

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

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

CONFIDENTIAL
APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

MAR 21 1988

1a. TYPE OF WORK
 DRILL DEEPEN OIL, GAS & MINING PLUG BACK

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

2. NAME OF OPERATOR
 Yates Petroleum Corporation (505) 748-1471

3. ADDRESS OF OPERATOR
 105 South 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface 1360' FSL & 1600' FWL (NESW)
 At proposed prod. zone Same

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1360'

16. NO. OF ACRES IN LEASE 2,475

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2.02 mi.

19. PROPOSED DEPTH 6,480' *Asht*

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5,984' ungraded ground

22. APPROX. DATE WORK WILL START* Apr. 15, 1988

5. LEASE DESIGNATION AND SERIAL NO.
 U-39243

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

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Shane Federal

9. WELL NO.
 #1

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 7-37s-24e SLBM

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

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48* (H-40, ST&C)	100'	50 sx or to surface
12-1/4"	8-5/8"	24* (J-55, ST&C)	2,330'	1,175 sx or to surface
7-7/8"	5-1/2"	15.5* (J-55 ST&C)	6,480'	375 sx or to 5,000'

TIGHT HOLE. KEEP CONFIDENTIAL. DO NOT APPROVE APD BEFORE APRIL 1, 1988.

- Lease is all of Sections 5-8, T. 37 S., R. 24 E.
- Request exception to R615-3-2 because of geology. Exception is to Yates' own quarter-quarter line, not to another well, nor to another lease.
 - Orthodox well could be drilled at 1980' FSL & 1980' FWL, but the well would be a dry hole. Thus, Yates needs an exception.
 - Request permission to drill at 1360' FSL & 1600' FWL 7-37s-24e SLBM, San Juan County, Utah.
 - There are no existing wells which offset the proposed exception. Eight potential wells on the adjoining quarter-quarters could offset the proposed location. All would be on Yates' leases.
 - Yates is the lessee of all lands within a 1,600' radius.
 - Yates is the lessee of all drilling units within a 1,600' radius.

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 *Prian Wood* TITLE Consultant DATE 3-17-88

(This space for Federal or State office use)

PERMIT NO. 43-037-31406 CC: Cowan (3), MDO (3), SJRA, UDOGM (2)
 APPROVAL DATE

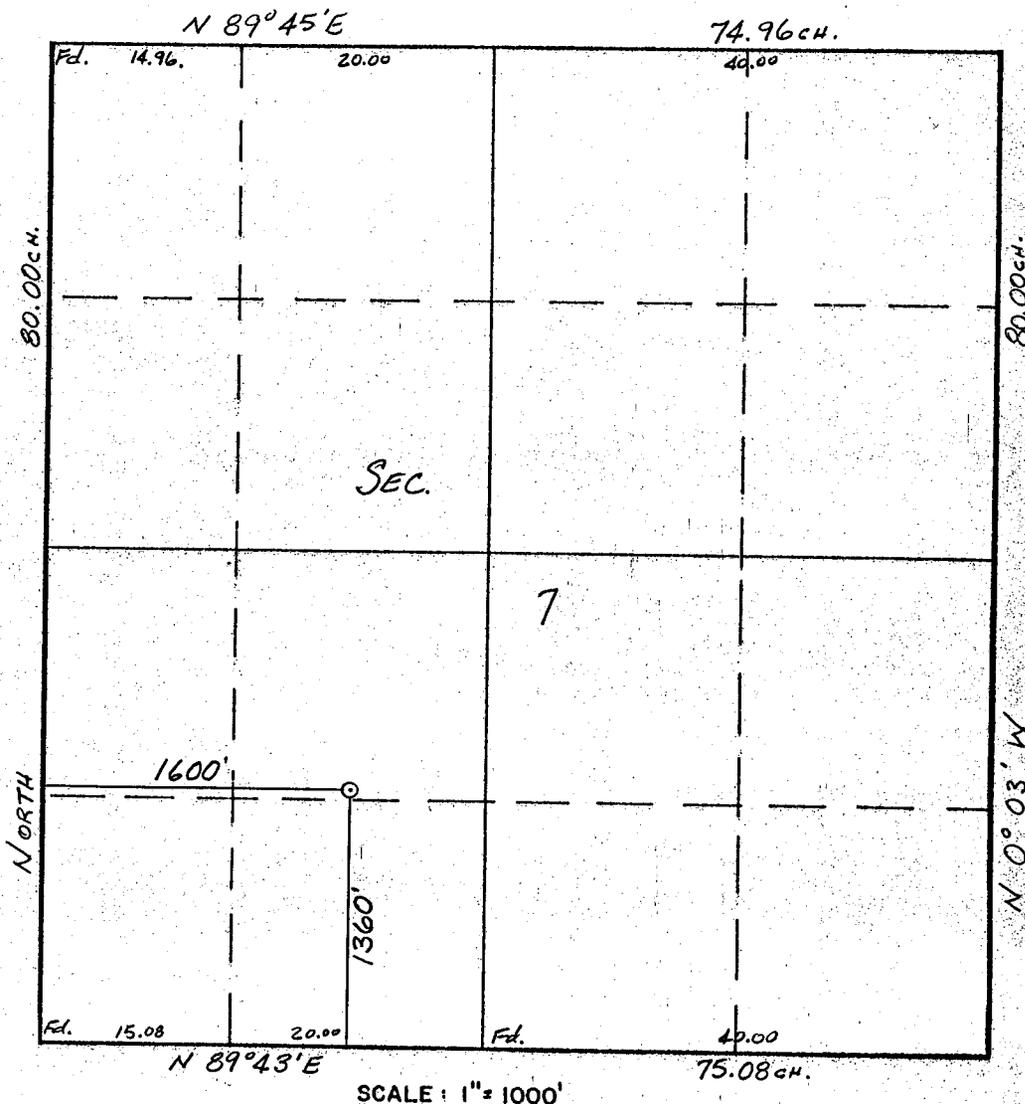
APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
 DATE 4-14-88
 BY: *Shirley R. Dyer* 106533

*See Instructions On Reverse Side

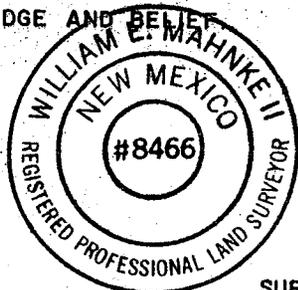
COMPANY YATES PETROLEUM CORPORATION
 LEASE SHANE FEDERAL WELL NO. 1
 SEC. 7, T. 37 S, R. 24 E
 COUNTY San Juan STATE Utah
 LOCATION 1360'FSL & 1600'FWL
 ELEVATION 5984

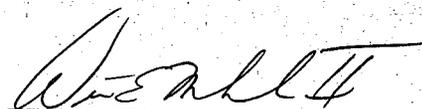


SCALE: 1" = 1000'

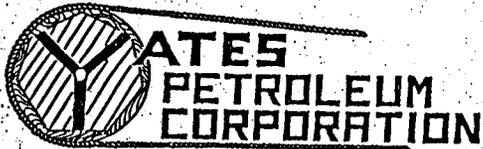
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD
 NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION
 AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY
 KNOWLEDGE AND BELIEF

SEAL:




 WILLIAM E. MAHNKE II
 NEW MEXICO P.L.S. NO 8466

SURVEYED MAR. 10, 19 88



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

December 1, 1987

To Whom It May Concern:

This letter authorizes Mr. Bryan Wood of Permits West to sign the Application for Permit to Drill, Sundry Notices and Right-of-Way Applications for Yates Petroleum Corporation.

Very truly yours,

YATES PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read 'Randy G. Patterson', is written over the typed name.

Randy G. Patterson
Land Manager

CC.

RGP:ej

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All lease operations will be conducted in full compliance with applicable laws, regulations (43 CFR 3100), Onshore Oil & Gas Order #1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Yates Petroleum Corporation will furnish a copy of these conditions to its field representative to assure compliance.

8 Point Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>Depth from GL*</u>	<u>Depth from KB</u>	<u>Subsea Depth</u>
Dakota	000'	12'	+5,984'
Morrison	180'	192'	+5,804'
Entrada	1,075'	1,087'	+4,909'
Navajo	1,285'	1,297'	+4,699'
Chinle	2,180'	2,192'	+3,804'
Shinarump	2,870'	2,882'	+3,114'
Cutler	2,970'	2,982'	+3,014'
Honaker Trail	4,810'	4,822'	+1,174'
Paradox	5,930'	5,942'	+ 54'
Upper Ismay	6,095'	6,107'	- 111'
Lower Ismay	6,285'	6,297'	- 301'
Upper Desert Creek	6,360'	6,372'	- 376'
Lower Desert Creek	6,415'	6,427'	- 431'
Akah Shale	6,455'	6,467'	- 471'
Total Depth (TD)	6,480'	6,492'	- 496'

* ungraded GL

2. NOTABLE ZONES

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The estimated depths from ungraded GL at which water, oil, gas, or other mineral bearing zone formation tops are expected to be encountered are:

Possible Fresh Water Zones

Morrison: 180'
Entrada: 1,075'
Navajo: 1,285'

Possible Uranium Zones

Morrison: 180'
Chinle: 2,180'

Possible Oil & Gas Zones

Honaker Trail: 4,810'
Upper Ismay: 6,095'
Lo. Desert Creek: 6,415'

Possible Salt Water Zones

Shinarump: 2,870'
Cutler: 2,970'

Water bearing zones will be protected with weighted mud. All fresh water encountered during drilling will be recorded by depth, cased, and cemented. All oil and gas shows will be tested to determine commercial potential.

3. PRESSURE CONTROL (Also see "5." on PAGE 4)

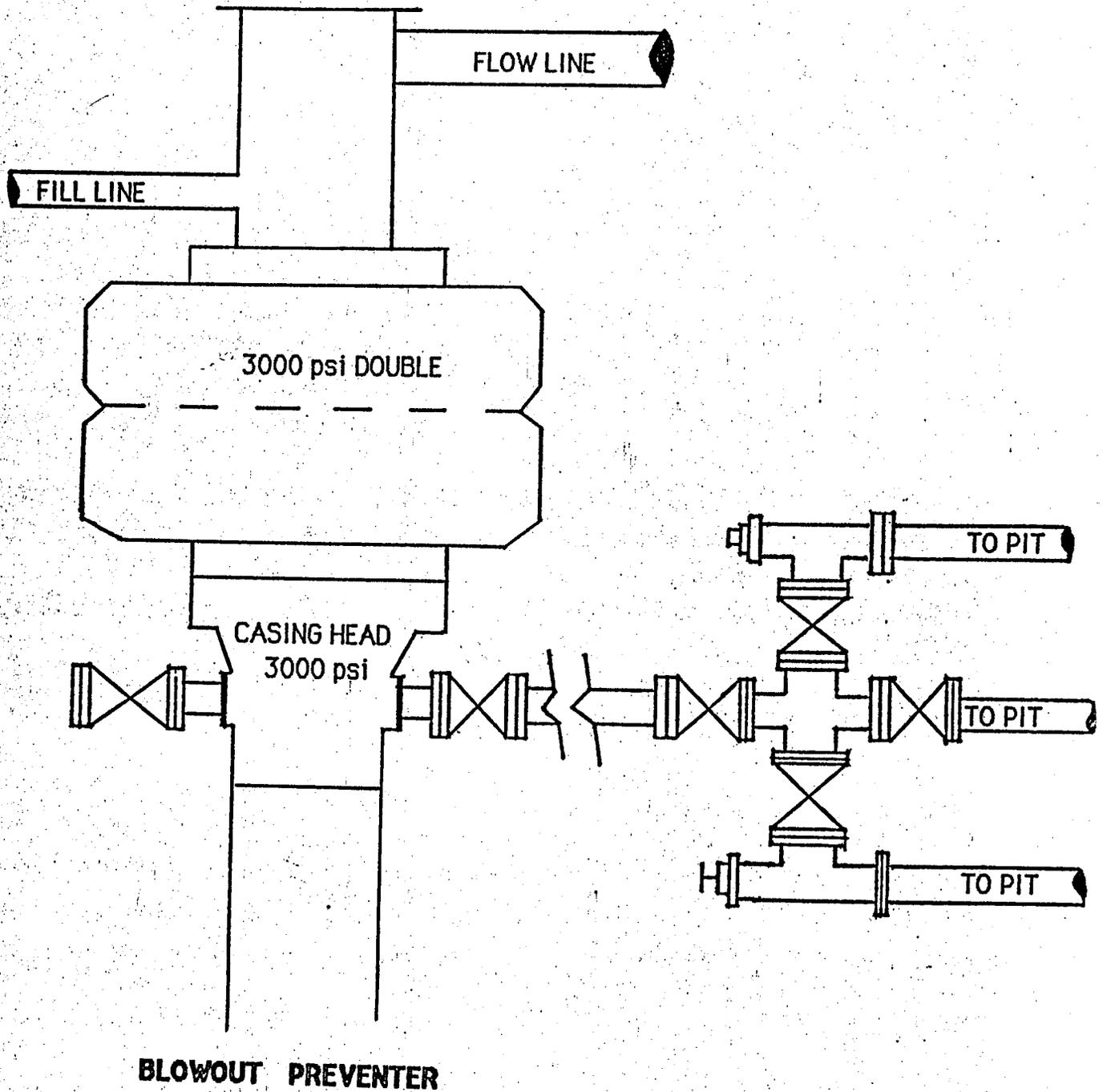
BOP systems will be consistent with API RP 53. A 10" x 3,000 psi double ram and annular preventer with a 3,000 psi choke manifold will be used. A diagram of a typical BOP is on Page 3. Actual model will not be known until bid is let. A kelly cock and sub with full opening valve will be on the floor.

Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. BOP controls will be installed before drilling the surface casing plug, and will stay in use until the well is completed or abandoned. Preventers will be pressure tested before drilling casing cement plugs. All BOP mechanical and pressure tests will be recorded on the drillers log.

BOPs will be inspected and operated at least daily to assure good mechanical working order. This inspection will be recorded on the daily

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drilling report.

4. CASING & CEMENTING

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth (GL)</u>
17-1/2"	13-3/8"	48*	H-40	ST&C	New	0-100'
12-1/4"	8-5/8"	24*	J-55	ST&C	New	0'-2,330'
7-7/8"	5-1/2"	15.5*	J-55	ST&C	New	0'-6,480'

Conductor Pipe (0'-100'): Cement to surface with 50 sx standard cement.

Surface Casing (0'-2,330'): Cement to surface in one stage with \approx 1,175 sx Class C cement with 2% CaCl₂. Casing shoe @ 2,330' with float @ 2,290'.

Production Casing (0'-6,480'): Cement across zones of interest in one stage, if warranted, with 375 sx Class C to reach estimated top at 5,000'. Float collar will be set \approx 40' above TD with casing shoe at TD (6,480').

The Resource Area will be notified one day before running casing strings and cement.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec/qt)</u>	<u>FL(cc)</u>
0'-5,500'	Fresh Water			
5,500'-6,480'	Fr. Water gel & starch	8.5-9.8	35-45	10-15

There will be a flow sensor and pit level indicator.

6. CORING, TESTING, & LOGGING

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No cores are planned. Cuttings will be collected every 10' from the base of the surface casing (2,330') to TD (6,480'). Drill stem tests may be run in the Ismay, Desert Creek, and elsewhere if good shows are found. The following logs may be run from the base of the surface casing to TD:

CIL and CNL/LDT
Dipmeter and Sonic

Whether the well is completed as a dry hole or 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, *per* 43 CFR 3164. Two copies of all logs, core descriptions & analyses, well test data, geologic summaries, sample descriptions, and all other data obtained during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. (If requested, sample cuttings, fluids, and/or gases will be submitted to the District Office.)

7. DOWNHOLE CONDITIONS

The maximum anticipated bottom hole pressure is 2,500 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

8. MISCELLANEOUS

The anticipated spud date is April 15, 1988. It is expected it will take ≈20 days to drill the well and ≈10 days to complete the well.

The spud date will be phoned to the Resource Area, a minimum of 24 hours before spudding. A Sundry Notice (Form 3160-5), reporting the spud date and time, will be sent to the District Office within 24 hours after spudding. If the spud is on a weekend or holiday, the Sundry will be sent on the

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following regular week day.

Starting with the month in which operations begin, and continuing each month until the well is physically plugged and abandoned, a "Monthly Report of Operations" (Form 3160-6) will be sent to the District Office.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual events will be promptly reported to the Resource Area *per* NTL-3A.

If the well is successfully completed for production, then the District Office will be notified. Written notification will be sent not later than 5 business days following the date on which the well is placed on production. The Resource Area will schedule a first production conference within 15 days after receipt of the first production notice.

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 of gas. Approval to vent/flare beyond this initial period will require the District Office's approval *per* NTL-4A.

A Sundry Notice will be sent to the District Office within 30 days following completion of the well for abandonment. The Sundry will note where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until reclamation required by the approved APD or abandonment notice has been completed to the satisfaction of the Area Manager.

Once plugged, a regulation dry hole marker will be installed. The following information will be beaded on with a welding torch: Yates Petroleum Corporation, Shane Federal #1, NESW 7-37s-24e, U-39243.

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13 Point Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See PAGES 15 & 16)

From US 666 in Monticello, go south 11.6 mi. on US 191.

Then turn left and go southeast 2.9 mi. on gravel County Road #204 (Alkali Road).

Then turn left and go southeast 9.8 mi., still on County Road #204.

Then turn right and go west 0.2 mi. on a new road, crossing a Utah Power & Light 345 kv line, Unocal oil line, and Western gas line in route.

Existing roads are successively county and BLM. Roads will be maintained to a standard at least equal to their present condition. No upgrading is needed.

An Encroachment Permit has been approved by the San Juan County Road Department.

2. UPGRADED & NEW ROADS (See PAGE 16)

New construction will start at the county road. There will be 0.2 mi. of road to be built. It will be flat bladed with a maximum disturbed width of 30'. There are no fence crossings. Turnouts will be built as needed. Maximum cut or fill will be 2'. Maximum grade will be 4%. An archaeologist approved by BLM and hired by Yates will monitor pad construction, particularly where the road meets the pad.

Surface disturbance and vehicle travel will be limited to the approved location and road. Any additional area needed will be approved in advance by the Area Manager.

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The new road will be water barred or upgraded to Class 3 Road Standards within 60 days of dismantling the drill rig. If the deadline cannot be met, the Resource Area will be notified so that temporary drainage control can be installed. Class 3 Road Standards control drainage through the use of topography, ditch turnouts, dips, outsloping, crowning, low water crossings, and culverts. Specific measures will be determined at a BLM-Yates field inspection.

3. EXISTING WELLS

There are no water, producing, injection, or disposal wells within 1 mile.

4. PROPOSED PRODUCTION FACILITIES

The type and layout of the production facilities are not known now. A Sundry Notice will be submitted before they are installed.

All permanent (on site for 6 or more months) surface facilities will be painted a flat, neutral, earthtone color. Painting will be completed within 6 months of installation. Parts required to comply with OSHA colors are excluded.

