

UTAH OIL AND GAS CONSERVATION COMMISSION

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

97203 LA'D JFB. 11.21.97:

DATE FILED JUNE 19, 1996

LAND: FEE & PATENTED _____ STATE LEASE NO. _____ PUBLIC LEASE NO. UTU-068676 INDIAN _____

DRILLING APPROVED: JULY 25, 1996

SPUDED IN: _____

COMPLETED: _____ PUT TO PRODUCING: _____

INITIAL PRODUCTION: _____

GRAVITY A.P.I. _____

GOR: _____

PRODUCING ZONES: _____

TOTAL DEPTH: _____

WELL ELEVATION: _____

DATE ABANDONED: 11.21.97 LA'D.

FIELD: UNDESIGNATED

UNIT: _____

COUNTY: SAN JUAN

WELL NO. AULTMORE FEDERAL 1 API NO. 43-037-31778

LOCATION 2345 FSL FT. FROM (N) (S) LINE. 1850 FWL FT. FROM (E) (W) LINE. NE SW 1/4 - 1/4 SEC. 24

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

				<u>37S</u>	<u>24E</u>	<u>24</u>	<u>PETRAL EXPLORATION</u>
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**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE*
(Other instructions on reverse s.)

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

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
 Petral Exploration LLC

3. ADDRESS OF OPERATOR
 c/o McIlnay & Associates, Inc.
 2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 2345' FSL & 1850' FWL (NW NE SW) Sec. 24-T37S-R24E
 At proposed prod. zone ⁷¹⁴ 564
 Same

5. LEASE DESIGNATION AND SERIAL NO.
 UTU-068676

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 NA

7. UNIT AGREEMENT NAME
 NA

8. FARM OR LEASE NAME
 Aultmore - Federal

9. WELL NO.
 1

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 24-T37S-R24E

12. COUNTY OR PARISH
 San Juan

13. STATE
 UT

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 15 miles southeast of Blanding, UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 1850'

16. NO. OF ACRES IN LEASE
 2560.00

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.
 4450 Dry hole

19. PROPOSED DEPTH
 5555'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5155 GR

22. APPROX. DATE WORK WILL START*

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
20"	16"	0.25" wall	80'	To surface w/ready mix
12 1/4"	8 5/8"	24#/ft.,	1400'	Cemented to surface
7 7/8"	5 1/2"	15.5#/ft.,	5555'	220' sks.

Request is made for all information to be held CONFIDENTIAL.

It is proposed to drill a well at the above location with the primary zone of interest the Upper Ismay Mound formation at 5272' TVD. If the well proves productive, 5 1/2" casing will be cemented in place and the well completed. If the well is found non-productive, it will be plugged and abandoned and the surface restored as per BLM specifications.

See attached "Drilling Program" summary and "Surface Use Program" for details. I hereby certify that Petral Exploration LLC is responsible under the terms and conditions of the lease to conduct lease operations in conjunction with the application. Bond coverage pursuant to 43 CFR 3104 for lease activities is provided by BLM bond No. UT 1040.

This is an exception location. Application has been made to the Utah Board of Oil, Gas and Mining for an exception location. 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.

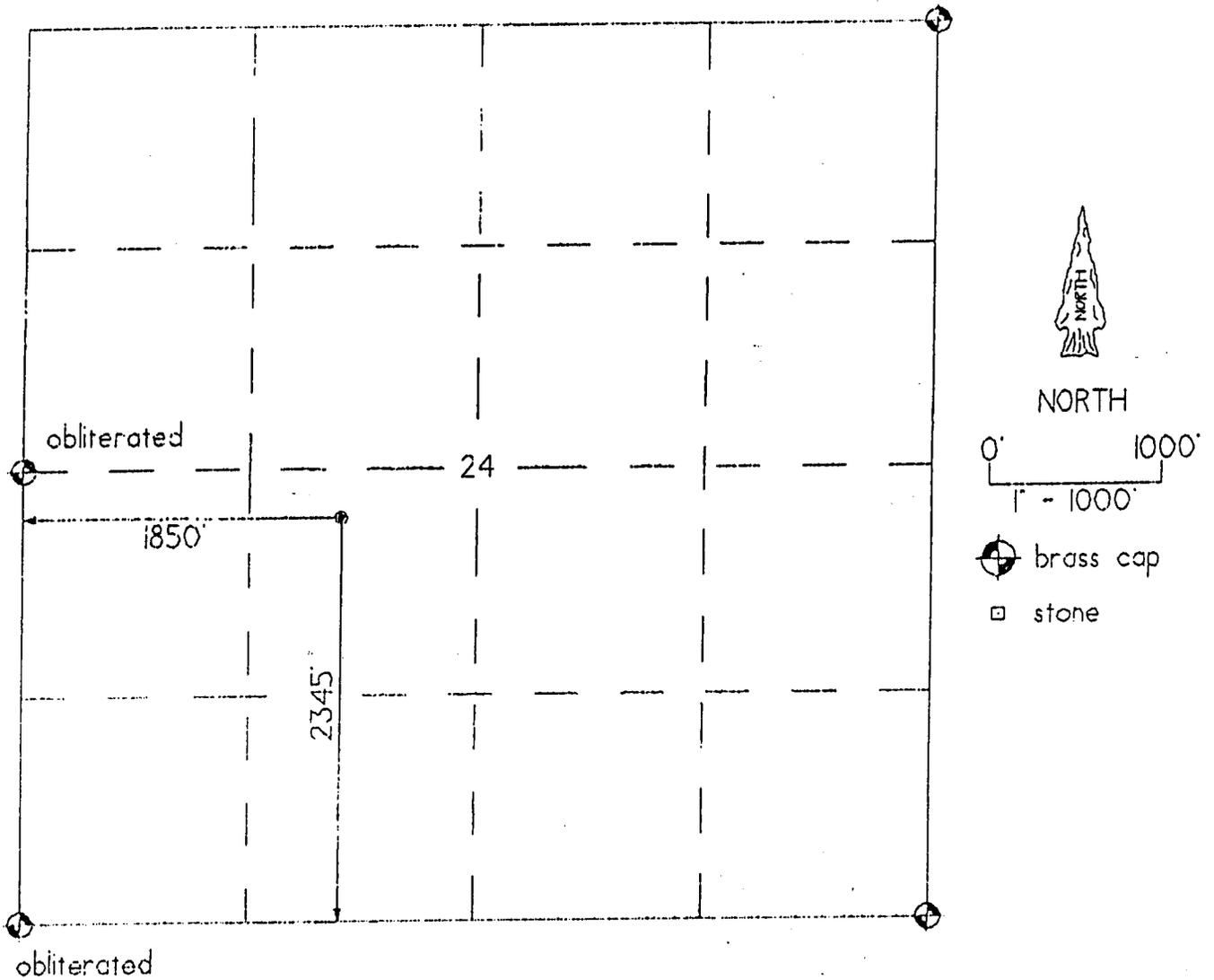
24. SIGNED Anthony R. Mayer TITLE Petral Exploration, LLC, Petroro Corp., Manager
Anthony R. Mayer, Sr. VP DATE June 13, 1996

(This space for Federal or State office use)

PERMIT NO. 43-037-31778 APPROVAL DATE _____
 APPROVED BY J.A. Mathews TITLE Petroleum Engineer DATE 7/26/96
 CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Well Location Plat



Well Location Description

PETRAL EXPLORATION

1 Aultmore

2345' FSL & 1850' FWL

Section 24, T.37 S., R.24 E., SLM

San Juan County, UT

5155' grd. el.

State plane coordinates from GPS survey:

331.444 North & 2.656.860 East

37°33'18.3542" lat & 109°14'02.0003" long (calculated).



24 May 1996

Gerald G. Huddleston

Gerald G. Huddleston, LS

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

HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565 -3330

APPLICATION FOR TEMPORARY CHANGE OF WATER

STATE OF UTAH

Rec. by _____
Fee Paid \$ _____
Receipt # _____
Microfilmed _____
Roll # _____

MAR 4

375-258
500 33

For the purpose of obtaining permission to make a temporary change of water in 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 Section 73-3-3 Utah Code Annotated 1953, as amended.

WATER RIGHT NO. 09 156 *APPLICATION NO. t19778

Changes are proposed in (check those applicable)

_____ point of diversion. place of use. nature of use. period of use.

1. OWNER INFORMATION

Name: R.W. Trucking *Interest: _____%

Address: P.O. Box 1208

City: Cortez State: Colorado Zip Code: 81321

2. PRIORITY OF CHANGE: December 10, 1951 *FILING DATE: March 4, 1996

3. RIGHT EVIDENCED BY: 09-156 (A23462; a5076) Cert. No. 7854

Prior Approved Temporary Change Applications for this right: _____

***** HERETOFORE *****

4. QUANTITY OF WATER: 0.364 cfs and/or _____ ac-ft.

5. SOURCE: Underground Water Well

6. COUNTY: San Juan

7. POINT(S) OF DIVERSION: _____
N. 531 ft. & E. 1810 ft. from W $\frac{1}{2}$ Cor. Sec. 1, T38S, R24E, SLB&M

Description of Diverting Works: 4-inch casing, 538 feet deep

8. POINT(S) OF REDIVERSION

The water has been rediverted from _____ at a point: _____

Description of Diverting Works: _____

9. POINT(S) OF RETURN

The amount of water consumed is 0.364 cfs or _____ ac-ft.

The amount of water returned is _____ cfs or _____ ac-ft.

The water has been returned to the natural stream/source at a point(s): _____

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

10. NATURE AND PERIOD OF USE

Irrigation: From March 1 to October 31
Stockwatering: From _____ to _____
Domestic: From _____ to _____
Municipal: From _____ to _____
Mining: From _____ to _____
Power: From _____ to _____
Other: From _____ to _____

11. PURPOSE AND EXTENT OF USE

Irrigation: 80.4 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): _____

12. PLACE OF USE

Legal description of place of use by 40 acre tract(s):
SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 1, T38S, R24E, SLB&M

15. STORAGE

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

***** THE FOLLOWING CHANGES ARE PROPOSED *****

14. QUANTITY OF WATER: _____ cfs and/or 3.0 ac-ft.
15. SOURCE: Underground Water Well - Existing
Balance of the water will be abandoned: _____, or will be used as heretofore: X
16. COUNTY: San Juan
17. POINT(S) OF DIVERSION: Same as heretofore

Description of Diverting Works: 4-inch casing, 538 feet deep, portable pump and tank truck
COMMON DESCRIPTION: 9 miles North of Hatch Trading Post Bug Canyon Quad

18. POINT(S) OF REDIVERSION

The water will be rediverted from _____ at a point: _____

Description of Diverting Works: _____

19. POINT(S) OF RETURN

The amount of water to be consumed is _____ cfs or 3.0 ac-ft.
The amount of water to be returned is _____ cfs or _____ ac-ft.
The water will be returned to the natural stream/source at a point(s): _____

20. 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 3/1/96 to 12/31/96

21. 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 at the _____ Mine.
Ores mined: _____
Power: Plant name: _____ Type: _____ Capacity: _____
Other (describe): Exploration drilling, road construction & maintenance, dust suppression

22. PLACE OF USE

Legal description of place of use by 40 acre tract(s):
1) Petral Fed. Aultmore #1: SE 1/4 Sec. 24, T37S, R24E, SLB&M
2) Petral Fed. Knockando #1: NW 1/4 Sec. 19, T37S, R25E, SLB&M

23. STORAGE

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

24. EXPLANATORY

The following is set forth to define more clearly the full purpose of this application. Include any supplemental water rights used for the same purpose. (Use additional pages of same size if necessary):
The applicant is purchasing the water from the water right owner, Mr. Richard Gore. See attached letter.

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).

Robert F. McDonald
Signature of Applicant(s)

STATE ENGINEER'S ENDORSEMENT

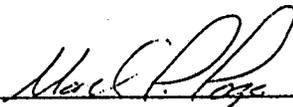
TEMPORARY CHANGE APPLICATION NUMBER: t19778

WATER RIGHT NUMBER: 09-156

1. March 4, 1996 Change Application received.
2. March 4, 1996 Application designated for APPROVAL by MP.
3. Comments:

Conditions:

This application is hereby APPROVED, dated March 4, 1996, subject to prior rights and this application will expire on December 31, 1996.



Mark Page, Regional Engineer
for
Robert L. Morgan, State Engineer

TO: R.W. Trucking
P.O. Box 1208
Cortez, Colorado 81321

From: Richard W. Gore
Josephine M. Gore

Thank you for sending the description of the Point of Diversion for the well on our property in Utah.

You have our permission to use well water from the underground well in San Juan County, Utah.

N. 531 ft. & E. 1810 ft. from W $\frac{1}{2}$ Cor. Sec. 1, T38S, R24E, SLB&M

If further information is needed, I will be staying at the cabin near the well in Utah.

Sincerely,



Richard W. Gore

McILNAY & ASSOCIATES, INC.

McILNAY

2305 OXFORD LANE • CASPER, WY 82604 • (307) 265-4351 • FAX (307) 473-1218

PETROLEUM CONSULTING ENGINEERS & PROPERTY MANAGEMENT

REGISTERED PROFESSIONAL ENGINEERS

June 10, 1996

Mr. Frank Matthews
Utah Board of Oil, Gas & Mining
1594 W. North Temple, Ste. 1210
Salt Lake City, UT 84180

Re: Application for Exception to R649-3-2 for the Drilling of Petral Exploration, LLC,
Aultmore #1, NW NE SW Section 24-T37S-R24E, San Juan Co., UT

Dear Sir:

On behalf of our client, Petral Exploration, LLC., we hereby request an exception to the State of Utah Oil & Gas Conservation Rule 649-3-2 to drill well Aultmore #1.

The Oil & Gas Conservation Act, 40-6-1 Et. Seq. Utah Code Annotated 1953 (As Amended 1993), Paragraph R649-3-2, Location and Siting of Wells, states that in the absence of special orders to the contrary, each oil and gas well shall be located in the center of a 40 acre quarter-quarter section with a tolerance of 200' in any direction from the center location, a "window" 400 feet square.

