

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED FEBRUARY 12, 1998

LAND: FEE & PATENTED STATE LEASE NO.

PUBLIC LEASE NO.

INDIAN #

DRILLING APPROVED: MARCH 26, 1998

14-20-H62-4741

SPUDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED:

5-19-2000 LAD

FIELD: ALTAMONT

UNIT:

COUNTY: DUCHESNE

WELL NO. UTE 2-3D6

API NO. 43-013-32056

LOCATION 2263 FNL FT. FROM (N) (S) LINE. 2339 FWL

FT. FROM (E) (W) LINE. SE NW

1/4 - 1/4 SEC. 3

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
4S	6W	3	COASTAL OIL & GAS				



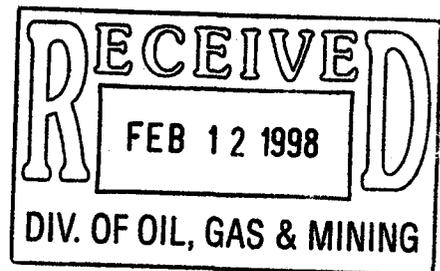
Coastal
The Energy People

February 11, 1998

Ute #2-3D6
Section 3-T4S-R6W
Lease No. 14-20-H62-4741
Duchesne County, Utah

VIA FEDERAL EXPRESS

Bureau of Land Management
Mineral Resources
Vernal District Office
170 South 500 East
Vernal, Utah 84078



To Whom It May Concern:

Enclosed is the Application for Permit to Drill (APD), the Drilling Program, and the Surface Use and Operations Plan for the above referenced well. Please note that additional copies have been sent to the BIA, Ute Tribe, and State of Utah.

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

Sincerely,

Sheila Bremer
Environmental & Safety Analyst

Enclosures

cc: Ute Tribe
Bureau of Indian Affairs
State of Utah, Division of Oil, Gas & Mining

Coastal Oil & Gas Corporation

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

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

5. LEASE DESIGNATION AND SERIAL NO. 14-20-H62-4741
6. IF INDIAN, ALLOTTEE OR TRIBE NAME Ute Tribe
7. UNIT AGREEMENT NAME N/A
8. FARM OR LEASE NAME, WELL NO. Ute 2-306
9. API WELL NO.
10. FIELD AND POOL, OR WILDCAT Cedar Rim
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Section 3-T4S-R6W
12. COUNTY OR PARISH Duchesne
13. STATE Utah

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL DEEPEN

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

2. NAME OF OPERATOR
Coastal Oil & Gas Corporation

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *)
At surface
2263' FNL & 2339' FWL
At proposed prod. zone **640**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 9.4 miles west of Duchesne, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) **310'**

16. NO. OF ACRES IN LEASE
360.56

17. NO. OF ACRES ASSIGNED TO THIS WELL
640.56

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. **See Topo Map C**

19. PROPOSED DEPTH
8,500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5935.6' Ungraded GR

22. APPROX. DATE WORK WILL START*
Upon Approval

23. PROPOSED CASING AND CEMENTING PROGRAM

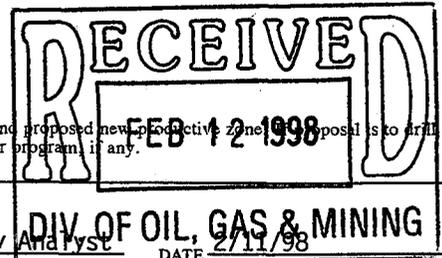
SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
See Attached				
Drilling Program				

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

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

Coastal Oil & Gas Corporation is considered to be the operator of the subject well. It agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided for by: State of Utah Bond #102103, BLM Nationwide Bond #U605382-0, and BIA Nationwide Bond #114066-A.

*5348571
144571A.8*



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 prevention program, if any.

24. SIGNED Sheila Bremer TITLE Environmental & Safety Analyst

(This space for Federal or State office use)

PERMIT NO. 43-013-32056 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.

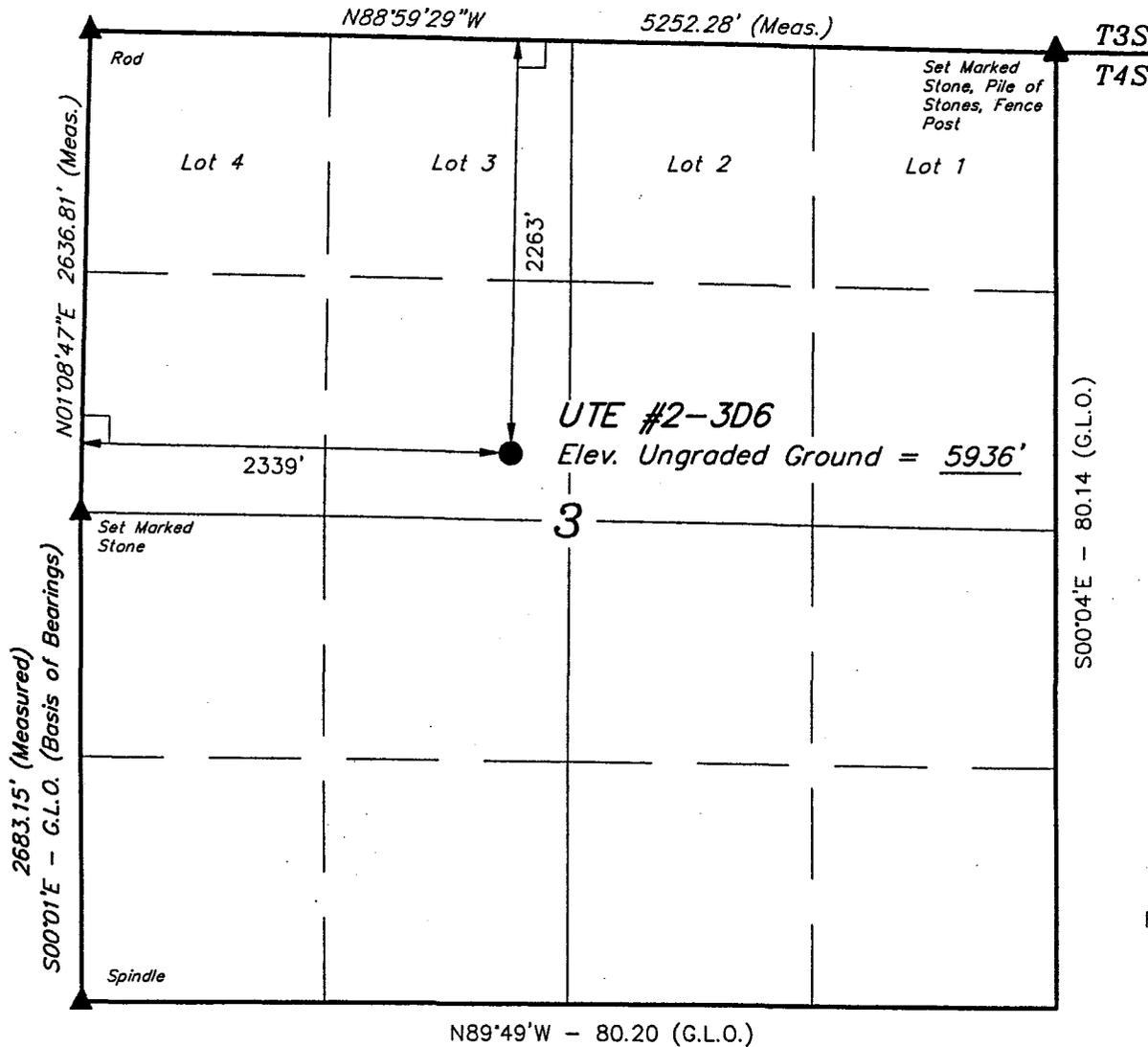
CONDITIONS OF APPROVAL, IF ANY:
APPROVED BY Bradley G. Hill TITLE RECLAMATION SPECIALIST III DATE 3/26/98
***See Instructions On Reverse Side**

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

T4S, R6W, U.S.B.&M.

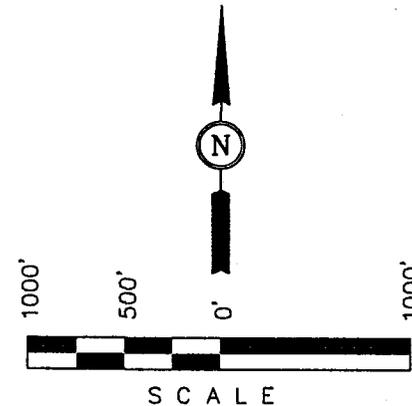
COASTAL OIL & GAS CORP.

Well location, UTE #2-3D6, located as shown in the SE 1/4 NW 1/4 of Section 3, T4S, R6W, U.S.B.&M., Duchesne County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION AT A BRIDGE LOCATED NEAR THE SW CORNER OF SECTION 3, T3S, R6W, U.S.B.&M. TAKEN FROM THE RABBIT GULCH 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 5734 FEET.



CERTIFICATE

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

Robert J. Kay
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

Revised: 12-17-97 D.R.B.

LEGEND:

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

UINTAH ENGINEERING & LAND SURVEYING 85 SOUTH 200 EAST - VERNAL, UTAH 84078 (435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 11-18-97	DATE DRAWN: 12-2-97
PARTY J.F. J.W. C.B.T.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE COASTAL OIL & GAS CORP.	

**UTE #2-3D6
2263' FNL & 2339' FWL
SENW, SECTION 3-T4S-R6W
DUCHESNE COUNTY, UTAH
LEASE NUMBER: 14-20-H62-4741**

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

DRILLING PROGRAM

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved Plan of Operations. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

1. Estimated Tops of Important Geologic Markers:

Formation	Depth
Duchesne River/Uinta	Surface
Lower Green River	3,500'
Wasatch	5,450'
• Top of Wasatch Red Beds	None Anticipated
• Bottom of Wasatch Red Beds	None Anticipated
Total Depth	8,500'

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

Substance	Formation	Depth
Oil/Gas	Lower Green River	3,500'
	Wasatch	5,450'
Water	N/A	
Other Minerals	N/A	

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

3. Pressure Control Equipment: (Schematic Attached)

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

- Ram type: 11" Annular Preventer (Hydril), 11" Double Gate Hydraulic, Drilling Spool, 5,000 psi.

- Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10% in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.
- Annular type preventers (if used) shall be tested to 50% of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.
- As a minimum, the above test will be performed when initially installed, whenever any seal subject to test pressure is broken, following related repairs, or at 30-day intervals.
- Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.
- When testing the kill line valve(s), the check valve shall be held open or the ball removed.
- Annular preventers shall be functionally operated at least weekly.
- Pipe and blind rams shall be activated each trip; however, this function need not be performed more than once a day.
- A BOPE pit level drill shall be conducted weekly for each drilling crew.
- Pressure tests shall apply to all related well control equipment.

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

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection shall be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

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

- a. The size and the rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area uses a 5,000 psi working pressure blowout preventer.
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.

- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.

