

McILNAY

McILNAY & ASSOCIATES, INC.

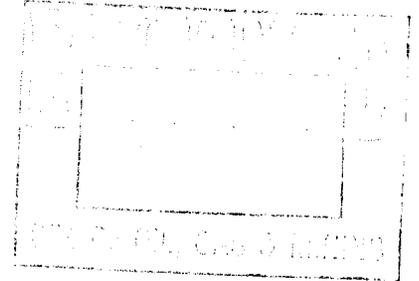
2305 OXFORD LANE • CASPER, WY 82604 • (307) 265-4351 • FAX (307) 473-1218

PETROLEUM CONSULTING ENGINEERS & PROPERTY MANAGEMENT

January 15, 1997

REGISTERED PROFESSIONAL ENGINEERS

Mr. Frank Matthews
Utah Board of Oil, Gas & Mining
1594 West North Temple
3 Triad Center, Suite 1210
Salt Lake City, Utah 84180-1203



Re: Petral Exploration, LLC , #3 Knockdhu Unit, SW NW Sec. 33-T37S-R25E
San Juan Co., Unit - 75040X Lease # UTU 75521

Dear Mr. Matthews:

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

1. Request for Confidentiality.
2. 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.

A handwritten signature in black ink, appearing to read "Ken Kidneigh".

Kenneth P. Kidneigh
Petroleum Engineer

so

cc: Petral Exploration LLC
Rose Exploration Associates



M*CILNAY*

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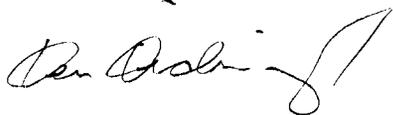
Re: Petral Exploration, LLC , #3 Knockdhu Unit, SW NW Sec. 33-T37S-R25E
San Juan Co., Unit - 75040X Lease # UTU 75521

Dear Mr. Matthews:

By this letter we are requesting all drilling, completion and production information on the #2 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**

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. (307) 265-4351
2305 Oxford Lane, Casper, WY 82604

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 2521' FNL & 615' FWL Sec. 33-T37S-R25E (SW NW)
 At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 17 miles SE of Blanding UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) Lease 615' Unit 615'

16. NO. OF ACRES IN LEASE
320 - lease
600 - unit

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. 1260'

19. PROPOSED DEPTH
6005'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5536' GR - 5546' KB

22. APPROX. DATE WORK WILL START*

5. LEASE DESIGNATION AND SERIAL NO.
UTU-75521

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NA

7. UNIT AGREEMENT NAME
Knockdhu Unit 75040X

8. FARM OR LEASE NAME
Knockdhu Unit

9. WELL NO.
3

10. FIELD AND POOL, OR WILDCAT
Unnamed

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 33-T37S-R25E

12. COUNTY OR PARISH
San Juan

13. STATE
WY

CONFIDENTIAL

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
12 1/4"	8 5/8"	24#	1750'	To surface
7 7/8"	5 1/2"	15.5#	6005'	220 sks.

Request is made for all information to be held CONFIDENTIAL.

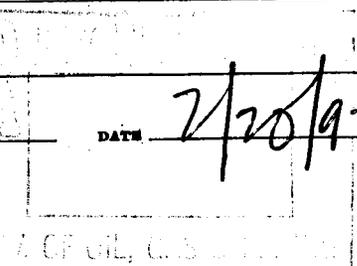
It is proposed to drill a well at the above location with the primary zone of interest the Upper Ismay Mound formation @ 5636' TVD. If the well proves productive, 5 1/2" casing will be cemented in place and the well completed. If the well is found non-productive, it will be plugged & abandoned and surface 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.

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.

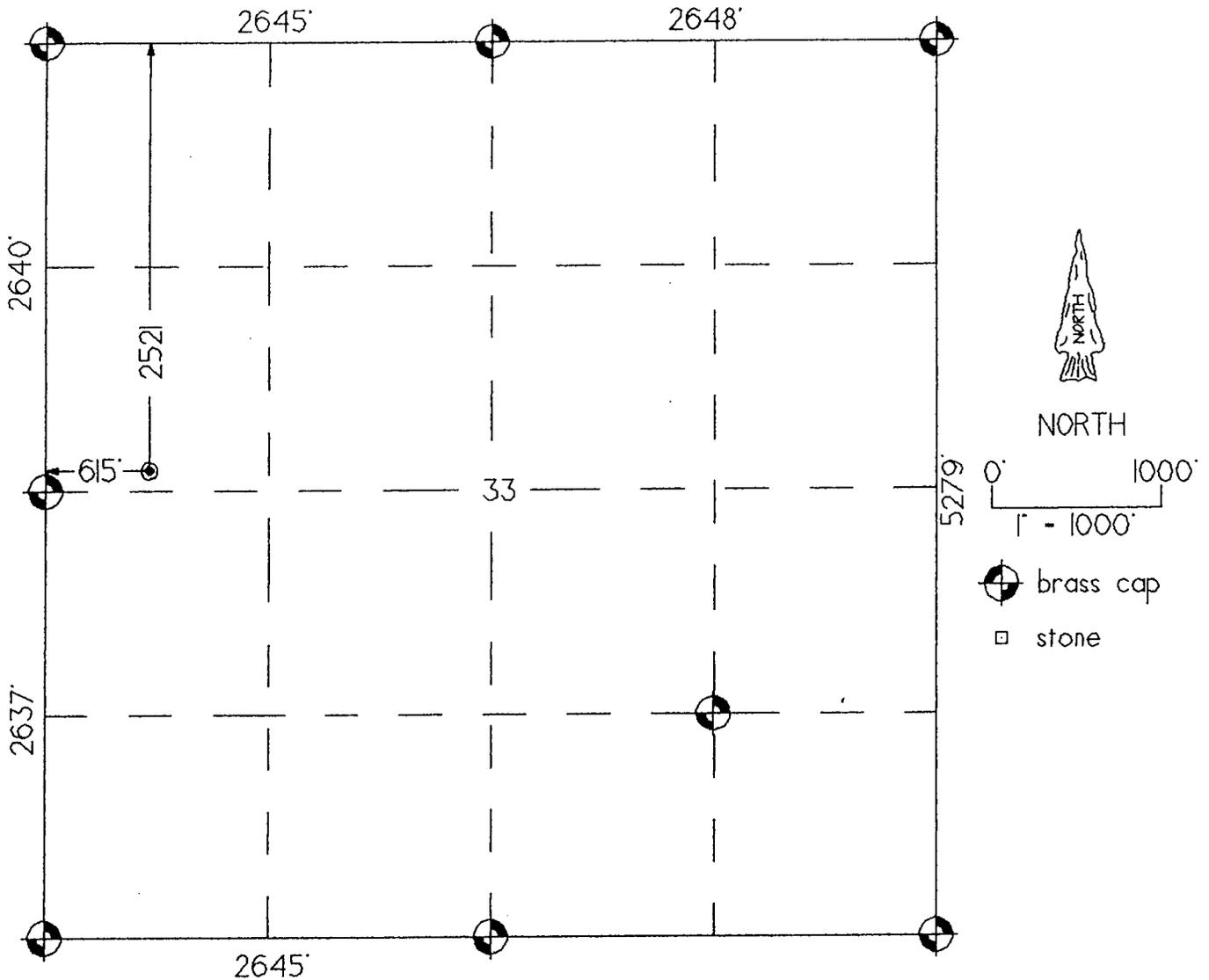
24. SIGNED *Anthony R. May* Petral Exploration, LLC, Petrero Corp., Manager
 TITLE President DATE 1-16-97

(This space for Federal or State office use)
 PERMIT NO. 43-037-31785 APPROVAL DATE _____
 APPROVED BY *[Signature]* TITLE _____ DATE 2/20/97
 CONDITIONS OF APPROVAL, IF ANY _____



*See Instructions On Reverse Side

Well Location Plat



Well Location Description

PETRAL EXPLORATION
3 Knockdhu Unit
2521'FNL & 615'FWL
Section 33, T.37 S., R.25 E., SLM
San Juan County, UT
5536' grd. el. from GPS
321.653 N & 2.671.581 E from GPS



25 November 1996

Gerald G. Huddleston

Gerald G. Huddleston, LS

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



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

BY REPLY REFER TO
3104
(UT-923)

NOV 7 1995

DECISION

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

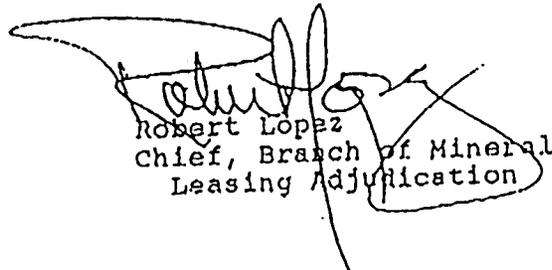
Statewide Oil and Gas Personal Bond and Certificate of Deposit Accepted

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) 539-4100.



Robert Lopez
Chief, Branch of Mineral
Leasing Adjudication

cc: All Districts

DRILLING PROGRAM

Petral Exploration, LLC
#3 Knockdhu Unit
2521' FNL & 615' FWL
SW NW Sec. 33-T37S-R25E
San Juan Co., UT
Unit - 75040X Lease # UTU 75521

A. Surface Formation:

Morrison

B. Estimated Formation Tops: - (KB Measurements)

<u>Formation</u>	<u>TVD Depth (KB)</u>
Morrison	Spud
Entrada	784
Navajo	798
Wingate	1469
Chinle	1680
Shinarump	2480
Cutler	2676
Honaker Trail	4564
La Sal	5309
Black Shale Marker	5544
Shale 1	5592
Upper Ismay	5614
Upper Ismay massive anhydrite	Absent
Upper Ismay mound	5636
Hovenweep Shale	5746
Lower Ismay	5786
Lower Ismay anhydrite	5804
Lower Ismay carbonate	5832
Gothic Shale	5840
Upper Desert Creek	5850
Upper Desert Creek anhydrite	5856
Lower Desert Creek	5895
Lower Desert Creek anhydrite	5915
Lower Desert Creek mound	5920
Chimney Rock Shale	5958
Akah	5980
TOTAL DEPTH	6005

DO NOT PENETRATE SALT

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 5636' (Upper Ismay mound) to 5,958'. 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 8 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 m. Certified BOP testing service company will be utilized for pressure testing. All pressure testing operations must be witnessed by Petral's well site representative (McIlroy & 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 & operational checks to 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 using a test plug the BOP and accessory equipment must be pressure tested to 3000 psig. The annular preventer will be tested to 1500 psig. 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:

34 Jts. - 1750', 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 6 centralizers.
- 1 - 8 5/8" Centralizer placed 3rd collar from surface.
- 12 Total Centralizers

Production Casing (New):

Interval	Net-Ft.	Gross-Ft	Specifications
0 - 6,005'	6,005'	6,065'	5 1/2", 15.5#/ft., J or K-55, ST&C

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 (2500 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: 650 sks. Halliburton Light Std. (70) w/2% CaCl₂ & 1/4#/sk. Flocele
Slurry yield - 1.95 CF/sk

Tail Slurry: 150 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: (Cemented 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 - 1750'	1750' - 4500'	4500' - 5750'	5750' - T.D.
Wt. - #/gal	8.4 - 8.9	8.4 - 8.9	* ¹ 8.6 - 10+	* ⁵ 9 - 12+
Vis. - sec.qt.	27 - 40	30 - 35	* ² 34 - 40	* ² 34 - 40
WL - cc	NC	NC	* ³ 10 Max	8 - 10
Ph	NC	NC	* ⁴ 9.0 - 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. 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.
- *⁶ Prior to penetrating the Upper Ismay Mound @ 5636' 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. Two 60' cores of Upper Ismay mound at estimated depth of 5,636' TVD and possibly one 60' core of the Lower Desert Creek Mound. 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 Sundry 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:
 - Schlumberger Platform Express, AIT, 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.
 - FMI with image and high resolution stratigraphic dipmeter interpretation - Minimum run
 - Digital Data for all logs to be on disk in LAS format.

5. Samples:

10' samples 5,200' 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 5400'; abnormal pressure in Lower Desert Creek Carbonate (3500 psig); lost circulation and seepage, 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.

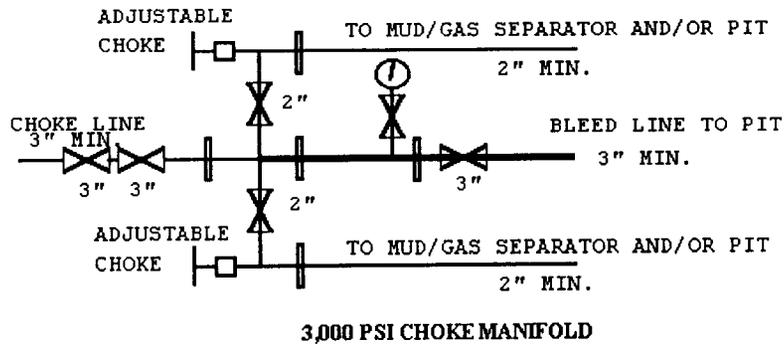
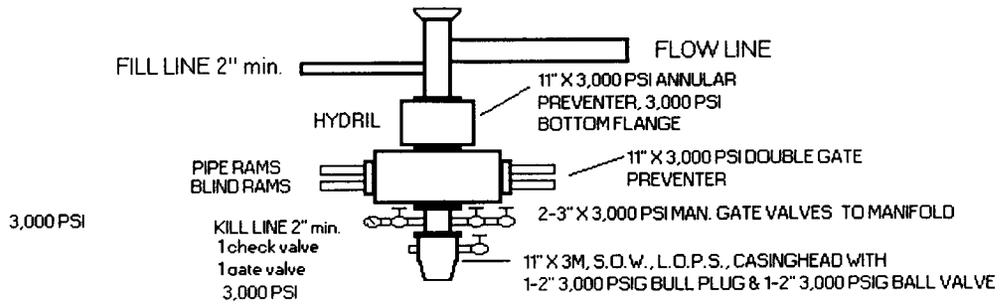
K. Anticipated Starting Date of Drilling Operations:

Plan to start drilling January 29, 1997. 15 days should be required to drill, test, log and set casing.

L. Additional Considerations:

None.

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



SURFACE USE PROGRAM

**Petral Exploration, LLC
#3 Knockdhu Unit
2521' FNL & 615' FWL
SW NW Sec. 33-T37S-R25E
San Juan Co., UT
Unit - 75040X Lease # UTU 75521**

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 15.4 miles (total of 23.9 miles on Co. 206) to Perkins Ranch Road (County Road # 347) and turn left. Cross creek and turn right around trailer house in front of ranch house and go east 4 miles through Wexpro Patterson #1 well. Go 500' and take the left fork for 1.2 miles to silver tank and turn left for 1/2 mile to flags and 2 track road. Turn right and proceed north for 1/2 mile on proposed new access road to proposed surface location of well.
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 State of Utah, Bureau of Land Management and land owned by Marvin and Patricia Redburn, 26102 Hwy 145, Dolores, CO, 81323.
3. Proposed wellsite and access roads: See Figures 1 - 3.

B. Access Roads to be Constructed or Reconstructed:

See Figure 2. The last 1/2 mile to the location will be a newly constructed access road bladed and if necessary with low water crossings. 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: | Three |
| 4. Disposal Wells: | None |
| 5. Producing Wells: | Two |
| 6. Drilling Wells: | None |
| 7. Under Completion: | One |

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 160' x 305' (See Figure 5). A heater treater will be located approximately 100' south of the well. Two 300 or 400 bbl. oil storage tanks will be located approximately 50' southwest of the heater treater and 135' southwest 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 (1.6 miles) will be graveled as needed 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. Closed septic tank may be used for the camp trailer.
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 6' at the east side of the drilling pad. Maximum fill is 3' at the southwest 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, 1997. Complete fall seeding after September 1997 and prior to ground frost. Rehabilitation will be completed by November 1, 1998.

K. Surface Ownership:

1. Access roads:
See Figures 1 & 2. State of Utah, Bureau of Land Management (on lease) and Marvin and Patricia Redburn. An easement has been obtained from Marvin and Patricia Redburn across portions of Section 33-T37S-R25E. A Right-of-Entry permit has been applied for from the State of Utah across portions of Section 32-T37S-R25E.
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

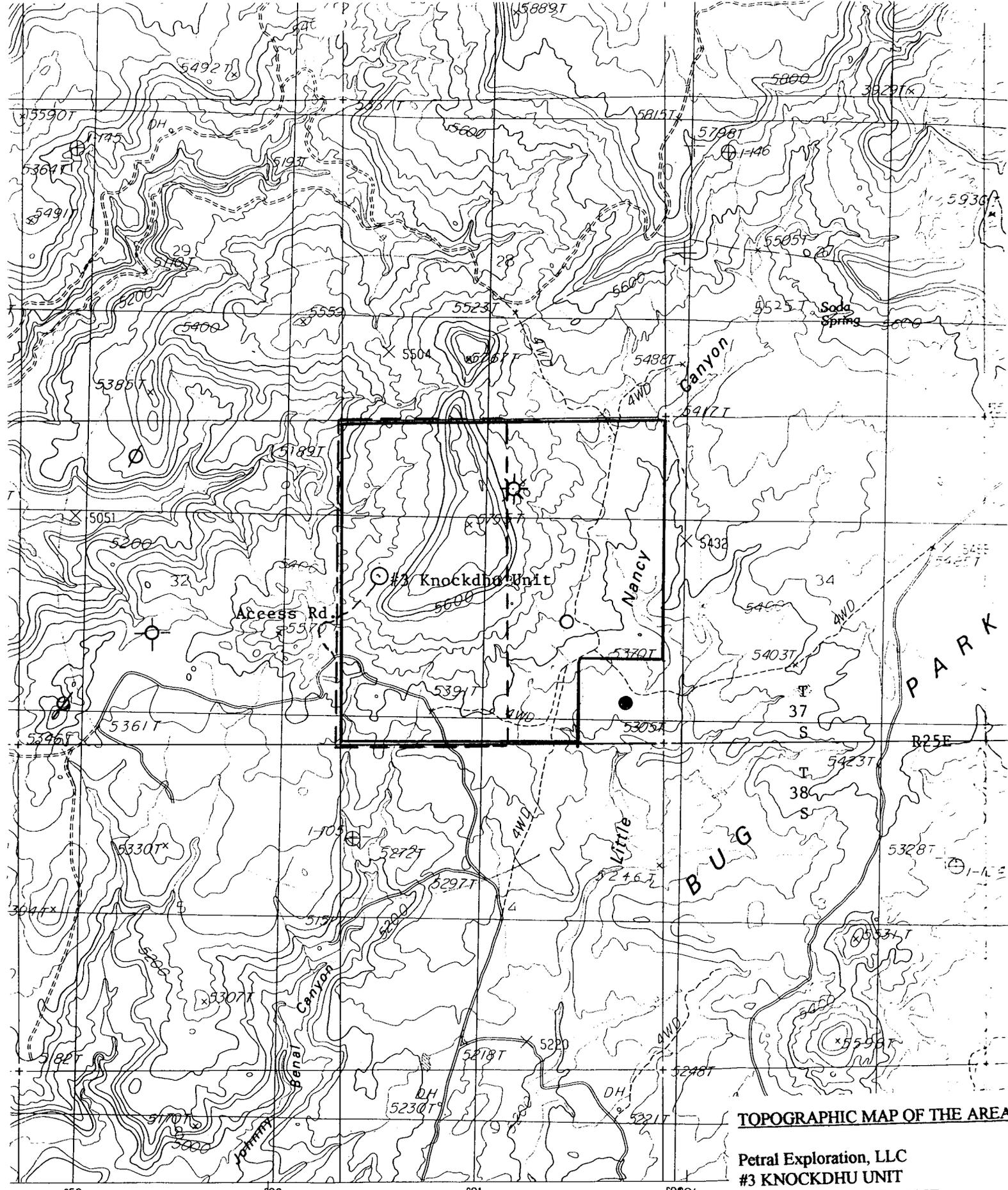
Representative

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.

1-16-97
Date

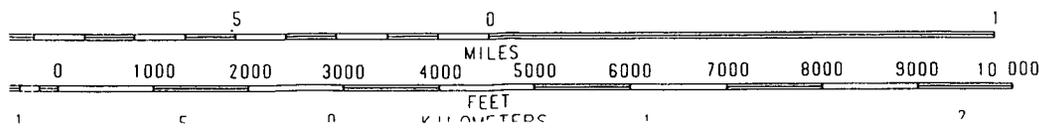
Anthony R. May
Petral Exploration, LLC, Petroco Corp., Manager

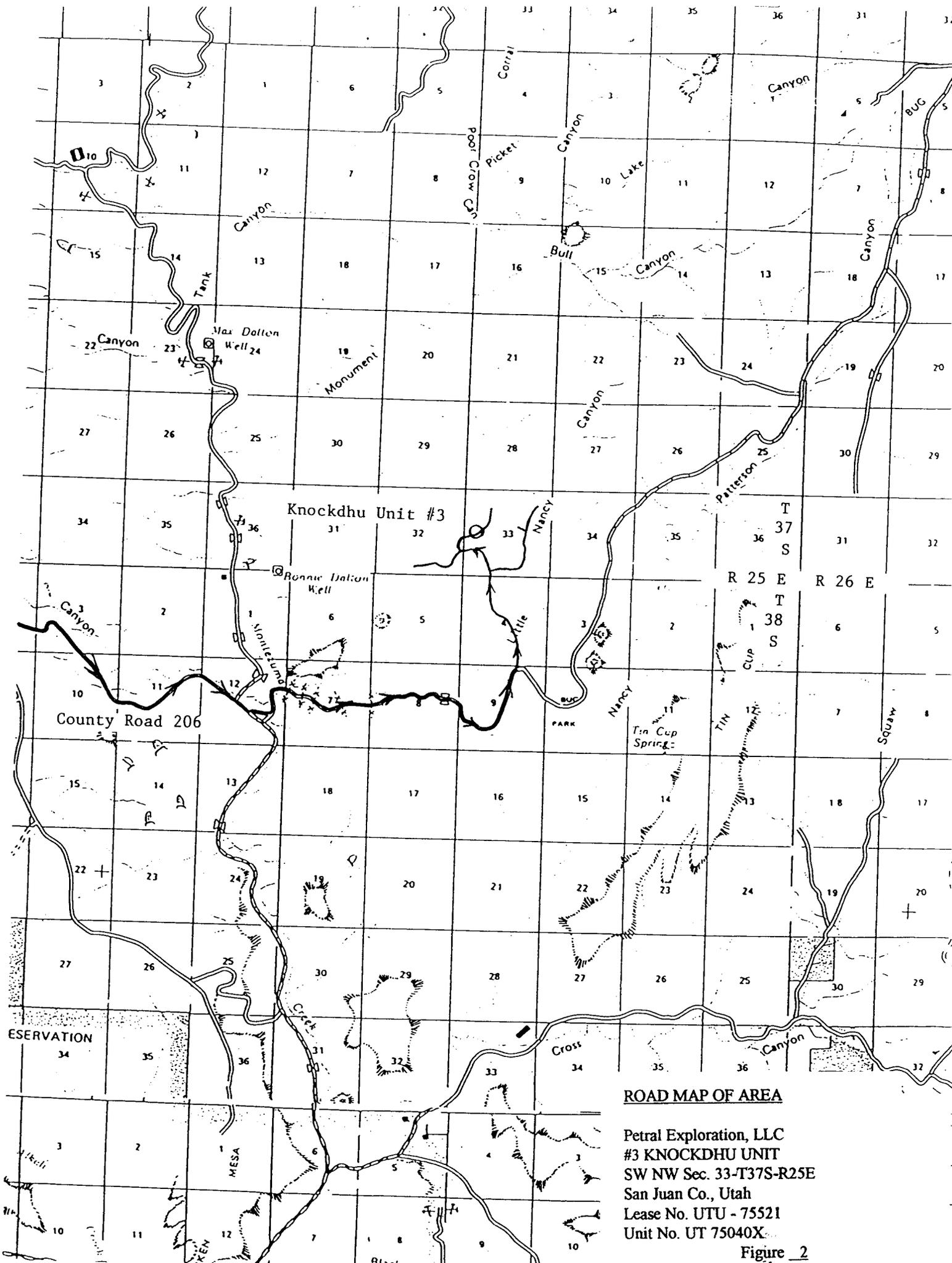


TOPOGRAPHIC MAP OF THE AREA

Petral Exploration, LLC
 #3 KNOCKDHU UNIT
 SW NW Sec. 33-T37S-R25E
 San Juan Co., Utah
 Lease No. UTU - 75521 ---
 Unit No. UT 75040X _____
 Figure 1

SCALE 1:24 000



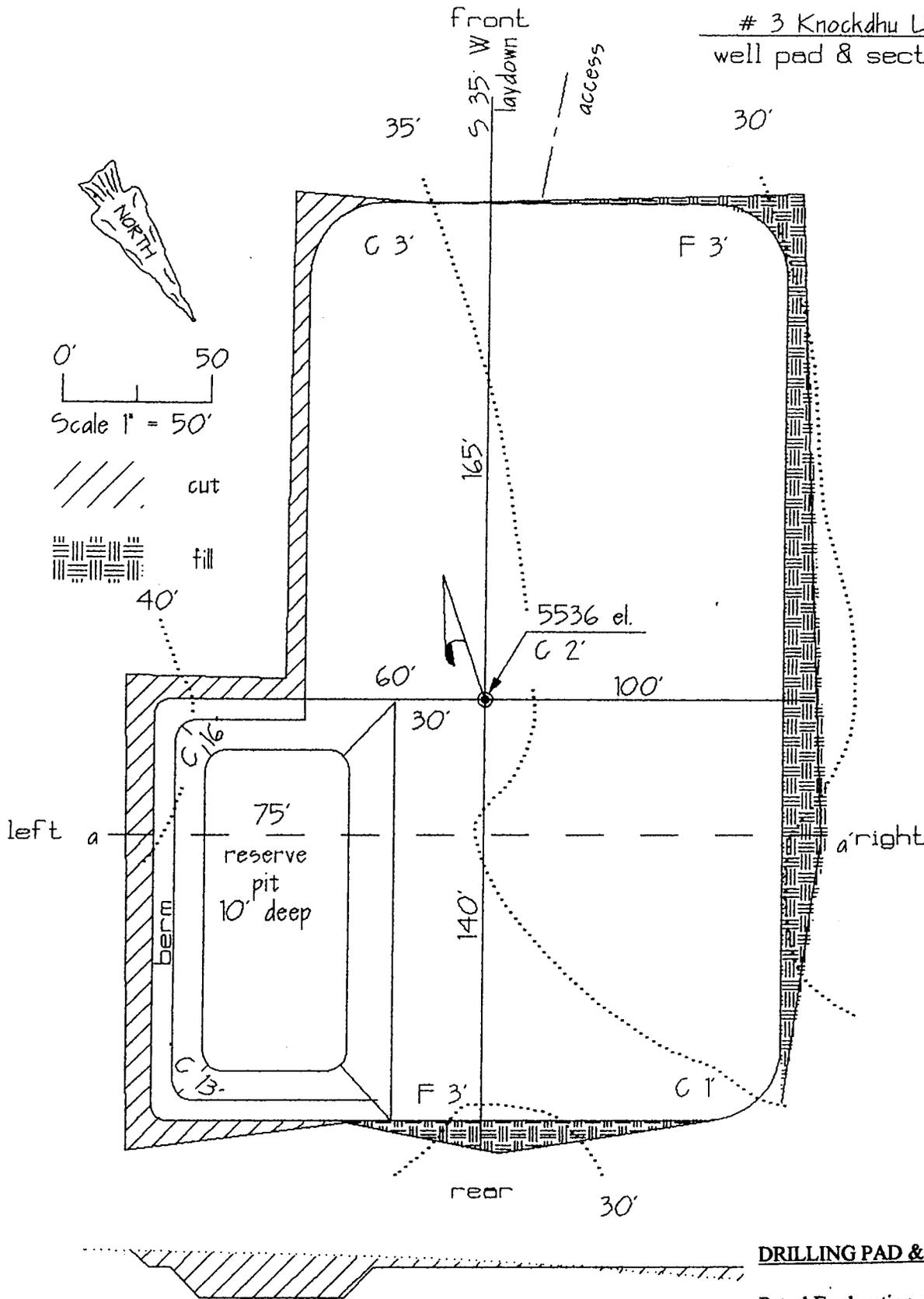


ROAD MAP OF AREA

Petral Exploration, LLC
 #3 KNOCKDHU UNIT
 SW NW Sec. 33-T37S-R25E
 San Juan Co., Utah
 Lease No. UTU - 75521
 Unit No. UT 75040X