The location requested for this well does not meet those qualifications, and therefore an exception is required. Paragraph R649-3-3 allows for the exception requested to be granted administratively if certain information is provided with the Form 3.

The following information is provided in support of the requested exception:

- 1.1 Petral Exploration LLC respectfully requests that under the provisions of R649-3-3, an exception to R649-3-2 be granted and a permit issued to drill a 5555 foot exploratory well in the NW NE SW, more specifically 2345' FSL and 1850' FWL of Section 24-T37S-R24E (SLM), San Juan Co., Utah.
- 1.2 There are no other owners within a 460 foot radius of the proposed well location. Petral Exploration, LLC is the "owner" of the entire Section 24-T37S-R24E (Federal Lease UTU068676, comprising 2560.00 acres more or less). The requested location is off pattern but does not crowd the lease line, the setback being 1850 feet.



3. The exception is necessary for two reasons: a) because the exploratory target is an Upper Isamy *Ivanovia* algal mound whose dimensions and geographic position (based on 3-D seismic and limited well control) are such that wells drilled on the prescribed pattern would not penetrate maximum buildup of mound facies and would probably be marginal producers or dry holes, and b) terrain and cultural resource (archaeologic) problems force the location off pattern (see attached topographic map which has a 40 foot contour interval which does not depict the ruggedness of the terrain in detail).

3.1, 3.2, 3.3 Attached is a plat showing locations at which an oil or gas well could be drilled in compliance with R649-3-2 (LL = legal location), the requested exception location (REL) legal direct and diagonal offsets to the requested location (LOL = Legal Offset Location) and a circle having a radius of 960 feet around the requested exception location.

3.4 There are no other owners within a 460 foot radius of the requested exception location.

If administratively approval for this exception location cannot be granted, it is requested that the application be set for the next available hearing before the Utah Board of Oil, Gas & Mining.

Very truly yours,

McILNAY & ASSOCIATES, INC.



Kenneth P. Kidneigh,
Engineer

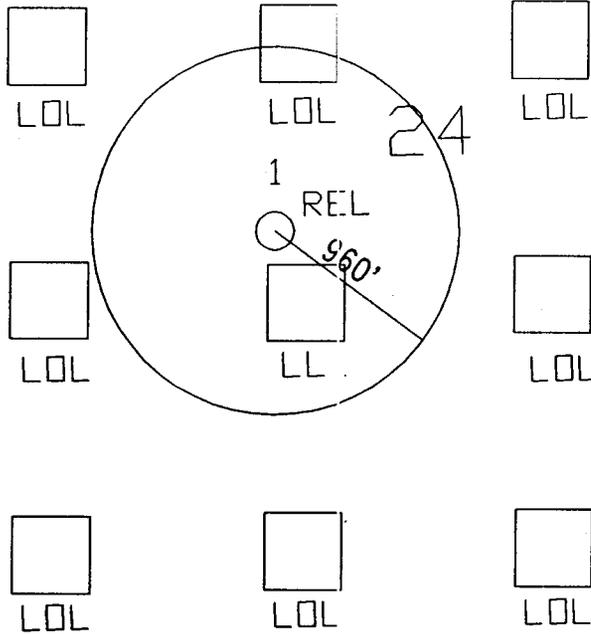
KK/so

Attachments

cc: Petral Exploration, LLC
Rose Exploration Associates

UTU-068676
 PETRAL EXPLORATION 100%
 2560.00 acres

Section 24 T37S R24E



ROSE
 exploration
 associates

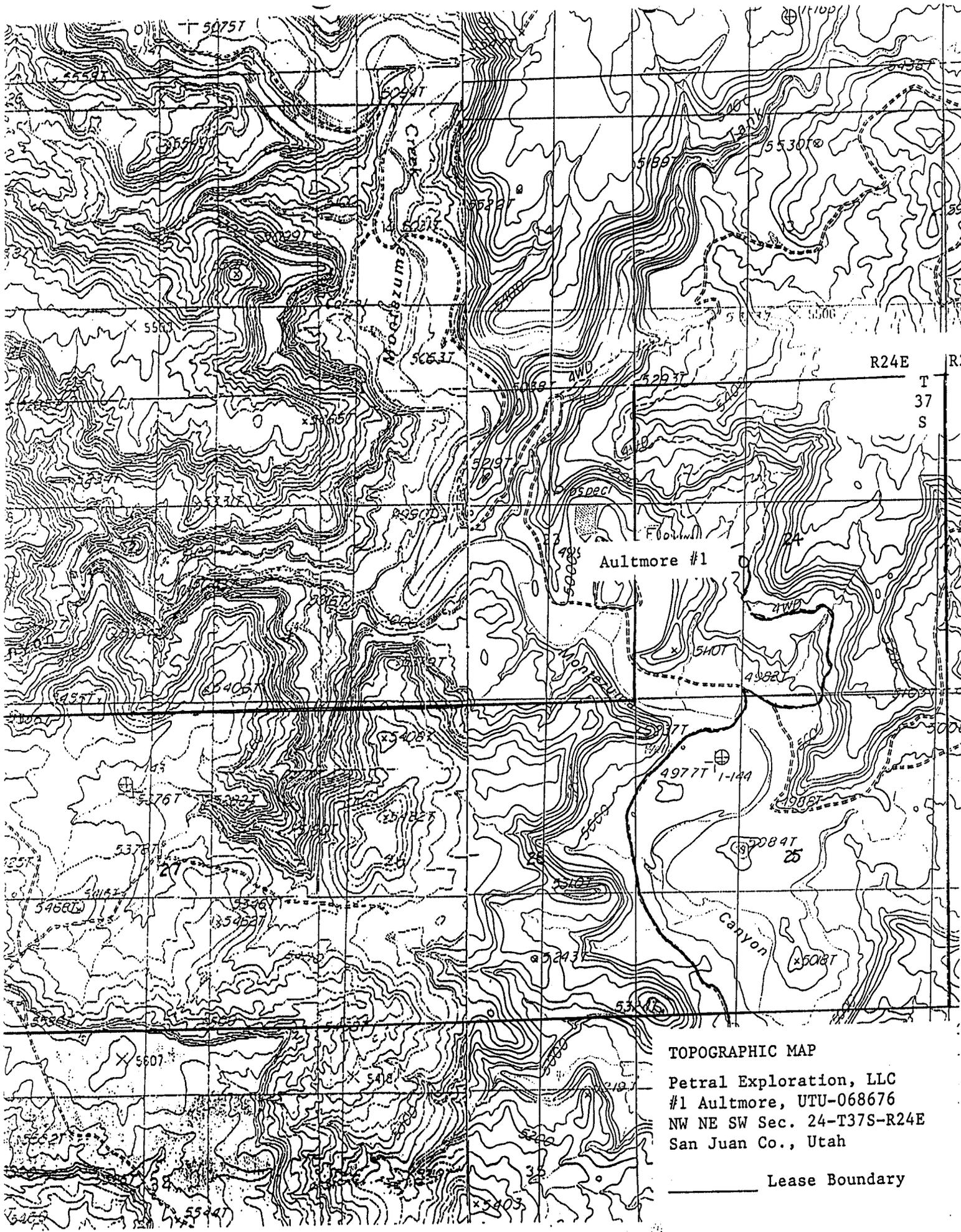
1200 Denver Club Building - 518 17th St. - Denver, Colorado 80202 - (303) 595-0664

PETRAL EXPLORATION #1 Aultmore-Federal

EXCEPTION LOCATION REQUEST

Scale 1 inch = 1000 feet

Geologist: RJC, MEW	Date Created: 05/19/1996 Modified:
Geophysicist: JNE	State: UT
Engineer: BAM	County: San Juan
Drawn By: MEW	Geological Play: Upper Ismay / Lower Desert Creek
Contour Interval: n/a	File: V:\PB\ALTMOR\alt_pros.dwg



R24E R25E
T
37
S

Aultmore #1

TOPOGRAPHIC MAP

Petral Exploration, LLC
#1 Aultmore, UTU-068676
NW NE SW Sec. 24-T37S-R24E
San Juan Co., Utah

Lease Boundary

McILNAY & ASSOCIATES, INC.

McILNAY

2305 OXFORD LANE • CASPER, WY 82604 • (307) 285-4351 • FAX (307) 473-1218

PETROLEUM CONSULTING ENGINEERS & PROPERTY MANAGEMENT

REGISTERED PROFESSIONAL ENGINEERS

June 12, 1996

Mr. Frank Matthews
Utah Board of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Petral Exploration, LLC , #1 Aultmore Federal, UTU-068676
NW NE SW Section 24-T37S-R24E, San Juan Co., UT

Dear Mr. Matthews:

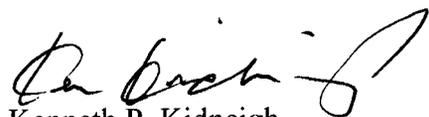
The attached package includes the following for your review and approval.

1. Application for Exception Location
2. Request for Confidentiality.
3. Copy of Federal APD and NTL-6 package in lieu of Utah APD.

Please let us know if you are in need of any additional information.

Sincerely,

McILNAY & ASSOCIATES, INC.



Kenneth P. Kidneigh
Petroleum Engineer

so

cc: Petral Exploration LLC
Rose Exploration Associates



McILNAY & ASSOCIATES, INC.

McILNAY

2305 OXFORD LANE • CASPER, WY 82604 • (307) 265-4351 • FAX (307) 473-1218

PETROLEUM CONSULTING ENGINEERS & PROPERTY MANAGEMENT

REGISTERED PROFESSIONAL ENGINEERS

June 12, 1996

Mr. Frank Matthews
Utah Board of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Petral Exploration, LLC, #1 Aultmore Federal, UTU 068676
NW NE SW Section 24-T37S-R24E, San Juan Co., UT

Dear Mr. Matthews:

By this letter we are requesting all drilling, completion and production information on the #1 Knockando Unit be held **CONFIDENTIAL** for the period allowed by the State of Utah.

Sincerely,

McILNAY & ASSOCIATES, INC.



Kenneth P. Kidneigh
Petroleum Engineer

so

cc: Petral Exploration LLC
Rose Exploration Associates





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

RECEIVED

NOV 10 1995

IN REPLY REFER TO:
3104
(UT-923)

NOV 7 1995

DECISION

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

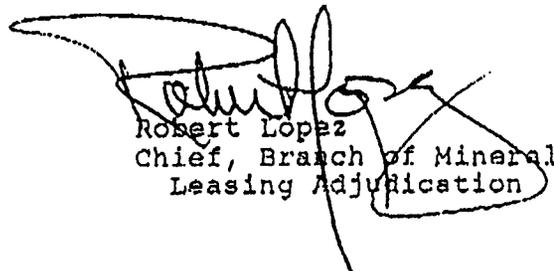
Statewide Oil and Gas Personal Bond and
Certificate of Deposit Accepted

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

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

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

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


Robert Lopez
Chief, Branch of Mineral
Leasing Adjudication

cc: All Districts

DRILLING PROGRAM

Petral Exploration, LLC
#1 Aultmore-Federal
2345' FSL & 1850' FWL (NW NE SW) Sec. 24-T37S-R24E
Lease # UTU 068676
San Juan Co., UT

A. Surface Formation:

Morrison

B. Estimated Formation Tops: - (KB Measurements)

<u>Formation</u>	<u>TVD Depth (KB)</u>
Morrison	Spud
Entrada	336
Navajo	531
Wingate.....	1083
Chinle	1303
Shinarump.....	2038
Cutler	2273
Honaker Trail.....	4143
La Sal	4901
Upper Ismay.....	5219
Upper Ismay massive anhydrite.....	5247
Upper Ismay mound.....	5272
Hovenweep Shale.....	5347
Lower Ismay	5375
Lower Ismay anhydrite.....	5387
Lower Ismay carbonate.....	5412
Gothic Shale.....	5424
Upper Desert Creek.....	5447
Upper Desert Creek anhydrite.....	5463
Lower Desert Creek	5479
Lower Desert Creek anhydrite.....	5491
Lower Desert Creek mound.....	5501
Chimney Rock Shale.....	5511
Akah	5531
TOTAL DEPTH	5555
Salt	5560

DO NOT PENETRATE

C. Estimated Depths at which Anticipated Water, Oil, Gas or other Mineral-Bearing Formations are Expected to be Encountered:

Hydrocarbon bearing zones may be found from 5272' (Upper Ismay mound) to 5,555'. Commercial water zones are not anticipated. All formations below surface may contain water. Fresh water zones will be protected through casing and cementing programs (see parts E & F).

D. Minimum Pressure Control Equipment & Auxiliary Equipment:(see attached diagram)

1. One 11" - 3000 psig annular preventer. One 11" - 3000 psig double ram blowout preventor with blind rams and one set of 4 1/2" drill pipe rams (above blind ram) will be installed and utilized prior to drilling below 8 5/8" surface csg. Flow sensor and PVT will be installed prior to drilling below surface casing and utilized to T.D.
2. Blowout preventor or drilling spool will be equipped with one 3" and one 2" side outlet
3. A 3000 psig choke manifold with two (2) adjustable chokes will be installed prior to drilling below surface casing. The choke line will be as straight as possible and turns, if required, will have a targeted T block.
4. An accumulator rated at 3000 psig W.P. with a minimum of three (3) hydraulic control stations will be utilized. One for annular, one for blind rams and one for pipe rams. Remote controls will be located at the accumulator house at G.L. and on the floor. Manual controls (e.g. hand wheels) will be located at G.L. under the substructure. A valve shall be installed in the hydraulic closing line to serve as a locking device when the accumulator system is inoperative.
5. Pressure testing procedures and requirements. Prior to drilling out below the 9 5/8" surface casing, surface casing will be tested to 2065 psig (70% of minimum internal yield of the 8 5/8", 24#/ft., K-55 surface casing) for a minimum of 5 min. BOP stack and associated equipment (e.g., choke manifold, lower and upper kelly cocks, valves, etc.) will be tested to 3000 psig for 15 min. utilizing a test plug. The annular preventor will be tested to 1500 psig for 15 min. Certified BOP testing service company will be utilized for pressure testing. All pressure testing operations must be witnessed by Petral's well site representative (McIlnay & Associates, Inc.).
6. Drilling contractor will perform a daily operational check of all BOP equipment (e.g. includes associated equipment). Pipe and blind rams shall be activated each trip.
7. All BOP pressure testing and operational check will be recorded in the daily "Tour" book.
8. A BOP and pit level drill will be conducted by the drilling contractor weekly and noted in the "tour" report book.
9. 24 hours prior to pressure testing notify the BLM, and Utah Division of Oil, Gas & Mining.

