

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ELECTRIC LOGS FILE WATER SANDS LOCATION INSPEC SUB. REPORT/abd.

970806 Location abandoned eff. 8.6.97

DATE FILED JANUARY 29, 1996

LAND: FEE & PATENTED STATE LEASE NO. ML-38664 PUBLIC LEASE NO. INDIAN

DRILLING APPROVED: JULY 8, 1996

SPUDED IN:

COMPLETED: 8.6.97 LA PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: August 6, 1997 LA'D

FIELD: DRUNKARDS WASH

UNIT: DRUNKARDS WASH

COUNTY: CARBON

WELL NO. UTAH 32-128

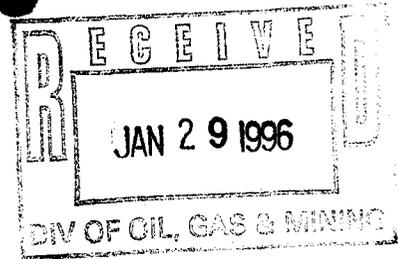
API NO. 43-007-303-07

LOCATION 1150 FSL FT. FROM (N) (S) LINE. 460 FWL FT. FROM (E) (W) LINE. SW SW 1/4 - 1/4 SEC. 32

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
14S	10E	32	RIVER GAS CORP				



RIVER GAS CORPORATION



511 Energy Center Blvd.
Northport, Alabama 35476
Phone (205) 759-3282
Fax (205) 759-3188 (Accounting)
Fax (205) 758-5309 (Corporate)

January 23, 1996

Mr. Michael Hebertson
Utah Board of Oil, Gas, and Mining
Suite 350, 3 Triad Center
355 West North Temple
Salt Lake City, Utah 84180-1203

RE: Application for Permit to Drill -
Utah 32-128, NW 1/4 of SW 1/4 of Sec. 32, T15S, R10E
S.L.B. & M., Carbon County, Utah

Dear Mr. Hebertson:

Enclosed is an original and one copy of an "Application for Permit to Drill" the well described above, as prepared by Powers Elevation Co. Attached to the APD is the following information:

- Exhibit A - Location Platt
- Exhibit B - Drilling Program
- Exhibit C - BOPE Diagram
- Exhibit D - Surface Use Plan
- Exhibit E - Proposed Location/Access
- Exhibit F - Typical Road Cross Section
- Exhibit G - N/A
- Exhibit H - Well Site Layout
- Exhibit I - Evidence of bond sent to State Lands and Forestry Division

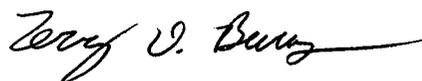
Page Two

A surface land use agreement between RGC and Circle K Ranch will be submitted at a later date.

Also, please accept this letter as our request that all information regarding this permit be kept confidential, if said information is eligible for such consideration. This request is made in accordance with State of Utah Oil and Gas rule # R649-2-11.

Thank you for your assistance. Please feel free to contact me if you have questions.

Sincerely,



Terry D. Burns

Geologist

cc: Mr. Edward W. Bonner, Utah Department of Natural Resources
Mr. Eric Jones, BLM in Moab, Utah
Mr. Dean Nyffler, BLM in Price, Utah
Mr. Robert A. Hendricks, BLM in Salt Lake City, Utah
Mr. J.R. French, Texaco
Mr. R.A. Lamarre, Texaco
Mr. Gee Lake, Jr., Dominion Reserves

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

RECEIVED
JAN 29 1996
DIV OF OIL, GAS & MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease Designation and Serial Number: ML-38664

6. If Indian, Allottee or Tribe Name:

7. Unit Agreement Name: Drunkards Wash UTU=67921X

8. Farm or Lease Name: Utah

9. Well Number: 32-128

10. Field and Pool, or Wildcat: Drunkards Wash

11. Qtr/Qtr, Section, Township, Range, Meridian: SW/SW, Sec. 32, T14S, R10E

12. County: Carbon 13. State: UTAH

14. Distance in miles and direction from nearest town or post office: 2.5 miles south/southwest of Price, UT

15. Distance to nearest property or lease line (feet): 16. Number of acres in lease: 120 17. Number of acres assigned to this well: 160

18. Distance to nearest well, drilling, completed, or applied for, on this lease (feet): n/a 19. Proposed Depth: 1770' 20. Rotary or cable tools: Rotary

21. Elevations (show whether DF, RT, GR, etc.): 5618' GR 22. Approximate date work will start: June 1996

RECEIVED
JAN 29 1996
DIV OF OIL, GAS & MINING

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"	24#	300'	110 sx Class G, 15.8 ppg
7 7/8"	5 1/2"	17#	1740'	50/50 Pozmix, tail RFC
SEE EXHIBIT "B"				

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.

EXHIBITS ATTACHED:

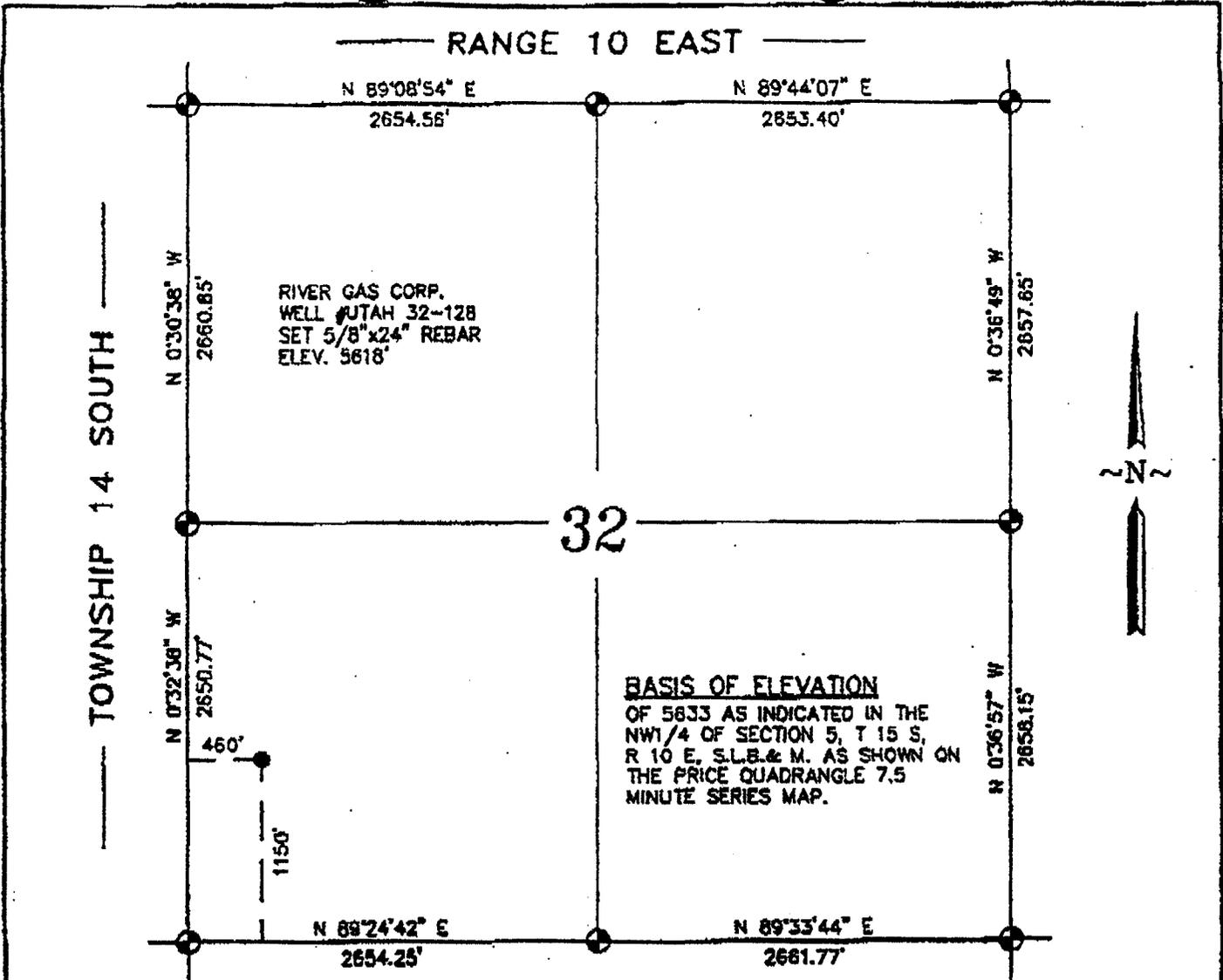
- EXHIBIT "A" Location Plat
- EXHIBIT "B" Drilling Program
- EXHIBIT "C" BOPE Diagram
- EXHIBIT "D" Surface Use Plan
- EXHIBIT "E" Proposed Location/Access
- EXHIBIT "F" Typical Road X-section
- EXHIBIT "G" n/a
- EXHIBIT "H" Well Site Layout
- EXHIBIT "I" Evidence of Bond

24. Name & Signature: Janet Watson Title: Agent for River Gas Corp. Date: 11/13/95

(This space for State use only)

API Number Assigned: 43-007-30342 Approval: Petroleum Engineer 7/8/96

JAN Matthews



ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NUMBER 145656 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.

Evan E. Hansen
EVAN E. HANSEN

NOV 9, 1995
DATE

SW 1/4 SEC. 32 T 14 S, R 10 E, S.L.B. & M.

