

UTAH OIL AND GAS CONSERVATION COMMISSION

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

990311 LA'D eff 3-8-99!

DATE FILED JUNE 15, 1998

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. U-70875 INDIAN

DRILLING APPROVED: JULY 20, 1998

SPUDDED IN

COMPLETED PUT TO PRODUCING

INITIAL PRODUCTION

GRAVITY API

GOR

PRODUCING ZONES

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: LA'D 3-8-99

FIELD: UNDESIGNATED

UNIT:

COUNTY: CARBON

WELL NO. CAPRICORN FEDERAL 1-27 API NO. 43-007-30454

LOCATION 1406 FNL FT FROM (N) (S) LINE. 1828 FWL FT. FROM (E) (W) LINE. SE NW 1/4 - 1/4 SEC. 27

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
15S	9E	27	F L ENERGY CORP.				

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

3. LEASE DESIGNATION AND SERIAL NO.
U 70875

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.
Capricorn Fed. 1-27

10. FIELD AND POOL, OR WILDCAT
wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
T15S, R9E, Sec 27

12. COUNTY OR PARISH | 13. STATE
Carbon | UT

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
F.L. Energy Corp. % Henry Alker

3. ADDRESS OF OPERATOR
155 Montgomery, Suite 504, San Francisco Ca. 94104

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At nearest 1406 FNL 1828 FWL (SENW)
At proposed prod. zone 1970' F.E.L. 1970' F.A.L.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
6 mi So of Price

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 600'

16. NO. OF ACRES IN LEASE

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. 1/4 mi

19. PROPOSED DEPTH
2500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6100'

22. APPROX. DATE WORK WILL START*
June 15, 95

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	24#	120'	Circulate To Surface
7 7/8"	5 1/2"	15.5#	T.D. 2500' EST.	

This well is proposed to test the Ferron ss. a dual Ram 3000psi BOP and rotating head will be used.
The area for the access Road and location is flat and will require only light grading. no cuts or dills are planned

RECEIVED
JUN 15 1998
DIV. OF OIL, GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Jim Hennigway TITLE 801) 829 0670 DATE 5-15-95

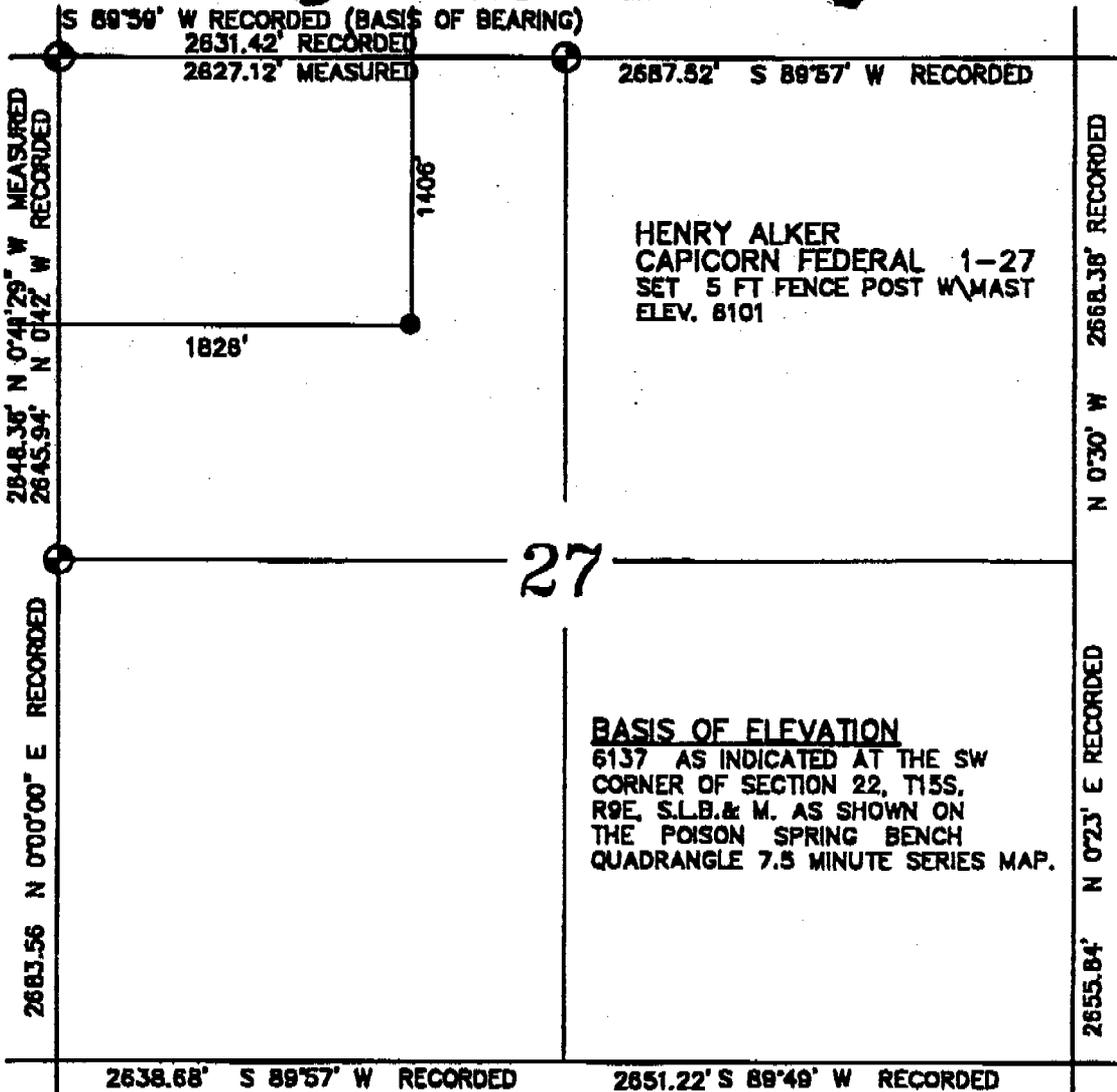
PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY Bradley G Hill TITLE **BRADLEY G. HILL** DATE 7/20/98
CONDITIONS OF APPROVAL, IF ANY: **RECLAMATION SPECIALIST III**

Federal Approval of this Action is Necessary

*See Instructions On Reverse Side

RANGE 9 EAST

TOWNSHIP 15 SOUTH



**HENRY ALKER
CAPICORN FEDERAL 1-27
SET 5 FT FENCE POST W/MAST
ELEV. 8101**

27

BASIS OF ELEVATION

6137 AS INDICATED AT THE SW CORNER OF SECTION 22, T15S, R9E, S.L.B. & M. AS SHOWN ON THE POISON SPRING BENCH QUADRANGLE 7.5 MINUTE SERIES MAP.

LEGEND

- ⊙ FOUND BRASS CAP
- SEARCHED FOR BUT NOT FOUND
- ◻ FOUND ROCK CORNER

BASIS OF BEARING

BASIS OF BEARING S 89°59'00" W MEASURED BETWEEN THE N1/4 CORNER AND THE NW CORNER OF SECTION 27, TOWNSHIP 15 SOUTH, RANGE 9 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 NO. 145858 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 MAY 20, 1998
 EVAN E. HANSEN DATE

revised date 5-20-98

NW1/4 SEC. 27, T 15 S, R 9 E, S.L.B. & M.