Figure 2

3 Knockdhu Unit
well pad & section



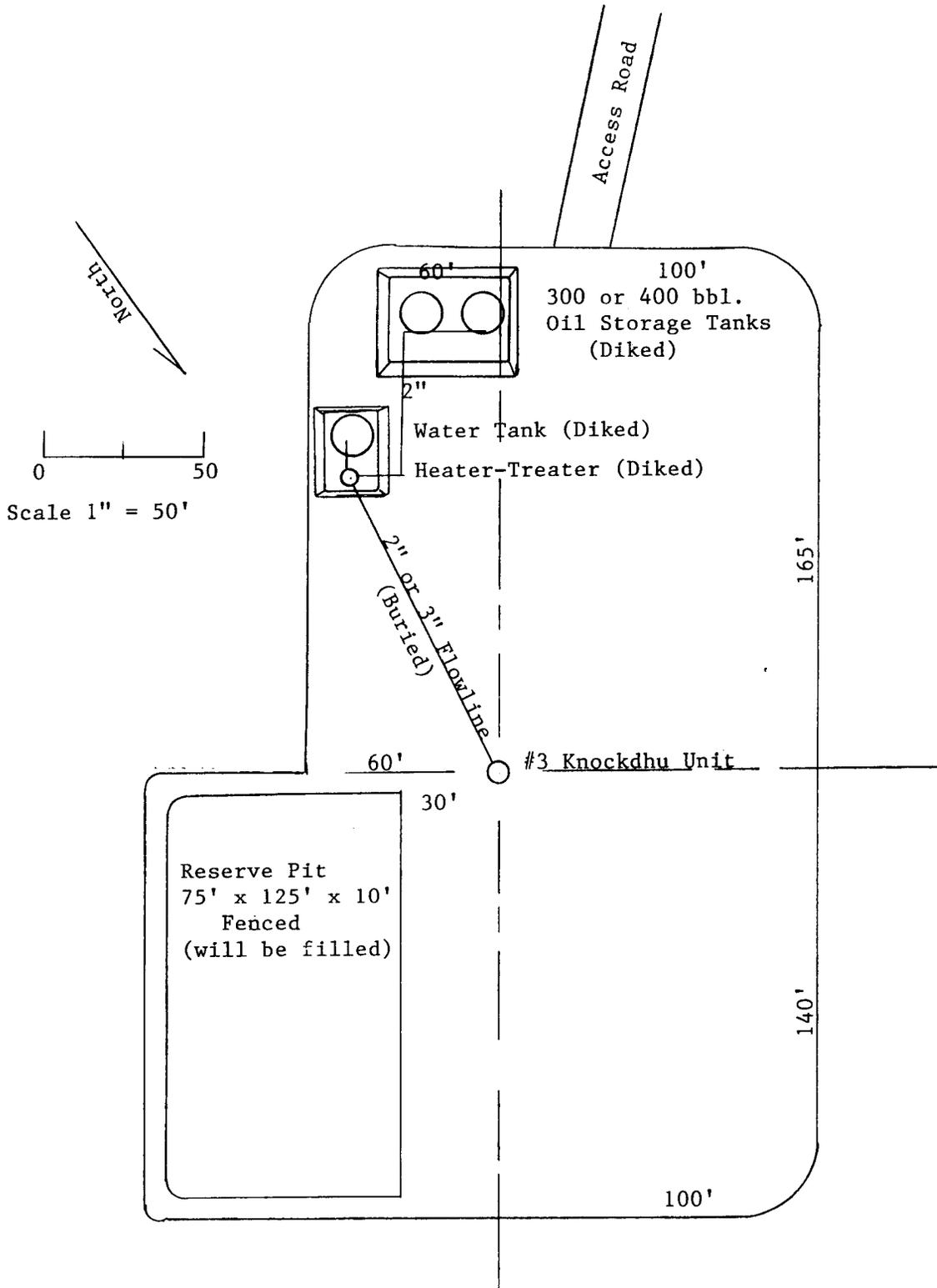
a

Cross section

DRILLING PAD & PIT LAYOUT

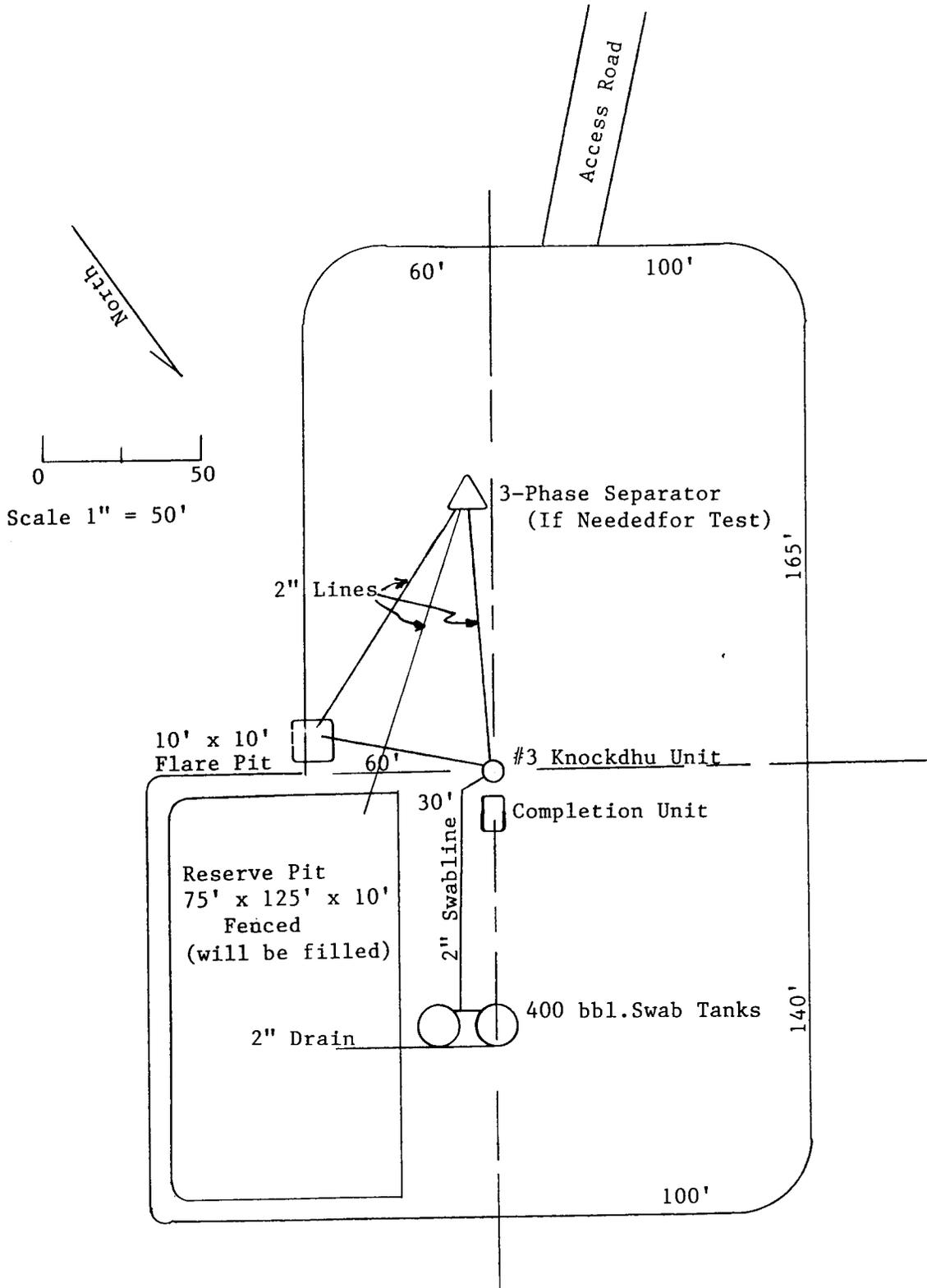
Petral Exploration, LLC
#3 KNOCKDHU UNIT
SW NW Sec. 33-T37S-R25E
San Juan Co., Utah
Lease No. UTU - 75521
Unit No. UT 75040X

Figure 3



PRODUCTION FACILITIES

Petral Exploration, LLC
 #3 KNOCKDHU UNIT
 SW NW Sec. 33-T37S-R25E
 San Juan Co., Utah
 Lease No. UTU - 75521
 Unit No. UT 75040X



COMPLETION LAYOUT

Petral Exploration, LLC
 #3 KNOCKDHU UNIT
 SW NW Sec. 33-T37S-R25
 San Juan Co., Utah
 Lease No. UTU - 75521
 Unit No. UT 75040X

ARCHAEOLOGICAL SURVEY OF
PETRAL EXPLORATION COMPANY'S
PROPOSED #3 AND #5 KNOCKDHU UNIT WELL PADS
AND ACCESS ROUTES
SAN JUAN COUNTY, UTAH

4-CAS REPORT 9625

by
Carol S. DeFrancia

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

Nov. 25, 1996

FEDERAL ANTIQUITIES PERMIT 95UT62712
Utah State Permit No. U-96-FE-0677bs

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

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ABSTRACT

The archaeological survey of Petral Exploration Company's proposed #3 and #5 Knockdhu Unit well pads and access routes were conducted by personnel of 4-Corners Archaeological Services on November 21, 1996. The project is located east of an unnamed tributary drainage of Bug Canyon in San Juan County, Utah, approximately twenty miles southeast of the town of Blanding. A total of 28.2 acres were inventoried for cultural resources.

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

INTRODUCTION

The archaeological survey of Petral Exploration Company's proposed #3 and #5 Knockdhu Unit well pads and access routes were conducted by Carol DeFrancia of 4-Corners Archaeological Services on November 21, 1996. The project is located along a flat bench area above an unnamed tributary to Bug Canyon (Figure 1) on lands administered by the Bureau of Land Management, San Juan Resource Area, and along a section (ca. 1,050' of an access route) in Utah State Lands (T37S, R25E; section 32). The survey was requested by Mr. Ed McIlnay, of McIlnay & Associates, Inc. Huddleston Surveying personnel staked and flagged the well pad prior to the survey. The proposed #3 Knockdhu Unit well location will be accessed from an existing well service road and will tie into the location approximately 1,750' in total length. The #5 Knockdhu Unit location will be accessed from the #3 well location. A total of 28.2 acres were inventoried for cultural resources (Figure 2).

Federal and state governments have enacted legislation that is designed to conserve and protect cultural resources. The principal federal legislation 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 for the project.

PROJECT AREA

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

Total Project Area: 6.09 acres; area surveyed 28.2 acres

#3 Knockdhu Unit Well Pad

Legal Description: T37S, R25E: Section 33

Center Stake: 2521' FNL, 615' FWL; T37S, R25E, Section 33

UTM Coordinates: (Surveyed Area)		Easting	Northing
	NW Corner	660420	4154830
	NE Corner	660590	4154730
	SE Corner	660490	4154550
	SW Corner	660320	4154650

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

Surveyed Area: 660 x 660' (10 acres)

Results: No cultural resources found.

Well Pad Access

Legal Description: Section 32 and 33, T37S, R25E:

UTM Coordinates:	Easting	Northing
S End	660260	4154280
bend	660180	4154500
bend	660300	4154530
S End	660440	4154660

Project Area: 1750' long, maximum 60' wide (2.4 acres)

Surveyed Area: 1750' x 150' (6.0 acres)

Results: No cultural resources were found.

#5 Knockdhu Unit Well Pad

Legal Description: T37S, R25E: Section 33

Center Stake: 1813' FNL, 1198' FWL; T37S, R25E, Section 33

UTM Coordinates: (Surveyed Area)	Easting	Northing
NW Corner	660560	4155040
NE Corner	660760	4154980
SE Corner	660700	4154790
SW Corner	660500	4154850

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

Surveyed Area: 660 x 660' (10 acres)

Results: No cultural resources found.

Well Pad Access

Legal Description: Section 32 and 33, T37S, R25E:

UTM Coordinates:	Easting	Northing
SW End	660510	4154720
NE End	660650	4154860

Project Area: 650' long, maximum 60' wide (.89 acres)

Surveyed Area: 650' x 150' (2.2 acres)

Results: No cultural resources were found.

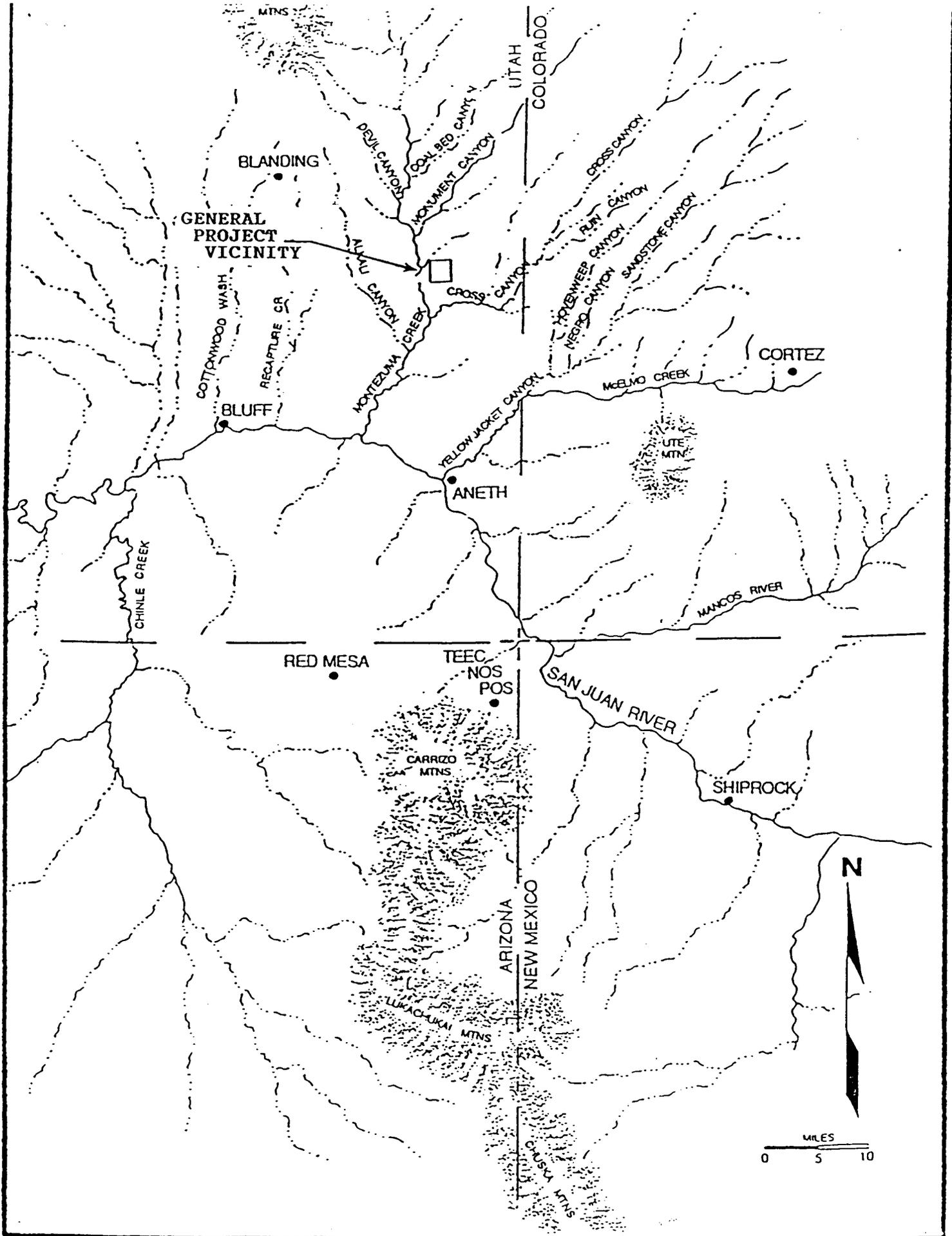
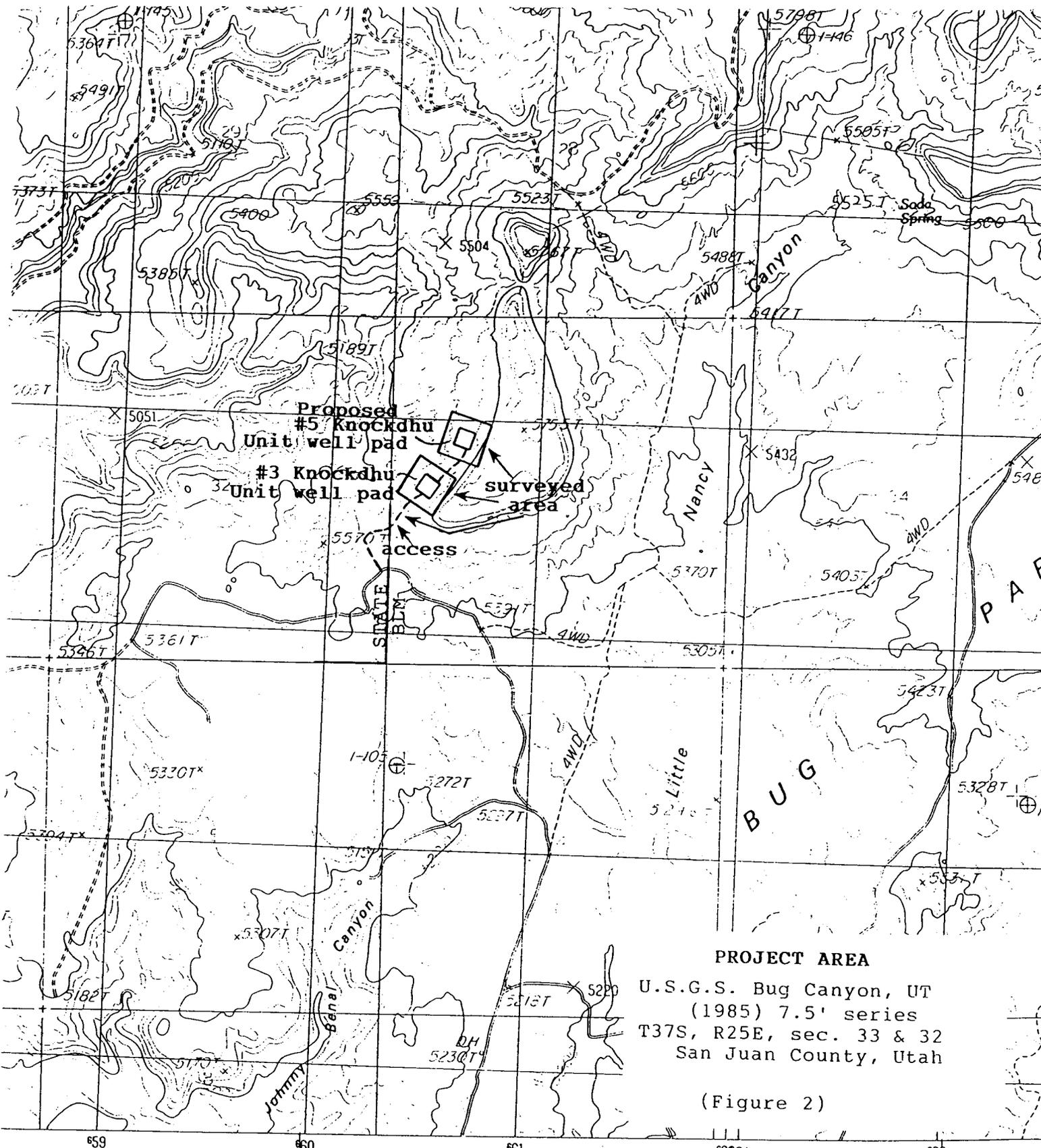


Figure 1. Project Area

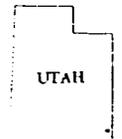
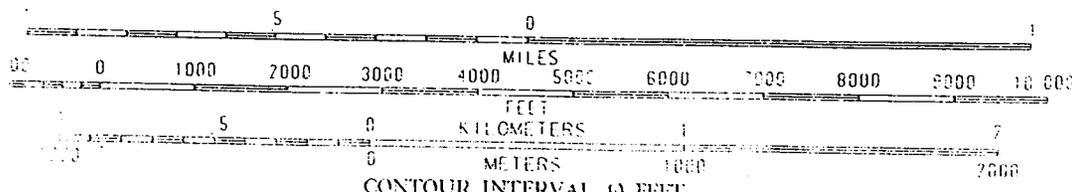


PROJECT AREA

U.S.G.S. Bug Canyon, UT
 (1985) 7.5' series
 T37S, R25E, sec. 33 & 32
 San Juan County, Utah

(Figure 2)

SCALE 1:24 000



QUADRANGLE LOCATION

1	2	3	1 Devil Mesa
			2 Horshead Point
			3 Burnt Cabin Creek
			4 Bradford Canyon
4	5		5 Papoose Canyon

PHYSIOGRAPHY AND ENVIRONMENT

The project area is located in San Juan County, Utah approximately twenty miles southeast of the town of Blanding, and east of an unnamed tributary drainage of Bug Canyon. The area lies in the Colorado Plateau physiographic province and is a structural element of the Blanding Basin (Stokes 1977). The proposed well pads occupy a flat canyon bench area near the base of a prominent butte. A few small west-trending ephemeral drainages bisect the #5 Knockdhu Unit well location. Terrain in the general area is moderately rugged with aeolian and colluvial deposits along the canyon bench and cobble to boulder-sized colluvial deposits along the base of the ridge. Pockets of Morrison Formation clayey loams are exposed along the slopes above the canyon drainage and along the south side of a drainage basin where the proposed access for the #3 Knockdhu Unit crosses.

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 for construction materials important to the areas prehistory.

Vegetation on the canyon bench is predominately a sage flat with a cold desert shrub association consisting of shadscale, four-wing saltbush, euphedra, snakeweed, and grasses. A permanent water source in the area is an unnamed spring approximately two miles west in Bug Canyon. Bug Canyon is a tributary to Montezuma Creek which 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 November 19, 1996 at the BLM San Juan Resource Area Office in Monticello. The results of the review indicated that a number of oil and gas related surveys have been conducted in the vicinity between the late 1970's and 1980's, including one extensive 3-D seismic program that was recently conducted within the project area (JBR; 1995). Additionally, two well locations and a pipeline access survey was conducted approximately one-half mile east of the project area (4-CAS; 1996). The file search indicated that a few archaeological sites (5+) are documented over one-half mile west of the project area, predominately around Bug Canyon. No cultural resources were documented in the vicinity.

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. Two parallel zig-zag transects were walked along the access routes (8.2 acres), covering a 150' wide corridor. This effectively gives a minimal 60' buffer on either side of the access road.

SURVEY RESULTS

No cultural resources were found in the project area.

CONCLUSION AND RECOMMENDATIONS

The archaeological survey of Petral Exploration Company's proposed #3 and #5 Knockdhu Federal Unit well pads and access routes were conducted by personnel of 4-Corners Archaeological Services on November 21, 1996. The project is located in San Juan County, Utah, on lands administered by the Bureau of Land Management, San Juan Resource Area, and Utah State Lands, approximately twenty miles southeast of the town of Blanding. A total of 28.2 acres were inventoried for cultural resources.

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

REFERENCES

- DeFrancia, Carol S.
1996 Archaeological Survey of Petral Exploration Company's Knockdhu Federal #1 Well Pad & Access Route, San Juan County, Utah. 4-CAS Report No. 9610, Moab.
- 1996 Archaeological Survey of Petral Exploration Company's Knockdhu Federal #1 Pipeline Route, San Juan County, Utah. 4-CAS Report No. 9612, Moab.
- 1996 Archaeological Survey of Petral Exploration Company's Proposed Knockdhu Federal #2 Well Pad, San Juan County, Utah. 4-CAS Report No. 9617, Moab.
- 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.

KNOW ALL MEN BY THESE PRESENTS:

THAT, Marvin Redburn and Patricia Redburn, husband and wife, of 26102 Hwy 145, Dolores, Colorado 81323, hereinafter designated "Grantor", for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by Petral Exploration LLC, of P.O. Box 5083, Denver, Colorado 80202, the receipt of which is hereby acknowledged, Docs hereby GRANT and CONVEY unto Petral Exploration LLC, its successors and assigns, an easement for the right to construct, operate, use and maintain a roadway across the following described land and premises situated in the County of San Juan, State of Utah, to-wit:

Township 37 South, Range 25 East
Section 33: S1/2SW1/4, SW1/4SE1/4

The Right of Way and Easement shall make use of the existing 4WD Trail as set out on the attached plat, attached hereto as Exhibit "A" and made a part hereof.

Petral Exploration, LLC, including its employees, licensees and invitees, hereinafter collectively designated as "Grantee", its successors and assigns shall have full, free and exclusive right and privilege, to travel upon, pass and repass along, and use said road in any lawful manner, including the transportation of persons, materials, supplies and commodities. It is understood, that Grantor shall have the right to use or cross said road at such times and in such manner as may be done without injuring or damaging said road or interfering in any way with Grantee's use thereof or enjoyment of the rights granted.

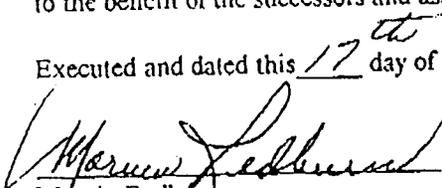
To have and to hold unto Grantee, its successors and assigns, the easement, rights and privileges herein granted and conveyed.

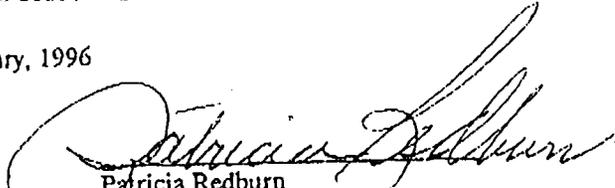
The consideration paid to Grantor hereunder constitutes payment in full for the use of said roadway easement and for all claims for damages out of or incident to the use of the surface of the strip of land located within the above described lands by Grantee, its successors and assigns, in connection with the drilling for and production of oil and gas by Grantee, its licensees, successors and assigns from wells located on lands in the vicinity of said easement, together with all operations incident thereto. Notwithstanding anything contained to the contrary herein, should the well or wells contemplated hereunder be drilled and completed as producing well(s) of oil and/or gas and associated hydrocarbons, Grantor and Grantee shall enter into an easement agreement to be effective so long as the above mentioned oil and/or gas wells are productive.

Grantee agrees that it shall be responsible for any injury caused to the lands of the Grantor and growing crops thereon or adjacent to said Easement caused by Grantee, its successors and assigns, and Grantee shall pay Grantor for any damages resulting therefrom. Grantee also agrees that if a permanent roadway is constructed, the drainage of water to the reservoir will be protected and, if need be, a culvert will be installed to protect such drainage.

The terms and provisions herein shall constitute covenants running with the land, shall be binding upon and inure to the benefit of the successors and assigns of both the Grantor and Grantee.

Executed and dated this 17th day of February, 1996


Marvin Redburn

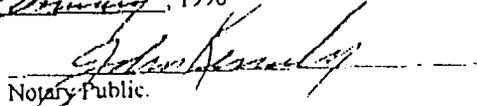

Patricia Redburn

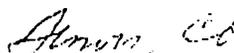
STATE OF COLORADO
County of San Juan

On this 17th day of February, 1996, before me personally appeared Marvin Redburn and Patricia Redburn, husband and wife, to me personally known to be the persons who executed the foregoing instrument, acknowledged that they executed the same as their free act and deed.

Witness my hand and seal this 17th day of February, 1996

My Commission Expires: 1/9/2002


Notary Public



204
P 347

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 December 3, 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 drilling rig and other equipment as
needed for drilling, completing and producing 3 wells
located SW NE, NW NE, SW NW Sec. 33-T37S-R25E, San Juan
Co., UT Utilizing County Roads 206 and 347.

