

UTAH OIL AND GAS CONSERVATION COMMISSION

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

LA per BLM 1-18-91

DATE FILED **9-20-89**

LAND: FEE & PATENTED _____ STATE LEASE NO _____ PUBLIC LEASE NO **U-40356** INDIAN _____

DRILLING APPROVED **10-16-89**

SPUDED IN _____

Confidential

COMPLETED **1-18-91 LA** PUT TO PRODUCING _____

INITIAL PRODUCTION: _____

GRAVITY A.P.I. _____

GOR: _____

PRODUCING ZONES _____

TOTAL DEPTH _____

WELL ELEVATION: _____

DATE ABANDONED: **LA 1-18-91**

FIELD: **WILDCAT**

UNIT: _____

COUNTY: **SAN JUAN**

WELL NO. **V-MAX FEDERAL #1** API NO. **43-037-31477**

LOCATION **860' FNL** FT. FROM (N) (S) LINE. **660' FWL** FT. FROM (E) (W) LINE **NWNW** 1/4 - 1/4 SEC. **12**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
37S	23E	12	YATES PETROLEUM CORP.				

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

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

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface **860' FNL & 660' FWL (NWNW)**
 At proposed prod. zone **Same**

5. LEASE DESIGNATION AND SERIAL NO.
U-40356

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

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
V-Max Federal

9. WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Wildcat (001)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
12-37s-23e SLBM

12. COUNTY OR PARISH
San Juan

13. STATE
Ut.

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
660'

16. NO. OF ACRES IN LEASE
480

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.
N/A

19. PROPOSED DEPTH
6,420' Atch

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5,910' ungraded ground

22. APPROX. DATE WORK WILL START*
Oct. 1, 1989

RECEIVED
SEP 20 1989
DIVISION OF OIL GAS & MINING

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)	80'	≈75 cu ft or to surface
12-1/4"	8-5/8"	24*(J-55, ST&C)	2,300'	≈1,450 cu ft or to surface
7-7/8"	5-1/2"	15.5(J-55, ST&C)	6,420'	≈450 cu ft or to 5,000'

**TIGHT HOLE!!!
PLEASE KEEP CONFIDENTIAL!!!**

*APD IS DOUBLING AS A ROAD RIGHT-OF-WAY APPLICATION.
ITALICIZED PORTIONS OF APD REFER TO RIGHT-OF-WAY.
RIGHT-OF-WAY WILL BE 30' WIDE AND 0.8 MI. LONG.
RIGHT-OF-WAY CROSSES S2NE4 12-37s-23e & SWNW 7-37s-24e*

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.

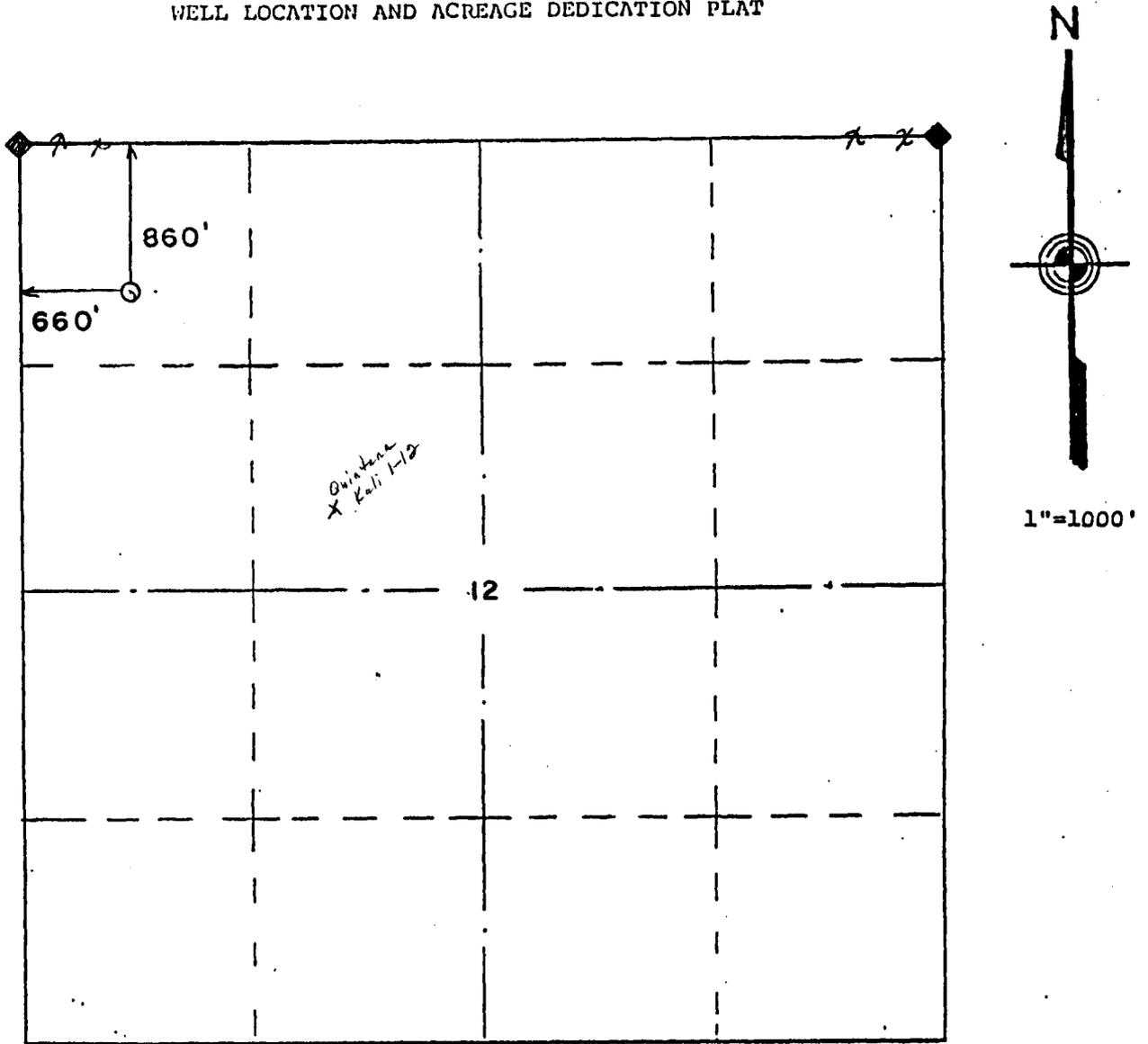
24. SIGNED Brian Reed TITLE Consultant DATE 9-14-89