Empire Engineering

1665 E. Sagewood Rd. P.O. Box, Utah 84501

**H. ALKER
CAPRICORN FEDERAL 1-27**

Drawn By: RH	Approved By: EEH	Drawing No. EEOG-98-13
Date: 4-24-98	Scale: 1"=1000'	SHEET 1 OF 1

145858 EVAN E. HANSEN 05/20/98

APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS

FORM APPROVED
OMB NO. 1004-0060
Expires: August 31, 1998

FOR AGENCY USE ONLY

NOTE: Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

Application Number

Date filed

6-12-98

3. TELEPHONE (area code)

Applicant

(801) 487-0744

Authorized Agent

(801) 829-0670

Alker (415) 981-0769

① Name and address of applicant (include zip code)
F.L. Energy Corp.
2020 E 3300 S Suite 26
SLC UT 84109

② Name, title, and address of authorized agent if different from item 1 (include zip code)
Jim Hemingway
8200 Old Hwy Rd
Morgan UT 84050

④ As applicant are you? (check one)

- a. Individual
- b. Corporation*
- c. Partnership/Association*
- d. State Government/State Agency
- e. Local Government
- f. Federal Agency

* If checked, complete supplemental page

⑤ Specify what application is for: (check one)

- a. New authorization
- b. Renewing existing authorization No.
- c. Amend existing authorization No.
- d. Assign existing authorization No.
- e. Existing use for which no authorization has been received*
- f. Other*

* If checked, provide details under item 7

⑥ If an individual, or partnership are you a citizen(s) of the United States? Yes No

⑦ Project description (describe in detail): (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specification (length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)

Install a natural gas pipeline for gas sales from well. This will not require any above ground structures other than what's necessary at the well site.
a. 6" Line will be buried (steel-coated) 48" depth to top.
The P.L. will be approx 3 miles long from well to tie in on Questar Line, will be used 20 years all season.
Construction will take approx 8 weeks to buy, recontour & seed.
Trenchers and backhoes will be used to do work.
Disturbed area will be 30'. All on BLM Land

⑧ Attach a map covering area and show location of project proposal - Sec 22, 27, 26, T 15 S, R 9 E

9. State or Loc government approval: Attached Applied for Not required

⑩ Nonreturnable application fee: Attached Not required

11. Does project cross international boundary or affect international waterways? Yes No (If "yes," indicate on map)

⑪ Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.

F.L. Energy / Henry Alker have the financial resources to handle this project.

The project will be supervised by an engineer a capable contractor will be hired to perform work.

at this point the P.L. will be ran from the Capricorn 1-27 well. The 1-22 will be ran at a later date.

13a. Describe other reasonable alternative routes and modes considered.

b. Why were these alternatives not selected?

c. Give explanation as to why it is necessary to cross Federal Lands.

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency. (Specify number, date, code, or name)

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

18. Describe the probable effects that the proposed project will have on (a) populations of fish, plantlife, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 9601 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

None will be used.
Only purpose is to transport NAT. Gas

20. Name all the Department(s)/Agency(ies) where this application is being filed.

BLM Price UT

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

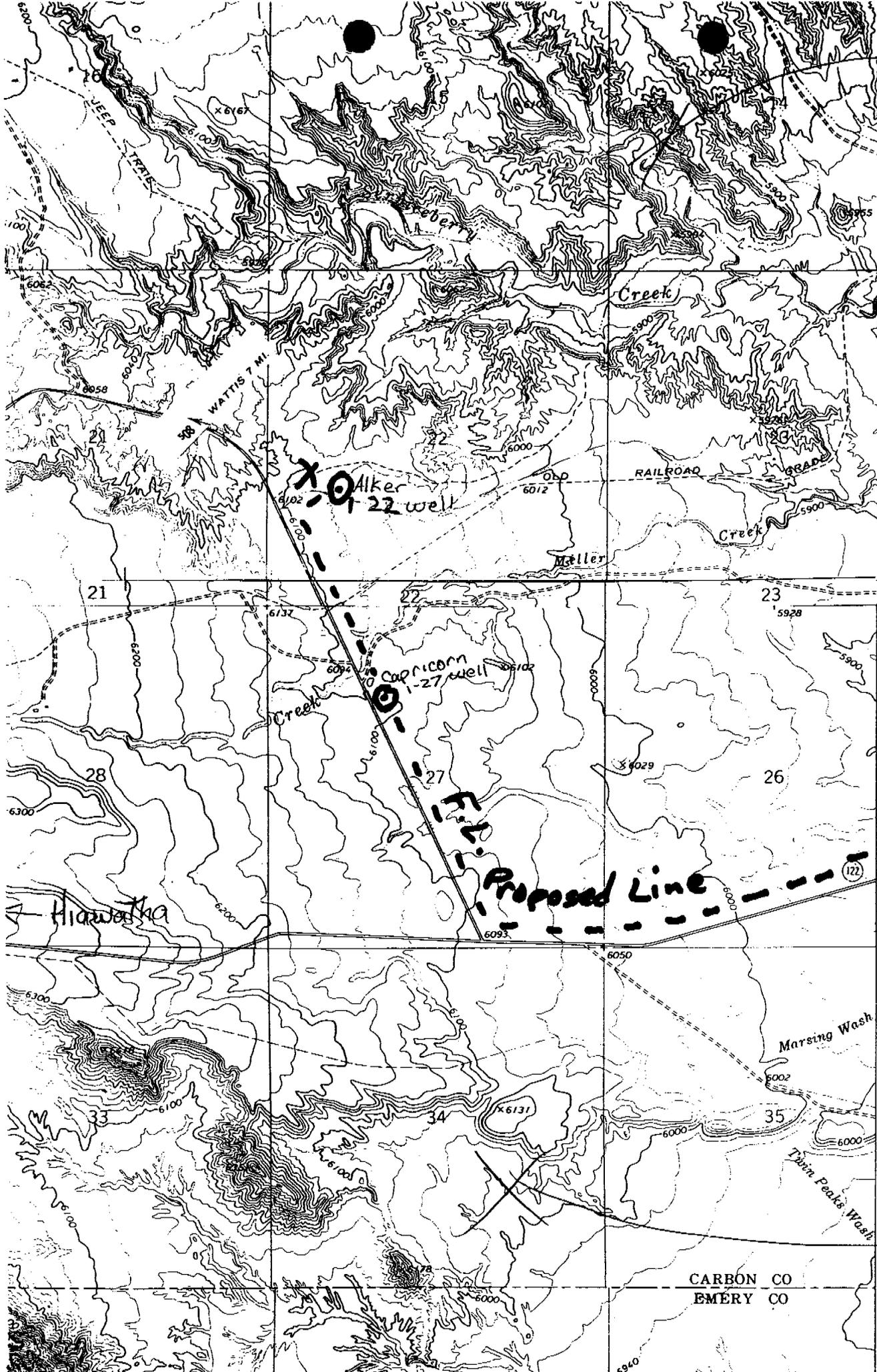
Signature of Applicant

Jim Penney

Date

6-12-98

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.