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

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

Purpose	Depth	Hole Size	Csg Size	Wt/ft	Grade	Type
Conductor	0-40'	17½"	13¾"	54.5#	K-55	ST&C
Surface	0-1,000'	12¼"	9⅝"	36#	K-55	ST&C
Production	0-TD	8¾"	5½"	17#	N-80	LT&C

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

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

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

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

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

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

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

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

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

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

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

Casing design subject to revision based on geologic conditions encountered.

b. The Cement Program will be as follows:

<u>Conductor</u>	<u>Fill</u>	<u>Type & Amount</u>
0-40'	40'	10 sx of Class "G".
<u>Surface</u>	<u>Fill</u>	<u>Type & Amount</u>
0-1,000'	724'	Lead: 210 sx of HLC Premium Plus, 6% Gel, 3% Salt, 0.25 lb./sx Flocele, 3 lb./sx Granulite TR ¼, 2% MicroBond at 12.4 ppg, 2.19 ft. ³ /sx.
	276'	Tail: 150 sx of Premium Plus, 3% Salt, 3 lb./sx Granulite TR ¼ at 15.2 ppg, 1.27 ft. ³ /sx.
<u>Production</u>	<u>Fill</u>	<u>Type & Amount</u>
200'-TD'	2,223'	1st Stage Lead: 455 sx 50/50 POZ/Premium, 4% Gel, 2% MicroBond M, 5 lb./sx Silicalite, 0.6% HALAD-9, 0.1% HR-5 at 13.6 ppg, 1.48 ft. ³ /sx.
	577'	1st Stage Tail: 150 sx Premium, 2% MicroBond M, 0.6% HALAD-9 at 15.6 ppg, 1.20 ft. ³ /sx.
	5,111'	2nd Stage Lead: 620 sx Highbond 65, 8% Gel, 2% CaCl ₂ at 11.2 ppg, 2.45 ft. ³ /sx.
	389'	2nd Stage Tail: 100 sx Premium at 15.6 ppg, 1.18 ft. ³ /sx.

Anticipated cement tops will be reported as to depth, not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in

order to have a BLM representative on location while running all casing strings and cementing.

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

- c. The following reports shall be filed with the District Manager within 30 days after the work is completed:
1. Progress reports, Form 3160-5, "Sundry Notices and Reports on Wells," must include the following information:
 - a) Setting of each string of casing showing the size, grade, weight of casing set, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of the cementing tools used, casing test method and results, and the date of the work done. Spud date will be shown on the first reports submitted.
 - b) A bond log will be submitted for the production casing. A bond log will not be run on the other string.
- d. Auxiliary equipment to be used as follows:
1. Kelly cock.
 2. No bit float is deemed necessary.
 3. A sub with a full opening valve.

5. **Drilling Fluids Program:**

a. Interval	Type	Mud Wt.
0-1,000'	Air/Mist/Aerated Water/Water	N/A
1,000'-6,000'	Air/Mist/Aerated Water/Water	N/A
6,000'-TD	Lightly Dispersed Mud	8.5-11.0

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

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

- b. Mud monitoring equipment will be checked periodically each tour of the mud system. The mud level will be checked visually.

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

6. **Evaluation Program:**

a. Logging Program:

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

Drill Stem Tests: None anticipated.

Cores: None anticipated.

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

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

Initial opening of the drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the Authorized Officer. However, DST's may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e. lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the Authorized Officer. Closed chamber DST's may be performed day or night.

Some means of reverse circulation shall be provided in case of flow to the surface showing evidence of hydrocarbons.

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

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

- b. Whether the well is completed as a dry hole or a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations will

be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer.

- c. No stimulation or frac treatment has been formulated for this well at this time; however, the drill site, as approved, will be of sufficient size to accommodate all completion activities. Any frac treatment program specifics will be submitted via sundry notices.

7. **Abnormal Conditions:**

No abnormal temperatures or pressures are anticipated. No hydrogen sulfide has been encountered in or known to exist from previous drilling in the area at this depth. Maximum anticipated bottomhole pressure approximately equals 3,480 psi (calculated at 0.4 psi/foot) and maximum anticipated surface pressure equals approximately 1,566 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates and Notification of Operations:**

a. Drilling Activity

Anticipated Commencement Date: Upon approval of this application.

Drilling Days: Approximately 40 days.

Completion Days: Approximately 20 days.

b. Notification of Operations

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

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in suspended status without prior approval from the Authorized Officer. If operations are to be suspended, prior approval of the Authorized Officer will be obtained and notification given before resumption of operations.

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6, "Monthly Report of Operations," starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, Utah 84078.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status. Such notification will be sent by

written communication not later than 5 days following the date when the well is placed on production.

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

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

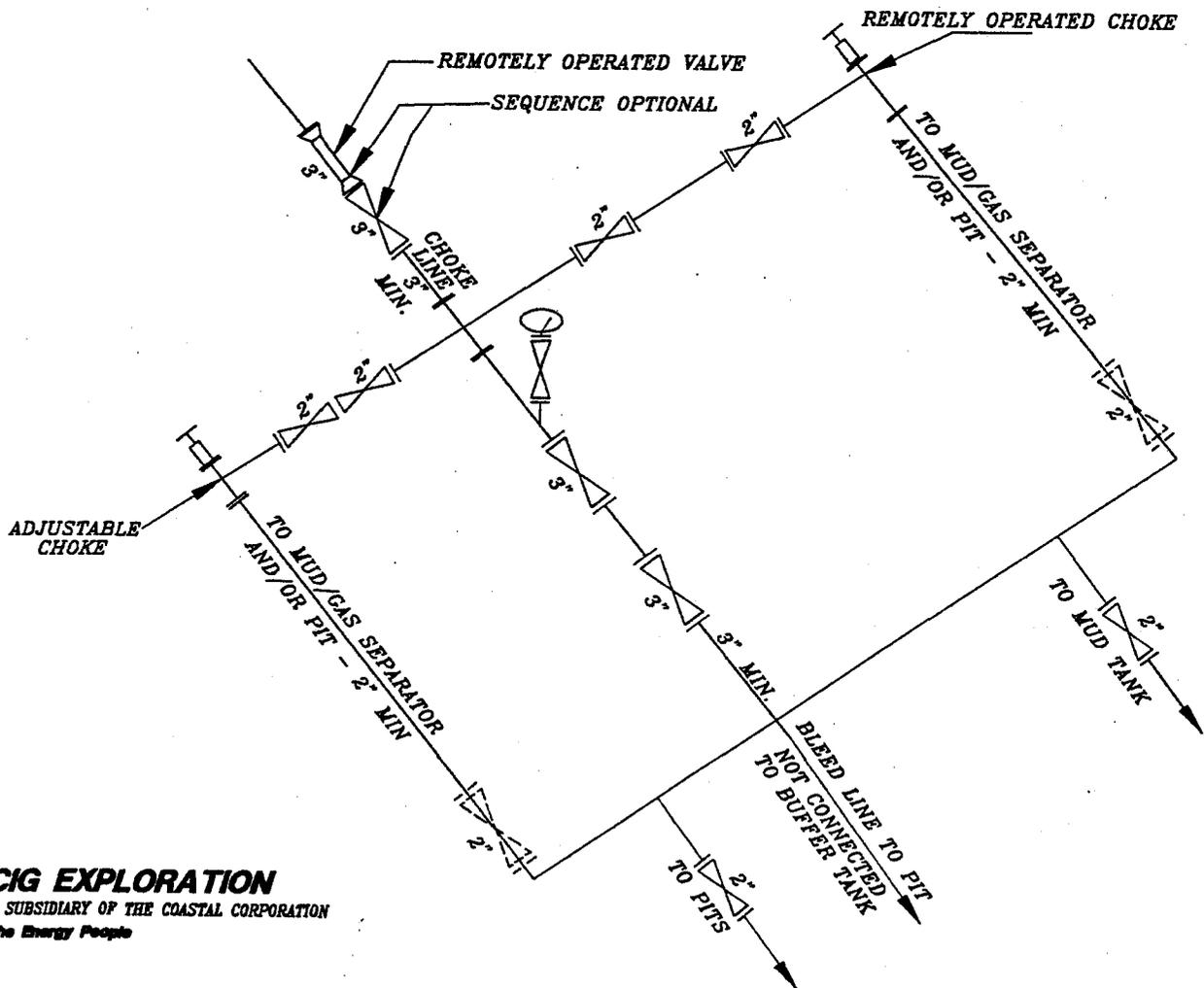
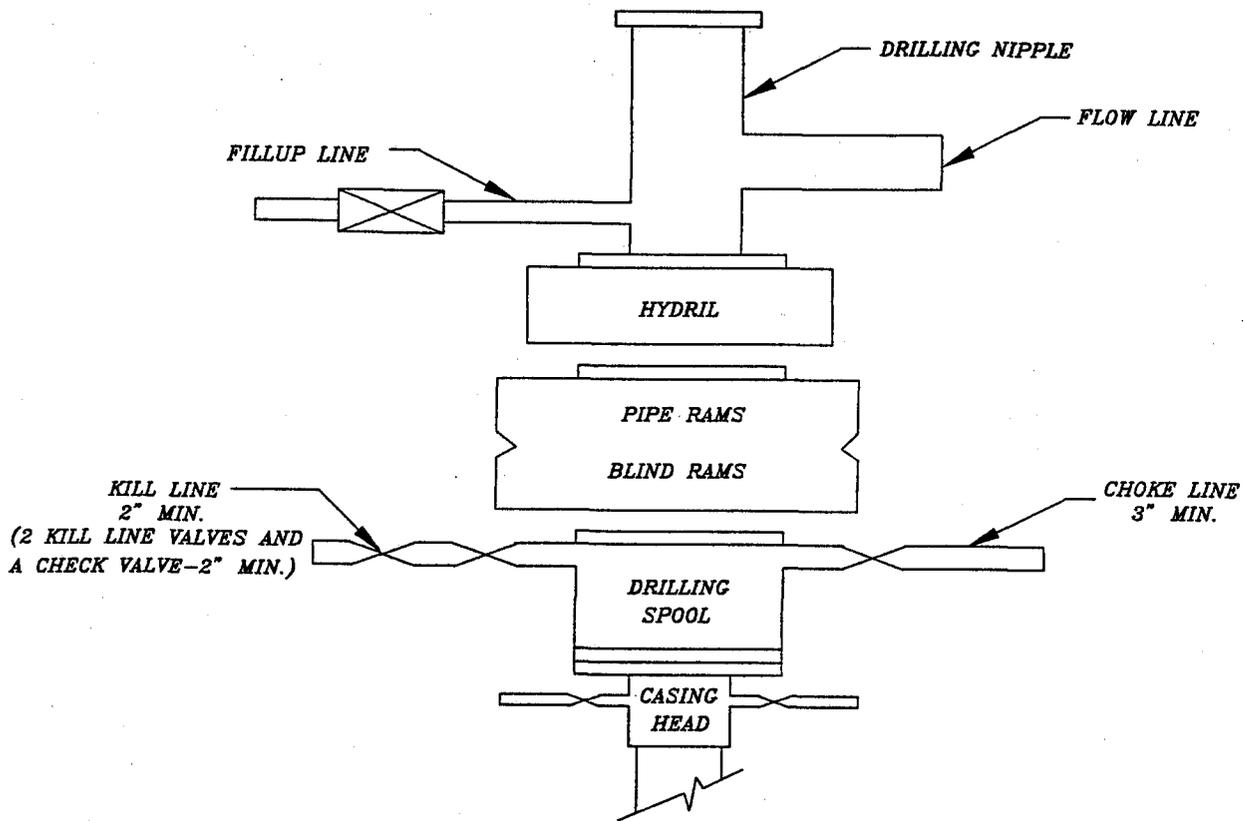
A schematic facilities diagram, as required by 43 CFR 3162.7-5 (b.9.d.), shall be submitted to the District Office within 60 days of installation or first production, whichever occurs first. All site security regulations, as specified in Onshore Oil & Gas Order No. 3, shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b.4).

