

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ELECTRIC LOGS FILE **X** WATER SANDS LOCATION INSPE SUB. REPORT/abd.

990618 LA'D, eff 6-11-99:

DATE FILED **JUNE 20, 1996**

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. **U-02458** INDIAN

DRILLING APPROVED: **JUNE 1, 1998**

SPUDDED IN:  
COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:  
GRAVITY A.P.I.

GOR:  
PRODUCING ZONES:

TOTAL DEPTH:  
WELL ELEVATION:

DATE ABANDONED: **6-11-99 LA'D**

FIELD: **CASTLE PEAK**

UNIT: **ASHLEY**

COUNTY: **DUCHESNE**

WELL NO. **ASHLEY FEDERAL 11-24** API NO. **43-013-31678**

LOCATION **2008 FSL** FT. FROM (N) (S) LINE. **1970 FWL** FT. FROM (E) (W) LINE. **NE SW** 1/4 - 1/4 SEC. **24**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				<b>9S</b>	<b>15E</b>	<b>24</b>	<b>INLAND PRODUCTION</b>

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  
 Inland Production Company

3. ADDRESS OF OPERATOR  
 P.O. Box 1446 Roosevelt, UT 84066

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
 At surface NE/SW  
 At proposed prod. zone 1970' FWL & 2008' FSL  
60' 67'

5. LEASE DESIGNATION AND SERIAL NO.  
 U-02458

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME  
 Ashley Unit

8. FARM OR LEASE NAME  
 Ashley Federal

9. WELL NO.  
 #11-24

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
 Sec. 24, T9S, R15E

12. COUNTY OR PARISH  
 Duchesne

13. STATE  
 Utah

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 14 ± miles southwest of Myton, Utah

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

16. NO. OF ACRES IN LEASE  
 640

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 40

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 1365'

19. PROPOSED DEPTH  
 6500'

20. ROTARY OR CABLE TOOLS  
 Rotary

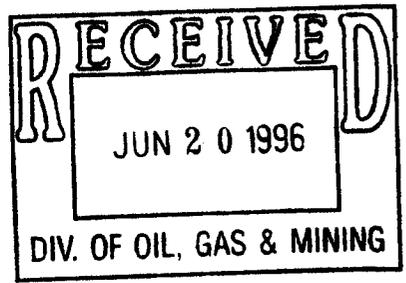
21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 6236.7' GR

22. APPROX. DATE WORK WILL START\*  
 4th Quarter 1996

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	8 5/8	24#	300'	120 sx Class G+2% CaCl+2% Gel
7 7/8	5 1/2	15.5#	TD	400 sx Hilift followed by 330 sx Class G w/ 10% CaCl

The actual cement volumes will be calculated off of the open hole logs, plus 15% excess.



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 Brad Mechem TITLE District Manager DATE 6/10/96

(This space for Federal or State office use)

PERMIT NO. 43-013-31678 APPROVAL DATE \_\_\_\_\_

APPROVED BY Bradley G. Hill TITLE BRADLEY G. HILL DATE 6/1/98  
 CONDITIONS OF APPROVAL, IF ANY: RECLAMATION SPECIALIST III

**Federal Approval of this Action is Necessary**

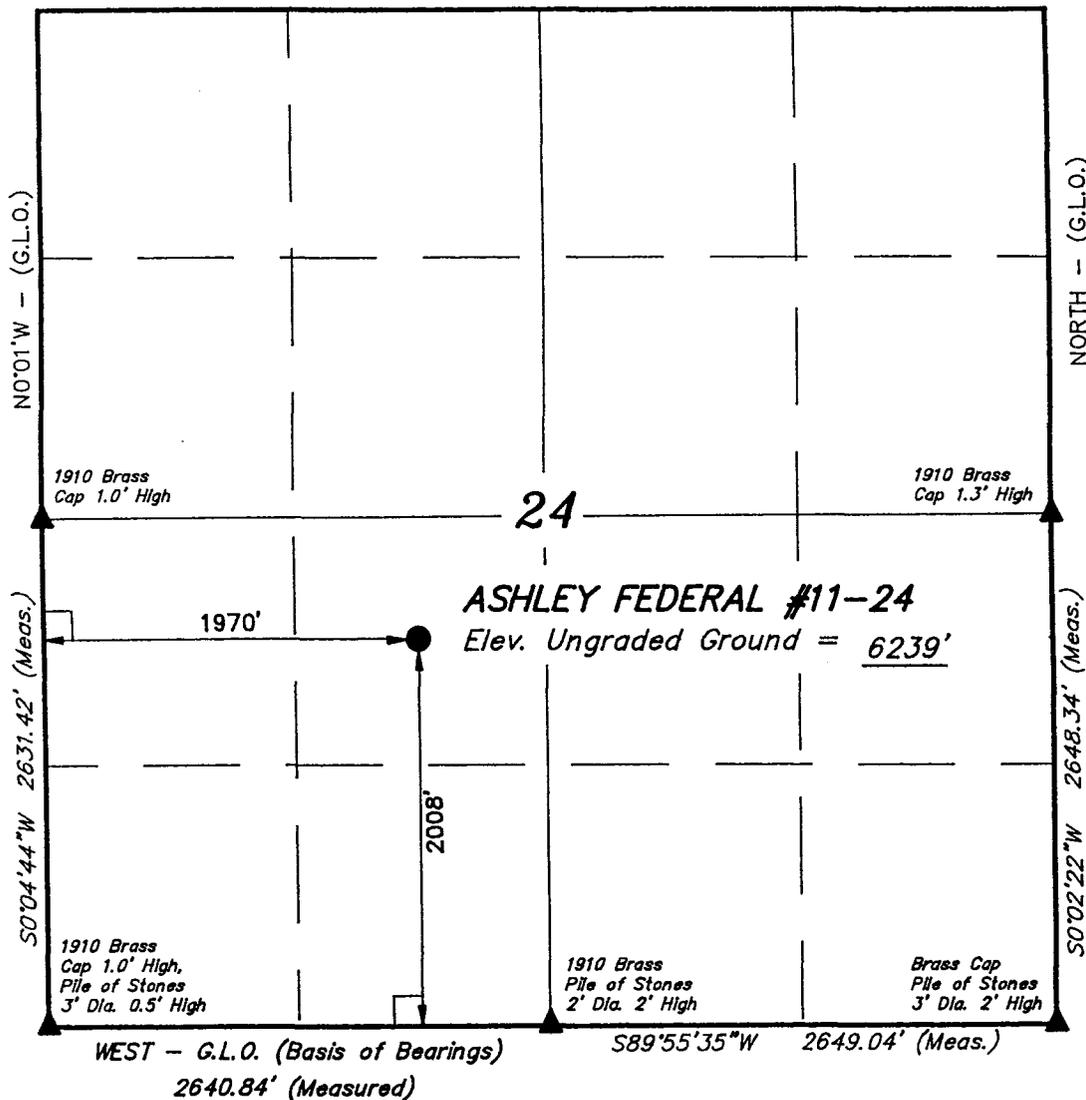
\*See Instructions On Reverse Side

T9S, R15E, S.L.B.&M.

INLAND PRODUCTION CO.