Empire Engineering

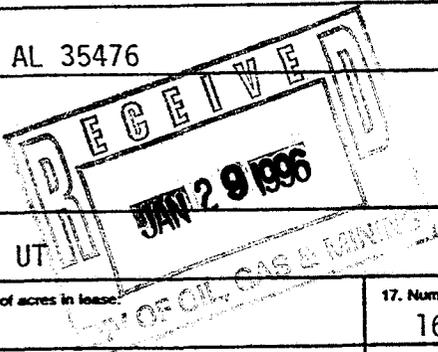
1665 E. Sagewood Rd. Price, Utah 84501

**RIVER GAS CORP.
WELL #UTAH 32-128**

Drawn By: TLH	Approved By: EEH	Drawing No. EEOG-95128
Date: 11-08-95	Scale: 1"=1000'	Sheet: 1 of 2

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN		5. Lease Designation and Serial Number: ML-38664
		6. If Indian, Allottee or Tribe Name:
1A. Type of Work: DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>	7. Unit Agreement Name: Drunkards Wash UTU=67921X	
B. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER: SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>	8. Farm or Lease Name: Utah	
2. Name of Operator: River Gas Corp.		9. Well Number: 32-128
3. Address and Telephone Number: 511 Energy Center Blvd., Northport, AL 35476		10. Field and Pool, or Wildcat: Drunkards Wash
4. Location of Well (Footages) At Surface: 1150' FSL & 460' FWL 350 140 At Proposed Producing Zone:		11. Qtr/Qtr, Section, Township, Range, Meridian: SW/SW, Sec. 32, T14S, R10E
14. Distance in miles and direction from nearest town or post office: 2.5 miles south/southwest of Price, UT		12. County: Carbon
		13. State: UTAH
15. Distance to nearest property or lease line (feet):	16. Number of acres in lease: 120	17. Number of acres assigned to this well: 160
18. Distance to nearest well, drilling completed, or applied for, on this lease (feet): n/a	19. Proposed Depth: 1770'	20. Rotary or cable tools: Rotary
21. Elevations (show whether DF, RT, GR, etc.): 5618' GR		22. Approximate date work will start: June 1996



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"	24#	300'	110 sx Class G, 15.8 ppg
7 7/8"	5 1/2"	17#	1740'	50/50 Pozmix, tail RFC
	SEE EXHIBIT "B"			

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.

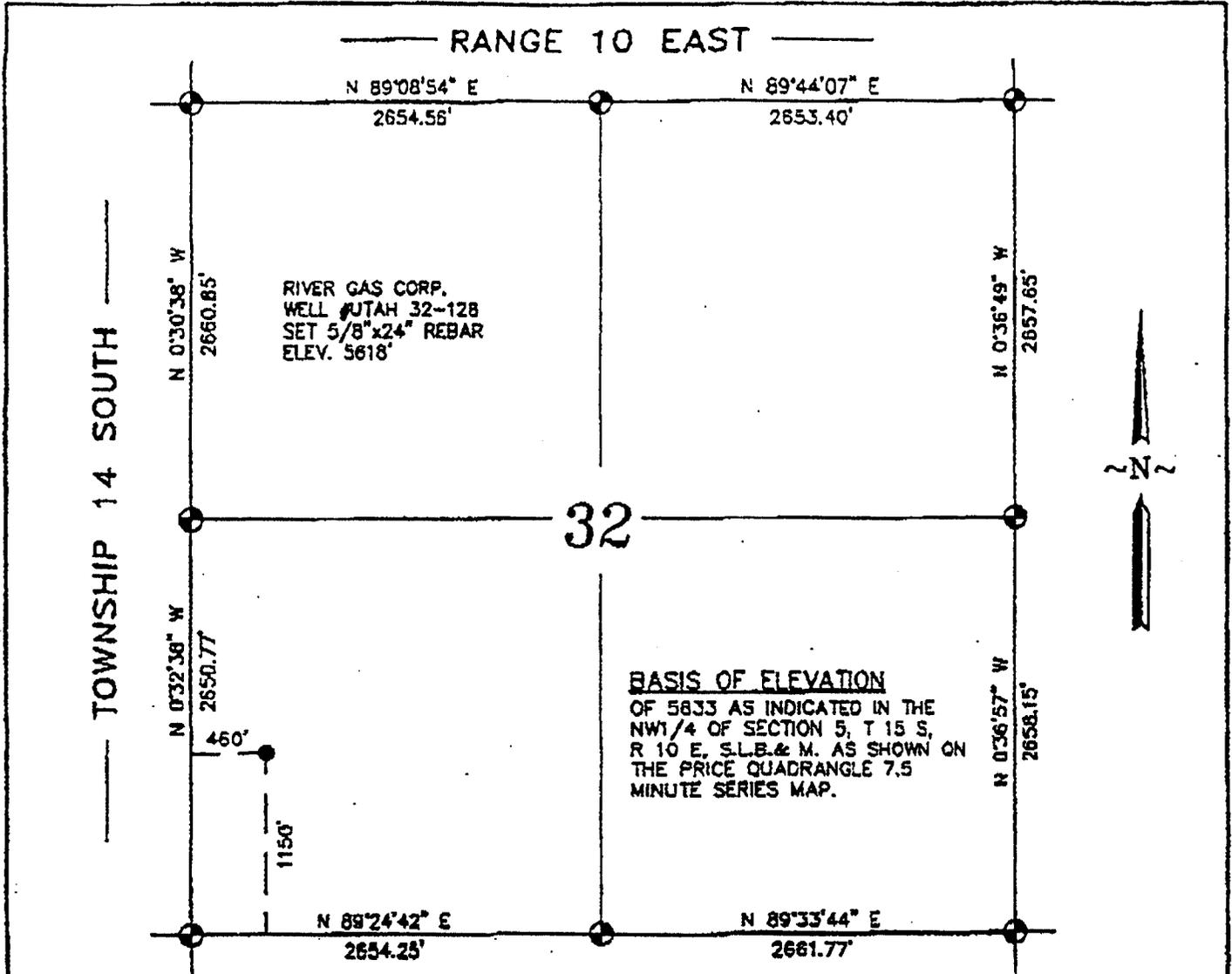
EXHIBITS ATTACHED:

- EXHIBIT "A" Location Plat
- EXHIBIT "B" Drilling Program
- EXHIBIT "C" BOPE Diagram
- EXHIBIT "D" Surface Use Plan
- EXHIBIT "E" Proposed Location/Access
- EXHIBIT "F" Typical Road X-section
- EXHIBIT "G" n/a
- EXHIBIT "H" Well Site Layout
- EXHIBIT "I" Evidence of Bond

24. Name & Signature: Janet Watson Agent for River Gas Corp. Title: Agent for River Gas Corp. Date: 11/13/95

(This space for State use only)

API Number Assigned: 43-007-30301 Approval: JAN Matthew Petroleum Engineer Date: 7/8/96



BASIS OF ELEVATION
OF 5833 AS INDICATED IN THE
NW1/4 OF SECTION 5, T 15 S,
R 10 E, S.L.B. & M. AS SHOWN ON
THE PRICE QUADRANGLE 7.5
MINUTE SERIES MAP.

LEGEND

- ⊕ FOUND BRASS CAP
- SEARCHED FOR BUT NOT FOUND
- ◇ FOUND ROCK CORNER

BASIS OF BEARING

BASIS OF BEARING N 0°30'38" W MEASURED
BETWEEN THE W1/4 CORNER AND THE NW CORNER
OF SECTION 32, TOWNSHIP 14 SOUTH, RANGE 10
EAST, SALT LAKE BASE AND MERIDIAN.



ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NUMBER 145656 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.

Evan E. Hansen NOV 9, 1995
EVAN E. HANSEN DATE

SW1/4 SEC. 32 T 14 S, R 10 E, S.L.B. & M.		
Empire Engineering 1665 E. Sagewood Rd. Price, Utah 84501		
RIVER GAS CORP. WELL #UTAH 32-128		
Drawn By: TLH	Approved By: EEH	Drawing No. EEOG-95128
Date: 11-08-95	Scale: 1"=1000'	Sheet: 1 of 2



RIVER GAS CORPORATION

511 Energy Center Blvd.
Northport, Alabama 35476

Phone (205) 759-3282

Fax (205) 759-3188 (Accounting)

Fax (205) 758-5309 (Corporate)

May 22, 1996

CERTIFIED MAIL
RETURN RECEIPT P-521-852-682

Nick Sampinos, Esquire
First Interstate Bank Bldg.
80 West Main, Suite 201
Price, UT 84501

RE: Circle K Ranch
Proposed Surface Land Use Agreement
Utah 32-128

Dear Mr. Sampinos:

On May 21, 1996, Mr. Angelo Kiahtipes informed Mr. William L. Kirk, Jr. by telephone that he had asked you to review our proposal for surface use on the above described lands and represent him regarding that matter.

When the State of Utah conveyed the surface of the S1/2SW1/4 and SW1/4SE1/4 of Section 32, T14S, R10E, SLM, Carbon County, Utah by Quit Claim Deed dated February 3, 1950, recorded in Book 15-C at Page 433, it reserved the mineral ownership and also reserved rights "...to prospect for, mine and remove the same, together with the right to occupy and use so much of the surface of said lands as may be required for all purposes reasonably incident to the mining and removal of said minerals." The mineral ownership remains vested in the State of Utah and is administered by the School and Institutional Trust Lands Administration. River Gas Corporation ("RGC") and Texaco Exploration and Production Inc. have those reserved rights under lease by virtue of record title ownership of Oil, Gas and Hydrocarbon Lease ML-38664 recorded in Book 371 at Page 843.

RGC's first contact with Mr. Kiahtipes was on October 11, 1995. Our geologist, Mr. Terry Burns, contacted him regarding the staking of a well location on surface owned by the Circle K Ranch. Since that time, Mr. Kirk and Mr. Steven Prince have had various discussions with Mr. Kiahtipes regarding the location of that well site and its access road that would have a pipeline and power line installed along side it.

On May 10, 1996, Mr. Kirk sent Mr. Kiahtipes a package of documents for review. That package was delivered to him on May 13, 1996 by Mr. Prince. That package contained duplicate originals of a Surface Land Use Agreement and duplicate originals of a Memorandum of such agreement. Those instruments described RGC's proposed use of the surface in order to develop the leased mineral under the Circle K Ranch.

