

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED 12-07-89

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. INDIAN 14-20-H62-1803

DRILLING APPROVED: 12-12-89 (CAUSE NO. 139-42)

SPUDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: LA Application Rescinded 9-28-90

FIELD: BLUEBELL

UNIT:

COUNTY: DUCHESNE

WELL NO. UTE 2-26A3 API NO. 43-013-31253

LOCATION 700' FSL FT. FROM (N) (S) LINE, 700' FWL FT. FROM (E) (W) LINE. SWSW 1/4 - 1/4 SEC. 26

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
1S	3W	26	ANR PRODUCTION COMPANY				

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

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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

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

2. NAME OF OPERATOR
 ANR Production Company

3. ADDRESS OF OPERATOR
 P. O. Box 749, Denver, Colorado 80201

4. LOCATION OF WELL (Report location clearly and in accordance with appropriate requirements.)
 At surface
 700' FSL, 700' FWL (SW $\frac{1}{4}$ SW $\frac{1}{4}$) 26-1S-3W
 At proposed prod. zone
 Same As Above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately One (1) Mile East of Bluebell, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 700'

16. NO. OF ACRES IN LEASE
 640.00

17. NO. OF ACRES ASSIGNED TO THIS WELL
 640.00

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 2800'

19. PROPOSED DEPTH
 14,500' Wasatch

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6159' GR

22. APPROX. DATE WORK WILL START*
 December 15, 1989

23. (All New) **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
20 "	16 "	Conductor	0- 40'	30 sx Redi-Mix, Circ. to Surf.
12-1/4"	9-5/8" J-55	36.0#	0- 3,000'	1125 sx Circulated to Surface *
8-3/4"	7 " L-80	26.0#	0- 8,300'	1950 sx Class "G"
8-3/4"	7 " S-95	26.0#	8,300-11,200"	
6-1/2"	5 " S-95	18.0#	10,700-T.D.	400 sx 50/50 Pozmix

* Cement volumes may change due to hole size. Calculate from Caliper log.

EIGHT-POINT RESOURCE PROTECTION PLAN ATTACHED.

I hereby certify that ANR Production Company is authorized by the proper Lease Interest Owners to conduct lease operations associated with this Application for Permit to Drill the Ute #2-26A3, Tribal Lease # 14-20-H62-1803. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by ANR Production Company, Nationwide Bond # CO-0001, who will be responsible for compliance with all the terms and conditions of that portion of the lease associated with this Application.

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 Randy L. Bartley TITLE Operations Manager DATE 11/30/89
 (This space for Federal or State office use)

PERMIT NO. 43-013-31253 APPROVAL DATE _____
 APPROVED BY _____ TITLE _____
 APPROVED BY _____ TITLE _____

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 12-12-89
BY: John R. Bay
WELL SPACING: Case No. 139-42

*See Instructions On Reverse Side

T1S, R3W, U.S.B.&M.

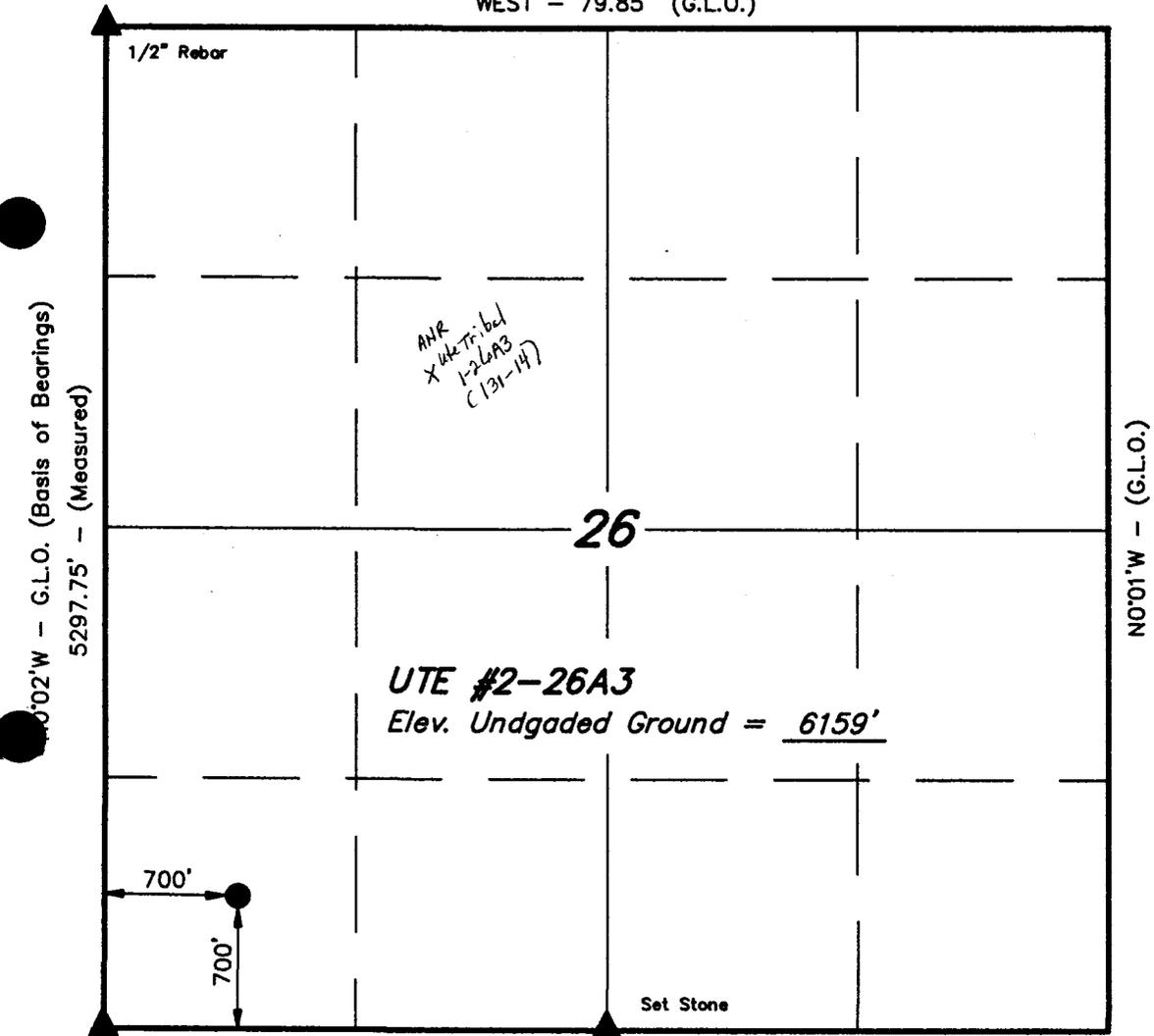
ANR PRODUCTION CO.

Well location UTE #2-26A3, located as shown in the SW 1/4 SW 1/4 of section 26, T1S, R3W, U.S.B.&M. Duchesne County, Utah.

WEST - 79.85 (G.L.O.)

BASIS OF ELEVATION

SPOT ELEVATION AT A ROAD INTERSECTION IN THE SW 1/4 SW 1/4 OF SECTION 26, T1S, R3W, U.S.B.&M. TAKEN FROM THE BLUEBELL QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHICAL MAP). PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR. GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6153 FEET.



N0°01'10\"/>



CERTIFIED TRUE
 REGISTERED LAND SURVEYOR
 No. 5700
 ROBERT L. KAY
 REGISTERED LAND SURVEYOR
 REGISTRATION
 STATE OF UTAH.

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

U.E.L.S. Alum. Cap
 on 5/8" Rebar
 NO. 2454

N89°49'45"E
 2640.80' - (Measured)

N89°59'W - (G.L.O.)

▲ = SECTION CORNERS LOCATED.

UNTAH ENGINEERING & LAND SURVEYING		
P. O. BOX 1758 - 85 SOUTH - 200 EAST		
VERNAL, UTAH - 84078		
SCALE 1" = 1000'	DATE 11-2-89	
PARTY L.D.T. B.M. T.D.H.	REFERENCES G.L.O. PLAT	
WEATHER COOL, CLEAR	FILE ANR PRODUCTION CO.	

