

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED **MARCH 26, 1998**

LAND: FEE & PATENTED \_\_\_\_\_ STATE LEASE NO. \_\_\_\_\_ PUBLIC LEASE NO. **U-74868** INDIAN \_\_\_\_\_

DRILLING APPROVED: **MARCH 26, 1998**

SUDDEN IN:

COMPLETED: \_\_\_\_\_ PUT TO PRODUCING: \_\_\_\_\_

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: **6-26-2000 LA**

FIELD: **MONUMENT BUTTE**

UNIT:

COUNTY: **DUCHESNE COUNTY**

WELL NO. **MON BUTTE 6-23-8-16**

API NO. **43-013-32070**

LOCATION **1857' FNL** FT. FROM (N) (S) LINE, **2081' FWL**

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

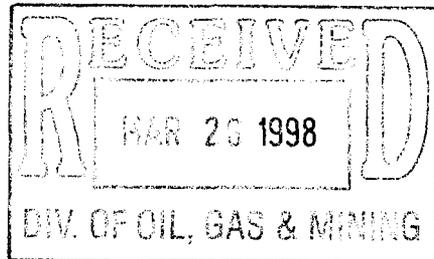
1/4 - 1/4 SEC.

| TWP. | RGE. | SEC. | OPERATOR | TWP.      | RGE.       | SEC.      | OPERATOR                         |
|------|------|------|----------|-----------|------------|-----------|----------------------------------|
|      |      |      |          | <b>8S</b> | <b>16E</b> | <b>23</b> | <b>INLAND PRODUCTION COMPANY</b> |



RESOURCES INC.

March 25, 1998



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

**ATTENTION: Ed Forsman  
Wayne Bankert**

**RE: Monument Butte Federal #6-23-8-16  
SE/NW Sec. 23, T8S, R16E**

Gentlemen:

Enclosed are the original and two copies of the Application For Permit To Drill, for the above referenced location.

Please contact me in the Vernal Branch office (801) 789-1866, if you have any questions, or need additional information.

Sincerely,

Cheryl Cameron

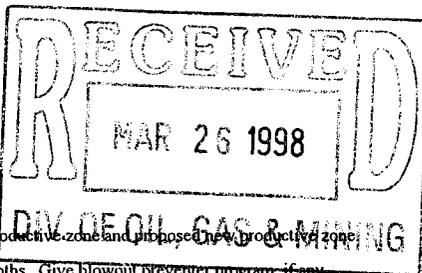
Regulatory Compliance Specialist

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

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Form with fields for 1a. TYPE OF WORK (DRILL, DEEPEN), 1b. TYPE OF WELL (OIL, GAS, OTHER), 2. NAME OF OPERATOR (Inland Production Company), 3. ADDRESS OF OPERATOR (P.O. Box 790233 Vernal, UT 84079), 4. LOCATION OF WELL (SE/NW), 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\* (6.8 Miles southwest of Myton, Utah), 15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (1857'), 16. NO. OF ACRES IN LEASE (674.32), 17. NO. OF ACRES ASSIGNED TO THIS WELL (40), 18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. (15,000), 20. ROTARY OR CABLE TOOLS (Rotary), 21. ELEVATIONS (5379.2' GR), 22. APPROX. DATE WORK WILL START\* (1st Quarter 1998), 23. PROPOSED CASING AND CEMENTING PROGRAM (Refer to Monument Butte Field SOP's Drilling Program/Casing Design)



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 Cheryl Cameron TITLE Regulatory Compliance Specialist DATE 3/16/98

(This space for Federal or State office use)

PERMIT NO. 43-013-32070 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: Federal Approval of this Action is Necessary

APPROVED BY Bradley G. Hill TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 4/13/98

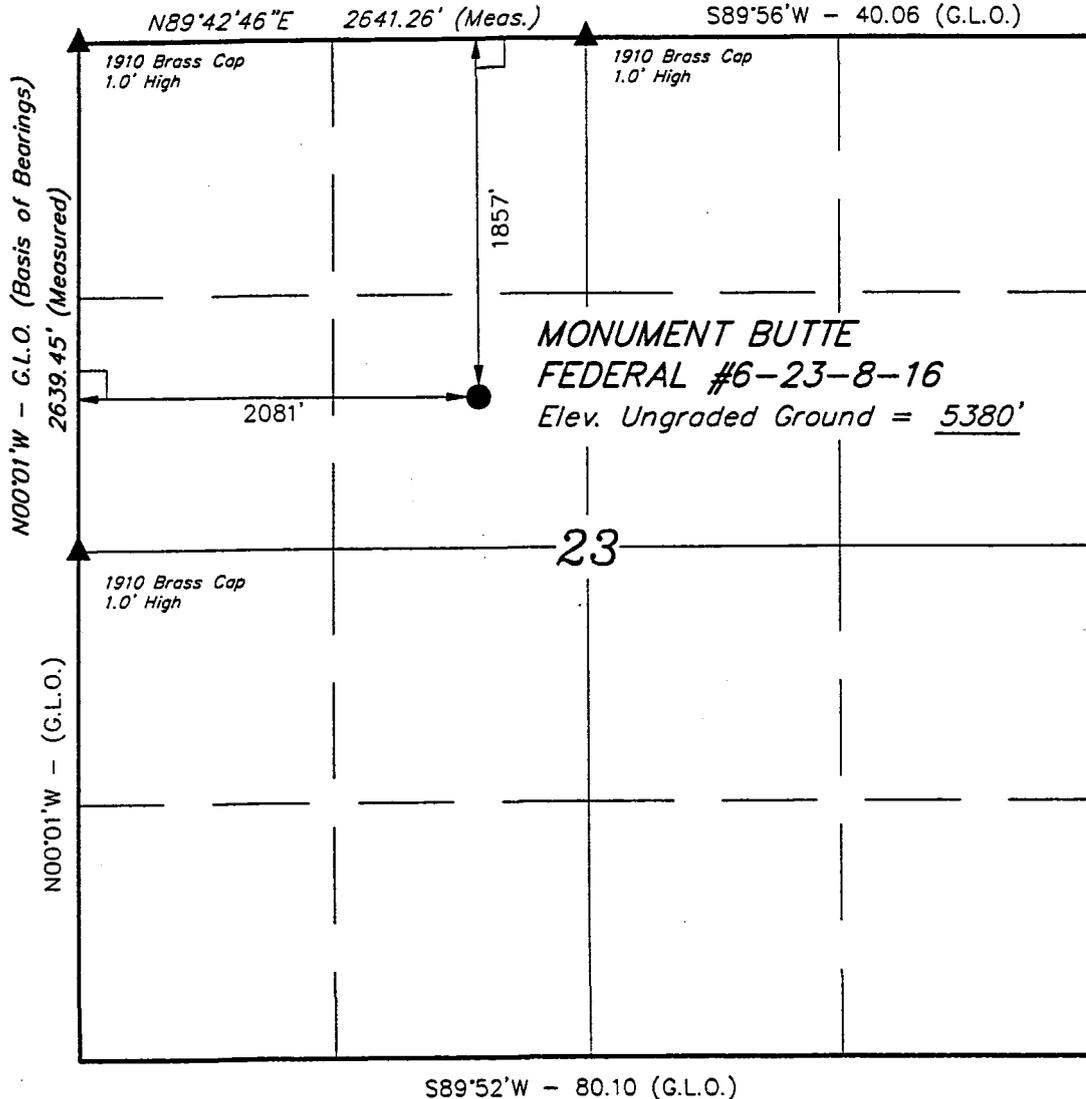
\*See Instructions On Reverse Side

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.

T8S, R16E, S.L.B.&M.

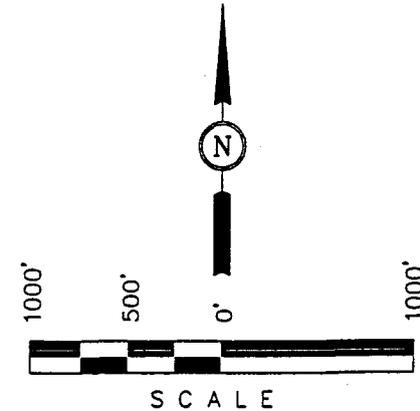
INLAND PRODUCTION CO.

Well location, MONUMENT BUTTE FEDERAL #6-23-8-16, located as shown in the SE 1/4 NW 1/4 of Section 23, T8S, R16E, S.L.B.&M. Duchesne County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHWEST CORNER OF SECTION 23, T8S, R16E, S.L.B.&M. TAKEN FROM THE MYTON SE QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5434 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 L. Kay*  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

LEGEND:

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

**UINTAH ENGINEERING & LAND SURVEYING**

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

|                           |                               |                         |
|---------------------------|-------------------------------|-------------------------|
| SCALE<br>1" = 1000'       | DATE SURVEYED:<br>01-12-98    | DATE DRAWN:<br>01-15-98 |
| PARTY<br>K.K. J.B. D.R.B. | REFERENCES<br>G.L.O. PLAT     |                         |
| WEATHER<br>COLD           | FILE<br>INLAND PRODUCTION CO. |                         |

# ***INLAND PRODUCTION COMPANY***

**MONUMENT BUTTE FEDERAL #6-23-8-16  
SE/NW SECTION 23, T8S, R16E  
Duchesne County, Utah**

## **DRILLING PROGRAM**

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43CFR3100), Onshore Oil and Gas Orders, Notices to Lessees, and the approved Plan of Operations. As Operator, Inland Production Company (Inland) is fully responsible for the actions of its subcontractors. A copy of these Standard Operating Practices as well as any Conditions Of Approval (COAs) will be supplied to the field representative to ensure compliance.

### **BLM 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:     | At least 24 hours prior to running casing and cementing all casing strings.   |
| BOP & Related Equipment Tests: | At least 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. |

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

The surface location is in the Uinta Formation.

The top of the Green River formation will be encountered at about 1,865'.

The Mahogany Shale will be penetrated between 2,970'-3,320'.

The Wasatch Formation top will be found at approximately 6,500'.

The Mesaverde formation top will occur at about 9,200'

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

Gilsonite may be encountered between 0'-3,320'.

It is anticipated that oil & associated gas will be encountered in the Green River Formation, with economically producible hydrocarbons between 4400'-6400'. The Mesaverde Formation will be tested for potentially gas productive zones.

