

Bureau of Land Management
Moab District
Application for Permit to Drill
On-Site Inspection Checklist

Company F. L. Energy Corp. Well No. Scorpion 1-23

Location: Sec. 23, T. 16S, R. 9E, Lease No. U 67161

On-Site Inspection Date _____

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

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops:
Surface is weathered Mancos Shale
Ferron SS 2200'
T. D. to be approx 60' below Ferron SS.

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

Depth/Formation
Expected Oil Zones: none expected
Expected Gas Zones: Ferron SS, 2200' (top)
Expected Water Zones: none other than possibly the Ferron SS members
Expected Mineral Zones: none other than possible coal seams encountered in the area.

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and will be cased and cemented. When possible, water flow rates will be measured and samples will be taken and analyzed with the results being submitted to BLM. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment -include schematics of the BOP and choke manifold, and describe testing procedures: Schematic attached, 3000⁺ Dual Ram 1 Pipe, 1 Blind, Hydraulically operated BOP. Tested each shift and whenever questioned.
The top piece of the stack will be a Hydril or Equivalent
 BOP systems will be consistent with API RP 53 and Onshore Oil and Gas Order No. 2. Pressure tests of the surface casing and all BOP equipment potentially subject to pressure will be conducted before drilling the surface casing shoe. Blowout preventer controls will be installed prior to drilling the surface casing shoe and will remain in use until the well is completed or abandoned. Ram preventers shall be inspected and operated each trip (no more than once a day is necessary), and annular preventers shall be inspected and operated weekly to ensure good mechanical working order. These inspections shall be recorded in the drilling log and in the daily drilling report.
4. Casing Program and Auxiliary Equipment -include casing size, weight, grade, thread and coupling, setting depth and condition (new or acceptably reconditioned):
Surface casing: 8⁵/₈" 24 lb/ft New 8rd, 120'
Prod: 5¹/₂" 15.5 lb/ft New 8rd. T.D. est 2500'
5. Cement -include the cement type, density, yield, additives and amount used in setting each casing string. Also include the anticipated cement fill-up. If stage cementing, describe techniques:
Surface casing: Class H cmt. w/ 2% CaCl Circulate to surface, Pipe will be centralized
Prod. Class H cmt 250 Sx. Calculated cmt. Top 500' above the top of the Ferron ss. (Using 30% excess volume) Pipe will be centralized to cmt. top.
 Surface casing shall be cemented back to surface. Centralizers shall be run, at a minimum, on the bottom three joints of each casing string.
6. Mud Program and Circulating Medium -include mud components and weights. When air drilling, also include: length and location of blooie line; description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud: Air/mist with 2% KCl. all equipment will be that prudent to air drilling practices. Blooie Line end will a minimum 150' from rig. a small blooie pit will be used. Ignitor will be provided by contractor.
 Due to potential for contamination of usable quality water aquifers, chromates are banned from Federal leases.

 Sufficient mud materials will be stored on location to maintain well control and combat lost circulation problems that might reasonable be expected.
7. Coring, Logging and Testing Program: Coring and DST are not planned
Logging suite will be G.R/DIL, Neutron/Density on open hole
G.R/sonic on cased hole, and GLL.
 Initial opening of drill stem test tools will be restricted to daylight hours.

8. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards -include anticipated bottomhole pressure and/or pressure gradient. Also list anticipated lost circulation zones, abnormal temperature zones and possible hydrogen sulfide bearing zones:
H₂S Gas is not Expected. B.H.P. calculated at 805 PSI, .35 gradient. (Mid Ferron SS 2200.)
No abnormal temperatures expected
9. Any Other Aspects of this Proposal that should be Addressed:
Drilling is expected to be straight forward based on penetrations of the Ferron S.S. nearby

B. THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. Existing Roads:

- a. Proposed route to location (submit a map depicting access and well location).
- b. Location of proposed well in relation to town or other reference point:
2 mi west of Elmo UT.
10 mi. So of Price on Hwy 10, 1/4 mi East. on access Rd (not constructed)
- c. Contact the County Road Department for use of county roads. The use of San Juan County roads will require an encroachment permit from the San Juan County Road Department.
- d. Plans for improvement and/or maintenance of existing roads: _____
None at this stage
- e. Other: _____

2. Planned Access Roads:

- a. Location (centerline): will be staked for onsite.
For the Drilling phase this Road will only be lightly graded.
- b. Length of new access to be constructed: aprx 1/4 mi
- c. Length of existing roads to be upgraded: 0
- d. Maximum total disturbed width: 20'
- e. Maximum travel surface width: 16'

- f. Maximum grades: 1-2%
No major ~~cut~~ cuts or fills will be required
as the area is relatively flat.
- g. Turnouts: none planned at this stage
- h. Surface materials: mancoas shale, Road Construction
materials will be that of native borrow
disturbance for access Rd will be kept to minimum
at this stage
- i. Drainage (crowning, ditching, culverts, etc): no Drainage Design
is currently required, no major cuts or fills
will be required
- j. Cattleguards: None planned
- k. Length of new and/or existing roads which lie outside the lease or unit boundary for which a BLM right-of-way is required: 0
- l. Other: If the well is productive this access Rd
will be brought to Resource Road standards (ci. 3)

Surface disturbance and vehicular travel will be limited to the approved location and access road. Any additional area needed must be approved by the Area Manager in advance.

If a right-of-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental, or other financial obligations determined by the authorized officer.

If the well is productive, the access road will be rehabilitated or brought to Resource

(Class III) Road Standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

3. Location of Existing Wells -on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: None within 1 mi

4. Location of Production Facilities:

- a. On-site facilities: Dia. attached
- b. Off-site facilities: None Currently Planned
- c. Pipelines: _____

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: Beige Sand

All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7-3 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit as specified in NTL-2B. If water is produced from the well, an NTL-2B application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on a map): P.R.W.T.D. Price UT.
Hauled by Contractors. The only water expected
to be used is for ~~the~~ Cementing the casing.

A temporary water use permit for this operation will be obtained from the Utah State Engineer in Price, Utah at (801) 637-1303

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is Federally owned, show location on a map): None expected. The loose weathered shale
at the surface shall be pushed aside and saved

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

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be lined with (native material, bentonite, synthetic material):
Native material (shale) or as directed
and fenced as required

The reserve pit will be located: See Drilling Diagram
_____, and the pit walls will be sloped at no
greater than to 1.

The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.

Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

8. Ancillary Facilities: one 17'-20' trailer and dog house
are planned

9. Well Site Layout -depict the pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1" = 50'.

All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR § 3162.6.

Access to the well pad will be from: Hwy 10

The blooie line will be located: Terminated at the small blooie pit., at least 100 feet from the well head.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed:

as required by BLM

10. Plans for Restoration of the Surface:

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: one end of the location opposite access road

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry. Fluids will be hauled to proper disposal

All road surfacing will be removed prior to the rehabilitation of roads.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be recontoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between _____ and _____, or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: Recommended by
BLM area manager

The abandonment marker will be one of the following, as specified by BLM:

- 1) at least four feet above ground level,
- 2) at restored ground level, or
- 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).

Additional requirements: _____

11. Surface and Mineral Ownership: BLM

12. Other Information:
a. Archeological Concerns: None Expected - Advise

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) 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 an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

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

- b. Threatened and Endangered Species Concerns: _____

- c. Wildlife Seasonal Restrictions (yes/no): _____

- d. Off Location Geophysical Testing: _____

- e. Drainage crossings that require additional State or Federal approval: _____

- f. Other: _____

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Building Location- Contact the Resource Area, Natural Resource Protection Specialist at least 48 hours prior to commencing construction of location.

Spud- The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports 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. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First Production- Should the well be successfully completed for production, the District Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

Well Completion Report- 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 to the District Office not later than thirty (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, 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. When requested, samples (cuttings and/or samples) will be submitted to the District Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the District Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomical is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along a water analysis, if required, will be submitted to the District Office for approval pursuant Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the District Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the District Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Office, within thirty (30) days following plugging and abandonment of the well. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. 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 Area Manager or his representative, or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify _____ of the _____ Resource Area, at _____ for the following:

2 days prior to commencement of dirt work, construction or reclamation;

1 day prior to spudding;

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

12 hours prior to reaching kickoff point depth (if applicable).