(4) Location: As above

City Blanding County San Juan State UT

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

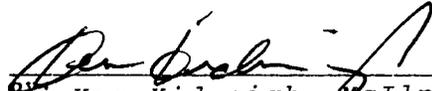
Rights-of-Way", approved by the Utah State Road Commission of October 8, 1962, and all revisions thereto or Regulations adopted by the San Juan County Commission.

(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.

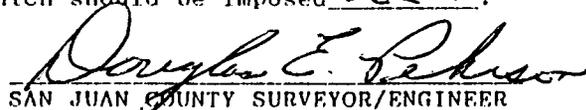
(10) San Juan County can only grant permission to the extent that the County has the authority to do so and the permission granted hereunder is limited to the interest of authority actually owned by San Juan County and no warranties of ownership or authority to grant permission is expressed or implied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


 by Ken Kidneigh, McIlroy & Associates, Inc
Representative for Petral Exploration, LLC
 TITLE

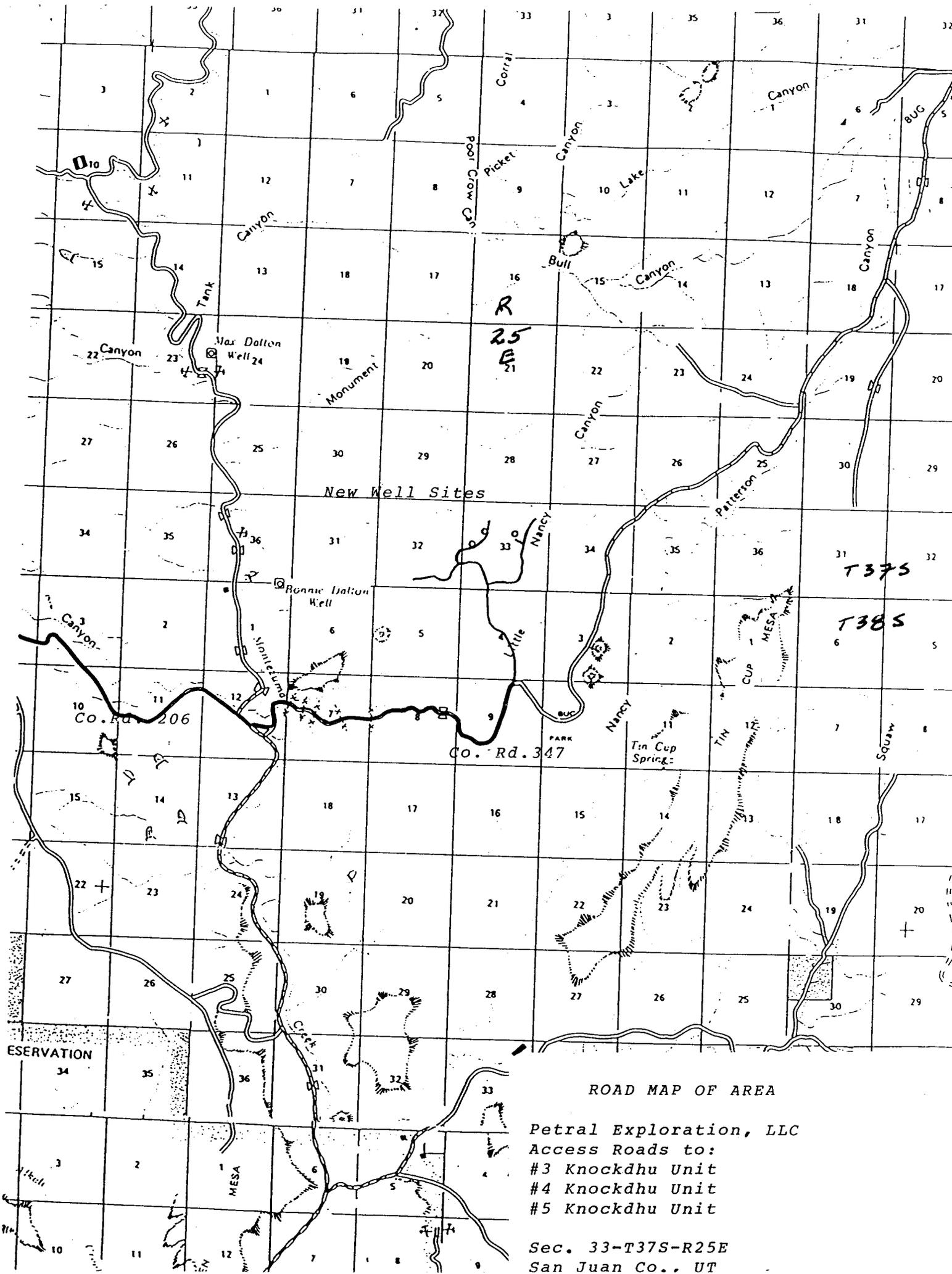
To be filled in by San Juan County Surveyor/Engineer.

(1) Permit should be granted Yes
 Permit should not be granted _____

(2) Additional requirements which should be imposed See note


 SAN JUAN COUNTY SURVEYOR/ENGINEER

*NOTE: Petral Exploration
 will be responsible to
 repair any damage to roads
 DEP*



ROAD MAP OF AREA

Petral Exploration, LLC
 Access Roads to:
 #3 Knockdhu Unit
 #4 Knockdhu Unit
 #5 Knockdhu Unit

Sec. 33-T37S-R25E
 San Juan Co., UT



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

Southeastern Area Office
1165 South Highway 191, Suite 5
Moab, Utah 84532-3062
801-259-3760
801-259-3755 (Fax)

RIGHT OF ENTRY NO. 3986

This Right of Entry Agreement is entered into as of the 9th day of December, 1996, between the State of Utah, through its SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, (the "Trust Lands Administration") and PETRAL EXPLORATION, LLC, % McIlnay & Associates, 2305 Oxford Lane, Casper, WY 82604, a business (hereinafter "Permittee").

Now, Therefore, in consideration of the payment of a \$50.00 application fee, receipt of which is hereby acknowledged and the performance of the parties' respective obligations hereunder, the Trust Lands Administration authorizes Permittee to occupy the state land located within San Juan County described below for the following express uses: Temporary access road (the " Permitted Uses"):

The Property subject to this right of entry is described as follows ("the Permitted Property"): The terms upon which this permit is issued are as follows:

Township 37 South, Range 25 East SLB&M
Section 32: NE4SE4 (within)

1. In consideration of the grant of this permit, Permittee shall pay to the Trust Lands Administration the following amounts, payable as hereinafter stated: \$150.00 use fee, a \$50.00 application fee, and a \$50.00 permit processing fee, totaling \$250.00.

The term of this right of entry shall be for one (1) year commencing December 9, 1996, 1996 and expiring December 8, 1997, (not more than one year).

2. Permittee shall be responsible to notify holders of state issued interests in the Permitted Property, as shown on Exhibit "A" attached hereto, of Permittee's rights and plans hereunder. Permittee accepts this agreement subject to all such existing interests and accepts responsibility for coordination of its activities with such other interested parties.

3. Permittee shall be responsible for all damages and claims incurred in connection with the activities conducted by it on or about the Permitted Property. Accordingly, Permittee agrees to indemnify, defend and hold the Trust Lands Administration harmless from any and all claims, suits, damages, losses, expenses, costs and liabilities (including interest, penalties and attorneys fees) arising out of or in any way related to the use of the Permitted Property by Permittee, its



servants, employees, agents, sublessees, assignees, or invitees, including but not limited to claims for personal injury, death, property damage, and including without limitation, any such injuries or damages caused in whole or in part by the negligence of the Trust Lands Administration and regardless of whether liability without fault is sought to be imposed upon the Trust Lands Administration, except to the extent that such injury or damage was caused by the willful misconduct of the Trust Lands Administration. In addition, Permittee agrees to indemnify and hold the Trust Lands Administration harmless from any and all claims, suits, damages, losses, expenses, costs and liabilities (including interest, penalties and attorneys fees) arising out of or in any way related to any noncompliance by Permittee, its servants, employees, agents, sublessees, assignees, or invitees with any environmental law, rule or regulation or any other law, rule or regulation of any county, state or federal authority.

4. Permittee acknowledges that it has been afforded an opportunity to inspect the Permitted Property and, based upon such inspection, hereby accepts the Permitted Property in its existing, as is condition, subject to all existing hazards to person or property - whether natural or manmade. Based on such acknowledgment and acceptance and in consideration for the grant of this Right of Entry, Permittee does hereby release and forever discharge the Trust Lands Administration, and its officers and employees, from any and all liability, claims, damages, causes of action or expenses for any bodily injury, death or property damage which is suffered by Permittee or any person claiming by, through or under Permittee and occurs in connection with the use of the Permitted Property.

5. Permittee agrees that it will only conduct those activities expressly authorized in the Permitted Uses stated above. It is expressly understood that there will be no permanent structures constructed nor shall any surface-disturbing activities be committed upon the Permitted Property unless specifically authorized in this agreement. Use of existing roads within the Permitted Property is expressly permitted unless stated otherwise herein; provided that any damage done to existing roads within the Permitted Property shall be repaired at Permittee's expense and all roads used shall be left in good condition.

6. In the event Permittee shall observe any site or specimen appearing to be a potential paleontological or archaeological resource (hereinafter a "Site or Resource"), Permittee shall promptly notify the Division of State History and the Trust Lands Administration and shall not damage or disturb such Site or Resource. In the event one of the Permitted Uses of this right of entry is the conduct of seismic survey activity, Permittee, prior to conducting any such activities shall first cause an archaeological survey to be conducted of the Permitted Property. In the event at any time during the term of this Right of Entry a Site or Specimen is identified, Permittee will cease all seismic activity in regards to the line associated with the known Site or Specimen until granted written permission otherwise from the Trust Lands Administration.

7. Permittee acknowledges that scraping and removing trees or vegetation is prohibited unless specifically authorized by this agreement. In any area wherein scraping is done or the natural condition of the soil is materially disturbed, upon completion of the activity, the soils shall be returned to their natural condition with seeding of grasses and/or native plants as required by the Trust Lands Administration.

8. Permittee agrees to reimburse the Trust Lands Administration for the costs of suppressing fires caused by Permittee or its servants, employees, agents, sublessees, assignees, or invitees. In the event a fire should occur, Permittee shall take all immediate action necessary to suppress and control the fire. The actions will be at no cost to the Trust Lands Administration. In the event it is necessary that the Administration take action to suppress the fire, all costs associated therewith shall be borne by the Permittee.
9. Permittee will maintain the Permitted Property in a clean, well maintained condition at all times. Upon completion of activities, Permittee will remove all trash and debris from the Permitted Property.
10. If drilling is authorized by this agreement, any mud used must be properly contained in pits, and upon completion, these pits must be filled and restored to their natural contour with the land left in a restored condition with seeding of grass and native plants as required by the Trust Lands Administration.
11. The Trust Lands Administration reserves the right to inspect the Permitted Property subsequent to the expiration of this agreement and to recall Permittee for correction of any violations of any of the covenants set forth herein. All provisions of this agreement pertaining to the Permittee's responsibilities hereunder shall be deemed to survive the expiration or earlier termination of this agreement.
12. The Permittee agrees that, for reasonable cause shown, at any time during the term of this permit, the Trust Lands Administration may require that the amount of an existing bond be increased or if a bond has not been previously required, Trust Lands Administration may require Permittee to post with the Trust Lands Administration a bond with an approved corporate surety company authorized to transact business in the State of Utah, or such other surety as may be acceptable to the Trust Lands Administration, in a penal sum to be determined by the Trust Lands Administration, said bond to be conditioned upon full compliance with all terms and conditions of this permit and the rules relating hereto. The amount of this bond shall not be deemed to limit any liability of Permittee. Any bond issued hereunder shall be for a term expiring at least ninety (90) days following the expiration of this agreement.
13. Permittee agrees that no firewood will be used on or removed from the Permitted Property described in the agreement unless authorized by a small forest products permit issued by the Trust Lands Administration.
14. Permittee shall carry public liability insurance covering bodily injury, loss of life or property damage arising out of or in any way related to Permittee's activities on the Permitted Property, with coverage in a "Combined Single Limit" of not less than One Million Dollars (\$1,000,000) for total claims for any one occurrence. The insurance may be in the form of a blanket liability coverage so long as such blanket policy does not act to reduce the limits or diminish the coverage required hereunder. The Permittee must maintain a current authenticated certificate of insurance on file with the Trust Lands Administration. Failure to do so is cause for suspension and termination of the

right-of-entry. In addition, the policy shall:

(a) state that the insurance company shall have no right of subrogation against the Trust Lands Administration.

(b) name the Trust Lands Administration as an insured and expressly provide for specific coverage of the Permittee's assumed obligation to indemnify the Trust Lands Administration.

© stipulate that the Trust Lands Administration shall be notified thirty (30) days in advance of the termination or modification of the policy. The name of the insured on the insurance policy must be the same as the name on the right-of-entry.

15. Permittee(s) shall comply with all applicable County, State and Federal laws and regulations existing or hereafter enacted or promulgated which pertains in any regard to Permittee's activities to be conducted upon the Permitted Property.

16. Special terms, if any, to this right of entry are set forth on Exhibit "B" attached hereto.

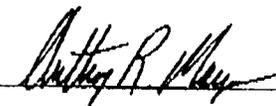
THIS AGREEMENT is entered into as of the day first above written.

"Permittee"

"Administration"

Petral Exploration, LLC , Petroco Corporation
% McIlroy & Associates Manager
2305 Oxford Lane
Casper, WY 82604

The School and Institutional
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818

By: 
Anthony R. Mayer, President

By: 
Jan Parmenter, Trust Land Manager

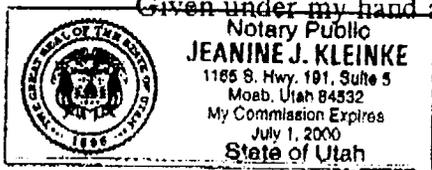
APPROVED AS TO FORM:
JAN GRAHAM
ATTORNEY GENERAL

By: /s/ Stephen G. Boyden
Stephen G. Boyden
Asst. Attorney General
Date: July 6, 1995

STATE OF UTAH)
:SS
COUNTY OF GRAND)

On the 16 day of Jan, 1997, JAN PARMENTER, who being by me duly sworn did say that he is the Southeastern Arca Trust Land Realty Specialist acting in behalf of DAVID T. TERRY, Director of the Office of School and Institutional Trust Lands Administration of the State of Utah; and said instrument was signed in behalf of the State of Utah by authority of a resolution of the Board of Trustees, and further delegation of authority from the Director by Administration Memorandum; and said JAN PARMENTER acknowledged to me that the State of Utah executed the same.

Given under my hand and seal this 16 day of Jan, 1997



Jeanine Kleinke
Notary Public, residing at Moab, UT 84532

My Commission Expires: 07/01/2000

COLORADO
STATE OF ~~UTAH~~)
:SS
COUNTY OF ~~GRAND~~)
DENVER

On the 23rd day of December, 1996, personally appeared before me ANTHONY R. MAYER, PRESIDENT, ~~EMPLOYEE~~ of Petral Exploration, LLC, Inc. signer of the above instrument who duly acknowledged to me that he/~~she~~ executed the same.

Given under my hand and seal this 23rd day of December, 1996.

Marsha M. Emerson
Notary Public, residing
Marsha M. Emerson
Denver, CO

My Commission Expires:
July 13, 2000

EXHIBIT A

STATE GRAZING PERMITTEE

**FLYING R RANCH
25292 Highway 145
Dolores, CO 81323**

**RICHARD W & JOSEPHINE M GORE
5685 Fern Road
Olathe, CO 81425**

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/17/97

API NO. ASSIGNED: 43-037-31785

WELL NAME: KNOCKDHU UNIT 3
OPERATOR: PETRAL EXPLORATION LLC (N7700)

PROPOSED LOCATION:
SWNW 33 - T37S - R25E
SURFACE: 2521-FNL-0615-FWL
BOTTOM: 2521-FNL-0615-FWL
SAN JUAN COUNTY
UNDESIGNATED FIELD () *769 197*

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

LEASE TYPE: FED
LEASE NUMBER: UTU-75521

PROPOSED PRODUCING FORMATION: ISMY

RECEIVED AND/OR REVIEWED:

Plat

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

Potash (Y/N)

Oil shale (Y/N)

Water permit
(Number WILL BE OBTAINED)

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

LOCATION AND SITING:

R649-2-3. Unit: KNOCKDHU UNIT

R649-3-2. General.

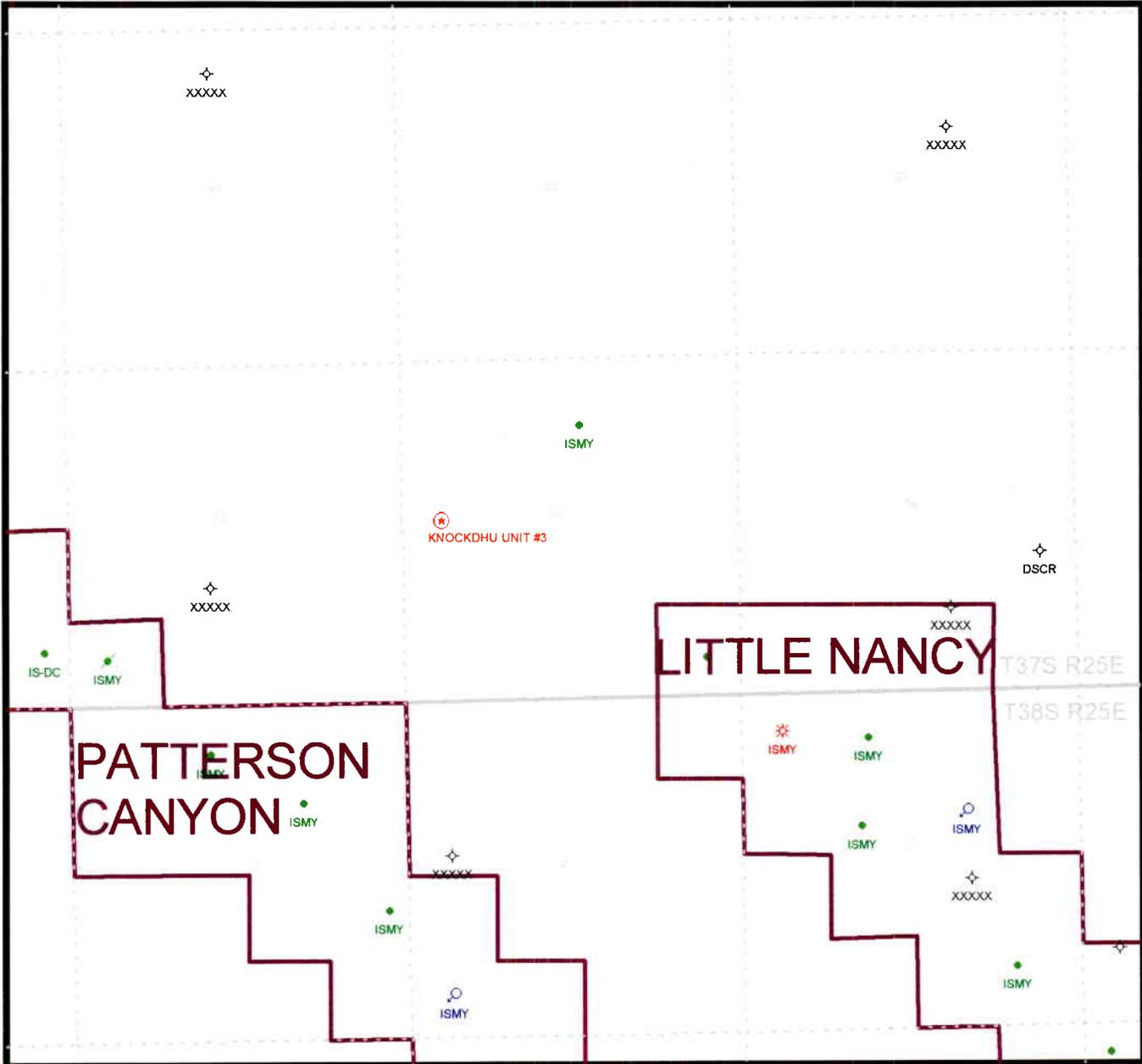
R649-3-3. Exception.

Drilling Unit.
Board Cause no: _____
Date: _____

COMMENTS: _____

STIPULATIONS: _____

OPERATOR: PETRAL EXPLORATION
FIELD: UNDESIGNATED (002)
SEC, TWP, RNG: 33, T37S, R25E
COUNTY: SAN JUAN
UAC: R649-2-3 KNOCKDHU UNIT



PREPARED:
DATE: 22-JAN-97



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

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 20, 1997

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

Re: Knockdhu Unit 3 Well, 2521' FNL, 615' FWL, SW NW, Sec. 33,
T. 37 S., R. 25 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 43-037-31785.

Sincerely,

A handwritten signature in black ink, appearing to read "R. J. Firth".

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: Knockdhu Unit 3
API Number: 43-037-31785
Lease: UTU-75521
Location: SW NW Sec. 33 T. 37 S. R. 25 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 R. J. Firth (801)538-5274 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**

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. (307) 265-4351
2305 Oxford Lane, Casper, WY 82604

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
2521' FNL & 615' FWL Sec. 33-T37S-R25E (SW NW)
 At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 17 miles SE of Blanding UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	<u>Lease 615'</u> <u>Unit 615'</u>	16. NO. OF ACRES IN LEASE	<u>320 - lease</u> <u>600 - unit</u>	17. NO. OF ACRES ASSIGNED TO THIS WELL	<u>40</u>
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	<u>1260'</u>	19. PROPOSED DEPTH	<u>6005'</u>	20. ROTARY OR CABLE TOOLS	<u>Rotary</u>

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5536' GR - 5546' KB

5. LEASE DESIGNATION AND SERIAL NO.
UTU-75521

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NA

7. UNIT AGREEMENT NAME
Knockdhu Unit 75040X

8. FARM OR LEASE NAME
Knockdhu Unit

9. WELL NO.
3

10. FIELD AND POOL, OR WILDCAT
Unnamed

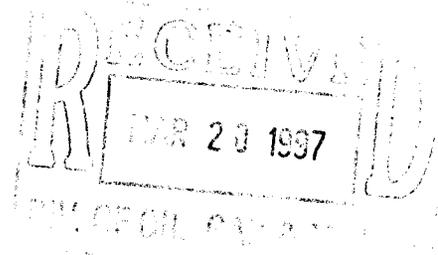
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 33-T37S-R25E

12. COUNTY OR PARISH
San Juan

13. STATE
WY

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT



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 B. May* Petral Exploration LLC, Petroco Corp., Manager
 TITLE President DATE 1-16-97

(This space for Federal or State office use)

PERMIT NO. /s/ Brad D. Palmer APPROVAL DATE MAR 14 1997
 Assistant Field Manager,

APPROVED BY _____ TITLE Resource Management DATE _____

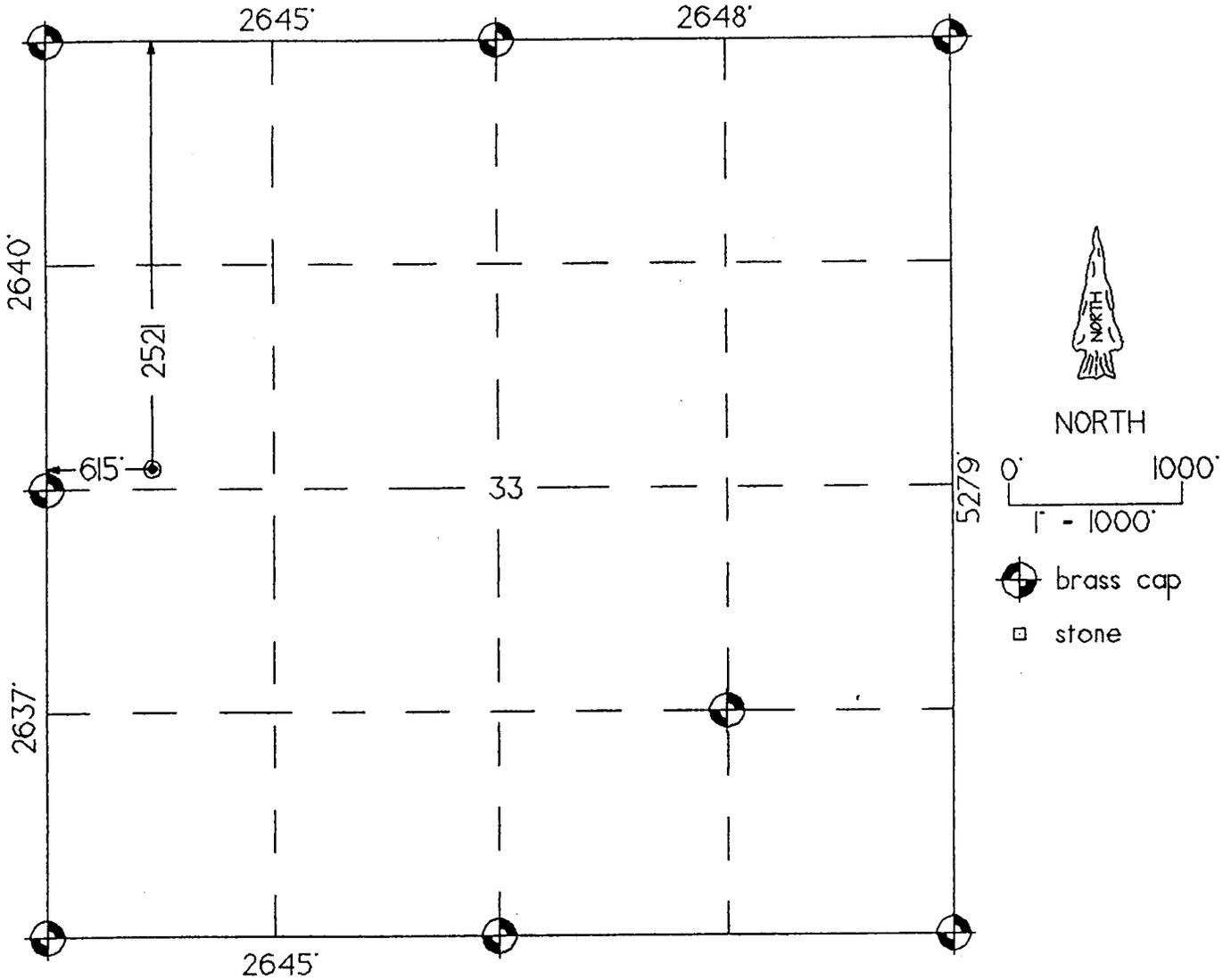
CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED TO PERMIT OR VENTING OF
 IS SUBJECT TO NTL 4-A
 Dated 1/1/80

*See Instructions On Reverse Side

Dillon

Well Location Plat



Well Location Description

PETRAL EXPLORATION
 # 3 Knockdhu Unit
 2521'FNL & 615'FWL
 Section 33, T.37 S., R.25 E., SLM
 San Juan County, UT
 5536' grd. el. from GPS
 321.653 N & 2.671.581 E from GPS



25 November 1996

Gerald G. Huddleston

Gerald G. Huddleston, LS

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

Petral Exploration, LLC
Knockdhu Unit #3
Lease U-75521
SWNW Section 33, T. 37 S., R. 25 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. Cement must be circulated to surface for the surface casings (16" and 8-5/8"). The TOC for the production casing (5-1/2") must be from TD to a minimum of 1000' above potential pay zones.
4. 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.
5. Any air drilling must be conducted in accordance with Onshore Order No. 2, Section E, Special Drilling Operations. Rig must have spark arresters, blooie line, float valve, automatic igniters, etc.
6. Approval for spacing must be obtained from the Division of Oil, Gas, and Mining prior to initiating any ground disturbing activities.