Fresh water may be encountered in the Uinta Formation, but would not be expected below about 600'. All water shows and water bearing geologic units shall be reported to the geologic and engineering staff of the Vernal Office prior to running the next string of casing or before plugging orders are requested. All water shows must be reported within one (1) business day after being encountered.

All usable (<10,000 ppm TDS) water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth and adequately protected. All prospective oil and gas shows will be tested to determine commercial potential. This information shall be reported to the Vernal Office.

Detected water flows shall be sampled, analyzed, and reported to the geologic & engineering staff of the Vernal Office. The office may request additional water samples for further analysis. Usage of the State of Utah form *Report of Water Encountered* is acceptable, but not required.

The following information is requested for water shows and samples where applicable:

|  |   |
|--|---|
| Location & Sampled Interval                        | Date Sampled                                  |
| Flow Rate  | Temperature                                   |
| Hardness   | pH  |
| Water Classification (according to State of Utah)  |   |
| Dissolved Iron (Fe) (ug/l)                         | Dissolved Calcium (Ca) (mg/l)                 |
| Dissolved Magnesium (Mg) (mg/l)                    | Dissolved Sodium (Na) (mg/l)                  |
| Dissolved Bicarbonate (NaHCO <sub>3</sub> ) (mg/l) | Dissolved Carbonate (CO <sub>3</sub> ) (mg/l) |
| Dissolved Sulfate (SO <sub>4</sub> ) (mg/l)        | Dissolved Chloride (Cl) (mg/l)                |
| Dissolved Total Solids (TDS) (mg/l)                |   |

3. **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. Refer to Exhibit "F".

Inland's minimum specifications for pressure control equipment for this well are as follows: A Double Ram BOP with a hydraulic closing unit, plus either an Annular Bag type BOP or a Rotating BOP will be utilized. If no annular preventer is used, ramblocks will be changed to match casing O.D. and the stack will be re-tested prior to running any casing string.

Function test of the BOP equipment shall be made daily. All required BOP tests and/or drills shall be recorded in the Driller's report.

Chart recorders will 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 BLM representatives upon request.

If an air compressor 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 shall be adhered to. If a mist system is being utilized, the requirement for a deduster shall be waived.

Auxiliary well control equipment to be used as follows:

1. Kelly cock.
2. A bit float is not deemed necessary, but may be utilized to protect downhole mud motors.
3. A sub with a full opening valve (TIW) having threads compatible with all drill string tubulars shall be readily accessible to the drill crews at all times.

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

a. **Casing Design:**

| <u>Purpose</u> | <u>Depth</u>     | <u>Hole Size</u> | <u>Csg Size</u> | <u>Wt/ft</u> | <u>Grade</u> | <u>Collars</u> |
|----------------|------------------|------------------|-----------------|--------------|--------------|----------------|
| Surface        | 0'-300'          | 17-1/2"          | 13-3/8"         | 48           | H-40         | ST&C           |
| Intermediate   | 0'-3,400'        | 12-1/4"          | 9-5/8"          | 40           | K-55         | ST&C           |
| Production*    | 0'-10,500'       | 8-3/4"           | 7"              | 26           | N-80         | LT&C           |
| Liner          | 10,300'- 15,000' | 6-1/2"           | 5-1/2"          | 17           | N-80         | LT&C           |

\* If hole conditions dictate (gas; pressure; etc.) the 7" Prod. Casing may be set prior to 10,500'

The surface casing may be new or used. Used casing shall meet or exceed API standards for new casing. All intermediate casing, production casing and production liner shall be new material.

All casing strings shall have a minimum of one centralizer on each of the bottom three (3) joints.

**b. Cement Design:**

| <u>Casing String</u> | <u>Hole Size</u> | <u>Csg Dia.</u> | <u>Wt./ft.</u> | <u>Shoe Depth</u> | <u>Cement Coverage</u>   |
|----------------------|------------------|-----------------|----------------|-------------------|--------------------------|
| Surface              | 17-1/2"          | 13-3/8"         | 48#            | 300'              | 0'-300'                  |
| Intermediate         | 12-1/4"          | 9-5/8"          | 40#            | 3400'             | 0'-3400'                 |
| Production           | 8-3/4"           | 7"              | 26#            | 10,500'           | 10,500'-3,400' (2 Stage) |
| Liner                | 6-1/2"           | 5-1/2"          | 15.5#          | 15000'            | 15,000'-10,300'          |

**13-3/8" Surface Pipe:**

230\* Sacks Premium Plus Cement, w/ 2% Gel, 2% CaCl<sub>2</sub>, 1/4#/sk Flocele

Weight: 14.8 PPG Yield: 1.37 cu ft/sk. H<sub>2</sub>O Req.: 6.4 Gal/sk.

\* Cement volume from calculated annular hole volume plus 50% excess.

**9-5/8" Intermediate Casing:**

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

Lead: 200\* sacks Hibond 65 Modified.

Weight: 11.0 PPG. Yield: 3.00 cu ft/sk. H<sub>2</sub>O Req.: 18.08 Gal/sk.

730\* Sacks Premium Plus Cement, w/ 2% Gel, 2% CaCl<sub>2</sub>, 1/4#/sk Flocele

Weight: 14.8 PPG Yield: 1.37 cu ft/sk. H<sub>2</sub>O Req.: 6.4 Gal/sk

\* Cement volume from calculated annular hole volume plus 50% excess.

**7" Production Casing (Two Stage Job):**

**Stage 1 (10,500' - 7,000'):**

Flush: 20 bbls chemical Mud Flush..

Tail: 500\* sacks Premium Plus Thixotropic w/ 10% CalSeal.

Weight: 14.2 PPG. Yield: 1.59 cu ft/sk. H<sub>2</sub>O Req.: 7.88 Gal/sk.

**Stage 2 (7,000' - 3,400'):**

Flush: Circulate 4 hours / WOC; 20 bbls chemical Mud Flush..

Tail: 500\* sacks Premium Plus Thixotropic w/ 10% CalSeal.

Weight: 14.2 PPG. Yield: 1.59 cu ft/sk. H<sub>2</sub>O Req.: 7.88 Gal/sk.

\* Actual cement volumes will be calculated from open hole logs plus 20% excess.

**5-1/2" Production Liner (15,000' - 10,300'):**

Flush: 20 bbls chemical Mud Flush..

Tail: 300\* sacks Premium Plus Thixotropic w/ 10% CalSeal.

Weight: 14.2 PPG. Yield: 1.59 cu ft/sk. H<sub>2</sub>O Req.: 7.88 Gal/sk.

\* Actual cement volumes will be calculated from open hole logs plus 15% excess.

The Vernal BLM Office shall be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

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 cement to pressure, and a minimum of six (6) hours shall elapse before drilling out any wiper plug, cement, or shoe. WOC time shall be recorded in the Driller's Log. Compressive strength shall be a minimum of 500 psi prior to drilling out.

The 13-3/8" Surface Casing shall be cemented back to surface. In the event that during the primary cementing operation the cement does not circulate to surface, or if the cement level should fall back more than 6 feet from surface, then a remedial surface cementing operation shall be performed to insure adequate isolation and stabilization of the surface casing.

The 7" Production Casing cementing program shall be conducted as approved to protect and/or isolate any usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. As a minimum, usable water zones shall be isolated and/or protected by having a cement top for the production casing at least 200 feet above the base of the usable water. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

If conductor drive pipe is used, it may be left in place if its total length is less than 20 feet below the surface. If the total length of the drive pipe is equal to or greater than 20 feet, it will be pulled prior to cementing surface casing, or it may be cemented in place. The minimum diameter for conductor drive pipe shall be 20".

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.

The following reports shall be filed with the BLM Vernal District Office within 30 days after the work is completed: Progress Report, Form 3160-5 "Sundry Notices and Reports on Wells" and shall provide detailed information on Spud Date; the running of each casing string including size, grade, weight of casing, setting depth, amounts and type of cement, whether cement circulated to surface or the calculated top of cement behind casing, depth of cementing tools used, casing test method and results, and the date of the work done.

5. **Drilling Fluids Program:**

a. **Type and Characteristics of the Circulation Muds:**

The Surface and Intermediate sections (to  $\pm 3,400'$ ) will be drilled using fresh water with occasional gel sweeps for hole cleaning. Anticipated mud weight is 8.4 lbs/gal.

From 3,400' feet to 10,500', a fresh water/polymer/KCl system will be utilized. Clay inhibition and hole stability will be achieved with 3% KCl (Potassium Chloride). Anticipated mud weight is 8.4 – 8.8 lbs/gal. Actual mud weights will be determined by the hole conditions encountered. If necessary to control influx of formation fluids and/or hole sloughing, the system will be weighted with the addition of bentonite and/or salt gel, and if pressure conditions warrant, with barite. Occasional gel/lime/polymer sweeps for hole cleaning will be performed. If severe or unacceptable fluid loss occurs, pill sweeps of mica, cedar fiber and similar LCM materials will be utilized.

Upon drilling out below the 7" Production casing to TD, ( $\pm 10,500' - 15,000'$ ) a Low Solids Non- Dispersed fresh water drilling mud system will be used. The system will be weighted with additions of barite as hole conditions dictate. If severe or unacceptable fluid loss occurs, pill sweeps of mica, cedar fiber and similar LCM materials will be utilized. Expected mud weight is 9.5 – 11.0 lbs/gal, but it is possible that over-pressured formations may be encountered below 12,000'. Consequently, preparations will be in place to raise the fluid density to 13.0 – 14.5 PPG if necessary.

Due to the presence of KCl the reserve pit will be lined with a synthetic liner with 12 mils minimum thickness.

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

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, testing, or completing 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, testing, or completing of this well.

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.

6. **Evaluation Program:**

a. **Logging Program:**

(the log types run may change at the discretion of the geologist)

DLL/CALIPER: TD to base of surface casing.

FDC/CNL/GR: TD - 3,400'

CBL: A cement bond log will be run from TD to cement top.  
A field copy will be submitted to the Vernal BLM Office.

b. **Cores:** No cores are planned for this well.

c. **Drill Stem Tests:**

One or more DSTs may be run in the Mesaverde formation to determine reservoir pressure and content.

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 (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 vapor-proof for safe operations). Packers can be released but tripping shall not begin before daylight, unless prior approval is obtained from the AO. Closed chamber DSTs 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.

If a DST is performed, 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.

