

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

Wesgra Oil Corp

3. ADDRESS OF OPERATOR

P.O. Box 367, Mexican Hat, Utah 84531

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface 444' from the north line
1692' from the east line

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

one half mile

16. NO. OF ACRES IN LEASE

350

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

350'

19. PROPOSED DEPTH

700'

17. NO. OF ACRES ASSIGNED TO THIS WELL

5

20. ROTARY OR CABLE TOOLS

rotary

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

4110'

22. APPROX. DATE WORK WILL START

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SITTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8	20 pd	30 ft	7 sacks
7 7/8	5 1/2	14 pd	200 ft	24 sacks

1. 2, 4, 5, 8, 9

3. surface formation (Supai)

6. estimated top of geological marker Goodridge 200'

7. estimated depth of water, oil, or gas Goodridge zone 200'

10. pressure equipment, 6" valve no gas pressure in these zones

11. circulating medium, air and foam

12. testing samples only

13. abnormal pressures or temperatures, none no hydrogen sulfite

14. anticipated starting time, when approved or reasonable time there after

duration of drilling operation 6 to 9 days

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 W.C. Steen TITLE President DATE 10-27-90

(This space for Federal or State office use)

API PERMIT NO. 43-037-31584

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

DATE: 10/25/90

BY: [Signature]

WELL SPACING: #1563

*See Instructions On Reverse Side

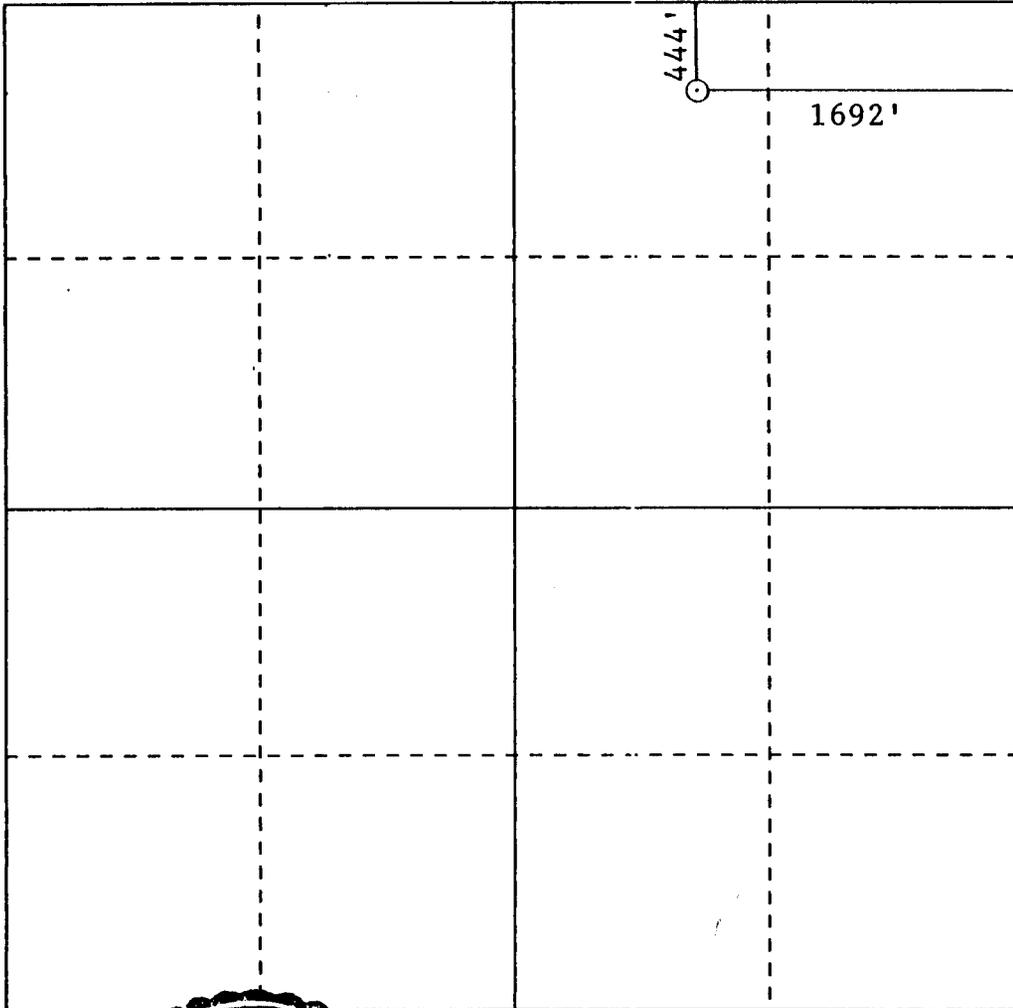
COMPANY WESGRO OIL CORPORATION

LEASE _____ WELL NO. 55 59

SEC. 7 T 42S R 19E S.L.P.M.

