

CONFIDENTIAL  
Release Date 12-12-85



W. M. WAGGONER 854  
NW NW 26-40N-6W Mohave



Illustration 1  
(.12)

3160-4 - CONVERSION TO WATER WELL

Format for a Release Agreement--Patented Surface

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APR 3 1986

RELEASE AGREEMENT

O & G CONS. COMM.

KNOW ALL MEN BY THESE PRESENTS, that I Sherman Jenson  
of the County of Coconino in the State of Arizona  
am the surface owner of the hereinafter described land upon which a well for  
oil or gas was drilled, to wit:

Operator W. M. Waggoner

Lease Number A-20724

Lessee 210 Corporation

Well No. 2-26 (NW1/4 NW1/4) Sec. 26, Twp. 40N, Rge. 6W.

The well is located 660' from the West line and  
810 feet from the North line of Sec. 26.

I do hereby notify the Bureau of Land Management of my desire to utilize said  
well as a water supply well and I do hereby release and discharge the  
operator, lessee, and the Bureau of Land Management from any further work or  
responsibility in relation to the plugging of said well.

WITNESS by hand and seal this 27 day of March, 1986.

Sherman S. Jenson  
Surface Owner

Box 386, Fredonia, Arizona 86022  
Address

IN THE PRESENCE OF:

Debra L. Galt Address Fredonia, Arizona  
Notary Public - My commission expires 10-23-87  
Address \_\_\_\_\_

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WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG																			
DESIGNATE TYPE OF COMPLETION:																			
New Well	<input checked="" type="checkbox"/>	Work-Over	<input type="checkbox"/>	Deepen	<input type="checkbox"/>	Plug Back	<input type="checkbox"/>	Same Reservoir	<input type="checkbox"/>	Different Reservoir	<input type="checkbox"/>	Oil	<input type="checkbox"/>	Gas	<input type="checkbox"/>	Dry	<input checked="" type="checkbox"/>	O & G CONS. COMM.	
DESCRIPTION OF WELL AND LEASE																			
Operator					Address														
W. M. Waggoner																			
Federal, State or Indian Lease Number or name of lessor if free lease					Well Number		Field & Reservoir												
A-20724					2-26		Wildcat												
Location					County														
660' FWL, 810' FNL					Mohave														
Sec. TWP-Range or Block & Survey																			
Sec. 26 T.40N., R.6 W.																			
Date spudded		Date total depth reached		Date completed, ready to produce		Elevation (DF, RKB, RT or Gr.)		Elevation of casing hd. flange											
6-7-85		6-12-85		NA		5070 feet													
Total depth		P.B.T.D.		Single, dual or triple completion?		If this is a dual or triple completion, furnish separate report for each completion.													
595		595		NA															
Producing interval (s) for this completion				Rotary tools used (interval)			Cable tools used (interval)												
NA				Entire Hole			-												
Was this well directionally drilled?		Was directional survey made?		Was copy of directional survey filed?		Date filed													
No		-		-		-													
Type of electrical or other logs run (check logs filed with the commission)							Date filed												
IES, Vertical Deviation Survey							7-29-85												
CASING RECORD																			
Casing (report all strings set in well - conductor, surface, intermediate, producing, etc.)																			
Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amt. pulled													
Surface	8 3/4"	7"	20	550'	110	None													
TUBING RECORD					LINER RECORD														
Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft)												
NA in.	NA ft.	NA ft.	NA in.	NA ft.	NA ft.	NA	NA												
PERFORATION RECORD																			
ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD																			
Number per ft.	Size & type	Depth Interval		Am't. & kind of material used			Depth Interval												
NA	NA	NA		NA			NA												
INITIAL PRODUCTION																			
Date of first production			Producing method (indicate if flowing, gas lift or pumping—if pumping, show size & type of pump:)																
Dry Hole			NA																
Date of test	Hrs. tested	Choke size	Oil prod. during test	Gas prod. during test	Water prod. during test	Oil gravity													
NA	NA	NA	NA bbls.	NA MCF	NA bbls.	NA *API (Corr)													
Tubing pressure	Casing pressure	Cal'ated rate of Production per 24 hrs.	Oil	Gas	Water	Gas-oil ratio													
NA	NA	NA	NA bbls.	NA MCF	NA bbls.	NA													
Disposition of gas (state whether vented, used for fuel or sold):																			
NA																			
CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the <u>Owner</u> of the <u>WM Waggoner</u> (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.																			
Date <u>Aug 7, 1985</u>					Signature <u>Wm Waggoner</u>														
Permit No. 854					STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Well Completion or Recompletion Report and Well Log Form No. 4 File One Copy														

**DETAIL OF FORMATIONS PENETRATED**

FORMATION	TOP	BOTTOM	DESCRIPTION*
Moenkopi	Surface	595'	Tan, Brn, Gy, Rd, Shales w/Sandy streaks. Cored interval Prob. Shnabkiab/Middle Red MBR.

\* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

**INSTRUCTIONS:**

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report and well log shall be filed with the State of Arizona Gas Conservation Commission not later than thirty days after project completion.

Form No. 4

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**PLUGGING RECORD**

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Operator		Address		AUG 12 1985	
Federal, State, or Indian Lease Number or lessor's name if fee lease.		Well No.	Field & Reservoir		
			O & G CONS. COMM.		
Location of Well			Sec-Twp-Rge or Block & Survey	County	
Application to drill this well was filed in name of		Has this well ever produced oil or gas	Character of well at completion (initial production):		Dry?
W.M. Waggoner		No	Oil (bbls/day)	Gas (MCF/day)	Yes
Date plugged:		Total depth	Amount well producing when plugged:		Water (bbls/day)
6-12-85		595'	Oil (bbls/day)	Gas (MCF/day)	-
Name of each formation containing oil or gas. Indicate which formation open to wellbore at time of plugging	Fluid content of each formation	Depth interval of each formation		Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount cement	
Moenkopi	Slight Oil Shows	0-595'		595'-550' com. plg.	
<b>CASING RECORD</b>					
Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)	Give depth and method of parting casing (shot, ripped, etc.)	Packers and shoes
7"	595'	None	595'	NA	NA
Was well filled with heavy drilling mud, according to regulations?				Indicate deepest formation containing fresh water.	
<b>NAMES AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE</b>					
Name	Address		Direction from this well:		
NA			-		
<p>In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.</p> <p align="center">Hole plugged back from 595' to 550' (shoe of 7" csg)</p> <p align="center">Landowner : Mr. S. Jansen copy of form 26 (water well acceptance)</p> <p>Use reverse side for additional detail.</p>					
<p>CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the <u>Owner</u> of the <u>W.M. Waggoner</u> (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.</p> <p>Date <u>Aug 7, 1985</u> Signature <u>W.M. Waggoner</u></p>					
Permit No. <u>854</u>			STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Plugging Record File One Copy		
			Form No. 10		

APPLICATION TO PLUG AND ABANDON

RECEIVED

AUG 12 1985

O & G CONS. COMM.

FIELD WILDCAT  
 OPERATOR W.M. Waggoner ADDRESS 7220 E. Stetson Dr. Suite 101  
 Federal, State or Indian Lease Number or Lessor's Name if Fee Lease A-20724 WELL NO. 2-26  
 LOCATION W 1/2 NW 1/4 (660 FWL&810 FNL) Sec 26  
T 40 N R 6 W  
 TYPE OF WELL Drg Hole TOTAL DEPTH 595'  
 (Oil, Gas or Dry Hole)  
 ALLOWABLE (If Assigned) N/A  
 LAST PRODUCTION TEST OIL NA (Bbls.) WATER NA (Bbls.)  
 GAS NA (MCF) DATE OF TEST N/A  
 PRODUCING HORIZON None PRODUCING FROM N/A TO N/A

1. COMPLETE CASING RECORD. 7", 20#, J-55 casing to 550'

2. FULL DETAILS OF PROPOSED PLAN OF WORK.

Well has 7" casing open from surface to 550 ft. Cement from 550 to 595' ft.  
 The well is to be turned over to the land owner. w/10 sx of cem.

DATE COMMENCING OPERATIONS June 5 thru June 12  
 NAME OF PERSON DOING WORK Ned Dalton ADDRESS Moab Utah  
D & H Drilling Co.  
 Signature *W.M. Waggoner*  
 Title Owner  
 Address 7220 E. Stetson Dr. Suite 101  
Scottsdale, Az 85251  
 Date \_\_\_\_\_

Date Approved \_\_\_\_\_  
 STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 By: \_\_\_\_\_

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Application to Plug and Abandon  
 File Two Copies  
 Form No. 9

Permit No. 854

RECEIVED  
AUG 12 1985  
O & G CONS. COMM.

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator W.M. Waggoner  
2. OIL WELL  GAS WELL  OTHER  (Specify) Dry Hole  
3. Well Name Mohave Federal 2-26  
Location W 1/4 NW 1/4 (660 FWL 810 FNL)  
Sec. 26 Twp. 40 N Rge. 6-W County Mohave, Arizona.  
4. Federal, State or Indian Lease Number, or lessor's name if fee lease A-20724  
5. Field or Pool Name WILDCAT

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:  
TEST WATER SHUT-OFF  PULL OR ALTER CASING   
FRACTURE TREAT  DIRECTIONAL DRILL   
SHOOT OR ACIDIZE  PERFORATE CASING   
REPAIR WELL  CHANGE PLANS   
(OTHER) Convert to water well

SUBSEQUENT REPORT OF:  
WATER SHUT-OFF  MONTHLY PROGRESS   
FRACTURE TREATMENT  REPAIRING WELL   
SHOOTING OR ACIDIZING  ALTERING CASING   
(OTHER) partial  ABANDONMENT

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

7. 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.)

Drilling rig on location June 7. commenced drlg. June 7 Drilled 135/8 hole to 20 feet. Set 9" casing and cemented to surface. Drilled 8 3/4 hole to 565 ft. Circulated cement to surface with 110 sacks regular cement. (cored 3" full core from 560 to 594 ft.) Two intervals, 560'-580' and 580-595', were cored. Recovered 35' of tan, brown, grey, red shales with sandy streaks. Well was plugged from 550 ft. to 595 ft. with regular cement. The 7" casing was left open from the surface to 550 ft. and will be turned over to the land owner for a water well. The water sand was from 180 to 230 ft. Work finished June 12, 1985.

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

Signed W.M. Waggoner Title Owner Date Aug 7 1985

Permit No. 02-015-20025

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Sundry Notices and Reports On Wells  
Form No. 25 File One Copy

RECEIVED

AUG 12 1985

SUNDRY NOTICES AND REPORTS ON WELLS

O & G CONS. COMM.

1. Name of Operator W.M. Waggoner

2. OIL WELL  GAS WELL  OTHER  (Specify) Dry Hole

3. Well Name Mohave Federal 2-26  
 Location W 1/2 NW 1/4 (660 FWL 810 FNL)  
 Sec. 26 Twp. 40 N Rge. 6-W County Mohave, Arizona.

4. Federal, State or Indian Lease Number, or lessor's name if fee lease A-20724

5. Field or Pool Name WILDCAT

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	partial	ABANDONMENT <input checked="" type="checkbox"/>
(OTHER) <u>Convert to water well</u> <input checked="" type="checkbox"/>		(OTHER) _____	

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

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STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25 File One Copy

APPLICATION TO PLUG AND ABANDON

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JUL 29 1985

O & G CONS. COMM.

FIELD WILDCAT

OPERATOR W.M. WAGGONER ADDRESS 7220 E. Stetson Dr. Suite 101  
Federal, State or Indian Lease Number or Lessor's Name if Fee Lease A-20724 WELL NO. 2-26

LOCATION W 1/2 NW 1/4 (660 FWL&810 FNL) Sec 26  
T 40 N R 6 W

TYPE OF WELL Drg Hole TOTAL DEPTH 594  
(Oil, Gas or Dry Hole)

ALLOWABLE (If Assigned) N/A

LAST PRODUCTION TEST OIL N/A (Bbls.) WATER N/A (Bbls.)  
GAS N/A (MCF) DATE OF TEST N/A

PRODUCING HORIZON None PRODUCING FROM N/A TO N/A

1. COMPLETE CASING RECORD. 13 5/8 to 20 7" to 564 ft.

2. FULL DETAILS OF PROPOSED PLAN OF WORK.

Well has 7" casing open from surface to 550 ft. Cement from 550 to 594 ft.  
The well is to be turned over to the land owner.

DATE COMMENCING OPERATIONS June 5 thru June 12

NAME OF PERSON DOING WORK Ned Dalton ADDRESS Moab Utah  
D & H Drilling Co.

Signature *Ned Dalton*  
Title Owner

Address 7223 Stetson Dr suite 101

Scottsdale, Ariz 85251  
Date July 24, 1985

Date Approved \_\_\_\_\_  
By: \_\_\_\_\_  
STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Application to Plug and Abandon  
File Two Copies  
Form No. 9

Permit No. \_\_\_\_\_

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+06204

CENTURY GEOPHYSICAL CORPORATION O & G CONS. COMM.