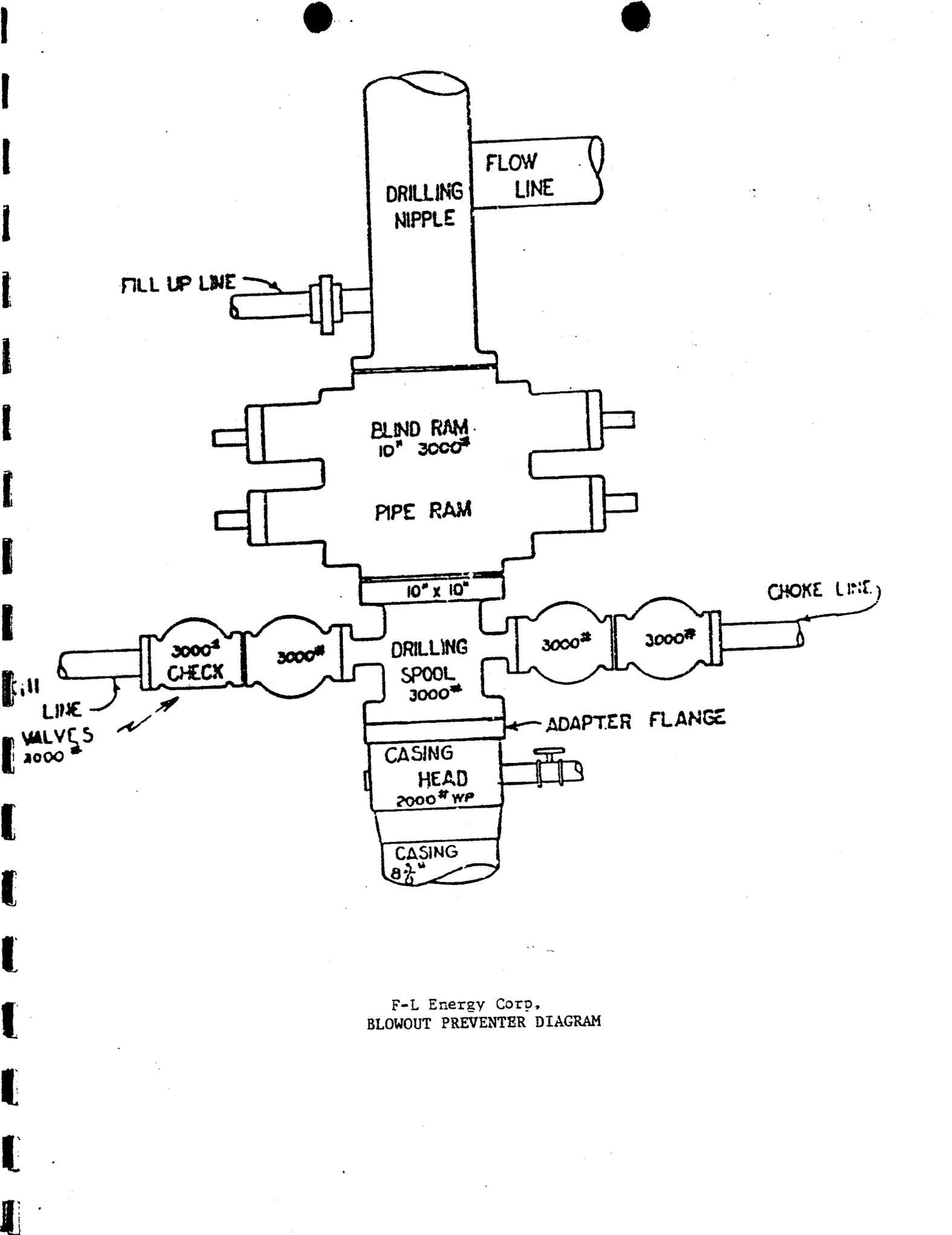
If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, notify one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: (801) 259-6111

Home: (801) 259-2214



F-L Energy Corp,
BLOWOUT PREVENTER DIAGRAM

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

Representative:

Name: Jim Hemingway

Title: Field Supervisor

Address: 820^w Old Hwy Rd
Morgan UT 84050

Phone No.: 801 829 0670

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 currently exist; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by International Drilling

Ray Buckland

and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under BLM bond no. _____. This statement is subject to the provisions of 18 U.S.C. § 1001 for the filing of a false statement.


Signature

Owner
Title

5-12-95
Date

08/28/98 USDI * BUREAU OF LAND MANAGEMENT * UTAHSTATE OFFICE PG 01

SERIAL REGISTER PAGE

GEO STATE: UTAH SERIAL NO: UTU 67161
CASE TYPE: 312021 O&G LSE COMP PD-1987
LEGAL REF: O&G LSE COMP PD-1987 12-22-1987;10 COMMODITY: OIL & GAS

NAME ADDRESS % INTRST INTEREST
ALKER HENRY A P O BOX 194001 100.00000 LESSEE
SAN FRANCISCO, CA 94119

M_ TOWN RANGE SEC SUBDIVISION SURFACE MGMT AGENCY
26 16-0S 9-0E 15 ALL
22 ALL
23 ALL

***** TOTAL ACRES: 1920.000 *****

Table with columns: ACTN DATE, CODE, ACTION, ACTION REMARKS, PEND ACT. Contains historical lease and payment records from 1990 to 1995.

Table with columns: STATE, ENTITY, ACRES. Lists land ownership details for UTAH, including MOAB DISTRICT and PRICE RIVER RA.

* CONTINUED *

* CONTINUED *

Post-It brand fax transmittal memo 7671 # of pages 4. To: Jim Hemingway, From: Irene Anderson, Co: BLM-UT, Dept: , Phone #: 801-539-4108, Fax #: 801-977-9261, Fax #: 539-4200

08/28/98 USDI * BUREAU OF LAND MANAGEMENT * UTAHSTATE OFFICE PG 02

SERIAL REGISTER PAGE

GEO STATE: UTAH

SERIAL NO: UTU 67161

* CONTINUED *

* CONTINUED *

STATE ENTITY

ACRES

CASE DISPOSITION: 08/01/1990 AUTHORIZED

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

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.

5. Lease Designation and Serial No.

U. 67161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Scorpion 1-23

9. API Well No.

10. Field and Pool, or Exploratory Area

Ferran

11. County or Parish, State

Carbon Emery

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

F.L. Energy Corp (801) 487-0744

3. Address and Telephone No.

2020 E 3300^S Suite 26 SLC UT 84109

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

845' F.S.L. 258

1125' F.E.L. 343 Sec 23 T16S R9E

510833.01
11362456.45

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

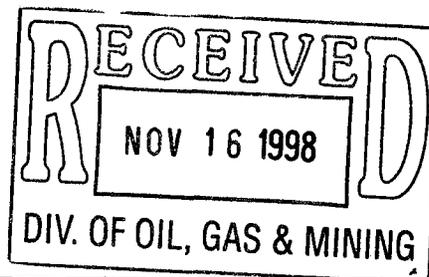
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input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

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

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

move well to a more favorable spot per onsite with BLM Price

Survey Cert Attached



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

Signed William Springer

Title agent

Date 4-28-98

(This space for Federal or State office use)

Assistant Field Manager
Division of Resources

Approved by William Springer
Conditions of approval, if any:

Title

Date NOV 10 1998

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
F.L. Energy Corp. % Henry Aker

3. ADDRESS OF OPERATOR

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface 660 FSL 660 FEL
At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
2 mi west of Elmo UT.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660'

18. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL
160'

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

19. PROPOSED DEPTH
2500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5900' G.L.

5. LEASE DESIGNATION AND SERIAL NO.
U67161

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.
Scraper 1-23 (Fed)

10. FIELD AND POOL, OR WILDCAT
wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
T16S, R9E, Sec 23

12. COUNTY OR PARISH 13. STATE
Carbon UT

PROPOSED CASING AND CEMENTING PROGRAM

24. SIGNED Jim Hennigway 80178290670 TITLE Sect. DATE 5-15-85
(This space for Federal or State office use)

PERMIT NO. APPROVED BY William Stringer TITLE Assistant Field Manager DATE NOV 10 1988
CONDITIONS OF APPROVAL, IF ANY: DIVISION OF RESOURCES

CONDITIONS OF APPROVAL ATTACHED
*See Instructions On Reverse Side

FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A Dated 1/1/80

Doan

RANGE 9 EAST

S 89°23' W 5278.68' GLO RECORDED

TOWNSHIP 16 SOUTH

N 0°20' W 5252.28' GLO RECORDED

BASIS OF ELEVATION
5991 AS INDICATED AT THE SE CORNER OF SECTION 26, T16S, R9E, S.L.B.& M. AS SHOWN ON THE ELMO, UTAH QUADRANGLE 7.5 MINUTE SERIES MAP.