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 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 August 31. If the raptor survey locates an active raptor nesting territory which will be affected by this proposal, as defined by the following nesting territory buffer zones, the operator will not be allowed to work until nestlings have fledged. This will apply to peregrine falcons found to be nesting within one mile, golden eagles found to be nesting within 0.5 mile and all other raptors found to be nesting within 0.5 mile buffer zones of the proposed action site. Discussion will be entered into by the San Juan Resource Area with the U.S. Fish & Wildlife Service to determine the feasibility of allowing drilling of said well closer (0.25 mile closer except for peregrine falcons) of the proposed action site *IF* it can be *PROVEN* that said activity (noise and visual impacts) can take place without impacting the nesting birds and their offspring. The operator will not be allowed to work closer to an active raptor nest than is identified for

buffer zone purposes until the U.S. Fish & Wildlife Service concurs that this work will not negatively affect nesting birds. The U.S. Fish & Wildlife Service will be fully consulted by the BLM if peregrine falcon or golden eagle nesting becomes an issue and given updates on the nesting status of said birds. The operator will be obligated to follow all direction resulting from this consultation with the U.S. Fish & Wildlife Service. If raptors move into the designated nest buffer zones and commence active nesting *AFTER* the operator has begun well drilling or completion work, said work will be allowed to continue to completion due to nesting raptors having accepted this level of disturbance within the nest buffer zone.

3. The operator is required to haul hydrocarbon product or produced water, along with conducting all well checking and maintenance activities at night, during the production phase from February 1 through August 31; if raptor nests are identified to be active within the nesting buffer zones, or until nestlings which could be affected by these activities have fledged. Night is defined as one hour after sunset until one hour before sunrise. From September 1 through January 31 the operator can conduct the above activities during any time of the 24-hour day.

4. The operator will conduct all "work-over" maintenance which would occur from February 1 through August 31, or until potentially affected raptor nestling have fledged, under the same stipulations as identified for the initial well drilling phase. The operator will give the San Juan Resource Area (SJRA) a 48 hour notice prior to all "work-over" activities which are planned during the above time constraints. A raptor survey will be completed during this 48 hour period to assure that no nesting birds will be negatively impacted by these activities. If nesting raptors are located within the distance parameters described under Stipulation No. 2 then the U.S. Fish & Wildlife Service will be consulted with on these issues before the operator can proceed with planned "work-over" activities. The operator will be obligated to follow all direction resulting from this consultation with the U.S. Fish & Wildlife Service.

5. The operator will construct a fence with locked gate (T. 37 S., R. 25 E., Section 32, NW $\frac{1}{4}$ SE $\frac{1}{4}$), and said fence will be kept in good repair after the well drilling phase to restrict vehicle access to the well pad. The gate will be of metal construction and will be kept locked from February 1 through August 31; with only company, State of Utah and BLM personnel having authorization for vehicle travel through said gate. The fence will be constructed as follows (see attached diagram H-1741-1, Illustration 2 (4D)):

- 3-wire wires, bottom strand smooth and other two barbed
- wire spacing from ground up is 16", 10", 12". Top wire is 38" from ground surface.
- line post spacing will be 16.5" between posts.
- H-braces will be constructed at both ends of the fence, and an h-brace will be built on both sides of the gate.
- 2 stays (either metal or wood) will be placed between line post spacings.

6. Deer winter range restrictions from December 15 through April 30 will be imposed for well pad preparation and drilling operations, and will be adhered to as directed by the San Juan Resource Management Plan.

7. All permanent above the ground production equipment will be painted Juniper Green.

8. The reserve pit shall remain free of hydrocarbons at all times. Any hydrocarbons entering the reserve pit will be removed promptly.

9. The operator will fence the reserve pit, and will install netting over the top and around the sides of the reserve pit. The operator will keep the fence and netting (to assure effectiveness) in good repair, maintained and in a tight condition to prevent mule deer, small and medium mammal, and avian entry to the reserve pit. The netting material will be one inch mesh or less. The reserve pit fence will be constructed as follows (see attached diagram H-1741-1, Illustration 2 (4D)):

- 32" high woven wire fence, with two smooth wire strands set 4" and 16" above the woven wire material. Total fence height will be 48".
- steel T-posts will be set no farther apart than 16.5'. Steel t-posts will be utilized between corner posts.
- corners will consist of posts that are at least 6" in diameter (h-brace construction will not be required due to the short distance between corners and temporary nature of the fence). All corners will be stabilized with a "deadman" to ensure long term fence integrity and stability.
- steel t-posts will be placed between corner posts
- two wooden stays will be placed between steel t-posts.
- there will be a 10' wide distance between the top lip of the reserve pit and reserve pit fence.

10. Reclamation of the entire disturbed area will be accomplished by grading the area to approximately 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:

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

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: PETRAL EXPLORATION

Well Name: KNOCKDHU UNIT # 3

Api No. 43-037-31785

Section: 33 Township: 37S Range: 25E County: SAN JUAN

Drilling Contractor FOUR CORNERS

Rig # 7

SPUDDED:

Date 3/25/97

Time 4:45 PM

How ROTARY

Drilling will commence _____

Reported by SHARON

Telephone # 1-307-265-4351

Date: 4/4/97 Signed: MKH

DIVISION OF OIL, GAS AND MINING
 ENTITY ACTION FORM - FORM 6

OPERATOR Petral Exploration, LLC
 ADDRESS Box 5083
Denver, CO 80217

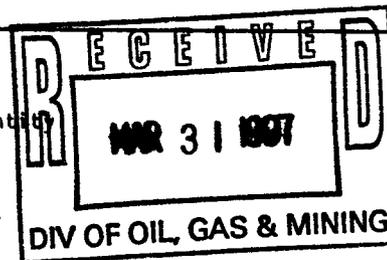
OPERATOR ACCT. NO. N 7700

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
B	11890	→	43-037-31785	Knockdhu Unit #3	SW NW	33	37S	25E	San Juan	3-25-97	
WELL 1 COMMENTS: Federal Lease No. UTU-75521 Knockdhu Unit 75040X <i>Entity added 4-1-97. Lee</i>											
WELL 2 COMMENTS:											
WELL 3 COMMENTS:											
WELL 4 COMMENTS:											
WELL 5 COMMENTS:											

- ACTION CODES (See instructions on back of form)
- A - Establish new entity for new well (single well only)
 - B - Add new well to existing entity (group or unit well)
 - 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)

NOTE: Use COMMENT section to explain why each Action Code was selected.

(3/89)



Edward P. McIlroy
 Signature McIlroy & Associates, Inc.
 Representative for Petral Exploration
 Title _____ Date 3-27-97 LLC
 Phone No. 807) 265-4351

facsimile

TRANSMITTAL

to: State of Utah, Division of Oil, Gas & Mining
fax #: (801) 359-3940
re: Petral Exploration, LLC, #3 Knockdhu, UTU 75521,
SW NW Sec. 33-T37S-R25E, San Juan Co., UT
API 43-037-31785, Unit No. 75040X
date: April 4, 1997
pages: 6, including cover sheet.

Attached are drilling reports for the above referenced well.

If you need any additional information, please do not hesitate to contact our office.

From the desk of...

Sharon Orr

McInay & Associates, Inc.
2305 Oxford Lane
Casper, WY 82604

307 265-1351
Fax: 307 473-1218

Daily Drilling Report

Petral Exploration, LLC
 Knockdhu Unit #3, UTU-75521
 API No. 43-037-31785
 SW NW Sec. 33-T37S-R25E
 San Juan Co., UT

Larry Miller - MAI

3/24/97

Moving in and rigging up Four Corners Rig #7. Necessary to pull all loads in with a cat due to soft condition of road. Lined reserve pit with 24 tons of bentonite. Jeff Brown (B.I.M) made inspection of operation. Everything OK. Plan on spuding Tuesday (3/25/97).

3-26-97

1 day from spud
Depth: 498' - made 498' in 12 Hrs.
Status: Drilling
Hours: 12 Drilling
 1 Surveying
 1/4 Rig Service
 5 Rigging up
 4 3/4 RU Mud Cleaning Equipment
 1 Drilling Mouse and Rat Hole
BIT: 1, 12 1/4", HTC, ATM, SN 77328 In @ 0' - made 498' in 12 Hrs., 41.5'/Hr.
Surveys: 112' 3/4°, 198' 3/4°, 285' 1°, 370' 3/4°
Mud: Wt. 8.3, Vis 28, Alk (P/MF) 0/3, Cal 40, Chlorides 200
BHA: Bit, Shock sub, 2-8" DC - Stabilizer, 2-8" DC, 11-6" DC 498'
 WOB - 50,000#, RPM - 110, Pump - 1600 PSI,
 Pump #1 - 6 x 8
 Pump #2 - 6 x 8
Details: Spud well @ 4:45 p.m.

3-27-97

2 day from spud
Depth: 1698' - made 1200' in 18 3/4 Hrs., Cum. Drlg Hrs. 30 3/4
Status: Drilling
Hours: 18 3/4 Drilling
 2 1/4 Tripping
 1 1/2 Surveying
 1 Rig Service
 1/2 Work Collar Pump
BIT 1, 12 1/4", HTC, ATM, SN 77328 In @ 0', Out @ 1,436' - made 1,436' in 27 Hrs., Jets 15-15-15, T4-B4-In gauge
 2, 12 1/4", HTC, EHP, SN 514, In @ 1,436' - made 262' in 3 3/4 Hrs., Jets 15-15-15
Surveys: 458' 1°, 576' 1°, 697' 3/4°, 883' 3/4°, 1,217' 1 1/4°, 1,471' 1 1/4°
Mud: Wt. 9.2, Vis 50, pH 7.6, Water 90%, PV 17, YP 21, Gels 7/15, Alk (P/MF) -.4, Solids 2, Sand TR, Cal 40, Chlorides 2400
BHA: Bit, BS, Shock sub, 2-8" DC, 1-12 1/4 Stabilizer, 2-8" DC, 1-XO, 16-6" DC, 5 Wt Pipe, BHA = 757.02'.
 WOB - 30,000-50,000#, RPM - 80, Pump - 1900 PSI, GPM 562, AVDP/AVDC 72/106-160
 Pump #1 - 6 x 8, SPM 200
 Pump #2 - 6 x 8
Details: Mudded up @ - 1200' and added loss circulation material. Currently no loss of circulation.

3-28-97

3 day from spud
Depth: 1762' - made 64' in 2 1/4 Hrs., Cum. Drlg Hrs. 33
Status: Nippling Up Wellhead & BOP
Hours: 2 1/4 Drilling

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3 Tripping
 1/4 Surveying
 2 1/2 Circulating
 8 1/4 WOC
 1 1/4 Run Csg.
 3/4 Rig Up Dowell
 1 3/4 Cementing
 4 Cut Off & Weld on Head

BIT 2, 12 1/4", HTC, EHP, SN 514, In @ 1,436', Out 1,762' - made 326' in 6 Hrs., Jets 15-15-15, T4-B4-In gauge, Ft/Hr. 26.9

Surveys: 1,762' 3/4"

Mud: Wt. 8.6, Vis 50, WL 14, FC 2/32, pH 7.6, PV 17, YP 21, Gels 7/15, Alk (Pf/Mf) -.4, Solids 2, Sand TR, Cal 40, Chlorides 2400, LCM 8%

BHA: Bit, BS, Shock sub, 2-8" DC, 1-12 1/4 Stabilizer, 2-8" DC, 1-XO, 16-6" DC, 5 Wt Pipe, DP.
 WOB - 40,000#, RPM - 80, Pump - 800 PSI, GPM 281
 Pump #1 - 6 x 8, SPM 110
 Pump #2 - 6 x 8

Geo: Sand and shale

Details: WO Dowell - Cement dropped 14' after 2 hrs. Top cemented using 1" pipe with 25 sacks Class "G" cement with 3% CaCl. Cemented to surface. Cut off and nipped up.

Surface Casing Detail

1 Guide Shoe	1.00	
1 Jt. 8 5/8", 24#/ft., J55, Cgs. Newport	45.20	
1 8 5/8" Inscr. Fill Float	- 0 -	
38 Jts. 8 5/8", 24#/ft., Cgs. Newport	1703.66	
1 8 5/8" landing joint	21.00	
Total	1770.86	
Landed above KB	- 9.00	
Casing landed KB	1761.86	KB

40 Jts. Delivered
 39 Jts. Used
 1 Jts. On location

Casing Accessories

Guide Shoe, Insert Float Valve
 13 Centralizers
 1 Centralizer in center of the shoe joint.
 1 Centralizers on 1st collar
 2 Centralizers on 2-3rd collar
 3 Centralizers - 1 every 4th collar
 6 Centralizers - 1 every 6th collar
 1 Centralizer - 90' from surface

Cementing Details

670 Sks 20/30 2% CaCl, 1/4#/sk. Flocele.
 Tailed in w/200 sks. Class "G" w/1/4#/sk. Flocele, 2% CaCl. Cement dropped 14-15' after 2 hrs. Top cemented using 1" pipe with 2.5 sacks Class "G" with 3% CaCl. Cemented to surface. Good returns. 120 Bbl returns (300 sxs). Bumped plug with 800 psi. Plug down at 5:45 p.m.

3-29-97 4 day from spud
Depth: 2,064' - made 302' in 5 3/4 Hrs., Cum. Drlg Hrs. 38 3/4
Status: Drilling

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Hours: 5 ¼ Drilling
 1 ¾ Tripping
 ¼ Surveying
 9 ½ BOP Testing
 5 Nippling Up
 1 ¼ PU BHA

BIT 3, 7/8", STC, F-2-11, SN LJ-5186, In @ 1,762' - made 302' in 5¼ Hrs., Jets 12-12-13, Ft/Hr. 52.52

Mud: Water with Polymer Sweeps, Wt. 8.3, Vis 27, pH 9, Alk (Pf/MI) .25/.7, Cal 200, Chlorides 400

BHA: 1-7/8 Bit, 1-Bit Sub, 1-6" Monel/Collar, 1-6" DC, 1-7/8 Stabilizer, 18-6" DC, 742.48
 WOB - 40,000#, RPM - 75, Pump - 1625 PSI, GPM 562
 Pump #1 - 6 x 8, SPM 102
 Pump #2 - 6 x 8

Geo: Sand

Details: Nipped up and pressure tested BOP and accessory equipment as follows:
 Pressure tested BOP pipe, blind rams stabbing valve, Kellycoch and choke manifold to 3,000 psig for 15 minutes. Held OK. Pressure tested annular preventor to 1500 psig for 30 minutes. Held OK. Conducted function test of all well control equipment. Pressure testing witnessed by Jeff Brown with BLM. Mud logging unit to be delivered to well site 3/29/97.

3-30-97 5 day from spud

Depth: 3,030' - made 966' in 22½ Hrs., 61¼ Cum. Drlg Hrs.

Status: Drilling

Hours: 22 ½ Drilling
 1 Surveying
 ½ Rig Service

BIT 3, 7/8", STC, F-2-11, SN LJ-5186, In @ 1,762' - made 1,268' in 28¼ Hrs., Jets 12-12-13, Ft/Hr. 46.77

Surveys: 2,240' ¼° N-56W, 2,739' 1° N-16W

Mud: Water and Polymer, Wt. 8.4, Vis 27, Alk (Pf/Mf) .15/.3, Cal 40, Chlorides 300

BHA: 1-7/8 Bit, 1-Bit Sub, 1-6" Monel Collar, 1-6" DC, 1-7/8 Stabilizer, 18-6" DC, 742.48
 WOB - 40,000#, RPM - 75, Pump - 1700 PSI, GPM 281, AVDP/AVDC 132/207
 Pump #1 - 6 x 8, SPM 100
 Pump #2 - 6 x 8

Geo: Sand and Shale

Details: TD 3,030'. Made 966' in 22.5 hrs.

Mud logging unit on location.

Gained 1" depth in reserve pit last 24 hrs. Indicating small water flow.

3-31-97 6 day from spud

Depth: 3,885' - made 825' in 21¼ Hrs., 83 Cum. Drlg Hrs.

Status: Drilling

Hours: 21 ¾ Drilling
 2 Surveying
 ¼ Rig Service

BIT 3, 7/8", STC, F-2-11, SN LJ-5186, In @ 1,762' - made 2,093' in 50 Hrs., Jets 12-12-13, Ft/Hr. 43.10

Survey: 3,239' 1° N-31E, 3,489' 1° N-02E

Mud: Wt. 8.4, Vis 27, pH 7.2, Alk (Pf/MI) 0/.15, Cal 420, Chlorides 3700

BHA: 1-7/8 Bit, 1-Bit Sub, 1-6" Monel Collar, 1-6" DC, 1-7/8 Stabilizer, 18-6" DC, 742.48
 WOB - 40-42,000#, RPM - 75, Pump - 1575 PSI, GPM 281, AVDP/AVDC 132/207
 Pump #1 - 6 x 8, SPM 100
 Pump #2 - 6 x 8

Geo: Sand and Shale - Hard Sand Stone

Details: Running Gel and polymer sweeps with paper to keep hole clean. No loss or gain in water last

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24 hrs. Chlorides have increased.

4-1-97 7 day from spud

Depth: 4,710' - made 825' in 22½ Hrs., 105½ Cum. Drlg Hrs.

Status: Drilling

Hours: 22 ½ Drilling
 1 Surveying
 ½ Rig Service

BIT 3, 77/8", STC, F-2-11, SN LJ-5186, In @ 1,762' - made 2,918' in 77½ Hrs., Jets 12-12-13, Ft/Hr. 41.08

Survey: 3,743' 1° N-20W, 4,058' ¾° S-88E, 4,557' 1¼° N-46E

Mud: Water, Wt. 8.4, Vis 27, pH 6.8, Alk (Pf/Mf) 0/1, Solids Tr., Cal 680, Chlorides 8000

BHA: 1-77/8 Bit, 1-Bit Sub, 1-6" Monel Collar, 1-6" DC, 1-77/8 Stabilizer, 18-6" DC, 742.48
 WOB - 40,000#, RPM - 75, Pump - 1650 PSI, GPM 287, AVDP/AVDC 135/212
 Pump #1 - 6 x 8, SPM 102
 Pump #2 - 6 x 8

Geo: Sand and Shale

Details: All mud cleaning equipment operating. Small water flow @ 4,670' (Honaker). Approximately ¼" flow when making connection (not circulating). Running polymer sweeps to clean and condition hole.

4-2-97 8 day from spud

Depth: 5,156' - made 446' in 19¼ Hrs., 124¼ Cum. Drlg Hrs.

Status: Tripping

Hours: 19 ¼ Drilling
 2 ½ Tripping
 ½ Surveying
 1 ¾ Rig Service

BIT 3, 77/8", STC, F-2-11, SN LJ-5186, In @ 1,762', Out @ 5,156' - made 3,394' in 96¼ Hrs., Jets 12-12-13, Ft/Hr. 35.08

Survey: 4,907' 1¼° N-40E

Mud: Wt. 9.4, Vis 27, pII 6, Water 97.9, Alk (Pf/Mf) 0/0.05, Solids 2.1, Sand Nil, Cal 1540, Chlorides 104,000

BHA: 1-77/8 Bit, 1-Bit Sub, 1-6" Monel Collar, 1-6" DC, 1-77/8 Stabilizer, 18-6" DC - 742.48
 WOB - 40,000#, RPM - 75, Pump - 1700 PSI, GPM 287, AVDP/AVDC 135/212
 Pump #1 - 6 x 8, SPM 102
 Pump #2 - 6 x 8

Details: Drilling with no problems. Started mixing salt into system. Trip for bit #4 @ 5,156'. Mud loggers are on location and rigged up. Rain and snow showers.

4-3-97 9 day from spud

Depth: 5,385' - made 229' in 11½ Hrs., 136¼ Cum. Drlg Hrs.

Status: Drilling

Hours: 11 ½ Drilling
 11 ½ Tripping
 ¼ Rig Service
 ¼ Worked Plugged Bit

BIT 4, 77/8", STC, F-3-11, SN I.J-5869, In @ 5,156' - made 229' in 11½ Hrs., Jets 12-13-B, Ft/Hr. 19.91

Mud: Wt. 9.4, Vis 27, pII 6, Water 98, Alk (Pf/Mf) 0/1, Solids 2, Sand Nil, Cal 1600, Chlorides 104,000, NaCl ppm - 171,600

BHA: 1- Bit, 1-Junk Sub, 1 - Bit Sub, 1 - Monel Collar, 19 - 6" DC, 5 - HWDP - 738.96'
 WOB - 40,000#, RPM - 60, Pump - 1700 PSI, GPM 287, AVDP/AVDC 135/212
 Pump #1 - 6 x 8, SPM 102 Kill rate - 500 psi, 52 Spm
 Pump #2 - 6 x 8

Details: Trip for Bit #4 - Trip in hole. Filled pipe. DP plugged tight. Worked same with no luck. Trip out of hole. Found bit sub plugged with a plastic looking material possibly plastic coating from pipe. Trip in hole. Broke cir @ 800' - 3200' - Wash and ream 120' to bottom. Kill rate 500 psi

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52 spm. Drilling with no problems. Resurvey elevations: measurement GI -5536 KB - 5546.
Weather windy and cloudy, 47°.

4-4-97 10 day from spud
Depth: 5,646' - made 261' in 23 Hrs., 159¼ Cum. Drlg Hrs.
Status: Circulating to Core
Hours: 23 Drilling
½ Surveying
½ Rig Service

BIT: 4, 77/8", STC, F-3-11, SN I.J-5869, In @ 5,156' - made 490' in 34½ Hrs., Jets 12-13-B, Ft/Hr. 14.20

Survey: 5,462' 1¼° N-52E

Mud: Wt. 9.3, Vis 47, WL 8, FC 1/31, pH 6, Water 98.7, PV 13, YP 24, Gels 10/15, Alk (PI/Mf) 0/1, Solids 1.3, Sand .25, Cal 2000 ppm, Chlorides 92.000 ppm, NaCl 151,800 ppm, Nitrates 100 ppm

BHA: 1 - Bit, 1 - Junk Sub, 1 - Bit Sub, 1 - Monel Collar, 19 - 6" DC, 5 - 738.96'
WOB - 40,000#, RPM - 60, Pump - 1650 PSI
Pump #1 - 6 x 8, SPM 102 Kill rate - 500 psi, 52 Spm
Pump #2 - 6 x 8

Geo: Formation Tops:
LaSal - 5,302', Blk Shale Mkr - 5,550', Shale 1 - 5,596', Upper Ismay - 5,624'

Details: Checked BOP and worked pipe rams. Quadco changed screens in mud cleaner and shale shaker. Circulating and conditioning hole and mud. Bringing WL down to making 6cc. Have added 10 sks Magna Fiber to mud system.
Has rained off and on for the last two days.

facsimile

TRANSMITTAL

to: State of Utah, Division of Oil, Gas & Mining
fax #: (801) 359-3940
re: Petral Exploration, LLC, #3 Knockdhu, UTU 75521,
SW NW Sec. 33-T37S-R25E, San Juan Co., UT
API 43-037-31785, Unit No. 75040X
date: April 11, 1997
pages: 5, including cover sheet.

Attached are weekly drilling reports for the above referenced well.

From the desk of...

Sharon Orr

McIlroy & Associates, Inc.
2305 Oxford Lane
Casper, WY 82604

307 265-4351
Fax: 307 473 1218

Petral Exploration, LLC
 Knockdhu #3, UTH-75521

4-9-97 15 day from spud
Depth: 5,767' - made 48' in 7¼ hrs., 174¼ Cum. Drlg Hrs.
Status: Pick up Test Tool
Hours: 7 ¾ Coring
 9 ¼ Tripping
 ¼ Surveying
 ¾ Wash & Ream
 2 ¾ Circulating
 1 Cut Drlg Line
 1 ¼ Lay Core Down
 1 Pick up Test Tool
Bit: 5RR, 7 27/32, HTC, ARC325, SN 1906865, In @ 5,707', Out @ 5,767' - made 60' in 9 hrs.
Mud: Wt. 9.2, Vis 45, WL 6, FC 1/32, pH 6, Water 99.4, PV 14, YP 30, Gels 12/18, Alk (Pf/Mf) 0/1, Solids .6, Sand TR, Cal 2280 ppm, Chlorides 90,000 ppm, NaCl 148,500 ppm, Nitrates 110 ppm
BHA: Bit - Bit Sub, 1 - Monel, 19-6¼", SWP=736.19
 WOB - 8000-10000#, RPM - 70, Pump - 850 PSI, GPM 287, AVDP/AVDC 135/212
 Pump #1 - 6 x 8, SPM 102
 Pump #2 - 6 x 8 Kill rate - 500 psi, 52 Spm
 SLM Board: 5768.71, Talley 5767.5, Difference 1.20' No Correction
Geo: 5,767' TG 480 Units
 5,712 Gas 750-320 Units
 5,715-20' Gas 320-150 Units
 5,720-67' Gas 150-32 units.
Details: Coring. TOH. Lay core down and stand core barrel back. Core #2 5,707' - 5,767' - cut 60'. Cut drlg line. TIH. Circulated. WOO. TOH. Pick up test tool for DST #2 - 5,716-5,767'.

4-10-97 16 day from spud
Depth: 5,830' - made 63' in 6¼ hrs., 181½ Cum. Drlg Hrs.
Status: Drilling
Hours: 6 ¾ Drilling
 8 Tripping
 ½ Rig Service
 4 ½ DST
 2 Pick up Test Tool
 2 ¼ Load Out Tools
Bit: 4, 7 7/8", STC, F-3-11, SN LJ 5867, In @ 5,767' - made 63' in 6¼ hrs., Jets 13-13-B, Ft/Hr 9.36
Mud: Wt. 9.4, Vis 45, WL 5.6, FC 1/32, pH 6, Water 99.3, PV 12, YP 32, Gels 12/18, Alk (Pf/Mf) 0/1.5, Solids 0.7, Sand .125, Cal 2580 ppm, Chlorides 112,000 ppm, NaCl 184.800 ppm, Nitrates 88 ppm. Magna Fiber in system (= 15 sks since upper Ismay Mound).
BHA: Bit - Bit Sub, 1 - Monel D, 19 DC's, 5 HWDP=736.19'
 WOB - 40,000#, RPM - 65, Pump - 1675 PSI, GPM 287, AVDP/AVDC 115/167
 Pump #1 - 6 x 8, SPM 107
 Pump #2 - 6 x 8 Kill rate - 500 psi, 52 Spm
 SLM Board: 5768.71, Talley 5767.5, Difference 1.20' No Correction
Geo: Lower Ismay Anhydrite. See attached Geological Report
Details: DST #2. See attached DST report. Lay down test tools. TIH with bit. Broke circulation at @,600'. Drilling with no problems. Received 5½" production casing on location at 8:00 a.m. 4/9/97. Making arrangements to have bottom 1,000' sand blasted.
DST: DST #2 Interval 5,716 - 5,767 Formation: Upper Ismay Mound (Lower Half)
 IH: 2860.63 psig
 IF: 61.17 - 190.04 psig 30 min Opened w/fair blow increased to strong blow in 3 min.
 ISI: 2,126.99 psig 120 min Bled pressure off
 IF: 120.57 - 286.99 psig 60 min Gas surface 3 min. Died off to 1 oz. in 29 min.
 FSI: 1,919.61 60 min Died
 FII: 2,833.98 psig
 BHT 124°F
 Recovery: 645' total fluid consisting of 525' highly gas cut mud and 120' of gas cut mud and

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 Knockdhu #3, UTLI-75521

4/7/97 Continued

ISI 120 min.
 FF 300 min.
 FSI 960 min.

Tool shut in @ 4:30 p.m. - 16 hrs SI. Will pull loose @ 8:30 a.m.
 Surface pressure: Initial flow 1/8" choke 0 psig increased to 95 psig in 30 min. ISI 60 min.
 GTS in 20 min. Final flow opened on 1/8" surface choke. Opened with 20 psig; increased to
 410 psig after 150 minutes. Changed to 1/4" surface choke. Pressure decreased from 390
 psig to 150 psig on 1/4" choke at 300 min. final flow period. Final shut in 960 min. Had oil
 to surface while bleeding pressure off of the drillpipe. Flowed oil to the test tank.
 Approximately 2 BO received and Est. final flow rate 150 MCF/day gas.

4-8-97 14 day from spud

Depth: 5,719' - made 12' in 1 1/4 hrs., 167 Cum. Drlg Hrs.