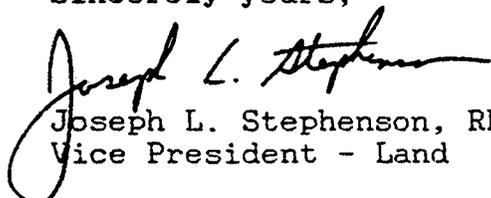
Mr. Kirk's package of May 10, 1996 included a check in the amount of \$1,120.00 representing settlement of damages in the amount of \$800.00 for the well site and \$320.00 (10.00/rod) for an access road with its buried pipeline and power line for a length of 32 rods. The total amount of surface use described was 1.64 acres. The well site selected by our geologist (and its access road) appears both reasonable and practical for both RGC and the Circle K Ranch.

There are various things that RGC must do in order to prepare for the drilling of the proposed well. Therefore, time is of the essence in obtaining an agreement from the Circle K Ranch for this proposed activity. The rights to conduct surface operations and drill on the surface is governed not only by the terms of the State lease but also by statute and regulation {see Utah Code Ann. §53C-2-409(2)}.

Without an agreement from your client, we will have no choice but to proceed with our plans under Utah Code Ann. §53C-2-409(3)(c) which allows a mineral lessee to occupy the surface of a split-estate State mineral lease upon the execution of a bond to the Director of the Trust Lands Administration for the use and benefit of the surface owner. RGC has reached a point where plans must be made now to drill this well to ensure that costly delays can be avoided.

If you or your client should have any questions or need clarification on the terms of the agreement that Mr. Kirk sent Mr. Kiahtipes on May 10, 1996, please contact me or Mr. Kirk. If arrangements to exchange fully executed duplicate originals of the Surface Land Use Agreement and its Memorandum have not been finalized within ten (10) days of your receipt of this letter, RGC's offer will be deemed to have been rejected and RGC will formally withdraw such offer. RGC may then pursue appropriate remedies in order to proceed with plans for developing the leased mineral where Circle K Ranch owns surface rights only.

Sincerely yours,


Joseph L. Stephenson, RLP
Vice President - Land

cc: Mr. Angelo Kiahtipes

EXHIBIT "B"DRILLING PROGRAM

Attached to Form 3
 River Gas Corp.
 #32-128 Utah
 SW/4 SW/4, Sec. 32, T14S, R10E
 1150' FSL & 460' FWL
 Carbon County, Utah

1. The Geologic Surface Formation

Mancos Shale

2. Estimated Tops of Important Geologic Markers.

Blue Gate/Ferron	1395'
Ferron/Tununk	1645'

3. Projected Gas & H2O zones (Ferron Formation)

Coals and sandstones

No groundwater is expected to be encountered.

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable minerals deposits. All indications of usable water will be reported.

Surface casing will be tested to 1400 psi.

4. The Proposed Casing and Cementing Programs

<u>HOLE SIZE</u>	<u>SETTING DEPTH (INTERVAL)</u>	<u>SECTION LENGTH</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>NEW, USED</u>
11	300'	300'	8 5/8	24#	new
7 7/8	1740'	1740'	5 1/2	17#	new

Cement Program

Surface Casing: 110 sx Class G, 15.8 ppg cement

Production Casing: 50/50 Pozmix and tail in with RFC. The 50/50 Pozmix accounts for 75% total cement, RFC 25%.

Total sx cement 201.
Cement volumes will vary depending on
formations encountered and hole conditions.

The following shall be entered in the driller's log:

- (1) Blowout preventer pressure tests, including test pressures and results;
- (2) Blowout preventer tests for proper functioning;
- (3) Blowout prevention drills conducted;
- (4) Casing run, including size, grade, weight, and depth set;
- (5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- (6) Waiting on cement time for each casing string;
- (7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

EXHIBIT "C" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOPE will be used with a rotating head. This equipment will be tested to 1400 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-300	11" hole	Drill with air, will mud-up if necessary
300-1770	7 7/8" hole	Drill with air. 400 psi @ 1500-1800 Scf.

7. The Testing, Logging and Coring Programs to be Followed

0-300	Gamma Ray
300-TD	Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 850 psi maximum.

No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled in June 1996.

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

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

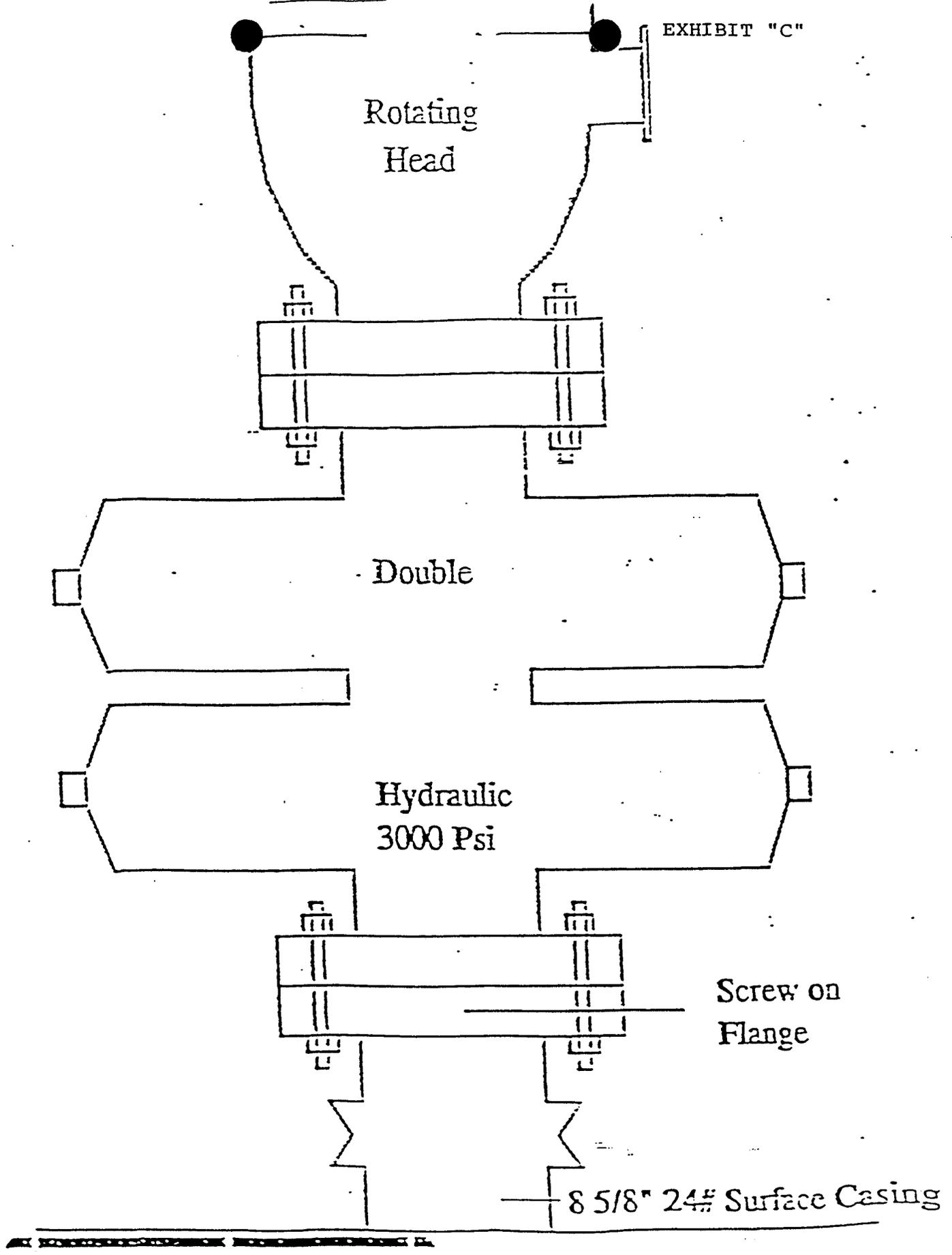


EXHIBIT "D"MULTIPOINT SURFACE USE PLAN

Attached to Form 3
River Gas Corp.
#32-128 Utah
SW/4 SW/4, Sec. 32, T14S, R10E
1150' FSL & 460' FWL
Carbon County, Utah

1. EXISTING ROADS

- A. See Exhibit "E". We do not plan to change, alter or improve upon any existing state or county roads. Existing roads will be maintained in same or better condition.
- B. From junction with US Hwy. 6, proceed south on Utah Hwy. 10 for 1.1 mile to 2000 South (paved road) for .5 mile to junction with 500 West (paved road), turn left and proceed south on 500 West for .3 mile to beginning of new access for #32-127. Travel 400' west to #32-127, continue west $\pm 1500'$ to beginning of new access for proposed location. Turn left and go south $\pm 2200'$ to location.

2. PLANNED ACCESS

See Exhibit "E". $\pm 2200'$ of new access is required.

- A. Maximum Width: 14' travel surface with 27' base
- B. Maximum grade: 1%
- C. Turnouts: None
- D. Drainage design: Natural drainage will be retained. Water will be diverted around well pad as necessary.
- E. Cuts and fills: None
- F. Surfacing materials: 4" sand and gravel if necessary.
- G. Gates, cattleguards, fence cuts: One

If well is productive, road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

3. LOCATION OF EXISTING WELLS

- A. See Exhibit "E". There are 4 existing wells within one mile of the proposed location.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. If the well is a producer, installation of production facilities will be as shown on EXHIBIT "H". Buried powerlines run along access on the east or north, gathering lines on the south or west.
- B. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. LOCATION AND TYPE OF WATER SUPPLY

- A. Water to be used for drilling will be purchased from the Price River Water Improvement District (tel. 801-637-6350). This has been arranged by Mr. Michael J. Farrens, Vice President of River Gas Corp. - Utah Operations. He has been in contact with Mr. Phillip Palmer. Mr. Farrens has discussed this arrangement with Mark Page of the Division of Water Rights (tel. 801-637-1303) over the telephone. The Division of Water Rights is to furnish the Oil & Gas Division with a letter of approval concerning this matter.
- B. Water will be transported by truck over approved access roads.
- C. No water well is to be drilled for this location.

