

QUINTANA PETROLEUM CORPORATION

1050 SEVENTEENTH STREET
SUITE 400
DENVER, COLORADO 80265
(303) 6289211

March 21, 1988

Bureau of Land Management
P. O. Box 7
Monticello, UT 84535

Re: Caballo Unit Federal #1-8
Caballo Unit Federal #2-9
Caballo Unit Federal #1-15
Caballo Unit Federal #1-16
San Juan County, Utah

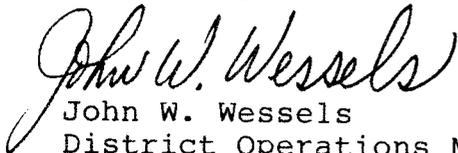
Gentlemen:

This letter is to inform you that Permitco is authorized to act as Agent and to sign documents on behalf of Quintana Petroleum Corporation when necessary for filing county, state and federal permits including Onshore Order No. 1 Right-of-Way applications, etc. for the referenced wells.

It should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Quintana Petroleum Corporation agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above-mentioned wells.

Very truly yours,



John W. Wessels
District Operations Manager

cc: Permitco - Lisa Green
BLM
P. O. Box 970
Moab, UT 84532

jp

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

(Other instructions on reverse side)

5. Lease Designation and Serial No. U-629953
6. If Indian, Allottee or Tribe Name N/A
7. Unit Agreement Name Caballo Unit
8. Farm or Lease Name Caballo Federal
9. Well No. #1-15
10. Field and Pool, or Wildcat Caballo undesignated
11. Sec., T., R., M., or Blk. and Survey or Area Sec. 15, T36S-R23E
12. County or Parrish San Juan
13. State Utah

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL [X] DEEPEN [] PLUG BACK []
b. Type of Well Oil Well [X] Gas Well [] Other []
2. Name of Operator Quintana Petroleum Corp.
3. Address of Operator 303/322-7878
4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface 1120' FNL & 700' FWL NW NW Sec. 15
14. Distance in miles and direction from nearest town or post office* 25 miles southeast of Monticello, Utah
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. line, if any) 200'
16. No. of acres in lease 1520
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. None
19. Proposed depth 6868'
20. Rotary or cable tools Rotary
21. Elevations (Show whether DF, RT, GR, etc.) 6327' GR
22. Approx. date work will start* Immediately upon approval of this application

PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: Size of Hole, Size of Casing, Weight per Foot, Setting Depth, Quantity of Cement. Rows include 12-1/4" hole with 9 5/8" casing and 8 3/4" hole with 5-1/2" casing.

Quintana Petroleum Corp. proposes to drill a well to 6868' to test the Ismay and Desert Creek formation. If productive, casing will be run the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

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: Lisa G. Green Title: Consultant for Quintana Petroleum Corp. Date: 3/28/88

(This space for Federal or State office use)

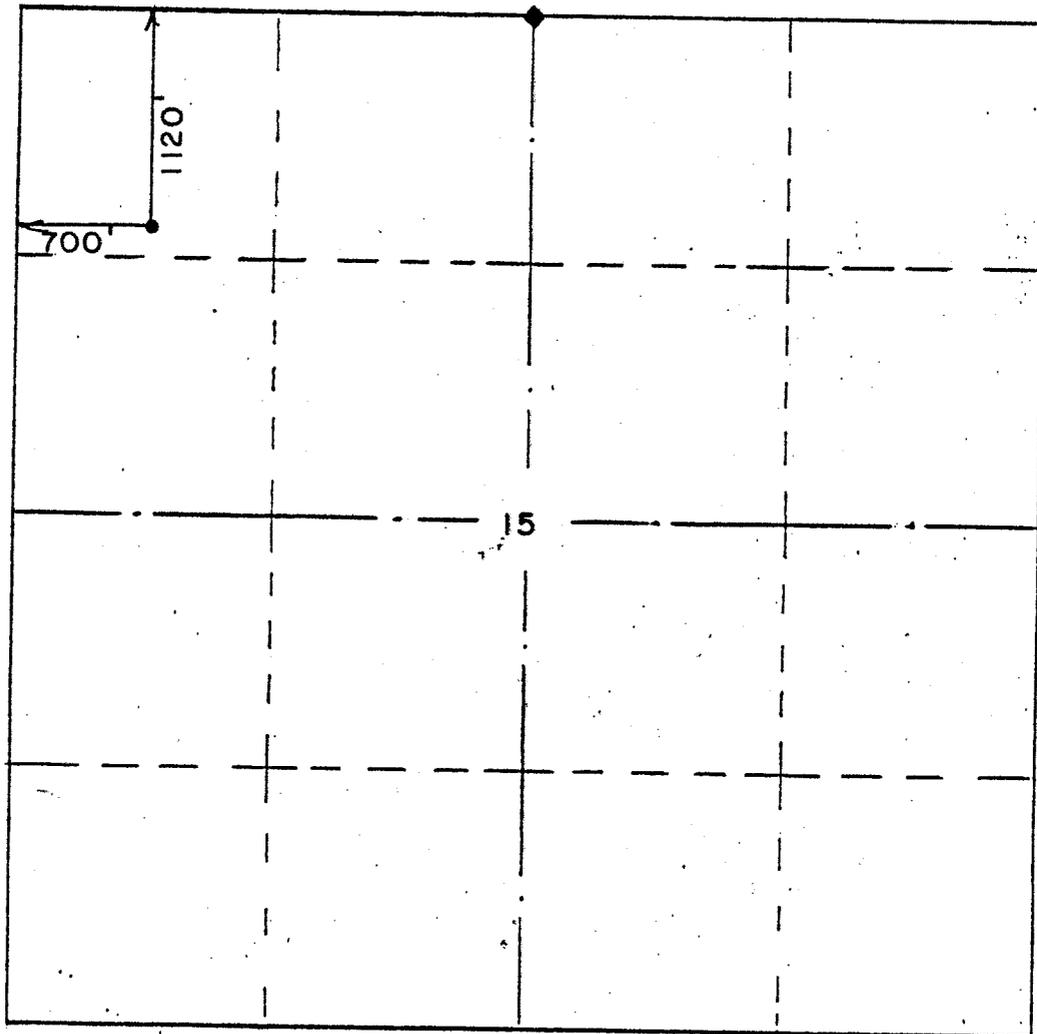
Permit No. 43-037-31403 Approval Date APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

Approved by: Conditions of approval, if any: Title:

DATE: 4-11-88 BY: [Signature] WELL SPACING: 1665-23

*See Instructions On Reverse Side

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ brass cap

WELL LOCATION DESCRIPTION:
 Quintana Petroleum, Caballo Federal 1-15
 1120'FNL & 700'FWL
 Section 15, T.36 S., R.23 E., SLM
 San Juan County, Utah
 6327'grd. elevation
 Alternate: 1280' FN, 780'FW, 6320'grd.

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

16 March 1988

REGISTERED LAND SURVEYOR
 No. 5705
 GERALD G. MIDDLESTON
Gerald G. Middleston
 Gerald G. Middleston, LS
 STATE OF UTAH

ONSHORE OIL & GAS ORDER NO. 1

Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

CABALLO UNIT FEDERAL #1-15

1120' FNL and 700' FWL
Section 15, T36S - R23E
San Juan County, Utah

Prepared For:

QUINTANA PETROLEUM CORP.

By:

PERMITCO INC.
P.O. Box 44065
Denver, Colorado 80201-4065
303/322-7878

Copies Sent To:

- 4 - BLM - Moab, Utah
- 1 - BLM - Monticello, Utah
- 1 - State of Utah - Div. of Natural Resources- Moab, Utah
- 1 - Div. of Oil, Gas & Mining - SLC, Utah
- 3 - Quintana Petroleum Corp. - Denver, CO



ONSHORE ORDER NO.
Quintana Petroleum Corp.
Caballo Unit Federal 1-15
1120' FNL and 700' FWL
Sec. 15, T36S-R23E
San Juan County, Utah

CONFIDENTIAL-TIGHT HOLE

DRILLING PROGRAM

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All lease and/or unit 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. The surface formation and estimated formation tops to be encountered are as follows:

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Quaternary Eolians	Surface	
Chinle	2266'	+4063'
Shinarump	2929'	+3400'
Hermosa	5141'	+1188'
Ismay	6499'	- 170'
Hovenweep Shale	6609'	- 280'
Lower Ismay	6662'	- 333'
Gothic Shale	6716'	- 387'
Desert Creek	6733'	- 404'
Chimney Rock Shale	6847'	- 518'
T.D. - Akah	6868'	- 539'

2. The estimated depths at which oil, gas, water or other mineral bearing zones are expected to be encountered are as follows:

<u>Substance</u>	<u>Formation</u>	<u>Anticipated Depth</u>
Oil	Upper Ismay	6499'
Oil	Desert Creek	6733'

All fresh water and prospectively valuable minerals (as described by BIM at onsite) encountered during drilling, will be recorded by depth cased and cemented. All oil and gas shows will be tested to determine commercial potential.



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A Petroleum Permitting Company

ONSHORE ORDER NO. 1
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CONFIDENTIAL-TIGHT HOLE

DRILLING PROGRAM

3. Pressure control equipment will consist of a 10", 3000# BOP. (See BOP Diagram attached.)

BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventer 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 operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

4. a. Casing

The proposed casing program is as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Wt.</u>	<u>Grade</u>	<u>Type</u>	<u>New or Used</u>
Conductor	0-40'	17-1/2"	16#	--			
Surface	0-2266'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Produc.	0-6000'	8-3/4"	5-1/2"	15.5#	K-55	LT&C	New
Produc.	6000-TD	8-3/4"	5-1/2"	17.0#	K-55	LT&C	New

- b. Cement

The cementing program will be as follows:

Surface
 0-2266' Type and Amount
 621 sx Lite with 2% CaCl₂ and 1/4#/sk Flocele, followed by 200 sx Class B w/2% CaCl₂ or sufficient to circulate to surface.

Production Type and Amount

Will be designed upon completion - sufficient to cover zones of interest.

Anticipated cement tops will be reported as to depth, not the expected number of sacks.



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DRILLING PROGRAM

c. Auxiliary Equipment will be as follows:

1. Kelly cock.
2. Float above the bit.
3. A sub with a full opening valve will be on the floor when the kelly is not in use.
4. Monitoring of the system will be done visually.

5. Drilling fluid will be as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-2266'	Gel/Lime	8.3-8.6	27-35	N/C	8.5-9.0
2266-5100'	Water w/Gel/Lime				
	Sweeps	8.4-8.6	27-35	N/C	8.5-9.0
5100-T.D.	Dispersed	9.0-10.5	35-45	8-10cc	10+

Blooiie line will be misted to reduce fugative dust when air drilling.

6. Coring, logging and testing programs are as follows:

- a. No cores are anticipated.
- b. The logging program will consist of the following: A Dual Induction SFL or Dual Laterolog MSFL and BHC Sonic/GR will be run from T.D. to base of Surface casing. A CNL Lithodensity will be run over selected zones.
- c. Drill Stem Tests may be run in the Ismay and Desert Creek formations if shows warrant.



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DRILLING PROGRAM

Whether the well is completed as a dry hole or as a producer, "Well Completion or Recompletion Report and Log" (Form 3160-4) will be submitted not later than 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 descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the District Manager.

7. Abnormal conditions, bottom hole pressures and potential hazards.
 - a. The maximum bottom hole pressure to be expected is 3800 psi.
8. Anticipated Starting Dates and Notifications of Operations
 - a. Quintana Petroleum Corp. plans to spud the Caballo Unit Federal #1-15 immediately upon approval of this application and intends to complete the well within approximately one month after the well has reached T.D.
 - b. Required verbal notifications are summarized in Table I, attached. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within twenty-four (24) hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.
 - c. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with the BLM, Moab District Office, P.O. Box 970, Moab, Utah 84532.
 - d. 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.



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DRILLING PROGRAM

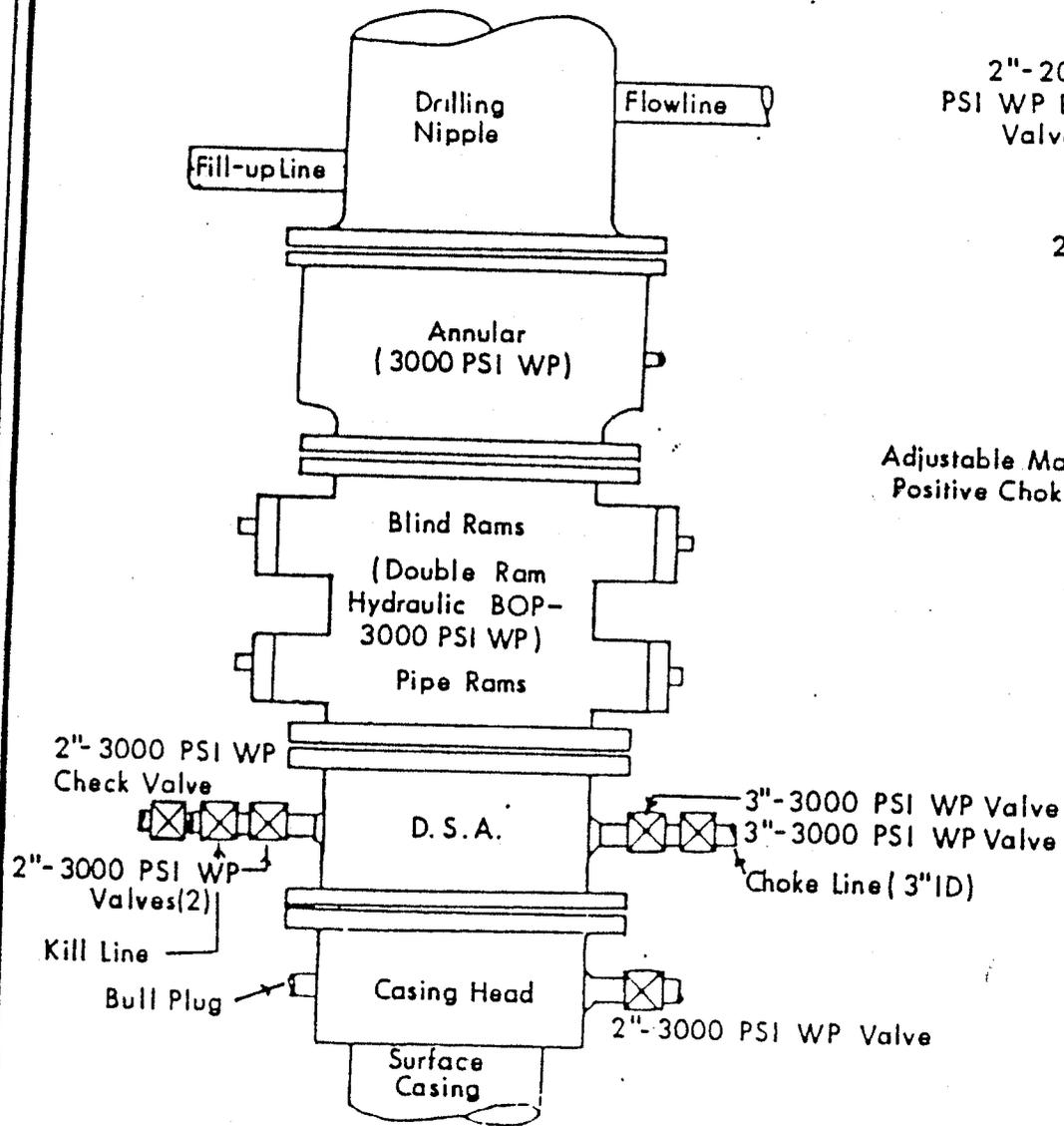
- e. Should the well be successfully completed for production, the District Manager will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) business days following the date on which the well is placed on production.
- f. A first production conference will be scheduled within fifteen (15) days after receipt of the first production report. The Resource Area Office will coordinate the field conference.
- g. 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 Area Manager or his representative, or the appropriate surface managing agency.
- h. Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 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.
- i. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The marker will be constructed as follows: Above ground pipe. The top of the marker will be closed or capped.
- j. The following minimum information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch:

"Fed" or "Ind", as applicable. "Well number, location by 1/4 1/4, section, township and range". "Lease number".

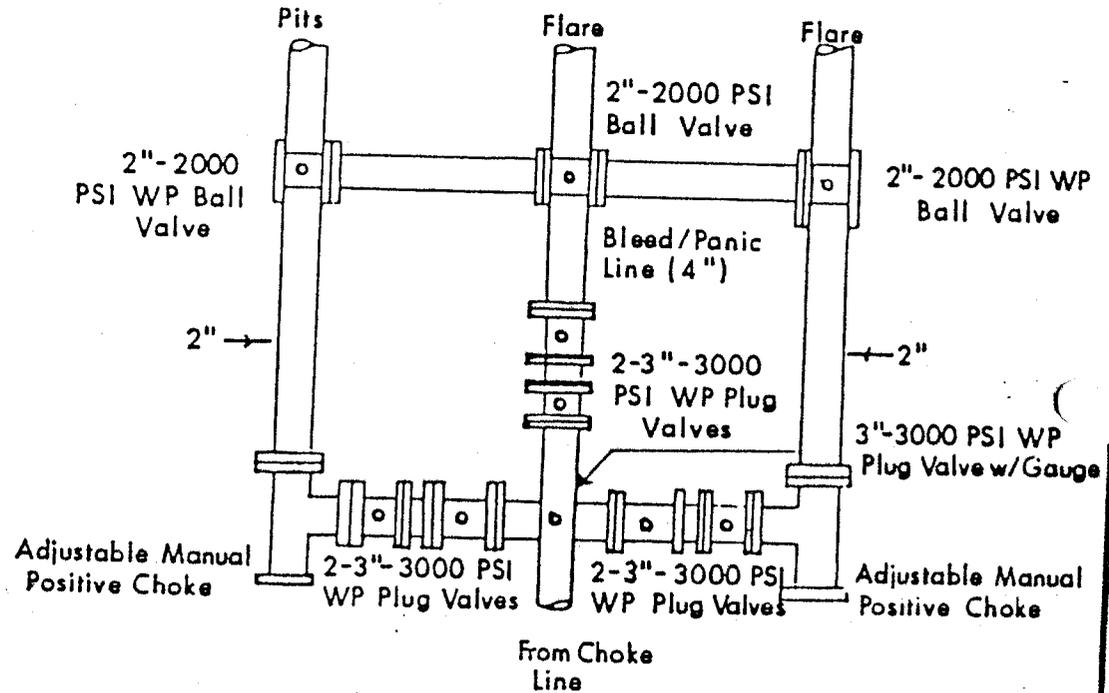


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BOP SCHEMATIC
3000 PSI WORKING PRESSURE



PLAN VIEW CHOKE MANIFOLD



The hydraulic closing unit will be located more than 30' from the wellhead. Choke & bleed/panic lines will go to the pit and flare. All connections in choke line and manifold will be flanged or welded. All flanges should be ring joint gasket type. All turns in lines shall be constructed using targeted 90° tees or block ells. All lines shall be anchored.

Quintana

Denver, Colorado

BOPE SCHEMATIC

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SURFACE USE PLAN

ONSHORE OIL & GAS ORDER NO. 1

Thirteen Point Surface Use Plan

1. Existing Roads

- a. The proposed well site is located 25 miles southeast of Monticello, Utah.
- b. Directions to the location from Blanding, Utah are as follows:

Go north on Highway 191 for 8.9 miles. Turn east onto the Devils Canyon Road (Alkali #204) and proceed 3.0 miles in a southeasterly direction to a fork in the road. Turn left onto the Alkali Ridge road and go southeasterly for 2.5 miles. Turn right (west) onto new access (flagged) and proceed west for 700'. Turn south and go 2200'. Turn west again and proceed 1300', south 700' and then follow flagging approx. 700' to the location.
- c. The roads in the area are primarily county roads. See Map #1.
- d. Improvement to the existing access will not be necessary.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. An encroachment permit will be obtained from the San Juan County Road Department, 801/587-2231, ext. 43.

2. Planned Access Roads

- a. The last 1.1 miles will be up graded is on private lands owned by Boyd and Dottie Laws with the exception of the last 1500' which is on lands owned by the BLM. Since the roads are located primarily on private lands, the road will be built as per the surface owner's requirements. It is anticipated that the road will be flatbladed with a running surface of approximately 18 feet initially during drilling operations and upgraded to Class III standards if the well is productive.



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SURFACE USE PLAN

2. Planned Access Roads (cont.)
 - b. The maximum total disturbed width will be 30 feet.
 - c. The grade will be approximately 5%.
 - d. Turnouts will be installed as needed. No culverts will be installed at this time unless requested by the San Juan County Road Dept. If required, a culvert will be installed where the new access road leaves the County Road (Alkali Ridge Road) in Section 10, T36S - R23E. Drainage will be installed as needed.
 - e. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance by the San Juan Area Manager or the surface owner.
 - f. The access road will be water barred or brought to Class III Road Standards within 60 days of dismantling of the drilling rig. If this time frame cannot be met, the San Juan Area Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location. (See Map #1).
 - a. Water Wells - none
 - b. Injection or disposal wells - none
 - c. Producing Wells - one
 - d. Drilling Wells - none

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SURFACE USE PLAN

4. Location of Tank Batteries and Production Facilities.
- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective, earthtone color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The color will be neutral to blend in with the terrain.
 - b. 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 largest tank.
 - c. If production is established, a production facility diagram will be submitted showing the location and description of such facilities.
 - d. All loading lines will be placed inside the berm surrounding the tank battery.
 - e. Any necessary pits will be properly fenced to prevent any wildlife entry. The production pit will be flagged overhead.
 - f. All site security guidelines identified in 43 CFR 3162.7-4 regulations will be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.
 - g. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.
 - h. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.



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4. Production Facilities (cont.)

- i. The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The 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 Resource Area Office. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

5. Location and Type of Water Supply

- a. All water needed for drilling purposes will be obtained from a private source.
- b. Water will be trucked to location over the county roads in the area.
- c. No water well is to be drilled on this lease.
- d. Use of water for this operation will approved by obtaining a temporary use permit from the Utah State Engineer, in Price, Utah, 801/637-1303.
- e. Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material

- a. Road surfacing material will be obtained from a commercial source. Pad construction material will be native.
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

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7. Methods for Handling Waste Disposal

- a. The reserve pit will not be lined unless porous material is encountered. At least half the capacity will be in cut.
- b. Three sides of the reserve pit will be fenced with four strands of barbed wire before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying.
- c. All trash will be contained in a trash cage and hauled to an approved landfill upon completion of drilling operations.
- d. At the request of Quintana Petroleum Corp., no burning will be allowed on this location.
- e. Produced waste water will be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90-day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).

8. Ancillary Facilities

- a. There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. Well Site Layout

- a. See Diagram #1 for rig layout. See Diagram #2 for cross section of drill pad. See Diagram #3 for cuts and fills.
- b. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on Diagrams #1 and #3. The location will be laid out and constructed as discussed during the predrill conference.

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9. Wellsite Layout (cont.)

- c. The top 6 inches of soil material will be removed from the location and stockpiled separately on the northwest side of the wellpad. Topsoil along the access will be reserved in place.
- d. Access to the well pad will be from the northeast corner of the pad.

10. Reclamation

- a. Immediately upon completion of drilling, all trash and debris will be collected from the location and surrounding area. All trash and debris, materials, trash and junk not required for production.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry.
- c. All disturbed areas will be recontoured to approximate the natural contours.
- d. The stockpiled topsoil will be spread evenly over the disturbed contours.
- e. Seed will be broadcast October 1st through February 28th. A harrow or similar implement will be dragged over the area to assure seed cover.

The following seed mixture will be used:

<u>Species</u>	<u>Lbs./acre</u>
Crested Wheatgrass	6
Bitterbrush	2
Fourwing Saltbush	2
Yellow Sweetclover	1/2

- f. All access roads crossing private surface will be reseeded with 7.5 lbs/acre Crested Wheatgrass as requested by the surface owner.



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SURFACE USE PLAN

10. Reclamation of Surface (cont.)

- g. The reserve pit and that portion of the location and access road not needed for production and production facilities will be reclaimed.

11. a. Surface Ownership

Drillsite and 1500' Access Road - BLM

Remainder of Access Crossing Private Land -
Boyd and Dottie Laws
282 W. 700 N., 34
Blanding, UT 84511
801/678-2997

b. Mineral Ownership

Federal

12. Other Information

- a. There will be no deviation 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 3162.3-2.
- b. "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 3162.3-2.
- c. The dirt contractor will be provided with an approved copy of the surface use plan.

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12. Other Information (cont.)

- d. All persons in the area who are associated with the project will be informed by the operator that they will be subject to prosecution for disturbing archaeological sites or collecting artifacts. If subsurface cultural material is exposed during construction, work at that spot will stop immediately and the BLM, San Juan Resource Area Office will be contacted (801/587-2141.) The operator will be responsible for the cost of evaluation of the discovery and proper mitigation measures. Any decision as to proper mitigation shall be made by the authorized officer after consulting with the operator.
- e. 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.
- f. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.
- g. An archeological study was conducted by LaPlata Archeological Consultants. Several archeological sites were found near the wellpad and along the access road. A major site (southeast of the wellpad) will be fenced prior to construction. Monitoring of the wellpad and access route will be required. A copy of the cultural resources report will be submitted directly by LaPlata Archeological Consultants.

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

Permit Matters

PERMITCO INC.
Lisa L. Green
P.O. Box 44065
Denver, CO 80201-4065
303/322-7878

Drilling & Completion Matters

QUINTANA PETROLEUM CORP.
1050-17th St.
Suite 400
Denver, CO 80265
303/628-9211 (W) -
303/969-9468 (H) - Scott Kimbrough



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CONFIDENTIAL-TIGHT HOLE

SURFACE USE PLAN

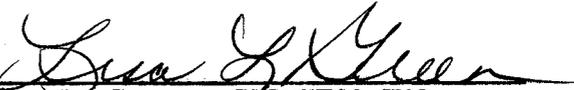
Certification

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 operations proposed herein will be performed by Quintana Petroleum Corp. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.

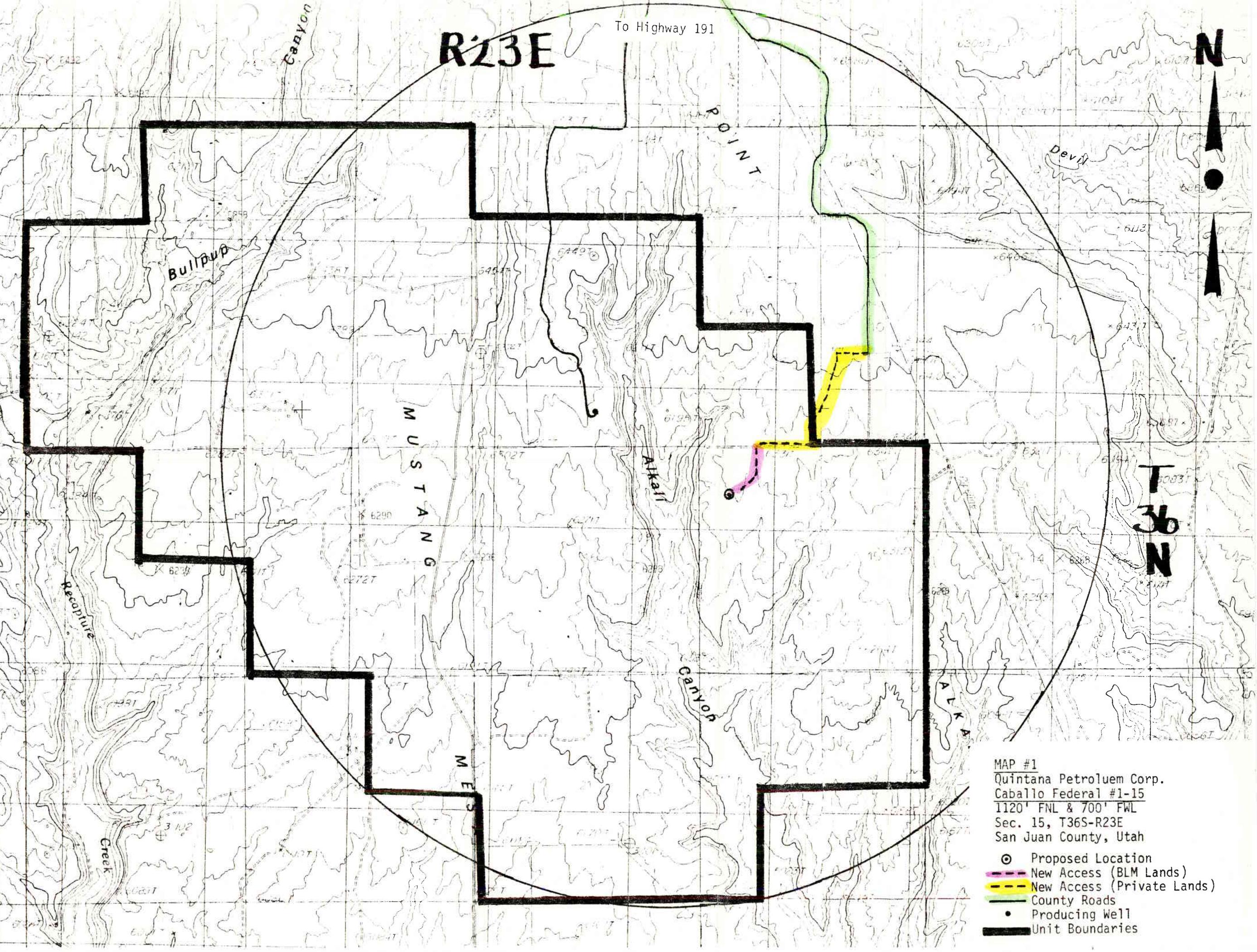
March 28, 1988

Date:


Lisa L. Green - PERMITCO INC.
Authorized Agent for:
QUINTANA PETROLEUM CORP.



