UNITED GAS SEARCH 1 MOHAVE CO.
NW NW 10-41N-11W Mohave Co. 876

COUNTY MOHAVE AREA STRIP WILDCAT LEASE NO. AZA 25155

WELL NAME UNITED GAS SEARCH, INC. A #1 MOHAVE COUNTY

LOCATION MOHAVE CO SEC 10 TWP 41N RANGE 11W FOOTAGE 480' FNL & 785' FWL

ELEV 2920' GR _____ KB SPUD DATE _____ STATUS _____ COMP. DATE _____ TOTAL DEPTH _____

CONTRACTOR

CASING SIZE	DEPTH	CEMENT	LINER SIZE & DEPTH

DRILLED BY ROTARY _____
DRILLED BY CABLE TOOL _____
PRODUCTIVE RESERVOIR _____
INITIAL PRODUCTION _____

FORMATION TOPS	DEPTHS	SOURCE L.L.	SOURCE E.L.	REMARKS

ELECTRIC LOGS	PERFORATED INTERVALS	PROD. INTERVALS

SAMPLE LOG _____
SAMPLE DESCRP. _____
SAMPLE NO. _____
CORE ANALYSIS _____
DSTs _____

REMARKS PERMIT EXPIRED
LOCATION PREPARED & RECLAIMED

APP. TO PLUG _____
PLUGGING REP. _____
COMP. REPORT _____

WATER WELL ACCEPTED BY _____

~~BOND~~ BANK CO. VALLEY NATIONAL BANK OF ARIZONA ~~BOND~~ C.D. NO. 2608781

~~BOND~~ C.D. AMT. $ 5,000 CANCELLED _____ DATE ORGANIZATION REPORT ys - 5-23-91

FILING RECEIPT 3008 LOC. PLAT ✓ WELL BOOK ✓ PLAT BOOK ✓

API NO. 02-015-20027 DATE ISSUED 9-19-91 DEDICATION E ½ of NW QTR

PERMIT NUMBER 876

(over)

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: AZA 25155
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA, Agreement Designation:
8. Well Name and No.: United Gas Search #1 Mohave Co.
9. API Well No.: 02-015-20027
10. Field and Pool, or Exploratory Area: wildcat
11. County or Parish, State: Mohave County, AZ

1. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other
2. Name of Operator: My Father's Oil Company, LLC (801) 652-1723
3. Address and Telephone No.: 777 S. 400 E. #69, St. George, Utah 84770
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): NW 1/4 Section 10 T41NR11W

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

TYPE OF SUBMISSION	TYPE OF ACTION	
[ ] Notice of Intent	[X] Abandonment	[ ] Change of Plans
[X] Subsequent Report	[ ] Recompletion	[ ] New Construction
[ ] Final Abandonment Notice	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing Repair	[ ] Water Shut-Off
	[ ] Altering Casing	[ ] Conversion to Injection
	[ ] Other _____	[ ] 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.)*

Location reclaimed. Reseeded. May require future reseeding(s) prior to final abandonment.

file 876

14. I hereby certify that the foregoing is true and correct.
Signed: Rodney Rutherford Title: Managing Member Date: 3/21/96

(This space for Federal or State office use)
Approved by: Becky J. Hammond for Roger D. Taylor Title: District Manager Date: 3/22/96
Conditions of approval, if any:

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

PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION,
STATE OF ARIZONA,

To: UNITED GAS SEARCH, INC.
(OPERATOR)

to drill a well to be known as

No. 1 Mohave County
(WELL NAME)

located 480 feet FNL & 785 feet FWL

Section 10 Township 41 N Range 11 W, MOHAVE County, Arizona.

The ~~West~~ East half of the NW Quarter 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 19 day of September, 1991.

OIL AND GAS CONSERVATION COMMISSION

By [signature]
~~EXECUTIVE DIRECTOR~~
Oil & Gas Program Administrator

PERMIT 00876

RECEIPT NO. 3009

A.P.I. NO. 02-015-20027

State of Arizona
Oil & Gas Conservation Commission
Permit to Drill

FORM NO. 27

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR
United Gas Search, Inc.

Address 24 West 41st Street City Sand Springs State OK

Drilling Contractor
Wellsite Engineering, Inc.

Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor Mohave County, Lease #AZA 25155	Well number 1	Elevation (ground) 2920' GR
Nearest distance from proposed location to property or lease line: 480' feet	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease: None feet	
Number of acres in lease: 2082.44	Number of wells on lease, including this well, completed in or drilling to this reservoir: None	
If lease, purchased with one or more wells drilled, from whom purchased: N/A	Name	Address
Well location (give footage from section lines) 480' FNL & 785' FWL	Section—township—range or block and survey Section 10, T41N, R11W	Dedication (Comply with Rule 105) W/2 NW/2
Field and reservoir (if wildcat, so state) Wildcat	County Mohave	
Distance in miles, and direction from nearest town or post office 10 miles southeast of St. George, UT		
Proposed depth: 6500'	Rotary or cable tools Rotary	Approx. date work will start August 15, 1991
Bond Status on file Amount $5,000 single-well	Organization Report On file XX Or attached	Filing Fee of $25.00 Attached

Remarks:

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Agent for of the United Gas Search, Inc. (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.

Connie L. Frailey
Signature

July 11, 1991
Date

Permit Number: 876
Approval Date: 9-19-91
Approved By: Steven L. Ramos

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)

EXHIBIT "A" - Survey Plat

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.

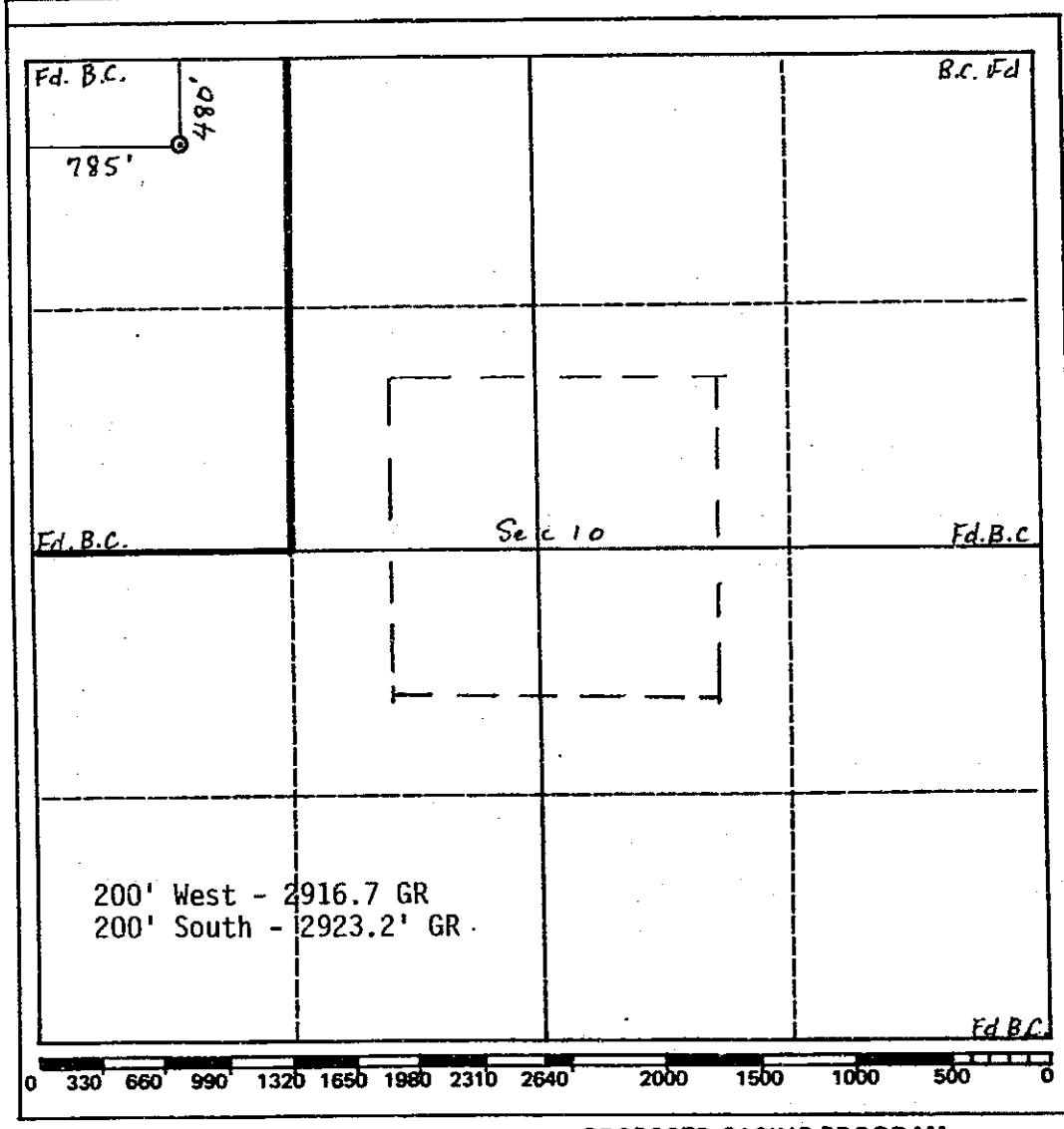
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES XX 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	Land Description



CERTIFICATION

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Name: Connie L. Frailey

Position: Manager, Environmental Services

Company: Powers Elevation Co., Inc.

Date: July 11, 1991

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.

19348 ROY A. RUSH ARIZONA, U.S.A.

Date Surveyed: 7-10-91

Registered Professional Engineer and/or Land Surveyor: Roy A. Rush

Certificate No. 19348

PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type

Powers Elevation Co., Inc.
P. O. Box 440889
Aurora, Colorado 80044

RE: United Gas Search, Inc.
#1 Mohave County
NE NW, Sec 10 T41N R11W
Mohave County, AZ

Gentlemen:

This is to confirm our understanding with you that Powers Elevation is authorized to act as our agent in the following capacities:

A. In surveying, staking, and preparing and filing applications for necessary drilling and associated permits, including Form 3160-3 and Drilling Plan, for the above-referenced well.

B. In accepting on our behalf any changes to location, proposed facilities and/or surface use program and compliance program requested at on-site inspections, when we are unable to have a Company representative present. Such changes will then be binding upon us or designated Operator.

POWER'S responsibilities do not include construction of location or supervision of drilling, completion, rehabilitation, or production operations.

United Gas Search, Inc.
Company

by: Jerry W Zucker

Title: 5/28/91

Date:

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

SUBMIT IN TRIPLICATE*
(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 [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: United Gas Search, Inc.

3. ADDRESS OF OPERATOR: 24 West 41st Street, Sand Springs, OK 74063

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: ~~330~~ 480' FNL & ~~1650~~ 785' FWL (NENW)
At proposed prod. zone: same

5. LEASE DESIGNATION AND SERIAL NO.: AZA 25155

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: --

7. UNIT AGREEMENT NAME: --

8. FARM OR LEASE NAME: Mohave County

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 10 T41N R11W

12. COUNTY OR PARISH: Mohave

13. STATE: AZ

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 10 miles southeast of St. George, UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 480 ~~330~~'

16. NO. OF ACRES IN LEASE: 2082.44

17. NO. OF ACRES ASSIGNED TO THIS WELL: 80

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

19. PROPOSED DEPTH: 6500'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 2948' GR

22. APPROX. DATE WORK WILL START*: July 1, 1991

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	32# J-55	1000'	Class "C" to surface
7-7/8"	5-1/2"	17# J-55	6500'	2140 sx Class "B" + BJ Lite

EXHIBITS ATTACHED:

"A" Location Survey Plat
"B" Drilling Program
"C" Blowout Preventer Diagram
"E" Access Roads to Location
"E_1" Detail of Access Road
"G" Drill Pad Layout, Cuts & Fills
"G_1" Cross Sections of Drill Pad
"H" Drill Rig Layout

BOND COVERAGE PURSUANT TO 43 CFR 3104 FOR LEASE OPERATIONS IS BEING PROVIDED BY UNITED GAS SEARCH, INC., $10,000 SINGLE-WELL BOND.

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 [signature] TITLE Pres DATE 5/28/91

(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

CONFIDENTIAL INFORMATION

EXHIBIT "B"

DRILLING PROGRAM

Attached to Form 3160-3
United Gas Search, Inc.
#1 Mohave County
NE NE, Sec. 10 T41N R11W
480'FNL & 785' FWL
Mohave County, AZ

1. The Geologic Surface Formation

Surface formation is Moenkopi

2. Estimated Tops of Important Geologic Markers.

Formation	Depth	Sea Level Datum
Moenkopi	Surface	3,300'
Kaibab	100'	3,200'
Toroweap	600'	2,700'
Queanatoweap	980'	2,320
Pakoon	1,480	1,820'
Callville	2,600'	700'
Redwall	3,400	-100'
Temple Butte		
Guilmette	4,880'	-1,580'
Sevy	5,100	-1,800'
TD	6,500'	

3. Estimated Depths (Tops & Bottoms) of Anticipated Water, Oil, Gas, or Minerals; Operator's Plans for Protection

Queantoweap (Coconino)	980'	Possible oil/gas
Pakoon	1480'	" "
Calville	2600'	" "
Redwall	3400'	" "
Guilmette	4880'	" "
Sevy	5100'	" "

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulations zones, abnormal

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pressure zones, and prospectively valuable minerals deposits. All indications of usable water will be reported.

Casing will be tested to 0.22 psi/ft or 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield.

4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SECTION LENGTH	SIZE (OD)	WEIGHT, GRADE & JOINT	NEW, USED
12-1/4"	0 - 1000'	1000'	8-5/8"	32# J-55, ST&C	New
7-7/8"	0 - 6500'	6500'	5-1/2"	17# J-55, LT&C	New

Design Factors
Tension: 1.80
Collapse: 1.125
Burst: 1.00

Cement Program

Surface Casing: Class "C" cement w/2% $CaCl_2$. Circulate to surface. WOC 20 hours. Test.

Production Casing: 2140 sx Class "C" and BJ Lite w/6% gel, 10 lb/sk gilsonite and 1/2 lb/sk celloflake. WOC 48 hours. Test.

The following shall be entered in the driller's log:

(1) Blowout preventer pressure tests, including test pressures and results;

(2) Blowout preventer tests for proper functioning;

(3) Blowout prevention drills conducted;

(4) Casing run, including size, grade, weight, and depth set;

(5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;

(6) Waiting on cement time for each casing string;

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(7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

EXHIBIT "C" is a schematic diagram of the blowout preventer equipment. A 3000# system will be installed, used, maintained and tested in accordance with all requirements specified in Section III. A - I of Onshore Order 2, except where variations are presented in this application.

Minimum standards outlined in Onshore Order 2 will be met for BOP, choke manifold, accumulator system and power for closing unit, and locking devices. Hydraulic controls will be located on the rig floor. Manual controls will be handwheels. Remote control for the accumulator will be 100 - 120 feet from the drill hole. The kill line will not be used as a fill-up line.

Ram type preventers and associated equipment (choke manifold, kelly cocks, etc.) shall be pressure tested to 100% of their rated working pressure (with BOP stack isolated from casing by a test plug) for a period of 10 minutes, or a minimum of 1000 psi, whichever is greater. Annular preventers shall be tested to 50% of rated working pressure for 10 minutes. Tests will be run after initial installation, prior to drilling out of surface casing shoe and after any use under pressure, or a minimum of once every 7 days. Pipe rams will be operationally checked each 24-hour period, as will blind rams and annular preventer each time pipe is pulled out of the hole. Annular preventers will be functionally operated at least weekly. Such checks of BOPE will be noted on daily drilling reports.

6. The Type and Characteristics of the Proposed Circulating Muds

There will be enough mud materials on site to displace the hole at any time.

DEPTH	TYPE	WEIGHT #/GAL	VISCOSITY SEC/QT.	FLUID LOSS CC
0 - 1000'	Spud Mud	8.5-9.0	as needed	8 - 12 cc
1000 - 6500'	LSND,	--	as needed to clean hole	--
TD	Gel, water		as needed to log hole	8 - 12 cc

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Well will be drilled with air to the extent hole conditions permit, in order to minimize water use.

After mudding up, the slow pump speed will be recorded on daily drilling report. A mud test shall be performed every 24 hours to determine, as applicable, density, viscosity, gel strength, filtration, and pH.

7. The Auxiliary Equipment to be Used

(a) A kelly cock will be kept in the string.

(b) A float will be used at the bit.

(c) A fully manned mud logging unit will be used from surface to TD.

(d) A stabbing valve will be on the floor to be stabbed into the drill pipe when kelly is not in the string.

8. The Testing, Logging and Coring Programs to be Followed

(a) Six DST's are planned, beginning at 1000'.

(b) The logging program will consist of the following:

Dual Induction Laterolog	surface to TD
Integrated Borehole Compensated Gamma-Ray Sonic	surface to TD
Sidewall Neutron Porosity	over zones of interest
Dipmeter	"

(c) 10' samples will be taken from surface to 1000'
10' samples will be taken from 1000' to TD.

(d) Completion program will be determined after evaluation of logs, and Sundry Notice will be submitted to BLM for approval.

9. Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures are anticipated. Bottom hole pressure is unknown.

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10. Anticipated Starting Date and Duration of the Operations.

The anticipated starting date is set for July 1, 1991, or as soon as possible after approval of drilling application. Operations will cover 60 days for drilling and 60 days for completion.

Cleanup may take up to 6 months depending upon weather.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the State Line Resource Area office:

(a) prior to beginning construction;

(b) prior to spudding;

(c) prior to running any casing or BOP tests;

(d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the State Line Resource Area office immediately.

This well will be reported on Form 3160-2 "Monthly Report of Operations" starting with the month in which any operations commence, and continue each month until the well is physically plugged and abandoned. Notification will be submitted within five business days of production startup.

Prior approval will be obtained for abandonment operations, and Form 3160-5 "Subsequent Report of Abandonment" will be filed within 30 days.

All operations will conform to requirements and guidelines in Onshore Order 2 (which is herein incorporated by reference), except for variances approved in this Application.

The Arizona Oil & Gas Conservation Commission must also be notified 24 hours in advance of BOP installation and testing, and surface casing tests so they can have a representative present. All other notifications to the Arizona Oil & Gas Conservation Commission will be made in accordance with conditions of the Arizona Permit to Drill.

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EXHIBIT "C"
Blowout Preventer

BOP CONTROL SYSTEM

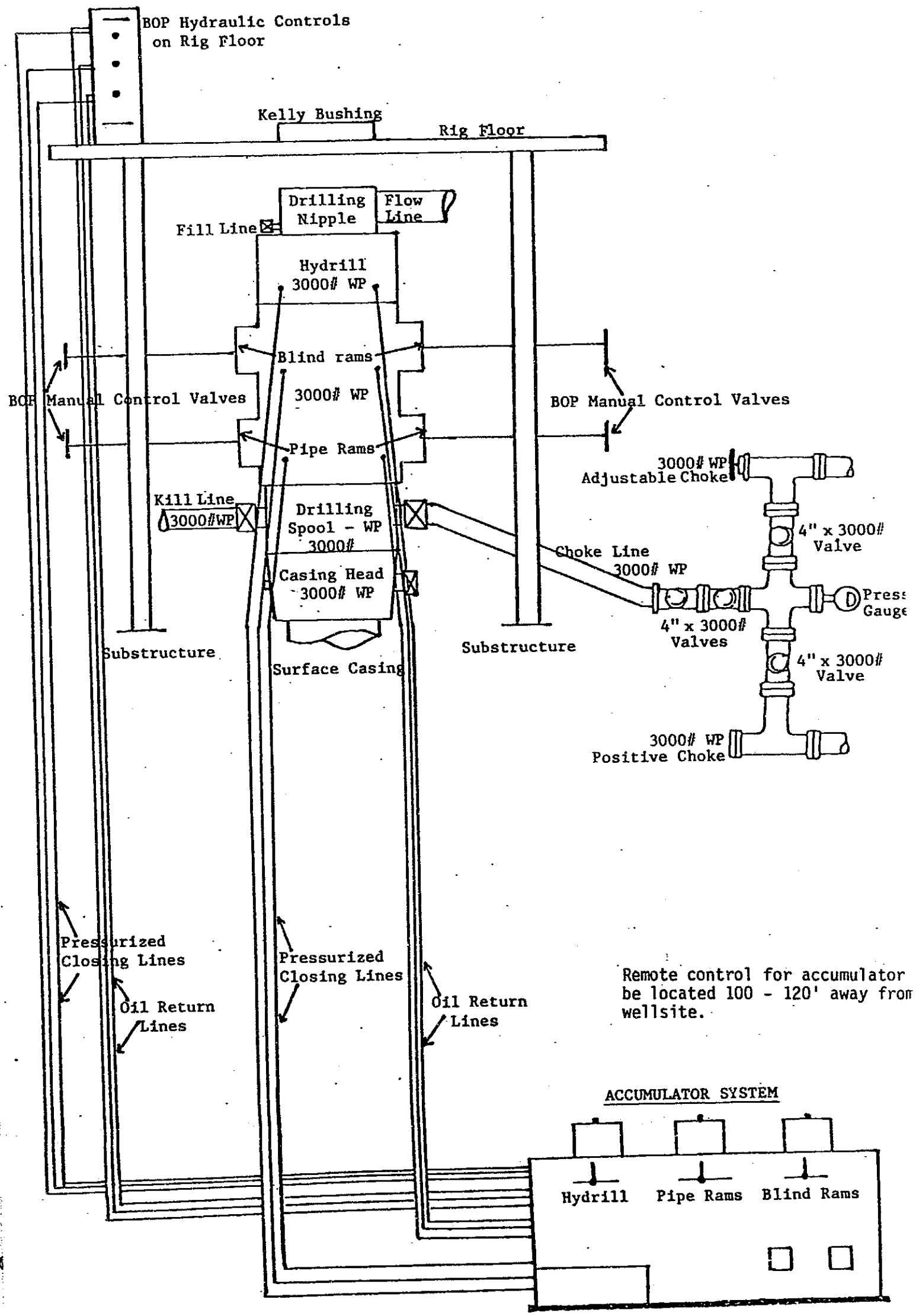


EXHIBIT "D"

SURFACE USE PROGRAM TO ACCOMPANY A.P.D.

Attached to Form 3160-3
United Gas Search, Inc.
#1 Mohave County
NE NW, Sec. 10 T41N R11W
330' FNL & 1650' FWL
Mohave County, AZ

1. Existing Roads

a. The proposed well site and elevation plat is shown as EXHIBIT "A". Staking included two directional reference stakes and elevations, also shown on EXHIBIT "A".

b. The distance from St. George, Utah, is 10 miles. From the intersection of River Road and 1450 S. Road, proceed east on 1450 S Road (paved) ±2 miles to 3000 E. Road, then south 1000' to 1500 S Road, east on 1500 S. Road 1.5 miles; continue south on paved road 2.5 miles to end of pavement, begin good 2-lane gravel road, continue south 2.7 miles, take left fork of gravel road; continue southeast 1 mile, turn right onto good dirt road, cross cattle guard and drainage, continue southwest across Utah/Arizona state line 0.6 mile to fork in road marked by BLM road signs; take fork onto single lane dirt road, continue 1.2 miles to existing road on left. Follow dirt road 2000' to location, as shown on EXHIBIT "E" & "E_1".

c. All roads to location are shown on EXHIBITS "E" & "E_1". A new access road 2000 feet from the existing single lane dirt road will be required, as shown on EXHIBITS "E" & "E_1".

d. This is an exploratory well. All existing roads within a two-mile radius are shown on EXHIBIT "E".

e. The existing roads need no improvement except grading. Existing roads will be maintained in same or better condition. The grade is 5% or less.

f. BLM Right-of-Way authorization is requested for use of a portion of the existing dirt road in Section 34, T42N R11W, as shown on EXHIBIT "E_1", because only the SW quarter is included in the drilling lease. A 45-foot wide right-of-way is requested. United Gas Search, Inc. certifies that it has the technical and financial capability to construct, operate, maintain and terminate the system for which authorization is sought.

2. Planned Access Roads

Map showing all necessary access roads to be constructed or reconstructed is shown as EXHIBIT "E" for the following:

a. Drilling Operations

(1) The maximum width of the 2000' of new access required for drilling will be 20 feet.

(2) The maximum grade will be 6%.

(3) No turnouts are planned.

(4) No drainage design is planned during drilling operations. Brush will be cleared and a temporary road will be prepared by grader.

(5) No culverts are needed.

(6) No surfacing material will be required.

(7) No gates, fence cuts, or cattleguards will be needed.

(8) Major cuts and fills: None.

(9) The new access road to be constructed was centerline flagged during staking. This road crosses B.L.M. lands, as shown on EXHIBIT "E", sections C - 1.

(10) Personnel and equipment shall be confined to the areas specified in this application.

b. Production

(1) If production is obtained, new road will be widened and crowned and ditched. Roads will be maintained for year-round use.

3. Location of Existing Wells

a. There are no water wells within a one-mile radius of this location.
b. There are no disposal wells.
c. There are no wells presently being drilled.
d. There are no producing wells within this one-mile radius.
e. There are no injection wells.

4. Location of Existing and/or Proposed Facilities to be used if Well is Productive.

   a. This information is not known and cannot be accurately presented at this time. If well is subsequently completed for production, Operator shall supply this information prior to installation.

   b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with B.L.M. stipulations.

   c. All permanent, above-ground facilities, tank batteries, etc. that will remain longer than 6 months will be painted an environmentally acceptable color as recommended by the BLM, the exception being that the OSHA rules are to be complied with where special safety colors are required.

   c All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior approval from the BLM. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

   Tests for meter accuracy will be run in accordance with requirements of Area BLM Manager.

5. Location and Type of Water Supply

   a. The source of water will be a well and pond in the SE SE, Sec. 3 T41N R11W, to be used with permission of surface lessee.

   b. Water will be transported by truck over approved access roads, as shown on EXHIBIT "E_1".

   c. No water well is to be drilled for this location.

6. Construction Materials

   a. No construction materials are needed for drilling well or constructing access roads into the location during drilling. No construction or surfacing materials will be taken from any Federal land, except that taken off the location, which is on Federal land.

   c. If well is productive and additional materials are required for road or pad, these materials will be provided by the dirt contractor.

7. Handling of Waste Materials and Disposal

   a. Drill cuttings will be buried in reserve pit.

b. Drilling fluids will be allowed to evaporate in reserve pit.

c. Any fluids produced during drilling tests or while making production tests will be collected in a test tank. No oil will be placed in reserve pit. Any spills of oil, gas, salt water, or other noxious fluids will be cleaned up and removed. If well is productive, produced water will be disposed of on site for 30 days only, or 90 days with permission of managing agency. After that time, application will be made for approval of permanent disposal method in compliance with NTL-2B.

d. Portable chemical toilet will be provided.

e. Garbage and non-flammable trash will be disposed of in trash pit. Flammable trash will be disposed of in burn pit. Drill fluids, water, drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "H". The trash/burn pit will be totally enclosed with small mesh wire to prevent wind scattering trash before being burned, buried, or removed. Reserve pit will be fenced on three sides during drilling and the fourth side fenced upon removal of the rig.

f. After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. All dangerous open pits will be fenced during drilling and kept closed until the pit is leveled.

8. Ancillary Facilities

No air strip, camp or other facilities will be built during drilling of this well.

9. Well Site Layout

a. EXHIBIT "G" is the drill pad layout as staked by Powers Elevation of Farmington, New Mexico. Cuts and fills have been drafted to represent the planned cut across the location and the pit. Six inches of topsoil will be segregated and stockpiled as shown on EXHIBIT "G".

b. EXHIBIT "H" is a plan diagram of the proposed rig and equipment layout, reserve pit, trash/burn pit, pipe racks and mud tanks, access road, parking and turnaround. No permanent living facilities are planned. There will be a trailer on site.

c. Soil is very sandy, and the reserve pit will be lined in accordance with BLM stipulations.

10. Plans for Reclamation of the Surface

a. If well is abandoned, site will be restored to original condition as nearly as possible. Backfilling, leveling, and contouring will begin as soon as all pits have dried. Waste and trash will be buried or burned, and unused drilling materials will be removed from site, immediately after drilling is completed. If production is obtained, the unused area of the drill pad will be restored as soon as possible.

b. The soil-banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula provided by the B.L.M. Revegetation is recommended for road area as well as drill pad.

c. Three sides of the reserve pit will be fenced during drilling operations. Prior to rig release, the fourth side will be fenced to prevent livestock or wildlife from entering; and the fencing will be maintained until leveling and cleanup are accomplished.

d. If any oil is on the pit and is not immediately removed, the pit will be flagged overhead or covered with wire mesh.

e. The reclamation operations will begin immediately after the drill rig is removed. Removal of oil or other adverse substances will begin immediately or the area will be flagged and fenced. Other cleanup will be done as needed. It is estimated that reclamation operations will be completed by Fall 1992, depending upon weather conditions.

11. Surface Ownership

Surface at the well site is public land administered by the Bureau of Land Management.

Surface ownership of access roads, as shown on EXHIBITS "E" & "E_1" is as follows:

Sections A - B County Roads
Sections C - 1 Access roads across BLM lands

12. Other Information

The primary surface use is for grazing (limited).

This lease is subject to the following stipulations:

1. In order to protect important scenic values, no surface occupancy or other surface disturbance will be allowed on slopes of Seegmiller Mountain that are in excess of 30%. Exceptions to this limitation

may be specifically authorized in wiring by the authorized officer of the federal surface management agency if it is shown to the satisfaction of the authorized officer that the proposed disturbance or occupancy will not impair the visual resources of the area.

2. In order to protect fragile soils located throughout portions of these leases, all vehicle travel is limited to existing roads and trails unless a permit is granted by the authorized officer. Permits granted will be either an approved APD or Notice of Intent to Conduct Geophysical Exploration.

A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations. A copy shall also be furnished to the road contractor.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the BLM office. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, will be identified in a accordance with 43 CFR 3126.4.

If subsurface paleontological or cultural resources are uncovered during construction or reclamation operations, the operator or the operator's contractor shall suspend operations in the vicinity of the discovery and immediately report the finding to the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions 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 will be made by the Authorized Officer after consulting with the Operator.