23

**HENRY ALKER
SCORPION 1-23**
SET 5 FT FENCE POST W/MAST
ELEV. 5896'

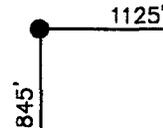
N 0°02' W 5352.26 GLO RECORDED
N 0°02' W BASIS OF BEARING
2676.30' MEASURED



S 89°47'52" W 2685.54' MEASURED
S 89°37' W 2703.36' RECORDED

N 89°23'08" W 5324.06' MEAS. TOTAL

N 88°44' W 2640.00' RECORDED
N 88°33'08" W 2640.00' MEASURED

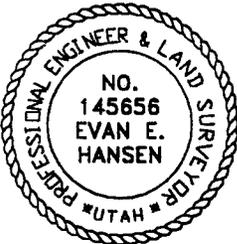


LEGEND

- ⊕ FOUND BRASS CAP
- SEARCHED FOR BUT NOT FOUND
- ◊ FOUND ROCK CORNER

BASIS OF BEARING

BASIS OF BEARING N 01°02'00" W MEASURED BETWEEN THE SW CORNER AND THE E1/4 CORNER OF SECTION 27, TOWNSHIP 15 SOUTH, RANGE 9 EAST, SALT LAKE BASE AND MERIDIAN.



ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NO. 145656 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE TRACT OF GROUND SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Evan E. Hansen *APRIL 24, 1998*
EVAN E. HANSEN DATE

SE1/4 SEC. 23, T 16 S, R 9 E, S.L.B.& M.

Empire Engineering

1665 E. Sagewood Rd. Price, Utah 84501

**H. ALKER
SCORPION 1-23**

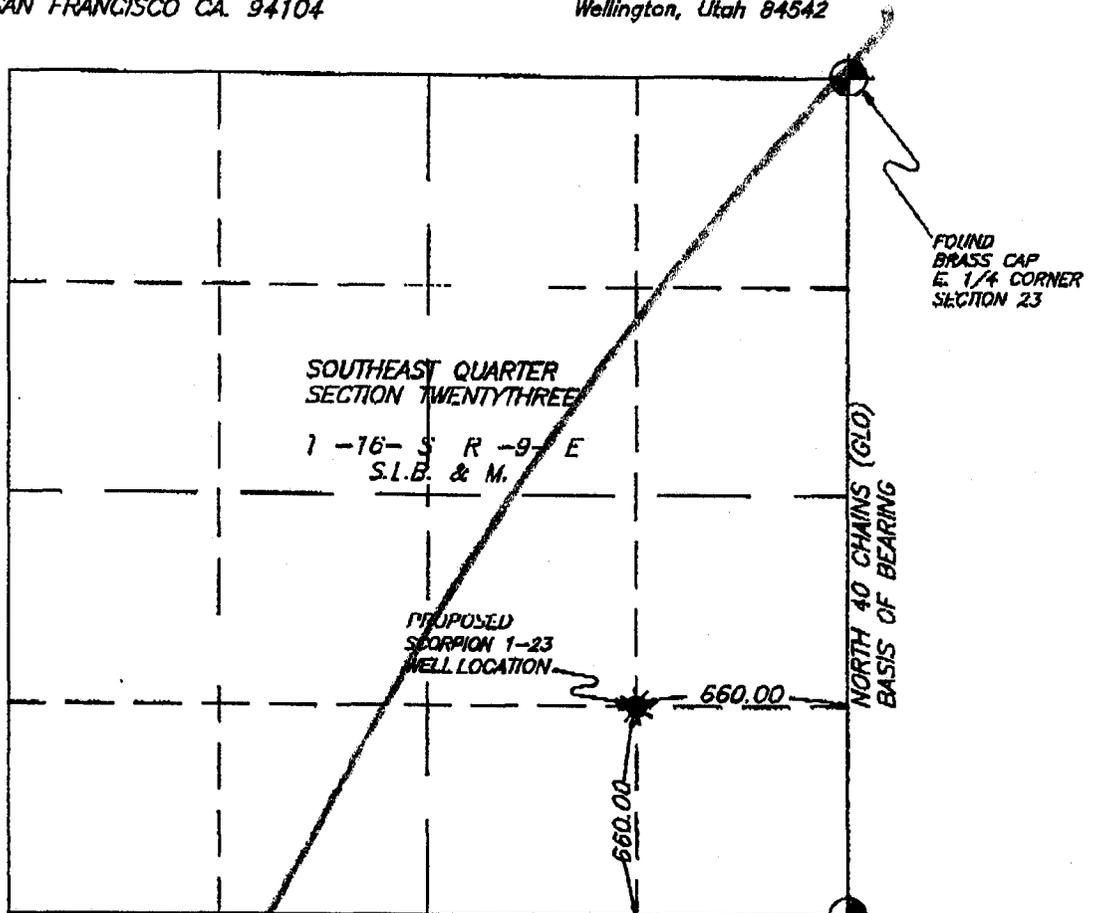
Drawn By: RH	Approved By: EEH	Drawing No. EEOG-98-12
Date: 4-23-98	Scale: 1"=1000'	SHEET 1 OF 2

HENRY ALKER MINERAL LEASING
155 MONTGOMERY SUITE 504
SAN FRANCISCO CA. 94104

PREPARED BY: *Barker & Associates*
38 West Main Street
Wellington, Utah 84542



1"=1000



Location map for : SCORPION 1-23
SECTION 23, T-16-S R-9-E S.L.B.&M.
(LEASE # U67161)

Surveyors Certificate

I, Art F. Barker a duly registered Land Surveyor in the state of Utah do hereby certify that the survey represented by this plat is correct to the best of my knowledge and belief.

Art F. Barker
Art F. Barker
Utah Reg. No. 182812

Date: MAY 13, 1995



PREPARED FOR:
HENRY ALKER MINERAL LEASING
(HENRY ALKER)
155 MONTGOMERY SUITE # 504
SAN FRANCISCO CA. 94104
(415) 788-6544

F. L. Energy Corporation
Scorpion 1-23
Lease U-67161
SE/SE Section 23, T16S, R9E
Carbon County, Utah

CONDITIONS OF APPROVAL

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

Be advised that F. L. Energy Corporation is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT 1013 (Principal - F. L. Energy Corporation) via surety consent as provided for in 43 CFR § 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR § 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR § 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to field representatives to insure compliance.

A. DRILLING PROGRAM

1. Cement behind the production casing string shall be circulated to surface. If this is unsuccessful, a Cement Bond Log (CBL) or equivalent tool to determine the height of cement shall be run.
2. Although the proposed BOPE system has components rated to 3M, BLM only requires a 2M system for this well; therefore, testing of the system to 2M standards is acceptable. The choke manifold shall be consistent with Onshore Oil and Gas Order No. 2.

B. SURFACE

1. Within six months of installation, all surface structures shall be painted in the following flat, earth tone sand beige and slate gray colors. The colors should be applied in a pattern to disrupt strong line elements found in the pump jack and buildings. Any facilities that must be painted to comply with OSHA standards are exempt.
2. The smallest, low profile, commercially available pump jack should be utilized. This would minimize changes to form and texture as seen by foreground viewers.
3. Construction shall not occur on frozen or saturated soils, or when watershed damage is likely, unless an adequate plan is submitted to the BLM that demonstrates potential impacts shall be mitigated. BLM may limit cross-country travel or construction activity at times when soils are dry or frozen or have snow cover. BLM shall determine what is "wet," "muddy," or "frozen" based on weather and field conditions at the time. The limitation does not apply to maintenance and operation of producing wells.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by BLM prior to use.
5. Vegetation removal necessitated by a construction project shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.

Reclamation

6. All pits must be reclaimed to a natural condition similar to the rest of the reclaimed area, and must be restored to a safe and stable condition.
7. Reclamation shall start immediately upon completion of construction, unless prevented by weather conditions. Disturbed areas shall be restored to approximately the original contour.
8. Disturbed areas shall be revegetated after the site has been satisfactorily prepared. Site preparation may include ripping, contour furrowing, terracing, reduction of steep cut and fill slopes, water barring, or other procedures.
9. Seeding shall be done by drilling on the contour whenever practical, or by other approved method. Where broadcast seeding is used, seeding shall take place after the soil surface is recontoured and scarified. A harrow or similar implement shall be dragged over the area to assure seed cover.
10. Seeding and/or planting shall be repeated until satisfactory revegetation is accomplished, as determined by BLM. Mulching, fertilizing, fencing or other practices may be required.

11. Seeding shall be done from October 1 to November 15, and from February 1 to March 31.
12. Sufficient topsoil to facilitate revegetation shall be segregated from subsoils during all construction operations and shall be returned to the surface upon completion of operations, where feasible. Topsoil stockpiles shall be revegetated or otherwise protected to prevent erosion and maintain some soil microflora and microfauna. Stockpiled topsoil shall be spread evenly over the recontoured area. All disturbed areas and vehicle tracks from overland access shall be ripped 4 to 12 inches deep within the contour.
13. Reclamation and abandonment of pipelines and flowlines may require replacing fill in the original cuts, reducing and grading cut and fill slopes to conform to the adjacent terrain, replacement of surface soil material, water barring, and revegetating in accordance with a reclamation plan.
14. After well plugging and abandonment, roads constructed by the operator not required for the BLM transportation system shall be closed and obliterated. Reclamation may include ripping, scarifying, water barring, and barricading. Stockpiled soil, debris and fill materials shall be replaced on the roadbed to conform to the approved reclamation plan.
15. If human remains are discovered at any point during the project, they shall be treated according to state and federal law, and according to the wishes of concerned Native American tribes, pursuant to the Native American Graves Protection Act. The county sheriff, coroner, land managing official, and State Archaeologist shall be notified. The remains shall not be disturbed until the appropriate officials have examined them.