(This space for Federal or State office use)
 PERMIT NO. 43-037-31477 cc: Beardemph(3), APD(5), SRA(2), WDCM(2)
 APPROVAL DATE _____ OF UTAH DIVISION OF

APPROVED BY _____ TITLE _____
 CONDITIONS OF APPROVAL, IF ANY: _____
 DATE: 10-16-89
 BY: John R. Baye
 WELL SPACING: R615-3-2

*See Instructions On Reverse Side

WELL LOCATION AND ACREAGE DEDICATION PLAT



WELL LOCATION DESCRIPTION:
Yates Petroleum, V - Max Federal # 1
860' FNL & 660' FWL
Section 12, T.37 S., R.23 E., SLM
San Juan County, UT
5910' ground elevation

The above plat is true and correct my knowledge and No. 13705

5 September 1989

Gerald G. Huddleston
Gerald G. Huddleston, LS
REGISTERED LAND SURVEYOR
STATE OF UTAH

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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12. COUNTY OR PARISH
San Juan

13. STATE
Ut.

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7 air miles ESE of Blanding, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
660'

16. NO. OF ACRES IN LEASE OR TRACT, OF ACRES ASSIGNED TO THIS WELL
480

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DIVISION OF
OIL, GAS & MINING

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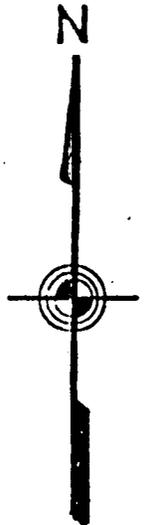
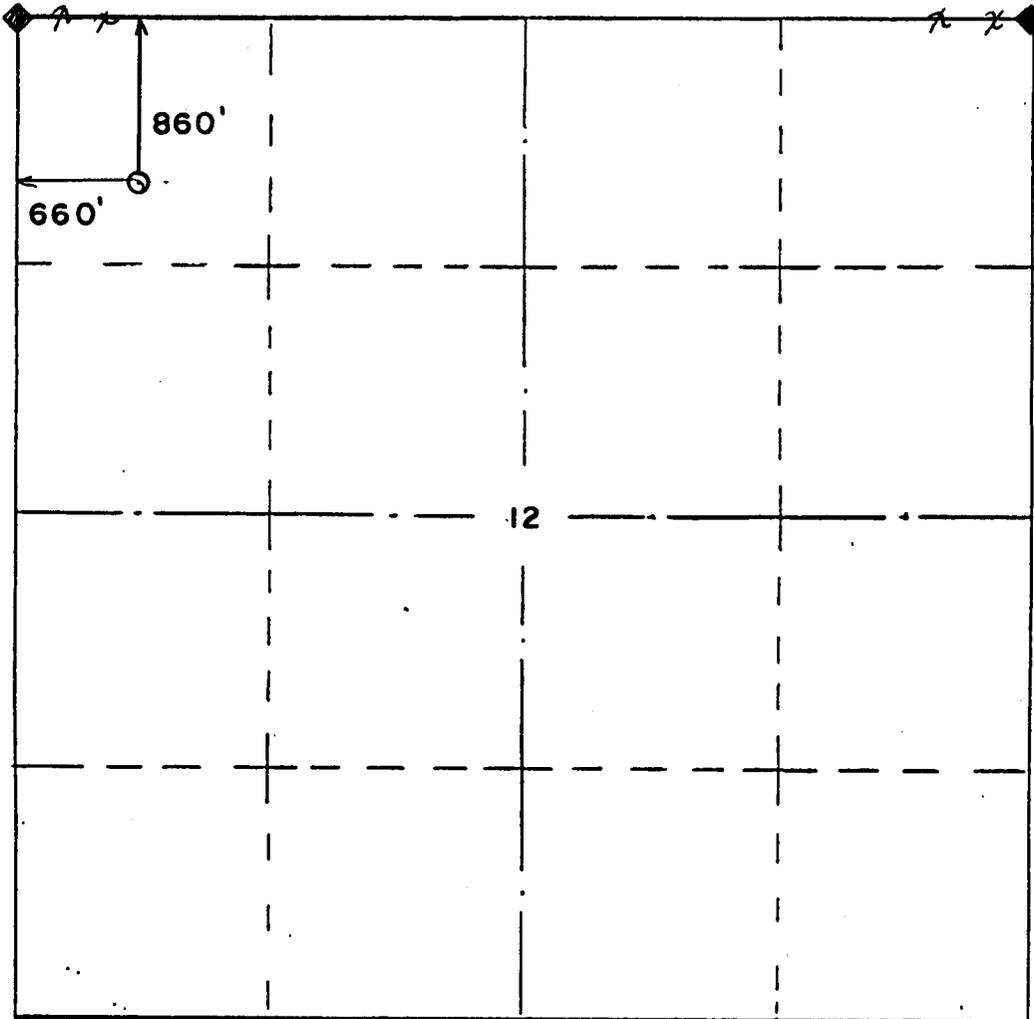
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(This space for Federal or State office use)
 PERMIT NO. 43-037-31477 cc: Beardemph(3), APD(S)WRA(2), UD(001)(2)
 APPROVAL DATE APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

APPROVED BY John R. Baye TITLE _____ DATE: 10-16-89
 CONDITIONS OF APPROVAL, IF ANY: _____ BY: John R. Baye
 WELL SPACING: R615-B-2

*See Instructions On Reverse Side

WELL LOCATION AND ACREAGE DEDICATION PLAT



1"=1000'

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5 September 1989

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STATE OF UTAH

Yates Petroleum Corporation
V-Max Federal #1
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Sec. 12, T. 37 S., R 23 E.
San Juan County, Utah

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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.