13. Lessee's or Operator's Field Representative

THROUGH A.P.D. APPROVAL:

Connie L. Frailey
Agent/Consultant for
United Gas Search, Inc.
P. O. Box 440889
Aurora, Colorado 80044
Phone (303) 321-2217

MAIL APPROVED A.P.D. TO:

Terry W. Tucker
President
United Gas Search, Inc.
24 West 41st Street
Sand Springs, OK 74063
(918)245-2060

Field Representative for Drilling Operations:

Terry W. Tucker
24 W. 41st St.
Sand Springs, OK 74063
(918) 245-5056 (Residence)
(918) 245-2060 (Office)

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which 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 United Gas Search, Inc. 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.

Date 6/4/91

Connie L. Frailey
Powers Elevation
Connie L. Frailey
Manager, Environmental Services
Agent/Consultant for
United Gas Search, Inc.

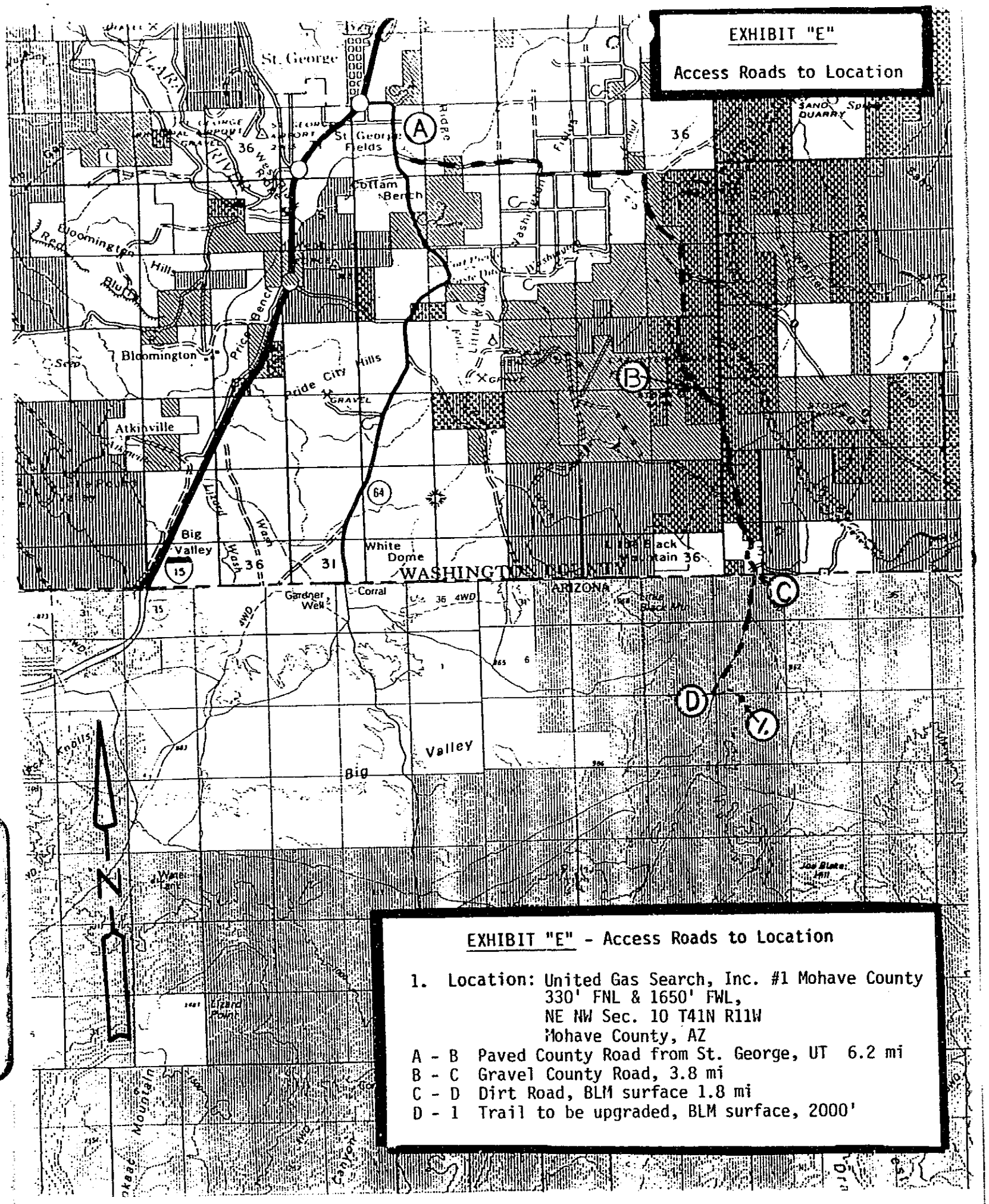


EXHIBIT "E" - Access Roads to Location

1. Location: United Gas Search, Inc. #1 Mohave County
330' FNL & 1650' FWL,
NE NW Sec. 10 T41N R11W
Mohave County, AZ

A - B Paved County Road from St. George, UT 6.2 mi
B - C Gravel County Road, 3.8 mi
C - D Dirt Road, BLM surface 1.8 mi
D - 1 Trail to be upgraded, BLM surface, 2000'

JNITED STATES
IENT OF THE INTERIOR
)LOGICAL SURVEY

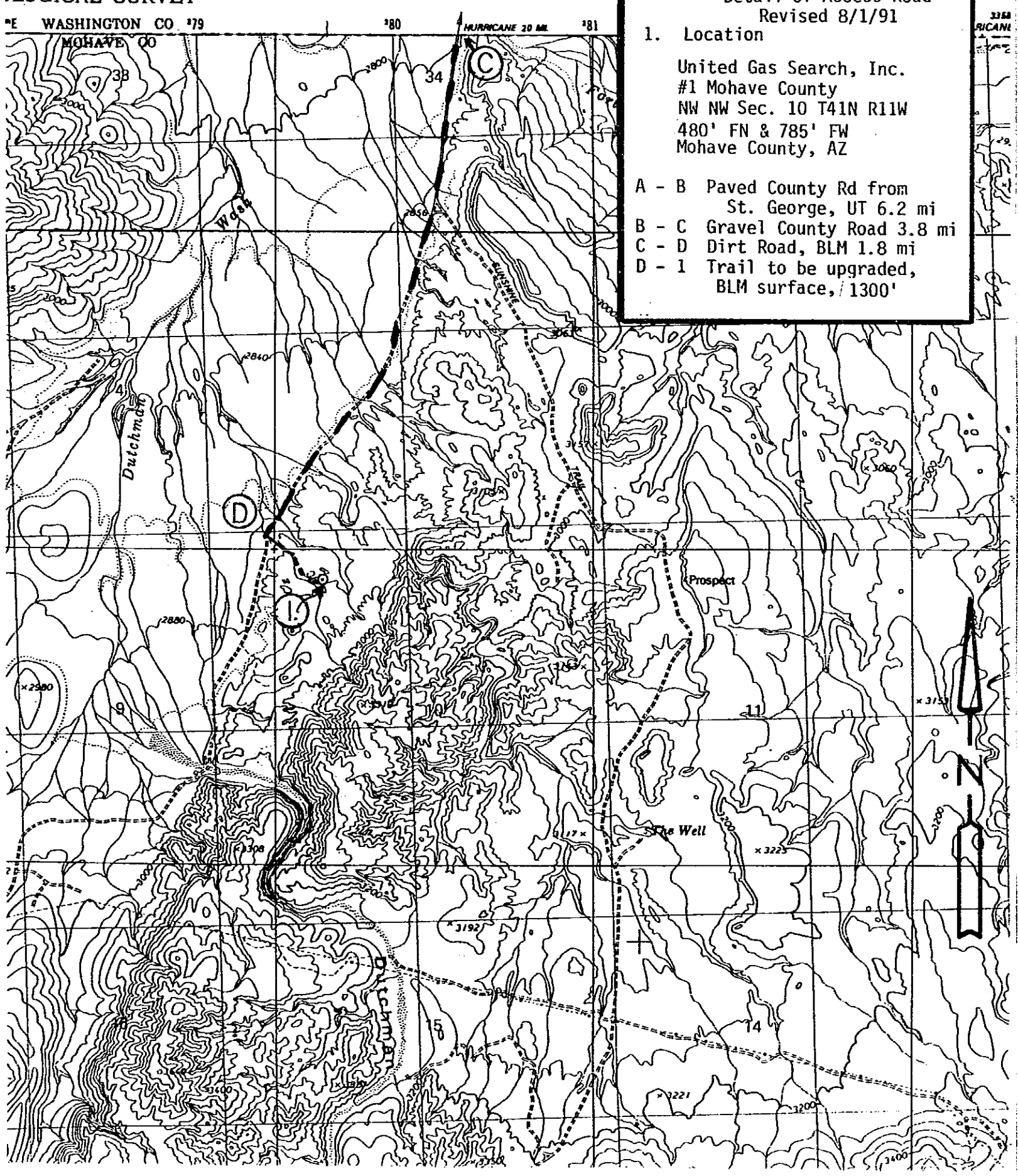


EXHIBIT "E-1"

Detail of Access Road
Revised 8/1/91

1. Location

United Gas Search, Inc.
#1 Mohave County
NW NW Sec. 10 T41N R11W
480' FN & 785' FW
Mohave County, AZ

A - B Paved County Rd from St. George, UT 6.2 mi
B - C Gravel County Road 3.8 mi
C - D Dirt Road, BLM 1.8 mi
D - 1 Trail to be upgraded, BLM surface, 1300'

EXHIBIT "G"

Drill Pad Layout

8/1/91

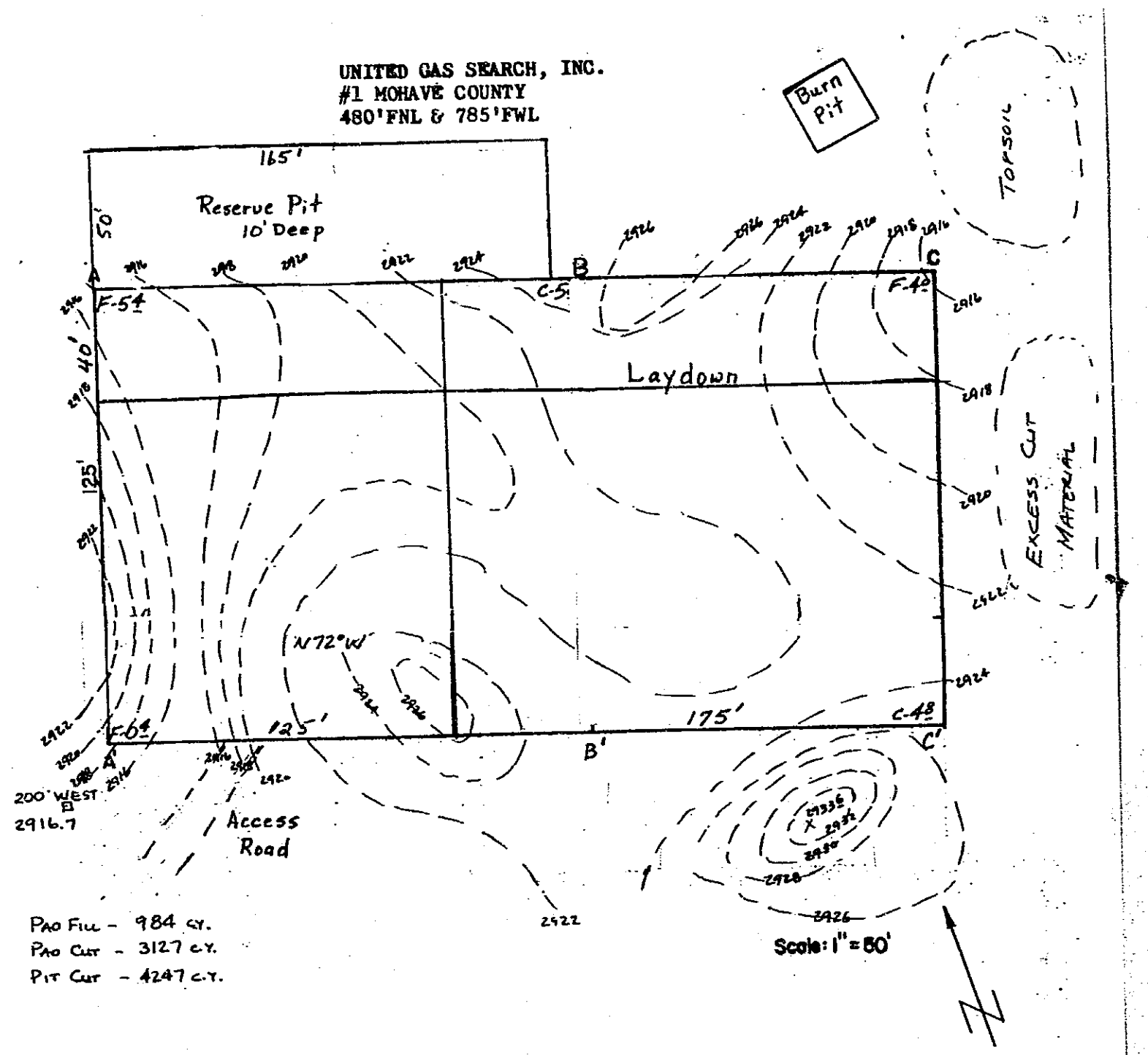
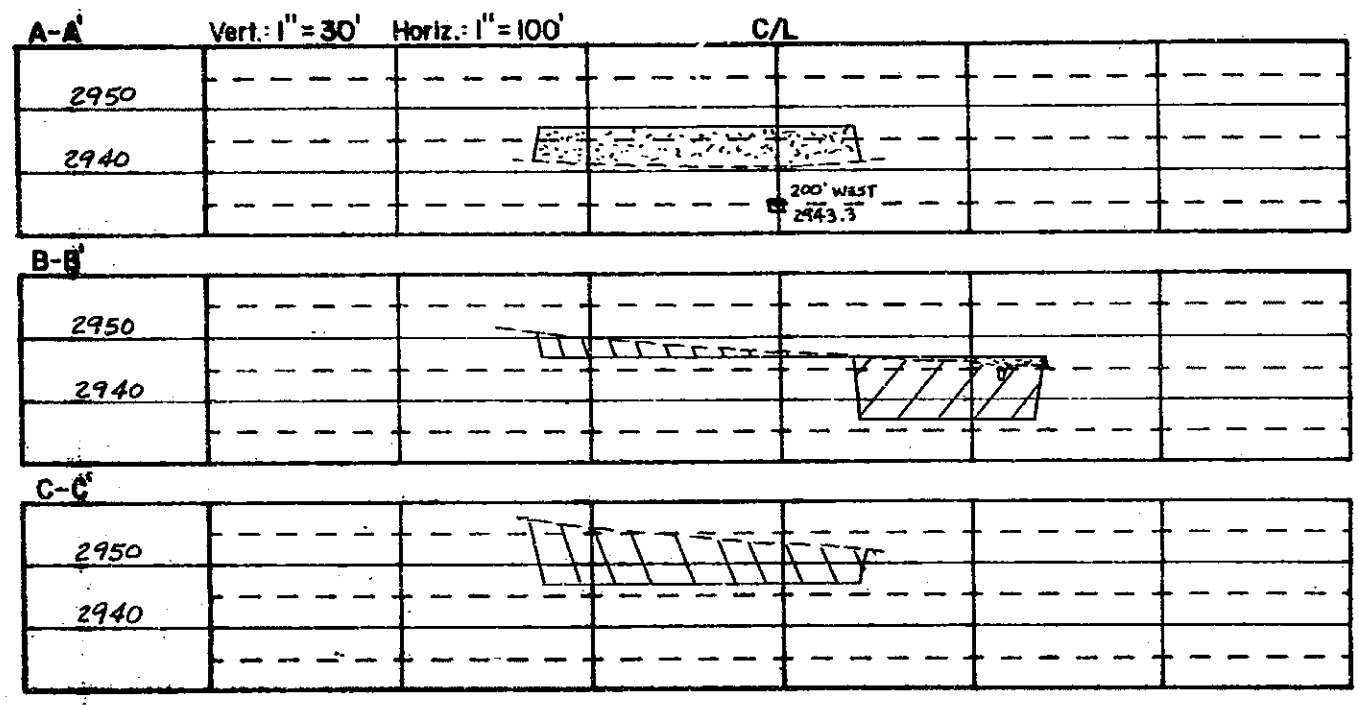


EXHIBIT "G_1"
Cut/Fill Cross Sections

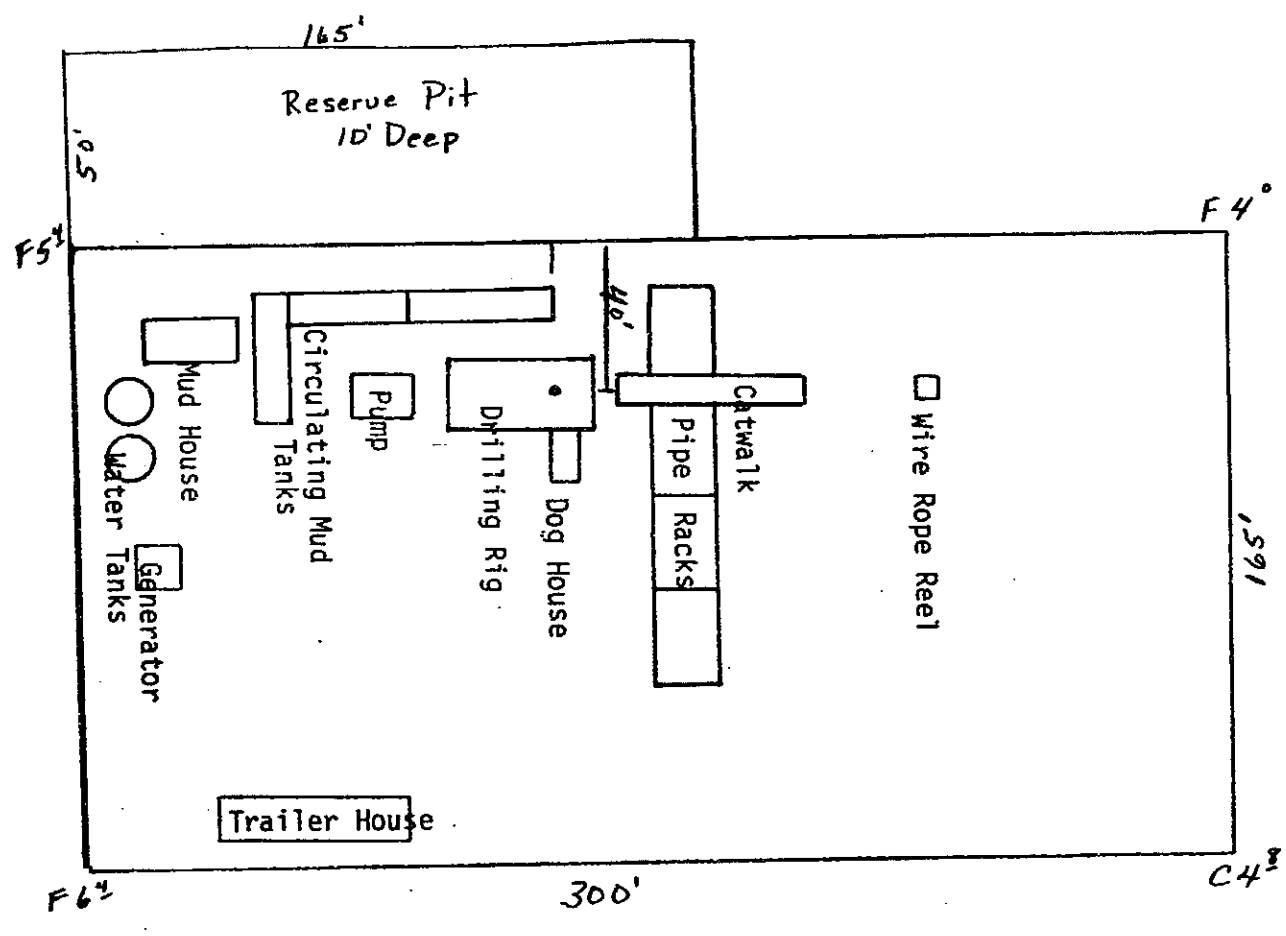


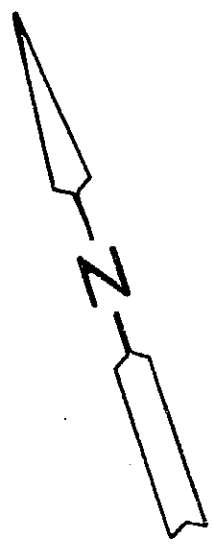
Dirt Quantities

Pad Cut 3615 cu yds
Pad Fill 2944 cu yds
Pit Cut 3703 cu yds

EXHIBIT "H"

Drill Rig Layout
8/1/91





United Gas Search, Inc.
#1 Mohave County
480' FNL & 785' FWL
Sec. 10, T41N R11W
Mohave County, Arizona

Form 3160-5
(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. OIL WELL [X] GAS WELL [ ] OTHER

2. NAME OF OPERATOR: United Gas Search, Inc.

3. ADDRESS OF OPERATOR: 24 West 41st Street, Sand Springs, OK 74063

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface: 480' FN & 785' FW (NE NE)

5. LEASE DESIGNATION AND SERIAL NO.: AZA 25155

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: --

7. UNIT AGREEMENT NAME: --

8. FARM OR LEASE NAME: Mohave County

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 10 T41N R11W

12. COUNTY OR PARISH: Mohave

13. STATE: AZ

14. PERMIT NO.:

15. ELEVATIONS (Show whether DF, RT, GR, etc.): 2082.4 GR

16. 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	[ ]	MULTIPLE COMPLETE	[ ]
SHOOT OR ACIDIZE	[ ]	ABANDON*	[ ]
REPAIR WELL	[ ]	CHANGE PLANS	[X]
(Other)			

SUBSEQUENT REPORT OF:

WATER SHUT-OFF	[ ]	REPAIRING WELL	[ ]
FRACTURE TREATMENT	[ ]	ALTERING CASING	[ ]
SHOOTING OR ACIDIZING	[ ]	ABANDONMENT*	[ ]
(Other)			

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

17. 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.)*

Following procedures will be followed for SURFACE CASING CEMENT Test

Cement will be tested for a minimum of 30 minutes at 600 psi, with maximum 10% drop. Waiting on cement time will be 12 hours.

This change applies to the surface casing only.

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

SIGNED [signature] TITLE Pres DATE 8/12/91

(This space for Federal or State office use)

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

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: AZA 25155
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA, Agreement Designation:
8. Well Name and No.: Mohave #1
9. API Well No: 1
10. Field and Pool, or Exploratory Area: Wildcat
11. County or Parish, State: Mohave, AZ

1. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other
2. Name of Operator: UNITED GAS SEARCH INC.
3. Address and Telephone No: 24 West 41st Street Sand Springs, OK 74063
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): 480' FNL and 785' FWL (NWNW) Section 10, T41 N, R 11 W

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

TYPE OF SUBMISSION	TYPE OF ACTION	
[X] Notice of Intent	[ ] Abandonment	[X] Change of Plans
[ ] Subsequent Report	[ ] Recompletion	[ ] New Construction
[ ] Final Abandonment Notice	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing Repair	[ ] Water Shut-Off
	[ ] Altering Casing	[ ] Conversion to Injection
	[ ] Other _____	[ ] 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.)*

In accordance with Exhibit D Section 9.C (well site layout) of the APD, a plastic pit liner of 10 mil strength (120 PSI rating) will be installed in the reserve pit. This will be installed prior to any drilling operations and maintained throughout all wellsite operations.

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

Signed R.G. [illegible] Title Co. Rep. Date 8/2/91

(This space for Federal or State office use)

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

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

*See Instruction on Reverse Side

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: AZA 25155
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA, Agreement Designation:
8. Well Name and No.: MOHAVE #1
9. API Well No.: 1
10. Field and Pool, or Exploratory Area: Wildcat
11. County or Parish, State: Mohave, AZ

1. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other
2. Name of Operator: UNITED GAS SEARCH INC.
3. Address and Telephone No.: 24 West 41st Street, Sand Springs, OK 74063
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): 480' FNL and 785' FWL (NWNW) Sec. 10, T 41N, R 11 W

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

TYPE OF SUBMISSION	TYPE OF ACTION	
[X] Notice of Intent	[ ] Abandonment	[X] Change of Plans
[ ] Subsequent Report	[ ] Recompletion	[ ] New Construction
[ ] Final Abandonment Notice	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing Repair	[ ] Water Shut-Off
	[ ] Altering Casing	[ ] Conversion to Injection
	[ ] Other _____	[ ] 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.)*

A 17-1/2" conductor hole will be drilled to + 90' 2 jts of 13-3/3" Csg will be set and cemented in place w/125 sks CL-B 3% $CaCL_2$. WOC 8 hrs.

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

Signed _____ Title Co. Rep. Date 7/29/91

(This space for Federal or State office use)

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

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

*See Instruction on Reverse Side

Fee OK

Per Work Copy

APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR
UNITED GAS SEARCH, INC.

Address 24 West 41st Street City Sand Springs State OK

Drilling Contractor

Address

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor: MOHAVE COUNTY	Well number: 1	Elevation (ground): 2948
Nearest distance from proposed location to property or lease line: 330 feet	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease: None feet	
Number of acres in lease: 2082.44	Number of wells on lease, including this well, completed in or drilling to this reservoir: None	
If lease, purchased with one or more wells drilled, from whom purchased: N/A	Name	Address
Well location (give footage from section lines): 330' FNL & 1650' FWL	Section—township—range or block and survey: Sec.10, T41N, R11W, G & SR M	Dedication (Comply with Rule 105): E/2NW/4
Field and reservoir (if wildcat, so state): Wildcat	County: Mohave	
Distance in miles, and direction from nearest town or post office: 10 miles southeast of St. George, UT		
Proposed depth: 6500'	Rotary or cable tools: Rotary	Approx. date work will start: July 1, 1991
Bond Status filed Amount $5,000 Single-well	Organization Report On file XX Or attached	Filing Fee of $25.00 Attached XX

Remarks:

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Agent for of the United Gas Search, Inc. (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.

Connie L. Frailey
Signature

June 3, 1991
Date

Permit Number:
Approval Date:
Approved By:

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

EXHIBIT "A"

Location Survey Plat

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.

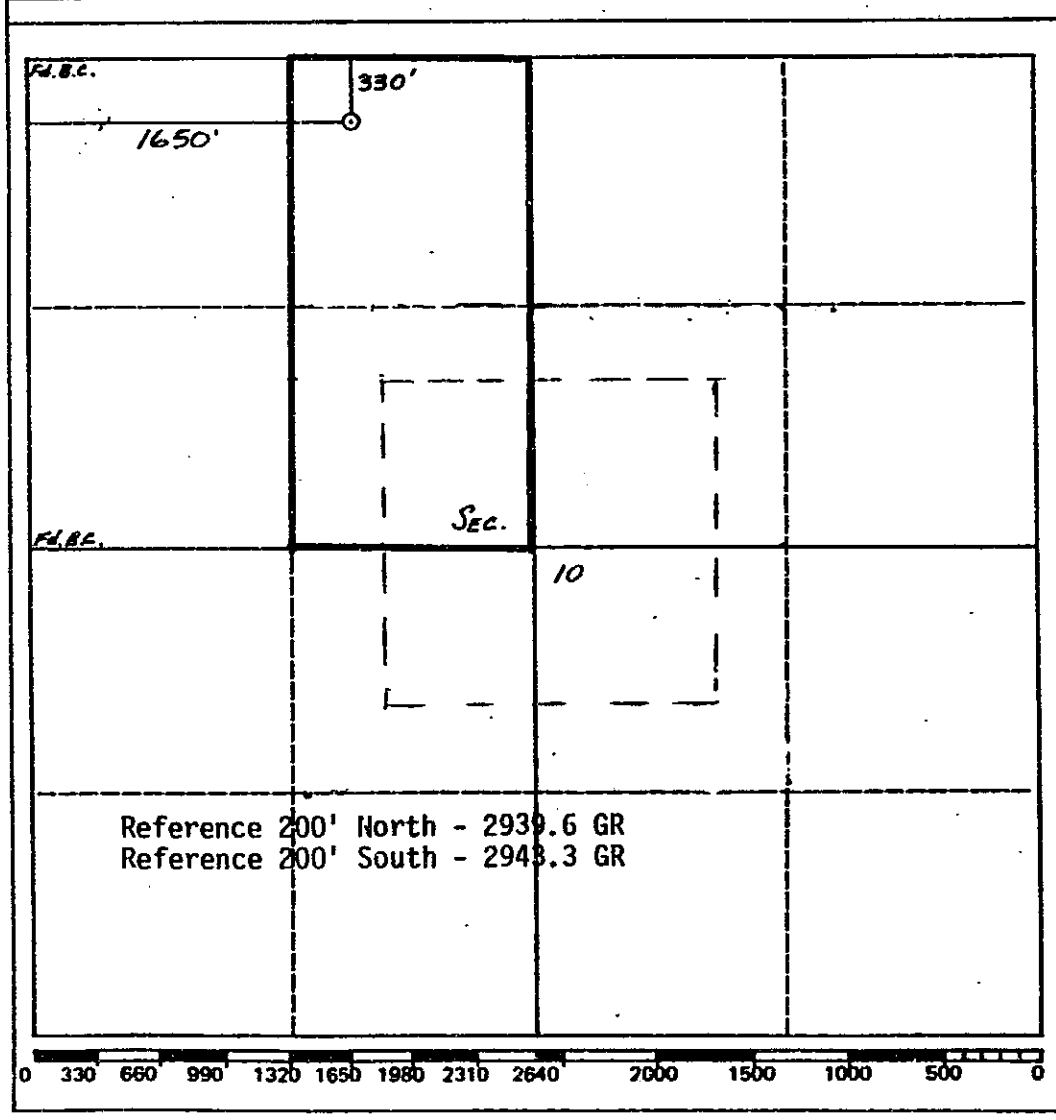
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES XX 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	Land Description



CERTIFICATION

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Name: Connie L. Frailey

Position: Manager, Environmental Services

Company: Powers Elevation Co., Inc.

Date: June 3, 1991

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.

REGISTERED LAND SURVEYOR 19348 ROY A. RUSH ARIZONA, U.S.A.

