

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL **DEEPEN**

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

2. NAME OF OPERATOR
Legacy Energy Corporation (303) 405-8440

3. ADDRESS AND TELEPHONE NO.
P.O. Box 480272, Denver, Co. 80248-0272

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface **2222' FNL & 2115' FEL**
 At proposed prod. zone **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
34 air miles NW of Monticello, Utah

10. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
1,202'

16. NO. OF ACRES IN LEASE
916.19

17. NO. OF ACRES ASSIGNED TO THIS WELL
Likely 40

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

19. PROPOSED DEPTH
5,400'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4,646' ungraded ground

22. APPROX. DATE WORK WILL START*
Upon Approval

5. LEASE DESIGNATION AND SERIAL NO.
UTU-75058

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

7. UNIT AGREEMENT NAME
Lockhart Canyon

8. FARM OR LEASE NAME, WELL NO.
Lockhart Federal

9. AP WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
5-29s-21e SLBM

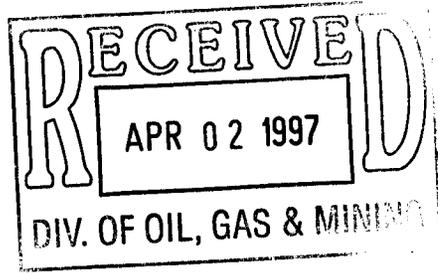
12. COUNTY OR PARISH
San Juan

13. STATE
Ut.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	Conductor	120'	≈100 cu. ft. & to surface
12-1/4"	8-5/8"	24# (J-55)	1,000'	≈570 cu ft & to surface
7-7/8"	5-1/2"	15.5# (J-55)	5,400'	≈415 cu ft & to 3,500'

This APD is also serving as a BLM right-of-way application for the non-unit, non-county road portion of the BLM access (W2SW4 31-28s-21e and NENW, W2NE, & SENE 6-29s-21e). All of the right-of-way is an existing road which leads to a P&A well. Dimensions are ≈7,400 (1.4 mi.) x 20' = 3.40 acres.



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 of any BLM(DO & RA), Legacy, UDOGM

SIGNED *Brian Wood* TITLE Consultant (505) 466-8120 DATE 3-29-97

(This space for Federal or State office use)

PERMIT NO. 43-037-31788 APPROVAL DATE _____

Application approval 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.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *John R. Baye* TITLE Associate Director DATE 9/5/97

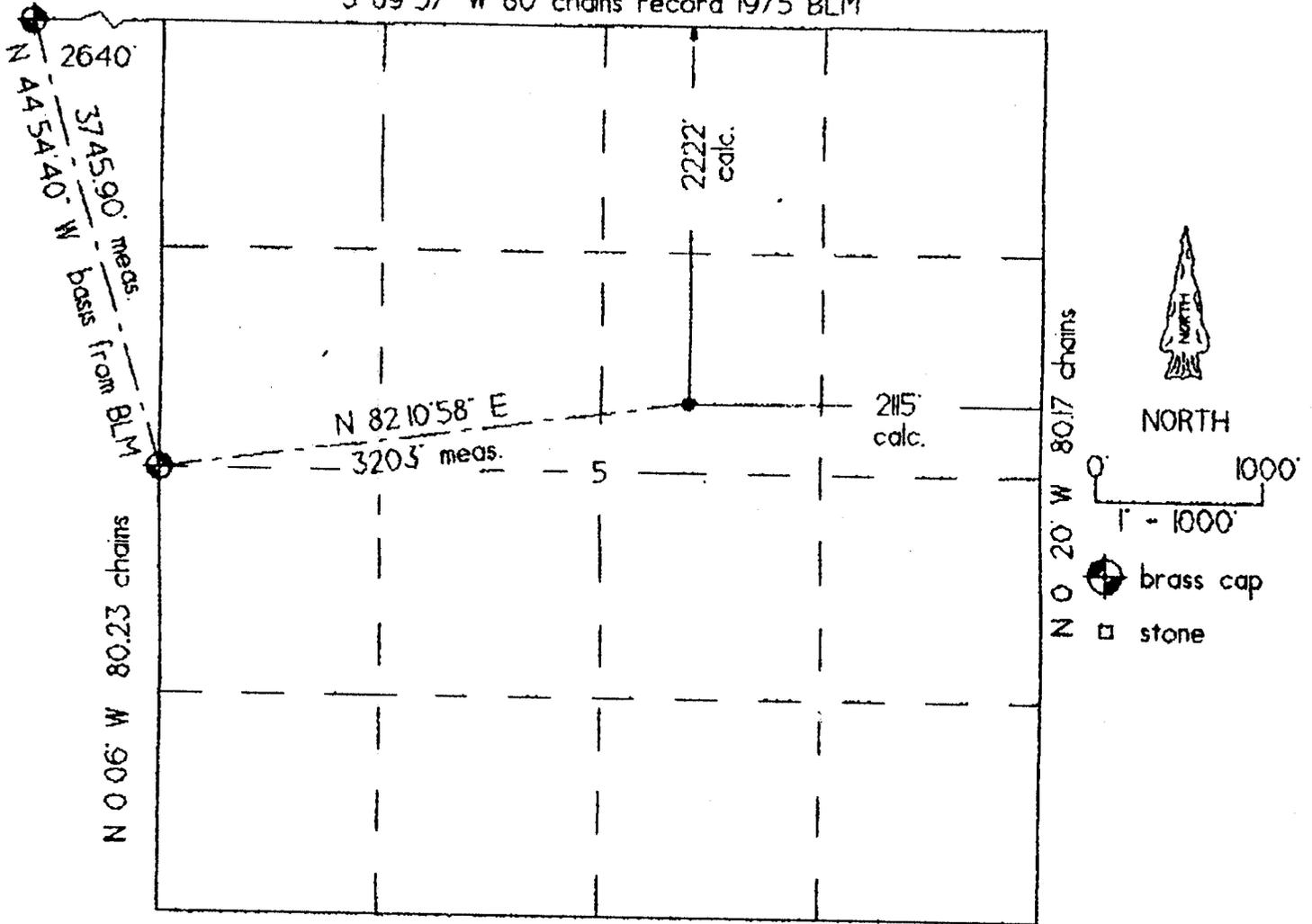
*See Instructions On Reverse Side

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

N 1/4 S 6

Well Location Plat

S 89 57' W 80 chains record 1975 BLM



S 89 54' W 79.58 chains record

Well Location Description

LEGACY ENERGY CORPORATION
 Lockhart Fedral # 1
 2222' FNL & 2115' FEL
 Section 5, T.29 S., R.21 E., SLM
 San Juan County, UT
 4646' grd. el. (from USGS topo. map)



25 March 1997

Gerald G. Huddleston
 Gerald G. Huddleston, LS

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(See instructions on reverse side)

OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL **DEEPEN**

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OIL WELL **GAS WELL** **OTHER**
SINGLE ZONE **MULTIPLE ZONE**

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19. PROPOSED DEPTH **5,400'**

20. ROTARY OR CABLE TOOLS **Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.) **4,646' ungraded ground**

22. APPROX. DATE WORK WILL START* **Upon Approval**

5. LEASE DESIGNATION AND SERIAL NO.
UTU-75058

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

7. UNIT AGREEMENT NAME
Lockhart Canyon

8. FARM OR LEASE NAME, WELL NO.
Lockhart Federal

9. API WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Wildcat

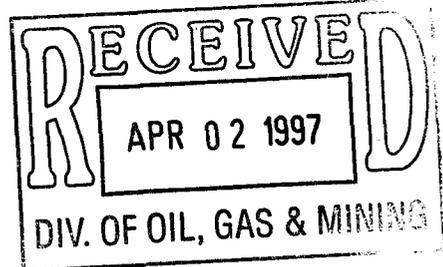
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
5-29s-21e SLBM

12. COUNTY OR PARISH 13. STATE
San Juan Ut.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 of any BLM (DO & RA), Legacy, UDOGM

SIGNED *[Signature]* TITLE **Consultant (505) 466-8120** DATE **3-29-97**

(This space for Federal or State office use)
 PERMIT NO. **43-037-31788** APPROVAL DATE _____

Application approval 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.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *[Signature]* TITLE **Associate Director** DATE **9/5/97**

*See Instructions On Reverse Side

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WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/02/97

API NO. ASSIGNED: 43-037-31788

WELL NAME: LOCKHART FEDERAL #1
 OPERATOR: LEGACY ENERGY CORP (N6945)

PROPOSED LOCATION:
 SWNE 05 - T29S - R21E
 SURFACE: 2222-FNL-2115-FEL
 BOTTOM: 2222-FNL-2115-FEL
 SAN JUAN COUNTY
 WILDCAT FIELD (001)

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

LEASE TYPE: FED
 LEASE NUMBER: UTU - 75058

PROPOSED PRODUCING FORMATION: CNCR

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal State Fee
 (Number _____)

Potash (Y/N)
 Oil shale (Y/N)
 Water permit
 (Number _____)

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

LOCATION AND SITING:

R649-2-3. Unit: LOCKHART CANYON
 R649-3-2. General.
 R649-3-3. Exception.

Drilling Unit.
 Board Cause no: _____
 Date: _____

COMMENTS: _____

STIPULATIONS: 1. Water stip.

OPERATOR: LEGACY ENERGY (N6945)
FIELD: WILDCAT (001)
SEC, TWP, RNG: 5, 29S, 21E
COUNTY: SAN JUAN
UAC: R649-3-3



PREPARED:
DATE: 4-APR-97

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

5. Lease Designation and Serial No.

UTU-75058

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

Lockhart Canyon

8. Well Name and No.

Lockhart Federal #1

9. API Well No.

N/A

10. Field and Pool, or Exploratory Area

Wildcat

11. County or Parish, State

San Juan, Ut.

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Legacy Energy Corporation (303) 405-8440

3. Address and Telephone No.

P.O. Box 480272, Denver, Co. 80248-0272

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

Surface: SWNE 5-29s-21e

BHL: Same

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

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

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

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

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

Road has been rerouted to take advantage of better grade. New route will follow seismic lines for 4800'. Will install one 30" x 50' CMP culvert. Maximum cut or fill will not exceed 10'. If P&A; culvert will be pulled, all 4800' will be reclaimed, and remainder of old road west to county road will be narrowed.

Will temporarily install 2 cattleguards on county road if drilling during grazing season. Cattleguards will remain if production results.

County encroachment permit approved.

BLM right-of-way will now total 8,500' (1.6 mi.) and 3.9 acres. Will need extra 30' width at culvert (total of 90').