\*\*\*\*\* VERTICAL DEVIATION \*\*\*\*\*

COMPU-LOG VBL1 DEVIATION

CLIENT : WILLIAM WAGGNER

HOLE ID : FED 2-26 TD-550'

LOCATION : T40N R6W S26

DATE OF LOG : 06-10-85

DATA FROM : VBL2\*A

PROBE : 9055A 0055

TD = TOTAL DEPTH  
T = TOP OF ZONE  
B = BOTTOM OF ZONE

DEPTH	TRUE DEPTH	NORTH DEV	EAST DEV	DISTANCE	AZIMUTH	SA	SAB
.0	.00	.00	.00	.0	.0	.0	.0
25.0	24.99	.00	-.01	.0	291.4	.0	291.4
50.0	49.99	.04	.05	.0	51.8	.1	61.1
75.0	74.99	.13	.19	.2	56.3	.3	58.2
100.0	99.99	.27	.39	.4	54.5	.5	52.7
125.0	124.99	.42	.61	.7	55.1	.6	56.1
150.0	149.99	.58	.84	1.0	55.4	.6	56.2
175.0	174.99	.68	1.02	1.2	56.2	.4	60.2
200.0	199.99	.77	1.20	1.4	57.2	.4	63.4
225.0	224.98	.98	1.52	1.8	57.0	.8	56.3
250.0	249.98	.98	2.01	2.2	63.9	1.1	89.9
275.0	274.98	.90	2.38	2.5	69.1	.8	102.3
300.0	299.97	.85	2.56	2.7	71.6	.4	107.0
325.0	324.97	.75	2.83	2.9	75.1	.6	110.0
350.0	349.97	.65	3.17	3.2	78.3	.8	105.5
375.0	374.97	.57	3.50	3.5	80.7	.7	104.9
400.0	399.97	.45	3.75	3.7	83.1	.6	114.5
425.0	424.96	.34	4.00	4.0	85.1	.6	114.0
450.0	449.96	.26	4.28	4.2	86.4	.6	104.7
475.0	474.96	.18	4.57	4.5	87.6	.6	105.8
500.0	499.96	.14	4.84	4.8	88.3	.6	99.6
525.0	524.96	.14	5.09	5.0	88.3	.5	88.4
550.0	549.96	.18	5.22	5.2	87.9	.3	74.9
TD 553.0	552.96	.18	5.23	5.2	87.9	.2	90.8

# VERTICAL DEVIATION

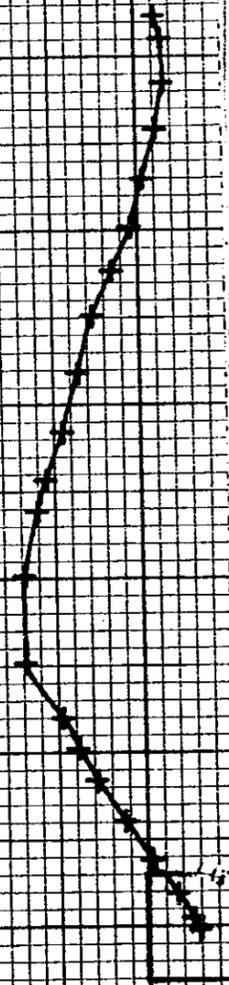
COMPU-LOG: V811 DEVIATION  
DATA FROM: V812\*#A

CLIENT: WILLIAM WAGNER  
LOCATION: T40N R6W S26  
HOLE ID: FED 2-26 TD-550'  
DATE OF LOG: 06-10-85  
PROBE: 9055A 0055

SCALE: 1 FT/IN  
MAG DECL: 15.0  
TRUE DEPTH: 553.0 FT  
AZIMUTH: 88.  
DISTANCE: 5.2 FT

↑ = 25 FOOT INCR  
△ = TOP OF ZONE  
◇ = BOTTOM OF ZONE

TRUE NORTH ↑

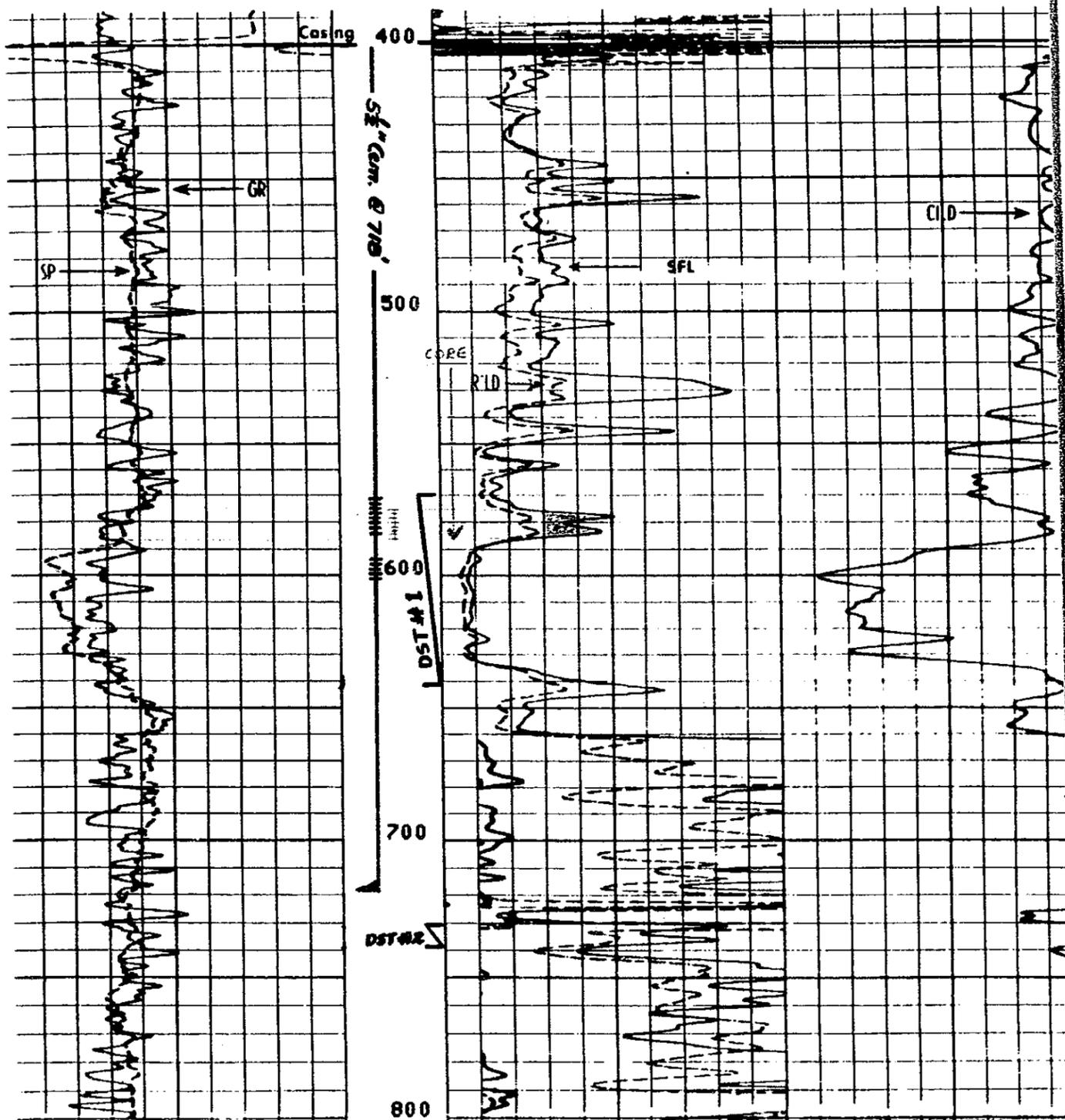


			ILD (OHMM)	
			0.0	100.0
GR (GAPI)	200.0	Run 2	SFLA(OHMM)	100.0
0.0			0.0	100.0
SP (MV)	20.00			CILD(MMHQ)
-80.00			400.0	

FILE

Perfs : 573'-586' (13-9 UWS 15% NCA)  
594'-602'

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SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator W M Waggoner  
 2. OIL WELL  GAS WELL  OTHER  (Specify) Dry hole  
 3. Well Name Mohave Federal 2-26  
 Location W 1/4 NW 1/4 (660 FWL 810 FNL)  
 Sec. 26 Twp. 40 N Rge. 6 W County Mohave, Arizona.  
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease A-20724  
 5. Field or Pool Name Wildcat  
 6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF  PULL OR ALTER CASING   
 FRACTURE TREAT  DIRECTIONAL DRILL   
 SHOOT OR ACIDIZE  PERFORATE CASING   
 REPAIR WELL  CHANGE PLANS   
 (OTHER) convert to water well

SUBSEQUENT REPORT OF:

WATER SHUT-OFF  MONTHLY PROGRESS   
 FRACTURE TREATMENT  REPAIRING WELL   
 SHOOTING OR ACIDIZING  ALTERING CASING   
 ABANDONMENT   
 (OTHER) partial

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

7. 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.)

Drilling rig on location June ~~8~~ <sup>7 @ 4:00 PM</sup> commenced drlg. June ~~8~~ <sup>7 @ 5:00 PM</sup> Drilled 135/8 hole to 20 foot. Set 9" casing and cemented to surface. Drilled 7" hole to 564' 550 ft. Circulated cement to surface with 45" sacks regular cement. Cored 4" full core from 560 to 594 ft. Recovered 34 ft. of shale with sand streaks. No shows oil or gas. Well was plugged from 550 ft. to 594 ft. with regular cement. The 7" casing was left open from the surface to 550 ft. and will be turned over to the land owner for a water well. The water sand was from 180 to 230 ft. Work finished June 12, 1985.

\* 2 cored intervals = 560'-580' + 580'-595'  
 Recovered 35' of ~~sh w/ sand streaks fr. the~~  
 Shnabkaib/Middle Red ~~sh~~ <sup>sh</sup> ~~Member~~ <sup>Member</sup> of Moenkopi Fm

595'  
 540'  
 45' plug

grey to red shale w/ sandy streaks

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

Signed W M Waggoner Title Owner Date July 24, 1985

Permit No. 854  
02-015-20025

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25 File One Copy

gry, brn, rd

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JUL 29 1985

O & G CONS. COMM.

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator W M Waggoner

2. OIL WELL  GAS WELL  OTHER  (Specify) Dry hole

3. Well Name Mohave Federal 2-26  
 Location W 1/2 NW 1/4 (660 FWL 810 FNL)  
 Sec. 26 Twp. 40 N Rge. 6-W County Mohave, Arizona.

4. Federal, State or Indian Lease Number, or lessor's name if fee lease A-20724

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input checked="" type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) <input type="checkbox"/>	ABANDONMENT <input type="checkbox"/>
(OTHER) <input type="checkbox"/>		(OTHER) <input type="checkbox"/>	

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

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*Hardly any of this report is correct*

*7/31/85 - sent Waggoner required forms for him to resubmit*

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

Signed W M Waggoner Title Owner Date July 24, 1985

Permit No. 02-015-20025

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25 File One Copy

PERFORMANCE BOND  
KNOW ALL MEN BY THESE PRESENTS

Bond Serial No. 424F989-9

That we: William Martin Waggoner  
of the County of Maricopa in the State of Arizona  
as principal, and The Travelers Indemnity Company  
of Hartford, Connecticut

AUTHORIZED TO DO BUSINESS WITHIN THE STATE OF ARIZONA.  
as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter referred to as the "Commission", in the penal sum of Five Thousand and no/100ths lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit:  
810 Ft. FNL and the 660 Ft. FWL of  
Section 26: W $\frac{1}{2}$ NW $\frac{1}{4}$ , Township 40N, Range 6W, G&SRM, Mohave County, Arizona

(May be used as blanket bond or for single well)

NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect.

Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly:

1. Remedy the violation by its own efforts, or
2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof.

Liability under this bond may not be terminated without written permission of this Commission.

WITNESS our hands and seals, this 3rd day of June, 1985.

William Martin Waggoner

By: William Martin Waggoner  
Principal

WITNESS our hands and seals, this 3rd day of June, 1985.

The Travelers Indemnity Company

By: Gail Davis  
Gail Davis, Surety Attorney-In-Fact

(Surety, Resident Arizona Agent  
if issued in a state other than Arizona)

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. Where principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved  
Date 6/3/85  
STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
By: R. G. Yanda

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Bond  
File Two Copies  
Form No. 2

Permit No. 854

**The Travelers Indemnity Company**  
Hartford, Connecticut

**POWER OF ATTORNEY**

**KNOW ALL MEN BY THESE PRESENTS:**

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

\_\_\_\_\_ Gail Davis of Phoenix, Arizona \_\_\_\_\_

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof, as follows:

\_\_\_\_\_ Any and all bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof \_\_\_\_\_

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed. This appointment is made under and by authority of the following by-laws of the Company which by-laws are now in full force and effect:

ARTICLE IV, SECTION 14. The Chairman of the Board, the President, the Chairman of the Finance Committee, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Corporate Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances, consents of surety or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

ARTICLE IV, SECTION 16. Any bond, undertaking, recognizance, consent of surety or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the Chairman of the Board, the President, the Chairman of the Finance Committee, any Executive Vice President, any Senior Vice President, any Vice President or any Second Vice President and duly attested and sealed, if a seal is required, by the Corporate Secretary or any Department Secretary or any Assistant Corporate Secretary or any Assistant Department Secretary, or shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent, pursuant to and within the limits of the authority granted by his or her power of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 30th day of November, 1959:

VOTED: That the signature of any officer authorized by the By-Laws and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 2nd day of July 19 81.

THE TRAVELERS INDEMNITY COMPANY

By



Secretary, Surety



State of Connecticut, County of Hartford—ss:

On this 2nd day of July in the year 1981 before me personally came D. J. Nash to me known, who, being by me duly sworn, did depose and say: that he resides in the State of Connecticut; that he is Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of his office under the by-laws of said corporation, and that he signed his name thereto by like authority.



*Gloria D. Seekins*

Notary Public

My commission expires April 1, 1983

**CERTIFICATION**

I, Paul D. Tubach, Assistant Secretary (Surety) of THE TRAVELERS INDEMNITY COMPANY, certify that the foregoing power of attorney, the above quoted Sections 14. and 16. of Article IV of the By-Laws and the Resolution of the Board of Directors of November 30, 1959 have not been abridged or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this 3rd day of June 1985



*Paul D. Tubach*

Assistant Secretary, Surety



# PERMIT TO DRILL

This constitutes the permission and authority from the  
**OIL AND GAS CONSERVATION COMMISSION,  
STATE OF ARIZONA,**

To: W. M. WAGGONER  
(OPERATOR)

to drill a well to be known as

2-26 Federal  
(WELL NAME)

located 310' FNL, 660' FNL

Section 25 Township 40 N Range 6 W, Mohave County, Arizona.

The W/2 of NW/4 of said  
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled  
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 29th day of MAY, 19 85.

**OIL AND GAS CONSERVATION COMMISSION**

By [Signature]  
EXECUTIVE DIRECTOR

PERMIT 00854

RECEIPT NO.

A.P.I. NO. 02-015-20025

State of Arizona  
Oil & Gas Conservation Commission  
Permit to Drill

FORM NO. 27

STATE OF ARIZONA  
OIL AND GAS CONSERVATION COMMISSION

PERMIT 854

**REPORT ON PROPOSED OPERATIONS**

W. M. Waggoner  
7220 E. Stetson  
Scottsdale, AZ 85251

Phoenix, ARIZONA  
May 29, 1985

Your                      proposal to drill well 2-26 Federal,  
A.P.I. No. 02-015-20025, Section 26, T. 40N, R. 6W, G&SR B. & M.,  
                     field, Cedar Ridge area,                      pool,  
Mohave County, dated 5/28/85, received 5/29/85 has been examined in conjunction with records  
filed in this office.