ANR PRODUCTION COMPANY
Tribal Lease #14-20-H62-1803, Ute #2-26A3
SW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 26, T1S, R3W
Duchesne County, Utah

Drilling Prognosis

1. Estimated Tops of Important Geologic Markers:

Tertiary (Uinta/Duchesne)	Surface
Lower Green River	10,044'
Wasatch	11,484
Total Depth	14,500'

2. Estimated Depths of Anticipated Water, Oil, Gas or Mineral Formations:

Lower Green River	10,044'	Oil/Gas (Possible)
Wasatch	11,484'	Oil/Gas (Primary Objective)

All fresh water and prospectively valuable mineral deposits encountered during the drilling operation will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment: (Schematic Attached)

A. Type: 11" Double Gate Hydraulic with 11" Annular Preventer (Hydril).

The Blow-Out Preventer will be equipped as follows:

1. One (1) blind ram (above).
2. One (1) pipe ram (below).
3. Drilling spool with two (2) side outlets (choke side 3-inch minimum, kill side 2-inch minimum).
4. 3-inch diameter choke line.
5. Two (2) choke line valves (3-inch minimum).
6. Kill line (2-inch minimum).
7. Two (2) chokes with one (1) remotely controlled from the rig floor.
8. Two (2) kill line valves and a check valve (2-inch minimum).
9. Upper and lower kelly cock valves with handles available.
10. Safety valve(s) & subs to fit all drill string connections in use.
11. Inside BOP or float sub available.
12. Pressure gauge on choke manifold.
13. Fill-up line above the uppermost preventer.

3. Pressure Control Equipment:

B. Pressure Rating: 5,000 psi

C. Testing Procedure:

Annular Preventer (Hydril).

At a minimum, the Annular Preventer will be pressure tested to 50% of the rated working pressure for a period of ten (10) minutes or until provisions of the test are met, whichever is longer.

At a minimum, the above pressure test will be performed:

1. When the annular preventer is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition to the above, the annular preventer will be functionally operated at least weekly.

Blow-Out Preventer.

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by a test plug) or to 70% of the internal yield strength of the surface casing (if the BOP is not isolated from the casing by a test plug). Pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer.

At a minimum, the above pressure test will be performed:

1. When the BOP is initially installed;
2. Whenever any seal subject to test pressure is broken;
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition to the above, the pipe and blind rams will be activated each trip, but not more than once each day.

All BOP drills and tests will be recorded in the IADC driller's log.

3. Pressure Control Equipment:

C. Testing Procedure: Continued

The Vernal District Office, Bureau of Land Management will be notified twenty-four (24) hours in advance (at a minimum) of running pressure tests in order to have a BLM representative on location during testing.

D. Choke Manifold Equipment:

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration.

E. Accumulator:

The accumulator will have sufficient capacity to open the hydraulically-controlled choke line valve (if so equipped), close all rams plus the annular preventer, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps. The fluid reservoir capacity will be double the accumulator capacity and the fluid level will be maintained at the manufacturer's recommendations. The BOP system will have two (2) independent power sources to close the preventers. Nitrogen bottles (3 minimum) will be one (1) of these independent power sources and will maintain a charge equal to the manufacturer's specifications. The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six (6) months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits specified in Onshore Operating Order #2.

F. Miscellaneous Information:

The Blow-Out Preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of Onshore Operating Order Number 2.

The choke manifold and BOP extension rods with hand wheels will be located outside the rig sub-structure.

3. Pressure Control Equipment:

F. Miscellaneous Information: Continued

The hydraulic BOP closing unit will be located at least twenty-five (25) feet from the well head but readily accessible to the driller. Exact locations and configurations of the hydraulic BOP closing unit will depend upon the particular rig contracted to drill this hole.

A flare line will be installed after the choke manifold, extending 100 feet (minimum) from the center of the drill hole to a separate flare pit.

4. The Proposed Casing and Cementing Program: (All New)

A. Casing Program:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Grade</u>	<u>Joint</u>	<u>Depth Set</u>
20 "	16 "	Steel	Conductor		0- 40'
12-1/4"	9-5/8"	36.0#	J-55	ST&C	0- 3,000'
8-3/4"	7 "	26.0#	L-80	LT&C	0- 8,300'
8-3/4"	7 "	26.0#	S-95	LT&C	8,300-11,200'
6-1/2"	5 "	18.0#	S-95	LT&C	10,900-14,500'

Casing String(s) will be pressure tested to 0.22 psi/foot, or 1500 psi (not to exceed 70% of the internal yield strength of the casing), whichever is greater, after cementing and prior to drilling out from under the casing shoe.

On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. The formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at a total depth of the well. This test shall be performed before drilling more than twenty (20) feet of new hole.

B. Cementing Program:

Surface Conductor : Approximately 30 sx Redi-Mix, circulated to surface.

Surface Casing : Lead with approximately 850 sx "Lite" cement (65/35 Pozmix).

4. The Proposed Casing and Cementing Program:

B. Cementing Program: Continued

- Surface Casing : Tail with approximately 275 sx Class "G" cement, circulated to surface with 100% excess.
- Intermediate Casing : Lead with approximately 1620 sx Class "G" Nitrified foam, tail with approximately 330 sc Class "G" cement.
- Production Casing : Approximately 400 sx 50/50 Pozmix with additives.

A greater amount of cement will be used if necessary to ensure that all potentially productive hydrocarbon zones are cemented off. Fill-up to be determined from logs.

All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

The Vernal District Office, Bureau of Land Management will be notified twenty-four (24) hours in advance (at a minimum) of running and cementing casing strings.

5. Mud Program: (Visual Monitoring)

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0- 3,000'	Native Mud	8.2- 8.8	35-50	No Control
3,000- 8,300'	Fresh Water	8.8- 9.4	26-29	No Control
8,300-14,500'	Gel/Polymer	9.4-15.0	35-45	10-12 cc's

Sufficient mud material to maintain mud properties, control lost circulation and contain a blowout will be available at the well site during drilling operations.

6. Evaluation Program:

<u>Logs</u>	:	DIL-SP-GR *	:	14,500' - 8,300'
		FDC-CNL-GR-CAL	:	14,500' - 8,300'
		BHC-Sonic-GR	:	14,500' - 8,300'

* Pull Gamma Ray to surface.

6. Evaluation Program: Continued

DST's : None anticipated.

Cores : None anticipated.

Evaluation Program may change at the discretion of the well-site geologist, with prior approval of the BLM.

Stimulation : No stimulation or frac treatment has been formulated for this test at this time. The drill site, as approved, will be of sufficient size to accommodate all completion activities.

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 Vernal District Office not later than thirty (30) days after the completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two (2) 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. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer, Vernal District Office, Bureau of Land Management, 170 South 500 East, Vernal, Utah 84078, (801) 789-1362.

7. Abnormal Conditions:

No abnormal temperatures or pressures are anticipated. No H₂S gas has been encountered in or known to exist from previous wells drilled to similar depths in this area.

Maximum anticipated bottom hole pressure equals approximately 6743 psi (calculated at 0.465 psi/foot) and maximum anticipated surface pressure equals approximately 3,553 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates and Notification of Operations:

A. Drilling Activity:

Anticipated Commencement Date : December 15, 1989
Drilling Days : Approximately 60 Days

8. Anticipated Starting Dates and Notification of Operations:

A. Drilling Activity: Continued

Completion Days : Approximately 30 days

B. Notification of Operations:

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in suspended status without prior approval of the Authorized Officer. If operations are to be suspended, prior approval of the Authorized Officer will be obtained and notification given before resumption of operations.

The spud date will be orally reported to the Authorized Officer within forty-eight (48) hours after spudding. If the spudding occurs on a weekend or holiday, this report will be called in on the next regular work day following spudding of the well. The oral report will be followed up with a "Sundry Notice" (Form 3160-5).

In accordance with Onshore Operating Order #1, this well will be reported on Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed (in triplicate) directly with the Division of Minerals, Vernal District Office, Bureau of Land Management, 170 South 500 East, Vernal, Utah 84078.

Immediate Report: spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the provisions of NTL-3A or its current revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed for prior approval of the Authorized Officer, and all conditions of this approved plan will be applicable during all operations conducted with the replacement rig.

Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status.

8. Anticipated Starting Dates and Notification of Operations:

B. Notification of Operations: Continued

Such notification will be sent by telegram or other written communication no later than five (5) business days following the date on which the well is placed on production.