Every 30 days BOP and accessory equipment will be pressure tested to 3000 psig (utilize test plug). Notify the BLM and Utah Division of Oil, Gas & Mining prior to test.

E. Casing Program:

Conductor Casing: 80' of 16" pipe cemented in place to surface.

Surface Casing: 36 Jts. - 1400', 8 5/8", 24 #/ft, J-55, ST&C, "A" Grade (new).

Accessory Equipment

- 1 - 8 5/8" Guide Shoe
- 1 - 8 5/8" Insert Float installed 1st joint above shoe.
- 1 - 8 5/8" Centralizer placed middle of shoe joint.
- 1 - 8 5/8" Centralizer on 2nd collar above shoe.
- 3 - 8 5/8" Centralizer thereafter on every 4th collar for 3 centralizers.
- 3 - 8 5/8" Centralizer thereafter on every 6th collar for 3 centralizers.
- 1 - 8 5/8" Centralizer placed 3rd collar from surface.
- 9 Total Centralizers

Production Casing (New):

Interval	Net-Ft.	Gross-Ft	Specifications
0 - 5,555'	5,555'	5,610'	5 1/2", 15.5#/ft., J or K-55, ST&C or LT&C, New

Accessory Equipment

To be determined at time of need.

Testing Procedure:

At time of BOP testing and prior to drilling out, surface casing will be tested to 70% of burst pressure for new casing (2065 psig). Production casing will be pressure tested to a minimum of 3000 psig prior to commencement of completion.

F. Cementing Program: Check water quality for all cementing slurries.

Conductor: Cement to surface.

Surface Casing: (Tentative - volumes and types may be changed. Designed to circulate cement to surface - 100% excess.)

Lead Slurry: 480 sks. Halliburton Light Std. (70) w/2% CaCl₂ & 1/4#/sk. Flocele
Slurry yield - 1.95 CF/sk

Tail Slurry: 160 sks. Class "G" cement w/2% CaCl₂ & 1/4#/sk. Flocele
Slurry yield - 1.19 CF/sk

Note: If cement does not circulate to surface, utilize 1" to bring to surface.

Production Casing: (Cement minimum of 1000' fillup above potential pay zone(s))

Preflush: 10 Bbls. fresh water
20 Bbls. mud flush (or equivalent)

Scavenger:
50 sks. Pozmix A (70)

Primary Slurry: 220 sks. Std. Pozmix A (70), w/0.5% Micro Bond M,
2% Halliburton Gel, 0.5% Halad 344 & 1/4#/sk. Flocele.

Note: Slurry volume to be recalculated based on hole caliper and number and depth of zones.
25% excess and 7 7/8" hole used for initial calculations.

G. Drilling Fluids:

Depth	0 - 1400'	1400' - 4000'	4000' - 5400'	5400' - T.D.
Wt. - #/gal	8.4 - 8.9	8.4 - 8.9	*18.6 - 10+	*59 - 12+
Vis. - sec.qt.	27 - 40	30 - 35	*234 - 40	*234 - 40
WL - cc	NC	NC	*310 Max	8 - 10
Ph	NC	NC	*49.0 - 10	9.5
PV/YP	--	--	6-10/8-16	6-10/8-16
Gels (sec/min)	--	--	1-4/3-9	1-4/3-9
Type System	FWG	FWG/SDF 2000 Sweeps	LSND	LSND

*1 Drill Upper Ismay mound with as low a mud weight that can be achieved. May require weighting up to kill water flows. If required to weight up for water flow, pretreat mud w/10 sks. of Magmafiber loss circulation material prior to drilling or coring the Upper Ismay Mound.

*2 Recommended Viscosity:
Coring - 42-44 sec./qt.
Logging - 50 sec./qt.
DST's - 42-44 sec./qt.

*3 Prior to penetrating the Upper Ismay mound.

*4 Raise Ph to 10 prior to drilling anhydrites.

*5 Lower Desert Creek may be overpressured and require a weighted mud system.

Prior to penetrating the Upper Ismay Mound @ 5209' or the Lower Desert Creek Mound add 100 ppm nitrates to the mud system.

Sufficient mud materials to maintain mud requirements and meet minor lost circulation and blowout problems will be on the wellsite. The pits will be monitored on trips to assure that the hole is kept full while tripping the drilling string. A pit volume totalizer (PVT), stroke counter & flow sensor will be utilized below the surface casing setting depth to T.D.

H. Coring, Testing, Logging and Tentative Completion Program:

1. One 60' core and one shorter core of Upper Ismay mound at est. depth of 5,272' TVD. On site geologist to pick core point and samples for analyses.
2. Drill stem tests will be at the discretion of the operator and will be based on shows, logs, hole conditions, etc.
3. If a completion attempt is to be made, 5 1/2" casing will be cemented into place. The following presents a summary of tentative completion procedures.
 - a. Perforate pay zones with approximately 4 shots/ft.
 - b. Perforations may be stimulated w/HCl acid.
 - c. A Suncry Notice will be filed with the final completion plan.

Note: All perforations and the size of stimulation jobs are tentative and final design will be based on electric logs, cores, and drill stem test data.

4. Logging:
 - GR-DLL-MSFL (min) - Base surface casing to T.D.
 - GR-BHCS (long spaced integrated) w/Cal - Base surface casing to T.D.
 - GR-FDC-CNL-w/PE (min.) - Base surface casing to T.D.
 - HDT (high resolution stratigraphic dipmeter, 6 arm) - Lower 800' of hole or minimum run.

5. Samples:
 - 30' samples from 1,400' - 4,000'
 - 10' samples 4,000' to TD

All cutting samples are to be washed and stored in properly marked cloth bags. Tie the sample bags in 100' depth groups to dry. Store in a clean, dry place. Sample depth intervals may be changed at the discretion of the geologist.

I. Abnormal Conditions or Potential Hazards:

Potential problems include possible water flows to 4900'; abnormal pressure in Lower Desert Creek Carbonate (3500 psig); lost circulation and seepage from surface to TD w/possible differential sticking. Estimated temperature at T.D. 140° F. Hydrogen sulfide gas is not anticipated.

J. Auxiliary Equipment Required: See Paragraph D.

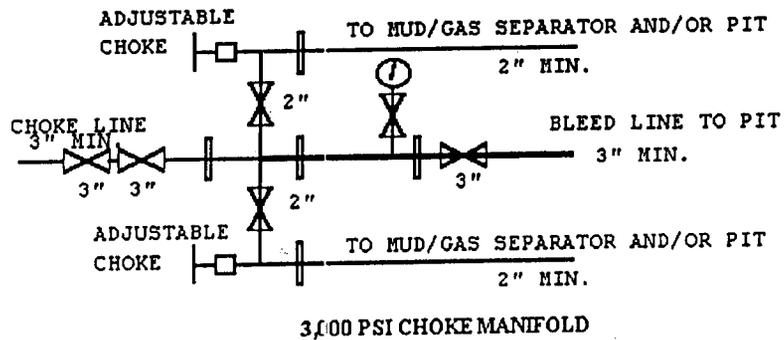
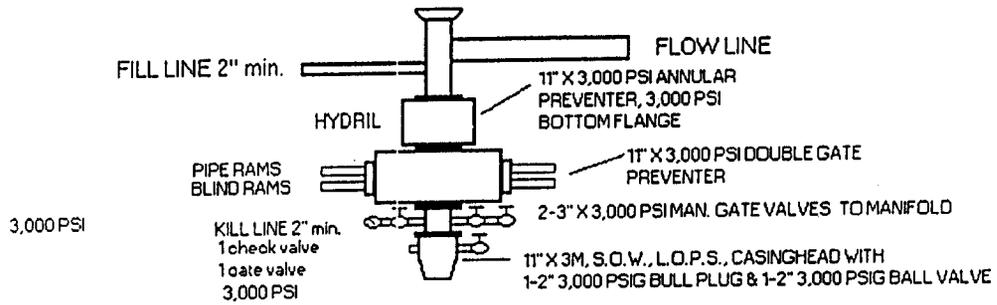
K. Anticipated Starting Date of Drilling Operations:

Plan to start drilling ≈ August 15, 1996. 15 days should be required to drill, test, log and set casing.

L. Additional Considerations

This is an exception location. Application has been made to the Utah Board of Oil, Gas and Mining for an exception location.

**BOP EQUIPMENT
3,000 PSIG W.P.**



SURFACE USE PROGRAM

**Petral Exploration, LLC
#1 Aultmore-Federal
NW NE SW Sec. 24-T37S-R24E
Lease UTU 068676
San Juan Co., UT**

A. Existing Roads

1. To visit the wellsite, proceed south for 1 mile from the Comfort Inn in Blanding, Utah and turn left at Amer-Gas on 700 E Brown Canyon Road. Continue 1 mile to County Road #206 and turn right. Stay on Co. 206 for 8.5 miles (keep to left at fork) and go an additional 14 miles (total of 22.5 miles on Co. 206) to the old compressor station at the Montezuma Canyon Road, (Co. Rd. 146). Turn left and go north 4.4 miles and cross the creek bed. Turn right and go 0.4 miles, turn left and go 0.7 miles up the rocky hill to the location.
2. Existing roads are paved, gravel or dirt and are suitable for heavy loads. Existing roads, excluding those maintained by the State or County, will be maintained in the same or better condition. Petral will participate in any cooperative agreement that currently exists, or might be required in the future, to improve and maintain the existing roads. The access road will not cross Indian lands. With the exception of State or County maintained roads, the existing roads are on Bureau of Land Management and land owned by Guy Tracy, Box 763, Monticello, Utah.
3. Proposed wellsite and access roads: See Figures 1 - 3.

B. Access Roads to be Constructed or Reconstructed:

See Figure 2. The last 0.7 miles to the location will be a reconstructed access road bladed up the hill. These roads will be upgraded and graveled as needed if production is obtained.

C. Existing Wells within a One-Mile Radius(See Figure 2)

- | | | |
|----|------------------|------|
| 1. | Water Wells: | None |
| 2. | Injection Wells: | None |
| 3. | Abandoned Wells: | None |
| 4. | Disposal Wells: | None |
| 5. | Producing Wells: | None |
| 6. | Drilling Wells: | None |

D. Location of Existing and/or Proposed Facilities if Well is Productive:

1. Facilities Required in the Event of Production on Well Pad:
 - a. Location of Facilities:
See Figure 5 for location of facilities. All facilities will be on the wellsite pad. Production facilities (including dikes) will be placed on the cut portion of the location (Figure 5).
 - b. Dimension of Facilities:
Production pad a maximum of 180' x 310' (See Figure 5). A heater treater will be located approximately 120' northeast of the well. Two 300 or 400 bbl. oil storage tanks will be located approximately 80' southeast of the heater treater and 120' east of the well. The dikes for the production facilities will be constructed of compacted subsoil, hold 1 1/2 times the capacity of the largest tank, and be independent of the back cut. That portion of the drilling pad that is not needed for production will be rehabilitated.
2. Facilities Required off Well Pad in the Event of Production:
Upgrade and maintain access roads as necessary to prevent soil erosion and accommodate year-around traffic.

E. Location and Type of Water Supply: (See figure 1)

1. The water will be trucked from artesian wells located in Section 1-T38S-R24E. Permits will be obtained from the State Engineer.
2. The water source is not located on State land. Water will not be obtained from Indian projects.
3. A water well will not be drilled.

F. Construction Materials:

1. Native soil will be utilized in the drilling site and access road. Newly built access road (0.7 miles) will be graveled with pit run gravel if a producing well is obtained. Additional gravel may be needed for the pulling unit pad and wellsite if the well is found to be productive.
2. No construction material from Indian lands.
3. Crushed rock, if necessary, will be purchased from construction contractors in the area from existing gravel pits and hauled over access roads shown on Figures 1 & 2.

G. Methods for Handling Waste Disposal:

1. Cuttings:
Reserve pit 75' x 125' x 10' (3:1 slope) fenced on three sides during drilling operations. The pit will be lined with 24 tons of bentonite worked in with a cat. The fourth side will be fenced when the rig moves out (See Figures 3-6).
2. Drilling Fluids:
Reserve pit 75' x 125' x 10' (See figures 3 & 4). The reserve pit will be constructed to prevent the collection of surface runoff.
3. Produced Fluids:
 - a. Recovered during drill-stem tests will be disposed of in a test tank.
 - b. During completion, produced fluids will be contained in swab tanks (See Figure 6).
 - c. Water disposal will be provided in accordance with BLM regulation NTL-2B.
4. Sewage:
Porta potty with tank or portable sewage treatment plant (i.e. On Site Sewage Treatment, Inc.) capacity of 700 gal/day of treated water disposed of into reserve pit. Any other sewage will be removed from the location by a commercial service. Sewage treatment plant will be used for on-site trailers.
5. Garbage and Trash:
 - a. An enclosed trash bin will be utilized.
 - b. Engine oil and lubricants will be collected in containers.
6. Clean-up of Wellsite Area after Rig is removed
 - a. Trash will be carried off site for disposal.
 - b. All pits and wellsite will be covered, leveled and reseeded as per BLM instructions.