Permitco Incorporated
A Petroleum Permitting Company



R23E

To Highway 191

N

POINT

Bulldog

M U S T A N G

Alkali

T
36
N

Canyon

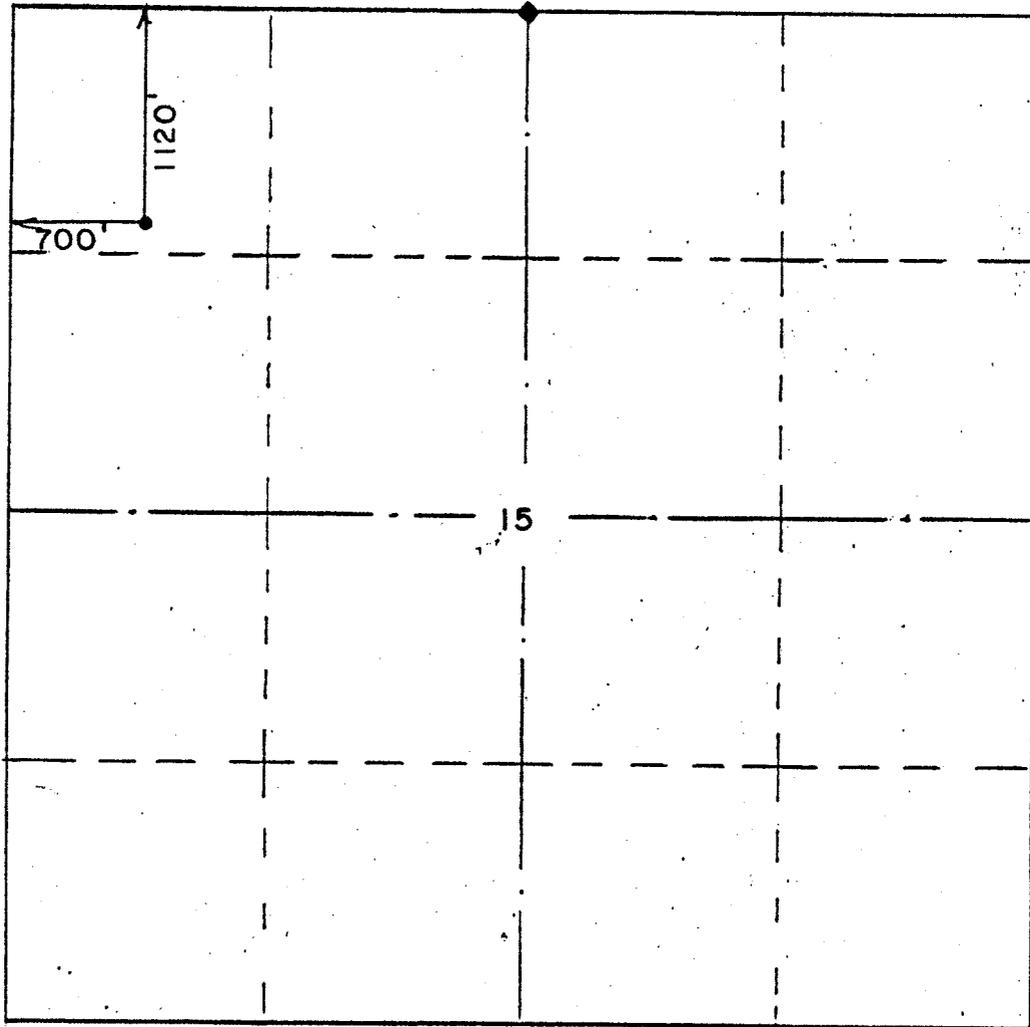
ALKALI

M E S

MAP #1
 Quintana Petroleum Corp.
 Caballo Federal #1-15
 1120' FNL & 700' FWL
 Sec. 15, T36S-R23E
 San Juan County, Utah

- ⊙ Proposed Location
- New Access (BLM Lands)
- New Access (Private Lands)
- County Roads
- Producing Well
- Unit Boundaries

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ brass cap

WELL LOCATION DESCRIPTION:
 Quintana Petroleum, Caballo Federal 1-15
 1120'FNL & 700'FWL
 Section 15, T.36 S., R.23 E., SLM
 San Juan County, Utah
 6327'grd. elevation
 Alternate: 1280' FN, 780'FW, 6320'grd.

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

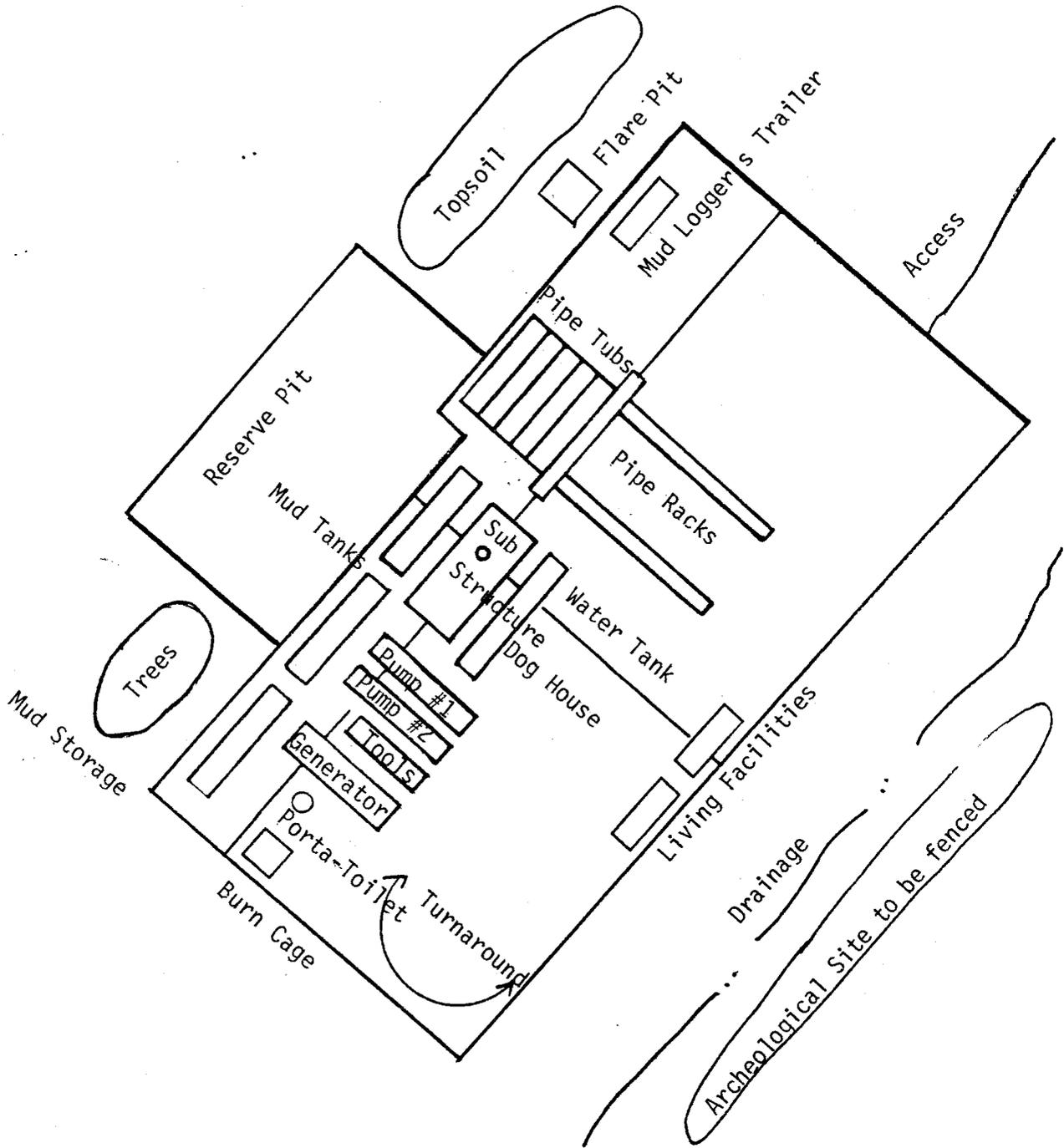
16 March 1988

REGISTERED LAND SURVEYOR
 No. 5705
 GERALD G. HIDDLESTON
Gerald G. Hiddleston
 Gerald G. Hiddleston, LS
 STATE OF UTAH

SCALE: 1" = 60'

AGRAM #1
Rig Layout

Quintana Petroleum Corp.
Caballo Federal Unit #1-15
1120' FNL and 700' FWL
Sec. 15, T36S - R23E
San Juan County, Utah



WELL PAD CROSS-SECTION

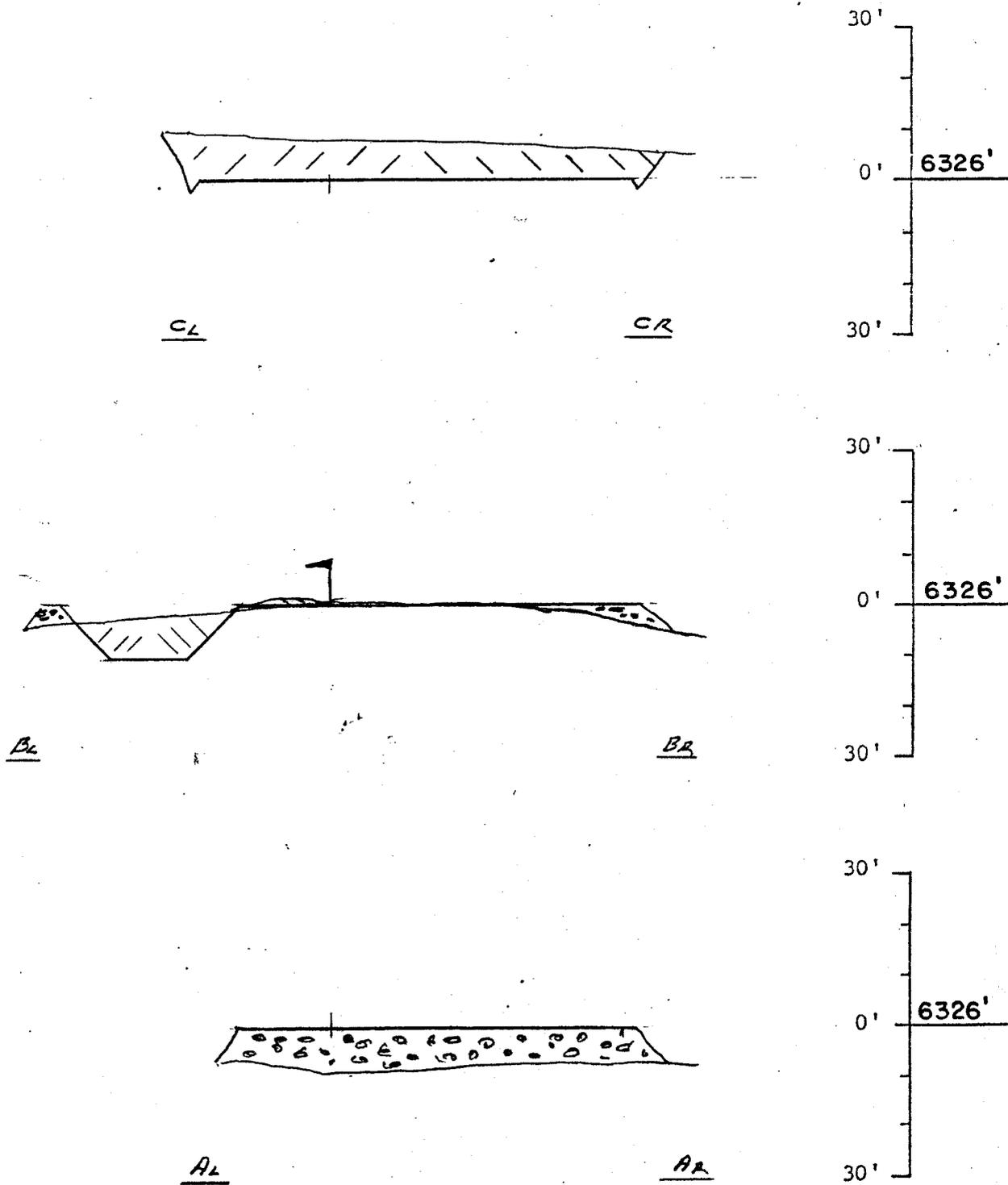
DIAGRAM #2
Quintana Petroleum Corp.
Caballo Federal #1-15

1120' FNL & 700' FWL
Caballo Federal 1-15

Sec. 15, T36S-R23E
San Juan County, Utah

Cut // // //
Fill 

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



WELL PAD PLAN VIEW

Quintana Petroleum Corp.
Well Caballo Federal 1-15
1120' FNL and 700' FEL
Sec. 15, T36S - R23E
San Juan County, Utah

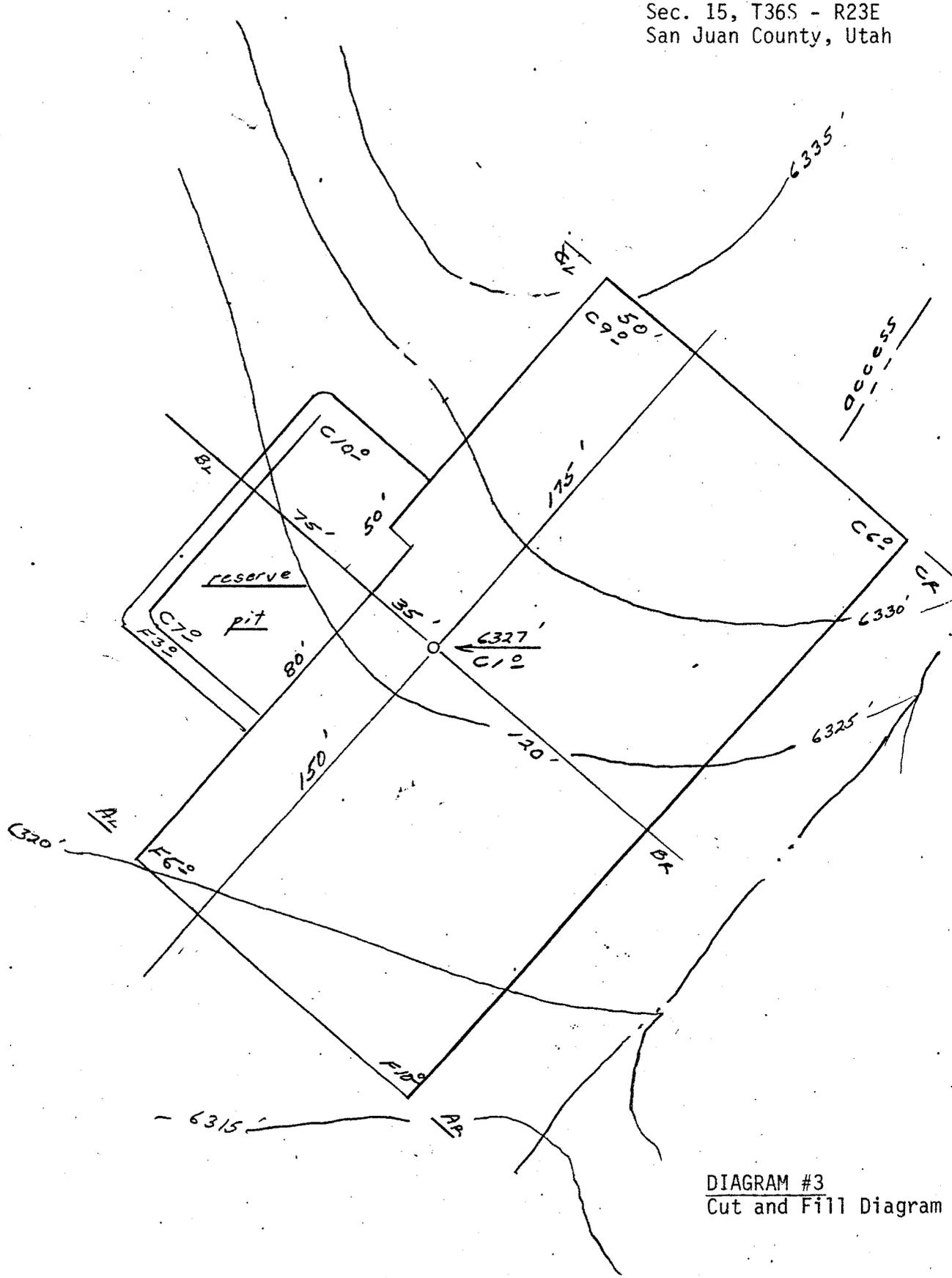
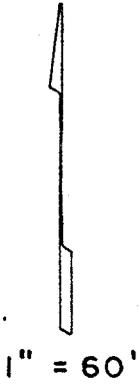


DIAGRAM #3
Cut and Fill Diagram

TEMPORARY

FILED FOR WATER IN THE STATE OF UTAH

APR 29 1988

MAR 29 1988

Rec. by [signature] Fee Rec. 30.00 Receipt # 24001 Microfilmed Roll #

APPLICATION TO APPROPRIATE WATER SALT LAKE

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 RIGHT NO. 09 - 1566 * APPLICATION NO. A T63151

1. *PRIORITY OF RIGHT: March 29, 1988 * FILING DATE: March 29, 1988

2. OWNER INFORMATION Name(s): Quintana Petroleum Corp. c/o PERMITCO INC Interest: % Address: P.O. Box 44065 City: Denver State: CO Zip Code: 80201-4065 Is the land owned by the applicant? Yes No XX (If "No", please explain in EXPLANATORY section.)

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

4. SOURCE: Spring/Pond * DRAINAGE: which is tributary to POINT(S) OF DIVERSION: NW SW NW Sec. 34, T35S - R23E no wells this loc. COUNTY: San Juan N. 990 ft. & W. 330 ft. from W 1/4 Cor. Sec. 34, T35S, R23E, SLB&M.

Description of Diverting Works: 80 bbl. pump truck w/enclosed tank * COMMON DESCRIPTION: 5 miles NE of Blanding Blanding Quad

5. POINT(S) OF REDIVERSION The water will be rediverted from N/A at a point:

Description of Rediverting Works:

6. POINT(S) OF RETURN The amount of water consumed will be cfs or 0.5 ac-ft The amount of water returned will be cfs or 0 ac-ft The water will be returned to the natural stream/source at a point(s): N/A

7. STORAGE Reservoir Name: N/A Storage Period: from to Capacity: ac-ft. Inundated Area: acres Height of dam: feet Legal description of inundated area by 40 acre tract(s):

* These items are to be completed by the Division of Water Rights

TEMPORARY

Appropriate

8. List any other water rights which will supplement this application not known

CONFIDENTIAL

9. NATURE AND PERIOD OF USE

Irrigation:	From _____ to _____
Stockwatering:	From _____ to _____
Domestic:	From _____ to _____
Municipal:	From _____ to _____
Mining:	From _____ to _____
Power:	From _____ to _____
Other: Oil & Gas Drilling	From <u>4/15/88</u> to <u>4/15/89</u>

10. PURPOSE AND EXTENT OF USE

Irrigation: _____ acres. Sole supply of _____ acres.
 Stockwatering (number and kind): _____
 Domestic: _____ Families and/or _____ Persons
 Municipal (name): _____
 Mining: _____ Mining District in the _____ Mine
 Ores mined: _____
 Power: Plant name: _____ Type: _____ Capacity: _____
 Other (describe): Water will be used over the next year for an approximate period of 30 days use per well.

11. PLACE OF USE

Legal description of place of use by 40 acre tract(s): Water will be used at the following drillsites
Caballo Fed. Unit #1-16, 200' FNL and 800' FEL, Sec. 16, T36S - R23E
Caballo Fed. Unit #2-9, 1800' FSL and 1680' FWL, Sec. 9, T36S - R23E *43-037-31402 Dr-1*
Caballo Fed. Unit #1-8, 2510' FSL and 240' FEL, Sec. 8, T36S - R23E *43-037-31401 Dr*
Caballo Fed. Unit #1-15, 1120' FNL and 700' FWL, Sec. 15, T36S - R23E *43-037-31403 Dr*

12. EXPLANATORY

The following is set forth to define more clearly the full purpose of this application. (Use additional pages of same size if necessary):

Permission for the use of this water has been obtained from Boyd Laws.
A letter indicating his consent will be forwarded directly to your office by Mr. Laws.
Mr. Laws has requested that we not use this water source during periods in which he needs it for his stock watering purposes. Quintana Petroleum Corp. has agreed to these terms.

 The applicant(s) hereby acknowledges that he/she/they are a citizen(s) of the United States of America or intends to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/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 herein, at the time of filing, rests with the applicant(s).

Lisa L. Green
 Signature of Applicant(s)

Lisa L. Green - PERMITCO INC.
 Authorized Agent For:
 QUINTANA PETROLEUM CORP.

Enc. - \$30.00 filing fee

STATE ENGINEER'S ENDORSEMENT

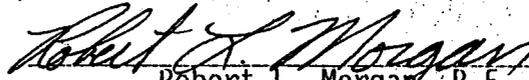
WATER RIGHT NUMBER: 09 - 1566

APPLICATION NO. T63151

1. March 29, 1988 Application received by MP.
 2. March 31, 1988 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-

Conditions:

This application is hereby APPROVED, dated April 12, 1988, subject to prior rights and this application will expire on April 12, 1989.


Robert L. Morgan, P.E.
State Engineer

CONFIDENTIAL

OPERATOR Quintana Petroleum Corp. DATE 4-7-88

WELL NAME Cabello ~~Federal~~ Unit # 1-15

SEC NWNW 15 T 36S R 23E COUNTY San Juan

43-037-31403
API NUMBER

Fed.
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Need water permit.

Unit well

**CONFIDENTIAL
PERIOD
EXPIRED
ON 11-0-89**

APPROVAL LETTER:

SPACING: R615-2-3 Cabello
UNIT

R615-3-2

CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

1- water



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

April 11, 1988

Quintana Petroleum Corporation
c/o Permitco Incorporated
P. O. Box 44065
Denver, Colorado 80201-4065

Gentlemen:

Re: Caballo Unit 1-15 - NW NW Sec. 15, T. 36S, R. 23E
1120' FNL, 700' FWL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Section 40-6-18, Utah Code Annotated, as amended 1983; and predicated on Rule R615-2-3, Oil and Gas Conservation General Rules, subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

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

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form OGC-8-X.
4. Prompt notification if it is necessary to plug and abandon the well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or Jim Thompson, Lead Inspector, (Home) 298-9318.

Page 2
Quintana Petroleum Corporation
Caballo Unit 1-15
April 11, 1988

5. Compliance with the requirements of Rule R615-3-22, Gas Flaring or Venting, Oil and Gas Conservation General Rules.
6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of 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 43-037-31403.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR 303/628-9211 1050-17th St., Suite 400
 Quintana Petroleum Corp. Denver, CO 80265

3. ADDRESS OF OPERATOR 303/322-7878 P.O. Box 44065
 Permitco, Inc. Denver, CO 80201-4065

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 1120' FNL & 700' FWL
 At proposed prod. zone NW NW Sec. 15 43-037-31403

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 25 miles southeast of Monticello, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 200'

16. NO. OF ACRES IN LEASE 1520

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. None

19. PROPOSED DEPTH 6868'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6327' GR

22. APPROX. DATE WORK WILL START*
 Immediately upon approval of this application

5. LEASE DESIGNATION AND SERIAL NO.
 U-629953 62953

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

7. UNIT AGREEMENT NAME
 Caballo Unit

8. FARM OR LEASE NAME
 Caballo Federal

9. WELL NO.
 #1-15

10. FIELD AND POOL, OR WILDCAT
 Caballo

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 15, T36S-R23E

12. COUNTY OR PARISH 13. STATE
 San Juan Utah

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9 5/8"	36#	2266'	821 sx or suffic to circ to surf
8 3/4"	5 1/2"	15.5 & 17#	6868'	To be designed upon completion. Sufficient to cover zones of interest

RECEIVED
 APR 27 1988

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. SIGNER *Gene S. Green* TITLE Consultant for Quintana Petroleum Corp. DATE 3/28/88

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE APR 25 1988

APPROVED BY /s/ Kenneth V. Rhea TITLE Assistant District Manager DATE _____

CONDITIONS OF APPROVAL, IF ANY:

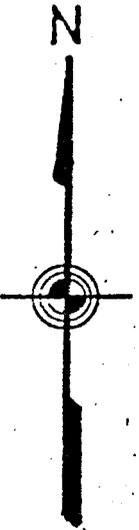
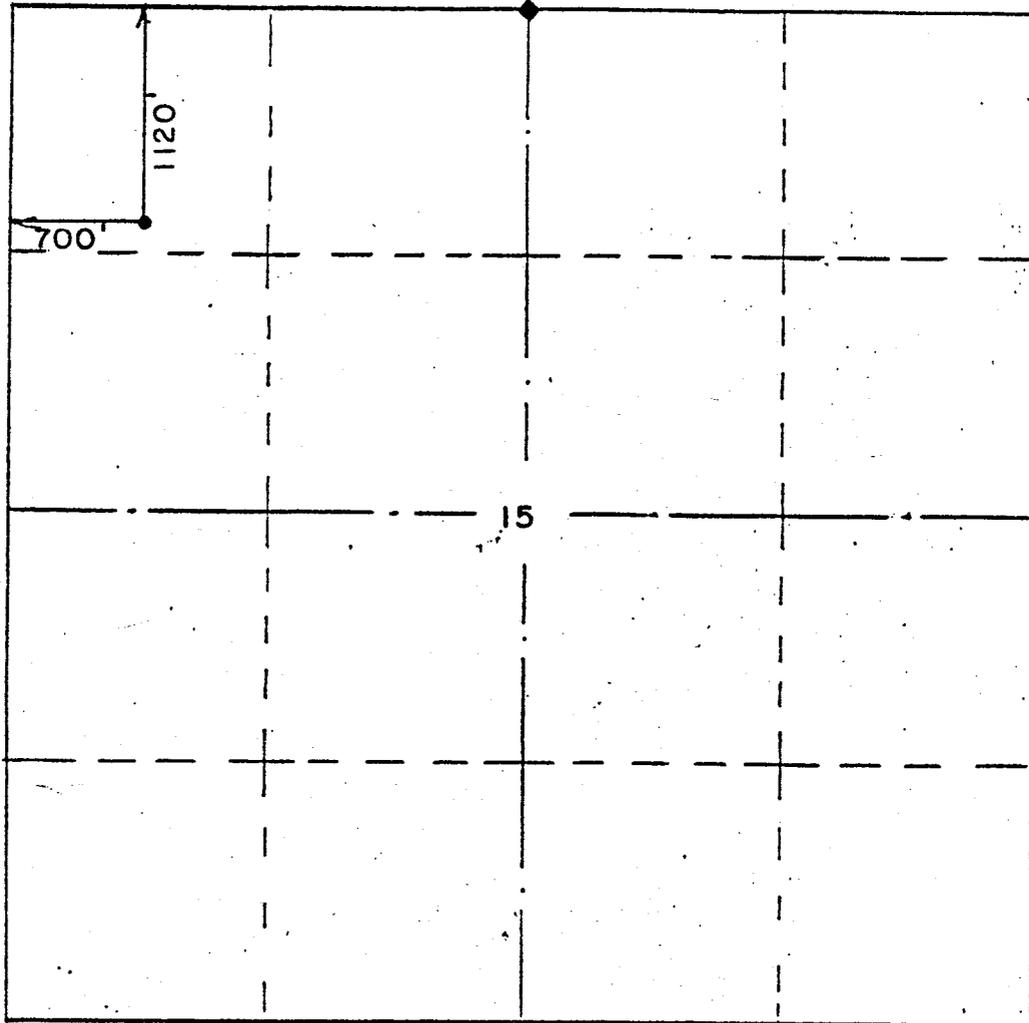
CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

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

STATE OF UTAH-DOG-M.

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ brass cap

WELL LOCATION DESCRIPTION:
 Quintana Petroleum, Caballo Federal 1-15
 1120'FNL & 700'FWL
 Section 15, T.36 S., R.23 E., SLM
 San Juan County, Utah
 6327'grd. elevation
 Alternate: 1280' FN, 780'FW, 6320'grd.

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

16 March 1988

REGISTERED LAND SURVEYOR
 No. 5705
 GERALD G. HIDDLESTON
Gerald G. Hiddleston
 Gerald G. Hiddleston, LS
 STATE OF UTAH

Quintana Petroleum Corporation
Well No. Caballo Unit Federal 1-15
Sec. 15, T. 36 S., R. 23 E.
San Juan County, Utah
Lease U-62953

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.

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

A. DRILLING PROGRAM

Surface casing shall be set at least 50 feet into the Chinle Formation (2316').

NOTIFICATIONS

Notify the San Juan Resource Area, at (801) 587-2141 for the following:

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

1 day prior to spudding;

Notify the Moab District Office, Branch of Fluid Minerals at (801) 259-6111 for the following:

No well abandonment operations will be commenced without the prior approval of the District Manager. In the case of newly drilled dry holes, and in emergency situations, verbal approval can be obtained by calling the following individuals, in the order listed:

Dale Manchester, Petroleum Engineer Office Phone: (801) 259-6111

Home Phone: (801) 259-6239

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

24 hours advance notice is required for all abandonments.

CONFIDENTIAL

WATER PERMIT T63151 (09-1566)

DIVISION OF OIL, GAS AND MINING

SPODDING INFORMATION

API NO. 43-037-31403

NAME OF COMPANY: QUINTANA PETROLEUM

WELL NAME: CABALLO 1-15

SECTION NWNW 15 TOWNSHIP 36S RANGE 23E COUNTY SAN JUAN

DRILLING CONTRACTOR FOUR CORNERS

RIG # 3

SPODDED: DATE 7/5/88

TIME 3:00 p.m.

HOW ROTARY

DRILLING WILL COMMENCE _____

REPORTED BY A.M. DUCHETT

TELEPHONE # 303-628-9211

DATE 7/5/88 SIGNED TAS

RECEIVED
JUL 11 1988

ENTITY ACTION FORM - DOG

**DIVISION OF
OIL, GAS & MINING**

OPERATOR QUINTANA PETROLEUM CORPORATION
ADDRESS 1050 - 17th Street, Suite 400
Denver, Colorado 80265

OPERATOR CODE N9485
PHONE NO. 303, 628-9211

OPERATORS MUST COMPLETE FORM UPON SPUDDING NEW WELL OR WHEN CHANGE IN OPERATIONS OR INTERESTS NECESSITATES CHANGE IN EXISTING ENTITY NUMBER ASSIGNMENT.

