

UTAH OIL AND GAS CONSERVATION COMMISSION

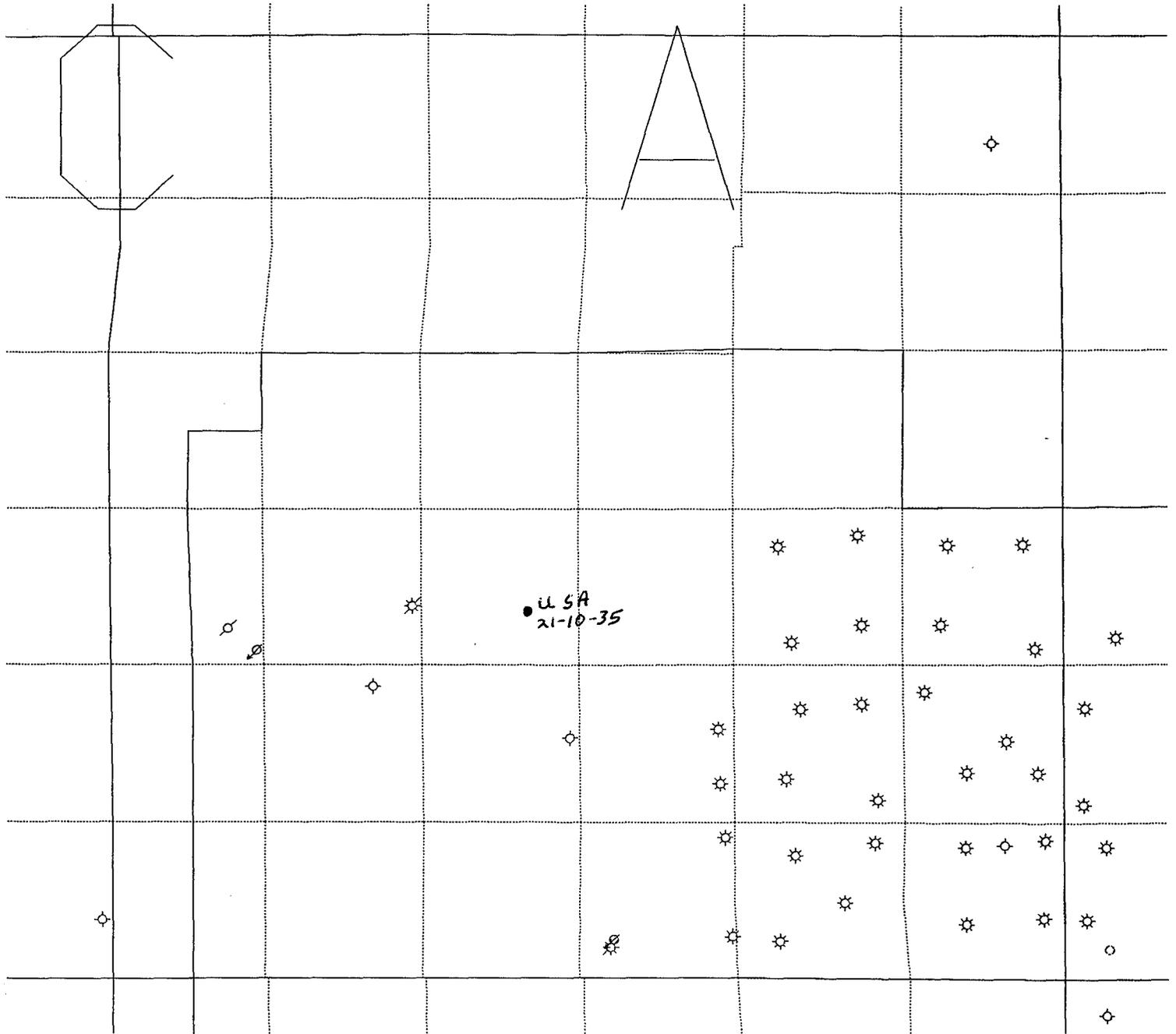
REMARKS: WELL LOG \_\_\_\_\_ ELECTRIC LOGS \_\_\_\_\_ X \_\_\_\_\_ WATER SANDS \_\_\_\_\_ LOCATION INSPECTED \_\_\_\_\_ SUB REPORT/abd. \_\_\_\_\_  
 950208 fr N1600 (merger) EFF 1-1-95 97031A flpa extended to 12/31/99;  
 000907 LA'D, eff 8-28-00;

DATE FILED: AUGUST 15, 1994  
 LAND FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. U-53872 INDIAN  
 DRILLING APPROVED: AUGUST 24, 1994  
 SPUDDED IN:  
 COMPLETED: PUT TO PRODUCING:  
 INITIAL PRODUCTION:  
 GRAVITY A.P.I.  
 GOR:  
 PRODUCING ZONES:  
 TOTAL DEPTH:  
 WELL ELEVATION:  
 DATE ABANDONED: 8-28-00 LA'D  
 FIELD: DRUNKARDS WASH  
 UNIT: ~~##~~ DRUNKARDS WASH  
 COUNTY: CARBON  
 WELL NO. U.S.A. 21-10-35 API NO. 43-007-30260  
 LOCATION 1650' FSL FT. FROM (N) (S) LINE. 1450' FEL FT. FROM (E) (W) LINE. NW SE 1/4 - 1/4 SEC. 21

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				14S	9E	21	RIVER GAS Corp.

# RIVER GAS OF UTAH

USA 21-10-35



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

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. U-53872	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR River Gas of Utah, Inc.			7. UNIT AGREEMENT NAME Drunkards Wash	
3. ADDRESS AND TELEPHONE NO. 3600 Watermelon Road, Suite 204 Northport, Al. 35476			8. FARMOR LEASE NAME, WELL NO. U.S.A. 21-10-35	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1650' FSL, 1450' FEL Sec. 21, T14S, R9E At proposed prod. zone			9. AP WELL NO. Not yet assigned	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* N/A			10. FIELD AND POOL, OR WILDCAT N/A	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 990'		16. NO. OF ACRES IN LEASE 2656	17. NO. OF ACRES ASSIGNED TO THIS WELL 160	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A		19. PROPOSED DEPTH 2620'	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR: 5970'			22. APPROX. DATE WORK WILL START* A.S.A.P.	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8" 8-rnd	24#	300'	135 sacks
7 7/8"	5.5" LT&C n-80	17#	2600	220 sacks

Proposed program is to drill through and produce gas from coal seams within the Ferron Sandstone Member of the Mancos Shale. Estimated depth to the top of Ferron: 2250' Estimated depth to Tununk Shale: 2530'. A diagram of B.O.P. is attached.

RECEIVED  
 1100 DISTRICT OFFICE  
 54 FEB 25 AM 9:16  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT

**RECEIVED**  
AUG 22 1994  
DIV. OF OIL, GAS & MINING

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

CONDITIONS OF APPROVAL ATTACHED

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Mike Farrens TITLE Vice President DATE 02-16-94

(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 William H. [Signature] TITLE Associate District Manager DATE 8/11/94

\*See Instructions On Reverse Side

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

RANGE 9 EAST

TOWNSHIP 14 SOUTH

**BASIS OF ELEVATION**  
 SPOT ELEVATION AT THE NORTHEAST  
 CORNER OF SECTION 21, T14S, R9E,  
 S.L.B. & M TAKEN FROM THE PINNACLE  
 PEAK QUADRANGLE, UTAH 7.5 MINUTE  
 QUAD. (TOPOGRAPHIC MAP).  
 PUBLISHED BY THE UNITED STATES  
 DEPARTMENT OF THE INTERIOR,  
 GEOLOGICAL SURVEY, SAID  
 ELEVATION IS MARKED AS BEING 6317  
 FEET.

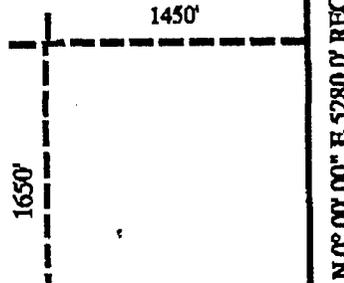
N 0° 00' 00" E 5281.23' MEASURED



21

RIVER GAS OF UTAH, INC.  
 USA 21 - 10 - 35 (ALTERNATIVE)  
 SET 5/8" x 24" REBAR  
 ELEV. ~~6669.9~~ ELEV. 5970'  
 REVISED 2/18/94

*EEH*  
*2/16/94*



N 0° 00' 00" E 5280.0' RECORDED

N 89 - 55 W 5274.72' RECORDED

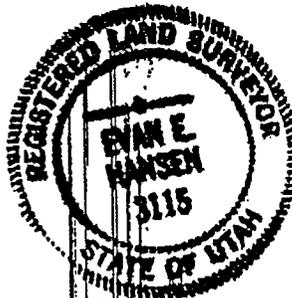
N 89° 57' 33" E 5250.10' MEASURED

**BASIS OF BEARING**

BASIS OF BEARING N 00° 00' 00" W MEASURED BETWEEN  
 THE SOUTHEAST CORNER AND THE NORTHEAST CORNER OF  
 SECTION 21, TOWNSHIP 14 SOUTH, RANGE 9 EAST, SALT LAKE  
 BASE AND MERIDIAN.

**LEGEND**

- ◆ FOUND BRASS CAP
  - SEARCHED FOR BUT NOT FOUND
  - ▲ FOUND ROCK CORNER
- SE 1/4 SEC. 21 T 14 S, R 9 E, S.L.B. & M.



**ENGINEER'S CERTIFICATE**

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM  
 A REGISTERED LAND SURVEYOR AND PROFESSIONAL  
 ENGINEER HOLDING CERTIFICATES NO. 3115 AND  
 NO. 3354 AS PRESCRIBED UNDER THE LAWS OF THE  
 STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE  
 MADE A SURVEY OF THE TRACT OF GROUND SHOWN  
 AND THAT IT IS TRUE AND CORRECT TO THE BEST OF  
 MY KNOWLEDGE.