THE PROPOSAL IS APPROVED PROVIDED:

1. The well is cased and cemented in such a manner as to protect all zones that contain oil, gas, or fresh water, so as to provide well control during drilling operations.
2. Adequate blowout prevention equipment shall be installed, tested, and maintained in working condition throughout the drilling of the well.
3. The status of completed drilling operations (Form 25) shall be filed with the Commission on a timely basis.
4. Samples of all cores and cuttings taken at maximum intervals of ten feet, shall be shipped or mailed, charges prepaid to:
  - a. Oil and Gas Conservation Commission, Phoenix office.
  - b. Bureau of Geology & Mineral Technology, University of Arizona, 845 N. Park, Tucson, AZ 85719.
5. THIS COMMISSION SHALL BE NOTIFIED:
  - a. Immediately when drilling operations commence.
  - b. To witness the running in and cementing of the 7" casing.

BOND \$5,000, #424F989-9

A. K. DOSS, Executive Director

By R. G. Ytana  
Enforcement Director

**A copy of this report and the proposal must be posted at the well site prior to commencing operations.**

**Records for work done under this permit are due within 30 days after the work has been completed or the operations have been suspended.**

**APPLICATION FOR PERMIT TO DRILL OR RE-ENTER**

APPLICATION TO DRILL

RE-ENTER OLD WELL

**RECEIVED**  
**MAY 28 1985**

NAME OF COMPANY OR OPERATOR

O & G CONS. COMM.

W. M. Waggoner

Address

City

State

7220 E. Stetson Drive, Suite 101

Scottsdale

AZ 85251

Drilling Contractor

Ned Dalton of D&H Drilling, 2720 S. E. Bench Road, Moab, Utah 84532

Address

**DESCRIPTION OF WELL AND LEASE**

Federal, State or Indian Lease Number, or if fee lease, name of lessor

A 20724

Well number

2-26 Federal

Elevation (ground)

5070 Gr.

Nearest distance from proposed location to property or lease line:

660 feet

Distance from proposed location to nearest drilling, completed or applied—for well on the same lease:

N-A

feet

Number of acres in lease:

80

Number of wells on lease, including this well, completed in or drilling to this reservoir:

2

If lease, purchased with one or more wells drilled, from whom purchased:

N-A

Well location (give footage from section lines)

660' FWL 810' FNL

Section—township—range or block and survey

26 T-40-N R-6-W

Dedication (Comply with Rule 105)

W/2 NW/4

Field and reservoir (if wildcat, so state)

Wildcat

County

Mohave

Distance in miles, and direction from nearest town or post office

10.3 southeasterly of Colorado City

Proposed depth:

650 feet

Rotary or cable tools

Rotary

Approx. date work will start

1st week June 1985

Bond Status

Amount \$5000.00

Organization Report

On file

Or attached

Filing Fee of \$25.00

Attached

Remarks:

A.P.I. NO. 02-015-20025

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the operator of the W. M. WAGGONER (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature

May 28, 1985

Date

Permit Number: 854

Approval Date: 5/29/85

Approved By: R. A. Ybanez

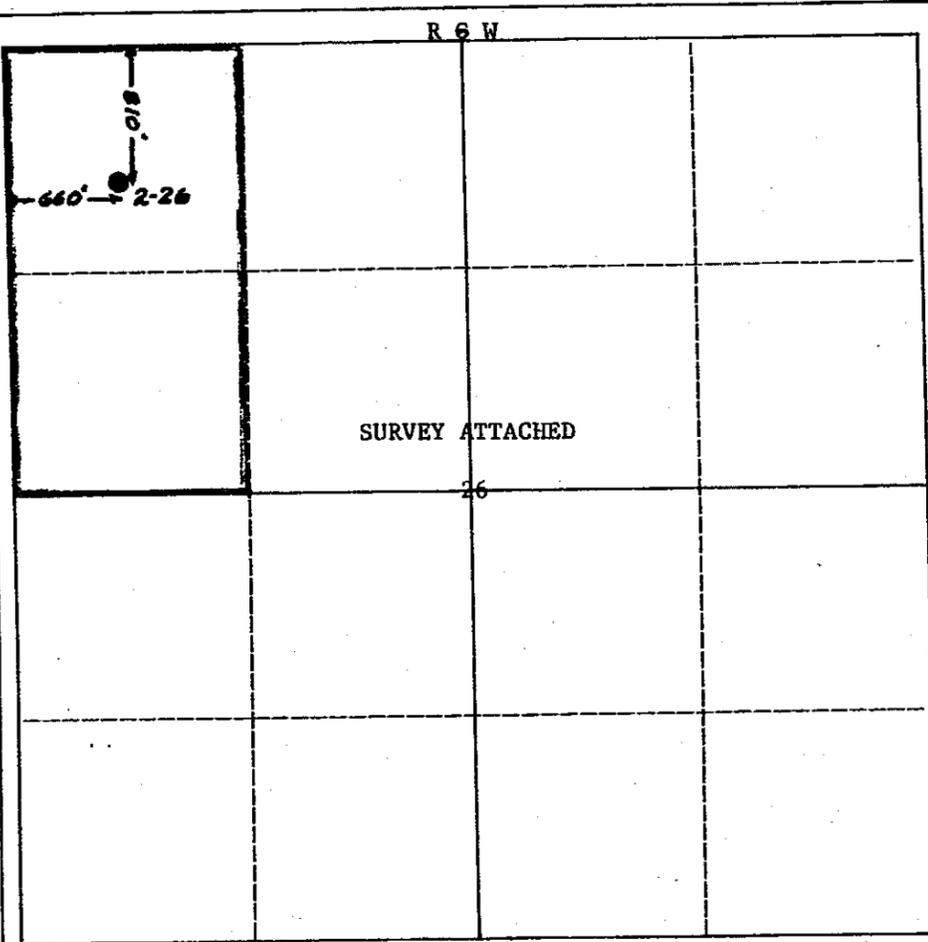
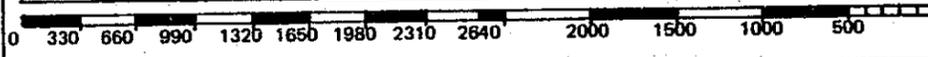
Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**  
Application to Drill or Re-enter  
File Two Copies

Form No. 3

(Complete Reverse Side)

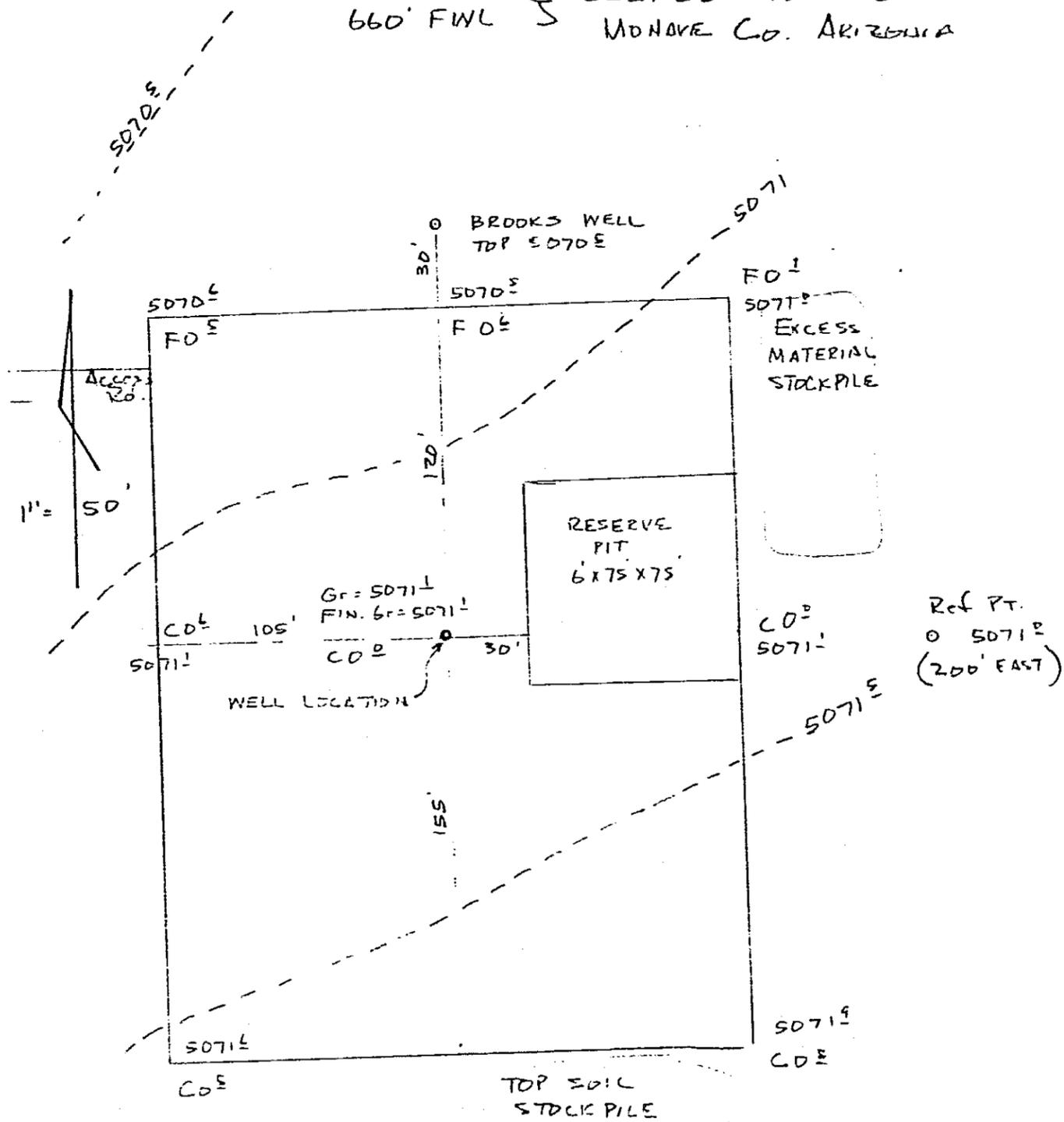
1. Operator shall outline the dedicated acreage for *both* oil and gas wells on the plat.
2. A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.
4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES \_\_\_\_\_ NO  \_\_\_\_\_
5. If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES \_\_\_\_\_ NO  \_\_\_\_\_. If answer is "yes," Type of Consolidation \_\_\_\_\_
6. If the answer to question four is "no," list all the owners and their respective interests below:

Owner <b>210 Corporation</b>	Land Description Attached
P. O. Box 190 Yuma, AZ 85364	
R 6 W	<b>CERTIFICATION</b>
	<p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <p><u>W. M. Waggoner</u> Name <u>Operator</u> Position <u>W. M. Waggoner</u> Company <u>May 28, 1985</u> Date</p> <p>I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p><u>Survey attached</u> Date Surveyed  Registered Professional Engineer and/or Land Surveyor</p> <p>Certificate No.</p>
	

**PROPOSED CASING PROGRAM**

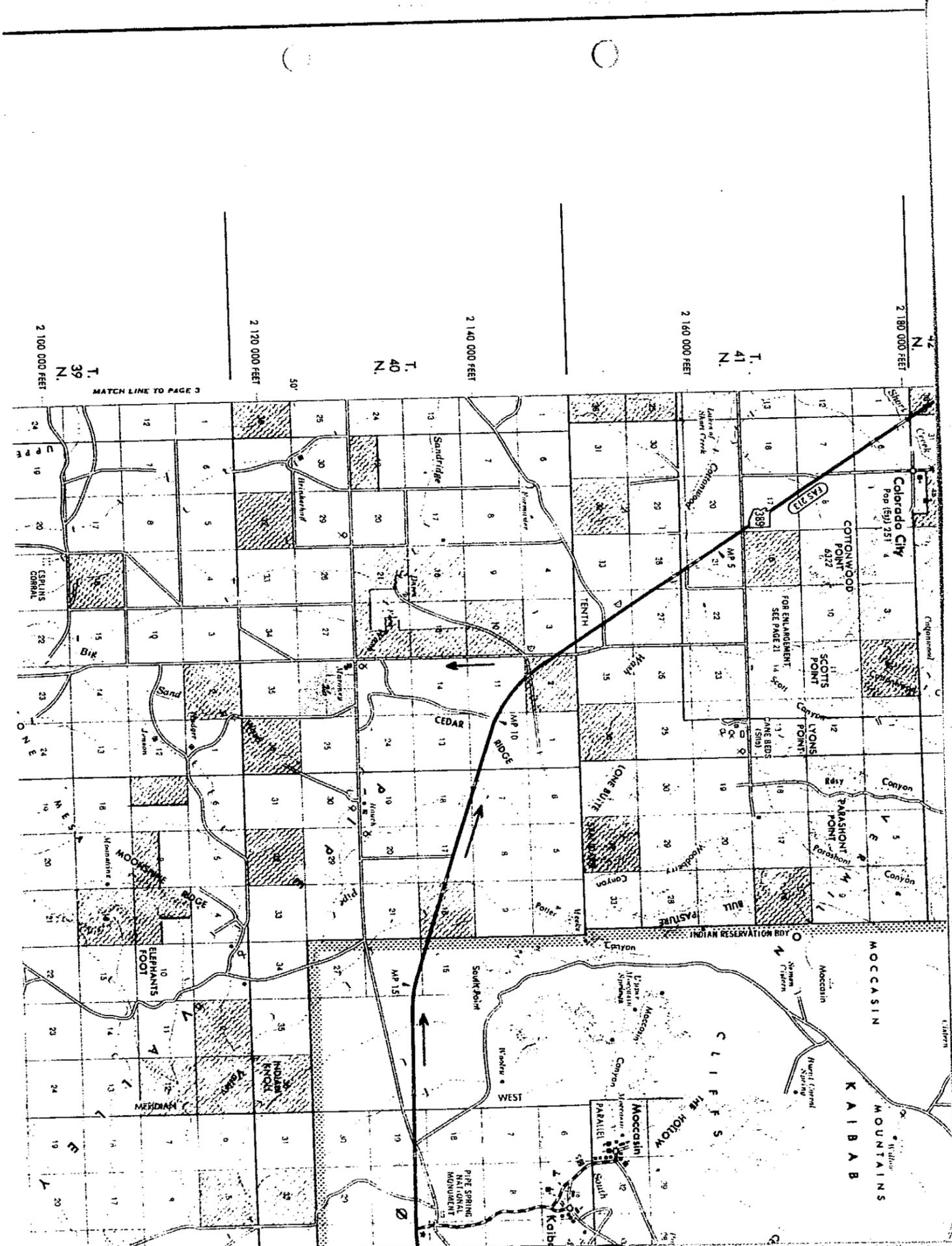
Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
7"	20	J-55	GL	520'	520'	55	G

Ch. Waggoner  
 810' FNL } SEC. 26 - 40 N - 6 W  
 660' FWL } MONROE CO. ARIZONA



May 29, 1935

Bush & Gudgeon Inc  
 205 E Tabor  
 St Geo. Vt  
 34770



T. 39 N.  
2 100 000 FEET

T. 40 N.  
2 170 000 FEET

T. 41 N.  
2 160 000 FEET

2 180 000 FEET

MATCH LINE TO PAGE 3

**ORGANIZATION REPORT**

Full Name of the Company, Organization, or Individual

W M Waggoner

Post Office Address (Box or Street Address)

7220 East Stetson Drive Suite 101 Scottsdale, Arizona 85251

Plan of Organization (State whether organization is a corporation, joint stock association, firm or partnership, or individual)

Individual

Purpose of Organization (State type of business in which engaged)

Oil and Gas

If a reorganization, give name and address of previous organization.