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

RECEIVED
APR 21 1997

cc: BLM, Legacy, UDOGM

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

Signed [Signature]

Title

Consultant OIL, GAS & MINING
(509) 466-8120

Date

4-18-97

(This space for Federal or State office use)

Approved by _____

Title

Date

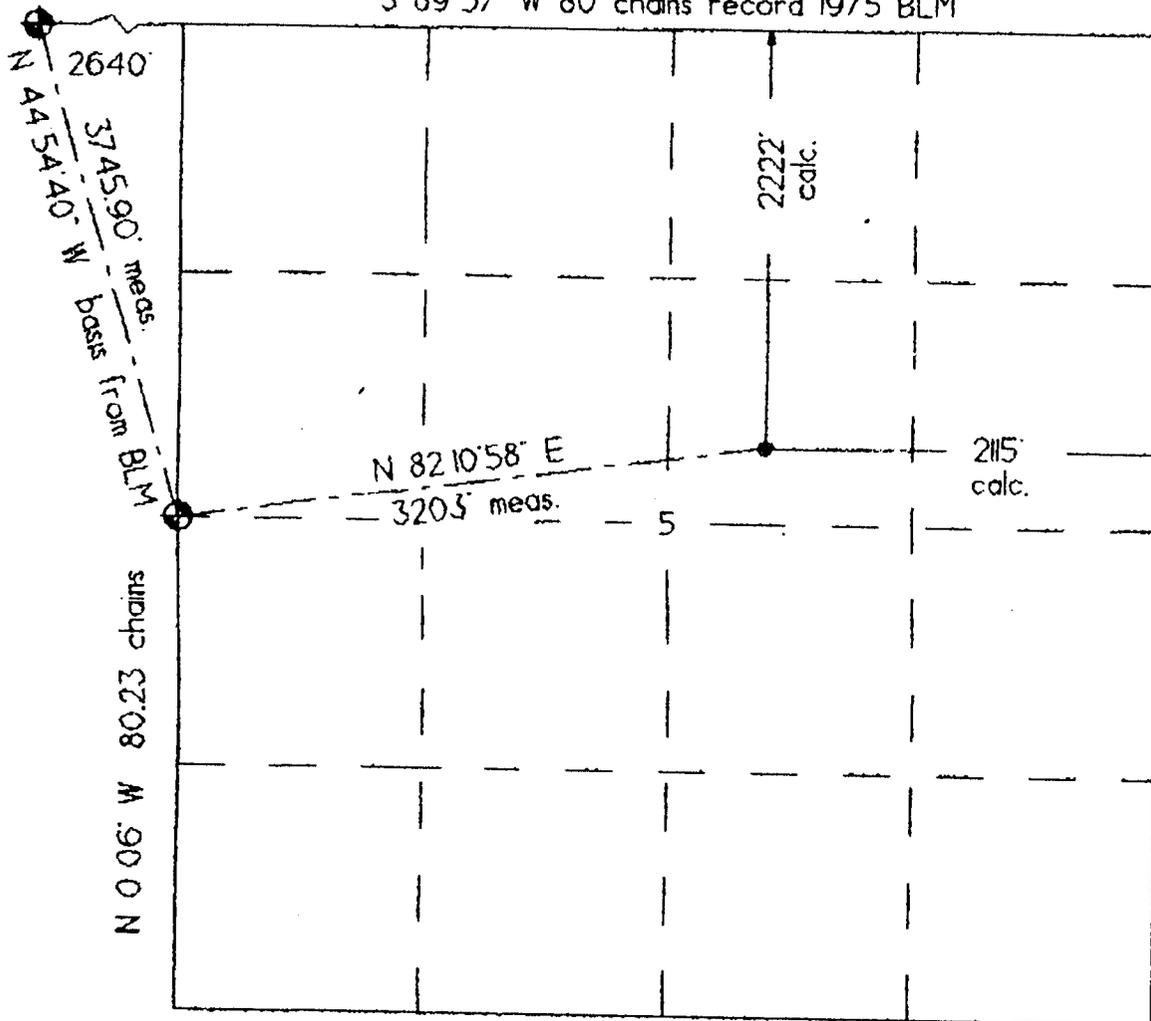
Conditions of approval, if any:

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N 1/4 S 6

Well Location Plat

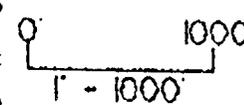
S 89 57' W 80 chains record 1975 BLM



N 0 20' W 80.17 chains



NORTH



1" = 1000'

brass cap

stone

S 89 54' W 79.58 chains record

Well Location Description

LEGACY ENERGY CORPORATION

Lockhart Fedral # 1

2222' FNL & 2115' FEL

Section 5, T.29 S., R.21 E., SLM

San Juan County, UT

4646' grd. el. (from USGS topo. map)



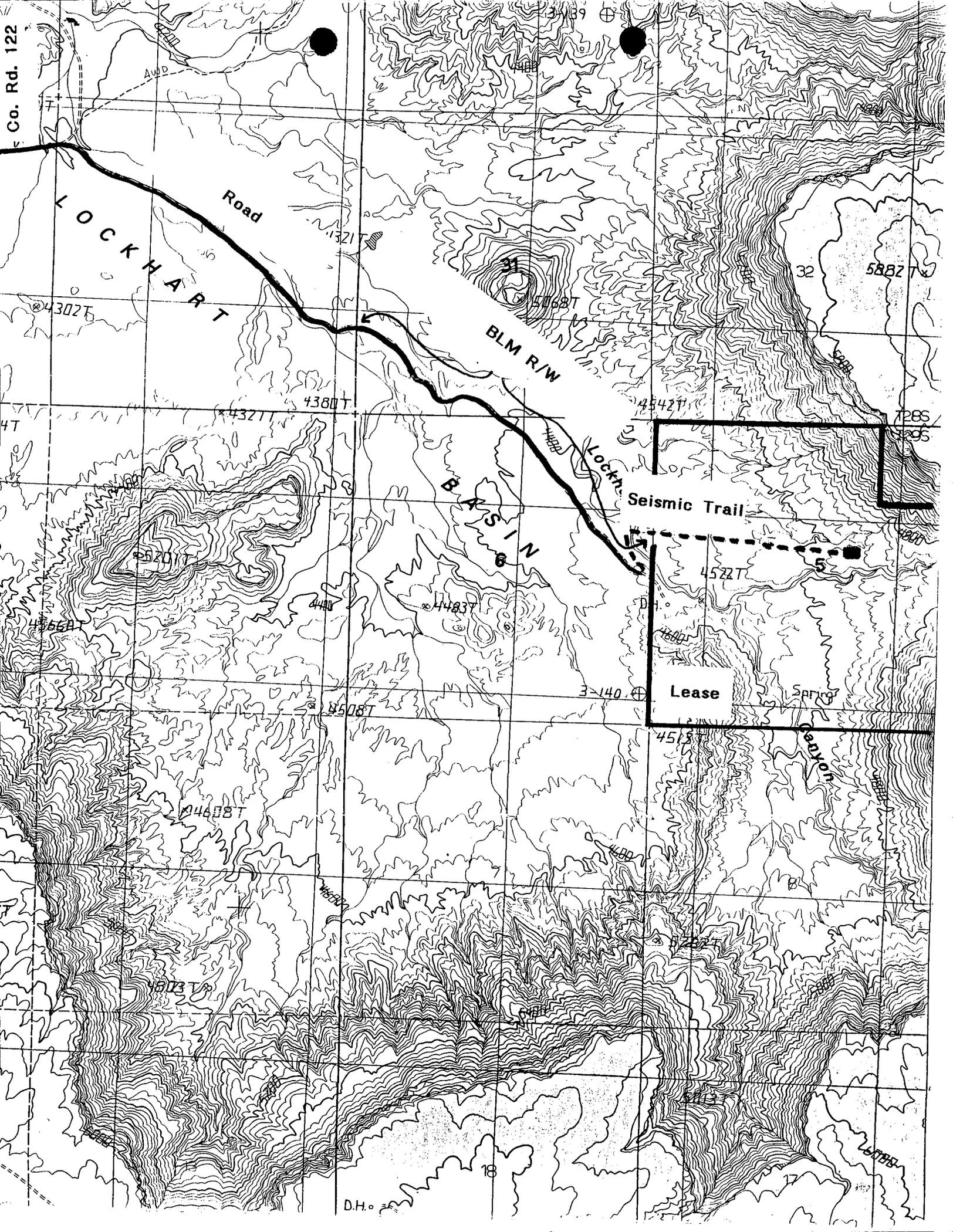
25 March 1997

Gerald G. Huddleston

Gerald G. Huddleston, LS

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

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



LOCKHART

Road

BLM R/W

BASIN

Seismic Trail

Lease

Canyon

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 1

All lease operations will fully comply with applicable laws, regulations (43 CFR 3100), Onshore Oil & Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. Legacy Energy Corporation will furnish a copy of these conditions to its field representative to assure compliance.

Drilling Program

1. ESTIMATED FORMATION TOPS

<u>Formation Name</u>	<u>Depth from GL*</u>	<u>Depth from KB</u>	<u>Subsea Depth</u>
Chinle Sh	0'	12'	+4,646'
Cutler Ss & Sh	10'	22'	+4,636'
Hermosa	1,046'	1,058'	+3,600'
Ismay	2,526'	2,538'	+2,120'
Desert Creek	2,764'	2,776'	+1,882'
Akah Shale	2,984'	2,996'	+1,662'
Cane Creek	5,246'	5,258'	-600'
Total Depth (TD)	5,400'	5,412'	-754'

* based on ungraded ground level of 4,646'

2. NOTABLE ZONES

Oil and gas may be found in the Ismay, Desert Creek, and Cane Creek. Fresh water is not expected. Brine may be found between the Akah and Cane Creek. Uranium may be found in the Chinle. Oil and gas shows which appear to be commercial to the well site geologist will be tested. Lost circulation could occur in the Cutler and Hermosa.

All fresh water or usable (<10,000 ppm TDS) water and prospectively valuable minerals will be recorded by depth and protected by casing and

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 2

cement. When possible, water flow rates will be measured, samples taken and analyzed, and the results forwarded to BLM.

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

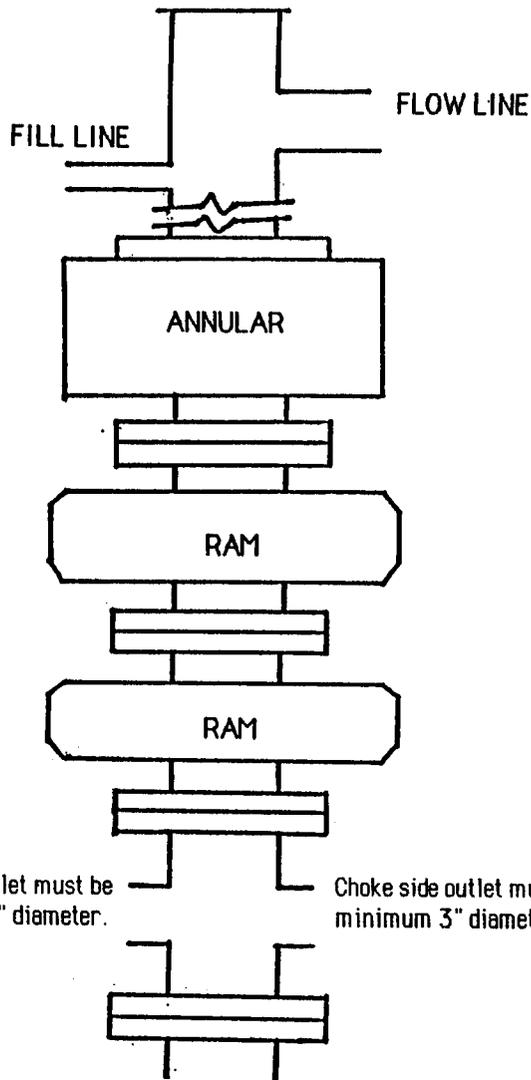
BOP system will follow Onshore Order 2 and API RP 53. A drilling contract has not yet been awarded, thus the exact BOP to be used is not now known. Minimum BOP system rating will be 3000 psi. A diagram of a typical 3000 psi BOP (maximum expected pressure is \approx 2200 psi) is on PAGE 3.

BOP will be 11" x 3,000 psi WP double gate with blind and 4-1/2" pipe rams. Rig will be equipped with upper and lower kelly cocks and a stabbing valve (with a wrench available at all times).