*EEH*  
 EVAN E. HANSEN

*2/18/94*  
 DATE

**EMPIRE ENGINEERING**

1665 E. SAGEWOOD RD. PRICE, UTAH 84501

RIVER GAS OF UTAH, INC.  
 (ALTERNATIVE) USA 21 - 10 - 35

DRAWN BY: NH	APPROVED BY: EEH	DRAWING NO.  <b>EEOG-158</b>
DATE: 10 - 26 - 93	SCALE: 1" = 1000'	

River Gas of Utah, Inc.  
USA 21-10-35  
NW/SE Section 21, T14S, R9E  
Lease U-53872  
Drunkards Wash Unit  
Carbon County, Utah

CONDITIONS OF APPROVAL

Approval of this application 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.

Be advised that River Gas of Utah, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT 0829 (Principal - River Gas of Utah, Inc.) via surety consent as provided for in 43 CFR § 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR § 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR § 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to field representatives to insure compliance.

A. DRILLING PROGRAM

1. The surface location of this well does not fall within a spacing "window" as prescribed by the State of Utah, Division of Oil, Gas and Mining (DOGGM). This location must have approval from DOGM before dirt work can begin.
2. The BOP system shall be rated to 2M as proposed, and shall be installed, tested and operated in conformance with Onshore Oil and Gas Order No. 2.
3. If the surface hole is drilled with air, a mist system will be used to minimize airborne cuttings dust. All other air drilling requirements specified in Onshore Order No. 2 will apply.
4. The proposed surface casing setting depth is 300 feet. No depth was given in the APD for the bottom of the Emery Sandstone. The surface casing shall be set through the Emery Sandstone.

## B. SURFACE STIPULATIONS

1. In order to protect critical deer winter range, exploration, drilling and other development activity will be allowed only during the period from May 16 to October 31. This limitation does not apply to maintenance and operation of producing wells. Exceptions to limitation in any year may be specifically approved in writing by the authorized officer of the Bureau of Land Management.

2. Any appropriation of water must be approved by the District Engineer of the Division of Water Rights.

3. In order to protect nesting eagles a seasonal restriction is imposed from February 1 through July 15 in which no drilling, workover, or heavy equipment operations will be permitted. This includes exploration and any subsequent production operations.

4. Plant a shrub/tree shelter belt in the fall of 1994 on the edge of the wash cutbank. This would provide at least partial screening of activity at the well location from the nest site. A planting scheme identifying species, densities, and size of container/transplant stock to be used will be prepared by the authorized officer. This provision would be vacated if the decision is made to plug and abandon the well following drilling operations.

5. The operator will mitigate impacts to mule deer critical winter range if total cumulative disturbance from this project and any subsequent development associated with this project reaches ten (10) acres. Surface disturbance shall include all areas disturbed by surface facilities (access road, sedimentation pond, drainage facilities, etc.). Mitigation will be developed by the authorized officer to compensate for the loss of critical deer winter range.

6. RGU shall reclaim all areas disturbed as a result of project operations to the satisfaction of the authorized officer. Reclamation may include, but is not limited to, recontouring the disturbed area, fertilizing, seeding and mulching.

7. All available topsoil will be removed (stripped) from the areas of new construction and stockpiled for future reclamation of the disturbed areas. This stored topsoil, as well as cut and fill slopes on the well pad, will be secured from erosion through mulching and temporary revegetation if reclamation is not anticipated within one (1) year of construction.

8. "Borrow" ditch areas along the access road will be reseeded in order to re-establish the vegetation cover and reduce the overall potential for erosion and offsite sedimentation.

9. Water produced for the CBM well will be disposed of in strict accordance with applicable state and Federal laws concerning disposal of water produced in association with oil/gas exploration or production operations.

### 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 48 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 to the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hole 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. "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 NTL-3A.

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 District Office 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 of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, 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. When requested, samples (cuttings and/or samples) will be submitted to the District Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the authorized officer. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

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 District Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the District Office 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 District Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Office 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 Don Stephens or Dean Nyffeler of the Price River Resource Area in Price, Utah, at (801) 637-4584 for the following:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching surface casing depth;

3 hours prior to testing BOPE

If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, contact the person 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 (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer      Office: (801) 259-6111  
Home: (801) 259-2214

RECEIVED  
MOAB DISTRICT OFFICE

UT-060-3160-1  
February, 1993

91 FEB - 1 AM 8:39  
Bureau of Land Management  
Moab District  
Application for Permit to Drill  
On-Site Inspection Checklist  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Company River Gas of Utah, Inc. Well No. 21-10-35

Location: Sec. 21, T. 14S, R. 09E, Lease No. U-53872

On-Site Inspection Date 11-93

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR § 3100), Onshore Oil and Gas Orders, the approved plan of operations and the conditions of approval. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops: \_\_\_\_\_  
Surface Formation: Emery Sandstone Member of the  
Mancos Shale. \_\_\_\_\_  
Estimated top of Ferron Formation: 2250' \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered

Depth/Formation

Expected Oil Zones: \_\_\_\_\_

Expected Gas Zones: Ferron Coal zone: 2260-2400

Expected Water Zones: 2260-2400

Expected Mineral Zones: \_\_\_\_\_

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to BLM. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment -include schematics of the BOP and choke manifold, and describe testing procedures: A company named QuickTest is used to test the manifold, blind rams, and BOP to 2000 psi. Surface casing is tested 1 psi / foot. A diagram is attached.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

4. Casing Program and Auxiliary Equipment -include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned): Approximately 2600' of 5.5", n-80, L,T, & C casing will be used

5. Cement -include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques: See attached cement design

Surface casing shall be cemented back to surface. Centralizers shall be run, at a minimum, on the bottom three joints of each casing string.

6. Mud Program and Circulating Medium -include mud components and weights. When air drilling, also include: length and location of blooie line; description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud: Polymer mud will be used while coring; otherwise hole will be air-drilled.

Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonable be expected.

7. Coring, Logging and Testing Program: Zone from 2260-2400 will be cored. Bulk density, gamma, neutron density, resistivity, and caliper logs will be run.

Initial opening of drill stem test tools will be restricted to daylight hours.

RE: CEMENT DESIGN  
RIVER GAS  
PRICE UT.

SURFACE PIPE ±300 FT.

CEMENT TO SURFACE WITH 135 SACKS TYPE V CEMENT (CLASS G)  
CONTAINING 2% CACL<sub>2</sub> AND .25#/SACK FLOCELE

15.6#/GAL  
1.18 FT<sup>3</sup>/SK  
5.2 GAL/SK

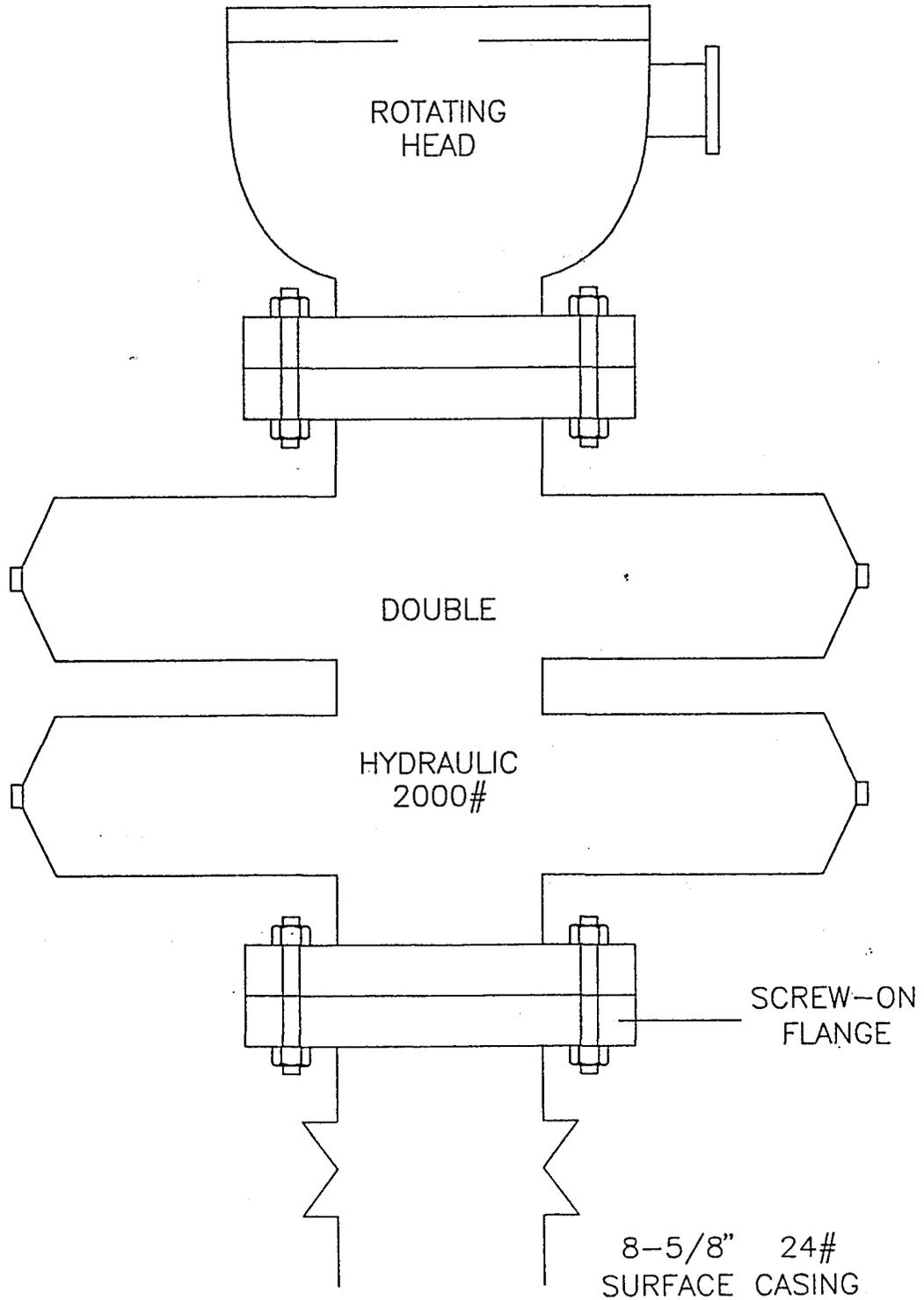
LONGSTRING ±2000

CEMENT TO SURFACE WITH 88 SACK OF 50/50 POZMIX AND CEMENT LEAD  
CONTAINING 8% GEL, 10% SALT AND 2% CACL<sub>2</sub>, FOLLOWED BY 70 SACKS OF  
TYPE V CEMENT CONTAIN 4% GEL AND 0.2% VERASET