Date Surveyed: 5-14-91

Registered Professional Engineer and/or Land Surveyor: Roy A. Rush

Certificate No. 19348

PROPOSED CASING PROGRAM

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type

Powers Elevation Co., Inc.

P.O. Box 440889, Aurora, CO 80044
Phone 303-321-2217
Toll Free 1-800-824-2550
FAX 303-321-2217

June 4, 1991

Bureau of Land Management
Arizona Strip District Office
390 North 3050 East
St. George, UT 84770

RE: Filing APD/Drilling Plan
United Gas Search, Inc.
#1 Mohave County
NE NW, Sec. 10 T41N R11W
Mohave County, AZ
Lease AZA-25155

Gentlemen:

Enclosed are four copies of Form 3160-3 Application for Permit to Drill and drilling plan for the above-referenced proposed well. This lease has not been issued yet, but Mary Hyde in the Phoenix office advised United Gas they could submit the APD now, rather than wait, in order to save time. A BLM right-of-way grant for the access road is also requested in conjunction with this APD.

Please call me if you are going to have a joint onsite inspection so that I may notify all interested parties, and particularly have our surveyor present.

If you have any questions or need any further information, please feel free to call me on our toll-free number.

Sincerely,

Connie L. Frailey

Connie L. Frailey
Manager, Environmental Services

CF:nt

Encl.

cc: Terry Tucker, United Gas Search, Inc.

Powers Elevation Co., Inc.
P. O. Box 440889
Aurora, Colorado 80044

RE: United Gas Search, Inc.
#1 Mohave County
NE NW, Sec 10 T41N R11W
Mohave County, AZ

Gentlemen:

This is to confirm our understanding with you that Powers Elevation is authorized to act as our agent in the following capacities:

A. In surveying, staking, and preparing and filing applications for necessary drilling and associated permits, including Form 3160-3 and Drilling Plan, for the above-referenced well.

B. In accepting on our behalf any changes to location, proposed facilities and/or surface use program and compliance program requested at on-site inspections, when we are unable to have a Company representative present. Such changes will then be binding upon us or designated Operator.

POWER'S responsibilities do not include construction of location or supervision of drilling, completion, rehabilitation, or production operations.

United Gas Search, Inc.
Company

by: [illegible]

Title: 5/28/91

Date:

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

SUBMIT IN TRIPLICATE*
(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 [X] DEEPEN [ ] PLUG BACK [ ]

b. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] OTHER SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR: United Gas Search, Inc.

3. ADDRESS OF OPERATOR: 24 West 41st Street, Sand Springs, OK 74063

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 330' FNL & 1650' FWL (NENW)
At proposed prod. zone: same

5. LEASE DESIGNATION AND SERIAL NO.: AZA 25155

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: --

7. UNIT AGREEMENT NAME: --

8. FARM OR LEASE NAME: Mohave County

9. WELL NO.: 1

10. FIELD AND POOL, OR WILDCAT: Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 10 T41N R11W

12. COUNTY OR PARISH: Mohave

13. STATE: AZ

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 10 miles southeast of St. George, UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 330'

16. NO. OF ACRES IN LEASE: 2082.44

17. NO. OF ACRES ASSIGNED TO THIS WELL: 80

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

19. PROPOSED DEPTH: 6500'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 2948' GR

22. APPROX. DATE WORK WILL START*: July 1, 1991

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	32# J-55	1000'	Class "C" to surface
7-7/8"	5-1/2"	17# J-55	6500'	2140 sx Class "B" + BJ Lite

EXHIBITS ATTACHED:

"A" Location Survey Plat
"B" Drilling Program
"C" Blowout Preventer Diagram
"E" Access Roads to Location
"E_1" Detail of Access Road
"G" Drill Pad Layout, Cuts & Fills
"G_1" Cross Sections of Drill Pad
"H" Drill Rig Layout

BOND COVERAGE PURSUANT TO 43 CFR 3104 FOR LEASE OPERATIONS IS BEING PROVIDED BY UNITED GAS SEARCH, INC., $10,000 SINGLE-WELL BOND.

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 [signature] TITLE Pres DATE 5/28/91

(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

EXHIBIT "B"

DRILLING PROGRAM

Attached to Form 3160-3
United Gas Search, Inc.
#1 Mohave County
NE NW, Sec. 10 T41N R11W
330' FNL & 1650' FWL
Mohave County, AZ

1. The Geologic Surface Formation

Surface formation is Moenkopi

2. Estimated Tops of Important Geologic Markers.

Formation	Depth	Sea Level Datum
Moenkopi	Surface	3,300'
Kaibab	100'	3,200'
Toroweap	600'	2,700'
Queanatoweap	980'	2,320
Pakoon	1,480	1,820'
Callville	2,600'	700'
Redwall	3,400	-100'
Temple Butte		
Guilmette	4,880'	-1,580'
Sevy	5,100	-1,800'
TD	6,500'	

3. Estimated Depths (Tops & Bottoms) of Anticipated Water, Oil, Gas, or Minerals; Operator's Plans for Protection

Queantoweap (Coconino)	980'	Possible oil/gas
Pakoon	1480'	" "
Calville	2600'	" "
Redwall	3400'	" "
Guilmette	4880'	" "
Sevy	5100'	" "

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulations zones, abnormal pressure zones, and prospectively valuable minerals deposits. All indications of usable water will be reported.

Casing will be tested to 0.22 psi/ft or 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield.

4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SECTION LENGTH	SIZE (OD)	WEIGHT, GRADE & JOINT	NEW, USED
12-1/4"	0 - 1000'	1000'	8-5/8"	32# J-55, ST&C	New
7-7/8"	0 - 6500'	6500'	5-1/2"	17# J-55, LT&C	New

Design Factors
Tension: 1.80
Collapse: 1.125
Burst: 1.00

Cement Program

RR-7-110 6/26/91

Surface Casing: Class "C" cement w/2% $CaCl_2$. Circulate to surface. WOC 20 hours. Test. 30 min min 600 psi ≤10% drop under pressure 12hr

Production Casing: 2140 sx Class "C" and BJ Lite w/6% gel, 10 lb/sk gilsonite and 1/2 lb/sk celloflake. WOC 48 hours. Test.

The following shall be entered in the driller's log:

(1) Blowout preventer pressure tests, including test pressures and results;

(2) Blowout preventer tests for proper functioning;

(3) Blowout prevention drills conducted;

(4) Casing run, including size, grade, weight, and depth set;

(5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;

(6) Waiting on cement time for each casing string;

(7) Casing pressure tests after cementing, including test pressures and results.

5. <u>The Operator's Minimum Specifications for Pressure Control</u>

<u>EXHIBIT "C"</u> is a schematic diagram of the blowout preventer equipment. A 3000# system will be installed, used, maintained and tested in accordance with all requirements specified in Section III. A - I of Onshore Order 2, except where variations are presented in this application.

Minimum standards outlined in Onshore Order 2 will be met for BOP, choke manifold, accumulator system and power for closing unit, and locking devices. Hydraulic controls will be located on the rig floor. Manual controls will be handwheels. Remote control for the accumulator will be 100 - 120 feet from the drill hole. The kill line will <u>not</u> be used as a fill-up line.

Ram type preventers and associated equipment (choke manifold, kelly cocks, etc.) shall be pressure tested to 100% of their rated working pressure (with BOP stack isolated from casing by a test plug) for a period of 10 minutes. Annular preventers shall be tested to 50% of rated working pressure for 10 minutes. Tests will be run after initial installation, prior to drilling out of surface casing shoe ~~and~~ after any use under pressure, or a minimum of once every ~~14 days~~ 7 days. Pipe rams will be operationally checked each 24-~~hour~~ period, as will blind rams and annular preventer each time pipe is pulled out of the hole. Annular preventers will be functionally operated at least weekly. Such checks of BOPE will be noted on daily drilling reports.

6-26-91

R 12-7-113

6. <u>The Type and Characteristics of the Proposed Circulating Muds</u>

There will be enough mud materials on site to displace the hole at any time.

DEPTH	TYPE	WEIGHT #/GAL	VISCOSITY SEC/QT.	FLUID LOSS CC
0 - 1000'	Spud Mud	8.5-9.0	as needed	8 - 12 cc
1000 - 6500'	LSND, ? low solid non dispersed	--	as needed to clean hole	--
TD	Gel, water ?		as needed to log hole	8 - 12 cc

Well is being drilled "air over mud" to minimize water use.

After mudding up, the slow pump speed will be recorded on daily drilling report. A mud test shall be performed every 24 hours to determine, as applicable, density, viscosity, gel strength, filtration, and pH.

7. <u>The Auxiliary Equipment to be Used</u>

(a) A kelly cock will be kept in the string.

(b) A float will be used at the bit.

(c) A fully manned mud logging unit will be used from surface to TD.

(d) A stabbing valve will be on the floor to be stabbed into the drill pipe when kelly is not in the string.

8. <u>The Testing, Logging and Coring Programs to be Followed</u>

(a) Six DST's are planned, beginning at 1000'.

(b) The logging program will consist of the following:

Dual Induction Laterolog	surface to TD
Integrated Borehole Compensated Gamma-Ray Sonic	surface to TD
Sidewall Neutron Porosity	over zones of interest
Dipmeter	"

R12-7-D1
626-91
10 max
if poss.

(c) 30' samples will be taken from surface to 1000'
10' samples will be taken from 1000' to TD.

(d) Completion program will be determined after evaluation of logs, and Sundry Notice will be submitted to BLM for approval.

9. <u>Any Anticipated Abnormal Pressures or Temperatures</u>

No abnormal pressures or temperatures are anticipated. Bottom hole pressure is unknown.

10. <u>Anticipated Starting Date and Duration of the Operations.</u>

The anticipated starting date is set for July 1, 1991, or as soon as possible after approval of drilling application. Operations will cover 60 days for drilling and 60 days for completion.

Cleanup may take up to 6 months depending upon weather.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the State Line Resource Area office:

(a) prior to beginning construction;

(b) prior to spudding;

(c) prior to running any casing or BOP tests;

(d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the State Line Resource Area office immediately. & O&GCC.

This well will be reported on Form 3160-2 "Monthly Report of Operations" starting with the month in which any operations commence, and continue each month until the well is physically plugged and abandoned. Notification will be submitted within five business days of production startup.

Prior approval will be obtained for abandonment operations, and Form 3160-5 "Subsequent Report of Abandonment" will be filed within 30 days.

All operations will conform to requirements and guidelines in Onshore Order 2 (which is herein incorporated by reference), except for variances approved in this Application.

proper O&GCC forms.

EXHIBIT "C"
Blowout Preventer

BOP CONTROL SYSTEM

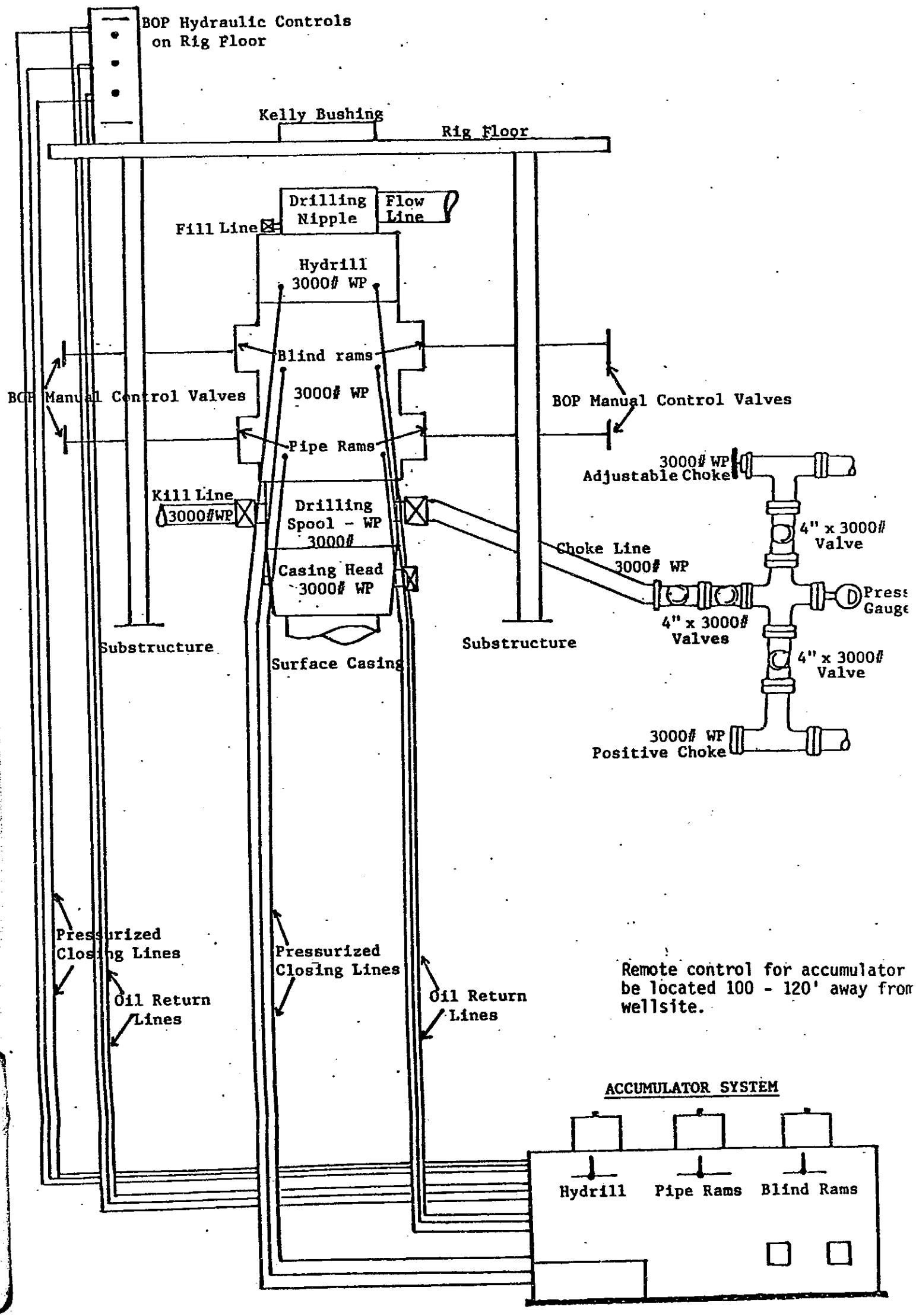


EXHIBIT "D"

SURFACE USE PROGRAM TO ACCOMPANY A.P.D.

Attached to Form 3160-3
United Gas Search, Inc.
#1 Mohave County
NE NW, Sec. 10 T41N R11W
330' FNL & 1650' FWL
Mohave County, AZ

1. Existing Roads

a. The proposed well site and elevation plat is shown as EXHIBIT "A". Staking included two directional reference stakes and elevations, also shown on EXHIBIT "A".

b. The distance from St. George, Utah, is 10 miles. From the intersection of River Road and 1450 S. Road, proceed east on 1450 S Road (paved) ±2 miles to 3000 E. Road, then south 1000' to 1500 S Road, east on 1500 S. Road 1.5 miles; continue south on paved road 2.5 miles to end of pavement, begin good 2-lane gravel road, continue south 2.7 miles, take left fork of gravel road; continue southeast 1 mile, turn right onto good dirt road, cross cattle guard and drainage, continue southwest across Utah/Arizona state line 0.6 mile to fork in road marked by BLM road signs; take fork onto single lane dirt road, continue 1.2 miles to existing road on left. Follow dirt road 2000' to location, as shown on EXHIBIT "E" & "E_1".

c. All roads to location are shown on EXHIBITS "E" & "E_1". A new access road 2000 feet from the existing single lane dirt road will be required, as shown on EXHIBITS "E" & "E_1".

d. This is an exploratory well. All existing roads within a two-mile radius are shown on EXHIBIT "E".

e. The existing roads need no improvement except grading. Existing roads will be maintained in same or better condition. The grade is 5% or less.

f. BLM Right-of-Way authorization is requested for use of a portion of the existing dirt road in Section 34, T42N R11W, as shown on EXHIBIT "E_1", because only the SW quarter is included in the drilling lease. A 45-foot wide right-of-way is requested. United Gas Search, Inc. certifies that it has the technical and financial capability to construct, operate, maintain and terminate the system for which authorization is sought.

2. Planned Access Roads

Map showing all necessary access roads to be constructed or reconstructed is shown as EXHIBIT "E_1" for the following:

a. Drilling Operations

(1) The maximum width of the 2000' of new access required for drilling will be 20 feet.

(2) The maximum grade will be 6%.

(3) No turnouts are planned.

(4) No drainage design is planned during drilling operations. Brush will be cleared and a temporary road will be prepared by grader.

(5) No culverts are needed.

(6) No surfacing material will be required.

(7) No gates, fence cuts, or cattleguards will be needed.

(8) Major cuts and fills: None.

(9) The new access road to be constructed was centerline flagged during staking. This road crosses B.L.M. lands, as shown on EXHIBIT "E", sections C - 1.

(10) Personnel and equipment shall be confined to the areas specified in this application.

b. Production

(1) If production is obtained, new road will be widened and crowned and ditched. Roads will be maintained for year-round use.

3. Location of Existing Wells

a. There are no water wells within a one-mile radius of this location.
b. There are no disposal wells.
c. There are no wells presently being drilled.
d. There are no producing wells within this one-mile radius.
e. There are no injection wells.

4. Location of Existing and/or Proposed Facilities to be used if Well is Productive.

   a. This information is not known and cannot be accurately presented at this time. If well is subsequently completed for production, Operator shall supply this information prior to installation.

   b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with B.L.M. stipulations.

   c. All permanent, above-ground facilities, tank batteries, etc. that will remain longer than 6 months will be painted an environmentally acceptable color as recommended by the BLM, the exception being that the OSHA rules are to be complied with where special safety colors are required.

   c All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior approval from the BLM. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

   Tests for meter accuracy will be run in accordance with requirements of Area BLM Manager.

5. Location and Type of Water Supply

   a. The source of water will be a well and pond in the SE SE, Sec. 3 T41N R11W, to be used with permission of surface lessee.

   b. Water will be transported by truck over approved access roads, as shown on EXHIBIT "E".

   c. No water well is to be drilled for this location.

6. Construction Materials

   a. No construction materials are needed for drilling well or constructing access roads into the location during drilling. No construction or surfacing materials will be taken from any Federal land, except that taken off the location, which is on Federal land.

   c. If well is productive and additional materials are required for road or pad, these materials will be provided by the dirt contractor.

7. Handling of Waste Materials and Disposal

   a. Drill cuttings will be buried in reserve pit.

b. Drilling fluids will be allowed to evaporate in reserve pit.

c. Any fluids produced during drilling tests or while making production tests will be collected in a test tank. No oil will be placed in reserve pit. Any spills of oil, gas, salt water, or other noxious fluids will be cleaned up and removed. If well is productive, produced water will be disposed of on site for 30 days only, or 90 days with permission of managing agency. After that time, application will be made for approval of permanent disposal method in compliance with NTL-2B.

d. Portable chemical toilet will be provided.

e. Garbage and non-flammable trash will be disposed of in trash pit. Flammable trash will be disposed of in burn pit. Drill fluids, water, drilling mud and tailings will be kept in reserve pit, as shown on EXHIBIT "H". The trash/burn pit will be totally enclosed with small mesh wire to prevent wind scattering trash before being burned, buried, or removed. Reserve pit will be fenced on three sides during drilling and the fourth side fenced upon removal of the rig.

f. After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. All dangerous open pits will be fenced during drilling and kept closed until the pit is leveled.

8. Ancillary Facilities

No air strip, camp or other facilities will be built during drilling of this well.

9. Well Site Layout

a. EXHIBIT "G" is the drill pad layout as staked by Powers Elevation of Farmington, New Mexico. Cuts and fills have been drafted to represent the planned cut across the location and the pit. Six inches of topsoil will be segregated and stockpiled as shown on EXHIBIT "G".

b. EXHIBIT "H" is a plan diagram of the proposed rig and equipment layout, reserve pit, trash/burn pit, pipe racks and mud tanks, access road, parking and turnaround. No permanent living facilities are planned. There will be a trailer on site.

c. Soil is very sandy, and the reserve pit will be lined in accordance with BLM stipulations.

10. Plans for Reclamation of the Surface

a. If well is abandoned, site will be restored to original condition as nearly as possible. Backfilling, leveling, and contouring will begin as soon as all pits have dried. Waste and trash will be buried or burned, and unused drilling materials will be removed from site, immediately after drilling is completed. If production is obtained, the unused area of the drill pad will be restored as soon as possible.

b. The soil-banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula provided by the B.L.M. Revegetation is recommended for road area as well as drill pad.

c. Three sides of the reserve pit will be fenced during drilling operations. Prior to rig release, the fourth side will be fenced to prevent livestock or wildlife from entering; and the fencing will be maintained until leveling and cleanup are accomplished.

d. If any oil is on the pit and is not immediately removed, the pit will be flagged overhead or covered with wire mesh.

e. The reclamation operations will begin immediately after the drill rig is removed. Removal of oil or other adverse substances will begin immediately or the area will be flagged and fenced. Other cleanup will be done as needed. It is estimated that reclamation operations will be completed by Fall 1992, depending upon weather conditions.

11. Surface Ownership

Surface at the well site is public land administered by the Bureau of Land Management.

Surface ownership of access roads, as shown on EXHIBITS "E" & "E_1" is as follows:

Sections A - B County Roads
Sections C - 1 Access roads across BLM lands

12. Other Information

The primary surface use is for grazing (limited).

This lease is subject to the following stipulations:

1. In order to protect important scenic values, no surface occupancy or other surface disturbance will be allowed on slopes of Seegmiller Mountain that are in excess of 30%. Exceptions to this limitation

may be specifically authorized in wiring by the authorized officer of the federal surface management agency if it is shown to the satisfaction of the authorized officer that the proposed disturbance or occupancy will not impair the visual resources of the area.

2. In order to protect fragile soils located throughout portions of these leases, all vehicle travel is limited to existing roads and trails unless a permit is granted by the authorized officer. Permits granted will be either an approved APD or Notice of Intent to Conduct Geophysical Exploration.

A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations. A copy shall also be furnished to the road contractor.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the BLM office. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, will be identified in a accordance with 43 CFR 3126.4.

If subsurface paleontological or cultural resources are uncovered during construction or reclamation operations, the operator or the operator's contractor shall suspend operations in the vicinity of the discovery and immediately report the finding to the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions 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 will be made by the Authorized Officer after consulting with the Operator.

13. Lessee's or Operator's Field Representative

THROUGH A.P.D. APPROVAL:

Connie L. Frailey
Agent/Consultant for
United Gas Search, Inc.
P. O. Box 440889
Aurora, Colorado 80044
Phone (303) 321-2217

MAIL APPROVED A.P.D. TO:

Terry W. Tucker
President
United Gas Search, Inc.
24 West 41st Street
Sand Springs, OK 74063
(918)245-2060

Field Representative for Drilling Operations:

Terry W. Tucker
24 W. 41st St.
Sand Springs, OK 74063
(918) 245-5056 (Residence)
(918) 245-2060 (Office)

14. Certification

I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which 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 United Gas Search, Inc. 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.

Date 6/4/91

Connie L. Frailey
Powers Elevation
Connie L. Frailey
Manager, Environmental Services
Agent/Consultant for
United Gas Search, Inc.

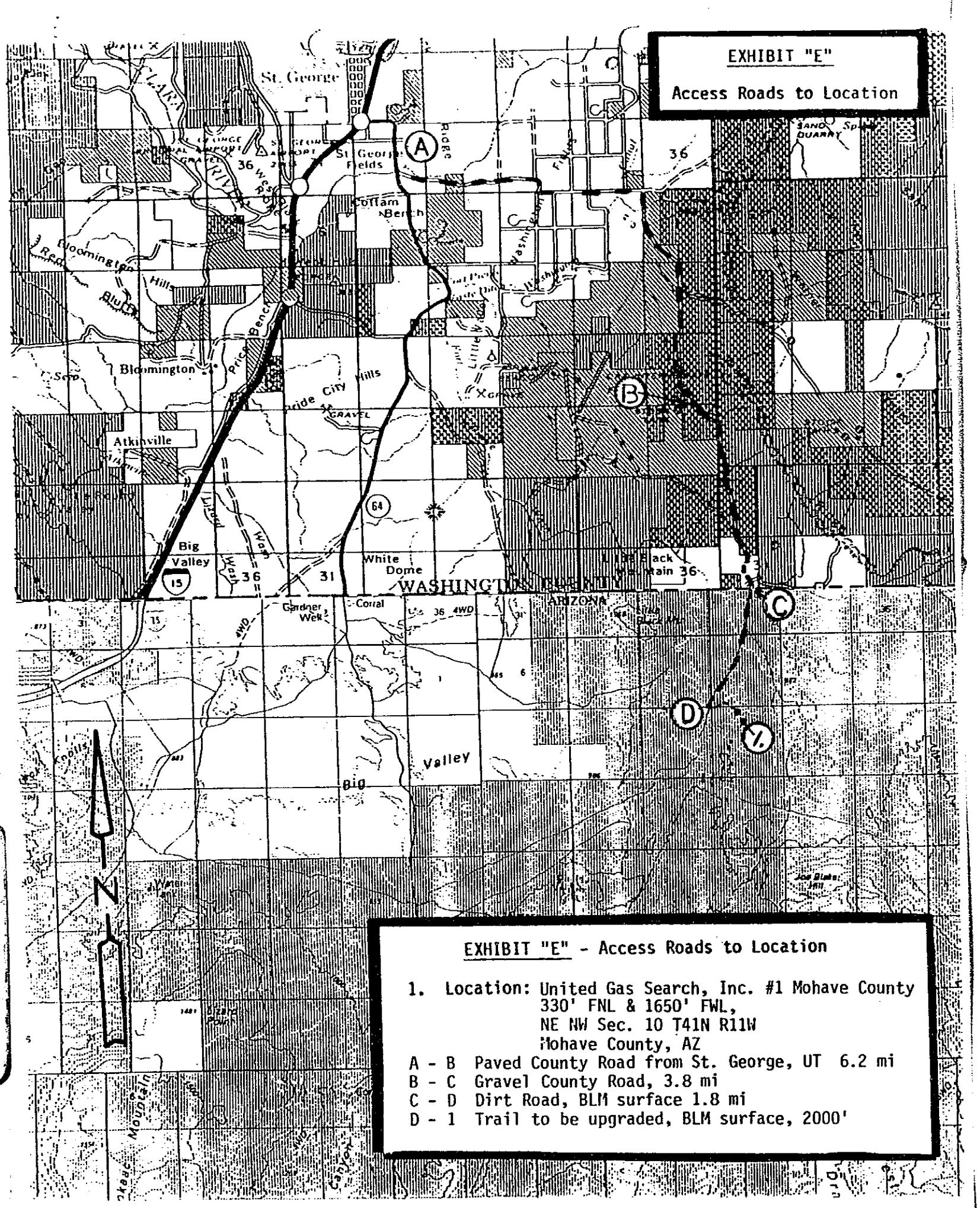


EXHIBIT "E" - Access Roads to Location

1. Location: United Gas Search, Inc. #1 Mohave County
330' FNL & 1650' FWL,
NE NW Sec. 10 T41N R11W
Mohave County, AZ

A - B Paved County Road from St. George, UT 6.2 mi
B - C Gravel County Road, 3.8 mi
C - D Dirt Road, BLM surface 1.8 mi
D - 1 Trail to be upgraded, BLM surface, 2000'

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IENT OF THE INTERIOR
OLOGICAL SURVEY

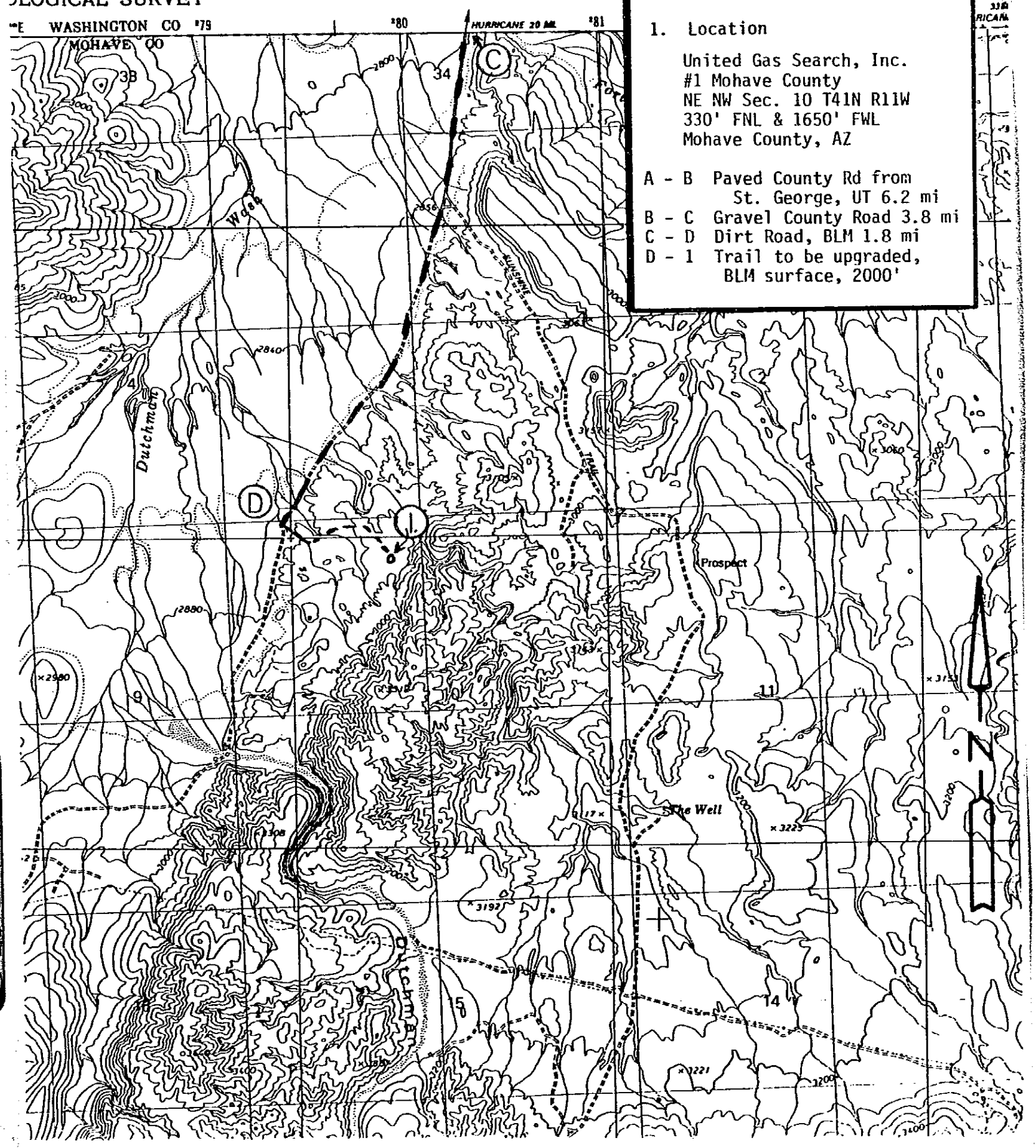


EXHIBIT "E-1"

