

UTAH OIL AND GAS CONSERVATION COMMISSION

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

981123 APD EXT 11-23-99'

DATE FILED **APRIL 11, 1997**
 LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. INDIAN #
 DRILLING APPROVED: **FEBRUARY 10, 1998** 14-20-H62-4741

SUDDEN IN:
 COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: **5-5-2000 LA'D**

FIELD: **UNDESIGNATED**

UNIT:

COUNTY: **DUCHESNE**

WELL NO. **UTE 1-4D7**

API NO. **43-013-31869**

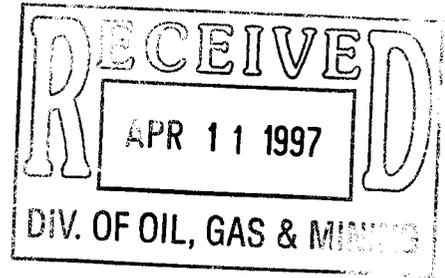
LOCATION **1327 FSL** FT. FROM (N) (S) LINE. **2515 FEL** FT. FROM (E) (W) LINE. **NW SE** 1/4 - 1/4 SEC. **4**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
4S	7W	4	COASTAL OIL & GAS				



Coastal
The Energy People

April 10, 1997



Ute #1-36C7, Section 36-T3S-R7W
Lease No. 14-20-H62-4703
Ute #1-4D7, Section 4-T4S-R7W
Lease No. 14-20-H62-4741
Duchesne County, Utah

VIA FEDERAL EXPRESS

Bureau of Land Management
Division of Oil, Gas & Mining
Vernal District Office
170 South 500 East
Vernal, UT 84078

To Whom It May Concern:

Enclosed are the Applications for Permit to Drill (APD), the Drilling Programs, and the Surface Use and Operations Plans for the above referenced wells. Please note that additional copies have been sent to the BIA, Ute Tribe, and State of Utah.

If you have any questions concerning the enclosed documents, please contact me at (303) 573-4455.

Sincerely,

Sheila Bremer
Environmental Analyst

Enclosures

cc: Ute Tribe
Bureau of Indian Affairs
Brad Hill, State of Utah

Coastal Oil & Gas Corporation

A SUBSIDIARY OF THE COASTAL CORPORATION
600 17TH ST • STE 800 S • P O BOX 749 • DENVER CO 80201-0749 • 303-572-1121

T4S, R7W, U.S.B.&M.

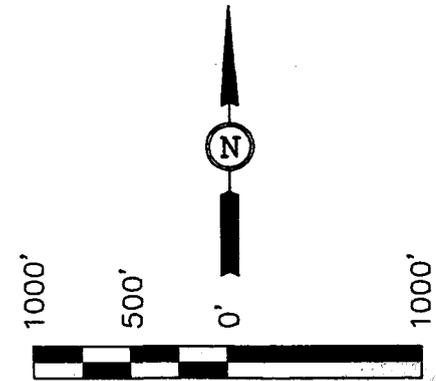
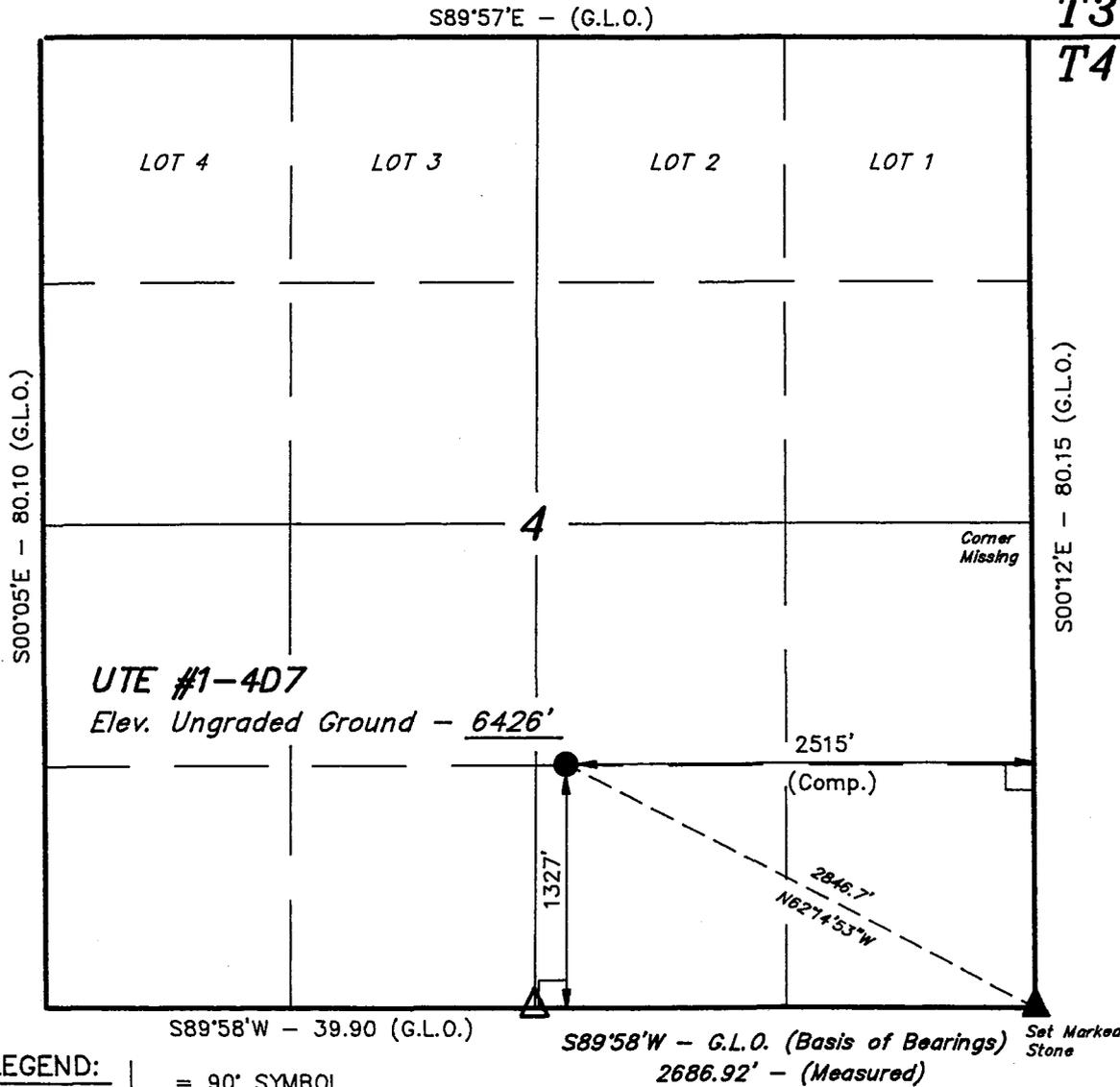
COASTAL OIL & GAS CORP.

Well location, UTE #1-4D7, located as shown in the NW 1/4 SE 1/4 of Section 4, T4S, R7W, U.S.B.&M., Duchesne County, Utah.

T3S
T4S

BASIS OF ELEVATION

SPOT ELEVATION AT THE WEST 1/4 CORNER OF SECTION 15, T4S, R7W, U.S.B.&M. TAKEN FROM THE STRAWBERRY PINNACLES QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6038 FEET.



SCALE
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. Gray
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 02-07-97	DATE DRAWN: 02-13-97
PARTY J.F. K.S. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE COASTAL OIL & GAS CORP.	

- LEGEND:**
- = 90° SYMBOL
 - = PROPOSED WELL HEAD.
 - = SECTION CORNERS LOCATED.
 - = SECTION CORNERS RE-ESTABLISHED USING BEARING TREE INFORMATION.

**UTE #1-4D7
1327' FSL & 2515' FEL
NW/SE, SECTION 4-T4S-R7W
DUCHESNE COUNTY, UTAH
LEASE NUMBER: 14-20-H62-4741**

**ONSHORE ORDER NO. 1
COASTAL OIL & GAS CORPORATION**

DRILLING PROGRAM

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 Order No. 1, 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 to the field representative to ensure compliance.

1. **Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
Duchesne River/Uinta	Surface
Lower Green River	4,130'
Wasatch	5,930'
• Top of Wasatch Red Beds	None Anticipated
• Bottom of Wasatch Red Beds	None Anticipated
Total Depth	8,800'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil	Lower Green River	4,130'
	Wasatch	5,930'
Gas	Lower Green River	4,130'
	Wasatch	5,930'
Water	N/A	
Other Minerals	N/A	

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected. Oil and gas shows will be evaluated to determine commercial potential.

3. **Pressure Control Equipment:** (Schematic Attached)

Coastal Oil & Gas Corporation's specifications for pressure control equipment are as follows:

- 11"/13⁵/₈" annular preventer, 11"/13⁵/₈" double BOP with blind and pipe rams, and drilling spool. Each component shall be rated for a minimum of 3,000 psi working pressure.

- Ram type preventers and associated equipment shall be tested to approved stack working pressure, if isolated by test plug, or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.
- Annular preventers shall be tested to 250 psi and 70% of the rated working pressure, if isolated by test plug, or to 70% of internal yield pressure of casing. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.
- As a minimum, the above test will be performed when initially installed, whenever any seal subject to test pressure is broken, following related repairs, or at 30-day intervals.
- Valves shall be tested from working pressure side during BOPE tests with all downstream valves open.
- When testing the kill line valve(s), the check valve shall be held open or the ball removed.
- Annular preventers shall be functionally operated at least weekly.
- Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day. A record of this function shall be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.
- A BOPE pit level drill shall be conducted weekly for each drilling crew.
- Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated in accordance with Onshore Order No. 2.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

- a. The size and the rating of the BOP stack is shown on the attached diagram. The minimum allowable working pressure of BOP equipment shall be 3,000 psi.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.

- d. Drill string safety valve(s), to fit all drill string components, are to be maintained on the rig floor while drilling operations are in progress.

4. **Proposed Casing and Cementing Program:**

- a. The proposed Casing Program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Csg Size</u>	<u>Wt/ft</u>	<u>Grade</u>	<u>Type</u>
Conductor	0-40'	20"	16"	65#	H-40	ST&C
Surface	0-1,000'	12 1/4"	9 5/8"	36#	K-55	ST&C
Prod Casing	0-TD	8 1/2"	5 1/2"	17#	N-80	LT&C

The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including: presence/absence of hydrocarbons, fracture gradients, usable water zones, formation pressures, lost circulation zones, other minerals, or other unusual characteristics. All indications of usable water shall be reported.

Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).

Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).

Casing collars shall have a minimum clearance of 0.422" of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.

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

All casing, except conductor casing, shall be new or reconditioned and tested. Used casing shall meet or exceed API standards for new casing.

The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.

All indications of usable water shall be reported to the Authorized Officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.

Surface casing shall have centralizers on every fourth joint of casing, starting with the shoe joint and up to the bottom of the cellar.

Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc., shall be utilized to help isolate the cement from contamination by the mud being displaced ahead of the cement slurry.

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or to 1500 psi, whichever is greater, but not to exceed 70% of the casing internal yield pressure. If pressure declines more than 10% in 30 minutes, corrective action shall be taken.

Casing design subject to revision based on geologic conditions encountered.

- b. The Cement Program will be as follows:

<u>Conductor</u>	<u>Fill</u>	<u>Type & Amount</u>
0-40'	40'	10 sx of Class "G".
<u>Surface</u>	<u>Fill</u>	<u>Type & Amount</u>
0-1,000'	1,000'	Lead: Approximately 200 sx of Class "G" Lite + 3% CaCl ₂ at 13.1 ppg, 1.68 ft. ³ /sx, sufficient to circulate to surface. Tail: A minimum of 150 sx of Class "G" + 3% CaCl ₂ at 15.8 ppg, 1.17 ft. ³ /sx.
<u>Production Casing</u>		<u>Type & Amount</u>
TD - at least 500' above Top of productive interval		Class "G" + 10% D53 (Gypsum) + 0.2% D46 (Antifoam) + 0.1% D74 (Extender) + 10#/sx D24 (Gilsonite) at 14.0 ppg, 1.73 ft. ³ /sx. Approximately 800 sx.