PINNACLE PEAK, UTAH
 SW 1/4 CASTLE GATE 15' QUADRANGLE
 39110-E8-TF-024

1972
 DMA 3863 III SW-SERIES V897

Overstar Line
 1/2 in
 sec 26
 MAP

Boundrys

1.6 MI. TO UTAH 10
 PRICE 9 MI.
 2nd 1/2 in

Proposed Line

POISON SPRING BENCH QUADRANGLE
 UTAH
 7.5 MINUTE SERIES (TOPOGRAPHIC)
 110° 52' 30"

910
 1:2170 000 FEET

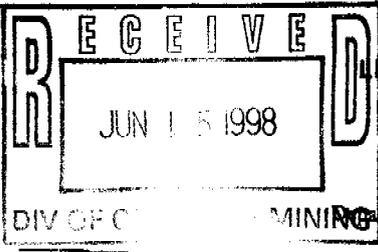
CARBON CO
 EMERY CO

T 15 S
 T 16 S

Form 3000-3
(June 1988)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: August 31, 1989



ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Lease Serial No.
UTU-70875
Lease Effective Date
(Anniversary Date)
January 1, 1993
New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* Henry A. Aiker
Street PO Box 194001
City, State, ZIP Code San Francisco, California 94119

*If more than one assignee, check here and list the name(s) and address(es) of all additional assignees on the reverse of this form or on a separate attached sheet of paper.

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment conveys the following interest:

Land Description Additional space on reverse, if needed. Do not submit documents or agreements other than this form; such documents or agreements shall only be referenced herein.	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
Situated in Carbon County, Utah T. 15 S. - R. 9 E., SLM Section 27: N2 Containing 320.00 acres, more or less.	100%	100%	NONE	3.5% of 8/8ths	NONE

This Assignment is made subject to the Letter Agreement dated August 9, 1993, between the parties hereto, which includes an obligation to reassign the lease to Assignor if no production is established by August 9, 1996.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages = 2

To: LISHA Cordova From: BLM for Mr. Aiker

Dept./Agency: D046M Phone #

Fax # 3593940 Fax # 5394230

NSN 7540-01-317-7368 6099-101 GENERAL SERVICES ADMINISTRATION

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE
UNITED STATES OF AMERICA

This assignment is approved solely for administrative purposes. Approval does not warrant that either party to this assignment holds legal or equitable title to this lease.

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective OCT 1 1993

Assignment approved for land description indicated on reverse of this form.

Robert Pope

Chief, Minerals

needed. ... addresses of additional assignees in Item No. 1, if needed, or for Land Description in Item No. 2, if

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

1. The assignor certifies as owner of an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations. (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in either public domain or acquired lands, do not exceed 200,000 acres in oil and gas options or 246,080 in oil and gas leases in the same State, or 300,000 acres in leases and 200,000 acres in options in each leasing District in Alaska, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920 or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal assignments, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this assignment is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith

Executed this 23rd day of August, 19 93

Name of Assignor as shown on current lease JOHN P. STRANG
Please type or print

Assignor *John P. Strang*
or (Signature)

Attorney-in-fact _____
(Signature)

35 Sutton Place
(Assignor's Address)

New York, NY 10022-2464
(City) (State) (Zip Code)

Executed this 15 day of Sept, 19 93

Assignee *[Signature]*
or (Signature)

Attorney-in-fact _____
(Signature)

Title 18 U.S.C. Sec. 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.

March, 1994

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

Company F.L. Energy Corp Well No. Capricorn Fed. 1:27

Location: Sec. 27, T. 15S, R. 9E, Lease No. U. 70875

On-Site Inspection Date _____

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 is weathered Mancos Shale
Ferron SS 2300'
T.D. To be Aprx 60' below Ferron SS.

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

	<u>Depth/Formation</u>
Expected Oil Zones:	<u>none</u>
Expected Gas Zones:	<u>Ferron SS 2300' (top)</u>
Expected Water Zones:	<u>None other than the Ferron SS members</u>
Expected Mineral Zones:	<u>possibly coal seams</u>

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: schematic attached, 3000 PSI Dual Ram, 1 Blind, 1 Pipe Ram, Hydraulically operated. Tested each shift and anytime questions arise due to equipment changes or adjustments. as stated
~~The top piece of the BOP stack will be a Hydril or equivalent~~
 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):
Surface Casing: 8 5/8" 24 lb/ft New 120'
Prod: 5 1/2" 15 1/2 lb/ft New T.D. EST. 2500'
Both strings will be 8 rd Thread.

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:
Surface Casing: Class H Cement, 2% CaCl, Circulate to Surface. Pipe will be Centralized.
Prod: Class H Cement, 250 sx, Cal CMT Top 500' above Ferron ss. (using 30% excess volume)
Pipe will be Centralized to Cal CMT Top.
 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: Air/Mist with 2% KCl, Blooie Line End will be a minimum of 150' from Rig. Ignitor depends which system cont. utilizes. all equipment will be that prudent to air drilling practices. a small blooie pit will be used
 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: Coring or DST's are not planned
Logging suite will be G.R./DTL, Neutron/Density on Open Hole.
G.R. Sonic & CLL on cased hole.
 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:

H₂S Coas is NOT Expected BHP Calculated at 840 PSI (mid Ferron SS 2300')
No abnormal Temperatures expected

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

Dg is expected to be straight forward based on penetrations of the Ferron SS nearby

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:
6 mi SO of Price, UT.
4 mi SO on Hwy 10 To Hwy 122,
Hwy 122 To Watt's Turn off then 1/2 mi on W.
- 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: none at this stage.
- e. Other: _____

2. Planned Access Roads:

- a. Location (centerline): will be staked for onsite
this road, when constructed, will be lightly
graded at the drilling phase.
- b. Length of new access to be constructed: 1/4 mi. apx.
- c. Length of existing roads to be upgraded: 0
- d. Maximum total disturbed width: 20'
- e. Maximum travel surface width: 16'

- f. Maximum grades: 1%
no major cuts or fills will be required
as the area is relatively flat.
- g. Turnouts: none planned at this stage
- h. Surface materials: manco's shale, native borrow
will be used for construction. Disturbance
for this road will be kept to a minimum at
this stage
- i. Drainage (crowning, ditching, culverts, etc): No Drainage Design
is currently required. No major cuts or fills
will be required.
- j. Cattleguards: none planned
- 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: 0
- l. Other: If the well is productive the road will
be brought to Resource Road Standards (C.L. 3)

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: The Sohio 1-34 (Federal) is 3/4 mi E, N.E.

4. Location of Production Facilities:

- a. On-site facilities: See attached
- b. Off-site facilities: none currently planned
- c. Pipelines: _____

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: Beige Sand

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 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All 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): P.R.W.I.D. Price UT. Hauled by Contractors. The only water expected to be required will be to Cement Casing

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): No additional Construction MTL is expected to be used. The loose weathered shale shall be pushed aside and saved.

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 (shale) or as Directed by BLM and fenced as required.

The reserve pit will be located: See Diagram for Drilling, and the pit walls will be sloped at no greater than 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: one 17 to 20' Trailer and Dog house are planned

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: E. Wallis Hwy.

The blooie line will be located: Terminated at the small blooie pit., 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:

as required by BLM

10. Plans for Restoration of the Surface:

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: one end of the location opposite access Rd

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 _____ and _____, 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:

Recommended by BLM area manager

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: _____

11. Surface and Mineral Ownership: BLM

12. Other Information:

a. Archeological Concerns: None expected - Advise

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: _____

- c. Wildlife Seasonal Restrictions (yes/no): _____

- d. Off Location Geophysical Testing: _____

- e. Drainage crossings that require additional State or Federal approval: _____

- f. Other: _____

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

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 District Office. 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 uneconomical 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 a water analysis, if required, will be submitted to the District Office for approval pursuant 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 plugging and abandonment of the well. 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.