N-A

If a foreign corporation, give (1) State where incorporated	(2) Name and post office address of state agent	(3) Date of permit to do business in state
<u>N-A</u>	<u>—</u>	
Principal Officers or Partners (if partnership) NAME	TITLE	POST OFFICE ADDRESS
<u>W M Waggoner</u>	<u>Operator</u>	<u>Suite #101 7220 E Stetson Dr. Scottsdale, Ariz 85251</u>

DIRECTORS NAME	POST OFFICE ADDRESS
<u>N-A</u>	

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the W M Waggoner of the W M Waggoner (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

W M Waggoner  
Signature

May 28, 1985  
Date

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Organization Report  
File One Copy  
Form No. 1

Form 3160-3  
(November 1983)  
(formerly 9-331C)

SUBMIT IN TRIP DATE\*  
(Other instructions on reverse side)

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. BLM A-20724	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTED OR TRIBE NAME N/A	
2. NAME OF OPERATOR Wm. Waggoner			7. UNIT AGREEMENT NAME Non-Unitized	
3. ADDRESS OF OPERATOR 7220 East Stetson Drive #101, Scottsdale, AZ 85251			8. FARM OR LEASE NAME Federal	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 810' FNL & 660' FWL At proposed prod. zone Same			9. WELL NO. 2-26	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 10.3 miles southeasterly from Colorado City			10. FIELD AND POOL, OR WILDCAT Wildcat	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 660'		16. NO. OF ACRES IN LEASE 9297.54	17. NO. OF ACRES ASSIGNED TO THIS WELL 80.00	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A		19. PROPOSED DEPTH 650'	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5070 G.L.			22. APPROX. DATE WORK WILL START* 1st week June	
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4	7"	20# J-55	585	TO SURFACE

Attachments.

Certified Survey Plat  
Exhibit "A" - Ten Point Compliance Program

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 Wm. Waggoner *Wm Waggoner* TITLE Operator DATE May 28, 1985

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

\*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.

### INSTRUCTIONS

**GENERAL:** This form is designed for submitting proposals to perform certain well operations, as indicated, on all types of lands and leases for appropriate action by either a Federal or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

**ITEM 1:** If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable State or Federal regulations concerning subsequent work proposals or reports on the well.

**ITEM 4:** If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

**ITEM 14:** Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on this reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal or State agency offices.

**ITEMS 15 AND 18:** If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective production zone.

**ITEM 22:** Consult applicable Federal or State regulations, or appropriate officials, concerning approval of the proposal before operations are started.

### NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

**AUTHORITY:** 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR Part 3160.

**PRINCIPAL PURPOSE:** The information is to be used to process and evaluate your application for permit to drill, deepen, or plug back an oil or gas well.

**ROUTINE USES:** (1) The analysis of the applicant's proposal to discover and extract the Federal or Indian resources encountered. (2) The review of procedures and equipment and the projected impact on the land involved. (3) The evaluation of the effects of proposed operation on surface and subsurface water and other environmental impacts. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions, as well as routine regulatory responsibility.

**EFFECT OF NOT PROVIDING INFORMATION:** Filing of this application and disclosure of the information is mandatory only if the lessee elects to initiate drilling operation on an oil and gas lease.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq) requires us to inform you that:

This information is being collected to allow evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases.

This information will be used to analyze and approve applications.

Response to this request is mandatory only if the lessee elects to initiate drilling operations on an oil and gas lease.

EXHIBIT "A"  
TEN POINT COMPLIANCE PROGRAM

1.) Geologic Surface Formation

The surface formation is Moenkopi

2. & 3.) Geologic Markers and Productive Interval

Formation	Estimated Top	Possible Production
Moenkopi	Surface to 200'	W - 200'
Moenkopi	200' - 585'	H - 520-585'

W = Water    H = Hydrocarbon (oil or gas)    C = Coal    S = Steam

4.) Casing Program

Hole Size	Casing Size	Grade	Weight	Thrd-Cond	Depth
8 3/4"	7"	J-55	30#	STC	585'

5.) Control Equipment Specifications

As checked below, the following equipment will be utilized for detection and control during the drilling operation.

Blow Out Preventors

The Blow Out Preventor will not be used due to the close proximity of a well that was drilled through the objective zone with no evidence of gas pressure.

However a Blooey line from the casing head will be connected that will be used to vent the well cuttings and any substance that may be encountered into a reserve pit an adequate distance from the rig to be considered safe.

6.) Drilling Fluids

Will try to drill with air initially to 520' from surface. At 520 feet a core barrel will be used to core from 520' to 585', and air will be used. The rig has the capability of using mud on site in the event of controlling abnormal pressures.

Interval	Type Fluid	Weight	Viscosity	Fluid Loss	Remarks
0-520'	Air	N/A	N/A	N/A	Air

Possible Sub Normal Pressured Zones None  
Possible Abnormal Pressured Zones None  
On the well 150 feet to the north a D.S.T. was taken  
in the objective zone with a B.H.P. of 138#.

7.) Auxilliary Equipment

Core barrel - Mud pumps

8.) Evaluation

A.) Testing

No drill stem testing during the drilling of the hole due to the objective zone from 520-585 to be cored. After the coring has been finished, the 4" hole is to be reamed by a 6-3/4 bit from 520' to 585'. The open hole will then be swabbed and tested hourly in order to determine the productivity of any hydrocarbons that may enter the bore hole from the formation. At that time it will be determined whether the well bore needs any stimulation and what kind of treatment. The evaluation of the cores will also help determine this procedure.

B.) Logging

<u>Depth</u>	<u>Electric Wireline Logs</u>	<u>Interval</u>
N/A	N/A	N/A

No logging will be anticipated due to the coring having supplied sufficient information as to tops, thickness, porosity, and permeability in the formation from the base of the surface casing to total depth.

C.) Coring

<u>Formation</u>	<u>Type Core</u>	<u>Analysis</u>
Middle Moenkopi Sand	Full core-3"	Core Lab

9.) Drilling Hazards

None Expected (See Item 6)

<u>Starting Date</u>	<u>Duration</u>
1st week June, 1985	3 days

11.) Drilling representatives: Wm. Waggoner  
(602) 951-8935  
(214) 722-8490

Drilling Program Prepared By:

Wm. Waggoner

Wm Waggoner  
Wm. Waggoner

Wm. Waggoner  
Mohave Federal 2-26

1. Existing Roads

Distance from Colorado City, Arizona is 10.3 miles southeast. Take Highway No. 389 Southeast about 7.1 miles, turn right (south) on dirt road; go 3.6 miles south and turn left (east) between two windmills on opposite sides of road; the location is in the quarter-quarter immediately to the right (south). See Exhibit 1.

2. Planned Access Road

A cattle guard and wire gate will be installed in the fence per landowners request. A 20' road will be bladed south from the fence to well pad and location.

3. Location of Existing Wells

A dry hole that is plugged and abandoned is 150 feet north of the proposed well. West of that well 1320 feet another dry hole is plugged and abandoned. Within a one mile radius there is a shallow windmill well located in the SWSW of Section 23, T40N, R6W, and a windmill well in the NWNW of Section 26, T40N, R6W. No other type or category of a water well is present to our knowledge.

4. Location of Production Equipment

At the present time, there are no Wm. Waggoner tank batteries, production facilities, oil or gas gathering lines, injection or disposal lines within a two mile radius.

In the event that production of this well is established, a well pad will be utilized for the necessary equipment.

The production area will be built with native materials but not top soil and if not available, then the necessary arrangement will be made to acquire it from a private source.

Onsite Inspection Comments:

The total area needed for production of this well will be fenced and cattle guards installed for access to the facilities.

If production facilities are necessary, they will be constructed as shown in Exhibit 2.

Rehabilitation of the disturbed area not required for production of this well will be in accordance with those requirements listed in items #7 and #10.

5. Location and Type of Water Supply

Water will be purchased at the town of Colorado City and trucked to location over the existing roads and bladed road. No water well will be drilled for this operation.

6. Construction Materials

All construction materials for this location and road shall be borrow material accumulated during construction of the pad and access road. No additional road gravel or pit lining material are anticipated at this time; however, these materials can be acquired from private sources if required.

7. Waste Disposal

Refer to location layout sheet. A reserve and burn pit will be constructed.

Reserve pit depth will be approximately 6' with at least half of this depth below the surface of the existing ground. This pit will contain non-flammable materials such as cuttings and drilling fluids. A test tank will be used for containing any produced fluids.

If deemed necessary by agencies or landowner, the pit bottom and sides can be lined with gel.

This reserve pit will be fenced on three sides at the time drilling begins and will be fenced on the fourth side when drilling is completed. The pit will be allowed to dry completely prior to back filling and reclamation of the surface area.

Reclamation will commence when the reserve pit dries; the pits will be covered with the stockpiled soil and reseeded as recommended by the landowner and agencies.

Onsite Inspection Comments:

All flammable material will be put in a wire enclosed pit, burned and then buried at the end of well operations.

Non-burnable trash will be buried in the bottom of the reserve pit and covered upon completion of well activity.

A portable chemical toilet will be supplied for personnel use.

8. Ancillary Facilities

No ancillary facilities will be needed at the present time nor are any foreseen in the near future.

9. Well Site Layout

See attached location layout.  
Landowner (Mr. Sherman Jensen) and the appropriate B.L.M. Office will be notified before any construction begins.

As mentioned in item #7, the pits will be unlined unless it is determined that the earth is too porous and would cause contamination to the surrounding area. The pits can be lined with gel or plastic as necessary to make it safe and tight.

10. Surface Restoration

All topsoil shall be stripped and stockpiled. (See location layout sheet). When all drilling, completion and production activities have been completed, the access roads and location site will be reshaped to original contour and stockpiled topsoil spread over the disturbed area.

Reserve pit will be completely fenced, overhead wire and flagging installed if there is oil on the pits and then allowed to completely dry before covering the pits.

Restoration shall begin as soon as possible after the pit has dried up and will continue until all work is satisfactorily done.

Onsite Inspection Comments:

After restoration activity has been done, the access road and location shall be reseeded with a mixture approved by the landowner when the moisture content of the soil is adequate for germination. Lessee further covenants and agrees that all of said cleanup and restoration shall be done and performed in a diligent, workmanlike manner and in conformity with the above activities mentioned in items #7 and #10 above.

11. Other Information

The Drilling Contractor is Ned Dalton of D&H Drilling, 2720 S.E. Bench Road, Moab, Utah, 84532.

Drill site is located on virtually flat terrain. Surface is Moenkopi Formation, a light red soil with sparse grass cover. No trees are on the location.

General surface use is grazing of livestock.

The archaeology report is to be provided by the B.L.M.

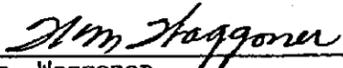
Onsite Inspection Comments:

12. Operator's Representative

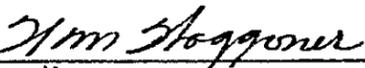
Wm. Waggoner  
7220 East Stetson Drive  
Suite 101  
Scottsdale, AZ 85251

13. Certification

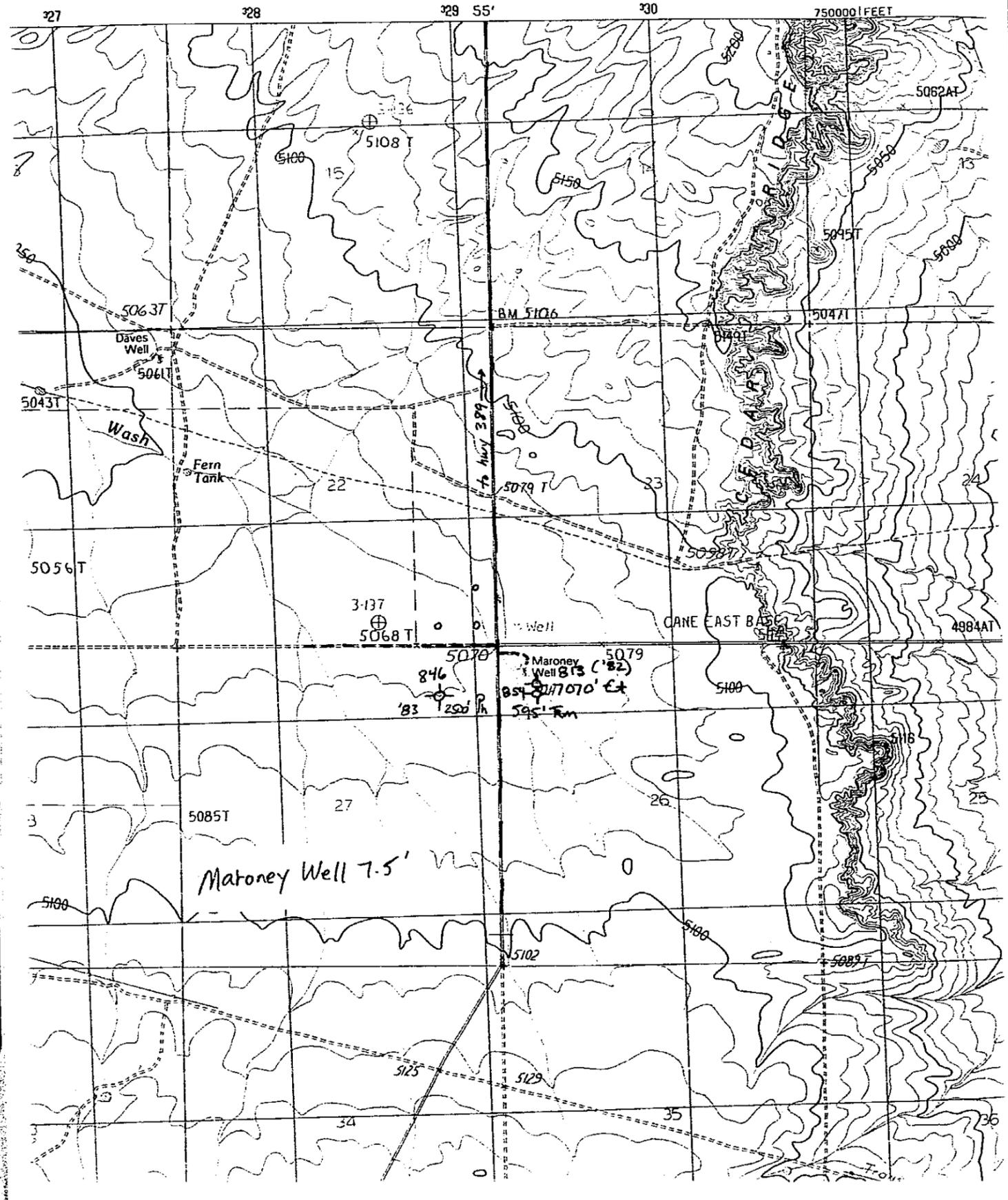
I hereby certify that I, or person's under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Wm. Waggoner and its contractors and subcontractors in conformity with this plans, terms and conditions with this plan and the terms and conditions under which it is approved.