H. Ancillary Facilities: None.

I. Wellsite Layout:

1. Cross section: See Figure 3 for elevations and cross section. Maximum cut is approximately 14' at the east side of the drilling pad. Maximum fill is 7' at the south corner of the drilling pad.
2. Orientation of rig, pits and associated equipment (See Figure 4).
3. Six inches of topsoil will be removed from the location (drilling pad) including areas of cut and fill. Soil will be stockpiled adjacent to the wellsite pad (See Fig.3).
4. Access road, living facilities, parking area, etc. (See Figure 4).

J. Plans for Restoration of Surface:

1. All pits will be backfilled, leveled and contoured to as near the current condition as is practical.
2. Revegetation and rehabilitation of the wellsite and access road as per BLM specifications.
3. All pits will be fenced until dry and then backfilled.
4. If oil is present on the reserve pit, overhead flagging will be installed.
5. Rehabilitation will be commenced when the rig moves out with the location restored by Fall, 1996. Complete fall seeding after September, 1996 and prior to ground frost. Rehabilitation will be completed by November 1, 1997.

K. Surface Ownership:

1. Access roads:
See Figures 1 & 2 Bureau of Land Management (on lease) and Guy Tracy. An easement has been obtained from Guy Tracy across portions of Section 25-T37S-R24E.
2. Well Location:
Bureau of Land Management - See Figures 1 & 2.

L. Other Information:

1.
 - a. BLM to be notified 48 hours prior to starting dirtwork.
 - b. Wellsite and access road are located in arid, sandy hilly terrain.
 - c. Soil is shallow, sandy, and silty.
 - d. Vegetation consists of very sparse native grasses and sparse sagebrush, and small trees.
 - e. The area is a natural habitat for wildlife (i.e., deer, antelope, rabbits, etc.).
2. Livestock were grazing in the area when the wellsite was visited.
3.
 - a. Intermittent streams (i.e., flow during wet seasons of the year) do exist in the area
 - b. There are no occupied buildings within one mile of the proposed wellsite.
 - c. Historical, cultural and archeological survey has been conducted by 4 Corners Archeological Services. No cultural or archaeological evidence was discovered in the area of the access road and wellsite.

M. Lessee's or Operators Representative and Certification:

Operator

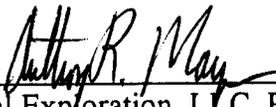
Petral Exploration, LLC------(303) 832-3131
P. O. Box 5083
Denver, CO 80202

Representative

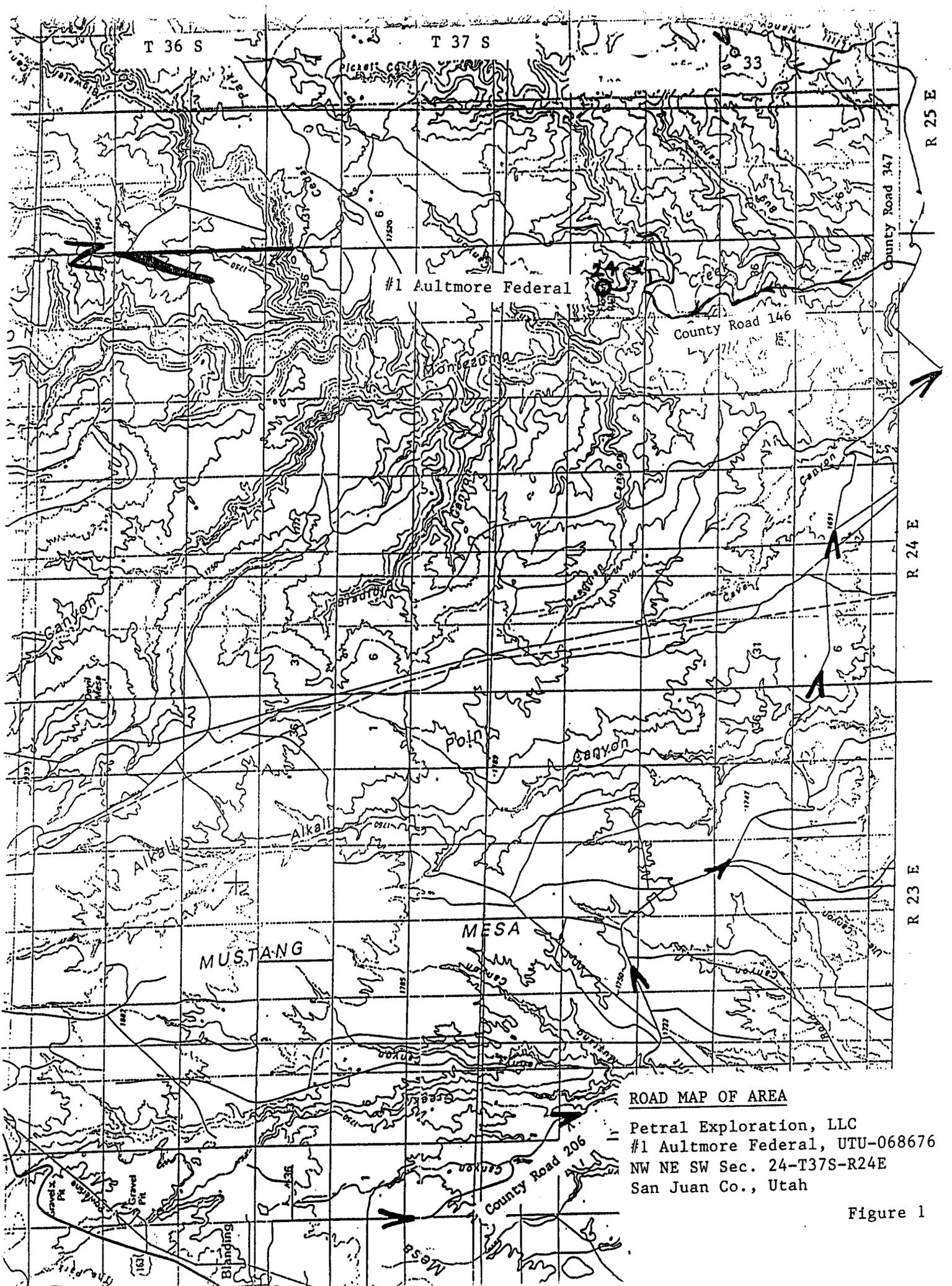
McIlnay & Associates, Inc.------(307) 265-4351
2305 Oxford Lane
Casper, WY 82604

I hereby certify that I or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which 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 Petral Exploration, LLC and its' contractors and sub-contractors 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.

Date



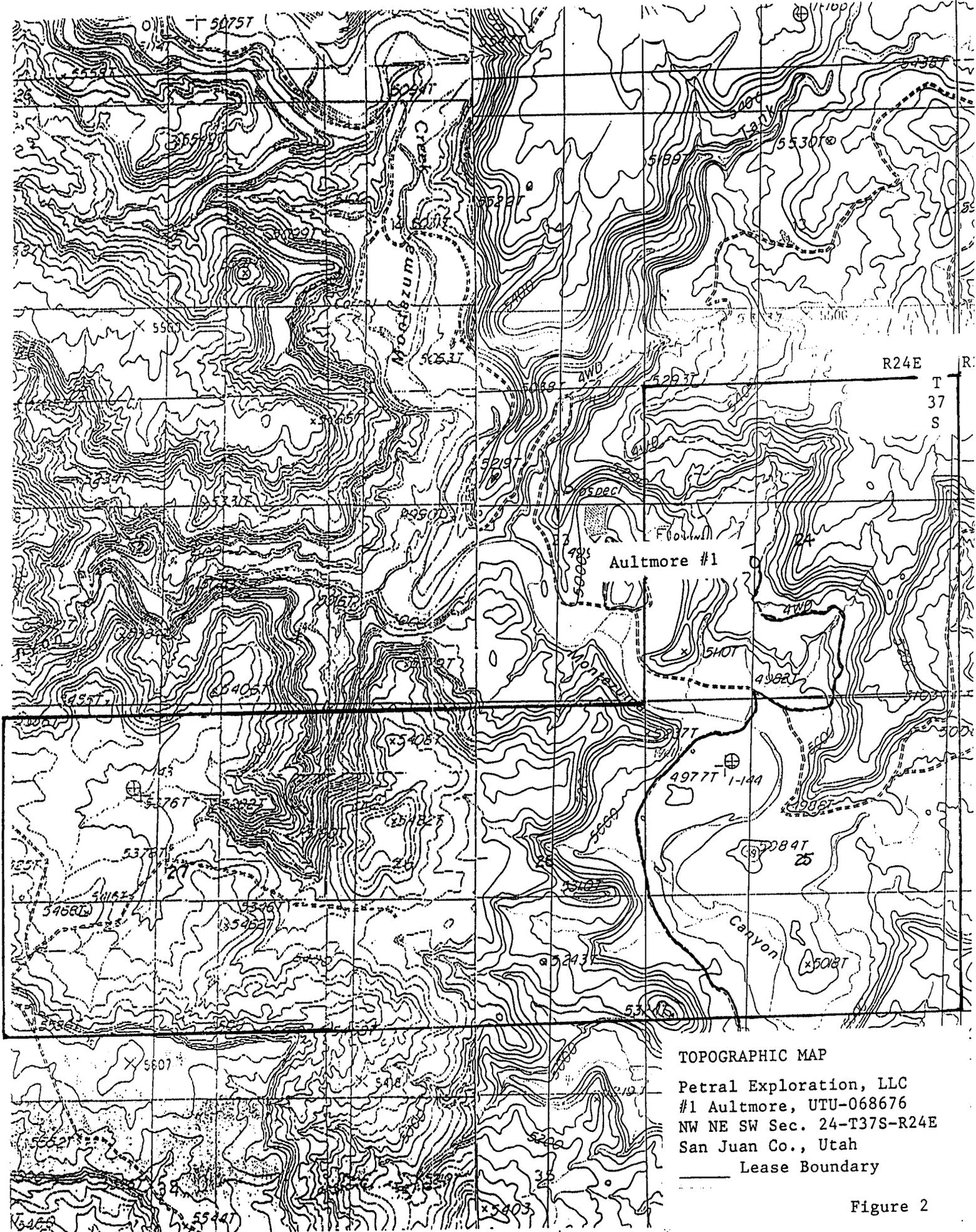
Petral Exploration, LLC, Petroco Corp., Manager
Anthony R. Mayer, Senior Vice President



ROAD MAP OF AREA

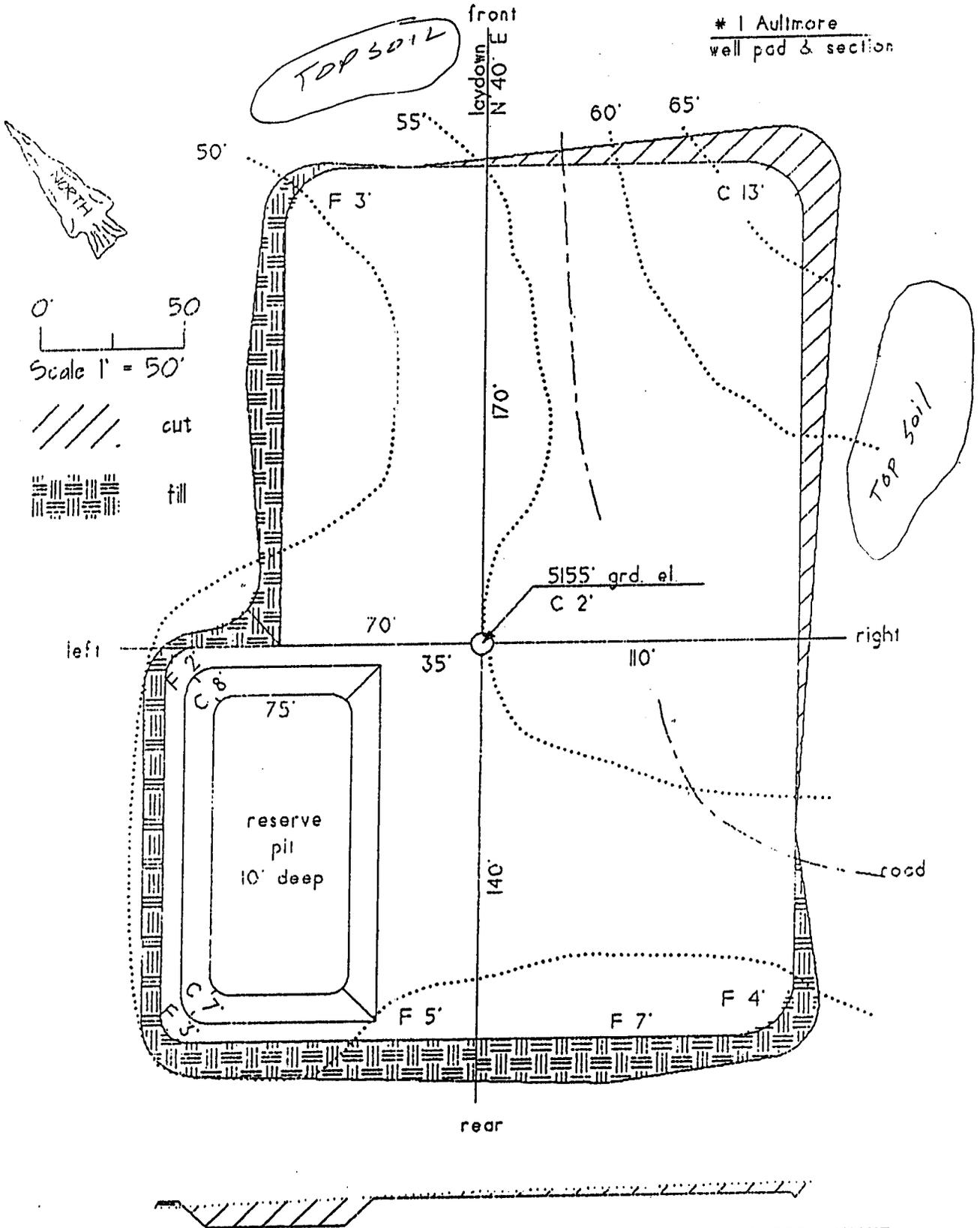
Petral Exploration, LLC
 #1 Aultmore Federal, UTU-068676
 NW NE SW Sec. 24-T37S-R24E
 San Juan Co., Utah

