

| | | | | |
|--|--|--|--|---------------------------|
| APPLICATION FOR PERMIT TO DRILL | | | 5. MINERAL LEASE NO.: UTU-74387 | 6. SURFACE: BLM |
| 1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/> | | | 7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A | |
| B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | | 8. UNIT or CA AGREEMENT NAME: Gate Canyon | |
| 2. NAME OF OPERATOR: Gasco Production Company | | | 9. WELL NAME and NUMBER: Gate Canyon Federal #24-15-11-16 | |
| 3. ADDRESS OF OPERATOR: 8 Inverness Drive East, Suite 100, Englewood, CO 80112 | | PHONE NUMBER: 303-483-0044 | 10. FIELD AND POOL, OR WILDCAT: Riverbend Widat | |
| 4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 576029X 458' FSL and 2216' FWL AT PROPOSED PRODUCING ZONE: SE SW 4411394Y | | | 11. QTR/QTR, SECTION, TOWNSHIP, RANGE MERIDIAN: Sec. 15, T11S-R16E | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 37.1 miles southeast of Myton, UT | | | 12. COUNTY: Duchesne | 13. STATE: Utah |
| 15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 425' | | 16. NUMBER OF ACRES IN LEASE: 961.5 | 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 Acres; SE SW | |
| 18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None | | 19. PROPOSED DEPTH: 11,598' | 20. BOND DESCRIPTION: Bond #UT-1233 | |
| 21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6127' GL | | 22. APPROXIMATE DATE WORK WILL START: ASAP | 23. ESTIMATED DURATION: 35 Days | |

PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | CASING SIZE, GRADE, AND WEIGHT PER FOOT | SETTING DEPTH | CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT |
|--------------------------------|---|---------------|--|
| 17-1/2" | 13-3/8", H40, 48# | 225' | 225 sx Premium Type 5, 15.6 ppg, 1.18 yield |
| 12-1/4" | 8-5/8", J-55, 32# | 2,335' | 339 sx Hi-Lift, 11 ppg, 3.91 yield & 185 sx 10-2 RFC, 14.2 ppg, 1.63 yield |
| 7-7/8" | 4-1/2", P110, 13.5# | 11,598' | 366 sx Hi-Lift, 11.5 ppg, 3.05 yield & 1435 sx 50-50 Poz, 14.1 ppg, 1.28 yield |
| CONFIDENTIAL TIGHT HOLE | | | |

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PROGRAM |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

AGENT: **PermitCo Inc.** AGENT'S PHONE NO.: **303-857-9999**
 NAME (PLEASE PRINT) **Venessa Langmacher** TITLE **Agent for Gasco Production Company**
 SIGNATURE *Venessa Langmacher* DATE **March 27, 2006**

(This space for State use only)

API NUMBER ASSIGNED: **43-013-33126**

Approved by the
Utah DIVISION of
Oil, Gas and Mining
Date: **04-20-06**
By: *[Signature]*

MAR 29 2006

**Federal Approval of this
Action is Necessary**



14421 County Rd. 10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

March 27, 2006

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801
Attn: Minerals

Re: **Gasco Production Company**
Gate Canyon Federal #24-15-11-16
458' FSL and 2216' FWL
SE SW Section 15, T11S - R16E
Duchesne County, Utah

Gentlemen:

Enclosed please find two copies of the Application for Permit to Drill, along with one copy of the Onshore Order No. 1 which was filed with the BLM in Vernal, Utah.

If you should need additional information, please don't hesitate to contact me. Approved copies of the A.P.D. should be sent to Permitco Inc. at the address shown above.

Sincerely,

PERMITCO INC.

Venessa Langmacher
Consultant for
Gasco Production Company

Enc.

MAR 29 2006

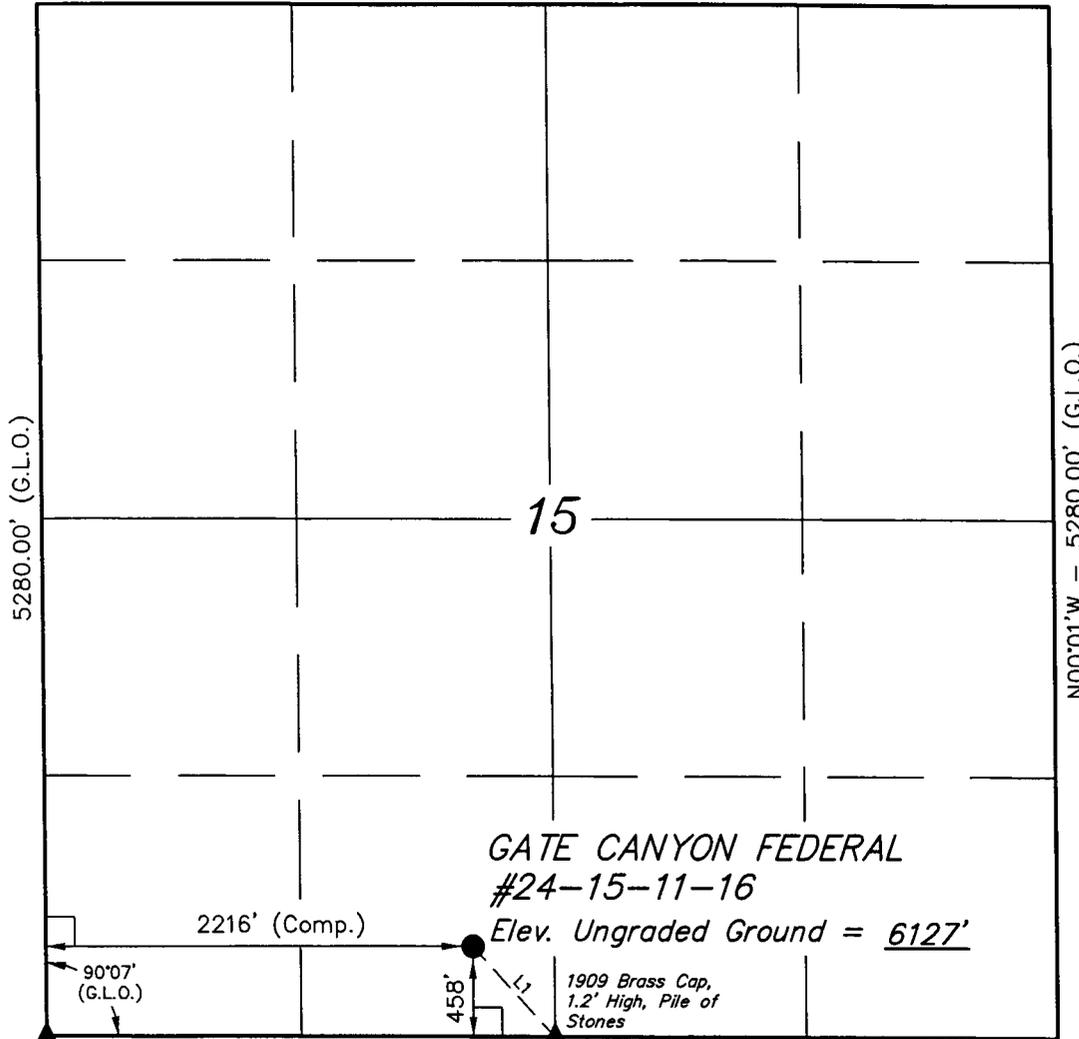
cc: **Gasco Production Company - Englewood, CO**
Shawn Elworthy - Roosevelt, UT

T11S, R16E, S.L.B.&M.

GASCO PRODUCTION COMPANY

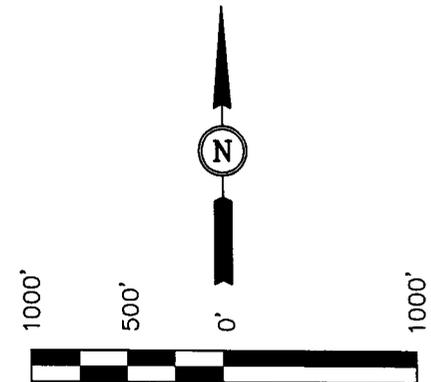
Well location, GATE CANYON FEDERAL #24-15-11-16, located as shown in the SE 1/4 SW 1/4 of Section 15, T11S, R16E, S.L.B.&M. Duchesne County, Utah.

N89°57'W - 5278.68' (G.L.O.)



BASIS OF ELEVATION

SPOT ELEVATION AT THE SOUTHEAST CORNER OF SECTION 20, T11S, R16E, S.L.B.&M. TAKEN FROM THE COWBOY BENCH QUADRANGLE, UTAH, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6404 FEET.



SCALE
CERTIFICATE

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

John H. Gray
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

5280.00' (G.L.O.)

N00°01'W - 5280.00' (G.L.O.)

15

GATE CANYON FEDERAL #24-15-11-16
Elev. Ungraded Ground = 6127'

2216' (Comp.)

90°07' (G.L.O.)

458'

1909 Brass Cap, 1.2' High, Pile of Stones

N89°52'56"W - 2641.33' (Meas.)

N89°55'W - 2638.68' (G.L.O.)

1909 Brass Cap, 1.0' High, Pile of Stones

| LINE TABLE | | |
|------------|-------------|---------|
| LINE | DIRECTION | LENGTH |
| L1 | N42°47'08"W | 625.88' |

LEGEND:

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

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.
(AUTONOMOUS NAD 83)
LATITUDE = 39°51'04.06" (39.851128)
LONGITUDE = 110°06'42.82" (110.111894)
(AUTONOMOUS NAD 27)
LATITUDE = 39°51'04.19" (39.851164)
LONGITUDE = 110°06'40.27" (110.111186)

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(801) 789-1017

| | | |
|-------------------------|----------------------------------|------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 8-26-05 | DATE DRAWN: 8-29-05 |
| PARTY S.H. L.M. K.G. | REFERENCES G.L.O. PLAT | |
| WEATHER HOT | FILE GASCO PRODUCTION COMPANY | |

CONFIDENTIAL - TIGHT HOLE

ONSHORE OIL & GAS ORDER NO. 1

**Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases**

**Gate Canyon Federal #24-15-11-16
458' FSL and 2216' FWL
SE SW Section 15, T11S - R16E
Duchesne County, Utah**

Prepared For:

Gasco Production Company

By:

**PERMITCO INC.
14421 County Road 10
Ft. Lupton, Colorado 80621
303/857-9999**

CONFIDENTIAL - TIGHT HOLE

Copies Sent To:

- 3 - Bureau of Land Management - Vernal, UT**
- 1 - Utah Division of Oil, Gas & Mining - SLC, UT**
- 2 - Gasco Production Company - Englewood, CO**
- 1 - Shawn Elworthy - Roosevelt, UT**



APPLICATION FOR PERMIT TO DRILL OR REENTER

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
Attached.
2. A Drilling Plan
Attached.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the Appropriate Forest Service Office.
See Surface Use Plan Attached.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20).
Bond coverage for this well is provided by Gasco Production Company under their BLM Bond No. Bond #UT-1233.
5. Operator certification.
Please be advised that Gasco Production Company is considered to be the operator of the above mentioned well. Gasco Production Company agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the leased lands.
6. Such other site specific information and/or plans as may be required by the authorized officer.

ONSHORE OIL & GAS ORDER NO. 1
 Approval of Operations on Onshore
 Federal and Indian Oil and Gas Leases

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 the field representative to insure compliance.

1. **ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS**

| <i>Formation</i> | <i>Depth</i> | <i>Subsea</i> |
|------------------|--------------|---------------|
| Green River Fm. | Surface | +6,216' |
| Wasatch | 3,718' | +2,418' |
| Mesaverde | 7,798' | -1,662' |
| Castlegate | 10,288' | -4,152' |
| Blackhawk | 10,528' | -4,392' |
| Aberdeen | 11,298' | -5,172' |
| T.D. | 11,598' | -5,462' |

2. **ESTIMATED DEPTH OF ANTICIPATED WATER, OIL, GAS OR MINERAL FORMATIONS:**

| <i>Substance</i> | <i>Formation</i> | <i>Depth</i> |
|------------------|------------------|-------------------|
| Gas | Wasatch | 4,000' - 7,798' |
| Gas | Mesaverde | 7,788' - 10,288' |
| Gas | Blackhawk | 11,298' - 11,500' |



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

3. PRESSURE CONTROL EQUIPMENT

Gasco Production Company's minimum specifications for pressure control equipment are as follows:

Ram Type: 11" Hydraulic double with annular, 5000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent 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 percent 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 percent 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 shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. 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 will 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 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 use a 11", 5000 psi working pressure blowout preventor.
- 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 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.

- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. 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.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. 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.
- i. Three centralizers will be run on the bottom three joints of surface casing with a minimum of one centralizer per joint starting with the shoe joint.
- j. 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 fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.



- i. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- m. The proposed casing program will be as follows:

| <i>Purpose</i> | <i>Depth</i> | <i>Hole Size</i> | <i>O.D.</i> | <i>Weight</i> | <i>Grade</i> | <i>Type</i> | <i>New/Used</i> |
|-----------------------|---------------------|-------------------------|--------------------|----------------------|---------------------|--------------------|------------------------|
| Conductor | 0-225' | 17-1/2" | 13-3/8" | 48# | H-40 | --- | New |
| Surface | 0-2,335' | 12-1/4" | 8-5/8" | 32# | J-55 | ST&C | New |
| Production | 0-11,598' | 7-7/8" | 4-1/2" | 13.5# | P-110 | LT&C | New |

- n. Casing design subject to revision based on geologic conditions encountered.
- o. The cement program will be as follows:

| <i>Conductor</i> | <i>Type and Amount</i> |
|--------------------------|---|
| TOC @ Surface | 225 sx Premium Type 5 @ 15.6 ppg, 1.18 yield |
| <i>Surface</i> | <i>Type and Amount</i> |
| TOC @ Surface | Lead: 339 sx Hi-Lift @ 11.5 ppg, 3.91 yield Tail: 185 sx 10-2 RFC @ 14.2 ppg, 1.63 yield Cement will be circulated to surface |
| <i>Production</i> | <i>Type and Amount</i> |
| TOC @ 2,500' | Lead: 366 sx Hi-Lift @ 11.5 ppg, 3.05 yield Tail: 1435 sx 50:50 Poz @ 14.1 ppg, 1.28 yield |

- p. 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.



- q. 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.
- r. The following reports shall be filed with the District Manager within 30 days after the work is completed.
1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
- a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
- b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- s. Auxiliary equipment to be used is as follows:
1. Kelly cock
2. No bit float is deemed necessary.
3. A sub with a full opening valve.

5. MUD PROGRAM

- a. The proposed circulating mediums to be employed in drilling are as follows:

| <i>Interval</i> | <i>Mud Type</i> | <i>Mud Wt.</i> | <i>Visc.</i> | <i>F/L</i> | <i>PH</i> |
|-----------------|-----------------|----------------|--------------|------------|-----------|
| 1' - 225' | Fresh Water | 8.33 | 1 | N/A | 7 |
| 225' - 2,335' | Fresh Water | 8.33 | 1 | N/A | 7-8 |
| 2,335' - TD | Fresh Water/DAP | 9.0-11.5 | 30-40 | 12-20 | 8 |



There will be sufficient mud on location to control a blowout should one occur.

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 to be used is as follows:
 - 1. Periodic checks will be made 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.
- e. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. **EVALUATION PROGRAM**

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if DST's are run, the following requirements will be adhered to:

Initial opening of 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 DSTs may be accomplished day or night.



A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

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 "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of a Schlumberger Platform Express or equivalent to be run from TD to base of surface casing.
- c. No cores are anticipated.
- d. 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. 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 (cutting, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).
- e. The anticipated completion program is as follows: Perform multistage fracs and complete all productive Mesaverde and Wasatch zones present in wellbore. Produce all zones commingled.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. ABNORMAL TEMPERATURES OR PRESSURES

- a. The expected bottom hole pressure is 7083 psi. The maximum bottom hole temperature anticipated is 212 degrees F.
- b. No hydrogen sulfide gas is anticipated. Abnormal Pressures will be controlled with mud weight and 5000# BOP and rotating head.



8. ANTICIPATED STARTING DATES AND NOTIFICATION OF OPERATIONS

- a. Drilling will commence upon approval of this application.
- b. It is anticipated that the drilling of this well will take approximately 35 days.
- c. The BLM in Vernal, Utah shall be notified of the anticipated date of location construction commencement and of anticipated spud date.
- d. 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.
- e. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- f. 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, UT 84078.
- g. 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.
- h. 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.
- i. 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 communications, not later than 5 days following the date on which the well is placed on production.



- j. 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 the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- k. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 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.
- l. A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9.d.), 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 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.).
- m. A first production conference will be scheduled within 15 days after receipt of the first production notice.
- n. 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 SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 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.
- o. 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 State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.



ONSHORE ORDER NO. 1
Gasco Production Company
Gate Canyon Federal #24-15-11-16
458' FSL and 2216' FWL
SE SW Section 15, T11S - R16E
Duchesne County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. UTU-74387

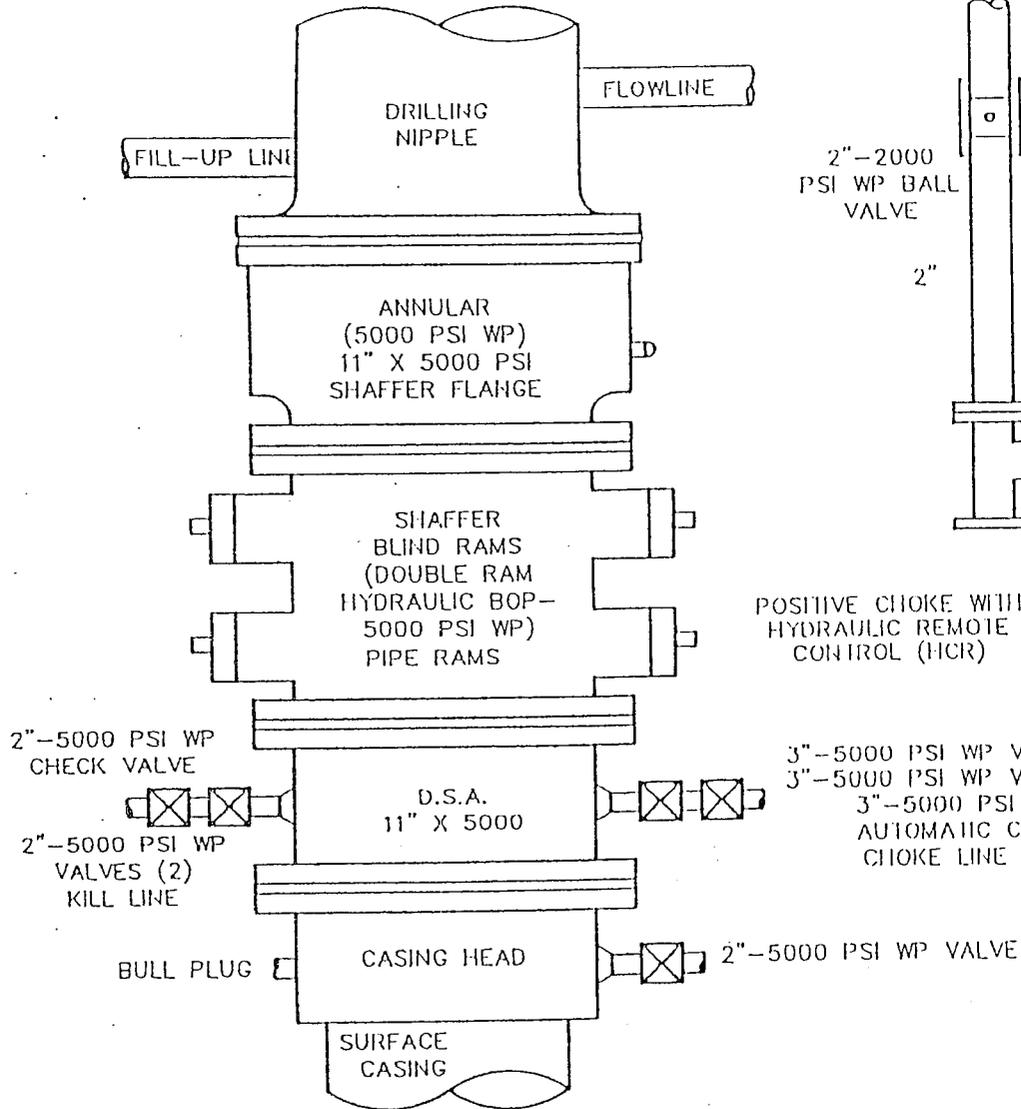
DRILLING PROGRAM

Page 11

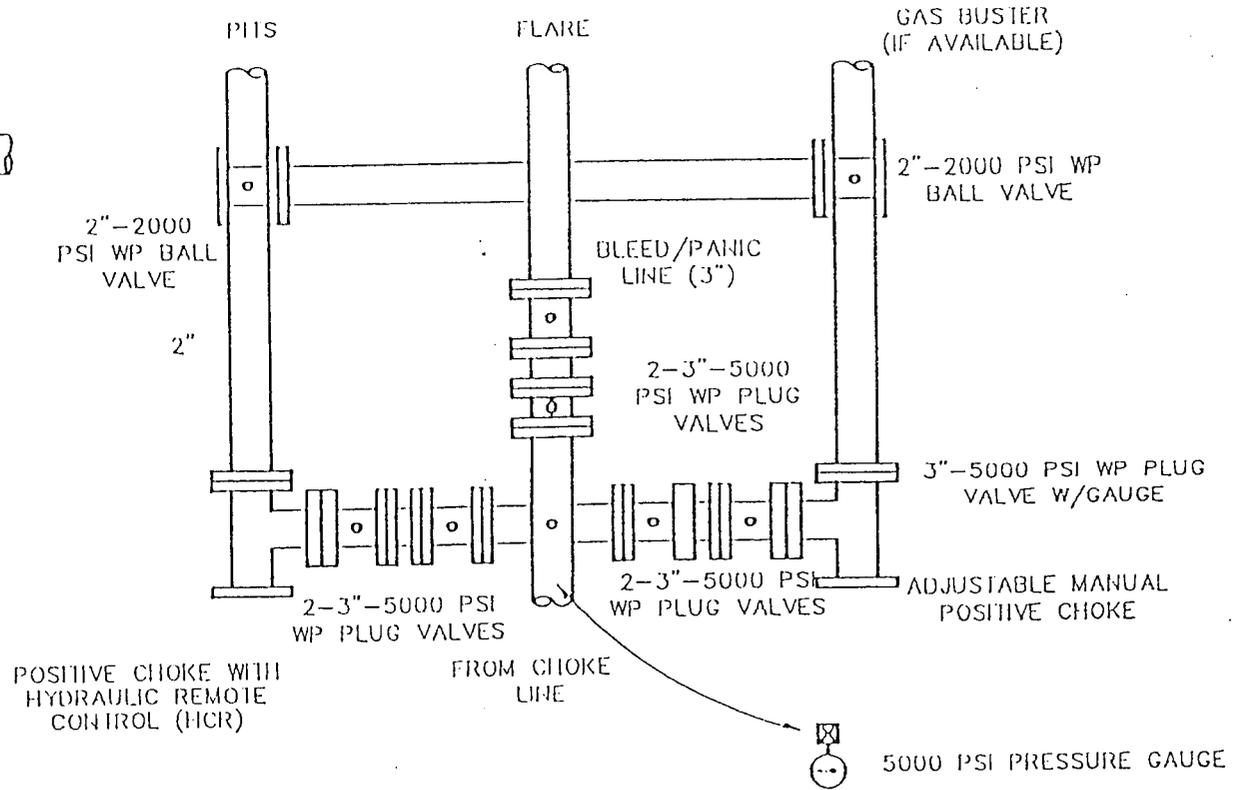
| | | |
|---|--------------------|-------------------|
| Bureau of Land Management 170 South 500 East Vernal, Utah 84078 | | |
| Phone: 435/781-4400 | After Hours: | Fax: 435/781-4410 |
| Matt Baker | Petroleum Engineer | 435/828-4470 |
| Michael Lee | Petroleum Engineer | 435/828-7875 |



BOP SCHEMATIC
5000 PSI WORKING PRESSURE



PLAN VIEW CHOKE MANIFOLD



THE HYDRAULIC CLOSING UNIT WILL BE LOCATED MORE THAN 30' FROM THE WELLHEAD. CHOKE AND BLEED/PANIC LINES WILL GO TO THE PIT AND FLARE. ALL CONNECTIONS IN CHOKE LINES AND MANIFOLD WILL BE FLANGED OR WELDED. ALL FLANGES SHOULD BE RING JOINT GASKET TYPE. ALL TURNS IN LINES SHALL BE CONSTRUCTED USING TARGETING 90° TEES OR ELLS. ALL LINES SHALL BE ANCHORED.