  
\_\_\_\_\_  
Wm. Waggoner

I hereby certify that I, Wm. Waggoner, have prepared the drilling program, application for permit to drill and supplemental information herein contained. I have reviewed this application and hereby acknowledge that the plans, terms and conditions outlined herein will be performed by Wm. Waggoner.

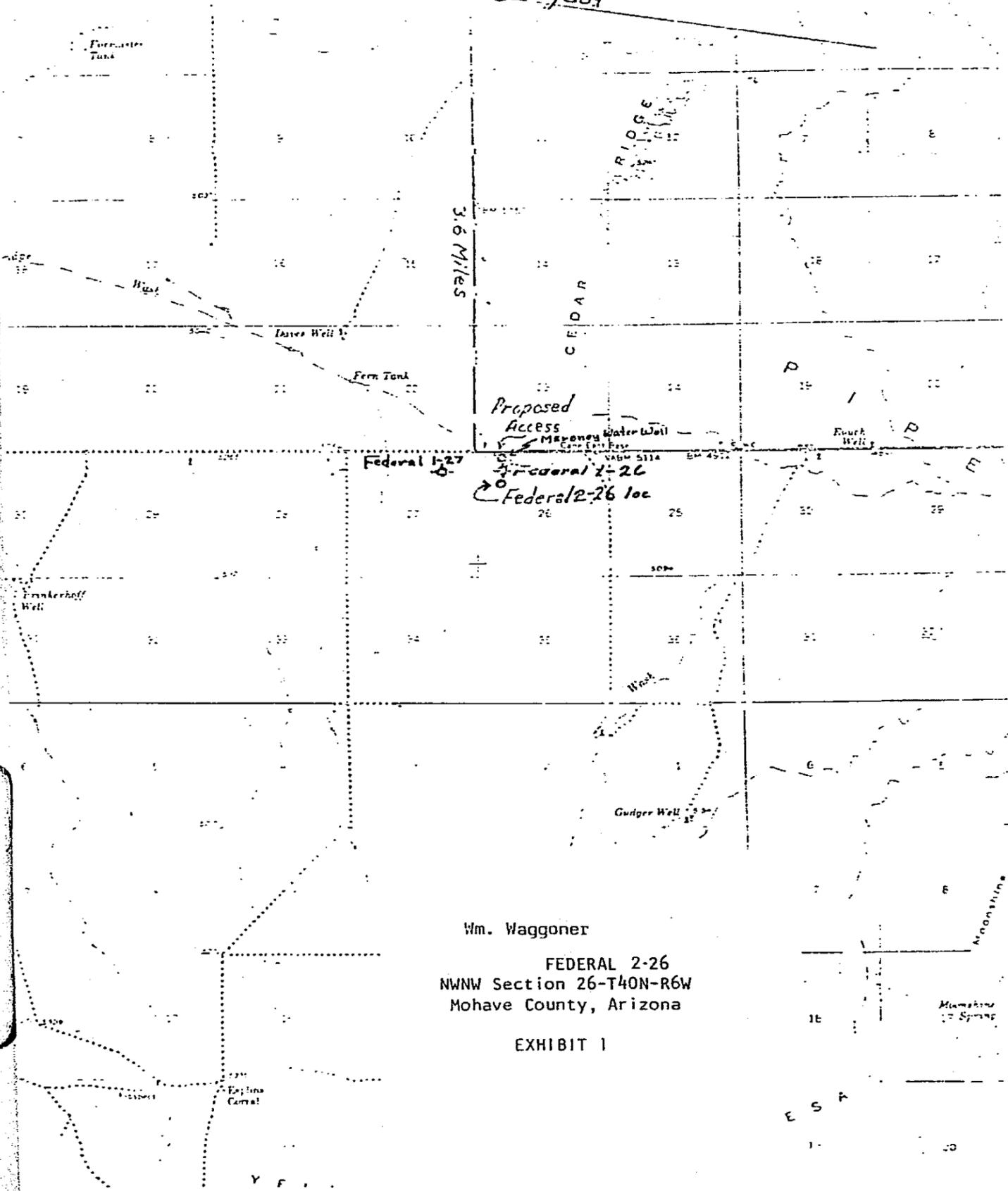
  
\_\_\_\_\_  
Wm. Waggoner

MARU  
AI  
7.5 MIN



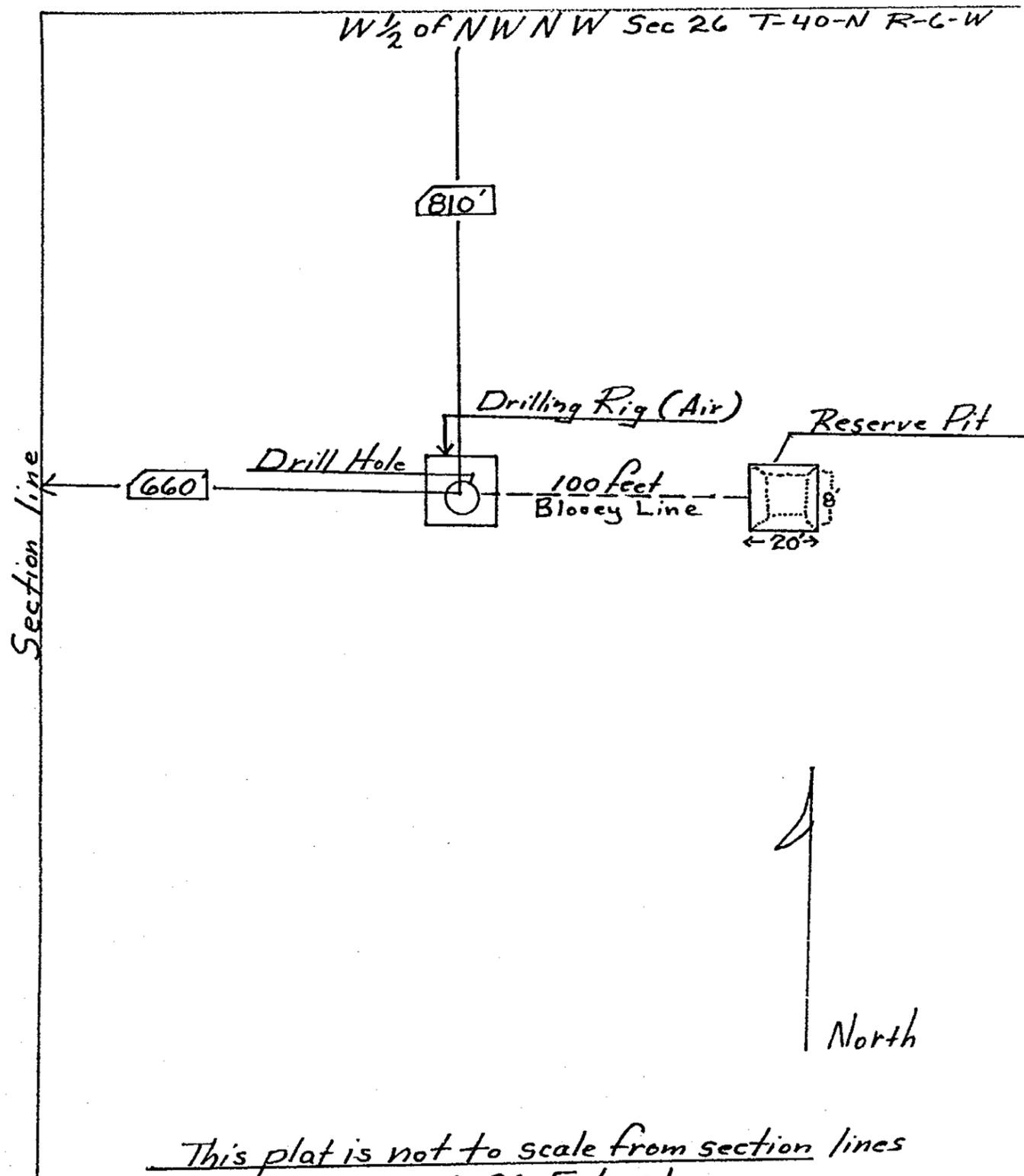
Colorado City

Highway 389



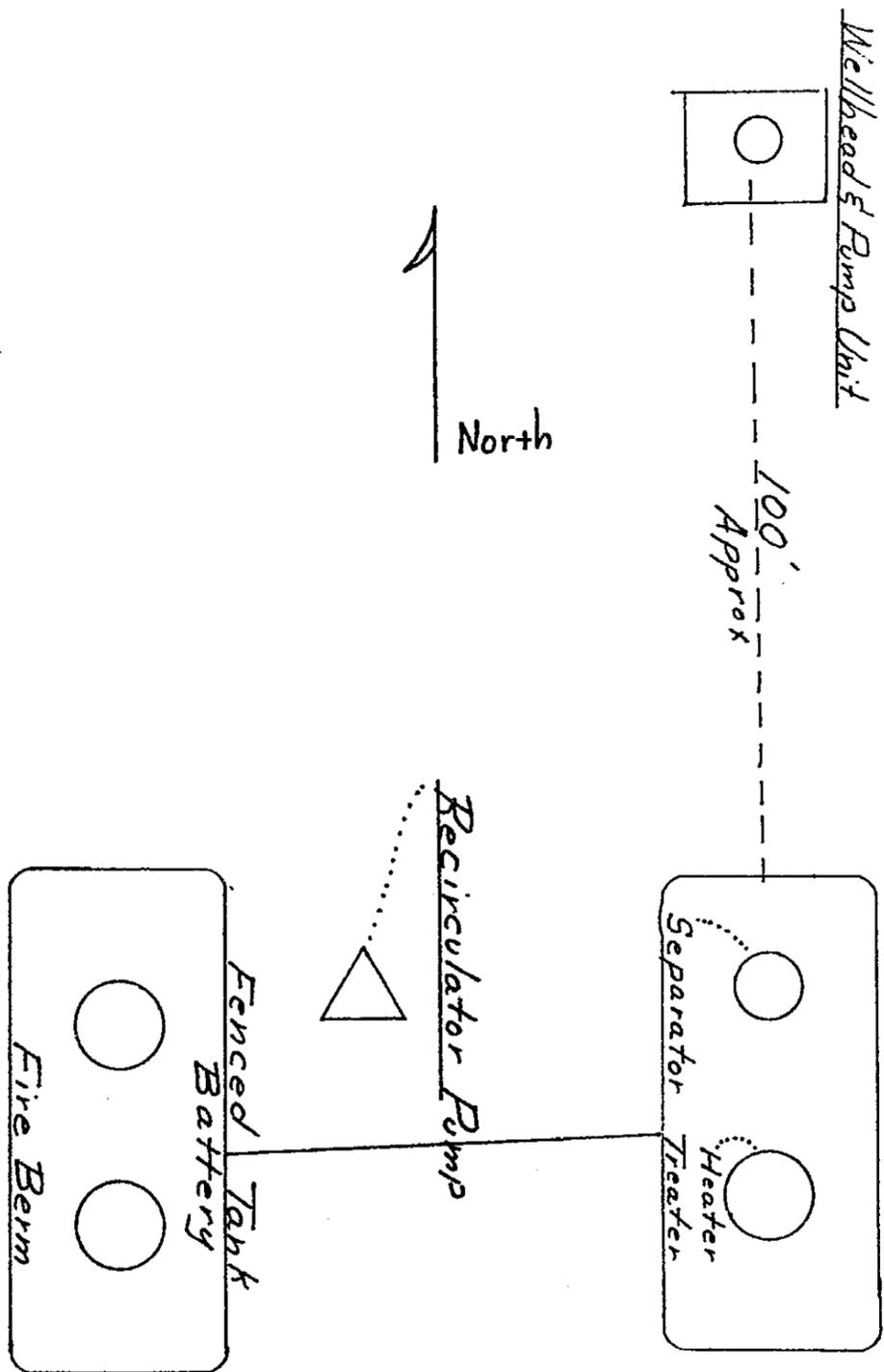
Wm. Waggoner  
 FEDERAL 2-26  
 NWNW Section 26-T40N-R6W  
 Mohave County, Arizona

EXHIBIT 1



This plat is not to scale from section lines  
 2-26 Federal

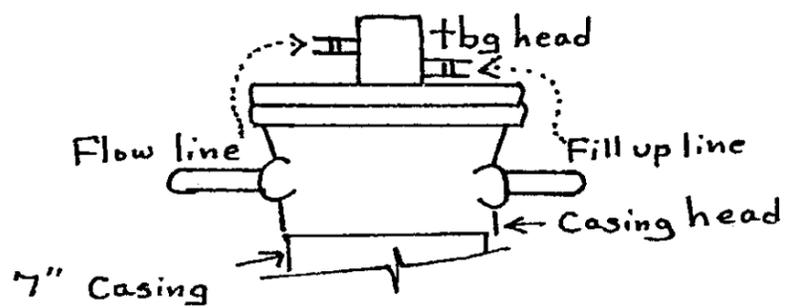
May 28, 1985 *Alm Shagor*



Typical layout for production  
2-26 Federal

May 28, 1985

Jim Staggner



"Basic Well Head Arrangement"  
2-26 Federal

*Jim Staggner*

Form 3106-14  
(September 1982)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

TRANSFER, ASSIGNMENT, OR SUBLEASE  
OF OPERATING RIGHTS IN OIL AND GAS LEASE

FORM APPROVED  
OMB NO. 1004-0034  
Expires: August 31, 1985  
Lease Serial No.  
A-20724  
Lease effective date  
May 1, 1985

PART I

1. Assignee's Name

W. M. Waggoner

Address (include zip code)

123 Yacht Club Drive, Rockwall, Texas 75087

The undersigned, as owner of 100 percent of operating rights in the above-designated oil and gas lease, hereby transfers, assigns, and/or subleases to the assignee shown above, the operating rights in such lease as specified below.