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 Ss	000'	13'	+5,910'
Morrison Ss & Sh	100'	113'	+5,810'
Entrada Ss	1,047'	1,060'	+4,863'
Navajo Ss	1,237'	1,250'	+4,673'
Chinle Sh	2,142'	2,155'	+3,768'
Shinarump Ss	2,812'	2,825'	+3,098'
Cutler Ss & Sh	2,922'	2,935'	+2,988'
Honaker Trail	4,747'	4,760'	+1,163'
Paradox Sh	5,827'	5,840'	+ 83'
Upper Ismay Ls	5,987'	6,000'	- 77'
Lower Ismay Ls	6,167'	6,180'	- 257'
Desert Creek Ls	6,247'	6,260'	- 337'
Akah Shale	6,377'	6,390'	- 467'
Total Depth (TD)	6,420'	6,433'	- 510'

* based on an ungraded GL of 5,910'

2. NOTABLE ZONES

The estimated depths from ungraded GL at which water, oil, gas, or other

Yates Petroleum Corporation
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860' FNL & 660' FWL
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mineral bearing zone formation tops are expected to be encountered are:

Possible Fresh Water Zones

Dakota: 000'
Morrison: 100'
Entrada: 1,047'
Navajo: 1,237'

Possible Uranium Zones

Morrison: 100'
Chinle: 2,142'

Possible Oil & Gas Zones

Honaker Trail: 4,747'
Upper Ismay: 5,987'
Lower Ismay: 6,167'
Desert Creek: 6,247'

Possible Salt Water Zones

Shinarump: 2,812'
Cutler: 2,922'

Water bearing zones will be protected with weighted mud. All of the above fresh water zones encountered during drilling will be recorded by depth, cased, and cemented. Promising oil and gas shows will be tested for commercial potential as determined by the wellsite geologist.

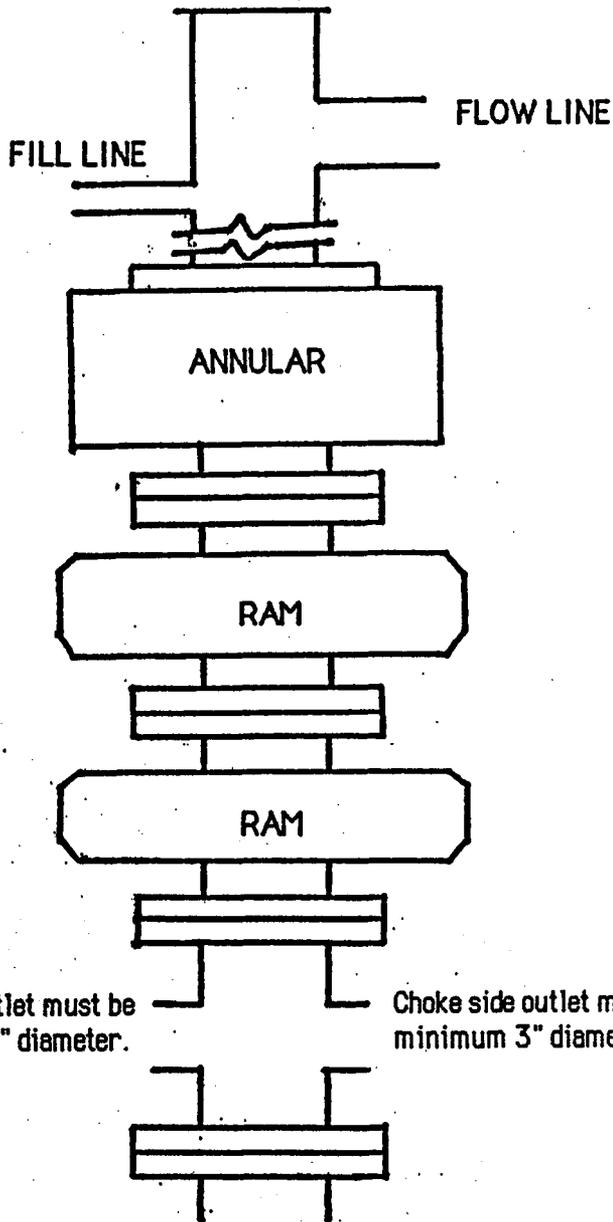
3. PRESSURE CONTROL (Also see "5." on PAGE 4)

BOP systems will be consistent with Onshore Order #2. A 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.

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.

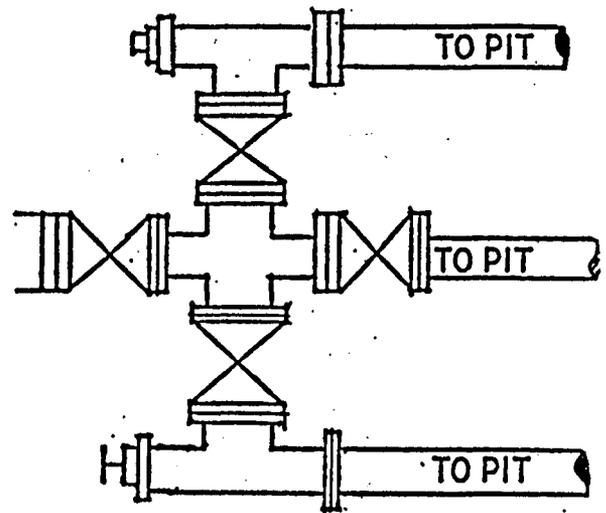
The Resource Area will be notified one day before pressure testing BOP. Pressure tests will be conducted with rig pumps before drilling out from under all casing strings which are set and cemented in place. BOP controls

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TYPICAL BOP STACK
 & CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Fill side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

Fill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.
 Safety valve and subs will fit all drill string connections in use.
 All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

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will be installed before drilling out 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 & CEMENT

<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' - 80'
12-1/4"	8-5/8"	24*	J-55	ST&C	New	0' - 2,300'
7-7/8"	5-1/2"	15.5*	J-55	ST&C	New	0' - 6,420'

Conductor Pipe (0' - 80'): Cement to surface with \approx 75 cu. ft. standard cement.

