

UTAH OIL AND GAS CONSERVATION COMMISSION

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

~~98-2909~~ APD WT Log 9/29/99, '991119 L.A.D., eff. 11-12-99!

DATE FILED **SEPTEMBER 18, 1997**

LAND: FEE & PATENTED \_\_\_\_\_ STATE LEASE NO. \_\_\_\_\_ PUBLIC LEASE NO. **UTU-76478** INDIAN \_\_\_\_\_

DRILLING APPROVED: **OCTOBER 1, 1997**

SPUDDED IN: \_\_\_\_\_  
 COMPLETED: \_\_\_\_\_ PUT TO PRODUCING: \_\_\_\_\_

INITIAL PRODUCTION: \_\_\_\_\_  
 GRAVITY A.P.I. \_\_\_\_\_

GOR: \_\_\_\_\_  
 PRODUCING ZONES: \_\_\_\_\_  
 TOTAL DEPTH: \_\_\_\_\_

WELL ELEVATION: \_\_\_\_\_  
 DATE ABANDONED: 11-17-99 L.A.D.

FIELD: **WILDCAT**

UNIT: \_\_\_\_\_  
 COUNTY: **DUCHESNE**

WELL NO. **SEGO RESOURCES #3** API NO. **43-013-31948**

LOCATION **470 FSL** FT. FROM (N) (S) LINE. **1781 FEL** FT. FROM (E) (W) LINE. **SW SE** 1/4 - 1/4 SEC. **23**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				11S	15E	23	SEGO RESOURCES CORP.

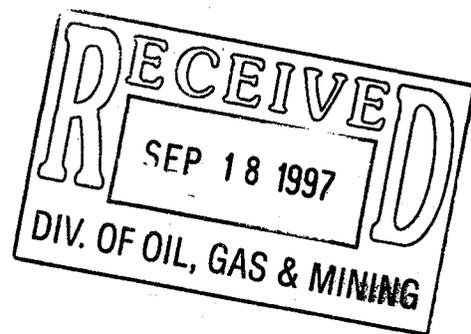
# SEGO RESOURCES

September 16, 1997

U.S. Department of the Interior  
Bureau of Land Management  
Vernal District Office  
170 South 500 East  
Vernal, Utah 84078

Attn: Mr. Ed Forsman

Re: Application for Permit to Drill (APD)  
Federal Oil & Gas Lease UTU76478  
Sego Resources Well #3  
SW/4 SE/4 Sec. 23, T11S, R15E  
Duchesne County, Utah



Dear Mr. Forsman:

Enclosed are one original and two copies of the above referenced APD plus supporting material.

Please contact me at (801) 789-7250 if additional information is needed.

Thank you,

*Roger J. Alinger*

Roger L. Alinger

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

5. Lease Designation and Serial No. UTU76478

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [X] DEEPEN [ ]

6. If Indian, Allottee or Tribe Name NA

b. TYPE OF WELL OIL WELL ( ) GAS WELL (X) OTHER ( ) SINGLE ZONE ( ) MULTIPLE ZONE ( )

7. Unit Agreement Name NA

2. Name of Operator Sego Resources Corp.

8. FARM OR LEASE NAME, WELL NO. Sego Resources Well #3

3. Address and Telephone Number 266 West 100 North Suite #1 Vernal, Utah 84078 Telephone (801) 789-7250

9. API Well No.

4. LOCATION OF WELL (Report location clearly and accordance with any State requirements.) At Surface 470' FSL 1781' FEL, Sec. 23, T11S, R15E At proposed prod. zone

CONFIDENTIAL

10. Field And Pool, or Wildcat Wildcat 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 23, T11S, R15E, S.L.B.&M.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 20 miles south of Myton, Utah

12. COUNTY OR PARISH Duchesne 13. STATE Utah

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 470'

16. NO. OF ACRES IN LEASE 1080

17. NO. OF ACRES ASSIGNED TO THIS WELL 80

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. 2408'

19. PROPOSED DEPTH 6500'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) GL 6806'

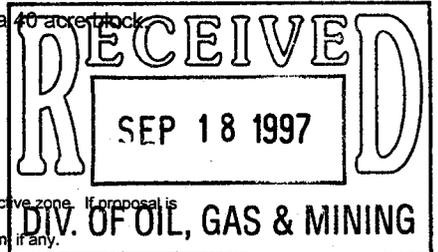
22. APPROX. DATE WORK WILL START 1-Nov-97

Table with 5 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes rows for 12-1/4" and 8-1/2" hole sizes.

Sego Resources Corp. proposes to drill, test and complete the Sego Resources Well #3 as a vertical well in the Wasatch formation Please reference the accompanying Drilling Program BLM Right of Way is not required Operations for this well will be conducted under a Statewide Bond. There is no spacing in the area. Wells can be drilled anywhere within a 200 foot square around the center of a 40-acre block.

CONFIDENTIAL

Please consider all submittals pertaining to this well "Company Confidential". If additional information is required, please contact the undersigned at (801) 789-7250, FAX (801) 789-7261 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. SIGNED: Roger Alinger Roger Alinger TITLE: CEO

DATE: 9-16-97

(This space for Federal or State office use) PERMIT NO. 43-012-31948 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:

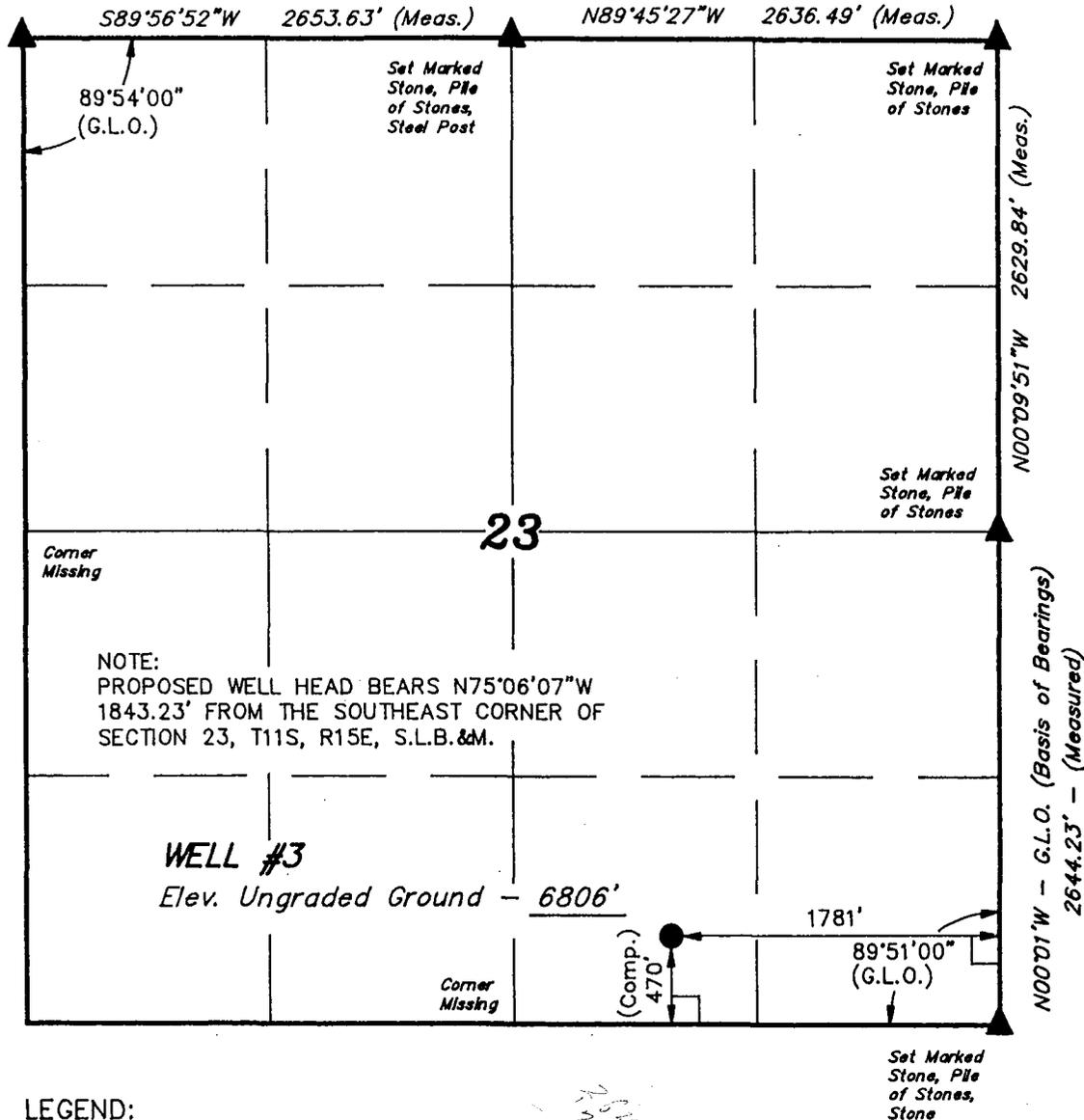
Approved by [Signature]

Title Associate Director

Date 10/1/97

# T11S, R15E, S.L.B.&M.

Set Marked Stone, Pile of Stones



NOTE:  
PROPOSED WELL HEAD BEARS N75°06'07"W  
1843.23' FROM THE SOUTHEAST CORNER OF  
SECTION 23, T11S, R15E, S.L.B.&M.