2. Describe the lands affected by this transfer, assignment, and/or sublease (43 CFR 3101.2-3 or 3101.1-4)

Township 40N, Range 6W, G&SRM, Mohave County, Arizona

Section 26: W $\frac{1}{2}$ NW $\frac{1}{4}$ .

Containing 80.00 acres, more or less.

3. Specify interest or percent of operating rights being conveyed to assignee	100%
4. Specify interest or percent of operating rights being retained by assignor	-0-
5. Specify overriding royalty interest being reserved by assignor	6.25% of 8/8t
6. Specify overriding royalty previously reserved or conveyed, if any	-0-

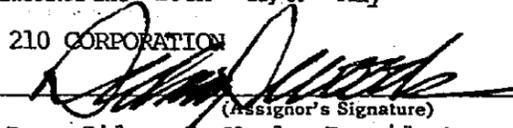
7. If any payments out of production have previously been created out of this interest, or if any such payments are being reserved under this transfer, assignment, or sublease, attach statement giving full details as to amount, method of payment, and other pertinent terms as provided under 43 CFR 3106.

It is agreed that the obligation to pay any overriding royalties or payments out of production of oil created herein, which, when added to overriding royalties or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of 17 1/2 percent, shall be suspended when the average production of oil per well per day averaged on the monthly basis is 15 barrels or less.

I CERTIFY That the statements made herein are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 20th day of May, 19 85.

210 CORPORATION

  
(Assignor's Signature)  
By: Sidney S. Woods, President

P. O. Box 190

(Assignor's Address)

Yuma, Arizona 85364

(City)

(State)

(Zip Code)

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, fraudulent statements or representations as to any matter within its jurisdiction.

THE UNITED STATES OF AMERICA

Assignment approved effective \_\_\_\_\_

By \_\_\_\_\_

(Authorized Officer)

(Title)

(Date)

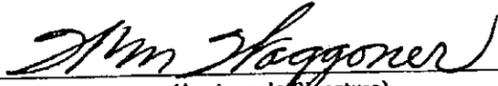
NOTE: This form may be reproduced provided that copies are exact reproductions on one sheet of both sides of this official form in accordance with provisions of 43 CFR 3106.

PART II

ASSIGNEE'S APPLICATION FOR APPROVAL OF TRANSFER  
OF OPERATING RIGHTS AND/OR OPERATING AGREEMENT (SUBLEASE)

- A. ASSIGNEE CERTIFIES THAT the assignee and all other parties in interest (as defined in 43 CFR 3100.0-5(b)) in this assignment are:
1. Citizens of the United States or qualified alien stockholders in a domestic corporation; association of the United States; or any State or Territory thereof; or municipalities.
  2. Of the age of majority in the State where the lands to be assigned are located.
  3. In compliance with the acreage limitation set forth in 43 CFR 3101.1-5 and 3101.2-4.
3. ASSIGNEE AGREES That, upon approval of this transfer of operating rights and/or operating agreement (sublease) by the authorized officer of the Bureau of Land Management, he will be bound by the terms and conditions of the lease described herein as to the interests covered by this assignment, including, but not limited to, the obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any drilling operations as prescribed in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to the regulations (43 CFR 3104.2).
2. IT IS HEREBY CERTIFIED That the statements made herein are true, complete, and correct to the best of undersigned's knowledge and belief and are made in good faith.

Executed this 28th day of May, 19 85 .

  
(Assignee's Signature)

123 Yacht Club Drive

(Assignee's Address)

Rockwall, Texas 75087

(City) (State) (Zip Code)

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.

INSTRUCTIONS

USE OF FORM - Use only for assignment of operating rights (including working interests) in oil and gas leases. If transfer of operating rights is accompanied by an operating agreement, a single copy of such agreement must be submitted with the assignment. If more than one transfer of operating rights is made out of a lease, a separate instrument of transfer is required for each assignment. A separate instrument of assignment shall be used for each lease out of which an assignment is made.

FILING AND NUMBER OF COPIES - File three (3) completed

and manually signed copies in the appropriate BLM office. A \$25.00 nonrefundable filing fee must accompany this assignment. File assignment within ninety (90) days after date of final execution.

3. EFFECTIVE DATE OF ASSIGNMENT - The assignment, if approved, takes effect on the first day of the month following the date of filing of all required papers. If an operator's bond is required, it must be furnished prior to approval of the assignment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this assignment and request for approval.

AUTHORITY: 30 U.S.C. et. seq.

PRINCIPAL PURPOSE - The information is to be used to process the assignment and request for approval.

ROUTINE USES:

- (1) The adjudication of the assignee's rights to the land or resources.
- (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources.
- (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting a right in public lands or resources.
- (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION - If all the information is not provided, the assignment may be rejected.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that:  
This information is being collected pursuant to the law (43 CFR 3106-3(c)).  
This information will be used to create a record of lease assignment.  
Response to this request is required to obtain a benefit.

Form 3160-8  
(November 1983)  
(Formerly 9-1123)

(Submit in triplicate to appropriate  
BLM District Office)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

STATE OFFICE: ARIZONA  
SERIAL NO.: A-20724

and hereby designates

NAME: W. M. Waggoner  
ADDRESS: 123 Yacht Club Drive, Rockwall, Texas 75087

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the authorized officer may serve written or oral instructions in securing compliance with the Operating Regulations (43 CFR 3160) with respect to (describe acreage to which this designation is applicable):

W $\frac{1}{2}$ NW $\frac{1}{4}$ -26-40N-6W, G&SRM, Mohave County, Arizona

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the authorized officer of any change in the designated operator.

210 CORPORATION



(Signature of lessee)

By: Sidney S. Woods, President

P. O. Box 190, Yuma, Arizona 85364

(Address)

May 17, 1985

(Date)

This form does not constitute an information collection as defined by 44 U.S.C. 3502 and thereto does not require OMB approval.

Form 3100-11\*  
(March 1984)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0008  
Expires January 31, 1986  
Serial No. A 20724

OFFER TO LEASE AND LEASE FOR OIL AND GAS

AZ 136 2-8

The undersigned (reverse) offers to lease all or any of the lands in item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 OP. Atty. Gen. 41), or the

Read Instructions Before Completing

1. Name 210 Corporation  
Street P.O. Box 190  
City, State, Zip Code Yuma, Arizona 85364

2. This offer/lease is for: (Check Only One)  PUBLIC DOMAIN LANDS  ACQUIRED LANDS (percent U.S. interest \_\_\_\_\_)  
Surface managing agency if other than BLM: \_\_\_\_\_ Unit/Project \_\_\_\_\_

Legal description of land requested:

T. R. Meridian State County

Amount remitted: Filing fee \$ \_\_\_\_\_ Rental fee \$ \_\_\_\_\_ Total acres applied for \_\_\_\_\_  
Total \$ \_\_\_\_\_

3. Land included in lease: DO NOT WRITE BELOW THIS LINE  
T. 40 N. R. 6 W. Meridian G&SR State Arizona County Mohave  
Sec. 13, A11 Sec. 28, A11  
Sec. 14, A11 Sec. 29, A11  
Sec. 15, W $\frac{1}{2}$  Sec. 30, Lots 1-4, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$   
Sec. 19, Lots 1, 2, NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$  Sec. 31, Lots 1-4, E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$   
Sec. 20, A11 Sec. 33, A11  
Sec. 21, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$   
Sec. 22, N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$   
Sec. 23, A11  
Sec. 24, A11 (Former Leases A 8725, A 8726,  
A 8730, A 8731)  
Sec. 25, A11 Total acres in lease 9297.54  
Sec. 26, A11 Rental retained \$ 9298.00  
Sec. 27, A11

In accordance with the above offer, or the previously submitted simultaneous oil and gas lease application or competitive bid, this lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

Type and primary term of lease:

- Simultaneous noncompetitive lease (ten years)
- Regular noncompetitive lease (ten years)
- Competitive lease (five years)
- Other \_\_\_\_\_

THE UNITED STATES OF AMERICA  
by John A. May (Signing Office)  
Chief, Branch of Lands and Minerals Operations  
MAY 17 1985 (Date)  
EFFECTIVE DATE OF LEASE MAY 1 1985

\*(Formerly 3110-1, 2, 3, 3120-1, 7, 3130-4, 5, and 7)

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, direct and indirect, in either public domain or acquired lands do not exceed 200,000 acres in oil and gas options or 246,080 acres in options and leases in the same State, or 300,000 acres in leases and 200,000 acres in options in either leasing District in Alaska; and (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or part, unless the withdrawal is received by the BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Duly executed this 24th day of April, 1985.

By: Sidney S. Woods, President

#### LEASE TERMS

Sec. 1. Rentals—Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- Simultaneous noncompetitive lease, \$1.00 for the first 5 years, thereafter, \$3.00;
- Regular noncompetitive lease, \$1.00;
- Competitive lease, \$2.00; or
- Other, see attachment.

If all or part of a noncompetitive leasehold is determined to be within a known geological structure or a favorable petroleum geological province, annual rental shall become \$2.00, beginning with the lease year following notice of such determination. However, a lease that would otherwise be subject to rental of more than \$2.00 shall continue to be subject to the higher rental.

If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to this lease. However, annual rentals shall continue to be due at the rate specified in (a), (b), (c), or (d) or those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) shall automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

Sec. 2. Royalties—Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rates are:

- Simultaneous noncompetitive lease, 12 1/4 %;
- Regular noncompetitive lease, 12 1/4 %;
- Competitive lease, see attachment; or
- Other, see attachment.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty shall be due for any lease year after discovery in which royalty payments aggregate less than \$1.00 per acre. Lessee shall pay such difference at end of lease year. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified. An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (96 Stat. 2447). Lessee shall be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds—Lessee shall file and maintain any bond required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. The form prescribed by lessor, lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that

supports costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations—Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-ways. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

Prior to disturbing the surface of the leased lands, lessee shall contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species or objects.

Sec. 7. Mining operations—To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessor reserves the right to deny approval of such operations.

Sec. 8. Extraction of helium—Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or loss to lessee or owner of the gas. Lessee shall include in any contract or sale of gas the provisions of this section.

Sec. 9. Damages to property—Lessee shall pay lessor for damage to lessor's improvements, and shall save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and equal opportunity—Lessee shall: pay when due all taxes legally assessed and levied under laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default—If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation. Lessee shall also be subject to applicable provisions and penalties of FOGRMA (96 Stat. 2447). However, if this lease includes land known to contain valuable deposits of leased resources, it may be cancelled only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 14. Heirs and successors-in-interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

INFORMATION CONCERNING FEDERAL OIL & GAS LEASES  
ISSUED IN ARIZONA

Prior to commencement of any operations that will in any way disturb the surface or otherwise affect the environment, lessee/operator shall contact the appropriate District Office of the Bureau of Land Management (BLM). Thereafter, an environmental assessment will be made by BLM in consultation with the surface management agency. (Agency identified below).

BLM has published in the Federal Register Onshore Oil and Gas Order No. 1 which relates to all oil and gas leasing operations. Order No. 1 specifically sets forth requirements for compliance by the lessee/operator prior to and during lease development activities.

Where a nationwide or statewide bond is not maintained by the lessee/operator, a general lease bond in the sum of \$10,000 must be provided before a drilling permit will be issued by the BLM. Such bond must be submitted to BLM and must be by an approved surety company.

The State of Arizona also has certain Statutory requirements affecting all oil and gas leases. The operator must furnish to the Arizona State Oil and Gas Commission, 1645 W. Jefferson, Suite 420, Phoenix, Arizona 85007, either a single lease bond in the sum of \$5,000 or a statewide lease bond in the sum of \$25,000. A permit to drill must be obtained from the State Oil & Gas Commission at a cost of \$25. Also a plat of survey prepared by a certified surveyor must be submitted to the State. The State also controls well spacing for oil and gas drilling.

Oil and gas non-competitive leases are issued for a primary term of ten years. Courtesy billings are made; however, the lessee is responsible for payment regardless of whether a billing notice has been received. Beginning on March 1, 1984 advance rental payments are to be paid to the Minerals Management Service, RMP - Bonus and Rental Accounting Support System, P.O. Box 5640, Denver, Colorado 80217. If the rental is not paid on or before the anniversary date of the lease, the lease shall terminate automatically by operation of law.