Additional cement may be pumped as necessary for protection against corrosive zones or other zones with hydrocarbon-producing potential. A stage cementing tool is optional.

Anticipated cement tops will be reported as to depth, not the expected number of sacks of cement to be used. The District Office shall be provided with 24 hours notice in order to have a BLM representative on location while running all casing strings and cementing.

After cementing, but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the Driller's Log.

- c. The following reports shall be filed with the District Manager within 30 days after the work is completed:

1. Progress reports, Form 3160-5, "Sundry Notices and Reports on Wells," must include the following information:
 - a) Setting of each string of casing showing the size, grade, weight of casing set, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of the cementing tools used, casing test method and results, and the date of the work done. Spud date will be shown on the first reports submitted.
 - b) A temperature or bond log will be submitted for the production casing. A bond log will not be run on the other string, as cement is generally able to be lifted to surface.
- d. Auxiliary equipment to be used as follows:
 1. Kelly cock.
 2. No bit float is deemed necessary.
 3. A sub with a full opening (TIW) valve.

5. **Drilling Fluids Program:**

<u>Interval</u>	<u>Type</u>	<u>Mud Wt.</u>
0-6,000'	Air Mist/Aerated Water	8.4-8.6 ppg
6,000'-TD	LSND	8.6-10 ppg

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and pH.

- b. Mud monitoring equipment will be checked periodically each tour.
- c. No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of freshwater aquifers.
- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

6. Evaluation Program:**a. Logging Program:**

Resistivity-GR, SP: 1,000'-TD.

Sonic-GR: 1,000'-TD.

Drill Stem Tests: None anticipated.

Cores: None anticipated.

The Evaluation Program may change at the discretion of the well site geologist.

Drill stem tests, if they are run, will adhere to the following requirements:

Initial opening of the drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the Authorized Officer. However, DST's 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 vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the Authorized Officer. Closed chamber DST's may be performed day or night.

Drill stem testing tools will provide for reverse circulation in case of flow to the surface showing evidence of hydrocarbons.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to be operational during the test shall have spark arresters or water-cooled exhausts.

- b. Whether the well is completed as a dry hole or 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. One copy 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.
- c. No stimulation or frac treatment has been designed for this well at this time; however, the drill site, as approved, will be of sufficient size to accommodate all completion activities.

7. **Abnormal Conditions:**

No abnormal temperatures or pressures are anticipated. No hydrogen sulfide has been encountered in or known to exist from previous drilling in the area at this depth. Maximum anticipated bottomhole pressure approximately equals 3,520 psi (calculated at 0.4 psi/foot) and maximum anticipated surface pressure equals approximately 1,584 psi (bottomhole 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: Upon approval of this application.

Drilling Days: Approximately 30 days.

Completion Days: Approximately 20 days.

b. Notification of Operations

The BLM in Vernal, Utah, will be notified at least 24 hours prior to the commencement of spudding the well (to be followed with a Sundry Notice, Form 3160-5), of initiating pressure tests of the blowout preventer and related equipment, and running casing and cementing of all casing strings.

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 from 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.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6, "Monthly Report of Operations," starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 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 requirements of NTL-3A or its revision.

Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status. Such notification will be sent by written communication no later than 5 days following the date when the well is placed on production.

Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During this period, an application for approval of the permanent disposal method, accompanied by water analysis and other required information, must be submitted to the District Engineer.

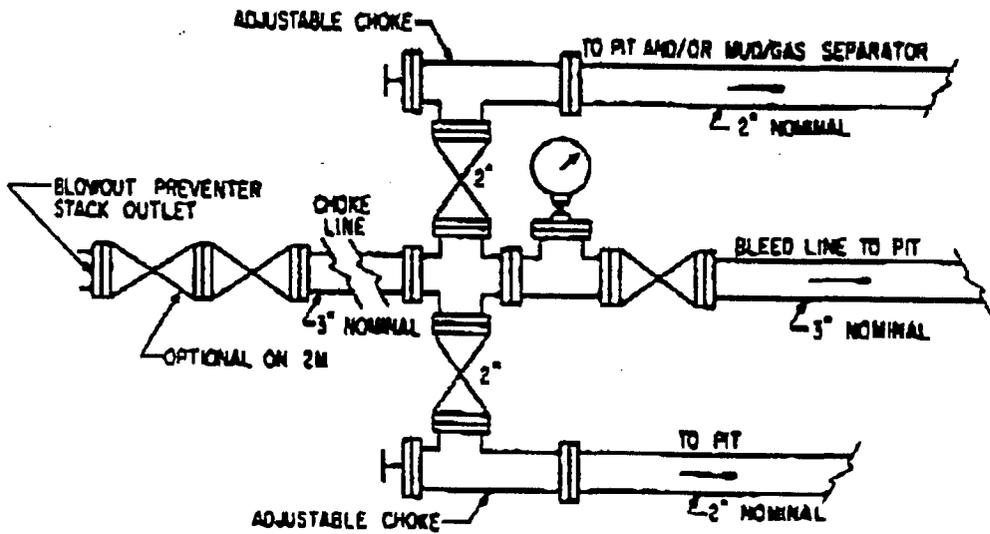
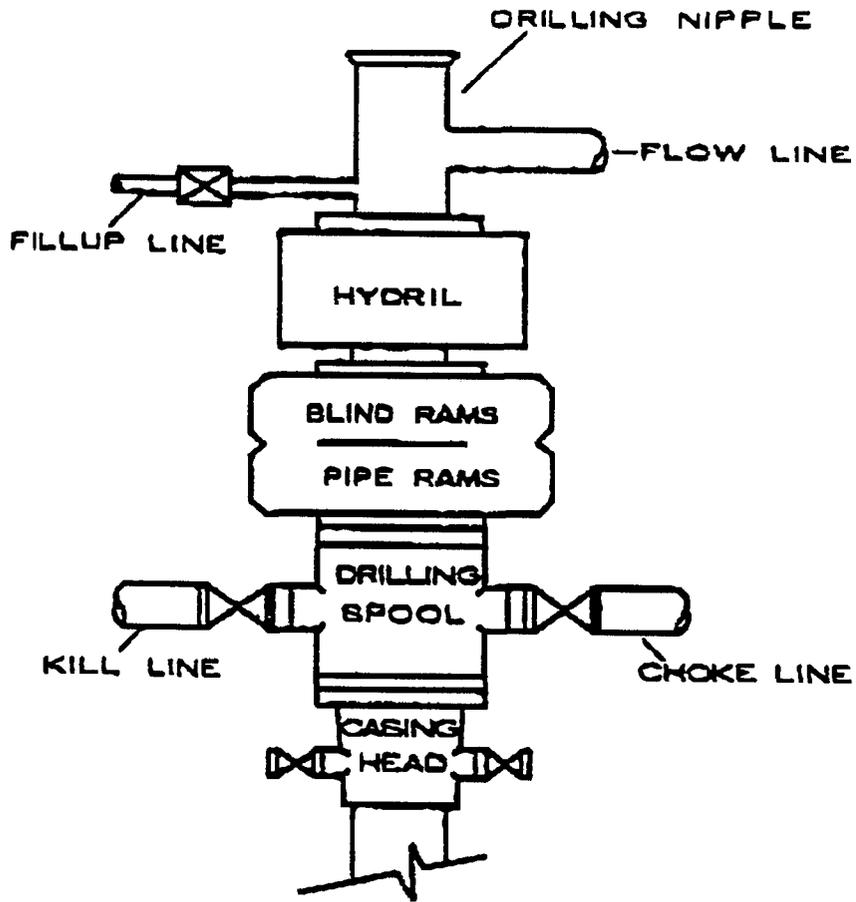
Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during the initial well evaluation tests, not to exceed 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received for any venting/flaring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

A schematic facilities diagram, as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the District Office within 60 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 3162.7-5 (b.4).

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 "Subsequent Report of Abandonment," Form 3160-5, will be filed with the Authorized Officer within 30 days following completion of the well for abandonment. This report will indicate placement of the plugs and current status of the 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 Authorized Officer or his representative, or the appropriate Surface Managing Agency.

Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with the State and local laws, to the extent to which they are applicable, to operations on Federal or Indian lands.

3,000 psi
BOP STACK



**UTE #1-4D7
1327' FSL & 2515' FEL
NW/SE, SECTION 4-T4S-R7W
DUCHESNE COUNTY, UTAH
LEASE NUMBER: 14-20-H62-4741**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

Notification Requirements

Location Construction:	48 hours prior to construction of location and access roads.
Location Completion:	Prior to moving the drilling rig.
Spud Notice:	At least 24 hours prior to spudding the well.
Casing String & Cementing:	24 hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests:	24 hours prior to initiating pressure tests.
First Production Notice:	Within 5 days after new well begins or production resumes after well has been off production for more than 90 days.

The on-site inspection for this well was conducted on March 19, 1997, at 10:30 a.m. Weather conditions were sunny. The following individuals were in attendance at the inspection:

Sheila Bremer	Coastal Oil & Gas Corporation
Clay Einerson	Coastal Oil & Gas Corporation
Scott Seely	Drilling Consultant for Coastal Oil & Gas Corporation
Clint Turner	Land Consultant for Coastal Oil & Gas Corporation
Greg Darlington	Bureau of Land Management
Dennis Ingram	State of Utah, Division of Oil, Gas & Mining
Dale Hanberg	Bureau of Indian Affairs
Leo Tapoof	Ute Tribe
Robert Kay	Uintah Engineering & Land Surveying, Inc.
Darr Fisher	Fisher Crane
Gary Robinson	Robinson Construction

1. Existing Roads:

The proposed well site is approximately 19.1 miles west of Duchesne, Utah. Refer to Topo Maps A and B for location of access roads.

The existing county road will be moved to the east side of the well pad and the existing north-south road will be moved to the south side of the well pad. The existing county road will then be used as access to the well pad. See proposed access road plats attached. All existing roads will be

maintained and kept in good repair during all drilling and completion operations associated with this well.

2. **Planned Access Roads:**

No new access will be required, although two existing roads will be rerouted as stated above. Appropriate water control will be installed to control erosion.

No pipelines will be crossed with the new construction.

The maximum grade will be less than 5% at the steepest point.

There will be no turnouts, major cuts and fills, low water crossings, or bridges. Two culverts will be installed (see proposed access road plats).

The access road was centerline flagged during time of staking.

There will be no gates, fence cuts, or modifications to existing facilities. A cattle guard may be installed.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

Access roads and surface disturbing activities will conform to standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing and will be maintained according to original construction standards. The access road right-of-way will be kept free of trash during operations. All traffic will be confined to the approved right-of-way. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided.

3. **Location of Existing Wells Within a 1-Mile Radius:** (See Map C)

- a. Water wells - 0
- b. Producing wells - 0
- c. Drilling wells - 0
- d. Shut-in wells - 0

- e. Temporarily abandoned wells - 0
- f. Disposal wells - 0
- g. Abandoned wells - 0
- h. Injection wells - 0

4. **Location of Existing and Proposed Facilities:**

The following guidelines will apply if the well is productive.

- a. A diagram showing the proposed production facilities will be submitted via Sundry Notice Form 3160-5 prior to facilities installation.
- b. All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.
- c. A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.
- d. All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted Desert Brown, Munsell standard color number 10 YR 6/3. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- e. If, at any time, the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to the appropriate rental or other financial obligation, as determined by the Authorized Officer.
- f. Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

5. **Location and Type of Water Supply:**

All water needed for drilling purposes will be obtained from:

City of Duchesne Culinary Water System
Sections 1 and 2, T4S-R5W

Under the existing water rights held by the City of Duchesne, Utah.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.

No construction materials will be removed from Federal/Indian lands without prior approval from the appropriate surface management agency.

