

UTAH OIL AND GAS CONSERVATION COMMISSION

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

891113 Conf Status updated per OPA

DATE FILED 5-16-88

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. U-61526 INDIAN

DRILLING APPROVED: 6-09-88

SPUDED IN:

COMPLETED: 11-13-89 OPA PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED OPA per BPM 11-13-89

FIELD: WILDCAT

UNIT:

COUNTY: SAN JUAN

WELL NO. CEDAR MESA #2 API NO. 43-037-31427

LOCATION 2180' FNL FT. FROM (N) (S) LINE. 1855' FWL FT. FROM (E) (W) LINE. SE NW 1/4 - 1/4 SEC. 31

| TWP. | RGE. | SEC. | OPERATOR | TWP. | RGE. | SEC. | OPERATOR |
|------|------|------|----------|------|------|------|----------|
|------|------|------|----------|------|------|------|----------|

| | | | |
|-----|-----|----|-----------|
| 37S | 19E | 31 | TEB, INC. |
|-----|-----|----|-----------|

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

2. NAME OF OPERATOR
 TEB, Inc. DIVISION OF OIL, GAS & MINING (316) 637-2340

3. ADDRESS OF OPERATOR
 Route 1, Box 82, Toronto, Kansas 66777

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface: 2180' FNL & 1855' FWL (SENW)
 At proposed prod. zone: Same

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 1855'

16. NO. OF ACRES IN LEASE
 640

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 1525'

19. PROPOSED DEPTH
 2,750' *Desert Creek*

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6,632' ungraded ground

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

5. LEASE DESIGNATION AND SERIAL NO.
 U-61526

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

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Cedar Mesa

9. WELL NO.
 #2

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 31-37s-19e SLBM

12. COUNTY OR PARISH
 San Juan

13. STATE
 Ut.

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|------------------|---------------|----------------------|
| 8-1/4" | 7" | 20* (J-55, ST&C) | 1,100' | 600 sx or to surface |
| 6-1/4" | 4-1/2" | 10* (J-55, LT&C) | 2,750' | 750 sx or to surface |

TIGHT HOLE.

PLEASE KEEP CONFIDENTIAL.

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 J. Wood TITLE Consultant DATE 5-13-88

(This space for Federal or State office use)

PERMIT NO. 43-037-31427

cc: Bird (3), MDO (3), SJRA, UDOGM (2)

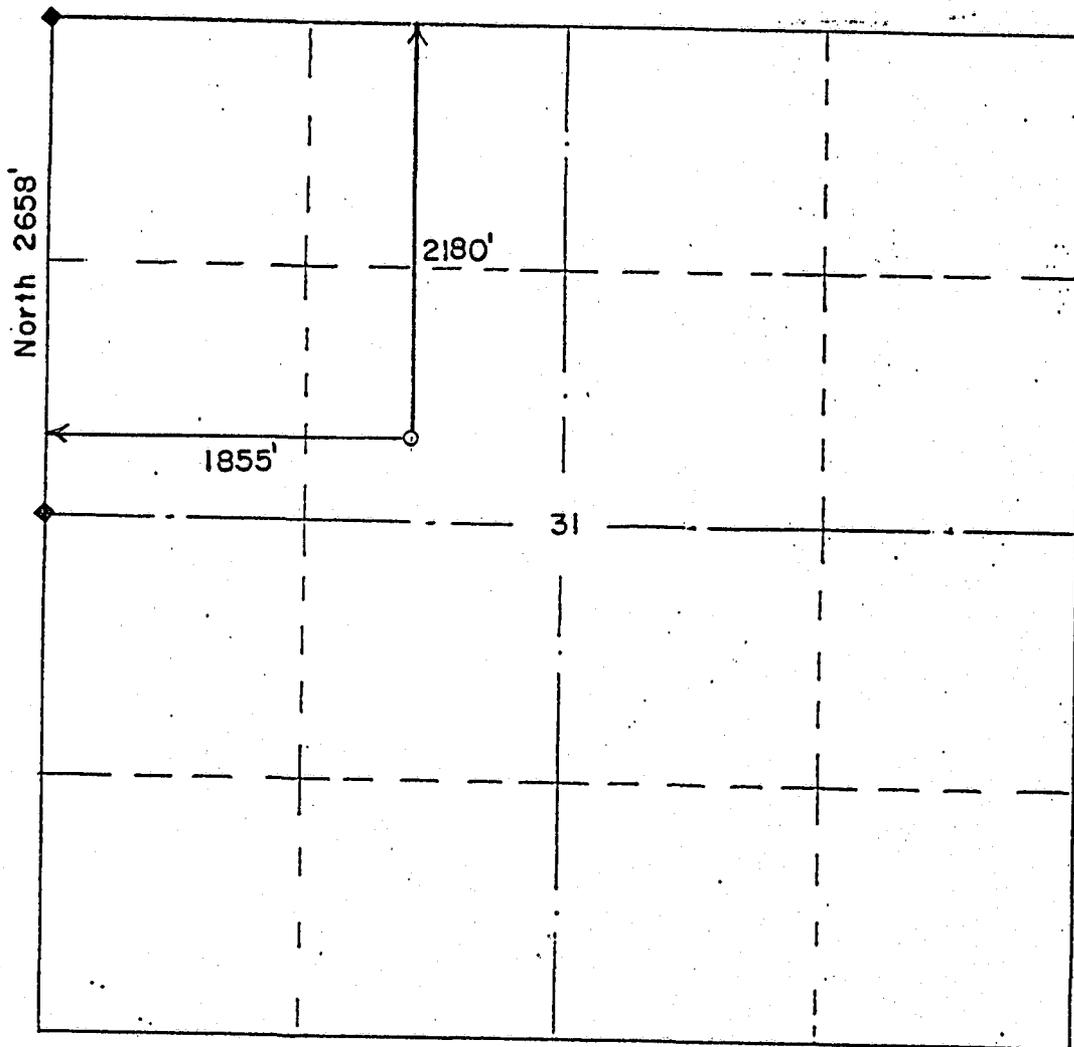
APPROVAL DATE APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

APPROVED BY _____ TITLE _____

DATE: 6-9-88
 BY: John R. Bays
 WELL SPACING: R615-3-2

*See Instructions On Reverse Side

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ brass cap

WELL LOCATION DESCRIPTION:

TEB, Inc., Cedar Mesa #2

2180' FNL & 1855' FWL

Section 31, T.37 S., R.19 E., SLM

San Juan County, Utah

6632' ground elevation

Alternate: 1980' FNL & 1980' FWL, 6627' grd.

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

8 May 1988

REGISTERED LAND SURVEYOR
No. 5705
HUDDLESTON
Gerald G. Huddleston
Gerald G. Huddleston, LS

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION

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. TEB, Inc. 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> |
|-----------------------|-----------------------|----------------------|---------------------|
| Cedar Mesa Ss | 000' | 12' | +6,632' |
| Elephant Canyon | 819' | 831' | +5,813' |
| Halgaito Shale | 1,025' | 1,037' | +5,607' |
| Honaker Trail | 1,275' | 1,287' | +5,357' |
| Hermosa | 1,425' | 1,437' | +5,207' |
| Upper Ismay | 2,371' | 2,383' | +4,261' |
| Lower Ismay | 2,469' | 2,481' | +4,163' |
| Desert Creek | 2,593' | 2,605' | +4,039' |
| P-40 Shale | 2,640' | 2,652' | +3,992' |
| Total Depth (TD) | 2,750' | 2,762' | +3,882' |

* Ungraded ground level.

