

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG \_\_\_\_\_ ELECTRIC LOGS \_\_\_\_\_

FILE  WATER SANDS \_\_\_\_\_ LOCATION INSPE: \_\_\_\_\_

SUB. REPORT/abd \_\_\_\_\_

000907 L.A'D, eff 8-31-001

DATE FILED FEBRUARY 18, 1997

LAND. FEE & PATENTED \_\_\_\_\_ STATE LEASE NO. \_\_\_\_\_ PUBLIC LEASE NO. U-01740 INDIAN \_\_\_\_\_

DRILLING APPROVED: APRIL 6, 1998

SPUDED IN: \_\_\_\_\_  
COMPLETED: \_\_\_\_\_ PUT TO PRODUCING: \_\_\_\_\_

INITIAL PRODUCTION: \_\_\_\_\_

GRAVITY A.P.I. \_\_\_\_\_

GOR: \_\_\_\_\_

PRODUCING ZONES: \_\_\_\_\_

TOTAL DEPTH: \_\_\_\_\_

WELL ELEVATION: \_\_\_\_\_

DATE ABANDONED: 8-31-00 L.A'D

FIELD: CLEAR CREEK

UNIT: CLEAR CREEK

COUNTY: EMERY

WELL NO. CLEAR CREEK (DEEP) #2

API NO. 43-015-30307

LOCATION 1160 FSL FT. FROM (N) (S) LINE, 1820 FWL

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

1/4 - 1/4 SEC. 19

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
14S	7E	19	AZALEA OIL COMPANY				

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

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

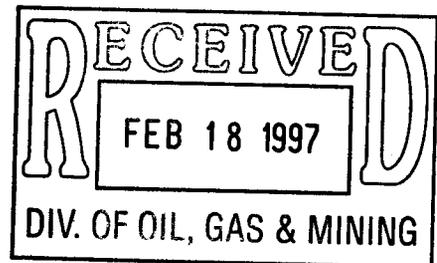
1a. TYPE OF WORK <b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. <b>U-01740</b>		
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME		
2. NAME OF OPERATOR <b>AZALEA OIL COMPANY, LLC</b> <i>12916</i>			7. UNIT AGREEMENT NAME <b>#14-08-001-3512</b> <b>Clear Creek</b>		
3. ADDRESS AND TELEPHONE NO. <b>518-17th St., Ste 345, Denver, CO 80202 (303-534-5776)</b>			8. FARM OR LEASE NAME, WELL NO. <b>(Deep) #2</b>		
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface <b>1159.57' FSL and 1820.06' FWL</b> At proposed prod. zone <i>354</i> <b>555</b>			9. API WELL NO.		
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <b>18 miles West of Price, Utah</b>			10. FIELD AND POOL, OR WILDCAT <b>Wildcat</b>		
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)		16. NO. OF ACRES IN LEASE <b>1208.99</b>	17. NO. OF ACRES ASSIGNED TO THIS WELL		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA <b>Sec. 19, T14S, R7E, SLM</b>
18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH <b>16,500'</b>	20. ROTARY OR CABLE TOOLS <b>Rotary</b>		12. COUNTY OR PARISH <b>Emery</b>
21. ELEVATIONS (Show whether DF, RT, GR, etc.) <b>8503.5' GL</b>			13. STATE <b>Utah</b>		
22. APPROX. DATE WORK WILL START* <b>July 1, 1997</b>			23. PROPOSED CASING AND CEMENTING PROGRAM		

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26#	20" KSS	94#	150'	250 sxs CLG(Cmt to Surf)
17 1/2"	13 3/8" KSS	61 & 68#	4000'	900 sxs CLG(Cmt to Surf)
14 3/4"	10 3/4 KSS	51 & 45.5#	7000'	1811 sxs CLG
9 5/8"	7 5/8 S-95	26.4, 29.7 & 33.7#	14000'	525 sxs CLG

LEASE DESCRIPTION: T-14-S, R-7-E, SLM  
Sec. 17: S/2  
Sec. 18: SE/4  
Sec. 19: All

T-14-S, R-6-E, SLM  
Sec. 24: SE/4SE/4  
Sec. 25: E/2NE/4

**Federal Approval of this Action is Necessary**



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

24. SIGNED *[Signature]* TITLE Agent DATE February 7, 1997

(This space for Federal or State office use)

PERMIT NO. 43-015-30307 APPROVAL DATE \_\_\_\_\_

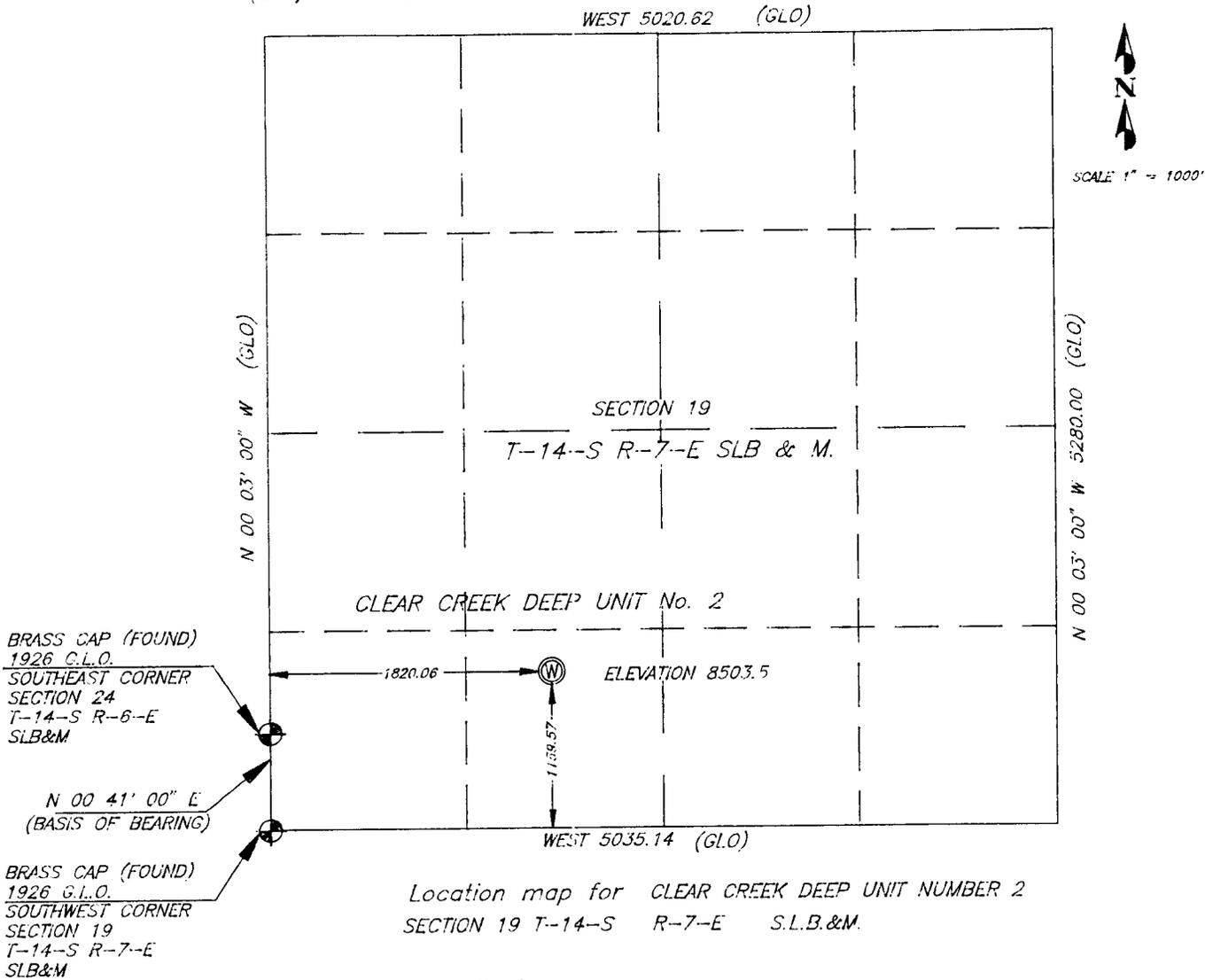
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *[Signature]* TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 4/6/98