7. **Methods of Handling Waste Materials:**

- a. Drill cuttings will be contained and buried in the reserve pit.
- b. Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.
- c. The reserve pit will be constructed on the location and will not be located within natural drainages, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

If a plastic reinforced liner is used, it will be a minimum of 12 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

- d. After first production, produced waste water will be confined to the approved pit or storage tank for a period not to exceed 90 days. During the 90 day period, in accordance with Onshore Order No. 7, 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.
- e. Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.
- f. A chemical porta-toilet will be furnished with the drilling rig.
- g. Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.
- h. All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

- i. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

8. **Ancillary Facilities:**

None are anticipated.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

See the attached diagram to describe rig orientation, parking areas, and access roads.

- a. The reserve pit will be located on the south side of the location.
- b. The stockpiled topsoil (first six inches) will be stored on the northeast side of the location. All brush removed from the well pad during construction will be stockpiled separately from the topsoil.
- c. The flare pit will be located on the west side of the location, downwind from the prevailing wind direction and a minimum of 100 feet from the wellhead and 30 feet from the reserve pit fence.
- d. Access will be from the north.
- e. All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one 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.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

- f. The reserve pit fencing will be on two sides (providing for blooie line as necessary for air drilling operations) during drilling operations, and on the remaining sides when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. **Plans for Reclamation of the Surface:**

- a. Producing Location:

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

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

If a plastic, nylon reinforced, liner is used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Arrangements are being negotiated between the landowner(s) and the Operator defining the specific requirements for surface reclamation. Notification will be submitted verbally and/or via letter when landowner negotiations are complete.

- b. Dry Hole/Abandoned Location:

On lands administered by the BLM, abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and the re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final

abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. **Surface Ownership:**

The well pad is located on lands owned by:

- Rimrock Ranches Inc.
1399 South 700 East, Suite 15
Salt Lake City, Utah 84105

12. **Other Information:**

- a. 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 and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.
- b. The Operator will control noxious weeds along right-of-ways for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides or other pesticides or possibly hazardous chemicals.
- c. Drilling rigs and/or equipment used during drilling operations on this location will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. If BLM authorization is obtained, such storage is only a temporary measure.
- d. The BLM office shall be notified upon site completion and prior to moving drilling tools onto the location.
- f. No work will be done on the location until negotiations with the landowner are complete.
- g. A Private Surface Owner Waiver (archeology wavier) is being obtained from the landowner and will be provided as soon as practicable.
- h. After drilling and completion operations are finished, the entire location will be fenced.

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

Sheila Bremer
Environmental & Safety Analyst
Coastal Oil & Gas Corporation
P.O. Box 749
Denver, CO 80201-0749
(303) 573-4455

Tom Young
Drilling Manager
Coastal Oil & Gas Corporation
9 Greenway Plaza
Houston, TX 77046
(713) 877-7044

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 and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

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



Sheila Bremer

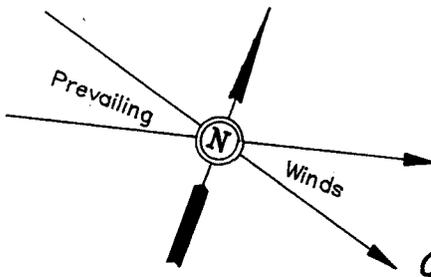


Date

COASTAL OIL & GAS CORP.

LOCATION LAYOUT FOR

UTE #1-4D7
SECTION 4, T4S, R7W, U.S.B.&M.
1327' FSL 2515' FEL

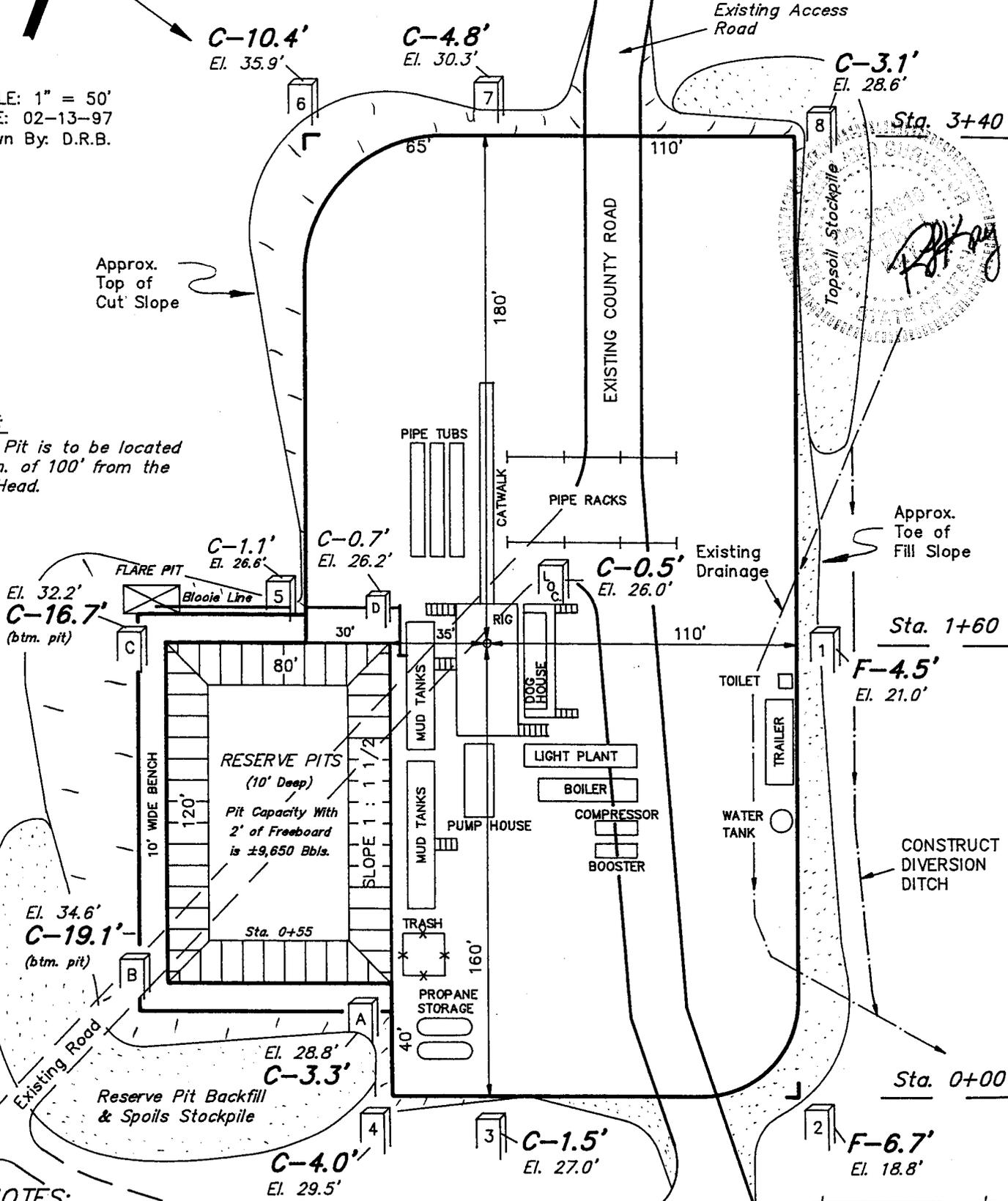


SCALE: 1" = 50'
DATE: 02-13-97
Drawn By: D.R.B.

Approx. Top of Cut Slope

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = **6426.0'** RE-ROUTE ROAD

FINISHED GRADE ELEV. AT LOC. STAKE = **6425.5'**

FIGURE #1

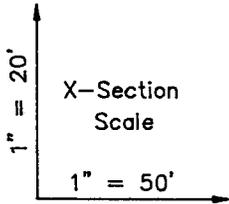
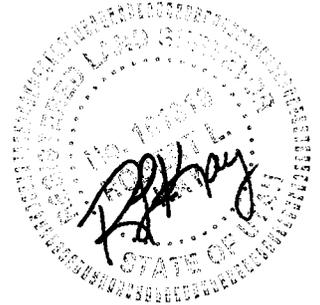
COASTAL OIL & GAS CORP.

TYPICAL CROSS SECTIONS FOR

UTE #1-4D7

SECTION 4, T4S, R7W, U.S.B.&M.

1327' FSL 2515' FEL



DATE: 02-13-97
Drawn By: D.R.B.

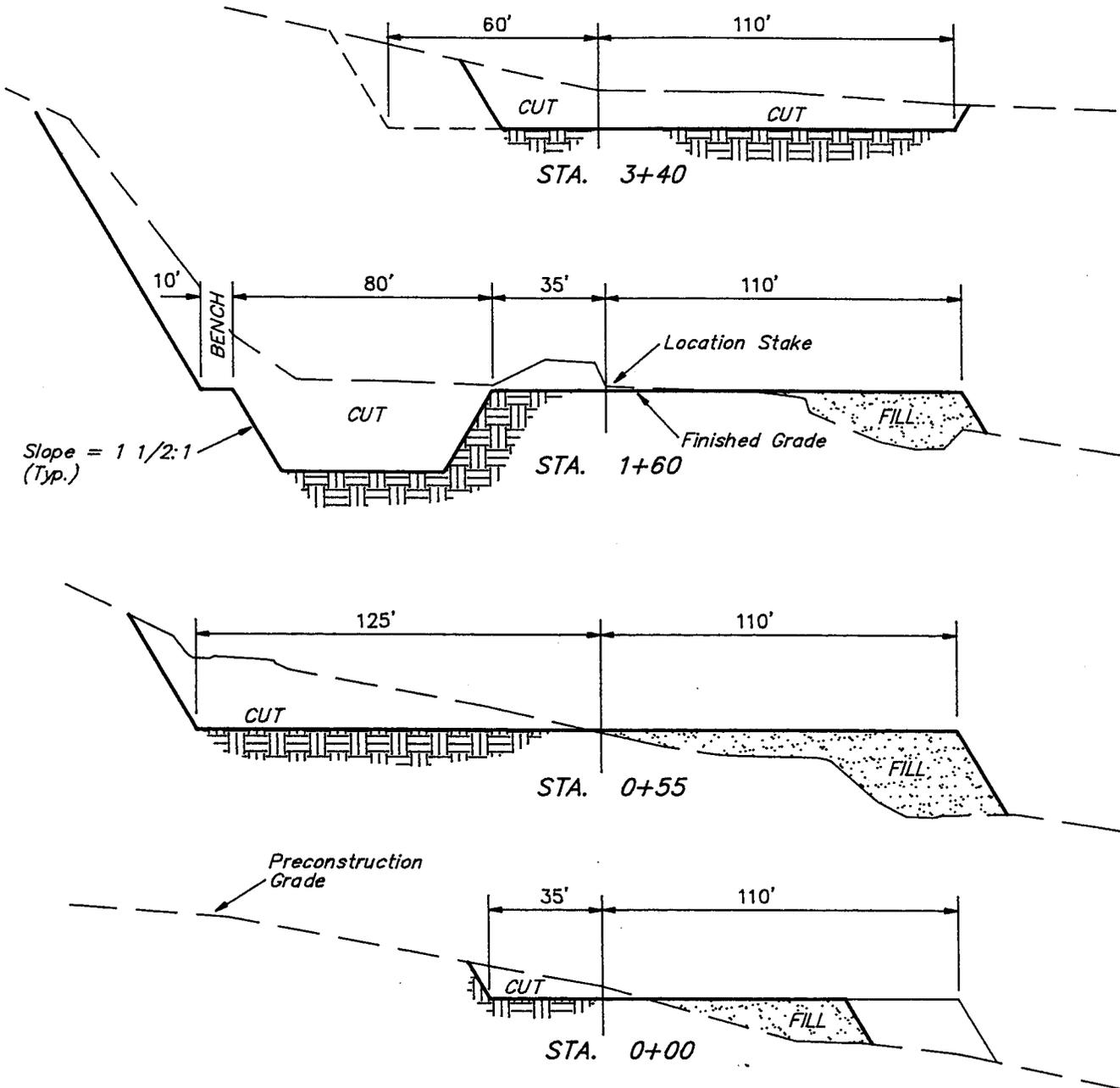
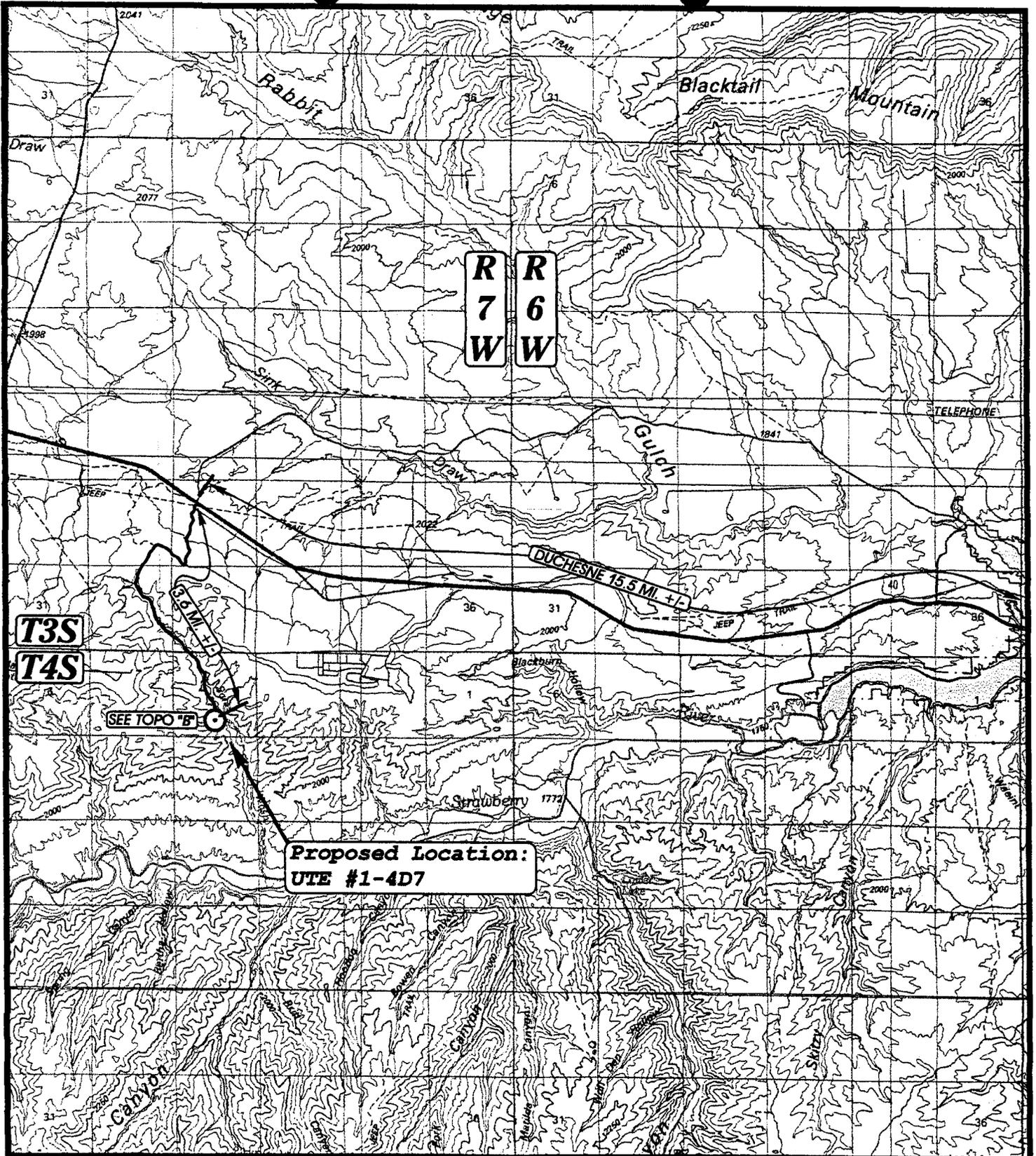