Detail of Access Road

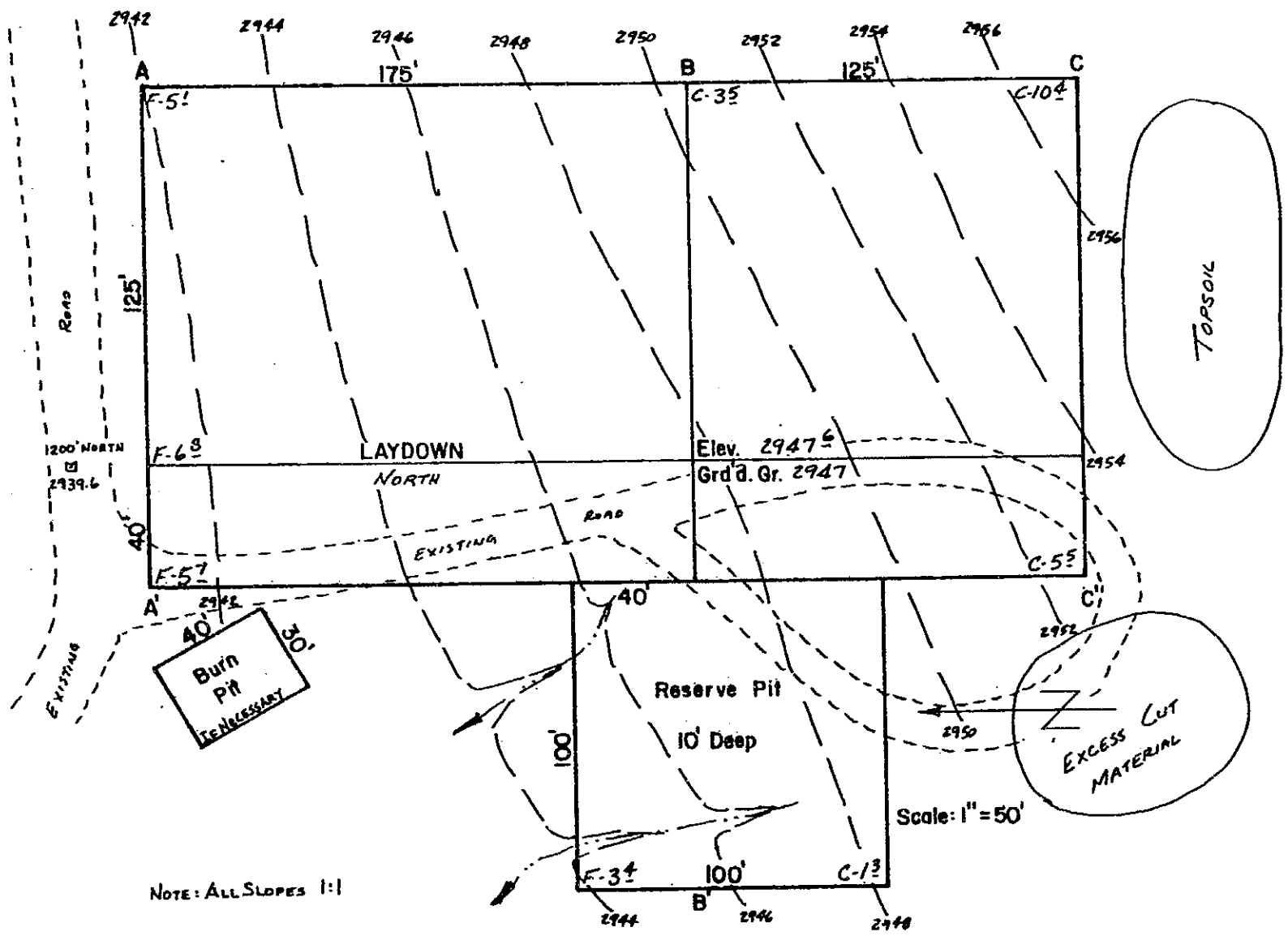
1. Location

United Gas Search, Inc.
#1 Mohave County
NE NW Sec. 10 T41N R11W
330' FNL & 1650' FWL
Mohave County, AZ

A - B Paved County Rd from St. George, UT 6.2 mi
B - C Gravel County Road 3.8 mi
C - D Dirt Road, BLM 1.8 mi
D - 1 Trail to be upgraded, BLM surface, 2000'

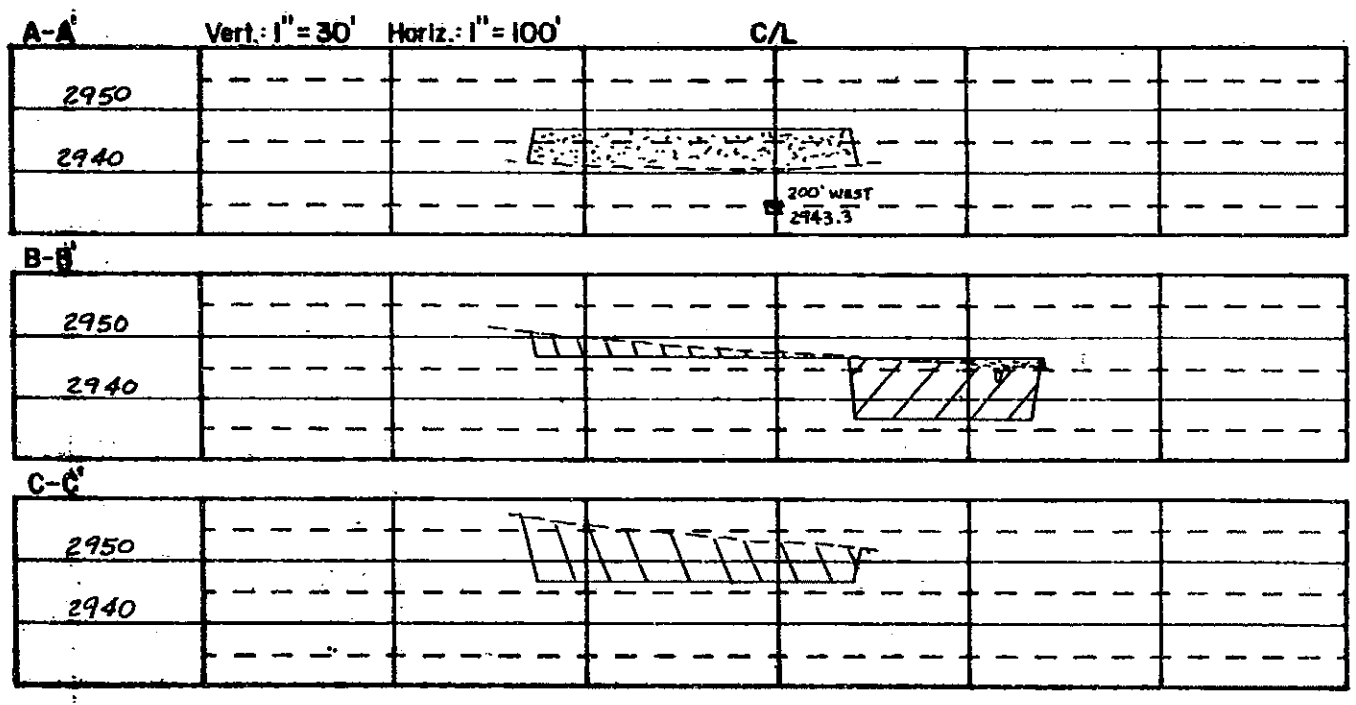
UNITED GAS SEARCH, INC.
#1 MOHAVE COUNTY
330'FNL & 1650'FWL
Sec.10, T41N, R11W
Mohave Co., Arizona

EXHIBIT "G"
Drill Pad Layout



NOTE: ALL SLOPES 1:1

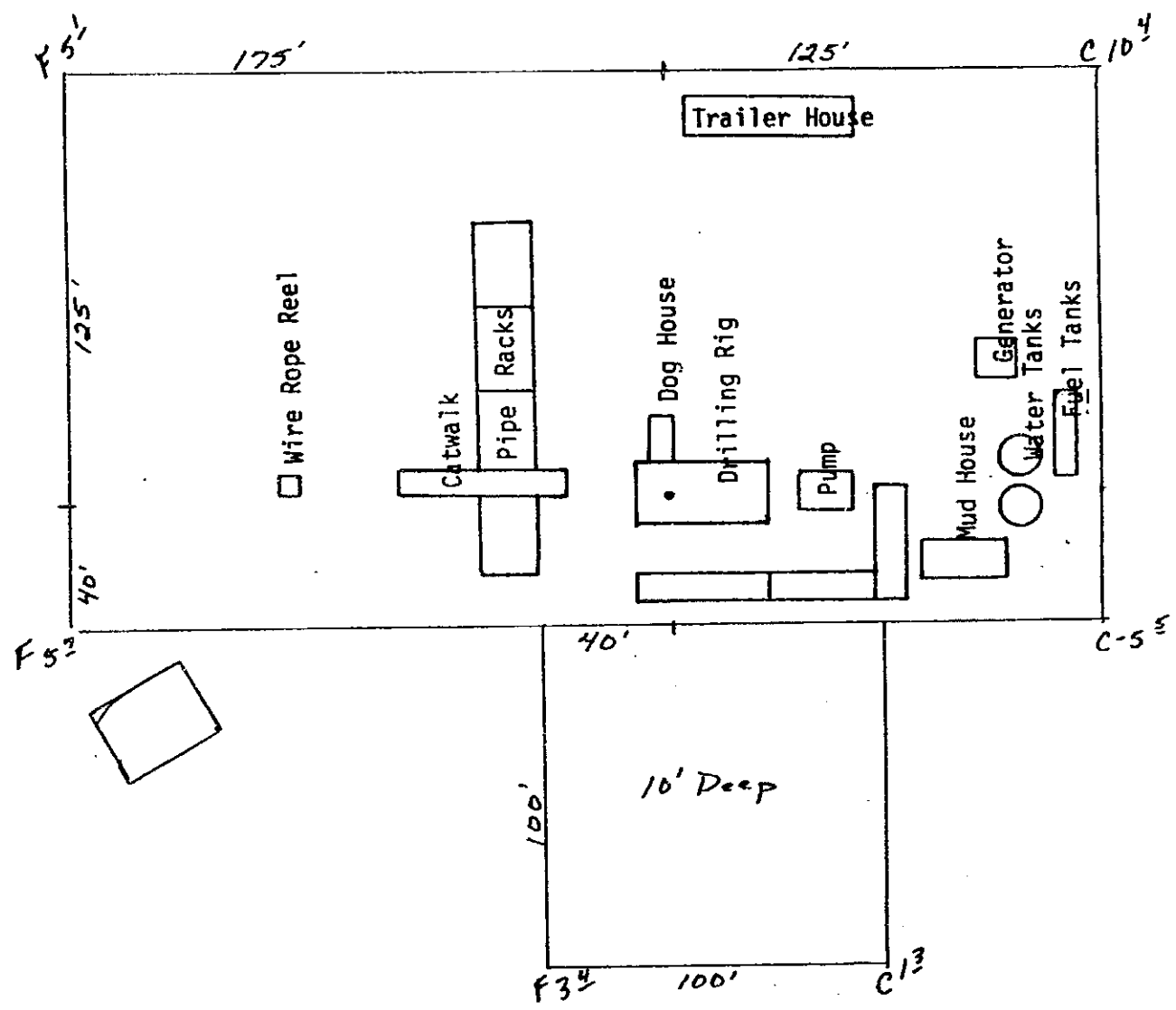
EXHIBIT "G_1"
Cut/Fill Cross Sections



Dirt Quantities

Pad Cut 3615 cu yds
Pad Fill 2944 cu yds
Pit Cut 3703 cu yds

EXHIBIT "H"
Drill Rig Layout



State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Jane Dee Hull
Governor

Larry D. Fellows
Director and State Geologist

June 17, 1999

Mr. Rodney Ratheal
Premco Western, Inc.
P.O. Box 1274
St. George, UT 84771-1274

CERTIFIED MAIL

Re: Reimbursement for costs incurred for restoring:
United Gas Search, Mohave #1, well site, State Permit 876
Sec. 10, T. 41 N., R. 11 W.

Dear Mr. Ratheal:

I have enclosed a check in the amount of $4,395.28 to reimburse My Father's Oil Company, LLC, for expenses incurred in restoring the referenced well site.

The payment is in accordance with the motion to reimburse made by the Oil and Gas Conservation Commission on January 10, 1997. The amount is in accordance with receipts for costs incurred that were submitted with your letter of January 21, 1997.

Please advise if we may be of further assistance.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosure

c Larry D. Fellows, Director and State Geologist
J. Dale Nations, Chairman, Oil and Gas Conservation Commission

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- ☐ Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- ☐ Print your name and address on the reverse of this form so that we can return this card to you.
- ☐ Attach this form to the front of the mailpiece, or on the back if space does not permit.
- ☐ Write *"Return Receipt Requested"* on the mailpiece below the article number.
- ☐ The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

3. Article Addressed to:
Rodney Rathead
Premco Western Inc
PO Box 1274
St. George UT 84771

4a. Article Number
Z 270 299 448

4b. Service Type
☐ Registered ☑ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
6-29-99

5. Received By: *(Print Name)*

8. Addressee's Address *(Only if requested and fee is paid)*

6. Signature *(Addressee or Agent)*
Rodney Rathead

PS Form 3811, December 1994 102595-99-B-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 270 299 448

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to Rodney Rathead	
Street & Number PO Box 1274	
Post Office, State, & ZIP Code St. George UT 84771	
Postage	$ .33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$ 2.98
Postmark or Date JUN 29 1999 USPS	

PS Form 3800, April 1995

STATE OF ARIZONA REMITTANCE ADVICE

WARRANT NO.
214716360

GEOLOGICAL SURVEY (520) 770-3500 EXT.

INVOICE NO.	INVOICE DATE	INVOICE DESCRIPTION	AGY	DOCUMENT/SFX	AMOUNT
	/ /		GSA	200350	4395.28

FUND:	ISSUE DATE:	WARRANT AMOUNT
3030	06/14/99	4,395.28

VENDOR NAME: MY FATHER'S OIL COMPANY, LLC
VENDOR NUMBER: 17525953610 001

FOLD OR SEPARATE AT COLORED LINE BELOW

STATE OF ARIZONA

NOT GOOD AFTER VOID DATE SHOWN

91-113
1221

DATE ISSUED MO-DAY-YR	VOID AFTER MO-DAY-YR
06/14/99	12/11/99

BANK	WARRANT NO.
21	4716360

PAY THIS AMOUNT
$4,395.28

VENDOR NO.
17525953610 001

FUND	AGENCY	DOCUMENT NO.
3030	GSA	200350

*******FOUR THOUSAND THREE HUNDRED NINETY FIVE AND 28/100 DOLLARS

PAY TO THE ORDER OF:

DIRECTOR
DEPARTMENT OF ADMINISTRATION

COUNTERSIGNED GOVERNOR

MY FATHER'S OIL COMPANY, LLC
PO BOX 1274
ST GEORGE UT 84771-1274

⑈4716360⑈ ⑆122101133⑆ 21⑈

PURCHASE REQUISITION

ARIZONA GEOLOGICAL SURVEY
416 W. CONGRESS, SUITE 100
TUCSON, ARIZONA 85701
(520) 770-3500

Req. No.	
Date	
State Contract No	

Vendor	My Father's Oil Co. LLC
Address	PO Box 1274
City	St. George
State	Utah
Zip	84771-1274

Phone	n/a
Contact Name	Rodney Rathcal
Vendor No.	1752595 3610

No.	Qty.	Unit	Vendor Stock No.	Description	Unit Price	Total Price	
				Reimbursement for costs	4,395.28	4,395	28
				(from forfeited bond acct.)			

Subtotal	4,395	28
Tax		
Ship/Hand		
TOTAL	4,395	28

Requested by	SL Rainey
Approved by	L D Fellows 10 May 99
Verified by	
Authorized by	
Ordered by	
Received by	
Property Tag No.	
Fund No.	

Internal use only

STATE OF ARIZONA

OFFICE OF THE ATTORNEY GENERAL

GRANT WOODS
ATTORNEY GENERAL

1275 WEST WASHINGTON, PHOENIX 85007-2926

MAIN PHONE: 542-5025
TELECOPIER: 542-4085

October 29, 1998

file 876

Rodney Ratheal
President and Managing Member
Premco Western, Inc.
My Father's Oil Company
P.O. Box 1274
St. George, Utah 84771-1274

Dear Mr. Ratheal:

Thank you for your most recent letter and its enclosures. I am returning to you the two original BLM assignment forms. I have kept copies. As we discussed when I called you, I will review these documents and see if they help in my analysis of whether the State may legally reimburse you for the costs you incurred in closing out the United Gas Search Well site. As you know, the Oil and Gas Conservation Commission has determined that if the Commission has the power within its laws to reimburse you under the circumstances, it will do so.

If I have any other questions about your role in the site close out, I will give you a call.

Sincerely,

Marc T. Steadman
Assistant Attorney General

MTS/lv
Enclosures
cc: Steve Rauzi, OGCC

Doc:23591

Form 3000-3
(March 1991)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1992

AUG 4 9 01 AM '93

ASSIGNMENT OF RECORD TITLE INTEREST IN A LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No. AZA-25155
Lease Effective Date (Anniversary Date) June 1, 1991
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* PermOK Oil, Inc.
Street 1550 Wynn Joyce Road, Suite 202
City, State, ZIP Code Garland, TX. 75043

*If more than one assignee, check here ☐ and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: *(Check one)* ☑ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: *(Check one or both, as appropriate)* ☑ Record Title, ☐ Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
T41N-R11W-Meridian G&SR Mohave County, Arizona Sec. 3: Lots 3, 4, S1/2 NW1/4, SW1/4 Sec. 4: Lots 1, 2, S1/2 NE1/4, SE1/4 Sec. 9: E1/2 Sec. 10: W1/2 Sec. 16: E1/2 Sec. 21: W1/2 T42N-R11W Sec. 34: SW1/4	100%	100%	0		

AUG 4 9 01 AM '93 BLM/AZ STATE OFFICE RECEIVED

PHOENIX, ARIZONA

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

☒ Assignment approved for above described lands;

☐ Assignment approved for attached land description

Assignment approved effective September 1, 1993

☐ Assignment approved for land description indicated on reverse of this form.

By Mary Jo Yost
(Authorized Officer)

CHIEF, BRANCH OF LANDS OPERATIONS

AUG 13 1993
(Date)

Part A (Continued): ADDITIONAL SPACE for Names and addresses of additional assignees in Item No. 1, if needed, or for Land Description in Item No. 2, if needed.

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

1. The Assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.

2. Assignee certifies as follows: (a) Assignee 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. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations, (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.

3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 13 day of May, 19 93

Name of Assignor as shown on current lease United Gas Search, Inc
Please type or print

Assignor [signature]
or (Signature)
Attorney-in-fact _____
(Signature)

P.O. Box 151
(Assignor's Address)

Tulsa, OK 74101-0151
(City) (State) (Zip Code)

Executed this 13 day of May, 19 93

Assignee Permian Oil, Inc. by Rodney Patton
or (Signature)
Attorney-in-fact _____
(Signature)

*U.S. Government Printing Office: 1991 — 573-016/28062

Form 3000-3
(March 1991)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: July 31, 1992

ASSIGNMENT OF RECORD TITLE INTEREST IN A LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No. AZA-25155
Lease Effective Date (Anniversary Date) June 1, 1991
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* My Father's Oil Company, LLC
Street 3317 Sunrise Drive
City, State, ZIP Code Garland, TX 75043

*If more than one assignee, check here ☐ and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: *(Check one)* ☑ Oil and Gas Lease, or ☐ Geothermal Lease

Interest conveyed: *(Check one or both, as appropriate)* ☑ Record Title, ☐ Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
a	b	c	d	e	f
T41N-R11W-Meridian G&SR Mohave County, Arizona Sec. 3: Lots 3, 4, S½NW¼, SW¼ Sec. 4: Lots 1, 2, S½NE¼SE¼ Sec. 9: E½ Sec. 10: W½ Sec. 16: E½ Sec. 21: W½ T42N-R11W Sec. 34: SW¼	100%	100%	0	1.5%	0

RECEIVED
B.L.M.
ARIZONA STATE OFFICE
FEB 6 12 59 AM '92

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

☐ Assignment approved for above described lands;

☐ Assignment approved for attached land description

Assignment approved effective _____

☐ Assignment approved for land description indicated on reverse of this form.

By _____ (Authorized Officer) _____ (Title) _____ (Date)

Part A (Continued): ADDITIONAL SPACE for Names and addresses of additional assignees in Item No. 1, if needed, or for Land Description in Item No. 2, if needed.

State of Missouri
County of Jackson

Subscribed and sworn before me this 31st day of May, 1995
personally appeared before me Eugene M. Strauss.

My commission expires April 11, 1998.

Jennie M Whitley

Jennie M. Whitley

JENNIE M. WHITLEY NOTARY SEAL NOTARY PUBLIC STATE OF MISSOURI

JENNIE M. WHITLEY, NOTARY PUBLIC
Jackson County, State of Missouri
My Commission Expires Apr. 11, 1998

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

1. The Assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.

2. Assignee certifies as follows: (a) Assignee 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. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations, (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.

3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 31st day of May, 19 95

Name of Assignor as shown on current lease PermOK Oil, Inc.
Please type or print

Assignor Eugene M Strauss
(Signature)
or
Attorney-in-fact Pres, PermOK Oil, Inc.
(Signature)

4050 Pennsylvania Suite 340
(Assignor's Address)

Kansas City MO 64111
(City) (State) (Zip Code)

Executed this 25th day of June, 19 95

My Father's Oil Co., LLC

Assignee by Rodney Pathead
(Signature)
or
Attorney-in-fact
(Signature)

Public reporting burden for this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0034), Washington, D.C. 20503.

Title 18 U.S.C. Sec. 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.

U.S. Government Printing Office: 1991 — 673-018/28082

Premco Western, Inc.
My Father's Oil Company
P.O. Box 1274
St. George, Utah 84771-1274
(435) 656-1829

file 86

October 19, 1998

Mr. Marc Steadman
Assistant Attorney General
1275 W. Washington
Phoenix, AZ 85007

Dear Mr. Steadman,

It has now been over two years since I reclaimed the permitted site on AZA-25426. The dirt work was completed in May, 1996 and reseeded at that time. Additional reseeding was done in November, 1996 to assure growth for the upcoming year, since little growth was detected after a very hot, dry summer. The BLM immediately approved the dirt work and just this past March, 1998, lowered their requirement of the bond from $10,000 to $1,000. This decision was made by Becky Hammond of the BLM office in St. George, Utah.

It is my understanding that their was concern that bids were not received for the work. Let me explain that it was my company which funded United Gas Search with the money they used to not only obtain the $5,000 bond in the form of a certificate of deposit, but it was also money obtained by United Gas Search to build the location to begin with, which they claimed was a cost of approximately $20,000. In addition to all of this, it was my company which they obtained money to drill with, which never occurred and a large amount of money disappeared. On top of all of this, United Gas Search had represented to me that they owned AZA-21068 and would be drilling the well on that location, of which I found out later they did not ever own.

It was the desire of the BLM that this land be reclaimed, as well as the desire of the Oil & Gas Commission of the State of Arizona. In good faith, I reclaimed the site as best as I could and for the lowest cost possible. However, I have to admit that just low cost without quality work would not have satisfied the BLM. The company I hired recommended that much of the work could be done at a lower cost using a trackhoe, which is what we did. This was much faster than a dozer in moving the enormous amount of dirt to fill the pit and recontour the land. The dozer was necessary to plow the deep furrows needed to harness the rain and protect small seedlings from erosion while they took root.

I believe at this point, considering interest on the money, that My Father's Oil Company should be entitled to a refund of the full $5,000 without further delay. I have been patient in waiting, but it is discouraging to do something on behalf of the State of Arizona and the Bureau of Land Management and then be criticized for the job, which was not only done in good faith, but with our own money while we made sure the job was done right the first time. Had the job not been approved the first time by the BLM, additional expense would have resulted to get the equipment back out to this badly roaded, desolate location. I believe, since this money does not belong to the State of Arizona anyway, that your top concern should be "was the job done right?" and not "how much did it cost?" I was happy that I got it done and approved for less than $5,000 so I would not be out additional money. My concern in starting the work was that BLM approval may not be obtained and that my expense may exceed $5,000, which was the amount of the bond.

If you disagree with my viewpoint, I wish you would try to put yourself in my shoes and reconsider. If you still don't agree, I would be very interested in hearing what your perspective is on this matter so I might can understand. Thank you for your time and consideration.

Sincerely,

Rodney Ratheal

Rodney Ratheal, President & Managing Member

cc: Steve Rauzi
Becky Hammond

file 876

10-19-98 Rodney Rathcal called to inquire about payment for restoring the United Gas Search location. I told him I'm ready to reimburse him for costs per OGCC Motion 1-10-97. I suggested he contact Marc Steadman direct @ 602-542-8532. I fax copy of OGCC 1-10-97 minutes to Rodney @ 435-656-1829.

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Date: 12-3-97

Number of pages including cover sheet: 2

To: Marc Steadman
AGO - EES

Phone:
Fax phone: 842-4084
CC:

From: Steve Rauzi
AZGS

Phone: (520) 770-3500
Fax phone: (520) 770-3505

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

It has been about a year since the OGCC authorized me to receive a list of expenses to properly restore the old United Gas Search location.

If the OGCC is not supposed to use forfeited bond money to properly abandon a well site, what is forfeited bond money to be used for?

(reference A.R.S. 27-524 (E))

Fax with 1-14-97 letter to Rachel

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Jane Dee Hull
Governor

Larry D. Fellows
Director and State Geologist

December 3, 1997

file 876

Mr. Rodney Ratheal
Premco Western, Inc.
P.O. Box 1274
St. George, UT 84771-1274

Dear Mr. Ratheal:

The Oil and Gas Conservation Commission adopted a policy to eliminate duplicate bonding on Indian and federal lands. Give me a call to discuss your bond with the #1-10 Mohave Federal.

I am still waiting to hear from the attorney general regarding the forfeited United Gas Search bond.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

FAX TRANSMITTAL

FROM: Rodney Ratheal
Premco Western, Inc.
P.O. Box 1274
St. George, Utah 84771-1274

file 876

DATE: 11/28/97

NUMBER OF PAGES INCLUDING THIS PAGE: 1

SENT TO: Steve Ranzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, AZ 85701
(520) 770-3505

MESSAGE:

I am very short of money with lease auctions coming up soon. Do you think it might be possible for me to receive a reimbursement on expenses relating to the reclamation of the United Gas well location. It would be very helpful if I could receive it in time to use at auction in December. I was to receive it after August when supposedly a certificate of deposit would expire. Please notify me by mail to the above address as to what I might expect. Thank you.

FAX TRANSMITTAL

FROM: **Rodney Ratheal**
Premco Western, Inc.
P.O. Box 1274
St. George, Utah 84771-1274
Office/Fax: (801) 656-1796

DATE: 8/7/97

NUMBER OF PAGES INCLUDING THIS PAGE: 1

SENT TO: **Steve Rauzi**
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, AZ 85701
(520) 770-3505

MESSAGE:

I have begun drilling operations on the Mohave County 1-10 well. We have started a new hole because the last one is too crooked. We are at 118' and drilling will be rather slow until a few changes are made. I look forward to meeting you soon. Please make a note of my new telephone number and address.

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Date: 8-8-97

Number of pages including cover sheet: 2

To: Marc Steadman
AGO - EES

Phone:
Fax phone:
CC:

From: Steve Rauzi

Phone: (520) 770-3500
Fax phone: (520) 770-3505

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

I redeemed the United Gas Search bond today. This is the bond that the AOGCC forfeited for non compliance in its meeting of 1-10-97. The proceeds have been deposited into our forfeit bond acct.

I have attached an itemized list of costs to reclaim and restore the old United Gas Search location incurred by "My Fathers Oil Company, LLC". I have a copy of each actual receipt on this list plus a letter from the US BLM that the site has been restored to the satisfaction of the BLM.

FORFEITURE OF UGS BOND - page 3

8-1-97 Call Bob Bruns + leave mss about C.D. expire on voice mail
- Call JDN + request letter authorize payment to AZGS on voice mail
- Call Bank One ⇒ have between Aug 6 + 16 to redeem
- Bob Bruns rtns call + I advise him of plan to redeem ~8/6
- fax documents + refresh his memory + advise of mss to JDN to write letter.

8-4-97 Dale calls + gets basic info, will write letter to Bob Bruns today + copy me

8-5-97 Bob Bruns, Bank One calls.
Advise him letter from Dale went out yesterday, that AZGS provide support.
Letter from Dale should satisfy Bank One for payment to AZGS.
Yes, I have physical copy of C.D.

8-7-97 Receive copy of Dale Martins letter to Bob Bruns Authorize pay AZGS
Call + leave mss with Bob Bruns concerning receipt of letter
Bob Bruns faxes letter acknowledging documentation is adequate

8-8-97 Write letter + fax it to Bob Bruns advising of staff support per ARS
Call + advise Steadman via voice mail of going to bank.
Redeem C.D. + receive Official Bank Check Payable to AZGS for $5,000.
Give Bank Check to MR for deposit into forfeited bond acct. Advise REM

FORFEITURE OF UGS BOND - page 2

2-7-97 Rose Ellen fax bond, assignment, osce min, and 27-524(f) to GAO

2-11-97 GAO advises out bond fund set up such that we can issue a warrant for expenditures made against the forfeited subacct. - Call & advise Marc on his voice mail.