\*See Instructions On Reverse Side

SORENSEN PERMITTING INC.  
 518 17th Street, Suite 280  
 Denver, Colorado 80202  
 (303) 534-8920

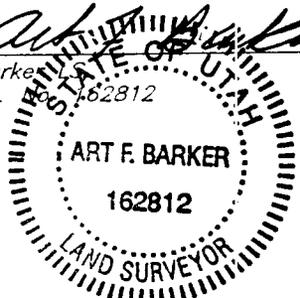
PREPARED BY: Barker & Associates  
 38 West Main Street  
 Wellington, Utah 84542



**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 \_\_\_\_\_ Date: 11/11/96  
 Utah Reg. # 162812



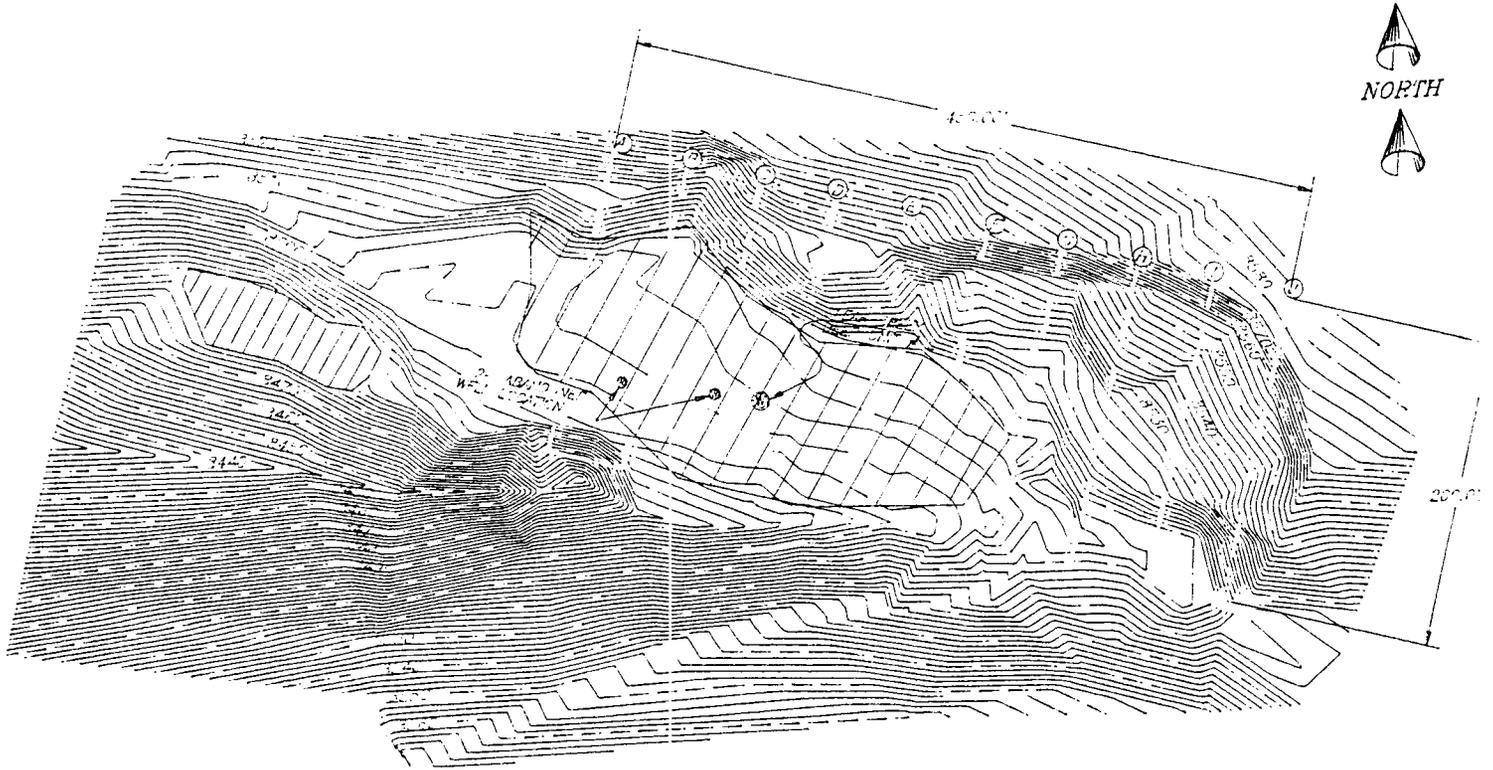
PREPARED FOR:  
 AZALEA OIL CO.,LLC  
 (SORENSEN PERMITTING,INC.)  
 518 17th STREET, SUITE 280  
 DENVER COLORADO, 80202  
 (303) 534-8920

# PAD LOCATION ELEVATIONS

SORENSEN PERMITTING, INC.  
518 17th Street, Suite 280  
Denver, CO 80202  
(303) 534-8920

PREPARED BY: BARKER & ASSOCIATES  
36 West Main Street  
Mojave, Utah 84542

CONTOUR INTERVAL = 5.0 FEET



SECTION 19 TOWNSHIP 14 SOUTH RANGE 7 EAST SLB&M

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. 102812  
Date: 11/11/96



RENDERED PROBABLY DISTURBED AREA

PREPARED FOR:

SORENSEN PERMITTING, INC.  
518 17th Street, Suite 280  
Denver, Colorado 80202  
(303) 534-8920