Status: Coring

Hours:

1 1/4	Coring
7 1/2	Tripping
1 1/2	Rig Repair
2 1/4	Wash & Ream
1	Circulating
1/4	Rig Service
2 1/2	DSI
5 1/2	Reverse Out
2 1/4	Lay Test Tool

Bit: 5RR, 7 27/32, HTC, ARC325, SN 1906865, In @ 5,707' - made 12' in 1 1/4 hrs., Ft/Iir. 9.6

Mud: Wt. 9.2, Vis 48, WL 5.4, FC 1/32, pH 6, Water 99.5, PV 14, YP 32, Gels 12/22, Alk
 (P/MF) 0/1, Solids .5, Sand 0.125, Cal 2200 ppm, Chlorides 92,000 ppm. NaCl 151,800
 ppm, Nitrates 100 ppm

BHA: Core Iid - Core Bbl., 1-Stabilizer, 1-Safety Jt., 1-Jars, 1-XO, 1-Bit Sub
 WOB - 10000#, RPM - 70, Pump - 850 PSI, GPM 287, AVDP/AVDC 135/212
 Pump #1 - 6 x 8, SPM 102
 Pump #2 - 6 x 8 Kill rate - 500 psi, 52 Spm
 SLM Board - No Correction

Geo: See Mud Logger's Report

Details: DST #1 Interval 5,651 - 5,707 Formation: Ismay

III: 2859.83 PSI

IF: 113.10 - 279.37 PSI 30 min Tool open with strong blow off btm of bucket.

ISI: 2314.55 PSI: 60 min Gas to surface 20 min after shut in.

FF: 223.58 - 1018.44 PSI 300 min Open with strong blow. See attached flow report.

FSI: 2319.91 PSI 960 min Oil to sur, 15 min after FSI. Put to tank overnight.

FII: 2808.35

BHT 125.24°F

Reversed Out Recovery:

21.38 Bbls	Gassy Oil
10.00 Bbls	Oil and Gas, Cut with mud
10.00 Bbls	Heavily gas and oil, cut mud
41.38 Bbls	Recovered

Reverse DP with total of 80 Bbls. mud

Sample chamber: Gas 1.56 Cf, Oil 320 cc, Gravity 45 API @ 60°F
 GOR 774 GF/Bbl Sampler pressure 1150 psig

Well on 1/8" choke @ surface for pressure build up. 20 psig - 410 psig in 180 mins. 140
 MCFPD. At 2:10 p.m. changed to 1/4" choke. Pressure dropped to 125 psig, 240 MCFPD.
 Shut tool in @ 4:30 p.m. Well started unloading after 15 mins. after shut in.
 Unseated packers pull up hole 120' reverse D.P. TOH and layed down test tools. Pick up core
 Barrel - SLM into hole. Coring. Weather - clear and cool 35°F.

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4-5-97 11 day from spud
Depth: 5,707' - made 61' in 6½ Hrs., 165¼ Cum. Drlg Hrs.
Status: TOH with Core #1 (Chained Out)
Hours: 6 ½ Drilling
 7 ½ Tripping
 7 ½ Circulating
 ¼ Rig Service
 1 Cut Drlg. Line
 1 ¼ Pick Core Bbl.
BIT: 4, 77/8", STC, F-3-11, SN I.J-5869, In @ 5,156', Out @ 5,646' - made 490' in 34½ Hrs., Jets 12-13-B, T1-B1-In Gauge, Ft/Hr. 14.20
 5, 7 27/32, HTC, Arc325, SN 1906865, In @ 5,646', Out @ 5,707' - made 61' in 6½ Hrs., Ft/Hr 9.58
Mud: Wt. 9.2, Vis 50, WL 5.6, FC 1/32, Water 98.7, PV 14, YP 40, Gels 18/25, Solids 1.3, Sand .25, Cal 2200 ppm, Chlorides 88,000 ppm, NaCl 145,200 ppm, Nitrates 100 ppm
BHA: 1- Core Hol, 1- Sub, 1- Core Bbl., 1- Jar, 1- XO, 1- Bit Sub, 19 - 6¼" DC, 5 WP
 WOB - 16-18,000#, RPM - 70, Pump - 850 PSI, GPM 287, AVDP/AVDC 135/212
 Pump #1 - 6 x 8, SPM 102 Kill rate - 500 psi, 52 Spm
 SLM: Board 5,636.77, Talley 5,646.18, Difference 0.59: No Correction
Geo: See mud logger's report.
Details: Core #1 5,646' - 5,707' - 61'. Will run DST #1 over interval 5,661' to 5,707'. Coring. Weather cold, snowing and raining. Very muddy with 2" water on location.

4-6-97 12 day from spud
Depth: 5,707', 165¼ Cum. Drlg Hrs.
Status: Trip in with DST #1
Hours: 10 Tripping
 ½ Wash & Ream
 10 ½ Circulating
 1 ½ Lay Core Driver
 1 ½ Pick up Tools
BIT: 4RR, 77/8", STC, F-3-11, SN I.J 5861, In @ 5,646', Out @ 5,707', Jets 12-13-B
Mud: Wt. 9.2, Vis 48, WL 5.6, FC 1/32, pH 6, Water 98.7, PV 14, YP 36, Gels 12/19, Alk (Pf/Mf) 0/1, Cal 2200 ppm, Chlorides 86,000 ppm, NaCl 141,900 ppm, Nitrates 110 ppm
BHA: 1- 77/8' Bit, 1- Bit Sub, 18 - 6" DC, 5 WP = 681.09
 Pump #1 - 6 x 8, 1200 PSI
 Pump #2 - 6 x 8 Kill rate - 500 psi, 52 Spm
 SLM: Board; No Correction
Geo: 5,707' - 330 units gas. See core report.
Details: Pull core #1 and layed down same. Recovered 60%. Cored 61'. TIII - cir - ream core hole 5,646' - 5,707' - 61'. Circulated and conditioned hole and built mud volume. TOH SLM. Pick up Schlumberger test tool. Checked BOPs. Trip in hole with DST #1. DST #1 5,641' - 5,707'. Weather cloudy and cold - 35° and windy.

4-7-97 13 day from spud
Depth: 5,707', 165¼ Cum. Drlg Hrs.
Status: DST 21
Hours: 3 Tripping
 21 DST
Mud: Wt. 9.2, Vis 48, WL 5.6, FC 1/32, pH 6, Water 99.1, PV 14, YP 36, Gels 12/19, Alk (Pf/Mf) 0/1, Solids .9, Sand Tr., Cal 22 ppm, Chlorides 86,000 ppm, NaCl 141,900 ppm, Nitrates 110 ppm
BHA: Test tool
 Pump #1 - 6 x 8
 Pump #2 - 6 x 8 Kill rate - 500 psi, 52 Spm
Geo: Upper Ismay Mound
Details: Trip in hole with DST #1 5,651' - 5,707'.
 IF 30 min.

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 Knockdhu #3, LITL-75521

4/10/97 Continued

salt water

Sample Chamber: 1400 cc's of saltwater and 0.139 cubic feet of gas. Salt 224,000 ppm; chlorides 136,000 ppm; nitrates 26 ppm.

Remarks: Recovered gas cut formation water. Salt increased 75,900 ppm, chlorides increased 40,000 ppm, and nitrates decreased 84 ppm. In effect the fluorescence stops at 5,723' KB as do the good QFT values

Date: 4/10/97 Report by: Larry Miller and Mike Wynne

4-11-97

17 day from spud

Depth: 5,996' - made 166' in 14½ hrs., 196 Cum. Drlg Hrs.

Status: TOH for logs

Hours: 14 ½ Drilling
 2 Tripping
 3 Circulating
 ½ Rig Service
 4 Circulating 5' Samples

Bit: 4, 7 7/8", STC, F-3-11, SN LJ 5867, In @ 5,767', Out @ 5,996' - made 229' in 21¼ hrs., Jets 13-13-B, Ft/Hr 10.6

Mud: Wt. 9.5, Vis 48, WL 5, FC 1/32, pH 6, Water 98.5, PV 13, YP 36, Gels 13/19, Alk (PI/MI) 0/.15, Solids 1.5, Sand .125, Cal 3040 ppm, Chlorides 112,000 ppm, NaCl 184,800 ppm,

BHA: Bit - Bit Sub, 1 - Monel D, 19 DC's, 5 HWDP=736.19'
 WOB - 40,000#, RPM - 70, Pump - 1550 PSI, GPM 287, AVDP/AVDC 115/167
 Pump #1 - 6 x 8, SPM 102

Pump #2 - 6 x 8 Kill rate - 500 psi, 52 Spm

Geo: See Mud Logger's Report

Details: Made 20 stand short trip. BOP drill 2½ mins. Checked BOPs. Weather - cold, windy and clear, 29°F. Drifted and cleaned threads of 5½" production casing. Sand blasted 1057' of 5½" casings. Will move completion tools on the well immediately after rotary tools moved to Dalmore 1A. BLM required to make raptor survey at this time. Do not anticipate any problems.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
APR 25 1997
DIV. OF OIL, GAS & MINING

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

Case Designation and Serial No.
UTU-75521

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation
Knockdhu Unit (75040X)

8. Well Name and No.
#3

9. API Well No.
43-037-31785

10. Field and Pool, or Exploratory Area
Unnamed

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Petral Exploration, LLC

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2521' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25E

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

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

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

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

Notice of First Production - April 21, 1997 with the sale of recovered load oil.

CONFIDENTIAL

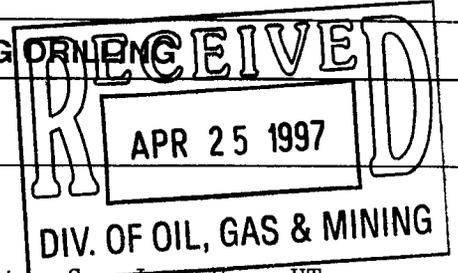
14. I hereby certify that the foregoing is true and correct

Signed *David W. McIlnay* Title McIlnay & Associates, Inc. Consulting Engineers Date April 21, 1997

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

REPORT OF WATER ENCOUNTERED DURING DRILLING



1. Well name and number: Knockdhu #3

API number: 43-037-31785

2. Well Location: QQ SW NW Section 33 Township 37S Range 25E County San Juan Co., UT

3. Well operator: Petral Exploration, LLC

c/o McIlnay & Associates, Inc.

Address: 2305 Oxford Lane

Casper, WY 82604

Phone: (307) 265-4351

4. Drilling contractor: Four Corners Drilling Co.

Address: P. O. Box 1067

Farmington, NM 87499

Phone: (505) 326-3371

5. Water encountered (attach additional pages as needed):

DEPTH		VOLUME (FLOW RATE OR HEAD)	QUALITY (FRESH OR SALTY)
FROM	TO		
		No water encountered	

6. Formation tops: Attached

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

I hereby certify that this report is true and complete to the best of my knowledge.

Name & Signature: *Edward W. McIlnay*

Date: April 21, 1997
McIlnay & Associates, Inc.
Title: Consulting Engineers

facsimile

TRANSMITTAL

to: State of Utah, Division of Oil, Gas & Mining
fax #: (801) 359-3940
re: Petral Exploration, LLC, #3 Knockdhu, UTU 75521,
SW NW Sec. 33-T37S-R25E, San Juan Co., UT
API 43-037-31785, Unit No. 75040X
Petral Exploration, LLC, Dalmore Federal #1A, UTU-041085
NW NW Section 25-T37S-R23E, San Juan Co., UT
date: April 25, 1997
pages: 7, including cover sheet.

Attached are weekly drilling reports for the above referenced wells.

From the desk of...

Sharon Orr

McInay & Associates, Inc.
2305 Oxford Lane
Casper, WY 82604

307 265-4351
Fax: 307 473-1218

Petral Exploration, LLC
Dalmore Federal Unit #1A, UTU-041085

March, 1997
Page 5

4/18/97 5 day from spud
Depth: 2,758' - made 639' in 13½ hrs., Cum Drlg Hrs. 53
Status: Drilling
Hours: 13 ½ Drilling
 1 Tripping
 6 BOP
 2 WO Test Plug
 ½ Pick up DC
 1 Drilling Cent.
Mud: Wt. 8.3, Vis 27, pH 7, Alk (Pf/Mf) .03/.15, Cal 80 ppm, Chlorides 300 ppm, LCM 8%
BIT 4, 7⅞", STC, F-2-11, SN-LE2560, In @ 2,119' - made 639' in 13½ hrs., Jets 12-12-10, Ft/Hr. 47.33
Surveys: 2,720' ½° S 38 E
BHA: Bit, Bit Sub, Monel, 1-6" DC, stabilizer, 18-6" DC, 4 WP, BHA = 712.25
 WOB 40,000 RPM - 70, Pump - 1500 PSI, GPM 287, AVDP/AVDC 100/157
 Pump #1 - 6 x 8 SPM 102
 Pump #2 - 6 x 8
Geo: Sand and shale
Details: Tested BOPs with Quadco. First plug leaked. WO test plug from Cameron. Tested choke manifold, kill line, kelly cock and floor valve to 3000 psig. Held for 15 minutes. OK. Hydrill tested to 1500 psig for 15 minutes. Held OK. Tested pipe and blind rams to 3000 psig for 15 minutes. Held OK. Test witnessed by Jeff Brown with the B.I.M.

 Picked up monel collar. TIH with collars and DP. Drilled float collar and shoe. Top of cement @ 2,061.47'. Weather clear 36°F.

4/19/97 6 day from spud
Depth: 3,685' - made 927' in 23 hrs., Cum Drlg Hrs. 76
Status: Drilling
Hours: 23 Drilling
 ½ Surveying
 ½ Rig Service
Mud: Wt. 8.3, Vis 27, pH 7, Alk (Pf/Mf) .0/.15, Cal 160 ppm, Chlorides 600 ppm
BIT 4, 7⅞", STC, F-2-11, SN-LE2560, In @ 2,119' - made 1,566' in 36½ hrs., Jets 12-12-1-B, Ft/Hr. 43.5
Surveys: 3,222', ½°, N 82 E
BHA: Bit, Bit Sub, Monel, 1-6" DC, stabilizer, 18-6" DC, 4 WP, BHA = 712.25
 WOB 40,000 RPM - 75, Pump - 1500 PSI
 Pump #1 - 6 x 8 SPM 102
 Pump #2 - 6 x 8 SPM 102
Geo: Sand and shale
Details: No water flows or problems.

4/20/97 7 day from spud
Depth: 4,430' - made 745' in 20¾ hrs., Cum Drlg Hrs. 96¾
Status: Drilling
Hours: 20 ¾ Drilling
 2 Tripping
 ¾ Surveying
 ½ Rig Service
Mud: Wt. 8.3, Vis 27, pH 7, Alk (Pf/Mf) .0/.1, Cal 320 ppm, Chlorides 600 ppm
BIT 4, 7⅞", STC, F-2-11, SN-LE2560, In @ 2,119' - made 2,311' in 57¼ hrs., Jets 12-12-1-B, Ft/Hr. 40.4
BHA: Bit, Bit Sub, Monel, 1-6" DC, stabilizer, 18-6" DC, 4 WP, BHA = 712.25
 WOB 45,000, Pump - 1500 PSI, GPM 287, AVDP/AVDC 100/137
 Pump #1 - 6 x 8 SPM 100
 Pump #2 - 6 x 8
Geo: Sand and shale
Details: Current operation drilling ahead with no problems.

Petral Exploration, I.I.C
 Dalmore Federal Unit #1A, UTU-041085

March, 1997
 Page 6

4/21/97 8 day from spud
Depth: 5,000' - made 570' in 19½ hrs., Cum Drlg Hrs. 116¼
Status: Trip for Bit
Hours: 19 ½ Drilling
 2 ½ Tripping
 ¼ Circulating
 ½ Rig Service
 1 ¼ Clean Pits
Mud: Wt. 8.3, Vis 27, pH 7, Alk (Pf/Mf) .0/.1, Cal 320 ppm, Chlorides 600 ppm
BIT 4, 77/8", STC, F-2-11, SN-LE2560, In @ 2,119', Out @ 5,000' - made 2,881' in 76¾ hrs.,
 Jets 12-12-1-B, T4-B3-In gauge
 5, 77/8", STC, F3-H, SN-LJ-5867, In @ 5,000', Jets 13-12-B
Surveys: 4,220' ¾° N-60 E, 4,746' 1° N-32 E
BIIA: Bit, Bit Sub, Monel, 1-6" DC, stabilizer, 18-6" DC, 4 WP, BIIA - 712.25
 WOB 45,000, RPM 75, Pump - 1500 PSI, GPM 287
 Pump #1 - 6 x 8 SPM 100
 Pump #2 - 6 x 8
 SLM: Board 5,000.34', Talley 5,004.34', 3.82 down correction
Geo: Sand and shale
Details: Dumped and cleaned mud pits. Preparing to mud up.

4/22/97 9 day from spud
Depth: 5,330' - made 330' in 21¼ hrs., Cum Drlg Hrs. 137½
Status: Drilling
Hours: 21 ¼ Drilling
 1 ½ Tripping
 ½ Surveying
 ½ Wash & Ream
 ¼ Rig Service
Mud: Wt. 8.9, Vis 35, WL 8, FC 1/32, pH 6.8, Water 99.1, Gels 6/10, Alk (Pf/Mf) .0/.3, Salt
 82,500 ppm, Solids .9, Sand 1¼, Cal 2080 ppm, Chlorides 50,000 ppm, Nitrates 66 ppm
BIT 5, 77/8", STC, F3-H, SN-LJ-5867, In @ 5,000' - made 330' in 21¼ hrs., Jets 12-13-B,
 Ft/Hr. 15.53
Surveys: 5,240' 1½° N-18 E
BIIA: Bit, Bit Sub, Monel, 19-6" DC, 4 HWDP = 706.43
 WOB 42-45,000, RPM 60, Pump - 1500 PSI
 Pump #1 - 6 x 8 SPM 102 Kill Rate 500 psi @ 555 SPM
 Pump #2 - 6 x 8
Geo: See Mud logger's Report
Details: TIII with bit #5. Started mudding up with salt and poly mud (from Knochdhu #3) @
 5,000'. Washed and reamed 40 ft.-to bottom. Check BOP. Weather - partly cloudy
 40°F.

4/23/97 10 day from spud
Depth: 5,635' - made 305' in 23½ hrs., Cum Drlg Hrs. 161
Status: Drilling
Hours: 23 ½ Drilling
 ½ Rig Service
Mud: Wt. 9.1, Vis 42, WL 8, FC 1/32, pH 7.4, Water 97, PV 10, YP 28, Gels 7/12, Alk
 (Pf/Mf) 0/.35, Salt 69,300 ppm, Solids 3, Sand .125, Cal 2000 ppm, Chlorides 42,000
 ppm, Nitrates 132 ppm
BIT 5, 77/8", STC, F3-H, SN-LJ-5867, In @ 5,000' - made 635' in 44¾ hrs., Jets 12-13-B,
 Ft/Hr. 14.19
BHA: Bit, Bit Sub, Monel, 19-6" DC, 4 HWDP = 706.43
 WOB 42,000, RPM 60, Pump - 1575 PSI, GPM 287, AVDP/AVDC 100/137
 Pump #1 - 6 x 8 SPM 100 Kill Rate 500 psi @ 555 SPM
 Pump #2 - 6 x 8
Geo: See Mudlogger's Report. Good samples as per mud logger Roger D. Charboneau
Details: Changed screen on shale shake. BOP drill (2 min.). Work pipe rams. Weather - cloudy
 40°F. Rancher called Gary Torres (B.I.M) and stated he had found foam in creek that

Petral Exploration, LLC
Dalmore Federal Unit #1A, UTU-041085

March, 1997
Page 7

had not been there in past. Larry Miller walked creek and found no trace of foam (LM took pictures). Gary Torres and rancher were scheduled to inspect creek with LM 4/22/97, but neither showed up. LM trying to reschedule inspection for today. Will take samples of creek water and have them analyzed. Mud man checked creek water and found it to be fresh and OK.

4/24/97 11 day from spud
Depth: 5,730' - made 95' in 4¾ hrs., Cum Drlg Hrs. 165¾
Status: TOH with Core #1 5700-5730
Hours: 4 ¾ Drilling
 6 ¾ Tripping
 ½ Surveying
 2 ¼ Circulating
 ¼ Rig Service
 4 ½ Pick up Core Bbl and check out
 5 Coring
Mud: Wt. 9.2, Vis 44, WL 8, FC 1/32, pH 7, Water 96.1, PV 10, YP 29, Gels 10/15, Alk (Pf/Mf) 0/4, Salt 66,000 ppm, Solids 3.9, Sand .125, Cal 1920 ppm, Chlorides 40,000 ppm, Nitrates 114 ppm
BIT 5, 77/8", STC, F3-H, SN-LJ-5867, In @ 5,000', Out @ 5,700' - made 700' in 49½ hrs., Jets 12-13-B, T2-B2-In gauge, Ft/Hr. 14.14
 6, 727/32", HFC, ARC 325, SN-1900862, In @ 5,700' - made 30' in 5 hrs., Jets .70, Ft/Hr. 6.0
BHA: Bit, Bit Sub, Moncl, 19-6" DC, 4 HWDP = 706.43
 WOB 8-10,000, RPM 60, Pump - 750 PSI, GPM 287
 Pump #1 - 6 x 8 SPM 100 Kill Rate 500 psi @ 555 SPM
 Pump #2 - 6 x 8
Gco: See Mudlogger's Report. Mud logger and geologist reported good sample recovery.
Details: When Baker Hughes core barrel was picked up found threads on top section of inter barrel were bad. Laid down top section and ran into hole with the lower section, therefore, 30' core is all that was cored. Core #1 5700' to 5700'. Finished coring @ 5 a.m. 4/24/97.

Paul Curtis, BLM Range Management, checked out (4/23/97) foam condition reported in creek by rancher. He found everything to be in order and nothing wrong. Rancher did not show up for inspection. Following water analyses of water samples taken from creek were conducted by Brent Bascom MI well site mud engineer:

		½ Mile	¼ Mile	1 Mile
<u>Source Spring</u>	*	<u>Downstream</u>	<u>Downstream</u>	<u>Downstream</u>
Calcium	220	220	280	280
Alkalinity	Tr/0.4	Tr/0.4	Tr/0.4	Tr/0.4
Chlorides	250	250	250	250

* = 150' NE of well. No foam detected at any of the sampling places.

4/25/97 12 day from spud
Depth: 5,730' Cum Drlg Hrs. 165¾
Status: DST #1 5698 - 5730
Hours: 9 ¾ Tripping
 8 ½ Circulating
 ¾ Cut Drilling Line
 2 ¼ Lay Core Down
 1 ¼ Pick Up Tool
 ½ DST
 ½ Rig Up Tester
Mud: Wt. 9.2, Vis 38, WL 14, FC 1/32, pH 7.6, Water 96.6, PV 10, YP 24, Gels 7/11, Alk (Pf/Mf) 0/1.2, Salt 79,200 ppm, Solids 3.4, Sand .125, Cal 24000 ppm, Chlorides 48,000 ppm, Nitrates 110 ppm
BIT 5, 77/8", STC, F3-H, SN-LJ-5867, In @ 5,730', Out @ 5,730', Jets 12-13-13, T3-B2-In gauge
 6, 727/32", HFC, ARC 325, SN-1900862, In @ 5,700', Out @ 5,730' - made 30' in 5

Daily Completion Reports
Petral Exploration, LLC

Knockdhu #3, UTU 75521
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4-18-97

TD: 5956.28 **FMN: Ismay Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707

CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾"

JTS Del: 200 **JTS in Well:** 161

Operations: RU Schlumberger to perforate the Upper Ismay Mound. Correlated to GR-CNL & GR-CCL logs. All zones shot in acid 4 SPF with 34/gram charges.

5646-5655 - 9' - 36 shots FL 3200' in 3200' out

5658-5664 - 6' - 24 shots FL 3200' in 3200' out

5675-5697 - 22' - 88 shots FL 3150' in 3140' out

5700-5707 - 7' - 28 shots FL 3140' in 3050' out

Fluid level apparently came up about 150' after perforating. RD Schlumberger. PU Baker SAP straddle packer, seat nipple (1.78" ID), 6' X 2¾" tubing sub, Baker F nipple (1.87" ID), and RIH with 2¾" tubing. Set packer at 5105' KB. RU Dowell. Filled the annulus with crude oil and shut it in with 450 psig. Filled the tubing with crude oil and began to displace the acid into the perfs. Began displacement @ ¼ barrel per minute & 1200 psig. Pressure increased slowly to 2000 psig after about 3 Bbls displacement. Shut down to let acid soak perfs. Resumed pumping and displaced the remainder of the 8 Bbls @ ¼ bpm and 1960 psig. Maximum pressure was 2000 psig. Unseated packer and reversed 15 BO into tubing to ensure that no acid was above the packer. Set packer. RD Dowell. RU to swab. Made 3 swab runs and well started flowing. Flowed 30 minutes and loaded up and died. Made swab run and well flowed again for 30 minutes before dying. Swabbed and flowed the well for total of 2 hours, recovered 40 BO (very gassy), no water. See swab report. SWI @ 6:30 p.m. SDFN.

Ordered test unit for a.m. Will try to flow test tomorrow night after perf wash.

SWABBING REPORT:

Time/ Run No.	Fluid Level	Swab Depth	BTF	BO	BW	OIL %	WTR %	Gas/ MCFD	Remarks
4:30	Surface	2100	8	8	0	100		Tr	Gassy
5:00	1500	4000	8	8	0	100		Tr	Gassy
5:20	2500	4400	9	9	0	100		Tr	Well started flowing in slugs
5:20-5:50	Flowing		10	10	0	100		0	Well died in 30 minutes
5:50	Gassy	5100	5	5	0	100		0	Well died in 30 minutes
TOTALS			40	40	0	100			SWI @ 6:30 p.m.

4-19-97

TD: 5956.28 **FMN: Ismay Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707

CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾" **JTS Del:** 200 **JTS in Well:** 0

Hrs SI: 13 **SITP:** 1050 psig **SICP:** 200 psig **PK/AC @:** 5600'

SWAB DOWN: RECOVERED: 7 Bbls 100% oil

Operations: Installed a ½" positive choke in the flow line and started to bleed the pressure off of the well. Flowed 7.5 BO in 10 minutes at 250 psig FTP. SWI and set up production test facilities. Brought extra 400 Bbl tank from Knockdhu #2. Dropped bottom packer valve down the tubing. Pressure tested packer. BOP, lines to 3000 psig. Dropped fluid control valve down the tubing. RU slickline truck, ran 1.90" gauge ring to 5600'. Set Baker FWB pump through tubing plug in the 1.87" ID F Nipple. RU Dowell for perf wash. Set packer at 5715' KB and spotted acid to bottom of tubing and started job. Washed perfs with 15% HCL MSR-100 plus additives.

Perf Wash Details:

Depth	Tubing press.(psig)	Casing press.(psig)	Volume (Bbls.)	Comments
5703'-5707'	1000	1400	4.75	Communicated
5700'-5703'	700-350	950	4.75	Communicated
5693'-5697'	260-350	150-550	4.75	Communicated

Daily Completion Reports
 Petral Exploration, LLC

Knockdhu #3, UTU 75521
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Carol DeFrancia with 4 Corners Archeological surveyed the proposed gas line route, found no sites. The route is about 2123' in length, measured with a wheel meter.

4-23-97

TD: 5956.28 **FMN:** Ismay **Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707
CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾" **JTS Del:** 200 **JTS in Well:** 182
Hrs: SI: 12 **SICP:** 1050 psig **AC @:** 5626.24

Operations: SICP 1050 psig. Opened the well to flow up the casing at 6:00 a.m. PU wireline entry guide, 1.43" ID "F" nipple, 4' X 2¾" tubing sub, 1.78" ID seating nipple, 4 jts. of 2¾" tubing, anchor/catcher. At 8:00 a.m. started snubbing 2¾" tubing into the well while flowing the casing on a 30/64 choke with 450 psig FCP. Landed the tubing in the tubing seal assembly (doughnut) and NU tubing head. Equalized the tubing and casing pressure and fished the tubing blanking plug. Changed choke and flowline to the tubing. Made 2 swab runs and started flowing the well to clean out any water left in the well between the end of the tubing and the bottom perfs. SWI @ 5:30 p.m., waiting on production equipment.

