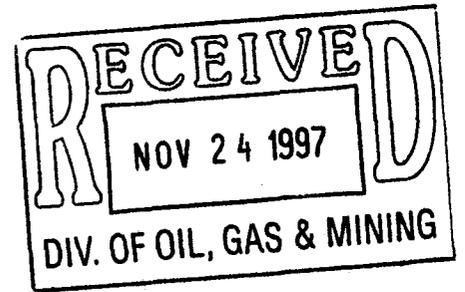


SEGO RESOURCES

November 21, 1997

Mr. John Baza  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

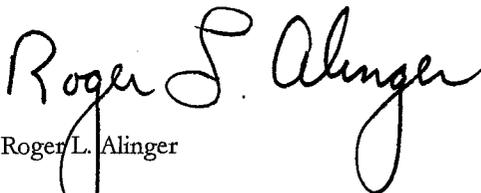


Dear Mr. Baza:

Enclosed are duplicate copies of four Applications for Permit to Drill filed this date with the Bureau of Land Management in Vernal.

Please contact me at the number shown below if anything else is needed.

Regards,

  
Roger L. Alinger

SEGO RESOURCES

November 21, 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 UTU75672  
Twin Knolls Well # 15-8J  
SW/4 SE/4 Sec. 8, T11S, R17E  
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 (435) 789-7250 if additional information is needed.

Thank you,

  
Roger L. Alinger

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. Lease Designation and Serial No. UTU75672

6. If Indian, Allottee or Tribe Name NA

7. Unit Agreement Name NA

8. FARM OR LEASE NAME, WELL NO. Twin Knolls 15-8 J

9. API Well No.

10. Field And Pool, or Wildcat

11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA Sec. 8, T 11 S, R 17 E, SLB&M

12. COUNTY OR PARISH Duchesne 13. STATE Utah

16. NO. OF ACRES IN LEASE 2532.56 17. NO. OF ACRES ASSIGNED TO THIS WELL 80

19. PROPOSED DEPTH 8,000' 20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) Ungraded Ground Level 6501 22. APPROX. DATE WORK WILL START Jan., 1998

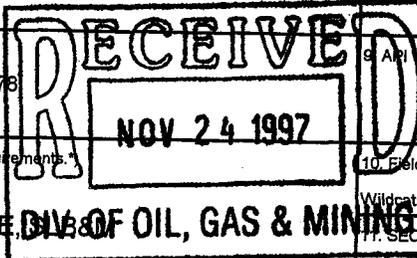
1a. TYPE OF WORK DRILL [X] DEEPEN [ ]

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) Telephone (435) 789-7250

P.O. Box 1066 Vernal, Utah 84078



4. LOCATION OF WELL (Report location clearly and accordance with any State requirements.) At Surface

677' fsl, 1792' fel, Sec. 8, T 11 S, R 17 E, SLB&M At proposed prod. zone 200 946 same

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

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

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

21. ELEVATIONS (Show whether DF, RT, GR, etc.) Ungraded Ground Level 6501

Table with 7 columns: SIZE OF HOLE, GRADE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT, and a sub-column for CEMENT type. Rows include 11" J-55 8 5/8" 24# 650' (+/-) Surface 224 sks. Class "G" w/additives and 7 7/8" J-55 5 1/2" 15.5# 8000' (+/-) Production 333 sks. 50:50 Poz "G" w/additives.

Sego Resources Corp. proposes to drill, test and complete the Twin Knolls Well # 15-8J 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 BLM # UT1089. 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 (435) 789-7250, FAX (435) 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: 11/21/97

(This space for Federal or State office use) PERMIT NO. 43-013-31994 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 John R. Baya Title Associate Director Date 1/8/98

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

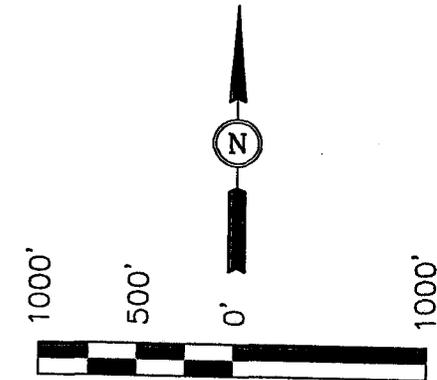
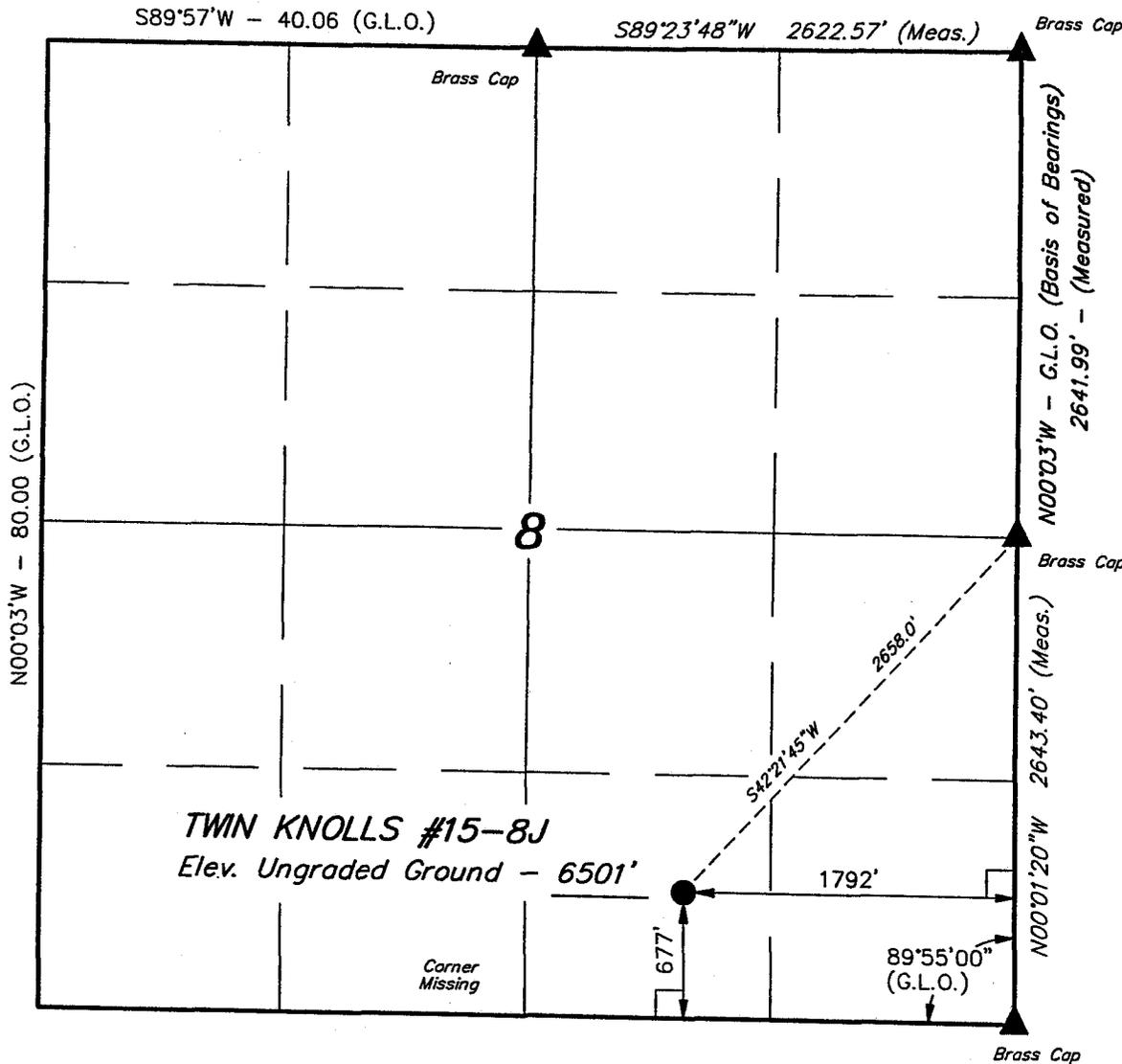
# T11S, R17E, S.L.B.&M.

## SEGO RESOURCES

Well Location, TWIN KNOLLS #15-8J, located as shown in the SW 1/4 SE 1/4 of Section 8, T11S, R17E, S.L.B.&M. Duchesne County, Utah.

### BASIS OF ELEVATION

SPOT ELEVATION AT A RIDGE TOP IN THE NW 1/4 OF SECTION 8, T11S, R17E, S.L.B.&M. TAKEN FROM THE WILKIN RIDGE 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 6707 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.

REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

### LEGEND:

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

<b>UINTAH ENGINEERING &amp; LAND SURVEYING</b> 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 09-18-97	DATE DRAWN: 10-09-97
PARTY L.D.T.    D.R.    D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE SEGO RESOURCES	

# SEGO RESOURCES CORP.

Twin Knolls 15-8J  
SW/SE SECTION 8, T11S, R17E  
DUCHESNE COUNTY, UTAH

## DRILLING PROGRAM

1. Estimated tops of important geologic markers:

Ground Level	6500' graded
Uinta	Surface to 250'
Green River	250' to 4715'
Wasatch	4715' 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	6845'

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 8000' (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</u> <u>PPG</u>	<u>Viscosity</u> <u>SEC</u>	<u>Fluid Loss</u> <u>CC</u>	<u>Remarks</u>
0 - 650'	air		No control	
650' - 5000'	8.4 - 8.9	27 - 45	No control	Fresh water native mud w/high viscosity sweeps
5000' - 8000'	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 will be taken before bit trips from surface casing to TD with a maximum deviation of 5 deg and no more than 2 deg between consecutive surveys.

