

State of Colorado
Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801, Denver, Colorado 80203 (303) 894-2100 Fax 303-894-2109



FOR OGCC USE ONLY

RECEIVED

AUG 12 2005

COGCC

DRILL SITE/ACCESS ROAD RECLAMATION FORM

This form shall be submitted in duplicate with the application for permit-to-drill (OGCC Form 2) unless a Federal 13 point surface plan is included. Also required are a minimum of two photographs (site and access road). Soil and plant community information from United States Natural Resources Conservation Services (USNRCS).

**Complete the Attachment
Checklist**

1. OGCC Operator Number:	100485	4. Contact Name & Phone			
2. Name of Operator:	Presco, Inc.	Mr. Larry Little			
3. Address:	10200 Grogan's Mill Road, Suite 520	No:	281-292-7792	Drill site and access photographs	X
City:	The Woodlands	State:	TX	Zip:	77380
		Fax:	281-292-7766	COG Section 404 documentation	
5. Well Name & Number:	Chevron Battlement Mesa 34-43	6. County:	Garfield #045		
7. Location (QtrQtr, Sec, Twp, Rng, Meridian):	SW4 SE4 Sec 34 T7S R95W 6th PM				

**Pre-Drilling Information
Current Land Use**

8. Crop Land:	<input type="checkbox"/> Irrigated	<input type="checkbox"/> Dry Land	<input type="checkbox"/> Improved Pasture	<input type="checkbox"/> Hay Meadow	<input type="checkbox"/> CRP
9. Non-crop land:	<input type="checkbox"/> Rangeland	<input type="checkbox"/> Timber	<input checked="" type="checkbox"/> Recreational	<input type="checkbox"/> Other (describe)	
10. Subdivided:	<input type="checkbox"/> Industrial	<input type="checkbox"/> Commercial	<input type="checkbox"/> Residential		

* Attach color photographs of drill site and access road; Identify each photo by date, well name and location.

Soils

11. Soil map units from USNRCS survey: Sheet No:	COGCC Website	Soil Complex/Series No:	17
Soils Series name:	Cochetopa Loam 9%-50% Slopes	Horizon thickness (in inches):	A: 3 ; B: 2 ; C:
Soils Series name:		Horizon thickness (in inches):	A: ; B: ; C:

Plant Community

* Complete only if operations to be conducted upon non-crop land

12. Plant species from:	<input type="checkbox"/> USNRCS or	<input checked="" type="checkbox"/> Field Observation	Date of Observation:	July 29, 2004
List individual species:				
13. Check one predominant plant community for the drill site:				
<input type="checkbox"/>	Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye, Thistle)			
<input type="checkbox"/>	Grassland (Bluestem, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)			
<input checked="" type="checkbox"/>	Shrub and Brush Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)			
<input type="checkbox"/>	Plains and Deciduous Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarjek)			
<input type="checkbox"/>	Mountain Conifer Riparian (Spruce, Fir, Ponderosa, Pine)			
<input type="checkbox"/>	Aquatic (Bulrush, Sedges, Cattail, Arrowhead)			
<input type="checkbox"/>	Tundra (Alpine, Willow, Currant, Raspberry)			
<input type="checkbox"/>	Other (describe):			

14. Was an Army Corps of Engineers Section 404 Permit filed?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	If yes, attach appropriate documentation.
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Comments, if any:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access road; that I am familiar with the conditions which presently exist, that the statements made in this form are, to the best of my knowledge, true, correct, and complete.

Print Name **Mr. Larry Little - llittle@prescocorp.com**

Signed Title: **Engineer** Date: **8/10/05**

PRESCO, Inc.
10200 Grogan's Mill Road, Suite 520
The Woodlands, Texas 77380
(281) 292-7792 Fax (281) 292-7766

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AUG 12 2005

COGCC

VIA OVERNIGHT MAIL #

791700841185

August 8, 2005

Mr. Brian Macke
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: Application for Permit to Drill – Straight Hole
Presco, Inc.
Chevron Battlement Mesa 34-43
Surface: 534' FSL 1648' FEL (SW/4 SE/4) Section 34
Bottom Hole: 534' FSL 1648' FEL (SW/4 SE/4) Section 34
T7S R95W
Garfield County, Colorado
Fee Lease

Dear Mr. Macke:

Enclosed please find the Application for Permit to Drill (APD) for the above captioned well. Original copies of this application have been submitted to Garfield County. The courtesy copy of the APD, which is submitted to Garfield County as a participating county desiring an onsite consultation, is in order to comply with Colorado Oil and Gas Conservation Commission (COGCC) rules.

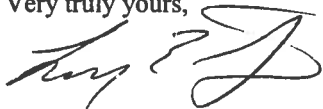
Presco respectfully requests that all information regarding this well be kept confidential.

The well site was surveyed and staked at a surface location of 534' FSL 1648' FEL (SW/4 SE/4) Section 34 T7S R95W by Construction Surveys, Inc., surveyors, on February 18, 2005. The proposed bottomhole location is a straight hole to the same at 534' FSL 1648' FEL (SW/4 SE/4) Section 34. **Please be advised that this well is outside the ½ mile restriction to the Hayward nuclear wellsite.**

Chevron USA is the surface owner for the BM 34-43 well and pad as shown on the enclosed Plat #3. Included with this APD is a plat showing the access road and copies of the agreements with all of the private surface owners issuing access to this new well site.

Your early attention to this application is greatly appreciated, and thank you for your concern.

Very truly yours,



Larry Little
Engineer

Enclosures

cc: Garfield County Planning Department, Via Overnight Mail # **792356174234**.
Mr. Peter Sanders, US Dept. of Energy, Las Vegas, NV 89193

PRESCO, Inc.
10200 Grogan's Mill Road, Suite 520
The Woodlands, Texas 77380
(281) 292-7792 Fax (281) 292-7766

RECEIVED

AUG 12 2005

COGCC

VIA OVERNIGHT MAIL # 7923 5617 4234

August 8, 2005

Mr. Doug Dennison
Garfield County Oil and Gas Liaison
Henry Building
144 East Third Street
Rifle, CO 81650

RE: Intent to Drill
Presco, Inc.
Chevron Battlement Mesa 34-43
Surface: 534' FSL 1648' FEL (SW/4 SE/4) Section 34
Bottom Hole: 534' FSL 1648' FEL (SW/4 SE/4) Section 34
T7S R95W
Garfield County, Colorado
Fee Lease

Dear Mr. Dennison:

This letter is to notify you of an Intent to Drill. Enclosed please find a copy of the associated Application for Permit to Drill (APD) for the above captioned directional well.

Send all future correspondence to the undersigned at:

Presco, Inc.
Mr. Larry Little
10200 Grogan's Mill Road, Suite 520
The Woodlands, Texas 77380
(281) 292-7792 - Phone
(281) 292-7766 - Fax

Presco respectfully requests that all information regarding this well be kept confidential.

Contact the undersigned if there are any questions regarding this permit filing. Thank you.

Very truly yours,

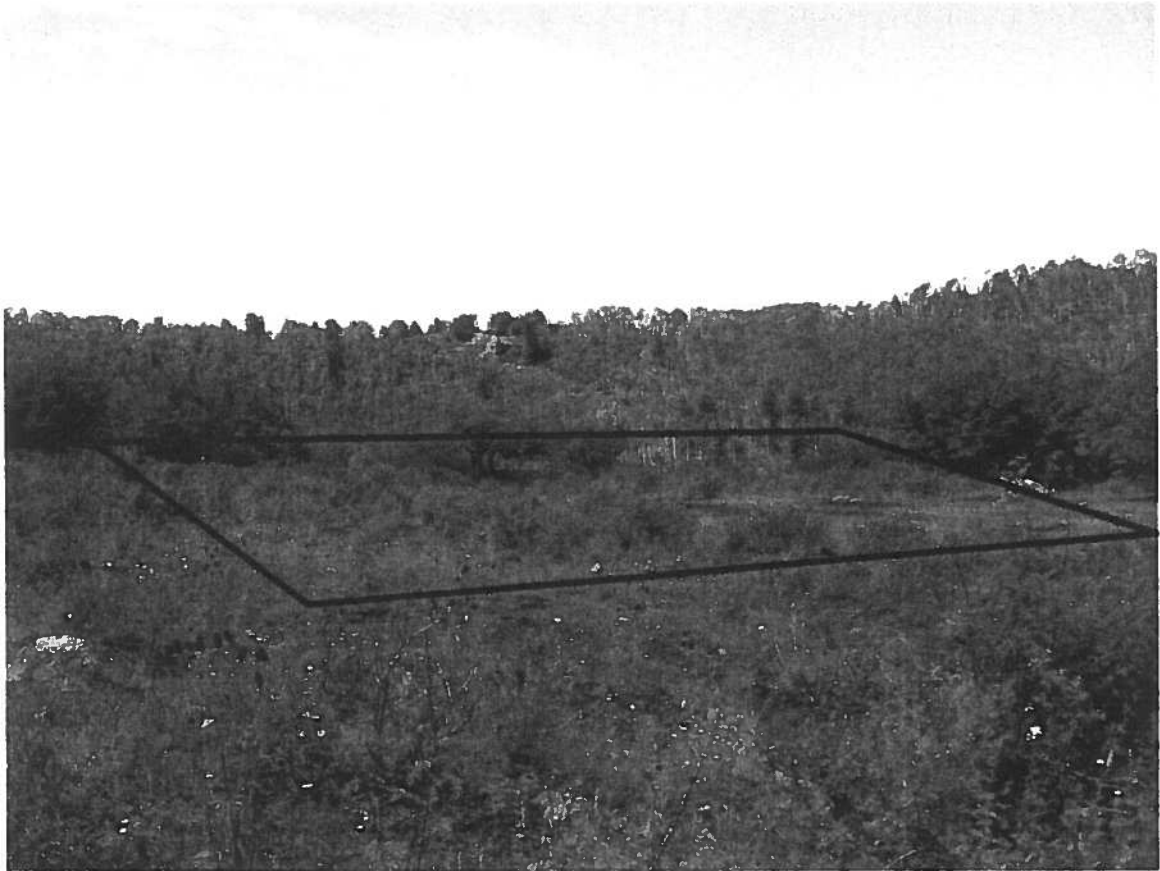


Larry Little
Engineer

Enclosures

cc: Colorado Oil and Gas Conservation Commission

BM #34-43



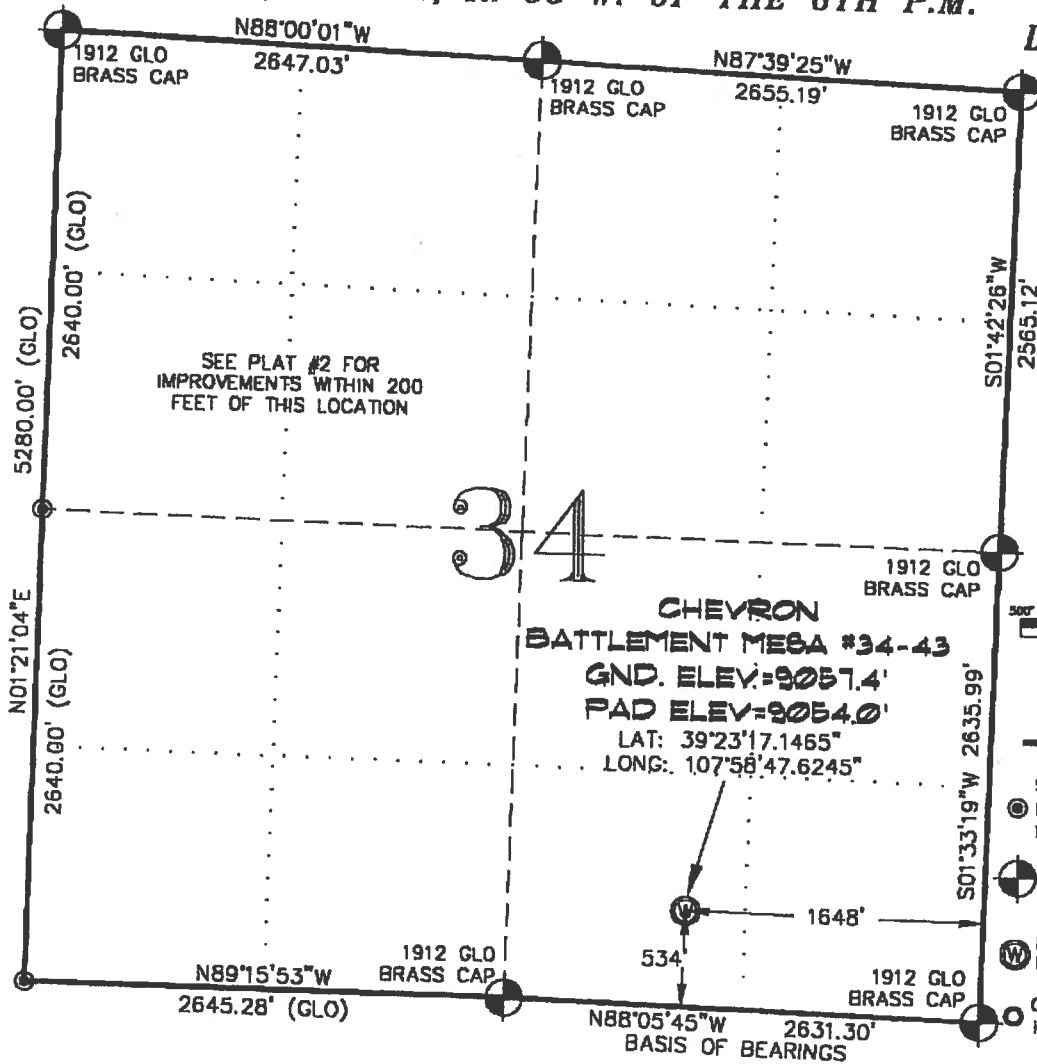
PROPOSED LOCATION



PROPOSED ACCESS

SEC. 34, T. 7 S., R. 95 W. OF THE 6TH P.M.

PLAT #1
LOCATION PLAT



-LEGEND-

- SECTION CORNER LOCATION
- BASED ON GLO RECORD INFORMATION
- FIELD SURVEYED SECTION CORNER LOCATIONS
- FIELD SURVEYED WELL LOCATION
- CALCULATED BOTTOM HOLE LOCATION

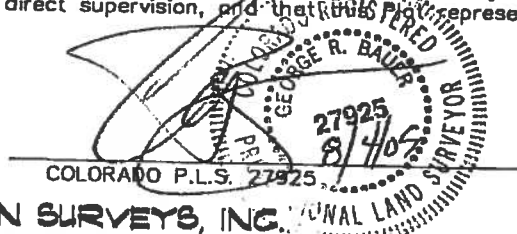
THIS WELL LOCATION PLAT WAS PREPARED FOR PRESCO, INC. TO LOCATE THE BATTLEMENT MESA #34-43, 534 FEET FROM THE SOUTH LINE AND 1648 FEET FROM THE EAST LINE IN THE SW1/4 SE1/4 OF SECTION 34, T. 7 S., R. 95 W. OF THE 6TH P.M., GARFIELD COUNTY, COLORADO.

REFERENCE NOTES

- 1) T.7S., R.95W., 6TH P.M. GLO PLAT
- 2) U.S.G.S. QUAD: RULISON, CO
- 3) ELEVATIONS BASED ON NAVD 1988
- 4) LATITUDES AND LONGITUDES ARE BASED ON NAD 83, COLORADO CENTRAL ZONE.
- 5) ALL SURFACE AND BOTTOM HOLE LOCATIONS ARE LOCATED AT 90° FROM SECTION LINES.

SURVEYOR'S CERTIFICATE

I, George R. Bauer, a Professional Land Surveyor in the State of Colorado do hereby certify that this Survey was made under my direct supervision, and that the plat represents said Survey.

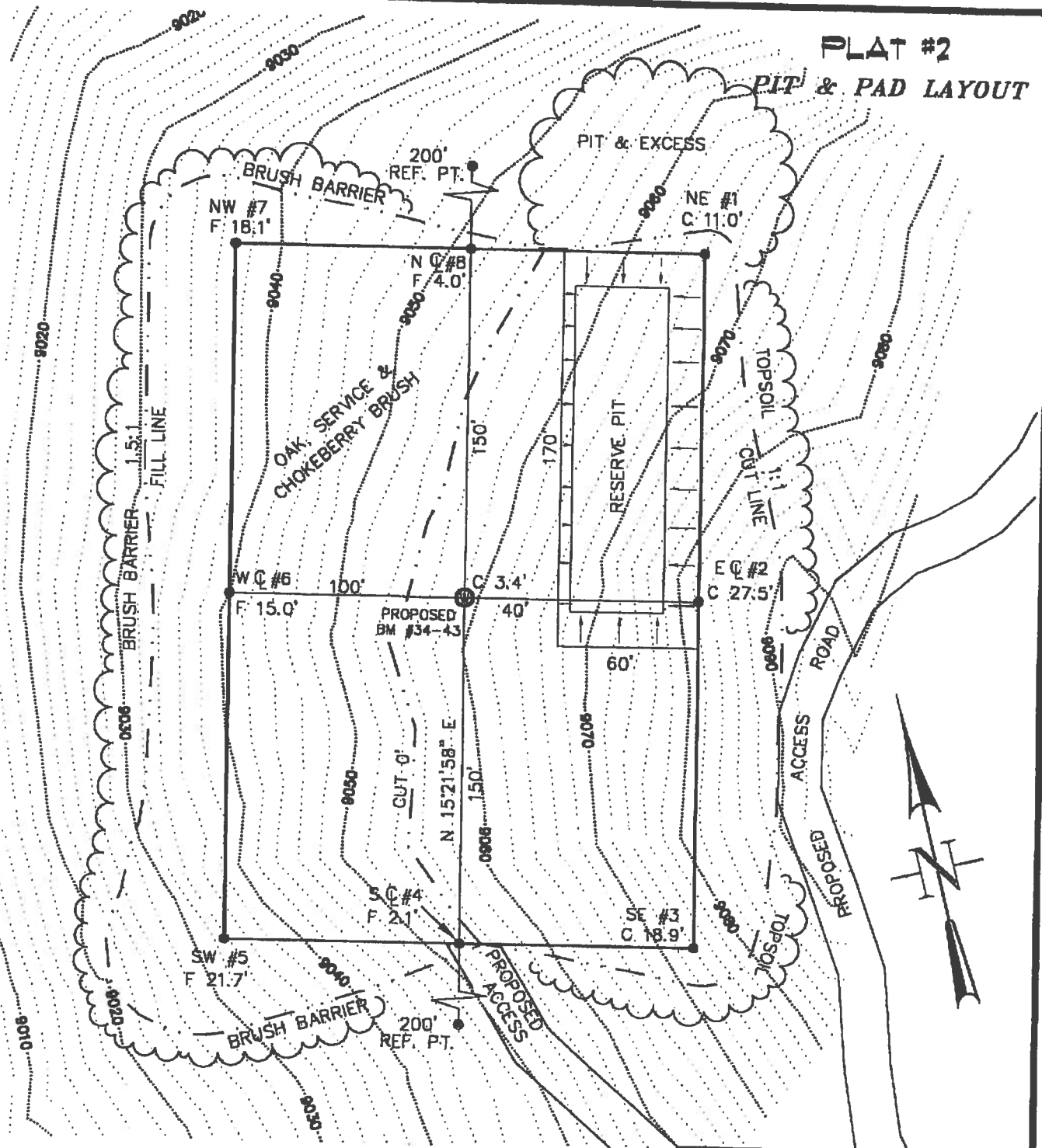


CONSTRUCTION SURVEYS, INC.

0012 SUNRISE BLVD.
SILT, CO 81652
970-876-5753

SURVEYED: 02/18/05	SCALE: 1" = 1000'
DRAFTED: 08/03/05	DWG: PRESCO/BM43-34
REVISED: 08/04/05	SHEET: 1 OF 4

PLAT #2 **PIT & PAD LAYOUT**



CONSTRUCTION SURVEYS, INC.
0012 SUNRISE BLVD.
BILT, CO 81652
970-876-5753

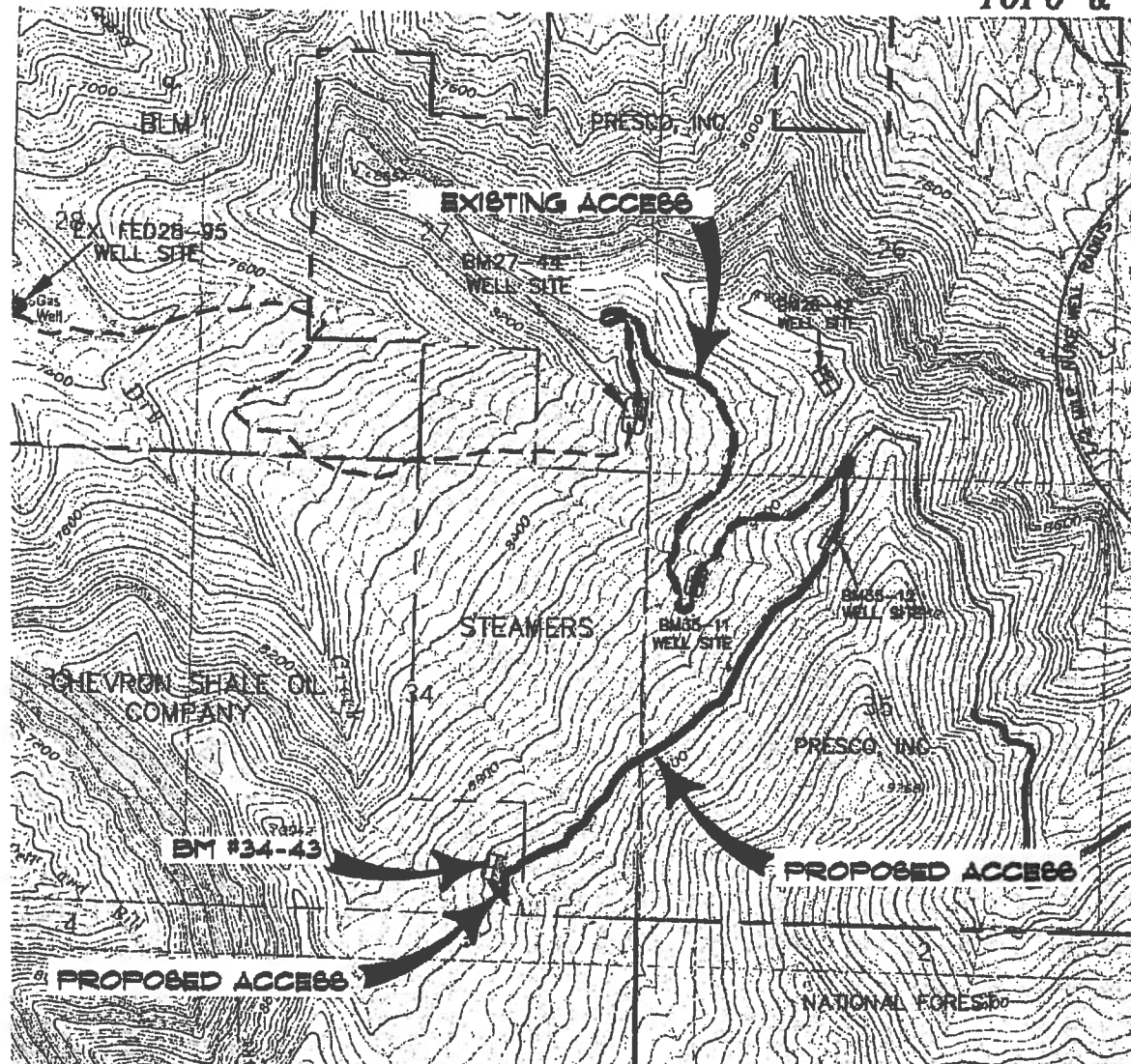
ESTIMATED DIRT QUANTITIES				
ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	16486	12985	3220	281
PIT	2870			2870
TOTALS	22356	12985	3220	3151

PRESCO, INC.
BM #34-43

SCALE: 1" = 60'

SHEET: 2 OF 4

PLAT #3
TOPO & ACCESS



ACCESS:

FROM THE UNA BRIDGE, PROCEED ALONG COUNTY ROAD 318 IN A GENERAL EAST/NORTHEAST DIRECTION ± 1.2 MILES TO THE KLEBOLD/THROM GATE, PROCEED IN A GENERAL EASTERLY/SOUTHEASTERLY DIRECTION ON A PRIVATE DIRT/GRAVEL ROAD ± 1.8 MILES TO THE APPROXIMATE BLM BOUNDARY, CONTINUE ON THE DIRT/GRAVEL ROAD THRU BLM IN A GENERAL NORTHERLY DIRECTION ± 0.1 MILES TO THE APPROXIMATE TOM BROWN, INC BOUNDARY, CONTINUE ON THE DIRT/GRAVEL ROAD THRU TOM BROWN, INC PROPERTY IN A GENERAL NORTHEASTERLY/NORTHWESTERLY DIRECTION ± 1.6 MILES TO AN INTERSECTION WITH A DIRT/GRAVEL ROAD ON THE RIGHT, PROCEED RIGHT IN A GENERAL EASTERLY DIRECTION THRU TOM BROWN, INC PROPERTY ± 0.6 MILES TO THE APPROXIMATE BLM BOUNDARY, CONTINUE ON THE DIRT/GRAVEL ROAD IN A GENERAL EASTERLY DIRECTION THRU BLM PROPERTY ± 3.1 MILES TO THE TOM BROWN, INC FEDERAL #28-95 WELL SITE AND BEGINNING OF A NEWLY CONSTRUCTED ACCESS ROAD TO THE PRESCO, INC BM #27-44 WELL SITE, PROCEED ON THE NEWLY CONSTRUCTED ACCESS ROAD IN A GENERAL EASTERLY DIRECTION ± 2.0 MILES TO THE EXISTING PRESCO, INC BM #27-44 WELL SITE, FROM THE NORTHERLY END OF THE EXISTING BM #27-44 WELL SITE PROCEED IN A GENERAL NORTHERLY THEN SOUTHERLY DIRECTION ON A NEWLY CONSTRUCTED ACCESS ROAD ± 1.2 MILES TO THE PRESCO, INC BM #35-11 WELL SITE, PROCEED THE SAID WELL SITE IN A GENERAL NORTHEASTERLY DIRECTION ± 0.5 MILES TO AN INTERSECTION WITH A NEWLY CONSTRUCTED ACCESS ROAD ON THE RIGHT, PROCEED RIGHT IN A GENERAL SOUTHERLY DIRECTION ± 0.5 MILES TO THE PRESCO, INC BM #35-12 WELL SITE, CONTINUE THRU SAID WELL SITE IN A GENERAL SOUTHWESTERLY DIRECTION ALONG A PROPOSED FLAGGED ACCESS CENTERLINE ± 1.1 MILES TO THE LOCATION.



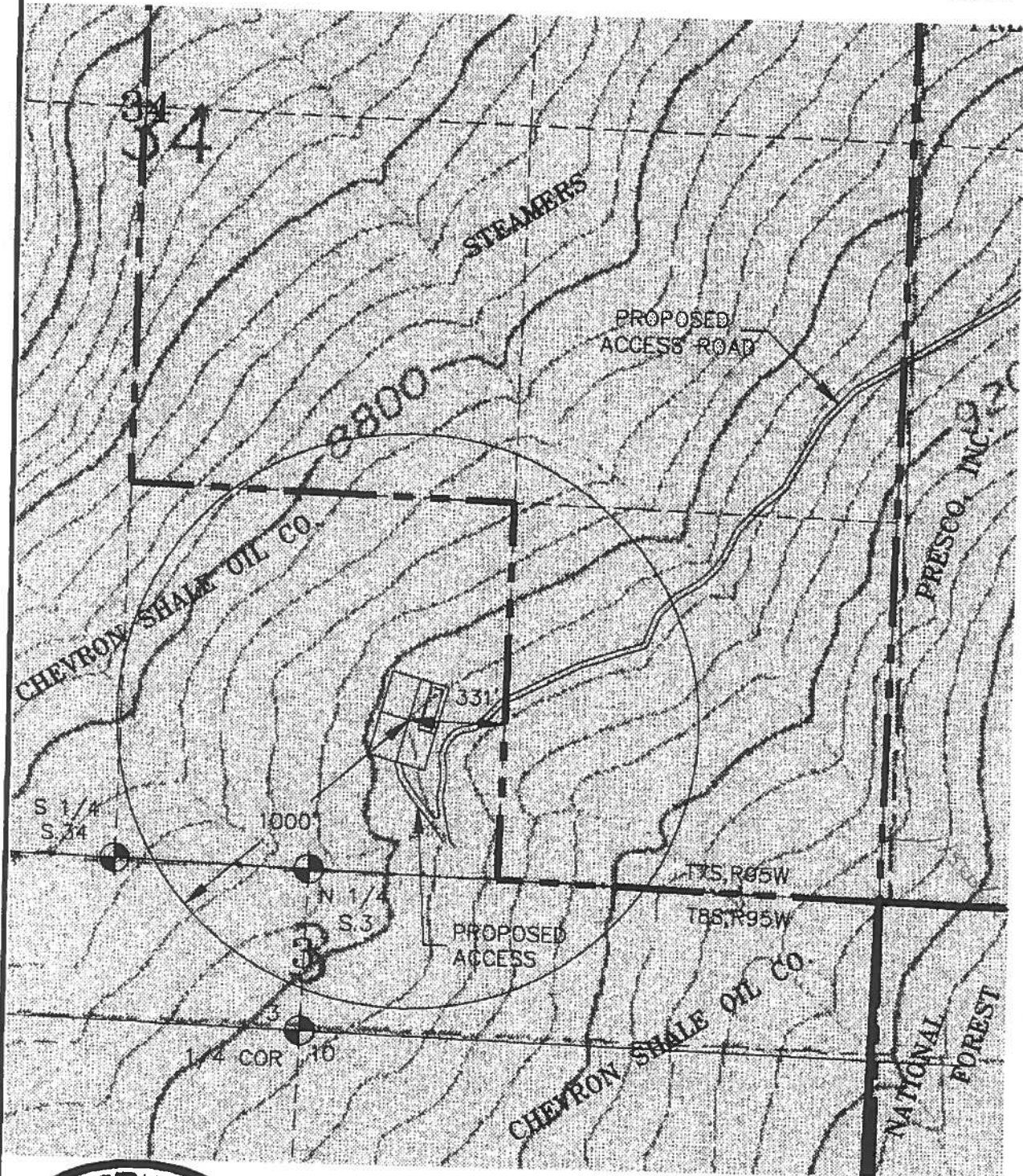
CONSTRUCTION SURVEYS, INC.
0012 SUNRISE BLVD.
SILT, CO 81652
970-876-5753

PRESCO, INC.
BM #34-43

SCALE: 1" = 2000'

SHEET 3 OF 4

PLAT #4
CURRENT FOOTAGE



CONSTRUCTION SURVEYS, INC.
2012 SUNRISE BLVD.
SILT, CO 81652
970-876-5753

PRESCO, INC.
BM #34-43

SCALE: 1" = 500'

SHEET: 4 OF 4

Presco, Inc.
Chevron Battlement Mesa 34-43
Surface: 534' FSL 1648' FEL (SW/4 SE/4) Section 34
Bottom Hole: Straight Hole
T7S R95W
Garfield County, Colorado
Fee Lease

DRILLING PROGRAM

Please contact Mr. Larry Little at Presco, Inc. (281) 292-7792 if there are any questions or concerns regarding this Drilling Program.

Presco, Inc. (Presco) respectfully requests that all information regarding this well be kept confidential.

SURFACE ELEVATION - 9057.4'

SURFACE FORMATION - Green River - Fresh water possible

ESTIMATED FORMATION TOPS (Water, oil, gas and/or other mineral-bearing formations)

ALL DEPTHS ARE TRUE VERTICAL DEPTH (TVD)

Green River	Surface	Gravel, sandstone & shales, some water and/or gas bearing
Wasatch	2,777'	Gravel, sandstone & shales, some water and/or gas bearing
Mesaverde	6,797'	Sandstone, shales and siltstones, some water oil and/or gas bearing
Rollins	9,727'	Sandstone, shales and siltstones, some water and gas bearing

TOTAL DEPTH 9,600' TVD

ESTIMATED DEPTHS OF MINERAL BEARING -FORMATION:

Estimated depths at which water, oil, gas or other mineral-bearing formations are expected to be encountered:

Substance	Formation	True Vertical Depth
Gas/Water	Williams Fork	9,600'

CASING PROGRAM

True Vertical Depth	Hole Diameter	Casing Diameter	Casing Weight and Grade	Cement
0' - 2,500'**	14 3/4"	9-5/8"	J-55 36# LT&C (New)	2,500' to surface (±1,200 sxs Class "G" 50:50 Poz) *
0' - 9,600'	7-7/8"	4-1/2"	N-80 11.6# LT&C (New)	T.D. to 6500' (±1000 sxs LiteCrete) * Above Top of Gas

- * All cement volumes will be determined by caliper log, if available, plus 10%.

Yields "G" 50:50 Poz yield = 2.02 ft³/sx (12.5 ppg)

LiteCrete yield = 2.35 ft³/sx (9.49 ppg)

- ** 2-1/16 Parasite string @ 2,400' 3.25# J-55. To mitigate lost circulation problems, an extra 2-1/16" parasite tube will be run next to the surface casing and enter the surface casing at ±2,400'. Air will be injected into the mud column thus decreasing the hydrostatic load in the wellbore. Mud volumes and flow will be monitored both visually and with pit level indicators.

PRESSURE CONTROL (See attached schematic diagram)

BOP's and choke manifold will be installed and pressure tested before drilling out under surface casing (subsequent pressure test will be performed whenever pressure seals are broken), and then will be checked daily as to mechanical operating condition. BOP's will be pressure tested at least once every 30 days. The annular BOP will be pressure tested to a minimum of 50% of its rated working pressure. BOP remote controls shall be located on the rig floor at a location readily accessible to the driller. Master controls shall be on the ground at the accumulator and shall have the capability to function all preventors. Ram type preventors and related pressure control equipment will be pressure tested to rated working pressure of the stack assembly if a test plug is used. If a plug is not used, the stack assembly will be tested to the rated working pressure of the stack assembly or to 70% of the minimum internal yield of the casing, whichever is less. Annular type preventors will be pressure tested to 50% of their rated working pressure. All casing strings will be pressure tested to 0.22 psi/ft. or 1,500 psi, whichever is greater, not to exceed 70% of internal yield. A manual locking device (i.e. hand wheels) or automatic locking devices shall be installed on the BOP stack. Remote controls capable of both opening and closing all preventors shall be readily accessible to the driller.

The choke manifold and accumulator will meet or exceed Onshore Order No. 2 standards. The BOP equipment will be tested after any repairs to the equipment. Pipe rams, blind rams and the annular preventor will be activated on each trip, and weekly BOP drills will be held with each crew. All tests, maintenance, and BOP drill information will be entered on rig "tower" sheet.

- A) The kill line shall be 2" minimum and contain two kill lines valves, one of which shall be a check valve.
- B) The choke line shall be 3" minimum and contain two choke line valves (3" minimum).
- C) The choke and manifold shall contain two adjustable preventors,
- D) Hand wheels shall be installed on all ram preventors.
- E) Safety valves and wrenches (with subs for all drill string connections shall be available on the rig floor at all times.
- F) Inside BOP or float sub shall also be available on the rig floor at all times.
- G) Upper Kelly cock valve (with handle) shall be available at all times.

A 3M BOP system is proposed for this well; however, the rig may have a 5M BOP system, but will only be required to meet the 3M specifications.

MUD PROGRAM

0' - 2,500'	Spud mud
	MW: 8.6 - 9.2 ppg
	Vise: 35 sec
	WL:UC
2,500' – TD	Low solids, non-dispersed/PHP A

MW: 8.8 ppg - 9.1 ppg
Visc: 34 - 35 sec
WL: 10 - 12 cc

Sufficient mud materials to maintain mud properties, control lost circulation and to contain "kick" will be available at wellsite.

AUXILIARY EQUIPMENT

- A) Upper kelly cock & lower kelly cock in drill string.
- B) Inside BOP or stab-in valve (available on rig floor).
- C) Mud monitoring will be with a pit level indicator and visually observed.

LOGGING, CORING TESTING PROGRAM

- A) Logging: DIL-SFL-GR - TD - BSC (GR to surface)
CNL-FDC-GR - TD - BSC (GR to surface)
- B) Coring: None
- C) Testing: Possible DST - Drill stem tests area not anticipated. Drill stem tests may be run on shows of interest.

ABNORMAL CONDITIONS

- A) Pressures: No abnormal conditions are anticipated.
Base of Rollins pressure gradient - 0.53 psi/ft
- B) Temperatures: No abnormal conditions are anticipated
- C) H₂S: None anticipated
- D) Estimated bottomhole pressure: 5088 psig Rollins

ANTICIPATED START DATE

September 1, 2005

COMPLETION

The location pad will be of sufficient size to accommodate all completion activities and equipment. Completion will be a string of 2-3/8" J-55 4.7# tubing may be used. COGCC will be notified verbally, and by Sundry Notice if required, of proposed completion information prior to initiating well completion operations.

Battlement Mesa 34-43
Surface: 534' FSL 1648' FEL (SW/4 SE/4) Section 34
Bottom Hole: Straight Hole
 T 7S R95W
 Garfield County, Colorado
 FEE

SURFACE CASING AND CENTRALIZER DESIGN

Proposed Total Depth: 9,600 '
 Proposed Depth of Surface Casing: 2,500 '
 Estimated Pressure Gradient: 0.53 psi/ft
 Bottom Hole Pressure at 9,600 '
 0.53 psi/ft x 9,600' = 5,088 psi
 Hydrostatic Head of gas/oil mud: 0.22 psi/ft
 0.22 psi/ft x 9,600' = 2,112 psi

Maximum Design Surface Pressure

Bottom Hole Pressure	-	Hydrostatic Head	=
(0.53 psi/ft x 9,600 ')	-	(0.22 psi/ft x 9,600 ')	=
5,088 psi	-	2,112 psi	= 2,976 psi

Casing Strengths

9-5/8" J J-55 36# LT&C New	
<u>Wt.</u>	<u>Tension (lbs)</u>
<u>Burst (psi)</u>	<u>Collapse (psi)</u>
36#	453,000
3,520	2,020

Safety Factors

Tension (Dry):	1.8	Burst:	1.0	Collapse	1.125
Tension (Dry):	36 # / ft	2,500 ' =	90000 #		
Safety Factor	=	$\frac{453000}{90000}$	=	5.03	ok
Burst:	Safety Factor	=	$\frac{3520}{2,976}$ psi	=	1.18 ok
Collapse:	Hydrostatic	=	0.052 x 9.0 ppg	2,500 ' =	1,170 psi
Safety Factor	=	$\frac{2020}{1,170}$ psi	=	1.726	ok

Use 2500 ' 9-5/8" J-55 36# LT&C New
 Use 3,000 psi minimum casinghead and BOP's

Centralizers

8 Total
 1 near surface at 160'
 3 middle of bottom joint, second joint, third joint
 4 every other joint ±80'

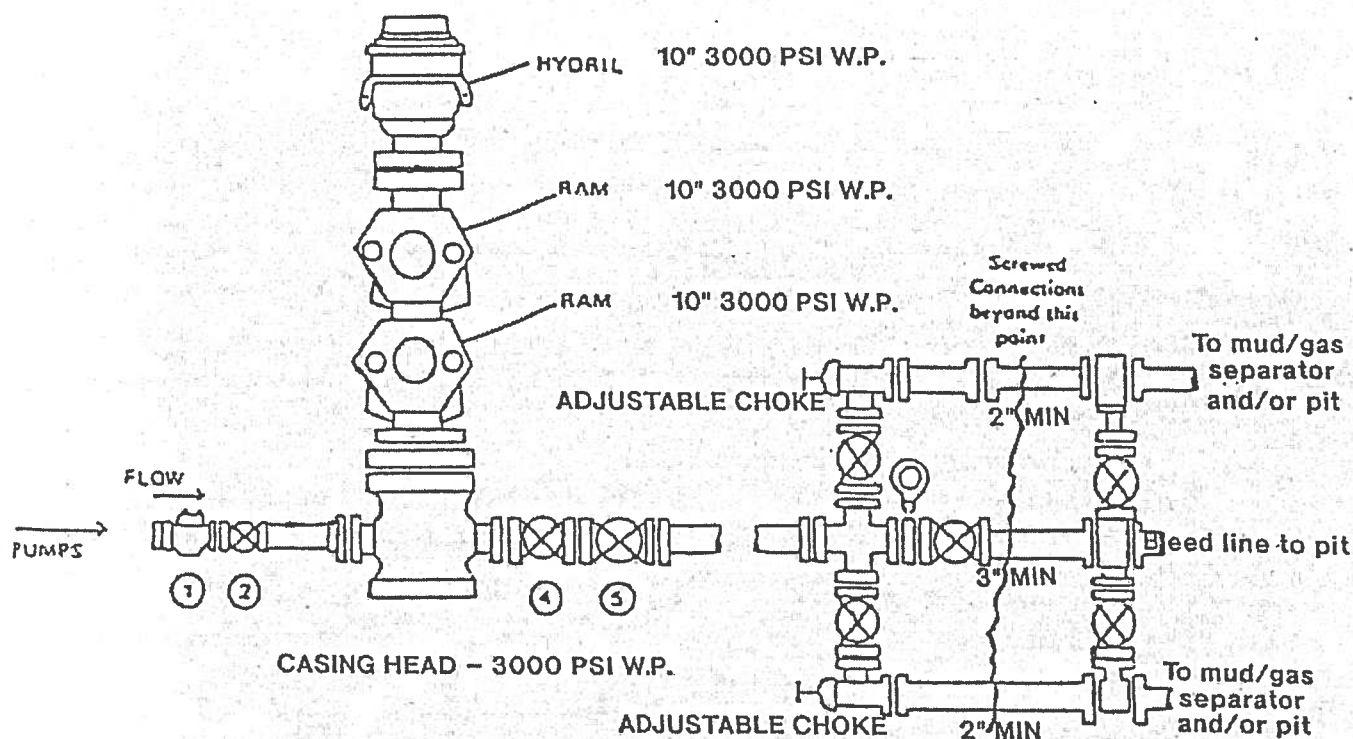
Total centralized ± 440 ' (2,060 ' - 2,500 ')

Note that field experience indicates that additional centralizers greatly increase the chance of "sticking" the surface casing prior to reaching surface casing total depth.

MINIMUM BOP Requirements

3000 PSI W.P.

FILL LINE ABOVE THE UPPERMOST PREVENTER



KILL LINE

- Valve #1 - Flanged check valve
Full working pressure
of BOP
- Valve #2 - Flanged, minimum 2"
bore
Full working pressure
of BOP

CHOKE LINE

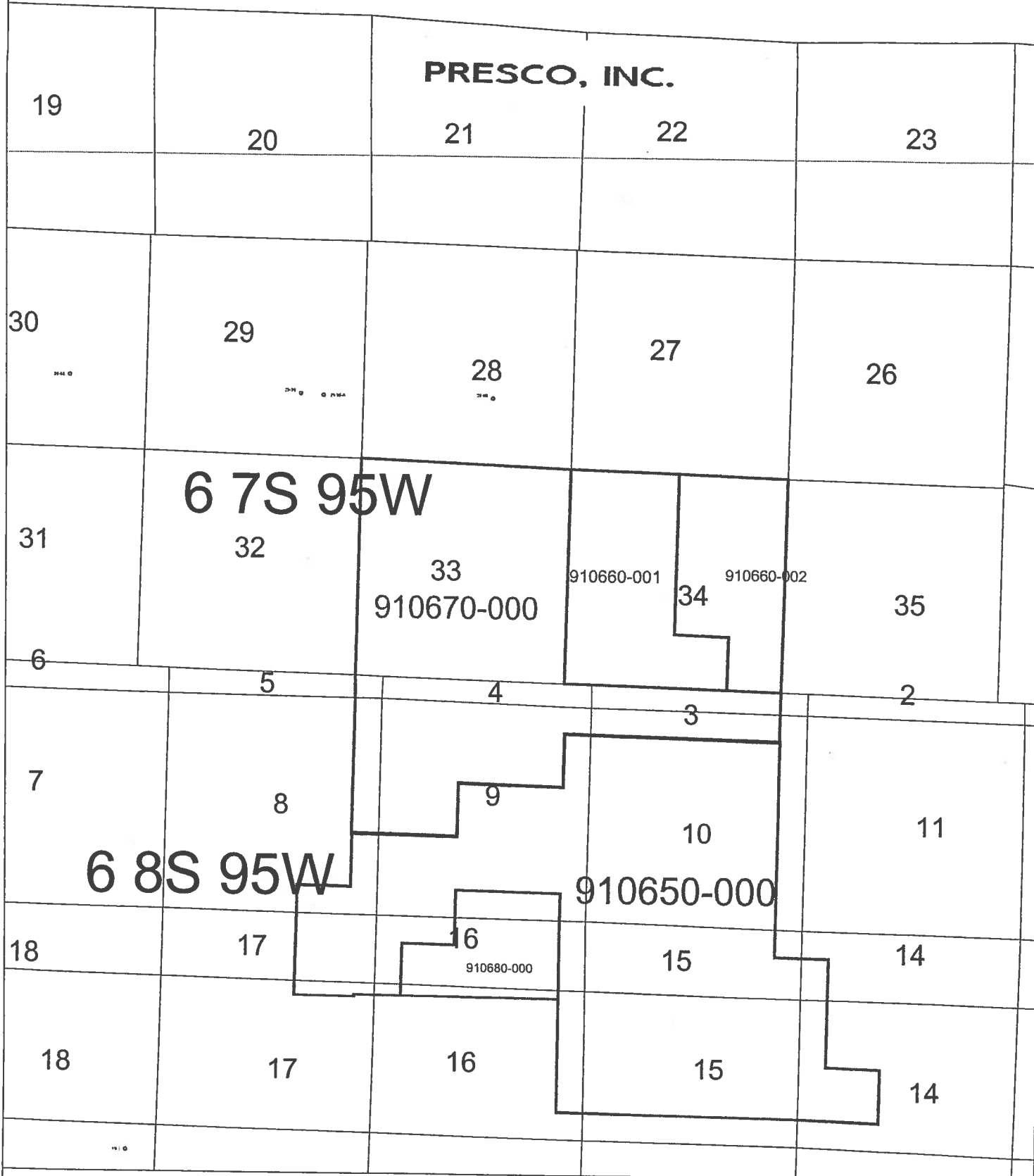
- Valves #4 & 5 - Flanged minimum 3"
bore,
Full working pressure
of BOP
(Note: An HCR can
be used instead of
Valve # 5)

GENERAL RULES AND RECOMMENDATIONS

All lines to manifold are to be at right angles (90 deg.). No 45 deg. angles are to be used.
Blind flanges are to be used for blanking.
ALL studs and nuts are to be installed on all flanges.
Choke manifold may be screwed connections behind choke.

OIL AND GAS LEASE

PRESCO, INC.



This document may include proprietary, confidential and copyrighted data. For internal use only. Portions of this data may be copyrighted by TOBIN International, Ltd.

EXHIBIT A



647758 03/08/2004 04:05P B1566 P782 M ALSDORF
10 of 13 R 72.25 D 0.00 GARFIELD COUNTY CO

Handwritten initials: DW 9/17



647758 03/08/2004 04:05P B1566 P783 M ALSDORF
11 of 13 R 72.25 D 0.00 GARFIELD COUNTY CO

LIS 692787

**EXHIBIT B
OIL AND GAS LEASE
PRESCO, INC.**

This Exhibit B is attached to and made a part of that certain oil and gas lease dated January 20, 2004 between Chevron U.S.A. Inc. as Lessor and Presco, Inc. as Lessee.

Township 7 South, Range 95 West, 6th P.M.

Idell No. 3 Claim, embracing Section 34, N/2 N/2.

Idell No. 4 Claim, embracing Section 34, S/2 N/2.

Idell No. 5 Claim, embracing Section 34, N/2 S/2.

Idell No. 6 Claim, embracing Section 34, S/2 S/2.

Idell No. 1 Claim, embracing Section 33, S/2 N/2.

Idell No. 2 Claim, embracing Section 33, N/2 N/2.

Idell No. 23 Claim, embracing Section 33, S/2 S/2.

Idell No. 24 Claim, embracing Section 33, N/2 S/2.

Township 8 South, Range 95 West, 6th P.M.

Idell No. 7 Claim, embracing:

Section 3 - Lots 6, 7, 8, and 10;

Section 4 - Lot 9;

Section 9 - NE/4 NE/4 NE/4;

Section 10 - NW/4 NE/4 NE/4, N/2 NW/4 NE/4, N/2 N/2 NW/4.

Idell No. 20 Claim, embracing:

Section 8 - SE/4 SE/4 NE/4, NE/4 NE/4 SE/4;

Section 9 - S/2 SW/4 NW/4, SW/4 SE/4 NW/4, NW/4 NE/4 SW/4, N/2 NW/4 SW/4.

Idell No. 21 Claim, embracing:

Section 8 - SE/4 NE/4 NE/4, NE/4 SE/4 NE/4;

Section 9 - SW/4 NE/4 NE/4, S/2 NW/4 NE/4, N/2 SW/4 NE/4, NW/4 SE/4 NE/4, S/2 N/2 NW/4, N/2 S/2 NW/4.

Idell No. 22 Claim, embracing:

Section 4 - Lots 6, 7, 8, and 10;

Section 5 - Lot 9;

Section 8 - NE/4 NE/4 NE/4;

Section 9 - NW/4 NE/4 NE/4, N/2 NW/4 NE/4, N/2 N/2 NW/4.

Idell No. 17 Claim, embracing:

Section 16 - SE/4 NW/4 NW/4, S/2 NE/4 NW/4, S/2 NW/4 NE/4, SW/4 NE/4 NE/4,
Lots 2, 3, 8, and 9.

Idell No. 18 Claim, embracing:

Section 9 - SW/4 SE/4 SE/4, S/2 SW/4 SE/4, SE/4 SE/4 SW/4;
Section 16 - NW/4 NE/4 NE/4, N/2 NW/4 NE/4, NE/4 NE/4 NW/4.

The May Belle No. 1 Placer Claim, embracing:

Section 8 - SE/4 NE/4 SE/4, E/2 SE/4 SE/4;
Section 9 - SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4, W/2 SE/4 SW/4;
Section 16 - NW/4 NE/4 NW/4, N/2 NW/4 NW/4;
Section 17 - NE/4 NE/4 NE/4.

The May Belle No. 2 Placer Claim, embracing:

Section 9 - S/2 SW/4 NE/4, SW/4 SE/4 NE/4, SE/4 SE/4 NW/4, E/2 NE/4 SW/4, NE/4 SE/4
SW/4, W/2 NE/4 SE/4, NW/4 SE/4, N/2 SW/4 SE/4, NW/4 SE/4 SE/4.

The May Belle No. 3 Placer Claim, embracing:

Section 9 - SE/4 NE/4 NE/4, NE/4 SE/4 NE/4;
Section 10 - SW/4 NE/4 NE/4, S/2 NW/4 NE/4, N/2 SW/4 NE/4, NW/4 SE/4 NE/4, S/2 N/2
NW/4, N/2 S/2 NW/4.

The May Belle No. 4 Placer Claim, embracing:

Section 9 - SE/4 SE/4 NE/4, NE/4 NE/4 SE/4;
Section 10 - S/2 SW/4 NE/4, SW/4 SE/4 NE/4, S/2 S/2 NW/4, N/2 N/2 SW/4, NW/4 NE/4
SE/4, N/2 NW/4 SE/4.

The Ammonia Placer Claim, embracing:

Section 9 - SE/4 NE/4 SE/4, NE/4 SE/4 SE/4;
Section 10 - S/2 N/2 SW/4, N/2 S/2 SW/4, SW/4 NE/4 SE/4, S/2 NW/4 SE/4, N/2 SW/4 SE/4,
NW/4 SE/4 SE/4.

The Phenol Placer Claim, embracing:

Section 9 - SE/4 SE/4 SE/4;
Section 10 - S/2 S/2 SW/4, S/2 SW/4 SE/4, SW/4 SE/4 SE/4;
Section 15 - NW/4 NE/4 NE/4, N/2 NW/4 NE/4, N/2 N/2 NW/4;
Section 16 - NE/4 NE/4 NE/4.



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The May Belle No.7 Placer Claim, embracing:

Section 8 - SE/4 SW/4 SE/4, SW/4 SE/4 SE/4;

Section 16 - Lot 7; SW/4 NW/4 NW/4;

Section 17 - Lot 8, NW/4 NE/4 NE/4, S/2 NE/4 NE/4, E/2 NW/4 NE/4, NE/4 SW/4 NE/4;

The Coal Tar Placer Claim, embracing:

Section 15 - SW/4 NE/4 NE/4, S/2 NW/4 NE/4, N/2 SW/4 NE/4, NW/4 SE/4 NE/4, S/2 N/2 NW/4, N/2 S/2 NW/4;

Section 16 - Lot 10, SE/4 NE/4 NE/4.

The Potash Placer Claim, embracing:

Section 15 - S/2 SW/4 NE/4, SW/4 SE/4 NE/4, S/2 S/2 NW/4, N/2 N/2 SW/4, NW/4 NE/4 SE/4, N/2 NW/4 SE/4;

Section 16 - Lots 11 and 12.

The Tungsten Placer Claim, embracing:

Section 15 - S/2 N/2 SW/4, N/2 S/2 SW/4, SW/4 NE/4 SE/4, S/2 NW/4 SE/4, N/2 SW/4 SE/4, NW/4 SE/4 SE/4;

Section 16 - Lots 13 and 14.

The Alum Placer Claim, embracing:

Section 14 - SW/4 NW/4 NW/4, W/2 SW/4 NW/4, SW/4 NE/4 SW/4, NW/4 NW/4 SW/4, S/2 NW/4 SW/4, N/2 SW/4 SW/4, NW/4 SE/4 SW/4;

Section 15 - SE/4 NE/4 NE/4, E/2 SE/4 NE/4, E/2 NE/4 SE/4, NE/4 SE/4 SE/4.

END OF DESCRIPTION

AGREEMENT FOR JOINT USE OF RIGHTS-OF-WAY

THIS AGREEMENT, entered into this 15th day of May, 2004, and dated effective as of the first day of September 2003, by and between Tom Brown, Inc. (hereinafter "TBI"), 555 17th Street, Suite 1850, Denver, Colorado 80202 and PRESCO, INC. (hereinafter "PRESCO"), 1717 Woodstead Ct., Suite 207, The Woodlands, Texas 77380.

RECITALS

WHEREAS, effective October 24, 1997, Larry Klebold and Karen Klebold ("the Klebolds") granted to TBI a Right-of-Way Agreement (hereinafter "TBI's Klebold right-of-way") for construction, operation and maintenance of an access road across the E/2, NW/4 of Section 35 and the SW/4 of Section 36, Township 7 South, Range 96 West, Garfield County, Colorado, as described therein, which is more fully depicted on Exhibit "A" attached hereto; and,

WHEREAS, March 12, 1999, the U. S. Department of Interior Bureau of Land Management (hereinafter "BLM") issued an Environmental Assessment #CO-78-98-087 for the Parachute/Battlement Mesa Natural Gas Drilling Project (hereinafter "BLM EA") for which, among other matters, provided for construction, operation, and maintenance of the existing access road to wells now drilled and operated by TBI located in Township 7 South, Range 95 West, Garfield County, Colorado, the approximate location of the road being more fully depicted on Exhibit "A" attached hereto; and,

WHEREAS, effective August 14, 2003, the Klebolds granted to PRESCO a Right-of-Way Agreement (hereinafter "PRESCO'S Klebold right-of-way") for the right to use, maintain and/or upgrade the existing roadway constructed by TBI per the TBI Klebold right-of-way and across the same lands covered by the TBI Klebold right-of-way to access wells to be drilled and operated by PRESCO in Township 7 South, Range 95 West, Garfield County, Colorado; and,

WHEREAS, effective September 1, 2003, TBI granted to PRESCO a Road Easement and Right-of-Way (hereinafter "PRESCO's TBI right-of-way") for the right to use the existing roadway constructed by TBI across certain lands owned by TBI in Section 36, Township 7 South, Range 96 West, to access wells to be drilled and operated by PRESCO in Township 7 South, Range 95 West, Garfield County, Colorado. The approximate location of the road being more fully depicted on Exhibit "A" attached hereto; and,

WHEREAS, effective February 4, 2003, the BLM granted to PRESCO a right-of-way with stipulations, Number COC-066099 (hereinafter "PRESCO's BLM right-of-way") for construction, operation, and maintenance of the access road to wells to be drilled and operated by PRESCO located in Township 7 South, Range 95 West Garfield County, Colorado, the approximate location of the road being more fully depicted on Exhibit "A" attached hereto; and,

WHEREAS, portions of TBI's rights-of-way granted by the Klebolds and the BLM EA overlap PRESCO's above referenced rights-of-way granted by the Klebolds, the BLM and TBI (such overlapping portions being hereinafter referred to as the "Area of Common Use"), the approximate location being more fully depicted in Exhibit "A" attached hereto; and,

WHEREAS, pursuant to stipulations granted in said BLM EA and the rights-of-way from the BLM, the Klebolds, and TBI and for the mutual benefit of the parties hereto, the parties desire to enter into this Agreement concerning matters dealing with joint occupancy and use of the Area of Common Use;

CONFIDENTIAL

NOW, THEREFORE, in consideration of the premises and the mutual benefits to be derived by the parties hereto, TBI and PRESCO agree as follows:

1. The "Area of Common Use" is the portion of the existing road from point A to point B as show on Exhibit "A" and covered by the above described rights-of-way which both TBI and PRESCO utilize to access existing wells and anticipated future drillsite and producing wells in the vicinity of the said road. For the purposes of this Agreement the term "Area of Common Use" shall include the roadway, signs, fences, gates, ditches, cattle guards and other improvements necessary for the use of the roadways covered by the applicable rights-of-ways.
2. Each party hereto consents to the use by the other party of the Area of Common Use, including, without limitation by enumeration, transportation, construction, improvement, maintenance, repair, restoration and removal activities thereon, subject to the terms of this Agreement and to the applicable right-of-way grants held by the parties hereto.
3. This Agreement shall not be deemed to be a grant of right-of-way or easement or an assignment of the rights-of-way subject hereto and referenced herein by either party hereto.
4. Each party hereto shall obtain all necessary state, federal and local government permits and licenses for its activities in the Area of Common Use and shall comply with the terms and conditions of all such permits and licenses.
5. Except as expressly set forth herein, this Agreement shall not act to alter, modify, interfere with or terminate either party's rights to use and occupy the Area of Common Use pursuant to the above referenced right-of-way grants and BLM EA.
6. This Agreement shall only apply to the Area of Common Use.
7. TBI shall be designated "Operator" for the purposes of performing any construction, repair, replacement, removal, rehabilitation, surface restoration, or right-of-way maintenance activities, within the Area of Common Use, as are contemplated hereunder (hereinafter individually and collectively "Work"), subject to the terms and conditions set forth in this Agreement.
8. Each party hereto, their employees, contractors, and agents, at any and all times when necessary, shall have free access to the Area of Common Use, consistent with the terms and conditions of the applicable right-of-way grants the BLM EA and this Agreement.
9. TBI shall defend, indemnify and save PRESCO, its officers, directors, employees, and, if any, its co-lessees, joint ventures, or co-owners (whether equitable or otherwise) of oil and gas properties serviced by the roadways located on the Area of Common Use, harmless from any and all actions, suits, costs (including, without limitation, reasonable attorney's fees), damages, expenses, loss, claims, demands or liability for injuries to or death of persons or damage to or loss of property (including, without limitation, property owned in whole or in part by PRESCO) arising out of or relating to the construction, operation, use, repair, inspection, replacement, removal, rehabilitation, restoration or maintenance activities of TBI, its employees or agents as contemplated hereunder, excepting that injury to or death of persons or damage to or loss of property directly resulting from the sole negligence of PRESCO's agents or employees.

PRESKO shall defend, indemnify and save TBI, its officers, directors, employees, and, if any, its co-lessees, joint venturers, or co-owners (whether equitable or otherwise) of oil and gas properties serviced by the roadways located on the Area of Common Use, harmless from any and all actions, suits, costs (including, without limitation, reasonable attorney's fees), damages, expenses, loss, claims, demands or liability for injuries to or death of persons or damage to or loss of property (including, without limitation, property owned in whole or in part by TBI) arising out of or relating to the construction, operation, restoration or maintenance activities of PRESKO, its employees or agents as contemplated hereunder, excepting that injury to or death of persons or damage to or loss of property directly resulting from the sole negligence of TBI's agents or employees.

If any persons are injured or killed, or property is damaged or lost, due to the joint or concurrent negligence of the parties hereto, or their contractors, the parties shall bear such losses proportionately to the degree of negligence.

The above indemnities and agreements to save harmless shall apply to any loss, damage, personal injury or death without regard to theory of liability including, without limitation by enumeration, strict liability, breach of warranty (express or implied), imperfection of materials, or condition of any premises.

10. Any damage caused by a party hereto to the other party's property located on the Area of Common Use shall be reported to the respective owner of the damaged property as soon as possible.
11. Each party hereto shall perform the Work in a safe, good and workmanlike manner, consistent with good industry and current engineering practices, and in compliance with all applicable federal, state, and local laws, rules and regulations including, without limitation by enumeration, environmental and safety laws, rules and regulations.
12. Except as otherwise provided in this Paragraph, TBI, as Operator, is hereby authorized to expend up to a gross amount of \$100,000 each calendar year to perform Work when Work in the Area of Common Use is necessary. Operator shall have the right to perform such Work, and Operator shall be entitled to reimbursement from PRESKO for PRESKO's share (as determined under Paragraph 12.A or 12.B below) of the actual costs of performing such Work, upon completion of the Work and submission of an invoice to PRESKO stating the date of the Work and the costs incurred and Work performed, along with copies of the work and material tickets related thereto.

Each party's share of said actual costs of performing such Work shall be determined as follows:

- A. During the period of time "Drilling and Completing" operations (as defined below) are being conducted by either one or both of the parties, each party's share of costs to perform such Work shall be the ratio of: the number of drilling/workover rigs being operated by the applicable party that are being served by the Area of Common Use, divided by the number of drilling/workover rigs being operated by all the parties hereto that are being served by the Area of Common Use during such time the Work was incurred and performed. For the purposes of this Agreement, "Drilling and Completing" shall mean the use of a drilling rig and/or workover rig for the purposes

of drilling, testing, completing or re-completing a well served by the Area of Common Use.

- B. During the periods of time which no Drilling and Completing operations are being conducted by either one or both of the parties, each party's share of costs to perform such Work shall be the ratio of: the number of wellbores being operated by the applicable party that are being served by the Area of Common Use, divided by the number of "wellbores" being operated by all the parties hereto that are being served by the Area of Common Use during such time the Work was/is incurred and performed. For the purposes of this Agreement the term wellbores shall include all vertical and/or directional wellbores operated by a party that are drilled and/or completed from all wellsite locations served by the Area of Common Use.

Said Work shall be performed in compliance with the requirements of the applicable right-of-way grant or the BLM EA, and the terms of this Agreement.

When repairs or maintenance to the Area of Common Use is required by either or both parties' right-of-way or the BLM EA, solely because of the activities of one party hereto or its employees or agents (hereinafter the "responsible party"), then the responsible party shall be solely responsible for all costs and expenses relating to such repairs or maintenance. If such repairs or maintenance is the sole responsibility of either party hereto, Operator shall give prior notice of its Work plans to the other party hereto, and shall perform such repairs or maintenance work in accordance with the requirements of the applicable right-of-way grant(s) and this Agreement.

Notwithstanding anything to the contrary, if the total cost for Work on a single expenditure for a necessary repair or maintenance matter to the Area of Common Use is estimated to exceed [REDACTED], or the cumulative amount expended on Work incurred by Operator during a calendar year exceeds [REDACTED], the Operator shall promptly prepare and provide for approval by PRESCO a detailed authority for expenditure stating the necessary Work and the estimated cost for same. Such approval by PRESCO shall not be unreasonably withheld.

13. Any assignment of all or any portion of a right-of-way grant within the Area of Common Use shall be made subject to an agreement by the assignee to be bound by and to comply with the terms and conditions of this Agreement and to make all subsequent assignments of said right-of-way grants so conditioned. This Agreement shall not be assigned by a party hereto, in whole or in part, without the written consent of the other party first being obtained, which consent shall not be unreasonably withheld.
14. Wherever in this Agreement a notification to a party hereto is required, said notification shall be given to the following addresses:

Mr. David Petrie
Tom Brown, Inc.
555 17th Street, Suite 1850
Denver, CO 80202

Mr. Larry Little
Presco, Inc.
1717 Woodstead Ct., Suite 207
The Woodlands, TX 77380

Whenever notification under this Agreement is given orally, it shall be followed as soon as possible by a written confirmation by the notifying party. All written notifications shall be sent via facsimile and first class U.S. Mail.

15. This Agreement is not intended to create and shall not create a partnership, joint venture or other joint business relationship, the activities of a party hereto within the Area of Common Use and the use of said Area by a party being solely for its own benefit.
16. Except as otherwise agreed in writing by the parties hereto, this Agreement shall terminate as to the applicable portions of the Area of Common Use upon the expiration or termination of either party's right-of-way grant(s) and after that party's compliance with the terms of its right-of-way grant(s), the terms of this Agreement, and after that party's restoration of the right-of-way lands within the Area of Common Use, not inconsistent with the continued use (if any) by the other party; provided however, that the party whose right-of-way grant(s) has (have) terminated shall continue to be liable for any obligation accruing under this Agreement prior to the termination of this Agreement.

Subject to the terms of Section 13. of this Agreement, the rights and obligations under this Agreement shall be binding upon and enure to the benefit of the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed below.

TOM BROWN, INC.

By: 

Rodney G. Mellott
Vice President - Land

PRESCO, INC.

By: 

David R. Wheeler
Executive Vice President