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

Representative:

Name: Jim Hemingway
Title: Field supervisor
Address: 820w Old Hwy Rd
Morgan UT 84050
Phone No.: (801) 829-0670

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 International Drilling
Ray Buckland
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. _____. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.

[Signature]
Signature

[Title]
Title

5-22-95
Date

TABLE 1

NOTIFICATIONS

Notify _____ of the _____ Resource Area, at _____ for the following:

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

1 day prior to spudding;

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

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

If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, notify one of the people listed below.

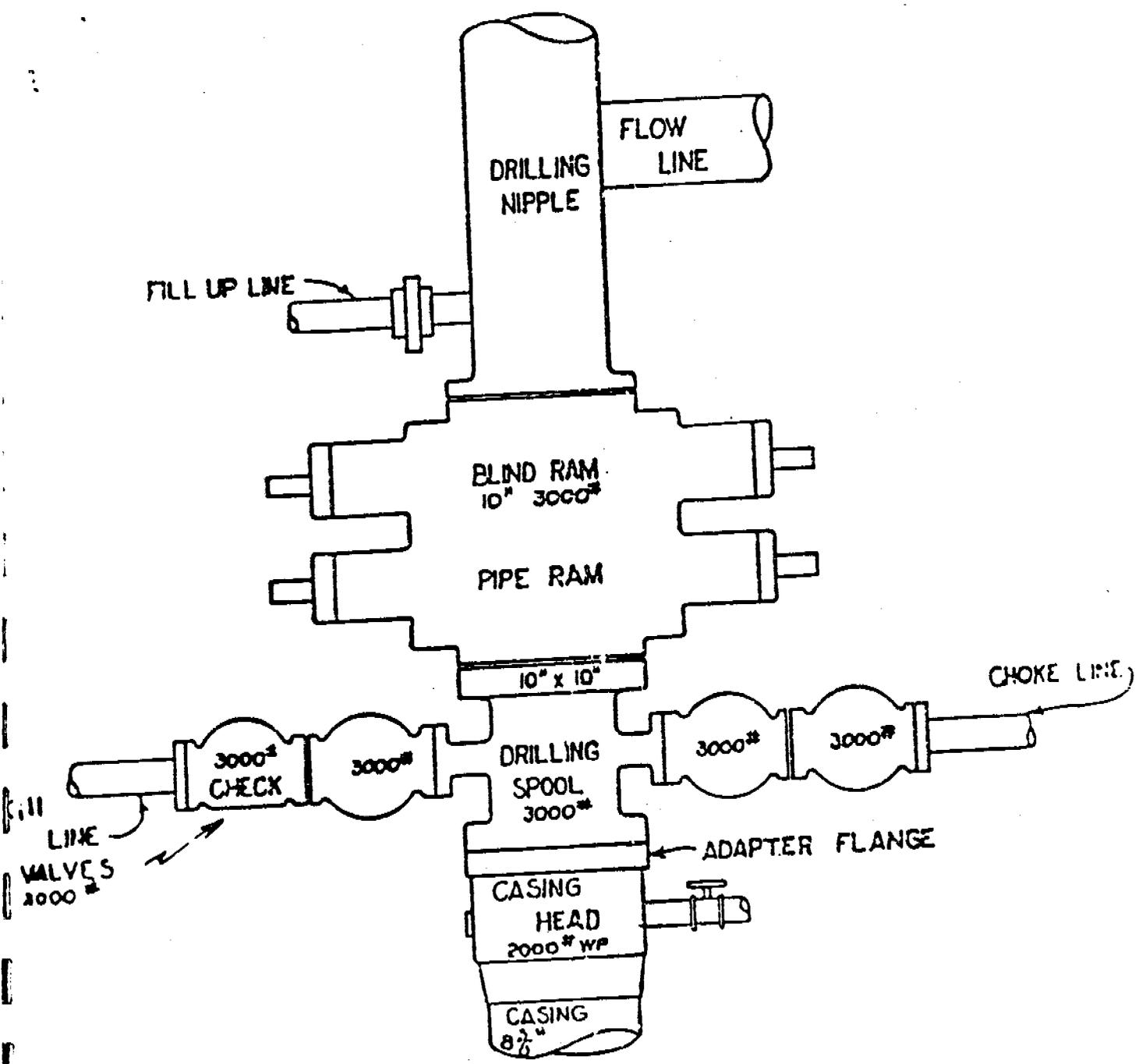
Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: (801) 259-6111