The tank battery will be surrounded by a dike of sufficient capacity to contain 150% of the storage capacity of the largest tank in the battery. All loading lines and valves will be placed inside the dike.

All site security guidelines in 43 CFR 3162.7-4 will be obeyed. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

All off-lease storage, off-lease measurement, or commingling on-lease

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or off-lease must have prior written approval from the District Office.

Any gas meter run will be within 500' of its wellhead. The gas line will be buried from the wellhead to the meter and downstream for the remainder of the pad. Meters will be housed and/or fenced.

Oil and gas measurement facilities will be installed on the well pad. Meters will be calibrated in place before delivery begins. Meter accuracy tests will be conducted monthly for the first 3 months on new meters, and at least quarterly thereafter. The Resource Area 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 sent to the Resource Area. All meters will conform with the API standards for liquid hydrocarbons and AGA standards for natural gas measurement.

5. WATER SUPPLY (See PAGE 15)

Water will be trucked from an artesian well on Richard Perkins' land in SE 12-38s-24e. An Application to Appropriate Water has been approved by the State of Utah Div. of Water Rights.

6. CONSTRUCTION MATERIALS

Pad construction materials are native *in situ* soils on lease. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.1-3.

7. WASTE DISPOSAL

The reserve pit will not be lined. Over half the capacity will be in cut. The pit will be fenced on 3 sides with 4 strands of barbed wire or woven wire

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topped with barbed wire. The 4th side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries.

All trash will be placed in a burn pit. It will be built near the mud tanks and dug at least 6' into cut. It will be totally enclosed with a fine wire mesh before the rig moves in. A burning permit is required for burning trash between May 1 and October 31. A burning permit can be obtained by calling the George Kensley or the San Juan County Sheriff at (801) 587-2237. The road and pad will be kept litter free.

If a trash cage is used, it will be hauled to the Blanding dump or an approved landfill in or Montezuma County, Colorado.

Human waste will be disposed of in 20' deep ratholes or chemical toilets. The ratholes will be immediately filled when the trailers are removed.

Produced water will be confined to the reserve pit for a period not to exceed 90 days after initial production. During the 90 day period an NTL-2B application will be submitted for the District Manager's approval of a permanent disposal method and site.

8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Three camper trailers may be on site for the company man, mud logger, and tool pusher.

9. WELL SITE LAYOUT

See PAGES 17 and 18 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, soil stockpile, and rig orientation.

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The top 6" of soil, kept separate from the brush, will be removed from the location and stockpiled west and east of the pad. Topsoil along the access will be reserved by windrowing along the road.

10. RECLAMATION

Immediately upon completion of drilling, all trash and debris will be collected from the pad and surrounding area and placed in the burn pit.

Yates' dirt contractor will call the Resource Area 48 hours before starting reclamation that involves earth moving equipment, and upon completion of reclamation. The reserve pit must be completely dry before it is backfilled.

All disturbed areas will be recontoured to blend as nearly as possible with the natural topography.

Stockpiled soil, trees, and brush will be spread evenly over the disturbed area. All disturbed areas will be ripped 6" deep with the contour. Rippers will be 18" apart.

Seed will be broadcast between October 1 and February 28 with the following mixture. A harrow or similar implement will be dragged over the area to assure seed cover.

<u>Species</u>	<u>Rate (pounds/acre)</u>
Crested wheatgrass (<i>Agropyron desertorum</i>)	10

The new access will be blocked to prevent vehicle access.

The reserve pit and that part of the pad not needed for production will be reclaimed as previously described. Enough topsoil will be kept to reclaim

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the remainder of the pad at a future date. The remaining topsoil stockpile will be seeded in place using the prescribed seed mix.

11. SURFACE OWNERS

BLM is the owner of the pad and new road.

12. OTHER INFORMATION

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

There will be no change from the proposed drilling and/or workover plan without prior approval from the District Manager. A Sundry Notice will be filed for approval for all changes of plans and other operations *per* 43 CFR 3164.

All wells, whether drilling, producing, suspended, or abandoned will be identified *per* 43 CFR 3162.3-2.

All people who are in the area will be informed that they are subject to prosecution for disturbing archaeological sites or picking up artifacts, including arrowheads.

If at any time facilities located on public lands authorized by the lease terms are no longer included in the lease (due to unit contraction or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rent, or other financial obligation determined by BLM.

This permit will be valid for one year from the date of approval. After

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permit expiration, a new permit will be filed for approval of any future operations.

The District Office's mailing address is P.O. Box 970, Moab, Utah 84532. The phone number is (801) 259-6111.

The Resource Area's mailing address is P.O. Box 7, Monticello, Utah 84535. The phone number is (801) 587-2141.

The nearest hospital is a 40 minute drive to Monticello. Monticello's hospital is 3 blocks northwest of the intersection of US 666 and US 191. Phone number is (801) 587-2116. The nearest medical helicopter is in Grand Junction, Colorado, at St. Mary's Hospital. Call (303) 244-2550.

13. REPRESENTATION AND CERTIFICATION

Anyone having questions concerning the APD should contact:

Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 984-8120

The field representative for Yates Petroleum Corporation will be either Tim Bussell or Jim Krogman. One will either be on location or at the Sands Motel in Cortez, Colorado ([303] 565-3761).

CERTIFICATION

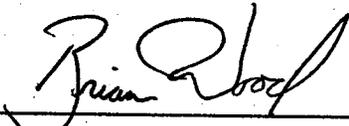
I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that

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the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Yates Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

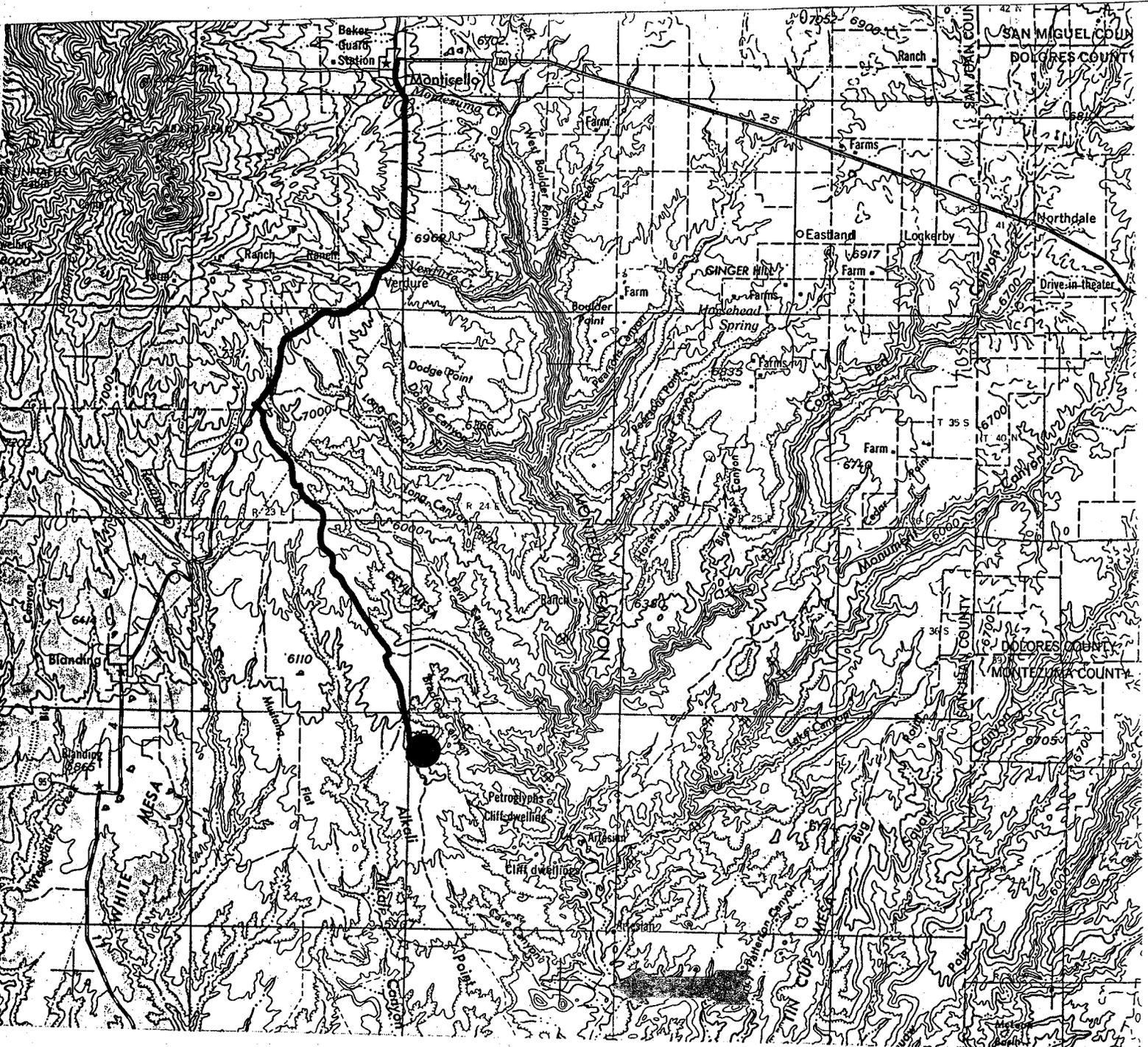


Brian Wood

March 17, 1988
Date

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1360' FSL & 1600' FWL
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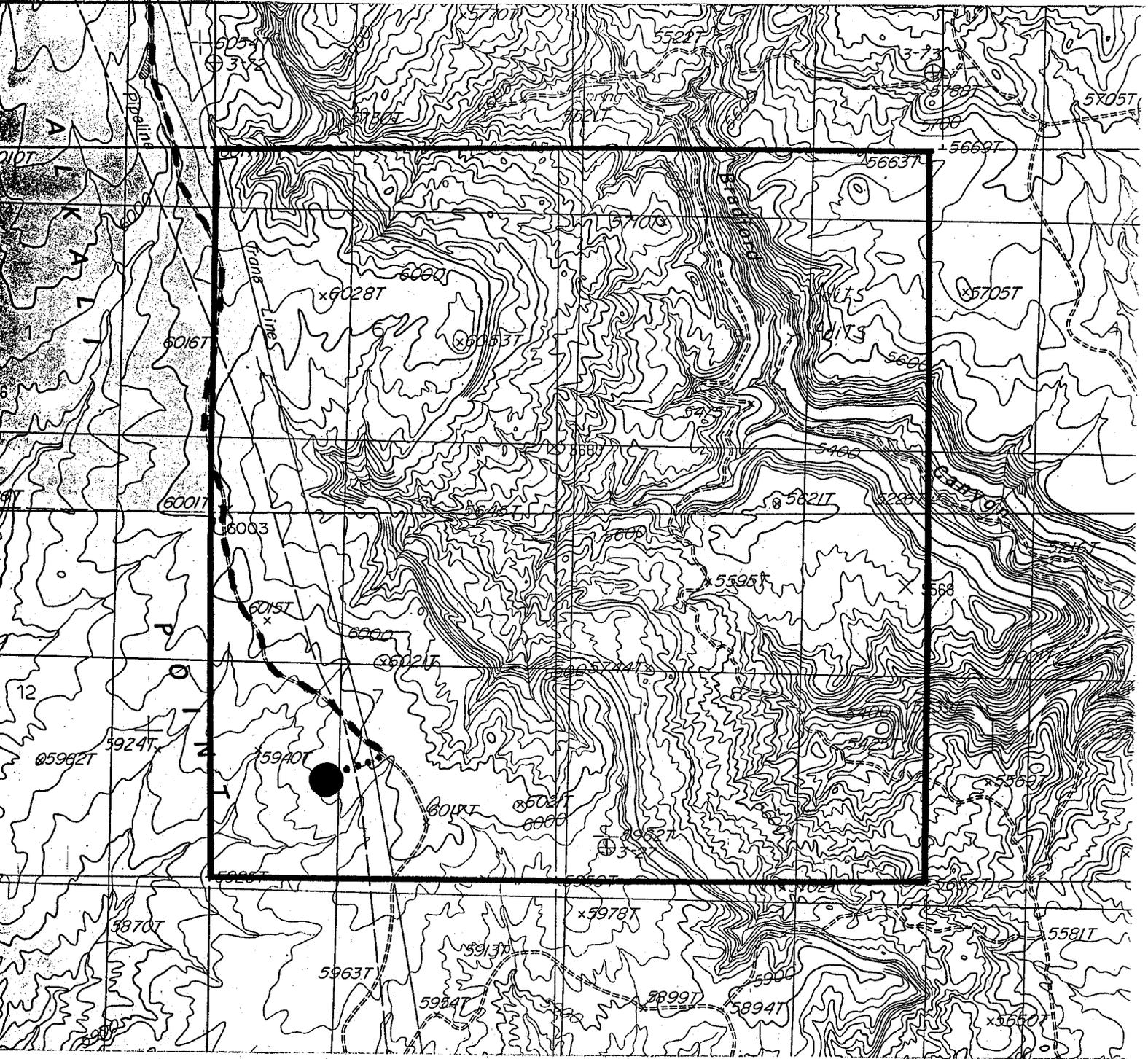
PROPOSED WELL: ●

WATER SOURCE: ~

ACCESS: ←

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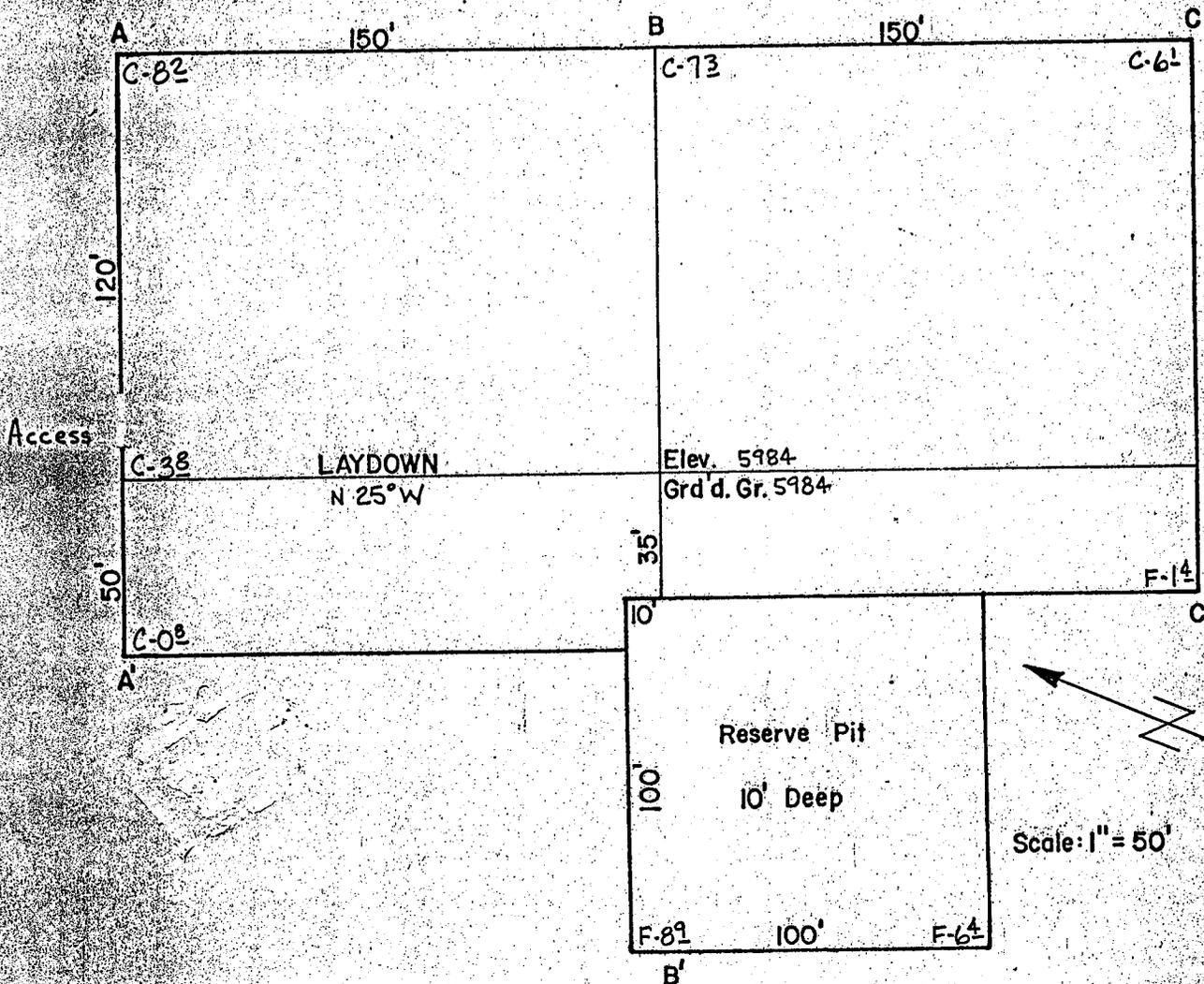


PROPOSED WELL: ●

EXISTING ROAD: - - -

NEW ROAD: ...