The flanged casing head will be an 8-5/8" x 11" x 3,000' psi WP with two 2" LP outlets. Outlets will be equipped with one 2" x 2,000 psi WP ball valve and one 2" x 3,000 psi WP bull plug. Tubing head is expected to be an 11" x 7-1/16" x 3,000 psi WP tubing head with two 2" LP outlets. Outlets will be equipped with two 2" x 2,000 psi WP gate valves. Tubing will be 2-7/8" 6.5# J-55 EUE.

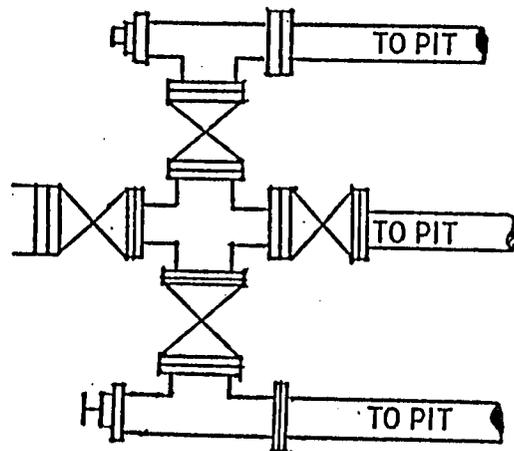
BOP controls will be installed before drilling the surface casing plug and stay in use until the well is completed or abandoned. Call BLM at (801) 587-2141 at least three hours before pressure testing. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Pipe rams will be closed daily and blind rams on trips.

All BOP mechanical tests, pressure tests, and inspections will be recorded on the drillers log or daily drilling report.



TYPICAL BOP STACK
 & CHOKE MANIFOLD

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



Kill side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

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

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

4. CASING & CEMENTING

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth</u>
17-1/2"	13-3/8"		Conductor Pipe		New	120'
12-1/4"	8-5/8"	24#	J-55	ST&C	New	1,000'
7-7/8"	5-1/2"	15.5#	J-55	ST&C	New	5,400'

Conductor pipe will be cemented to surface with \approx 100 cu. ft. Redi-mix

Call BLM at (801) 587-2141 50' prior to reaching surface casing depth. Surface casing will be cemented to surface by pumping \approx 50 bbl fresh water, leading with \approx 250 sx (450 cu ft and 12.8 ppg) Light with 1/4 #/sk cellophane flakes + 2% CaCl₂, and tailing with \approx 100 sx (120 cu ft and 15.6 ppg) Class G with 1/4 #/sk cellophane flakes+ 2% CaCl₂. There will be \approx 100 sx neat cement and one inch tubing on site for use if a top job is needed. Equipment will include:

- 1) Guide shoe with an insert float located one joint above the shoe
- 2) Top and bottom rubber wiper plugs
- 3) Centralizer with a stop ring in the middle of the shoe joint
- 4) Centralizers over collars on first 3 connections.

Production casing will be cemented from TD to \approx 3,500' by pumping \approx 50 bbl Super flush followed by \approx 435 sx (415 cu. ft. @ 17.5 ppg) Class G + 0.75% friction reducer. Volume is based on 25% excess and yield of 0.95 cu. ft./sk. Actual volume and additives will be determined by caliper log, temperature, producing zone intervals, make up water, etc. Equipment will include:

- 1) Differential fill float collar set one joint above guide shoe
- 2) Top and bottom rubber wiper plugs
- 3) Centralizer with stop ring in middle of shoe joint.
- 4) Centralizers over collars on first 5 connections, excluding float collar. Centralize through and 100' on either side of potentially productive zones.
- 5) Thread lock all connections through float collar. Use API casing dope on all other connections.

5. MUD PROGRAM

<u>Depth</u>	<u>Type</u>
0'- 500'	Fresh water with gel/lime weighted to 8.4-8.8 ppg.
500' - 4,500'	Air mist drilled
4,500' - TD	Salt saturated, weight with barite to \approx 13.5 ppg. Raise weight if needed. Maximum mud weight 16 ppg.

Lost circulation materials (e.g., cedar bark, paper shreds) will be on site.

6. CORING, TESTING, & LOGGING

No cores are planned. DSTs may be run if significant shows are found. DST times will be IF (15 min.), ISI (45 min.), FF (60-90 min.), and FSI (2 x FF). Test string will include dual packers, top and bottom pressure recorders, jars, safety joint, sample chamber, and reverse circulating sub (pressure and bar activated). Fluid entry will be monitored with an echometer.

DIL-SFL-SP-GR and BHC-Sonic-GR-CAL may be run from the base of the surface casing to TD. A LDT-CNL-GR-CAL may be run across the bottom 3000'. One man mud logging unit with gas detector and gas chromatograph will be on site from \approx 2400' to TD. Cuttings will be collected every 30' from surface to \approx 2400' and every 10' from \approx 4500' to TD.

Whether it is completed as a dry hole or producer, "Well Completion or Recompletion Report and Log" (Form 3160-4) will be submitted within 30 days after completion of the well or after completion of operations *per* 43 CFR 3162.4-1. Two copies of all logs, core descriptions & analyses, test data, geologic summaries, sample descriptions, and all other data obtained during drilling, work over, and/or completion operations, will be filed with Form 3160-4. (If requested, sample cuttings, fluids, and/or gases will be submitted to BLM.)

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 6

7. DOWN HOLE CONDITIONS

Maximum anticipated bottom hole pressure is \approx 2200 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

8. MISCELLANEOUS

The anticipated spud date is upon approval. It is expected it will take \approx 3 weeks to drill and \approx 2 weeks to complete the well.

The spud date will be phoned to the Resource Area, a minimum of 24 hours before spudding. A Sundry Notice (Form 3160-5), reporting the spud date and time, will be sent to the District Manager within 24 hours after spudding. If the spud is on a weekend or holiday, the Sundry will be sent on the following regular work day. Daily drilling reports will be sent to the District Office at least weekly.

Operations authorized by this APD will not be suspended for more than 30 days without prior approval of BLM. All conditions of approval will apply to any operations with a replacement rig.

There will be no change from the proposed drilling and/or work over plan without prior approval from the District Office. A Sundry Notice will be filed for approval for all changes of plans and other operations *per* 43 CFR 3162.3-2.

Starting with the month when operations begin, and continuing each month until the well is P&Aed, a "Monthly Report of Operations" (Form 3160-6) will be sent to the Minerals Management Service.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual events will be promptly reported to BLM *per* NTL-3A.

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 7

If the well is successfully completed for production, then the District Manager will be notified. The Resource Area will be notified prior to the first sale. Written notification will be sent not later than 5 business days following the date on which the well is placed on production. The Resource Area may schedule a first production conference after receipt of the first production notice.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Manager. Preliminary approval will not exceed 30 days or 50 MMcf of gas. Approval to vent/flare beyond this initial period will require the District Manager's approval *per* NTL-4A.

A Sundry Notice will be sent to the District Manager within 30 days following completion of the well for abandonment. The Sundry will note where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until reclamation required by the approved APD or abandonment notice has been completed to the satisfaction of BLM.

The well will be identified starting with rig-up. This information "Legacy Energy Corporation, Lockhart Federal #1, SWNE 5-29s-21e, San Juan County, Ut., UTU-75058" will be posted on an all weather sign at the pad. Once plugged, the same information will be beaded on the top of the casing with a welding torch. The above ground dry hole marker will be omitted.

Surface Use Plan

1. EXISTING ROADS & DIRECTIONS (See PAGES 14 & 15)

From Monticello, go N 15 miles on US 191 to the junction with U-211.
Then turn left and go W 29.2 miles on U-211.
Then turn right and go N 17.6 miles on County Road 122.
Then turn right and go SE 2.5 mi. on an old well road.
Then turn left and go ENE 0.6 mi. on a seismic line to the staked well site.

Roads will be maintained to a standard at least equal to their present condition. An encroachment permit will be filed with the county road department.

2. ROAD TO BE BUILT OR UPGRADED (See PAGE 15)

Call BLM (801-587-2141) 48 hours before starting construction.

The existing road will be flat bladed as needed to fix ruts. The new road will be flat bladed with a 16' wide running surface and maximum disturbed width of 20'. Topsoil will be windrowed along the edge. Maximum cut or fill will be 3'. Maximum grade will be 8%. No cattleguard, culvert, or turnout is needed.

Surface disturbance and vehicle travel will be limited to the pad and road. Any additional area needed must be approved in advance by BLM.

If the well is productive, the new road will be upgraded to Class 3 Road Standards within 60 days of dismantling the rig. If the deadline cannot be met, the Resource Area will be notified so temporary drainage control can be installed. Class 3 Road Standards control drainage by using topography, ditch turnouts, dips, out sloping, crowning, low water crossings, and culverts.

3. EXISTING WELLS

There are no oil, gas, injection, or water wells within a mile.

4. PROPOSED PRODUCTION FACILITIES

A tank battery, separator and/or heater-treater will be installed on the pad.

All permanent (on site for 6 or more months) surface facilities will be painted a flat, neutral Largo red color. Parts required to comply with OSHA colors will be excluded.

The tank battery will be surrounded by a dike of sufficient capacity to contain 150% of the storage capacity of the largest tank in the battery + one day's production. All loading lines will be placed inside the dike.

Site security regulations in 43 CFR 3162.7-5 and Onshore Order #3 will be obeyed. Oil and gas measurement will comply with Onshore Orders #4 (43 CFR 3162.7-2) and #5 (43 CFR 3162.7-3).

5. WATER SUPPLY

Water will be trucked from the Indian Creek ford on state land (36-29.5s-20e). A temporary use permit will be filed with the state for water use.

6. CONSTRUCTION MATERIALS

Pad construction materials will be on lease native soil in place on the well pad and road. Bentonite will be bought from a commercial source. Rock will be bought from a private pit or from BLM *per* 43 CFR 3610.

7. WASTE DISPOSAL

The reserve pit will be lined with the native bentonite in place. If inadequate native bentonite is present, then the pit will be lined with at least 24 tons of commercial bentonite worked into 3:1 sides. All of the capacity will be in cut. The pit will be fenced 4' high on 3 sides with woven wire topped with barbed wire. The 4th side will be fenced when drilling stops. The fence will be kept in good repair while the pit dries. No liquid hydrocarbons will be discharged to the pit, pad, or road. Should hydrocarbons escape, they will be cleaned up and removed within 48 hours. No chrome compounds will be on location.

All trash will be placed in a trash cage. When full and upon the finish of completion operations it will be hauled to a county landfill. There will be no trash burning or burial on location.

Human waste will be disposed of in chemical toilets. Toilet contents will be disposed of at a state approved dump station.

Water will be produced into the reserve pit for 90 days or less after initial production. During the 90 days, an application will be submitted for BLM's approval of a permanent disposal method and site.

8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Three camper trailers may be on site for the company man, mud logger, and tool pusher.

9. WELL SITE LAYOUT & CONSTRUCTION

See PAGE 16 for depictions of the well pad, cross sections, cut and fill

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 11

diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation. The top 6" (where available) of soil will be stockpiled south of the pad. Pit subsoil will be stockpiled west of the pit. A diversion ditch will be built along the southeast side.

10. RECLAMATION

Upon completion of drilling, the well site will be cleared of all debris, material, and junk not needed for production.

Reclamation will start when the reserve pit is dry. All areas not needed for production will be backfilled, recontoured to match natural contours, and reserved topsoil spread. If the well is a producer, then enough topsoil will be kept aside to reclaim the rest of the pad. That pile of topsoil and all reclaimed areas will be broadcast seeded between October 1 and February 28 with the below mixture. Seeded areas will be left rough and lightly harrowed after seeding.