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

Logging:	Resistivity, GR	TD to surface casing shoe
	Neutron/Density, Cal	TD to 4500'
	Dipole Sonic	To be determined
	Magnetic Resonance	To be determined

## 7. Cementing Program

**Surface Pipe:** Will be cemented with 224 sacks of Class "G" cement with additives (yield approx. 1.17 cu-ft per sack). Total quantity is 50% excess based on 8 5/8" casing in an 11" 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 333 sacks of 50:50 POZ "G" with 2.0% bentonite plus additives (yield is approximately 1.25 cu-ft per sack). Volume is based on 20% excess over quantity required for 2000 ft. of fill 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 3500 PSI. There has been no indication of H2S in any wells drilled in the area.

9. Other Information

The Vernal District BLM office (435) 789-1362 is to be notified:

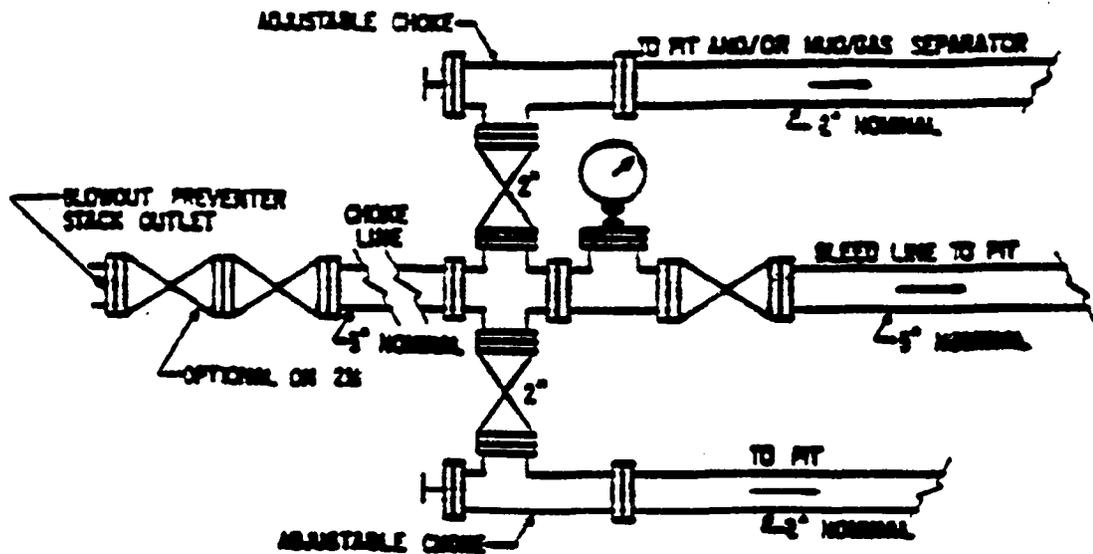
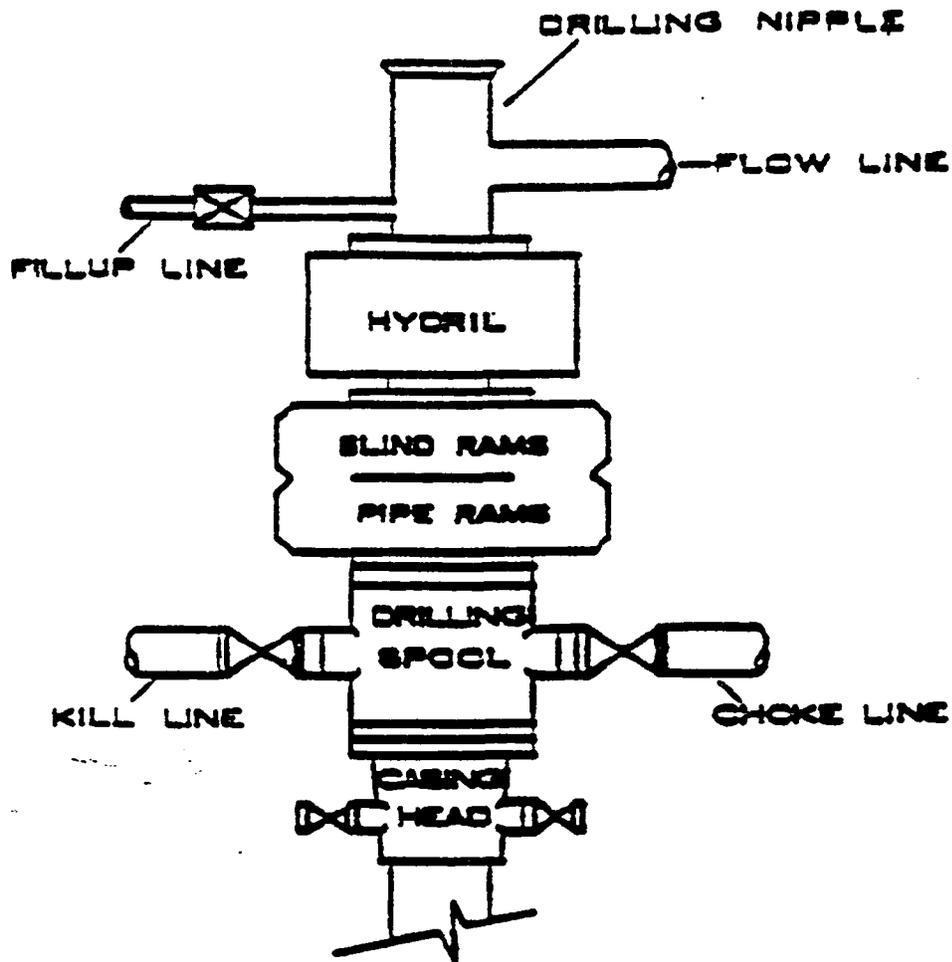
- 48 hours prior to construction of location and access roads
- prior to moving the drilling rig on location
- at least 24 hours prior to spudding the well
- at least 24 hours prior to running casing and cementing all casing strings
- 24 hours prior to initiating pressure tests on BOP equipment

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

- Ed Forsman (435) 789-7077
- Wayne Bankert (435) 789-4170
- Jerry Kenczka (435) 781-4410

# 2M SYSTEM

## BOP STACK



Well name:

### Twin Knolls #15-8J

Operator: **Sego Resources Corp.**

String type: Production: Frac

Location: Sec 8, T11S, R17E

#### Design parameters:

##### Collapse

Mud weight: 8.60 ppg  
Design is based on evacuated pipe.

#### Minimum design factors:

##### Collapse:

Design factor 1.125

#### Environment:

H2S considered? No

Surface temperature: 50.00 °F  
Bottom hole temperature: 162 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,000 ft

##### Burst:

Design factor 1.00

##### Burst

Max anticipated surface pressure: 4,400.00 psi  
Internal gradient: 0.45 psi/ft  
Calculated BHP 8,000.00 psi  
Annular backup: 8.34 ppg

##### Tension:

Non-directional string.

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

Body yield: 1.60 (B)

Tension is based on buoyed weight.

Neutral point: 6,959.13 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	8000	5.5	15.50	J-55	LT&C	8000	8000	4.825	250.8

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	3574	4040	1.13	4534	4810	1.06	107.9	217	2.01 J

Prepared Roger Alinger  
by: Sego Resources

Phone: 435-789-7250  
FAX: 435-789-7261

Date: 19-Nov-97  
Vernal, Utah

#### Remarks:

Collapse is based on a vertical depth of 8000 ft, a mud weight of 8.6 ppg. The casing is considered to be evacuated for collapse purposes.  
Collapse strength is based on the Westcott, Dunlop & Kemier method of biaxial correction for tension.

Burst strength is not adjusted for tension.

SEGO RESOURCES CORP.  
Twin Knolls Well # 15-8J  
SW/SE SECTION 8, T11S, R17E  
DUCHESNE COUNTY, UTAH

SURFACE USE PROGRAM

1. Existing Roads

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

2. Planned access Roads

The Planned access road traverses approximately 0.4 miles WSW of the Sand Wash road. The road will have a running surface of 18 feet and a maximum disturbed width of 30 feet. Because of the short length of road and relatively flat terrain there will be no turnouts, gates, cattleguards, cuts or fills.

3. Location of Existing Wells

The nearest well is a well in the NW/NE 5-11S-17E drilled and abandoned by Phillips in 1960.

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.

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 unlined unless it is determined during construction that leakage from the pit is likely. If it is determined a liner is necessary, it will be 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 are planned 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, Segro will submit a subsequent report of abandonment and re-contour the site to the approximate original conditions and seed the topsoil with the mixture shown below.

c) *Seed Mix*

Restoration of the reserve pit, topsoil pile or location, as appropriate, will include broadcast seeding with the following seed mix: 3 lb./ac. Needle and Thread, 4 lb./ac. Four Wing Salt Bush, 3 lb./ac. Shadscale, and 2 lb./ac. Fringe Sage.

11. Surface Ownership

Access Road: BLM Land  
Location: BLM Land

12. Other Additional Information

a. Segro 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, Segro 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. Segro 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. (435) 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 Sego 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.