FIGURE #2

APPROXIMATE YARDAGES

CUT		
(6") Topsoil Stripping	=	1,190 Cu. Yds.
Remaining Location	=	8,170 Cu. Yds.
TOTAL CUT	=	9,360 CU.YDS.
FILL	=	3,830 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	=	5,330 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	2,470 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	2,860 Cu. Yds.



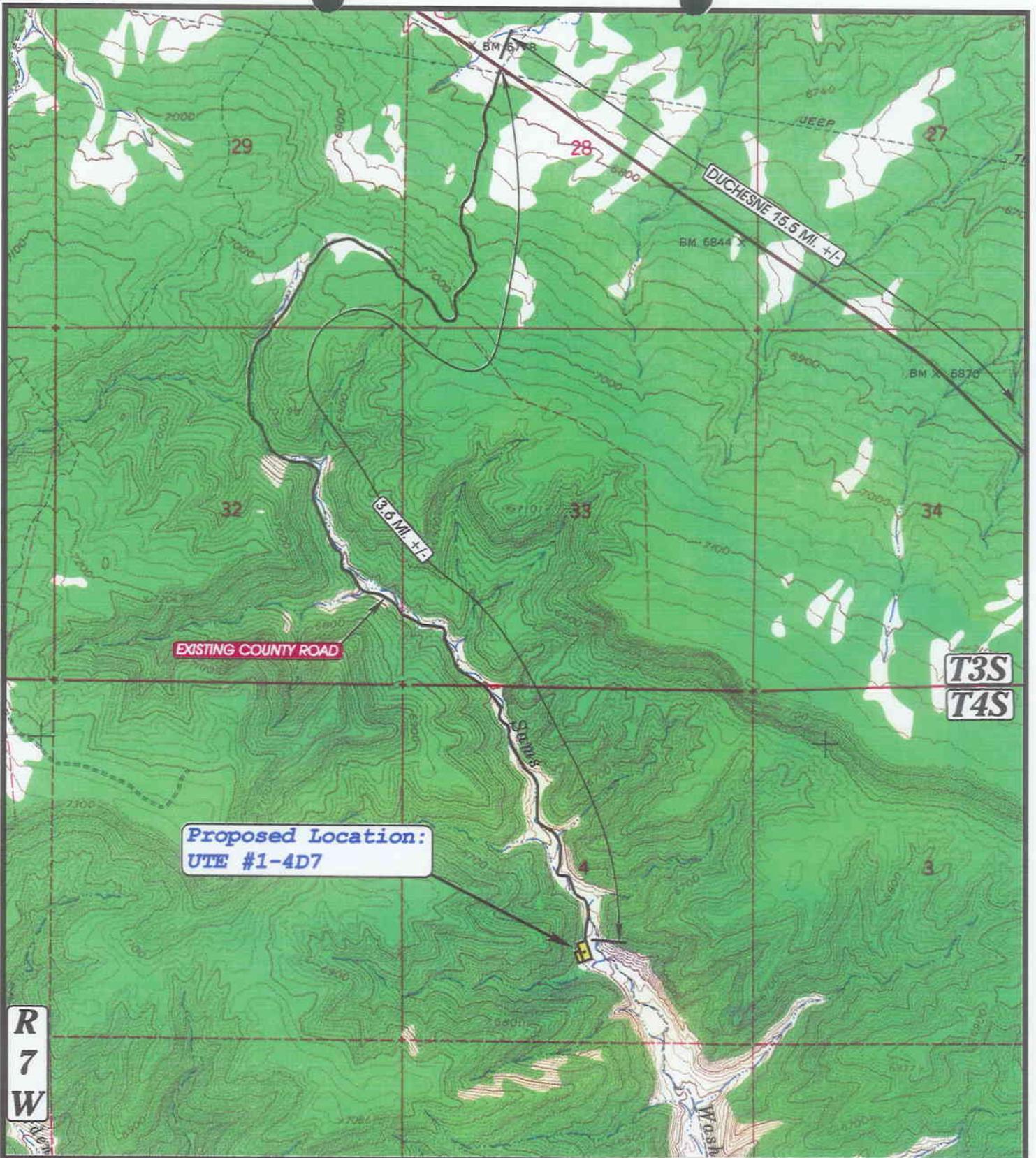
UELS

**TOPOGRAPHIC
MAP "A"**

DATE: 2-18-97
Drawn by: D.COX



COASTAL OIL & GAS CORP.
UTE #1-4D7
SECTION 4, T4S, R7W, U.S.B.&M.
1327' FSL 2515' FEL



R
7
W

T3S
T4S

Proposed Location:
UTE #1-4D7

UELS

TOPOGRAPHIC
MAP "B"

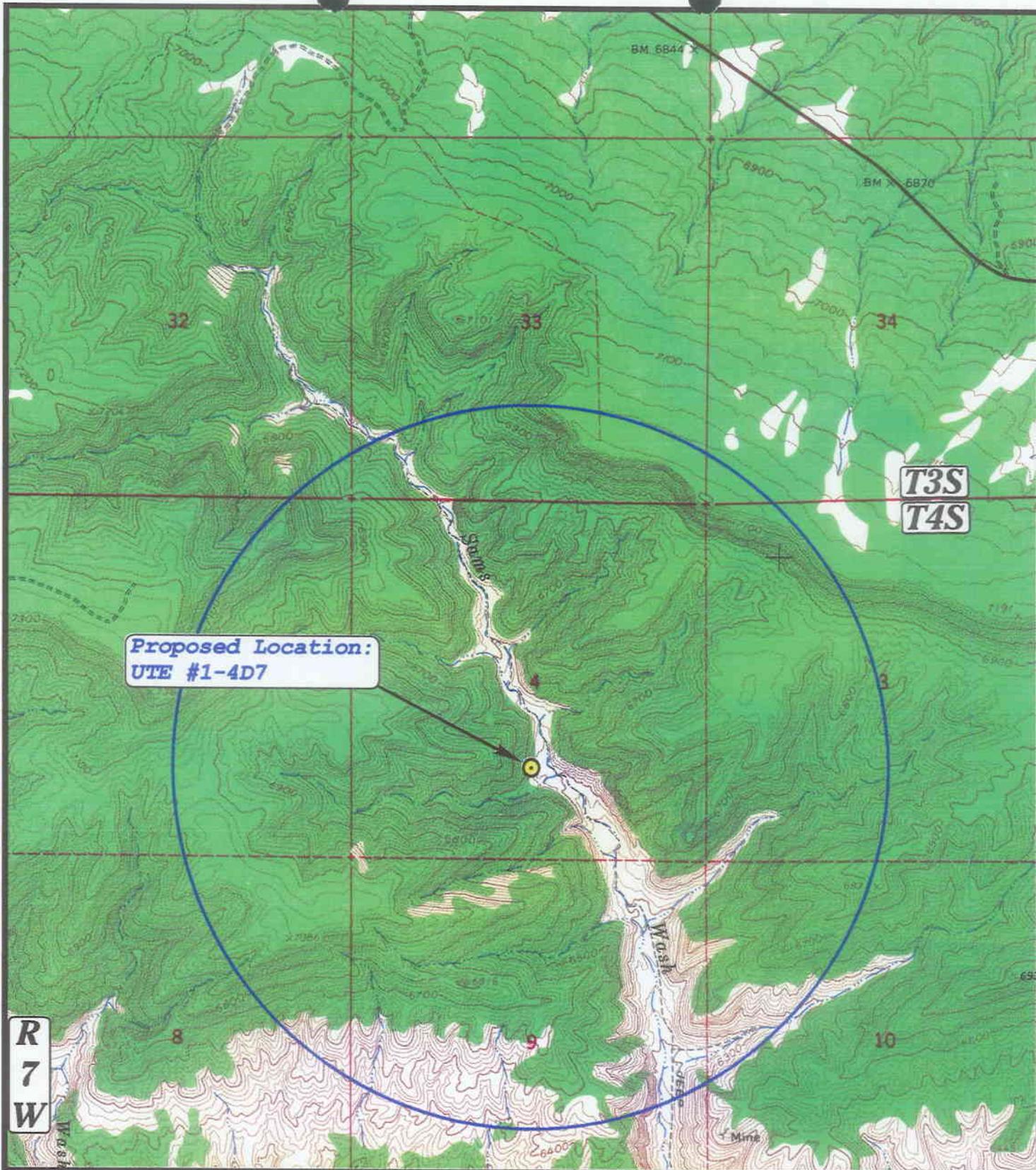
DATE: 2-18-97
Drawn by: D.COX



COASTAL OIL & GAS CORP.