6. SOURCE OF CONSTRUCTION MATERIALS

- A. Any construction materials needed will be obtained locally and hauled to the location on existing roads.
- B. No construction or surfacing materials will be taken from Federal/Indian land.

7. METHODS FOR HANDLING WASTE DISPOSAL

- A. As the well will be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will not be lined unless conditions encountered during construction warrant it. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth

side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

- B. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade.

No liquid hydrocarbons will be discharged to the reserve pit or location.

- C. In the event fluids are produced, any oil will be retained in tankage until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.
- D. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. ANCILLARY FACILITIES

- A. We anticipate no need for ancillary facilities with the exception of three trailers to be located on the drill site.

9. WELLSITE LAYOUT

- A. Available topsoil will be removed from the location and stockpiled. If ground frost prevents the segregation and removal of the topsoil material from the less desirable subsoil material, cross-ripping to the depth of the topsoil material may be necessary. Location of mud tanks, reserve and burn pits, and soil stockpiles will be located as shown on the attachments.
- B. A bloocie pit will be located 150' diagonally from the drill hole. A line will be placed on the surface from the center hole to the burn pit. Burn pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.
- C. Access to the well pad will be as shown on Exhibit "E".
- D. Natural runoff will be diverted around the well pad.

10. PLANS FOR RESTORATION OF SURFACE

- A. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.
- B. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.
- C. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.
- D. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existing conditions.
- E. Date of commencement will be June, 1996. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the wellsite is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. SURFACE OWNERSHIP

- A. The wellsite and access road will be constructed on lands owned by Circle K Ranch, P. O. Box 700, Price, UT 84501. The operator shall contact the landowner and the Division of Oil, Gas & Mining 48 hours prior to beginning construction activities.

12. OTHER INFORMATION

The surface is improved pasture. The nearest dwelling is ±1100' northeast of the location. Nearest live water is Drunkards Wash approximately 1300' east.

If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.

The backslope will be constructed no steeper than 4:1, the foreslope no steeper than 4:1.

All equipment and vehicles will be confined to the access road and well pad.

A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations, shall be on the wellsite during construction and drilling operations.

the wellsite during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. COMPANY REPRESENTATIVE

THROUGH A.P.D. APPROVAL

Janet Watson
Agent/Consultant for
River Gas Corp.
P. O. Box 440889
Aurora, Co. 80044
(303) 321-2217

MAIL APPROVED A.P.D. TO

Terry Burns
River Gas Corp.
511 Energy Cntr. Blvd.
Northport, AL 35476
(205) 759-3282

FIELD REPRESENTATIVE

Steve Prince
(801) 637-8876
M-(801) 636-5256

DIRT CONTRACTOR

NELCO
Larry Jensen
(801) 637-3495
M-(801) 636-5268

14. CERTIFICATION

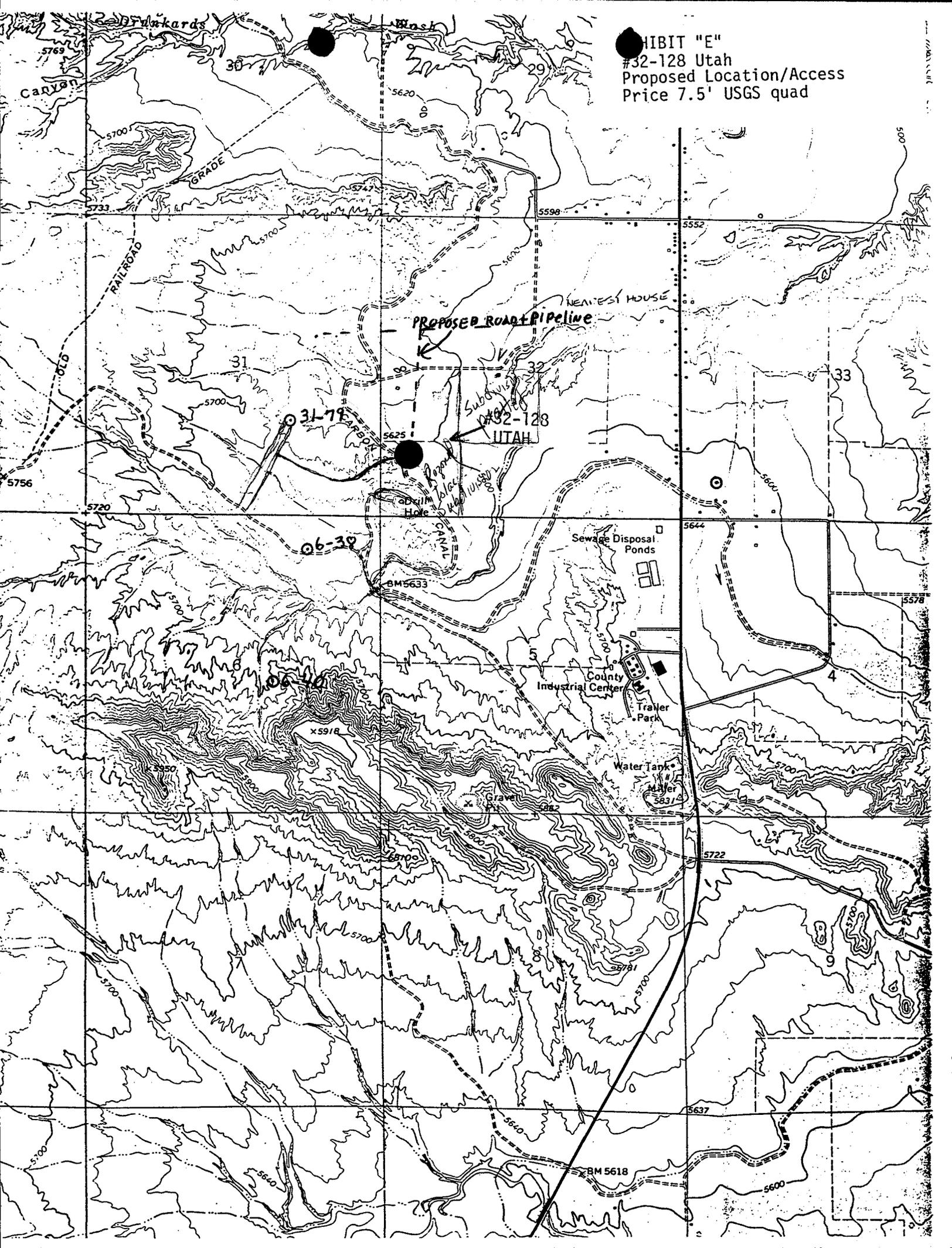
I hereby certify that I, or persons under my direct supervision have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by River Gas Corp. and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

Date

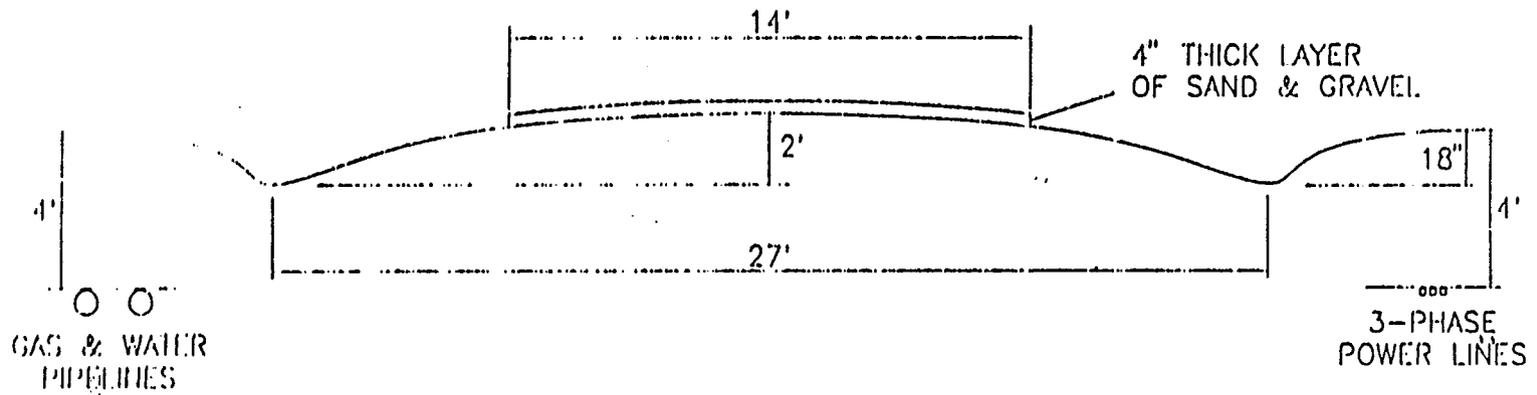
11/13/95

Janet Watson
Janet Watson
Agent for River Gas Corp.

