

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED NOVEMBER 6, 1996

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. UTU-70839 INDIAN

DRILLING APPROVED: AUGUST 19, 1998

SPUDDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: LAID 10-4-2000

FIELD: UNDESIGNATED

UNIT:

COUNTY: EMERY

WELL NO. SCORPION 1-5 API NO. 43-015-30302

LOCATION 1200 FSL FT. FROM (N) (S) LINE. 1493 FEL FT. FROM (E) (W) LINE. SW SE 1/4 - 1/4 SEC. 5

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
21S	7E	5	F L ENERGY				

3160-3
(October 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

Form approved
Budget Bureau No. 1004-0136
Expires: December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK
DRILL DEEPEN

B. TYPE OF WELL
OIL WELL GAS WELL OTHER

C. NAME OF OPERATOR
F.L. Kincaid

D. ADDRESS AND TELEPHONE NO.
2020 E 3300 So SLC - 487-0744

E. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
1200 + 320 FSL - 1320 FEL. Sec 5 - 215, 7E.
At proposed prod. zone 1493

F. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
5 miles South Ferron, UT

G. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also in reverse dir. this line, if any): 1320 FWF

H. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT.
1 1/2 mile NW

I. ELEVATION (Show whether DF, BT, GR, etc.)
6100'

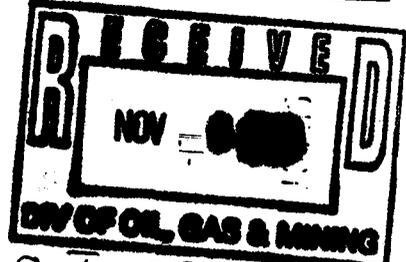
J. APPROX. DATE WORK WILL START*
10-1-95

5. LEASE DESIGNATION AND SERIAL NO.
144 - 70839
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
7. UNIT AGREEMENT NAME
8. FORM OR LEASE PAGE WELL NO.
9. AN WELL NO.
10. FIELDS AND FUEL OR WILDCAT
Wild cat
11. SEC., T., R., M., OR BLM. AND SURVEY OR AREA
12. COUNTY OR PARISH | 13. STATE

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE OF CEMENT	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/2"	8 1/4"	32'	200'	100 SK. Circ to surface
7 1/2"	5 1/2" IS5II	155 II	T.D.	800 SK CH Cement.

Ferron SS 1600'



485916.9
4319342.9

Note: This Drill pad will not require cuts or fills, the location is relatively flat. Only light grading is required.

* Any water zones in the Bluegate will be squeeze w/ cement during air drilling

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zones 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.

SIGNED Ray Bullard TITLE Field Eng DATE 9-17-95

(This space for Federal or State office use)
PERMIT NO. 43-015-30302 APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would enable the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:
APPROVED BY Bradley G. Hill TITLE RECLAMATION SPECIALIST III DATE 8/19/98

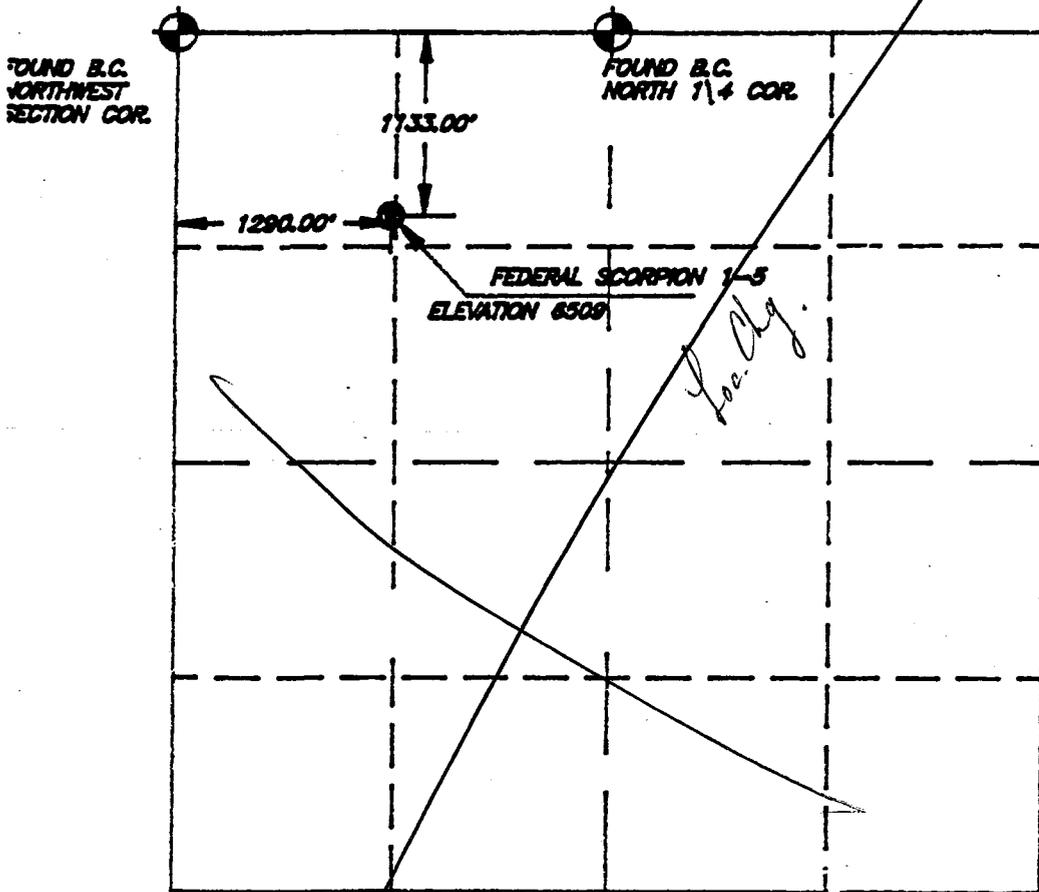
Federal Approval of this Action is Necessary

*See Instructions On Reverse Side

HENRY ALKER MINERAL LEASING PREPARED BY: **Barker & Associates**
 155 MONTGOMERY SUITE 504 38 West Main Street
 SAN FRANCISCO CA. 94104 Wellington, Utah 84542



SCALE 1" = 1000'



Location map for **FEDERAL SCORPION 1-5**
SECTION 5, T-21-S R-7-E S.L.B.&M.

1290 FWL 1133 FWL

Surveyor's Certificate

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

Art F. Barker Date: 10/10/95
 Art F. Barker LS
 Utah Reg. No. 162812



PREPARED FOR:
HENRY ALKER MINERAL LEASING
 (HENRY ALKER)
 155 MONTGOMERY SUITE # 504
 SAN FRANCISCO CA. 94104
 (415) 788-8544

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

Company F. L. Energy Well No. Federal Scorpion 2-5
Location: Sec. 5, T. 21S, R. 7E, Lease No. UTU-70839

On-Site Inspection Date _____

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 5 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: Blue Gate Shale
MANCOS Shale.

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

Expected Oil Zones: Depth/Formation Ø

Expected Gas Zones: 2000' - 1000'

Expected Water Zones: Ø possibly Bluegate sands

Expected Mineral Zones: Coal in terranss.? Ø

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: Class 2M - See Attached Plan.