Nov. 21, 1997  
Date

Roger Alinger  
Roger Alinger  
Area Manager

Onsite Date: November 18, 1997

Participants on Joint Inspection

- |                   |                |
|-------------------|----------------|
| • Stan Olmstead   | BLM            |
| • Tom Dabbs       | BLM            |
| • Steve Strong    | BLM            |
| • Logan MacMillan | Sego Resources |
| • Roger Alinger   | Sego Resources |

SEGO RESOURCES

November 21, 1997

SELF-CERTIFICATION STATEMENT

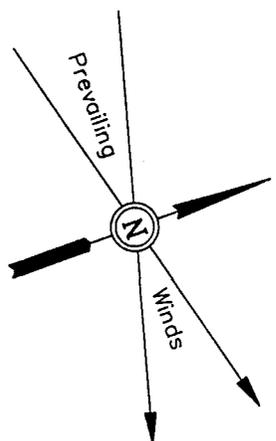
Please be advised that Sego Resources Corp. is the operator of the Twin Knolls Well No. 15-8J; located in the SW/4, SE/4, Section 8, Township 11 South, Range 17 East; Lease UTU75672, Duchesne County, Utah; and is responsible under the terms and conditions of the lease and for the operations conducted upon the leased lands. Bond coverage is provided by American Casualty Company under BLM Bond Number UT1089.

  
Chief Executive Office

# SEGO RESOURCES

## LOCATION LAYOUT FOR

TWIN KNOLLS #15-8J  
SECTION 8, T11S, R17E, S.L.B.&M.  
677' FSL 1792' FEL



SCALE: 1" = 50'  
DATE: 10-09-97  
Drawn By: D.R.B.

**NOTE:**

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

FLARE PIT

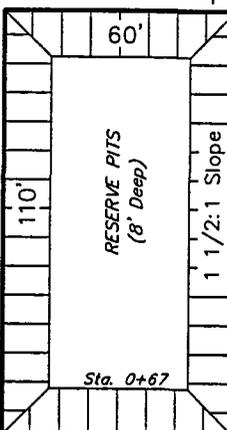


El. 508.5'  
**C-16.1'**  
(btm. pit)

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

Reserve Pit Backfill & Spoils Stockpile

10' WIDE BENCH



El. 506.9'  
**C-14.5'**  
(btm. pit)

El. 500.2'  
**F-0.2'**

Approx. Top of Cut Slope

**C-7.1'**  
El. 507.5'

**C-6.1'**  
El. 506.5'

**C-6.1'**  
El. 506.5'

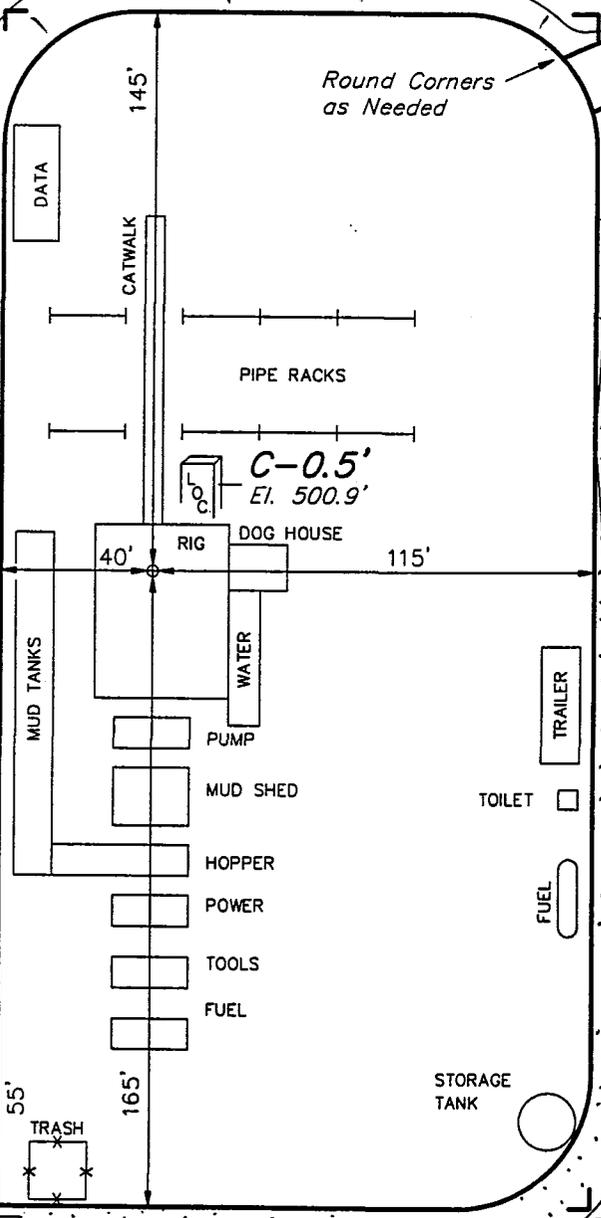
Sta. 3+10

Spoils Stockpile

Topsoil Stockpile

Proposed Access Road

Round Corners as Needed



PIPE RACKS

**C-0.5'**  
El. 500.9'

Sta. 1+65

**F-1.9'**  
El. 498.5'

Approx. Toe of Fill Slope

Sta. 0+00

El. 498.6'  
**F-1.8'**

**F-3.9'**  
El. 496.5'

**F-9.5'**  
El. 490.9'

Elev. Ungraded Ground at Location Stake = 6500.9'  
Elev. Graded Ground at Location Stake = 6500.4'

# SEGO RESOURCES

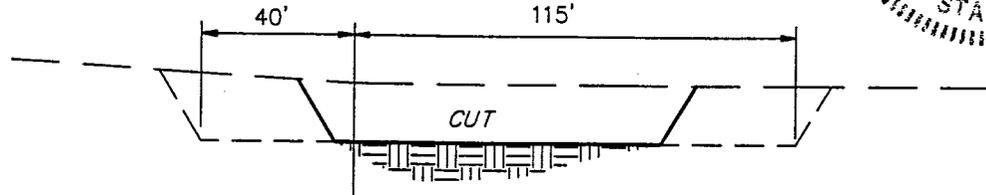
## TYPICAL CROSS SECTIONS FOR

TWIN KNOLLS #15-8J  
SECTION 8, T11S, R17E, S.L.B.&M.  
677' FSL 1792' FEL

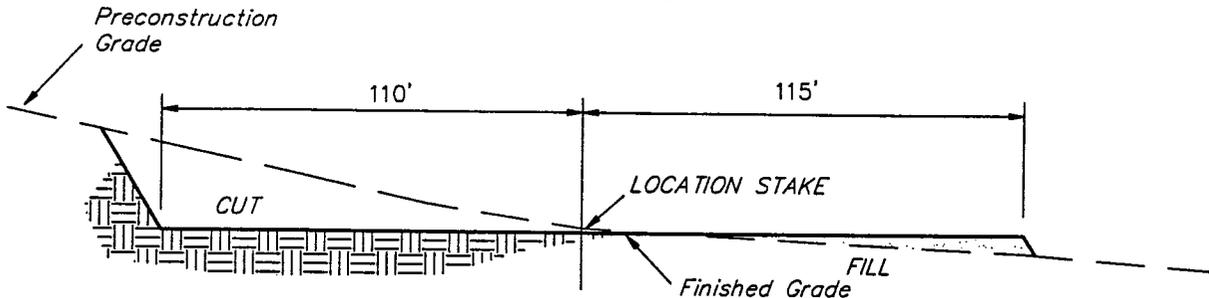


1" = 20'  
X-Section Scale  
1" = 50'

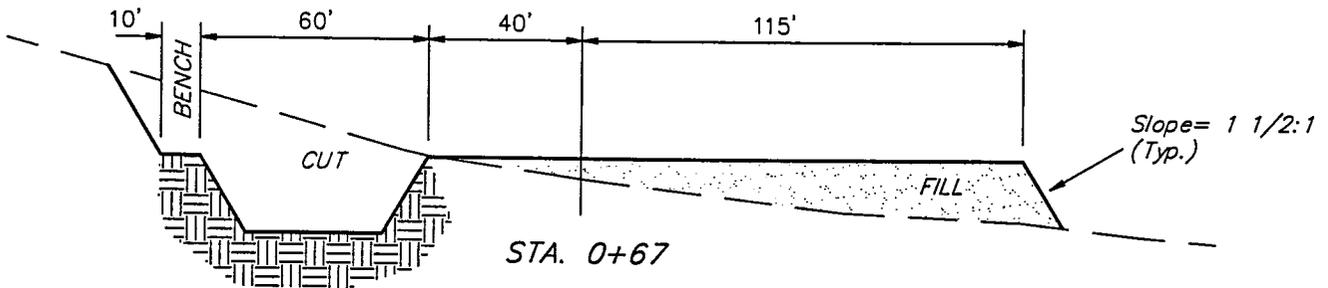
DATE: 10-09-97  
Drawn By: D.R.B.