Surface Management Agency:  
Bureau of Land Management

BLM District Manager:  
Arizona Strip District  
196 E. Tabernacle  
St. George, Utah 84770

COMPU-LOG V8L2 PLINT 06-10-85

FED 2-26 TD-550'

WILLIAM WAGGNER

T40N R6W S26

HOLE DIAMETER : 08.7

PROBE # 9055A - 055

SENSOR #4 CAL STD CPS = 152

SENSOR #4 CAL RUN CPS = 152

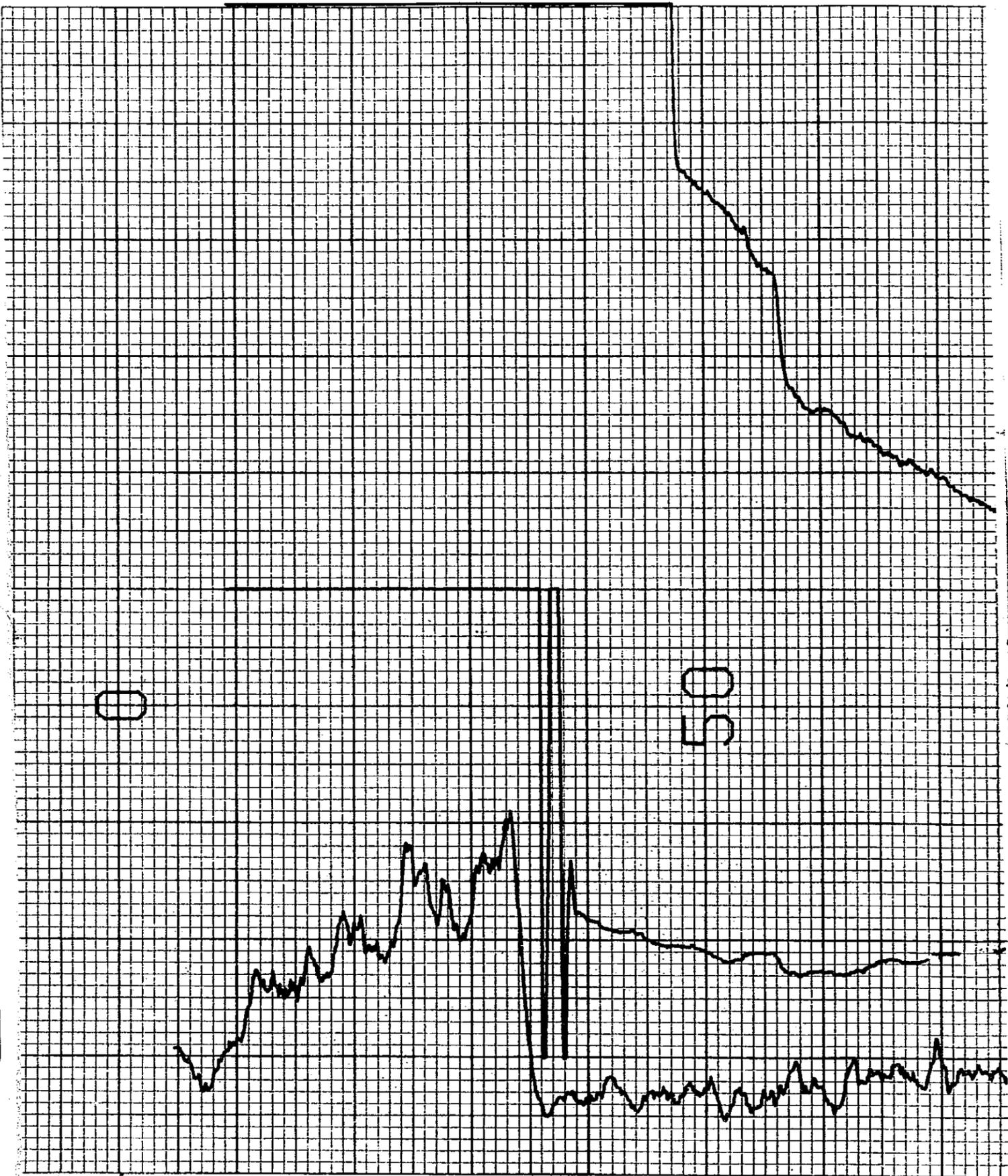
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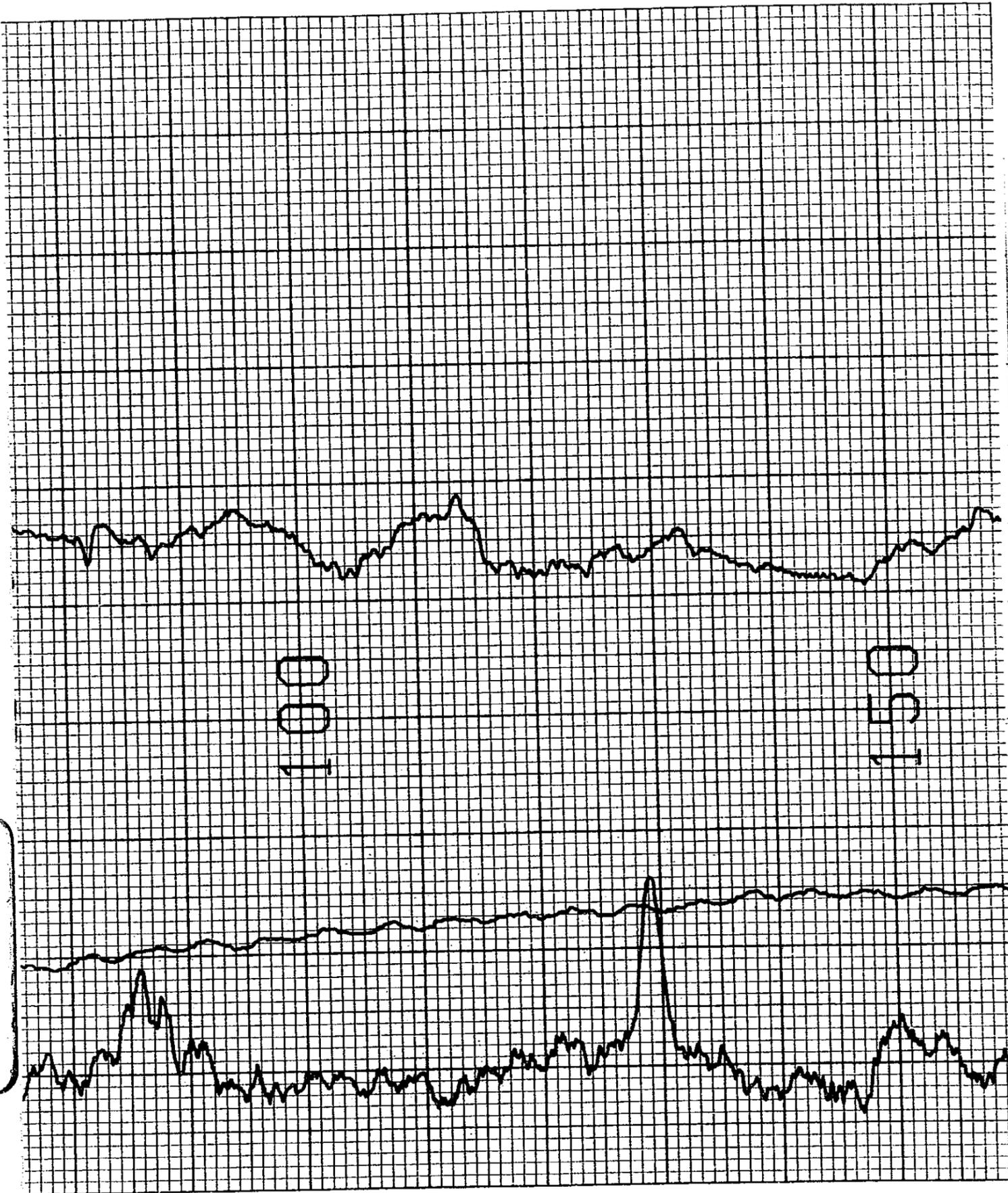
DATA V8L2\*RA TRUCK # CG-1