Surface Casing (0' - 2,300'): The Resource Area will be notified 1 day before running and cementing surface string. Casing will be set at least 150' into Chinle. Shoe @ \approx 2,300' and float @ \approx 2,260'. Cement to surface in one stage with \approx 1,450 cu. ft. (50% excess) Class C cement with 2% CaCl₂.

Production Casing (0' - 6,420'): Cement across zones of interest in one stage, if warranted, with \approx 450 cu. ft. (50% excess) Class C to estimated top at 5,000'. Float collar will be set \approx 40' above TD with casing shoe at TD (6,420').

5. MUD PROGRAM

There will be a flow sensor and pit level indicator.

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<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' - 6,420'	Fr. Water gel & starch	8.5-9.8	35-45	10-15

6. CORING, TESTING, & LOGGING

No cores are planned. Cuttings will be collected every 10' from the base of the surface casing (2,300') to TD (6,420'). Drill stem tests may be run in the Upper and Lower Ismay (primary objectives), Desert Creek (secondary objective), and elsewhere (e.g., Honaker Trail) 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
DLL and BHC-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 no more than 30 days after well completion or recompletion *per* 43 CFR 3162.4-1(b). Two copies of all logs, core descriptions & analyses, well test data, geologic summaries, sample descriptions, and all data obtained during 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 2,600 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

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8. MISCELLANEOUS

The anticipated spud date is October 1, 1989. It is expected it will take \approx 3 weeks to drill the well and \approx 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 spudded on a weekend or holiday, the Sundry will be sent on the 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 filed with MMS.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or 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 notice will be sent no more 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 of 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 after completion of the well for abandonment. The Sundry will note where plugs were set and the current status of surface restoration. Final abandonment will not be approved until reclamation required by the approved APD or

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abandonment notice has been completed to the Area Manager's satisfaction.

Once plugged, a regulation dry hole marker will be installed. The following information will be beaded on with a welding torch: Yates Petroleum Corporation, V-Max Federal #1, NWNW 12-37s-23e, U-40356.

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13 Point Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See PAGES 16 & 17)

This APD is also serving as a BLM road right-of-way application. BLM road right-of-way will be ≈ 0.8 mi. long and no more than 30' in width in SWNW 7-37s-24e and S2NE4 12-37s-23e.

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 ≈ 9.5 mi., still on gravel county road #204.
Then turn right just south of the proposed Shane #3 well* and go west ≈ 0.9 mi. on a dirt road (last ≈ 0.2 mi. are reclaimed) to the Kali dry hole.
Then bear northwest on a flagged route for ≈ 0.5 mi. to the well.

**NOTE: If the Shane #3 is built before the V-Max, then turn right just north of the Shane #3 onto a detour which be built in conjunction with the Shane #3. If the Shane #3 is never built, then Yates will relinquish the north detour. If the Shane #3 is productive, then Yates will relinquish the extreme east end of the south fork.*

Existing roads are successively state, county, and BLM. Only the dirt road will need to be upgraded. Upgrading will be consist of blading out ruts. Roads will be maintained to a standard at least equal to their present condition. An Encroachment Permit has been approved by the San Juan County Road Department.

2. NEW ROAD (See PAGE 17)

Construction will begin east of the Kali dry hole. There will be ≈ 0.5 mi.

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of new road and ≈ 0.2 mi. of reclaimed road to be built. All will be flat bladed with a 16' wide running surface and 30' maximum disturbed width. One cattleguard and two 40' long x 24" O.D. culverts are needed. No turnouts are needed. Maximum cut or fill will be 3'. Maximum grade is 7%.

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. This is crucial along the dirt road since it goes past several archaeological sites.

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/or culverts.

3. EXISTING WELLS

There are no existing or proposed oil, gas, water, injection, or disposal wells within one 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 Juniper green. Painting will be completed within 6 months of installation. Parts required to comply with OSHA colors are excluded.

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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 3162.7-5 and Onshore Order #3 will be obeyed.

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

Oil and gas will be measured *per* Onshore Orders #4 & #5, respectively. Gas meter run will be within 500' of its wellhead. The gas line will be buried from the wellhead to the meter and downstream on the remainder of the pad. Meters will be housed and/or fenced.

5. WATER SUPPLY (See PAGE 17)

Water will be trucked ≈15 mi. from Recapture Lake. An Application to Appropriate Water is on file with the State of Utah Div. of Water Rights.

6. CONSTRUCTION METHODS & MATERIALS

The Resource Area will be notified 48 hours before starting construction.

Before wellpad construction starts, the southwest side of the pad will be fenced with one strand of barbed wire to protect an archaeological site.

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

Over half of the reserve pit capacity is in cut. Twelve tons of commercial

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bentonite will be used to line the reserve pit if blasting is done. Brush will be used as riprap along the east side of the reserve pit.

7. WASTE DISPOSAL

The reserve 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 trash cage near the mud tanks. When full, it will be hauled to the Blanding dump or an approved landfill in Dolores County or Montezuma County, Colorado. 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 10' 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

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See PAGES 18-20 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, trash cage, access onto the pad, parking, living facilities, and rig orientation.

Brush will be stockpiled north and south of the pad and along the east side of the reserve pit. The top 6" of soil will be stockpiled south of the reserve pit and northwest 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 trash cage.

Yates' dirt contractor will call the Resource Area 48 hours before starting reclamation with earth moving equipment, and after completing reclamation. The reserve pit will be totally dry before it is backfilled.

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

Topsoil and brush will be spread evenly over the disturbed area. All disturbed areas will be ripped 6" deep with the contour.