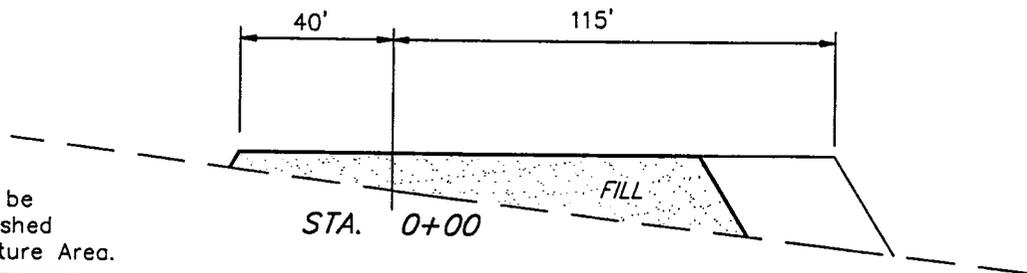
STA. 3+10



STA. 1+65



STA. 0+67



STA. 0+00

**NOTE:**

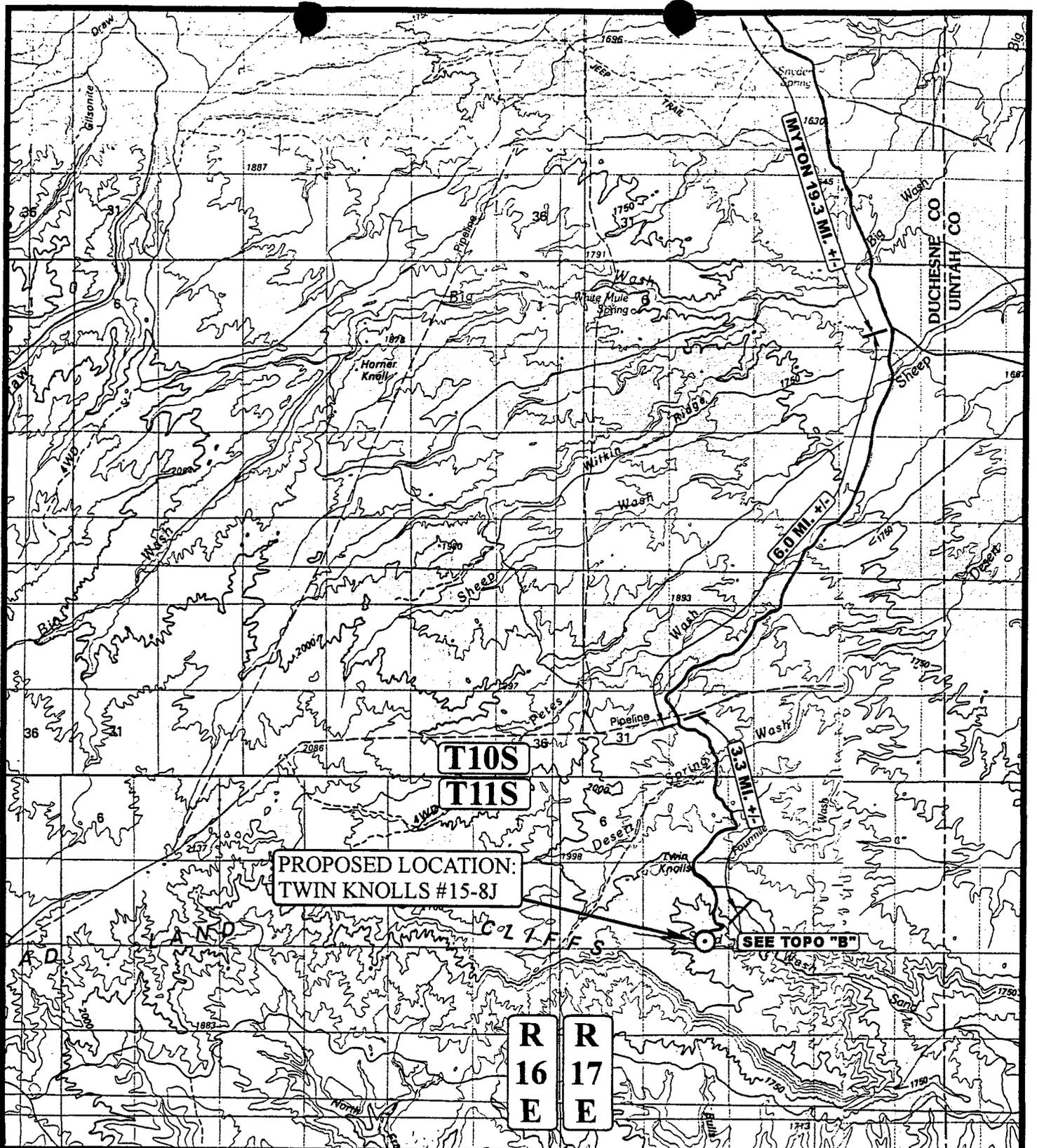
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

**APPROXIMATE YARDAGES**

(6") Topsoil Stripping	=	1,010 Cu. Yds.
Remaining Location	=	5,490 Cu. Yds.
<b>TOTAL CUT</b>	<b>=</b>	<b>6,500 CU.YDS.</b>
<b>FILL</b>	<b>=</b>	<b>3,860 CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	=	2,440 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	1,710 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	730 Cu. Yds.

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



PROPOSED LOCATION:  
TWIN KNOLLS #15-8J

SEE TOPO "B"

T10S

T11S

R  
16  
E

R  
17  
E

**LEGEND:**

○ PROPOSED LOCATION



**SEGO RESOURCES**

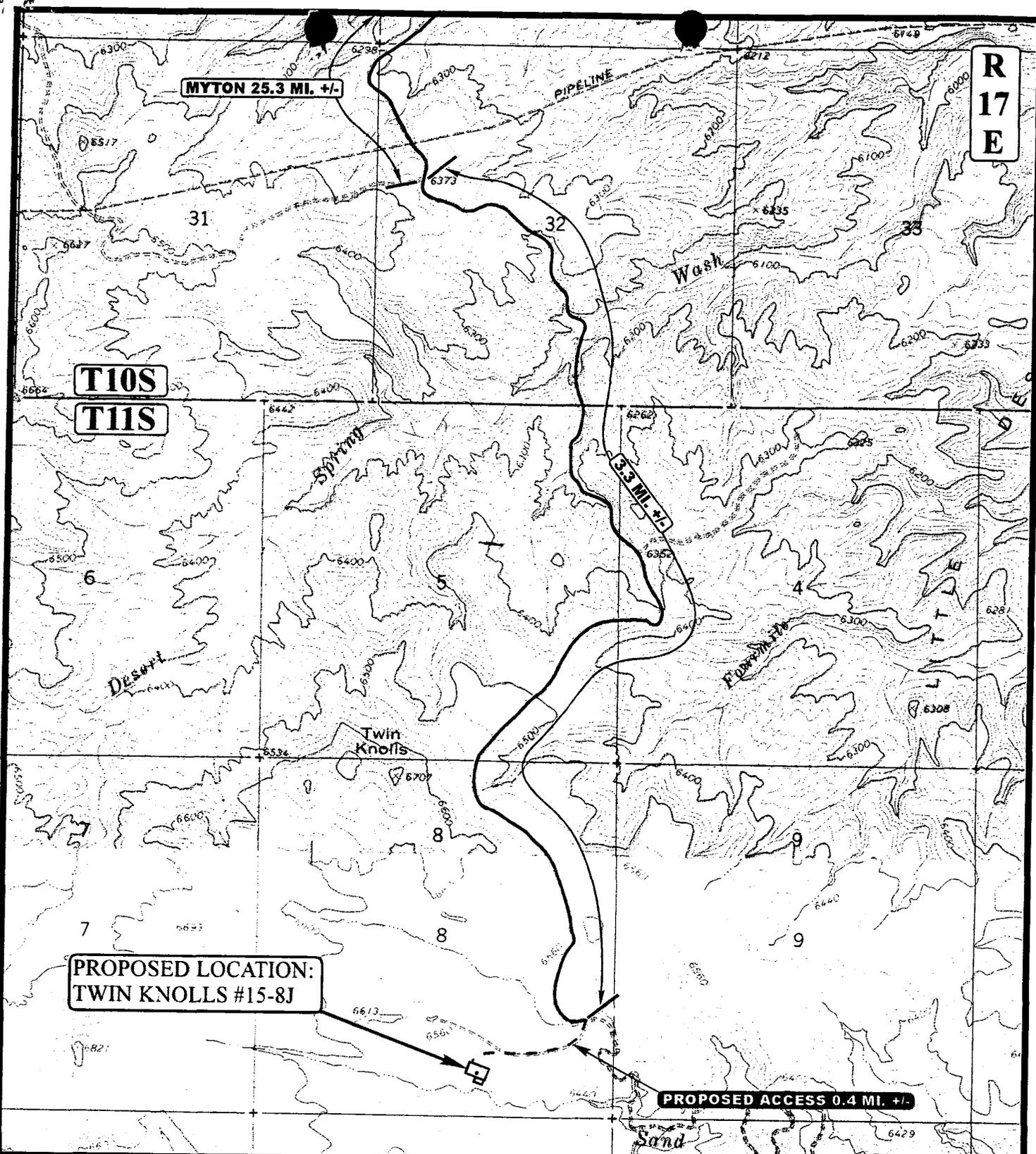
TWIN KNOLLS #15-8J  
SECTION 8, T11S, R17E, S.L.B.&M.  
677' FSL 1792' FEL



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

TOPOGRAPHIC MAP  
10 7 97  
MONTH DAY YEAR  
SCALE: 1:100,000 DRAWN BY: C.G. REVISED: 00-00-00





**PROPOSED LOCATION:  
TWIN KNOLLS #15-8J**

**PROPOSED ACCESS 0.4 MI. +/-**

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING ROAD

**SEGO RESOURCES**

**TWIN KNOLLS #15-8J  
SECTION 8, T11S, R17E, S.L.B.&M.  
677' FSL 1792' FEL**



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



**TOPOGRAPHIC  
MAP**

**10 7 97**  
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 00-00-00

**B  
TOPO**

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/24/97

API NO. ASSIGNED: 43-013-31994

WELL NAME: TWIN KNOLLS 15-8J  
 OPERATOR: SEGO RESOURCES (N6095)

PROPOSED LOCATION:  
 SWSE 08 - T11S - R17E  
 SURFACE: 0677-FSL-1792-FEL  
 BOTTOM: 0677-FSL-1792-FEL  
 DUCHESNE COUNTY  
 WILDCAT FIELD (001)

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

LEASE TYPE: FED  
 LEASE NUMBER: UTU - 75672

PROPOSED PRODUCING FORMATION: WSTC

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal  State  Fee   
 (Number UT 1089)

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: Conf. status req.