Pursuant to NTL-2B, with the approval of the Authorized Officer, produced water may be temporarily disposed of into the reserve pit for a period of up to ninety (90) days. During this period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the Authorized Officer.

Pursuant to NTL-4A, lessees and operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of thirty (30) days or the production of fifty (50) MMCF of gas, whichever occurs first. An application must be filed with the Authorized Officer, and approval received, for any venting/flaring of gas beyond the initial thirty (30) day or otherwise authorized test period.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the Vernal District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

A first production conference will be scheduled within fifteen (15) days after receipt of the first production notice.

No well abandonment operations will be commenced without the prior approval of the Authorized Officer. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Authorized Officer. A "Notice of Intention to Abandon" (Form 3160-5) will be filed with the Authorized Officer within fifteen (15) days following the granting of oral approval to plug and abandon.

8. Anticipated Starting Dates and Notification of Operations:

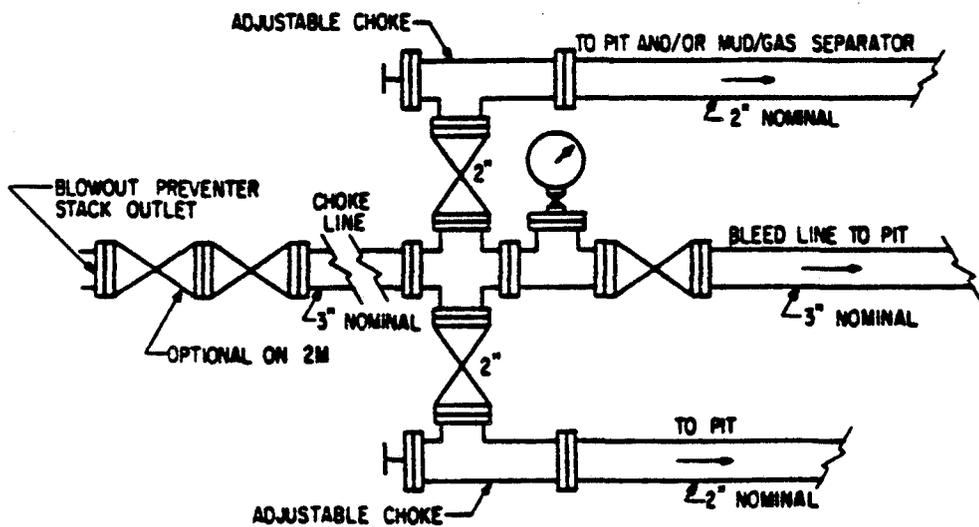
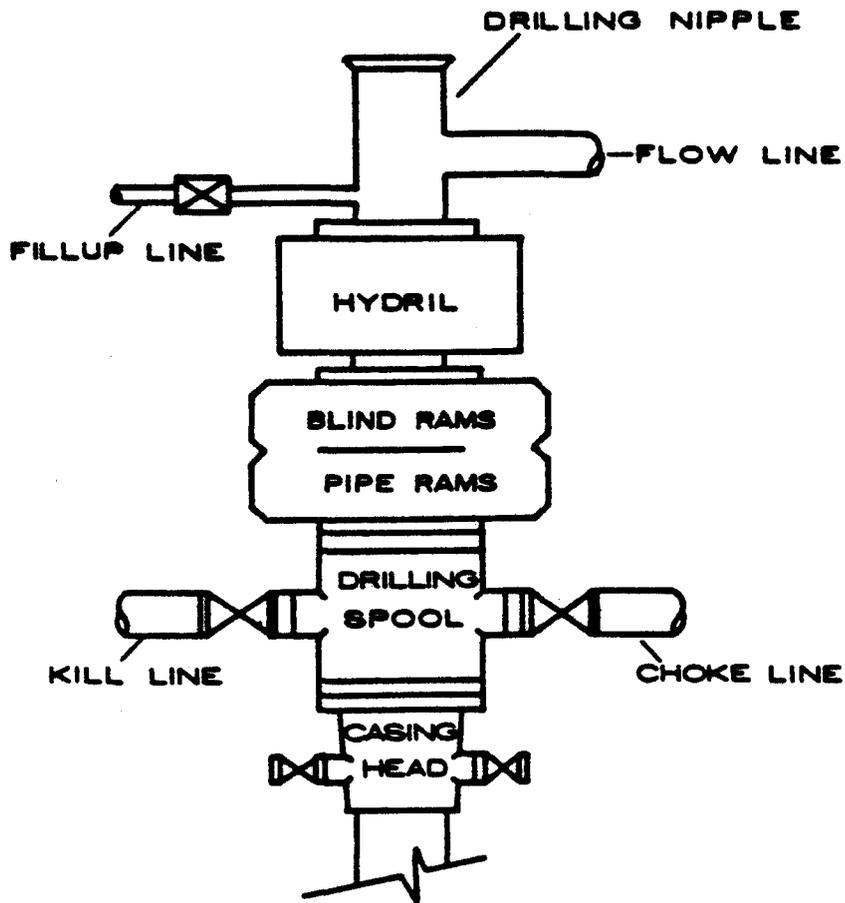
B. Notification of Operations: Continued

Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch: "Fed" or "Ind", as applicable; Company Name, Well Name and Number, Location by Quarter/Quarter, Section, Township, Range, and Federal or Indian Lease Number.

A "Subsequent Report of Abandonment" (Form 3160-5) will be submitted within thirty (30) days following the actual plugging of the well bore. This report will indicate where plugs were placed and the current status of surface restoration operations. If surface restoration has not been completed at that time, a follow-up report on Form 3160-5 will be filed when all surface restoration work has been completed and the location is considered ready for final inspection. Final abandonment will not be approved until the surface reclamation work required by the approved Application for Permit to Drill has been completed to the satisfaction of the Authorized Officer or his representative, or the appropriate Surface Management Agency.

Pursuant to Onshore Operating Order Number 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal and Indian lands.

BOP STACK



ANR PRODUCTION COMPANY
Tribal Lease #14-20-H62-1803, Ute #2-26A3
SW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 26, T1S, R3W
Duchesne County, Utah

Multi-Point Surface Use and Operations Plan

1. Existing Roads: Refer to Map "A" (shown in ORANGE)
 - A. The proposed well site is staked and four 200-foot reference stakes are present.
 - B. To reach the location from the community of Bluebell, Utah; proceed east approximately 1.1 miles on Utah Highway 199, thence north approximately 0.1 miles on an existing county road (crowned & ditched with a gravel surface), thence northeast approximately 30 feet to the proposed Ute #2-26A3 well location.
 - C. Access Roads - refer to Maps "A" and "B".
 - D. Access roads within a one-mile radius - refer to Map "B".
 - E. The existing gravel roads will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of the well location.

2. Planned Access Roads: Refer to Map "B" (Shown in GREEN)

Approximately 30 feet of new road construction will be required for access to the proposed Ute #2-26A3 well location.

- A. Width - maximum 30-foot right-of-way with 18-foot running surface, crowned & ditched. Access road construction will conform to standards outlined in the 1978 USGS/BLM/USFS publication: Surface Operating Standards for Oil & Gas Exploration and Development.
- B. Maximum grade - 1%.
- C. Turnouts - none.
- D. Drainage design - the access road will be upgraded and maintained as necessary to prevent soil erosion and accommodate year-round traffic. Road will be crowned, ditched and water turnouts installed as necessary to provide for proper drainage along the access route.
- E. Culverts, cuts and fills - no culverts will be required along the proposed access route. There are no major cuts and/or fills along the proposed access route.
- F. Surfacing material - none required for drilling operations. If production is established, surfacing materials for the access road will be purchased from a local contractor having a permitted source of materials in the area, if required by the Authorized Officer.

2. Planned Access Roads: Continued

- G. Gates, cattleguards or fence cuts - none required.
- H. The proposed access road route has been flagged.

3. Location of Existing Wells Within a One-Mile Radius:

- A. Water wells - SE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 27, T1S, R3W.
SW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 27, T1S, R3W.
NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 34, T1S, R3W.
NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 34, T1S, R3W.
- B. Abandoned wells - none known.
- C. Temporarily abandoned wells - none.
- D. Disposal wells - none known.
- E. Drilling wells - none.
- F. Producing wells - SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 26, T1S, R3W.
NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 27, T1S, R3W.
NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 27, T1S, R3W.
NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 34, T1S, R3W.
NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 34, T1S, R3W.
NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 35, T1S, R3W.
- G. Shut-in wells - none known.
- H. Injection wells - none.
- I. Monitoring wells - none.