Figure 1



TOPOGRAPHIC MAP
 Petral Exploration, LLC
 #1 Aultmore, UTU-068676
 NW NE SW Sec. 24-T37S-R24E
 San Juan Co., Utah
 _____ Lease Boundary

Figure 2



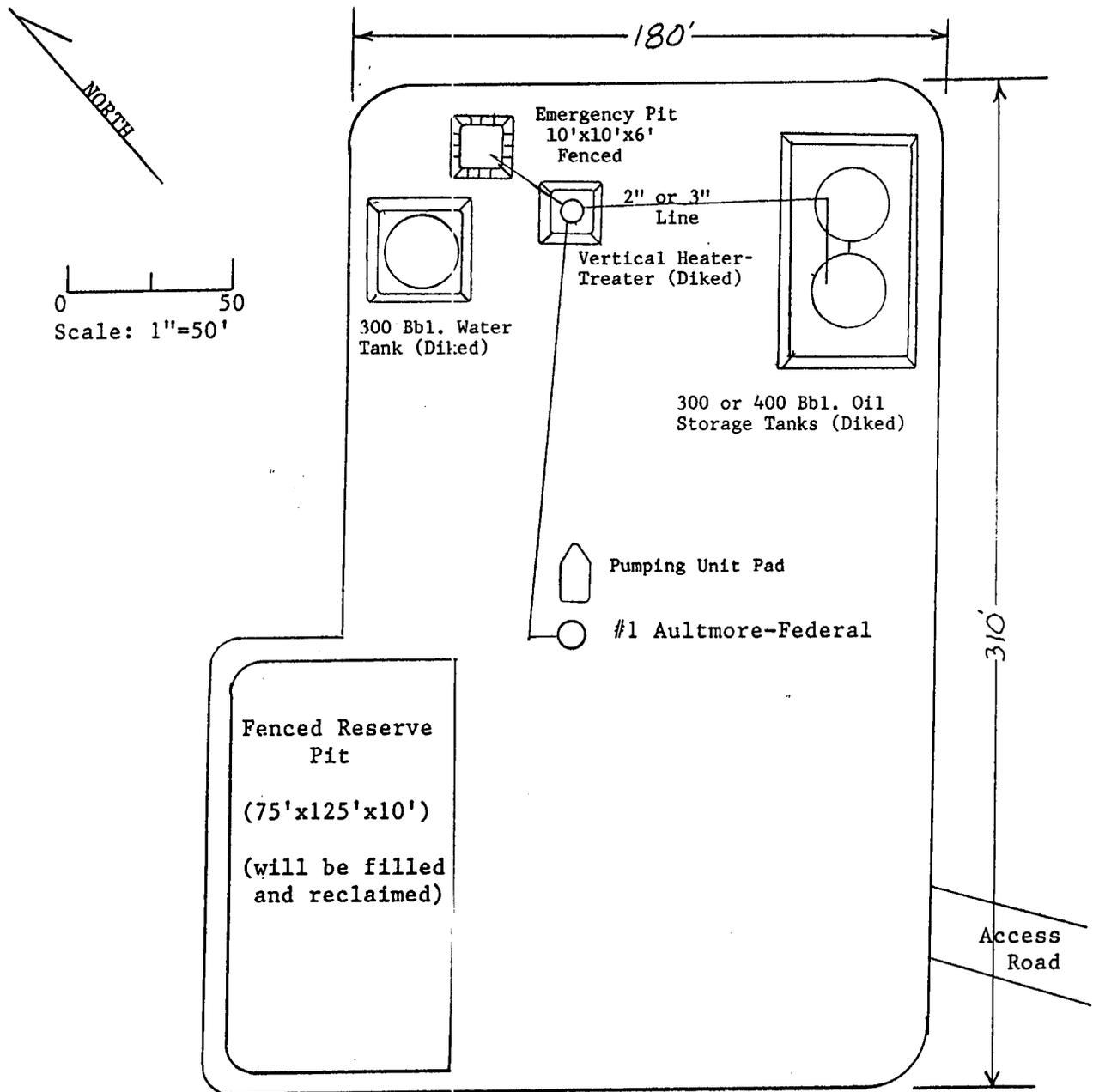
#1 Aultmore
well pad & section

0' 50'
Scale 1" = 50'

cut
fill

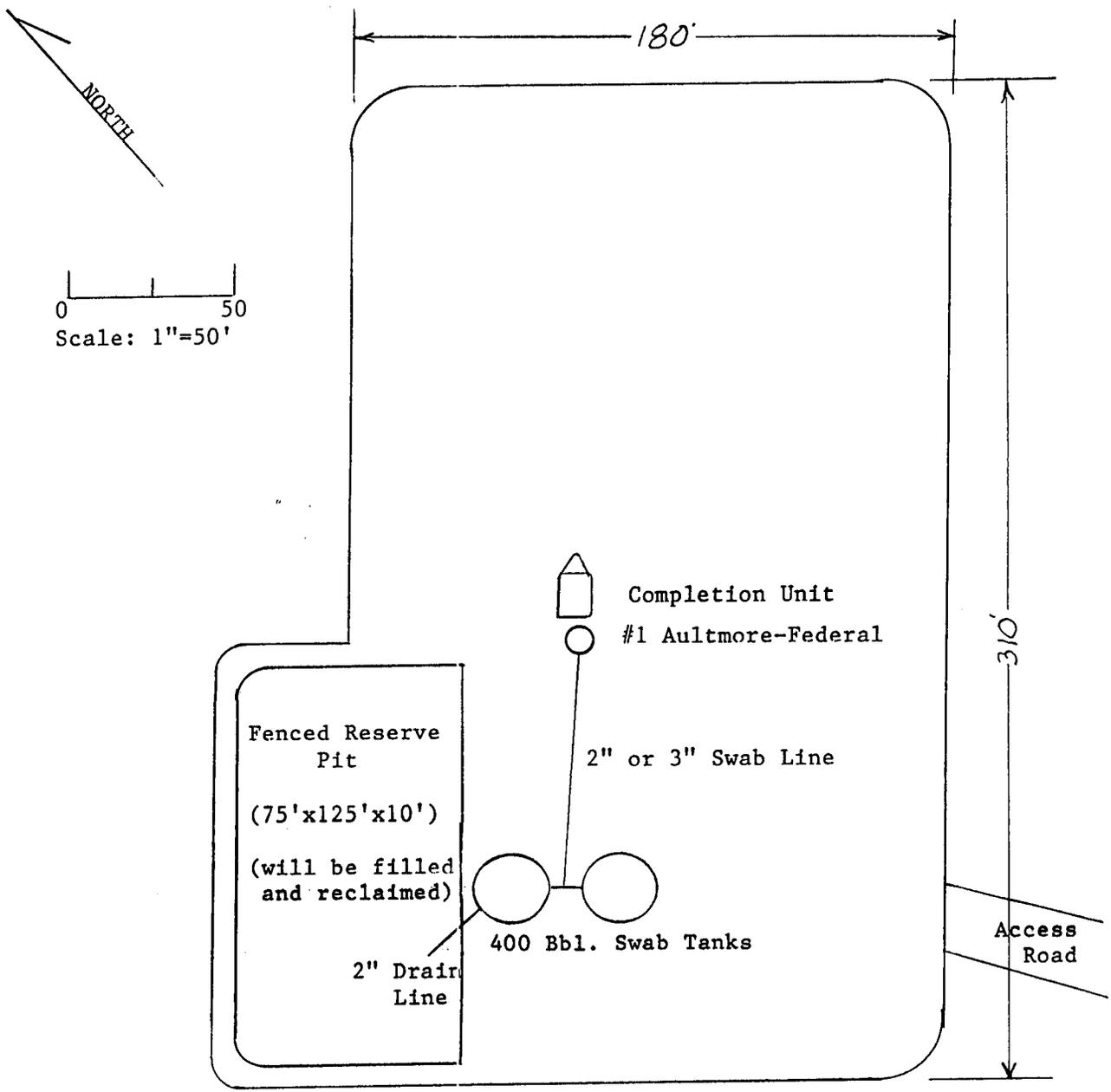
PAD & PIT LAYOUT
 Petral Exploration, LLC
 #1 Aultmore, UTU-068676
 NW NE SW Sec. 24-T37S-R24E
 San Juan Co., Utah

Figure 3



PRODUCTION FACILITIES
 Petral Exploration, LLC
 #1 Aultmore Federal, UTU-068676
 NW NE SW Sec. 24-T37S-R24E
 San Juan Co., Utah

Figure 5



COMPLETION UNIT

Petral Exploration, LLC
 #1 Aultmore Federal, UTU-068676
 NW NE SW Sec. 24-T37S-R24E
 San Juan Co., Utah

Figure 6

ARCHAEOLOGICAL SURVEY OF
PETRAL EXPLORATION COMPANY'S
#1 AULTMORE UNIT WELL PAD
SAN JUAN COUNTY, UTAH

4-CAS REPORT 9614

by
Carol S. DeFrancia

4-CORNERS ARCHAEOLOGICAL SERVICES
76 S. Main Street
Moab, Utah 84532
(801) 259-2777

May 24, 1996

FEDERAL ANTIQUITIES PERMIT 95UT62712
Utah State Permit No. U-96-FE-263b

Prepared For:
Petal Exploration
1700 Lincoln, Suite 5000
Denver, CO 80203

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ABSTRACT

The archaeological survey of Petral Exploration Company's # 1 Aultmore Unit well pad was conducted by personnel of 4-Corners Archaeological Services on May 17, 1996. The project is located in the vicinity of Montezuma Canyon in San Juan County, Utah, approximately twelve to fifteen miles southeast of the town of Blanding. A total of 10 acres were inventoried for cultural resources.

No cultural resources were found in the project area. Archaeological clearance is recommended.

INTRODUCTION

The archaeological survey of Petral Exploration Company's proposed #1 Aultmore Unit well pad was conducted by Carol DeFrancia of 4-Corners Archaeological Services on May 17, 1996. The project is located along a rocky bench area above Montezuma Canyon (Figure 1) on lands administered by the Bureau of Land Management, San Juan Resource Area Office, Monticello. The survey was requested by Mr. Ed McIlroy, of McIlroy & Associates, Inc. Huddleston Surveying personnel staked and flagged the well pad prior to the survey. The well location is accessed from an existing county road along Montezuma Canyon. A total of 10 acres were inventoried for cultural resources (Figure 2).

Principal federal legislation that is designed to conserve and protect cultural resources includes the Antiquities Act of 1906 (PL 52-209), the National Historic Preservation Act of 1966 (PL 89-665), the National Environmental Policy Act of 1969 (PL 91-190), the 1971 Executive Order No. 11593, the Archaeological and Historical Conservation Act of 1974 (PL 93-291), and the Archaeological Resource Protection Act (ARPA) of 1978 (PL 95-96).

No cultural resources were found in the project area and archaeological clearance is recommended.

PROJECT AREA

Map Reference: Bug Canyon, Utah 1985 (7.5' series)

Total Project Area: 1.4 acres; area surveyed 10 acres

1 Aultmore Unit Well Pad

Legal Description: T37S, R24E: Section 24

Center Stake: 2345' FSL, 1850' FWL

UTM Coordinates: (Surveyed Area)		Easting	Northing
	NW Corner	655970	4157920
	NE Corner	656140	4157780
	SE Corner	656020	4157650
	SW Corner	655860	4157760

