

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone (702) 885-5050

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 143 Union Blvd., Suite 210
Lakewood, CO 80228

Foreland/Southern

Lease: Pacific Land Co. Pool: Tomera Ranch

County: Eureka Month of: December 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30N	52E	56.00	0.00	22.3	3,400.00				31.0	Pumping
TOTALS					56.00	0.00		3,400.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R. R.	Name of transporter		
1	133.00	56.00		0.00	Petro Source Refining	189.00	800

GAS

MCF used on lease _____ Used for Gas Lift _____
MCF sold _____ MCF used on lease. _____
MCF blown to air (difference) _____ MCF used on _____ lease. _____
Gas Purchaser _____ MCF used on _____ lease. _____

SUMMARY

Barrels oil produced and marketed during month _____ 0.00
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct and complete.

Name: *Dana Lyn Buckingham*
Dana Lyn Buckingham
Position: Operations Supervisor
Telephone: 303/988-3122
Date: January 11, 1999

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone (702) 885-5050

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JAN 11 1999

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 143 Union Blvd., Suite 210
Lakewood, CO 80228

Foreland/Southern

Lease: Pacific Land Co. Pool: Tomera Ranch

County: Eureka Month of: November 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30N	52E	53.00	246.90	22.3	3,442.00				29.8	Pumping
TOTALS					53.00	246.90		3,442.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R. R.	Name of transporter		
1	327.00	53.00		246.90	Petro Source Refining	133.10	800

GAS

MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 246.90
Tax at \$0.05 per barrel _____ \$12.35
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$12.35

Remarks:

I hereby certify that the information given herewith is true, correct and complete.

Name: Dana Lyn Buckingham
Dana Lyn Buckingham
Position: Operations Supervisor
Telephone: 303/988-3122
Date: December 15, 1998

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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NOV 16 1998

PRODUCER'S MONTHLY REPORT

Div. of Minerals

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: October 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.	
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test			
1-5R	647	5	30	52	68.00	0.00	22.3	3414.00				31.0	Pumping	
TOTALS					68.00	0.00		3414.00						

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	259.00	68.00		0.00	Petro Source Refinery	327.00	800

GAS

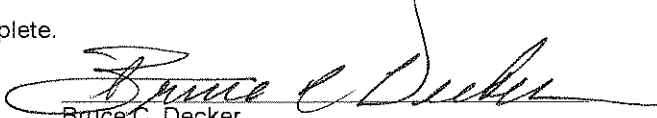
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801) 298-9866
Date: 11/10/98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
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OCT 16 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: September 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	62.00	0.00	22.3	3158.00				30.0	Pumping
TOTALS					62.00	0.00		3158.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	197.00	62.00		0.00	Petro Source Refinery	259.00	800

GAS

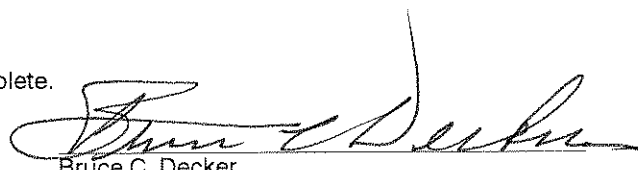
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 10/13/98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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SEP 14 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: August 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	58.00	0.00	22.3	3547.00				31.0	Pumping
TOTALS					58.00	0.00		3547.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	139.00	58.00		0.00	Petro Source Refinery	197.00	800

GAS

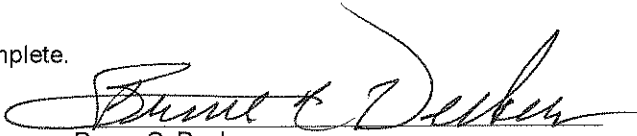
MCF used on lease _____ Used for Gas Lift _____
MCF sold _____ MCF used on lease. _____
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801) 298-9866
Date: 09/04/98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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SEP 08 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: July 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.	
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test			
1-5R	647	5	30	52	68.26	169.26	22.3	3584.00				31.0	Pumping	
TOTALS					68.26	169.26		3584.00						

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	240.00	68.26		169.26	Petro Source Refinery	139.00	800

GAS

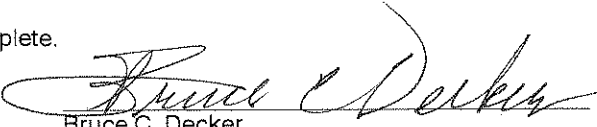
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 169.26
Tax at \$0.05 per barrel _____ \$8.46
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$8.46

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 08/10/98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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JUL 21 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: June 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	65.00	0.00	21.0	3481.00				30.0	Pumping
TOTALS					65.00	0.00		3481.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	175.00	65.00		0.00	Petro Source Refinery	240.00	800

GAS

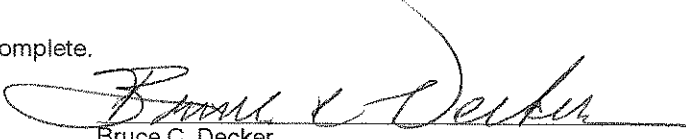
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 07/02/98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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JUN 18 1998

PRODUCER'S MONTHLY REPORT

Div. of Minerals

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: May 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	49.00	0.00	21.0	2857.00				23.9	Pumping
TOTALS					49.00	0.00		2857.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	126.00	49.00		0.00	Petro Source Refinery	175.00	800

GAS


MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 06/10/98

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JUN 17 1998

Div. of Minerals

STATE OF NEVADA
DIVISION OF MINERALS
400 West King Street, Suite 106
Carson City, Nevada 89710
Telephone: (702) 885-5050

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: April 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	37.69	158.69	21.0	2208.00				20.0	Pumping
TOTALS					37.69	158.69		2208.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	247.00	37.69		158.69	Petro Source Refinery	126.00	800

GAS

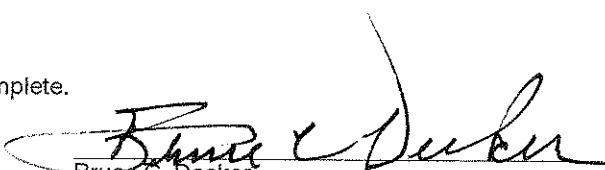
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 158.69
Tax at \$0.05 per barrel _____ \$7.93
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$7.93

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 05-15-98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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APR 10 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: March 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	42.00	0.00	22.4	2964.00				25.3	Pumping
TOTALS					42.00	0.00		2964.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	205.00	42.00		0.00	Petro Source Refinery	247.00	800

GAS

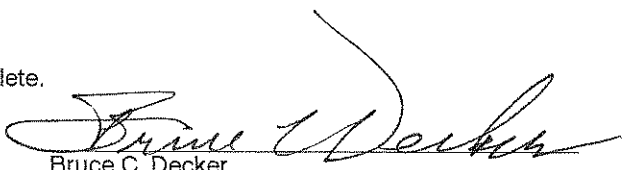
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 04-08-98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

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MAR 16 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: February 1998

LOCATION					OIL AND WATER (BBLs.)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	15.00	0.00	22.4	3386.00				27.8	Pumping
TOTALS					15.00	0.00		3386.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbbs. to pipeline	Bbbs. to truck or R.R.	Name of transporter		
1	190.00	15.00		0.00	Petro Source Refinery	205.00	800

GAS

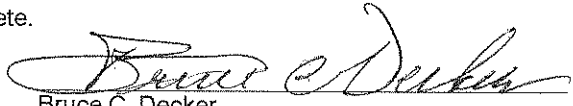
MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 03-12-98

STATE OF NEVADA
 DIVISION OF MINERALS
 400 West King Street, Suite 106
 Carson City, Nevada 89710
 Telephone: (702) 885-5050

RECEIVED

FEB 17 1998

Div. of Minerals

PRODUCER'S MONTHLY REPORT

Company: FORELAND CORPORATION

Address: 2561 South 1560 West, Suite 200
 Woods Cross, UT 84087

Foreland/Southern

Lease: Pacific Land Co.

Pool: Tomera Ranch

County: Eureka

Month of: January 1998

LOCATION					OIL AND WATER (BBLs)				GAS			No. days prod.	Status: Flowing Pumping, Gas Lift, etc.
Well No.	Permit No.	Sec.	Twp.	Rge.	Net Oil Prod.	Net Oil Sold	Grav.	Water Prod.	Tot. gas Prod. MCF	Gas-oil ratio	Date of test		
1-5R	647	5	30	52	-112.00	0.00	22.4	3169.00				31.0	Pumping
					RECYCLED WATER FROM OIL TANK.								
TOTALS					-112.00	0.00		3169.00					

No. Wells	Total amount oil on lease at beginning of month	Actual oil produced	DISPOSITION OF OIL			Total amount oil on lease	Total capacity lease tanks
			Bbls. to pipeline	Bbls. to truck or R.R.	Name of transporter		
1	302.00	(112.00) RECYCLED WATER FROM OIL TANK		0.00		190.00	800

GAS


MCF used on lease _____ Used for Gas Lift
MCF sold _____ MCF used on lease.
MCF blown to air (difference) _____ MCF used on _____ lease.
Gas Purchaser _____ MCF used on _____ lease.

SUMMARY

Barrels oil produced and marketed during month _____ 0
Tax at \$0.05 per barrel _____ \$0.00
MCF gas produced and marketed during month _____
Tax at \$0.05 per 50,000 MCF _____
Total tax monies remitted herewith to State Treasurer _____ \$0.00

Remarks:

I hereby certify that the information given herewith is true, correct, and complete.

Name: 
Bruce C. Decker
Position: Vice-President
Telephone: (801)298-9866
Date: 02-11-98



2561 South 1560 West, Suite 200
Woods Cross, Utah 84087
(801)298-9866
Fax: (801) 298-9889

March 20, 1998

RECEIVED

MAR 23 1998

Div. of Minerals

Ms. Linda Wells
Nevada Division of Minerals
400 West King Street, Ste. 106
Carson City, NV 89710

FACSIMILE TRANSMISSION: (702)687-3957

Re: Tomera Ranch #1-5R
Permit No. 647

Dear Linda:

Thank you for your telephone call regarding the above-referenced well on March 18, 1998. I have spoken with our pumper regarding the negative oil production during the month of January, 1998. This well produces such low volumes of oil and such high volumes of water that as a result, our heater treater sometimes has a difficult time separating the two. Therefore, water is sometimes produced to the oil storage tank and must be recycled from the tank from time to time. When water is produced with oil into the oil storage tanks, it is gauged as oil. After recycling the high volume of water from the oil tanks and the low oil production, the tanks show a negative production figure. Therefore, the negative oil production during the month of January.

If you have any questions regarding this explanation, please do not hesitate to contact me.

Sincerely,

Bruce C. Decker
Vice-President