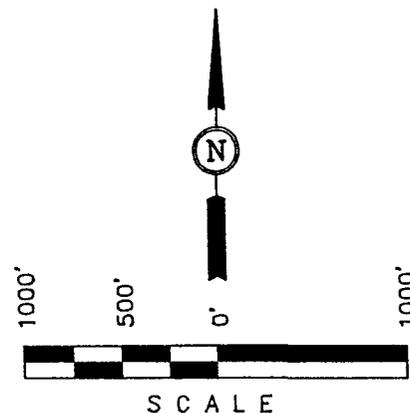
Well location, ASHLEY FEDERAL #11-24, located as shown in the NE 1/4 SW 1/4 of Section 24, T9S, R15E, S.L.B.&M. Duchesne County, Utah.

S89°56'W - 80.12 (G.L.O.)



BASIS OF ELEVATION

BENCH MARK M77 (1934) LOCATED IN THE NW 1/4 OF SECTION 25, T9S, R15E, S.L.B.&M. TAKEN FROM THE MYTON SW QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6153 FEET.



CERTIFICATE

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.

*Robert L. Kay*

REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

**UINTAH ENGINEERING & LAND SURVEYING**

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(801) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 2-29-96	DATE DRAWN: 3-5-96
PARTY L.D.T. M.R. D.COX	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE INLAND PRODUCTION CO.	

**INLAND PRODUCTION COMPANY  
ASHLEY FEDERAL #11-24  
NE/SW SECTION 24, T9S, R15E  
DUCHESNE COUNTY, UTAH**

**TEN POINT WELL PROGRAM**

**1. GEOLOGIC SURFACE FORMATION:**

Uinta formation of Upper Eocene Age

**2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:**

Uinta	0' - 3050'
Green River	3050'
Wasatch	6600'

**3. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:**

Green River Formation 3050'-6600' - oil

**4. PROPOSED CASING PROGRAM**

8 5/8" J-55 24# w/ ST&C collars; set at 300' KB  
5 1/2" K-55 15.5# w/ LT&C collars set @ TD

**5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:**

The operators minimum specifications for pressure control equipment are as follows:

A 8" Series 900 Annular Bag type BOP and a 8" Double Ram Hydraulic unit with a closing unit will be utilized. Function test of BOPS's will be checked daily.

(See Exhibit F)

**6. TYPE AND CHARACTERISTICS OF THE PROPOSED CIRCULATION MUDS:**

The well will be drilled with fresh water through the Uinta Formation. From the top of the Green River Formation @ 3050'  $\pm$ , to TD, a fresh water/polymer system will be utilized. If necessary to control formation fluids, the system will be weighted with the addition of bentonite gel, and if conditions warrant, barite. Clay inhibition will be achieved with additions or by adding DAP (Di-Ammonium Phosphate, commonly known as fertilizer). This fresh water system will contain Total Dissolved Solids (TDS) of less than 3000 PPM. Neither potassium chloride or chromates will be utilized in the fluid system. The anticipated mud weight is 8.4 ppg, and weighted as necessary for gas control.

7. **AUXILIARY SAFETY EQUIPMENT TO BE USED:**

Auxiliary safety equipment will be a Kelly Cock, bit float, and a TIW valve with drill pipe threads.

8. **TESTING, LOGGING AND CORING PROGRAMS:**

No drill stem testing has been scheduled for this well. It is anticipated at this time that the logging will consist of a Dual Induction Laterolog, Gamma Ray/Caliber from TD to base of surface casing @ 300'  $\pm$ , and a Compensated Neutron-Formation Density Log. Logs will run from TD to 3500'  $\pm$ . The cement bond log will be run from PBTD to cement top. An automated mud logging system will be utilized while drilling to monitor and record penetration rate, and relative gas concentration, in the fluid system.

9. **ANTICIPATED ABNORMAL PRESSURE OR TEMPERATURE:**

The anticipated bottom hole pressure is 2500 psi. It is not anticipated that abnormal temperatures will be encountered; nor that any other abnormal hazards such as H<sub>2</sub>S will be encountered in this area.

10. **ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS:**

It is anticipated that the drilling operations will commence the fourth quarter 1996 and take approximately six days to drill.

**INLAND PRODUCTION COMPANY  
ASHLEY FEDERAL #11-24  
NE/SW SECTION 24, T9S, R15E  
DUCHESNE COUNTY, UTAH**

**THIRTEEN POINT WELL PROGRAM**

**1. EXISTING ROADS**

See attached Topographic Map "A"

To reach Inland Production Company well location site Ashley Federal #11-24 located in the NE 1/4 SW 1/4 Section 24, T9S, R15E, S.L.B. & M. Duchesne County, Utah:

Proceed westerly out of Myton, Utah along Highway 40 - 1.5 miles  $\pm$  to the junction of this highway and Utah State Highway 53; proceed southerly along Utah State Highway 53 - 9.7 miles to its junction with an existing dirt road to the southwest. Proceed southwesterly along this road 5.3 miles to its intersection with a road to the east. Proceed easterly along this road 1.1 miles to the intersection of the proposed access road to be discussed in item #2.

The highways mentioned in the foregoing paragraph are bituminous surfaced roads to the point where Highway 53 ends, thereafter the roads are constructed with existing materials and gravel. The highways are maintained by Utah State road crews. All other roads are maintained by County Crews.

The aforementioned dirt oilfield service roads and other roads in the vicinity are constructed out of existing native materials that are prevalent to the existing area they are located in and range from clays to a sandy-clay shale material.

The roads required for access during the drilling, completion and production phase will be maintained at the standards required by the BLM or other controlling agencies. This maintenance will consist of some minor grader work for smoothing road surfaces and for snow removal.

**2. PLANNED ACCESS ROAD**

See Topographic Map "B".

The planned access road leaves the existing location described in Item #1 in the NE 1/4 SW 1/4 Section 24, T9S, R15E, S.L.B., and proceeds in a southeasterly direction, approximately 200' to the proposed location site.

The planned access road will be upgraded with an 18' crown road (9' either side of the centerline) with drainage ditches along either side of the proposed road whether it is determined necessary in order to handle any run-off from normal meteorological conditions that are prevalent to this area. The maximum grade will be less than 8%.

There will be no culverts required along this access road. There will no water turnouts constructed along this road.

There are no fences encountered along this proposed road. There will be no new gates or cattle guards required.

All construction material for this access road will be borrowed material accumulated during construction of the access road.

3. LOCATION OF EXISTING WELLS

There is one (1) producing and two (2) P&A Inland Production Co. wells, within a one (1) miles radius of this proposed location. (See exhibit "D").

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

There are no existing facilities that will be used by this well.

It is anticipated that this well will be a producing oil well.

Upon construction of a tank battery the well pad will be surrounded by a dike of sufficient capacity to contain at minimum the entire contents of the largest tank within the facility battery.

Tank batteries will be built to BLM specifications.

5. LOCATION AND TYPE OF WATER SUPPLY

Inland Production Company has purchased a 3" water connection with Johnson Water District to supply the Monument Butte, Travis, and Gilsonite oil fields. Johnson Water District has given permission to Inland Production Company to use water from this system, for the purpose of drilling and completing the Ashley Federal #11-24.

Existing water for this well will be trucked from Inland Production Company's water supply line located at the Gilsonite State #7-32 (SW/NE Sec. 32, T8S, R17E), or the Monument Butte Federal #5-35 (SW/NW Sec. 35, T8S, R16E), or the Travis Federal #15-28 SW/SE Sec. 28, T8S, R16E). See Exhibit "C".