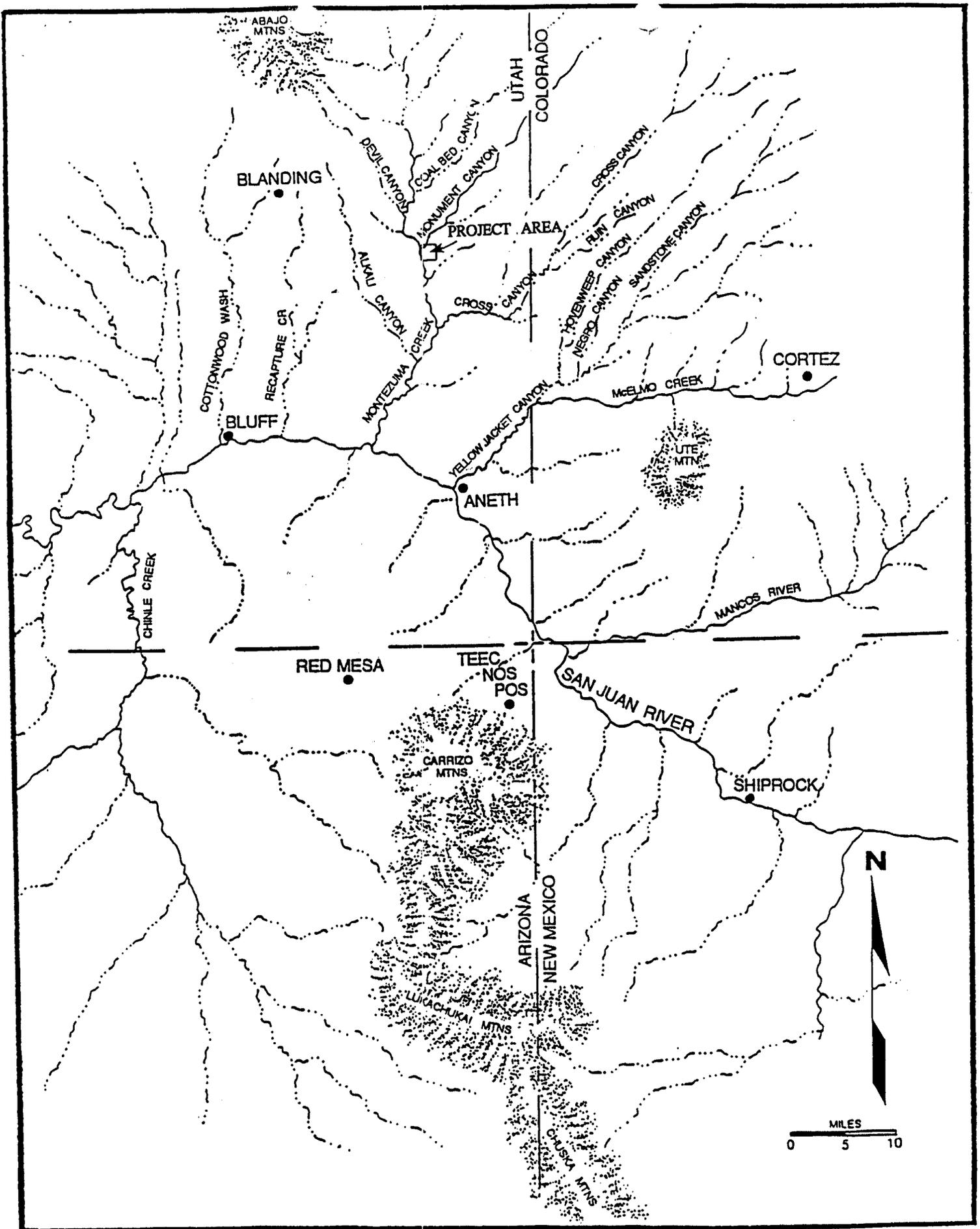
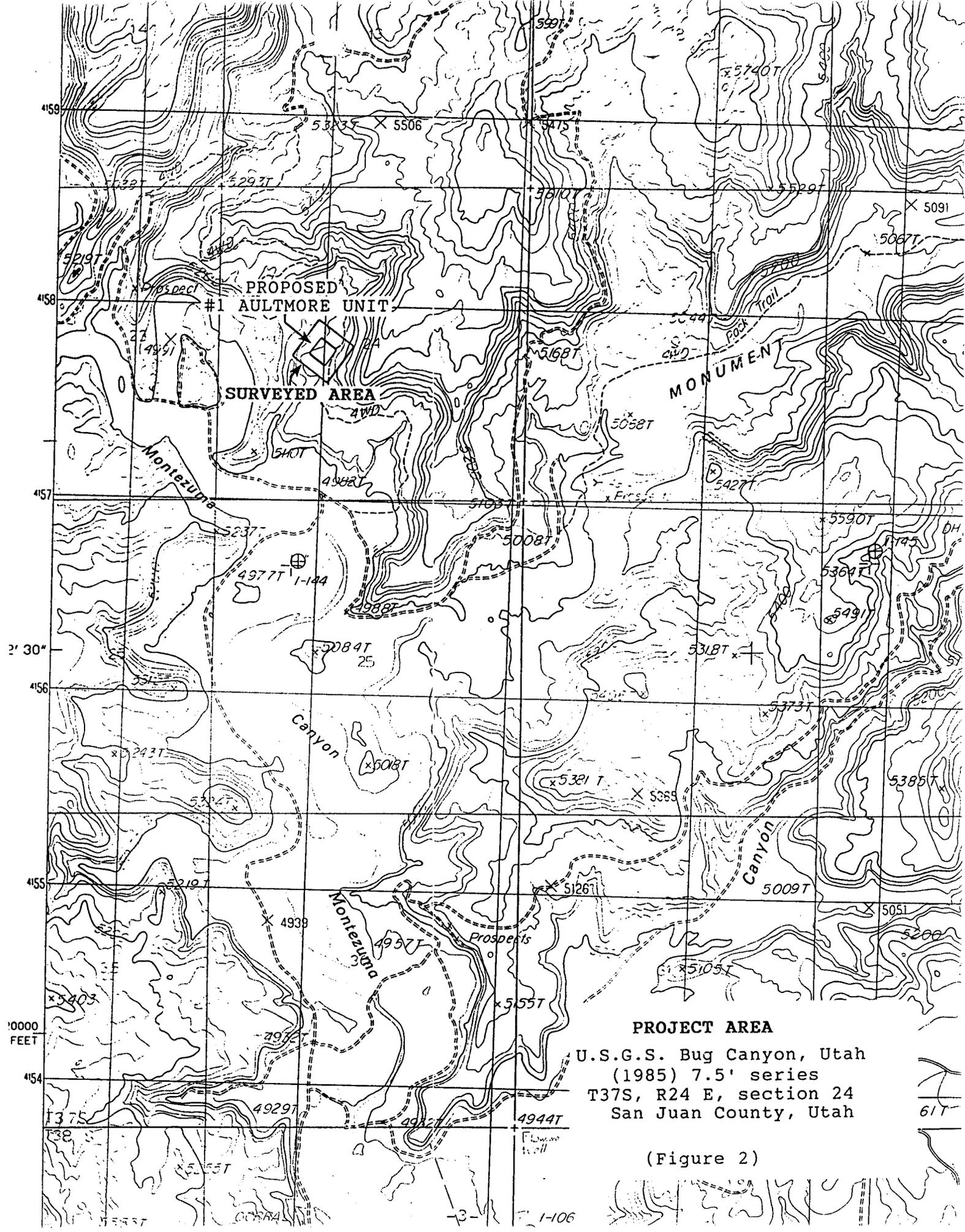


Figure 1. Project Area



PROPOSED
#1 AULTMORE UNIT

SURVEYED AREA

MONUMENT

2' 30"

10000
FEET

PROJECT AREA

U.S.G.S. Bug Canyon, Utah
(1985) 7.5' series
T37S, R24 E, section 24
San Juan County, Utah

(Figure 2)

Project Area: Well Pad 210 x 305'; (1.4 acres)

Surveyed Area: 660 x 660' (10 acres)

Results: No cultural resources found.

PHYSIOGRAPHY AND ENVIRONMENT

The project area is located in San Juan County, Utah approximately twelve to fifteen miles southeast of the town of Blanding, along a rocky bench area above Montezuma Canyon. The area lies in the Colorado Plateau physiographic province and is a structural element of the Blanding Basin (Stokes 1977). The proposed well pad lies predominately along bedrock that is covered by thin aeolian silty loess. Large talus boulders and colluvial deposits lie to the east of the proposed location.

Throughout the Blanding Basin are numerous sources of lithic materials for tool manufacture, outcrops of clay and iron minerals for ceramic construction and decoration, and an abundance of sandstone available for construction and other materials important to the areas prehistory.

Vegetation on the canyon bench is predominately a pinyon-juniper woodland community with a cold desert shrub association consisting of shadscale, four-wing saltbush, euphedra, snakeweed, wolfberry, russian thistle, and indian ricegrass. A permanent water source in the area is Dalton Spring, an artesian well approximately one-half mile west of the location. Montezuma Canyon generally holds water for several months throughout the late winter/spring season.

Reptilian, avian, and mammalian associations are consistent with those of the Upper Sonoran Life Zone throughout the Colorado Plateau.

Currently, most of the area is used for limited oil and gas development.

PREVIOUS RESEARCH

A file search was conducted on May 17, 1996 at the BLM San Juan Resource Area Office in Monticello. The results of the review indicated that a large number of oil and gas related surveys have been conducted in the vicinity between the late 1970's and 1980's and that several archaeological sites (10+) are documented within one to three miles from the project area, predominatly near the confluence of Montezuma Creek and Monument Canyon. Apart from smaller energy-related surveys (4-CAS Reports 9319, 9327, & 9329), an extensive seismic survey (4-CAS Report 9115) was conducted less than one-quarter mile north and south of the project area (seismic lines 91-NP-1 & NP-3). More recently, a 3-D seismic program was also conducted in the general vicinity (JBR; 1995) and also increased the site inventory of the area. Site types affiliated with the Anasazi occupation of the area range from lithic scatters and small isolated features to larger prehistoric habitations and village-size settlements.

EXAMINATION PROCEDURES

Prior to the field investigations the well pad was staked and flagged. A 660 x 660' area surrounding the well center stake (10 acres) was inventoried by walking a series of parallel transects spaced 15m apart.

SURVEY RESULTS

No cultural resources were encountered in the project area.

CONCLUSION AND RECOMMENDATIONS

The archaeological survey of Petral Exploration Company's # 1 Aultmore Unit well pad was conducted by personnel of 4-Corners Archaeological Services on May 17, 1996. The project is located in the vicinity of Montezuma Canyon along a rocky bench area in San Juan County, Utah, approximately twelve to fifteen miles southeast of the town of Blanding. A total of 10 acres were inventoried for cultural resources.

No cultural resources were found in the project area. Archaeological clearance is recommended.

REFERENCES

- DeFrancia, Carol S.
1993 Archaeological Survey of Sunfield Energy Company's Chaparral 1-L Directional Well (Re-Survey of Cazador Unit #3-1), San Juan County, Utah. 4-CAS Report 9319, Cortez.
- 1993 Archaeological Survey of Sunfield Energy Company's North Patterson 25-A Well Pad and Access Route, San Juan County, Utah. 4-CAS Report 9327, Cortez.
- 1993 Archaeological Survey of Sunfield Energy Company's Chaparral 2-A Well Pad and Access Route, San Juan County, Utah. 4-CAS Report 9329, Cortez.
- 1991 Archaeological Survey of Century Geophysical's North Patterson Seismograph Lines (91-NP-1 through 91-NP-14) San Juan County, Utah. 4-CAS Report 9115, Cortez.
- Moore, Michele, Jenni Prince-Mahoney, and Scott Billat
1995 An Archaeological Inventory of 51 Miles of 3-D Seismic Program Across Montezuma Canyon, San Juan County, Utah. JBR Cultural Resource Report 95-16, Sandy.
- Stokes, William Lee
1987 Geology of Utah. Occasional Paper Number 6. Utah Museum of Natural History, University of Utah, Salt Lake City.



McILNAY & ASSOCIATES, INC.

2305 OXFORD LANE • CASPER, WY 82604 • (307) 265-4351 • FAX (307) 473-1218

PETROLEUM CONSULTING ENGINEERS & PROPERTY MANAGEMENT

REGISTERED PROFESSIONAL ENGINEERS

June 11, 1996

San Juan County Road Department
P. O. Box 188
Monticello, Utah 84535

Re: Application for Right-of-Way Encroachment Permit for
Access Route to Petral Exploration, LLC., San Juan Co., Well
1. Knockando Unit #1, SE NW NE Sec. 19-T37S-R25E
2. #1 Aultmore Federal, NW NE SW Sec. 24-T37S-R24E

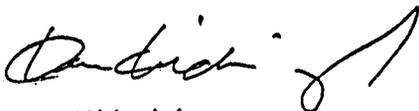
Dear Sir or Madam:

On behalf of our client, Petral Exploration, LLC, enclosed is our application for the subject Right-of-Way Encroachment Permit.

Please advise if you need additional information.

Very truly yours,

McILNAY & ASSOCIATES, INC.



Ken Kidneigh,
Engineer

KK/so

Attachment



SAN JUAN COUNTY ROAD DEPARTMENT
835 East Highway 666
Post Office Box 188
Monticello, Utah 84535
(801) 587-3230

Application for Right-of-Way Encroachment Permit

Date June 11, 1996

TO: San Juan County Surveyor/Engineer
Post Office Box 188
Monticello, Utah 84535

Application is hereby made by: (1) Petral Exploration, LLC
c/o McIlroy & Associates, Inc.
Address (2) 2305 Oxford Lane, Casper, WY 82604

Telephone Number: (307) 265-4351 for permission to do the
following: (3) Move in a drilling rig and other equipment as
needed for drilling, completing and producing 2 wells located
in the SE NW Section 19-T37S-R25E, & NW NE SW Sec. 24-T37N-R24E
San Juan Co., Utah, utilizing County Roads 206 & 146.

(4) Location: _____
As above

City Blanding County San Juan State Utah
or U.S. Highway No. NA Milepost No. NA In accordance
with the attached plan. (5)

(6) Construction will begin on or about NA 19 and
will be completed on or before 19 .

If the proposed installation requires breaking of the
pavement, give the following information:

a. Type of pavement: NA

b. The opening to be made will be _____ feet long by
_____ feet wide and _____ feet deep.

c. A bond in the amount of \$ _____ has been posted with
_____ Telephone No. _____

to run of a term of three (3) years after completion of work to
guarantee satisfactory performance.

(7) If this permit is granted, we agree to comply with all
conditions, restriction, and regulations as contained in the
"Regulations for the Control and Protection of State Highway

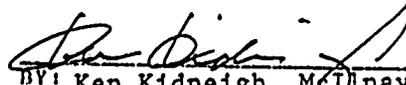
Rights-of-Way", approved by the Utah State Road Commission of October 8, 1962, and all revisions thereto or Regulations adopted by the San Juan County Commission.

(8) In approving this application and locations of utilities, and effort will be made to approve only locations that will not be affected in the event that San Juan County changes the roadway. But, in situations in which the utility has to be moved, this moving shall be done by the utility company or paid for by the company.

(9) For any and all applications requesting authority to use vibratory equipment, applicants shall:

- a. Provide map showing where vibrations will take place.
- b. Agree to repair any damages or replace any property damaged.
- c. Take full responsibility for proper flagging and traffic control.
- d. Agree that vibrating done in the area of dirt roads shall be done on the dirt road rather than in the bar ditch to minimize damage.
- e. Provide a schedule of the planned work and estimated dates of completion.
- f. Attach written permission from all adjacent fee-title owners.
- g. The San Juan County commission has authorized the San Juan County Surveyor/Engineer (or his Assignees) to issue permits.

(10) San Juan County can only grant permission to the extent that the County has the authority to do so and the permission granted hereunder is limited to the interest of authority actually owned by San Juan County and no warranties of ownership or authority to grant permission is expressed or implied by the granting of this permit.