General Requirements

15. Road construction must meet BLM class III standards (Appendix 2C).
16. With BLM approval, existing roads or trails may be improved (bladed) if impassable by vehicles or equipment. No widening or realignment shall be allowed unless approved by BLM.
17. New trails may be constructed only when vehicle and equipment passage is impossible, and only with the concurrence of the BLM. Any pushed trees are to be readily retrievable without additional disturbance, if needed for reclamation.
18. Reserve pits for oil and gas drilling operations may be required to be lined with commercial-grade bentonite or plastic liners sufficient to prevent seepage. At least half of the capacity shall be in a cut.
19. Prior to the use of insecticides, herbicides, fungicides, rodenticides, and other similar substances, an operator must obtain from BLM approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled,

the method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands.

Water Resources

20. For construction projects lasting more than 30 days, portable chemical toilets shall be provided at all staging areas, bases of operations, and storage areas.
21. No oil, lubricants, or toxic substances may be drained onto the ground surface. Pads shall be designed so that any oil, lubricants, etc., shall drain into a collection system.

Cultural Resources

22. If a previously unknown property is encountered during construction or operation of the facilities, or if a previously planned undertaking shall affect a known historic property in an unanticipated manner, all work that might adversely affect the property shall cease until the BLM can evaluate the significance of the property and assess the effect of the undertaking. The BLM shall consult with the SHPO on both a determination of eligibility and the assessment of effect in an expeditious manner. If the site is determined eligible and shall be affected by the undertaking, the BLM shall ensure that the operator prepares an avoidance or treatment plan for the property.
23. If human remains are discovered at any point during the project, they shall be treated according to state and federal law, and according to the wishes of concerned Native American tribes, pursuant to the Native American Graves Protection and Repatriation Act. The county sheriff, coroner, land-managing official, and State Archaeologist shall be notified. The remains shall not be disturbed until the appropriate officials have examined them.

Livestock Management

24. Existing range and livestock management facilities, such as fences, wells, reservoirs, watering pipelines, troughs, and trailing systems, shall not be disturbed without prior approval of BLM. Where disturbance is necessary, the facility shall be returned to its original condition.
25. Newly constructed range improvements such as fences and reservoirs must meet BLM standards. When it is necessary to gain access across a fenceline for construction purposes, the fence must be braced. Four-inch timber or equivalent must be installed and the gateway kept closed when not in actual use.
26. All gates found closed during the course of the operation must be reclosed after each passage of equipment and personnel. Cattle guards shall be installed in fences on all collector roads. Either a cattleguard or a gate shall be required on local and resource roads to control livestock movement or vehicular access.

27. Access to grazing areas shall be maintained at all times. Livestock operators shall have access to grazing and trailing areas where road closures are implemented during periods of authorized livestock use.

Visual Resources

28. Upon completion of the project, the area and access roads shall be reclaimed to as near the original condition as possible. All disturbed areas shall be recontoured to blend as nearly as possible with the natural topography. All berms shall be removed and all cuts (including roads) filled.
29. Construction areas and access roads shall be kept litter-free. The operator must provide a trash pit or trash cage, and trash must be collected and contained during the operation. All garbage, trash, flagging, lath, etc., shall be removed from the area and hauled to an authorized dump site.
30. Construction and facilities shall be in conformance with Visual Resource Management (VRM) objectives for the VRM classes on the Project Area. All surface facilities in the Project Area shall be located to minimize disturbance of the visual horizon and painted to blend in with the surrounding landscape. Colors shall be specified by BLM.

APPENDIX 2F

BLM SEED MIXTURES FOR THE PRICE COALBED METHANE PROJECT

Seed mixtures have been developed for general land types throughout the project area. They are based on erosion control, forage production, elevation, soils, vegetation communities and average annual precipitation zones. The mixtures show the plant species and the pounds per acre of pure live seed (PLS) to be planted.

The following seed mixture will be planted along service road borrow ditches, around the edge of drill pads with a production well, and surrounding other production and maintenance facilities. The purpose for this seeding is to provide a "green strip" buffer to minimize fire hazards and prevent invasion and establishment of noxious weeds in areas that will receive continued disturbance for the life of these project areas.

<u>Common Plant Name</u>	<u>Scientific Name</u>	<u>Pounds peracre/ PLS*</u>
Forage kochia	<u>Kochia prostrata</u>	2
Wyoming big sagebrush	<u>Artemisia tridentata wyomingensis</u> var. <u>Gordon Creek</u>	1
Douglas low rabbitbrush	<u>Chrysothamnus viscidiflorus</u>	+ 1
	Total	4

The following seed mixtures are for areas that will receive final reclamation. Areas would be planted to protect them from soil erosion and to restore forage production.

Salt Desert Areas

<u>Common Plant Name</u>	<u>Scientific Name</u>	<u>Pounds per acre \ PLS*</u>
<u>Grasses</u>		
Indian ricegrass	<u>Oryzopsis hymenoides</u>	2
Squirreltail	<u>Elymus elymoides</u>	2
Galleta	<u>Hilaria jamesii</u>	2
<u>Forbs</u>		
Lewis flax	<u>Linum perenne lewislii</u>	1
Palmer penstemon	<u>Penstemon palmerii</u>	1
Gooseberryleaf globemallow	<u>Sphaeralcea grossulariifolia</u>	0.5
<u>Shrubs</u>		
Forage kochia	<u>Kochia prostrata</u>	2
Rubber rabbitbrush	<u>Chrysothamnus nauseosus</u>	1
Fourwing saltbush	<u>Atriplex canescens</u>	2
Winterfat	<u>Krascheninnikovia</u> <u>(Eurotia) lanta</u>	+ 2
	Total	15.5

* Seeding rate is listed as pounds per acre of pure live seed (PLS) drilled. Rate is increased by 50 percent if broadcast seeded.

Formula: pure live seed (PLS) = % seed purity x % seed germination.

TABLE 1

NOTIFICATIONS

Notify Don Stephens or Dean Nyffeler of the Price River Resource Area in Price, Utah, at (801) 637-4584 for the following:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching surface casing depth;

3 hours prior to testing BOPE

If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer	Office: (801) 259-6111
	Home: (801) 259-2214

Gary Torres, Petroleum Engineer	Office: (801) 587-2141
	Home: (801) 587-2705

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/16/98

API NO. ASSIGNED: 43-015-30273

WELL NAME: SCORPION 1-23
 OPERATOR: F L ENERGY (N2120)
 CONTACT: Jim Hemingway 487-0744

PROPOSED LOCATION:
 SESE 23 - T16S - R09E
 SURFACE: 0845-FSL-1125-FEL
 BOTTOM: 0845-FSL-1125-FEL
~~CARBON COUNTY~~ EMERY
 WILDCAT FIELD (001)

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

LEASE TYPE: FED
 LEASE NUMBER: U-67161
 SURFACE OWNER: Federal

PROPOSED FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal State Fee
 (No. KT-1013)

Potash (Y/N)
 Oil Shale (Y/N) *190-5(B)
 Water Permit
 (No. PRWD / City of Price)
 RDCC Review (Y/N)
 (Date: _____)

N/A Fee Surf Agreement (Y/N)

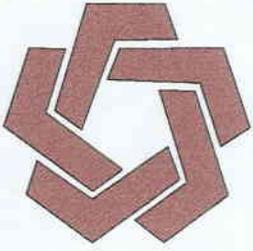
LOCATION AND SITING:

R649-2-3. Unit _____
 R649-3-2. General
 R649-3-3. Exception

Drilling Unit
 Board Cause No: _____
 Date: _____

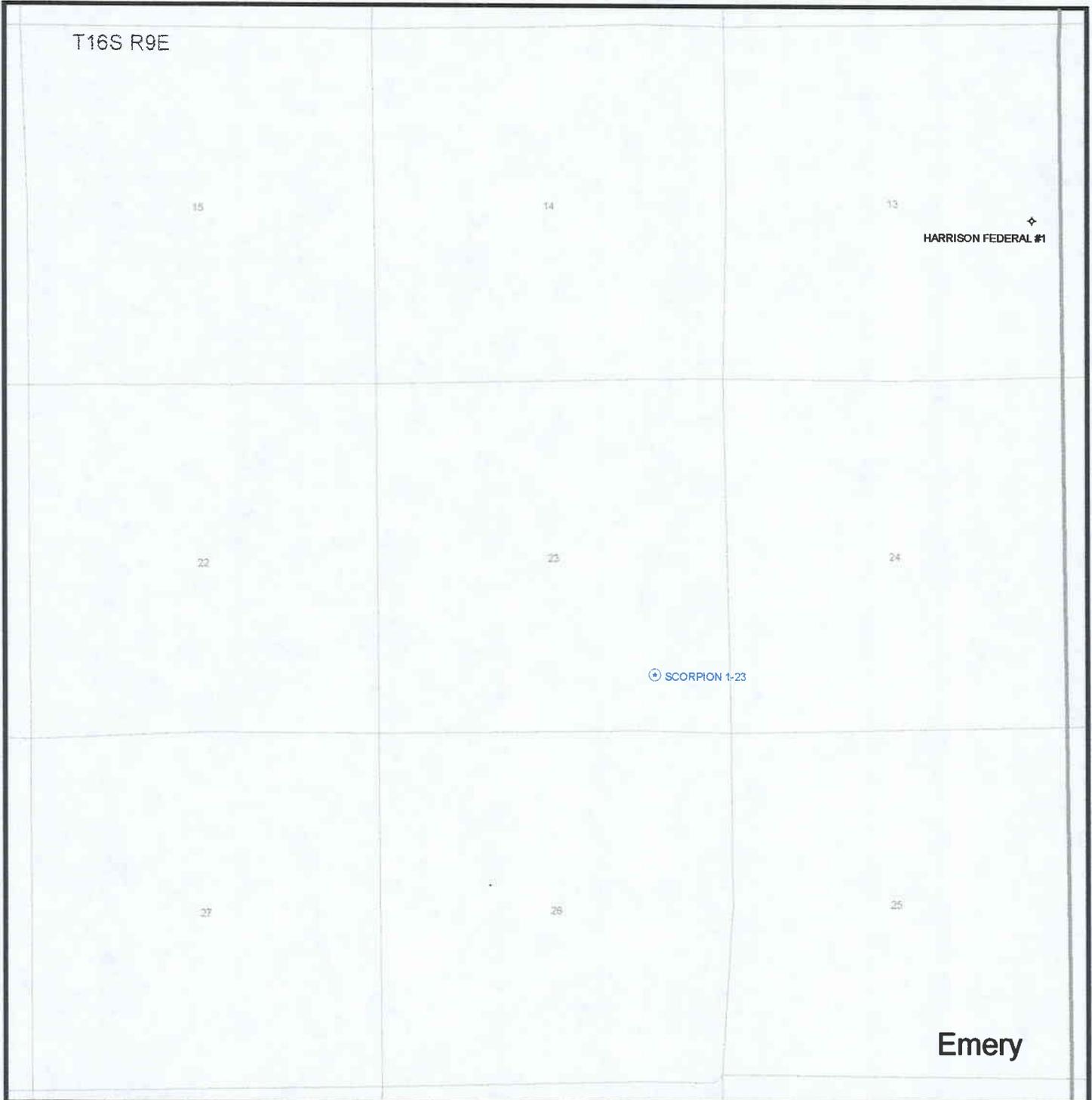
COMMENTS: * Need add'l info. "Except. Loc." (Rec'd 11-25-98)
* BLM aprv. 11-10-98.

STIPULATIONS: ① FEDERAL APPROVAL



DIVISION OF OIL, GAS & MINING

OPERATOR: FL ENERGY (N2120)
FIELD: WILDCAT (001)
SEC. 23, TWP 16S, RNG 9E
COUNTY: EMERY UNIT: NONE



DATE PREPARED:
24-NOV-1998

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0133
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

U. 67161

6. If Indian, Alutian or Tribe Name

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

F.L. Energy Corp 801) 487-0744

3. Address and Telephone No.

2020 E 3300^s Suite 26 SLC UT 84109

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

845' F.S.L.
1125' F.E.L. Sec 23 T16S R9E

8. Well Name and No.

Scorpion 1-23

9. API Well No.

10. Field and Pool, or Exploratory Area

Ferran

11. County or Parish, State

Carbon

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

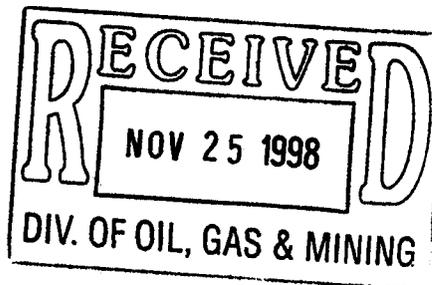
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input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

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

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

move well to a more favorable spot per onsite
with BLM Price

Survey Cert Attached



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

Signed

Alemuway

Title

agent

Date

4-28-98

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. <u>U 67161</u>
2. Name of Operator <u>F.L. Energy Corp</u>	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. <u>2020 E 3300 S SLC UT 84</u>	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <u>845 FSL See 23 T16S R9E</u> <u>1125 FEL</u>	8. Well Name and No. <u>Scorpion 1-23</u>
	9. API Well No.
	10. Field and Pool, or Exploratory Area <u>Ferron Corralbed</u>
	11. County or Parish, State <u>Emery</u>

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

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

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

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

4-24-98 This well was moved to a more better spot as Requested by the BLM Price office. (Specified by) →

Due to this move we must request an exception to the normal well spacing for this area.

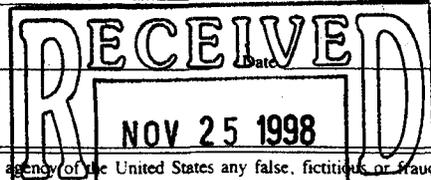
This Lease, Fed # U67161 is for all of See 23, 22 & 15 T16S R9E copy attached

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

Signed [Signature] Title agent Date 11-24-98

(This space for Federal or State office use)

Approved by _____ Title _____
Conditions of approval, if any:



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

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

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.
U 67161

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT
Scorpion 1-23 (Fed)
wildcat

11. SEC., T., R. M. OR BLK. AND SURVEY OR AREA
T16S, R9E, S223

12. COUNTY OR PARISH | 13. STATE
Garfield | UT

1a. TYPE OF WORK
DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
F.L. Energy Corp. % Henry Alker

3. ADDRESS OF OPERATOR

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface 660 FSL 660 FEL
At proposed prod. zone 845 1125

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
2 mi west of Elmo UT.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 660'

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL
160'

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

19. PROPOSED DEPTH
2500'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
5900' G.L.

22. APPROX. DATE WORK WILL START*
June

*moved
4-24-98*

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8"	24#	120'	Circumite to surface
7 7/8"	5 1/2"	15.5	T.O. 2500' est.	250 Sx C.I.H

This well is proposed to drill to a sufficient depth to test the Ferron ss. we are planning air drilling. a dual Ram B.O.P., 3000 psi and a rotating head will be used.

The area for the access road and location is relatively flat and will not require more than light grading. no cuts or fills are planned

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

24. SIGNED Jim Hennigway TITLE Agent DATE 5-15-95
80178290670

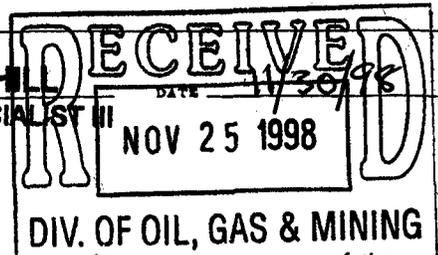
(This space for Federal or State office use)

PERMIT NO. 43-015-30273 APPROVAL DATE

APPROVED BY Bradley G. Hill TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 11/30/98

CONDITIONS OF APPROVAL, IF ANY:

Federal Approval of this Action is Necessary



*See Instructions On Reverse Side

RANGE 9 EAST

S 89°23' W 5278.68' GLO RECORDED

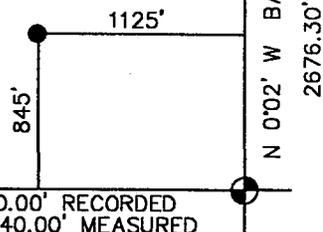
TOWNSHIP 16 SOUTH

BASIS OF ELEVATION

5991 AS INDICATED AT THE SE CORNER OF SECTION 26, T16S, R9E, S.L.B.& M. AS SHOWN ON THE ELMO, UTAH QUADRANGLE 7.5 MINUTE SERIES MAP.