A first production conference will be scheduled within 15 days after receipt of the first production notice.

No well abandonment operations will be commenced without the prior approval of the Authorized Officer. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Authorized Officer. A "Subsequent Report of Abandonment," Form 3160-5, will be filed with the Authorized Officer within 30 days following completion of the well for abandonment. This report will indicate placement of the plugs and current status of the surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Authorized Officer or his representative, or the appropriate Surface Managing Agency.

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

5M BOP STACK and CHOKE MANIFOLD SYSTEM



**UTE #2-3D6
2263' FNL & 2339' FWL
SENW, SECTION 3-T4S-R6W
DUCHESNE COUNTY, UTAH
LEASE NUMBER: 14-20-H62-4741**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

Notification Requirements

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

The on-site inspection for this well conducted on 1/21/98 at 9:40 a.m. Weather conditions were sunny and cold. The following individuals were in attendance at the inspection:

Sheila Bremer	Coastal Oil & Gas Corporation
Clay Einerson	Coastal Oil & Gas Corporation
Greg Darlington	Bureau of Land Management
Dale Hanberg	Bureau of Indian Affairs
Lonnie Nephi	Ute Indian Tribe
Robert Kay	Uintah Engineering & Land Surveying
Clint Turner	Land Consultant for Coastal

1. Existing Roads:

The proposed well site is approximately 9.4 miles west of Duchesne, Utah.

Directions to the location from Duchesne, Utah, are:

Proceed in a westerly direction on Highway 40 from Duchesne, Utah, ± 8.1 miles to the junction of this road and an existing road to the south; turn left and proceed in a southerly direction ± 1.3 miles to the beginning of the proposed access road to the east. Follow road flags in a northeasterly direction $\pm 50'$ to the proposed location.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

There will be no improvements made to existing access roads.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. **Planned Access Roads:**

Approximately 50' of new access will be required. The new access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

No pipelines will be crossed with the new construction.

The maximum grade will be less than 8% at the steepest point.

There will be no turnouts or major cuts and fills.

There will be no low water crossings, culverts, or bridges.

The access road was centerline flagged during time of staking.

There will be no gates, cattle guards, fence cuts, or modifications to existing facilities.

Surfacing material may be necessary, depending upon weather conditions.

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

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

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

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

- a. Water wells - 0
- b. Producing wells - 2

- c. Drilling wells - 0
- d. Shut-in wells - 0
- e. Temporarily abandoned wells - 0
- f. Disposal wells - 0
- g. Abandoned wells - 0
- h. Injection wells - 0

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

The following guidelines will apply if the well is productive.

- a. A diagram showing the proposed production facilities will be submitted via Sundry Notice Form 3160-5 prior to facilities installation.
- b. All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.
- c. A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.
- d. All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Desert Brown, Munsell standard color number 10 YR 6/3.

- e. If, at any time, the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to the appropriate rental or other financial obligation, as determined by the Authorized Officer.
- f. Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.
- g. The proposed pipeline will leave the well pad in a easterly direction for an approximate distance of 510' and tie into an existing pipeline. Please see Topo Map D.

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

All water needed for drilling purposes will be obtained from:

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

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

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

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

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

Any gravel will be obtained from a commercial source.

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

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

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

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

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

- d. After first production, produced waste water will be confined to the approved pit or storage tank for a period not to exceed 90 days. During the 90 day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officer's approval.

- e. Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.
- f. A chemical porta-toilet will be furnished with the drilling rig.
- g. Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.
- h. All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

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

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

8. **Ancillary Facilities:**

None are anticipated.

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

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

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

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

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

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

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

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

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

- f. The reserve pit fencing will be on two sides during drilling operations, and on the third and fourth sides when the rig moves off location. Pits will be fenced and maintained until cleanup.

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

- a. Producing Location:

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

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

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

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

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

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

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

Arrangements are being negotiated between the landowner(s) and the Operator defining the specific requirements for surface reclamation. Notification will be submitted via Sundry Notice Form 3160-5 when landowner negotiations are complete.

b. **Dry Hole/Abandoned Location:**

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

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

11. **Surface Ownership:**

a. **Access Roads - The road is located on lands owned by:**

- Ben Mednick & Edith Mednick
6412 Orange Street, Apt. 1
Los Angeles, California 90048-4775

b. **Well Pad - The well is located on lands owned by:**

- Ben Mednick & Edith Mednick

12. **Other Information:**

- a. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.
- b. The Operator will control noxious weeds along right-of-ways for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides or other pesticides or possibly hazardous chemicals.
- c. Drilling rigs and/or equipment used during drilling operations on this location will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. If BLM authorization is obtained, such storage is only a temporary measure.

- d. The BLM office shall be notified upon site completion and prior to moving drilling tools onto the location.
- f. No work will be done on the location until negotiations with the landowner(s) are complete.
- g. A Class III archeological survey was conducted by Montgomery Archaeological Consultants. A copy of this report is attached.

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

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

Tom Young
Drilling Manager
Coastal Oil & Gas Corporation
9 Greenway Plaza, Suite 2770
Houston, TX 77046
(713) 418-4156

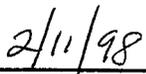
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

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

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



Sheila Bremer



Date

CULTURAL RESOURCE INVENTORY OF
WELL LOCATION NO. UTE 2-3D6 (ALTERNATE 3),
DUCHESNE COUNTY UTAH

by

Keith R. Montgomery

Prepared For:

Ute Indian Tribe
P.O. Box 70
Fort Duchesne, UT 84026

Prepared Under Contract With:

Coastal Oil & Gas Corporation
P.O. Box 749
Denver, Colorado 80201

Prepared By:

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

February 11, 1998

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

State of Utah Antiquities Project (Survey)
Permit No. U-97-MQ-0852i,p

INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants on February 10, 1998, for the proposed well location UTE No. 2-3D6 (Alternate 3). The project area is located approximately 8 miles west of the town of Duchesne, Duchesne County, Utah. The survey was implemented at the request of Ms. Bonnie Carson, Coastal Oil & Gas Corporation, Denver, Colorado. The inventory area occurs on private surface and Ute Indian Tribe land subsurface.

The objective of the inventory was to locate, document, and evaluate any cultural resources and 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-0852i,p. A file search for previous inventories and documented cultural resources was performed on November 12, 1997 by Renae Weder at the Division of State History, Salt Lake City. The search indicated that two inventories have been completed within the project area. In 1982, the Bureau of Reclamation inventoried the project area for the Starvation Reservoir Management Area (Wiens 1982). In 1983, a block survey for the Starvation Collection System was completed by Mesa Corporation (Norman and Merrill 1983). Four archaeological sites were documented in T4S, R6W, Section 3, consisting of a demolished farmstead (42Dc496), and three lithic scatters (42Dc459, 42Dc460, and 42Dc495). The cultural resources were all evaluated as not eligible for inclusion to the National Register of Historic Places (NRHP). In summary, the previously-documented archaeological sites in T4S, R6W, Section 3 are located outside of proposed Well Location UTE No. 2-3D6 (Alternate 3), and will not be affected by this undertaking.

The paleontological files were consulted by Martha Hayden, Utah Geological Survey, on February 9, 1997. No paleontological sites have been documented in the project area.

DESCRIPTION OF PROJECT AREA

The project area is located in Coastal Oil and Gas Corporation's Cedar Rim Prospect, just west of Starvation Reservoir, Duchesne County, Utah. The legal description of the inventory area is the SE, SE, NW Section 3, T4S, R6W (Figure 1). The center stake for well location UTE No. 2-3D6 (Alternate 3) is 2263 feet from north line and 2339 feet from west line.

The study area occurs in the Uinta Basin physiographic subdivision of the Colorado Plateau which is a distinctly bowl-shaped geologic structure (Stokes 1986:231). The project area is situated on a sandstone bench above the Strawberry River floodplain. The primary geological deposit in the area is the Duchesne River formation, composed of river-deposited conglomerate, sandstone, and fine-grained rocks. The elevation of the project area is 5900 to 5960 feet. The primary water source is the Strawberry River which flows west along the south side of the project area. The project area occurs within the Upper Sonoran lifezone within a pinyon-juniper woodland. Plant species include pinyon, Utah juniper, sagebrush, snakeweed, and prickly pear cactus. Modern disturbances consists of a materials pit located in the south portion of the survey parcel.

SURVEY METHODOLOGY

The archaeologist was accompanied to the field by Mr. Lonnie Nephi, Oil & Gas Technician, Ute Indian Tribe (Energy & Minerals Resources Department). An intensive pedestrian survey was performed during this project which is considered 100% coverage. At the proposed well location, a 10 acre square was defined, centered on the location's center stake. The interiors of the well locations was examined for cultural and paleontological resources by the archaeologist walking parallel transects spaced no more than 10 meters apart. Ground visibility was considered excellent. A total of 10 acres was inventoried for this project.

INVENTORY RESULTS AND RECOMMENDATIONS

The inventory of proposed Well Location UTE No. 2-3D6 (Alternate 3) resulted in no cultural or paleontological resources. Based on these findings, a determination of "no effect" is recommended for this project pursuant to Section 106, CFR 800.

References Cited

- Norman, Garth V., and David B. Merrill
1983 Cultural Resources Survey of a Portion of the Starvation Collection System Bonneville Unit Central Utah Project, Duchesne County, Utah. Mesa Corporation, Orem, Utah. Report No. 82-723.
- Wiens, Carol
1982 A Cultural Resources Survey of a Portion of the Starvation Reservoir Management Area, Duchesne County, Utah. Bureau of Reclamation, Upper Colorado Region, Provo, Utah.
- Stokes, William L.
1986 Geology of Utah. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.

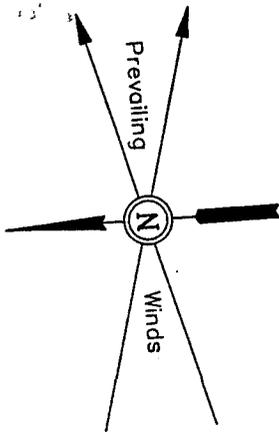
COASTAL OIL & GAS CORP.