 BY: Ken Kidneigh, McIlroy & Associates, Inc.
 Representative for Petral Exploration, LLC

 TITLE

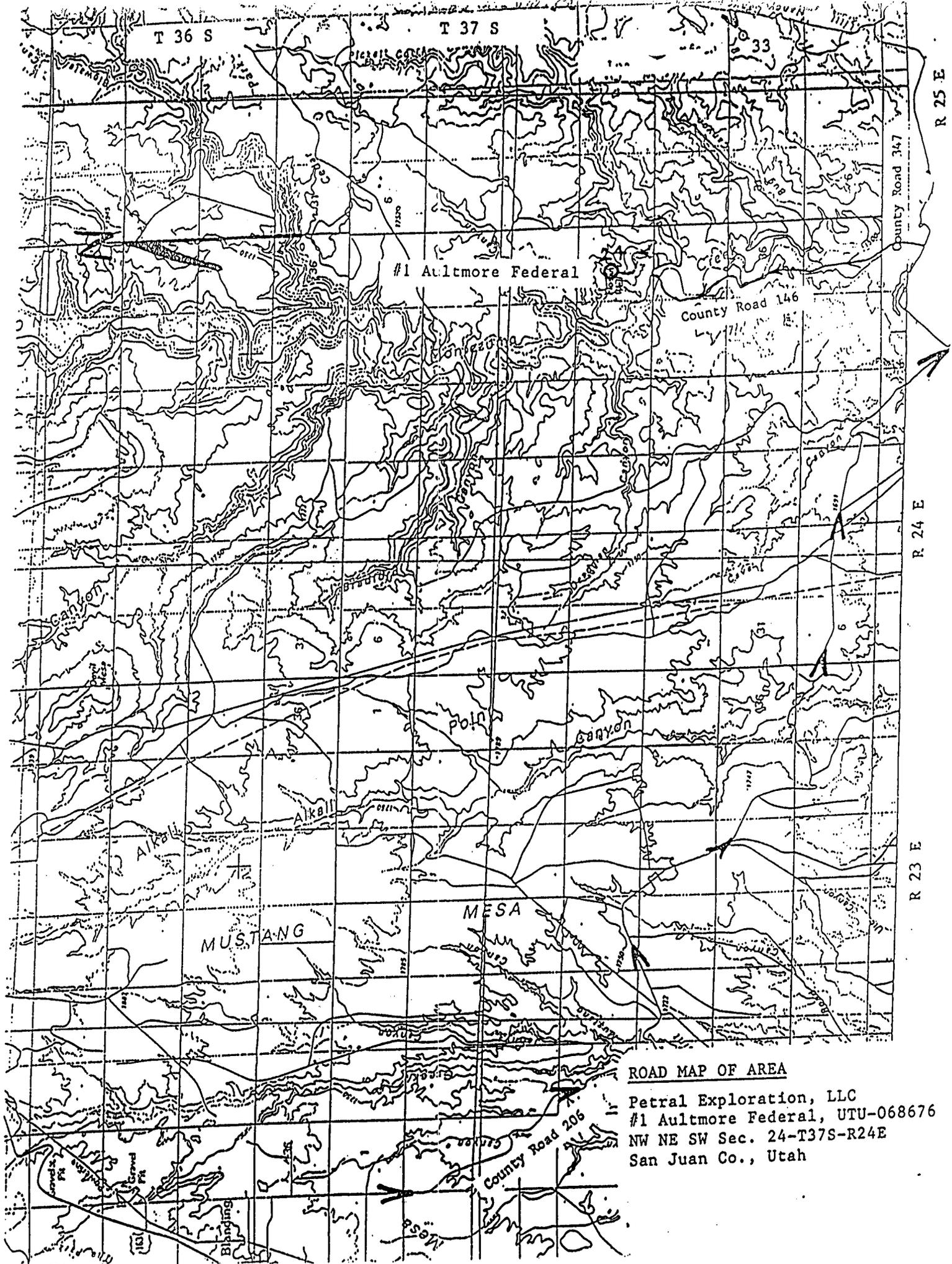
To be filled in by San Juan County Surveyor/Engineer.

(1) Permit should be granted _____

Permit should not be granted _____

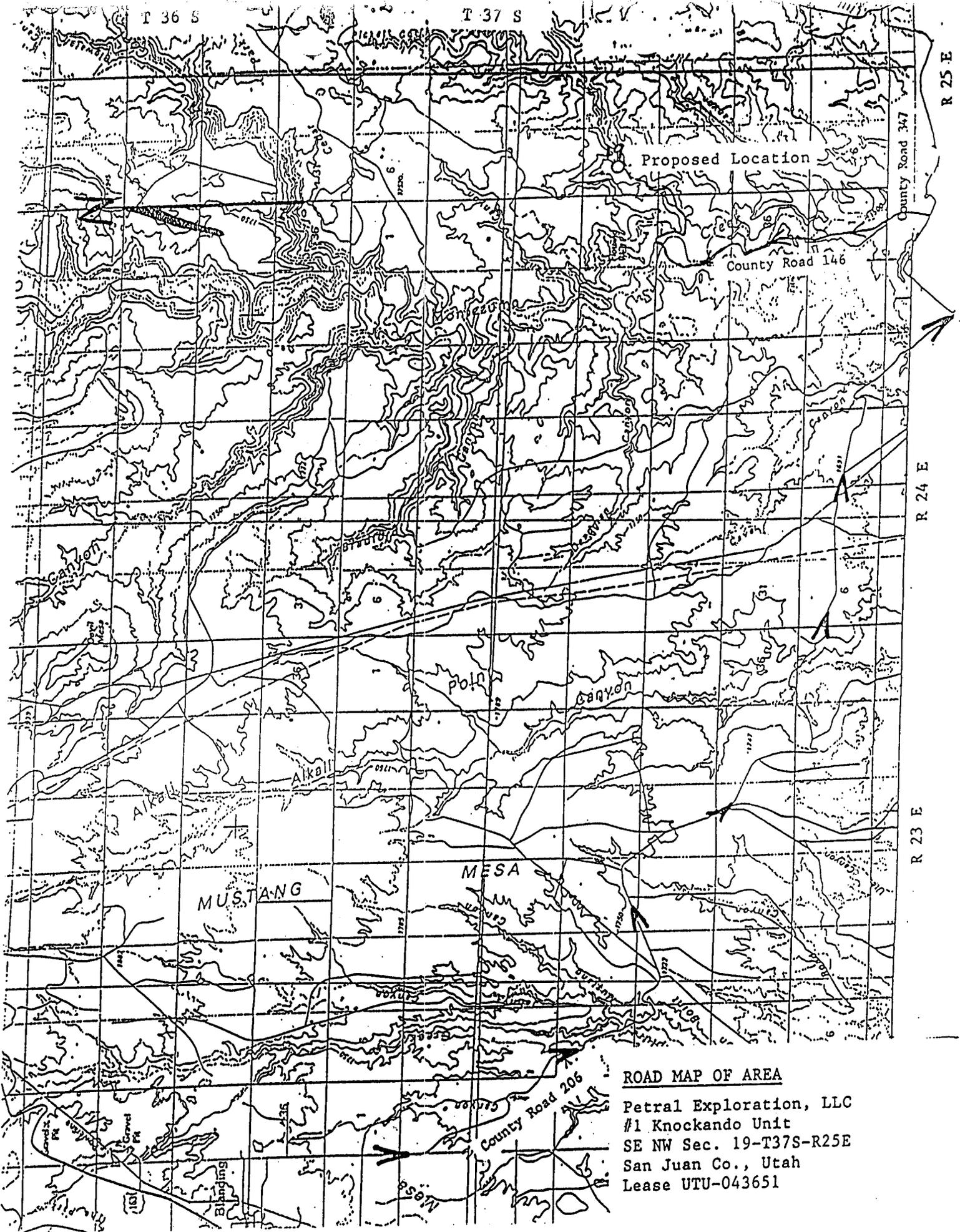
(2) Additional requirements which should be imposed _____.

SAN JUAN COUNTY SURVEYOR/ENGINEER



ROAD MAP OF AREA

Petral Exploration, LLC
#1 Aultmore Federal, UTU-068676
NW NE SW Sec. 24-T37S-R24E
San Juan Co., Utah



ROAD MAP OF AREA

Petral Exploration, LLC
#1 Knockando Unit
SE NW Sec. 19-T37S-R25E
San Juan Co., Utah
Lease UTU-043651

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/19/96

API NO. ASSIGNED: 43-037-31778

WELL NAME: AULTMORE FEDERAL 1
 OPERATOR: PETRAL EXPLORATION LLC (N7700)

PROPOSED LOCATION:
 NESW 24 - T37S - R24E
 SURFACE: 2345-FSL-1850-FWL
 BOTTOM: 2345-FSL-1850-FWL
 SAN JUAN COUNTY
 UNDESIGNATED FIELD (002)

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: FED
 LEASE NUMBER: UTU - 068676

PROPOSED PRODUCING FORMATION: AKAH

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal [State [] Fee []
 (Number UT 1040)

Potash (Y/N)

Oil shale (Y/N)

Water permit
 (Number T 19778)

RDCC Review (Y/N)
 (Date: _____)

LOCATION AND SITING:

___ R649-2-3. Unit: _____

___ R649-3-2. General.

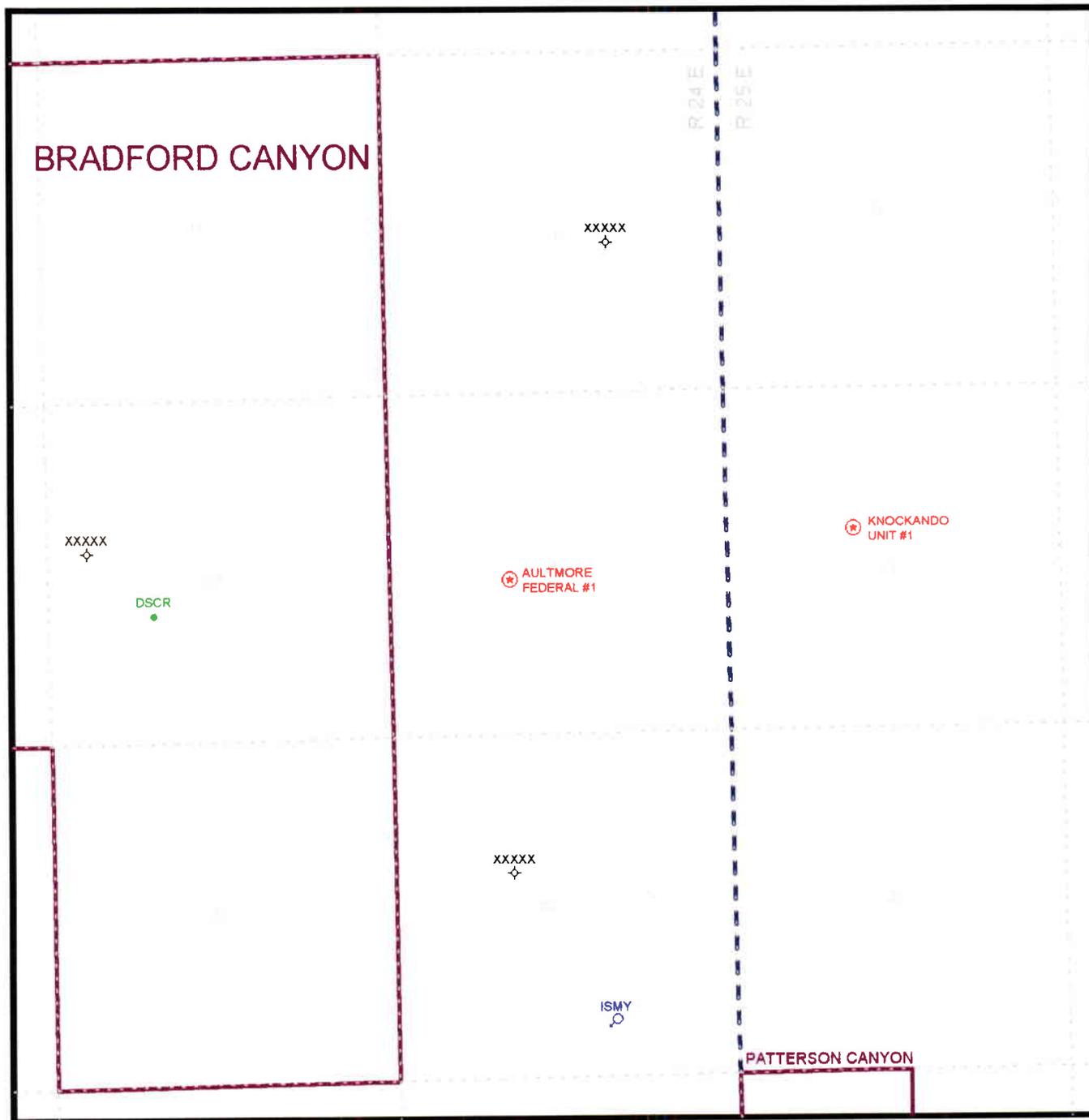
R649-3-3. Exception.