2 lb/ac fourwing saltbush	2 lb/ac Indian ricegrass
2 lb/ac shadscale	1 lb/ac alkali sacaton

If the road is surfaced, then the surfacing material will be removed before seeding. The grade of road cuts and fills will be reduced to a natural appearance and the road blocked.

11. SURFACE OWNER

All construction is on BLM. This APD is also serving as a BLM right-of-way application for the non-unit, non-county road portion of the BLM access (W2SW4 31-28s-21e and NENW, W2NE, & SENE 6-29s-21e).

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 12

12. OTHER INFORMATION

The dirt contractor will be provided with an approved copy of the surface use plan.

Legacy will inform everyone in the area who is associated with the well that they are subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. If historic or archaeological material is uncovered during construction, the operator is to immediately stop work that may further disturb such material and call BLM. BLM will inform the operator within 5 working days whether the material appears eligible for the Nat'l. Register of Historic Places, likely mitigation the operator must do before the site can be used if in-situ preservation is not necessary, and a timeframe for BLM to complete an expedited review under 36 CFR 800.11 to confirm through the SHPO that the BLM's findings are correct and the mitigation is appropriate.

If the operator wishes at any time to relocate activities to avoid the expense or delays of mitigation, BLM will assume responsibility for any required recording or stabilization of the exposed material. Otherwise, the operator is responsible for mitigation costs. BLM will provide technical and procedural mitigation guidelines. Once BLM verifies mitigation has been completed, the operator will then be allowed to resume construction.

BLM's Moab District Office's phone number is (801) 259-6111. BLM Petroleum Engineer Eric Jones can be called after hours at 259-2214.

BLM's San Juan Resource Area's phone number is (801) 587-2141.

Safe drilling and operating practices will be used. The nearest hospital is over a 2 hour drive away in Monticello. It is 3 blocks northwest of the intersection of US 666 and US 191. Hospital phone number is (801) 587-2116. Or dial 1-800-332-1911 from anywhere in San Juan County, Ut.

Legacy Energy Corporation
Lockhart Federal #1
2222' FNL & 2115' FEL
Sec. 5, T. 29 S., R. 21 E.
San Juan County, Utah

PAGE 13

13. REPRESENTATION AND CERTIFICATIONS

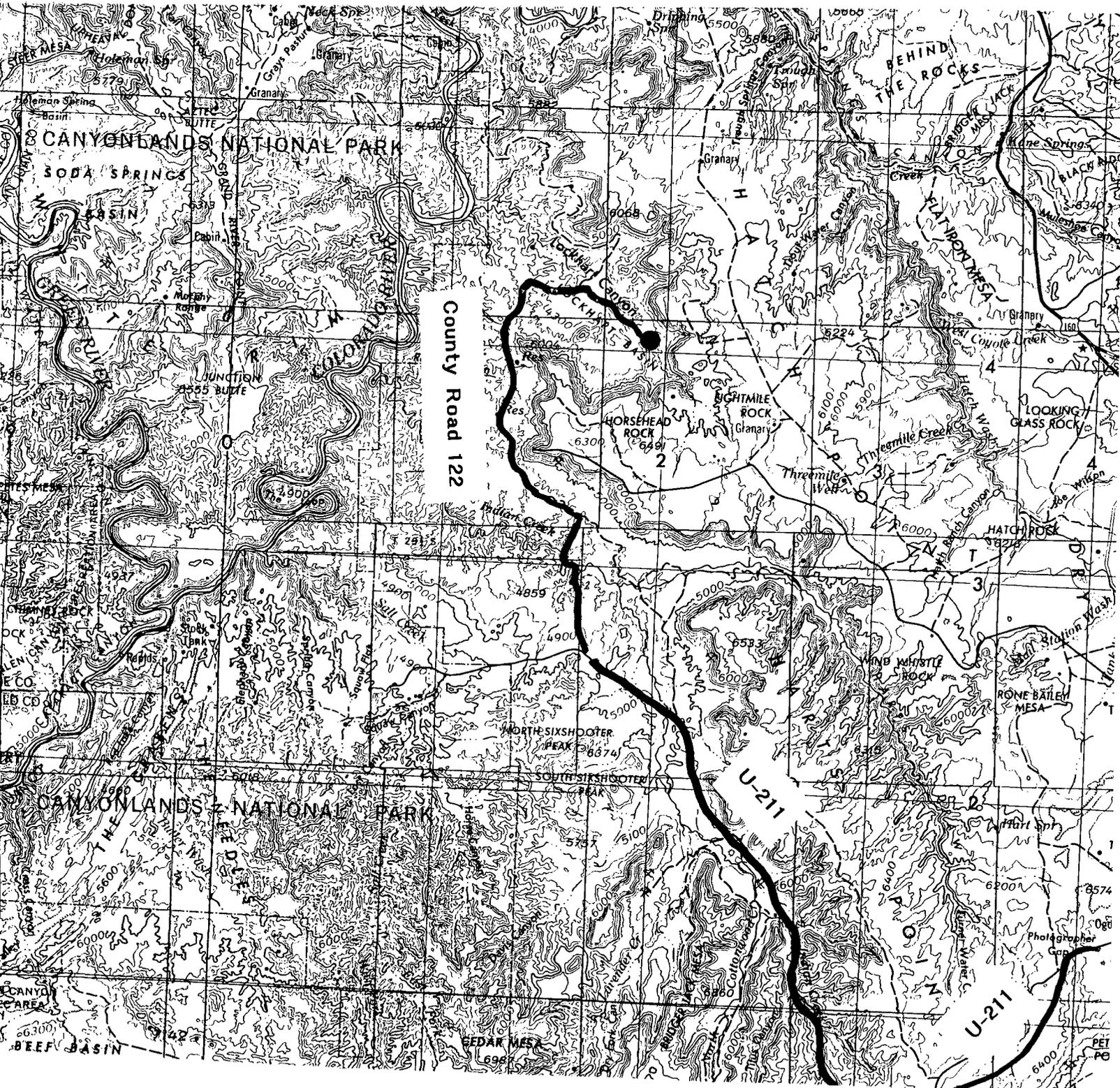
Anyone having questions concerning the APD should contact:

Brian Wood
Permits West, Inc.
37 Verano Loop, Santa Fe, NM 87505
(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

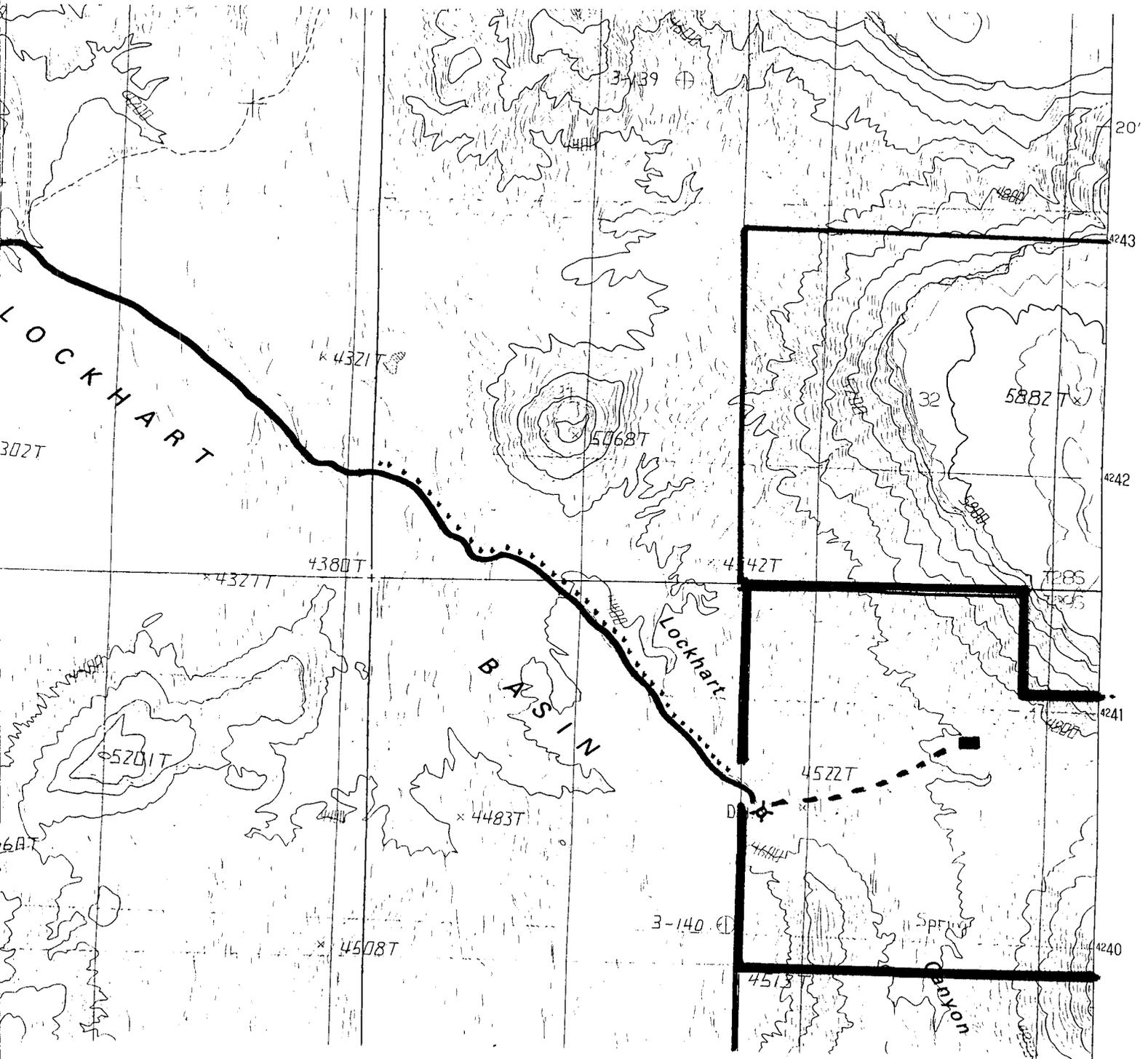
Field representative is Dennis Gustafson, phone number (303) 405-8440.