7. **Abnormal Conditions:**

Abnormal pressures may be encountered in the Mesaverde formation, and preparations will be in place as discussed in (5) above. No hydrogen sulfide has been encountered or is known to exist from previous drilling in the area at this depth. Maximum anticipated bottomhole pressure will approximately equal total depth in feet multiplied by a 0.4 psi/foot gradient, but it is possible that a gradient of 0.6 psi/ft could be encountered in the Mesaverde.

8. Anticipated Starting Dates and Notification of Operations:

a. **Drilling Activity**

Anticipated Commencement Date: Following approval of the APD.  
Drilling Days: Approximately 70 days.  
Completion Days: Approximately 14 - 21 days.

b. **Notification of Operations**

The Vernal BLM office 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. Notification will be made during regular work hours (7:45 a.m.-4:30 p.m., Monday - Friday except holidays).

**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.

The location will not be constructed or moved, nor will the well be plugged without prior approval from the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

Daily drilling and completion reports shall be submitted to the Vernal BLM Office on a weekly basis. Daily drilling reports also shall be submitted to the Vernal BLM Office after drilling operations are completed, and daily completion records shall be submitted with the completion report for each well.

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

A completion rig will be used for completion operations. All conditions of this approved plan will be applicable during all operations conducted with the completion rig.

Operator shall report production data to the MMS pursuant to 30 CFR 216.5 using form MMS/3160. In accordance with Onshore Oil and Gas Order No. 1, a 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 Office.

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 occurs first; 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 measured through permanent metering facilities, whichever occurs first.

Should the well be successfully completed for production, the AO will be notified when the well is placed in producing status. Such notice will be sent in writing 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 AO, 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 must be submitted to the AO.

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 AO and approval received for any venting/flaring of gas beyond the initial 30 days or authorized test period.

A schematic facilities diagram, as required by 43 CFR 3162.7-5(b.9.d), shall be submitted to the Vernal BLM 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).

Well abandonment operations shall not 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 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 AO 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 lands.

9. VariANCES:

None anticipated.

10. 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 BLM 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.

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.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3. Mineral materials displaced in the ordinary course of conducting operations and/or construction activities may be used for oil and gas development purposes within the subject lease in accordance with BLM approved actions. Mineral materials may also be obtained by making application for a mineral material sale under the provisions of 43 CFR 3610.1-1.

Deviations from the proposed drilling and/or workover program shall be approved by 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, 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."

Failure to comply with the royalty notice requirement in the manner and time allowed shall result in 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 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, one of the following individuals will be contacted:

Wayne Bankert (435)789-4170  
Petroleum Engineer

Ed Forsman (435)789-7077  
Petroleum Engineer

Jerry Kenczka (435)781-1190  
Petroleum Engineer

BLM FAX Machine (435)781-4410

# ***INLAND PRODUCTION COMPANY***

**MONUMENT BUTTE FEDERAL #6-23-8-16  
SE/NW SECTION 23, T8S, R16E  
DUCHESNE COUNTY, UTAH**

## **SURFACE USE PLAN OF OPERATIONS**

### **1. Existing Roads:**

See attached Topographic Maps "A" and "B".

To reach the proposed well location site Monument Butte Federal #6-23-8-16 located in the SE/NW, Sec . 23, T8S, R16E, S.L.B. & M. Duchesne County, Utah:

Proceed westerly out of Myton, Utah along Highway 40 – 1.5 miles  $\pm$  to the junction of this Highway and Utah State Highway 53, proceed southeasterly along Utah State Highway 53 – 5.3 miles to its junction with a dirt road to the southeast; proceed southeasterly 0.9 miles to its junction with a dirt road to the southwest; proceed southwesterly 0.3 miles to the proposed newly constructed road 0.8 miles to the west; proceed westerly 0.3 miles to the beginning of the access road, to be discussed in Item #2.

All improvements to existing access roads will comply with the Planned Access Road Standard Operating Practices described in Section 2 of this document.

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:**

The proposed access road is approximately 300'  $\pm$ . See attached Topographic Map "B".

New access roads on BLM surface will be crowned (2 - 3%), ditched, and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely. On any private, and/or state surface, access roads will be constructed according to the surface owner's specifications. Where deep cuts are required for road construction, or where intersections or sharp curves occur, or when approval is issued by the BLM's Authorized Officer (AO), the road may be wider than 18 feet to accommodate larger equipment. Appropriate water control will be installed to control erosion.

The following specifications will apply:

- No pipelines will be crossed with the new construction.
- The maximum grade will be less than 8%.
- There will be no turnouts.
- There will be no major cut and fills, culverts, or bridges. If it becomes necessary to install a culvert at some time after approval of the APD, the BLM will be notified of the installation via sundry.
- The access road will be 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 ROW will be kept free of trash during operations. All traffic will be confined to the approved ROW. 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. When snow is removed from the road during the winter months, the snow should be pushed outside of the borrow ditches, and the turnouts kept clear so that snowmelt will be channeled away from the road.

3. *Location of Existing Wells Within a 1-Mile Radius:*

Refer to Exhibit "D".

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

The following guidelines will apply if the well is productive.

- A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks). 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. The use of topsoil for the construction of dikes will not be allowed.
- 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 which are described by the five state Rocky Mountain Inter-Agency Committee. The AO will make a determination of which color is appropriate.

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.

- Pipelines will be constructed of 4" OD steel. Pipeline segments will be welded together on disturbed areas in or near the location (whenever possible), and dragged into place. Inland Production Company requests that a pipeline ROW be granted to the Monument Butte Federal #6-23-8-16 for a 4" steel gas gathering line, and a 3" poly fuel gas line. Both lines will be run on surface. Inland requests that a 30' width for the ROW and an Additional 30' width for working surface as necessary. Refer to Topographic Map "C".

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

Water for drilling and completion purposes will be obtained from Johnson Water District. A temporary line may be used for water transportation from our existing supply line, from Johnson Water District, or trucked from Inland's water supply lines, located at the Gilsonite State #7-32 (SW/NE, Sec. 32, T08S, R17E, SLM), or the Monument Butte Federal #5-35 (SW/NW, Sec. 35, T08S, R16E, SLM), or the Travis Federal #15-28 (SW/SE, Sec. 28, T08S, R16E, SLM), or other taps which may be installed on Inland's water system in the future. Refer to Exhibit "C".

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.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

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 used at the next drill site or will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

The reserve pit will be constructed on the location and will not be located within natural drainage ways, 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.

The reserve pit will be lined with a synthetic reinforced liner a minimum of 12 mils 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. Trash or scrap that could puncture the liner will not be disposed of in the pit.

Reserve pit leaks are considered an undesirable event and will be orally reported to the AO.

After first production, produced wastewater will be confined to the approved pit or storage tank, or removed and disposed of at an approved facility, for a period not to exceed 90 days. During the 90 day period, in accordance with Onshore Order # 7, an application for approval of a permanent disposal method and location will be submitted for the Authorized Officer's approval.

The indiscriminate dumping of produced fluids on roads, well sites, or other areas will not be allowed.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig. Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. Trash will not be burned on location.

All debris and waste material not contained in the trash cage will be removed from the location immediately after removal of the drilling rig. 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, testing, or completing of this well. Furthermore, extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of this well. Attachment 1 contains the EPA List of Nonexempt Exploration and Production Wastes.

8. *Ancillary Facilities:*

**Surface gas lines:**

- No installation of surface gas lines will be performed during periods when the soil is too wet to adequately support installation equipment. If such equipment creates ruts in excess of three (3) inches deep, the soil will be deemed too wet to adequately support the equipment.
- Where possible, surface gas lines shall be placed as close to existing oil field roads as possible without interfering with normal road travel or road maintenance activities. For lines that are installed cross-country (not along access roads), travel along the lines will be infrequent and for maintenance needs only. If surface disturbance occurs along the lines, the operator will reclaim the land to the satisfaction of the AO of the appropriate surface management agency.
- All surface lines will be either black or brown in color.

9. *Well Site Layout:*

A Location Layout Diagram describing drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, pipe racks, trailer parking, spoil dirt stockpile(s), and the surface material stockpile(s) is included. Refer to Exhibit "E".

The diagram will describe rig orientation, parking areas, and access roads, as well as the location of the following:

- The reserve pit.
- The stockpiled topsoil (first six inches); All brush removed from the well pad during construction will be sockpiled with the topsoil. Topsoil shall not be used in the construction of facility berms.
- Access road.

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 before it is attached to corner posts.
- The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.
- The flare pit will be located downwind from the prevailing wind direction and constructed in accordance with appropriate BLM guidelines and regulations.

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

**Producing Location:**

- Immediately upon well completion, the location and surrounding area will be cleared of trash and debris and all unused tubing and materials not required for production.
- 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.
- Any excess synthetic pit liner will be cut off and removed and the remaining liner will be torn and perforated while backfilling the reserve pit. Alternatively, the pit will be pumped dry, the liner folded into the pit, and the pit backfilled. The liner will be buried to a minimum of four (4) feet deep. The AO will provide a seed mixture to revegetate the reserve pit and other unused disturbed areas at the time of the onsite.
- The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to approximate the natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion, weather permitting. This will be completed by the backfilling and crowning of the pit to prevent water from standing. Topsoil will be respread, and the pit area reseeded immediately following the respreading of the topsoil. The appropriate seed mixture will be provided by the AO.

### **Dry Hole/Abandoned Location:**

- At the time of final abandonment, the intent of reclamation will be to return disturbed areas to near natural conditions. All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed within six (6) months, weather permitting, after final abandonment. The surface of disturbed areas will be recontoured to blend all cuts, fills, road berms, and borrow ditches to be natural in appearance as compared to the surrounding terrain. The location, road, and other disturbed areas will be restored as near as practical to their original condition. These conditions may require the reestablishment of appropriate soil conditions, and the reestablishment of vegetation as specified.
- After recontouring of disturbed areas, any stockpiled topsoil will be spread over the surface, and the area reseeded immediately. The location and access road will be revegetated to the satisfaction of the AO of the appropriate surface management agency. The seed mixture will be that provided at the time of the onsite, or the AO will be contacted at the time of reclamation for the appropriate seed mixture. Seed will be drilled on the contour to an appropriate depth. Reseeding operations will be performed immediately after completion of reclamation operations, weather permitting.

11. **Surface Ownership:**

Bureau of Land Management.