**ONSHORE OIL & GAS ORDER NO. 1
NOTIFICATION REQUIREMENTS**

- Location Construction - 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 - twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related Equipment Tests - 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.

The onsite inspection for the subject well site was conducted on Tuesday, October 4, 2005 at approximately 12:30 p.m. Weather conditions were windy, cold and raining. In attendance at the onsite inspection were the following individuals:

| | | |
|--------------------|-----------------------------|---------------------------------------|
| Karl Wright | Natural Resource Specialist | Bureau of Land Management |
| Todd Megrath | Wildlife Biologist | SWCA |
| Venessa Langmacher | Permitting Agent | Permitco Inc. |
| Jesse Walton | Surveyor | Uintah Engineering and Land Surveying |
| Caleb Rounsaville | Field Supervisor | Gasco Production Company |

1. EXISTING ROADS

- a. The proposed well site is located approximately 37.1 miles southeast of Myton, Utah.



- b. Directions to the location from Myton, Utah are as follows:

Proceed in a southeasterly direction from Myton, Utah for approximately 12.7 miles to the Castle Peak Mine. Stay right and continue southerly for 6.6 miles to a fork in the road. Stay right again and continue southerly 7.8 miles until reaching a second fork in the road. Continue left and proceed easterly 5 miles until reaching a fork in the road. Turn left and continue easterly 4.6 miles. Turn left onto the proposed access and proceed northeasterly 0.4 miles until reaching the proposed location.

- c. For location of access roads within a 2-Mile radius, see Maps A & B.
- d. Improvement to existing main roads will not be required.
- e. All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.
- f. Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.

2. PLANNED ACCESS ROADS

- a. There will be 0.4 miles of new access to be constructed.
- b. The maximum grade is approximately 3%.
- c. No turnouts are planned.
- d. No culverts will be necessary. Low water crossings will be installed as deemed necessary at the time of construction.
- e. The access road was centerline surveyed at the time of staking.
- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. No cattle guards will be necessary.



- h. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- i. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- j. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- k. 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.
- l. No road right of ways will be necessary since all new access is within the lease boundary.

3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION.

(See Map "C")

- a. Water wells - none
- b. Injection wells - none
- c. Producing wells - none
- d. Drilling wells - none
- e. Shut-in wells - none



- f. Temporarily abandoned wells - none
- g. Disposal wells -none
- h. Abandoned wells - none
- i. Dry Holes - none

4. LOCATION OF TANK BATTERIES AND PRODUCTION FACILITIES.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Carlsbad Canyon. 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.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.
- c. If production is established, a production facility diagram will be submitted via Sundry Notice.
- d. All loading lines will be placed inside the berm surrounding the tank battery.
- e. Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flow line will be buried or anchored down from the wellhead to the separator. Meter runs will be housed and/or fenced.
- f. 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 monthly for the first three months on new meter installations 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 Field Office. All meter measurement facilities will conform with Onshore Oil and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.



- g. 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), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.
- h. Any necessary pits will be properly fenced to prevent any wildlife entry.
- i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.
- j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.
- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- l. The road will be maintained in a safe useable condition.
- m. Produced water will be stored in a 300 bbl heated, insulated tank, then hauled to a commercial disposal site such as Disposal Inc., or Brennan Bottom.
- n. Pipelines will follow the route shown on Map D. See Pipeline detail attached. No pipeline right of way will be necessary since the proposed pipeline is location within the Gate Canyon Unit.

5. LOCATION AND TYPE OF WATER SUPPLY

- a. The proposed water source will be the Nebecker Water Station in Myton. The Water Use Claim # is 43-1721.
- b. Water will be hauled by Nebecker Water Service to the location over the access roads shown on Maps A and B.
- c. No water well will be drilled on this lease.



6. SOURCE OF CONSTRUCTION MATERIAL

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.

7. METHODS OF HANDLING WASTE DISPOSAL

- a. The reserve pit will be constructed so as not to leak, break, or allow discharge.
- b. At the request of the BLM, the reserve pit will be lined with a 12 mil liner. If fractured rock is encountered, the pit will be first lined with sufficient bedding (either straw or dirt) 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, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (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 AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- g. A chemical porta-toilet will be furnished with the drilling rig.



- h. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.

8. ANCILLARY FACILITIES

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.

9. WELL SITE LAYOUT

- a. The operator or his/her contractor shall contact the BLM Office at 435/781-4400 forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be located on the southeast side of the location.
- c. The flare pit will be located on the west side of the reserve pit, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the south side of the location, near Corner 6. Topsoil along the access route will be wind rowed on the uphill side.
- e. Access to the well pad will be from the northeast as shown on the Pit & Pad Layout.
- f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.
- h. All pits will be fenced according to the following minimum standards:
1. 39 inch net wire shall be used with at least one strand or 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).



2. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- i. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. PLANS FOR RESTORATION OF SURFACE

Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. If a plastic nylon reinforced liner is used it shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities or operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.
- e. Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill areas will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer. The following seed mixture has been requested by the Bureau of Land Management.



| <i>Species</i> | <i>Pounds PLS/Acres</i> |
|-------------------------|-------------------------|
| Indian Ricegrass | 4 |
| High Crested Wheatgrass | 4 |
| Needle and Thread Grass | 4 |
| TOTAL | 12 |

Seeding will be performed immediately after the location has been reclaimed and the pit has been backfilled, regardless of the time of year. Seed will be broadcast and walked in with a dozer.

- f. The topsoil stockpile will be seeded as soon as the location has been constructed with the same recommended seed mix. The seed will be walked in with a cat.

Dry Hole

- g. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

Interim Surface Reclamation will be as follows:

1. Immediately after final well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production operations.
2. Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in the reserve pit will be removed. Other waste and spoil materials will be disposed of immediately, weather permitting, upon final well completion.
3. If a synthetic, nylon re-enforced, liner is used, the excess 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.
4. The reserve pit will be reclaimed within 180 days from the date of final well completion, weather permitting.



5. The reserve pit and that portion of the location not needed for production and storage facilities, and everyday production operations, will be reshaped to the approximate original contours to the extent possible. This will be completed by backfilling and crowning the pit to prevent water from standing. Topsoil will be re-spread up to the rig anchor points, excluding the area needed for production and storage facilities and everyday production operations. Re-seeding, using appropriate reclamation methods, will occur immediately following the re-spreading of topsoil, weather permitting. The Authorized Officer will provide a seed mixture to re-vegetate the reserve pit and other unused disturbed areas at the time of the onsite.

11. SURFACE OWNERSHIP

Access Roads - The majority of the access roads are maintained by the County Road Department or the Bureau of Land Management.

Well pad - The well pad is located on lands managed by the BLM.

12. OTHER INFORMATION

- a. A Class III archeological survey has been conducted by Grand River Institute. A copy of this report is attached.
- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

-whether the materials appear eligible for the National 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 and 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 AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. 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 shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- d. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure.
- e. 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 is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.
- f. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.
- g. 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.
- h. "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.



- i. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period. After permit termination, a new application will be filed for approval for any future operations.
- j. The operator or his contractor shall contact the BLM Offices at 435/781-4400 48 hours prior to construction activities.
- k. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION

Permit Matters

PERMITCO INC.
14421 County Road 10
Ft. Lupton, CO 80621
303/857-9999 (O)
303/857-0577 (F)
Lisa Smith

Drilling & Completion Matters

Gasco Production Company
8 Inverness Drive East, Suite 100
Englewood, CO 80112
John Longwell
303/483-0044 (O)
303/ 483-0011(F)

Gasco Production Company - Field Office

Shawn Elworthy
Roosevelt, UT
(Cell) 435-823-4272

CERTIFICATION

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

November 23, 2005
Date:



Venessa Langmacher - PERMITCO INC.
Authorized Agent for:
Gasco Production Company



PIPELINE INFORMATION
Gate Canyon Federal #24-15-11-16

1. The type of pipeline is a single well flow line.
2. The outside diameter (O.D.) of all will be 8 inches maximum.
3. The anticipated production through the line is approximately 2000 MCF per day.
4. The anticipated maximum test pressure is 1000 psi.
5. The anticipated operating pressure is 100-200 psi.
6. The type of pipe is steel.
7. The method of coupling is welded.
8. The pipeline will be laid on surface because of the extremely rocky surface.
9. There are no other pipelines to be associated in same right of way.
10. There will be other objects to be associated in the same right of way. (Risers, Pig Launchers Pig Traps, meters and other appurtenances as required.)
11. The total length of pipeline is approximately 19,700 feet - see Map D.
12. The line will be laid on surface as shown on Map D. Where possible, the pipeline will follow existing or proposed roads.
13. The construction width for total surface disturbing activities is 30 feet.
14. The estimated total acreage involving all surface disturbing activities is 13.6 acres.
15. Any surface disturbance created as a result of the pipeline construction will be reclaimed utilizing the reclamation procedures and seed mixture specified by the Bureau of Land Management.
16. The line will be tested with gas pressure to 1000 psi.

GASCO PRODUCTION COMPANY GATE CANYON FEDERAL #24-15-11-16

LOCATED IN DUCHESNE COUNTY, UTAH
SECTION 15, T11S, R16E, S.L.B.&M.