Be advised that Legacy Energy Corporation is considered to be the operator of the Lockhart Federal #1 well in the SWNE 5-29s-21e, Lease UTU-75058, San Juan County, Utah, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands. Bond coverage for this well will be provided via surety consent as provided for in 43 CFR 3104.2. BLM will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met. I hereby certify Legacy Energy Corporation has the necessary consents from the proper lease and unit interest owners to conduct lease and unit operations in conjunction with this APD. Bond coverage *per* 43 CFR 3104 for lease activities will be provided by Legacy Energy Corporation. I hereby certify I have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Legacy Energy Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Brian Wood 3-29-97
Consultant



Legacy Energy Corporation
 Lockhart Federal #1
 2222' FNL & 2115' FEL
 Sec. 5, T. 29 S., R. 21 E.
 San Juan County, Utah



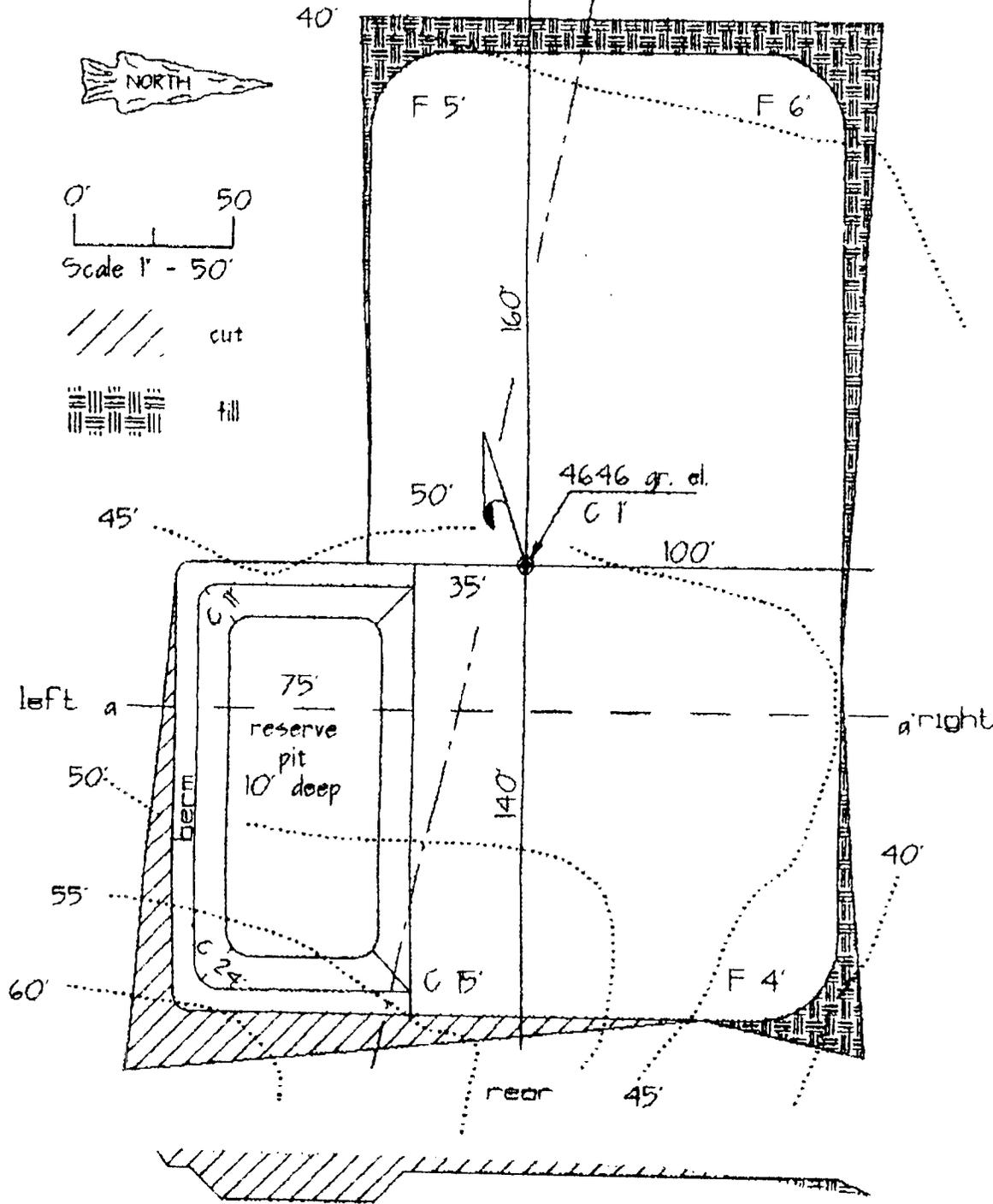
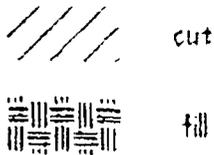
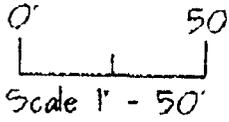
- PROPOSED WELL: ■
- EXISTING ROAD: ~
- BLM ROAD RIGHT-OF-WAY APPLICATION:
- LEASE LINE: ┌
- NEW ROAD: - - -
- UNIT LINE: └

Loc. Hart Federal # 1
well pod & section

Front

West
laydown

seis line & access

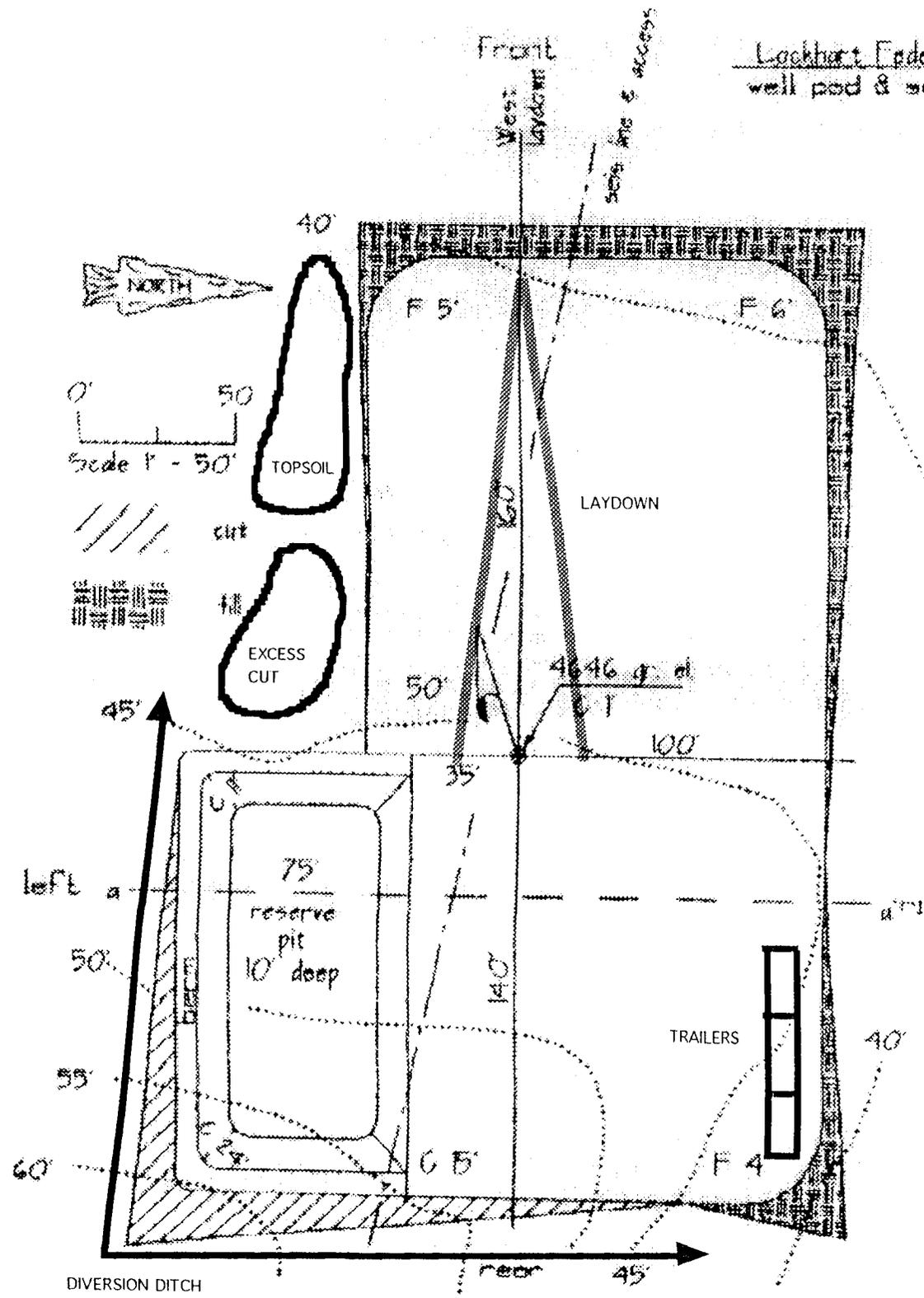


a

Cross section

a

Lackhart Edge
well pod & st



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

5. Lease Designation and Serial No.

UTU-75058

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

Lockhart Canyon

8. Well Name and No.

Lockhart Federal #1

9. API Well No.

N/A

10. Field and Pool, or Exploratory Area

Wildcat

11. County or Parish, State

San Juan, Ut.

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Legacy Energy Corporation (303) 405-8440

3. Address and Telephone No.

P.O. Box 480272, Denver, Co. 80248-0272

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

Surface: SWNE 5-29s-21e

BHL: Same

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

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

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

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

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

Road has been rerouted to take advantage of better grade. New route will follow seismic lines for 4800'. Will install one 30" x 50' CMP culvert. Maximum cut or fill will not exceed 10'. If P&A; culvert will be pulled, all 4800' will be reclaimed, and remainder of old road west to county road will be narrowed.

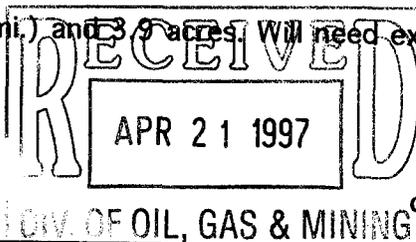
Will temporarily install 2 cattleguards on county road if drilling during grazing season. Cattleguards will remain if production results.

County encroachment permit approved.

BLM right-of-way will now total 8,500' (1.6 mi.) and 3.9 acres. Will need extra 30' width at culvert (total of 50').

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

FOR RECORD ONLY



cc: BLM, Legacy, UDOGM

Consultant (505) 466-8120

4-18-97

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

Signed [Signature]

Title

Date

(This space for Federal or State office use)