UTE #1-4D7
SECTION 4, T4S, R7W, U.S.B.&M.
1327' FSL 2515' FEL

SCALE: 1" = 2000'



**Proposed Location:
UTE #1-4D7**

**R
7
W**

**T3S
T4S**

LEGEND:

UELS

- Water Wells
- Abandoned Wells
- Temporarily Abandoned Wells
- Disposal Wells
- Drilling Wells
- Producing Wells
- Shut-In Wells



COASTAL OIL & GAS CORP.

UTE #1-4D7

SECTION 4, T4S, R7W, U.S.B.&M.

TOPOGRAPHIC MAP "C"

DATE: 2-18-97

Drawn by: D.COX

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

SCALE: 1" = 2000'

COASTAL OIL & GAS CORP.

UTE #1-4D7

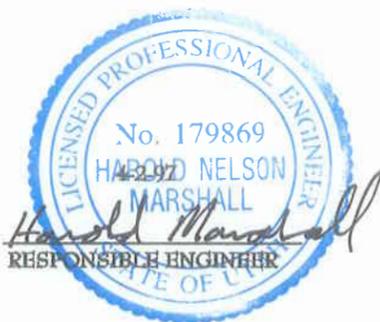
PROPOSED ACCESS ROAD

LOCATED IN DUCHESNE COUNTY, UTAH
SECTION 4, T4S, R7W, U.S.B.&M.



SCALE: 1" = 1000'

DATE: 4-2-97
DRAWN BY: J.L.G.

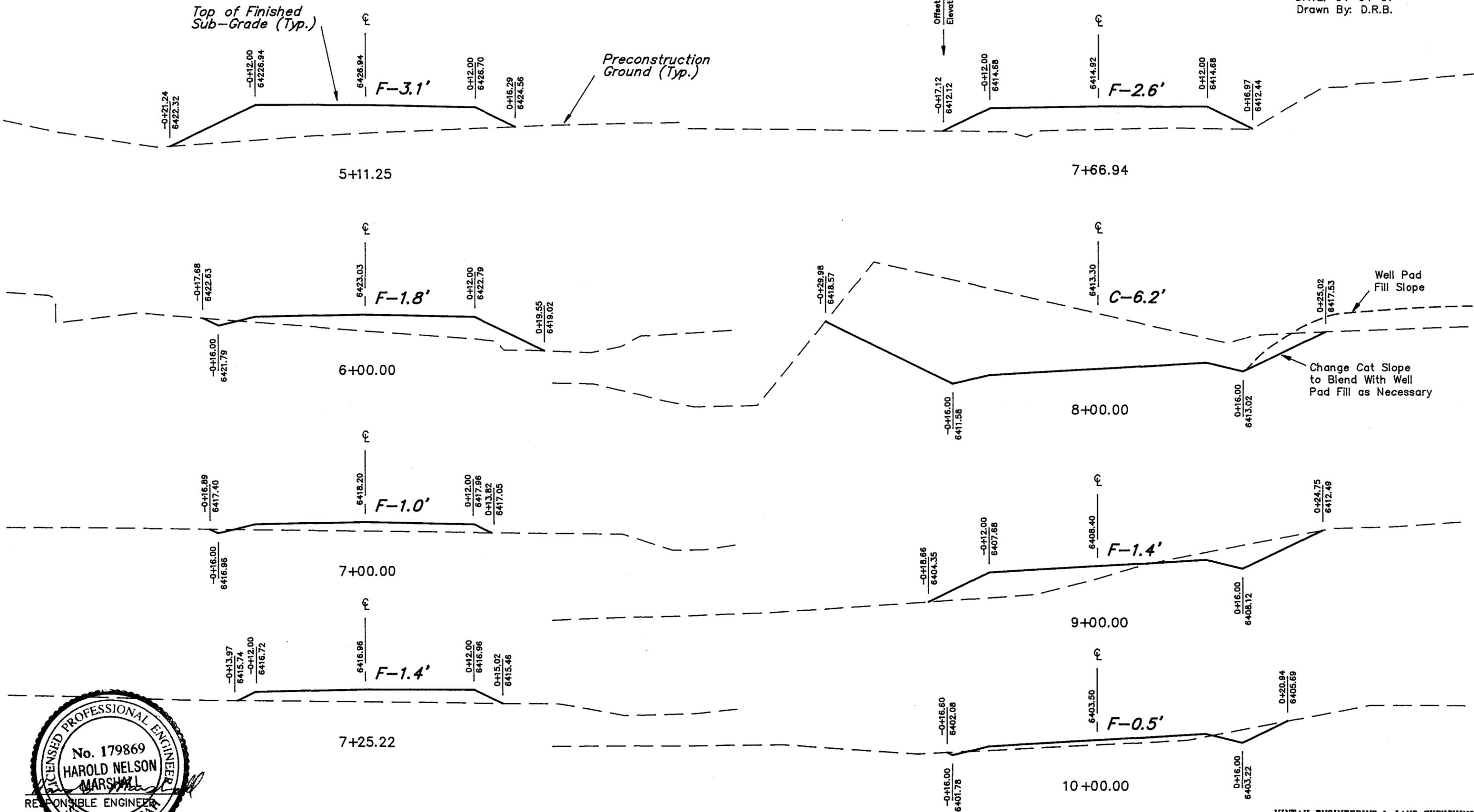
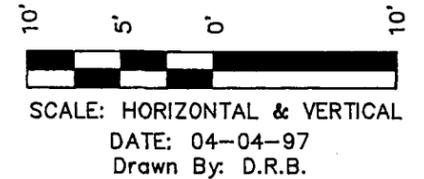


UELS

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



UTE #1-4D7
(PROPOSED ACCESS ROAD)
CROSS SECTIONS



COASTAL OIL & GAS CORP.
UTE #1-4D7
(Proposed Duchesne Road Reroute)
PLAN & PROFILE

GENERAL NOTES:

All materials for construction of the complete project including but not limited to rip-rap, water for dust control and compaction, culverts, bedding materials for culverts, surface course gravel, signs, etc. are to be provided by the contractor at his bid price unless other arrangements are made.

Utah Engineering and Land Surveying assumes no liability written or implied as to the location of pipelines or cable lines in the vicinity of this road design. Blue stakes (Public lines) and or the owner of the transportation line (Private/Corporate lines) must be contacted for identification and location before construction begins. Transportation lines that may be identified on these plans may not be the only transportation lines in the vicinity of the road. These plans are not intended to be used to identify the location of transportation lines. Extreme caution shall be used when constructing road near or over transportation lines.

EXPLANATIONS:

PLAN & PROFILE SHEETS

Plan & Profile sheets show the horizontal and vertical alignment of the road, sign placement if any, turnout placement if any, estimated culvert placements and sizes, estimated wing ditches, horizontal and vertical curve data, and the percent super for construction of horizontal curves.

CROSS SECTION SHEETS

C/L Stakes - These stakes have been set on the ground with stations written thereon. The cut 'C' or fill 'F' shown on the cross section sheets show the cut 'C' or fill 'F' from the preconstruction ground at the C/L stake - to the finished road C/L at the top of the road base.

Finished Cross Section Elevations & Catch Points - The finished sub-grade C/L elevation is shown at the C/L on each Cross Section. Catch points are shown at each side of the Finished Cross Section. They are marked with a distance left or right of the C/L with their elevation. Other elevations such as the bottom of ditch or the edge of fill subgrades are also shown.

Road Widths - Where Curve-Widening, Fill-Widening, & Turnouts are required approximate widths have been indicated. These widths supersede the Typical Cross Section.

SCOPE OF WORK:

SHAPING THE ROADWAY

The roadway is to be shaped to the dimensions shown on the typical cross section and on the cross section sheets. Care shall be given to insure that the travelway width is not less or significantly more than the dimensions given on the said sheets. Where turnouts are indicated, the typical section widths shown on the typical cross section will need to be modified by the amounts shown on the turn-out detail. Where there are horizontal curves, super-elevations will be constructed to the percentages shown on the plan and profile sheets. One-third of the super transition occurs on the curve and two-thirds on the tangent.

Top soil is to be handled according to agreed-upon method stated within the APD document.

The road shall have a crown as shown on the said sheets to insure that water will drain off of the travelway surface.

When the contractor is finished with the road and the road complies with the said regulations a construction inspector/engineer may be sent to inspect the road for compliance with the BLM regulations and safety standards. When the road is in compliance with the said standards, a letter of approval will be sent to the BLM and to the agency contracting the work.

INSTALLING CULVERTS AND WING DITCHES

There is an estimate of the number and the size of the culverts to be placed on the road. There may need to be some field calls made by the contractor, BLM, and/or Inspector/Engineer to the placement of the culverts and wing ditches.

The contractor and/or Inspector/Engineer will determine the length of the wing ditches at the time of construction. A standard wing ditch cross section detail is included on the 'Geometric Standards' sheet. Wing ditches are to be constructed with sufficient slope so that water will exit the downstream side and not pond in the ditch.

All Culverts shall be of sufficient strength to support an HS-20 loading or heavier. Check with manufacturer for information about minimum cover and load ratings. In no case shall cover over culverts be less than 12'. Culvert lengths are estimated on the plans but there may need to be some adjustments made to the lengths of the culverts during construction.

Where multiple culverts are specified on the plans, there shall be no less than the following clearance between the culverts.

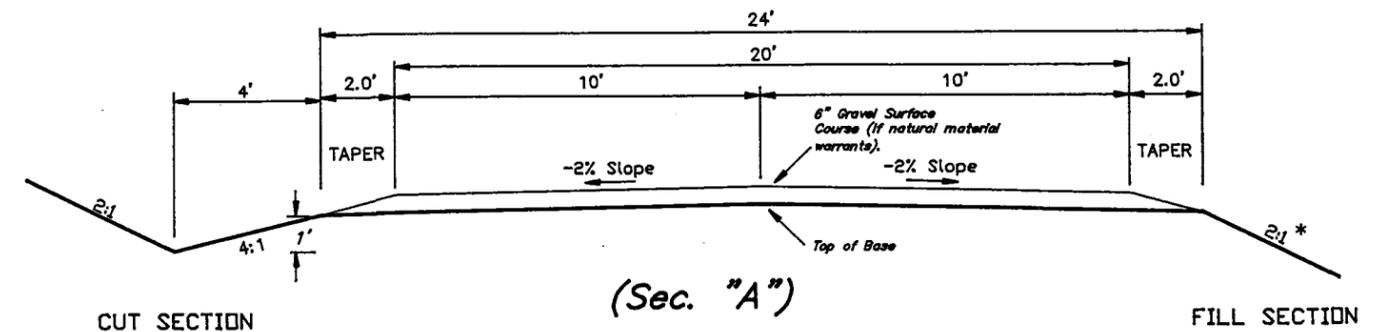
Up to 24 Inch	12 Inch
24 to 72 Inch	Diameter of Pipe
72 Inch and over	36 Inch

Rip-Rap will be placed at all culvert inlets and outlets and also, where specified on the Plan & Profile Sheets. Rip-Rap will be sized dependant upon pipe diameter as shown below:

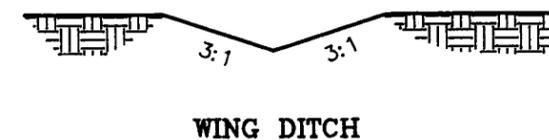
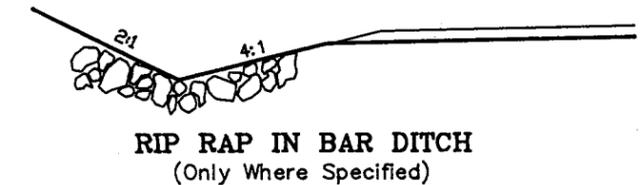
- All Rip-Rap stone shall be graded with a sufficient amount of smaller stones uniformly distributed throughout.
- 18 - 24 Inch diameter pipe... At least 60 percent of the stones shall be 8' diameter or larger.
 - 30 - 60 Inch diameter pipe... At least 60 percent of the stones shall be 12' diameter or larger.