Used vac truck to empty the test treater and to pull water from the bottoms of the 400 Bbl tanks (approx. 40 Bbls). Giant did not haul oil today from the lease. Called Giant and told them to wait until roads dry up to haul oil.

Tubing Detail

1	Wireline Entry Guide	0.50'
1	Baker "F" Nipple 1.43 ID	0.90'
1	2¾" N-80 Tubing Sub	4.11'
1	Seating Nipple 1.78" ID	1.10'
4	Jts. 2 3/8", 4.7#/ft., J-55, 8R, EUE Tubing	126.12'
1	Anchor/Catcher, 2¾" X 5½	2.80'
178	Jts. 2 3/8", 4.7#/ft., J-55, EUE tubing	5612.34'
	Total String	5747.87'
	Below KB	+10.00'
	Tubing set at	5757.87' KB
	"F" Nipple set at	5756.47 KB
	Seating Nipple set at	5751.26 KB
	Anchor Catcher set at	5622.34 KB

4-24-97

TD: 5956.28 **FMN:** Ismay **Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707
CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾" **JTS Del:** 200 **JTS in Well:** 182
Hrs: SI: 12 **SICP:** 1050 psig **AC @:** 5626.24

Operations: Well is shut in while waiting for production equipment. Production unit should be ready for shipment from Farmington the middle of next week. Drove to Montezuma Creek and inspected 300 Bbl and 400 Bbl used steel tanks. Looking for 4-400 Bbl oil tanks and 1-300 Bbl water tank for Knockdhu #3. Also looking for 2-300 Bbl oil tanks and 1-400 Bbl water tank for the Knockdhu #2. Found 3 good 300 Bbl tanks and 2 good 400 Bbl tanks. Manways are open and the tanks look good. No signs of leaks around the tanks. Also found 2-400 Bbl fiberglass tanks but they will be very expensive according to the vendor. No price quoted. Will hear today about an additional 3-400 Bbl tanks which are still in use but may be for sale. All of the tanks are on a lease about 55 miles on county roads from the Knockdhu Unit. Stairs and walkways are to be furnished by the seller or the price will be reduced. All of the tanks have to be painted "Juniper Green" per the APD stipulations.

Daily Completion Reports
Petral Exploration, LLCKnockdhu #3, UTU 75521
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5689'-5693'	390	300	4.75	Communicated
5685'-5689'	550	500	4.75	Communicated
5681'-5685'	600	500	4.75	Communicated
5677'-5681'	150	600	4.75	
5675'-5677'	390	550	4.75	
5660'-5664'	800-350	200	4.75	
5658'-5660'	450	200	2.00	
5651'-5655'	435	300	2.50	
5647'-5651'	750	350	2.00	
5646'-5647'	1200-650	400	<u>2.00</u>	
Total Acid		51.25		

Pulled tubing up to 5600' KB and with tubing shut-in reversed 15 Bbls of oil into the annulus at 2 bpm and 500 psig to ensure that no acid was left above the packer. Set the packer at 5600' KB and pressured up on the tubing to 1500 psig. Fished the Baker tubing blanking plug. RD slickline unit. Tubing had 800 psig on it after fishing the plug. Too much pressure to fish fluid control valve and packer bottom plug. Started flow testing the well at 7:30 p.m. FTP 600 psig, 60 bph, 725.7 mcf/d. Total load to recover 51.25 Bbls acid plus 15 Bbls oil. At 10:00 p.m. (2½ hours flow) had recovered 85.76 BO no water. FTP 630 psig. 27.55 BO last hour. Will flow test all night (Cullums Pumping Service). Installed net over reserve pit.

4-20-97

TD: 5956.28 **FMN:** Ismay **Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707
CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾" **JTS Del:** 200 **JTS in Well:** 177
SICP: 440 psig
PK/AC @ 5600'

Operations: Flow testing 24 hours through production unit. Average rates: 19.76 BOPH, 565.51 MCF/D. FTP 505 psig. CP 440 psig. Cumulative new oil produced 716.99 Bbls. Will set more tanks tomorrow.

Will flow today and TOH and run production string Tues. 4/22/97. Can not get snubbing unit until Tuesday. Will not kill well.

4-21-97

TD: 5956.28 **FMN:** Ismay **Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707
CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾" **JTS Del:** 200 **JTS in Well:** 177
SICP: 440 psig
PK/AC @ 5600'

Operations: Flow testing 24 through production unit. Average rates: 15.96 BOPH, 616.74 MCF/D. FTP 540 psig. CP 440 psig. Cumulative new oil produced 1084.26 Bbls. Moved another 400 Bbl tank from the #2 Knockdhu to #3 Knockdhu. Moved 400 Bbl tank from Dalmore 1A to #3 Knockdhu.

KK went to Monticello BLM office and met with Maxine Deeter (real estate specialist) and discussed forms and procedure for gas line ROW. Called Carol DeFrancia and scheduled archeological survey of line route for tomorrow afternoon.

4-22-97

TD: 5956.28 **FMN:** Ismay **Perfs:** 5646-5655, 5658-5664, 5675-5697, 5700-5707
CSG Size/Wt: 5½/15.50 **TBG Size:** 2¾" **JTS Del:** 200 **JTS in Well:** 0
SICP: 440 psig

Operations: Flow tested until 8:00 a.m. SWI to set tubing plug. RU slickline truck and set tubing plug in 1.87" F Nipple. Swabbed the tubing down. RU Cudd Pressure Control to snub tubing out of well. Opened the annulus to flow through the separator while pulling the tubing and packer. The annulus flowed at various rates and unloaded an estimated 10 Bbls. of acid water. Average rates for 12 hours were 12.59 BOPH and 340.47 MCF/D gas. See attached flow report. SWI at 6:15 p.m. to lay down packer and change height of snubbing assembly in preparation for running production tubing string. SDFN at 6:30 p.m.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Petral Exploration, LLC

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
 2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 2521' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25E

5. Lease Designation and Serial No.
 UTU-75521

6. If Indian, Allottee or Tribe Name
 NA

7. If Unit or CA. Agreement Designation
 Knockdhu Unit (75040X)

8. Well Name and No.
 #3

9. API Well No.
 43-037-31785

10. Field and Pool, or Exploratory Area
 Unnamed

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

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

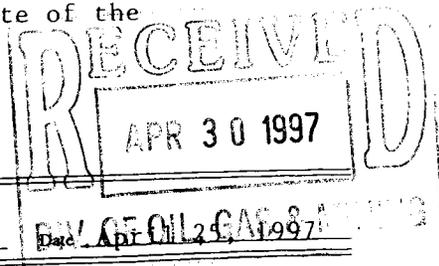
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent <input type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>Lay Pipeline</u>
	<input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>

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.)*

By this Sundry Notice, Petral requests permission to lay approximately 2123' of 3" Schedule 40 plain end steel pipe (to be welded together) from the Knockdhu Unit #3 to the Questar Compressor in the SW SW Sec. 33-T37S-R25E. The published working pressure for this pipe is 1850 psig. Anticipate maximum flowing gas pressure is 800 psig. The pipeline will be placed on the surface within the boundaries of the Knockdhu Unit, UTU 75040X.

An archaeological survey of the route was conducted by 4 Corners Archaeological Services, Carols S. DeFrancia. A copy of the survey was forwarded directly to the BLM, San Juan Area office, Monticello, UT.

The requested right-of-way will be 50' each side of the center stakes or 100' total Right-of-Way. Please see the attached map showing the approximate route of the proposed pipeline.

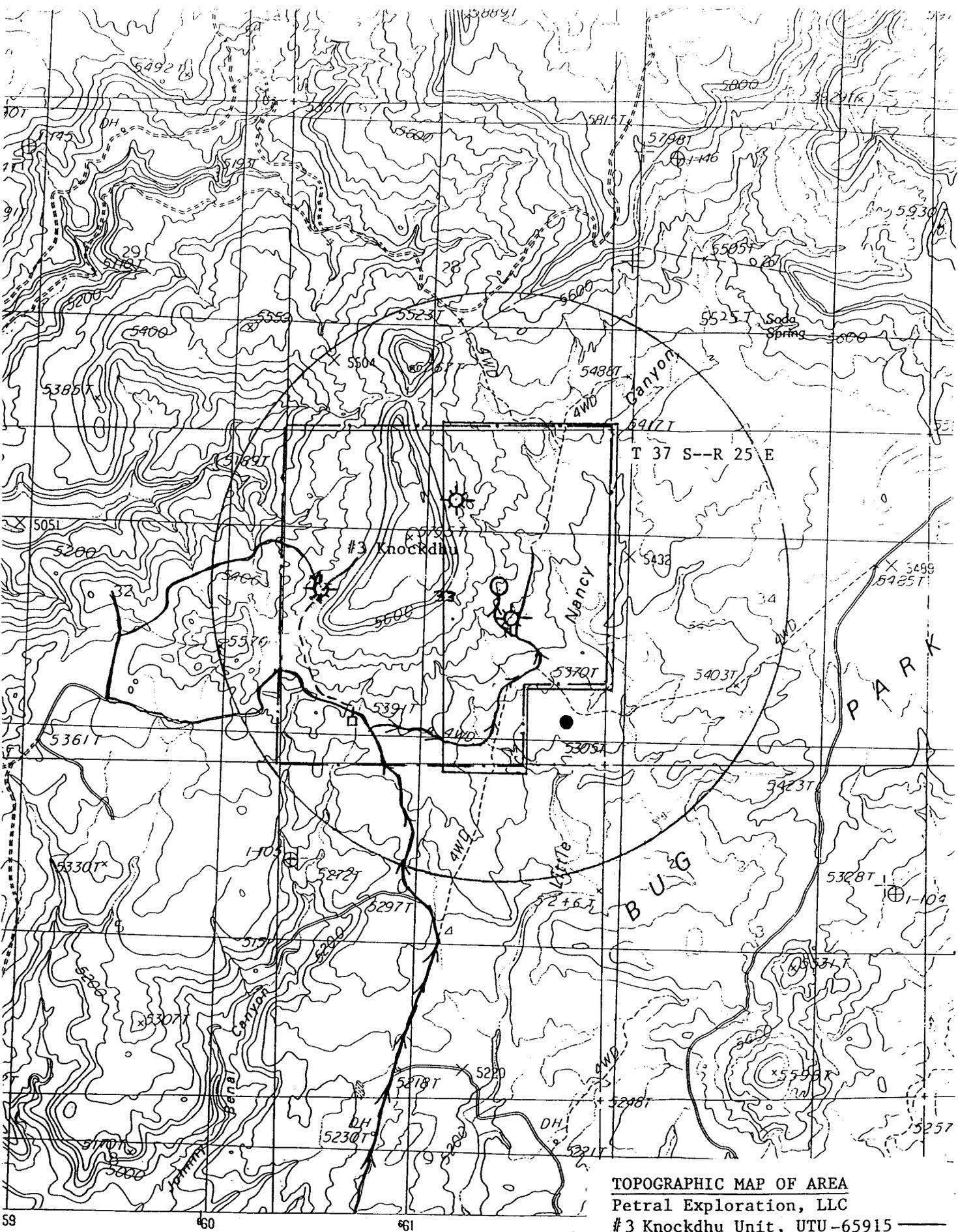


14. I hereby certify that the foregoing is true and correct

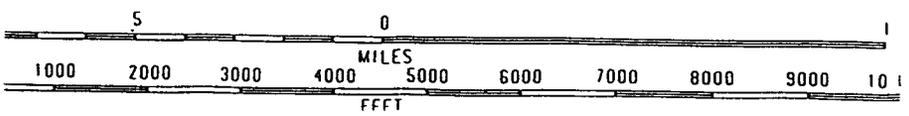
Signed Edward W. McIlnay Title Consulting Engineers Date Apr 24 1997

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
 Conditions of approval, if any:



SCALE 1:24 000



TOPOGRAPHIC MAP OF AREA
 Petral Exploration, LLC
 #3 Knockdhu Unit, UTU-65915
 SW NW Sec. 33-T37S-R25E
 San Juan Co., Utah
 Unit No. UTU 75040X
 Pipeline

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN DUPLICATE*

(See other In-
structions on
reverse side)

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

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____
 b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RENVR. Other _____

2. NAME OF OPERATOR
Petral Exploration, LLC

3. ADDRESS OF OPERATOR c/o McIlnay & Associates, Inc.
2305 Oxford Lane, Casper, WY 82604

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface
2640' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25
At top prod. interval reported below
At total depth
Same

14. PERMIT NO. 43-037-31785 DATE ISSUED _____

5. LEASE DESIGNATION AND SERIAL NO. UTU-75521
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME _____
 7. UNIT AGREEMENT NAME Knockdhu Unit 75040X
 8. FARM OR LEASE NAME Knockdhu
 9. WELL NO. 3
 10. FIELD AND POOL, OR WILDCAT Unnamed
 11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA 33-37S-25E
 12. COUNTY OR PARISH San Juan
 13. STATE UT

CONFIDENTIAL

15. DATE SPUDDED 3-25-97	16. DATE T.D. REACHED 41-10-97	17. DATE COMPL. (Ready to prod.) 4-21-97	18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 5546' KB 5536 GL	19. ELEV. CASINGHEAD
20. TOTAL DEPTH, MD & TVD 5996' DRLR	21. PLUG, BACK T.D., MD & TVD 5956'	22. IF MULTIPLE COMPL. HOW MANY*	23. INTERVALS DRILLED BY →	ROTARY TOOLS 0 - 5996'

24. PRODUCING INTERVAL(S) OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
Ismay 5646 - 5707'

25. WAS DIRECTIONAL SURVEY MADE
Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN RESISTIVITY 4-18-97
GR-LDT-SNL, GR-Dual Laterlog, GR-BHCS, Dipmeter, Microlog, GR-CBL-CCL

27. WAS WELL CORED
Yes

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24#/ft.	1762'	12 1/4"	870 sks cement	None
5 1/2"	15.5#/ft.	5996'	7 7/8"	326 sks cement	"

29. LINER RECORD				30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	PACKER SET (MD)
					2 3/8"	5758'

31. PERFORATION RECORD (Interval, size and number)
 5646 - 5655' - 9'-36 shots
 5658 - 5664' - 6'-24 shots
 5675 - 5697' - 22'-88 shots
 5700 - 5707' - 7'-28 shots
 Total of 176 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
 DEPTH INTERVAL (MD) 5646 - 5707
 AMOUNT AND KIND OF MATERIAL USED
 Acid wash of perfs w/15% HCL
 MSR-100 plus additives

CONFIDENTIAL

33.* PRODUCTION

DATE FIRST PRODUCTION 4-21-97	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) Flowing	WELL STATUS (Producing or shut-in) Producing					
DATE OF TEST 5/14/97	HOURS TESTED 24	CHOKE SIZE 16/64	PROD'N. FOR TEST PERIOD →	OIL—BBL. 212	GAS—MCF. 245	WATER—BBL. 2	GAS-OIL RATIO 1156
FLOW. TUBING PRESS. 375	CASING PRESSURE 970	CALCULATED 24-HOUR RATE →	OIL—BBL. 212	GAS—MCF. 245	WATER—BBL. 2	OIL GRAVITY-API (CORR.) 44+	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
Sold

TEST WITNESSED BY
Field pumper

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 [Signature] TITLE McIlnay & Associates, Inc., Consulting Engineers DATE 6-18-97

*(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
			DST #1 - Upper Ismay Mound 5651 - 5707'	Log Tops		
			DST #2 - Upper Ismay Mound 5716 - 5767'	Honaker Trail	4584'	
			Core #1 - 5646 - 5707 - 61' Upper Ismay	LaSal	5312'	
			Core #2 - 5707 - 5767 - 60' Upper Ismay	Black Sh. Mrkr.	5550'	
				Upper Ismay	5624'	
				Upper Ismay Md	5651'	
				Hovenw...	5760'	
				Lower Ismay	5800'	
				Lower Ismay Anh.	5817'	
				Lower Ismay Carb.	5838'	
				Upper Ismay Crk	5868'	
				U.D.C. Anh.	5916'	
				Lower Ismay Crk	5908'	
				L.D.C. Anh.	5916'	
				L.D.C. Mound	5924'	
				Chimney Rock	5939'	
				Akah	5956'	

CONFIDENTIAL

30-Apr-1997

©EASTMAN CHRISTENSENO
0 MINIMUM CURVATURE
0 SURVEY CALCULATIONS

OPERATOR: PETRAL EXPLORATION
WELL NAME: KNOCKDHU UNIT #3
UNITS: FEET

MEAS. DEPTH	DRIFT	DIRECTION QUADRANT AZIMUTH	TVD	VERTICAL SECTION	DLS	NORTH SOUTH	EAST WEST
0.00	0.00	N00.00E	0.00	0.00	0.00	0.00N	0.00E
2240.00	0.75	N56.00W	304.00	2239.94	0.00	8.20N	12.15W
2739.00	1.00	N16.00W	344.00	2738.88	0.00	14.21N	16.06W
3239.00	1.00	N31.00E	31.00	3238.81	0.00	22.14N	15.02W
3489.00	1.00	N02.00E	2.00	3488.78	0.00	26.19N	13.82W
3743.00	1.00	N20.00W	340.00	3742.74	0.00	30.49N	14.50W
4058.00	0.75	S88.00E	92.00	4057.72	0.00	33.00N	13.38W
4557.00	1.25	N46.00E	46.00	4556.65	0.00	36.67N	6.20W
4907.00	1.25	N40.00E	40.00	4906.57	0.00	42.25N	1.00W
5462.00	1.25	N52.00E	52.00	5461.43	0.00	50.61N	7.66E

BOTTOM HOLE LOCATION

Closure Distance 51.19 Feet
Closure Direction N08.61E
Closure Azimuth 8.61 Degrees

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
UTU-75521

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation
Knockdhu Unit (75040X)

8. Well Name and No.
#3

9. API Well No.
43-037-31785

10. Field and Pool, or Exploratory Area
Unnamed

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Petral Exploration, LLC

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2521' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25E

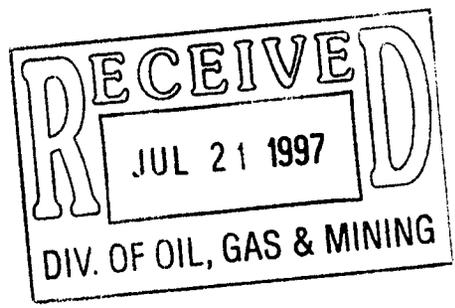
12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

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

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

It is proposed to dispose of produced water from this well by trucking from the well to the Cochrane Resources, Inc., Tin Cup Mesa #1-25 Injection well, SW NE Sec. 25-T38S-R25E, San Juan Co., UT, Lease UTU-31928. The water will be injected into the Ismay Formation in conjunction with the other waters being injected as part of the ongoing waterflood operation. Cochrane Resources, Inc. has a waterflood permit on file with the district BLM office.



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

Signed *[Signature]* Title McIlnay & Associates, Inc. Consulting Engineers Date July 15, 1997

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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SUBMIT IN TRIPLICATE

CONFIDENTIAL

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Petral Exploration, LLC

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
 2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 2521' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25E

5. Lease Designation and Serial No.
 UTU-75521

6. If Indian, Allottee or Tribe Name
 NA

7. If Unit or CA, Agreement Designation
 Knockdhu Unit (75040X)

8. Well Name and No.
 #3

9. API Well No.
 43-037-31785

10. Field and Pool, or Exploratory Area
 Unnamed

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

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TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
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<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Dispose of Prod. Water</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

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

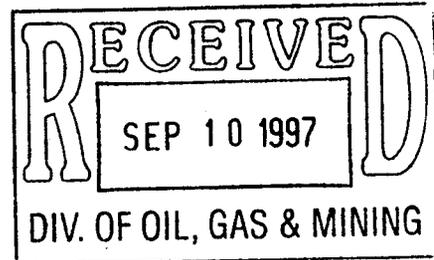
It is proposed to dispose of produced water from this well by trucking from the well site to the Taos Federal #25-34 (NE, SW, SE Sec. 25-T37S-R24E, Lease U-36490, San Juan Co., UT) water injection well, which is operated by Yates Petroleum Corp. Petral Exploration, LLC owns a Working Interest in this well.

The produced water will be injected into the Ismay Formation. The Taos Federal #25-34 has been permitted as a water disposal well with the BLM and the State of Utah, Natural Resources Oil, Gas & Mining.

Included with this Sundry are water analyses reports.

**Accepted by the State
of Utah Division of
Oil, Gas and Mining**

Date: 9/16/97



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

Signature: [Signature] Title: McIlnay & Associates, Inc. Consulting Engineers Date: 9-5-97

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
 Conditions of approval, if any: Federal Approval of this Action is necessary

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



ENERGY LABORATORIES, INC.

P.O. BOX 90916 • 1120 SOUTH 27TH STREET • BILLINGS, MT 59107-0916 • PHONE (406) 252-6325
 FAX (406) 252-9066 • 1-800-735-4469

Company : Mellnay & Associates	Date : 08/14/97
Field :	Location : KNOCKDBU #3
County :	Formation :
Lab ID : 97-47545	
Comment : Petral Exploration. LLC	
Description : Orange turbid sample with colorless clear filtrate	

Energy Laboratories, Inc. Water Analysis Report

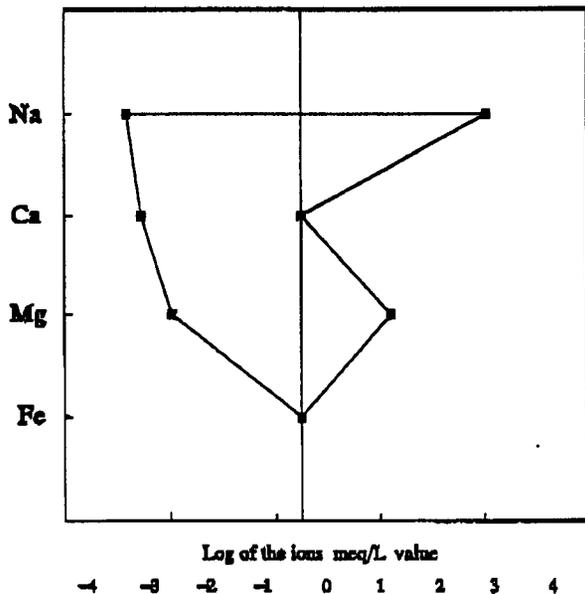
CATIONS			ANIONS		
	mg/l	meq/l		mg/l	meq/l
Potassium	1,290.0	32.99	Sulfate	2,510.0	52.27
Sodium	47,300.0	2,057.43	Chloride	129,000.0	3,638.65
Calcium	22,200.0	1,107.84	Carbonate	0.0	0.00
Magnesium	3,510.0	288.83	Bicarbonate	5.0	0.08
Iron	nd	nd	Hydroxide	0.0	0.00
Barium	nd	nd	-	-	-
Strontium	nd	nd	-	-	-
SUM +	74,300.0	3,487.09	SUM -	131,515.0	3,691.00

Solids		Sample Conditions	
Total Solids Calculated	206,000 mg/l	Temperature, °F	81 °F
Total Solids, NaCl equivalents	203,267 mg/l	pH, s.u.	4.60 s.u.
Chloride as NaCl	212,652 mg/l	Ionic Strength	4.31 μ
NaCl % of Total Dissolved Solids	58 %	Accuracy	3.56 Sigma

Other Properties		Scaling Conditions	
Calcium Hardness as CaCO ₃	55,429.7 mg/l	Specific Gravity	1.001 measured
Magnesium Hardness as CaCO ₃	14,451.3 mg/l	Specific Gravity	1.134 calculated
Total Hardness as CaCO ₃	69,881.0 mg/l	Resistivity, 68 F	0.056 ohm meter

Microbiological		Scaling Conditions	
Sulfate Reducing Bacteria	nd	CaCO ₃ :	+ CaSO ₄ :
		BaSO ₄ :	- SrSO ₄ :

Water Analysis Pattern



Probable Mineral Residue, Dry	
Calculation error 0 %	
Component	mg/l
NaCl	120,242
CaCl ₂	58,571
MgCl ₂	13,750
CaSO ₄	3,557
KCl	2,460
Ca(HCO ₃) ₂	7

08/29/97

NOTE: nd indicates not determined
 v3.250 Michael D. Carney



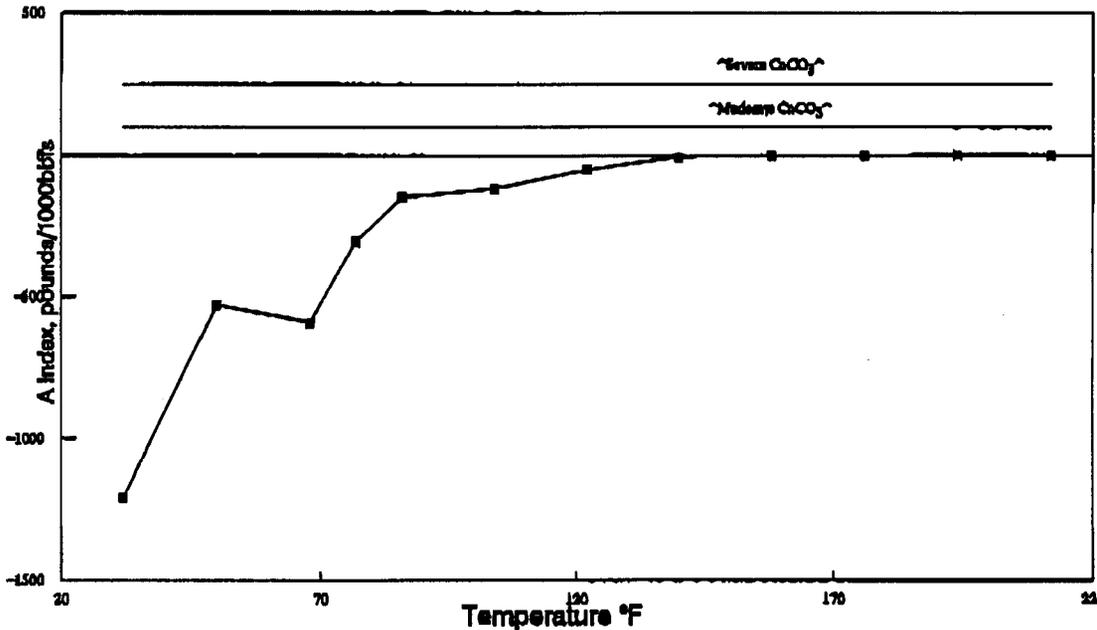
ENERGY LABORATORIES, INC.

P.O. BOX 30916 • 1120 SOUTH 27TH STREET • BILLINGS, MT 59107-0916 • PHONE (406) 252-6325
 FAX (406) 252-6069 • 1-800-735-4489

Company: Molnay & Associates	Date: 08/14/97
Field:	Location: KNOCKDEHU #3
County:	Formation:
Lab ID: 97-47545	
Comment: Petral Exploration, LLC	
Description: Orange turbid sample with colorless clear filtrate	

Energy Laboratories, Inc. Stiff-Davis Report
Calcium Carbonate Scale Precipitation Calculations

Temperature		Stiff-Davis	Aggressivity
C	F	Index	Index
0	32	-2.65	-1203
10	50	-2.28	-530
20	68	-2.32	-590
25	77	-2.04	-306
30	86	-1.72	-147
40	104	-1.62	-117
50	122	-1.26	-50
60	140	-0.44	-5
70	158	0.09	1
80	176	0.00	2



Scale calculation parameters	Temperatures
pH: 4.60 a.u.	Surface temperature: 81 °F
Ionic Strength: 4.314 μ	Downhole temperature: 130 °F

NOTE: Stiff-Davis Index	NOTE: A Index: Assumes 100% precipitation lbs/1000bbls
- Undersaturation, scale negative.	- A Index > 0-100 Slight scaling.
0 Saturation point, scale unlikely.	- A Index > 100-250 Moderate scaling.
+ Supersaturation, scaling condition.	- A Index > 250+ Severe scaling.