2. NOTABLE ZONES

No solid mineral (uranium, coal, etc.) bearing zones are expected to be found. The estimated formation top depths from ungraded GL at which water, oil, or gas zones may be encountered are:

TEB, Inc.
 Cedar Mesa #2
 2180' FNL & 1855' FWL
 Sec. 31, T. 37 S., R. 19 E.
 San Juan County, Utah

CONFIDENTIAL INFORMATION

Possible Fresh Water Zones

Cedar Mesa Ss: 000'

Possible Salt Water Zones

Upper Ismay: 2,371'

Lower Ismay: 2,469'

Desert Creek: 2,593'

Possible Oil & Gas Zones

Upper Ismay: 2,371'

Lower Ismay: 2,469'

Desert Creek: 2,593'

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 3,000 psi double ram and annular preventer with a 3,000 psi choke manifold will be used. A typical example of a 3,000 psi BOP is on Page 3. The actual model will not be known until the bid is let.

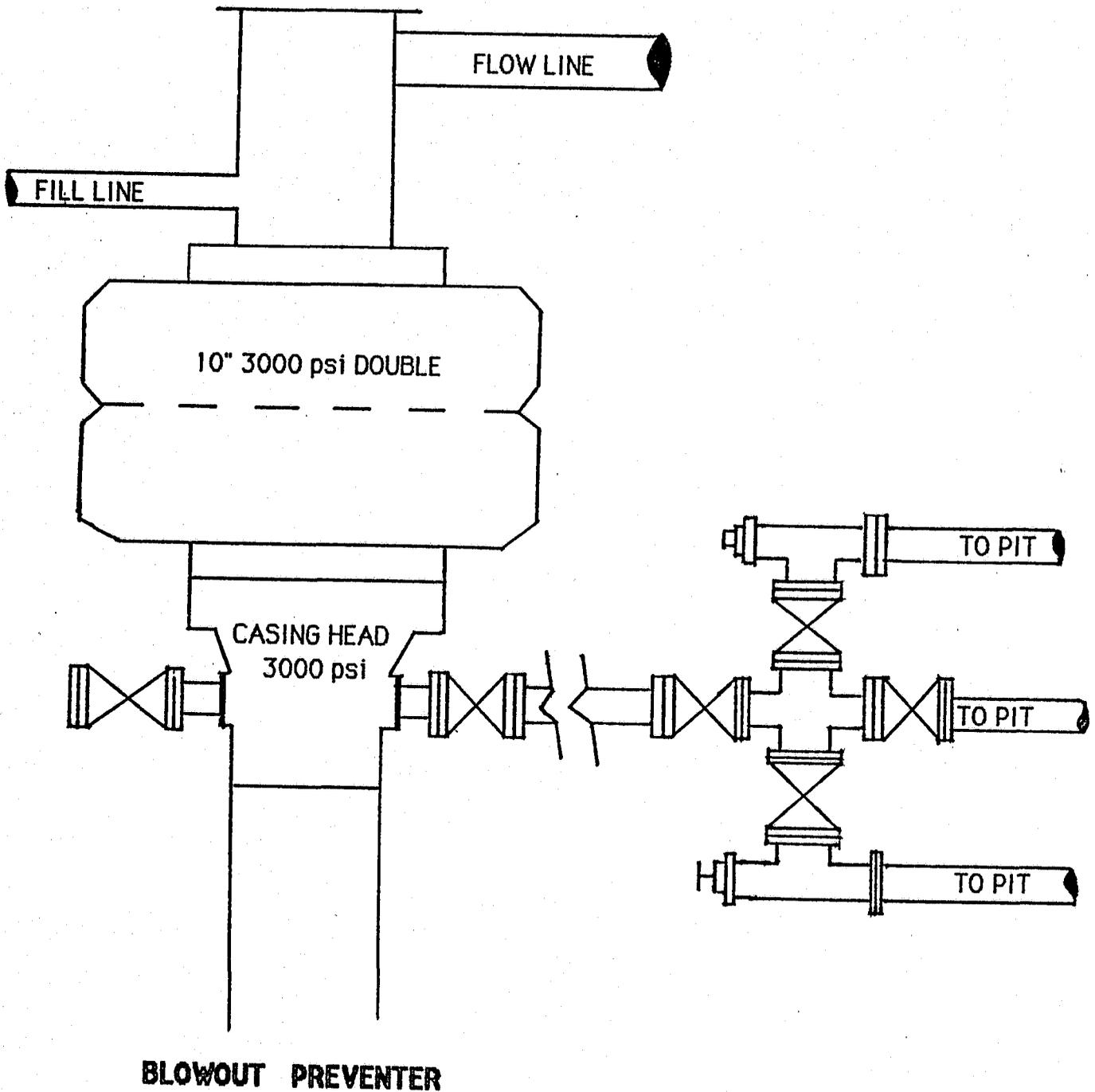
Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. BOP controls will be installed before drilling the surface casing plug, and will stay in use until the well is completed or abandoned. Preventers will be pressure tested before drilling casing cement plugs. BOPs will be inspected and operated at least daily to assure good mechanical working order. All BOP mechanical tests, pressure tests, and inspections will be recorded on the drillers log or daily 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> |
|------------------|-------------|---------------|--------------|-------------|------------|---------------------------|
| 8-1/4" | 7" | 20* | J-55 | ST&C | New | 0'-1,100' |
| 6-1/4" | 4-1/2" | 10* | J-55 | LT&C | New | 0'-2,750' |

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION



TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 4

CONFIDENTIAL INFORMATION

Surface Casing (0'-1,100'): Cement to surface with ≈ 600 sx Class B cement with 2% CaCl_2 and 1/4 lb/sk Flocele.

Production Casing (0'-2,750'): Cement to surface with ≈ 750 sx Class H 50/50 Poz with 2% gel.

5. MUD PROGRAM

The well may be drilled with air, in which case a misting unit will be used to control dust emissions. If unsuccessful with air, then the following mud program will be used.

| <u>Depth</u> | <u>Type</u> | <u>Weight (ppg)</u> | <u>Viscosity</u> | <u>Fluid Loss</u> |
|--------------|-----------------------------|---------------------|------------------|-------------------|
| 0'- 500' | Spud mud w/ aqua gel & lime | 9.0 | 45 | NL |
| 500'-2,750' | Fr. water w/ EZ mud & lime | 9.4 | 28-45 | 0-15 cc |

6. CORING, TESTING, & LOGGING

No cores are planned. Drill stem tests may be run in the Ismay and Desert Creek zones if good shows are found. The following logs may be run:

TD (2,750') to Surface (000'): GR
TD (2,750') to 1,100': FDC/CNL/DLL/BHC

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 3162.4-1. Two copies of all logs, core descriptions & analyses, well test data, geologic summaries, sample descriptions, and all other data obtained during the drilling, workover,

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 5

CONFIDENTIAL INFORMATION

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 Manager.)

7. DOWNHOLE CONDITIONS

The maximum anticipated bottom hole pressure is 2,200 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

8. MISCELLANEOUS

The anticipated spud date is July 15, 1988. It is expected it will take 10 days to drill the well and 10 days to complete the well. Less drilling time will be needed if the well is air drilled.

TEB, Inc., or its dirt contractor, will contact the Resource Area 48 hours before starting dirt work.

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 Manager within 24 hours after spudding. If the spud is on a weekend or holiday, the Sundry will be sent on the following regular work day.

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

Starting with the month in which operations begin, and continuing each

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 6

CONFIDENTIAL INFORMATION

month until the well is physically plugged and abandoned, a "Monthly Report of Operations" (Form 3160-6) will be sent to the District Manager.

