

UTAH OIL AND GAS CONSERVATION COMMISSION

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

990319 L.A.D off 3/12/99!

DATE FILED **DECEMBER 22, 1997**

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. **MALNAR** INDIAN

DRILLING APPROVED: **FEBRUARY 5, 1998**

SPUDED IN:  
COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION  
GRAVITY A.P.I.

*confidential*

PRODUCING ZONES:  
TOTAL DEPTH:

WELL ELEVATION:  
DATE ABANDONED: **3-12-99 L.A.D**

FIELD: **UNDESIGNATED**

UNIT:  
COUNTY: **DUCHESNE COUNTY**

WELL NO. **MALNAR 11-20** API NO. **43-013-32017**

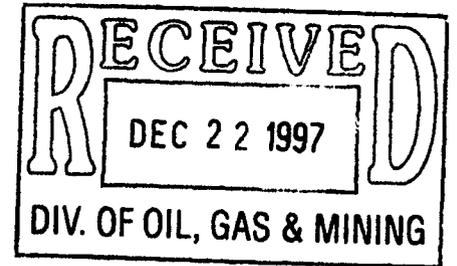
LOCATION **1902 FSL** FT. FROM (N) (S) LINE. **1970 FWL** FT. FROM (E) (W) LINE. **NE SW** 1/4 - 1/4 SEC.

TWP	RGE	SEC	OPERATOR	TWP	RGE	SEC	OPERATOR
				<b>4S</b>	<b>1W</b>	<b>20</b>	<b>INLAND PRODUCTION COMPANY</b>

PERMITS

PLUS

**Bobbie Schuman**  
**Regulatory Specialist**  
**1836 Yellowstone Avenue**  
**Billings, MT 59102**  
**(406) 652-4351**



December 19, 1997

State of Utah  
Division of Oil, Gas and Mining  
1594 West North Temple  
Suite 1210  
Salt Lake City, UT 84114-5801

Gentlemen:

RE: Malnar #11-20 APD  
NE SW Section 20, T4S, R1W  
Duchesne County, Utah

Enclosed is the Application for Permit to Drill (APD) the referenced well. I am submitting the APD as Agent to the operator, Inland Production Company, in the APD process.

Please send the approved APD to me at the above address. I will take care of logging it in and sending it to the Operator.

When you have had a chance to review the APD and wish to set up an onsite, please give me a call at (406) 652-4351. In the meantime, if you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in cursive script that reads "Bobbie Schuman".

Bobbie Schuman  
Regulatory Specialist

/hs  
Enclosure

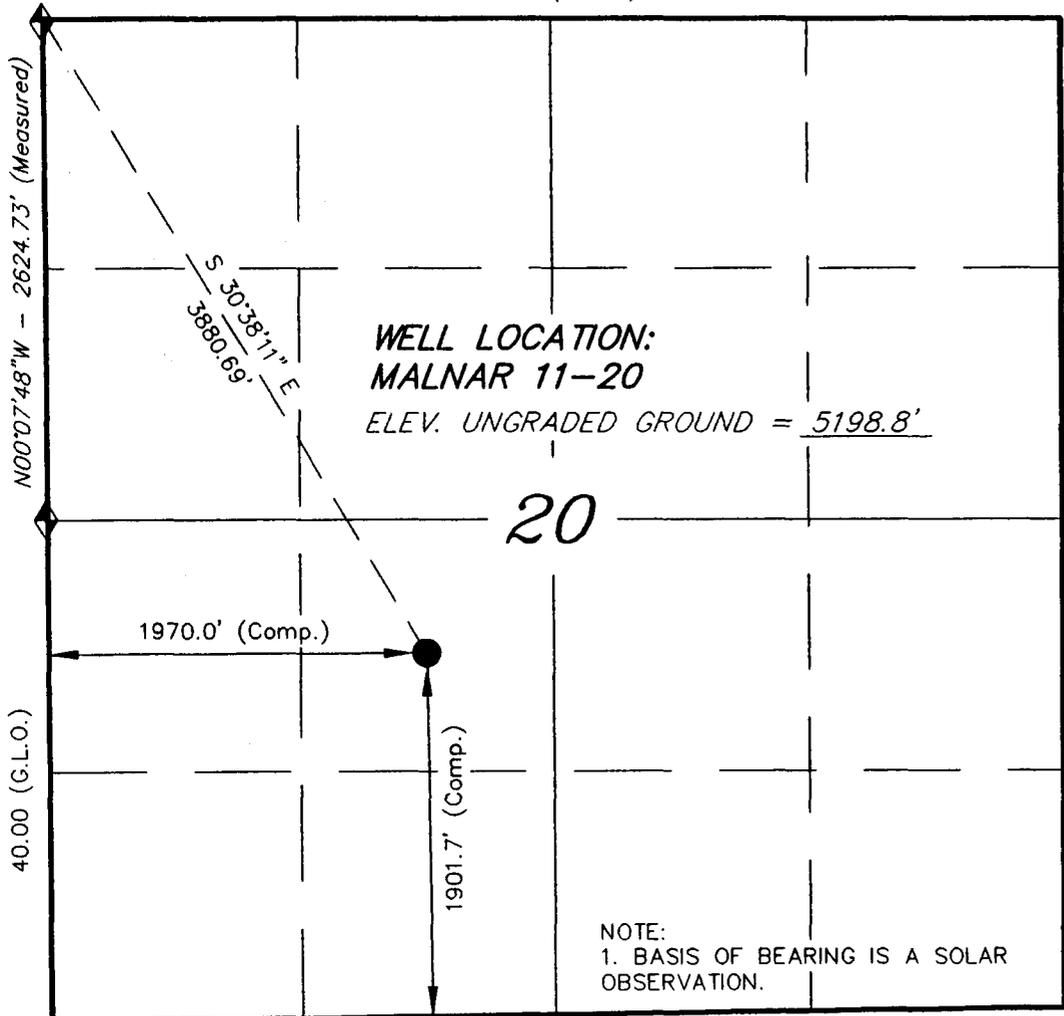
cc: Brad Meecham, Inland (Vernal, UT)  
John Holst, Inland (Denver, CO)



T4S, R1W, U.S.B.&M.

INLAND PRODUCTION COMPANY

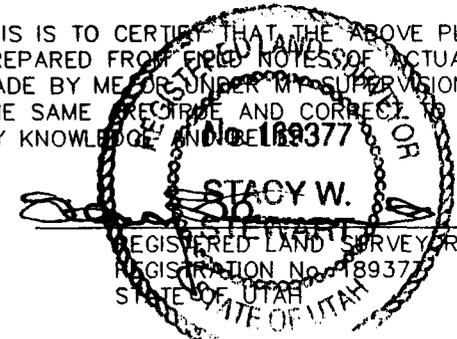
79.90 (G.L.O.)



WELL LOCATION, MALNAR 11-20,  
 LOCATED AS SHOWN IN THE NE 1/4  
 SW 1/4 OF SECTION 20, T4S, R1W,  
 U.S.B.&M. DUCHESNE COUNTY, UTAH.



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



NOTE:  
 1. BASIS OF BEARING IS A SOLAR  
 OBSERVATION.

80.00 (G.L.O.)

◆ = SECTION CORNERS LOCATED

BASIS OF ELEV; U.S.G.S. 7-1/2 min QUAD (MYTON SE)

TRI STATE LAND SURVEYING & CONSULTING

38 WEST 100 NORTH - VERNAL, UTAH 84078  
 (801) 781-2501

SCALE: 1" = 1000'

SURVEYED BY: DS BG

DATE: 11/20/97

WEATHER:

NOTES:

FILE # 11-20

# CONFIDENTIAL

Operator requests that information on this Application for Permit to Drill (APD) be held tight for the maximum period allowed by both Federal and State regulations.

OPERATOR: Inland Production Company  
475-17<sup>th</sup> Street  
Denver, CO 80202  
(303) 292-0900  
APD CONTACT: Bobbie Schuman  
(406) 652-4351

## **EXHIBITS**

- A PROPOSED DRILLING PROGRAM
- B PROPOSED SURFACE USE PROGRAM
- C EXISTING & PLANNED ACCESS ROADS (MAPS A & B)
- D BOPE SCHEMATIC
- E SURVEY PLAT
- F LAYOUT/CUT & FILL DIAGRAM
- G. DRILLING RIG LAYOUT

12/5/97/rs

**PROPOSED DRILLING PROGRAM**

INLAND PRODUCTION COMPANY  
Malnar #11-20  
NE SW Section 20, T4S , R1W  
Duchesne County, Utah

1. **ESTIMATED IMPORTANT GEOLOGICAL MARKERS:**

Uinta Formation	Surface
Green River Formation	1,985'
Garden Gulch Formation	4,405'
Douglas Creek Formation	5,409'

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

Green River Formation      1,985' to 6,500'

NOTE: This includes the Garden Gulch and Douglas Creek members.

3. **OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:**

- a. EXHIBIT "H" is a schematic of the BOP equipment and choke manifold. A 2M system will be used. The BOPE will be installed after setting 8-5/8" casing at 300'. The operator's minimum specifications for pressure control equipment are as follows: An 8" Series 900 annular bag type BOP and an 8" double ram hydraulic unit with a closing unit will be utilized. The blind rams and pipe rams will be tested to 1500 psi. Pipe rams will be operationally checked each 24-hour period and blind rams each time pipe is pulled out of the hole.
- b. The BOPE will be tested to 1500 psi when initially installed, whenever any seal subject to test pressure is broken, and following related repairs. The pipe and blind rams will be activated at least weekly and on every trip the pipe and blind rams will be activated.
- c. An accumulator of sufficient capacity to open the hydraulically-controlled choke valve lines (if so equipped), close all rams, and retain a minimum of 200 psi above precharge on the closing manifold without the use of the closing unit pumps will be installed during the drilling of this well.
- d. An upper kelly cock will be used during the drilling of this well.
- e. Visual mud monitoring equipment will be used to detect volume changes indicating loss or gain in circulating fluid volume.

- f. Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control.

4. PROPOSED CASING AND CEMENTING PROGRAM:

- a. Surface casing will be set in the Uinta formation to approximately 300' and cemented to surface.

- b. All potentially productive hydrocarbon zones will be isolated.

- c. Proposed casing program:

8-5/8", J-55, 24, with ST&C collars; set at 300'. Surface pipe: Premium Plus cement with 2%  $\text{CaCl}_2$  and 1/4# flocele/sk. Weight: 14.8 PPG, Yield: 1.37 Cu Ft/sk. Water required: 6.4 gal/sk.

5-1/2", J-55, 15.5# with LT&C collars, set at TD. Long string: Lead: Hibond 65 Modified. Weight: 11.0 PPG, Yield: 3.00 Cu Ft/sk. Water required: 18.08 gal/sk. Tail: Premium Plus Thixotropic. Weight: 14.2 PPG, Yield: 1.59 Cu Ft/sk. Water required: 7.88 gal/sk.