2-20-97 Call & advise Marc on voice mail about status of bond and of GAO's advice about warrant authority.

3-13-97 Marc calls - has discussed w/ Truman & Cunningham.
- Truman desire face-to-face between Tucker & Rathead or (written relinquishment from Tucker ?!) Cunningham tend to agree bond forfeited & make payment for legitimate expenditures to restore location. [in light of Rob Cathy's fraud that led to felony charges - need to proceed w/ due diligence]
- Advise Marc of Connie Nolan, GAO, 542-5601
- Fax Marc copy of Beissel 10/17/83 letter about agency funds
- Advise Marc AZGS budget ~743,000 FY 97 = no special for OGCC for these matters (thats what forfeited bond sub acct for !!)

FORFEITURE OF UGS BOND

1-10-97 OGCC Forfeits bond in regular mtg
Pick up CD @ Treasurer's Office

1-13-97 Discuss redemption w/ Mary Lou @ Bank One, downtown Tucson
- bank unfamiliar, hesitant
- early penalty of $150 = August 6, 1997 redemption
- refer to Robert Bruns, Bank atty @ Phx 221-2211
- Bob Bruns returns call @ 2:45
  - explain situation + fax pertinent docs to 221-0106
- Also fax docs to Marc Steadman

1-14-97 Bob Bruns calls - needs one other document
- letterhead letter from St Treasurer authorizing payment to AZGS
- Mail to: Mr. Bob Bruns
  Bank One AZ
  P.O. Box 71
  Phoenix AZ 85001
- Call Katherine Valentin + advise. She will check w/ her Supervisor, call Bob Bruns, get back to me

1-15-97 Bob Bruns calls - he spoke with Jennifer Erb
- Bank One now comfortable w/ situation
- will need letter from Chairman authorize payment to AZGS
- Call Bob day before going to cash C.D. + he will fax OK to local Branch
- Katherine returns call to advise of Erb contact.
- fax OGC 1/10/97 min p.2 + OGC 9/6/91 min p.2 to Steadman

BK's

Robert Bruno, atty
PHX 221 - 2211
221- 0106

30th + Peoria
589- 3888

acct# 8130-2093

THE FACE OF THIS DOCUMENT HAS A BLUE GRADUATING TINT (BLUE-WHITE-BLUE) BACKGROUND ON WHITE PAPER

873983508 16-2358 1220

BANK ONE.
OFFICIAL CHECK

Remitter Cd-8130-2093
(2608781)

Date August 8, 1997

COPY

BANK ONE ARIZONA, NA 5,000 AND 00/CTS $ 5,000.00

Pay To The Order Of ARIZONA GEOLOGICAL SERVEY * * * * * * * * * * * * * * * * * * *

Drawer: BANK ONE, ARIZONA, NA

Mitie L. Thems

Payable through Citibank Int'l - Los Angeles, CA For Citibank (NY State): Buffalo, NY
Issued by Integrated Payment Systems Inc., Englewood, Colorado

THE BACK OF THIS DOCUMENT CONTAINS A REFLECTIVE SECURITY MARK - HOLD AT AN ANGLE TO VIEW

⑆122029587⑈68⑈099090 873983508

SECURITIES SAFEKEEPING

1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: 1-10-97

STATE AGENCY NO. _____

STATE AGENCY Oil & Gas Conservation Commission

State Treasurer's Use Only

COMPANY United Gas Search, Inc
24 W. 41st Street
Tulsa OK

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.:

BANK:

MATURITY DATE: INTEREST RATE: %

AMOUNT $

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.: 2608781

BANK: Valley National Bank of Arizona

MATURITY DATE: 8/6/92 INTEREST RATE: 5.60%

AMOUNT $ 5,000.00

RECEIVED
STATE TREASURER
JAN 10 12 44 PM '97

STATE TREASURER VALIDATION NO. _____

RECEIVED THE ABOVE RELEASE	STATE AGENCY AUTHORIZATION
BY J Steven L. Rainey 1/10/97 Authorized Signature Date	BY J Steven L. Rainey Authorized Signature
Oil & Gas Conservation Comm. Bank or Firm	STATE TREASURER AUTHORIZATION BY Katherine Valentine Authorized Signature
FOR BANK USE ONLY Checked by Verified by	BANK AUTHORIZATION BY _____ Authorized Signature STATE'S DEPOSITORY BANK

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

August 8, 1997

Mr. Robert Bruns
Bank One of Arizona
P.O. Box 71
Phoenix, AZ 85001

Dear Mr. Bruns:

Please be advised that the Arizona Geological Survey provides administrative and staff support to the Arizona Oil and Gas Conservation Commission pursuant to A.R.S. §27-515(A) and 27-152.02(10). As a result, no letterhead exists specifically for the Oil and Gas Conservation Commission. The current Chairman of the Commission, Dr. J. Dale Nations, is a professor at Northern Arizona University.

A current roster for the Oil and Gas Conservation Commission is attached for your record. Please advise if I may be of further assistance or provide additional documentation.

Thank you.

Sincerely,

Steven L. Rauzi
Oil & Gas Program Administrator

c J. Dale Nations, Chairman, Oil and Gas Conservation Commission
Larry D. Fellows, Director and State Geologist

Fax Transmission

BANK ONE.

BANC ONE CORPORATION
Robert W. Bruns, Attorney
Legal Department AZ1-1317
P.O. Box 71
Phoenix, AZ 85001
(602) 221-2211
Fax: (602) 221-0106

To:	Steve Rauzi, Arizona Geological Survey	**Date:**	August 7, 1997
Fax #:	520-770-3505	**Subject:**	Certificate of Deposit (8130-2093)

I have reviewed the documentation that you provided me with regard to the subject Certificate of Deposit in the amount of $5,000.00 issued to the Arizona State Treasurer and deposited by United Gas Search, Inc.

In my opinion, the documentation you have provided Bank One is adequate for the Bank to negotiate the Certificate of Deposit and issue a check payable to the Arizona Geological Survey for $5,000.00. The Certificate of Deposit along with the Assignment form and the letter from the Arizona Oil and Gas Conservation Commission, should be delivered to the branch and they should negotiate the instrument for you. If you or they have any questions about this, let me know. My number is 221-2211.

Pages Enclosed:

August 4, 1997

Robert Bruns
Bank One of Arizona
P.O. Box 71
Phoenix, AZ 85001

Dear Mr. Bruns,

As Chairman of the Arizona Oil and Gas Conservation Commission, I authorize transfer of the forfeited bond from United Gas Search Company in the amount of $5,000 to the Arizona Geological Survey for administrative and staff support.

Sincerely,

Dale Nations

Dale Nations

copy:
Steve Rauzi

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Date: 8-1-97

Number of pages including cover sheet: 9

To: Bob Bruns
Bank One

Phone:
Fax phone: 602-221-0106
CC:

From: Steve Rauzi
AZGS - OG

Phone: (520) 770-3500
Fax phone: (520) 770-3505

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

Attached are the documents we discussed on January 13, 1997. (CD 2608781, assignment, Treasurer's release to agency, pertinent rules & statutes, agenda & minutes of forfeiture)

Please recall you had discussed Treasurer's release to agency with Jennifer Eth @ Treasurer's Office on January 14 or 15 and requested a letter from Chairman of the Commission authorizing payment to AZGS. — I left voice message w/ J Dale Nations, Chairman, to that issue today.

I'll plan to redeem the bond on or shortly after 8/6

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Larry D. Fellows
Director and State Geologist

Date: 2-7-97

Number of pages including cover sheet: 5

To: Connie
CAD

Phone:
Fax phone:
CC:

From: Rose Ellen

Phone: (520) 770-3500
Fax phone: (520) 770-3505

REMARKS: ☐ Urgent ☐ For your review ☐ Reply ASAP ☐ Please comment

Attached per your Request:

1. CD
2. Assignment to AZ State Treasurer
3. Oil & Gas Conservation Minutes regarding payment
4. state Statute re forfeiture

If you have questions about the history of the well call Steve Ruzi Oil & Gas Program Administrator 770-3500 or me for accounting info.

Performance Bond pursuant to AAC R12-7-103

FOR DRILLING OIL WELL

Valley National Bank of Arizona

Certificate of Deposit
NON TRANSFERABLE

2608781

BRANCH 30th Ave-Peoria BRANCH NO. 154 DATE August 6, 1991

THIS CERTIFIES THAT THERE HAS BEEN DEPOSITED IN THIS BANK

VALLEY NATIONAL BANK OF ARIZONA 5000 AND 00/100 DOLLARS

ACCOUNT NO. 8130-2093 $ 5,000.00

PAY TO ARIZONA STATE TREASURER
DEPOSITED BY UNITED GAS SEARCH, INC.

UPON PRESENTATION OF THIS CERTIFICATE PROPERLY ENDORSED

THIS CERTIFICATE MATURES IN 366 FROM ISSUE DATE
AUGUST 6, 1992 INTEREST IS TO BE PAID Monthly
AT THE RATE OF 5.40 % PER ANNUM FOR AN ACTUAL NUMBER OF DAYS PER YEAR BA
FIRST INTEREST PAYMENT DUE 9-6-91

☐ SINGLE MATURITY - INTEREST CEASES AT MATURITY

☒ AUTOMATICALLY RENEWABLE - THE CERTIFICATE WILL AUTOMATICALLY RENEW EVERY 366 Days UNLESS REDEEMED WITHIN 10 CALENDAR DAYS (ONE BUSINESS DAY FOR MATURITIES OF DAYS OR LESS) AFTER ANY MATURITY. THE BANK RETAINS THE RIGHT TO REDEEM TH CERTIFICATE OR CHANGE THE INTEREST RATE AND OTHER TERMS AS OF ANY MATURITY.

Jann Blackburn
AUTHORIZED SIGNATURE

D-100-0675 Rev. 7/91

ASSIGNMENT TO ARIZONA STATE TREASURER
SECURITY IN LIEU OF CASH DEPOSIT FOR COMPLIANCE WITH
SECTION 35-155 ARIZONA REVISED STATUTES

UNITED GAS SEARCH, INC.

NAME

24 W. 41st STREET — SAND SPRINGS

STREET ADDRESS — CITY

TULSA — OK — 918-245-2060

COUNTY — STATE — TELEPHONE NUMBER

hereinafter referred to as ASSIGNOR, does hereby assign and transfer to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, all right, title and interest of any kind whatsoever, owned or held by Assignor in the principal, but not in the interest hereinafter accruing after the date of this assignment in the insured account of ASSIGNOR so long as such funds remain on deposit in the

VALLEY BANK

FINANCIAL INSTITUTION

whose address is 2950 W. PEORIA — PHOENIX — MARICOPA

STREET ADDRESS — CITY — COUNTY

Arizona, as evidenced by an account in the amount of FIVE THOUSAND dollars ($5,000.00) identified by account number 3130-2093 (26087317) which account is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. This assignment is given as security for compliance with ARS 27-501 to 529 and with the Rules of the Oil and Gas Conservation Commission.

Dated this 1 day of AUGUST, 19 91, at PHOENIX Arizona.

IMPORTANT - SIGNATURE OF ASSIGNOR

This instrument shall be signed by the Assignor Himself

UNITED GAS SEARCH, INC.

NAME OF ASSIGNOR EXACTLY AS SHOWN ABOVE

BY: [signature]

SIGNATURE OF ASSIGNOR

FIRST ENDORSEMENT - RECEIPT FOR NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, of written notice of the assignment to said Treasurer of the above-identified account. We have noted our records to show the interest of the Treasurer in said account as shown in and by the assignment above. We have retained a copy of this document. We hereby certify that we have not received any notice of lien, encumbrance, hold, claim or other obligation against the above-identified account prior to its assignment to the Treasurer. We further hereby waive any current and future right of set-off against such account. We agree to make payment as required by the Rules and Regulations of the Treasurer adopted in accordance with applicable laws and the law applicable to this institution.

Dated this 6 day of August, 19 91, at Phoenix, Arizona

Valley National Bank of Arizona

NAME OF FINANCIAL INSTITUTION

BY [signature] AVP — ASSISTANT VICE PRESIDENT

SIGNATURE OF OFFICER OF FINANCIAL INSTITUTION — TITLE

Subscribed and sworn before me this 6 day of August, 1991.

NOTARY PUBLIC SIGNATURE

My Commission Expires Aug. 31, 1994

COMMISSION EXPIRES

SECOND ENSORSEMENT - RECEIPT FOR SECURITY AND DIRECTION TO PAY EARNINGS

Receipt is acknowledged of the assignment above and the account identified in the assignment above. The financial institution named in the assignment above is hereby authorized and directed to pay any earnings credited after the date of this assignment on the above-identified account of the above-named assignor.

Dated this 17th day of September, 19 91, at Phoenix, Arizona.

ARIZONA STATE TREASURER

Treasurer or Authorized Representative

By: Katherine Valentin

(Prepare in duplicate. Please Type all Information)

Attach Original Assignment to Certificates of Deposit and File with State.

DISCUSSION AND VOTE TO FORFEIT UNITED GAS SEARCH BOND

Mr. Rauzi reviewed the matter of the performance bond and advised that a copy of the agenda was sent to both United Gas Search Company and Rodney Ratheal of Premco Western Company, both of whom had requested refund of the bond. Mr. Steadman was present to give legal counsel.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. At 10:45 a.m. the executive session began.

The regular meeting resumed at 11:10 a.m.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE $5,000 UNITED GAS SEARCH BOND POSTED WITH THE COMMISSION BE FORFEITED (FOR NON-COMPLIANCE WITH RULE)

Motion carried unanimously.

Mr. Lanshe moved, seconded by Mr. Veale:

THAT THE COMMISSION AUTHORIZE THE ADMINISTRATOR TO RECEIVE A LIST OF COSTS INCURRED BY MY FATHER'S OIL, RODNEY RATHEAL, OR PREMCO WESTERN IN CONNECTION WITH THE RESTORATION OF THE PROPOSED WELL SITE IN QUESTION AND THAT HE BE AUTHORIZED TO PAY UP TO $5,000 FOR ANY LEGITIMATE EXPENSES ASSOCIATED WITH THE COSTS OF RESTORATION INCURRED BY THOSE PARTIES

Mr. Lanshe amended his motion, seconded by Mr. Veale:

THAT PAYMENT BE MADE SUBJECT TO APPROVAL AND WRITTEN CONCURRENCE FROM COUNSEL

Motion carried unanimously.

DISCUSSION OF FIVE-YEAR REVIEW OF TITLE 12, CHAPTER 7, ARTICLE 1

Mr. Rauzi reported that the Governor's Regulatory Review Council approved the 5-year report as submitted. The report noted that two rules would be amended by June 1997.

A.R.S. § 27-524. Enforcement

E. The owner or operator is responsible for the full cost of plugging each dry or abandoned well. If the owner or operator fails to properly plug and abandon the well, the commission may:

1. Forfeit the bond and use the money for that purpose.
2. Sue the owner or operator for costs in excess of the amount of the bond and the owner or operator is liable for that amount.

Amended by Laws 1995, Ch. 65, § 1.

(STATUTORY AUTHORITY TO FORFEIT BOND AND USE MONEY FOR THAT PURPOSE)

DISCUSSION AND VOTE TO FORFEIT UNITED GAS SEARCH BOND

Mr. Rauzi reviewed the matter of the performance bond and advised that a copy of the agenda was sent to both United Gas Search Company and Rodney Ratheal of Premco Western Company, both of whom had requested refund of the bond. Mr. Steadman was present to give legal counsel.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. At 10:45 a.m. the executive session began.

The regular meeting resumed at 11:10 a.m.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE $5,000 UNITED GAS SEARCH BOND POSTED WITH THE COMMISSION BE FORFEITED

Motion carried unanimously.

Mr. Lanshe moved, seconded by Mr. Veale:

THAT THE COMMISSION AUTHORIZE THE ADMINISTRATOR TO RECEIVE A LIST OF COSTS INCURRED BY MY FATHER'S OIL, RODNEY RATHEAL, OR PREMCO WESTERN IN CONNECTION WITH THE RESTORATION OF THE PROPOSED WELL SITE IN QUESTION AND THAT HE BE AUTHORIZED TO PAY UP TO $5,000 FOR ANY LEGITIMATE EXPENSES ASSOCIATED WITH THE COSTS OF RESTORATION INCURRED BY THOSE PARTIES

Mr. Lanshe amended his motion, seconded by Mr. Veale:

THAT PAYMENT BE MADE SUBJECT TO APPROVAL AND WRITTEN CONCURRENCE FROM COUNSEL

Motion carried unanimously.

DISCUSSION OF FIVE-YEAR REVIEW OF TITLE 12, CHAPTER 7, ARTICLE 1

Mr. Rauzi reported that the Governor's Regulatory Review Council approved the 5-year report as submitted. The report noted that two rules would be amended by June 1997.

FAX TO: MARC STEADMAN, AGO, 542-4084
FROM: STEVE RAUZI, AGCS
DATE: 1-15-97

* Call me about this if you'd like

FAX TO: MARC STEADMAN, AGO 542-4084
FROM: STEVE RAUZI, AZGS
DATE: 1-15-97

these minutes. Mr. Rauzi reported that United Gas Search had prepared the surface location for their well in Mohave County even though they have not yet received a permit to drill from the State. He learned of the location work from Becky Hammond of the Bureau of Land Management in St. George, Utah, and reported that she would require United Gas Search to obtain the State permit before they drill. Mr. Warne requested that Mr. Rauzi write to United Gas Search and advise them not to commence drilling until they have obtained a permit from the State.

F.Y.I.
MARC - NOTE THAT UNITED GAS SEARCH HAD DISREGARD FOR OUR RULES FROM THE START.

Mr. Rauzi informed the Commission that both TranAm Energy and Sphinx Mining continue to maintain interest in building natural gas storage caverns in the Red Lake salt deposit near Kingman. The TranAm plan is to use water piped in from Lake Mead to leach the caverns and collect the brine in evaporation ponds on the surface. They intend to sell the salt so recovered. The Sphinx plan is to use local ground water to leach the caverns and reinject the brine back into the subsurface. Mr. Rauzi indicated that the Sphinx plan could create a problem with the aquifers in the area.

Mr. Rauzi reported on the status of the revision of the oil and gas rules. He pointed out that due to the recent merger and reduction of staff we were granted a six-month extension to file the revisions with the Governor's Regulatory Review Committee and indicated that the rules should be submitted to GRRC by December 1991. Mr. Rauzi recommended that the Commission submit the revisions prepared by Dr. Brennan and Mrs. Mead advised that the Commission should approve the rules before submitting them to GRRC.

Mr. Warne moved, seconded by Dr. Nations:

THAT THE COMMISSION REVIEW THE RULES AT THE NEXT REGULAR MEETING BEFORE SUBMITTING THEM TO GRRC.

Motion carried unanimously.

Mr. Rauzi reported on the number of oil and gas related inquiries received in August and the first of September.

OIL AND GAS BUDGET

Dr. Fellows passed out copies of the oil and gas budget to the Commissioners and pointed out that all agencies were instructed to ask for no increase over the current year's budget. He noted that the oil and gas publication revolving fund had a $5,000 dollar limit over which all funds went into the general fund and recommended that the fund be merged into the Survey's publication revolving fund. The Commissioners agreed that merging the two funds would be a beneficial move.

Dr. Nations moved, seconded by Mrs. Murphy:

THAT THE OIL AND GAS BUDGET BE APPROVED AS PRESENTED.

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Date: 1-13-97

Number of pages including cover sheet: 2

To: Robert Bruns
Bank One

Phone:
Fax phone: 602-221-0106
CC:

From: Steve Rauzi
AZGS

Phone: (520) 770-3500
Fax phone: (520) 770-3505

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

documents relating to our discussion this afternoon.

1. C.D. # 2608781
2. Assignment to State Treasurer
3. Release from safekeeping form
4. A.R.S 27-515, 27-524, and A.A.C. R12-7-103
5. Agenda for Oil + Gas Cons. Commission 1-10-97 mtg.
6. Minutes of agenda item 5 from OGCC 1-10-97 mtg.

— Our representative at the AGO is Marc Steadman 542-8500

Valley National Bank of Arizona

Certificate of Deposit
NON TRANSFERABLE

2608781

BRANCH 30th Ave-Peoria BRANCH NO. 154 DATE August 6, 1991

THIS CERTIFIES THAT THERE HAS BEEN DEPOSITED IN THIS BANK

VALLEY NAT'L BANK 50 00 AND 00/CTS

ACCOUNT NO 8130-2093 $ 5,000.00

PAY TO ARIZONA STATE TREASURER
DEPOSITED BY UNITED GAS SEARCH, INC.

(UPON SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED)

THIS CERTIFICATE MATURES IN 366 FROM ISSUE DATE ON August 6, 1992 19 . INTEREST IS TO BE PAID monthly

AT THE RATE OF 5.60 % PER ANNUM ON AN ACTUAL NUMBER OF DAYS PER YEAR BASIS.

FIRST INTEREST PAYMENT DUE 9-6-91

☐ SINGLE MATURITY - INTEREST CEASES AT MATURITY

☒ AUTOMATICALLY RENEWABLE - THE CERTIFICATE WILL AUTOMATICALLY RENEW EVERY 366 days

UNLESS REDEEMED WITHIN 10 CALENDAR DAYS (ONE BUSINESS DAY FOR MATURITIES OF 31 DAYS OR LESS) AFTER ANY MATURITY. THE BANK RETAINS THE RIGHT TO REDEEM THIS CERTIFICATE OR CHANGE THE INTEREST RATE AND OTHER TERMS AS OF ANY MATURITY.

Jann Blackburn
AUTHORIZED SIGNATURE

0-100-0675 Rev. 7/91

ASSIGNMENT TO ARIZONA STATE TREASURER
SECURITY IN LIEU OF CASH DEPOSIT FOR COMPLIANCE WITH
SECTION 35-155 ARIZONA REVISED STATUTES

UNITED GAS SEARCH, INC.

NAME

24 W. 41st STREET — SAND SPRINGS

STREET ADDRESS — CITY

TULSA — OK — 918-245-2060

COUNTY — STATE — TELEPHONE NUMBER

hereinafter referred to as ASSIGNOR, does hereby assign and transfer to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, all right, title and interest of any kind whatsoever, owned or held by Assignor in the principal, but not in the interest hereinafter accruing after the date of this assignment in the insured account of ASSIGNOR so long as such funds remain on deposit in the

VALLEY BANK
FINANCIAL INSTITUTION

whose address is 2950 W. PEORIA (STREET ADDRESS) PHOENIX (CITY) MARICOPA (COUNTY),

Arizona, as evidenced by an account in the amount of FIVE THOUSAND dollars ($5,000.00) identified by account number 8130-2093 (2603781) which account is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. This assignment is given as security for compliance with ARS 27-501 to 539 and with the Rules of the Oil and Gas Conservation Commission.

Dated this 1 day of AUGUST, 1991, at PHOENIX Arizona.

IMPORTANT - SIGNATURE OF ASSIGNOR

This Assignment shall be signed by the Individual Himself

UNITED GAS SEARCH, INC.
NAME OF ASSIGNOR EXACTLY AS SHOWN ABOVE

BY: Ruth A. Lindner
SIGNATURE OF ASSIGNOR

FIRST ENDORSEMENT - RECEIPT FOR NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, of written notice of the assignment to said Treasurer of the above-identified account. We have noted our records to show the interest of the Treasurer in said account as shown in and by the assignment above. We have retained a copy of this document. We hereby certify that we have not received any notice of lien, encumbrance, hold, claim or other obligation against the above-identified account prior to its assignment to the Treasurer. We further hereby waive any current and future right of set-off against such account. We agree to make payment as required by the Rules and Regulations of the Treasurer adopted in accordance with applicable laws and the law applicable to this institution.

Dated this 6 day of August, 1991, at Phoenix, Arizona

Valley National Bank of Arizona
NAME OF FINANCIAL INSTITUTION

BY Joyce M. Jenison AVP
SIGNATURE OF OFFICER OF FINANCIAL INSTITUTION — TITLE ASSISTANT VICE PRESIDENT

Subscribed and sworn before me this 6 day of August, 1991.

NOTARY PUBLIC SIGNATURE

COMMISSION EXPIRES

SECOND ENDORSEMENT - RECEIPT FOR SECURITY AND DIRECTION TO PAY EARNINGS

Receipt is acknowledged of the assignment above and the account identified in the assignment above. The financial institution named in the assignment above is hereby authorized and directed to pay any earnings credited after the date of this assignment on the above-identified account of the above-named assignor.

Dated this 17th day of September, 1991, at Phoenix, Arizona.

ARIZONA STATE TREASURER
Treasurer or Authorized Representative

By: Katherine Valentin

(Prepare in duplicate. Please Type all Information)

Attach Original Assignment to Certificates of Deposit and File with State.

SECURITIES SAFEKEEPING
1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: 1-10-97

STATE AGENCY NO. _____

STATE AGENCY Oil + Gas Conservation Commission

State Treasurer's Use Only

COMPANY United Gas Search Inc
24 W. 4 St Street
Tulsa OK

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.:

BANK:

MATURITY DATE: INTEREST RATE: %

AMOUNT $

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.: 2608781

BANK: Valley National Bank of Arizona

MATURITY DATE: 8/6/92 INTEREST RATE: 5.60%

AMOUNT $ 5,000.00

STATE TREASURER VALIDATION NO. _____

RECEIVED
STATE TREASURER
JAN 10 12 44 PM 1997

RECEIVED THE ABOVE RELEASE	STATE AGENCY AUTHORIZATION
BY Sharon L. Rainz 1/10/97 Authorized Signature Date	BY Sharon L. Rainz Authorized Signature
Oil + Gas Conservation Comm. Bank or Firm	STATE TREASURER AUTHORIZATION BY Katherine Valentine Authorized Signature
FOR BANK USE ONLY	BANK AUTHORIZATION
Checked by Verified by	BY _____ Authorized Signature
	STATE'S DEPOSITORY BANK

R12-7-103. Bond

A. An operator shall file a performance bond with the Commission prior to approval of a permit to drill a new well, reenter an abandoned well or assume responsibility as operator of existing wells. The bond amount shall be $10,000 for a well drilled to a total depth of 10,000 feet or less, $20,000 for a well drilled deeper than 10,000 feet, or $25,000 as a blanket bond to cover all wells and shall be payable to the Oil and Gas Conservation Commission, State of Arizona, and conditioned upon the faithful performance by the operator of the duty to drill each well in a manner to prevent waste, plug each dry or abandoned well, repair each well causing waste or pollution, and maintain and restore the well site.

B. The Commission shall accept a bond in the form of a surety bond, executed by the operator as principal and a corporate surety authorized to do business in Arizona, a certified check, or a certificate of deposit at a federally insured bank authorized to do business in Arizona.

C. Transfer of property does not release the bond. If a property is transferred and the principal desires to be released from the bond, the procedure shall be as follows:

1. The principal on the bond shall notify the Commission in writing of the proposed transfer, giving the location of each well, the date and number of each permit to drill, and the name, address, and telephone number of the proposed transferee.

2. The transferee of any well or of the operation of any well shall declare to the Commission in writing acceptance of the transfer and of the responsibility of each well involved in the transfer, and shall submit a new bond or bonds unless the transferee's blanket bond applies to the well or wells.

3. When the Commission approves the transfer, the transferor is released from all responsibility with respect to the well or wells, and the Commission shall notify the principal and the bonding company in writing that the transferor's applicable bond or bonds are subject to release.

Effective 1-19-94

A.R.S. § 27-524. Enforcement

A. When it appears that a person is violating or threatening to violate any provision of this article, or a rule, regulation or order made pursuant to this article, and such person fails or refuses, on notice by the commissioner, to desist from such violation or threat of violation, the commissioner may bring an action in the superior court where the offending person resides, or in the county in which violation is alleged to have occurred or is threatened, to restrain the person from continuing the violation or from carrying out a threat of violation.

B. The commissioner may without bond obtain a prohibitory or mandatory injunction, including a temporary restraining order and preliminary injunction, and, where appropriate, an injunction restraining defendant from moving or disposing of illegal oil or gas or illegal product. Upon filing the action, summons directed to such person may be delivered to the sheriff of any county in this state for service.

C. If the commissioner fails to bring action within ten days to enjoin a threatened or actual violation of any statute relating to conservation of oil and gas, or of any provision of this article, or a rule, regulation or order made pursuant to this article, any person or party in interest adversely affected by the threatened or actual violation who has notified the commissioner in writing thereof and requested the commissioner to file the action may bring the action in the superior court of any county in which the commissioner might have brought the action to prevent the threatened or actual violation. The commissioner shall be made a party to the action.

D. If the court orders that injunctive relief be granted, then the commissioner shall be substituted for the person who brought the action, and the injunction shall issue as if the commissioner had at all times been plaintiff.

E. The owner or operator is responsible for the full cost of plugging each dry or abandoned well. If the owner or operator fails to properly plug and abandon the well, the commission may:

1. Forfeit the bond and use the money for that purpose.
2. Sue the owner or operator for costs in excess of the amount of the bond and the owner or operator is liable for that amount.

Amended by Laws 1995, Ch. 65, § 1.

A.R.S. § 27-515. Powers and duties of commission; fees; compensation of personnel; publication revolving fund

A. The commission shall administer and enforce the provisions of this article and other laws relating to conservation of oil and gas. The commission may, at any time, enter upon property and inspect wells drilled for oil or gas, and well records, and shall control property, machinery and appliances necessary to gauge the wells. The Arizona Geological Survey shall provide staff support to the commission to administer the provisions of this chapter.

B. The commission may:

1. Administer oaths to a witness in any hearing, investigation or proceeding held under this article or other law relating to conservation of oil and gas.

2. Issue subpoenas requiring attendance and testimony of witnesses and production of books, papers and records deemed material or necessary, and direct service of subpoenas by a sheriff or other officer authorized by law to serve process.

3. Prescribe rules and do all acts necessary or advisable to carry out the provisions of this article.

4. Collect such fees as will cover the costs of such services as, but not limited to, reproduction of records or any portion thereof and copies of rules. The monies so collected shall not be subject to the provisions of section 27-523, but shall be transmitted by the commission to the state treasurer for deposit in the fund from which the expenditure was originally made.