**WELL #3**  
Elev. Ungraded Ground - 6806'

**LEGEND:**

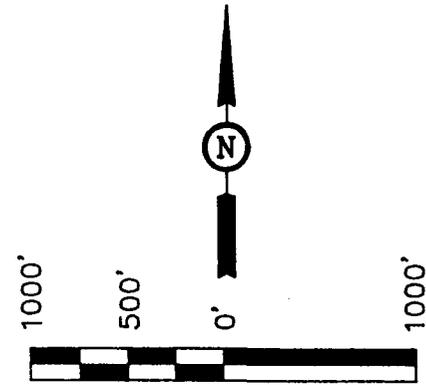
- └ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

## SEGO RESOURCES

Well Location, WELL #3, located as shown in the SW 1/4 SE 1/4 of Section 23, T11S, R15E, S.L.B.&M. Duchesne County, Utah.

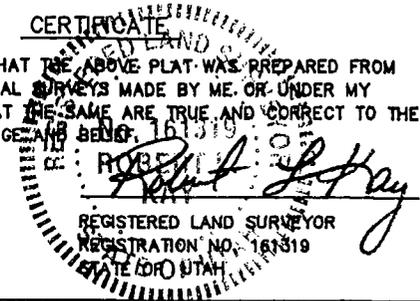
### BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHEAST CORNER OF SECTION 29, T11S, R16E, S.L.B.&M. TAKEN FROM THE COWBOY BENCH, QUADRANGLE, UTAH, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6404 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.



<b>UNTAH ENGINEERING &amp; LAND SURVEYING</b>		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 08-04-97	DATE DRAWN: 08-12-97
PARTY G.S.    J.W.    D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE SEGO RESOURCES	

SEGO RESOURCES CORP.  
SEGO RESOURCES WELL #3  
SW/SE SECTION 23, T11S, R15E  
DUCHESNE COUNTY, UTAH

DRILLING PROGRAM

1. Estimated tops of important geologic markers:

Ground Level	6803.8' graded
Green River	Surface to 3585'
Wasatch	3585' to T.D.

2. Estimated depths of anticipated water, oil, gas or minerals:

<u>Mineral</u>	<u>Formation</u>	<u>Depth</u>
Natural gas	Wasatch	5715'

Fresh water                      Fresh water aquifers will be protected with surface casing set at 650'.  
All potentially productive usable water, hydrocarbons, and other  
mineral zones will be protected with casing and cement.

3. Proposed casing program:

8 5/8", J-55, 24.0# ST&C set at 650' KB (new)—centralizers will be used on the bottom 3 joints  
5 1/2", J-55, 15.5# LT&C set at 6500' (TD) (new)—centralizers will be used across the pay zone

4. Minimum specifications for pressure control:

1. The BOP and related equipment will meet or exceed the requirements of a 2M-psi system as set forth in Onshore Order No. 2.
2. The BOP and related well control equipment will be pressure tested to rated pressure or 70% of internal yield of surface casing (2065 psi) when initially installed and whenever any seal subject to pressure test is broken.
3. Pipe and blind rams will be functioned each trip (max. once/day); annular preventers weekly.

5. Mud System: The following is meant as a guide only. Actual mud weights will be determined by hole conditions. Sufficient quantities of mud materials will be maintained or readily accessible for assuring well control.

<u>Interval</u>	<u>Mud Weight PPG</u>	<u>Viscosity SEC</u>	<u>Fluid Loss CC</u>	<u>Remarks</u>
0 – 650'	8.4 – 8.9	27 – 45	No control	Fresh water native mud w/high viscosity sweeps
650' – 3000'	8.4 – 8.9	27 – 45	No control	Fresh water native mud w/high viscosity sweeps
3000' - 6500'	8.4 – 8.9	35 – 45	10 – 12	PHPA polymer

6. Testing, Logging, and Coring Program

Cores-DST's: None anticipated at this time.

Surveys: Deviation surveys will be taken at 325' and TD of surface pipe (+/- 650'). Max. deviation of 2 deg. at casing point and no more than 1 deg. change between surveys. Deviation surveys to be taken at 500' intervals from surface casing to TD.

Mud Logger: From 500' above the Wasatch to TD. Sample frequency to be determined.

Logging:	AIT, GR	TD to surface casing shoe
	LDT, CNL, MSFL, Cal	TD to 3500'
	Dipole Sonic	To be determined
	Magnetic Resonance	To be determined

7. Cementing Program

**Surface Pipe:** Will be cemented with 155 sacks of 50:50 POZ "C" with 10% bentonite, plus additives (yield approximately 2.94 cu-ft per sack) followed by 85 sacks of Class "G" cement plus additives (yield approximately 1.17 cu-ft per sack). Total quantity is 100% excess based on 8 5/8" casing in a 12 1/4" hole. In the event cement does not circulate to surface or fall back of the cement column occurs, a top out cement job will be done to bring cement back to surface.

**Production String:** Estimated volume is 345 sacks of 50:50 POZ "G", 2.0% bentonite plus additives (yield approximately 1.25 cu-ft per sack). Volume is based on 10% excess over quantity required for 2200 feet of coverage with 5 1/2" casing in a 7 7/8" hole. Actual volumes will be determined from the caliper log.

8. Abnormal Conditions/Expected BHP

No abnormal pressures are anticipated in the Tertiary Green River or Wasatch formations. As such, bottom hole pressures are expected to be less than 2900 PSI. There has been no indication of H2S in any wells drilled in the area.

9. Other Information

The Vernal District BLM office (801) 789-1362 is to be notified:

- 48 hours prior to construction of location and access roads
- prior to moving the drilling rig on location
- at least 24 hours prior to spudding the well
- at least 24 hours prior to running casing and cementing all casing strings
- 24 hours prior to initiating pressure tests on BOP equipment

Should it be necessary to make after hour's notification, one of the following individuals will be contacted:

- Ed Forsman (801) 789-7077
- Wayne Bankert (801) 789-4170
- Jerry Kenczka (801) 781-4410



Sego Resources Corp.

Well name:	Sego Resources Wells # 1 thru 4	
Operator:	Sego Resources	
String type:	Surface	650'
AFE No.:		Project ID: 6500' Wasatch Wells
Location:	Uinta Basin, Utah	

**Design parameters:**

**Collapse**

Mud weight: 9.00 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse**

Design factor 1.125

**Environment:**

H2S considered? No  
Surface temperature: 60.00 °F  
Bottom hole temperature: 144 °F  
Temperature gradient: 1.30 °F/100ft  
Minimum section length: 150 ft

**Burst:**

Design factor 1.00

**Burst**

Max anticipated surface pressure 226 psi  
Internal gradient: 0.439 psi/ft  
Calculated BHP 304 psi

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.80 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

**Non-directional string.**

No backup mud specified.

Tension is based on buoyed weight.

Neutral point: 562 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft <sup>3</sup> )
1	650	8.625	24.00	J-55	ST&C	650	650	7.972	31.3
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	304	1370	4.51	304	2950	9.71	13	244	18.08J

Prepared by: Roger Alinger  
Sego Resources

Phone: (801) 789-7250  
FAX: (801) 789-7261

Date: Sept. 5, 1997  
Vernal, Utah

**Remarks:**

Collapse is based on a vertical depth of 650 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.

Collapse strength is based on the Westcott, Dunkop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Casing2 designed by Lone Star Steel and Mauer Engineering, Inc.

Engineering responsibility for use of this design will be that of the purchaser.