LEASE U-39243: 



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

5990							
5980							

B-B'

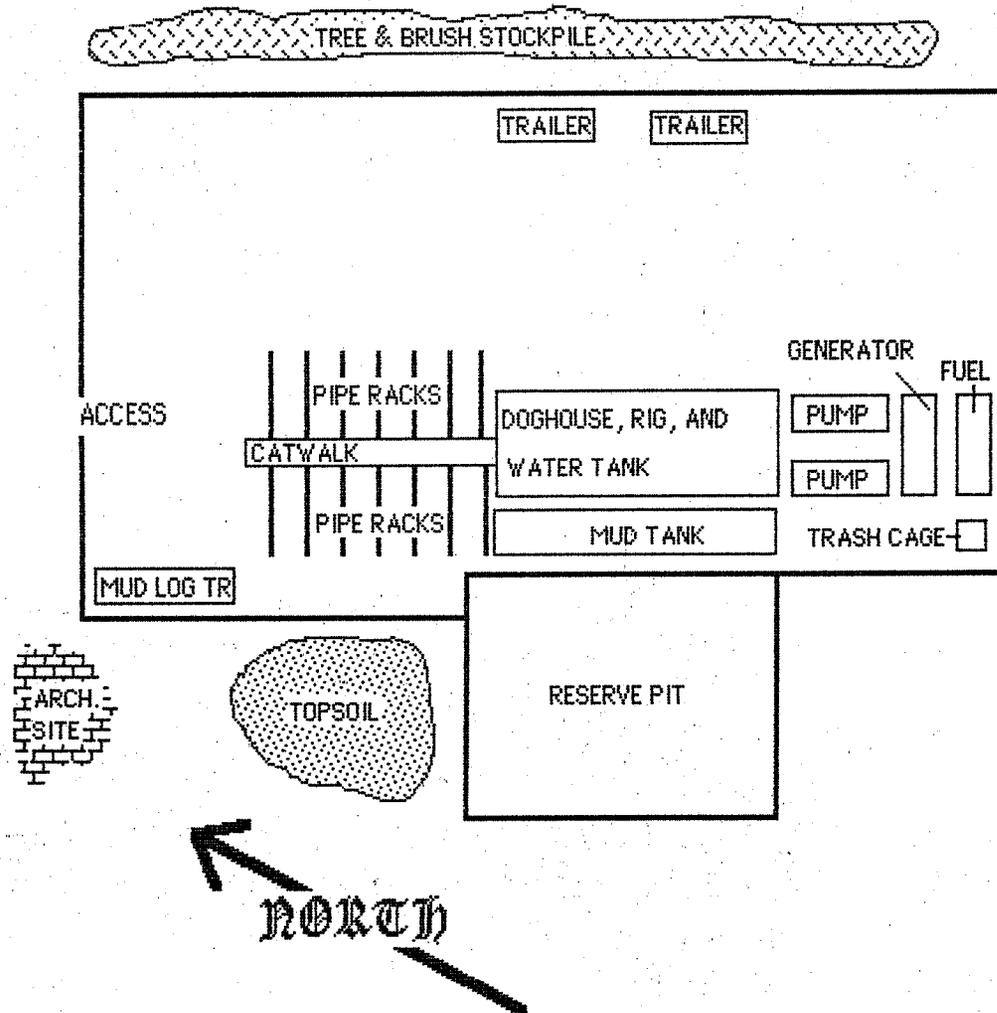
5990							
5980							

C-C'

5990							
5980							

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TEMPORARY

FILING FOR WATER IN THE STATE OF UTAH

Rec. by gfo
Fee Rec. 30.00
Receipt # 23500
Microfilmed _____
Roll # _____

APPLICATION TO APPROPRIATE WATER

RECEIVED

RECEIVED

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, Title 73, Chapter 3 of the Utah Code Annotated (1953, as amended). JAN 10 1988

* WATER RIGHT NO. 09 - 1556 * APPLICATION NO. A T63031

1. * PRIORITY OF RIGHT: January 10, 1988 * FILING DATE: January 10, 1988

2. OWNER INFORMATION

Name(s): Yates Petroleum Corporation c/o Permits West, Inc. * Interest: 100 %
Address: 37 Verano Loop (505) 984-8120
City: Santa Fe State: NM Zip Code: 87505
Is the land owned by the applicant? Yes _____ No XXX
(If "No", please explain in EXPLANATORY section.)

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

4. SOURCE: Perkins' Water Hole * DRAINAGE: _____
which is tributary to Montezuma Canyon
which is tributary to San Juan River

POINT(S) OF DIVERSION: _____ COUNTY: San Juan
South 300 feet and West 2,000 feet from the NE corner of Sec. 12, T. 38 S., R. 24 E., SLB11

Description of Diverting Works: Water will be pumped directly into 85 bbl tank trucks.
* COMMON DESCRIPTION: 7 miles North of Hatch Trading Pbst Monument Canyon 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 6.0 ac-ft
The amount of water returned will be _____ cfs or _____ ac-ft
The water will be returned to the natural stream/source at a point(s): _____

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 right which will supplement this application _____
Application supplements other entities' water rights for stockwatering, irrigation, etc.

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: From Jan. 20, 1988 to Jan. 19, 1989

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 for oil well drilling mud, dust control, compaction, etc.

11. PLACE OF USE

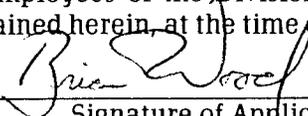
Legal description of place of use by 40 acre tract(s): _____
North 1,650' and East 1,380' from the SW corner of Sec. 7, T. 37 S., R. 24 E. at the Shane Federal #1 oil well (NESW 7-37s-24e) and South 660' and East 660' from the NW corner of Sec. 18, T. 37 S., R. 25 E., SLBM at the Mad Dog Federal #1 oil well (NWNW 18-37s-24e).

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):

From #2: Land is private and owned by Richard Perkins. Mr. Perkins has approved this use.

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).



Signature of Applicant(s)

TEMPORARY

STATE ENGINEER'S ENDORSEMENT

WATER RIGHT NUMBER: 09 - 1556

APPLICATION NO. T63031

1. January 10, 1988 Application received by MP.
 2. January 12, 1988 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated December 21, 1988, subject to prior rights and this application will expire on December 21, 1989.


Robert L. Morgan, P.E.
State Engineer

STATE ACTIONS

Mail to:
RDCC Coordinator
116 State Capitol
Salt Lake City, Utah 84114

-
1. ADMINISTERING STATE AGENCY
OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203
2. STATE APPLICATION IDENTIFIER NUMBER:
(assigned by State Clearinghouse)
-
3. APPROXIMATE DATE PROJECT WILL START:
Upon approval
-
4. AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:
(to be sent out by agency in block 1)
Southeastern Utah Association of Local Governments
-
5. TYPE OF ACTION: Lease Permit License Land Aquisition
 Land Sale Land Exchange Other _____
-
6. TITLE OF PROPOSED ACTION:
Application for Permit to Drill
-
7. DESCRIPTION:
Yates Petroleum Corp. proposes to drill a wildcat well, the Shane Federal #1, on federal lease number U-39243 in San Juan County, Utah. This action is being presented to RDCC for consideration of resource issues affecting state interests. The U.S. Bureau of Land Management is the primary administrative agency in this case and must issue approval to drill jointly with DOGM before operations can commence.
-
8. LAND AFFECTED (site location map required) (indicate county)
NE/4, SW/4, Section 7, Township 37 South, Range 24 East, San Juan County, Utah
-
9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?
Unknown
-
10. POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR:
Degree of impact is based on the discovery of oil or gas in commercial quantities.
-
11. NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE:
Chip Hutchinson, Moab, 259-8151
-
12. FOR FURTHER INFORMATION, CONTACT: 13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL
John Baza
PHONE: 538-5340
- John R. Baza*
DATE: 3-22-88 Petroleum Engineer
-

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on reverse side)

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

RECEIVED
MAR 21 1988

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN OIL, GAS & MINING PLUG BACK

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

2. NAME OF OPERATOR
Yates Petroleum Corporation (505) 748-1471

3. ADDRESS OF OPERATOR
105 South 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface: **1360' FSL & 1600' FWL (NESW)**
 At proposed prod. zone: **Same**

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)	1360'	16. NO. OF ACRES IN LEASE	2,475	17. NO. OF ACRES ASSIGNED TO THIS WELL	80
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	2.02 mi.	19. PROPOSED DEPTH	6,480'	20. ROTARY OR CABLE TOOLS	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5,984' ungraded ground

5. LEASE DESIGNATION AND SERIAL NO.
U-39243

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

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Shane Federal

9. WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
7-37s-24e SLBM

12. COUNTY OR PARISH	13. STATE
San Juan	Ut.

22. APPROX. DATE WORK WILL START*
Apr. 15, 1988

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 *Brian Wood* TITLE Consultant DATE 3-17-88

(This space for Federal or State office use)

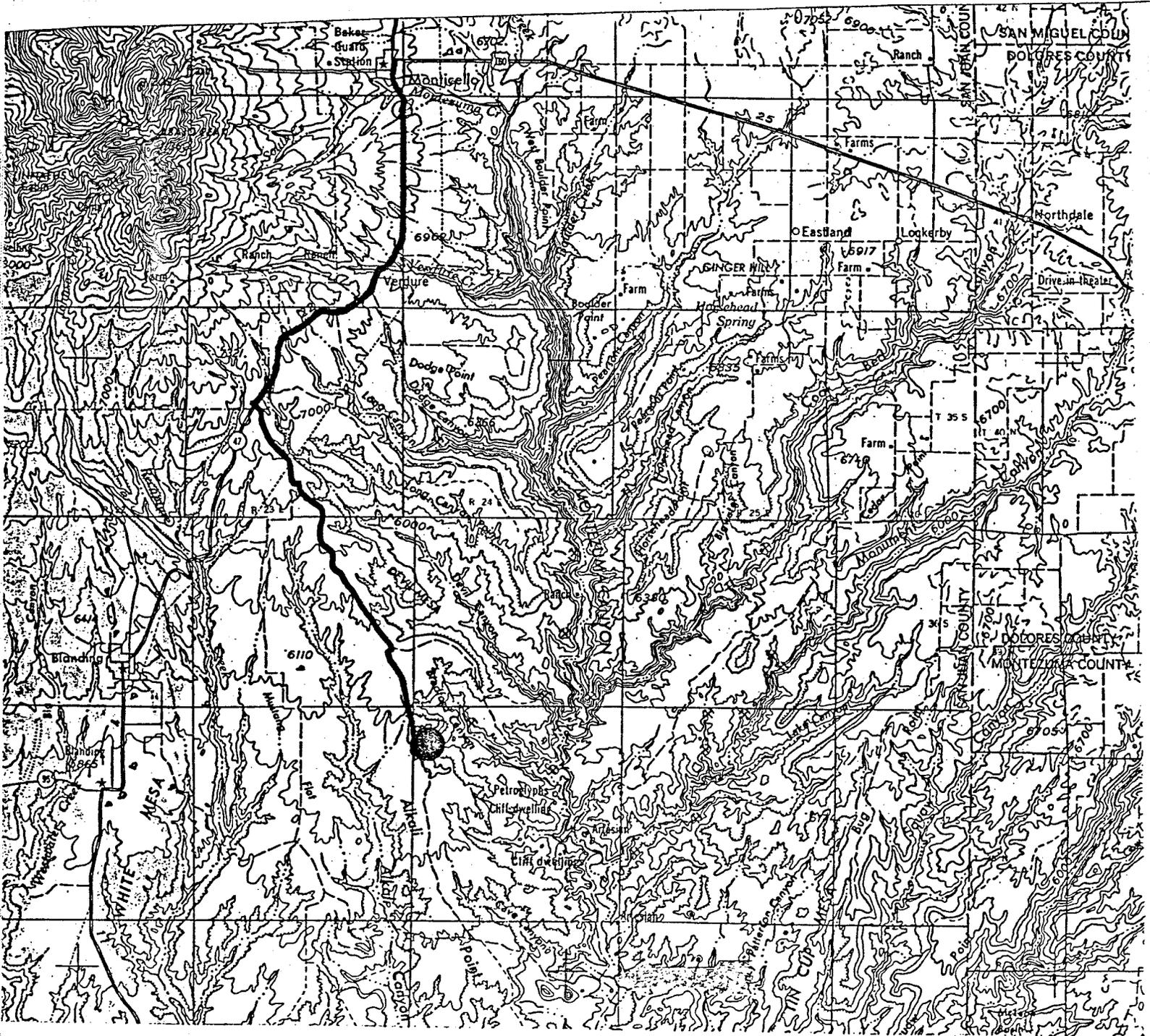
PERMIT NO. _____ APPROVAL DATE cc: Cowan (3), MDO (3), SJRA, UDOGM (2)

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

*See Instructions On Reverse Side

Yates Petroleum Corporation
 Shane Federal #1
 1360' FSL & 1600' FWL
 Sec. 7, T. 37 S., R. 24 E.
 San Juan County, Utah

CONFIDENTIAL INFORMATION



PROPOSED WELL: 

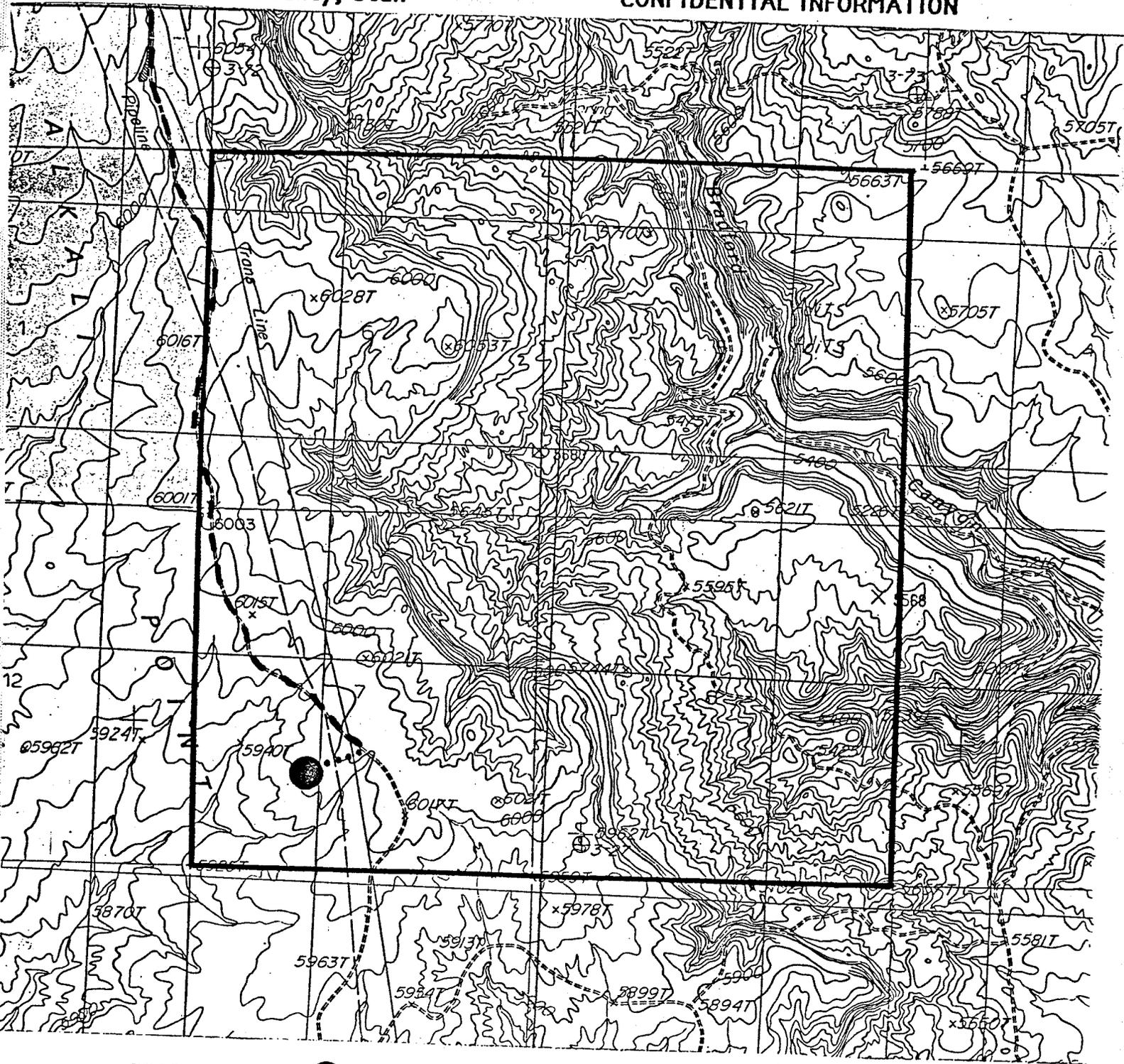
ACCESS: 

WATER SOURCE: 

PERMITS WEST INC.
 PROVIDING PERMITS for the ENERGY INDUSTRY

Yates Petroleum Corporation
Shane Federal #1
1360' FSL & 1600' FWL
Sec. 7, T. 37 S., R. 24 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION



PROPOSED WELL: ●

EXISTING ROAD: - -

NEW ROAD: ...

LEASE U-39243: 

CONFIDENTIAL

OPERATOR Yates Petroleum Corp. DATE 3-24-88

WELL NAME Shaw Federal #1

SEC NE SW 7 T 37S R 24E COUNTY San Juan

43-037-31406
API NUMBER

Fed.
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other well in Sec. 7.
Need water permit - Rec'd.
Leasehold requested.
RDCC-K

APPROVAL LETTER:

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

_____ CAUSE NO. & DATE _____ R615-3-3

STIPULATIONS:

1- Water permit

CONFIDENTIAL
PERIOD
EXPIRED
ON 10/31/90



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

April 14, 1988

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

Gentlemen:

Re: Shane Federal 1 - NE SW Sec. 7, T. 37S, R. 24E
1360' FSL, 1600' FWL - San Juan County, Utah

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

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.
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.

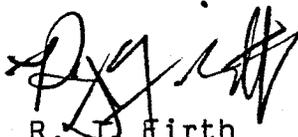
Page 2
Yates Petroleum Corporation
Shane Federal 1
April 14, 1988

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 43-037-31406.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

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



State of Utah

Division of State History

(Utah State Historical Society)

Department of Community and Economic Development

Norman H. Bangertor
Governor

Max J. Evans
Director

300 Rio Grande
Salt Lake City, Utah 84101-1182

RECEIVED
APR 14 1988

DIVISION OF
OIL, GAS & MINING

12 April 1988

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

RE: Application for Permit to Drill, Yates Petroleum Corporation, Shane
Federal #1, Federal Lease No. U-39243, San Juan County

In Reply Please Refer to Case No. L042

Dear Mr. Baza:

The staff of the Utah State Historic Preservation Office has reviewed the information provided with the State Actions form for the project referenced above. We note that the Bureau of Land Management is the primary administrative agency, and will also be considering this application.

We have also recently received a copy of the archeological report prepared by La Plata Archeological Consultants entitled "Archeological Survey of Yates Petroleum Corp.'s Shane Federal #1 Well and Access, San Juan County, Utah" (U-88-LA-016b) and a copy of the site form for 42Sa 19924. This information has been reviewed informally by the Preservation Office and placed in our cultural resource report library and files for future reference. Should the BLM desire additional consultation on this project, we would be pleased to provide it. Please reference our case number (L042) in future correspondence.

The above is provided on request as outlined by 36 CFR 800 or Utah Code, Title 63-18-37. If you have questions or need additional assistance, please contact Charles Shepherd at (801) 533-7039, or 533-6017.

Sincerely,

A. Kent Powell
Deputy State Historic Preservation Officer

CMS:L042/5378V OFR

cc: Dale Davidson, San Juan Resource Area, BLM, 435 No. Main, Monticello, UT
84535

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

CONFIDENTIAL

2. NAME OF OPERATOR
 Yates Petroleum Corporation (505) 748-1471

3. ADDRESS OF OPERATOR
 105 South 4th Street, Artesia, NM 88210

4. LOCATION OF WELL (Report location clearly and in accordance with any State regulations)
 At surface: 1360' FSL & 1600' FWL (NES)
 At proposed prod. zone: Same

RECEIVED
OCT 17 1988

5. LEASE DESIGNATION AND SERIAL NO.
 U-39243
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 N/A
 7. UNIT AGREEMENT NAME
 N/A
 8. FARM OR LEASE NAME
 Shane Federal
 9. WELL NO.
 #1
 10. FIELD AND POOL, OR WILDCAT
 Wildcat
 11. T. & E., R., M., OR BLK. AND SURVEY OR AREA
 37s-24e SLBM
 12. COUNTY OR PARISH
 San Juan
 13. STATE
 Ut.