5. Publish technical maps, cross sections and reports and sell these materials for such fees as will cover the costs incurred in their preparation, reproduction and distribution.

C. The commission may enter into cooperative agreements with agencies of the United States government, with agencies of state or local government or with Indian tribes for the purpose of protection of the fresh water supplies of the state from contamination or pollution brought about by the drilling of any well or for any other purpose of this article.

D. The commission may apply for and accept gifts, devises and donations of books, well records, maps or other materials. All donated materials shall become public records.

E. Monies collected under subsection B, paragraph 5 of this section shall be deposited in the oil geological survey printing revolving fund and shall be used to prepare, reproduce and distribute further publications. Monies in the revolving fund are not subject to section 27-523.

1992

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION

OIL AND GAS CONSERVATION COMMISSION

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Oil and Gas Conservation Commission and to the general public that the Oil and Gas Conservation Commission will hold a meeting open to the public on January 10, 1997, at 10:00 a.m. in Room 500 of the State Capitol located at 1700 West Washington, Phoenix, Arizona 85007. As indicated in the agenda, the Oil and Gas Conservation Commission may vote to go into executive session which will not be open to the public to discuss certain matters.

The agenda for the meeting is as follows:

1. Call to Order
2. Approval of the Minutes of Meeting of May 17, 1996
3. Statement of Director and State Geologist
4. Report of Oil & Gas Program Administrator
5. Discussion and vote to forfeit United Gas Search Performance Bond
6. Discussion of Five-year Review Report of A.A.C. Title 12, Chapter 7, Article 1
7. Discussion of Licensing Time-frame Requirement pursuant to A.R.S. §41-1073
8. Call to the public
9. Announcements
10. Adjournment

The Oil and Gas Conservation Commission may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3), which will not be open to the public to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

A copy of the agenda background material provided to Commission members (with the exception of material relating to possible executive sessions) is available for public inspection at the Oil and Gas Program Administrator's office, 416 West Congress, Suite 100, Tucson, Arizona 85701.

The public will be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set up a time limit on individual comments.

Dated this 2nd day of January 1997

OIL AND GAS CONSERVATION COMMISSION

Steven L. Rauzi

Steven L. Rauzi
Oil and Gas Program Administrator

Title II of the Americans with disabilities Act prohibits the Oil and Gas Conservation Commission from discriminating on the basis of disability in its public meetings. Individuals with disabilities who need a reasonable accommodation to attend or communicate in the Commission's meeting, or who require this information in an alternate format, may contact the Program Administrator to make their needs known. Requests must be made at least 72 hours in advance so that the Commission will have sufficient time to respond.

OIL AND GAS CONSERVATION COMMISSION
416 West Congress #100
Tucson, Arizona 85701

Minutes of Meeting
January 10, 1997

Faxed to Bob Brunz, Banc One Atty 1-13-97

Present:

Dr. J. Dale Nations, Chairman
Dr. Donald C. Clay, Member
Mr. James C. Lanshe, Member
Mr. Zed Veale, Member
Dr. Larry D. Fellows, Director and State Geologist
Mr. Steven L. Rauzi, Oil and Gas Program Administrator

The regular Commission Meeting of January 10, 1997, was called to order by Dr. J. Dale Nations, Chairman, at 10:00 a.m. in Room 500, State Capitol Tower, Phoenix, Arizona.

DISCUSSION AND VOTE TO FORFEIT UNITED GAS SEARCH BOND

Mr. Rauzi reviewed the matter of the performance bond and advised that a copy of the agenda was sent to both United Gas Search Company and Rodney Ratheal of Premco Western Company.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. At 10:45 a.m. the executive session began.

The regular meeting resumed at 11:10 a.m.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE $5,000 UNITED GAS SEARCH BOND POSTED WITH THE COMMISSION BE FORFEITED

motion carried unanimously.

Valley National Bank of Arizona

Certificate of Deposit
NON TRANSFERABLE

2608781

BRANCH 30th Ave-Peoria BRANCH NO. 154 DATE August 6, 1991

THIS CERTIFIES THAT THERE HAS BEEN DEPOSITED IN THIS BANK

PAY TO ARIZONA STATE TREASURER
DEPOSITED BY UNITED GAS SEARCH, INC.

ACCOUNT NO. 8130-2093

$ 5,000.00

UPON SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED

THIS CERTIFICATE MATURES IN 366 FROM ISSUE DATE ON August 6, 1992 IS INTEREST IS TO BE PAID monthly

AT THE RATE OF 5.60 % PER ANNUM ON AN ACTUAL NUMBER OF DAYS PER YEAR BASIS.

FIRST INTEREST PAYMENT DUE 9-6-91

☐ SINGLE MATURITY - INTEREST CEASES AT MATURITY

☒ AUTOMATICALLY RENEWABLE - THE CERTIFICATE WILL AUTOMATICALLY RENEW EVERY 366 days

UNLESS REDEEMED WITHIN 10 CALENDAR DAYS (ONE BUSINESS DAY FOR MATURITIES OF 31 DAYS OR LESS) AFTER ANY MATURITY. THE BANK RETAINS THE RIGHT TO REDEEM THIS CERTIFICATE OR CHANGE THE INTEREST RATE AND OTHER TERMS AS OF ANY MATURITY.

NON-NEGOTIABLE

AUTHORIZED SIGNATURE

G-100-0675 Rev. 7/91

MATURITY COPY

PAY INTEREST monthly AS FOLLOWS:

☐ DEPOSIT INTEREST TO ☐ CHECKING ACCOUNT NO.
☐ SAVINGS ACCOUNT NO.
☐ CERTIFICATE OF DEPOSIT NO.

X MAIL INTEREST CHECK TO PAYEE
☐ OTHER (PAY BY BRANCH) SPECIAL INSTRUCTIONS

Ruth L. Sudley
PAYEE APPROVAL

☐ INDIVIDUAL (ONE PERSON) ☐ COMMUNITY PROPERTY-TENANTS IN COMMON M OTHER (DESCRIBE) corporation
☐ JOINT TENANTS-RIGHT OF SURVIVORSHIP ☐ PAYABLE ON DEATH (P.O.D.)

ACCOUNT CERTIFICATION

THE UNDERSIGNED HEREBY CERTIFIES, UNDER PENALTIES OF PERJURY, THAT THE INFORMATION AND THE TAXPAYER IDENTIFICATION NUMBER BELOW IS TRUE, CORRECT AND COMPLETE. I AM NOT SUBJECT TO BACKUP WITHHOLDING

ACCOUNT IS EXEMPT (CHECK IF APPLICABLE) ☐ NON RESIDENT ALIEN OR ☐ OTHER EXEMPT TYPE

Ruth L. Sudley, Administrator 8-6-91
SIGNATURE DATE

I/we hereby acknowledge receipt of the terms and conditions of this account which have been delivered to me/us upon opening of the account. I/we also acknowledge receipt of penalty information

Ruth L. Sudley 73-1361419
SIGNATURE OF PAYEE TAXPAYER I.D. NO. SIGNATURE OF PAYEE TAXPAYER I.D. NO. SIGNATURE OF PAYEE TAXPAYER I.D. NO.

NOTE: IF YOU REFUSE TO CERTIFY ANY OF THE ABOVE INFORMATION, YOU ARE SUBJECT TO BACKUP WITHHOLDING. INITIAL HERE

OK DL 456780650 12-91 VISA 4131 5011 011 21144 9-91

ARIZONA GEOLOGICAL SURVEY 416 W. CONGRESS, SUITE 100, TUCSON, AZ 85701

FAX

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Date: 1-24-97

Number of pages including cover sheet: 5

To: Marc Steadman

Phone:

Fax phone: 542-4084

CC:

From: Steve Rauzi

Phone: (520) 770-3500

Fax phone: (520) 770-3505

REMARKS: ☐ Urgent ☑ For your review ☐ Reply ASAP ☐ Please comment

1-14-97 letter to Rathcal
1-15-97 letter to Barcas
1-21-97 letter from Rathcal
Exec Session minutes 1-10-97

My Father's Oil Company, LLC
Premco Western, Inc.
555 South Cholla
Gilbert, AZ 85233

January 21, 1997

Mr. Steven L. Rauzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701

Dear Mr. Rauzi,

Until further notice, please make note in your files of the new address for both Premco Western, Inc. and My Father's Oil Company, LLC. to be the address as indicated on the letterhead. Thank you for your time.

Sincerely,

Rodney Ratheal

Rodney Ratheal

Office/Fax (602) 597-3778

My Father's Oil Company, LLC
Premco Western, Inc.
555 South Cholla
Gilbert, AZ 85233

January 21, 1997

Mr. Steven L. Rauzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701

Dear Mr. Rauzi,

Enclosed you will find the receipts covering expenses incurred by My Father's Oil Company and Rodney Ratheal. The total comes to $4,395.28. As I requested by telephone, please have the Certificate of Deposit cashed at this time, regardless of whatever interest may be lost. I agree for this interest, which I understand should be less than $200, to be deducted from the $4,395.28. As I mentioned in our phone conversation last week, I am spending all of my time on funding the drilling program and, as a result, I could really use the money until such time that my funding is complete.

If you have any questions or comments, please do not hesitate to call. Upon forwarding payment, please make payable to: My Father's Oil Company, LLC. Thank you for your time and consideration.

Sincerely,

Rodney Ratheal

Rodney Ratheal

Office/Fax (602) 507-3778

Reclaimation Expenses Incurred By My Father's Oil Company, LLC
Mohave #1 well, Sec. 10, T41N, R11W, Permit No. 876

Service/Supply Company	Amount Paid
L&M Gen. Eng. & Const.	$1,920.00
Huff's Excavating	$1,330.50
Granite Seed	$232.74
Granite Seed	$212.04
Rodney Ratheal	$500.00
Mileage (800 miles @ .25)	$200.00
TOTAL	$4,395.28

INVOICE NO.
5242

L&M

GENERAL ENGINEERING and CONSTRUCTION, INC.
P.O. Box 898 • St. George, Utah 84771 • (801) 673-5317

SOLD TO Mytathy Oil Co. JOB Reclamations
STREET & NO. % Rodney Rathbun STREET & NO.
CITY 777 S. 400E St George UT 84770 CITY

JOB NO.	SALESMAN	TERMS	VIA	F.O.B.	DATE
					3/26/96

Reclamation on BLM Ground South Washington Rd		
transport 6hr @ 65.00		390.00
D7F Dozer 12hr @ 75.00		900.00
613 Scraper 9hr @ 70.00		630.00
Total		1920.00

Thanks!!

Pd Ck 127
3-30-96
1920.00

HUFF'S EXCAVATING
970 E. 770 North Street
ST. GEORGE, UTAH 84770
Mail To: P.O. Box 816
WASHINGTON, UTAH 84780

(801) 673-5330 Rathiel

INVOICE

12186

DATE 11/28/95
CUSTOMER ORDER NO.
SALESPERSON
VIA

TO RODNEY SOMEBODY
Warner Valley fill IN
pond for drilling Rig

TERMS:

QUANTITY	DESCRIPTION		PRICE	AMOUNT
2 1/2 Hr	Moving time D-8 cat	Terry	80.00	200.00
6 1/2 Hr	D-8 cat time	Terry	110.00	715.00
3 1/2 Hr	Backhoe time	Cliff	42.00	147.00
2 1/2	HR Truck Time	Rodery	45.00	112.50
		Landfill fee	$156.00	156.00
	Pond # 10 & 95			
	11' 9" Pond Rig			
				$ 1,330.50

DUPLICATE

RECYCLED PAPER
Contents: 40% Pre-Consumer • 10% Post-Consumer

Thank You!

granite SEED

1697 West 2100 North
P.O. Box 177, Lehi, Utah 84043
(801) 768-4422 / (801) 531-1456
FAX (801) 768-3967

INVOICE DATE: [illegible]
INVOICE NUMBER: [illegible]
(Please show invoice number on all correspondence)

TERMS: VISA

SOLD TO: [illegible]
[illegible] PEBLO WESTERN
777 SOUTH 400 EAST, #A9
ST. GEORGE, UT 84770

SHIP TO:
PEBLO WESTERN
777 SOUTH 400 EAST, #A9
ST. GEORGE, UT 84770

SHIPPING POINT	PREPAID/COLLECT	PHONE NO.	PACKING SLIP NUMBER
[illegible]	PREPAID	(801)652-1723	90147

SHIPPED VIA	PREPAID/COLLECT	FOB	SALESMAN	DATE SHIPPED
UPS	PREPAID	LEHI	TOM	02/29/96

PLS/ BULK	QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION	
*** MIX # 15296 ***				
P	10.00000	10.00000	AGROPYRON CRISTATUM	CRESTED WHEATGRASS
P	5.00000	5.00000	ATRIPLEX CANESCENS	FOURWING SALTBUSH
P	0.75000	0.75000	CERATOIDES LANATA	WINTERFAT
P	1.50000	1.50000	EPHEDRA NEVADENSIS	NEVADA EPHEDRA
P	1.50000	1.50000	HILARIA JAMESII	GALLETA GRASS
P	0.75000	0.75000	LARREA TRIDENTATA	CREOSOTE BUSH
P	1.50000	1.50000	LOLIUM MULTIFLORUM	ANNUAL RYEGRASS
P	5.00000	5.00000	SPHAERALCEA AMBIGUA	DESERT GLOBEMALLOW
P	0.75000	0.75000	SPOROBOLUS CRYPTANDRUS	SAND DROPSEED

24.75 pls $5 @ 8.57/pls # =	212.14
Tax	12.29
Freight	7.64
GRAND TOTAL	232.74

PAID

Note: RECLAMATION MIX ** PAID WITH VISA

granite SEED

1697 West 2100 North
Lehi, Utah 84043
(801) 768-4422 / (801) 531-1456
Fax (801) 768-3967

I N V O I C E

REMIT TO: GRANITE SEED
1697 West 2100 North
LEHI, UTAH 84043
(801) 768-4422

INVOICE DATE: 10/31/96
INVOICE NUMBER: 95612
(Please show invoice number on all correspondence)

TERMS: CASH

SOLD TO: 00000
0000 PRENCO WESTERN
555 SOUTH CHOLLA ST
GILBERT AZ 85233

SHIP TO:
PRENCO WESTERN
555 SOUTH CHOLLA ST
GILBERT AZ 85233

JOBSITE CODE:	CUSTOMER P.O.#	ORDERED BY:	PHONE NO.:	PACKING SLIP NUMBER:
		SOBERT	(602)507-3779	95612

SHIPPED:	PREPAID/COLLECT:	FOB:	SALESMAN:	DATE SHIPPED:
UPS	PREPAID	DESTINATION	ICM	10/31/96

LIS SOW #	QUANTITY ORDERED	QUANTITY SHIPPED	DESCRIPTION	
*** MIX # 1/5Bo ***				
P	12.00000	12.00000	AGROPYRON DESERTORUM	CRESTED WHEATGRASS
P	2.00000	2.00000	ATRIPLEX CANESCENS	FOURWING SALTBUSH
P	0.75000	0.75000	CERATOIDES LANATA	WINTERFAT
P	1.50000	1.50000	EPHEDRA NEVADENSIS	NEVADA MORMON TEA
P	1.50000	1.50000	HILARIA JAMESII	GALLETA GRASS
P	0.75000	0.75000	LARREA TRIDENTATA	CREOSOTE BUSH
P	2.00000	2.00000	SPHAERALCEA AMBIGUA	DESERT GLOBEMALLOW
P	0.75000	0.75000	SPOROBOLUS CRYPTANDRUS	SAND DROPSEED

23.25 pls #3 @ 9.12/pls $: 212.04

GRAND TOTAL 212.04

Note: PAID $212.11 WITH CHECK #1126 ** CUSTOM RECLAMATION MIX

PAID

JAN 1997
ARIZONA GEOLOGICAL SURVEY

INVOICE

Rodney Ratheal

Date	Invoice
1/16/97	1001

Bill To: My Father's Oil Company, LLC
Premco Western, Inc.
555 S. Cholla St.
Gilbert, AZ 85233

Description	Amount
Supervise reclaimation of oil & gas well site, United Gas Search, Permit No. 876.	500.00

TOTAL: 500.00

BALANCE DUE: 500.00

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

January 15, 1997

Mr. E. Mark Barcus
James R. Gotwals and Associates, Inc.
Attorneys at Law
525 South Main, Suite 1130
Tulsa, Oklahoma 74103-4512

file 816

Dear Mr. Barcus:

Please be advised that the Oil and Gas Conservation Commission, in open meeting on January 10, 1997, forfeited the performance bond posted by United Gas Search, Inc. for its #1 Mohave well in Sec. 10, T. 41 N., R. 11 W., Mohave County, Arizona. The bond was forfeited pursuant to A.R.S. § 27-524 for noncompliance with A.A.C. R12-7-103.

Please advise if I may be of further assistance.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

January 14, 1997

file 876

Mr. Rodney Ratheal
Premco Western
555 South Cholla Street
Gilbert, Arizona 85233

Re: Mohave #1 well, Sec. 10, T. 41 N., R. 11 W., Permit No. 876

Dear Mr. Ratheal:

The Oil and Gas Conservation Commission, in open meeting on January 10, 1997, forfeited the performance bond posted by United Gas Search, Inc. for the referenced well.

The Commission further authorized me to receive a list of costs incurred by My Father's Oil, Rodney Ratheal, or Premco Western in connection with the restoration of the referenced well site and to pay up to $5,000 for any legitimate expenses associated with the restoration.

As a result, I will need to receive, for our file, a list of receipts verifying all legitimate expenses before proceeding further with this matter.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

DISCUSSION AND VOTE TO FORFEIT UNITED GAS SEARCH BOND

Mr. Rauzi reviewed the matter of the performance bond and advised that a copy of the agenda was sent to both United Gas Search Company and Rodney Ratheal of Premco Western Company, both of whom had requested refund of the bond. Mr. Steadman was present to give legal counsel.

Mr. Lanshe moved, seconded by Dr. Clay:

file 876

THAT THE COMMISSION GO INTO EXECUTIVE SESSION

Motion carried unanimously. At 10:45 a.m. the executive session began.

The regular meeting resumed at 11:10 a.m.

Mr. Lanshe moved, seconded by Dr. Clay:

THAT THE $5,000 UNITED GAS SEARCH BOND POSTED WITH THE COMMISSION BE FORFEITED

Motion carried unanimously.

Mr. Lanshe moved, seconded by Mr. Veale:

THAT THE COMMISSION AUTHORIZE THE ADMINISTRATOR TO RECEIVE A LIST OF COSTS INCURRED BY MY FATHER'S OIL, RODNEY RATHEAL, OR PREMCO WESTERN IN CONNECTION WITH THE RESTORATION OF THE PROPOSED WELL SITE IN QUESTION AND THAT HE BE AUTHORIZED TO PAY UP TO $5,000 FOR ANY LEGITIMATE EXPENSES ASSOCIATED WITH THE COSTS OF RESTORATION INCURRED BY THOSE PARTIES

Mr. Lanshe amended his motion, seconded by Mr. Veale:

THAT PAYMENT BE MADE SUBJECT TO APPROVAL AND WRITTEN CONCURRENCE FROM COUNSEL

Motion carried unanimously.

DISCUSSION OF FIVE-YEAR REVIEW OF TITLE 12, CHAPTER 7, ARTICLE 1

Mr. Rauzi reported that the Governor's Regulatory Review Council approved the 5-year report as submitted. The report noted that two rules would be amended by June 1997.

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION

OIL AND GAS CONSERVATION COMMISSION

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Oil and Gas Conservation Commission and to the general public that the Oil and Gas Conservation Commission will hold a meeting open to the public on January 10, 1997, at 10:00 a.m. in Room 500 of the State Capitol located at 1700 West Washington, Phoenix, Arizona 85007. As indicated in the agenda, the Oil and Gas Conservation Commission may vote to go into executive session which will not be open to the public to discuss certain matters.

The agenda for the meeting is as follows:

file 876

1. Call to Order
2. Approval of the Minutes of Meeting of May 17, 1996
3. Statement of Director and State Geologist
4. Report of Oil & Gas Program Administrator
5. Discussion and vote to forfeit United Gas Search Performance Bond
6. Discussion of Five-year Review Report of A.A.C. Title 12, Chapter 7, Article 1
7. Discussion of Licensing Time-frame Requirement pursuant to A.R.S. §41-1073
8. Call to the public
9. Announcements
10. Adjournment

The Oil and Gas Conservation Commission may vote to go into Executive Session, pursuant to A.R.S. § 38-431.03(A)(3), which will not be open to the public to consult with its attorney and receive legal advice with respect to any regular agenda item listed on this agenda.

A copy of the agenda background material provided to Commission members (with the exception of material relating to possible executive sessions) is available for public inspection at the Oil and Gas Program Administrator's office, 416 West Congress, Suite 100, Tucson, Arizona 85701.

The public will be afforded an opportunity to comment on any item on the agenda; however, at the beginning of the meeting, the Commission may vote to set up a time limit on individual comments.

Dated this 2nd day of January 1997

OIL AND GAS CONSERVATION COMMISSION

Steven L. Rauzi

Steven L. Rauzi
Oil and Gas Program Administrator

Title II of the Americans with disabilities Act prohibits the Oil and Gas Conservation Commission from discriminating on the basis of disability in its public meetings. Individuals with disabilities who need a reasonable accommodation to attend or communicate in the Commission's meeting, or who require this information in an alternate format, may contact the Program Administrator to make their needs known. Requests must be made at least 72 hours in advance so that the Commission will have sufficient time to respond.

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

December 6, 1996

Mr. Jon B. Fiegen
Environmental Enforcement Section
Attorney General's Office
1275 West Washington
Phoenix, Arizona 85007

file 876

Dear Jon:

A copy of the material we talked about yesterday is enclosed, including the OGCC's five-year review report submitted to GRRC in November, Rodney Ratheal's recent fax memo about reseeding of the United Gas Search location, a draft agenda of the OGCC's next meeting on January 10, 1997, and the minutes from the OGCC's last meeting on May 17, 1996, in which the United Gas Search performance bond was discussed.

Please recall that the OGCC felt the performance bond should be released to the person that performs the work of restoring the well site because in cases where the location is not restored, the OGCC must forfeit the bond for noncompliance with A.A.C. R12-7-103 and contract with someone to perform the work. In this instance, Rodney Ratheal, the current lease holder, has performed the work. The following pertinent information about this matter is attached for your file:

1. Performance bond in question, #2608781 (acct #8130-2093) with assignment.
2. Barcus letter of January 16, 1996, requesting release to Ruth Tucker.
3. My January 19, 1996, response to Barcus advising of A.A.C. R12-7-103.
4. Copy of A.A.C. R12-7-103.
5. Notes of my January 30, 1996, conversation with Ratheal about release.
6. Ratheal's March 15, 1996, request for release and notice of restoration.
7. Ratheal's FAX of reseeding of subject location.
8. Two instances of previous OGCC forfeiture of bond for noncompliance (OGCC Minutes of August 20, 1993, and October 28, 1994)

Let me know if you require any additional information.

Sincerely,

Steve

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Arizona Strip Field Office
345 East Riverside Drive
St. George, UT 84790-9000

In reply refer to:
3100 (010)
#1 Mohave County
Lease AZA-25155

file 276

DEC - 5 1996

Mr. Steve Rauzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, AZ 85701

Dear Mr. Rauzi:

The #1 Mohave County well pad site is located in T41N, R11W, Sec. 10, G&SRM, and was constructed by United Gas Search, Inc. Lease AZA-25155 has now expired.

My Father's Oil Company, LLC, completed contouring and rehabilitation of the #1 Mohave County pad site on March 4, 1996. Germination of seed broadcast at that time did not occur due to the combination of late seeding and a lack of precipitation. Mr. Rodney Ratheal reseeded the site on November 16, 1996. The seed should germinate in the spring. Successful revegetation will take from 3 to 5 years. At that time the BLM will release the lessee from liability for the site. Reclamation of the site by My Father's Oil Company, LLC, was performed according to BLM stipulations.

If you have any questions, please call me at (801) 628-4491 extension 323.

Sincerely,

Becky J. Hammond

Becky J. Hammond
Resource Advisor

cc: My Father's Oil Company, LLC

FAX TRANSMITTAL

FROM: Premco Western, Inc.
Rodney Ratheal

555 S. Cholla St.
Gilbert AZ 85233

Office: 507-3778
Fax: 507-3778

file 876

DATE: 11/20/96

NUMBER OF PAGES INCLUDING THIS PAGE: 1

SENT TO: Steve Rauzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, AZ 85701

FAX # 520-770-3505

MESSAGE:

Dear Steve,

On Saturday, November 16, the reclaimed site on expired leases AZA 25153, AZA 25154, and AZA 25155 was re-seeded with the same quantity and mixture as was originally seeded last Spring. I dug down in two small spots and found a seed mixed with small chunks and flakes and slim layer of dirt.

My inspection of the surface soil appeared to show very little erosion which would result from a good, hard rain. A very slow rain may have occurred. I believe that there is a considerable amount of seed which may still come up from last Spring. Regardless, there should be plenty now after a double broadcasting.

I'm not real familiar with the desert weather nor the nature of these seeds, whether some or all the seed would sprout with a rain now or not. It sure seemed cool when I was there.

I'm hopeful to receive the bond money in time to use it to help pay rentals. I hope that the re-seeding of the reclaimed site in November, which I am told is the best time, will show that I will be committed to whatever is necessary to ensure continued quality reclamation work.

Sincerely,

Rodney Ratheal

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

April 2, 1996

Mr. Kevon Smith
Petroleum Information
P.O. Box 1537
Aztec, New Mexico 87410

file 876

Dear Kevon:

The abandonment notice for Harken Southwest's Black Rock 7X and the reclamation notice for the old United Gas Search location are attached for your information. You may recall that United Gas Search built its location in 1991 but never drilled the well. Premco Western (Rodney Ratheal) ended up with the United Gas Search lease but drilled at its current location instead of the old United Gas Search location.

Sincerely,

Steve

Steven L. Rauzi
Oil and Gas Program Administrator

Enclosures

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ARIZONA STRIP DISTRICT OFFICE
390 NORTH 3050 EAST
ST. GEORGE, UTAH 84770

TAKE PRIDE IN AMERICA

IN REPLY REFER TO:
3100 (010)
#1 Mohave County
Lease AZA-25155

Mr. Steve Rauzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, AZ 85701

MAR 27 1996

file 876

Dear Mr. Rauzi:

The #1 Mohave County well pad site located in T41N, R11W, Sec. 10, G&SRM, was reclaimed during March of 1996. The pad was originally constructed by United Gas Search, Inc., of Tulsa, Oklahoma. The approved permit to drill expired in August of 1992, and a well was not spudded on the site. In May of 1993 the BLM accepted an assignment of the lease to PermOK Oil, Inc., of Kansas City, Missouri. In February of 1996 My Father's Oil Company, LLC, of Garland, Texas, submitted an assignment of the lease. However, this assignment has not yet been approved by the BLM and the lessee of record remains PermOK Oil, Inc.

My Father's Oil Company, LLC, began reclamation of the site during the fall of 1995. The reclamation was completed under the direction of Mr. Rodney Ratheal on March 4, 1996. The BLM inspected the site on March 5. All equipment had been removed. The access road and pad were contoured, original drainages restored and all disturbed areas seeded. Successful revegetation will take from 2 to 5 years. At that time the BLM will release the lessee from liability for the site. Reclamation of the site by My Father's Oil Company, LLC, was performed according to BLM stipulations. A subsequent notice of abandonment for reclamation of the site has been approved.

If you have any questions, please call Becky Hammond at (801) 673-3545.

Sincerely,

George W. Cropper
Shivwits Area Manager

MAR 1996
ARIZONA GEOLOGICAL SURVEY

cc: My Father's Oil Company, LLC
AZ-933

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

March 20, 1996

F A X to: Mr. Jon B. Fiegen, Assistant Attorney General
Fax No. 602-542-4084 or 4385

8 pages total

From: SR Steve Rauzi, Oil and Gas Administrator
Phone 520-770-3500, Fax 520-770-3505

Re: United Gas Search Performance Bond, State Permit 876

Thank you for returning my call this morning. As you know, two different entities have requested release of the referenced bond. The first, Ruth Tucker, assignor, posted the bond in August 1991, and the second, Rodney Ratheal, who is the current lease holder and who has performed the work of restoring the well site. A well location was constructed for this well in 1991 even though no well was ever drilled.

The following information is attached to this fax:

1. The Certificate of Deposit in question, #2608781 (acct #8130-2093).
2. Assignment form signed by Ruth Tucker (not really necessary because CD is payable to "Arizona State Treasurer."
3. Barcus letter of January 16, 1996, requesting release of bond to Ruth Tucker.
4. My January 19, 1996, response to Mr. Barcus advising him of A.A.C. R12-7-103.
5. Copy of A.A.C. R12-7-103.
6. Notes of my January 30, 1996, phone conversation with Rodney Ratheal about reclamation of well site and release of bond. And
7. Rodney Ratheal's March 15, 1996, written request for release of bond and notice of restoration of the well site.

Becky Hammond, BLM, St. George, has inspected the reclamation work. She will be sending me a memo attesting to the BLM's satisfaction of the work.

My Father's Oil Company, LLC
777 S. 400 E. #69
St. George, Utah 84770
(801) 652-1723

March 15, 1996

file 876

Mr. Steven L. Rauzi
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701

Dear Mr. Rauzi,

This letter is to serve as my request for a release of the Arizona state bond for lease number AZA 25155. The reclaimation work has been completed and the land has been reseeded. The work was supervised and paid for by My Father's Oil Company, LLC. My Father's Oil Company, LLC is the current lease holder of AZA 25153, AZA 25154, and AZA 25155 as assignments were filed with the BLM from PermOK Oil, Inc. to My Father's Oil Company, LLC.

Also, the actual money used to establish the bond for United Gas Search five years ago was from money my company had raised and sent to United. Approximately 80% of the funds sent to United for this project has never been accounted for by Ruth or Terry Tucker of United. I have accepted the responsibility of completing this project regardless of the Tuckers and have a sense of obligation to my partners who trusted me with their money. It would be, in my opinion, a disgrace to allow Ruth and Terry Tucker to take any more of my partners money which could be used in a positive way towards the completion of the drilling project which is currently underway.