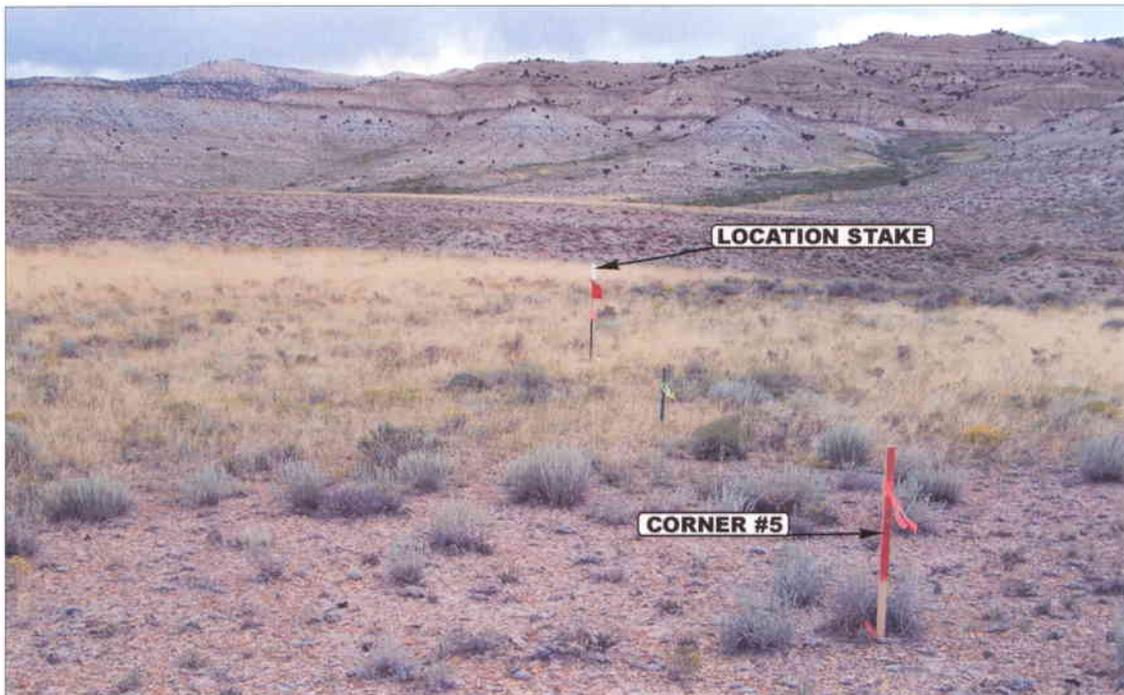


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

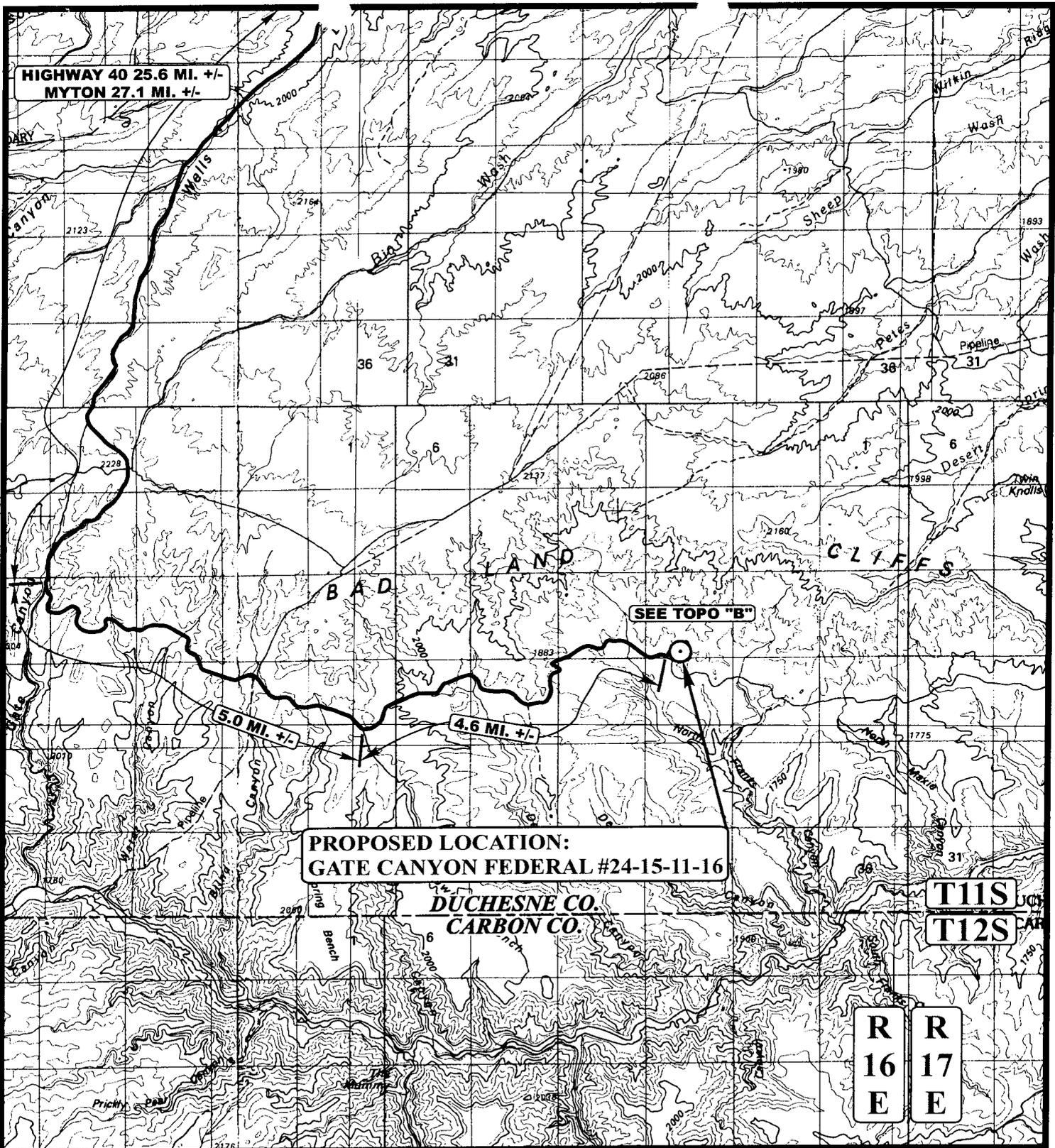
CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

| | | | | |
|------------------------|----------------|-------------------|-----------|--------------|
| LOCATION PHOTOS | 08 | 25 | 05 | PHOTO |
| | MONTH | DAY | YEAR | |
| TAKEN BY: S.H. | DRAWN BY: C.P. | REVISED: 00-00-00 | | |



HIGHWAY 40 25.6 MI. +/-
MYTON 27.1 MI. +/-

PROPOSED LOCATION:
GATE CANYON FEDERAL #24-15-11-16

DUCHESNE CO.
CARBON CO.

T11S
T12S

R
16
E
R
17
E

SEE TOPO "B"

5.0 MI. +/-

4.6 MI. +/-

LEGEND:

○ PROPOSED LOCATION

GASCO PRODUCTION COMPANY

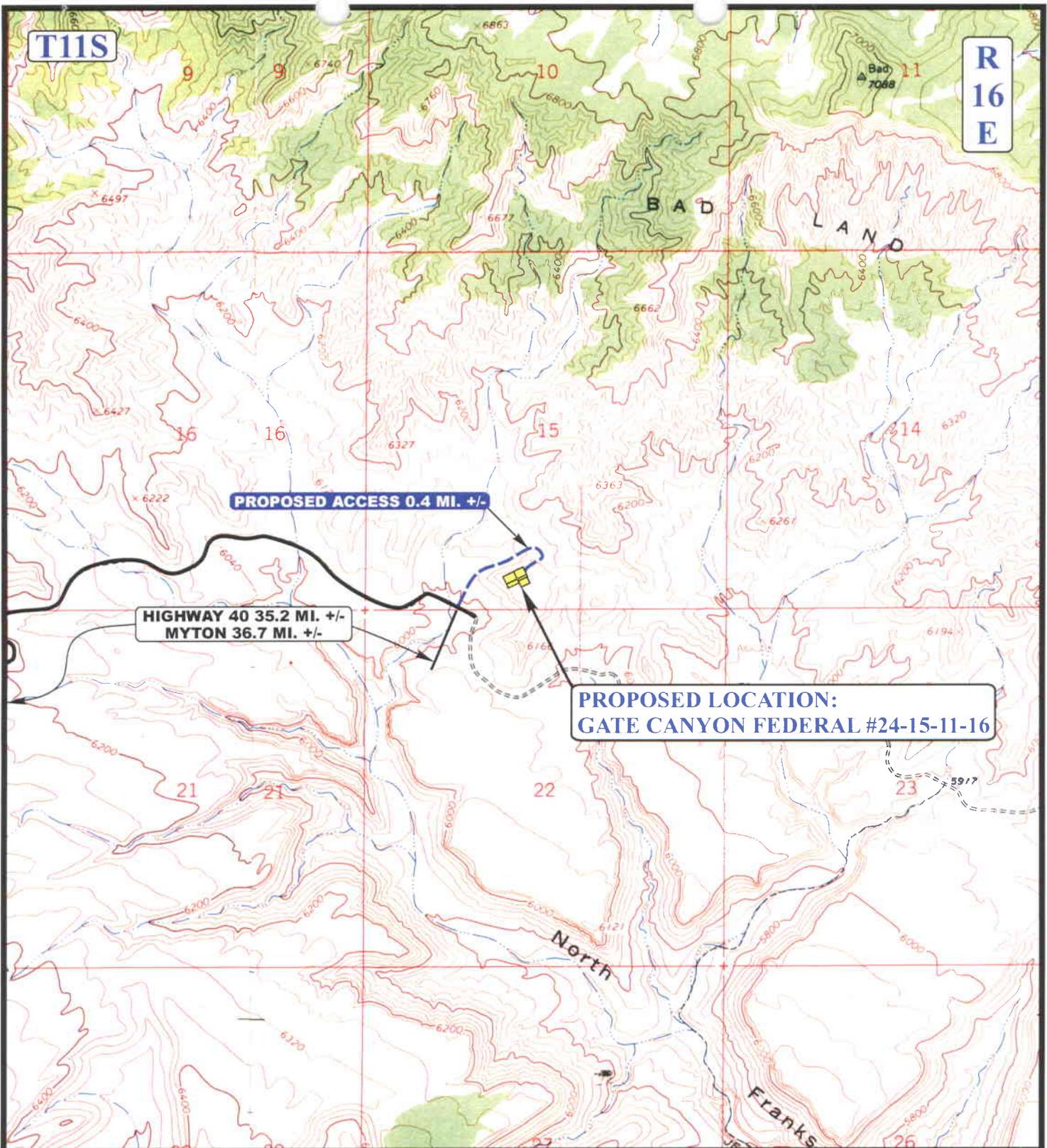
GATE CANYON STATE #24-15-11-16
SECTION 15, T11S, R16E, S.L.B.&M.
458' FSL 2216' FWL

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



TOPOGRAPHIC MAP
08 25 05
MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD

GASCO PRODUCTION COMPANY

GATE CANYON STATE #24-15-11-16
 SECTION 15, T11S, R16E, S.L.B.&M.
 458' FSL 2216' FWL



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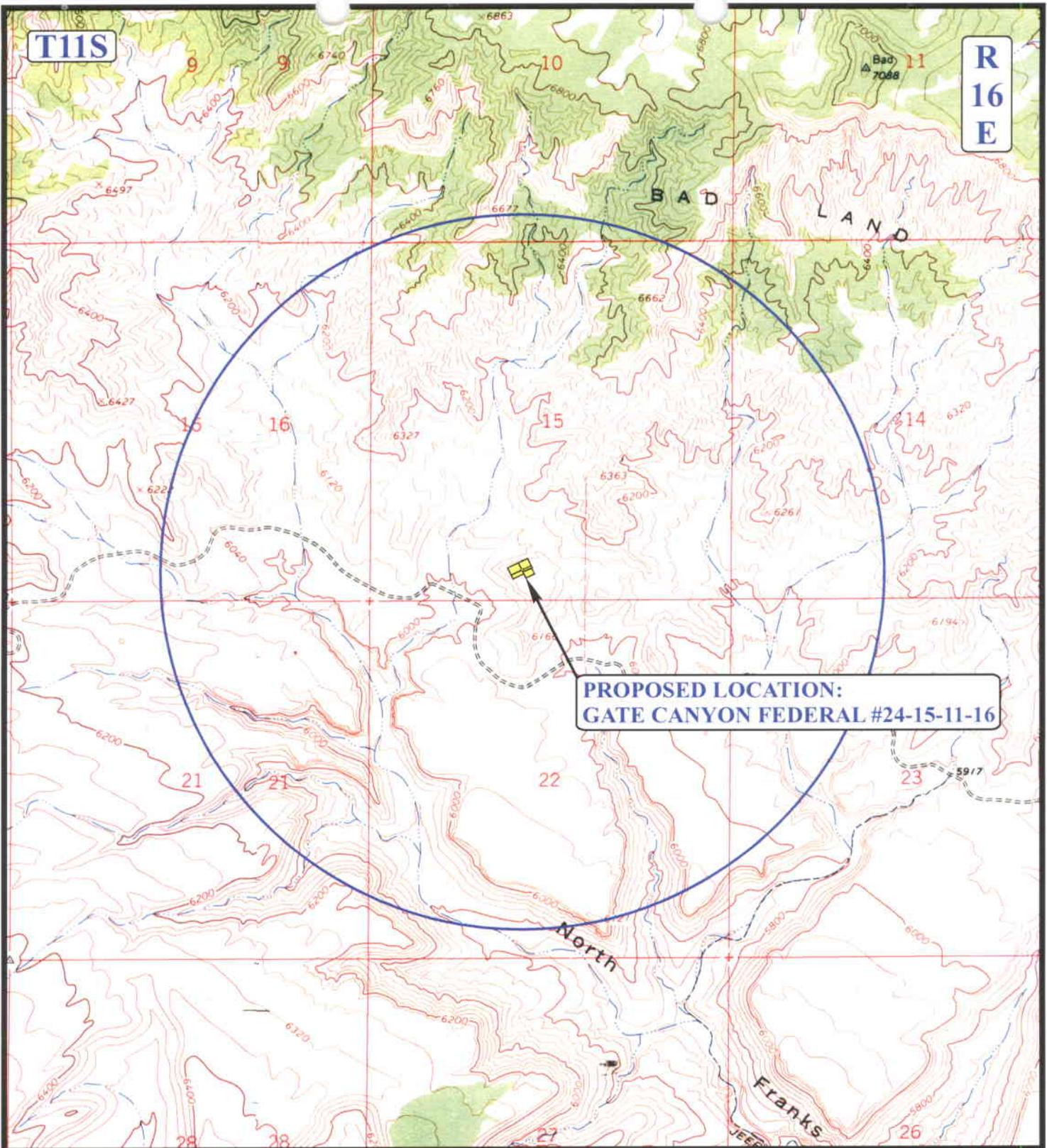


**TOPOGRAPHIC
 MAP**

08 25 05
 MONTH DAY YEAR



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



T11S

R 16 E

**PROPOSED LOCATION:
GATE CANYON FEDERAL #24-15-11-16**

LEGEND:

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

GASCO PRODUCTION COMPANY

**GATE CANYON STATE #24-15-11-16
SECTION 15, T11S, R16E, S.L.B.&M.
458' FSL 2216' FWL**



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

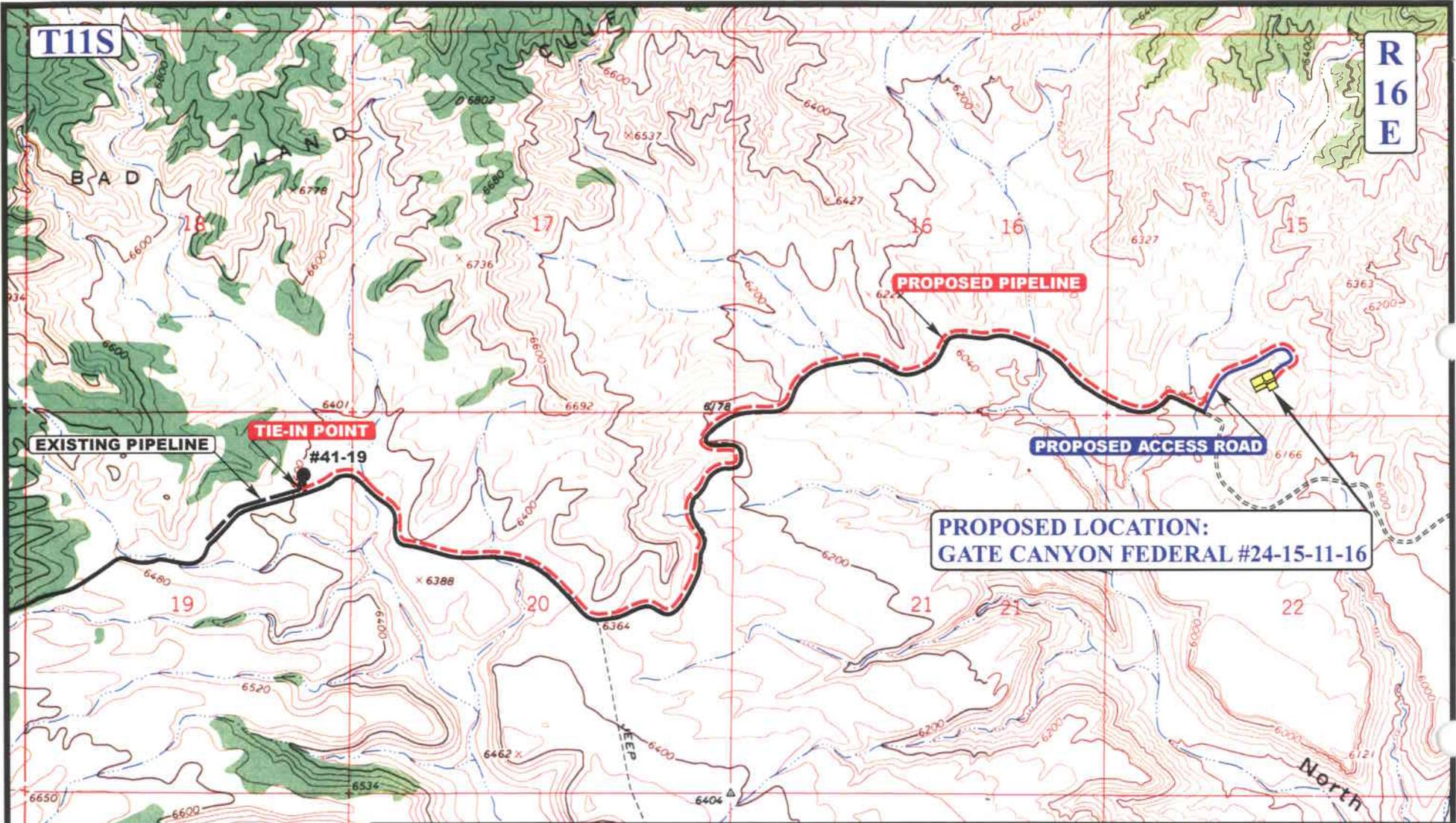


**TOPOGRAPHIC
MAP**

08 25 05
MONTH DAY YEAR

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





APPROXIMATE TOTAL PIPELINE DISTANCE = 19,700' +/-

LEGEND:

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE



GASCO PRODUCTION COMPANY

GATE CANYON FEDERAL #24-15-11-16
SECTION 15, T11S, R16E, S.L.B.&M.
458' FSL 2216' FWL



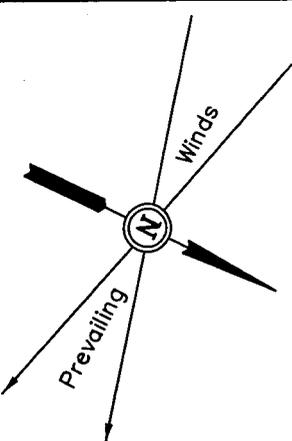
Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 11 15 05
MAP MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 11-21-05



ASCO PRODUCTION COMPA.
LOCATION LAYOUT FOR
GATE CANYON FEDERAL #24-15-11-16
SECTION 15, T11S, R16E, S.L.B.&M.
458' FSL 2216' FWL



SCALE: 1" = 50'
 DATE: 8-29-05
 Drawn By: K.G.

C-5.4'
 El. 131.5'

F-17.6'
 El. 108.5'

F-2.1'
 El. 124.0'

Sta. 3+80
 Round Corners
 as Needed

[Handwritten Signature]

Approx.
 Top of
 Cut Slope

Pit Topsoil

FLARE PIT
 C-6.9'
 El. 133.0'

El. 138.6'
 C-20.5'
 (btm. pit)

20' WIDE BENCH

C-3.8'
 El. 129.9'

C-0.9'
 El. 127.0'

DOG HOUSE

Sta. 1+80

F-3.3'
 El. 122.8'

Approx.
 Toe of
 Fill Slope

Reserve Pit Backfill
 & Spoils Stockpile

10' WIDE BENCH
 140'

Total Pit Capacity
 W/2' of Freeboard
 = 10,760 Bbls. ±
 Total Pit Volume
 = 3,120 Cu. Yds.

RESERVE PITS
 (8' Deep)

Slope = 1-1/2:1

MUD TANKS

RIG

WATER

PUMP

MUD SHED

HOPPER

POWER

TOOLS

FUEL

TRAILER

TOILET

FUEL

Sta. 0+52

STORAGE TANK

El. 133.3'
 C-15.2'
 (btm. pit)

20' WIDE BENCH

C-4.5'
 El. 130.6'

C-2.0'
 El. 128.1'

Sta. 0+00

C-3.1'
 El. 129.2'

F-15.8'
 El. 110.3'

Proposed Access
 Road

Elev. Ungraded Ground at Location Stake = 6127.0'
 Elev. Graded Ground at Location Stake = 6126.1'

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

WASCO PRODUCTION COMPANY

TYPICAL CROSS SECTIONS FOR

GATE CANYON FEDERAL #24-15-11-16

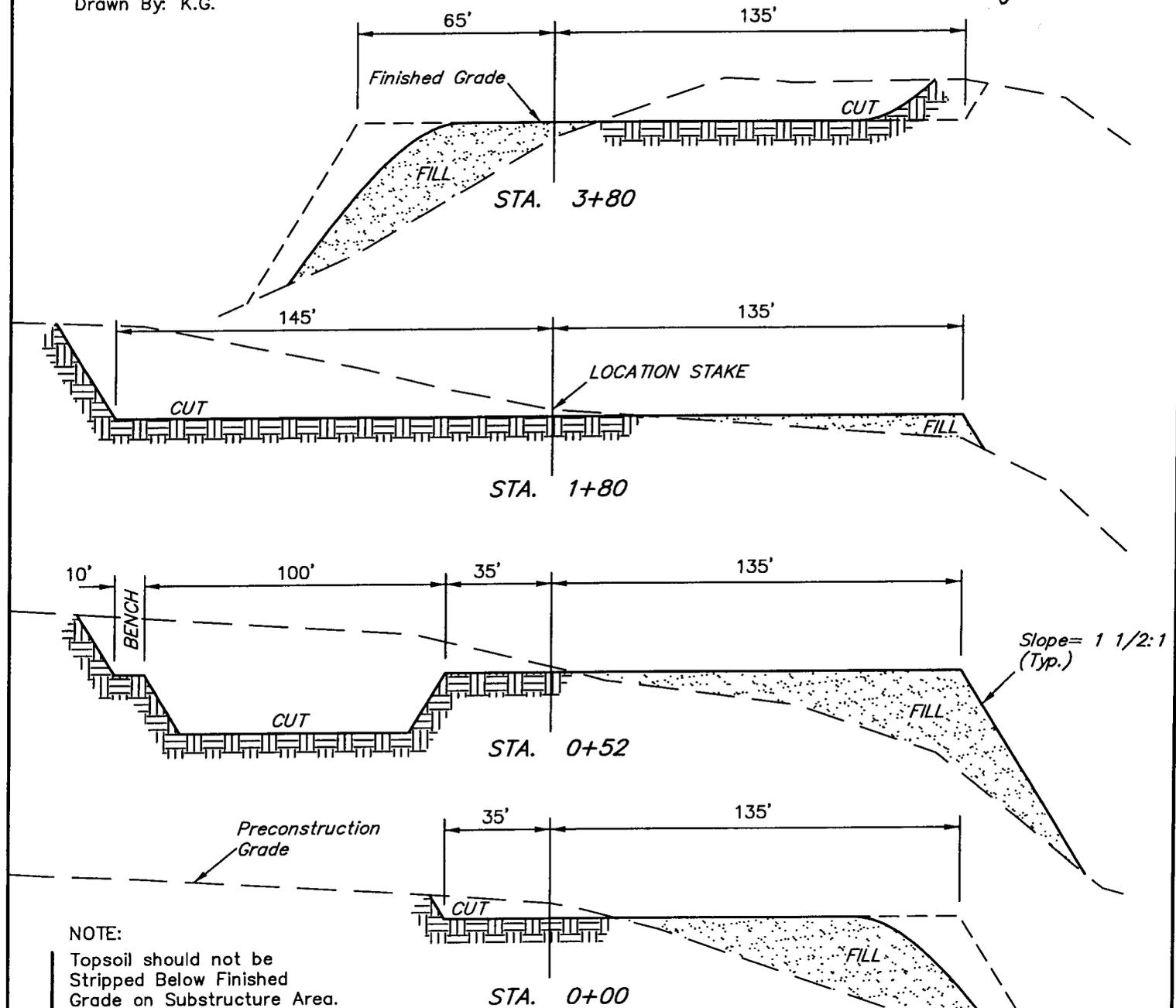
SECTION 15, T11S, R16E, S.L.B.&M.

458' FSL 2216' FWL

[Handwritten Signature]

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

DATE: 8-29-05
Drawn By: K.G.



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

*** NOTE:**
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

| | |
|------------------------|-------------------------|
| CUT | |
| (6") Topsoil Stripping | = 2,210 Cu. Yds. |
| Remaining Location | = 13,230 Cu. Yds. |
| TOTAL CUT | = 15,440 CU.YDS. |
| FILL | = 8,030 CU.YDS. |

| | |
|---|------------------|
| EXCESS MATERIAL | = 7,410 Cu. Yds. |
| Topsoil & Pit Backfill (1/2 Pit Vol.) | = 3,770 Cu. Yds. |
| EXCESS UNBALANCE (After Rehabilitation) | = 3,640 Cu. Yds. |

FEDERAL STIPULATIONS

Any federal stipulations which apply to this lease will be attached as a condition of approval by the BLM.



Botany

A field inspection for Special Status Plant Species has been conducted by SWCA, Inc.

Paleontology

A field inspection for paleontological resources was conducted by Alden Hamblin on 9/19/05.
No mitigation is recommended.



✦ Grand River Institute ✦

P.O. Box 3543 ✦ Grand Junction, CO 81502 ✦ 970/245-7868 FAX 970/245-6317

September 19, 2005

Gasco, Inc.
14 Inverness Drive East
Suite H-236
Englewood, CO 80112

Attn: Mike Decker

Re: GRI Project No. 2588 – Class III cultural resources inventory for three proposed Gate Canyon well locations (State #23-16-11-16, Fed. #21-20-11-16, Fed. #24-15-11-16) in Duchesne County, Utah [U05-GB-1014b,s]

Dear Mike:

Enclosed are two copies of our final report for the above cited project. Copies have been distributed as indicated below. Also enclosed is our invoice. Please call me if you have any questions or comments.