MANTI LASAL NATIONAL FOREST

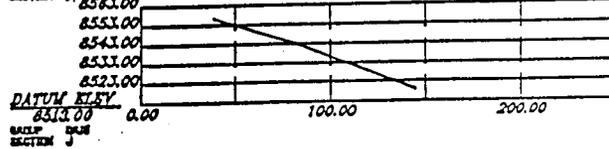
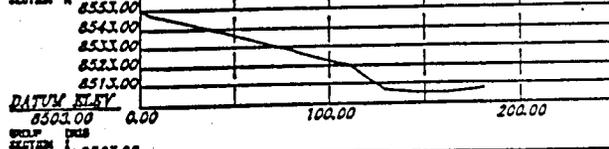
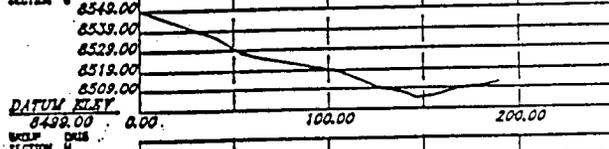
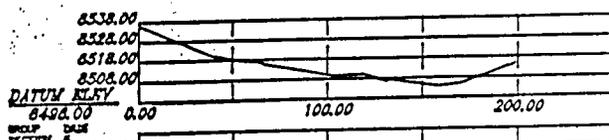
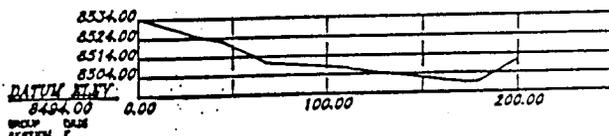
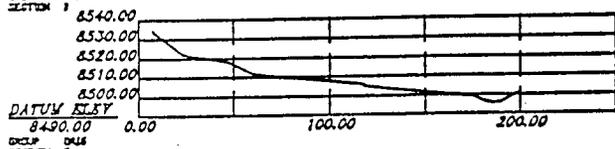
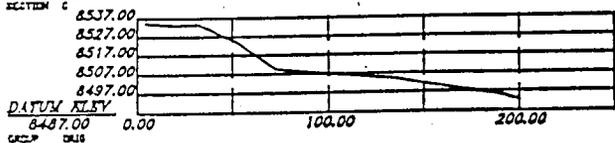
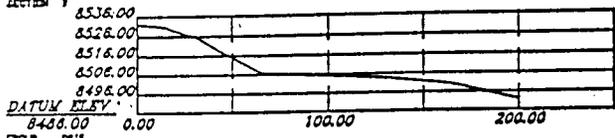
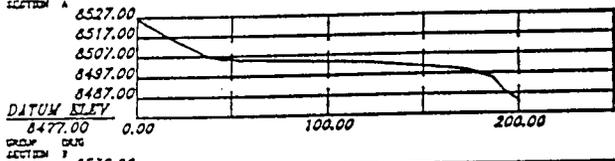
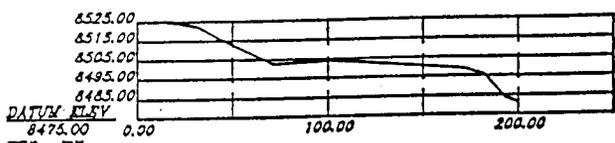
NORTH HUGHES CANYON

PAD LOCATION X-SECTIONS

SORENSEN PERMITTING INC.  
518 17th Street, Suite 280  
Denver, CO. 80202  
(303) 534-8920

PREPARED BY: BARKER & ASSOCIATES  
36 West Main Street  
Wellington, Utah 84542

CROSS SECTIONS SHOWN ARE IN 50 FOOT INTERVALS



SECTION 19 TOWNSHIP 14 SOUTH RANGE 7 EAST SLB&M

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.

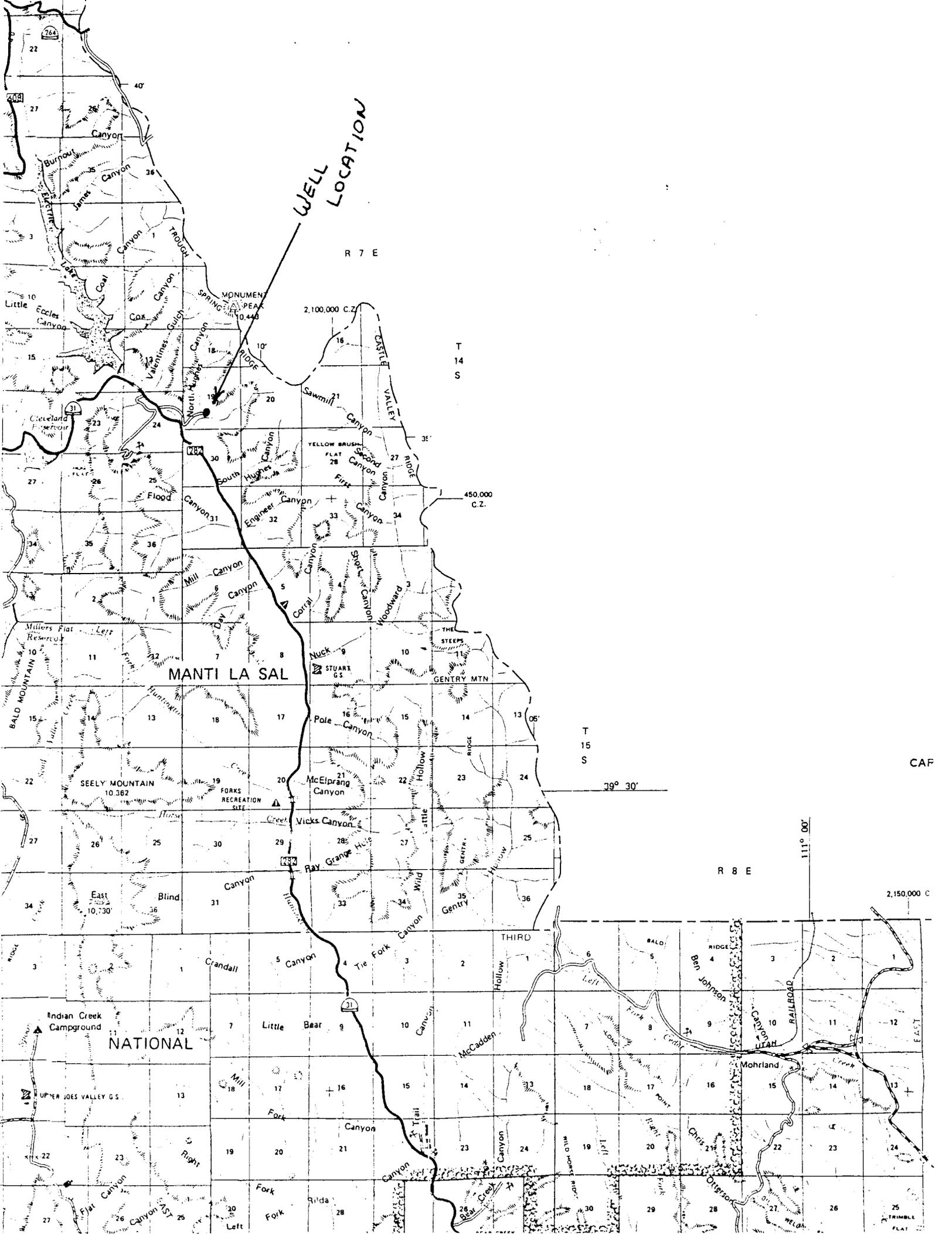
*Art F. Barker*  
Art F. Barker  
Utah Reg. No. 162812

Date: 10/23/96



PREPARED FOR:

SORENSEN PERMITTING, INC.  
518 17th Street, Suite 280  
Denver, Colorado 80202  
(303) 534-8920