23

**HENRY ALKER
SCORPION 1-23**
SET 5 FT FENCE POST W/MAST
ELEV. 5896'



S 89°47'52" W 2685.54' MEASURED
S 89°37' W 2703.36' RECORDED
N 89°23'08" W 5324.06' MEAS. TOTAL

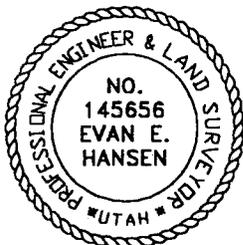
N 88°44' W 2640.00' RECORDED
N 88°33'08" W 2640.00' MEASURED

LEGEND

- FOUND BRASS CAP
- SEARCHED FOR BUT NOT FOUND
- FOUND ROCK CORNER

BASIS OF BEARING

BASIS OF BEARING N 01°02'00" W MEASURED BETWEEN THE SW CORNER AND THE E1/4 CORNER OF SECTION 27, TOWNSHIP 15 SOUTH, RANGE 9 EAST, SALT LAKE BASE AND MERIDIAN.



ENGINEER'S CERTIFICATE

I, EVAN E. HANSEN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR AND PROFESSIONAL ENGINEER HOLDING CERTIFICATE NO. 145656 AS PRESCRIBED UNDER THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE TRACT OF GROUND SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Evan E. Hansen
EVAN E. HANSEN

APRIL 24, 1998
DATE

SE1/4 SEC. 23, T 16 S, R 9 E, S.L.B.& M.

Empire Engineering

1665 E. Sagewood Rd. Price, Utah 84501

**H. ALKER
SCORPION 1-23**

Drawn By: RH	Approved By: EEH	Drawing No. EEOG-98-12
Date: 4-23-98	Scale: 1"=1000'	SHEET 1 OF 2



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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

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

November 30, 1998

F. L. Energy Corporation
c/o Henery Alker
2020 East 3300 South, Suite 26
Salt Lake City, Utah 84109

Re: Scorpion 1-23 Well, 845' FSL, 1125' FEL, SE SE, Sec. 23, T. 16 S., R. 9 E.
Emery County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-015-30273.

Sincerely,

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

John R. Baza
Associate Director

lwp

Enclosures

cc: Emery County Assessor
Bureau of Land Management, Moab District Office

Operator: F. L. Energy Corporation

Well Name & Number: Scorpion 1-23

API Number: 43-015-30273

Lease: Federal Surface Owner: Federal

Location: SE SE Sec. 23 T. 16 S. R. 9 E.

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours 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 or Robert Krueger at (801) 538-5274.

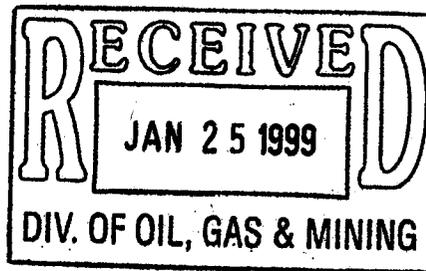
3. Reporting Requirements

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

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



January 20, 1999



Fleet Energy, L.L.C.
2450 Fondren, Suite 310
Houston, Texas 77063
Tel: 713.785.5600
Fax: 713.785.5605

Ms. Marie McGann
Bureau of Land Management
82 East Dogwood
Moab, UT 84532

Via Federal Express

**Re: Change of Operator
Scorpion 1-23 Well (API #43-015-30273)
SESE Sec. 23, T16S, R9E
Emery Co., UT**

Dear Marie:

Enclosed please find three originals of Change of Operator for the Scorpion 1-23 Well.

Would you please get the Bond No. from Irene Anderson. She didn't have it ready today.

Please return one approved copy to me.

Thank you for all your help.

Sincerely,

Debbie Livingstone

Enclosures

cc

we: Ms. Kristen Risbeck
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

C. J. Simon - Fleet Energy, L.L.C.
J. M. Spears - Fleet Energy, L.L.C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
U 67161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Fleet Energy, L.L.C.

3. Address and Telephone No.

2450 Fondren, St. 310, Houston, TX 77063, 713/785-5600

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

**SESE Sec. 23, T16S, R9E
845' FSL and 1,125' FEL**

8. Well Name and No.

Scorpion 1-23

9. API Well No.

43-015-30273

10. Field and Pool, or Exploratory Area

Ferron

11. County or Parish, State

Emery Co., UT

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

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other Change of Operator

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

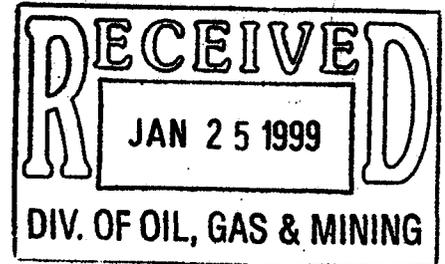
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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

Be advised that Fleet Energy, L.L.C. is considered to be the operator of the above referenced well effective 9/1/98.

Fleet Energy is responsible under the terms and conditions of the lease for operations conducted thereon.

Bond coverage for this well is provided by BLM Bond No. _____.



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

Signed *J. Mark Spenn*
(This space for Federal or State office use)

Title Vice President Production & Operations

Date 1/20/99

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

5. Lease Designation and Serial No.
U 67161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Scorpion 1-23

9. API Well No.
43-015-30273

10. Field and Pool, or Exploratory Area
Ferron

11. County or Parish, State
Emery Co., UT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

Type of Well
 Oil Well Gas Well Other

Name of Operator
Fleet Energy, L.L.C.

Address and Telephone No.
2450 Fondren, St. 310, Houston, TX 77063, 713/785-5600

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

**SESE Sec. 23, T16S, R9E
845' FSL and 1,125' FEL**

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

TYPE OF SUBMISSION

TYPE OF ACTION

- Notice of Intent
- Subsequent Report
- Final Abandonment Notice

- Abandonment
- Recompletion
- Plugging Back
- Casing Repair
- Altering Casing
- Other **Change of Operator**

- Change of Plans
- New Construction
- Non-Routine Fracturing
- Water Shut-Off
- Conversion to Injection
- Dispose Water

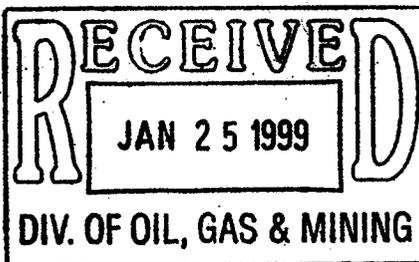
(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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

Be advised that Fleet Energy, L.L.C. is considered to be the operator of the above referenced well effective 9/1/98.

Fleet Energy is responsible under the terms and conditions of the lease for operations conducted thereon.

Bond coverage for this well is provided by BLM Bond No. UT 1127



RECEIVED
MOAB FIELD OFFICE
1999 JAN 21 P 3:01
DEPT OF THE INTERIOR
BUREAU OF LAND MGMT

I hereby certify that the foregoing is true and correct

Signed [Signature] Title Vice President Production & Assistant Field Manager, Date 1/20/99

(This space for Federal or State office use)
Approved by /s/ WILLIAM C. STRINGER Title Division of Resources Date JAN 21 1999
Conditions of approval, if any:

CONDITIONS OF APPROVAL ATTACHED

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

Fleet Energy, L.L.C.
Well No. Scorpion 1-23
SESE Sec. 23, T. 16 S., R. 9 E.
Lease UTU67161
Emery County, Utah

CONDITIONS OF APPROVAL

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

Be advised that Fleet Energy, L.L.C. is considered to be the operator of the above referenced well and is responsible under the terms and conditions of the lease for the operations conducted thereon.

Bond coverage for this well is provided by BLM Bond No. UT1127 (Principal - Fleet Energy, L.L.C.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

5. Lease Designation and Serial No.
U 67161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Scorpion 1-23

9. API Well No.
43-015-30273

10. Field and Pool, or Exploratory Area
Ferron

11. County or Parish, State
Emery Co., UT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Fleet Energy, L.L.C.

3. Address and Telephone No.

2450 Fondren, Suite 310, Houston, TX 77063, 713/785-5600

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

**SESE Sec. 23, T16S, R9E
845' FSL and 1,125' FEL**

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

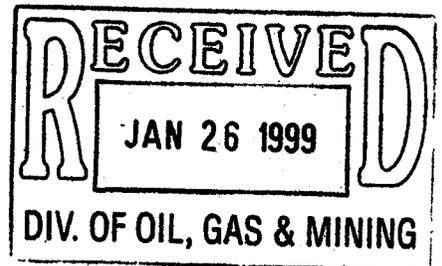
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input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

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

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

This Sundry Notice is to update and/or correct several items in the approved APD for the subject well:

- a) The subject well is located in Emery Co., UT.
- b) The surface hole will be 12-1/4" diameter.
- c) 8-5/8" surface casing will be set at approximately 300'.
- d) 5-1/2", 17 ppf production casing is planned to be run in the well.
- e) Water for drilling purposes will be obtained from the Castle Valley Special Service District and hauled by contractors.