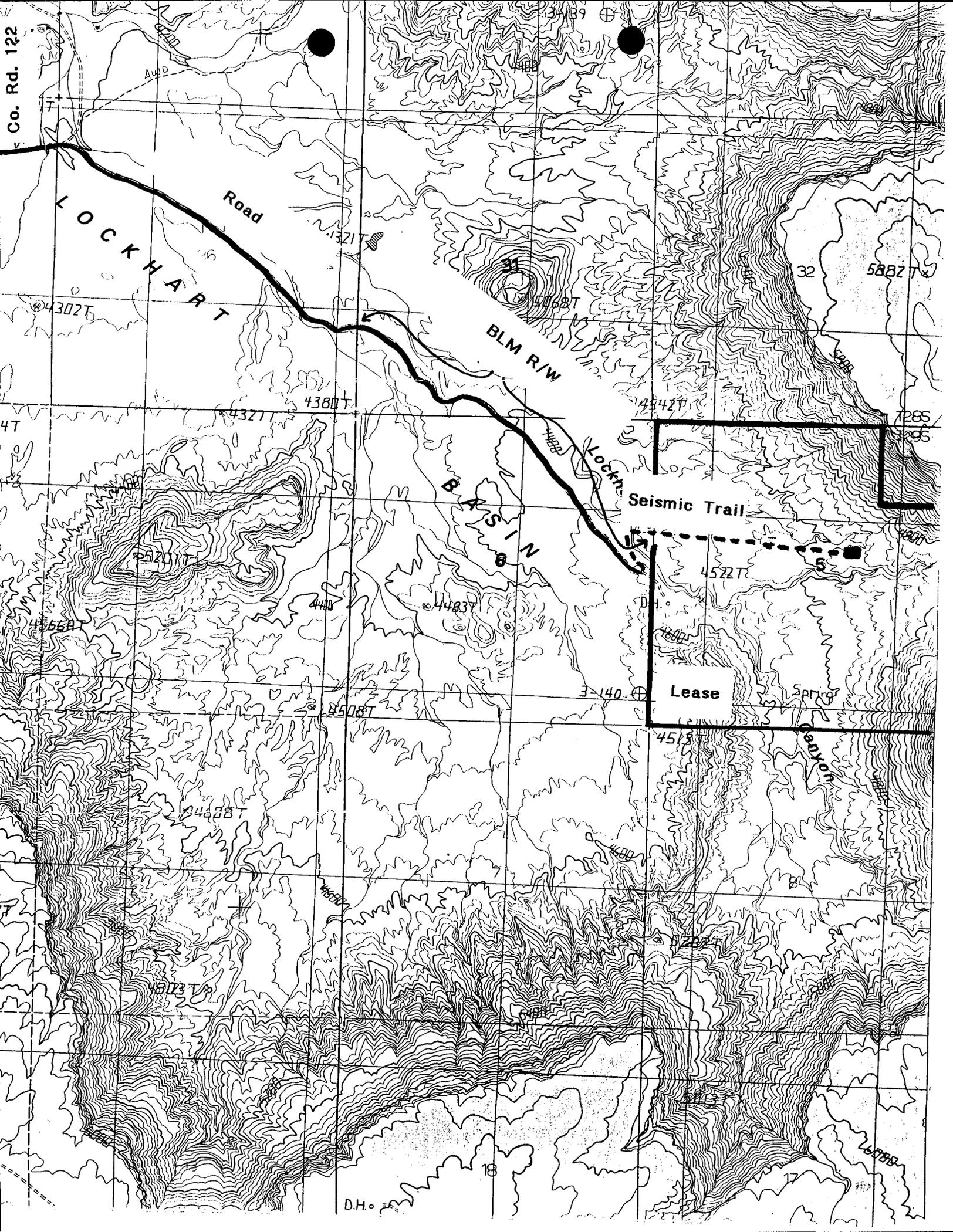
Approved by _____

Title

Date

Conditions of approval, if any:

Co. Rd. 122



LOCKHART Road

BLM R/W

Seismic Trail

Lease

B. BASIN

Canyon

D.H.

18

17

5882 T

32

4302 T

4380 T

4442 T

7285
7295

4520 T

4566 T

4483 T

4522 T

4508 T

3-140

4488 T

4513 T

4573 T

4522 T

4678 T

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

5. Lease Designation and Serial No.
UTU-75058

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation
Lockhart Canyon

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Lockhart Fed. #1

2. Name of Operator
Legacy Energy Corporation (303) 405-0272

9. API Well No.
43-037-

3. Address and Telephone No.
P.O. Box 480272, Denver, Co. 80248-0272

10. Field and Pool, or Exploratory Area
Wildcat

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

11. County or Parish, State
San Juan, Ut.

Surface: **SWNE 5-29s-21e**
BHL: **Same**

43-037-31788

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

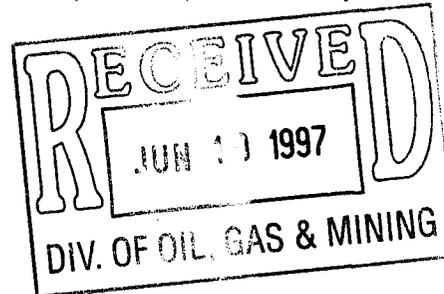
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input checked="" 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 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.)*

Will change surface casing to 9-5/8", 40#, N-80, LT&C, new. Depth remains same.

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**



cc: BLM, Gustafson, UDOGM

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

Consultant (505) 466-8120

6-7-97

Signed

Title

Date

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.
UTU-75058

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

7. UNIT AGREEMENT NAME
Lockhart Canyon

8. FARM OR LEASE NAME, WELL NO.
Lockhart Federal

9. API WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., R., M., OR BLE. AND SURVEY OR AREA
5-29s-21e SLBM

12. COUNTY OR PARISH
San Juan

13. STATE
Ut.

17. NO. OF ACRES ASSIGNED TO THIS WELL
Likely 40

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START*
Upon Approval

1a. TYPE OF WORK
DRILL DEEPEN

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

2. NAME OF OPERATOR
Legacy Energy Corporation (303) 405-8440

3. ADDRESS AND TELEPHONE NO.
P.O. Box 480272, Denver, Co. 80248-0272

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
2222' FNL & 2115' FEL
At proposed prod. zone
Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
34 air miles NW of Monticello, Utah

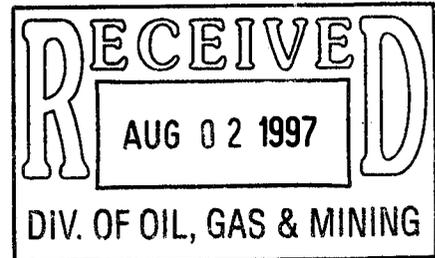
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest 1/4 sec. unit line, if any)
1,202'

16. NO. OF ACRES IN LEASE
916.19

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

19. PROPOSED DEPTH
N/A

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4,646' ungraded ground



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

RECEIVED
FIELD OFFICE
MAR 31 PM 4
3-29-97

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 BLM(DO & RA), Legacy, UDOGM

SIGNED *Brian Wood* CONSULTANT (505) 466-8120 DATE _____
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Michael O'Donnell ACTING Assistant Field Manager, Resource Management TITLE _____ DATE AUG 27 1997

*See Instructions On Reverse Side

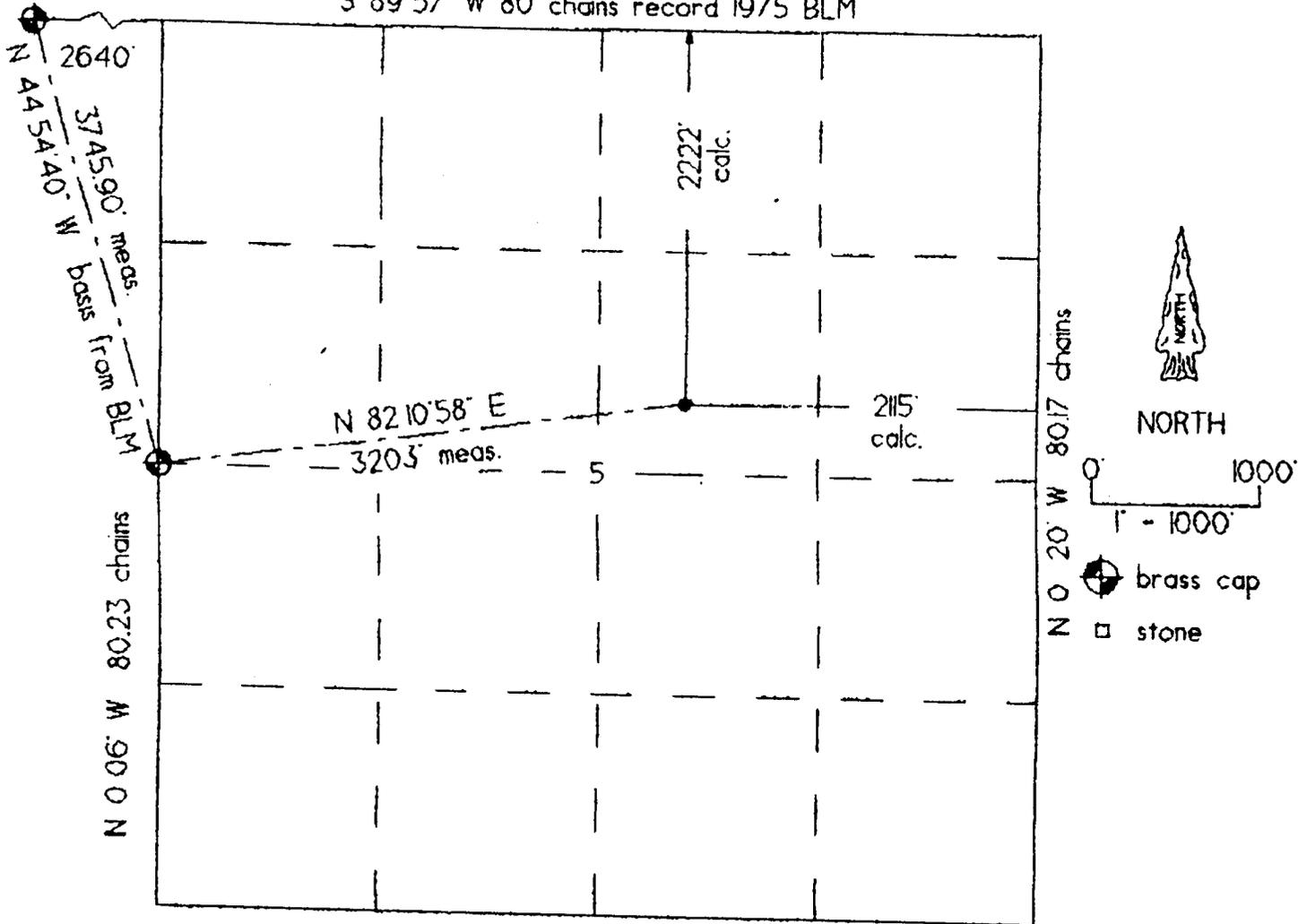
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DOGIM

N 1/4 S 6

Well Location Plat

S 89 57' W 80 chains record 1975 BLM



S 89 54' W 79.58 chains record

Well Location Description

LEGACY ENERGY CORPORATION
 Lockhart Fedral # 1
 2222' FNL & 2115' FEL
 Section 5, T.29 S., R.21 E., SLM
 San Juan County, UT
 4646' grd. el. (from USGS topo. map)



25 March 1997

Gerald G. Huddleston
 Gerald G. Huddleston, LS

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

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

Legacy Energy Corporation
Lockhart Federal #1
Lease U-75058
SWNE Section 53, T. 29 S., R. 21 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 Legacy Energy Corporation is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT-1076 (Principal - Legacy Energy Corporation) via surety consent as provided for in 43 CFR § 3104.2.

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

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 (13-3/8" and 9-5/8"). The TOC for the production casing (5-1/2") must be from TD to a minimum of depth 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

1. Prior to transporting drilling and production equipment which require wide loads, the operator will consult with the Utah Department of Transportation at (801) 587-2620, so that warning signs can be placed at appropriate locations along State Highway 211.

2. 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.

3. All initial construction activity and well drilling operations shall be prohibited from April 1 to August 31 and October 15 to December 31 to avoid desert bighorn sheep lambing and rutting periods and the dry summer months when the Lockhart Basin sheep herd is dependant on the permanent spring as a source of drinking water.

4. The operator shall notify the BLM five working days prior to commencing drilling operations or construction activities between February 1 and April 1 so a raptor survey can be performed. If active golden eagle or other raptor nests are found within one-half mile, or peregrine falcons within one mile of the drill location then operations must be suspended until nestlings have fledged.

5. Reclamation of the entire disturbed area will be accomplished by grading the area to approximately its natural contour, applying topsoil and re-establishing vegetation on the site. Topsoil shall be spread evenly over the area. A seed bed shall be prepared by scarifying the soil surface to a depth of 4 inches. The operator shall use a harrow, disc or similar implement with tools spaced no greater than six inches apart. Seeds shall be lightly covered if broadcast methods are used. Seeding will be done between October 1 and February 28. The seeds shall be certified weed free. The following prescription of pure live seed shall be applied:

Galleta	2 pounds/acre
Indian ricegrass	2 pounds/acre
Fourwing saltbush	2 pounds/acre
Scarlet Globemallow	1 pound/acre
Shadscale	1 pound/acre
Sand dropseed	1 pound/acre
Mormon tea	1 pound/acre

6. The reserve pit fence will be kept in good repair and maintained in a tight condition. The reserve pit fence will be constructed as follows:

- 32" high woven wire fence, with 2 smooth wire stands set 4" and 16" above the woven wire. Total fence height will be 48".
- posts will be set no farther apart than 16.5'.
- 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 the temporary nature of the fence. All corners will be stabilized with a "deadman".

