

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG _____ ELECTRIC LOGS WATER SANDS _____ LOCATION INSPECTED _____ SUB. REPORT/abd _____

DATE FILED 11-2-87

LAND: FEE & PATENTED _____ STATE LEASE NO. _____ PUBLIC LEASE NO. U-36490 INDIAN _____

DRILLING APPROVED: 11-6-87

SPUDDED IN: 11-14-87

COMPLETED: 4-14-88 PUT TO PRODUCING: 0.7.88

INITIAL PRODUCTION: 23 BOPD, 15 MCF, 200 BWPD

GRAVITY A.P.I. 10.9

GOR. _____

PRODUCING ZONES: 5170-5184, 5190-5233 Umay

TOTAL DEPTH: 5494

WELL ELEVATION: 4900 KB

DATE ABANDONED: _____

FIELD: UNDESIGNATED

UNIT: _____

COUNTY: SAN JUAN

WELL NO. TAOS FEDERAL 25-34 API #43-037-31360

LOCATION 820' FSL FT. FROM (N) (S) LINE. 1920' FEL FT. FROM (E) (W) LINE. SW SE 1/4 - 1/4 SEC. 25

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
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				37S	24E	25	BWAB INCORPORATED
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QUATERNARY	Star Point	Chinle	Molas
Alluvium	Wahweap	Shinarump	Manning Canyon
Lake beds	Masuk	Moenkopi	Mississippian
Pleistocene	Colorado	Sinbad	Humbug
Lake beds	Sego	PERMIAN	Brazer
TERTIARY	Buck Tongue	Kaibab	Pilot Shale
Pliocene	Castlegate	Coconino	Madison
Salt Lake	Mancos	Cutler	Leadville
Oligocene	Upper	Hoskinnini	Redwall
Norwood	Middle	DeChelly	DEVONIAN
Eocene	Lower	White Rim	Upper
Duchesne River	Emery	Organ Rock	Middle
Uinta	Blue Gate	Cedar Mesa	Lower
Bridger	Ferron	Halgaite Tongue	Ourray
Green River	Frontier	Phosphoria	Elbert
	Dakota	Park City	McCracken
	Burro Canyon	Rico (Goodridge)	Aneth
	Cedar Mountain	Supai	Simonson Dolomite
	Buckhorn	Wolfcamp	Sevy Dolomite
	JURASSIC	CARBON I FEROUS	North Point
Wasatch	Morrison	Pennsylvanian	SILURIAN
Stone Cabin	Salt Wash	Oquirrh	Laketown Dolomite
Colton	San Rafael Gr.	Webber	ORDOVICIAN
Flagstaff	Summerville	Morgan	Eureka Quartzite
North Horn	Bluff Sandstone	Hermosa	Pogonip Limestone
Almy	Curtis		CAMBRIAN
Paleocene	Entrada	Pardox	Lynch
Current Creek	Moab Tongue	Ismay	Bowman
North Horn	Carmel	Desert Creek	Tapeats
CRETACEOUS	Glen Canyon Gr.	Akah	Ophir
Montana	Navajo	Barker Creek	Tintic
Mesaverde	Kayenta	Holowep	PRE - CAMBRIAN
Price River	Wingate	Cane Creek	
Blackhawk	TRIASSIC		

Chimney Rock 5119

4118

5130
5376

5056

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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 Form 9-331-C for such proposals.)

1. oil well gas well other Dry Hole

2. NAME OF OPERATOR
Raymond T. Duncan

3. ADDRESS OF OPERATOR
1777 So. Harrison, P-1, Denver, CO 80210

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 2090' FNL, 1890' FWL
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH: same

5. LEASE
U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME
Bradford Canyon Unit

8. FARM OR LEASE NAME
Bradford Canyon

9. WELL NO.
1-25

10. FIELD OR WILDCAT NAME
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 25-37S-24E

12. COUNTY OR PARISH | 13. STATE
San Juan | Utah

14. API NO.

15. ELEVATIONS (SHOW DF, KDB, AND WD)
1980 GL

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

- REQUEST FOR APPROVAL TO:
- TEST WATER SHUT-OFF
 - FRACTURE TREAT
 - SHOOT OR ACIDIZE
 - REPAIR WELL
 - PULL OR ALTER CASING
 - MULTIPLE COMPLETE
 - CHANGE ZONES
 - ABANDON D & A
 - (other)

RECEIVED
JAN 24 1983

DIVISION OF
OIL, GAS & MINING

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

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.)*

Above captioned well was plugged as follows:

Class "B" Neat cement, total of 264 sx.	Log Tops:
T.D. - 5100' (436') 122 sx.	4068' - Hermosa
4100' - 3900' (200') 56 sx.	5139' - Ismay
2600' - 2400' (200') 56 sx.	5308' - Lower Ismay
100' - surface (100') 30 sx.	5361' - Gothic Shale
	5386' - Desert Creek
	5471' - Chimney Rock Shale - TD

Job completed @ 5:30 a.m. January 14, 1983.
Rig released @ 10.00 a.m. 1/14/83.

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

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

SIGNED John W. Lowky TITLE Dist. Drlg & Prod. Supt. DATE January 21, 1983

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

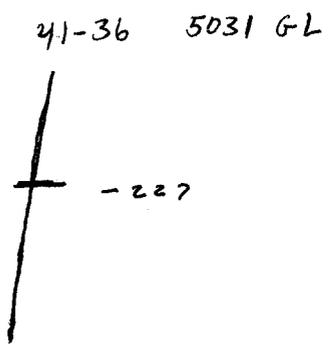
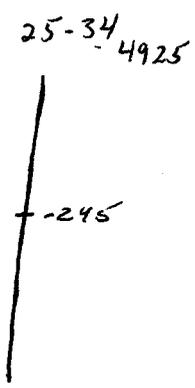
APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: _____
BY: _____

*See Instructions on Reverse Side

41-36

5330 - 5340 }
5258 - 5278 } peta Ismay
~~#B~~ GL 5031'

5031
4925
106





September 16, 1987

Duncan Exploration Company
Penthouse One
1777 South Harrison Street
Denver, Colorado 80210
Attn: Mr. Bruce Johnston
Land Manager

RE: Designation of Operator
Sec. 25, T37S, R24E
San Juan County, Utah
TAOS Prospect Development
Our TAOS Prospect (UT-046)

Gentlemen:

Pursuant to our recent telephone conversations regarding the designation of BWAB Incorporated as "Operator" for the planned exploratory well in the SE/4 of Sec. 25, T37S, R24E, this letter has been written to confirm Raymond T. Duncan's consent to such designation for any and all wells drilled in Section 25 in which BWAB participates as a paying working interest owner.

Additionally, we would also like to request that Mr. Duncan's consent to the above described designation be extended to include not only the drilling and completion phase of any wells drilled by BWAB in Section 25 but that BWAB shall also be permitted to act as Operator for the life of any resulting production.

BWAB acknowledges the fact that such approval will not necessarily be binding. According to Article 17 "LIMITATIONS ON UNIT OPERATOR" of the Bradford Canyon Unit Operating Agreement, in order for Mr. Duncan's consent to the above requested designation to be truly binding, the approval of all parties owning a Committed Working Interest in the unit would have to be secured. In all likelihood this procedural matter will be pursued provided Duncan is agreeable to the requested designation of operating authority.

Again, the real purpose of this letter is to confirm and reduce to writing the intent of both BWAB and Duncan with respect to operating responsibility in Sec. 25, T37S, R24E, San Juan County, Utah.

Duncan Exploration Company
September 16, 1987
Page Two



Should you be in agreement with the matters discussed herein and find the scope of our request for designation as Operator within Sec. 25, T37S, R24E acceptable, please so indicate by signing in the space provided below and return one copy of this letter to the attention of the undersigned.

Very truly yours,

BWAB INCORPORATED

Carter G. Mathies

Carter G. Mathies
Regional Landman

CGM/mks

cc: L. Parish
B. Mills
R. Brownlie
Prosp. File

AGREED TO AND ACCEPTED THIS 21st DAY OF SEPTEMBER, 1987.

RAYMOND T. DUNCAN

By: *[Signature]*

OKERS, USF

DUNCAN EXPLORATION COMPANY

PENTHOUSE ONE

1777 SOUTH HARRISON STREET

DENVER, COLORADO 80210

TELEPHONE (303) 759-3303

RECEIVED

SEP 28 1987

September 25, 1987

BWAB INCORPORATED

BWAB Incorporated
1801 California Street, Suite 1000
Denver, Colorado 80202

Attn: Mr. Carter G.. Mathies

Re: Designation of Operator
Taos Federal #25-34
SW/4SE/4 Sec. 25-37S-24E
San Juan County, Utah
Our Bradford Canyon Prospect
44-2-41
Our Lease No. 44-2-780-01

Dear Mr. Mathies:

Enclosed is an executed copy of your September 16, 1987 letter designating BWAB as Operator of the SE/4 of Section 25-37S-24E. We also enclose a copy of a Designation of Agent form which Mr. Duncan has signed covering the drillsite acreage. If we can be of additional assistance, please advise.

Sincerely,

DUNCAN EXPLORATION COMPANY

Jackie Burgesser
Jackie Burgesser
Land Secretary

jb
Enclosures

PROPOSED DRILLING PLAN AND CONDITIONS
FOR DRILLING PERMIT APPROVAL

OPERATOR: BWAB Incorporated

WELL NAME: Taos Federal 25-34

LOCATION: 1920 FEL and 920 FSL
SWSE, Section 25, T37S-R24E
Lease No. U-36490

All lease and well operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

1. Surface Formation and Estimated Formation Tops:

<u>Formation</u>	<u>Depth</u>
Entrada	600
Navajo	800
Chinle	1,350
De Chelly	2,362
Cutler	2,600
Hermosa	4,350
Upper Ismay	5,185
Desert Creek	5,534
Akah	5,649
Total Depth	5,800

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones Are Expected to be Encountered:

	<u>Formation</u>	<u>Anticipated Depth</u>
Expected oil and associated gas zones:	Upper Ismay	5,185'
	Desert Creek	5,534'
Expected gas zones:	None	---
Expected mineral zones:	None	---
Expected fresh water zones:	Entrada	600'
	Navajo	800'
	Wingate	1,125'
Possible salt water flows:	De Chelly	2,362'-2,600'
	Cutler	2,600'-4,350'

All fresh water intervals will be cased off and cemented in a manner that will protect all fresh water aquifers.

3. Pressure Control Equipment:

The BOP stack will consist of a double ram hydraulically actuated BOP with a working pressure rating of 3,000 or 5,000 psi. An annular BOP or rotating head will probably not be used.

BOP systems will be consistent with API RP 53. Pressure tests will be conducted using the rig pump before drilling out from under all casing strings which are set and cemented in place. Blowout preventor controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and pipe rams operated, at least daily, to ensure good mechanical working order. This inspection will be recorded on the daily drilling report. Function of blind rams will be tested on trips. The San Juan Resource Area will be notified one (1) day before pressure testing of the surface shoe and BOP. The BOP stack will be tested using a test packer prior to drilling the Ismay Formation.

4. Casing Program and Auxiliary Equipment:

<u>Casing Size</u>	<u>Weight</u>	<u>Type</u>	<u>Setting Depths</u>	<u>TOC</u>
8-5/8"	24# or 32#	JorK-55	0 - 1,375'	Surface
5-1/2"	15.5# or 17#	JorK-55	0 - 5,800'	4300'

No special drilling equipment is expected to be necessary.

5. Mud Program and Circulating Medium:

<u>Hole Size</u>	<u>Interval</u>	<u>Type</u>	<u>Additives</u>	<u>Weight</u>	<u>Vis.</u>	<u>WL</u>
12-1/4"	0 - 1375	FWG	Lime/ASP700 Sweeps	10.0	35-40	NC
7-7/8"	1375-4100*	FW	ASP700 Sweeps	8.4- 8.6	---	NC
7-7/8"	4100-4935*	LSND	Staflo/Drispac /Barite	9.6-11.1	34-40	20 cc
7-7/8"	4935-5800*	LSND	Caustic/Soda Ash /Desco	9.6-11.1	36-40	8-10 cc

* Full mud up and raising of weight with barite to 11.4 lbs/gallon may be necessary to combat water flows.

6. Coring, Logging and Testing Program:

No coring is anticipated.

Standard mechanical packer drill stem tests may be run in the Ismay and Desert Creek if warranted.

A full GR-CNL-FDC and GR-DLL will be run across the Ismay-Desert Creek intervals. A GR-DILL will be run from the base of the surface casing.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analysis, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. If requested, prior to the commencement of drilling operations, samples (cuttings, fluids, and/or gases) will be submitted to the District Manager.

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards:

Abnormal pressure is not anticipated in the Ismay or Desert Creek intervals; however, water flows in the De Chelly from 2,362'-2,600' are possible. Water flows may also occur in the Cutler Sands from 2,600'-4,350'. If water flows are encountered, a weight up of the mud system to 11.1 lbs/gallon may be necessary to control the flows.

Lost circulation and other drilling problems are not anticipated.

Hydrogen sulfide gas is not anticipated.

8. Anticipated Starting Dates and Notifications of Operations:

The operator will contact the San Juan Resource Area at 801-587-2141, forty-eight (48) hours before beginning any dirt work.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the District Manager. If operations are to be suspended, prior approval of the District Manager will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the San Juan Area Manager, a minimum of twenty-four (24) hours before spudding. A Sundry Notice (Form 3160-5) will be sent within twenty-four (24) hours after spudding, reporting the spud date and time. The Sundry will be sent to the District Manager. If the spudding is on a weekend or holiday, the Sundry will be submitted on the following regular work day.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 9-329 "Monthly Report of Operations", starting with the month in which operations begin and continue each month until the well is physically plugged and abandoned. This report will be sent to the BLM District Office, P.O. Box 970, Moab, Utah 84532.

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

If a rig of a type uncommon to the area is utilized for drilling or completion, a Sundry Notice (Form 3160-5) to that effect will be filed, for prior approval of the District Manager. All conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergencies, verbal approval can be given by the District Petroleum Engineer.

If the well is successfully completed for production, the the District Manager will be notified when the well is placed in a producing status. Such notification will be through the filing of a Completion Report following the date on which the well is placed on production.

No well abandonment operations will begin without the prior approval of the District Manager. In the case of newly drilled dry holes or failures, and in emergencies, oral approval will be obtained from the District Petroleum Engineer. A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Manager, within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration.

Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the San Juan Area Manager, or the appropriate surface manager.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed thirty (30) days or 50 MMCF gas. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The following information will be permanently beaded-on with a welding torch: Fed, Well number, location by 1/4 1/4 section, township and range, Lease number. The type of marker to be utilized will be selected by the BLM after abandonment.

The BLM will be contacted prior to performing the following actions so they may witness them if they so desire.

1. The cementing and testing of surface casing, testing BOP's.
2. (Dry Hole) Setting and testing of surface casing shoe plug.

Notify the San Juan Resource area (Mike Wade) one day or on dry hole as soon as possible prior to the above at (801) 587-2141 (Home) (801) 587-2026 or if unable to reach Mike call Moab District office Steve Jones at (801) 259-6111.

1. EXISTING ROAD

See attached Regional Map "A" and Topographic Map "B".

To reach the BWAB Incorporated Taos Federal 25-34 drilling location in the SESW of Section 25, T37S-R24E, San Juan County, Utah, follow the directions below.

The location is approximately 13 miles southeast of Blanding, Utah. Proceed southerly out of Blanding, Utah on Utah State Highway 191 approximately 13 miles to its junction with Utah State Highway 262. From the intersection, turn east on Highway 262. Go east 8.5 miles on Highway 262. After approximately 8.5 miles, turn left onto Greater Indian Nation 5077. Go east on Greater Indian Nation 5077 6.7 miles to Hatch Trading Post. Just east of Hatch Trading Post, turn north on the county maintained paved road on the west side of Montezuma Creek. Go north on this road 9.2 miles to KOCH Hydrocarbon's Perkins Ranch Compressor Station. On the east side of the compressor station, turn north on an unmarked county maintained dirt road. Follow road north 3.9 miles and cross Montezuma Creek. Turn east on exploration road and follow it east and then south 2.6 miles to the location.

The Utah State highways mentioned above are bituminous surfaced roads and are maintained by the Utah State road crews. The exploration roads mentioned above will be maintained by BWAB Incorporated.

The roads that are required for access during the drilling, completion and production phases of this well will be maintained to insure proper travel both entering and leaving the area. This will require some minor grader work and watering for maintaining of the road bed and dust control. Any work involving the county road will be coordinated with the San Juan County Road Department.

2. PLANNED ACCESS ROAD

See Topographic Map "B" for routing of access over federal lands near wellsite.

The access road over federal lands will be a 20' crown road (10' either side of the centerline) after improvement. All but .2 miles of the road are existing. They consist of county roads and oil and gas exploration roads, as well as a short section of seismic trail. Most of the road is on private land or is county maintained. Only .16 miles falls on Federal surface. Maximum width of the construction area of disturbance will be 30'. Initial road construction will be limited to flat blading except for a .2 mile segment. For this short segment of road on private land, the road will be built up with native fill. The new and existing road will be routed along a flagged and approved right-of-way.

The grade along this road varies but is less than 10% over all the newly constructed road.

Only .16 miles of this road is on Federal surfaces; the majority of the road into the location is county or State of Utah maintained public roadway or follows existing roads on private surface owned by Max Dalton and his family. Approval has been obtained from the Dalton family to use these roads.

Culverts will be placed where necessary when the road is improved after production is established. The BLM will be consulted on the proper placement of water bars, turnouts and culverts. For exploration purposes, only a flat bladed road will be constructed. No grades in excess of 10% are expected on the entry road.

The Operator or his Contractor will contact the Surface Protection Specialist at the San Juan Resource Area Office in Monticello, Utah, phone (801) 587-2141, forty-eight (48) hours prior to beginning any work on public land.

The dirt contractor will be furnished with an approved copy of the surface use plan and any additional BLM stipulations prior to any work.

If subsurface cultural material is exposed during construction, work in that spot will stop immediately and the San Juan Resource Area Office will be contacted. All employees working in the area will be informed by the Operator that they will be subject to prosecution for disturbing archaeological sites or picking up artifacts. Salvage or excavation of identified archaeological sites will only be done if damage occurs.

If the Archaeological Study shows it necessary, a contract archeologist will be present when the dirt work on the access road commences to monitor the site for uncovered archeological material.

Improvement to the existing road on federal lands will be necessary if production is established. The upgrading will conform to the Class III road standards and will be completed within sixty (60) days after production is established and flowline and battery installation is complete. Upgrading is to be delayed so that the finally upgraded road and battery area will not be disturbed or damaged by facility installation.

New road construction on federal lands will be in conformance to the Class III road standards after production is established. All roads on federal lands will be upgraded with drainage dips (water bars) and tail ditches as specified by the BLM representative from the Resource Area. The centerline of the road is currently flagged.

Trees will be piled along the side of the access road and topsoil will not be saved along the route.

Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

Surfacing material will not be placed on the access road or location without prior BLM approval as to the type of material used.

3. EXISTING WELLS

There are two dry holes and one producing oil well located within a one-mile radius of the subject drilling location. The locations of the dry holes and the location of the existing oil well are detailed in the paragraph below. They are also noted on Topographic Map "B".

4. LOCATION OF EXISTING AND PROPOSED FACILITIES

There is only one producing well within a one-mile radius of the proposed location. It is the Taos State 41-36, operated by BWAB Incorporated, located in the NENE of Section 36, T37S-R24E, San Juan County, Utah.

At the present time, the only production facilities, gas gathering lines, tank batteries, oil gathering lines, injection lines or disposal lines within a one-mile radius of the location are owned by BWAB Incorporated.

There are two dry holes within a one-mile radius of the location. They are the Duncan-Bradford Canyon 1-25, located in the SENW of Section 25, T37S-R24E, San Juan County, Utah, and the Harper 6-36 State located in the SENW of Section 36, T37S-R24E, San Juan County, Utah.

The area used to contain the proposed production facilities will be built using native materials. If these materials are not available or acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders and workman crews to construct and place the proposed facilities.

The exact site of the tank battery will be determined after the well is drilled, but current plans call for placing the tank battery facility at an offsite location on the west side of Montezuma Creek in close proximity to the county road. This site would be on privately owned surface. Any battery constructed on such private lands will be built and operated in compliance with federal regulations.

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

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the battery.

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

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

All off-lease storage, off-lease measurements, or commingling on-lease or off-lease will have prior written approval from the District Manager.

If the battery is located on the wellsite, the gas meter runs for the well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced. If the battery is located at a remote site, the gas meter will be located within 500 feet of the battery.

The oil and gas measurement facilities will be installed on the well location or at a remote site on private land previously stated. The gas meters will be calibrated in place before any deliveries. Tests for meter accuracy will be conducted in accordance with contract provisions. The San Juan Area Manager will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the San Juan Area Manager. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

Rehabilitation of disturbed areas no longer needed for operations after construction is completed will meet the requirements of Item #10.

5. LOCATION AND TYPE OF WATER SUPPLY

Drilling water will be obtained from artesian water wells located on private lands in Sections 36 and 24 of T37S-R24E. The water will be purchased from landowners and appropriate State of Utah permits obtained.

There will be no water well drilled at this location site.

If in the event water from the above mentioned source is not available, then other arrangements will be made and all concerned agencies will be notified.

Use of water from sources such as wells, springs, streams, or stock ponds for activities associated with this well will be approved, prior to use, by the agency or individual holding the water right (i.e. State of Utah).

6. SOURCE OF CONSTRUCTION MATERIALS

All construction material for this location site shall be borrow material accumulated during construction of the location site and access road. No additional road gravels or pit lining material from other sources are anticipated at this time, but if they are required, the appropriate actions will be taken to acquire them from private sources. The drillsite and part of the entry road is on BLM administered lands. The balance of the entry road is on private lands.

7. METHODS OF HANDLING WASTE DISPOSAL

See the attached Location Layout Sheet.

A reserve pit will be constructed to contain drilling cuttings, drilling water and drilling mud.

The reserve pit will be approximately 8' deep and at least one half of this depth shall be below the surface of the existing ground. The pit will be located, as shown on the attached plat, on the west side of the drilling location.

The reserve pit will be used during the drilling of this well to store non-flammable materials such as cuttings, drilling fluids if needed, chemicals and produced fluids, etc.

If deemed necessary by the agencies concerned to prevent contamination to surrounding areas, the reserve pits will be lined with native clay or other suitable liner material. At this time, it is not expected a liner will be necessary.

The pits will be surrounded by a three-strand barbed wire fence and over-head flagging will be installed to protect water fowl, wildlife and domestic animals if there is oil on the pits.

As stated in the aforementioned paragraphs, non-flammable materials such as cuttings and drilling fluids will be contained in the reserve pits.

At the conclusion of drilling, the reserve pit will be fenced on four sides. If livestock are present at the time drilling activities are commenced, it will be fenced on three sides, then fenced on the fourth side after rig moveout. The pit would then be allowed to dry completely prior to backfilling and other reclamation activities.

When the reserve pit dries and reclamation activities commence, the pits will be covered with a minimum of four feet of soil if practical and all requirements in Item #10 will be followed.

All produced water, if any, will be disposed of according to NTL-2B requirements.

All garbage and other waste material will be contained in a trash basket made of small mesh wire, or a pit covered with wire mesh, and all trash not burned will be taken to the nearest sanitary landfill for disposal upon completion of the well. A burn permit will be obtained from the San Juan County Sheriff if burning occurs prior to October 31, 1987.

A portable chemical toilet will be provided for human waste.

8. ANCILLARY FACILITIES

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. WELL SITE LAYOUT

See the attached Location Layout Sheet.

The BLM District Office shall be notified before any construction begins on the proposed location site and road.

As previously mentioned in Item #7, the pits will be unlined unless it is determined by the representatives of the agencies involved that the materials are too porous and would cause contamination to the surrounding area; then the pits will be lined with native clay and any other type of material necessary to make them safe and tight.

When drilling activities commence, all work shall proceed in a neat and orderly sequence.

10. PLANS FOR RESTORATION OF SURFACE

The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed in the methods described in the rehabilitation section. Adequate topsoil will be retained for final reclamation of the location where such topsoil exists. Any remaining stockpile of topsoil will be seeded in place using the prescribed seed mixture.

All above-ground production facilities will be painted with a flat, non-contrasting color harmonious with the adjacent landscape.

As there is little topsoil on the location site, due to its nature, the top 6" of soil shall be stripped and stockpiled on the side of the location where sufficient top soil is available to salvage. (See location layout sheet). When all drilling and production activities have been completed, the location site and access road will be reshaped to the original contour and stockpiled topsoil spread over the drillsite area.

Any drainages re-routed during construction activities shall be restored to their original line of flow as near as possible. Fences around pits are to be removed upon completion of drilling activities and all waste being contained in the pits shall be buried with a minimum of 4' of cover where practical.

As mentioned in Item #7, the reserve pits will be completely fenced with wire and overhead flagging installed if there is oil in the pits. The pits will be allowed to dry completely before covering. All items mentioned above will be completed within 90 days after commencement of restoration procedures if weather conditions permit.

When restoration activities have been completed, the location site and access ramp shall be reseeded with a seed mixture recommended by the BLM District Office when the moisture content of the soil is adequate for germination. The Lessee further agrees that all said clean-up and restoration activities shall be done and performed in a diligent and workman-like manner and in strict conformity with the above mentioned Items #7 and #10, and the Oil and Gas Surface Operating Standards Manual.

Immediately upon completion of drilling, the location and surrounding area will be cleared of all debris resulting from the operations. All trash not burned will be hauled to a local sanitary landfill.

The Operator or his Contractor will contact the Surface Protection Specialist at the San Juan Resource Area BLM office in Monticello, Utah, phone (801) 587-2141, 48 hours prior to starting rehabilitation work that involves earthmoving equipment and upon completion of restoration measures.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry and any trash (barrels, metal, etc.) it contains must be removed from public lands.

All disturbed areas will be recontoured to blend as nearly as possible with the surrounding area.

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

All disturbed areas will be scarified with the contour to a depth of 12". Do not smooth pads, leave a roughened surface.

Seed will be (broadcast/drilled) at a time to be specified by the BLM with the attached seed prescription. When broadcast seeding, a harrow or some such implement will be dragged over the seeded area to assure seed cover.

3 lbs/acre Fourwing saltbush (Artiplex canescens)
6 lbs/acre Crested wheatgrass (Agropyron desertorum)

After seeding is complete, the stockpiled trees will be scattered evenly over the disturbed areas and walked down with a dozer. The federal land access will be blocked to prevent any vehicle use.

Waterbars will be used on all sloping surfaces as shown below:

<u>GRADE</u>	<u>SPACING</u>
2%	200 feet spacing
2-4%	100 feet spacing
4-5%	75 feet spacing
+5%	50 feet spacing

11. SURFACE OWNERSHIP

Bureau of Land Management administered Federal Lands.

Mineral Ownership: Federal.

12. OTHER INFORMATION

The subject drillsite is located in an arid canyon land area used primarily for stock grazing near Monument and Montezuma Creeks in San Juan County, Utah. There are no unusual plants or endangered animals known to be in the area, and the local ecosystem is not expected to be significantly impacted by this work, as the area has experienced considerable oil and gas activity in the immediate area over the last few years. The proposed activity will not make the area unsuitable for its current use.

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

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

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

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

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

The contact with the BLM District Office is Steve Jones, phone: (801) 259-6111, address: P. O. Box 970, Moab, Utah 84532.

The San Juan Resource Area Manager's address is P. O. Box 7, Monticello, Utah 84532. The contact is Richard McClure, phone: (801) 587-2141.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVE

BWAB INCORPORATED
1801 California Street
Suite 1000
Denver, CO 80202

Mr. John R. Keller
(303) 295-7444
(303) 755-6181 (Home)

14. CERTIFICATION

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge true and correct; and that the work associated with the operation proposed herein will be performed by BWAB INCORPORATED and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date



John R. Keller
Production Superintendent
BWAB Incorporated

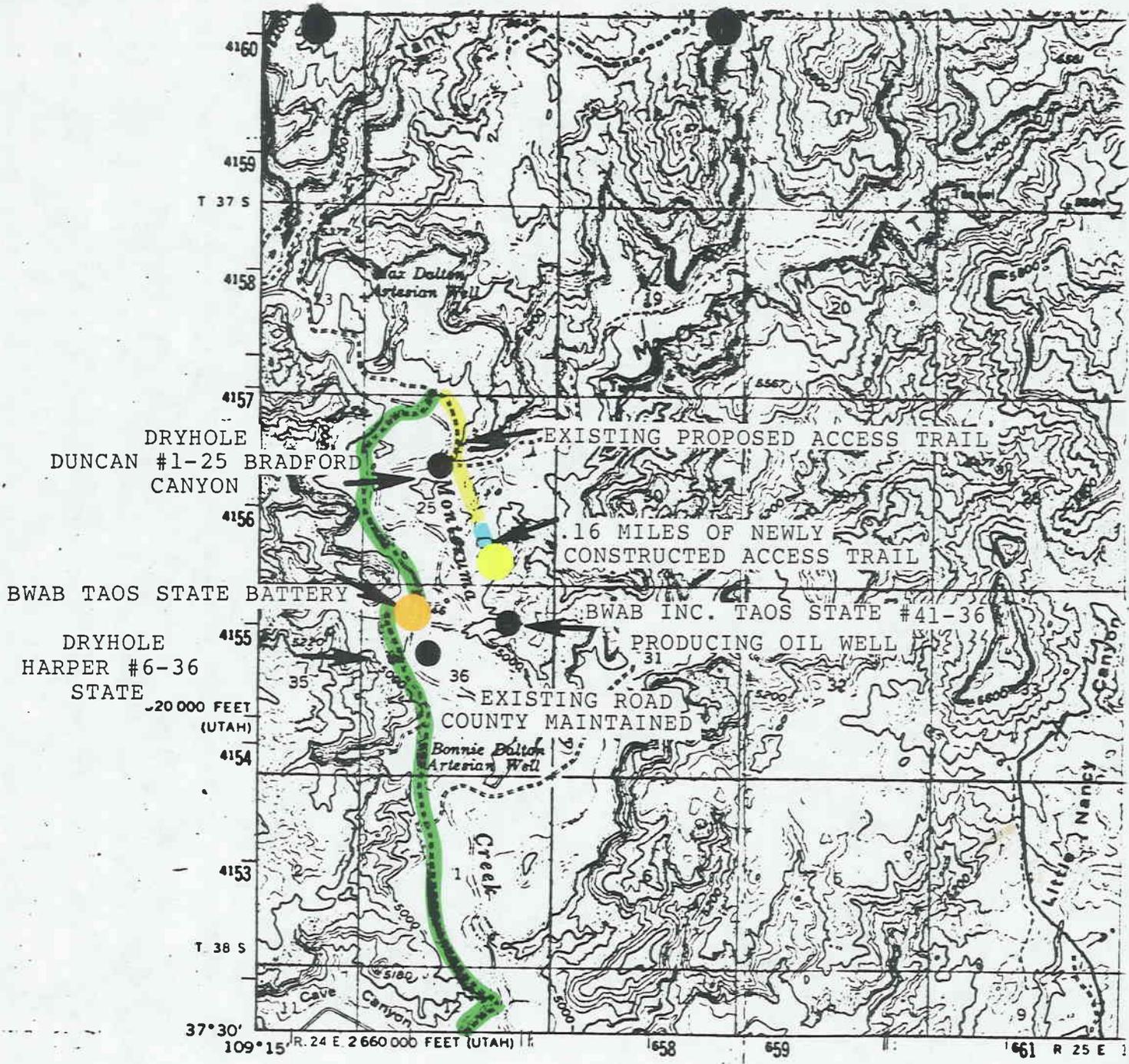
ON-SITE

Conducted on September 30, 1987.

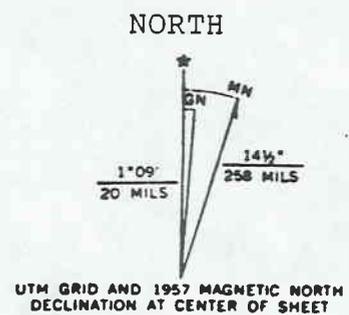
PARTICIPANTS:

John Keller
Richard McClure
Steve Jones
Lowell Larson
Pat Harden

BWAB Incorporated
BLM - San Juan Resource Center
BLM - Moab District
Perry McDonald Construction
La Plata Services (Archaeology)

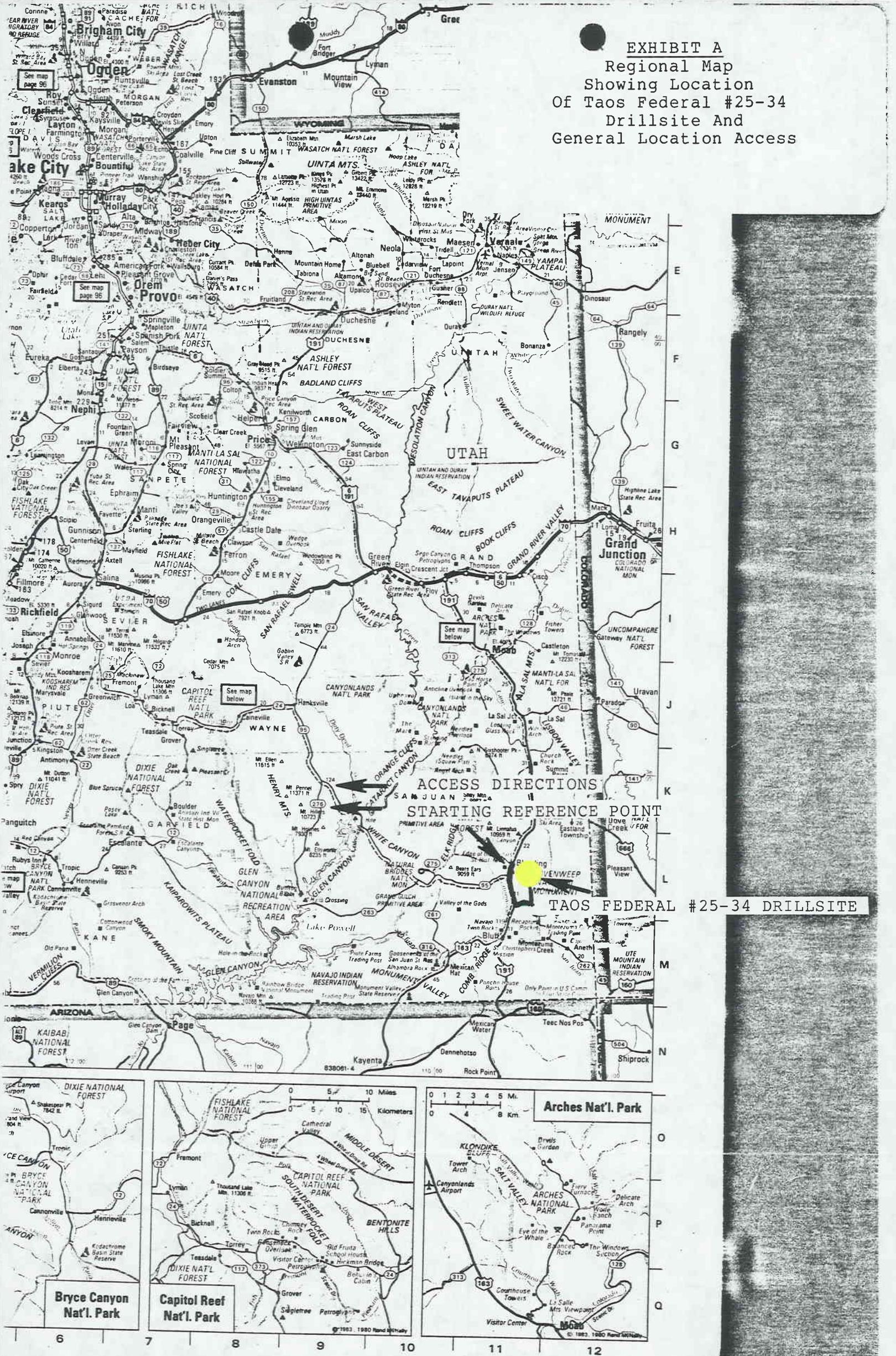


TOPOGRAPHIC MAP
 DETAILING ENTRY AND
 TOPOGRAPHY SURROUNDING
 TAOS FEDERAL #25-34
 DRILLSITE IN
 SAN JUAN COUNTY, UTAH

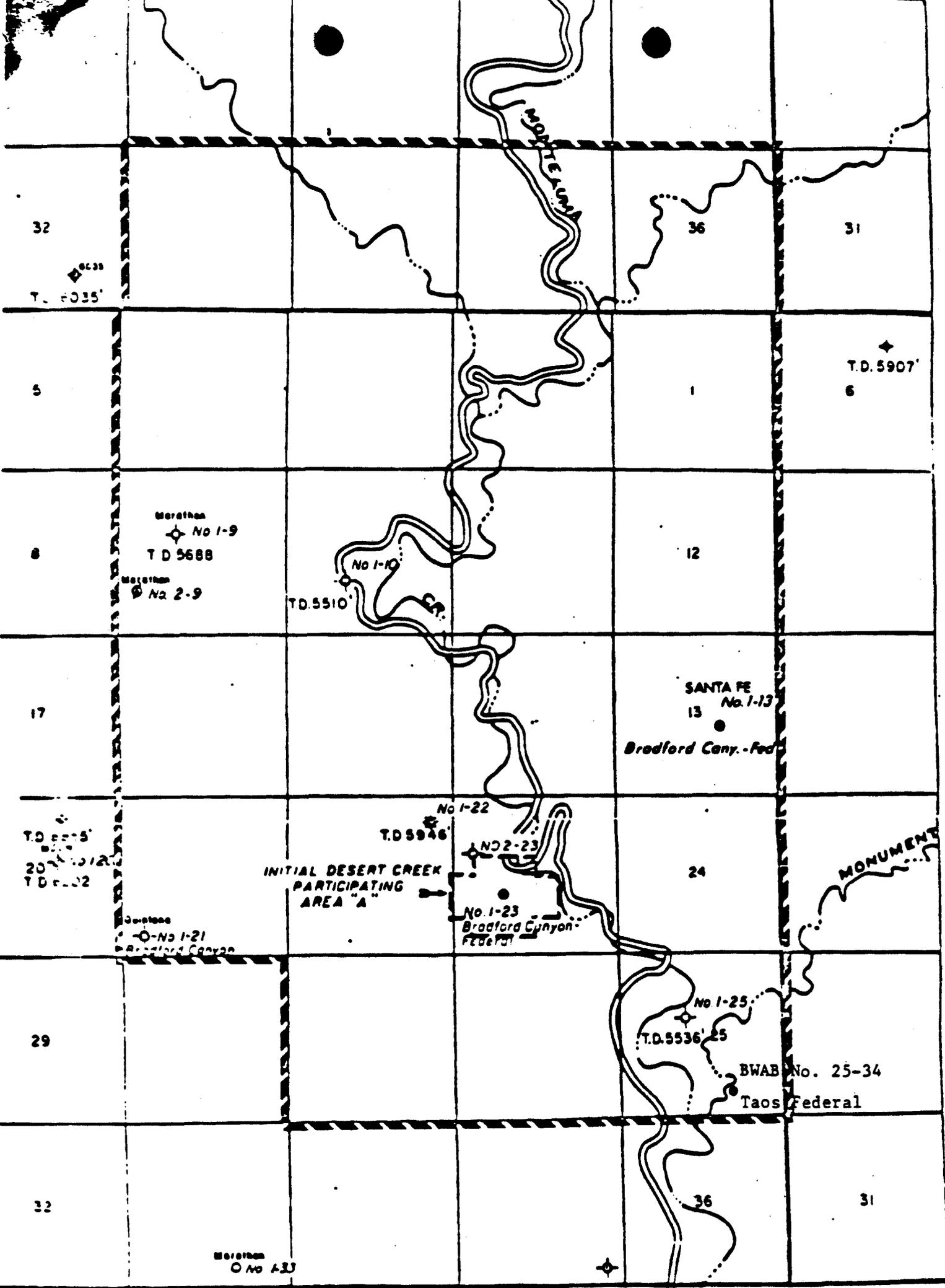


SCALE 1" = 4000'

EXHIBIT A
Regional Map
Showing Location
Of Taos Federal #25-34
Drillsite And
General Location Access



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31

5

1

T.D. 5907
6

8

Marathon
No 1-9
T.D. 5688

Marathon
No 2-9

T.D. 5510

12

17

SANTA FE
No. 1-13

Bradford Canyon - Fed

T.D. 5515
20
T.D. 5512
T.D. 5512

No. 1-22
T.D. 5946

No. 2-23

INITIAL DESERT CREEK
PARTICIPATING
AREA "A"

24

MONUMENT

No. 1-21
Bradford Canyon

No. 1-23
Bradford Canyon
Federal

29

No. 1-25
T.D. 5536
25

BWAB No. 25-34
Taos Federal

32

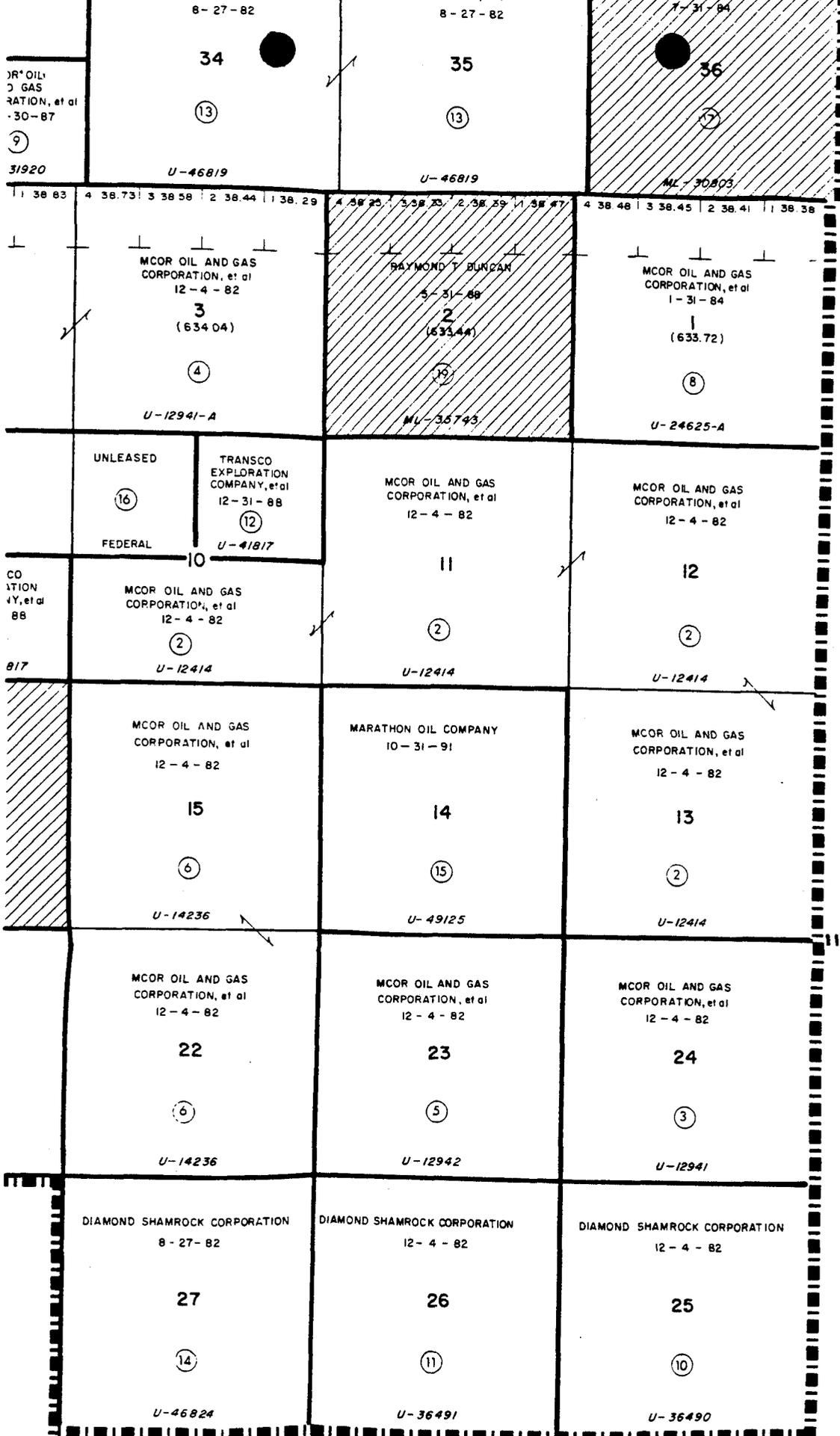
Marathon
No. 4-31

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31

T.D. 5738

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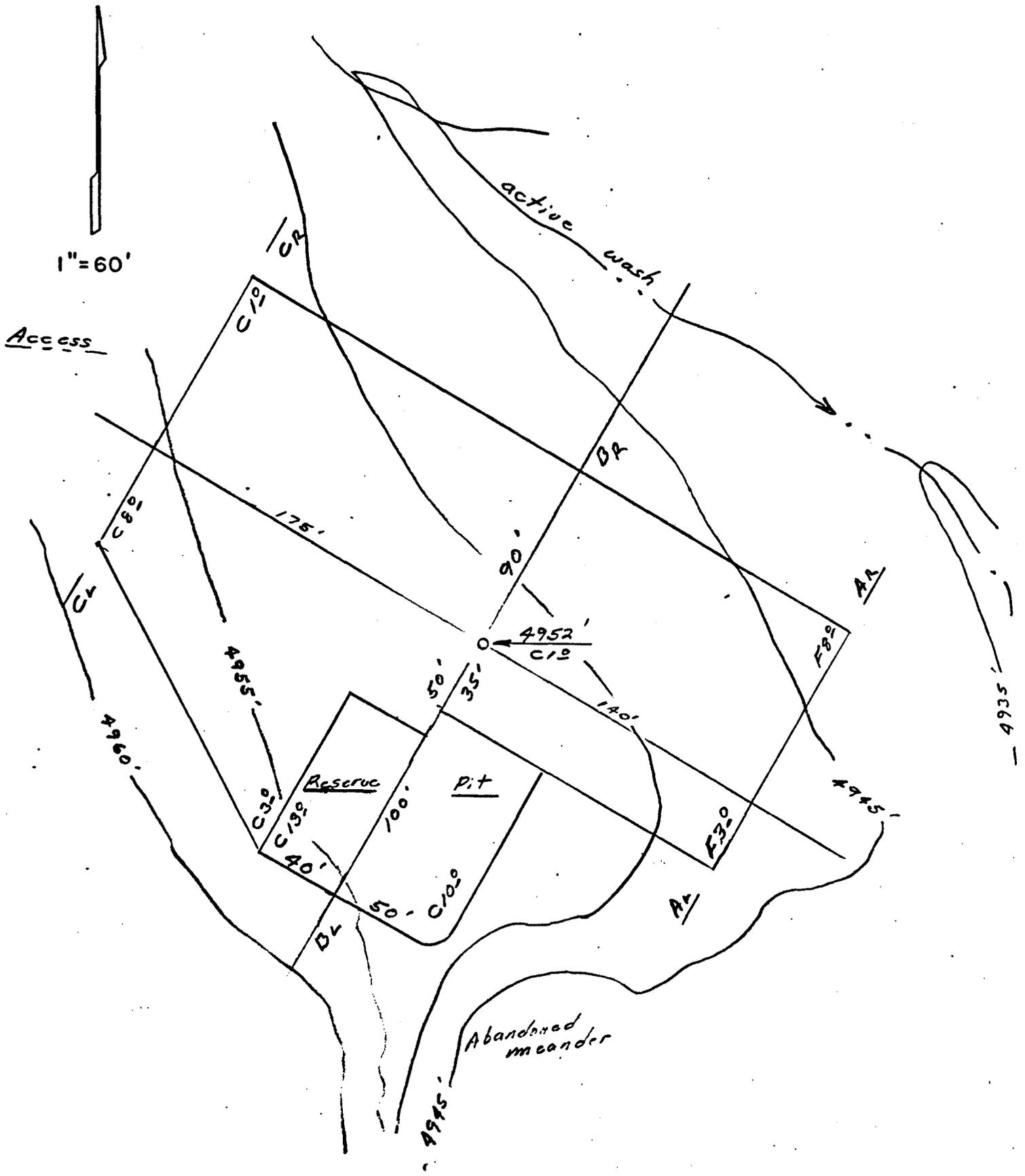
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PATTERSON
UNIT AREA

R 24 E

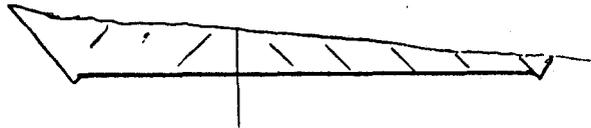
WELL PAD PLAN VIEW

Well Toos Federal 25-34



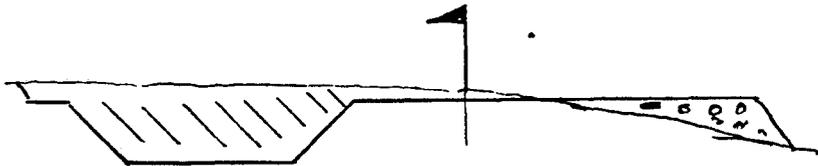
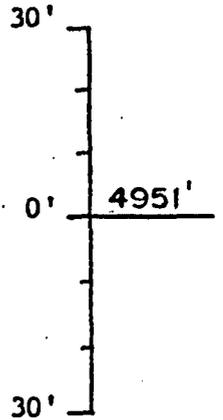
Cut 
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Scales: 1" = 60' H.
1" = 30' V.