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

Signed

[Signature]

Vice President Production & Operations

Title

Date 1/22/99

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

Date

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

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: F L ENERGY

Well Name: SCORPION 1-23

Api No. 43-015-30273 Lease Type: FEDERAL

Secton 23 Township 16S Range 09E County EMERY

Drilling Contractor ROSS WELL SERVICE RIG # 15

SPUDDED:

Date 01/31/99

Time 9:20 AM

How ROTARY

Drilling will commence _____

Reported by MARK SPEARS

Telephone # 435-637-8880 (HOLIDAY INN)

Date 2/2/99 Signed: CHD

STATE OF UTAH
 DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

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

3. Lease Designation and Serial number
U-67161
 4. If Indian, Address or Tribal Name
 7. Unit Agreement Name
 8. Well Name and Number
SCORPION 1-23
 9. AP Well Number
43-015-30773
 10. Field and Prod. or Midcat
FERRON

1. Type of Well
 OIL GAS OTHER:

2. Name of Operator
F. I. ENERGY

3. Address and Telephone Number
2020 EAST 3300 SOUTH ST2 18 SALT LAKE CITY, UT 84109 (801)487-1605

4. Location of Well
 Township: **SESK SEC. 23 T16S, R9E**
 CR. Sec. 7, 8, 11: **845' FSL 1125' FEL**

County: **EMERY**
 State: **UTAH**

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

NOTICE OF INTENT
 (Submit in Duplicate)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

SUBSEQUENT REPORT
 (Submit Original Form Only)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other **CHANGE OF OPERATOR**
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start _____

Date of work completion **EFFECTIVE 9-1-98**

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all wellbore depths, and give pertinent data. If well is directionally drilled, give its boreface location and measured and true vertical depth for all sections and zones pertinent to this work.)
 * Must be accompanied by a cement verification report.

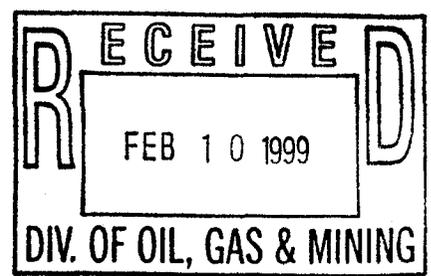
BE ADVISED THAT FLEET ENERGY, L.L.C. IS CONSIDERED TO BE THE OPERATOR OF THE ABOVE REFERENCED WELL EFFECTIVE 9-1-98.
 FLEET ENERGY IS RESPONSIBLE UNDER THE TERMS AND CONDITIONS OF THE LEASE FOR OPERATIONS CONDUCTED THEREON.

Operator Signature: **PAUL PULLMAN**

Paul Pullman *[Signature]*

Date: **2-5-99**

(See Instructions on Reverse Side)



OPERATOR CHANGE WORKSHEET

1-KDR ✓	6-KAS ✓
2-GLH ✓	7-SJ
3-JRB ✓	8-FILE
4-GDW ✓	
5-KDR ✓	

Attach all documentation received by the division regarding this change.
Initial each listed item when completed. Write N/A if item is not applicable.

- Change of Operator (well sold) Designation of Agent
 Designation of Operator Operator Name Change Only

The operator of the well(s) listed below has changed, effective: 9-1-98

TO: (new operator)	<u>FLEET ENERGY LLC</u>	FROM: (old operator)	<u>F. I. ENERGY</u>
(address)	<u>2450 FONDREN STE 3100</u>	(address)	<u>2020 EAST 3300 SOUTH STE 18</u>
	<u>HOUSTON TX 77063</u>		<u>SALT LAKE CITY UT 84109</u>
	<u>DEBBIE LIVINGSTONE</u>		<u>PAUL PHILLMAN</u>
Phone:	<u>(713) 785-5600 EXT 110</u>	Phone:	<u>(801) 487-1605</u>
Account no.	<u>N0935</u>	Account no.	<u>N2120</u>

WELL(S) attach additional page if needed:

Name: <u>SCORPION 1-23 (DRL)</u>	API: <u>43-015-30273</u>	Entity: <u>99999</u>	S <u>23</u>	T <u>16S</u>	R <u>9E</u>	Lease: <u>U-67161</u>
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____
Name: _____	API: _____	Entity: _____	S _____	T _____	R _____	Lease: _____

OPERATOR CHANGE DOCUMENTATION

- KDR 1. (r649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator (attach to this form). *(Rec'd 2.10.99)*
- KDR 2. (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). *(Rec'd 1.25.99)*
- UJA 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is the company registered with the state? (yes/no) _____ If yes, show company file number: _____
- KDR 4. **FOR INDIAN AND FEDERAL WELLS ONLY.** The BLM has been contacted regarding this change. Make note of BLM status in comments section of this form. BLM approval of Federal and Indian well operator changes should ordinarily take place prior to the division's approval, and before the completion of steps 5 through 9 below. *(Rec'd 1.25.99)*
- KDR 5. Changes have been entered in the Oil and Gas Information System (3270) for each well listed above. *(2.10.99)*
- KDR 6. Cardex file has been updated for each well listed above. *(2.10.99)*
- KDR 7. Well file labels have been updated for each well listed above. *(*new filing system)*
- KDR 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to Trust Lands, Sovereign Lands, UGS, Tax Commission, etc. *(2.10.99)*
- KDR 9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

- N/A
1. (r649-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) ____ If entity assignments were changed, attach copies of Form 6, Entity Action Form.
 2. Trust Lands, Sovereign Lands, Tax Commission, etc., have been notified through normal procedures of entity changes.

BOND VERIFICATION - (FEE WELLS ONLY)

- N/A
1. (r649-3-1) The NEW operator of any fee lease well listed above has furnished a proper bond.
 2. A copy of this form has been placed in the new and former operator's bond files.
 3. The FORMER operator has requested a release of liability from their bond (yes/no) ____, as of today's date _____. If yes, division response was made to this request by letter dated _____.

LEASE INTEREST OWNER NOTIFICATION OF RESPONSIBILITY

- N/A
1. Copies of documents have been sent on _____ to _____ at Trust Lands for changes involving State leases, in order to remind that agency of their responsibility to review for proper bonding.
 2. (r649-2-10) The former operator of any fee lease wells listed above has been contacted and informed by letter dated _____ 19 ____, of their responsibility to notify all interest owners of this change.

FILMING

1. All attachments to this form have been microfilmed. Today's date: _____.

FILING

1. Copies of all attachments to this form have been filed in each well file.
2. The original of this form, and the original attachments are now being filed in the Operator Change file.

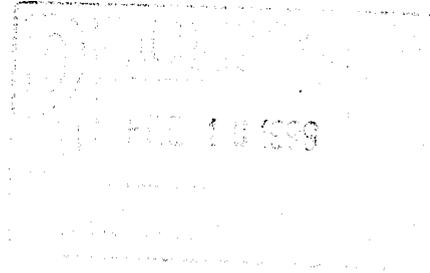
COMMENTS



Fleet Energy, L.L.C.
2450 Fondren, Suite 310
Houston, Texas 77063
Tel: 713.785.5600
Fax: 713.785.5605

February 4, 1999

Mr. Eric Jones
Bureau of Land Management
82 East Dogwood
Moab, UT 84532



Dear Mr. Jones:

As we discussed on February 3, attached is a Sundry Notice for the Scorpion #1-23 well in section 23-T16S-R9E (API # 43-015-30273), Emery County, Utah notifying the BLM that the well was spudded on January 31, 1999.

Please call me at (713) 785-5600, ext. 104, if you have any questions regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads 'J. Mark Spears'.

J. Mark Spears
V.P., Production and Operations

cc: Christopher J. Simon
Debra K. Livingstone
Utah Department of Oil, Gas and Mining

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
U 67161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Scorpion 1-23

9. API Well No.
43-015-30273

10. Field and Pool, or Exploratory Area
Ferron

11. County or Parish, State
Emery Co., UT

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Fleet Energy, L.L.C.

3. Address and Telephone No.

2450 Fondren, Suite 310, Houston, TX 77063, 713/785-5600

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

**SESE Sec. 23, T16S, R9E
845' FSL and 1,125' FEL**

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

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

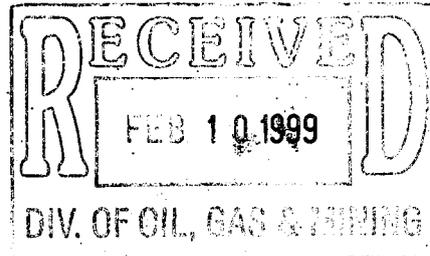
TYPE OF ACTION

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Notification of Spud
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

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

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

The subject well was spudded at 9:20 a.m. on 01/31/99. Continuous drilling operations continued until a 12 1/4" hole was drilled to a surface hole total depth of 305' at 11:15 a.m. on 02/01/99.