- d. All casing strings will be pressure tested to 0.22 psi/ft. of casing string length or 1500 psi whichever is greater (not to exceed 70% of yield).

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

- f. It is anticipated that all casing will be new.

5. HAZARDOUS PRESSURES, TEMPERATURES, FLUIDS/GASSES EXPECTED:

- a. Expected bottom hole temperature is 125 degrees F. Expected bottom hole pressure is 1500 psi.

- b. No abnormal pressures or temperatures have been noted or reported in wells drilled to the Green River formation in this area.

- c. No dangerous levels of hydrogen sulfide, hazardous fluids, or gasses have been found, reported, or known to exist at the depth to be drilled in this well, in this area.

6. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

- a. The drilling operations for this well will begin in the first quarter of 1998.

- b. These drilling operations should be completed within 12-15 days after spudding the well depending on weather and hole conditions.

- c. If the well is productive, a sundry notice and plat showing exact installed facilities will be submitted.
- d. If this well is non-productive, a sundry notice will be filed with the State within 30 days following completion of the well for abandonment.

SURFACE USE PROGRAM  
INLAND PRODUCTION COMPANY  
Malnar #11-20  
NE SW Section 20, T4S, R1W  
Duchesne County, Utah

1. EXISTING ROADS:

- a. From Myton, Utah, take Highway #40 west out of town 1.6 miles to the Sand Wash road. Go south (left) and proceed 8.0 miles to a road intersection. Turn right and proceed 0.2 miles to a sign which indicates the location. Follow that proposed access approximately 0.2 miles to the location.
- b. 0.2 miles of existing roadway will be upgraded for drilling operations. See EXHIBIT "C".
- c. All existing roads used by these drilling operations will be maintained in the same or better condition as were existing prior to entry.
- d. See EXHIBIT "C" Maps A and B for access route.

2. PLANNED ACCESS ROADS: See EXHIBIT "C" Maps A & B

- a. Approximately 0.2 miles of new access is required.
- b. All travel will be confined to location and access routes.
- c. If a right-of-way is needed for access, please consider this Application for Permit to Drill as the application for right-of-way.

3. LOCATION OF EXISTING WELLS:

See EXHIBIT "C" Maps A and B.

4. PROPOSED PRODUCTION FACILITIES DIAGRAM:

- a. Upon completion, a sundry notice and plat showing exact production facilities will be submitted.
- c. A dike will be constructed completely around those production facilities which contain fluids (i.e. production tanks, produced water tanks and/or heater treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100%

of the capacity of the largest tank, and be independent of the back cut.

- d. All permanent (onsite for six months or longer) above-ground structures constructed or installed (including pumping units) will be painted Desert Brown. All production facilities will be painted within six (6) months of installation. Facilities required to comply with Occupational Health and Safety Act rules and regulations will be excluded from this painting requirement.
- e. If culverts or fence cuts are needed, that will be determined at the onsite.

5. LOCATION AND TYPE OF WATER SUPPLY:

Inland Production Company has purchased a 3" water connection with Johnson Water District to supply the Monument Butte, Travis, and Gilsonite oil fields. Johnson Water District has given permission to Inland Production Company to use water from this system for the purpose of drilling and completing this well. Alternately water will be trucked from Inland Production Company's water supply line located at the Gilsonite State #7-32 (SW NE Section 32, T8S, R17E) or the Monument Butte Federal #5-35 (SW NW Section 35, T8S, R15E), or the Travis Federal #15-28 (SW SE Section 28, T8S, R16E).

6. CONSTRUCTION ROAD/LOCATION MATERIALS:

- a. Any construction materials which are required will be native materials from the location and/or access site.
- b. All construction materials for this location site and access road shall be borrowed material accumulated during the construction of the site and road. No additional construction material from other sources is anticipated at this time. If additional construction material is needed, it will be from an approved source.
- c. Reasonable precautions will be taken to protect all lands.

7. METHODS FOR HANDLING WASTE MATERIALS AND DISPOSAL:

- a. A reserve pit will be constructed from native soil and clay materials. A water processing unit will be employed to continuously recycle the drilling fluid as it is used, returning the fluid component to the drilling rig's steel tanks. The reserve pit will primarily receive the processed drilling cuttings (wet sand, shale and rock) which are removed from the wellbore. Any drilling fluids which do accumulate in the pit as a result of shale shaker carryover, cleaning of the sand trap, etc. will be promptly reclaimed by the water

recycling unit and then returned to the steel rig tanks. All drilling fluids will be fresh-water based containing DAP (Di-Ammonium Phosphate, commonly known as fertilizer), typically containing Total Dissolved Solids of less than 3000 PPM. No potassium chloride, chromates, trash, debris, no any other substance deemed hazardous will be placed in this pit. Therefore, it is proposed that no synthetic liner be utilized in the reserve pit.

- b. Fluids produced during the completion operation will be collected in steel tanks and hauled to approved commercial disposal, as necessary.
- c. A portable toilet will be provided for human waste.
- d. A trash basket will be provided for garbage (trash) and hauled away to an approved disposal site at the completion of the drilling activities.
- f. Sewage will be disposed of according to county and state requirements. Waste and chemicals will not be disposed of on location.
- g. Cuttings will be deposited in the reserve pit.
- h. Immediately upon first production, all produced water will be confined in storage tanks. Inland requests temporary approval to transfer the produced water to Inland's nearby waterflood for re-injection into the waterflood reservoirs via existing approved injection wells. Within 90 days of first production a water analysis will be submitted to the State, along with an application for approval of this as a permanent disposal method.

8. ANCILLARY FACILITIES:

None anticipated.

9. LOCATION SITE LAYOUT:

- a. The proposed location site and survey plat is shown as EXHIBIT "E".
- b. The drill pad layout, showing elevations, orientation, and access to the pad is shown as EXHIBIT "F".
- c. The drilling rig facilities layout is shown on EXHIBIT "G". No permanent living facilities are planned. There will be two or three trailers on location during drilling operations.
- e. The reserve pit will be located on the south side of the location.

- f. If needed, flare pit will be located downwind of the prevailing wind directions a minimum of 100' from the wellhead and 30' from the reserve pit fence.
- g. Stockpiled topsoil (first 6 inches) will be stored on the east side between Corners 2, 3, and 4.
- h. Access to the wellpad will be from the west between Corners 7 and 8.
- i. All pits 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 unless pipe or some type of reinforcement rod is attached to the top of the entire fence.
  - b. The net wire shall be no more than 2 inches above the ground. If barbed wire it shall be 3 inches above the net wire. Total height of fence will be at least 42 inches.
  - c. Corner posts will be cemented and/or braced in such a manner to keep the fence tight at all times. Standard steel, wood, or pipe posts will be used between the cornerbraces. Maximum distance between any two posts will be no greater than 16'.
  - d. All wire will be stretched before it is attached to the corner posts.

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

10. PLANS FOR RECLAMATION OF LOCATION SITE:

The State will be notified of any reclamation operations.

Producing location:

- a. Immediately upon well completion, the location and surrounding areas will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons in the pit will be removed.
- c. If a plastic nylon reinforced liner is required, it will be torn and perforated before backfilling of the reserve pit.

- d. The reserve pit and that portion of the location not needed for production facilities or operations will be recontoured in accordance with the agreement with the private surface owner. The reserve pit will be reclaimed in accordance with agreement with the private surface owner. Before any dirt work takes place, the reserve pit will have all fluids and hydrocarbons removed.

Dry hole/abandoned location:

At such time as the well is plugged and abandoned, operator will submit a subsequent report of abandonment.

11. SURFACE OWNERSHIP:

Steven Malnar  
Roosevelt, UT 84066  
(801) 722-3344

12. OTHER INFORMATION:

- a. Operator will have on site a copy of the Surface Use Program and a copy of the supplemental conditions.
- b. Drilling operations will be conducted in accordance with the State conditions of approval when received.
- c. All surface disturbance and reclamation will be done in accordance with the agreement with the private surface owner.
- d. An agreement has been made with the private surface owner.
- e. An archeological survey has been ordered. A copy of the report will be submitted as soon as it has been completed.

13. Lessee's or Operator's Representative:

FOR QUESTIONS ABOUT THE APD:

Bobbie Schuman  
Acting as Agent for Inland Production Company in the APD process  
1835 Yellowstone Avenue  
Billings, MT 59102  
(406) 652-4351  
FAX: (406) 252-6499 (request that Bobbie be called at 652-4351)

FOR QUESTIONS ABOUT OPERATIONS:

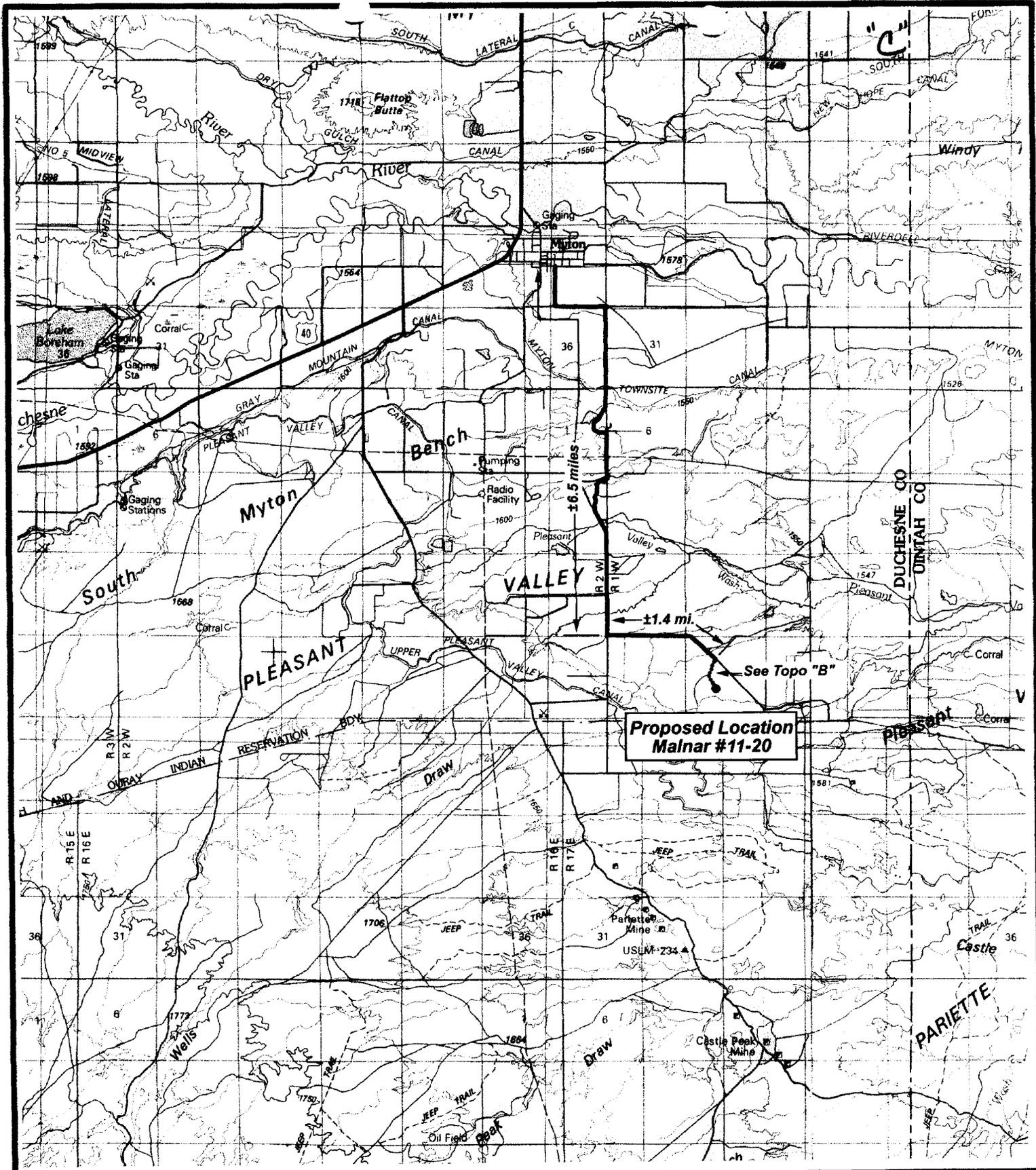
Brad Meecham, District Manager  
P.O. Box 1446  
Roosevelt, UT 84066  
(801) 722-5103