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
BA	99999	10889	43-037-31403	CABALLO UNIT FEDERAL #1-15	NW NW	15	36S	23E	San Juan	7/5/88	
COMMENTS: Federal Lease Field - Undesignated Unit - Caballo Proposed Zone - Akah (Assign new entity - only well in section) 7-13-88 JCR											
COMMENTS:											
COMMENTS:											
COMMENTS:											
COMMENTS:											
COMMENTS:											

ACTION CODES: A - ESTABLISH NEW ENTITY FOR NEW WELL (SINGLE WELL ONLY)
 B - ADD NEW WELL TO EXISTING ENTITY (GROUP OR UNIT WELL)
 C - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO ANOTHER EXISTING ENTITY
 D - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO A NEW ENTITY
 E - OTHER (EXPLAIN IN COMMENTS SECTION)
 (SEE INSTRUCTIONS ON BACK OF FORM)

J. Williams
 SIGNATURE
 Production Technician 7/7/88
 TITLE DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

Form approved
Budget Bureau No. 1004-0130
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS 1988

(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. DIVISION OF OIL, GAS & MINING		5. LEASE DESIGNATION AND SERIAL NO. U-62053																				
2. NAME OF OPERATOR QUINTANA PETROLEUM CORPORATION (303) 628-9211		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A																				
3. ADDRESS OF OPERATOR 1050 - 17th Street, Suite 400, Denver, Colorado 80265		7. UNIT AGREEMENT NAME Caballo Unit																				
4. LOCATION OF WELL (Report location clearly and in accordance with BLM State requirements. See also space 17 below.) At surface 1120' ENL & 700' FWL (NW NW)		8. FARM OR LEASE NAME CABALLO UNIT FEDERAL																				
14. PERMIT NO. 43-037-31403	15. ELEVATIONS (Show whether OF, RT, GR, etc.) 6327' GR	9. WELL NO. #1-15																				
16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data		10. FIELD AND POOL, OR WILDCAT Wildcat																				
<table border="0"> <tr> <td colspan="2">NOTICE OF INTENTION TO:</td> <td colspan="2">SUBSEQUENT REPORT OF:</td> </tr> <tr> <td>TEST WATER SHUT-OFF <input type="checkbox"/></td> <td>PULL OR ALTER CASING <input type="checkbox"/></td> <td>WATER SHUT-OFF <input type="checkbox"/></td> <td>REPAIRING WELL <input type="checkbox"/></td> </tr> <tr> <td>FRACTURE TREAT <input type="checkbox"/></td> <td>MULTIPLE COMPLETE <input type="checkbox"/></td> <td>FRACTURE TREATMENT <input type="checkbox"/></td> <td>ALTERING CASING <input type="checkbox"/></td> </tr> <tr> <td>SHOOT OR ACIDIZE <input type="checkbox"/></td> <td>ABANDON* <input type="checkbox"/></td> <td>SHOOTING OR ACIDIZING <input type="checkbox"/></td> <td>ABANDONMENT* <input type="checkbox"/></td> </tr> <tr> <td>REPAIR WELL <input type="checkbox"/></td> <td>CHANGE PLANS <input type="checkbox"/></td> <td>(Other) _____</td> <td>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</td> </tr> </table>		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.)	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 15, T36S-R23E
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.)																			
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.)		12. COUNTY OR PARISH San Juan																				
		13. STATE Utah																				

Confirmation of verbal notification to San Juan Resource Area office:

Spud well at 1500 hours 7/5/88.

CONFIDENTIAL

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

SIGNED *J. Williams* TITLE Production Technician DATE 7/7/88

(This space for Federal or State office use)

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

cc: State of Utah

*See Instructions on Reverse Side

BAKER SERVICE TOOLS

DISTRIBUTION OF FINAL REPORTS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

QUINTANA PETROLEUM CORP. 2
ATTN OPERATIONS MGR.
P.O. BOX 3331
HOUSTON TX 77253

QUINTANA PETROLEUM CORP. 6
1050 17TH ST. SUITE 400
DENVER CO 80265

STANDARD OIL PRODUCTION CO. 2
P.O. BOX 4587
HOUSTON TX 77210

SANTA FE ENERGY CO. 2
ONE W. THIRD ST. SUITE 500
TULSA OK 74103

YATES PETROLEUM CORP. 2
105 SOUTH 4TH ST.
ARTESIA NM 88210

GRYNBERG PETROLEUM 1
5000 S. QUEBEC SUITE 500
DENVER CO 80237

DUNCAN OIL CO. 1
1777 S. HARRISON ST. PENTHOUSE 1
DENVER CO 80210

UNION PACIFIC RESOURCES CO. 2
P.O. BOX 1257
ENGLEWOOD CO 80150



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

September 30, 1988

Mr. John W. Wessels
Quintana Petroleum Corporation
1050 Seventeenth Street, Suite 400
Denver, Colorado 80265

Dear Mr. Wessels:

Re: Request for Gas Venting or Flaring Approval

The Division of Oil, Gas And Mining received your letter dated August 26, 1988, requesting approval of gas venting or flaring for the Caballo Unit Federal #1-15 Well located in Section 15, Township 36 South, Range 23 East, San Juan County, Utah. The submitted information was reviewed and discussed with the Board of Oil, Gas and Mining during the informal briefing session of their September 22, 1988 Board meeting.

The Board determined that the Division should administratively approve your request to vent or flare gas from the subject well for a temporary period of time according to certain conditions of approval. The conditions of approval to vent or flare gas from the subject well are as follows:

1. The approval to vent or flare gas shall be effective beginning on August 2, 1988, which was the initiation of the stabilized completion flow test required by the Oil and Gas Conservation General Rules.
2. From August 2, 1988, the operator is approved to vent or flare gas for initial testing of the well for no more than 30 days of venting or flaring or 50 MMcf of gas vented or flared.
3. For no more than five calendar months following the initial testing period for the well, the operator may vent or flare no more than 100 Mcf of gas per day averaged on a monthly basis.
4. The operator shall determine the rates and volumes of gas flared and provide a monthly report to the Division summarizing the rates, volumes, and total days of venting or flaring from the well and describing any actions taken to establish transportation or other beneficial use of the produced gas. The first such report shall be submitted to the Division by October 20, 1988 for the period beginning with the first gas vented or flared from the well through September 30, 1988. Subsequent reports shall be provided on a monthly basis thereafter.

Page 2
Mr. John W. Wessels
September 30, 1988

The Division will take action to review the submitted information with the Board as necessary. Any requests to vent or flare more gas than allowed by this approval or to extend the time allowed for venting or flaring must be presented to the Board for consideration through the formal hearing process.

Please note that it is also necessary to comply with federal regulations and the federal lease requirements concerning oil and gas operations for this well. Therefore, you are advised to contact the appropriate federal agency and ensure that they do not object to the proposed gas venting or flaring.

If you have any further questions concerning this approval, please contact Mr. John Baza of this office.

Best regards,

Dianne R. Nielson
Director

JRB
cc: U.S. Bureau of Land Management - Moab
R. J. Firth
Well files
0493T-16-17

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCT 24 1988



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

4

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other OIL, GAS & MINING

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

2. NAME OF OPERATOR
QUINTANA PETROLEUM CORPORATION (303) 628-9211

3. ADDRESS OF OPERATOR
1050 - 17th Street, Suite 400, Denver, Colorado 80265

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 1120' FNL & 700' FWL (NW NW)
At top prod. interval reported below Same
At total depth Same.

14. PERMIT NO. 43-037-31403 DATE ISSUED 4/11/88

CONFIDENTIAL

5. LEASE DESIGNATION AND SERIAL NO.
U-62953

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

7. UNIT AGREEMENT NAME
Caballo Unit

8. FARM OR LEASE NAME
CABALLO UNIT FEDERAL

9. WELL NO.
#1-15

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA
Section 15, T36S-R23E

12. COUNTY OR PARISH San Juan 13. STATE Utah

15. DATE SPUDDED 7/5/88 18. DATE T.D. REACHED 7/20/88 17. DATE COMPL. (Ready to prod.) 8/2/88 - test 9/19/88 - on prod. 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 6327' GR 19. ELEV. CASINGHEAD 6327'

20. TOTAL DEPTH, MD & TVD 6869' 21. PLUG, BACK T.D., MD & TVD 6663 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6543'-6564' - Ismay 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN DIL/Guard; Spectral Density SDNII; Comp. Acoust. Vel; CBL/VDL/CCL/GR *mid* 27. WAS WELL CORED Yes

29. 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"	68#	41'	17 1/2"	75 sxs Type "B"	None
9 5/8"	36#	2271'	12 1/4"	577 sxs Lite, 100 sxs "B"	None
5 1/2"	17# & 15.5#	6711'	8 3/4"	300 sxs RFC 10-0	None

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
N/A					2 7/8"	6538.32'	6500.83'

31. PERFORATION RECORD (Interval, size and number) 6543'-6564', 4" HSC gun, 4 jspf

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
6543'-6564'	3000 gal 15% FE acid

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)					
8/2/88 - test	flowing	Producing					
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
9/23	72	32/64"	→	217.51 Bbls	681 mcf	18.78 bbls	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
490	---	→	72.5 BOPD	227 MCFPD	6.26 BOPD	48° API	

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

35. LIST OF ATTACHMENTS

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

SIGNED *J. Williams* TITLE Production Technician DATE 10/18/88

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

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
DST #1: 6515' - 6536' (Upper Ismay) Times: 30/60/60/120 IHP 3180 IFP 70-76 ISIP 2375 FFP 3104 FFP 76-81 FSIP 2551 GTS 15 min into ISIP. Max FP on FFP 25 psi, ±59 MCFPD, ¼" ck. DP Recovery: 60' SGCM Sampler: Capacity 2100 cc ; Recovery 1800 cc SGCM, 75 psi. BHT 130°F			
DST #2: 6548' - 6561' - Tool plugged.			
DST #3: 6547' - 6562' - Upper Ismay Times: 30/60/60/120 IFP: steady 1" blow through period. FFP: ¼" initial blow incr to 12" blow in 60 min. IHP 3179 IFP 271-271 ISIP 2627 FHP 3174 FFP 298-352 FSIP 2677 DP Recovery: 130' O&GCM, ±25% oil & ±75% mud. Sampler: Capacity 2000 cc; Recovery: 500 cc oil, 1500 cc mud, 48° oil at 65°F, 600 psi BHT: 130°F			
CORE #1: 6808 - 6826' - recovered 3' of 18'.			

38. GEOLOGIC MARKERS

NAME	TOP	
	MEAS. DEPTH	TRUE VERT. DEPTH
Chinle	2232'	
Hermosa	5098'	
Upper Ismay	6472'	
Hovenweep Shale	6596'	
Lower Ismay	6647'	
Bothic Shale	6694'	
Desert Creek	6730'	
Chimney Rock Sh	6800'	
Akah	6838'	

OIL AND GAS	
DRN	RJF
JRB	GLH
DTS	SLS
I-TAS	
3. FILE	

BAKER SERVICE TOOLS

1616 Glenarm — Suite 1350
Denver, CO 80202

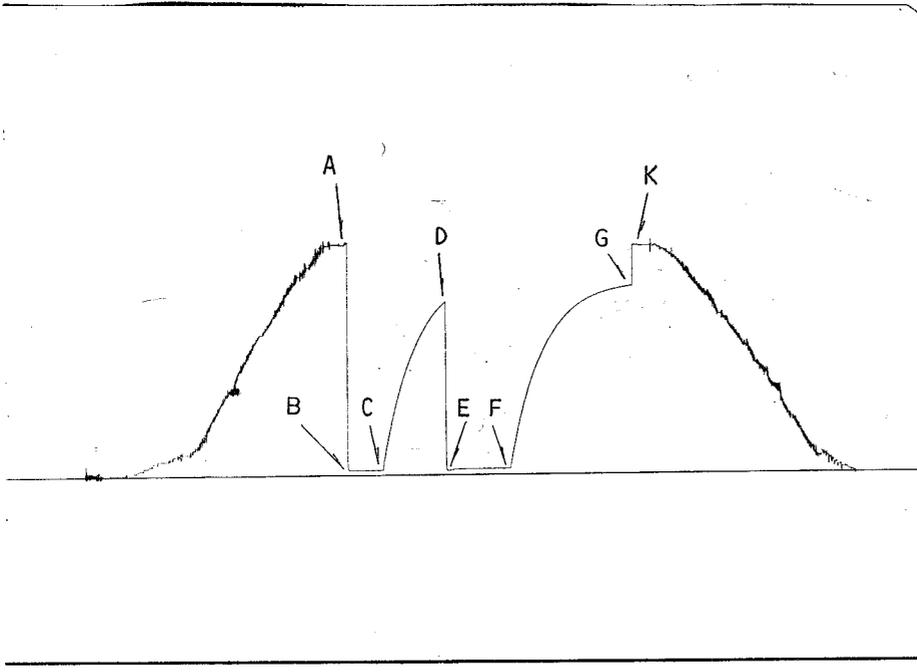
Phone (303) 573-8027

Contractor <u>Four Corners Drlg.</u>	Surface Choke <u>1/4"</u>	Mud Type <u>--</u>
Rig No. <u>3</u>	Bottom Choke <u>3/4"</u>	Weight <u>9.0</u>
Spot <u>--</u>	Hole Size <u>8 3/4"</u>	Viscosity <u>36</u>
Sec. <u>15</u>	Core Hole Size <u>--</u>	Water Loss <u>--</u>
Twp. <u>36 S</u>	DP Size & Wt. <u>4 1/2" 16.60</u>	Filter Cake <u>--</u>
Rng. <u>23 E</u>	Wt. Pipe <u>None</u>	Resistivity <u>2.0 @ 65 °F</u>
Field <u>--</u>	I.D. of DC <u>2 1/4"</u>	<u>3,000</u> Ppm. NaCl
County <u>San Juan</u>	Length of DC <u>544'</u>	B.H.T. <u>130</u> °F
State <u>Utah</u>	Total Depth <u>6536'</u>	Co. Rep. <u>Dutch Dunkett</u>
Elevation <u>6340' KB</u>	Type Test <u>Conventional</u>	Tester <u>David Dolyniuk</u>
Formation <u>Upper Ismay</u>	Interval <u>6515' - 6536'</u>	Baker Dist. <u>Farmington, NM</u>

	REPORTED	CORRECTED
Opened Tool @	<u>11:50</u>	hrs.
Flow No. 1	<u>30</u>	<u>33</u> min.
Shut-In No. 1	<u>60</u>	<u>62</u> min.
Flow No. 2	<u>60</u>	<u>60</u> min.
Shut-In No. 2	<u>120</u>	<u>119</u> min.
Flow No. 3	<u>None Taken</u>	min.
Shut-In No. 3	<u>"</u>	<u>"</u> min.

Recorder Type <u>Kuster K-3</u>
No. <u>16815</u> Cap. <u>6100</u> psi
Depth <u>6532</u> feet
Inside Clock
Outside X Range <u>12</u> hrs.

Initial Hydrostatic	A	<u>3117.9</u>
Final Hydrostatic	K	<u>3099.1</u>
Initial Flow	B	<u>67.7</u>
Final Initial Flow	C	<u>67.5</u>
Initial Shut-In	D	<u>2371.5</u>
Second Initial Flow	E	<u>57.8</u>
Second Final Flow	F	<u>83.4</u>
Second Shut-In	G	<u>2562.0</u>
Third Initial Flow	H	
Third Final Flow	I	
Third Shut-In	J	



Pipe Recovery: 60' Slightly gas cut mud = 0.29 bbl.

Resistivity: 1.0 @ 65°F - .52 @ Res Temp = 6,246 ppm NaCl., 3,797 ppm Cl.

Operator
 Ticket No. 2774
 Date 7/16/88
 QUINTANA PETROLEUM CORP.
 "TIGHT HOLE"
 Well Name & No. CABALLO UNIT FEDERAL #1-15
 Location S-15 T-36S R-23E
 County, State SAN JUAN COUNTY, UT
 DST No. 1
 Interval 6515' - 6536'
 Formation UPPER ISMAY

This analysis has been made on the basis of the gas recovery and equations applicable to gas recovery tests and the McKinley curve matching analysis method.

The pressure extrapolation plot indicates "steady-state" conditions were not attained during the initial shut-in period. It is therefore, impossible to determine a reliable extrapolated initial shut-in pressure. The pressure extrapolation plot indicates a maximum final reservoir pressure of 2870 psi which is equivalent to a subsurface pressure gradient of 0.44 psi at the recorder depth of 6532 feet. However, "steady-state" conditions may not have been attained during the final shut-in period. Therefore, the reliability of the extrapolated final shut-in pressure may be subject to question.

The Average Production Rate which was used in this analysis, 58.9 MCF/D, is the last gas flow rate which was gauged during the final flowing period.

The calculated Total Effective Transmissibility of 14.626 md.-ft./cp. indicates an Average Permeability to gas of 0.0274 md. for the reported 8 feet of effective porosity within the total 21 feet of tested interval.

The calculated Skin Factor of 1.7 indicates well-bore damage was present at the time of this formation test.

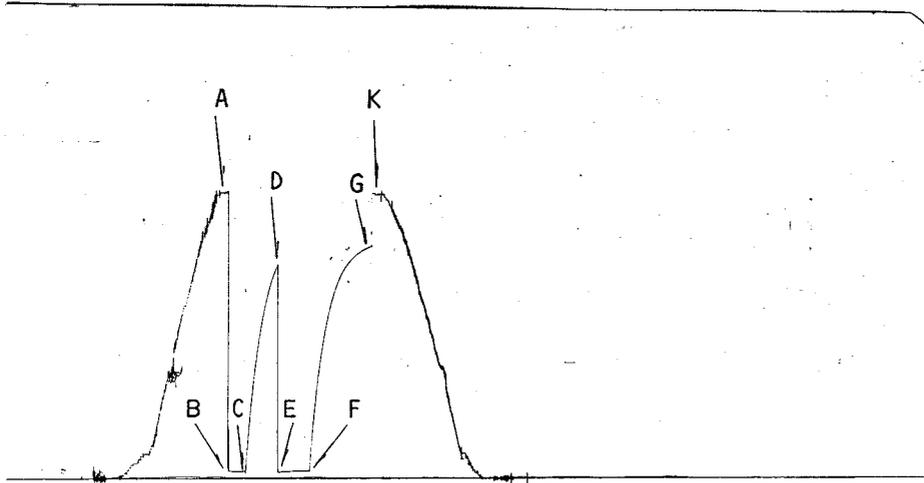
The evaluation criteria used in the drillstem test analysis system indicate this is a good mechanical test and the results obtained in this analysis should be reliable within reasonable limits relative to the assumptions which have been made.

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Quintana Petroleum Corp.
Operator

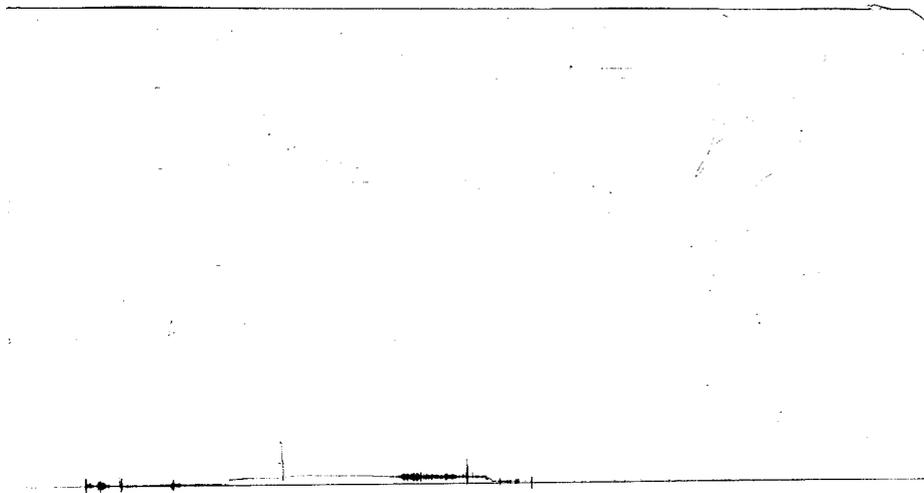
Caballo Unit Federal #1-15
Well Name and No.

1
DST No.



Recorder Type Kuster K-3
 No. 7661 Cap. 4900 psi
 Depth 6500 feet
 Inside X _____ Clock _____
 Outside _____ Range 24 hrs.

Initial Hydrostatic	A	<u>3041.7</u>
Final Hydrostatic	K	<u>3022.3</u>
Initial Flow	B	<u>85.6</u>
Final Initial Flow	C	<u>84.1</u>
Initial Shut-In	D	<u>2282.0</u>
Second Initial Flow	E	<u>71.1</u>
Second Final Flow	F	<u>84.5</u>
Second Shut-In	G	<u>2484.4</u>
Third Initial Flow	H	_____
Third Final Flow	I	_____
Third Shut-In	J	_____



Recorder Type Kuster K-3
 No. 24645 Cap. 4450 psi
 Depth 6470 feet
 Inside X _____ Clock _____
 Outside _____ Range 24 hrs.

Initial Hydrostatic	A	_____
Final Hydrostatic	K	_____
Initial Flow	B	<u>64.8</u>
Final Initial Flow	C	<u>76.7</u>
Initial Shut-In	D	_____
Second Initial Flow	E	<u>80.6</u>
Second Final Flow	F	<u>103.3</u>
Second Shut-In	G	_____
Third Initial Flow	H	_____
Third Final Flow	I	_____
Third Shut-In	J	_____

BAKER SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

1
DST No.

TIME	CHOKE SIZE	SURFACE PRESSURE	FLOW RATE MCF/D	LIQUID	REMARKS
0	1/4"	1"			Opened tool for initial flow:
1		Bottom Of Bucket			
2		1.00#			
10		4.00#			
15		6.00#			
20		7.00#			
30		10.00#			Closed tool for initial shut-in Gas to surface in 15 minutes:
0					Opened tool for final flow:
1		7.00#	32.40		
3		10.00#	36.80		
5		20.00#	51.50		
10		20.00#	51.50		
15		20.00#	51.50		
20		22.00#	54.40		
25		22.00#	54.40		
30		23.00#	55.90		
35		24.00#	57.40		
40		24.00#	57.40		
45		25.00#	58.90		
50		25.00#	58.90		
55		25.00#	58.90		
60		25.00#	58.90		Closed tool for final shut-in:
120					Pulled tool:

BAKER SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

1
DST No.

TEST PARAMETERS

DRILLPIPE CAPACITY	0.0142 BBL/FT	HOLE SIZE	8.750 IN
DRILLCOLLAR CAPACITY	0.0049 BBL/FT	PAY THICKNESS	8 FT
DRILLCOLLAR LENGTH	544 FT	VISCOSITY	0.02 CP
BOTTOM HOLE TEMP	590 DEG R	COMPRESSIBILITY	0.85
POROSITY FRACTION	0.10 (EST)	1ST FLOW TIME	33 MIN
RECORDER NUMBER	16815	1ST SHUT-IN TIME	62 MIN
RECORDER DEPTH	6532 FT	2ND FLOW TIME	60 MIN
ELEVATION	6340 FT (KB)	2ND SHUT-IN TIME	119 MIN
DATUM	-192		

CALCULATIONS

MAXIMUM RESERVOIR PRESSURE (PSI)	2870.4
AVERAGE PRODUCTION RATE (MCF/DAY).....	58.9
WELL-BORE TRANSMISSIBILITY (MD.-FT./CP.)	7.313
FORMATION TRANSMISSIBILITY (MD.-FT./CP.)	14.626
FLOW CAPACITY (MD.-FT.).....	0.219
PERMEABILITY (MD.)	0.0274
PRODUCTIVITY INDEX (MCF/DAY/PSI).....	0.0211
ESTIMATED DAMAGE RATIO (EDR).....	4.2
SKIN FACTOR (S)	1.7
PRESSURE DROP DUE TO SKIN (PSI)	1213.8
APPROXIMATE RADIUS OF INVESTIGATION (FT.)	1.3
POTENTIOMETRIC SURFACE (FT.)	6496.0

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SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

1
DST No.

RECORDER NO. 16815 DEPTH 6532 FT.

INITIAL FLOW

<u>DT(MIN)</u>	<u>PRESSURE(P SIG)</u>
0	67.7
5	63.5
10	64.1
15	64.1
20	64.1
25	64.9
30	65.7
33	67.5

RECORDER NO. 16815 DEPTH 6532 FT.

FINAL FLOW

<u>DT(MIN)</u>	<u>PRESSURE(P SIG)</u>
0	57.8
5	68.3
10	75.2
15	77.7
20	79.3
25	79.9
30	80.2
35	81.5
40	81.8
45	82.1
50	82.6
55	82.9
60	83.4

BAKER

SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

1
DST No.

RECORDER NO. 16815 DEPTH 6532 FT.

INITIAL SHUT-IN

INITIAL FLOW TIME: T = 33 MIN.

<u>DT(MIN)</u>	<u>LOG((T+DT)/DT)</u>	<u>PRESSURE(P SIG)</u>	<u>DP(P SIG)</u>	<u>P SQR X .001</u>
0		67.5	0.0	4.6
1	1.531	191.1	123.6	36.5
2	1.243	269.4	201.9	72.6
3	1.079	349.9	282.4	122.4
4	0.966	422.6	355.1	178.6
5	0.881	495.0	427.6	245.1
6	0.813	567.4	499.9	322.0
7	0.757	631.5	564.0	398.8
8	0.710	694.3	626.8	482.0
9	0.669	760.0	692.5	577.6
10	0.633	821.8	754.3	675.3
12	0.574	931.3	863.8	867.4
14	0.526	1046.0	978.5	1094.2
16	0.486	1144.7	1077.2	1310.4
18	0.452	1247.6	1180.1	1556.6
20	0.423	1333.3	1265.8	1777.6
22	0.398	1420.7	1353.2	2018.2
24	0.376	1507.5	1440.0	2272.5
26	0.356	1576.6	1509.1	2485.7
28	0.338	1647.3	1579.9	2713.8
30	0.322	1708.2	1640.7	2918.1
35	0.288	1863.4	1795.9	3472.1
40	0.261	1993.5	1926.0	3974.1
45	0.239	2113.7	2046.2	4467.5
50	0.220	2205.3	2137.8	4863.4
55	0.204	2287.5	2220.0	5232.6
60	0.190	2351.5	2284.0	5529.5
62	0.185	2371.5	2304.0	5623.9

EXTRAPOLATED PRESSURE: INDETERMINATE

BAKER

SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

1
DST No.

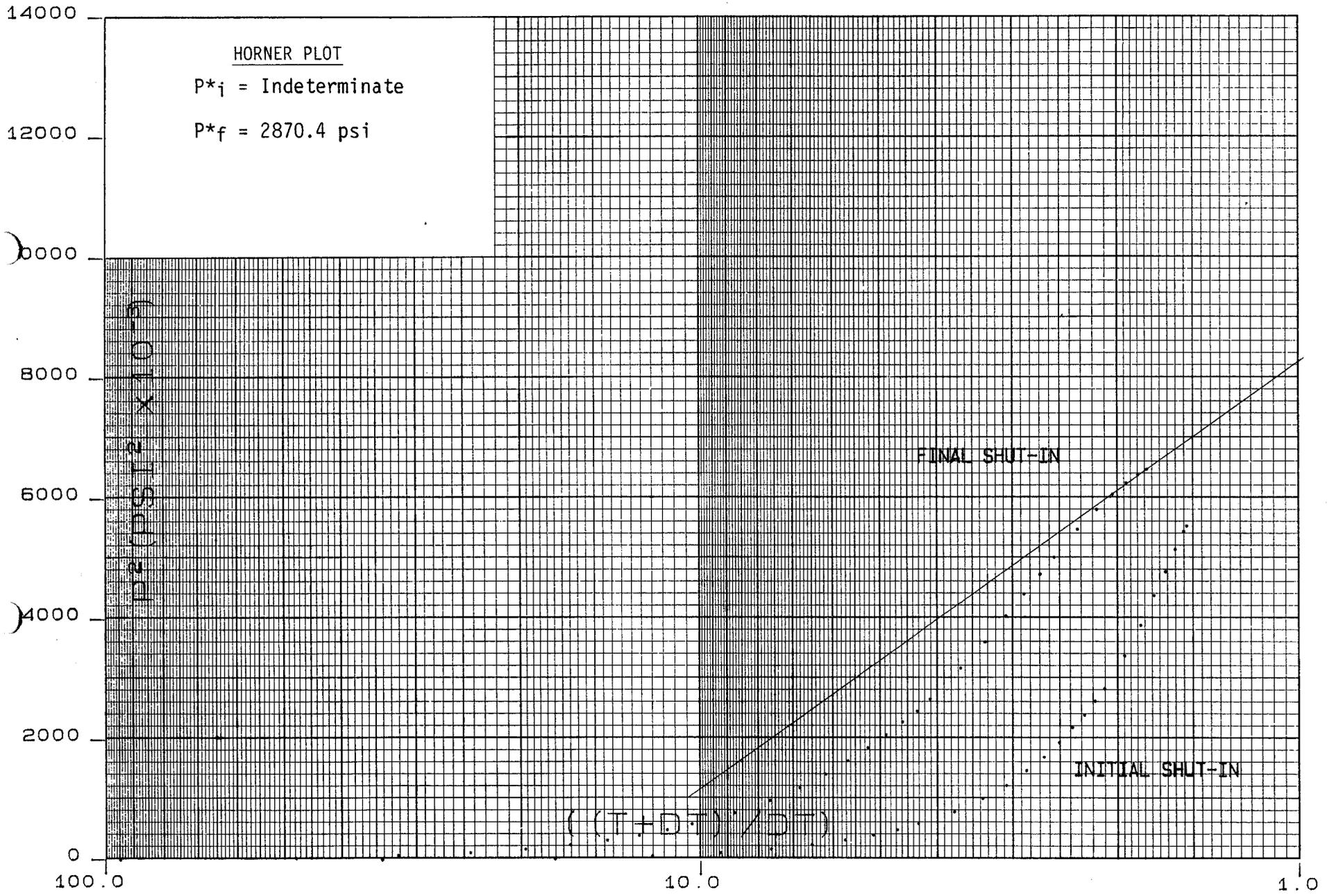
RECORDER NO. 16815 DEPTH 6532 FT.