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 Manager 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 Manager. 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 Manager's approval *per* NTL-4A.

No well abandonment operations will begin without the prior approval of the District Manager. With a newly drilled dry hole, failure, or emergency, oral approval will be obtained from the District Manager. A Sundry Notice will be sent to the District Manager 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 flat metal plate will be welded to the top of the casing \approx 1 foot above ground level. The following legend will be beaded on with a welding torch: TEB, Inc., Cedar Mesa #2, SENW 31-37s-19e, U-61526.

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 7

CONFIDENTIAL INFORMATION

13 Point Surface Use Plan

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

From the junction US 191 and U-95 (*aka*, Shirttail Corner) south of Blanding, Utah, go west 25.3 mi. on U-95.
Then turn left and go southwest 3.0 mi. on a dirt road through a chaining.
Then turn left and go southeast 400 feet on a new road to the well site.

Existing roads are state and BLM. All of the off-lease BLM access was authorized by right-of-way U-62432. Application for an Encroachment Permit has been approved by the San Juan County Road Department for part of the water haul route.

Roads will be maintained to a standard at least equal to their present condition. The only needed upgrading will be infrequent blading to smooth out rough spots. Maximum disturbed width will not exceed 30'.

2. NEW ROAD (See PAGE 16)

The 400 feet of new road will be flat bladed with a maximum disturbed width of 30'. Maximum cut or fill will be 4'. Maximum grade will be 4%. No cattleguards, gates, or culverts are needed. If the well is dry, then the new road will be reclaimed.

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.

Access will be water barred or brought to Class 3 Road Standards within 60 days of dismantling the drill rig. If the deadline cannot be met, the

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 8

CONFIDENTIAL INFORMATION

Resource Area will be notified so temporary drainage control can be installed. Class 3 Road Standards control drainage by using topography, ditch turnouts, dips, outsloping, crowning, low water crossings, and culverts. Specific measures will be determined at a joint field inspection.

3. EXISTING WELLS (See PAGE 16)

There are no water, injection, or disposal wells within 1 mile. TEB may re-enter one plugged well (Cyclone Flat #1) or drill two other wells (Cedar Mesa #1 and Cyclone Flat #2) within a one mile radius, they are:

Cyclone Flat #1 is 2,843' away @ 660' FSL & 1980' FWL 30-37s-19e
Cyclone Flat #2 is 4,162' away @ 1980' FSL & 1980' FWL 30-37s-19e
Cedar Mesa #1 is 1,525' away @ 660' FNL & 1980' FWL 31-37s-19e

4. PROPOSED PRODUCTION FACILITIES

The type and layout of the production facilities are not known now. An on-site with BLM, TEB, and the dirt contractor will be held before they are installed. All production equipment will be muffled.

All permanent (on site for 6 or more months) surface facilities will be painted a flat, neutral, earthtone color. Specific color will be determined by BLM after the on-site. Painting will be completed within 6 months of installation. Parts required to comply with OSHA colors will be 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 will be placed inside the dike.

Site security regulations in 43 CFR 3162.7-4 will be obeyed. All product

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 9

CONFIDENTIAL INFORMATION

lines entering or leaving hydrocarbon storage tanks will be effectively sealed.

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

Any gas meter run will be within 500' of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500' downstream of the meter and any production facilities. 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.

If at any time these facilities located on public lands authorized by the terms of the lease are no longer included in the lease, the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation determined by the authorized officer.

5. WATER SUPPLY (See PAGE 15)

Water will be trucked \approx 13 miles from Comb Wash on BLM administered land in NE Sec. 13, T. 38 S., R. 20 E. An Application to Appropriate Water will be filed with the State of Utah Div. of Water Rights. This is casual use.

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 10

CONFIDENTIAL INFORMATION

6. CONSTRUCTION MATERIALS

Pad construction materials will be on lease native soil in place on the well pad. 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 three-quarters of the capacity will be in cut.

The pit will be fenced on 3 sides with 4 strands of barbed wire or woven wire 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 mesh wire before the rig moves in. A burning permit is required for burning trash between May 1 and October 31. Call the San Juan County Sheriff at (801) 587-2237 for a burning permit. The road and pad will be kept litter free.

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

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 11

CONFIDENTIAL INFORMATION

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 & 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, and rig orientation. The top 6" of soil will be saved and stockpiled south of the pad.

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.

TEB's 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. This includes removing all berms and refilling all cuts. All disturbed areas will be ripped 6" deep with the contour. Ripper teeth 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 |

After seeding is complete, stockpiled trees and brush will be scattered

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 12

CONFIDENTIAL INFORMATION

evenly over the disturbed area. The new road will be water barred.

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 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 OWNER

The owner of the pad and access road is the U.S. Government, administered by the Bureau of Land Management.

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 3162.3-2.

Safe drilling and operating practices must be used. All wells, whether drilling, producing, suspended, or abandoned will be identified *per* 43 CFR 3162.3-2.

If subsurface cultural materials are exposed during construction, work in that spot will stop immediately and the Resource Area will be called. Anyone disturbing archaeological sites or collecting artifacts, including arrowheads, is subject to prosecution.

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 13

CONFIDENTIAL INFORMATION

This permit will be valid for one year from the date of approval. After it expires, a new application will be filed for approval of 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 75 minute drive to Monticello, Utah. It is 3 blocks northwest of the intersection of US 666 and US 191. Hospital phone number is (801) 587-2116. Or dial 1-800-332-1911 from anywhere in San Juan County. The closest medically equipped 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 TEB, Inc. will be:

Tom Bird
TEB, Inc.
Route 1, Box 82
Toronto, Ks. 66777
(316) 637-2340

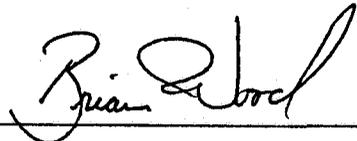
TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

PAGE 14

CONFIDENTIAL INFORMATION

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 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 TEB, Inc. 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.

