1801 California St., Denver, CO 80202 Address
as principal and THE TRAVELERS INDEMNITY COMPANY, as
surety, are held and firmly bound unto the State of Utah in the sum of Fifty Thousand and No/100
Dollars (\$ 50,000.00) lawful money of the United States to be paid to the Board of
State Lands and Forestry, as agent for the State of Utah, for the use and benefit of the
State of Utah, and of any patentee or purchaser of any portion of the land covered by
the hereinafter described lease heretofore sold or which may hereafter be sold with a
reservation to the State of Utah, on the surface or of other mineral deposits of any
portion of such lands, for which payment, will and truly to be made, we bind ourselves,
and each of us, and each of our heirs, executors, administrators, successors, sub-
lessees, and assignees, jointly and severally by these presents.

Signed with our hands and seals this 17th day of September in the
year of our Lord, 1985.

The condition of the foregoing obligation is such that,

WHEREAS, The State of Utah, as Lessor, issued a(n) _____
lease, Lease Number _____ and dated _____, to _____
as lessee (and said lease has been duly
assigned under date of _____ to _____
) to drill for, mine, extract, and remove all of the _____
deposits in and under the following described lands to wit:

FOR STATE LEASES IN UTAH - BLANKET COVERAGE

NOW, THEREFORE, THE principal shall be obligated to pay all monies, rentals,
royalties, cost of reclamation, damages to the surface and improvements thereon and any
other costs which arise by operation of the above described lease(s) accruing to the
Lessor and shall fully comply with all other terms and conditions of said lease, the
rules, regulations, and policies relating thereto of the Board of State Lands and
Forestry, Division of State Lands and Forestry, the Board of Oil, Gas and Mining, and
the Division of Oil, Gas and Mining as they may now exist or may from time to time be
modified or amended. This obligation is in effect even if the principal has conveyed
part of the purchase agreement interest to a successor in interest. If the principal
fully satisfies the above described obligations, then the surety's obligation to make
payment to the State of Utah is void and of no effect, otherwise, it shall remain in
full force and effect until released by the Division of State Lands and Forestry.

Signed, sealed and delivered
in the presence of

BWAB, INCORPORATED

BY: _____ (SEAL)

Principal

BONDING COMPANY THE TRAVELERS INDEMNITY COMPANY

BY: Linda M. Nikolaeff
Linda M. Nikolaeff, Attorney-in-Fact

Attest: _____

Resident Agent: _____ Reciprocal State; Non-Resident Agent: _____

Donald H. Muller #55094, Expires 3/31/86
P.O. Box 61167, Denver, CO 80206

Bonding Co. Address: _____

Corporate Seal of Bonding Company Must be Affixed.

Witness
Susan Broads
Witness

APPROVED AS TO FORM:
DAVID L. WILKINSON
ATTORNEY GENERAL

[Signature]

FORM 6

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or otherwise re-perforate or recompleting wells.
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

3. Lease Designation and Serial Number: ML-35744	
4. If Indian, Allottee or Tribal Name:	
7. Lease Agreement Name:	
8. Well Name and Number: Taos State #41-36	
9. API Well Number: 43-037-31326	
10. Field and Pool or Wildcat: Undesignated	
1. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER <input type="checkbox"/>	
2. Name of Operator: BWAB Incorporated	
3. Address and Telephone Number: 475 17th STREET, SUITE 1600 Denver, CO 80202	
4. Location of Well: Footage: 1000' FNL & 1150' FEL Co. Sec., T., R., M.: NENE - Section 36-T37S-R24E	County: San Juan State: Utah

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

NOTICE OF INTENT (Printed in Duplicate)	SUBSEQUENT REPORT (Submit Original Form Only)
<input type="checkbox"/> Abandon <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input type="checkbox"/> Multiple Completion <input type="checkbox"/> Other _____	<input type="checkbox"/> Abandon <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input checked="" type="checkbox"/> Other <u>Change of Operator</u>
<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Recomplete <input type="checkbox"/> Reperforate <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Reperforate <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off
Approximate date work will start _____	Date of work completion _____
	Report results of Multiple Completions and Reperforations to different intervals on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form. * Must be accompanied by a cement verification report.