EXHIBIT "E"
#32-128 Utah
Proposed Location/Access
Price 7.5' USGS quad



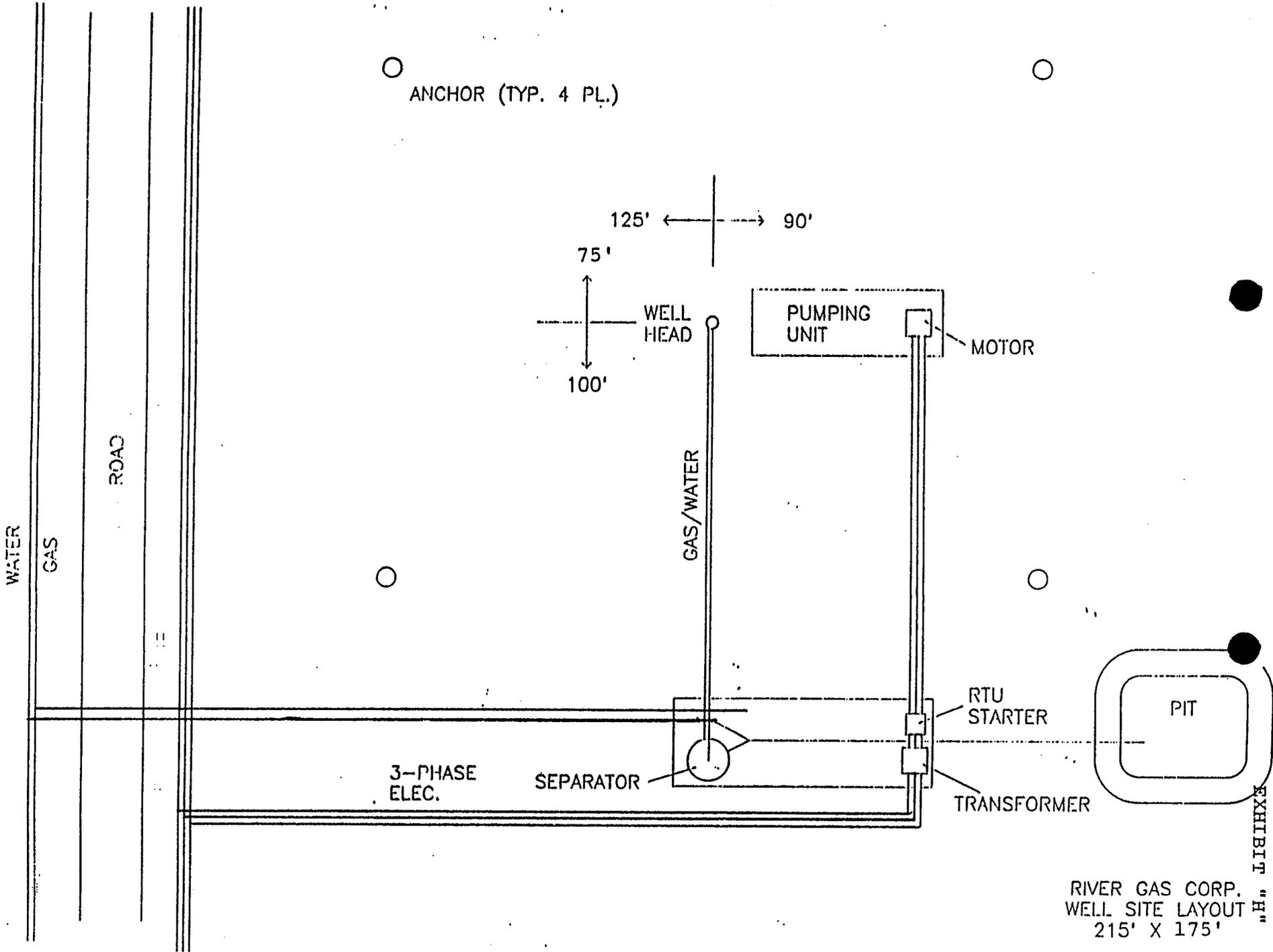
RIVER GAS CORPORATION



TYPICAL ROAD CROSS-SECTION

NOT TO SCALE

3/23/95



RIVER GAS CORP.
 WELL SITE LAYOUT
 215' X 175'

EXHIBIT "H"

AmSouth Bank N.A.
1900 5th Avenue North
Birmingham, Alabama 35203-2610 USA

International Department

TELEX: 6827189
Cable: AMSQUBK8HM
S.W.I.F.T. AMSB US 44

AMENDMENT NUMBER: 003
TO LETTER OF CREDIT NUMBER: S304606
DATE: DECEMBER 29, 1993

BENEFICIARY:
STATE OF UTAH, DEPARTMENT OF
NATURAL RESOURCES, DIVISION OF
STATE LANDS AND FORESTRY
#3 TRIAD CENTER SUITE 400
355 WEST TEMPLE
SALT LAKE CITY, UTAH 84150-1204

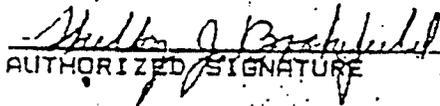
AT THE REQUEST OF RIVER GAS OF UTAH, INC.
AND FOR THE ACCOUNT OF SAME
WE HEREBY AMEND OUR LETTER OF CREDIT NUMBER S304606
DATED DECEMBER 14, 1990
OPENED IN YOUR FAVOR AS FOLLOWS:

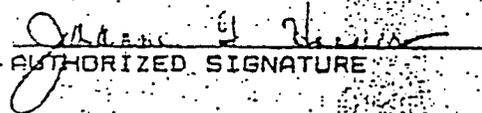
ACCOUNT PARTY'S ADDRESS IS NOW TO READ:
3600 WATERMELON ROAD, SUITE 204, NORTHPORT, ALABAMA 35476.

-LATEST NEGOTIATION DATE IS EXTENDED TO DECEMBER 13, 1994.

-ADD: THIS LETTER OF CREDIT WILL BE AUTOMATICALLY RENEWED
WITHOUT AMENDMENT FOR SUCCESSIVE PERIODS OF ONE (1) YEAR EACH,
UNLESS AT LEAST 60 DAYS PRIOR TO THE INITIAL EXPIRATION DATE
OR ANY SUCCESSIVE EXPIRATION DATE THE ISSUING BANK GIVES THE
BENEFICIARY NOTICE BY REGISTERED LETTER TO THE ADDRESS ABOVE
THAT THE ISSUING BANK ELECTS NOT TO HAVE THIS LETTER OF CREDIT
RENEWED FOR SUCH ADDITIONAL ONE YEAR PERIOD.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
THIS AMENDMENT BECOMES AN INTEGRAL PART OF THE ORIGINAL LETTER OF
CREDIT AND IS TO BE ATTACHED THERETO.


AUTHORIZED SIGNATURE


AUTHORIZED SIGNATURE

RIVER GAS OF UTAH, INC.

EXHIBIT I

AmSouth Bank N.A.
1900 5th Avenue North
Birmingham, Alabama 35203-2610 USA

International Department

TELEX: 6827189
Cable: AMSOUBKBHM
S.W.I.F.T. AMSB US 44

AMENDMENT NUMBER: 004
TO LETTER OF CREDIT NUMBER: S304606
DATE: JANUARY 24, 1995

BENEFICIARY:
STATE OF UTAH, DEPARTMENT OF
NATURAL RESOURCES, DIVISION OF
STATE LANDS AND FORESTRY
#3 TRIAD CENTER SUITE 400
355 WEST TEMPLE
SALT LAKE CITY, UTAH 84180-1204

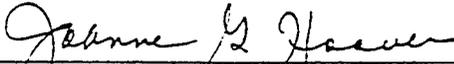
AT THE REQUEST OF RIVER GAS OF UTAH, INC. 3600 WATERMELON ROAD
SUITE 204 NORTHPORT, ALABAMA 35476
AND FOR THE ACCOUNT OF SAME
WE HEREBY AMEND OUR LETTER OF CREDIT NUMBER S304606
DATED DECEMBER 14, 1990
OPENED IN YOUR FAVOR AS FOLLOWS:

*-ACCOUNT PARTY'S NAME IS NOW CHANGED TO:
RIVER GAS CORPORATION

-THE NAME OF THE ISSUING BANK IS CHANGED FROM AMSOUTH BANK N.A.
TO AMSOUTH BANK OF ALABAMA.

**REFERENCES HEREIN TO AMSOUTH BANK N.A. SHALL BE DEEMED TO REFER
TO AMSOUTH BANK OF ALABAMA.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.
THIS AMENDMENT BECOMES AN INTEGRAL PART OF THE ORIGINAL LETTER OF
CREDIT AND IS TO BE ATTACHED THERETO.



AUTHORIZED SIGNATURE

DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL STATEMENT OF BASIS

Operator: River Gas Corporation

Well Name & Number: 32-128

API Number: 4300730307

Location: 1/4, 1/4 SW SW Sec. 32 T. 14 S R. 10 E

Geology/Ground Water:

There are no aquifers with high quality ground water expected to be encountered. The proposed casing and cement program will adequately isolate any zones of water penetrated.