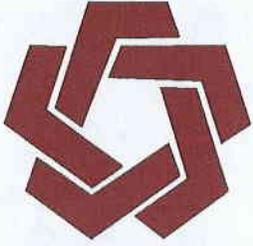
STIPULATIONS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



DIVISION OF OIL, GAS & MINING

OPERATOR: SEGO RESOURCES (N6095)  
FIELD: WILDCAT (001)  
SEC. TWP. RNG.: SEC. 8 & 9, T11S, R17E  
COUNTY: DUCHESNE UAC: R649-3-2



DATE PREPARED:  
25-NOV-1997



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)

January 8, 1998

Sego Resources Corporation  
266 West 100 North Suite #1  
P.O. Box 1066  
Vernal Utah 84078

Re: Twin Knolls 15-8 J, 677' FSL, 1792' FEL, SW SE  
Sec. 8, T. 11 S, R 17 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 43-013-31994.

Sincerely,

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

John R. Baza  
Associate Director

ls

Enclosures

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



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. Lease Designation and Serial No. UTU75672
b. TYPE OF WELL OIL WELL ( ) GAS WELL (X) OTHER ( ) SINGLE ZONE ( ) MULTIPLE ZONE ( )		6. If Indian, Allottee or Tribe Name NA
2. Name of Operator Sego Resources Corp.		7. Unit Agreement Name NA
3. Address and Telephone Number (266 West 100 North Suite #1) Telephone (435) 789-7250		8. FARM OR LEASE NAME, WELL NO. Twin Knolls 15-8 J
P.O. Box 1066 Vernal, Utah 84078		9. API Well No.
4. LOCATION OF WELL (Report location clearly and accordance with any State requirements.) At Surface 677' fsl, 1792' fel, Sec. 8, T 11 S, R 17 E, SLB&M		10. Field And Pool, or Wildcat Wildcat
At proposed prod. zone same		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 8, T 11 S, R 17 E, SLB&M
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 20 miles south of Myton, UT		12. COUNTY OR PARISH Duchesne
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also nearest drig. unit line, if any)		13. STATE Utah
16. NO. OF ACRES IN LEASE 2532.56		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.		19. PROPOSED DEPTH 8,000'
20. ROTARY OR CABLE TOOLS Rotary		21. APPROX. DATE WORK WILL START Jan., 1998
21. ELEVATIONS (Show whether DF, RT, GR, etc.) Ungraded Ground Level 6501		

23. PROPOSED CASING AND CEMENTING PROGRAM						
SIZE OF HOLE	GRADE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT	
11"	J-55	8 5/8"	24#	650' (+/-)	Surface	224 sks. Class "G" w/additives
7 7/8"	J-55	5 1/2"	15.5#	8000' (+/-)	Production	333 sks. 50:50 Poz "G" w/additives

Sego Resources Corp. proposes to drill, test and complete the Twin Knolls Well # 15-8J 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 BLM # UT1089.  
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.

RECEIVED  
NOV 21 1997

RECEIVED  
JAN 12 1998  
BLM, P.O. BOX 8, VERNAL, UT

Please consider all submittals pertaining to this well "Company Confidential".

If additional information is required, please contact the undersigned at (435) 789-7250, FAX (435) 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: 11/21/97

(This space for Federal or State office use)

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 B. Leavins*

Assistant Field Manager  
Mineral Resources

Date JAN - 5 1998

Title \_\_\_\_\_

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

NO USE OF...

CONDITIONS OF APPROVAL ATTACHED

DOGM

**CONDITIONS OF APPROVAL**  
**APPLICATION FOR PERMIT TO DRILL**

Company/Operator: Sego Resources Corp

Well Name & Number: Twin Knolls 15-8J

API Number: 43-013-31994

Lease Number: UTU-75672

Location: SWSE Sec. 08 T. 11 S R. 17 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 **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.

#### 3. Casing Program and Auxiliary Equipment

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

As a minimum, the usable water and oil shale resources shall be isolated and/or protected 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 **4516 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) 781-1190
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)

METHODS FOR HANDLING WASTE MATERIALS AND DISPOSAL

The reserve pit and those portions of the location not needed for production facilities and/or operations shall be reclaimed and recontoured in accordance with the APD.

Stockpiled topsoil shall then be spread over the rehabilitated areas to approximate the original topsoil thickness.

Immediately after spreading the topsoil, the rehabilitated areas and the remaining topsoil stockpile shall be broadcast seeded with the seed mixture described in the APD and the seed walked into the soil with a "CAT". All seed poundages are in Pure Live Seed.

Upon final abandonment if additional recontouring is needed for these areas, the topsoil shall be removed prior to the final recontouring.

Recontour all disturbed areas to blend in appearance with the surrounding terrain.

All topsoil shall be spread over the recontoured surface.

Other Information

**Mountain Plover**

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

Starting Date of Construction or Drilling Activity	Number of Surveys
From March 15 through April 15	1
From April 16 through July 15	2
From July 16 through August 15	1

The surveys will be conducted no more than 14 days prior to the date actual construction or drilling activities begin. If two surveys are required, they will be made at least 14 days apart with the last survey no more than 14 days prior to the start-up date.

If an active nest or chicks are found in the area, the planned activity will be delayed until the chicks are out of downy plumage; the brood vacates the area of influence; or, the nest has failed.

**Sage Grouse**

If the location is to be constructed or drilled from March 1 through June 30 the operator will be required to contact the authorized officer of the BLM to conduct a wildlife survey for sage grouse. If sage grouse are not found in the area then the operator may proceed with the development or drilling of the location.

SPUDDING INFORMATION

Name of Company: SEGO RESOURCES

Well Name: TWIN KNOLLS 15-8J

Api No. 43-013-31994

Section 8 Township 11S Range 17E County DUCHESNE

Drilling Contractor CHANDLER

Rig # 1

SPUDDED:

Date 1/30/98

Time \_\_\_\_\_

How DRY HOLE

Drilling will commence \_\_\_\_\_

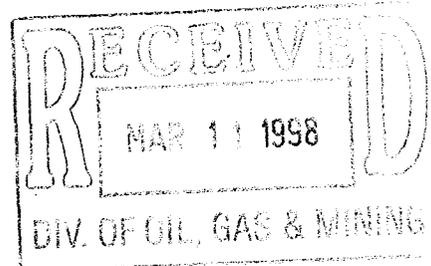
Reported by D. INGRAM

Telephone # \_\_\_\_\_

Date: 2/2/98 Signed: JLT

✓

SEGO RESOURCES



March 10, 1998

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: Drilling Reports  
Federal Oil & Gas Lease UTU75672  
Twin Knolls Well #15-8J  
~~API #14-014-01904~~  
SW/4 NE/4 Sec. 8, T11S, R17E  
Duchesne County, Utah

**CONFIDENTIAL**

Dear Mr. Forsman:

Enclosed are daily drilling reports and a cement bond log for the Twin Knolls 15-8J well. Completion operations are underway at this time in the Green River formation. The logging company was supposed to send open hole logs to you, however, I'm not sure that was done. If not, please advise and I will get copies to you.

Please contact me at (435) 789-7250 if additional information is needed.

Regards,

  
Roger L. Alinger

Cc: DNR/DOGM

43-D13-30994

SEGO RESOURCES  
DAILY DRILLING REPORT

**CONFIDENTIAL**

Date:	2/6/98	Well:	Twin Knolls 15-8J				AFE #				
Depth	1560'	Proj TD	8000'	Present Ops	Drilling						
Prog.	885'	Formt	Wasatch	Legal Descrp	SWSE Sec 8	T 11 S	R 17 E	Duchesne	Utah		
Days	3	Supervisor:	Chuck Emerson			Phone:	801-790-3337		Rig:	Chandler Rig # 1	

**MUD DATA**

Mud Type	H2O		Daily Mud Cost				Cum Mud Cost				
Pit Vol, Bbls			Hole Vol.			Vendor	Mustang		Engr.	Craig Hart	
Wt	8.3	Vis	27	PV	YP	Gels	API WL		HTHP	pf/mf	
Sol.	O/W		ES	Cl	300	Ca	260	LCM	pH	7.0	

**DRILLING DATA**

Bit #	Size	Mfgr	Type	S/N	Jets	IN	Out	FTG	HRS	ROP	RPM	WOB	IADC Grade
1	7 7/8"	RTC	HP51X	J83659	3/12s	677'		885'	8	110.6	60/110	40K	
BHA #	In @	Description										Length	Wt.
1	677'	Bit, MM,XO,24- 6"DC,XO										730.88'	44K
Hookload, M#	Torque	Drag (+Up/-Down),M#				Allow Max Pull, M#							
Pump	Make	Model	Stk	Lnr	SPM	GPM	Press	Deviation Surveys					
#1	IDECO	D-500	16	5 1/2				Depth	Incl	Azim	TVD	E/-W	N/-S
#2	GardnerDenver	PZ-8	8	6	110	319	1000	712'	1/2				
ECD	AVDC		AVDP		AVDP			1318'	2 1/2				
Jet Vel	Kill SPM			Kill Press				1504'	MR				
BGG	CG		TG		Vendor								
Max	@			Engr									
CASING DATA													
Size	Top	Depth	Wt	Gr	Shoe Test, ppg								
8 5/8"	Surface	676'	24	J-55									