Seed will be broadcast between October 1 and February 28 with the following mix. A harrow or similar implement will be dragged over the area to assure seed cover. If not covered, then rates will increase 50%.

<u>Species</u>	<u>Rate (pounds/acre)</u>
Indian ricegrass	1
Crested wheatgrass	2
Western wheatgrass	2

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Fourwing saltbush	1
Desert bitterbrush	1
Yellow sweetclover	1
Wild sunflower	1
Black sagebrush	0.5

The new access will be blocked to prevent vehicle access and reclaimed. The reserve pit and that part of the pad not needed for production will be reclaimed as previously described.

11. SURFACE OWNERS

The well and all road construction are on federal land administered by BLM. All other access is on public roads.

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 plan changes and other operations *per* 43 CFR 3162.6.

All drilling, producing, suspended, or abandoned wells will be identified *per* 43 CFR 3162.6.

All people in the area who are associated with the project will be informed that they can be prosecuted for disturbing archaeological or paleontological sites or collecting artifacts, arrowheads, or fossils.

**Yates Petroleum Corporation
V-Max Federal #1
860' FNL & 660' FWL
Sec. 12, T. 37 S., R. 23 E.
San Juan County, Utah**

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CONFIDENTIAL

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 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 ≈45 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 or right-of-way should call:

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

The field representative for Yates Petroleum Corporation is Al Springer.

Yates Petroleum Corporation
V-Max Federal #1
860' FNL & 660' FWL
Sec. 12, T. 37 S., R. 23 E.
San Juan County, Utah

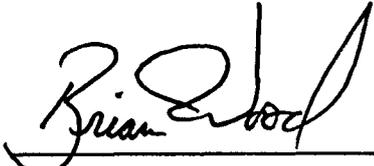
PAGE 15

CONFIDENTIAL

CERTIFICATIONS

I hereby certify that Yates Petroleum Corporation has the necessary consents from the proper lease interest owners to conduct lease operations in conjunction with this APD. Bond coverage *per* 43 CFR 3104 for lease activities is being provided by Yates Petroleum Corporation.

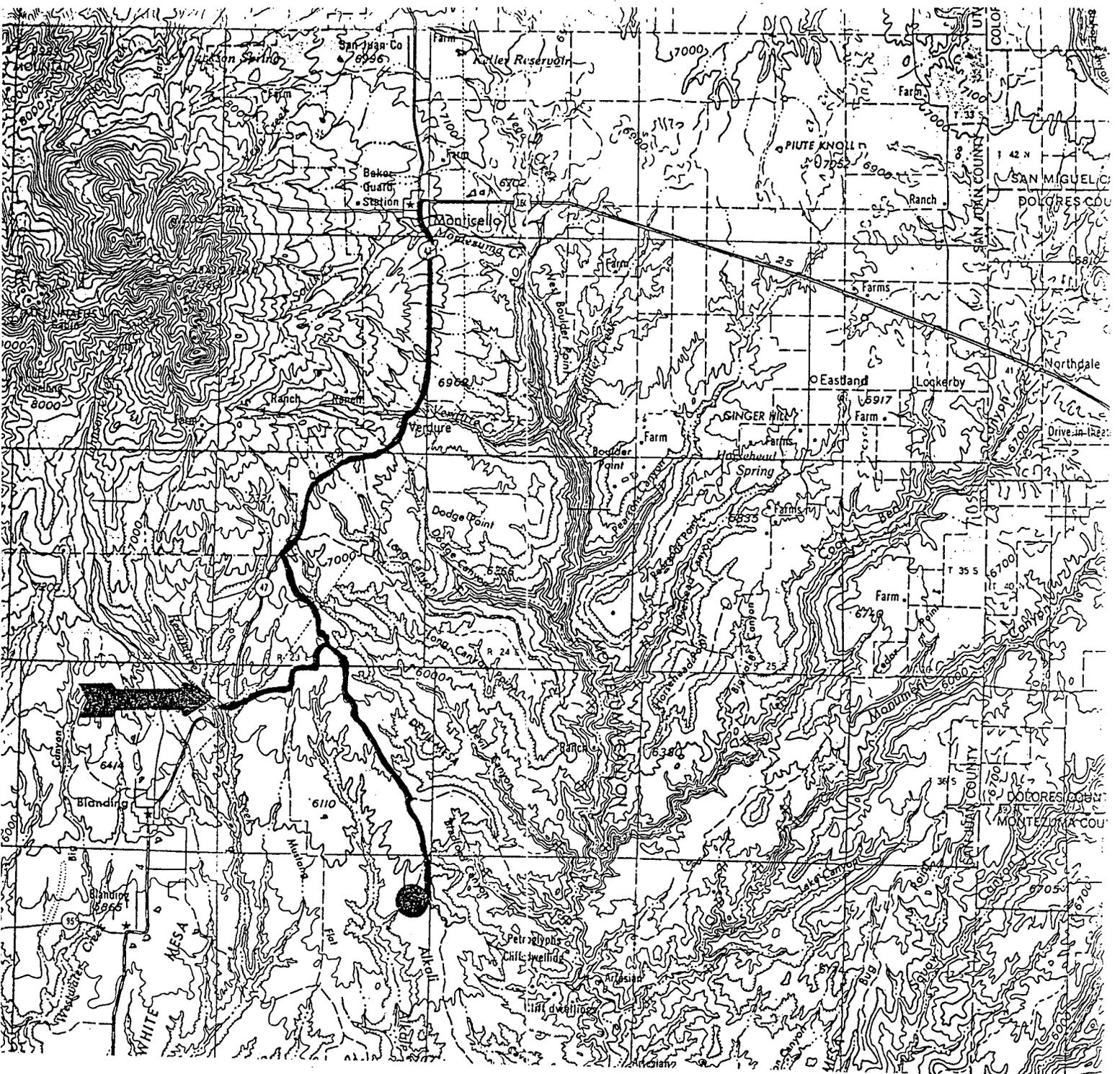
I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by 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