14. 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 presently exist; that any statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Inland Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

12-19-97  
Date

Bobbie Schuman  
Bobbie Schuman  
Regulatory Specialist  
(Signing as Agent for Inland  
Production Company in this APD  
process)

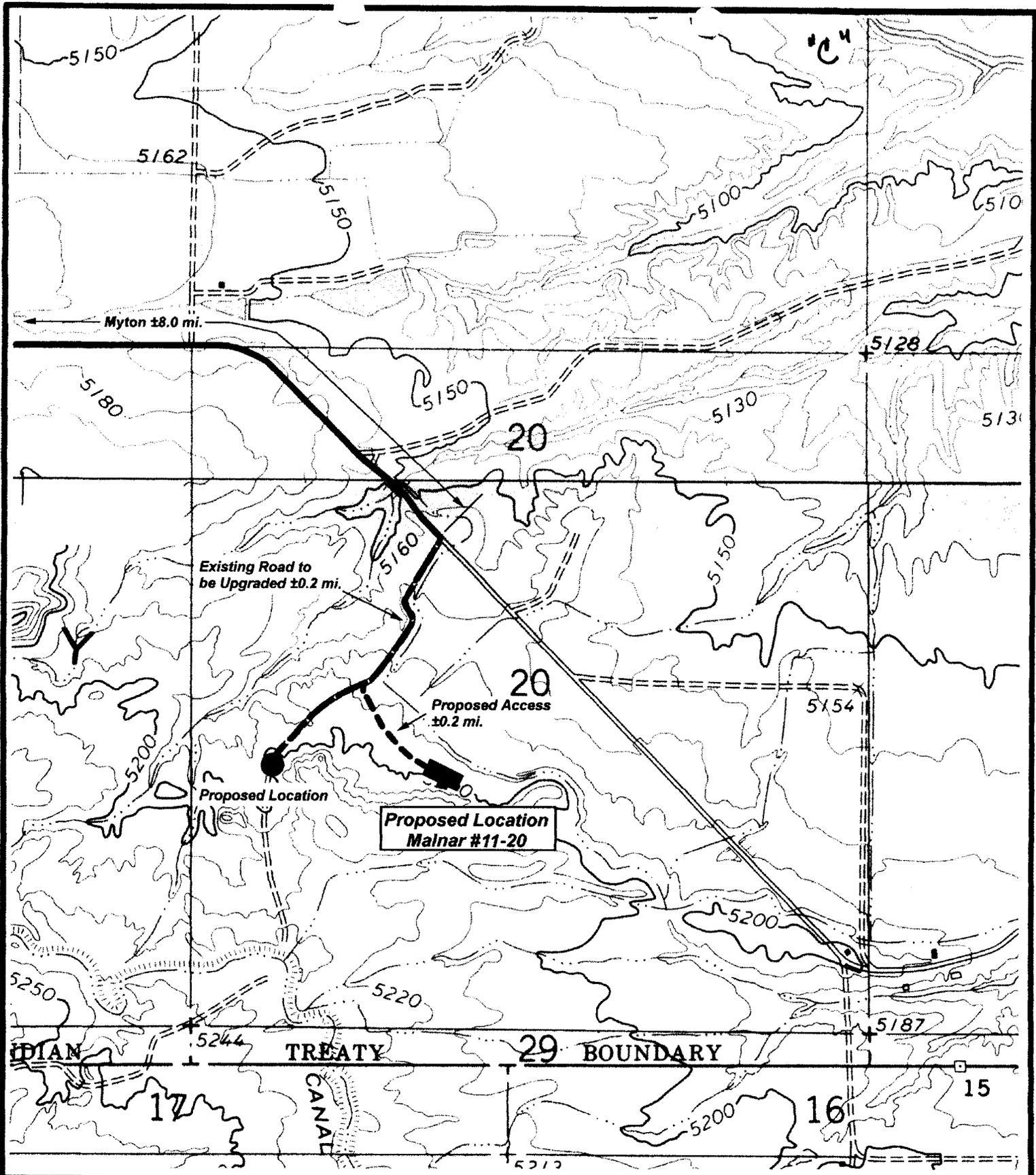


**INLAND PRODUCTION CO.**

**MALNAR #11-20  
SEC. 20, T4S, R1W, USM  
TOPO "A"**

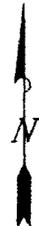


*Tri-State  
Land Surveying Inc.*  
(801) 781-2501  
38 WEST 100 NORTH VERNAL, UTAH 84078



**INLAND PRODUCTION CO.**

**MALNAR #11-20  
SEC. 20, T4S, R1W, U.S.M.  
TOPO "B"**

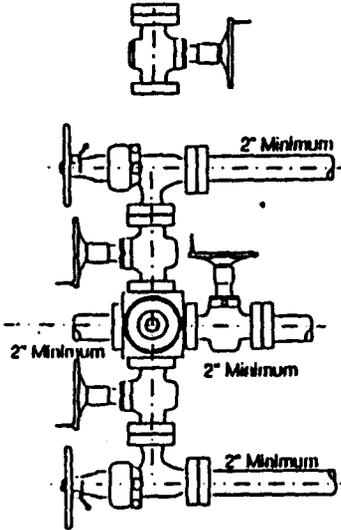
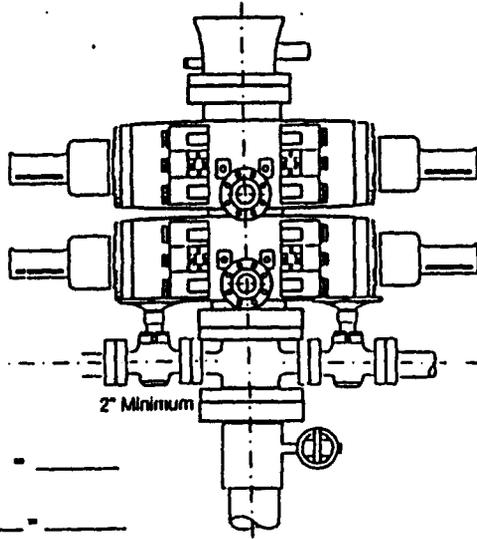


**SCALE 1" = 1000'**

*Tri-State  
Land Surveying Inc.*  
(801) 781-2501  
38 WEST 100 NORTH VERNAL, UTAH 84078

RAM TYPE B.O.P.  
 Make:  
 Size:  
 Model:

2-M SYSTEM



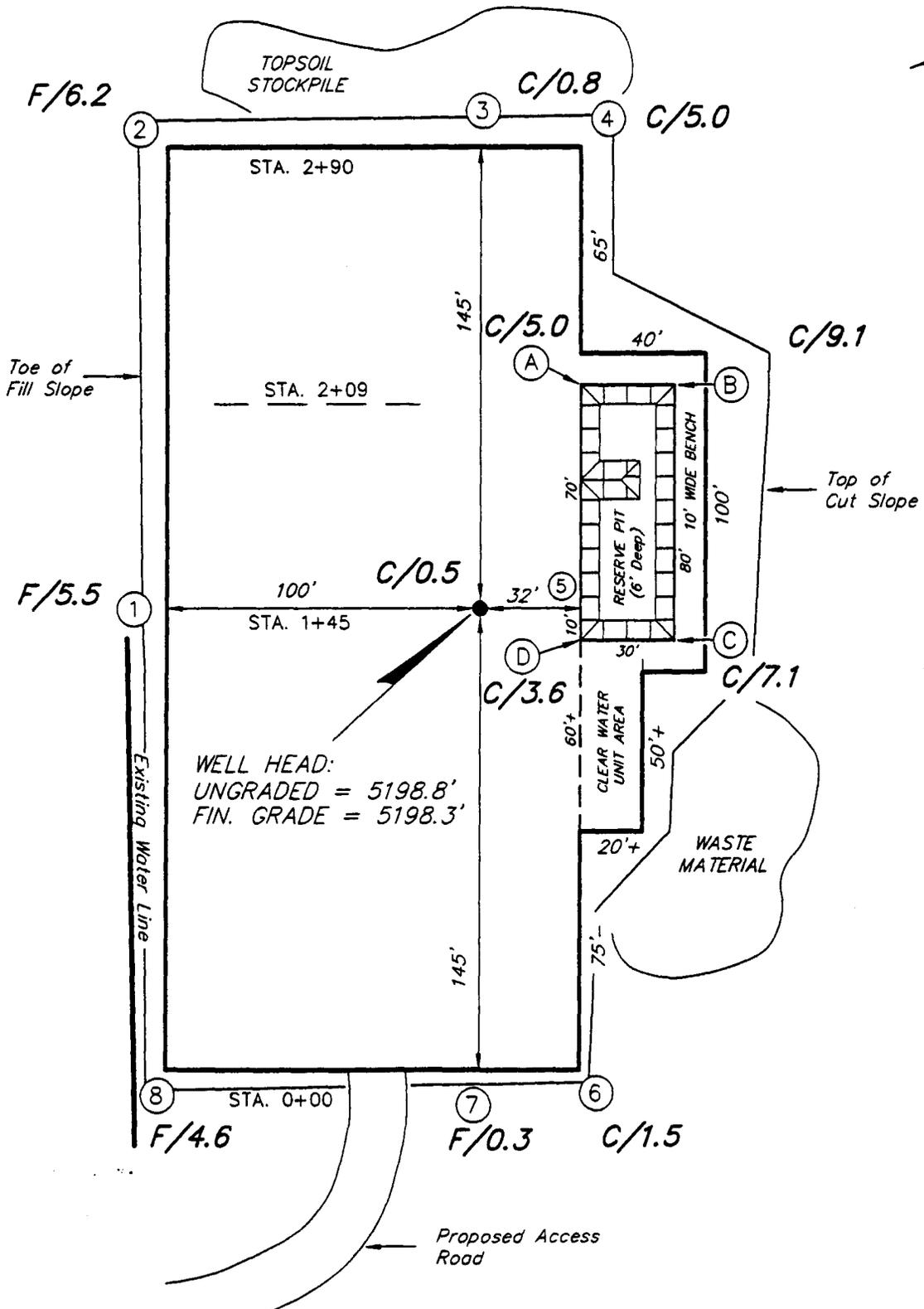
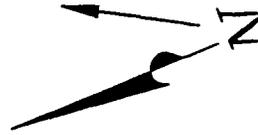
GAL TO CLOSE  
 Annular BOP = \_\_\_\_\_  
 Ramtype BOP  
 \_\_\_ Rams x \_\_\_\_\_ = \_\_\_\_\_ Gal.  
 \_\_\_\_\_ x 2 = \_\_\_\_\_ Total Gal.