Test daily and whenever equipment changes or components - Hydraulically operated

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):

8 5/8" - 32 lb J-55 - Thread & Coupling - New.
5 1/2" 15.5 lb new 8 rd Thread

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: Circulated to Surface. Pipe will be Centralized, 100 plus 94% CLASS H. 2% CaCl

5 1/2" - Cement w/ 200 SX CH Cement
Pipe will be Centralized - bottom 3-400' -
Calculated Cement Top 300' above Ferron 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: KCL if needed / MIST -

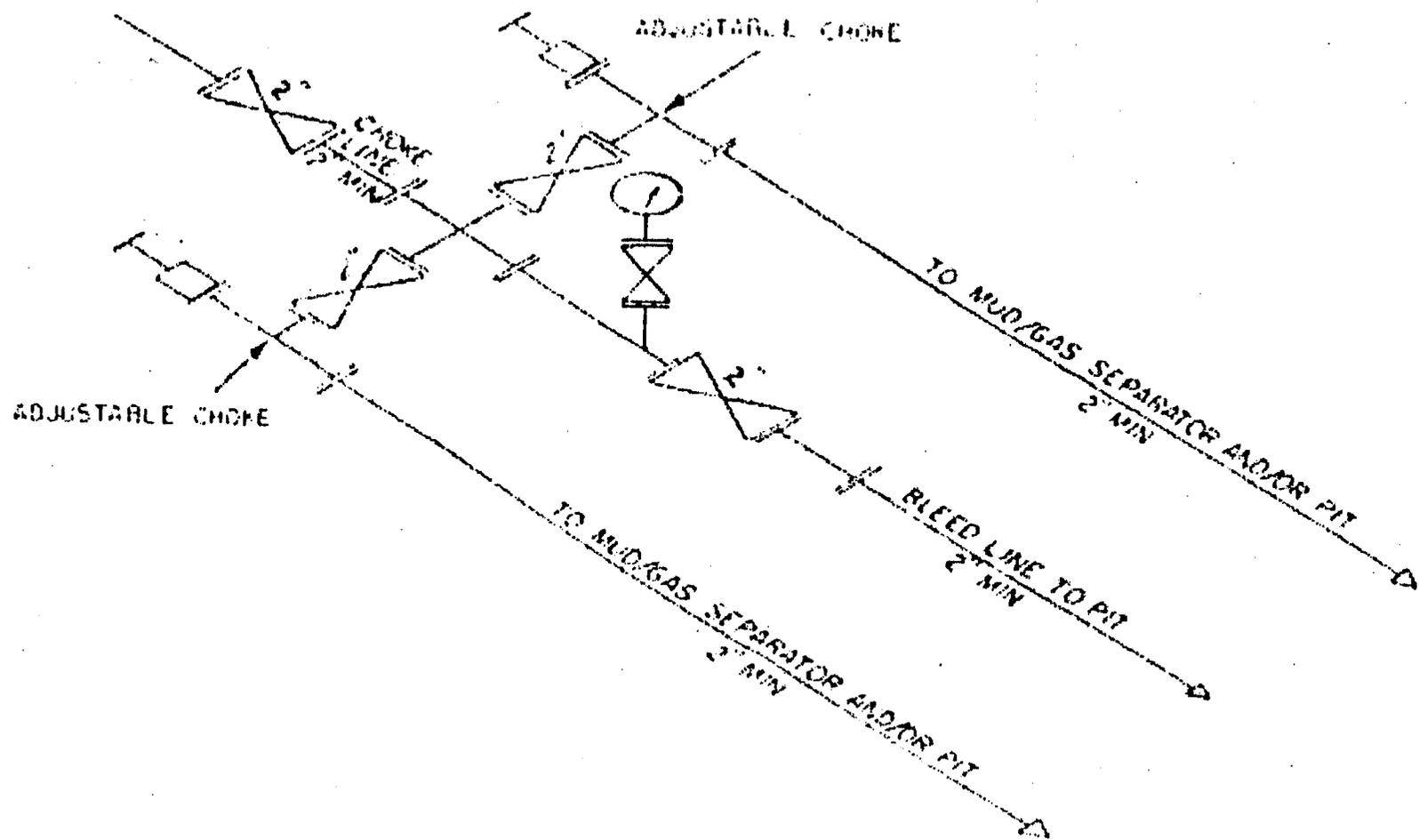
Home Line will be a min. 150' from Ra -
deduster & Igniter will be provided by Contractor

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: DIL, GR, CNL, CDL, CBL.
Run Core at Ferron.

Initial opening of drill stem test tools will be restricted to daylight hours.



ii. 2M system:

—Annular preventer, double ram, or two rams with one being blind and one being a pipe ram *

—Kill line (2 inch minimum)

—1 kill line valve (2 inch minimum)

—1 choke line valve

—2 chokes (refer to diagram in Attachment 1)

—1 upper kelly cock valve with handle available

—Safety valve and subs to fit all drill strings in use

—Pressure gauge on choke manifold

—2 inch minimum choke line

—Fill-up line above the uppermost preventer.

Violation: Minor (all items unless marked by asterisk).

Corrective Action: Install the equipment as specified.

Normal Abatement Period: 24 hours.

*Violation: Major.

Corrective Action: Install the equipment as specified.

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:

BHP. 595 PSI, .35 gradient - no Abnormal
Temp. lost circ or H₂S Gas expected
Very Straight Forward Dlg is expected

9. Any Other Aspects of this Proposal that should be Addressed:

all operations and equipment will be that
prudent to safe air Drilling.

* all produced water will be Hauled to an
Accepted Disposal Site

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:

1/2 miles South Ferron City.
1 mile NW of Aiken Federal 1-8

- 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: Yes

Cattle Road to State Section:
Some major work, most work Blading off.
old Road.

- e. Other: Need to have BLM look at Roadway

2. Planned Access Roads:

- a. Location (centerline): _____

- b. Length of new access to be constructed: 3/4 mile

- c. Length of existing roads to be upgraded: _____

- d. Maximum total disturbed width: _____

- e. Maximum travel surface width: _____

- f. Maximum grades: _____

- g. Turnouts: _____

- h. Surface materials: _____

- i. Drainage (crowning, ditching, culverts, etc): _____

- j. Cattleguards: _____

- 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: _____
- l. Other: _____

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: _____

4. Location of Production Facilities:

a. On-site facilities: Plan ATT.

b. Off-site facilities: Plan ATT.

c. Pipelines: Plan

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: _____

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): Ferrow City.

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): Drill Site. Native Barrow -

Topsoil will be saved
Location is flat - only requires minor grading
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):

Synthetic Material.

The reserve pit will be located: on Drill Site : See Drill Plan.

_____ , 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:

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: EAST from Highway 10.

The blooie line will be located: See Drill Site PLAN.
_____, 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: _____

10. Plans for Restoration of the Surface:

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: See Site PLAN.

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.

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: As per BLM plan re
State.

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: Federal Lease.
H. Allen.