GEOMETRIC STANDARDS

FUNCTIONAL CLASSIFICATION	EST 20 YR. ADT	TERRAIN	DESIGN SPEED		TRAVELWAY WIDTH		MAXIMUM GRADE	
			PREF.	MIN.	PREF.	MIN.	PREF.	MAX.
County Graded Earth	Less than 75	LEVEL & ROLLING	40	30	20	20	6	10
		Mountainous	20	15	14	12	8	15
	Less than 100	LEVEL & ROLLING	50	40	24	20	6	10
		Mountainous	30	15	24	20	8	14



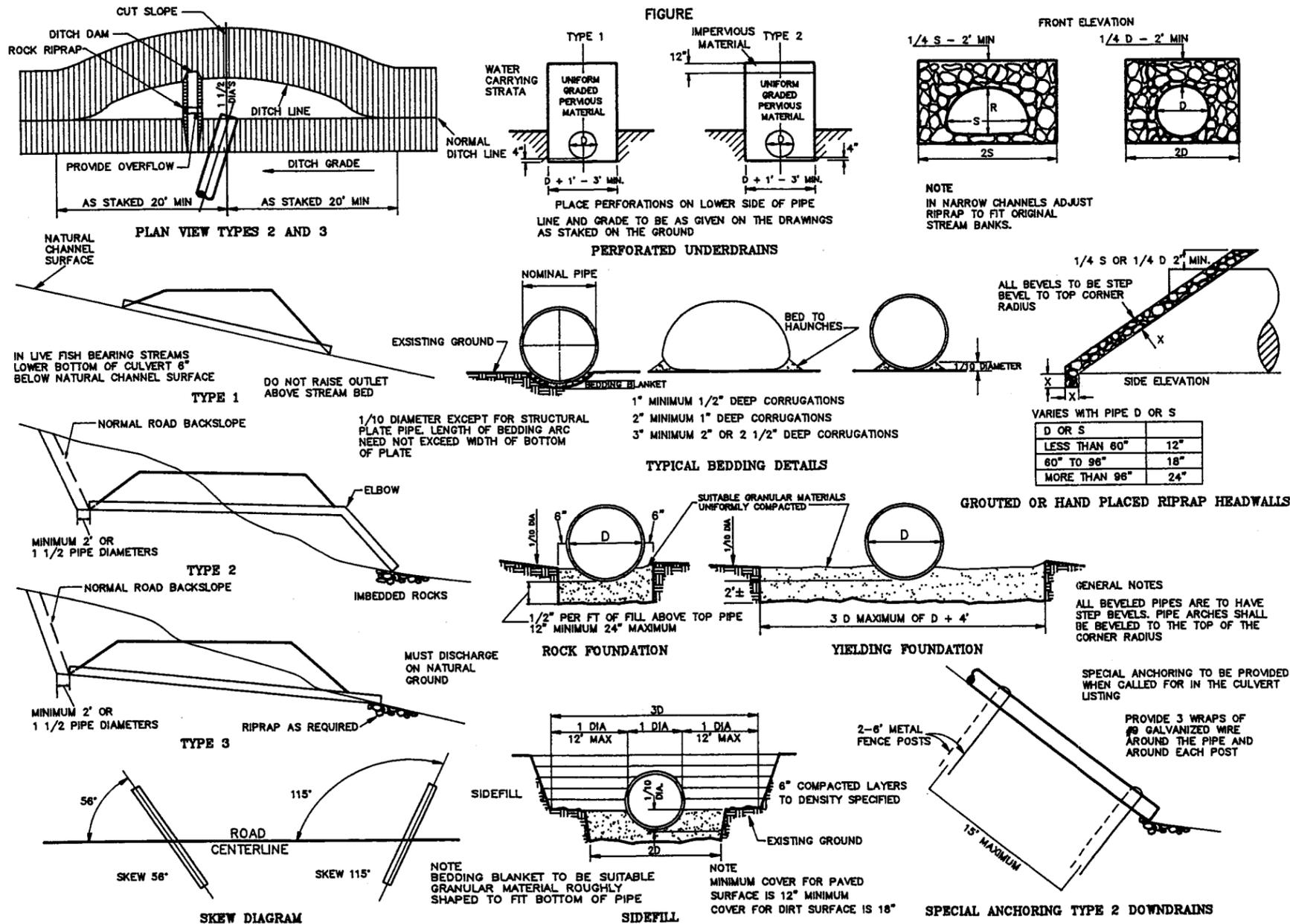
SUB-GRADE TO BE COMPACTED TO APPROPRIATE DENSITY AS SPECIFIED BY ENGINEER



DATE: 4-7-97
Drawn By: H.N.M.

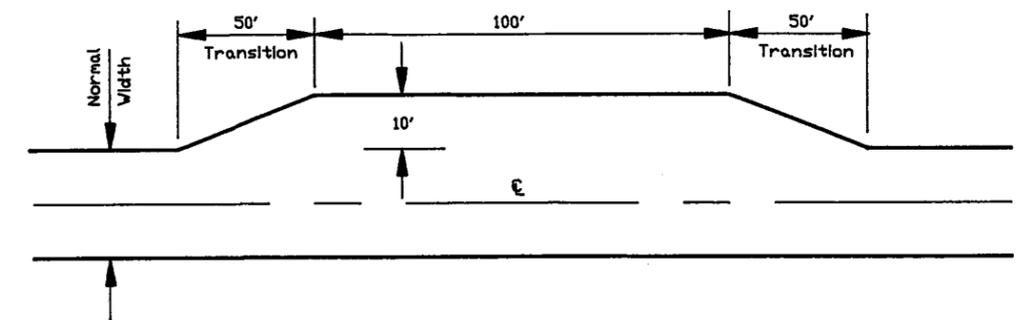
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East Vernal, Utah

CULVERT CONSTRUCTION DETAILS

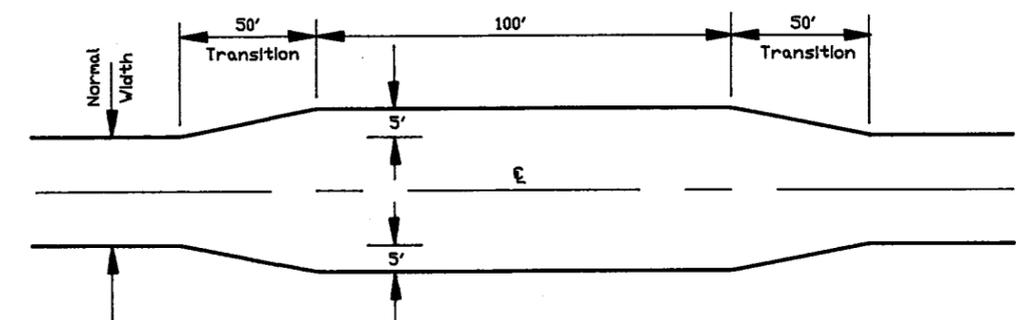


TYPICAL TURN-OUTS

(for Proposed Access Road)



TURNOUT-WIDENING ON ONE SIDE



TURNOUT-WIDENING ON BOTH SIDES

(Proposed Duchesne County Road Re-route)
PLAN & PROFILE

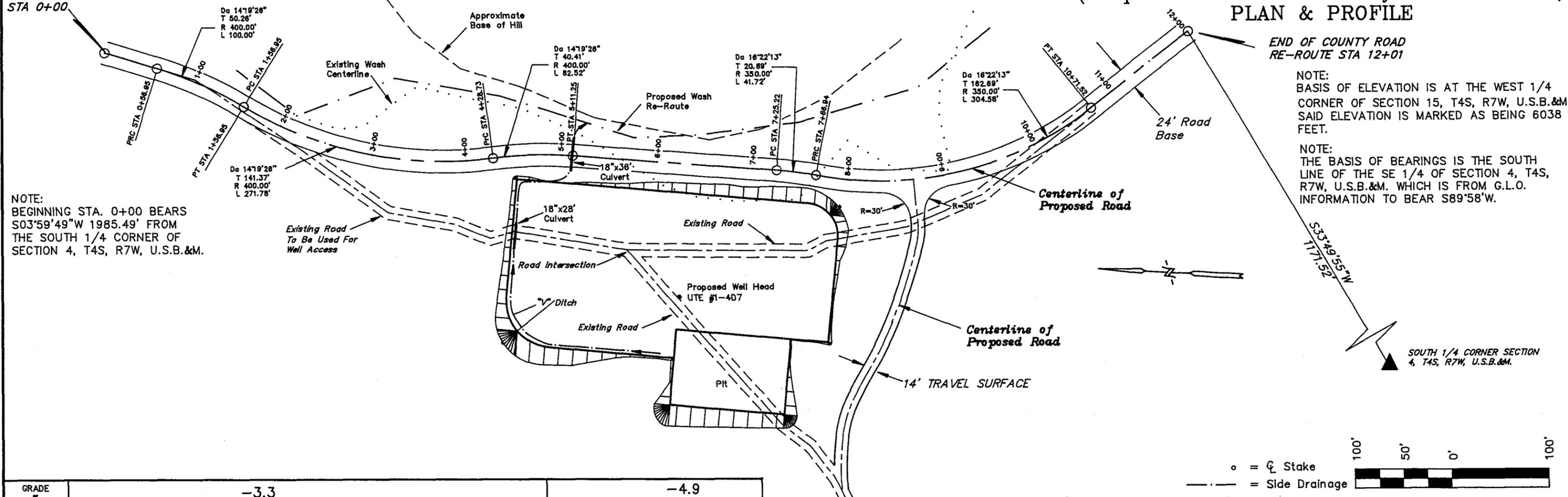
BEGIN OF COUNTY ROAD RE-ROUTE STA 0+00

END OF COUNTY ROAD RE-ROUTE STA 12+01

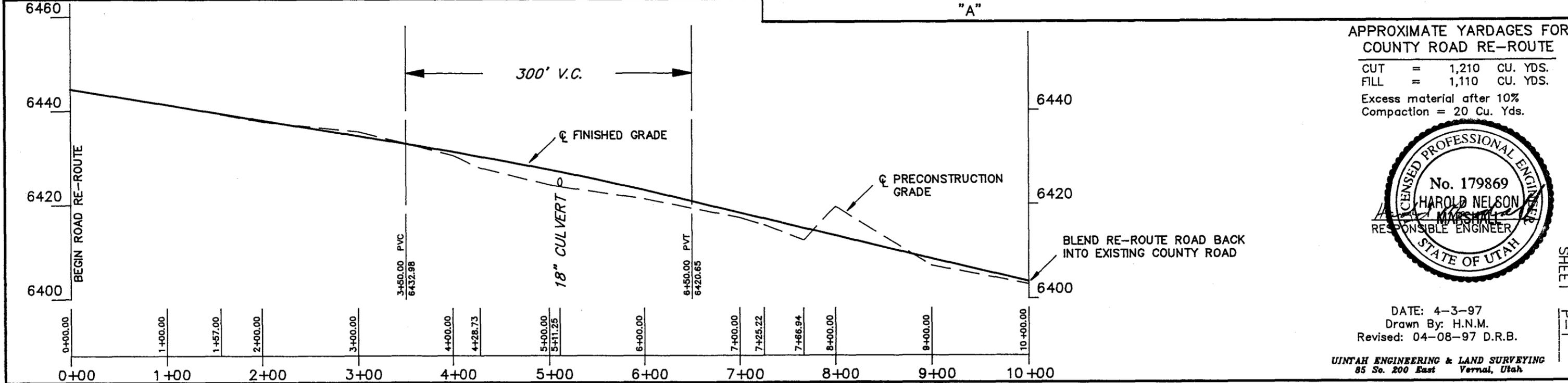
NOTE:
BEGINNING STA. 0+00 BEARS S03°59'49"W 1985.49' FROM THE SOUTH 1/4 CORNER OF SECTION 4, T4S, R7W, U.S.B.&M.

NOTE:
BASIS OF ELEVATION IS AT THE WEST 1/4 CORNER OF SECTION 15, T4S, R7W, U.S.B.&M. SAID ELEVATION IS MARKED AS BEING 6038 FEET.