Rounding off to the next higher  
 increment of 10 gal. would require  
 \_\_\_\_\_ Gal. (total fluid & nitro volume)

# INLAND PRODUCTION COMPANY

MALNAR 11-20  
 SEC. 20, T4S, R1W, U.S.B.&M.

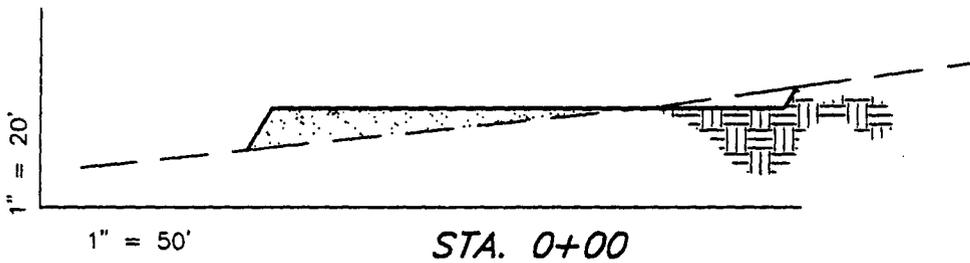
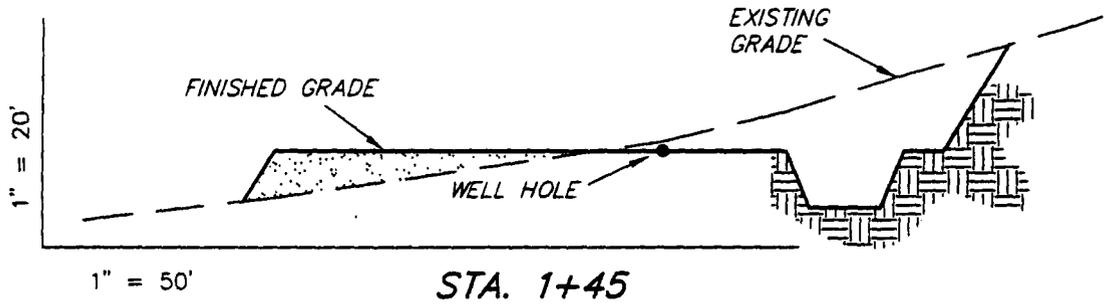
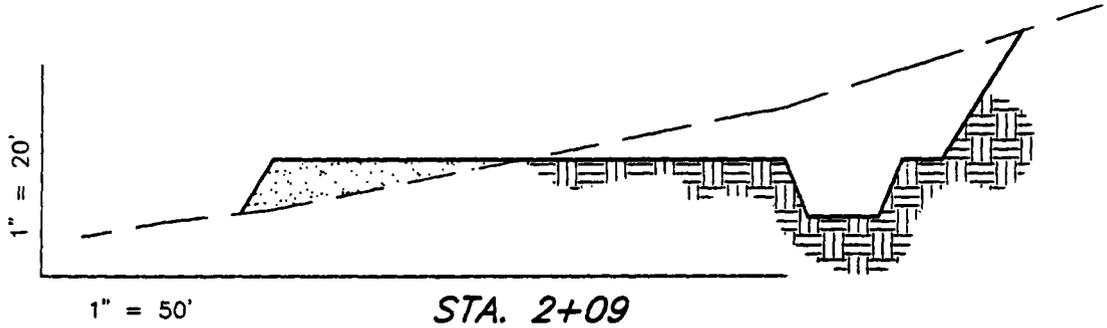
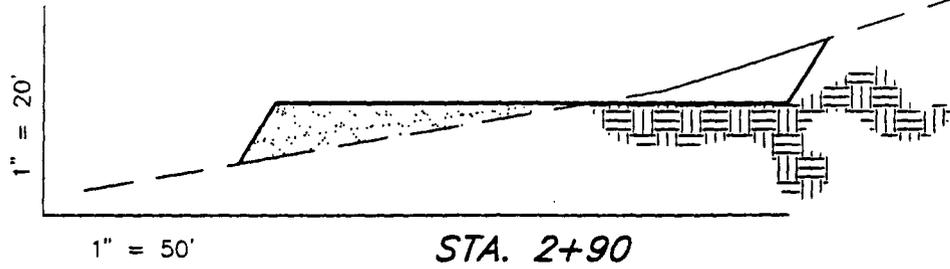
"F"  
 1 of 2



REFERENCE POINTS	
150'	NORTH
200'	NORTH
195'	EAST =
245'	EAST =
APPROXIMATE	
CUT	= 2,770
FILL	= 2,720
PIT	= 390
6" TOPSOIL	:



"F"  
2082



**POINTS**

- 5190.5'
- 5188.4'
- 5198.7'
- 5198.4'

**YARDAGES**

- Cu. Yds.
- Cu. Yds.
- Cu. Yds.
- 800 Cu. Yds.

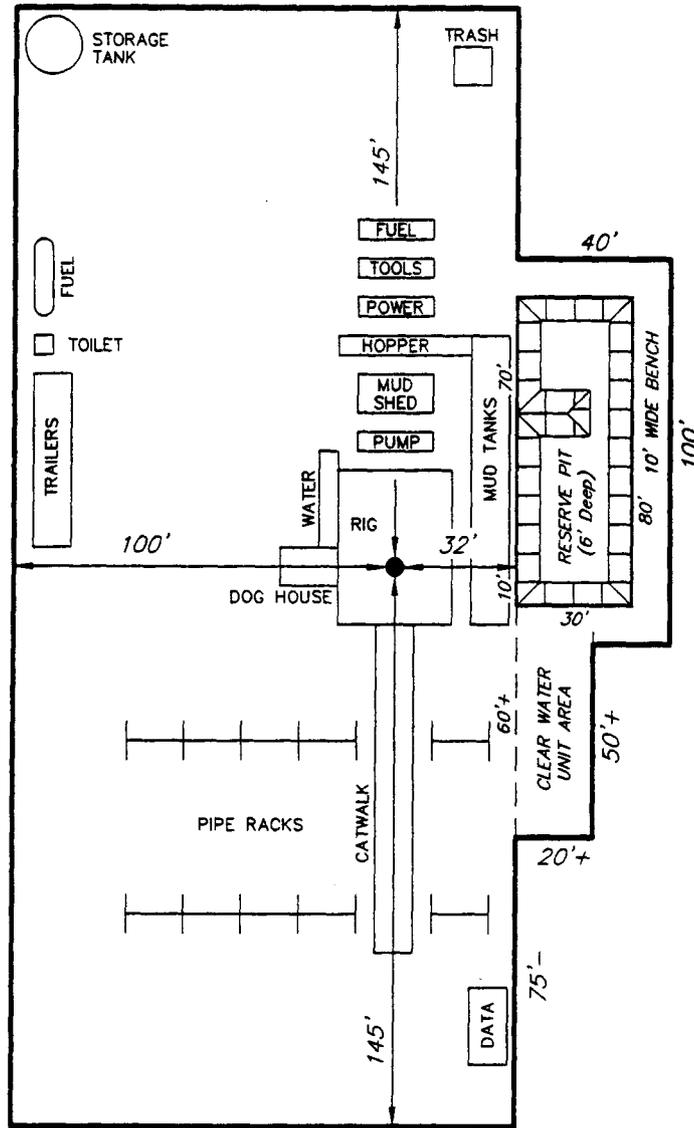
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DRAWN BY:	BRW
DATE:	11/21/97
SCALE:	1" = 50'
FILE:	11-20

**Tri State**  
Land Surveying, Inc.  
(801) 781-2501  
38 WEST 100 NORTH VERNAL, UTAH 84078

TYPICAL RIG LAYOUT

"G"

MALNAR 11-20



**Tri State**  
Land Surveying, Inc.  
(801) 781-2501  
38 WEST 100 NORTH, VERNAL, UTAH 84078

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 12/22/97

API NO. ASSIGNED: 43-013-32017

WELL NAME: MALNAR 11-20  
OPERATOR: INLAND PRODUCTION COMPANY (N5160)

PROPOSED LOCATION:  
NESW 20 - T04S - R01W  
SURFACE: 1902-FSL-1970-FWL  
BOTTOM: 1902-FSL-1970-FWL  
DUCHESNE COUNTY  
UNDESIGNATED FIELD (002)

INSPECT LOCATION BY: 01/15/98

TECH REVIEW	Initials	Date
Engineering	JRB	2/5/98
Geology		
Surface		

LEASE TYPE: FEE  
LEASE NUMBER: MALNAR

PROPOSED PRODUCING FORMATION: GRRV

RECEIVED AND/OR REVIEWED:

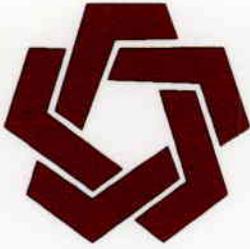
Plat  
 Bond: Federal [] State [] Fee   
(Number 4471291)  
 Potash (Y/N)  
 Oil shale (Y/N)  
 Water permit  
(Number GILSONITE STATE 7-32)  
 RDCC Review (Y/N)  
(Date: \_\_\_\_\_)

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. Casing OK, Cement OK, BOP OK.