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
 1360'

16. NO. OF ACRES IN LEASE
 2,475

17. NO. OF ACRES ASSIGNED TO NEAREST WELL
 80

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

19. PROPOSED DEPTH
 6,480'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5,984' ungraded ground

22. APPROX. DATE WORK WILL START*
 Apr. 15, 1988

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	48* (H-40, ST&C)	100'	50 sx or to surface
12-1/4"	8-5/8"	24* (J-55, ST&C)	2,330'	1,175 sx or to surface
7-7/8"	5-1/2"	15.5* (J-55 ST&C)	6,480'	375 sx or to 5,000'

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 Rian Wood TITLE Consultant DATE 3-17-88

(This space for Federal or State office use)

PERMIT NO. 43-037-31406 APPROVAL DATE cc: Cowan (3), MDO (3), SJRA, UDOGM (2)

APPROVED BY /s/Gene Nodine TITLE District Manager DATE 10/13/88

CONDITIONS OF APPROVAL, IF ANY:

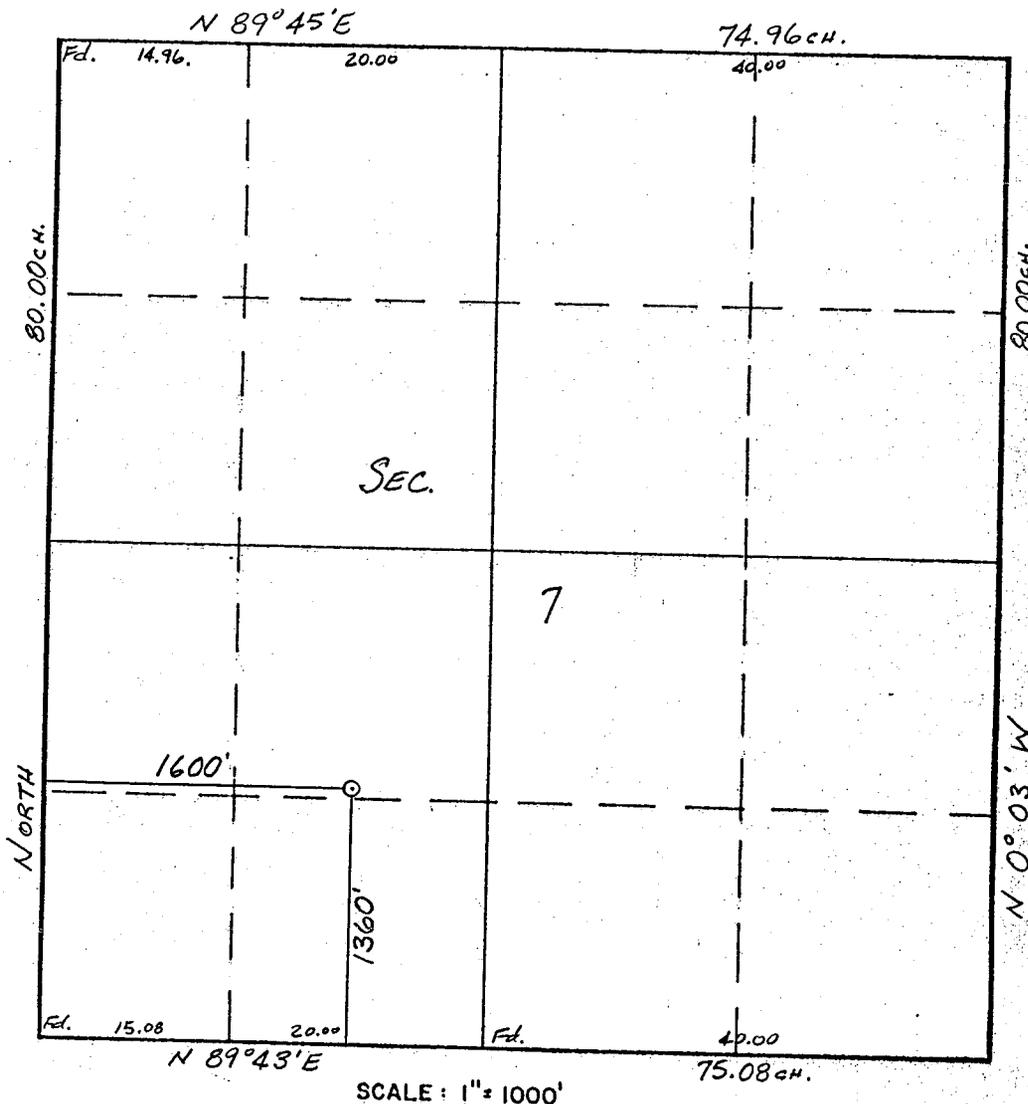
CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

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

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

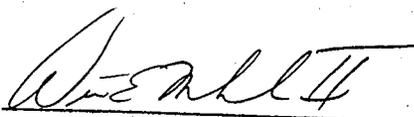
COMPANY YATES PETROLEUM CORPORATION
 LEASE SHANE FEDERAL WELL NO. 1
 SEC. 7, T. 37 S, R. 24 E
 COUNTY San Juan STATE Utah
 LOCATION 1360'FSL & 1600'FWL
 ELEVATION 5984



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

SEAL:




 WILLIAM E. MAHNKE II
 NEW MEXICO P.L.S. No 8486

SURVEYED MAR. 10, 1988

Yates Petroleum Corporation
Well No. Shane Federal 1
NESW Sec. 7, T. 37 S., R. 24 E., SLB&M
San Juan County, Utah
Lease U-39243

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.

Be advised that Yates Petroleum Corporation is considered to be the operator of the above well, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by Bond No. A-R-71373-49 (Principal - Yates Petroleum Corp.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

B. SURFACE USE PLAN

1. All persons in the area who are associated with the project will be informed by the holder/operator that they will be subject to prosecution for disturbing archaeological sites or paleontological sites, or collecting artifacts or fossils.

Any cultural and/or paleontological resource discovered by the holder/operator, or any person working on his behalf, on public or federal land shall be immediately reported to the authorized officer (BLM-San Juan Resource Area Office (801) 587-2141). The holder/operator shall immediately suspend all operations in the area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder/operator will be responsible for the cost of evaluation of the discovery and of any required mitigation measures. Any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder/operator and other affected parties.

NOTIFICATIONS

Notify the San Juan Resource Area, at (801) 587-2144 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.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

CALVIN BLACK
Chairman

WILLIAM D. HOWELL
Executive Director

P. O. Drawer A1 • Price, Utah 84501 • Telephone 637-5444

AREAWIDE CLEARINGHOUSE A-95 REVIEW

NOI ___ Preapp ___ App ___ State Plan ___ State Action X Subdivision ___ (ASP # 4-321-1)

Other (indicate) _____ SAI Number UT88-330-030

Applicant (Address, Phone Number):

Federal Funds:
Requested: _____

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

Title:

APPLICATION FOR PERMIT TO DRILL (Yates Petroleum Corp.)

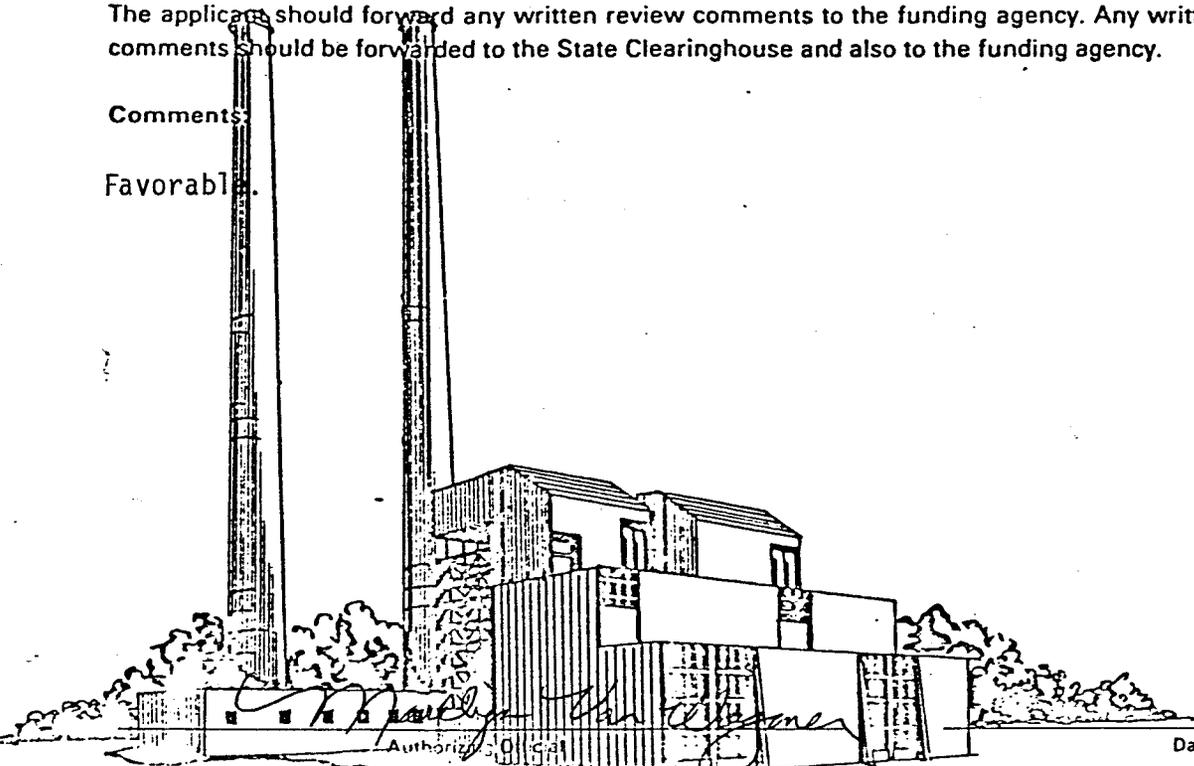
*Shane Fed. #1
Sec. 7, T37S, R24E
San Juan Co.*

- No comment
- See comments below
- No action taken because of insufficient information
- Please send your formal application to us for review. Your attendance is requested

The applicant should forward any written review comments to the funding agency. Any written response to those comments should be forwarded to the State Clearinghouse and also to the funding agency.

Comments:

Favorable: _____



4-28-88

Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions
verse side)

Form approved
Budget Bureau No. 1004-0-7
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

U-39243

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

N/A

8. LESSOR OR LEASE NAME

Shane Federal

9. WELL NO.

#1

10. FIELD AND POOL, OR WILDCAT

Wildcat

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

7-37s-24e SLBM

12. COUNTY OR PARISH

San Juan

13. STATE

Utah

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR

Yates Petroleum Corporation (505) 748-1411

3. ADDRESS OF OPERATOR

105 South 4th Street, Artesia, NM 88210

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

At surface

DIVISION OF
OIL, GAS & MINING

Surface: 1565' FSL @ 1835' FWL (NESW)

Bottom: Same

14. PERMIT NO.

43-037-31406

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

5,993' GR

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

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRACTURE TREAT

SHOOT OR ACIDIZE

REPAIR WELL

(Other)

PULL OR ALTER CASING

MULTIPLE COMPLETE

ABANDON*

CHANGE PLANS

Move location

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

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 measurements for the vertical depth for all barriers and zones pertinent to this work.)*

CONFIDENTIAL

TIGHT HOLE. PLEASE KEEP CONFIDENTIAL.

1. Federal lease is all of Sections 5-8, T. 37 S., R. 24 E., San Juan County, Utah.
2. Request exception to R6 15-3-2 because of geology (center stake is on a seis line). Exception is to Yates own quarter-quarter line, not to another nor to another lease.
 - a) Orthodox well could be drilled at 1980 FSL & 1980 FWL, but it would be a dry hole
 - b) Request permission to drill at 1565' FSL & 1835' FWL Sec. 7, T. 37 S., R. 24 E., SLBM, Utah.
 - c) There are no existing wells which offset the proposed exception. Eight potential wells could offset the proposed location. All would be on this same Yates lease.
 - d) Yates is the operator of all lands within a 1,565' radius.
 - e) Yates is the operator of all drilling units within a 1,565' radius.

Yates Petroleum Corporation has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by Yates Petroleum Corporation.

Location moved because of new geologic data. No other change in previously approved APD. Same downhole & surface use stipulations will apply.

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

SIGNED

Brian Wood

TITLE

Consultant

DATE 10-20-88

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

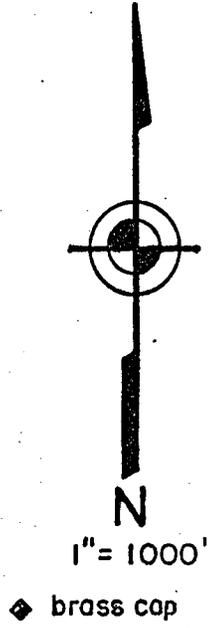
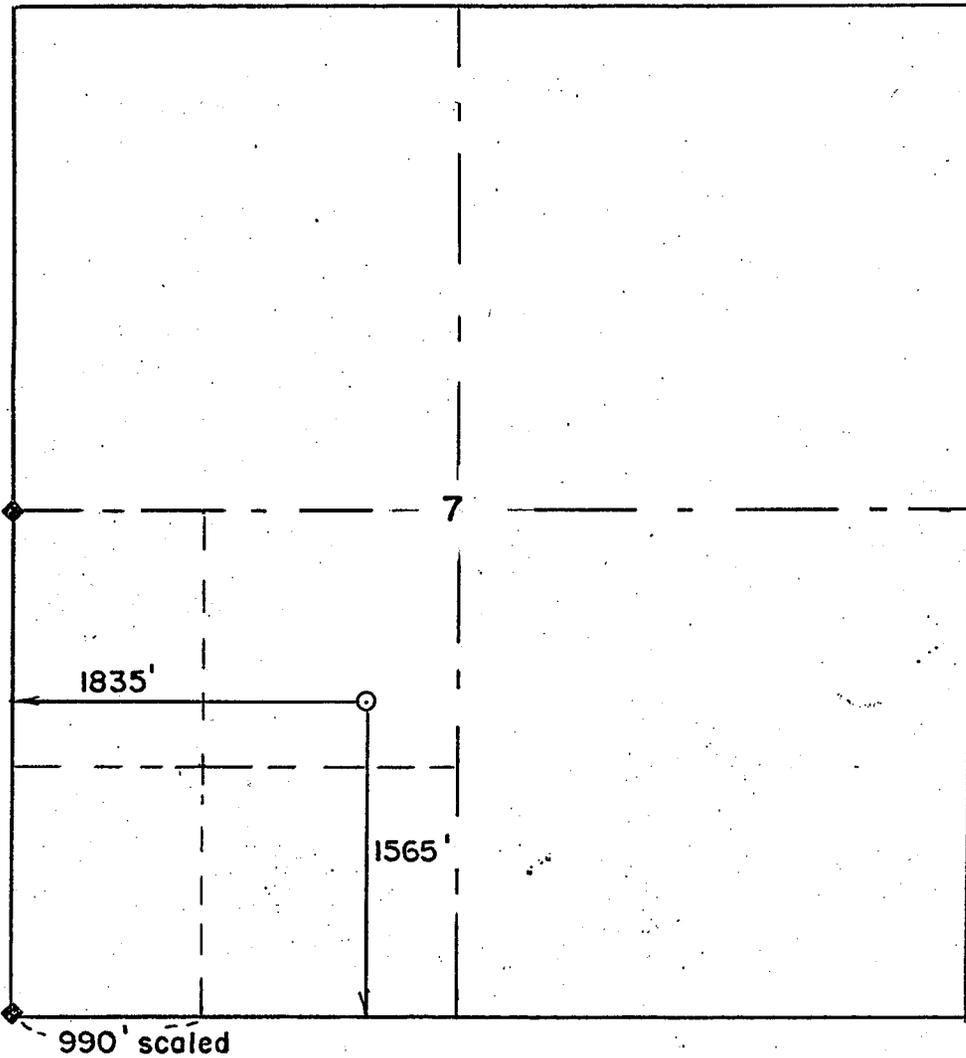
APPROVED BY THE STATE
cc: Bear camp, 100(3) SUR (100)(2)
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE

10-28-88

*See Instructions on Reverse Side

Well Location Plat



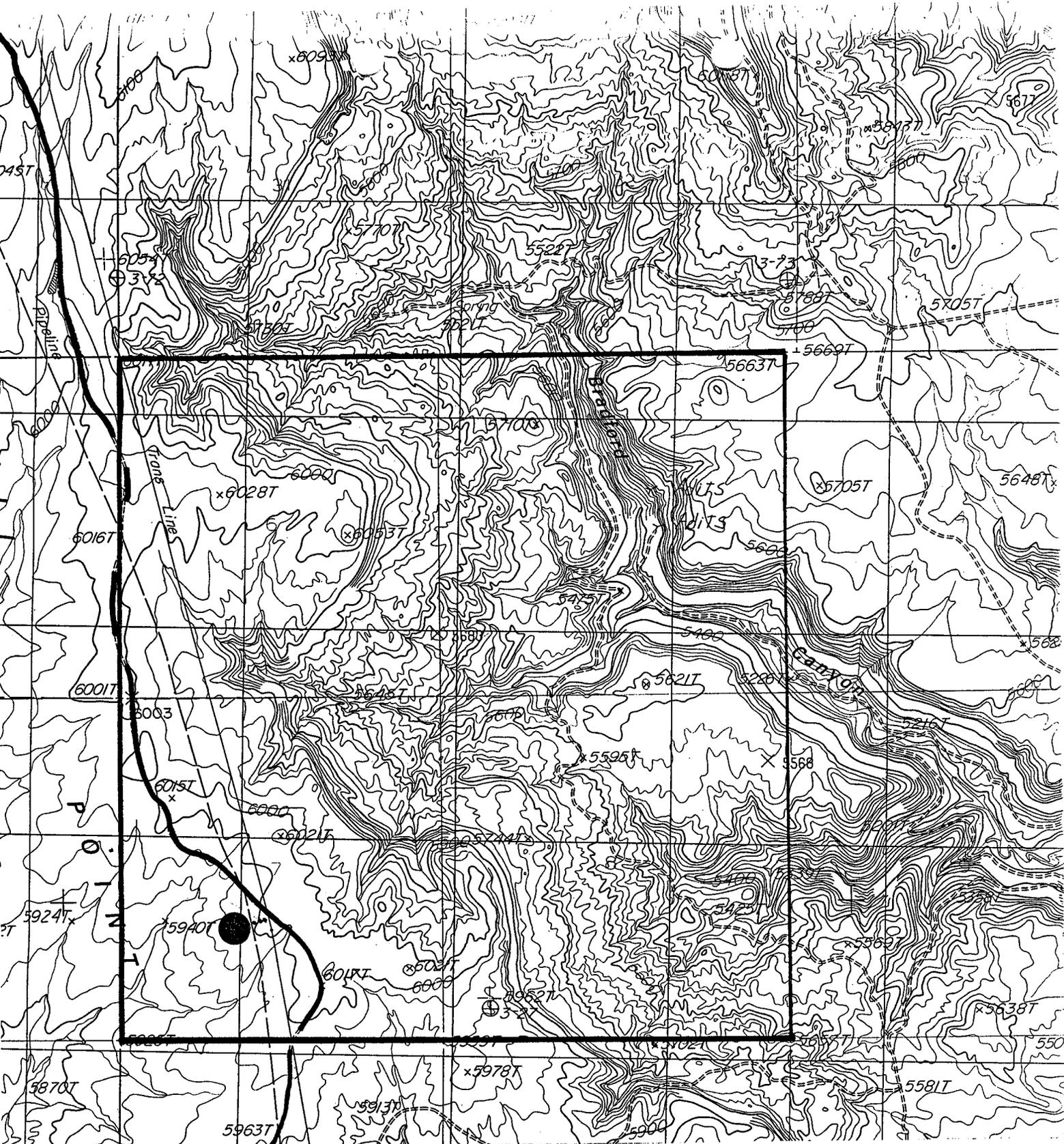
WELL LOCATION DESCRIPTION:
YATES PETROLEUM, Shane Federal # 1
1565'FSL & 1835'FWL
Section 7, T.37 S., R.24 E., SLM
San Juan County, Utah
5993' ground elevation
Reference: dry hole, 328'FSL & 2117'FWL, 5982' grd.