LEAD  
12.7 #/GAL  
1.9FT<sup>3</sup>/SACK

TAIL  
14.1#/GAL  
1.55 FT<sup>3</sup>/SACK

# DIVERTER HEAD



7/20/93

RIVER GAS OF UTAH



8. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards -include anticipated bottomhole pressure and/or pressure gradient. Also list anticipated lost circulation zones, abnormal temperature zones and possible hydrogen sulfide bearing zones: No abnormal conditions anticipated; formation is slightly slightly over-pressured. Estimated BHP = 1030 psi

9. Any Other Aspects of this Proposal that should be Addressed:

**B. THIRTEEN POINT SURFACE USE PLAN**

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

1. Existing Roads:

- a. Proposed route to location (submit a map depicting access and well location).
- b. Location of proposed well in relation to town or other reference point: Location is 5 miles west of Price, Ut.
- c. Contact the County Road Department for use of county roads. The use of San Juan County roads will require an encroachment permit from the San Juan County Road Department.
- d. Plans for improvement and/or maintenance of existing roads: \_\_\_\_\_
- e. Other: \_\_\_\_\_

2. Planned Access Roads:

- a. Location (centerline): Entrance of planned acces road off of existing road located 1500' FEL, 1980' FSL, Sec. 21, T14S, R9E Bearing of road will be north-south.
- b. Length of new access top be constructed: 120'
- c. Length of existing roads to be upgraded: n/a
- d. Maximum total disturbed width: \_\_\_\_\_
- e. Maximum travel surface width: \_\_\_\_\_

- f. Maximum grades: 4%
- g. Turnouts: No turnouts needed
- h. Surface materials: In-place residual of sandstones and shales of the Mancos Shale Formation
- i. Drainage (crowning, ditching, culverts, etc): One culvert or low water crossing will be installed, and will be constructed of concrete.
- j. Cattleguards: n/a
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM right-of-way is required: +/- 500'
- l. Other: \_\_\_\_\_

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the Area Manager in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the authorized officer.

If the well is productive, the access road will be rehabilitated or brought to Resource

(Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells -on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: See attached map  
TELONIS: S.I.  
Goodwin Federal #1: P&A

4. Location of Production Facilities:

- a. On-site facilities: Separator will be located on west  
side of location
- b. Off-site facilities: \_\_\_\_\_
- c. Pipelines: Pipeline will run along south side of Pinnacle  
Peak road.

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: Tan

All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline 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.

If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7-3 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit as specified in NTL-2B. If water is produced from the well, an NTL-2B application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): Water will be obtained from the city of Price.

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (801) 637-1303

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): Sand and gravel used for construction of new road will be from a private owner in Wellington.

The use of materials under BLM jurisdiction will conform to 43 CFR § 3610.2-3.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be lined with (native material, bentonite, synthetic material):  
Native material will be used. Bentonite will be used to line pit.

The reserve pit will be located: Southeast end of location, and the pit walls will be sloped at no greater than 2 to 1.

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.

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.

8. Ancillary Facilities:

9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1" = 50'.

All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR § 3162.6.

Access to the well pad will be from: Pinnacle Peak road

The blooie line will be located: east side of drill rig, at least 100 feet from the well head.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed: Water injection

10. Plans for Restoration of the Surface:

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: west side of location.

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

All road surfacing will be removed prior to the rehabilitation of roads.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be recontoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between March and May, 94 or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: BLM - recommended  
mixture. See attachment

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The abandonment marker will be one of the following, as specified by BLM:

- 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 footages).

Additional requirements: none

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11. Surface and Mineral Ownership: BLM

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12. Other Information:

a. Archeological Concerns: No concerns that RGU  
is aware of.

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:

- whether the materials appear eligible for the National Register of Historic Places;

- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

- 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.

- b. Threatened and Endangered Species Concerns: None  
\_\_\_\_\_  
\_\_\_\_\_
- c. Wildlife Seasonal Restrictions (yes/no): No  
\_\_\_\_\_  
\_\_\_\_\_
- d. Off Location Geophysical Testing: None  
\_\_\_\_\_  
\_\_\_\_\_
- e. Drainage crossings that require additional State or Federal approval:           
Pinnacle Wash  
\_\_\_\_\_  
\_\_\_\_\_
- f. Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Representative:

Name: Mike Farrens

Title: Vice President

Address: River Gas of Utah, Inc.  
3600 Watermelon Road Northport, Al. 35476

Phone No.: 205-759-3282

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 exist; 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 River Gas of Utah, Inc.

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 BLM bond no. (pending). This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

UT0829

Michael J. Farrens  
Signature

Vice President  
Title

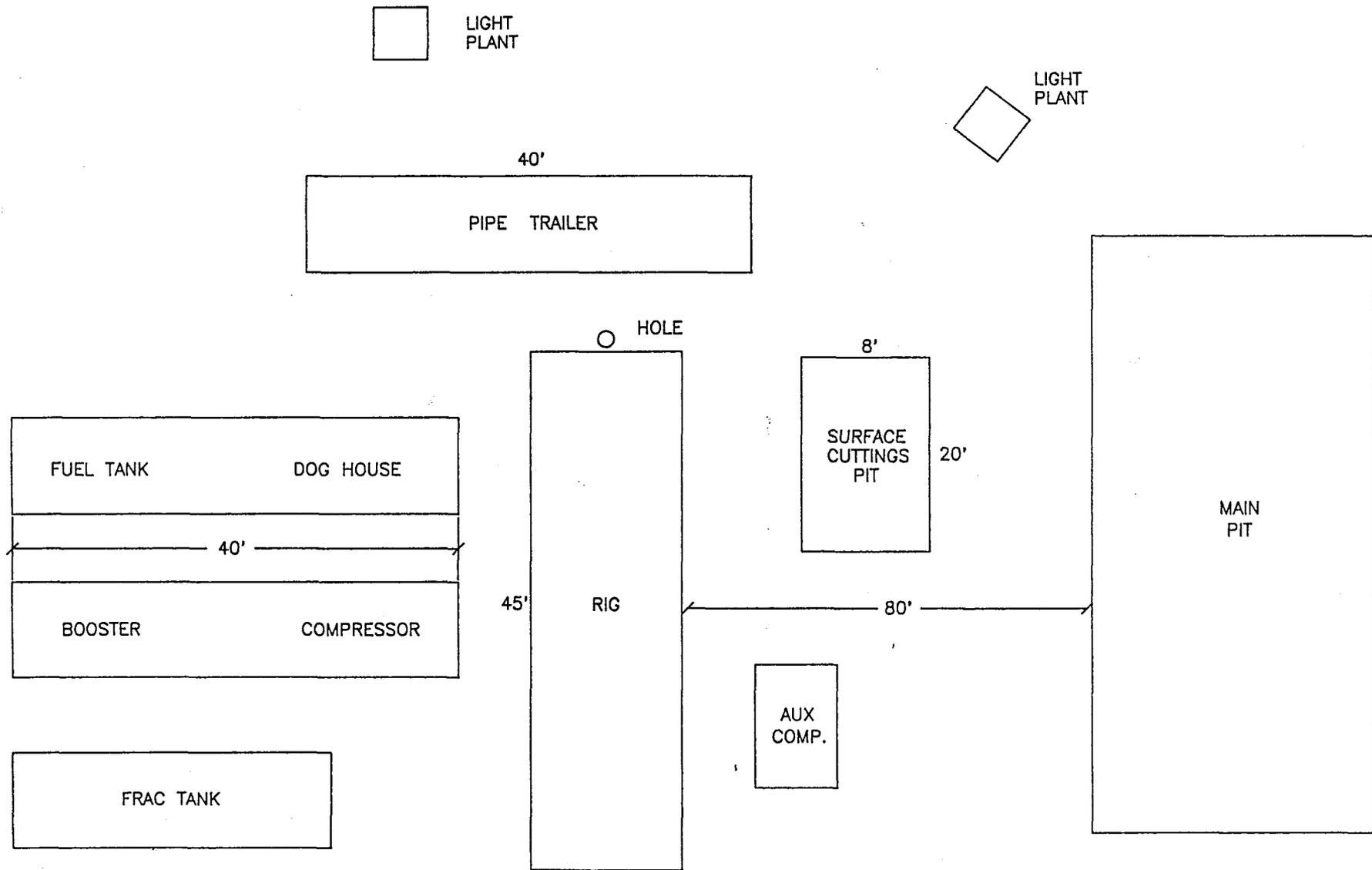
1-27-94  
Date

BLM-RECOMMENDED GRASS MIXTURE FOR  
SURFACE RESTORATION:

DRUNKARDS WASH FEDERAL UNIT

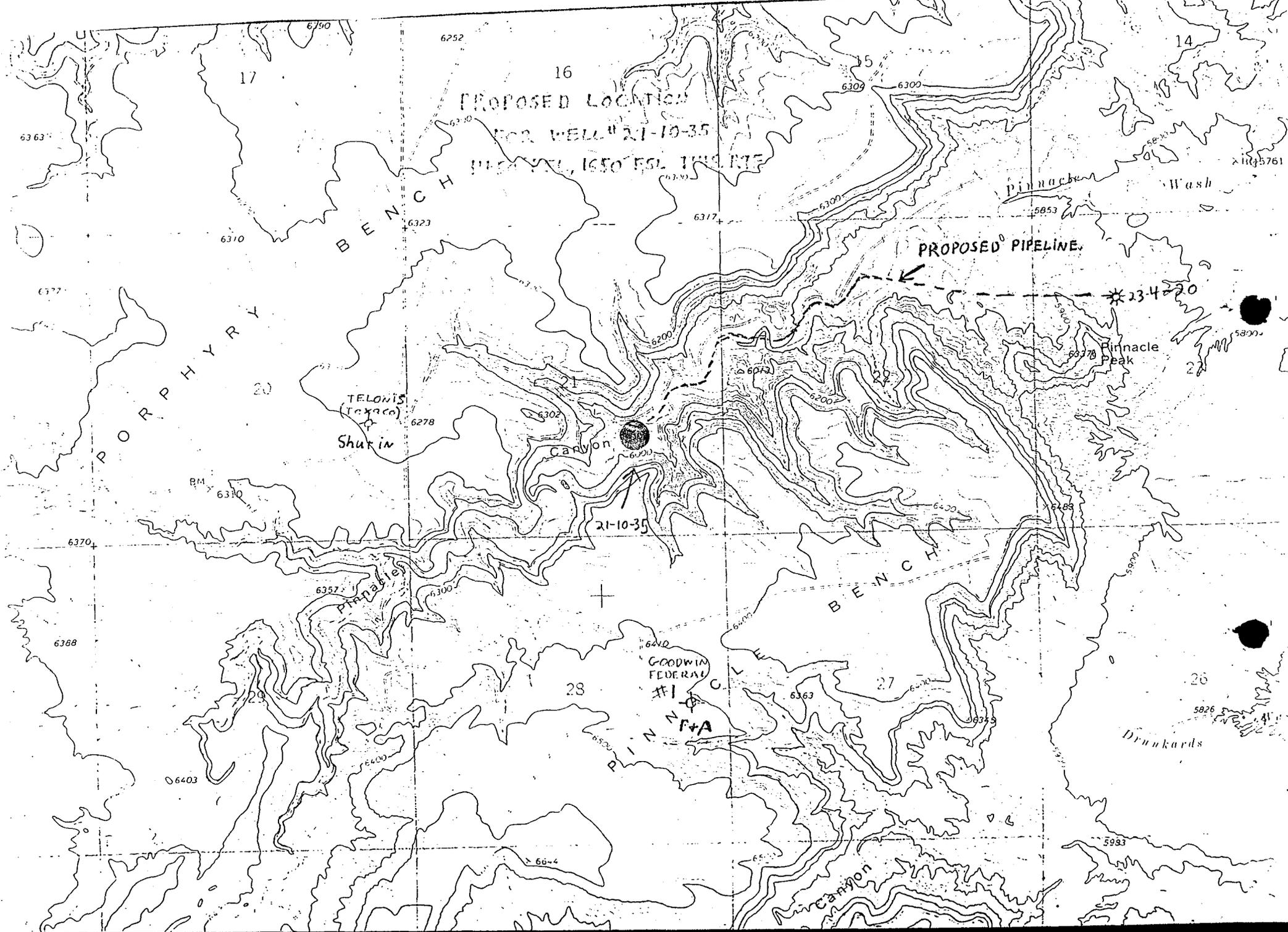
The mixture will consist of the following:

Battlebrush squirreltail  
Indian Ricegrass  
Galletta grass  
Yellow sweetclover  
Fourwing saltbrush  
Mat saltbrush  
shadscale  
Greasewood  
Thickspike wheatgrass  
Annual sunflower  
Crested wheatgrass  
Munroana globemellow  
Alkali saeaton



LOCATION 250' X 200'

APPROXIMATE LAYOUT OF RIG & EQUIPMENT  
( NOT TO SCALE )



WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/07/94

API NO. ASSIGNED: 43-007-30260

WELL NAME: USA 21-10-35  
OPERATOR: RIVER GAS OF UTAH INC (N1600)

PROPOSED LOCATION:  
NWSE 21 - T14S - R09E  
SURFACE: 1650-FSL-1450-FEL  
BOTTOM: 1650-FSL-1450-FEL  
CARBON COUNTY  
DRUNKARDS WASH FIELD (048)

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: FED  
LEASE NUMBER: U-53872

PROPOSED PRODUCING FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

Y Plat  
Y Bond: Federal  State  Fee   
(Number \_\_\_\_\_)  
N Potash (Y/N)  
N Oil shale (Y/N)  
Y Water permit  
(Number CITY OF PRICE)  
N RDCC Review (Y/N)  
(Date: \_\_\_\_\_)

LOCATION AND SITING:

R649-2-3. Unit: LLTU 67921X  
 R649-3-2. General.  
 R649-3-3. Exception.  
 Drilling Unit.  
Board Cause no: \_\_\_\_\_  
Date: \_\_\_\_\_

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STIPULATIONS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bureau of Land Management  
Moab District  
Application for Permit to Drill  
On-Site Inspection Checklist

Company River Gas of Utah, Inc. WellNo. 21-10-35

Location: Sec. 21, T. 14S, R. 09E, Lease No. U-53872

On-Site Inspection Date 11-93

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR § 3100), Onshore Oil and Gas Orders, the approved plan of operations and the conditions of approval. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

**A. DRILLING PROGRAM**

1. Surface Formation and Estimated Formation Tops: \_\_\_\_\_  
Surface Formation: Emory Sandstone Member of the  
Mancos Shale. \_\_\_\_\_  
Estimated top of Ferron Formation: 2250' \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Estimated Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered

Depth/Formation  
Expected Oil Zones: \_\_\_\_\_  
Expected Gas Zones: Ferron Coal zone: 2260-2400  
Expected Water Zones: 2260-2400  
Expected Mineral Zones: \_\_\_\_\_

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to BLM. All oil and gas shows will be tested to determine commercial potential.

**RECEIVED**

FEB 07 1994

DIVISION OF  
OIL, GAS & MINING

3. Pressure Control Equipment -include schematics of the BOP and choke manifold, and describe testing procedures: A company named QuickTest is used to test the manifold, blind rams, and BOP to 2000 psi. Surface casing is tested 1 psi / foot. A diagram is attached.

BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.

4. Casing Program and Auxiliary Equipment -include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned): Approximately 2600' of 5.5", n-80, L,T, & C casing will be used

5. Cement -include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques: See attached cement design

Surface casing shall be cemented back to surface. Centralizers shall be run, at a minimum, on the bottom three joints of each casing string.

6. Mud Program and Circulating Medium -include mud components and weights. When air drilling, also include: length and location of bleed line; description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud: Polymer mud will be used while coring; otherwise hole will be air-drilled.

Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonable be expected.

7. Coring, Logging and Testing Program: Zone from 2260-2400 will be cored. Bulk density, gamma, neutron density, resistivity, and caliper logs will be run.

Initial opening of drill stem test tools will be restricted to daylight hours.

8. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards -include anticipated bottomhole pressure and/or pressure gradient. Also list anticipated lost circulation zones, abnormal temperature zones and possible hydrogen sulfide bearing zones: No abnormal conditions anticipated; formation is slightly slightly over-pressured. Estimated BHP = 1030 psi
9. Any Other Aspects of this Proposal that should be Addressed: \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**B. THIRTEEN POINT SURFACE USE PLAN**

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

1. Existing Roads:

- a. Proposed route to location (submit a map depicting access and well location).
- b. Location of proposed well in relation to town or other reference point: Location is 5 miles west of Price, Ut.
- c. Contact the County Road Department for use of county roads. The use of San Juan County roads will require an encroachment permit from the San Juan County Road Department.
- d. Plans for improvement and/or maintenance of existing roads: \_\_\_\_\_
- e. Other: \_\_\_\_\_

2. Planned Access Roads:

- a. Location (centerline): Entrance of planned acces road off of existing road located 1500' FEL, 1980' FSL, Sec. 21, T14S, R9E Bearing of road will be north-south.
- b. Length of new access to be constructed: 120'
- c. Length of existing roads to be upgraded: n/a
- d. Maximum total disturbed width: \_\_\_\_\_
- e. Maximum travel surface width: \_\_\_\_\_

- f. Maximum grades: 4%
- g. Turnouts: No turnouts needed
- h. Surface materials: In-place residual of sandstones and shales of the Mancos Shale Formation
- i. Drainage (crowning, ditching, culverts, etc): One culvert or low water crossing will be installed, and will be constructed of concrete.
- j. Cattleguards: n/a
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM right-of-way is required: +/- 500'
- l. Other: \_\_\_\_\_

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the Area Manager in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the authorized officer.

If the well is productive, the access road will be rehabilitated or brought to Resource

(Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells -on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: See attached map  
TELONIS: S.I.  
Goodwin Federal #1: P&A

4. Location of Production Facilities:

- a. On-site facilities: Separator will be located on west  
side of location
- b. Off-site facilities: \_\_\_\_\_
- c. Pipelines: Pipeline will run along south side of Pinnacle  
Peak road.

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: Tan

All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline 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.

If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7-3 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit as specified in NTL-2B. If water is produced from the well, an NTL-2B application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): Water will be obtained from the city of Price.

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A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (801) 637-1303

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): Sand and gravel used for construction of new road will be from a private owner in Wellington.

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The use of materials under BLM jurisdiction will conform to 43 CFR § 3610.2-3.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be lined with (native material, bentonite, synthetic material): Native material will be used. Bentonite will be used to line pit.

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The reserve pit will be located: Southeast end of location, and the pit walls will be sloped at no greater than 2 to 1.

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.

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.

8. Ancillary Facilities:

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9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1" = 50'.

All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR § 3162.6.

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Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

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Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between March and May, 94 or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: BLM - recommended  
mixture. See attachment  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The abandonment marker will be one of the following, as specified by BLM:  
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 footages).

Additional requirements: none  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Surface and Mineral Ownership: BLM  
\_\_\_\_\_  
\_\_\_\_\_

12. Other Information:

a. Archeological Concerns: No concerns that RGU  
is aware of.  
\_\_\_\_\_

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:

- whether the materials appear eligible for the National Register of Historic Places;

- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

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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.

- b. Threatened and Endangered Species Concerns: None  
\_\_\_\_\_  
\_\_\_\_\_
- c. Wildlife Seasonal Restrictions (yes/no): No  
\_\_\_\_\_  
\_\_\_\_\_
- d. Off Location Geophysical Testing: None  
\_\_\_\_\_  
\_\_\_\_\_
- e. Drainage crossings that require additional State or Federal approval: \_\_\_\_\_  
Pinnacle Wash  
\_\_\_\_\_  
\_\_\_\_\_
- f. Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Representative:

Name: Mike Farrrens

Title: Vice President

Address: River Gas of Utah, Inc.  
3600 Watermelon Road Northport, Al. 35476

Phone No.: 205-759-3282

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 exist; 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 River Gas of Utah, Inc.