12. **Other Information:**

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. Inland is fully responsible for the actions of subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

**All travel will be restricted to approved roads and travel routes.**

The Operator will control noxious weeds along rights-of-way 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.

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.

A Class III archeological survey will be conducted on all Federal lands. All personnel will refrain from collecting artifacts and from disturbing any significant cultural resources in the area. The Operator is responsible for informing all persons in the area who are associated with this project that they may be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. All vehicular traffic, personnel movement, construction, and restoration activities shall be confined to the areas examined, as referenced in the archaeological report, and to the existing roadways and/or evaluated access routes. If historic or archaeological materials are uncovered during construction, the Operator is to immediately stop work that might further disturb such materials and contact the AO within five working days, the AO will inform the Operator as to:

- Whether the materials appear eligible for the National Historic Register of Historic Places;
- The mitigation measures the Operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- A time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the Operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise the Operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer (AO) that required mitigation has been completed, the Operator will then be allowed to resume construction.

The Archaeological Cultural Resource Survey Report will be submitted as soon as it becomes available.

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

Cheryl Cameron  
Regulatory Compliance Specialist  
Inland Production Company  
P. O. Box 790233  
Vernal UT 84078  
(435)789-1866

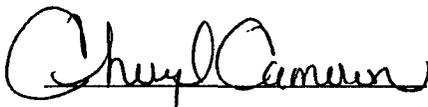
Brad Mecham  
District Operations Manager  
Inland Production Company  
P. O. Box 1446  
Roosevelt UT 84066  
(435)722-5103

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.

INLAND PRODUCTION COMPANY is considered to be the operator of Well #6-23-8-16 SE/NW Section 23, Township 8S, R16E: Lease #U-74868 Duchesne County, Utah: and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Hartford Accident #4488944.

I hereby certify that the proposed drillsite and access routes have been inspected, and I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with the operations proposed here will be performed by Inland Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



**Cheryl Cameron**

3/16/98

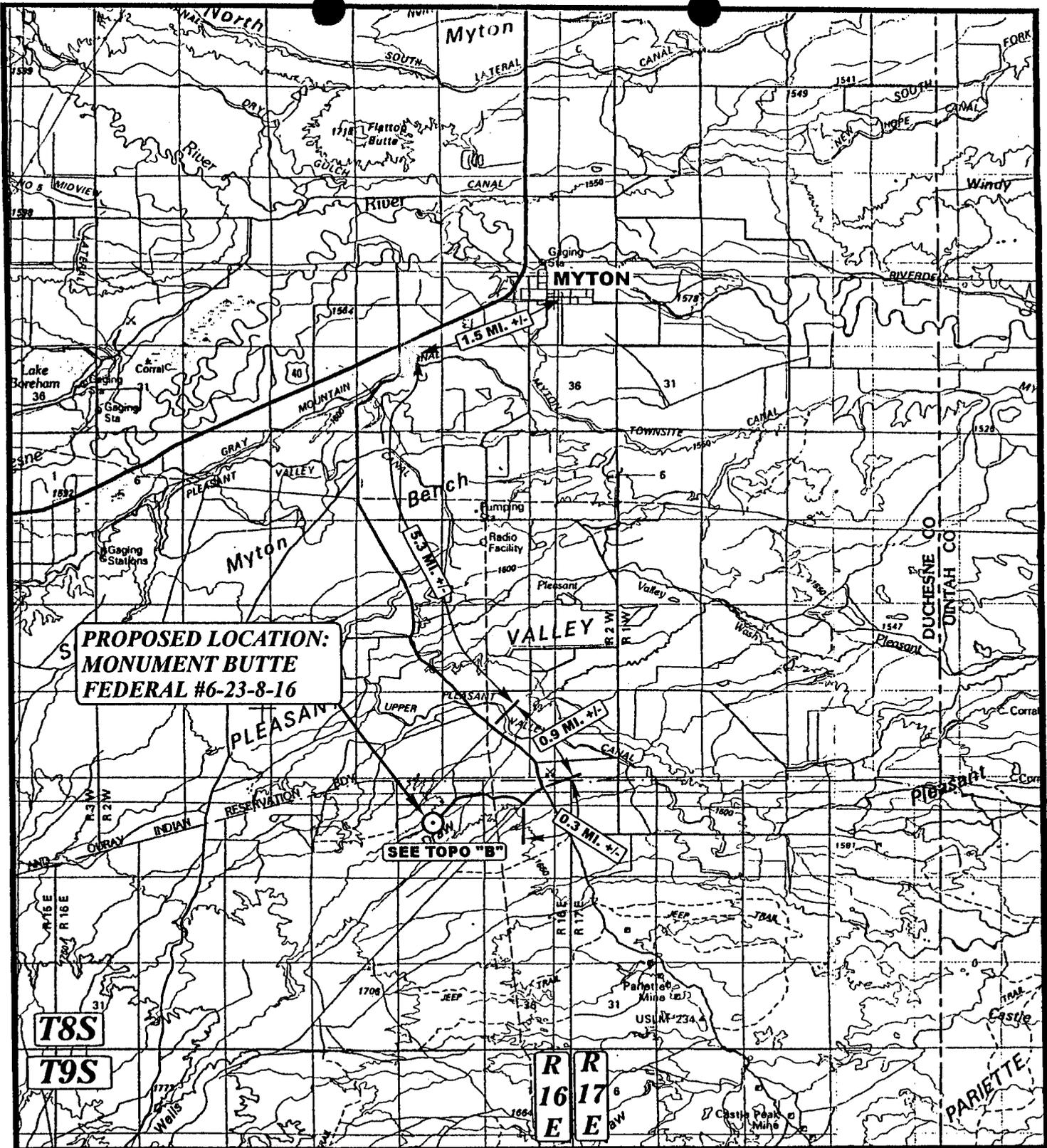
**Date**

## Attachment 1

### 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



**PROPOSED LOCATION:  
MONUMENT BUTTE  
FEDERAL #6-23-8-16**

**SEE TOPO "B"**

**T8S  
T9S**

**R  
16  
E  
R  
17  
E**

**LEGEND:**

⊙ PROPOSED LOCATION



**INLAND PRODUCTION CO.**

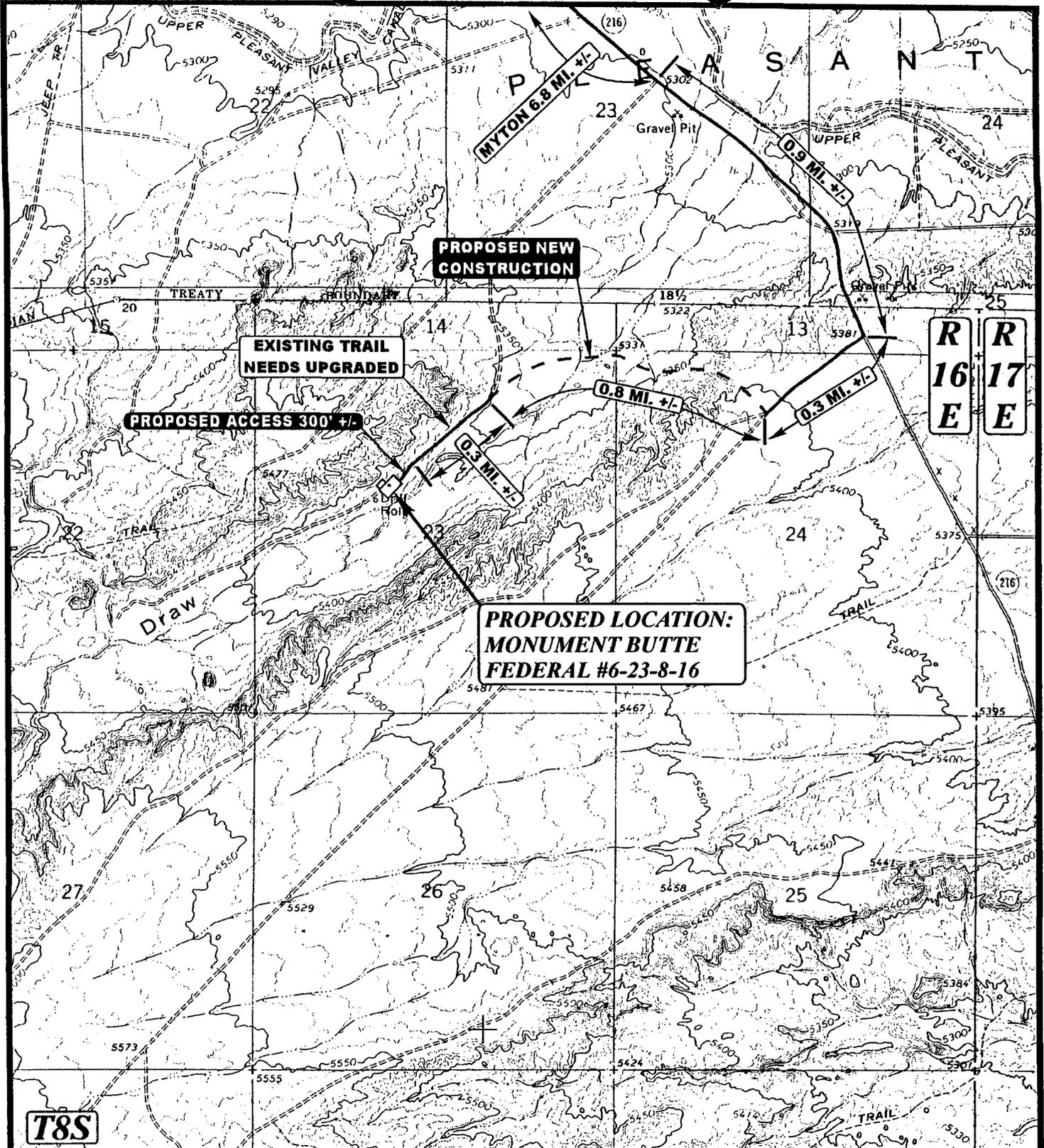
**MONUMENT BUTTE FEDERAL #6-23-8-16  
SECTION 23, T8S, R16E, S.L.B.&M.  
1857' FNL 2081' FWL**