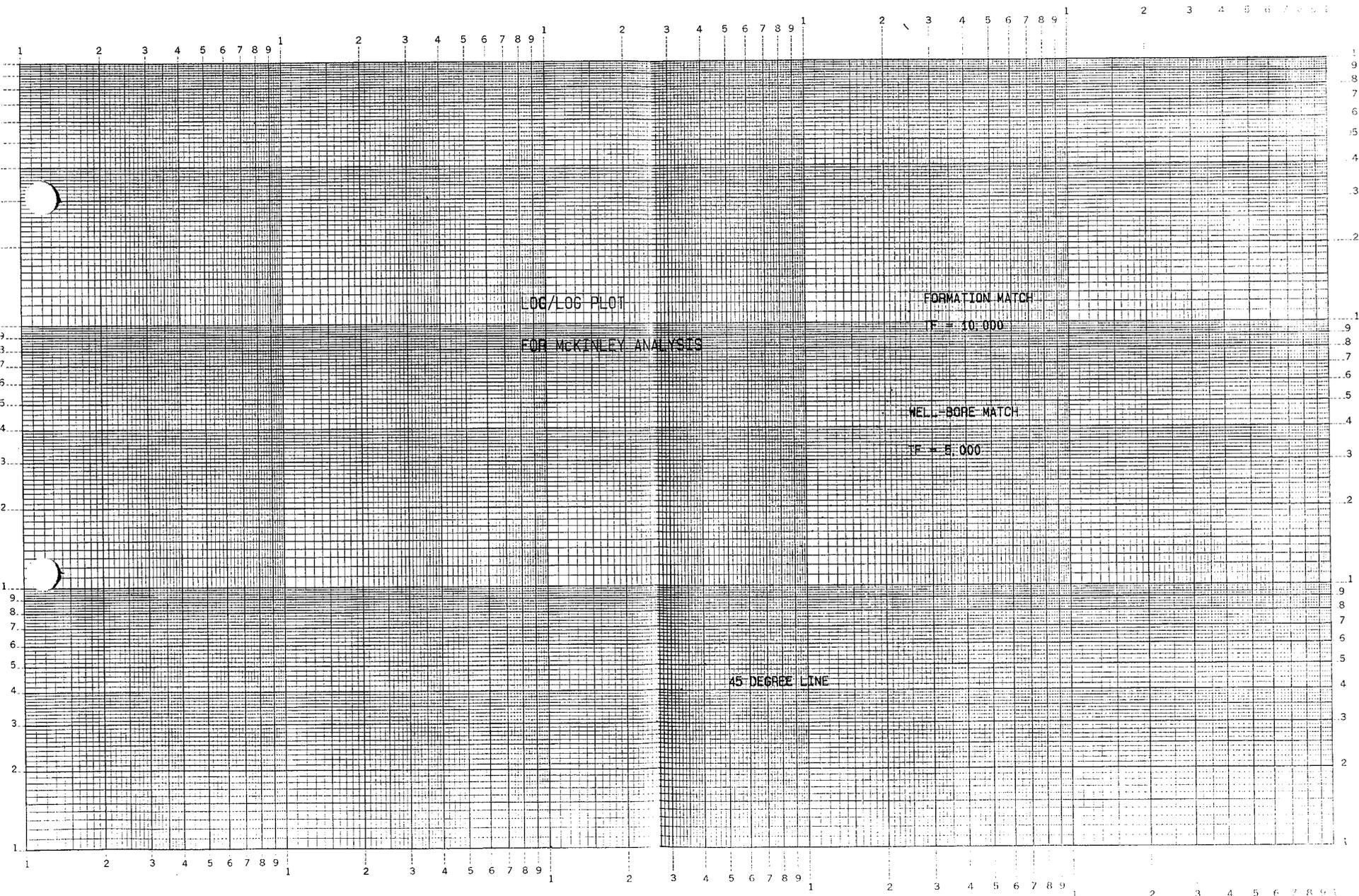
FINAL SHUT-IN

TOTAL FLOW TIME: T = 93 MIN.

DT(MIN)	LOG((T+DT)/DT)	PRESSURE(P SIG)	DP(P SIG)	P SQR X .001
0		83.4	0.0	7.0
1	1.973	182.7	99.3	33.4
2	1.677	264.1	180.7	69.7
3	1.505	342.4	259.0	117.2
4	1.385	408.4	325.0	166.8
5	1.292	482.8	399.3	233.1
6	1.217	552.8	469.4	305.6
7	1.155	619.3	535.9	383.5
8	1.101	679.4	596.0	461.7
9	1.054	747.6	664.2	558.9
10	1.013	808.7	725.3	653.9
12	0.942	918.6	835.1	843.7
14	0.883	1026.0	942.6	1052.7
16	0.833	1124.0	1040.6	1263.3
18	0.790	1222.3	1138.9	1494.0
20	0.752	1309.6	1226.2	1715.0
22	0.718	1390.6	1307.2	1933.8
24	0.688	1467.0	1383.6	2152.1
26	0.661	1537.0	1453.6	2362.4
28	0.636	1594.8	1511.4	2543.4
30	0.613	1656.1	1572.6	2742.5
35	0.563	1805.8	1722.4	3261.1
40	0.522	1922.0	1838.6	3694.2
45	0.487	2030.5	1947.1	4123.0
50	0.456	2117.8	2034.4	4485.1
55	0.430	2193.3	2109.9	4810.8
60	0.407	2258.0	2174.6	5098.4
70	0.367	2358.9	2275.5	5564.3
80	0.335	2427.5	2344.1	5893.0
90	0.308	2478.9	2395.5	6144.8
100	0.286	2516.4	2433.0	6332.3
110	0.266	2543.4	2460.0	6468.9
119	0.251	2562.0	2478.5	6563.7

EXTRAPOLATED PRESSURE: 2870.4 PSI
SLOPE: 6671526.5 PSI SQUARED/LOG CYCLE
POINTS USED: 3





LOG/LOG PLOT
FOR MCKINLEY ANALYSIS

FORMATION MATCH
TF = 10,000

WELL-BORE MATCH
TF = 8,000

45 DEGREE LINE

1000.0

LOG/LOG PLOT

100.0

DELTA (T) (MIN)

FINAL SHUT-IN

INITIAL SHUT-IN

10.0

DELTA (P) (PSI)

1.0

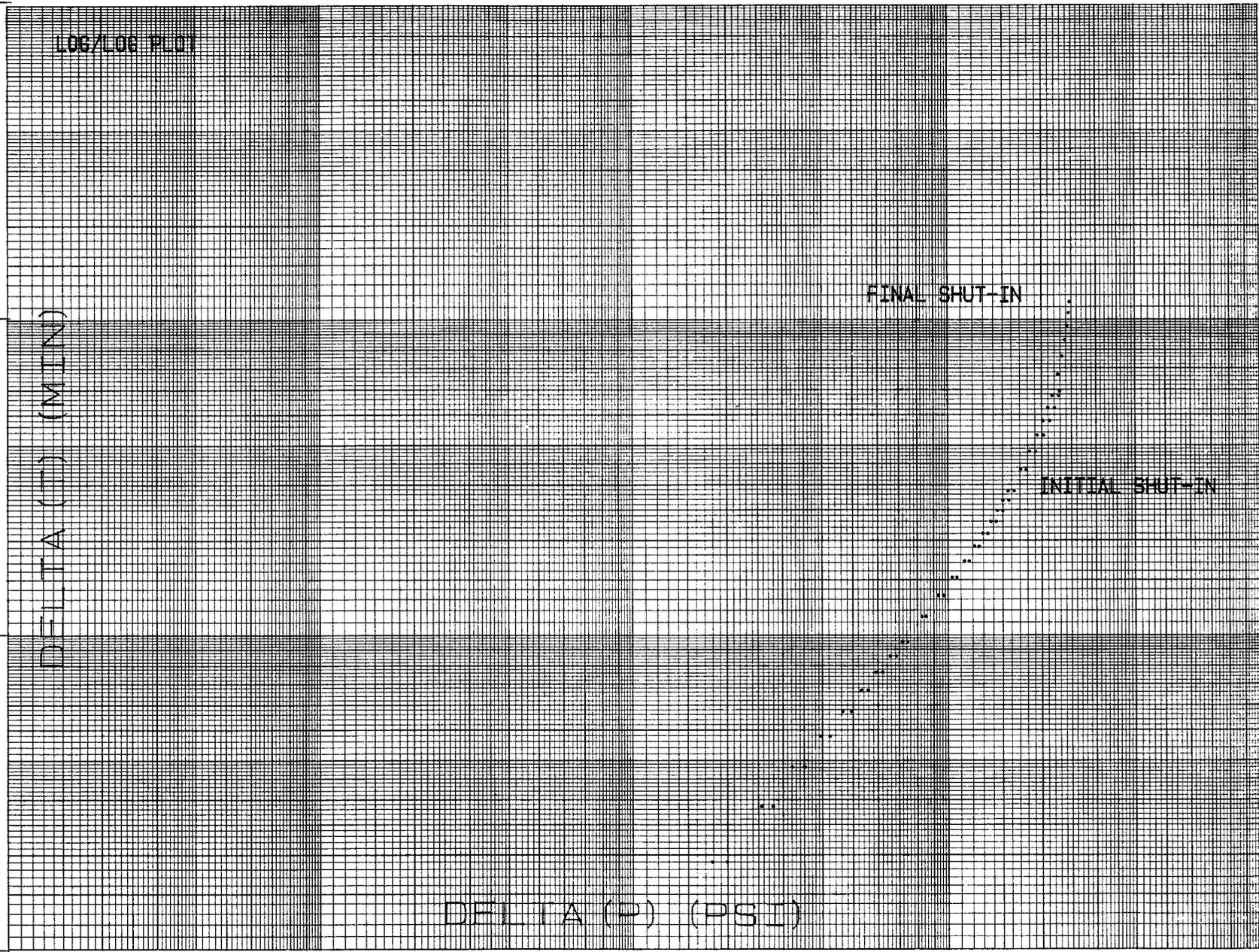
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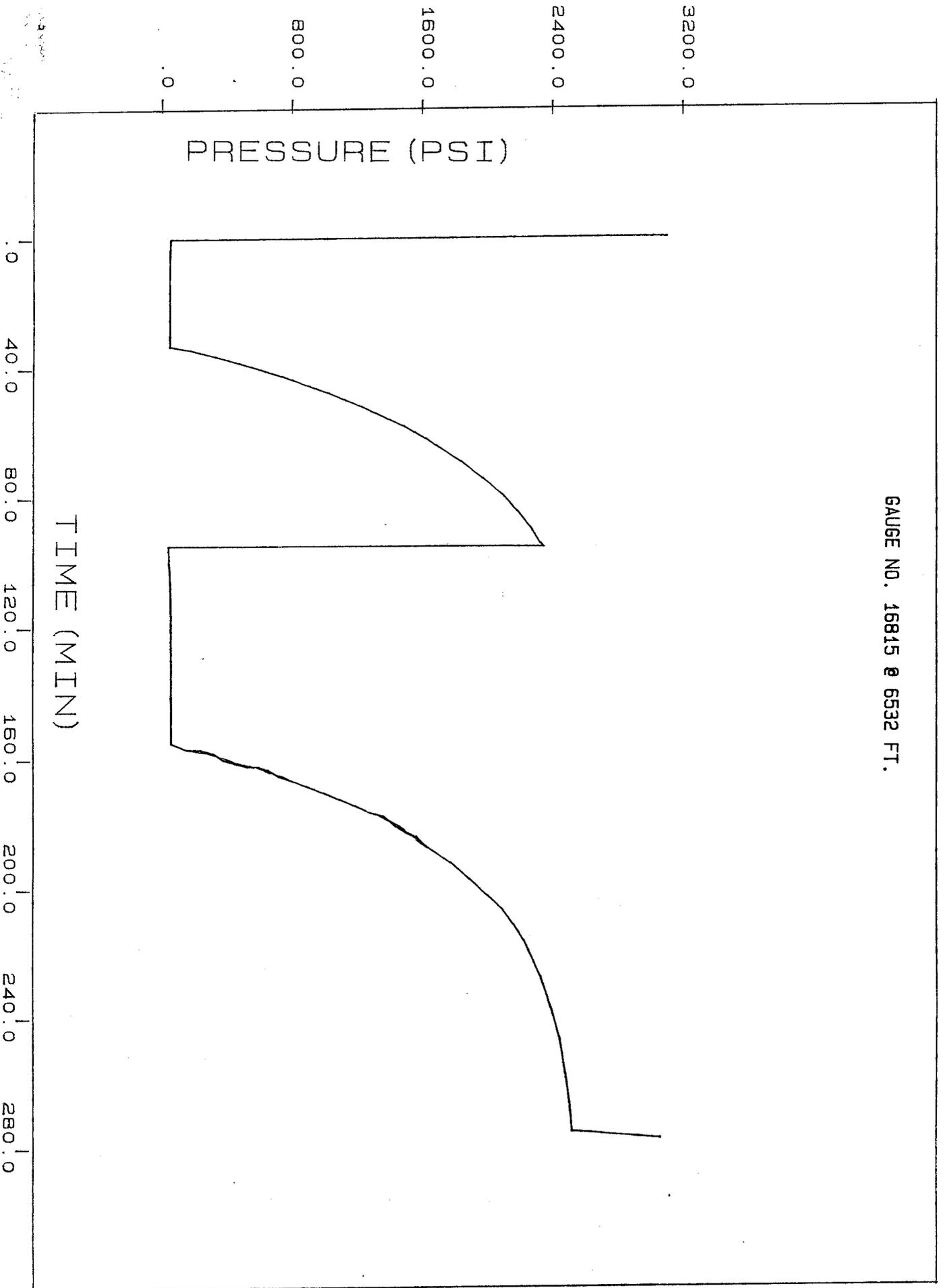
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GAUGE NO. 16815 @ 6532 FT.



BAKER SERVICE TOOLS

Phone (303) 573-8027

1616 Glenarm — Suite 1350
Denver, CO 80202

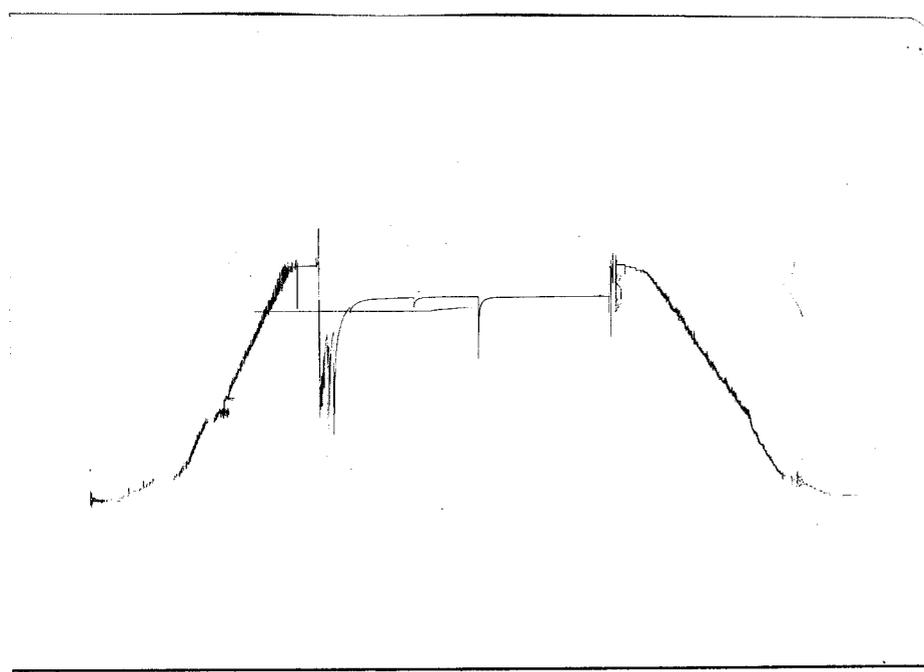
Contractor <u>Four Corners Drlg.</u>	Surface Choke <u>1/4"</u>	Mud Type <u>--</u>
Rig No. <u>3</u>	Bottom Choke <u>3/4"</u>	Weight <u>9.1</u>
Spot <u>--</u>	Hole Size <u>8 3/4"</u>	Viscosity <u>36</u>
Sec. <u>15</u>	Core Hole Size <u>--</u>	Water Loss <u>--</u>
Twp. <u>36 S</u>	DP Size & Wt. <u>4 1/2" 16.60</u>	Filter Cake <u>--</u>
Rng. <u>23 E</u>	Wt. Pipe <u>None</u>	Resistivity <u>2.0 @ 65 °F</u>
Field <u>--</u>	I.D. of DC <u>2 1/4"</u>	<u>3,000</u> Ppm. NaCl
County <u>San Juan</u>	Length of DC <u>544'</u>	B.H.T. <u>130 °F</u>
State <u>Utah</u>	Total Depth <u>6562'</u>	Co. Rep. <u>Dutch Dunkett</u>
Elevation <u>6340' KB</u>	Type Test <u>Conventional</u>	Tester <u>David Dolyniuk</u>
Formation <u>Ismay</u>	Interval <u>6546' - 6562'</u>	Baker Dist. <u>Farmington, NM</u>

Operator
 Ticket No. 2775
 Date 7/17/88
 QUINTANA PETROLEUM CORP.
 "TIGHT HOLE"
 Well Name & No. CABALLO UNIT FEDERAL #1-15DST No. 2
 Location S-15 T-36S R-23E
 County, State SAN JUAN COUNTY, UT
 Interval Formation ISMAY

	REPORTED	CORRECTED
Opened Tool @	<u>15:17</u>	_____ hrs.
Flow No. 1	<u>30</u>	_____ min.
Shut-In No. 1	<u>60</u>	_____ min.
Flow No. 2	<u>60</u>	_____ min.
Shut-In No. 2	<u>120</u>	_____ min.
Flow No. 3	<u>None Taken</u>	_____ min.
Shut-In No. 3	<u>"</u>	_____ min.

Recorder Type <u>Kuster K-3</u>
No. <u>16815</u> Cap. <u>6100</u> psi
Depth <u>6560</u> feet
Inside Clock
Outside X Range <u>12</u> hrs.

Initial Hydrostatic	A	_____
Final Hydrostatic	K	_____
Initial Flow	B	_____
Final Initial Flow	C	_____
Initial Shut-In	D	_____
Second Initial Flow	E	_____
Second Final Flow	F	_____
Second Shut-In	G	_____
Third Initial Flow	H	_____
Third Final Flow	I	_____
Third Shut-In	J	_____



Pipe Recovery: 60' Mud

Remarks: The pressure chart indicates the tool was completely plugged; no reliable data was obtained. See retest DST #3.

**** MISRUN ****

BAKER SERVICE TOOLS

DISTRIBUTION OF FINAL REPORTS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

QUINTANA PETROLEUM CORP. 2
ATTN OPERATIONS MGR.
P.O. BOX 3331
HOUSTON TX 77253

QUINTANA PETROLEUM CORP. 6
1050 17TH ST. SUITE 400
DENVER CO 80265

STANDARD OIL PRODUCTION CO. 2
P.O. BOX 4587
HOUSTON TX 77210

SANTA FE ENERGY CO. 2
ONE W. THIRD ST. SUITE 500
TULSA OK 74103

YATES PETROLEUM CORP. 2
105 SOUTH 4TH ST.
ARTESIA NM 88210

GRYNBERG PETROLEUM 1
5000 S. QUEBEC SUITE 500
DENVER CO 80237

DUNCAN OIL CO. 1
1777 S. HARRISON ST. PENTHOUSE 1
DENVER CO 80210

UNION PACIFIC RESOURCES CO. 2
P.O. BOX 1257
ENGLEWOOD CO 80150

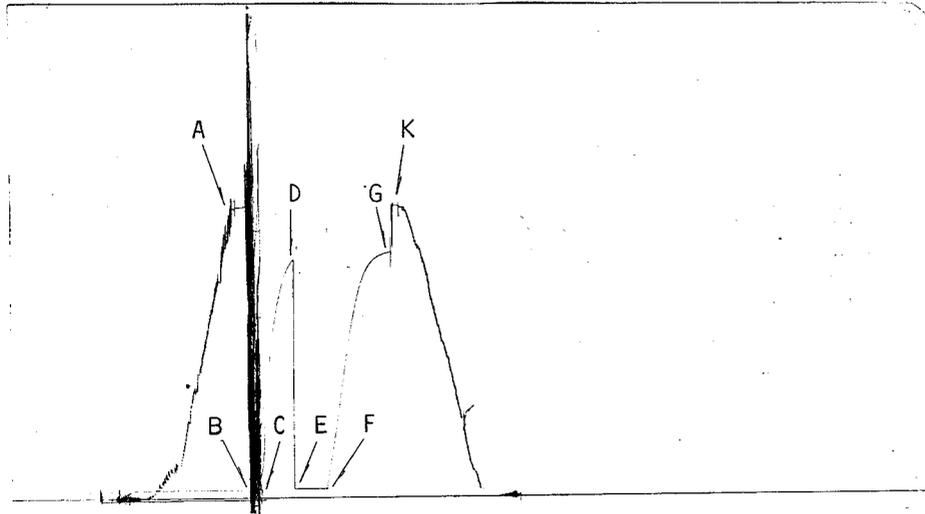
BAKER SERVICE TOOLS

1616 Glenarm — Suite 1350
Denver, CO 80202

Phone (303) 573-8027

Contractor <u>Four Corners Drilg</u>	Surface Choke <u>1/4"</u>	Mud Type <u>--</u>
Rig No. <u>3</u>	Bottom Choke <u>3/4"</u>	Weight <u>9.0</u>
Spot <u>--</u>	Hole Size <u>8 3/4"</u>	Viscosity <u>36</u>
Sec. <u>15</u>	Core Hole Size <u>--</u>	Water Loss <u>--</u>
Twp. <u>36 S</u>	DP Size & Wt. <u>4 1/2" 16.60</u>	Filter Cake <u>--</u>
Rng. <u>23 E</u>	Wt. Pipe <u>None</u>	Resistivity <u>2.0</u> @ <u>65</u> °F
Field <u>--</u>	I.D. of DC <u>2 1/4"</u>	<u>3,000</u> Ppm. NaCl
County <u>San Juan</u>	Length of DC <u>544'</u>	B.H.T. <u>130</u> °F
State <u>Utah</u>	Total Depth <u>6562'</u>	Co. Rep. <u>Dutch Dunkett</u>
Elevation <u>6340' KB</u>	Type Test <u>Conventional</u>	Tester <u>David Dolyniuk</u>
Formation <u>Ismay</u>	Interval <u>6546' - 6562'</u>	Baker Dist. <u>Farmington, NM</u>

	REPORTED	CORRECTED	
Opened Tool @	<u>14:18</u>		hrs.
Flow No. 1	<u>30</u>	<u>20</u>	min.
Shut-In No. 1	<u>60</u>	<u>60</u>	min.
Flow No. 2	<u>60</u>	<u>58</u>	min.
Shut-In No. 2	<u>120</u>	<u>120</u>	min.
Flow No. 3	<u>None Taken</u>		min.
Shut-In No. 3	<u>"</u>	<u>"</u>	min.



Recorder Type <u>Kuster K-3</u>
No. <u>7661</u> Cap. <u>4900</u> psi
Depth <u>6520</u> feet
Inside X _____ Clock _____
Outside _____ Range <u>24</u> hrs.

Initial Hydrostatic	A	<u>3076.3</u>
Final Hydrostatic	K	<u>3066.0</u>
Initial Flow	B	<u>129.6</u>
Final Initial Flow	C	<u>85.6</u>
Initial Shut-In	D	<u>2514.3</u>
Second Initial Flow	E	<u>89.5</u>
Second Final Flow	F	<u>93.2</u>
Second Shut-In	G	<u>2584.8</u>
Third Initial Flow	H	
Third Final Flow	I	
Third Shut-In	J	

Pipe Recovery: 130' Gas & oil cut mud = 0.64 bbl.

Resistivity:

Top:	0.8 @ 65°F - .42 @ Res Temp = 7,919 ppm NaCl., 4,814 ppm Cl.
Middle:	0.8 @ 65°F - .42 @ Res Temp = 7,919 ppm NaCl., 4,814 ppm Cl.
Bottom:	1.0 @ 65°F - .52 @ Res Temp = 6,246 ppm NaCl., 3,797 ppm Cl.

Remarks: The character of the pressure charts indicate slight plugging occurring in the perforations during the initial flow period. However, this condition apparently had no significant effect on the results of the test.

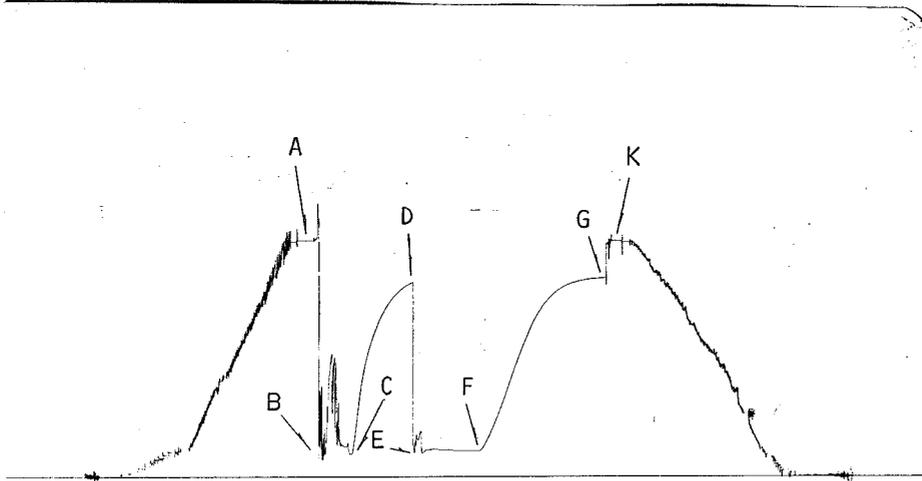
Operator: QUINTANA PETROLEUM CORP.
 Ticket No. 2776
 Date 7/17/88
 "TIGHT HOLE"
 Well Name & No. CABALLO UNIT FEDERAL #1-15
 Location S-15 T-36S R-23E
 County, State SAN JUAN COUNTY, UT
 DST No. 3
 Interval 6546' - 6562'
 Formation ISMAY

BAKER SERVICE TOOLS

Quintana Petroleum Corp.
Operator

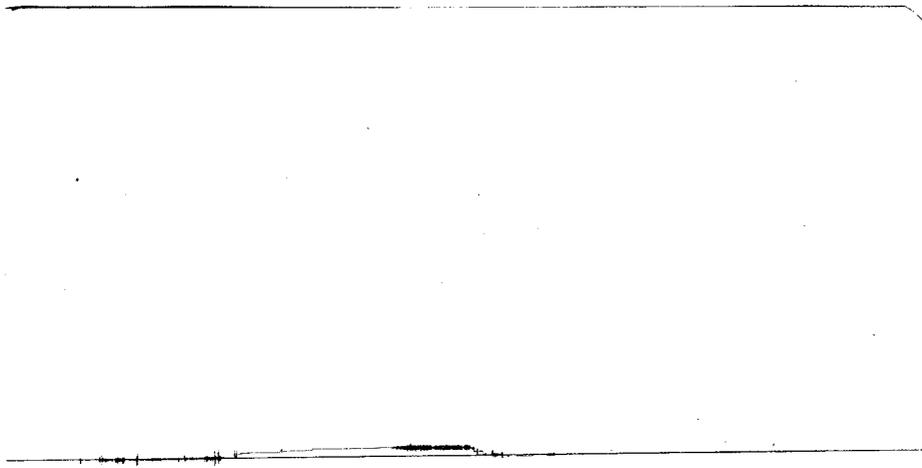
Caballo Unit Federal #1-15
Well Name and No.

3
DST No.



Recorder Type Kuster K-3
 No. 16815 Cap. 6100 psi
 Depth 6560 feet
 Inside _____ Clock _____
 Outside X Range 12 hrs.

Initial Hydrostatic	A	<u>3175.4</u>
Final Hydrostatic	K	<u>3168.5</u>
Initial Flow	B	<u>232.9</u>
Final Initial Flow	C	<u>326.6</u>
Initial Shut-In	D	<u>2630.2</u>
Second Initial Flow	E	<u>343.5</u>
Second Final Flow	F	<u>373.3</u>
Second Shut-In	G	<u>2690.2</u>
Third Initial Flow	H	_____
Third Final Flow	I	_____
Third Shut-In	J	_____



Recorder Type Kuster K-3
 No. 24645 Cap. 4450 psi
 Depth 6500 feet
 Inside X Clock _____
 Outside _____ Range 24 hrs.

Initial Hydrostatic	A	_____
Final Hydrostatic	K	_____
Initial Flow	B	<u>73.3</u>
Final Initial Flow	C	<u>74.7</u>
Initial Shut-In	D	_____
Second Initial Flow	E	<u>109.9</u>
Second Final Flow	F	<u>111.9</u>
Second Shut-In	G	_____
Third Initial Flow	H	_____
Third Final Flow	I	_____
Third Shut-In	J	_____

This analysis has been made on the basis of the gas recovery and equations applicable to gas recovery tests and the McKinley curve matching analysis method.

The pressure extrapolation plot indicates "steady-state" conditions were not attained during the initial shut-in period. It is therefore, impossible to determine a reliable extrapolated initial shut-in pressure. The pressure extrapolation plot indicates a maximum final reservoir pressure of 2787 psi which is equivalent to a subsurface pressure gradient of 0.43 psi at the recorder depth of 6520 feet. However, "steady-state" conditions probably were not attained during the final shut-in period. Therefore, the reliability of the extrapolated final shut-in pressure may be subject to question.

The Average Production Rate which was used in this analysis, 10.0 MCF/D, has been estimated.

The calculated Total Effective Transmissibility of 3.638 md.-ft./cp. indicates an Average Permeability to gas of 0.0055 md. for the reported 10 feet of effective porosity within the total 16 feet of tested interval.

The calculated Skin Factor of 1.5 indicates well-bore damage was present at the time of this formation test.

The evaluation criteria used in the drillstem test analysis system indicate this is a good mechanical test and the results obtained in this analysis should be reliable within reasonable limits relative to the assumptions which have been made.