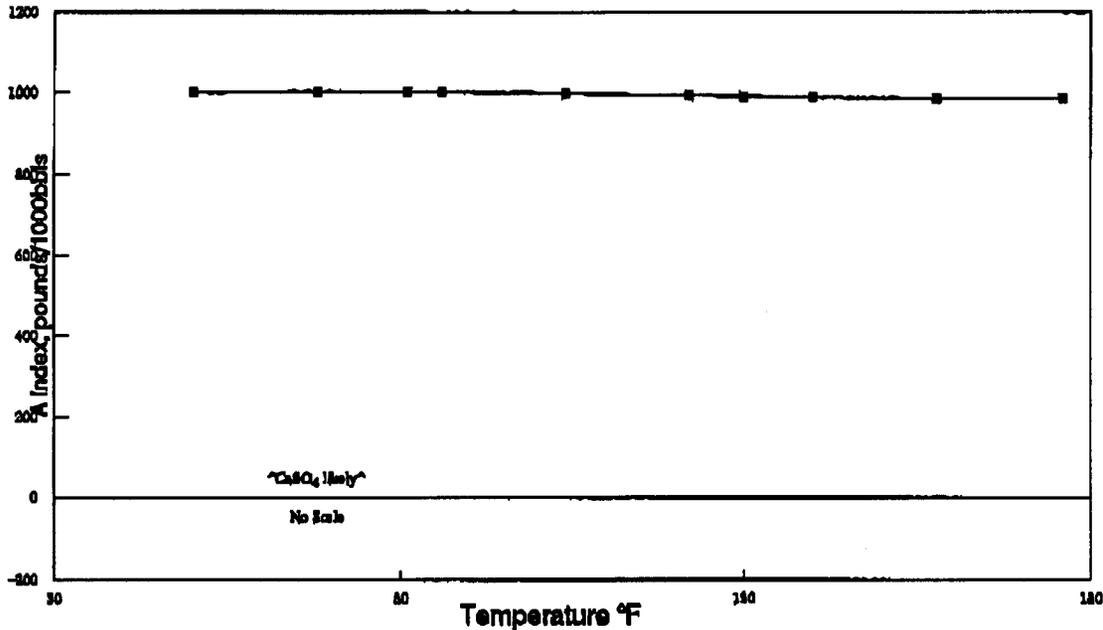
ENERGY LABORATORIES, INC.

P.O. BOX 90916 • 1120 SOUTH 27TH STREET • BILLINGS, MT 59107-0916 • PHONE (406) 252-6325
 FAX (406) 252-6069 • 1-800-735-4489

Company : Mellnay & Associates	Date : 08/14/97
Field :	Location : KNOCKDEHU #3
County :	Formation :
Lab ID : 97-47545	
Comment : Petral Exploration. LLC	
Description : Orange turbid sample with colorless clear filtrate	

Energy Laboratories, Inc. Skillman Method
Calcium Sulfate Scale Precipitation Calculations

Temperature		SOLUBILITY		S	A		
C	F	Actual	Calculated	Index	Index		
10	50	52.27	-	10.34	=	41.93	999
20	68	52.27	-	10.17	=	42.10	1003
27	81	52.27	-	10.19	=	42.08	1003
30	86	52.27	-	10.20	=	42.07	1003
40	104	52.27	-	10.35	=	41.92	999
50	122	52.27	-	10.56	=	41.71	994
54	130	52.27	-	10.65	=	41.62	992
60	140	52.27	-	10.76	=	41.51	989
70	158	52.27	-	10.87	=	41.40	987
80	176	52.27	-	10.82	=	41.45	988



Scale calculation parameters	Temperatures
pH: 4.60 s.u.	Surface temperature : 81 °F
Ionic Strength : 4.314 μ	Downhole temperature : 130 °F

NOTE: 'S' Index - Undersaturation, scale negative. 0 Saturation point, scale unlikely. + Supersaturation, scaling condition.	NOTE: 'A' Index: Assumes 100% precipitation lbs/1000bbls - A Index <= 0 Scale formation negative. - A Index > 0 Scale formation positive.
---	---



ENERGY LABORATORIES, INC.

P.O. BOX 30916 • 1120 SOUTH 27TH STREET • BILLINGS, MT 59107-0916 • PHONE (406) 252-6325
FAX (406) 252-6068 • 1-800-735-4489

Company : Mellnay & Associates	Date : 08/14/97
Field :	Location : TAUS FED #25-34 SWD
County :	Formation :
Lab ID : 97-47547	
Comment : Petral Exploration. LLC	
Description : Light tan turbid sample with colorless clear filtrate	

Energy Laboratories, Inc. Water Analysis Report

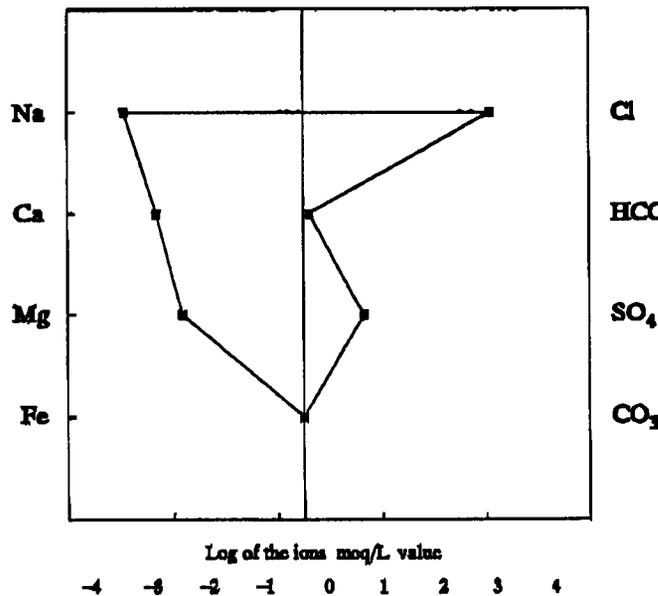
CATIONS			ANIONS		
	mg/l	meq/l		mg/l	meq/l
Potassium	1,630.0	41.69	Sulfate	682.0	14.20
Sodium	61,400.0	2,670.75	Chloride	134,000.0	3,779.68
Calcium	13,000.0	648.73	Carbonate	0.0	0.00
Magnesium	2,530.0	208.19	Bicarbonate	78.0	1.28
Iron	nd	nd	Hydroxide	0.0	0.00
Barium	nd	nd	-	-	-
Strontium	nd	nd	-	-	-
SUM +	78,560.0	3,569.36	SUM -	134,760.0	3,795.46

Solids		Sample Conditions	
Total Solids Calculated	214,000 mg/l	Temperature, °F	81 °F
Total Solids, NaCl equivalents	211,298 mg/l	pH, s.u.	6.40 s.u.
Chloride as NaCl	220,894 mg/l	Ionic Strength	4.12 μ
NaCl % of Total Dissolved Solids	73 %	Accuracy	3.83 Sigma

Other Properties		Scaling Conditions	
Calcium Hardness as CaCO ₃	32,458.8 mg/l	Specific Gravity	1.001 measured
Magnesium Hardness as CaCO ₃	10,416.2 mg/l	Specific Gravity	1.139 calculated
Total Hardness as CaCO ₃	42,875.0 mg/l	Resistivity, 68 F	0.053 ohm meter

Microbiological		Scaling Conditions	
Sulfate Reducing Bacteria	nd	CaCO ₃ : +	CaSO ₄ : -
		BaSO ₄ : -	SrSO ₄ : -

Water Analysis Pattern



Calculation error 0 %	
Compound	mg/l
NaCl	156,085
CaCl ₂	35,140
MgCl ₂	9,911
KCl	3,108
CaSO ₄	967
Ca(HCO ₃) ₂	104

08/29/97

NOTE: nd indicates not determined
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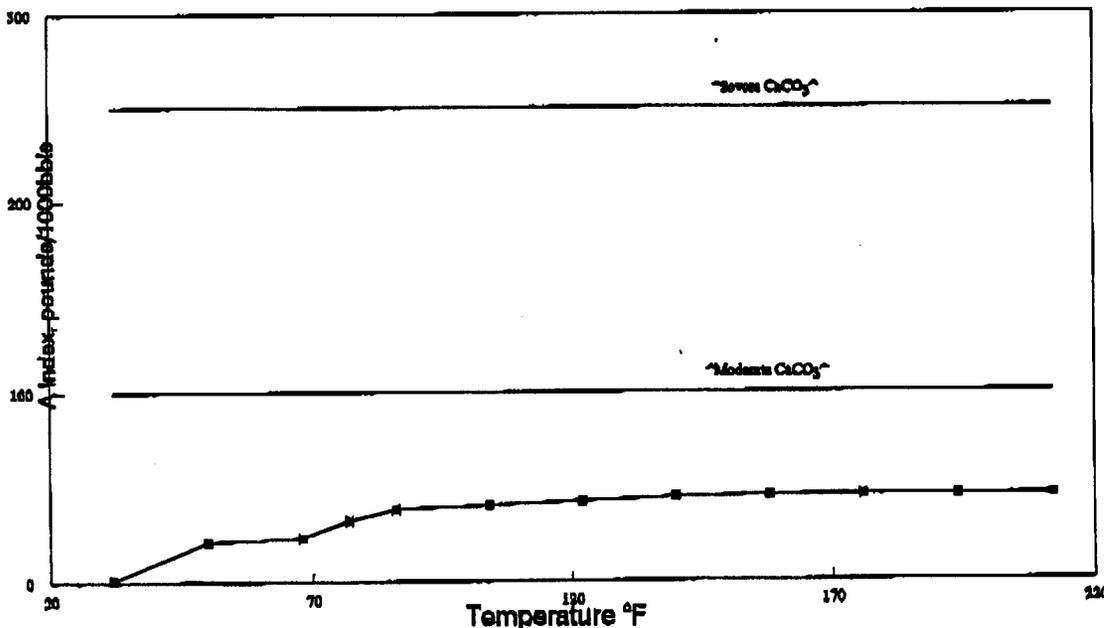
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 FAX (406) 252-6069 • 1-800-735-4489

Company: Mellnay & Associates	Date: 08/14/97
Field:	Location: TAUS FED #25-84 SWD
County:	Formation:
Lab ID: 97-47547	
Comment: Petral Exploration, LLC	
Description: Light tan turbid sample with colorless clear filtrate	

Energy Laboratories, Inc. Stiff-Davis Report
Calcium Carbonate Scale Precipitation Calculations

Temperature		Stiff-Davis	Aggressivity
C	F	Index	Index
0	32	0.01	1
10	50	0.28	21
20	68	0.33	23
25	77	0.54	32
30	86	0.79	38
40	104	0.95	40
50	122	1.29	42
60	140	1.94	44
70	158	2.42	45
80	176	2.96	45



Scale calculation parameters	Temperatures
pH: 6.40 s.u.	Surface temperature: 81 °F
Ionic Strength: 4.118 μ	Downhole temperature: 130 °F

NOTE: Stiff Davis Index	NOTE: A Index: Assumes 100% precipitation lbs/1000bbbls
- Undersaturation, scale negative.	- A Index > 0-100 Slight scaling.
0 Saturation point, scale unlikely.	- A Index > 100-250 Moderate scaling.
+ Supersaturation, scaling condition.	- A Index > 250+ Severe scaling.



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Company : McInay & Associates	Date : 08/14/97
Field :	Location :
County :	Formation :
Lab ID : MIX 1	
Comment : Petral Exploration, LLC	
15% KNOCKEDS #2 RDH + 85% TAUS FED #25-84 SWD	
Description : Blackwater	

Energy Laboratories, Inc. Water Analysis Report

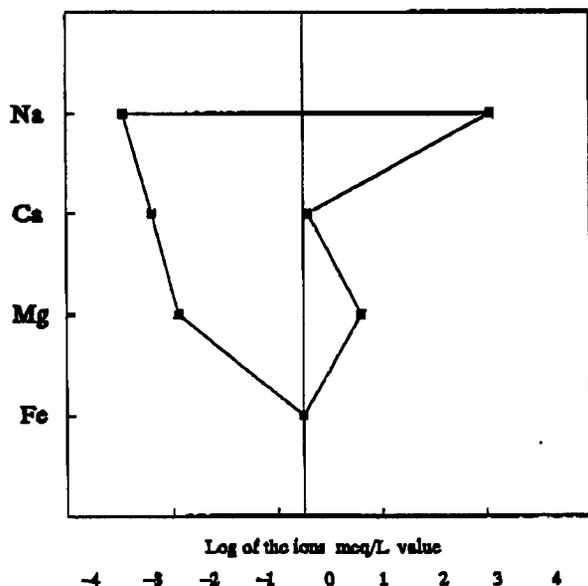
CATIONS	mg/l	meq/l	ANIONS	mg/l	meq/l
Potassium	1,634.5	41.80	Sulfate	629.5	13.11
Sodium	61,460.0	2,673.36	Chloride	137,300.0	3,872.77
Calcium	15,475.0	772.24	Carbonate	0.0	0.00
Magnesium	2,954.5	243.12	Bicarbonate	74.4	1.22
Iron	nd	nd	Hydroxide	0.0	0.00
Barium	nd	nd	-	-	-
Strontium	nd	nd	-	-	-
SUM +	81,524.0	3,730.52	SUM -	138,003.9	3,887.10

Solids	mg/l	Sample Conditions
Total Solids Calculated	220,150 mg/l	Temperature, °F 81 °F
Total Solids, NaCl equivalents	217,531 mg/l	pH, a.u. 6.40 a.u.
Chloride as NaCl	226,334 mg/l	Ionic Strength 4.32 μ
NaCl % of Total Dissolved Solids	71 %	Accuracy 2.59 Sigma

Other Properties	mg/l	Specific Gravity
Calcium Hardness as CaCO ₃	38,638.5 mg/l	1.001 measured
Magnesium Hardness as CaCO ₃	12,164.5 mg/l	1.143 calculated
Total Hardness as CaCO ₃	50,803.0 mg/l	Resistivity, 68 F 0.053 ohm meter

Microbiological	nd	Scaling Conditions
Sulfate Reducing Bacteria	nd	CaCO ₃ : + CaSO ₄ : -
		BaSO ₄ : - SrSO ₄ : -

Water Analysis Pattern



Calculation error 0 %	
Component	mg/L
NaCl	156,238
CaCl ₂	42,058
MgCl ₂	11,574
KCl	3,117
CaSO ₄	892
Ca(HCO ₃) ₂	99

08/29/97

NOTE: nd indicates not determined
 v5.230 Michael D. Carpay



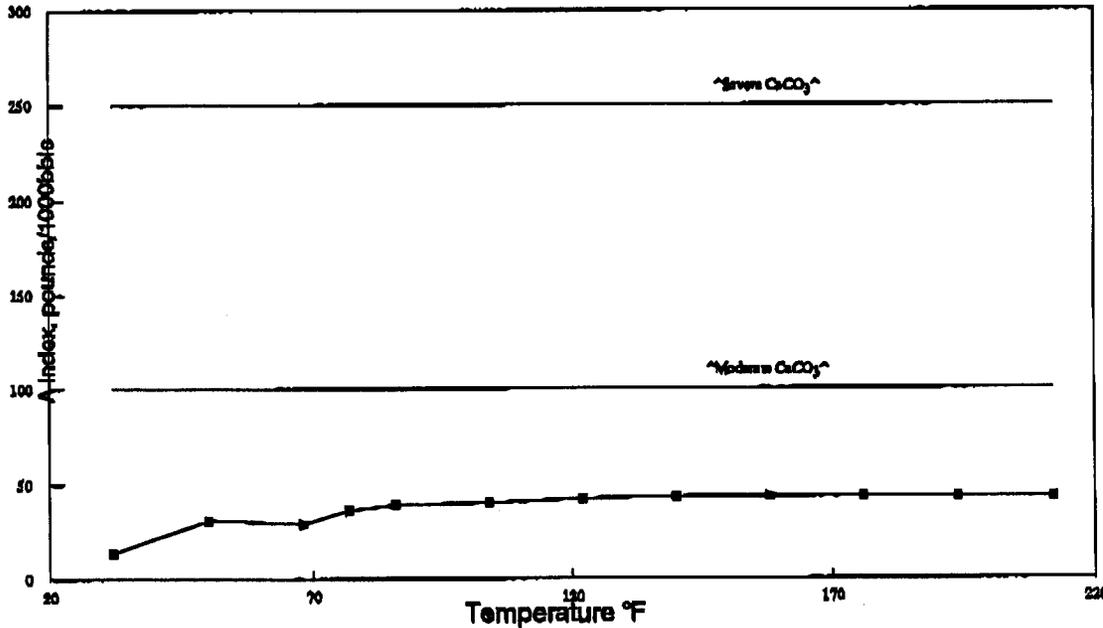
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 FAX (406) 252-6089 • 1-800-735-4489

Company: Mellnay & Associates	Date: 08/14/97
Field:	Location:
County:	Formation:
Lab ID: MIX 1	
Comment: Petral Exploration, LLC	
15% KNOCKANDU #2 RDH + 85% TAUS FED #25-84 SWD	
Description: Knockando #2 RDH	

Energy Laboratories, Inc. Stiff-Davis Report
Calcium Carbonate Scale Precipitation Calculations

Temperature		Stiff-Davis	Aggressivity
C	F	Index	Index
0	32	0.17	14
10	50	0.54	31
20	68	0.49	29
25	77	0.78	36
30	86	1.11	39
40	104	1.20	40
50	122	1.56	42
60	140	2.39	43
70	158	2.93	43
80	176	0.00	43



Scale calculation parameters	Temperatures
pH: 6.40 a.u.	Surface temperature: 81 °F
Ionic Strength: 4.323 μ	Downhole temperature: 130 °F

NOTE: Stiff Davis Index	NOTE: A Index: Assumes 100% precipitation lbs/1000bbls
- Undersaturation, scale negative.	- A Index > 0-100 Slight scaling.
0 Saturation point, scale unlikely.	- A Index > 100-250 Moderate scaling.
+ Supersaturation, scaling condition.	- A Index > 250+ Severe scaling.



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Company : McInay & Associates	Date : 08/14/97
Field :	Location :
County :	Formation :
Lab ID : MIX 2	
Comment : Petral Exploration, LLC	
5% KNOCKDEHU #3 + 95% TAUS FED #24-34 SWD	
Description :	

Energy Laboratories, Inc. Water Analysis Report

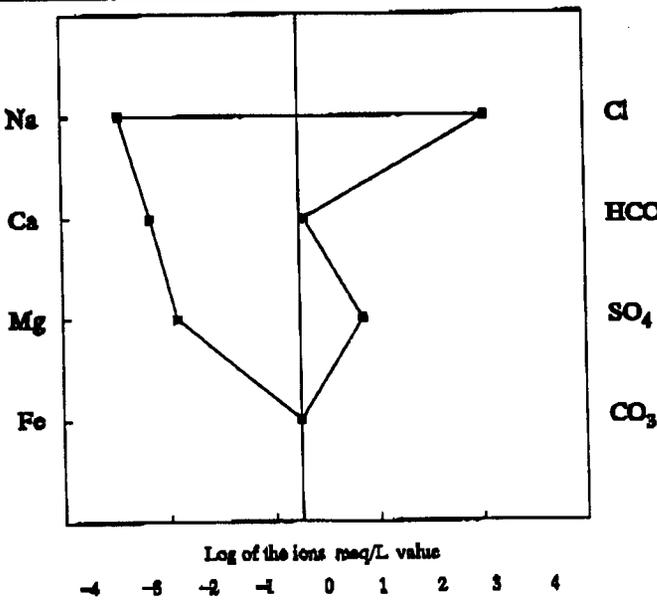
CATIONS			ANIONS		
	mg/l	meq/l		mg/l	meq/l
Potassium	1,613.0	41.25	Sulfate	773.4	16.11
Sodium	60,695.0	2,640.08	Chloride	133,750.0	3,772.63
Calcium	13,460.0	671.69	Carbonate	0.0	0.00
Magnesium	2,579.0	212.22	Bicarbonate	74.4	1.22
Iron	nd	nd	Hydroxide	0.0	0.00
Barium	nd	nd	-	-	-
Strontium	nd	nd	-	-	-
SUM +	78,347.0	3,568.24	SUM -	134,597.8	3,789.94

Solids		Sample Conditions	
Total Solids Calculated	213,600 mg/l	Temperature, °F	81 °F
Total Solids, NaCl equivalents	210,897 mg/l	pH, s.u.	6.40 s.u.
Chloride as NaCl	220,482 mg/l	Ionic Strength	4.13 μ
NaCl % of Total Dissolved Solids	72 %	Accuracy	3.82 Sigma

Other Properties		Scaling Conditions	
Calcium Hardness as CaCO ₃	33,607.3 mg/l	Specific Gravity	1.001 measured
Magnesium Hardness as CaCO ₃	10,618.7 mg/l	Specific Gravity	1.139 calculated
Total Hardness as CaCO ₃	44,226.0 mg/l	Resistivity, 68 F	0.053 ohm meter

Microbiological		Probable Mineral Residue, Dry	
Sulfate Reducing Bacteria	nd	CaCO ₃ : +	CaSO ₄ : -
		BaSO ₄ : -	SrSO ₄ : -

Water Analysis Pattern



Calculation error 0 %	
Compound	mg/l
NaCl	154,293
CaCl ₂	36,312
MgCl ₂	10,103
KCl	3,076
CaSO ₄	1,096
Ca(HCO ₃) ₂	99

08/29/97

NOTE: nd indicates not determined
 vs.230 Michael D. Carney



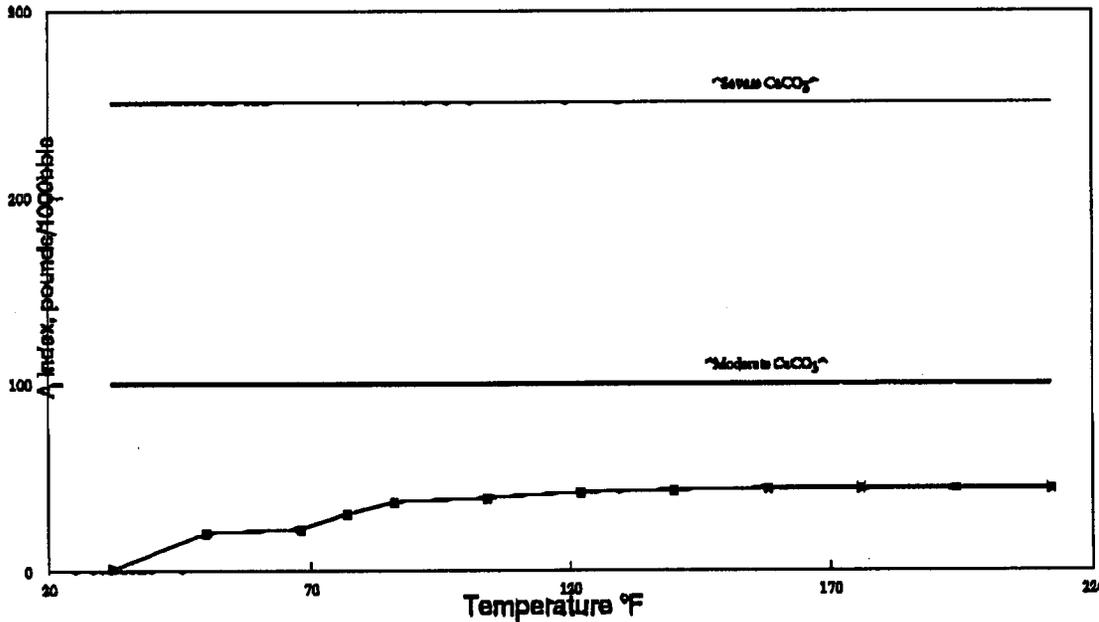
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 FAX (406) 252-6026 • 1-800-735-4489

Company: McInay & Associates	Date: 08/14/97
Field:	Location:
County:	Formation:
Lab ID: MDX 2	
Comment: Petral Exploration, LLC	
5% KNOCKDEHU #3 + 95% TAUS FED #24-34 SWD	
Description:	

Energy Laboratories, Inc. Stiff-Davis Report
Calcium Carbonate Scale Precipitation Calculations

Temperature		Stiff-Davis	Aggressivity
C	F	Index	Index
0	32	0.00	1
10	50	0.28	20
20	68	0.32	22
25	77	0.54	30
30	86	0.79	36
40	104	0.95	38
50	122	1.29	41
60	140	1.94	42
70	158	2.43	43
80	176	2.97	43



Scale calculation parameters	Temperatures
pH: 6.40 s.u.	Surface temperature: 81 °F
Ionic Strength: 4.128 μ	Downhole temperature: 130 °F

NOTE: Stiff Davis Index	NOTE: A Index; Assumes 100% precipitation lbs/1000bbls
- Undersaturation, scale negative.	- A Index > 0-100 Slight scaling.
0 Saturation point, scale unlikely.	- A Index > 100-250 Moderate scaling.
+ Supersaturation, scaling condition.	- A Index > 250+ Severe scaling.