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

**TOPOGRAPHIC 1 17 98**  
MAP MONTH DAY YEAR  
SCALE: 1 : 100,000 DRAWN BY: D.COX REVISED: 3-19-98





**T8S**

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING ROAD



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

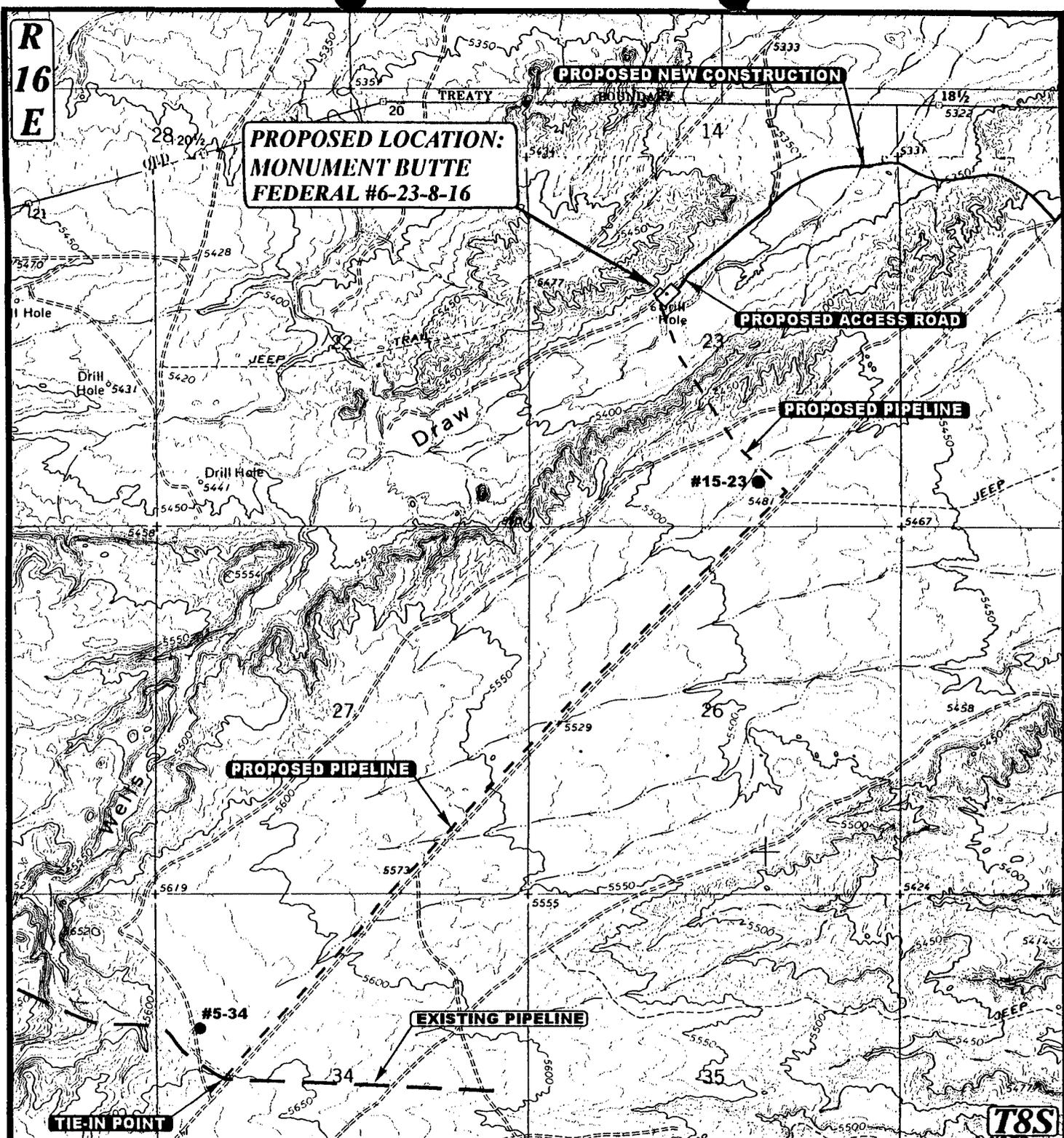


**INLAND PRODUCTION CO.**

**MONUMENT BUTTE FEDERAL #6-23-8-16**  
**SECTION 23, T8S, R16E, S.L.B.&M.**  
**1857' FNL 2081' FWL**

|                    |                 |           |                  |
|--------------------|-----------------|-----------|------------------|
| <b>TOPOGRAPHIC</b> | <b>1</b>        | <b>17</b> | <b>98</b>        |
| <b>MAP</b>         | MONTH           | DAY       | YEAR             |
| SCALE: 1" = 2000'  | DRAWN BY: D.COX |           | REVISED: 3-19-98 |





**PROPOSED LOCATION:  
MONUMENT BUTTE  
FEDERAL #6-23-8-16**

**PROPOSED NEW CONSTRUCTION**

**PROPOSED ACCESS ROAD**

**PROPOSED PIPELINE**

**PROPOSED PIPELINE**

**EXISTING PIPELINE**

**TIE-IN POINT**

**T8S**

**APPROXIMATE TOTAL PIPELINE DISTANCE = 15,000' +/-**

**LEGEND:**

- — — — — EXISTING PIPELINE
- - - - - PROPOSED PIPELINE
- — — — — PROPOSED ACCESS



**INLAND PRODUCTION CO.  
MONUMENT BUTTE FEDERAL #6-23-8-16  
SECTION 23, T8S, R16E, S.L.B.&M.  
1857' FNL 2081' FWL**

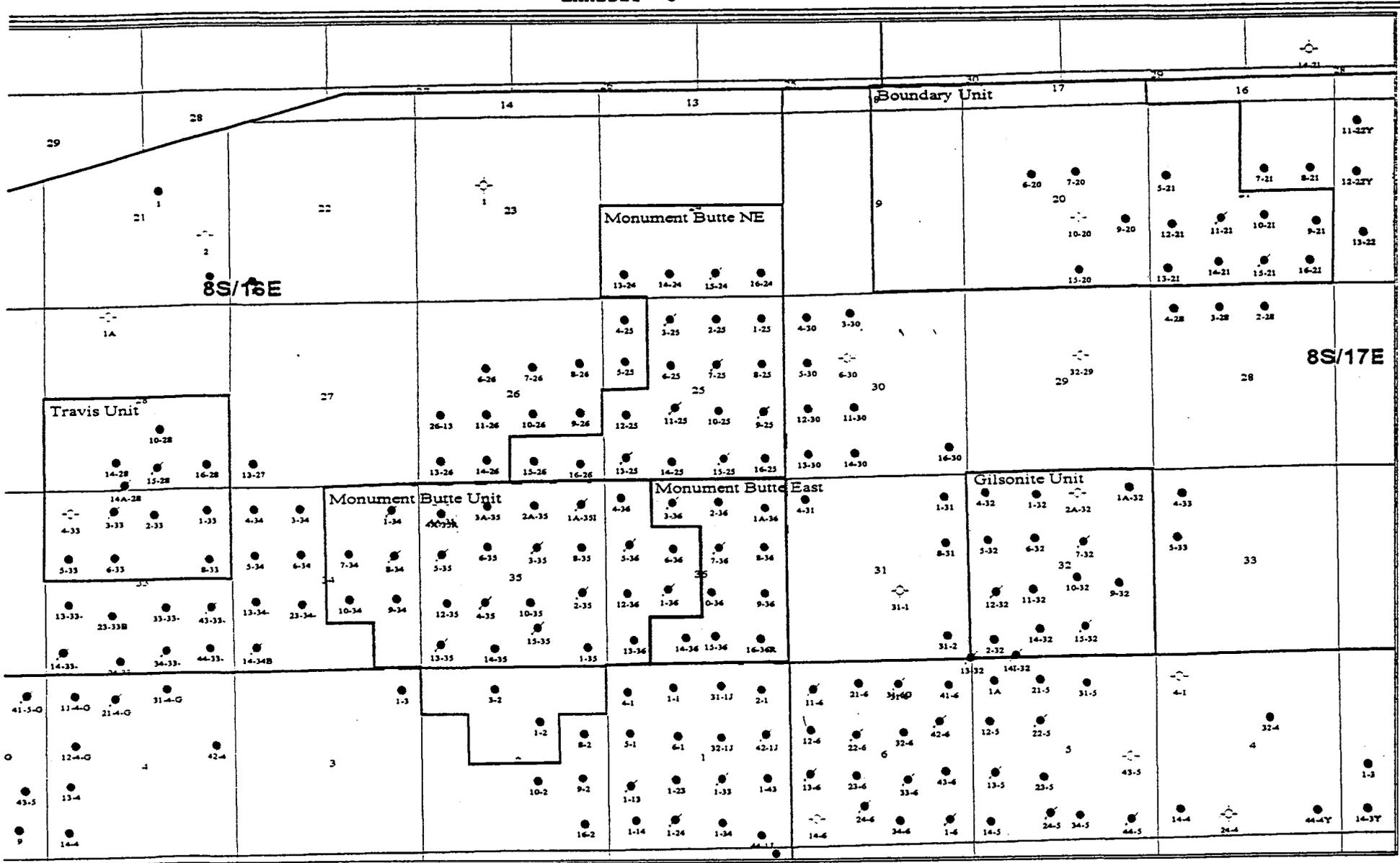


**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** 1 17 98  
**MAP** MONTH DAY YEAR  
SCALE: 1" = 1000' DRAWN BY: D.COX | REVISED: 3-24-98



EXHIBIT "C"



**Inland**  
ENGINEERS P.C.

475 17<sup>th</sup> Street Suite 1500  
 Denver, Colorado 80202  
 Phone (303) 292-0900

Regional Area

Duchome County, Utah

Dec 4/1997 J.A.