12. Other Information:
a. Archeological Concerns: _____

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: _____

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

Representative:

Name: Ray Buckland
Title: Field Sup
Address: 474 Ho Fairgrounds Rd
Pericelli 84501
Phone No.: 801-637-7726

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 _____

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.

Ray Buckland
Signature

Field Sup.
Title

6-26-95
Date

Revised 8-17-95

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

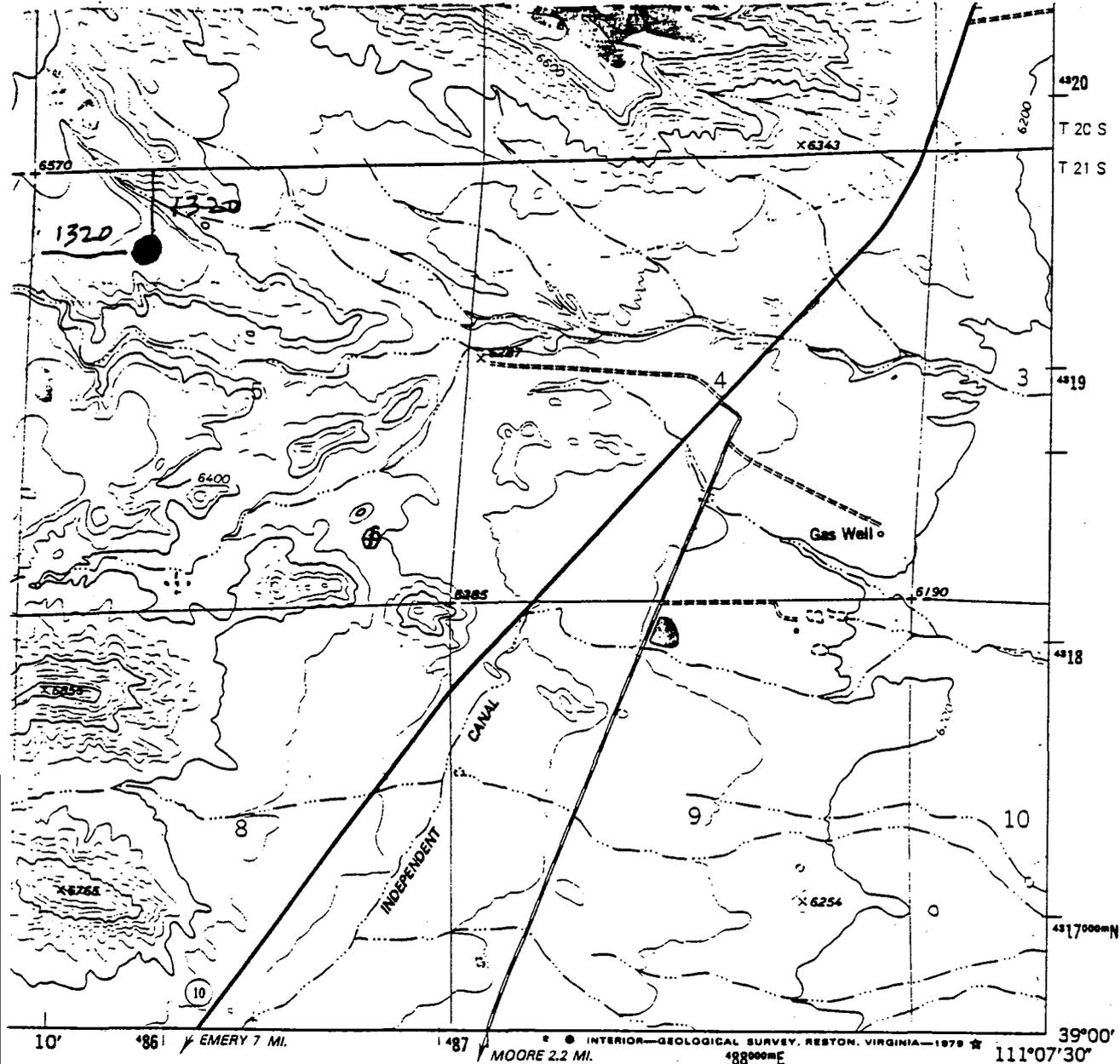
Lease # UTA -70839

1320 FNL

NW NW Section 5

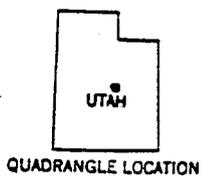
1320 F#WL

T: 21 S Range: 7 E.



111E

- Primary highway, hard surface _____
- Light-duty road, hard or improved surface _____
- Secondary highway, hard surface _____
- Unimproved road _____
- Interstate Route ○ U. S. Route ○ State Route