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 FAX (406) 252-8099 • 1-800-735-4489

Company : McInay & Associates	Date : 08/14/97
Field :	Location :
County :	Formation :
Lab ID : MIX 3	
Comment : Petral Exploration, LLC	
15% KNOCKDHU #2 + 85% TAUS FED #24-84 SWD	
Description :	

Energy Laboratories, Inc. Water Analysis Report

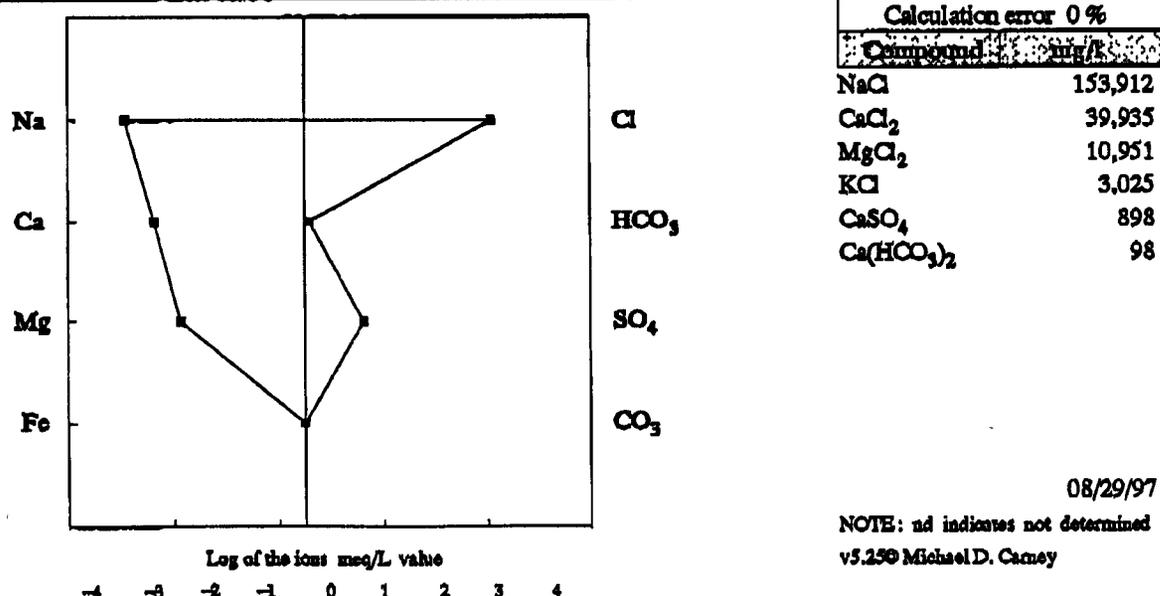
CATIONS			ANIONS		
	mg/l	meq/l		mg/l	meq/l
Potassium	1,586.5	40.58	Sulfate	633.7	13.20
Sodium	60,545.0	2,633.56	Chloride	135,500.0	3,821.99
Calcium	14,710.0	734.07	Carbonate	0.0	0.00
Magnesium	2,795.5	230.03	Bicarbonate	74.1	1.21
Iron	nd	nd	Hydroxide	0.0	0.00
Barium	nd	nd	-	-	-
Strontium	nd	nd	-	-	-
SUM +	79,637.0	3,638.24	SUM -	136,207.8	3,636.40

Solids		Sample Conditions	
Total Solids Calculated	216,400 mg/l	Temperature, °F	81 °F
Total Solids, NaCl equivalents	213,894 mg/l	pH, s.u.	6.30 s.u.
Chloride as NaCl	223,367 mg/l	Ionic Strength	4.23 μ
NaCl % of Total Dissolved Solids	71 %	Accuracy	3.33 Sigma

Other Properties		Scaling Conditions	
Calcium Hardness as CaCO ₃	36,728.4 mg/l	Specific Gravity	1.001 measured
Magnesium Hardness as CaCO ₃	11,509.6 mg/l	Specific Gravity	1.141 calculated
Total Hardness as CaCO ₃	48,238.0 mg/l	Resistivity, 68 F	0.053 ohm meter

Microbiological		Scaling Conditions	
Sulfate Reducing Bacteria	nd	CaCO ₃ :	+ CaSO ₄ : -
		BaSO ₄ :	- SrSO ₄ : -

Water Analysis Pattern Probable Mineral Residue, Dry



08/29/97

NOTE: nd indicates not determined
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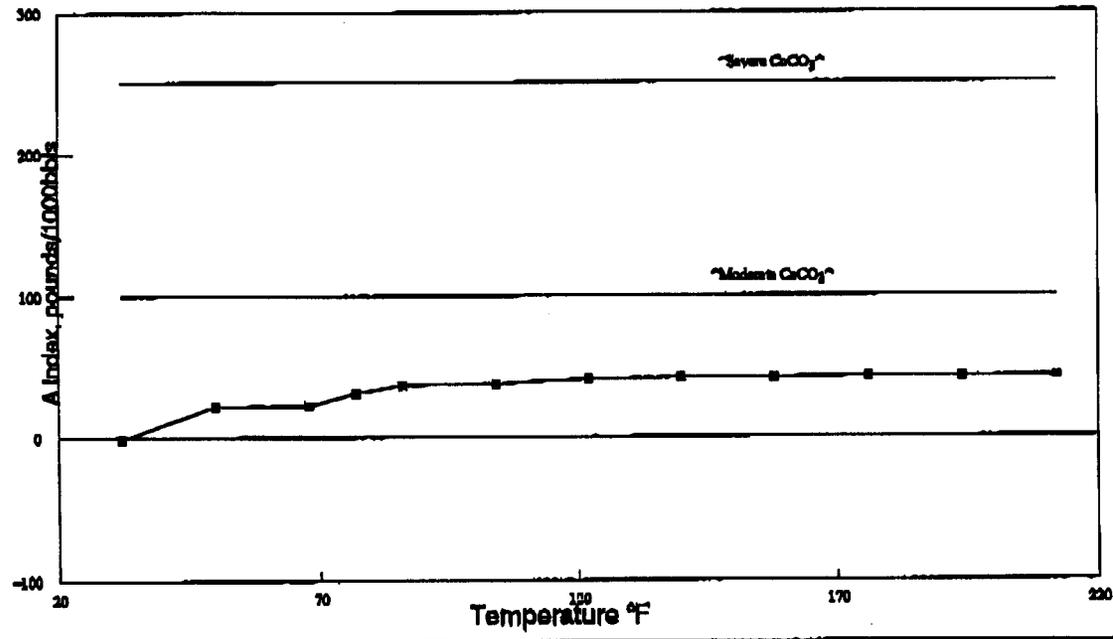
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 FAX (406) 252-6069 • 1-800-735-4489

Company: Mellnay & Associates	Date: 08/14/97
Field:	Location:
County:	Formation:
Lab ID: MIX 3	
Comment: Petral Exploration, LLC	
15% KNOCKDHU #2 + 85% TAUS FED #24-34 SWD	
Description:	

Energy Laboratories, Inc. Stiff-Davis Report
Calcium Carbonate Scale Precipitation Calculations

Temperature		Stiff-Davis	Aggressivity
C	F	Index	Index
0	32	-0.01	-1
10	50	0.32	22
20	68	0.31	22
25	77	0.57	31
30	86	0.85	37
40	104	0.98	38
50	122	1.33	41
60	140	2.07	42
70	158	2.58	42
80	176	0.00	43



Scale calculation parameters	Temperatures
pH: 6.30 a.u.	Surface temperature: 81 °F
Ionic Strength: 4.226 μ	Downhole temperature: 130 °F

NOTE: Stiff-Davis Index	NOTE: A Index: Assumes 100% precipitation lbs/1000bbbls
- Undersaturation, scale negative.	- A Index > 0-100 Slight scaling.
0 Saturation point, scale unlikely.	- A Index > 100-250 Moderate scaling.
+ Supersaturation, scaling condition.	- A Index > 250+ Severe scaling.



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Company : Mellnay & Associates	Date : 08/14/97
Field :	Location :
County :	Formation :
Lab ID : MIX 4	
Comment : Petral Exploration, LLC	
<i>Knockdhu</i> 15% KNOCKDHU #2 RDEH + 5% KNOCKDHU #3	
Description : + 15% KNOCKDHU #2 + 65% TAUS FED #24-84 SWD	

Energy Laboratories, Inc. Water Analysis Report

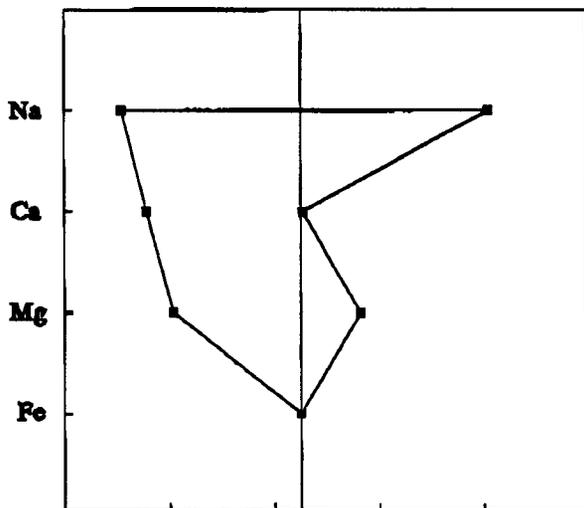
CATIONS	mg/l	meq/l	ANIONS	mg/l	meq/l
Potassium	1,574.0	40.26	Sulfate	672.6	14.01
Sodium	59,900.0	2,605.50	Chloride	138,550.0	3,908.02
Calcium	17,645.0	880.53	Carbonate	0.0	0.00
Magnesium	3,269.0	269.00	Bicarbonate	66.9	1.10
Iron	nd	nd	Hydroxide	0.0	0.00
Barium	nd	nd	-	-	-
Strontium	nd	nd	-	-	-
SUM +	82,388.0	3,795.20	SUM -	139,289.5	3,925.15

Solids		Sample Conditions	
Total Solids Calculated	222,150 mg/l	Temperature, °F	81 °F
Total Solids, NaCl equivalents	219,723 mg/l	pH, s.u.	6.30 s.u.
Chloride as NaCl	228,394 mg/l	Ionic Strength	4.44 μ
NaCl % of Total Dissolved Solids	69 %	Accuracy	2.10 Sigma

Other Properties		Scaling Conditions	
Calcium Hardness as CaCO ₃	44,056.6 mg/l	Specific Gravity	1.001 measured
Magnesium Hardness as CaCO ₃	13,459.4 mg/l	Specific Gravity	1.144 calculated
Total Hardness as CaCO ₃	57,516.0 mg/l	Resistivity, 68 F	0.053 ohm meter

Microbiological		Scaling Conditions	
Sulfate Reducing Bacteria	nd	CaCO ₃ : +	CaSO ₄ : +
		BaSO ₄ : -	SrSO ₄ : -

Water Analysis Pattern



Probable Mineral Residue, Dry	
Compound	mg/l
NaCl	152,272
CaCl ₂	48,024
MgCl ₂	12,806
KCl	3,001
CaSO ₄	953
Ca(HCO ₃) ₂	89

08/29/97
 NOTE: nd indicates not determined
 v5.250 Michael D. Carney

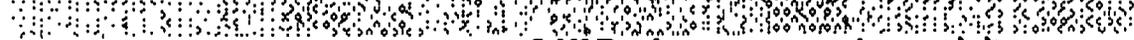


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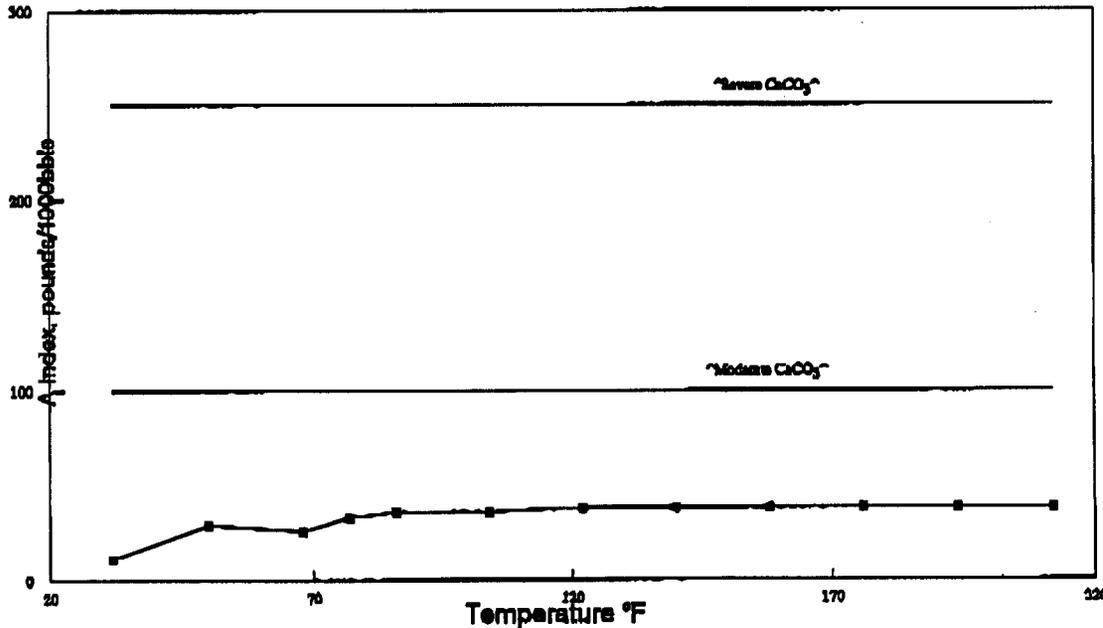
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Company: Mellinay & Associates	Date: 08/14/97
Field:	Location:
County:	Formation:
Lab ID: MIX 4	
Comment: Petral Exploration, LLC - <i>Knockands</i>	
15% KNOCKDHU #2 RDH + 5% KNOCKDHU #3	
Description: + 15% KNOCKDHU #2 + 65% TAUS FED #24-84 SWD	

Energy Laboratories, Inc. Stiff-Davis Report
Calcium Carbonate Scale Precipitation Calculations



Temperature		Stiff-Davis	Aggressivity
C	F	Index	Index
0	32	0.15	11
10	50	0.60	29
20	68	0.48	26
25	77	0.82	33
30	86	1.20	36
40	104	1.24	36
50	122	1.61	38
60	140	2.57	38
70	158	0.00	38
80	176	0.00	38



Scale calculation parameters	Temperatures
pH: 6.30 s.u.	Surface temperature: 81 °F
Ionic Strength: 4.441 μ	Downhole temperature: 130 °F

NOTE: Stiff Davis Index	NOTE: A Index; Assumes 100% precipitation lbs/1000bbls
- Undersaturation, scale negative.	- A Index > 0-100 Slight scaling.
0 Saturation point, scale unlikely.	- A Index > 100-250 Moderate scaling.
+ Supersaturation, scaling condition.	- A Index > 250+ Severe scaling.



ENERGY LABORATORIES, INC.

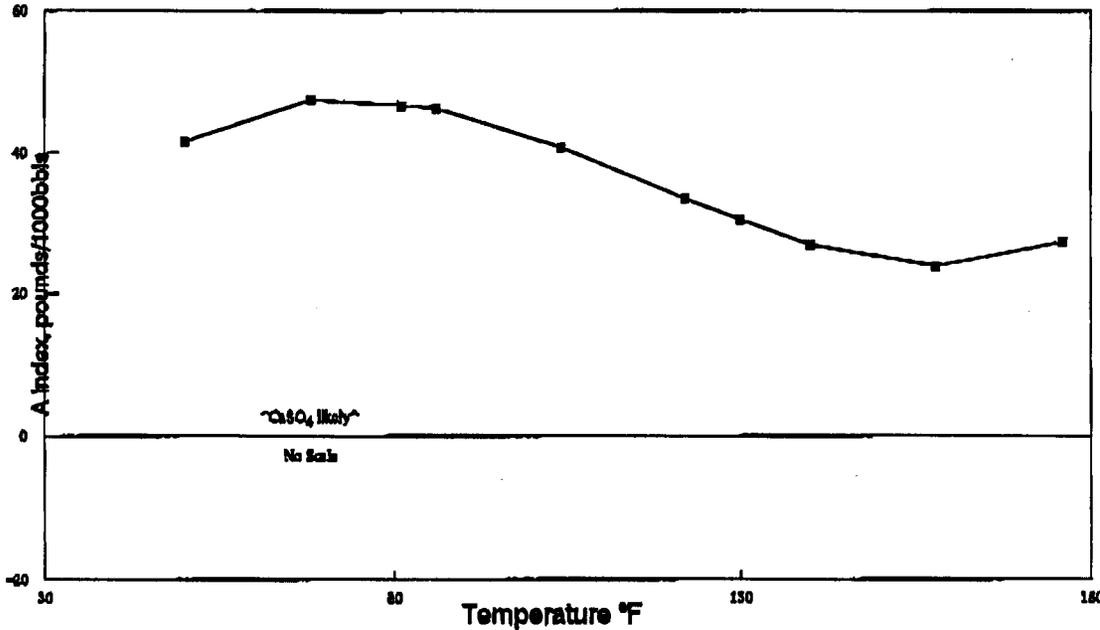
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 FAX (406) 252-6069 • 1-800-735-4469

Company : McInay & Associates	Date : 08/14/97
Field :	Location :
County :	Formation :
Lab ID : MIX 4	
Comment : Petral Exploration, LLC, Knockcode #2, RDH	
15% KNOCKDHU #2 RDH + 5% KNOCKDHU #3	
Description : + 15% KNOCKDHU #2 + 65% TAUS FED #24-84 SWD	

Energy Laboratories, Inc. Skillman Method
Calcium Sulfate Scale Precipitation Calculations



Temperature		SOLUBILITY		S	A
C	F	Actual	Calculated	Index	Index
10	50	14.01	- 12.26	= 1.75	42
20	68	14.01	- 12.02	= 1.99	47
27	81	14.01	- 12.05	= 1.95	47
30	86	14.01	- 12.07	= 1.94	46
40	104	14.01	- 12.30	= 1.71	41
50	122	14.01	- 12.60	= 1.40	33
54	130	14.01	- 12.73	= 1.28	31
60	140	14.01	- 12.88	= 1.13	27
70	158	14.01	- 13.01	= 1.00	24
80	176	14.01	- 12.87	= 1.14	27



Scale calculation parameters	Temperatures
pH: 6.30 s.u.	Surface temperature : 81 °F
Ionic Strength : 4.441 μ	Downhole temperature : 130 °F

NOTE: 'S' Index	NOTE: 'A' Index; Assumes 100% precipitation lbs/1000bbls
- Undersaturation, scale negative.	- A Index <= 0 Scale formation negative.
0 Saturation point, scale unlikely.	- A Index > 0 Scale formation positive.
+ Supersaturation, scaling condition.	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Petral Exploration, LLC

3. Address and Telephone No. c/o McIlnay & Associates, Inc.
 2305 Oxford Lane, Casper, WY 82604 (307) 265-4351

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 2521' FNL & 615' FWL (SW NW) Sec. 33-T37S-R25E

5. Lease Designation and Serial No.
 UTU-75521

6. If Indian, Allottee or Tribe Name
 NA

7. If Unit or CA, Agreement Designation
 Knockdhu Unit (75040X)

8. Well Name and No.
 #3

9. API Well No.
 43-037-31785

10. Field and Pool, or Exploratory Area
 Unnamed

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

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

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

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

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

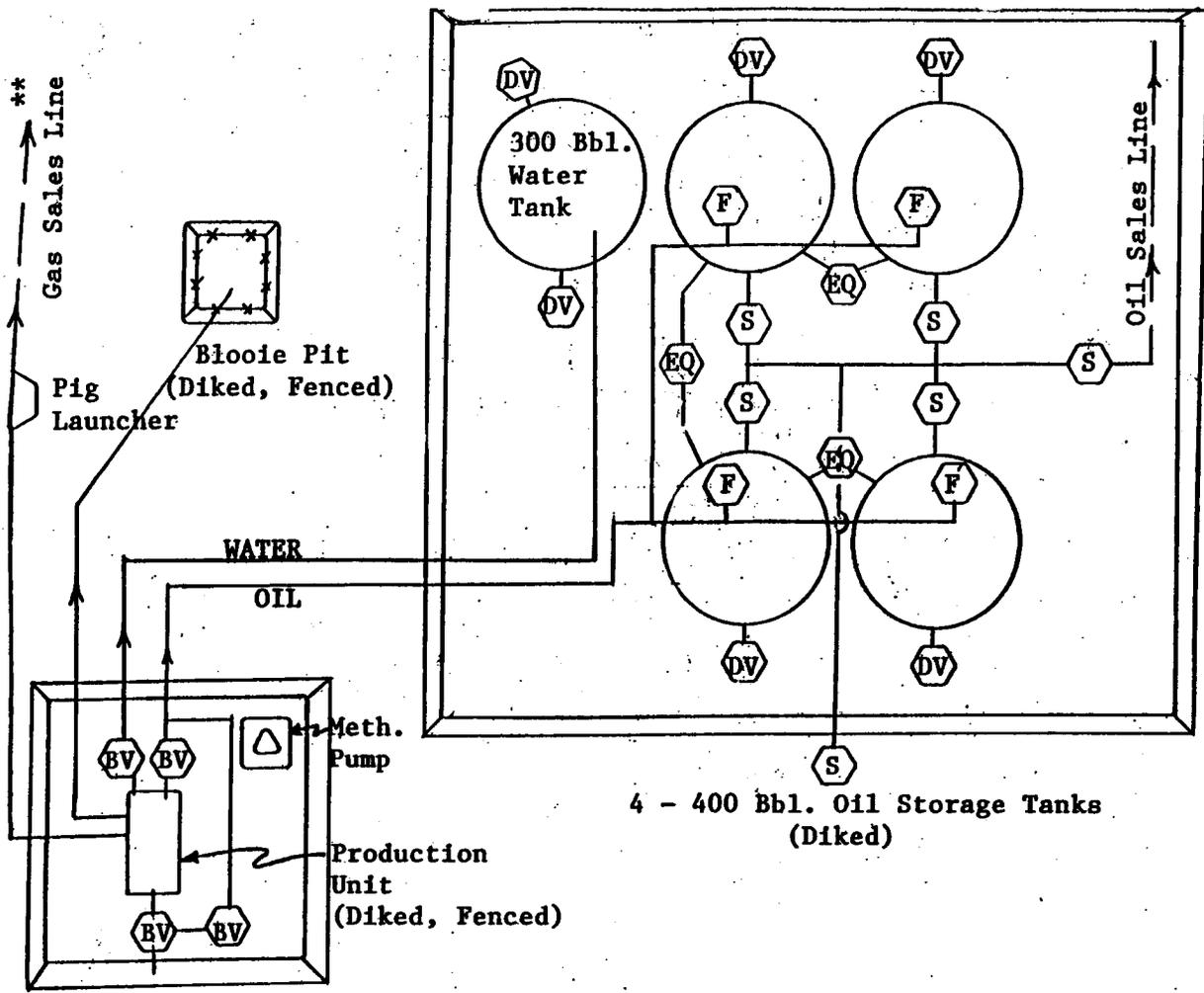
Attached is the Site Security Diagram and Site Security Plan.



14. I hereby certify that the foregoing is true and correct
 Signed [Signature] Title McIlnay & Associates, Inc. Consulting Engineers Date 10-15-97
 (This space for Federal or State office use)

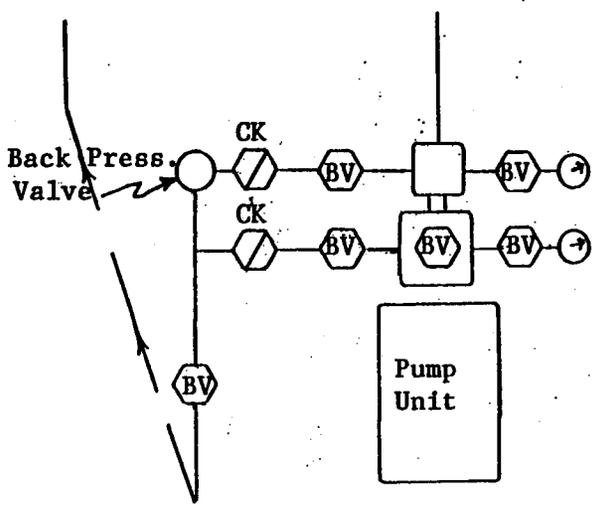
Approved by _____ Title _____ Date _____
 Conditions of approval, if any:

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



**
Gas Meters
 Located at Patterson "A" Battery
 S/2 SW/4 Sec. 33-T37S-R25E
 San Juan County, Utah

Valves		Phase/Position	
		Production	Sales
F	Oil In	Open	Closed
S	Sales	Closed	Open
DV	Drain	Closed	Closed
EQ	Equalizer	Open	Closed



FACILITY DIAGRAM
 Petral Exploration, LLC
 #3 Knockdhu Unit
 SW NW Sec. 33-T37S-R25E
 San Juan County, Utah
 Lease #UTU75521
 Unit #UTU75040X

SITE SECURITY PLAN

Petral Exploration, LLC
Paradox Basin Project

1. **Self Inspection Program:** The lease will be inspected on a daily basis and production volumes recorded. All valves requiring seals will be sealed.
2. **A record will be made of the seals used including the serial number, date on, date off, and description of use. All sales will be documented by complete and accurate run tickets.**
3. **Any incidents of theft or mishandling of oil will be reported no later than the next business day to the authorized officer. All oral reports shall be followed up with a written report within 10 business days. The incident report shall supply the following:**
 - a. **Company Name and name of the individual reporting the incident.**
 - b. **Lease number, communitization agreement number, or unit agreement name and number and participating area, as appropriate.**
 - c. **Legal location of the facility where the incident occurred.**
 - d. **The estimated volume of oil or condensate removed.**
 - e. **The way access was obtained to the production or how the mishandling occurred.**
 - f. **The individual who discovered the incident.**
 - g. **Date and time of the discovery of the incident.**
 - h. **Whether the incident was or was not reported to local law enforcement agencies and company security.**
4. **Lease inspection to ensure that there are no by-passes of meters.**
5. **Leases, communitization agreements, unit agreements, and specific facilities that are subject to this plan: Knockdhu Unit No. UTU - 75040X, Lease Nos. UTU 75521, UTU 18452A, Knockando Lease No. UTU - 065915, and all other Petral operated wells on BLM leases in the San Juan Resource Area, (Moab & Monticello Offices).**
6. **Authorized Officers:**

Monticello BLM Office, San Juan Resource Area, 435 No. Main, Monticello, UT 84535, Phone (801)587-2141; Attn.: Gary Torres, Jeff Brown.

Moab District Office, 82 Dogwood, Ste. M, Moab, UT 84532, Phone (801)259-6111; Attn: Eric Jones

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

5. Lease Designation and Serial Number:

UTU-75521

6. If Indian, Alutian or Tribe Name:

7. Unit Agreement Name:

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. Type of Well: OIL GAS OTHER:

8. Well Name and Number:

Knockdhu Unit #3

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

9. API Well Number:
43-037-31785

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

10. Field and Pool, or Wildcat:
Unnamed

4. Location of Well

Footages: 2521'FNL & 615'FWL
O.G. Sec., T., R., M.: T37S-R25E Sec 33 SW/4NW/4

County: San Juan
State: Utah

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

NOTICE OF INTENT
(Submit in Duplicate)

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

Approximate date work will start _____

SUBSEQUENT REPORT
(Submit Original Form Only)

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

Date of work completion _____

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

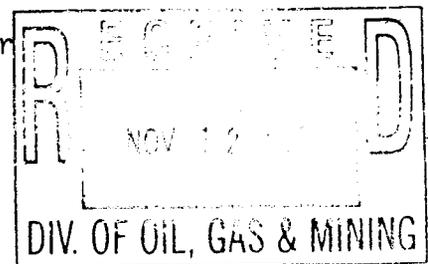
* Must be accompanied by a cement verification report.

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

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

From: Dianne Shroyer
Petral Exploration, LLC, Captiva Resources, Inc., Manager
P.O. Box 5093
Denver, CO 80217-5083

New Operator:



13.

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

(This space for State use only)

150/109

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

RECEIVED
BLM FIELD OFFICE

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 2521' FNL & 615' FWL (SW/4NW/4) Sec 33-T37S-R25E

5. Lease Designation and Serial No.
 UTU-75521

6. If Indian, Allottee or Tribe Name
 08

7. If Unit or CA, Agreement Designation

8. Well Name and No.
 Knockdhu Unit #3

9. API Well No.
 43-037-31785

10. Field and Pool, or Exploratory Area
 Unnamed

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

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

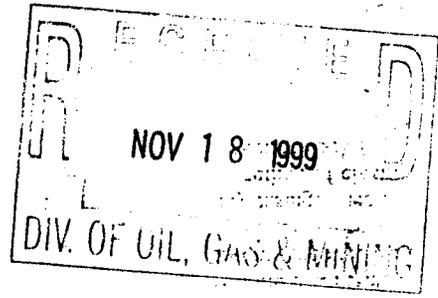
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent <input checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Other <u>Change of Operator</u>
	<input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>

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

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

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

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



14. I hereby certify that the foregoing is true and correct
 Signed Tom McCarthy Title Engineer Date 11/3/99

(This space for Federal or State office use)
 Approved by William A. [Signature] Title Assistant Field Manager, Division of Resources Date 11/15/99
 Conditions of approval, if any:

cc: DOGMIIS/K9

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

15/11/99

Robert L. Bayless, Producer LLC
Well No. 3
Sec. 33, T. 37 S., R. 25 E.
Lease UTU75521
San Juan County, Utah

CONDITIONS OF APPROVAL

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

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

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

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

OPERATOR CHANGE WORKSHEET

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

Attach all documentation received by the division regarding this change.
 Initial each listed item when completed. Write N/A if item is not applicable.

- Change of Operator (well sold) Designation of Agent
 Designation of Operator Operator Name Change Only

The operator of the well(s) listed below has changed, effective: 11-1-99

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

WELL(S) attach additional page if needed:

***KNOCKDHU UNIT**

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

OPERATOR CHANGE DOCUMENTATION

- KDR 1. (r649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator (attach to this form). *(Rec'd 11.12.99)*
- KDR 2. (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). *(Rec'd 11.12.99)*
- N/A 3. The **Department of Commerce** has been contacted if the new operator above is not currently operating any wells in Utah. Is the company registered with the state? (yes/no) _____ If yes, show company file number: _____
- KDR 4. **FOR INDIAN AND FEDERAL WELLS ONLY.** The BLM has been contacted regarding this change. Make note of BLM status in comments section of this form. BLM approval of **Federal** and **Indian** well operator changes should ordinarily take place prior to the division's approval, and before the completion of steps 5 through 9 below. *(Rec'd 11.18.99) (Rec'd 12.13.99)*
- KDR 5. Changes have been entered in the **Oil and Gas Information System (3270)** for each well listed above. *(11.24.99) → 3 wells (1.20.2000 → 2 wells Knockdhu unit)*
- DR 6. **Cardex** file has been updated for each well listed above.
- HA 7. Well **file labels** have been updated for each well listed above.
- DR 8. Changes have been included on the monthly "Operator, Address, and Account Changes" **memo** for distribution to Trust Lands, Sovereign Lands, UGS, Tax Commission, etc. *(11.24.99 * 3 wells) (1.21.2000 2 wells Knockdhu unit)*
- KDR 9. A folder has been set up for the **Operator Change file**, and a copy of this page has been placed there for reference during routing and processing of the original documents.