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

Effective September 17, 1996, Yates Petroleum Corporation became operator of the captioned well.

13. Name & Signature: [Signature] Title: Operations Technician Date: 10-14-96

(This space for State use only)

BWAB INCORPORATED

475 Seventeenth Street, Suite 1600
Denver, Colorado 80202
Phone: (303) 295-7444 Fax (303) 293-2269

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHOM 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 or the employee or agent responsible for delivering the message to 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 (collect), and return the original message to us at the above address via the U.S. Postal Service. Thank you.

TELECOPIER COVER LETTER

Please deliver the following pages to:

Attention: LISHA CORDOVA

Firm: STATE OF UTAH

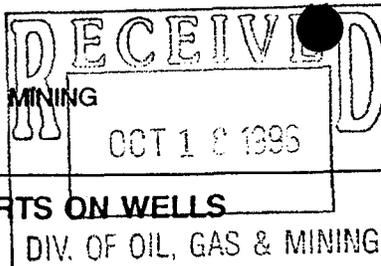
Fax Number: 801 359-3940

Sender: DAVID ROITMAN

Special Message: _____

WE ARE TRANSMITTING 2 PAGES (INCLUDING THIS COVER LETTER), IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE TO (303) 295-7444. THANK YOU.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING



SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial Number:

ML-35744

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:

Taos State #41-36

9. API Well Number:

43-037-31326

10. Field and Pool, or Wildcat:

Undesignated

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:

Yates Petroleum Corporation

3. Address and Telephone Number:

105 South Fourth Street - Artesia, New Mexico 88210

4. Location of Well

Footages: 1000' FNL & 1150' FEL

QQ, Sec., T., R., M.: NENE - Section 36-T37S-R24E

County: San Juan

State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

- | | |
|--|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Multiple Completion | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Other _____ | |

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- | | |
|---|---|
| <input type="checkbox"/> Abandon | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Repair Casing | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Reperforate |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat or Acidize | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>Change of Operator</u> | |

Date of work completion _____

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

* Must be accompanied by a cement verification report.

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

Effective September 17, 1996, Yates Petroleum Corporation became operator of the captioned well. NOTE: BWAB - previous operator.

Corporate Surety Bond No. 585683 covering the State of Utah is on file with the State School, Institutional and Trust lands office.

13.

Name & Signature: Rusty Klein

Title: Operations Technician Date: 10-14-96

(This space for State use only)



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

Michael O. Leavitt
 Governor
 Ted Stewart
 Executive Director
 James W. Carter
 Division Director

1594 West North Temple, Suite 1210
 Box 145801
 Salt Lake City, Utah 84114-5801
 801-359-3940 (Fax)
 801-538-5319 (TDD)

UTAH DIVISION OF OIL, GAS AND MINING
 FACSIMILE COVER SHEET

DATE: OCTOBER 22, 1996 10-25-96 (David)
 FAX #: (303)294-9878
 ATTN: RANDALL C. ROULIER
 COMPANY: BWAB INCORPORATED
 FROM: LISHA CORDOVA
 DEPARTMENT: OIL & GAS

NUMBER OF PAGES BEING SENT (INCLUDING THIS ONE): 4

If you do not receive all of the pages, or if they are illegible, please call (801) 538-

We are sending from a Sharp facsimile machine. Our telecopier number is (801) 359-3940.

MESSAGES:

*ATTACHED LETTER DATED 10-4-96 FORWARDED TO ED BONNER, SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UT 84102, (801)538-5100, FAX # (303)355-0922.

Important: This message is intended for the use of the individual or entity to 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.