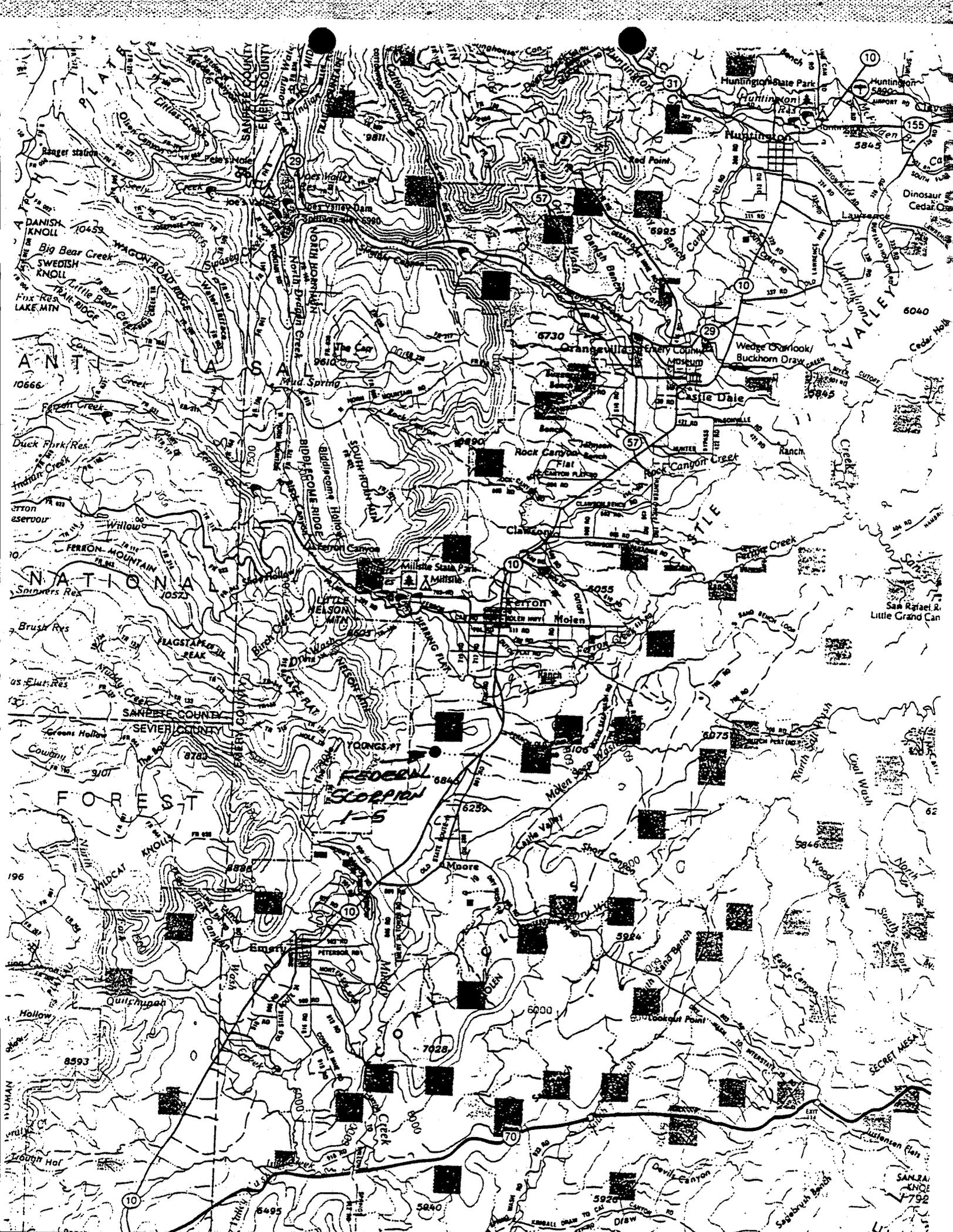


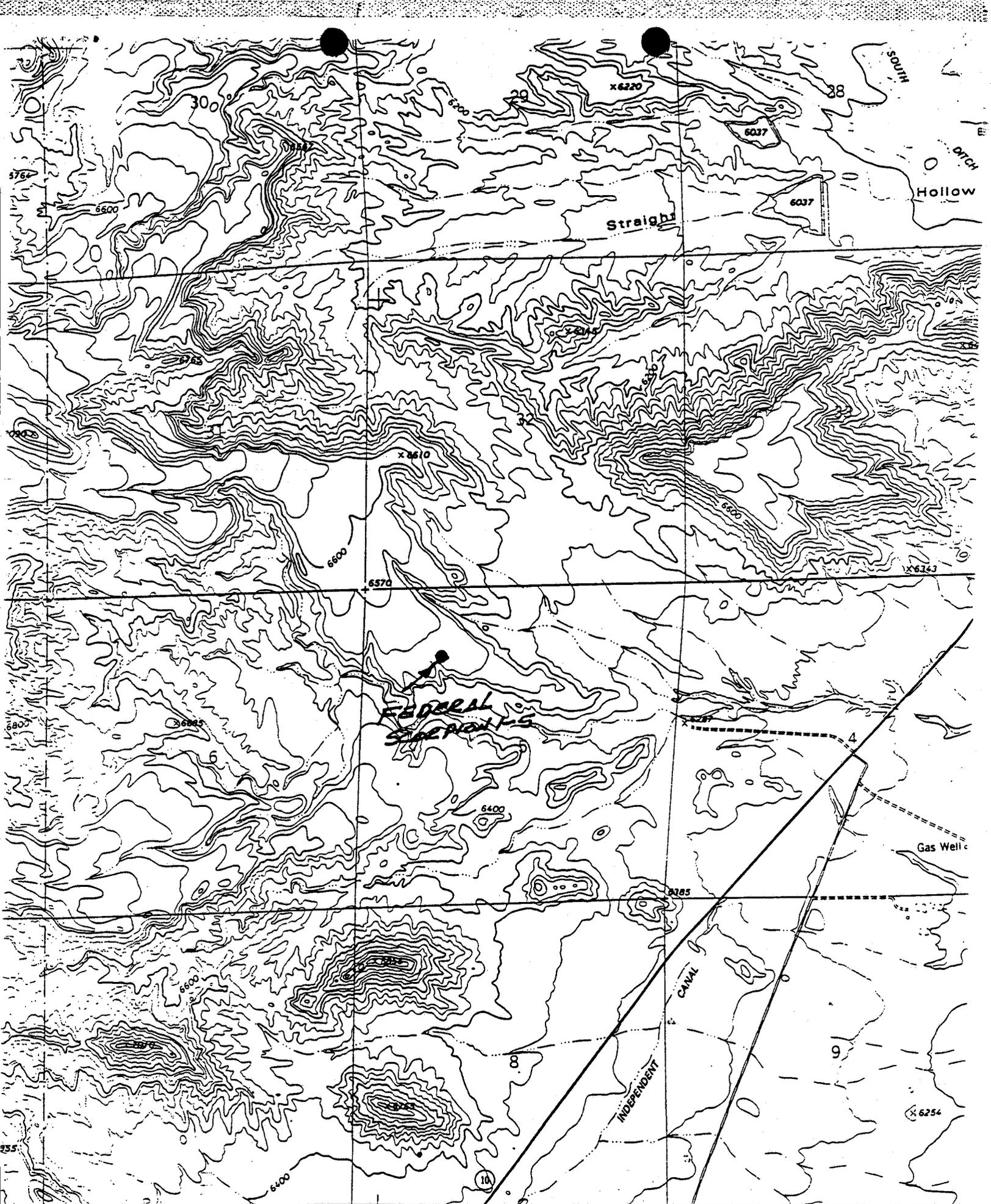
FERRON, UTAH
 SW/4 CASTLE DALE 15' QUADRANGLE
 N3900—W11107.5/7.5

1979

DMA 3762 II SW—SERIES V807

392





FEDERAL SUPERIOR 1-5

Straight

CANAL
INDEPENDENT

Hollow

Gas Well

EMERY EAST 1184 R 7 E
11761 NW

1185 10' 1186 EMERY 7 MI.