Home: (801) 259-2214

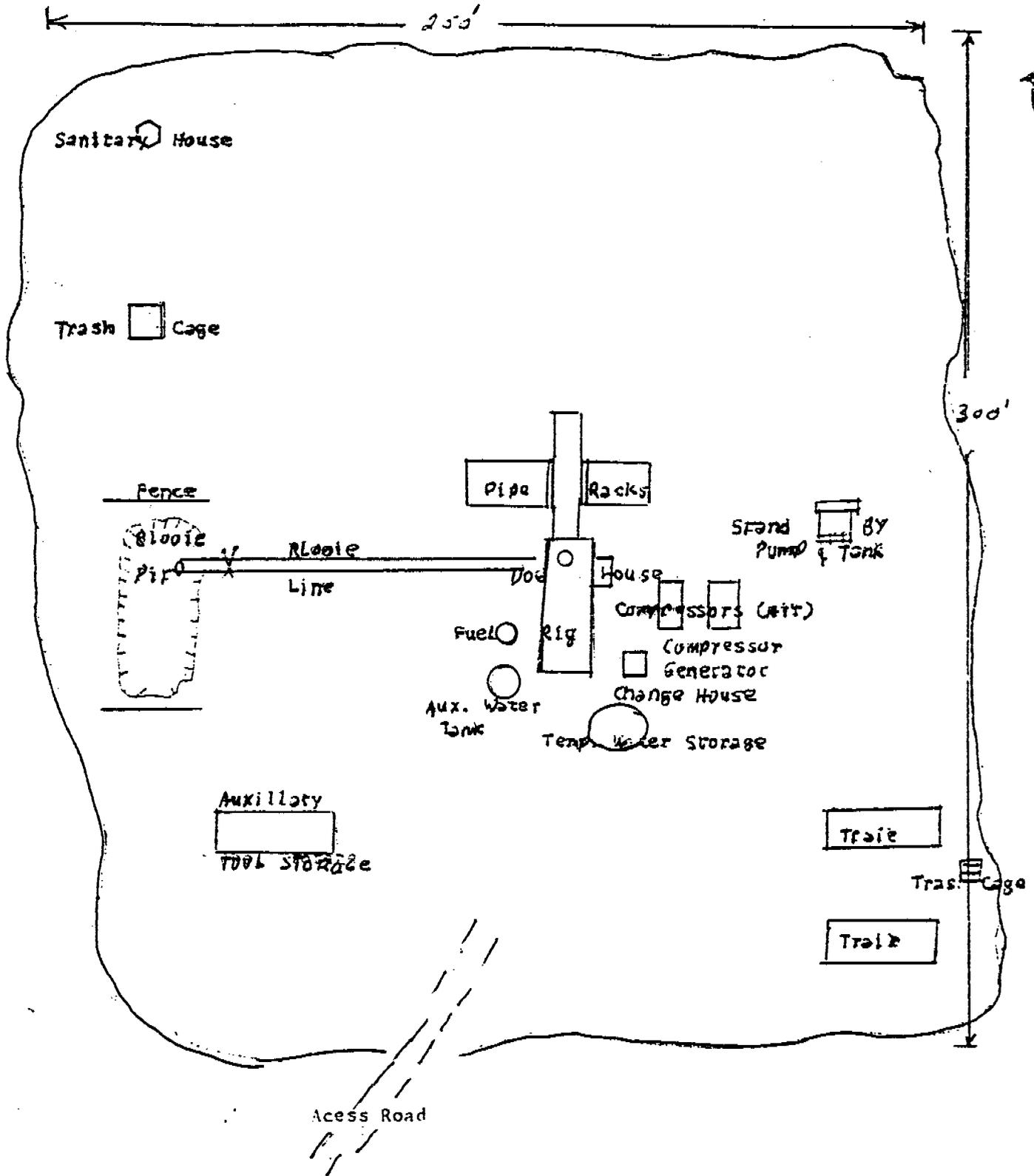
Hydral or equivalent
Rotating head



F-L Energy Corp.
BLOWOUT PREVENTER DIAGRAM

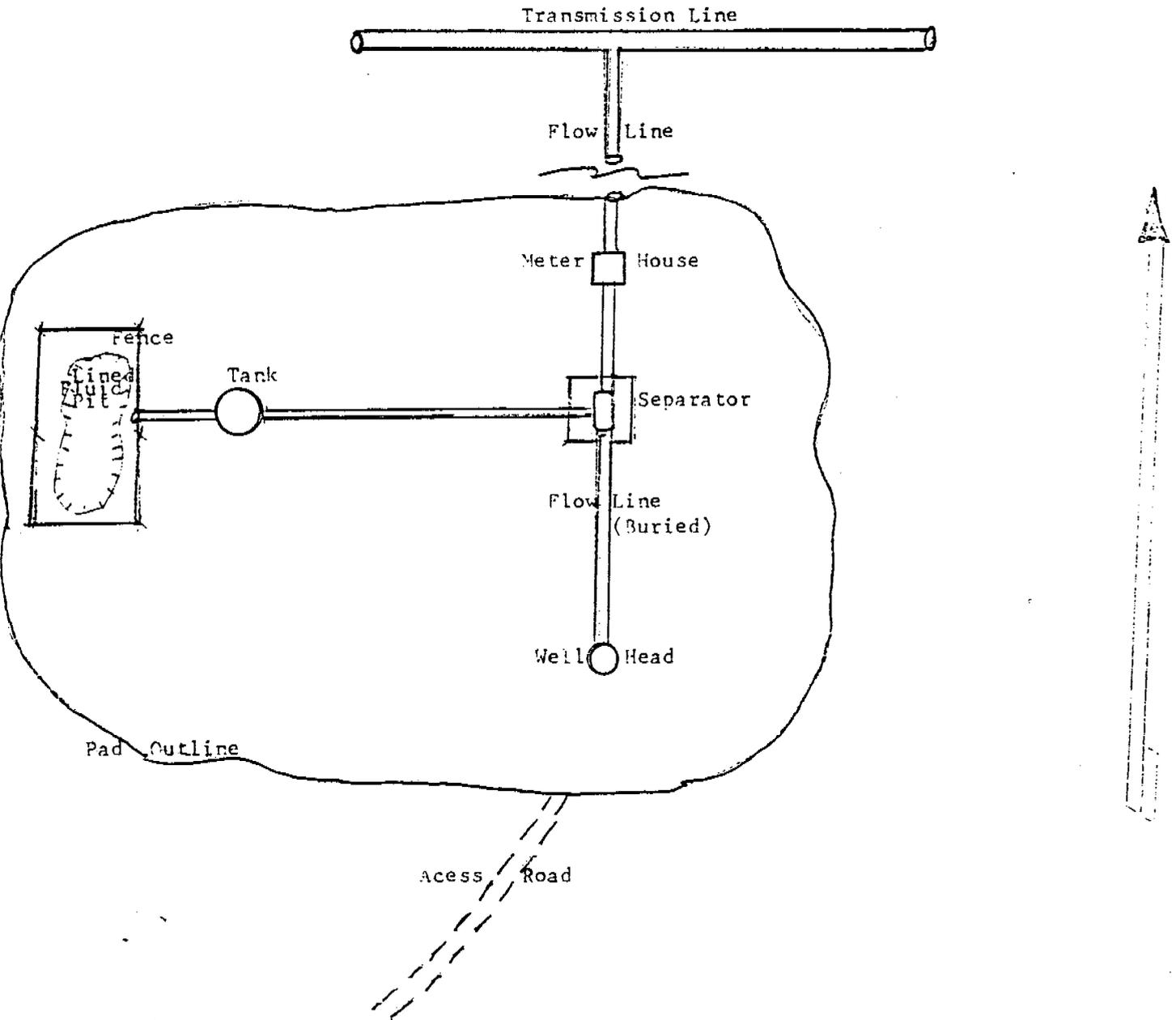
Schematic Diagram

Drilling Rig Layout



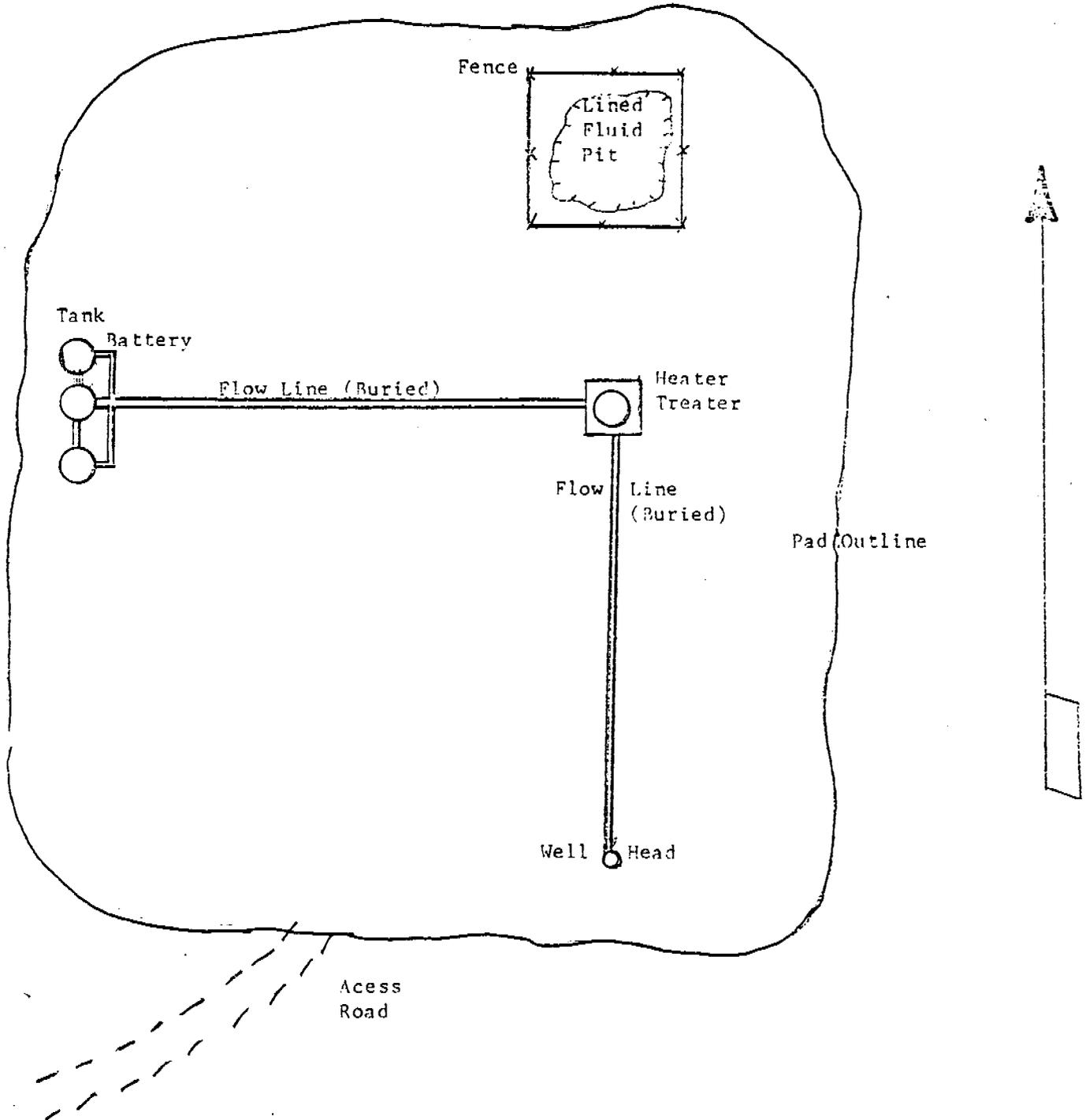
Scale 1" = 50'
(approximate)

F-L ENERGY COMPANY
Production Facilities
Gas



Approximate Scale: 1" = 50'

F-L ENERGY COMPANY
Production Facilities
Oil



Approx. Scale: 1" = 50'

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
F.L. Energy / Henry Alker

3a. Address
2020 E 3300^s Suite 26

3b. Phone No. (include area code)
801 487-0744

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
*66¹ 1828' FWL
 42⁹ 1406 FNL
 Sec 27 T15S R9E*

5. Lease Serial No.
470875

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Capricorn 1-27

9. API Well No.

10. Field and Pool, or Exploratory Area
Ferron

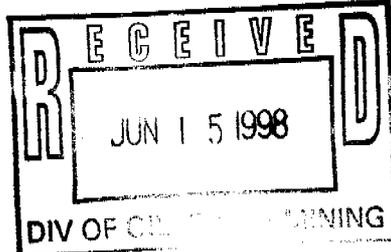
11. County or Parish, State
Carbon

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <i>move well location</i>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

an archaeological feature was found on the previous location. The well was moved to avoid this.



*508395.9
1371183.6*

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

Name (Printed/Typed) *801 829 0670*
Tom Hemingway

Signature *Tom Hemingway*

Title *Agent*

Date *6-2-98*

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice 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.

Office _____

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

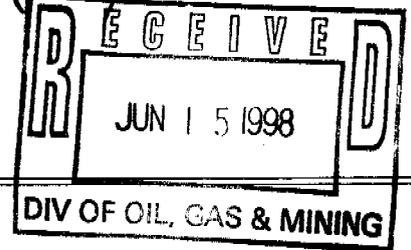
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. <u>U 70875</u>
2. Name of Operator <u>F.L. Energy Corp. / Heneck Alker</u>		6. If Indian, Allottee or Tribe Name
3a. Address <u>2020 E 3300^S Suite 26, SL C UT 84109</u>	3b. Phone No. (include area code) <u>801) 487-0744</u>	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <u>1828' FWL</u> <u>1406' FAL. See 27, T 15S R 9E</u>		8. Well Name and No. <u>Capricorn 1-27</u>
		9. API Well No.
		10. Field and Pool, or Exploratory Area <u>Ferton</u>
		11. County or Parish, State <u>Carbon</u>

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input type="checkbox"/> Other <u>submit ROW & map of P.L. & water</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

- ① ROW Form 299 for Pipeline To Transport Gas.
- ② map of P.L.
- ③ method of handling produced water, initial phase. water will be hauled to EnviroTech, 8 mi no of Duchesne UT. To be disposed of properly



14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) <u>Jim Hemingway</u>	Title <u>agent</u>
Signature <u>Jim Hemingway</u>	Date <u>6-12-98</u>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

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.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/15/98

API NO. ASSIGNED: 43-007-30454

WELL NAME: CAPRICORN 1-27
 OPERATOR: F L ENERGY (N2120)
 CONTACT: Jim Hemmingway (801)829-0670

PROPOSED LOCATION:
 SENW 27 - T15S - R09E
 SURFACE: 1406-FNL-1828-FWL
 BOTTOM: 1406-FNL-1828-FWL
 CARBON COUNTY
 UNDESIGNATED FIELD (002)

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

LEASE TYPE: FED
 LEASE NUMBER: U-70875
 SURFACE OWNER: Federal

PROPOSED FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

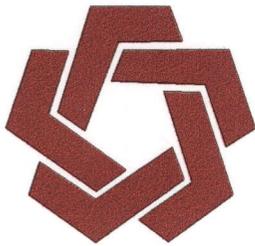
Plat
 Bond: Federal State Fee
 (No. # 051 155 0519 386)
 Potash (Y/N)
 Oil Shale (Y/N) *190-5(B)
 Water Permit
 (No. PRWD / City of Price)
 RDCC Review (Y/N)
 (Date: _____)
 St/Fee Surf Agreement (Y/N)

LOCATION AND SITING:

___ R649-2-3. Unit _____
 ___ R649-3-2. General
 R649-3-3. Exception
 ___ Drilling Unit
 Board Cause No: _____
 Date: _____

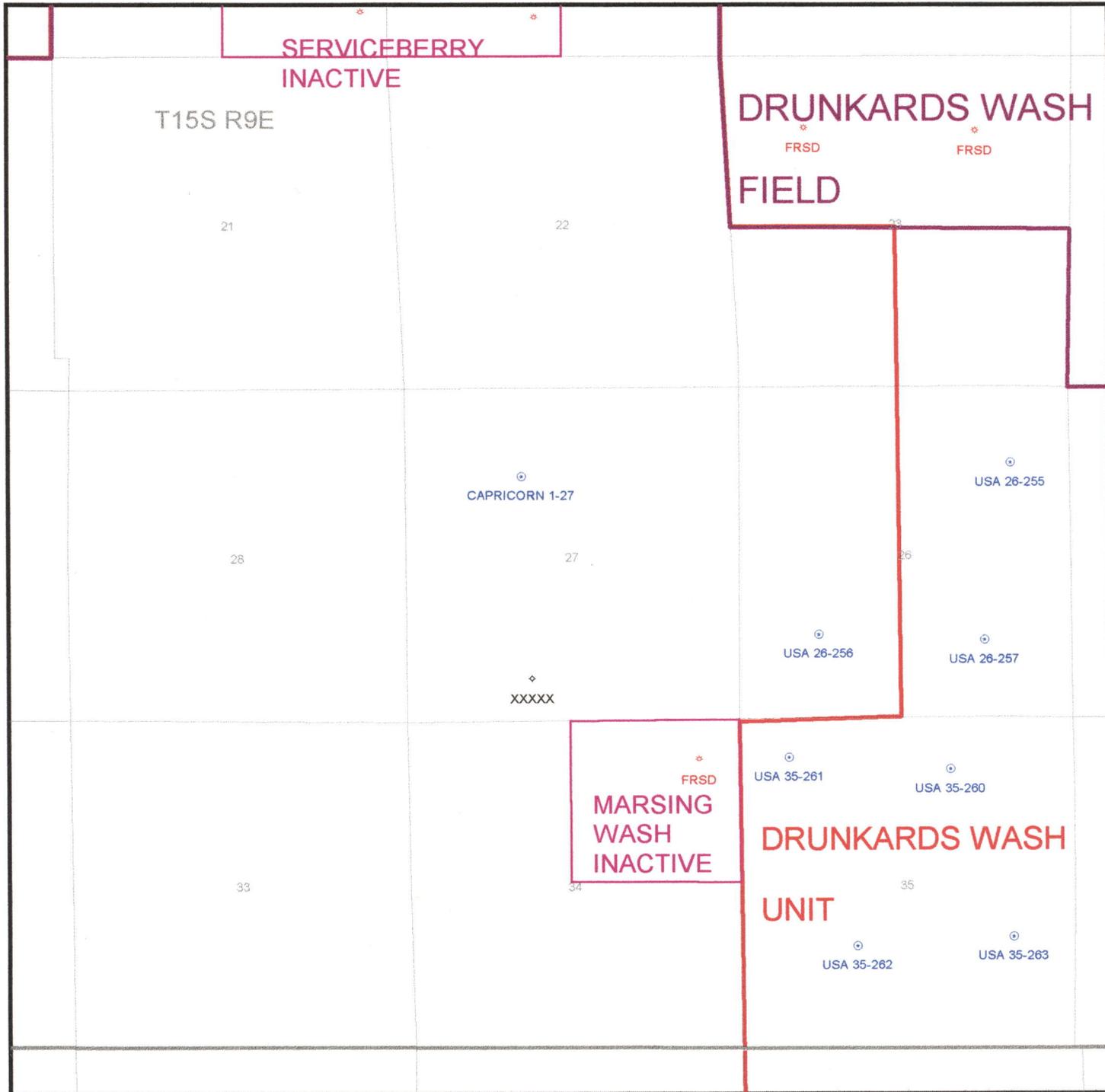
COMMENTS: * Need add'l info. "Except. Loc." (Rec'd 7-13-98)
* Need bond info. (Verified with BLM / moab)

STIPULATIONS: ① FEDERAL APPROVAL



DIVISION OF OIL, GAS & MINING

OPERATOR: F.L. ENERGY HENRY ALKER (N2120)
FIELD: UNDESIGNATED (002)
SEC. 27, TWP 15S, RNG 9E
COUNTY: CARBON UAC: R649-3-3 EXCEPTION SPACING



DATE PREPARED:
16-JUNE-1998

UT. State 036

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

U 70825

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.

Capricorn 1-27

2. Name of Operator

F.L. Energy

9. API Well No.

43-007-30454

3. Address and Telephone No.

2020^e 3300^s suite 200, SLC UT 84109

10. Field and Pool, or Exploratory Area

Feston

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1828' FWL
1406' FNL sec 27 T15S R9E

11. County or Parish, State

Carbon, UT

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

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Location

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

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

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This wellsite was moved to ~~E~~ this location to avoid surface irregularities, and facilitate access. we Request an Exception to the normal well spacing for this well

F.L. Energy / Henry Alker have the whole north 1/2 of Sec 27 under lease. and Sec 22 to the north

RECEIVED
JUL 13 1998
DIV. OF OIL, GAS & MINING

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

Signed Jim Hennigway

Title Agent (801) 829 0670

Date 7-6-98

(This space for Federal or State office use)

Approved by **Accepted by the**
Conditions of approval **Utah Division of**
Oil, Gas and Mining

Title _____ Date _____

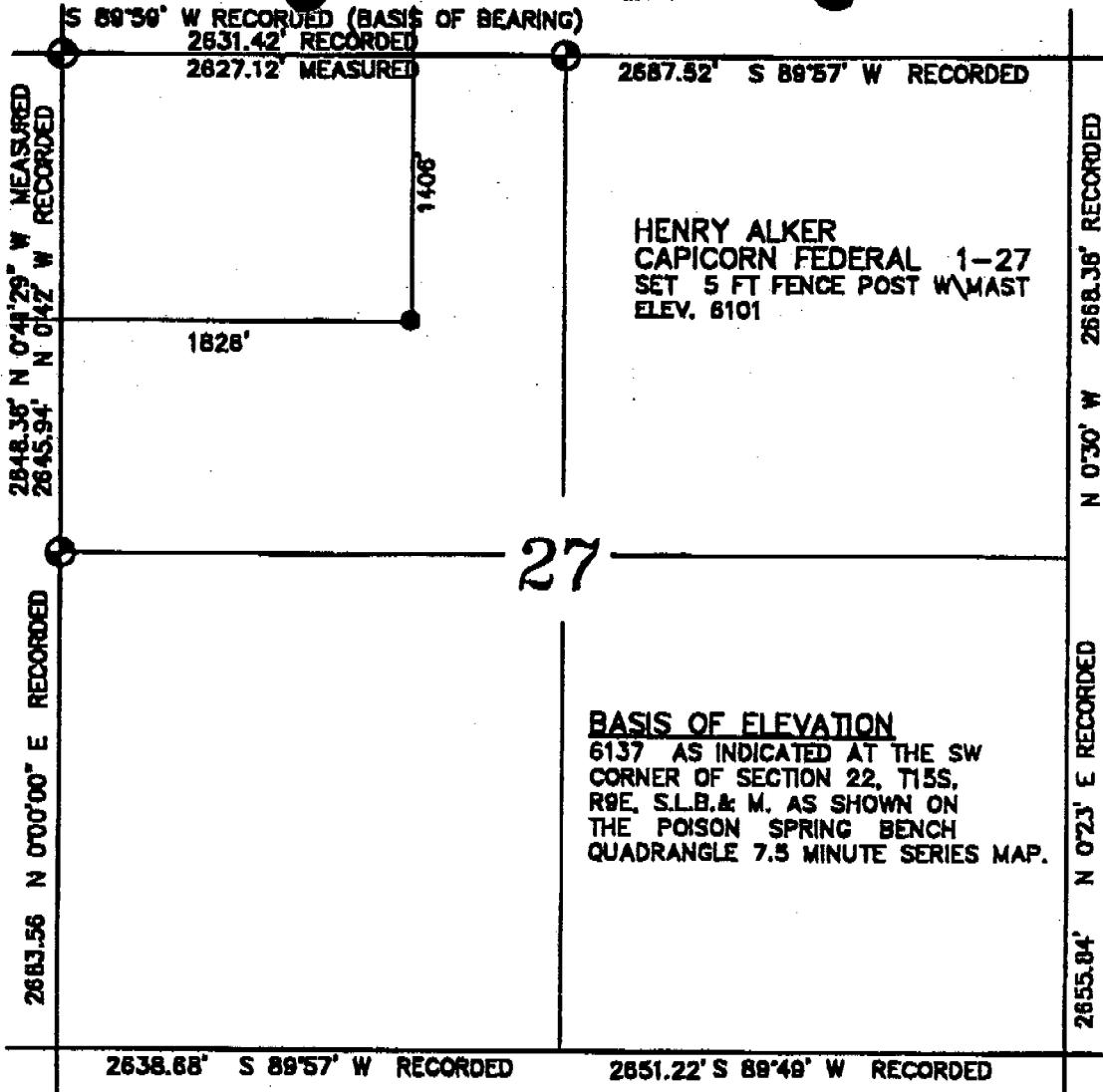
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within the jurisdiction of such department or agency.

FOR RECORD ONLY

*See instruction on Reverse Side

RANGE 9 EAST

TOWNSHIP 15 SOUTH



HENRY ALKER
 CAPICORN FEDERAL 1-27
 SET 5 FT FENCE POST W/MAST
 ELEV. 8101

BASIS OF ELEVATION
 6137 AS INDICATED AT THE SW
 CORNER OF SECTION 22, T15S,
 R9E, S.L.B. & M. AS SHOWN ON
 THE POISON SPRING BENCH
 QUADRANGLE 7.5 MINUTE SERIES MAP.

LEGEND

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

BASIS OF BEARING

BASIS OF BEARING S 89°59'00" W MEASURED
 BETWEEN THE N1/4 CORNER AND THE NW CORNER
 OF SECTION 27, TOWNSHIP 15 SOUTH, RANGE 9
 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 NO. 145858 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 MAY 20, 1998
 EVAN E. HANSEN DATE

revised date 5-20-98

NW1/4 SEC. 27, T 15 S, R 9 E, S.L.B. & M.

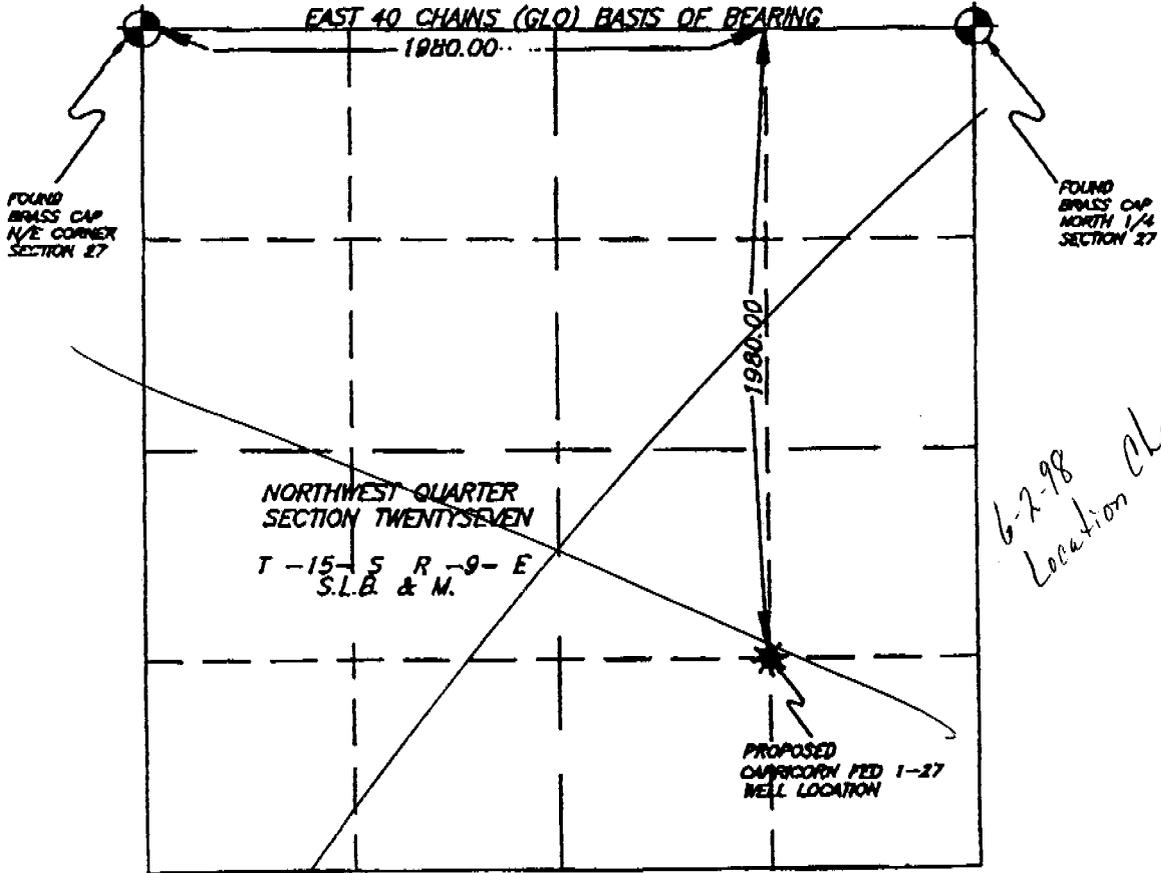
Empire Engineering

1665 E. Sagewood Rd. Provo, Utah 84501

**H. ALKER
 CAPRICORN FEDERAL 1-27**

Drawn By: RH	Approved By: EEH	Drawing No. EEOG-98-13
Date: 4-24-98	Scale: 1"=1000'	SHEET 1 OF 1

HENRY ALKER MINERAL LEASING PREPARED BY: Barker & Associates
155 MONTGOMERY SUITE 504
SAN FRANCISCO CA. 94104
38 West Main Street
Wellington, Utah 84542



6-2-98
Location Change

Location map for CAPRICORN FED. 1-27
SECTION 27, T-15-S R-9-E S.L.B.&M.
(LEASE # 70875)

Surveyor's Certificate

I, Art F. Barker a duly registered Land Surveyor in the state of Utah do hereby certify that the survey represented by this plat is correct to the best of my knowledge and belief.

Art F. Barker
Art F. Barker
Utah Reg. 162812 Date: MAY 13, 1995



PREPARED FOR:
HENRY ALKER MINERAL LEASING
(HENRY ALKER)
155 MONTGOMERY SUITE # 504
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SALT LAKE COUNTY, UTAH



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

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

July 20, 1998

F. L. Energy Corporation
2020 East 3300 South, Suite 26
Salt Lake City, Utah 84109

Re: Capricorn Federal 1-27 Well, 1406' FNL, 1828' FWL, SE NW,
Sec. 27, T. 15 S., R. 9 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 43-007-30454.

Sincerely,

John R. Baza
Associate Director

lwp

Enclosures

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

Operator: F. L. Energy Corporation
Well Name & Number: Capricorn Federal 1-27
API Number: 43-007-30454
Lease: U-70875
Location: SE NW Sec. 27 T. 15 S. R. 9 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 prior to spudding the well. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

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



Fleet Energy, L.L.C.
2450 Fondren, Suite 310
Houston, Texas 77063
Tel: 713.785.5600
Fax: 713.785.5605

February 23, 1999

Mr. Brad Hill
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

DOG M
'LA'
DATE
43-007-30454

Dear Mr. Hill:

Attached is an Application for Permit to Drill (APD) the SITLA #22-27 well in SE/4 NW/4 of section 27 of T15S-R9E in Carbon County, Utah. A Federal APD for this well was previously submitted and approved by your office on July 15, 1998 (copy attached), contingent on final approval by the BLM. This lease was subsequently included in lands covered by the Federal-State of Utah "land swap", and therefore the surface and minerals are now owned by SITLA. Because of the pending land swap, the BLM never actually approved the original APD. Therefore, Fleet Energy requests that the Division of Oil, Gas and Mining rescind its previous approval of the Federal APD and approve the attached State of Utah APD.

The well name for this APD has changed from the "Capricorn Federal #1-27" to the "SITLA #22-27". Also, the lease number has changed from U-70875 to ML-48210.

Fleet Energy, L.L.C. hereby requests prompt approval of the attached APD. Our plans are to start operations on the subject well as soon as practical after lifting of big game winter restrictions on April 15, 1999. Please contact me at (713) 785-5600 ext. 104 if you have any questions regarding this APD.

Sincerely,

Mark Spears
V.P., Production and Operations

cc: D. K. Livingstone