DOGM SPEED LETTER

To: Ed Bonner

From: Don Staley

School & Institutional Trust

Division of Oil, Gas & Mining

Lands Administration

Subject: Operator Change

MESSAGE

Date Oct 28 19 96

Ed,

For your information, attached are copies of documents regarding an operator change on a state lease(s)

These companies have complied with our requirements. Our records have been updated. Bonding should be reviewed by your agency ASAP.

Former Operator: BWAB Inc. (N4320)

New Operator: Yates Petroleum Corp (N7400)

Well(s):	API:	Entity:	S-T-R:	Lease:
Taos State 41-36	43-037-31326	10767	36-37S-24E	ML35744

cc: Operator File

Signed _____

REPLY

Date _____ 19 _____

Signed _____

OPERATOR CHANGE WORKSHEET

1- GLH	6- GLH
2-GLH	7-KDR
3-DPS <i>pls</i>	8-SJ
4-VLD	9-FILE
5-RJF	

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

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

The operator of the well(s) listed below has changed, effective: 9-17-96

TO: (new operator) YATES PETROLEUM CORP.
(address) 105 S 4TH ST
ARTESIA NM 88210

Phone: (505)748-1471
Account no. N7400

FROM: (old operator) BWAB INCORPORATED
(address) 475 17TH ST #1600
DENVER CO 80202-4026

DAVID ROITMAN
Phone: (303)295-7444
Account no. N4320

WELL(S) attach additional page if needed:

Name: <u>TAOS STATE #41-36/ISMY</u>	API: <u>43-037-31326</u>	Entity: <u>10767</u>	S	<u>36</u>	T	<u>37S</u>	R	<u>24E</u>	Lease: <u>ML35744</u>
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____

OPERATOR CHANGE DOCUMENTATION

- Yec 1. (r649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator (attach to this form). *(Reg. 10-22-96) (Rec'd 10-27-96)*
- Yec 2. (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). *(Rec'd 10-18-96)*
- N/A 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is the company registered with the state? (yes/no) _____ If yes, show company file number: _____
- N/A 4. **FOR INDIAN AND FEDERAL WELLS ONLY.** The BLM has been contacted regarding this change. Make note of BLM status in comments section of this form. BLM approval of Federal and Indian well operator changes should ordinarily take place prior to the division's approval, and before the completion of steps 5 through 9 below.
- Yec 5. Changes have been entered in the Oil and Gas Information System (3270) for each well listed above. *(10-28-96)*
- Yec 6. Cardex file has been updated for each well listed above. *(10-28-96)*
- Yec 7. Well file labels have been updated for each well listed above. *(10-28-96)*
- Yec 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to Trust Lands, Sovereign Lands, UGS, Tax Commission, etc. *(10-28-96)*
- Yec 9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER
ML-35744

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Taos State #41-36

2. NAME OF OPERATOR:
Yates Petroleum Corporation N7400

9. API NUMBER:
4303731326

3. ADDRESS OF OPERATOR
105 S. 4th Street
CITY Artesia STATE NM ZIP 88210

PHONE NUMBER:
575-748-1471

10. FIELD AND POOL OR WILDCAT:
Wildcat: Ismay

4. LOCATION OF WELL
FOOTAGES AT SURFACE 100'FNL & 1150'FEL

COUNTY: San Juan

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN NENE 36 37S 24E

STATE UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: <u>2/1/2016</u>	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

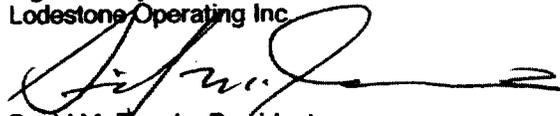
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

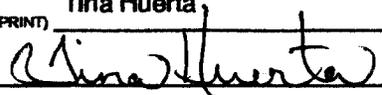
Notice of Change of Operator
Yates Petroleum Corporation, as current operator of record, respectfully requests a change to designate a new operator
New Operator: Lodestone Operating Inc. N2292
Address: 1605 Us Highway 181 #169 Portland, Texas 78374-3701
Phone: (361) 777-2163

Bond #: Utah State Surety Bond number: RLB0013326, and SITLA Bond number: RLB0013314.