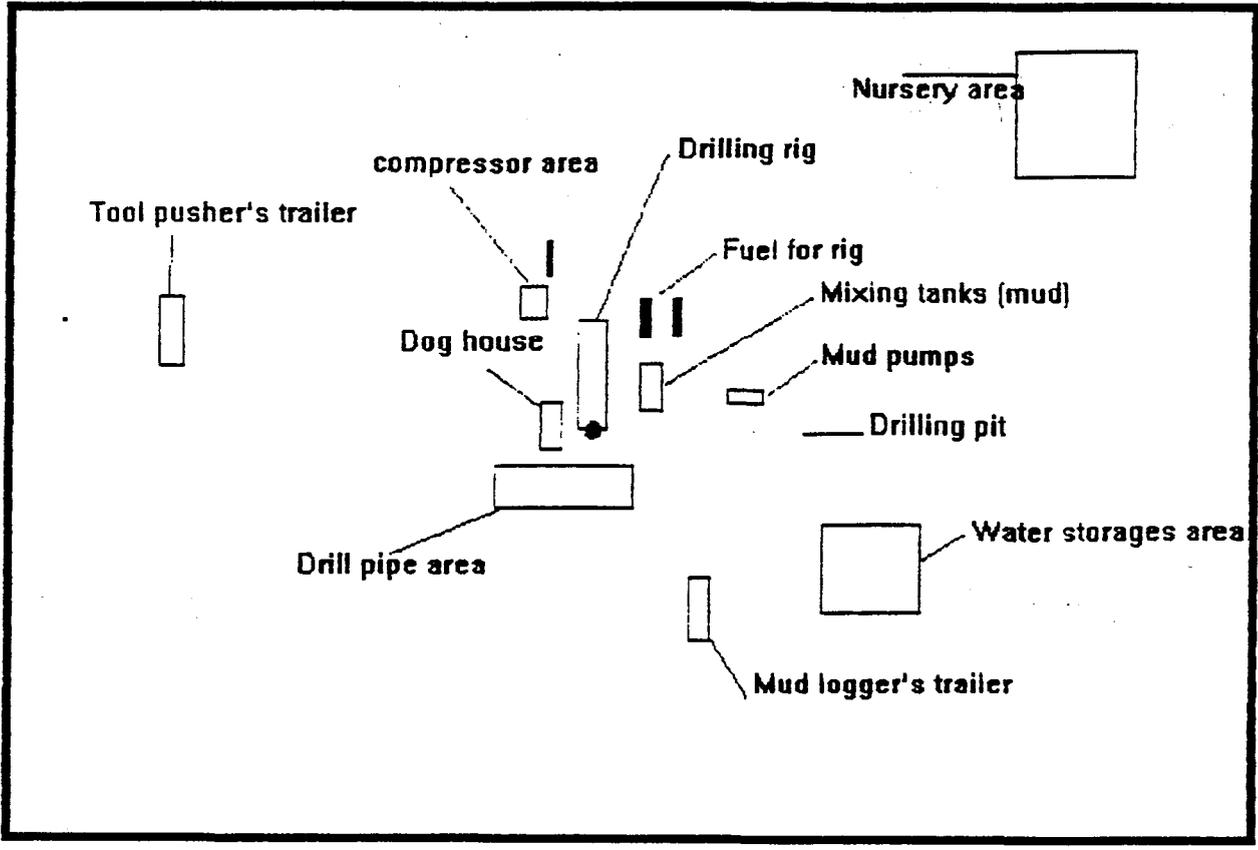
1187 MOORE 2.2 MI. INTERIOR-GEOLOGICAL SURVEY RESTON VA 22809

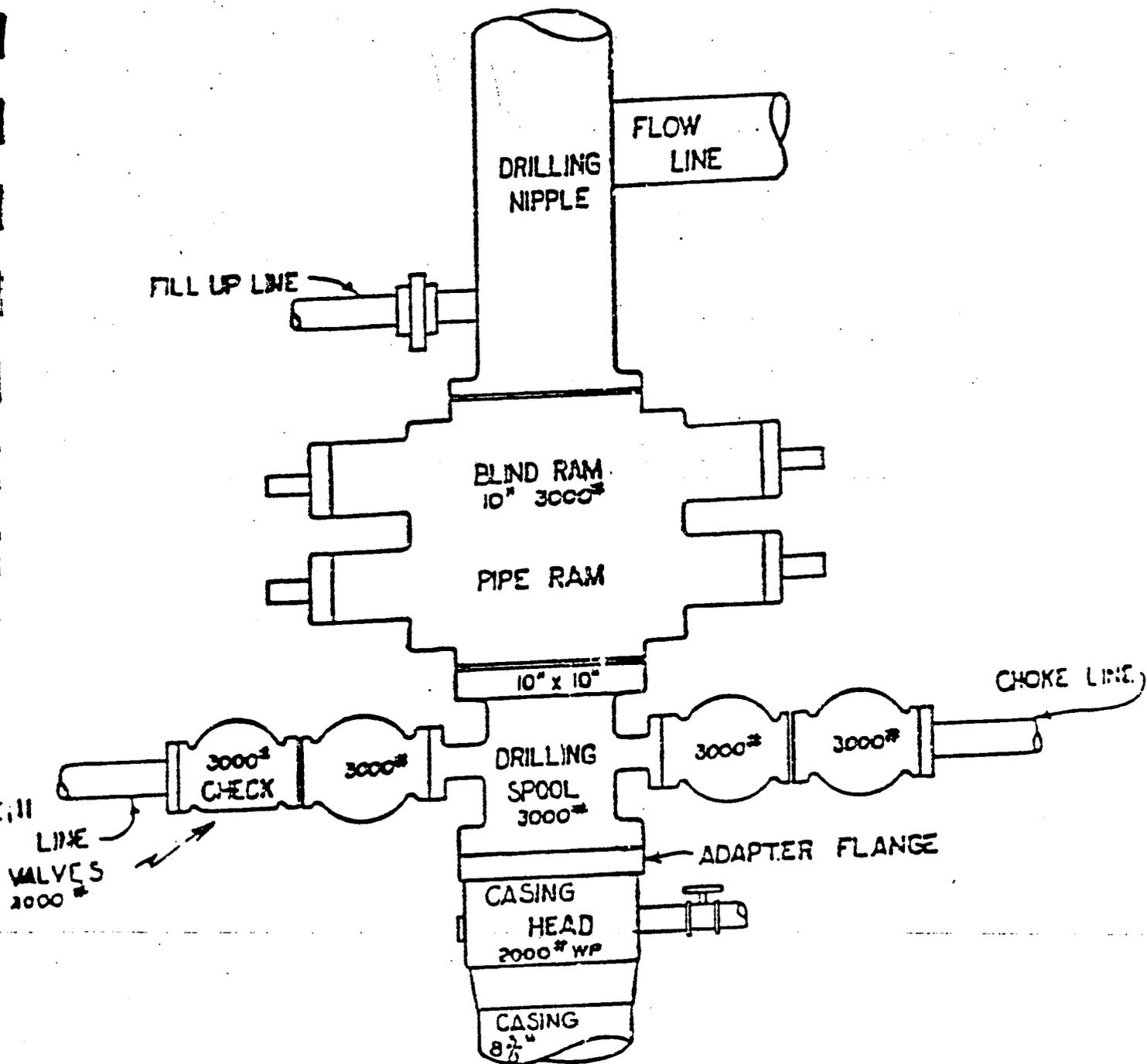
Scale 1:24 000

1 MILE

Primary highway.

Light-duty r





F-L Energy Corp.
 BLOWOUT PREVENTER DIAGRAM

Scorpion-5

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/06/96

API NO. ASSIGNED: 43-015-30302

WELL NAME: SCORPION 1-5
 OPERATOR: F L ENERGY (N2120)
 CONTACT: Jim Hemingway 972-5570

PROPOSED LOCATION:
 SWSE 05 - T21S - R07E
 SURFACE: 1200-FSL-1493-FEL
 BOTTOM: 1200-FSL-1493-FEL
 EMERY COUNTY
 UNDESIGNATED FIELD (002)

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

LEASE TYPE: FED
 LEASE NUMBER: UTU - 70839
 SURFACE OWNER: Federal

PROPOSED FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal State Fee
 (No. UT 1013 *Confirmed w/Perm)
 Potash (Y/N)
 Oil Shale (Y/N) *190-5(B)
 Water Permit
 (No. Ferron City)
 RDCC Review (Y/N)
 (Date: _____)
 St/Fee Surf Agreement (Y/N)