WELL  
LOCATION

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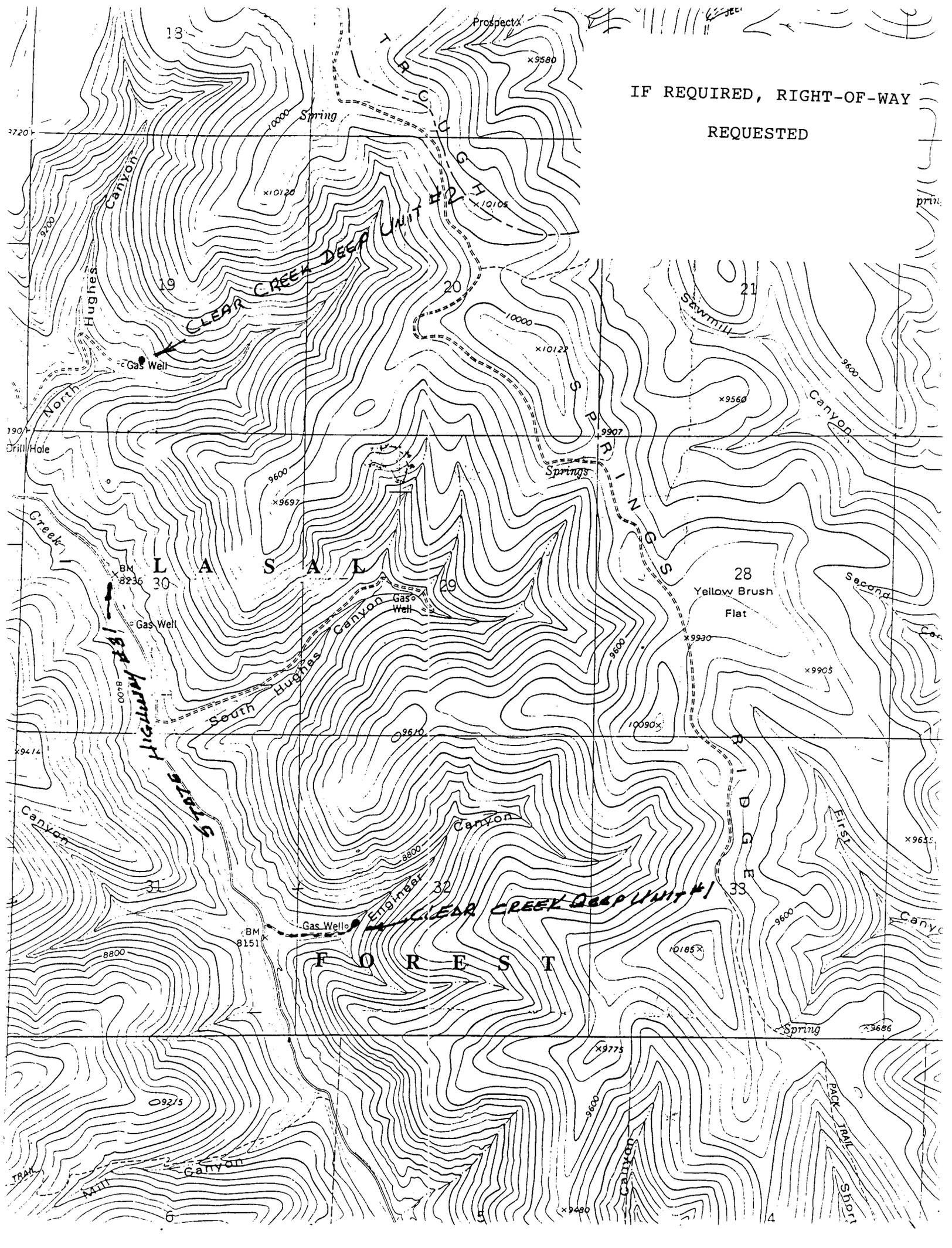
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&lt;

IF REQUIRED, RIGHT-OF-WAY  
REQUESTED



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

Company: AZALEA OIL COMPANY

Well No. : CLEAR CREEK (DEEP) UNIT #2

Location: SE SW Section 19, T14S, R7E

Lease No: U-01740

On-Site Inspection Date: \_\_\_\_\_

All operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR P 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 - Blackhawk  
Ferron - 4195  
Dakota - 4500  
Navajo - 9390  
Kiabab - 12300  
Coconino - 12550  
Manning Canyon - 13950  
Humbug LS - 14250  
Deseret LS - 14650  
Total Depth - 16500

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

Depth / Formation

Expected Oil Zones:

*Mancos Shale above Ferron*

Expected Gas Zones:

*Ferron, Dakota, Mississippian (Manning Canyon, Humbug & Deseret)*

Expected Water Zones:

*Emery - 2200 feet*

Expected Mineral Zones:

*None*

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 determine commercial potential.

3. Pressure Control Equipment - include schematics of the BOP and choke manifold, and describe testing procedures:

*See attached diagram*

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 reports.

4. Casing Program and Auxiliary Equipment - include casing size, weight, grade, thread, and coupling, setting depth and condition (new or acceptable reconditioned):

20"	94#	K-55	BUTTRESS	NEW	150'
13 3/8"	61 & 68#	K-55 & HCK-55	ST&C	NEW	4000'
10 3/4"	51 & 45.5#	K-55 & HCK-55	ST&C	NEW	7000'
7 5/8"	26.4 & 29.7 & 33.7#	S-95	LT&C	NEW	14000'
5 1/2"	20#	S-95	FL-4S	NEW	13800-16500'

SEE ATTACHED LONESTAR PROPOSAL FOR DETAILED DESIGN

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:

CONDUCTOR: 150' of 20" Casing in 26" Hole - 250 sks Class G + 2% CaCl<sub>2</sub> + .25#/sk Cellophane Flakes. CEMENT TO SURFACE

SURFACE: 4000' of 13 3/8" Casing in 17 1/2" Hole - LEAD: 650 Sxs Dowell Hi-Lift 12% Gel, 1% Extneder, .25% Flac, 3% Salt, .2% Anti-Foamer. TAIL: 250 sxs Class G Cement, 2% CaCl<sub>2</sub>, .25#/sx Cellophane Flakes. CEMENT TO SURFACE

INTERMEDIATE: 7000' of 10 3/4" Casing in 14 3/4" Hole - LEAD: 1711 sxs 50/50 Poz/g, 2% Gel, .5% D-112 Flac, >5% Tic, Retarder as needed. TAIL: 100 sxs Class G Cement, Retarder as needed. CEMENT INTO 10 3/4 x 13 3/8" ANNULUS.

INTERMEDIATE: 14000' of 7 5/8" Casing in 9 5/8" Hole - LEAD: 425 sxs 50/50 Poz/G, 2% gel, 10% Salt (BWOW), .5% D-112 Flac, .5% D-65 Tic. Retarder as needed.

TAIL: 100 sxs Class G Cement, Retarded as needed. CEMENT TOP @ 11500'  
(2500' OF CEMENT)

PRODUCTION LINER - 2700' of 5 1/2" Casing from 13800 - 16500' in 6 3/4" Hole - 165  
sxs Class G 35% Silica Flour, 18% Salt (BWOW), 0.7 gal/sx Dispersant, 0.05 gal/sx  
Anti-foam, Retarder as needed. CEMENT BROUGHT TO TOP OF LINER AT 13800'  
(2700' of Cement).

DOWELL PROPOSAL IS ATTACHED FOR DETAILS.

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 bleed line' description of the auto ignitor; description of the deduster equipment; and amounts, types and characteristics of stand-by mud:

SEE ATTACHED PROPOSAL FROM ANCHOR DRILLING FLUIDS TO STEVE SMITH DATED 12/3/96

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:

DST ANY ENCOURAGING SHOWS AS DRILLING PROGRESSES. SPECIFIC TEST DESIGN (OPEN / SHUT-IN) TIMES WILL DEPEND ON CONDITIONS PRESENT AT THE TIME OF FORMATION PENETRATION.

CORES: NONE PLANNED.

WELL LOGS: DUAL LATEROLOG, DENSITY/NEUTRON, SONIC, DIPMETER, FRACTURE IDENTIFICATION LOG

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.

NO H<sub>2</sub>S ZONES EXPECTED. LOST CIRCULATION IS EXPECTED TO BE A PROBLEM THROUGHOUT DRILLING OPERATIONS FROM THE SURFACE TO TOTAL DEPTH. AREA WELLS DRILLED DEEP HAVE ENCOUNTERED NEARLY CONTINUOUS LOST CIRCULATION PROBLEMS FROM SURFACE TO TD. A PRESSURE GRADIENT OF NO MORE THAN 0.45 PSI / FOOT IS EXPECTED.