___ Drilling Unit.
 Board Cause no: _____
 Date: _____

COMMENTS: _____

STIPULATIONS: _____

PETRAL EXPLORATION LLC
EXPLORATORY DRILLING
SEC. 24, T37S, R24E &
SEC. 19, T37S, R25E
SAN JUAN COUNTY, UAC R649-3-2 & R649-3-3



PREPARED:
DATE: 20-JUN-96

STATE OF UTAH, DIV OF OIL, GAS & MINERALS

Operator: PETRAL EXPLORATION LLC	Well Name: AULTMORE FED 1
Project ID: 43-037-31778	Location: SEC. 24 - T37S - R24E

Design Parameters:

Mud weight (12.00 ppg) : 0.623 psi/ft
 Shut in surface pressure : 3054 psi
 Internal gradient (burst) : 0.079 psi/ft
 Annular gradient (burst) : 0.000 psi/ft
 Tensile load is determined using air weight
 Service rating is "Sweet"

Design Factors:

Collapse : 1.125
 Burst : 1.00
 8 Round : 1.80 (J)
 Buttress : 1.60 (J)
 Other : 1.50 (J)
 Body Yield : 1.50 (B)

Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost		
1	5,610	5.500	15.50	K-55	ST&C	5,610	4.825		
	Collapse Load Strgth S.F. (psi) (psi)		Burst Load Strgth (psi) (psi)	Min Int Strgth (psi)	Yield S.F.	Tension Load Strgth (kips) (kips)		S.F.	
1	3497	4040	1.155	3497	4810	1.38	86.96	222	2.55 J

Prepared by : MATTHEWS, Salt Lake City, Utah
 Date : 07-26-1996
 Remarks :

Minimum segment length for the 5,610 foot well is 100 feet.
 SICP is based on the ideal gas law, a gas gravity of 0.69, and a mean gas temperature of 114°F (Surface 74°F , BHT 153°F & temp. gradient 1.400°/100 ft.)
 String type: Production
 The mud gradient and bottom hole pressures (for burst) are 0.623 psi/ft and 3,497 psi, respectively.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - collapse (with evacuated casing), 1.0 - (uniaxial) burst, 1.8 - API 8rd tension, 1.6 - buttress tension, 1.5 - body yield tension, and 1.6 - EUE 8rd tension. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.
 Costs for this design are based on a 1987 pricing model. (Version 1.07)



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

July 26, 1996

Petral Exploration, LLC
c/o McIlnay & Associates, Inc.
2305 Oxford Lane
Casper, Wyoming 82604

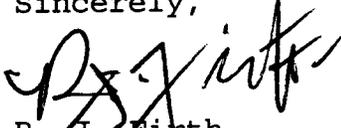
Re: Aultmore Federal #1 Well, 2345' FSL, 1850' FWL, NE SW,
Sec. 24, T. 37 S., R. 24 E., San Juan County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-037-31778.

Sincerely,


R. J. Firth
Associate Director

lwp

Enclosures

cc: San Juan County Assessor
Bureau of Land Management, Moab District Office



Operator: Petral Exploration, LLC
Well Name & Number: Aultmore Federal #1
API Number: 43-037-31778
Lease: UTU-068676
Location: NE SW Sec. 24 T. 37 S. R. 24 E.

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Frank Matthews at (801)538-5334 or Mike Hebertson at (801)538-5333.

3. Reporting Requirements

All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

6. LEASE DESIGNATION AND SERIAL NO.
UTU-068676

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NA

7. UNIT AGREEMENT NAME
NA

8. FARM OR LEASE NAME
Aultmore - Federal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Sec. 24-T37S-R24E

12. COUNTY OR PARISH
San Juan

13. STATE
UT

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
Petral Exploration LLC

3. ADDRESS OF OPERATOR
c/o McIlroy & Associates, Inc.
2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface
2345' FSL & 1850' FWL (NW NE SW) Sec. 24-T37S-R24E
At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 15 miles southeast of Blanding, UT

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1850'

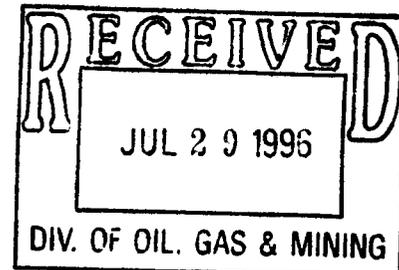
16. NO. OF ACRES IN LEASE 2560.00

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. 4450 Dry hole

19. PROPOSED DEPTH

20. ROTARY OR CABLE TOOLS
Rotary



CONDITIONS OF APPROVAL ATTACHED

DRILLING OR VENTING OF
WELLS SUBJECT TO NTL 4-A
EFFECTIVE 1/1/80

SIGNED Anthony R. Mayer Petral Exploration, LLC, Petroro Corp., Manager
TITLE Anthony R. Mayer, Sr. VP DATE June 13, 1996

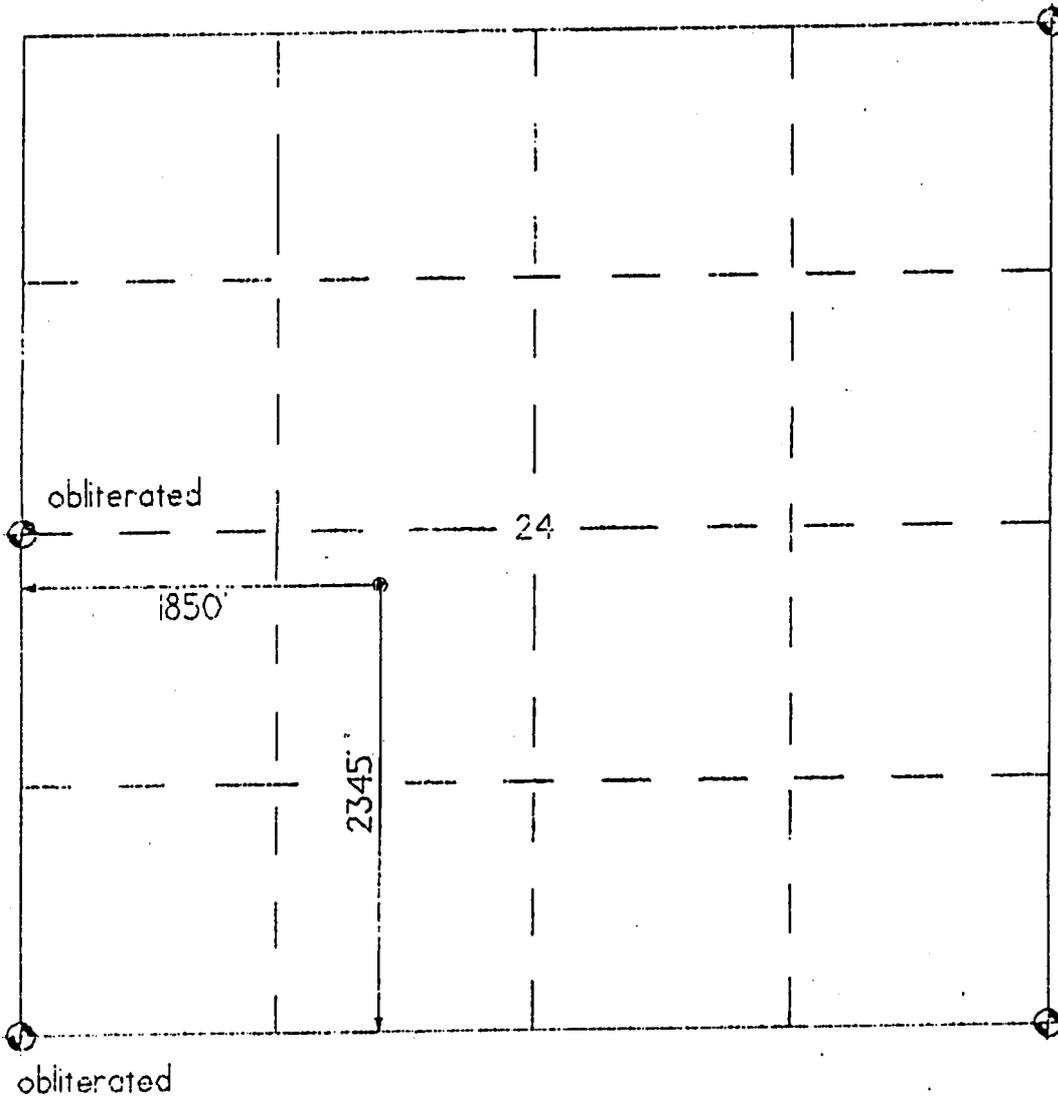
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY Brad D. Palmer Assistant Field Manager, DATE JUL 25 1996
TITLE Resource Management

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

Well Location Plat



Well Location Description

PETRAL EXPLORATION

1 Aultmore

2345' FSL & 1850' FWL

Section 24, T.37 S., R.24 E., SLM

San Juan County, UT

5155' grd. el.

State plane coordinates from GPS survey:

331.444 North & 2.656.860 East

37°33'18.3542" lat & 109°14'02.0003" long (calculated)



24 May 1996

Gerald G. Huddleston

Gerald G. Huddleston, LS

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

HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565-3330

Petral Exploration, LLC
Aultmore - Federal #1
Lease U-068676
NW/NE/SW Section 24, T. 37 S., R. 24 E.
San Juan County, Utah

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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

Bond coverage for this well is provided by UT-1040 (Principal - Petral Exploration, LLC) via surety consent as provided for in 43 CFR § 3104.2.

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

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR § 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, 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 field representatives to insure compliance.

A. DRILLING PROGRAM

1. The proposed 3M BOP system is adequate. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Any fluid bearing zones or lost circulation zones encountered while drilling will be isolated behind casing and cement.
3. If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

B. SURFACE USE PLAN

The following stipulations have been developed to mitigate adverse environmental impacts which may result from the action permitted by the accompanying decision. The action permitted and its anticipated impacts are fully described in the environmental assessment or categorical exclusion referenced above.

1. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public or Federal land shall be immediately reported to the San Juan Resource Area Manager. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the San Juan Resource Area Manager. An evaluation of the discovery will be made by the San Juan Resource Area Manager to determine appropriate action to prevent the loss of significant cultural or scientific values. The operator will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the operator.
2. BLM will complete a raptor/owl survey and clearance of the affected area surrounding the proposed drilling site prior to work initiation if the proposed well is drilled between February 1, and July 15. If the raptor/owl survey locates an active raptor/owl nest which would be affected by this proposal, no work would be allowed until nestlings have fledged.
3. Deer winter range restrictions from December 15, through April 30 are imposed for well location preparation and drilling operations.
4. All permanent above the ground production equipment will be painted Juniper Green.
5. The reserve pit shall remain free of hydrocarbons at all times. Any hydrocarbons entering the reserve pit will be removed promptly or the pit will be effectively sealed with netting material with a mesh of one inch or less.
6. Reclamation of the entire disturbed area will be accomplished by grading the area as near as near as practical back to the natural contour and spreading the top soil evenly as possible over the area. The entire disturbed area will be scarified with a 6 inch or less distance between ripped surfaces. The soil surface will be dry and loose prior to seeding and will be broadcast seeded between October 1, and February 28 with the following mixture of pure live seed:

Galleta	2 pounds/acre
Indian ricegrass	2 pounds/acre
Fourwing saltbush	2 pounds/acre
Sand dropseed	1 pound/acre
Wild sunflower	1 pound/acre
Cliffrose	1 pound/acre
Mormon tea	1 pound/acre

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, enclosed.

Building Location- Contact the BLM Petroleum Engineering Technician at the Monticello BLM Field Office at least 48 hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab BLM Field Office within 24 hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab BLM Field Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab BLM Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the BLM is to be notified.

First Production- Should the well be successfully completed for production, the Moab BLM Field Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Monticello BLM Field Office. The Monticello BLM Field Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab BLM Field Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or

completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab BLM Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever occurs first, without the prior, written approval of the BLM. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the Moab BLM Field Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab BLM Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the Moab BLM Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) shall be filed with the Moab BLM Field Office within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the BLM, or the appropriate surface managing agency.

TABLE 1. NOTIFICATIONS

Notify Jeff Brown of the Monticello BLM Field Office in Monticello, Utah, at (801) 587-2141, or at home (801) 587-2046 for the following:

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

1 day prior to spudding;

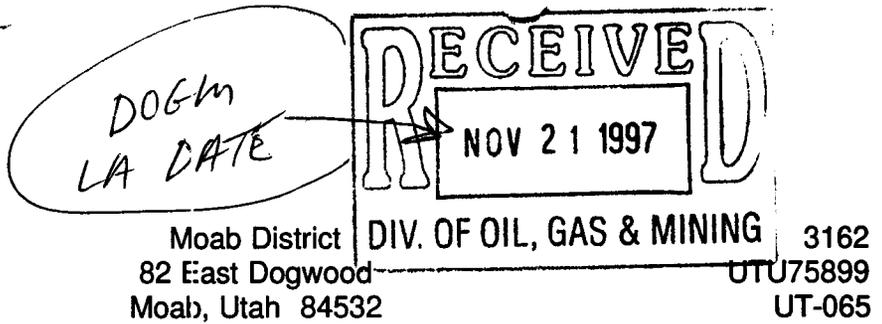
50 feet prior to reaching each casing setting depth;

3 hours prior to testing BOPE

If the person at the above number cannot be reached, notify the Moab BLM Field Office at (801) 259-6111. If unsuccessful, contact one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at (801) 259-6111. If approval is needed after work hours, you may contact the following:

Gary Torres, Petroleum Engineer	Office:	(801) 587-2141
	Home:	(801) 587-2705
Eric Jones, Petroleum Engineer	Office:	(801) 259-2117
	Home:	(801) 259-2214



NOV 19 1997

Petral Exploration, LLC
P. O. Box 5083
Denver, Colorado 80202

Re: Rescinding Application for Permit to Drill
Well No. Aultmore Federal 1
NESW Sec. 24, T. 37 S., R. 24 E.
San Juan County, Utah
Lease UTU75899

43-037-31778

Gentlemen:

The Application for Permit to Drill the referenced well was approved on July 25, 1996. Since that date, no known activity has transpired.

This approval was valid for a period of one year from the date of approval. In view of the foregoing, this office is rescinding the approval of 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 Marie Ramstetter, Legal Instruments Examiner, at 435-259-2135.

Sincerely,

/s/ Brad D Palmer

Assistant District Manager
Resource Management

Enclosure:
Application for Permit to Drill

cc: UT-069, San Juan Resource Area (wo/Enclosure)
State of Utah, Division of Oil, Gas and Mining (wo/Enclosure)
MRamstetter:mr:11/17/97