Reviewer: D. Jarvis Date: 7/2/96

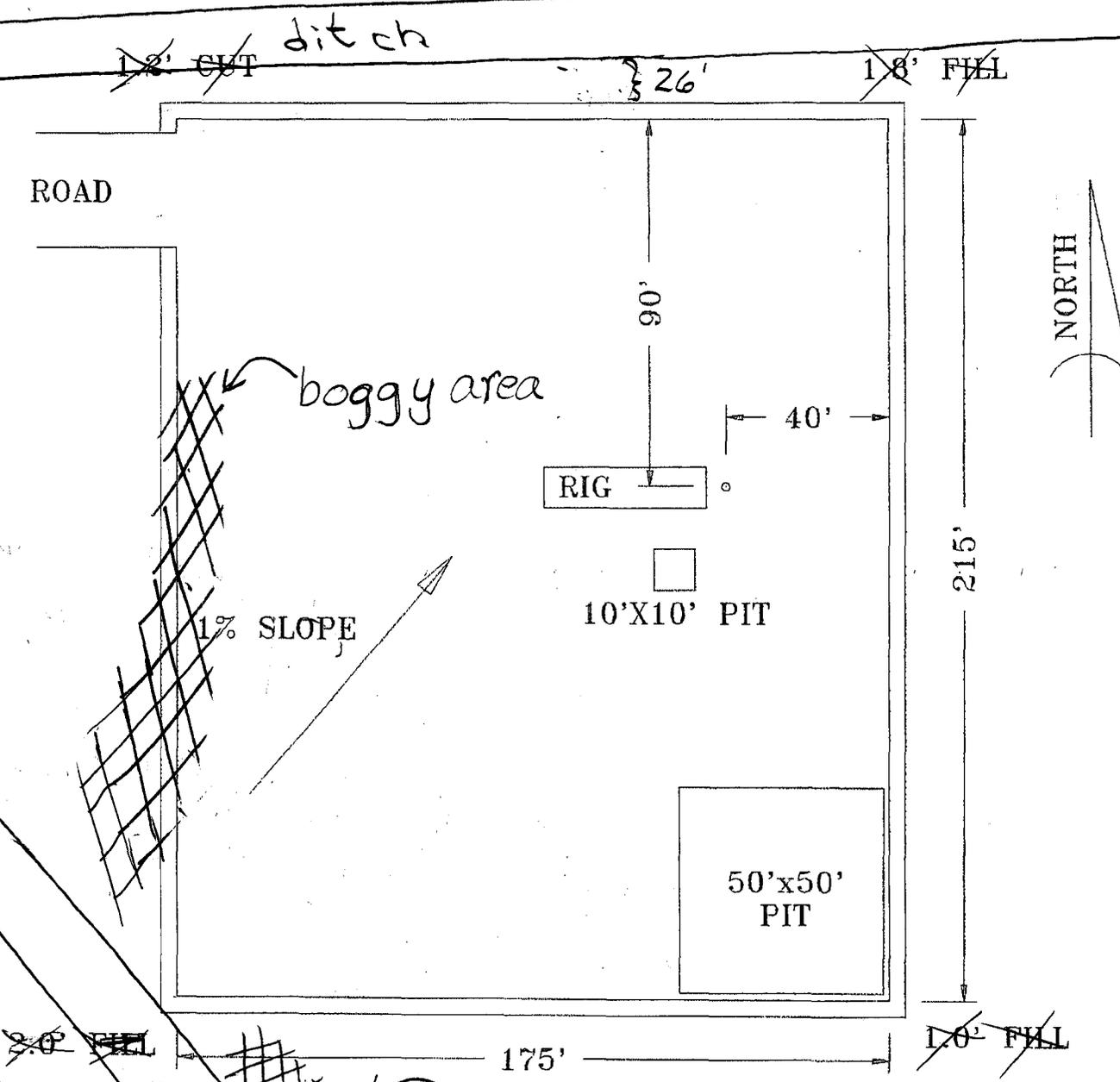
Surface:

The Mancos Shale soil is relatively impermeable, stable and not incised or undermined on or immediately beside the disturbed area. The nearest moving surface waters are the Carbon Canal (beside the pad on the SW side) and the Price River (2 miles east). If the observed seepage and standing water from the Carbon Canal (beside the pad) do not cause levee failure there should be no inundation threat from the canal. No significant drainage basin is focused on the location so cloudburst/flash-flooding is no problem unless Lonetree Wash overflows and floods the adjacent subdivision and the pad. Precipitation will be deflected around the location with berms and culverts. There are no nearby culinary or irrigation water supply wells. The site was photographed and characterized on 6/6/96 and 6/26/96. Provision was made to ensure site rehabilitation, litter and waste control, preservation of drainage patterns and the integrity of local infrastructure, groundwater and other resources. The well utilities and gas gathering system will follow the approach roadway and cross under the canal via casings buried beneath the floor of the canal by trenching the canal when it is empty.

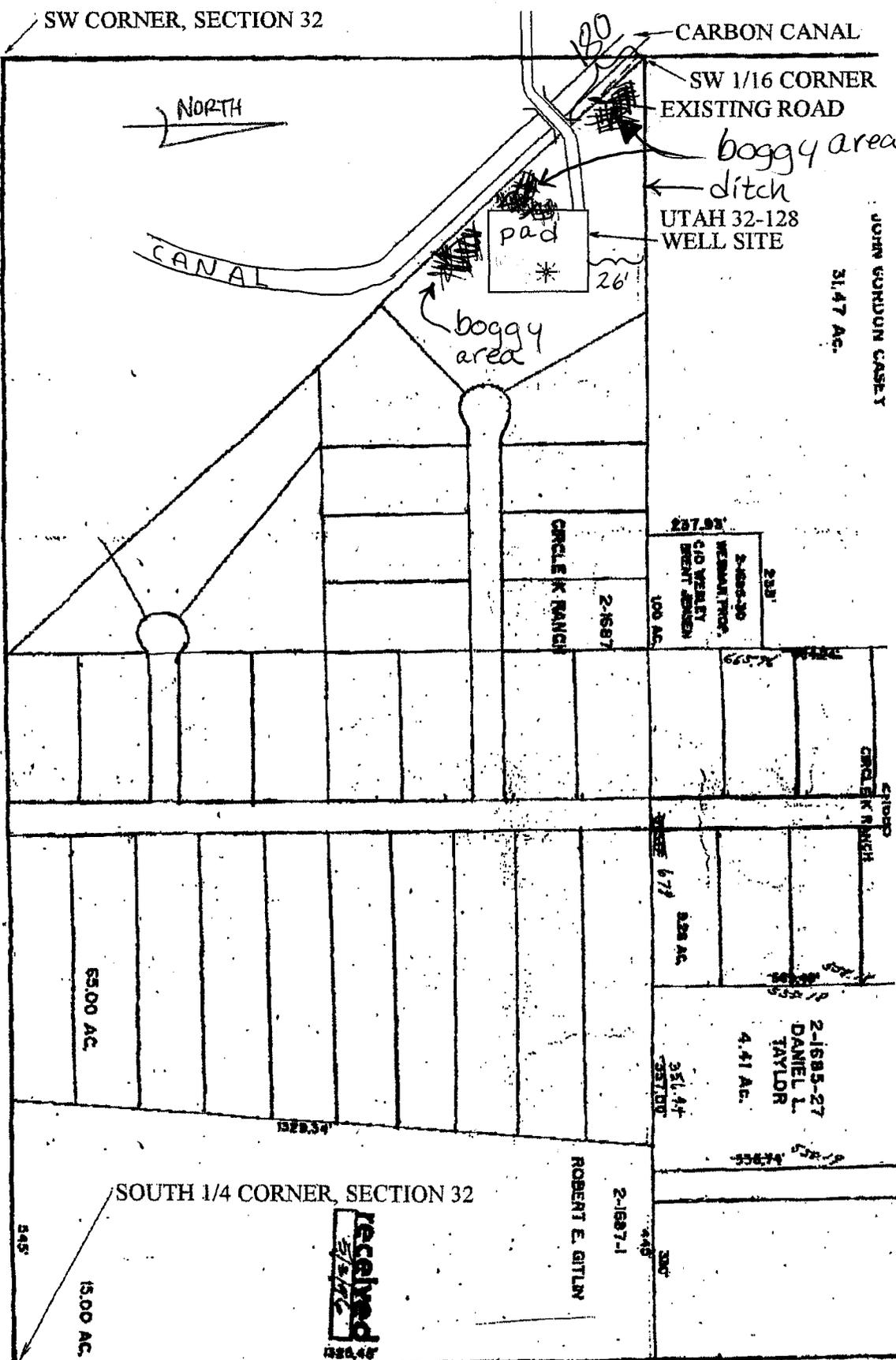
Reviewer: Chris Kierst Date: 6/12/96

Conditions of Approval/Application for Permit to Drill:

- 1) Estimate 8 culverts needed in approach road.
- 2) Berm location and pit.
- 3) Site layout as per modified drilling location plat (FAX'd 4:57PM, 6/14/96-see well file).
- 4) Synthetically lined (12 mil) reserve pit.
- 5) Compliance with local ordinances as well as DOGM requirements.
- 6) Roadway lie over canal as per county plat map fragment (FAX'd 4:57PM, 6/14/96-see well file).



UTAH 32-128
 SW/SW, SECTION 32, T14S,R10E
 RIVER GAS CORPORATION
 LOCATION LAYOUT
 JUNE 14, 1996



CARBON CANAL
 SW 1/16 CORNER
 EXISTING ROAD
 boggy area w/cattails
 ditch
 UTAH 32-128
 WELL SITE

JOHN GORDON CASE 1
 31.47 AC.

CIRCLE K RANCH
 2-1687

2-1685-30
 WESLEY TAYLOR,
 C/O WEALEY
 BRENT JENSEN
 100 AC.

2-1685-679
 2.88 AC.

2-1685-27
 DANIEL L.
 TAYLOR
 4.41 AC.

ROBERT E. GITLIN
 2-1687-1

55.00 AC.

15.00 AC.

Received
 5/5/96

**RIVER GAS CORPORATION**

1300 South 100 East

Price, Utah 84501

Mobile (801)636-5256, Office (801) 637-8876, Fax (801) 637-8924

DATE: June 14, 1996 **Business:** (801)538-5340
TIME: 4:57 pm **Fax:** (801)359-3940

PAGES: 3 (includes cover sheet)

TO: Chris Kierst
FROM: Steven Prince
CC:

Please find attached the location layout and site plats for the Utah 32-128 well as you requested. Please call if you need more information or if you have any questions.

If an incomplete transaction is received, please contact the sender at (801) 637-8876. Thank you.

...IMPORTANT NOTICE...

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING THE MESSAGE TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE. THANK YOU.