**DESCRIPTION OF DAILY ACTIVITIES**

Time	Date Last Bop Test	2-5-98	Date Last Bop Drill	2/5/98	Tour	Morning
0700 To	Hrs.	Date Last PVT Check				
1130	4 1/2	Finish RU				
1330	2	PU BHA				
1400	1/2	Tag @ 621'. Start Drilling out Shoe.				
1600	2	Rig Repair. Stand Pipe				
1830	2 1/2	Drillout Shoe				
1900	1/2	Survey 1/2deg @ 712'				
2200	3	Rig Repair. Stand Pipe				
0400	6	Drilling				
0430	1/2	Survey 2 1/2deg @ 1318'				
0600	1 1/2	Drilling				
0630	1/2	Survey MRdeg @ 1504'				
0700	1/2	Drilling				

RECEIVED  
MAR 11 1998  
DIV. OF OIL, GAS & MINING























SEGO RESOURCES  
DAILY DRILLING REPORT

Date:	2/18/98	Well:	Twin Knolls 15-8J				AFE #				
Depth	7678'	Proj ID	8000'	Present Ops	WOC						
Prog.		Formt	Wasatch	Legal Descrp	SWSE Sec 8	T 11 S	R 17 E	Duchesne	Utah		
Days	15	Supervisor:	Chuck Emerson			Phone:	801-790-3337		Rig:	Chandler Rig # 1	

**MUD DATA**

Mud Type	LSND			Daily Mud Cost				Cum Mud Cost	24911					
Pit Vol, Bbls	400		Hole Vol.	460		Vendor	Mustang		Engr.	Craig Hart				
Wt	9.0	Vis	35	PV	8	YP	4	Gels	2/7	API WL	9.6	CAKE	1/32	pf/mf
Sol.	4.9	O/W	0/95.1	ES	1/4	Cl	700	Ca	80	LCM	TR	pH	8.8	.2/6

**DRILLING DATA**

Bit #	Size	Mfgr	Type	S/N	Jets	IN	Out	FTG	HRS	ROP	RPM	WOB	IADC Grade
2	7 7/8"	STC	F3H	LN8605	3/14s	4749'	6265'	1515'	71.5	21.2			4/7/I
3	7 7/8"	RTC	HP53A	UO9500	3/14s	6265'	7678'	1413'	82.5	17.1			4/4/ 1/8
BHA #	In @	Description										Length	Wt.
1	677'	Bit, MM,XO,24- 6"DC,XO										730.88'	44K
2	6265'	Bit, MM,XO,24- 6"DC,XO										732.60'	44K
Hookload, M#	132K		Torque	0		Drag (+Up/-Down),M#	0		Allow Max Pull,	320K			
Pump	Make	Model	Stk	Lnr	SPM	GPM	Press	Deviation Surveys					
#1	IDECO	D-500	16	5 1/2				Depth	Incl	Azim	TVD	E/-W	N/-S
#2	GardnerDenver	PZ-8	8	6				2157'	2				
ECD	AVDC	193	AVDP	137	AVDP			2647'	1 1/2				
Jet Vel	Kill SP	52SPM	Kill Press	250psi				3156'	1 3/4				
BGG	CG	TG	Vendor	3652'		2 1/4							
Max	@	Engr	BillSmall	4148'		2							
CASING DATA								4647'	2				
Size	Top	Depth	Wt	Gr	Shoe Test, ppg	5143'	2 1/2						
8 5/8"	Surface	676'	24	J-55		5676'	2						
						6517'	1 1/2						

**DESCRIPTION OF DAILY ACTIVITIES**

Time	Last Bop Test	2-5-98	Date Last Bop Drill	2/5/98	Tour	Morning
0700 To	Hrs.	Last PVT Check				
0800	1	TOOH to Drill Collars				
1030	2 1/2	RU Westates Casers & LDDC				
1300	2 1/2	TIH w/ 74 Stands				
1500	2	LD 59 Jts DP to 5062'				
1600	1	RU B-J Set plug from 4862'-5062' w/130sks Cls G w/2% CaCl(incl 50%excess)				
2000	4	LD remaining DP				
2030	1/2	RU Casing crew. Clean Drift & tally Casing				
2230	2	Run Production casing as follows: 1- 5 1/2" Guide Shoe(.70'), 1- 5 1/2" Shoe Jt(36.55'), 1- 5 1/2" Float Collar, 110- Jts 5 1/2" 15.50# J-55 LT&C 8rd Casing (4636.27'), AboveKB Meas(-4.00'). Casing Set @ 4670.15'KB. Float@4632'				
2330	1	RD Casers RU B-J Services Circulate				
0030	1	Cement Production Casing as follows: Pump 20bbl Mud Flush, 10bbl H2O Spacer, 470 sks 50/50 PozMix w/ 2% Gel, .3% FL-52, 1/4#/sk CelloFlake, 2#/sk KolSeal. Displace w/ 110 bbl 3% ClayTreat H2O. Reciprocate casing during disp.Bump plug @ 2000 psi. Float Held OK. Excellent returns.RD B-J.				
0130		ND BOP. Set Slips w/ 50K# on Hanger. Cutoff casing.				
0600		Clean & jet pits. Rig Released 0600 2-18-98				

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  
 9137 E. Mineral Circle, Suite 250, Englewood, CO 80112-3423  
 Telephone (303) 799-0324 Fax (303) 799-0333

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 677' FSL 1792' FEL, Sec. 8, T11S, R17E SLBM

5. Lease Designation and Serial No.  
 UTU75672

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

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

8. Well Name and No.  
 Twin Knolls 15-8J

9. API Well No.  
 43-013-31994

10. Field and Pool, or Exploratory Area  
 Wildcat

11. County of Parish, State  
 Duchesne, Utah

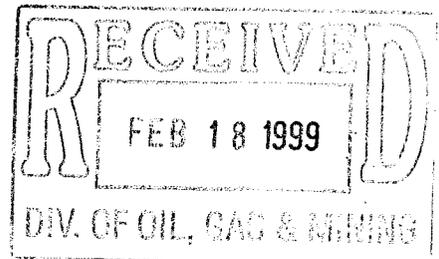
12 CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

In March of last year Sego Resources tested the Twin Knolls 15-8J well with marginal success. Since that time an evaluation has been underway to determine the potential producibility of the well. Current plans are to attempt to produce the well next summer after ambient temperatures increase. If non-commercial rates are obtained a plugging procedure will be submitted.



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: Roger L. Alinger

*Roger L. Alinger*

Title: CEO Date: February 16, 1999

(This space for Federal or State office use)

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

Conditions of approval (if any):

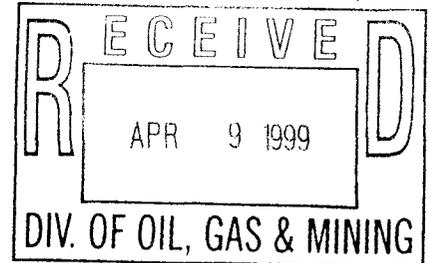
Title 18 U.S.C. Section 1001 makes it a crime for any person knowingly and willfully to make to any department or any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

# SEGO RESOURCES

May 13, 1998

Mr. Edwin I. Forsman  
Bureau of Land Management  
170 South 500 East  
Vernal, Utah 84078

Re: Completion Reports  
Sego Resources Well # 1  
Twin Knolls 5-9J  
Twin Knolls 15-8J



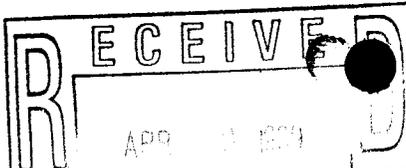
Dear Ed:

Enclosed are completion reports on the above referenced wells. The Sego Resources Well #1 was completed as a water source well in the Green River formation. The two Twin Knolls wells have had some Green River formation testing done on them but we have not established commercial production. We are planning additional testing up hole at a future date.

Regards,

*Roger*  
Roger L. Alinger

Cc: w/attachments Department Oil Gas and Mining



FORM APPROVED  
Budget Bureau No 1004-0137  
Expires: August 31, 1985

FORM 3160-4  
(November 1983)  
(Formerly 9-330)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
DIV. OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL No.  
UWH 75672  
6. INDIAN ALLOTTEE OR TRIBAL NAME.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1 a. TYPE OF WELL  OIL WELL  GAS WELL  OTHER

7. UNIT AGREEMENT NAME

b. TYPE OF COMPLETION  NEW WELL  WORK OVER  
 DEEPEN  DIFF. RESERV.  OTHER:

8. FARM OR LEASE NAME

2. NAME OF OPERATOR  
Sego Resources Corp.

9. WELL NAME  
Twin Knolls 15-8J

3. ADDRESS OF OPERATOR  
P.O. Box 1066, Vernal, Utah 84078

10. FIELD AND POOL, OR WILDCAT  
Wildcat

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At Surface 677' FSL, 1792' FEL, Sec.8, T11S, R17E SLBM  
At Proposed Producing Zone Same  
At Total Depth: Same

11. QQ, SEC., T., R., M., OR BLOCK AND SURVEY  
OR AREA  
Sec. 8, T11S, R17E

14. PERMIT NO. 43-013-31994 DATE ASSIGNED 1/8/98  
12. COUNTY Duchesne 13. STATE Utah

15. SPUD DATE 1/31/98 16. DATE TD REACHED 2/15/98  
17. DATE COMPL. (Ready to prod.) 2-15-98 18. ELEVATIONS (DF, RKB, RT, GL, ETC.)\* KB 6515'  
19. ELEV. CASINGHEAD 6500'

20. TOTAL DEPTH, MD & TVD 7678' 21. PLUG BACK TD, MD & TVD 4618'  
22. IF MULTIPLE COMPL., HOW MANY?\* 23. INTERVAL DRILLED BY 7678' Rotary? Cable Tools?