BOUG ROBERTS APPL.#3 M

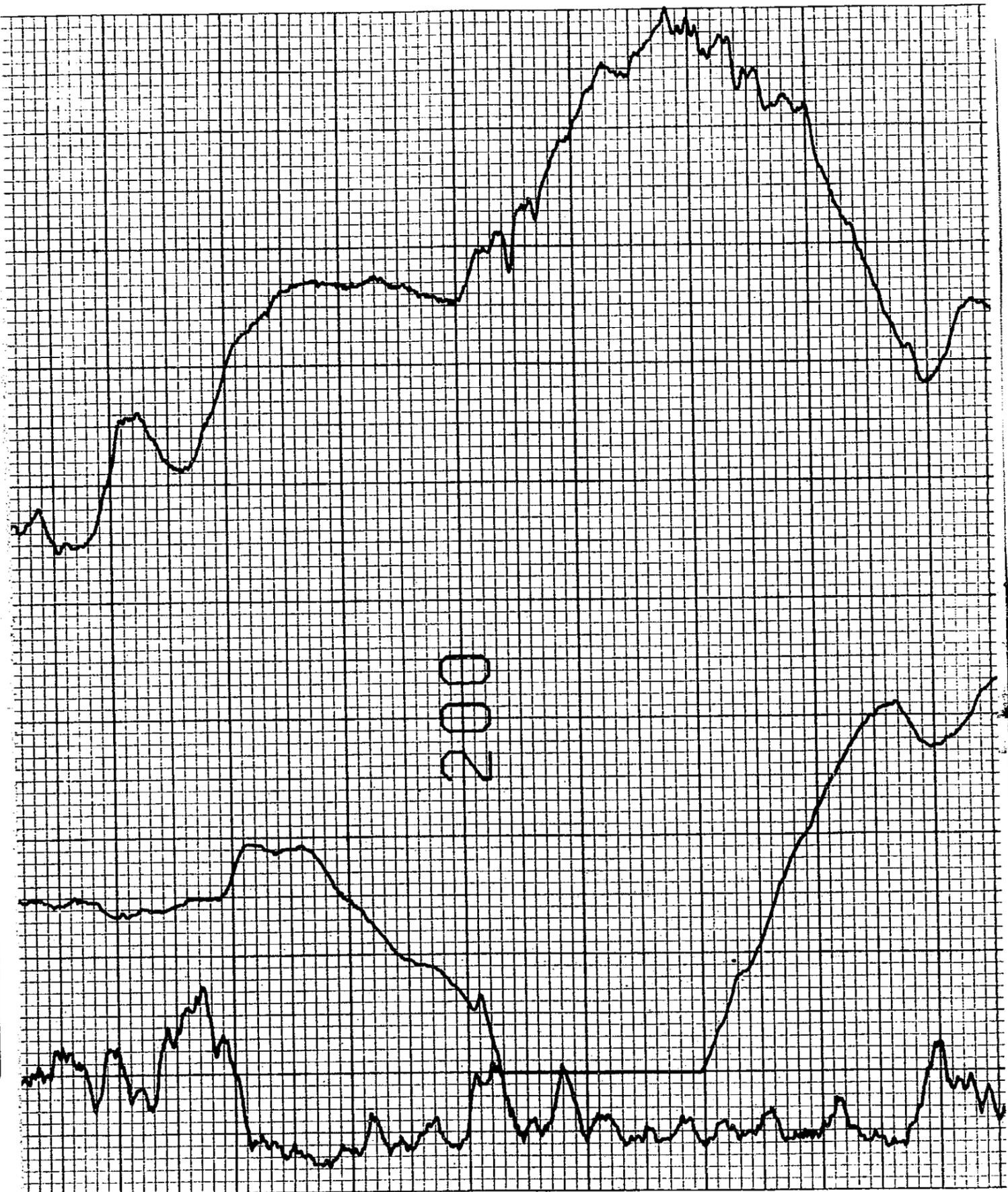
9055

PERMIT 854

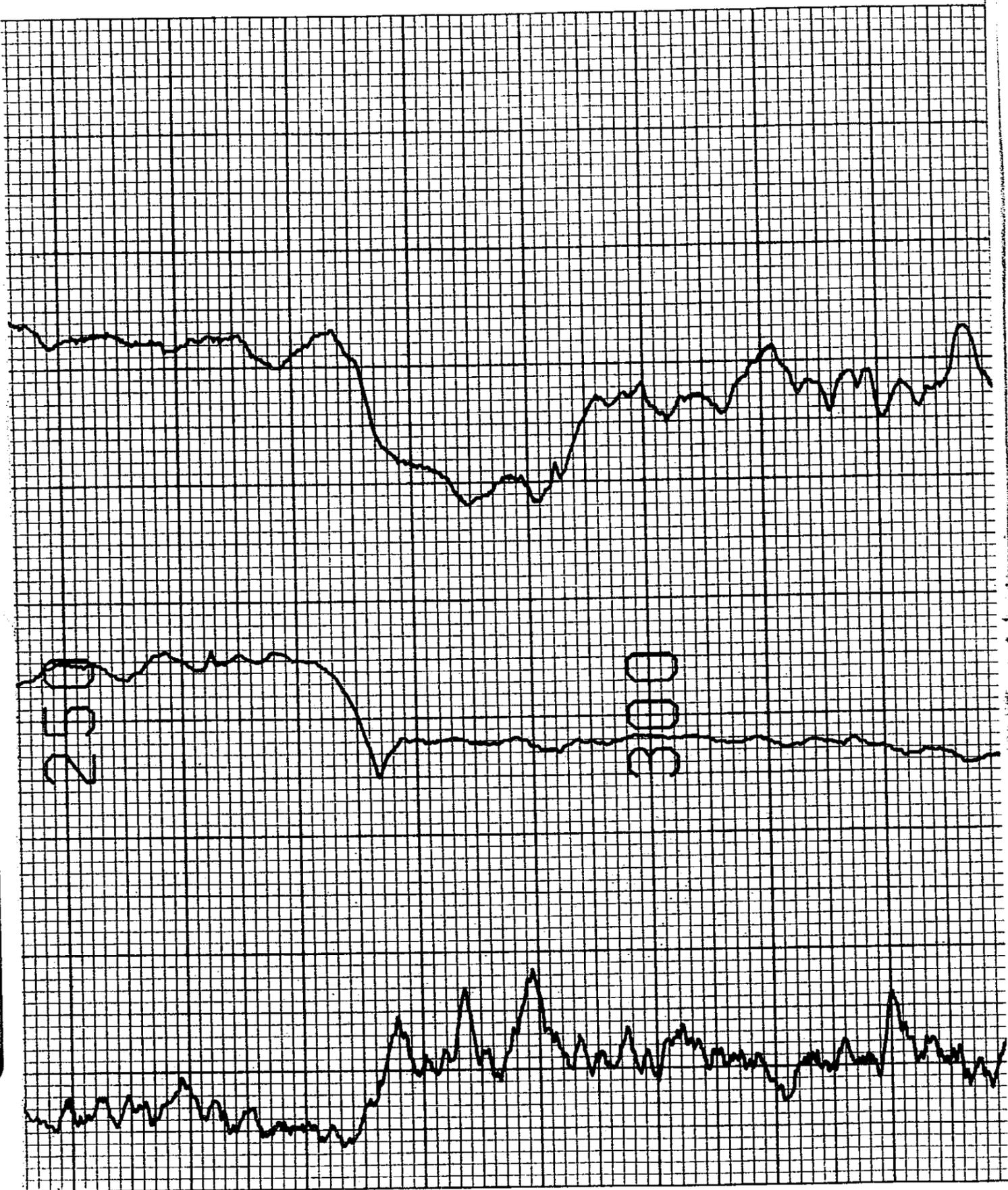


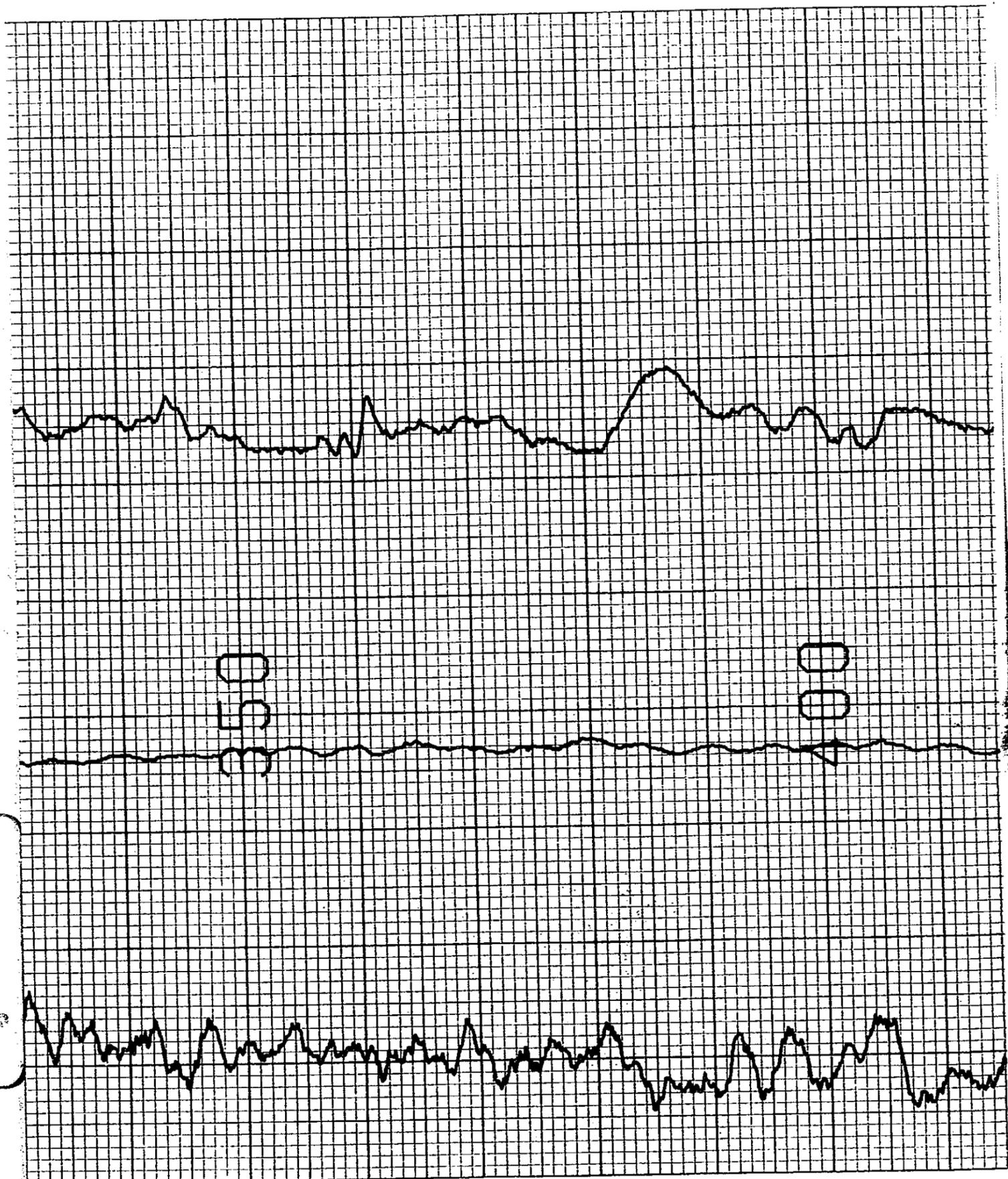


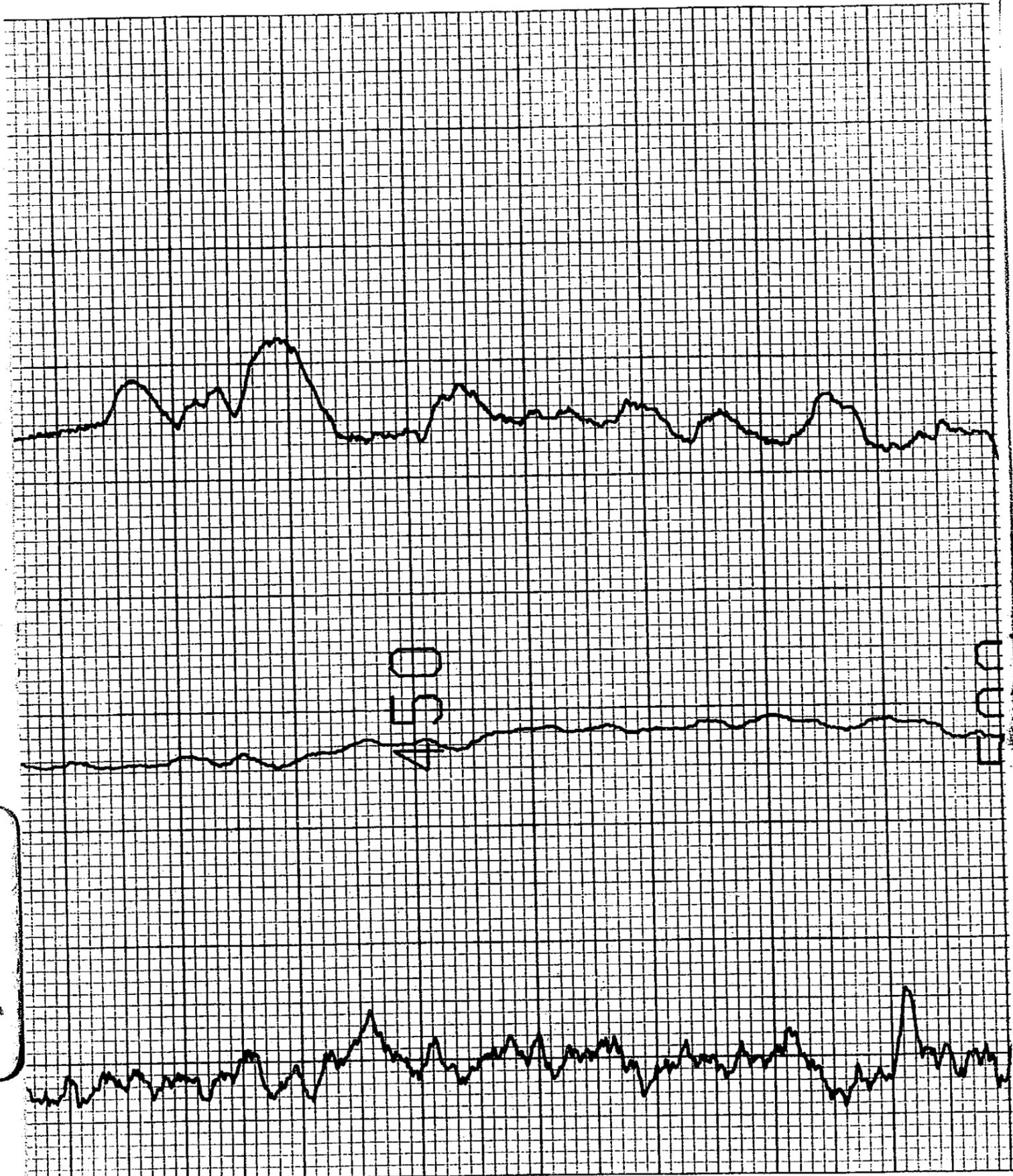
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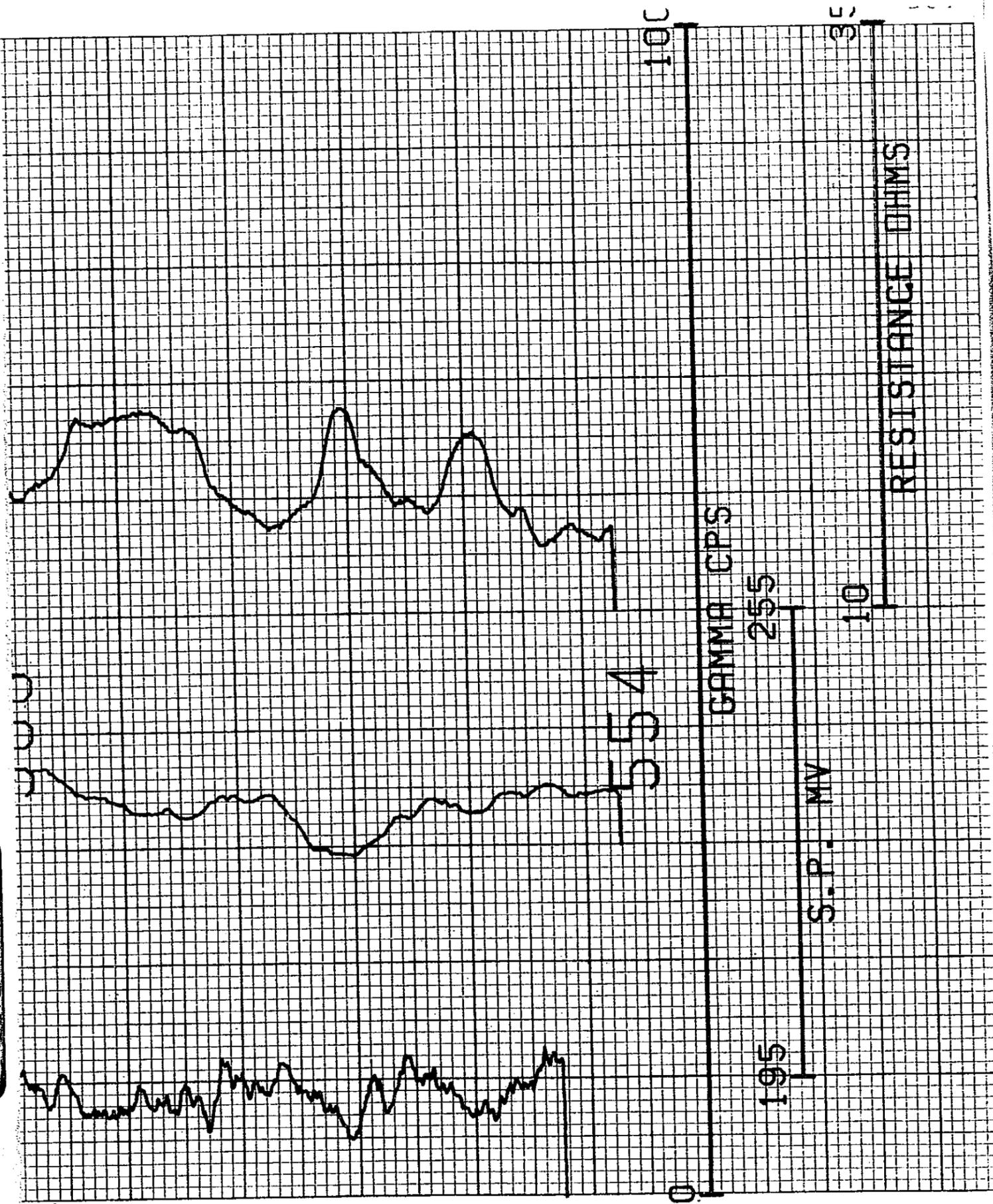


200











OFFICE OF  
**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007  
PHONE: (602) 255-5161

June 11, 1986

Ms. Doris G. Moore  
The Travelers Companies  
P. O. Box 29034  
Phoenix, AZ 85038

RE: Bond No. 424F9899

Dear Ms. Moore:

This is in response to your letter of June 6, 1986,  
requesting release of subject bond.

Approval is granted by the Commission to release this bond.

If we can be of further assistance, please advise.

Sincerely,

*R. A. Ybarra*  
R. A. Ybarra  
Enforcement Director

lr

# The Travelers

The Travelers Companies  
Metrocenter Business Park-I  
10000 North 31st Avenue  
P.O. Box 29034  
Phoenix, AZ 85038

**John D. Tennant**  
Marketing Manager  
Surety Department

Phoenix Office

RECEIVED

JUN 9 1986

O & G CONS. COMM.

June 6, 1986

Oil & Gas Commission  
1645 West Jefferson  
Phoenix, Arizona 85007

Attention: Rudy Ybarra

Re: William Martin Waggoner - Single Oil Well Drilling Bond  
Travelers Bond No. 424F9899

Dear Mr. Ybarra:

It is our understanding that the above captioned well has been turned over to the land-owner as a water well and that you have been advised of this.

In order for us to close our file, we need a release from you on the Oil Well Drilling Bond. We would appreciate your forwarding this to us at your earliest convenience. I am attaching a self addressed, stamped envelope for your use.

Thank you for your cooperation.

Very truly yours,

THE TRAVELERS INDEMNITY COMPANY

*Doris G. Moore*  
Doris G. Moore  
Senior Bondwriter

Encl. (copy of bond)

RECEIVED

AUG 12 1985

O & G CONS. COMM.

August 7, 1985

Dear Mr. Jenson,

I have enclosed (3) three forms requiring your signature. Please return (1) one to this office in the self-addressed envelope and one to the Oil and Gas Commission in the envelope provided. Be sure to have your signature notarized on these two forms. Please feel free to keep the 3rd copy for your file.

I am assigning to you the well we drilled in the west of NW corner of Sec 26, Township 40 N., 6W, Mohave county, Az. The purpose of assigning this well to you is for you to have the benefit at which time you so chose to produce water from the water zone shown on the electric log which I have enclosed with the letter.

I may need to send you forms for the Bureau of Land Management. I will advise if necessary.

Sincerely Yours,



W.M. Waggoner



OFFICE OF  
**Oil and Gas Conservation Commission**  
STATE OF ARIZONA  
1645 WEST JEFFERSON, SUITE 420  
PHOENIX, ARIZONA 85007  
PHONE: (602) 255-5181

July 31, 1985

Mr. W. M. Waggoner  
123 Yacht Club Drive  
Rockwall, Tx 75087

Dear Bill:

Received the forms on July 29, and we found a few discrepancies  
as compared with our notes.

Please resubmit forms 4, 9, 10, and 25 as per the filled out copies  
I prepared. And don't forget to send a copy of the water well  
acceptance form (No. 26) with Jansen's signature.

If you have any questions on the forms, please call.

*R. A. Ybarra*  
R. A. Ybarra  
Enforcement Director

Encl.

**W.M. Waggoner**  
Oil & Gas Properties  
123 Yacht Club Drive  
Rockwall, Texas 75087  
(214) 722-8490  
Dallas Metro (214) 226-0568

Geologist

May 29, 1985

John Haas  
B.L.M.  
3707 North 7th Street  
Phoenix, AZ 85011

Dear Sir:

Today I contacted Mr. Sherman Jensen and notified him of my moving a rig in on his surface within the next few days. Mr. Jensen assured me that I could proceed with my plans, and in the event the well was unsuccessful he would like to have the opportunity to take the well over in order to have an additional water well. I told him we would have to comply with the proper release and transfer forms with the proper authorities and he said that was fine.

He is aware of the time of drilling and the depth we are going, etc.

Sincerely,

*W.M. Waggoner*