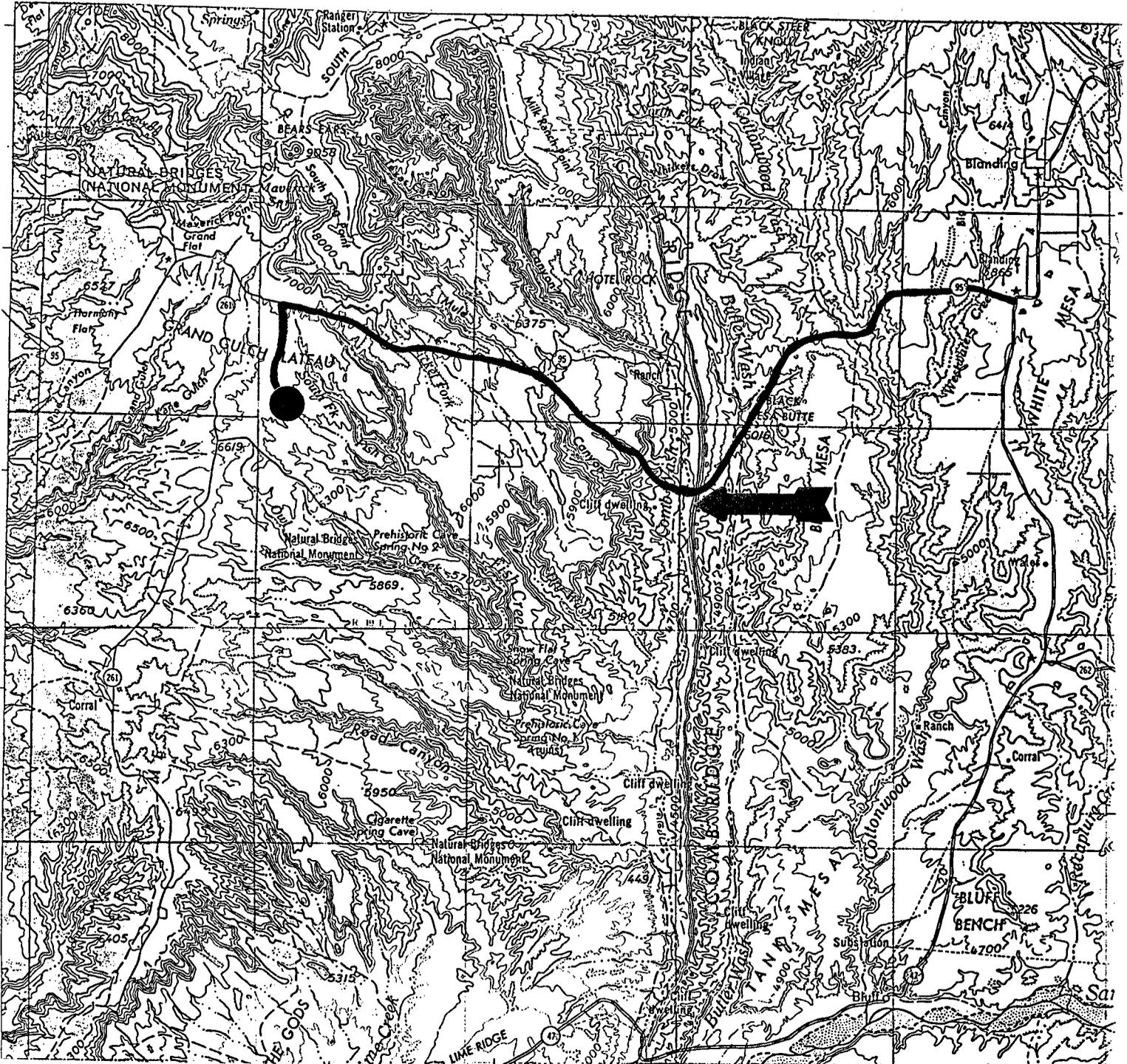


Brian Wood

May 13, 1988
Date

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION



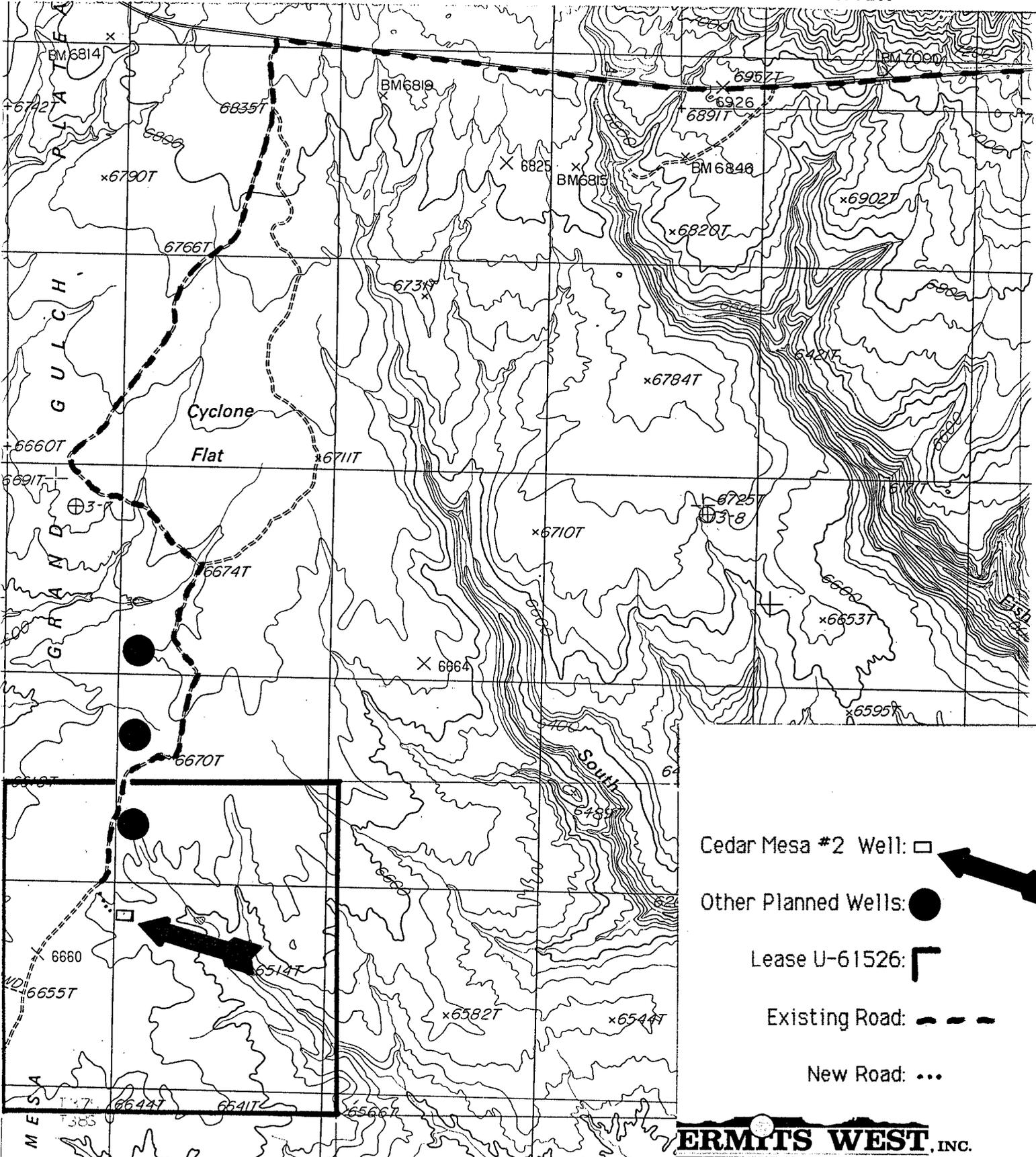
Cedar Mesa #2 Well: ●

Water Source: ←

Access Route: ~~~~~

TEB, Inc.
 Cedar Mesa #2
 2180' FNL & 1855' FWL
 Sec. 31, T. 37 S., R. 19 E.
 San Juan County, Utah