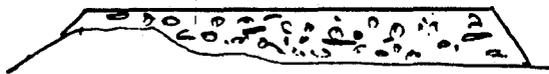
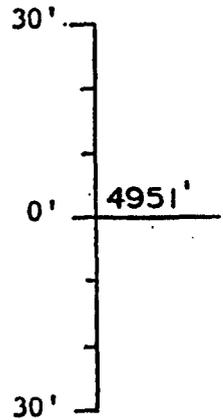
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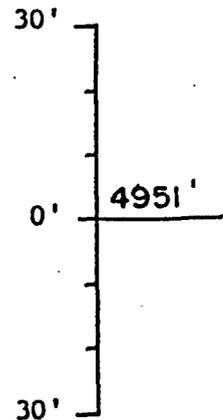
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FILING FOR WATER IN THE STATE OF UTAH

Rec. by _____

Fee Rec. _____

Receipt # _____

Microfilmed _____

Roll # _____

APPLICATION TO APPROPRIATE WATER

TEMPORARY

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 - 1534

APPLICATION NO. T62899

1. PRIORITY OF RIGHT: October 5, 1987

FILING DATE: October 5, 1987

2. OWNER INFORMATION

Name: BWAB Incorporated

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: Artesian Wells **DRAINAGE:** San Juan River
which is tributary to Max Dalton Well
which is tributary to Bonnie Dalton Well

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 1,
Township 38 S, Range 24 E, SLB&M

COMMON DESCRIPTION: 11 MI No of Hatch Trading Post

5. STORAGE

Water is to be stored in Temp. Earth Pit reservoir from October 26 to November 15.

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.

	North East Quarter				North West Quarter				South West Quarter				South East Quarter				
TOWN RANGE SEC	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 25																	X

All locations in Salt Lake Base and Meridian

6. NATURE AND PERIOD OF USE

Other Use: From October 15 to November 15.

7. PURPOSE AND EXTENT OF USE

Other Use: Drilling of Oil & Gas Well.

8. PLACE OF USE

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

	North East Quarter				North West Quarter				South West Quarter				South East Quarter				
TOWN RANGE SEC	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 25																	X

All locations in Salt Lake Base and Meridian

EXPLANATORY

Appropriate

Closest available water that has sufficient quantity and quality to drill the well.

The well to be drilled is the Taos Federal #25-34 Well located in the SW4SE4 Sec. 25, T37S, R24E, SLB&M.

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 - 1534

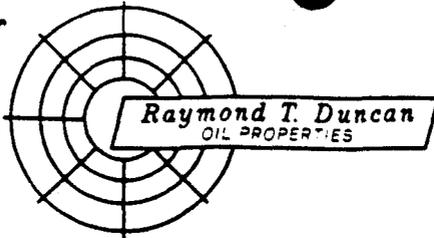
APPLICATION NO. T62899

1. October 5, 1987 Application received.
 2. October 16, 1987 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated October 23, 1987, subject to prior rights and this application will expire on October 23, 1988.


Robert L. Morgan, P.E.
State Engineer



1777 SOUTH HARRISON STREET-PENTHOUSE ONE
TELEPHONE (303) 759-3303-DENVER, COLORADO 80200

September 21, 1987

Bureau of Land Management
Branch of Fluid Minerals
Utah State Office
324 South State Street, Suite 301
Salt Lake City, Utah 84111-2303

Attn: Mr. Robert Hendricks

Re: "2nd Revision" 1987 Plan of Development
and Review of Operations for the
Bradford Canyon Unit, San Juan County, Utah

Gentlemen:

Raymond T. Duncan, Operator of the Bradford Canyon Unit, hereby submits for your approval the second revision ("2nd Revision") of the Plan of Development for 1987 and Review of Operations for 1986.

1986 Summary of Operations

No wells were drilled or completed in the Bradford Canyon Unit during 1986. The Bradford Canyon No. 1-23 produced continuously throughout the year. The No. 1-22 was placed on production in February, 1986 and was determined to be a non-paying unit well by your office on November 4, 1986; therefore, no Participating Area will be established for this well.

Status and Production of Wells in the Bradford Canyon Unit

<u>Well No. & Location</u>	<u>Status</u>	<u>Production (as of 12/31/86)</u>
Duncan Bradford Canyon #1-23 NE SW 23-T37S-R24E	Oil Well	23,695 BO 147,871 MCF
Duncan Bradford Canyon #1-10 NE SW 10-T37S-R24E	P & A	
Duncan Bradford Canyon #1-25 SE NW 25-T37S-R24E	P & A	
Duncan Bradford Canyon #1-22 NE NE 22-T37S-R24E	Oil Well	1,447 BO 27,268 MCF
Duncan Bradford Canyon #2-23 SW NW 23-T37S-R24E	P & A	

Bureau of Land Management
September 21, 1987
Page Two

<u>Well No. & Location</u>	<u>Status</u>	<u>Production (as of 12/31/86)</u>
Marathon Tank Canyon #1-9 SE NW 9-T37S-R24E	P & A	
Marathon Tank Canyon #2-9 NW SW 9-T37S-R24E	Abandoned Location	
Quintana Petroleum Corp. #1-21 SW SW 21-T37S-R24E	P & A	
Santa Fe Energy Bradford Canyon #1-13 NW SE 13-T37S-R24E	Santa Fe Evaluating	

1987 Plan of Development

Raymond T. Duncan has no plans for development at the Bradford Canyon Unit during 1987. Production from the existing wells will be monitored and evaluated during the coming year to determine future drilling plans. Santa Fe Energy Operating Partners, L.P. has drilled the #1-13 Bradford Canyon in the NE/4NW/4SE/4 of Section 13-T37S-R24E and is presently evaluating the well results. BWAB Incorporated intends to drill the TAOS FEDERAL #25-34 in the 4th Quarter of 1987 as a unit exploratory test. The TAOS FEDERAL #25-34 well will be located in the NE/4SW/4SE/4 of Section 25-T37S-R24E.

Unit Map

Enclosed is a map of the Bradford Canyon Unit Area showing all wells and the Initial Desert Creek Participating Area "A". The location of Santa Fe's #1-13 Bradford Canyon Well and BWAB's TAOS FEDERAL #25-34 well are located thereon.

Raymond T. Duncan respectfully requests your approval of this "2nd Revision" to the Plan of Development for 1987. Should you need further information, please contact me at the above address.

Sincerely,

W. S. Fallin

W. S. Fallin
Production Manager

cc: Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 W. North Temple Street
Salt Lake City, Utah 84180-1203
Attn: Ms. Arlene Sollis

Division of State Lands
Mineral Resources Specialist
3 Triad Center, Suite 400
355 W. North Temple Street
Salt Lake City, Utah 84180-1203
Attn: Mr. Edward Borner

COMMITTED WORKING INTEREST OWNERS

Seabrook Corporation
555 17th Street, Ste. 1000
Denver, CO 80202-3910
Attn: Mr. Buck Stanley, V.P.

Chorney Oil Co.
555 17th Street, Ste. 1000
Denver, CO 80202-3910
Attn: Mr. O. L. Rickard, Land Mgr.

Donald B. Anderson, Ltd.
P. O. Box One
Roswell, NM 88201
Attn: Mr. Donald B. Anderson, Pres.

Damson Oil Company
P. O. Box 4391
Houston, TX 77210
Attn: Mr. Tom Burdette, Land Mgr.

MOOR Oil and Gas Corp.
5718 Westheimer, MCO Plaza
Houston, TX 77057
Attn: Mr. M. H. Hale, Land Mgr.

Santa Fe Energy Company
1616 Glenarm Place, Ste. 2600
Denver, CO 80202
Attn: Mr. Dick Frazey, Landman

Marathon Oil Company
P. O. Box 120
Casper, WY 82602
Attn: Land Mgr.

Meridian Oil Inc.
5613 DTC Parkway
Englewood, CO 80111
Attn: Mr. L. L. Parish

Apache Corp.
One United Bank Center
1700 Lincoln Street, Ste. 4900
Denver, CO 80203
Attn: Mr. Glenn Otness

Transco Exploration Co.
1700 Lincoln Street, Ste. 2100
Denver, CO 80203
Attn: Mr. Steve Curtis, Land Mgr.

Wintershall Oil and Gas Corp.
5251 DTC Parkway, Ste. 500
Englewood, CO 80111
Attn: Mr. Carroll Wilson, Land Mgr.

Texaco Inc.
P. O. Box 2100
Denver, CO 80201
Attn: Mr. Randy French, Landman

Hartwell Management, Ltd.
5941 S. Middlefield Rd., Ste 103
Littleton, CO 80123
Attn: Mr. Ron Hartwell, Pres.

Quintana Petroleum Corporation
1050 17th Street, Ste. 2900
Denver, CO 80265
Attn: Mr. Douglas P. Cullen, Landman

Maxus Exploration Company
370 17th Street, Ste. 2900
Denver, CO 80202
Attn: Land Mgr.

BWAB Incorporated
1801 California Street, Ste. 1000
Denver, CO 80202
Attn: Mr. Carter Mathies

Coors Energy Company
P. O. Box 467
Golden, CO 80401
Attn: Mr. Joseph Lorenzo

BWAB INCORPORATED



September 29, 1987

U.S. Department of the Interior
Bureau of Land Management
Moab District Office
Box 970
Moab, UT 84532

ATTENTION: MS. CAROL FREUDIGER

RE: Taos Federal #25-34
SWSE Sec. 25-T37S-R24E
San Juan Co., UT

Dear Sir:

Enclosed herewith is a letter executed by Duncan Exploration Company designating BWAB as operator of the above captioned location. Also enclosed is the Designation of Agent from Raymond T. Duncan, the Bradford Canyon Unit Operator, designating BWAB as its agent for the above captioned drillsite. If you should have any questions in this regard, please do not hesitate to contact the undersigned.

Very truly yours,

BWAB Incorporated

Carrie M. Sullivan

:CMS

Enclosure (2)

RECEIVED
OCT 26 1987

FILING FOR WATER IN THE STATE OF UTAH

Rec. by _____
Fee Rec. _____
Receipt # _____
Microfilmed _____
Roll # _____

APPLICATION TO APPROPRIATE WATER

DIVISION OF
OIL, GAS & MINING

TEMPORARY

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 - 1534 APPLICATION NO. T62899

1. PRIORITY OF RIGHT: October 5, 1987 FILING DATE: October 5, 1987

2. OWNER INFORMATION

Name: BWAB Incorporated
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: Artesian Wells DRAINAGE: San Juan River
which is tributary to Max Dalton Well
which is tributary to Bonnie Dalton Well

POINT(S) OF DIVERSION: COUNTY: San Juan

- (1) S. 3 feet, E. 10 feet, from the W $\frac{1}{4}$ 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 1, Township 38 S, Range 24 E, SLB&M

COMMON DESCRIPTION: 11 MI No of Hatch Trading Post

5. STORAGE

Water is to be stored in Temp. Earth Pit reservoir from October 26 to November 15. Capacity 1.8 ac.ft. Innundating 0.23 acres. Height of dam 8 feet. The area innundated 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 25																X

All locations in Salt Lake Base and Meridian

6. NATURE AND PERIOD OF USE

Other Use: From October 15 to November 15.

7. PURPOSE AND EXTENT OF USE

Other Use: Drilling of Oil & 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 25																X

All locations in Salt Lake Base and Meridian

43-037-31360
SOW

EXPLANATORY

Appropriate

Closest available water that has sufficient quantity and quality to drill the well.

The well to be drilled is the Taos Federal #25-34 Well located in the SW4SE4 Sec. 25, T37S, R24E, SLB&M.

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

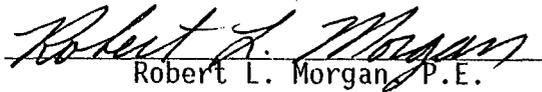
WATER RIGHT NUMBER: 09 - 1534

APPLICATION NO. T62899

1. October 5, 1987 Application received.
 2. October 16, 1987 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated October 23, 1987, subject to prior rights and this application will expire on October 23, 1988.


Robert L. Morgan, P.E.
State Engineer

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. U-36490	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR BWAB Incorporated			7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR 1801 California St., Suite 1000, Denver, CO. 80202			8. FARM OR LEASE NAME Taos Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1920 FEL and 820 FSL At proposed prod. zone Same			9. WELL NO. 25-34	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 13 miles SE of Blanding, Utah			10. FIELD AND POOL, OR WILDCAT ---	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 820'		16. NO. OF ACRES IN LEASE 640	17. NO. OF ACRES ASSIGNED TO THIS WELL 40	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA		19. PROPOSED DEPTH 5800	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4952' GL			22. APPROX. DATE WORK WILL START* November 10, 1987	
23. PROPOSED CASING AND CEMENTING PROGRAM				

RECEIVED
OCT 29 1987
DIVISION OF
OIL, GAS & MINING

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

24. SIGNED John R. Keller TITLE Drilling/Production Manager DATE 10/13/87
(This space for Federal or State office use)

PERMIT NO. 43-037 APPROVAL DATE _____

APPROVED BY /s/ Kenneth V. Rhea TITLE Acting District Manager DATE OCT 26 1987
CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

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

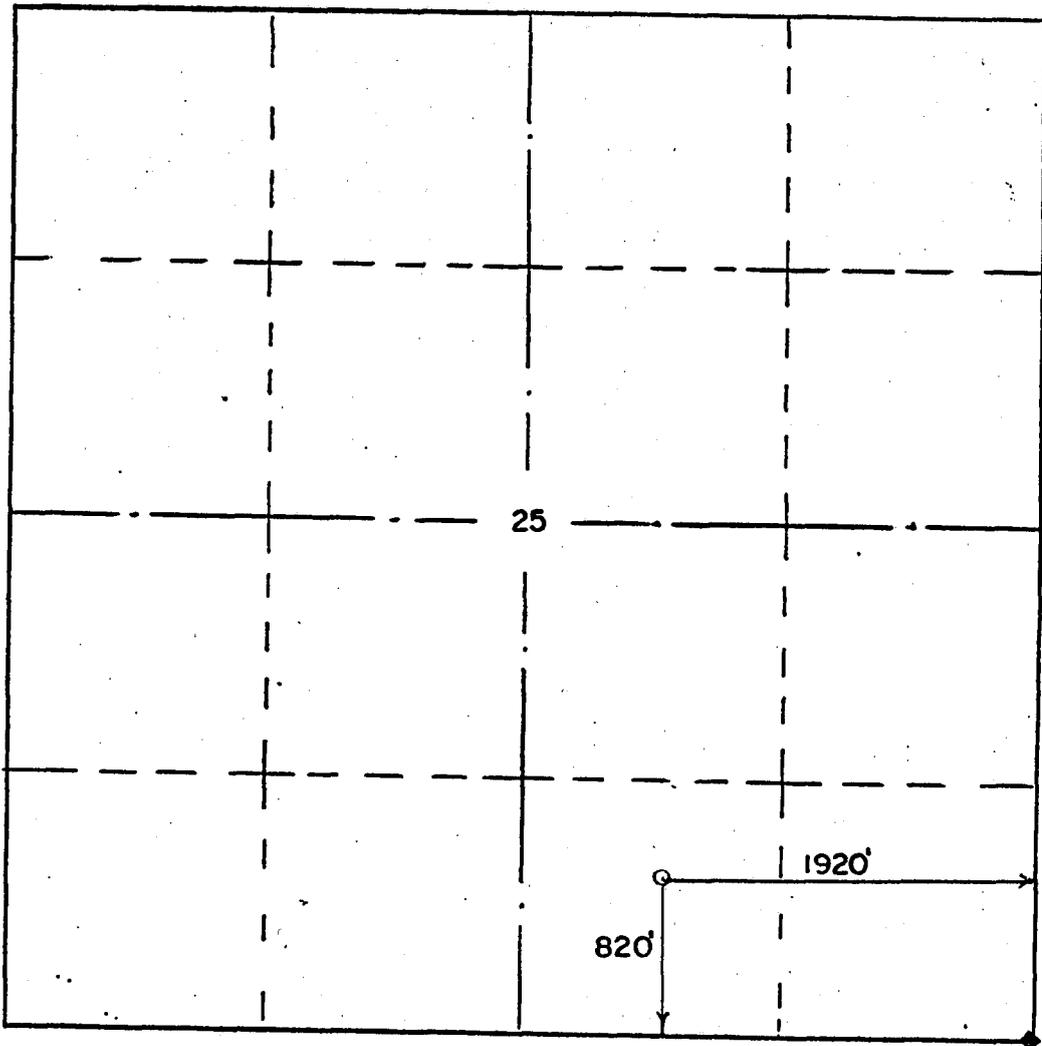
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ Brass Cap



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DIVISION OF
OIL, GAS & MINING

WELL LOCATION DESCRIPTION:
BWAB, INC.
Taos Federal #25-34
820' FSL & 1920' FEL
Section 25, T.37 S., R.24 E., SLM
San Juan County, Utah
4952' ground elevation
Reference: S.70°W., 300', 4981' grd.

The above plat is true and correct to my knowledge and belief.

29 September 1987

Gerald G. Huddleston
Gerald G. Huddleston, LS
REGISTERED LAND SURVEYOR
No. 5705
GERALD G. HUDDLESTON
STATE OF UTAH

BWAB Incorporated
Well No. Taos Federal 25-34
Sec. 25, T. 37 S., R. 24 E.
San Juan County, Utah
Lease U-36490

CONDITIONS OF APPROVAL

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

BWAB Incorporated is the bonded entity on this application. Liability will remain with the bonded party named above until we are formally notified by letter of the new bonded entity in reference to this Application for Permit to Drill.

RECEIVED
OCT 29 1987

DIVISION OF
OIL, GAS & MINING

B. THIRTEEN POINT SURFACE USE PLAN

1. For the protection of cultural resources, an archaeologist will monitor road construction (and any future upgrading or reclamation work).
2. The archaeological site by the access route (identified in LaPlata report) will be covered one foot deep with soil for approximately 60 feet.
3. Due to the location of cultural resources along the access route, the access will not be utilized during wet weather.
4. During the production phase, portions of the access route will be covered with petromat (or a similar substance) and then covered with surface material.

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OCT 29 1987

DIVISION OF
OIL, GAS & MINING

BWAB INCORPORATED



October 30, 1987

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

RE: Taos Federal #25-34
SWSE Sec. 25-T37S-R24E
San Juan Co., UT

Gentlemen:

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. Copy of our approved Federal Application For Permit To Drill
3. Copy of our approved Application to Appropriate Water

BWAB Incorporated plans to spud this well by November 10, 1987. If you have any questions in this regard, please direct them to the undersigned or Mr. John Keller at the letterhead address or telephone number.

Very truly yours,

BWAB Incorporated

Carrie M. Sullivan

Carrie M. Sullivan

:CMS

Enclosures (9)

RECEIVED

NOV 2 1987

DIVISION OF OIL
GAS & MINING

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

(Other instructions on reverse side)

15

5. Lease Designation and Serial No.

U-36490

6. If Indian, Allottee or Tribe Name

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work

DRILL

DEEPEN

PLUG BACK

7. Unit Agreement Name

b. Type of Well

Oil Well

Gas Well

Other

Multiple Zone

8. Farm or Lease Name

Taos Federal

2. Name of Operator

BWAB Incorporated

9. Well No.

25-34

3. Address of Operator

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

10. Field and Pool, or Wildcat

Undesignated

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

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

1920' FEL & 820' FSL SWSE

Sec. 25-T37S-R24E

At proposed prod. zone

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

13 Miles SE of Blanding, UT

12. County or Parrish 13. State

San Juan Utah

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

820'

16. No. of acres in lease

640

17. No. of acres assigned to this well

40

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

2770'

19. Proposed depth

5800'

20. Rotary or cable tools

Rotary

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

4952' GL

22. Approx. date work will start*

November 10, 1987

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12-1/4"	8-5/8"	24# or 32#	1375'	610 sxs - Circ to surf
7-7/8"	5-1/2"	15.5# or 17#	5800'	250 sxs

1. Notify BLM 24 hours prior to spud.
2. Drill to 1375'. Set 8-5/8" surface pipe & cement to surface.
3. Pressure test BOP and Surface Casing.
4. Drill to 5800' TD and test the productivity of the Ismay & Desert Creek Formations.
5. Plug as per BLM instructions or run production casing as appropriate. Cement production string to 4300'.

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 10/19/87
(This space for Federal or State office use)

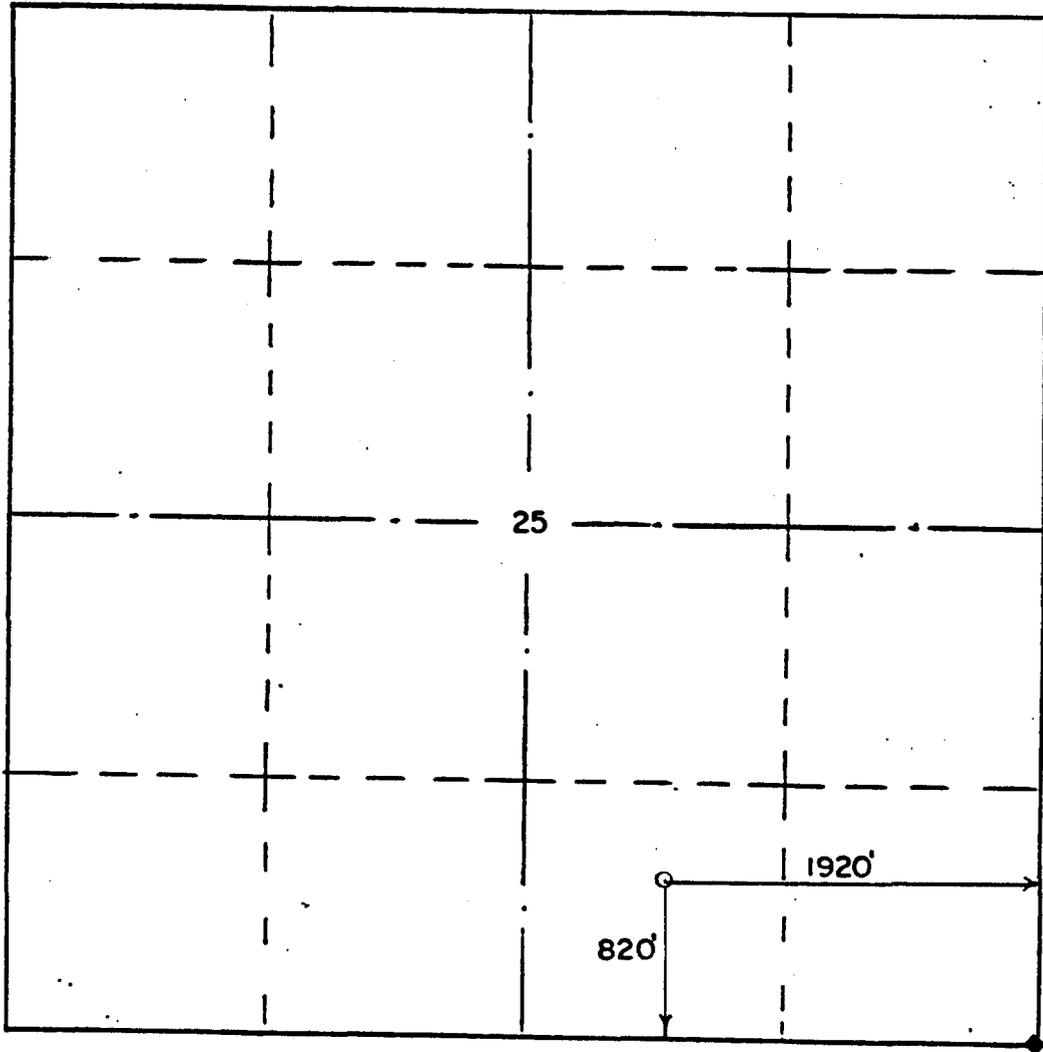
Permit No. 43-037-31360 Approval Date _____

Approved by _____ Title _____ Date _____

Conditions of approval, if any: _____
DATE: 11-6-87
BY: John R. Deys
WELL SPACING: 405-3-2

*See Instructions On Reverse Side

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'
◆ Brass Co.

WELL LOCATION DESCRIPTION:
BWAB, INC.
Taos Federal #25-34
820' FSL & 1920' FEL
Section 25, T.37 S., R.24 E., SLM
San Juan County, Utah
4952' ground elevation
Reference: S.70°W., 300', 4981' grd.

The above plat is true and correct to my knowledge and belief.

29 September 1987

REGISTERED LAND SURVEYOR
No. 5705
GERALD G. HULL
Gerald G. Huddleston, LS
STATE OF UTAH

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN NOV 02 1987 PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER DIVISION OF OIL, GAS & MINING MULTIPLE ZONE

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: 1920 FEL and 820 FSL
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 13 miles SE of Blanding, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 820'

16. NO. OF ACRES IN LEASE 640

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

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

19. PROPOSED DEPTH 5800

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4952' GL

22. APPROX. DATE WORK WILL START* November 10, 1987

5. LEASE DESIGNATION AND SERIAL NO. U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME Taos Federal

9. WELL NO. 25-34

10. FIELD AND POOL, OR WILDCAT ---

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 25, T37S, R24E

12. COUNTY OR PARISH San Juan

13. STATE Utah

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4	8-5/8	24# or 32#	1375	610sx - Circulate to surface
7-7/8	5-1/2	15.5# or 17#	5800	250sx

- 1) Notify BLM 24 hours prior to spud.
- 2) Drill to 1375', Set 8-5/8" surface pipe cemented to surface.
- 3) Pressure test BOP and surface casing.
- 4) Drill to 5800' TD and test the productivity of the Ismay and Desert Creek Formations.
- 5) Plug as per BLM instructions or run production casing as appropriate, cement production string to 4300 feet.

RECEIVED
 OCT 30 1987
 BWAB INCORPORATED

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24. SIGNED: John R. Keller TITLE Drilling/Production Manager DATE 10/13/87
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY: [Signature] TITLE Acting District Mgr. DATE 10/26/87
 CONDITIONS OF APPROVAL, IF ANY:

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A DATED 11/80
 CONDITIONS OF APPROVAL ATTACHED
 *See Instructions On Reverse Side

BWAB Incorporated
Well No. Taos Federal 25-34
Sec. 25, T. 37 S., R. 24 E.
San Juan County, Utah
Lease U-36490

CONDITIONS OF APPROVAL

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

BWAB Incorporated is the bonded entity on this application. Liability will remain with the bonded party named above until we are formally notified by letter of the new bonded entity in reference to this Application for Permit to Drill.

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1. For the protection of cultural resources, an archaeologist will monitor road construction (and any future upgrading or reclamation work).
2. The archaeological site by the access route (identified in LaPlata report) will be covered one foot deep with soil for approximately 60 feet.
3. Due to the location of cultural resources along the access route, the access will not be utilized during wet weather.
4. During the production phase, portions of the access route will be covered with petromat (or a similar substance) and then covered with surface material.

Your contact with the District Office is:

Steve Jones, Petroleum Engineer: Office Phone: (801) 259-6111

Home Phone: (801) 259-7404

Lynn Jackson, Chief, Branch of Fluid Minerals:

Office Phone: (801) 259-6111

Home Phone: (801) 259-7990

Paul Brown, I&E Coordinator:

Office Phone: (801) 259-6111

Home Phone: (801) 259-7018

ADDRESS:

82 East Dogwood, P. O. Box 970
Moab, Utah 84532

Your contact with the San Juan Resource Area Office is:

Rich McClure, NRS Office Phone: (801) 587-2141

Home Phone: (801) 587-2874

ADDRESS:

435 North Main, P. O. Box 7
Monticello, Utah 84535

BLM BOND NO: WY0250 PART NO: SURETY BOND ID: 803F0254

CASE TYPE: 310433 O&G BOND PD & ACQ LAND

NAME AND ADDRESS OF BONDED PARTIES

B86051582001 BONDED PRINCIPAL	B86051584001 BONDED SUBSIDIARY
BWAB INC	BWAB 1984-86 JOINT VENTURE
1801 CALIFORNIA ST STE 1000	1801 CALIFORNIA ST STE 1000
DENVER CO 80202	DENVER CO 80202

SB4001505001 SURETY
TRAVELERS INDEMNITY CO
ONE TOWER SQUARE
HARTFORD CT 06183

BOND AREA: NATIONWIDE

TYPE OF LAND: FEDERAL-PUBLIC/ACQUIRED

BOND TYPE: SURETY AMOUNT OF BOND: \$150,000

BONDED ACTIVITY/PURPOSE COMMODITY(IES)

GENERAL LSE/DRILLING OIL & GAS L

ACTION DATE	ACTION TAKEN	ACTION REMARKS
5/15/1984	BOND FILED	EXECUTED 5/3/84
5/15/1984	BOND ACCEPTED	
5/09/1986	RIDER FILED	RIDER #1
5/09/1986	RIDER ACCEPTED	
10/10/1986	AUTOMATED RECORD VERIF	(JB)
12/12/1986	AUTOMATED RECORD VERIF	(TS)

** GENERAL REMARKS **

01 RIDER #1 ADDS AS CO-PRINCIPAL THE WHOLLY-OWNED
02 SUBSIDIARY BWAB 1984-86 JOINT VENTURE (SEE LEASE
03 W-82335)

TO BE ATTACHED TO AND BECOME A PART OF BOND NUMBER 803F0254
ISSUED IN THE NAME OF BWAB, INC.

In Consideration of the acceptance of this rider by the United States of America, acting through and by the Bureau of Land Management, the undersigned principal and surety hereby extend the coverage of the Bond to include leases wherein the named principal has been designated as the operator by a lessee or a holder of the operating rights and such designation has been filed with an office of the Bureau of Land Management; in consideration the acceptance of this rider the principal hereby agrees that such principal is bound by all the terms and conditions of the lease to which the designation applies, as to the lands covered by the designation, whether or not the designation is subsequently revoked by the designator, until all the terms and conditions of the lease have been satisfied including rentals and royalties and the proper plugging and abandonment of all wells drilled on the lease, as to the lands covered by the designation; and providing further, however, that this rider shall not act to increase the actual cumulative or potential liability of the Surety beyond the face amount of the bond; and providing further that the principal shall be liable to the same extent as any party designating such principal as operator for the lands covered by the designation without consideration of any limitation of liability on the part of the Surety.

Signed and sealed this 14th day of October, 19 87.

BWAB, INC.

By: [Signature]
Principal

THE TRAVELERS INDEMNITY COMPANY

[Signature]
Surety Linda M. Nikolaeff, Atty-in-Fact

60912 to U-912. State Underst 10/22/87

The Travelers Indemnity Company

Hartford, Connecticut

If necessary, validation of this power of attorney is available at (203) 277-7839. Collect calls will be accepted.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

David H. Snead, Linda M. Nikolaeff, Donald H. Muller, Ann M. McManaman, Kenneth J. Oldani, all of Denver, Colorado, EACH

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following Resolutions adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985 which Resolutions are now in full force and effect:

VOTED: That the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

VOTED: That any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 1st day of November, 1985:

VOTED: That the signature of any officer authorized by Resolutions of this Board and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes that dated November 1, 1985 on behalf of Norman Sterling, Jr., David H. Snead, William J. Orris, Linda M. Nikolaeff, Donald H. Muller

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 2nd day of June 19 86 .



THE TRAVELERS INDEMNITY COMPANY

By

D.L. Banta

Secretary, Surety

NOV 28 1981

Form 3104-8
(November 1981)

BWAB INCORPORATED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STATE, NATIONWIDE, OR NATIONAL PETROLEUM RESERVE
IN ALASKA OIL AND GAS BOND

Act of February 25, 1920 (30 U.S.C. Sec. 181)

Act of August 7, 1947 (30 U.S.C. Sec. 351)

Department of the Interior Appropriations Act, Fiscal Year 1981 (P.L. 96-514)

Bond #803F0254

KNOW ALL MEN BY THESE PRESENTS, That we **BWAB, Inc.**

of **Denver, Colorado**

as principal, and **Travelers Indemnity Company**

of **Hartford, Connecticut**

as surety, are held and firmly bound unto the United States of America in the sum of One Hundred Fifty Thousand and no/100----- dollars (\$ 150,000.00), lawful money of the United States, which sum may be increased or decreased by a rider hereto executed in the same manner as this bond, for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas deposits to the United States; and (3) any lessee or permittee under a lease or permit issued by the United States prior to the issuance of an oil and gas lease for the same land subject to this bond, covering the use of the surface or the prospecting for, or development of, other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves, and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

The coverage of this bond shall extend to all of the principal's holdings of federal oil and gas leases in the United States, including Alaska, issued or acquired under the Acts cited in Schedule A.

The coverage of this bond extends only to the principal's holdings of federal oil and gas leases issued or acquired under the Acts cited and in the States named in Schedule A and to any other State or States that may be named in a rider attached hereto by the lessor with the consent of the surety.

The coverage of this bond extends only to the principal's holdings of federal oil and gas leases within the National Petroleum Reserve in Alaska.

SCHEDULE A

Public Domain Leasing Act of February 25, 1920
(30 U.S.C. Sec. 181)

NAMES OF STATES

Acquired Lands Leasing Act of August 7, 1947
(30 U.S.C. Sec. 351)

NAMES OF STATES

The conditions of the foregoing obligations are such that, whereas the said principal has an interest in oil and gas leases issued under the Act or Acts cited in this bond: (1) as lessee; (2) as the approved holder of operating rights in all or part of the lands covered by such leases under operating agreements with the lessees; or (3) as designated operator or agent under such leases pending approval of an assignment or operating agreement; and

WHEREAS the principal is authorized to drill for mine ex-

tract, remove, and dispose of oil and gas deposits in or under the lands covered by the leases, operating agreements or designations and is obligated to comply with certain covenants and agreements set forth in such instruments; and

WHEREAS the principal and surety agree that without notice to the surety the coverage of this bond, in addition to the present holdings of the principal, shall extend to and include:

1. Any oil and gas lease hereafter issued to, or acquired by the principal in the States now named in Schedule A, or later named in a rider, the coverage to be confined to the principal's holdings under the Act or Acts cited at the head of the column in which the name of the State appears and to become effective immediately upon such issuance or upon departmental approval of a transfer in favor of the principal.

2. Any operating agreement hereafter entered into or acquired by the principal affecting oil and gas leases in the States now named in Schedule A, or later named in a rider. The coverage shall become effective immediately upon departmental approval of the agreement or of a transfer of an operating agreement to the principal.

3. Any designation subsequent hereto of the principal as operator or agent of a lessee under a lease issued pursuant to the Act or Acts cited and covering lands in a State named in Schedule A, either presently or by rider. This coverage shall become effective immediately upon the filing of such a designation under a lease.

4. Any extension of a lease covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease.

Provided, that the surety may elect to have the additional coverage authorized under this paragraph become inapplicable as to all interests of the principal acquired more than thirty (30) days after the receipt of notice of such election by the Bureau of Land Management.

The surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

1. A transfer or transfers, either in whole or in part, of any or all of the leases, or of the operating agreements, and further agrees to remain bound under this bond as to the interests either in the leases or in the operating agreements, or in both, retained by the principal when the approval of the transfer or transfers become effective.

2. Any modification of a lease or operating agreement, or obligations thereunder, whether made or effected by commitment of such lease or operating agreement to unit, cooperative, communitization or storage, agreements, or development contracts, suspensions of operations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

WHEREAS the principal and surety hereby agree that notwithstanding termination of any lease or leases, operating agreements or designations as operator or agent, covered by this bond, whether the termination is by operation of law or otherwise, the bond shall remain in full force and effect as to all remaining leases, operating agreements, or designations covered by the bond; and

WHEREAS the principal, as to any lease or part of a lease for lands as to which he has been designated as operator or agent, or approved as operator, in consideration of being permitted to furnish this bond in lieu of the lessees, agrees and by these presents does hereby bind himself to fulfill on behalf of each lessee all obligations of each such lease for the entire leasehold in the same manner and to the same extent as though he were the lessee; and

WHEREAS the principal and surety agree that the neglect or forbearance of said lessor in enforcing, as against the lessees of such lessor, the payment of rentals or royalties or the performance of any other covenant, condition or agreement of the leases, shall not, in any way, release the principal and surety, or either of them, from any liability under this bond; and

WHEREAS the principal and surety agree that in the event of any default under the leases, the lessor may commence and prosecute any claim, suit, action, or other proceeding against the principal and surety, or either of them, without the necessity of joining the lessees.

NOW, THEREFORE, IF said principle shall in all respects faithfully comply with all of the provisions of the leases referred to hereinbefore, then the above obligations are to be void; otherwise to remain in full force and effect.

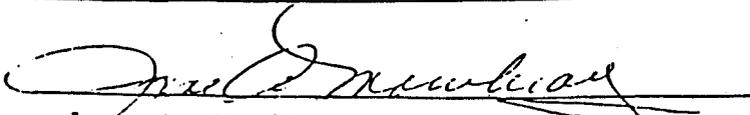
Signed on this 3rd day of May, 1984, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

BWAB, Inc.

(Principal) (L.S.)
1000 City Center Four
1801 California St., Denver, CO80202

(Business Address)
Travelers Indemnity Company
Dorothy D. Shackleton (L.S.)
Dorothy D. Shackleton, Attorney-in-Fac
P.O. Box 61167, Denver, CO 80206


Jane A. Mowbray
Denver, Colorado

(Business Address)

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Bureau of Land Management Unit Operator under the Bradford Canyon Unit Agreement, San Juan County, Utah, No. 14-08-0001-20400 approved July 27, 1982 and hereby designates:

NAME: BWAB Incorporated
ADDRESS: 1801 California Street, Suite 1000
Denver, Colorado 80202

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing and completing unit Well Taos Federal #25-34, in the SW/4SE/4 Section 25, Township 37 South, Range 24 East, San Juan County, Utah.

It is understood that this Designation of Agent does not relieve the Unit Operator of responsibility for compliance with the terms of the Unit Agreement and the Oil and Gas Operating Regulations. It is also understood that this Designation of Agent does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The Unit Operator agrees promptly to notify the Oil and Gas Supervisor of any change in the designated agent.

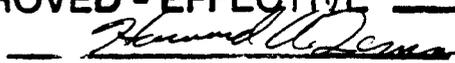
This Designation of Agent is deemed to be temporary and in no manner a permanent arrangement.

This designation is given only to enable the agent herein designated to drill the above specified unit well. Unless sooner terminated, this designation shall terminate when there is filed in the appropriate district office of the Bureau of Land Management a completed file of all required Federal reports pertaining to the subject well. It is also understood that this Designation of Agent is limited to field operations and does not cover administrative actions requiring specific authorization of the Unit Operator.

Raymond T. Duncan
Unit Operator

APPROVED - EFFECTIVE

OCT 20 1987


CHIEF, BRANCH OF FLUID MINERALS
BUREAU OF LAND MANAGEMENT


Raymond T. Duncan
Date: 9-21-87

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: Utah
SERIAL NO.: U-36490

and hereby designates

NAME: BWAB Incorporated
ADDRESS: 1801 California St., Suite 1000, Denver, CO 80202

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

TOWNSHIP 37 SOUTH, RANGE 24 EAST, S.L.M.
Section 25: ALL
San Juan Co., UT

Bond coverage under 43 CFR 3104 for lease activities conducted by the above named designated operator is under Bond Number 803F0254.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, stipulations, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

DUNCAN EXPLORATION COMPANY

By: 

Raymond T. (Signature of lessee) Duncan, Venture Manage
1777 South Harrison St., Penthouse One
Denver, CO 80210

October 22, 1987

(Date)

(Address)

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require OMB approval.

FILING FOR WATER IN THE STATE OF UTAH

Rec. by _____

Fee Rec. _____

Receipt # _____

Microfilmed _____

Roll # _____

APPLICATION TO APPROPRIATE WATER

TEMPORARY

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 - 1534

APPLICATION NO. T62899

1. **PRIORITY OF RIGHT:** October 5, 1987

FILING DATE: October 5, 1987

2. **OWNER INFORMATION**

Name: BWAB Incorporated

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

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

RECEIVED
NOV 02 1987

DIVISION OF
OIL, GAS & MINING

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

4. **SOURCE:** Artesian Wells **DRAINAGE:** San Juan River
which is tributary to Max Dalton Well
which is tributary to Bonnie Dalton Well

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 1,

Township 38 S, Range 24 E, SLB&M

COMMON DESCRIPTION: 11 Mi No of Hatch Trading Post

5. **STORAGE**

Water is to be stored in Temp. Earth Pit reservoir from October 26 to November 15.

Capacity 1.8 ac.ft. Innundating 0.23 acres. Height of dam 8 feet.

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

	North East Quarter				North West Quarter				South West Quarter				South East Quarter				
TOWN RANGE SEC	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 25																	X

All locations in Salt Lake Base and Meridian

6. **NATURE AND PERIOD OF USE**

Other Use: From October 15 to November 15.

7. **PURPOSE AND EXTENT OF USE**

Other Use: Drilling of Oil & Gas Well.

8. **PLACE OF USE**

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

	North East Quarter				North West Quarter				South West Quarter				South East Quarter				
TOWN RANGE SEC	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 25																	X

All locations in Salt Lake Base and Meridian

EXPLANATORY

Appropriate

Closest available water that has sufficient quantity and quality to drill the well.

The well to be drilled is the Taos Federal #25-34 Well located in the SW4SE4 Sec. 25, T37S, R24E, SLB&M.

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 - 1534

APPLICATION NO. T62899

1. October 5, 1987 Application received.
 2. October 16, 1987 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated October 23, 1987, subject to prior rights and this application will expire on October 23, 1988.


Robert L. Morgan, P.E.
State Engineer

110903

OPERATOR BWAB Inc DATE 11-4-87

WELL NAME How Fed. 25-34

SEC SWSE 25 T 37S R 24E COUNTY San Juan

43-037-31360
API NUMBER

Fed.
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other well in Sec. 25.
Water - 09-1534 (TL2899)

APPROVAL LETTER:

SPACING: R615-2-3 _____ UNIT R615-3-2

_____ CAUSE NO. & DATE R615-3-3

STIPULATIONS:



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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

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

November 6, 1987

BWAB Incorporated
1801 California Street, Suite 1000
Denver, Colorado 80202

Gentlemen:

Re: Taos Federal 25-34 - SW SE Sec. 25, T. 37S, R. 24E
820' FSL, 1920' FEL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule R615-3-2, Oil and Gas Conservation General Rules.

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

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form to the Division within five working days of the time that the 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.
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 of Rule R615-3-22, Gas Flaring or Venting, Oil and Gas Conservation General Rules.