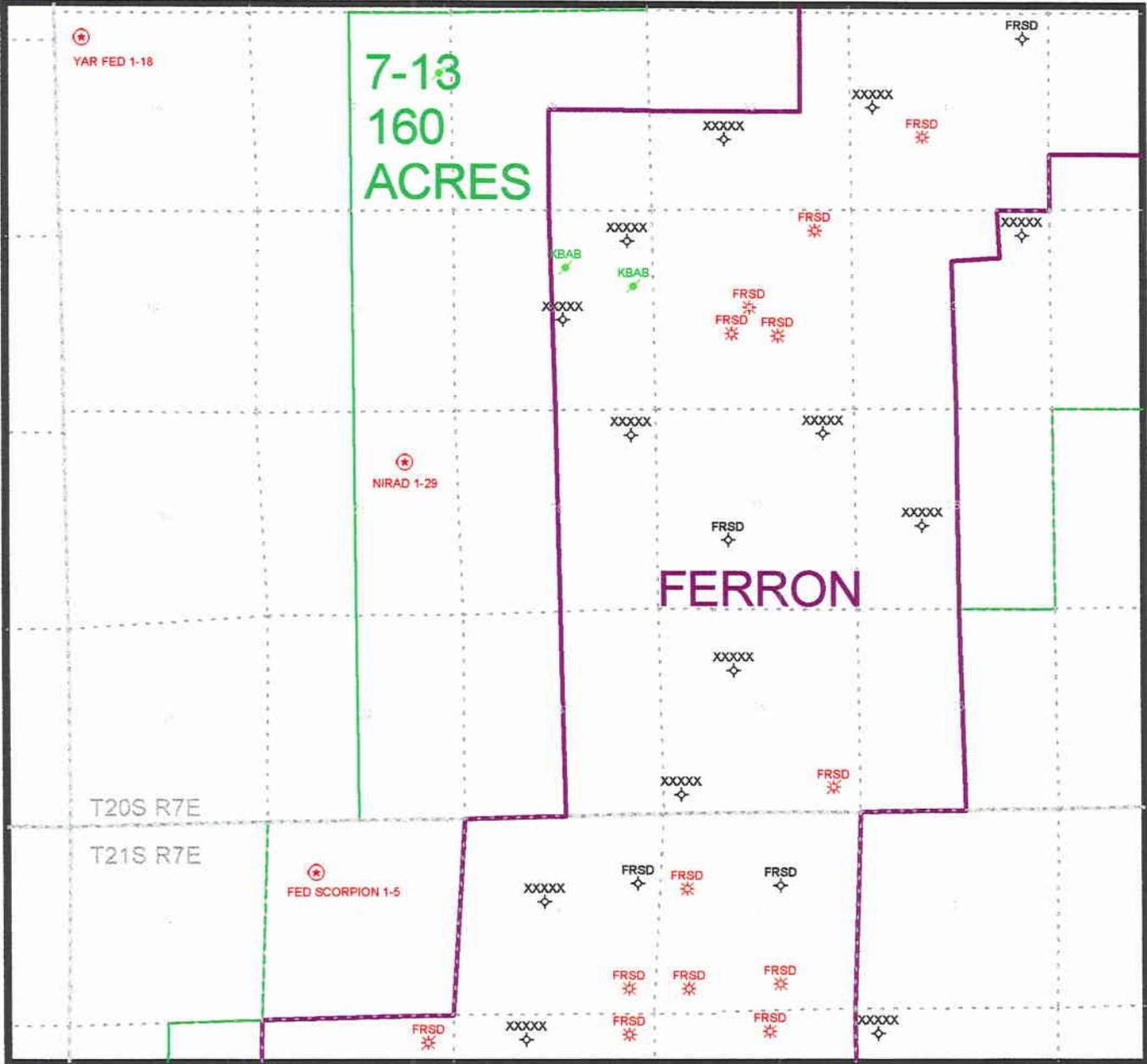
LOCATION AND SITING:

___ R649-2-3. Unit _____
 ___ R649-3-2. General _____
 ___ R649-3-3. Exception _____
 Drilling Unit
 Board Cause No: 7-11(A) *160'
 Date: 8-26-83

COMMENTS: _____

STIPULATIONS: ① FEDERAL APPROVAL

OPERATOR: FL ENERGY
FIELD: UNDESIGNATED (002)
SEC, TWP, RNG: 18,29,5 T20&21S, R7E
COUNTY: EMERY
UAC: R649-3-2 & CAUSE No. 7-13 160 ACRES



PREPARED:
DATE: 6-NOV-96

Form 0008-A
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
MOAB FIELD OFFICE
MAY 14 PM 1:28
BUREAU OF LAND MGMT

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

Oil Well Gas Well Other

2. Name of Operator

FL Energy Corp

3. Address and Telephone No.

2020 E 3300 S SUITE 26, SLC UT 84109

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

1200' FSL
1493 FEL SEC 5 T21S R7E

5. Lease Designation and Serial No.

UTU 70839

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Scorpion 1-5

9. API Well No.

10. Field and Pool, or Exploratory Area

Ferron

11. County or Parish, State

Emery

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

(Note: Report position of multiple completions on Well Completion or Resumption Report and Log Form.)

13. Describe Proposed or Completed Operations (Clarify 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 location to avoid a wash

survey cert attached

RECEIVED
AUG 17 1998
DIV OF OIL, GAS & MINING

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

Signed [Signature]

Title agent

Date 4-29-98

(This space for Federal or State Office use)