ON-SITE PREDRILL EVALUATION

Division of Oil, Gas and Mining

OPERATOR: River Gas Corporation

WELL NAME & NUMBER: Utah 32-128

API NUMBER: 4300730307

LEASE: State ML-38664 FIELD/UNIT: Drunkard's Wash Unit

LOCATION: 1/4, 1/4 SW SW Sec: 32 TWP: 14S RNG: 10E 1150 FSL 460 FWL

LEGAL WELL SITING: - F SEC. LINE; - F 1/4, 1/4 LINE; - F ANOTHER WELL.
(EXCEPTION LOCATION REQUESTED)

GPS COORD (UTM): 514,421; 4,378,763

SURFACE OWNER: Kiahtipes Bros. (Dino & Angelo) as Circle K Ranch

PARTICIPANTS

Chris Kierst-DOGM, Joey Stephenson, Billy Stacey-River Gas, Larry Jensen-Nelco, Dino & Angelo Kiahtipes-Circle K Ranch

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Western margin of Colorado Plateau / Mancos Shale lowlands below the Wasatch Plateau. Gentle slope on eroded Mancos Shale on the northeast side of the Carbon Canal. Small erosional remnants of alluvial deposits (dissected piedmont alluvial plain-?) on the southwest side of the canal. Existing subdivision (Country Hollow) and developing subdivision (South Meadows) northeast of location (within 250'). A Kiahtipes Bros.-proposed subdivision will surround the location.

SURFACE USE PLAN

CURRENT SURFACE USE: Location in cultivated field (occasionally irrigated pasture).

PROPOSED SURFACE DISTURBANCE: 50'X50'X6' pit (totally included within pad perimeter); 215'X175' pad (clipped on southwest corner to avoid cutting into saturated ground at the foot of the levee); 3/8 mile long approach road. The operator is attempting to minimize the pad footprint to accomodate the surface owner's request to make the location as unobtrusive as possible. The pit will be completely within the area of the pad. Some vehicles may be parked on the grassy

pasture during some operations. The approach road will need to cross the canal from the west. The operator has agreed to forgo the cut and fill on a normal location, instead preferring to smooth the location so as to avoid cutting the area near the levee to the otherwise prescribed depth of about 4 to 5 feet.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: Utah 31-79 is 3/8 mile west in adjacent section 31. Utah 6-38 is 1/2 mile southwest in adjacent section 6. Utah 5-94 is 1/3 mile south in adjacent section 5. Utah 5-96 is 1 mile southeast in adjacent section 5. A well also appears in SE SW SW of section 32, southwest of the canal, on the Price 7.5 minute quadrangle map. No file can be found for this well in the Division well records. It is not listed as a water diversion point in the Water Rights Internet database.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Subdivision utilities will come from the east to within 250' of the wellhead. The River Gas approach road will come from the west. Associated utilities and gathering system pipelines will pass below the canal to reach the pad. This will require trenching across the drained canal.

SOURCE OF CONSTRUCTION MATERIAL: native soil; gravel in road

ANCILLARY FACILITIES: none

WASTE MANAGEMENT PLAN:

portable toilets and trash barrels; to be removed to a central dumpster and dumped at the East Carbon disposal facility.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: The location is in an irrigated pasture. The canal seeps near the pad and has created a boggy area beside the canal. There is a dry irrigation ditch 26' north of the pad and Lonetree Wash is 1/4 mile to the southeast and east of the pad.

FLORA/FAUNA: rodents, birds, sheep, reptiles, insects /grass, russian olive, large cottonwoods.

SOIL TYPE AND CHARACTERISTICS: Soil on Mancos Shale parent rock with low permeability. Minor fine sand content.

SURFACE FORMATION & CHARACTERISTICS: Mancos Shale - grey, bentonitic. Wasatch Plateau alluvium on low hills just west of the canal.

EROSION/SEDIMENTATION/STABILITY: Stable ground with no sloughing or slumping. No unstable banks or deep washes on or beside location. Lonetree Wash (1/4 mile southeast) is about 25' deep and exhibits bank instability, probably during flash flooding. Although I could not find any evidence of bank instability along the canal, if it is seeping through the levee, it could theoretically fail and inundate the pad and subdivision.

PALEONTOLOGICAL POTENTIAL: poor

RESERVE PIT

CHARACTERISTICS:None

LINER REQUIREMENTS (Site Ranking Form attached): Requires approved synthetic liner (Level I sensitivity).

SURFACE RESTORATION/RECLAMATION PLAN

Not settled yet.

SURFACE AGREEMENT: No agreement confirmed yet although it was rumored to exist (personal communication w/ Billy Stacey and Steve Prince of River Gas-Price, 6/12/96). A letter from River Gas to the attorney for the Kiahtipes Bros. which documents their attempts to reach surface agreement, has been placed in the well file. S. Prince (6/26/96) said that River Gas will preferentially push for a surface agreement after recent talks with Kiahtipes Bros. However, at the County Commission meeting of that date, the Kiahtipes Bros. testified that they had yet to see the revised surface agreement (personal communication with S. Prince, 6/27/96).

CULTURAL RESOURCES/ARCHAEOLOGY: None observed; no survey done.

OTHER OBSERVATIONS/COMMENTS

No 404 dredge and fill situations evident. A modified pad layout plat and more detailed subdivision area map are included.

ATTACHMENTS:

10-12 photographs taken over two site visits.

Christopher Kierst
DOGM REPRESENTATIVE

6/12/96 / 4:30PM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>20</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>20</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud	15	
Fluid containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	

30 to 50
>50

8
10

10

Presence of Nearby Utility
Conduits

Not Present
Unknown
Present

0
10
15

15

Final Score 70 (level 3 sensitivity)

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/29/96

API NO. ASSIGNED: 43-007-30307

WELL NAME: UTAH 32-128
OPERATOR: RIVER GAS CORPORATION (N1605)

PROPOSED LOCATION:
SWSW 32 - T14S - R10E
SURFACE: 1150-FSL-0460-FWL
BOTTOM: 1150-FSL-0460-FWL
CARBON COUNTY
DRUNKARDS WASH FIELD (048)

LEASE TYPE: STA
LEASE NUMBER: ML - 38664

PROPOSED PRODUCING FORMATION: FRSD

INSPECT LOCATION BY: 05/01/96

TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface	CR	7/2/96

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal[] State[] Fee[]
(Number _____)
 Potash (Y/N)
 Oil shale (Y/N)
 Water permit
(Number _____)
 RDCC Review (Y/N)
(Date: _____)

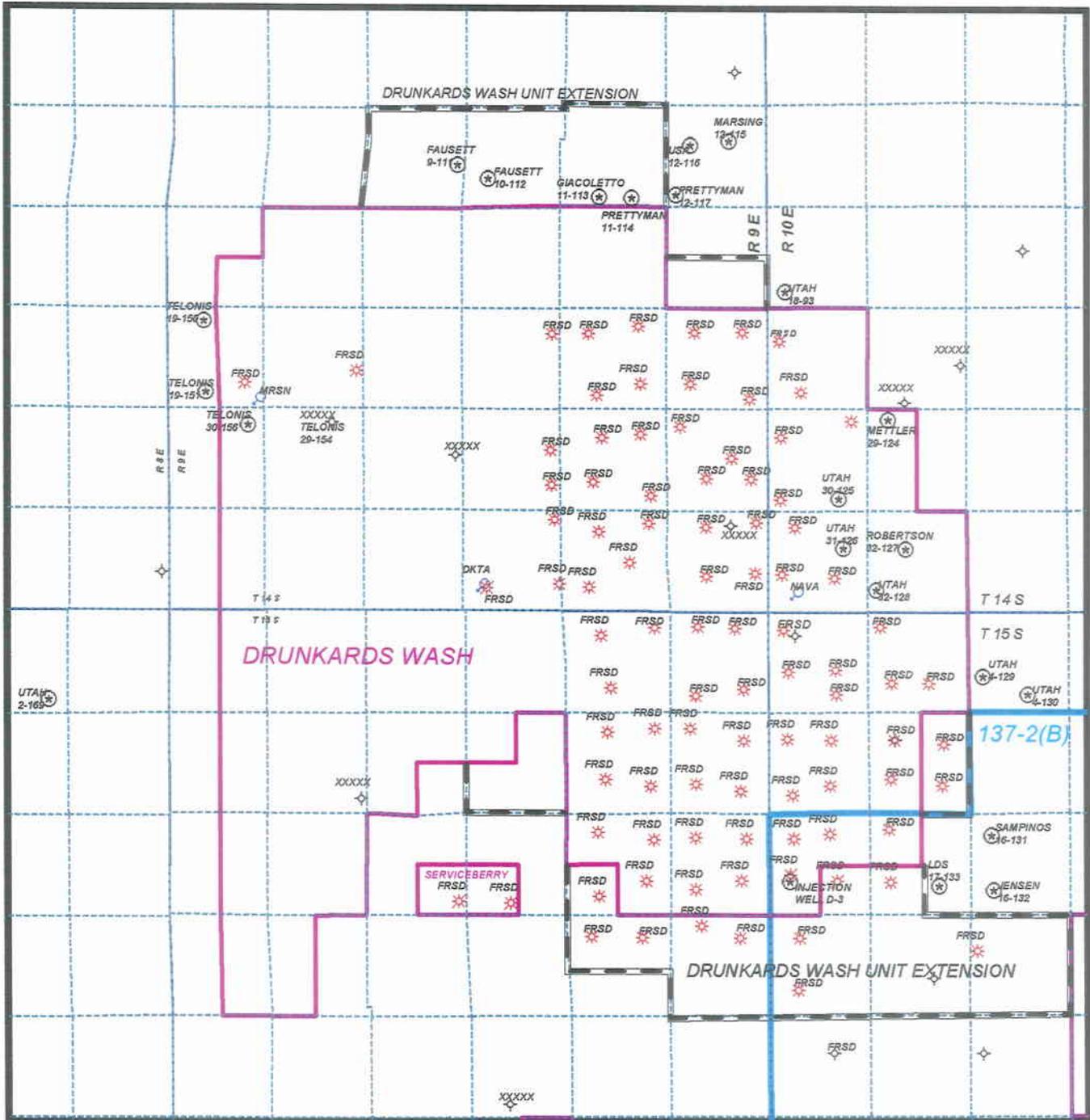
LOCATION AND SITING:

R649-2-3. Unit: *Drunkards Wash*
 R649-3-2. General.
 R649-3-3. Exception.
 Drilling Unit.
Board Cause no: _____
Date: _____

COMMENTS:

STIPULATIONS:

RIVER GAS CORPORATION DEVELOPMENT & EXTENSION DRILLING CARBON COUNTY UAC R649-2-3. R649-3-3, & R649-3-2



PREPARED:
DATE: 20-FEB-96



Utah 32-128 (4300730307) 6/12/96

View NE *CK*



Utah 32-128 4300730307 6/12/96
View NW toward Carbon Canal of



Utah 32-128(4300730307) 6/12/96

View North ~~to west~~ of



Utah 32-128 (4300730307) 6/12/96

View ESE *R*



Utah 32-128 (4300730307) 6/12/96

View N along Carbon Canal *GR*
in area of desired crossing

Canal



Utah 32-128 (4300730307) 6/12/96
View West across Carbon Canal @
crossing point. CK

Red crossing flag marker visible
across canal about 6' to right of
Mr. Farrens



Utah 32-128 (4300730307) 6/12/96

View N along canal near proposed
crossing. GK



Utah 32-128 (4300730307) 6/12/96

View N along Carbon Canal near
proposed crossing. K

Note lush grass from seeps beside
canal - damp ground.