T E S T P A R A M E T E R S

DRILLPIPE CAPACITY	0.0142 BBL/FT	HOLE SIZE	8.750 IN
DRILLCOLLAR CAPACITY	0.0049 BBL/FT	PAY THICKNESS	10 FT
DRILLCOLLAR LENGTH	544 FT	VISCOSITY	0.02 CP
BOTTOM HOLE TEMP	590 DEG R	COMPRESSIBILITY	0.85
POROSITY FRACTION	0.10 (EST)	1ST FLOW TIME	20 MIN
RECORDER NUMBER	7661	1ST SHUT-IN TIME	60 MIN
RECORDER DEPTH	6520 FT	2ND FLOW TIME	58 MIN
ELEVATION	6340 FT (KB)	2ND SHUT-IN TIME	120 MIN
DATUM	-180		

C A L C U L A T I O N S

MAXIMUM RESERVOIR PRESSURE (PSI)	2787.2
AVERAGE PRODUCTION RATE (MCF/DAY).....	10.0
WELL-BORE TRANSMISSIBILITY (MD.-FT./CP.)	0.909
FORMATION TRANSMISSIBILITY (MD.-FT./CP.)	3.638
FLOW CAPACITY (MD.-FT.).....	0.055
PERMEABILITY (MD.)	0.0055
PRODUCTIVITY INDEX (MCF/DAY/PSI).....	0.0037
ESTIMATED DAMAGE RATIO (EDR).....	8.6
SKIN FACTOR (S)	1.5
PRESSURE DROP DUE TO SKIN (PSI)	1844.3
APPROXIMATE RADIUS OF INVESTIGATION (FT.)	0.53
POTENTIOMETRIC SURFACE (FT.)	6314.2

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SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

3
DST No.

RECORDER NO. 7661 DEPTH 6520 FT.

INITIAL FLOW

<u>DT(MIN)</u>	<u>PRESSURE(P SIG)</u>
0	129.6
5	108.3
10	98.2
15	88.3
20	85.6

RECORDER NO. 7661 DEPTH 6520 FT.

FINAL FLOW

<u>DT(MIN)</u>	<u>PRESSURE(P SIG)</u>
0	89.5
5	92.0
10	92.3
15	92.7
20	93.1
25	93.1
30	93.2
35	93.2
40	93.2
45	93.2
50	93.2
55	93.2
58	93.2

BAKER

SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

3
DST No.

RECORDER NO. 7661 DEPTH 6520 FT.

INITIAL SHUT-IN

INITIAL FLOW TIME: T = 20 MIN.

<u>DT(MIN)</u>	<u>LOG((T+DT)/DT)</u>	<u>PRESSURE(P SIG)</u>	<u>DP(P SIG)</u>	<u>P SQR X .001</u>
0		85.6	0.0	7.3
1	1.322	159.8	74.1	25.5
2	1.041	256.9	171.3	66.0
3	0.885	346.2	260.6	119.9
4	0.778	437.1	351.5	191.1
5	0.699	543.4	457.7	295.2
6	0.637	707.9	622.3	501.2
7	0.586	806.7	721.1	650.8
8	0.544	908.0	822.4	824.5
9	0.508	1018.9	933.3	1038.2
10	0.477	1116.4	1030.8	1246.4
12	0.426	1290.8	1205.2	1666.3
14	0.385	1420.3	1334.7	2017.2
16	0.352	1533.2	1447.6	2350.7
18	0.325	1625.0	1539.4	2640.8
20	0.301	1718.2	1632.6	2952.2
22	0.281	1808.8	1723.1	3271.6
24	0.263	1881.1	1795.5	3538.6
26	0.248	1946.4	1860.8	3788.5
28	0.234	2015.8	1930.2	4063.5
30	0.222	2061.4	1975.8	4249.5
35	0.196	2189.7	2104.1	4794.8
40	0.176	2301.0	2215.4	5294.6
45	0.160	2376.7	2291.1	5648.6
50	0.146	2441.8	2356.2	5962.3
55	0.135	2485.6	2400.0	6178.3
60	0.125	2514.3	2428.7	6321.9

EXTRAPOLATED PRESSURE: INDETERMINATE

BAKER

SERVICE TOOLS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

3
DST No.

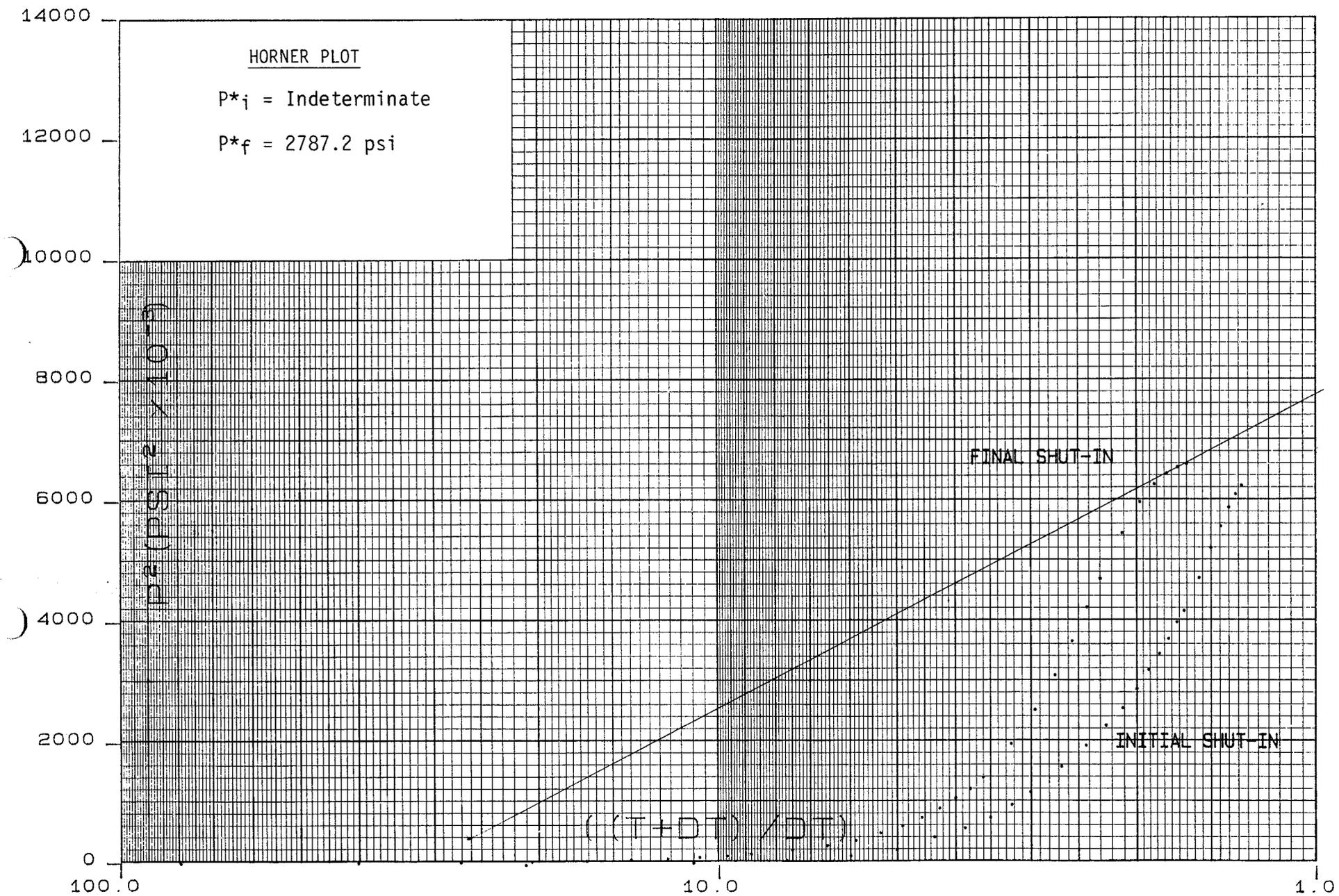
RECORDER NO. 7661 DEPTH 6520 FT.

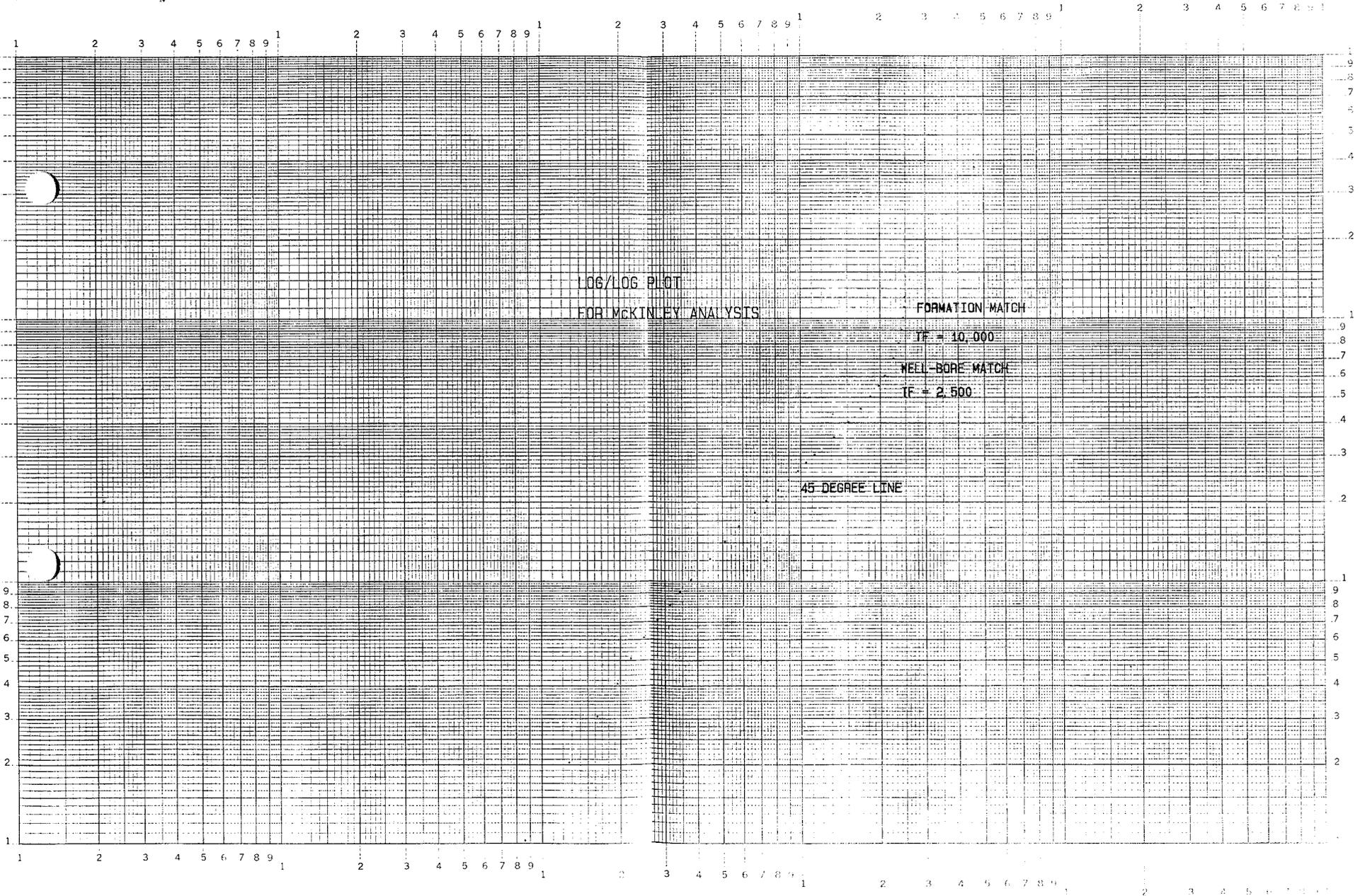
FINAL SHUT-IN

TOTAL FLOW TIME: T = 78 MIN.

DT(MIN)	LOG((T+DT)/DT)	PRESSURE(P SIG)	DP(P SIG)	P SQR X .001
0		93.2	0.0	8.7
1	1.898	178.7	85.5	31.9
2	1.602	219.7	126.4	48.3
3	1.431	256.1	162.8	65.6
4	1.312	287.9	194.7	82.9
5	1.220	313.0	219.7	98.0
6	1.146	340.3	247.0	115.8
7	1.084	373.5	280.2	139.5
8	1.031	407.1	313.8	165.7
9	0.985	436.5	343.3	190.6
10	0.944	470.7	377.4	221.5
12	0.875	540.3	447.1	291.9
14	0.818	602.9	509.7	363.5
16	0.769	671.3	578.1	450.7
18	0.727	757.6	664.3	573.9
20	0.690	829.3	736.0	687.7
22	0.658	908.2	815.0	824.9
24	0.628	989.8	896.5	979.6
26	0.602	1069.2	976.0	1143.3
28	0.578	1141.6	1048.3	1303.2
30	0.556	1221.2	1127.9	1491.3
35	0.509	1430.7	1337.4	2046.8
40	0.470	1616.2	1522.9	2612.0
45	0.437	1785.4	1692.2	3187.8
50	0.408	1935.7	1842.4	3746.8
55	0.383	2075.3	1982.1	4307.0
60	0.362	2185.9	2092.6	4778.0
70	0.325	2352.8	2259.6	5535.6
80	0.296	2459.0	2365.8	6046.9
90	0.271	2518.5	2425.3	6342.8
100	0.250	2553.2	2459.9	6518.7
110	0.233	2573.9	2480.7	6625.1
120	0.217	2584.8	2491.6	6681.4

EXTRAPOLATED PRESSURE: 2787.2 PSI (QUESTIONABLE)
SLOPE: 4966053.0 PSI SQUARED/LOG CYCLE
POINTS USED: 3

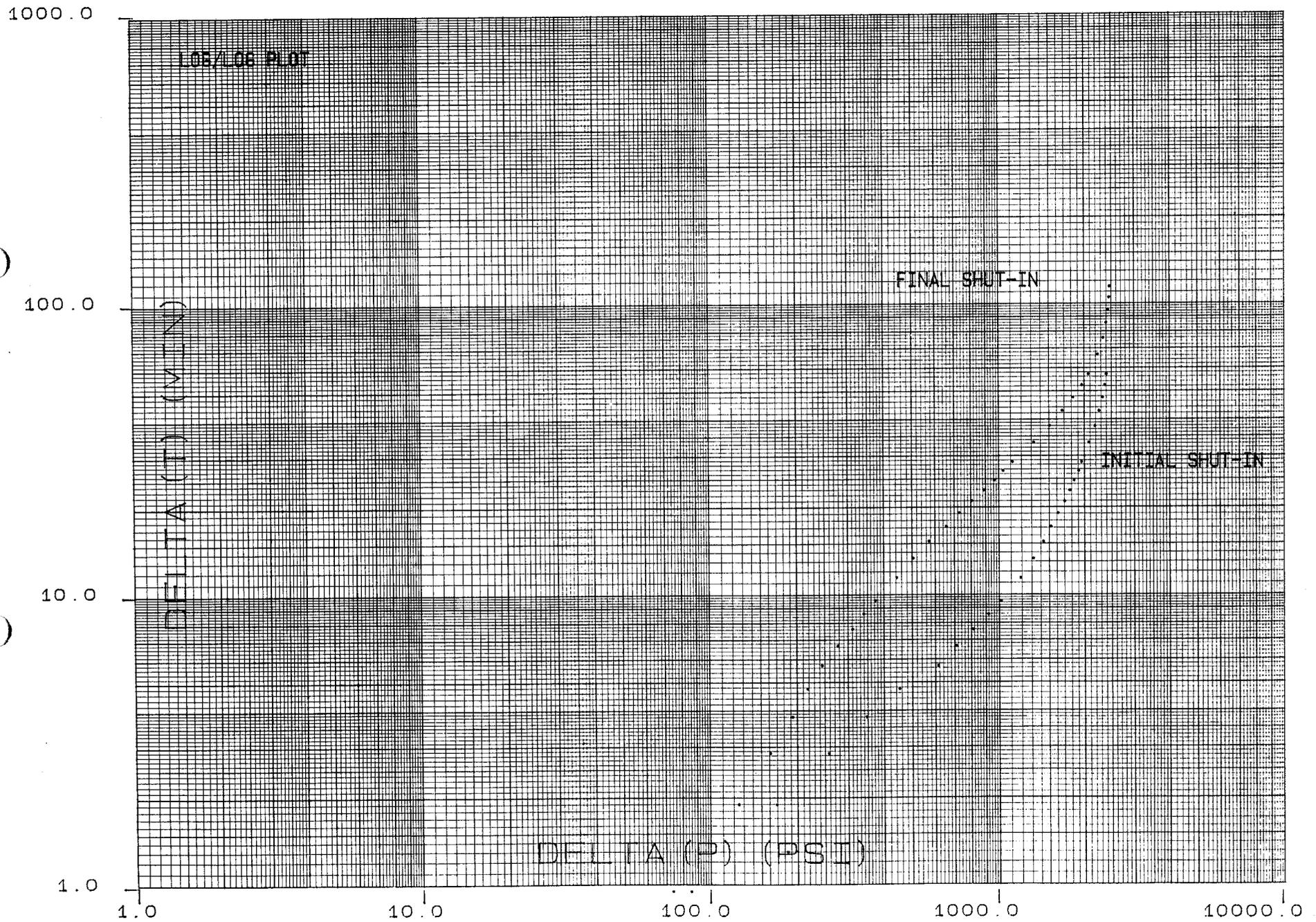




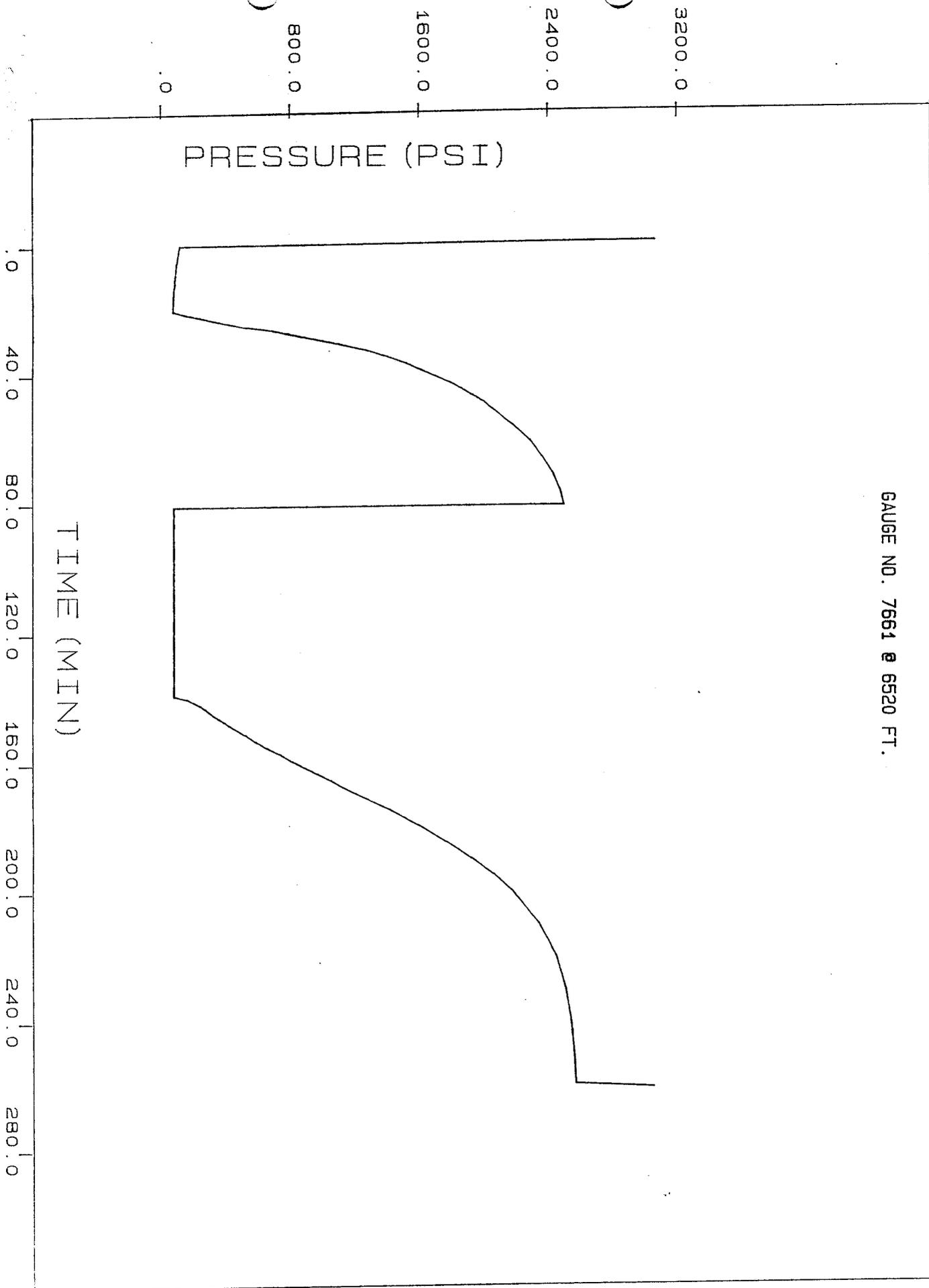
LOG/LOG PLOT
FOR MCKINLEY ANALYSIS

FORMATION MATCH
IF = 10,000
WELL-BORE MATCH
IF = 2,500

45 DEGREE LINE



GAUGE NO. 7661 @ 6520 FT.



BAKER SERVICE TOOLS

DISTRIBUTION OF FINAL REPORTS

Quintana Petroleum Corp.
Operator

Caballo Unit Federal #1-15
Well Name and No.

QUINTANA PETROLEUM CORP. 2
ATTN OPERATIONS MGR.
P.O. BOX 3331
HOUSTON TX 77253

QUINTANA PETROLEUM CORP. 6
1050 17TH ST. SUITE 400
DENVER CO 80265

STANDARD OIL PRODUCTION CO. 2
P.O. BOX 4587
HOUSTON TX 77210

SANTA FE ENERGY CO. 2
ONE W. THIRD ST. SUITE 500
TULSA OK 74103

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105 SOUTH 4TH ST.
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DENVER CO 80237

DUNCAN OIL CO. 1
1777 S. HARRISON ST. PENTHOUSE 1
DENVER CO 80210

UNION PACIFIC RESOURCES CO. 2
P.O. BOX 1257
ENGLEWOOD CO 80150

NORWARD FIELD NOTES

CUSTOMER: Quintana Petroleum
 REPRESENTATIVE: A. M. Duckett
 WELL NAME: Caballa Unit Federal
 WELL NUMBER OR FIELD: 1-15

Flow test of 8/4/88

DATE Report of 8/5/88 PAGE _____ OF _____
 METER RUN SIZE: H.P. _____ INS. L.P. _____ INS.
 STATIC RANGE _____ PSIG DIFF. RANGE _____ IN. H₂O
 FORMATION: _____ INTERVAL: _____
 TEST OPERATOR(S): _____ T.U. # _____

Date and Time	Flow or Shut In Dur. (HRS)	WELLHEAD DATA			Choke Size (64ths)	GAS METER DATA						CONDENSATE OR OIL PRODUCTION						WATER PRODUCTION					
		TBG Pres. (PSIG)	Flow Temp. (°F)	CSG Pres. (PSIG)		Orifice Plate Size (INS)	Static Pres. (PSIG)	Diff. (INS)	Temp. (°F)	Rate MMSCF/D	Cum. Gas MMSCF	Tank #	Cap	BBL @	BBL/IN	Tank #	Cap	BBL @	BBL/IN				
		METER		TANK		TANK		METER		TANK		METER		TANK		TANK		METER					
Reading (BBL)	Gain (BBL)	Total (Inches)	Gain (BBL)	BBL / DAY	Cum. (BBL)	Reading (BBL)	Gain (BBL)	Total (Inches)	Gain (BBL)	BBL / DAY	Cum. (BBL)	Reading (BBL)	Gain (BBL)	Total (Inches)	Gain (BBL)	BBL / DAY	Cum. (BBL)						
Previous Reading																							
	8/4/88																						
0700	15	92	53		48	1.0	43	84	72	.373	.244			74.25	6.28	150.72	73.19	9.7	.4			9.6	7.8
0800	16	92	55		2		43	82	77	.368	.259			77.25	4.51	149.29	77.7	10.2	.5			12	8.3
0900	17	93	57				45	84	80	.377	.275			80.5	4.83	115.92	82.52	10.8	.6			14.4	8.9
1000	18	94	58				44	83	81	.372	.291			83.0	3.78	90.72	86.31	11.2	.4			9.6	9.3
1100	19	92	58				43	84	83	.369	.306			86.25	4.93	118.32	91.24	11.7	.5			12.0	9.8
1200	20	92	59				43	84	83	.369	.321			89.25	4.51	104.24	95.75	12.2	.5			12.0	10.3
1230		Caught Gas & oil samples for Recombination DVT																					
1300	21	93	59				42	85	85	.368	.277			92.5	4.82	115.92	100.58	12.8	.6			14.4	10.9
1400	22	93	58				43	84	84	.369	.352			96	5.35	128.4	105.92	13.3	.5			12.0	11.4
1400		Well Shut in for Building																					
		Chocks will expire 2100 hrs 8/10/88																					

PAGE CHECK

Quintana Petroleum Corp.
Caballo Unit 1-15 Well

San Juan County, Utah

Analyst: Troupe
Laboratory: Houston
Date: 8-17-88

TABLE 1. HYDROCARBON ANALYSES OF SEPARATOR PRODUCTS

Component	Separator Oil	Separator Gas	
	Mole %	Mole %	GPM
Nitrogen	0.04	1.35	
Carbon Dioxide	0.01	0.06	
Hydrogen Sulfide	0.00	0.00	
Methane	1.02	71.93	
Ethane	1.27	12.68	
Propane	2.44	7.06	1.986
i-Butane	0.98	1.19	0.398
n-Butane	3.60	2.92	0.940
i-Pentane	2.11	0.70	0.261
n-Pentane	3.50	0.90	0.332
Hexanes	5.82	0.47	0.197
Heptanes Plus	<u>79.21</u>	<u>0.74</u>	<u>0.348</u>
TOTAL	100.00	100.00	4.463

Heptanes Plus Properties (Separator Oil)

API Gravity @ 60°F = 43.1
Specific Gravity @ 60/60°F = 0.8104
Molecular Weight = 173

Separator Gas Properties

Calculated Gravity (Air = 1.0000) = 0.8169
Calculated Gross Heating Value = 1421 BTU/ft³ of Dry Gas @ 15.025 psia and 60°F
Molecular Weight = 23.7

Gas-Oil Production Ratios Used For Study

Primary Separator Gas/Separator Oil Ratio = SCF/BBL @ 60°F
Primary Separator Oil/Stock Tank Oil Ratio = BBL/BBL @ 60°F
Primary Separator Gas/Stock Tank Oil Ratio = SCF/BBL @ 60°F

Stock Tank Oil Properties

API Gravity @ 60°F = 47.2
Specific Gravity @ 60/60°F = 0.7842

QUINTANA PETROLEUM CORPORATION

1050 SEVENTEENTH STREET
SUITE 400
DENVER, COLORADO 80265
(303) 628-9211

RECEIVED
AUG 30 1988

August 26, 1988

DIVISION OF
OIL, GAS & MINING

State of Utah
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1204

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

DATE: 10-6-88
BY: John R. Baya

RE: Request for Flaring Permit
Caballo Unit Federal #1-15
San Juan County, Utah

See attached letter
for conditions of approval.

Gentlemen:

In accordance with the Utah Board of Oil, Gas & Mining Rule No. 311.3(c), Quintana Petroleum Corporation respectfully requests permission to flare the associated gas produced from the Caballo Unit Federal #1-15 located in the NW NW Section 15, Township 36 South, Range 23 East, San Juan County, Utah. This well was flow tested for a period of 62 hours from August 2 to August 4, 1988, and stabilized at a rate of 115 BOPD, 12 BWPD and 369 MCFPD on a 3/4" choke with 93 psig FTP.

The nearest gas pipeline in the area is Western Gas Pipeline's gathering system located in Section 27, T36S-R23E, at Samedan's Mustang Field. This tie-in point is approximately two miles south of the Caballo Unit Federal #1-15 and crosses some extremely rugged terrain. The approximate cost to install a pipeline from the subject well to Western Gas Processor's line is \$90,100. Gas currently entering Western Gas's system is receiving approximately \$1.00/MMBTU before taxes and royalty. The estimated gas reserves of this well, assuming a 40 acre drainage area, is 93 MMCF (calculation attached).

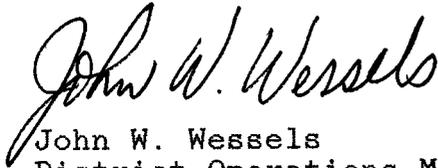
At this time there is no reinjection potential for this gas. Lease use will be fuel for a heater and will be minimal usage. Quintana is currently conducting discussions with Western Gas concerning the possibility of extending their system to the Caballo area. However, in

State of Utah
Division of Oil, Gas & Mining
August 26, 1988
Page 2

the meantime, Quintana is anxious to commence production from this well in order to evaluate performance and thus assist us in our decisions to conduct any possible development drilling. If additional wells were to prove successful, I feel that the decision to lay a line to this area would become a mute point.

Also attached to this application are a compositional analysis of the gas and a copy of the production test data. Should you have any questions or require any additional information, please do not hesitate to call.

Very truly yours,

A handwritten signature in cursive script that reads "John W. Wessels". The signature is written in dark ink and is positioned above the typed name.