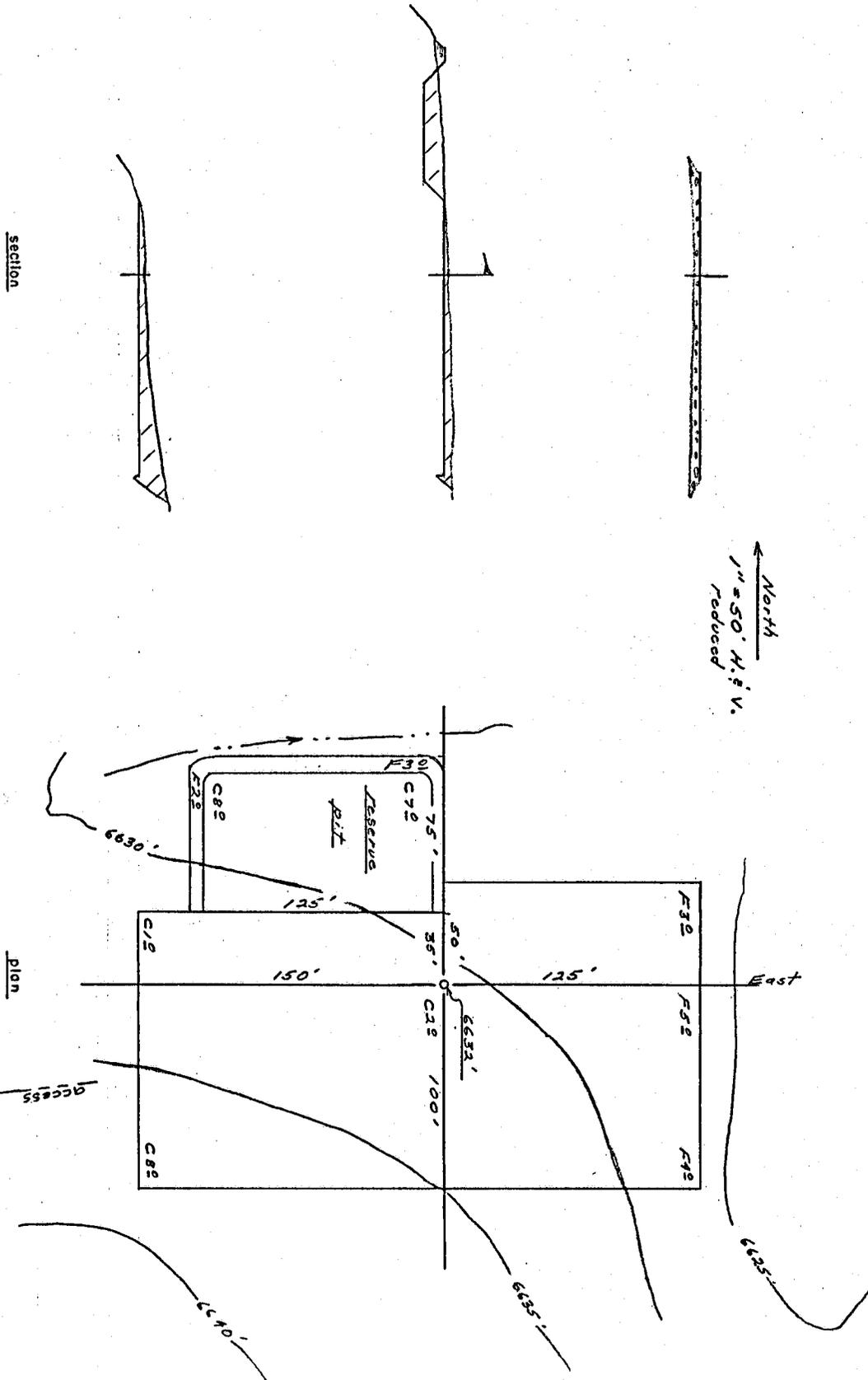
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- Cedar Mesa #2 Well:
- Other Planned Wells:
- Lease U-61526:
- Existing Road: - - -
- New Road: ...

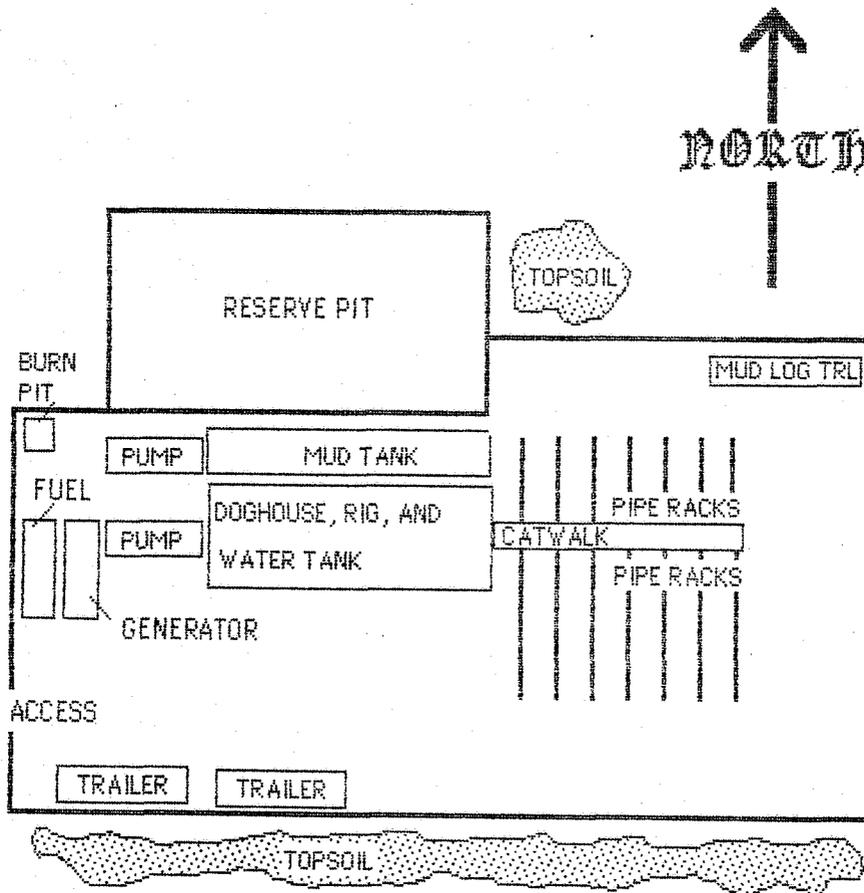
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 Cedar Mesa #2
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 Sec. 31, T. 37 S., R. 19 E.
 San Juan County, Utah

CONFIDENTIAL INFORMATION



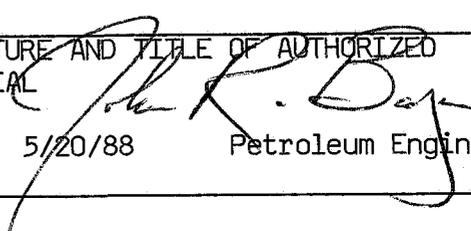
TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION



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:
July 15, 1988
-
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 /X/ Permit // License // Land Aquisition
// Land Sale // Land Exchange // Other _____
-
6. TITLE OF PROPOSED ACTION:
Application for Permit to Drill
-
7. DESCRIPTION:
TEB Inc. proposes to drill a wildcat well, the Cedar Mesa #2, on federal lease number U-61526 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)
SE/4, NW/4, Section 31, Township 37 South, Range 19 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
- 
DATE: 5/20/88
Petroleum Engineer
-

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK
 b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 2. NAME OF OPERATOR
 TEB, Inc. DIVISION OF OIL, GAS & MINING (316) 637-2340
 3. ADDRESS OF OPERATOR
 Route 1, Box 82, Toronto, Kansas 66777
 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 2180' FNL & 1855' FWL (SENW)
 At proposed prod. zone Same
 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 21 air miles WSW of Blanding, Utah
 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1855'
 16. NO. OF ACRES IN LEASE 640
 17. NO. OF ACRES ASSIGNED TO THIS WELL 40
 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1525'
 19. PROPOSED DEPTH 2,750' *Desert Creek*
 20. ROTARY OR CABLE TOOLS Rotary
 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,632' ungraded ground
 22. APPROX. DATE WORK WILL START* July 15, 1988

5. LEASE DESIGNATION AND SERIAL NO.
U-61526
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A
 7. UNIT AGREEMENT NAME
N/A
 8. FARM OR LEASE NAME
Cedar Mesa
 9. WELL NO.
#2
 10. FIELD AND POOL, OR WILDCAT
Wildcat
 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
31-37s-19e SLBM
 12. COUNTY OR PARISH
San Juan
 13. STATE
Ut.