24. PRODUCING INTERVAL(S), OF THIS COMPLETION -- TOP, BOTTOM, NAME (MD & TVD)  
GRRV / R. Alinger 25. WAS DIRECTIONAL SURVEY MADE? yes

26. TYPE ELECTRIC AND OTHER LOGS RUN  
Induction, Neutron-Density, Magnetic resonance 3-11-98  
27. WAS WELL CORED? ( ) Yes (X) No (Submit Analysis)  
DRILL STEM TEST? ( ) Yes (X) No (See Reverse Side)

CASING RECORD (Report all strings set in well)

SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24.00	672'	11"	353 sks "G" w/2% CaCl	
5 1/2"	15.50	4670'	7 7/8"	470 sks 50:50 POZ	

29. LINER RECORD					30. TUBING RECORD		
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size, and number)		32. CID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL	SIZE	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4118' - 4136'	4 JSPF, 0.5		

33. PRODUCTION							WELL STATUS (Producing or shut-in)
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)				WELL STATUS	
N/A		Swabbed water with trace of oil				Shut - in: developing extended testing program	
DATE OF TEST	HOURS TESTED	COKE SIZE	PROD'N FOR TEST PERIOD	OIL--BBL.	GAS--MCF	WATER--BBL.	GAS - OIL RATIO
3/13/98							
FLOW. TBG PRESSURE		CSG PRESSURE	CALCULATED 24-HOUR RATE	OIL--BBL.	GAS--MCF	WATER--BBL.	OIL GRAVITY - API (CORR.)

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that this report is true and complete to the best of my knowledge  
Signed: R.L. Alinger *R.L. Alinger* Title: District Operations Manager

See Spaces for Additional data 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.

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):  
Twin Knolls 1.5-8J

FORMATIONS	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	GEOLOGIC MARKERS		
				NAME	MEASURED DEPTH	TRUE VERTICAL DEPTH
				Uinta/Green River Wasatch	Surface 4730'	same

38.

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING  
ENTITY ACTION FORM - FORM 5

OPERATOR Sego Resources  
ADDRESS P.O. Box 1066  
266 W 100 N #2  
Vernal, UT 84078

OPERATOR ACCT. NO. N 6095

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION				COUNTY	SPUD DATE	EFFECTIVE DATE
					OO	SC	TP	RG			
A	99999	12349	43-013-31946	Sego Resources Well # 1	SW/4 NW/4	23	11S	15E	Oucheswe	10/24/97	
WELL 1 COMMENTS: <b>CONFIDENTIAL</b> Entity added 4-17-98. (Middle Bench Unit) <i>fec</i>											
B	99999	12349	43-013-31949	Sego Resources Well # 4	SW/4 NE/4	31	11S	16E	Oucheswe	10/29/97	
WELL 2 COMMENTS: <b>CONFIDENTIAL</b> Entity added 4-17-98. (middle Bench Unit) <i>fec</i>											
A	99999	12349	43-013-31947	Sego Resources Well # 2	SW/4 NE/4	23	11S	15E	Oucheswe		
WELL 3 COMMENTS: <b>CONFIDENTIAL</b> # 2 was never spudded. Instead, all material was moved to Twin Knolls 5-9J and it was spud on 1/19/98 Entity added 4-17-98. (middle Bench Unit) <i>fec</i>											
A	99999	12350	43-013-31996	Twin Knolls 5-9J	SW/4 NW/4	9	11S	17E	Oucheswe	1/19/98	
WELL 4 COMMENTS: <b>CONFIDENTIAL</b> Entity added 4-17-98. <i>fec</i>											
A	99999	12351	43-013-31994	Twin Knolls 15-8J	SW/4 SE/4	8	11S	17E	Oucheswe	1/31/98	
WELL 5 COMMENTS: <b>CONFIDENTIAL</b> Entity added 4-17-98. <i>fec</i>											

- ACTION CODES (See instructions on back of form)
- A - Establish new entity for new well (single well only)
  - B - Add new well to existing entity (group or unit well)
  - C - Re-assign well from one existing entity to another existing entity
  - D - Re-assign well from one existing entity to a new entity
  - E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.

(3/89)

R. S. Alinger  
Signature  
CEO  
Title  
4-17-98  
Date  
Phone No. 435) 789-7250

PHONE CONVERSATION DOCUMENTATION FORM

✓ Copy?

Conversation Pertains to:

WELL

OTHER

Twin Knolls 15-8J

Section 8 Township 11S Range 17E

API Number 43-013-31994

Topic of Conversation: Well Completion Report

Date of Phone Call: 4/6/99 Time: 10:30 Am

DOGMEmployee (name): Don Staley ✓ Initiated Call?

Spoke with:

Name: Roger Alinger ✓ Initiated Call?   
Of (company/organization): Sejo Resources Phone: 303-779-0324

Highlights of Conversation:

DTS Requested WCR for well.

Mr. Alinger said he would submit one.

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

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 Use "APPLICATION FOR PERMIT TO DRILL --" for such proposals

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

**SUBMIT IN TRIPLICATE**

5. Lease Designation and Serial No.  
 UTU75672

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

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

8. Well Name and No.  
 Twin Knolls 15-8J

9. API Well No.  
 43-013-31994

10. Field and Pool, or Exploratory Area  
 Wildcat

11. County of Parish, State  
 Duchesne, Utah

1. Type of Well:  
 OIL  GAS  OTHER:

2. Name of Operator  
 Sego Resources Corp.

3. Address and Telephone Number  
 9137 E. Mineral Circle, Suite 250, Englewood, CO 80112-3423  
 Telephone (303) 799-0324 Fax (303) 799-0333

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 677' FSL 1792' FEL, Sec. 8, T11S, R17E SLBM

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)\*

Sego Resources Corp. effective September 2, 1999 merged into Falcon Creek Resources, Inc.

Falcon Creek Resources, Inc.  
 621 17th Street, Suite 1800  
 Denver CO. 80293-0621

The bonds in effect are attached.  
 Sego Resources, Corp. bond's will have a name change to read Falcon Creek Resources, Inc.

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

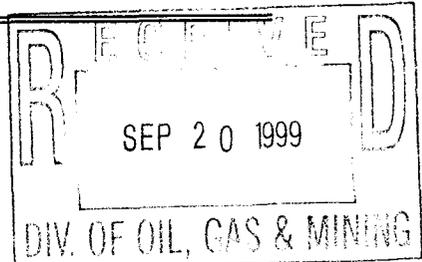
14 I hereby certify that the foregoing is true and correct.  
 Name/Signature: Joe H. Cox Jr. *Joe H. Cox Jr.* Title: Senior Engineer Date: September 17, 1999

(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





# 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-62159 et al  
(UT-932)

SEP 21 1999

### NOTICE

Falcon Creek Resources, Inc.  
621 17<sup>th</sup> Street, Suite 1800  
Denver, CO 80293-0621

Oil and Gas

### Merger Recognized

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

For our purposes the merger is recognized effective September 7, 1999, the date the Secretary of State of the State of Delaware recognized the merger.

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 Falcon Creek Resources, Inc. 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.

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

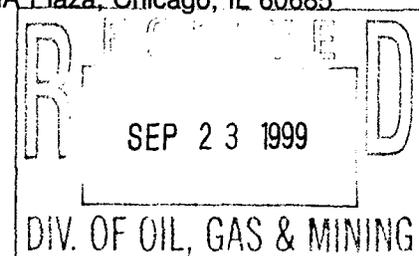
**/s/ Robert Lopez**

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: Kristen Risbeck (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)



(June 1990)

DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT TO DRILL --" for such proposals

5. Lease Designation and Serial No.

UTU75672

6. If Indian, Allottee or Tribe Name

N/A

**SUBMIT IN TRIPLICATE**

1. Type of Well:

OIL  GAS  OTHER:

7. If Unit or CA, Agreement Designation

N/A

2. Name of Operator

Falcon Creek Resources, Inc.

8. Well Name and No.

Twin Knolls 15-8J

3. Address and Telephone Number

621 17th Street, Suite 1800, Denver, CO 80293-0621

Telephone (3 303-675-0007

9. API Well No.

43-013-31994

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

677' FSL 1792' FEL, Sec. 8, T11S, R17E SLBM

10. Field and Pool, or Exploratory Area

Wildcat

11. County of Parish, State

Duchesne, Utah

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TYPE OF SUBMISSION	TYPE OF ACTION	
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	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other: See Below	<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)\*

Sego Resources Corp. effective September 2, 1999 merged into Falcon Creek Resources, Inc.