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

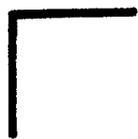
18 October 1988

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

CONFIDENTIAL



Shane Federal #1: ●

Lease U-39243: 

Existing Road: ~

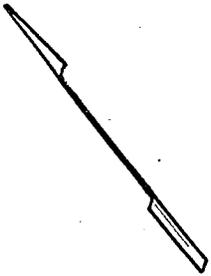
CONFIDENTIAL

New Road*: ...

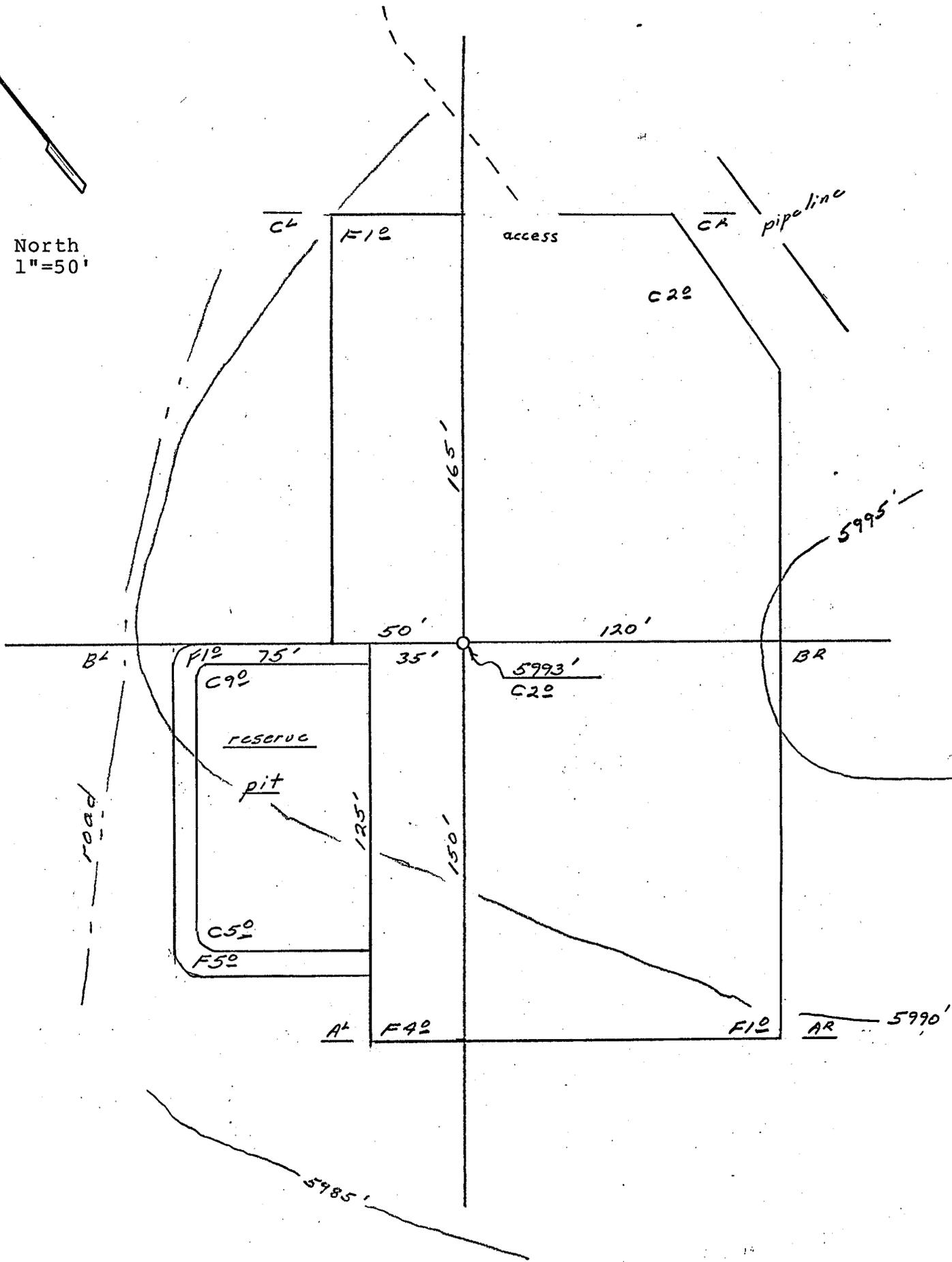
* Actually, reclaimed dry hole road.

Plan View Sketch

Shane Federal # 1



North
1"=50'

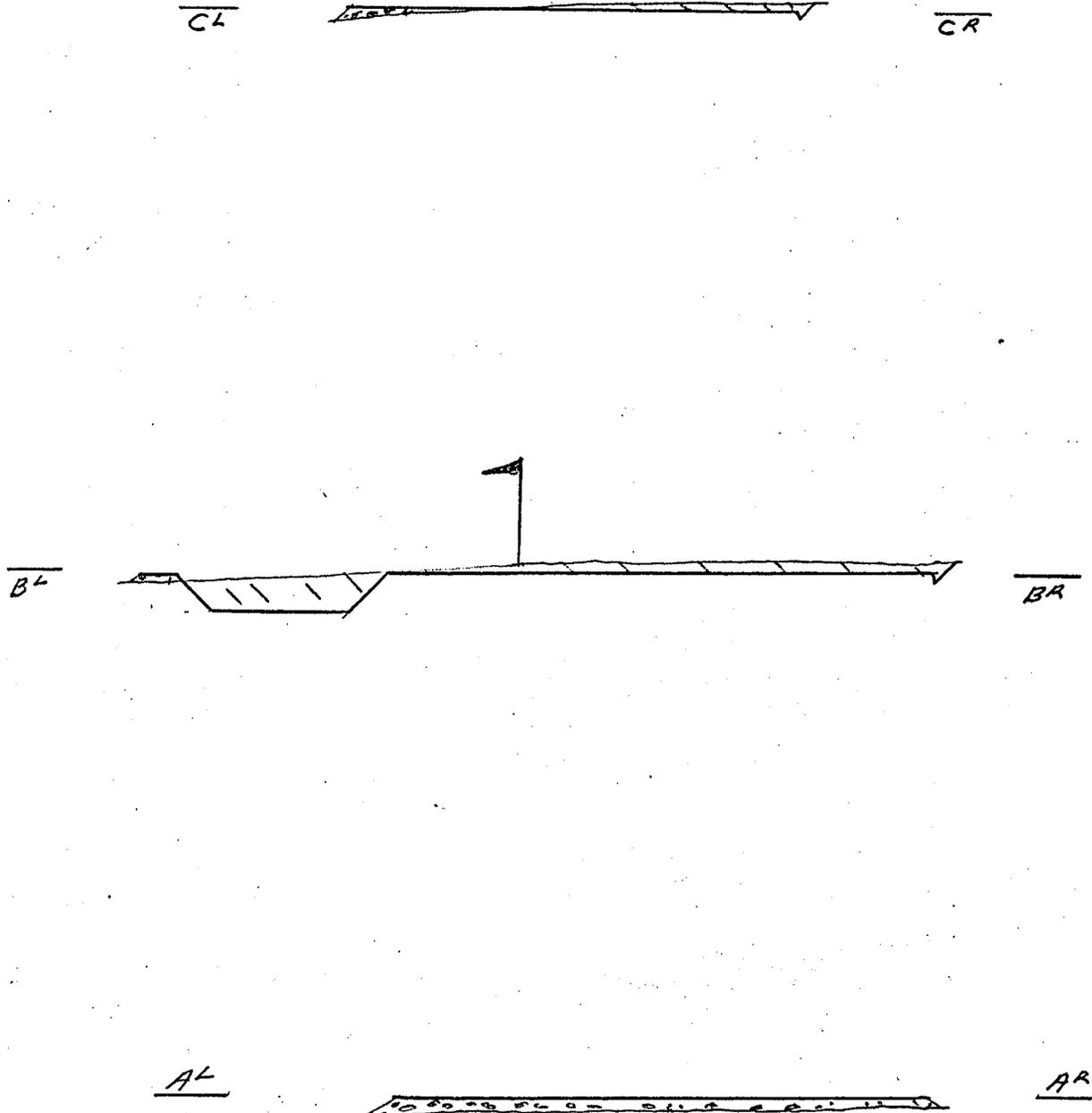


Cross Section

Shane Federal # 1

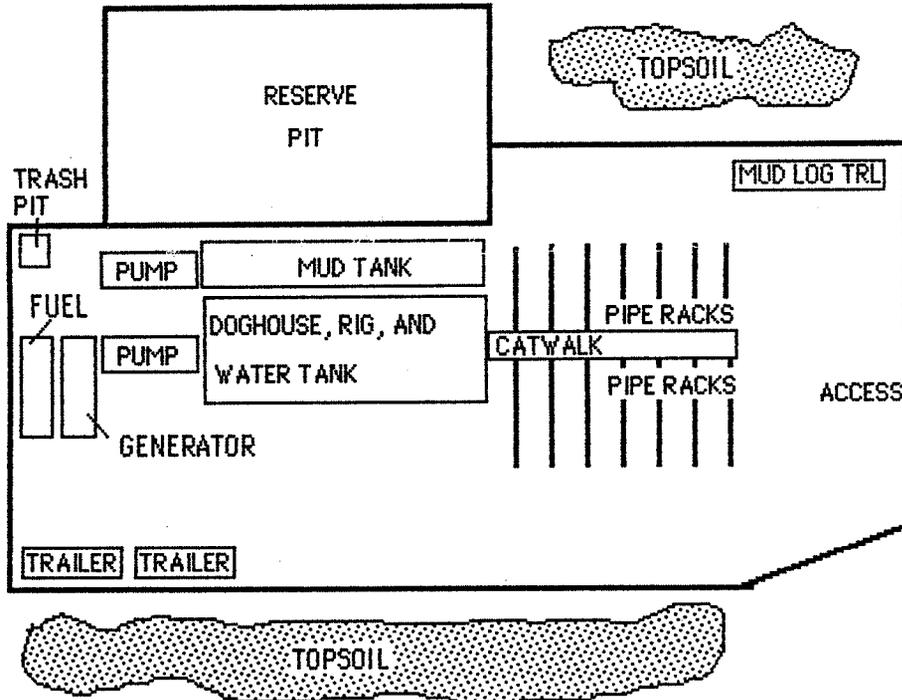
Cut *////*
Fill

1"=50' Horz. & Vert.



CONFIDENTIAL

YATES PETROLEUM CORPORATION
SHANE FEDERAL #1



Exercise caution at NE corner of pad.
Avoid Western gas pipeline &
Unocal crude oil pipeline.

CONFIDENTIAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

Budget Bureau No. 1004-0-1-3
Expires August 31, 1985
D. LEASE DESIGNATION AND SERIAL NO

U-39243

IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

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

RECEIVED
FEB 27 1989

1. OIL WELL GAS WELL OTHER

N/A
UNIT AGREEMENT NAME
N/A

2. NAME OF OPERATOR
Yates Petroleum Corporation (505) 748-1471

8. FARM OR LEASE NAME
Shane Federal

3. ADDRESS OF OPERATOR
105 South 4th Street, Artesia, NM 88210

9. WELL NO.
#1

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

10. FIELD AND POOL, OR WILDCAT
Wildcat

Surface: 1565' FSL & 1835' FWL (NESW) Bottom: Same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
7-37s-24e SLBM

14. PERMIT NO.
43-037-31406

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
5,993' ungraded ground

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"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
(Other) <input type="checkbox"/>	Extend APD approval <input checked="" type="checkbox"/>

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

Request that approvals for APD (dated 3-17-88) and subsequent Sundry Notice (dated 10-20-88, which slightly moved the location) be extended another 6 months beyond their expiration dates. No construction has occurred yet.

18. I hereby certify that the foregoing is true and correct
SIGNED *[Signature]*

TITLE **Consultant**

DATE **2-24-89**

APPROVED BY
CONDITIONS OF APPROVAL IF ANY:
APD approval extended to 10-14-89

TITLE _____ DATE _____
APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
3-1-89
BY *[Signature]*

*See Instructions on Reverse Side

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API NO. 43-037-31406

NAME OF COMPANY: YATES PETROLEUM CORPORATION

WELL NAME: SHANE FEDERAL #1

SECTION NESW 7 TOWNSHIP 37S RANGE 24E COUNTY SAN JUAN

DRILLING CONTRACTOR AZTEC

RIG # _____

SPUDDED: DATE 7/11/89

TIME 8:30 p.m.

How ROTARY

DRILLING WILL COMMENCE HAD TO PHONE COMPANY FOR REPORT

REPORTED BY LEE SHIPMAN

TELEPHONE # _____

DATE 7/13/89 SIGNED TAS

RECEIVED
JUL 17 1989

OPERATOR Yates Petroleum Corporation

OPERATOR CODE M-7400

ADDRESS 105 South 4th St.
Artesia, NM 88210

PHONE NO. 505, 748-1471

CONFIDENTIAL

DIVISION OF
OIL, GAS & MINING

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		
A	99999	10999	43-037-31406	Shane Federal #1	NESW	7	37E	24E	San Juan	7-11-89	7-11-89
COMMENTS: Federal-Lease Proposed Zone - Akah Field-wildcat (Has it's own tank battery, assign new entity 10999 on 7-20-89) Not in a Unit fcr											
COMMENTS:											
COMMENTS:											
COMMENTS:											
COMMENTS:											

- ACTION CODES:
- A - ESTABLISH NEW ENTITY FOR NEW WELL
 - B - ADD NEW WELL TO EXISTING ENTITY
 - 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)

Guante Dosillos
SIGNATURE

Production Supervisor 7-12-89

TITLE

DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPI
(Other instruction
verse side)

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO U-39243
2. NAME OF OPERATOR YATES PETROLEUM CORPORATION		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
3. ADDRESS OF OPERATOR 105 South 4th St., Artesia, NM 88210		7. UNIT AGREEMENT NAME N/A
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface SURFACE: 1565' FSL & 1835' FWL (NESW) BOTTOM: SAME		8. FARM OR LEASE NAME Shane Federal
14. PERMIT NO. #3-037-31406		9. WELL NO. 1
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 5993' Ungraded ground		10. FIELD AND POOL, OR WILDCAT Wildcat
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 7-T37S-R24E SLBM
		12. COUNTY OR PARISH San Juan
		13. STATE Utah

RECEIVED
(505) 748-1471
JUL 20 1989

DIVISION OF
OIL, GAS & MINING

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) Spud well; set surface casing <input checked="" type="checkbox"/>	

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

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

7-11-89. Spudded 17½" hole 8:30 PM 7-11-89. Ran 2 joints 13-3/8" casing set 72'. Cemented with 100 sacks Class "B" + 2% CaCl2. PD 12:45 AM 7-12-89. circulated 20 sacks. WOC. Drilled out 8:15 AM 7-12-89. WOC 8 hours and 15 minutes.

Notified Dale Manchester, BLM, Moab, Utah, of spud.

CONFIDENTIAL! TIGHT HOLE!

240 GMA

HJD

MICROFILM

FILE

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

SIGNER [Signature] TITLE Production Supervisor DATE 7-17-89

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See other instructions on reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

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

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

2. NAME OF OPERATOR
YATES PETROLEUM CORPORATION

(505) 748-1471

3. ADDRESS OF OPERATOR
105 South 4th St., Artesia, NM 88210

RECEIVED
AUG 03 1989

4. LOCATION OF WELL (Report location clearly and in accordance with State requirements)*
At surface 1565' FSL & 1835' FWL (NESW)

At top prod. interval reported below

At total depth

DIVISION OF
OIL, GAS & MINING

14. PERMIT NO. DATE ISSUED
API 43-037-31406

12. COUNTY OR PARISH
San Juan

13. STATE
Utah

15. DATE SPUNDED 7-11-89 16. DATE T.D. REACHED 7-26-89 17. DATE COMPL. (Ready to prod.) 7-31-89 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5993' GR 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 6482' 21. PLUG, BACK T.D., MD & TVD 6438' 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY → ROTARY TOOLS X CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6227-6240' Upper Ismay 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN CNL/LDT; DLL; Microlog 27. WAS WELL CORED No

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"	54.5#	72'	17 1/2"	100 SX	
8-5/8"	24#	2295'	12 1/4"	1150 SX	
4 1/2"	10.5#	6481'	7-7/8"	325 SX	

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2-3/8"	6127'	6127'

31. PERFORATION RECORD (Interval, size and number)	32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
	DEPTH INTERVAL (MD) AMOUNT AND KIND OF MATERIAL USED
6227-6240' w/14 - .50" Holes (1 SPF)	6227-40' w/2500g. 20% NEFE acid + N2.

33.* PRODUCTION							
DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)					WELL STATUS (Producing or shut-in)	
7-31-89	Flowing					SIWOPLC	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
7-31-89	18	24/64"	→	2	734	4 BLW	326333
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
275	PKR	→	3	979	5.4 BLW	-	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) Vented - Will be sold TEST WITNESSED BY Ralph Sloan

35. LIST OF ATTACHMENTS

Logs

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

SIGNED [Signature] TITLE Production Supervisor DATE 7-31-89

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

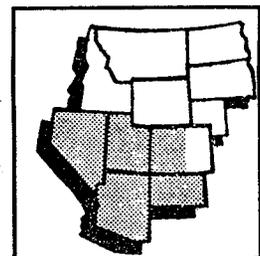
37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
				Entrada	1098	
				Navajo	1305	
				Chinle	2200	
				Shinarump	2882	
				Cutler	2986	
				Honaker Trail	4802	
				Paradox	5951	
				Upper Ismay	6112	
				Lwr Ismay	6289	
				Up. Desert Creek	6362	
				Akah	6459	

38. GEOLOGIC MARKERS



ROCKY MOUNTAIN



OIL AND GAS	
2-DEN	2- RJF
3-JRB	4- GLH
1-DT8/85	5- SLS
6-AWS	
7-VLC	
8-JLT	Library
MICROFILM	
FILE	

REGION REPORT

COPIES SENT TO	
BSP/LCR	
SJT/HAS	

RECEIVED
AUG 21 1989

FOUR CORNERS INTERMOUNTAIN EDITOR

Vol. 62, No. 158
8-16-89

DIVISION OF
OIL, GAS & MINING

Ismay Discovery Completed in Southern Paradox Basin

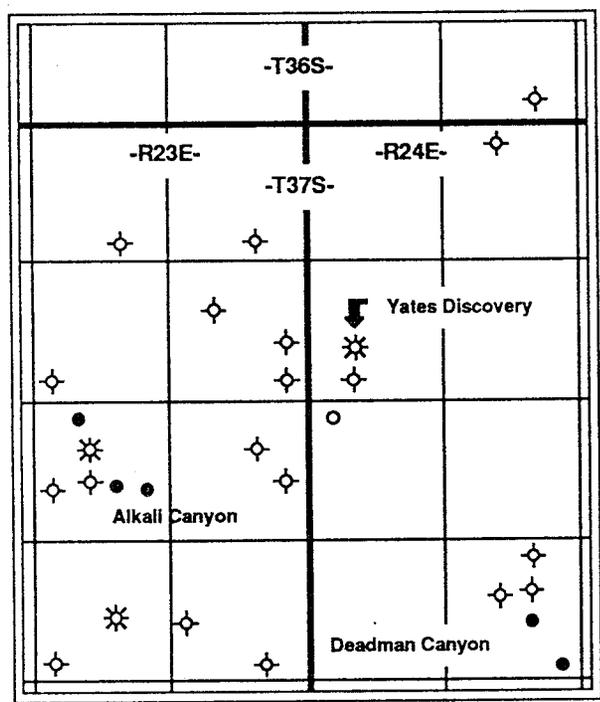
YATES PETROLEUM, Artesia, New Mexico, has completed a southern Paradox Basin discovery nearly nine miles east-southeast of Blanding in southeastern Utah flowing 979,000 cu ft of gas

Upper Ismay (Paradox) perforated at 6227-40 ft. Total depth is 6482 ft.