LOCATION LAYOUT FOR

UTE #2-3D6

SECTION 3, T4S, R6W, U.S.B.&M.

2263' FNL 2339' FWL

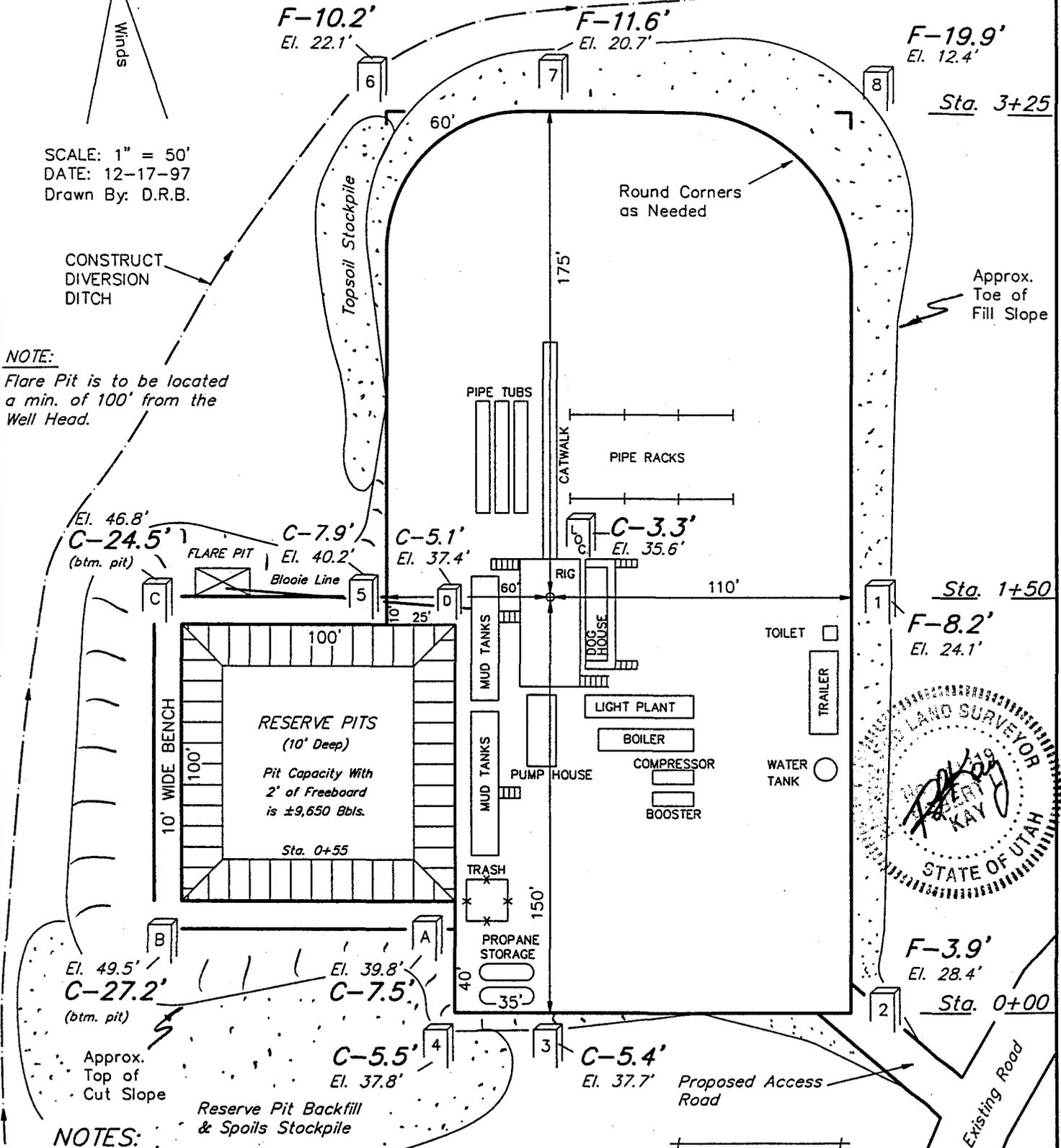


SCALE: 1" = 50'
DATE: 12-17-97
Drawn By: D.R.B.

CONSTRUCT DIVERSION DITCH

NOTE:

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

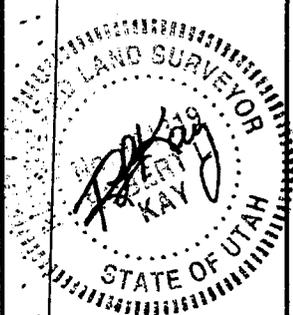


NOTES:

Elev. Ungraded Ground At Loc. Stake = 5935.6'
FINISHED GRADE ELEV. AT LOC. STAKE = 5932.3'

FIGURE #1

UINTAH ENGINEERING & LAND SURVEYING
85 South 200 East Vernal, Utah



COASTAL OIL & GAS CORP.

TYPICAL CROSS SECTIONS FOR

UTE #2-3D6

SECTION 3, T4S, R6W, U.S.B.&M.

2263' FNL 2339' FWL

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

DATE: 12-17-97
Drawn By: D.R.B.

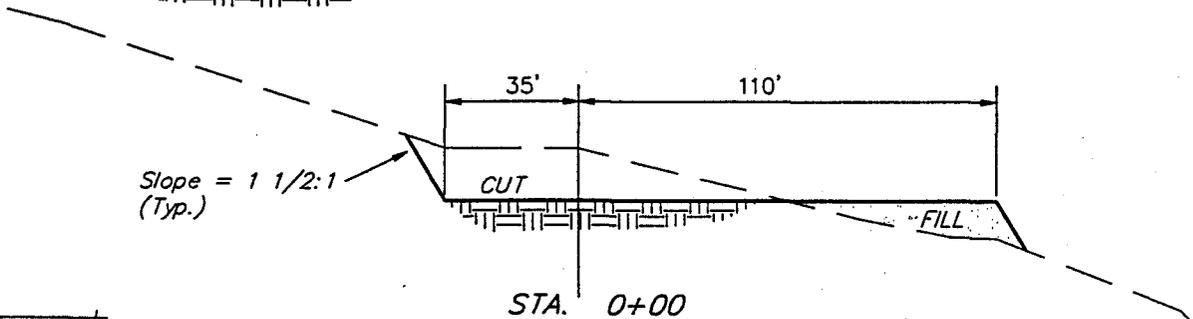
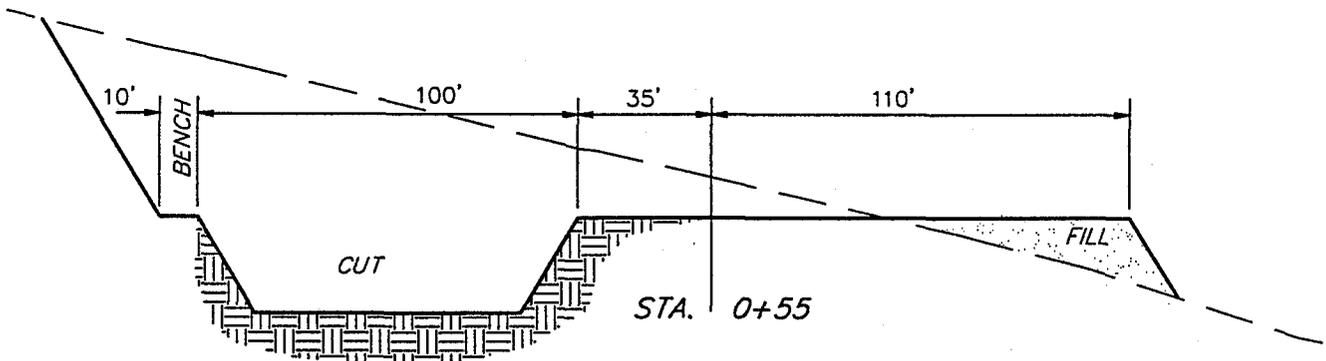
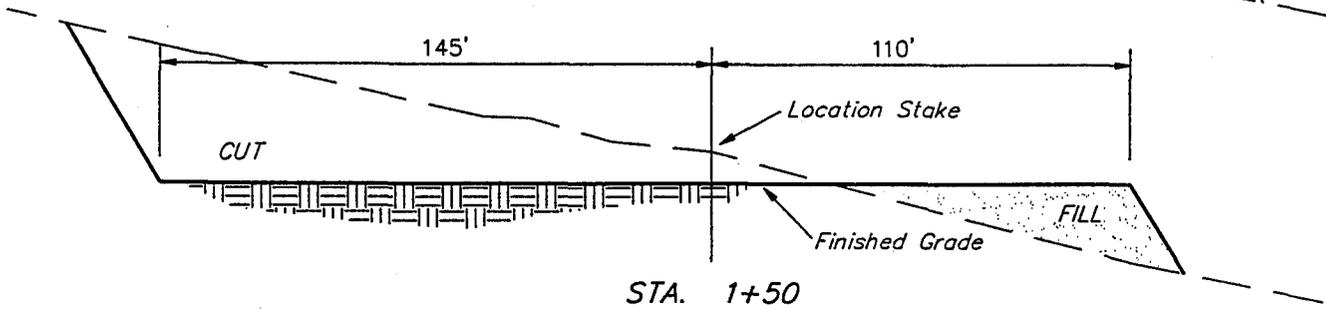
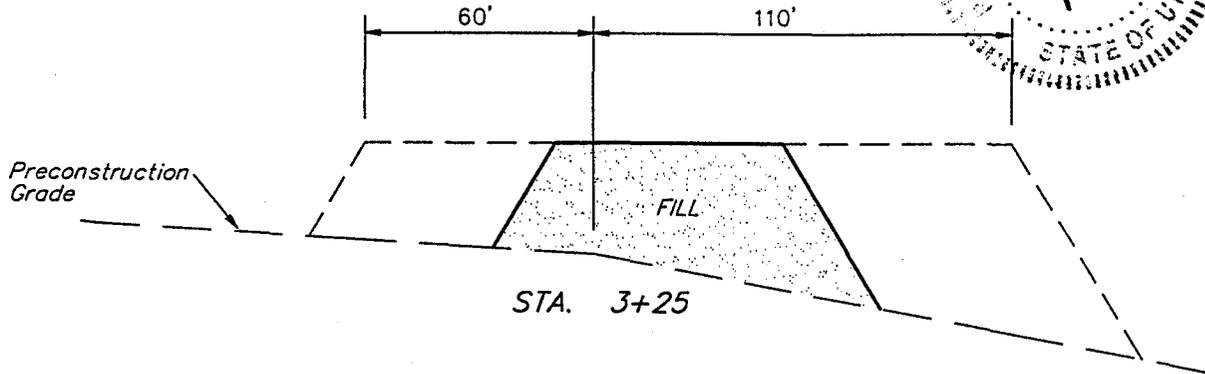