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|--------------|----------------|------------------|---------------|----------------------|
| 8-1/4" | 7" | 20* (J-55, ST&C) | 1,100' | 600 sx or to surface |
| 6-1/4" | 4-1/2" | 10* (J-55, LT&C) | 2,750' | 750 sx or to surface |

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 5-13-88

(This space for Federal or State office use)

cc: Bird (3), MDO (3), SJRA, UDOGM (2)

PERMIT NO. _____ APPROVAL DATE _____

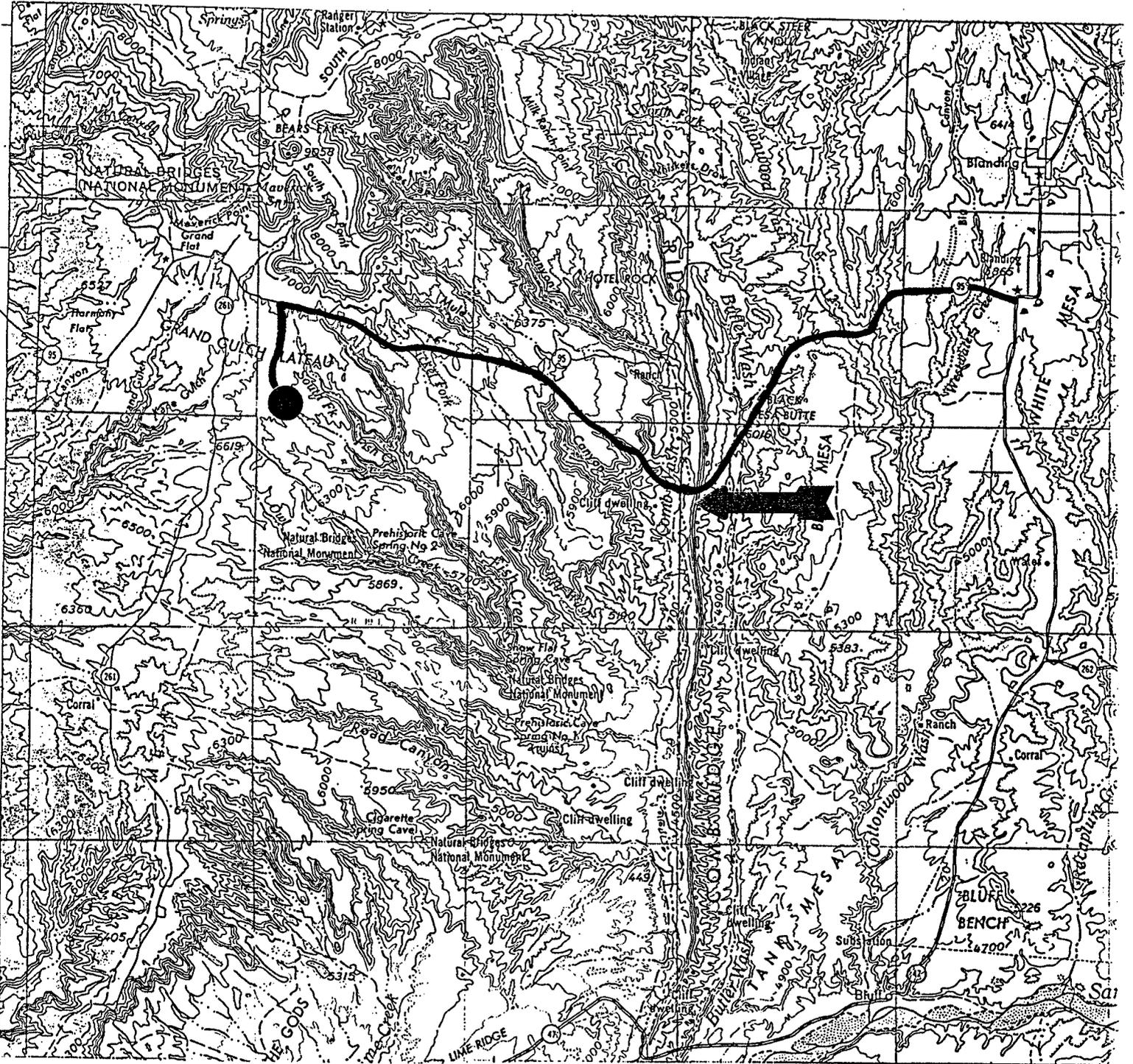
APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION



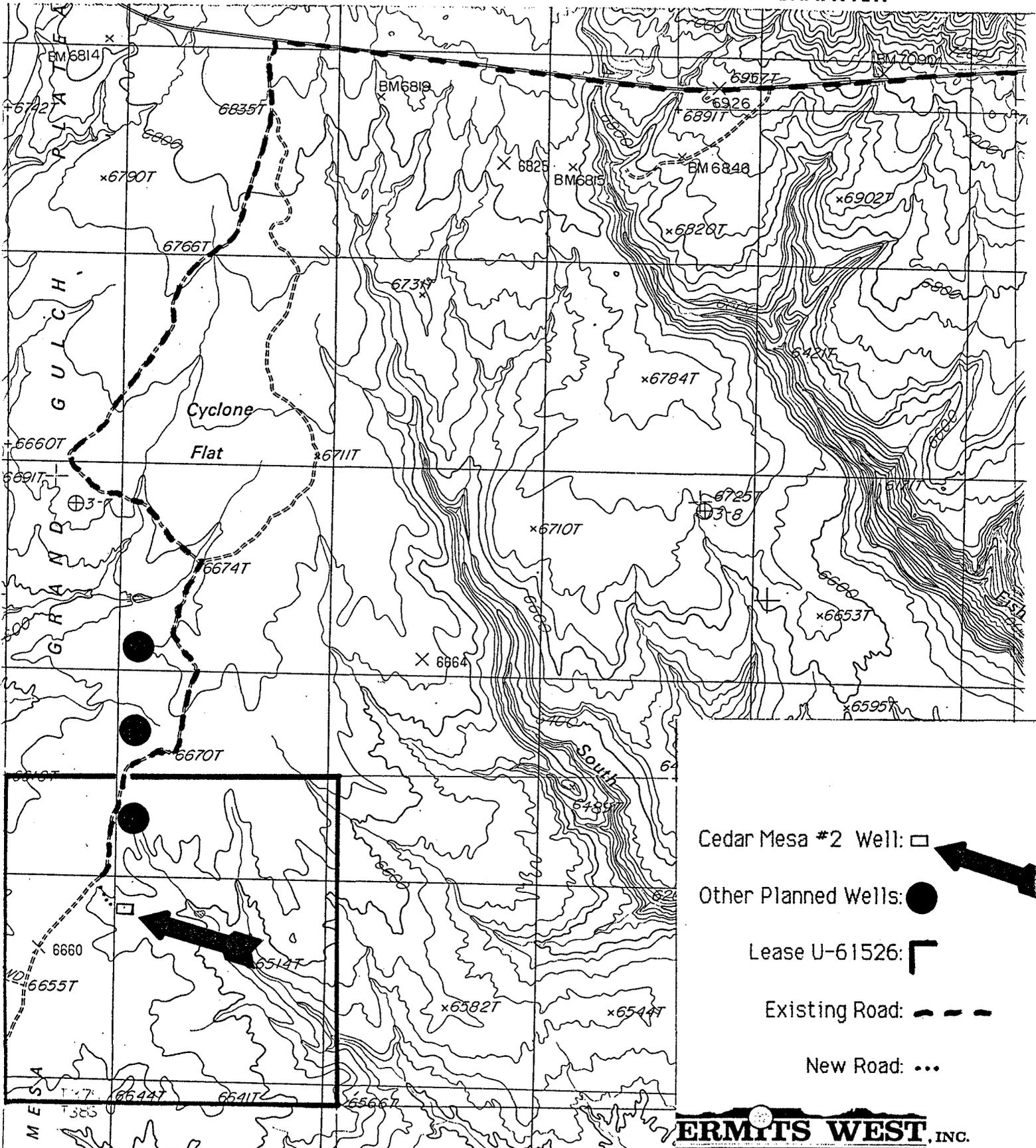
Cedar Mesa #2 Well: ●

Water Source: ←

Access Route: ~~~~~

TEB, Inc.
Cedar Mesa #2
2180' FNL & 1855' FWL
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah

CONFIDENTIAL INFORMATION



- Cedar Mesa #2 Well: □
- Other Planned Wells: ●
- Lease U-61526: [Thick Solid Line]
- Existing Road: - - -
- New Road: ...