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 BLM bond no. (pending). This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

Michael J. Farrrens  
Signature

Vice President  
Title

1-27-94  
Date

BLM-RECOMMENDED GRASS MIXTURE FOR  
SURFACE RESTORATION:

DRUNKARDS WASH FEDERAL UNIT

The mixture will consist of the following:

Battlebrush squirreltail  
Indian Ricegrass  
Galletta grass  
Yellow sweetclover  
Fourwing saltbrush  
Mat saltbrush  
shadscale  
Greasewood  
Thickspike wheatgrass  
Annual sunflower  
Crested wheatgrass  
Munroana globemellow  
Alkali saeaton

RE: CEMENT DESIGN  
RIVER GAS  
PRICE UT.

SURFACE PIPE ±300 FT.

CEMENT TO SURFACE WITH 135 SACKS TYPE V CEMENT (CLASS G)  
CONTAINING 2% CACL<sub>2</sub> AND .25#/SACK FLOCELE

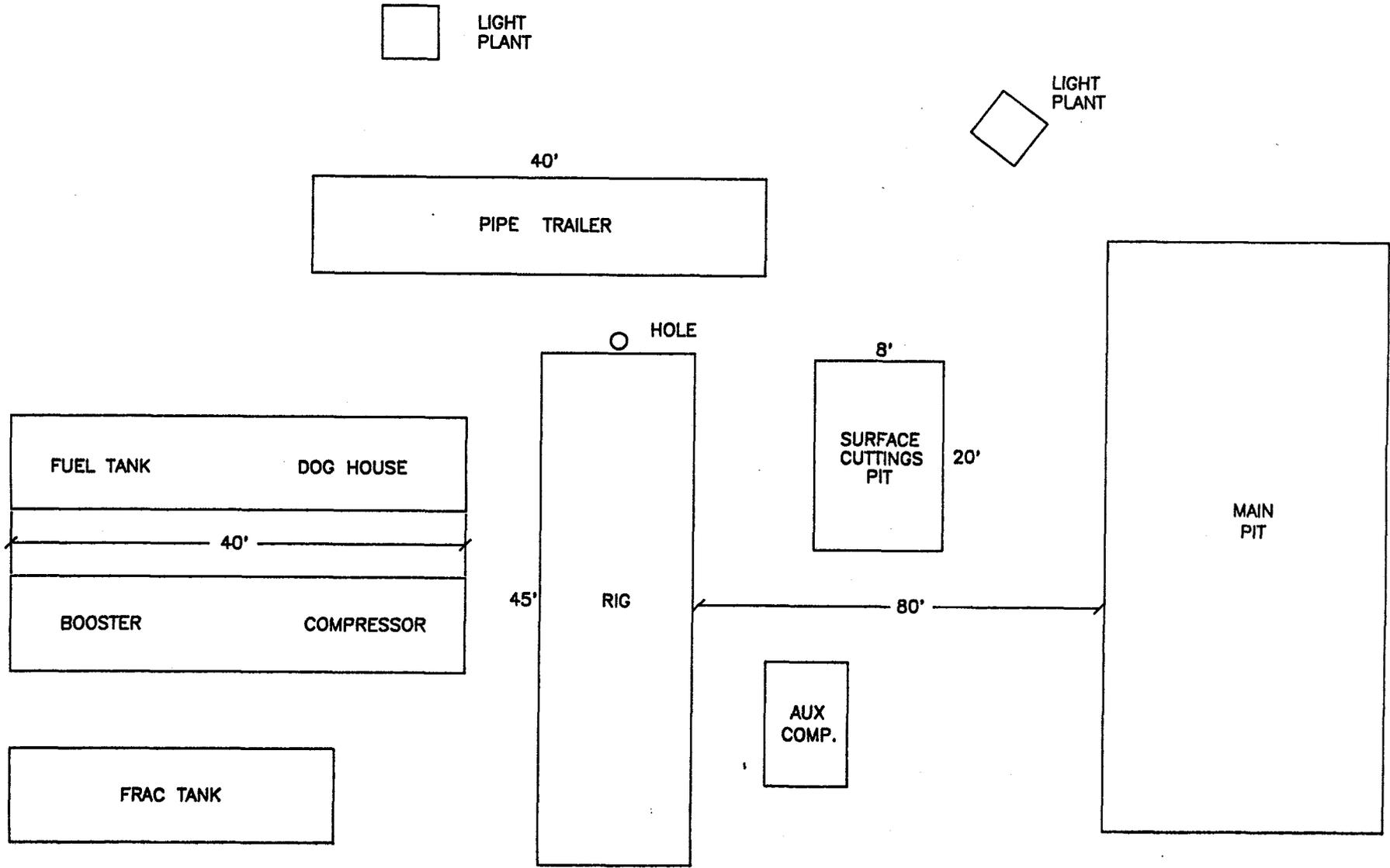
15.6#/GAL  
1.18 FT<sup>3</sup>/SK  
5.2 GAL/SK

LONGSTRING ±2000

CEMENT TO SURFACE WITH 88 SACK OF 50/50 POZMIX AND CEMENT LEAD  
CONTAINING 8% GEL, 10% SALT AND 2% CACL<sub>2</sub>, FOLLOWED BE 70 SACK OF  
TYPE V CEMENT CONTAIN 4% GEL AND 0.2% VERASET

LEAD  
12.7 #/GAL  
1.9FT<sup>3</sup>/SACK

TAIL  
14.1#/GAL  
1.55 FT<sup>3</sup>/SACK



LOCATION 250' X 200'

APPROXIMATE LAYOUT OF RIG & EQUIPMENT  
( NOT TO SCALE )



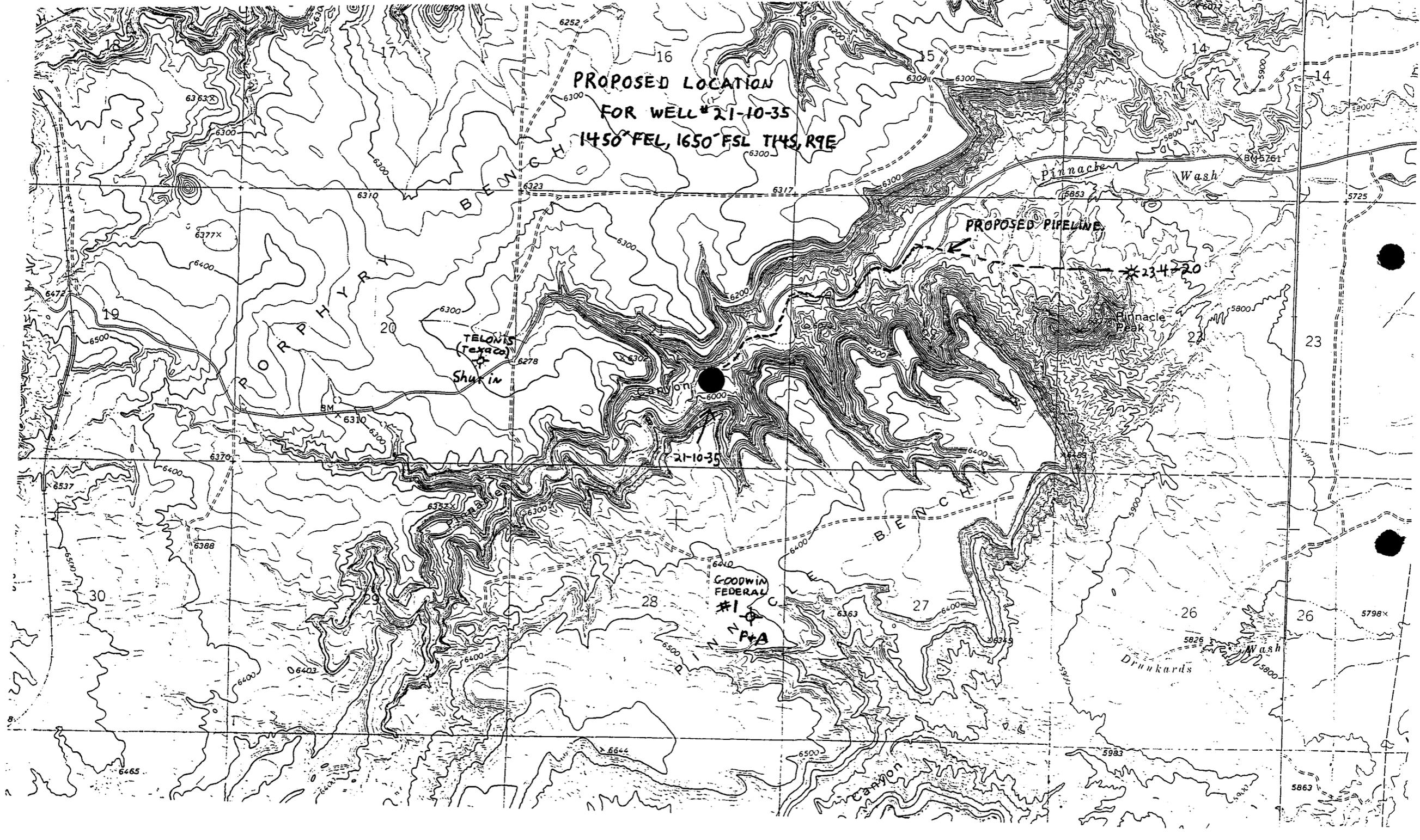
PROPOSED LOCATION  
FOR WELL #21-10-35  
1450' FEL, 1650' FSL T14S, R9E

PROPOSED PIPELINE

TELOVIS  
(Texaco)

GOODWIN  
FEDERAL  
#1

Drunkards



**RECEIVED**

FEB 17 1994

DIVISION OF  
OIL, GAS & MINING

Form 3160-3  
(December 1990)

SUBMIT IN TRIPLE COPY  
(Other instructions on reverse side)

Form approved.  
Budget Bureau No. 1004-0136  
Expires: December 31, 1991

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
**DRILL**       **DEEPEN**

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

2. NAME OF OPERATOR  
River Gas of Utah, Inc.

3. ADDRESS AND TELEPHONE NO.  
3600 Watermelon Road, Suite 204 Northport, Al. 35476

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
 At surface 1650' FSL, 1450' FEL Sec. 21, T14S, R9E  
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
N/A

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
990'