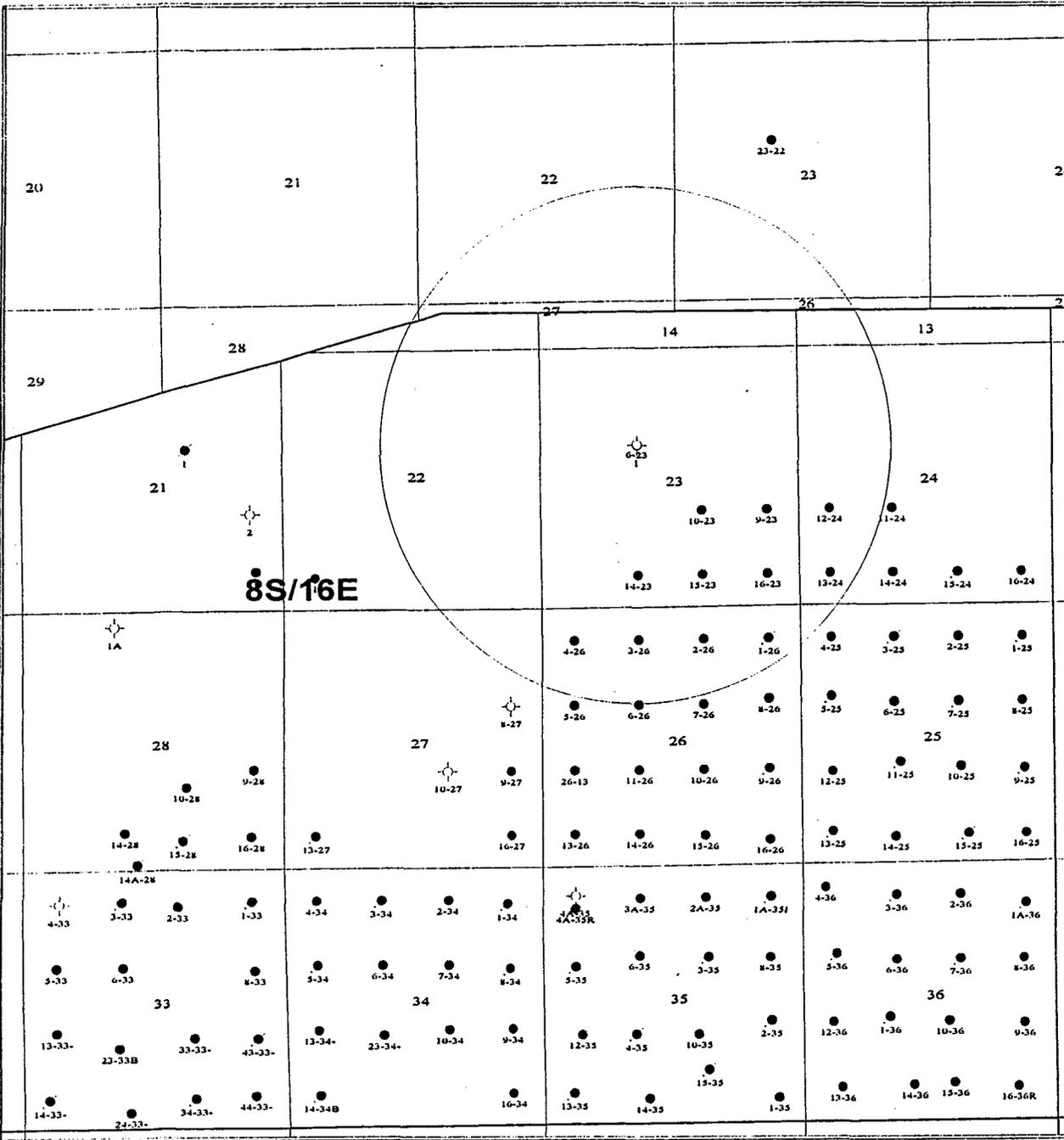


EXHIBIT "D"

|   |                  |        |
|---|------------------|--------|
| INLAND PRODUCTION COMPANY               |                  |        |
| ONE MILE RADIUS<br>Monument Butte #6-23 |                  |        |
| Jack Atcham                             | Scale 1:50041.37 | 3/1978 |

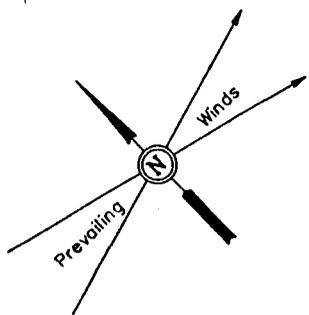
INLAND PRODUCTION CO.

LOCATION LAYOUT FOR

MONUMENT BUTTE FEDERAL #6-23-8-16

SECTION 23, T8S, R16E, S.L.B.&M.

1857' FNL 2081' FWL



SCALE: 1" = 50'  
DATE: 01-15-98  
Drawn By: D.R.B.

CONSTRUCT DIVERSION DITCH

NOTE:

FLARE PIT IS TO BE LOCATED A MINIMUM OF 125' FROM THE WELL HEAD.

APPROX. TOP OF CUT SLOPE

CLEARWATER UNIT AREA

El. 89.7'  
C-18.5'  
(Btm. Pit)

El. 83.4'  
C-4.2'

10' WIDE BENCH

PIT CAPACITY WITH 2' OF FREEBOARD = 8,230 Bbls.

RESERVE PIT (8' Deep)

SLOPE 1 1/2:1

El. 88.5'  
C-17.3'  
(Btm. Pit)

El. 80.9'  
C-1.7'

Reserve Pit Backfill & Spoils Stockpile

El. 79.8'  
C-0.6'

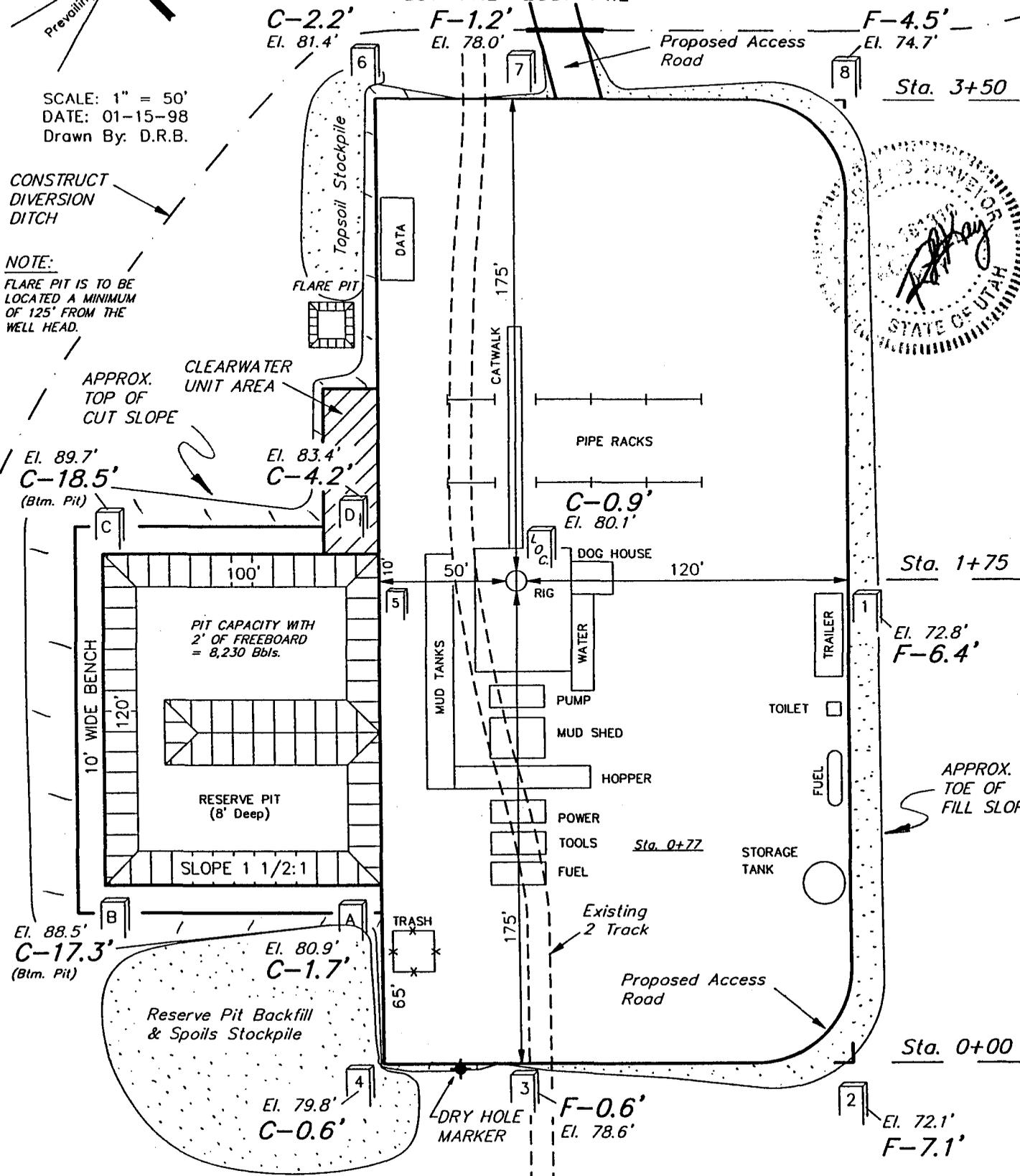
DRY HOLE MARKER

F-0.6'  
El. 78.6'

El. 72.1'  
F-7.1'

Elev. Ungraded Ground at Location Stake = 5380.1'  
Elev. Graded Ground at Location Stake = 5379.2'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017



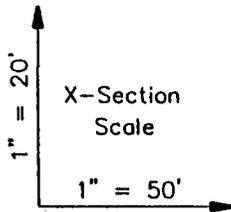
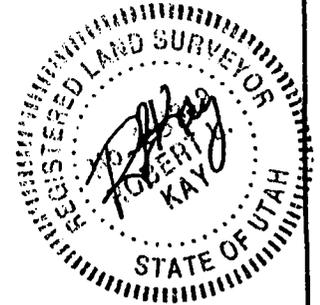
INLAND PRODUCTION CO.