STIPULATIONS: 1. Statement of Basis.



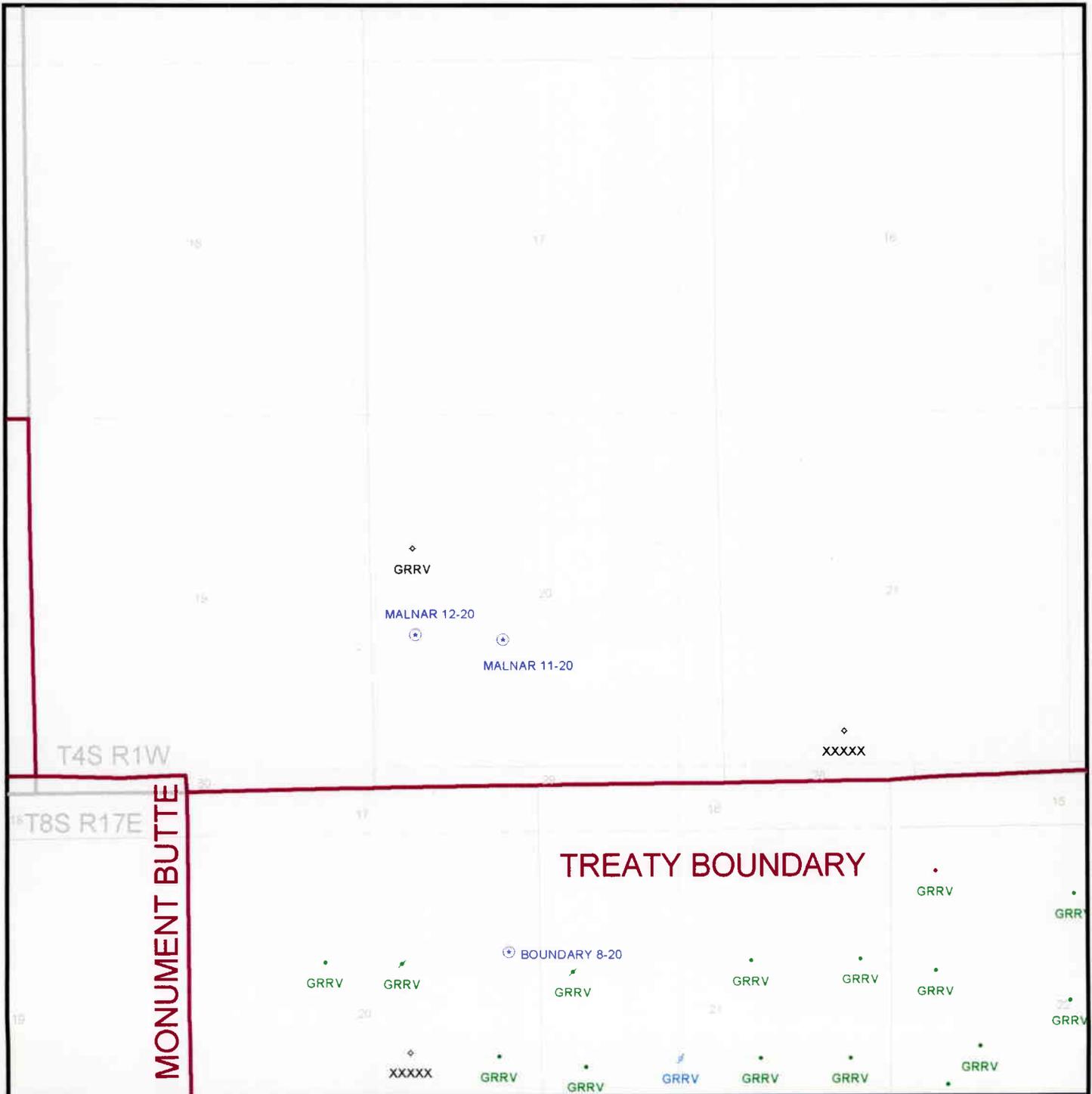
DIVISION OF OIL, GAS & MINING

OPERATOR: INLAND PRODUCTION (N5160)

FIELD: UNDESIGNATED (002)

SEC. TWP. RNG.: SEC. 20, T4S, R1W

COUNTY: DUCHESNE UAC. R649-3-2



DATE PREPARED:  
23-DEC-1997

ON-SITE PREDRILL EVALUATION

Division of Oil, Gas and Mining

OPERATOR: INLAND PRODUCTION COMPANY  
WELL NAME & NUMBER: MALNAR #11-20  
API NUMBER: 43-013-32017  
LEASE: FEE FIELD/UNIT: MYTON PROPECT/DOUG. CRK.  
LOCATION: 1/4,1/4 NE/SW Sec:20 TWP: 4S RNG:1W 1907' FSL1970' FWL  
LEGAL WELL SITING:  F SEC. LINE; F 1/4,1/4 LINE; F ANOTHER WELL.  
GPS COORD (UTM): NO READING  
SURFACE OWNER: STEVE MALNAR

PARTICIPANTS

STEVE MALNAR (SURFACE OWNER); BRAD MECHAM (INLAND PRODUCTION CO);  
DENNIS L. INGRAM (DOGM)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

PROPOSED LOCATION IS LOCATED APPROXIMATELY FIVE MILES SOUTH OF  
MYTON, UTAH IN PLEASANT VALLEY. LANDSCAPE IS RELATIVELY FLAT AROUND  
DRILL SITE BUT DIPS TO THE NORTH. LOWER PLEASANT VALLEY CANAL IS  
LOCATED APPROXIMATELY 1600 FEET TO THE NORTHWEST, AND A HAY FIELD IS  
LOCATED IMMEDIATELY NORTH OF LEASE.

SURFACE USE PLAN

CURRENT SURFACE USE: DOMESTIC GRAZING, WILDLIFE USE.  
USE.

PROPOSED SURFACE DISTURBANCE: +0.2 MILES OF TWO-TRACK TO BE UPGRADED  
FROM MALNAR #12-20 ACCESS ROAD. LOCATION PROPOSED AS 172' BY 190'.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP  
FROM GIS DATA BASE

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: PRODUCTION TANKS AND  
EQUIPMENT SHALL BE SET ON LOCATION PAD AFTER COMPLETION (WELL COULD BE  
USED AS AN INJECTOR AFTER FLUID LEVEL IS PUMPED OFF).

SOURCE OF CONSTRUCTION MATERIAL: NATIVE CUT AND FILL, OR BORROWED FROM  
SITE.

ANCILLARY FACILITIES: NONE ANTICIPATED.

WASTE MANAGEMENT PLAN:

SEE EXHIBIT "B", ITEM #7 (A) THROUGH (H), (SUBMITTED WITH APD).

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE PRESENT.

FLORA/FAUNA: UNDEVELOPED RANGE LAND, SEE PHOTOS. SHADSCALE COMMUNITY, GREASEWOOD, RABBIT BRUSH, SAGEBRUSH, INDIAN RICEGRASS, PRICKLY PEAR CACTUS. DEER, ANTELOPE, RODENTS, SMALL MAMMALS AND BIRDS, COYOTES, COONS.

SOIL TYPE AND CHARACTERISTICS: TAN COLORED SANDY LOAM.

SURFACE FORMATION & CHARACTERISTICS: UINTAH FORMATION

EROSION/SEDIMENTATION/STABILITY: NO EROSION, SOME SEDIMENTATION, NO STABILITY PROBLEMS

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED ON ONSITE VISIT.

RESERVE PIT

CHARACTERISTICS: CONSTRUCTED IN CUT MEASURING 30' BY 80' BY 6' DEEP

LINER REQUIREMENTS (Site Ranking Form attached): Synthetic liner required.

SURFACE RESTORATION/RECLAMATION PLAN

RECLAMATION ACCORDING TO LANDOWNER/OPERATOR AGREEMENT

SURFACE AGREEMENT: YES

CULTURAL RESOURCES/ARCHAEOLOGY: DONE BY K. MONTGOMERY MOAC 11/24/97

OTHER OBSERVATIONS/COMMENTS

ADJACENT HAY FIELD WITH SPRINKLER SYSTEM FOR IRRIGATION. SURFACE HAD 40 PERCENT SNOW COVER WHEN ONSITE WAS DONE. IRRIGATION DITCH TO NORTHWEST.

ATTACHMENTS:

PHOTOS OF FEE SURFACE BEFORE SURFACE DISTURBANCE.

DENNIS L. INGRAM  
DOGM REPRESENTATIVE

1/7/98, 10:00 AM  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>10</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	15	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	15	
TDS >10000 or Oil Base	20	
Mud Fluid containing high levels of hazardous constituents		<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**

25 POINTS



Malnar #

#

11-20

#1

NE/SW, Sec 20, 4S, R1W

onsite

South Look

North

1/7/58

NOV 21 1958



180

180

Malnar # 11-20

1/7/98

A handwritten signature in black ink, appearing to be 'DA' with a long horizontal stroke extending to the right.

QNo. 100012 21+00 NNNNN-2100 504

#2



Malnar # 11-20

onsite 1/7/98

CHG. 670013 21+00 NNNNN 1981 504

#3

A stylized handwritten signature or set of initials, possibly 'DK', written in black ink.