16. NO. OF ACRES IN LEASE  
2656

17. NO. OF ACRES ASSIGNED TO THIS WELL  
160

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

19. PROPOSED DEPTH  
2620'

20. ROTARY OR CABLE TOOLS  
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
GR: 5970'

22. APPROX. DATE WORK WILL START\*  
A.S.A.P.

5. LEASE DESIGNATION AND SERIAL NO.  
U-53872

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

7. UNIT AGREEMENT NAME  
Drunkards Wash

8. FARM OR LEASE NAME, WELL NO.  
U.S.A. 21-10-35

9. AP WELL NO.  
Not yet assigned

10. FIELD AND POOL, OR WILDCAT  
N/A

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
Sec. 21, T14S, R9E

12. COUNTY OR PARISH      13. STATE  
Carbon      Ut.

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8" 8-rnd	24#	300'	135 sacks
7 7/8"	5.5" IT&C n-80	17#	2600'	220 sacks

Proposed program is to drill through and produce gas from coal seams within the Ferron Sandstone Member of the Mancos Shale. Estimated depth to the top of Ferron: 2250' Estimated depth to Tununk Shale: 2530'. A diagram of B.O.P. is attached.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Mike Farrens TITLE Vice President DATE 02-16-94

(This space for Federal or State office use)

PERMIT NO. 43-007-30260 APPROVAL DATE 02/24/94

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 J.M. Matthews DATE 02-24-94

WELL SPACING 649-2-3

\*See Instructions On Reverse Side

RANGE 9 EAST

TOWNSHIP 14 SOUTH

21

**BASIS OF ELEVATION**  
 SPOT ELEVATION AT THE NORTHEAST  
 CORNER OF SECTION 21, T14S, R9E,  
 S.L.B. & M TAKEN FROM THE PINNACLE  
 PEAK QUADRANGLE, UTAH 7.5 MINUTE  
 QUAD. (TOPOGRAPHIC MAP).  
 PUBLISHED BY THE UNITED STATES  
 DEPARTMENT OF THE INTERIOR,  
 GEOLOGICAL SURVEY, SAID  
 ELEVATION IS MARKED AS BEING 6317  
 FEET.

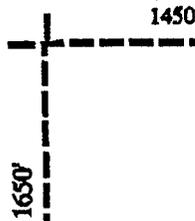
N 0° 00' 00" E 5281.23' MEASURED

N 0° 00' 00" E 5280.0' RECORDED



RIVER GAS OF UTAH, INC.  
 USA 21 - 10 - 35 (ALTERNATIVE)  
 SET 5/8" x 24" REBAR  
 ELEV. 6669.9' - ELEV. 5970'  
 REVISED 2/18/94

*EEH*  
*2/18/94*



N 89 - 55 W 5274.72' RECORDED

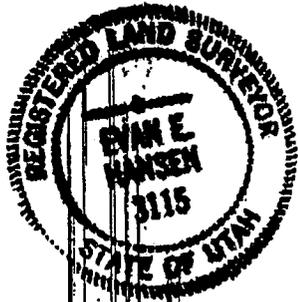
N 89° 57' 33" E 5250.10' MEASURED

**BASIS OF BEARING**

BASIS OF BEARING N 00° 00' 00" W MEASURED BETWEEN  
 THE SOUTHEAST CORNER AND THE NORTHEAST CORNER OF  
 SECTION 21, TOWNSHIP 14 SOUTH, RANGE 9 EAST, SALT LAKE  
 BASE AND MERIDIAN.

**LEGEND**

- ◆ FOUND BRASS CAP
- SEARCHED FOR BUT NOT FOUND
- ▲ FOUND ROCK CORNER  
SE 1/4 SEC. 21 T 14 S, R 9 E, S.L.B. & M.



**ENGINEER'S CERTIFICATE**

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM  
 A REGISTERED LAND SURVEYOR AND PROFESSIONAL  
 ENGINEER HOLDING CERTIFICATES NO. 3115 AND  
 NO. 3354 AS PRESCRIBED UNDER THE LAWS OF THE  
 STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE  
 MADE A SURVEY OF THE TRACT OF GROUND SHOWN  
 AND THAT IT IS TRUE AND CORRECT TO THE BEST OF  
 MY KNOWLEDGE.

*EEH*  
 EVAN E. HANSEN

DATE

*2/18/94*

**EMPIRE ENGINEERING**

1665 E. SAGEWOOD RD. PRICE, UTAH 84501

RIVER GAS OF UTAH, INC.  
 (ALTERNATIVE) USA 21 - 10 - 35

DRAWN BY: NH	APPROVED BY: EEH	DRAWING NO. <b>EEOG-158</b>
DATE: 10 - 26 - 93	SCALE: 1" = 1000'	

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL

DEEPEN

b. TYPE OF WELL

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

River Gas of Utah, Inc.

3. ADDRESS AND TELEPHONE NO.

3600 Watermelon Road, Suite 204 Northport, Al. 35476

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*

At surface

1650' FSL, 1450' FEL Sec. 21, T14S, R9E

At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

N/A

15. DISTANCE FROM PROPOSED\*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drlg. unit line, if any) 990'

18. DISTANCE FROM PROPOSED LOCATION\*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

N/A

(Specify whether DF, RT, GR, etc.)

16. NO. OF ACRES IN LEASE

2656

19. PROPOSED DEPTH

2620'

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

20. ROTARY OR CABLE TOOLS

Rotary

22. APPROX. DATE WORK WILL START\*

A.S.A.P.

5. LEASE DESIGNATION AND SERIAL NO.

U-53872

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

Drunkards Wash

8. FARM OR LEASE NAME, WELL NO.

U.S.A. 21-10-35

9. API WELL NO.

Not yet assigned

10. FIELD AND POOL, OR WILDCAT

N/A

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA

Sec. 21, T14S, R9E

12. COUNTY OR PARISH 13. STATE

Carbon

Ut.

**CONFIDENTIAL**

IN ABOVE SPACE DESCRIBE PROPOSED WORK  
deepen directionally, give pertinent data on subsurface locations and measure-

24.

SIGNED Mike Farrrens TITLE Vice President

(This space for Federal or State office use)

PERMIT NO. 43-007-30260

APPROVAL DATE

DATE: 8/24/94

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

CONDITIONS OF APPROVAL, IF ANY:

/S/ WILLIAM C. STRINGER

Associate District Manager

APPROVED BY

TITLE

DATE

\*See Instructions On Reverse Side

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

DOGm

River Gas of Utah, Inc.  
USA 21-10-35  
NW/SE Section 21, T14S, R9E  
Lease U-53872  
Drunkards Wash Unit  
Carbon County, Utah

CONDITIONS OF APPROVAL

Approval of this application 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.

Be advised that River Gas of Utah, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT 0829 (Principal - River Gas of Utah, Inc.) via surety consent as provided for in 43 CFR § 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR § 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR § 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to field representatives to insure compliance.

## A. DRILLING PROGRAM

1. The surface location of this well does not fall within a spacing "window" as prescribed by the State of Utah, Division of Oil, Gas and Mining (DOGGM). This location must have approval from DOGM before dirt work can begin.
2. The BOP system shall be rated to 2M as proposed, and shall be installed, tested and operated in conformance with Onshore Oil and Gas Order No. 2.
3. If the surface hole is drilled with air, a mist system will be used to minimize airborne cuttings dust. All other air drilling requirements specified in Onshore Order No. 2 will apply.
4. The proposed surface casing setting depth is 300 feet. No depth was given in the APD for the bottom of the Emery Sandstone. The surface casing shall be set through the Emery Sandstone.

## B. SURFACE STIPULATIONS

1. In order to protect critical deer winter range, exploration, drilling and other development activity will be allowed only during the period from May 16 to October 31. This limitation does not apply to maintenance and operation of producing wells. Exceptions to limitation in any year may be specifically approved in writing by the authorized officer of the Bureau of Land Management.

2. Any appropriation of water must be approved by the District Engineer of the Division of Water Rights.

3. In order to protect nesting eagles a seasonal restriction is imposed from February 1 through July 15 in which no drilling, workover, or heavy equipment operations will be permitted. This includes exploration and any subsequent production operations.

4. Plant a shrub/tree shelter belt in the fall of 1994 on the edge of the wash cutbank. This would provide at least partial screening of activity at the well location from the nest site. A planting scheme identifying species, densities, and size of container/transplant stock to be used will be prepared by the authorized officer. This provision would be vacated if the decision is made to plug and abandon the well following drilling operations.

5. The operator will mitigate impacts to mule deer critical winter range if total cumulative disturbance from this project and any subsequent development associated with this project reaches ten (10) acres. Surface disturbance shall include all areas disturbed by surface facilities (access road, sedimentation pond, drainage facilities, etc.). Mitigation will be developed by the authorized officer to compensate for the loss of critical deer winter range.

6. RGU shall reclaim all areas disturbed as a result of project operations to the satisfaction of the authorized officer. Reclamation may include, but is not limited to, recontouring the disturbed area, fertilizing, seeding and mulching.

7. All available topsoil will be removed (stripped) from the areas of new construction and stockpiled for future reclamation of the disturbed areas. This stored topsoil, as well as cut and fill slopes on the well pad, will be secured from erosion through mulching and temporary revegetation if reclamation is not anticipated within one (1) year of construction.

8. "Borrow" ditch areas along the access road will be reseeded in order to re-establish the vegetation cover and reduce the overall potential for erosion and offsite sedimentation.

9. Water produced for the CBM well will be disposed of in strict accordance with applicable state and Federal laws concerning disposal of water produced in association with oil/gas exploration or production operations.

### 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 48 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 to the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hole 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. "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 NTL-3A.

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 District Office 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 of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, 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. When requested, samples (cuttings and/or samples) will be submitted to the District Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the authorized officer. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

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 District Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the District Office 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 District Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Office 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 Don Stephens or Dean Nyffeler of the Price River Resource Area in Price, Utah, at (801) 637-4584 for the following:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching surface casing depth;

3 hours prior to testing BOPE

If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, contact the person 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 (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer      Office: (801) 259-6111  
Home: (801) 259-2214



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

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)

August 24, 1994

River Gas of Utah, Inc.  
3600 Watermelon Road, Suite 204  
Northport, Alabama 35476

Re: U.S.A. 21-10-35 Well, 1650' FSL, 1450' FEL, NW SE, Sec. 21, T. 14 S., R. 9 E.,  
Carbon County, Utah

Gentlemen:

Pursuant to Utah Code Ann. § 40-6-18, (1953, as amended), Utah Admin. R. 649-2-3, Application of Rules to Unit Agreements and R. 649-3-4, Permitting of Wells to be Drilled, Deepened or Plugged-Back, approval to drill the referenced well is hereby granted.