John W. Wessels
District Operations Manager

JWW/jw
attachments

VOLUMETRIC RESERVE ESTIMATE

CABALLO UNIT FEDERAL #1-15

PARAMETERS:

Interval:	6543-64 (oil)
Net Pay:	19'
Average Porosity:	11%
Water Saturation:	50% (est.)
Initial Reservoir Volume Factor:	1.4 RB/STB (DMC Model)
Initial Solution Gas Oil Ratio:	1000 SCF/STB (DMC Model)
Drainage Area:	40 acres

CACULATIONS:

Original Oil-In-Place

$$\frac{7758 \text{ RB}}{\text{STB}} \times 0.11 \times (1-.5)/1.4 = 305 \text{ STB/AcFt}$$

$$305 \times 40 \text{ Ac.} \times 19' = 232\text{M STB in place}$$

Original Solution Gas-In-Place

$$232\text{M} \times 1000 \text{ SCF/STB} = 232 \text{ MMCF in place}$$

$$\text{R. E. of solution gas in oil column} = 40\%$$

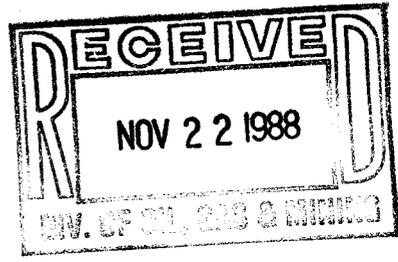
$$\text{Recoverable solution gas} = .4 \times 232 = \underline{93 \text{ MMCF}}$$

AWS- well file

QUINTANA PETROLEUM CORPORATION

1050 SEVENTEENTH STREET
SUITE 400
DENVER, COLORADO 80265
(303) 628-9211

November 18, 1988



State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 83180-1203

RE: Monthly Report on Venting/Flaring
Caballo Unit Federal #1-15
San Juan County, Utah
365 235 5-15

Gentlemen:

In accordance with your letter of September 30, 1988, the following information reflects venting/flaring activity on the subject well for the period October 1 thru October 31, 1988:

<u>Dates of Production</u>	<u>Number of Days</u>	<u>Amount Vented</u>	<u>Daily Rate</u>
October 1 - 5	5	1530 mcf	306 mcfpd
October 6 - 17	12	Well shut in	
October 18 - 28	10	6719	672 mcfpd
October 28 - 31	4	390	98 mcfpd

As previously noted, 15 days of the initial 30-day testing period was used prior to September 30th. The second 15 days ended October 28th. After that date, 100 mcfpd or less was vented/flared as required by the DOGM and the BLM.

Regarding actions taken to establish transportation/sales of the gas, based on current production information, Western Gas Processors will not install a line to this well. Quintana is continuing evaluation of production to see if it will be sustained and not deplete rapidly. If it does not, Quintana will explore the possibility of paying for a sales line to the well.

Regarding compliance with Federal regulations, the BLM has granted permission to vent/flare the well at a rate of 100 mcfpd for five months following the initial 30-day testing period.

Please contact me if you have any questions.

Very truly yours,

Jeannie Williams
Production Technician

/jw

DST NUMBER: 1

INTERVAL TESTED: 6515-6536

BHT: 130° F

PSI

TIME

Initial Hydrostatic:	3180	
Initial Flow:	70-76	30 MIN.
Initial Shut In:	2375	60 MIN.
Final Flow:	76-81	60 MIN.
Final Shut In:	2551	120 MIN.
Final Hydrostatic:	3104	

Remarks: open w/ strong blow 10 psi in 30 min. ngts, shut in gas to surface in 5 min. , FF open w/ strog blow 25
psig on 1/4 " choke Rate .59 mcf, flared gas pipe recovery 60' slgcm, chamber 1800cc slgcm
Rw .7 @ 65° , 5000 ppm Cl mud Rw 2 @ 65° , 1500 ppm Cl

Chart:

QUINTANA PETROLEUM CORPORATION

1050 SEVENTEENTH STREET
SUITE 400
DENVER COLORADO 80265
(303) 628-9211

RECEIVED
OCT 24 1988

October 18, 1988

DIVISION OF
OIL, GAS & MINING

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

RE: Caballo Unit Federal #1-15
Section 15, T36S-R23E
San Juan County, Utah

CONFIDENTIAL

Gentlemen:

Enclosed for your records please find copies of the following information on the subject well:

1. Well Completion Report (Form 3160-4)
2. DST #1
3. DST #2
4. DST #3
5. Geologist's Report
6. Electric Logs

Very truly yours,



Jeannie Williams
Production Technician

/jw

enclosures

cc: State of Utah DOGM

8:10:50 am Thursday February 9, 1989

```

*****
****      1      2      3      4      5      6      7
**** 12345678901234567890123456789012345678901234567890123456789012345
*****

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* *
* 1*  INSPECTOR:  GG          DATE ASSIGNED:  890120          DEADLINE:  890520
* 2*                               DATE COMPLETE:  000000
* 3*
* 4*  OPERATOR :  N9485 : QUINTANA PETROLEUM CORP          LEASE:  U-62953
* 5*  WELL NAME:  CABALLO UNIT 1-15                       API   :  43-037-31403
* 6*  S:  15  T:  36.0 S  R:  23.0 E
* 7*  COUNTY:    SAN JUAN          FIELD:  002 : UNDESIGNATED
* 8*
* 9*  ACTION TYPE:  FOLLOW*UP***

```

```

*10*
* 1*  ACTION REQUIRED:
* 2*  CONTACT*OPERATOR*RE:*RESERVE*PIT*****
* 3*  REFER*TO*THE*BLM.*****
* 4*  *****
* 5*  *****
* 6*

```

```

* 7*  ACTION TAKEN: Reserve Pit has been filled at present
* 8*  when is site*****
* 9*  *****
*20*  *****
* 1*  *****

```

```

* 3*
* 4*  PF KEYS: (1) NO UPDT   (9) WELL DATA   (12) DELETE   (16) EXIT
* *

```

```

*****
****      1      2      3      4      5      6      7
**** 12345678901234567890123456789012345678901234567890123456789012345
*****

```

ATTN Arlene

Alum 2/14/89

ENTITY ACTION FORM - FORM 6

ADDRESS _____

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
A	10830	10994	43-037-31403	CABALLO UNIT 1-15	NWNW	15	36S	23E	SAN JUAN	7-5-88	8-3-88

WELL 1 COMMENTS: THIS WAS ORIGINALLY ASSIGNED ENTITY 10830, TWO OTHER WELLS SHARE THIS ENTITY, ON 8-3-88 THE ISMY "A" P.A. WAS ADDED TO THE CABALLO UNIT THIS IS THE ONLY WELL AFFECTED, NEW ENTITY 10994 ADDED EFF. 8-3-88.
(UNIT MAP REC. 7-13-89)

WELL 2 COMMENTS: *PRODUCED AUGUST-DECEMBER OF 1988.
*NO PRODUCTION REPORTED JANUARY-APRIL OF 1989.

WELL 3 COMMENTS:

WELL 4 COMMENTS:

WELL 5 COMMENTS:

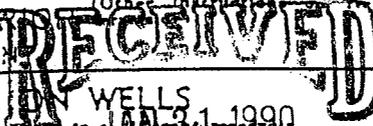
- ACTION CODES (See instructions on back of form)
- A - Establish new entity for new well (single well only)
 - B - Add new well to existing entity (group or unit well)
 - C - Re-assign well from one existing entity to another existing entity
 - D - Re-assign well from one existing entity to a new entity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

NOTE: Use COMMENT section to explain why each Action Code was selected.

LISHA ROMERO
Signature
ADMINISTRATIVE ANALYST 7-13-89
Title Date
Phone No. () _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPlicate



Form approved
Budget Bureau No. 1004-1-1
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug wells to JAN 31 1990.
Use "APPLICATION FOR PERMIT" for such proposals.)

2. LEASE DESIGNATION AND SERIAL NO.
UTU23520 & UTU62953
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
QUINTANA PETROLEUM CORPORATION (303)628-9211

3. ADDRESS OF OPERATOR
1050 - 17th Street, Suite 400, Denver, Colorado 80265

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface
NE SW Section 9, T36S-R23E (Caballo Unit Fed. #2-9)
NW NW Section 15, T36S-R23E (Caballo Unit Fed. #1-15)

14. PERMIT NO.
43-037-31402
43-037-31403

15. ELEVATIONS (Show whether of RT, CR, etc.)

7. UNIT AGREEMENT NAME
Caballo Unit

8. FARM OR LEASE NAME
CABALLO UNIT FEDERAL

9. WELL NO.
#2-9 & #1-15

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Section 9, T36S-R23E
Section 15, T36S-R23E

12. COUNTY OR PARISH 13. STATE
San Juan Utah

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	MILL 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"/>	

(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.)

In accordance with NTL-2B, Quintana Petroleum Corporation requests permission to dispose of produced water from the Ismay formation from the two wells in this Unit. The water will be hauled by Wrightway Trucking to Keystone Disposal, Lisbon Valley, Section 34, T29S-R24E, Grand County, Utah. It is anticipated that a maximum of 200 barrels of water total will be disposed of per month from these wells. Copies of the tickets can be provided if required.

A water analysis is being done and will be forwarded when available.

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 2-5-90
BY: [Signature]

OIL AND GAS	
DRN	RJF
JRB	1- GLH ✓
DTS	SLS
2-TAS	
3	MICROFILM 1/29/90
FILE	

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

SIGNED [Signature] TITLE Production Technician

(This space for Federal or State office use)

APPROVED BY Federal Approval of this
CONDITIONS OF Action is Necessary

cc: State of Utah DOGM

*See Instructions on Reverse Side

Division of Oil, Gas and Mining
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File _____

(Location) Sec ___ Twp ___ Rng ___
(API No.) _____

Suspense
(Return Date) _____
(To - Initials) _____

Other _____

1. Date of Phone Call: _____ Time: _____

2. DOGM Employee (name) VICKY (Initiated Call
Talked to:

Name ~~MI WILLIAMS~~ (Initiated Call - Phone No. (713) 651-8812
of (Company/Organization) QUANTANA N9485

3. Topic of Conversation: REQUEST CORE & DST'S⁽³⁾ FOR:

CABALLO UNIT FEDERAL #1-15
43 037 31403 365 23E 15

4. Highlights of Conversation: _____

WILL HAVE SOMEONE FROM COLORADO OFFICE CALL BACK.

2:25
7-29-91 TOM LEAKES CALLED. He said they didn't
get enough core (only 3') to analyze. He said
if I had the back of the WCR (which I did)
then I had everything on the DST'S that he
had.

Sorry Bob, but this is it.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
 355 West North Temple, 3 Triad, Suite 350, Salt Lake City, UT 84180-1203

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS:

JEANNIE SNIDER
 QUINTANA PETROLEUM CORP
 1325 S COLORADO BLVD B411
 DENVER CO 80222

UTAH ACCOUNT NUMBER: N9485

REPORT PERIOD (MONTH/YEAR): 11 / 94

AMENDED REPORT (Highlight Changes)

Well Name			Producing Zone	Well Status	Days Oper	Production Volumes		
API Number	Entity	Location				OIL(BBL)	GAS(MCF)	WATER(BBL)
NORTH CHAPITA FED. 1-36								
4304731795	10745	08S 22E 36	MVRD			U-56960	(Badlands Unit)	BLm Appr. 1-25-95
LITTLE BONANZA 1-4								
4304731854	10937	09S 24E 4	NESE WSTC			U-54017	(C.A. UTK 71692)	BLm Appr. 1-25-95
BADLANDS FEDERAL 1-31								
4304731857	10960	08S 23E 31	MVRD			U-61401	(Badlands Unit)	BLm Appr. 1-25-95
CABALLO UNIT 1-15								
4303731403	10994	36S 23E 15	ISMY			U-62953	(Caballos Unit)	"
DEADMAN CANYON FEDERAL #2-20								
4303731303	11010	37S 24E 20	ISMY			U-57469	(Deadman Unit)	"
DEADMAN CANYON 3-20								
4303731304	11010	37S 24E 20				U-57469	(Deadman Unit)	"
DEADMAN CANYON FED #1-28								
4303731306	11010	37S 24E 28	ISMY			U-49678	(Deadman Unit)	"
BADLANDS FED #1-32								
4304731869	11627	08S 23E 32	MVRD			U-56965	(Badlands Unit)	BLm Appr. 1-25-95
Deadman Cyn. 1-20								
*4303731293	10696	37S 24E 20	Ismy / GIW			U-57469	(Deadman Unit)	"
TOTALS								

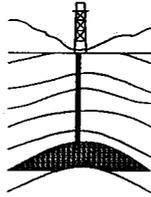
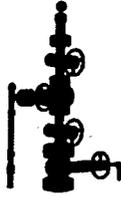
COMMENTS: _____

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

Name and Signature: _____ Telephone Number: _____

BALLARD & ASSOCIATES, INC.

**P. O. Box 20174
Billings, Montana 59104
(406) 259-8790**



**518 17th St., Suite #1180
Denver, Colorado 80202
(303) 595-8515**

**W. W. Ballard
President**

**H. J. Kagie
Vice President**

December 29, 1994

State of Utah
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, UT 84180-1204

Re: Change of Operator

Dear Sir/Madam:

Enclosed please find Sundry Notices and Reports on Wells submitted to the Bureau of Land Management to change operator from Quintana Petroleum Corporation to Ballard & Associates, Inc.

If you require additional information please contact me at (303) 595-8515.

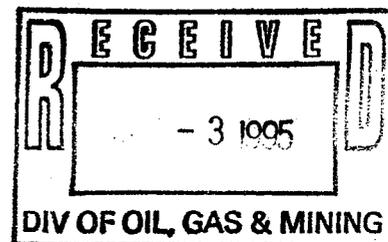
Sincerely,

Jodie Sundquist

Jodie Sundquist
Production/Operation Technician

/jls

Enclosure



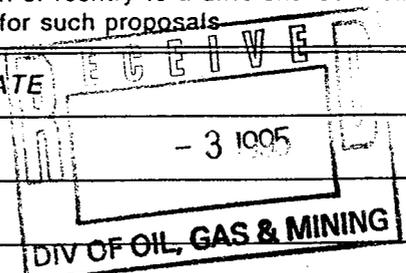
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

2. Name of Operator
Ballard & Associates

3. Address and Telephone No.
518 - 17th Street, Suite 1180, Denver, CO 80202 (303)595-8515

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1120' FNL & 700' FWL
NW NW Section 15, T36S-R23E

5. Lease Designation and Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

57288U683A

8. Well Name and No.
CABALLO UNIT FED. #1-15

9. API Well No.
43-037-31403

10. Field and Pool, or Exploratory Area
Wildcat

11. County or Parish, State
San Juan County, Utah

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

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

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

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 7:00 a.m. December 1, 1994, the Operator of this well will change from Quintana Petroleum Corporation to:

Ballard & Associates
518 - 17th Street, Suite 1180
Denver, Colorado 80202

Effective December 1, 1994, Ballard & Associates is responsible under the terms and conditions of the lease for operations conducted on the leased lands or a portion thereof under Bureau of Land Management Bond UT1005 issued by Norwest Bank Billings letter of credit.

Seller/Owner/Lessee Name: QUINTANA PETROLEUM CORPORATION

Date: December 7, 1994

Signed: J. Snider

cc: Utah DOGM

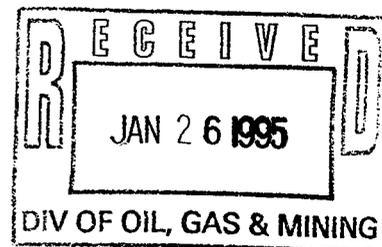
14. I hereby certify that the foregoing is true and correct

Signed H. J. Kozel Title Vice President Acquisitions Date 12/19/94

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155



IN REPLY REFER TO:
UT-922

January 25, 1995

Ballard & Associates, Inc.
518 17th Street, Suite 1180
Denver, Colorado 80202

Re: Successor of Operator
Communitization Agreement (CA)
UTU71692
Uintah County, Utah

Gentlemen:

On January 23, 1995, we received an indenture dated December 1, 1994, whereby Quintana Petroleum Corporation resigned as Operator and Ballard & Associates, Inc. was designated as Successor Operator for CA UTU71692, Uintah County, Utah.

The instrument is hereby approved effective January 25, 1995. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under CA UTU71692.

Your statewide (Utah) oil and gas bond No. 1005 will be used to cover all operations within CA UTU71692.

It is requested that you notify all interested parties of the change in operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

/s/ Robert A. Henricks

Robert A. Henricks
Chief, Branch of Fluid Minerals

Enclosure

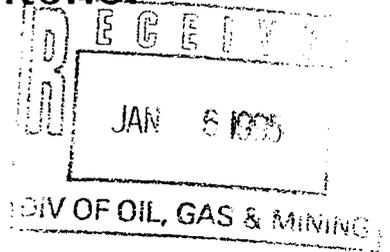
bcc: District Manager - Vernal (w/enclosure)
~~Division of Oil, Gas & Mining~~
File - CA UTU71692 (w/enclosure)
MMS - Data Management Division
Agr. Sec. Chron
Fluid Chron

U-922:TAThompson:tt:01-25-95

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155



IN REPLY REFER TO:
UT-922

January 25, 1995

Ballard & Associates, Inc.
518 17th Street, Suite 1180
Denver, Colorado 80202

Re: Deadman (Upper Ismay) Unit
San Juan County, Utah

Gentlemen:

On January 23, 1995, we received an indenture dated December 1, 1994, whereby Quintana Petroleum Corporation resigned as Unit Operator and Ballard & Associates, Inc. was designated as Successor Unit Operator for the Deadman (Upper Ismay) Unit, San Juan County, Utah.

The instrument is hereby approved effective January 25, 1995. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Deadman (Upper Ismay) Unit Agreement.

Your statewide (Utah) oil and gas bond No. 1005 will be used to cover all operations within the Deadman (Upper Ismay) Unit.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

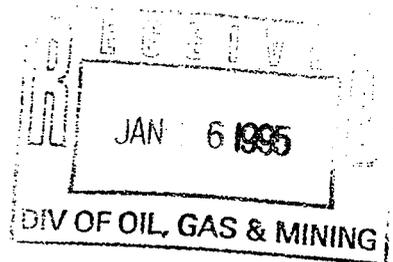
/s/ Robert A. Henricks

Robert A. Henricks
Chief, Branch of Fluid Minerals

Enclosure

bcc: District Manager - Moab (w/enclosure)
Division of Oil, Gas & Mining
Branch of Mineral Leasing Adjudication
File - Deadman (Upper Ismay) Unit (w/enclosure)
MMS - Data Management Division
Agr. Sec. Chron
Fluid Chron

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155



IN REPLY REFER TO:
UT-922

January 25, 1995

Ballard & Associates, Inc.
518 17th Street, Suite 1180
Denver, Colorado 80202

Re: Caballo Unit
San Juan County, Utah

Gentlemen:

On January 23, 1995, we received an indenture dated December 1, 1994, whereby Quintana Petroleum Corporation resigned as Unit Operator and Ballard & Associates, Inc. was designated as Successor Unit Operator for the Caballo Unit, San Juan County, Utah.

The instrument is hereby approved effective January 25, 1995. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Caballo Unit Agreement.

Your statewide (Utah) oil and gas bond No. 1005 will be used to cover all operations within the Caballo Unit.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

/s/ Robert A. Henricks

Robert A. Henricks
Chief, Branch of Fluid Minerals

Enclosure

bcc: District Manager - Moab (w/enclosure)
Division of Oil, Gas & Mining
Branch of Mineral Leasing Adjudication
File - Caballo Unit (w/enclosure)
MMS - Data Management Division
Agr. Sec. Chron
Fluid Chron

U-922:TAThompson:tt:01-25-95

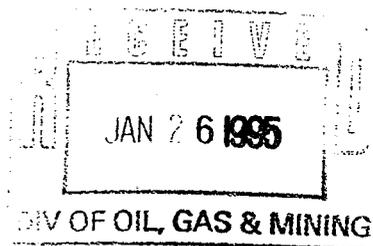
pou

Page No. 1
01/25/95

WELL STATUS REPORTS
UTAH STATE OFFICE

INSPECTION ITEM	API NO.	WELL NUMBER	QTQT	SEC	TWN	RNG	WELL STATUS	LEASE NAME	OPERATOR
** INSPECTION ITEM 57288U683A 57288U683A	430373140300S1	1-15	NWNW	15	36S	23E	PGW	UTU62953	QUINTANA PETROLEUM CORPOR

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155



IN REPLY REFER TO:
UT-922

January 25, 1995

Ballard & Associates, Inc.
518 17th Street, Suite 1180
Denver, Colorado 80202

Re: Badlands Unit
Uintah County, Utah

Gentlemen:

On January 23, 1995, we received an indenture dated December 1, 1994, whereby Quintana Petroleum Corporation resigned as Unit Operator and Ballard & Associates, Inc. was designated as Successor Unit Operator for the Badlands Unit, Uintah County, Utah.

The instrument is hereby approved effective January 25, 1995. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under the Badlands Unit Agreement.

Your statewide (Utah) oil and gas bond No. 1005 will be used to cover all operations within the Badlands Unit.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

/s/ Robert A. Henricks

Robert A. Henricks
Chief, Branch of Fluid Minerals

Enclosure

bcc: District Manager - Vernal (w/enclosure)
Division of Oil, Gas & Mining
Branch of Mineral Leasing Adjudication
File - Badlands Unit (w/enclosure)
MMS - Data Management Division
Agr. Sec. Chron
Fluid Chron

U-922:TAThompson:tt:01-25-95

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

1- REC / SA
2- LWP 7-PL
3- BTS 8-SJ
4- VLC 9-FILE
5- RJP
6- LWP

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 DATE: 12-1-94)

TO (new operator)	<u>BALLARD & ASSOCIATES INC</u>	FROM (former operator)	<u>QUINTANA PETROLEUM CORP</u>
(address)	<u>518 - 17TH ST STE 1180</u>	(address)	<u>1325 S COLORADO BLVD B411</u>
	<u>DENVER CO 80202</u>		<u>DENVER CO 80222</u>
	<u>JODIE SUNDQUIST</u>		<u>JEANNIE SNIDER</u>
	phone (<u>303</u>) <u>595-8515</u>		phone (<u>303</u>) <u>629-9559</u>
	account no. <u>N 0895 (1-30-95)</u>		account no. <u>N 9485</u>

Well(s) (attach additional page if needed):

Name: <u>**SEE ATTACHED**</u>	API: <u>037-31403</u>	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____

OPERATOR CHANGE DOCUMENTATION

- Lee 1. (Rule R615-8-10) Sundry or other legal documentation has been received from former operator (Attach to this form). (filed 1-3-95)
- Lee 2. (Rule R615-8-10) Sundry or other legal documentation has been received from new operator (Attach to this form). (filed 1-3-95)
- Lee 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is company registered with the state? (yes) (A) ____ If yes, show company file number: #172063
- Lee 4. (For Indian and Federal Wells ONLY) The BLM has been contacted regarding this change (attach Telephone Documentation Form to this report). Make note of BLM status in comments section of this form. Management review of Federal and Indian well operator changes should take place prior to completion of steps 5 through 9 below.
- Lee 5. Changes have been entered in the Oil and Gas Information System (Wang/IBM) for each well listed above. (1-30-95)
- Lee 6. Cardex file has been updated for each well listed above. 2-9-95
- Lee 7. Well file labels have been updated for each well listed above. 2-9-95
- Lee 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to State Lands and the Tax Commission. (1-30-95)
- Lee 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. (Rule R615-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) ____ (If entity assignments were changed, attach copies of Form 6, Entity Action Form).
- N/A 2. State Lands and the Tax Commission have been notified through normal procedures of entity changes.

BOND VERIFICATION (Fee wells only)

- Yes
N/A 1. (Rule R615-3-1) 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 operators' bond files.
- ____ 3. The former operator has requested a release of liability from their bond (yes/no) ____ Today's date _____ 19____. If yes, division response was made by letter dated _____ 19____.

LEASE INTEREST OWNER NOTIFICATION RESPONSIBILITY

- N/A 1. (Rule R615-2-10) The former operator/lessee of any fee lease well listed above has been notified by letter dated _____ 19____, of their responsibility to notify any person with an interest in such lease of the change of operator. Documentation of such notification has been requested.
- N/A 2. Copies of documents have been sent to State Lands for changes involving State leases.

FILMING

1. All attachments to this form have been microfilmed. Date: February 21 1995.

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 have been filed in the Operator Change file.

COMMENTS

Bm Appr. eff. 1-25-95

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS:

KRISTI A STOVER
 BALLARD & ASSOCIATES INC
 518 17TH ST STE 400
 DENVER CO 80202

UTAH ACCOUNT NUMBER: N0895

REPORT PERIOD (MONTH/YEAR): 3 / 97

AMENDED REPORT (Highlight Changes)

Well Name API Number Entity Location	Producing Zone	Well Status	Days Oper	Production Volumes		
				OIL(BBL)	GAS(MCF)	WATER(BBL)
✓ NORTH CHAPITA FED. 1-36 4304731795 10745 08S 22E 36	MVRD			456960	Bedlands Unit	
✓ BADLANDS FEDERAL 1-31 4304731857 10960 08S 23E 31	MVRD			461401	"	
✓ CABALLO UNIT 1-15 4303731403 10994 36S 23E 15	ISMY			462953	Caballo Unit	
✓ DEADMAN CANYON FEDERAL 2-20 4303731303 11010 37S 24E 20	ISMY			457469	Deadman (Upper Ismay) Unit	
✓ DEADMAN CANYON 3-20 4303731304 11010 37S 24E 20				457469	"	
✓ DEADMAN CANYON FED 1-28 4303731306 11010 37S 24E 28	ISMY			449678	"	
✓ BADLANDS FEDERAL 1-32 4304731869 11627 08S 23E 32	MVRD			456965	Bedlands Unit	
✓ Deadman (yn. Fed. 1-20 4303731293 10696 37S 24E 20	ISMY / BIW			457469	Deadman (Upper Ismay) Unit	
TOTALS						

COMMENTS: _____

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

Name and Signature: _____ Telephone Number: _____



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

In Reply Refer To:
3100
U-20544 et al
(UT-932)

APR 7 1997

NOTICE

Ballard Petroleum LLC : Oil and Gas
1050 Seventeenth Street, Suite 2500 :
Denver, CO 80265 :

Mergers Recognized

Acceptable evidence has been filed in this office concerning the merger of Ballard Energy 1992 Limited Partnership into Ballard Energy (Delaware) LP. Subsequently, Ballard Energy (Delaware) LP was converted to Ballard Energy (Delaware) LLC. Finally, Ballard Energy (Delaware) LLC merged into Ballard Petroleum LLC with ~~Ballard Petroleum LLC~~ being the surviving entity.

For our purposes, the final merger is recognized effective ~~March 20, 1997~~, the date of approval by the Delaware Secretary of State.

The following oil and gas lease and right-of-way files have been noted as to the merger.

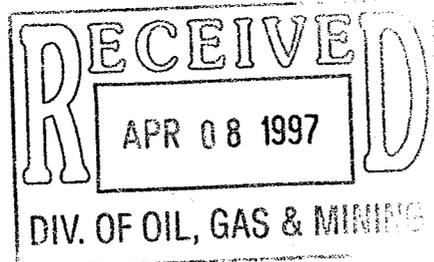
	U-20544	Deadman-U-57469	Ceballo-U-62953	U-62073 (ROW)
Deadman-	U-49678	U-58726	UTU-64422	U-63959 (ROW)
	U-54017	U-61400	UTU-65471	U-63980 (ROW)
Badlands-	U-56960	Badlands-U-61401	UTU-65472	U-63996 (ROW)
Badlands-	U-56965	U-62252	U-59127 (ROW)	UTU-65118 (ROW)

We are notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the change by a copy of this notice. If additional documentation for changes of operator are required by our Field Offices, you will be contacted by them.

The principal/obligor has already filed a rider changing the name on the statewide bond (BLM No. UT1005) to Ballard Petroleum LLC.

ROBERT LOPEZ

Group Leader,
Minerals Adjudication Group



cc: Moab District Office
Vernal Field Office
San Juan Resource Area
MMS-Reference Data Branch, MS 3130, Box 5860, Denver, CO 80217
State of Utah, DOGM, Attn: Lisha Cordova (Ste 1210), Box 145801, SLC, UT 84114-5801
John F. Meck, Attorney-at-Law, 1775 Sherman St., Ste. 1800, Denver, CO 80203

OPERATOR CHANGE WORKSHEET

Routing	
1-IBC ✓	6-VAC ✓
2-GLH ✓	7-KAS ✓
3-DTS <i>OTS</i>	8-SI ✓
4-VLD ✓	9-FILE ✓
5-JRB ✓	

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: 3-20-97

TO: (new operator)	<u>BALLARD PETROLEUM LLC</u>	FROM: (old operator)	<u>BALLARD & ASSOCIATES INC</u>
(address)	<u>621 17TH ST STE 1800</u>	(address)	<u>518 17TH ST STE 400</u>
	<u>DENVER CO 80293</u>		<u>DENVER CO 80202</u>
Phone:	<u>(303)675-0300</u>	Phone:	<u>(303)675-0300</u>
Account no.	<u>N2310 (7-18-97)</u>	Account no.	<u>N0895</u>

WELL(S) attach additional page if needed: *GIW (CABALLO, BADLANDS & DEADMAN (UPPER ISMAY) UNITS)

Name:	API:	Entity:	S	T	R	Lease:
*DEADMAN CYN FED 1-20	43-037-31293	10696	20	37S	24E	U57469
NORTH CHAPITA FED 1-36	43-047-31795	10745	36	8S	22E	U56960
BADLANDS FED 1-31	43-047-31857	10960	31	8S	23E	U61401
CABALLO UNIT 1-15	43-037-31403	10994	15	36S	23E	U62953
DEADMAN CYN FED 2-20	43-037-31303	11010	20	37S	24E	U57469
DEADMAN CANYON 3-20	43-037-31304	11010	20	37S	24E	U57469
DEADMAN CYN FED 1-28	43-037-31306	11010	28	37S	24E	U49678
BADLANDS FEDERAL 1-32	43-047-31869	11627	32	08S	23E	U56965

OPERATOR CHANGE DOCUMENTATION

1. (r649-8-10) Sundry or other legal documentation has been received from the FORMER operator (attach to this form). *(Rec'd 7-17-97)*
2. (r649-8-10) Sundry or other legal documentation has been received from the NEW operator (Attach to this form). *(Rec'd 7-17-97)*
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: *# LCO18225 (c.A. 3-17-97)*
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.
5. Changes have been entered in the Oil and Gas Information System (3270) for each well listed above. *(7-18-97) *UIC Program Updated.*
6. Cardex file has been updated for each well listed above. *(7-18-97)*
7. Well file labels have been updated for each well listed above. *(7-18-97)*
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. *(7-18-97)*
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)

- N/A/Yes 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.
DCS
7/21/97
- N/A 2. (r649-2-10) The former operator of any fee lease wells listed above has been contacted and informed by letter dated 19 , of their responsibility to notify all interest owners of this change.