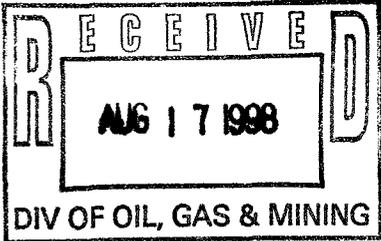
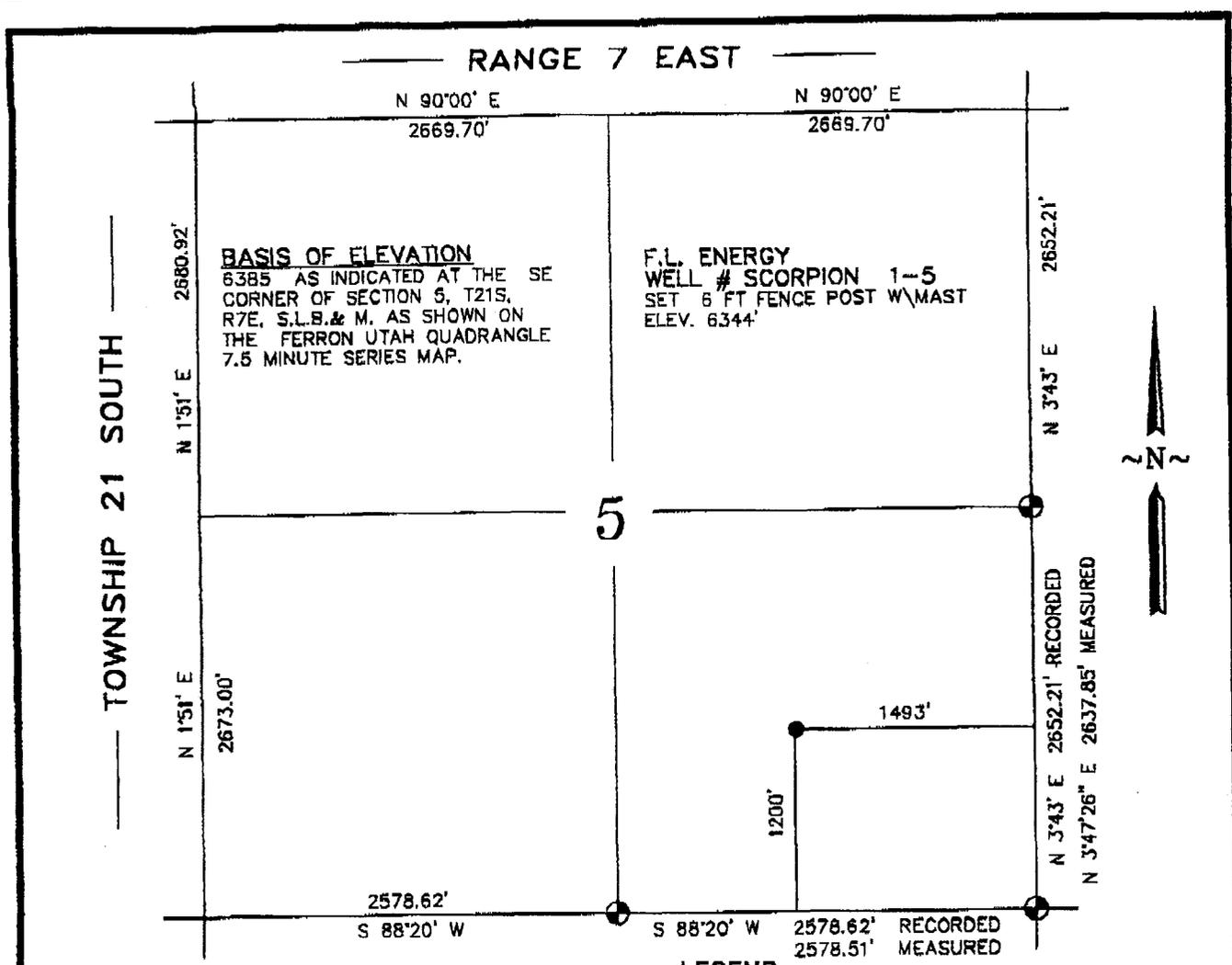
Approved by _____
Conditions of approval, if any:

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.

*See instruction on Reverse Side



LEGEND

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

BASIS OF BEARING

BASIS OF BEARING S 88°20'00" W MEASURED BETWEEN THE S1/4 CORNER AND THE SE CORNER OF SECTION 5, TOWNSHIP 21 SOUTH, RANGE 7 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

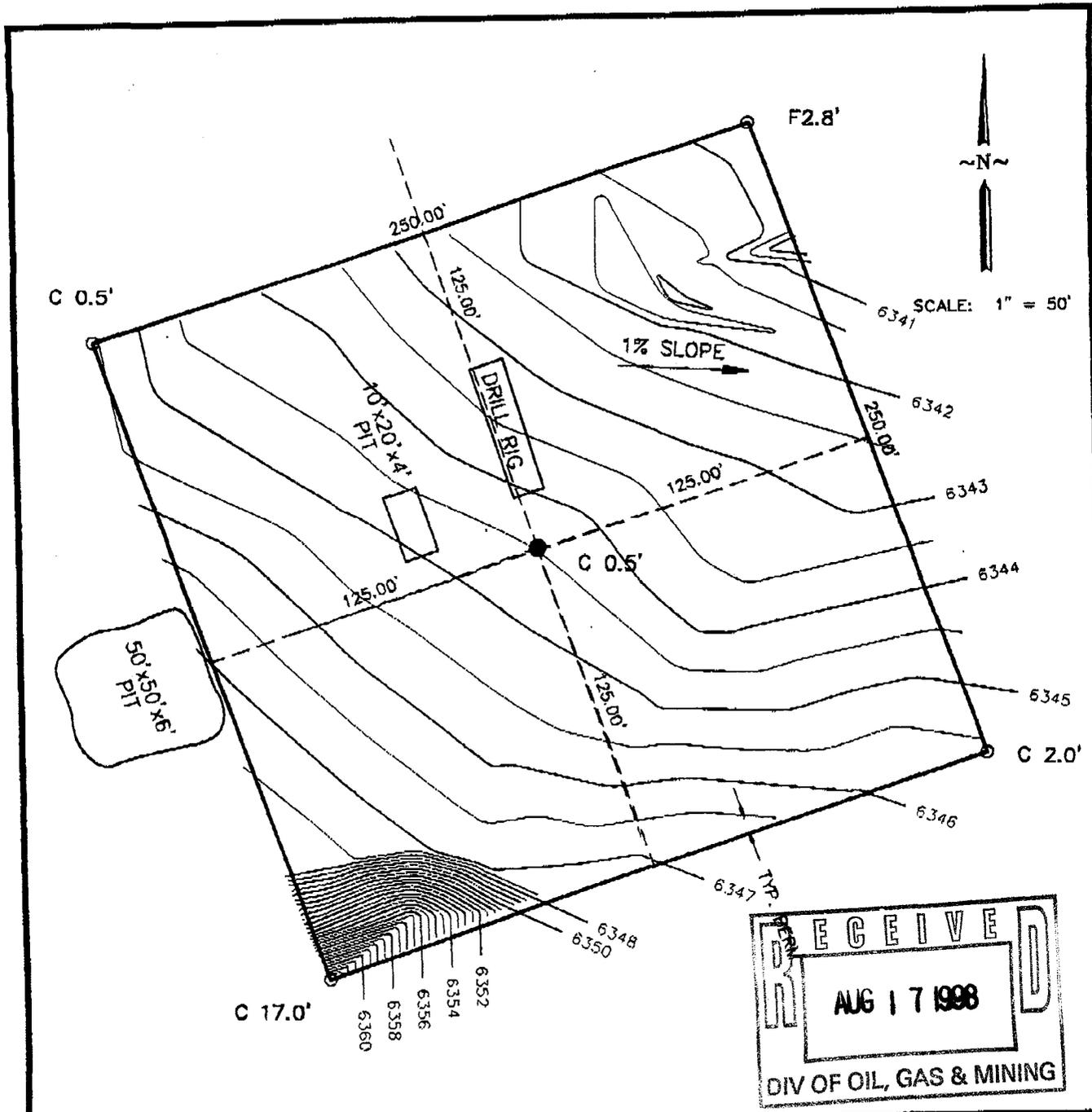
SE1/4 SEC. 5, T 21 S, R 7 E, S.L.B. & M.