Utah 32-128 (4300730307) 6/12/96

View WSW toward Canal. Note lush
grass from canal seepage. eJK



Utah 32-128 (4300730307) 6/12/96

View from Carbon Canal to lush grass and
saturated ground beside canal. AK





Utah 32-128 (4300730307) CQ
View NW toward ^{Carbon}~~Coal~~ Canal 6/12/96

CARBON COUNTY PLATS

SW 1/4
SECTION 32

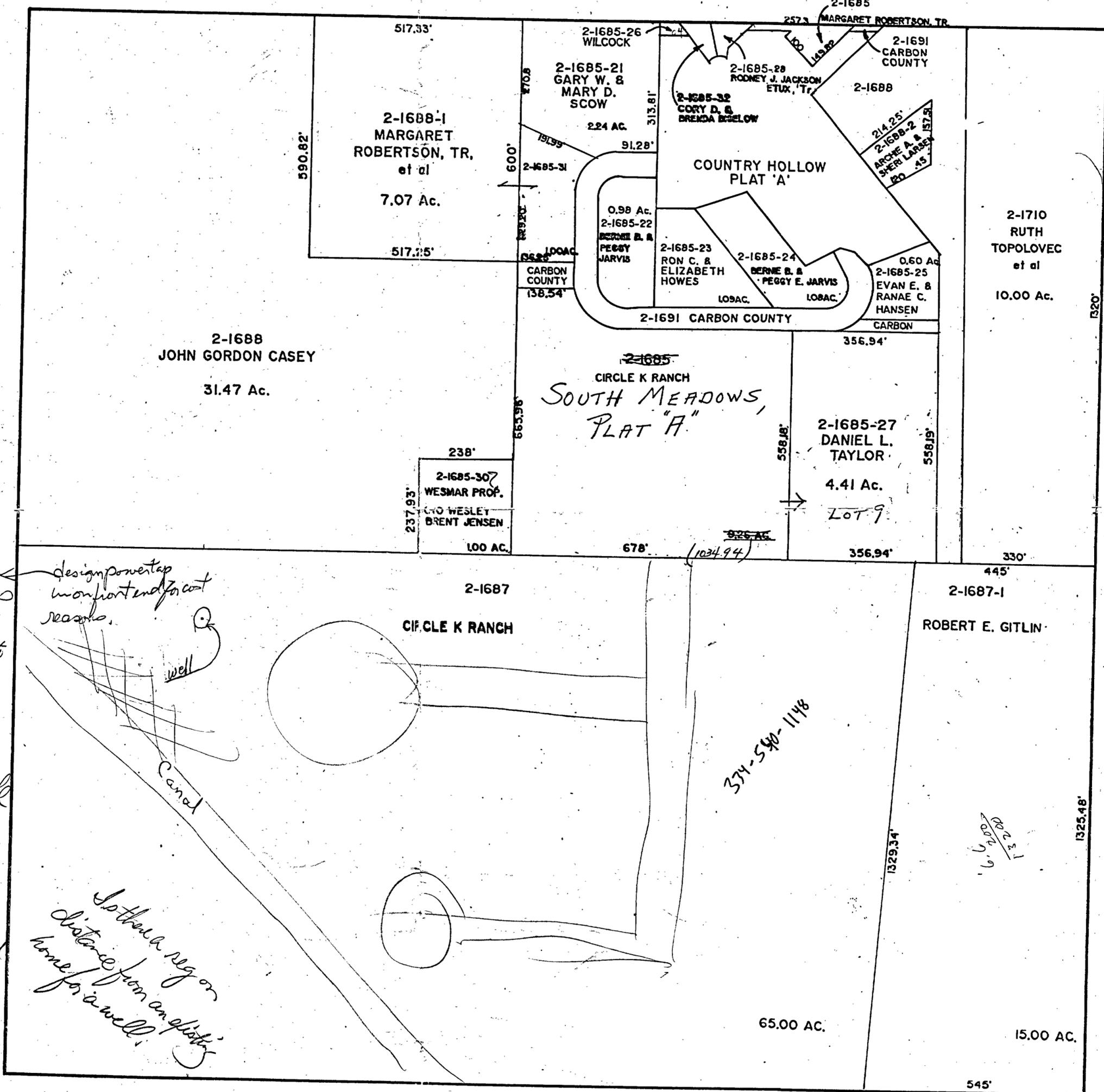
TOWNSHIP

14

SOUTH, RANGE

10

EAST



- 1) Tap into power - they pay hook up
- 2) PJ sizes may need to be varied realistically
- 3) Fencing
- 4) Shrink pad if possible after well drilled
- 5) Will start ^{some} trees once!
- 6) May put in language to allow lot owners w/ w/ canal to have use of bridge over canal so long as they are responsible for damage.

design power tap in front end for cost reasons.

well

Canal

So that a reg on distance from an existing home for a well!

Scale 200 feet - 1 inch

STATE OF UTAH, DIV OF OIL, GAS & MINERALS

Operator: RIVER GAS CORP	Well Name: UTAH 32-128
Project ID: 43-007-30307	Location: SEC. 32 - T14S - R10E

Design Parameters:

Mud weight (9.20 ppg) : 0.478 psi/ft
 Shut in surface pressure : 1665 psi
 Internal gradient (burst) : 0.043 psi/ft
 Annular gradient (burst) : 0.000 psi/ft
 Tensile load is determined using air weight
 Service rating is "Sweet"

Design Factors:

Collapse : 1.125
 Burst : 1.00
 8 Round : 1.80 (J)
 Buttress : 1.60 (J)
 Other : 1.50 (J)
 Body Yield : 1.50 (B)

Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost
1	1,740	5.500	17.00	J-55	ST&C	1,740	4.767
	Collapse Load Strgth (psi) (psi)	S.F.	Burst Load Strgth (psi) (psi)	Min Int Strgth (psi)	Yield S.F.	Tension Load Strgth (kips) (kips)	S.F.
1	832	4910	5.901	1740	5320	3.06	29.58 229 7.74 J

Prepared by : MATTHEWS, Salt Lake City, Utah
 Date : 07-03-1996
 Remarks :

COALBED METHANE

Minimum segment length for the 1,740 foot well is 1,500 feet.

SICP is based on the ideal gas law, a gas gravity of 0.69, and a mean gas temperature of 86°F (Surface 74°F , BHT 98°F & temp. gradient 1.400°/100 ft.)

String type: Production - Frac

The frac gradient of 1.000 psi/ft results in an injection pressure of 1,740 psi.

The mud gradient and bottom hole pressures (for burst) are 0.478 psi/ft and 1,740 psi, respectively.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - collapse (with evacuated casing), 1.0 - (uniaxial) burst, 1.8 - API 8rd tension, 1.6 - buttress tension, 1.5 - body yield tension, and 1.6 - EUE 8rd tension. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.
 Costs for this design are based on a 1987 pricing model. (Version 1.07)



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)

July 8, 1996

River Gas Corporation
511 Energy Center Blvd.
Northport, Alabama 35467

Re: Utah 32-128 Well, 1150' FSL, 460' FWL, SW SW, Sec. 32,
T. 14 S., R. 10 E., Carbon County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30307.

Sincerely,

A handwritten signature in black ink, appearing to read "R. J. Firth".

R. J. Firth
Associate Director

lwp

Enclosures

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



Operator: River Gas Corporation
Well Name & Number: Utah 32-128
API Number: 43-007-30307
Lease: ML-38664
Location: SW SW Sec. 32 T. 14 S. R. 10 E.

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Frank Matthews at (801)538-5334 or Mike Hebertson at (801)538-5333.

3. Reporting Requirements

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

4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis dated July 2, 1996 (copy attached).



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

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

August 6, 1997

Mr. Steven L. Prince
River Gas Corporation
1305 South 100 East
Price, Utah 84501

Re: Utah 32-128 Well, Sec. 32, T. 14S, R. 10E, Carbon County, Utah,
API No. 43-007-30307

Dear Mr. Prince:

Due to excessive time delay in commencing drilling operations, approval to drill the subject well is hereby rescinded, effective immediately.

Please note that a new Application for Permit to Drill must be filed with this office for approval prior to the commencement of any future work on the subject location.

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

Sincerely,

A handwritten signature in black ink that reads "Don Staley".

Don Staley
Administrative Manager
Oil and Gas

cc: J.R. Baza
K.M. Hebertson
Well File



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

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

August 6, 1997

Mr. Steven L. Prince
River Gas Corporation
1305 South 100 East
Price, Utah 84501

Re: Utah 32-128 Well, Sec. 32, T. 14S, R. 10E, Carbon County, Utah,
API No. 43-007-30307

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Sincerely,

A handwritten signature in black ink that reads "Don Staley".

Don Staley
Administrative Manager
Oil and Gas

cc: J.R. Baza
K.M. Hebertson
Well File