September 14, 1989
Date

CONFIDENTIAL



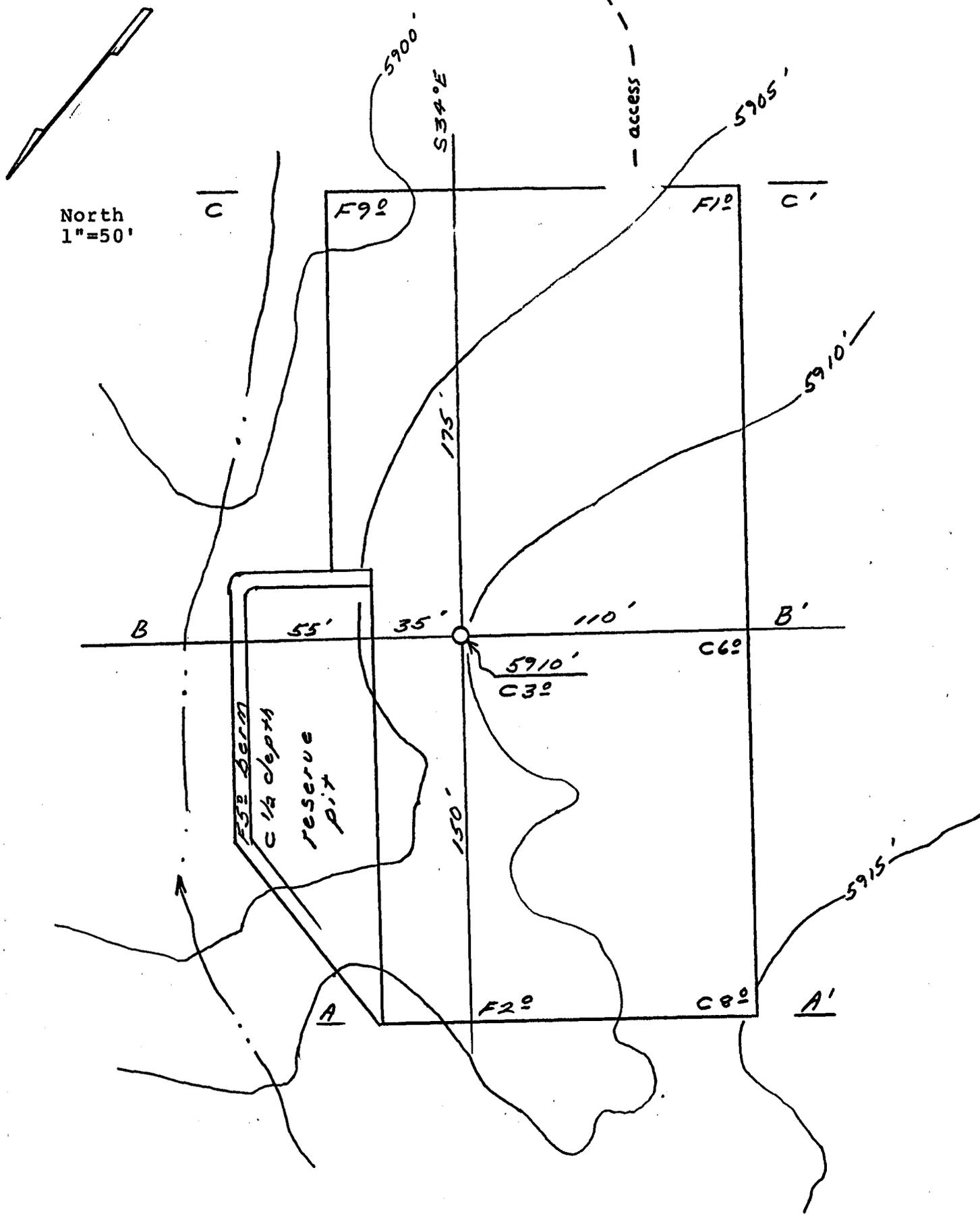
PROPOSED WELL: ●

WATER SOURCE: ➔

ACCESS ROUTE: ~

Plan View Sketch

V - Max Federal # 1



North
1"=50'

53' berm
1/2 depth
reserve
pit

access

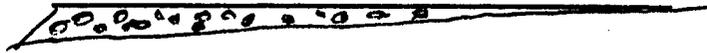
F90 F10
C C'
B B'
A A'
F20 C80
55' 35' 110'
175' 150'
5910' C30
5900' 5905' 5910' 5915'

Cross Section

V - Max Federal # 1

Cut 
Fill 

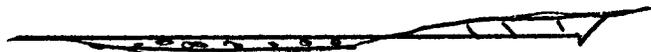
1"=50' Horz. & Vert.



C - C'



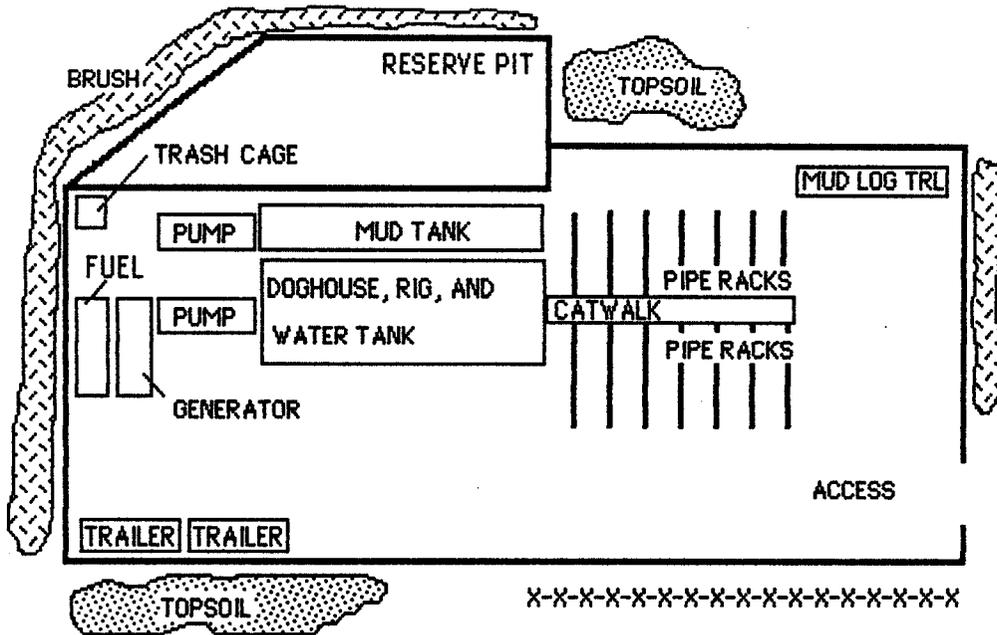
B - B'