Sincerely,



Carl E. Conner
Director

Enc.

Distribution:

- 2– Blaine Phillips, BLM Vernal Field Office
- 2 – Kenny Wintch, Utah State Land Trust
- 1 – Lisa Smith, Permitco

UTAH STATE COVER PAGE

Must Accompany All Project Reports
Submitted to Utah SHPO

Project Name: Class III cultural resources inventory for three proposed Gate Canyon well locations, new accesses and pipeline routes in Duchesne County, Utah for Gasco Production Company

State Project. No. **U05-GB-1014 b,s**

Report Date: **19 September 2005** County(ies): **Duchesne**

Principal Investigator: **Carl E. Conner** Field Supervisor(s): **Carl E. Conner**

Records search completed at: **BLM Vernal/UDSH** Record search date(s): **09/12/2005 and 09/13/05**

Acreage Surveyed ~ Intensive:**133.6 acres** (86.1 BLM, 47.5 State) Recon/Intuitive: **0 acres**

7.5' Series USGS Map Reference(s): **Cowboy Bench and Pinnacle Canyon (1968)**

| Sites Reported | Count | Smithsonian Site Numbers |
|--|--------------|---------------------------------|
| Archaeological Sites Revisits (no inventory form update) | 0 | |
| Revisits (updated IMACS site inventory form attached) | 0 | |
| New recordings (IMACS site inventory form attached) | 0 | |
| Total Count of Archaeological Sites | 0 | |
| Historic Structures (USHS 106 site info form attached) | 0 | |
| Total National Register Eligible Sites | 0 | |

-----Checklist of Required Items-----

1. X Copy of the Final Report
2. X Copy of 7.5' Series USGS Map with Surveyed/Excavated Area Clearly Identified.
3. Completed IMACS Site Inventory Forms, Including
 Parts A and B or C, The IMACS Encoding Form,
 Site Sketch Map, Photographs
 Copy of the appropriate 7.5' Series USGS Map w/ the Site Location Clearly Marked and Labeled with
 the Smithsonian Site Number
4. X Completed "Cover Sheet" Accompanying Final Report and Survey Materials (Please make certain all of your checked items are attached.)



**Summary Report of Cultural
Resources Inspection**

**Project No.: U-05-GB-1014b,s
[GRI Project No. 2588]**

1. Report Title: **Class III cultural resources inventory for three proposed Gate Canyon well locations, new accesses and pipeline routes in Duchesne County, Utah for Gasco Production Company**

2. Report Date: **19 September 2005** 3. Date(s) of Survey: **17 September 2005**

4. Development Company: **Gasco Production Company**

5. Responsible Institution: **BLM Vernal Field Office**

6. Responsible Individuals Principal Investigator: Field Supervisor: **Carl E. Conner**
Report Author(s): **Carl E. Conner**

7. BLM Field Office: **Vernal Field Office**

8. County(ies): **Duchesne**

9. Fieldwork Location: **T. 11 S., R. 16 E., Sections 15, 16, 19, 20, and 21; SLBM**

10. Record Search:

Location of Records Searched: **Bureau of Land Management, Vernal Date: 9/12/2003**
Utah Div. of State History Date: 9/13/2003

11. Description of Proposed Project: **3 wells and 4.27 miles of new road/pipeline**

12. Description of Examination Procedures: **A Class III, 100% pedestrian, cultural resources survey of the proposed well locations was made by walking a series of concentric circles around the flagged centers to diameters of 750 feet. The related new access and pipeline routes (22569 linear feet) not included within the 10-acre study plots were surveyed by walking four parallel transects spaced at 15m intervals and centered on the flagged lines to cover corridors 200 feet wide. A total of about 133.6 acres (86.1 BLM acres, 47.5 State acres) was intensively surveyed.**

| 13. Area Surveyed: | BLM | OTHER FED | STATE | PRI. |
|--------------------------------|-------------------|-----------|-------------------|------|
| Linear Miles Intensive: | 2.73 miles | | 1.54 miles | |
| Recon/Intuitive: | | | | |
| Acreage Intensive: | 20 | | 10 | |
| Recon/Intuitive: | | | | |

**Class III Cultural Resource Inventory Report
for Three Proposed Gate Canyon Well Locations,
New Accesses and Pipeline Routes
in Duchesne County, Utah
for
Gasco Production Company**

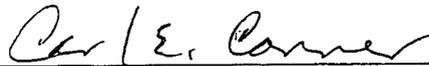
UDSH Project Authorization No. U-05-GB-1014b,s
Declaration of Negative Findings

GRI Project No. 2588

19 September 2005

Prepared by

Grand River Institute
P.O. Box 3543
Grand Junction, Colorado 81502



Carl E. Conner, Principal Investigator

Submitted to

School and Institutional
Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818

and

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

Abstract

Grand River Institute conducted a Class III cultural resources inventory for Gasco Production Company for the proposed Gate Canyon State #23-16-11-16, Gate Canyon Federal #21-20-11-16, and Gate Canyon Federal #24-15-11-16 well locations and the related new accesses and pipeline routes (4.27 miles) in Duchesne County, Utah, under Utah Division of State History (UDSH) Project Authorization No. U-05-GB-1014b,s. This work was done to meet requirements of State and Federal laws that protect cultural resources.

Files searches conducted through the UDSH and through the BLM Vernal District Office (BLM) indicated no sites were previously recorded in the project areas. Field work was performed on the 17th of September 2005. A total of about 133.6 acres was inspected (86.1 BLM acres, 47.5 State acres), and no significant cultural resources were identified. Accordingly, archaeological clearance is recommended.

Table of Contents

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|--|---|
| Introduction | 1 |
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| Environment | 1 |
| Figure 1. Project location map | 2 |
| Files Search | 3 |
| Study Objectives | 3 |
| Field Methods | 4 |
| Study Findings and Management Recommendations | 4 |
| References | 5 |

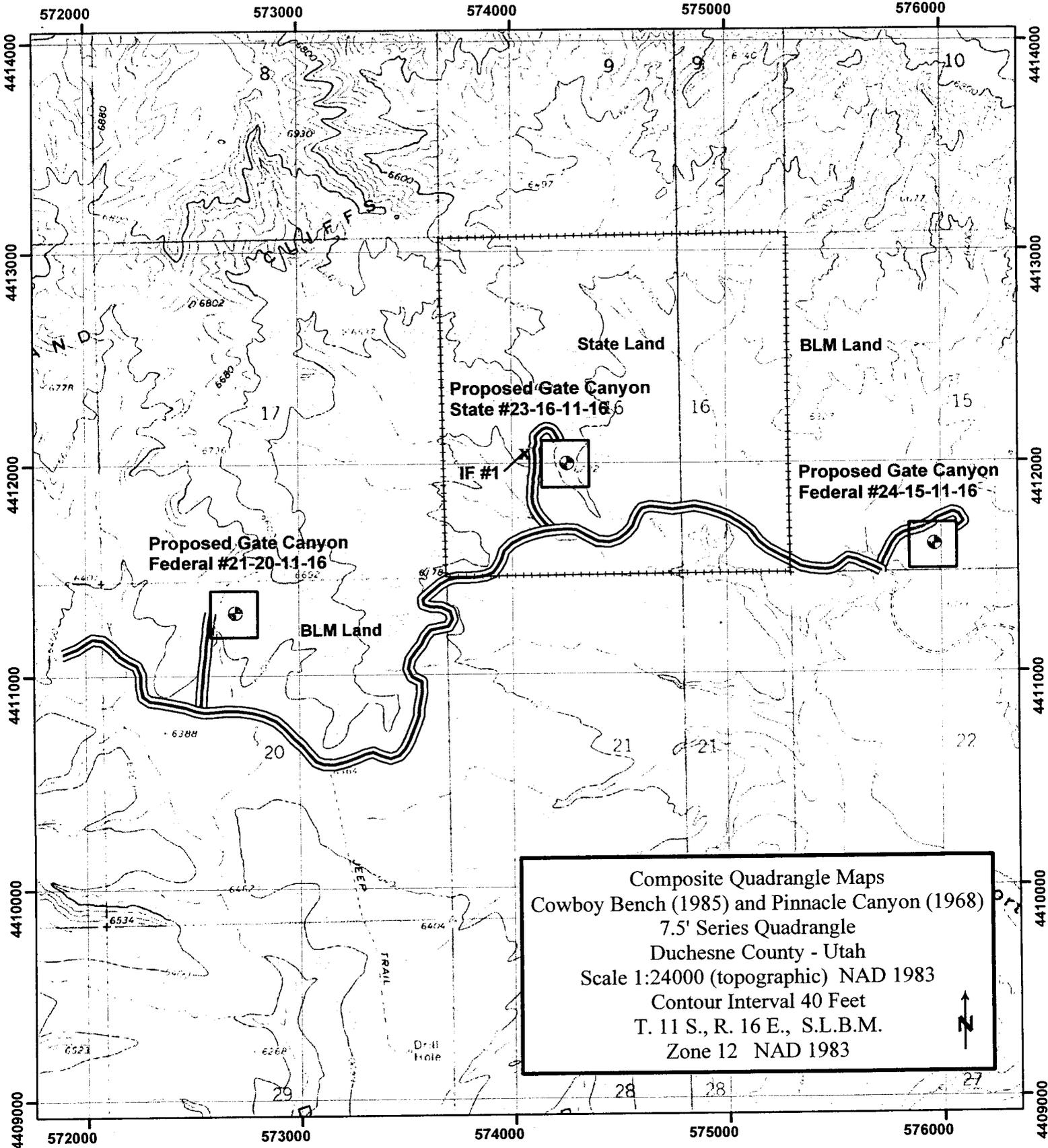


Figure 1. Project location map for the Class III cultural resource inventory for three proposed Gate Canyon well locations, new accesses and pipeline routes in Duchesne County for Gasco Production Company. Areas surveyed for cultural resources are highlighted. [GRI Project No. #2588, 9/19/05]

Introduction

At the request of Gasco Production Company (Gasco), the Utah State School and Institutional Trust Lands Administration (State), and the Bureau of Land Management Vernal Field Office (BLM), Grand River Institute (GRI) conducted an intensive (Class III) cultural resources inventory for the proposed Gate Canyon State #23-16-11-16, Gate Canyon Federal #21-20-11-16, and Gate Canyon Federal #24-15-11-16 well locations and the related new accesses and pipeline routes (4.27 miles) in Duchesne County, Utah. This work was performed under Utah Division of State History (UDSH) Project Authorization No. U-05-GB-1014b,s. The file searches, survey and report were completed by Carl E. Conner (Principal Investigator) and Barbara J. Davenport of GRI.

The survey was done to meet requirements of State and Federal laws (including the Federal Land Policy and Management Act of 1976, the National Historic Preservation Act as amended in 1992, and the National Environmental Policy Act (NEPA) of 1969), which are concerned with the identification, evaluation, and protection of fragile, non-renewable evidences of human activity, occupation and endeavor reflected in districts, sites, structures, artifacts, objects, ruins, works of art, architecture, and natural features that were of importance in human events. Such resources tend to be localized and highly sensitive to disturbance.

Location of Project Area

The study area lies roughly 28.0 miles south of Myton, Utah, in Duchesne County. It is located in T. 11 S., R. 16 E., Sections 15, 16, 19, 20 and 21; S.L.B.M. (Figure 1).

Environment

The project areas are within the major geologic subdivision of the Colorado Plateau known as the Uinta Basin Section. In Utah, this section extends from the Uinta Mountains on the north to the Book Cliffs on the south. It is a broad downwarp into which Quaternary- and Tertiary-age deposits were made from the surrounding mountains which include Holocene and Pleistocene pediment deposits, and Eocene-age fluvial and lacustrine sedimentary rocks (Rigby 1976:xi). Physiographically, the basin includes the Uinta basin in the north portion and the Book Cliffs/Roan Plateau in the south portion.

Topographically, the project is situated on the southern slopes of the Bad Land Cliffs. The Bad Land Cliffs are located along the extreme northern edge of the Bookcliffs and Roan Plateau. The Bad Land Cliffs is a steep south-facing escarpment at the southern edge of the Uinta Basin and consists of two parts, the Upper Roan Cliffs which are Eocene age, and the lower Book Cliffs which are Cretaceous age. This plateau backslope is commonly named the West Tavaputs Plateau. The terrain is characterized as bench land cut by dendritic

washes, which flow seasonally. The immediate project area is drained by Devils Canyon, and North Franks Canyon. These have steep walls with clay and shale exposures, and benches of sandstone.