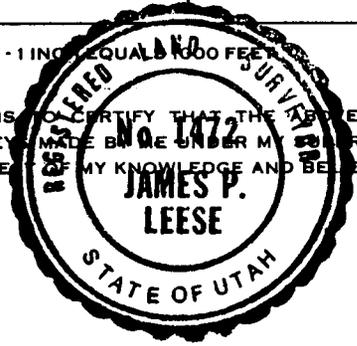
LOCATION 444 F/NL & 1692 F/EL

ELEVATION 4110 GROUND



SCALE - 1 INCH EQUALS 100 FEET

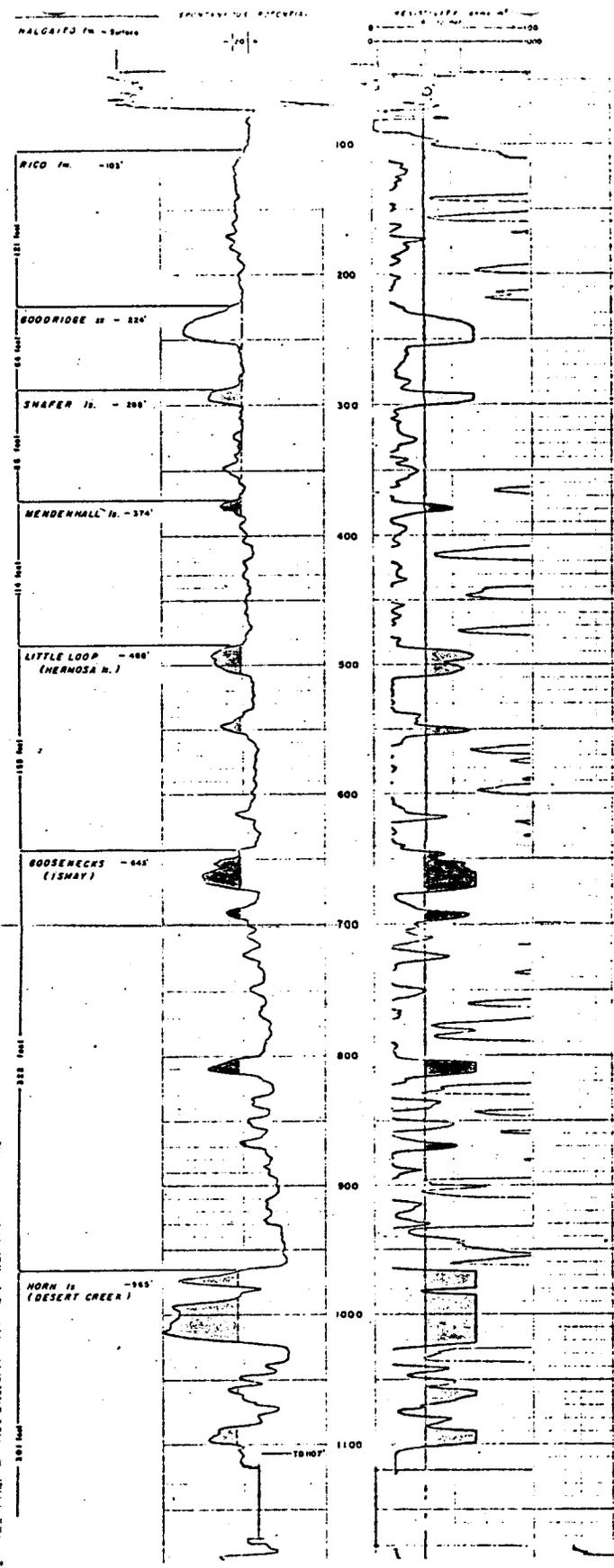
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



SEAL:

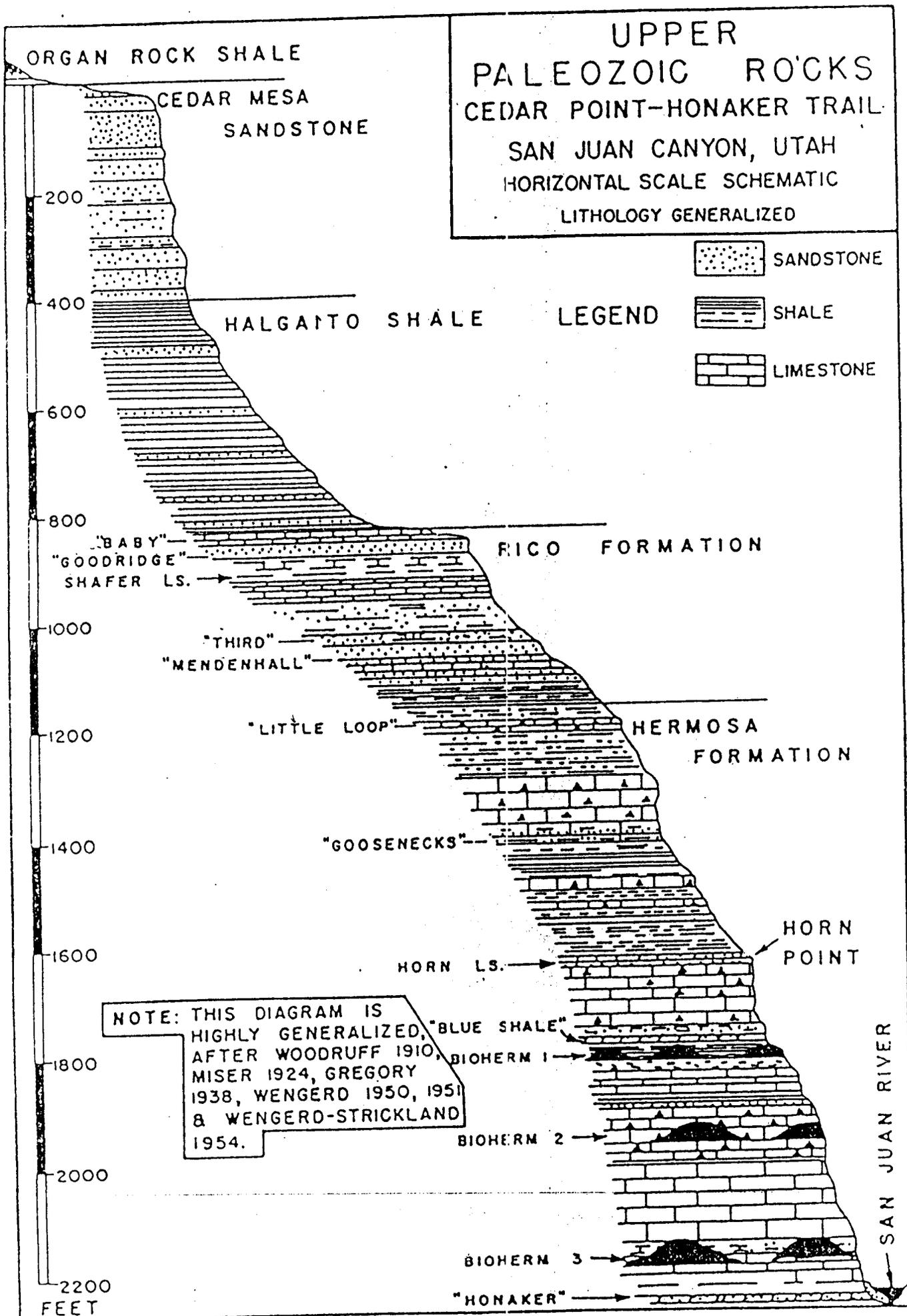
James P. Leese
Registered Land Surveyor. #1472