**Sego Resources Corp.**

Well name:	<b>Sego Resources Wells # 1 thru 4</b>		Project ID:
Operator:	<b>Sego Resources</b>		6500' Wasatch Well
String type:	<b>Production</b>		
AFE No.:	All 6500' Wasatch wells		
Location:	Uinta Basin, Utah		

**Design parameters:**

**Collapse**

Mud weight: 9.00 ppg  
 Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse**

Design factor 1.125

**Environment:**

H2S considered? No  
 Surface temperature: 60.00 °F  
 Bottom hole temperature: 144 °F  
 Temperature gradient: 1.30 °F/100ft  
 Minimum section length: 150 ft

**Burst:**

Design factor 1.00

**Burst**

Max anticipated surface pressure 3,558 psi  
 Internal gradient: 0.440 psi/ft  
 Calculated BHP 6,416 psi  
 Annular backup: 8.34

**Tension:**

8 Round STC: 1.80 (J)  
 8 Round LTC: 1.80 (J)  
 Buttress: 1.60 (J)  
 Premium: 1.50 (J)  
 Body yield: 1.50 (B)

**Non-directional string.**

Tension is based on buoyed weight.

Neutral point: 5,815 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	6500	5.5	15.50	J-55	LT&C	6500	6500	4.825	203.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3039	4040	1.33	3599	4810	1.34	87	217	2.49 J

Prepared by: Roger Allinger  
 Sego Resources

Phone: (801) 789-7250  
 FAX: (801) 789-7261

Date: Sept. 9, 1997  
 Vernal, Utah

**Remarks:**

Collapse is based on a vertical depth of 6500 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.  
 Collapse strength is based on the Westcott, Dunko & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Casing2 designed by Lone Star Steel and Mauer Engineering, Inc.

*Engineering responsibility for use of this design will be that of the purchaser.*

SEGO RESOURCES CORP.  
SEGO RESOURCES WELL #3  
SW/SE SECTION 23, T11S, R15E  
DUCHESNE COUNTY, UTAH

SURFACE USE PROGRAM

1. Existing Roads

See attached "topo A" and "topo B".

2. Planned access Roads

The Planned access road is runs approximately 0.4 miles south of the East Wrinkles Road connecting Sand Wash with Gate Canyon as shown on topo B. The road will have a running surface of 12 feet and a maximum disturbed with of 24 feet. Because of the relatively short length of road and flat terrain there will be no gates, cattleguards, cuts, fills or grade concerns. One turnout will be constructed between East Wrinkles Road and location.

3. Location of Existing Wells

There are no known wells of any type within a one-mile radius of location.

4. Location of Existing and Proposed Facilities

There are no existing facilities on the site.

If the well is completed as a producer, a request for approval of subsequent operations will be made for production equipment and flowlines.

All permanent structures built or installed on the site will be painted Carlsbad Canyon (2.5Y 6/2).

5. Location and Type of Water Supply

Jim Nebeker Trucking will provide water from their water well in S34-T3S-R2W. The water permit number is 43-1721. Additional water may be obtained from private water rights in Nine-Mile Canyon. If this is done, a sundry notice will be sent to the BLM.

6. Source of Construction Materials

See attached *Location Layout*. All materials for construction will be obtained on-site.

7. Methods for Handling Waste Disposal

All drill cuttings will be contained and buried in the reserve pit shown on the *Location Layout*. The pit will be lined with a 12-mil plastic/nylon material underlain by sufficient bedding to protect the liner from tearing. No trash or material that might puncture the liner will be disposed of in the pit.

All drilling fluids including salts and chemicals will be contained in the reserve pit. After completion of the well, drilling fluids will be either moved to the next location for use or left in the pit until sufficient evaporation has occurred to backfill the pit. If it appears the evaporation process will take longer than 6 months, the drilling fluid will be hauled to an approved disposal facility.

A portable toilet will be furnished for onsite personnel.

A trash basket will be provided on location for garbage and other waste material. At the end of drilling operations, the trash basket will be hauled to an approved disposal site. Trash will not be burned on location.

No hazardous materials in an amount greater than 10,000 pounds will be used, stored, produced, transported, or disposed of annually in association with the drilling, testing, or completing of the well. In addition extremely hazardous substances as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of this well.

After first production, produced water will be confined to the reserve pit for a period not to exceed ninety days. During the ninety 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 Officers approval.

#### 8. Ancillary Facilities

No camp facilities will be used for drilling personnel. Trailers for the toolpusher and drilling superintendent are anticipated.

#### 9. Well Site Layout

See the attached *Location Layout* for the location of all equipment and *Cross Section* for the projected cut and fill necessary on the location.

The reserve pit will be fenced according to the following minimum standards:

- a. 39-inch net wire will be used with at least one strand of barbed wire on top of the net wire.
- b. The net wire will be no more than 2 inches above the ground. The barbed wire will be 3 inches above the net wire. Total height of the fence will be at least 42 inches.
- c. Corner posts will be cemented and/or braced in such a manner as to keep the fence tight at all times.
- d. Standard steel, wood, or pipe posts will be used between the corner braces. The maximum distance between any two posts will be no greater than 16 feet.
- e. All wire will be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off location. Pits will be fenced and maintained until clean up.

10. Plan 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, materials, trash, and junk not required for production.

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

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

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 120 days from the date of well completion, weather permitting. Before any dirt work begins on the pit, all fluids will be removed.

b) *Dry Hole/Abandoned Location*

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

11. Surface Ownership

Access Road: BLM Land  
Location: BLM Land

12. Other Additional Information

- a. Segco Resources 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, Segco will immediately stop work that might further disturb such materials, and contact the Authorized Officer. Grand River Institute has previously submitted a *Summary Report of Inspection for Cultural Resources* to the BLM. There was no finding of cultural resources.
- b. Segco Resources will control noxious weeds along the rights-of-way for roads, pipelines, well sites, and other applicable facilities. On BLM administered land a Pesticide Use Proposal will be submitted, and approval obtained, before application of herbicides or other pesticides.
- c. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization.

- d. Item 9. in the Drilling Program has notification requirements that will be met.
- e. A complete copy of the approved APD, if applicable, will be on location during the construction of location and during drilling activities.

13. Lessee's or Operators Representative and Certification

Representative

Name: Roger L. Alinger  
 Address: P.O. Box 1066, 266 West 100 North #1, Vernal, Utah 84078  
 Telephone No. (801) 789-7250

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which 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 Se-go Resources 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.

9/16/97  
 Date

Roger Alinger  
 Roger Alinger  
 Area Manager

Onsite Date: September 8, 1997

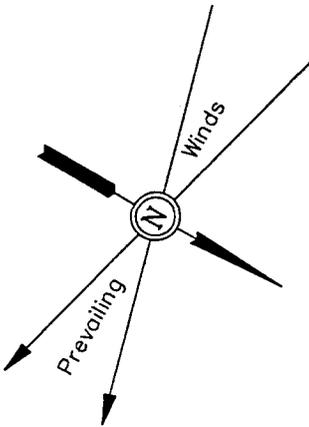
Participants on Joint Inspection

- |                   |                                     |
|-------------------|-------------------------------------|
| • Byron Tolman    | BLM                                 |
| • Ron Trogstad    | BLM                                 |
| • Jean Sinclear   | BLM                                 |
| • Steve Strong    | BLM                                 |
| • Jim Justice     | J-West Oilfield Service             |
| • Henry Pehacek   | J-West Oilfield Service             |
| • Robert Kay      | Uintah Engineering & Land Surveying |
| • Logan MacMillan | Se-go Resources                     |
| • Roger Alinger   | Se-go Resources                     |