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

NONE

**B. THIRTEEN POINT SURFACE USE PLAN**

**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:

*18 MILES WEST OF PRICE UTAH*

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. THE ROAD FROM UTAH STATE HIGHWAY #31 TO THE WELL LOCATION WHICH WAS CONSRUCTED AND USED IN THE PAST FOR GAS PRODUCTION FROM THE P. T. WALTON #1-X, 1168' FSL, 1734' FWL 19-T14S-R7E, EMERY COUNTY, UTAH, AND THE DRILLING AND SUBSEQUENT ABANDONMENT OF THE CLEAR CREEK UNIT #1, 1188' FSL, 1799 FWL, 19-T14S-R7E. THE EXISTING ROAD WILL NOT REQUIRE ANY IMPROVEMENT TO SERVICE THE DRILLING OF THE CLEAR CREEK (DEEP) UNIT #2.*

e. Other:

*NONE*

**2. Planned Access Roads:**

a. Location (centerline):

*SEE ATTACHED LOCATION PLATS*

b. Length of new access top to be constructed:

*NO NEW ACCESS NEEDED*

c. Length of existing roads to be upgraded:

*NONE*

d. Maximum total disturbed width:

*SEE ATTACHED LOCATION PLATS - 15' EITHER SIDE OF THE CENTER LINE*

e. Maximum travel surface width:

*SEE ATTACHED LOCATION PLATS*

f. Maximum grades:

*SEE ATTACHED LOCATION PLATS*

**g. Turnouts:**

SEE ATTACHED LOCATION PLATS

**h. Surface Materials:**

\_\_\_\_\_  
\_\_\_\_\_

**i. Drainage (crowning, ditching, culverts, etc.):**

SEE ATTACHED LOCATION PLATS

**j. Cattleguards:**

NONE

**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 road is properly abandoned. If this time frame cannot be met, the Are 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:

SEE ATTACHED LOCATION PLATS

4. Location of Production Facilities:

- a. On-site facilities

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- b. Off-site facilities:

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- c. Pipelines:

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All permanent (in place for six month 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:

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All site security guidelines identified in 43 CFR P3162.7-5 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 there after. All gas production and measurement shall comply with the provisions of 43 CFR P3162.7-3. 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 1 1/2 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 P3162.7-3 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):

*WATER SUPPLY WILL BE EITHER FROM A SURFACE SOURCE OR FROM RE-ENTRY OF THE PAUL WATSON #1-Z, 1168' FSL, 1734' FWL 19-T14S-R7E OR THE CLEAR CREEK UNIT #1, 1188' FSL, 1799' FWL 19-T14S-R7E, FROM THE EMERY ZONE ~ 2200' FROM THE SURFACE.*

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 sources is Federally owned, show location on a map):

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The use of materials under BLM jurisdiction will conform to 43 CFR P3610.2-3.

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):

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The reserve pit will be located:

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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 P3162.6.

Access to the well pad will be from: \_\_\_\_\_

The blooie line will be located: \_\_\_\_\_, 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 \_\_\_\_ inches of topsoil material will be removed from the location and stockpiled separately on:

\_\_\_\_\_

\_\_\_\_\_

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 replace 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:

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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:

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11. Surface and Mineral Ownership:

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12. Other Information:

a. Archeological Concerns: \_\_\_\_\_

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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 historical 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 P800.11 to confirm, through the State Historical 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:

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c. Wildlife Seasonal Restrictions (yes/no):

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d. Off Location Geophysical Testing:

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

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f. Other:

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

Representative:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone No.: \_\_\_\_\_

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 application, with bond coverage being provided under BLM bond no. \_\_\_\_\_. This statement is subject to the provisions of 18 U.S.C. P1001 for the filing of a false statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

December 3, 1996



**Anchor  
Drilling Fluids USA, Inc.**

410 17th Street  
Suite 540  
Denver, Colorado 80202  
Tel.: (303) 892-5610  
Fax: (303) 893-2733

Mr. Steve Smith  
7328 S. Zephyr Way  
Littleton, Colorado 80123

Mr. Smith:

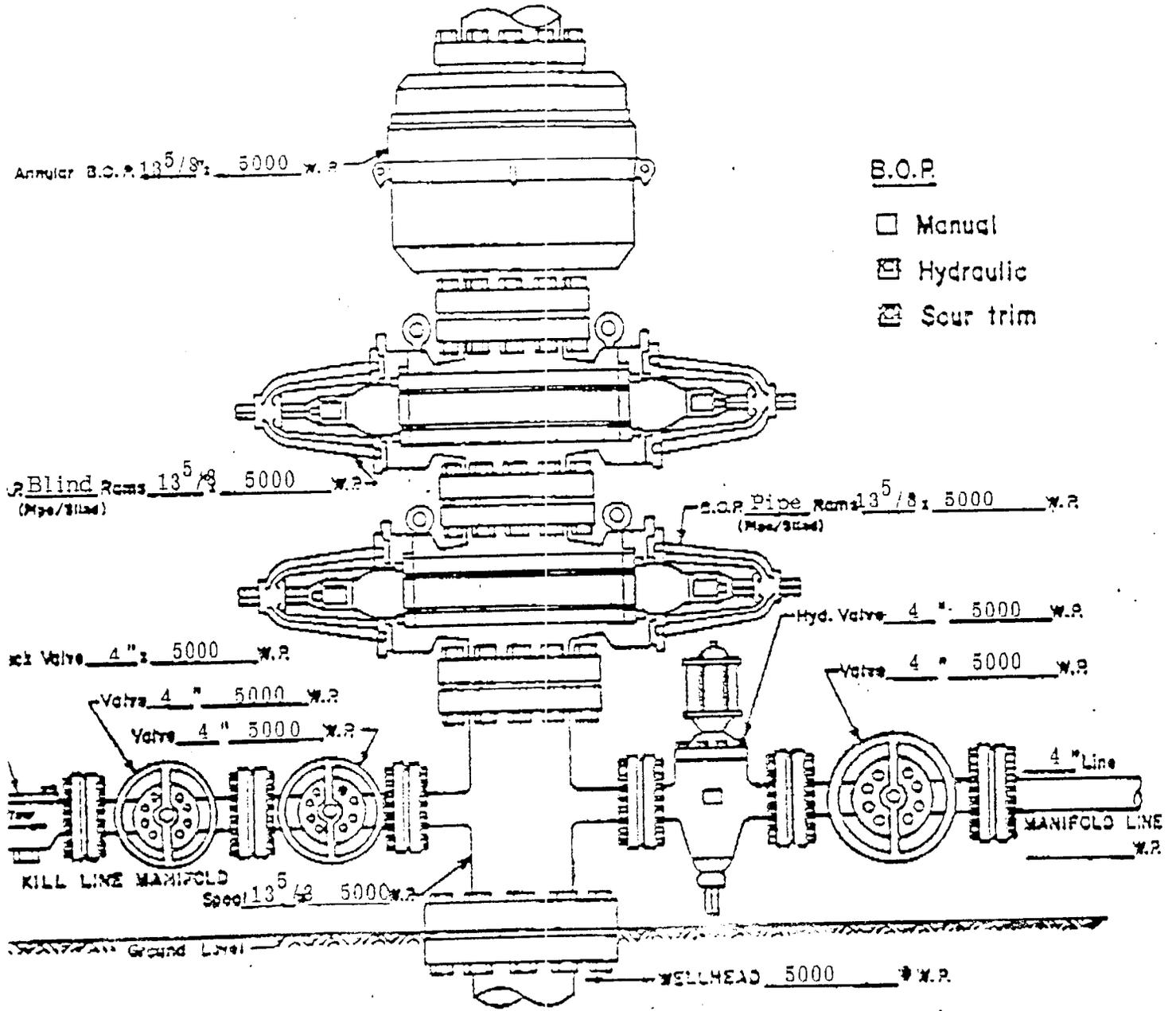
Following is our estimated product usage for your Clear Creek Deep Unit #1 well in Utah. This estimate is based on the Tenneco #1 Clear Creek well in Section 17, T14S, R7E:

PRODUCT	UNIT SIZE	QUANTITY	RETAIL PRICE	TOTAL
Gel	100# Bag	15,000.00	\$5.90	\$88,500.00
Phosphate	50# Bag	100.00	64.50	6,450.00
Desco CF	25# Bag	3,000.00	62.00	186,000.00
Drispac	50# Bag	250.00	235.00	58,750.00
Drilling Detergent	5 Gal	180.00	35.00	6,300.00
Cedar Fiber	40# Bag	3,000.00	14.75	44,250.00
Maxi-Seal	40# Bag	2,000.00	20.85	41,700.00
Mica	50# Bag	1,000.00	13.50	13,500.00
Nut Plug	50# Bag	2,000.00	14.50	29,000.00
Sawdust	40# Bag	7,500.00	7.40	55,500.00
Aluminum Stearate	25# Bag	4.00	71.00	284.00
Alcomer 1771	2# Bag	170.00	22.00	3,740.00
Foamer 450	5 Gal	370.00	100.00	37,000.00
Soltex	50# Bag	160.00	99.50	15,920.00
Pipe Free	5 Gal	160.00	90.00	14,400.00
Caustic Soda	50# Bag	1,300.00	29.75	38,675.00
Lime	50# Bag	60.00	7.90	474.00
Soda Ash	100# Bag	180.00	18.25	3,285.00
Bicarb	50# Bag	300.00	18.50	5,550.00
<b>TOTAL</b>				<b>\$649,278.00</b>

COMPANY Azalea Oil Company

WELL NAME Clear Creek Deep #2

SECTION Sec 19, T14S, R7E Emery County, Utah



B.O.P.

- Manual
- Hydraulic
- Sour trim

Fill blanks with applicable information. If not applicable, enter "N.A." or cross-out item shown. Enter other pertinent information below.

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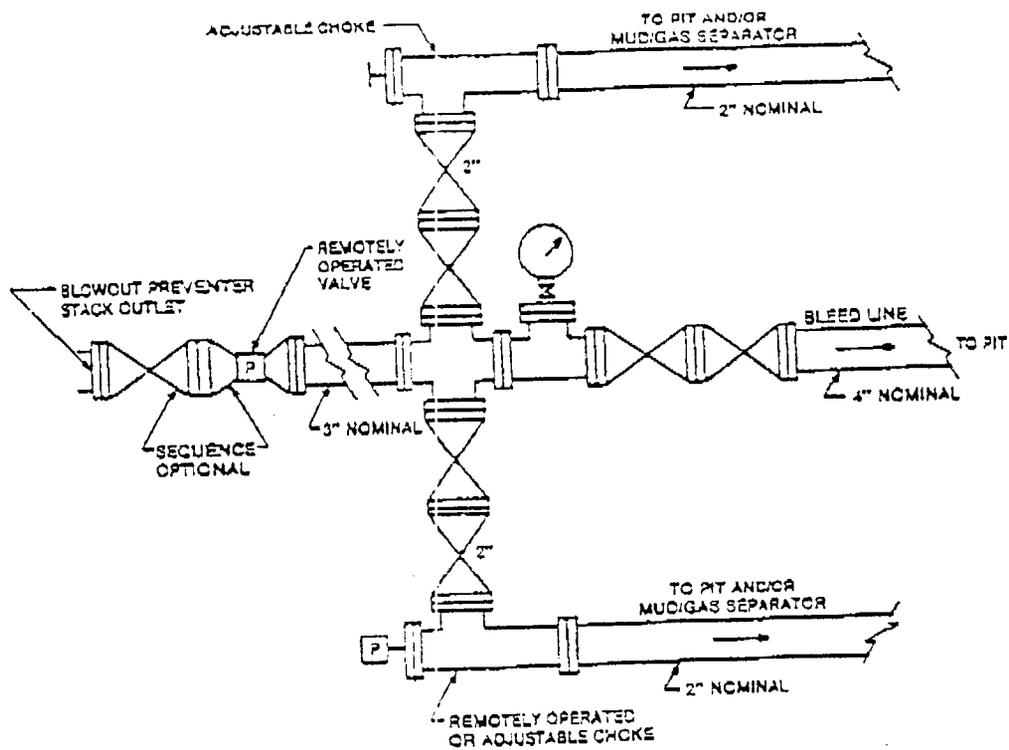
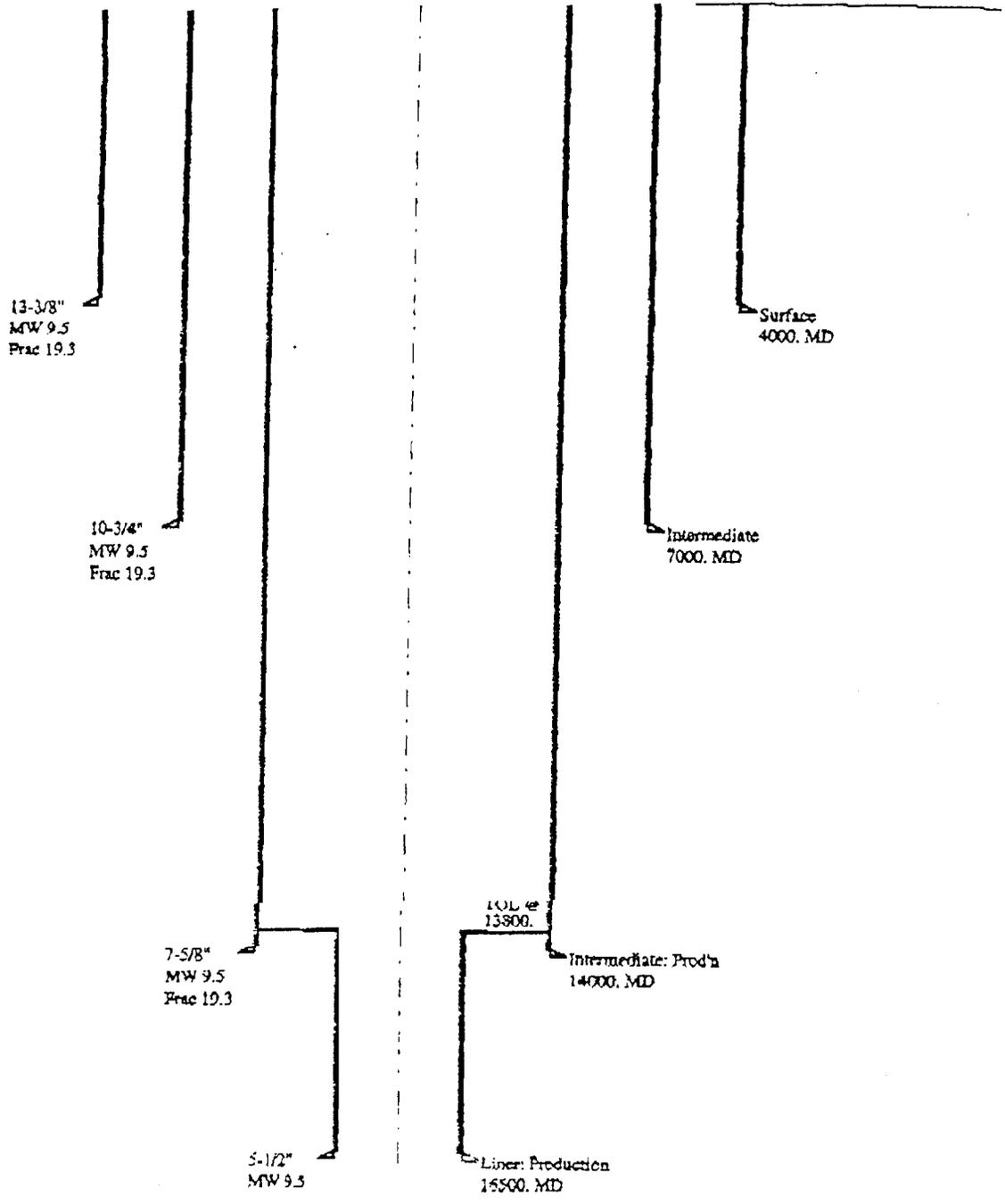
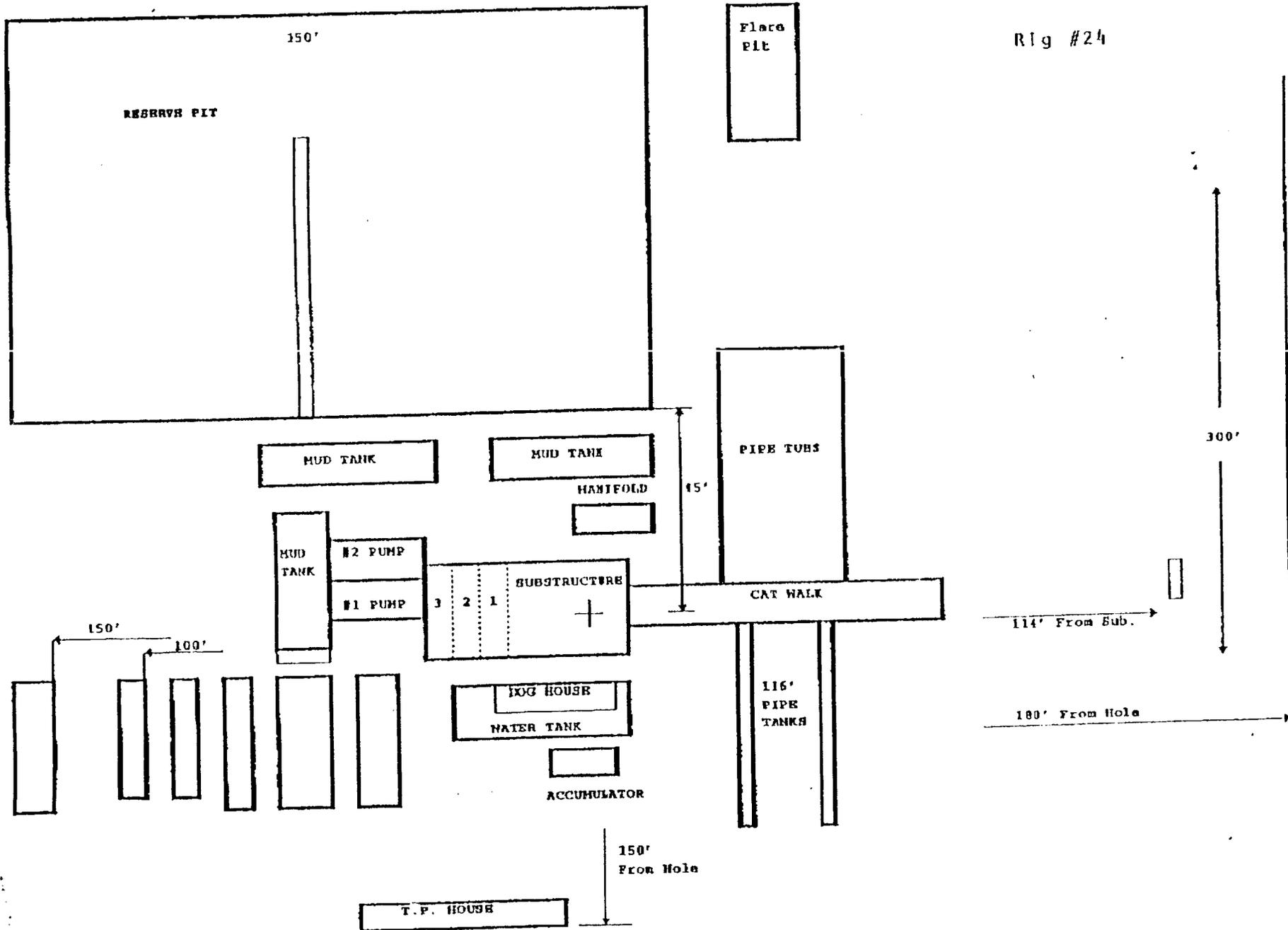


