

(Submit in triplicate to appropriate
Regional Oil and Gas or Mining Supervisor)

DESIGNATION OF OPERATOR

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

DISTRICT LAND OFFICE: Farmington, New Mexico
SERIAL NO.: 82-078051A (SF-078051A)

and hereby designates

NAME: Kimbark Operating Co.
1860 Lincoln St. #808
ADDRESS: Denver, Colorado 80295

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

Township 32 North, Range 11 West
San Juan County, New Mexico

Section: 34 SW/4

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

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

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

Kimbark Associates

W K Arbuckle

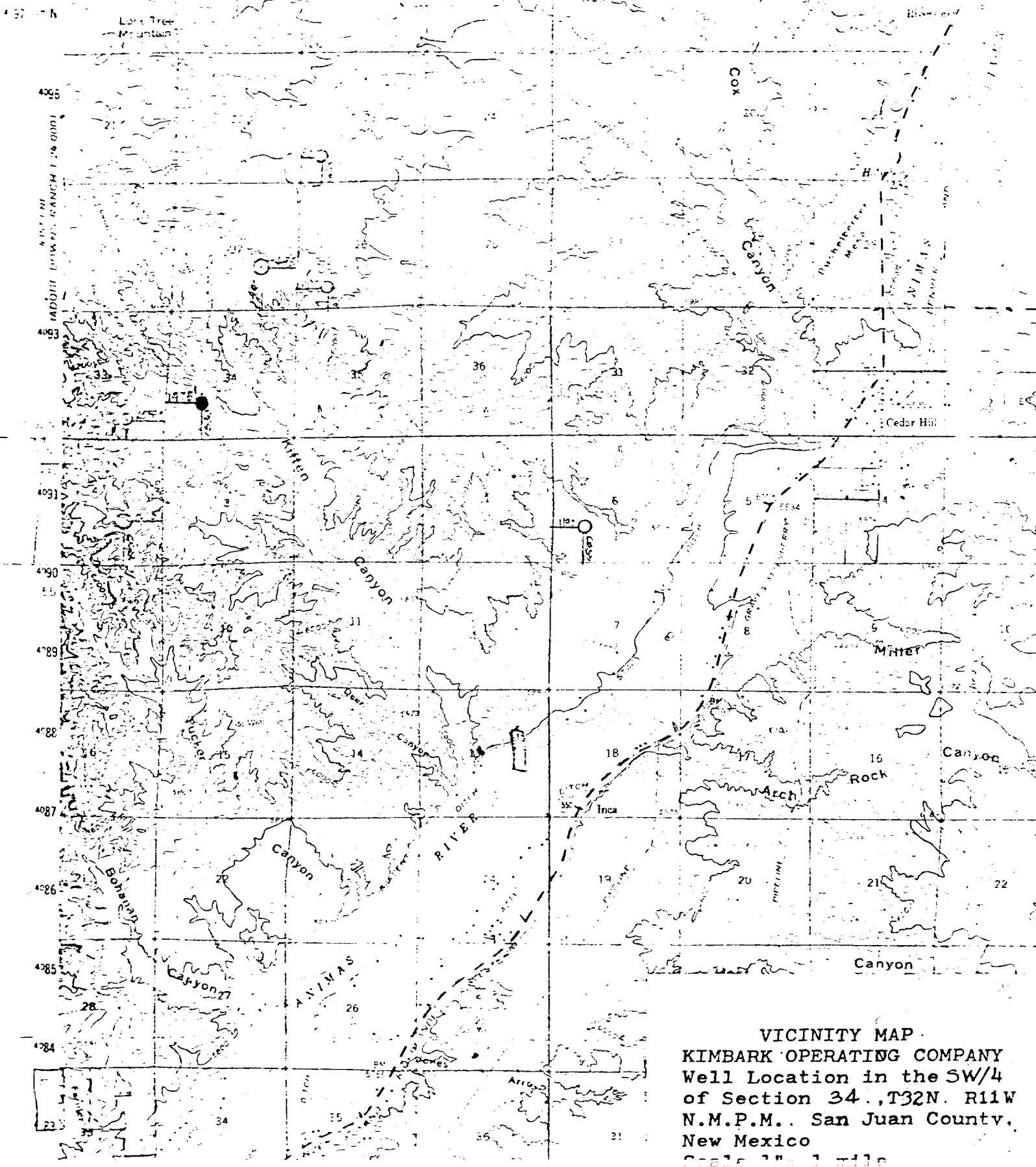
BY: _____

(Signature of lessee)
Walter K. Arbuckle, General Partner
1860 Lincoln Street, Suite 808
Denver, Colorado 80293

February 8, 1978

(Date)

(Address)



VICINITY MAP
 KIMBARK OPERATING COMPANY
 Well Location in the SW/4
 of Section 34., T32N. R11W
 N.M.P.M.. San Juan County,
 New Mexico
 Scale 1" = 1 mile

KIMBARK OPERATING COMPANY
KIMBARK COMPANY
KIMBARK ASSOCIATES

KIMBARK
SUITE 808 LINCOLN TOWER BUILDING
1880 LINCOLN STREET
DENVER, COLORADO 80295
303-539-5504

WALTER K. ARBUCKLE
GEORGE WALLACE BAYNE
WILLIAM R. THURSTON

February 8, 1978

United States Department of Interior
Bureau of Land Management
PO Box 568
Farmington, New Mexico 87401

Gentlemen:

The 13 Point Program for Kimbark Operating Co., Storey #4 well is as follows:

1. See attached topographic map showing access from adjoining main dirt road.
2. Access to drill site and well pad will be from adjacent main dirt road.
3. Existing producing wells are shown on attached plat. All other wells are P & A. This is a development location.
4. See attached topographic map
5. See attached plat
6. The water will be hauled from old water hole in Kitten Canyon or irrigation ditch along Animas River on Ruins Road.
7. All drill cutting and hand garbage will be covered over in rotary pits. All flamable material will be burned in burn pit and ashes covered over after drilling. All wire line, etc., will be hauled away.
8. None.
9. None.

10. See attached layout.
11. There is only sage brush, sparse grass at this location. There is no top soil, only sand. After leveling and cleanup, it is our plan to plant appropriate grass seed for this area when the moisture level is sufficient to support grass germination. Pits will be fenced till dry enough to fill. Contour of land will be affected as little as possible.
12. The topography here is relatively rough. Operator will keep location as small as possible under the circumstances.
13. 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 Kimbark Operating Co. and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

Kimbark Operating Co.