# SEGO RESOURCES

## LOCATION LAYOUT FOR

WELL #3  
SECTION 23, T11S, R15E, S.L.B.&M.  
470' FSL 1781' FEL

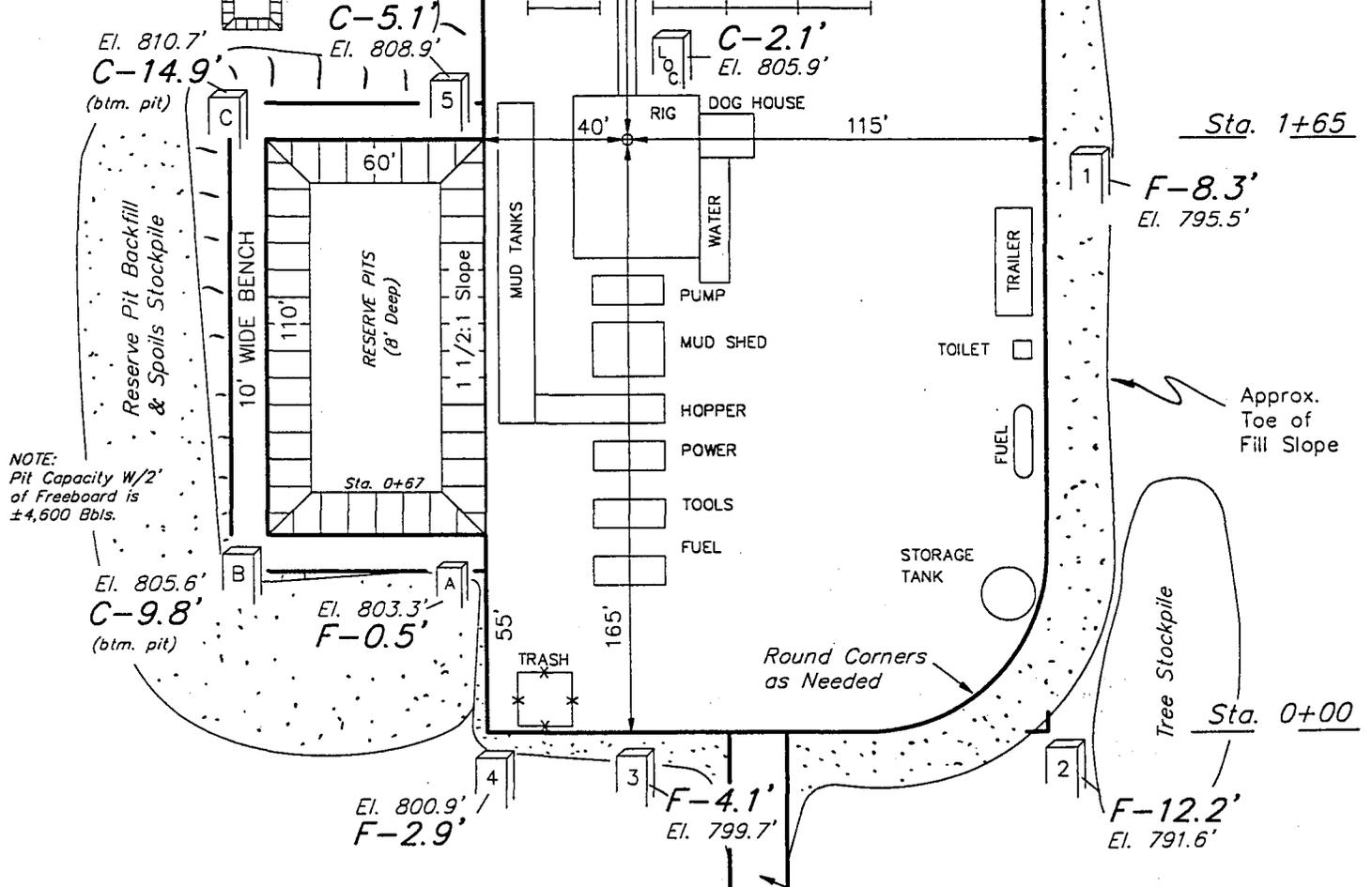


SCALE: 1" = 50'  
DATE: 08-12-97  
Drawn By: D.R.B.  
Revised: 09-09-97 D.R.B.

**NOTE:**

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

FLARE PIT



NOTE: Pit Capacity W/2' of Freeboard is ±4,600 Bbls.

Elev. Ungraded Ground at Location Stake = 6805.9'  
Elev. Graded Ground at Location Stake = 6803.8'

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

# SEGO RESOURCES

## TYPICAL CROSS SECTIONS FOR

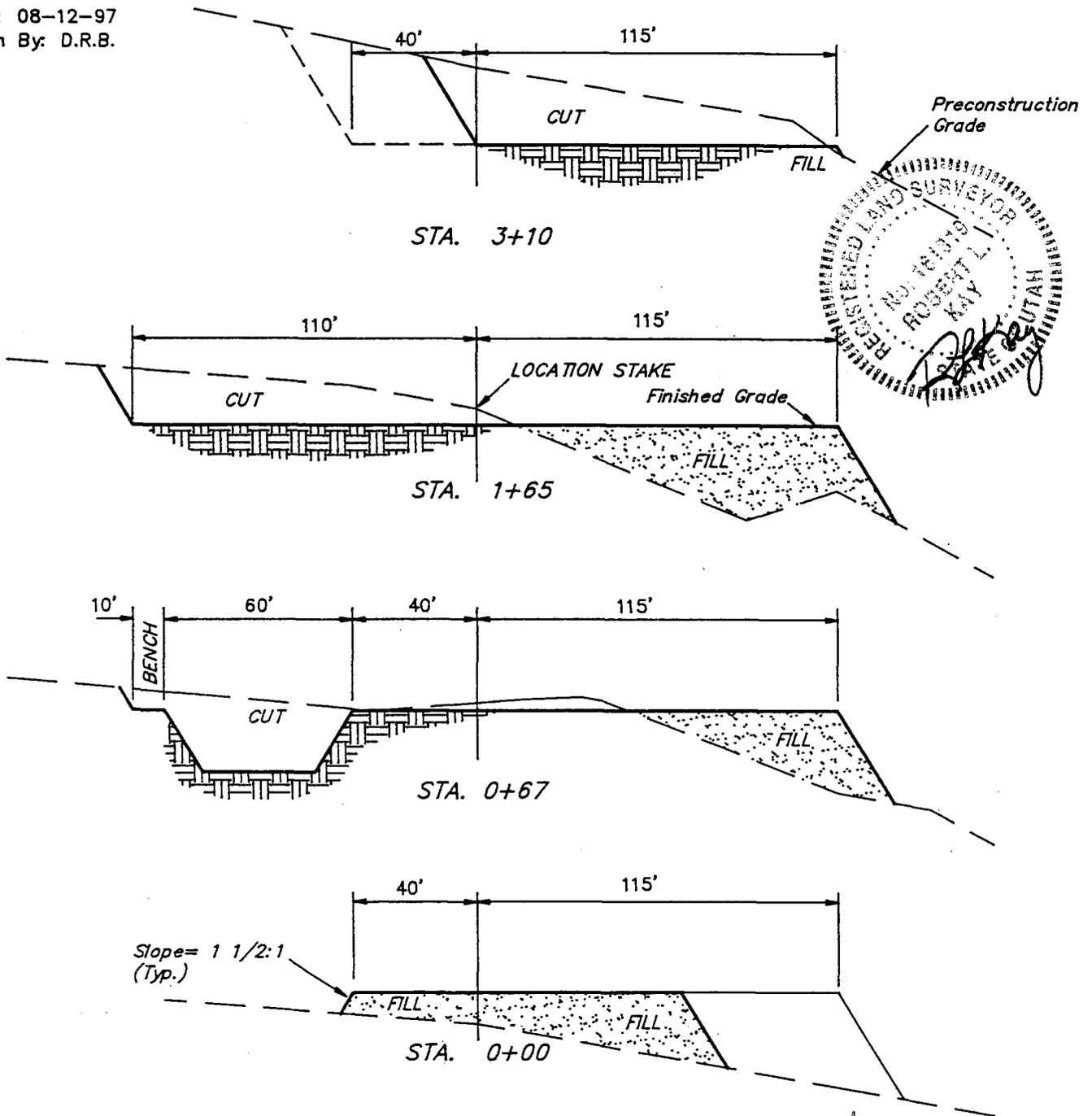
WELL #3

SECTION 23, T11S, R15E, S.L.B.&M.

470' FSL 1781' FEL

1" = 20'  
X-Section Scale  
1" = 50'

DATE: 08-12-97  
Drawn By: D.R.B.