NOTE:
THE BASIS OF BEARINGS IS THE SOUTH LINE OF THE SE 1/4 OF SECTION 4, T4S, R7W, U.S.B.&M. WHICH IS FROM G.L.O. INFORMATION TO BEAR S89°58'W.



GRADE %	-3.3	-4.9	-4.9
TYP. SECTION	"A"	"A"	"A"



APPROXIMATE YARDAGES FOR COUNTY ROAD RE-ROUTE

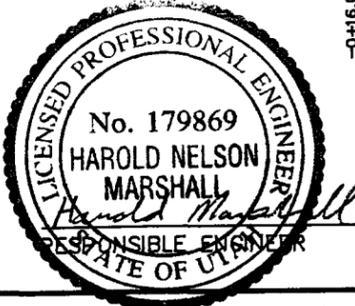
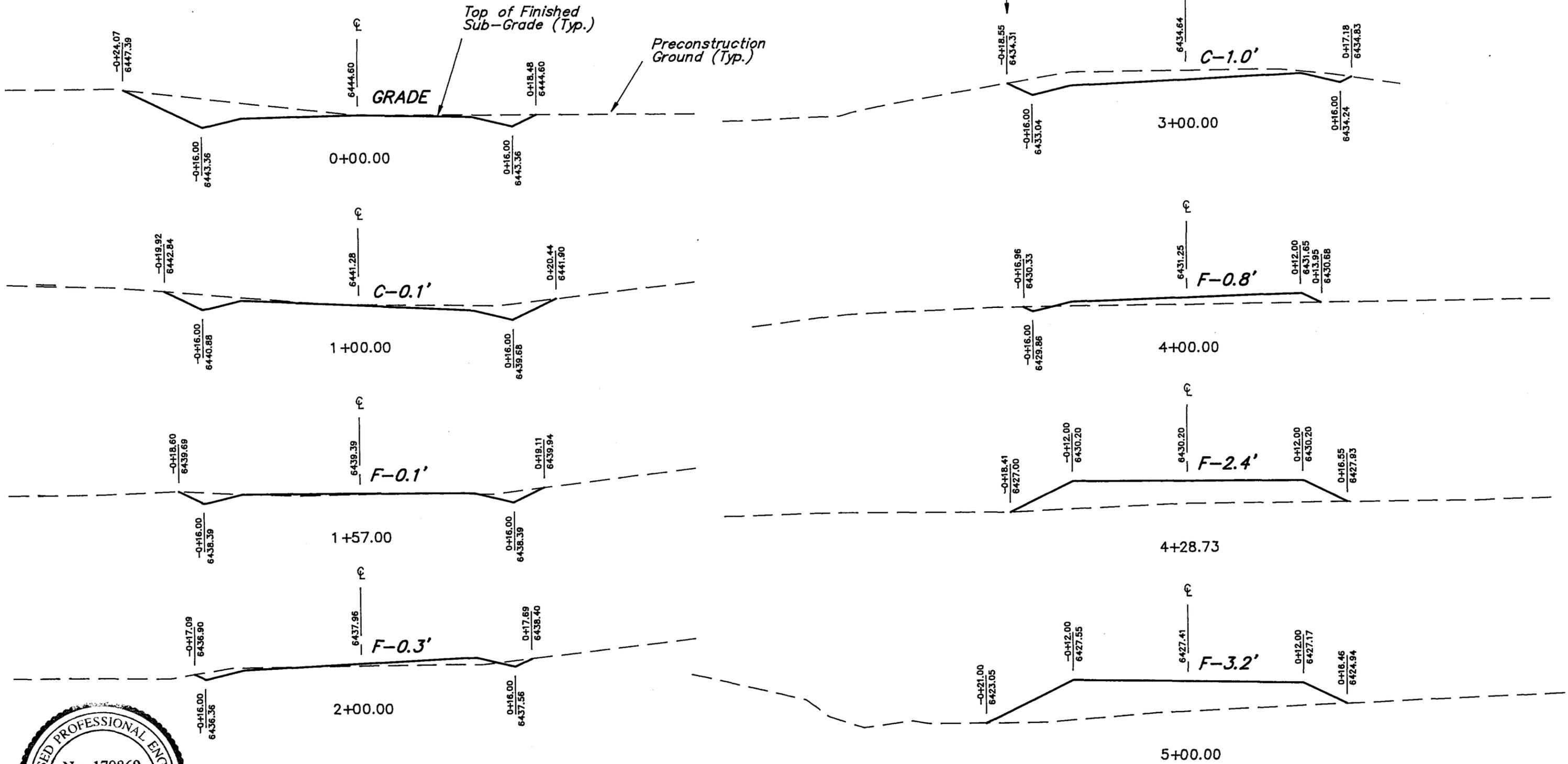
CUT = 1,210 CU. YDS.
FILL = 1,110 CU. YDS.
Excess material after 10% Compaction = 20 Cu. Yds.



DATE: 4-3-97
Drawn By: H.N.M.
Revised: 04-08-97 D.R.B.

UTE #1-4D7
(PROPOSED ACCESS ROAD)
CROSS SECTIONS

10' 5' 0' 10'
SCALE: HORIZONTAL & VERTICAL
DATE: 04-04-97
Drawn By: D.R.B.



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/11/97

API NO. ASSIGNED: 43-013-31869

D

WELL NAME: UTE 1-4^D7
 OPERATOR: COASTAL OIL & GAS CORP (N0230)

PROPOSED LOCATION:
 NWSE 04 - T04S - R07W
 SURFACE: 1327-FSL-2515-FEL
 BOTTOM: 1327-FSL-2515-FEL
 DUCHESNE COUNTY
 UNDESIGNATED FIELD (002)

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

LEASE TYPE: IND
 LEASE NUMBER: 14-20-H62-4741

PROPOSED PRODUCING FORMATION: GR-WS

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal State Fee
 (Number 114066-A)
 Potash (Y/N)
 Oil shale (Y/N)
 Water permit
 (Number CITY OF DUCHESNE)
 RDCC Review (Y/N)
 (Date: _____)

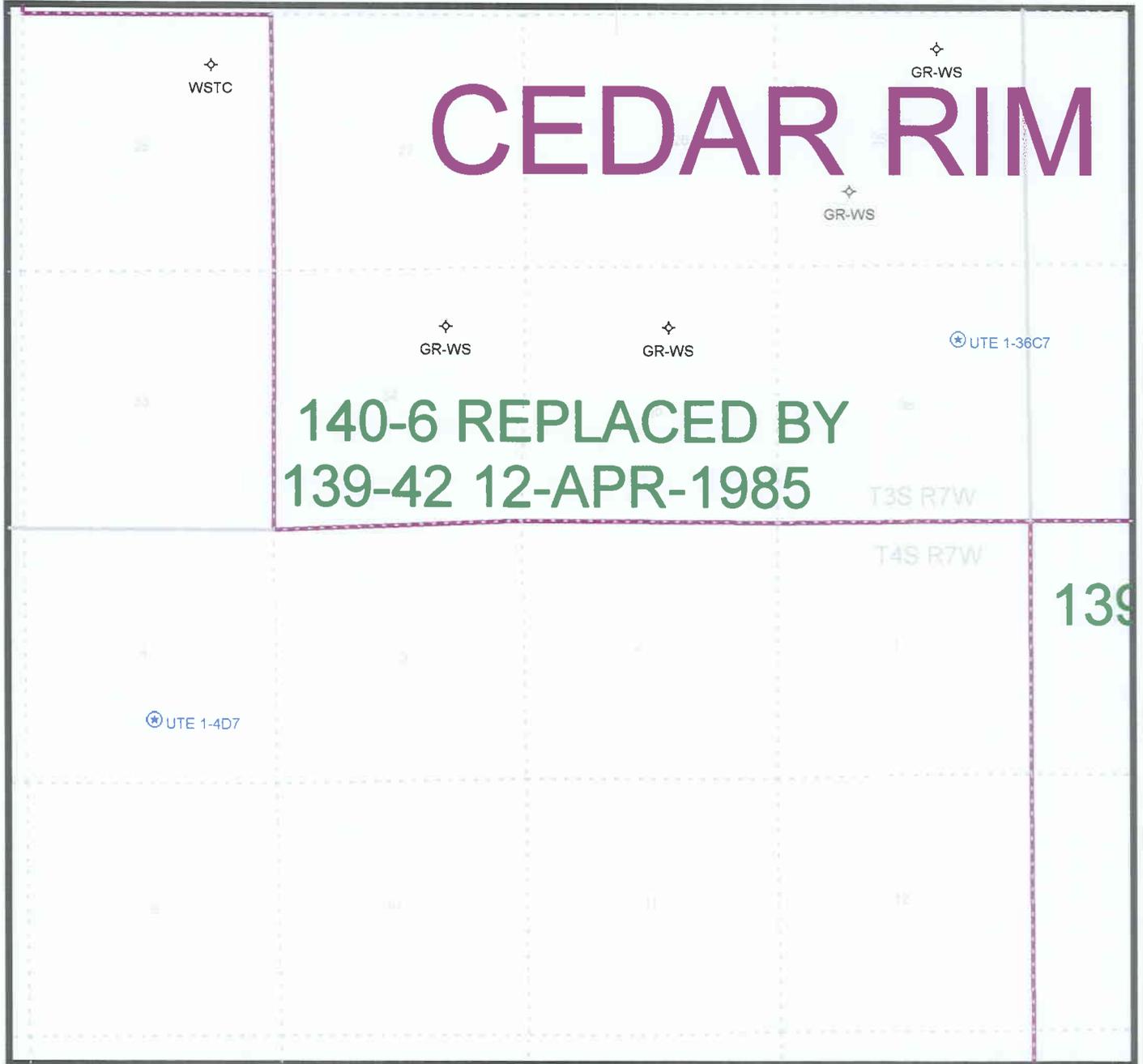
LOCATION AND SITING:

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

COMMENTS: Exc. loc. OK - see letter from Coastal dated 2/6/98.

STIPULATIONS: _____

OPERATOR: COASTAL (N0230)
FIELD: CEDAR RIM (080), UNDESIGNATED (002)
SEC, TWP, RNG: 36, T3S, R7W & 4, T4S, R7W
COUNTY: DUCHESNE
UAC: R649-3-3 & CAUSE 140-6



PREPARED:
DATE: 14 -APR-97

UTE # 1-4D7

Northeast look Southwest
across Canyon & lease. Note
Stream bed in foreground.



UTE # 1-407

South east Cook Northwest
UP Canyon From Below
Proposed Well Site



UTE # 1-407

SOUTH COOK NORTH



UTE # 1-407 Sec 4; T4S; R7W

1327 FSL; 2515 FEL

Indian Mineral

North looking South Down County
Road and across PROPOSED location

3/97 Coastal Oil & Gas





UTE # 1-4D7

West looking East across lease
3/97 Dll



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

SUBMIT IN TRIPLICATE
(Other instructions
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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

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

2. NAME OF OPERATOR
Coastal Oil & Gas Corporation

3. ADDRESS AND TELEPHONE NO.
P.O. Box 749, Denver, CO 80201-0749 (303) 573-4455

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *)
 At surface
1327' FSL & 2515' FEL
 At proposed prod. zone
APR 11 1997

5. LEASE DESIGNATION AND SERIAL NO.
14-20-H62-4741

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Ute

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Ute 1-407

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
West Cedar Rim

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Section 4-T4S-R7W

12. COUNTY OR PARISH
Duchesne

13. STATE
Utah

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 19.1 miles west of Duchesne, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) **1327'**

16. NO. OF ACRES IN LEASE
641

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. **See Topo Map C**

19. PROPOSED DEPTH
8,800'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
Ungraded GR = 6426'

22. APPROX. DATE WORK WILL START*
Upon Approval

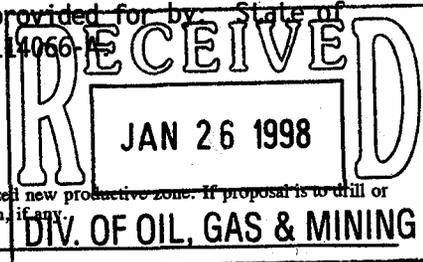
PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
See Attached				
Drilling Program				

Coastal Oil & Gas Corporation proposes to drill a well to the proposed TD as stated above. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See the attached Drilling Program and Multi-point Surface Use & Operations Plan.