4. Location of Existing and/or Proposed Facilities Owned by ANR Production Company Within a One-Mile Radius:

A. Existing.

- 1. Tank batteries - SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 26, T1S, R3W.
NE $\frac{1}{4}$ NE $\frac{1}{4}$, Section 27, T1S, R3W.
NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 27, T1S, R3W.
NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 34, T1S, R3W.
NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 35, T1S, R3W.
- 2. Production facilities - same as Item #4A1, above.
- 3. Oil gathering lines - same as Item #4A1, above.
- 4. Gas gathering lines - same as Item #4A1, above.

B. New Facilities Contemplated.

- 1. All production facilities will be located on the disturbed portion of the well pad and at a minimum of twenty (20) feet from the toe of the backslope or top of the fill slope.

4. Location of Existing and/or Proposed Facilities Owned by ANR Production Company Within a One-Mile Radius:

B. New Facilities Contemplated. Continued

2. Should drilling result in the establishment of commercial production from the Ute #2-26A3 well location, the subsequent production facilities will require an area approximately 400' X 200'. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via "Sundry Notice" (Form 3160-5) for approval prior to commencement of installation operations.
 3. Production facilities will be accommodated on the well pad. Construction materials needed for installation of the production facilities will be obtained from the site; any additional materials needed will be purchased from a local supplier. A dike will be constructed completely around the production facilities (i.e., production tanks, produced water tanks and/or heater/treater). The dikes will be constructed of compacted subsoil, be impervious, hold 1.5 times the capacity of the largest tank, and be independent of the back cut.
 4. All permanent (on-site for six months or longer) above-the-ground structures constructed or installed (including pumping units) will be painted Carlsbad Canyon (Munsell standard color #2.5YR 6/2). All production facilities will be painted within six (6) months of installation. Facilities required to comply with Occupational Health and Safety Act Rules and Regulations will be excluded from this painting requirement.
- C. The production pit will be fenced with woven wire mesh topped with two (2) strands of barbed wire held in place by side posts and corner "H" braces in order to protect livestock and wildlife. The fence will be constructed as prescribed in the 1978 USGS/BLM/USFS publication: Surface Operating Standards for Oil & Gas Exploration and Development.
- D. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road and any additional areas specified in the approved Application for Permit to Drill.

4. Location of Existing and/or Proposed Facilities Owned by ANR Production Company Within a One-Mile Radius: Continued

E. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as recommended by the Bureau of Indian Affairs (Refer to Item #10A5 for the appropriate seed mixture and rate of application).

5. Location and Type of Water Supply:

A. Fresh water for spudding will be obtained from a reservoir owned by George E. Fisher, Jr. and located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 7, T1S, R3W. Water will be diverted from this reservoir under water right #43-3273, held by Target Trucking of Vernal, Utah.

B. Water will be trucked over existing roads from the point of diversion to the proposed Ute #2-26A3 well location. No new construction will be required on/along the proposed water haul route. Access roads which cross off-lease Tribal lands on/along the proposed water haul route will be authorized under a separate Right-of-Way Grant/Special Use Permit to be obtained by Target Trucking from the Uintah and Ouray Ute Indian Tribes and/or the Bureau of Indian Affairs prior to commencement of operations.

C. No water well will be drilled on this location.

6. Source of Construction Materials:

A. Any construction materials needed for surfacing of the well pad will be obtained from a local contractor having a private source of materials in the immediate area. Refer to Item #2F regarding any construction materials which may be required on the access road.

B. No construction materials will be taken from Federal and/or Indian lands without prior approval from the appropriate Surface Management Agency.

C. If production is established, any additional construction materials needed for surfacing the access road and installation of production facilities will be purchased from a local supplier having a private source of materials in the area.

D. No new access roads for construction materials will be required.

7. Methods of Handling Waste Materials:

- A. Cuttings - the cuttings will be deposited in the reserve pit.
- B. Drilling fluids - including salts and chemicals will be contained in the reserve pit. The contents of the reserve pit will be removed and disposed of at an approved waste disposal facility no later than ninety (90) days from termination of drilling and completion operations. The reserve pit will be designed to prevent the collection of surface runoff and will be constructed with a minimum of one-half (1/2) the total depth below the original ground level at the lowest point within the pit.
- C. Produced fluids - hydrocarbons produced during completion operations will be placed in test tanks on the location. Produced waste water will be confined to a lined pit (reserve pit) or storage tank for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officer's approval. Failure to file an application within the time frame allowed will be considered an incidence of noncompliance. Any spills of oil, gas, salt water or other potentially hazardous fluids will be immediately cleaned up and removed to an approved waste disposal site.
- D. Sewage - portable, self-contained chemical toilets will be provided by Rocket Sanitation for human waste disposal. The toilet holding tanks will be pumped as necessary during the course of drilling and completion operations, and the contents disposed of in an approved sewage disposal facility.
- E. Garbage and other waste material - all garbage and inflammable wastes will be contained in a portable trash container on location and disposed of at the nearest, approved sanitary landfill upon completion of drilling operations. No trash will be burned on location or placed in the reserve pit.
- F. After the rig moves out, all materials will be cleaned up and no potentially adverse materials will be left on the well location. Any open pits will be fenced during drilling operations and the fencing maintained until such time as the pits have been backfilled.

7. Methods of Handling Waste Materials: Continued

G. The reserve and/or production pit will be constructed on the existing location and will not be located in natural drainages where a flood hazard exists or surface runoff will destroy or damage the pit walls. All pits will be constructed so as not to leak, break, or allow the discharge of liquids therefrom.

8. Ancillary Facilities:

No camp facilities or airstrips will be required in conjunction with the proposed Ute #2-16A3 well location.

9. Wellsite Layout:

- A. Figure #1 shows the drill site layout as staked. Cross sections have been drafted to visualize the planned fills across the location (Refer to Figure #1).
- B. Figure #1 is a diagram showing the rig layout. No permanent living facilities are planned. There will be approximately three (3) trailers on location; one each for the mud logger, geologist and toolpusher.
- C. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) for approval prior to the commencement of installation operations (Refer to Item #4B for additional information in this regard).
- D. The reserve pit will be lined with a ten (10) mil plastic liner, bedded with a sufficient amount of straw to cover the rocks and prevent puncture and leakage once the pit has been filled with fluids. A flare pit will be constructed on location, south of and separate from the reserve pit, and at a minimum of thirty (30) feet from the reserve pit fence and one hundred (100) feet from the rig substructure.
- E. Prior to commencement of drilling operations, the reserve pit will be fenced "Sheep Tight" on three sides according to the following minimum standards:
 - a. 39 inch net wire shall be used with at least one (1) strand of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

9. Wellsite Layout:

- E. Prior to commencement of drilling operations, the reserve pit will be fenced "Sheep Tight" on three sides according to the following minimum standards: Continued
- b. The net wire shall be no more than two (2) inches above the ground. The barbed wire shall be three (3) inches above the net wire. Total height of the fence shall be at least 42 inches.
 - c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - d. Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than sixteen (16) feet.
 - e. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The fourth side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is backfilled.

- F. Any hydrocarbons on the pit will be removed as soon as possible after drilling operations are completed.
10. Plans for Reclamation of the Surface:
- A. Production
- 1. Immediately upon well completion, the well location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
 - 2. Before any dirt work to restore the location takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc. will be removed.
 - 3. The reserve pit and that portion of the location and access road not needed for production facilities/ operations will be reclaimed within ninety (90) days from the date of well completion.

10. Plans for Reclamation of the Surface:

A. Production - Continued

4. For production, the fill slopes will be reduced from a 1.5:1 slope to a 4:1 slope and the cut slopes will be reduced from a 2:1 slope to a 4:1 slope by pushing the fill material back into the cut.
5. Upon completion of backfilling, leveling and re-contouring, the stockpiled topsoil will be evenly spread over the reclaimed area(s). Prior to reseeded, all disturbed surfaces (including the access road and location) will be scarified and left with a rough surface. No depressions will be left that would trap water and form ponds. All disturbed surfaces (including the access road and well pad areas) will be reseeded with the following seed mixture recommended by the Bureau of Indian Affairs:

<u>Species</u>	<u>Lbs. PLS/Acre</u>
Created Wheatgrass	5.0
Intermediate Wheatgrass	5.0
Indian Ricegrass	2.0
Yellow Sweetclover	1.0

Seed will be drilled on the contour to an approximate depth of one-half (1/2) inch. Fall seeding will be completed after September 15 and prior to ground frost. If the seeding is unsuccessful, ANR Production Company may be required to make subsequent seedings.