In addition, the following specific actions are necessary to fully comply with this approval:

1. Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules.
2. Notification to the Division within 24 hours after drilling operations commence.
3. Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations and whenever a change in operations or interests necessitates an entity status change.
4. Submittal of the Report of Water Encountered During Drilling, Form 7.
5. Prompt notification prior to commencing operations, if necessary, to plug and abandon the well. Notify Frank R. Matthews, Petroleum Engineer, (Office) (801)538-5340, (Home) (801)476-8613, or K. Michael Hebertson, Reclamation Specialist, (Home) (801)269-9212.

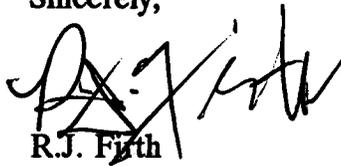


Page 2  
River Gas of Utah, Inc.  
U.S.A. 21-10-35 Well  
August 24, 1994

6. Compliance with the requirements of Utah Admin. R. 649-3-20, Gas Flaring or Venting, if the well is completed for production.

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-007-30260.

Sincerely,



R.J. Firth  
Associate Director

ldc  
Enclosures  
cc: Carbon County Assessor  
Bureau of Land Management, Moab District Office  
WO11

LAW OFFICES

PRUITT, GUSHEE & BACHTELL

SUITE 1850 BENEFICIAL LIFE TOWER  
SALT LAKE CITY, UTAH 84111-1495  
(801) 531-8446

TELECOPIER (801) 531-8468

ROBERT G. PRUITT, JR.  
OLIVER W. GUSHEE, JR.  
THOMAS W. BACHTELL  
A. JOHN DAVIS, III  
JOHN W. ANDERSON  
FREDERICK M. MACDONALD  
ANGELA L. FRANKLIN

OF COUNSEL  
JOHN F. WALDO  
BRENT A. BOHMAN

February 17, 1995

Utah Division of Oil, Gas and Mining  
355 W. North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Attn: Lisha Cordova

Re: *River Gas Corporation Merger*

Dear Ms. Cordova:

As you may recall, this office serves as Utah legal counsel for River Gas Corporation ("RGC"). Effective January 1, 1995, River Gas of Utah, Inc. ("RGU") merged into RGC as evidenced by the enclosed Certification of Articles of Merger issued by the Utah Department of Commerce. I have also enclosed a listing of all wells which, to the best of RGC's knowledge, RGU operated and an amendment to the Letter of Credit from RGU's surety recognizing the merger and confirming bond coverage for RGC.

Based on the enclosed documentation, please change your records to reflect that RGC is the current operator of all wells formerly operated by RGU. If a formal decision letter recognizing the merger is to be executed, please send the original to RGC at the following address:

River Gas Corporation  
Attention: Joseph L. Stephenson, Vice President-Land  
511 Energy Center Blvd.  
Northport, Alabama 35476,

with a copy to me at the letterhead address.

RECEIVED

FEB 17 1995

DIVISION OF  
OIL, GAS & MINING

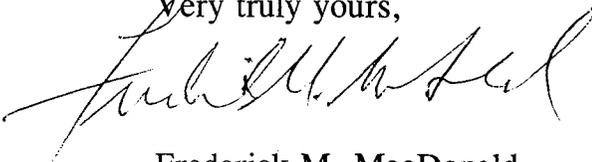
Utah Division of Oil, Gas and Mining

February 17, 1995

Page 2

I thank you in advance for your time and cooperation and, should there be any questions or problems, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Fred M. MacDonald".

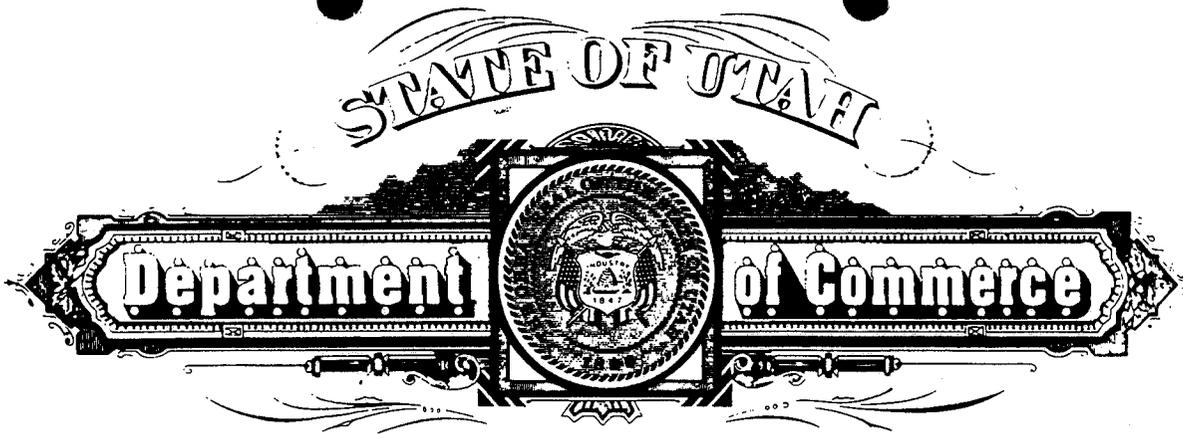
Frederick M. MacDonald

FMM:sp

1526.39

Enclosures

cc: Joseph L. Stephenson



**CERTIFICATION  
OF ARTICLES OF MERGER**

THE UTAH DIVISION OF CORPORATIONS AND COMMERCIAL CODE HEREBY CERTIFIES THAT Articles of Merger were filed with this office on January 1, 1995, merging RIVER GAS OF UTAH, INC., a corporation of the State of Utah, into RIVER GAS CORPORATION, the surviving corporation which is of the State of Alabama,

AS APPEARS OF RECORD IN THE OFFICES OF THE DIVISION.

File Number: *CO 171151*



Dated this 16th day  
of February, 19 95

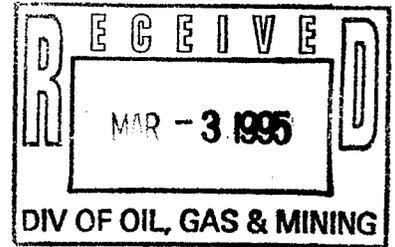
*Karla S. Woods*

Karla T. Woods  
Director, Division of  
Corporations and Commercial Code

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, Utah 84145-0155



IN REPLY REFER TO:  
3100  
U-16172 et al.  
(UT-923)

MAR 2 1995

### NOTICE

River Gas Corporation : Oil and Gas Leases  
511 Energy Center Blvd. : U-16172 et al.  
Northport, Alabama 35476 :

### Merger Recognized

Acceptable evidence has been filed in this office concerning the merger of River Gas of Utah, Inc. into River Gas Corporation with River Gas Corporation being the surviving entity.

For our purposes, the merger is recognized effective February 16, 1995, the Secretary of State's approval date.

The oil and gas lease files identified on the enclosed exhibit have been noted as to the merger. The exhibit was compiled from the list of leases you furnished. We are notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the change by a copy of this notice. If additional documentation for changes of operator are required by our Field Offices, you will be contacted by them.

By recognition of the merger, the principal/obligor is automatically changed by operation of law from River Gas of Utah, Inc. to River Gas Corporation on Bond No. LOC #S304604 (BLM Bond No. UT0829). A rider, changing the name on the bond, has been submitted to this office and will be accepted in due course.

**/s/ ROBERT LOPEZ**

Chief, Branch of Mineral  
Leasing Adjudication

Enclosure  
Exhibit of Leases

cc: Pruitt, Gushee & Bachtell, Attn: Frederick M. MacDonald, Beneficial Life Tower, Suite 1850,  
Salt Lake City, Utah 84111-1495

State of Utah, Division of Oil, Gas & Mining, Attn: Lisha Cordova, 3 Triad Center, Suite 350,  
Salt Lake City, Utah 84180-1204

MMS-Data Management Division, MS 3113, P.O. Box 5860, Denver, CO 80217  
Moab District Office  
Vernal District Office

EXHIBIT

U-16172	UTU-65296	UTU-72352
U-47157	UTU-65297	UTU-72355
U-49631	UTU-65298	UTU-72357
U-49931	UTU-65300	UTU-72358
U-50645	UTU-65301	UTU-72377
U-50646	UTU-65302	UTU-72378
U-50941	UTU-65303	UTU-72470
U-51584	UTU-65946	UTU-72477
U-53872	UTU-67621	UTU-72620
U-57821	UTU-67839	UTU-72624
U-60402	UTU-67840	UTU-72625
U-60925	UTU-68543	UTU-72723
U-61154	UTU-69449	UTU-72724
U-61155	UTU-69450	UTU-72746
U-61156	UTU-69451	UTU-73003
U-61158	UTU-69452	UTU-73004
U-61547	UTU-69453	UTU-73071
U-61548	UTU-69454	UTU-73075
U-62145	UTU-72003	UTU-73330
U-62276	UTU-72004	UTU-73331
U-62622	UTU-72350	UTU-73421
U-62623	UTU-72351	UTU-73523

UTU-71851 (ROW)  
UTU-71852 (ROW)  
UTU-71855 (ROW)

Drunkard's Wash Federal Unit (UTU-67921X)

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

Routing:

1-EPG-1-GPL
2-LWP-7-PL
3-DT-8-SJ
4-VLC-9-FILE
5-RJF
6-LWP

Attach all documentation received by the division regarding this change.  
 Initial each listed item when completed. Write N/A if item is not applicable.