Yates drillstem tested Upper Ismay between 6192 and 6264 ft, recovering 155 ft of gas cut mud and 10 ft of mud in one hour, with 13.21 cu ft of gas in the sample chamber. Gas surfaced 32 minutes into the final flow period and flowed at a rate of 59,000 cu ft per day.

discovery, Yates has location staked for the 1 Mad Dog-Federal in nw nw 18-37s-24e, a proposed 6470-ft Akah test. No activity has been reported at that site.

The area is two miles northeast of Alkali Canyon field and two and a half miles northwest of Deadman Canyon field, both of which produce oil and gas from Ismay.



Remote Northwestern Wyoming Wildcat Set to Get Under Way

WESTERN PRODUCTION Co, Rapid City, South Dakota, is building location in preparation for drilling a proposed 4800-ft Tensleep test off the southeastern flank of the Big Horn Basin about 40 miles east of Thermopolis, Wyoming.

Western anticipates spudding the 42-2 Yellow Flats-Federal, se ne 2-43n-88w, southeastern Washakie County, sometime next week. A drilling contractor has not yet been selected.

The venture is 17 miles northeast of Black Mountain field, which produces from several Paleozoic zones, including Tensleep.

and three bbls of light gravity oil per day.

The 1 Shane-Federal, ne sw 7-37s-24e, southeastern San Juan County, is producing from an acidized interval in

top of Upper Ismay at 6130 ft from a kelly bushing elevation of 5997 ft, found no shows on a drillstem test in Ismay between 6221 and 6261 ft.

A half mile south-southwest of the

NEWSLETTER
DAILY ACTIVITY REPORT
WESTERN COLORADO
UTAH
NEW MEXICO
ARIZONA & NEVADA

SECTION I
SECTION II
SECTION III
SECTION IV
SECTION V
SECTION VI

Petroleum Information

DB a company of
The Dun & Bradstreet Corporation

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STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

RECEIVED
DEC 07 1989

LEASE DESIGNATION & SERIAL NO. U-39243	
6. IF INDIAN ALLOTTEE OR TRIBE NAME N/A	
1. UNIT AGREEMENT NAME N/A	
8. FARM OR LEASE NAME Shane Federal	
9. WELL NO. 1	
10. FIELD AND POOL, OR WILDCAT Wildcat	
11. SEC., T., R., M. OR BLK. AND SURVEY OR AREA Sec. 7-T37S-R24E SLBM	
14. API NO. 49-037-31406	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 5993' GR
12. COUNTY San Juan	13. STATE Utah

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	FULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) Show Operator of Well <input checked="" type="checkbox"/>	
(Other) _____		(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	
APPROX. DATE WORK WILL START _____		DATE OF COMPLETION _____	

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

* Must be accompanied by a cement verification report.

PER UNIT AGREEMENT THE SHANE FEDERAL #1 WELL PRODUCTION WILL BE REPORTED BY:

SAMEDAN OIL CORPORATION
1616 GLENARM PLACE
DENVER, COLORADO 80202
TELEPHONE NO. (303) 534-0677

OIL AND GAS	
DRN	DIF
JRB	GLH
<i>LDTS/DTS</i>	SLS
<i>D-TAG</i>	
MICROFILM	
FILE	

CONFIDENTIAL

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

SIGNED *[Signature]* TITLE Production Supvr. DATE 12-5-89

(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

SUBMIT IN TRIP
(Other instruction
verse side)

Expires August 31, 1985
6. LEASE DESIGNATION AND SERIAL NO.
U-39243
7. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS
(Do not use this form for proposals to drill or to deepen a well. For such proposals, use "APPLICATION FOR PERMIT TO DRILL" (Form 3160-1).)

RECEIVED
DEC 13 1989

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Samedan Oil Corporation

3. ADDRESS OF OPERATOR
1616 Glenarm Place, Suite 2550, Denver, CO 80202
DIVISION OF OIL, GAS & MINING

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface
1565' FSL & 1835' FEL (NESW)

5. ELEVATIONS (Show whether DF, RT, GR, etc.)
5993' GR

6. LEASE DESIGNATION AND SERIAL NO.
U-39243

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

8. FARM OR LEASE NAME
Shane Federal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., E., M., OR BLK. AND SURVEY OR ARMA
Sec. 7, T37S-R24E

12. COUNTY OR PARISH
San Juan

13. STATE
Utah

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <u>First Production</u> <input checked="" type="checkbox"/>	

(NOTE: Report results of multiple completion or 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.)

Production and sales began at 2:30 P.M. Friday September 22, 1989.
Notified Eric Jones, Moab BLM, Monday September 25, 1989.

OIL AND GAS	
DRN	RF
JRB	GLH
DTS	SLS
1-TAS	
MICROFILM	
FILE	

CONFIDENTIAL

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

SIGNED: Scott A. Steinke TITLE Petroleum Engineer DATE 9/25/89
Scott A. Steinke
(This space for Federal or State office use)

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

*See Instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on
reverse side)

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

RECEIVED
DEC 13 1989

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Samedan Oil Corporation

3. ADDRESS OF OPERATOR
1616 Glenarm Place, Suite 2550, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface
1565' FSL & 1835' FEL (NESW)

14. PERMIT NO.
43-037-31406

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
5993' GR

5. LEASE DESIGNATION AND SERIAL NO.
U-39243

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

7. UNIT AGREEMENT NAME
Pinto

8. FARM OR LEASE NAME
Shane Federal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., E., M., OR BLK. AND SURVEY OR AREA
Sec. 7, T37S-R24E

12. COUNTY OR PARISH
San Juan

13. STATE
Utah

CONFIDENTIAL

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

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

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

As per previous notice, Samedan has assumed operatorship of the Shane Federal #1 from Yates Petroleum Corporation. Find attached a proposed production equipment plat and site security plan. All surface equipment will be located a minimum of 100' from the wellhead.

CONFIDENTIAL

OIL AND GAS	
DRN	RJF
✓ JRB ✓	GLH
DTS	SLS
B-TAS	
MICROFILM	
FILE	

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

SIGNED Gary L. Brune TITLE Division Production Superintendent DATE 8/30/89

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

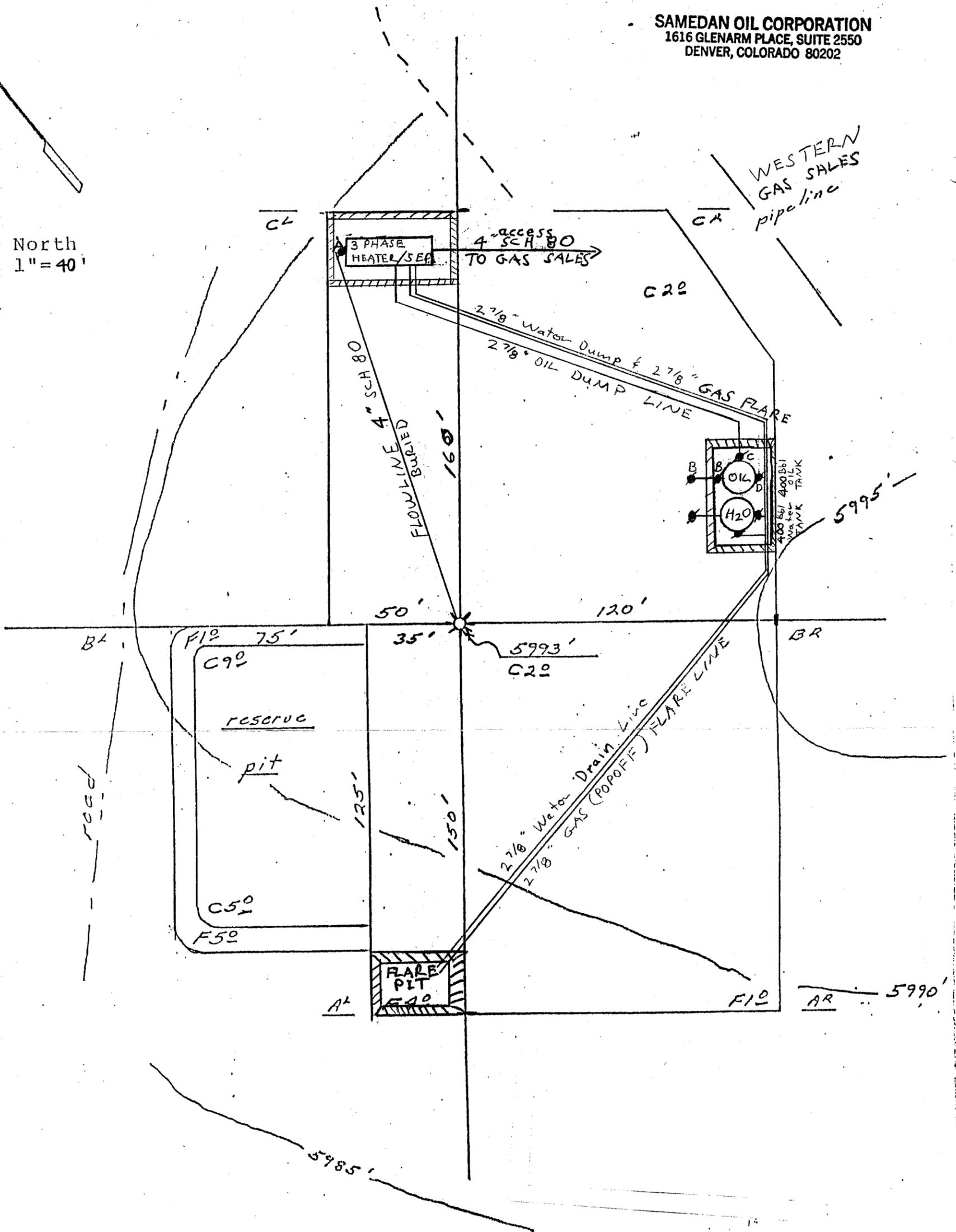
*See Instructions on Reverse Side

Plan View Sketch

Shane Federal # 1

SAMEDAN OIL CORPORATION
1616 GLENARM PLACE, SUITE 2550
DENVER, COLORADO 80202

North
1" = 40'



VALVE OPERATION

OIL SALES	VALVE OPERATION	PRODUCTION
Closed*	A	Open
Open	B	Closed
Closed	C	Open
Closed	D'	Closed

* Well shut in during oil sales.

1 Valve "D" open only to drain free water when necessary, but only when well is shut in.

All valves lockable.

All lines buried.

FLARE PIT will be fenced.

36	31	32	33	34	35	36	31	
1	6	5	4	3	2		6	
12	X	8	9	10	11	12	7	
13	13	17	16	15	14	13	18	
24	19	20	21	22	23	24	19	
25	30	29	28	27	26	25	30	
36	31	32	33	34	35	36	31	
1	6	5	4	3	2	1	6	

T. 37S

R. 24E

TOWNSHIP 37 SOUTH, RANGE 24 EAST - SAN JUAN COUNTY

SECTION 7: NE/4 SW/4 - 481

Samuelan Share #1 13-037-31400

APRIL 1990
ISMAY POOL

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

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen a well. Use "APPLICATION FOR PERMIT" for that purpose.)

RECEIVED
DEC 13 1989

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Samedan Oil Corporation

3. ADDRESS OF OPERATOR
1616 Glenarm Place, Suite 2550, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.)
At surface
1565' FSL & 1835' FEL (NESW)

14. PERMIT NO. 43-037-31406

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
5993' GR

5. LEASE DESIGNATION AND SERIAL NO.
U-39243

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

7. UNIT AGREEMENT NAME
Pinto

8. FARM OR LEASE NAME
Shane Federal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA
Sec. 7, T37S-R24E

12. COUNTY OR PARISH
San Juan

13. STATE
Utah

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	FULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <u>Operator of Record</u> <input checked="" type="checkbox"/>	

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

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

The Shane Federal #1 was drilled and completed 8/1/89 by Yates Petroleum Corporation. Effective 9/1/89, Samedan Oil Corporation became operator. The operator's address:

Samedan Oil Corporation
1616 Glenarm Place
Suite 2550
Denver, CO 80202
Attn: Gary Brune
303-534-0677

OIL AND GAS	
DRN	RJF
JRB	GLH
DTS	SLS
D-TAS	
MICROFILM	
FILE	

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

SIGNED Scott A. Steinke TITLE Petroleum Engineer DATE 12/11/89
Scott Steinke

(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

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

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
UTU-39243 XINT

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Shane Federal #1

9. API Well No.
43-037-31406

10. Field and Pool, or Exploratory Area
Wildcat

11. County or Parish, State
San Juan

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Integrity Financial

3. Address and Telephone No.
P.O. Box 1622, Roosevelt, UT 84066

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**1565' FSL & 1835' FEL (NESW)
Section 7-T37S, R24E SLBM**

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

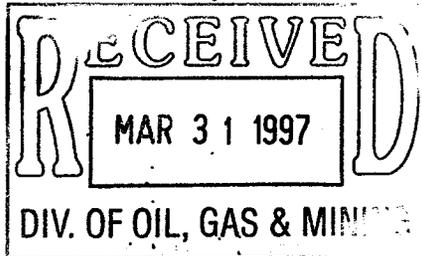
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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

Please be advised that effective July 1, 1996, INTEGRITY FINANCIAL will be Operator of the Shane Federal #1; NESW of Section 7, T37S, R24E; San Juan County, Utah; and is responsible for the operations conducted in the subject well.

INTEGRITY FINANCIAL IS RESPONSIBLE UNDER THE TERMS AND CONDITIONS OF THE LEASE FOR OPERATIONS ON THE LEASE LANDS OR PORTIONS THEREOF

BOND COVERAGE FOR THIS WELL IS PROVIDED BY BLM BOND NO 9009293. FORMER OPERATOR WAS SAMEDAN OIL CORPORATION.



I hereby certify that the foregoing is true and correct

Signed: [Signature] Title: Agent Assistant Field Manager Date: 9/15/96

(This space for Federal or State office use)

Approved by: [Signature] Title: Resource Management Date: 10/10/96

Conditions of approval, if any: CONDITIONS OF APPROVAL ATTACHED

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

*See Instruction on Reverse Side

Samedan Oil Corporation

1050 17th Street, Suite 1100
Denver, Colorado 80265

FAX

Date: 4-2-97

Number of pages including cover sheet: 4

To: Lisha Cordova

Phone: _____

Fax phone: 801-359-3940

CC: _____

From: **PAULA RAUCHFUSS**

Phone: 303-534-1533

Fax phone: 303-534-1103

REMARKS: Urgent For your review Reply ASAP Please comment

Re: Shane Federal #1
San Juan Co., Utah

Pursuant to our telephone conversation
Monday (3/31). Let me know if you require
anything further.

Form 3000-3a
(October 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1995

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Lease Serial No.

U-39243

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Type or print plainly in ink and sign in ink.

PART A: TRANSFER

1. Transferee (Sublessee)*
Street
City, State, ZIP Code

Dolar Oil Properties, L.C.
935 East South Union Avenue, Suite D-202
Salt Lake City, Utah 84047

*If more than one transferee, check here and list the name(s) and address(es) of all additional transferees on the reverse of this form or on a separate attached sheet of paper.

This transfer is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Operating Rights (sublease) Overriding Royalty, payment out of production or other similar interests or payments

96 JUL 19 AM 9:38
RECEIVED
ACQUISITION UNIT
BUREAU OF LAND MANAGEMENT
DEPARTMENT OF THE INTERIOR

2. This transfer (sublease) conveys the following interest:

Land Description	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
Township 37 South, Range 24 East, SLM Section 5: All Section 6: Lots 1-6, S1/4NE1/4, SE1/4NW1/4, NE1/4SW1/4, NW1/4SE1/4 & E1/4SE1/4 Section 8: E1/4, E1/4NW1/4, NW1/4NW1/4 From the surface to 6,012 feet	32.50%	32.50%	-0-	-0-	As of record
Township 37 South, Range 24 East, SLM Section 7: Lots 1-4, E1/4NW1/4, SW1/4NE1/4, W1/4SE1/4, SE1/4SE1/4, SE1/4SW1/4 From the surface to 6,012 feet	8.60%	8.60%	-0-	-0-	As of record
Township 37 South, Range 24 East, SLM Section 7: NE1/4SW1/4 From the surface to 6,012 feet	10.00%	10.00%	-0-	-0-	As of record
Township 37 South, Range 24 East, SLM Section 7: N1/4NE1/4, SE1/4NE1/4, NE1/4SE1/4 From the surface to 6,012 feet	21.5%	21.5%	-0-	-0-	As of record

*IT IS THE INTENT OF ASSIGNOR TO CONVEY TO ASSIGNEE ALL RIGHT, TITLE & INTEREST OWNED BY ASSIGNOR.

*See reverse side

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

THE UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

AUG 7 1996

Transfer approved effective _____

By [Signature]
(Authorized Officer)

Chief, Branch of Mineral Leasing Adjudication
(Title) JUL 19 1996 (Date)

Subject to that certain Purchase & Sale Agreement by and between Assignor and Assignee dated 6/4/96.

	Percent of Interest				Percent of
	Owned	Conveyed	Retained	Reserved	Overriding Royalty
Township 37 South, Range 24 East, SLM Section 6: Lot 7, SE1SW1, SW1SE1 Section 8: SW1NW1, SW1 Surface to 6,012 feet	16.25%	16.25%	-0-	-0-	As of Record

STATE OF OKLAHOMA)
COUNTY OF CARTER)

1st BEFORE ME, the undersigned, a Notary Public, in and for said State on this day of July, 1996 personally appeared James C. Woodson, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as Vice-President of SAMEDAN OIL CORPORATION, a corporation, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such Corporation, for the uses and purposes therein set forth.