FIGURE #2

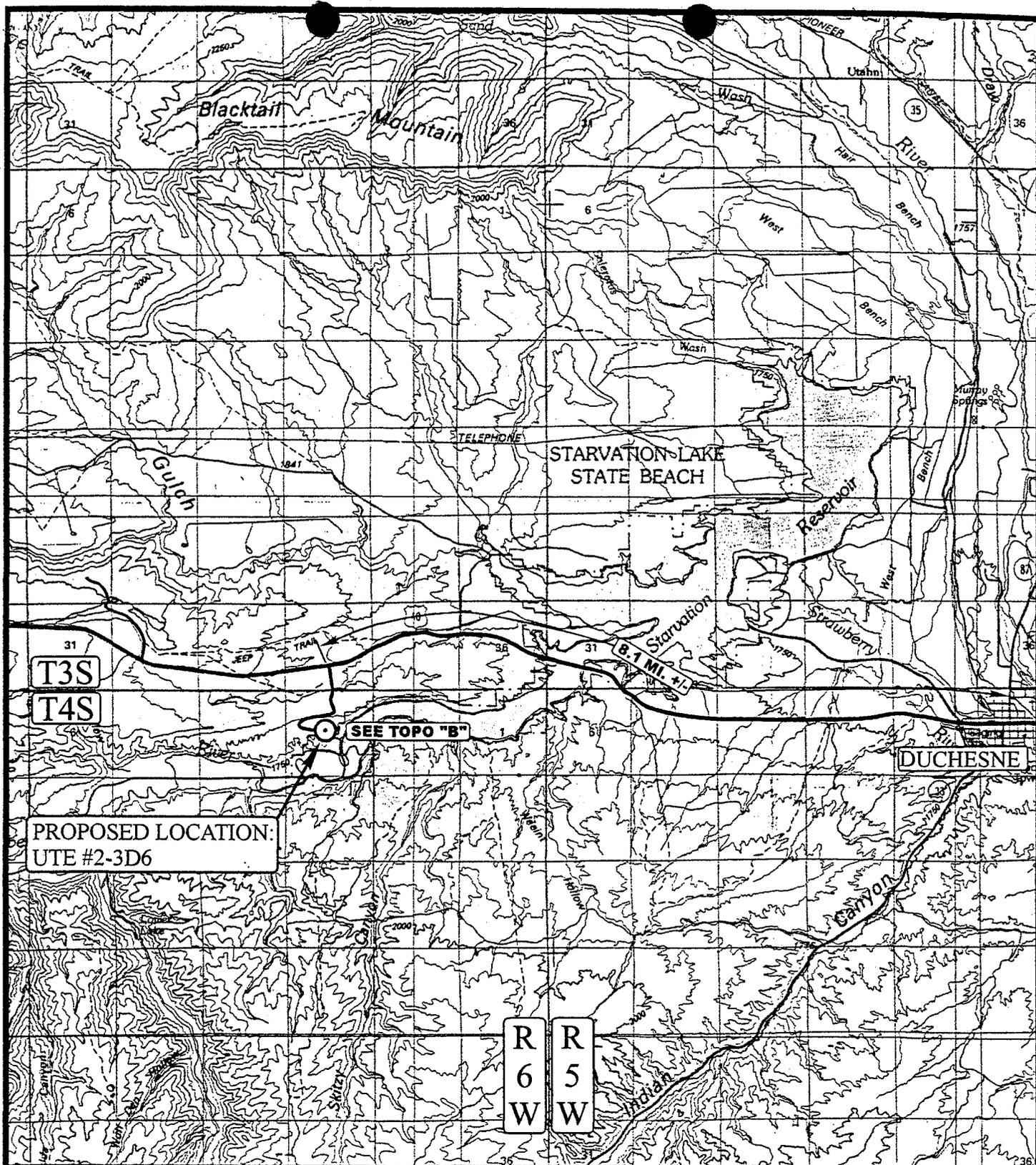
APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,140 Cu. Yds.
Remaining Location	= 11,490 Cu. Yds.
TOTAL CUT	= 12,630 CU.YDS.
FILL	= 9,640 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,480 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,480 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING

85 South 200 East Vernal, Utah



PROPOSED LOCATION:
UTE #2-3D6

SEE TOPO "B"

STARVATION LAKE
STATE BEACH

DUCHESNE

R
6
W

R
5
W

LEGEND:

○ PROPOSED LOCATION

COASTAL OIL & GAS CORP.

UTE #2-3D6
SECTION 3, T4S, R6W, U.S.B.&M.
2263' FNL 2339' FWL



Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813
Email: uels@easilink.com

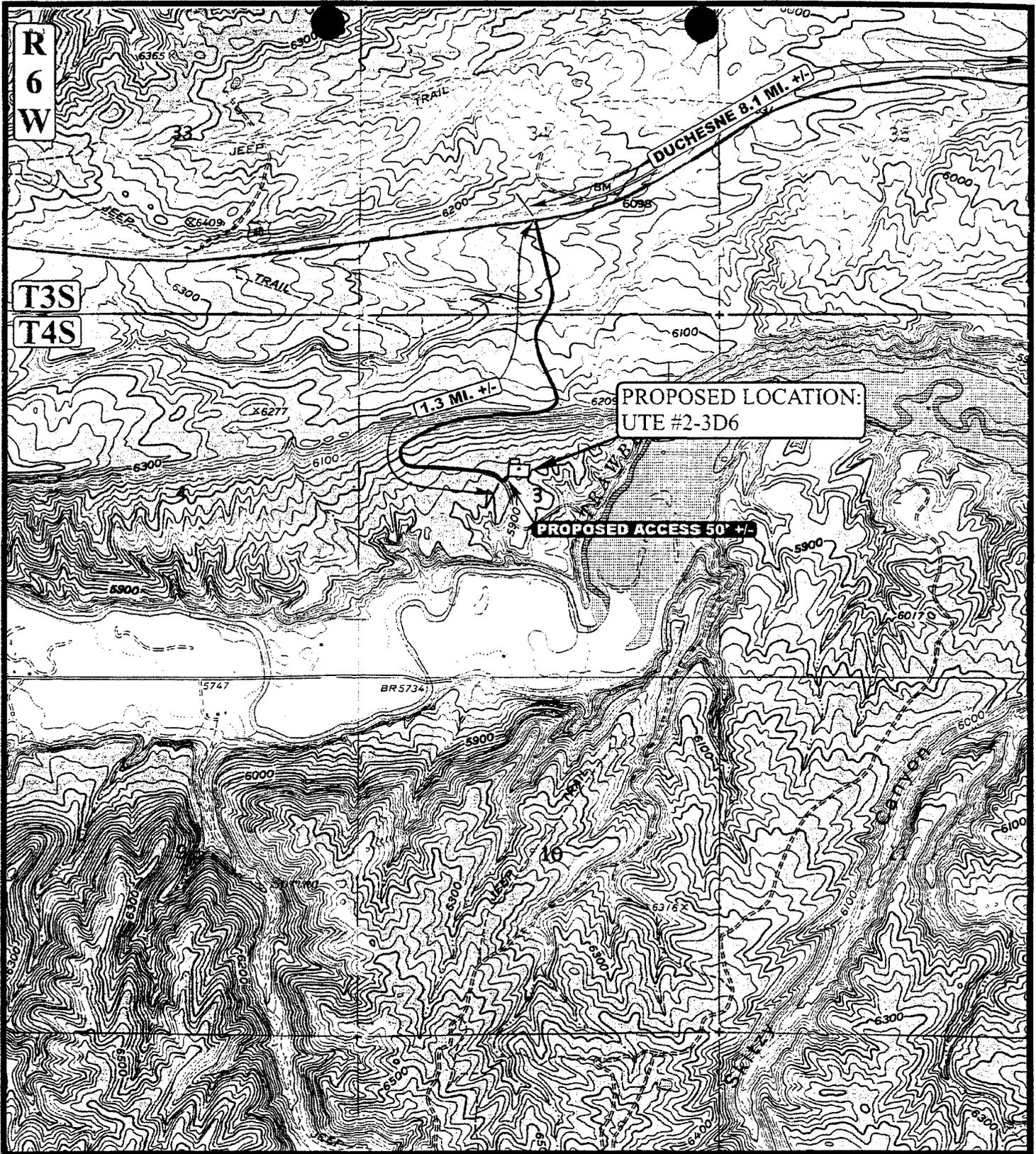


TOPOGRAPHIC MAP

12	2	97
MONTH	DAY	YEAR

SCALE: 1:100,000 DRAWN BY: J.L.G. REVISED: 12-18-97





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD



COASTAL OIL & GAS CORP.

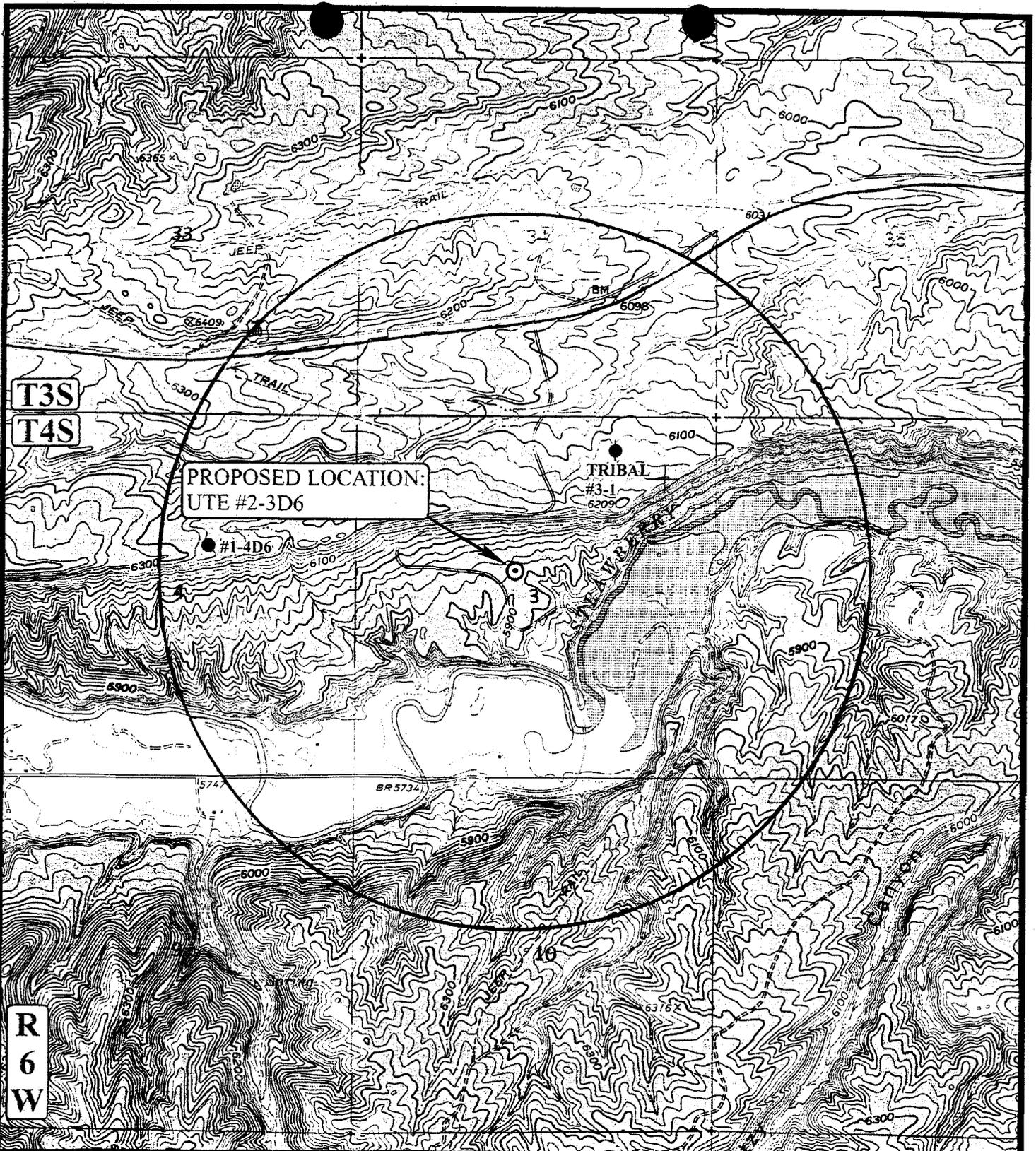
UTE #2-3D6
 SECTION 3, T4S, R6W, 6th P.M.
 2263' FNL 2339' FWL



Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
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TOPOGRAPHIC MAP
 12 2 97
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: J.L.G. [REVISED: 12-18-97]





PROPOSED LOCATION:
UTE #2-3D6

T3S
T4S

R
6
W

LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

COASTAL OIL & GAS CORP.

UTE #2-3D6
SECTION 3, T4S, R6W, 6th P.M.
2263' FNL 2339' FWL

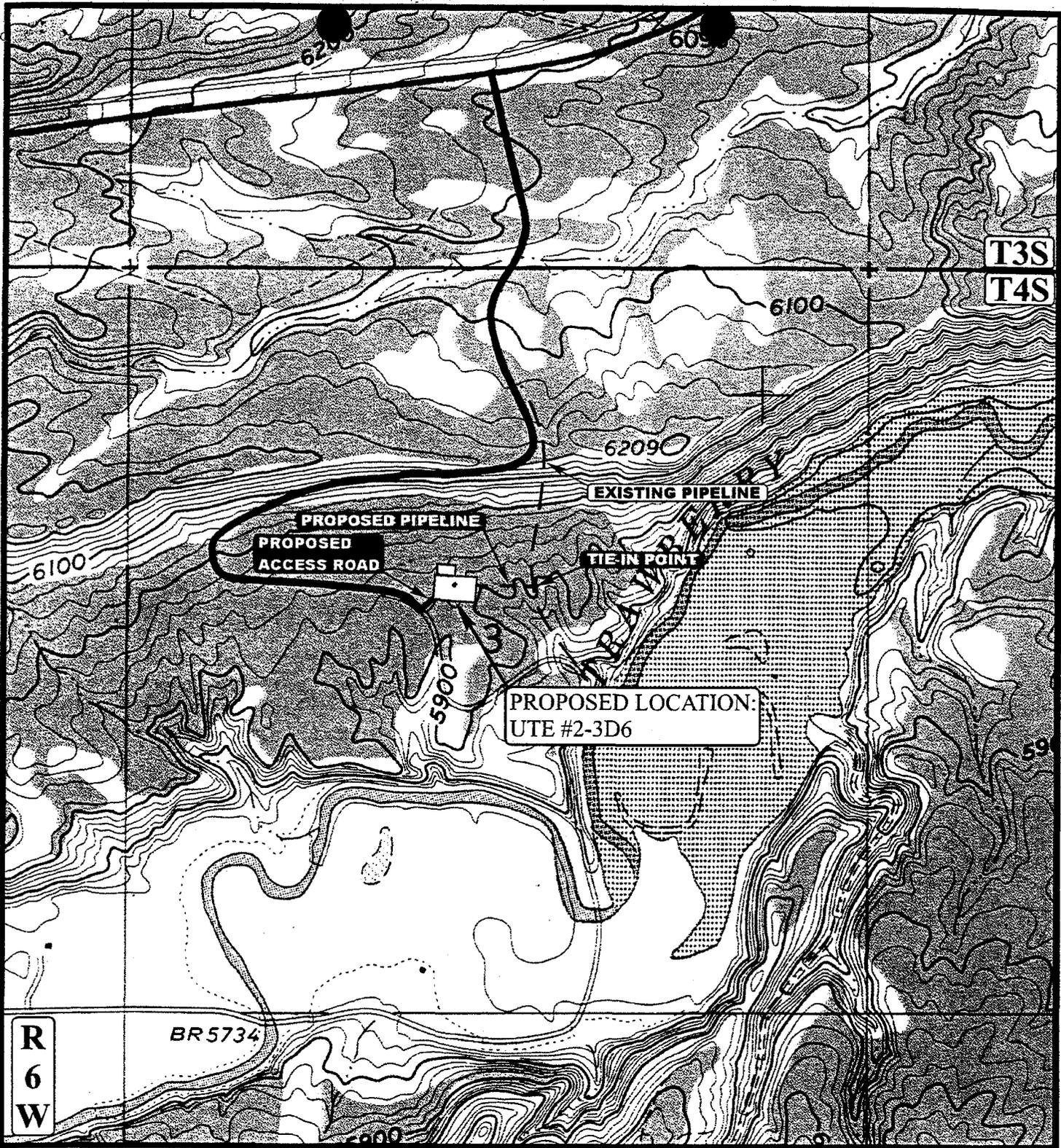


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85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813
Email: uels@easilink.com



TOPOGRAPHIC MAP
12 MONTH 2 DAY 97 YEAR
SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 12-18-97





APPROXIMATE TOTAL PIPELINE DISTANCE = 510' +/-

LEGEND:

- EXISTING PIPELINE
- - - PROPOSED PIPELINE
- PROPOSED ACCESS

COASTAL OIL & GAS CORP.

UTE #2-3D6
SECTION 3, T4S, R6W, 6th P.M.
2263' FNL 2339' FWL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP
12 2 97
MONTH DAY YEAR
SCALE: 1" = 1000' DRAWN BY: J.L.G. REVISED: 12-18-97



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/12/98

API NO. ASSIGNED: 43-013-32056

WELL NAME: UTE 2-3D6
OPERATOR: COASTAL OIL & GAS (N0230)

PROPOSED LOCATION:
SENW 03 - T04S - R06W
SURFACE: 2263-FNL-2339-FWL
BOTTOM: 2263-FNL-2339-FWL
DUCHESNE COUNTY
ALTAMONT FIELD (055)

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

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

PROPOSED PRODUCING FORMATION: GR-WS

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal State Fee
(Number 114066-A)

Potash (Y/N)

Oil shale (Y/N)

Water permit
(Number CITY OF DUCHESNE)

RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

R649-2-3. Unit: _____

R649-3-2. General.

R649-3-3. Exception.

Drilling Unit.
Board Cause no: 139-42
Date: 12-APR-85

COMMENTS: _____

STIPULATIONS: ① FEDERAL APPROVAL REQUIRED



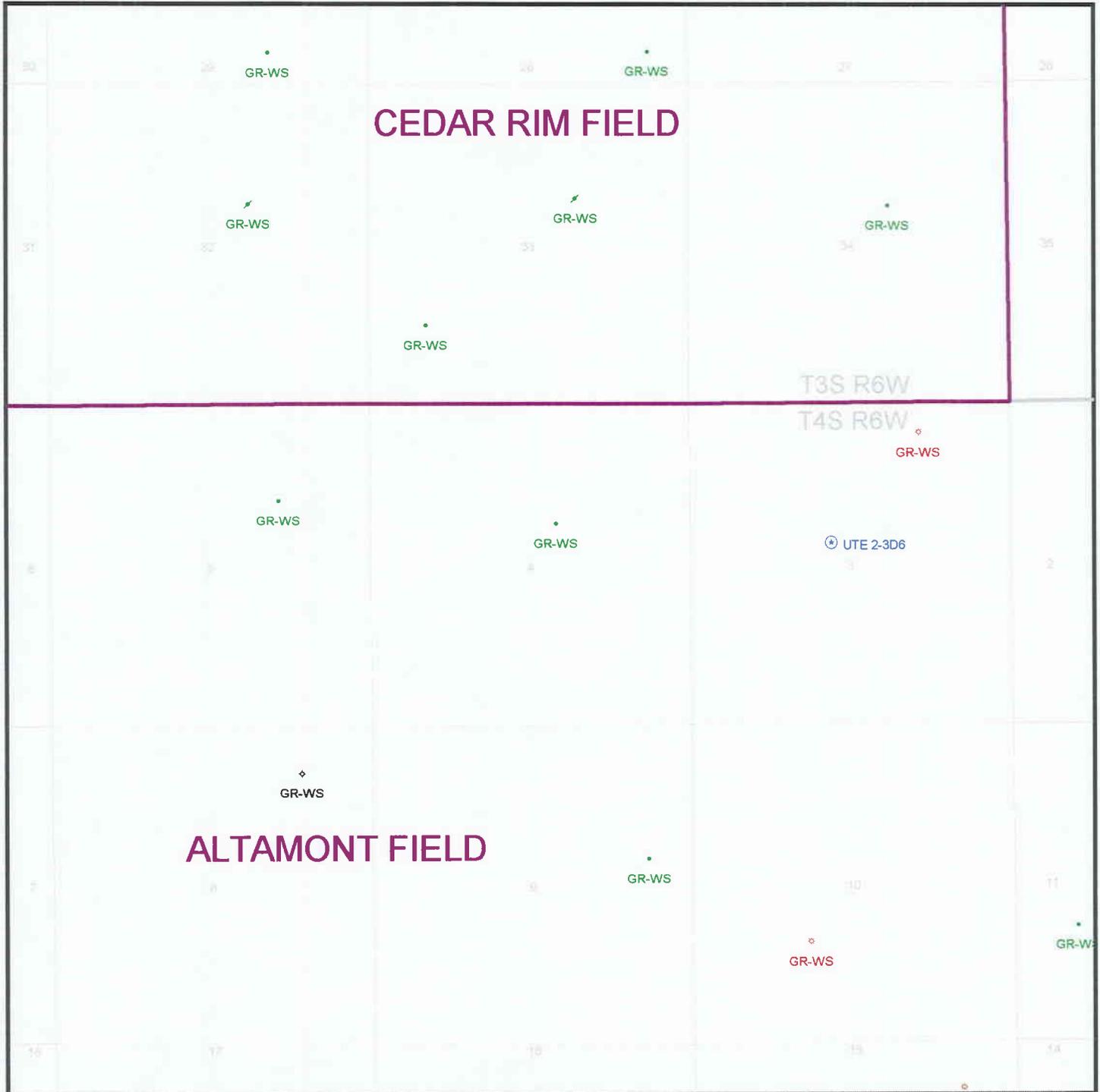
DIVISION OF OIL, GAS & MINING

OPERATOR: COASTAL OIL & GAS (N0230)

FIELD: ALTAMONT (055)

SEC. 3 TWP. 4S RNG. 6W

COUNTY: DUCHESNE CAUSE: 193-42 12-APR-85



DATE PREPARED:
17-FEB-1998

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.