- Change of Operator                       Designation of Agent  
 Designation of Operator                 Operator Name Change *only*

The operator of the well(s) listed below has changed (EFFECTIVE DATE: 1-1-95)

TO (new operator)	<u>RIVER GAS CORPORATION</u>	FROM (former operator)	<u>RIVER GAS OF UTAH INC</u>
(address)	<u>511 ENERGY CENTER BLVD</u>	(address)	<u>511 ENERGY CENTER BLVD</u>
	<u>NORTHPORT AL 35476</u>		<u>NORTHPORT AL 35476</u>
	<u>phone (205) 759-3282</u>		<u>phone (205) 759-3282</u>
	<u>account no. N 1605 (2-1-95)</u>		<u>account no. N 1600</u>

Well(s) (attach additional page if needed):

**\*DRUNKARDS WASH UNIT**

Name: <b>**SEE ATTACHED**</b>	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec _____	Twp _____	Rng _____	Lease Type: _____

**OPERATOR CHANGE DOCUMENTATION**

- YIC 1. (Rule R615-8-10) Sundry or other legal documentation has been received from former operator (Attach to this form). *(Reg 2-1-95) (Rec'd 2-17-95)*
- N/A 2. (Rule R615-8-10) Sundry or other legal documentation has been received from new operator (Attach to this form).
- YIC 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is company registered with the state? (yes/no) \_\_\_\_ If yes, show company file number: #171151. *(eff. 12/94)*
- YIC 4. (For Indian and Federal Wells ONLY) The BLM has been contacted regarding this change (attach Telephone Documentation Form to this report). Make note of BLM status in comments section of this form. Management review of Federal and Indian well operator changes should take place prior to completion of steps 5 through 9 below.
- YIC 5. Changes have been entered in the Oil and Gas Information System (Wang/IBM) for each well listed above. *(3-7-95)*
- LWP 6. Cardex file has been updated for each well listed above. *3-8-95*
- LWP 7. Well file labels have been updated for each well listed above. *3-9-95*
- YIC 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to State Lands and the Tax Commission. *(3-6-95)*
- YIC 9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

- 1. (Rule R615-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) no (If entity assignments were changed, attach copies of Form 6, Entity Action Form).
- 2. State Lands and the Tax Commission have been notified through normal procedures of entity changes.

BOND VERIFICATION (Fee wells only)

*# Trust Lands / IDLOC # S 304606 / 80,000 "Nm Chg. Rider rec'd & Apprv."*

- 1. (Rule R615-3-1) The new operator of any fee lease well listed above has furnished a proper bond. *IDLOC # 5308586 / 80,000 "Nm Chg. Rider rec'd 1-30-95"*
- 2. A copy of this form has been placed in the new and former operators' bond files.
- 3. The former operator has requested a release of liability from their bond (yes/no) no. Today's date \_\_\_\_\_ 19\_\_\_\_. If yes, division response was made by letter dated \_\_\_\_\_ 19\_\_\_\_.

LEASE INTEREST OWNER NOTIFICATION RESPONSIBILITY

- 1. (Rule R615-2-10) The former operator/lessee of any fee lease well listed above has been notified by letter dated \_\_\_\_\_ 19\_\_\_\_, of their responsibility to notify any person with an interest in such lease of the change of operator. Documentation of such notification has been requested.
- 2. Copies of documents have been sent to State Lands for changes involving State leases. *3/10/95 to Ed Bonner*

FILMING

- 1. All attachments to this form have been microfilmed. Date: 12-10 2000 19

FILING

- 1. Copies of all attachments to this form have been filed in each well file.
- 2. The original of this form and the original attachments have been filed in the Operator Change file.

COMMENTS

*\* Bm/S# Apprv. off. 2-16-95.*  
*950307 GH/WIC FB Not necessary 31-01-01/WIC, Telonis #1/WDA, Area #1/WDA.*

43-007-30204	✓Utah 26-11-25	14 South, 9 East, 26	Carbon
43-007-30203	✓Utah 35-03-26	14 South, 9 East, 35	Carbon
43-007-30197	✓Utah 35-10-27	14 South, 9 East, 35	Carbon
43-007-30198	✓Utah 35-13-28	14 South, 9 East, 35	Carbon
43-007-30193	✓Utah 27-08-29	14 South, 9 East, 27	Carbon
43-007-30186	✓Utah 27-09-30	14 South, 9 East, 27	Carbon
43-007-30196	✓Utah 34-01-31	14 South, 9 East, 34	Carbon
43-007-30195	✓Utah 34-09-32	14 South, 9 East, 34	Carbon
43-007-30206	✓Utah 25-04-33	14 South, 9 East, 25	Carbon
43-007-30211	✓Prettyman 10-15-34/ <i>W.I.</i>	14 South, 9 East, 10	Carbon
43-007-30260	✓USA 21-10-35/ <i>W.I.</i>	14 South, 9 East, 21	Carbon
	USA 10-01-36 — <i>Not on system!</i>		
43-007-30210	✓Utah 12-15-37/ <i>FRSD</i>	15 South, 9 East, 12	Carbon
43-007-30217	✓Utah 06-38	15 South, 10 East, 6	Carbon
43-007-30218	✓Utah 06-39	15 South, 10 East, 6	Carbon
43-007-30219	✓Utah 06-40	15 South, 10 East, 6	Carbon
43-007-30254	✓Utah 06-41	15 South, 10 East, 6	Carbon
43-007-30220	✓Utah 01-42	15 South, 9 East, 1	Carbon
43-007-30221	✓Utah 01-43	15 South, 9 East, 1	Carbon
43-007-30222	✓Utah 01-44	15 South, 9 East, 1	Carbon
43-007-30223	✓Utah 01-45	15 South, 9 East, 1	Carbon
43-007-30224	✓Utah 02-46/ <i>FRSD</i>	15 South, 9 East, 2	Carbon
43-007-30225	✓Utah 02-47/ <i>FRSD</i>	15 South, 9 East, 2	Carbon
43-007-30226	✓Utah 02-48/ <i>FRSD</i>	15 South, 9 East, 2	Carbon
43-007-30227	✓Utah 02-49/ <i>FRSD</i>	15 South, 9 East, 2	Carbon
43-007-30228	✓Utah 11-50	15 South, 9 East, 11	Carbon

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE  
(Other instructions  
verse side)

FORM APPROVED  
OMB NO. 1004-0135  
Expires: September 30, 1990

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. LEASE DENOMINATION AND SERIAL NO.

U-53872

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

Drunkards Wash

8. NAME OF LEASE OWNER

U.S.A.

9. WELL NO.

21-10-35

10. FIELD AND POOL, OR WILDCAT

N/A

11. SEC., T., R., M., OR BLK. AND  
SUBSTRY OR AREA

Sec. 21, T14S, R09E

12. COUNTY OR PARISH

Carbon

13. STATE  
Ut.

1. OIL WELL  GAS WELL  OTHER

2. NAME OF OPERATOR

River Gas Corporation

3. ADDRESS OF OPERATOR

511 Energy Center Blvd, Northport, Al. 35476

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.  
See also space 17 below.)  
At surface

1650' FSL, 1450' FEL Sec. 21, T14S, R09E

14. PERMIT NO.

43-007-302100

15. ELEVATIONS (Show whether DF, RT, CR, etc.)

5970' (Ground Level)

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

MULTIPLE COMPLETION

ABANDON\*

CHANGE PLANS

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT\*

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

As informed by Mr. Eric Jones on 02-23-95, River Gas understands that the permit for the subject well expires 1 year after the approval date of August 24, 1994. At this time, River Gas does not intend the drill this well until the conclusion of the E.I.S., which will be after the permit's expiration date. Therefore, River Gas requests that the expiration date of this permit be extended to 01-01-97.

CONFIDENTIAL

Tickler Setup for 11/1/97

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

SIGNED Terry D. Burns Terry D. Burns

TITLE Geologist

DATE 02-27-95

(This space for Federal or State office use)

APPROVED BY William H. [Signature]  
CONDITIONS OF APPROVAL, IF ANY: 0

TITLE Associate District Manager

BLM Approved  
DATE 3/20/95

\*See Instructions on Reverse Side

APPROVED: WJ 3/19/95  
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**CONFIDENTIAL**

**RECEIVED**  
MAR 03 1997  
DIV. OF OIL, GAS & MINING

Moab District  
82 East Dogwood  
Moab, Utah 84532

3160  
(U-53872)  
(UT-062)

Mike Farrens  
River Gas Corporation  
511 Energy Center Blvd.  
Northport, Alabama 35476

FEB 27 1997

Re: Extension of Application for Permit to Drill (APD) *43-007-30260*  
USA 21-10-35  
Lease U-53872  
NWSE Sec. 21, T14S, R9E  
Carbon County, Utah

Dear Mr. Farrens:

It has come to our attention that the above referenced APD has expired. The APD was approved August 11, 1994, for a term of one year. Electing to wait until completion of the Environmental Impact Statement (EIS) to drill the well, River Gas requested that the term of the APD be extended to January 1, 1997. This request was granted. Unfortunately, the extension date passed prior to completion of the still pending EIS.

Eric Jones of this office contacted Steven Prince of River Gas to inquire about plans for the well. Mr. Prince stated that River Gas still intends to drill the well upon completion of the EIS. Considering that interest still exists for this APD, and that the EIS process has taken longer than anticipated, we believe another extension of the APD is warranted. Therefore, the subject APD is hereby extended until one-year after the completion date of the EIS.

Should you have any questions, please call Eric Jones at (801) 259-2117.

*Extended to 12/31/99 (3 yrs) per mkt estimate of EIS completion. BJS 3/6/97*

Sincerely,

**/s/ Brad D Palmer**

Assistant District Manager  
Resource Management

cc: UT-066  
State of Utah  
Division of Oil, Gas & Mining  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801  
EJONES:sjj:2/26/97 wp:typing\_out/rivgas.211035

**From:** <Marie\_McGann@ut.blm.gov>  
**To:** <nrogrm.lcordova@state.ut.us>  
**Date:** 8/28/00 10:08AM  
**Subject:** River Gas and Mission APDs

DOG M  
'LA'  
DATE

145 9E 21  
43-007-30260

Hi Lisha,

This is a response to your phone call last week.

River Gas 21-10-35: RGC confirmed that the USA 21-35 is a "replacement" for the 21-10-35. RGC is aware that since the approval period of the 21-10-35 expired so long ago this was not a valid approval anyway. We are not going to officially (via letter) rescind the approval. I'm just going to document that RGC is aware that this permit is no longer valid.

Mission Energy APDs: I currently have 8 APDs. They are: 1-10, 1-19, 1-29, 19-14, 25-02, 29-11, 30-02 and 30-15. We are still waiting for input from the Price BLM Office, so we'll just keep holding on to them. I don't think any of them will be approved this year. Wasatch Oil & Gas has not submitted change of operator requests for these locations yet, but we've heard they plan to.

Have a good week!

Marie

Well file