Page 2
BWAB Incorporated
Taos Federal 25-34
November 6, 1987

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) 538-6121.
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 43-037-31360.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

as
Enclosures
cc: Branch of Fluid Minerals
D. R. Nielson
8159T

111701

DIVISION OF OIL, GAS AND MINING

SPODDING INFORMATION

API #43-037-31360

NAME OF COMPANY: BWAB INC.WELL NAME: TAOS FEDERAL 25-34SECTION SW SE 25 TOWNSHIP 37S RANGE 24E COUNTY SAN JUANDRILLING CONTRACTOR COLEMANRIG # 4SPUDDED: DATE 11-14-87TIME 2:30 AMHOW Rotary

DRILLING WILL COMMENCE _____

REPORTED BY John KellerTELEPHONE # (303) 295-7444DATE 11-16-87 SIGNED JRB

5
2
3

121609



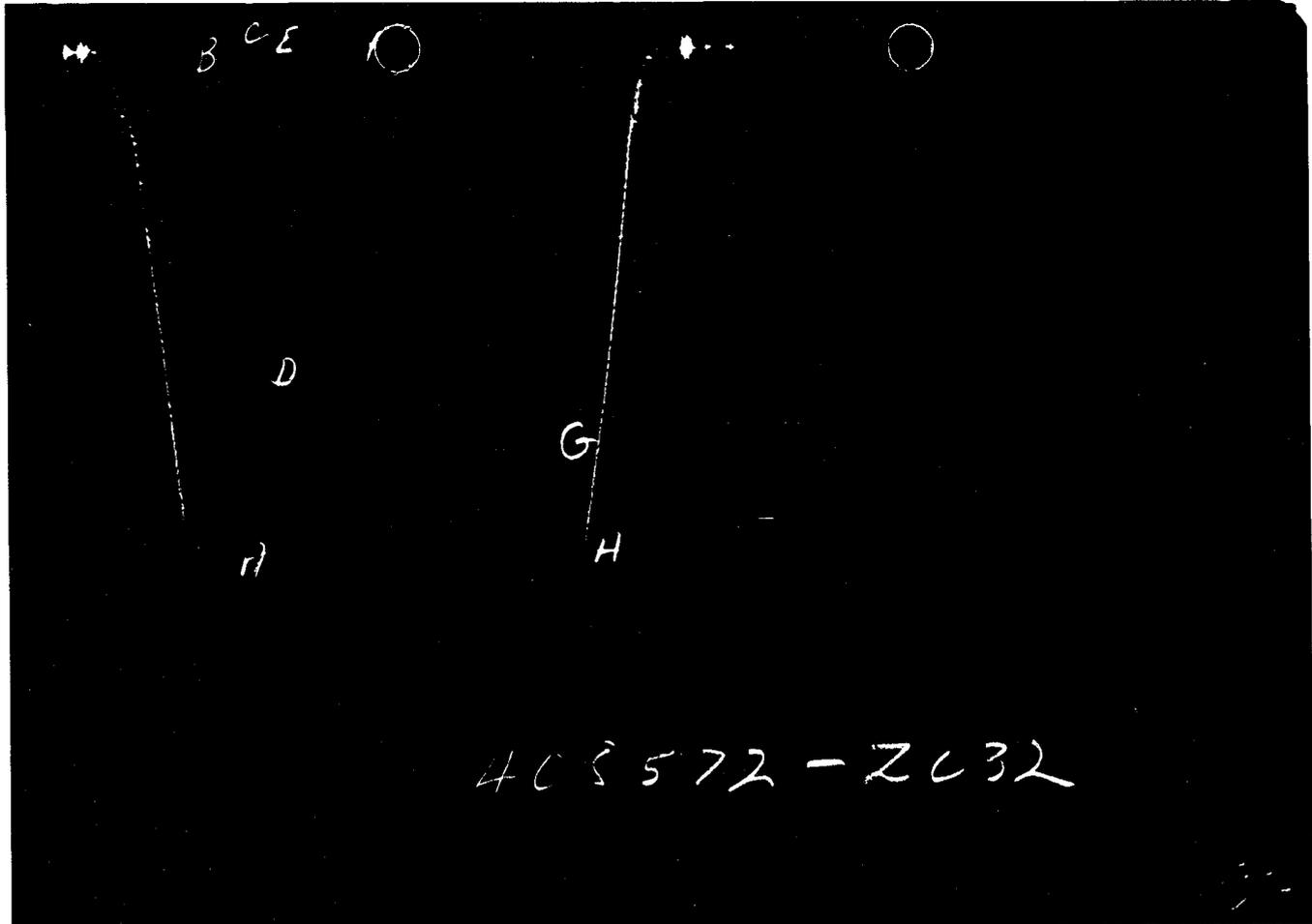
HALLIBURTON SERVICES

TICKET NO. 40857200
04-DEC-87
FARMINGTON

FORMATION TESTING SERVICE REPORT

TRDS. FEDERAL	25-34	WELL NO.	TEST NO.	TESTED INTERVAL	LEASE OWNER/COMPANY NAME
LEASE NAME			1	5172.0 - 5198.0	BMRB INCORPORATED
LEGAL LOCATION	25-37S-24E	FIELD AREA			
SEC. - TWP. - RANG.		WILDCRAT			
		COUNTY			
		SN	JUN		
		STATE			
			UTR	DR	

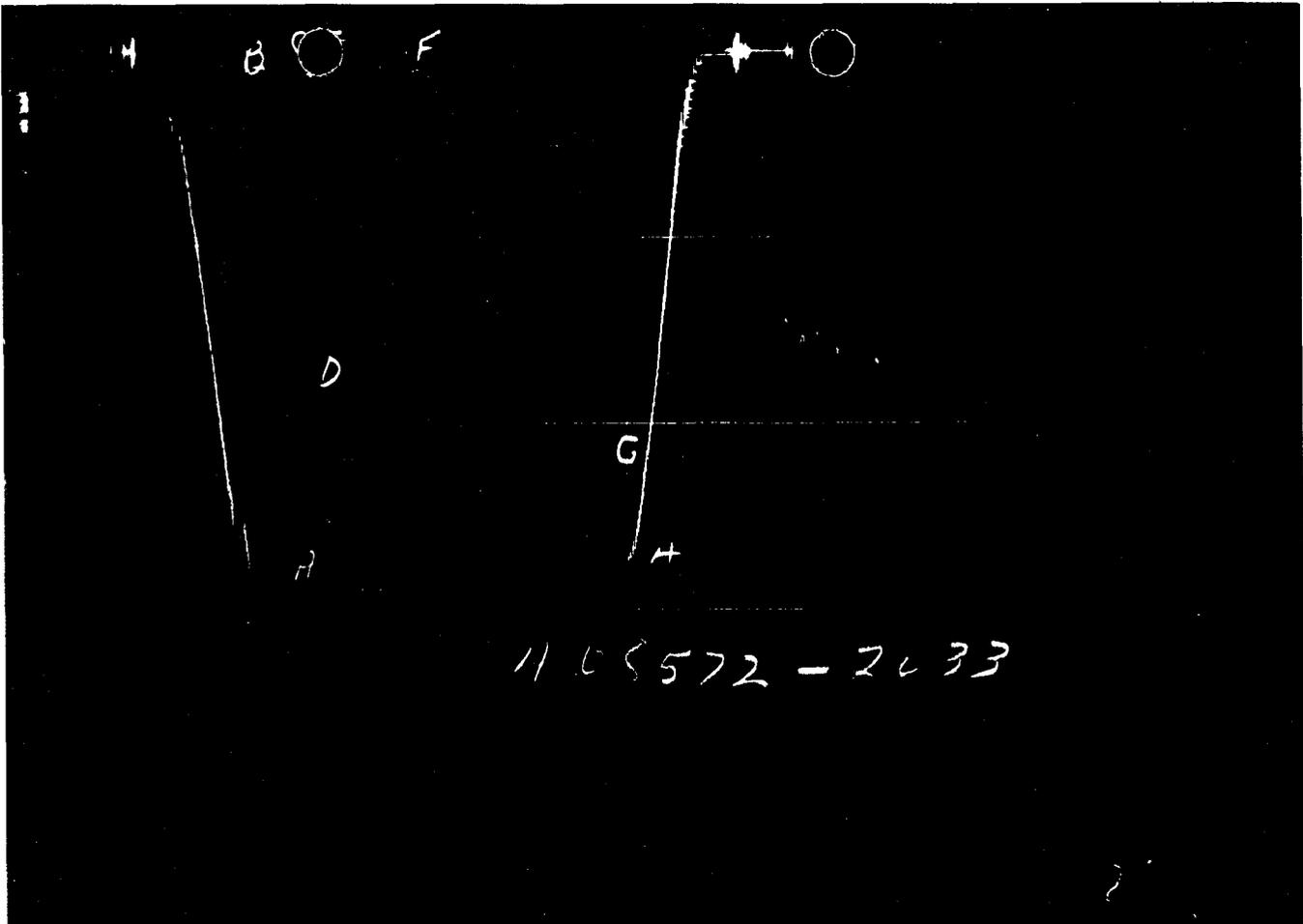
43-037-31360 - 871



405572-2032

GAUGE NO: 2032 DEPTH: 5151.0 BLANKED OFF: NO HOUR OF CLOCK: 24

ID	DESCRIPTION	PRESSURE		TIME		TYPE
		REPORTED	CALCULATED	REPORTED	CALCULATED	
A	INITIAL HYDROSTATIC	2778	2750.5			
B	INITIAL FIRST FLOW	13	18.8			
C	FINAL FIRST FLOW	27	31.0	15.0	16.2	F
C	INITIAL FIRST CLOSED-IN	27	31.0			
D	FINAL FIRST CLOSED-IN	1587	1588.8	36.0	35.2	C
E	INITIAL SECOND FLOW	27	39.9			
F	FINAL SECOND FLOW	93	94.9	120.0	119.9	F
F	INITIAL SECOND CLOSED-IN	93	94.9			
G	FINAL SECOND CLOSED-IN	2235	2247.8	243.0	242.7	C
H	FINAL HYDROSTATIC	2778	2738.2			



GAUGE NO: 2033 DEPTH: 5195.0 BLANKED OFF: YES HOUR OF CLOCK: 24

ID	DESCRIPTION	PRESSURE		TIME		TYPE
		REPORTED	CALCULATED	REPORTED	CALCULATED	
A	INITIAL HYDROSTATIC	2796	2778.5			
B	INITIAL FIRST FLOW	27	45.2			
C	FINAL FIRST FLOW	40	50.7	15.0	16.2	F
C	INITIAL FIRST CLOSED-IN	40	50.7			
D	FINAL FIRST CLOSED-IN	1584	1595.6	36.0	35.2	C
E	INITIAL SECOND FLOW	54	57.2			
F	FINAL SECOND FLOW	94	108.2	120.0	119.9	F
F	INITIAL SECOND CLOSED-IN	94	108.2			
G	FINAL SECOND CLOSED-IN	2263	2259.9	243.0	242.7	C
H	FINAL HYDROSTATIC	2769	2757.9			

EQUIPMENT & HOLE DATA

FORMATION TESTED: UPPER ISMAY
 NET PAY (ft): _____
 GROSS TESTED FOOTAGE: 26.0
 ALL DEPTHS MEASURED FROM: KELLY BUSHING
 CASING PERFS. (ft): _____
 HOLE OR CASING SIZE (in): 7.875
 ELEVATION (ft): 4952.0
 TOTAL DEPTH (ft): 5198.0
 PACKER DEPTH(S) (ft): 5166, 5172
 FINAL SURFACE CHOKE (in): _____
 BOTTOM HOLE CHOKE (in): 0.750
 MUD WEIGHT (lb/gal): 10.20
 MUD VISCOSITY (sec): 36
 ESTIMATED HOLE TEMP. (°F): 110
 ACTUAL HOLE TEMP. (°F): 124 @ 5194.0 ft

TICKET NUMBER: 40857200
 DATE: 11-24-87 TEST NO: 1
 TYPE DST: OPEN HOLE
 HALLIBURTON CAMP: FARMINGTON
 TESTER: GENE ROBERTS
 WITNESS: JOHN G. MAGILL
 DRILLING CONTRACTOR: COLEMAN DRILLING #4

FLUID PROPERTIES FOR RECOVERED MUD & WATER

SOURCE	RESISTIVITY	CHLORIDES
<u>PIT</u>	<u>0.960 @ 68 °F</u>	<u>6666 ppm</u>
<u>TDP</u>	<u>0.968 @ 60 °F</u>	<u>6060 ppm</u>
<u>SAMPLER</u>	<u>0.968 @ 60 °F</u>	<u>6060 ppm</u>
_____	_____ @ _____ °F	_____ ppm
_____	_____ @ _____ °F	_____ ppm
_____	_____ @ _____ °F	_____ ppm

SAMPLER DATA

Psig AT SURFACE: 80.0
 cu.ft. OF GAS: _____
 cc OF OIL: 200.0
 cc OF WATER: _____
 cc OF MUD: 1800.0
 TOTAL LIQUID cc: 2000.0

HYDROCARBON PROPERTIES

OIL GRAVITY (°API): _____ @ _____ °F
 GAS/OIL RATIO (cu.ft. per bbl): _____
 GAS GRAVITY: _____

CUSHION DATA

TYPE	AMOUNT	WEIGHT
_____	_____	_____
_____	_____	_____

RECOVERED :

210' (1.3 BBLs.) OF VERY SLIGHTLY OIL AND GAS CUT MUD.

MEASURED FROM
TESTER VALVE

REMARKS :

TYPE & SIZE MEASURING DEVICE :					TICKET NO: 40857200
TIME	CHOKE SIZE	SURFACE PRESSURE PSI	GAS RATE MCF	LIQUID RATE BPD	REMARKS
11-23-87					
2345					ON LOCATION
11-24-87					
0015					PICKED UP AND MADE UP TOOLS
0140					TRIPPED IN HOLE WITH TOOLS
0426	1/8BH				OPENED TOOL WITH A VERY WEAK BLOW, 1" IN BUCKET
0428					SLOWLY BUILDING PSI-1.5"
0430					3.5"
0432					4"
0434		1 OZ.			4.5", SURFACE PRESSURE IN DUNCE GAUGE
0436		2			5.5"
0438		2			5.5"
0441		2			CLOSED TOOL, 6"
0517	1/8BH	2			OPENED TOOL WITH A WEAK BLOW, 5"
0527		3			8"
0537		4			SLOWLY BUILDING BOTTOM OF BUCKET
0547		4.5			SLOWLY BUILDING
0557		4.5			STABLIZIED
0607		4.5			SAME
0617		4.75			PSI INCREASING THROUGHOUT FLOW PERIOD
0627		6			
0637		7			
0647		7.5			
0657		7.75			
0707		8			
0717		9			CLOSED TOOL, NO GAS TO SURFACE
1120					OPENED BYPASS
1430					OUT OF HOLE WITH TODLS
1600					JOB COMPLETED



TICKET NO: 40857200
 CLOCK NO: 7276 HOUR: 24

GAUGE NO: 2032
 DEPTH: 5151.0

REF	MINUTES	PRESSURE	AP	$\frac{t \times \Delta t}{t + \Delta t}$	$\log \frac{t + \Delta t}{\Delta t}$
FIRST FLOW					
B 1	0.0	18.8			
2	3.0	22.4	3.6		
3	6.0	24.9	2.5		
4	9.0	27.5	2.7		
5	12.0	29.8	2.3		
6	15.0	31.5	1.7		
C 7	16.2	31.0	-0.5		
FIRST CLOSED-IN					
C 1	0.0	31.0			
2	3.0	80.6	49.6	2.5	0.812
3	6.0	138.5	107.6	4.4	0.568
4	9.0	205.9	174.9	5.8	0.447
5	12.0	299.0	268.1	6.9	0.372
6	15.0	427.6	396.6	7.8	0.319
7	18.0	593.3	562.3	8.5	0.280
8	21.0	823.4	792.4	9.2	0.248
9	24.0	1003.3	972.3	9.7	0.225
10	27.0	1208.8	1177.8	10.1	0.204
11	30.0	1365.5	1334.5	10.5	0.188
12	33.0	1498.7	1467.7	10.9	0.174
D 13	35.2	1588.8	1557.9	11.1	0.165
SECOND FLOW					
E 1	0.0	39.9			
2	10.0	49.3	9.4		
3	20.0	52.7	3.4		
4	30.0	56.6	3.8		
5	40.0	61.1	4.5		
6	50.0	65.2	4.1		
7	60.0	70.1	4.9		
8	70.0	74.5	4.4		
9	80.0	77.8	3.3		
10	90.0	82.5	4.6		
11	100.0	87.1	4.6		
12	110.0	91.2	4.1		
F 13	119.9	94.9	3.7		
SECOND CLOSED-IN					
F 1	0.0	94.9			
2	1.0	99.7	4.8	1.0	2.129
3	2.0	106.9	11.9	1.9	1.850
4	3.0	115.6	20.7	2.9	1.666
5	4.0	125.6	30.6	3.8	1.549
6	5.0	134.2	39.3	4.8	1.452
7	6.0	143.5	48.5	5.7	1.375

REF	MINUTES	PRESSURE	AP	$\frac{t \times \Delta t}{t + \Delta t}$	$\log \frac{t + \Delta t}{\Delta t}$
SECOND CLOSED-IN - CONTINUED					
8	7.0	152.1	57.2	6.6	1.313
9	8.0	159.4	64.5	7.6	1.255
10	9.0	169.2	74.3	8.5	1.206
11	10.1	179.8	84.9	9.4	1.163
12	12.0	198.5	103.6	11.0	1.091
13	14.0	219.9	125.0	12.7	1.031
14	16.0	240.4	145.5	14.3	0.978
15	18.0	257.6	162.6	15.9	0.933
16	20.0	281.7	186.8	17.4	0.893
17	22.0	300.3	205.3	18.9	0.857
18	24.0	322.8	227.9	20.4	0.824
19	26.0	344.6	249.6	21.8	0.795
20	28.0	368.4	273.5	23.2	0.769
21	30.0	394.2	299.2	24.6	0.743
22	35.0	453.7	358.8	27.9	0.689
23	40.0	525.4	430.4	30.9	0.644
24	45.0	592.3	497.3	33.8	0.605
25	50.0	665.5	570.6	36.6	0.571
26	55.0	744.1	649.2	39.2	0.541
27	60.0	825.5	730.6	41.7	0.514
28	70.0	1010.4	915.5	46.2	0.469
29	80.0	1212.0	1117.1	50.4	0.432
30	90.0	1389.3	1294.4	54.2	0.400
31	100.0	1555.3	1460.4	57.7	0.373
32	110.0	1690.0	1595.1	60.8	0.350
33	120.0	1793.2	1698.3	63.8	0.329
34	135.0	1912.1	1817.2	67.8	0.303
35	150.0	1997.8	1902.9	71.4	0.280
36	165.0	2064.1	1969.2	74.6	0.261
37	180.0	2115.9	2020.9	77.5	0.245
38	195.0	2157.7	2062.7	80.2	0.230
39	210.0	2192.9	2098.0	82.6	0.217
40	225.0	2221.1	2126.1	84.8	0.205
41	240.0	2244.7	2149.7	86.9	0.195
G 42	242.7	2247.8	2152.9	87.2	0.193

REMARKS:



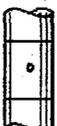
TICKET NO: 40857200
 CLOCK NO: 14128 HOUR: 24

GAUGE NO: 2033
 DEPTH: 5195.0

REF	MINUTES	PRESSURE	AP	$\frac{t \times \Delta t}{t + \Delta t}$	$\log \frac{t + \Delta t}{\Delta t}$
FIRST FLOW					
B 1	0.0	45.2			
2	3.0	41.1	-4.1		
3	6.0	42.7	1.6		
4	9.0	45.2	2.5		
5	12.0	47.3	2.0		
6	15.0	49.3	2.0		
C 7	16.2	50.7	1.5		
FIRST CLOSED-IN					
C 1	0.0	50.7			
2	3.0	102.6	51.9	2.5	0.807
3	6.0	163.9	113.2	4.4	0.569
4	9.0	232.4	181.7	5.8	0.447
5	12.0	335.1	284.4	6.9	0.372
6	15.0	476.8	426.1	7.8	0.319
7	18.0	670.2	619.4	8.5	0.279
8	21.0	882.0	831.3	9.2	0.249
9	24.0	1072.3	1021.6	9.7	0.225
10	27.0	1247.8	1197.1	10.1	0.204
11	30.0	1396.8	1346.0	10.5	0.188
12	33.0	1522.5	1471.7	10.9	0.174
D 13	35.2	1595.6	1544.9	11.1	0.165
SECOND FLOW					
E 1	0.0	57.2			
2	10.0	68.6	11.4		
3	20.0	72.0	3.4		
4	30.0	76.0	4.0		
5	40.0	78.0	2.0		
6	50.0	83.2	5.2		
7	60.0	87.4	4.2		
8	70.0	90.9	3.5		
9	80.0	93.7	2.8		
10	90.0	97.6	3.9		
11	100.0	103.5	5.9		
12	110.0	106.0	2.5		
F 13	119.9	108.2	2.1		
SECOND CLOSED-IN					
F 1	0.0	108.2			
2	1.0	116.0	7.8	1.0	2.133
3	2.0	126.4	18.2	2.0	1.835
4	3.0	138.3	30.2	2.9	1.671
5	4.0	144.6	36.5	3.9	1.547
6	5.0	153.2	45.0	4.8	1.449
7	6.0	161.1	53.0	5.7	1.375

REF	MINUTES	PRESSURE	AP	$\frac{t \times \Delta t}{t + \Delta t}$	$\log \frac{t + \Delta t}{\Delta t}$
SECOND CLOSED-IN - CONTINUED					
8	7.0	169.6	61.4	6.6	1.312
9	8.0	181.1	72.9	7.5	1.256
10	9.0	192.0	83.8	8.5	1.206
11	10.0	202.6	94.4	9.3	1.165
12	12.0	222.1	114.0	11.0	1.092
13	14.0	243.3	135.1	12.7	1.030
14	16.0	261.4	153.2	14.3	0.978
15	18.0	281.1	173.0	15.9	0.933
16	20.0	302.6	194.4	17.4	0.893
17	22.0	328.9	220.7	18.9	0.857
18	24.0	351.4	243.2	20.4	0.824
19	26.0	373.6	265.5	21.8	0.795
20	28.0	399.0	290.8	23.2	0.768
21	30.0	420.6	312.4	24.6	0.743
22	35.0	486.3	378.1	27.8	0.690
23	40.0	553.4	445.2	30.9	0.643
24	45.0	625.7	517.5	33.8	0.605
25	50.0	698.2	590.1	36.6	0.571
26	55.0	784.7	676.5	39.2	0.541
27	60.0	867.1	758.9	41.6	0.515
28	70.0	1044.1	935.9	46.2	0.469
29	80.0	1236.5	1128.4	50.4	0.432
30	90.0	1420.9	1312.7	54.2	0.400
31	100.0	1578.0	1469.9	57.7	0.373
32	110.0	1706.9	1598.7	60.8	0.350
33	120.0	1809.1	1700.9	63.8	0.329
34	135.0	1927.0	1818.8	67.8	0.303
35	150.0	2013.2	1905.1	71.4	0.281
36	165.0	2077.9	1969.7	74.6	0.261
37	180.0	2129.9	2021.7	77.5	0.245
38	195.0	2171.8	2063.6	80.2	0.230
39	210.0	2205.3	2097.1	82.6	0.217
40	225.0	2233.3	2125.1	84.8	0.206
41	240.0	2257.4	2149.2	86.9	0.195
G 42	242.7	2259.9	2151.8	87.2	0.193

REMARKS:

		O.D.	I.D.	LENGTH	DEPTH	
1		DRILL PIPE.....	4.500	3.826	4419.0	
3		DRILL COLLARS.....	6.500	2.750	625.0	
50		IMPACT REVERSING SUB.....	6.000	3.000	1.0	5044.0
3		DRILL COLLARS.....	6.500	2.750	93.0	
5		CROSSOVER.....	6.000	3.000	1.0	
13		DUAL CIP SAMPLER.....	5.030	0.870	7.0	
60		HYDROSPRING TESTER.....	5.000	0.750	5.0	5149.0
80		AP RUNNING CASE.....	5.000	2.250	4.0	5151.0
15		JAR.....	5.030	1.750	5.0	
16		VR SAFETY JOINT.....	5.000	1.000	3.0	
70		OPEN HOLE PACKER.....	6.750	1.530	6.0	5166.0
70		OPEN HDLE PACKER.....	6.750	1.530	6.0	5172.0
20		FLUSH JOINT ANCHOR.....	5.750	3.000	20.0	
81		BLANKED-OFF RUNNING CASE.....	5.750		4.0	5195.0
TOTAL DEPTH					5198.0	

EQUIPMENT DATA

BWAB INCORPORATED



December 2, 1987

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

RE: Report of Water Encountered
Taos Federal #25-34
SWSE Sec. 25-T37S-R24E
San Juan Co., UT

Dr.
43-037-31360

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)

RECEIVED
DEC 7 1987

DIVISION OF
OIL, GAS & MINING

121112

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UT 84180-1203

O.P.I.
43-037-31360

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well Name & Number Taos Federal #25-34
Operator BWAB Incorporated Address 1801 California St., Suite 1000
Denver, CO 80202
Contractor Coleman Drilling Co. Address Drawer 3337, Farmington, NM 87499
Locations SW 1/4 SE 1/4 Sec. 25 T. 37S R. 24E County San Juan

Water Sands

<u>Depth</u>		<u>Volume</u>	<u>Quality</u>
From	To	Flow Rate or Head	Fresh or Salty
1.	2600-2750'	Cutler Sds. No measureable surf press, approx. 1" stream	Salty
2.			
3.			
4.			
5.			

(Continue on reverse side if necessary)

Formation Tops

Remarks

- NOTE: (a) Report on this form as provided for in Rule 806, Oil and Gas Conservation General Rules.
- (b) If a water analysis has been made of the above reported zone, please forward a copy along with this form.

BWAB INCORPORATED



January 5, 1988

Working Interest Owners
Taos Federal 25-34
San Juan County, Utah

Attn: Production Manager

RE: Current Plans
Taos Federal 25-34

Dear Sir:

As most of you have been advised previously by phone, it is BWAB's intention to install a pumping unit on the subject well for a thirty day pumping test. It is the opinion of the majority of the working interest owners that tested production is inconsistent with log calculations. There is believed to be some possibility that the producing oil cut will improve after the well is pumped down and produced for a few weeks. While the chances of this test resulting in a significant improvement in production are limited, it has been judged to be sufficient to warrant testing.

It is BWAB's intention to use a surplus used AMCOT 456 unit, used inspected rods and a DP-60 Ajax engine for the test. BWAB will transfer these items to the Taos Federal well at COPAS values, and then transfer them off the lease again at the conclusion of the test if it is unsuccessful. The items would be transferred to the first well that becomes available. The transfer off the lease would probably be to the next well to be drilled on the prospect, the Taos State 42-36. This well has an extremely high probability of being productive, and will eventually need a pumping unit. The net result of these actions will be that the Taos Federal will only have to pay the cost of transporting, installing, lease operating cost, and disassembly of the unit in the event the test does not result in economic production.

The entry road into the Taos Federal location is not improved and crosses an indian burial ground to reach the wellsite. Due to the weather and soil conditions which would make road construction difficult and costly, and possible complications associated with the disturbance of the burial mound, it would not be cost effective to improve the road into the location to allow trucks to enter the Taos Federal wellsite to haul out the water and oil to be produced if a temporary facility was placed on location. In addition if the well is eventually completed as an injection well, an upgraded and graveled road would be unnecessary except on the federal surface that is crossed where it will be required.



Taos Federal 25-34
Future Plans

Instead of upgrading the road, we intend to lay an internally plastic coated high pressure flowline to the Taos State Battery site from the Taos Federal location. A steel flowline that is internally plastic coated and externally wrapped for burial would be necessary whether the well is completed as a producer or as an injector. The flowline will be constructed of used 2 7/8" tubing that has been inspected and coated. Fiberglass line pipe was considered, but was deemed unacceptable due to cost, the conceivable injection pressures and the rocky nature of the terrain. A temporary battery facility would be constructed at the Taos State Battery site. This site is located on an improved battery pad on the county road which will greatly reduce the cost of hauling the water that will be produced during this test. The flowline being installed will have a sufficient pressure rating to handle any injection pressure that can be expected in the event that the well is converted to injection as anticipated.

The battery equipment to be used for the thirty day pumping test will be BWAB surplus equipment that will be sold to the well for the test with the exception of the frac tanks that will be rented. At the conclusion of the test if it is unsuccessful, the equipment will be transferred to the first available well, this is expected to be the Taos State 42-36 that will be spudded this week. The Taos State 42-36 will require separate oil and gas production metering until payout of the Taos State 41-36, thereafter the interests will be the same.

It is believed that the approach presented will be the most cost efficient way to conduct this pumping test. The majority of the capital cost charged to the Taos Federal 25-34 for the test, will be recovered through transfer credits at the conclusion of the test if unsuccessful. Any new equipment purchased for the well, will be suitable for use in the disposal system and will be installed in a manner that makes it readily convertible to use in the disposal system.

The initiation of this work has been delayed due to the inability to get the flowline coated, doped and wrapped. The holiday season and the limited number of coating facilities still in operation in the Rocky Mountain Region have delayed work considerably. Initial estimates of processing time from suppliers have proved to be overly optimistic as well. It is anticipated that the flowline will be ready for shipment around January 20th, we are expecting installation of the equipment to begin on the 22nd of January.



Taos Federal 25-34
Future Plans

As the chances of this test being successful are limited, BWAB will proceed with efforts to permit the well as a disposal well during the duration of the test. This action should allow us to convert the well to disposal service as soon as possible after the test, in the event it is unsuccessful.

An AFE for the disposal system cost will be tendered at the conclusion of the pumping test if it is unsuccessful, and appropriate credits and charges will be made between the Taos Federal drilling AFE and the disposal system AFE so that the costs associated with the disposal will be properly allocated. The owners in the Taos Federal that do not own interest in the Taos State Lease will not be burdened with the system cost.

If you have further questions about the future plans for this well, please contact the undersigned at 303-295-7444.

Respectfully,

BWAB Incorporated

John R. Keller
Drilling and Production Manager

cc: Lent
Mathies
Wellfile

WORKING INTEREST OWNERS

Taos Federal #25-34
SWSE Sec. 25-T37S-R24E
San Juan Co., UT



Meridian Oil Inc.
175 N. 27th St.
P.O. Box 1855
Billings, MT 59103
ATTENTION: Mr. T.W. Dyk

Meridian Oil Inc.
5613 DTC Parkway
Englewood, CO 80111
ATTENTION: L.L. Parish

Duncan Exploration Co.
1777 S. Harrison
Penthouse One
Denver, CO 80210
ATTENTION: Steve Fallin

Coors Energy Co.
P.O. Box 467
Golden, CO 80402-0467
ATTENTION: R.L. Martin

Wintershall Corporation
5251 DTC Parkway
One DTC Bldg., Suite 500
Englewood, CO 80111
ATTENTION: A.S. Straub

Yates Petroleum Corporation
105 S. 4th St.
Artesia, NM 88210
ATTENTION: Mike Slater

Apache Corporation
1700 Lincoln St., Suite 4900
One United Bank Center
Denver, CO 80203-4549
ATTENTION: Dwayne E. Schultz

BWAB INCORPORATED



January 15, 1988

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

RECEIVED
JAN 19 1988

DIVISION OF
OIL, GAS & MINING

RE: Taos Federal #25-34
SWSE Sec. 25-T37S-R24E
San Juan Co., UT

Gentlemen:

Enclosed herewith are three (3) copies of our Sundry Notice requesting approval to move oil across lease lines for the above captioned well. Our archaeological clearance will be sent under separate cover. If this meets with your approval, please execute and return one (1) copy to me for our files.

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

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

M.

SUNDRY NOTICES AND REPORTS ON WELLS

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

RECEIVED
JAN 19 1988

5. LEASE DESIGNATION AND SERIAL NO.
U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
020422

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Taos Federal

9. WELL NO.
#25-34

10. FIELD AND POOL, OR WILDCAT
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 25-T37S-R24E

12. COUNTY OR PARISH 13. STATE
San Juan UT

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
BWAB Incorporated

DIVISION OF
OIL, GAS & MINING

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. See also space 17 below.)
At surface

820' FSL & 1920' FEL SWSE

14. PERMIT NO.
43-037-31360

15. ELEVATIONS (Show whether DF, RT, OR, etc.)
4952' GL

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

NOTICE OF INTENTION TO:

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

PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANS

SUBSEQUENT REPORT OF:

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

REPAIRING WELL
ALTERING CASING
ABANDONMENT*

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

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

BWAB Inc. respectfully requests approval to move oil across lease lines, and to store this oil in temporary processing and storage facilities located at the site of our Taos State battery in the NW/4 of Sec. 36-T37S-R24E, San Juan Co., UT. The Taos Federal #25-34 has been production tested and found to have an extremely high producing water cut. The operators in the well have agreed to install pmpg equip on the well and to pmp test the well for thirty days or more. In order to make this test as cost efficient as possible, we request BLM permission to pipe all of the produced fluids to the Taos State Battery location where they will be separated, separately stored and sold. Under no circumstance will the oil produced be commingled in storage with the oil from the Taos State Lease. The temporary facility will be constructed of frac tanks and a separate treater will be set. All valves on the frac tanks would be sealed in a manner consistent with a normal federal facility. If the well is to remain a producing well a permanent facility would be constructed on the Taos State Battery site for the Taos Federal #25-34. In the event that the test proves the well to be uneconomic then it will be converted to a disposal well. Appropriate state approval will be sought to convert the well from the State of Utah and the BLM if appropriate. Additional details explaining our plans and detailing why this action is necessary are contained in the attached letters to our working interest owners. SEE ATTACHED

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

SIGNED John R. Keller

TITLE Drlg. & Prod. Mgr. DATE 01/13/88

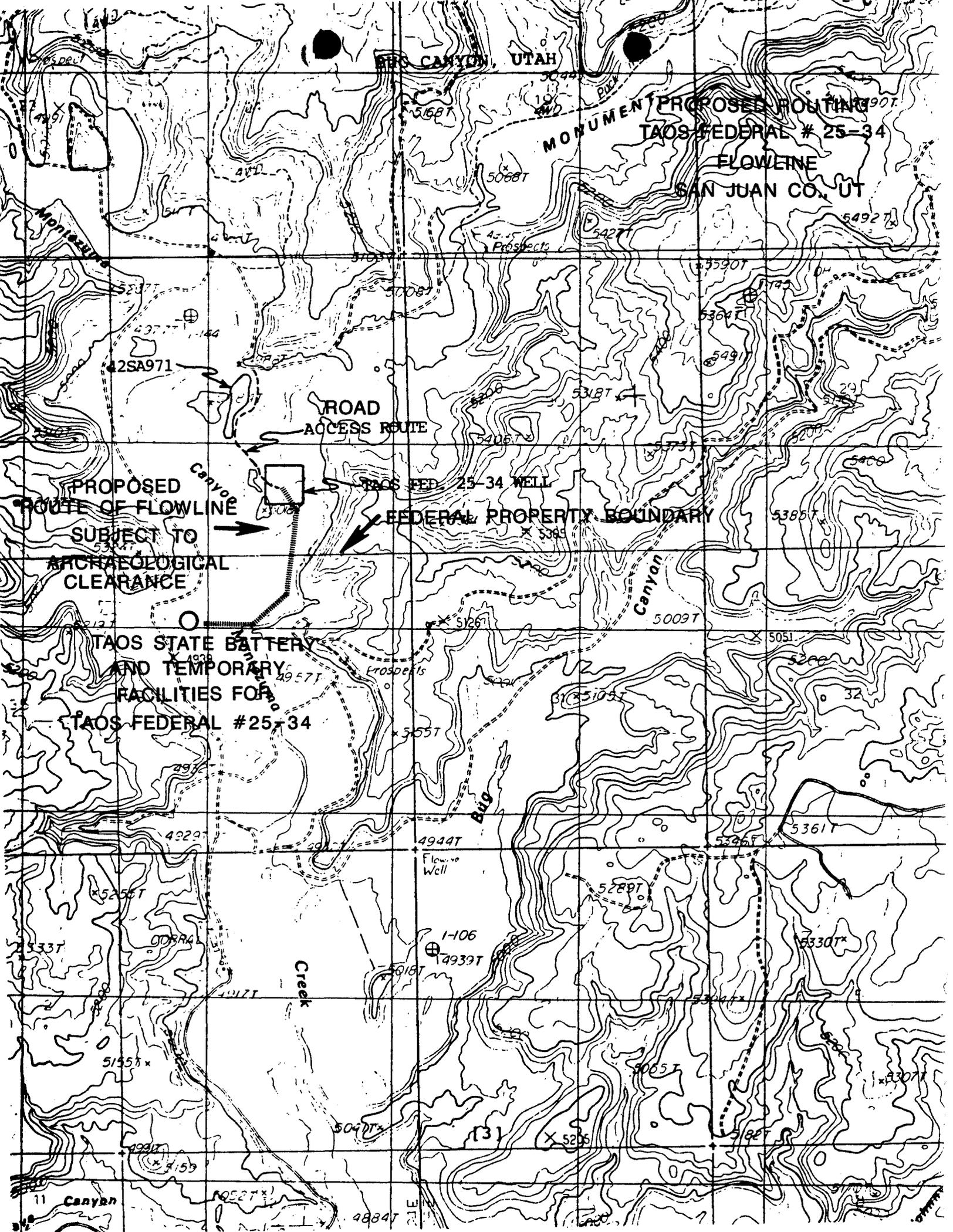
(This space for Federal or State office use)

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

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY
Federal approval of this action
is required before commencing
operations.

TITLE _____

DATE: 2-1-88
BY: John R. Keller



BWAB respectfully requests permission to do the following:

1. To transport oil across lease lines.
2. To store oil from the Taos Federal #25-34 in a temporary facility on the Taos State Lease.
3. To flare gas produced from the subject well for approximately sixty days until the gas line is built to the Taos State battery in mid February.
4. To have the requirement for a site security diagram and plan waived until it is determined whether the permanent battery will be constructed.
- *5. Permission is requested to route a flowline across approximately 820 feet of federal land in the SE quarter of Sec. 35 along an already archaeologically cleared right of way. 200' is on already disturbed surface, notably the drilling pad. Attached is a map detailing the routing of this line.
6. Permission is requested to delay the filing of a final completion Report, Form No. OGC 3 until the conclusion of the pumping test as it is not yet determined whether this well will be a producing well or a disposal well. During the testing period a Monthly Report of Operations will be filed.
7. Approval is requested to truck the oil from the test tank at the Taos Federal #25-34 wellsite to the temporary Taos Federal #25-34 tankage at the Taos State Battery site.

If further information is necessary regarding these requests, please contact John Keller at 1-303-295-7444.

* Archaeological clearance to be sent under separate cover.

BWAB INCORPORATED



April 20, 1988

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

RECORDED
APR 25 1988

DIVISION OF
OIL, GAS & MINING

RE: Taos Federal #25-34
SWSE Sec. 25-T37S-R24E
San Juan Co., UT

Gentlemen:

Enclosed herewith is one (1) original and one (1) copy 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

Carrie M. Sullivan

Carrie M. Sullivan

:CMS

Enclosures (2)

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

SUBMIT IN DUPLICATE (See other instructions on reverse side)

56 64 01

15

RECEIVED APR 25 1988

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.

U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Taos Federal

9. WELL NO.

#25-34

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

Sec. 25-T37S-R24E

12. COUNTY OR PARISH

San Juan

13. STATE

UT

1a. TYPE OF WELL: OIL WELL [X] GAS WELL []

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

2. NAME OF OPERATOR

BWAB Incorporated

DIVISION OF OIL, GAS & MINING

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 820' FSL & 1920' FEL SWSE

At top prod. interval reported below

At total depth Same

14. PERMIT NO. 43-037-31360 DATE ISSUED 11/6/87

15. DATE SPUDDED 11/14/87 16. DATE T.D. REACHED 11/26/87 17. DATE COMPL. (Ready to prod.) 04/14/88 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 4952' GL; 4962' KB 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 5494' 21. PLUG, BACK T.D., MD & TVD 5392' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 10-5494' ROTARY TOOLS CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 25. WAS DIRECTIONAL SURVEY MADE

5170'-5184'; 5190'-5233' Upper Ismay

NO

26. TYPE ELECTRIC AND OTHER LOGS RUN 27. WAS WELL CORRED

DLL/MSFL/GR/CAL; CNL/CDL/GR/CAL; BHC Sonic/GR/CAL

NO

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

Table with columns: CASING SIZE, WEIGHT, LB./FT., DEPTH SET (MD), HOLE SIZE, CEMENTING RECORD, AMOUNT PULLED. Rows include 13-3/8", 8-5/8", and 5-1/2" casing sizes.

29. LINER RECORD 30. TUBING RECORD

Table with columns: SIZE, TOP (MD), BOTTOM (MD), SACKS CEMENT*, SCREEN (MD), SIZE, DEPTH SET (MD), PACKER SET (MD). Includes tubing size 2-7/8" and depth 5264.84' KB.

31. PERFORATION RECORD (Interval, size and number) 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

5170'-5184' w/1 JSPF 3/8" 5190'-5233' w/1 JSPF 3/8"

Table with columns: DEPTH INTERVAL (MD), AMOUNT AND KIND OF MATERIAL USED. Includes 5170'-5233' interval with 4 bbls 28% FE acid @ each 2' intervals, 5000 gals total.

33.* PRODUCTION

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

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

Vented

Jeff Anderson

35. LIST OF ATTACHMENTS

Logs, DST's & Geologic Report sent under separate cover.

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 4/19/88

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

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

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

<p align="center">SUNDRY NOTICES AND REPORTS ON WELLS</p> <p align="center">(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)</p>		5. LEASE DESIGNATION AND SERIAL NO. U-36490	
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER Saltwater Injection Well		7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR BWAB Incorporated		8. FARM OR LEASE NAME Taos Federal	
3. ADDRESS OF OPERATOR 1801 California Street, Suite 1000, Denver, CO 80202		9. WELL NO. #25-34	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 820' FSL 1920 FEL SWSE		10. FIELD AND POOL, OR WILDCAT Undesignated	
14. PERMIT NO. 43-037-31360		15. STATE UT	
16. ELEVATIONS (Show whether SF, RT, GR, etc.) 4952 GL		11. SEC., T., R., M., OR BLK. AND SUBVY OR AREA Sec. 25-T37S-R24E	

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 PLANN <input type="checkbox"/>	(Other) <input type="checkbox"/>	(Other) <input type="checkbox"/>
(Other) Convert to Saltwater Disposal <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.) *

BWAB, Incorporated requests approval to convert the Taos Federal from an uneconomic oil well to a Class II saltwater disposal injection well. All required information under R615-5-2 of the Utah Board of Oil, Gas, and Minerals rules and regulations is hereby attached for your review and consideration.

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

SIGNED John R. Keller TITLE Manager Drilling & Prod. DATE 5/27/88

(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

ISSUED 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.)

5. LEASE DESIGNATION AND SERIAL NO.

U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Taos Federal

9. WELL NO.

#25-34

10. FIELD AND POOL, OR WILDCAT

Undesignated

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

Sec. 25-T37S-R24E

12. COUNTY OR PARISH

San Juan

13. STATE

UT

1. OIL WELL GAS WELL OTHER Saltwater Injection Well

2. NAME OF OPERATOR
BWAB Incorporated

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

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

820' FSL 1920 FEL SWSE

14. PERMIT NO.
43-037-31360

15. ELEVATIONS (Show whether OF, RT, GR, etc.)
4952 GL

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

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

(Other) Convert to Saltwater Disposal

(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.)*

BWAB, Incorporated requests approval to convert the Taos Federal from an uneconomic oil well to a Class II saltwater disposal injection well. All required information under R615-5-2 of the Utah Board of Oil, Gas, and Minerals rules and regulations is hereby attached for your review and consideration.

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

SIGNED

John R. Keller

TITLE Manager Drilling & Prod.

DATE

5/27/88

(This space for Federal or State office use)

APPROVED BY _____

TITLE _____

DATE _____

CONDITIONS OF APPROVAL, IF ANY:

BWAB INCORPORATED

APPLICATION FOR CONVERSION OF A
NON-PRODUCING OIL WELL TO A CLASS II SALTWATER
INJECTION WELL

TAOS FEDERAL #25-34
820' FSL, 1920' FEL
SECTION 25, T37S-R24E
SAN JUAN COUNTY, UTAH

May 27, 1988

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BWAB INCORPORATED

APPLICATION FOR CONVERSION OF AN UNECONOMIC OIL WELL TO A CLASS II SALTWATER INJECTION WELL FOR THE:

Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

May 27, 1988

BWAB Incorporated proposes to convert a non-commercial Ismay oil well, the Taos Federal #25-34, to a saltwater disposal well. BWAB Incorporated will present all evidence required under Rule R615-5 of the State of Utah Board of Oil, Gas, and Mining issued July 1987, in order to classify this well as Class II saltwater injection well.

R615-5-2. Requirements for Class II Injection Wells including Water Disposal, Storage and Enhanced Recovery Wells.

1. Injection wells shall be completed, equipped, operated, and maintained in a manner that will prevent pollution and damage to any USDW, or othe resources and will confine injected fluids to the interval approved.
2. The application for an injection well shall include a properly completed Form DOGM-UIC-1 and the following:
 - 2.1 A plat showing the location of the injection well, all abandoned or active wells within a one-half mile radius of the proposed well, and the surface owner and the operator of any lands or producing leases, respectively, within a one-half mile radius of the proposed injection well;

Exhibit A is a completed form DOGM-UIC-1 for the Taos Federal #25-34. Exhibit B is a copy of the well survey plat for this well. Exhibit C is a plat showing the location of the injection well, all oil, gas, and water wells within a 1/2 mile radius of the Taos Federal #25-34 abandoned or active. Only one producing oil well exists within 1/2 mile radius. This is the BWAB Taos State #41-36. No other shut in, abandoned, oil, water, or gas wells occur within a 1/2 mile radius.

Exhibit D is a plat showing the surface owners within a 1/2 mile radius of the Taos Federal #25-34. Exhibit E shows all mineral ownership within 1/2 mile and Exhibit F shows the operator of and lands or producing leases within 1/2 mile radius.

The surface owners mineral owners, and operators of any lands within a 1/2 mile radius of the proposed injection well are as follows:

Surface and Mineral Owners within 1/2 mile radius of Taos State #25-34

U. S. Department of the Interior
Bureau of Land Management
Moab District Office
Box 970
Moab, Utah 84532

Surface Owners within 1/2 mile radius of the Taos Federal #25-34

Mr. Max Dalton
P. O. Box 305
Monticello, Utah 84535

Guy C. Tracey and Virginia D. Tracey
as Tenants in Common
P. O. Box 763
Monticello, Utah 84535

Mineral Owners within 1/2 Mile Radius of the Taos Federal #25-34

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

Leasee within 1/2 Mile Radius of the Taos Federal #25-34

Celsius Energy Company
79 South State Street
P. O. Box 11070
Salt Lake City, Utah 84147

Operators within a 1/2 Mile Radius of the Taos Federal #25-34

This is incorrect.

mean Oil Properties
arrison Street, Penthouse One
ado

um Corporation
1 Street
Mexico

2.2 Copies of electrical or radioactive logs, including gamma ray logs, for the proposed well run prior to the installation of casing and indicating resistivity, spontaneous potential, caliper, and porosity;

Copies of aforementioned logs are already on file at the Board. Exhibit G shows relevant sections of the dual induction laterolog and FDC-CNL logs.

2.3 A copy of a cement bond or comparable log run for the proposed injection well after casing was set and cemented;

See Exhibit H

Surface and Mineral Owners within 1/2 mile radius of Taos State #25-34

U. S. Department of the Interior
Bureau of Land Management
Moab District Office
Box 970
Moab, Utah 84532

Surface Owners within 1/2 mile radius of the Taos Federal #25-34

Mr. Max Dalton
P. O. Box 305
Monticello, Utah 84535

Guy C. Tracey and Virginia D. Tracey
as Tenants in Common
P. O. Box 763
Monticello, Utah 84535

Mineral Owners within 1/2 Mile Radius of the Taos Federal #25-34

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

Leasee within 1/2 Mile Radius of the Taos Federal #25-34

Celsius Energy Company
79 South State Street
P. O. Box 11070
Salt Lake City, Utah 84147

Operators within a 1/2 Mile Radius of the Taos Federal #25-34

Raymond T. Duncan Oil Properties
1777 South Harrison Street, Penthouse One
Denver, Colorado
80210

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico
88210

2.2 Copies of electrical or radioactive logs, including gamma ray logs, for the proposed well run prior to the installation of casing and indicating resistivity, spontaneous potential, caliper, and porosity;

Copies of aforementioned logs are already on file at the Board. Exhibit G shows relevant sections of the dual induction laterolog and FDC-CNL logs.