Use "APPLICATION FOR PERMIT - " for such proposals

5. Lease Designation and Serial No.

14-20-H62-4741

6. If Indian, Allottee or Tribe Name

Ute

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Ute 2-3D6

9. API Well No.

43-013-32056

10. Field and Pool, or exploratory Area

Cedar Rim

11. County or Parish, State

Duchesne County Utah

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Coastal Oil & Gas Corporation

3. Address and Telephone No.

P.O. Box 749, Denver, CO 80201-0749

(303) 573-4455

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

2263' FNL & 2339' FWL
SENW Section 3-T4S-R6W

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

TYPE OF SUBMISSION

- Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

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

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

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

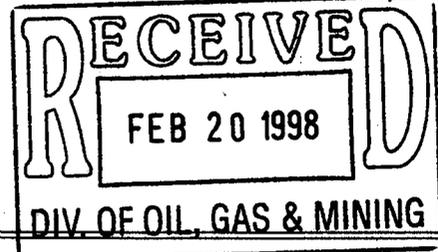
Pressure Control Equipment:

Operator proposes changing the BOP and related equipment to a 3M system. Equipment and testing requirements, procedures, etc., for a 3M system shall meet the minimum requirements of Onshore Oil and Gas Order No. 2. See attached diagram.

Drilling Fluids Program:

Operator proposes changing the Drilling Fluids Program for the interval shown below. It is anticipated that a 9.5 ppg mud weight will be used to TD the well.

Interval	Type	Mud Wt.
6,000' -TD	Lightly Dispersed Mud	8.5-9.5



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

Signed

Sheila Bremer

Title

Sheila Bremer

Environmental & Safety Analyst

Date

2/19/98

(This space for Federal or State office use)

Approved by

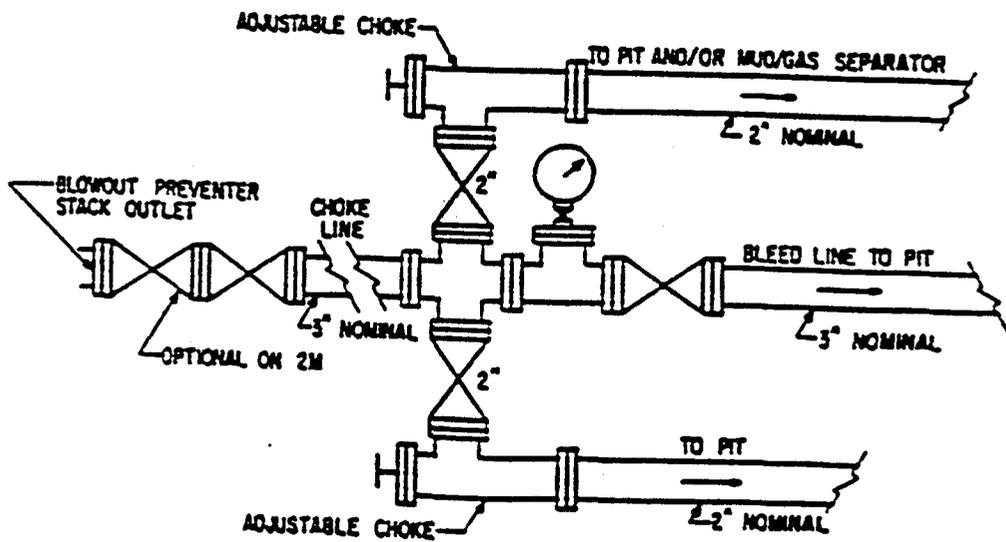
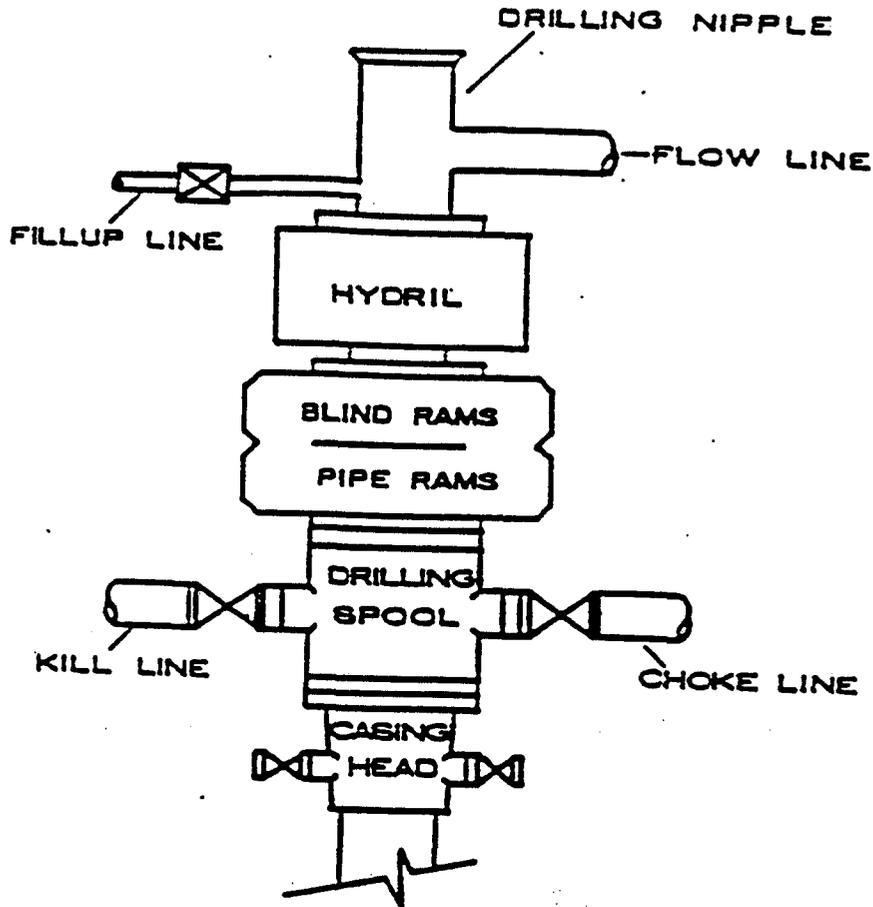
Title

Date

Conditions of approval, if any:

3,000 PSI

BOP STACK



DOGMA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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

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

2. NAME OF OPERATOR
Coastal Oil & Gas Corporation

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface **2263' FNL & 2339' FWL**
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 9.4 miles west of Duchesne, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.
 (Also to nearest drlg. unit line, if any) **310'**

16. NO. OF ACRES IN LEASE
360.56

17. NO. OF ACRES ASSIGNED TO THIS WELL
640.56

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
See Topo Map C

19. PROPOSED DEPTH
8,500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5935.6' Ungraded GR

22. APPROX. DATE WORK WILL START*
Upon Approval

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

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
Ute Tribe

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Ute 2-306

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT
Cedar Rim

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Section 3-T4S-R6W

12. COUNTY OR PARISH
Duchesne

13. STATE
Utah

RECEIVED
FEB 12 1998

23. PROPOSED CASING AND CEMENTING PROGRAM

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

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

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

Coastal Oil & Gas Corporation is considered to be the operator of the subject well. It agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided for by: State of Utah Bond #102103, BLM Nationwide Bond #U605382-0, and BIA Nationwide Bond #114066-A

RECEIVED
MAR 02 1998
DIV. OF OIL, GAS & MINING

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 prevention program, if any.

24. SIGNED Sheila Bremer TITLE Environmental & Safety Analyst DATE 2/11/98

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

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. Leverage TITLE Assistant Field Manager Mineral Resources DATE FEB 25 1998

See Instructions On Reverse Side

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

98-50132A



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Uintah and Ouray Agency

P. O. Box 130

988 South 7500 East

Fort Duchesne, Utah 84026-0130

Phone: (435) 722-4300 Fax: (435) 722-2328

Division/Area	Initial	Assigned
IDM		
PAO		
ES		
RNGR		
ADM		
RES	2/6	pas
OPS		
February 4, 1998 FEB 05 '98		
BUREAU OF LAND MGMT. VERNAL, UTAH		
MIN	2	
DM		
BC		
ALL EM		

February 4, 1998
NRPS action

IN REPLY REFER TO:

Land Operations
(801) 722-4330

Mr. David Howell, District Manager
US Department of the Interior
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

Dear Mr. Howell:

On January 21, 1998 an onsite inspection was made for the Coastal Oil & Gas Corporation well location Ute #2-3D6, located in the SE1/4NW1/4, Section 3, T4S, R6W, USB&M., Duchesne County, Utah. This well is located on fee surface and minerals reserved for the Ute Indian Tribe. Because it is fee owned we will not provide surface stipulations.

Vegetation located on the site includes Pinion-pine, Utah Juniper, Snake weed, flox, shadscale, bluebunch wheatgrass, Indian rice grass, blue grama, needle & thread. To our knowledge there are no threatened and endangered species which will be affected by the project.

Prior to your approval of the proposal it is recommended that you either require the preparation of a cultural resource survey, or that the corporation obtain a waiver of the cultural resource survey from the land owner.

If we can be of further help contact Mr. Dale Hanberg of our office at telephone #(801) 722-4331.

Sincerely,

Richard J. ONS

Acting Superintendent

APP ->
CO ->

cc:
BIA Minerals & Mining
UTEM

Let.BLM Coastal #2-3D6

CULTURAL RESOURCE INVENTORY OF
WELL LOCATION NO. UTE 2-3D6 (ALTERNATE 3),
DUCHESNE COUNTY UTAH

by

Keith R. Montgomery

Prepared For:

Ute Indian Tribe
P.O. Box 70
Fort Duchesne, UT 84026

Prepared Under Contract With:

Coastal Oil & Gas Corporation
P.O. Box 749
Denver, Colorado 80201

Prepared By:

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

February 11, 1998

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

State of Utah Antiquities Project (Survey)
Permit No. U-97-MQ-0852i,p

SURVEY METHODOLOGY

The archaeologist was accompanied to the field by Mr. Lonnie Nephi, Oil & Gas Technician, Ute Indian Tribe (Energy & Minerals Resources Department). An intensive pedestrian survey was performed during this project which is considered 100% coverage. At the proposed well location, a 10 acre square was defined, centered on the location's center stake. The interiors of the well locations was examined for cultural and paleontological resources by the archaeologist walking parallel transects spaced no more than 10 meters apart. Ground visibility was considered excellent. A total of 10 acres was inventoried for this project.