Malnar 11-20

onsite 1/2/98

#4

NOV 21 08 21+06 HHHHH-2500 504





Malnar #11-20

Photo of VEGETATIVE Ground

COVER BEFORE Activity

1/7/98

UPL

0100 410 000 21+00 10000-2000 500

IN  
MARLIN # 11-20 Sec. 20, T 45, R  
NE 1/4 SW 1/4



STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. Lessee Designation and Serial Number: Fee
<small>Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells. Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.</small>		6. If Indian, Allottee or Tribe Name n/a
1. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER: <input type="checkbox"/>		7. Unit Agreement Name: n/a
2. Name of Operator: Inland Production Company		8. Well Name and Number: Mainar #11-20
3. Address and Telephone Number: P.O. Box 790233; Vernal, UT 84079 (801) 789-1866		9. API Well Number: Not yet assigned
4. Location of Well: Footages: NE SW Section 20, T4S, R1W 1907.7' FSL, 1970' FWL OO, Sec., T., R., M.:		10. Field and Pool, or Wildcat: Myton Prospect/Doug. Crk. County: Duchesne State: Utah

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA																											
<p style="text-align: center;"><b>NOTICE OF INTENT</b> <small>(Submit in Duplicate)</small></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Abandon</td> <td><input type="checkbox"/> New Construction</td> </tr> <tr> <td><input type="checkbox"/> Repair Casing</td> <td><input type="checkbox"/> Pull or Alter Casing</td> </tr> <tr> <td><input type="checkbox"/> Change of Plans</td> <td><input type="checkbox"/> Recomplete</td> </tr> <tr> <td><input type="checkbox"/> Convert to Injection</td> <td><input type="checkbox"/> Reperforate</td> </tr> <tr> <td><input type="checkbox"/> Fracture Treat or Acidize</td> <td><input type="checkbox"/> Vent or Flare</td> </tr> <tr> <td><input type="checkbox"/> Multiple Completion</td> <td><input type="checkbox"/> Water Shut-Off</td> </tr> <tr> <td colspan="2"><input checked="" type="checkbox"/> Other <u>archaeological report</u></td> </tr> </table> <p>Approximate date work will start _____</p>	<input type="checkbox"/> Abandon	<input type="checkbox"/> New Construction	<input type="checkbox"/> Repair Casing	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Reperforate	<input type="checkbox"/> Fracture Treat or Acidize	<input type="checkbox"/> Vent or Flare	<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off	<input checked="" type="checkbox"/> Other <u>archaeological report</u>		<p style="text-align: center;"><b>SUBSEQUENT REPORT</b> <small>(Submit Original Form Only)</small></p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Abandon *</td> <td><input type="checkbox"/> New Construction</td> </tr> <tr> <td><input type="checkbox"/> Repair Casing</td> <td><input type="checkbox"/> Pull or Alter Casing</td> </tr> <tr> <td><input type="checkbox"/> Change of Plans</td> <td><input type="checkbox"/> Reperforate</td> </tr> <tr> <td><input type="checkbox"/> Convert to Injection</td> <td><input type="checkbox"/> Vent or Flare</td> </tr> <tr> <td><input type="checkbox"/> Fracture Treat or Acidize</td> <td><input type="checkbox"/> Water Shut-Off</td> </tr> <tr> <td colspan="2"><input checked="" type="checkbox"/> Other <u>archaeological report</u></td> </tr> </table> <p>Date of work completion _____</p> <p><small>Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.</small></p> <p><small>* Must be accompanied by a cement verification report.</small></p>	<input type="checkbox"/> Abandon *	<input type="checkbox"/> New Construction	<input type="checkbox"/> Repair Casing	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Reperforate	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Vent or Flare	<input type="checkbox"/> Fracture Treat or Acidize	<input type="checkbox"/> Water Shut-Off	<input checked="" type="checkbox"/> Other <u>archaeological report</u>	
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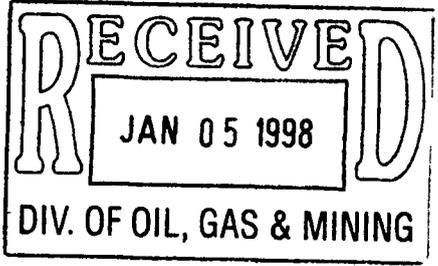
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Attached is a copy of the archaeological report which was completed for this well. This is to be made a part of the Application for Permit to Drill (APD) which was previously submitted. Clearance has been recommended.

ORIGINAL: State of Utah; Division of Oil, Gas and Mining  
COPY: John Holst (Inland - Denver)  
COPY: Brad Meecham (Inland - Vernal)

13. Bobbie Schuman as Agent for Inland Production  
Name & Signature: Bobbie Schuman Title: Regulatory Specialist Date: 12/27/97

(This space for State use only)



**CULTURAL RESOURCE INVENTORY OF SIX INLAND PRODUCTION'S  
WELL LOCATIONS IN THE PLEASANT VALLEY AREA  
DUCHESNE COUNTY, UTAH**

by

**Keith R. Montgomery**

**Prepared For:**

**State of Utah**

**Prepared Under Contract With:**

**Inland Production Company  
475 17th Street  
Suite 1500  
Denver, CO 80202**

**Prepared By:**

**Montgomery Archaeological Consultants  
P.O. Box 147  
Moab, Utah 84532**

**December 17, 1997**

**United States Department of Interior (FLPMA)  
Permit No. 97-UT-60122**

**State of Utah Antiquities Project (Survey)  
Permit No. U-97-MQ-0803p**

## INTRODUCTION

Cultural resource inventories were conducted for six proposed well locations (Allen Trust 1-24, Allen Trust 8-24, Malnar 11-20, Malnar 12-20, Prewitt 11-19, and Prewitt 12-19) and associated access roads. The project area is located on private land in Pleasant Valley, Duchesne County, Utah. The survey was performed by Montgomery Archaeological Consultants, Moab, Utah in November and December, 1997.

The objective of the inventories was to locate, document, and evaluate any cultural or paleontological resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventories were implemented to attain compliance with a number of federal and state mandates, including the National Environmental and Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978 and Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed by Keith R. Montgomery, Principal Investigator for Montgomery Archaeological Consultants under the auspices of U.S.D.I. (FLPMA) Permit No. 97-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-97-MQ-0803p. A file search for previous archaeological projects and documented cultural resources was conducted by the author at the State Historical Preservation Office in Salt Lake City on November 25, 1997. The record consultation indicated that a number of inventories have been completed within a mile radius of the project area. In 1981 a survey of the Duchesne River canal rehabilitation program was conducted by MESA Corporation (Garth, Merrill, and Southworth 1982). The historic Pleasant Valley canal systems was documented which included a portion of the Lower Pleasant Valley Canal (42Dc374). In 1982 an inventory was completed for a number of seismic lines by Brigham Young University (Billat, Duffin, and Nielson 1982). In 1984 a survey was conducted for Ute Tribal No. 7-19 Well Location by Grand River Consultants, Inc. (Babcock 1984). In the following year Grand River Institute inventoried Ute Tribal 10-20 Well Location (Hartley 1985). In 1986 the Bureau of Reclamation completed a survey for the Taylor Canal Area (Wiens 1986). The only archaeological site documented in the project area is 42Dc374, the Pleasant Valley Canal system which includes Lower Pleasant Valley Canal.

A file search for previously documented paleontological resources in the project area was completed on in December 1997 by Martha Hayden of the Utah Geological Survey, Salt Lake City. The records indicated no documented paleontological localities in the project area, although there is a potential for fossils in the Uinta Formation.

## DESCRIPTION OF PROJECT AREA

The project area lies in the Pleasant Valley area of the Uinta Basin. The survey areas occur approximately 7 miles south of the town of Myton, Duchesne County, Utah. Topographically, this area consists of broad erosional benches and sandstone outcroppings, dissected by numerous intermittent drainages. The geology is formed by young tertiary age formations overlying Cretaceous formations. Rock outcrops in the area dominated by the Upper Eocene Uinta formation known for its vertebrate fauna of mammals, turtles, crocodilians and fish remains. Plant fossils and animal tracks are also occasionally found in the Uinta Formation. The project area elevation ranges from 5190 to 5260 feet. The primary water source in the area is Wells Draws Wash, an ephemeral drainage. Several canals irrigate Pleasant Valley including the Lower Pleasant Valley Canal (circa 1932) and Upper Pleasant Valley Canal (circa 1957).

The project area occurs within the Upper Sonoran vegetation zone of the Colorado Plateau. The natural vegetation includes greasewood, rabbitbrush, snakeweed, winterfat, sunflower, galleta grass, Russian Olive, and cottonwood. Modern disturbances to the landscape consists agricultural fields, canals, ditches, roads, and farming activities.

The inventory area consist of six proposed well locations and associated access roads (Figure 1). The legal descriptions for the well locations are presented in Table 1.

Table 1. Inland Production's Six Proposed Well Location Descriptions.

Well Number	Legal Location	Location at Surface	Access Road	Resources
Allen Trust 1-24	T4S R2W S24 NE/NE	666' FNL 566' FEL	400 feet	None
Allen Trust 8-24	T4S R2W S24 SE/NE	2100.8' FSL 501.6' FEL	1200 feet	None
Malnar 11-20	T4S R1W S20 NE/SW	1901.7' FSL 1970' FWL	400 feet	None
Malnar 12-20	T4S R1W S20 NW/SW	1980' FSL 660' FEL	2200 feet	None
Prewitt 11-19	T4S R1W S19 NE/SW	1995.8' FSL 1985.1' FWL	3400 feet	42Dc374
Prewitt 12-19	T4S R1W S19 NW/SW	1995.8' FSL 329.2' FWL	None	None

#### SURVEY METHODOLOGY

An intensive pedestrian survey was performed by the author during this project which is considered 100% coverage. At each of the six proposed well locations, a 10 acre square was defined, centered on the well pad center stake. The interiors of the well locations were examined for cultural and paleontological resources by the archaeologist walking parallel transects spaced no more than 10 m apart. The access roads were surveyed to a 100 foot (30 m) width by walking parallel transects along the staked centerline, spaced no more than 10 m apart. Ground visibility varied from poor to good hampered by vegetation cover and plowing. The total acreage surveyed (60 well locations and 17.4 access roads) was 77.4 acres, all on private land.

#### INVENTORY RESULTS

The inventory resulted in the documentation of a segment of the Lower Pleasant Valley Canal (42Dc374.1). This segment is located 200 feet north of the access road for proposed Prewitt 11-19 Well Location (Figure 1). This site was originally documented by Brigham Young University in 1992 (Garth, Merrill, and Southworth 1982), and is evaluated as eligible to the National Register of Historic Places. The Lower Pleasant Valley Canal flows around the tip of south Myton Bench, flowing southeasterly and ends at UTM 584420E and 4439230N. The Pleasant Valley Canal system with includes the Lower Pleasant Valley Canal was built prior to 1932. A portion of the Lower Pleasant Valley Canal had been obliterated by field leveling at the proposed Allen Trust 8-24 Well Location.