Elevations in the project area range from 6000-to-6440 feet. Vegetation is mixed shadscale desert community and sparse pinyon-juniper woodland. Regional faunal inhabitants include deer, antelope, elk, black bear, coyote, mountain lion, cottontails, jack rabbits, and various raptors.

A cool, mid-latitude steppe climate prevails. Annual precipitation of this elevation range is between 8 and 12 inches. Temperatures range from 100°F in the summer to -40°F in January. Paleoenvironmental data are scant, but it is generally agreed that gross climatic conditions have remained fairly constant over the last 12,000 years. However, changes in effective moisture, and cooling-warming trends probably affected the prehistoric occupation of the region.

Files Search

Files searches were conducted through BLM on September 12th and UDSH on September 13th. Previous projects in the areas near the proposed wells, accesses and pipeline routes include U-04-SJ-1374s,f, and 93-BL-0205. No cultural resources have been recorded within a half mile of any of the discrete project areas. Based on the low density of recorded sites and isolated finds in this project's vicinity, no significant resources are expected to be found.

Regional archaeological studies suggest nearly continuous human occupation of northeastern Utah for the past 12,000 years. Evidence of the Paleoindian Tradition, the Archaic Tradition, Fremont Culture, and Protohistoric/Historic Utes has been found. Historic records suggest occupation or use by EuroAmerican trappers, settlers, miners, and ranchers as well. Overviews of the prehistory and history of the region are provided in the Utah BLM Cultural Resource Series No. 11, Archaeological Inventory in the Seep Ridge Cultural Study Tract, Uintah County, Northeastern Utah with a Regional Predictive Model for Site Locations (Chandler and Larralde 1980), and in Cultural Resources Existing Data Inventory Vernal District, Utah (Jones and Mackay 1980).

Study Objectives

The purpose of the study was to identify and record all cultural resources within the areas of potential impact and to assess their significance and eligibility to the National Register of Historic Places (NRHP). The statements of significance included in this report are field assessments made in support of recommendations to the State Historic Preservation Officer (SHPO).

Paleontological resources were also considered in the inspection. However, a final evaluation of those resources must be provided by a paleontologist permitted by Utah.

Field Methods

A Class III, 100% pedestrian, cultural resources survey of the proposed well locations was made by walking a series of concentric circles around the flagged centers to diameters of 750 feet. The related new access and pipeline routes (22569 linear feet) not included within the 10-acre study plots were surveyed by walking four parallel transects spaced at 15m intervals and centered on the flagged lines to cover corridors 200 feet wide. A total of about 133.6 acres (86.1 BLM acres, 47.5 State acres) was intensively surveyed.

Cultural resources were sought as surface exposures and were characterized as sites or isolated finds. Sites were defined by the presence of six or more artifacts and/or significant feature(s) indicative of patterned human activity. Isolated finds were defined by the presence of 1 to 5 artifacts apparently of surficial nature or a group of items indicating a single occurrence. Cultural resources encountered were to be recorded to standards set by the Preservation Office of the Utah Division of State History (UDSH).

The basic approach to the data collection was to be the continuous mapping of observed artifacts and features by recording UTM coordinates (NAD 83 Datum) using a Trimble Geo XT. Site maps were to be created using corrected data and ARCMAP. Photographs were to be taken at each site and include a general view and specific artifacts or features. When taken, field notes and photo negatives are filed at Grand River Institute, while the photographs are submitted to the UDSH. No artifacts were collected.

Study Findings and Management Recommendations

As expected, no significant cultural resources were encountered during the survey. One historic isolated find of about 10+ hole-in-top cans was noted and recorded as IF#1. This find is considered non-significant and no further work is necessary. Accordingly, archaeological clearance is recommended for the proposed wells and their related new accesses and pipeline routes.

References

- Jones, Kevin T. and K.L. Mackay
1980 Cultural Resources Existing Data Inventory Vernal District, Utah. Report of Investigations 80-18, University of Utah, Salt Lake City.
- Larralde, Signa L. and Susan M. Chandler
1980 Archaeological inventory in the Seep Ridge Cultural Study Tract, Uintah County, Utah. In: Utah BLM Cultural Resource Series No. 11. Bureau of Land Management, Salt Lake City.
- Rigby, J. Keith
1976 Northern Colorado Plateau. Kendall/Hunt Publishing Company. Dubuque.



Bureau of Land Management
Vernal Field Office
170 S. 500 E.
Vernal, UT 84078

Attn: Minerals

Re:

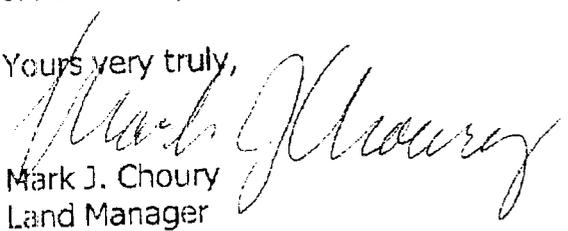
Gentlemen:

This letter is to inform you that Permitco Inc. is authorized to act as Agent and to sign documents on behalf of Gasco Production Company, a wholly owned subsidiary of Gasco Energy, Inc. when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc., for the above mentioned well.

It should be understood that Permitco is acting as Agent only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

Gasco Production Company agrees to accept full responsibility for operations conducted in order to drill, complete and produce the above-mentioned well.

Yours very truly,


Mark J. Choury
Land Manager

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/29/2006

API NO. ASSIGNED: 43-013-33126

WELL NAME: GATE CYN FED 24-15-11-16
 OPERATOR: GASCO PRODUCTION (N2575)
 CONTACT: VENESSA LANGMACHER

PHONE NUMBER: 303-857-9999

PROPOSED LOCATION:

SESW 15 110S 160E
 SURFACE: 0458 FSL 2216 FWL
 BOTTOM: 0458 FSL 2216 FWL
 COUNTY: DUCHESNE
 LATITUDE: 39.85106 LONGITUDE: -110.1113
 UTM SURF EASTINGS: 576029 NORTHINGS: 4411394
 FIELD NAME: WILDCAT (1)

| INSPECT LOCATN BY: / / | | |
|------------------------|----------|------|
| Tech Review | Initials | Date |
| Engineering | | |
| Geology | | |
| Surface | | |

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-74387
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: BLKHK
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UT-1233)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-1721)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- ___ R649-2-3.
- Unit: GATE CANYON
- ___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- ___ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- ___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Sec 15 Approval

2- Spacing Strip



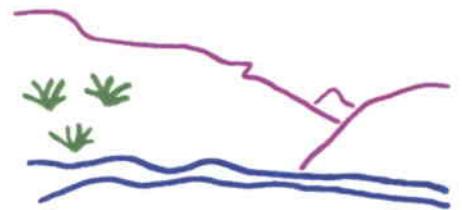
OPERATOR: GASCO PROD CO (N2575)

SEC: 15 T. 11S R. 16E

FIELD: WILDCAT (001)

COUNTY: DUCHESNE

SPACING: R649-3-3 / EXCEPTION LOCATION

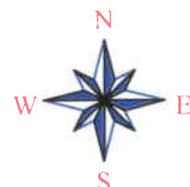


Utah Oil Gas and Mining

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL
 - DRILLING



PREPARED BY: DIANA WHITNEY
DATE: 4-APRIL-2006



14421 County Rd. 10 • Ft. Lupton, Colorado 80621 • (303) 857-9999 • FAX (303) 857-0577 • E-MAIL Permitco 1@aol.com

April 5, 2006

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Attn: Diana Whitney

Re: **Gasco Production Company**
Gate Canyon Federal #24-15-11-16
458' FSL and 2216' FWL
SE SW Section 15, T11S - R16E
Duchesne County, Utah

Diana,

Please note that this location was staked at non-standard spacing in accordance with the rules and regulations of the Utah Division of Oil Gas and Mining. This was done for geologic considerations. Please also note that Gasco Production Company is the only working interest owner within a 460 foot radius. Therefore, we request your administrative approval of this exception to spacing.

If you should need additional information, please don't hesitate to contact me

Sincerely,

PERMITCO INC.

Venessa Langmacher
Consultant for
Gasco Production Company

Enc.

cc: Gasco Production Company - Englewood, CO
Shawn Elworthy - Roosevelt, UT

RECEIVED

APR 07 2006

DIV. OF OIL, GAS & MINING

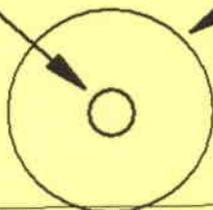
15

UTU-66800

U

GATE CANYON
FEDERAL
24-15-11-16

460' RADIUS



UTU-74396

U

GASCO LEASES



EXCEPTION LOCATION: GATE CANYON FEDERAL
24-15-11-16, SESW 15-11S-16E (458' FSL 2216' FWL).
DUCHESNE CO., UTAH



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
3160
(UT-922)

April 19, 2006

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2006 Plan of Development Gate Canyon Unit, Duchesne
County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Gate Canyon Unit, Duchesne County, Utah.

| API# | WELL NAME | LOCATION |
|-------------------------|---|----------|
| (Proposed PZ Blackhawk) | | |
| 43-013-33127 | GC Fed 21-20-11-16 Sec 20 T11S R16E 0476 FNL 2046 FWL | |
| 43-013-33126 | GC Fed 24-15-11-16 Sec 15 T11S R16E 0458 FSL 2216 FWL | |

This office has no objection to permitting the well at this time.

/s/ Michael L. Coulthard

bcc: File – Gate Canyon Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:4-19-06



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 20, 2006

Gasco Production Company
8 Inverness Drive East, Suite 100
Englewood, CO 80112

Re: Gate Canyon Federal 24-15-11-16 Well, 458' FSL, 2216' FWL, SE SW,
Sec. 15, T. 11 South, R. 16 East, 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-013-33126.

Sincerely,

Gil Hunt
Associate Director

mf
Enclosures

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

Operator: Gasco Production Company
Well Name & Number Gate Canyon Federal 24-15-11-16
API Number: 43-013-33126
Lease: UTU-74387

Location: SE SW **Sec.** 15 **T.** 11 South **R.** 16 East

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 of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will 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 supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

NOV 28 2005

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|---|--|--|---|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. UTU-66800 | 7. If Unit or CA Agreement, Name and No. Gate Canyon |
| b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name N/A | 8. Lease Name and Well No. Gate Canyon Federal #24-15-11-16 |
| 2. Name of Operator Gasco Production Company | | 9. API Well No. 43-013-33126 | |
| 3. Name of Agent Permitco Inc. - Agent | | 10. Field and Pool, or Exploratory Gate Canyon | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 458' FSL and 2216' FWL At proposed prod. zone SE SW | | 11. Sec., T., R., M., or Blk, and Survey or Area Section 15, T11S-R16E | |
| 14. Distance in miles and direction from nearest town or post office* Approximately 37.1 miles southeast of Myton, UT | | 12. County or Parish Duchesne | 13. State UT |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 425' | 16. No. of Acres in lease 961.5 | 17. Spacing Unit dedicated to this well 40 Acres; SE SW | |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. None | 19. Proposed Depth 11,598' | 20. BLM/BIA Bond No. on file Bond #UT-1233 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6127' GL | 22. Approximate date work will start* ASAP | 23. Estimated duration 35 Days | |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, a SUPO shall be filed with the appropriate Forest Service Office. | 6. Such other site specific information and/or plans as may be required by the authorized office. |

CONFIDENTIAL-TIGHT HOLE

| | | |
|---|---|---------------------------|
| 25. Signature <i>Venessa Langmacher</i> | Name (Printed/Typed) Venessa Langmacher | Date 11/23/2005 |
| Title Authorized Agent for Gasco Production Company | | |
| Approved by (Signature) <i>Jerry Kenczka</i> | Name (Printed/Typed) JERRY KENCZKA | Date 10-26-2006 |
| Title Assistant Field Manager Lands & Mineral Resources | | |

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, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)



06GXJ0209A

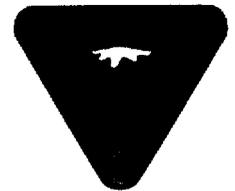
Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