SURVEYED OCTOBER 2, 19 90

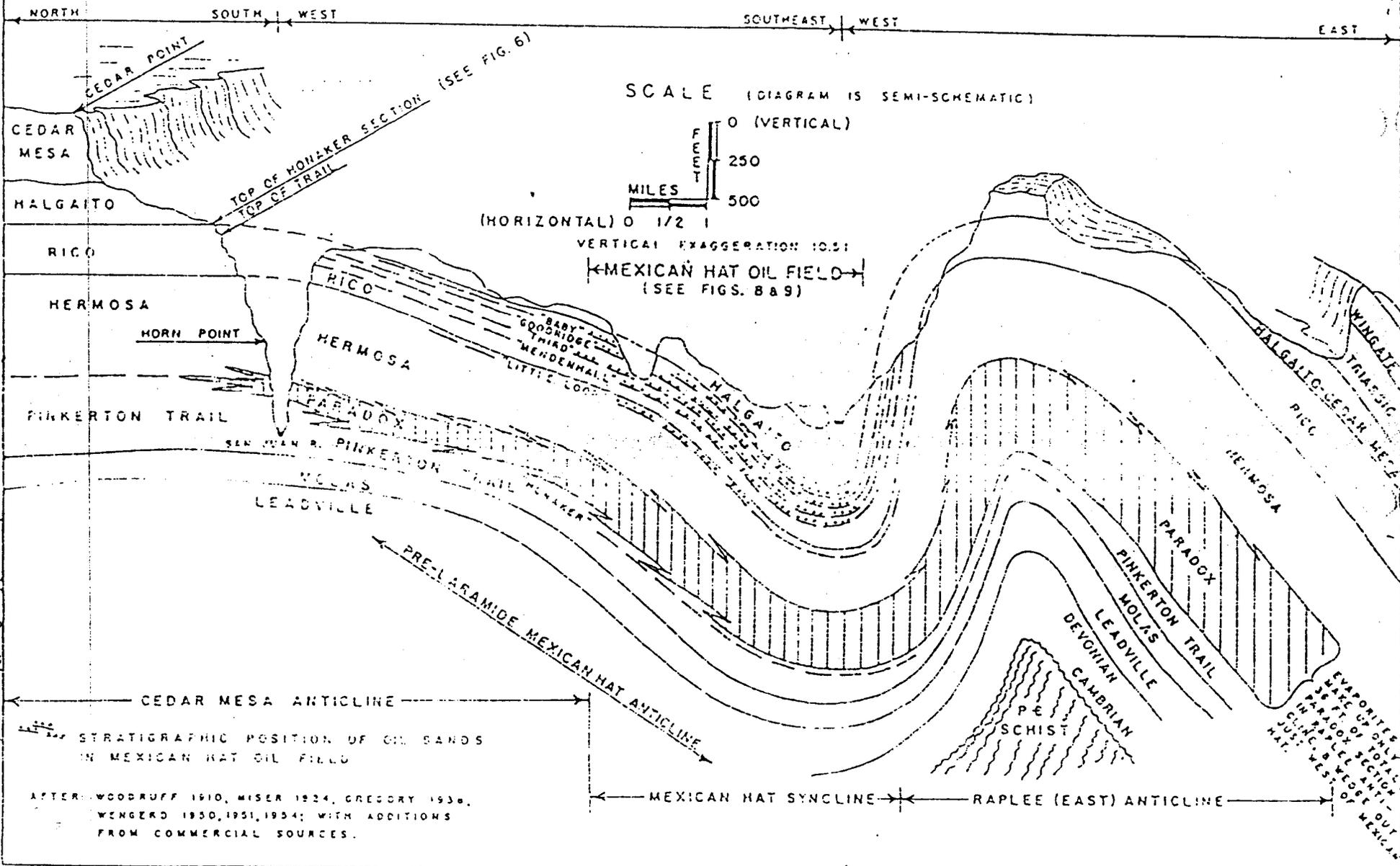


SHIPROCK OIL AND GAS CORPORATION
 NO. 1 REBAVER
 MEXICAN NAT AREA
 SAN JUAN COUNTY, UTAH
 SENE SEC 7 - T42S, R19E
 1010' PNL, 825' PFL
 ELEV. 4920' 0/4

EXHIBIT b



CROSS SECTION-MEXICAN HAT AREA, SAN JUAN COUNTY, UTAH



OPERATOR Wesqua Corporation N-1060 DATE 11-07-90

WELL NAME Gubaru-Guom 59

SEC NWNE 7 T 405 R 19E COUNTY San Juan

43.037.31584
API NUMBER

Federal (1)
TYPE OF LEASE

CHECK OFF:

PLAT.