INVENTORY RESULTS AND RECOMMENDATIONS

The inventory of proposed Well Location UTE No. 2-3D6 (Alternate 3) resulted in no cultural or paleontological resources. Based on these findings, a determination of "no effect" is recommended for this project pursuant to Section 106, CFR 800.

References Cited

- Norman, Garth V., and David B. Merrill
1983 Cultural Resources Survey of a Portion of the Starvation Collection System Bonneville Unit Central Utah Project, Duchesne County, Utah. Mesa Corporation, Orem, Utah. Report No. 82-723.
- Wiens, Carol
1982 A Cultural Resources Survey of a Portion of the Starvation Reservoir Management Area, Duchesne County, Utah. Bureau of Reclamation, Upper Colorado Region, Provo, Utah.
- Stokes, William L.
1986 Geology of Utah. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.

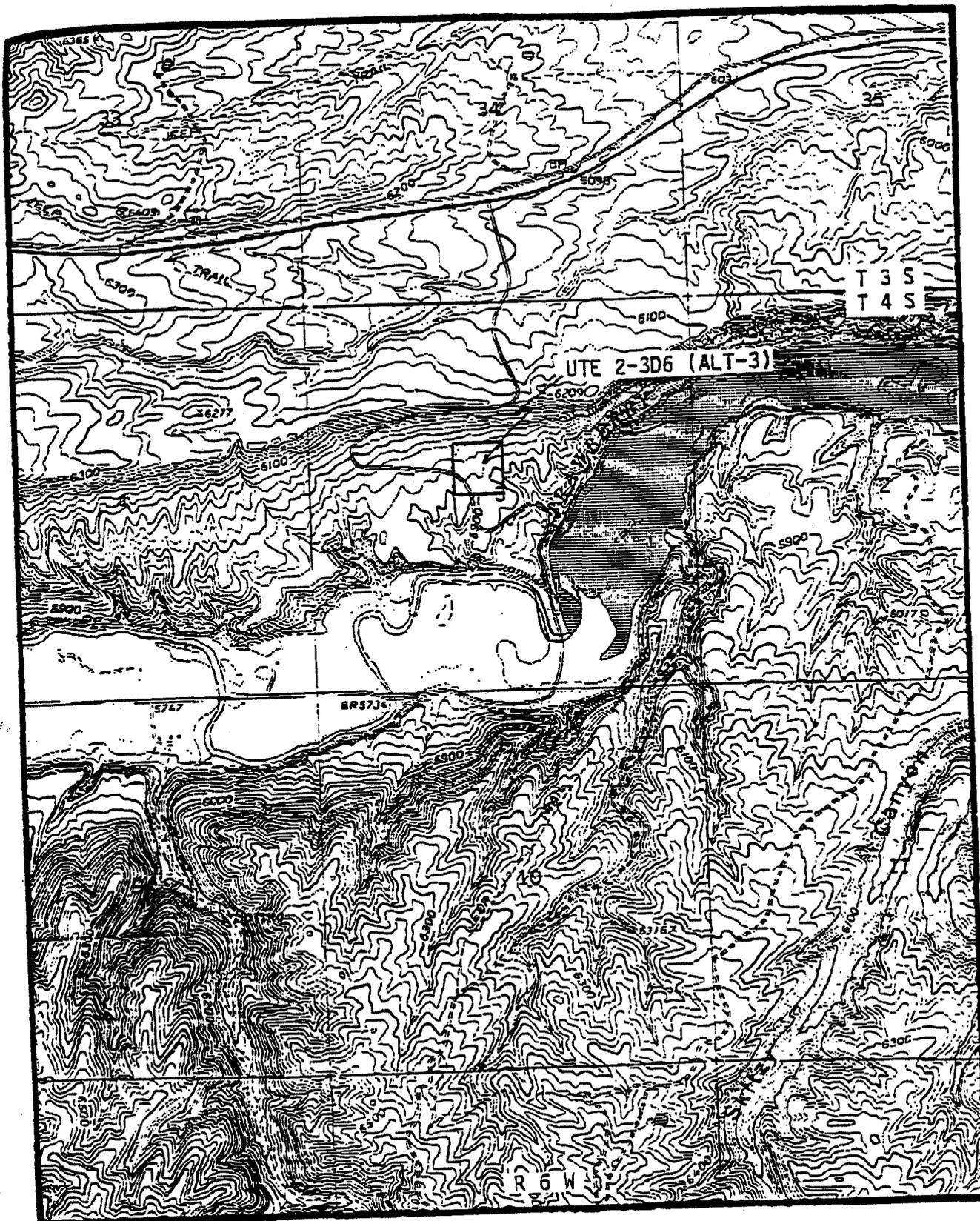


Figure 1. Inventory Area of Well Location UTE No. 2-3D6 (Alternate 3), Duchesne County, Utah. USGS Rabbit Gulch, UT, 7.5', 1980. Scale 1:24000.

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Coastal Oil & Gas Corporation

Well Name & Number: Ute 2-3D6

API Number: 43-013-32056

Lease Number: 14-20-H62-4741

Location: SENW Sec. 3 T. 4 S R. 6 W

NOTIFICATION REQUIREMENTS

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

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

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

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

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative by the operator to insure compliance.

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

A. DRILLING PROGRAM

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

Report **ALL** water shows and water-bearing sands to Tim Ingwell of this office **prior to setting the next casing string or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

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

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 3M system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

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

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

Casing Program and Auxiliary Equipment

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

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

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

As a minimum, the usable water and oil shale resources shall be isolated and/or protected via the cementing program. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

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

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

5. Coring, Logging and Testing Program

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

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

A cement bond log (CBL) will be run from the production casing shoe to Top of Cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. One copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

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

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

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

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

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

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

A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9. d.), and shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b. 4).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

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

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

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

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

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

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

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

In the event after-hours approval or notification is necessary, please contact one of the following individuals:

Wayne Bankert Petroleum Engineer	(801) 789-4170
Ed Forsman Petroleum Engineer	(801) 789-7077
Jerry Kenczka Petroleum Engineer	(801) 789-1190
BLM FAX Machine	(801) 781-4410

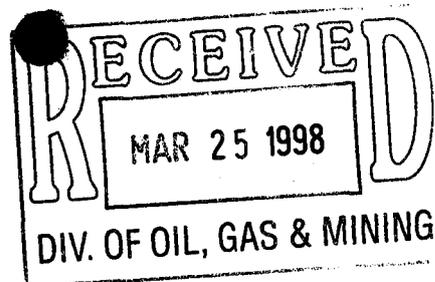
EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

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

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation and miscellaneous solids.



March 23, 1998



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

RE: Ute #2-3D6 APD

Dear Mr. Baza

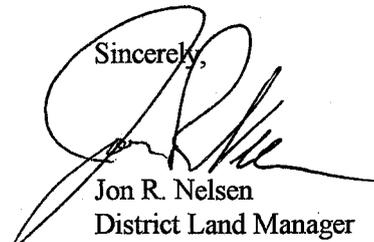
In support, for processing the subject APD, I submit the following:

- 1) Coastal Oil & Gas Corporation does own the exclusive rights to explore hydrocarbons at the location specified on the APD for the Ute 2-3D6 well in Section 3, Township 4 South, Range 6 West, Duchesne County Utah, and;
- 2) The above rights were granted pursuant to an Exploration and Development Agreement from the Ute and Ouray Indian Tribe being assigned BIA #14-20-H62-4741, and;
- 3) Coastal Oil & Gas Corporation was advised the Business Committee was sure all prior agreements and/or leases on Section 3, Township 4 South, Range 6 West had expired under their owns terms before the issuance of the above Exploration and Development Agreement.

While there may be other parties having existing obligations relating to reclamation and plugging of a well existing in said Section 3, Township 4 South, Range 6 West, Coastal has the right to produce and develop such lands subject to the terms of the Exploration and Development Agreement described above. A Communitization Agreement covering All of Section 3 will be prepared. There are several small unleased mineral interests within this section and a State of Utah lease, ML-47857, Coastal acquired covering 29 acres.

I hope this clarifies the situation and allows you to proceed with the issuance of the APD for the Ute 2-3D6 well. Thank you for your consideration.

Sincerely,



Jon R. Nelsen
District Land Manager

Coastal Oil & Gas Corporation

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



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)

March 26, 1998

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

Re: Ute 2-3D6 Well, 2263' FNL, 2339' FWL, SE NW, Sec. 3,
T. 4 S., R. 6 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 43-013-32056.

Sincerely,

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

John R. Baza
Associate Director

lwp

Enclosures

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

Operator: Coastal Oil & Gas Corp.
Well Name & Number: Ute 2-3D6
API Number: 43-013-32056
Lease: 14-20-H62-4741
Location: SE NW Sec. 3 T. 4 S. R. 6 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 Dan Jarvis at (801) 538-5338 or John R. Baza at (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. State approval of this well does not supercede the required federal approval which must be obtained prior to drilling.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. 14-20-H62-4741
2. Name of Operator Coastal Oil & Gas Corporation		6. If Indian, Allottee or Tribe Name Ute
3a. Address P.O. Box 749, Denver, CO 80201-0749	3b. Phone No. (include area code) (303) 573-4455	7. If Unit or CA/Agreement, Name and/or No. N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2263' FNL & 2339' FWL SENW Section 3-T4S-R6W		8. Well Name and No. Ute 2-3D6
		9. API Well No. 43-013-32056
		10. Field and Pool, or Exploratory Area Cedar Rim
		11. County or Parish, State Duchesne County Utah

12. CHECK APPROPRIATE BOX(ES) 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"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Extend APD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

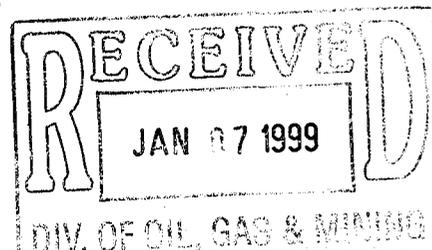
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

The APD for the above referenced well was approved by the BLM on February 25, 1998 and by the State of Utah on March 26, 1998. The operator requests that the APD be extended for an additional year so that drilling may be completed.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 1/19/99
By: [Signature]

COPY SENT TO OPERATOR
Date: 11-20-99
Initials: CHD



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Sheila Bremer	Title Environmental & Safety Analyst
	Date 1/4/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

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.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office

170 South 500 East

Vernal, Utah 84078-2799

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

Phone: (801) 781-4400

Fax: (801) 781-4410

IN REPLY REFER TO:

3160

UT08300

May 12, 2000

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

Re: Notification of Expiration
Well No. Ute 2-3D6
SENW, Section 3, T4S, R6W
Lease No. 14-20-H62-4741
Duchesne County, Utah

43-013-32056

Dear Cheryl:

The Application for Permit to Drill the above-referenced well was approved on February 25, 1998. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until February 25, 2000. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

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

Sincerely,

Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M

RECEIVED

MAY 19 2000

DIVISION OF
OIL, GAS AND MINING

DOG-M
'LA'
DATE