There will be no water well drilled at this site.

6. SOURCE OF CONSTRUCTION MATERIALS

See Location Layout Sheet - Exhibit "E".

All construction material for this location shall be borrowed material accumulated during construction of the location site and access road.

A mineral material application is not required for this location.

7. METHODS FOR HANDLING WASTE DISPOSAL

See Location Layout Sheet - Exhibit "E".

A small reserve pit (80 X 30 X 6' deep, or less) will be constructed from native soil and clay materials. A water processing unit will be employed to continuously recycle the drilling fluid as it is used, returning the fluid component to the drilling rig's steel tanks. The reserve pit will primarily receive the processed drill cuttings (wet sand, shale & rock) removed from the well bore. Any drilling fluids which do accumulate in the pit as a result of shale-shaker carryover, cleaning of the sand trap, etc., will be promptly reclaimed by the water recycling unit and then returned to the steel rig tanks. All drilling fluids will be fresh water based containing DAP (Di-Ammonium Phosphate, commonly known as fertilizer), typically containing Total Dissolved Solids of less than 3000 PPM. No potassium chloride chromates, trash, debris, nor any other substance deemed hazardous will be placed in this pit. Therefore, it is proposed that no synthetic liner be utilized in the reserve pit.

All completion fluids, frac gels, etc., will be contained in steel tanks and hauled away to approved commercial disposal, as necessary.

A portable toilet will be provided for human waste.

Immediately upon first production, all produced water will be confined in storage tanks. Inland requests temporary approval to transfer the produced water to Inland's nearby waterflood, for reinjection into the waterflood reservoirs via existing approved injection wells. Within 90 days of first production, a water analysis will be submitted to the Authorized Officer, along with an application for approval of this, as a permanent disposal method.

A trash basket will be provided for garbage (trash) and hauled away to an approved disposal site at the completion of the drilling activities.

8. ANCILLARY FACILITIES

There are no ancillary facilities planned for at the present time and none foreseen in the near future.

9. WELL SITE LAYOUT

See attached Location Layout Sheet - Exhibit "E".

The reserve pit will be located on the south side between stakes 4 & 5.

No flare pit will be used at this location.

The stockpiled topsoil (first six (6) inches) will be windrowed on the northeast corner, between stakes 3 & 8.

Access to the well pad will be from the west, between stakes 7 & 8.

The southwest corner will be rounded to avoid excess drainage.

Fencing Requirements

All pits will be fenced according to the following minimum standards:

- a) 39 inch net wire shall be used with at least one strand of barbed wire on top of the net.
- 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 forty-two (42) inches.
- c) Corner posts shall be cemented and/or braced in such a manner to keep 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 reserve pit fencing will be on three (3) sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. PLANS FOR RESTORATION OF SURFACE

a) *Producing Location*

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, material, trash and junk not required for production.

The reserve pit and that portion of the location not needed for production facilities/operations will be re contoured to the approximated natural contours. The reserve pit will be reclaimed within one hundred twenty (120) days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed.

When the drilling and completion phase ends, reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer. The seed mixture will be per B.L.M. and stated in the conditions of approval.

b) *Dry Hole Abandoned Location*

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and the B.L.M. will attach the appropriate surface rehabilitation conditions of approval.

11. SURFACE OWNERSHIP - Bureau Of Land Management

12. OTHER ADDITIONAL INFORMATION

- a) Inland Production Company 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, Inland is to immediately stop work that might further disturb such materials, and contact the Authorized Officer.
- b) Inland Production will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. On B.L.M. administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other possible hazardous chemicals.
- c) Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without B.L.M. authorization. However, if B.L.M. authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

There are no dwellings or facilities in the general area. There are no visible archaeological, historical or cultural sites within any reasonable proximity of the proposed location site. The Archaeological Cultural Resource Survey will be submitted, as soon as it becomes available.

*Additional Surface Stipulations*

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

*Hazardous Material Declaration*

Inland Production Company guarantees that during the drilling and completion of the Ashley Federal #11-24, we will not use, produce, store, transport or dispose 10,000# annually of any of the hazardous chemicals contained in the Environmental Protection Agency's consolidated list of chemicals subject to reporting under Title III Superfund Amendments and Reauthorization Act (SARA) of 1986. Inland also guarantees that during the drilling and completion of the Ashley Federal #11-24, we will use, produce, store, transport or dispose less than the threshold planning quantity (T.P.Q.) of any extremely hazardous substances as defined in 40 CFR 355.

A complete copy of the approved APD, if applicable, shall be on location during the construction of the location and drilling activities.

Inland Production Company or a contractor employed by Inland Production shall contact the B.L.M. office at (801) 789-1362, 48 hours prior to construction activities.

The B.L.M. office shall be notified upon site completion prior to moving on the drilling rig.

13. LESSEE'S OR OPERATORS REPRESENTATIVE AND CERTIFICATION

Representative

Name: Brad Mecham  
Address: P.O. Box 1446 Roosevelt, Utah 84066  
Telephone: (801) 722-5103

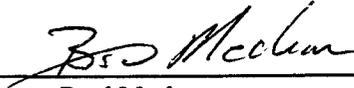
Certification

Please be advised that INLAND PRODUCTION COMPANY is considered to be the operator of Well #11-24 NE/SW Section 24, Township 9S, Range 15E: Lease #U-02458, Duchesne County, Utah: and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Hartford Accident #4488944.

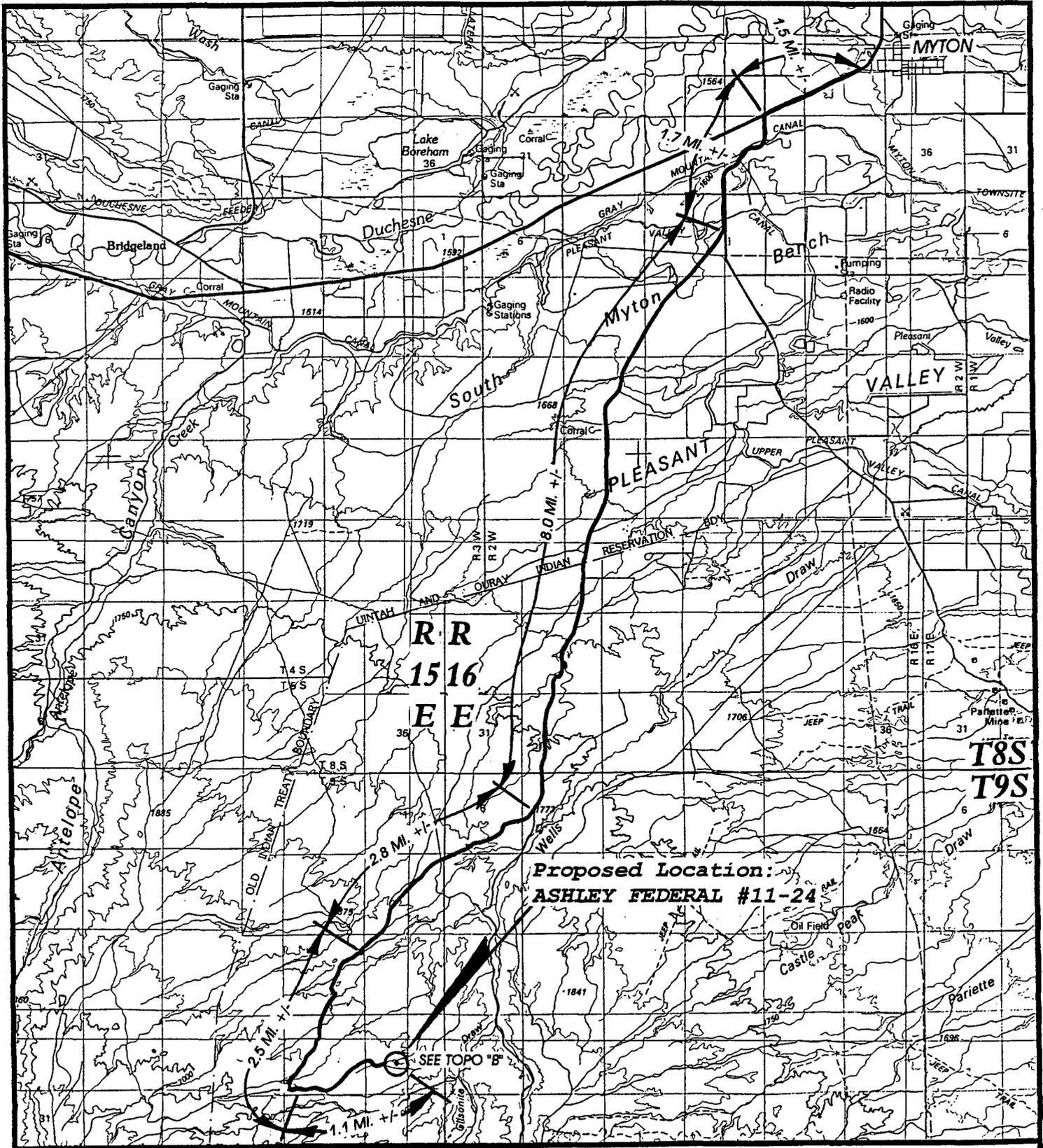
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Inland Production Company and 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.