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

Signed J. Mark Spens
(This space for Federal or State office use)

Vice President Production & Operations
Title

Date 02/01/99

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated, on Federal and Indian lands pursuant to applicable Federal law and regulations, and, if approved or accepted by any State, on all lands in such State, pursuant to applicable State law and regulations. Any necessary special in-

structions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

SPECIFIC INSTRUCTIONS

Item 4—If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 13—Proposals to abandon a well and subsequent reports of abandonment should include special information as is required by local Federal and/or State offices. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive

zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well, and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et. seq., 351 et. seq., 25 U.S.C. et. seq.; 43 CFR 3160.

PRINCIPAL PURPOSE — The information is to be used to evaluate, when appropriate, approve applications, and report completion of secondary well operations, on a Federal or Indian lease.

ROUTINE USES:

- (1) Evaluate the equipment and procedures used during the proposed or completed subsequent well operations.
- (2) Request and grant approval to perform those actions covered by 43 CFR 3162.3-2(2).
- (3) Analyze future applications to drill or modify operations in light of data obtained and methods used.
- (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION — Filing of this notice and report and disclosure of the information is mandatory once an oil or gas well is drilled.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501, et. seq.) requires us to inform you that:

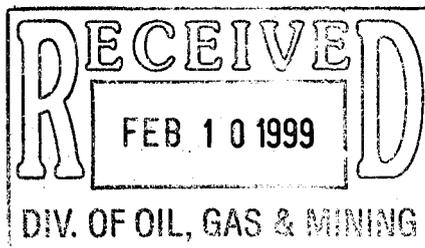
This information is being collected in order to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

This information will be used to report subsequent operations once work is completed and when requested, to obtain approval for subsequent operations not previously authorized.

Response to this request is mandatory for the specific types of activities specified in 43 CFR Part 3160.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 18 and C Streets, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0135), Washington, D.C. 20503.



DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: FLEET ENERGY LLC

Well Name: SCORPION 1-23

Api No. 43-015-30273 Lease Type: FEDERAL

Secton 23 Township 16S Range 09E County EMERY

Drilling Contractor BOB BEAMAN RIG # ROTARY RIG

SPUDDED:

Date 04/29/99

Time _____

How ROTARY RIG

Drilling will commence _____

Reported by MARK SPEARS

Telephone # 1-435-637-8830 (HOLIDAY INN-PRICE, ROOM 148)

Date 4/30/99 Signed: KMH / CHD



Fleet Energy, L.L.C.
2450 Fondren, Suite 310
Houston, Texas 77063
Tel: 713.785.5600
Fax: 713.785.5605

CONFIDENTIAL

May 12, 1999

Mr. Eric Jones
Bureau of Land Management
82 East Dogwood
Moab, UT 84532

Dear Mr. Jones:

Attached is a Sundry Notice, Well Completion Report and well logs for the Scorpion #1-23 well in section 23-T16S-R9E (API # 43-015-30273), Emery County, Utah. As you are aware, this well has been plugged and abandoned.

Fleet Energy, L.L.C. hereby requests that the well logs and other information provided be kept as "Confidential Information" for the maximum period of time allowed.

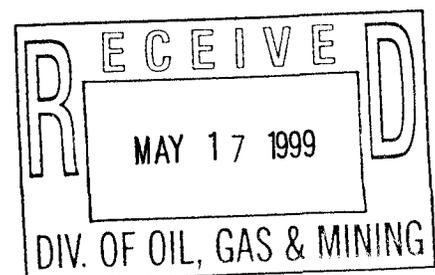
Please call me at (713) 785-5600, ext. 104, if you have any questions regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads 'J. Mark Spears'.

J. Mark Spears
V.P., Production and Operations

cc: Christopher J. Simon
Debra K. Livingstone
Utah Department of Oil, Gas and Mining



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

U 67161

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

CONFIDENTIAL

1. Type of Well

Oil Well Gas Well Other **P & A**

2. Name of Operator

Fleet Energy, L.L.C.

3. Address and Telephone No.

2450 Fondren, Suite 310, Houston, TX 77063, 713/785-5600

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

**SESE Sec. 23, T16S, R9E
845' FSL and 1,125' FEL**

8. Well Name and No.

Scorpion 1-23

9. API Well No.

43-015-30273

10. Field and Pool, or Exploratory Area

Ferron

11. County or Parish, State

Emery Co., UT

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

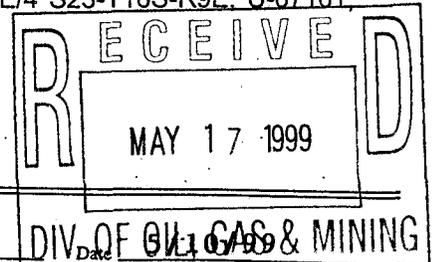
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back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

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

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

The subject newly drilled well was plugged and abandoned per verbal plugging orders from Gary Torres, BLM Petroleum Engineer in the Moab, Utah Field Office. The only zone of porosity encountered was the Ferron SS (top @ 1,510', bottom @ 1,620'), and no coal seams were encountered within the Ferron SS. The well was drilled to a TD of 1,730' KB.

The P & A procedures used were as follows: Set cement plug from 1,640' to 1,400' using 82 sx Class G cement (15.8 ppg, 1.15 ft3/sx). Filled hole w/lightweight 50/50 Pozmix cement (10 ppg) - had good circulation. Set 2nd cement plug from 350' to 250' (50' plug above and 50' plug below surface casing shoe) using 30 sx Class G cement (15.8 ppg, 1.15 ft3/sx). Set 3rd cement plug from 50' below ground level to surface using 15 sx Class G cement (15.8 ppg, 1.15 ft3/sx). After cement set at surface, welded steel cap on casing at ground level. Then welded identification plate on top of cap with the following information: "Scorpion #1-23, SE/4 S23-T16S-R9E, U-67161, Emery Co., P & A 5/5/99".



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

Signed J. Mark Logan

Vice President Production & Operations

Title

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title

Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
SUBMIT IN DUPLICATE
(See other instructions on reverse side)
MAY 17 1999
DIV. OF OIL, GAS & MINING

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1a. TYPE OF WELL: OIL WELL GAS WELL DRY

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR.

2. NAME OF OPERATOR
Fleet Energy, L.L.C.

3. ADDRESS OF OPERATOR
2450 Fondren, Suite 310, Houston, TX 77063

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface **SE4 SE4 S23-T16S-R9E**
At top prod. interval reported below **same**
At total depth **same**

14. PERMIT NO. **43-015-30273** DATE ISSUED **11/10/98**

15. DATE SPUDDED **1/31/99** 16. DATE T.D. REACHED **5/1/99** 17. DATE COMPL. (Ready to prod.) **5-5-99 P&A**

18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* **5,900' GL**

20. TOTAL DEPTH, MD & TVD **1,730'** 21. PLUG, BACK T.D., MD & TVD **-**

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
NA - Well P & A

26. TYPE ELECTRIC AND OTHER LOGS RUN
DIL, CNL, SLD, GR, and Caliper

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24 ppf	295' GL	12-1/4"	145 sx Class G	-

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

31. PERFORATION RECORD (Interval, size and number)

N/A - Well P & A

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)
-	-	P & A

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
-	-	-	-	-	-	-	-

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
-	-	-	-	-	-	-

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

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

Vice President Production & Operations

SIGNED J. Mark Spain TITLE & Operations DATE 5/10/99

*(See Instructions and Spaces for Additional Data on Reverse Side)



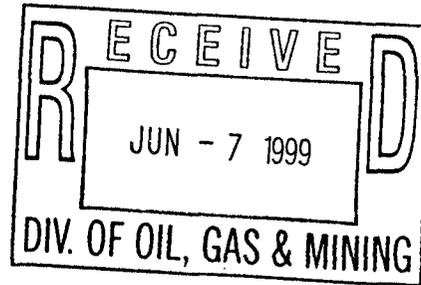
Fleet Energy, L.L.C.
2450 Fondren, Suite 310
Houston, Texas 77063
Tel: 713.785.5600
Fax: 713.785.5605

CONFIDENTIAL

June 4, 1999

43-015-30273

Ms. Carol Daniels
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801



Dear Ms. Daniels:

Attached are the open-hole well logs for the Scorpion #1-23 well that was drilled in the SE/4 SE/4 of section 23-T16S-R9E in Emery County, Utah. The well was drilled as a dry hole and was plugged and abandoned on May 6, 1999. **Please keep the well logs for this well confidential for the maximum period of time allowed under the rules and regulations of the State of Utah's Division of Oil, Gas and Mining.**

Please contact me at (713) 785-5600 ext. 104 if you have any questions regarding this matter.

Sincerely,

Mark Spears
V.P., Production and Operations

cc: D. K. Livingstone