6. ANR Production Company will submit a plan for controlling noxious weeds along rights-of-way for roads, pipelines, well sites or other applicable facilities, if warranted by the presence of noxious weeds (as identified by the County Extension Office) or required by the Bureau of Indian Affairs.

B. Plugging and Abandonment

1. The reclamation operations will begin after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or the affected area(s) will be flagged and/or fenced.

10. Plans for Reclamation of the Surface:

B. Plugging and Abandonment - Continued

2. On lands administered by the Bureau of Indian Affairs, abandoned well sites, roads, or other disturbed areas will be restored to near their original condition. This procedure will include:
 - (a) re-establishing irrigation systems where applicable,
 - (b) re-establishing soil conditions in irrigated fields in such a way as to ensure cultivation and harvesting of crops and,
 - (c) ensuring revegetation of the disturbed areas to the specifications of the Ute Indian Tribe or the Bureau of Indian Affairs at the time of abandonment.

ANR Production Company will submit a surface reclamation plan to the Bureau of Indian Affairs prior to commencement of reclamation operations, if required.

3. All disturbed surfaces will be recontoured to the approximate natural contours and reseeded according to specifications contained in Item #10A5, above. Reclamation of the well pad and access road will be performed as soon as practical after final abandonment and reseeded operations will be performed in the fall following completion of reclamation operations as per Item #10A5, above.

11. Surface Ownership:

The well site and proposed access road are situated on lands owned by the Ute Indian Tribe and administered in trust by:

United States Department of the Interior
Bureau of Indian Affairs
Uintah & Ouray Agency
Fort Duchesne, Utah 84026
Phone: (801) 722-2406

11. Surface Ownership: Continued

The grazing permittee on this land parcel is as follows:

Ute Tribal Livestock Exchange
P.O. Box 190
Fort Duchesne, Utah 84026

I certify that ANR Production Company has reached an agreement with the Bureau of Indian Affairs and the Ute Indian Tribe as to the requirements for the protection of surface resources and reclamation of disturbed areas and/or damages in lieu thereof. If an agreement has not been reached, ANR Production Company agrees to comply with the provisions of the law or regulations governing the Federal or Indian right of re-entry to the surface (25 CFR 169, 25 CFR 212 and 43 CFR 3814).

30 NOVEMBER 1987
Date


Robert M. Anderson/Authorized Agent

12. Other Information:

A. General Description of the Project Area: The project area is within the outer boundary of the Uintah & Ouray Indian Reservation situated in the gently to moderately rolling uplands of northeastern Utah in an area east of Water Hollow, west of Dry Gulch, west of Pine Ridge, southwest of Monarch Ridge, and south of the Uinta Mountains. This area is characterized by gently to moderately undulated uplands which are generally covered in juniper with the adjacent lowlands subject to intensive agricultural use through irrigation.

Local flora consists of non-native grasses such as Crested Wheatgrass, native grasses such as Indian Ricegrass, forbs, and various woody species such as greasewood and juniper. Local fauna consists of mule deer, antelope, coyotes, rabbits, raptors, and various smaller vertebrates and invertebrates. There are no known federally listed threatened or endangered species that will be affected by construction of the Ute #2-26A3 well location.

B. Surface Use Activities: The primary surface use is for grazing.

12. Other Information: Continued

C. Proximity of Water, Occupied Dwellings, Archaeological, Historical or Cultural Sites:

1. The closest source of permanent water is Water Hollow located approximately one thousand (1000) feet to the west.
2. The closest occupied dwellings are located in the community of Bluebell, approximately 1.0 mile to the west.
3. A cultural resource clearance will be conducted before any construction activities begin on the proposed Ute #2-26A3 well location. If, during operations, any archaeological or historical sites, or any object(s) of antiquity (subject to the Antiquities Act of June 8, 1906) are discovered, all operations which would affect such sites are to be suspended and the discovery reported promptly to the Bureau of Indian Affairs.

D. Additional Stipulations for Operations on Tribal Lands Administered by the Bureau of Indian Affairs:

1. Operator's employees, including subcontractors, will not gather firewood along roads constructed by operators. If wood cutting is required, a permit will be obtained from the Forestry Department of the BIA pursuant to 25 CFR 169.13 "Assessed Damages Incident to Right-of-Way Authorization". All operators, sub-contractors, vendors and their employees or agents may not disturb saleable timber (including firewood) without a duly granted permit from the BIA Forester.
2. If the surface rights are owned by the Ute Indian Tribe and mineral rights are owned by another entity, an approved right-of-way will be obtained from the BIA before the operator begins any construction activities. If the surface is owned by another entity and the mineral rights are owned by the Ute Indian Tribe, rights-of-way will be obtained from the other entity.
3. All roads constructed by oil and gas operators on the Uintah & Ouray Indian Reservation will have appropriate signs. Signs will be neat and of sound construction.

12. Other Information:

D. Additional Stipulations for Operations on Tribal Lands
Administered by the Bureau of Indian Affairs: Continued

3. They will state: (a) that the land is owned by the Ute Indian Tribe, (b) the name of the Operator, (c) that firearms are prohibited by all non-Ute Tribal members, (d) that permits must be obtained from the Bureau of Indian Affairs before cutting firewood or other timber products, and (e) only authorized personnel are permitted to use said road.
4. All well site locations on the Uintah & Ouray Indian Reservation will have an appropriate sign indicating the name of the Operator, the lease serial number, the well name and number, the survey description of the well (either footages or the quarter-quarter section, section, township, and range).
5. ANR Production Company shall contact the Bureau of Land Management and the Bureau of Indian Affairs between 24 and 48 hours prior to commencement of construction activities. BLM: (801) 789-1362, BIA: (801) 722-2406. Contact Ralph Brown (BLM) and Lynn Hall (BIA).
6. The BLM and BIA offices shall be notified upon site completion prior to moving on the drilling rig.

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

Representative:

ANR Production Company
Randy L. Bartley, Operations Manager
P.O. Box 749
Denver, Colorado 80201-0749
Phone: (303) 572-1121

Heitzman Drill-Site Services*
Dale Heitzman and/or Robert M. Anderson
P.O. Drawer 3579
Casper, Wyoming 82602-3579
Phone: (307) 266-4840

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

Representative: Continued

- * Contact for any additional information which may be required for approval of this Application for Permit to Drill.

Certification:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil & Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. ANR Production Company will be fully responsible for the actions of their subcontractors. A copy of these conditions will be furnished to the field representative(s) to ensure compliance.

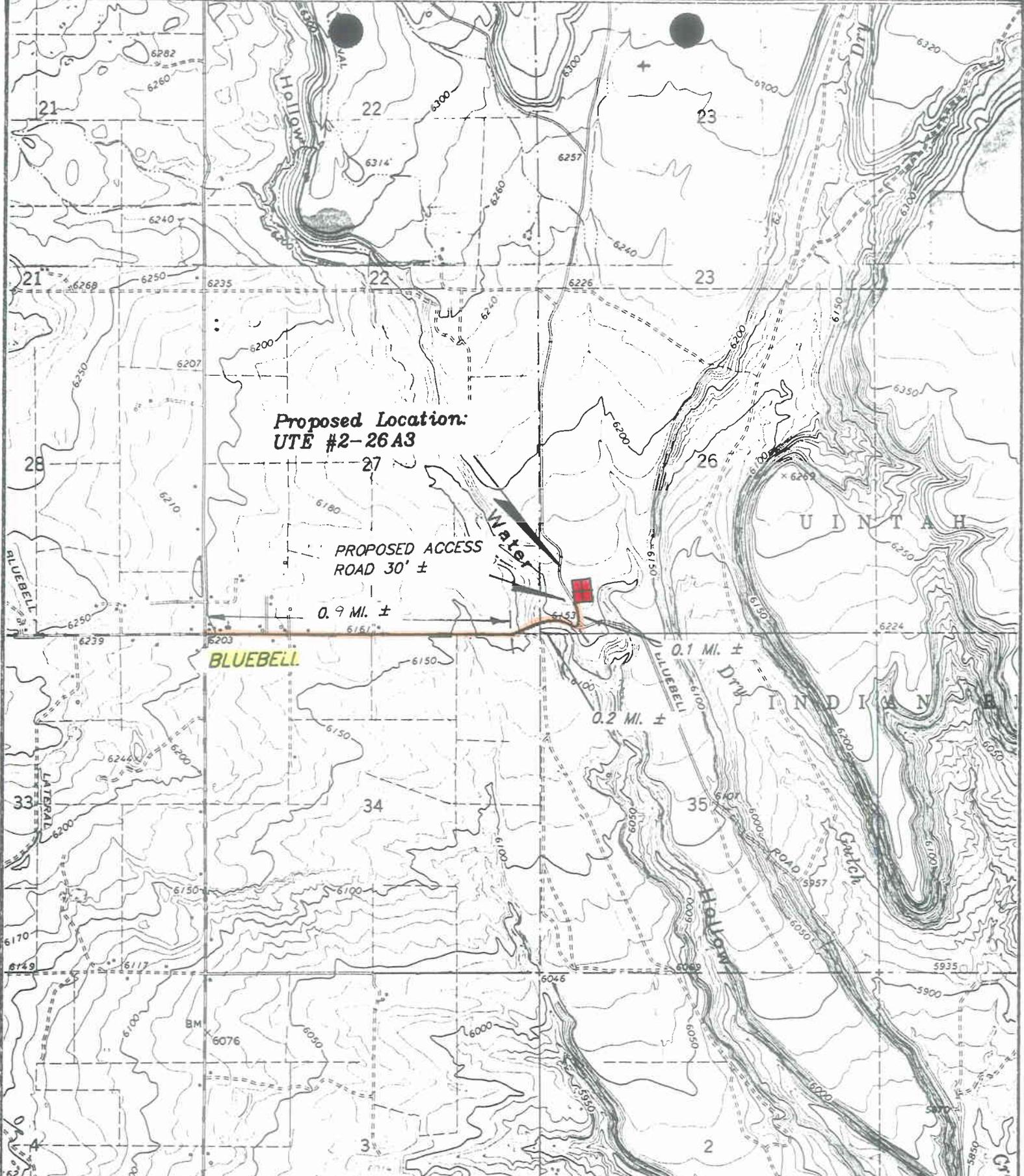
The dirt contractor will be provided with a copy of the Surface Use Plan from the approved Application for Permit to Drill.

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

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 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 ANR Production Company, its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

30 November 1989
Date


Robert M. Anderson/Authorized Agent



TOPOGRAPHIC
MAP "B"

DATE: 11-3-89

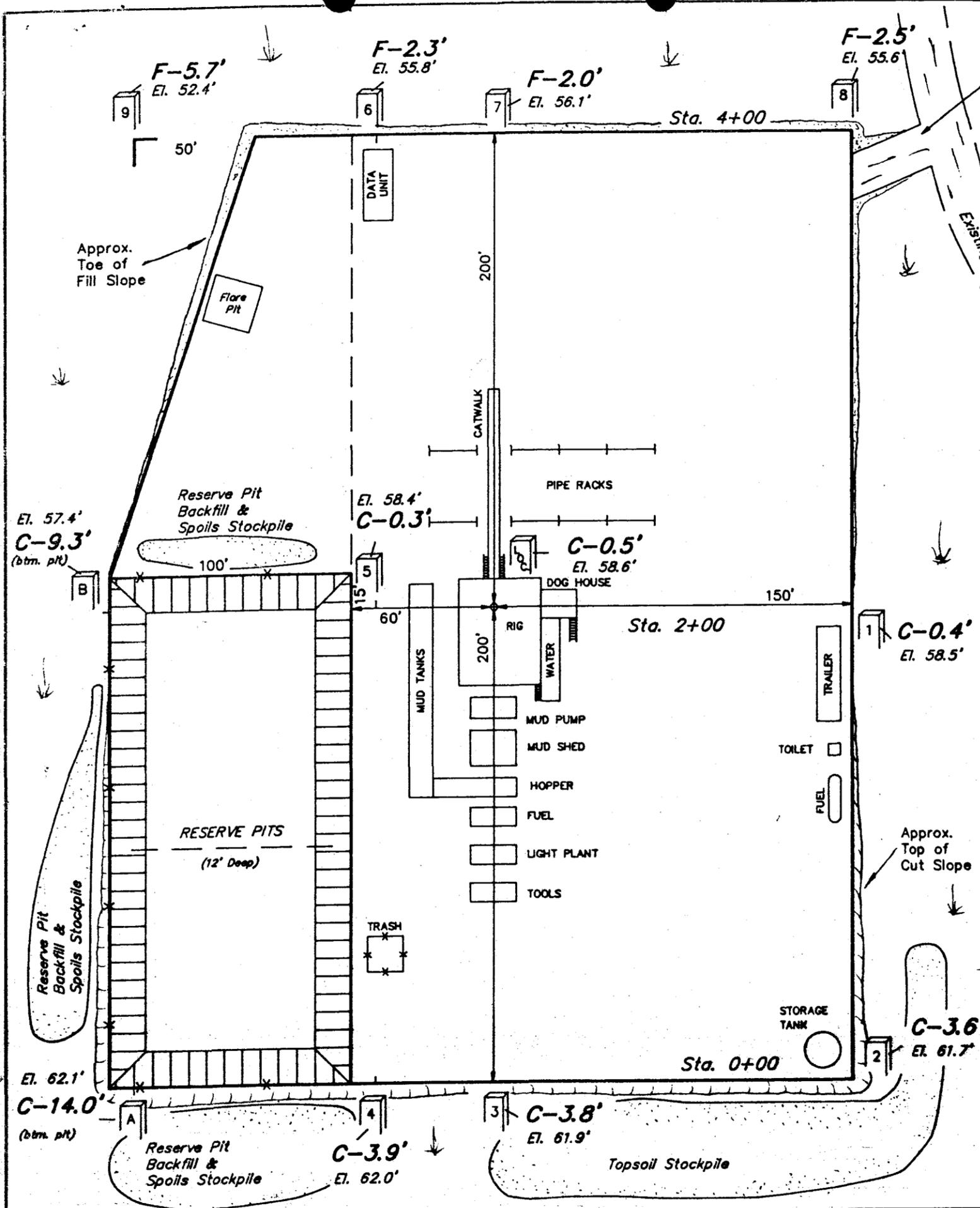


SCALE: 1" = 2000'

ANR PRODUCTION CO.

UTE #2-26A3
SECTION 26, T1S, R3W, U.S.B.&M.

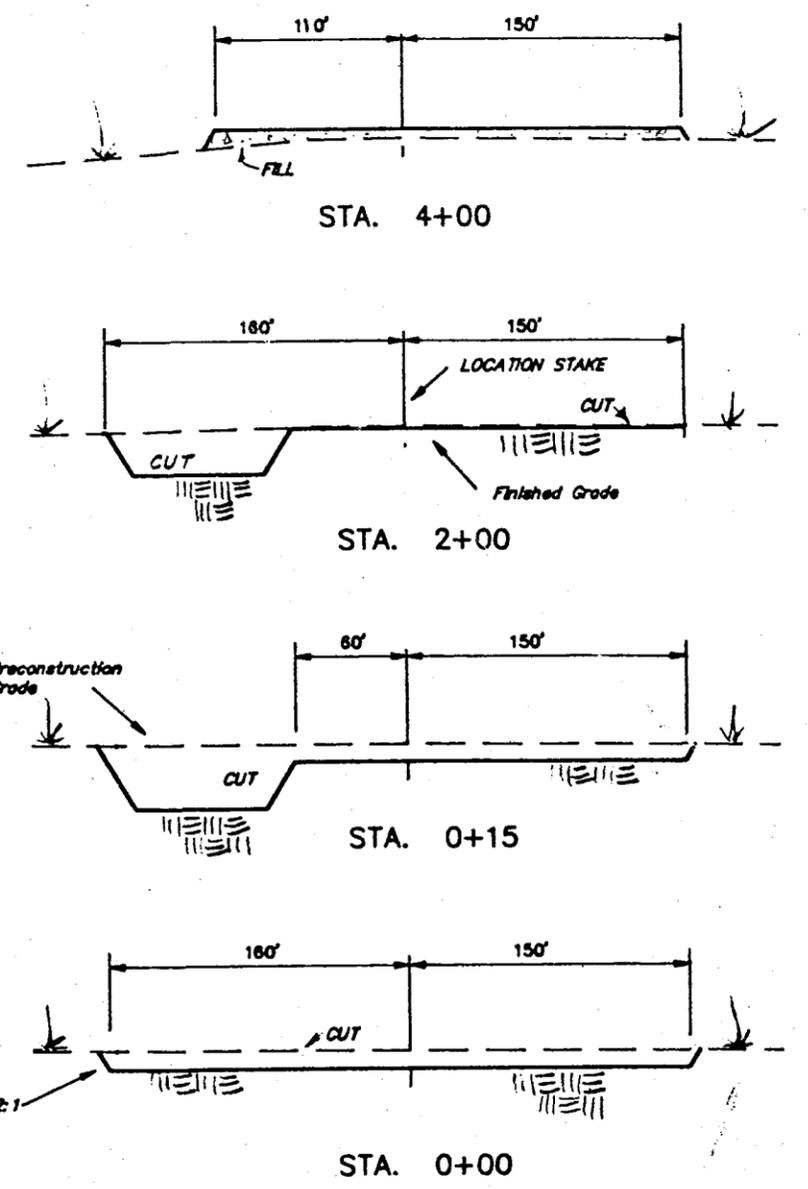
ANR PRODUCTION CO.
 LOCATION LAYOUT FOR
 UTE #2-26A3
 SECTION 26, T1S, R3W, U.S.B.&M.



SCALE: 1" = 50'
 DATE: 11-2-89
 REVISED: 11-25-89

X-Section Scale
 1" = 40'
 1" = 100'

TYP. LOCATION LAYOUT
 TYP. CROSS SECTIONS



APPROXIMATE YARDAGES

CUT			
(12") Topsoil Stripping	=	4,660 Cu. Yds.	
Pit Volume (Below Grade)	=	7,255 Cu. Yds.	
Remaining Location	=	3,567 Cu. Yds.	
TOTAL CUT	=	15,482 CU.YDS.	
FILL	=	4,231 CU.YDS.	
			EXCESS MATERIAL AFTER 5% COMPACTION = 11,028 Cu. Yds.
			Topsoil & Pit Backfill (1/2 Pit Vol.) = 8,288 Cu. Yds.
			EXCESS UNBALANCE (After Rehabilitation) = 2,740 Cu. Yds.

NOTES:
 Elev. Ungraded Ground At Loc. Stake = 6158.6'
 FINISHED GRADE ELEV. AT LOC. STAKE = 6158.1'

FIGURE #1

OPERATOR ANR Production Company (No 675) DATE 12-8-89

WELL NAME Ute 2-26A3

SEC SWSW 26 T 15 R 3W COUNTY Duchesne

43-013-31253
API NUMBER

Indian
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD
(USM)

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Nearest well ok under Cause No. 139-42
Water Permit 43-3273 for 25 4w sec. 6 only. / Need Water Permit

APPROVAL LETTER:

SPACING: R615-2-3 N/A R615-3-2
UNIT

139-42 4-12-85 R615-3-3
CAUSE NO. & DATE

STIPULATIONS:

1. Water Permit CC: BIA

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

IN THE MATTER OF THE AMENDED	:	
PETITION OF ANR LIMITED INC.,	:	
ET AL. FOR AN ORDER MODIFYING	:	FINDINGS OF FACT,
PREVIOUS ORDERS WHICH	:	CONCLUSIONS OF LAW
ESTABLISHED DRILLING AND	:	AND ORDER
SPACING UNITS AND ANY OTHER	:	
ORDERS RELATING TO TEST WELLS	:	Docket No. 85-007
FOR THE ALTAMONT, BLUEBELL	:	Cause No. 139-42
AND CEDAR RIM-SINK DRAW	:	
FIELDS, DUCHESNE AND UINTAH	:	
COUNTIES, UTAH	:	

Pursuant to the Amended Notice of Hearing dated March 4, 1985 of the Board of Oil, Gas and Mining ("Board"), Department of Natural Resources of the State of Utah, said cause came on for hearing on Thursday, April 11, 1985 at 10:00 a.m. in the Board Room of the Division of Oil, Gas and Mining ("Division"), 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah.

The following members of the Board were present:

Gregory P. Williams, Chairman
James W. Carter
Charles R. Henderson
Richard B. Larson
E. Steele McIntyre
John M. Garr, having recused himself,
did not participate

Mark C. Moench, Assistant Attorney General, was present on behalf of the Board.

Members of the Staff of the Division present and participating in the hearing included:

Dr. Dianne R. Nielson, Director
Ronald J. Firth, Associate Director
John R. Baza, Petroleum Engineer

Barbara W. Roberts, Assistant Attorney General, was present on behalf of the Division.

Appearances were made as follows: Petitioners ANR Limited, et al., by Frank Douglass, Esq. and Ray H. Langenberg, Austin, Texas; Robert G. Pruitt, Jr., Esq., Salt Lake City, Utah; Frank J. Gustin, Esq., Salt Lake City, Utah; Louis A. Posekany, Jr., General Counsel, and George W. Hellstrom, Esq., ANR Production Company; Phillip K. Chattin, General Counsel, Utex Oil Company; Hugh C. Garner, Esq., for Coastal Oil & Gas Corporation; Phillip William Lear, Esq., for Phillips Petroleum Company; Jeffrey R. Young, Esq., for Bow Valley Petroleum, Inc.; B. J. Lewis, Esq., Vice President, and Robert W. Adkins, Esq., Linmar Energy Corporation; Robert Buettner, Esq., Koch Exploration Company; Lane Jamison, Esq., Sonat Exploration Company; Victor Brown and Robert Brown, Utah Royalty Association; John Harja, Esq., Gulf Oil Corporation; Martin Seneca, General Counsel, Ute Indian Tribe; Assad M. Raffoul, Petroleum Engineer, Bureau of Land Management; John Chasel, on his own behalf; George Morris, Esq., Ute Distribution Corporation; Dr. Gilbert Miller, Conservation Superintendent, Amarada Hess Corporation; and L. A. Pike, Roosevelt, Utah, landowner.

Now therefore, the Board having considered the testimony of the witnesses, John C. Osmond, Petroleum Geologist; Clarke Gillespie, Petroleum Reservoir Engineer; and R. Thayne Robson, Economist, for Petitioners and B. J. Lewis, Vice President, and John W. Clark, Petroleum Engineer, for Linmar Energy Corporation, and the exhibits received at said hearing and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over the matters covered by said notice and over all parties interested therein and has jurisdiction to make and promulgate any order hereinafter set forth.

3. The Board has heretofore entered 640 acre drilling and spacing orders for the Lower Green River/Wasatch Formation in Causes No. 139-3, 139-4, 139-5, 139-8, and 139-17 (Altamont Field), Causes No. 131-11, 131-14, 131-24, 131-27, 131-32, 131-33, 131-34, 131-45 and 131-55, (Bluebell Field), and Causes No. 140-6 and 140-7 (Cedar Rim-Sink Draw Field) as to the following described lands:

UINTAH SPECIAL MERIDIAN

Township 1 North, Range 1 West
Sections: 19-36

Township 1 North, Range 2 West
Sections: 19-36

Township 1 North, Range 3 West
Sections 23-26, 35 and 36

Township 1 South, Range 1 East
Sections: All (except Roosevelt Unit)

Township 1 South, Range 2 East
Sections: 4-8, 18-19, 30-31

Township 1 South, Range 1 West
Sections: All (except Roosevelt Unit)

Township 1 South, Range 2 through 4 West
Sections: All

Township 1 South, Range 5 West
Sections: 10-17, 20-36

Township 1 South, Range 6 West
Sections: 25-26, 35-36

Township 2 South, Range 1 through 2 East
Sections: All

Township 2 South, Range 1 through 6 West
Sections: All

Township 2 South, Range 7 West
Sections: 19, 30-36

Township 2 South, Range 8 West
Sections: 23-26, 31-36

Township 3 South, Range 3 West
Sections: 5-8, 17-20, 29-32

Township 3 South, Range 4 through 8 West
Sections: All

Township 4 South, Range 3 West
Sections: 5 and 6

Township 4 South, Range 4 West
Sections: 1-6

Township 4 South, Range 5 West
Sections: 1-6

Township 4 South, Range 6 West
Sections: 1-18

SALT LAKE MERIDIAN

Township 5 South, Range 19 East
Sections: 20-23, 26-29, 32-35

Township 6 South, Range 19 East
Sections: 3-5, 9, 10, 15, 16, 22, 27
and 34

4. In Cause No. 140-12, the Board authorized the drilling of test or second wells that may only be produced alternatively with the initial well on the same drilling unit.

5. The Lower Green River/Wasatch Formation underlying the subject fields constitutes a pool as that term is defined in Utah Code Ann. §40-6-2(9) (1953, as amended), and is a highly complex series of isolated and discontinuous beds of productive rock that are randomly distributed vertically over a several thousand feet thick interval. Normally, the productive beds are separate and distinct and not in communication with each other.

6. Many of the productive beds are not correlatable from well to well and will not afford communication between wells as close as 1000 feet. Of the productive beds that correlate, various geological factors prevent a significant number from communicating between wells within the same section.

7. Geologic and engineering information from initial unit wells and test wells show that a single well will not effectively drain the recoverable oil and gas underlying any given 640 acre spacing unit because the productive beds are too

small or have other limiting characteristics precluding effective and efficient drainage of the recoverable reserves underlying the unit.

8. Data from production logs and field performance show that test wells drilled under the Order in Cause No. 140-12 after 1978 have caused the recovery of substantial amounts of oil from separate and distinct productive beds and from previously undepleted productive beds, and that the drilling of additional wells on existing units will increase the ultimate recovery of oil from the subject fields.

9. The prohibition of simultaneous production from the initial well and test well on the same unit has caused the shutting in of wells with the potential to produce substantial amounts of additional reserves.

10. Each additional well drilled under this order will tap producing formations that are separate and distinct from and not in communication with any other producing formation and is not an unnecessary well.

11. In some areas of the subject fields, geologic, engineering, and economic factors justify drilling additional wells on existing units. In other areas, geologic, engineering and economic factors may not justify drilling additional wells on existing units.

CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and

purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over the matters covered by said notice and over all parties interested therein and has jurisdiction to make and promulgate any order hereinafter set forth.

3. The Board is authorized to modify its previous orders to permit additional wells to be drilled within established units under Utah Code Ann. §40-6-6(4) (1953, as amended).

4. An order permitting (a) the drilling of additional wells on existing units as provided herein and (b) the simultaneous production of initial wells and additional wells will prevent the waste of hydrocarbons, prevent the drilling of unnecessary wells, and protect correlative rights.

ORDER

IT IS THEREFORE ORDERED:

To prevent waste of oil, gas and associated liquid hydrocarbons, to avoid the drilling of unnecessary wells, to protect correlative rights and to maintain, to the maximum extent practicable, drilling units of uniform size and shape for the promotion of more orderly development of the lands described in Finding of Fact No. 3 above, the following order is hereby promulgated to govern operations in said area effective as of April 12, 1985:

A. Upon the effective date any and all orders of the Board heretofore promulgated which are inconsistent with the orders herein set forth shall be and are hereby vacated to the extent inconsistent herewith.

B. Additional wells may be drilled, completed, and produced on established drilling units comprising government surveyed sections of approximately 640 acres (or other designated drilling units so long as such unit is at least 400 acres in size) to a density of no greater than two producing wells on each unit comprising a section (or other designated unit).

C. Additional wells may be drilled at the option of the operator of the unit, based upon geologic and engineering data for that unit which will justify the drilling of an additional well in order to recover additional oil, provided the additional well appears to be economically feasible.

D. Economically feasible means that a prudent operator would have a reasonable opportunity to recover the costs of drilling, completing, producing and operating the well, plus a reasonable profit.

E. It is not the intent of this order, in permitting additional wells to be drilled on established drilling units, to change or amend the existing contractual rights or relationships, express or implied, of any parties who share in production or the proceeds therefrom in the spaced area.

F. Any additional well must be located at least 1,320 feet from the existing well on the unit and not closer than 660

feet from the exterior boundary of the unit. No two wells may be drilled in any drilling unit within the same governmental quarter section or equivalent lot.

G. If an operator elects to initially complete a well solely within producing formations that are separate and distinct from and not in communication with any other producing formation, the operator will use reasonable precautions in order that such well is not completed in any producing formation that may be effectively drained by any other well.

H. Second or test wells drilled under previous orders as well as additional wells to be drilled under this order may be produced simultaneously with initial wells.

I. The Board retains exclusive and continuing jurisdiction of all matters covered by this order and of all parties affected thereby and particularly that the Board retains and reserves exclusive and continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

ENTERED this 17th day of April, 1985.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING


GREGORY P. WILLIAMS, Chairman

APPROVED AS TO FORM:


MARK C. MOENCH
Assistant Attorney General



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 12, 1989

ANR Production Company
P. O. Box 749
Denver, Colorado 80201-0749

Gentlemen:

RE: Ute 2-26A3 - SW SW Sec. 26, T. 1S, R. 3W - Duchesne County, Utah
700' FSL, 700' FWL

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 139-42 dated April 12, 1985, subject to the following stipulation:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

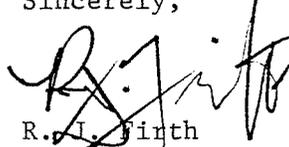
In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
4. Prompt notification if it is necessary to plug and abandon the well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) (801) 298-9318.
5. Compliance with the requirements of Rule R615-3-20, Gas Flaring or Venting, Oil and Gas Conservation General Rules.

6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.
7. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-013-31253.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

lcr

Enclosures

cc: Bureau of Land Management
Bureau of Indian Affairs
D. R. Nielson
J. L. Thompson

RECEIVED
SEP 25 1990

DIVISION OF
OIL, GAS & MINING

September 20, 1990

3160
UT08438

ANR Production Company
Attn: Chuck Mowry
P. O. Box 749
Denver, CO 80201-0749

Re: Application for Permit to Drill
Well No. 2-26A3
Section 26, T1S, R3W
Lease: 14-20-H62-1803

42-012-31253

Dear Mr. Mowry:

The referenced application was received on December 4, 1989. Since that date, we have not received the additional required information to make your application administratively complete.

Therefore, this office is returning the referenced application without prejudice per request from Dave Dillon to Ralph Brown. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

If you have any questions regarding this matter, please contact Margie Herrmann of this office (801) 789-1362.

Sincerely,

[Signature]
Howard B. Cleavinger II
Assistant District Manager
for Minerals

Enclosure

MHerrmann:dj:0295h:09/19/90

bcc: Div. OG&M
Well file
BIA
AIRS
RA

OIL AND GAS	
DFW	RJF
JFB	GLH
LIS	SLS
<i>[Signature]</i>	
2-	MICROFILM ✓
3-	FILE

RECEIVED
SEP 25 1990

DIVISION OF
OIL, GAS & MINING

September 20, 1990

3160
UT08438

AMR Production Company
Attn: Chuck Nowry
P. O. Box 749
Denver, CO 80201-0749

Re: Application for Permit to Drill
Well No. 2-26A3
Section 26, T1S, R3W
Lease: 14-20-462-1803

42-012-31253

Dear Mr. Nowry:

The referenced application was received on December 4, 1989. Since that date, we have not received the additional required information to make your application administratively complete.

Therefore, this office is returning the referenced application without prejudice per request from Dave Dillon to Ralph Brown. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

If you have any questions regarding this matter, please contact Margie Herrmann of this office (801) 789-1362.

Sincerely,

[Signature]
Howard B. Cleavinger II
Assistant District Manager
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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

September 28, 1990

Mr. Chuck Mowry
ANR Production Company
P.O. Box 749
Denver, Colorado 80201-0749

Dear Mr. Mowry:

Re: Well No. Ute 2-26A3, Sec. 26, T. 1S, R. 3W, Duchesne County, Utah,
API No. 43-013-31253

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. 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,

Don Staley
Administrative Supervisor
Oil and Gas

DME/lde
cc: R.J. Firth
Bureau of Land Management - Vernal
Well file

WOI196