6-18-96

Date



Brad Mecham  
District Manager



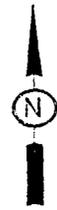
Proposed Location:  
**ASHLEY FEDERAL #11-24**

**UELS**

**TOPOGRAPHIC  
 MAP "A"**

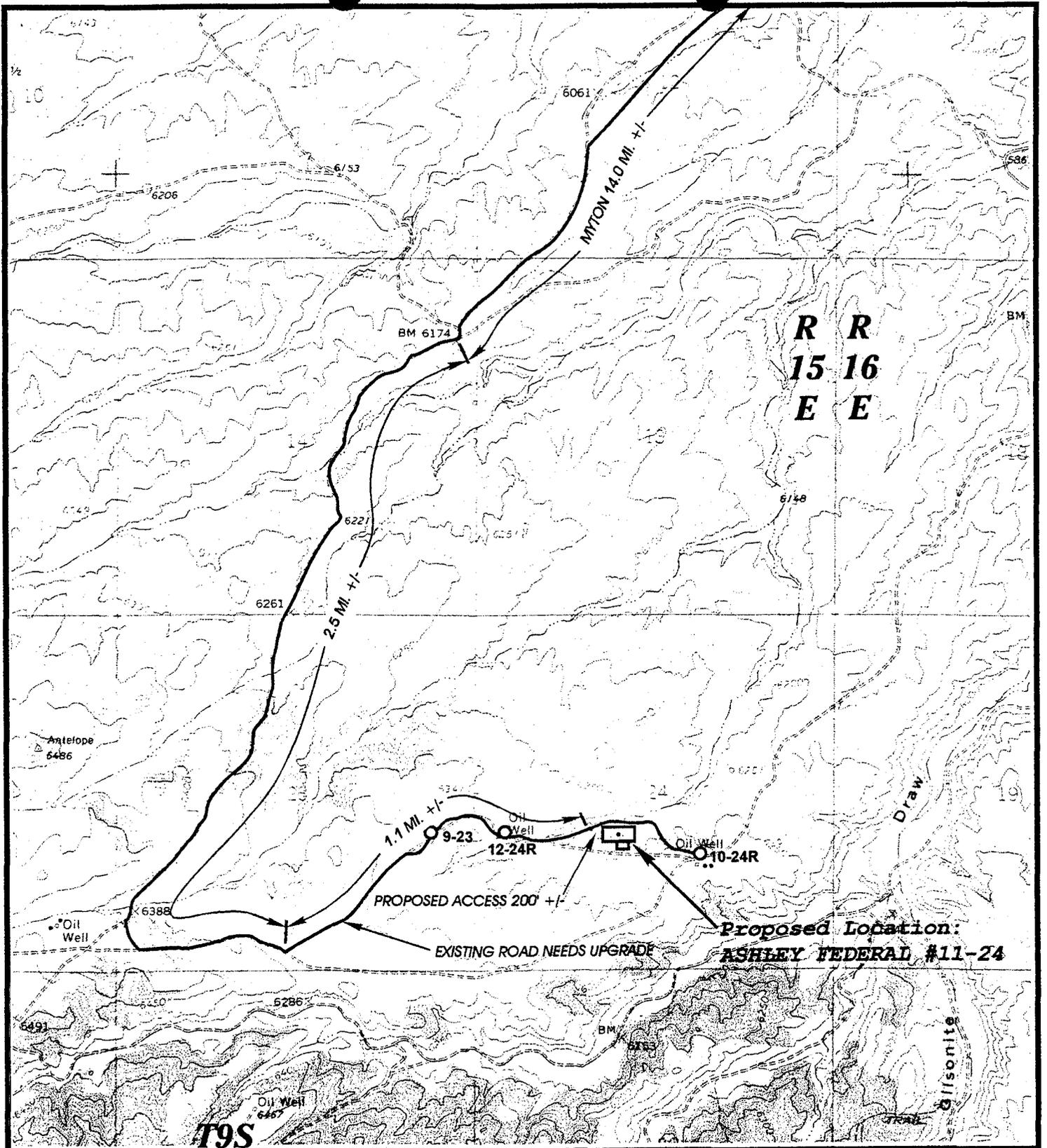
DATE: 3-6-96  
 Drawn by: D.COX

UINTAH ENGINEERING & LAND SURVEYING  
 85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017



**INLAND PRODUCTION CO.**

**ASHLEY FEDERAL #11-24  
 SECTION 24, T9S, R15E, S.L.B.&M.  
 2008' FSL 1970' FWL**



**UELS**

**TOPOGRAPHIC  
MAP "B"**

**DATE: 3-5-96  
Drawn by: D.COX**

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85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017