Falcon Creek Resources, Inc.  
621 17th Street, Suite 1800  
Denver CO. 80293-0621

The bonds in effect are attached.

Sego Resources, Corp. bond's will have a name change to read Falcon Creek Resources, Inc.

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: Joe H. Cox Jr.

Title: Senior Engineer

Date: September 27 1999

(This space for Federal or State office use)

Approved by \_\_\_\_\_

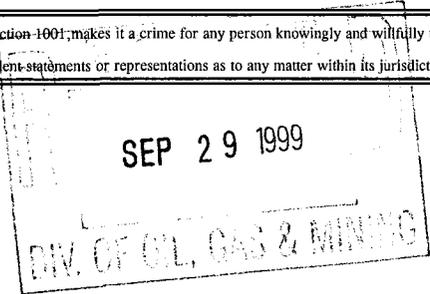
Title \_\_\_\_\_

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



OPERATOR CHANGE WORKSHEET

1- <del>CDW</del>	4-KAS ✓
2-CDW	5-SJ ✓
3-JLT	6-FILE

Check each listed item when completed. Write N/A if item is not applicable.

- Change of Operator (Well Sold)       Designation of Agent  
 Operator Name Change Only       Merger

The operator of the well(s) listed below has changed, effective: 9-1-99

**TO:(New Operator)** FALCON CREEK RES., INC.  
 Address: 621 17<sup>TH</sup> ST., STE 1800  
DENVER, CO 80293-0621  
Linda Baker  
 Phone: 1-(303) 675-0007  
 Account No. N2915

**FROM:(Old Operator)** SEGO RESOURCES CORP.  
 Address: P. O. BOX 1066  
VERNAL, UT 84078-4362  
 Phone: 1-(435)-789-7250  
 Account No. N6095

WELL(S):	CA No.	N/A	or	N/A	Unit
Name: <u>SEGO RESOURCES 4</u>	API: <u>43-013-31949</u>	Entity: <u>12349</u>	S	<u>31</u>	T <u>11S</u> R <u>16E</u> Lease: <u>U-73425</u>
Name: <u>TWIN KNOLLS 15-8J</u>	API: <u>43-013-31994</u>	Entity: <u>12351</u>	S	<u>8</u>	T <u>11S</u> R <u>17E</u> Lease: <u>U-75672</u>
Name: <u>TWIN KNOLLS 11-9J</u>	API: <u>43-013-31997</u>	Entity: <u>99999</u>	S	<u>9</u>	T <u>11S</u> R <u>17E</u> Lease: <u>U-74403</u>
Name: <u>TWIN KNOLLS 5-9J</u>	API: <u>43-013-31996</u>	Entity: <u>12350</u>	S	<u>9</u>	T <u>11S</u> R <u>17E</u> Lease: <u>U-74403</u>
Name: <u>TWIN KNOLLS 7-8J</u>	API: <u>43-013-31995</u>	Entity: <u>99999</u>	S	<u>8</u>	T <u>11S</u> R <u>17E</u> Lease: <u>U-75672</u>
Name: _____	API: _____	Entity: _____	S	T	R Lease: _____
Name: _____	API: _____	Entity: _____	S	T	R Lease: _____
Name: _____	API: _____	Entity: _____	S	T	R Lease: _____
Name: _____	API: _____	Entity: _____	S	T	R Lease: _____

OPERATOR CHANGE DOCUMENTATION

- YES 1. A pending operator change file has been set up.  
YES 2. (R649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator on 9-20-99.  
YES 3. (R649-8-10) Sundry or other legal documentation has been received from the **NEW** operator on 9-29-99.  
YES 4. The new company has been looked up in the **Department of Commerce, Division of Corporations Database** if the new operator above is not currently operating any wells in Utah. Is the operator registered with the State?  
 Yes/No If yes, the company file number is 224062 if no, Division letter was mailed to the new operator on \_\_\_\_\_.  
YES 5. **Federal and Indian Lease Wells.** The BLM or the BIA has approved the merger, name change or operator change for all wells listed above involving Federal or Indian leases on 9-7-99.  
N/A 6. **Federal and Indian Units.** The BLM or the BIA has approved the successor of unit operator for all wells listed above involving unit operations on \_\_\_\_\_.  
N/A 7. **Federal and Indian Communitization Agreements ("CA").** The BLM or the BIA has approved the operator change for all wells listed above involved in the CA on \_\_\_\_\_.



# SEGO RESOURCES

AN EXPLORATION AND PRODUCTION COMPANY

October 4, 1999

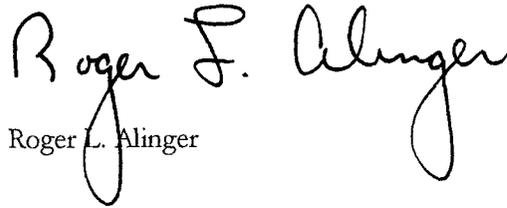
Mr. Ed Forsman  
BLM-Vernal District Office  
170 South 500 East  
Vernal, Utah 84078

Dear Mr. Forsman:

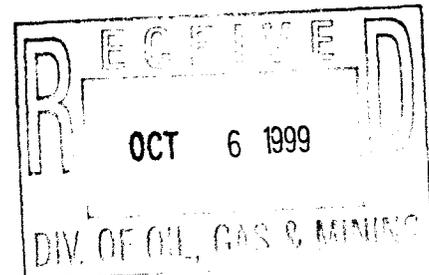
Enclosed are sundry notices to plug the Twin Knolls #15-8J, Twin Knolls #5-9J, and the Sego Resources Well #1. In addition, there is a sundry notice to reclaim the surface on the Sego Resources Well #3 location. Our plan is to get the work completed during the month of October.

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



UNITED STATES  
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  
Sego Resources Corp.

3. Address and Telephone Number  
9137 E. Mineral Circle, Suite 250, Englewood, CO 80112-3423  
Telephone (303) 799-0324 Fax (303) 799-0333

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
677' FSL 1792' FEL, Sec. 8, T11S, R17E SLBM

5. Lease Designation and Serial No.  
UTU75672  
6. If Indian, Allottee or Tribe Name  
N/A  
7. If Unit or CA, Agreement Designation  
N/A  
8. Well Name and No.  
Twin Knolls 15-8J  
9. API Well No.  
43-013-31994  
10. Field and Pool, or Exploratory Area  
Wildcat  
11. County of Parish, State  
Duchesne, Utah

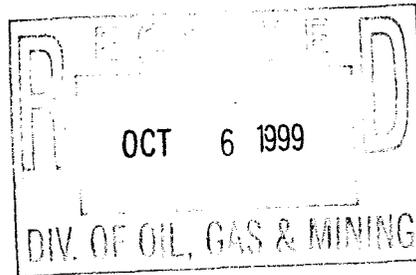
12 CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

Sego Resources is planning to plug the Twin Knolls #15-8J well by setting a CIBP at +/- 4000 feet and dumping 35 feet of cement on top with a wireline dump bailer. Casing will then be cut 2 feet below ground level, a 20 foot cement plug set across surface and a plate welded on top of the casing. Surface will be reclaimed in accordance with the drilling permit conditions of approval.



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: Roger L. Alinger

*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

COPY SENT TO OPERATOR  
Date: 10-7-99  
Initials: CHS

Federal Approval of this  
Action is Necessary

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



# 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 12/31/1499	UT U-77336
UT U-66798	UT U-77375 EXPIRED APRIL 30, 2002
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	

**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. GLH		4-KAS
2. CDW	<input checked="" type="checkbox"/>	5-SJT
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**

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 07/25/2000
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 07/25/2000
3. The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 10-17-2000
4. Is the new operator registered in the State of Utah: YES Business Number: 1401148-0143
5. If **NO**, the operator was contacted on: \_\_\_\_\_
6. **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
7. **Federal and Indian Units:** The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
8. **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 filed in each well file on: \_\_\_\_\_

**COMMENTS:**

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

FORM 3160-5  
(June 1990)

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

RECEIVED  
OCT 27 2000

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

RECEIVED  
NOV 15 2001

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

1. Type of Well: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER: <input type="checkbox"/>	5. Lease Designation and Serial No. UTU75672
2. Name of Operator Sapient Energy Corporation	6. If Indian, Allottee or Tribe Name N/A
3. Address and Telephone Number 8801 South Yale, Suite 150 Telephone (918) 488-8988	7. If Unit or CA. Agreements Designation N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 677' FSL 1792' FEL Sec. 8, 11S-17E SLBM	8. Well Name and No. Twin Knolls 15-8J
	9. API Well No. 43-013-31994
	10. Field and Pool, or Exploratory Area Wildcat
	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 checked="" type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Other: See Below	<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)\*

On September 19, 2000 thru September 21, 2000 the Twin Knolls 15-8J was plugged and abandoned as follows:

Drilled out existing surface plug  
 TTH w/ tubing to 782'  
 Set cement plug from 782' 532' with 28 sacks class "G" cmt + 27% CaCl2  
 Lay down tubing to bottom jt at 62'  
 Set cement plug from 62' to surface with 9 sx of class "G" cmt + 27% CaCl2  
 Cut off casing head and fill 8 5/8" x 5 1/2" annulus with 40 sx of cement  
 Weld in dry hole marker and reclaimed location.

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: September 25, 2000

(This space for Federal or State office use)  
Approved by: *Stan O. Luister* Title: *Env. Sci* Date: *11/5/01*  
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

OPERATOR