RECEIVED
NOV 07 2005
NOTICE OF APPROVAL
DIV. OF OIL, GAS & MINING



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East VERNAL, UT 84078 (435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Gasco Production Company **Location:** SESW, Sec 15, T11S, R16E
Well No: Gate Canyon Federal 24-15-11-16 **Lease No:** UTU-66800
API No: 43-013-33126 **Agreement:** Gate Canyon Unit

| | | | |
|------------------------------------|---------------------|--------------------------|--------------------|
| Petroleum Engineer: | Matt Baker | Office: 435-781-4490 | Cell: 435-828-4470 |
| Petroleum Engineer: | Michael Lee | Office: 435-781-4432 | Cell: 435-828-7875 |
| Petroleum Engineer: | Jim Ashley | Office: 435-781-4470 | |
| Supervisory Petroleum Technician: | Jamie Sparger | Office: 435-781-4502 | Cell: 435-828-3913 |
| Environmental Scientist: | Paul Buhler | Office: 435-781-4475 | Cell: 435-828-4029 |
| Environmental Scientist: | Karl Wright | Office: 435-781-4484 | |
| Natural Resource Specialist: | Holly Villa | Office: 435-781-4404 | |
| Natural Resource Specialist: | Melissa Hawk | Office: 435-781-4476 | |
| Natural Resource Specialist: | Charles Sharp | Office: 435-781-4486 | |
| Natural Resource Specialist: | Darren Williams | Office: 435-781-4447 | |
| Natural Resource Specialist: | Scott Ackerman | Office: 435-781-4437 | |
| After Hours Contact Number: | 435-781-4513 | Fax: 435-781-4410 | |

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

- Location Construction (Notify Darren Williams) - Forty-Eight (48) hours prior to construction of location and access roads.
- Location Completion (Notify Darren Williams) - Prior to moving on the drilling rig.
- Spud Notice (Notify Petroleum Engineer) - Twenty-Four (24) hours prior to spudding the well.
- Casing String & Cementing (Notify Jamie Sparger) - Twenty-Four (24) hours prior to running casing and cementing all casing strings.
- BOP & Related Equipment Tests (Notify Jamie Sparger) - Twenty-Four (24) hours prior to initiating pressure tests.
- First Production Notice (Notify Petroleum Engineer) - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

1. The gathering pipeline that parallels Wrinkle Road shall be laid on the surface in order to minimize disruption to patches of suitable habitat for *Sclerocactus glaucus*. All machinery shall be power-washed before coming onto the project area to reduce the risk of spreading invasive and or noxious weeds.
2. Within 90 calendar days of the approval date for this Application for Permit to Drill (APD), the operator/lessee will submit to the Authorized Officer (AO), on Sundry Notice Form 3160-5, an Interim Surface Reclamation Plan for surface disturbance on well pads, access roads, and pipelines. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeded the area using appropriate reclamation methods.
3. The interim seed mix for reclamation will be:

| | | |
|--------------------------------|----------------------------|----------------|
| Hy-crest Crested Wheatgrass | <i>Agropyron cristatum</i> | 4 lbs per acre |
| Western Wheatgrass | <i>Agropyron smithii</i> | 4 lbs per acre |
| Needle and Threadgrass | <i>Stipa comata</i> | 4 lbs per acre |
4. The Surface pipeline will parallel the road. Where water cut outs exist to facilitate the drainage of the road, the pipeline will extend out around the cut out so that surface drainage will not be impeded.
5. Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeded.

DOWNHOLE CONDITIONS OF APPROVAL

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

1. A cement bond log shall be run from TD to the top of cement and a field copy shall be furnished to the BLM Vernal Field Office.

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

1. There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well. Any changes in operation must have prior approval from the BLM, Vernal Field Office Petroleum Engineers.
2. The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
3. **Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.**
4. Blowout prevention equipment (BOPE) will remain in use until the well is completed or abandoned. Closing unit controls must remain unobstructed and readily accessible at all times. Choke manifolds must be located outside of the rig substructure.

All BOPE components will be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests must be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test must be reported in the driller's log.

BOP drills must be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.

Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.

No aggressive/fresh hard-banded drill pipe shall be used within casing.

5. All shows of fresh water and minerals will be reported and protected. A sample will be taken of any water flows and a water analysis furnished the BLM, Vernal Field Office. All oil and gas shows will be adequately tested for commercial possibilities, reported, and protected.
6. 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 BLM, Vernal Field Office. If operations are to be suspended for more than 30 days, prior

approval of the BLM, Vernal Field Office must be obtained and notification given before resumption of operations.

7. Chronologic drilling progress reports must be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.

Any change in the program must be approved by the BLM, Vernal Field Office. "Sundry Notices and Reports on Wells" (Form BLM 3160-5) must be filed for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Emergency approval may be obtained orally, but such approval does not waive the written report requirement. Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, will require the filing of a suitable plan pursuant to Onshore Oil & Gas Order No. 1 of 43 CFR 3164.1 and prior approval by the BLM, Vernal Field Office.

In accordance with 43 CFR 3162.4-3, this well must be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.

8. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM 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 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) will be submitted only when requested by the BLM, Vernal Field Office.

Please submit an electronic copy of all logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM. The cement bond log must be submitted in raster format (TIF, PDF other).

9. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the BLM, Vernal Field Office.

All measurement points shall be identified as point of sales or allocation for royalty determination prior to the installation of facilities.

10. Oil and gas meters will be calibrated in place prior to any deliveries. The Field Office Petroleum Engineers 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 BLM, Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement.

11. A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM, Vernal Field Office within 30 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 Onshore Oil & Gas Order No. 3.
12. This APD is approved subject to the requirement that, should the well be successfully completed for production, the BLM, Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - a. Operator name, address, and telephone number.
 - b. Well name and number.
 - c. Well location ($\frac{1}{4}$ $\frac{1}{4}$, Sec., Twn, Rng, and P.M.).
 - d. Date well was placed in a producing status (date of first production for which royalty will be paid).
 - e. The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - f. The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - g. Unit agreement and / or participating area name and number, if applicable.
 - h. Communitization agreement number, if applicable.
13. Any venting or flaring of gas will be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from Field Office Petroleum Engineers.
14. All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events as defined in NTL3A, will be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production
15. Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day

period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

16. Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU-74387

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
NA

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

7. UNIT or CA AGREEMENT NAME:
Gate Canyon

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
Gate Canyon Fed 24-15-11-16

2. NAME OF OPERATOR:
Gasco Production Company

9. API NUMBER:
4301333126

3. ADDRESS OF OPERATOR:
8 Inverness Dr E, Ste 100 Englewood Co 80112

PHONE NUMBER:
(303) 483-0044

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 458' FSL & 2216' FWL COUNTY: Duchesne
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 15 11S 16E STATE: UTAH

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|---|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: <u>Extend Permit</u> |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Gasco Production Company would like to request a one year extension on this APD from the date it is due to expire (April 20, 2007)

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04-16-07
By: [Signature]

COPY SENT TO OPERATOR
Date: 4-17-07
Initials: RM

NAME (PLEASE PRINT) Beverly Walker
SIGNATURE [Signature]

TITLE Engineering Tech
DATE 4/12/2007

(This space for State use only)

RECEIVED
APR 16 2007

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4301333126
Well Name: Gate Canyon Federal 24-15-11-16
Location: SE SW Section 15-T11S-R16E Duchesne County
Company Permit Issued to: Gasco Production Company
Date Original Permit Issued: 4/20/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No


Signature

4/12/2007

Date

Title: Engineering Technician

Representing: Gasco Production Company

RECEIVED

APR 16 2007

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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
 Oil Well Gas Well Other

2. Name of Operator
 Gasco Production Company

3a. Address
 8 Inverness Drive East Ste 100 Englewood, Co 80112

3b. Phone No. (include area code)
 303-483-0044

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 458' FSL & 2216' FWL
 SE SW of Section 15-T11S-R16E

5. Lease Serial No.
 UTU-74387

6. If Indian, Allottee, or Tribe Name
 NA

7. If Unit or CA. Agreement Name and/or No.
 Gate Canyon

8. Well Name and No.
 Gate Canyon Fed 24-15-11-16

9. API Well No.
 43-013-33126

10. Field and Pool, or Exploratory Area
 Wildcat

11. County or Parish, State
 Duchesne County, Utah

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | | |
|---|---|---|--|---|--|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> 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"/> Altering 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 type="checkbox"/> Other _____ | |
| | <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 Operations (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 recompleate 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 recompleation 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 site is ready for final inspection.

Gasco Production company would like to request a one year extension on this APD from the date it is due to expire 10/26/07

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

Name (Printed/ Typed) Shon McKinnon Title Agent for Gasco Production Co.

Signature *Shon McKinnon* Date 10/14/07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *[Signature]* **Petroleum Engineer** Date OCT 22 2007

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.

Title 18 U.S.C. Section 1001 AND Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

NOV 07 2007

CONDITIONS OF APPROVAL ATTACHED

DIV. OF OIL, GAS & MINING



CONDITIONS OF APPROVAL

Gasco Production Company

Notice of Intent APD Extension

Lease: UTU-74387
Well: Gate Canyon Federal 24-15-11-16
Location: SESW Sec 15-T11S-R16E

An extension for the referenced APD is granted with the following conditions:

1. The extension and APD shall expire on 10/26/08.
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Ryan Angus of this office at (435) 781-4490

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

| | | |
|---|--|---|
| 1. TYPE OF WELL | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-74387 |
| OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA |
| 2. NAME OF OPERATOR: Gasco Production Company | | 7. UNIT or CA AGREEMENT NAME: Gate Canyon |
| 3. ADDRESS OF OPERATOR: 8 Inverness Dr E, Ste 100 CITY Englewood STATE Co ZIP 80112 | | 8. WELL NAME and NUMBER: Gate Canyon Fed 24-15-11-16 |
| PHONE NUMBER: (303) 483-0044 | | 9. API NUMBER: 4301333126 |
| 4. LOCATION OF WELL | | 10. FIELD AND POOL, OR WILDCAT: Wildcat |
| FOOTAGES AT SURFACE: 458' FSL & 2216' FWL | | COUNTY: Duchesne |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 15 11S 16E | | STATE: UTAH |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|---|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
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| | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: <u>Extend Permit</u> |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Gasco Production Company would like to request a one year extension on this APD from the date it is due to expire (April 20, 2008)

**Approved by the
Utah Division of
Oil, Gas and Mining**

Date: 04-15-08
By: [Signature]

COPY SENT TO OPERATOR
Date: 4.15.2008
Initials: KS

| | |
|---|-------------------------------|
| NAME (PLEASE PRINT) <u>Beverly Walker</u> | TITLE <u>Engineering Tech</u> |
| SIGNATURE <u>[Signature]</u> | DATE <u>4/9/2008</u> |

(This space for State use only)

RECEIVED
APR 14 2008

RESET

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4301333126
Well Name: Gate Canyon Federal 24-15-11-16
Location: SE SW Section 15-T11S-R16E Duchesne County
Company Permit Issued to: Gasco Production Company
Date Original Permit Issued: 4/20/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

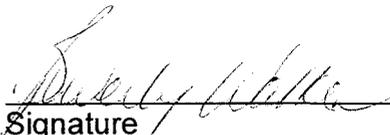
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



Signature

4/9/2008

Date

Title: Engineering Technician

Representing: Gasco Production Company



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal/html>



IN REPLY REFER TO:

3160

LLUTG01100

February 26, 2009

David Smith
Gasco Production Company
8 Inverness Drive East, Suite 100
Englewood, CO 80112

43-003-33126

Re: Notice of Expiration
Well No. Gate Canyon Federal 24-15-11-16
SESW, Sec. 15, T11S, R16E
Duchesne County, Utah
Lease No. UTU-66800
Gate Canyon Unit

Dear Mr. Smith:

The Application for Permit to Drill (APD) the above-referenced well was approved on October 26, 2006. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until October 26, 2008. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, 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.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM

RECEIVED

MAR 10 2009

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 4, 2009

Gasco Production Company
8 Inverness Dr. East, Ste. 100
Englewood, CO 80112

Re: APD Rescinded – Gate Canyon Fed 24-15-11-16, Sec. 15 T. 11S, R. 16E
Duchesne County, Utah API No. 43-013-33126

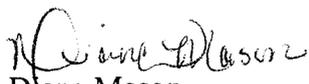
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 20, 2006. On April 16, 2007 and on April 15, 2008 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 4, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