CONFIDENTIAL

OPERATOR Teb, Inc. DATE 5-17-88

WELL NAME Cedar Mesa #2

SEC SENG 31 T 37S R 19E COUNTY San Juan

43-037-31427
API NUMBER

Fed.
TYPE OF LEASE

CHECK OFF:

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> PLAT | <input checked="" type="checkbox"/> BOND | <input checked="" type="checkbox"/> NEAREST WELL |
| <input checked="" type="checkbox"/> LEASE | <input checked="" type="checkbox"/> FIELD | <input checked="" type="checkbox"/> POTASH OR OIL SHALE |

PROCESSING COMMENTS:
more than 920' from other well in sec. 31 (Cedar Mesa #1 - RDCC)
need water permit
RDCC Approved 5/20/88

APPROVAL LETTER:

SPACING: R615-2-3 _____ UNIT R615-3-2
 _____ CAUSE NO. & DATE R615-3-3

STIPULATIONS:

1- water permit 09-1575 / T63251 Received 6-2-88

RECEIVED

RECEIVED 7

MAY 26 1988

JUN 2 1988

MAY 23 1988

Rec. by
 Fee Rec. 30.00
 Receipt # 24263
 Microfilmed
 Roll #

WATER RIGHTS
 SALT LAKE
 TEMPORARY

DIVISION OF
 OIL, GAS & MINING

**FOR WATER IN THE
 STATE OF UTAH**

WATER RIGHTS
 PACE

APPLICATION TO APPROPRIATE WATER

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3 of the Utah Code Annotated (1953, as amended).

* WATER RIGHT NO. 09 — 1575 * APPLICATION NO. A T63251

1. *PRIORITY OF RIGHT: May 23, 1988 * FILING DATE: May 23, 1988

2. OWNER INFORMATION

Name(s): TEB, Inc. c/o Permits West, Inc. * Interest: %
 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: Comb Wash * DRAINAGE:

which is tributary to San Juan River
 which is tributary to Colorado River
 POINT(S) OF DIVERSION: COUNTY: San Juan
South 1200 feet and West 150 feet from the NE corner of Sec. 13, T. 38 S., R. 20 E., SLBM

Description of Diverting Works: Water will be pumped directly into 85 bbl tank trucks.
 * COMMON DESCRIPTION: 13 1/2 miles SW of Blanding Bluff 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):

8. List any other water rights 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 June 15, 1988 to June 14, 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 660' and West 1780' from the SE corner of Sec. 18, T. 37 S., R. 19 E., SLBM at the Cyclone Flat #9 oil well (SWSE 18-37s-19e), South 660' and east 1980' from the NW corner of Sec. 31, T. 37 S., R. 19 E. at the Cedar Mesa #1 oil well (NENW 31-37s-19e), South 2180' and east 1855' from the NW corner of Sec. 31, T. 37 S., R. 19 E. at the Cedar Mesa #2 oil well (SENW 31-37s-19e).

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 public (federal) and administered by Bureau of Land Management, Monticello, Utah.

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).

Brian [Signature]
Signature of Applicant(s)

TEMPORARY

STATE ENGINEER'S ENDORSEMENT

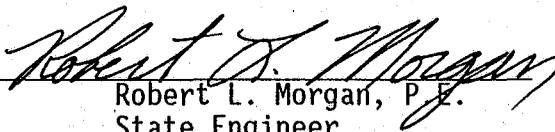
WATER RIGHT NUMBER: 09 - 1575

APPLICATION NO. T63251

1. May 23, 1988 Application received by MP.
 2. May 24, 1988 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-

Conditions:

This application is hereby APPROVED, dated June 1, 1988, subject to prior rights and this application will expire on June 1, 1989.


Robert L. Morgan, P. E.
State Engineer



STATE OF UTAH
NATURAL RESOURCES
Wildlife Resources

1596 West North Temple • Salt Lake City, UT 84116-3154 • 801-533-9333

J. Baza

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
William H. Geer, Division Director

RECEIVED
JUN 3 1988

**DIVISION OF
OIL, GAS & MINING**

June 1, 1988

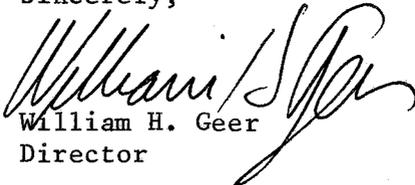
Dr. Dianne R. Nielson, Director
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

ATTN: John Baza

Dear Dianne:

We have reviewed Teb Incorporated's proposal to drill a wildcat well on Cedar Mesa (lease No. U-61526), San Juan County. We show this area as being high priority deer winter range. Mule deer are present from December 1 to April 15. We recommend development of the road and pad take place after April 15. This would avoid conflicts with wintering mule deer.

Sincerely,


William H. Geer
Director



June 9, 1988

TEB, Incorporated
Route 1, Box 82
Toronto, Kansas 66777

Gentlemen:

Re: Cedar Mesa #2 - SE NW Sec. 31, T. 37S, R. 19E - San Juan County, Utah
2180' FNL, 1855' FWL

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

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

1. Spudding notification 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. 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.

Page 2
TEB, Incorporated
Cedar Mesa #2
June 9, 1988

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 43-037-31427.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

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

LCR

Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPPLICATE*
(Other instructions on
reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JUN 29 1988

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

2. NAME OF OPERATOR
 TEB, Inc. (316) 637-2340

3. ADDRESS OF OPERATOR
 Route 1, Box 82, Toronto, Kansas 66777

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 2180' FNL & 1855' FWL (SENW)
 At proposed prod. zone Same

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1855'

16. NO. OF ACRES IN LEASE 640

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1525'

19. PROPOSED DEPTH 2,750'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,632' ungraded ground

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

5. LEASE DESIGNATION AND SERIAL NO.
 U-61526

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

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Cedar Mesa

9. WELL NO.
 #2

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 31-37s-19e 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 |
|--------------|----------------|------------------|---------------|----------------------|
| 8-1/4" | 7" | 20* (J-55, ST&C) | 1,100' | 600 sx or to surface |
| 6-1/4" | 4-1/2" | 10* (J-55, LT&C) | 2,750' | 750 sx or to surface |

TIGHT HOLE.

PLEASE KEEP CONFIDENTIAL.