Thank you for your time and consideration in this matter. Your kind assistance is appreciated. I will keep you posted as to the progress of Mohave County 10-1. If you have any questions or comments regarding the release of the bond or the well, please do not hesitate to call.

Sincerely,

Rodney Ratheal

Rodney Ratheal
Managing Member

1-31-96 called to discuss with Ed Truman, AG. Left msg on phone mail.

2-1-96 discussed issue with Jon Fiegen, AG. R12-7-103 provides clear language transfer of property does not release bond. Agrees, tentatively, that OGCC could release to custody of Plemco, as bond attached to site + conditioned on faithful duty to restore.

3-13-96 Rodney Rathbeal, Plemco Western, called to report that the United Gas Search location has been reclaimed. Requested release of performance bond to help defray his costs in reclaiming. Advise him to notify me in writing and request release.

3-18-96 Received letter from Rodney Rathbeal requesting release of bond. Called Becky Hammond, BLM St George to ask about reclamation of site + left msg for her to call. Called John Haas - BLM Phx & he verified location reclaimed + seeded + that more seeding may be necessary in fall if grasses don't take root. Call + left msg for Jon Fiegen to give me a call about this situation.

1-30-96 file 876

Rodney Ratheal called to request release of the United Gas Search performance bond to him because:

(1) The lease was transferred to Premco Western (via Perm Oil), and

(2) He is physically performing the restoration of the UGS location with his own funds.

I advised Ratheals of Tucker's recent request for release of this bond to them because the property was transferred, and noted that I had advised the Tucker interests that pursuant to A.A.C. R12-7-103(C) simple transfer of property did not release the bond. Release of bond is conditioned upon either a properly completed transfer or the duty to "maintain and restore the well site" in accordance with A.A.C. R12-7-103.

As a result, I advised Rodney Ratheal that in no case could release of the bond be considered until the location had been restored. Once restored, he could petition the Commission for release to his custody by presenting evidence that

(1) Bond is attached to the well and wellsite.

(2) Simple transfer of property does not release the bond.

(3) Ratheal interests are current lease holders

(4) Ratheal interests financed and performed actual restoration of well site.

State of Arizona
Arizona Geological Survey
416 W. Congress, Suite 100
Tucson, Arizona 85701
(520) 770-3500

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

January 19, 1996

Mr. E. Mark Barcus
James R. Gotwals and Associates, Inc.
Attorneys at Law
525 South Main, Suite 1130
Tulsa, Oklahoma 74103-4512

file 876

Dear Mr. Barcus:

I received your letter of January 16 about the United Gas Search bond today. The release procedures you asked about are explained in our bonding rule, A.A.C. R12-7-103, a copy of which is attached for your information and file.

As you can see from R12-7-103(C), simple transfer of property does not release the bond, at least not until the transferee accepts responsibility in writing and posts a bond. To date no such written acceptance or replacement bond has been received by this office.

In addition, R12-7-103(A) conditions release of bond upon restoration of the well site. As you may know, United Gas Search contructed the location for its #1 Mohave County well (State Permit No. 876) in the summer of 1991. As of this date the location has not been restored.

As a result, I am not at liberty to release this bond until either (1) the location is restored or (2) the transferee accepts responsibility in writing and posts a replacement bond.

Please advise if I may be of further assistance.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

R12-7-103. Bond

A. An operator shall file a performance bond with the Commission prior to approval of a permit to drill a new well, reenter an abandoned well or assume responsibility as operator of existing wells. The bond amount shall be $10,000 for a well drilled to a total depth of 10,000 feet or less, $20,000 for a well drilled deeper than 10,000 feet, or $25,000 as a blanket bond to cover all wells and shall be payable to the Oil and Gas Conservation Commission, State of Arizona, and conditioned upon the faithful performance by the operator of the duty to drill each well in a manner to prevent waste, plug each dry or abandoned well, repair each well causing waste or pollution, and maintain and restore the well site.

B. The Commission shall accept a bond in the form of a surety bond, executed by the operator as principal and a corporate surety authorized to do business in Arizona, a certified check, or a certificate of deposit at a federally insured bank authorized to do business in Arizona.

C. Transfer of property does not release the bond. If a property is transferred and the principal desires to be released from the bond, the procedure shall be as follows:

1. The principal on the bond shall notify the Commission in writing of the proposed transfer, giving the location of each well, the date and number of each permit to drill, and the name, address, and telephone number of the proposed transferee.

2. The transferee of any well or of the operation of any well shall declare to the Commission in writing acceptance of the transfer and of the responsibility of each well involved in the transfer, and shall submit a new bond or bonds unless the transferee's blanket bond applies to the well or wells.

3. When the Commission approves the transfer, the transferor is released from all responsibility with respect to the well or wells, and the Commission shall notify the principal and the bonding company in writing that the transferor's applicable bond or bonds are subject to release.

Effective 1-19-94

JAMES R. GOTWALS AND ASSOCIATES, INC.
ATTORNEYS AT LAW
1130 PARK CENTRE
525 SOUTH MAIN STREET
TULSA, OKLAHOMA 74103-4512
TELEPHONE (918) 599-7088
FAX (918) 599-7153

JAMES R. GOTWALS

THERESE BUTHOD
E. MARK BARCUS

OF COUNSEL
ARTHUR E. RUBIN

January 16, 1996

file 876

Steven Rauzi
Oil and Gas Program Administrator
Arizona Geological Survey
416 W. Congress
Tucson, Arizona 85701

RE: NE4, SW4, Section 10, Township 41 North, Range 11 West, Mohave County, Arizona.

Dear Mr. Rauzi:

I represent Ruth Tucker, the Assignee of a Certificate of Deposit which is currently being held by the Arizona State Treasurer as security in lieu of cash deposit for compliance with Section 35-155, Arizona Revised Statutes. Since that original assignment, United Gas Search, Inc. has ceased as the operator of the subject well, having sold all of its interest to PermOk, Inc., out of Kansas City, Missouri. My client is no longer a principal in United Gas Search, Inc., but has received an assignment of this Certificate of Deposit.

Please advise me of the procedure we must go through to have the Certificate of Deposit released by the Arizona State Treasurer. It is our understanding that it would be the responsibility of whomever is now operating the well to post the necessary performance bond, and the Certificate of Deposit for United Gas Search (now assigned to Ruth Tucker) should be released.

Thank you for your cooperation.

Yours truly,

E. Mark Barcus

EMB/cw
cc: Ms. Ruth Tucker

(DRAFT
(SENT TO SOLICITOR FOR REVIEW, SINCE IN BANKRUPTCY COURT

3104(933)

BLM Bond No. AZ0035

Lease Serial No. AZA 25155

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

DECISION

file 876

Principal/Obligor:
PermOk Oil, Inc.
4050 Pennsylvania, Suite 340
Kansas City, Missouri 64111-3041

Surety:
Planet Indemnity Company
410 Seventeenth St., Suite 1675
Denver, Colorado 80202

Bond No.: BO4203

Bond Amount: $10,000

Request for Termination of Period of Liability Under Bond Denied

This office has received your letter of January 11, 1996, requesting termination of the period of liability on the bond described above. We are unable to release the bond as:

1. According to Bureau of Land Management (BLM) records PermOk Oil, Inc., is the lessee of record. No record transfer by assignment as to all or part of the acreage in the lease between PermOk and Mr. Rodney Ratheal has been approved by BLM. PermOk Oil, Inc., and its surety continue to be responsible for the performance of all obligations under this lease.

2. The oil and gas well pad and access road which was constructed during 1991 in the NE1/4, sec. 10, T. 41 N., R. 11 W. still have not been reclaimed. Pursuant to your letter of October 14, 1994, in which you planned to commence drilling for oil and gas in mid-1995, the BLM approved this well site for temporary abandonment until September 1, 1995 -- which has subsequently elapsed.

The regulations at 43 CFR 3104.8 state in part, "The authorized officer shall not give consent to termination of the period of liability of any bond ... until all the terms and conditions of the lease have been met." And regulations at 43 CFR 3162.3-4 state. "Upon the removal of drilling or producing equipment from the site of a well which is to be permanently abandoned, the surface of the lands disturbed in connection with the conduct of operations shall be reclaimed in accordance with a plan first approved or prescribed by the authorized officer."

Hence, your request to terminate the period of liability on Bond No. BO4203 for lease AZA 25155 is denied, and you are requested to submit a plan to

Bureau of Land Management
Arizona Strip District Office
390 North 3050 East
St. George, Utah 84790

within 30 days upon receipt of this decision for approval of recontouring, clean up, and reseeding of the well site by April 15, 1996. Failure to submit

the requested report within the time specified may result in the assessment of penalties or forfeiture of the bond pursuant to 3163.1.

It should be noted that in your January 11, 1996, letter you indicated that Reliance National Indemnity is the surety of this lease. BLM records reveal that Planet Indemnity Company is the surety.

If you wish to contest this Decision, you have the right of appeal to the Arizona State Director of the BLM. A review request must be filed withing 20 working days of receipt of this Decision. The State Director decision may, thereafter, be appealed to the Interior Board of Land Appeals pursuant to 43 CFR 3165.3.

If you have any questions, please call John Haas at (602) 650-0222.

Sincerely,

Mary Jo Yoas
Chief, Lands and Minerals
Operations Section

PermOk Oil, Inc.
4050 Pennsylvania, Suite 340
Kansas City, Missouri 64111-3041
Phone (816) 756-5166
FAX (816) 756-0658

ARIZONA STRIP DIST.
OIL AND GAS MANAGEMENT
LM
ASSOC DM
JAN 16 '96
RRA
NRA
PAS
RGR
ADMIN
GPS
SPA
VRA
OTHER
ACTION

file 876

January 11, 1996

USDI Bureau of Land Management
Arizona Strip Office
390 North 3050East
St. George Utah 84770

Gentlemen: RE: Lease AZA 25155
Bond BO 4203

We sold our interest in this lease in May 1995 to Rodney Ratheal of Garland Texas. Reliance National Indemnity Co lease bond provided our required surety. Mr. Ratheal was to relieve us of our lease bond required following the sale. If superceding suretyship has been provided please release us under our bond as of date of the new surety. If it has not been provided, please let me know promptly.

Yours very truly,

Eugene M Strauss

Eugene M. Strauss, President

c: Tracy Crow, Rollins Hudig Hall of Colorado
c: Rodney Ratheal, Garland Texas

original sent to ASO 1/17/96

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▶ 1

To John Hess	From Becky Hammond
Dept./Agency AZ-933	Phone # AZ Strip
Fax #	Fax #

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

In Re:	)	
	)	
PERMOK OIL, INC.,	)	**Case No. 94-41920-1-11** file 876
	)	
Debtor.	)	

AMENDMENT TO BANKRUPTCY SCHEDULES

COMES NOW the debtor, PermOK Oil, Inc., by and through its undersigned counsel, and hereby amends Schedule G.

United Gas Search assigned AZ federal leases to Permok - see page 2 of mailing matrix and page 1 of schedule G.
SLR / 9-26-94

MERRICK, BAKER, HUFFT & STRAUSS P.C.

By: _____

BRUCE E. STRAUSS #26323
THOMAS N. LANE #39100
1044 Main
700 Peck's Plaza
Kansas City, MO 64105
Telephone: (816) 221-8855
Facsimile: (816) 221-7886

ATTORNEYS FOR DEBTOR-IN-POSSESSION

Q:\WP\TNL\EUS1AMD.SCH

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing was mailed by U.S. Mail, postage prepaid this 15th day of September, 1994, to: all creditors and all parties in interest listed on the mailing matrix.

THOMAS N. LANE

P&N Roustabout Service, Inc.
Box 1119
Kermit, TX 79745

P&N Trucking Company
Box 1119
Kermit, TX 79745

Permian Fabrication & Service
3800 Mankins
Odessa, TX 79764

Rapid Transport, Inc.
P.O. Drawer H
Jal, NM 88252

Star Tool Company
P.O. Box 2008
Hobbs, NM 88240

Watson Packer, Inc.
P.O. Box 60690
Midland, TX 79711-0690

Wedge Wireline, Inc.
P.O. Box 200302
Dallas, TX 75320-0302

XL Transportation Co.
113 N. Third
Jal, NM 88252

John F. Michaels
4900 Main, 11th Floor
Kansas City, MO 64112

Jerald S. Meyer
1700 City Center Square
1100 Main
Kansas City, MO 64105

United Gas Search, Inc.
605 Prattwood Court
Sand Springs, OK 74063

Nowsco Well Service, Inc.
9821 Katy Freeway, Ste 750
Houston, TX 77024

Halliburton
1601 Elm Street, Ste 1075
Dallas, TX 75201

Centrilift
P.O. Box 4740
Houston, TX 77210

Robert Love
P.O. Box 10099
Hobbs, NM 88240

Jeffrey P. Hemmel
Mo. Dept. of Revenue
P.O. Box 475
Jefferson City, MO 65105

U.S. Trustee
911 Walnut, Suite 806
Kansas City, MO 64106

Bureau of Indian Affairs
101 N. 5th St., Room 146
Muskogee, OK 74401

Franklin Equity Leasing Co.
8115 E. 71st
Tulsa OK 74133

Scurlock Permian Corp.
P.O. Box 4648
Houston, TX 77210

Sid Richardson Carbon & Gas Co
1st City Bank TW 201 Main St
Ft. Worth, TX 76102

U.S. Dept of Interior
Bureau of Land Management
P.O. Box 27115
Santa Fe, NM 87502

U.S. Dept. of Interior
Bureau of Land Management
3707 N. 7th, P.O. Box 16563
Phoenix, AZ 85011

Acid Engineering
P.O. Box 753
Kilgore, TX 75662

Advanced Downhole, Inc.
P.O. Box 5509
Hobbs, NM 88241

Big D Equipment Co.
P.O. Box 7808
Midland, TX 79708

Buster's Well Service, Inc.
P.O. Box 1521
Monahans, TX 79756

C & L Supply
P.O. Box 760
Kermit, TX 79745

Cable Repair of Hobbs, Inc.
P.O. Box 664
Hobbs, NM 88240

Chance Tool Company, Inc.
P.O. Box 1380
Hobbs, NM 88241

Chaparral Services, Inc.
P.O. Drawer 1769
Eunice, NM 88231-1769

Clarke Oil Well Serv. Inc.
P.O. Box 1243
Jal, NM 88252-1243

Craft Wire Line Service, Inc.
P.O. Box 411
Monahans, TX 79756

Dan-Mar Well Servicing, Inc.
P.O. Box 1192
Kermit, TX 79745

Dupre' Supply Company
P.O. Box 92488
Lafayette, LA 70501

Forklift Enterprises, Inc.
2908 W. Marland
Hobbs, NM 88241-0070

Fulfer Electric
P.O. Box 863
Jal, NM 88252

Gene's Well Service, Inc.
Box 677
Jal, NM 88252

Hobbs Rental Corporation
814 W. Marland Street
Hobbs, NM 88240

Hydrostatic Pipe Ser. Inc.
P.O. Box 2428
Hobbs, NM 88241-2428

J & J Oilfield Service, Inc.
P.O. Drawer R
Jal, NM 88252

Knox Services, Inc.
1329 W. County Road
Hobbs, NM 88240

L.N. Construction Co., Inc.
P.O. Box 34
Kermit, TX 79745

Lea Fishing Tools, Inc.
P.O. Box 1526
Hobbs, NM 88241

Lee-R's Enterprises, Inc.
P.O. Box 10100
Midland, TX 709702

Lewallen Supply Co. Inc.
P.O. Box 1120
Jal, NM 88252

McCasland Services, Inc.
P.O. Box 99
Eunice, NM 88231

ML Tool Company
P.O. Box 1119
Kermit, TX 79745

Nolan E. Brunson, Inc.
P.O. Box 1039
Hobbs, NM 88240

Nowcam Services
P.O. Box 292946
Houston, TX 77297

In re: *PermOK Oil, Inc., a Missouri Corporation* / Debtor Case No.94-41920

AMENDED

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Name and Address of Other Parties to Instrument	Notes of Contract or Lease and Debtor's Interest
Bureau of Indian Affairs Muskogee Area Office 101 N. 5th Street, Room 146 Muskogee, OK 74401-6206	Contract type: oil and gas lease Terms: Debtor's Interest: Lessee Description: Contract No. 246-369, Creek County, OK : (Hattie Mitchell Lease)
Franklin Equity Leasing Co. 8115 E. 71st Street Tulsa, OK 74133	Contract type: Vehicle lease Terms: 48 months at $405.91 per month Beginning date: 11-15-92 Debtor's Interest: Lessor Description: 1992 Chevrolet C-15 extended cab : pickup truck
Scurlock Permian Corp. P.O. Box 4648 Houston, TX 77210-4648	Contract type: oil purchase contract Terms: Debtor's Interest: Seller
Sid Richardson Carbon & Gas Company 1st City Bank Tw 201 Main St. Ft. Worth, TX 76102	Contract type: natural gas purchase contract Terms: Debtor's Interest: Seller
U.S. Dept. of Interior Bureau of Land Mgmt. P.O. Box 27115 Santa Fe, NM 87502-0115	Contract type: oil and gas lease Terms: Debtor's Interest: Lessee Description: Contract NOs. NM7951 and NM-7952
U.S. Dept. of Interior Bureau of Land Mgmt. 3707 N. 7th,P.O. Box 16563 Phoenix, AZ 85011	Contract type: oil and gas lease Terms: Debtor's Interest: Lessee Description: Con. Nos. AZA-25153, AZA-25154, AZA-25155
Various owners of fractional interests See attached list	Contract type: oil and gas lease Terms: Debtor's Interest: Lessee Description: NE 1/4 of SE 1/4, S22, T14N, R9E, Creek : County, OK (Washington Lease)

In re: *PermOK Oil, Inc., a Missouri Corporation* / Debtor Case No. 94-41920

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF A CORPORATION

I, , of the *Corporation* named as debtor in this case, declare under penalty of perjury that I have read the foregoing Summary and Schedules, consisting of 22 sheets, and that they are true and correct to the best of my knowledge, information, and belief.

Date 9-16-94 Signature Eugene M Strauss

Penalty for making a false statement or concealing property. Fine of up to $500,000 or imprisonment for up to 5 years or both. 18 U.S.C. SS 152 and 3571.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

In Re:	)	
	)	
PERMOK OIL, INC.	)	Case No. 94-41920-KMS
	)	
Debtor.	)	

MOTION FOR APPROVAL OF ASSUMPTION OF EXECUTORY CONTRACTS

COMES NOW PermOk Oil, Inc., debtor in possession, by and through its undersigned attorneys, and for its Motion for Approval of Assumption of Executory Contracts states and alleges as follows:

1. That on July 22, 1994, debtor in possession filed for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code.

2. That debtor in possession listed certain executory contracts to which it is a party on its Amended Schedule G, filed with this motion.

3. That debtor in possession wishes to assume all oil and gas leases listed on Schedule G and set forth on the attached Exhibit "A".

4. That future earnings of the debtor in possession will enable it to assume these executory contracts and to comply with the terms and conditions contained therein in the future.

5. That the debtor in possession believes that the assumption of these contracts is in the best interest of the estate

and no party will be adversely affected by the assumption of these contracts.

WHEREFORE, the debtor in possession, PermOk Oil, Inc., requests an order of this court approving the assumption of the leases set forth on the attached Exhibit "A" and for such other and further relief as the Court deems just and equitable in the premises.

MERRICK, BAKER, HUFFT & STRAUSS P.C.

By: _____
BRUCE E. STRAUSS #26323

By: _____
THOMAS N. LANE #39100
1044 Main
700 Peck's Plaza
Kansas City, MO 64105
Telephone: (816) 221-8855
Facsimile: (816) 221-7886

ATTORNEYS FOR DEBTOR IN POSSESSION

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing was mailed by U.S. Mail, postage prepaid this 19th day of September, 1994, to all parties listed on the attached matrix.

BRUCE E. STRAUSS

OIL AND GAS LEASES TO BE ASSUMED
BY DEBTOR IN POSSESSION

Bureau of Indian Affairs Muskogee Area Office 101 N. 5th Street Muskogee, OK 74401-6206	Oil and Gas lease contract number 246-369 (Hattie Mitchell Lease)
See attached list of lessors--individual owners of franctional interests in the mineral rights	Oil and Gas lease NE¼ SE¼ S22,T14N,R9E Creek County, OK (Washington Lease)
U.S. Department of the Interior Bureau of Land Management P.O. Box 27115 Santa Fe, NM 87502-0115	Oil and Gas lease contract numbers NM7951 and NM7952
U.S. Department of the Interior Bureau of Land Management 3707 N. 7th P.O. Box 16563 Phoenix, AZ 85011	Oil and Gas lease contract numbers AZA-25153, AZA-25154, and AZA-25155

EXHIBIT
4

2-2-93, John Haas, BLM

Re: United Gas Search well, Sec 10, T. 41N., R. 11 W.

BLM wrote letter requesting location & pit be reclaimed by 12/31/92.
Phone numbers for United Gas Search no longer in service.
Pit not reclaimed by 12/31/92.
Plan to issue "incident of non-compliance".
Will write letter of notice and possible assessment.
If no results, will pursue "letter of credit bond" remedy.

→ inform John that the State has a C.D. bond and that they have not requested release of bond - in fact that they have not been in touch for quite awhile.

SLR-

United Gas Search, Inc.

P.O. Box 151
Tulsa, OK 74101-0151

(918) 245-2060

Fax (918) 241-4752

July 20, 1992

Bureau of Land Management
Arizona Strip District Office
390 North 3050 East
St. George, UT 84770

Attn: Becky Hammond

RE: Mohave #1 Well
Permit # 876
Lease #AZA-25155

Dear Becky:

United Gas Search, Inc., has recently been sold. The new owners are in the process of contacting all the agencies affected by the sale.

The new owners have advised me that they want to drill the prospect in Arizona very much. I would like to propose a six month extension of the drilling permits for this prospect of their behalf. I feel the new owners may need the time to organize their efforts.

The contact person in St. George, Utah is Mr. Jack Higgins, 801/628-3912. Mr. Higgins has agreed to oversee the drilling operations for the prospect.

Should you need to contact me, my phone number is 918/744-4712. I would like to thank you for your time and help in the development of this prospect.

Very truly yours,

UNITED GAS SEARCH, INC.

Terry W. Tucker
For the Firm

TWT
cc: Attn Steven L. Rauzi
State of Arizona
Arizona Geological Survey
845 North Park Ave., STE 100
Tucson, AZ 85719

LT:\C:\WP\L20JUL2A.DOC

Dwights Morning Report

The Daily Energy Newsletter

7-21-92: Received report today that United Gas Search phone number has been disconnected. SLB

Volume 92 - Number 128
Tuesday, June 30, 1992

• **UNITED GAS SEARC**

Tulsa, Okla.-based Unit
wildcat in far northwestern
nw nw sec 10, T41N-R11W
south-southeast of St. George, Utah. The operator did report that, after spudding March 20, surface casing was set at approximately 1,000 feet.

United Gas Search's area of interest, encompassing over 5,000 acres, is situated between two major, northeast-southwest trending, down to the west faults – the Washington and Hurricane faults. Daniel J. Brennan, regulatory compliance specialist, Scottsdale, Ariz., in an article published by the Oil & Gas Journal, noted the location to "lie just east of the Washington fault. Surface dips are easterly, making the prospect appear to be a simple tilted fault block. Closure is provided by regional dip to the east, northeast, and southwest and by the fault on the west."

The nearest production to United Gas Search's location is roughly 26 miles northeast in the Virgin field, T41S-R12W, Washington County, Utah. The field, discovered in 1907 and still productive, has made in excess of 200,000 barrels of oil, according to Brennan.

• **ROBINSON RESOURCES SLATES WILDCAT IN RENVILLE COUNTY, NORTH DAKOTA**

Roswell, N.M.-based Robinson Resources Development has plans to drill a wildcat test in the Renville County, N.D. portion of the Williston Basin. The operator has requested a confidential status for its Siebert #12-11 (ne sw nw sec 11, T160N-R86W). No date was cited for work to begin at the site.

The nearest well control exists one-half mile east at South Ranch Oil Co. Inc.'s Siebert #1 (sw ne sec 11) which bottomed in the Mississippian Mohall at 5,225 feet. The mid-1980 venture was drill stem tested in the Madison between 5,145 and 5,193 feet. The pipe was noted to have recovered 248 feet of slightly gas- and water-cut mud and 4,641 feet of slightly gas-cut water. The sample chamber netted 2,500 cc of water and 60 cc of mud-cut oil. Flow pressures reached a high of 2,398 psi.

The Mississippian Bluell produces 1 1/2 miles south of Robinson's new spot in the West Green field. The three-well field has cumulative production of over 52,500 barrels of oil. First production of the field was in mid-1981. Clarion Resources Inc. discovered the field at its Lundgren #1-23 (c ne nw sec 23).

Dwights Morning Report
The Daily Energy Newsletter

Volume 92 - Number 128
Tuesday, June 30, 1992

Rocky Mountain Edition

DRILLING NEWSBRIEFS

• UNITED GAS SEARCH DRILLING AHEAD AT REMOTE WILDCAT IN ARIZONA

Tulsa, Okla.-based United Gas Search Inc. is drilling ahead at an undisclosed depth at its remote wildcat in far northwestern Arizona. Located in Mohave County, the operator's Mohave County #1 (ne nw nw sec 10, T41N-R11W) is proposed for a total depth of 11,000 feet. The site is roughly 10 miles south-southeast of St. George, Utah. The operator did report that, after spudding March 20, surface casing was set at approximately 1,000 feet.

United Gas Search's area of interest, encompassing over 5,000 acres, is situated between two major, northeast-southwest trending, down to the west faults – the Washington and Hurricane faults. Daniel J. Brennan, regulatory compliance specialist, Scottsdale, Ariz., in an article published by the Oil & Gas Journal, noted the location to "lie just east of the Washington fault. Surface dips are easterly, making the prospect appear to be a simple tilted fault block. Closure is provided by regional dip to the east, northeast, and southwest and by the fault on the west."

The nearest production to United Gas Search's location is roughly 26 miles northeast in the Virgin field, T41S-R12W, Washington County, Utah. The field, discovered in 1907 and still productive, has made in excess of 200,000 barrels of oil, according to Brennan.

• ROBINSON RESOURCES SLATES WILDCAT IN RENVILLE COUNTY, NORTH DAKOTA

Roswell, N.M.-based Robinson Resources Development has plans to drill a wildcat test in the Renville County, N.D. portion of the Williston Basin. The operator has requested a confidential status for its Siebert #12-11 (ne sw nw sec 11, T160N-R86W). No date was cited for work to begin at the site.

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The Mississippian Bluell produces 1 1/2 miles south of Robinson's new spot in the West Green field. The three-well field has cumulative production of over 52,500 barrels of oil. First production of the field was in mid-1981. Clarion Resources Inc. discovered the field at its Lundgren #1-23 (c ne nw sec 23).

United Gas Search, Inc.

P.O. Box 151
Tulsa, OK 74101-0151

(918) 245-2060

Fax (918) 241-4752

June 11, 1992

Arizona Geological Survey
845 North Park Avenue #100
Tucson, AZ 85719

JUN 1992
ARIZONA GEOLOGICAL SURVEY

Attn: Mr. Steven L. Rauzi

RE: No. 1 Mohave Co.
Sec. 10-41N-11W
State Permit No. 876

Dear Mr. Rauzi:

In reference to your letter dated June 3, 1992, United wishes to extend the drilling permit for the above referenced well. Our representative, Mr. Jack Higgins, of St. George, Utah, will notify you prior to the spudding of the well. His telephone number is 801/628-3912.

Should you need anything further, please advise. Thanks for all your help.

Very truly yours,

UNITED GAS SEARCH, INC.

Terry W. Tucker
For the Firm

TWT

F:\WP1\L11JUN2A.DOC

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

June 3, 1992

Mr. Terry Tucker, President
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

Re: **No. 1 Mohave Co.**; Sec. 10, T41N-R11W; State Permit No. 876

Dear Mr. Tucker:

Your permit to drill the above well will expire on June 19, 1992. I will extend this expiration date to coincide with the expiration of your federal permit on August 16, 1992, if I receive a written request to do so prior to June 19.

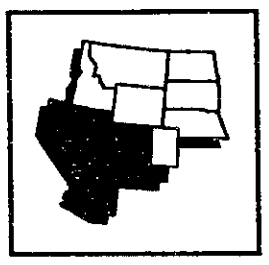
Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

ROCKY MOUNTAIN

REGION REPORT



FOUR CORNERS EDITION

Vol. 65, No. 30
2-12-92

-876-

Almond Producer Extends Wyoming's Tierney Field

DENVER-BASED Barrett Resources Corp has completed a new Almond (Mesaverde) gas producer in the Washakie Basin about four miles southwest of Wamsutter, Wyoming.

The 2-1 Two Rim Unit, c nw 21-19n-94w, eastern Sweetwater County, flowed 1,400,000 cu ft of gas, 103 bbls of condensate and seven bbls of water per day from perforations in Almond at 9978-85 ft. Flowing tubing pressure was 1350 psi; casing pressure was 1550 psi. Total depth is 12,620 ft.

Cardinal Drilling's Rig #45 drilled the well a little more than a mile northwest of a Mesaverde producer operated by Marathon Oil Co on the western flank of Tierney field that has produced more than 1.02 billion cu ft of gas and 40,000 bbls of condensate. Cumulative production from the 20-year-old field is approximately 6.1 billion cu ft of gas and 314,000 bbls of liquids.

Meridian Completes High-Volume San Juan Basin Mesaverde Producer

A DEVELOPMENT well completed by Meridian Oil Inc on the northeastern flank of the sprawling Ignacio-Blanco field about 10 miles southeast of the town of Ignacio, southwestern Colorado, flowed gas at a calculated rate of 34,088,000 cu ft per day.

The 65 Allison Unit Com, sw se 21-32n-6w, southeastern La Plata County, was tested for three hours through a 48/64-inch choke in an unstimulated interval in Mesaverde perforated at 5350-5440 ft. Flowing tubing pressure was 1005 psi. The 5495-ft well was drilled just north of the New Mexico border by Arapahoe Drilling's Rig #11.

Log tops at the 65 Allison Unit Com, measured from a 6255-ft kelly bushing elevation, include Pictured Cliffs at 2823 ft, Chacra 4020, Mesaverde 4771, Menefee 5143 and Point Lookout at 5331 ft.