TYPICAL CROSS SECTIONS FOR

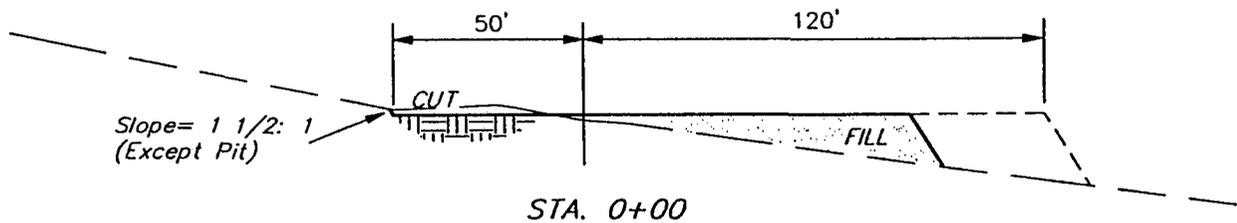
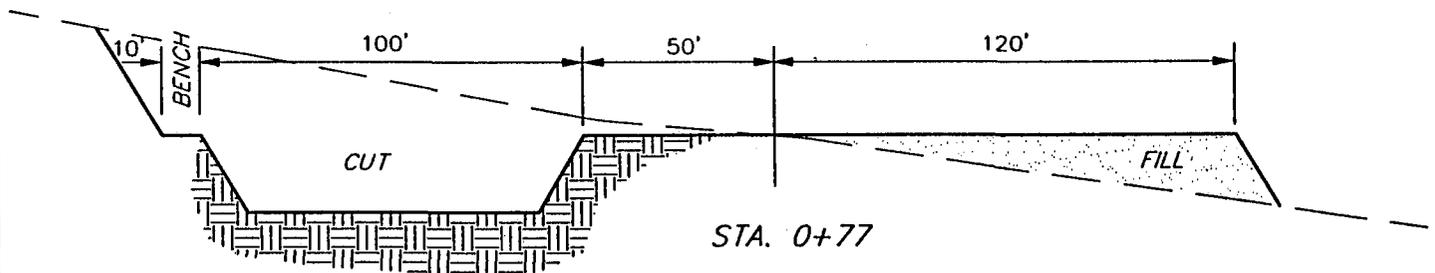
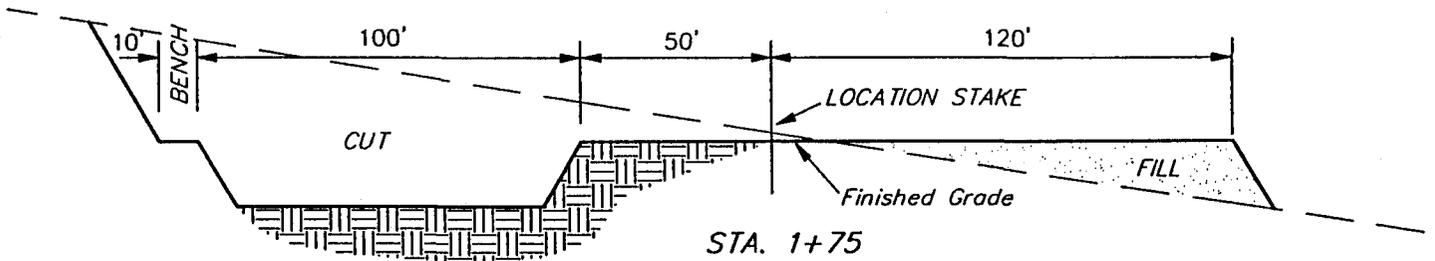
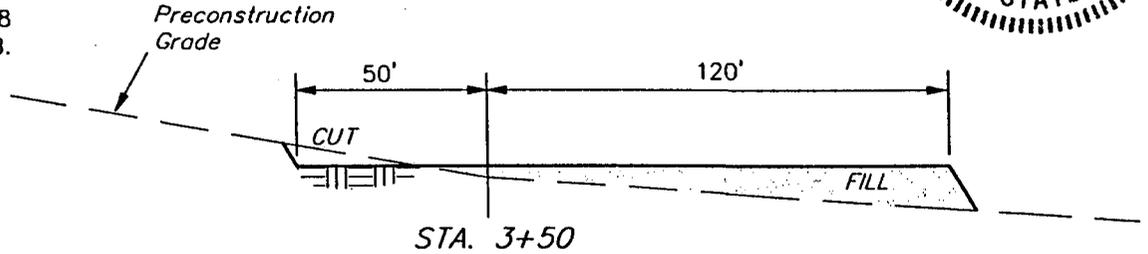
MONUMENT BUTTE FEDERAL #6-23-8-16

SECTION 23, T8S, R16E, S.L.B.&M.

1857' FNL 2081' FWL



DATE: 01-15-98  
Drawn By: D.R.B.



APPROXIMATE YARDAGES

CUT

|                        |          |                      |
|------------------------|----------|----------------------|
| (6") Topsoil Stripping | =        | 1,320 Cu. Yds.       |
| Remaining Location     | =        | 7,510 Cu. Yds.       |
| <b>TOTAL CUT</b>       | <b>=</b> | <b>8,830 CU.YDS.</b> |
| <b>FILL</b>            | <b>=</b> | <b>5,930 CU.YDS.</b> |

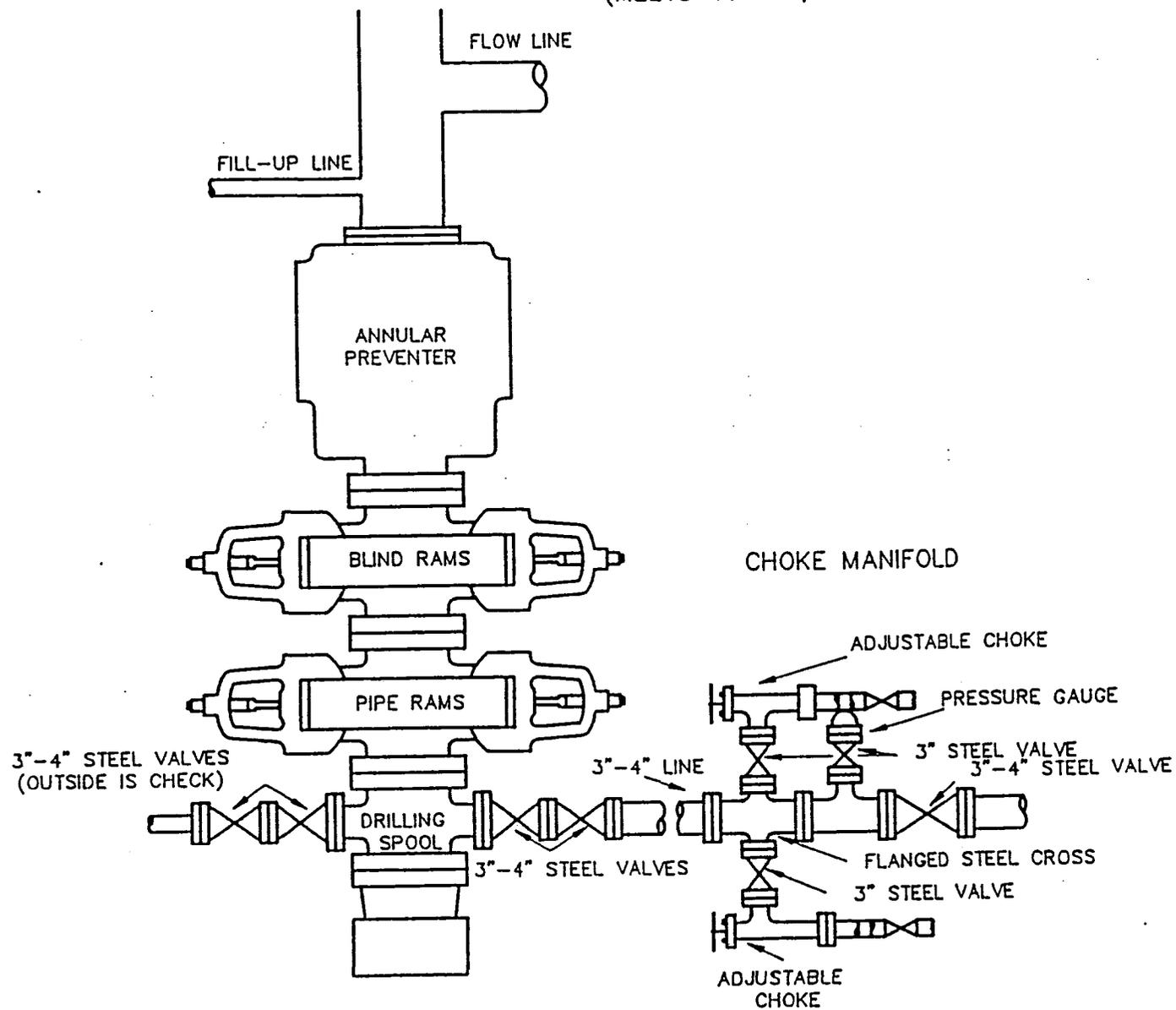
EXCESS MATERIAL AFTER 5% COMPACTION = 2,590 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.) = 2,590 Cu. Yds.

EXCESS MATERIAL After Reserve Pit is Backfilled & Topsoil is Re-distributed = 0 Cu. Yds.

EXHIBIT "F"

THREE PREVENTER HOOKUP  
CLASS III  
(MEETS 43 CFR, PARTS 3160, 3M SPECIFICATIONS)



WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/26/98

|                                |
|--------------------------------|
| API NO. ASSIGNED: 43-013-32070 |
|--------------------------------|

WELL NAME: MON BUTTE 6-23-8-16  
 OPERATOR: INLAND PRODUCTION COMPANY (N5160)  
 CONTACT: Cheryl Cameron (435) 789-1866

PROPOSED LOCATION:  
 SENW 23 - T08S - R16E  
 SURFACE: 1857-FNL-2081-FWL  
 BOTTOM: 1857-FNL-2081-FWL  
 DUCHESNE COUNTY  
 MONUMENT BUTTE FIELD (105)

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

LEASE TYPE: FED  
 LEASE NUMBER: U-74868  
 SURFACE OWNER: BLM

PROPOSED FORMATION: MVRD

RECEIVED AND/OR REVIEWED:

Plat

Bond: Federal  State  Fee   
 (No. #4488944)

Potash (Y/N)

Oil Shale (Y/N) \*190-5(B)

Water Permit  
 (No. Johnson Water District)

RDCC Review (Y/N)  
 (Date: \_\_\_\_\_)