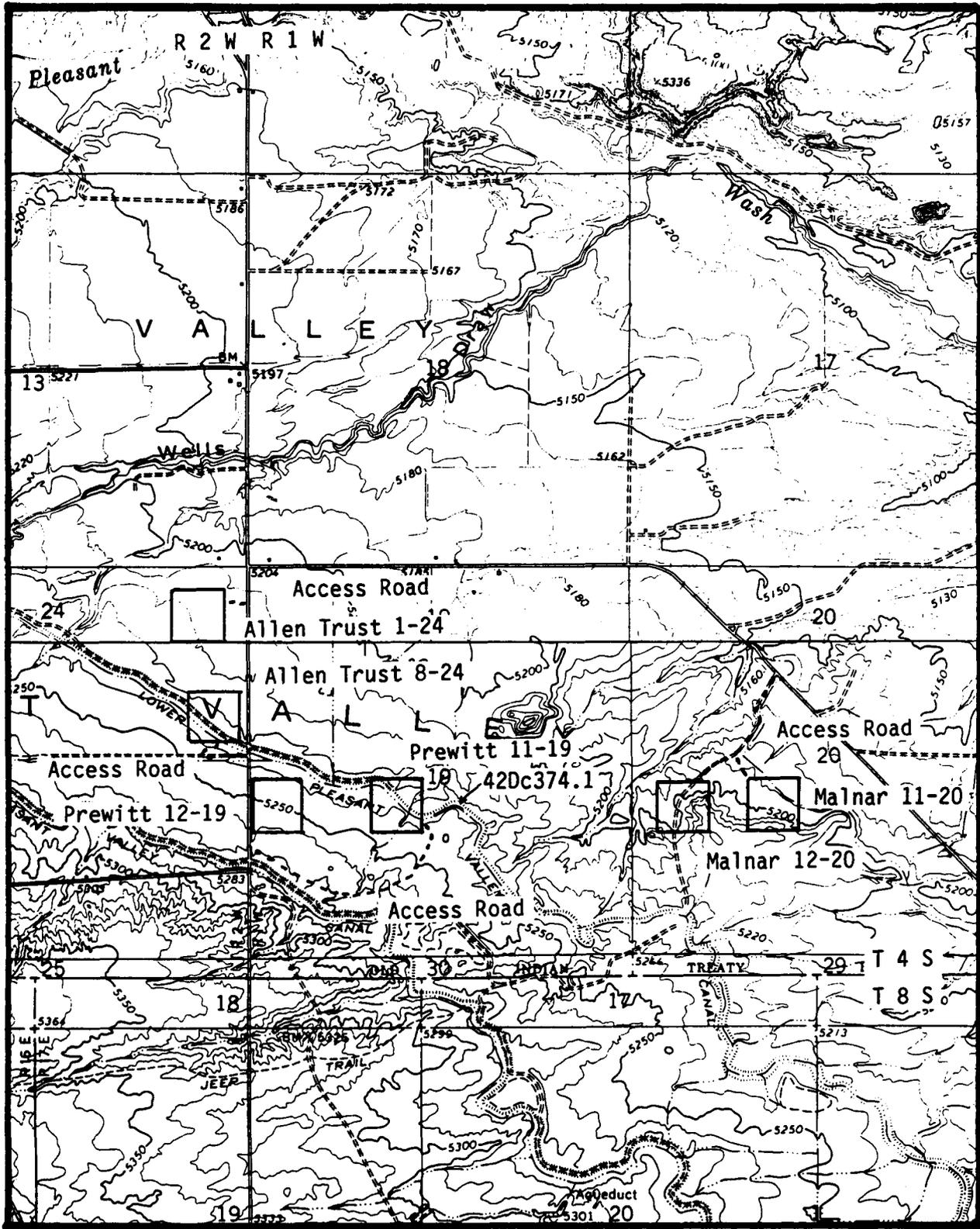


Figure 1. Inland Production's Six Well Locations, Duchesne County, Utah. USGS Myton, UT 7.5', 1964 and Myton SE, UT 7.5', 1964. Scale 1:24000.

Site 42Dc374.1 measures 120 meters in length and occurs in T4S, R1W, S19 SW/NE/SE (UTM: 581960 and 4441160N). The historic canal has been obliterated to the west by mechanically leveling the field and agricultural activities. The in-period canal measures 120 meters long and retains poor physical integrity. It consists of a 20 to 25 feet wide earthen ditch with mature trees growing in the bottom. A poured-in-place concrete measuring flume occurs in the canal measuring 15 feet long, 10 feet wide (opening), and 1 feet 5 inches high. On the west side of the fence is an out-of-period earthen ditch (in-use) which is orientated north-south. The ditch measures 5 feet wide and about 3 feet deep. Associated features include two headgates with 18 inches galvanized culverts. The main headgate has a poured-in-place foundation inscribed with 4-17-57, and measures 8 feet wide and 4 feet high. It has a turn handle metal gate with a metal frame (ARMCO Model 101). A second concrete headgate with a canvas closure diverts water to the adjacent field via a small earthen ditch. Also associated with the canal is a displaced concrete measuring flume situated along the bank of the out-of-period ditch. It measures 12 feet long, 10 feet wide, and 16 inches high with a 20 inches wide throat.

#### MANAGEMENT RECOMMENDATIONS

The inventory of Inland Production's six well locations and access roads resulted in the recordation of a segment of Lower Pleasant Valley Canal (42Dc374.1). This historic canal segment occurs outside of the impact zone for proposed Prewitt 11-19. Based on these findings, a determination of "no effect" is recommended for this project pursuant to Section 106, CFR 800.

## References Cited

- Babcock, Thomas F.  
1984 Archaeological Survey for Lomax Exploration Company's Duchesne Ute Tribal #7-19 Uintah and Ouray Indian Reservation. Grand River Consultants, Inc., Grand Junction, Colorado.
- Billat, Scott, Thorvald E. Duffin and Asa S. Nielson  
1982 An Archaeological Survey of Seismic Lines and Powder Magazine Locations in Northeastern Utah. Brigham Young University, Cultural Resource Management Services, Provo, Utah.
- Hartley, John D.  
1985 Archaeological Survey for Walker Exploration and Production Sand Pass Ute Tribal 10-20 Duchesne County, Utah. Grand River Consultants, Inc., Grand Junction, Colorado.
- Norman, Garth, David Merrill and Don Southworth  
1982 Class III Survey of the Duchesne River Area Canal Rehabilitation Program. Mesa CRM Paper No. 5. Mesa Corporation, Orem, Utah.
- Stokes, William L.  
1986 Geology of Utah. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.
- Wiens, Carol  
1986 Cultural Resources Survey of Taylor Canal Area Block 2 Drains Locations, Duchesne County, Utah. Bureau of Reclamation, Upper Colorado Region, Provo, Utah.

APPENDIX A  
INTERMOUNTAIN ANTIQUITIES COMPUTER SYSTEM (IMACS)  
SITE INVENTORY FORM

On File At:

Utah Division of State History  
Salt Lake City, Utah

and

U.S. Bureau of Land Management  
Diamond Mountain Resource Area  
Vernal, Utah

STATE OF UTAH  
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.  
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER:	5. Lease Designation and Serial Number: Fee
2. Name of Operator: Inland Production Company	6. If Indian, Allottee or Tribe Name: n/a
3. Address and Telephone Number: P.O. Box 790233; Vernal, UT 84079 (801) 789-1866	7. Unit Agreement Name: n/a
4. Location of Well Footages: See attached listing OO, Sec., T., R., M.:	8. Well Name and Number: See attached listing
	9. API Well Number: not yet assigned
	10. Field and Pool, or Wildcat: Myton Prospect/Doug Crk
	County: Duchesne State: Utah

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT (Submit in Duplicate)	SUBSEQUENT REPORT (Submit Original Form Only)
<input type="checkbox"/> Abandon <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input type="checkbox"/> Multiple Completion <input type="checkbox"/> Other <u>Additional information</u>	<input type="checkbox"/> Abandon * <input type="checkbox"/> Repair Casing <input type="checkbox"/> Change of Plans <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Fracture Treat or Acidize <input type="checkbox"/> Other <u>Additional information</u>
<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Recomplete <input type="checkbox"/> Reperforate <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> New Construction <input type="checkbox"/> Pull or Alter Casing <input type="checkbox"/> Reperforate <input type="checkbox"/> Vent or Flare <input type="checkbox"/> Water Shut-Off
Approximate date work will start <u>1st quarter 1998</u>	Date of work completion _____ Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form. * Must be accompanied by a cement verification report.

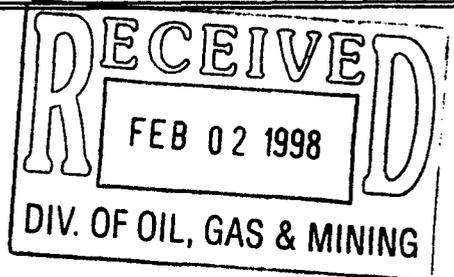
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Attached is additional information on the casing and cement that is to be used in the Application for Permit to Drill (APD) the wells on the attached list.

ORIGINAL: Utah Division of Oil, Gas and Mining (Dan Jarvis & well file)  
COPY: Brad Meecham (Inland -Vernal)  
COPY: John Holst (Inland - Denver)

13. Bobbie Schuman as Agent for Inland Production.  
Name & Signature: Bobbie Schuman Title: Regulatory Specialist Date: 1/29/98

(This space for State use only)



ATTACHMENT TO SUNDRY NOTICE

Allen Trust #1-24  
NE NE Section 24, 4S, R2W  
666' FNL, 566' FEL

Prewitt #11-19  
NE SW Section 19, 4S, R1W  
1995.8' FSL, 1985.1 FWL

Prewitt #12-19  
NW SW Section 19, T4S, R1W  
1995.8' FSL, 329.2' FWL

Allen Trust #8-24  
SE NE Section 24, T4S, R2W  
2100.8' FNL, 501.6' FEL

Malner #11-20  
NE SW Section 2, 4S, R1W  
1901.7' FSL, 1970' FWL

Malner #12-20  
NW SW Section 20, T4S, R1W  
1980' FSL, 660' FWL

ATTACHMENT TO SUNDRY NOTICE

CEMENT DESIGN:

<u>Function</u>	<u>Hole size</u>	<u>Csg. Dia.</u>	<u>Wt/ft.</u>	<u>Shoe depth</u>	<u>Sacks of Cement</u>
Surface	12-1/4"	8-5/8"	24#	300'	120 sx
Production	7-7/8"	5-1/2"	15.5#	TD	350 lead/330 tail

SURFACE PIPE: 120 sx Premium Plus cement w/2% gel, 2% CaCl<sub>2</sub>, 4# sx flocele. Weight: 14.8 PPG, Yield: 1.37 Cu ft/sx, H<sub>2</sub>O req: 6.4 gal/sx

WAITING ON CEMENT: A minimum of four (4) hours shall elapse prior to attempting any pressure testing of the BOP equipment which would subject the surface casing cement to pressure, and a minimum of six (6) hours shall elapse before drilling out of the wiper plug, cement, or shoe is begun. WOC time shall be recorded in the driller's log. Compressive strength shall be a minimum of 500 psi prior to drilling out.

LONG STRING: Flush: 20 bbls dyed water followed by 20 bbls gelled water.

Lead: 350 sx Hibond 65 Modified  
Weight: 11.0 PPG, Yield: 3.00 cu ft/sx, H<sub>2</sub>O req: 18.08 gal/sx

Tail: 330 sx Premium Plus Thixotropic w/10% CalSeal.  
Weight: 14.2 PPG, Yield: 1.59 cu ft/sx, H<sub>2</sub>O req: 7.88 gal/sx

(NOTE: Actual cement volumes will be calculated from open hole logs, plus 15% excess)

The 8-5/8" surface casing shall in all cases be cemented back to surface. In the event that during the primary surface cementing operation the cement does not circulate to surface, or if the cement level should fall back more than 8' from surface, then a remedial surface cementing operation shall be performed to insure adequate isolation and stabilization of the surface casing.