- steel t-posts will be placed between corner posts.
- wire stays will be installed between T-posts.
- there will be a 10' wide distance between the top edge of the reserve pit and reserve pit fence.

7. Netting material shall be installed over the top and around the sides of the reserve pit. The netting material shall be one inch mesh or less and maintain in a tight condition and good repair.

8. The operator shall install a metal gate and fence across the access road at the point the old seismograph road intersects the existing Lockhart Basin road, located at T. 29 S., R. 21 E., Section 5, SE1/4SE1/4NE1/4. The gate shall be positioned in the road to effectively block vehicular access. The gate shall be kept locked at all times.

9. All production facilities shall be painted Federal Standard Color #30324 (brown) or its equivalent.

10. Prior to installation of production equipment and facilities, the operator shall notify the BLM to schedule an on-site inspection.

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 Filed 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).

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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



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)

September 5, 1997

Legacy Energy Corporation
P.O. Box 480272
Denver, Colorado 80248-0272

Re: Lockhart Federal #1 Well, 2222' FNL, 2115' FEL, SW NE,
Sec. 5, T. 29 S., R. 21 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 43-037-31788.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza".

John R. Baza
Associate Director

lwp

Enclosures

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

Operator: Legacy Energy Corporation
Well Name & Number: Lockhart Federal #1
API Number: 43-037-31788
Lease: UTU-75058
Location: SW NE Sec. 5 T. 29 S. R. 21 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 Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334.

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.

4. Submittal to the Division of evidence providing assurance of an adequate and approved supply of water as required by Utah Code Ann. § 73-3, Appropriations, prior to commencing drilling operations.

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

OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL **DEEPEEN**

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

2. NAME OF OPERATOR
Legacy Energy Corporation (303) 405-8440

3. ADDRESS AND TELEPHONE NO.
P.O. Box 480272, Denver, Co. 80248-0272

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface **2222' FNL & 2115' FEL**
 At proposed prod. zone **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
34 air miles NW of Monticello, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
1,202'

16. NO. OF ACRES IN LEASE
916.19

17. NO. OF ACRES ASSIGNED TO THIS WELL
Likely 40

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

19. PROPOSED DEPTH
5,400'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DI, T, GR, etc.)
4,646' ungraded ground

22. APPROX. DATE WORK WILL START*
Upon Approval

5. LEASE DESIGNATION AND SERIAL NO.
UTU-75058

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

7. UNIT AGREEMENT NAME
Lockhart Canyon

8. FARM OR LEASE NAME, WELL NO.
Lockhart Federal

9. AP WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. SEC., T., E., M., OR BLK. AND SURVEY OR AREA
5-29s-21e SLBM

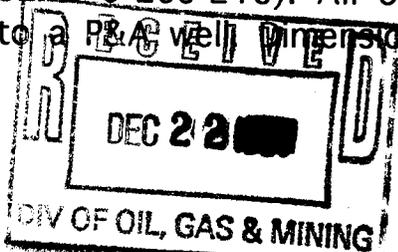
12. COUNTY OR PARISH
San Juan

13. STATE
Ut.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8"	Conductor	120'	≈100 cu. ft. & to surface
12-1/4"	8-5/8"	24# (J-55)	1,000'	≈570 cu ft & to surface
7-7/8"	5-1/2"	15.5# (J-55)	5,400'	≈415 cu ft & to 3,500'

This APD is also serving as a BLM right-of-way application for the non-unit, non-county road portion of the BLM access (W2SW4 31-28s-21e and NENW, W2NE, & SENE 6-29s-21e). All of the right-of-way is an existing road which leads to a P&G well. Dimensions are ≈7,400 (1.4 mi.) x 20' x 3.40 acres.



RECEIVED
 MOAB FIELD OFFICE
 MAR 31 PM 1:43
 DEPT. OF THE INTERIOR
 BUREAU OF LAND MGMT

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

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 of any BLM(DO & RA), Legacy, UDOGM

24. SIGNED *Brad D. Palmer* TITLE Consultant (505) 466-8120 DATE 3-29-97

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /s/ Brad D. Palmer TITLE Assistant Field Manager, Resource Management DATE DEC 16 1997

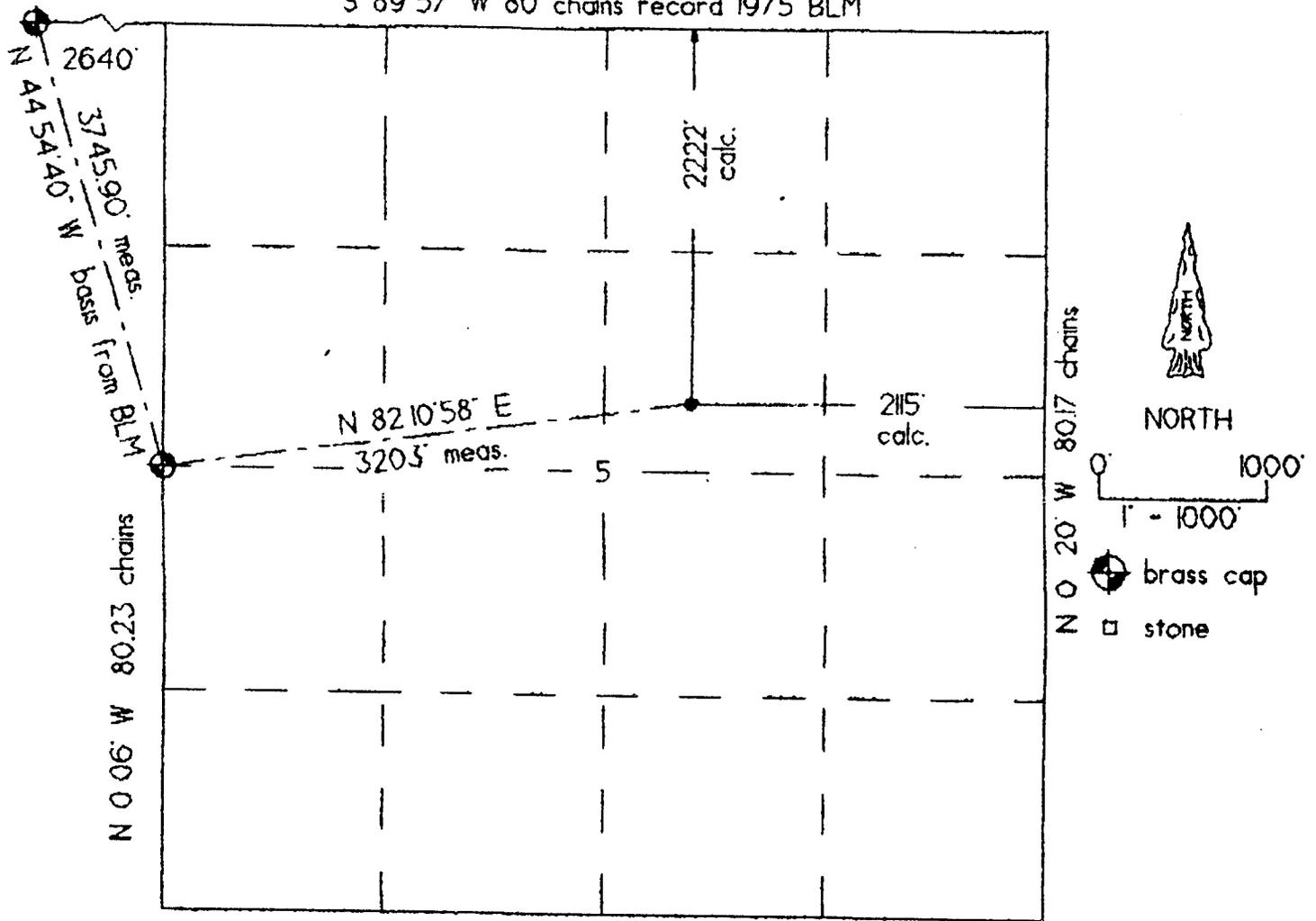
CC: SJRA 3/31/97 *See Instructions On Reverse Side

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

N 1/4 S 6

Well Location Plat

S 89 57' W 80 chains record 1975 BLM



S 89 54' W 79.58 chains record

Well Location Description

LEGACY ENERGY CORPORATION
 Lockhart Fedral # 1
 2222' FNL & 2115' FEL
 Section 5, T.29 S., R.21 E., SLM
 San Juan County, UT
 4646' grd. el. (from USGS topo. map)



25 March 1997

Gerald G. Huddleston
 Gerald G. Huddleston, LS

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

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

Legacy Energy Corporation
Lockhart Federal #1
Lease U-75058
SWNE Section 53, T. 29 S., R. 21 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 Legacy Energy Corporation is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT-1076 (Principal - Legacy Energy Corporation) via surety consent as provided for in 43 CFR § 3104.2.

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

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 (13-3/8" and 9-5/8"). The TOC for the production casing (5-1/2") must be from TD to a minimum of depth 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

1. All initial site preparation and well drilling operations shall be prohibited from April 1 through August 31 and October 15 through December 31, to avoid desert bighorn sheep lambing and rutting periods and the dry summer months when the Lockhart Basin sheep herd is dependant on the key spring. The BLM, Area Manager may grant an exception which would allow these operations to occur between July 16 and September 1, if it is determined that precipitation has provided free water at locations other than the key spring and, the free water sources are sufficient to ensure that bighorn water requirements are met.

2. If site preparation or drilling operations are scheduled between February 1 and April 1 then the operator shall give the BLM five working days prior notice so a raptor survey can be performed. If active golden eagle or other raptor nests are found within one-half mile, or peregrine falcons within one mile of the drill location then operations shall be suspended until nestlings have fledged.

3. Prior to transporting drilling and production equipment which require wide loads, the operator will consult and coordinate with the Utah Department of Transportation at (435) 587-2620, so that warning signs can be placed at appropriate locations along State Highway 211.

4. 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.

5. Reclamation of the entire disturbed area will be accomplished by grading the area to approximately its natural contour, applying top soil and re-establishing vegetation on the site. Topsoil shall be spread evenly over the area. A seed bed shall be prepared by scarifying the soil surface to a depth of 4 inches. The operator shall use a harrow, disc or similar implement with tools spaced no greater than six inches apart. Seeds shall be lightly covered if broadcast methods are used. Seeding will be done between October 1 and February 28. The seeds shall be certified weed free. The following prescription of pure live seed shall be applied:

Galleta	2 pounds/acre
Indian ricegrass	2 pounds/acre
Fourwing saltbush	2 pounds/acre
Scarlet Globemallow	1 pound/acre
Shadscale	1 pound/acre
Sand dropseed	1 pound/acre
Green Ephedra	1 pound/acre

COAs specific to APD

6. Prior to installation of production equipment and facilities, the operator shall notify the BLM to schedule a pre-work conference. The BLM will determine, at that time, reasonable measures necessary to mitigate the visual impacts to the maximum extent practical. These measures shall include, but are not limited to: use of natural topography to screen facilities, orientation of specific production equipment, flare pit design and construction, artificial screens, etc.
7. All production facilities shall be painted Federal Standard Color #30324 (brown) or its equivalent.
8. The operator shall install a metal gate across the access road at the point the old seismograph road intersects the existing Lockhart Basin road, located at T. 29 S., R. 21 E., Section 5, SE¼SE¼NE¼. The gate shall be positioned in the road to effectively block vehicular access. The gate shall be kept locked at all times.
9. The reserve pit fence will be kept in good repair and maintained in a tight condition. The reserve pit fence will be constructed as follows:
 - 32" high woven wire fence, with 2 smooth wire stands set 4" and 16" above the woven wire. Total fence height will be 48".
 - posts will be set no farther apart than 16.5'
 - 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".
 - steel t-posts will be placed between corner posts
 - wire stays will be installed between T-posts
 - there will be a 10 wide distance between the top lip of the reserve pit and reserve pit fence.
10. Netting material shall be installed over the top and around the sides of the reserve pit. The netting material shall be one inch mesh or less and maintain in a tight condition and good repair.