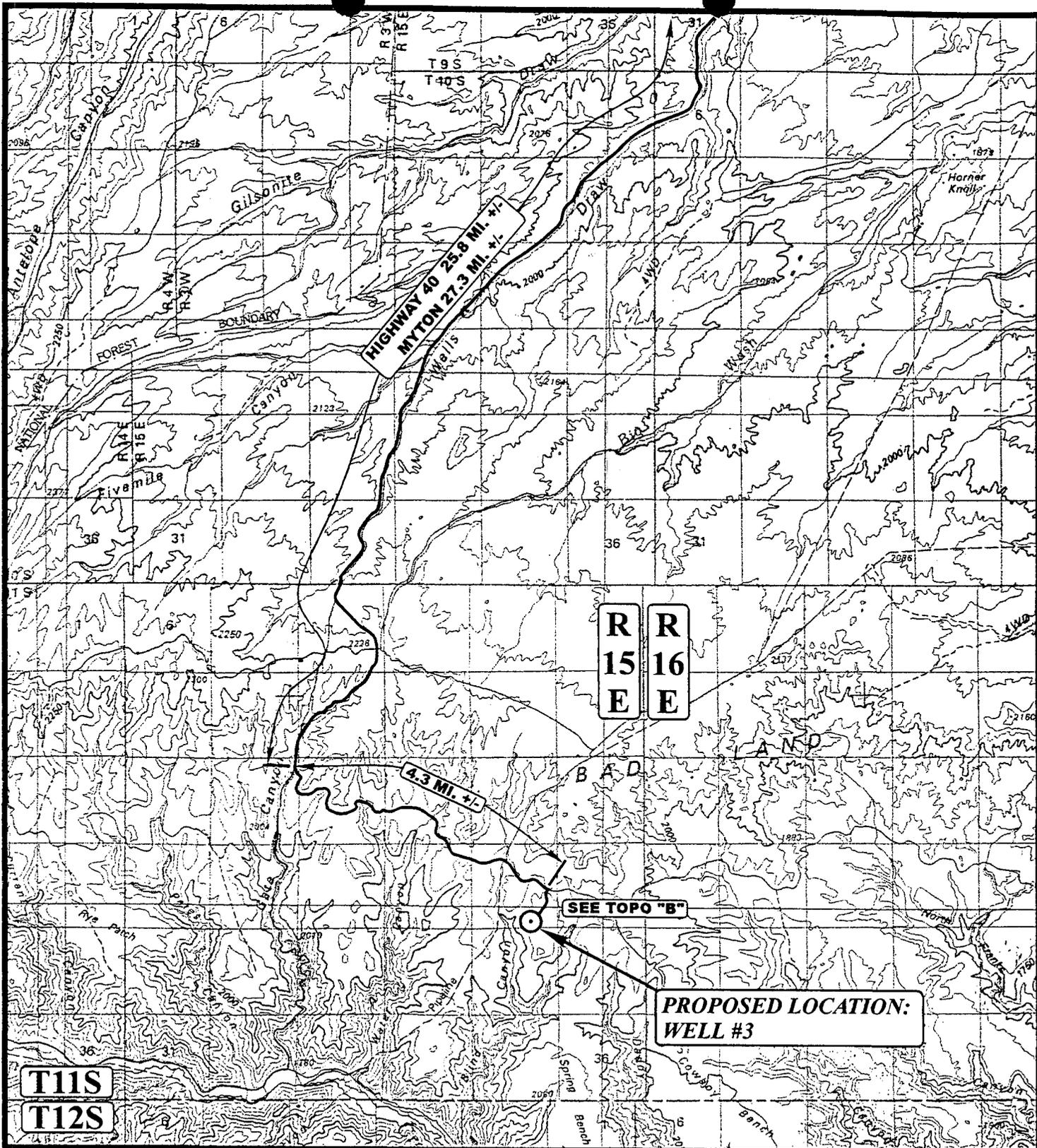


### APPROXIMATE YARDAGES

(6") Topsoil Stripping	=	1,010	Cu. Yds.
Remaining Location	=	6,360	Cu. Yds.
<b>TOTAL CUT</b>	<b>=</b>	<b>7,370</b>	<b>CU.YDS.</b>
<b>FILL</b>	<b>=</b>	<b>5,380</b>	<b>CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	=	1,710	Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	1,710	Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	0	Cu. Yds.

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



**LEGEND:**

⊙ PROPOSED LOCATION



**SEGO RESOURCES**

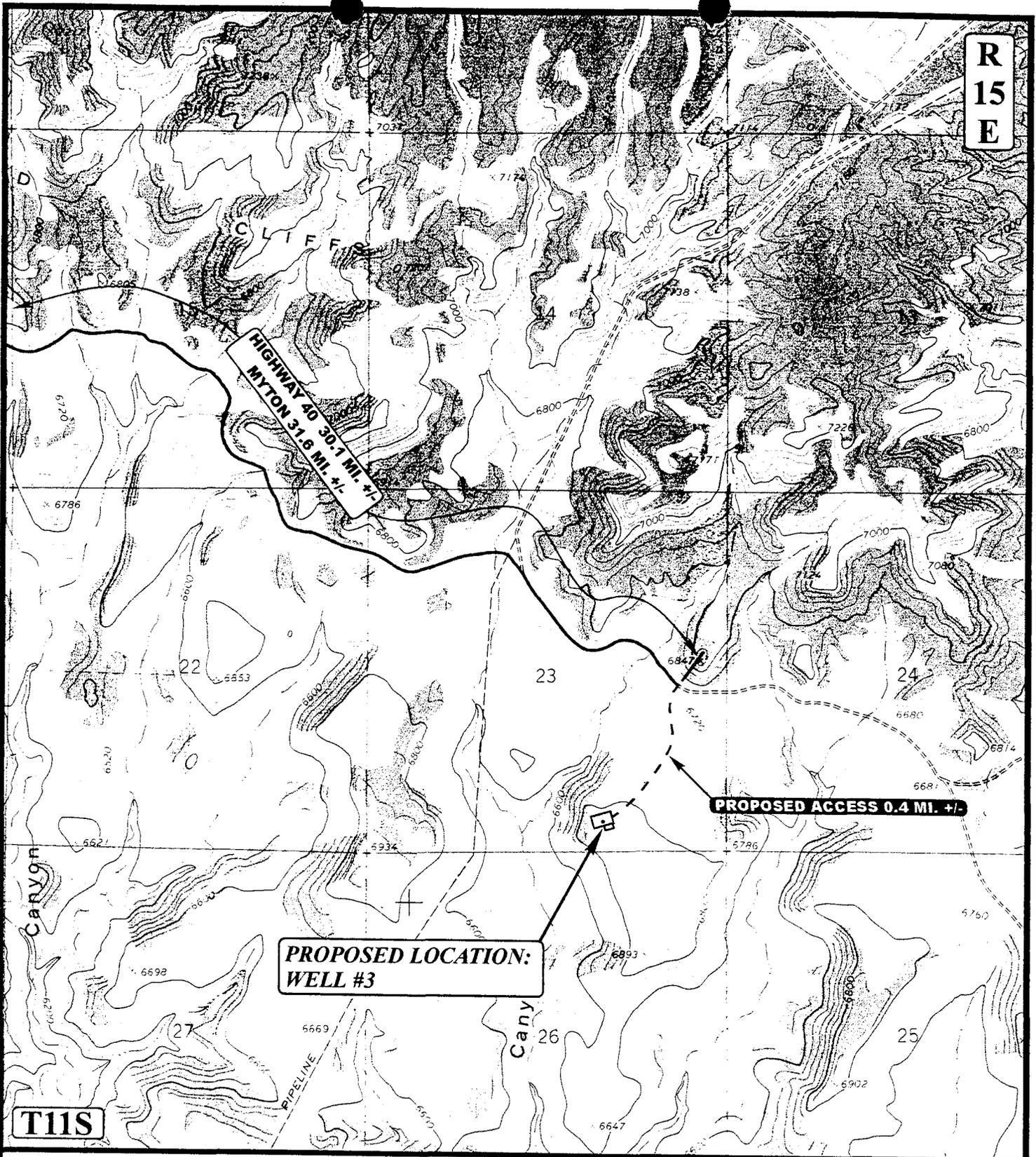
**WELL #3**  
 SECTION 23, T11S, R15E, S.L.B.&M.  
 470' FSL 1781' FEL

**U E L S**  
 Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (801) 789-1017 \* FAX (801) 789-1813  
 Email: uels@easlink.com

**TOPOGRAPHIC** 8 6 97  
 MAP MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: D.COX REVISED: 00-00-00

**A**  
 TOPO

R  
15  
E



T11S

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING ROAD



**SEGO RESOURCES**

**WELL #3**  
**SECTION 23, T11S, R15E, S.L.B.&M.**  
**470' FSL 1781' FEL**



**Utah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (801) 789-1017 \* FAX (801) 789-1813  
 Email: uels@easilink.com

**TOPOGRAPHIC** **8** **6** **97**  
**MAP** MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: D.COX REVISED: 00-00-00



WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/18/97

API NO. ASSIGNED: 43-013-31948

WELL NAME: SEGO RESOURCES #3  
 OPERATOR: SEGO RESOURCES CORP (N6095)

PROPOSED LOCATION:  
 SWSE 23 - T11S - R15E  
 SURFACE: 0470-FSL-1781-FEL  
 BOTTOM: 0470-FSL-1781-FEL  
 DUCHESNE COUNTY  
 WILDCAT FIELD (001)

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

LEASE TYPE: FED  
 LEASE NUMBER: UTU - 76478

PROPOSED PRODUCING FORMATION: WSTC

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal  State  Fee   
 (Number 125,000 BLANKET SURVEY)

Potash (Y/N)

Oil shale (Y/N)

Water permit  
 (Number 43-1721)

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: THIS WELL IS 859' FROM 40 FEE ACRES LOCATED  
SE SW SEC 23 SEE MAP IN SEGO RESOURCES WELL #2