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 Rhea Rhea TITLE Consultant DATE 5-13-88

(This space for Federal or State office use)

PERMIT NO. 43-037-31427 APPROVAL DATE _____ cc: Bird (3), MDO (3), SJRA, UDOGM (2)

APPROVED BY /s/ Kenneth V. Rhea TITLE Acting District Manager DATE JUN 23 1988

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED

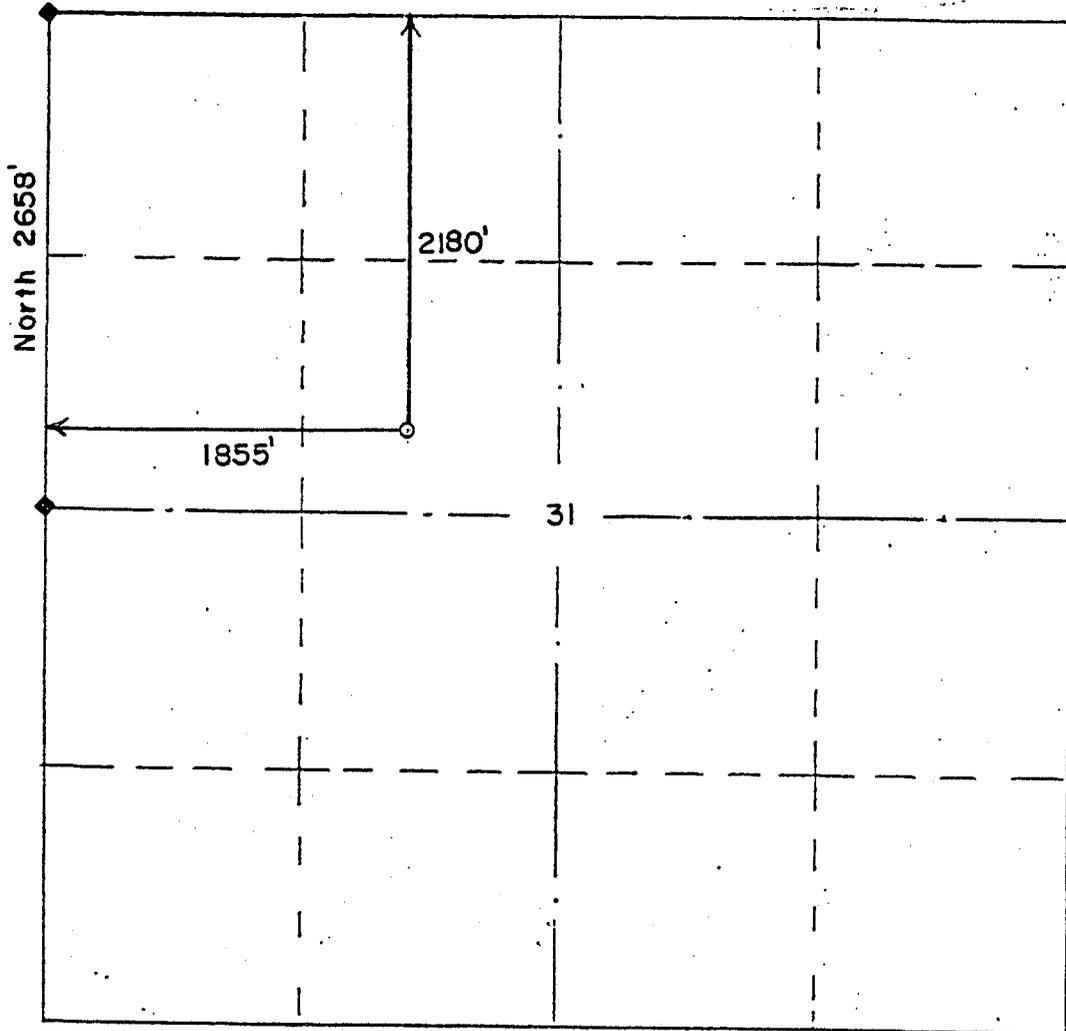
*See Instructions On Reverse Side

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-6 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.

D. C. H. K.

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

◆ brass cap

WELL LOCATION DESCRIPTION:

TEB, Inc., Cedar Mesa #2
2180'FNL & 1855'FWL
Section 31, T.37 S., R.19 E., SLM
San Juan County, Utah
6632' ground elevation
Alternate: 1980'FNL & 1980'FWL, 6627' grd.

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

8 May 1988

REGISTERED LAND SURVEYOR
No. 5705
HUDDLESTON
Gerald G. Huddleston
Gerald G. Huddleston, LS

TEB, Inc.
Well No. Cedar Mesa #2
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah
Lease U-61526

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.

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

A. DRILLING PROGRAM

BOP Specification and Testing:

All ram-type preventers will be tested to the rated working pressure of the stack or to 70% of the internal yield of the casing, whichever is less.

The annular-type preventer will be tested to 50% of its rated working pressure.

B. THIRTEEN POINT SURFACE USE PLAN

1. To reduce conflicts with recreational users, drilling will only be allowed from November 1 through February 28 and June 16 through September 14. This stipulation does not affect production activities.
2. All persons in the area who are associated with the project will be informed by the operator that they will be subject to prosecution for disturbing archaeological sites or collecting artifacts. If subsurface cultural material is exposed during construction, work at this spot will stop immediately and the Bureau of Land Management, San Juan Resource Area office will be contacted (801) 587-2141. The operator will be responsible for the cost of evaluation of the discovery and proper mitigation measures. Any decision as to proper mitigation shall be made by the authorized officer after consulting with the operator.

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;

1 day prior to running and cementing surface casing;

1 day prior to pressure testing of BOPE and/or surface casing.

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.

PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File Cedar Mesa #2

Suspense
(Return Date) _____

Other _____

(Location) Sec 31 Twp 32S Rng 19E

(To - Initials) _____

(API No.) 43-037-31427

1. Date of Phone Call: 8/17/89 Time: _____

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

Name William (Initiated Call) - Phone No. () _____

of (Company/Organization) BLM

3. Topic of Conversation: Rescinding APD

4. Highlights of Conversation: She will proceed as soon as possible.

RECEIVED
NOV 06 1989

3162 (U-065)
(U-61526)

Moab District
P. O. Box 970
Moab, Utah 84532

DIVISION OF
OIL, GAS & MINING

NOV - 2 1989

TEB, Inc.
Route 1, Box 82
Toronto, Kansas 66777

Re: Rescinding Application for Permit to Drill
Well No. Cedar Mesa #2
Sec. 31, T. 37 S., R. 19 E.
San Juan County, Utah
Lease U-61526
API # 43-037-31427

Gentlemen:

The Application for Permit to Drill the referenced well was approved on June 23, 1988. Since that date, no known activity has transpired at the approved location.

Applications for permit to drill are effective for a period of one year. In view of the foregoing, this office is rescinding and returning the referenced application. Should you intend to drill at this location at a future date, a new application for permit to drill must be submitted.

If you have any questions, please contact the Branch of Fluid Minerals at (801) 259-6111.

Sincerely yours,

/s/ Kenneth V. Rhea

District Manager

Enclosure: Application for Permit to Drill

cc: San Juan Resource Area (w/o encl.)
State of Utah, Division of Oil, Gas & Mining (w/o encl.) ✓
Brian Wood, Permits West Inc. (w/o encl.)

bcc: USO, U-942 (w/o encl.)

KJones:kj:11/01/89



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

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

November 13, 1989

TEB, Inc.
Route 1, Box 82
Toronto, Kansas 66777

Gentlemen:

Re: Cedar Mesa #2, Sec. 31, T. 37S, R. 19E, San Juan County, Utah
API No. 43-037-31427

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division of Oil, Gas and Mining immediately.

Sincerely,

A handwritten signature in cursive script that reads "Don T. Staley".

Don T. Staley
Administrative Supervisor

TAS/lcd

cc: D.R. Nielson
R.J. Firth
BLM - Moab
Well file

HOI2/1