A - A'

Yates Petroleum Corporation
V-Max Federal #1
860' FNL & 660' FWL
Sec. 12, T. 37 S., R. 23 E.
San Juan County, Utah

CONFIDENTIAL



Fence archaeological site with 1 strand
barbed wire. AVOID SITE!!!!!!!!!!!!!!!!!!!!!!



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:
October 1, 1989

-
4. AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:
(to be sent out by agency in block 1)
Southeastern Utah Association of 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 Corporation proposes to drill a wildcat well, the V-Max Federal #1, on federal lease number U-40356 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)
NW/4, NW/4, Section 12, Township 37 South, Range 23 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:
Glenn Goodwin, Monticello, 587-2561

-
12. FOR FURTHER INFORMATION, CONTACT: 13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL
- John Baza
PHONE: 538-5340
- John R. Baza*
DATE: 9/28/89
Petroleum Engineer

CONFIDENTIAL

OPERATOR Yates Petro. Corp. (N74007) DATE 9-21-89

WELL NAME V-Max Federal #1

SEC NWNW 12 T 37S R 23E COUNTY San Juan

43-037-31477
API NUMBER

Federal
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other well within 920'
Need Water Permit
RDCC 9-27-89 / Process 10-12-89

APPROVAL LETTER:

SPACING: R615-2-3 UNIT R615-3-2
(Pinto Unit NE 1/4 of sec. 12 Only)
 N/A R615-3-3
CAUSE NO. & DATE

STIPULATIONS:

1. Water Permit



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

October 16, 1989

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

Gentlemen:

Re: V-Max Federal #1 - NW NW Sec. 12, T. 37S, R. 23E - San Juan County, Utah
860' FNL, 660' FWL

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

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

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

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
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 R615-3-20, Gas Flaring or Venting, Oil and Gas Conservation General Rules.

6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.
7. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31477.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

lcr
Enclosures
cc: Bureau of Land Management
D. R. Nielson
J. L. Thompson
WE14/5-6

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APT # 43-037-31477

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK
 b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

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

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State regulations)
 At surface: **860' FNL & 660' FWL (NW 1/4)**
 At proposed prod. zone: **Same**

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
660'

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

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5,910' ungraded ground

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)	80'	~75 cu ft or to surface
12-1/4"	8-5/8"	24* (J-55, ST&C)	2,300'	~1,450 cu ft or to surface
7-7/8"	5-1/2"	15.5 (J-55, ST&C)	6,420'	~450 cu ft or to 5,000'

**TIGHT HOLE!!!
PLEASE KEEP CONFIDENTIAL!!!**

*APD IS DOUBLING AS A ROAD RIGHT-OF-WAY APPLICATION.
ITALICIZED PORTIONS OF APD REFER TO RIGHT-OF-WAY.
RIGHT-OF-WAY WILL BE 30' WIDE AND 0.8 MI. LONG.
RIGHT-OF-WAY CROSSES S2NE4 12-37s-23e & SWNW 7-37s-24e*

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 Wolf* TITLE **Consultant** DATE **9-14-89**

(This space for Federal or State office use) cc: Beardamphi(3), MDO(3), SJRA(2), UDOGM(2)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY /s/ Kenneth V. Rhea TITLE **ACTING DISTRICT MANAGER** DATE **OCT 18 1989**

CONDITIONS OF APPROVAL ATTACHED FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A Dated 1/1/80
 *See Instructions On Reverse Side

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.

RECEIVED
OCT 20 1989

5. LEASE DESIGNATION AND SERIAL NO.
U-40356

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

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
V-Max Federal

9. WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. T. C., T. E. M., OR BLM. SURVEY OR AREA
12-37s-23e SLBM

12. COUNTY OR PARISH
San Juan

13. STATE
Ut.

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

19. PROPOSED DEPTH
6,420'

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START*
Oct. 1, 1989

DOGm

Yates Petroleum Corporation
Well No. V-Max Federal #1
Sec. 12, T. 37 S., R. 23 E.
San Juan County , Utah
Lease U-40356

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 UT0129 (Principal - Yates Petroleum Corporation) as provided for in 43 CFR 3104.3.

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

A. DRILLING PROGRAM

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, Onshore Oil and Gas Order No. 2, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to the field representative to insure compliance.

1. If unconsolidated rock is encountered, conductor shall be set ten (10) feet into underlying bedrock with cement circulated to surface.
2. If a replacement rig is needed for completion operations, a Sundry Notice (From 3160-5) to that effect will be filed for prior approval from the District Office, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations, verbal approval to bring on a replacement rig will be approved through the District Office.

B. Additional Requirements According To Onshore Oil and Gas Order No. 2

- 3000 psi BOP & BOPE:

Pipe ram, blind ram, and if conditions warrant, another pipe ram shall also be required,

A second pipe ram preventer or variable bore pipe ram preventer shall be used with a tapered drill string,

Fill-up line above the uppermost preventer,

- If repair or replacement of the BOPE is required after testing, this work shall be performed prior to drilling out the casing shoe, and
- When the BOPE cannot function to secure the hole, the hole shall be secured using cement, retrievable packer or bridge plug packer, bridge plug or other acceptable approved methods to assure safe well conditions.