2.3 A copy of a cement bond or comparable log run for the proposed injection well after casing was set and cemented;

See Exhibit H

2.4 Copies of logs already on file with the Division should be referenced, but need not be refiled;

2.5 A description of the casing or proposed casing program of the injection well and of the proposed method for testing the casing before use of the well;

Exhibit I is a copy of the well completion report for the Taos Federal #25-34.

Exhibit J is a subsurface wellbore sketch of the casing and tubing to be used in the Taos Federal #25-34. The production casing is 5 1/2 15.50 and 17.0 #/ft. K-55 LTC set at 5392' KB. A 5 1/2" x 2 7/8" Baker model R compressor packer will be set at 5000' on 2 7/8" 6.50 J-55 EUE tubing. Maximum allowable burst pressure of the 5 1/2 15.50 K-55 LTC casing is 3850 psi. The 5 1/2" 15.50 and 17.0 #/ft. K-55 LTC casing will be tested to 1000 psi by pressuring up the 2 7/8"-5 1/2" annulus with water utilizing a service company pump truck. A hard copy pressure chart will be utilized to record a 15 minute pressure shut in for the casing intensity test.

The state of Utah will be notified in advance of the casing intensity test if they wish to witness the test.

2.6 A statement as to the type of fluid to be used for injection, its source and estimated amounts to be injected daily;

The type of fluid to be injected is produced saltwater. Source of the injected water will be from the following wells;

BWAB Incorporated:

(1) Taos State 41-36 75 BWPD
Section 36, T37S, R24E (Ismay)

Note: This well will not be used as a commercial disposal facility, but will be utilized by several other operators in the area.

Duncan Raymond T., Oil Properties
1777 South Harrison
Penthouse 1
Denver, CO 80210

(1) Bradford Canyon #1-22 4 BWPD
Section 22, T37S, R24E (Ismay)
(2) Bradford Canyon #1-23 35 BWPD
Section 23, T37S, R24E (Desert Creek)

Yates Petroleum Corp.
105 South 4th Street
Artesia, NM 88210

- | | |
|------------------------|---------|
| (1) Cazador #1-1 | 52 BWPD |
| Section 31, T37S, R25E | (Ismay) |
| (2) Cazador #1-2 | 4 BWPD |
| Section 31, T37S, R25E | (Ismay) |

Total Daily Injection Rate = 170 BWPD

- 2.7 Standard laboratory analyses of (1) the fluid to be injected, (2) the fluid in the formation into which the fluid is being injected, and (3) the compatibility of the fluids.

Exhibit K contains a water analysis of the water in the Ismay formation in the Taos Federal #25-34, as well as analysis of the water from the source wells.

As can be seen on the attached analysis all fluids are compatible since they are from similar geologic zones.

- 2.8 The proposed average and maximum injection pressures:

Proposed average injection pressure is 1200 psi. Maximum injection pressure will be 1500 psi.

- 2.9 Evidence and data to support a finding that the proposed injection well will not initiate fractures through the overlying strata or a confining interval that could enable the injected fluid or formation fluid to enter the fresh water strata;

Exhibit L contains the pressure information for an acid breakdown performed in the Ismay on 12/10/87. ISIP was 1600 psi. Therefore, if surface injection pressures are kept below 1600 psi, initiation of the fractures through the overlying strata or a confining interval that could enable the injected fluids to propagate out of zone will not occur. Note that cement top in this well is at 2340'. The top of the Ismay is perforated at 5170'. As can be seen on the cement bond log, the bond is almost 100% the entire length of the well to 2340'. Therefore possible contamination of fresh water from injection of saltwater below 1600 psi into the Ismay formation is extremely remote.

Fracture gradient for the Ismay would be

$$\frac{1600 \text{ psi} + .433 \text{ psi/ft.} \times 5170'}{5170} = 0.742 \text{ psi/ft.}$$

2.10 Appropriate geological data on the injection interval and confining beds, including the geologic name, lithologic description, thickness, depth, and lateral extent;

Exhibit G is a copy of the compensated density-neutron log showing the Ismay injection interval as well as the top and bottom confining beds. Exhibit M is a copy of the lithological-mud log through the Ismay.

Injection Interval: Ismay
Lithologic Description: Limestone, tan to off white, very fine grained, micaceous
The Ismay contains numerous anhydrite and dolomite stringers as well as dark shales interbedded in the limestones.
Thickness: 57' perforated, 110' gross pay
Depth: 5150 to 5260
Lateral Extent: The Ismay formation blankets almost all of the Paradox Basin of South Eastern Utah.
Areal extent of the Ismay algal mound structure associated with this well is from 1200 to 1500 acres.

Top Confining Bed: Upper Ismay
Lithologic Description: Non-porous anhydrite
Thickness: 20'
Depth: 5130-5150
Lateral Extent: The areal extent of the non-porous anhydrite cap is at least 1200-1500 acres on top of the Ismay algal mound. The anhydrite cap probably extends over a much larger area as well.

Bottom Confining Bed: Lower Ismay
Lithologic Description: Non-porous dolomite
Thickness: 40'
Depth: 5260-5300
Lateral Extent: The Lower-Ismay non-porous dolomite underlies the Ismay in the 1200-1500 acre algal mound and probably extends far beyond the 1200-1500 acres.

2.11 A review of the mechanical condition of each well within a one-half mile radius of the proposed injection well to assure that no conduit exists that could enable fluids to migrate up or down the wellbore and enter improper intervals;

There are no shut in, or plugged and abandoned wells within 1/2 mile radius.

One producing oil well exists within a 1/2 mile radius of the Taos Federal #25-34. This well is the BWAB Taos State #41-36.

Exhibit N contains a copy of the well completion report of the Taos State #41-36. As can be seen on Exhibit N, 8 5/8" 24 #/ft. casing is set at 1381' and cemented with 500 sacks cement. 5 1/2" 15.50 casing is set at 5593' and cemented all the way to surface with 765 sacks cement. The cement bond log for the Taos State #41-36 is attached for review by the Board. As can be seen on the cement bond log, cement quality is excellent from TD to 4400' and very good all the way to surface. Therefore the mechanical integrity of the BWAB Taos State #41-36 is such as to insure that no conduit exists that could enable fluids to migrate up or down the wellbore and enter improper intervals.

2.12 An affidavit certifying that a copy of the application has been provided to all operators, owners, and surface owners within a one-half mile radius of the proposed injection well;

See Exhibit O

Respectfully submitted,
this date

May 27, 1988



John R. Keller
Manager Drilling and Production
BWAB Incorporated
1801 California Street
Suite 1000
Denver, CO 80202
(303) 295-7444

APPLICATION FOR INJECTION WELL

Operator: BWAB Incorporated Telephone: (303) 295-7444

Address: 1801 California Street, Suite 1000

City: Denver State: CO Zip: 80202

Well no.: 25-34 Field or Unit name: Taos Federal

Sec.: 25 Twp.: 37S Rng.: 24E County: San Juan Lease no. U-36490

	<u>YES</u>	<u>NO</u>
Is this application for expansion of an existing project?.....	_____	<u>X</u>
Will the proposed well be used for:		
Enhanced recovery?.....	_____	_____
Disposal?.....	<u>X</u>	_____
Storage?.....	_____	_____
Is this application for a new well to be drilled?.....	_____	<u>X</u>
Has a casing test been performed for an existing well?.....	_____	<u>X</u>
(If yes, date of test: _____)		

Injection interval: from 5170 to 5233

Maximum injection: rate 4 BPM pressure 1500 psig

Injection zone contains X oil, _____ gas or _____ fresh water within 1/2 mile.

Additional information as required by R615-5-2 should accompany this form.

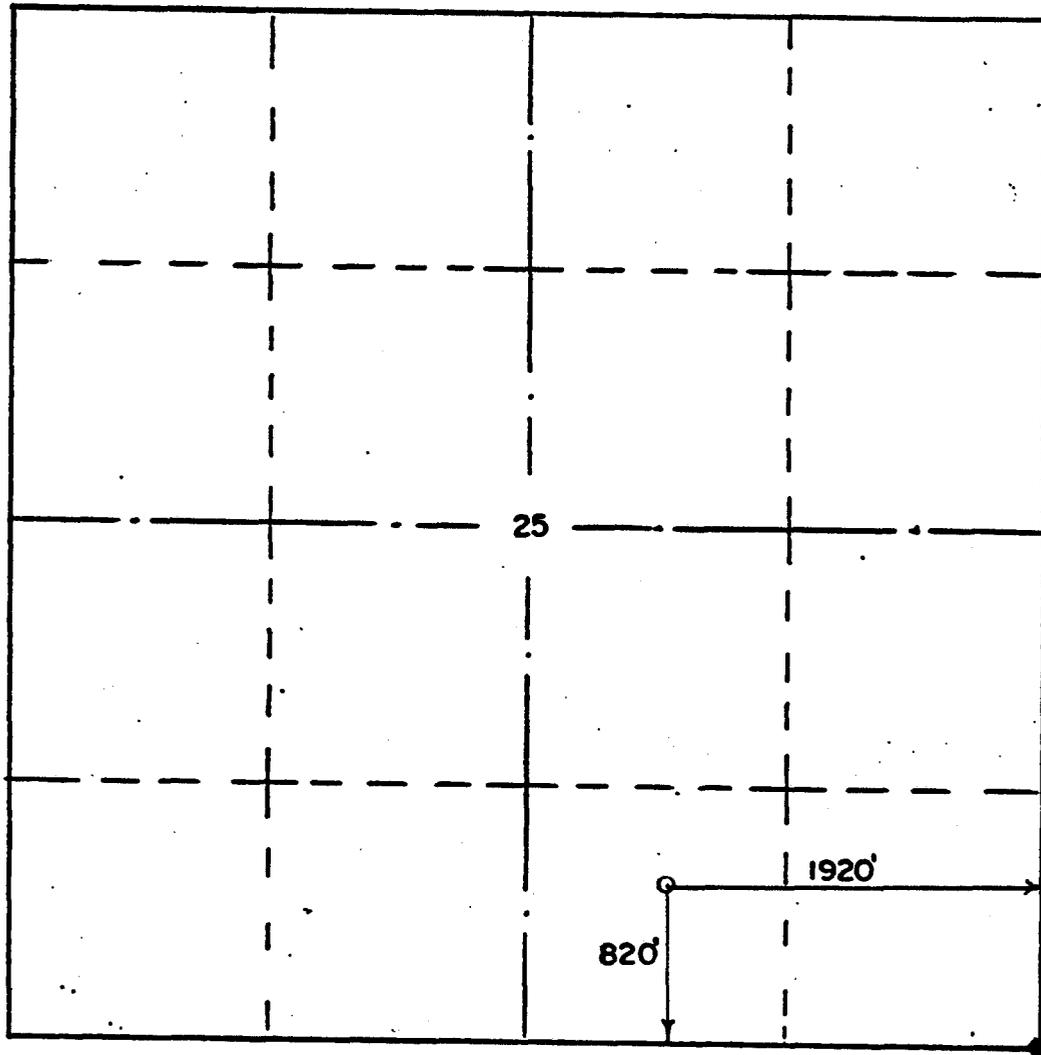
I hereby certify that the foregoing is true and correct to the best of my knowledge:

Signed: *John R. Keller* Title: Manager Drilling & Prod. Date: 5/27/87
John R. Keller

(This space for DOGM approval)

Approved by: _____ Title: _____ Date: _____

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ Brass Co.

WELL LOCATION DESCRIPTION:
BWAB, INC.
Taos Federal #25-34
820' FSL & 1920' FEL
Section 25, T.37 S., R.24 E., SLM
San Juan County, Utah
4952' ground elevation
Reference: S.70°W., 300', 4981'grd.

The above plat is true and correct to my knowledge and belief.

29 September 1987

REGISTERED LAND SURVEYOR
No. 5705
GERALD G. HUDDLESTON
Gerald G. Huddleston
Gerald G. Huddleston, LS
STATE OF UTAH

EXHIBIT "B"

T37S R24E

All of Section 25 is Federal
Lease U-36490

Duncan Bradford Canyon # 1-25



25

1/2 mile
radius

BWAB Taos Federal # 25-34

BWAB Taos State # 41-36

BWAB Taos State # 42-36

36

All of Section 36 is State
Lease ML-35744

T 37 S R 25 E

All of Section 30 is Federal
Lease U-43651

Map showing all gas, oil, water wells,
plugged and abandoned, shut-in, or
producing within a 1/2 mile radius of
the Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

30

Yates Cazador # 1-2

31

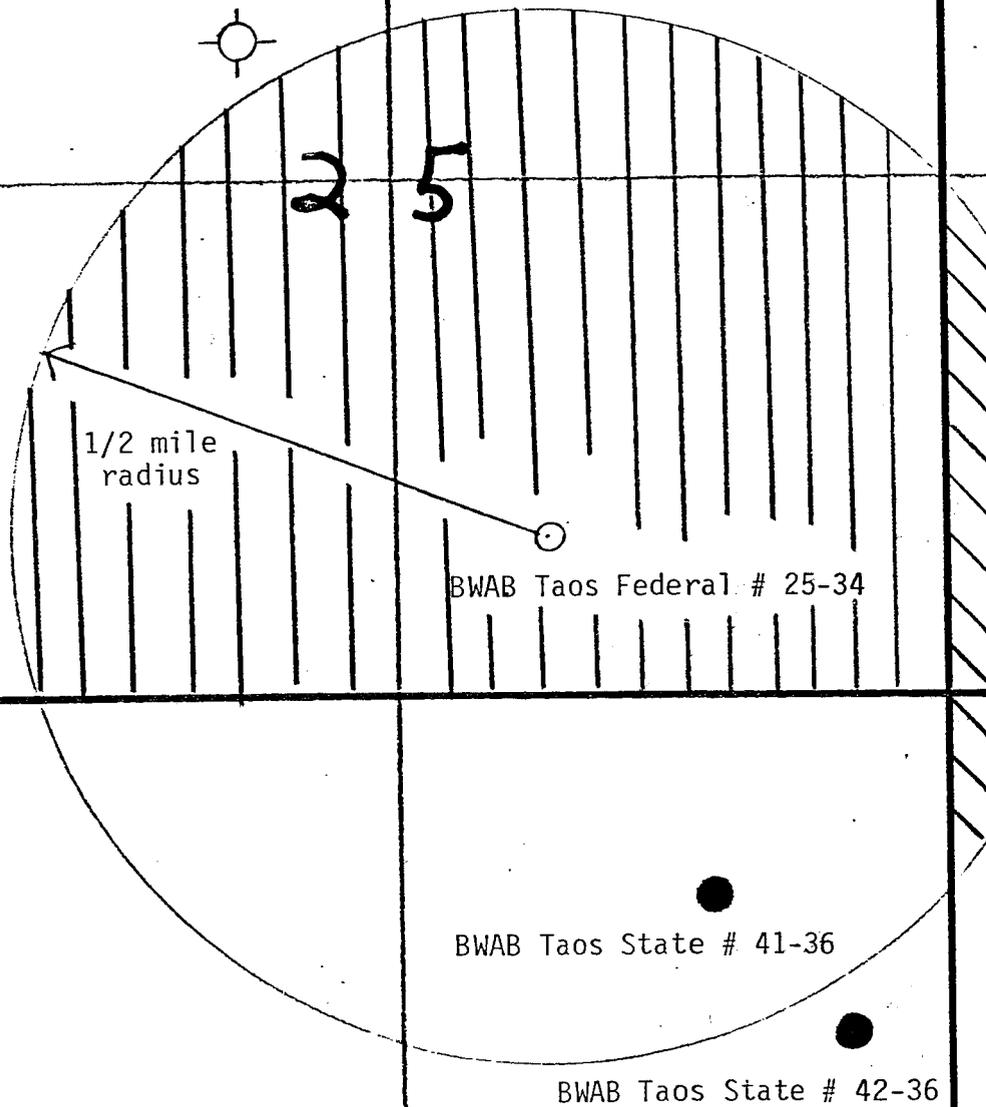
Yates Cazador # 1-1

All of Section 31 is Federal
Lease U-43651

T37S R24E

All of Section 25 is Federal
Lease U-36490

Duncan Bradford Canyon # 1-25



1/2 mile
radius

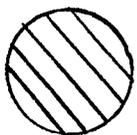
BWAB Taos Federal # 25-34

BWAB Taos State # 41-36

BWAB Taos State # 42-36

All of Section 36 is State
Lease ML-35744

Note that the NE/4 of Section
36 is Farmed out by BWAB.



Lands Leased by:
Celsius Energy Company
79 South State Street, POB 11070
Salt Lake City, Utah 84147



Lands Operated by:
Yates Petroleum Corporation
105 South 4th Street
Artesian, New Mexico
88210



As part of the Cazador Unit

T 3 7 S R 2 5 E

All of Section 30 is Federal
Lease U-43651

Map showing the operator of any lands
or producing leases within a 1/2 mile
radius of the Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

3 0

Yates Cazador # 1-2

3 1

Yates Cazador # 1-1

All of Section 31 is Federal
Lease U-43651

Lands in the Bradford Canyon Unit, Operated by
Raymond T. Duncan, Farmed out by BWAB, Inc. in the SW/4

Raymond T. Duncan
1777 South Harrison Street, Penthouse One
Denver, Colorado .
80210

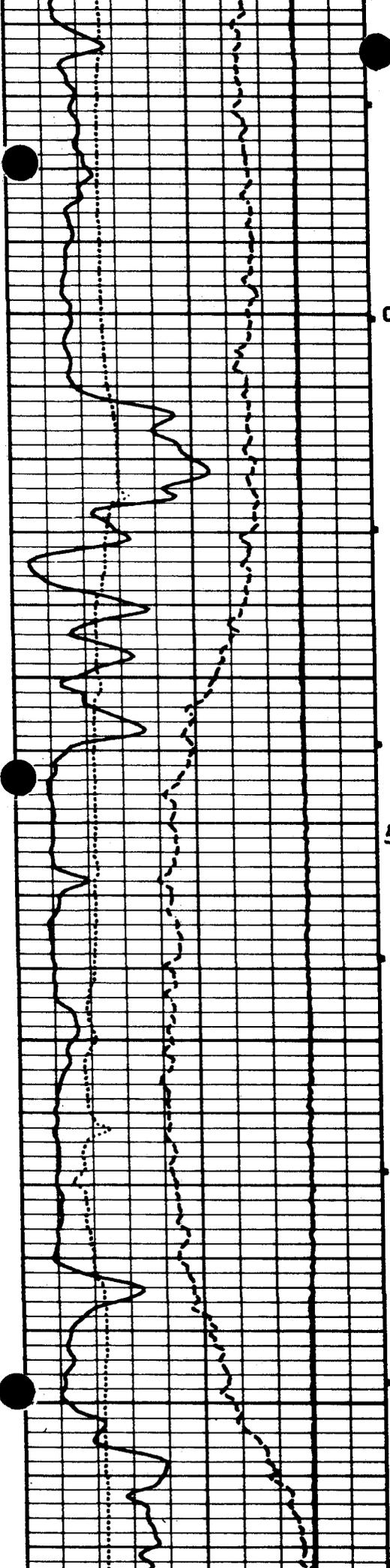
GEARHART

DUAL LATEROLOG MSFL

FILING NO.	COMPANY BWAB INCORPORATED	
	WELL TAOS FEDERAL 25-34	
	FIELD TAOS PROSPECT	
	COUNTY SAN JUAN STATE UTAH	
LOCATION: 820' FSL x 1920' FEL		Other Services CDL/CNS BCS
SEC 25 TWP 37S RGE 24E		
Permanent Datum GL Elev. 4952	Elev.: K.B. 4964	
Log Measured from KB 12 Ft. Above Perm. Datum	D.F. 4962	
Drilling Measured from KB	G.L. 4952	

Date	11-26-87								
Run No.	ONE								
Depth-Driller	5494								
Depth-Logger	5495								
Bottom Logged Interval	5491								
Top Logged Interval	1366								
Casing-Driller	8 5/8 @ 1371		@	@	@				
Casing-Logger	1366								
Bit Size	7 7/8								
Type Fluid in Hole	DISPERSED								
Density	Viscosity	10.5	47						
ph	Fluid Loss	12	9 cc	cc	cc	cc	cc	cc	cc
Source of Sample	FLOWLINE								
Rm @ Meas. Temp.	.68	@ 48 °F	@	°F	@	°F	@	°F	@
Rmf @ Meas. Temp.	.45	@ 60 °F	@	°F	@	°F	@	°F	@
Rmc @ Meas. Temp.	.68	@ 61 °F	@	°F	@	°F	@	°F	@
Source of Rmf	Rmc	M	M						
Rm @ BHT	--	@ -- °F	@	°F	@	°F	@	°F	@
Time	End Circulation	1700 HOURS							
	Logger on bottom	2150 HOURS							
Max. Rec. Temp. Deg. F.	124	°F	°F	°F	°F	°F	°F	°F	°F
Equip. No.	Location	7602	FARM.						
Recorded By	PRESSLEY								
Witnessed By	MR. SIMMONS								

EXHIBIT "G"



05100

5170
15 NOT
PER
FOOT

0
0
0
0

5184
5190

0
0

0520

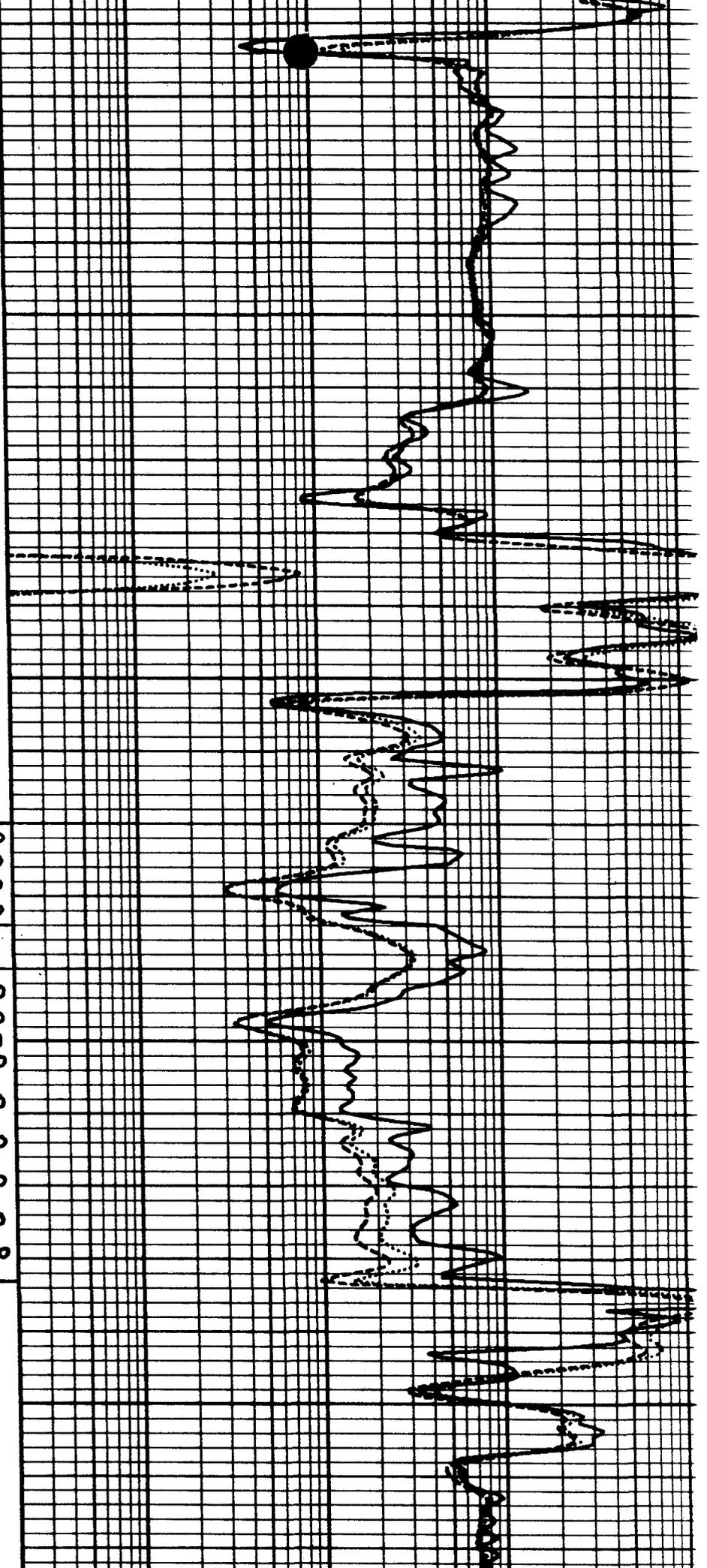
0
0

15 NOT
PER
FOOT

0
0
0
0

5233

0



GEARHART

COMPENSATED DENSITY COMPENSATED NEUTRON LOG

FILING NO.	COMPANY <u>BWAB INCORPORATED</u>
	WELL <u>TAOS FEDERAL 25-34</u>
	FIELD <u>TAOS PROSPECT</u>
	COUNTY <u>SAN JUAN</u> STATE <u>UTAH</u>
	LOCATION: <u>820' FSL x 1920' FEL</u>
SEC <u>25</u> TWP <u>37S</u> RGE <u>24E</u>	Other Services <u>DLL/MSFL</u> <u>BCS</u>

Permanent Datum <u>GL</u> Elev. <u>4952</u>	Elev.: K.B. <u>4964</u>
Log Measured from <u>KB</u> <u>12</u> Ft. Above Perm. Datum	D.F. <u>4962</u>
Drilling Measured from <u>KB</u>	G.L. <u>4952</u>

Date	11-27-87						
Run No.	ONE						
Depth - Driller	5494						
Depth-Logger	5487						
Bottom logged interval	5484						
Top logged interval	3300						
Type fluid in hole	DISPERSED						
Density	Visc.	10.5	47				
pH	Fluid Loss	12	9				
Max rec. temp., deg F.	124	°F		°F		°F	°F
Source of Samples	FLOWLINE						
Rm @ Meas. Temp.	.68	@ 48	°F	@	°F	@	°F
Rmf @ Meas. Temp.	.45	@ 60	°F	@	°F	@	°F
Rmc @ Meas. Temp.	.68	@ 61	°F	@	°F	@	°F
Source Rmf	Source Rmc	M	M				
Time	End Circulation	1700 HOURS					
	Logger on Bottom	0140 HOURS					
Recorded By	PRESSLEY						
Witnessed By	MR. SIMMONS						

Run No.	Bore-Hole Record			Casing Record			
	Bit	From	To	Size	Wgt.	From	To
ONE	7 7/8	1371	5494	8 5/8	24	SURFACE	1371

05100

5170'

1 SHOT
PER
FOOT

5184'

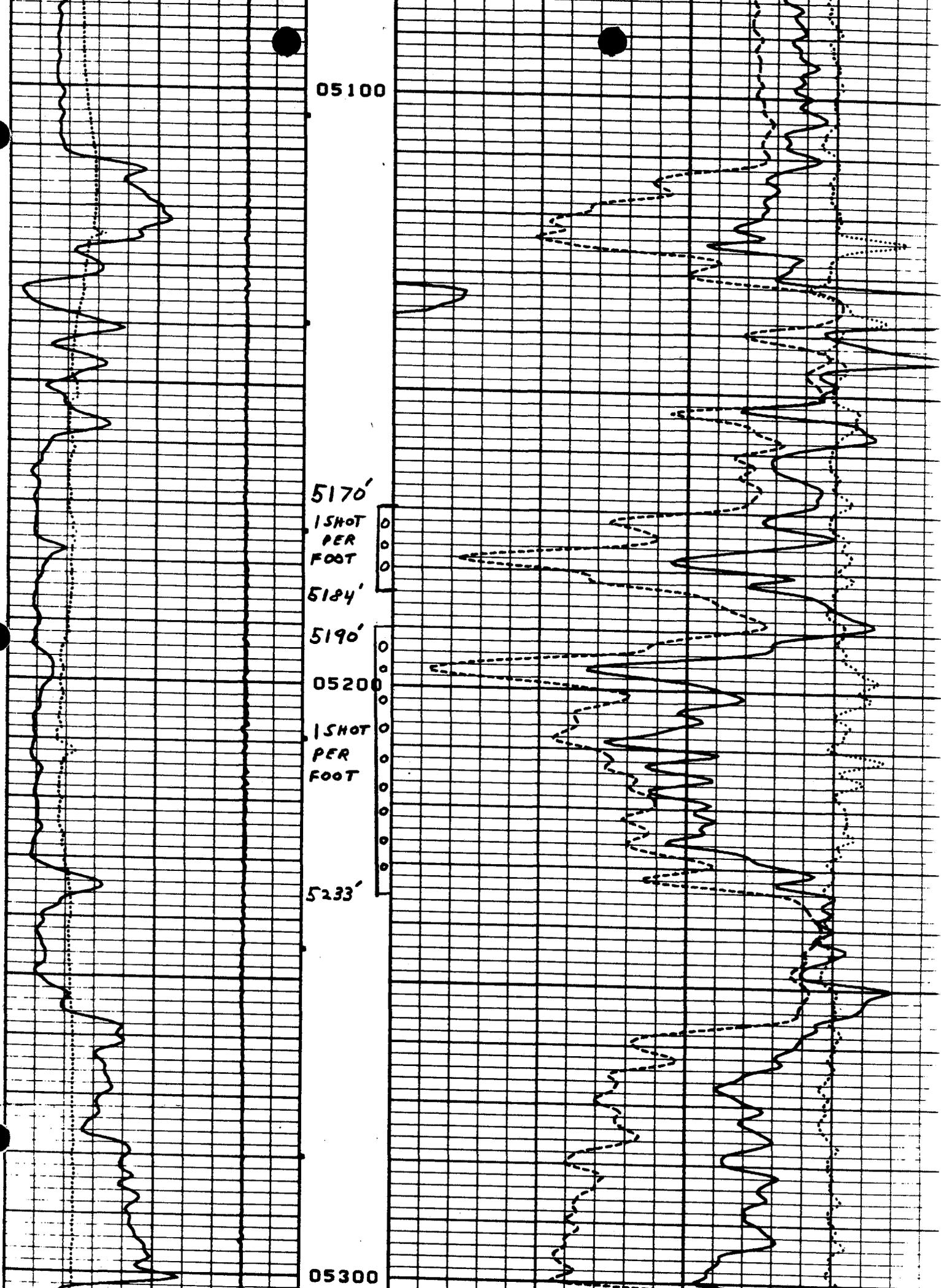
5190'

05200

1 SHOT
PER
FOOT

5233'

05300



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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

RECEIVED
MAY 11 1988

1. TYPE OF WELL: OIL WELL GAS WELL DRY
 2. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR.
 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: 820' FSL & 1920' FEL SWSE
 At top prod. interval reported below:
 At total depth: Same

5. LEASE DESIGNATION AND SERIAL NO.: U-36490
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
 7. UNIT AGREEMENT NAME:
 8. FARM OR LEASE NAME: Taos Federal
 9. WELL NO.: #25-34
 10. FIELD AND POOL, OR WILDCAT: Wildcat
 11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: Sec. 25-T37S-R24E

14. PERMIT NO.: 43-037-31360 DATE ISSUED: 11/6/87
 15. DATE SPUNDED: 11/14/87 16. DATE T.D. REACHED: 11/26/87 17. DATE COMPL. (Ready to prod.): 04/14/88
 18. ELEVATIONS (DP, RES. BT, GR, ETC.):* 4952' GL; 4962' KB

12. COUNTY OR PARISH: San Juan 13. STATE: UT
 19. ELEV. CASINGHEAD:
 20. INTERVALS DRILLED BY: 10-5494' ROTARY TOOLS: CABLE TOOLS:

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*: 5170'-5184'; 5190'-5233' Upper Ismay
 25. WAS DIRECTIONAL SURVEY MADE: NO

26. TYPE ELECTRIC AND OTHER LOGS RUN: DLL/MSFL/GR/CAL; CNL/CDL/GR/CAL; BHC Sonic/GR/CAL
 27. WAS WELL CORDED: NO

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	61#	71'	Conductor	250 sxs Class "B" + CaCL	
8-5/8"	24#	1370.57'	Surface	530 65/35 Poz & 225 sxs Class "B"	
5-1/2"	17 & 15.5#	5487' KB	Production	455 65/35 Poz & 265 sxs Class "B"	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-7/8"	5264.84' KB	None

31. PERFORATION RECORD (Interval, size and number)

5170'-5184' w/1 JSPF 3/8"
5190'-5233' w/1 JSPF 3/8"

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5170'-5233'	4 bbls 28% FE acid @ each 2' intervals, 5000 gals total.

33. PRODUCTION

DATE FIRST PRODUCTION: 02/07/88 PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump): Pumping WELL STATUS (Producing or shut-in): Shut-In

DATE OF TEST	HOURS TESTED	CHOKED SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO
04/14/88	24			23.4	15	220	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)	
	30#		23.4	15	220	42.9	

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

35. LIST OF ATTACHMENTS: Logs, DST's & Geologic Report sent under separate cover. EXHIBIT "I"

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

SIGNED: John R. Keller TITLE: Drlg. & Prod. Manager DATE: 4/19/88

*(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 35, 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.

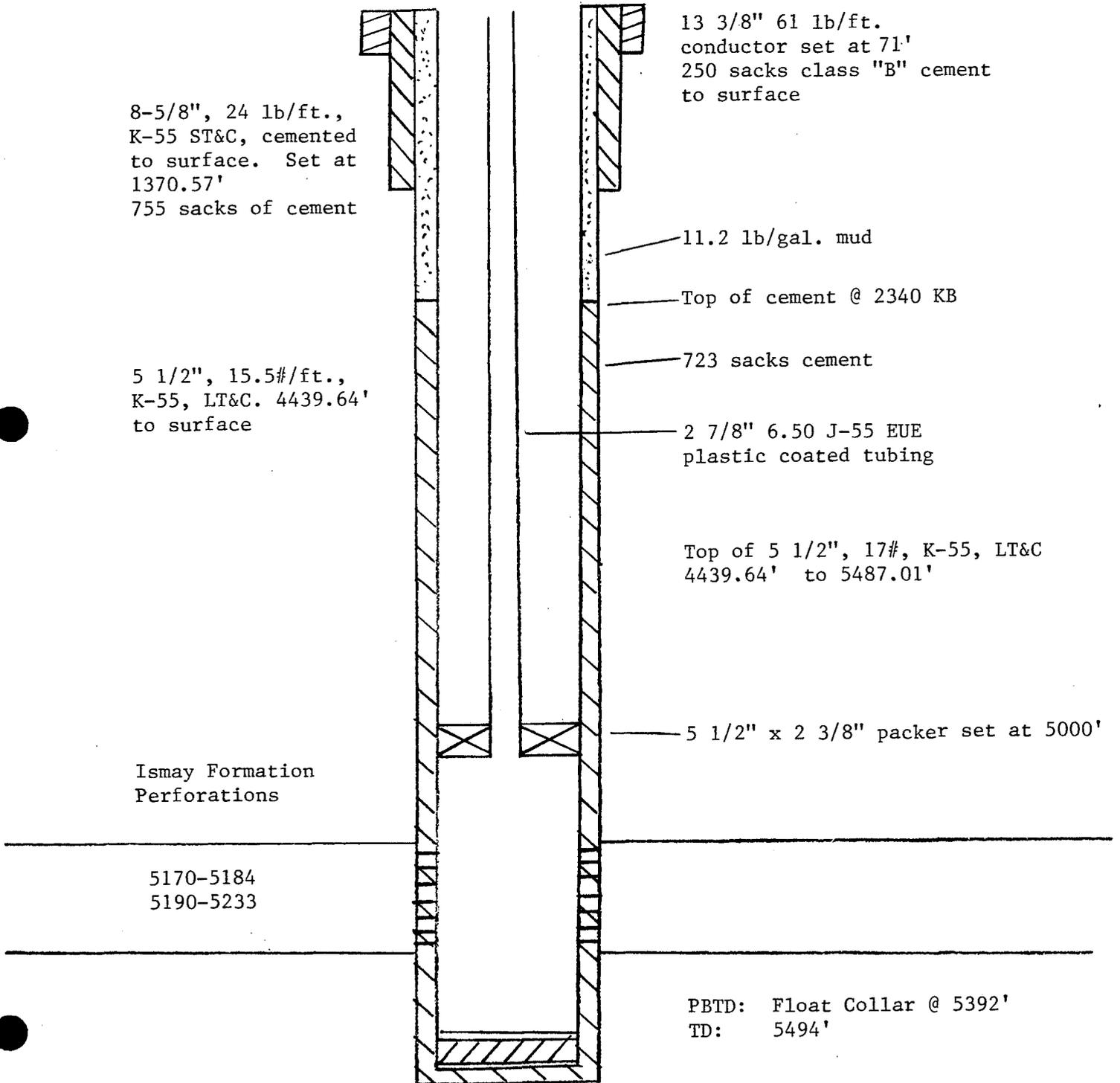
Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

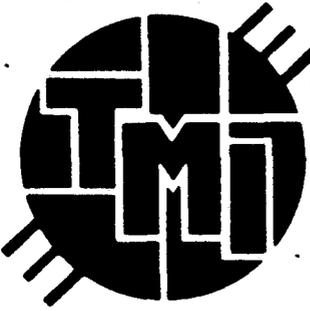
Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES:		38. GEOLOGIC MARKERS	
FORMATION	TOP	NAME	MEAS. DEPTH
SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORE INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTS, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURE, AND RECOVERING		DESCRIPTION, COMMENTS, ETC.	TRUE VERT. DEPTH
	BOTTOM	STOP	
DST's were sent under separate cover.		Hermosa Upper Ismay Hovenweep Desert Creek Chimney Rock	4118' 5132' 5256' 5376' 5449'

TAOS FEDERAL #25-34
SAN JUAN COUNTY, UTAH
DOWNHOLE DIAGRAM
SALTWATER INJECTION WELL

Section 25
T37S-R24E





Technology Management Inc.

Consulting Engineers and Chemists

685 W. Gunnison, Suite #108
Grand Junction, CO 81505-7249
(303) 242-6154

To: BWAB, INC.
1801 CALIFORNIA St.,
SUITE 1000
DENVER, CO 80202

Date: MAR. 5, 1988
No.: TMI/BWAB 87-WS

WATER ANALYSIS

SUBMITTED BY:

DATE SAMPLED: DEC. 17, 1987

IDENTIFICATION: TAOS-FED,
25-34

DATE RECEIVED: DEC. 18, 1987

DATE TESTED: DEC. 18, 1987

TEST

TEMPERATURE, Deg. C
CONDUCTIVITY, MICROMHOS/cm
RESISTIVITY, OHMS/M
SPECIFIC GRAVITY @ 25/25 Deg. C
pH
TOTAL DISSOLVED SOLIDS mg/L
POTASSIUM, AS K, mg/L
IRON, AS Fe, mg/L
CALCIUM, AS Ca, mg/L
MAGNESIUM, AS Mg, mg/L
CHLORIDE, AS Cl, mg/L
CARBONATE, AS CaCO₃ mg/L
BICARBONATE, AS CaCO₃, mg/L
SULFATE, AS SO₄ mg/L
SODIUM, AS Na, mg/L
NITRATE, AS NO₃ mg/L

RESULT

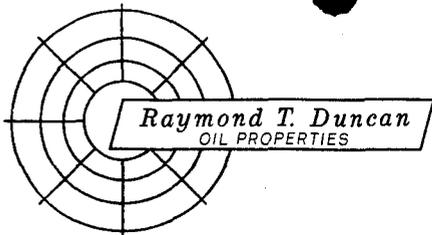
25
336476
0.0297
1.156
5.61
222074
4000
99
17000
1215
134958
0
600
400
63664
1.41

is
this
correct
?

Respectfully submitted by
TECHNOLOGY MANAGEMENT, INC.

Carlton C. Chambers

Carlton C. Chambers, P.E.



1777 SOUTH HARRISON STREET · PENTHOUSE ONE
TELEPHONE (303) 759-3303 · DENVER, COLORADO 80210

RECEIVED
MAY 24 1988
BWAB INCORPORATED

May 23, 1988

Mr. Ralph Nelms
BWAB
1801 California St. Ste 1000
Denver, Co. 80202

Dear Mr. Nelms:

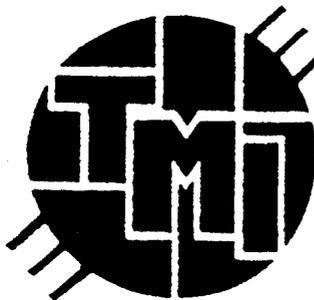
Enclosed please find the water analysis you requested. The Bradford Canyon 1-23 produces only a trace of water each day from the Desert Creek. Because the 1-23 produces such a minute amount of water, a representative water analysis from the Bradford Canyon 1-22 is enclosed.

I hope this is what you require. If you have any further questions, please call.

Sincerely,

Marie O'Keefe
Engineering Technician

/mo
enc



Technology Management Inc.

Consulting Engineers and Chemists
526 20¹/₄ Road, Grand Junction, Colorado 81503 (303) 242-6154

To: RAYMOND T. DUNCAN OIL PROPERTIES
1777 S. HARRISON, PENTHOUSE 1
DENVER, CO 80210

Date: APR. 28, 1986
No.: TMI/RTD 86-W1

WATER ANALYSIS

SUBMITTED BY: KNUCKLES PUMPING
SERVICE

DATE SAMPLED: APR. 22, 1986

IDENTIFICATION: BRADFORD CANYON
1-22

DATE RECEIVED: APR. 28, 1986

DATE TESTED: APR. 28, 1986

TEST		RESULT
TEMPERATURE, Deg. C		25
CONDUCTIVITY, MICROMHOS/cm		470500
RESISTIVITY, OHMS/M		.021
SPECIFIC GRAVITY @ 25/25 Deg. C		1.195
pH		6.0
TOTAL DISSOLVED SOLIDS	mg/L	282412
POTASSIUM, AS K,	mg/L	5000
IRON, AS Fe,	mg/L	7.14
CALCIUM, AS Ca,	mg/L	19584
MAGNESIUM, AS Mg,	mg/L	1156
CHLORIDE, AS Cl,	mg/L	172000
CARBONATE, AS CaCO ₃	mg/L	0
BICARBONATE, AS CaCO ₃	mg/L	350
SULFATE, AS SO ₄	mg/L	210
SODIUM, AS Na	mg/L	84026

Respectfully submitted by
TECHNOLOGY MANAGEMENT, INC.

Carlton C. Chambers

Carlton C. Chambers, P.E.

FRACTURING SERVICE TREATING REPORT

BILLED ON TICKET NO. 408713

FORM # 2012 R-3

Well Data: Well Name WILDCAT Sec. 25 Twp. 37 Rng. 24 E County SAN JUAN State UTAH

Formation Name ESM97 Type SAND SHALE
Formation Thickness From _____ To _____
Initial Prod: Oil _____ Bpd. Water _____ Bpd. Gas _____ Mcfd.
Present Prod: Oil _____ Bpd. Water _____ Bpd. Gas _____ Mcfd.
Isolation Tool # _____ Mandrel Size _____ Extensions _____ In.
Packer Type PPS Set At 5233
Bottom Hole Temp. _____ RBP@ _____
Head Or Flange _____ Pbtd _____

	NEW USED	WEIGHT	SIZE	FROM	TO	MAXIMUM PSI ALLOWABLE
CASING	N	15.5	5 1/2	0	TI	
LINER						
TUBING	4	6.5	2 1/8	0	5233	
OPEN HOLE						SHOTS/FT.
PERFORATIONS				5170	5184	1
PERFORATIONS				5190	5233	1
PERFORATIONS						

MATERIALS

JOB DATA

Treat. Fluid _____ Density _____ Lb./Gal. @ API
 Displ. Fluid _____ Density _____ Lb./Gal. @ API
 Prop. Type _____ Size _____ Lb.
 Prop. Type _____ Size _____ Lb.
 Radioactive Tracer _____ Carrier _____ Units-MCI
 Surfactant Type _____ Gal. _____ @ _____ /1000 Gal.
 Surfactant Type _____ Gal. _____ @ _____ /1000 Gal.
 Fluid Loss Type _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Gelling Agent _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Gelling Agent _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Breaker Type _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Breaker Type _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Crosslinker _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Stabilizer _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Buffer Type _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Buffer Type _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Inhibitor _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Non-Foamer _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Clay Control _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Diverter _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Friction Reducer _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Perfpac Balls _____ Qty. _____ Size _____ S.G.
 Other _____

CALLED OUT	ON LOCATION	JOB STARTED	JOB COMPLETED
DATE <u>12-11</u>	DATE <u>12-11</u>	DATE <u>12-11</u>	DATE <u>12-11</u>
TIME <u>0500</u>	TIME <u>1030</u>	TIME <u>1200</u>	TIME _____

PERSONNEL AND SERVICE UNITS

NAME	UNIT NO. & TYPE	LOCATION
<u>B. PEISER</u> <u>3901</u>	<u>30714</u>	<u>FAN</u>
<u>R. SNYDER</u> <u>88177</u>	<u>2468</u> <u>PUMP</u>	<u>''</u>
<u>J. LICHTER</u> <u>30352</u>	<u>6914</u> <u>TRANSP.</u>	<u>''</u>

ACID DATA

Acid Type FE % 20 Gal./Bbl. 5000
 Acid Type _____ % _____ Gal./Bbl. _____
 Surfactant Type LOSURE 200 Gal. 15 @ _____ /1000 Gal.
 Surfactant Type _____ Gal. _____ @ _____ /1000 Gal.
 NE Agent Type H2Z Gal. 5 @ _____ /1000 Gal.
 Clay Control Type _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Corrosion Inhibitor HAF 85 Gal.-Lb. 10 @ _____ /1000 Gal.
 Corrosion Inhibitor _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Cracking Inhibitor _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Iron Sequester _____ Gal.-Lb. _____ @ _____ /1000 Gal.
 Friction Reducer _____ Gal.-Lb. _____ @ _____ /1000 Gal.

DEPARTMENT 520
 DESCRIPTION OF JOB BREAKDOWN PERES w/ ACID

JOB DONE THRU: TUBING CASING ANNULUS YES/ANN.