GIVEN UNDER MY HAND AND SEAL OF OFFICE the day, month and year last above written.

Lou R. Jones
Notary Public

My Commission Expires:

April 21, 1999

Executed this 1st day of July, 1996

Name of Transferor Samedan Oil Corporation

James C. Woodson, Vice-President

ATTEST:

Orville Walraven, Secretary
1050 - 17th Street, Suite 1100

Denver, Colorado 80265
(City) (State) (Zip Code)

Executed this 12th day of July, 1996

DOLAR OIL PROPERTIES, L.C.

Mark S. Dejar, (Signature) Managing Member
or of Dolar Oil Properties, L.C.
(Signature)

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-77), 18 and C Streets, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0034), Washington, D.C. 20503.

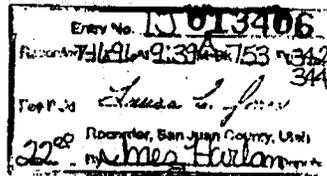
Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

RECORDED, SAN JUAN CO., UTAH

22-60

1996 JUL 16 AM 9:39 ASSIGNMENT AND BILL OF SALE

STATE OF UTAH)
) ss.
COUNTY OF SAN JUAN)



KNOW ALL MEN BY THESE PRESENTS:

THIS ASSIGNMENT AND BILL OF SALE is made and entered into by and between SAMEDAN OIL CORPORATION, 1050 - 17th Street, Suite 1100, Denver, Colorado 80265, hereinafter referred to as "Assignor" and Dolar Oil Properties, 935 East South Union Avenue, Suite D-202, Salt Lake City, Utah 84047, hereinafter referred to as "Assignee".

WHEREAS, ASSIGNOR owns an interest in and to the oil and gas leases covering lands in San Juan County, Utah identified in Exhibit "A" attached hereto and made a part hereof for all purposes, together with an interest in the oil and/or gas well located on the lands covered by said lease; and

WHEREAS, ASSIGNEE has agreed to purchase and ASSIGNOR has agreed to sell all of his interest in said lands, lease, well and the equipment located thereon, with certain limitations as hereinafter more fully set out;

NOW THEREFORE, ASSIGNOR, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) to it paid by ASSIGNEE, and other good and valuable considerations, the receipt and adequacy and sufficiency of which are hereby acknowledged, does hereby sell, assign and convey unto ASSIGNEE all of its right, title and interest in and to the oil and gas leases described in said Exhibit "A", INSOPAR ONLY as said leases cover the lands specifically described in said Exhibit "A", together with all of its right, title and interest in and to any and all oil and/or gas wells located on said lands or lands pooled therewith, as well as all salt water disposal systems, permits, easements, licenses, servitudes, well equipments, tank batteries, flow lines, gas gathering lines, inventory, machinery, equipment and supplies, and all related fixtures and personal property now located on or about and used or usable in connection with production of oil or gas from said properties;

PROVIDED, however, that in the event some or all of said instruments or agreements have expired, terminated or been canceled, or for any other reason whatsoever have ceased to be of any further effect as of this date, it is not intended by this reference herein to validate or re-effectuate said instruments and agreements.

THIS ASSIGNMENT AND BILL OF SALE is subject to the terms and provisions of that certain Purchase and Sale Agreement with an effective date of June 1, 1996, by and between ASSIGNOR and ASSIGNEE.

THIS ASSIGNMENT AND BILL OF SALE is made by Assignor and accepted by Assignee without representations, covenants or warranties as to title or quantum of interest conveyed, either expressed or implied, Assignee having made their own independent examination and found same to be satisfactory. Furthermore, this Assignment and Bill of Sale is executed without any express or implied warranty or representation as to the MERCHANTABILITY of any of the equipment or its fitness for any purpose, and without any other express or implied warranty or representation whatsoever. It is understood and agreed that Assignee have inspected the property and premises and satisfied itself as to their physical and environmental condition, both surface and subsurface, and that Assignee shall accept all of the same in their "as is, where is" condition. In addition, Assignor makes no warranty or representation, express or implied, as to the accuracy or completeness of any data, information or materials heretofore or hereafter furnished Assignee in connection with the subject interests, or as to the quality or quantity of hydrocarbon reserves (if any) attributable to the subject interests or the ability of the interests to produce hydrocarbons. Any and all such data, information and other materials furnished by Assignor are provided to Assignee as a convenience and any reliance on or use of the same shall be at Assignee's sole risk.

THIS ASSIGNMENT AND BILL OF SALE shall be binding upon and inure to the benefit of the heirs, successors, personal representatives and assigns of the respective parties hereto.

DOLAR OIL PROPERTIES

935 East South Union Avenue, Suite D-202
Salt Lake City UT 84047

xcl

342

EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale by and between Samedan Oil Corporation as "Seller", and Dolar Oil Properties as "Buyer", effective June 1, 1996.

OIL & GAS LEASES

S.L.M.

SOC LEASE NUMBER : 18-01-090
 LESSOR : U-39243
 LESSEE : Gini S. Jones
 LEASE DATE : February 1, 1978
 RECORDED : not recorded
 DESCRIPTION : Township 37 South, Range 24 East,
 Section 5: All
 Section 6: All
 Section 7: All
 Section 8: All
 Surface to 6,012'

S.L.M.

SOC LEASE NUMBER : 18-01-103
 LESSOR : U-64058
 LESSEE : Samedan Oil Corporation
 LEASE DATE : June 1, 1988
 RECORDED : not recorded
 DESCRIPTION : Township 36 South, Range 24 East,
 Section 29: All
 Section 30: All
 Section 31: All

WELL NAME

<u>WELL NAME</u>	<u>WORKING INTEREST</u>	<u>NET REVENUE INTEREST</u>
Shane Federal #1 T37S-R24E Sec. 7: NE/4E/4	25.0000%	21.71000%
Bronco Federal #14-31 T36S-R24E Sec. 31: SW/4SW/4	N/A	.78520%

All lands and wells are located in San Juan County, Utah.

END OF EXHIBIT "A"

OPERATOR CHANGE WORKSHEET

1- MAC	6- LEC
2- GLH	7- KDR
3- DPS <i>OTS</i>	8- ...
4- VID	9- ...
ASRHF 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: 7-1-96

<p>TO: (new operator) (address) <u>INTEGRITY FINANCIAL</u> <u>PO BOX 1622</u> <u>ROOSEVELT UT 84066</u> <u>C/O PETROCO INC</u> Phone: <u>(801) 722-3000</u> Account no. <u>N7155(A)</u></p>	<p>FROM: (old operator) (address) <u>SAMEDAN OIL CORPORATION</u> <u>1050 17TH ST STE 1100</u> <u>DENVER CO 80265</u> <u>GARY BRUNE</u> Phone: <u>(303) 534-1533</u> Account no. <u>N0185</u></p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

WELL(S) attach additional page if needed:

Name: <u>SHANE FEDERAL 1/ISMY</u>	API: <u>43-037-31406</u>	Entity: <u>10999</u>	<u>7</u>	<u>37S</u>	<u>24E</u>	<u>U39243</u>
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____

OPERATOR CHANGE DOCUMENTATION

- Yec 1. (r649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator (attach to this form). *(Req. 3-31-97) (Rec'd 4-2-97)*
- Yec 2. (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). *(Rec'd 3-31-97)*
- N/A 3. The **Department of Commerce** has been contacted if the new operator above is not currently operating any wells in Utah. Is the company registered with the state? (yes/no) ____ If yes, show company file number: _____
- Yec 4. **FOR INDIAN AND FEDERAL WELLS ONLY.** The BLM has been contacted regarding this change. Make note of BLM status in comments section of this form. BLM approval of **Federal** and **Indian** well operator changes should ordinarily take place prior to the division's approval, and before the completion of steps 5 through 9 below.
- Yec 5. Changes have been entered in the **Oil and Gas Information System** (3270) for each well listed above. *(4-16-97)*
- Yec 6. **Cardex** file has been updated for each well listed above. *(4-17-97)*
- Yec 7. **Well file labels** have been updated for each well listed above. *(4-17-97)*
- Yec 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to Trust Lands, Sovereign Lands, UGS, Tax Commission, etc. *(4-16-97)*
- Yec 9. A folder has been set up for the **Operator Change file**, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

- Yes 1. (r649-8-7) **Entity assignments have been reviewed** for all wells listed above. Were entity changes made? (yes/no) ____ If entity assignments were changed, attach copies of Form 6, Entity Action Form.
- NA 2. Trust Lands, Sovereign Lands, Tax Commission, etc., have been **notified** through normal procedures of entity changes.

BOND VERIFICATION - (FEE WELLS ONLY)

- NA/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

- NA 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 4/12/97
- NA 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

1. All attachments to this form have been **microfilmed**. Today's date: 5/12/97.

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

970331 Blm/Aprv. 10-10-96 eff. 7-1-96. "Samedan to Integrity". Transfer of operating rights aprv. by Blm 7-19-96 from Samedan to Dolan Oil Properties, L.C. (see attached) not an operator change at that time.

DOLAR OIL PROPERTIES LC

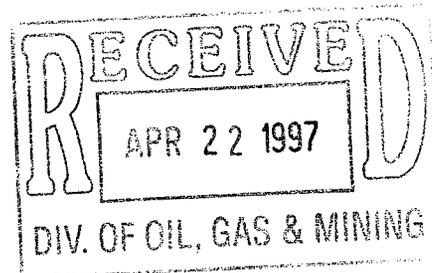


Phone: (801) 561-3121
Fax: (801) 561-3133

935 East South Union Avenue
Suite D-202
Salt Lake City, Utah 84047

April 21, 1997

Ms. Lisha Cordova
Utah Oil & Gas Commission
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801



RE: Change of ownership
Shane Federal #1 Well
Lease Serial Number U-39243
San Juan County, Utah

Dear Ms. Cordova:

Enclosed please find a photocopy of Transfer of Operating Rights (Sublease) in a Lease for Oil and Gas or Geothermal Resources from Dolar Oil Properties to Petral Exploration, LLC dated July 12, 1996. Let it be known that Dolar Oil Properties is no longer the operator for U-39243. We are requesting that all future correspondence be conducted with:
Petral Exploration, LLC.
P.O. Box 5083
Denver, Colorado, 80202.

We appreciate your time and attention to this matter.

Sincerely yours,

DOLAR OIL PROPERTIES, L.C.

Christa Kelson
Christa Kelson

A:CK\ShaneOwnership

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1995

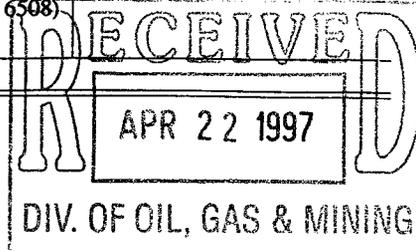
**TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.

U-39243

Type or print plainly in ink and sign in ink.



PART A: TRANSFER

1. Transferee (Sublessee)* Petral Exploration LLC
Street P.O. Box 5083
City, State, ZIP Code Denver, Colorado 80202

*If more than one transferee, check here and list the name(s) and address(es) of all additional transferees on the reverse of this form or on a separate attached sheet of paper.

This transfer is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Operating Rights (sublease) Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest:

Land Description Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
Township 37 South, Range 24 East, SLM Section 5: All Section 6: Lots 1-6, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 8: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ From the surface to 6,012 feet	32.50%	32.50%	-0-	-0-	As of recor
Township 37 South, Range 24 East, SLM Section 7: Lots 1-4, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ From the surface to 6,012 feet	8.60%	8.60%	-0-	-0-	As of recor
Township 37 South, Range 24 East, SLM Section 7: NE $\frac{1}{4}$ SW $\frac{1}{4}$ From the surface to 6,012 feet	10.00%	10.00%	-0-	-0-	As of recor

* See reverse side

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

THE UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

Transfer approved effective _____

By _____
(Authorized Officer)

(Title)

(Date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
DEC 01 1997

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

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

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

5. Lease Designation and Serial No.
N-39243

6. If Indian, Allottee or Tribe Name
NA

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation
NA

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Shane Federal #1

2. Name of Operator
Petral Exploration, LLC

9. API Well No.
43-037-31406

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
2305 Oxford Lane, Casper, WY 82640 (307) 265-4351

10. Field and Pool, or Exploratory Area
481 Alkali Point

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
NE SW Sec. 7-T37S-R24E

11. County or Parish, State
San Juan Co., UT

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input 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 form.)

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

Petral Exploration, LLC will become Operator of the Shane Federal #1 effective Bond coverage for this well will be Statewide Oil & Gas Bond No. UT 1040 (Copy attached).

RECEIVED
DEC 12 PM 1:21
BUREAU OF LAND MANAGEMENT

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

Signed

Anthony R. Meyer

PETRAL EXPLORATION LLC, Petraro Corporation, Manager

Title Assistant Field Manager

Date 10-23-97

(This space for Federal or State office use)

Approved by

[Signature]

Title

Resource Management

Date

11/25/97

Conditions of approval, if any:

CONDITIONS OF APPROVAL ATTACHED



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
324 South State, Suite 301
Salt Lake City, Utah 84111-2303

RECEIVED

NOV 10 1995

IN REPLY REFER TO
3104
(UT-923)

NOV 7 1995

DECISION

Obligor	:		:	
Petral Exploration LLC	:	Bond Amount:	:	\$25,000
P.O. Box 5083	:		:	
Denver, CO 80217-5083	:	Bond Type:	:	Statewide
	:		:	Oil and Gas
Financial Institution:	:		:	
Norwest Bank Colorado, N.A.	:	BLM Bond Number:	:	UT 1040
1740 Broadway	:		:	
Denver, CO 80274	:		:	

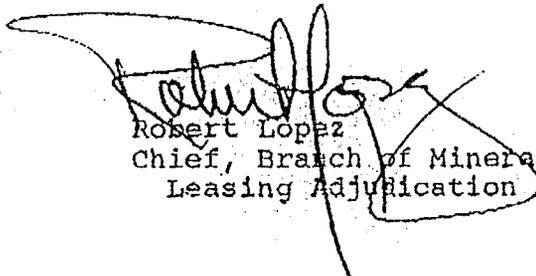
Statewide Oil and Gas Personal Bond and Certificate of Deposit Accepted

On November 6, 1995, this office received Bond Form 3000-4 together with Investment Deposit Agreement (Book Entry) No. 101741006 evidencing the purchase of a \$25,000 Certificate of Deposit (CD) in the amount of \$25,000 to secure a statewide oil and gas bond for the above obligor. Both documents have been examined and are accepted effective November 6, 1995.

The CD will be retained by the Bureau of Land Management (BLM) and will automatically renew annually until all terms and conditions of the leases have been fulfilled or until a satisfactory replacement bond has been accepted by the BLM.

The bond will be maintained by this office. The bond constitutes coverage of all operations conducted by or on behalf of the obligor on Federal leases in the State of Utah. The bond provides coverage of the obligor where that obligor has interest in, and/or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Please note that Federal leases do not include Indian leases.

If you have any questions, please contact Irene Anderson of this office at (801) 539-4108.


Robert Lopez
Chief, Branch of Mineral
Leasing Adjudication

cc: All Districts

OPERATOR CHANGE WORKSHEET

Routing	
1-REC ✓	6-REC ✓
2-GLH ✓	7-KAS ✓
3-DTS ✓	8-SI ✓
4-VLD ✓	9-FILE ✓
5-IRB ✓	

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: 11-25-97 (BLM APRV DATE)

TO: (new operator)	<u>PETRAL EXPLORATION LLC</u>	FROM: (old operator)	<u>INTEGRITY FINANCIAL</u>
(address)	<u>C/O MCILNAY & ASSOC. INC.</u>	(address)	<u>C/O PETROCO INC</u>
	<u>2305 OXFORD LANE</u>		<u>PO BOX 1622</u>
	<u>CASPER WY 82640</u>		<u>ROOSEVELT UT 84066</u>
	Phone: <u>(307)265-4351</u>		Phone: <u>(801)722-3000</u>
	Account no. <u>N7700(A) 12-2-97</u>		Account no. <u>N7155(A)</u>

WELL(S) attach additional page if needed:

Name:	<u>SHANE FEDERAL 1/ISMY</u>	API:	<u>43-037-31406</u>	Entity:	<u>10999</u>	S	<u>7</u>	T	<u>37S</u>	R	<u>24E</u>	Lease:	<u>U39243</u>
Name:	_____	API:	_____	Entity:	_____	S	_____	T	_____	R	_____	Lease:	_____
Name:	_____	API:	_____	Entity:	_____	S	_____	T	_____	R	_____	Lease:	_____
Name:	_____	API:	_____	Entity:	_____	S	_____	T	_____	R	_____	Lease:	_____
Name:	_____	API:	_____	Entity:	_____	S	_____	T	_____	R	_____	Lease:	_____
Name:	_____	API:	_____	Entity:	_____	S	_____	T	_____	R	_____	Lease:	_____

OPERATOR CHANGE DOCUMENTATION

1. (r649-8-10) Sundry or other legal documentation has been received from the FORMER operator (attach to this form). *(Rec'd 4-22-97 "Transfer of Operating Rights" Only)*
2. (r649-8-10) Sundry or other legal documentation has been received from the NEW operator (Attach to this form). *(Rec'd 11-12-97)*
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: _____
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. *(12-2-97)*
6. Cardex file has been updated for each well listed above. *(12-2-97)*
7. Well file labels have been updated for each well listed above. *(12-2-97)*
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. *(12-2-97)*
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

- lec 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 lec 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.
- N/A ^{DS} _{12/5/97} 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

- ✓ 1. All attachments to this form have been microfilmed. Today's date: 1.5.98.

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

971202 Bm/maeb Aprv. 11-25-97.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial Number:
UTU-39243

6. If Indian, Allocated or Tribe Name:

7. Unit Agreement Name:
N/A

8. Well Name and Number:
Shane Federal #1

9. API Well Number:
43-037-31406

10. Field and Pool, or Wildcat:
481 Alkali Point

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:
ROBERT L. BAYLESS, PRODUCER LLC

3. Address and Telephone Number:
PO BOX 168, FARMINGTON, NM 87499 (505) 326-2659

4. Location of Well
Footages: 1565' FSL & 1835' FEL (NESW)
DQ, Sec., T., R., M.: T37S-R24E Sec 7 NE/4SW/4

County: San Juan
State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

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

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

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

Date of work completion _____

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

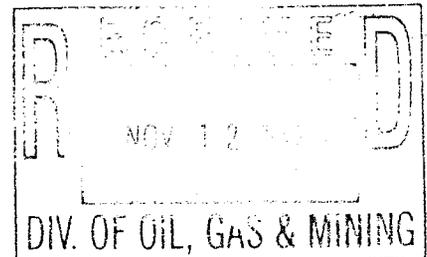
* Must be accompanied by a cement verification report.

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

Please be advised that Petral will transfer operations of this well effective November 1, 1999.