STIPULATIONS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

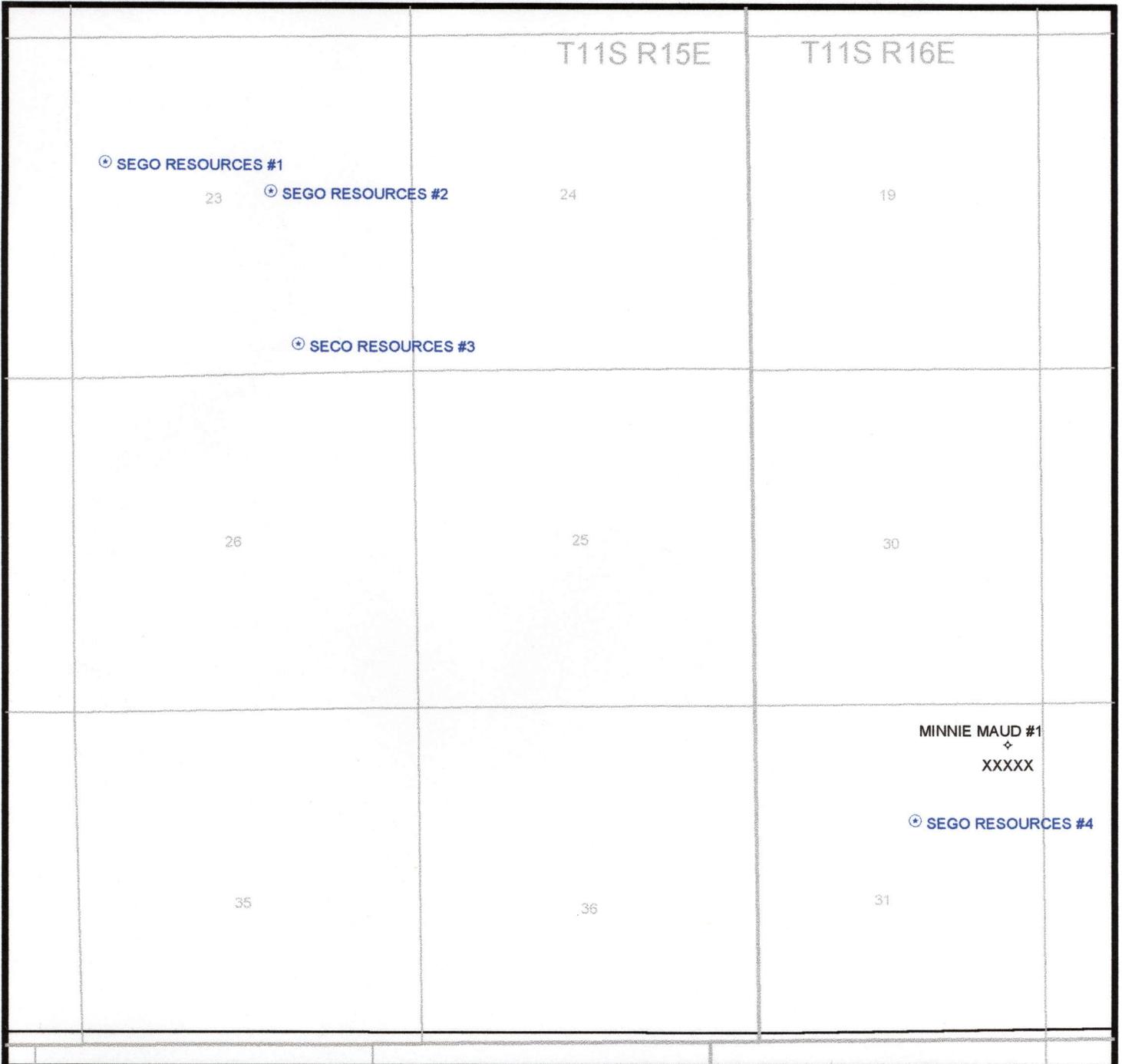
\_\_\_\_\_

OPERATOR: SEGO RESOURCES (N)

FIELD: WILDCAT (001)

SEC, TWP, RNG: 23, T11S, R15E, & 31, T11S, R16E

COUNTY: DUCHESNE UAC: R649-3-2 & 649-3-3



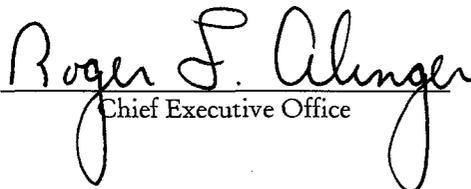
PREPARED:  
DATE: 22-SEP-97

# SEGO RESOURCES

September 24, 1997

## SELF-CERTIFICATION STATEMENT

Please be advised that Sego Resources Corp. is the operator of Sego Resources Well No. 3; SW/4, SE/4, Section 23, Township 11 South, Range 15 East; Lease UTU 76478, 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 American Casualty Company under their Bond Number 158577991.

  
Chief Executive Office



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)

October 1, 1997

Sego Resources Corporation  
266 West 100 North, Suite #1  
Vernal, Utah 84078

Re: Sego Resources #3 Well, 470' FSL, 1781' FEL, SW SE,  
Sec. 23, T. 11 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 43-013-31948.

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



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

5. Lease Designation and Serial No.  
**UTU76478**

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

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

b. TYPE OF WELL    OIL WELL ( ) GAS WELL (X) OTHER ( ) SINGLE ZONE ( ) MULTIPLE ZONE ( )

2. Name of Operator  
**Sego Resources Corp.**

3. Address and Telephone Number  
**266 West 100 North Suite #1 Vernal, Utah 84078**  
**Telephone (801) 789-7250**

4. LOCATION OF WELL (Report location clearly and accordance with any State requirements.)  
At Surface      **470' FSL 1781' FEL, Sec. 23, T11S, R15E**

At proposed prod. zone

6. If Indian, Allottee or Tribe Name  
**NA**

7. Unit Agreement Name  
**NA**

8. FARM OR LEASE NAME, WELL NO.  
**Sego Resources Well #3**

9. API Well No.

10. Field And Pool, or Wildcat  
Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
**Sec. 23, T11S, R15E, S.L.B.&M.**

12. COUNTY OR PARISH      13. STATE  
**Duchesne**      **Utah**

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

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.      **470'**  
(Also nearest drlg. unit line, if any)

16. NO. OF ACRES IN LEASE      **1080**

17. NO. OF ACRES ASSIGNED TO THIS WELL      **80**

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED OR APPLIED FOR, ON THIS LEASE, FT.      **2408'**

19. PROPOSED DEPTH      **6500'**

20. ROTARY OR CABLE TOOLS  
**Rotary**

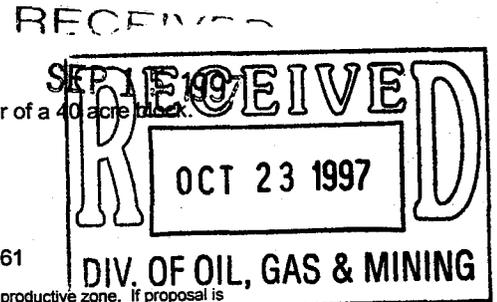
21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
**GL 6806'**

22. APPROX. DATE WORK WILL START  
**1-Nov-97**

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55	24	650' Surface	155 SKS 50:50 Poz "C" + 85 SKS "G"
8-1/2"	5-1/2" J-55	15.5	6500' Production	345 SKS 50:50 Poz Class "G"

Sego Resources Corp. proposes to drill, test and complete the Sego Resources Well #3 as a vertical well in the Wasatch formation  
Please reference the accompanying Drilling Program  
BLM Right of Way is not required  
Operations for this well will be conducted under a Statewide Bond.  
There is no spacing in the area. Wells can be drilled anywhere within a 200 foot square around the center of a 40 acre block.



Please consider all submittals pertaining to this well "Company Confidential".  
If additional information is required, please contact the undersigned at (801) 789-7250, FAX (801) 789-7261

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. SIGNED: Roger Alinger *Roger Alinger* TITLE: CEO DATE: 9-16-97

(This space for Federal or State office use) APPROVAL DATE: **CONDITIONS OF APPROVAL ATTACHED**

PERMIT NO. **NOTICE OF APPROVAL**  
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: *Thomas R. Clauger* Assistant Field Manager Title: Mineral Resources Date: **SEP 29 1997**

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.