PRESSURES IN PSI

SUMMARY

VOLUMES

Circulating _____ Displacement _____
 Breakdown _____ Maximum _____
 Average 1700 Fracture Gradient _____
 5 Min. 1600 10 Min. 1200 15 Min. _____
 HYDRAULIC HORSEPOWER
 Ordered _____ Available _____ Used _____
 AVERAGE RATE IN BPM
 Yielding 1.1 Overall 1.2

Preflush: Bbl./Gal. _____ Type _____
 Lead & Bkdn: Bbl./Gal. _____ Prod: Scf/Bbl./Gal. 1.1
 Treatment: Bbl. 5000 Displ: Bbl. 9914
 Gel Assist _____ Tens-Scf _____
 Foam Quality _____ Total Volume Foam _____
 Total Volume: Bbl. 5000 Total Foam _____

EXHIBIT "L"

Customer Representative X SACC DOWD
 Copies Requested 1

Halliburton Operator B. Peiser

FIELD OFFICE

HALLIBURTON SERVICES
JOB LOG

WELL NO. 25-34 LEASE TADS FEE TICKET NO. 408598
CUSTOMER BULJAB INC PAGE NO. 1
JOB TYPE API TUB BREAKDOWN DATE 12-12-87

FORM 2013 R-2

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
12/10	1100							ON LOCATION. WAITING TO PERFORATE
12/11	1030							Have acid can on location TIH w/ TUBS
	1210					6000		PRESS. TEST LINES
1	1222	2.1				0		load tbg to test RFC
2	1233		1340					SD / hole circulate.
	1237		80					pump to test RFC
	1239							SD / No Holdy
3	1243	3.2				400		try & pump RFC down
4	1253	0	1400			0		SD to TIH with line to remove RFC
	1402	1.6				0		pump to test ykr in blank pipe
	1406		220			0		no pressure but circulating
	1407					0		SD
5	1420	1.0	50			2500		pull tbg above part: test packer.
	1422					2500		shut down. / pkr & tbg holding
	1425					0		release pressure.
6	1431					4000		test RFC @ surface open 4000 close 290
								TIH w RFC valve
7	1533					1700		Test RFC down hole. open 1700 close 300
8	1555							pump acid to spot
	1624		1350					SD to set tool @ lower set
9	1628	1.4	160			1600		pump @ lower set / hole circulate
10	1634	1.0	160			2100	200	2nd set
11	1648	1.2	160			1920	1800	3rd set
12	1653	1.0	160			1600	1500	4th set
13	1659	1.1	160			1800	1400	5th set
14	1706	1.3	160			1600	1	6th set
15	1711	1.1	160			1400	1700	7th set
16	1716	1.2	160			1300	900	8th set
17	1719	1.0	160			1300		9th set
18	1726	1.3	160			1450		10th set
19	1728	1.1	160			1350	600	11th set
20	1730	1.1	160			1300		12th set
21	1737	1.2	160			1400	500	13th set

continued

HALLIBURTON SERVICES JOB LOG

WELL 25434 LEASE Thos Fed

TICKET NO. 408598

CUSTOMER BWAIB

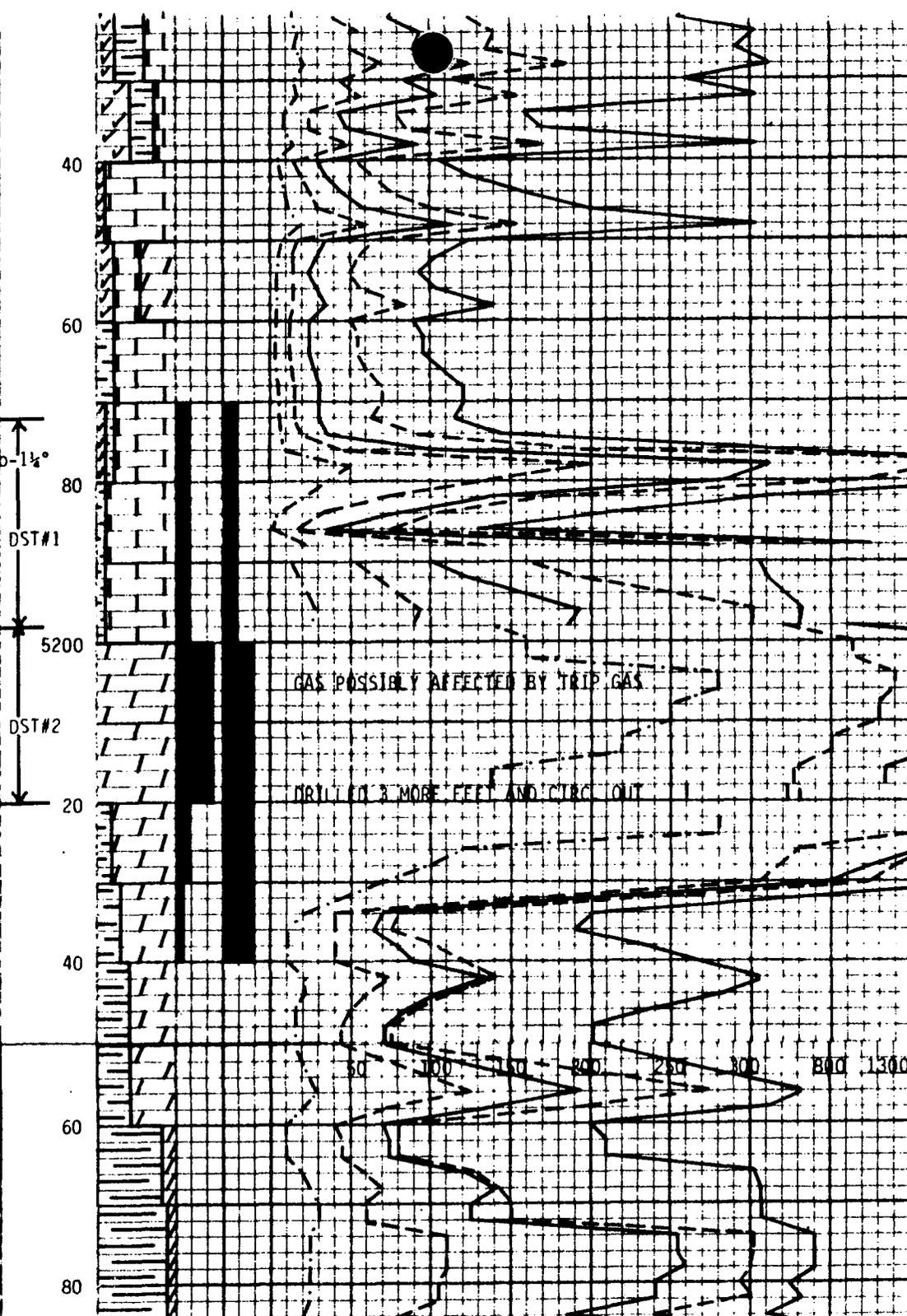
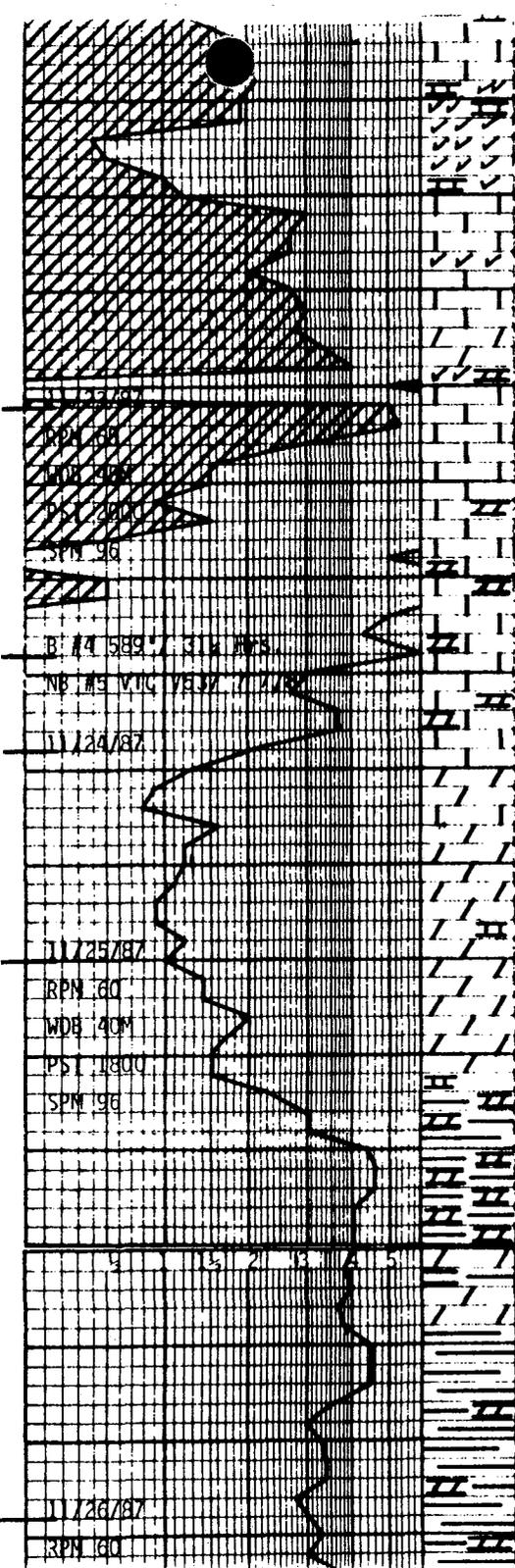
PAGE NO. 2

JOB TYPE acid breakdown

DATE 11 Dec 87

FORM 2013 R-2

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
22	1743	1.2	160			1350	600	14th setting / communicating
23	1747	1.1	160			1300	600	15th setting / "
24	1751	1.2	160			1400	600	16th set / "
25	1755	1.2	160			1400	550	17th set / "
26	1800	1.4	160			1600	500	18th set / "
27	1805	1.3	160			1350	500	19th set / "
28	1811	1.2	160			1300	450	20th set / "
29	1819	1.3	240			1300	∅	21st set 4661 acid 2661 H ₂ O
	1824					500		release pressure to break thg. 45-0.00
30	1845	2.5				∅	∅	pump down annulus to kill well
29	1852	2	800			800	800	
31	1923	2.0	300			2000		pump acid way down the pkr above all ports used
	1929		1400			2400		displace acid
32	1954	3.4				1000		displace annulus
	2038		3700			2000		shut down
						1600		ISIP
						1250		5 min
						1050		10 min



LST lt-dkgy,dns,mxln,frm
 ANHY wh,clr,sft,ptxln

ANHY wh,blky,sft,micxln,sl arg

LST lt-dkgy,blk,varg,plty-splnty
 frm,grdg to lmy sh

DOL ltbrn,mic-vfxln,lmy,splnty
 ip,plty,frm
 ANHY wh,mic-vfxln,blky,sft

LST ltbrn,crm,mic-vfxln,grny ip,
 blky,frm
 LST tan-offwh,crypt-vfxln,grny
 ip,blky,frm,grdg to dol ip,DU

BRITE YEL FLO,FAST-MOD CRUSH CUT

LST wh,tan,ltgy,frm-hd,dol ip,
 mic-vfxln,BRITE YEL FLO,MOD
 CRUSH CUT

LST aa

DOL ltgygrn,dkbrn,hd,suc,fgf,
 BRITE YEL FLO,FAST CUT IP-FAST
 CRUSH CUT

DOL tan,ltbrn,lmy,mic-mxln,blky,
 frm,sndy ip,DULL YEL SPOTTY FLO,
 FAST CRUSH CUT IP

DOL ltbrn,tan ip,lmy,sndy,mic-
 mxln,blky,frm,VDULL YEL SPOTTY
 FLO IP,SLOW CRUSH CUT

DOL ltbrn,offwh,crypt-vfxln,plty
 frm

SH dkgy-blk,carb,slty,lmy,splnty
 plty,frm

SH blk,dkgy ip,vcarb,sl calc,
 blky,frm

Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

CERTIFICATE OF MAILING

The undersigned hereby certifies that on this date May 27, 1988, I have mailed by Certified Mail, Return Receipt Requested, Postage Prepaid, a copy of the attached Notice, Application and survey plat, without Exhibits, for the BWAB Incorporated saltwater disposal well to the following persons:

Surface and Mineral Owners within 1/2 mile radius of
Taos Federal #25-34

U. S. Department of the Interior
Bureau of Land Management
Moab District Office
Box 970
Moab, Utah 84532

Surface Owners within 1/2 mile radius of the
Taos Federal #25-34

Mr. Max Dalton
P. O. Box 305
Monticello, Utah 84535

Guy C. Tracey and Virginia D. Tracey
as Tenants in Common
P. O. Box 763
Monticello, Utah 84535

Mineral Owners within 1/2 Mile Radius
of the Taos Federal #25-34

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

Leasee within 1/2 Mile Radius
of the Taos Federal #25-34

Celsius Energy Company
79 South State Street
P. O. Box 11070
Salt Lake City, Utah 84147

Operators within a 1/2 Mile Radius
of the Taos Federal #25-34

Raymond T. Duncan Oil Properties
1777 South Harrison Street, Penthouse One
Denver, Colorado
80210

Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico
88210



John R. Keller
Manager of Drilling and Production

5/27/88

Date



May 27, 1988

This notice is given pursuant to Rule R615-5-2.12 of the State of Utah Board of Oil, Gas and Mining. Attached herein is a copy of the BWAB Incorporated application, without Exhibits, for a saltwater disposal well at the following location:

Well Name: Taos Federal #25-34
Location: Section 25, T37S, R24E
San Juan County, Utah

Pursuant to Rule R615-5 of the Board rules, if you wish a Hearing on this matter before the Utah Board of Oil, Gas and Mining, you must request such a Hearing within 15 days of the publication of the notice of application by the Board.

Additional information on this application can be obtained from Ralph Nelms or John Keller at BWAB Incorporated. They can be reached at 1-800-333-2922. Information can also be obtained from the Utah Board of Oil, Gas and Mining as well. To request a Hearing, please contact:

The State of Utah Board of Oil, Gas and Mining
Suite 350
3 Triad Center
355 West North Temple
Salt Lake City, Utah 84180-1203 (801) 538-5340

Attention: Mr. Gill Hunt
UIC Manager

Thank you.

Very truly yours,

John R. Keller
Drilling and Production Manager



May 27, 1988

Mr. Gill Hunt
UIC Manager
Utah Board of Oil, Gas and Mining
Suite 350
3 Triad Center
355 West North Temple
Salt Lake City, Utah 84180-1203

RECEIVED
MAY 31 1988

**DIVISION OF
OIL, GAS & MINING**

RE: Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

Dear Mr. Hunt:

Please find attached a copy of BWAB Incorporated's application to convert a non-productive Ismay oil well to a Class II saltwater disposal well. This well is located on Federal minerals and Federal surface. All requirements as specified under Rule R615-5-2 for Class II injection wells for water disposal are hereby attached. We have notified all surface and mineral owners of our intent on this date.

If you have any questions or problems in regards to the contents of this application, please do not hesitate to contact me.

Sincerely,

BWAB INCORPORATED

John R. Keller
Manager of Drilling and Production

JRK/dc
attachment
cc: Ralph Nelms
File

BWAB INCORPORATED



May 31, 1988

RECEIVED
JUN 2 1988

Mr. Gill Hunt
UIC Manager
Utah Board of Oil, Gas and Mining
Suite 350
3 Triad Center
355 West North Temple
Salt Lake City, UT 84180-1203

DIVISION OF
OIL, GAS & MINING

RE: Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

Dear Mr. Hunt:

Please find attached a copy of a water analysis for the Taos State #41-36, Section 36, T37S, R24E, San Juan County, Utah. This water analysis was mistakenly left out of the original saltwater disposal well application. We also have not received the water analysis from Yates Petroleum for the Cazador #1-1 and Cazador #1-2 located in Section 31, T37S, R25E. These two wells were listed as source wells for the Taos Federal #25-34 disposal well in the application. As soon as we receive the Yates Petroleum water analysis we will mail them to you.

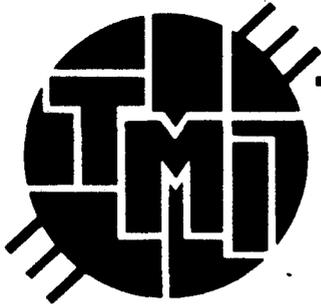
Sincerely,

BWAB INCORPORATED

Ralph L. Nelms

Ralph L. Nelms
Consulting Petroleum Engineer

RLM/dc
attachment
cc: U.S. Department of the Interior
File



Technology Management Inc.

Consulting Engineers and Chemists

526 20th Road, Grand Junction, Colorado 81503 (303) 242-6154

To: BWAB, INC.
ATTN: JOHN KELLER
1801 CALIFORNIA St., SUITE 1000
DENVER, CO 80202

Date: SEP. 8, 1987
No.: TMI/BWAB 87-W2

WATER ANALYSIS

SUBMITTED BY: JACK MAGILL

DATE SAMPLED: AUG. ?, 1987

IDENTIFICATION: TAQS STATE 41-36, DATE RECEIVED: AUG. 2, 1987
ISMAY FORM., PERFS @ 5330-5340'

WATER SAMPLE "D"

DATE TESTED: AUG. 10, 1987

TEST

RESULT

TEMPERATURE, Deg. C		25
CONDUCTIVITY, MICROMHOS/cm		340000
RESISTIVITY, OHMS/M		.0294
SPECIFIC GRAVITY @ 25/25 Deg. C		1.182
pH		5.05
TOTAL DISSOLVED SOLIDS	mg/L	263244
POTASSIUM, AS K,	mg/L	3200
IRON, AS Fe,	mg/L	2.3
CALCIUM, AS Ca,	mg/L	13200
MAGNESIUM, AS Mg,	mg/L	0
CHLORIDE, AS Cl,	mg/L	159950
CARBONATE, AS CaCO ₃ ,	mg/L	0
BICARBONATE, AS CaCO ₃ ,	mg/L	100
SULFATE, AS SO ₄ ,	mg/L	101
SODIUM, AS Na,	mg/L	86670

Respectfully submitted by
TECHNOLOGY MANAGEMENT, INC.

Carlton C. Chambers

Carlton C. Chambers, P.E.

UIC CHECKLIST FOR APPLICATION APPROVAL

Date Received
5/31/88

OPERATOR BWAB Inc. WELL NUMBER Tras Fed #25-34
 SEC. 25 T. 37S R. 24E COUNTY SAN JUAN
 API # 43-037-31860

NEW WELL DISPOSAL WELL ✓ ENHANCED RECOVERY WELL

- Plat showing surface ownership Yes ✓ No
- Application forms complete Yes ✓ No
- Schematic of well bore Yes ✓ No
- Adequate geologic information Yes ✓ No
- Rate and Pressure information Yes ✓ ? question rate No
- Fluid source Yes ✓ No
- Analysis of formation fluid Yes ✓ No
- Analysis of injection fluid Yes ✓ No
- USDW information Yes ✓ No
- Mechanical integrity test Yes Division will be notified when test is run

Comments: Plats showing wells within radius of influence were provided in the application
proposed maximum rate 4 bpm = 5760 bpd
max rate = 1500psi, Avg rate = 1200psi
frac data showed break down of 1600 surden psi
Zone Ismay 5170-5233 (over.)

Reveiwed by [Signature] 6/6/88

1 producing well
in AREA of review

TH BWAB Inc.

41-36 located in section 36 T37 S24E
produces from the Ismay Formation in parts
located at 5330-5340 and 5258-5278
b.L. elevation 5031'

The Proposed Injection interval for the 25-34
is 5170-5233 with b.L. of 4925

This makes the Injection and Producing intervals
very close. see attached draft of letter

The Plugged well to the North in sec 25
has adequate cement to protect all
zones.

RECEIVED
JUN 13 1988
BWAB INCORPORATED

Monticello, Utah
June 7, 1988

Mr. Gil Hunt
Salt Lake City, Ut.

Subject: BWAB Salt water injection well.

Dear Sir;

We have 1 flowing water well less than $\frac{1}{2}$ mile ^{South} from this proposed injection well, and another one just slightly more than $\frac{1}{2}$ mile west of the proposed well.

We certainly don't want the artesian water aquifer in this area messed up.

Yours Truly,
Wagon Rod Ranch
[Handwritten Signature]

C.C. BWAB



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 7, 1988

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

Dear Mr. Keller:

Re: Disposal Well Application, Taos Federal #25-34, T. 37S. R. 24E,
Sec. 25, San Juan County, Utah

The above referenced application requests administrative approval for a water disposal well in accordance with Rules 615-5-2 and 615-5-3 of the Oil and Gas Conservation General Rules. Pursuant to that application please provide technical information to justify the classification of this as a disposal operation rather than an increased recovery or pressure maintenance project, which would require Board approval in accordance with Rule R615-5-1.

A review of the application shows the proposed injection well to be located within a one-half mile radius of a producing well, and the proposed injection interval approximately equal to the producing interval in the producing well.

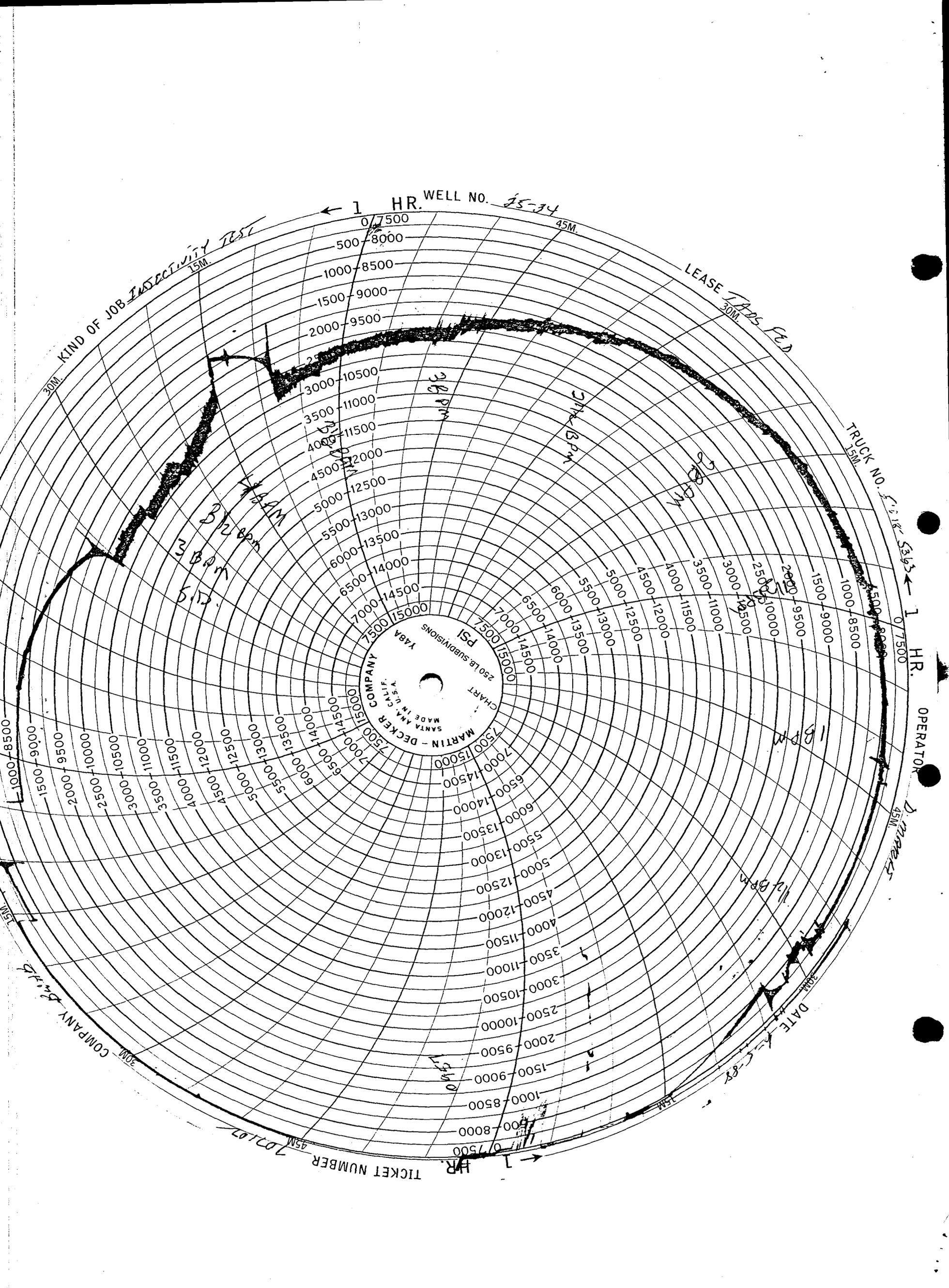
If you have any questions concerning this matter, please call.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gil Hunt'.

Gil Hunt
Environmental/Geological Supervisor

tc
0310U



← 1 HR. WELL NO. 25-34

KIND OF JOB INSECURITY TEST

LEASE TADS FLD

TRUCK NO. 5393

HR. OPERATOR

D. MARRAS

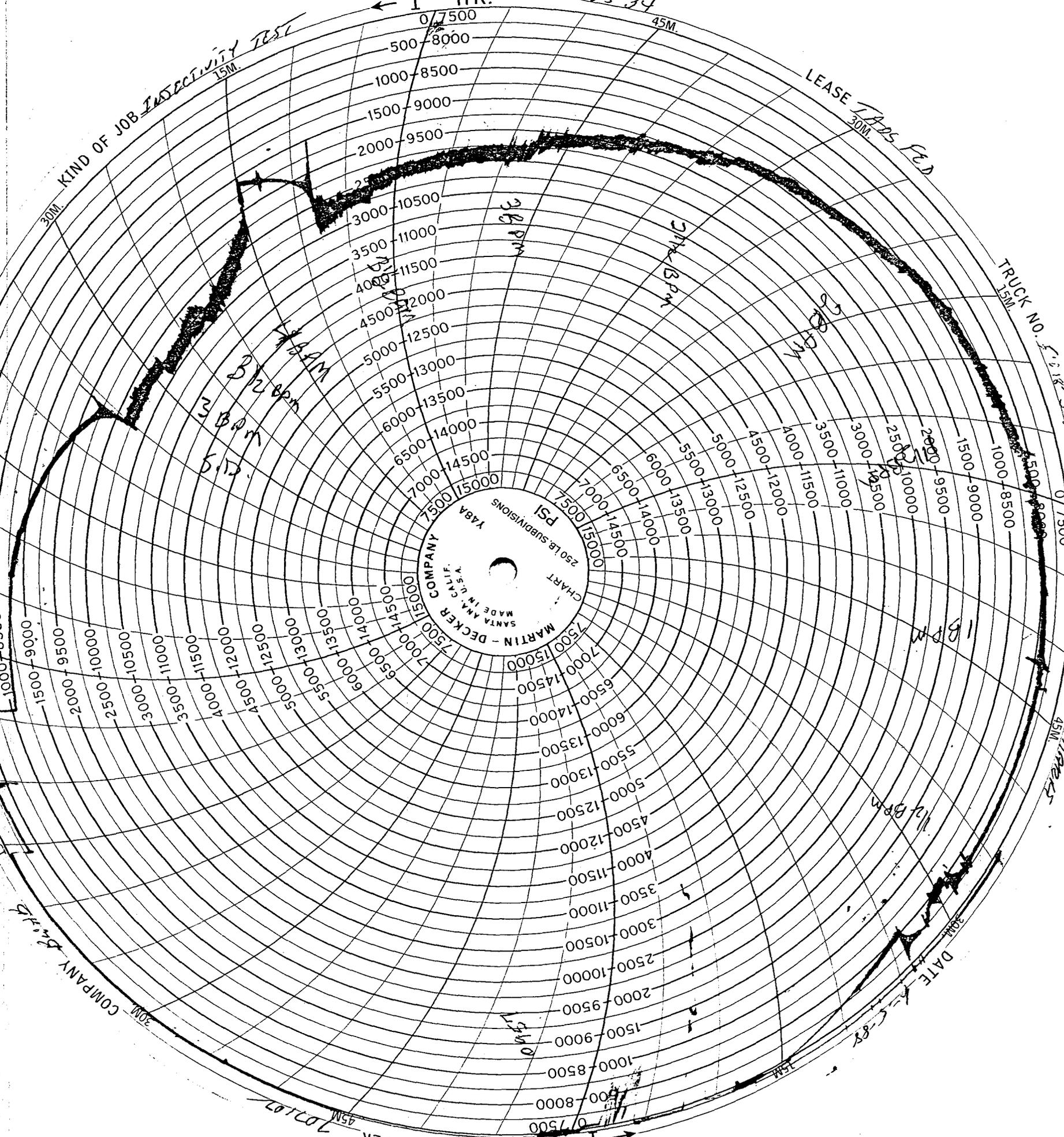
DATE

1-5-88

TICKET NUMBER

707107

DECKER COMPANY
SANTA ANA, CALIF.
MADE IN U.S.A.
CHART
MARTIN - DECKER
250 LB. SUBDIVISIONS
YABA



RECEIVED

JUN 13 1988

DIVISION OF
OIL, GAS & MINING

Monticello, Utah

June 7, 1988

Mr. Gil Hunt
Salt Lake City, Ut

Subject: BWAB Salt water injectuon well.

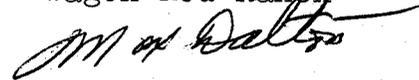
Dear Sir;

We have 1 flowing water well less than $\frac{1}{2}$ mile South from this proposed injection well, and another one just slightly more than $\frac{1}{2}$ mile west of the proposed well.

We certainly don't want the artesian water aquifer in this area messed up.

Yours Truly

Wagon Rod Ranch



cc. BWAB

R24E

MAXUS	50.00%
SANTA FE	13.88%
MERIDIAN	9.09%
BWAB	8.85%
WINTERSHALL	8.33%
DUNCAN	4.75%
COORS	3.00%
HARTWELL	1.11%
ARMSTRONG	.98%

DUNCAN

◆ 32/84

BRADFORD CANYON

25

26

○ 38/87

TAOS FEDERAL

25-34

U-35490

BWAB	27%
MERIDIAN	30%
DUNCAN	
COORS	12%
APACHE	12%
ARMSTRONG	3%

BWAB

● 35/125

TAOS STATE

41-36

BWAB

◆ 25/93

TAOS STATE

42-36

◆ 0

STATE

35

36

UNIT →

R25E

CELSIUS ENERGY COMPANY, et al
9-30-89

30

29

U-43651



● 49/103

CAZADOR 1-2

31

32

YATES

● 36/110

WEXPRO



CAZADOR

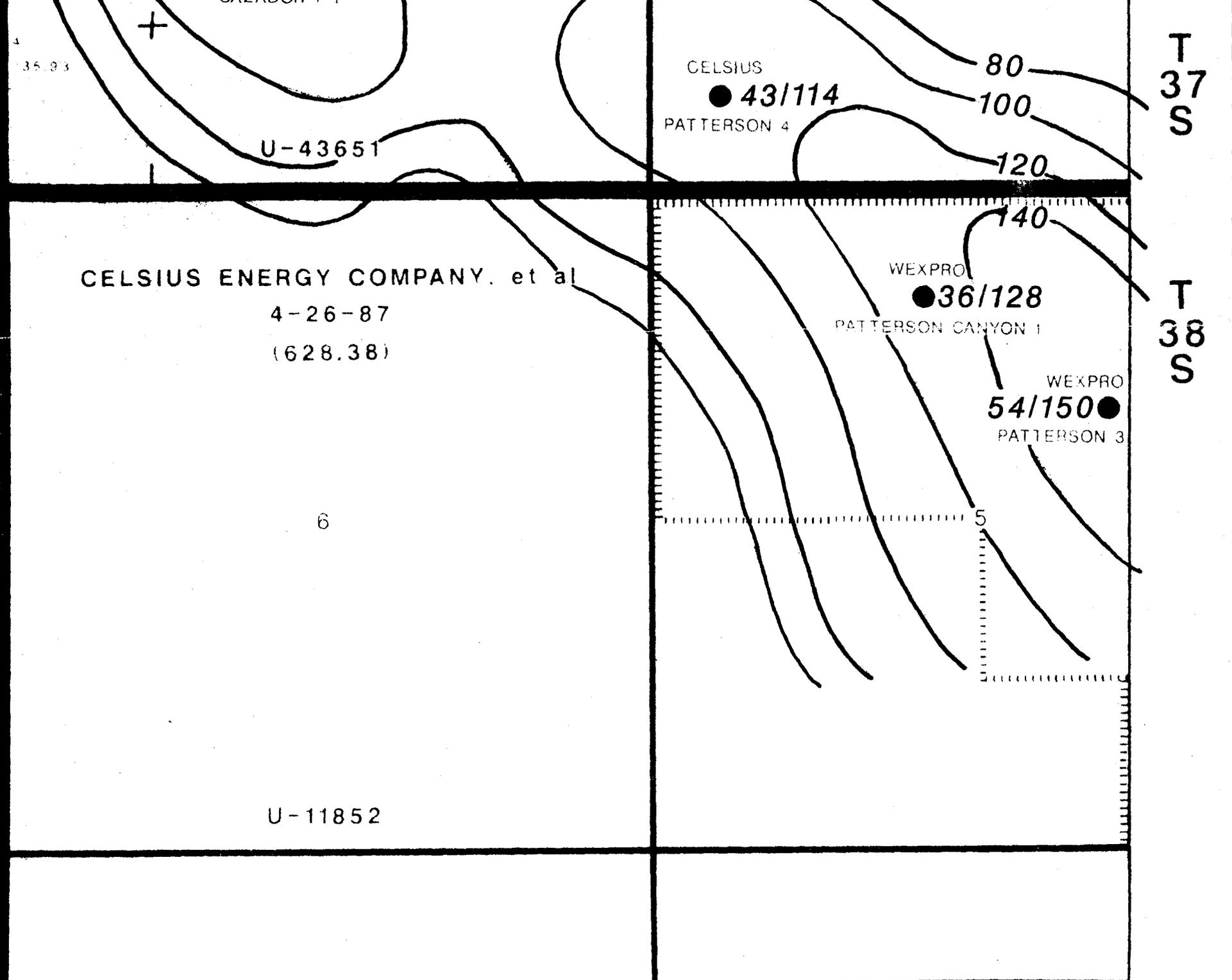
STATE
ML-35744

2

1



U-14237



BWAB INCORPORATED

TAOS PROSPECT
San Juan County, Utah
Land Map

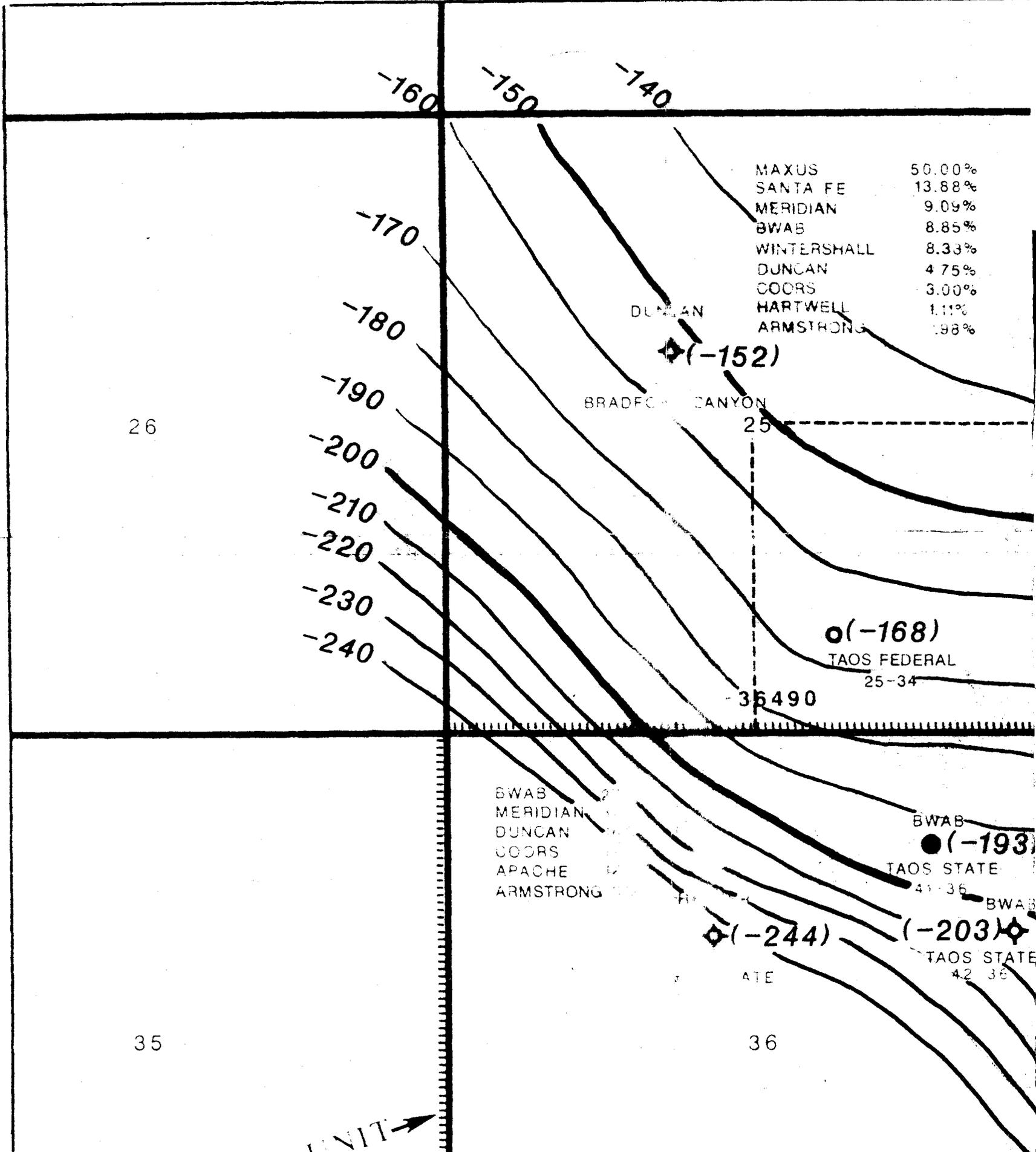
1" = 1000'

CM/jr 2-87

ISOPACH GROSS ISMAY MOUND

POROUS MOUND/GROSS MOUND

R24E



R25E

CELSIUS ENERGY COMPANY, et al

9-30-89

30

29

U-43651

37.08

35.97

●(-196)

CAZADOR 1-2

35.95

YATES

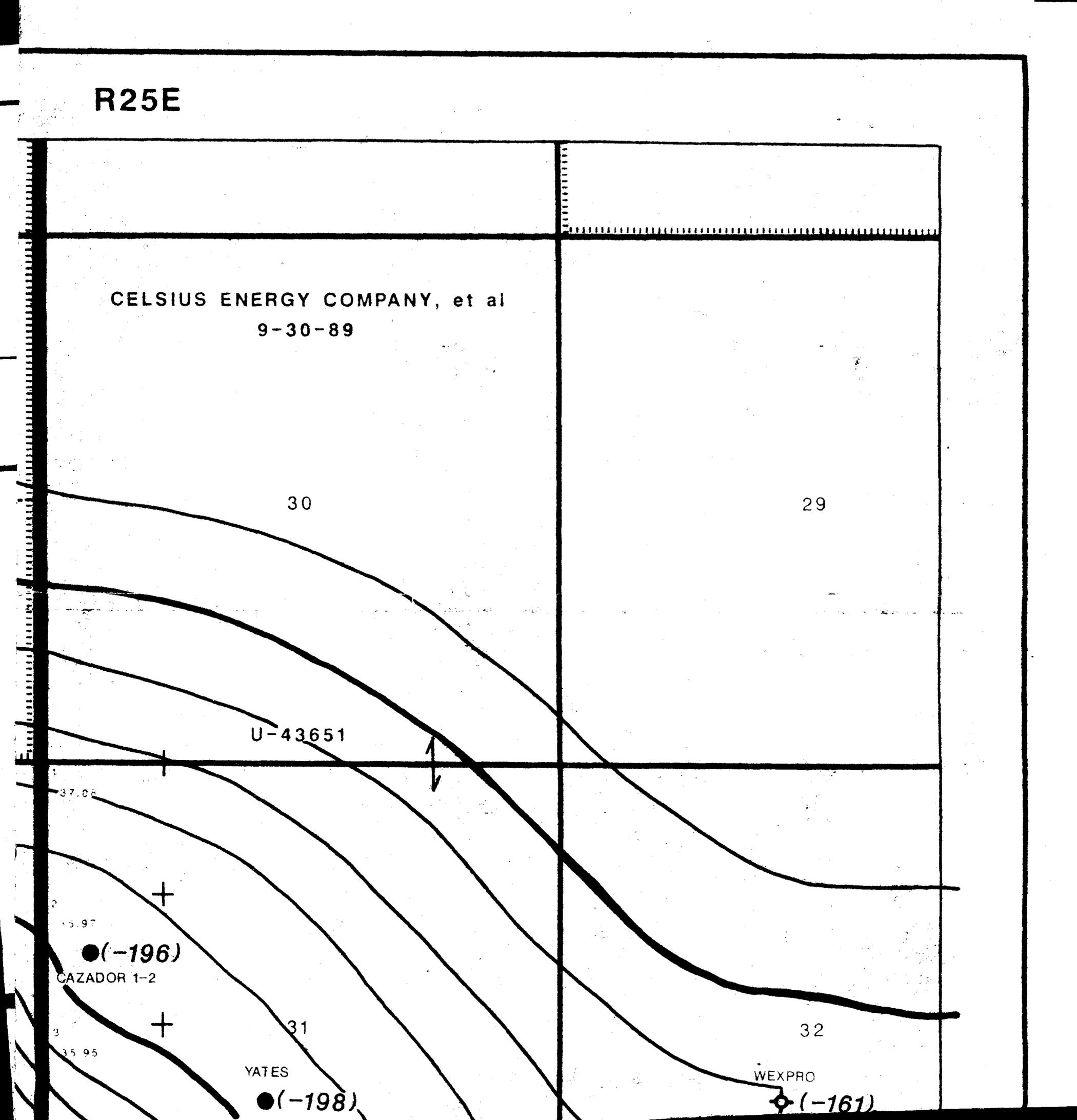
●(-198)

31

32

WEXPRO

⊕(-161)



CAZADOR

STATE

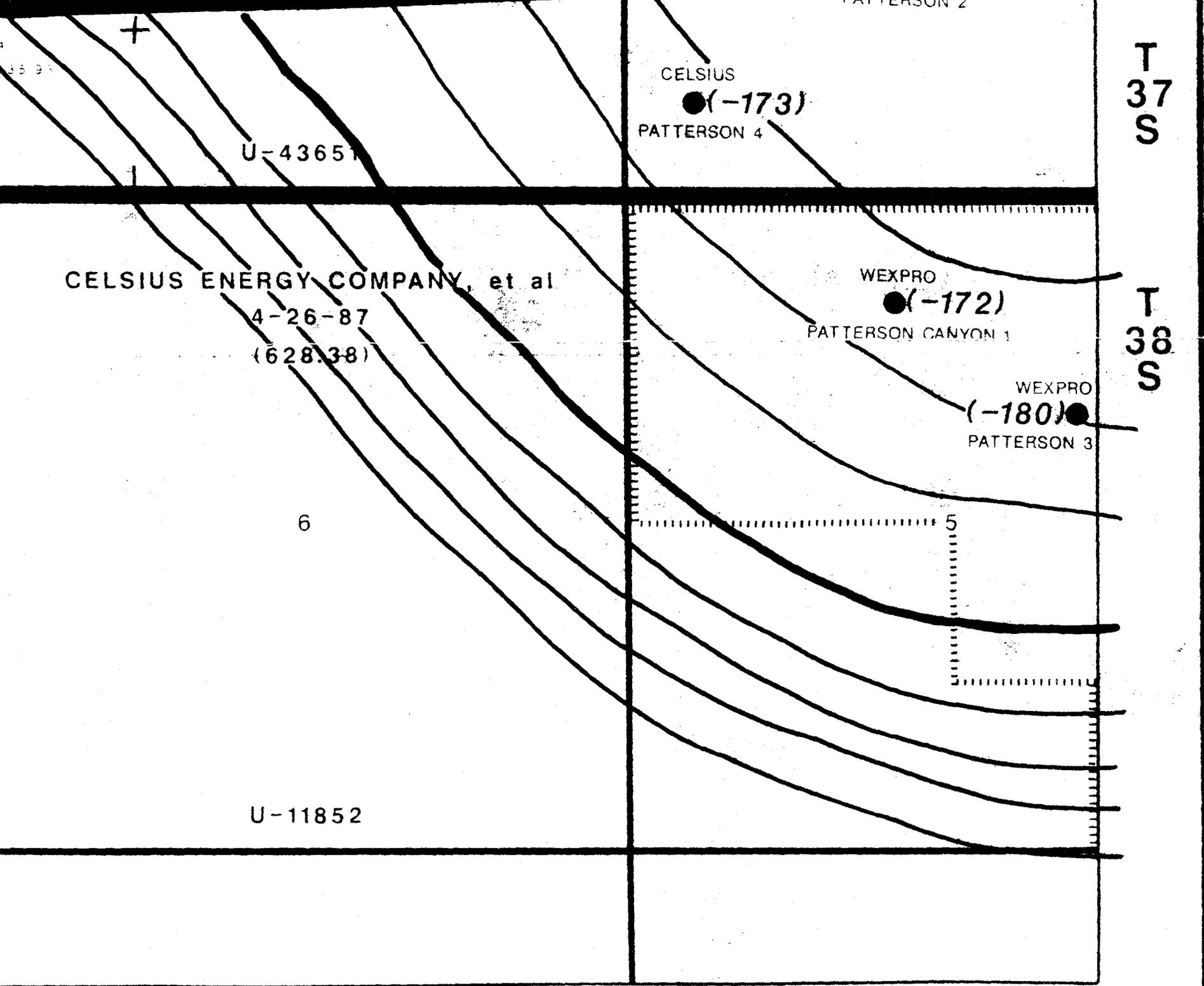
M - 35744

2

(-380)



U-14237



UPPER ISMAY STRUCTURE

	BWAB INCORPORATED <small>Denver, Colorado</small>
	<p>TAOS PROSPECT San Juan County, Utah Land Map</p>
<p>1" = 1000'</p>	<p>CM/jr 12-87</p>



FORM 1906 R-11

WELL NO. - FARM OR LEASE NAME 25-34 TAOS FEDERAL		COUNTY SAN JUAN	STATE UT.	CITY / OFFSHORE LOCATION	DATE 6-15-88
CHARGE TO BWAB		OWNER BWAB		TICKET TYPE (CHECK ONE) SERVICE <input checked="" type="checkbox"/> SALES <input type="checkbox"/>	NITROGEN JOB YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
ADDRESS		CONTRACTOR BIG A		1 LOCATION CORTEZ	CODE 20420
CITY, STATE, ZIP		SHIPPED VIA HOWLO	FREIGHT CHARGES <input type="checkbox"/> PPD <input type="checkbox"/> COLLECT		2 LOCATION
WELL TYPE 01 OIL	WELL CATEGORY 02 WORKOVER	WELL PERMIT NO.	DELIVERED TO LOC.		3 LOCATION
TYPE AND PURPOSE OF JOB 450 MISC. PUMPING		B-	ORDER NO.		REFERRAL LOCATION

As consideration, the above-named Customer agrees to pay Halliburton in accord with the rates and terms stated in Halliburton's current price lists. Invoices payable NET by the 28th of the following month after date of invoice. Upon Customer's default in payment of Customer's account by the last day of the month following the month in which the invoice is dated, Customer agrees to pay interest thereon after default at the highest lawful contract rate applicable, but never to exceed 18% per annum. In the event it becomes necessary to employ an attorney to enforce collection of said account, Customer agrees to pay all collection costs and attorney fees in the amount of 20% of the amount of the unpaid account. These terms and conditions shall be governed by the law of the state where services are performed or equipment or materials are furnished.

Halliburton warrants only title to the products, supplies and materials and that the same are free from defects in workmanship and materials. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE WHICH EXTEND BEYOND THOSE STATED IN THE IMMEDIATELY PRECEDING SENTENCE. Halliburton's liability and customer's exclusive remedy in any cause of action (whether in contract, tort, product liability, breach of warranty or otherwise) arising out of the sale or use of any products, supplies or materials is expressly limited to the replacement of such products, supplies or materials on their return to Halliburton or, at Halliburton's option, to the allowance to the customer of credit for the cost of such items. In no event shall Halliburton be liable for special, incidental, indirect, punitive or consequential damages.

PRICE REFERENCE	SECONDARY REF OR PART NO.	L O C.	ACCOUNT	DESCRIPTION	UNITS 1		UNITS 2		UNIT PRICE	AMOUNT	
					QTY	MEAS	QTY	MEAS			
R000-117				MILEAGE P.T.	92	m.			2.15	197	80
R000-117				MILEAGE P.U.	92	m.			1.90	82	80
R011-205				PUMP CHARGE	3200	oz.				1200	00
R011-234				Alloy - Pump Time	2 SA	HRS			100	200	00

THIS IS NOT AN INVOICE

BULK MATERIAL DELIVERY TICKET NO. B-		WE CERTIFY THAT THE FAIR LABOR STANDARDS ACT OF 1938, AS AMENDED HAS BEEN COMPLIED WITH IN THE PRODUCTION OF GOODS AND OR WITH RESPECT TO SERVICES FURNISHED UNDER THIS CONTRACT. 1680.60
TO WHOM ORDERED? TO WHOM DELIVERED? TO WHOM INVOICED? TO WHOM RECEIVED? TO WHOM PAID? TO WHOM RETURNED?	HALLIBURTON APPROVAL D. MARKS HALLIBURTON OPERATOR	
CUSTOMER SIGNATURE NEILMS (LEASE PRINT) me	SUB TOTAL APPLICABLE TAXES WILL BE ADDED ON INVOICE.	



WORK ORDER CONTRACT AND PRE-TREATMENT DATA

FORM 1906 R-4

A Division of Halliburton Company DUNCAN, OKLAHOMA 73836

ATTACH TO INVOICE & TICKET NO. 707102

DISTRICT CORTEZ, CO.

DATE 6-15-88

TO: HALLIBURTON SERVICES YOU ARE HEREBY REQUESTED TO FURNISH EQUIPMENT AND SERVICEMEN TO DELIVER AND OPERATE THE SAME AS AN INDEPENDENT CONTRACTOR TO: B.W.A.B. (CUSTOMER) AND DELIVER AND SELL PRODUCTS, SUPPLIES, AND MATERIALS FOR THE PURPOSE OF SERVICING

WELL NO. 25-34 LEASE TADS FEDERAL SEC. 25 TWP. 37S RANGE 24E

FIELD BRADFORD CAN. COUNTY SAN JUAN STATE UT. OWNED BY B.W.A.B.

THE FOLLOWING INFORMATION WAS FURNISHED BY THE CUSTOMER OR HIS AGENT

FORMATION NAME TYPE FORMATION THICKNESS FROM TO PACKER: TYPE SET AT TOTAL DEPTH 5600 +/- MUD WEIGHT BORE HOLE 5 1/2 CASING INITIAL PROD: OIL BPD, H2O BPD, GAS MCF PRESENT PROD: OIL BPD, H2O BPD, GAS MCF

Table with columns: NEW USED, WEIGHT, SIZE, FROM, TO, MAX. ALLOW. P.S.I. Rows include CASING, LINER, TUBING, OPEN HOLE, PERFORATIONS.

PREVIOUS TREATMENT: DATE TYPE MATERIALS TREATMENT INSTRUCTIONS: TREAT THRU TUBING [X] ANNULUS [] CASING [] TUBING/ANNULUS [X] HYDRAULIC HORSEPOWER ORDERED

PERFORM STEP RATE INFECTIVITY TEST.

CUSTOMER OR HIS AGENT WARRANTS THE WELL IS IN PROPER CONDITION TO RECEIVE THE PRODUCTS, SUPPLIES, MATERIALS, AND SERVICES

THIS CONTRACT MUST BE SIGNED BEFORE WORK IS COMMENCED

As consideration, the above-named Customer agrees:

- (a) To pay Halliburton in accord with the rates and terms stated in Halliburton's current price lists. (b) Halliburton shall not be responsible for and Customer shall secure Halliburton against any liability for damage to property of Customer and of the well owner... (i) Halliburton shall not be bound by any changes or modifications in this contract, except where such change or modification is made in writing by a duly authorized executive officer of Halliburton.

I HAVE READ AND UNDERSTAND THIS CONTRACT AND REPP THAT I AM AUTHORIZED TO SIGN THE SAME AS CUSTOMER

SIGNED [Signature] CUSTOMER

DATE 6-15-88

We certify that the Fair Labor Standards Act of 1938, as amended, has been complied with in the production of goods and/or with respect to services furnished under this contract.

TIME 12:00 P.M.

HALLIBURTON SERVICES JOB SUMMARY

HALLIBURTON DIVISION MIDLAND
HALLIBURTON LOCATION COPTZ, CO

BILLED ON TICKET NO. 707102

FORM 2025

WELL DATA

FIELD BRADFORD CANYON SEC. 25 TWP. 37S RNG. 24E COUNTY SAN JUAN STATE UT.

FORMATION NAME _____ TYPE _____
FORMATION THICKNESS _____ FROM _____ TO _____
INITIAL PROD: OIL _____ SPD. WATER _____ SPD. GAS _____ MCFD _____
PRESENT PROD: OIL _____ SPD. WATER _____ SPD. GAS _____ MCFD _____
COMPLETION DATE _____ MUD TYPE _____ MUD WT. _____
PACKER TYPE _____ SET AT _____
BOTTOM HOLE TEMP. _____ PRESSURE _____
MISC. DATA _____ TOTAL DEPTH 5600 ±

	NEW USED	WEIGHT	SIZE	FROM	TO	MAXIMUM PSI ALLOWABLE
CASING	U	15.5	5 1/2	Ø	T.D	3200
LINER						
TUBING	U	6.5	2 3/8	Ø	5500	3200
OPEN HOLE						SHOTS/FT.
PERFORATIONS						
PERFORATIONS						
PERFORATIONS						

JOB DATA

CALLED OUT	ON LOCATION	JOB STARTED	JOB COMPLETED
DATE <u>6-15-88</u>	DATE <u>6-15-88</u>	DATE <u>6-15-88</u>	DATE <u>6-15-88</u>
TIME <u>0230</u>	TIME <u>0730</u>	TIME <u>1005</u>	TIME <u>1330</u>

TOOLS AND ACCESSORIES

TYPE AND SIZE	QTY.	MAKE
FLOAT COLLAR		
FLOAT SHOE		
GUIDE SHOE		
CENTRALIZERS		
BOTTOM PLUG		
TOP PLUG		
HEAD		
PACKER		
OTHER		

PERSONNEL AND SERVICE UNITS

NAME	UNIT NO. & TYPE	LOCATION
<u>D. MARKS 63405</u>	<u>3528</u>	<u>PH.</u>
<u>S. EUBANKS 69746</u>	<u>5108</u>	<u>5367</u>
		<u>20420</u>
		<u>20420</u>

MATERIALS

TREAT. FLUID _____ DENSITY _____ LB/GAL. API _____
DISPL. FLUID _____ DENSITY _____ LB/GAL. API _____
PROP. TYPE _____ SIZE _____ LB. _____
PROP. TYPE _____ SIZE _____ LB. _____
ACID TYPE _____ GAL. _____ % _____
ACID TYPE _____ GAL. _____ % _____
ACID TYPE _____ GAL. _____ % _____
SURFACTANT TYPE _____ GAL. _____ IN _____
NE AGENT TYPE _____ GAL. _____ IN _____
FLUID LOSS ADD. TYPE _____ GAL.-LB. _____ IN _____
GELLING AGENT TYPE _____ GAL.-LB. _____ IN _____
FRIC. RED. AGENT TYPE _____ GAL.-LB. _____ IN _____
BREAKER TYPE _____ GAL.-LB. _____ IN _____
BLOCKING AGENT TYPE _____ GAL.-LB. _____
PERFPAC BALLS TYPE _____ QTY. _____
OTHER _____
OTHER _____

DEPARTMENT SOS
DESCRIPTION OF JOB STEP RATE INJECTIVITY TEST.

JOB DONE THRU: TUBING CASING ANNULUS TBC./ANN.

CUSTOMER REPRESENTATIVE X RALPH NELMS

HALLIBURTON OPERATOR DAN MARKS COPIES REQUESTED 1

CEMENT DATA

STAGE	NUMBER OF SACKS	TYPE	API CLASS	BRAND	BULK SACKED	ADDITIVES	YIELD CU.FT./SK.	MIXED LBS./GAL.

PRESSURES IN PSI

SUMMARY

VOLUMES

CIRCULATING _____ DISPLACEMENT _____
BREAKDOWN _____ MAXIMUM _____
AVERAGE _____ FRACTURE GRADIENT _____
SHUT-IN: INSTANT _____ 5-MIN. _____ 15-MIN. _____
HYDRAULIC HORSEPOWER _____
ORDERED _____ AVAILABLE _____ USED _____
AVERAGE RATES IN BPM _____
TREATING _____ DISPL. _____ OVERALL _____
CEMENT LEFT IN PIPE _____
FEET _____ REASON _____

FRESHWASH: BBL-GAL. _____ TYPE _____
LOAD & BKDN: BBL-GAL. _____ PAD: BBL-GAL. _____
TREATMENT: BBL-GAL. _____ DISPL: BBL-GAL. _____
CEMENT SLURRY: BBL-GAL. _____
TOTAL VOLUME: BBL-GAL. 280

REMARKS

CUSTOMER

CUSTOMER: BUVALB
LEASE: TPOS FEDERAL
WELL NO.: 05-34
JOB TYPE: MISC. PUMP
DATE: 5-15-88

OIL AND GAS	
DRN	RJF
JRS	GLH
DTS	SLS
MICROFILM	
FILE	



BWAB INCORPORATED

June 13, 1988

Mr. Gil Hunt
 Environmental/Geological Supervisor
 State of Utah, Natural Resources
 Oil, Gas & Mining
 355 West North Temple
 3 Triad Center
 Suite 350
 Salt Lake City, UT 84180-1203

RECEIVED
 JUN 16 1988

DIVISION OF
 OIL, GAS & MINING

RE: Disposal Well Applications
 Taos Federal #25-34
 T37S, R24E, Section 25
 San Juan Co., UT

Dear Mr. Hunt:

Pursuant to your June 7, 1988 letter requesting technical information to justify the classification of the Taos Federal #25-34 as a disposal operation rather than an increased recovery or pressure maintenance project, BWAB Incorporated hereby submits the following information:

1. A BWAB Incorporated operated well does exist with 1/2 mile radius of the Taos Federal #25-34. This well is 1960 feet southeast of the Taos Federal #25-34. This is a producing Ismay oil well located in Section 36, NENE, T37S, R24E, the Taos State #41-36. The Taos State #41-36 currently averages about 68 BOPD and 84 BWPD for a total of 152 barrels of fluid per day. The Yates Petroleum, Cazador Federal Nos. 1-1 and 1-2 also produce from the same algal mound as the Taos State #41-36. These wells withdraw 101 BOPD and 60 BWPD from the reservoir. Therefore total withdrawals from the reservoir exceed 313 BFPD without even accounting for gas produced. The Taos Federal #25-34 will initially be disposing of about 170 BWPD. Therefore insufficient fluid will be injected into the Taos Federal #25-34 to repressure the Ismay reservoir around the Taos State #41-36 as depleted reservoir pore space will never be refilled. If the Taos State #42-36 is completed and its water disposed of into the system, the oil and gas will be extracted and sold and only the water reinjected. Even in this case, future injection will never be adequate to replace the volume of fluid extracted from the reservoir on a daily basis, much less replace the cumulative volumes already extracted.
2. The purpose of converting the Taos Federal #25-34 from an uneconomic oil well to a water disposal well is to reduce operating costs for the source wells listed in



the original application. Currently the produced water from the BWAB, Yates, and Duncan source wells is being disposed of at the Hatch surface disposal pit. Converting the Taos Federal #25-34 to a disposal well will not only reduce water disposal costs for each well, but it will provide a permanent environmentally preferable method of subsurface disposal. The subsurface disposal of produced salt water is preferable to surface disposal due to the reduced possibility of contamination of shallow aquifers or streams.

3. Logs and results of acid treatments and production tests of the Taos Federal #25-34 and Taos State #41-36 indicate that the Ismay formation is not a homogeneous uniform reservoir in both wells. The reservoir in the Taos Federal #25-34 seems to be two separate superimposed reservoirs distinct from the Taos State #41-36. In fact the Ismay formation may exist as two separate algal mound reservoir structures in each well. Therefore communication between the Ismay formation in the two wells is unlikely, and will probably be restricted if it can occur at all.
4. Conversion of the Taos Federal to a disposal well is not intended as a method of waterflooding or pressurizing the Ismay formation. We are therefore not requesting approval for increased recovery or pressure maintenance in accordance with Rule R615-5-1.

We would be happy to provide you with any additional information you may need.

Sincerely yours,

BWAB Incorporated



John R. Keller
Drilling and Production Manager

JRK:RLN:cms

cc: Ralph L. Nelms
Well File



June 21, 1988

RECEIVED
JUN 27 1988

Mr. Max Dalton
P. O. Box 305
Monticello, UT 84535

DIVISION OF
OIL, GAS & MINING

Dear Mr. Dalton:

We received your letter dated June 7, 1988 and share your concern in regards to our proposed saltwater injection well the Taos Federal #25-34. BWAB Incorporated will take all precautions necessary to insure that no damage will be done to your two fresh water wells with in a 1/2 mile radius of the Taos Federal #25-34.

In order for our well to be issued an approved permit from the State of Utah Board of Oil, Gas and Mining, we must meet certain safety requirements to insure that no contamination of fresh water aquifers can occur as a result of our injection operations. Please find attached a copy of the well bore completion for this well.

As you can see on the attached drawing, the Taos Federal #25-34 has 13 3/8" surface pipe set at 71' and cemented to surface. A 8 5/8" surface casing is set at 1320' and cemented to surface. A 5 1/2" production string is set at 5494 and cemented back to 2340'. Saltwater will be injected through a string of 2 7/8" tubing with a packer set at 5000'. The 5 1/2" casing has already been tested to 3200 psi. We will not be injecting saltwater into the well over 2400 psi maximum. We will also constantly be monitoring the tubing-casing annulus to insure no tubing leaks are occurring.

Before contamination of the fresh water in your wells could occur, the injected saltwater would have to corrode through one string of tubing, and at least two, and possibly three strings of casing plus one to two cement sheaths. Such an event would be essentially impossible. In addition, a leak in the tubing can be detected almost immediately and repaired within a few days. There is no possible way for such a leak to go undetected long enough to penetrate the casing strings and damage your wells.

In order for BWAB Incorporated to operate the Taos Federal #25-34 as a saltwater injection well, we will have to comply with all state of Utah Board of Oil, Gas and Mining and Federal rules and regulations. But it is also in the best interest of BWAB Incorporated to operate this facility in such a manner as to insure that no impact what so ever occurs on fresh water aquifers adjacent to the well.

Mr. Max Dalton
June 21, 1988
Page 2



We would be happy to discuss any further concerns you may have in regards to the safe operation of our injection well.

Sincerely,

BWAB INCORPORATED

A handwritten signature in black ink, appearing to read "John R. Keller". The signature is fluid and cursive, with a large loop at the beginning.

John R. Keller
Manager, Drilling and Production

JRK/dc
attachment
cc: Ralph Nelms
Gill Hunt
Well File

BWAB INCORPORATED



June 21, 1988

Mr. Gill Hunt
UIC Manager
Utah Board of Oil, Gas and Mining
Suite 350
3 Triad Center
355 West North Temple
Salt Lake City, Utah 84180-1203

RECEIVED
JUN 27 1988

DIVISION OF
OIL, GAS & MINING

RE: Taos Federal #25-34
Section 25, T37S, R24E
San Juan County, Utah

Dear Mr. Hunt:

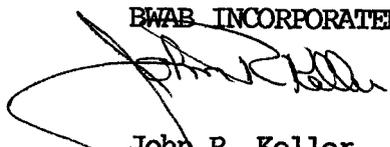
Please find attached a copy of the results of a step rate injectivity test performed on 6/15/88. The results of the test showed the fracture initiation pressure to be 2500 psi. BWAB Incorporated hereby requests approval to increase the maximum injection pressure from 1500 to 2400 psi based upon the results of the injectivity test. ISIP was 2500 psi after the test.

Please find attached a plot of the surface injection pressure versus rate, a copy of the Halliburton field job report and the pressure chart taken during the test.

Our previously submitted form DOGM-UIC-1 stated that we wished to inject at 4 BPM and 1500 psi. The injectivity test results show that the rate will be substantially lower than 4 BPM and the pressure will be substantially higher. We are designing our facility for a maximum rate of 1800 barrels of water per 24 hours pumping time. But we anticipate using only about 500 BWPD of this capacity or less. At the current time we only require about 170 BWPD to be injected into the Taos Federal #25-34 from the 5 source wells listed in the original permit. If the Taos State #42-36 is a successful completion, and additional 200+ BWPD will be disposed of at the Taos Federal #25-34. The reason for the design of the facility with such a large capacity of 1800 barrels of water per 24 hours pumping time, is to allow the 200-500 BWPD to be disposed of within 8 hours so we can monitor the plant while in operation during the time our pumper is in the area. The additional capacity will also allow us expansion capacity if additional wells are drilled in the field at a later date.

Sincerely,

BWAB INCORPORATED


John R. Keller
Manager of Drilling and Production

attachment
cc: Ralph Nelms
File

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

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.)

<p>1. <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER Salt water Injection Well</p> <p>2. NAME OF OPERATOR BWAB Incorporated</p> <p>3. ADDRESS OF OPERATOR 1801 California Street, Suite 1000, Denver, Colorado 80202</p> <p>4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 820' FSL 1920 FEL SWSE</p>		<p>5. LEASE DESIGNATION AND SERIAL NO. U-36490</p> <p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME</p> <p>7. UNIT AGREEMENT NAME</p> <p>8. FARM OR LEASE NAME Taos Federal</p> <p>9. WELL NO. # 25-34</p> <p>10. FIELD AND POOL, OR WILDCAT Undesignated</p> <p>11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 25- T37S- R24E</p> <p>12. COUNTY OR PARISH 13. STATE San Juan Utah</p>
<p>14. PERMIT NO. 43-037-31360</p>	<p>15. ELEVATIONS (Show whether DF, RT, GR, etc.) 4952 GL</p>	

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) _____	
(Other) Increase Injection Pressure		(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.)*

BWAB, Incorporated request approval to increase the maximum injection pressure from the previously requested pressure of 1600 psi to 2400 psi. A step rate injectivity test was recently completed on the Ismay formation which showed the fracture initiation pressure to be 2500 psi. A copy of the step rate injectivity test results and the field reports are attached for your review.

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

SIGNED John R. Keller TITLE Manager Drilling and Prod. DATE 6/21/88

(This space for Federal or State office use)

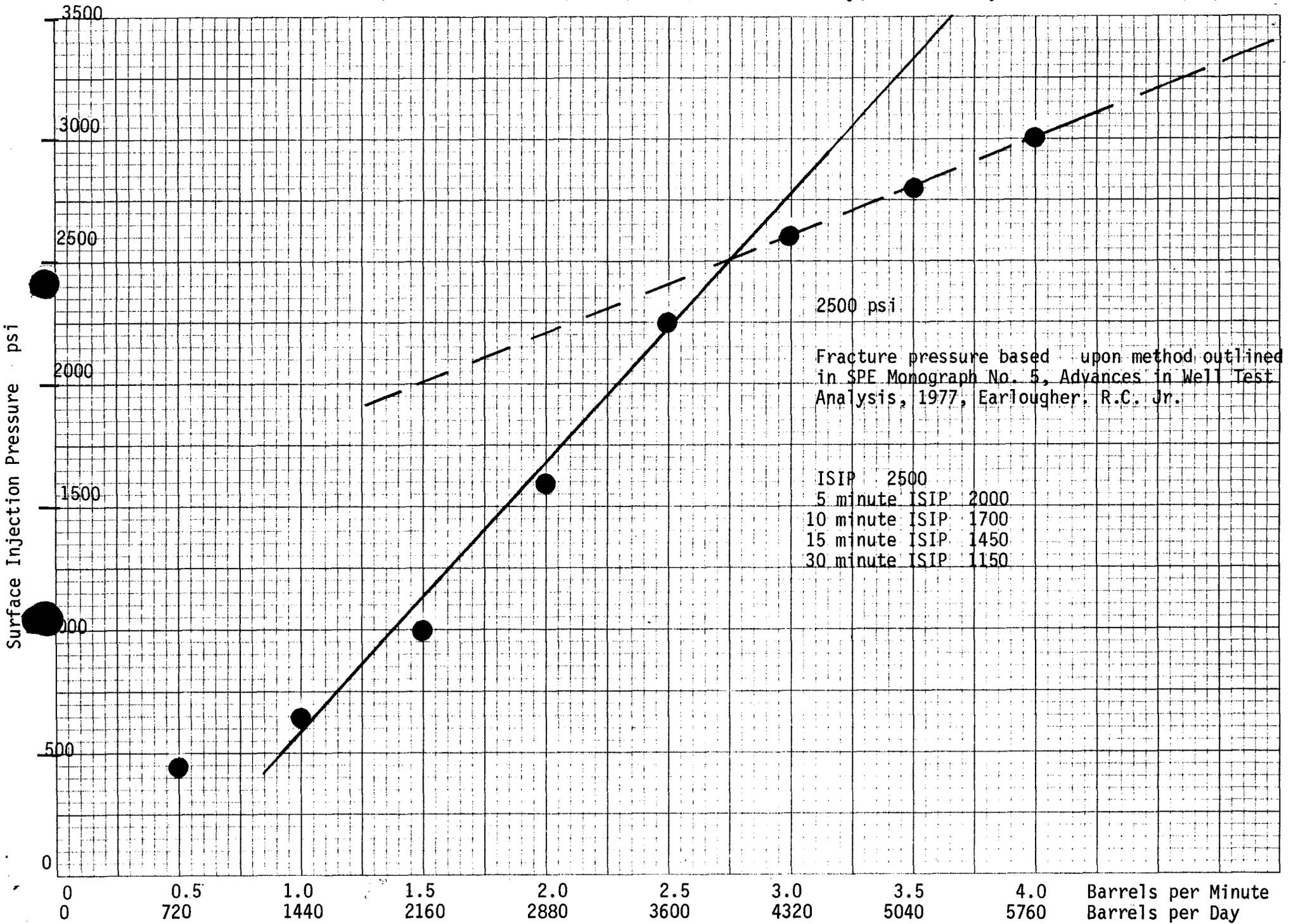
APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: _____

STEP RATE INJECTIVITY TEST

Taos Federal # 25-34, SW SE Section 25, T37S, R24E, San Juan County, Utah Ismay Formation

6/15/88



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

---oo0oo---

IN THE MATTER OF THE APPLICATION :
OF BWAB INCORPORATED FOR :
ADMINISTRATIVE APPROVAL OF : NOTICE OF AGENCY ACTION
THE TAOS FEDERAL #25-34 WELL : CAUSE NO. UIC-111
LOCATED IN SECTION 25, TOWNSHIP :
37 SOUTH, RANGE 24 EAST, S.L.M., :
SAN JUAN COUNTY, UTAH, AS A :
CLASS II INJECTION WELL :

---oo0oo---

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN THE ABOVE
ENTITLED MATTER.

Notice is hereby given that the Division is commencing an
informal adjudicative proceeding to consider the application of BWAB
Incorporated, for administrative approval of the Taos Federal #25-34
well located in Section 25, Township 37 South, Range 24 East, San
Juan County, Utah, as a Class II injection well. The proposed
operating data for this well is:

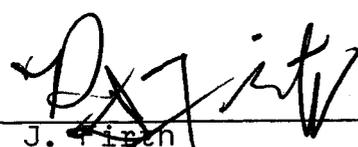
Injection Interval: Paradox Formation, 5170' to 5233'
Maximum Injection Rate: 350 BWPD
Maximum Surface Pressure: 2250 psig

Administrative approval of this application will be granted
unless an objection is filed within fifteen days after publication
of this notice by any person authorized to participate as a party in
this adjudicative proceeding. If such objection is received, an
informal adjudicative hearing will be scheduled before the presiding
officer of the Division.

The application in this matter may be inspected in the office of
the undersigned at the Division of Oil Gas and Mining, 3 Triad
Center, Suite 350, 355 West North Temple, Salt Lake City, Utah.

DATED this 29th day of July, 1988.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING


R. J. Firth

Associate Director, Oil and Gas

Publication Was Sent To The Following:

Newspaper Agency Corporation
Legal Advertising
157 Regent Street
Salt Lake City, Utah 84110

San Juan Record
P. O. Box 879
937 East Highway 666
Monticello, Utah 84535

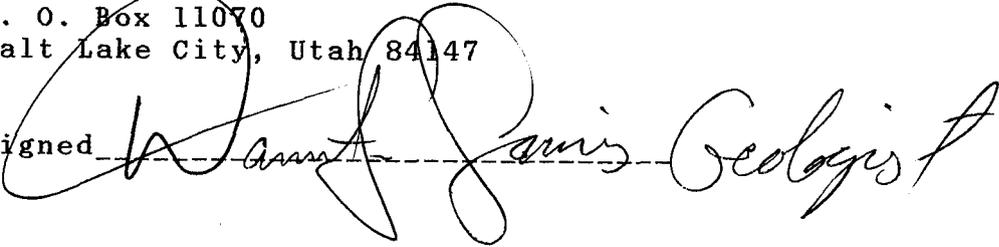
BWAB Incorporated
1801 California Street
Suite 1000
Denver, Colorado 80202

U. S. Enviromental Protection Agency
Region VIII
Attn. Mike Stribey
999 18th Street
Denver, Colorado 80202

Bureau of Land Management
Moab District Office
P. O. Box 970
Moab, Utah 84532

Celsius Energy Corporation
79 South State Street
P. O. Box 11070
Salt Lake City, Utah 84147

Signed



Geologist

RECEIVED
JUN 23 1988

File

BWAB INCORPORATED

DIVISION OF
OIL, GAS & MINING



June 21, 1988

Mr. Max Dalton
P. O. Box 305
Monticello, UT 84535

Dear Mr. Dalton:

We received your letter dated June 7, 1988 and share your concern in regards to our proposed saltwater injection well the Taos Federal #25-34. BWAB Incorporated will take all precautions necessary to insure that no damage will be done to your two fresh water wells with in a 1/2 mile radius of the Taos Federal #25-34.

In order for our well to be issued an approved permit from the State of Utah Board of Oil, Gas and Mining, we must meet certain safety requirements to insure that no contamination of fresh water aquifers can occur as a result of our injection operations. Please find attached a copy of the well bore completion for this well.

As you can see on the attached drawing, the Taos Federal #25-34 has 13 3/8" surface pipe set at 71' and cemented to surface. A 8 5/8" surface casing is set at 1320' and cemented to surface. A 5 1/2" production string is set at 5494 and cemented back to 2340'. Saltwater will be injected through a string of 2 7/8" tubing with a packer set at 5000'. The 5 1/2" casing has already been tested to 3200 psi. We will not be injecting saltwater into the well over 2400 psi maximum. We will also constantly be monitoring the tubing-casing annulus to insure no tubing leaks are occurring.

Before contamination of the fresh water in your wells could occur, the injected saltwater would have to corrode through one string of tubing, and at least two, and possibly three strings of casing plus one to two cement sheaths. Such an event would be essentially impossible. In addition, a leak in the tubing can be detected almost immediately and repaired within a few days. There is no possible way for such a leak to go undetected long enough to penetrate the casing strings and damage your wells.

In order for BWAB Incorporated to operate the Taos Federal #25-34 as a saltwater injection well, we will have to comply with all state of Utah Board of Oil, Gas and Mining and Federal rules and regulations. But it is also in the best interest of BWAB Incorporated to operate this facility in such a manner as to insure that no impact what so ever occurs on fresh water aquifers adjacent to the well.



Mr. Max Dalton
June 21, 1988
Page 2

We would be happy to discuss any further concerns you may have in regards to the safe operation of our injection well.

Sincerely,

BWAB INCORPORATED

John R. Keller
Manager, Drilling and Production

JRK/dc
attachment
cc: Ralph Nelms
Gill Hunt
Well File



July 19, 1988

RECEIVED
JUL 22 1988

Mr. Dan Jarvis
Environmental/Geological Supervisor
State of Utah, Natural Resources
Oil, Gas and Mining
355 West North Temple
3 Triad Center - Suite 350
Salt Lake City, Utah 84180-1203

DIVISION OF
OIL, GAS & MINING

Re: Disposal Well Application
Taos Federal 25-34
Section 25-T37S-R24E
San Juan County, Utah

Dear Mr. Jarvis:

In response to the questions raised in your phone call last month, I have prepared the following text and have included a revised structure map, isopach map and cross section to help illustrate the points raised in our letters and discussions. I hope that the information presented will more clearly illustrate and lend additional support to the points previously made.

As we have previously stated, there is in fact more than one mound sequence exposed in each wellbore. You will note on the colored cross section that there are six distinct algal mound accumulation units that are to some degree correlatable between the Taos Federal 25-34 and the Taos State 41-36 wellbores. These units are color coded and labeled with the letters A-F on the cross-section. Within these accumulations, there are other subdivisions that represent zones of porosity development within these mound building sequences. We believe there are two different mounds represented in these wellbores. We believe that these mounds overlap in the Taos Federal wellbore and the upper mound is represented only by shaly remnants in the Taos State wellbore. Units A-C represent the upper mound in both wellbores. Units D-F represent accumulations within a lower mound sequence that is present in both wellbores, but we do not believe it to be in direct hydraulic communication.

In summary, we believe that both of these wellbores are drilled through correlatable lithologic units of the same age and origin; however, based on log correlations, drillstem test data and production test data, we feel that virtually every wellbore in the Taos Field actually taps separate zones of porosity development within the same lithologic units. These zones drain only a limited local area around the wellbore and are acting as separate and independent reservoirs. Each zonal reservoir has its own production characteristics and depletion trends and seem wholly independent from the rest of the reservoir based on the available data. Our reasons for holding this opinion are as follows.

.....continued



The development of porosity and unit thickness in Upper Ismay Formation algal mounds is not uniform or continuous throughout much of the Paradox Basin. The porosity development within these mounds is primarily a function of the thickness of the algal mats within any zone of the mound. There is some minor secondary porosity developed through dolomitization, but the density of the algal population within each of the many small mats that make up the zones in the mound is the major factor that controls porosity. The mat thickness in any area of the mound is a function of the acceptability of the area of the mound to support life. Subtle changes, such as minor variations in salinity, current velocity and water depth across the mound during deposition, had marked effects on mat thickness. As you know, such subtle changes occur today in oceans and certainly occurred routinely in the waters of the Paradox Basin during deposition of these mounds. As a result, while these reservoirs often hold very significant oil accumulations, the zones within the reservoirs often vary widely in porosity and thickness resulting in quite varied production characteristics and reservoir quality, even within a given field. We feel very confident this is the case at Taos Field. A correlation of porosity and thickness within the depositional units of the mounds from well to well will show very significant differences in porosity and thickness as explained in the detailed zone by zone analysis that follows.

Units A and C of the upper mound are lithologically well defined, but have low porosity in the Taos Federal wellbore. In the Taos State, they are only represented by very low porosity shaly carbonate remnants. These units cannot serve as a path of hydraulic communication between wellbores.

Unit B is tight and lithologically well defined in the Taos Federal, but it is non-existent in the Taos State wellbore. It also cannot be a path for communication.

Unit D is represented in both wellbores, but it is only one-third as thick in the Taos Federal as in the Taos State. The porosity development is also considerably different. In the Taos Federal, Unit D-1 has relatively high porosity development in the upper part of the zone with neutron porosity up to 24%; however, the lower part of the D-1 has very low porosity with over half of the total zone having neutron porosity of 5-10%. The correlative D-1 interval in the Taos State is relatively tight with a maximum neutron porosity of 11%. This is the zone that is correlative to the upper producing interval in the Taos State well. This might possibly provide a path between wellbores, but we do not believe it does. Due to the wide variation in porosity and the generally low porosity throughout much of the zone, and, therefore, assumably low permeability of the majority of the rock, it is highly unlikely that the zones are in communication over the .4 mile interval between wellbores. This low permeability is also implied by DST data. In addition, other production data indicates that the units, while correlatable, are acting as distinctly separate reservoirs.



The D-2 zone in the Taos Federal has neutron porosity up to 26%. The D-2 has porosity up to 24% in the Taos State, but it is not perforated for production due to poor drillstem tests that will be explained later. Based on the results of the DST, we feel the D-2 interval is not oil productive in the Taos State and behaves as a separate reservoir. The D-2 is not completed in the Taos State. We do not feel that the D-2 zone will serve as a conduit to the Taos State because it is relatively thin in the Taos Federal and is beginning to become shaly, which is probably contributing to artificially inflated porosity readings. Because of this, we feel that there is considerable question that it has permeability adequate to assure hydraulic communication over the distance involved. In addition, if it were to communicate, there are no oil reserves in this zone to be swept based on a drillstem test in the Taos State which tested all water in this zone.

The E-1 and E-2 Units are generally correlatable in both wells with average porosity being generally lower in the Taos State well. If hydraulic communication is to occur, it would probably have to occur through this zone. Production testing indicates that the E-1 and E-2 zones in both wellbores act as separate reservoirs in their respective wells, as their production characteristics in each well are very different. This will be discussed later in detail. We believe there is very likely a porosity barrier of some kind that effectively isolates the zones in each wellbore from each other.

Unit F is correlative in both wells, but has less than 2% average neutron porosity in the Taos Federal, and is not perforated in either well, so it clearly is not a possible point of communication.

If communication exists between the wellbores, we feel it would have to come through either Unit D or E and we feel we can show through production testing and other data that such communication probably does not exist, and they are acting as separate reservoir units in their respective wellbores.

Production testing does not support the fact that these wellbores are in communication. The lower perforated interval, the E-2 in the Taos State from 5330' to 5340', production tested flowing and swabbing 56% oil and 44% water. The gas production was approximately 1.2 MCF per barrel of oil. This zone was not drillstem tested. The upper perforated interval in Unit D-1, from 5258' to 5278', tested 59% oil and 41% water. The current production from both zones averages 47% oil and 53% water. The Taos Federal was tested on an extended pump test for approximately 45 days. Production stabilized at 6% oil and 94% water from the correlative D-1 and E-2 intervals, and the lower C-1 and D-1 intervals. The well's gas production was essentially too small to measure.

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Disposal Well Application
Taos Federal 25-34
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Page Four of Six



We feel the foregoing production test data clearly illustrates the fact that these wells have exhibited extremely different production characteristics inconsistent with two wells producing from the same reservoir. We feel this is some of the strongest data supporting lack of hydraulic communication. The test data becomes even more conclusive when one realizes the highest water cut Taos Federal wellbore is structurally high to the lower water cut Taos State wellbore.

Drillstem test data further supports the contention that the zones are probably not hydraulically connected. The D-1 zone in the Taos State tested 100% oil on a DST from 5260' to 5285'. The comparable interval in the Taos Federal, consisting of parts of the C-1, D-1 and D-2 intervals, tested 210' of very slightly oil and gas cut mud. A comparison of DST No. 1 from each well will show that the zones listed in the Taos Federal exhibit much lower permeability than evidenced in the Taos State. This would support our earlier assertions that indicated log porosity is not directly correlatable to permeability. It also indicates that it is highly unlikely that a great deal of fluid will enter these zones in the Taos Federal; therefore, hydraulic communication with the upper zones in the Taos Federal is highly unlikely.

The E-1 and E-2 intervals in the Taos Federal, from 5199' to 5220' tested 649' of highly emulsified, slightly oil and gas cut mud and 388' of formation saltwater. The sample chamber contained 100 cc of oil and 1600 cc of water, which indicates a 6% oil cut, which is consistent with production tests of the Taos Federal. The E-1 and E-2 zones in the Taos State were not drillstem tested, but a production test of the E-2 zone tested produced fluid with an oil cut of 56% oil. Again, it appears production characteristics are inconsistent with what would be expected from two wells in the same reservoir with their relative structural positions.

For the foregoing reasons, we feel drillstem tests and production data support our supposition that the zones evidenced in both wellbores are not hydraulically connected. We feel this is due to porosity and permeability barriers between the wellbores that cause them to act as if they were in separate reservoirs.

Please review the attached structural and isopach maps which were prepared based on our most recent interpretation of the seismic and geologic data available. As you will note, the isopach map clearly shows the Taos Federal, the proposed disposal well, to be located in a saddle between two mound build-ups. As you are probably aware, wells on the fringe areas of fields in the Paradox Basin are notorious for their relatively low permeability and are generally found to have limited, if any direct connection to the primary reservoir. Another interesting point is that the Taos Federal produced with an extremely high water cut, yet it is structurally higher than the Taos State, the direct offset. This is uncharacteristic of Paradox wells on the same structure. Generally, even in

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Page Five of Six



the solution gas drive reservoirs of the Paradox, the structurally lower wells tend to produce the most water. Obviously, this is not happening in this case. We feel this is one more factor pointing toward the conclusion that the Taos Federal is in a separate reservoir from the Taos State and Cazador wells.

As we have previously discussed, BWAB's maximum projected injection volume during a twenty-four (24) hour period will be inadequate to repressure the zone, or to build a flood front, even if communication exists. Currently, 135,080 reservoir barrels of fluids have been removed from the reservoir from BWAB's wells and those of Yates Petroleum. Yates and BWAB are currently removing approximately 361 reservoir barrels of fluid per day from the reservoir. Our plans call for the injection of an initial volume of 170 BWPD into the Ismay zone at this time. Even if the Taos State 42-36 is completed, total water to be disposed of is not expected to exceed 350 BWPD. This volume is clearly inadequate to replace volumes already withdrawn from the reservoir plus current and future withdrawals. Without achieving fill-up, it is highly unlikely a flood front could be generated.

In summary, BWAB feels there is considerable reason, based on log analysis and production test data, to believe that these wellbores are not hydraulically connected due to variations in porosity and permeability throughout the field. Even if such a connection existed, we do not feel volumes injected for disposal purposes could ever be adequate to replace existing reservoir voidage and establish a flood front. No one can say conclusively there is absolutely no way the Taos State or Cazador wells can be affected by our plan, but, in our opinion, the evidence shows it to be extremely unlikely. In addition, the following is true.

1. The plan will lower the operating cost of the Taos State and Cazador wells, thereby increasing reserve recovery and net value to the working interest and royalty owners in one or more state and several federal wells.
2. The parties in both groups of wells are the ones to benefit from the use of the disposal well and they support its conversion. As they are the major parties that could be injured, and they support its conversion, then they must not feel the plan constitutes a significant risk.
3. Even if some sweeping were to occur, which in our opinion is highly unlikely, there are no economically producible reserves within the drainage area of the Taos Federal. This has been conclusively proven through production testing. Therefore, the owners in this acreage would not be adversely impacted even if this were to occur.

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Disposal Well Application
Taos Federal 25-34
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Page Six of Six



4. The approval of all parties owning a working interest in the Taos State and the Taos Federal will also be solicited prior to conversion in any case. The well cannot be converted without the approval of the majority of the parties. In addition, the approval of the State of Utah and the U. S. Government, the two major royalty owners, will have to be obtained. Therefore, we will have obtained essentially the same ownership approvals needed for a secondary project in any case, prior to conversion.
5. The economics of this project and these wells are not such that they justify an expensive reservoir study and the legal costs that generally accompany approval of a secondary project, just to obtain a disposal well. In the opinion of most operators in the field, a secondary project will not work and will not be undertaken due to the nature and extent of the reservoir. As this is the case, unitization and approval of a secondary project just as a legal formality would be useless and expensive. Any such plan would not be approved in any case, because it would be detrimental to the economic interest of some operators.

Based on the foregoing, BWAB feels approval of our injection plan is in the best interest of the working interest and royalty interest owners. We also feel it constitutes no significant threat to existing production and should be approved on the basis of a water disposal project. If we can be of further assistance in your review, please contact the undersigned at (303) 295-7444.

Respectfully,

BWAB INCORPORATED

A handwritten signature in black ink, appearing to read 'John R. Keller', written over a large, stylized circular flourish.

John R. Keller
Drilling and Production Manager

JRK/ep
attachments



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter
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

July 29, 1988

Newspaper Agency Corporation
Legal Advertising
157 Regent Street
Salt Lake City, Utah 84110

Gentlemen:

Re: Cause No. UIC-111

Enclosed is a Notice of Application of Administrative Approval before the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah.

It is requested that this notice be published ONCE ONLY, as soon as possible, but no later than the 10th day of August. In the event that said notice cannot be published by this date, please notify me immediately by calling 538-5340.

Upon completion of this request, please send proof of publication and statement of cost to the Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203.

Sincerely,

A handwritten signature in black ink, appearing to read "R. J. Firth".

R. J. Firth
Associate Director, Oil and Gas

dj

Enclosure



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter
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355 West North Temple
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July 29, 1988

San Juan Record
P.O. Box 879
937 East Highway 666
Monticello, Utah 84535

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R. J. Firth
Associate Director, Oil and Gas

dj

Enclosure

AFFIDAVIT OF PUBLICATION

Public notice

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

IN THE MATTER OF THE APPLICATION OF BWAB INCORPORATED FOR ADMINISTRATIVE APPROVAL OF THE TAOS FEDERAL #25-34 WELL LOCATED IN SECTION 25, TOWNSHIP 37 SOUTH, RANGE 24 EAST, S.L.M., SAN JUAN COUNTY, UTAH AS A CLASS II INJECTION WELL

NOTICE OF AGENCY ACTION
CAUSE NO. UIC-111

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN THE ABOVE ENTITLED MATTER.

Notice is hereby given that the Division is commencing an informal adjudicative proceeding to consider the application of BWAB Incorporated, for administrative approval of the Taos Federal #25-34 well located in Section 25, Township 37 South, Range 24 East, San Juan County, Utah, as a Class II injection well.

The proposed operating data for this well is:
Injection Interval: Paradox Formation, 5170' to 5233'

Maximum Injection Rate: 350 BWPD

Maximum Surface Pressure: 2250 psig

Administrative approval of this application will be granted unless an objection is filed within fifteen days after publication of this notice by any person authorized to participate as a party in this adjudicative proceeding. If such objection is received, an informal adjudicative hearing will be scheduled before the presiding officer of the Division.

The application in this matter may be inspected in the office of the undersigned at the Division of Oil Gas and Mining, 3 Triad Center, Suite 350, 355 West North Temple, Salt Lake City, Utah.

Dated this 29th day of July, 1988.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
s/R.J. Firth

Associate Director, Oil and Gas

Published in The San Juan Record August 10, 1988.

REC'D
388

OF
MINING

I, Joyce Martin, being duly sworn, depose and say that I am the publisher of The San Juan Record, a weekly newspaper of general circulation published at Monticello, Utah every Wednesday; that notice of Agency Action, Cause No. UIC-111

a copy of which is hereunto attached, was published in the regular and entire issue of each number of said newspaper for a period of one issues, the first publication having been made on August 10, 1988. ~~xxxxxx~~ last publication having been made on _____.

Joyce A. Martin
Publisher

Subscribed and sworn to before me this 10th day of August, 1988.

Frederic K. Adams
Notary Public residing at Monticello, Utah

My commission expires December 2, 1991

AFF

N

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Joyce A. Martin
Publisher

Subscribed and sworn to before me this 10th day of August,
D. 1988.

Ingrid K Adams
Notary Public residing at Monticello, Utah

My commission expires December 2, 1991

RECEIVED

AUG 12 1988

DIVISION OF
OIL, GAS & MINING

AFFIDAVIT OF PUBLICATION

Public notice

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

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STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
s/R.J. Firth

Associate Director, Oil and Gas

Published in The San Juan Record August 10, 1988.

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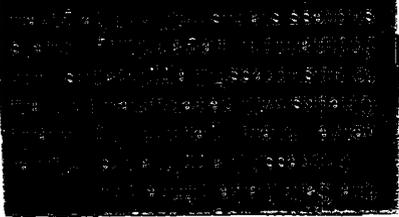
Subscribed and sworn to before me this 10th day of August, A.D. 1988.

Erhard K. Adams
Notary Public residing at Monticello, Utah

My commission expires December 2, 1991

AFF

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RECEIVED
AUG 12 1988

DIVISION OF
OIL, GAS & MINING

143 SOUTH MAIN ST.
P.O. BOX 45838
SALT LAKE CITY, UTAH 84145

FED. TAX I.D. # 87-0217663

Newspaper Agency Corporation

The Salt Lake Tribune

AGENT
DESERET NEWS

MORNING & SUNDAY

EVENING & SUNDAY

Affidavit of Publication

STATE OF UTAH. }
County of Salt Lake }

I, Raylene Vigil Hereby certify that the attached advertisement of NOTICE OF AGENCY ACTION CAUSE NO. UIC-111BE for DIV. OF GAS, OIL & MI was published by the NEWSPAPER AGENCY CORPORATION, AGENT FOR THE SALT LAKE TRIBUNE and DESERET NEWS, daily newspapers printed in the English language with general circulation in Utah, and published in Salt Lake City, Salt Lake County in the State of Utah.

PUBLISHED ON AUG 06 1988

SUBSCRIBED AND SWORN TO BEFORE ME THIS 7TH DAY OF AUGUST 19 88

B. J. Davis
NOTARY PUBLIC

MARCH 1, 1992
COMMISSION EXPIRES
RESIDING IN SALT LAKE COUNTY

AUG 17 1988
DIVISION OF OIL GAS AND MINING

NOTICE OF AGENCY ACTION CAUSE NO. UIC-111 BEFORE THE DIVISION OF OIL GAS AND MINING DEPARTMENT OF NATURAL RESOURCES, STATE OF UTAH IN THE MATTER OF THE APPLICATION OF BWAB INCORPORATED FOR ADMINISTRATIVE APPROVAL OF THE TAGS FEDERAL #25-34 WELL LOCATED IN SECTION 25, TOWNSHIP 37 SOUTH, RANGE 24 EAST, S.L.M., SAN JUAN COUNTY, UTAH, AS A CLASS II INJECTION WELL.