- Choke Manifold Equipment:

All choke lines shall be straight lines unless turns use tee blocks or are targeted with running tees, and shall be anchored to prevent whip and reduce vibration.

All valves (except chokes) in the kill line, choke manifold and choke line shall be a type that does not restrict the flow (full opening) and that allows a straight through flow.

Pressure gauges in the well control system shall be a type designed for drilling fluid service.

- 3000 psi system - Accumulator Equipment:

Accumulator shall have sufficient capacity to open the hydraulically controlled choke line valve (if so equipped), close all rams plus the annual preventer, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. This is a minimum requirement. The fluid reservoir capacity shall be double the accumulator capacity and fluid level maintained at manufacturer's recommendations. The 3M system shall have 2 independent power sources to close the preventers. Nitrogen bottles (3 minimum) may be 1 of the independent power sources and, if so, shall maintain a charge equal to the manufacturer's specifications.

Accumulator precharge pressure test: This test shall be conducted prior to connecting the closing unit to the BOP stack and at least once every 6 months. The accumulator pressure shall be corrected if the measure precharge pressure is found to be above or below the maximum limit specified within Onshore Order Number 2.

Power for the closing unit pumps shall be available to the unit at all times so that the pumps shall automatically start when the closing unit manifold pressure has decreased to a pre-set level.

Each BOP closing unit shall be equipped with sufficient number and sizes of pumps so that, with the accumulator system isolated from service, the pumps shall be capable of opening the hydraulically-operated gate valve (if so equipped), plus closing the annular preventer on the smallest size drill pipe to be used within 2 minutes, and obtain a minimum of 200 psi. above specified accumulator precharge pressure.

A manual locking device (i.e., hand wheels) or automatic locking devices shall be installed on all systems of 2M or greater. A valve shall be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve shall be maintained in the open position and shall be closed only when the power source for the accumulator system is inoperative.

Remote controls shall be readily accessible to the driller. Remote controls for all 3M or greater systems shall be capable of closing all preventers.

- BOP Testing:

Pressure tests on ram type preventers shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed off of pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test of BOP stack.

Annular BOP pressure tests shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above tests shall be performed:

**When initially installed;

**Whenever any seal subject to test pressure is broken;

**Following related repairs; and

**At 30 day intervals.

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s), the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly. Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

- Casing and Cementing:

All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

All casing, except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.

All of the above described tests shall be recorded in the drilling log.

All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

Surface casing shall have centralizers on at least the bottom three joints depending on severity of hole inclination.

Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.

All casing strings below the conductor shall be pressure tested to 0.22 psi/ft. of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.

- Mud Program Requirements:

The characteristics, use and testing of drilling mud and the implementation of related drilling procedures shall be designed to prevent the loss of well control. Sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring well control.

- Record slow pump speed on daily drilling report after mudding up.
- Visual mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume.
- A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.
- All flare systems shall be designed to gather and burn all gas. The flare line(s) discharge shall be located not less than 100 feet from the well head, having straight lines unless turns are targeted with running tees, and shall be positioned downwind of the prevailing wind direction and shall be anchored. The flare system shall have an effective method for ignition. Where non-combustible gas is likely or expected to be vented, the system shall be provided supplemental fuel for ignition and to maintain a continuous flare.

- Drill Stem Testing Requirements:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

- A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions, or displaced into the formation prior to pulling the test tool. This would involve providing some means for reverse circulation.
- Separation equipment required for the anticipated recovery shall be properly installed before a test starts.
- All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- Special Drilling Operations:

In addition to the equipment already specified elsewhere in Onshore Order No. 2 , the following equipment shall be in place and operational during air/gas drilling:

- Properly lubricated and maintained rotating head;
- Spark arresters on engines or water cooled exhaust;
- Blooie line discharge 100 feet from well bore and securely anchored;
- Straight run on blooie line unless otherwise approved;
- Deduster equipment;
- All cuttings and circulating medium shall be directed into a reserve or blooie pit;
- Float valve above bit;
- Automatic igniter or continuous pilot light on the blooie line;
- Compressors located in the opposite direction from the blooie line a minimum of 100 feet from the well bore;
- Mud circulating equipment, water, and mud materials (does not have to be premixed) sufficient to maintain the capacity of the hole and circulating tanks or pits.

TABLE 1

NOTIFICATIONS

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

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

1 day prior to spudding;

1 day prior to running and cementing 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 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

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

Home Phone: (801) 259-2214

If unable to reach the above individuals, including weekends, holidays, or after hours, please call the following:

Lynn Jackson, Office Phone: (801) 259-6111

Chief, Branch of Fluid Minerals

Home Phone: (801) 259-7990

24 HOURS ADVANCE NOTICE IS REQUIRED FOR ALL ABANDONMENTS.

RECEIVED
JAN 14 1991

DIVISION OF
OIL, GAS & MINING

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

3162 (U-065)
(U-40356)

JAN 11 1991

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

Re: Rescinding Application for Permit to Drill
Well No. V-Max Federal #1 43-037-31477
NMNM Sec. 12, T. 37 S., R. 23 E.
San Juan County, Utah
Lease U-40356

Gentlemen:

The Application for Permit to Drill the referenced well was approved October 18, 1989. 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 the approval of the referenced application.

Should you intend to drill 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/ WILLIAM C. STRINGER

Assistant District Manager
Mineral Resources

cc: SARA (w/o encl.)
State of Utah, Division of Oil, Gas and Mining (w/o encl.) ✓

VButts:vb:1/9/91



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

January 18, 1991

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

Gentlemen:

Re: Well No. V-Max Federal #1, Sec. 12, T. 37S, R. 23E, San Juan County, Utah
API No. 43-037-31477

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 Staley".

Don Staley
Administrative Supervisor
Oil and Gas

DME/lhc

cc: R.J. Firth
Bureau of Land Management - Moab
Well file

WO1196