The production casing cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively-valuable deposits of minerals.

1/29/98/rs

**DIVISION OF OIL, GAS AND MINING**  
**APPLICATION FOR PERMIT TO DRILL**  
**STATEMENT OF BASIS**

**Operator Name:** INLAND PRODUCTION COMPANY  
**Name & Number:** MALNAR #11-20  
**API Number:** 43-013-32017  
**Location:** 1/4, 1/4 NE/SW Sec. 20 T. 4S R. 1W

**Geology/Ground Water:**

According to tech pub. 92 the base of moderately saline water is at approximately 600 feet in this area. It is not anticipated that any water zones will be encountered. There are two old wells which were drilled in the area, both have been plugged and abandoned. Records for these two wells indicate that they were drilled to 300 feet with air and no water was encountered. There was no mention of any water encountered to a total depth of 6000 feet. The proposed casing and cement plan should adequately protect the producing zone in this well and isolate this zone from any permeable zones up hole if they are present.

**Reviewer:** D. Jarvis

**Date:** 1-12-98

**Surface:**

A PRESITE INVESTIGATION OF THE SURFACE WAS DONE BY THE ROOSEVELT DOGM FIELD OFFICE ON 1/7/98. THE LANDOWNER OF SAID PROPERTY WAS NOTIFIED REGARDING THE ONSITE VISIT AND WAS AT THE MEETING. NO PROBLEMS REGARDING CONSTRUCTION WERE FOUND DURING ONSITE VISIT. WELL WAS MOVED APPROXIMATELY 72 FEET SOUTH TO ALLOW FOR SPRINKLER TRACK FOR ADJACENT HAY FIELD. OPERATOR WILL WORK WITH LANDOWNER REGARDING ANY PROBLEMS WITH SPRINKLER SYSTEM AND PRODUCTION EQUIPMENT. NO ROCK STRUCTURES WERE OBSERVED AT SURFACE. SNOW COVERED APPROXIMATELY 40 PERCENT OF SURFACE DURING VISIT. A WATER WELL SEARCH WAS DONE BY STATE WATER RIGHTS AND NO WELLS EXIST IN SECTION 20.

**Reviewer:** DENNIS L. INGRAM

**Date:** JANUARY 7, 1998

**Conditions of Approval/Application for Permit to Drill:**

1. A 12 MIL RESERVE PIT LINER SHALL BE USED TO LINE THE RESERVE PIT.



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

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

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

February 5, 1998

Inland Production Company  
Po Box 790233  
Vernal, UT 84078

Re: Malnar 11-20, 1902' FSL, 1970' FWL, NE SW,  
SEC. 20, T. 4 S., R. 1 W., Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-32017.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".  
John R. Baza  
Associate Director

ls

Enclosures

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

Operator: Inland Production Company  
Well Name & Number: Malnar 11-20  
API Number: 43-013-32017  
Lease: Malnar  
Location: NE SW Sec. 20 T. 4 S. R. 1 W

### Conditions of Approval

1. General

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

2. Notification Requirements

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

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

3. Reporting Requirements

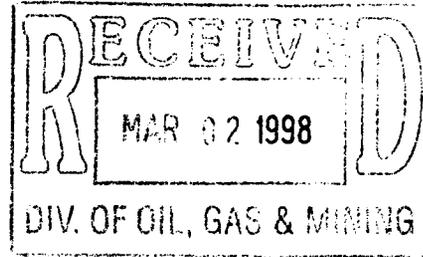
All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis dated January 12, 1998 (copy attached).

PERMITS

PLUS

**Bobbie Schuman**  
**Regulatory Specialist**  
**1835 Yellowstone Avenue**  
**Billings, MT 59102**  
**(406) 652-4351**



February 27, 1998

**Mr. Mike Hebertson**  
**State of Utah**  
**Division of Oil, Gas and Mining**  
**1594 West North Temple, Suite 1210**  
**Salt Lake City, UT 84114-5801**

Dear Mr. Hebertson:

Enclosed are copies of the Surface Use Agreements for the following wells:

**Roberts #4-19 and #5-19**

**Malnar #11-20 and #12-20**

**Allen Trust #1-24 and #8-24**

These should be made a part of the Applications for Permit to Drill (APD) which have already been submitted.

We should be close to having approved permits on these. If you have any questions, please do not hesitate to give me a call at (406) 652-4351.

Sincerely,

A handwritten signature in cursive script that reads "Bobbie Schuman".

**Bobbie Schuman**  
**Regulatory Specialist**  
**As Agent for Inland Production Company**

/hs

Enclosures

cc: **Brad Meecham (Inland, Vernal)**  
**John Holst (Inland, Denver)**

### SURFACE USE AGREEMENT

THIS AGREEMENT, made and entered into by and between Steven A. Malnar

parties of the first part, hereinafter collectively referred to as "Owner", of P.O. Box 1030 Roosevelt UT 84066 and Inland Production Company, party of the second part, hereinafter referred to as "Inland", of 475 - 17th Street, Suite 1500, Denver, Colorado 80202

WITNESSETH:

WHEREAS, Owner is the owner in fee of all or a portion of the surface to the following described lands situated in Duchesne County, Utah, to-wit:

Township 4 South, Range 1 West Uintah Special Meridian  
Sec 20: N/2SW/4, N/2SW/4SW/4

This contract will expire if no Well has been drilled by November 1, 2000 on the above described land. Any pipeline that is laid on the surface, will be burried, if the land becomes crop land or the surface owner constructs a roadway. The Well site and any roadways will be keep free of weeds.

Surface owner will not be responsible for any damage to Oil Well equipment by livestock.

WHEREAS, the parties desire to settle their dispute on all claims for use of the surface and damage to crops arising from the drilling, completion and production activities and operations, and agree as to the measure of settlement for operations conducted by Inland on surface owned or controlled by Owner, above described, subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. For wells located on crop land, within thirty (30) days after construction of any drillsite locations, and /or access roads upon the surface of crop land owned by Owner, Inland shall make a one-time payment to Owner of One Thousand Five Hundred Dollars (\$1,500.00) per acre used by Inland for such drillsite locations and /or access roads. Such payment shall be for the use of the surface and damage to crops and shall cover the year in which such construction occurred. Crop land is defined as that which is now cultivated, seeded, harvested and the crop sold.

2. For wells located on non-crop land, within thirty (30) days after construction of any drillsite locations and/or access roads upon the surface of non-crop land owned by Owner, Inland shall make a one-time payment to Owner calculated at the rate of One Thousand Dollars (\$1,000.00) per acre utilized by Inland in its operations.

3. a). For pipeline right-of-way construction in which a pipeline is laid through surface owned by Owner, Inland shall make a one-time payment of a sum calculated at a rate of Five Dollars (\$5.00) per running rod; provided, however, as to any part of said pipeline construction which takes place on crop land after commencement of seasonal cultivation but prior to harvest time, the rate shall be calculated at a rate of Ten Dollars (\$10.00) per running rod utilized by Inland in its operations. When requested by Owner, pipelines shall be buried below plow depth and surface areas impacted by the construction shall be rehabilitated, including the reseeding of crop land.

b). In the event related pipeline facilities such as a compressor site are constructed on crop land owned by Owner, Inland agrees to make a one-time payment to Owner of One Thousand Five Hundred (\$1,500.00) per acre utilized by Inland in its operations. Should such related pipeline facilities be located on non-crop land, Inland shall make a one-time payment calculated at a rate of One Thousand Dollars (\$1,000.00) per acre utilized by Inland in its operations.

4. Owner agrees that upon receipt of the payments provided for in this Agreement for any future wells that may be drilled on surface owned by Owner, Inland shall be released and discharged from any and all claims, demands and losses arising out of such future operations for crop damage, acreage out of cultivation, interruption or interference with agricultural improvements and other claims.
5. For payments to be made and received under this Agreement, Owner agrees to protect, indemnify and save Inland and its employees, agents and contractors free and harmless from and against any and all claims, demands and losses, including costs and attorneys fees, accrued or accruing to Owner, its employees and/or tenants arising directly or indirectly in connection with operations by Inland, its employees, agents and contractors.
6. Following the completion of any well, Inland agrees to promptly clean up and maintain all areas of land continuing to be utilized in connection with oil and gas operations and to pay the cost of reclaiming and reseeding upon cessation of use.
7. This Agreement shall be binding upon and shall be for the benefit of the successors and assigns of Owner and Inland whether assigned, devised, bequeathed or otherwise transferred in whole or part by either of the parties hereto. The conditions herein contained shall be covenants running with the land.

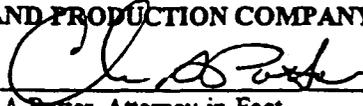
IN WITNESS WHEREOF, the parties have executed this Agreement as of the 13th day of November, 1997

SURFACE OWNERS:

X

  
\_\_\_\_\_  
(Steven A. Malnar)  
  
\_\_\_\_\_  
  
\_\_\_\_\_

INLAND PRODUCTION COMPANY

  
\_\_\_\_\_  
Chris A Potter, Attorney-in-Fact

Surface & Minerals  
Prospect/Unit name  
Lease NO. \_\_\_\_\_

Malnar # 11-20 & # 12-20

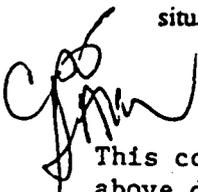
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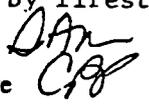
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Sec 20: N/2SW/4, N/2SW/4SW/4

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the 13th day of November, 1997

SURFACE OWNERS:

X

Steven A. Malnar  
(Steven A. Malnar)

INLAND PRODUCTION COMPANY

Chris A Potter  
Chris A Potter, Attorney-in-Fact

Surface & Minerals  
Prospect/Unit name  
Lease NO. \_\_\_\_\_



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

Michael O. Leavitt  
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PO Box 145801  
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801-538-7223 (TDD)

March 12, 1999

Bobbie Schuman  
Inland Production Company  
P.O. Box 790233  
Vernal, Utah 84079

Re: APD Rescinded -- Malnar 11-20 Well, Sec. 20, T. 4S, R. 1W, Duchesne County, Utah,  
API No. 43-013-32017

Dear Ms. Schuman:

The Application for Permit to Drill for the subject well was approved by the Division of Oil, Gas and Mining on February 5, 1998. No drilling activity at this location has been reported to the division. Due to the excessive time delay in commencing drilling operations, approval to drill the well is hereby rescinded, effective immediately.

Please note that a new Application for Permit to Drill must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division of Oil, Gas and Mining immediately.

Sincerely,

A handwritten signature in black ink that reads "Don Staley".

Don Staley  
Information Services Manager  
Oil and Gas

cc: J.R. Baza  
L.E. Cordova  
Well File