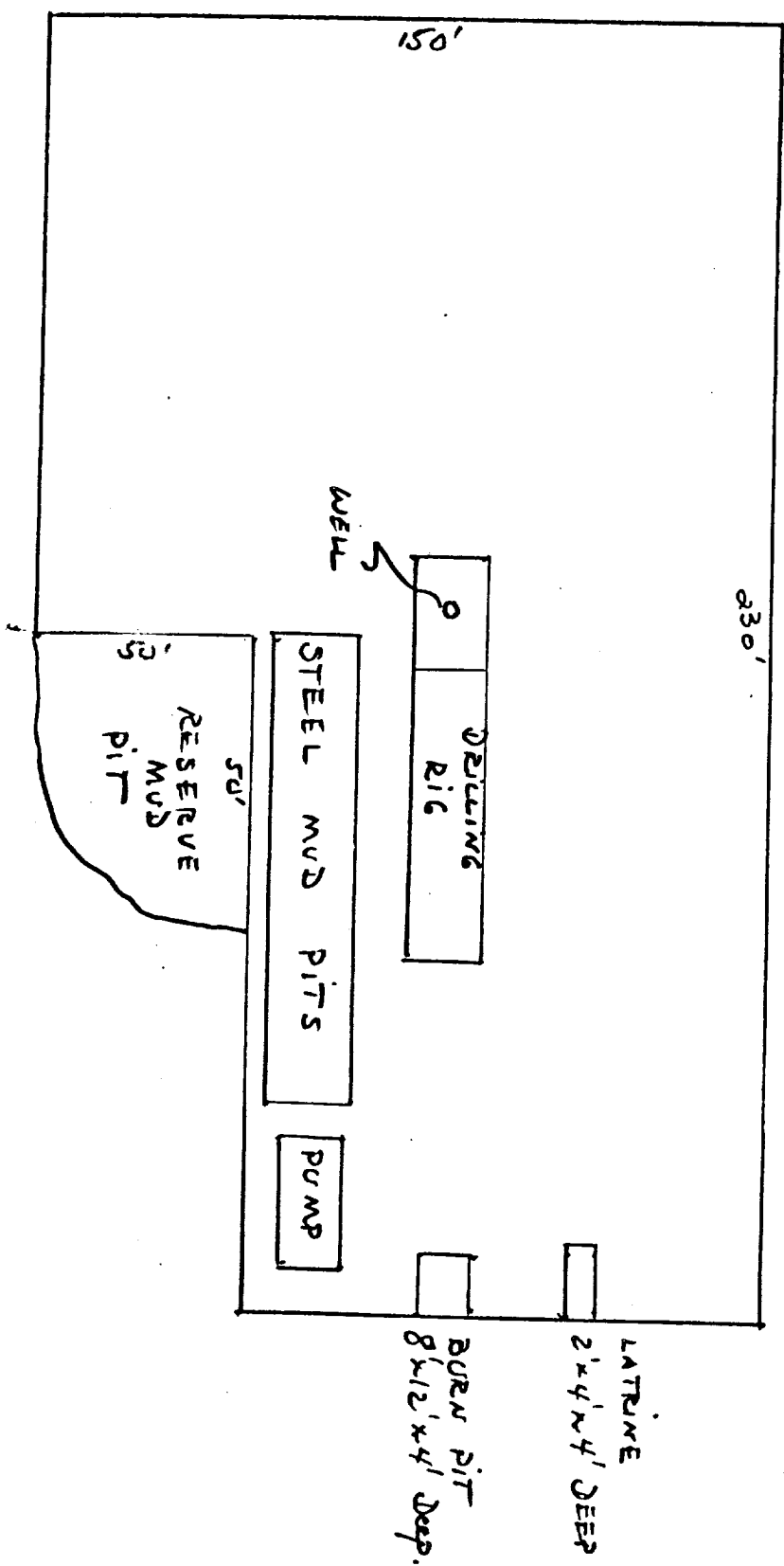
W. K. Arbuckle, President

WKA:j1

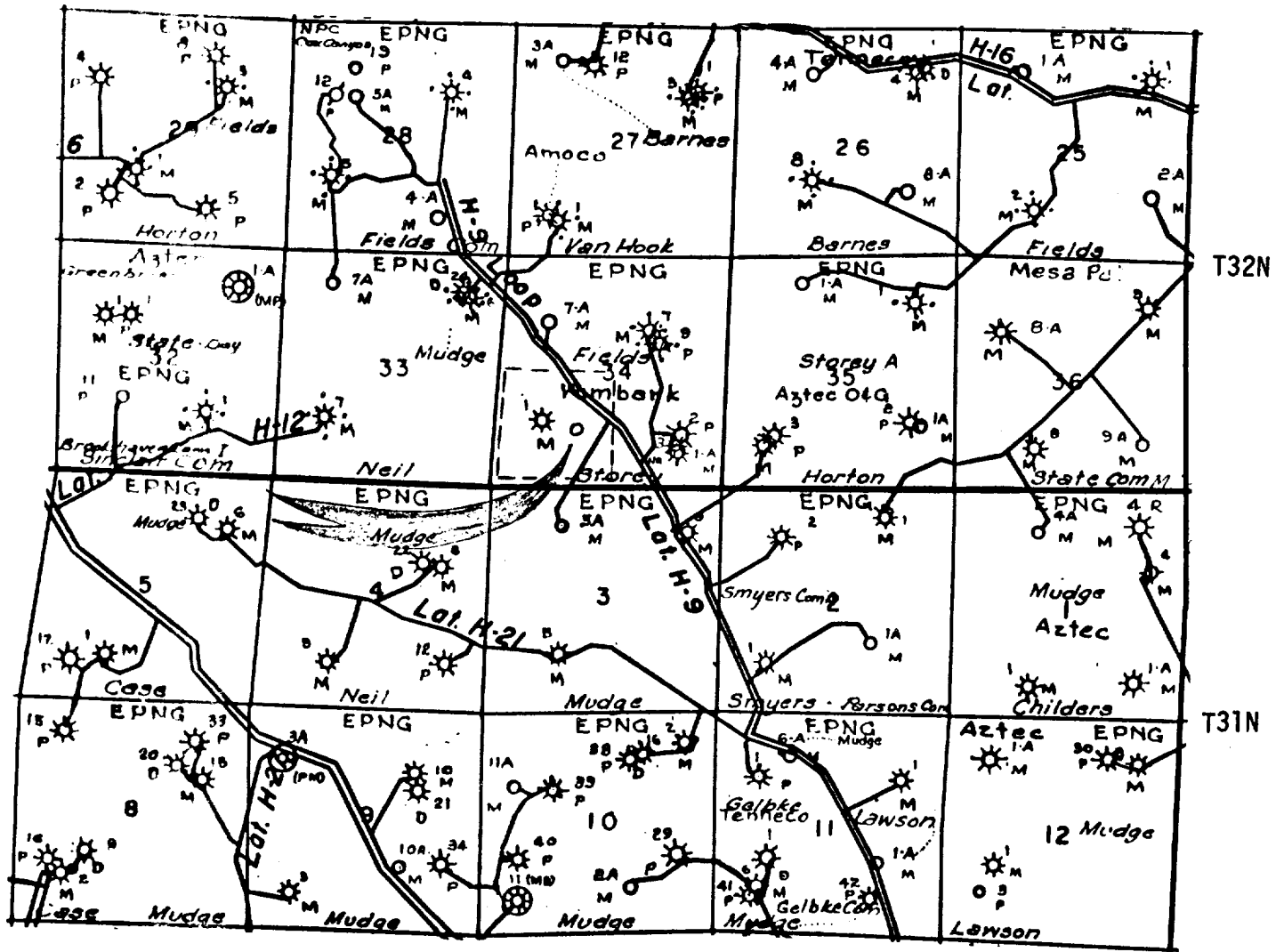
KIMBARK OPERATING COMPANY

LOCATION AND EQUIPMENT LAYOUT

STOREY #4, SW/4 SECTION 34, T-32-N, R-11-W, SAN JUAN COUNTY, NEW MEXICO



R11W



Location Map
 Kimbark Operating Co. #4 Storey
 SW 34-32N-11W
 San Juan County, New Mexico

KIMBARK

SUITE 808 LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
303-839-5504

KIMBARK OPERATING COMPANY
KIMBARK COMPANY
KIMBARK ASSOCIATES

WALTER K. ARBUCKLE
GEORGE WALLACE BAYNE
WILLIAM R. THURSTON

February 8, 1978

Well: Storey #4

Location: Section 34, T-32-N, R-11-W
San Juan County, New Mexico

Subject: Safety and Resource Protection 7-Point Program

- 1) 8 5/8" 24# K-55, new
- 2) 10 3/4" 900 series, 6000 psi
- 3) None
- 4) Schaffer 10 3/4", 900 series
double gate, 6000 psi
- 5) Kelly cocks available, bit float,
sub and valve on floor
- 6) Anticipated BOP 400#
- 7) Water base mud