BONC

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Cause shows unrestricted spacing - not within 1/4-1/4 boundaries
water permit

APPROVAL LETTER:

SPACING: R615-2-3

N/A
UNIT

R615-3-2

156-3 4-15-80
CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

1. Needs water permit



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 25, 1990

Wesgra Oil Corporation
P. O. Box 367
Mexican Hat, Utah 84531

Gentlemen:

Re: Gebauer-Groom 59 - NW NE Sec. 7, T. 42S, R. 19E - San Juan County, Utah
444' FNL, 1692' FEL

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 156-3 dated April 15, 1980 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 R. J. Firth, Associate Director, (Office) (801) 538-5340, (Home) 571-6068, 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.

Page 2
Wesgra Oil Corporation
Gebauer-Groom 59
November 25, 1990

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 43-037-31584.

Sincerely,



R. J. Pith
Associate Director, Oil & Gas

tas
Enclosures
cc: Bureau of Land Management
J. L. Thompson
we14/1-18

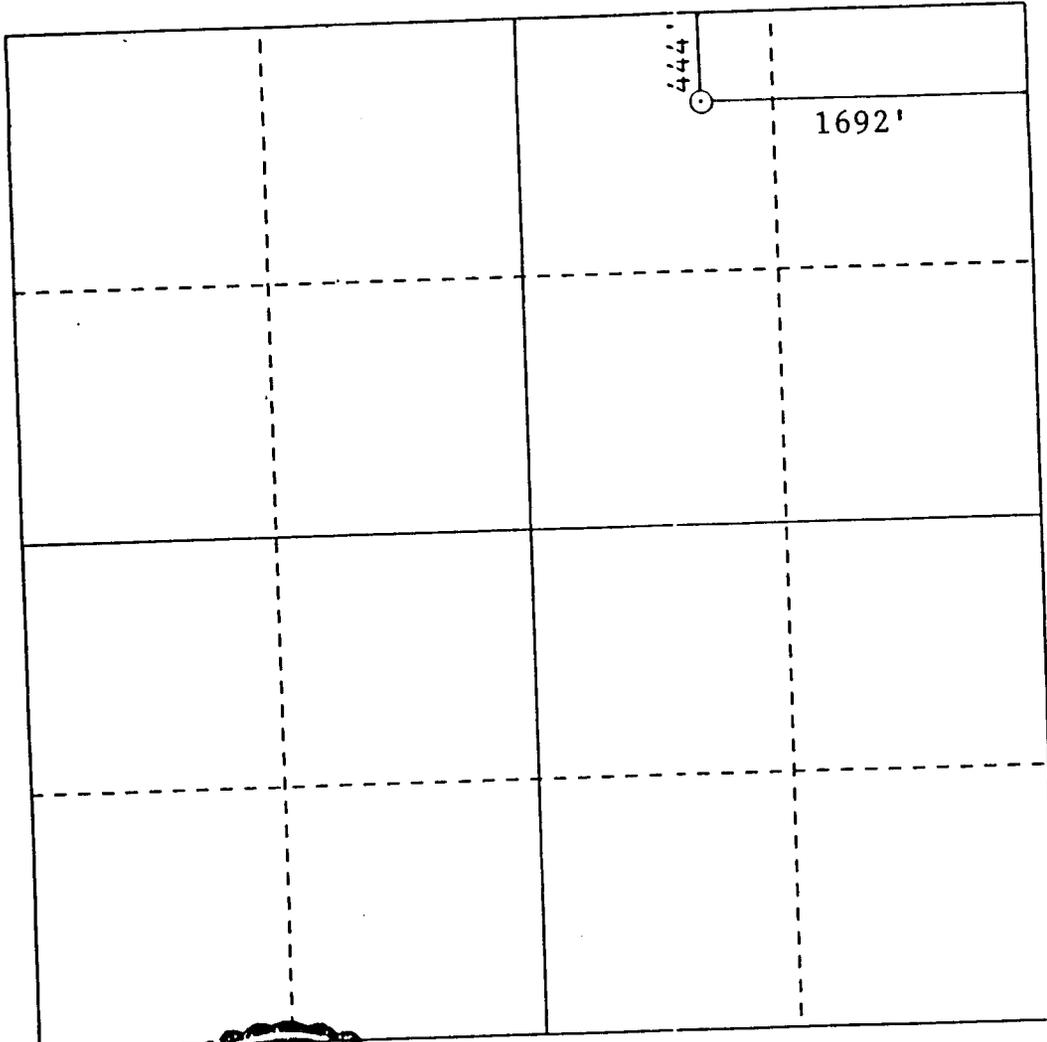
COMPANY WESGRO OIL CORPORATION

LEASE _____ WELL NO. 55 59

SEC. 7 T. 42S R. 19E S.L.P.M.