FILMING

- Yes 1. All attachments to this form have been **microfilmed**. Today's date: 7-30-97.

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

970718 BLM Appr. eff. 3-20-97. (No official "Unit Operator Changes" copy of BLM Appr. merger letter will be filed in unit files)



Western Gas Resources.

San Juan River Plant

Ballard and Associates
P.O. Box 577
Laurel, MT. 59044

Re: Caballo 1-15 and Deadman Canyon 3" and 6" runs Meter Numbers 91601118,91601121,91601109

Dear Sir or Madam:

Due to declining volumes and increased accuracy of our measurement points, I would like to request that a Sundry Notice be sent to the Bureau of Land Management requesting a reduction in settlement frequency from a quarterly to a semi-annual time frame. This will only be requested on wells producing less than 100 mcf/day. Listed above are the well name and WGR meter number corresponding to said well criteria. Please mail the attached Sundry notice to the BLM District office at BLM 82 E Dogwood Moab, Ut 84532 Attn: Mr. Eric Jones. If you have any questions, feel free to contact me at the number listed below. Thank you for your time.

Sincerely,

Tim Bates
Field Supervisor
San Juan River System

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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.
UT-57288U683A

6. If Indian, Allottee or Tribe Name
N/A

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

8. Well Name and No.
CABALLO 1-15

9. API Well No.
43-037-31403

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
BALLARD PETROLEUM, LLC

3a. Address **845 12TH STREET WEST, BILLINGS, MT 59102** 3b. Phone No. (include area code) **406.259.8790**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1120' FNL, 700' FWL, NWNW SEC. 15, T36S, R23E

Handwritten notes:
1-CHD
~~2-T~~
~~3-2~~
4-2ll

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, RE

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/
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Aban
	<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.)

Pursuant to a request from Western gas Resources, Ballard Petroleum LLC requests permission to perform semi-annual meter calibration for the subject well. The monthly gas volume for May, 2000 was 1593 MCF.

ATTACHMENT: Western Gas Resources Letter.

CC: w/attachment: State of Utah

RECEIVED

JUN 28 2000

DIVISION OF OIL, GAS AND MINING

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

Janet Harmon

Title **Operations Assistant**

Signature

Handwritten signature of Janet Harmon

Date **6/26/00**

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

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
BALLARD PETROLEUM, LLC

3a. Address
845 12TH STREET WEST, BILLINGS, MT 59102

3b. Phone No. (include area code)
406.259.8790

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1120' FNL, 700' FWL, NWNW SEC. 15, T36S, R23E

5. Lease Serial No.
UT-57288U683A

6. If Indian, Allottee or Tribe Name
N/A

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

8. Well Name and No.
CABALLO 1-15

9. API Well No.
43-037-31403

10. Field and Pool, or Exploratory Area
Blanding Basin

11. County or Parish, State
SAN JUAN

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 Exception to standard calibration
	<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.)

Pursuant to a request from Western gas Resources, Ballard Petroleum LLC requests permission to perform semi-annual meter calibration for the subject well. The monthly gas volume for May, 2000 was 1593 MCF.

ATTACHMENT: Western Gas Resources Letter.

CC: w/attachment: State of Utah

RECEIVED

JUN 28 2000

**DIVISION OF
OIL, GAS AND MINING**

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

Name (Printed/Typed) Janet Harmon	Title Operations Assistant
Signature <i>Janet Harmon</i>	Date 6/26/00

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	

Title 18 U.S.C. Section 1101 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.



Western Gas Resources.

San Juan River Plant

Ballard and Associates
P.O. Box 577
Laurel, MT. 59044

Re: Caballo 1-15 and Deadman Canyon 3" and 6" runs Meter Numbers 91601118,91601121,91601109

Dear Sir or Madam:

Due to declining volumes and increased accuracy of our measurement points, I would like to request that a Sundry Notice be sent to the Bureau of Land Management requesting a reduction in settlement frequency from a quarterly to a semi-annual time frame. This will only be requested on wells producing less than 100 mcf/day. Listed above are the well name and WGR meter number corresponding to said well criteria. Please mail the attached Sundry notice to the BLM District office at BLM 82 E Dogwood Moab, Ut 84532 Attn: Mr. Eric Jones. If you have any questions, feel free to contact me at the number listed below. Thank you for your time.

Sincerely,

Tim Bates
Field Supervisor
San Juan River System

RECEIVED

JUL 17 2000

DIVISION OF
OIL, GAS AND MINING

Semi-annual Gas Meter Calibration
Ballard Petroleum, LLC
Well No. Caballo 1-15
Caballo Unit (U-63090-A)
Section 15 T36S, R23E
San Juan County, Utah

CONDITIONS OF APPROVAL

1. Approval of gas meter calibration on a semi-annual basis is granted.
2. Should production from this well improve to greater than 100 Mcf/day on a monthly basis, then this approval shall become void and calibration shall return to a quarterly schedule.
3. All other gas measurement requirements of Onshore Oil and Gas Order No. 5 (OOGO#5) shall remain in effect.
4. As always, if an error of greater than 2% is discovered during meter calibration, you must contact Jeff Brown of the Monticello Field Office at 435-587-1525, and submit corrected Monthly Reports of Operations as required by OOGO #5.

RECEIVED

JUL 17 2000

DIVISION OF
OIL, GAS AND MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

5. Lease Serial No.
UT-57288U683A U62953

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA/Agreement, Name and/or No.
N/A Caballo UTU63090A

8. Well Name and No.
CABALLO 1-15

9. API Well No.
43-037-31403

10. Field and Pool, or Exploratory Area
Blanding Basin

11. County or Parish, State
SAN JUAN

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
BALLARD PETROLEUM, LLC

3a. Address
845 12TH STREET WEST, BILLINGS, MT 59102

3b. Phone No. (include area code)
406.259.8790

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1120' FNL, 700' FWL, NWNW SEC. 15, T36S, R23E

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>Exception to standard calibration</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 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-3160-3 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.)

Pursuant to a request from Western gas Resources, Ballard Petroleum LLC requests permission to perform semi-annual meter calibration for the subject well. The monthly gas volume for May, 2000 was 1593 MCF.

ATTACHMENT: Western Gas Resources Letter.

CC: w/attachment: State of Utah

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JUL 17 2000

DIVISION OF
OIL, GAS AND MINING

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

Name (Printed/Typed) Janet Harmon Title Operations Assistant

Signature *Janet Harmon* Date 6/26/00

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *William Strayer* Assistant Field Manager, 7/7/2000
Division of Resources
Office

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.

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.

CONDITIONS OF APPROVAL ATTACHED



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

In Reply Refer To:
3106
UTU-20544 et al
(UT-924)

FEB 01 2002

NOTICE

AEC Oil & Gas (USA) Inc. : Oil and Gas
950 17th Street :
Suite 2600 :
Denver, Colorado 80202 :

Merger Recognized

Acceptable evidence has been received in this office concerning the Merger of Ballard Petroleum LLC into AEC Oil & Gas (USA) Inc. with AEC Oil & Gas (USA) Inc. being the surviving entity.

For our purposes, the name change is recognized effective December 28, 2001.

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

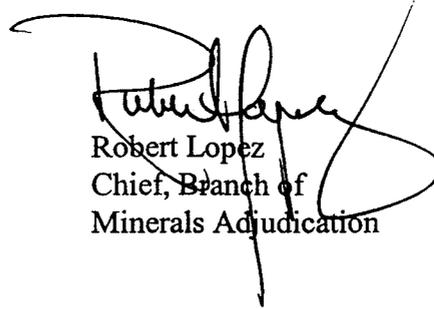
A cross reference was accomplished with our records and found that the lease UTU-58726 was not identified on your listing. We will appropriately document those files with a copy of this Notice.

RECEIVED

FEB 04 2002

DIVISION OF
OIL, GAS AND MINING

Due to the name change, the name of the principal/obligor on the bond is required to be changed from Ballard Petroleum LLC to AEC Oil & Gas (USA) Inc.. You may accomplish this either by consent of surety rider on the original bond or by submitting a bond under the new name. The statewide bond is held in Utah.



Robert Lopez
Chief, Branch of
Minerals Adjudication

Enclosure

1. Exhibit of Leases (1 pp)

cc: Moab Field Office
Vernal Field Office
MMS, Reference Data Branch, MS3130, PO Box 5860, Denver CO 80217
State of Utah, DOGM, Attn: Jim Thompson (Ste. 1210), Box 145801, SLC UT 84114
Teresa Thompson (UT-922)
Joe Incardine (UT-921)

Exhibit of Leases

UTU-20544	UTU-73495
UTU-40754	UTU-73498
UTU-49678	UTU-73717
UTU-54017	UTU-73942
UTU-56960	UTU-74437
UTU-56965	UTU-74439
UTU-57469	UTU-74988
UTU-58726	UTU-76042
UTU-61400	UTU-76043
UTU-61401	UTU-76475
UTU-62252	UTU-76584
UTU-62953	UTU-76705
UTU-63182	UTU-76730
UTU-64422	UTU-76816
UTU-65471	UTU-76817
UTU-65472	UTU-76850
UTU-72045	UTU-77075
UTU-72047	UTU-77267
UTU-72644	UTU-77268
UTU-72645	UTU-77269
UTU-73038	UTU-77270
UTU-73193	UTU-77271
UTU-73417	UTU-77272
UTU-73418	UTU-77273
UTU-73419	UTU-77274
UTU-73426	UTU-77275
UTU-73426	UTU-77276
UTU-73427	UTU-77277
UTU-73428	UTU-77278
UTU-73429	UTU-77300
UTU-73430	UTU-77335
UTU-73431	UTU-77540
UTU-73432	UTU-77862
UTU-73484	UTU-78025
UTU-73446	UTU-78176
UTU-73447	UTU-78223
UTU-73448	UTU-78736
UTU-73454	UTU-78987
UTU-73485	UTU-78988
UTU-73486	UTU-79020
UTU-73487	UTU-79186
UTU-73489	
UTU-73490	

**CERTIFICATE OF MERGER OF
MAPLELEAF TRANSACTIONS, INC. AND BALLARD PETROLEUM LLC
INTO AEC OIL & GAS (USA) INC.**

The undersigned corporation, formed and existing under and by virtue of the Delaware General Corporation Law, does hereby certify:

FIRST: The name and jurisdiction of incorporation of each of the entities which is to merge are as follows:

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
AEC Oil & Gas (USA) Inc.	Delaware
Mapleleaf Transactions, Inc.	Delaware
Ballard Petroleum LLC	Delaware

SECOND: An Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by AEC Oil & Gas (USA) Inc. and Mapleleaf Transactions, Inc. in accordance with Section 264 of the Delaware General Corporation Law and by Ballard Petroleum LLC in accordance with Section 209 of the Delaware Limited Liability Company Act

THIRD: The name of the surviving corporation is AEC Oil & Gas (USA) Inc., a Delaware corporation.

FOURTH: The Certificate of Incorporation of the surviving corporation shall be the Certificate of Incorporation of AEC Oil & Gas (USA) Inc. as in effect immediately preceding the merger.

FIFTH: The merger of Mapleleaf Transactions, Inc. and Ballard Petroleum LLC into AEC Oil & Gas (USA) Inc. shall be effective on (i) 11:59 pm EST, December 31, 2001; and (ii) the day and hour of the filing of this Certificate of Merger in the office of the Secretary of State of Delaware.

SIXTH: The executed Agreement and Plan of Merger is on file at the principal place of business of the surviving corporation, which is AEC Oil & Gas (USA) Inc., 950 17th Street, Suite 2600, Denver, Colorado 80202.

SEVENTH: A copy of the Agreement and Plan of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of Mapleleaf Transactions, Inc. and AEC Oil & Gas (USA) Inc. and to any member of Ballard Petroleum LLC.

AEC OIL & GAS (USA) INC.

By: Mary A. Viviano

Mary A. Viviano, Secretary



State of Delaware

SECRETARY OF STATE
 DIVISION OF CORPORATIONS
 P.O. BOX 898
 DOVER, DELAWARE 19903

010674344

9343315
 WELBORN SULLIVAN MECK & TOOLE, P.C.
 821 17TH STREET
 STE 500
 DENVER CO 80202
 ATTN: AMY MANG X#

12-28-2001

DESCRIPTION	AMOUNT
BALLARD PETROLEUM LLC	
3056340 0250N Merger; Non-Survivor	
Merger	50.00
Franchise Tax Balance	100.00
FILING TOTAL	150.00
MAPLELEAF TRANSACTIONS, INC.	
3340722 0250N Merger; Non-Survivor	
Franchise Tax Balance	30.00
FILING TOTAL	30.00
AEC OIL & GAS (USA) INC.	
2137895 0250S Merger; Survivor	
Merger	75.00
Receiving/Indexing	50.00
Data Entry Fee	20.00
Surcharge Assessment-New Castle	6.00
Page Assessment-New Castle Count	18.00
Expedite Fee, Same Day	200.00
FILING TOTAL	369.00
TOTAL CHARGES	549.00
TOTAL PAYMENTS	549.00
SERVICE REQUEST BALANCE	.00

BOND RIDER NO. 2

Attaching to and forming part of Oil and Gas or Geothermal Lease Bond, Bond No. RLB0002902, effective February 20, 2001, on behalf of Ballard Petroleum, LLC as Principal, in favor of the United States of America as Obligee, in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00).

It is understood and agreed that effective January 15, 2002, the name of the Principal has been changed under this bond to read:

AEC Oil & Gas (USA) Inc.

All other conditions and terms to remain as originally written.

Signed, Sealed and dated this 15th day of January, 2002

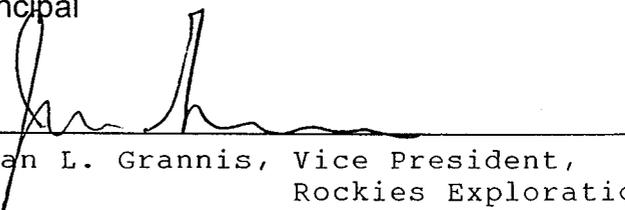
AEC Oil & Gas (USA) Inc.

Principal


Mary A. Miviano, Secretary

Mac

By


Jonathan L. Grannis, Vice President,
Rockies Exploration

RLI Insurance Company

Surety

By


Greg E. Chilson, Attorney-in-Fact
8 Greenway Plaza, Suite 400
Houston, Texas 77046



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0002902

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$50,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

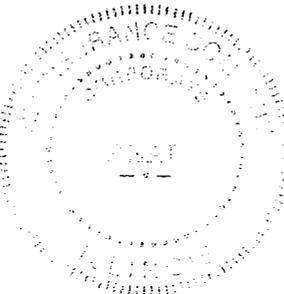
IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey

Corporate Secretary

State of Illinois)
) SS
County of Peoria)



RLI INSURANCE COMPANY

By: Jonathan E. Michael

President

On this 15 day of Jan., 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



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

5. LEASE DESIGNATION AND SERIAL NUMBER.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL GAS WELL OTHER CHANGE OF OPERATOR

2. NAME OF OPERATOR:
BALLARD PETROLEUM LLC

3. ADDRESS OF OPERATOR:
950 17TH ST, #2600 CITY **DENVER** STATE **CO** ZIP **80202** PHONE NUMBER: **(303) 389-5060**

4. LOCATION OF WELL
FOOTAGES AT SURFACE: COUNTY:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: **UTAH**

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> 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.
 A MERGER BETWEEN BALLARD PETROLEUM LLC AND AEC OIL & GAS (USA) INC. BECAME EFFECTIVE ON 12-31-01. A COPY OF THE CERTIFICATE OF MERGER IS ATTACHED. THE NAME OF THE SURVIVING CORPORATION IS AEC OIL & GAS (USA) INC., A DELAWARE CORPORATION, WHICH WILL CONTINUE TO OPERATE UNDER BOND RLB0002902 (UT-1005).

ATTACHED IS A LIST OF THE UTAH WELLS AFFECTED BY THIS MERGER. IT IS REQUESTED THE OPERATOR NAME BE CHANGED TO AEC OIL & GAS (USA) INC.

NAME ERIC MARSH TITLE: VICE PRESIDENT, BALLARD PETROLEUM LLC
 SIGNATURE  DATE: 1/29/02

NAME (PLEASE PRINT) ERIC MARSH TITLE TEAM LEADER, AEC OIL & GAS (USA) INC.
 SIGNATURE  DATE 1/29/02

(This space for State use only)

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 OIL, GAS AND MINING

API	WELL NAME	LEASE	QUARTER/ QUARTER	SEC- TOWNSHIP- RANGE	COUNTY	WELL STATUS
43-037-30909	HORSEHEAD POINT 18-44	UTU40754	SESE	18-36S-25E	SAN JUAN	SI
43-037-31293	DEADMAN CANYON 1-20	UTU57469	NWSE	20-37S-24E	SAN JUAN	INJ
43-037-31303	DEADMAN CANYON 2-20	UTU57469	SESE	20-37S-24E	SAN JUAN	PROD
43-037-31304	DEADMAN CANYON 3-20	UTU57469	SESW	20-37S-24E	SAN JUAN	P&A
43-037-31306	DEADMAN CANYON 1-28	UTU49678	NWNW	28-37S-24E	SAN JUAN	SI
43-037-31403	1-15 CABALLO UNIT	UTU62953	NWNW	15-36S-23E	SAN JUAN	PROD
43-047-31795	NORTH CHAPITA 1-36	UTU56590	SWSW	36-8S-22E	UINTAH	PROD
43-037-31857	BADLANDS 1-31	UTU61401	SESW	31-8S-23E	UINTAH	P&A
43-047-31869	BADLANDS 1-32	UTU56965	SESE	32-8S-23E	UINTAH	PROD
43-047-33451	NORTH CHAPITA 24-31	UTU61401	SESW	31-8S-23E	UINTAH	PROD
43-047-33452	NORTH CHAPITA 44-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33454	NORTH CHAPITA 44-36	UTU56960	SESE	35-8S-22E	UINTAH	PROD
43-049-30018	OIL HOLLOW 5-1	UTU77275	NWSW	5-11S-5E	UTAH	P&A
43-047-34084	FEDERAL 22-36	UTU56960	SESW	36-8S-22E	UINTAH	PROD
43-047-34085	FEDERAL 32-30	UTU61400	SWNE	30-8S-23E	UINTAH	PROD
43-047-33453	FEDERAL 44-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-34128	FEDERAL 24-36	UTU56960	SESW	36-8S-22E	UINTAH	APD
43-047-34180	FEDERAL 33-20	UTU77300	NWSE	20-8S-24E	UINTAH	APD
43-047-34182	FEDERAL 42-25	UTU65471	SENE	25-8S-22E	UINTAH	APD
43-047-34130	FEDERAL 41-36	UTU56960	NENE	36-8S-22E	UINTAH	APD
43-047-34016	FEDERAL 22-32	UTU56965	SESW	32-8S-23E	UINTAH	APD
43-047-34132	FEDERAL 43-36	UTU56960	NESE	36-8S-22E	UINTAH	APD
43-047-34181	FEDERAL 33-25	UTU65472	NWSE	25-8S-22E	UINTAH	APD
43-047-34179	FEDERAL 24-30	UTU61400	SESW	30-8S-23E	UINTAH	APD
43-047-34131	FEDERAL 43-31	UTU61401	NESE	31-8S-23E	UINTAH	APD
43-047-34127	FEDERAL 23-36	UTU56960	NESW	36-8S-22E	UINTAH	APD
43-047-34125	FEDERAL 22-36E	UTU78025	SESW	36-8S-23E	UINTAH	APD
43-047-34126	FEDERAL 23-31	UTU61401	NESW	31-8S-23E	UINTAH	APD
43-047-34178	FEDERAL 22-26	UTU76042	SESW	26-8S-23E	UINTAH	APD
43-047-34129	FEDERAL 41-31	UTU61401	NENE	31-8S-23E	UINTAH	APD

OPERATOR CHANGE WORKSHEET

ROUTING

1. GLH
2. CDW <input checked="" type="checkbox"/>
3. FILE

Change of Operator (Well Sold)

Designation of Agent

Operator Name Change

X Merger

The operator of the well(s) listed below has changed, effective: **12-31-2001**

FROM: (Old Operator):	TO: (New Operator):
BALLARD PETROLEUM LLC	AEC OIL & GAS (USA) INC
Address: 950 17TH STREET, STE 2600	Address: 950 17TH STREET, STE 2600
DENVER, CO 80202	DENVER, CO 80202
Phone: 1-(303)-389-5015	Phone: 1-(303)-389-5015
Account No. N2310	Account No. N2085

CA No. Unit: CABALLO

WELL(S)	SEC TWN	API NO	ENTITY	LEASE	WELL	WELL
NAME	RNG		NO	TYPE	TYPE	STATUS
CABALLO UNIT 1-15	15-36S-23E	43-037-31403	10994	FEDERAL	OW	S

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 02/04/2002
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 02/04/2002
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 02/04/2002
- Is the new operator registered in the State of Utah: YES Business Number: 764413-0143
- If **NO**, the operator was contacted on: N/A

6. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: 12/28/2001

7. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: 12/28/2001

8. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

9. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 02/05/2002

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 02/04/2002
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 02/04/2002
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

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

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: RLB 0002902

INDIAN WELL(S) BOND VERIFICATION:

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

FEE WELL(S) BOND VERIFICATION:

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

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS:

**CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF AEC OIL & GAS (USA) INC.**

AEC Oil & Gas (USA) Inc., a Delaware corporation (the "Corporation") hereby certifies as follows:

1. The Board of Directors and Sole Stockholder of the Corporation have adopted the following resolution in accordance with Section 242 of the General Corporation Law of the State of Delaware, as amended:

RESOLVED, that the Corporation's Certificate of Incorporation is hereby amended by deleting the FIRST paragraph of said certificate in its entirety and by substituting the following therefor:

"FIRST. The name of the Corporation is EnCana Oil & Gas (USA) Inc."

2. The capital of the Corporation shall not be reduced under or by reason of said amendment.

AEC OIL & GAS (USA) INC.

By: Mary A. Viviano
Mary A. Viviano, Secretary

Date: 4-5-02

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-62953
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:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: Caballo
2. NAME OF OPERATOR: LODESTONE OPERATING, INC.		8. WELL NAME and NUMBER: Caballo U 1-15
3. ADDRESS OF OPERATOR: 4911 HAVERFORD DRIVE CITY ARLINGTON, TX 76016 STATE _____ ZIP _____		9. API NUMBER: 4303731403
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1120 FNL 0700 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 15 36S 23E S		10. FIELD AND POOL, OR WILDCAT: Caballo COUNTY: San Juan STATE: UTAH
PHONE NUMBER: (817) 478-7892		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> 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.

**NEW OPERATOR:
LODESTONE OPERATING, INC.
4911 HAVERFORD DRIVE
ARLINGTON, TX 76016**

**\$10,000.00 Treasury Bond for lease
UTU-62953**

NAME (PLEASE PRINT) DAVID M. REAVIS	TITLE PRESIDENT
SIGNATURE	DATE 4/10/02

(This space for State use only)

173 73

Affected Leases (state)

AEC Oil & Gas (USA) Inc. changed its name to EnCana Oil & Gas (USA) Inc. effective, April 5, 2002. This name change affects all state land leases held in Utah by AEC Oil & Gas (USA) Inc. including the following:

GRAND COUNTY:

<u>AEC Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>
10601.000	ST UT ML 46758	Sonja V McCormick	Township 21 South, Range 18 East, SLM Section 32: All
10616.000	ST UT ML 46662	Sonja V McCormick	Township 21 South, Range 17 East, SLM Section 2: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, S/2N/2, S/2 (All) Section 16: All Section 17: S/2SE/4 Section 36: All
10617.000	ST UT ML 46663	Sonja V McCormick	Township 21 South, Range 17 East, SLM Section 4: SE/4SW/4 Section 5: SW/4, W/2SE/4 Section 6: Lots 8, 9, 15, 16, SE/4 Section 7: Lots 1, 2, 3, E/NW/4, NE/4, NE/ Section 8: NW/4, NE/4SW/4
10622.000	ST UT ML 46664	Sonja V McCormick	Township 22 South, Range 18 East, SLM Section 9: Lot 1 Section 16: All
10853.000	ST UT ML 47575	Ballard Petroleum LLC	Township 21 South, Range 18 East, SLB&M Section 16: All
11768.000	ST UT 48143	Vern Jones	Township 22 South, Range 17 East, SLB&M Section 2: Lots 1, 2, 3, 4, S/2N/2, S/2
11769.000	ST UT 48144	Vern Jones	Township 22 South, Range 17 East, SLB&M Section 16: All
10686.000	ST UT ML 45868	Sonja V. McCormick	Township 23 South, Range 16 East, SLM Section 3: All - Bed of Green River Section 11: All - Bed of Green River Section 12: All - Bed of Green River

SAN JUAN COUNTY:

<u>AEC Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>
11318.000	ST UT ML 47813	Ballard Petroleum LLC	Township 36 South, Range 25 East, SLB&M Section 16: All
11319.000	ST UT ML 47815	Ballard Petroleum LLC	Township 37 South, Range 25 East, SLB&M Section 16: All
11320.000	ST UT ML 47805	Ballard Petroleum LLC	Township 22 South, Range 17 East, SLB&M Section 36: All



In Reply To:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Montana State Office
5001 Southgate Drive, P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>



MTBIL 027549 et al
BLM Bond Nos. MT1009
WY1380
UT1005
CO1384

(922.EK)

May 10, 2002

NOTICE

EnCana Energy Resources Inc.
EnCana Oil & Gas (USA) Inc.
600 South Excelsior
Butte, Montana 59701

CORPORATE MERGERS AND NAME CHANGES RECOGNIZED

You have filed acceptable evidence confirming the following corporate merger and resulting name changes.

Merger:

PanCanadian Energy Corporation and Alberta Energy Company Ltd. with a name change to EnCana Corporation - April 8, 2002

Name Changes:

PanCanadian Resources to EnCana Resources - April 9, 2002
PanCanadian Heritage Lands to EnCana Heritage Lands - April 9, 2002
PanCanadian Energy Services Inc. to EnCana Energy Services Inc. -
April 8, 2002
PanCanadian Energy Resources Inc. to EnCana Energy Resources Inc. -
April 3, 2002
PanCanadian Gulf of Mexico Inc. to EnCana GOM Inc. - April 8, 2002
PanCanadian Midstream Inc. to EnCana Midstream Inc. - April 8, 2002
PanCanadian Midstream Limited to EnCana Midstream Limited -
April 8, 2002
PanCanadian Energy Holdings Inc. to EnCana Energy Holdings Inc. -
April 8, 2002

AEC Gathering Services (USA) Inc. to EnCana Gathering Services (USA)
Inc. - April 5, 2002
AEC Gulf of Mexico Inc. to EnCana Gulf of Mexico Inc. - April 8, 2002
AEC International(USA) Inc. to EnCana International (USA) Inc. -
April 8, 2002
AEC Marketing (USA) Inc. to EnCana Marketing (USA) Inc. - April 8, 2002
AEC Oil & Gas (USA) Inc. to EnCana Oil & Gas (USA) Inc. - April 5, 2002
AEC Oil & Gas Co. Ltd. to EnCana Oil & Gas Co. Ltd. - April 5, 2002
AEC Oil & Gas Partnership to EnCana Oil & Gas Partnership -
April 8, 2002
AEC Pipelines (USA) Inc. to EnCana Pipelines (USA) Inc. - April 8, 2002

AEC Storage and Hub Services Inc. to EnCana Gas Storage Inc. -

April 8, 2002
AEC West Ltd. to EnCana West Ltd. - April 5, 2002
AEC Pipelines Ltd. to EnCana Pipelines Ltd. - April 8, 2002

For our purpose we are recognizing the merger and name changes effective as shown above, as certified by the various Secretary of the States or the Canadian Office of Register. The principal automatically changes by operation of law from PanCanadian Energy Resources Inc. to EnCana Energy Resources Inc. on bond no. 055 S103356131BCM (BLM Bond No. MT1009) with Travelers Casualty & Surety Company of America as surety. The principal automatically changes by operation of law from AEC Oil & Gas (USA) Inc. to EnCana Oil & Gas (USA) Inc. on the following bonds:

Bond No. SLRC6413968 (BLM Bond No. WY1380) - The American Insurance Company as surety.
Bond No. RLB0002901 (BLM Bond No. CO1384) - RLI Insurance Company as surety.
BLM Bond No. UT1005 backed by a Letter of Credit.

We updated the oil and gas lease files identified on the enclosed exhibits A, B and C to reflect the new names. We compiled the exhibit from leases shown on our automated records system and the list you submitted. We are notifying the Minerals Management Service and applicable Bureau of Land Management offices of the change so they can update their records. If our field offices require additional documentation for changes of operator, they will contact you.

If you identify additional leases affected by the name change, please contact this office and we will document the files under our jurisdiction with a copy of this notice. If the leases are under the jurisdiction of another State Office, we will notify them.

If you have any questions, please contact Elaine at (406) 896-5108, or FAX (406) 896-5292.

/s/ Karen L. Johnson

Karen L. Johnson, Chief
Fluids Adjudication Section

3 Enclosures

- 1-Exhibit A - BLM automated records report
- 2-Exhibit B - List of leases submitted by PanCanadian Energy Res.
- 3-Exhibit C - BLM automated records report for AEC OG (USA), AEC O&G (USA) INC, AEC OIL & GAS (USA) INC, AEC OIL & GAS USA INC,

cc: (w/encl)

Travelers Casualty & Surety Company of America, One Tower Square, Hartford, CT 06183-6014

RLI Insurance Company, 9025 N. Lindbergh Drive, Peoria, IL 61615

The American Insurance Company, 777 San Marin Drive, Novato, CA 94998

MMS, MRM, Attn: Gail Ryer, P.O. Box 5760, MS357B1, Denver, CO 80217

FM, North Dakota

FM, Miles City

Great Falls Oil & Gas Field Station

MT-922 (RM&O Section)

MT-930 (Cashier)

SMA

Merger/Name Change File

cc: (without enclosure)

All State Offices (electronic)

MT-921

MT-924

Bureau of Indian Affairs, Regional Director Rocky Mountain Region, Real
Estate Services, 316 North 26th Street, Billings, MT 59101

Bureau of Indian Affairs, Regional Director Great Plains Regional Office, 115
4th Ave. S.E. Aberdeen SD 57401



MAY 17 2002

DIVISION OF
OIL, GAS AND MINING

EnCana Oil & Gas (USA) Inc.
950 17th Street
Suite 2600
Denver CO USA 80202

tel: (303) 623-2300
fax: (303) 623-2400

www.encana.com

To Whom It May Concern:

⇒US E&P Notice

On April 5, 2002 the Canadian merger transaction between PanCanadian Energy Corporation (PanCanadian) and Alberta Energy Company Ltd. (AEC) took effect and we began operating as **EnCana Corporation** on April 8, 2002.

As a result of the merger, several former PanCanadian affiliates have changed their names:

- PanCanadian Energy Corporation has become **EnCana Corporation**
- PanCanadian Resources has become **EnCana Resources**
- PanCanadian Heritage Lands has become **EnCana Heritage Lands**
- PanCanadian Energy Services Inc. has become **EnCana Energy Services Inc.**
- PanCanadian Energy Resources Inc. has become **EnCana Energy Resources Inc.**
- PanCanadian Gulf of Mexico Inc. has become **EnCana GOM Inc.**
- PanCanadian Midstream Inc. has become **EnCana Midstream Inc.**
- PanCanadian Midstream Limited has become **EnCana Midstream Limited**
- PanCanadian Energy Holdings Inc. has become **EnCana Energy Holdings Inc.**

Also, as a result of the merger AEC became an indirect subsidiary of EnCana Corporation. *AEC's name has not changed and if you dealt with AEC in the past you should continue to deal with AEC in the normal fashion.* The following AEC affiliates have, however, changed their names:

- ⇒ **AEC Gathering Services (USA) Inc. has become EnCana Gathering Services (USA) Inc.**
 - AEC Gulf of Mexico Inc. has become **EnCana Gulf of Mexico Inc.**
 - AEC International (USA) Inc. has become **EnCana International (USA) Inc.**
 - AEC Marketing (USA) Inc. has become **EnCana Marketing (USA) Inc.**
- ⇒ **AEC Oil & Gas (USA) Inc. has become EnCana Oil & Gas (USA) Inc.**
 - AEC Oil & Gas Co. Ltd. has become **EnCana Oil & Gas Co. Ltd.**
 - AEC Oil & Gas Partnership has become **EnCana Oil & Gas Partnership**
 - AEC Pipelines (USA) Inc. has become **EnCana Pipelines (USA) Inc.**
 - AEC Storage and Hub Services Inc. has become **EnCana Gas Storage Inc.**
 - AEC West Ltd. has become **EnCana West Ltd.**
 - AEC Pipelines Ltd. has become **EnCana Pipelines Ltd.**

Please address all future notices, invoices, payments, correspondence and other communications to the appropriate EnCana entity. The mailing address for the entity you have been dealing with will remain the same until you are notified otherwise.

If you have outstanding contract(s) with any of the above-noted entities, no changes or amendments are required at this time.

⇒If you are dealing with any other former PanCanadian or AEC affiliates which are not listed above, **such as McMurry Oil Company and Fort Collins Consolidated Royalties, Inc.**, you may assume that such affiliate's name has not changed and you should continue to do business with that affiliate in the normal fashion until further notice.

If you require the *Proof of Filing* or the effective date of the respective name changes, you can download them from our web site at www.encana.com/Doing business with us.

EnCana Corporation and its affiliates look forward to a continued business relationship with you.

Results of query for MMS Account Number 57288U683A

Production	API Number	Operator	Well Name	Well Status	Lease or CA Number	Inspection Item	Township	Range	Section	Quarter/Qual
Production	4303731403	BALLARD PETROLEUM LLC	1-15 CABALLO UNIT	POW	UTU62953	57288U683A	36S	23E	15	NWNW

DISCLAIMER for online data: No warranty is made by the BLM for use of the data for purposes not intended by the BLM.

API	WELL NAME	LEASE	QUARTER/ QUARTER	SEC- TOWNSHIP- RANGE	COUNTY	WELL STATUS
43-037-30909	HORSEHEAD POINT 18-44	UTU40754	SESE	18-36S-25E	SAN JUAN	SI
43-037-31293	DEADMAN CANYON 1-20	UTU57469	NWSE	20-37S-24E	SAN JUAN	INJ
43-037-31303	DEADMAN CANYON 2-20	UTU57469	SESE	20-37S-24E	SAN JUAN	PROD
43-037-31304	DEADMAN CANYON 3-20	UTU57469	SESW	20-37S-24E	SAN JUAN	P&A
43-037-31306	DEADMAN CANYON 1-28	UTU49678	NWNW	28-37S-24E	SAN JUAN	SI
43-037-31403	1-15 CABALLO UNIT	UTU62953	NWNW	15-36S-23E	SAN JUAN	PROD
43-047-31795	NORTH CHAPITA 1-36	UTU56590	SWSW	36-8S-22E	UINTAH	PROD
43-037-31857	BADLANDS 1-31	UTU61401	SESW	31-8S-23E	UINTAH	P&A
43-047-31869	BADLANDS 1-32	UTU56965	SESE	32-8S-23E	UINTAH	PROD
43-047-33451	NORTH CHAPITA 24-31	UTU61401	SESW	31-8S-23E	UINTAH	PROD
43-047-33452	NORTH CHAPITA 44-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33454	NORTH CHAPITA 44-36	UTU56960	SESE	35-8S-22E	UINTAH	PROD
43-049-30018	OIL HOLLOW 5-1	UTU77275	NWSW	5-11S-5E	UTAH	P&A
43-047-34084	FEDERAL 22-36	UTU56960	SESW	36-8S-22E	UINTAH	PROD
43-047-34085	FEDERAL 32-30	UTU61400	SWNE	30-8S-23E	UINTAH	PROD
43-047-33453	FEDERAL 44-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-34128	FEDERAL 24-36	UTU56960	SESW	36-8S-22E	UINTAH	APD
43-047-34180	FEDERAL 33-20	UTU77300	NWSE	20-8S-24E	UINTAH	APD
43-047-34182	FEDERAL 42-25	UTU65471	SENE	25-8S-22E	UINTAH	APD
43-047-34130	FEDERAL 41-36	UTU56960	NENE	36-8S-22E	UINTAH	APD
43-047-34016	FEDERAL 22-32	UTU56965	SESW	32-8S-23E	UINTAH	APD
43-047-34132	FEDERAL 43-36	UTU56960	NESE	36-8S-22E	UINTAH	APD
43-047-34181	FEDERAL 33-25	UTU65472	NWSE	25-8S-22E	UINTAH	APD
43-047-34179	FEDERAL 24-30	UTU61400	SESW	30-8S-23E	UINTAH	APD
43-047-34131	FEDERAL 43-31	UTU61401	NESE	31-8S-23E	UINTAH	APD
43-047-34127	FEDERAL 23-36	UTU56960	NESW	36-8S-22E	UINTAH	APD
43-047-34125	FEDERAL 22-36E	UTU78025	SESW	36-8S-23E	UINTAH	APD
43-047-34126	FEDERAL 23-31	UTU61401	NESW	31-8S-23E	UINTAH	APD
43-047-34178	FEDERAL 22-26	UTU76042	SESW	26-8S-23E	UINTAH	APD
43-047-34129	FEDERAL 41-31	UTU61401	NENE	31-8S-23E	UINTAH	APD

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**DIVISION OF
OIL, GAS AND MINING**

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

		5. LEASE DESIGNATION AND SERIAL NUMBER:
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <u>NAME CHANGE</u>		8. WELL NAME and NUMBER:
2. NAME OF OPERATOR: EnCana Oil & Gas (USA) Inc.		9. API NUMBER:
3. ADDRESS OF OPERATOR: 950 17th Street, #2600 CITY Denver STATE CO ZIP 80202		10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: COUNTY:		
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> 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 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 checked="" type="checkbox"/> OTHER: <u>Name Change</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.

Effective 4-8-02 the name of AEC Oil & Gas (USA) Inc. was changed to EnCana Oil & Gas (USA) Inc. A copy of the Bond No. RLB0002902 is enclosed. The name of the Principal has been changed under this bond to read EnCana Oil & Gas (USA) Inc.

Attached is a list of Utah wells affected by this name change. It is requested the Operator Name be changed from AEC Oil & Gas (USA) Inc. to EnCana Oil & Gas (USA) Inc.

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DIVISION OF
OIL, GAS AND MINING

NAME (PLEASE PRINT) <u>RUTHANN MORSS</u>	TITLE <u>PERMITTING AGENT</u>
SIGNATURE	DATE _____

(This space for State use only)

APR-05-2002 FRI 02:09 PM WSM&T

FAX NO. 3038322366
STATE OF DELAWARE
SECRETARY OF STATE 02
DIVISION OF CORPORATIONS
FILED 04:12 PM 04/05/2002
020221516 - 2137895

**CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF AEC OIL & GAS (USA) INC.**

AEC Oil & Gas (USA) Inc., a Delaware corporation (the "Corporation") hereby certifies as follows:

1. The Board of Directors and Sole Stockholder of the Corporation have adopted the following resolution in accordance with Section 242 of the General Corporation Law of the State of Delaware, as amended:

RESOLVED, that the Corporation's Certificate of Incorporation is hereby amended by deleting the FIRST paragraph of said certificate in its entirety and by substituting the following therefor:

"FIRST. The name of the Corporation is EnCana Oil & Gas (USA) Inc."

2. The capital of the Corporation shall not be reduced under or by reason of said amendment.

AEC OIL & GAS (USA) INC.

By: Mary A. Viviano
Mary A. Viviano, Secretary

Date: 4-5-02

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DIVISION OF
OIL, GAS AND MINING

BOND RIDER NO. 3

Attaching to and forming part of Oil and Gas or Geothermal Lease Bond, Bond No. RLB0002902, effective February 20, 2001, on behalf of AEC Oil & Gas (USA) Inc. as Principal, in favor of the United States of America as Oblige, in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00).

It is understood and agreed that effective June 1, 2002, the name of the Principal has been changed under this bond to read:

EnCana Oil & Gas (USA) Inc.

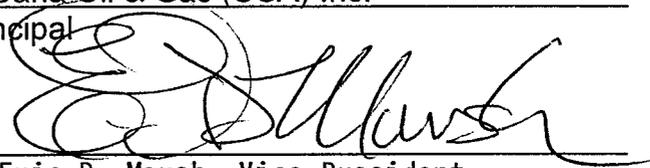
All other conditions and terms to remain as originally written.

Signed, Sealed and dated this 31st day of May, 2002.

EnCana Oil & Gas (USA) Inc.

Principal

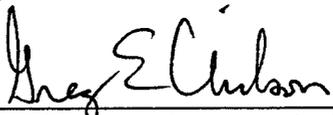
By


Eric D. Marsh, Vice President

RLI Insurance Company

Surety

By


Greg E. Chilson, Attorney-in-Fact
8 Greenway Plaza, Suite 400
Houston, Texas 77046

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JUN 19 2002

DIVISION OF
OIL, GAS AND MINING



9025 North Lindbergh Dr. • Peoria, IL 61615
(309) 692-1000 or (800) 645-2402

RLB0002902

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON

in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$50,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company; and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President; or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

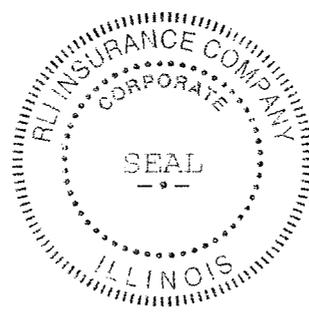
(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Camille J. Hensey

Corporate Secretary



RLI INSURANCE COMPANY

Jonathan E. Michael

President

State of Illinois)
) SS
County of Peoria)

On this 31 day of May 2002 before me, a Notary Public, personally appeared Jonathan E. Michael and Camille J. Hensey, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



RECEIVED

JUN 19 2002

DIVISION OF
OIL, GAS AND MINING

SPA026 (10/01)

API	WELL NAME	LEASE	QUARTER/ QUARTER	SEC- TOWNSHIP- RANGE	COUNTY	WELL STATUS
43-037-30909	HORSEHEAD POINT 18-44	UTU40754	SESE	18-36S-25E	SAN JUAN	SI
43-037-31293	DEADMAN CANYON 1-20	UTU57469	NWSE	20-37S-24E	SAN JUAN	INJ
43-037-31303	DEADMAN CANYON 2-20	UTU57469	SESE	20-37S-24E	SAN JUAN	PROD
43-037-31304	DEADMAN CANYON 3-20	UTU57469	SESW	20-37S-24E	SAN JUAN	P&A
43-037-31306	DEADMAN CANYON 1-28	UTU49678	NWNW	28-37S-24E	SAN JUAN	SI
43-037-31403	1-15 CABALLO UNIT	UTU62953	NWNW	15-36S-23E	SAN JUAN	PROD
43-047-31795	NORTH CHAPITA 1-36	UTU56590	SWSW	36-8S-22E	UINTAH	PROD
43-037-31857	BADLANDS 1-31	UTU61401	SESW	31-8S-23E	UINTAH	P&A
43-047-31869	BADLANDS 1-32	UTU56965	SESE	32-8S-23E	UINTAH	PROD
43-047-33451	NORTH CHAPITA 24-31	UTU61401	SESW	31-8S-23E	UINTAH	PROD
43-047-33452	NORTH CHAPITA 44-30	UTU61400	SESE	30-8S-23E	UINTAH	PROD
43-047-33454	NORTH CHAPITA 44-36	UTU56960	SESE	35-8S-22E	UINTAH	PROD
43-049-30018	OIL HOLLOW 5-1	UTU77275	NWSW	5-11S-5E	UTAH	P&A
43-047-34084	FEDERAL 22-36	UTU56960	SESW	36-8S-22E	UINTAH	PROD
43-047-34085	FEDERAL 32-30	UTU61400	SWNE	30-8S-23E	UINTAH	PROD
43-047-33453	FEDERAL 44-31	UTU61401	SESE	31-8S-23E	UINTAH	PROD
43-047-34128	FEDERAL 24-36	UTU56960	SESW	36-8S-22E	UINTAH	APD
43-047-34180	FEDERAL 33-20	UTU77300	NWSE	20-8S-24E	UINTAH	APD
43-047-34182	FEDERAL 42-25	UTU65471	SENE	25-8S-22E	UINTAH	APD
43-047-34130	FEDERAL 41-36	UTU56960	NENE	36-8S-22E	UINTAH	APD
43-047-34016	FEDERAL 22-32	UTU56965	SESW	32-8S-23E	UINTAH	APD
43-047-34132	FEDERAL 43-36	UTU56960	NESE	36-8S-22E	UINTAH	APD
43-047-34181	FEDERAL 33-25	UTU65472	NWSE	25-8S-22E	UINTAH	APD
43-047-34179	FEDERAL 24-30	UTU61400	SESW	30-8S-23E	UINTAH	APD
43-047-34131	FEDERAL 43-31	UTU61401	NESE	31-8S-23E	UINTAH	APD
43-047-34127	FEDERAL 23-36	UTU56960	NESW	36-8S-22E	UINTAH	APD
43-047-34125	FEDERAL 22-36E	UTU78025	SESW	36-8S-23E	UINTAH	APD
43-047-34126	FEDERAL 23-31	UTU61401	NESW	31-8S-23E	UINTAH	APD
43-047-34178	FEDERAL 22-26	UTU76042	SESW	26-8S-23E	UINTAH	APD
43-047-34129	FEDERAL 41-31	UTU61401	NENE	31-8S-23E	UINTAH	APD

RECEIVED

JUN 19 2002

**DIVISION OF
OIL, GAS AND MINING**

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "AEC OIL & GAS (USA) INC.", CHANGING ITS NAME FROM "AEC OIL & GAS (USA) INC." TO "ENCANA OIL & GAS (USA) INC.", FILED IN THIS OFFICE ON THE FIFTH DAY OF APRIL, A.D. 2002, AT 4:12 O'CLOCK P.M.



2137895 8100

020418994

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1858569

DATE: 06-27-02

WELBORN SULLIVAN MECK & TOOLEY, P.C.
ATTORNEYS AT LAW

821 17th Street, Suite 500
Denver, Colorado 80202
Telephone: 303-830-2500
Facsimile: 303-832-2366
E-mail: wsmt@wsmtlaw.com

July 2, 2002

Mr. Jim Thompson
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Post Office Box 145801
Salt Lake City, UT 84114-5801

Stephen J. Sullivan
John F. Meck
Keith D. Tooley
Kendor P. Jones
Brian S. Tooley
Thomas C. McKee
Stephen A. Bain
Molly Sommerville
William R. Rapson
Kathryn Haight
Kristen L. Mix
Amy E. Seneshen
Danielle V. Wiletsky
Rebecca N. Welborn

Special Counsel
John F. Welborn
Norman S. Early, Jr.

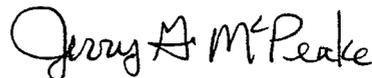
Re: AEC Oil & Gas (USA) Inc. name change to EnCana Oil & Gas (USA) Inc. Of Counsel
Robert F. Welborn

Dear Mr. Thompson:

Enclosed for filing with the Utah Division of Oil, Gas and Mining is a Certificate of Name Change from the Secretary of State of the State of Delaware certifying that AEC Oil & Gas (USA) Inc. changed its name to EnCana Oil & Gas (USA) Inc. on April 5, 2002, along with a list of the affected leases. Also enclosed is an additional copy of same which I would appreciate you stamping "filed" and returning to me in the enclosed self-addressed, stamped envelope provided for your convenience.

Thank you for your assistance in this matter. Should you have any questions concerning this letter or the enclosed, please do not hesitate to contact me at 303-376-4468.

Very truly yours,



Jerry G. McPeake
Paralegal

/jm
Enclosures

RECEIVED

JUL 05 2002

**DIVISION OF
OIL, GAS AND MINING**

OPERATOR CHANGE WORKSHEET

ROUTING

1. GLH
2. CDW ✓
3. FILE

Change of Operator (Well Sold)

Designation of Agent

Operator Name Change

X Merger

The operator of the well(s) listed below has changed, effective: **04-08-2002**

FROM: (Old Operator):	TO: (New Operator):
AEC OIL & GAS USA INC	ENCANA OIL & GAS INC
Address: 950 17TH STREET, STE 2600	Address: 950 17TH STREET, STE 2600
DENVER, CO 80202	DENVER, CO 80202
Phone: 1-(406)-628-4164	Phone: 1-(303)-623-2300
Account No. N2085	Account No. N2175

CA No. **Unit: CABALLO**

WELL(S)

NAME	SEC TWN RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
CABALLO U 1-15	15-36S-23E	43-037-31403	10994	FEDERAL	OW	P

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 06/19/2002
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 05/17/2002
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 06/20/2002
- Is the new operator registered in the State of Utah: YES Business Number: 5053175-0143
- If **NO**, the operator was contacted on: N/A
- (R649-9-2) Waste Management Plan received on: IN PLACE

6. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: 05/10/2002

7. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: 05/10/2002

8. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

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

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 06/20/2002
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 06/20/2002
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

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

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UT1005

INDIAN WELL(S) BOND VERIFICATION:

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

FEE WELL(S) BOND VERIFICATION:

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

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS:



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

IN REPLY REFER TO
UT-922

January 22, 2003

Lodestone Operating, Inc.
4911 Haverford Drive
Arlington, Texas 76016

Re: Caballo Unit
San Juan County, Utah

Gentlemen:

We received an indenture dated May 1, 2002, whereby AEC Oil & Gas (USA) Inc. with a name change to EnCana Oil & Gas (USA) Inc. resigned as Unit Operator and Lodestone Operating, Inc. was designated as Successor Unit Operator for the Caballo Unit, San Juan County, Utah.

This indenture was executed by all required parties and the signatory parties have complied with Sections 5 and 6 of the unit agreement. The instrument is hereby approved effective January 22, 2003. In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approval that would entitle it to conduct operations under Caballo Unit Agreement.

Your lease oil and gas bond No. UTB000018 will be used to cover all operations within the Caballo Unit.

It is requested that you notify all interested parties of the change in unit operator. Copies of the approved instruments are being distributed to the appropriate federal offices, with one copy returned herewith.

Sincerely,

/s/ Robert A. Henricks

Robert A. Henricks
Chief, Branch of Fluid Minerals

Enclosure

bcc: Field Manager – Moab (w/enclosure)
Division of Oil, Gas & Mining
Minerals Adjudication Group
File – Caballo Unit (w/enclosure)
Agr. Sec. Chron
Fluid Chron

UT922:TAThompson:tt:1/22/03

Results of query for MMS Account Number 57288U683A

Production	API Number	Operator	Well Name	Well Status	Lease or CA Number	Inspection Item	Township	Range	Section	Quarter/Quarter
Production	4303731403	AEC OIL AND GAS (USA) INC	1-15 CABALLO UNIT	POW	UTU62953	57288U683A	36S	23E	15	NWNW

DISCLAIMER for online data: No warranty is made by the BLM for use of the data for purposes not intended by the BLM.

RESIGNATION OF UNIT OPERATOR
CABALLO UNIT AREA
COUNTY OF SAN JUAN
STATE OF UTAH
NO. UTU - 58818A

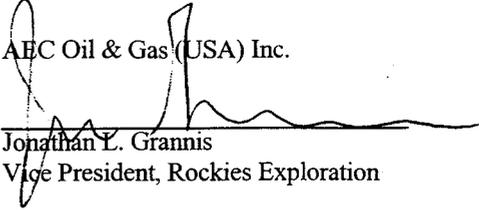
RECEIVED
MOAB FIELD OFFICE

2002 NOV -1 P 4: 03

DEPT OF THE INTERIOR
BUREAU OF LAND MGMT

Under and pursuant to the provisions of Section 5 of the Unit Agreement for the Development and Operation of the Caballo Unit, San Juan County, Utah, the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of a successor Unit Operator.

EXECUTED with effect as aforesaid this 1st day of May 2002.

AEC Oil & Gas (USA) Inc.

Jonathan L. Grannis
Vice President, Rockies Exploration

1732173

DESIGNATION OF UNIT OPERATOR
CABALLO UNIT AREA
COUNTY OF SAN JUAN
STATE OF UTAH
NO. UTU - 63090X

THIS INDENTURE, dated as of the 1st day of May, 2002, by an between LODESTONE OPERATING, INC., hereinafter designated as the "First Party," and the owners of unitized working interests, hereinafter designated as "Second Parties."

WITNESSETH:

WHEREAS under the provisions of the Act of February 25, 1920, 41 Stat. 487, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, or his authorized representative, on the 3rd day of December, 1987 approved a unit agreement for the Caballo Unit Area, wherein AEC Oil & Gas (USA) Inc. is designated as Unit Operator.; and

WHEREAS, the said AEC Oil & Gas (USA) Inc. has resigned as such operator, and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and

WHEREAS, the First Party has been and hereby is designated by Second Parties as Unit Operator, and said First Party desires to assume all the rights, duties, and obligations of Unit Operator under the said unit agreement.

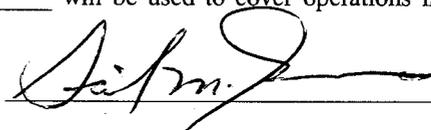
NOW, THEREFORE, in consideration of the premises hereinbefore set forth, and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the Caballo Unit Agreement, and the Second Parties covenant and agree that, effective upon approval of this indenture by the Authorized Officer, Bureau of Land Management, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said unit agreement: said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said unit agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth.

LODESTONE OPERATING, INC., as the designated successor operator under Caballo Unit Agreement No. UTU - 63090X hereby certifies that the requisite approvals of all the current working interest owners in this agreement have been obtained to satisfy the requirements for the selection of a successor operator as set forth under the terms and provisions of the agreement.

LODESTONE OPERATING, INC. 's BLM bond No. _____ will be used to cover operations in this Unit.

**\$10,000.00 Treasury Bond for lease
UTU-62953 and
\$10,000.00 Treasury Bond for lease
UTU-40754**



**DAVID M. REAVIS
PRESIDENT**

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DESIGNATION AND SERIAL NUMBER: 57288U683A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a
7. UNIT or CA AGREEMENT NAME: Caballo Unit
8. WELL NAME and NUMBER: Caballo #1-15
9. API NUMBER: 4303731403
10. FIELD AND POOL, OR WILDCAT: Caballo

1. TYPE OF WELL
 OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
EnCana Oil & Gas (USA) Inc.

3. ADDRESS OF OPERATOR:
950 17th St., Ste 2600 CITY **Denver** STATE **CO** ZIP **80202** PHONE NUMBER: **(406) 628-4164**

4. LOCATION OF WELL
 FOOTAGES AT SURFACE: **1120' FNL & 700' FNL**
 QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **NWNW 15 36S 23E**

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 (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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.

Effective May 1, 2002 EnCana Oil & Gas (USA) sold this well to the following operator:

David Reavis
4911 Haverford Drive
Arlington, TX 76016
(817) 478-7892

RECEIVED
FEB 06 2003

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Molly Conrad TITLE Agent for EnCana Oil & Gas (USA)
 SIGNATURE Molly Conrad DATE 2/5/2003

(This space for State use only)

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

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: 01/22/2003

8. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: 01/22/2003

9. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

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

DATA ENTRY:

- 1. Changes entered in the **Oil and Gas Database** on: 02/06/2003
- 2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 02/06/2003
- 3. Bond information entered in RBDMS on: N/A
- 4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

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

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTU 62953

INDIAN WELL(S) BOND VERIFICATION:

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

FEE WELL(S) BOND VERIFICATION:

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

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS:

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-62953
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: NA
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: CABALLO UNIT FEDERAL
2. NAME OF OPERATOR: LODESTONE OPERATING, INC.		8. WELL NAME and NUMBER: 1-15
3. ADDRESS OF OPERATOR: 120 Hawthorn Pl CITY Portland STATE TX ZIP 78374		9. API NUMBER: 4303731403
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1120' FNL and 700' FWL, Sec. 15, T36S-R23E		10. FIELD AND POOL, OR WILDCAT: Caballo
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW		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 (Submit in Duplicate) Approximate date work will start: <u>1/27/2009</u>	<input checked="" type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input 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 checked="" 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 checked="" type="checkbox"/> CONVERT WELL TYPE	<input checked="" type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

The purpose of this Notice is to request permission to conduct the following operations (attached) on Well 1-15 of the above Unit. The existing perforations in the Ismay will be temporarily abandoned and the well will be perforated in the Lower Honaker Trail (Upper Hermosa). The nearest production from the Lower Honaker Trail is believed to be at the CrownQuest Tank Canyon 1-9, located 11 miles SE. If successful, this operation may result in gas production, which may require re-classification.

Since the well is presently producing, all fluids used or produced will be sent to the existing water and/or oil tanks. During swabbing, a maximum of 50 MCF of gas may be vented. Any additional gas production will be sold.

WE REQUEST THAT ALL INFORMATION, INCLUDING PREVIOUSLY FILED LOGS, REPORTS, AND NOTICES, BE CLASSIFIED "CONFIDENTIAL" FOR THE MAXIMUM PERIOD ALLOWED BY STATE RULES.

COPY SENT TO OPERATOR
Date: 1.27.2009
Initials: KS

NAME (PLEASE PRINT) <u>David M. Reavis</u>	TITLE <u>President</u>
SIGNATURE	DATE <u>1/20/2009</u>

(This space for State use only)

Accepted by the
Utah Division of
Oil, Gas and Mining

Date: 1/26/09
By:

Federal Approval Of This
Action Is Necessary

(See Instructions on Reverse Side)

RECEIVED
JAN 21 2009
DIV. OF OIL, GAS & MINING

**ATTACHMENT TO SUNDRY NOTICE
CABALLO UNIT FEDERAL 1-15
DATED 01/20/09**

Anticipated Operational Procedures:

1. Move in, rig up Red Rock Well Service (Blanding, UT) pulling unit, pump, and tank.
2. Load tank with 2% KCL, provided by Red Rock Well Service truck.
3. Pump 10 bbls KCL water down tubing, 25 bbls down casing.
4. Nipple down wellhead, nipple up BOP's with blind and pipe rams.
5. Release packer, pull out of hole with 2 7/8" tubing and packer.
6. Rig up wireline truck and set composite bridge plug at 6470' +/- KB.
7. Go in hole with open-ended tubing to top of bridge plug. Load and circulate hole with KCL water.
8. Close pipe rams and test casing and bridge plug to 1500 psi for 15 minutes.
9. Pull out of hole with tubing.
10. Rig up lubricator and run in hole with perforating gun. Perforate from 5740'-5782' KB.
11. Check for flow. Go in hole with slow-burn explosive (Gas Frac) and set off across perms.
12. Check for flow. Rig down perforators and go in hole with packer, SN, and 2 7/8" tubing.
13. Set packer at 5650'+/- KB.
14. Nipple down BOP's, nipple up tree. Swab and evaluate.
15. If warranted, stimulate zone down tubing. Amount and type of stimulation dependent on swabbing results.
16. If productive, catch gas and fluid samples for analysis, and run shut-in pressure bomb.
17. If productive, turn well to production.
18. If production is not obtained, will file a Sundry detailing further operations.

Lodestone Operating, Inc.

120 Hawthorn Pl.
Portland, Texas 78374
Phone: 361-877-7077
Fax: 361-777-2163
dmreavis@aol.com

January 20, 2009

Diana Mason – Permitting
Division of Oil, Gas & Mining
1594 West North Temple
Suite 1210
Salt Lake City, Utah 84116

Re: Lodestone Operating, Inc. – Caballo Unit Federal 1-15
Sec. 15, T36S-R23E, San Juan County, Utah

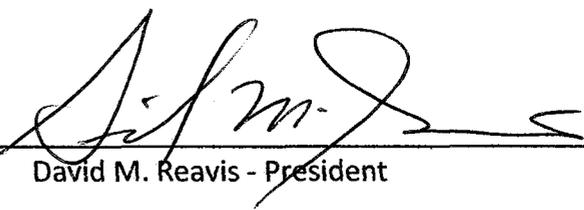
Dear Ms. Mason:

Enclosed in duplicate is a Sundry Notice, plus attachment, on the above well.

Please contact me if I can answer any questions or be of further assistance.

Very truly yours,

By:


David M. Reavis - President

Encl.

RECEIVED
JAN 21 2009
DIV. OF OIL, GAS & MINING