DOG# 080-200-429

CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Sego Resources Corp

Well Name & Number: Sego Resources Well No. 3

API Number: 43-013-31948

Lease Number: UTU-76478

Location: SWSE Sec. 23 T. 11 S R. 15 E

**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 **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.

#### 3. Casing Program and Auxiliary Equipment

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

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 8 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 via the cementing program by having a cement top for the production casing at least 200 ft. above the base of the Usable Water Zone, identified at **4671 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 **Top of Cement** 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 Petroleum Engineer	(801) 789-4170
Ed Forsman Petroleum Engineer	(801) 789-7077
Jerry Kenczka Petroleum Engineer	(801) 789-1190
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 (COAs)

-Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

-The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Should mud holes develop, they shall be filled in to prevent detours. 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. Upgrading shall not be allowed during muddy conditions. When snow is removed from the road during the winter months, the snow shall be pushed outside of the burrow ditches and the turn outs shall be kept clear so that when the snow melts the water will be channeled away from the road.

-If the well becomes a producing well the following stipulations will apply:

1. If a condensate tank is installed, it will be a low profile tank.
2. The location topsoil pile will be broadcast seeded with the following seed mix:

Winterfat	Ceratoides lanata	6 lbs/acre
Needle and Tread	Stipa comata	8 lbs/acre
Shadscale	Atriplex confertifolia	6 lbs/acre
Blue grama	Bouteloua gracilis	4 lbs/acre
3. The reserve pit will be filled, recontoured, topsoil respread, and then seeded with the same seed mix stipulated above. If the seed is drilled on the reserve pit, the poundage can be cut in half. All seed shall be pure live seed.

DEPARTMENT OF THE INTERIOR  
**BUREAU OF LAND MANAGEMENT**  
 SUNDRY NOTICES AND REPORTS ON WELLS

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

**SUBMIT IN TRIPLICATE**

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

1. Type of Well:  
 OIL  GAS  OTHER:

2. Name of Operator  
 Sego Resources Corp.

3. Address and Telephone Number  
 P.O. Box 1066, 266 W. 100 N. Ste. #1, Vernal, Utah 84078  
 Telephone (435) 789-7250 Fax (435) 789-7261

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 470' FSL, 1781' FEL, Sec. 23, T11S, R15E, SLB&M

5. Lease Designation and Serial No.  
 UTU76478

6. If Indian, Allottee or Tribe Name  
 N/A

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

8. Well Name and No.  
 Sego Resources Well #3

9. API Well No.  
 43-013-31948

10. Field and Pool, or Exploratory Area  
 Middle Bench Federal Unit

11. County of Parish, State  
 Duchesne, Utah

**CONFIDENTIAL**

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other: Request for extension
	<input checked="" type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completions on Well Completion or Recompletion Report and Log Form)

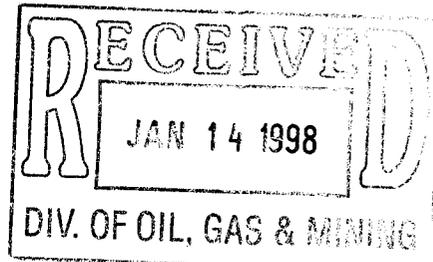
13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to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

Confirming verbal approval this date from Mr. Ed Forsman:

Item 1. Hole size for surface pipe to be 11" rather than 12 1/4" and cemented with 200 sks. Of Class "G" cement, 2% CaCl<sub>2</sub>, yield 1.17 ft<sup>3</sup>/sk (33% excess).

Item 2. 7 7/8" wellbore to be drilled to 8000' with a 3M psi BOP system.

**CONFIDENTIAL**



PLEASE CONSIDER ALL SUBMITTALS PERTAINING TO THIS WELL AS "COMPANY CONFIDENTIAL"  
 If additional information is needed, please contact the undersigned at (435) 789-7250, FAX (435) 789-7261

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

Name/Signature: Roger L. Alinger *Roger L. Alinger* Title: CEO Date: January 13, 1998

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval (if any):

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

# SEGO RESOURCES

AN EXPLORATION AND PRODUCTION COMPANY

October 4, 1999

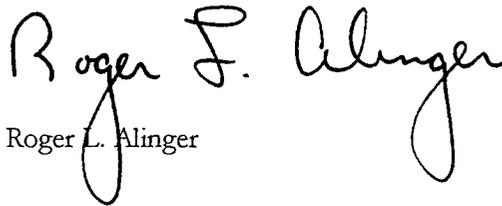
Mr. Ed Forsman  
BLM-Vernal District Office  
170 South 500 East  
Vernal, Utah 84078

Dear Mr. Forsman:

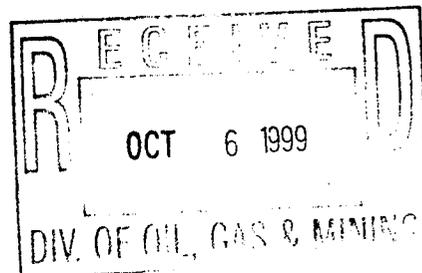
Enclosed are sundry notices to plug the Twin Knolls #15-8J, Twin Knolls #5-9J, and the Seggo Resources Well #1. In addition, there is a sundry notice to reclaim the surface on the Seggo Resources Well #3 location. Our plan is to get the work completed during the month of October.

If there are any questions or comments, I can be reached at (303) 799-0324 or (303) 675-0007, ext. 111. The latter number is our merger partner, Falcon Creek Resources. I'm spending about half my time at that office.

Regards,

  
Roger L. Alinger

Cc: Utah DNR/DOGM



DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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

**SUBMIT IN TRIPLICATE**

5. Lease Designation and Serial No.

UTU76478

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Sego Resources Well #3

9. API Well No.

43-013-31948

10. Field and Pool, or Exploratory Area

Middle Bench Federal Unit

11. County of Parish, State

Duchesne, Utah

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

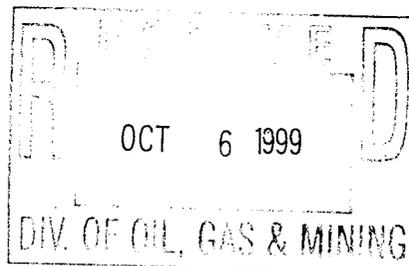
- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other: Request for extension
- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

(Note: Report results of multiple completions 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)\*

Sego Resources plans to restore the location on the #3 well in accordance with the conditions of approval on the drilling permit. The well was never drilled, however, the location still needs to be restored.

LA'd 11-17-99  
DTJ



If additional information is needed, please contact the undersigned at (435) 789-7250, FAX (435) 789-7261

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

Name/Signature: Roger L. Alinger

Date: October 4, 1999

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval (if any):

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

\*See Instructions On Reverse Side

Federal Approval of this Action is Necessary

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY

COPY SENT TO OPERATOR  
Date: 10-7-99  
Initials: C.H.D.



# 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

November 15, 1999

Sego Resources  
9137 East Mineral Circle Suite 250  
Englewood CO 80112-3423

Re: Notification of Expiration  
Well No. 3  
SWSE, Section 23, T11S, R15E  
Lease No. U-76478  
Duchesne County, Utah

Dear Mr. Alinger:

43-013-31948

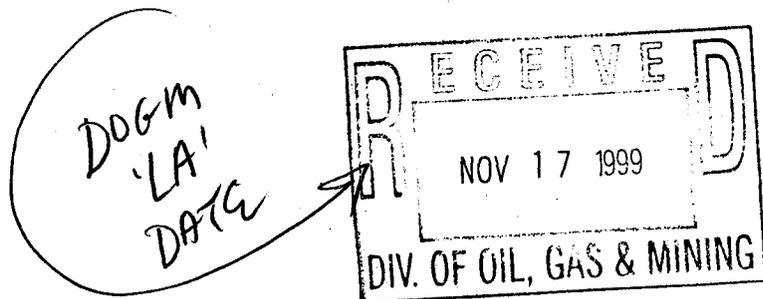
The Application for Permit to Drill the above-referenced well was approved on September 29, 1997. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until September 29, 1999. According to our records, no known activity has transpired at the 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.