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DATED this 29th day of July, 1988.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

/s/ R. J. Firth
Associate Director, Oil and Gas

LEGAL ADVERTISING INVOICE					
ACCOUNT NAME		AD NUMBER	TELEPHONE		
F GAS, OIL & MI		S-28	801-538-5340		
SCHEDULE				MISC. CHARGES	
C AUG 06 1988				.00	
LINE	SIZE	TIMES	RATE	AD CHARGE	
1	63 LINES	1	1.29	81.27	
TOTAL AMOUNT DUE			81.27		

ON RECEIPT OF THIS INVOICE
INFORMATION CALL 801-237-2796

TO INSURE PROPER CREDIT

PLEASE RETURN THIS PORTION

WITH YOUR PAYMENT IN THE ENCLOSED ENVELOPE
MAKE CHECKS PAYABLE TO:

NEWSPAPER AGENCY CORPORATION
(PLEASE WRITE YOUR ACCOUNT NUMBER ON YOUR CHECK)

BILL TO:
DIV. OF GAS, OIL & MI
3 TRIAD CNTR, #350
SLC, UT 84180

ACCOUNT NUMBER	BILLING DATE
LE-5385340	08/07/88
AD NUMBER	PAY THIS AMOUNT
S-28	81.27

072355627000005000000000000008127 18346673811111161111111111111119238



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter
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

August 25, 1988

BWAB Incorporated
1801 California Street
Suite 1000
Denver, CO 80202

Gentlemen:

Re: Taos Federal #25-34 Well Located in Section 25, Township
37 South, Range 24 East, S.L.M., San Juan County, Utah

In accordance with Rule R615-5-3(3), Oil and Gas Conservation General Rules, administrative approval for the referenced Class II injection well is granted.

The following actions are necessary to fully comply with this approval:

- 1) Compliance with the UIC requirements for operation, maintenance and reporting for Class II injection wells.
- 2) Conformance with all conditions of the submitted application.

If you have any questions regarding this approval or the necessary requirements, please contact this office.

Best regards,

A handwritten signature in cursive script that reads "Dianne R. Nielson".

Dianne R. Nielson
Director

7627U

BWAB INCORPORATED



August 7, 1989

RECEIVED
AUG 10 1989

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

DIVISION OF
OIL, GAS & MINING

RE: Taos Federal #25-34 - SWD
SWSE Section 25, T37S-R24E
San Juan County, Utah

Gentlemen:

Enclosed please find one (1) original and three (3) copies of a Sundry Notice on the referenced well.

Upon approval, please return one executed copy to this office for our files.

Also, please be kind enough to send us copies of the "Monthly Injection Reports" so that we may send this information to you in a timely manner.

If further information is needed, please advise.

Sincerely,

BWAB INCORPORATED

Erin K. Pettigrew

Erin K. Pettigrew
Operations Secretary

/ep
enclosures

OIL AND GAS	
DRN	RJF
JRB	1 - GLH
ETS	SLS
2 - TAS	✓
MICROFILM	
3 - FILE	

Sundry didn't need approval. [Signature]
mailed injection reports 8-23-89
AAS

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

PRINT IN TRIPLICATE*
(Other instructions on reverse side)

15

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
BWAB Incorporated

3. ADDRESS OF OPERATOR
555 17th St., Suite 1900, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface
SWSE 820' FSL & 1920' FEL

14. PERMIT NO.
43-037-31360

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
4952' GL

RECEIVED
AUG 10 1989
OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NO.
U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Taos Federal

9. WELL NO.
#25-34 SWD

10. FIELD AND POOL, OR WILDCAT
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 25-T37S-R24E

12. COUNTY OR PARISH
San Juan

13. STATE
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"/>	FULL 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) <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 and proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

The above referenced well commenced injection on May 24, 1989. Monthly Injection Reports will be filed in accordance with State of Utah rules and regulations.

18. I hereby certify that the foregoing is true and correct
SIGNED Carrie M. Sullivan TITLE Sr. Production Assistant DATE 8/7/89
Carrie M. Sullivan

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

*See Instructions on Reverse Side

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

PRINT IN TRIPLICATE*
(Other instructions on reverse side)

<p>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.)</p>		<p>5. LEASE DESIGNATION AND SERIAL NO. U-36490</p>
<p>1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> Salt Water Disposal</p>		<p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME</p>
<p>2. NAME OF OPERATOR BWAB Incorporated</p>		<p>7. UNIT AGREEMENT NAME</p>
<p>3. ADDRESS OF OPERATOR 555 17th St., Suite 1900, Denver CO 80202</p>		<p>8. FARM OR LEASE NAME Taos Federal</p>
<p>4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface SWSE 820' FSL & 1920' FEL</p>		<p>9. WELL NO. #25-34 SWD</p>
<p>14. PERMIT NO. 43-037-31360</p>		<p>10. FIELD AND POOL, OR WILDCAT Undesignated</p>
<p>15. ELEVATIONS (Show whether of, ft, or, etc.) 4952' GL</p>		<p>11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 25-T37S-R24E</p>
<p>12. COUNTY OR PARISH San Juan</p>		<p>13. STATE UT</p>

RECEIVED
AUG 10 1989

DIVISION OF
OIL, GAS & MINING

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

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

The above referenced well commenced injection on May 24, 1989. Monthly Injection Reports will be filed in accordance with State of Utah rules and regulations.

OIL AND GAS	
DRN	RJF
JRB	GLH
DTS	SLS
	DJJ
8-TAS	
MICROFILM	
FILE	

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

SIGNED Carrie M. Sullivan TITLE Sr. Production Assistant DATE 8/7/89
Carrie M. Sullivan

(This space for Federal or State office use)

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

BWAB INCORPORATED



RECEIVED
JUL 16 1990

July 13, 1990

DIVISION OF
OIL, GAS & MINING

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

43-037-31360 SDW

RE: Taos Federal #25-34 SWD
SWSE Section 25, T37S-R24E
San Juan County, Utah

Gentlemen:

Enclosed please find one (1) original and two (2) copies of a Sundry Notice for the referenced well.

Upon approval, please return one (1) executed copy to our offices for our files.

If you have any questions, please contact the undersigned.

Sincerely,

BWAB INCORPORATED.

Erin K. Pettigrew
Operations Secretary

/ep
enclosures

cc: Working Interest Owners

OIL AND GAS	
DFN	RJF
JFB	1- GLH ✓
DIS	SLB
2-BGH ✓	
2-DAE ✓	
MICROFILM	
4.	FILE

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION & SERIAL NO.
U-36490

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

UNIT AGREEMENT NAME

7. FARM OR LEASE NAME
Taos Federal

9. WELL NO.
25-34 SWD

10. FIELD AND POOL, OR WILDCAT
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 25-T37S-R24E

12. COUNTY
San Juan

13. STATE
UT

SUNDRY NOTICES AND REPORTS ON WELLS
 (Do not use this form for proposals to drill or to deepen or plug back wells. Use "APPLICATION FOR PERMIT—" for such purposes.)

RECEIVED
 JUL 16 1990
 DIVISION OF OIL, GAS & MINING

1. OIL WELL GAS WELL OTHER SWD

2. NAME OF OPERATOR
BWAB INCORPORATED

3. ADDRESS OF OPERATOR
555-17th St., Suite 1900, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
 At surface SWSE, 820' FSL & 1920' FEL
 At proposed prod. zone

14. API NO.
43-037-31360

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
4952' FL; 4962' KB

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

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

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

* Must be accompanied by a cement verification report.

The following actions are not required by our injection permit, they are solely being proposed as a secondary leak containment measure. Build a 12 inch berm inside the rig anchors around the wellhead and ditch inside the berm to provide drainage into the existing earthen pit of any fluid contained within the berm. Pit will have a permanent four-strand fence constructed around it and will be left in place for use only as an emergency leak containment pit. The pit has already been lined with bentonite and clay drill solids. The volume that can be held in the pit is approximately 14 times the daily injection volume. These measures that are to be taken will virtually eliminate the chance of a produced water spill (due to a wellhead leak or line break at the wellhead that occurs on the location) from reaching the nearby creek. The remainder of the facilities and flowlines are far enough removed from the stream channel so as to pose little in the way of a threat. In addition, the access road to the location will also be bladed.

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

SIGNED Eric A. Vining TITLE PETROLEUM ENGINEER DATE 07/13/90
 ERIC A. VINING

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS <small>(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.)</small>		5. LEASE DESIGNATION & SERIAL NO. U-36490	
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER SWD		7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR BWAB INCORPORATED		8. FARM OR LEASE NAME Taos Federal	
3. ADDRESS OF OPERATOR 555-17th St., Suite 1900, Denver, CO 80202		9. WELL NO. 25-34 SWD	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface SWSE, 820' FSL & 1920' FEL At proposed prod. zone		10. FIELD AND POOL, OR WILDCAT Undesignated	
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 25-T37S-R24E	
14. API NO. 43-037-31360	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 4952' FL; 4962' KB	12. COUNTY San Juan	13. STATE UT

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) _____	(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
(Other) _____		DATE OF COMPLETION _____	
APPROX. DATE WORK WILL START _____			

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* Must be accompanied by a cement verification report.

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

SIGNED *Eric A. Vining* TITLE PETROLEUM ENGINEER DATE 07/13/90
ERIC A. VINING

(This space for Federal or State office use)

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

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

5. LEASE DESIGNATION & SERIAL NO.
U-36490

SUNDRY NOTICES AND REPORTS ON WELLS
(Do not use this form for proposals to drill or to deepen or plug back to a well from a reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

RECEIVED
JUL 16 1990

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

1. OIL WELL GAS WELL OTHER SWD

7. AGREEMENT NAME

2. NAME OF OPERATOR
BWAB INCORPORATED

8. FARM OR LEASE NAME
Taos Federal

3. ADDRESS OF OPERATOR
555-17th St., Suite 1900, Denver, CO 80202

9. WELL NO.
25-34 SWD

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface
SWSE, 820' FSL & 1920' FEL
At proposed prod. zone

10. FIELD AND POOL, OR WILDCAT
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 25-T37S-R24E

14. API NO.
43-037-31360

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4952' FL; 4962' KB

12. COUNTY
San Juan

13. STATE
UT

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

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)
PULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON
CHANGE PLANS

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)
REPAIRING WELL
ALTERING CASING
ABANDONMENT*
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

APPROX. DATE WORK WILL START _____

DATE OF COMPLETION _____

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18. I hereby certify that the foregoing is true and correct
SIGNED Eric A. Vining TITLE PETROLEUM ENGINEER DATE 07/13/90
ERIC A. VINING
(This space for Federal or State office use)

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

See Instructions On Reverse Side



State of Utah

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

August 27, 1990

Mr. Eric A. Vining
BWAB Incorporated
555 17th St., Suite 1900
Denver, Colorado 80202

Dear Mr. Vining:

Re: Saltwater Disposal Well-Emergency Pit, Taos Federal #25-34,
Section 25, Township 37 South, Range 24 East, San Juan County,
Utah

On August 23, 1990, an inspection was made of the above referenced wellsite. It was determined that the site did not meet the requirements for location of produced water disposal and emergency pits. Specifically these rules are Rule R615-9-4-1.1 and Rule R615-9-4-1.2, Oil and Gas Conservation General Rules, which state: "The pit shall be located on level, stable ground, and an acceptable distance away from any established or intermittent drainage."(R615-9-4-1.1) and "The pit shall not be located in a geologically and hydrologically unsuitable area, such as aquifer recharge areas, flood plains, drainage bottoms, and areas near faults."(R615-9-4-1.2). The above referenced location was found to be directly adjacent to the intermittent drainage of Monument Creek and lies directly upon the floodplain of Monument Creek.

The application for the use of the existing pit as an emergency pit is therefore denied.

It is suggested that this pit be reclaimed as outlined in the APD and under the stipulations set forth by the BLM.

Sincerely,

Brad Hill
Geologist
Geological/Environmental Section

October 3, 1990

MEMO TO FILE: BWAB TAOS FEDERAL #25-23
SECTION 25, T37S, R24E
SAN JUAN COUNTY, UTAH



RE: REQUEST FOR RESERVE PIT TO BE USED AS AN EMERGENCY PIT

July 16, 1990, the Division received a request from BWAB to leave the reserve pit on location and use it as an emergency pit in case of line or wellhead leak. DOGM staff knew this location was near a creek. In an effort to coordinate with BLM on this dual jurisdiction matter the following actions were taken by staff.

July 19, 1990, Eric Jones of the BLM Moab office was contacted by phone by Gil Hunt of DOGM. Mr. Jones said he would talk to the appropriate BLM staff and get back with Mr. Hunt concerning BLM's decision on the pit request. On July 26, 1990, Mr. Jones called Mr. Hunt and said that a Mr. Robert Larsen of BLM Monticello office would look at the pit and call Mr. Hunt back. Mr. Larsen never called.

August 23, 1990, a site inspection was made by Brad Hill of DOGM. He determined that the site was unsuitable for a large emergency pit because of its location adjacent to the intermittent drainage of Monument Creek and directly upon the floodplain of Monument Creek. A letter denying the request was sent to BWAB on August 27, 1990.

September 18, 1990, Mr Hill called Mr. Larsen, BLM Monticello, and he said that he agreed with our decision.

October 2, 1990, Glenn Goodwin, DOGM Monticello, called and said that the Bob Turri, BLM Monticello talked to him and said they were going to approve the request and wanted DOGM to do same.

October 3, 1990, Mr. Hill talked to Mr. Turri he said the pit is to be used only as a catchment for possible leaks and not for storage and that BLM is going to approve the request. He also said that he would like DOGM to reverse their decision.

The DOGM staff members feel that a large pit in this location is not necessary and other better means of handling any leakage are available. Pits are inviting to those that want to dump waste. Also it is not necessary to have a pit that would hold 14 times the daily injection volume. The well is required to be monitored daily and should have a shutdown device should a sudden pressure drop (leak) develop. A better alternative would be either to berm the location or a small lined pit or tank farther from the creek.



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

August 25, 1992

BWAB Inc.
555 17th Street, Suite 1900
Denver, Colorado 80202

Gentlemen:

Re: Pressure Test for Mechanical Integrity, Class II Injection Well, Taos Federal 25-34, Salt Water Disposal Well, Sec. 25, T. 37S, R. 24E, San Juan County, Utah

The Underground Injection Control Program which the Division of Oil, Gas and Mining (DOGM) administers in Utah, requires that all Class II injection wells demonstrate mechanical integrity. It has been past policy of the Division to require pressure testing of all Class II salt water disposal wells and other injection wells not reporting monthly annulus pressures in accordance with rule R649-5-5.3 of the Oil and Gas Conservation General Rules. This rule requires that the casing-tubing annulus above the packer be pressure tested at a pressure equal to the maximum authorized injection pressure or 1,000 psi, whichever is lesser, provided that no test pressure is less than 300 psi. This test shall be performed at least every five year period beginning October, 1982. Our records indicate the above referenced well is due for testing for the second five year period. Please make arrangements and ready the well for testing during the week of September 21, 1992 as outlined below:

1. Operator must furnish connections, and accurate pressure gauges, hot oil truck (or other means of pressuring annulus), as well as personnel to assist in opening valves etc.
2. The casing-tubing annulus shall be filled prior to the test date to expedite testing, as each well will be required to hold pressure for a minimum of 15 minutes.
3. If mechanical difficulties or workover operations make it impossible for the wells to be tested on this date the tests may be rescheduled.

Page 2
Pressure Test
August 25, 1992

4. Company personnel should meet DOGM representatives at the field office or other location as negotiated.
5. All bradenhead valves with exception of the tubing on the injection wells must be shut in 24 hours prior to testing.

Please contact Mr. Dan Jarvis at (801)538-5340 to arrange a meeting time and place or negotiate a different date if this one is unacceptable.

Sincerely,



Gil Hunt
UIC Program Manager

ldc
Attachment
WO152

Utah Division of Oil, Gas, and Mining
Casing - Bradenhead Test

Operator: BWAB INCORPORATED *Pressure* Field/Unit:
Well: TAOS FED. 25-34 Township: 37S Range: 24E Sect: 25
API: 43-037-31360 Welltype: INJD Max Pressure: 2250
Lease type: FEDERAL Surface Owner: BLM

Test Date:
9/22/92 2:59 PM.

CASING STRING	SIZE	SET AT	PRESSURE	OBSERVATIONS
---------------	------	--------	----------	--------------

Surface:	133/8	71		
----------	-------	----	--	--

Intermediate:	8 5/8	1370		
---------------	-------	------	--	--

Pressured to 1100 PSI

Production:	5 1/2	5487		
-------------	-------	------	--	--

Other:		0		
--------	--	---	--	--

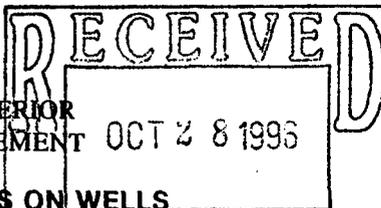
Tubing:	2 7/8		<i>Injecting at 1850 PSI</i>	
---------	-------	--	------------------------------	--

Packer:		5000		
---------	--	------	--	--

Recommendations:

*Max Cullum Rq for BWAB
Dan Jarvis + Gil Hunt DOGM
1100 PSI held 15 min
Passed MIT*

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other SWD

2. Name of Operator

YATES PETROLEUM CORPORATION (505) 748-1471

3. Address and Telephone No.

105 South 4th St., Artesia, NM 88210

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

820' FWL & 1920' FEL of Section 25-T37S-R24E (Unit O, SWSE)

5. Lease Designation and Serial No.

U-36490

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Taos Fed. #25-34 SWD

9. API Well No.

43-037-31360

10. Field and Pool, or Exploratory Area

Undesignated

11. County or Parish, State

San Juan Co., Utah

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

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

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

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

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

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

Corporate Surety Bond No. 585683 covering the State of Utah is on file.

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

Signed Rusty Klein

Title Operations Technician

Date Oct 14, 1996

(This space for Federal or State Office Use)

Branch of Fluid Minerals
Moab District

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

TRANSFER OF AUTHORITY TO INJECT - UIC FORM 5

Well name and number: Taos Federal #25-34 SWD
Field or Unit name: Undesignated API no. 43-037-31360
Well location: QQ SWSE section 25 township 37S range 24E county San Juan Co., UT
Effective Date of Transfer: September 17, 1996

CURRENT OPERATOR

Transfer approved by:

Name Randall C. Roulier Company BWAB Incorporated
Signature Randall C. Roulier Address 475 17th Street, Ste. 1600
Title President Denver CO 80202
Date October 21, 1996 Phone (303) 295-7444

Comments:

NEW OPERATOR

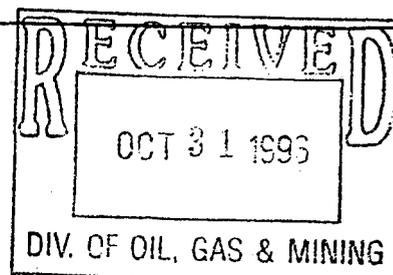
Transfer approved by:

Name Randy G. Patterson Company Yates Petroleum Corporation
Signature Randy G. Patterson Address 105 South Fourth Street
Title Attorney-in-Fact Artesia, New Mexico 88210
Date October 17, 1996 Phone (505) 748-1471

Comments:

(State use only)

Transfer approved by [Signature] Title Environ. Manager
Approval Date 12-9-96



Form 2800-16
(February 1989)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bond Number

58 82 93

RIGHT-OF-WAY SURETY BOND

Right-of-Way Grant or Temporary Use Permit Serial Number UTU-68480

RECEIVED
SAH JUAN
MINERAL
RESOURCES
AREA
NOV 22 PM 2:29
DEPT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

KNOW ALL MEN BY THESE PRESENTS, that Yates Petroleum Corporation Principal,
and Gulf Insurance Company of Dallas, Texas, as
surety organized and existing under the laws of the State of Missouri,
at Dallas, Texas, having its primary office
, are held and firmly bound unto the United States of America in

the sum of Twenty-Six Thousand Five Hundred and no/100ths--- dollars (\$26,500.00-----)
lawful money of the United States for the payment of which, well and truly to be made, we bind ourselves, each of us, our heirs,
executors, administrators, successors, or assigns, jointly and severally, firmly by these presents.

WHEREAS, said principal made application for the issuance of a right-of-way grant or temporary use permit for the use of the lands
described therein, bearing the above serial number; and

WHEREAS, said principal upon the issuance of such right-of-way grant or temporary use permit, is required to comply with the
following terms and conditions of said grant or temporary use permit:

NOW, THEREFORE, If the said principal or his heirs, executors, administrators, successors, or assigns, shall fully comply with the said
terms and conditions then, and in that event, the obligation shall be null and void; otherwise it shall remain in full force and effect.

IN WITNESS WHEREOF, we hereunto set our hands and seals this 19th day of November, 19 96.

YATES PETROLEUM CORPORATION
By: [Signature]
(Signature of Principal)
GULF INSURANCE COMPANY
By: [Signature]
S. Gary Sims, (Signature of Surety) Attorney-in-Fact
By S. Gary Sims, Attorney-in-Fact
101 S. Fourth St., Artesia, NM 88210
ADDRESSES OF WITNESSES

SIGNATURES OF WITNESSES
Attest: [Signature]
Randy G. Patterson, Secretary
Witness: [Signature]
Witness: [Signature]
Witness: [Signature]
105 South Fourth St., Artesia, NM 88210
105 South Fourth St., Artesia, NM 88210
105 South Fourth St., Artesia, NM 88210
101 South Fourth St., Artesia, NM 88210

Two witnesses, with the post office address of each, are required to each signature. The seal of each corporation signing the bond must be affixed. A
copy of the Power of Attorney of the Authorized Agent of a surety company must accompany the bond.



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

CHARLENE M. WARD or S. GARY SIMS or JOHN C. KNIGHT

ARTESIA, NEW MEXICO

its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, not to exceed \$250,000.00 or any bond where the penalty is not stated in the bond form. No authority is granted where the attorney in fact is a party at interest in the bond.

The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any State, territory or Federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors.

This Power of Attorney and Certificate are signed and sealed by facsimile under and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

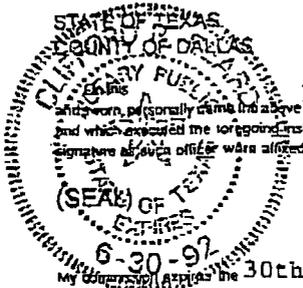
Resolved that the signature of the President, or of any Senior Vice President, or of any Vice President, or of the Secretary, or of any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes any of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, including any such power of attorney and certificate revoking the authority of the foregoing Attorneys-in-fact, as well as for the appointment of agents for the service of process in any jurisdiction, state or federal, including any such power of attorney and certificate revoking the authority of such agents; and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power of attorney or certificate so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company at the time any such power of attorney and certificate are executed and in the future with respect to any bond or undertaking to which they are attached.

of the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this

April 12, 1991



By [Signature]
Sr. Vice President



12 day of April, 1991 before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in and which executed the foregoing instrument that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of said company.

[Signature]
Clifford R. Beard
Notary Public
1992

CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date

executed the foregoing Power of Attorney authorized to execute this Power of Attorney. I, the undersigned, have hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 19th day of November, 1996



[Signature]
Vice President

San Juan Resource Area

435 North Main, P. O. Box 7
Monticello, Utah 84535
(801) 587-2141
Fax: (801) 587-2564

FAX TRANSMISSION COVER SHEET

Date: *December 5, 1996*
To: *Leisha*
Fax: *801-359-3940*
Re: *BWAB/Yates*
Sender: *Katie Juenger*

YOU SHOULD RECEIVE 3 PAGE(S), INCLUDING THIS COVER SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL (801) 587-2141.

PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File _____
TAOS FED 25-34 _____
(Location) Sec25 Twp37S Rng24E _____
(API No.) 43-037-31360 _____

Suspense _____
(Return Date) _____
(To - Initials) _____

Other _____
OPERATOR CHANGE _____

1. Date of Phone Call: 11-05-96 Time: 3:00

2. DOGM Employee (name) L. CORDOVA (Initiated Call
Talked to:

Name VERLENE BUTTS (Initiated Call)- Phone No. (801) 259-6111
of (Company/Organization) BLM/MOAB

3. Topic of Conversation: BONDING/WDW LEASE U-36490?

4. Highlights of Conversation:

*SEE ATTACHED LETTER FAXED TO DOGM 11-6-96.

9/6/1108 Katie Guenger (801) 587-2141 "Monticello/BLM"
BWAB has asked for a bond release; req denied; awaiting bond
coverage by Yates Retro.
Ms. Guenger will fax DOGM a copy of the bond when "Yates"
provides bond coverage. It is in progress!

*9/6/1206 BLM/San Juan Lic'd i: accepted bond 11-22-96. (see copy of bond)
Lease U36490 Terminated 6-8-90.
Yates Retro. operator of well under "Right-of-Way" agreement.

Post-It™ brand fax transmittal memo 7671 # of pages > 2

To <i>Lisha</i>	From <i>Winters</i>
Co. <i>Dogm</i>	Co. <i>BLM</i>
Dept.	Phone #
Fax #	Fax #

District
 San Juan Resource Area
 P.O. Box 7
 Monticello, Utah 84535

U-36490 ✓

UTU-68480
 (UT-069)
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT
 RECEIVED
 DISTRICT OFFICE
 15 MAY -7 PM 1:54

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
 Certification No.: Z 694 260 862

Mr. John R. Keller
 BWAB Incorporated
 475 17th Street, Suite 1600
 Denver, Colorado 80202

Dear Mr. Keller:

It has come to our attention that BWAB Incorporated (BWAB) has been utilizing a salt water disposal well, injection line, and access road formerly authorized by a sundry notice approved under the Taos Federal 25-34 lease #U-36490 in T. 37 S., R. 24 E., sec. 25. The above mentioned lease was eliminated by contraction from the Bradford Canyon Unit in June of 1988, which extended the lease until June 8, 1990, at which time the lease expired. This action effectively terminated the sundry notice and any authorization BWAB had to operate the well as a disposal well.

Attached is a copy of our letter to BWAB dated March 13, 1991, in which you were notified that a right-of-way would be required for the injection facility. We received your application for a right-of-way on December 2, 1991. In reviewing the file, it appears that the application was overlooked and to date has not been processed.

Enclosed is a copy of a staff report indicating that you were contacted regarding the application on April 12, 1995, and you stated in the conversation that the injection well was covered by a sundry notice. As stated above, any authorization given in the sundry notice would have been void upon termination of the lease in June of 1990.

You reported on April 25, 1996, that your company would be placing a new injection line over the old line. In effect, this action would create unauthorized disturbance on public lands. You are hereby notified that further use of the injection well or any activity or improvements at the site must be curtailed until a right-of-way can be granted by the Bureau of Land Management. As of the date of this notice, any further use of this injection facility could be considered willful trespass by BWAB Incorporated.

We have agreed to consider the application originally filed in 1991, and will analyze the plan of development and NEPA documentation that was used in approving the original lease; however,

we may need more information from BWAB on current operation of the facility. We will be conducting an investigation into the use of the injection well over the past six years and your cooperation in submitting injection figures to this office would be appreciated. It will also be necessary to assess the amount of bond coverage that will be required for the injection well. We will process the application as soon as possible, but please be advised that our staff is backlogged and the process may take as long as two or three weeks.

In accordance with 43 CFR 2883.1, a right-of-way applicant is required to reimburse the United States in advance for the administrative costs of processing the application. As specified in the attached Form 1323-2, it has been determined that your application falls under Category II. Under this category, you are required to pay a nonrefundable application processing fee in the amount of \$275.00 before we can take any further action on your application. This amount should be submitted to our office at the above listed address within 30 days of receipt of this decision. Please note that a category determination may be changed to Category VI at any time if it is determined that an environmental impact statement will be required to analyze the proposal.

In addition to the processing fee, you may also submit payment of the monitoring costs required pursuant to 43 CFR 2883.1 in the amount of \$50.00. Alternatively, the monitoring fees can be submitted at a later date with your written acceptance of the right-of-way terms and conditions under the authority of Section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185). In your future correspondence with this office, please refer to BLM serial number UTU-68480 which has been assigned to this application.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error. Should you wish to file a petition for a stay of the effectiveness of this decision during appeal review, please reference the enclosed instruction sheet attached to Form 1842-1.

We hope to have this situation resolved equitably and in a timely manner. If you have any questions please call Katie Juenger at (801) 587-2141.

Sincerely,

Area Manager

4 Enclosures

1-Letter dated 3/13/91

2-Staff Report dated 4/12/95

3-Form 1323-2

4-Form 1842-1

cc: MDO UT-065 JB

OPERATOR CHANGE WORKSHEET

Routing:	
1- LEC	6- LEC
2- LEC	7-KDR
3-DTS <i>15</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
RUSTY KLEIN
 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: *WDW

Name: <u>*TAOS FED 25-34/ISMY</u>	API: <u>43-037-31360</u>	Entity: <u>10809</u>	S	<u>25</u>	T	<u>37S</u>	R	<u>24E</u>	Lease: <u>U36490</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. 10-29-96) (*LIC F5 10-31-96)*
- Yec* 2. (r649-8-10) Sundry or other legal documentation has been received from the NEW operator (Attach to this form). *(Lic'd 10-28-96)*
- 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: _____
- Yec* 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. *& LIC/DBASE & Aquatiro Pro. (12-6-96)*
- Yec* 6. Cardex file has been updated for each well listed above. *(12-6-96)*
- Yec* 7. Well file labels have been updated for each well listed above. *(12-6-96)*
- 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. *(12-6-96)*
- 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.

ENTITY REVIEW

- Yes 1. (r649-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) (no) If entity assignments were changed, attach copies of Form 6, Entity Action Form.
- N/A 2. Trust Lands, Sovereign Lands, Tax Commission, etc., have been notified through normal procedures of entity changes.

BOND VERIFICATION - (FEE WELLS ONLY)

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

LEASE INTEREST OWNER NOTIFICATION OF RESPONSIBILITY

- N/A 1. Copies of documents have been sent on to at Trust Lands for changes involving State leases, in order to remind that agency of their responsibility to review for proper bonding.
12/10/96

FILMING

- ✓ 1. All attachments to this form have been microfilmed. Today's date: 12-30-96.

FILING

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

COMMENTS

San Juan Resource Area

435 North Main, P. O. Box 7
Monticello, Utah 84535
(801) 587-1515
Fax: (801) 587-1518

FAX TRANSMISSION COVER SHEET

Date: August 25, 1997
To: Leisha
Fax: 801-359-3940
Re: BWAB Bond Release
Sender: Katie Juenger

YOU SHOULD RECEIVE 3 PAGE(S), INCLUDING THIS COVER SHEET. IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL (801) 587-1515.

This bond was held pending some rehab work that was needed. The injection well was assigned to Yates Petroleum, and the bond from Yates has been accepted.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
 San Juan Resource Area
 P. O. Box 7
 Monticello, Utah 84535

UTU-68480
 (UT-069)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
 Certification No.: Z 694 262 798

AUG 25 1997

DECISION

Principal:

BWAB Incorporated
 475 Seventeenth Street, Suite 1600
 Denver, Colorado 80202

: Right-of-Way UTU-68480
 : Bond No. 141514507
 : BLM Bond No. UT-1045
 :
 :

Surety:

CNA Surety Companies
 250 N. Water
 Wichita, Kansas 67202

: Bond Amount: \$26,500
 : Execution Date: June 19, 1996
 :

Release of Surety Bond

The right-of-way covered by the above referenced bond has been assigned to Yates Petroleum Corporation, therefore, the bond issued to BWAB Incorporated is hereby released effective August 15, 1997.

Kent E. Walter

Kent E. Walter
 Area Manager

Enclosure

cc: BWAB Incorporated
 475 Seventeenth Street, Suite 1600
 Denver, Colorado 80202

Form 2800-16
(February 1989)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bond Number UT-1045

RIGHT-OF-WAY SURETY BOND

Bond #141514507

Right-of-Way Grant or Temporary Use Permit Serial Number UTU-68480

KNOW ALL MEN BY THESE PRESENTS, that BWAB Incorporated as principal,
and Continental Casualty Company of Chicago, IL, as
surety organized and existing under the laws of the State of Illinois having its primary office
at Chicago, IL, are held and firmly bound unto the United States of America in

the sum of Twenty Six Thousand Five Hundred & No/100 dollars (\$26,500.00)
lawful money of the United States for the payment of which, well and truly to be made, we bind ourselves, each of us, our heirs,
executors, administrators, successors, or assigns, jointly and severally, firmly by these presents.

WHEREAS, said principal made application for the issuance of a right-of-way grant or temporary use permit for the use of the lands
described therein, bearing the above serial number, and

WHEREAS, said principal upon the issuance of such right-of-way grant or temporary use permit, is required to comply with the
following terms and conditions of said grant or temporary use permit: UTU-68480

NOW, THEREFORE, If the said principal or his heirs, executors, administrators, successors, or assigns, shall fully comply with the said
terms and conditions then, and in that event, the obligation shall be null and void; otherwise it shall remain in full force and effect.

IN WITNESS WHEREOF, we hereunto set our hands and seals this 19th day of June, 1996.

RECEIVED
SAM JUAN RESOURCE AREA
96 JUL 17 AM 11:27
DEPT. OF THE INTERIOR
BUREAU OF LAND MGMT

BWAB Incorporated

John K. Keller Attorney-in-Fact
(Signature of Principal) John K. Keller
Continental Casualty Company

Bret S. Burton
(Signature of Surety)

By Attorney-in-Fact, Bret S. Burton

SIGNATURES OF WITNESSES

ADDRESSES OF WITNESSES

[Signature]
Ellen Barnes
Sandra J. Stryack
Jana M. Forrest

7946 E. Mexico Ave. Denver CO 80231
17866 W. Sunnyside GOLDEN, CO 80401
250 N. Water, Wichita, KS 67202
250 N. Water, Wichita, KS 67202

Two witnesses, with the post office address of each, are required to each signature. The seal of each corporation signing the bond must be affixed. A copy of the Power of Attorney of the Authorized Agent of a surety company must accompany the bond.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COPY

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Petral Exploration, LLC

3. Address and Telephone No. *c/o McIlnay & Associates, Inc.*
2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2521' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25E

CONFIDENTIAL

5. Lease Designation and Serial No.
UTU-75521

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation
Knockdhu Unit (75040X)

8. Well Name and No.
#3

9. API Well No.
43-037-31785

10. Field and Pool, or Exploratory Area
Unnamed

11. County or Parish, State
San Juan Co., UT

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

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

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

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

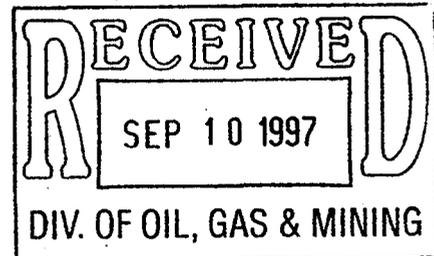
It is proposed to dispose of produced water from this well by trucking from the well site to the Taos Federal #25-34 (NE, SW, SE Sec. 25-T37S-R24E, Lease U-36490, San Juan Co., *43-037-31360* UT) water injection well, which is operated by Yates Petroleum Corp. Petral Exploration, LLC owns a Working Interest in this well.

The produced water will be injected into the Ismay Formation. The Taos Federal #25-34 has been permitted as a water disposal well with the BLM and the State of Utah, Natural Resources Oil, Gas & Mining.

Included with this Sundry are water analyses reports.

Accepted by the State
of Utah Division of
Oil, Gas and Mining

Date: 9/16/97
By: [Signature]



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

Signature: [Signature] Title: Consulting Engineers Date: 9-5-97

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
 Conditions of approval, if any: Federal Approval of this Action is Necessary

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COPY

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. UTU-065915
2. Name of Operator Petral Exploration, LLC	6. If Indian, Allottee or Tribe Name NA
3. Address and Telephone No. c/o McIlnay & Associates, Inc. 2305 Oxford Lane, Casper, WY 82640 (307) 265-4351	7. If Unit or CA, Agreement Designation Knockdhu Unit 75040X
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) ... (SE NW SE) 1950' FSL & 1573' FEL Sec. 33-T37S-R25E	8. Well Name and No. 2
	9. API Well No. 43-037-31779
	10. Field and Pool, or Exploratory Area Unnamed
	11. County or Parish, State San Juan Co., UT

CONFIDENTIAL

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

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

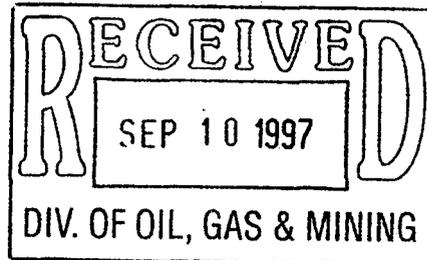
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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

It is proposed to dispose of produced water from this well by trucking from the well site to the Taos Federal #25-34 (NE, SW, SE Sec. 25-T37S-R24E, Lease U-36490, San Juan Co., ⁴³⁻⁰³⁷⁻³¹³⁶⁰ UT) water injection well, which is operated by Yates Petroleum Corp. Petral Exploration, LLC owns a Working Interest in this well.

The produced water will be injected into the Ismay Formation. The Taos Federal #25-34 has been permitted as a water disposal well with the BLM and the State of Utah, Natural Resources Oil, Gas & Mining.

Included with this Sundry are water analyses reports.
Accepted by the State of Utah Division of Oil, Gas and Mining
Date: 9/16/97
By: [Signature]



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

Signed [Signature] Title McIlnay & Associates, Inc. Consulting Engineers Date 9-5-97

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COPY

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Petral Exploration, LLC

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
 2305 Oxford Lane, Casper, WY 82604

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 2018' FSL & 1388' FWL Sec. 19-T37S-R25E, (NW NE SW) Surf. Loc.
 BHL - 2478' FSL & 1950' FWL, Sec. 19-T37S-R25E (NW NE SW)

CONFIDENTIAL

5. Lease Designation and Serial No.
 UTU-075897

6. If Indian, Allottee or Tribe Name
 NA

7. If Unit or CA, Agreement Designation
 NA

8. Well Name and No.
 Knockando #2

9. API Well No.
 43-037-31780

10. Field and Pool, or Exploratory Area
 Wildcat

11. County or Parish, State
 San Juan, UT

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

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

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

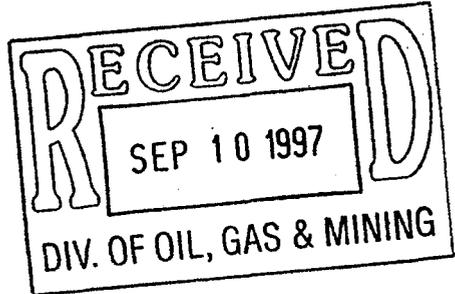
13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to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

It is proposed to dispose of produced water from this well by trucking from the well site to the Taos Federal #25-34 (NE, SW, SE Sec. 25-T37S-R24E, Lease U-36490, San Juan Co., UT) water injection well, which is operated by Yates Petroleum Corp. Petral Exploration, LLC owns a Working Interest in this well.

The produced water will be injected into the Ismay Formation. The Taos Federal #25-34 has been permitted as a water disposal well with the BLM and the State of Utah, Natural Resources Oil, Gas & Mining.

Included with this Sundry are water analyses reports.

Accepted by the State
 of Utah Division of
 Oil, Gas and Mining
 Date: 9/16/97
 By: [Signature]



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

Signed [Signature] Title McIlnay & Associates, Inc. Consulting Engineers Date 9-5-97

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
 Conditions of approval, if any: Federal Approval of this Action is Necessary

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INJECTION WELL - INSPECTION RECORD

Well Name: <u>TAOS Fed. 25-34</u>	API Number: <u>43-037-31360</u>		
Qtr/Qtr: _____	Section: <u>25</u>	Township: <u>37S</u>	Range: <u>24E</u>
Company Name: <u>Yates Pet.</u>			
Lease: State _____	Fee _____	Federal <u>X</u>	Indian _____
Inspector: <u>[Signature]</u>	Date: <u>5-24-99</u>		

Injection Type:

Disposal: X Enhanced Recovery: _____ Other: _____

Injecting: YES Shut-In: _____

Rate: 220 bpd (bpd) Totalizer: _____
(bbls)

Gauges: Tubing: _____

 Casing: _____ Casing Pressure: _____ (psig)

Tubing Pressure: _____ (psig) Housekeeping: OK

Equipment Condition: OK

COMMENTS: _____

INJECTION WELL - PRESSURE TEST

Well Name: TAOS FEDERAL 25-34 API Number: 43-037- 31360
 Qtr/Qtr: SW SE Section: 25 Township: 37 SOUTH Range: 24 EAST
 Company Name: YATES PETROLEUM COMPANY
 Lease: State _____ Fee _____ Federal Indian _____
 Inspector: M. HEBERTSON Date: 9-SEP-1999

Initial Conditions:

Tubing - Rate: 0 Pressure: 250 psi

Casing/Tubing Annulus - Pressure: 100/250 psi

Conditions During Test:

Time (Minutes)	Annulus Pressure	Tubing Pressure
0	<u>1050</u>	<u>250</u>
5	<u>1050</u>	<u>250</u>
10	<u>1050</u>	<u>250</u>
15	<u>1050</u>	<u>250</u>
20	_____	_____
25	_____	_____
30	_____	_____

9:30 AM

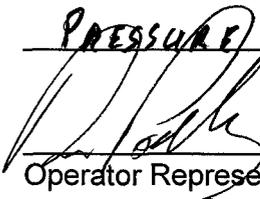
Results: Pass/Fail

Conditions After Test:

Tubing Pressure: 250 psi

Casing/Tubing Annulus Pressure: 0 psi

COMMENTS: NOT INJECTING POWER TRANSFER BROKEN
ON INJECTION PUMP ≈ 1500# OF INJECTION
PRESSURE WHEN INJECTING



 Operator Representative

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <u>SWD</u>		5. Lease Serial No. <u>U-36490</u>
2. Name of Operator <u>Yates Petroleum Corporation</u>		6. If Indian, Allottee or Tribe Name <u>N/A</u>
3a. Address <u>105 S. 4th Str., Artesia, NM 88210</u>	3b. Phone No. (include area code) <u>505-748-1471</u>	7. If Unit or CA/Agreement, Name and/or No. <u>N/A</u>
4. Location of Well (Footage, Sec., T., R., M., OR Survey Description) <u>820' FSL & 1920' FEL Sec. 25-T37S-R24E Unit 0, SWSE</u>		8. Well Name and No. <u>Taos Federal 25-34 SWD</u>
		9. API Well No. <u>43-037-31360</u>
		10. Field and Pool, or Exploratory Area <u>Undesignated</u>
		11. County or Parish, State <u>San Juan, UT</u>

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>300 PSI Treatment</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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

Note: Notify BLM 24 hrs prior to rigging up. Contact: Eric Jones (435-259-2117)

- 1) MIRU service rig w/triplex pump and pit.
- 2) RD WH. PU string weight and release packer.
- 3) Have 50# packer fluid delivered to location.
- 4) MIRU 300 PSI treatment unit.
- 5) Pump 50# packer fluid down annular to load hole and achieve circulation.
- 6) Pump 1400 gal PSI treatment down annular.
- 7) Set packer, RU WH.
- 8) Pressure annulus w/triplex to assure penetration and check bleed off rate.
- 9) Repeat if necessary.
- 10) RU nitrogen to annulus and set 200# over MIT SDON w/nitrogen feed.
- 11) Next morning, witness MIT.
- 12) RD service rig.
- 13) Start injection.

(See attachment)

D. J. Jones
11/15/06
* Contact Dan Jarvis (801-538-5338)
w/DOGm TO witness MIT

RECEIVED
COPY SENT TO OPERATOR
Date: 11-17-06
initials: DM
OCT 25 2006

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) <u>Stormi Davis</u>	Title <u>Regulatory Compliance Technician</u>
Signature <i>Stormi Davis</i>	Date <u>10/19/06</u>

DIV. OF OIL, GAS & MINING

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. 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 would entitle the applicant to conduct operations thereon.	Office	

CASING REPAIR SYSTEM

INSIDE THIS ISSUE:

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Case Histories 2

Case Histories 3

History of 300PSI 3

Commitment to Quality 3

Technology for the Future 4

Contacting Us 4

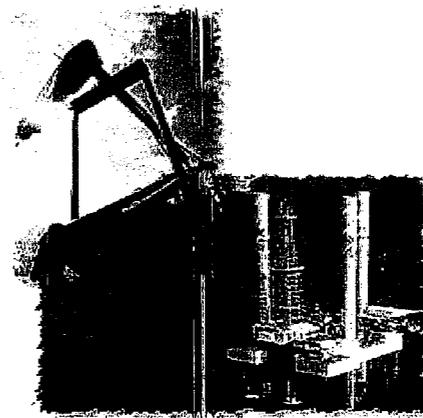
SPECIAL POINTS OF INTEREST:

- Mechanical Integrity Restoration Services to protect fresh drinking water sources.
- EPA & State approved.
- Unprecedented 95% success rate.
- Solutions for the Oil & Gas Industry.

300PSI is the world's leader in annular treatment technology. The **SealMaker** system is a revolutionary-patented composite, uniquely designed to repair injection well, production well, and sub-sea pipeline leaks. **SealMaker** technology is based on its ability to remain liquid until arriving at a leak point. The composite's ability to recognize a leak allows it to immediately go to work. Utilizing a unique progressive solidification process, the composite is squeezed until a leak is completely and permanently repaired. Residual fluid in the pipe remains liquid providing excellent corrosion inhibition. This makes the application for injection well casing repair and pipeline repair an ideal match.

Proven

300PSI has proven the **SealMaker** system with results,



300PSI SealMaker technology is continually working to protect the Environment.

time and again. Discovered in 1995, the chemical repair system, quickly showed its extraordinary ability to perform successfully under extremely adverse conditions. Today, and with over 850 repairs, the **SealMaker** system continues to show a success rate of 95%. The **300PSI** patented technology surpasses conventional methods of casing repair at a fraction of the

cost. No drill out is required and the results are permanent.

Locations

300PSI has current locations in Cleveland, Oklahoma, Minden, Louisiana, and Olney, Illinois. **SealMaker** is approved for application for injection well repair in Oklahoma, Texas, Louisiana, Arkansas, Illinois, Indiana, and Kentucky.

SEALMAKER SYSTEM SUCCESSFULLY REPAIRS SUBSEA PIPELINE LEAK IN 1000' WATER IN SOUTH CHINA SEA

In November 1998, **300PSI** successfully repaired a 1/2" diameter hole which had developed in a section of a sub-sea pipeline manifold lying in 1015' of water offshore China. The sub-sea repair proved to be an efficient method to resolve deep-water leaks. Small leak diameters

are effectively repaired with chemical alone, whereas, large leaks can be clamped to retain the composite. The chemical can typically be pumped directly to a leak with the existing rig equipment. Today, **300PSI** provides clamp design, fabrication, installation, and the necessary

chemical services for remote installation leak repair. The adaptation of the **SealMaker** system for this type of leak repair further illustrates **300PSI's** growing potential to provide technical solutions for the Oil & Gas Industry throughout the world.