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

New Operator operations conducted on the leased leads or portion thereon and hereby certifies that it is in agreement that the foregoing is true and correct.

Signature by:
Lodestone Operating Inc.

David M. Reavis, President

NAME (PLEASE PRINT) Tina Huerta
SIGNATURE 

TITLE Regulatory Reporting Supervisor
DATE August 24 2016

(This space for State use only) P/Ow 10767
State / Fee

RECEIVED
AUG 26 2016

REQUEST DENIED
Utah Division of
Oil, Gas and Mining
Date: 7 October 16
By: Rachel Medina
Bonding is not in
place for operator to take
Well.

Division of Oil, Gas and Mining
 Operator Change/Name Change Worksheet-for State use only

Effective Date: 2/1/2016

FORMER OPERATOR:	NEW OPERATOR:
Yates Petroleum Corporation 105 S 4th Street Artesia, NM 88210	DELHI-Trading, LLC N4340 P.O. Box 157 Flora Vista, NM 87415
CA Number(s):	Unit(s):

WELL INFORMATION:

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
Taos State 41-36	36	37S	24E	4303731326	10767	State	Fee	OW	S

OPERATOR CHANGES DOCUMENTATION:

- Sundry or legal documentation was received from the **FORMER** operator on: 11/1/2016
- Sundry or legal documentation was received from the **NEW** operator on: 11/1/2016
- New operator Division of Corporations Business Number: 10116699-0161

REVIEW:

- Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
- Receipt of Acceptance of Drilling Procedures for APD on: N/A
- Reports current for Production/Disposition & Sundries: 11/2/2016
- OPS/SI/TA well(s) reviewed for full cost bonding: 11/1/2016
- UIC5 on all disposal/injection/storage well(s) approved on: N/A
- Surface Facility(s) included in operator change: None
- Inspections of PA state/fee well sites complete on (only upon operators request): N/A

NEW OPERATOR BOND VERIFICATION:

- Federal well(s) covered by Bond Number: N/A
- Indian well(s) covered by Bond Number: N/A
- State/fee well(s) covered by Bond Number(s): 2315

DATA ENTRY:

- Well(s) update in the **OGIS** on: 11/2/2016
- Entity Number(s) updated in **OGIS** on: 11/2/2016
- Unit(s) operator number update in **OGIS** on: N/A
- Surface Facilities update in **OGIS** on: N/A
- State/Fee well(s) attached to bond(s) in **RBDMS** on: 11/2/20106
- Surface Facilities update in **RBDMS** on: N/A

COMMENTS:

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-35744
2. NAME OF OPERATOR: DELHI-Trading, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P.O. Box 157 CITY Flora Vista STATE NM ZIP 87415		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 100'FNL & 1150'FEL COUNTY: San Juan QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 36 37S 24E STATE: UTAH		8. WELL NAME and NUMBER: Taos State 41-36 Well
		9. API NUMBER: 43-037-31326
		10. FIELD AND POOL, OR WILDCAT: Wildcat; Upper Ismay
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		

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

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

Notice of Change of Operator
From: Yates Petroleum Corporation
New Operator: DELHI-Trading, LLC
Address: PO Box 157 Flora Vista, New Mexico 87415
Phone: 505-330-3210
Bond Number: _____

DELHI-Trading, LLC

By: Patrick Hegarty
Patrick Hegarty, Managing Member
Date: Oct 1, 2016

Effective: 2-1-2016.

NAME (PLEASE PRINT) Tina Huerta	TITLE Regulatory Reporting Supervisor
SIGNATURE <u>Tina Huerta</u>	DATE September 29, 2016

(This space for State use only)

10767 SLOW SIF
APPROVED

NOV 02 2016

(5/2000)

(See Instructions on Reverse Side)

DIV. OIL GAS & MINING
BY: Rachael Medina

Received 11/1/16
by email
-RM