From: Dianna Inger
Petral Exploration, LLC, Captiva Resources, Inc., Manager
P.O. Box 5933
Denver, CO 80217-5083

New Operator:



13.

Name & Signature: Tom McCarthy Title: Engineer Date: 11/3/99

(This space for State use only)

150/109

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
MOAB FIELD OFFICE

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

1999 NOV 12 P 2:08

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

5. Lease Designation and Serial No. UTU-39243

6. If Indian, Allottee or Tribe Name _____

7. If Unit or CA, Agreement Designation N/A

8. Well Name and No. Shane Federal #1

9. API Well No. 43-037-31406

10. Field and Pool, or Exploratory Area 481 Alkali Point

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
ROBERT L. BAYLESS, PRODUCER LLC

3. Address and Telephone No.
PO BOX 168, FARMINGTON, NM 87499 (505) 326-2659

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1565' FSL & 1835' FEL (NESW)
 Sec 7: NE/4SW/4 T37S-R24E

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

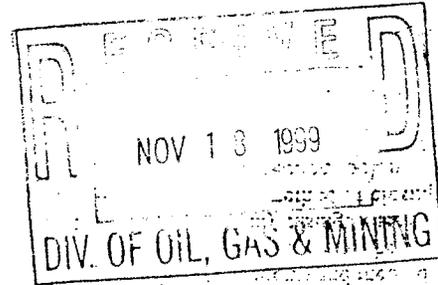
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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

Please be advised that Petral Exploration, LLC. will transfer operations of this well effective November 1, 1999

From:
Petral Exploration, LLC., Captiva Resources, Inc., Manager
P.O. Box 5033
Denver, CO 80217-5033 Bond Info: WY-2883

New Operator:
Robert L. Bayless, Producer LLC
368 NM Hwy 170
PO Box 168
Farmington, NM 87499 (505) 326-2659
BLM Bond No. NM0883
Effective Date: October 1, 1975



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

Signed Tom McCarthy Title Engineer Date 11/3/99

(This space for Federal or State office use)

Approved by William H. [Signature] Title Assistant Field Manager, Division of Resources Date 11/15/99

Conditions of approval, if any: cc: DOGm 11/15/99

CONDITIONS OF APPROVAL ATTACHED

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

15/11/99

Robert L. Bayless, Producer LLC
Well No. Shane Federal 1
Sec. 7, T. 37 S., R. 24 E.
Lease UTU39243
San Juan County, Utah

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.

Be advised that Robert L. Bayless, Producer LLC is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by NM0883 (Principal - Robert L. Bayless, Producer LLC) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

OPERATOR CHANGE WORKSHEET

Routing:	
1-KDR ✓	6-KAS ✓
2-GLM	7-GJ
3-JRB ✓	8-FILE
4-CDW ✓	
5-KDR ✓	

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: 11-1-99

TO: (new operator)	<u>ROBERT L. BAYLESS, PROD LLC</u>	FROM: (old operator)	<u>PETRAL EXPLORATION LLC</u>
(address)	<u>P.O. BOX 168</u>	(address)	<u>P.O. BOX 5083</u>
	<u>FARMINGTON, NM 87499</u>		<u>DENVER, CO 80217-5083</u>
Phone:	<u>(505) 326-2659</u>	Phone:	<u>(303) 832-3131</u>
Account no.	<u>N7950</u>	Account no.	<u>N7700</u>

WELL(S) attach additional page if needed: ***KNOCKDHU UNIT**

Name:	<u>KNOCKDHU UNIT 2 (PGW)</u>	API:	<u>43-037-31779</u>	Entity:	<u>12111</u>	S	<u>33</u>	T	<u>37S</u>	R	<u>25E</u>	Lease:	<u>UTU-65915</u>
Name:	<u>SHANE FED. 1 (SGW)</u>	API:	<u>43-037-31406</u>	Entity:	<u>10999</u>	S	<u>7</u>	T	<u>37S</u>	R	<u>24E</u>	Lease:	<u>UTU-39243</u>
Name:	<u>DALMORE-FED. 1-A (PGW)</u>	API:	<u>43-037-31786</u>	Entity:	<u>12098</u>	S	<u>26</u>	T	<u>37S</u>	R	<u>23E</u>	Lease:	<u>UTU-041085</u>
Name:	<u>KNOCKDHU UNIT 3 (PGW)</u>	API:	<u>43-037-31785</u>	Entity:	<u>11890</u>	S	<u>33</u>	T	<u>37S</u>	R	<u>25E</u>	Lease:	<u>UTU-75521</u>
Name:	KNOCKDHU UNIT 1 (PGW)	API:	43-037-31773	Entity:	11890	S	33	T	37S	R	25E	Lease:	UTU-65915
Name:	<u>KNOCKDHU UNIT 1 (PGW)</u>	API:	<u>43-037-31773</u>	Entity:	<u>11890</u>	S	<u>33</u>	T	<u>37S</u>	R	<u>25E</u>	Lease:	<u>UTU-65915</u>
Name:		API:		Entity:		S		T		R		Lease:	

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 11.12.99)*
- 2 (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). *(Rec'd 11.12.99)*
- N/A 3. The **Department of Commerce** has been contacted if the new operator above is not currently operating any wells in Utah. Is the company registered with the state? (yes/no) ____ If yes, show company file number: _____
- 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. *(Rec'd 11.18.99) (Rec'd 12.13.99)*
- 5 Changes have been entered in the **Oil and Gas Information System (3270)** for each well listed above. *(11.24.99) → 3 wells (1.20.2000 → 2 wells Knockdhu unit)*
- 6 **Cardex** file has been updated for each well listed above.
- 7 Well **file labels** have been updated for each well listed above.
- 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. *(11.24.99 * 3 wells) (1.21.2000 2 wells Knockdhu unit)*
- 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

- VDR 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.
- VDR 2. Trust Lands, Sovereign Lands, Tax Commission, etc., have been notified through normal procedures of entity changes.

BOND VERIFICATION - (FEE WELLS ONLY)

- N/A 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.
- 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

- V 1. All attachments to this form have been microfilmed. Today's date: APR. 13 2000

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

991124 called Robert L. Bayless to see which acct# wells are to be put under.
 Per Robert L. Bayless, Producer LLC, they are to be under N7950.
 991124 called Teresa Thompson in SL BLM office to see if approval for Knockdhu #1.
 She said as of today no paperwork filed. Called Robert L. Bayless (Tom McCarthy)
 and let them know they needed to file w/ SL BLM office because well is in
 an unit. Gave him Teresa's name & number for info.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

5. Lease Designation and Serial Number:

UTU - 39243

SUNDRY NOTICES AND REPORTS ON WELLS

6. If Indian, Allottee or Tribe Name:

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.

Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

7. Unit Agreement Name:

1. Type of Well:

OIL GAS OTHER:

8. Well Name and Number:

Shane Federal #1

2. Name of Operator:

ROBERT L. BAYLESS, PRODUCER LLC

9. API Well Number:

43-037-31406

3. Address and Telephone Number:

P.O. BOX 168, FARMINGTON, NM 87499 (505) 326-2659

10. Field and Pool, or Wildcat:

Alkali Point

4. Location of Well:

Footages: 1565' FSL & 1835' FEL (NESW)

County: San Juan

QQ, Sec., T.,R.,M.: Sec. 7, T37S, R24E

State: Utah

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

NOTICE OF INTENT

(Submit in Duplicate)

- Abandonment
- Casing Repair
- Change of Plans
- Conversion to Injection
- Fracture Treat
- Multiple Completion
- Other _____
- New Construction
- Pull or Alter Casing
- Recompletion
- Shoot or Acidize
- Vent or Flare
- Water Shut-Off

Approximate date work will start _____

SUBSEQUENT REPORT

(Submit Original Form Only)

- Abandonment *
- Casing Repair
- Change of Plans
- Conversion to Injection
- Fracture Treat
- Other Annual Status Report
- New Construction
- Pull or Alter Casing
- Shoot or Acidize
- Vent or Flare
- Water Shut-Off

Date of work completion _____

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

* Must be accompanied by a cement verification report.

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

Annual Status Report:

The Shane Federal Well No. 1 is shut-in. Bayless took over operations on this property effective 11/1/99.

RECEIVED

MAR 03 2000

DIVISION OF
OIL, GAS AND MINING

13.

The Extension for Shut-in or Temporarily Abandonment may be issued, in accordance with R649-3-36-11, 12 & 13, upon receipt and review, by the Division of Oil, Gas & Mining of the supporting data specified in the sited rule.

Accepted by the

Utah Division of

Oil, Gas & Mining

Date: 2/29/00

10-Mar-2000

COPY SENT TO OFFICER
Date: 3-13-00
Initials: CNP

ST. OF UTAH
DIVISION OF OIL, GAS AND MINING

5. Lease Designation and Serial Number:

UTU - 39243

SUNDRY NOTICES AND REPORTS ON WELLS

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
Shane Federal #1

9. API Well Number:
43-037-31406

10. Field and Pool, or Wildcat:
Alkali Point

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.

Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well:

OIL GAS OTHER:

2. Name of Operator:

ROBERT L. BAYLESS, PRODUCER LLC

3. Address and Telephone Number:

P.O. BOX 168, FARMINGTON, NM 87499 (505) 326-2659

4. Location of Well:

Footages: 1565' FSL & 1835' FEL (NESW)

County: San Juan

QQ, Sec., T., R., M.: Sec. 7, T37S, R24E

State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

- Abandonment
- Casing Repair
- Change of Plans
- Conversion to Injection
- Fracture Treat
- Multiple Completion
- Other _____
- New Construction
- Pull or Alter Casing
- Recompletion
- Shoot or Acidize
- Vent or Flare
- Water Shut-Off

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- Abandonment *
- Casing Repair
- Change of Plans
- Conversion to Injection
- Fracture Treat
- Other Annual Status Report
- New Construction
- Pull or Alter Casing
- Shoot or Acidize
- Vent or Flare
- Water Shut-Off

Date of work completion _____

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

* Must be accompanied by a cement verification report.

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

Annual Status Report:

The Shane Federal Well No. 1 is shut-in due to uneconomic production.

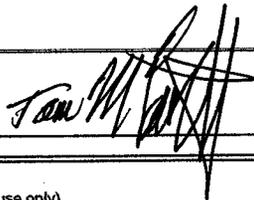
RECEIVED

MAR 13 2002

DIVISION OF
OIL, GAS AND MINING

13.

Name & Signature



Thomas McCarthy

Title: Engineer

Date: 2/25/02

(This space for State use only)

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. Type of Well: OIL GAS OTHER:

2. Name of Operator:
ROBERT L. BAYLESS, PRODUCER LLC

3. Address and Telephone Number:
P.O. BOX 168, FARMINGTON, NM 87499 (505) 326-2659

4. Location of Well:
Footages: 1565' FSL & 1835' FEL (NESW)
QQ, Sec., T.,R.,M.: Sec. 7, T37S, R24E

5. Lease Designation and Serial Number:
UTU - 39243

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name:

8. Well Name and Number:
Shane Federal #1

9. API Well Number:
43-037-31406

10. Field and Pool, or Wildcat:
Alkali Point

County: San Juan

State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

- Abandonment
- Casing Repair
- Change of Plans
- Conversion to Injection
- Fracture Treat
- Multiple Completion
- Other _____
- New Construction
- Pull or Alter Casing
- Recompletion
- Shoot or Acidize
- Vent or Flare
- Water Shut-Off

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

- Abandonment *
- Casing Repair
- Change of Plans
- Conversion to Injection
- Fracture Treat
- Other Annual Status Report
- New Construction
- Pull or Alter Casing
- Shoot or Acidize
- Vent or Flare
- Water Shut-Off

Date of work completion _____

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

* Must be accompanied by a cement verification report.

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

Annual Status Report:

The Shane Federal Well No. 1 is shut-in due to uneconomic production.

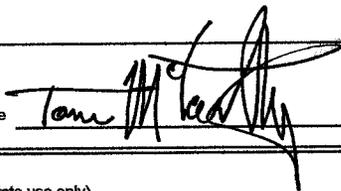
RECEIVED

MAR 06 2003

DIV. OF OIL, GAS & MINING

13.

Name & Signature



Thomas McCarthy

Title: Engineer

Date: 2/27/03

(This space for State use only)

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

5. Lease Designation and Serial Number:

UTU - 39243

SUNDRY NOTICES AND REPORTS ON WELLS

6. If Indian, Allottee or Tribe Name:

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

7. Unit Agreement Name:

1. Type of Well:

OIL GAS OTHER:

8. Well Name and Number:
Shane Federal #1

2. Name of Operator:

ROBERT L. BAYLESS, PRODUCER LLC

9. API Well Number:
43-037-31406

3. Address and Telephone Number:

P.O. BOX 168, FARMINGTON, NM 87499 (505) 326-2659

10. Field and Pool, or Wildcat:
Alkali Point

4. Location of Well:

Footages: 1565' FSL & 1835' FEL (NESW)

County: San Juan

QQ, Sec., T., R., M.: Sec. 7, T37S, R24E

State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

SUBSEQUENT REPORT
(Submit Original Form Only)

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

- | | |
|-----------------------------------------------------------------------|-----------------------------------------------|
| <input type="checkbox"/> Abandonment * | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> Pull or Alter Casing |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Shoot or Acidize |
| <input type="checkbox"/> Conversion to Injection | <input type="checkbox"/> Vent or Flare |
| <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Other <u>Return to Production</u> | |

Approximate date work will start _____

Date of work completion _____

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

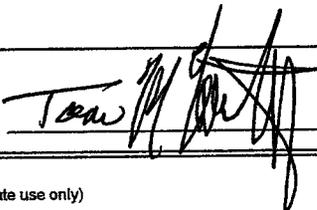
* Must be accompanied by a cement verification report.

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

The Shane Federal Well No. 1 was returned to production on 5/5/03.

13.

Name & Signature



Thomas McCarthy

Title: Engineer

Date: May 5, 2003

(This space for State use only)

RECEIVED

MAY 09 2003

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING

1. DJJ
2. CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

12/1/2010

FROM: (Old Operator): N7950-Robert L. Bayless Producer, LLC PO Box 168 Farmington, NM 87499 Phone: 1 (505) 564-7809	TO: (New Operator): N2292-Lodestone Operating, Inc. 272 Beachwalk Lane Port Aransas, TX 78373 Phone: 1 (361) 816-7654
--------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------

CA No.

Unit:

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
MAVERICK FED 1	12	370S	230E	4303731335	10781	Federal	GW	S
SHANE FED 1	07	370S	240E	4303731406	10999	Federal	GW	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: 1/26/2011
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 1/26/2011
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 3/24/2010
- 4a. Is the new operator registered in the State of Utah: Business Number: 6279346-0143
- 5a. (R649-9-2) Waste Management Plan has been received on: IN PLACE
- 5b. Inspections of LA PA state/fee well sites complete on: n/a
- 5c. Reports current for Production/Disposition & Sundries on: ok
- 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: BLM 1/6/2011 BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** 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:

- Changes entered in the **Oil and Gas Database** on: 1/31/2011
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 1/31/2011
- Bond information entered in RBDMS on: n/a
- Fee/State wells attached to bond in RBDMS on: n/a
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000255
- Indian well(s) covered by Bond Number: n/a
- 3a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number n/a
- 3b. The **FORMER** operator has requested a release of liability from their bond on: n/a

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** 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: UTU39243
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: SHANE FEDERAL #1	
2. NAME OF OPERATOR: LODESTONE OPERATING, INC. <i>N2292</i>	9. API NUMBER: 4303731406	
3. ADDRESS OF OPERATOR: 272 BEACHWALK LN PORT ARANSAS TX 78373	PHONE NUMBER: (361) 816-7654	10. FIELD AND POOL OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1565FSL & 1835 FEL		COUNTY: SAN JUAN
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 7 37S 24E SL		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>12/1/2010</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN
<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"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION
		<input type="checkbox"/> REPERFORATE CURRENT FORMATION
		<input type="checkbox"/> SIDETRACK TO REPAIR WELL
		<input type="checkbox"/> TEMPORARILY ABANDON
		<input type="checkbox"/> TUBING REPAIR
		<input type="checkbox"/> VENT OR FLARE
		<input type="checkbox"/> WATER DISPOSAL
		<input type="checkbox"/> WATER SHUT-OFF
		<input type="checkbox"/> OTHER: _____

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
THIS IS A CHANGE OF OPERATOR FROM ROBERT L. BAYLESS PRODUCER LLC TO LODESTONE OPERATING, INC. EFFECTIVE DECEMBER 1, 2010.
BOND COVERAGE HERUNDER IS PROVIDED BY STATEWIDE BOND UTB000255.

I hereby certify that the foregoing is true and correct
Company: Robert L. Bayless Producer LLC *N7950*
Print Name: Robert L. Bayless, Jr. Title: Executive Manager
Signed: *[Signature]* Date: January 19, 2011
PO Box 168 Farmington NM 87499 (505) 564-7809

NAME (PLEASE PRINT) DAVID M. REAVIS TITLE PRESIDENT
SIGNATURE *[Signature]* DATE 1/19/2011

(This space for State use only)

APPROVED 1/31/2011
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician (See instructions on Reverse Side)

faxed 1/26/2011 ER

RECEIVED
JAN 31 2011
DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. UTU39243
2. Name of Operator LODESTONE OPERATING, INC. Contact: SYLVIA A MILLS E-Mail: samills61@gmail.com		6. If Indian, Allottee or Tribe Name
3a. Address 272 BEACHWALK LANE PORT ARANSAS, TX 78373	3b. Phone No. (include area code) Ph: 361-816-7654 Fx: 361-777-2163	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 7 T37S R24E NESW 1565FSL 1835FEL		8. Well Name and No. SHANE FEDERAL 1
		9. API Well No. 43-037-31406
		10. Field and Pool, or Exploratory 48+ ALKALI POINT
		11. County or Parish, and State SAN JUAN COUNTY COUNTY, UT

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
	<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.)

This is a change of operator from Robert L. Bayless, Producer, LLC to Lodestone Operating, Inc.
272 Beachwalk Lane
Port Aransas, Texas 78373

Effective December 1, 2010

Bond coverage hereunder is provided by Statewide Bond # UTB000255.

RECEIVED
JAN 10 2011

DIV. OF OIL, GAS & MINING

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

Electronic Submission #100102 verified by the BLM Well Information System
For LODESTONE OPERATING, INC., sent to the Moab
Committed to AFMSS for processing by MARIE MCGANN on 01/06/2011 ()

Name (Printed/Typed) DAVID M REAVIS	Title PRESIDENT
Signature (Electronic Submission)	Date 01/05/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____ ACCEPTED _____	Title Division of Resources Moab Field Office	Date 1/6/2011
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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

cc: udogm

Conditions of Acceptance Attached

Lodestone Operating, Inc.
Well No. Shane 1
Section 7, T37S, R24E
Lease UTU39243
Grand County, Utah

CONDITIONS OF ACCEPTANCE

Acceptance 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.

Be advised that Lodestone Operating, Inc. is considered to be the operator of the above well effective December 1, 2010, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UTB000255 (Principal – Lodestone Operating, Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43CFR 3106.7-2 continuing responsibility are met.