The **300PSI SealMaker** system was originally designed to repair single and multiple casing leaks that occur in an injection well annulus where there is direct communication, through a leak in the casing string, directly into the original open-hole well-bore and the adjacent earth strata.

The system is a multiple stage chemical process. The chemicals are pumped in conjunction with one another to react in a precisely controlled order. The chemicals ultimately yield a composite cement that

sets externally to the casing and is independent of time constraint. The composite develops excellent strength characteristics that increases over time. The composite is stable throughout the entire pH range adding long term stability while in direct contact with acidic or alkaline formation fluids. The final result is a permanent casing repair.

The process is initiated by pressure differential and shear. As the chemicals coalesce they start to form a

bridging mechanism that is highly porous. This porous medium allows a filtration process to occur. Sequentially, the composite materials then provide the additional filtration components and the molecular elements that are necessary to build a crystalline composite cement structure. Crystallization of the composite progresses as the chemicals filtrate through and around the bridging medium. This filtration process continues until the composite has fully developed from the initial point of restriction in-

wards to the well casing. The last stage provides additional molecular components that impregnate the crystalline structure to enhance the solidification of the composite. Compressive strength builds at this point as a non-permeable seal forms permanently at the leak. Since no further filtration is possible beyond the leak point, residual fluid inside the casing cannot undergo the physical process necessary to initiate solidification, thus ensuring that it remains liquid.

CASE HISTORIES

Wayne County, Illinois

Problem

Conversion of producing oil well to injection well, with a casing leak at 1800'. Max casing pressure was 140 psig @1 bpm rate into the leak.

Solution

Pumped *Vortex-SealMaker* treatment into annulus. Pumped 126 gal *Vortex A*, 126 gal *Vortex B*, 504 gal *SealMaker*. Pressure increased to 310 psig while pumping the liquid phases. Nitrogen pressure was then applied and the pressure on the annulus was increased to 365 psig and held constant for 18 hours. The pressure was then increased to 410 psig and shut in. Zero leak-off occurred over 30 minutes. The well was then circulated out to demonstrate that the seal had formed on the outside of the casing. The packer and tubing were pulled, additional injection zone was perforated,

and the injection string was ran back in. The annulus was then re-pressured to 328 psig and the well passed the required MIT with 0 leak-off over 30 minutes.

Columbia County, Arkansas

Problem

Fiberglass casing developed split at 1100'. The initial pump in rate was 1/2 barrel per minute at 750 psig. The initial leak-off was 750-0 psig in 2 minutes. A failed sodium-silicate treatment had been performed prior to the **300PSI** attempt.

Solution

Pumped *Vortex-SealMaker* treatment. Pumped 300 gal *Vortex A*, 300 gal *Vortex B*, 100 gal *SealMaker*. The pressure was steadily increased to 750 psig with 750-400 psig leak-off in 1 minute initially. Squeeze pressure was increased incrementally to 900 psig over the next 26 hours.

The well was then tested with zero leak-off over 30 minutes. The well was the circulated clean and retested 600 psig with zero leak-off over 30 minutes.

Osage County, Oklahoma

Problem

Injection well annulus could not be loaded due to casing leak. No pressure could be obtained due to severe casing leak

Solution

Pumped *Vortex-SealMaker* system. Pumped *Vortex A*, *Vortex B*, and *SealMaker* solutions into the annulus. Applied nitrogen pressure and gradually worked the composite into the casing leak over 72 hours. Nitrogen pressure was released and the annulus was loaded with water and pressure tested with the EPA at 200 psig. 18 months after the original treatment, the well developed another casing

leak that was directly communicating from the injection zone into the annulus. The zone pressurized the annulus to 280 psig. The tubing was nitrogen tested to verify that a tubing leak had not occurred. **300PSI** re-pressured the annulus to squeeze the remaining *Vortex-SealMaker* chemicals from the original treatment to the leak point. The leak required 800 psig to squeeze the *Vortex-SealMaker* into it. The annulus of the well was squeezed for approximately 72 hours. All communication from the injection interval was successfully squeezed. The well was retested with the EPA with zero leak-off from 390 psig. The ability to substantially increase the pressure well-beyond the original 200 psig from 1-1/2 years earlier, demonstrates the ability of the composite to continue to strengthen over time.

Oklahoma County, Oklahoma

Problem

Injection well had a casing leak from 3600-3650'. The well could be pressured to 300 psig and lost 40 psig per minute. It could not pass the required annual MIT.

Solution

Pumped 200 gallons *Vortex A*, 165 gallons *Vortex B*, and 750 gallons *SealMaker*. The chemicals were squeezed 24 hours until the leak was completely sealed off. The well was tested and

passed the MIT. Three (3) annual MIT tests have been ran subsequent to the original treatment and MIT in 1998. The annual tests in 1999, 2000, and 2001 were all successfully performed with zero leak-off occurring on each test.

Richland County, Illinois

Problem

Injection well had casing leak that leaked off from 350 psig at 10 psig per minute in Feb 1998 and could not pass the required MIT.

Solution

Pumped *Vortex-SealMaker* into the annulus to repair leak. The well had a successful MIT ran, however, it still had a slight leak-off of 14 psig per 30 minutes. The tubing and packer were pulled and replaced in April 2001 for a tubing leak with no problem after 3 years. After replacement, the well was pressured to 300 psig for the MIT with the operator's injection pump. Zero leak-off occurred during the 30 minute test showing the ability of the composite to strengthen over time and to remain intact throughout work-over operations.

HISTORY OF 300PSI

300PSI was founded by *Seal-Maker* inventors Todd K. Harris and Kenneth E. Harris in 1994. Two original products were designed specifically to address casing leaks for injection well casings that could not pass their required Mechanical Integrity Pressure Tests (MIT). The emergence of *Enviroplug* provided operators with a relatively inexpensive method to plug small leaks. Soon it became appar-

ent to them that a superior product was needed. In 1995 after several design attempts, the first *SealMaker* products were successfully tested. The product performed exceptionally well. 37 successful treatments in a row fueled a full dedicated commitment towards the development of the system for oilfield applications. The chemical combinations necessary to precisely control the solidification proc-

ess were refined and the *Seal-Maker System* evolved. The process was implemented and pump equipment was built specifically for the product. Today, seven years later, the success rate remains at an incredible 95%. With over 850 sealant treatments throughout the world, the *300PSI Seal-Maker* technology has gained the acceptance as a conventional and permanent repair method.

"Our continued success is a product of an intense commitment to quality and an increasing knowledge and understanding of how our products work"



COMMITMENT TO QUALITY

300PSI has been successful for many reasons. There is no doubt that the incredible chemistry of our product is a major contributing factor, however, the direct application design for the products on each individual well condition is the fundamental basis of success. A fundamental that achieves maximum results. Our continued success is a product of an intense

commitment to quality and an increasing knowledge and understanding of how our products work. The *300PSI* system does not, and cannot work as conventional methods do. It is unique in that it works progressively, each step building on the previous step, one by one, until a leak is repaired. We project a high confidence level because we intend to succeed.

Our goal is to repair each and every leak, permanently. By providing new technology to repair difficult casing and pipeline leaks, *300PSI* remains committed to ensure the protection of all underground drinking water while providing solutions to the Oil & Gas Industry to help the industry maintain superior environmental compliance in today's world.

Technology for the Future

Now that we have transitioned into the new millennium, new obstacles are upon us. Emerging countries of the world are just beginning to prosper. And



they have a fierce desire to become the leaders of tomorrow. They are relentlessly pursuing

the development of economic and social expansion. As a result, the Oil & Gas Industry has been called upon to play a pivotal role in providing these growing countries with the energy needs that they require. We must reach to

produce energy from increasingly remote locations onshore, and farther offshore into deeper and deeper waters to provide the fuels that is being demanded. Technology is the critical factor that will ultimately determine our ability as an industry to fulfill these requirements. The preservation of the world's existing oil and gas fields are more vital now than ever in history. The protection of our world's lands, our fresh water, our oceans, and our people shall remain the ultimate priority. To help meet the challenges imposed on our industry, **300PSI** is fully committed to delivering the technologies necessary to preserve and extend the life of all existing oil and gas fields onshore and offshore. As new applica-

tions become apparent, the testing of those new applications will undoubtedly lead to new discoveries., as demonstrated by our newest sealant technology **EnviroSEAL**, for use on offshore control line and safety valve leaks. This new sealant is capable in being utilized in line diameters as small as .125" without risk of plugging or interfering with the system.

300PSI continuing to aggressively to search to find new ways to help operators reduce their overall costs while, at the same time, help them to maintain superior environmental compliance. We are working hard to ensure that our Earth's waters will remain safe for the many centuries to come.

Locations

OKLAHOMA

CLEVELAND, OK

918-358-5713

LOUISIANA

MINDEN, LA

318-382-0098

ILLINOIS

OLNEY, IL

618-395-7395

For additional information on our SealMaker Systems.

Please contact one of our representatives today at

1-800-207-7395 or e-mail:

TODDHARRIS@300PSI.COM

Visit our web site at: **WWW.300PSI.COM**

SALES TEAM:

- Todd K Harris 618-292-9650
- Kenneth E Harris 918-630-9837
- M. Scott Harris 812-204-3150
- Larry S. Griffin 618-322-2798

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: U-36490
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>SWD</u>		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Yates Petroleum Corporation		8. WELL NAME and NUMBER: Taos Federal 25-34 SWD
3. ADDRESS OF OPERATOR: 105 S. 4th Street CITY Artesia STATE NM ZIP 88210		9. API NUMBER: 4303731360
4. LOCATION OF WELL FOOTAGES AT SURFACE: 820' FSL, 1920' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 25 37S 24E		10. FIELD AND POOL, OR WILDCAT: Undesignated
		PHONE NUMBER: (505) 748-1471
		COUNTY: San Juan 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"/> DEEPEEN	<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 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>11/21/2006</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 checked="" type="checkbox"/> OTHER: <u>300 PSI Treatment</u>
	<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.

20-06 Bleed off tubing and casing to lined pit. Remove WH assembly, unflange well, unset packer, flange WH back up. pumping equipment 300 PSI to triplex, water truck and metal pit. Mix packer fluid; start pumping displacement on back-50 bbls and add 3 gal perfect seal to displacement, then pump 50 lbs #2 product, 50 lbs #1 product, 50 lbs #2, 50 lbs #1, s #2, 50 lbs #1, then 100 lbs #3, 100 lbs #2, 100 lbs #1, 50 lbs #3 (1400 gal total of 300 PSI product). RD, unflanged and packer; flanged back up; pressured up to 1200# w/rig triplex; bleed off to 900#; bring pressure back to 1500#; slowly off to 960# in 20 mins. Pressure up to 1200# w/triplex. RU N2 cascade system and pressure had dropped to 980#. 2 feed @ 1200#. Left @ this psi feeding overnight. Jeff Brown w/BLM (Monticello) witnessed procedure.

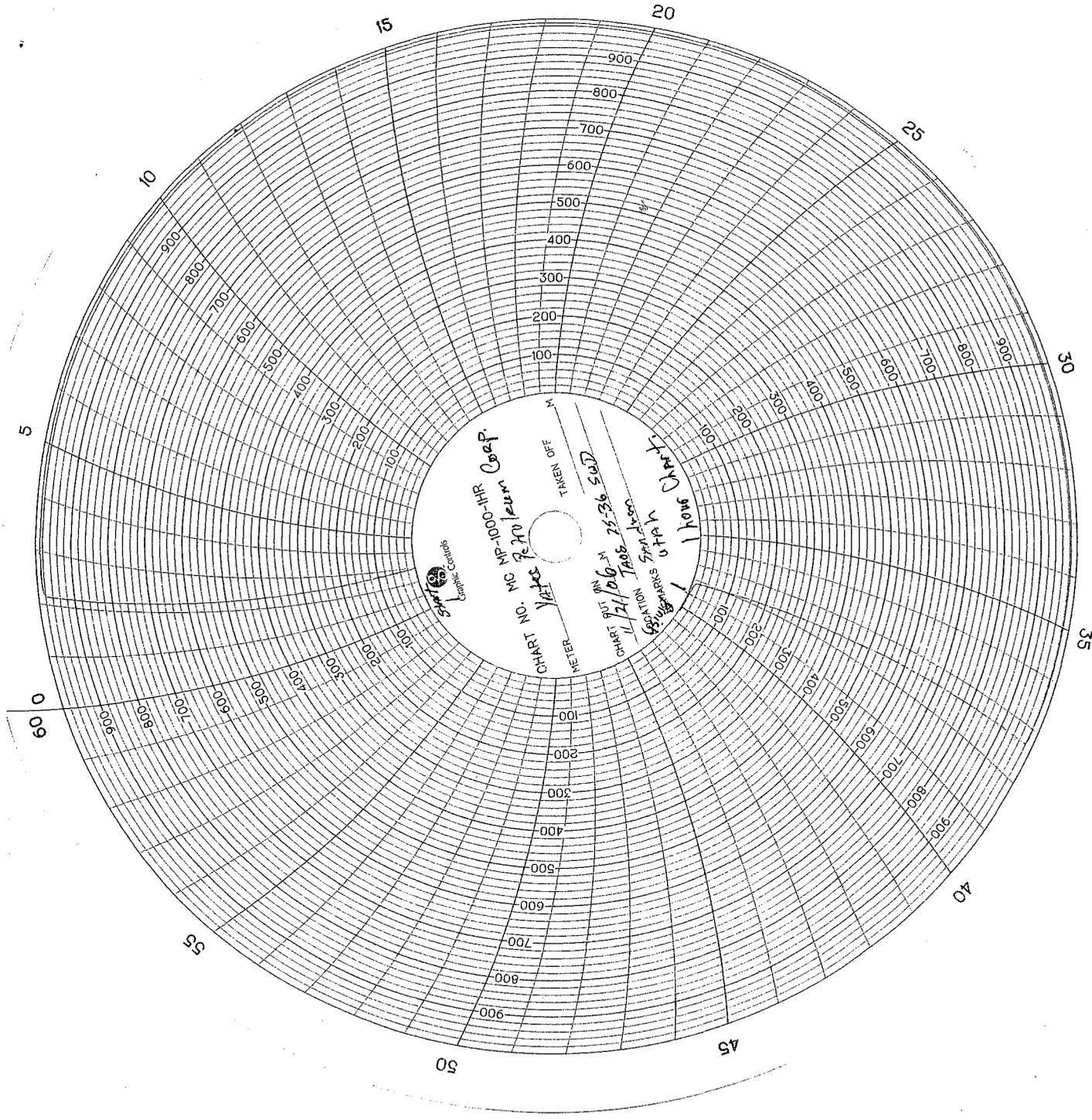
6 Pressure had dropped to 980# overnight on all N2 bottles. Connected to fresh N2 bottle and brought pressure to connected to chart and ran chart; held pressure @ 995# for 30 mins. Jeff Brown w/BLM on location and witnessed the pressure testing and advised it was good for the MIT. He advised that he would contact Dan Jarvis w/Utah Oil Com- by phone and advise of the test. I advised Jeff that we would send both the BLM and the State, the chart and a report. s Pumping started Yates SWD pump and started pumping into SWD.

s held a constant 950# on a gauge since starting YPC pump and continues to hold through today, 11-27-06.

 (PLEASE PRINT) Stormi Davis TITLE Regulatory Compliance Technician
 E Stormi Davis DATE 12/1/2006

(For State use only)

RECEIVED
DEC 06 2006
DIV. OF OIL, GAS & MINING





GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Feb 13, 2012

Yates Petroleum Corp
105 S 4th ST
Artesia, NM 88201

37S 24E 25

SUBJECT: Pressure Test for Mechanical Integrity, Taos Federal 25-34, San Juan County, Utah:

To Whom It May Concern:

The Underground Injection Control Program, which the Division of Oil, Gas and Mining (DOGGM) administers in Utah, requires that all Class II injection wells demonstrate mechanical integrity. Rule R649-5-5.3 of the Oil and Gas Conservation General Rules requires that the casing-tubing annulus above the packer be pressure tested at a pressure equal to the maximum authorized injection pressure or 1,000 psi, whichever is lesser, provided that no test pressure is less than 300 psi. This test shall be performed at least every five-year period beginning October 1982. The following wells now require a current test:

Taos Federal 25-34 4303731360

Please make arrangements and ready wells for testing during the week of March 26th 2012, as outlined below:

1. Operator must furnish connections, and accurate pressure gauges, hot oil truck (or other means of pressuring annulus), along with personnel to assist in opening valves, etc.
2. The casing-tubing annulus shall be filled prior to the test date to expedite testing, as each well will be required to hold pressure for a minimum of 15 minutes.
3. If mechanical difficulties or workover operations make it impossible for the well(s) to be tested on this date the test(s) may be rescheduled.
4. Company personnel should meet a DOGM representative(s) at the field office or other location as negotiated.



Page 2
February 13, 2012
Yates Petroleum Corp

5. All bradenhead valves with exception of the tubing on the injection well(s) must be shut-in 24 hours prior to testing.

Please contact me at (435) 820-0862 to arrange a meeting time and place or to negotiate a different date, if the date(s) specified is unacceptable.

Sincerely,



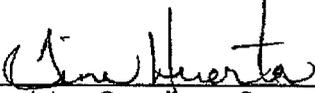
Bart Kettle
Environmental Scientist

bk/dj/js

cc: Dan Jarvis, Operations Manager
Well File

Form 3160-5 continued:

- 10/17/11 Tagged top of fish at 4369'. Worked overshot over fish, jarred fish. Worked torque down hole and released 5-1/2" arrow packer. TOOH with fish. Found 3/4" hole in jt collar. Laid down 17 jts and cut off. Found 1/2" hole in top of packer above seal assembly.
- 10/18/11 TIH to 5332'. Tagged 60' of fill. Circulated large amount of white poly beads, fairly soft to hard. Pulled CBL log from 5332'-2200'.
- 10/19/11 Set an RBP at 5163' and set packer at 5101'. Pressured tested RBP to 1000 psi, Ok. Unset packer and move up hole to 2478'. Pressure tested casing to 1000 psi for 5 min. No leak off. Unset packer and moved up hole to 2290'. Packer would not set. Changed out packers. Set packer at 2290'. Pressure tested casing to 1000 psi, no leak off. Moved packer up hole as follows - all test 5 min duration: 2103' tested casing to 1000 psi, held; 2010' tested casing to 1000 psi, leakoff 90 psi; 2010' (backside) tested casing to 1000 psi, leakoff 200 psi; 1698' (backside) tested casing to 1000 psi, held; 1823' (backside) tested casing to 1000 psi, held; 1978' (backside) tested casing to 1000 psi, held. Squeezed interval from 1978'-2010' = 32'. Released packer.
- 10/20/11 Latched up RBP, pulled up hole to 2425' and set. Pulled 60' and pour 10' sand on top of RBP. Pumped down tubing to clear sand out. Pulled 60' and pumped reverse to make sure sand was out of tubing.
- 10/21/11 Pressure tested lines to 2097 psi. Pumped 5 bbl spacer followed with 30 sx FineCem cement mixed 30 sx at 12.5 yld with .9g/sx, yld 4.8 bbls. Pumped cement volume with 10.6 bbls water to displace and balance plug. Reversed out with 13 bbls water and circulated .3 bbls cement out. Set packer at 1791'. Pressured backside to 500 psi. Pumped .5 bbls water and pressured tubing to 1305 psi. Lost 165 psi in 10 min. Pressured back up to 1537 psi. Lost 245 psi in 16 min. Pressured up to 1574 psi. Lost 339 psi in 75 min. Pressured up to 1524 psi. Lost 140 psi in 15 min. Shut well in with 1383 psi. Cement volume squeezed into formation 4.6 sx.
- 10/23/11 Worked to release full bore packer. After several attempts, packer released. Tagged cement at 2025', expected cement top should have been at 1853'+/-. Drilled cement at 2025'. Drilled 16' of soft to hard cement, bit fell through. Tagged cement at 2400'. Drilled 11' cement to 2036'. Reverse circulated cement and sand out. TIH to 2468' and found no RBP at 2425'. At some point shortly after squeeze job, RBP failed and fell down hole.
- 10/24/11 Bled pressure off tubing and casing. Well flowed down in 5 min. Tagged up at 2590'. Made connections down to 2829'. Tagged up at 2829'. Tagged RBP at 3035'+/-. POOH with RBP. Set packer at 3026' and pressured up on casing to 1080 psi. Watched pressure bleed off 40-50 psi in 10 min. Released pressure.
- 10/25/11 Bleed pressure off tubing and casing. Set full bore packer at 3010'. Jeff Brown-BLM on location to witness pressure test on casing. Loaded casing and pressured up to 500 psi. Finished pressuring up to 1000 psi. Required pressure is 1000 psi for 30 min. Recorded pressure for 40 min, no leak off. Released pressure. Test approved by Jeff Brown-BLM as complete. POOH with RBP and full bore packer. TIH to 5367' and tagged fill in rathole.

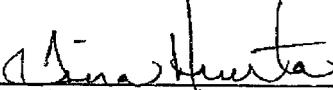


Regulatory Compliance Supervisor
November 11, 2011

Yates Petroleum Corporation
Taos Federal 25-34 SWD
Section 25-T37S-R24E
San Juan County, Utah
Page 3

Form 3160-5 continued:

- 10/26/11 Found hole in jt #8 - 1/8" hole, laid down jt. TIH 10 stands and tested to 4000 psi. Tested 76 stands to 4000 psi - all 2-7/8" coated production tubing tested Ok.
- 10/27/11 ND BOP. Pumped 80 bbls packer fluid down annulus. Set packer at 5071'. Landed tubing and packer with 25K on packer and 6K hanging on donut. Pressure tested backside to 500 psi for 15 min, Ok. Pumped 40 bbls water down tubing. Tubing pressure 1000 psi at 1.5+/- bbls per min.
- 10/28/11 Tubing pressure 370 psi. Vacuum truck on location, clean out rig pit. Cleaned frac tanks and hauled excess fluid to disposal. SWD returned to production.



Regulatory Compliance Supervisor
November 11, 2011

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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

5. Lease Serial No.
UTU36490

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other Instructions on reverse side.

8. Well Name and No.
TAOS FEDERAL 25-34 SWD

9. API Well No.
43-037-31360

10. Field and Pool, or Exploratory
UNDESIGNATED

11. County or Parish, and State
SAN JUAN COUNTY, UT

1. Type of Well
 Oil Well Gas Well Other: UNKNOWN OTH

2. Name of Operator Contact: TINA HUERTA
YATES PETROLEUM CORPORATION-Mail: tinah@yatespetroleum.com

3a. Address 105 SOUTH FOURTH STREET
ARTESIA, NM 88210
3b. Phone No. (include area code)
Ph: 575-748-4168
Fx: 575-748-4585

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 25 T37S R24E SWSE 820FSL 1920FEL

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Workover Operations
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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

Yates Petroleum Corporation plans to perform a workover as follows:

- Flow pressure off well. NU BOP.
- Release packer and TOH with tubing and packer.
- Set an RBP at 5070'. Test plug.
- Begin testing for casing leak. If leak is located, attempt to establish injection rate into casing leak.
- Run Multifinger Casing Inspection from 5050' to surface.
- Work scraper across interval containing leak. TOH with bit and scraper.
- Circulate hole with 10 ppg brine. Release RBP and TOH.
- Set a composite plug about 100' below casing leak.
- TIH and space patch across the casing hole.
- Expand patch. Test casing to 500 psi.

RECEIVED

AUG 24 2012

DIV. OF OIL, GAS & MINING

COPY SENT TO OPERATOR

Date: 8/30/2012

Initials: KS

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #146642 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Moab

Name (Printed/Typed) TINA HUERTA Title REG REPORTING SUPERVISOR

Signature (Electronic Submission) Date 08/20/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ Title _____ Date _____

Conditions of approval, if any, are attached. 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 would entitle the applicant to conduct operations thereon.

Office _____

Approved by the Utah Division of Oil, Gas and Mining

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

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED**

Federal Approval of this Action is Necessary

Date: 8/29/12
By: [Signature]

Additional data for EC transaction #146642 that would not fit on the form

32. Additional remarks, continued

- 11. Drill out composite plug. Push remnants to TD. Circulate hole with brine if necessary.
- 12. TIH with packer and 2-7/8" plastic coated tubing to +/-5070'. Circulate hole with packer fluid.
- 13. Run MIT.
- 14. Return well to disposal service.

Wellbore schematics attached

RECEIVED

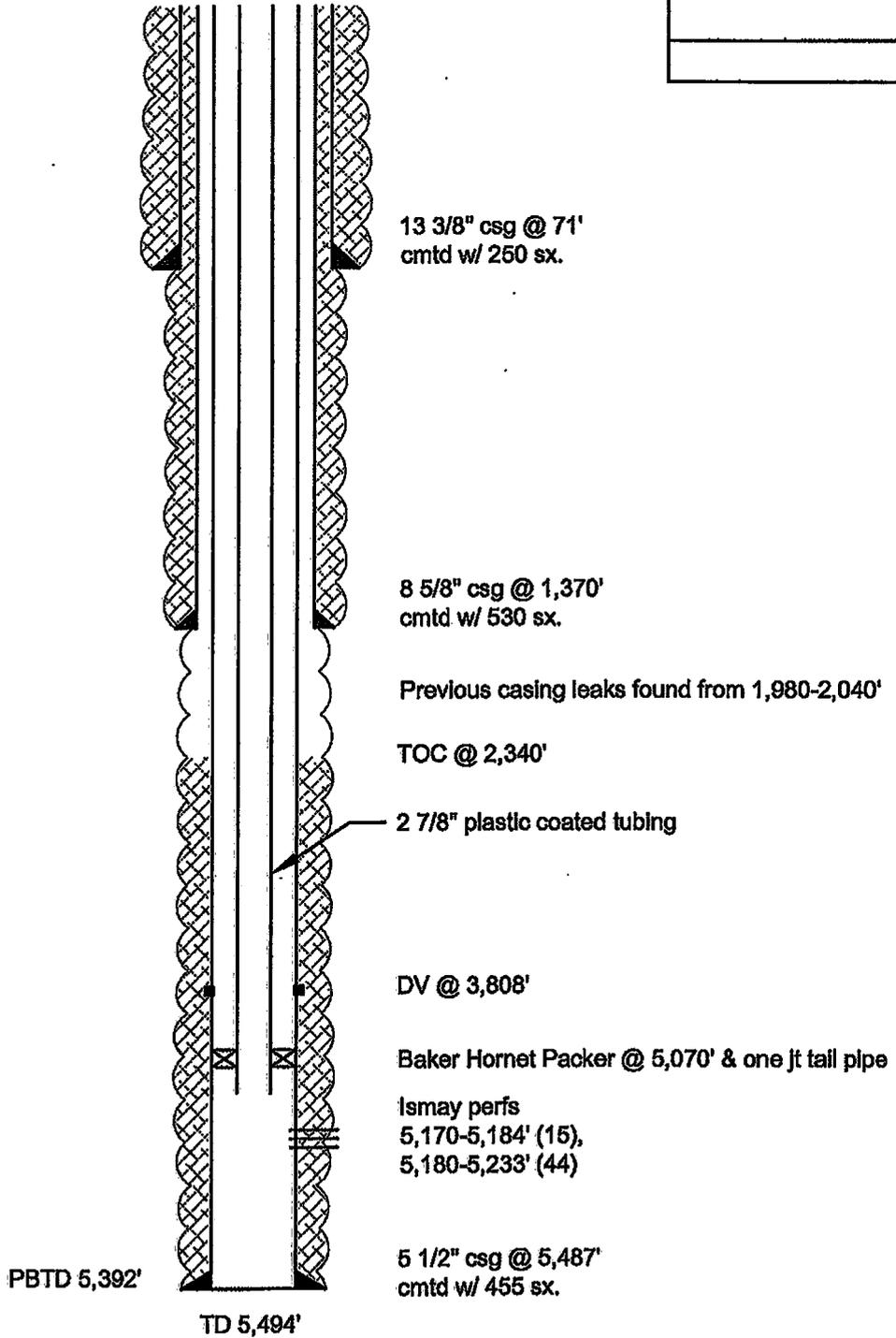
AUG 24 2012

DIV. OF OIL, GAS & MINING

Well Name: Taos Federal 25-34 (SWD) Field: _____
 Location: 820' FSL & 1,920' FEL Sec 25-37S-24E
 County: San Juan State: Utah
 GL: 4,952' Zero: _____ KB: 4,962'
 Spud Date: 11/14/1987 Completion Date: 4/14/1988
 Comments: API # 4303731360

Casing Program	
Size/WI/Grade	Depth Set
13 3/8" 61# Conductor	71'
8 5/8" 24# K-55	1,370'
5 1/2" 17# & 15.5# K-55	5,487'

Before



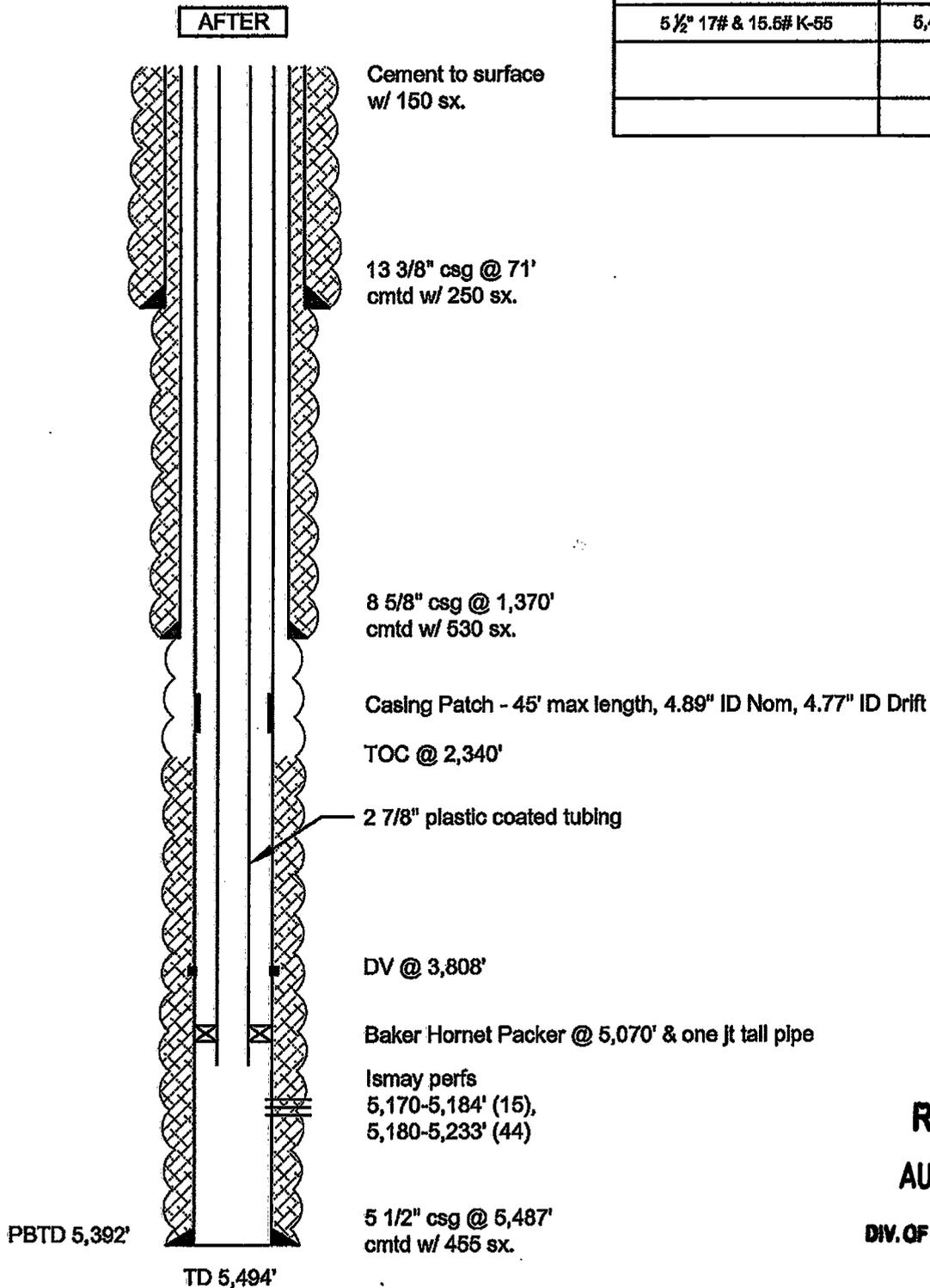
RECEIVED

AUG 24 2012

DIV. OF OIL, GAS & MINING

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RECEIVED

AUG 24 2012

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 4, 2016

Certified Mail #7015 0640 0003 5275 9789

Yates Petroleum Corp.
105 S 4th St.
Artesia, NM 88210

SUBJECT: Plan of Action for Taos Federal 25-34, API# 43-037-31360, San Juan County, Utah

Gentlemen:

25 375 24E

On March 2, 2016, the Taos Federal 25-34 well was observed to have equalized tubing and annulus pressure. In recent inspections well has been inactive and observation at the well site indicates this well does not have mechanical integrity. Lack of mechanical integrity was confirmed per conversation with company personnel on March 3, 2016. I am issuing this letter as a reminder that under the Underground Injection Control program (UIC) operators are allowed 180 days to plug or repair Class II UIC wells with compromised mechanical integrity. Plans to repair, or plug well shall be submitted to the Division within 30 days. Well shall be repaired or plugged within 180 days or by August 31, 2016.

Response should be directed to:

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

If you have any questions, feel free to contact me at (435) 820-0862.

Sincerely,

Bart Kettle
Environmental Scientist

BK/djj/js

cc: Dan Jarvis, Operations Manager
Compliance File
Well File



STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-68480
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.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Water Disposal Well	8. WELL NAME and NUMBER: TAOS FEDERAL 25-34
2. NAME OF OPERATOR: LODESTONE OPERATING, INC	9. API NUMBER: 43037313600000
3. ADDRESS OF OPERATOR: 1605 US HWY 181, PMB 169, PORTLAND, TX, 78374	PHONE NUMBER: 361 877-7077 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0820 FSL 1920 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSE Section: 25 Township: 37.0S Range: 24.0E Meridian: S	9. FIELD and POOL or WILDCAT: PATTERSON CANYON COUNTY: SAN JUAN STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 7/18/2016	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Workover well"/>

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

This Sundry is submitted to request permission to conduct the following operations on the above well. The objective of the workover requested herein is to return the SWD well to operation in such a manner as to maintain wellbore integrity for many years without the need for frequent wellbore intervention. Please see attached proposed operations procedure.

**Approved by the
 Utah Division of
 Oil, Gas and Mining**

Date: July 19, 2016
By: *Derek Quist*

Please Review Attached Conditions of Approval

NAME (PLEASE PRINT) Sylvia Mills	PHONE NUMBER 361-816-7654	TITLE Production Analyst
SIGNATURE N/A	DATE 7/13/2016	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 4303731360000

Notify the Division at least 48 hours prior to conducting work.

This Sundry is submitted to request permission to conduct the following operations on the above well. The objective of the workover requested herein is to return the SWD well to operation in such a manner as to maintain wellbore integrity for many years without the need for frequent wellbore intervention.

Proposed Operations Procedure:

1. Move in, Rig up double-drum, double-triple workover rig.
2. Move in pump, tanks, and pipe racks.
3. Strip off existing wellhead and rig up 3000 psi blowout preventers with hydraulic accumulator/control unit. BOPS's to include 2-7/8" pipe rams and blind rams (below pipe rams).
4. Release off on-off tool and pull out of hole with tubing.
5. Make up 2-7/8" overshot, 2' x 2-1/16" sub, on-off tool lower section, overshot, x-over, and GIH with 2-7/8" tubing.
6. Latch on lower on-off tool, rig up wireline unit and set equalizing plug in top on-off tool.
7. Unlatch upper on-off tool, pick tubing up 30'.
8. Spot sand plug through 2-7/8" tubing to protect packer and tools during cementing operations. After spotting, test sand plug to ensure at least 15' of sand above top on-off tool.
9. Pull 2-7/8" tubing and lay down on racks.
10. Change out 2-7/8" pipe rams to 4" pipe rams. Put on wellhead "B" section for 4" casing landing.
11. Rig up casing crew. Make up shoe, shoe jt, float collar and go in hole with 4" to sand above existing packer.
12. Circulate 4" x 5 1/2" annulus for minimum 1 hour to ensure annulus is clear.
13. Cement with minimum 200 sx cement mixed to minimum 15.4 ppg. Should get at least 20 sx of cement returns at surface.
14. Pick up BOP's. Set slips and packoff around 4". Strip off BOP's.
15. Cut 4" casing and nipple up tree.
16. Rig down, move off all equipment except pipe racks.

We plan to allow minimum of five days (but no more than 10 days) for cement to cure before continuing operations.

17. Move in, rig up all equipment as in items "1", "2", and "3" above.
18. Change pipe rams to 2-3/8".
19. Unload and tally 2-3/8" injection string.
20. Make up bit and go in hole to float collar.
21. Rig up power swivel and drill float collar, shoe and cement above sand plug.
22. Pull tubing and bit.
23. Rig up wireline unit and run cement bond log from casing shoe to surface.
24. Make up overshot and go back in hole with 2-3/8" tubing.
25. Circulate sand off upper on-off tool, space out tubing with subs, latch onto packer, put 10,000 lbs tubing weight on packer.
26. Test tubing to 2000 psi for 30 minutes.
27. Test casing/tubing annulus to 1200 psi for 30 minutes.

If there is communication between the annulus and the tubing due to damaged on-off tool or leaking packer, proceed to steps below, otherwise jump to step #31.

28. Unlatch from upper on-off tool and pull tubing (may need to pull blanking plug first, depending upon ID of injection packer).
29. Make up 4" injection packer, go in hole, and set at approx. 5020' (20' below previous injection packer).
30. Repeat pressure tests as in steps #26 and #27.
31. If tests are successful, strip off BOP's, land tubing in head, nipple up wellhead.
32. Rig up wireline unit and pull blanking plug in top of packer.
33. Re-test casing tubing annulus as specified for injection well.
34. Move all equipment off location.
35. Commence saltwater injection.

Note: UDOGM and BLM field representatives will be notified in advance of cementing operations, any pressure testing, and any other operations as directed.

Division of Oil, Gas and Mining

Operator Change/Name Change Worksheet-for State use only

Effective Date: 4/22/20106

FORMER OPERATOR:	NEW OPERATOR:
Yates Petroleum Corporation N7400 105 South 4th Street Artesia NM 88210	Lodestone Operating, Inc. N2292 1605 US HWY 181, PMB #169 Portland TX 78374
CA Number(s):	Unit(s):

WELL INFORMATION:

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
Taos Federal 25-34	25	37S	24E	4303731360	10809	Federal	Federal	WD	A

OPERATOR CHANGES DOCUMENTATION:

1. Sundry or legal documentation was received from the **FORMER** operator on: 6/13/2016
2. Sundry or legal documentation was received from the **NEW** operator on: 6/13/2016
3. New operator Division of Corporations Business Number: 6279346-0143

REVIEW:

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 7/7/2016
4. OPS/SI/TA well(s) reviewed for full cost bonding: N/A
5. UIC5 on all disposal/injection/storage well(s) approved on: 7/7/2016
6. Surface Facility(s) included in operator change: N/A
7. Inspections of PA state/fee well sites complete on (only upon operators request): N/A

NEW OPERATOR BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000018
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): N/A

DATA ENTRY:

1. Well(s) update in the **OGIS** on: 7/7/2016
2. Entity Number(s) updated in **OGIS** on: 7/7/2016
3. Unit(s) operator number update in **OGIS** on: N/A
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: N/A
6. Surface Facilities update in **RBDMS** on: N/A

LEASE INTEREST OWNER NOTIFICATION:

1. The **NEW** operator of the Fee (Mineral) wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

COMMENTS:



Lodestone Operating, Inc.

1605 US Highway 181, PMB #169

Portland, Texas 78374

Phone: 361-816-7654

smills@lodestoneoperating.com

RECEIVED

JUN 13 2016

DIV. OF OIL, GAS & MINING

Sent USPO Certified 7008 1490 0003 5984 1017

June 8, 2016

Utah Dept of Natural Resources
Earlene Russell
Oil & Gas Division
P.O. Box 145703
Salt Lake City, UT 84114-5703

Re: Form 9 - Sundry Notice - Change of Operator

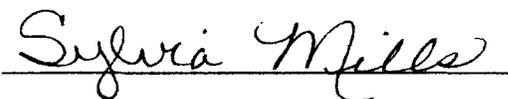
Dear Ms Russell:

Enclosed please find executed original of Form 9 - Sundry Notices and Reports on Wells for the Change of Operator for the following Salt Water Disposal well located in San Juan and Uintah County, Utah effective February 1, 2016.

1. Taos Federal SWD ##25-34 Lease# U-36490 San Juan County, Utah
API#43-037-31360

If you have any questions or if I can be of further service, please do not hesitate to contact me.

Very truly yours,
LODESTONE OPERATING, INC.



Sylvia Mills
Production Analyst

Enclosure



Lodestone Operating, Inc.

1605 US Highway 181, PMB #169

Portland, Texas 78374

Phone: 361-816-7654

smills@lodestoneoperating.com

RECEIVED

JUN 23 2016

DIV. OF OIL, GAS & MINING

Sent USPS Certified 7007 1490 0003 5982 0272

June 16, 2016

Utah Dept of Natural Resources
Attn: Rachel Medina
Oil & Gas Division
P.O. Box 145703
Salt Lake City, UT 84114-5703

Re: UIC Form 5 - Transfer of Authority to Inject

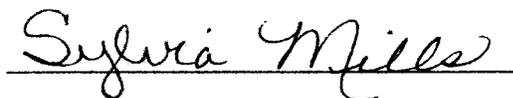
Dear Ms. Medina:

Enclosed please find executed original of UIC Form 5 -Transfer of Authority to Inject for the following Salt Water Disposal well located in San Juan County, Utah effective February 1, 2016.

1. Taos Federal SWD ##25-34 Lease# U-36490 San Juan County, Utah
API#43-037-31360

If you have any questions or if I can be of further service, please do not hesitate to contact me.

Very truly yours,
LODESTONE OPERATING, INC.



Sylvia Mills
Production Analyst

Enclosure

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: U-36490
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: Taos Federal SWD #25-34	
2. NAME OF OPERATOR: Yates Petroleum Corporation		9. API NUMBER: 4303731360
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; Upper Ismay
4. LOCATION OF WELL FOOTAGES AT SURFACE: 820'FSL & 1920'FEL		COUNTY: San Juan
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 25 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

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**
Address: **1605 us Hwy 181, PMB #169, Portland, TX 78374**
Phone: **361-816-7664**
BLM Bond #: **RLB0010 347**

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 would entitle the applicant to conduct operations thereon.

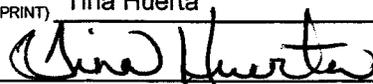
New Operator

operations conducted on the leased lands or portion thereof and hereby certifies that it is in agreement that the foregoing is true and correct.

Signature by:


DAVID M. REAXIS - President

APRIL 22, 2016
DATE

NAME (PLEASE PRINT) <u>Tina Huerta</u>	TITLE <u>Regulatory Reporting Supervisor</u>
SIGNATURE 	DATE <u>MARCH 4</u> , 2016

(This space for State use only) **UTB 000018**

APPROVED

JUL 07 2016

DIV. OIL GAS & MINING
BY: **Rachel Medina**

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

UIC FORM 5

RECEIVED

JUN 23 2016

TRANSFER OF AUTHORITY TO INJECT DIV. OF OIL, GAS & MINING

Well Name and Number TAOS FEDERAL SWD #25-34	API Number 43-037-31360
Location of Well Footage : 820' FSL and 1920' FEL County : SAN JUAN QQ, Section, Township, Range: SWSE 25 37S 24E State : UTAH	Field or Unit Name WILDCAT; UPPE ISMAY Lease Designation and Number U-38490

EFFECTIVE DATE OF TRANSFER: 2-1-2016

CURRENT OPERATOR

Company: Yates Petroleum Corporation Name: Kathy H. Porter
Address: 105 South Fourth Street Signature: Kathy H. Porter
city Artesia state NM zip 88210 Title: Attorney-in-Fact
Phone: 575-748-1471 Date: June 13, 2016
Comments:

NEW OPERATOR

Company: Lodestone Operating, Inc Name: David M. Reavis
Address: 1605 US HWY 181, PMB #169 Signature: David M. Reavis
city Portland state TX zip 78374 Title: President
Phone: 361-877-7077 Date: June 16, 2016
Comments:

(This space for State use only)

Transfer approved by: [Signature]
Title: VIC Geologist

Approval Date: 7/7/16

Comments: This transfer of authority to inject is contingent on a successful mechanical integrity test. If the well fails the test it shall be remediated or plugged by August 31st 2016. The Division shall be notified prior to conducting the test to allow scheduling an inspector to witness the test.



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 13, 2016

Certified Mail 7015 0640 0003 5276 0167

Lodestone Operating, Inc
1605 Highway 181 PBM 169
Protland TX 78374

25 37S 24E

SUBJECT: Plan of action for Taos Federal 25-34, API# 43-037-31360, San Juan County, Utah:

Gentlemen:

This letter will serve as a written Notice of Violation (NOV) for the Taos Federal 25-43 well. Plans to repair or plug well shall be submitted to the Division by August 1, 2016.

On March 2, 2016 the Taos Federal 25-34 well was observed to have equalized tubing and annulus pressure. On March 4, 2016 informal action was taken in the form of a letter issued to Yates Petroleum Corp. No response was received and a formal Notice of Violation was issued May 9, 2016.

On June 2, 2016 David Reavis contacted the Division stating as a representative of Lodestone Operating they had purchased this well. Mr. Reavis acknowledge a change of operator had not been completed but reported the purchase agreement had been completed February 1, 2016. Mr. Reavis stated he was responding to the Division issued March 4, 2016 letter, which he had access to, and was familiar with. The Division informed Mr. Reavis a NOV had been issued May 9, 2016, and required a response by June 16, 2016. Mr. Reavis committed to submitting a proposal before June 16, 2016.

Plans to repair or plug the Taos Federal 25-43 well have not been received by the Division. Based on conversations with Mr. Reavis a second Notice of Violation in the form of this letter is being issued to Lodestone Operating. As noted above, plans shall be submitted to the Division for review by August 1, 2016.



Page 2
July 13, 2016
Lodestone Operating, Inc

Response should be directed to:

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

If you have questions feel free to contact me at (435) 820-0862.

Sincerely,



Bart Kettle
Environmental Scientist

bk/dj/js

cc: Dan Jarvis, DOGM Operations Manager
Josh Payne, DOGM Compliance Manager
Eric Jones, Moab BLM
Compliance File
Well File