Coastal Oil & Gas Corporation is considered to be the operator of the subject well. It agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided for by State of Utah Bond #102103, BLM Nationwide Bond #U605382-9, and BIA Nationwide Bond #114066-1.



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

24. Sheila Bremer Sheila Bremer
 SIGNED TITLE Environmental & Safety Analyst DATE 4/10/97

(This space for Federal or State office use)

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY

PERMIT NO. _____ APPROVAL DATE _____

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

CONDITIONS OF APPROVAL, IF ANY:

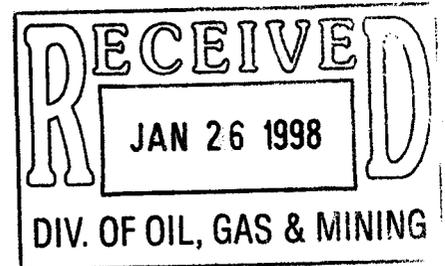
APPROVED BY Howard D. Young Assistant Field Manager
 TITLE Mineral Resources DATE JAN 22 1998

*See Instructions On Reverse Side

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

44-080-717-226

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL



Company/Operator: Coastal Oil & Gas Corporation

Well Name & Number: Ute 1-4D7

API Number: 43-013-31869

Lease Number: 14-20-H62-4741

Location: NWSE Sec. 04 T 4 S R. 7 W

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 to the field representative by the operator 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 **prior to setting the next casing string or requesting plugging orders**. Faxed 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 3M 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.

Casing Program and Auxiliary Equipment

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

If conductor pipe is set it will be cemented to surface. If drive pipe is used it will be pulled prior to cementing surface casing.

In addition, to the cementing proposal for the surface casing, a minimum of 200 ft. of Class G neat cement shall be placed from 200 ft. to surface in the 9 5/8 in. X 12 1/4 in annulus.

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 top of the usable water zone identified at \pm 4941 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 4741 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. **One** copy 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.

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours **prior** to spudding the well.

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 3162.7-5 (b.9. d.), and shall be submitted to the appropriate District Office within sixty (60) 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 3162.7-5 (b. 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 on-lease 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 following initial installation 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 approval or notification is necessary, please contact one of the following individuals:

Wayne Bankert (435) 789-4170
Petroleum Engineer

Ed Forsman (435) 789-7077
Petroleum Engineer

Jerry Kenczka (435) 789-1190
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.

3160
UT08300

January 22, 1998

Coastal Oil & Gas Corporation
Attn: Sheila Bremer
P.O. Box 749
Denver, Colorado 80201-0749

Re: Well No. Ute 1-4D7
NWSE, Sec. 04, T04S, R07W
Lease No. 14-20-H62-4741
Uintah County, Utah

Dear Ms. Bremer:

Enclosed is an approved copy of the Application for Permit to Drill (APD) for the above referenced well. One copy of the approved APD with attached conditions of approval were picked up by your local representative in Vernal, Utah.

If you have any questions concerning APD processing, please contact me at (435) 781-4503.

Sincerely,



Pat Sutton
Legal Instrument Examiner

Enclosures



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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 10, 1998

Coastal Oil & Gas Corp.
P.O. Box 749
Denver, Colorado 80201-0749

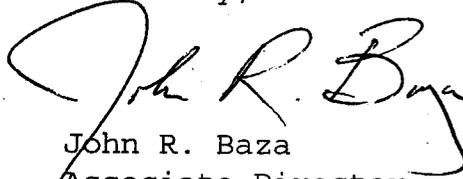
Re: Ute 1-4D7 Well, 1327' FSL, 2515' FEL, NW SE, Sec. 4,
T. 4 S., R. 7 W., Duchesne County, Utah

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 43-013-31869.

Sincerely,


John R. Baza
Associate Director

lwp

Enclosures

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

Operator: Coastal Oil & Gas Corp.
Well Name & Number: Ute 1-4D7
API Number: 43-013-31869
Lease: 14-20-H62-4741
Location: NW SE Sec. 4 T. 4 S. R. 7 W.

Conditions of Approval

1. General

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

2. Notification Requirements

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

Notify the Division prior to commencing operations to plug and abandon the well. Contact John R. Baza (801)538-5334.

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial No.
14-20-H62-4741

6. If Indian, Allottee or Tribe Name
Ute

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation
N/A

8. Well Name and No.
Ute 1-407

9. API Well No.

10. Field and Pool, or exploratory Area
West Cedar Rim

11. County or Parish, State
Ducheshe Co. Utah

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Coastal Oil & Gas Corporation

3. Address and Telephone No.

P.O. Box 749, Denver, CO 80201-0749 (303) 573-4455

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

**1327' FSL & 2515' FEL
NWSE Section 4-T4S-R7W**

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

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

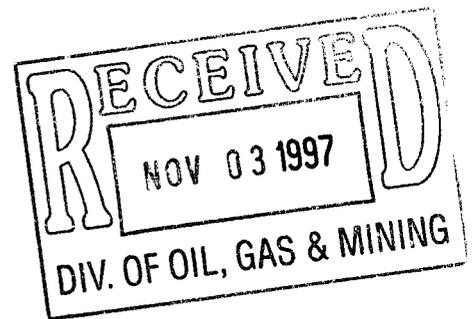
TYPE OF ACTION

Abandonment Change of Plans
 Recompletion New Construction
 Plugging Back Non-Routine Fracturing
 Casing Repair Water Shut-Off
 Altering Casing Conversion to Injection
 Other _____ Dispose Water

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

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

Operator proposes changing the TD to 9,200'.



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

Signed

Sheila Bremer

Title **Environmental & Safety Analyst**

Date **10/27/97**

(This space for Federal or State office use)

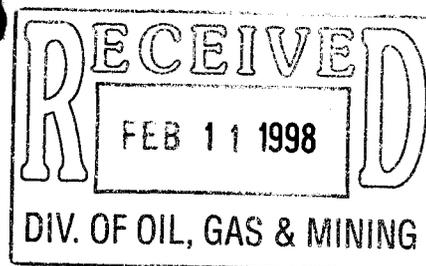
Approved by

John R. Beyer

Title **Associate Director
Utah DOGM**

Date **2/10/98**

Conditions of approval, if any:



February 6, 1998

Mr. John Baza
State of Utah
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: Proposed Ute 1-4D7 Well
Section 4, T4S-R7W
West Cedar Rim Prospect
Duchesne County, Utah

Dear Mr. Baza:

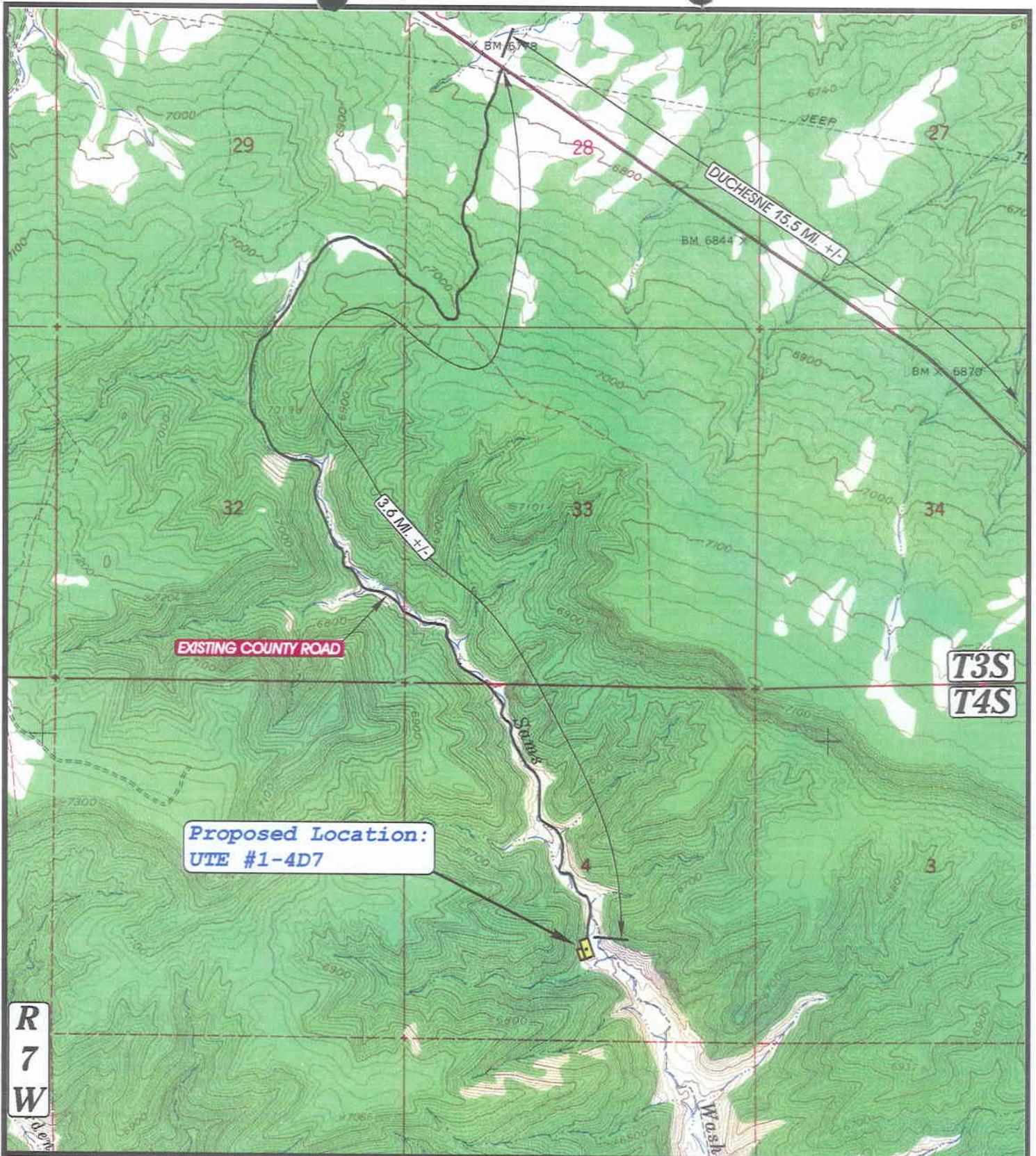
By Sundry Notice dated April 22, 1997 Coastal Oil & Gas Corporation request a location exception for the proposed Ute 1-4D7 well due to topography. The mineral ownership for All of Section 4, Township 4 South, Range 7 West is 100% the Ute Indian Tribe. Coastal Oil & Gas Corporation is the only working interest owner in Section 4 affected by this location exception.

If you have any questions, please call me at (303) 573-4424.

Very truly yours,

Linda J. Turner
Landman

cc: Sheila Bremer



R
7
W

T3S
T4S

Proposed Location:
UTE #1-4D7

UELS

TOPOGRAPHIC
MAP "B"

DATE: 2-18-97
Drawn by: D.COX



COASTAL OIL & GAS CORP.

UTE #1-4D7
SECTION 4, T4S, R7W, U.S.B.&M.
1327' FSL 2515' FEL



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office

170 South 500 East

Vernal, Utah 84078-2799

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

Phone: (801) 781-4400

Fax: (801) 781-4410

IN REPLY REFER TO:

3160

UT08300

May 4, 2000

Coastal Oil & Gas Corporation
P. O. Box 1148
Vernal, UT 84078

Re: Notification of Expiration
Well No. Ute 1-4D7
NWSE, Section 4, T4S, R7W
Lease No. 14-20-H62-4741
Duchesne County, Utah

43-013-31869

Dear Cheryl:

The Application for Permit to Drill the above-referenced well was approved on January 22, 1998. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until January 22, 2000. According to our records, no known activity has transpired at the approved location. 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

RECEIVED

MAY 05 2000

DIVISION OF
OIL, GAS AND MINING