COAs Specific to Right-of-Way Grant

11. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
12. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
13. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.

14. The stipulations, plans, maps, or designs set forth in Exhibits A and B, dated July 5, 1996, and attached hereto, are incorporated into and made a part of this grant instrument.
15. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
16. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.
17. No surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to special stipulations in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.
18. The holder shall construct, operate, and maintain the facilities, improvements, and structures within this right-of-way in strict conformity with the project description which was received with the application on April 2, 1997. Any relocation, additional construction, or use that is not in accord with the approved project description, shall not be initiated without the prior written approval of the authorized officer. Noncompliance with the above will be grounds for an immediate temporary suspension of activities if it constitutes a threat to public health and safety or to the environment.
19. As directed by the authorizing officer, all road segments shall be winterized by providing a well-drained roadway by water baring, maintaining drainage, and any additional measures necessary to minimize erosion and other damage to the roadway or the surrounding public lands.
20. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates excessive ruts, the soil shall be deemed too wet to adequately support construction equipment.
21. For the purpose of determining joint maintenance responsibilities, the holder shall make road use plans known to all other authorized users of the road. Holder shall provide the authorized officer, within 30 days from the date of the grant, with the names and addresses of all parties notified, dates of notification, and method of notification. Failure of the holder to share proportionate maintenance costs on the common use access road in dollars, equipment, materials, or manpower with other authorized users may be adequate grounds to terminate the right-of-way grant. The determination as to whether this has occurred and the decision to terminate shall rest with the authorized officer. Upon request, the authorized officer shall be provided with copies of any maintenance agreement entered into.

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.

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1 day prior to spudding;

50 feet prior to reaching each casing setting depth;

3 hours prior to testing BOPE

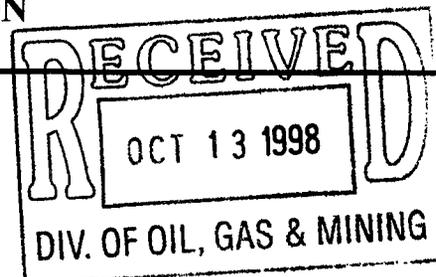
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Gary Torres, Petroleum Engineer	Office:	(801) 587-2141
	Home:	(801) 587-2705
Eric Jones, Petroleum Engineer	Office:	(801) 259-2117
	Home:	(801) 259-2214



LEGACY ENERGY CORPORATION



October 8, 1998

Mr. John R. Baza
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Lockhart Federal #1 Well
Section 5, T29S R21E
San Juan County, Utah
API 43-037-31788

Dear Mr. Baza:

Legacy Energy respectfully requests a one-year extension of the approval to drill the referenced well. As you may be aware, there has been significant controversy and opposition by environmental groups to oil and gas activity in the Lockhart Basin. SUWA appealed BLM's approval of the APD to the IBLA, and the IBLA upheld the approval in May, 1998.

It is Legacy's intention to drill this well during the January through March 1999 time period, when we are not subject to timing restrictions imposed by the BLM.

Your consideration is appreciated.

Sincerely,

Beth McBride
President

Copy: Mr. Brian Wood
Permits West, Inc.
37 Verano Loop
Santan Fe, NM 87505

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 10/14/98
By: [Signature]

COPY SENT TO OPERATOR
Date: 10.16.98
Initials: [Signature]



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab Field Office
82 East Dogwood
Moab, Utah 84532

3160
(U-75058)
(U-65347)
(UT-062)

DEC 23 1999

Ms. Beth McBride
Legacy Energy Corporation
P.O. Box 480272
Denver, Colorado 80248-0272

Re: APD Extensions
Lockhart Federal No. 1
U-75058
Section 5 T29S, R21E
San Juan County, Utah

Lockhart Federal No. 2
U-65347
Section 30 T28S, R21E
San Juan County, Utah

Dear Ms. McBride:

We have received your request for extension of the above referenced applications for permit to drill (APDs), and find it to be in order. Your APDs for the Lockhart Federal No. 1 and Lockhart Federal No. 2 are extended through December 16, 2000 and December 21, 2000 respectively.

Should you have any questions, please call Eric Jones at (435) 259-2117.

Sincerely,

A handwritten signature in black ink, appearing to read "William H. ...".

Assistant Field Manager
Division of Resources

cc: Monticello Field Office, (UT-090)

Legacy Energy Corporation

October 13, 2000

Ms. Lisha Cordova
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Lockhart Federal #1 Well
Sec. 5, T29S, R21E, San Juan County, UT
API 43-037-31788

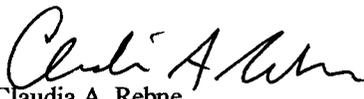
Lockhart Federal #2 Well
Sec 30, T28S, R21E, San Juan County, UT
API 43-037-31792

Dear Ms. Cordova,

Legacy Energy Corporation respectfully requests a one-year extension of the approval to drill the above-referenced wells. It is Legacy's intention to drill these wells as soon as possible, however, we are currently waiting for the BLM to resolve issues regarding open Federal acreage within the Lockhart Canyon Federal Unit.

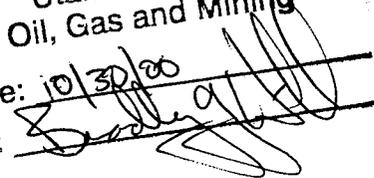
We appreciate that you brought this matter to our attention, and we appreciate your patient consideration regarding these wells.

Sincerely,


Claudia A. Rebne
Vice President

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 10/30/00

By: 

RECEIVED

OCT 16 2000

DIVISION OF
OIL, GAS AND MINING

Legacy Energy Corporation

October 26, 2000

Ms. Lisha Cordova
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Lockhart Federal #1 Well
Sec. 5, T29S, R21E, San Juan County, UT
API 43-037-31788

Lockhart Federal #2 Well
Sec 30, T28S, R21E, San Juan County, UT
API 43-037-31792

Dear Ms. Cordova,

Legacy Energy Corporation respectfully requests an exception to the Utah State Spacing Rule for the above-referenced wells. It is my understanding that this exception is granted if the lease ownership does not change within 460' of the proposed well location. Similarly, it is my understanding that if the lease ownership does differ within 460' of the proposed well, so long as all adjacent lease owners have committed to the Lockhart Canyon Federal Unit, the exception is granted.

With respect to the Lockhart Federal #1, at a distance of 460' in any direction from the proposed well, we are still within the same lease (Lease UTU-75058).

With respect to the Lockhart Federal #2, at a distance of 460' to the south we encounter a different lease. The proposed well is located on UTU-65347, and 460' to the south (NENE 31-28S-21E) lies within UTU-63182. The ownership in both areas is the same. Furthermore, all owners have committed to the Federal Unit.

Given this information, Legacy requests an exception to the Utah State Spacing Rule for both wells. If you have any questions or desire more information, please contact me at (970) 325-0038.

Sincerely,



Claudia A. Rebne
Vice President

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 10/30/00
By: 

RECEIVED

OCT 26 2000

DIVISION OF
OIL, GAS AND MINING

Division of Oil, Gas and Mining
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File LOCKHART 1 & 2

(Loc.) Sec _____ Twp _____ Rng _____
(API No.) _____

Suspense
(Return Date) _____
(To-Initials) _____

Other

1. Date of Phone Call: 12/10/01 Time: 9:00

2. DOGM Employee (name) LCORDOVA (Initiated Call)
Talked to:
Name MARIE MCGANN (Initiated Call) - Phone No. (435) 259-2135
of (Company/Organization) BLM/MOAB

3. Topic of Conversation: EXTEND APD'S AN ADDITIONAL YEAR?

4. Highlights of Conversation: _____
UNRESOLVED LEASE ISSUE'S - OK TO EXTEND AN ADDITIONAL YEAR.

Legacy Energy Corporation

November 29, 2001

Ms. Lisha Cordova
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Lockhart Federal #1 Well
Sec. 5, T29S, R21E, San Juan County, UT
API 43-037-31788

Lockhart Federal #2 Well
Sec 30, T28S, R21E, San Juan County, UT
API 43-037-31792

Dear Ms. Cordova,

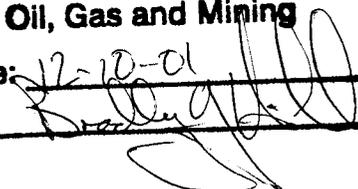
Legacy Energy Corporation respectfully requests a one-year extension of the approval to drill the above-referenced wells. It is Legacy's intention to drill these wells as soon as possible, however, we are still waiting for the BLM to resolve issues regarding open Federal acreage within the Lockhart Canyon Federal Unit.

We appreciate that you brought this matter to our attention, and we appreciate your patient consideration regarding these wells.

Sincerely,


Claudia A. Rebne
Vice President

COPY SENT TO OPERATOR
Date: 12/10/01
Initials: CRB

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 12-10-01
By: 

RECEIVED

DEC 03 2001

**DIVISION OF
OIL, GAS AND MINING**

Legacy Energy Corporation

January 10, 2003

Ms. Diana Mason
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: Lockhart Federal #1 Well
Sec. 5, T29S, R21E, San Juan County, UT
API 43-037-31788

Lockhart Federal #2 Well
Sec 30, T28S, R21E, San Juan County, UT
API 43-037-31792

Dear Ms. Mason

Legacy Energy Corporation respectfully requests a one-year extension of the approval to drill the above-referenced wells. It is Legacy's intention to drill these wells. We have some leases that will expire within the next year and we are working diligently with partner's to attempt to get these wells drilled in 2003.

We appreciate that you brought this matter to our attention, and we appreciate your patient consideration regarding these wells.

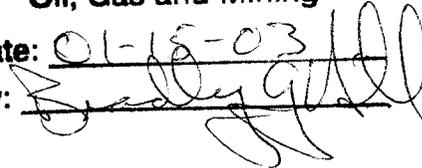
Sincerely,



Claudia A. Rebne
Vice President

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-15-03

By: 

RECEIVED

JAN 13 2003

DIV. OF OIL, GAS & MINING

COPY SENT TO OPERATOR
Date: 01-16-03
Initials: CHD



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

MICHAEL O. LEAVITT
Governor

OLENE S. WALKER
Lieutenant Governor

January 23, 2004

Beth McBride
Legacy Energy Corporation
P O Box 12289
Denver CO 80212

Re: APD Rescinded – Lockhart Fed #1 Sec. 5, T. 29S, R. 21E
San Juan County, Utah API No. 43-037-31788

Dear Ms. McBride:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 5, 1997. On October 14, 1998, October 30, 2000, December 10, 2001 and on January 15, 2003 the Division granted a one-year APD extension. On January 23, 2004, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 23, 2004.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

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

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
Bureau of Land Management, Moab