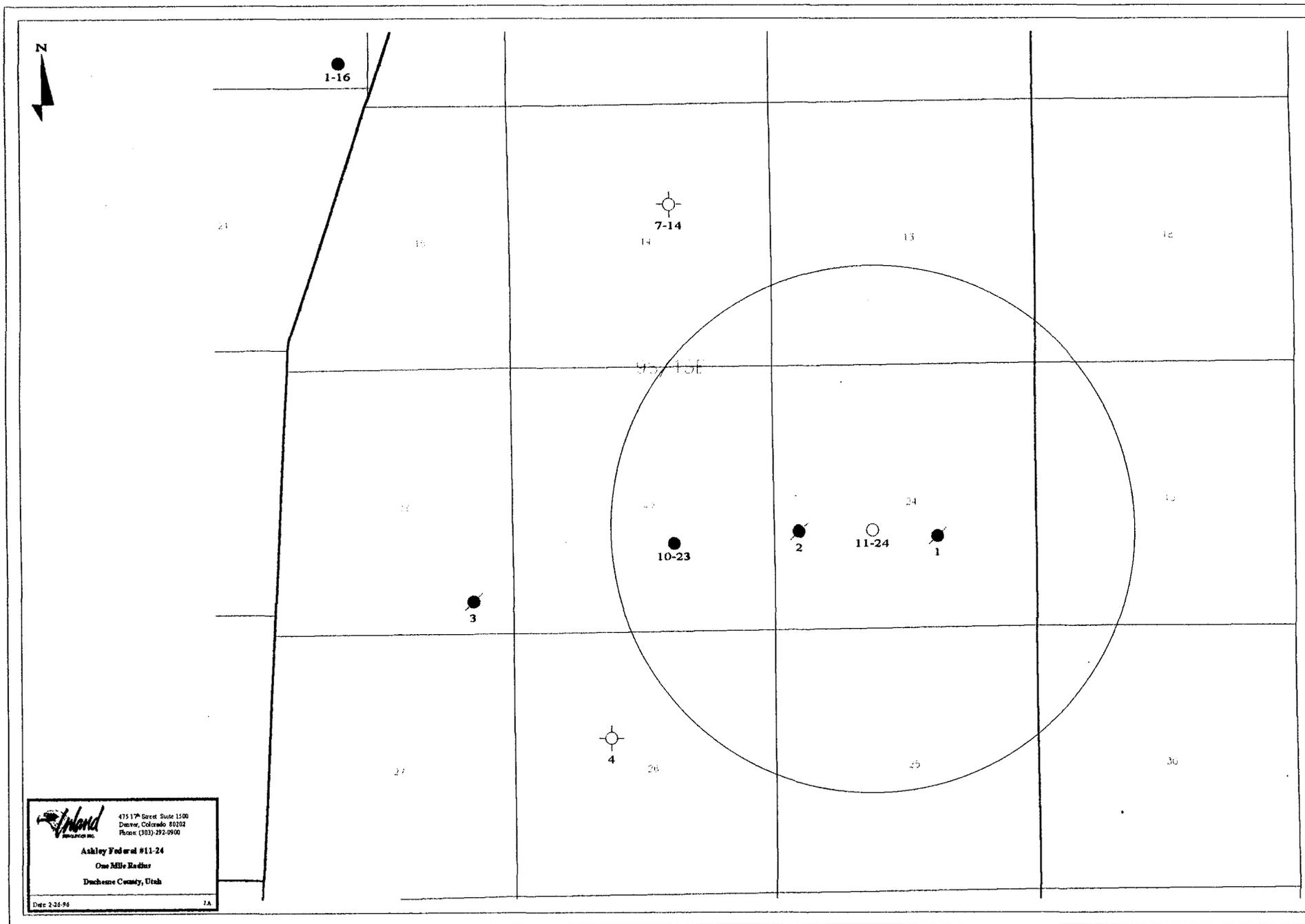
**SCALE: 1" = 2000'**

**INLAND PRODUCTION CO.**

**ASHLEY FEDERAL #11-24  
SECTION 24, T9S, R15E, S.L.B.&M.  
2008' FSL 1970' FWL**



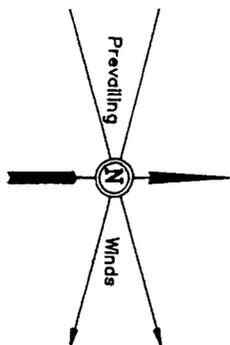
EXHIBIT "D"



INLAND PRODUCTION CO.

LOCATION LAYOUT FOR

ASHLEY FEDERAL #11-24  
SECTION 24, T9S, R15E, S.L.B.&M.  
2008' FSL 1970' FWL

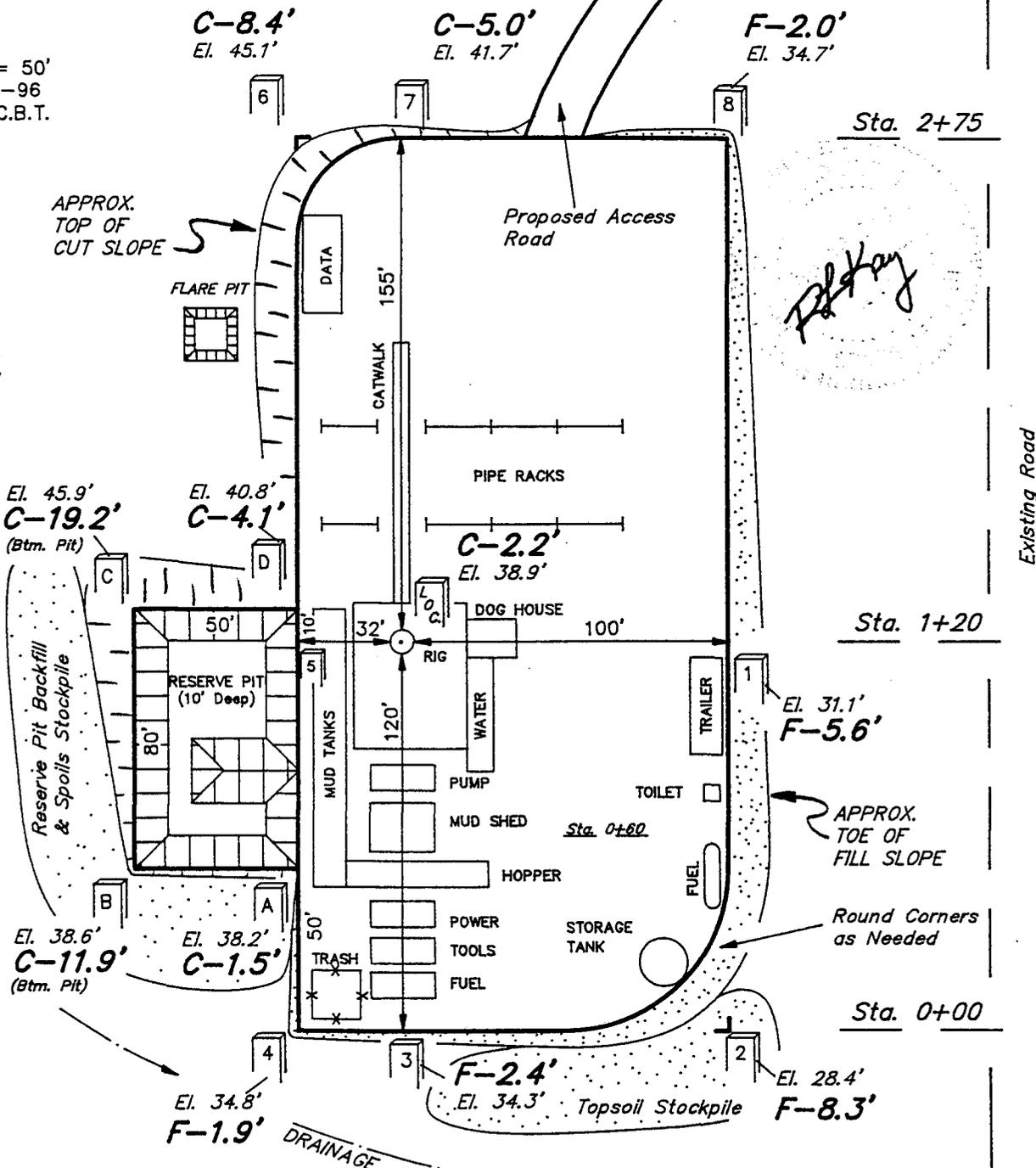


SCALE: 1" = 50'  
DATE: 3-6-96  
Drawn By: C.B.T.

NOTE:

FLARE PIT IS TO BE LOCATED A MINIMUM OF 125' FROM THE WELL HEAD.

NOTE:  
PIT CAPACITY WITH 2' OF FREEBOARD = 3,090 Bbls.

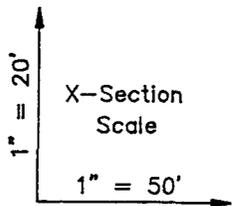


Elev. Ungraded Ground at Location Stake = 6238.9'  
Elev. Graded Ground at Location Stake = 6236.7'

INLAND PRODUCTION CO.

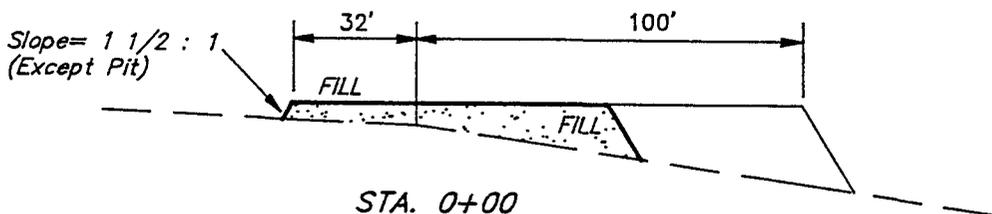
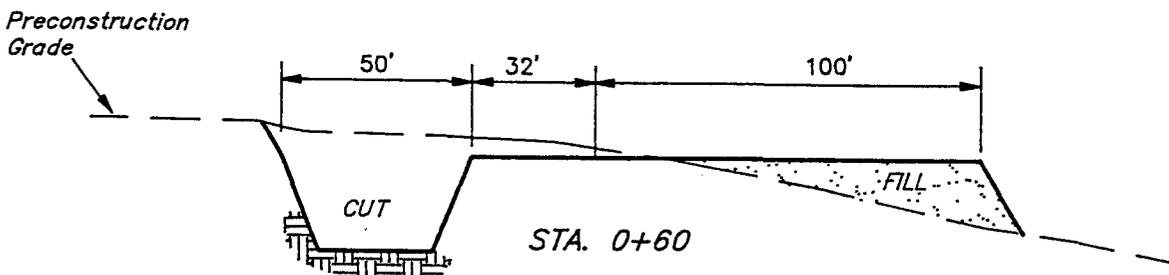
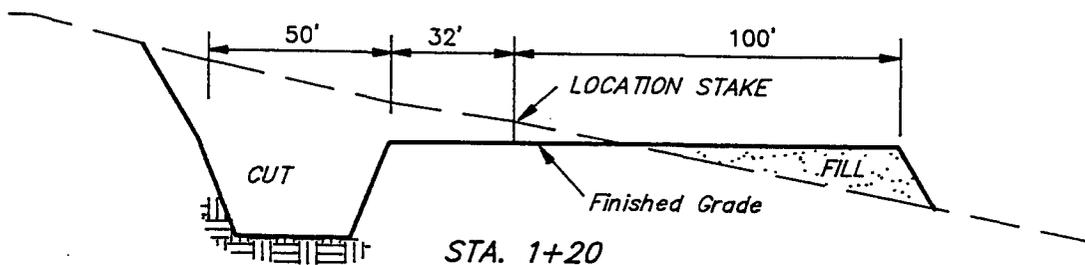
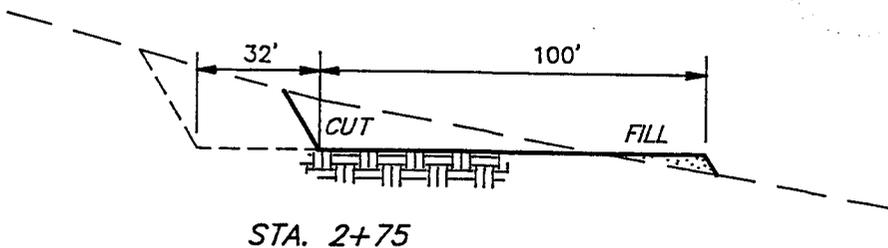
TYPICAL CROSS SECTIONS FOR

ASHLEY FEDERAL #11-24  
SECTION 24, T9S, R15E, S.L.B.&M.  
2008' FSL 1970' FWL



DATE: 3-6-96  
Drawn By: C.B.T.

*Robb*



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 750 Cu. Yds.
Remaining Location	= 3,300 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 4,050 CU.YDS.</b>
<b>FILL</b>	<b>= 2,700 CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	= 1,210 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 1,210 Cu. Yds.
EXCESS MATERIAL After Reserve Pit is Backfilled & Topsoil is Re-distributed	= 0 Cu. Yds.

# 2-M SYSTEM

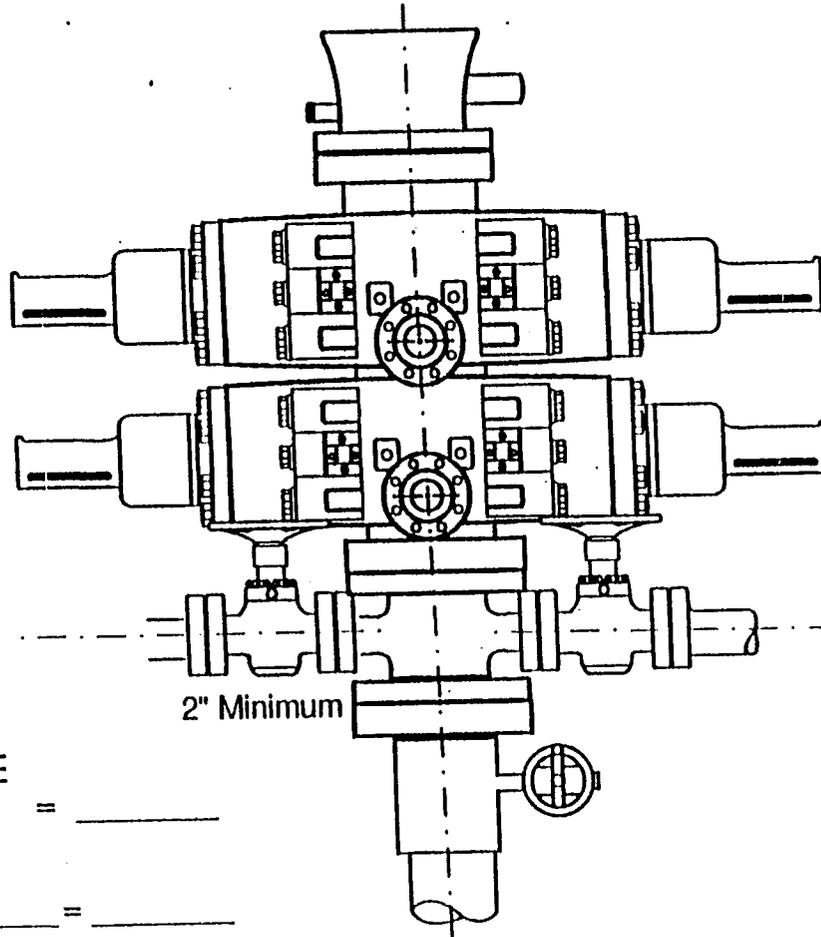
## EXHIBIT F

RAM TYPE B.O.P.

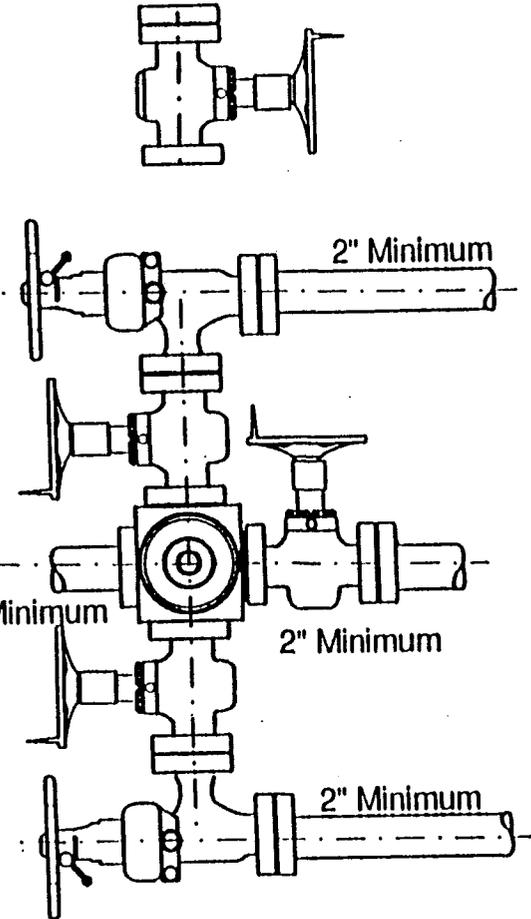
Make:

Size:

Model:



2" Minimum



2" Minimum

2" Minimum

2" Minimum

2" Minimum

GAL TO CLOSE

Annular BOP = \_\_\_\_\_

Ramtype BOP \_\_\_\_\_

\_\_\_\_\_ Rams x \_\_\_\_\_ = \_\_\_\_\_

= \_\_\_\_\_ Gal.

\_\_\_\_\_ x 2 = \_\_\_\_\_ Total Gal.

Rounding off to the next higher  
increment of 10 gal. would require

\_\_\_\_\_ Gal. (total fluid & nitro volume)

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 06/20/96

API NO. ASSIGNED: 43-013-31678

WELL NAME: ASHLEY FEDERAL 11-24  
 OPERATOR: INLAND PRODUCTION COMPANY (N5160)

PROPOSED LOCATION:  
 NESW 24 - T09S - R15E  
 SURFACE: 2008-FSL-1970-FWL  
 BOTTOM: 2008-FSL-1970-FWL  
 DUCHESNE COUNTY  
 CASTLE PEAK FIELD (075)

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

LEASE TYPE: FED  
 LEASE NUMBER: U - 02458

PROPOSED PRODUCING FORMATION: GRRV

RECEIVED AND/OR REVIEWED:

Plat  
 Bond: Federal  State  Fee   
 (Number 4486944)

Potash (Y/N)  
 Oil shale (Y/N)  
 Water permit  
 (Number WILSONITE STATE 7-32)

RDCC Review (Y/N)  
 (Date: \_\_\_\_\_)

LOCATION AND SITING:

R649-2-3. Unit: ASHLEY UNIT

R649-3-2. General.

R649-3-3. Exception.

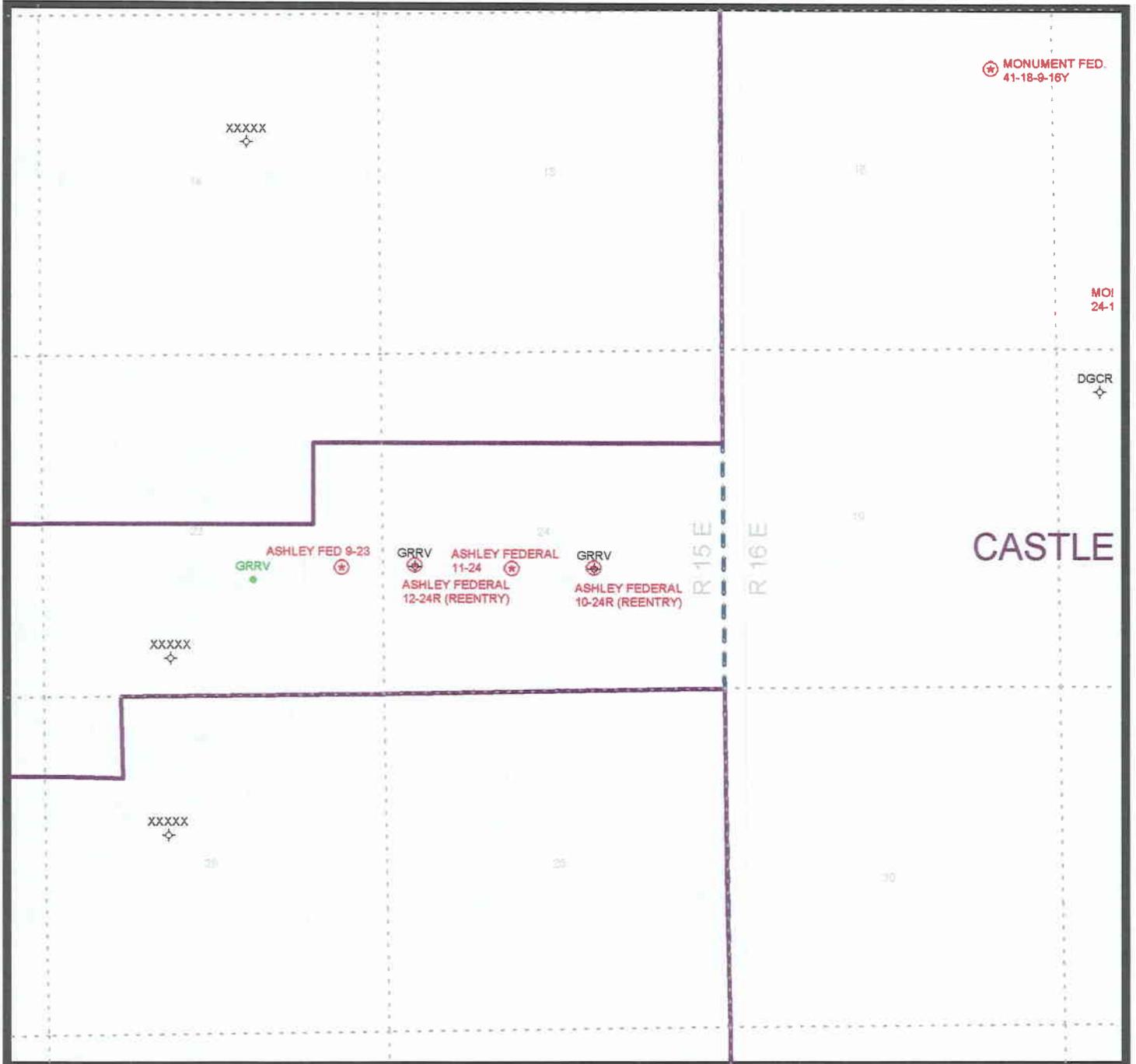
Drilling Unit.  
 Board Cause no: \_\_\_\_\_  
 Date: \_\_\_\_\_

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

STIPULATIONS: ① FEDERAL APPROVAL

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

# INLAND PRODUCTION COMPANY DEVELOPMENT DRILLING SEC. 24, T9S, R15E, DUCHESNE, COUNTY UAC R649-3-2



PREPARED:  
DATE: 25-JUNE-96



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

Michael O. Leavitt  
Governor  
Ted Stewart  
Executive Director  
Lowell P. Braxton  
Division Director

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)

June 1, 1998

Inland Production Company  
P.O. Box 790233  
Vernal, Utah 84079  
Roosevelt, Utah 84066

Re: Ashley Federal 11-24 Well, 2008' FSL, 1970' FWL, NE SW,  
Sec. 24, T. 9 S., R. 15 E., Duchesne 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 43-013-31678.

Sincerely,

A handwritten signature in cursive script that reads "John R. Baza".

John R. Baza  
Associate Director

lwp

Enclosures

cc: Duchesne County Assessor  
Bureau of Land Management, Vernal District Office

Operator: Inland Production Company  
Well Name & Number: Ashley Federal 11-24  
API Number: 43-013-31678  
Lease: U-02458  
Location: NE SW Sec. 24 T. 9 S. R. 15 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 or commencing drilling operations. 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.

**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  
 Inland Production Company

3. ADDRESS OF OPERATOR  
 P.O. Box 1446 Roosevelt, UT 84066

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
 At surface NE/SW  
 At proposed prod. zone 1970' FWL & 2008' FSL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
 14 ± miles southwest of Myton, Utah

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)  
 1365'

16. NO. OF ACRES IN LEASE  
 640

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 40

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 6500'

19. PROPOSED DEPTH  
 6500'

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 6236.7' GR

22. APPROX. DATE WORK WILL START\*  
 4th Quarter 1996

5. LEASE DESIGNATION AND SERIAL NO.  
 U-02458

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME  
 Ashley Unit

8. FARM OR LEASE NAME  
 Ashley Federal

9. WELL NO.  
 #11-24

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., E., M., OR BLE. AND SURVEY OR AREA  
 Sec. 24, T9S, R15E

12. COUNTY OR PARISH  
 Duchesne

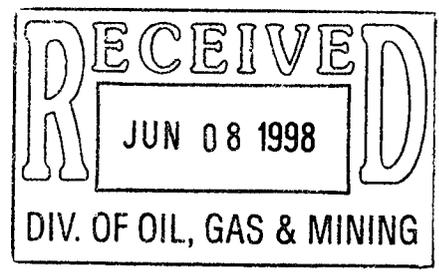
13. STATE  
 Utah

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	8 5/8	24#	300'	120 sx Class G+2% CaCl+2% Gel
7 7/8	5 1/2	15.5#	TD	400 sx Hilift followed by 330 sx Class G w/ 10% CaCl

The actual cement volumes will be calculated off of the open hole logs, plus 15% excess.

RECEIVED  
JUN 20 1996



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 Brad Mechem TITLE District Manager DATE 6/10/96

(This space for Federal or State office use)  
**NOTICE OF APPROVAL**

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_  
 APPROVED BY Thomas B. Cleaves TITLE Assistant Field Manager  
 Mineral Resources DATE 6/1/98

CONDITIONS OF APPROVAL  
 TO OPERATOR'S COPY

\*See Instructions On Reverse Side

44-080-6m-154  
 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.

CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Inland Production Company

Well Name & Number: Ashley Federal 11-24

API Number: 43-013-31678

Lease Number: U - 02458

Location: NESW Sec. 24 T. 9S R. 15E

**NOTIFICATION REQUIREMENTS**

- |                                 |   |   |
|---------------------------------|---|---|
| Location Construction           | - | at least forty-eight (48) hours prior to construction of location and access roads.   |
| Location Completion             | - | prior to moving on the drilling rig.  |
| Spud Notice                     | - | at least twenty-four (24) hours prior to spudding the well.   |
| Casing String and Cementing     | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings.   |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests.   |
| First Production Notice         | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

## CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

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

All lease and/or unit 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, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

### A. DRILLING PROGRAM

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

Report ALL water shows and water-bearing sands to Tim Ingwell of this office. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

#### 2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

#### 3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the base of the usable water, identified at 2,241 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to  $\pm$  2,041 ft., and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

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 not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. 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. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications 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 a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its 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 AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 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.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. 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 AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3. There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report 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.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

Ed Forsman (801) 789-7077  
Petroleum Engineer

Wayne P. Bankert (801) 789-4170  
Petroleum Engineer

Jerry Kencka (801) 781-1190  
Petroleum Engineer

BLM FAX Machine (801) 781-4410

## EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

## **SURFACE USE PROGRAM**

### **Conditions of Approval (COA)**

#### **Location of Proposed Facilities**

All facilities will be painted within six months of installation. Facilities required to comply with OSHA will be excluded. The paint will be a non-reflective, earthtone Desert Brown Color (10YR 6/3).

#### **Location Reclamation**

The following seed mixture will be used on the stock piled topsoil, reclamation of the reserve pit and for final reclamation: (All poundages are in Pure Live Seed)

black sage	Artemisia nova	3 lbs/acre
shadscale	Atriplex confertifolia	3 lbs/acre
fourwing saltbush	Atriplex canescens	4 lbs/acre
western wheatgrass	Agropyron smithii	2 lbs/acre

The location topsoil pile shall be seeded immediately after site construction by broadcasting the seed, then walking the topsoil pile with the dozer to plant the seed.

The reserve pit shall have a small amount of topsoil stock piled near by as shown on the cut sheet to be used to spread over the reserve pit area at the time the reserve pit is reclaimed.

At the time of final abandonment the location and access will be recontoured to natural topography and topsoil spread over the area and the surface seeded immediately. If the previously reclaimed surface of the reserve pit needs additional contouring, the topsoil over the pit will be scraped off and then used as additional topsoil for final reclamation.

#### **Other Information**

##### **Sage Grouse**

No new construction or surface disturbing activities will be allowed March 1 through June 30 due to Sage Grouse habitat.

##### **Mountain Plover**

According to the timeframes listed on the following chart and prior to new construction and drilling activities, a detailed survey of the area within 0.5 mile of a proposed location and 300 feet either side of the center line of a proposed access route will be made by BLM or a qualified biologist to detect the presence of plovers. Extreme care shall be exercised to locate plovers due to their highly secretive and quiet nature. Where possible, the survey shall first be made from a stationary vehicle. All plovers located will be observed long enough to determine if a nest is present. If no visual sightings are made from the vehicle, the area will be surveyed again on foot.



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

<http://www.blm.gov/utah/vernal>

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3162

UT08300

June 9, 1999

Inland Production Company  
Route 3 Box 3630  
Myton, UT 84052

Re: Notification of Expiration  
Well No. Ashley Federal 11-24  
NESW, Section 24, T9S, R15E  
Lease No. U-02458  
Duchesne County, Utah

43-013-31678

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on June 1, 1998. Since that date, no known activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Margie Herrmann  
Legal Instruments Examiner

cc: State Div. OG&M

DOG M  
'LA'  
DATE