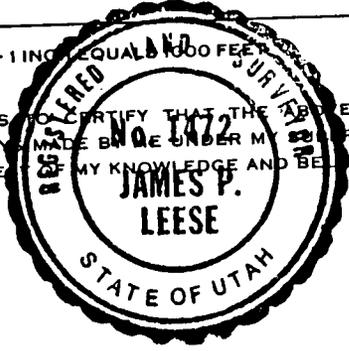
LOCATION 444 F/NL & 1692 F/EL

ELEVATION 4110 GROUND



SCALE - 1 INCH EQUALS 100 FEET

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



SEAL:

James P. Leece
Registered Land Surveyor. #1472

SURVEYED OCTOBER 2, 19 90

Wesgra Corporation
Well No. Gebauer-Groom 59
NWNE Sec. 7, T. 42 S., R. 19 E.
San Juan County, Utah
Lease U-7303

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 Wesgra 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 UT0251 (Principal - Wesgra Corporation) via surety consent as provided for in 43 CFR 3104.2.

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

A. DRILLING PROGRAM

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and 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. 500 lb pressure valve shall be tested according to Onshore Order No. 2.
2. Casing and cementing requirements shall comply with Onshore Order No. 2 requirements.

B. Stipulations

1. All oil flow lines will be buried.
2. The disturbed areas of the buried lines will be seeded with fourwing saltbush in the same manner as required for rehabilitation.

The following stipulations were presented by Wesgra Oil Corporation in the APD.

1. All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100, Onshore Oil and Gas Orders, and the approved plan of operations (Application for Permit to Drill)).
2. Approximately 200 feet of new road (25 feet of maximum disturbed width) would be constructed.
3. The access (including any existing non-county) road will be rehabilitated or brought to Resource (Class III) Road Standards within sixty (60) days of completion of drilling operations.
4. Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed will be approved by the Area Manager in advance.
5. The topsoil from the access road will be reserved in place.
6. All permanent above-ground facilities (6 months or longer) would be painted a neutral, nonreflective (SAND) color to blend into the surrounding area, except for those required to comply with the Occupational Safety and Health Act or written company safety manual or documents.
7. If a tank battery is constructed on this location it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the largest tank; all load lines and valves will be placed inside the dike surrounding the tank battery.
8. All site security guidelines identified in 43 CFR 3162.7-5 and ONSHORE OIL AND GAS ORDER NO. 3; SITE SECURITY will be adhered to.

9. Gas measurement will be conducted in accordance with the ONSHORE OIL AND GAS ORDER NO. 5; GAS MEASUREMENT and 43 CFR 3162.7-3.
10. Gas meter runs for each well will be located within five hundred (500) feet of the wellhead. The gas flowline will be buried from the well head to the meter and downstream for the remainder of the pad. Meter runs will be housed and/or fenced.
11. Oil measurement will be conducted in accordance with ONSHORE OIL AND GAS ORDER NO. 4; OIL MEASUREMENT as of the effective of August 23, 1989 and 43 CFR 3162.7-2.
12. All water needed for drilling purposes will be obtained from City of Mexican Hat, UT.
13. A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah (801) 637-1303.
14. Pad construction material will be obtained from on site and in place materials.
15. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.
16. The reserve pit will be constructed with at least 1/2 of the capacity in cut material and will be lined with native material and foam.
17. No liquid hydrocarbons (i.e. fuels, lubricants, formation) will be discharged to the reserve pit.
18. No chrome compounds will be on location.
19. All trash will be placed in a trash basket and hauled to a county refuse facility . There will be no burning of trash on location.
20. Produced waste water will be confined to the reserve pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to NTL-2B.
21. Camp facilities will not be required.
22. Within 24 hours of completion of drilling, the location and surrounding area will be cleared of everything not required for production.
23. As soon as the reserve pit has dried all areas not needed for production (including access road) will be filled in, recontoured to approximately natural contours and (as much top soil as was removed) replaced leaving sufficient for future restoration. The remaining top soil (if any) will be stabilized and seeded in place. If the well is a dry hole, the location and access road will be rehabilitated in total.
24. The area will be seeded between October 1 and February 28 with 6 lbs./acre of fourwing saltbush. Seed will be broadcast followed by a light harrowing.
25. There will be no deviation from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned and/or separate facilities, will be identified in accordance with 43 CFR 3162.6.

26. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.6.
27. The dirt contractor will be provided with an approved copy of the surface use plan.
28. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:
 - whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
 - a timeframe for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

29. This permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.
30. If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligation determined by the authorized officer.

NOTIFICATIONS

Notify Bob Turri 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;

1 day prior to pressure testing of 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 Assistant District Manager, Minerals Division. 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

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

OPERATOR Wesgra Corporation
ADDRESS P.O. Box 367
Mexican Hat, Utah 84531

OPERATOR CODE N-1060
PHONE NO. 801, 683-2298

ENTITY ACTION FORM - DOGM FORM 6

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

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
B	11004	11004	43-037-31584	Gebauer-Groom #59	N.E.	7	42S	19E	San Juan	4-17-91	4-13-91
COMMENTS: (Entity added 4-26-91) Jee											
COMMENTS:											
COMMENTS:											
COMMENTS:											
COMMENTS:											
COMMENTS:											

RECEIVED

APR 22 1991

DIVISION OF OIL GAS & MINING

- ACTION CODES:
- A - ESTABLISH NEW ENTITY FOR NEW WELL
 - B - ADD NEW WELL TO EXISTING ENTITY
 - C - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO ANOTHER EXISTING ENTITY
 - D - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO A NEW ENTITY
 - E - OTHER (EXPLAIN IN COMMENTS SECTION)
(SEE INSTRUCTIONS)

W. E. Skem
SIGNATURE
President
TITLE
4-17-91
DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLI 2*

(See other instructions on reverse side)

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

U-7303

5. LEASE DESIGNATION AND SERIAL NO.

U-7303

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Gebauer-Groom

9. WELL NO.

59

10. FIELD AND POOL, OR WILDCAT

Mexican Hat

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

Sec 7, 42S, 19E

12. COUNTY OR PARISH

San Juan

13. STATE

Utah

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

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

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

2. NAME OF OPERATOR

Wesgra Corporation

3. ADDRESS OF OPERATOR

P.O. Box 367, Mexican Hat, Utah 84531

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 444' from the north line
1692' from the east line
At top prod. interval reported below
At total depth

14. PERMIT NO. 43-037-31584 DATE ISSUED Nov 25, 90

15. DATE SPUDDED 4-12-91 16. DATE T.D. REACHED 4-23-91 17. DATE COMPL. (Ready to prod.) 4-24-91 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 4110' 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 730' 21. PLUG, BACK T.D., MD & TVD 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY rotary 24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 660 to 675' 690' to 710' Little Loop 25. WAS DIRECTIONAL SURVEY MADE no

26. TYPE ELECTRIC AND OTHER LOGS RUN samples only 27. WAS WELL CORED no

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
10'	22pd	30'	12 1/2"	5 sacks	
6 5/8"	15pd	2240' 240'	9"	32 sacks	

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
open hole		DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

33.* PRODUCTION							
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
4-26-91		pumping				POW	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
4-26-91	24			5	0	0	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	

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

35. LIST OF ATTACHMENTS

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

SIGNED W.C. Steen TITLE President DATE 4-30-91

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

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

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Goodridge	146'	168'	not productive producing intervals 660' to 675' 690 to 710'			
Mendenhall	302'	310'				
Little loop	430'	460'				
Gipsyneck or Little loop	630	710'				

RECEIVED

MAY 06 1991

DIVISION OF
OIL GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
MAY 13 1995

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial No.

U-7303

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Gebauer-Goom

9. API Well No.

43-037-31584
59

10. Field and Pool, or Exploratory Area

Sec 7, 42S, 19E

11. County or Parish, State

San Juan Utah

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Wesgra Corporation

Phone 801 633-2298

3. Address and Telephone No.

405 521-8960

P.O. Box 310367, Mexican Hat, Utah 84531

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

444' from the north line
1692' from the east line

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

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

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

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

Well plugged according to BLM instructions
witnessed by BLM personal

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

Signed W. E. Sker

Title President

Date 3-9-95

(This space for Federal or State office use)

Approved by _____

Title _____

Date _____

Conditions of approval, if any: