

** FILE NOTATIONS **

004

DATE: 1-6-82

OPERATOR: Mustache Prod. Co.

WELL NO: Federal 25-1

Location: Sec. 25 T. 14S R. 7E County: Carbon

File Prepared:

Entered on N.I.D.:

Card Indexed:

Completion Sheet:

API Number 43-007-30074

CHECKED BY:

Petroleum Engineer: _____

Director: OK as per rule C-3(c) provided topographic

request

Administrative Aide: As per rule C-3(c). Need topog.

or more location. OK on other oil or gas wells

APPROVAL LETTER:

Bond Required:

Survey Plat Required:

Order No. _____

O.K. Rule C-3

Rule C-3(c), Topographic Exception - company owns or controls acreage within a 660' radius of proposed site

Lease Designation Fed

Plotted on Map

Approval Letter Written

Hot Line

P.I.

005

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

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 Form 9-331-C for such proposals.)

1. oil well gas well other Dry Hole

2. NAME OF OPERATOR
Mosbacher Production Co.

3. ADDRESS OF OPERATOR
1300 Main St., Suite 2100, Houston, Tx 77002

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 300' FEL & 401' FNL, NENE, Lot #1
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH: Same

5. LEASE
U-29638

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Federal

9. WELL NO.
25-1

10. FIELD OR WILDCAT NAME
Gordon Creek Field

11. SEC., T., R., M. OR BLK. AND SURVEY OR AREA
Lot #1, Sec. 25, T14S, R7E

12. COUNTY OR PARISH
Carbon

13. STATE
Utah

14. API NO.
N/A

15. ELEVATIONS (SHOW DF, KDB, AND WD)
GR 7768'

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

REQUEST FOR APPROVAL TO:		SUBSEQUENT REPORT OF:
TEST WATER SHUT-OFF	<input type="checkbox"/>	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>	<input type="checkbox"/>
MULTIPLE COMPLETE	<input type="checkbox"/>	<input type="checkbox"/>
CHANGE ZONES	<input type="checkbox"/>	<input type="checkbox"/>
ABANDON*	<input type="checkbox"/>	<input type="checkbox"/>

(other) Change proposed surface casing.

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

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.)*

Changed proposed surface casing from 9-5/8", 36#/ft., K-55 casing to 10-3/4", 40.5#/ft, K-55 casing, set @ 259' & cement back to surface with 150 sxs. C1 G on 11/26/81.

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

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

SIGNED *Severly A. Dausin* TITLE Engineering Asst. DATE 1/4/82
Reverly A. Dausin

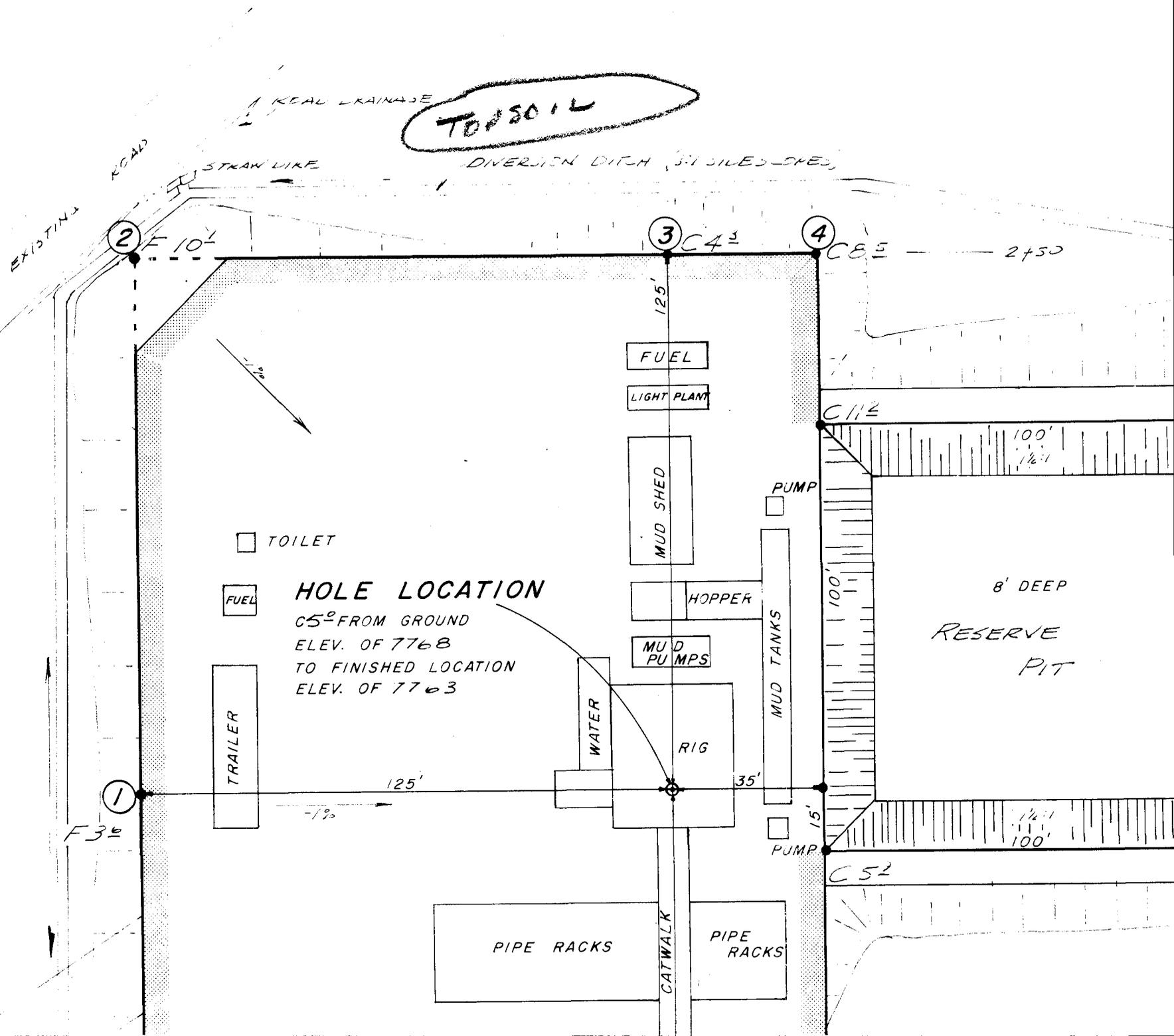
(This space for Federal or State office use)
APPROVED BY *E. W. Guynn* TITLE District Oil & Gas Supervisor DATE JAN 18 1982
CONDITIONS OF APPROVAL, IF ANY: _____

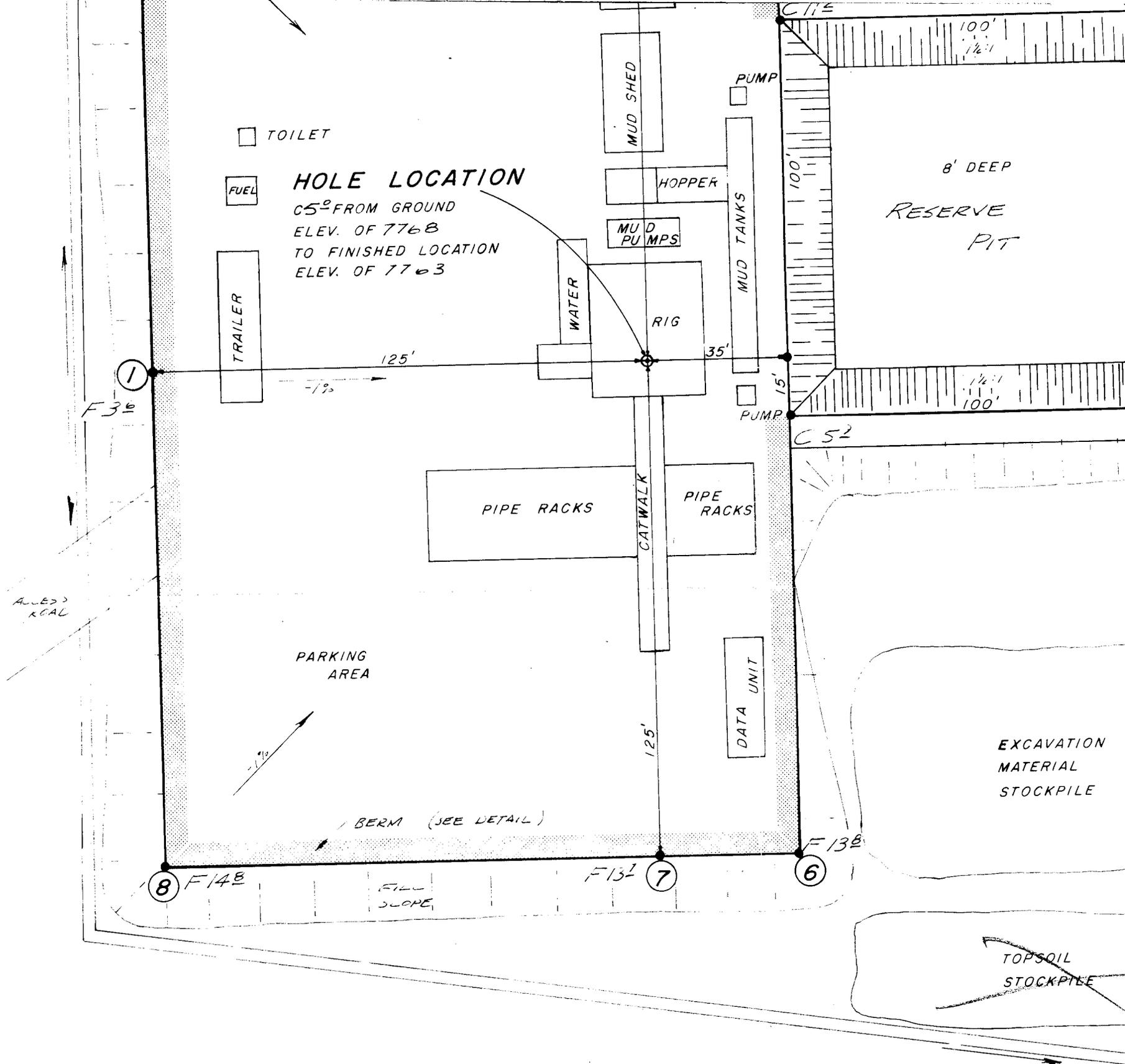
opa

MOSBACHER

WELL L

FEDER





NOTES

ALL CONSTRUCTION WILL BE IN ACCORDANCE WITH U.S. FOREST SERVICE GUIDELINES.

THE LOCATION SURFACE WILL BE COVERED WITH 4" OF GRAVEL.

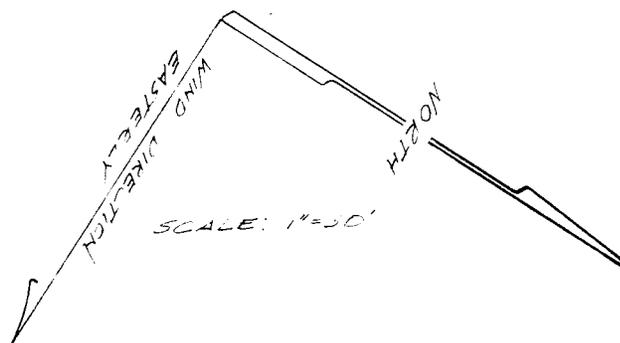


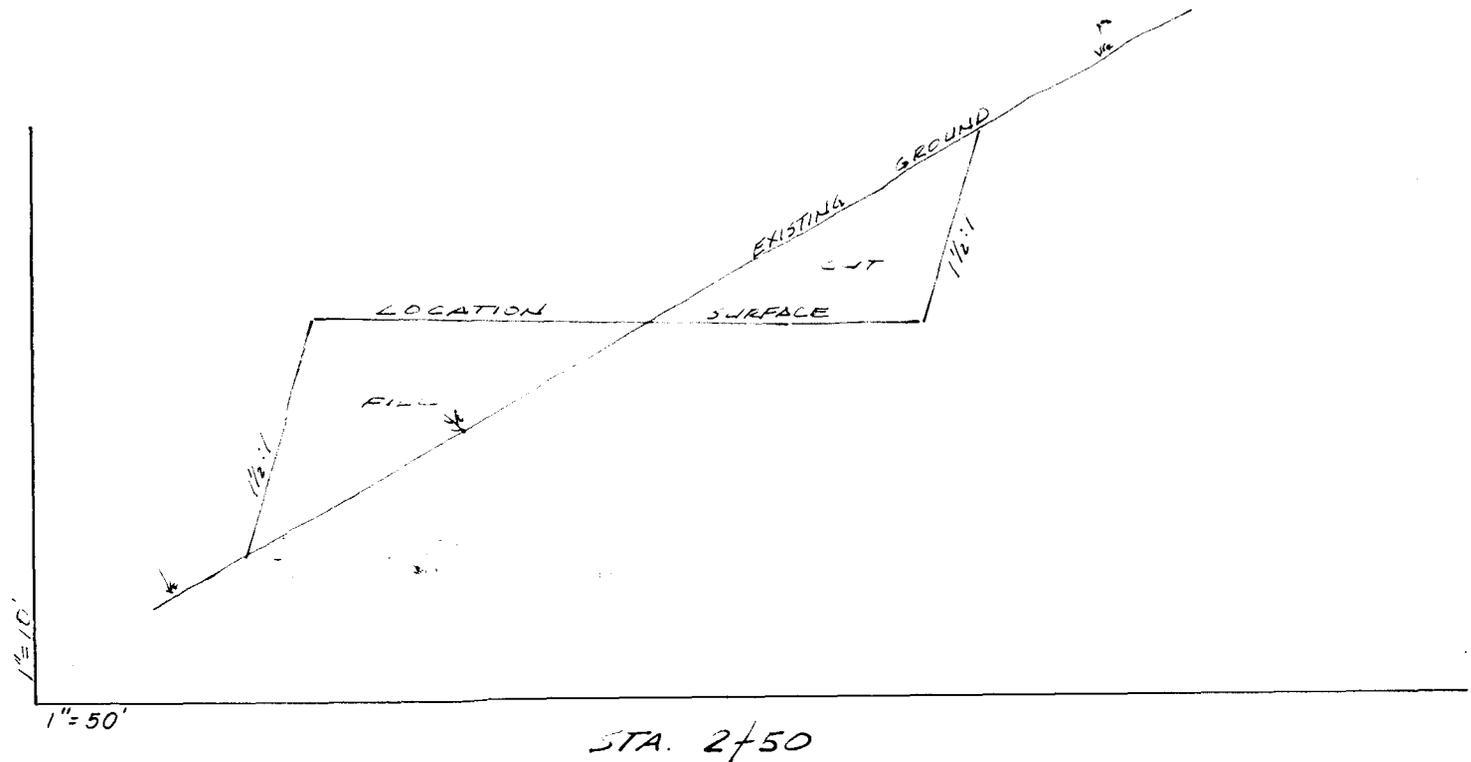
EXHIBIT #2

RODUCTION CO.

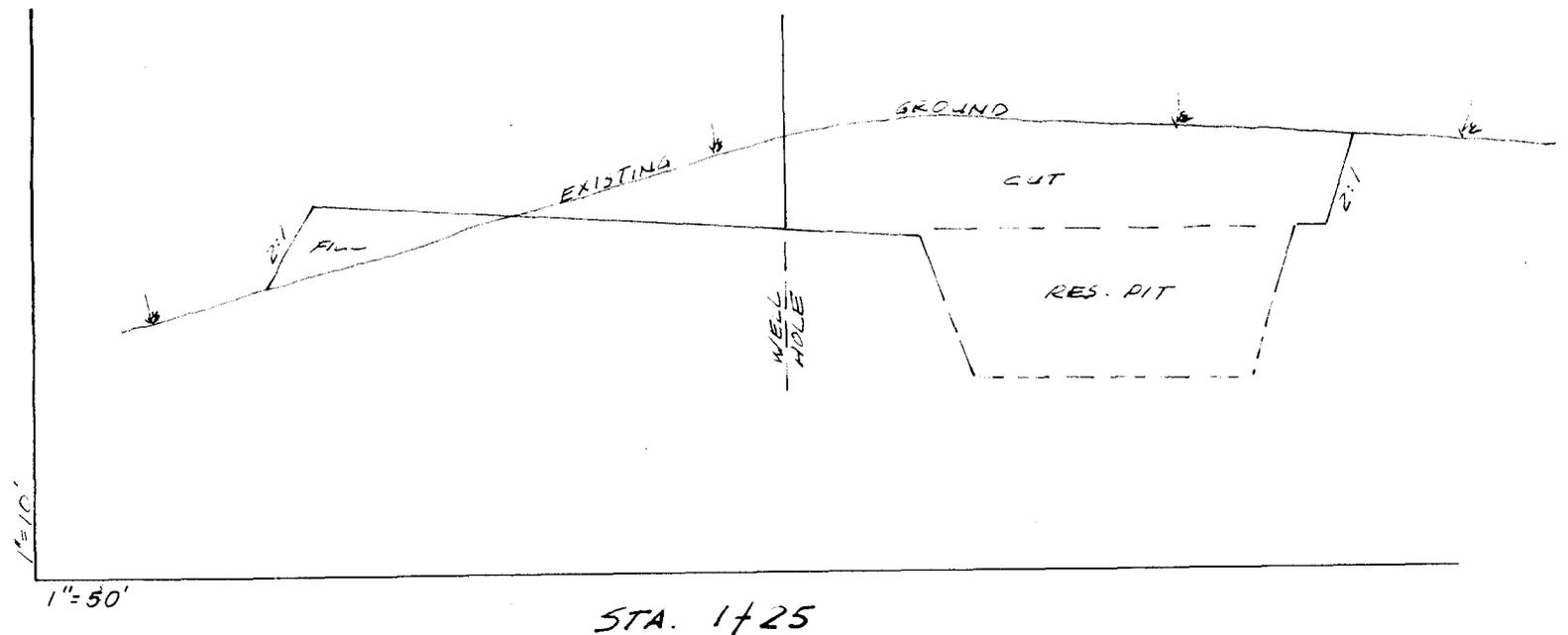
OUT PLAT

25-1

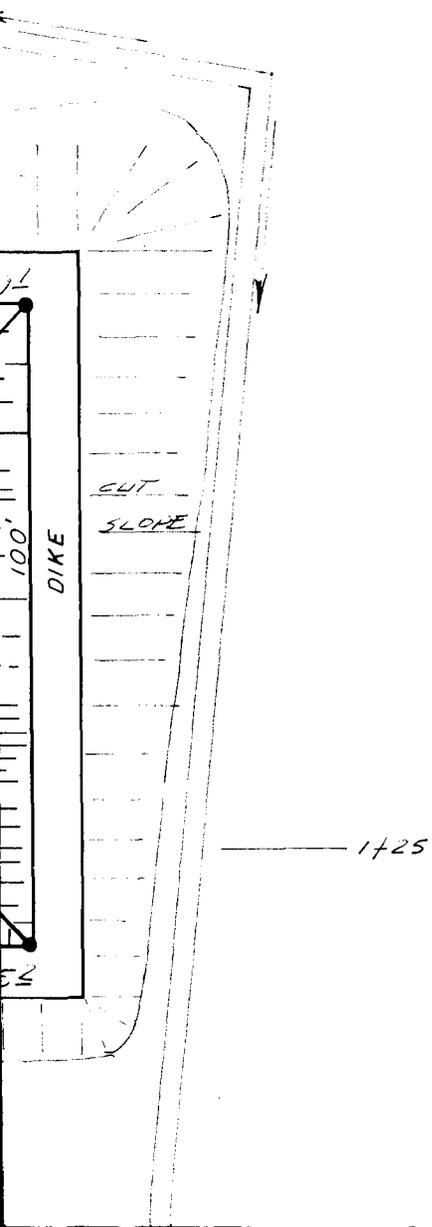
LOCATED IN THE NE $\frac{1}{4}$ OF THE NE $\frac{1}{4}$ OF
SECTION 25, T14S, R7E, S.L.B.&M.

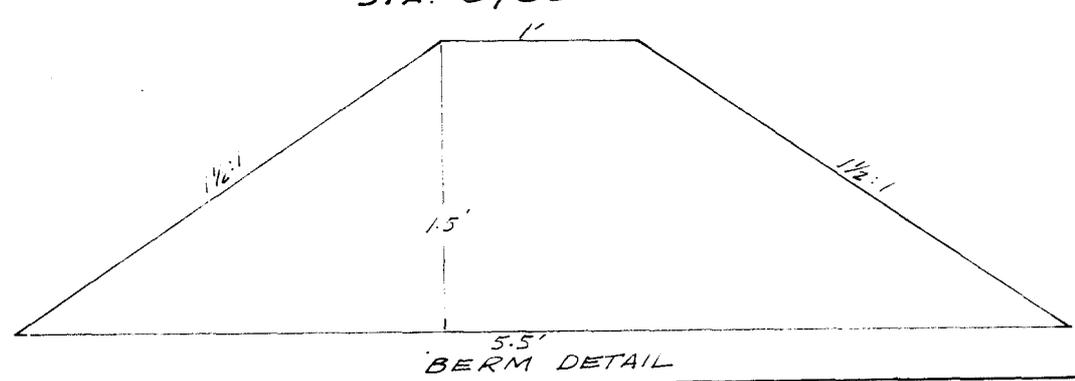
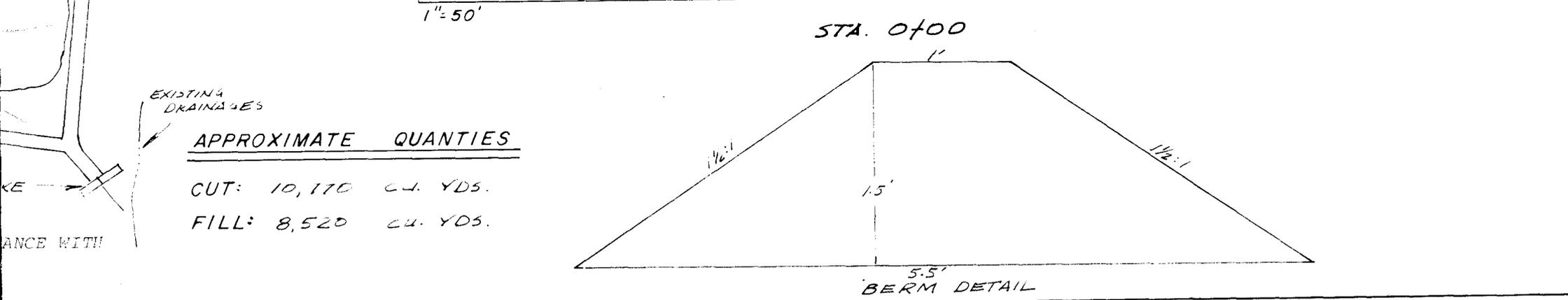
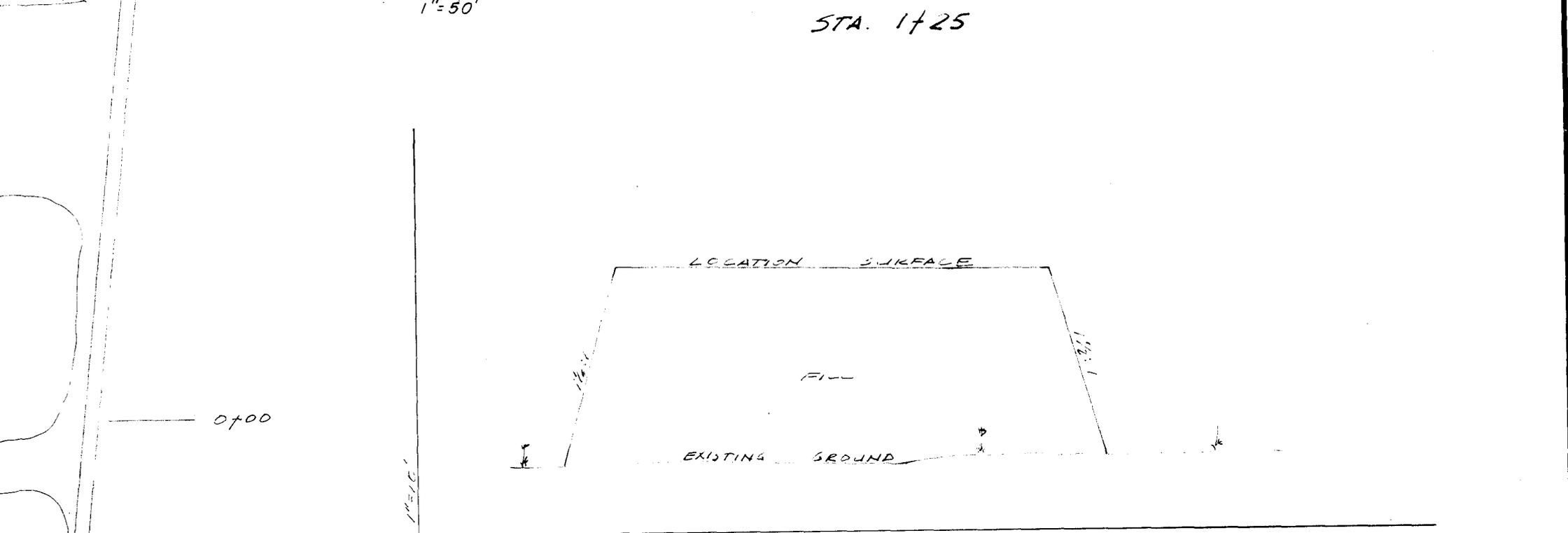
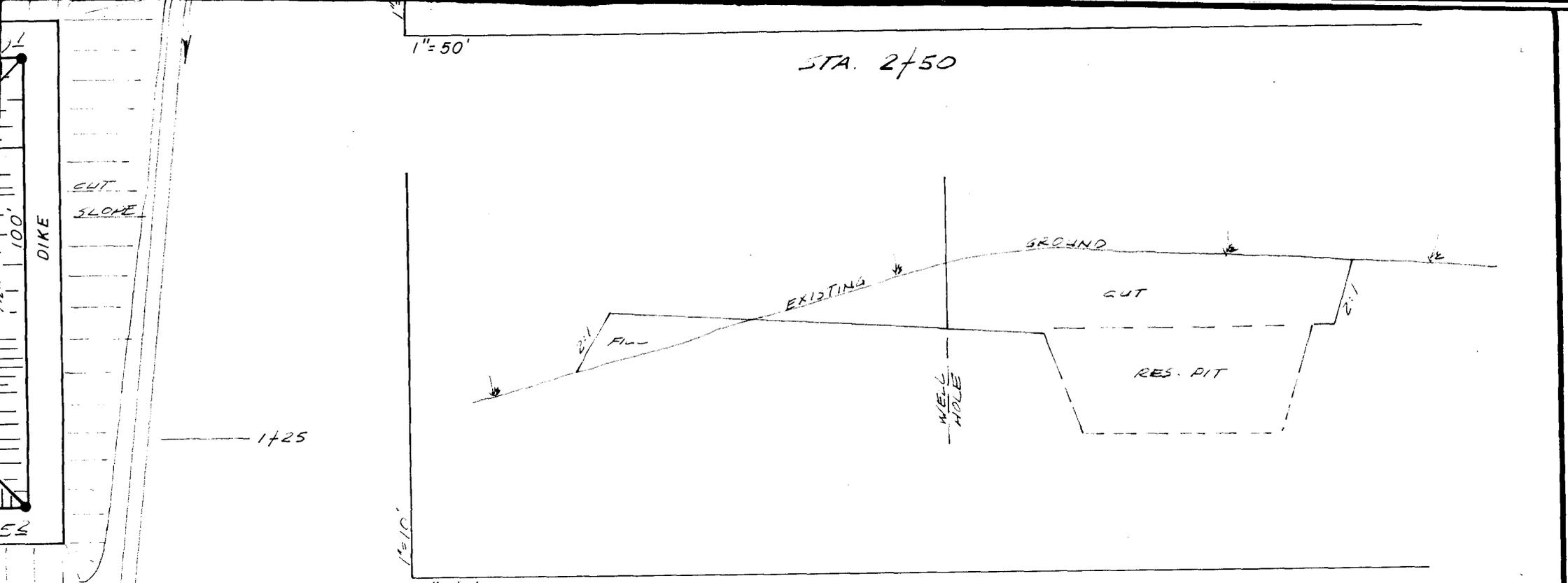


STA. 2+50



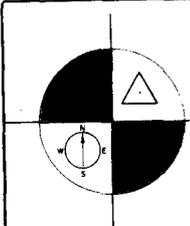
STA. 1+25





APPROXIMATE QUANTITIES
 CUT: 10,170 CU. YDS.
 FILL: 8,520 CU. YDS.

EXHIBIT #3



JERRY D. ALLRED & ASSOCIATES
 Surveying & Engineering Consultants

121 North Center Street
 P.O. Drawer C
 DUCHESNE, UTAH 84021
 (801) 738-5352

5 AUG. '81

81-124-003

CATEGORICAL EXCLUSION REVIEW COMMON REFERENCE LEGEND

1. Surface Management Agency Input - *INCLUDING EA FOR APD*
2. Reviews Reports, or information received from Geological Survey (Conservation Division, Geological Division, Water Resource Division, Topographic Division)
3. Lease Stipulations/Terms
4. Application for Permit to Drill
5. Operator Correspondence
6. Field Observation
7. Private Rehabilitation Agreement
8. *RECOMMENDED STIPULATIONS*
9. *MEMORANDUM TO WELL FILE FROM ES, DATED 10-16-81*



MOSBACHER # 25-1

*↑
W*

CATEGORICAL EXCLUSION REVIEW INFORMATION SOURCE

Criteria 516 DM 2.3.A	Federal/State Agency			Local and private corre- spondence (date)	Previous NEPA	Other studies and reports	Staff expertise	Onsite inspection (date)	Other
	Corre- spondence (date)	Phone check (date)	Meeting (date)						
1. Public health and safety	1 (10-14-81)						6	6 (8-27-81)	4,8
2. Unique charac- teristics	1 (10-14-81) (8-11-81)						6	6 ↓	4,8
3. Environmentally controversial	1 ↓						6	6	4,8
4. Uncertain and unknown risks	1						6	6	4,8
5. Establishes precedents	1						6	6	4
6. Cumulatively significant							6	6	4
7. National Register historic places	1 (10-14-81) ↓								
8. Endangered/ threatened species	1								
9. Violate Federal, State, local, tribal law	1						6	6	4,8

Identification No. 577-81

United States Department of the Interior
Geological Survey
2000 Administration Building
1745 West 1700 South
Salt Lake City, Utah 84104

NEPA CATEGORICAL EXCLUSION REVIEW

PROJECT IDENTIFICATION

Operator MOSBACHER PRODUCTION COMPANY
Project Type OIL WELL
Project Location 300' FEL, 401' FNL (Lot 1, Sec 25-14S-7E)
Well No. 25-1 Lease No. U-29638
Date Project Submitted 8-12-81

FIELD INSPECTION

Date 8-27-81

Field Inspection
Participants

GEORGE DIWACHAK USGS
W. NOWAK, C. REED USFS
M. MCBRIEN, B. BARNEY USFS
L. HAMILTON, D. PRATROSS - SKEWS & HAMILTON CONST.
R-J. LAUTER MOSBACHER

I have reviewed the proposal in accordance with the categorical exclusion review guidelines. This proposal would not involve any significant effects and, therefore, does not represent an exception to the categorical exclusions.

10-20-81

Date Prepared

George J. Diwachak
Environmental Scientist

I concur

OCT 20 1981

Date

W.D. Minter

District Supervisor

FOR E. W. GUYNN
DISTRICT OIL & GAS SUPERVISOR

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

003

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Mosbacher Production Co. c/o Allen, Bludworth & Crouch

3. ADDRESS OF OPERATOR
 P. O. Box 976 Casper, Wyoming 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface
 300' FEL 401' FNL NE NE Lot#1
 At proposed prod. zone
 Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 14 miles west of Price, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
 300'

16. NO. OF ACRES IN LEASE
 480.8^a

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

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

19. PROPOSED DEPTH
 4200'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 7768' GR

22. APPROX. DATE WORK WILL START*
 As soon as possible after approval, depending on rig availability.

5. LEASE DESIGNATION AND SERIAL NO.
 U-29638
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME

 7. UNIT AGREEMENT NAME

 8. FARM OR LEASE NAME
 Federal
 9. WELL NO.
 25-1
 10. FIELD AND POOL, OR WILDCAT
 Gordon Creek Field
 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Lot #1, Sec. 25, T14S, R7E
 12. COUNTY OR PARISH
 Carbon
 13. STATE
 Utah

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#/Ft. K-55	250'	Sufficient to circulate to surface.
8-3/4"	5-1/2"	15.5#/Ft. K-55	4200'	275 SX*

*Cement volume will be determined by hole-size and caliper. Calculate after logging.

Drill 12-1/4" hole to 250' and run approximately 250' of 9-5/8" casing and cement to surface.

Drill 8-3/4" hole to 4200' and evaluate all hydrocarbon shows.

If the well is commercial, new 5-1/2" 15.5# K-55 casing will be run and cemented.

If the well is dry, a dry-hole marker will be set and the surface will be restored as outlined in the NTL-6. Cement plugs will be set according to U.S.G.S. instructions.

TEN POINT PLAN IS ATTACHED

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 B. W. Allen TITLE Petroleum Engineer DATE August 7, 1981

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY E. W. GUYNN FOR E. W. GUYNN
 CONDITIONS OF APPROVAL, IF ANY: TITLE DISTRICT OIL & GAS SUPERVISOR DATE NOV 05 1981

CONDITIONS OF APPROVAL ATTACHED
 TO OPERATOR'S COPY

*See Instructions On Reverse Side

NOTICE OF APPROVAL

FLARING OR VENTING OF
 GAS IS SUBJECT TO NTL 4-A
 DATED 1/1/80

S. State Oil & Gas

and correct; and, that the work associated with the operations proposed herein will be performed by Mosbacher Production Co. and its contractors and sub-contractors in conformity with this plan and terms and conditions under which it is approved.

8/10/81

Date

BW Allen

001

ALLEN, BLUDWORTH, & CROUCH
PETROLEUM ENGINEERS
P.O. BOX 976
CASPER, WYOMING 82601

BERNARD W. ALLEN, PRESIDENT
L. EDWARD BLUDWORTH, VICE PRESIDENT
WILLIAM J. CROUCH, VICE PRESIDENT

ALLEN BUILDING
102 RIVER CROSS RD.
PHONE: 307-234-3571
307-234-0591

December 15, 1981

RECEIVED
DEC 21 1981

Division of Oil, Gas & Mining
State of Utah
1588 West, North Temple
Salt Lake City, Utah 84116

**DIVISION OF
OIL, GAS & MINING**

Attention: Debbie

Gentlemen:

Herewith is one copy each of "Application to Drill" for wells Federal 13-1 and Federal 25-1. The applications were prepared on behalf of Mosbacher Production Company, and the locations are in Carbon County, Utah.

Yours very truly,

BW Allen
B. W. Allen, P.E.

BWA/smc

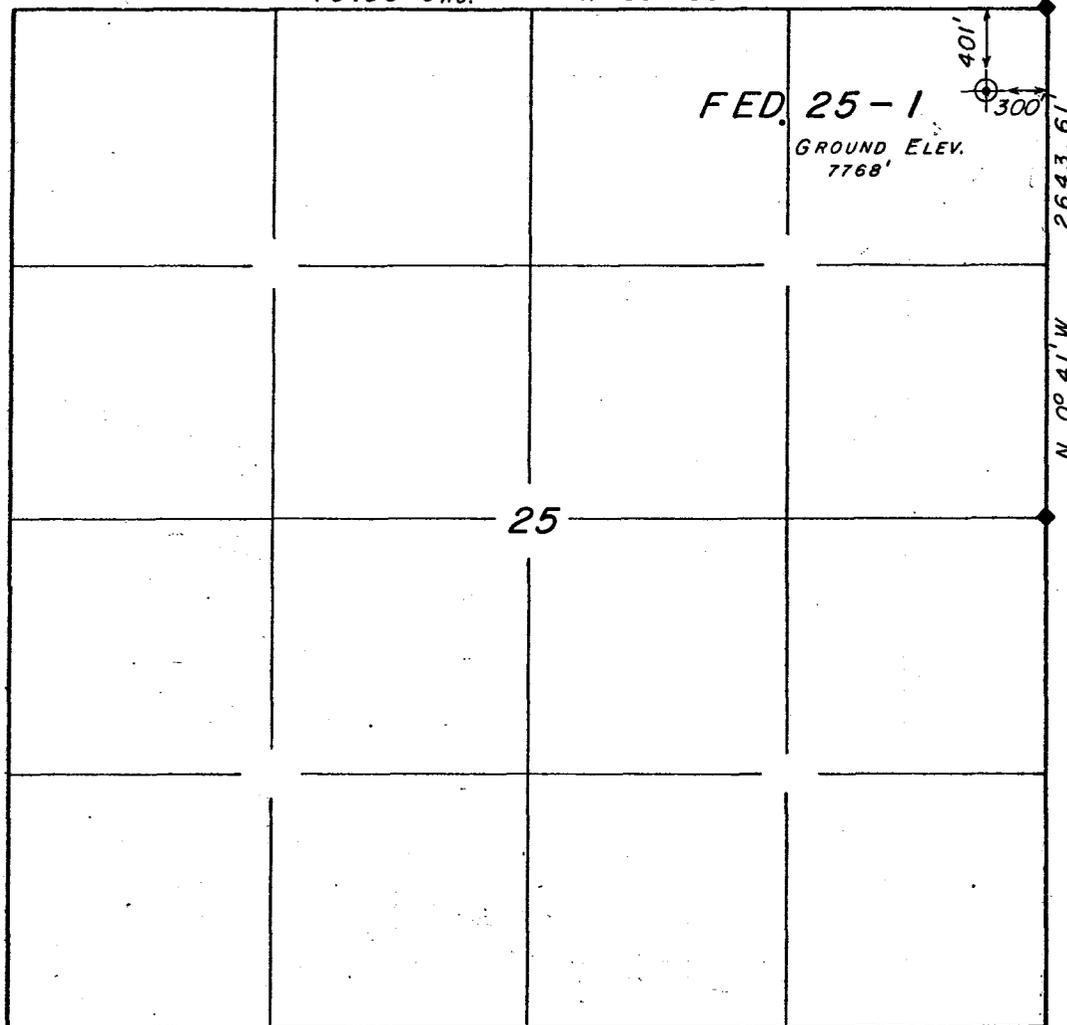
MOSBACHER PRODUCTION CO.

WELL LOCATION PLAT

FEDERAL 25-1

LOCATED IN THE NE $\frac{1}{4}$ OF THE NE $\frac{1}{4}$ OF
SECTION 25, T14S, R7E, S.L.B.&M.

79.88 Chs. N 89° 59' W



SCALE: 1"=1000'

LEGEND & NOTES

- ◆ FOUND BRASS CAP ON PIPE MONUMENTS
USED FOR THIS SURVEY.

THE GENERAL LAND OFFICE PLAT WAS
USED FOR REFERENCE AND CALCULATIONS.

SURVEYOR'S CERTIFICATE

I hereby certify that this plat was prepared
from field notes of an actual survey
performed by me, during which the shown
monuments were found or established.

Jerry D. Allred
Jerry D. Allred, Registered Land
Surveyor, Cert. No. 3817 (Utah)



JERRY D. ALLRED & ASSOCIATES
Surveying & Engineering Consultants

121 North Center Street
P.O. Drawer C
DUCHESSNE, UTAH 84021
(801) 738-5352

002

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK
 b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Mosbacher Production Co. c/o Allen, Bludworth & Crouch

3. ADDRESS OF OPERATOR
 P. O. Box 976 Casper, Wyoming 82602

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements*)
 At surface 300' FEL 401' FNL NE NE
 At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 14 miles west of Price, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 300'

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

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 7768' GR

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#/Ft. K-55	250'	Sufficient to circulate to surface.
8-3/4"	5-1/2"	15.5#/Ft. K-55	4200'	275 SX*

*Cement volume will be determined by hole-size and caliper. Calculate after logging.

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Drill 8-3/4" hole to 4200' and evaluate all hydrocarbon shows.

If the well is commercial, new 5-1/2" 15.5# K-55 casing will be run and cemented.

If the well is dry, a dry-hole marker will be set and the surface will be restored as outlined in the NTL-6. Cement plugs will be set according to U.S.G.S. instructions.

TEN POINT PLAN IS ATTACHED

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 B.W. Allen TITLE Petroleum Engineer DATE August 7, 1981

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY THE STATE
 OF UTAH DIVISION OF
 OIL, GAS, AND MINING
 1/19/82

*See Instructions On Reverse Side

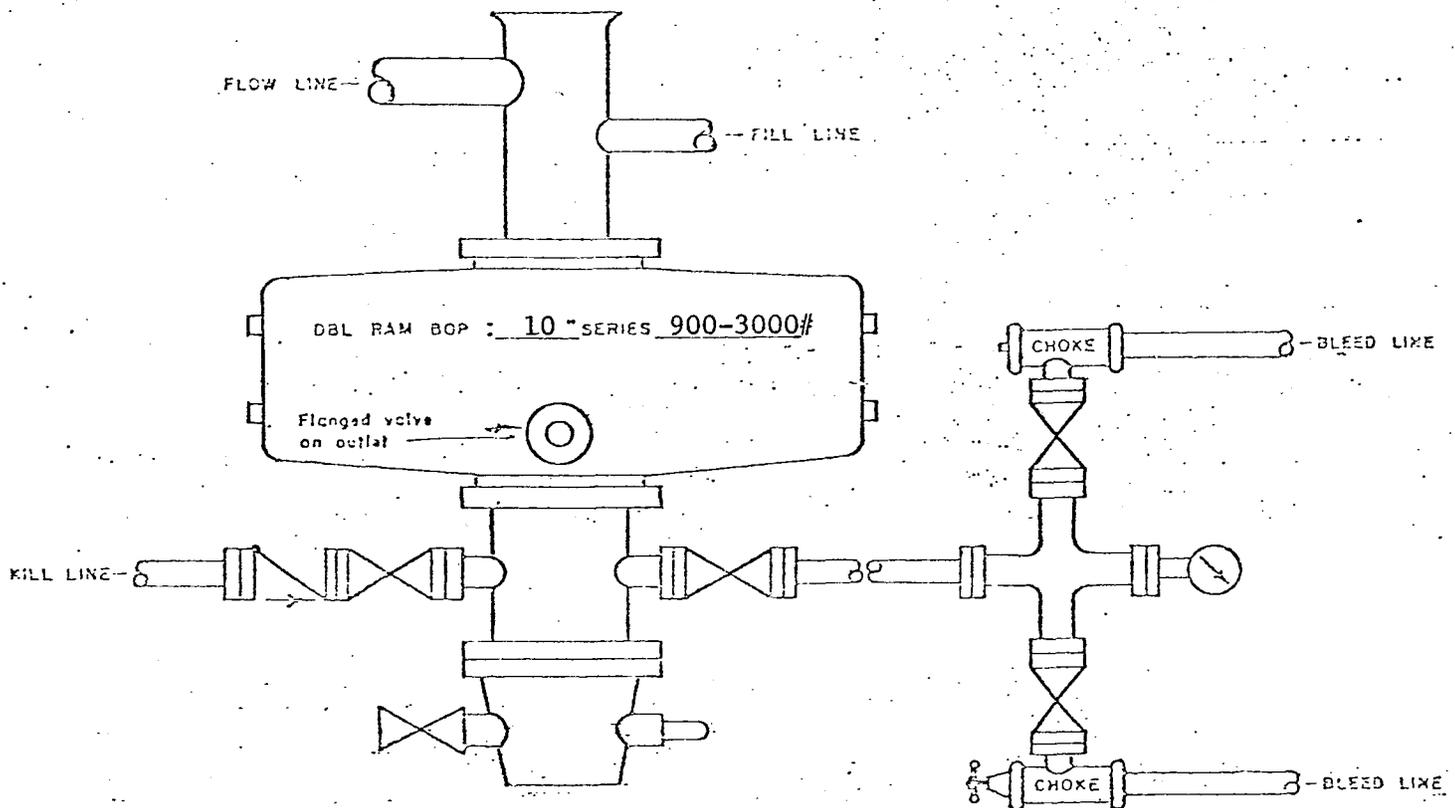
5. LEASE DESIGNATION AND SERIAL NO.
 U-29638
 6. IF INDIAN, ALLOTTEE OR TRIBE NAME

 7. UNIT AGREEMENT NAME

 8. FARM OR LEASE NAME
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 10. FIELD AND POOL, OR WILDCAT
 Gordon Creek Field
 11. T., R., M., OR BLK.
 AND SURVEY OR AREA
 Sec. 25, T14S, R7E
 12. COUNTY OR PARISH
 Carbon
 13. STATE
 Utah

RECEIVED
 DEC 21 1981
 DIVISION OF OIL, GAS & MINING

Typical Minimum BOP Specs (Schematic drawing)



Notes and Auxiliary Equipment

1. All lines, valves and fittings to be minimum 2"-3000# WP
2. All bolts to be installed and tight.
3. All crew members to be trained in and familiar with BOP equipment, accumulators, and procedures.
4. Hole to be kept full at all times.
5. (a) After nipping up, preventers will pressure tested at 1000 psi for 15 minutes before drilling out.
(b) BOP will be inspected and operated at least daily to insure good working order.
(c) All pressure and operating tests will be recorded on daily drilling report.
6. An upper kelly cock will be used at all times.
7. A drill pipe float will be available at all times for use when penetrating formations with anticipated abnormal pressures.
8. Mud system monitoring method: Visual
9. A 3000 psi WP full opening valve, properly subbed w/DP pin, will be available on the floor at all times.



MOSBACHER FED. 25-1
 RED- EXISTING ROAD
 GREEN- PROPOSED ROAD
 BLUE- WATER HAUL ROUTE

MAP A

R. T. E. (Hawatha)

SCALE 1:62,500

5

INTERIOR GEOLOGICAL SURVEY WASHINGTON, D. C. 1965

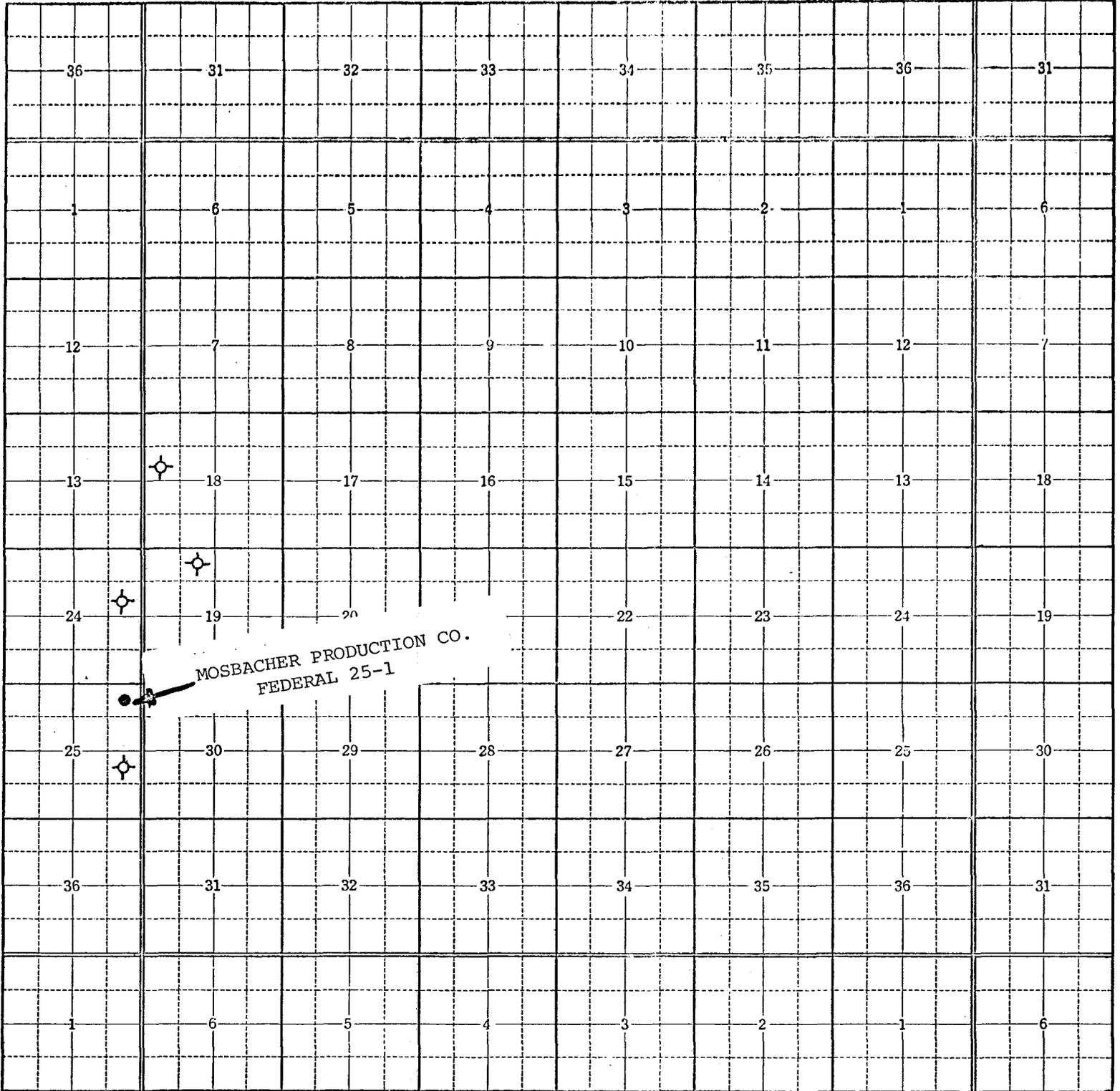
R. B. E.

Polyconic projection To place on 1927 North American
 map projection line 75 feet north and 65
 10000 feet east of base of Utah (Cont)

4 MILES

Island Township Plat

EXHIBIT #1



R 7 E

R 8 E

KINTZEL BLUE PRINT CO., P. O. Box 741, Casper, Wyoming

SE NE Section 24, T 14 S, R 7 E

NE SE Section 25, T 14 S, R 7 E

SW NW Section 18, T 14 S, R 8 E

NE NW Section 25, T 14 S, R 8 E

EXHIBIT #1

DRILLING PROGNOSIS

Mosbacher Production Co.
NE NE LOT #1 SECTION 25, T 14 S, R 7 E
Carbon Carbon County, Utah
LEASE NO. UTAH 29638

1. SURFACE FORMATION

Mesaverde Group

2. GEOLOGICAL MARKERS - Estimated

Mancos Shale 1740'
Ferron Sand 3780'

3. WATER, OIL AND GAS ZONES

Ferron Sand 3780'

4. PROPOSED CASING SYSTEM (All New)

Depth	Size	Grade	Weight	Joint	Thread
----	----	----	-----	-----	-----
0 - 250'	9-5/8"	K-55	36#/Ft.	ST&C	8Rd.
0 - 4200'	5-1/2"	K-55	15.5#/Ft.	ST&C	8Rd.

Design Criteria: Tension 1.8, Collapse 1.125, Burst 1.0

5. PRESSURE CONTROL EQUIPMENT

Type: b - 900 Series - Double Gate
Pressure Ratings: 3000 psi
Testing Procedure: Equipment will be pressure tested prior to
 drilling out from under surface casing and
 operational checks will be made each trip
 thereafter and recorded.

6. MUD PROGRAM (Visual Monitoring)

Native mud will be used from surface to 300'. Water & Drill-Sol - Keep weight as low as possible - mud up at 2500' with nondispersed low

solid Gel based drillings fluid.

Viscosity - 35-40 Weight - 8.8-9.0 Fluid loss - 10cc or less

A sufficient inventory will be stockpiled on location to maintain mud characteristics.

7. AUXILLARY EQUIPMENT

- 1) A kelly cock will be kept in the strings at all times.
- 2) Periodic checks will be made each tour of the mud system.
- 3) A stabbing valve will be kept on the derrick floor to be stabbed into the drill pipe whenever the kelly is not in the strings.
- 4) No float will be used.

8. EVALUATION PROGRAM

The well will be drilled to a total depth of 4200' into the Ferron Sand. An IES-SP log will be run from the bottom of the surface casing to total depth. A Gamma Ray-Density-Neutron log will be run across the Ferron Sand formation.

The lossing program may change at the discretion of the well site geologist.

Drill Stem Test: As warranted by shows or loss.

Cores: None anticipated.

Stimulation

Breakdown will be with an acid treatment est. at 500 - 2000 gallons. Fracture treatments, if required, will be gelled water or oil-water emulsion. Volume will be determined following reservoir analysis. Storage tanks and stimulation equipment will be positioned in accordance with safe stimulation regulations.

A distance of 125 feet or more from frac tanks to bore hole and the same from frac trucks to the bore hole and tanks.

The U.S.G.S. will be notified prior to using any flammable liquid.

9. ABNORMAL CONDITIONS

It is not anticipated that abnormal temperatures, pressures or toxic gas will be encountered.

10. DRILLING ACTIVITY

Drillings will commence as soon as possible after approval depending on ris availability.

ENVIRONMENTAL IMPACT SURFACE USE AND
OPERATIONS PLAN FOR FEDERAL LEASES

MOSBACHER PRODUCTION CO.
NE NE LOT #1 SECTION 25, T 14 S, R 7 E
CARBON COUNTY, UTAH
LEASE NO. UTAH 29638

The following data is submitted herewith to supplement Application For Permit to Drill the captioned well:

1. EXISTING ROADS Refer to MAP A (Shown in RED)

- A. Proposed well site as staked. (Actual staking should include two each 200-foot reference stakes.)

The proposed well is staked and the surveyor's plat is attached.

- B. Route and distance from nearest town or locatable reference point to where access route leaves main road.

Travel north of Price on the freeway approximately 0.75 miles, then turn west onto the existing dirt road and proceed along this road approximately 14 miles. At this point turn south and travel 0.7 miles to the location.

- C. Access road to location color coded or labeled.

Refer to Map A shown in RED.

- D. If exploratory, show existing roads within a three mile radius (including type of surface conditions, etc.).

Existing roads within a three mile radius are shown on Map A. The existing roads are dirt.

- E. If development, show existing roads within one mile radius of well site.

N/A

- F. Plans for improvement and/or maintenance of existing roads.

There are no plans to improve existing roads, but they will be maintained as necessary, flat blading existing trail to location.

2. PLANNED ACCESS ROADS (Map showing necessary access roads to be constructed or reconstructed, showing:)

Refer to Map A (Shown in GREEN)

1. Width -18'
 2. Maximum grade - 4% or less
 3. Turn out - None required
 4. Drainage design - No ditching will be required for drainage during the drilling of this well
 5. Location and size of culverts and brief description of any major cuts and fills. There will be no major cut or fills. No culverts will be required.
 6. Surface material - None required
 7. Necessary gates, cattleguards or fence cuts - None required.
 8. New or reconstructed roads are to be center-line flagged at time of location staking- Center line of the proposed road is flagged.
3. LOCATION OF EXISTING WELLS: Refer to Exhibit #1

Two-mile radius map if exploratory, or 1-mile radius map if development well, showing and identifying existings:

1. Water wells - 0
 2. Abandon wells - 4
 3. Temporarily abandoned wells - 0
 4. Disposal wells - 0
 5. Drilling wells - 0
 6. Producing wells - 0
 7. Shut-in wells - 0
 8. Injection wells - 0
 9. Monitoring or observation wells or other resources - 0
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.
- A. Within one mile radius of location showing the followings existings facilities owned or controlled by lessee operator.
1. Tank batteries - 0
 2. Production facilities - 0

3. Oil gathering lines - 0
4. Gas gathering lines - 0
5. Injection lines - 0
6. Disposal lines - (note if lines are buried) N/A

B. New facilities contemplated in the event of production show:

Refer to Exhibit #2

1. Proposed location and attendant lines by flassings, if off well pad - All facilities will be located on the drill pad but will not be placed on fill.
2. Dimensions of facilities - Production facilities will require an area of approximately 250' X 250' (including the pit).
3. Constructed methods and material - Pumping unit only will be built on the existing drill pad. No Federal or Indian lands will be disturbed for construction materials.
4. Protective measures and devices to protect livestock
Fences will be installed around all facilities.

C. Plan for rehabilitation of disturbed areas no longer needed for operations after construction completed:

Rehabilitation of disturbed areas no longer needed for operation will be accomplished by grading, leveling and seeding as recommended by the Forest Service

5. LOCATION AND TYPE OF WATER SUPPLY Refer to Map A (Shown in BLUE).

A. Location and type of water supply either on map or by written description.

Water will be purchased from a private source and trucked to the location.

B. State method of transporting water and show any roads or pipelines needed.

Water will be trucked-see Map 'A'

C. If water well is to be drilled on lease, so state:

No water well will be required.

6. SOURCE OF CONSTRUCTION MATERIALS

A. Show information either on map or by written description:

If any construction materials are required they will be obtained from private sources. No material obtained from Federal or Indian Lands.

B. Identify if from Federal land.

Dirt will be from private sources.

C. Describe where materials such as sand, gravel, stone and soil material are to be obtained and used:

Materials such as sand, gravel or stone, if required, will be obtained from private source. No Federal or Indian Land involved.

D. Show any needed access roads crossing Federal or Indian lands under Item 2:

No access road for construction materials will be necessary.

7. METHODS FOR HANDLING WASTE DISPOSAL

Describe methods and location of proposed containment and disposal of waste material, including:

1. Cuttings - Drill cuttings separated from the mud will be contained in the reserve pit.

2. Drilling fluids

Drilling fluids will be contained in the mud tanks and in a reserve pit. The reserve pit will be fenced on three sides during drilling operations with woven wire and two strands of barb wire on top.

3. Produced fluids (oil, water)

Produced fluids, both oil and water will be contained in a test tank.

4. Sewage - A portable chemical toilet will be provided.

5. Garbage and other waste material should be fenced with mesh wire.

A fenced pit will be provided for trash. The pit will be completely enclosed with small mesh wire.

6. Statement regarding cleanup of well site area when rig moves out.

As soon as the rig moves out the area will be cleaned of all trash and materials and the fourth side of the pit fenced. The location and the reserve pit be leveled and restoration work will begin as soon as possible.

8. AUXILIARY FACILITIES

Identify all proposed camps and air strips on a map as to their location, area required, and construction methods:

No camps or airstrips will be constructed.

9. WELL SITE LAYOUT A plat not less than 1" = 50' showing:

1. Cross Section of drill pad with cuts and fills

Refer to Exhibit #3

2. Location of mud tanks, reserve, burn and trash pits, pipe racks, living facilities, and soil stockpiles.

Refer to Exhibit #2

3. Rig orientation, parking areas and access roads.

Refer to Exhibit #2

4. Statement as to whether pits are to be lined or unlined.

The pits will be lined with plastic.

10. PLANS FOR RESTORATION OF SURFACE

State restoration program upon completion of operations including:

1. Backfilling, leveling, contouring and waste disposal, segregation of spoils materials as needed.

Pits will be allowed to dry and will be backfilled and contoured to as near the original topography as is possible and then reseeded.

Spoils material will be segregated and burned, hauled away or burned as soon as possible after the operations have ceased.

2. Revegetation and rehabilitation - including access roads. (Normally per Forest Service recommendations)

Revegetation will be achieved by seeding with a mixture as required by the Forest Service, including the access road if required.

3. Prior to rig release, pits will be fenced and so maintained until clean-up.

Prior to rig release, the pits will be fenced on all four sides and will be so maintained until restoration work is initiated.

4. If oil on pit, remove oil or install overhead flagging.

The oil in the pit will be removed, or if this isn't possible, overhead flassings will be installed.

5. Time table for commencement and completion of rehabilitation operations.

Rehabilitation operations will begin as soon as practical after the rig is off location and should be completed by Spring 1982.

11. OTHER INFORMATION General description of:

1. Topography, soil characteristics, geological features, flora and fauna.

The general area around the location is flat sloping moderately up to the southwest. The area is covered with native grass, sagebrush, scrub cedar and mesquite trees. The fauna consists of native birds, mule deer and various types of small rodents.

2. Other surface use activities and surface ownership of all involved land.

The surface is used for livestock grazing.
Surface owner: Forest Service

3. Proximity of water, occupied dwellings, archeological, historical or cultural sites.

The general drainage is to the northeast. There are no occupied dwellings, archeological, historical, or cultural sites visible on or near the location. The nearest occupied dwellings is approximately 6 miles to south.

12. LESEE'S OR OPERATOR'S REPRESENTATIVE:

Mr. Don Green
Operations Manager
Mosbacher Production Co.
Suite 2100
Capital National Bank Bldg.
Houston, Tx. 77002

Allen, Bludworth & Crouch
P.O. Box 976
Casper, WY. 82602
307 234 0592
307 234 3571
L.E. Bludworth*
B.W. Allen*

*Contact for Pre-drill Inspection

13. CERTIFICATION:

I hereby certify that I or persons under my direct supervision have inspected the proposed drill site 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

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

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 Form 9-331-C for such proposals.)

1. oil well gas well other Dry Hole

2. NAME OF OPERATOR
Mosbacher Production Co.

3. ADDRESS OF OPERATOR
1300 Main St., Suite 2100, Houston, Tx 77002

4. LOCATION OF WELL (REPORT LOCATION CLEARLY. See space 17 below.)
AT SURFACE: 300' FEL & 401' FNL, NE NE, Lot#1
AT TOP PROD. INTERVAL:
AT TOTAL DEPTH: Same

16. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

5. LEASE
U-29638

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Federal

9. WELL NO.
25-1

10. FIELD OR WILDCAT NAME
Gordon Creek Field

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Lot #1, Sec. 25, T14S-R7E

12. COUNTY OR PARISH Carbon **13. STATE** Utah

14. API NO.
N/A

15. ELEVATIONS (SHOW DF, KDB, AND WD)
GR 7768'

REQUEST FOR APPROVAL TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF	<input type="checkbox"/>		<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>		<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>		<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>		<input type="checkbox"/>
PULL OR ALTER CASING	<input type="checkbox"/>		<input type="checkbox"/>
MULTIPLE COMPLETE	<input type="checkbox"/>		<input type="checkbox"/>
CHANGE ZONES	<input type="checkbox"/>		<input type="checkbox"/>
ABANDON*	<input checked="" type="checkbox"/>		<input type="checkbox"/>
(other)			

(NOTE: Report results of multiple completion or zone change on Form 9-330.)

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.)*

Spud Date: 11/26/81

1. Drill a 13-3/4" hole to 259'. Ran 10-3/4" casing to 259' & cement with 150 sxs C1 G.
2. Drill a 9-7/8" hole to 3715' & run 7" casing, cement w/150 sxs C1 G. Test casing, found hole in csg. Sqz hole @ 2181' thru Baker packer @ 2060' w/150 sxs C1 G.
3. Drill w/air to TD of 4224'. Test & log well, no significant shows.
4. Plug & abandon well as follows.
 - (1) Spot 50 sxs C1 G 3800'-3600'.
 - (2) Spot 50 sxs C1 G 0-270' in 7" casing.
 - (3) Pump 50 sxs C1 G in the 10-3/4" & 7" annulus.
5. Clear location & release rig. Place dry hole marker on well.

Subsurface Safety Valve: Manu. and Type _____ Set @ _____ Ft.

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

SIGNED Beverly A. Dausin TITLE Engineering Asst. DATE 1/6/82

(This space for Federal or State office use)

APPROVED BY E. W. Guynn TITLE District Oil & Gas Supervisor DATE JAN 18 1982

CONDITIONS OF APPROVAL, IF ANY: _____

open

January 22, 1982

Mosbacher Production Company
C/O Allen, Bludworth & Crough
P.O. Box 976
Casper, Wyoming 82602

RE: Well No. Federal 25-1
Sec. 25, T. 14S, R. 7E
Carbon County, Utah

Insofar as this office is concerned, approval to drill the above referred to oil well on said unorthodox location is hereby granted in accordance with Rule C-3(c), General Rules and Regulations and Rules of Practice and Procedure.

Should you determine that it will be necessary to plug and abandon this well, you are hereby requested to immediately notify the following:

CLEON B. FEIGHT - DIRECTOR
Office: 533-5771
Home: 466-4455

Enclosed please find Form OGC-8-X, which is to be completed whether or not water sands (aquifers) are encountered during drilling. Your cooperation in completing this form will be appreciated.

Further, it is requested that this Division be notified within 24 hours after drilling operations commence, and that the drilling contractor and rig number be identified.

The API number assigned to this well is 43-007-30074.

Sincerely,

DIVISION OF OIL, GAS AND MINING


Cleon B. Feight
Director

CBF/as
Enclosure
cc: USGS

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR. Other _____

2. NAME OF OPERATOR
Mosbacher Production Co.

3. ADDRESS OF OPERATOR
1300 Main St., Suite 2100, Houston, Tx 77002

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 300' FEL & 401' FWL, NE NE, Lot #1
At top prod. interval reported below
At total depth Same

14. PERMIT NO. N/A DATE ISSUED 11/5/81

15. DATE SPUDDED 11/26/81 16. DATE T.D. REACHED 12/21/81 17. DATE COMPL. (Ready to prod.) P&A 12/23/81 18. ELEVATION (MD) GR _____

20. TOTAL DEPTH, MD & TVD 4224' 21. PLUG, BACK T.D., MD & TVD Surface 22. IF MULTIPLE COMPL., HOW MANY* _____

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
Lower Mancos

26. TYPE ELECTRIC AND OTHER LOGS RUN
DIL & CCL; DILL & FDC

5. LEASE DESIGNATION AND SERIAL NO. U-29638
6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
7. UNIT AGREEMENT NAME N/A
8. FARM OR LEASE NAME Federal
9. WELL NO. 25-1
10. FIELD AND POOL, OR WILDCAT Gordon Creek
11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA Lot #1, Sec. 25, T14S-R7E
12. COUNTY OR PARISH Carbon 13. STATE Utah

RECEIVED
FEB 10 1982

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
10-3/4"	40.5#	259'	13-3/4"	150 sxs Cl G	---
7"	20#	3715'	9-7/8"	150 sx Cl G	---

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY _____

35. LIST OF ATTACHMENTS
Logs, Geological Report,

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED *Sanelyle Davis* TITLE Engineering Asst. DATE 2/2/82

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

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

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. **Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. **Item 33:** Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP TRUE VERT. DEPTH
<p>37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES</p> <p style="font-size: 2em; margin: 20px 0;">(SEE GEOLOGICAL REPORT)</p>						
<p>38. GEOLOGIC MARKERS</p>						

*Mosbacher Production Co.**1300 Main Street, Suite 2100**Houston, Texas 77002**Telephone**713 651-0100*

February 4, 1982

RECEIVED

FEB 10 1982

Utah State Division of Oil & Gas
1588 W. North Temple
Salt Lake City, Utah 84116

**DIVISION OF
OIL, GAS & MINING**

RE: Lease U-29638
Federal Well #25-1
Carbon County, Utah

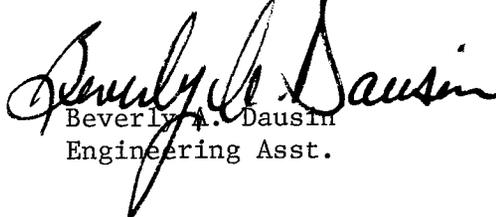
Gentlemen:

Enclosed for your information and files are copies of Forms 9-331, Sundry Notices and Reports and Form 9-330, Well Completion Report for the above referenced plugged and abandoned well. Also enclosed for your records is a copy of the logs that were run on this well, in which Mosbacher Production Co. [REDACTED] S.

Thank you in advance for your cooperation, and if further information is needed, please contact me.

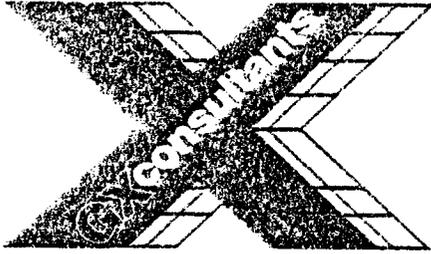
Sincerely,

MOSBACHER PRODUCTION CO.



Beverly A. Dausin
Engineering Asst.

/bad
Encl.



A GEOSCIENCE EXTENSION OF XCO

910 Sixteenth Street, #522, Denver, Colorado 80202 (303) 893-3138

CONFIDENTIAL

MOSBACHER PRODUCTION
FEDERAL 25-1
SECTION 25, T14S, R7E
CARBON COUNTY, UTAH

RECEIVED
FEB 10 1982

**DIVISION OF
OIL, GAS & MINING**

GEOLOGIST: Chuck Hargrave,
GX Consultants

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RESUME

OPERATOR: Mosbacher Production
WELL NAME & NUMBER: Federal 25-1
LOCATION: Section 25, T14S, R7E
COUNTY: Carbon
STATE: Utah
SPUD DATE: November 25, 1981
COMPLETION DATE (TD): December 23, 1981
ELEVATIONS: 7,763' GL 7,773.5' KB
TOTAL DEPTH: 4,202' LOGS 4,224' DRLR
CONTRACTOR: Layton Exploration
RIG: #2
TYPE RIG: Traylor Mount
PUMPS: Triplex 4½" x 6",
Triplex 4½" x 6"
GEOLOGIST: Chuck Hargrave, GX Consultants
ENGINEER: Dick Lauders ✓
TOOL PUSHER: Charlie Bratager
TYPE DRILLING MUD: KCL
MUD COMPANY: IMCO
MUD ENGINEER: Mike Governale
HOLE SIZES: 13-3/4" - 259', 9-7/8" 259' - T.D.
CASING: 10-3/4" @ 259'
MUD LOGGING BY: Analex
TYPE UNIT: --
CORE INTERVALS: --
DST DEPTHS: --
DST COMPANY: --
ELECTRIC LOGS BY: Schlumberger
TYPE LOGS RUN: Dual Induction - SFL 263' - 3,650'
Dual Induction - SFL, FDC, CNL, GR
Cyberlook 3,712' - 4,202'
LOGGING ENGINEER: Rich Hill
BOTTOM FORMATION: Lower Mancos
WELL STATUS: Plugged and abandoned

SUMMARY AND CONCLUSIONS

The Mosbacher Production, Federal 25-1 was drilled to a total depth of 4,224' (Driller) 4,202' (Schlumberger), to the lower Mancos. The primary zones of interest were the Ferron Sandstone Member of the Mancos Shale Formation.

Intermediate casing was set @ 3,712' which was thought to be 10' above the top of the Ferron Sandstone. Later correlations using Electric Logs and offsets showed a fault @ 3,610' where 90' of formation was faulted out putting the top of the Ferron Sandstone at 3,645' - 3,650'. Minor amounts of sand were observed in this area and no significant shows were noted. A trip was made @ 3,673' and after 8 hours with no circulation. When circulation resumed a 6' flare was observed for 12 minutes. This gas was thought to be coming from a minor show observed @ 2,410' where background gas went from 20 units to 350 units. A significant show was observed @ 3,802' - 3,822' whereas, a 6' flare was sustained without circulation. (See Tests).

Final evaluations of the well were made through Electric Logs, which indicated generally high water saturations with generally low porosity values in zones of interest. It was decided that the well was not of marketable value and was consequently plugged and a well head was installed.

TESTS

@ 3,822' - Shut off air mist, No flare for 10 min., After 10 min., 6' orng flare turned blue and orng after 4 min. observed for 25 min. total shut in for 10 hrs., Built to 200 psi run through choke manifold/3-16" orf~~a~~ce stabilized @ 55 psi, After air circulation resumed, 20' blue and orng flare for 6 min.

DAILY CHRONOLOGY @ 7:00 A.M.

1981 DATE	REMARKS
11-27	Drilling, Run and cement casing, Nipple up wait on drill collars.
11-28	Rig service, Trip in hole, Drill cement.
11-29	Trip for bit, Rig service, Drill cement.
11-30	Drilling, Work on mud pumps, Attempt to regain circulation.
12-1	Drilling, Mix mud, Trip out, Rig up for air compressors.
12-2	Wait on fuel for compressors, Work on BOP, Rig up compressors.
12-3	Drilling, Haul water out of reserve pit.
12-4	Drilling, Work on pumps, Trip out for bit.
12-5	Service rig, Test BOB, Drilling, Trip out.
12-6	Trip in, Drilling, Test BOP, Short trip, Rig service.
12-7	Service rig, Short trip, Drilling, Trip out.
12-8	Service rig, Test BOP, Trip in, Drilling.
12-9	Trip out, Service rig, Test BOP, Wait on kelly sub, Trip in, Drilling.
12-10	Service rig, Test BOP, Drilling, Rig service.
12-11	Service rig, Test BOP, Drilling.
12-12	Drilling, Trip out, Rig up for Schlumberger, Run induction log, Trip in drilling.
12-13	Drilling, Circulate, Trip out to run casing.
12-14	Run 7" casing, Cement casing, Cut off, Test BOP.
12-15	Trip in hole, No circulation, Set Packer to find hole in casing, Hole @ 2,275' - 2,285'.
12-16	Squeeze hole in casing, Pressure test casing, Drill out cement.
12-17	Drill out cement, Drilling, Trip for bit.
12-18	Rig service, Drilling, Flow test, Shut in, Ream to bottom, Cut drill line.

DAILY CHRONOLOGY (CONTINUED)

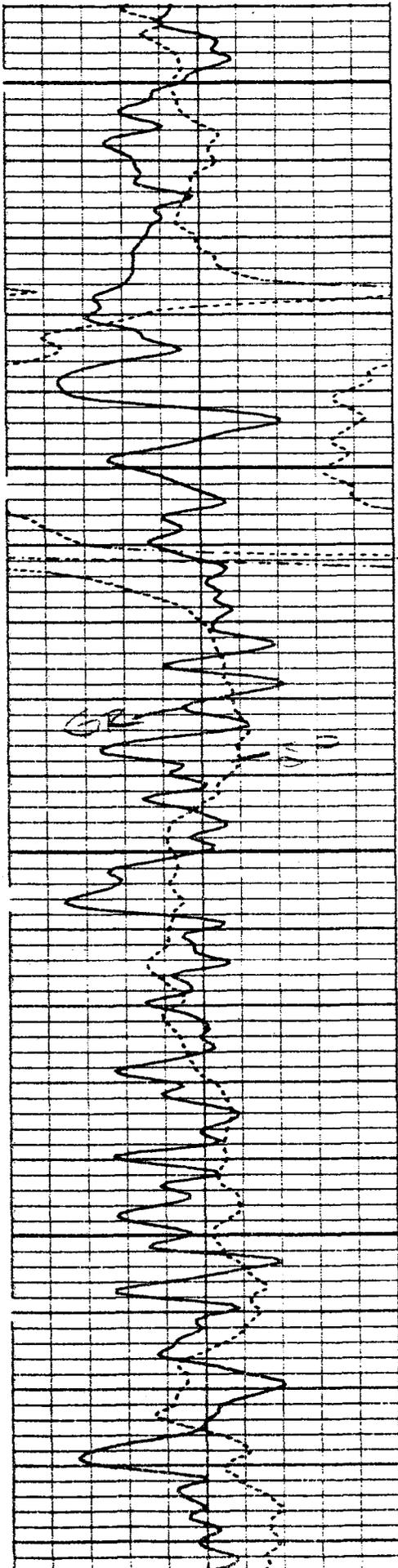
- 12-19 Rig service, Ream to bottom, Drilling, Rig service.
- 12-20 Rig service, Drilling, Pull into casing for flow test, test, Drilling.
- 12-21 Trip out for Schlumberger.
- 12-22 Run logs, Ream hole, Rig service.
- 12-23 Shoot sidewall cores.

BIT RECORD

<u>BIT NO.</u>	<u>MAKE</u>	<u>TYPE</u>	<u>SIZE</u>	<u>DEPTH IN</u>	<u>DEPTH OUT</u>	<u>FOOTAGE</u>	<u>HOURS</u>
1	STC	LCJ	13-3/4	75	259	185	15.5
2	STC	DT	9-7/8	259	--	--	18
3	HTC	J-11	9-7/8	230	560	330	24
4	STC	F-4	9-7/8	560	1,343	783	55
5	HTC	J-11	9-7/8	1,343	2,206	861	39
6	STC	F-2	9-7/8	2,206	3,680	1,474	77.5
7	SEC	S4J	6¼	3,680	3,734	54	3.5
8	STC	F-4	6¼	3,734	3,987	253	--
9	STC	F-4	6¼	3,987	4,224	237	15

DRILLING FUNCTIONS

<u>DEPTH</u>	<u>WOB</u>	<u>RPM</u>	<u>PP</u>	<u>DEVIATION</u>
75	ALL	85	500	3/4°
259	20	80	700	½°
560	16/18	90	250 (Air Press.)	1°
2,594	28/30	65	120 (Air Press.)	1°
3,712	15/20	65	200 (Air Press.)	1°
3,842	15/20	65	500/800 (Air Press.)	1°

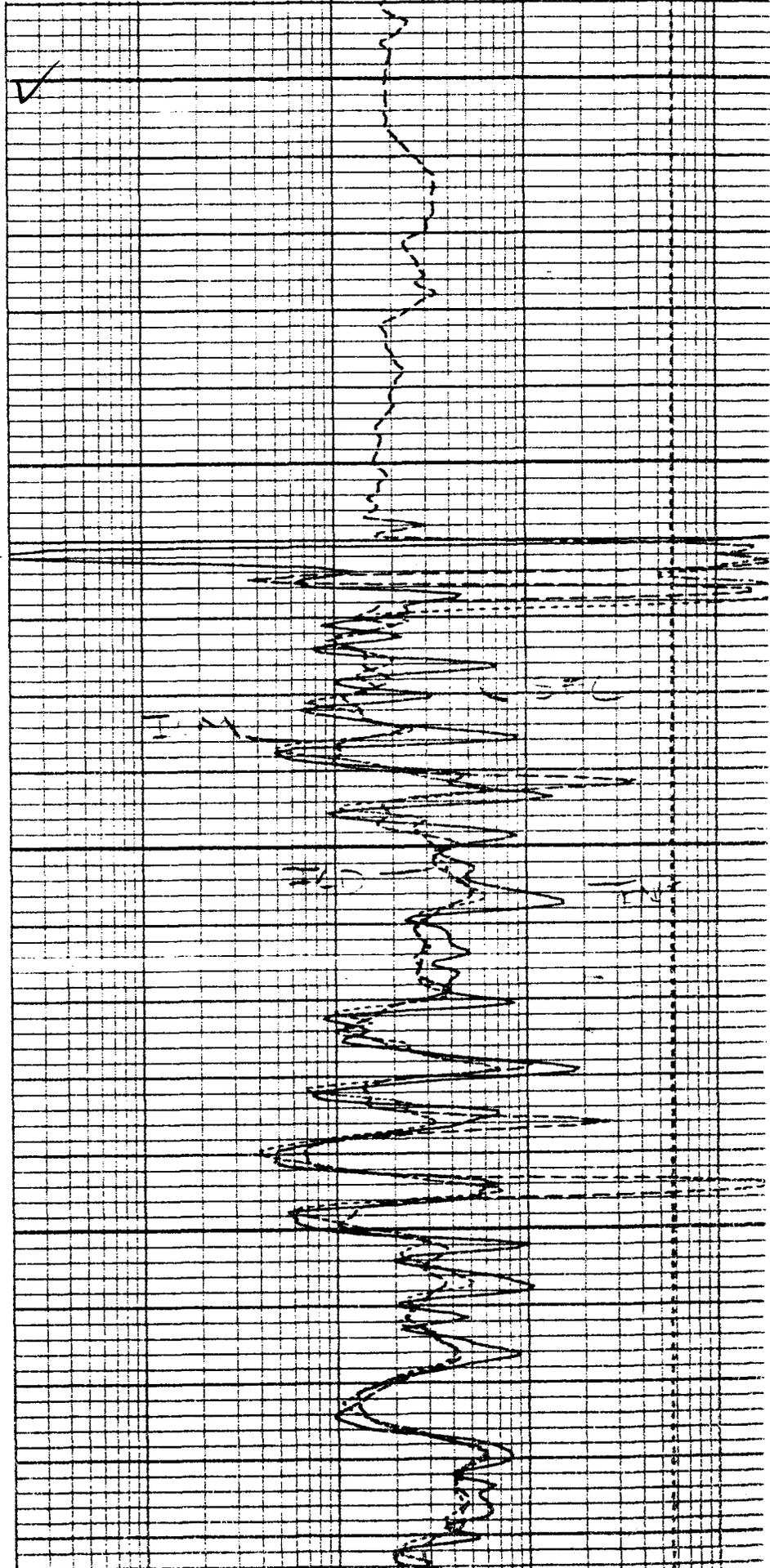


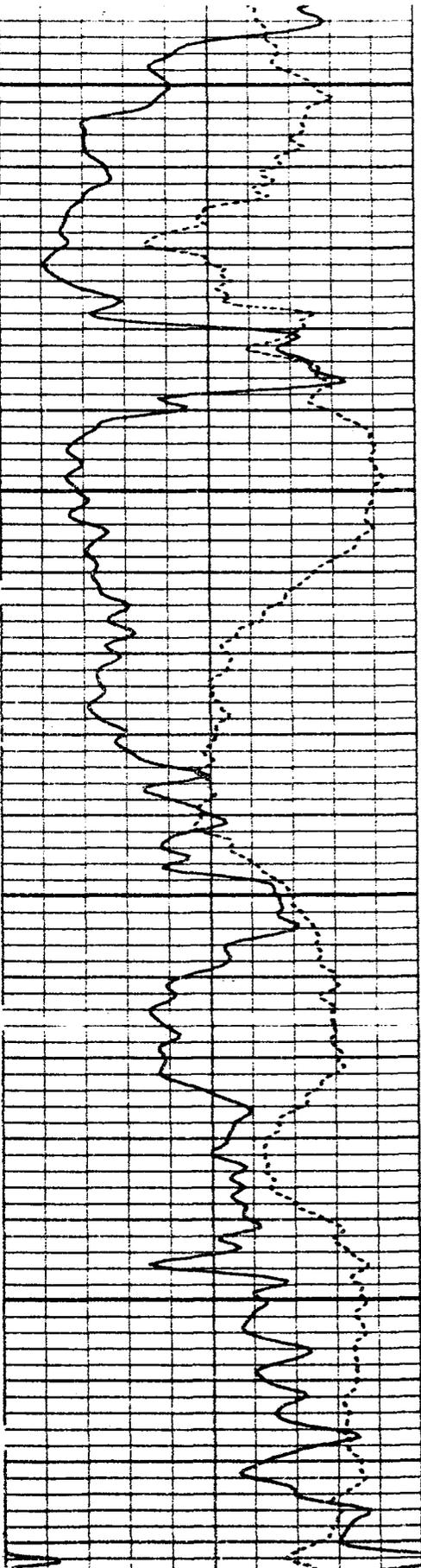
FERRON ✓

3700

CSO

3800

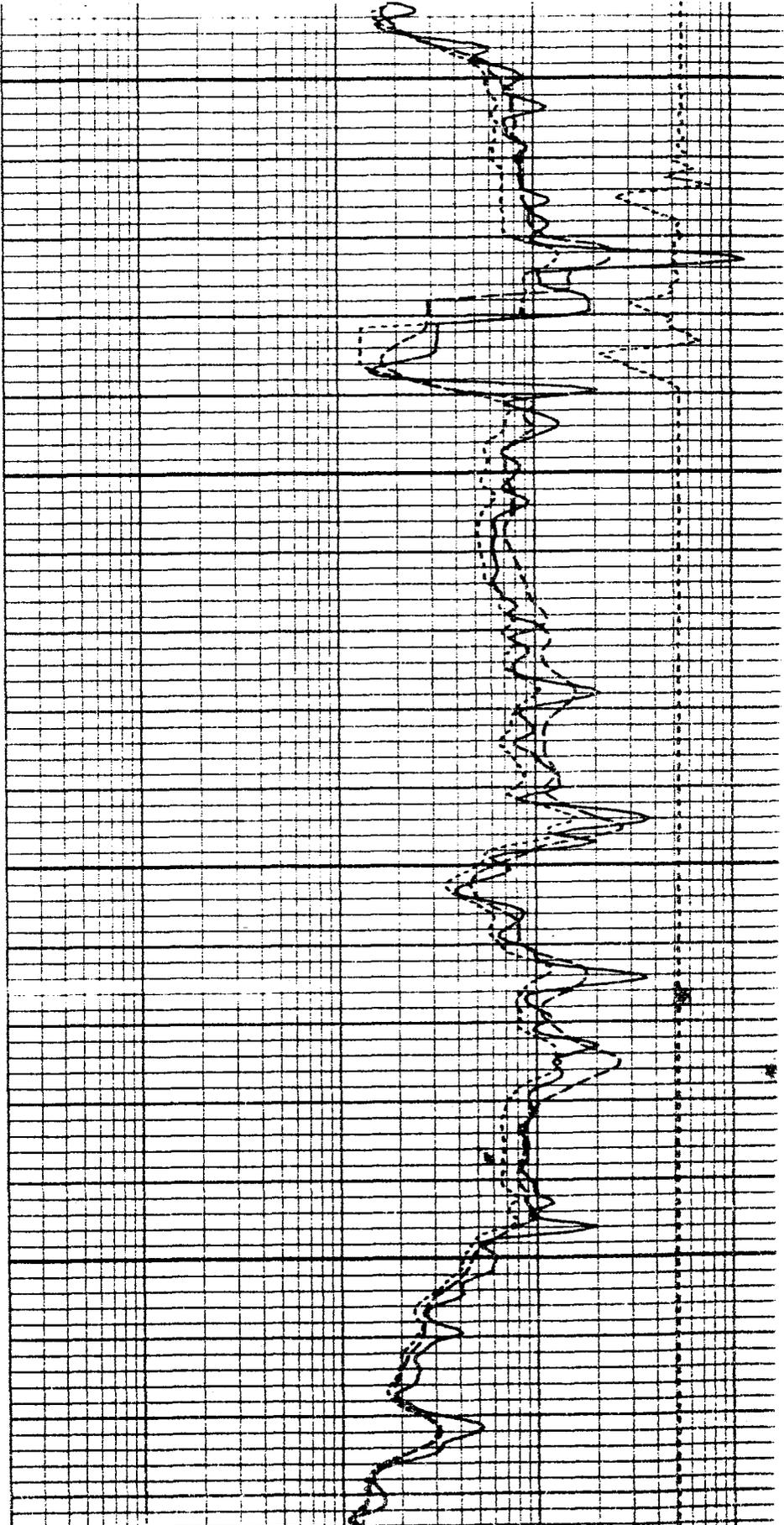




3900

4000

-9-



3900

4000

-9-

LITHOLOGY

1,140 - 1,920 SANDSTONE - wh-clr, m-ind, vf-f gr, m srt sbang-sbrnd, calc cmt, p-fr \emptyset , NSFOC.

1,920 - 1,960 NO SAMPLES.

1,960 - 2,405 SHALE - gy-dkgy, sft-frm, blkly - plty, gen calc.

2,405 - 2,410 SILTSTONE - ltgy-gy, p-m ind, gen p \emptyset , NSFOC.

2,410 - 3,600 SHALE - gy-dkgy, sft-frm, blkly-plty, occ sl slty, gen calc.

3,600 - 3,675 SILTSTONE - ltgy-gy, occ wh, m ind, sl calc, p \emptyset , NSFOC.

3,675 - 3,677 SANDSTONE - clr-gy, p-m ind, vf gr, m srt, sbang - sbrnd, calc cmt, p-fr \emptyset , NSFOC.

3,677 - 3,720 SILTSTONE - ltgy-gy, occ wh, m ind, sl calc, p \emptyset , NSFOC.

3,720 - 3,815 SANDSTONE - ltgy-wh-clr, vf gr, p-m ind, fr srt, sbang - sbrnd, calc.

3,815 - 3,900 SILTSTONE - ltgy-gy, occ wh, m ind, sl calc, p \emptyset , NSFOC.

3,900 - 3,980 SANDSTONE - ltgy - wh - clr, vf-f gr, sbang - sbrnd, calc cmt, fr-p \emptyset , NSFOC.

3,980 - 4,010 SILTSTONE - ltgy - gy, m ind, calc cmt, p \emptyset , NSFOC.

4,010 - 4,035 SANDSTONE - wh-ltgy, m-w ind, vf-f gr, m-w srt, sbang - sbrnd, calc cmt, occ slty, p \emptyset , NSFOC.

4,035 - 4,060 SILTSTONE - ltgy - gy, m ind, calc cmt, p \emptyset , NSFOC.

4,060 - 4,105 SHALE - ltgy - gy, sft-frm, blkly - plty, gen slty, sl calc.

4,105 - 4,120 SILTSTONE - ltgy - gy, m ind, calc, p \emptyset , NSFOC.

4,120 - 4,224 SHALE - ltgy-gy, sft-frm, blkly-plty, occ slty, sl calc.

RECOMMENDED STIPULATIONS

1. SEE USFS STIPULATIONS 1-14, INCLUDED IN PAGES 3-5 OF EA (COPY ATTACHED WITH NOTED OMISSIONS)
2. A TRASH CAGE OR BIN WILL BE USED INSTEAD OF A TRASH PIT
- 3 ALL TOPSOIL WILL BE STOCKPILED ALONG THE WEST EDGE OF LOCATION BEFORE DRILL PAD CONSTRUCTION
4. ALL DRILLING AND RECLAMATION MUST TERMINATE WHEN BIG GAME MIGRATE INTO THEIR WINTER RANGE. THE NOVEMBER 1 DATE STIPULATED IN THE LEASE IS TEMPORARILY EXTENDED TO NOVEMBER 30, 1981 UPON THE RECOMMENDATION OF THE FOREST SERVICE DISTRICT RANGER.
5. THE LEASE STIPULATION OF U-29637 WHICH PROHIBITS SURFACE OCCUPANCY WITHIN 500 FEET OF AN EXISTING ROAD, 200 FEET OF AN EXISTING TRAIL AND 500 FEET OF THE HIGH WATERLINE OF A STREAM OR RESERVOIR HAS BEEN TEMPORARILY WAIVED FOR THIS OPERATION. ACTIVITIES MAY OCCUR AS STAKED AND NOTED IN APD

The sites being considered in the proposal are located in management area "A" of the Ferron-Price Land Management Plan. Oil and gas leasing and exploration are allowed in this planning unit if exploration is coordinated with other resources.

Access to the proposed drill sites from State Highway 50-6 is provided by the Porphyry Bench Road (off-Forest) and Forest Development Roads (FDR) 50011 and 50048. Construction of new roads will not be necessary. Road improvements will be minimal. One gate will be replaced and relocated to facilitate the movement of equipment for the operation. Water will be purchased from a private source not within the Forest boundary and hauled to the location. A fenced pit will be provided for trash. The pit will be completely enclosed with small mesh wire. A total of four acres will be disturbed by drilling these wells.

The following management requirements and constraints (mitigating measures) have been added as part of the project as proposed:

OMIT
SEE USGS STIP #3

- 1. All topsoil will be removed and stockpiled before drill pad construction.
- 2. All trash, contaminated gravel and soils will be hauled off the Forest and disposed of properly.
- 3. Firefighting tools must be available at the drill site at all times and will consist of axes and shovels (one per crew member) and two backpack pumps or two fire extinguishers.
- 4. All damages to fences, cattleguards, developed water sources, or to other range improvements must be repaired immediately.

OMIT
SEE USGS STIP #4

- 5. All drilling and reclamation must terminate when the big game migrate into their winter range. November 1 is the date stipulated on the leases. This date may be modified by the District Engineer of the U.S. Geological Survey upon recommendation of the Forest Service District Ranger.

OMIT
SEE USGS STIP #5

- 6. The District Engineer of the U.S.G.S., upon recommendation of the District Ranger, must waive the surface occupancy stipulation in Federal Leases U-29638 and U-29637 which restricts surface occupancy within 500 feet from a road, 200 feet from a trail, 400 feet from any improvements, and 500 feet from the high water levels of a stream or reservoir.
- 7. All fluids must be adequately contained in the pit to prevent contamination of soils, ground water, and surface water.

- 8. A road use permit (~~see Appendix~~) is required prior to any surface disturbance onto Forest Service land. All stipulations in the road use permit must be followed.
- 9. The site plan must be approved by the Forest Service prior to any surface disturbance.
- 10. Upon completion of drilling, any disturbed areas will be immediately reclaimed. Mosbacher must submit a detailed reclamation plan. The following measures must be included in the plan:

- a. The site must be reseeded immediately after the topsoil has been redistributed. The seed mix will include the following:

Fairway crested wheatgrass	60%
Intermediate wheatgrass	15%
Pubescent wheatgrass	15%
Slender wheatgrass	10%

Fifteen pounds of seed mix will be required for each acre. Each individual species must meet the following certification criteria:

Minimum pure live seed	80%
Maximum weeds	1%

- b. All brush removed on the site will be broken up and spread evenly over the site area after seeding.
 - c. The subsoil should not be compacted prior to topsoil dispersal.
 - d. Until vegetation is reestablished, the reclaimed areas will be fenced with four strands of barbed wire spaced at intervals of 10, 20, 30, and 40 inches. If metal posts are used, they must be painted green.
 - e. Topsoil tests will be conducted at both sites before reclamation to test the quality of the soil. Fertilizer will be added as recommended by a specialist from a certified soil testing laboratory, a County Agricultural Extension Agent, or a Forest Service Soil Scientist.
11. Mosbacher will be held completely responsible for insuring that supervisory and field personnel related to this project be knowledgeable of ~~the~~ ^{All} stipulations ~~listed in the E.A.~~ and Road Use Permit. Complete copies of all these stipulations will be kept on site and available for joint review upon request of Forest Service Officials.

12. Off-road vehicle traffic is prohibited.
13. Harrassment of wildlife and cattle is prohibited
14. Pits must be dried before they are backfilled. Backfill material will consist of uncontaminated gravels and subsoil materials.

III. AFFECTED ENVIRONMENT

A general description of the environment can be found in the Ferron-Price Land Management Plan, planning unit A-2 and the Final Environmental Statement Development of Coal Resources in Central Utah. These documents are available at the Forest Supervisor's Office or Price District Office in Price, Utah.

The following environmental factors will be affected by the proposed drilling:

- A. Soils. At the site for proposed well 13-1, the soils are deep alluvial deposits with thick dark colored surface soils. There are few surface rock fragments, and the soils are relatively free of these rock fragments for at least 36 inches in depth. The soil presently supports Serviceberry, Big sagebrush, and grasses, indicating a good potential for revegetation. At the site for proposed well 25-1, the soil is poorer in quality. Gravel and cobble cover approximately 20-30 percent of the surface. The surface soil is gravelly loam and is thin. The subsoil consists of clay. Surface erosion has been active in the past but the soil is fairly well-protected by rock fragments at the present time. Revegetation will be difficult at this site. Refer to the soil report in the Appendix.
- B. Vegetation. The vegetation at sites 13-1 and 25-1 is the type of vegetation associated with benchlands, ridges, steep side slopes, and mesas at elevations between 6,500 feet and 9,500 feet. The dominant overstory species of this vegetative association are Gamble oak, Serviceberry, Curleaf mahogany, Big sagebrush, Snowberry, Chokecherry, and Wild currant. A large number of understory species are associated with the dominant over-story brush species.
- C. Transportation. Access to well 25-1 will be via .91 miles of Corner Canyon Road, Forest Development Road 50048. Access to well 13-1 will be via .49 miles of Bob Wright Road, Forest Development Road 50011.

The existing Bob Wright Road is graded and drained to an approximate 12-16 foot top width. A Combination of culverts and dips is used to control cross drainage. Between Second Water Canyon and the Forest boundary to the north, the road cuts back into numerous draws on tight radius that would require reconstruction for the safe operation of hauling trucks. The road has many pitches that would require spot gravel and drainage to adequately protect the roadbed for truck hauling. These tight radius and crest vertical curves would require improvement to existing turnouts and construction of additional turnouts to safely add exploration traffic. Additional drainage should be added to reduce surfacing losses.

USO 3100-8
(2/74)

Serial No.

U- 29638
Oil and Gas Lease

STIPULATIONS

1. The lands included in this lease may contain significant prehistoric and/or historic artifacts, therefore, the lessee agrees not to enter the lease area until an inventory of archaeological and/or historical sites is made by the surface management agency or its designated representative, and conditions of use are prepared to protect the sites in accordance with the Antiquities Act of June 8, 1906 (34 Stat. 1. 225; 16 USC 431) and the Historical Sites Act of August 21, 1935 (49 Stat. 666; 16 USC 461-467).

2. No occupancy of the surface in the following areas is authorized by this lease. The lessee may employ directional drilling to develop the oil and gas resources under these areas, provided that such drilling or other works will not disturb the surface area or otherwise interfere with their use by the surface management agency. The areas to be excluded from surface occupancy unless specifically approved in the operating plan are:

(a) Within 500 feet on either side of the centerline of any and all roads and/or highways within the lease area.

(b) Within 200 feet on either side of the centerline of any and all designated trails within the lease area.

(c) Within 500 feet of the normal high waterline of any and all streams, lakes, ponds, and reservoir located within the lease area.

(d) Within 400 feet of any and all springs within the lease area.

(e) Within 400 feet of any improvements either owned, permitted, leased, or otherwise authorized by the surface management agency.

(f) In order to protect important winter wildlife habitat, exploration, drilling and other development activities will be limited to the period from March 1 to November 1. This limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation in any year may be specifically authorized in writing by the authorized Forest officer.


Lessee

acs
kmw

RECEIVED

AUG 23 2002

Dudley & Associates LLC

August 8, 2002

Klabzuba Oil & Gas
700-17th Street, Suite 1300
Denver, Colorado 80202
Attn: Mr. Tom Siirola

Phillips Petroleum Company
9780 Mt. Pyramid Ct., Ste. 200
Englewood, Colorado 80112
Attn: Mr. Greg Reeves

Amaricen General Partnership
c/o Klabzuba Oil & Gas
700-17th Street, Suite 1300
Denver, Colorado 80202
Attn: Mr. Tom Siirola

Chevron Texaco E & P Co.
11111 S. Wilcrest
Houston, Texas 77099
Attn: Mr. Gene Herrington

OXY (USA) Inc.
6 Desta Drive
Midland, Texas 79705
Attn: Mr. Pat Sparks

Sidwell Oil & Gas, Inc.
P.O. Box 9298
Amarillo, Texas 79105
Attn: Mr. Reid Sidwell

Evertson Exploration, LLC
730-17th Street, Suite 410
Denver, Colorado 80202
Attn: Mr. Phil Kriz

Forest Oil Corp.
1600 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mr. Chuck Rasey

Re: Exception location approval request
Dudley Federal 41-25 R/E
Dudley Federal 43-25
Carbon County, Utah

Gentlemen:

Dudley & Associates, LLC (Dudley) is in the process of permitting the captioned wells, which will be exceptions to the Utah Division of Oil, Gas and Mining well location and siting regulations. The Dudley Federal 41-25 R/E well is sited at approximately 401' FNL and 300' FEL, and the Dudley Federal 43-25 well is sited at approximately 1800' FSL and 330' FEL, both in Section 25-T14S-R7E, Carbon County, Utah.

904 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203-1026

303 861 0800 main phone
303 832 3735 fax
info@dudley.com email

Dudley & Associates, LLC

The Dudley Federal 41-25 R/E will be a re-entry of the Federal 25-1 well drilled by Mosbacher Production Co. in 1981, and will test the Ferron Formation at approximately 4224'. The Dudley Federal 43-25 will be drilled to approximately 4200' to test the Ferron Formation.

In accordance with the Division's Rule R649-3-3, Dudley respectfully requests your written consent to these exception locations. Please indicate your approval by signing below and returning one copy of this letter to the attention of Tim Schowalter at the letterhead address. Should you have any technical questions, please contact Tim at (303) 863-4482.

Very truly yours,

DUDLEY & ASSOCIATES, LLC



Don E. Schroeder
Land Manager

AGREED TO AND ACCEPTED THIS 19th DAY OF AUGUST, 2002.

By: McHerrington

Title: Landman

Company: Chevron U.S.A. Inc.

RECEIVED

AUG 29 2002

Dudley & Associates LLC

August 8, 2002

Klabzuba Oil & Gas
700-17th Street, Suite 1300
Denver, Colorado 80202
Attn: Mr. Tom Siirola

Phillips Petroleum Company
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Attn: Mr. Greg Reeves

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Denver, Colorado 80202
Attn: Mr. Tom Siirola

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11111 S. Wilcrest
Houston, Texas 77099
Attn: Mr. Gene Herrington

OXY (USA) Inc.
6 Desta Drive
Midland, Texas 79705
Attn: Mr. Pat Sparks

Sidwell Oil & Gas, Inc.
P.O. Box 9298
Amarillo, Texas 79105
Attn: Mr. Reid Sidwell

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730-17th Street, Suite 410
Denver, Colorado 80202
Attn: Mr. Phil Kriz

Forest Oil Corp.
1600 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mr. Chuck Rasey

Re: Exception location approval request
Dudley Federal 41-25 R/E
Dudley Federal 43-25
Carbon County, Utah

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Very truly yours,

DUDLEY & ASSOCIATES, LLC



Don E. Schroeder
Land Manager

AGREED TO AND ACCEPTED THIS 28 DAY OF AUGUST, 2002.

By: Chris Roney

Title: Land Manager

Company: Fossil O.

Attached to BLM Form 3
Dudley & Associates, LLC
Dudley Federal 41-25 Re-entry
NE/4 NE/4, Sec. 25, T14S, R7E, SLB & M
316' FNL, 260' FEL
Carbon County, Utah

DRILLING PROGRAM

The following procedure will be followed since this well is a re-entry:

Wash down.

Drill out cement plugs and wash and ream to former TD of 4,224'.

Set 4-1/2" casing.

1. The Geologic Surface Formation

Emery Sandstone Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

	<u>MD</u>	<u>Subsea</u>
Surface Casing (10-3/4")	259'	+7,515'
Lower Mancos Shale	1,884'	+5,890'
Top Mancos Gas Zone	2,361'	+5,413'
St. 18-1A Mancos "perf. Int."	2,970'	+4,804'
Mancos Blue Gate Marker	3,430'	+4,344'
Ferron / Fault	3,616'	+4,158'
Ferron "A" Sand	3,652'	+4,122'
Intermediate (7" Casing)	3,715'	+4,058'
Ferron "B" Sand	3,750'	+4,024'
Projected and Permitted TD	4,224'	+3,550'

3. Projected Gas & Water Zones

Mancos Gas Zone: 2,361' – 3,136'
Ferron Sands: 3,616' – 4,224'

Groundwater producing zones, potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits are protected by existing 10-3/4" surface and 7" intermediate casing to a depth of 3,715'. Additional casing will be set and cemented from 3,715' to 4,224' to complete the well below the existing casing.

Surface casing will be tested to 2000 psi during the re-entry procedure if required.

4. The Proposed Casing and Cementing Programs

<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>CONDITION</u>
	259'	10-3/4"		Existing
	3,715'	7"		Existing
6-1/4"	4,224'	4-1/2"	11.60# J-55 ST&C	New

Cement Program –

Surface Casing: 500 sacks

Intermediate Casing: 500 sacks

Production Casing: 200 sacks 10-1 RFC with 0.25 pps cellophane flakes
Weight: 14.2 #/gal
Yield: 1.61 cu.ft/sk
Excess: 25%

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. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-3,600' Native mud

3,600'-4,224' Gel mud

7. The Testing, Logging and Coring Programs are as followed

3,715'-4,224' Dual Induction/SFL, LDT/CNL

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: October 2002.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (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 Manti La-Sal National Forest and Division of Oil, Gas & Mining immediately.

Attached to BLM Form 3
Dudley & Associates, LLC
Dudley Federal 41-25 Re-entry
NE/4 NE/4, Sec. 25, T14S, R7E, SLB & M
316' FNL, 260' FEL
Carbon County, Utah

THIRTEEN POINT SURFACE USE PLAN

The onsite inspection for the referenced well was conducted on Tuesday, July 11, 2002 at approximately 10:00am. Weather conditions were hot and dry. In attendance at the onsite inspection were the following individuals:

Don Hamilton	Permitting Agent	Talon Resources, Inc.
Carter Reed	Forest Geologist	Manti La-Sal National Forest
Tom Lloyd	District Geologist	Manti La-Sal National Forest
Jeff Alexander	Transportation Engineer	Manti La-Sal National Forest

The ID team evaluation for the referenced well was conducted on Monday, September 30, 2002 at approximately 9:00am. Weather conditions were cool and dry. In attendance at the evaluation were the following individuals:

Tim Schowalter	Exploration Manager / Geologist	Dudley & Associates, LLC
David Jensen	Operations Manager/COO/Eng.	Dudley & Associates, LLC
Don Hamilton	Permitting Agent	Talon Resources, Inc.
Carter Reed	Forest Geologist	Manti La-Sal National Forest
Tom Lloyd	District Geologist	Manti La-Sal National Forest
Brian McClelland	Asst. Geologist	Manti La-Sal National Forest
Katherine Foster	Hydrologist	Manti La-Sal National Forest
Rod Player	Wildlife Biologist	Manti La-Sal National Forest
Bill Broadbear	Recreation Specialist	Manti La-Sal National Forest
Mike Kaminski	Nat. Res. Prot. Spec.	Bureau of Land Management

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. **Existing Roads:**

- a. The proposed well site is located approximately 14.5 miles west of Price, UT.
- b. As you are leaving Price proceed west along 1st North past the Holiday Inn and through the Westwood housing development. The road will trend nearly south as you approach a four-way intersection with the Gordon Creek Road. Turn west on the Gordon Creek Road and proceed approximately 0.44 miles and turn left on the gravel road. Follow the Pinnacle Peak Road to the five-way intersection on Porphyry Bench just past the hermit's house. Take the northwest road across the railroad tracks and proceed along the Haley Canyon Road until you cross the USDA Forest Service Boundary. This entire trip will take nearly 45 minutes from Price. At the cattle guard on the forest boundary turn south and traverse along the gravel surfaced USDA Forest Service road to the proposed well site approximately 0.9 miles from the cattleguard. (see

Exhibit "B"). The road is surfaced with gravel to the western edge of Phillips Petroleum development and is an improved road with no aggregate to the forest boundary.

- c. The use of roads under Carbon County Road Department maintenance is necessary through state and private lands from the existing Phillips Petroleum development to the forest boundary. An encroachment permit is not anticipated at this time since no upgrades to the Carbon County Road are proposed at this time. An encroachment permit from the Carbon County Road Department will be secured prior to any upgrade of the existing county road.
- e. All existing roads will be maintained and kept in good repair during all phases of operation.
- f. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- g. Since no improvements are anticipated to the county access roads no topsoil striping will occur.
- h. Move-in and Move-out of the drill rig will not be allowed during holiday weekends and will be restricted during the big game hunting seasons as specified by the Forest Service as conditions for approval of the Surface Use Plan of Operations.

2. Planned Access Roads:

- a. From the forest boundary to the well site will utilize the gravel surfaced Forest Service Road upgraded to drill the Mosbacher 25-1 in 1981. The proposed well site is a re-entry of this existing well that will utilize the reclaimed spur road in its entirety. A road design plan is not anticipated at this time but can be provided if requested by representatives of the Forest Service.
- b. Proposed access will utilize Manti-La Sal National Forest Roads for approximately 0.75 miles in which approval to upgrade to Forest Service specification and utilize is requested with this application.
- c. A maximum grade of 10% will be maintained throughout the project.
- d. Adequate drainage structures will be incorporated into the road and will meet Forest Service specifications and approval prior to any construction.
- e. No gates or cattle guards are anticipated at this time.
- f. Existing scrub oak brush will be removed on both sides of the well approach to improve the site distance when entering the gravel surfaced forest road from the spur road.
- g. Surface disturbance and vehicular travel will be limited to the approved location access road. The Forest Service must approve any additional area needed in advance.
- h. If new and/or existing roads lie outside the lease boundary a right-of-way will be obtained.
- i. Unauthorized off-road vehicular travel is prohibited.
- j. Adequate signs will be posted along Forest Service Development Roads and as appropriate along the county road to warn the public of project related traffic.

3. Location of Existing Wells:

a. Following is a list of existing wells within a one mile radius of the proposed well:

i. Water wells	NW/4 SE/4, Section 19, T14S, R8E	
ii. Injection wells	None	
iii. Producing wells	None	
iv. Temp. shut-in wells	SE/4 NW/4, Section 19, T14S, R8E	GCS 19-14-8
	NE/4 SW/4, Section 19, T14S, R8E	GCS 19-14-8 (b)
v. P & A wells	SE/4 NE/4, Section 24, T14S, R7E	GC Unit #1
	NE/4 NE/4 Section 25, T14S, R7E	Mosbacher 25-1
	NE/4 NW/4, Section 19, T14S, R8E	GC Unit #3
	NW/4 SE/4, Section 19, T14S, R8E	GC Unit #1

b. Numerous abandon coal exploration holes exist in the area and have not been shown on the maps since they are not classified as wells.

4. Location of Production Facilities:

- a. The production facilities layout will be submitted to the Forest Service prior to installation if the well is proven productive. Production facilities may be subject to further environmental analyses and approval by the Forest Service.
- b. All permanent structures (in place for six months or longer) constructed or installed (including pump jacks and separators) will be painted a flat, non-reflective olive black (or as determined by the Forest Service) to match the standard environmental colors, as determined by the approving agency. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded.
- c. All site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- d. If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flow-line will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- e. If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- f. Installation of any oil or gas flow lines, if required, will be installed along the proposed access routes.
- g. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry..
- h. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.

- i. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- j. All gasoline and diesel-powered equipment will be equipped with effective spark arresters or mufflers. Spark arresters will meet Forest Service specifications discussed in the USDA Forest Service Spark Arrester Guide. In addition, all electrical equipment must be properly insulated to prevent sparks.
- k. A gas and water pipeline is associated with this application and is being applied for at this time. The proposed gas and water pipeline corridor will follow the existing county road to the forest boundary then traverse along the north and east of the forest roads proposed for utilization. A plan and profile of the proposed pipeline will supplement this application in the future and be approved prior to initiating pipeline construction

5. Location and Type of Water Supply:

- a. All water needed for drilling and construction purposes will be obtained from Price River Water Improvement District (a local source of municipal water) through a direct purchase.
- b. Additional waters, if available, will be properly and legally obtained according to State water laws. The location of diversion, if on Nation Forest System lands, is subject to Forest Service approval.
- c. No other source of water is being pursued at this time.

6. Source of Construction Material:

- a. Pad construction material will be obtained from a Private Owner near Price, Utah.
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.
- c. No construction materials will be removed from Forest Service lands
- d. Any gravel used will be obtained from a state approved gravel pit.

7. Methods of Handling Waste Disposal:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities designed for the safe storage and disposal of the waste material.
- b. Drill cutting will be contained and buried on site if they are free of liquid and proved through laboratory analysis to be free of any toxins including barium-containing compounds. Should the cutting fail to meet this requirement as determined by the Forest Service they will be hauled off of Forest Service lands for placement in an approved solid waste disposal site.
- c. The reserve pit will be located outboard of the location and along the west side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.

- e. The reserve pit will be lined with 12 mil minimum thickness synthetic liner material unless designated otherwise by the Forest Service officers prior to construction. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Carbon County Landfill near Price, Utah. Burning of trash and debris is prohibited.
- h. After first production, produced wastewater will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officers approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- i. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- j. Sanitary facilities are required on site at all times during operations. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations. The installation of facilities, other than self-contained chemical toilets, is subject to State and Forest Service approval.
- k. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities:

- a. Garbage Containers and Portable Toilets are the only ancillary facilities proposed in this application

9. Well Site Layout :

- a. The well, whether drilling, producing, suspended, or abandoned, will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the west.
- c. The existing casing cannot be found but is believed to be at or near the new surveyed location of 316' FNL, 260' FEL. Should the casing location be found considerably different than this new location another survey will be completed following the drilling and completion of the well.

- d. The pad and road designs will be consistent with Forest Service specification as outlined in the Region 4 Oil and Gas Rooding Guidelines and the Manti-La Sal National Forest Oil and Gas Well Site Guidelines and are subject to Forest Service approval. No construction operations may begin prior to approval. Any modifications to approved plans are also subject to review and approval.
- e. The operator shall submit for approval, (within 90 days following completion of the well), a maintenance plan for the site, the project road and that portion of any Forest Development Road to be used for project access. A road use permit must be obtained from the Forest Service authorizing commercial use of Forest Service Development Roads. Requirements listed in the road-use permit must be followed.
- f. A pre-construction meeting including the responsible company representative(s), contractors, and the Forest Service must be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road must be construction-staked prior to this meeting. Site specific requirements will be discussed at that time.
- g. The pad has been staked at its maximum size of 280' X 150', however it will be constructed smaller if possible, depending upon rig availability. Should the layout change this application will be amended and approved utilizing a sundry notice.
- h. The operator will acquire appropriate permission to utilize non-Forest Service Roads.
- i. The project engineer and surveyors must be certified by the State in which they reside or maintain their business.
- j. Establishment of campsites on the pad or at other locations on National Forest System lands by the operator or his contractors is subject to Forest Service approval.
- k. All surface disturbing activities, including reclamation, will be supervised by a qualified, responsible official or company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- l. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- m. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settling.
- n. If the well is productive, the working surface of the drill site will be surfaced with gravel to a depth sufficient to support anticipated loads throughout the life of the well.
- o. A drainage ditch with erosion control structures be constructed along the northwest corner of the pad to minimize water entering the pad and possible erosion. Additional diversion ditches will be constructed as necessary and practical around the well site to prevent surface waters from entering the well site area. Energy dissipating structures will be utilized to prevent excessive erosion at the outflow and trap any sediment produced from the raw slopes and prevent excessive erosion.
- p. A berm will be constructed around the perimeter of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be 18 inches high, 12 inches wide at the top, and having a 1-1/2:1 side slopes. The site surface will be graded to drain to a low corner to avoid pit spillage during large storm events. The drainage pattern to be constructed can be modified for the site depending on site-specific conditions.

- q. The stockpiled topsoil (first 12 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent any possible contamination. All topsoil must be stripped from areas to be disturbed and stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- r. Pits will remained fenced until site cleanup.
- s. The blooie line will be located: At least 100 feet from the well head.
- t. To minimize the amount of fugitive dust and spray escaping from the blooie pit water injection will be implemented

10. Plans for Restoration of the Surface:

DRY HOLE

- a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.
- b. Fluids in the reserve pit will be pumped off and hauled to an approved disposal source, or re-used at another drill site. The operator will attempt to reclaim the reserve pit prior to winter, or the following summer.
- c. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.
- d. The abandonment marker will be one of the following, as specified by BLM and Forest Service:
 - 1) at least four feet above ground level,
 - 2) at restored ground level, or
 - 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, Well name and surveyed description (township, range, section and either quarter-quarter or footage).

- e. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an approximate uniform, stable thickness consistent with the established contours.
- f. A temporary fence (let down fence) will be constructed around the drill site to prevent continued use until the required reclamation standards are successfully achieved. The fence will then be removed.
- g. Excelsior logs will be placed on the steep slopes after final reclamation to minimize erosion potential.
- h. In general, the disturbed areas will be considered adequately revegetated when at least 90 percent of the original ground cover is re-established over 90 percent of the seeded area, within three years of planting, consisting of seeded and desirable species. Maximum allowable non-noxious weeds is 10 percent of the total ground cover at any time. No noxious weeds will be allowed on the site; they must be treated as they occur. The operator is responsible for maintenance of reclamation facilities

such as fences, barricades and temporary drainage structures until the desired reclaimed conditions are achieved. If the desired ground cover is not established at the end of each 3 year period, an analysis of why the areas has not recovered will be performed by the operator and additional treatment and seeding will be required based on the results of the analysis.

- i. Straw, hay, feed, or pellets used on the National Forests of Utah must be certified weed-free by the State of Utah.
- j. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.
- k. The well pad and access road will be reclaimed as per Forest Service. The operator will be informed of Forest Service requirements within 2 weeks following completion of the well to determine if the Forest Service can utilize the access road and/or well pad for recreational purposes. If the Forest Service agrees to take over the access and/or well pad, they also agree to take full responsibility for continued use and maintenance of the area and all liability associated with the same.

PRODUCING WELL

- a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. Methods for drying the pit, other than natural evaporation, are subject to prior Forest Service approval.
- c. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- d. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.
- e. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- f. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soils, and gravel, will be removed from the Forest.
- g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be top soiled and revegetated. The berm will be removed and the drill site graded to drain.
- h. The stockpiled topsoil will be evenly distributed over the disturbed area.
- i. Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.
- j. The site will be seeded and/or planted as prescribed by the Forest Service. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the revegetation requirements. The Forest Service will assign the seed mix. Seed will be broadcast or

drilled between Sept. and Nov., or at a time specified by the Forest Service. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

11. Surface and Mineral Ownership:

- a. Surface Ownership is USDA Forest Service under the management of the Manti-La Sal National Forest 599 Price River Drive, Price, Utah 84501 435-637-2817.
- b. Mineral Ownership is Bureau of Land Management under the management of the Moab Field Office 82 East Dogwood Avenue, Moab, Utah 84532 435-259-2106.

12. Other Information:

- a. A Class III archeological survey was conducted by Montgomery Archaeological Consultants, No significant cultural resources were found and clearance has been recommended. A copy of this report (MOAC Report No. 01-180) was submitted on November 14, 2001 to the appropriate agencies by Montgomery Archaeological Consultants.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:
 1. Whether the materials appear eligible for the National Register of Historic Places;
 2. the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
 3. a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

- c. Buys & Associates conducted a Threatened and Endangered flora and fauna survey, No significant species were found and clearance has been recommended. A copy of this report has been submitted to the appropriate agencies by Buys & Associates.
- d. Talon Resources, Inc, conducted an aerial raptor survey, No significant nesting raptors species were found in the immediate area and clearance has been recommended. Talon Resources, Inc has submitted a copy of the produced maps to the appropriate agencies.
- e. Wildlife Seasonal Restrictions will be stipulated by the Forest Service biologist and the existing

Forest EIS document.

- f. No off location Geophysical Testing will be completed as part of this project.
- g. No drainage crossings that require additional State or Federal approval are being crossed
- h. Fire suppression equipment must be available to all personnel on the project site. Equipment will include a minimum of one hand tool per crewmember consisting of shovels, pulaskis, and chainsaws and one properly rated fire extinguisher per vehicle an/ or internal combustion engine.
- i. The operator will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to the Forest Service as soon as possible.
- j. All accidents or mishaps resulting in resource damage and/or serious personal injury must be reported to the Forest Service as soon as possible.
- k. Harassment of wildlife and livestock is prohibited.
- l. All merchantable timber removed or destroyed by construction or other project related activities will be purchased by the operator at fair market value. The Forest Service will conduct a timber cruise and appraisal after the final clearing limits have been staked. Slash burning will be conducted only at locations approved by the Forest Service under authorization or a burning permit

13. Lessee's or Operator's Representative and Certification

Dudley & Associates, LLC
1776 Lincoln Street, Room 904
Denver, Colorado 80203-1026

<u>Title</u>	<u>Name</u>	<u>Office Phone</u>
Exploration Manager/Geologist	Tim T. Schowalter	1-303-863-4482
Operations Manager/COO/Eng.	David B. Jensen	1-303-842-5671
Drilling Consultant	George B. Rooney	1-303-619-1908
Permitting Consultant	Don S. Hamilton	1-435-687-5310

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Dudley & Associates, LLC and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under Dudley & Associates, LLC pending BLM bond. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signature: Don Hamilton Date: 10-16-02

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location - Contact the Resource Area, Natural Resource Protection Specialist at least 24 hours prior to commencing construction of location.

Spud - The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hold digger or big rig.

Daily Drilling Reports - Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations - In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices - There will be no deviation from the proposed drilling and/or workover program without prior approval from the Assistant District Manager. "Sundry Notices and Reports on Wells: (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

Drilling suspensions - Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events - Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTLA.

Cultural Resources - If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First production - Should the well be successfully completed for production, the Assistant District Manager, Minerals Division will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

Well Completion Report - Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analysis, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings and/or samples) will be submitted when requested by the Assistant District Manager.

Venting/Flaring of Gas - NTL-4A allows venting/flaring of gas during the initial well evaluation period not to exceed 30 days or 50 Mmcf. Venting/flaring beyond the initial test period threshold must be approved by the District Office.

Produced Water - Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the Assistant District Manager for approval.

Off-Lease Measurement, Storage, Commingling - Prior approval must be obtained from the Assistant District Manager for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment - If the well is completed as a dry hole, plugging instructions must be obtained from the BLM, Moab District Office prior to initiating plugging operations. Table 1 of this document provides the after-hours phone numbers of personnel who are authorized to give plugging instructions.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Assistant District Manager, Minerals Divisions within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

TABLE 1
NOTIFICATIONS

Notify Carter Reed of the Manti-La Sal National Forest, at (435) 636-3547 and Mike Kaminski of the BLM – Price Office, at 435-636-3640 for the following:

2 days prior to commencement of dirt work construction or reclamation;

1 day prior to spudding

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

12 hours prior to reaching kickoff point depth (if applicable).

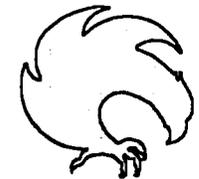
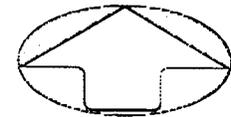
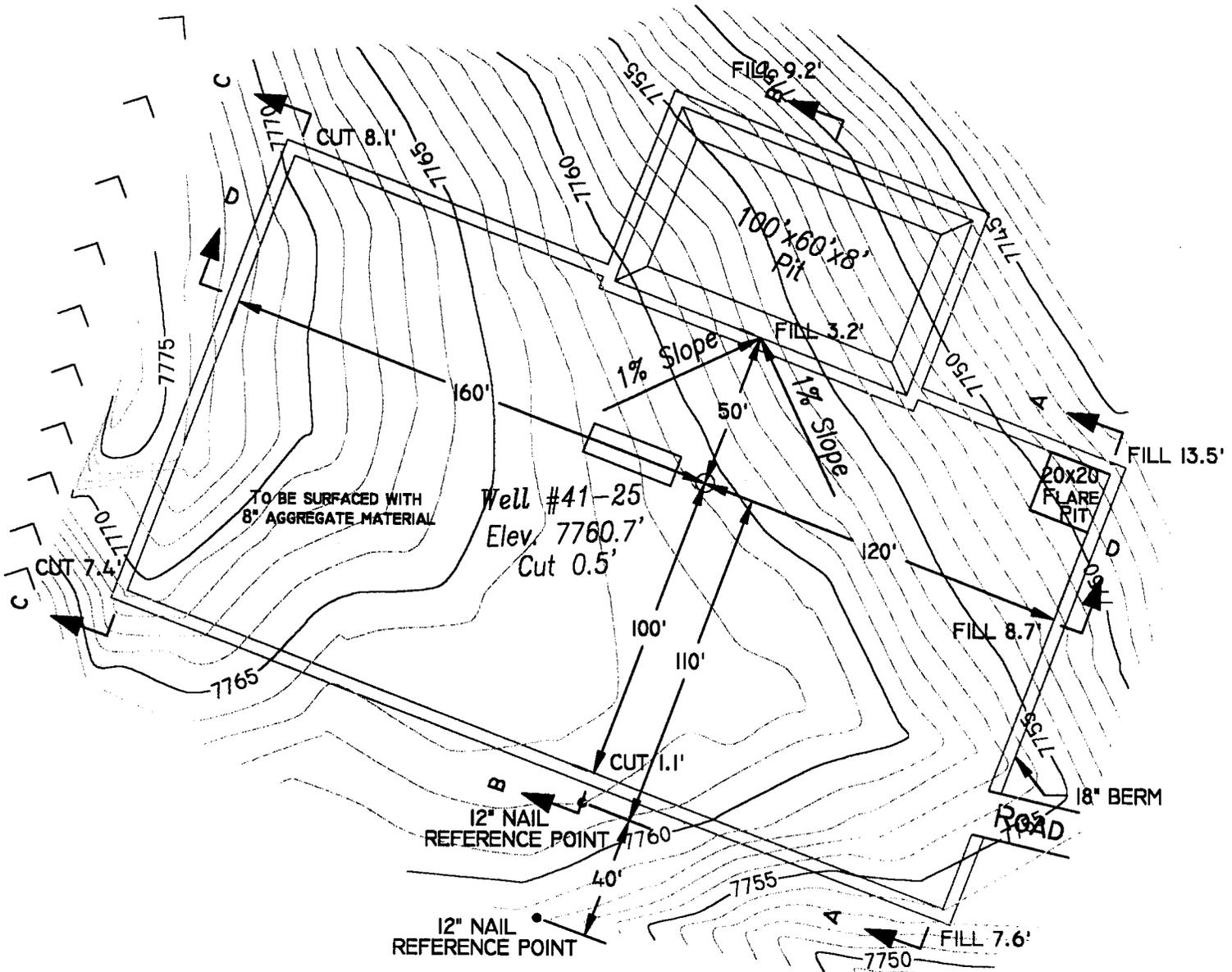
If the person at the above number cannot be reached, notify the Moab District Office at (435) 259-6111. If unsuccessful, notify one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (435) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer	Office: (435) 259-6111
	Home: (435) 259-2214

ARMORED DITCH WITH ENERGY DISSIPATING APRON

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7760.7'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7760.2'



TALON RESOURCES, INC.

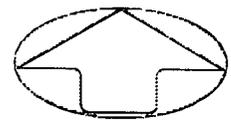
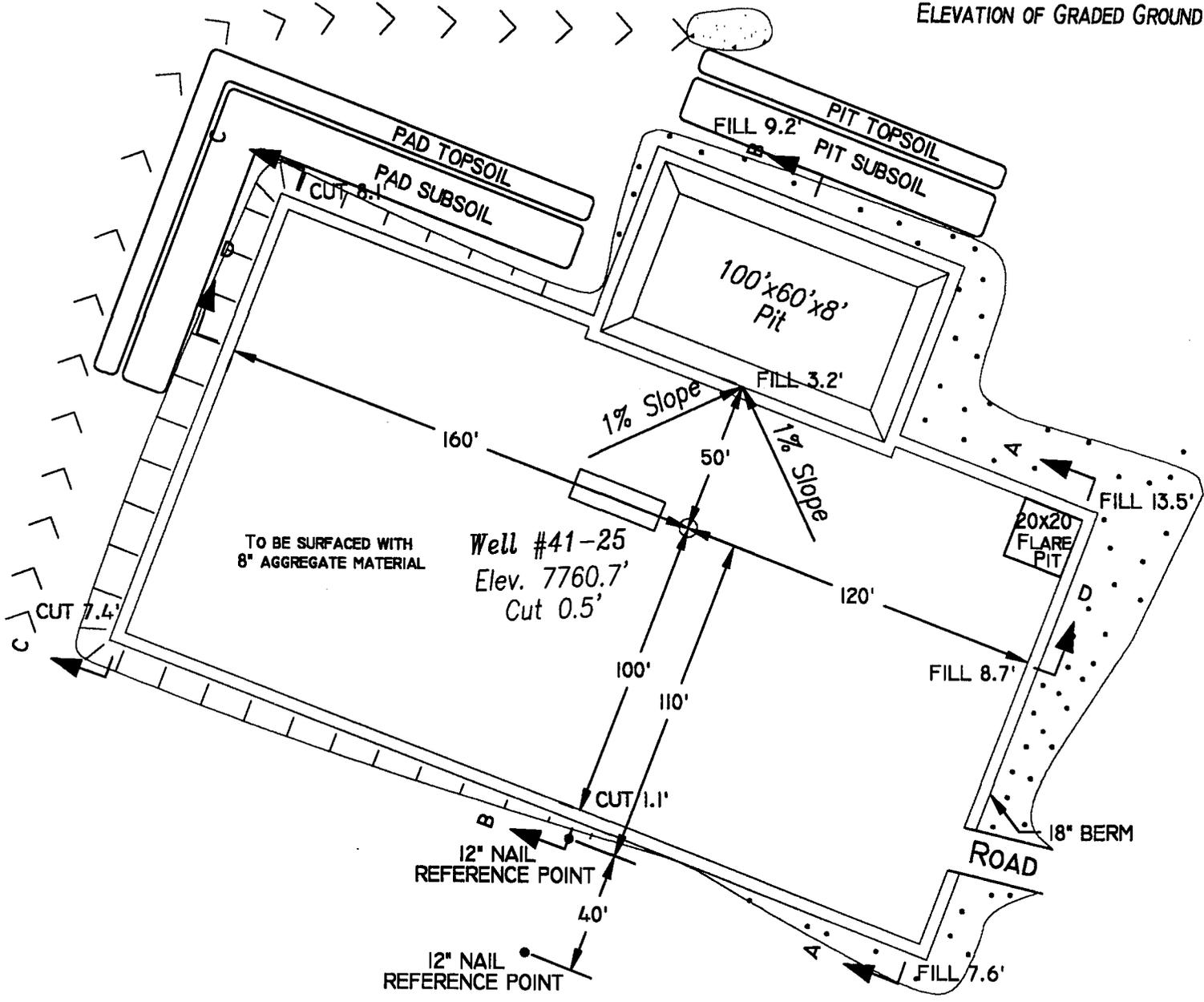
Price - Huntington, Utah
 Phone (435)637-8781 Fax (435)636-8603
 E-Mail talon@castnet.com

DUDLEY & ASSOCIATES
 LOCATION LAYOUT
 Section 25, T14S, R7E, S.L.B.&M.
 WELL #41-25

Drawn By: T. DAVIS	Checked By: L.W.J.
Drawing No. A-2a	Date: 9/17/02
	Scale: 1" = 50'
Sheet 2a of 4	Job No. 733

ARMORED DITCH WITH ENERGY DISSIPATING APRON

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7760.7'
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7760.2'

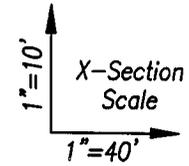
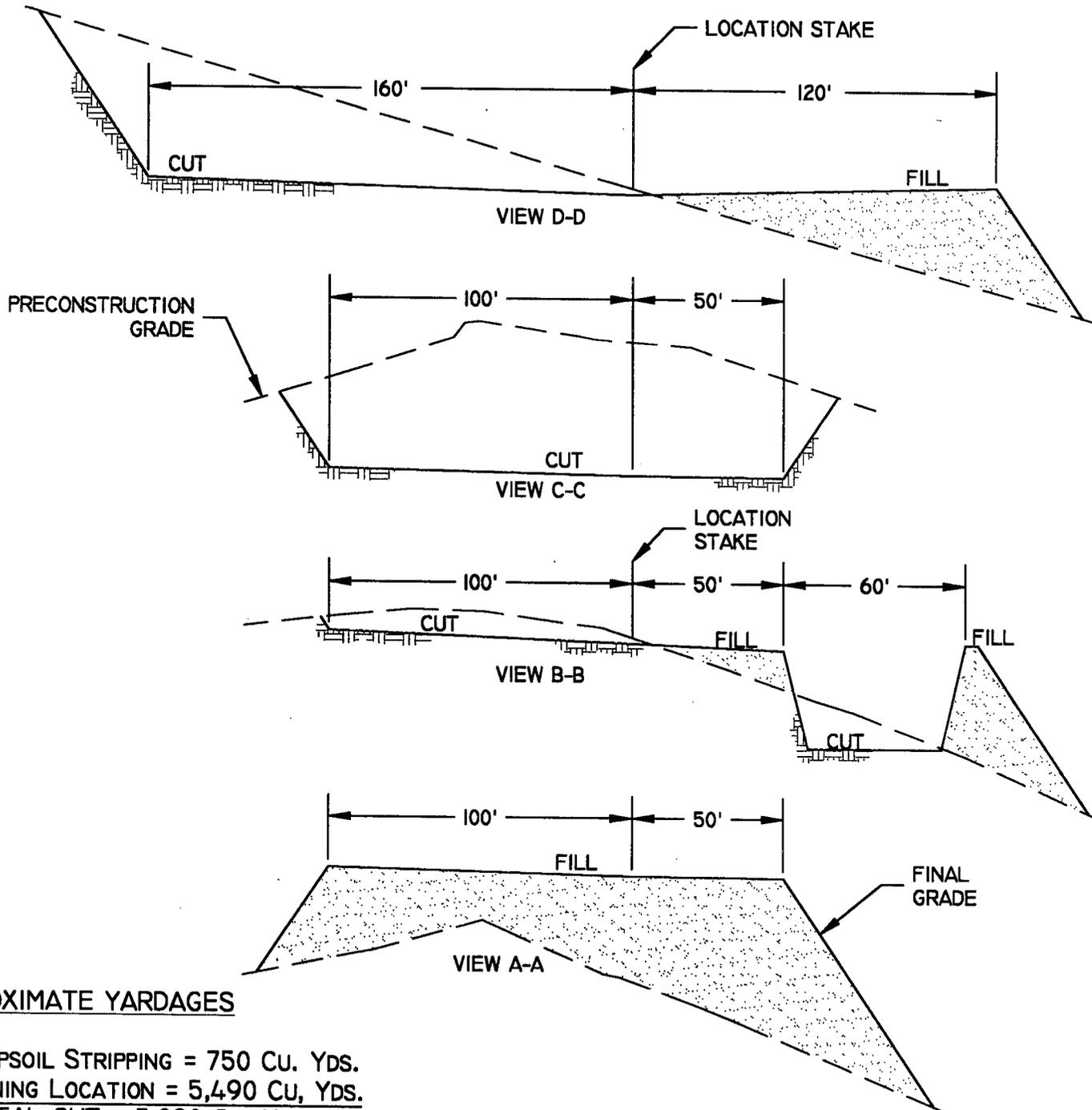


TALON RESOURCES, INC.

Price - Huntington, Utah
 Phone (435)637-8781 Fax (435)636-8603
 E-Mail talon@castnet.com

DUDLEY & ASSOCIATES
 LOCATION LAYOUT
 Section 25, T14S, R7E, S.L.B.&M.
 WELL #41-25

Drawn By: T. DAVIS	Checked By: L.W.J.
Drawing No. A-2a	Date: 9/17/02
	Scale: 1" = 50'
Sheet 2a of 4	Job No. 733



SLOPE = 1 1/2 : 1
 (EXCEPT PIT)
 PIT SLOPE = 1 ; 1



TALON RESOURCES, INC.

Price - Huntington, Utah
 Phone (435)637-8781 Fax (435)636-8603
 E-Mail taloncast@net.com

DUDLEY & ASSOCIATES
 TYPICAL CROSS SECTION
 Section 25, T14S, R7E, S.L.B.&M.
 WELL #41-25

Drawn By: T. DAVIS	Checked By: L.W.J.
Drawing No. C-1	Date: 9/17/02
	Scale: 1" = 50'
Sheet 3 of 4	Job No. 733

APPROXIMATE YARDAGES

CUT
 (6") TOPSOIL STRIPPING = 750 CU. Yds.
 REMAINING LOCATION = 5,490 CU. Yds.
 TOTAL CUT = 5,890 CU. Yds.
 TOTAL FILL = 3,265 CU. Yds.

491000m E.

492000m E.

493000m E.

NAD27 Zone 12S 495000m E.

4384000m N.

4383000m N.

4382000m N.

4381000m N.

4380000m N.

4379000m N.

4384000m N.

4383000m N.

4382000m N.

4381000m N.

4380000m N.

4379000m N.

Dudley & Associates, LLC

Dudley Federal 42-24

Dudley Federal 43-24

Dudley Federal 41-25

Dudley Federal 43-25

2168' FNL, 666' FEL

1619' FSL, 514' FEL

316' FNL, 260' FEL

2040' FSL, 502' FEL

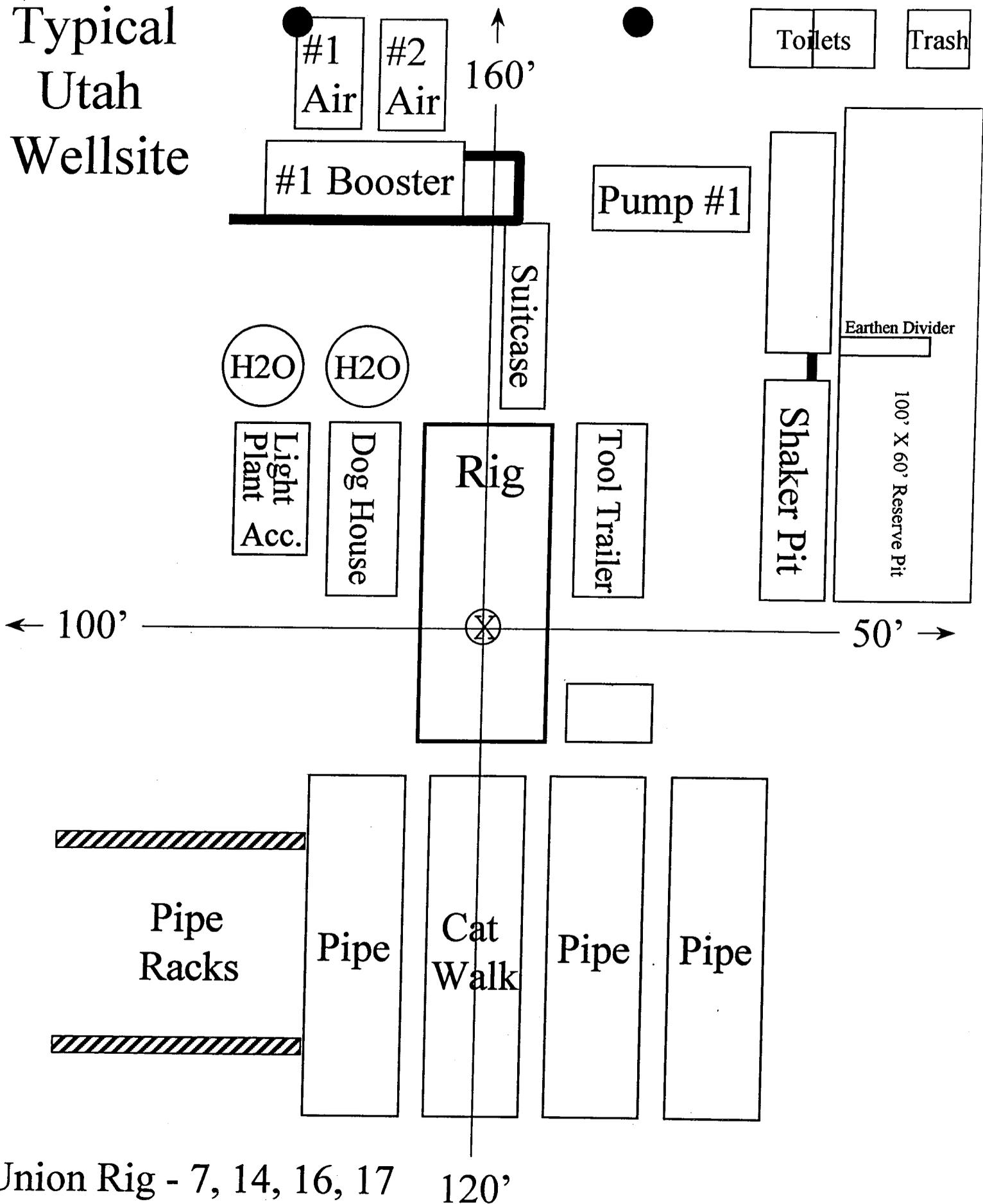
Talon Resources, Inc.

195 North 100 West
Huntington, Utah 84528

435-687-5310



Typical Utah Wellsite



Union Rig - 7, 14, 16, 17 120'

Location Size - 280' L x 150' W ↓

EXHIBIT C

TYPICAL ROAD CROSS-SECTION

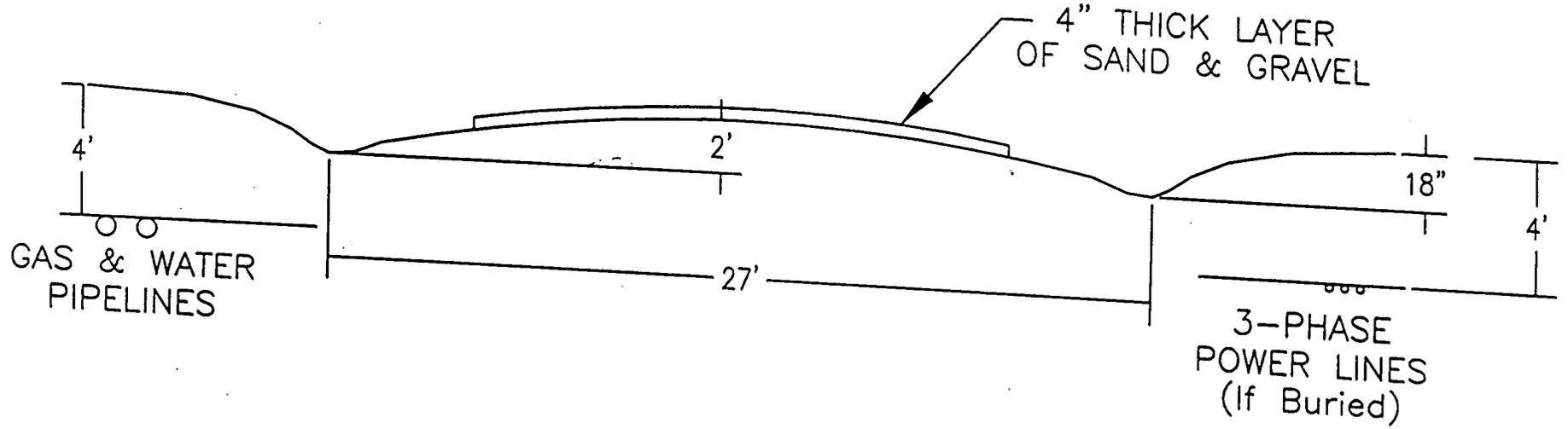


EXHIBIT "F"

BOP Equipment

2000psi WP

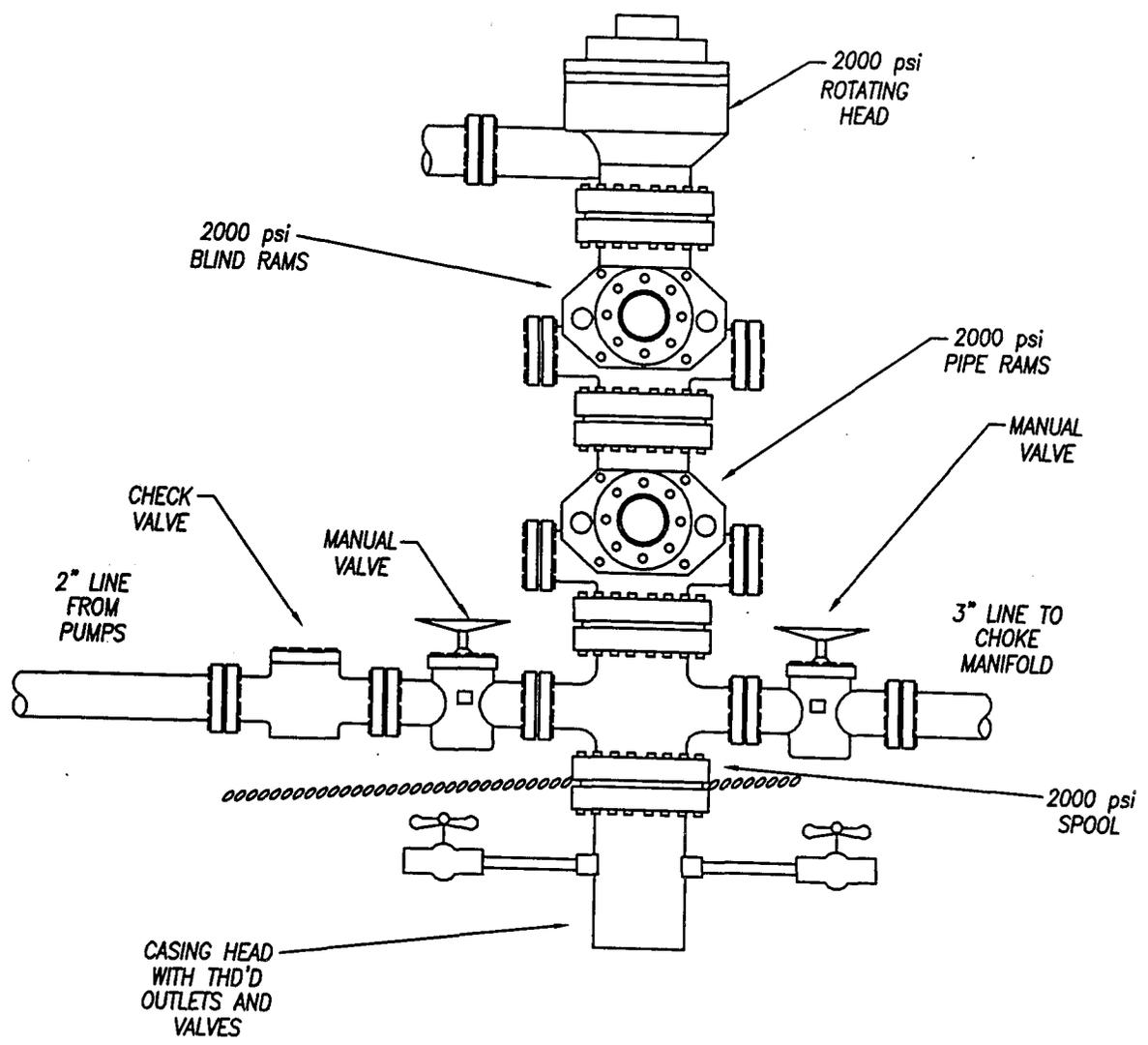


EXHIBIT "C"

CHOKE MANIFOLD

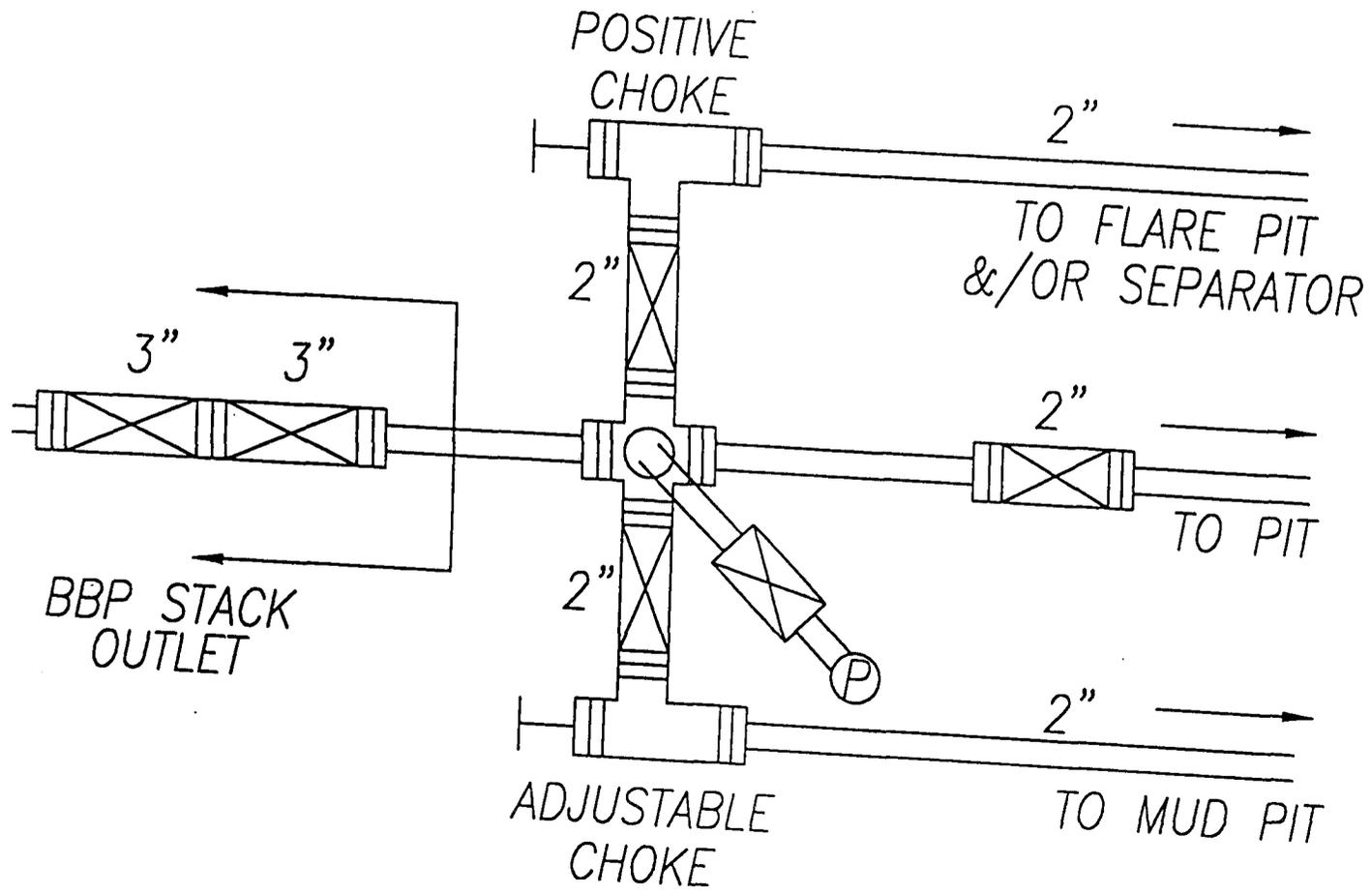


EXHIBIT "H"



PHILLIPS PETROLEUM COMPANY

9780 Mt. Pyramid Court, Suite 200
Englewood, CO 80112

AMERICAS DIVISION

August 29, 2002

RECEIVED

SEP 03 2002

Dudley & Associates LLC

Mr. Tom Schowalter
Dudley & Associates, LLC
904 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203-1026

Dudley Federal 41-25 R/E
Carbon County, Utah

Dear Mr. Schowalter:

Attached for your records is your exception location request letter, dated August 8, 2002, which has been executed by Phillips Petroleum. As we discussed, I have lined out the references to the Dudley Federal 43-25 since you indicated this would now be drilled at a legal location.

If I can assist you further, please contact me at (303) 643-4356.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory A. Reeves", with a long horizontal line extending to the right.

Gregory A. Reeves
Landman

RECEIVED

SEP 03 2002

Dudley & Associates LLC

August 8, 2002

Klabzuba Oil & Gas
700-17th Street, Suite 1300
Denver, Colorado 80202
Attn: Mr. Tom Siirola

Phillips Petroleum Company
9780 Mt. Pyramid Ct., Ste. 200
Englewood, Colorado 80112
Attn: Mr. Greg Reeves

Amaricen General Partnership
c/o Klabzuba Oil & Gas
700-17th Street, Suite 1300
Denver, Colorado 80202
Attn: Mr. Tom Siirola

Chevron Texaco E & P Co.
11111 S. Wilcrest
Houston, Texas 77099
Attn: Mr. Gene Herrington

OXY (USA) Inc.
6 Desta Drive
Midland, Texas 79705
Attn: Mr. Pat Sparks

Sidwell Oil & Gas, Inc.
P.O. Box 9298
Amarillo, Texas 79105
Attn: Mr. Reid Sidwell

Evertson Exploration, LLC
730-17th Street, Suite 410
Denver, Colorado 80202
Attn: Mr. Phil Kriz

Forest Oil Corp.
1600 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mr. Chuck Rasey

Re: Exception location approval request
Dudley Federal 41-25 R/E
~~Dudley Federal 43-25~~
Carbon County, Utah

Gentlemen:

Dudley & Associates, LLC (Dudley) is in the process of permitting the captioned wells, which will be exceptions to the Utah Division of Oil, Gas and Mining well location and siting regulations. The Dudley Federal 41-25 R/E well is sited at approximately 401' FNL and 300' FEL, ~~and the Dudley Federal 43-25 well is sited at approximately 1800' FSL and 330' FEL, both in~~ Section 25-T14S-R7E, Carbon County, Utah.

904 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203-1026

303 861 0800 main phone
303 832 3735 fax
info@dudley.com email

The Dudley Federal 41-25 R/E will be a re-entry of the Federal 25-1 well drilled by Mosbacher Production Co. in 1981, and will test the Ferron Formation at approximately 4224'. ~~The Dudley Federal 43-25 will be drilled to approximately 4200' to test the Ferron Formation.~~

In accordance with the Division's Rule R649-3-3, Dudley respectfully requests your written consent to these exception locations. Please indicate your approval by signing below and returning one copy of this letter to the attention of Tim Schowalter at the letterhead address. Should you have any technical questions, please contact Tim at (303) 863-4482.

Very truly yours,

DUDLEY & ASSOCIATES, LLC



Don E. Schroeder
Land Manager

AGREED TO AND ACCEPTED THIS 21st DAY OF AUGUST, 2002.

By: Billy Stern

Title: Asset Manager

Company: Phillips Petroleum



THE SIDWELL COMPANIES

P.O. BOX 9298
AMARILLO, TEXAS
79105-9298

September 10, 2002

Mr. Don Schroeder
Dudley & Associates, Inc.
904 Denver Center Bldg.
1776 Lincoln Street
Denver, CO 80203-1026

Re: Dudley Federal 41-25 R/E
Dudley Federal 43-25
T14S-R7E, Carbon County, Utah

Dear Mr. Schroeder:

We are in receipt of your August 8, 2002 correspondence in which you request location exceptions regarding the captioned wells. Sidwell Oil & Gas, Inc. will take the same position as Klabzuba Oil & Gas, Inc., and in that regard, please refer to Sharon Haag's letter to Mr. David Dudley dated September 4, 2002.

Sincerely,
Sidwell Oil & Gas, Inc.



Reid Sidwell



P.O. Box 397 • Kimball, NE 69145 • (308) 235-4871

September 20, 2002

Via facsimile and regular mail

Mr. Dave Dudley
Dudley & Associates, Inc.
904 Denver Center Building
1776 Lincoln Street
Denver, CO 80203-1026

RECEIVED

SEP 25 2002

Dudley & Associates LLC

RE: Dudley Federal 41-25 R/E
Dudley Federal 43-25
Township 14 South, Range 7 East
Carbon County, Utah

Dear Mr. Dudley:

In response to your letter of August 8, 2002, requesting written consent to the exception locations for the referenced wells, Evertson Exploration, LLC (Evertson) assumes the same position as Klabzuba Oil & Gas, Inc. and Amaricen General Partnership. Evertson supports the exception location for the Dudley Federal 41-25 R/E in exchange for logs, well and completion information. Evertson does not, however, support your request for the exception location for the Dudley Federal 43-25.

Should you need anything further, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script that reads "Candy Bussinger".

Candy Bussinger
Land Manager

CC: OXY (USA) Inc.
6 Desta Drive
Midland, TX 79705
Attn: Mr. Pat Sparks

Phillips Petroleum Company
9780 Mt. Pyramid Court, Suite 200
Englewood, CO 80112
Attn: Mr. Greg Reeves

Klabzuba Oil & Gas, Inc.
700 17th St., Ste. 1300
Denver, CO 80202-3512
Attn: Mr. Tom Siirola

Chevron Texaco E & P
11111 S. Wilcrest
Houston, TX 77099
Attn: Mr. W. E. "Gene" Herrington

Sidwell Oil & Gas, Inc.
P.O. Box 9298
Amarillo, TX 79105
Attn: Mr. Reid Sidwell

Forest Oil Corp.
1600 Broadway, Ste. 2200
Denver, CO 80202
Attn: Mr. Chuck Rasey

Amaricen General Partnership
c/o Klabzuba Oil & Gas
700 17th St., Ste. 1300
Denver, CO 80202
Attn: Mr. Tom Sirola

LABZUBA OIL & GAS, INC

Legacy Tower, Suite 1300
700 Seventeenth Street
Denver, Colorado 80202-3512
Phone: 303-299-9097 Fax: 303-299-9087

September 4, 2002

Via facsimile and regular mail

Mr. Dave Dudley
Dudley & Associates, Inc.
904 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203-1026

Re: Dudley Federal 41-25 R/E
Dudley Federal 43-25
Township 14 South, Range 7 East
Carbon County, Utah

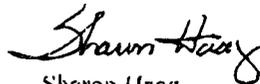
Dear Mr. Dudley:

We are in receipt of your letter dated August 8, 2002, wherein Dudley has permitted the above referenced wells and is requesting Klabzuba Oil & Gas, Inc.'s ("KOGI") and Amaricen General Partnership's ("AGP") written consent to the exception locations.

Please be advised that KOGI and AGP hereby support the exception location for the Dudley Federal 41-25 R/E in exchange for logs, well and completion information. Insofar as the Dudley Federal 43-25 is concerned, however, both KOGI and AGP believe that 460' set back provided for under Docket No. 2002-008 should be adhered to, thus, we are unable to support your request for said exception location.

If you have any question, or need additional information, please do not hesitate to contact the undersigned.

Sincerely,



Sharon Haag
Landman Consultant for Klabzuba Oil & Gas, Inc.

cc: OXY (USA) Inc.
6 Desta Drive
Midland, Texas 79705
Att: Mr. Pat Sparks

Evertson Exploration, LLC
730 17th Street, Suite 410
Denver, Colorado 80202
Att: Mr. Phil Kriz

Sidwell Oil & Gas, Inc.
P.O. Box 9298
Amarillo, Texas 79105
Att: Mr. Reid Sidwell

Phillips Petroleum Company
9780 Mt. Pyramid Court, Suite 200
Englewood, Colorado 80112
Att: Mr. Greg Reeves

Chevron Texaco E & P
11111 S. Wilcrest
Houston, Texas 77099
Att: Mr. W. E. "Gene" Herrington

Forest Oil Corp.
1600 Broadway, Suite 2200
Denver, Colorado 80202
Att: Mr. Chuck Rasey

Principal Office

Lexington Place
930 West First Street
Fort Worth, Texas 76102
Phone 817-336-5757 FAX 817-336-5927

Havre Office

48 Second Avenue
P.O. Box 40
Havre, Montana 59501
Phone 406-262-9912 FAX 406-262-9400

Arkoma Basin Office

5908 Jenny Lind Road
Fort Smith, Arkansas 72908-7497
Phone 501-649-0300 FAX 501-649-0500



Patrick S. Sparks, CPL/ESA
Senior Landman Advisor

September 25, 2002

*TS
as
file*

RECEIVED

SEP 28 2002

Dudley & Associates LLC

OXY USA Inc.
Box 50250, Midland, TX 79710
Telephone 915 685-5600

Telephone: (915) 685-5757
FAX: (915) 685-5742

Dudley & Associates, Inc.
904 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203-1026

Re: Dudley Federal 41-25 R/E
Dudley Federal 43-25
Township 14 South, Range 7 East
Carbon County, Utah

Dear Mr. Dudley:

We are in receipt of your letter dated August 8, 2002, wherein Dudley has permitted the above referenced wells and is requesting OXY USA Inc.'s ("OXY") written consent to the exception locations.

Please be advised that OXY hereby supports the exception location for the Dudley Federal 41-25 R/E in exchange for logs, well and completion information. Insofar as the Dudley Federal 43-25 is concerned, however, both OXY believes that 460' set back provided for under Docket No. 2002-008 should be adhered to, thus, we are unable to support your request for said exception location.

If you have any questions, or need additional information, please do not hesitate to contact the undersigned.

Sincerely,

Patrick S. Sparks

PSS/rer

cc: Phillips Petroleum Company
9780 Mt. Pyramid Court, Suite 200
Englewood, Colorado 80112
Attn: Mr. Greg Reeves

Chevron Texaco F&P
11111 S. Wilcrest
Houston, Texas 77099
Attn: Mr. W.E. "Gene" Herrington

Evertson Exploration, LLC
730 17th Street, Suite 410
Denver, Colorado 80202
Attn: Mr. Phil Kriz

Forest Oil Corp.
1600 Broadway, Suite 2200
Denver, Colorado 80202
Attn: Mr. Chuck Rasey

Sidwell Oil & Gas, Inc.
P.O. Box 9298
Amarillo, Texas 79105
Attn: Mr. Reid Sidwell



Talon Resources, Inc.

Service, Quality and Accuracy

P.O. Box 1230
195 North 100 West
Huntington, Utah 84528
Phone: 435-637-5310

Cell: 435-650-1886
Fax: 435-687-5311
Email: talon@castlenet.com

October 16, 2002

Mr. Eric Jones
Petroleum Engineer
Bureau of Land Management
82 East Dogwood
Moab, Utah 84532

RE: Application for Permit to Drill—Dudley & Associates, LLC
Dudley Federal 41-25 Re-entry, 316' FNL, 260' FEL, NE/4 NE/4
Section 25, T14S, R7E, SLB&M, Carbon County, Utah

Dear Mr. Jones:

On behalf of Dudley & Associates, LLC, Talon Resources, Inc. respectfully submits the enclosed original and two copies of the *Application for Permit to Drill (APD)* for the above referenced well. A request for exception to spacing has also been included since the well is located within 460' of the drilling unit boundary. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats and layouts of the proposed well site;

Exhibit "B" - Proposed location maps with access and utility corridors;

Exhibit "C" - Drilling site layout;

Exhibit "D" - 8 Point Drilling Program;

Exhibit "E" - Onsite Inspection Checklist;

Exhibit "F" - Typical road cross-section;

Exhibit "G" - Typical BOP diagram;

Exhibit "H" - Typical wellhead manifold diagram.

RECEIVED

OCT 21 2002

DIVISION OF
OIL, GAS AND MINING

FILE COPY

CONFIDENTIAL

Please accept this letter as Dudley & Associates, LLC's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. Tim Schowalter of Dudley & Associates, LLC at 303-861-0800 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton

Agent for Dudley & Associates, LLC

cc: Mr. Mike Kaminski, BLM – Price Field Office
Mr. Carter Reed, USDA Forest Service – Price SO
Mr. Tom Lloyd, USDA Forest Service – Ferron DO
Mrs. Diana Mason, Division of Oil, Gas and Mining
Mr. Mark Jones, Division of Oil, Gas and Mining
Mr. Tim Schowalter, Dudley & Associates, LLC
Mr. George Rooney, Dudley & Associates, LLC
Dudley & Associates, LLC Well Files

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

012

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Gas

2. Name of Operator
 Dudley & Associates, LLC

3. Address and Telephone No.
 1776 Lincoln St. Room 904, Denver, CO 80203-1026 303-861-0800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 316' FNL, 260' FEL
 NE/4 NE/4, Section 25, T14S, R7E, SLB&M

5. Lease Designation and Serial No.
 UTU-77371

6. If Indian, Allottee or Tribe Name
 N/A

7. If Unit or CA, Agreement Designation
 N/A

8. Well Name and No.
 Dudley Federal 41-25 Re-entry

9. API Well No.
 43-007-30074

10. Field and Pool, or Exploratory Area
 Gordon Creek

11. County or Parish, State
 Carbon County, Utah

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

TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> Notice of Intent <input checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Change of Name <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input checked="" type="checkbox"/> Request for Exception to Spacing	<input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water

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 request for exception to spacing (Cause # 248 -01) is hereby requested based on geology since the well is located within 460' of the drilling unit boundary.

Attached to this sundry and made part of this application is written authorization from the offset drilling unit owners/operators acquired by Dudley & Associates, LLC.

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OCT 21 2002

DIVISION OF
OIL, GAS AND MINING

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

Don Hamilton

Don Hamilton

Agent for Dudley

10-16-02

(This space for Federal or State office use)

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

Dudley & Associates, LLC

October 8, 2002

Tim T. Schowalter
Dudley & Ass., LLC
904 Denver Center Bldg.
1776 Lincoln Street
Denver, CO 80203-1026

Don Hamilton
Talon and Associates
PO Box 1230
Huntington, Utah 84528

RE: Dudley Federal 41-25 R/E Exception Location

Dear Don

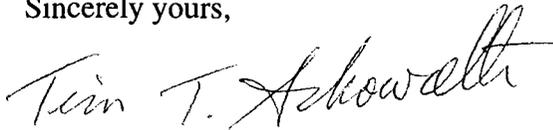
Dudley and Associates, LLC sent letters to the surrounding oil & gas lease owners for two exception locations. The original letter dated August 8, 2002 is enclosed.

The lease owners were willing to support the 41-25 R/E exception location but not the 43-25 location mentioned in our letter. Copies of the approval of all surrounding lease owners for the 41-25 R/E exception location are enclosed.

The Dudley 41-25 Rentry Exception well will be located in NE NE of Section 25-T14S-R7E, Carbon County, Utah. The 41/25 R/E will renter and clean out the casing in the Mosbacher Production CO Federal 25-1 dry hole that was surveyed in at 401' FNL and 300' FEL. To use the 7 "casing in this well which is set to 7,715', we obviously need to site our well over the existing well which is an exception location. Then after cleaning out the casing to 3,715', the well will be washed down to the original total depth of 4,224' where casing will be set for a completion attempt for gas in the Ferron Sand.

Please pass this information on to the Utah Division of Oil, Gas & Mining with the other permit materials.

Sincerely yours,



Tim T. Schowalter

904 Denver Center Building
1776 Lincoln Street
Denver, Colorado 80203-1026

303 861 0800 main phone
303 832 3735 fax
info@dudley.com email

011

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU-77371
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
2. NAME OF OPERATOR Dudley & Associates, LLC.		7. UNIT AGREEMENT NAME N/A
3. ADDRESS AND TELEPHONE NO. 1776 Lincoln St. Room 904, Denver, Colorado 80203-1026 303-861-0800		8. FARM OR LEASE NAME, WELL NO. Dudley Federal 41-25 Re-entry
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 316' FNL, 260' FEL 4381531 Y 39.58535 At proposed prod. zone 493132 X - 116.07998		9. API WELL NO. 43-007-30074
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 14.5 miles west of Price, Utah		10. FIELD AND POOL, OR WILDCAT Gordon Creek InActive
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 260'	16. NO. OF ACRES IN LEASE 3,215.90	11. SEC., T., R., M., OR BLK. NE/4 NE/4, Section 25, T14S, R7E, SLB&M
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2,050'	19. PROPOSED DEPTH 4,224' (existing TD)	12. COUNTY OR PARISH Carbon
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 7,761' GR		13. STATE Utah
17. NO. OF ACRES ASSIGNED TO THIS WELL 160 acres		22. APPROX. DATE WORK WILL START* May 2003
20. ROTARY OR CABLE TOOLS Rotary		

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
	10-3/4"	40.5	259'	Previously cemented with 150 sacks
	7"	20	3,715'	Previously cemented with 150 sacks
6-1/4"	4-1/2" J-55 ST&C	11.6	4,224'	200 sacks 10:1 RFC Class G cement + 0.25 pps cellophane flakes

Bond Information will be provided under separate cover from Dudley & Associates, LLC.

The Dudley Federal 41-25 Re-entry is a reentry of the existing Mosbacher Federal 25-1 (43-007-30074). The Mosbacher Federal 25-1 was drilled in 1981 and surveyed at 401' FNL, 300' FEL. The casing cannot be found but is believed to be at or near the new surveyed location of 316' FNL, 260' FEL. Should the casing location be found considerably different than this new location another survey will be completed following drilling and completion of the well.

Surface Owner: United States of America

Surface Representative: USDA Manti La-Sal National Forest 599 Price River Drive, Price, Utah 84501
Carter Reed —435-636-3547

CONFIDENTIAL

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data 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 Don Hamilton Don Hamilton TITLE Agent for Dudley DATE 10-16-02

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY [Signature] TITLE **BRADLEY G. HILL** DATE 12-23-02
ENVIRONMENTAL SCIENTIST III

Federal Approval of this Action is Necessary

RECEIVED

OCT 21 2002

DIVISION OF
OIL, GAS AND MINING

***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 or the

Range 7 East

(N89°59'W - 5272.08')

316.46'

260.01'

DUDLEY FEDERAL 41-25
ELEVATION 7760.7'

UTM
N 4381492
E 493116

25

(N00°41'W - 2640.66)
N00°40'57"W - 2547.68

(N00°18'E - 2704.02')
N00°19'31"E - 2703.74'

(WEST - 5287.26')

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

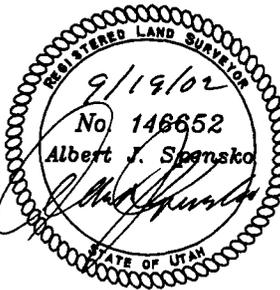
BASIS OF ELEVATION OF 7710' BEING AT THE SOUTHEAST SECTION CORNER OF SECTION 19, TOWNSHIP 14 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE NE1/4 NE1/4 OF SECTION 25, T14S, R7E, SLB&M, BEING 316.46' SOUTH AND 260.01' WEST FROM THE NORTHEAST QUARTER CORNER OF SECTION 25, T14S, R7E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



TALON RESOURCES, INC.

Price & Huntington, Utah
Phone (435)637-8781 Fax (435)636-8603
E-Mail talon@castlenet.com

DUDLEY & ASSOCIATES, LLC
DUDLEY FEDERAL 41-25
Section 25, T14S, R7E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J. / A.J.S.
Drawing No. A-1	Date: 09/18/02
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 733

Legend

- DRILL HOLE LOCATION
- ⊙ BRASS CAP (FOUND)
- BRASS CAP (SEARCHED FOR, BUT NOT FOUND)
- △ CALCULATED CORNER
- () GLO

NOTE:

UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 83 DATUM.

LAT / LONG
39°35'06"
111°04'49"

GRAPHIC SCALE

0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

GPS MEASURED

Township 14 South

(NORTH)

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/21/2002

API NO. ASSIGNED: 43-007-30074

WELL NAME: DUDLEY FED 41-25 REENTRY
OPERATOR: DUDLEY & ASSOCIATES LLC (N2235)
CONTACT: DON HAMILTON, AGENT

PHONE NUMBER: 435-637-5310

PROPOSED LOCATION:

NENE 25 140S 070E
SURFACE: 0316 FNL 0260 FEL
BOTTOM: 0316 FNL 0260 FEL
CARBON
GORDON CREEK *INACTIVE* (20)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-77371
SURFACE OWNER: 1 - Federal

LATITUDE: 39.58535

PROPOSED FORMATION: FRSD

LONGITUDE: 111.07998

RECEIVED AND/OR REVIEWED:

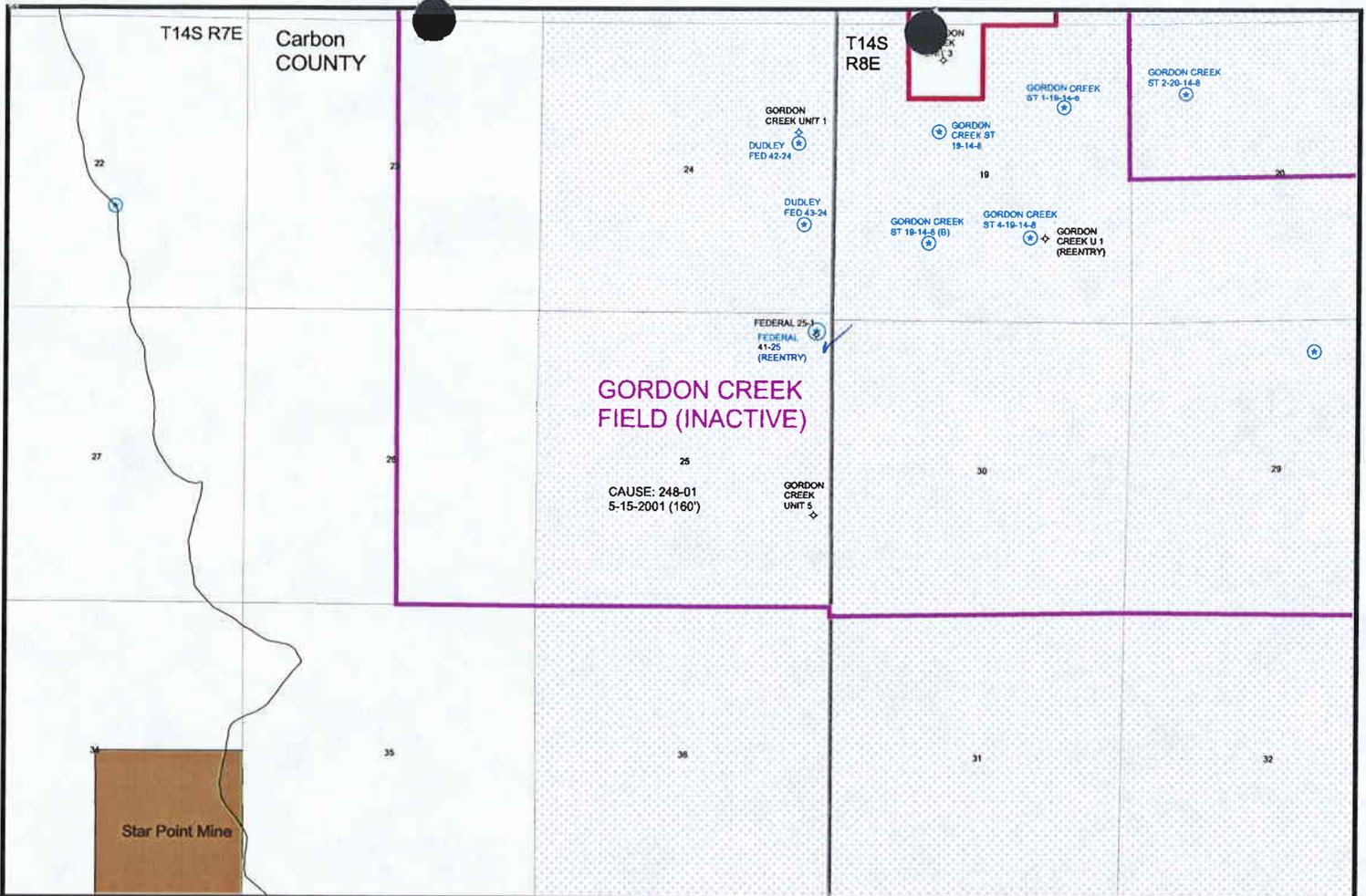
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 93954)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
Water Permit
(No. Municipal)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

- ___ R649-2-3.
Unit _____
- ___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- ___ R649-3-3. Exception
- Drilling Unit
Board Cause No: 248-01 (140')
Eff Date: 5-15-01
Siting: 460' fr boundary unit & 920' between wells
- ___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal approval



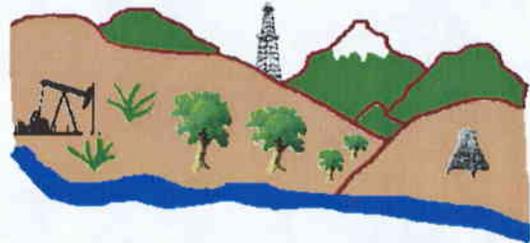
OPERATOR: DUDLEY & ASSOCIATES (N2235)

SEC. 25 T14S R7E

FIELD: WILDCAT (002)

COUNTY: CARBON

CAUSE: 248-01 / 5-15-01 (160)



Utah Oil Gas and Mining

Well Status

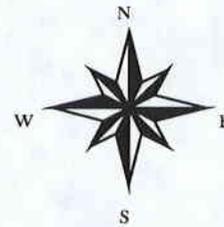
- ⚡ GAS INJECTION
- ⊙ GAS STORAGE
- × LOCATION ABANDONED
- ⊕ NEW LOCATION
- ⋄ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- ⊖ SHUT-IN GAS
- ⋄ SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- ▲ WATER INJECTION
- ◆ WATER SUPPLY
- ⚡ WATER DISPOSAL

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- Section Lines
- Township Lines
- County Boundaries



PREPARED BY: DIANA MASON
DATE: 25-OCTOBER-2002



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

December 23, 2002

Dudley & Associates, LLC
1776 Lincoln St., Room 904
Denver, CO 80203-1026

Re: Dudley Federal 41-25 Well, 316' FNL, 260' FEL, NE NE, Sec. 25, T. 14 South, R. 7 East,
Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30074.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza".

John R. Baza
Associate Director

er

Enclosures

cc: Carbon County Assessor
Bureau of Land Management, Moab District Office

Operator: _____ Dudley & Associates, LLC
Well Name & Number _____ Dudley Federal 41-25
API Number: _____ 43-007-30074
Lease: _____ UTU-77371

Location: NE NE Sec. 25 T. 14 South R. 7 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.



United States
Department of
Agriculture

Forest
Service

Manti-La Sal
National Forest

Supervisor's Office
599 West Price River Drive
Price, UT 84501
Phone # (435) 637-2817
Fax # (435) 637-4940

016

File Code: 2820-2
Date: May 29, 2003

Dear Interested Party:

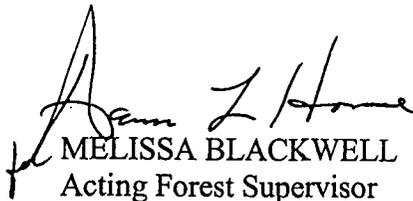
Enclosed is a Record of Decision (ROD) approving the Surface Plan of Operations, with conditions, for the Dudley & Associates, LLC Federal Nos. 42-24, 43-24, ~~41-25~~, and 43-25 Natural Gas Exploration/Production Wells on the Manti-La Sal National Forest. The ROD is based on the Final Environmental Impact Statement, Price Coalbed Methane Project, 1997 and the Ferron Natural Gas Project Final Environmental Impact Statement, 1999, as supplemented with the ROD and project file.

The proposed wells are located in the First Water and Second Water Canyon area about 14 miles west of Price, Utah (Sections 24 and 25, T. 14 S., R. 7 E., SLM, Emery County, Utah).

The decision is subject to appeal as described in Section X. (Administrative Review) in the ROD.

If you need additional information or would like to discuss the decision, contact Tom Lloyd (435-636-3596) or Carter Reed (435-636-3547).

Sincerely,


MELISSA BLACKWELL
Acting Forest Supervisor

Enclosure

cc:
D-2/3

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Record of Decision

**Dudley & Associates LLC
Natural Gas Exploration/Development Project
Federal Lease UTU-77371**

**based on
Final Environmental Impact Statement
Price Coalbed Methane Project, 1997
and the
Ferron Natural Gas Project
Final Environmental Impact Statement, 1999**

May 2003

Responsible Agency:

**USDA Forest Service
Intermountain Region**

Responsible Official:

**Melissa Blackwell
Acting Forest Supervisor
Manti-La Sal National Forest
599 West Price River Drive
Price, Utah 84501**

Cooperating Agency:

**Department of the Interior
Bureau of Land Management
Moab Field Office
Moab, Utah 84532**

Information Contact:

**Tom Lloyd
Team Leader
Manti-La Sal National Forest
Ferron-Price Ranger District
115 West Canyon Road
Ferron, Utah 84523
435-636-3596**

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I. INTRODUCTION

A. Proposed Action Overview

Talon Resources, Inc. (Talon) has submitted a Notice of Intent (NOI) and Application for Permit to Drill (APD) proposing to drill four gas exploration/production wells on behalf of the Denver based company, Dudley & Associates LLC. The general area of the proposed project is the First Water and Second Water Canyon area of the Manti-La Sal National Forest, about 14.5 miles west of Price, Utah just inside the Forest boundary (Attachment 1, Map 1) on Federal Oil and Gas Lease UTU-77371. The wells are located in Sections 24 and 25 T.14 S., R.7 E., Salt Lake Base Meridian.

Below is a list of the wells and characteristics of each proposed site:

- **Dudley Federal #42-24**, Location: NE ¼ Sec 24 T.14 S., R. 7 E. Oil and gas well was previously drilled (early 1980). A new well would be offset from previously drilled well.
- **Dudley Federal #43-24**, Location: SE ¼ Sec 24 T.14 S., R7E. The site would be a new disturbance. Vegetation is native sage bush, rabbit brush and grasses.
- **Dudley Federal #41-25 Re-entry**. Location: NE ¼ Sec 25 T.14 S., R7E.; re-entry into a previously drilled well for work-over and completion. Access and pad reconstruction would be on the previously constructed site.
- **Dudley Federal #43-25**. Location: SE ¼ Sec 25 T14 S, R 7 E. This is a new drill site. Vegetation is native sage bush, rabbit brush, grasses and oak brush.

BLM has evaluated the proposal and has determined it to be complete in accordance with the Federal BLM permitting regulations contained in 43 CFR 3102 and Forest Service regulations 36 CFR 228E 106.

Drilling would be accomplished by a mud rotary system. The estimated drilling depth would be 4,200 feet through the Ferron Sandstone where formation testing would be conducted to evaluate the economic recoverability of the gas reserves. Casing and cementing would be installed to protect potentially productive hydrocarbons, groundwater sources, lost circulation zones, and abnormal pressure zones. Surface casing will be tested to 2,000 psi. The area of disturbance for the drill pads would be approximate dimensions of 280 by 150 feet, plus the reserve pits area of 100 feet by 60 feet. Diversion ditches would be constructed around the drill pads to prevent surface waters from entering the drill pad area and to assure adequate drainage and sediment control.

A Surface Use Plan (SUPO) has been submitted with the proponent's APD. Primary Forest access to the project area would be the Bob Wright Canyon-Wiregrass Bench Road (County Road). Short access roads to each site would be needed from the Corner Canyon Road (Forest Service Road 50048). Dudley & Associates are requesting approval to upgrade the Forest Service road to FS specifications. All access roads would be improved and maintained to prevent erosion and safely accommodate public and project traffic. None of the wells or roads are located within Inventoried Roadless Areas (IRAs). The wells are shown relative to the Nuck-Woodward IRA that is located to the west of the project area in Attachment 1, Map 2.

If the proposed wells prove to be productive, the company would reclaim unneeded portions of drill pads. Underground utility lines would need to be constructed from existing facilities located off-Forest

to the Forest boundary, then follow the Forest road to each well site. The utilities would be designed and constructed to minimize surface disturbance. They would be placed under and/or directly adjacent to the Forest Service Road and pad access roads. Underground utilities lines would include a gas production pipeline, electrical power and de-water pipeline. Any disturbed areas other than the immediate well site would be stabilized and re-vegetated with an appropriate seed mixture to reduce erosion potential.

All water needed for drilling and construction would be obtained from the Price River Water Improvement District at off-Forest locations through a direct purchase.

If a dry well results, reclamation of the site would take place including draining and reclaiming the reserve pit, returning the disturbed area to approximate original contour, distribution of topsoil, fencing the drill site, and revegetation to specified standards.

The proposed wells are not considered to be coalbed methane development wells, even though the drilling and production facilities would be essentially the same. The coalbed methane wells produce gas directly from the laterally continuous coal seams in the Ferron Sandstone after water in the seams is pumped out, releasing the gas. Dudley's exploration drilling will evaluate the potential for gas derived from the Ferron Sandstone to be trapped in a confining geologic structure. If gas were found in recoverable quantities, it would be produced and marketed. Dudley does not anticipate production of large amounts of water as experienced in the adjacent coalbed methane wells.

B. Purpose and Need

Dudley's purpose and need is to assess the economic recoverability of potential gas reserves within their lease area and to produce and market natural gas as an energy source.

The Forest Service purpose and need is to evaluate the proposed and assure consistency with applicable laws, management direction prescribed in the Land and Resource Management Plan, Manti-La Sal National Forest (Forest Plan), and rights granted by the lease. Required decisions are discussed in the next section.

C. Decisions to be Made

The Forest Supervisor must decide whether or not to approve the SUPO and, if approved, with what provisions for the protection of National Forest resources. The BLM Moab Field Office Manager must decide whether or not to approve the APD that would authorize the drilling of the holes on lands involving Federal ownership (surface and oil and gas estates).

Authority for the required decisions is provided in the Minerals Leasing Act of 1920, as amended, the Federal Onshore Oil and Gas Leasing Reform Act of 1987 (FOOGLRA), and regulations contained in 43 CFR 3160 and 36 CFR 228(E).

D. Environmental Analyses and Documents

The project area lies directly adjacent to the project boundary for the Price Coalbed Methane Project (Attachment 1, Map 3). This Record of Decision is based on the analyses of effects documented in the

BLM Price Coalbed Methane Project FEIS, 1997 (PCBM FEIS) and the Final Environmental Impact Statement, Ferron Natural Gas Project FEIS, 1999 (FEIS FNGP)(See Attachment 1, Map 4). The FEIS FNGP discloses the cumulative effects of both projects. The Manti-La Sal National Forest has adopted the PCBM FEIS since it was determined that it meets the standards for an adequate statement under applicable regulations, the proposed action is substantially the same, and Forest Service comments and suggestions have been satisfied. The Manti-La Sal National Forest participated in preparation of the FEIS FNGP as a cooperating agency. Therefore, these documents were not recirculated in accordance with direction in 40 CFR 1506.3 and FSH 1909.15, Section 22.32 (Adoption). The PCBM FEIS and FEIS FNGP are available for review on the BLM Price Field Office website (<http://www.blm.gov/utah/price/>).

This ROD tiers to the Land and Resource Management Plan, Manti-La Sal National Forest, 1986, as amended. The Forest Plan was amended by the Summary and Record of Decision, Final Environmental Impact Statement for Oil and Gas Leasing on Lands Administered by the Manti-La Sal National Forest, January 12, 1993, and the Record of Decision and Record of Decision Modifying Specific Aspects of the January 12, 1993 Record of Decision, January 31, 1994.

The project lies within the RNG (Range) Management Area designated under the Forest Plan. Management emphasis is on the use or its rehabilitation, emphasizing rangeland maintenance or enhancement.

II. SUMMARY OF PUBLIC INVOLVEMENT

Project scoping relative to Price Coalbed Methane Project was conducted during in late 1994. An internal scoping meeting was attended by personnel from the BLM, Manti-La Sal National Forest, Utah Division of Wildlife Resources and Carbon County on September 15, 1994. Scoping for the FEIS FNGP was conducted in February 1997.

Project scoping for the wells proposed by Dudley was conducted in accordance with the project-specific Public Involvement Plan approved by the Forest Supervisor (project file). Scoping consisted of listing the project in the Manti-La Sal National Forest *Schedule of Proposed Actions* that was sent to numerous individuals and organizations on a quarterly bases and included on the Forest's Internet Website. Project-specific scoping letters were sent to 43 individuals and organizations on January 27, 2003. The individuals and organizations to whom letters were mailed include: Federal, State, and local governmental and land management agencies; environmental and interest groups, businesses; range permittees; and others known to be potentially interested or affected. Requests for Comment were published in the *Sun Advocate* of Price, Utah (Publication of Record) on January 28, and 30, 2003, the *Richfield Reaper* (supplemental publication) on January 29, 2003, and the *Emery County Progress* (supplemental publication) on January 28, 2003. Five letters were received in response to scoping. Comments from the letters with Forest Service responses are included (Attachment 3). The letters can be found in the Project Record.

No new issues requiring detailed evaluation were identified as a result of this scoping effort. The issues identified through this effort are already addressed in the FEIS FNGP. The identified issues are listed and discussed below.

III. ISSUES/SUMMARY OF REFERENCED ENVIRONMENTAL ANALYSES

A Forest Service Interdisciplinary Team evaluated comment letters and Forest Plan direction and defined issues to be evaluated. Project-specific scoping and analysis did not define any issues not previously addressed in the FEIS FNGP. Comments received in the 5 scoping responses include erosion, sensitive plants, wildlife habitat, water quality, cultural resources, flaring, traffic, noise, visual quality, impacts to wildlife, and effects to roadless character. All but the roadless comment were evaluated as issues. These issues are discussed in the next section and are addressed in the FEIS, PCBM and FEIS FNGP. In addition, they are addressed in the stipulations in Attachment 2.

A Class III archeological survey was conducted by Senco-Phenix Archaeological Consultants. Buys & Associates made a threatened and endangered flora and fauna survey, while Talon Resources, Inc. conducted an aerial raptor survey.

Physical changes to the land include construction of 4 drill pad sites (1.5 acres/site), plus pad access roads (1.0 acres), and additional disturbance for reconstruction of the Corner Canyon Road and Bob Wright Canyon-Wiregrass Bench County Road (6.8 acres) equaling a total surface disturbance of less than 20 acres.

The total cumulative surface disturbance anticipated in the FEIS FNGP for 1,779 wells with roads and other facilities are 6,812 acres. Effectively the number of wells drilled to date is 781 (Email from Don Stanley, Utah Division of Oil, Gas and Mining, April 22, 2003). The amount of disturbance predicted, including the 4 proposed Dudley wells, is substantially less than predicted and analyzed in the FEIS FNGP. This is attributed to some areas or the fields proving to be less productive than predicted and plans by several participating companies to pursue directional and horizontal drilling (2 or more wells from a single drill pad) that could result in the construction of fewer pads (Personal communication with Don Stevens BLM, Price Field Office, May 27, 2003).

A. Issues Identified for the Proposed Action

The following described issues were identified through consideration of public comments and agency concerns. Issues were formulated considering the proposed action and cumulative activities in the area.

Wildlife

Construction, operations, traffic, and associated noise could affect raptors and wintering big game.

This issue was evaluated in the FEIS PCBM (Direct and Indirect Effects) and FEIS FNGP (Cumulative Effects). The cumulative effects are disclosed in the FEIS FNGP, pages 5-19 through 5-21.

Monitoring of wildlife populations by UDWR (Utah Division of Wildlife Resources) in the project areas indicates that elk populations are stable, but deer populations are down from historic numbers. This downward trend is thought to be due to a combination of the current

drought and habitat changes. However, the current 5-year drought is thought to be the dominant factor in this decline (personal communications with Derris Jones, UDWR, 2003).

Raptor monitoring required as mitigations and conducted by UDWR has indicated that there has been a decline in nesting activity. Data indicates that the dominant factor for this decline is the current 5-year drought (personal communication with Tony Wright, UDWR, 5/28/03).

Other references include the project (Dudley Wells) specific Biological Evaluation and Biological Assessment, 2003 and Wildlife Resources Report, 2003 (project file).

Dudley is required to participate in current monitoring programs for determining effects from the adjacent field development and to participate in the established mitigation programs.

Improvement (reconstruction) of access roads could lead to increased project and public traffic and OHV (off-highway vehicle) use, causing additional disturbance to raptors and big game.

See discussion above.

The requirements that construction and drilling activities not take place during the critical winter range use period of December 1 through April 15 mitigates the effects associated with intense human activity and noise. In addition, this requirement in Stipulation 32, Attachment 2, regarding restricted use of the area would minimize overall use and activity in the proposed project area.

Recreation/Vegetation/Soil Erosion

Improvement of the Bob Wright Canyon-Wiregrass Bench Road (County Road) and Corner Canyon Road (Forest Service Road 50048) could provide better access to the Castle Valley Ridge Trail System (Accessed by the North Fork Corner Canyon Trailhead and Second Water Trailhead) resulting in increased use/decreased solitude, and vegetation damage.

The issue of increased use is not confined to the Castle Valley Ridge Trail System and is addressed from a cumulative standpoint in the FEIS FNGP, Page 5-23. Increased demand for recreational opportunities is the largest factor affecting use. Only a portion of the access to the trailhead at the North Fork of Corner Canyon would be improved. Approximately 1 mile of the Corner Canyon Road would remain unaffected between the southernmost well (Dudley Federal 43-21 Well) and the trailhead. In addition, the Corner Canyon Road to the north or the intersection with the Bob Wright-Wiregrass Bench Road that leads to the Second Water Trailhead would remain unaffected.

Disturbance to vegetation is considered in the FEIS FNGP, Pages 5-18 and 5-19.

Predicted disturbances included reopening of the DesBeeDove Coal Mine which did not occur. The land disturbances relative to this mine are currently being reclaimed while sediment control facilities are left to the last stage of reclamation after the other reclaimed areas meet revegetation

and ground cover standards. The overall cumulative surface disturbances would be less than predicted.

Air Quality

Increased traffic on the Bob Wright Canyon-Wiregrass Bench Road (County Road) and Corner Canyon Road (Forest Service Road 50048) could increase fugitive dust and lead to degradation of air quality.

Cumulative effects to air quality are addressed in the FEIS FNGP, Pages 5-13 through 5-17.

The operator will be required to take appropriate measures to prevent excessive fugitive dust emissions from use of the Corner Canyon Road and project roads (Stipulation 35, Attachment 2).

Visual Quality

Construction, drilling (facilities and gas flaring), well operations, and ground disturbance would decrease visual quality in the area.

The Forest Plan Visual Quality Objective for the proposed project area is Modification. Man's activities can be dominant in the landscape. The proposed action is consistent with the visual quality objective.

The cumulative effects to visual quality are addressed in the FEIS FNGP, Pages 5-24 and 5-25.

Social and Economic Effects

Operations would cause economic benefits but could stress existing community infrastructures, and decrease the quality of life

Cumulative effects are discussed in the FEIS FNGP, pages 5-26 through 5-32.

B. Issues Considered, but Dismissed From Further Analysis

Roadless

Reconstruction of the Corner Canyon Road, and construction of the drill pads and access roads could diminish the roadless character of the Nuck-Woodward Inventoried Roadless Area

The UEC (Utah Environmental Congress) was concerned about the project being next to the Nuck Woodward IRA (Inventoried Roadless Area) and being included within the UEC's roadless boundaries. The drill pads lie adjacent to the Corner Canyon Road just outside of the boundaries of the IRA. It appears that this area was specifically excluded from the roadless area because of several spur roads used for dispersed camping and road leading to the old drill hole (to be re-entered for Dudley Federal 42-24). None of the proposed project roads or drill pads would intrude into the IRA.

Soil Erosion/Water Quality

Reconstruction of the Corner Canyon Road and construction/operation of the drill pads and pad access roads would result in removal of vegetation, and cause soil erosion.

Portions of the Corner Canyon Road, not already gravel surfaced, are not well drained, receive heavy use, and become badly rutted causing erosion and soil loss in the area. Reconstruction of the road, with proper drainage, gravel surfacing, and dust control measures, would decrease the current problem.

Pads and pad access roads were proposed by Dudley with drainage and sediment controls in accordance with best management practices. In addition, Dudley will be required to reestablish vegetation on disturbed areas, including road disturbances.

The effects to soils and erosion would be negligible.

Soil Erosion and Water Quality are discussed cumulatively in the FEIS FNGP on pages 5-17 and 5-18 (Soils) and pages 5-11 and 5-12 (Water Quality).

Vegetation/Noxious Weeds

Road reconstruction and construction of the pads and access roads would remove vegetation and allow introduction/invasion of the disturbed areas and adjacent areas by noxious weeds

The SUPO and additional required mitigations (Attachment 2) require that equipment and vehicles be cleared of mud and debris prior to entering National Forest System lands to prevent introduction of noxious weed seeds from other areas. All sediment control facilities such as straw bales, silt fences, must be free of noxious weeds/seeds. The operator is required to remove any noxious weeds on the sites to be disturbed prior to construction to prevent spreading of seeds, and to control all noxious weeds during operations and reclamation efforts.

The potential for noxious weed introduction and spreading beyond current levels is negligible.

Effects to vegetation from a cumulative effects standpoint are discussed in the FEIS FNGP, pages 5-18 and 5-19.

Threatened, Endangered, Candidate, and Sensitive Species

Construction and operations could affect Threatened, Endangered, Candidate, and Sensitive Plant and Animal Species

Surveys of the area have been conducted and it was determined that the proposed project is not likely to affect Threatened or Endangered Species and is not likely to contribute to a trend toward Federal listing of Candidate, or Sensitive Species (Biological Evaluation/Biological Assessment, project file).

Cumulative effects are discussed in the FEIS FNGP, pages 5-20 and 5-21.

Cultural, Historic, and Paleontological Resources

Construction of facilities could damage cultural, historic, and paleontological resources

Surveys have been completed and it has been determined that there are no significant cultural, historic, or paleontological resources in the areas to be disturbed. Therefore, the potential for effects is negligible.

In the event that such resources are unearthed during excavation, the operator is required to cease operations and notify the Forest Service. A determination of significance and resource protection measures would be completed prior to allowing operations to continue.

Cumulative effects to cultural resources are discussed in the FEIS FNGP, pages 5-21 and 5-22.

IV. ALTERNATIVES

This section describes the alternatives that were evaluated in detail in the analysis and other alternatives that were dismissed from further evaluation. The alternatives that were evaluated in detail are described. In addition, there is a discussion of how they correspond to the alternatives evaluated in the FEIS FNGP.

A. Alternatives Evaluated in Detail

Alternative 1 - No Action Alternative - Under this alternative the Forest Supervisor, Manti-La Sal National Forest, would not consent to approval of the SUPOs currently proposed in the APDs.

Under this alternative, development of the coalbed methane fields would continue as approved in the BLM Records of Decision, 1999, for the Ferron Natural Gas Project and as analyzed in the FEIS (Alternative 2 - Proposed Action with Additional Environmental Protection Measures). The difference is that the 4 wells proposed by Dudley would not be drilled on National Forest System lands.

This alternative would not be consistent with the purpose and need or rights granted by the existing oil and gas lease.

Alternative 2 – Consent to the proposed APDs With Stipulations to Protect Non-Mineral Interests and Minimize Environmental Effects -Under this alternative, the Forest Supervisor, Manti-La Sal National Forest, would consent to approval of the SUPO with stipulations (Attachment # 2) that would ensure consistency with Forest Plan direction and minimize effects.

This alternative corresponds to Alternative 2 (Alternative 2 - Proposed Action with Additional Environmental Protection Measures) analyzed in the Ferron Natural Gas Project FEIS. The number of wells analyzed in the FEIS FNGP would remain the same, including the Dudley wells, since fewer wells are likely to be drilled than originally predicted in that analysis. The current trend in drilling indicates that fewer drill pads may be constructed than originally anticipated because some areas have not proven

to be as productive as originally anticipated, and a trend toward direction and horizontal drilling, where more than one well can be drilled from a single pad (See Section III for further discussion).

This alternative is consistent with Forest Plan direction and rights granted by the lease.

B. Alternatives Dismissed from Further Evaluation

The proposed site locations were evaluated by the Interdisciplinary Team and Dudley during the field reviews. Dudley proposed the most advantageous sites in the Surface Use Plans of Operations. Other sites were evaluated, but the current proposed locations were considered to be the most suitable locations considering Forest Plan direction to minimize effects and meet the drilling objectives. Therefore, no additional alternative pad locations were evaluated in detail.

Alternative routes for the placement of pipelines, and powerlines were also evaluated by the team. Placing these facilities in or directly adjacent to the roadway as proposed by Dudley would minimize disturbance and related effects. Therefore, no other locations were evaluated in detail.

V. THE DECISIONS

After careful review of the public comments, the analysis disclosed in the Forest Plan FEIS, the PCBM EIS, in the cumulative effects analysis in the FEIS FNGP, and project file, I have selected Alternative 2 (Current Proposal with Mitigations). Under this alternative, I consent to approval of the Dudley & Associates LLC gas exploration project with mitigations (Attachment 2). I have decided to waive the Timing Limitation Stipulation on the lease regarding big-game calving and fawning (May 1 through July 5) because it was determined that the project area is not important calving and fawning habitat. ✓

I did not select Alternative 1 (No Action) because it would not be consistent with the purpose and need, Forest Plan direction, or rights granted by the lease.

VI. REASONS FOR DECISION

After reviewing the FEIS PCBM and analysis of cumulative effects in the FEIS FNGP, and examining the issues specific to this proposal, I believe that the Selected Alternative provides a reasonable balance between meeting the Nation's energy needs/National Energy Policy, providing socioeconomic benefits to local communities, State of Utah, and United States, and managing natural resources on National Forest System lands. With required monitoring and mitigation of effects described in Attachment 2, I believe that Forest Plan direction can be achieved, the potential benefits of energy production and development can be pursued, and the effects would be consistent with those evaluated in the PCBM FEIS and FEIS FNGP.

My decision is consistent with Forest Plan direction and other laws as presented in the following sections.

A. Meeting the Purpose and Need of the Proposal

My decision will be consistent with the purpose and need as identified in the PCBM EIS (Pages 1-1) regarding coal bed methane development potential. It is consistent with the rights granted by the lease and Forest Plan direction for management of other resource values.

B. Forest Plan Direction

Forestwide Direction, Leaseable Minerals

Forest Plan, Page III-35, Minerals Management Leaseable (01) "Negative recommendations, denials, or consent for leasing, permitting, or licensing will be based on site specific environmental assessments using appropriate standards and guidelines. Stipulations for these activities should minimize and/or mitigate effects or conflicts with other resource uses and should return disturbed lands to conditions compatible with the emphasis of the management unit or adjacent management unit."

I have decided to consent to the current proposal to allow gas exploration subject to mitigations prescribed in Attachment 2 needed to mitigate the effects consistent with management emphasis for the affected management units. The mitigations in combination with Federal Regulations for permitting exploration (343CFR3102, 36 CFR 228E 106, and Appendix A) provide for management consistent with emphasis for individual Forest Plan Management Units.

Alternative 1 (No Action) would not be consistent with Forest Plan direction. Alternative 2 (Consent to the proposed APDs With Stipulations to Protect Non-Mineral Interests and Minimize Environmental Effects), the selected alternative would be consistent with this direction.

Management Unit Direction

RNG (Range) Management Unit

Emphasis is on production of forage and cover for domestic livestock and wildlife.

Management Unit Direction, Minerals Management General (G00), Forest Plan Page III-66:

01 Provide appropriate mitigation measures to assure continued livestock access and use.

02 Those authorized to conduct developments will be required to replace losses through appropriate mitigations, where site-specific development adversely affects long-term production or management.

Alternative 2, the selected alternative, is consistent with this direction since provisions of the SUPO and additional requirements for approval of the SUPO would provide adequate mitigation.

VII. Findings Required by Other Laws and Regulations

After consideration of the environmental consequences, I have determined that the Selected Alternative (Alternatives 2) is consistent with other laws and regulations, as outlined in the PCBM FEIS, FEIS FNGP, and this decision document.

A. Consistency with National Forest Management Act/Forest Plan Direction

The Selected Alternative is consistent with the National Forest Management Act (NFMA) of 1976 in meeting the management requirements detailed in implementing regulations of 43 CFR 3102, 43 CFR 228E 106 (and Appendix A), and conditions of consent (Attachment 2) provide for minimizing effects to soil, water, air, wildlife, and other multiple uses.

Regulations and Requirements - All resource plans are to be consistent with the Forest Plan [16 U.S.C. 1604 (i)]. The Forest Plan guides all natural resource management activities [36 Code of Federal Regulations (CFR) 219.1 (b)]. All administrative activities affecting the National Forest must be based on the Forest Plan [36 CFR 219.10 (e)].

The Forest Plan also known as the LRMP, was approved on November 5, 1986. The Forest Plan provides for the overall guidance for management activities by specifying goals and objectives, desired future conditions, management direction, and standards and guidelines.

The features of the Selected Alternative have been evaluated for consistency with the Forest Plan (See Section VI.B.) and consideration of cumulative effects in the FEIS FNGP, and I have determined that the Selected Alternative is in compliance with the Forest Plan. No Forest Plan amendments will be needed to implement this project.

B. Consistency with Other Laws and Regulations

Clean Water Act - The Clean Water Act requires each State to implement its own water quality standards. The State of Utah's Water Quality Antidegradation Policy requires maintenance of water quality to protect existing instream beneficial uses on streams designated as Category 1 High Quality Waters. All surface waters geographically located within the outer boundaries of the Manti-La Sal National Forest, whether on private or public lands are designated as High Quality Waters (Category 1). Water quality is to be maintained with little or no degradation. New point source discharges are prohibited; nonpoint sources will be controlled to the extent feasible through implementation of Best Management Practices (BMP's) or regulatory programs (Utah Division of Water Quality 1997). The State of Utah and the Forest Service have agreed through a 1993 Memorandum of Understanding to use Forest Plan Standards and Guidelines, and the Forest Service Handbook (FSH) 2509.22 Soil and Water Conservation Practices (SWCP's) as the BMP's. The use of SWCP's as BMP's meet the water quality protection elements of Utah's Nonpoint Source Management Plan.

The Beneficial uses and high quality water in the streams in the project area will be maintained during and following project implementation through proper implementation of BMP's and Project Design Features. No effects to the quality of water in First Water and Second Water Canyons and downstream perennial drainages (Gordon Creek) are anticipated.

Endangered Species Act of 1973, as Amended - Based upon the effects analysis in chapters four and five of the PCBM FEIS and the cumulative effects analysis in the FEIS FNGP, the site-specific Biological Assessment (project file), it has been determined that there will be no adverse effects to populations of threatened, endangered, or candidate wildlife, fish, or plant species from implementation of the Selected Alternative.

Migratory Bird Treaty Act of 1918 - The Selected Alternative will retain viable populations of native species.

Forest Plan Management Indicator Species - Management Indicator Species include elk, deer, blue grouse, macroinvertebrates, golden eagles, and Abert squirrels (only on the Monticello District and not further discussed in this document). MIS species were evaluated as documented in the Wildlife Resources Report for the Dudley and Associates Methane Gas Exploration Drilling Project (project file).

The project will be generally consistent with management direction for big-game species. Effects are expected to be negligible.

Blue grouse preferred habitat is Douglas fir with a brushy understory interspersed with openings in the stand. They also utilize aspen and mountain brush habitats. They exhibit reverse vertical migration; moving to higher altitudes in winter. Blue grouse may utilize the mixed woodland above the project area and the nearby brushy lowlands. The proposed project area is near the lower limits of the elevational range of the blue grouse, and it does not provide habitat characteristics preferred by this species. The species was not detected during 2002 surveys in suitable habitat above the proposed project site. Therefore, the project is not likely to directly or indirectly impact the blue grouse. Since there is not likely to be any direct or indirect impacts, the proposed project will not contribute to cumulative impacts on the blue grouse.

The nearest known golden eagle nest to the proposed project area is approximately 1.25 miles away. The nearest potentially suitable nest habitat is approximately one mile away. Therefore, there is not likely to be any direct or indirect impacts on golden eagle nest sites. There is suitable forage habitat in and around the project site. During the construction and drilling phase of the project, golden eagles may avoid (be displaced from) forage habitat near the project site. Pad and road construction would remove golden eagle prey species habitat (approximately 4 acres for the pads, and 3 acres for the roads). If a dry well results, reclamation of the site would take place, including draining and reclaiming the reserve pit, distribution of topsoil, fencing the drill site, and revegetation; loss of habitat would extend over several years. If a well becomes productive, the impacts from removal of habitat would continue for approximately 20 years during the operation phase. During the abandonment phase, activity will increase during removal and reclamation of the facilities, but direct impacts would primarily be positive as habitat is restored. The Price Coalbed Methane Project, dispersed recreational activity, and road construction and maintenance may add cumulatively to the impacts of the proposed project. These activities would lead to removal of prey species habitat and increased human disturbance within golden eagle foraging habitat. The combined affect of these activities on the golden eagle is not known, but potentially could lead to abandonment of the nearest nest sites; continued nest site monitoring is necessary to determine the affect of oil and gas exploration and production on nesting golden eagles along the east side of the Wasatch Plateau.

Effects to macroinvertebrate species will be negligible since there would be no disturbance to perennial streams or aquatic habitat.

American Antiquities Act of 1906 and Historic Preservation Act of 1966 - Based upon the project-specific survey, and consultation with the Utah State Historic Preservation Office, it has been determined that there will be no effects to any Historic, Archaeological, or Paleontological resources.

Clean Air Act, as Amended in 1977 - Based upon the effects analysis in chapters four and five of the PCBM EIS and the cumulative effects analysis in the FEIS FNGP (Page 5-17), it has been determined that there will be no measurable effects to air quality and that this action will comply with State air quality requirements and the Clean Air Act.

Civil Rights - Based upon comments received during scoping and the comment periods for the PCBM FEIS, FEIS FNGP, and the current proposal, no conflicts have been identified with other Federal, State, or local agencies or with Native Americans, other minorities, women, or civil rights of any United States citizen.

Roads Analysis - The Forestwide Roads analysis (Roads Analysis Report, Manti-La Sal National Forest, October 2002) has been completed and calls for continued use of the Corner Canyon Road within the project area. The decision is consistent with the roads analysis recommendations.

Secretary of Agriculture Memorandum, 1827 - The Selected Alternative is in conformance for prime farmland, rangeland, and forestland.

Energy - The Selected Alternative will not have unusual energy requirements and will meet the intent of the Presidents Energy Policy.

Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations." - This order requires the Forest Service to make achieving environmental justice part of its mission by identifying and addressing as appropriate, disproportionately high and adverse health effects, of its programs, policies, and activities on minority populations and low-income populations in the United States and territorial possessions. In compliance with this executive order, the Manti-La Sal National Forest, through scoping and public involvement attempted to identify interested and affected parties, including minority and low-income populations for this project. The Forest defined a range of alternatives to be evaluated and analyzed the consequences of the alternatives on the quality of human environment. A comment period was held for 45 days for the PCBM DEIS and DEIS FNGP following the U.S. Environmental Protection Agency's publication of the Notice of Availability in the Federal Register. Project-specific scoping was also conducted.

The land described in this analysis is managed by the USDA Forest Service as the Manti-La Sal National Forest. The decision for this document will not amend or preclude any existing private or treaty rights in the project area. No minority or low-income populations were identified during the public involvement within communities near or immediately surrounding the project area.

VIII. ENVIRONMENTALLY PREFERRED ALTERNATIVE

Regulations implementing the National Environmental Policy Act (NEPA) require agencies to specify "the alternative or alternatives which were considered to be environmentally preferable" [40 CFR 1505.2(b)]. Forest Service policy further defines the "environmentally preferable alternative" as "an alternative that meets the goals of Section 101 of the NEPA." (FSH 1909.15). Section 101 of the NEPA describes national environmental policy, calling on federal, state, and local governments and the public to "create and maintain conditions under which man and nature can exist in productive harmony." Section 101 further defines this policy in six broad goals, to:

- (1) fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;
- (2) assure for all Americans safe, healthful, productive, and esthetically and culturally pleasing surroundings;
- (3) attain the widest range of beneficial uses of the environment without degradation, risk to health, or safety, or other undesirable and unintended consequences;
- 4) preserve important historic, cultural, and natural aspects of our national heritage, and maintain, wherever possible, an environment which supports diversity and a variety of individual choice;
- (5) achieve a balance between population and resource use which permit high standards of living and a wide sharing of life's amenities; and
- (6) enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources.

From the perspective of causing the least amount of change to the natural environment, Alternative 1 (No Action) would be preferable. Considering a combination of all of the items described above, I believe that Alternative 2 best meets the goals of Section 101, and is therefore the environmentally preferable alternative for this proposed federal action.

Alternative 1 does not provide the best balance between socioeconomic benefits and effects to the natural environment. Therefore, I did not select it.

IX. IMPLEMENTATION DATE

This project can be implemented after conclusion of the 45-day appeal period plus 5 days for mailing if no appeals are received. In the event that an appeal is received, the appeal must be decided within 60 days of the end of the 45-day appeal period.

X. ADMINISTRATIVE REVIEW

This decision is subject to appeal pursuant to 36 CFR 215.7. Any written appeal must be postmarked or received by the Appeal Deciding Officer within 45 days of the publication of a legal notice in the *Sun Advocate*. The Appeal Deciding Officer is: Regional Forester, Intermountain Region, 324-25th Street, Ogden, UT 84401. Appeals must meet the content requirements of 36 CFR 215.14.

This decision is subject to appeal pursuant to 36 CFR 251.82. Notice of appeal must be postmarked or received by the Appeal Reviewing Officer within 45 days of the date of this decision. A notice of appeal, including the reasons for appeal, must be filed with the Regional Forester, Intermountain Region, Federal Building, 324-25th Street, Ogden, Utah 84401. A copy of the notice of appeal must be filed simultaneously with Elaine J. Zieroth, Forest Supervisor, 599 West Price River Drive, Price, Utah 84501. Appeals must meet the content requirements of 36 CFR 251.90.

For further information, contact Tom Lloyd, Manti-La Sal National Forest, Ferron-Price Ranger District, 115 West Canyon Road, Ferron, Utah 84523 (435-636-3596) or Carter Reed, Manti-La Sal National Forest, 599 West Price River Drive, Price, Utah 84501 (435) 637-2817.

Melissa Blackwell
MELISSA BLACKWELL
Forest Supervisor

May 28, 2003
Date

Attachment 1

Project Maps

491000mE.

492000mE.

493000mE.

NAD27 Zone 12S 495000mE.

4384000mN.

4383000mN.

4382000mN.

4381000mN.

4380000mN.

4379000mN.

4384000mN.

4383000mN.

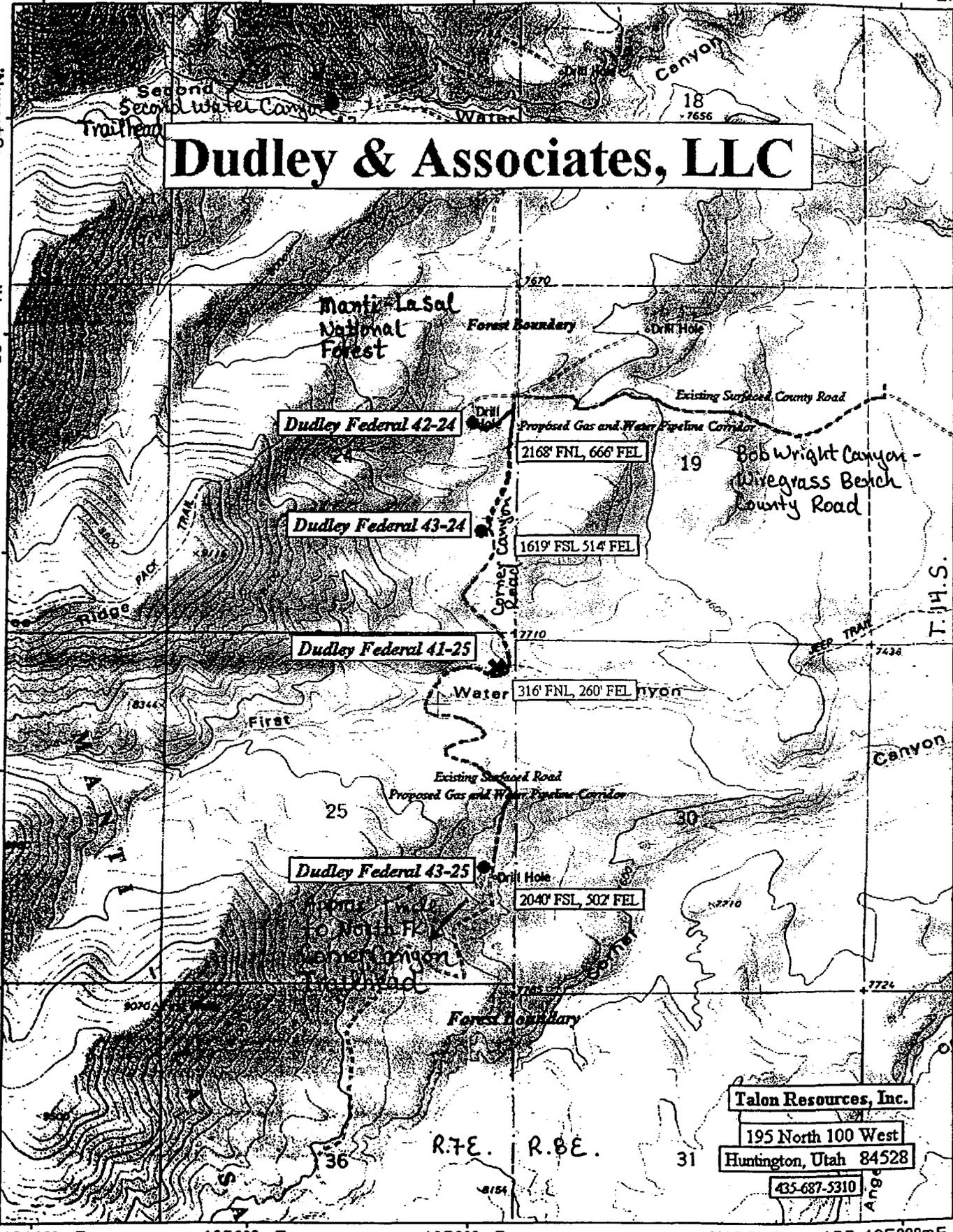
4382000mN.

4381000mN.

4380000mN.

4379000mN.

Dudley & Associates, LLC



Talon Resources, Inc.
 195 North 100 West
 Huntington, Utah 84528
 435-687-5310

491000mE.

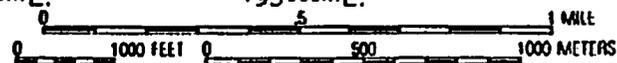
492000mE.

493000mE.

NAD27 Zone 12S 495000mE.

TN MN 13°

map 1

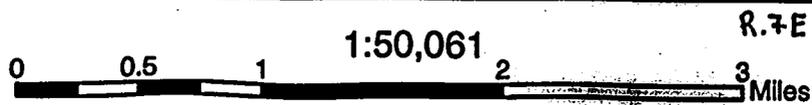
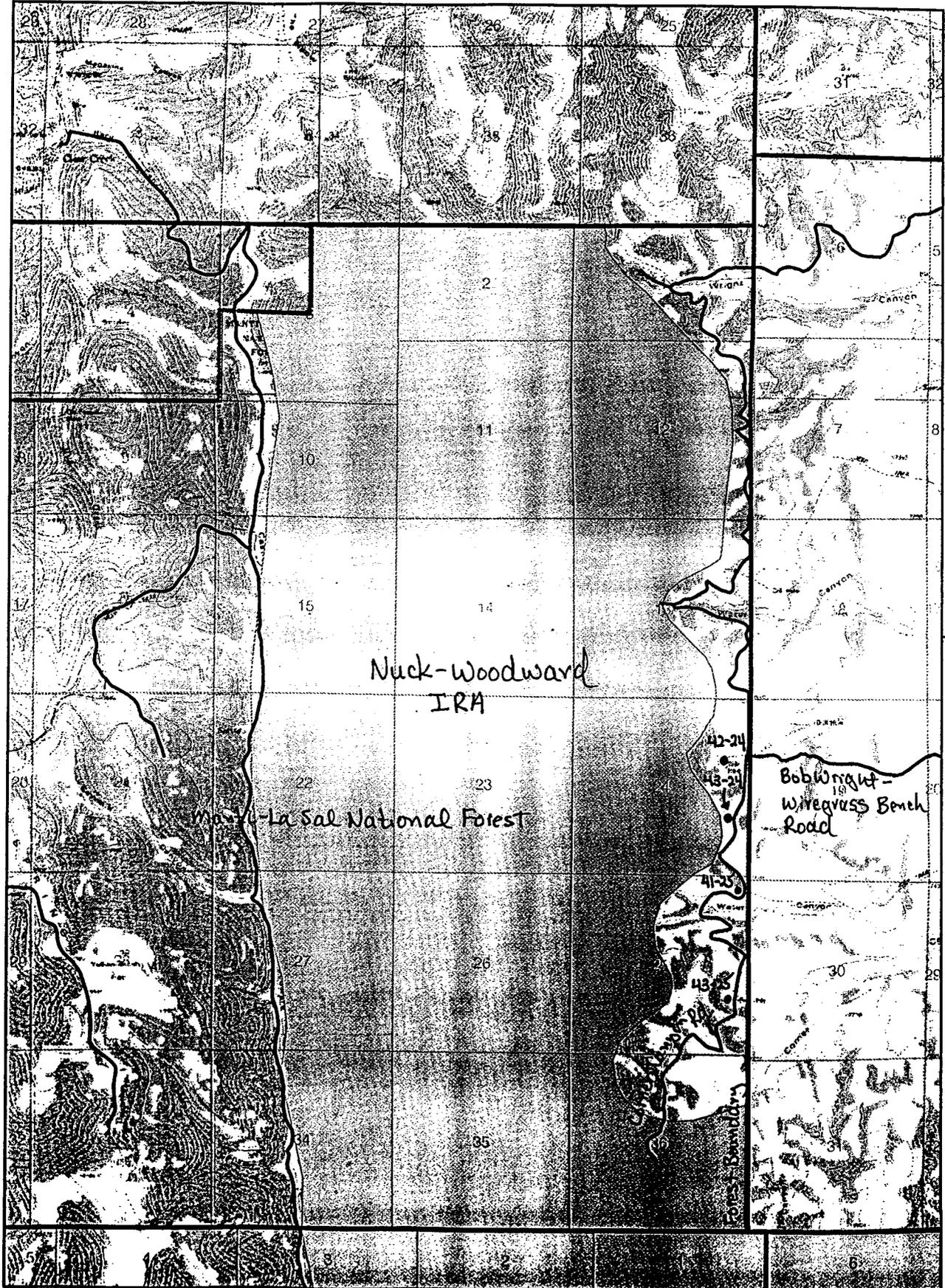


Printed from TOPOI ©2000 National Geographic Holdings (www.topo.com)

Project Location map

Existing Roads to be used and improved
 Project Road

Map 2
Nuck-Woodward IRA

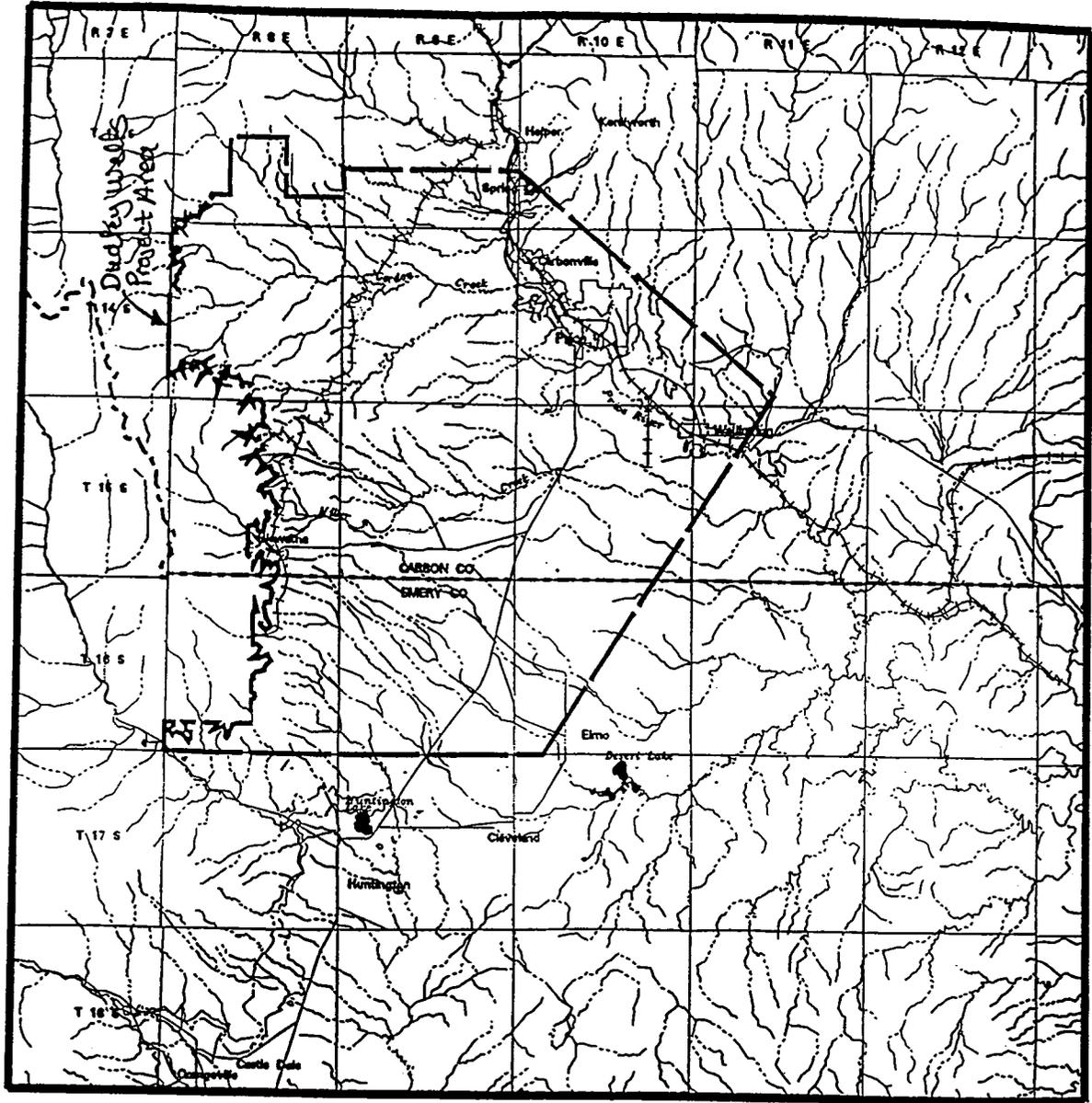


R.7 E. R.8 E.



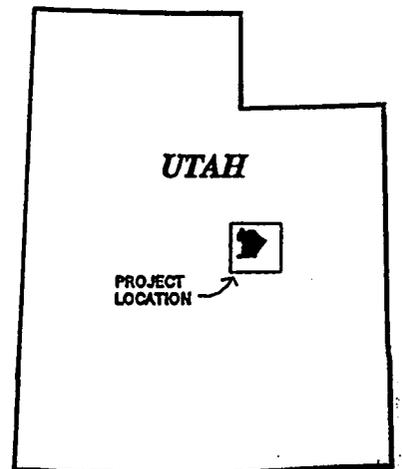
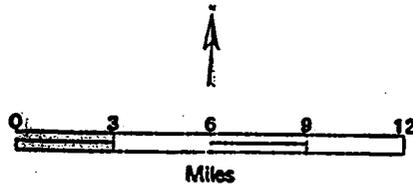
Figure M-1. Project Location, Price CBM EIS,
Carbon and Emery Counties, Utah.

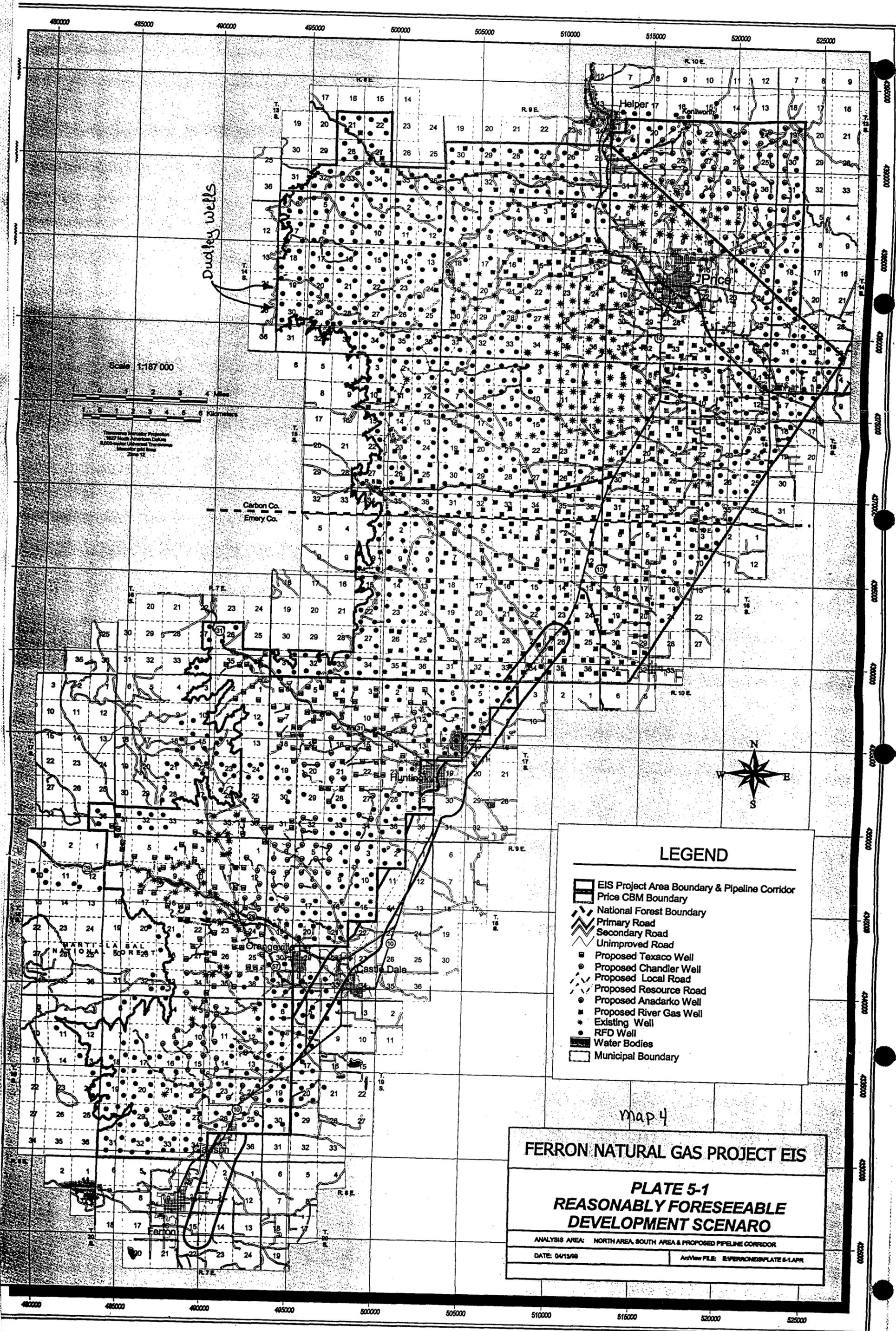
Map 3



LEGEND

-  Proposed Price CBM EIS Boundary (RGC Project)
-  County Boundary
-  Primary/Secondary Roads
-  Railroads
-  Hydrology





Dudley wells

Scale 1:187,000



Horizontal Accuracy Projection
1987 North American Datum
8,000 meter Universal Transverse
Mercator grid lines
Zone 12

Carbon Co.
Emery Co.

LEGEND

- EIS Project Area Boundary & Pipeline Corridor
- Price CBM Boundary
- National Forest Boundary
- Primary Road
- Secondary Road
- Unimproved Road
- Proposed Texaco Well
- Proposed Chandler Well
- Proposed Local Road
- Proposed Resource Road
- Proposed Anadarko Well
- Proposed River Gas Well
- Existing Well
- RFD Well
- Water Bodies
- Municipal Boundary

map 4

FERRON NATURAL GAS PROJECT EIS

**PLATE 5-1
REASONABLY FORESEEABLE
DEVELOPMENT SCENARIO**

ANALYSIS AREA: NORTH AREA, SOUTH AREA & PROPOSED PIPELINE CORRIDOR

DATE: 04/13/08

AutoView FILE: E:\FERRON\DISK\PLATE 5-1.APR

Attachment 2

Additional Stipulations To The Surface Use Plan Operation Dudley Federal 42-24, 43-24, 41-25, 43-25

1. The Forest must be notified 2 business days in advance that heavy equipment will be moved onto National Forest Systems lands and that surface disturbing activities will commence. All equipment must be washed to remove all dirt and grease that may contain noxious weed seed, prior to being brought onto the forest. In addition, all noxious weed plants must be removed from the project area before construction work begins to prevent spreading seeds. Seed heads must be cut off and placed in suitable sealed containers for disposal by burning or other suitable methods to prevent spreading of seeds.
2. The Forest Service must be notified of any proposed alterations to the plan of operations. Any changes to the existing plan are subject to Forest Service review and approval.
3. The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth in Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as National Forest System Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.
4. Section corners, survey markers and claim corners in the project area must be located and flagged by the operator prior to operations. The proper authority must approve the removal or disturbance of identified markers.
5. A qualified, responsible official or representative of the designated operator who is aware of the terms and conditions of the APD/SUPO and specifications in the approved plans must supervise all surface-disturbing activities, including reclamation. A copy of the approved Surface Use Plan of Operations and Spill Contingency Plan must be kept at the well sites at all times for reference by the operator and must be produced upon request by Forest Service personnel.
6. The company is responsible to follow Forest and State mandated fire restrictions. The Forest Service reserves the right to suspend operations during periods of high fire potential. On-site company personnel are required during flaring operations.

7. The Memorandum of Understanding with the State of Utah Air Conservation Committee will be implemented. This will assure project implementation activities meet the State and Federal Air quality standards.
8. Reclamation recontouring and reseeding of disturbed areas will be performed as soon as practicable (within the same drilling season).
9. Seeding shall be performed using the certified seed mix. The seed mixture must meet or exceed the pure live seed standards of the Utah Seed Law containing a maximum allowable weed content of less than 2 percent with no noxious weed species. Independent seed analysis is required on seeds to determine other undesirable weed species. The company is responsible for eradication of presently known noxious weeds and eradication of presently unknown noxious weeds that enter any disturbed areas. Below is the recommended seed mix.

Species	Scientific Name	Pounds/Acre
Intermediate Wheatgrass	Agropyron intermediate	2
Slender Wheatgrass	Agropyron trachycaulum	2
Western Wheatgrass	Agropyron smithii	2
Blue Bunch Wheatgrass	Agropyron spicatum	2
Ladak Alfalfa	Medicago sativa ladak	1
Mountain Brome	Bromus carinatus	2
Great Basin Wild Ryegrass	Elymus cinereus	1
Paiute Orchard Grass	Dactylis glomeratus	1
	Total	13

10. Revegetation of disturbed areas, including road cut and fills, production pad reclaimed areas, and other reclaimed areas, is required. Revegetation shall be considered successful when (1.) seventy percent (70%) vegetation and crown cover is re-established over the entire disturbed area, (2.) of the vegetative cover, at least 90% of the living plants must be desirable native plants or seeded species, (3.) ground cover (vegetation, rock, litter) is at least 60%, (4.) there are no signs of active erosion, (5.) and the area is consistently free of noxious weeds. Adjacent undisturbed areas will be used as a base for comparison. If the desired ground cover is not established at the end of each 3-year period, the company will be required to do additional treatment and seeding.
11. An erosion and sediment control plan will be prepared as prescribed in the Soil and Water Conservation Practices Handbook. During operations the operator shall maintain seasonal erosion control structures.
12. Following completion of the project, the pad and project area must be recontoured to approximate original contour to blend naturally with the surrounding area. Gravel will be salvaged and stockpiled in an area approved by the Forest Service.

13. The pad area must be fenced (let-down fence of design to be approved by the Forest Service) and the project road must be adequately closed off to prevent continued access until the required reclamation standards are successfully achieved.
14. The operator is responsible for maintenance of reclamation facilities such as fences, barricades and temporary drainage structures until the desired reclaimed conditions are achieved.
15. A gate with approved reflective signs must be constructed on the pad access roads near the intersection with Forest Road 50048 to prevent public access to the pads. The gate must be locked at any time when the pad is unoccupied by company personnel. The Forest Service must approve the gate design and signs.
16. Surface aggregate shall be Forest Service gradation F and shall meet wear requirements contained in Forest Service Specifications for Construction of Roads and Bridges, section 703.05. Aggregate must be obtained from a verified weed free source.
17. Drill pads will be designed to prevent or diminish overland flow from entering the site during precipitation events. Pad sites will be sloped to drain all spills and on-site precipitation into the reserve pits. If necessary, pits will be pumped out to reduce their content and insure that overflow does not occur. Fluids will be disposed of off-Forest at a Utah State approved disposal site.
18. The operator must take reasonable precautions when setting surface casing to prevent excessive migration of cement in fracture systems that could disrupt the flow and quality of water at springs in the vicinity of the well. Measures such as use of high-viscosity cement and non-polluting additives should be considered.
19. Unless otherwise specified in the Forest Service conditions for approval the Surface-Use Plan of Operations, contaminated soils and gravel in the project area and the contents of the reserve pit, including the liner material, will be removed from the National Forest and disposed of at an approved facility. Exceptions may be granted if the operator can demonstrate non-toxicity through testing or isolation through encapsulation.
20. Before construction, reconstruction, or operation activities can commence, the operator must file a spill contingency plan with the Forest Service. The plan is subject to Forest Service approval. The plan must identify the potential for spills to occur, activities that could result in spills, substances that could be spilled, identify appropriate containment/cleanup actions, and identify equipment/materials to be maintained in vehicles and at the drilling pad to contain or neutralize spilled materials. The plan must identify potentially affected parties, required contacts, and time frames for cleanup in the event of a spill. The plan must be consistent with the

United States Environmental Protection Agency Region VIII Oil and Hazardous Substances Regional Contingency Plan.

21. The company will develop and submit a water-monitoring plan to be approved by the Forest Service. The plan will identify the monitoring objective(s), items to monitor, monitoring sites, methodology, frequency and duration, analysis and reporting procedures, projected costs, and monitoring responsibility. Projects implementation will not be permitted until the monitoring plan is approved
22. Sediment catchment structures will be added below critical construction areas to reduce sedimentation.
23. Warning signs, meeting MUTCD standards, will be installed at the entrance to road construction or reconstruction projects, at the junction of National Forest System roads and project roads, and near dispersed camp areas ¼ mile from drilling operations to alert hunters and other Forest users to the presence of working equipment and crews.
24. Drill rigs and heavy equipment shall not be transported into the area during Federal and State holiday weekends or on the opening weekends of the general deer and elk seasons. The "weekends" include Friday.
25. Reserve pits must be dry before backfilled and any pit liners, trash, and other foreign materials must be removed and disposed of at a facility licensed to accept the materials.
26. The company shall repair watershed contour furrows damaged during exploration operations as approved by the Forest Service.
27. Drilling operations shall be coordinated with grazing permittees.
28. Gates must be closed after entry unless otherwise specified.
29. The company is responsible for damage to fences, cattle guards, resource improvements, roads, and other structures on National Forest System land that result from their operations. The Forest Service must be notified of damages as soon as possible.
30. Equipment is required to be maintained clean, operationally safe, and in good repair. All equipment will be thoroughly washed to remove accumulations oil and grease, mud, soil, vegetative material and noxious weed seed prior to entering the forest. The company shall make equipment available for inspection by the responsible Forest officer prior to entering the forest.
31. If cultural or paleontological resources are found during implementation of the project, operations will immediately cease at that location and the District Ranger will

be notified. Unauthorized excavation, removal, or damage of archaeological resources is subject to fines and other penalties under authority of the Archaeological Resources Protection Act (ARPA) of 1979 (as amended).

32. No construction or drilling operations will be allowed from December 1 through April 15 each year to minimize effects to wintering big game. Only maintenance of producing wells will be allowed during this period.
33. The operator must obtain appropriate permissions and permits to use County and private roads. An encroachment permit must be obtained from Carbon County for use of the Bob Wright Canyon-Wiregrass Bench Road and must improve and maintain this road in accordance with County requirements and terms of the permit.
34. Dogs and other pets must be kept on a leash and prevented from chasing or otherwise harassing wildlife.
35. Appropriate measures must be taken to prevent fugitive dust on the access roads and pads. Watering and application of approved dust suppressants, such as magnesium chloride, will be required as needed.
36. Dudley is required to participate in the raptor-monitoring program conducted by the Utah Division of Wildlife Resources and the BLM, Price Field Office Wildlife Habitat Mitigation Program for the Price Coalbed Methane Project Program Area, 1998.

Attachment 3

Responses to Comments

Letters are identified and summarized below followed by responses and a description of how the comment was considered in issue development:

USDOL, Fish and Wildlife Service

- Confirmed raptor surveys had been conducted

Response - Comment noted.

- Concerned about improved roads will increase wildlife mortality, recommend speed limits to minimize risk

Response - The Forest Service requires that operators and the public observe safe speeds commensurate with conditions. Speeds will be monitored along with project inspections. Enforcement action will be taken as appropriate. Since this is a resolvable concern, it was not evaluated as an issue but was considered in development of operational standards for operations.

- If project increases in size, a more extensive analysis should be done.

Response - No additional wells have been proposed at this time. If additional wells are proposed, they would be subject to additional analysis under the National Environmental Policy Act considering direct/indirect and cumulative effects.

- Production and utility line should follow existing road where possible, and utilities should be buried.

Response - Dudley plans to bury pipelines and powerlines under the road and the Manti-La Sal National Forest plans to minimize surface disturbance by requiring that utilities be located such that disturbance is minimized.

- Provided updated list of T & E species.

Response - The Biological Assessment prepared for the project considered the updated list of species provided.

- Formal consultation is required if action is likely to adversely affect any of the listed species.

Response - Consultation was completed in accordance with the Endangered Species Act.

- Other items dealing with the ESA (Endangered Species Act)

Response - Consultation has been completed in conformance with the Endangered Species Act.

State of Utah, Department of Environmental Quality

- Agency is writing Total Maximum Daily Loads TMDL's and a watershed plan for the West Colorado Watershed.

Response - Comment noted.

- This is an "alert" as to the watershed work that is ongoing and modify permittees of their responsibility to be aware of constrains with regard to impacts to water quality.

Response - Drainage and sediment control has been required such that introduction of pollutants to the adjacent environment should be negligible. It is not anticipated that ground water will be encountered in large quantities. Wastewater will be contained and treated in accordance with the Clean Water Act and State water laws.

USDOI, Bureau of Land Management

- Road Rights of way from the BLM, they want map.

Response - A map will be made available as requested. Applications have been submitted by Talon to Price BLM Office on behalf of Dudley.

- Utility construction rights are also applicable

Response - See above.

Utah Environmental Congress

- Next to Nuck Woodard IRA and UEC's roadless area Boundaries.

Response - The project does not extend into the Nuck-Woodward Inventoried Roadless Area. The pads lie either directly adjacent to the Corner Canyon road or areas already disturbed by dispersed recreation activities. The project would not affect the roadless character of the IRA.

- Request to consider noise pollution, increased traffic, and reduced value to wildlife.

Response - Noise, increased traffic and the associated effects to wildlife and other resources have been considered cumulatively in the FEIS for the Ferron Natural Gas Project. A site-specific analysis has been completed and it has been determined that the effects of the proposed project are adequately disclosed in the referenced FEIS.

- Impacts to sensitive plants species

Response - Effects to sensitive plant species have been considered. No sensitive plant species would be affected as disclosed in the BE/BA (project file) and Wildlife Resources Report (project file).

- Concerned and about no monitoring data on the Forest for Sensitive Plant Species.

Response - The project area is not suitable habitat for any sensitive species and surveys of the area have determined that no sensitive species inhabit the area.

Lynna Topolovec

- Concerned about erosion, and thinks no disturbance is the land is the best policy.

Response - Forest Service requirements will result in minimizing surface disturbance. Erosion and sediment control measures are required and will be implemented to minimize erosion.

- States that there will be bigger impact due to proximity to steep slopes.

Response - The project area has gentle slopes below the steep cliffs of the eastern escarpment of the Wasatch Plateau. All of the pads lie on gently sloping lands. Steep slopes and land stability are not concerns in this area.

- Concerned about 50 foot development swaths and roads and cuts and the aesthetics of the near by Gordan Creek/Oman Field in the Pinnacle Peak area.

Response - Manti-La Sal National Forest road standards call for single-lane roads (14-foot running surface) with turnouts that is the desired Forest Plan standard for Forest Service Roads. Most of the Corner Canyon road was reconstructed to the standard with gravel surfacing for oil and gas exploratory drilling in the early and mid 1980s. The only work to be done in these sections would be to repair and replace drainage structures and place gravel to desired depths. The remaining portions of the Corner Canyon road would be reconstructed to the same road standard.

- Sees no need for expanded road size.

Response - See above. Widening would be limited as necessary to provide for a 14-foot gravel running surface, with occasional turnouts to allow for safe passing of traffic in both directions at selected locations. These improvements are needed to prevent erosion of the road surface and adjacent areas, prevent rutting, and to safely accommodate both project and public traffic.

- Recommends long term effects analysis.

Response - The effects analyses consider production lives of the wells at approximately 20 years, if they become productive. If not, the pads and pad access roads would be replaced to approximate original contour, reclaimed, and revegetated.

- Doesn't want oversized pads and concerned about unvegetated slopes.

Response - The Manti-La Sal National Forest has worked with Dudley to reduce proposed pad sizes to the minimum needed to safely accommodate the proposed operations. This would minimize surface disturbance.

In the event that a well is not productive, it will be reclaimed as discussed in the previous response. If a well becomes productive, the pad would be reduced to a smaller production pad size and the cut and fill slopes would be reduced, reclaimed, and revegetated. Prescribed vegetation ground cover standards must be met.

- Concerned about "flare offs" being conducted during high fire potential times and unattended "flare offs".

Response - Flaring would be controlled to prevent the potential for igniting fires. Adequate measures would be taken to prevent, limit, or accommodate flaring during the fire season, depending on fire danger conditions. In extreme conditions, flaring could be prohibited.

- Concerned that water extracted from wells be contained in lined ponds with fences high enough to prevent wildlife from drinking the contaminated water.

Response - Drilling fluids will be contained on site and disposed of in accordance with the State requirements consistent with the Clean Water Act. The Manti-La Sal National Forest requires that the pads be constructed with a perimeter berm that would contain all fluids and that the pad be sloped to the reserve pit. All precipitation and other fluids entering the pad would drain to the reserve pit. Fences are required as needed to prevent wildlife from drinking contaminated fluids.

- See photos:

Response - See responses to individual comments.

017

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-77371

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
N/A

7. UNIT or CA AGREEMENT NAME:
N/A

8. WELL NAME and NUMBER:
Dudley Federal 41-25 Re-entry

9. API NUMBER:
4300730074

10. FIELD AND POOL, OR WILDCAT:
Undesignated

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
Dudley & Associates, LLC

CONFIDENTIAL

3. ADDRESS OF OPERATOR: 1776 Lincoln St., 904 CITY Denver STATE CO ZIP 80203 PHONE NUMBER: (303) 861-0800

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 316' FNL, 260' FEL COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 25 14S 7E S STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: <u>Extend State Permit</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Dudley & Associates, LLC. hereby requests a one year extension of the state permit for the Dudley Federal 41-25 Re-entry.

Approved by the
Utah Division of
Oil, Gas and Mining
Date: 12-31-03
By: [Signature]

COPY SENT TO OPERATOR
Date: 1-5-04
Initials: CHD

ORIGINAL

NAME (PLEASE PRINT) Larry Johnson TITLE Agent for Dudley & Associates, LLC
SIGNATURE [Signature] DATE 12/24/2003

(This space for State use only)

RECEIVED

DEC 29 2003

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-30074
Well Name: Dudley Federal 41-25
Location: NE/4 NE/4, Section 25, T14S, R7E
Company Permit Issued to: Dudley & Associates, LLC
Date Original Permit Issued: 12/23/2000

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No


Signature
Title: Agent for Dudley & Associates, LLC

12/24/2003
Date

Representing: Dudley & Associates, LLC

RECEIVED
DEC 29 2003
DIV. OF OIL, GAS & MINING ORIGINAL

018

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

UTU-77371

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

7. UNIT or CA AGREEMENT NAME:

N/A

1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER _____

8. WELL NAME and NUMBER:

Dudley Federal 41-25 Re-entry

2. NAME OF OPERATOR:

Dudley & Associates, LLC

9. API NUMBER:

4300730074

3. ADDRESS OF OPERATOR:

1776 Lincoln St., 904 CITY Denver

STATE CO ZIP 80203

PHONE NUMBER:

(303) 861-0800

10. FIELD AND POOL, OR WILDCAT:

Undesignated

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 316' FNL, 260' FEL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 25 14S 7E S

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: <u>Extend State Permit</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Dudley & Associates, LLC. hereby requests a one year extension of the state permit for the Dudley Federal 41-25 Re-entry.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-28-04

By: *[Signature]*

COPY SENT TO OPERATOR

Date: 1-30-04

Initials: *[Signature]*

RECEIVED

JAN 26 2004

DIV. OF OIL, GAS & MINING
FILE COPY

NAME (PLEASE PRINT) Larry Johnson

TITLE Agent for Dudley & Associates, LLC

SIGNATURE *[Signature]*

DATE 12/24/2003

(This space for State use only)

CONFIDENTIAL

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-30074
Well Name: Dudley Federal 41-25 Reentry
Location: NE/4 NE/4, Section 25, T14S, R7E
Company Permit Issued to: Dudley & Associates, LLC
Date Original Permit Issued: 12/23/2003

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No


Signature
Title: Agent for Dudley & Associates, LLC

12/24/2003

Date

RECEIVED

JAN 26 2004

DIV. OF OIL, GAS & MINING

Representing: Dudley & Associates, LLC

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

019

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-77371
2. NAME OF OPERATOR: Dudley & Associates, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 1776 Lincoln; Rm 904 CITY Denver STATE CO ZIP 80203		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 316' FNL, 260' FEL		8. WELL NAME and NUMBER: Dudley Federal 41-25 Re-entry
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 25 14S 7E S		9. API NUMBER: 4300730074
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Gordon Creek
STATE: UTAH		

CONFIDENTIAL

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: <u>Extend State Permit</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Dudley & Associates, LLC hereby requests a one year extension of the state permit for the Dudley Federal 41-25 Re-entry
This is the second extension that has been requested.

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 02-03-05
By: [Signature]

RECEIVED
FEB 03 2005
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Don Hamilton</u>	TITLE <u>Agent for Dudley & Associates, LLC</u>
SIGNATURE <u>Don Hamilton</u>	DATE <u>2/1/2005</u>

(This space for State use only)

COPY SENT TO OPERATOR
Date: 2-4-05
Initials: CHD

(5/2000)

(See Instructions on Reverse Side)

ORIGINAL

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-30074
Well Name: Dudley Federal 41-25 Re-entry
Location: NE/4 NE/4, Section 25, T14S, R7E, SLB&M
Company Permit Issued to: Dudley & Associates, LLC
Date Original Permit Issued: ~~10/30/2002~~
12/23/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No

Don Hamilton
Signature

2/1/2005
Date

Title: Agent for Dudley & Associates, LLC

Representing: Dudley & Associates, LLC

RECEIVED
FEB 03 2005
DIV. OF OIL, GAS & MINING

ORIGINAL



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 22, 2006

Don Hamilton
Buys & Associates, Inc.
2580 Creekview Road
Moab, Utah 84532

Re: APD Rescinded –Dudley Federal 41-25 Re-entry Sec. 25, T. 14S R. 7E
Carbon County, Utah API No. 43-007-30074

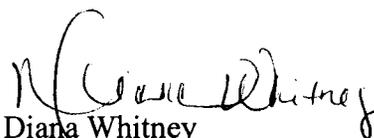
Dear Mr. Hamilton:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on December 23, 2002. On January 28, 2004 and on February 3, 2005, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 22, 2006.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
Bureau of Land Management, Moab