According to our records, the location has been constructed for this drill site. All 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



7-5S-3W  
43-013-31974

Petroglyph Operating  
Ute Tribal 7-5  
7-5S-3W  
43-013-31977

Petroglyph Operating  
Ute Tribal 7-6  
7-5S-3W  
43-013-31978

Petroglyph Operating  
Ute Tribal 7-7  
7-5S-3W  
43-013-31979

Petroglyph Operating  
Ute Tribal 31-1  
31-5S-3E  
43-013-32033

Petroglyph Operating  
Ute Tribal 31-10  
31-5S-3W  
43-013-32037

Petroglyph Operating  
Ute Tribal 31-15  
31-5S-3W  
43-013-32040

Sego Resources  
Sego Resources 3  
23-11S-15E  
43-013-31948

Snyder Oil  
Ute Tribal 25-F  
25-4S-1E  
43-047-32809

expires 2/10/2000

expires 2/10/2000

expires 2/10/2000

expires 1/28/2000

expired 1/28/99  
letter being done

expired 1/28/99  
letter being done

expires 9/29/99

drilling

APD Approval  
Extensions  
per  
Margie Herman  
- BLM Vernal -  
email 3/4/99

Well File



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

In Reply Refer To:  
3106  
UTU-64913 et al  
(UT-932)

AUG 10 2000

### NOTICE

Sapient Energy Corp. : Oil and Gas  
621 17<sup>th</sup> Street, Suite 1800 :  
Denver, CO 80293-0621 :

### Merger Recognized

Acceptable evidence has been filed in this office concerning the merger of Falcon Creek Resources, Inc. into Sapient Energy Corp. with Sapient Energy Corp. being the surviving entity.

The oil and gas lease files identified on the enclosed exhibit have been noted as to the merger. The exhibit is the list supplied by Sapient Energy Corp. We have not adjudicated the case files to determine if the entity affected by the merger holds an interest in the leases identified, nor have we attempted to identify leases where the entity is the operator on the ground, maintaining no vested record title or operating rights interest. We are notifying the Minerals Management Service and all applicable BLM offices of the merger by a copy of this notice. If additional documentation for a change of operator is required by our Field Offices, you will be contacted by them.

Oil and gas leases UTU-66477 and UTU-77375 are closed on the records of this office.

By recognition of the merger the principal is automatically changed by operation of law from Falcon Creek Resources, Inc. to Sapient Energy Corp. on Statewide Surety Bond No. 158577991 (BLM Bond No. UT1089).

**/s/ Robert Lopez**

Robert Lopez  
Chief, Branch of  
Minerals Adjudication

### Enclosure

Exhibit of Leases

cc: Moab Field Office  
Vernal Field Office  
MMS—Reference Data Branch, MS 3130, P.O. Box 5860, Denver, CO 80217  
State of Utah, DOGM, Attn: Jim Thompson (Ste. 1210), Box 145801, SLC, UT 84114  
American Casualty Company of Reading Pennsylvania, CNA Plaza, Chicago, IL 60685  
Irene Anderson (UT-932)  
Teresa Thompson (UT-931)  
LaVerne Steah (UT-942)

**RECEIVED**

AUG 11 2000

DIVISION OF  
OIL, GAS AND MINING

**Exhibit "A"**

BLM Leases involved with the merger between Falcon Creek Resources, Inc. and Sapient Energy Corp.  
Utah

UT U-64913	UT U-75231
UT U-64921	UT U-75232
UT U-65319	UT U-75233
UT U-65323	UT U-75670
UT U-65324	UT U-75672
UT U-65767	UT U-76760
UT U-65773	UT U-76761
UT U-65776	UT U-76809
UT U-65779	UT U-76810
UT U-65782	UT U-76811
UT U-65783	UT U-76812
UT U-65785	UT U-76814
UT U-66477 EXPIRED 12/31/1999	UT U-77336
UT U-66798	UT U-77375 EXPIRED APRIL 30, 2000
UT U-66800	
UT U-67253	
UT U-68527	
UT U-68529	
UT U-69003	
UT U-69094	
UT U-69095	
UT U-69096	
UT U-70847	
UT U-70848	
UT U-70849	
UT U-70850	
UT U-70887	
UT U-70888	
UT U-70889	
UT U-71401	
UT U-72013	
UT U-73165	
UT U-73425	
UT U-73664	
UT U-73666	
UT U-73669	
UT U-74387	
UT U-74395	
UT U-74396	
UT U-74397	
UT U-74403	

(LA)

FORM 3160-5

UNITED STATES

(June 1990)

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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

FORM APPROVED

Budget Bureau No. 1004-0135

Expires March 31, 1993

**SUBMIT IN TRIPLICATE**

1. Type of Well:  
OIL  GAS  OTHER:

2. Name of Operator  
Falcon Creek Resources, Inc.

3. Address and Telephone Number  
621 17th Street, Suite 1800  
Telephone (3 303-675-0007

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
470' FSL, 1781' FEL, Sec. 23, T11S, R15E, SLB&M

5. Lease Designation and Serial No.  
UTU76478

6. If Indian, Allottee or Tribe Name  
N/A

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

8. Well Name and No.  
Sego Resources Well #3

9. API Well No.  
43-013-31948

10. Field and Pool, or Exploratory Area  
Middle Bench Federal Unit

11. County of Parish, State  
Duchesne, Utah

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other: See Below
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completions 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)\*

Falcon Creek Resources has merged into Sapient Energy Corporation. Please be advised of the name and address changes.  
As of July 14, 2000

Sapient Energy Corporation (Colorado Office- Operations Office)  
621 17th Street, Suite 1800  
Denver CO. 80293-0621

Sapient Energy Corporation (Tulsa Office- Main office)  
8801 South Yale, Suite 150  
Tulsa, Oklahoma 74137

If additional information is needed, please contact the undersigned at (303) 799-0324, FAX (303) 799-0333

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

Name/Signature: Gerald Lucero *Gerald Lucero* Title: Manager of Operations

Date: August 16, 2000

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval (if any):

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

\*See Instructions On Reverse Side

**RECEIVED**

AUG 24 2000

DIVISION OF  
OIL, GAS AND MINING

**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. GLH		4-KAS ✓
2. CDW ✓		5-SP ✓
3. JLT		6-FILE

Enter date after each listed item is completed

Change of Operator (Well Sold)

Designation of Agent

Operator Name Change (Only)

**X Merger**

The operator of the well(s) listed below has changed, effective:

7-14-2000

**FROM:** (Old Operator):

FALCON CREEK RESOURCES INC

Address: 621 17TH STREET STE 1800

DENVER, CO 80293-0621

Phone: 1-(303)-675-0007

Account No. N2915

**TO:** ( New Operator):

SAPIENT ENERGY CORPORATION

Address 621 17TH STREET STE 1800

DENVER, CO 80293-0621

Phone: 1-(303)-675-0007

Account N1385

**CA No.**

**Unit:**

**WELL(S)**

NAME	API NO.	ENTITY NO.	SEC. TWN RNG	LEASE TYPE	WELL TYPE	WELL STATUS
SEGO RESOURCES # 3	43-013-31948	99999	23-11S-15E	FED	GW	LA
SEGO RESOURCES # 4	43-013-31949	12349	31-11S-16E	FED	GW	PA
SEGO RESOURCES # 1	43-013-31946	12349	23-11S-15E	FED	WS	A
TWIN KNOLLS 7-8J	43-013-31995	99999	08-11S-17E	FED	GW	LA
TWIN KNOLLS 15-8J	43-013-31994	12351	08-11S-17E	FED	GW	S
TWIN KNOLLS 5-9J	43-013-31996	12350	09-11S-17E	FED	GW	S
TWIN KNOLLS 11-9J	43-013-31997	99999	09-11S-17E	FED	GW	LA

**OPERATOR CHANGES DOCUMENTATION**

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 07/25/2000
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 07/25/2000
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 10-17-2000
- Is the new operator registered in the State of Utah: YES Business Number: 1401148-0143
- If **NO**, the operator was contacted on: \_\_\_\_\_
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the (merger, name change, or operator change for all wells listed on Federal or Indian leases on: 06/05/2000
- Federal and Indian Units:** The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
- Federal and Indian Communization Agreements ("CA"):** The BLM or the BIA has approved the operator

change for all wells listed involved in a CA on: N/A

9. **Underground Injection Control ("UIC") Pro:** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

**DATA ENTRY:**

- 1. Changes entered in the **Oil and Gas Database** on: 10/18/2000
- 2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 10/18/2000
- 3. Bond information entered in RBDMS on: N/A
- 4. Fee wells attached to bond in RBDMS on: N/A

**STATE BOND VERIFICATION:**

- 1. State well(s) covered by Bond No.: N/A

**FEE WELLS - BOND VERIFICATION/LEASE INTEREST OWNER NOTIFICATION:**

- 1. (R649-3-1) The **NEW** operator of any fee well(s) listed has furnished a bond: N/A
- 2. The **FORMER** operator has requested a release of liability from their bond on: N/A  
The Division sent response by letter on: N/A
- 3. (R649-2-10) The **FORMER** operator of the Fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: \_\_\_\_\_

**FILMING:**

- 1. All attachments to this form have been **MICROFILMED** on: 2.26.01

**FILING:**

- 1. **ORIGINALS/COPIES** of all attachments pertaining to each individual well have been filled in each well file on: \_\_\_\_\_

**COMMENTS:**

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