N/A St/Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3. Unit \_\_\_\_\_

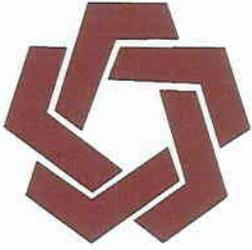
R649-3-2. General

R649-3-3. Exception

Drilling Unit  
 Board Cause No: \_\_\_\_\_  
 Date: \_\_\_\_\_

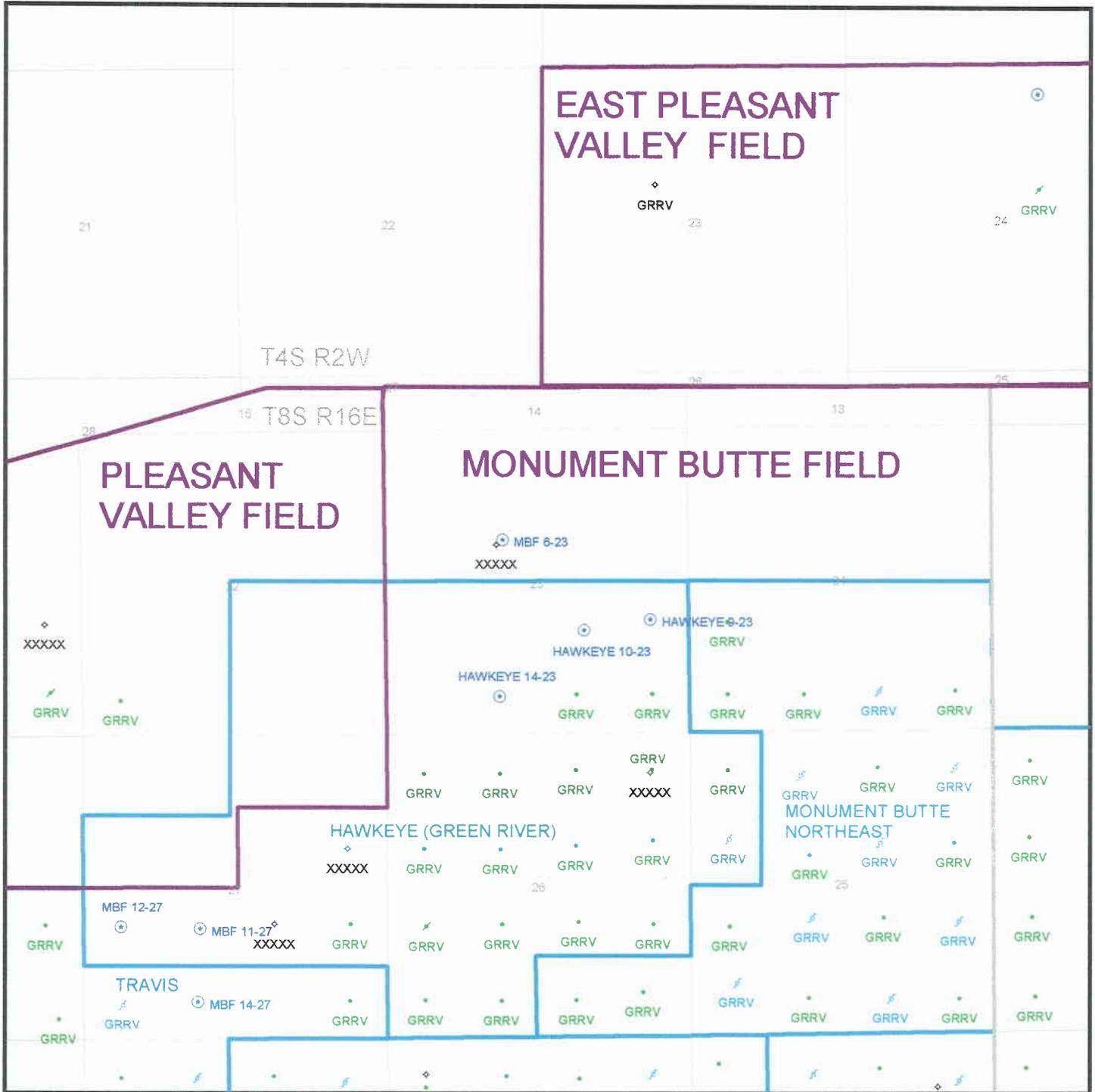
COMMENTS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

STIPULATIONS: ① FEDERAL APPROVAL  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



DIVISION OF OIL, GAS & MINING

OPERATOR: INLAND PRODUCTION (N5160)  
FIELD: MONUMENT BUTTE (105)  
SEC. 23 , TWP. 8S , RNG. 16E,  
COUNTY: DUCHESNE UAC: R649-3-2 STATE SPACING



DATE PREPARED:  
30-MAR-1998



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

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

April 14, 1998

Inland Production Company  
P.O. BOX 790233  
Vernal Utah 84079

Re: Mon Butte 6-23-8-16, 1857' FNL, 2081' FWL, SE NW,  
SEC. 23, T. 8 S., R. 16 E., Duchesne County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-32070.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza".

*for* 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: Mon Butte 6-23-8-16  
API Number: 43-013-32070  
Lease: U-74868  
Location: SE NW Sec. 23 T. 8 S. R. 16 E

### 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. State approval of this well does not supercede the required federal approval which must be obtained prior to drilling.

3160  
UT08300

June 18, 1998

Inland Production Company  
ATTN; Cheryl Cameron  
P.O. Box 790233  
Vernal, Utah 84078

Re: Well No. 6-23-8-16  
Sec. 23, T8S, R16E  
Lease No. U-74868  
Duchesne County, Utah

Dear Ms. Cameron:

Enclosed are two approved copies of the Application for Permit to Drill with attached conditions of approval for the above referenced well.

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

Sincerely,

A handwritten signature in black ink that reads "Pat Sutton". The signature is written in a cursive style with a large, prominent "P" and "S".

Pat Sutton  
Legal Instruments Examiner

Enclosures

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL [X] DEEPEN [ ] 1b. TYPE OF WELL OIL WELL [X] GAS WELL [ ] OTHER [ ] SINGLE ZONE [ ] MULTIPLE ZONE [ ]

2. NAME OF OPERATOR Inland Production Company

3. ADDRESS OF OPERATOR P.O. Box 790233 Vernal, UT 84079 Phone: (801) 789-1866

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At Surface SE/NW 1857' FNL & 2081' FWL At proposed Prod. Zone

5. LEASE DESIGNATION AND SERIAL NO. U-74868 6. IF INDIAN, ALOTTEE OR TRIBE NAME 7. UNIT AGREEMENT NAME 8. FARM OR LEASE NAME Monument Butte Federal 9. WELL NO. #6-23-8-16 10. FIELD AND POOL OR WILDCAT Monument Butte 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 23, T8S, R16E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\* 6.8 Miles southwest of Myton, Utah

12. County Duchesne 13. STATE UT

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1857'

16. NO. OF ACRES IN LEASE 674.32

17. NO. OF ACRES ASSIGNED TO THIS WELL 40

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

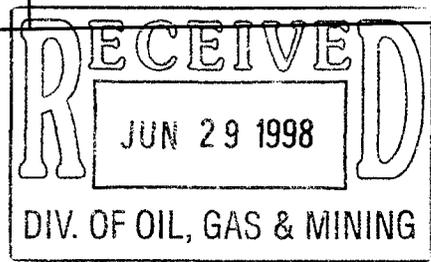
19. PROPOSED DEPTH 15,000

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5379.2' GR

22. APPROX. DATE WORK WILL START\* 1st Quarter 1998

Table with 5 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT/FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Includes text: Refer to Monument Butte Field SOP's Drilling Program/Casing Design



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

24. SIGNED Cheryl Cameron TITLE Regulatory Compliance Specialist DATE 3/16/98

PERMIT NO. NOTICE OF APPROVAL 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: 43-013-32070 APPROVED BY Wayne P. Barlett TITLE ACTING Assistant Field Manager Mineral Resources DATE 6/18/98

\*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.

CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY

CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Inland Production Company

Well Name & Number: Monument Butte Federal 6-23-8-16

API Number: 43-013-32070

Lease Number: U -75038

Location: Lot 8 (NWSW) Sec. 04 T. 9S R. 17E

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.

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. 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.

Prior to drilling out the production casing shoe at  $\pm 10,500$  ft. a **5M** BOP system shall be installed and tested. This 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 **5M** system and individual components shall be operable as designed. Chart recorders shall be used for this pressure test.

2. Casing Program and Auxiliary Equipment

At a minimum, the top 200 ft. of the intermediate casing shall be cemented with neat cement.

**SURFACE USE PROGRAM**  
Conditions of Approval (COA)

**Planned Access Road**

The center 1/3 of the proposed access road is rerouted as determined during onsites with Inland representatives on June 16, 1998. The route will turn towards the proposed Inland Well No. 1-23-8-16 before crossing the Wells Draw drainage (as shown on map). Before construction may be initiated on the well and access road, the surveys stakes will be repositioned to identify the reroute of the access road.

**Location Reclamation**

The following seed mixture will be used on the stock piled topsoil, reclamation of the reserve pit and for final reclamation: (All poundages are in Pure Live Seed)

|                    |                        |            |
|--------------------|------------------------|------------|
| needle and thread  | Stipa comata           | 3 lbs/acre |
| shadscale          | Atriplex confertifolia | 3 lbs/acre |
| fourwing saltbush  | Atriplex canescens     | 4 lbs/acre |
| western wheatgrass | Agropyron smithii      | 2 lbs/acre |

The location topsoil pile shall be seeded immediately after site construction by broadcasting the seed, then walking the topsoil pile with the dozer to plant the seed.

The reserve pit shall have a small amount of topsoil stock piled near by, not shown on the cut sheet, to be used to spread over the reserve pit area at the time the reserve pit is reclaimed.

At the time of final abandonment the location and access will be recontoured to natural topography and topsoil spread over the area and the surface seeded immediately. If the previously reclaimed surface of the reserve pit needs additional contouring, the topsoil over the pit will be scraped off and then used as additional topsoil for final reclamation.

**Other Information**

If the location and access road are to be constructed on or after February 1, 1999 additional surveys for Special Status Animal Species will be required before construction activity can be initiated.

The proposed gas lines associated with this location will not be installed "cross country" but instead will follow the route of the access road.



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

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

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

June 22, 2000

Inland Production Company  
Route 3 Box 3630  
Myton UT 84052

Re: Notification of Expiration  
Well No. Monument Butte Fed 6-23-8-16  
SENW, Section 23, T8S, R16E  
Lease No. U-74868  
Duchesne County, Utah

43-013-32070

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on June 18, 1998. Inland Production Company requested an extension of the original APD approval for an additional year. The request was reviewed and the extension approved until June 18, 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*

Margie Herrmann  
Legal Instruments Examiner

cc: State Div. OG&M

RECEIVED

JUN 26 2000

DIVISION OF  
OIL, GAS AND MINING

DOG M  
LA  
DATE