United Gas Set to Drill Remote Arizona Wildcat

TULSA-BASED United Gas Search is rigging up the company's Rig #14 to drill a remote Kaiparowits Basin wildcat about 120 miles northwest of Flagstaff in northwestern Arizona.

The 1 Mohave County, nw nw 10-41n-11w, Mohave County, is projected to 11,000 ft in Precambrian (PI 9-5-91) and is expected to be spudded early next week. The United rig is depth-rated to 15,000 ft and has a derrick-floor height of 24 ft.

The remote venture is 24 miles southwest of the inactive Virgin field, a shallow Timpoweap (Moenkopi) pool in Washington County, Utah. Production in Nevada's Railroad Valley is some 175 miles to the northwest; the nearest production in Arizona is about 200 miles to the east.

Petroleum Information Corporation

P.O. Box 9612, Denver, CO 80201-9612, 303/740-7100

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

February 18, 1992

Mr. Terry Tucker, President
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

Re: No. 1 Mohave Co.; Sec. 10, T41N-R11W; State Permit No. 876

Dear Mr. Tucker:

In order to provide sufficient time for a representative from this office to witness the circulation of cement on the surface casing and witness the BOPE test prior to drilling out the surface casing, I am writing to remind you to notify this office at least 48 hours before you:

1) Commence drilling operations, and
2) Expect to run surface casing.

I appreciate your cooperation in this matter.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

United Gas Search, Inc.

P.O. Box 151
Tulsa, OK 74101-0151

(918) 245-2060 Fax (918) 241-4752

December 10, 1991

Arizona Geological Survey
845 North Park Avenue #100
Tucson, AZ 84719

Attn: Mr. Steve L. Rauzi

RE: No. 1 Mohave County,
Section 10-T41N-R11W
State Permit #876

Dear Mr. Rauzi:

As per our conversation yesterday, I would like to request a six (6) months extension on the drilling of the above referenced well. Due to the weather and mechanical problems, we have been unable to move in on location and start drilling.

Thank you for your consideration in this request.

Very truly yours,

UNITED GAS SEARCH, INC.

Terry W. Tucker

Terry W. Tucker
For the Firm

TWT:ret
L10DEC1A

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

December 4, 1991

Mr. Terry Tucker, President
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

Re: **No. 1 Mohave Co.**; Sec. 10, T41N-R11W; State Permit No. 876

Dear Mr. Tucker:

I am writing to remind you that your permit to drill the above well will expire on December 19, 1991, unless I receive a written request for an extension prior to the expiration date.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

September 20, 1991

Mr. Terry Tucker, President
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

Re: No. 1 Mohave Co.; Sec. 10, T41N-R11W; State Permit No. 876

Dear Mr. Tucker:

I have enclosed your approved Application for Permit to Drill, Permit to Drill, Instructions for handling well samples, and the filing fee receipt. The filing fee was paid by Powers Elevation Co. check number 6761.

Forms enclosed include Form 4, Well Completion Report; Form 9, Application to Plug and Abandon; Form 10, Plugging Record; and Form 25, Sundry notices. BLM forms may be substituted for Form 25.

Let me emphasize that this office be notified *at least* 24 hours before you:

1) Commence drilling operations;
2) Run surface casing; and
3) Nipple up and test the BOPE prior to drilling out of the surface casing.

I look forward to a successful completion of this well.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

September 9, 1991

Mr. Terry W. Tucker
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

RE: Mohave County No. 1, Sec. 10, T41N-R11W

Dear Mr. Tucker:

It has come to my attention that you have prepared the surface location for the referenced well. I am writing to advise you that pursuant to A.A.C. R12-7-104 "the drilling of the well is prohibited until a permit to drill is obtained..." from the State of Arizona.

As I discussed with you by phone and in my letter of August 21, your application for a permit from the State is in order except for the posting of the bond. When we receive, and deposit with the State Treasurer, your bond, we will issue your permit to drill.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

cc Becky Hammond, BLM, St. George, Utah
cc John Haas, BLM, Phoenix, Arizona

Amoco Recompletes Overthrust Belt Discovery in Madison

AMOCO PRODUCTION Co has reported the recompletion of the Session Mountain field discovery on the southwestern Wyoming Overthrust Belt 20 miles north of Evanston as a discovery in Madison.

The 1 Champlin 505 Amoco B, ne sw 3-18n-120w, northwestern Uinta County, was tested on a 48/64-inch choke in Madison between 13,276 and 14,128 ft and flowed 1,894,000 cu ft of gas, 28 bbls of condensate and seven bbls of water per day. During its first five months of production from Madison, the well yielded about 231 million cu ft of gas and 3,660 bbls of condensate.

Amoco originally completed the well in 1982 as a discovery in the deeper Big Horn at 15,150-15,224 ft to open Session Mountain field. Prior to its recompletion, it produced about 4.4 billion cu ft of gas and 61,000 bbls of condensate from Big Horn.

Log tops, measured from a kelly bushing elevation of 6823 ft, include Nugget at 7628 ft, Phosphoria 12,148, Madison 13,258, Big Horn 15,028 and Cambrian at 15,795 ft.

The well is three miles west of the multiple-pay Whitney Canyon/Carter Creek area, where the Mission Canyon member of Madison is the primary producing zone.

Remote Arizona Wildcat Now Projected to 11,000 Ft

New Rig Being Moved In

UNITED GAS Search, Tulsa, is moving in a company rig from Oklahoma to drill its 1 Mohave County in nw nw 10-41n-11w, Mohave County, Arizona, a remote wildcat about 120 miles northwest of Flagstaff in the Kaiparowits Basin.

Original plans called for the venture to be drilled by an Aztec Well Servicing rig to a depth of about 6500 ft in Precambrian (PI 7-17-91). United now plans to drill to approximately 11,000 ft, a depth beyond the capability of Aztec's rigs. United's Rig #14 is depth-rated to 15,000 ft and has a derrick floor height of 24 ft.

United anticipates getting under way at the site sometime later this week. The location is about 24 miles southwest of Virgin field, an inactive Timpoweap (Moenkopi) pool in southern Utah's Washington County.

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

August 21, 1991

918-245-2060

Mr. Terry W. Tucker
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

Called Terry Tucker this morning and discussed this procedure before mailing this information 8-21-91 SLR

RE: Performance bonding in Arizona

Dear Mr. Tucker:

I have enclosed two copies of the certificate of deposit to the stat how the assignment is filled out, pertinent law, ARS 35-155. Send me, by registered mail if you pre them with the state treasurer as

The C.D. can be made out in the name of United Gas and then assigned to the Arizona State Treasurer on the enclosed form. This posts the principle as bond, but allows your company to be paid the interest. Be sure that the certificate is automatically renewable.

Call me if you have any questions about this procedure.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

August 21, 1991

918-245-2060

Mr. Terry W. Tucker
United Gas Search, Inc.
P. O. Box 151
Tulsa, OK 74101-0151

RE: Performance bonding in Arizona.

Dear Mr. Tucker:

I have enclosed two copies of the form used to assign a certificate of deposit to the state treasurer, an example of how the assignment is filled out, and a copy of the pertinent law, ARS 35-155. Send the assignment and C.D. to me, by registered mail if you prefer, and I shall deposit them with the state treasurer as indicated in ARS 35-155.B.

The C.D. can be made out in the name of United Gas Search and then assigned to the Arizona State Treasurer on the enclosed form. This posts the principle as bond, but allows your company to be paid the interest. Be sure that the certificate is automatically renewable.

Call me if you have any questions about this procedure.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

Enclosures

EXAMPLE

ASSIGNMENT TO ARIZONA STATE TREASURER
SECURITY IN LIEU OF CASH DEPOSIT FOR COMPLIANCE WITH
SECTION 35-155 ARIZONA REVISED STATUTES

NAME: United Gas Search

STREET ADDRESS: P.O. Box 151 — CITY: Tulsa

COUNTY: ? — STATE: OK — TELEPHONE NUMBER: 918-245-2060

hereinafter referred to as ASSIGNOR, does hereby assign and transfer to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, all right, title and interest of any kind whatsoever, owned or held by Assignor in the principal, but not in the interest hereinafter accruing after the date of this assignment in the insured account of ASSIGNOR so long as such funds remain on deposit in the

an Arizona Bank
FINANCIAL INSTITUTION

whose address is _____, _____, _____
STREET ADDRESS — CITY — COUNTY

Arizona, as evidenced by an account in the amount of 5,000 per well or 25,000 Blanket bond dollars ($_____) identified by account number _____ which account is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. This assignment is given as security for compliance with ARS 27-501 to 539 and with the Rules of the Oil and Gas Conservation Commission.

Dated this _____ day of _____, 19____, at _____ ~~Arizona~~ OK

IMPORTANT - SIGNATURE OF ASSIGNOR

This Assignment shall be signed by the Individual Himself

United Gas Search
NAME OF ASSIGNOR EXACTLY AS SHOWN ABOVE

BY: your signature
SIGNATURE OF ASSIGNOR

FIRST ENDORSEMENT - RECEIPT FOR NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, of written notice of the assignment to said Treasurer of the above-identified account. We have noted our records to show the interest of the Treasurer in said account as shown in and by the assignment above. We have retained a copy of this document. We hereby certify that we have not received any notice of lien, encumbrance, hold, claim or other obligation against the above-identified account prior to its assignment to the Treasurer. We further hereby waive any current and future right of set-off against such account. We agree to make payment as required by the Rules and Regulations of the Treasurer adopted in accordance with applicable laws and the law applicable to this institution.

Dated this _____ day of _____, 19____, at _____, Arizona

Arizona Bank named above
NAME OF FINANCIAL INSTITUTION

BY _____
SIGNATURE OF OFFICER OF FINANCIAL INSTITUTION — TITLE

Subscribed and sworn before me this _____ day of _____, 19_____.

NOTARY PUBLIC SIGNATURE

COMMISSION EXPIRES

SECOND ENSORSEMENT - RECEIPT FOR SECURITY AND DIRECTION TO PAY EARNINGS

Receipt is acknowledged of the assignment above and the account identified in the assignment above. The financial institution named in the assignment above is hereby authorized and directed to pay any earnings credited after the date of this assignment on the above-identified account of the above-named assignor.

Dated this _____ day of _____, 19____, at _____, Arizona.

ARIZONA STATE TREASURER
Treasurer or Authorized Representative

By: _____

(Prepare in duplicate. Please Type all Information)

Attach Original Assignment to Certificates of Deposit and File with State.

Arizona Revised Statutes

ARS § 35-155. Cash deposit as an alternative to a surety bond

A. Any budget unit which requires a person to post a surety bond to guarantee the faithful performance of a legal obligation may accept, in lieu of the surety bond, a cash deposit in the form of cash or alternatives to cash. The budget unit may accept as an alternative to cash any of the following:

1. Certificates of deposit or investment certificates payable or assigned to the state treasurer issued by banks doing business in this state and insured by the federal deposit insurance corporation.

2. Certificates of deposit, investment certificates or share accounts payable or assigned to the state treasurer and issued by a savings and loan association doing business in this state and insured by the federal savings and loan insurance corporation.

3. Certificates of deposit, investment certificates or share accounts payable or assigned to the state treasurer and issued by a credit union doing business in this state and insured by the national credit union administration.

B. The budget unit shall deposit the cash deposit received under this section with the state treasurer. The state treasurer shall hold the cash or alternatives to cash in the name of this state to guarantee the faithful performance of all legal obligations of the person required to post the bond. The person is entitled to receive any accrued interest earned from the alternatives to cash. The state treasurer may impose a fee to reimburse the state treasurer for administrative expenses. The fee shall not exceed ten dollars for each cash deposit.

Arizona Geological Survey

C. A person depositing cash in lieu of a surety bond may withdraw the deposit upon satisfactory performance of the legal obligation or upon replacing the cash deposit with a commercial surety bond.

D. The budget unit and the state treasurer have no personal liability for the performance of duties relating to the cash deposits permitted by this section as long as those duties are performed in good faith.

E. The state treasurer may prescribe rules relating to the terms and conditions of each type of security provided by this section.

Added by Laws 1982, Ch. 149, § 1.

Historical Note

Collection agency deposits held pursuant to this section, retroactive application of Stats.1988, Ch. 276, see Historical Note under § 32-1022.

1982 Reviser's Note:

Pursuant to authority of § 41-1304.02, "deposit" was substituted for "bond" in the heading of this section.

Cross References

Insurance, cash deposit as alternative to surety bonds, see § 20-116.

Library References

Municipal Corporations ⇐885.
C.J.S. Municipal Corporations § 1885.

Powers Elevation Co., Inc.

P.O. Box 440889, Aurora, CO 80044
Phone 303-321-2217
Toll Free 1-800-824-2550
FAX 303-321-2217

August 12, 1991

Mr. Steve Rauzi
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, AZ 85719

RE: United Gas Search, Inc.
Application to Drill
#1 Mohave County
Mohave County, AZ

Dear Mr. Rauzi:

Enclosed are the following documents relative to the above-referenced proposed well:

1. Revised Arizona Form No. 3

2. Revised topo map and layouts

3. Revised EXHIBIT "B", Drilling Program, incorporating changes in BOP testing from 14 days to every 7 days.

4. Copies of Sundry Notices showing specs on pit liner and change in surface casing cement test procedures, and adding conductor pipe to casing program.

A BOP with 3000# x 3" choke valve will be used if available; if not, the 3000# x 4" will be used.

If you have any questions or need any further information, please do not hesitate to call me.

The approval should be returned to Mr. Terry Tucker at United Gas Search, Inc.

Sincerely,

Connie L. Frailey

Connie L. Frailey
Manager, Environmental Services

CF:nt

Encl.

cc: Terry Tucker, United Gas Search, Inc.

State of Arizona
Arizona Geological Survey
845 North Park Avenue, #100
Tucson, Arizona 85719
(602) 882-4795

Fife Symington
Governor

Larry D. Fellows
Director and State Geologist

August 8, 1991

Mr. Chris Russell
Well-Site Engineering
P. O. Box 2606
Farmington, NM 87499

Dear Mr. Russell:

As we discussed this afternoon, the following forms are enclosed for your use on the Mohave 1 well:

1) Application for permit to drill (Form 3)..
2) Application to plug and abandon (Form 9).
3) Plugging record (Form 10).

Give me a call if you have any questions.

Sincerely,

Steven L. Rauzi

Steven L. Rauzi
Oil & Gas Program Administrator

7-19-91, Ben Donegan on UGS well

Bill Spear: Tex will takeover @ TD
& deepen to 11,000'

Jim Breene: Tex, Amoco, Conoco
if well produce, fine
if dry will take over and
deepen to 11,000' for
science.

Oil and Gas Conservation Commission
STATE OF ARIZONA
5150 N. 16th STREET, SUITE B-141
PHOENIX, ARIZONA 85016
PHONE: (602) 255-5161

June 18, 1991

Randall Holmes
General Counsel
United Gas Search
P.O. Box 151
Tulsa, Oklahoma 74101-0151

Dear Randall,

Confirming our telephone conversation of this afternoon, I am returning to you United Gas' check for $25 for your drilling permit application.

I am also returning your performance bond form and Irrevocable Letter of Credit. The state treasurer will accept a Certificate of Deposit from a bank doing business in Arizona. Along with your materials, I am sending you the State Treasurer's assignment form for a CD. When it is arranged this way, you may receive the interest, but may not redeem the principal until released by the Oil and Gas Commission. You may duplicate or fax this form as needed. However, we will need a signed original. You may want the bank in Arizona to send us the form directly and a copy to you, once they have endorsed it..

If this is not all clear, just give us a call and we will try to explain what is required.

Thanks for you cooperation, and best wishes for success of your well.

Very truly yours,

Dan

Daniel J. Brennan

IRREVOCABLE LETTER OF CREDIT

CUSTOMER - NAME AND ADDRESS	ISSUING FINANCIAL INSTITUTION - NAME AND ADDRESS	DATE OF LETTER OF CREDIT: 06/12/91
UNITED GAS SEARCH, INC. P. O. Box 151 Tulsa, Ok. 74151-0151 918-245-2060	BancFirst P. O. Box 1089 Glenpool, Ok. 74033 918-322-9015	NUMBER OF LETTER OF CREDIT: 171G AMOUNT (U.S. DOLLARS): $5,000.00
BENEFICIARY - NAME AND ADDRESS	**ADVISING FINANCIAL INSTITUTION - NAME AND ADDRESS**	EXPIRATION DATE: 06/12/92
Oil & Gas Conservation Commission State of Arizona, for the use and benefit of the Oil & Gas Conservation Fund, 5150 N. 16th, Phoenix, AZ. 85016 602-255-5161		TO BE AVAILABLE BY DRAFTS DRAWN AT: AT ___ SIGHT

GENTLEMEN:

We hereby issue this Irrevocable Letter of Credit and authorize you as Beneficiary to draw on ourselves for the account of Customer for any sum or sums not exceeding in the aggregate the amount of this credit as indicated above.

Drafts must be accompanied by the following documents:

1. Original Letter of Credit #171G must accompany Draft with attached Invoices.
2. Draft must be accompanied by Drawers signed Statement.
3. No partial Drawings will be permitted. BancFirst will not be responsible for Drawers Disposition of Funds received by Drawer.

Drafts drawn under this credit must be marked that they are drawn under this Financial Institution's Letter of Credit and must show the Date and Number of the Letter of Credit.

We hereby agree to honor each draft drawn under and in compliance with the terms of this credit, if duly presented (together with the documents specified) to us on or before the close of business on the Expiration Date shown above.

Unless otherwise expressly stated, this Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Brochure No 400, and, where not inconsistent therewith, to Article Five of the Uniform Commercial Code of the state of the principal office of the Issuing Financial Institution. Unless otherwise expressly stated above, only original documents will be accepted. No reproductions or carbon copies may be substituted for originals.

Very Truly Yours,
BANCFIRST

Daryl Hall VP

Authorized Signature - Issuing Financial Institution

J. DARYL HALL-VICE PRESIDENT

Form 02 0633 4

BENEFICIARY COPY

Powers Elevation Co., Inc.

P.O. Box 440889, Aurora, CO 80044
Phone 303-321-2217
Toll Free 1-800-824-2550
FAX 303-321-2217

June 11, 1991

State of Arizona
Oil & Gas Conservation Division
5150 North 16th Street
Suite B141
Phoenix, AZ 85016

RE: Application to Drill
United Gas Search
#1 Mohave County
NE NW, Sec. 10 T41N R11W
Mohave County, AZ

Gentlemen:

Enclosed are three copies of Form 3 for the above-referenced proposed well. Also enclosed is our check for the $25.00 filing fee, and a copy of the Drilling Plan prepared for the Bureau of Land Management.

The Organization Report and Bond will be submitted under separate cover.

Approval should be returned to:

Mr. Terry Tucker
United Gas Search, Inc.
24 West 41st Street
Sand Springs, OK 74063

If you have any questions or need any further information, please feel free to call me on our toll-free number shown in the letterhead.

Sincerely,

Connie L. Frailey

Connie L. Frailey
Manager, Environmental Services

CF:nt

Encl.

cc: Terry Tucker, United Gas Search, Inc.

United Gas Search, Inc.
P.O. Box 151
Tulsa, OK 74101-0151

(918) 245-2060 Fax (918) 241-4752

June 11, 1991

Arizona Oil and Gas Conservation Commission
5150 North Sixteenth Street
Phoenix, Arizona 85016

Attn: Mr. Daniel Brennan

RE: Performance Bond
Organization Report

Dear Daniel:

United Gas Search, Inc. has acquired the federal leases to drill an exploratory wildcat oil well in the NE4NW4 Section 10, T41N-R11W, Mohave County, AZ. We have submitted the Application for Permit to Drill to the Bureau of Land Management and will be filing the Arizona Application for Permit to Drill or Re-enter immediately if you have not already received it (Powers Elevation is handling it for us and co-ordinating BLM matters). In connection therewith, I am enclosing a Performance Bond in the statutory amount of $5,000.00 to cover the well, the #1 Mohave County, and also the Organization Report required by the regulations. Please file the same on our behalf.

I am also enclosing a check in the amount of Twenty-five Dollars ($25.00) to cover the filing fee on the Application for Permit to Drill or Re-enter. Please advise if there is any thing else that will be needed in this matter.

Thank you,

UNITED GAS SEARCH, INC.

Randall Holmes

Randall Holmes
General Counsel

RTH:rt
Enclosures
cc: Connie Frailey
Powers Elevation Co., Inc.
P. O. Box 440889
Aurora, Colorado 80044

Powers Elevation Co., Inc.

P.O. Box 440889, Aurora, CO 80044
Phone 303-321-2217
Toll Free 1-800-824-2550
FAX 303-321-2217

June 4, 1991

Bureau of Land Management
Arizona Strip District Office
390 North 3050 East
St. George, UT 84770

RE: Filing APD/Drilling Plan
United Gas Search, Inc.
#1 Mohave County
NE NW, Sec. 10 T41N R11W
Mohave County, AZ
Lease AZA-25155

Gentlemen:

Enclosed are four copies of Form 3160-3 Application for Permit to Drill and drilling plan for the above-referenced proposed well. This lease has not been issued yet, but Mary Hyde in the Phoenix office advised United Gas they could submit the APD now, rather than wait, in order to save time. A BLM right-of-way grant for the access road is also requested in conjunction with this APD.

Please call me if you are going to have a joint onsite inspection so that I may notify all interested parties, and particularly have our surveyor present.

If you have any questions or need any further information, please feel free to call me on our toll-free number.

Sincerely,

Connie L. Frailey

Connie L. Frailey
Manager, Environmental Services

CF:nt

Encl.

cc: Terry Tucker, United Gas Search, Inc.

Operator UNITED GAS SEARCH, INC

BANK
~~Bond Company~~ VALLEY NATIONAL BANK OF ARIZONA Amount $5,000
C.D.
~~Bond~~ No. 2608781 Date Approved 9/19/91

Permits covered by this bond:

876

United Gas Search, Inc.

P.O. Box 151
Tulsa, OK 74101-0151

Terry W. Tucker
President

(918) 245-2060
Fax (918) 241-4752

September 13, 1991

Arizona Geological Survey
845 North Park Avenue, #100
Tucson, AZ 85719

Attn: Mr. Steven L. Rauzi
Oil & Gas Program Administrator

RE: Performance Bond
State of Arizona

Dear Mr. Rauzi:

Enclosed please find the completed Assignment to Arizona State Treasurer-Security in Lieu of Cash Deposit for Compliance with Section 35-155 Arizona Revised Statutes along with the original Certificate of Deposit numbered 2608781 in the amount of $5,000.00.

This is being sent to you in accordance with your letter dated August 21, 1991, for your processing. Thank you in your assistance in this matter. Should you need anything else, please do not hesitate to contact me.

Very truly yours,

UNITED GAS SEARCH, INC.

Terry W. Tucker
For the Firm

TWT:ret
Enclosures: as stated
CERTIFIED NUMBER: P 582 415 168

P.S. Sorry for the envelope — had to chg at P.O. because we had tape on ours & they would not send it. ret.

SECURITIES SAFEKEEPING
1700 WEST WASHINGTON ST. - PHOENIX, ARIZONA 85007

DATE: 09/17/91

STATE AGENCY NO. _____

STATE AGENCY OIL & GAS CONSERVATION

COMPANY UNITED GAS SEARCH, INC.
24 W. 41ST STREET
TULSA, OK

State Treasurer's Use Only

DOMESTIC FOREIGN

DEPOSIT

C.D. NO.: 2608781

BANK: VALLEY NATIONAL BANK OF ARIZONA

MATURITY DATE: 08/06/92 INTEREST RATE: 5.60 %

AMOUNT $ 5,000.00

RECEIVED SEP 17 11 00 AM '91 TREASURER

C.D. ASSIGNMENT MUST BE ATTACHED UNLESS C.D. IS PAYABLE TO STATE TREASURER

RELEASE

C.D. NO.:

BANK:

MATURITY DATE: INTEREST RATE: %

AMOUNT: $

STATE TREASURER VALIDATION NO. _____

RECEIVED THE ABOVE RELEASE	STATE AGENCY AUTHORIZATION
BY _____ Authorized Signature Date	BY Steven L. Ramey Authorized Signature
Bank or Firm	STATE TREASURER AUTHORIZATION BY Katherine Valentin Authorized Signature
FOR BANK USE ONLY	BANK AUTHORIZATION
Checked by Verified by	BY _____ Authorized Signature
	STATE'S DEPOSITORY BANK

ASSIGNMENT TO ARIZONA STATE TREASURER
SECURITY IN LIEU OF CASH DEPOSIT FOR COMPLIANCE WITH
SECTION 35-155 ARIZONA REVISED STATUTES

UNITED GAS SEARCH, INC.
NAME

24 W. 41st STREET
STREET ADDRESS

SAND SPRINGS
CITY

TULSA
COUNTY

OK
STATE

918-245-2060
TELEPHONE NUMBER

hereinafter referred to as ASSIGNOR, does hereby assign and transfer to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, all right, title and interest of any kind whatsoever, owned or held by Assignor in the principal, but not in the interest hereinafter accruing after the date of this assignment in the insured account of ASSIGNOR so long as such funds remain on deposit in the

VALLEY BANK
FINANCIAL INSTITUTION

whose address is 2950 W. PEORIA (STREET ADDRESS) PHOENIX (CITY) MARICOPA (COUNTY).

Arizona, as evidenced by an account in the amount of FIVE THOUSAND dollars ($5,000.00) identified by account number 8130-2093 (2608781) which account is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. This assignment is given as security for compliance with ARS 27-501 to 539 and with the Rules of the Oil and Gas Conservation Commission.

Dated this 1 day of AUGUST, 1991, at PHOENIX Arizona.

IMPORTANT - SIGNATURE OF ASSIGNOR

This Assignment shall be signed by the Individual Himself

UNITED GAS SEARCH, INC.
NAME OF ASSIGNOR EXACTLY AS SHOWN ABOVE

BY: [signature]
SIGNATURE OF ASSIGNOR

FIRST ENDORSEMENT - RECEIPT FOR NOTICE OF ASSIGNMENT

Receipt is hereby acknowledged to the Treasurer of the State of Arizona, hereinafter referred to as the TREASURER, of written notice of the assignment to said Treasurer of the above-identified account. We have noted our records to show the interest of the Treasurer in said account as shown in and by the assignment above. We have retained a copy of this document. We hereby certify that we have not received any notice of lien, encumbrance, hold, claim or other obligation against the above-identified account prior to its assignment to the Treasurer. We further hereby waive any current and future right of set-off against such account. We agree to make payment as required by the Rules and Regulations of the Treasurer adopted in accordance with applicable laws and the law applicable to this institution.

Dated this 6 day of August, 1991, at Phoenix, Arizona

Valley National Bank of Arizona
NAME OF FINANCIAL INSTITUTION

BY [signature] AVP
SIGNATURE OF OFFICER OF FINANCIAL INSTITUTION

ASSISTANT VICE PRESIDENT
TITLE

Subscribed and sworn before me this 6 day of August, 1991.

[signature]
NOTARY PUBLIC SIGNATURE
My Commission Expires Aug. 31, 1992

COMMISSION EXPIRES

SECOND ENSORSEMENT - RECEIPT FOR SECURITY AND DIRECTION TO PAY EARNINGS

Receipt is acknowledged of the assignment above and the account identified in the assignment above. The financial institution named in the assignment above is hereby authorized and directed to pay any earnings credited after the date of this assignment on the above-identified account of the above-named assignor.

Dated this 17th day of September, 1991, at Phoenix, Arizona.

ARIZONA STATE TREASURER
Treasurer or Authorized Representative

By: Katherine Valentin

(Prepare in duplicate. Please Type all Information)

Attach Original Assignment to Certificates of Deposit and File with State.

Valley National Bank of Arizona

Certificate of Deposit
NON TRANSFERABLE

2608781

BRANCH 30th Ave-Peoria BRANCH NO. 154 DATE August 6, 1991

THIS CERTIFIES THAT THERE HAS BEEN DEPOSITED IN THIS BANK

VALLEY NAT'L BANK 5,000 AND 00 CTS

ACCOUNT NO. 8130-2093

$ 5,000.00

PAY TO ARIZONA STATE TREASURER
DEPOSITED BY UNITED GAS SEARCH, INC.

(UPON SURRENDER OF THIS CERTIFICATE PROPERLY ENDORSED)

THIS CERTIFICATE MATURES IN 366 FROM ISSUE DATE
August 6, 1992 19 . INTEREST IS TO BE PAID monthly
AT THE RATE OF 5.60 % PER ANNUM ON AN ACTUAL NUMBER OF DAYS PER YEAR BA
FIRST INTEREST PAYMENT DUE 9-6-91
☐ SINGLE MATURITY - INTEREST CEASES AT MATURITY
☒ AUTOMATICALLY RENEWABLE - THE CERTIFICATE WILL AUTOMATICALLY RENEW EVERY 366 days

UNLESS REDEEMED WITHIN 10 CALENDAR DAYS (ONE BUSINESS DAY FOR MATURITIES OF
DAYS OR LESS) AFTER ANY MATURITY. THE BANK RETAINS THE RIGHT TO REDEEM TH
CERTIFICATE OR CHANGE THE INTEREST RATE AND OTHER TERMS AS OF ANY MATURITY.

Jann Blackburn
AUTHORIZED SIGNATURE

0-100-0675 Rev. 7/91

ORGANIZATION REPORT

Full Name of the Company, Organization, or Individual
UNITED GAS SEARCH, INC.

Post Office Address (Box or Street Address)
PO BOX 151 Tulsa, Oklahoma 74101-0151

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

Purpose of Organization (State type of business in which engaged)
Oil and gas exploration, development, production

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
Oklahoma	CT Corporation System 3225 North Central Phoenix, AZ 85012	March 22, 1991

Principal Officers or Partners (if partnership) NAME	TITLE	POST OFFICE ADDRESS

DIRECTORS NAME	POST OFFICE ADDRESS
Terry W. Tucker	605 Prattwood Court, Sand Springs, Ok. 74063
Ruth E. Tucker	605 Prattwood Court, Sand Springs, Ok. 74063

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the UNITED GAS SEARCH, INC. (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.

Terry W. Tucker
Signature

May 23, 1991
Date

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

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