Empire Engineering
1665 E. Sagewood Rd. Price, Utah 84501

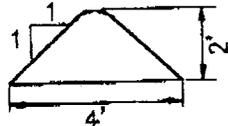
H. ALKER
WELL # SCORPION 1-5

Drawn By: RH	Approved By: EEH	Drawing No. EEOG-97-33
Date: 9-04-97	Scale: 1"=1000'	SHEET 1 OF 2

EMPIRE ENGINEERING/LEGEND 08/04/97



RECEIVED
AUG 17 1998
 DIV OF OIL, GAS & MINING



TYP. BERM SURROUNDING PAD

○ INDICATES 1"x2"x24" WOOD STAKE

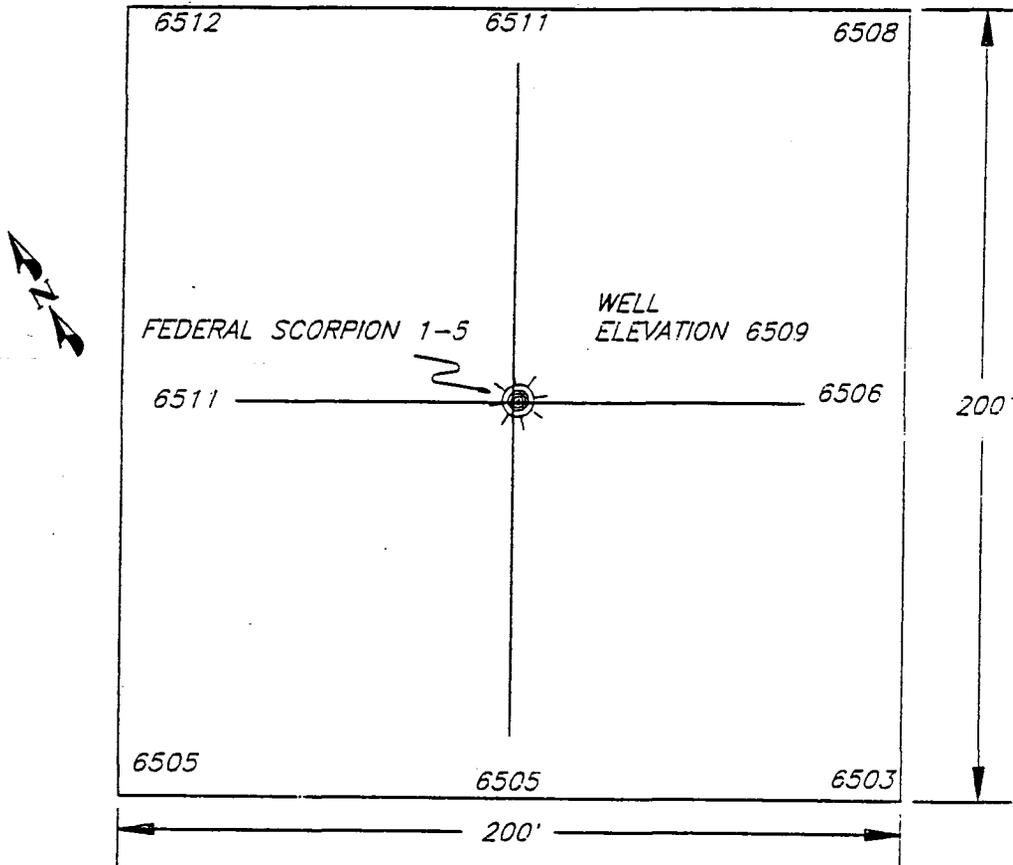
EMPIRE ENGRY 01 09/03/97

SE1/4 SEC. 5, T 21 S, R 7 E, S.L.B. & M.		
Empire Engineering		
1665 E. Sagewood Rd. Price, Utah 84501		
F.L. ENERGY		
WELL # SCORPION 1-5		
Drawn By: THK	Approved By: EEH	Drawing No. EEOG-97-33
Date: 9-03-97	Scale: 1"=1000'	SHEET 2 OF 2

PAD LOCATION ELEVATIONS

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

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



FEDERAL SCORPION 1-5
SECTION 5 TOWNSHIP 21 SOUTH RANGE 7 EAST SL&M.

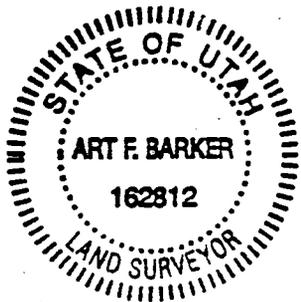
Surveyor's Certificate

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 LS
Utah Reg. No. 162812

Date. 10/10/95



PREPARED FOR:

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

NOTICE OF STAKING
 (Not to be used in place of
 Application for Permit to Drill Form 3160-3)

1. Oil Well [] Gas Well XXXX Other XXXX (Specify)		6. Lease Number UT - 70839
2. Name of Operator: F. L. ENERGY, INC.,		7. If Indian, Allottee or Tribe Name
3. Name of Specific Contact Person: Paul Pullman		8. Unit Agreement Name
4. Address & Phone No. of Operator or Agent 2020 East 3300 South Salt Lake City, Utah 1-801- 484- 6157		9. Farm or Lease Name
5. Surface Location of Well Attach: a) Sketch showing road entry onto pad, pad dimensions, and reserve pit. b) Topographical or other acceptable map showing location, access road, and lease boundaries.		10. Well No. Federal Scorpion #1-5
		11. Field or Wildcat Name Ferron
		12. Sec., T., R., M., or Blk. and Survey or Area Sec: 5; T: 21S; R: 7E
		13. County, Parish or Borough Emery
		14. State Utah
15. Formation Objective(s) Ferron Sandstone	16. Estimated Well Depth 2000'	
17. Additional Information (as appropriate; must include surface owner's name, address, and telephone number)		

18. Signed Ray Buckland Title Field Supr FL Energy
 Date 6-24-95

Note: Upon receipt of this Notice, the Bureau of Land Management (BLM) will schedule the date of the onsite predrill inspection and notify you accordingly. The location must be staked and access road must be flagged prior to the onsite.

- Operators must consider the following prior to the onsite:
- a) H₂S Potential
 - b) Cultural Resources (Archaeology)
 - c) Federal Right-of-Way or Special Use Permit

(IMPORTANT: SEE REVERSE SIDE FOR INSTRUCTIONS)



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

August 19, 1998

F. L. Energy Corporation
2020 East 3300 South, Suite 26
Salt Lake City, Utah 84109

Re: FED Scorpion 1-5 Well, 1200' FSL, 1493' FEL, SW SE, Sec. 5,
T. 21 S., R. 7 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 43-015-30302.

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, Inc.
Well Name & Number: Fed Scorpion 1-5
API Number: 43-015-30302
Lease: UTU-70839
Location: SW SE Sec. 5 T. 21 S. R. 7 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 prior to spudding the well. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or 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.



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

Michael O. Leavitt
Governor

Kathleen Clarke
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)

October 4, 2000

Lynn Kano
F L Energy
2020 East 3300 South, Suite 18
Salt Lake City, Utah 84109

Re: APD Rescinded – Scorpion 1-5 Well, Sec. 5, T. 21S, R7E, Emery County, Utah
API No. 43-015-30302

Dear Mr. Kano:

The Application for Permit to Drill for the subject well was approved by the Division of Oil, Gas and Mining on August 19, 1998. No drilling activity at this location has been reported to the division. Due to the excessive time delay in commencing drilling operations, approval to drill the well is hereby rescinded, effective immediately.

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

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

Sincerely,

Lisha Cordova
Eng. Technician

cc: **Well File**
Bureau of Land Management, Moab