FIGURE K40. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

# Clear Creek Deep #2 Casing Schematic





WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/18/97

API NO. ASSIGNED: 43-015-30307

WELL NAME: CLEAR CREEK (DEEP) #2  
 OPERATOR: AZALEA OIL COMPANY (N2970)

PROPOSED LOCATION:  
 SESW 19 - T14S - R07E  
 SURFACE: 1160-FSL-1820-FWL  
 BOTTOM: 1160-FSL-1820-FWL  
 EMERY COUNTY  
 CLEAR CREEK FIELD (010)

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

LEASE TYPE: FED  
 LEASE NUMBER: U - 01740

PROPOSED PRODUCING FORMATION: DSRTL

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Federal [ State [] Fee []  
 (Number NA)
- Potash (Y/N)
- Oil shale (Y/N)
- Water permit  
 (Number TEMP PERMIT BEING OBTAINED)
- RDCC Review (Y/N)  
 (Date: \_\_\_\_\_)

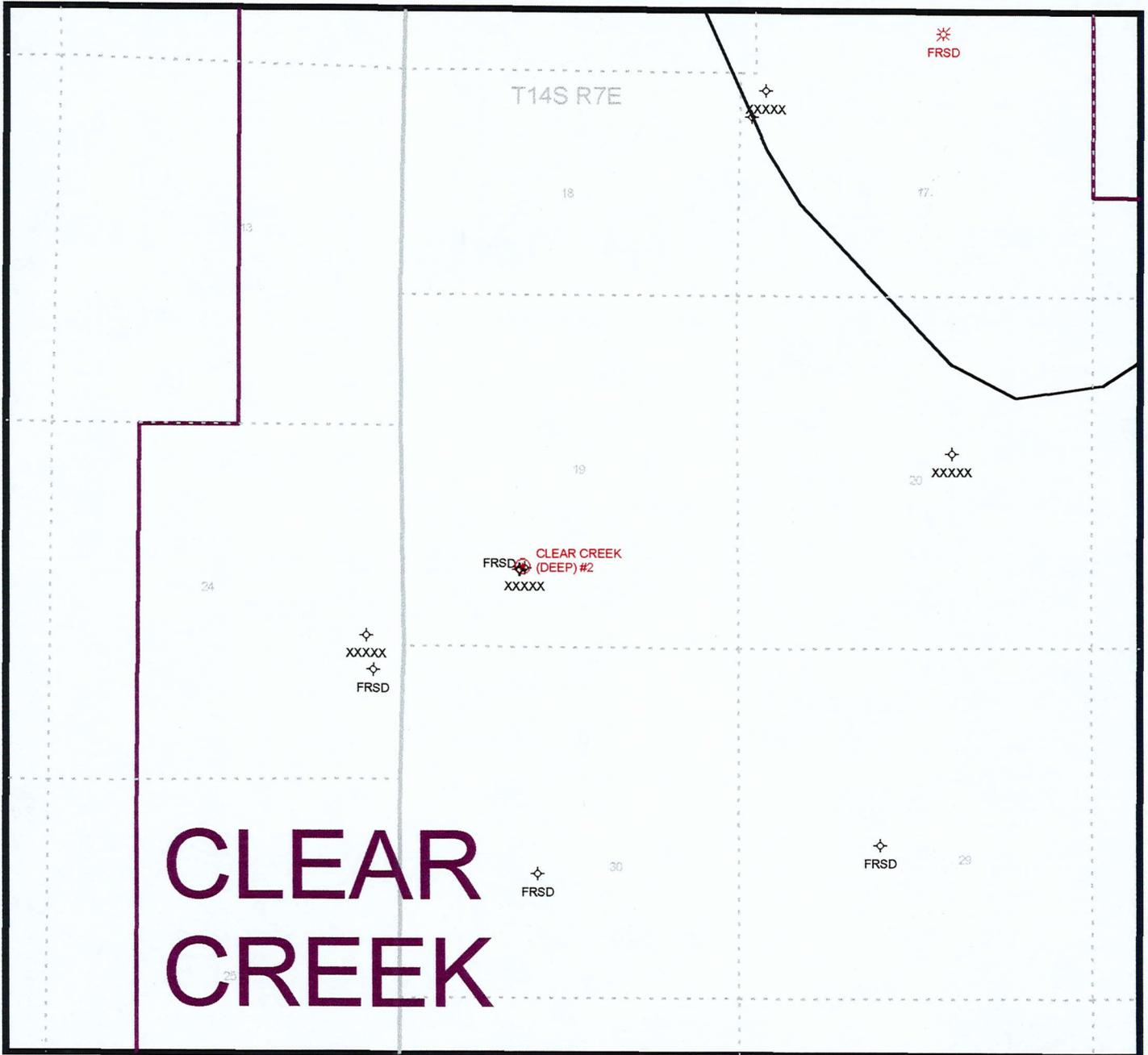
LOCATION AND SITING:

- R649-2-3. Unit: CLEAR CREEK UNIT
- R649-3-2. General.
- R649-3-3. Exception.
- Drilling Unit.  
 Board Cause no: \_\_\_\_\_  
 Date: \_\_\_\_\_

COMMENTS: NEGOTIATIONS STILL ON WITH THE US FOREST SERVICE  
20-JAN-98

STIPULATIONS: ① FEDERAL APPROVAL  
 ② WATER PERMIT

OPERATOR: AZALEA OIL CO. (N)  
FIELD: CLEAR CREEK (010) 2970  
SEC, TWP, RNG: 19, 14S, 7E  
COUNTY: EMERY  
UAC: R649-2-3



PREPARED:  
DATE: 19-FEB-97

United States  
Department of  
Agriculture

Forest  
Service

Manti-La Sal  
National Forest

*KJ. / Gil Hunt*  
West Price River Dr.  
Price, Utah 84501  
Phone # (801) 637-2817  
Fax # (801) 637-4940

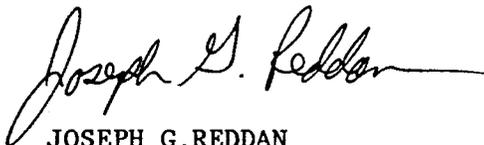
File Code: 2820-2

Date: March 11, 1997

Dear Interested Participant,

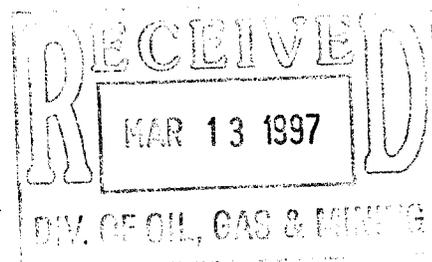
The Forest Service and the Bureau of Land Management will be evaluating an Application for Permit to Drill (APD) submitted by Azalea Oil Co. for an exploratory oil and gas well. The proposal is to drill a 16,500 foot well at one of two potential sites (see attached map), both of which are reclaimed gas well sites in Engineer and North Hughes Canyons, tributary canyons to Huntington Canyon. Drilling is expected to take 4 to 5 months. The proposed drill sites are within oil and gas leases which have been held since 1951 and are part of the Clear Creek Natural Gas Field.

The APD will be evaluated under the requirements of the National Environmental Policy Act, Forest Service regulations at 36 CFR 228, Subpart E, and Bureau of Land Management regulations at 43 CFR 3160. Further information can be obtained by calling Dale Harber at (801) 637-2817. Public comments will be accepted at the Manti-La Sal National Forest, 599 West Price River Drive, Price, Utah 84501, until 5:00 p.m., April 11, 1997.



JOSEPH G. REDDAN  
Acting District Ranger

Enclosure







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)

April 6, 1998

Azalea Oil Company, LLC  
518-17th Street, Suite 345  
Denver, Colorado 80202

Re: Clear Creek (Deep) #2 Well, 1160' FSL, 1820' FWL, SE SW,  
Sec. 19, T. 14 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 43-015-30307.

Sincerely,

  
for John R. Baza  
Associate Director

lwp

Enclosures

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

Operator:                     Azalea Oil Company, LLC                      
Well Name & Number:           Clear Creek (Deep) #2            
API Number:                     43-015-30307                      
Lease:                             U-01740                              
Location:       SE SW       Sec.   19   T.   14   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 following spudding the well or commencing drilling operations. Contact Jim Thompson at (801)538-5336.  
  
Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or John R. Baza at (801)538-5334.
3. Reporting Requirements  
All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.
4. State approval of this well does not supercede the required federal approval which must be obtained prior to drilling.
5. Submittal to the Division of evidence providing assurance of an adequate and approved supply of water as required by Utah Code Ann. § 73-3, Appropriations, prior to commencing drilling operations.

DOGIM "LA" DAT. = 8/31/2000

WELL FILE

Anschutz Exploration

Ridge Runner 13-17 - BLM granted extension through 12/31/00 43015 30269 17-145-7E  
Ridge Runner 11-20 - BLM granted extension through 12/31/00 43015 30271 20-146-7E

Azalea Oil Company LLC

Clear Creek (Deep) 2 - BLM returned APD to operator 4/17/00 43015 30307 19-145-7E

FL Energy

Wildcat Wash 1-22 - Pending 43015 30343 22-165-9E  
Yar Federal 1-18 - Pending 43015 30304 18-205-7E  
Scorpion 1-5 - Pending 43015 30302 5-215-7E

Mission Energy Inc

Henzel Federal 1-29 - Pending 43007 30470 29-125-15E  
Federal 1-19 - Pending 43007 30471 19-125-16E  
Burruss Federal 1-10 - Pending 43007 30394 10-125-17E

Riata Energy Inc

13019 31372 Govt. 2318 9-2 - BLM approved APD 2/29/00, well has not been drilled yet 9-235-18E  
13019 31373 Govt. 2318 9-3 - BLM approved APD 2/29/00, well was drilled then plugged 6/8/00 9-235-18E

River Gas Corporation

13067 30425 USA 21-35 - Pending 21-145-9E  
13067 30576 USA 12-322 - BLM approved APD 8/22/00 12-155-8E  
13015 30398 USA 12-385 - Pending 12-165-9E  
13015 30409 USA 12-426 - Pending 12-165-9E

NOTES from Marie McGann  
BLM - MOAB  
email to Don Staley  
dated 8/30/2000.