

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  
Chandler and Associates, Inc.

3. ADDRESS OF OPERATOR  
475 Seventeenth Street Suite 1000, Denver CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\*  
 At surface <sup>160</sup>  
641940' FSL 591' FEL (NE/SE)  
 At proposed prod. zone

**CONFIDENTIAL**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
See Topo Map "A" (Attached)

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	17. NO. OF ACRES ASSIGNED TO THIS WELL
N/A	760.33	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
N/A	2800'	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 6151 GR

5. LEASE DESIGNATION AND SERIAL NO.  
U-51015

6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
N/A

7. UNIT AGREEMENT NAME  
N/A

8. FARM OR LEASE NAME  
Ferron Federal

9. WELL NO.  
#9-10-19-7

10. FIELD AND POOL, OR WILDCAT  
Wildcat

11. SEC., T., E., M., OR BLK. AND SURVEY OR AREA  
Sec. 10, T19S, R7E, S.L.B.&M

12. COUNTY OR PARISH  
Emery

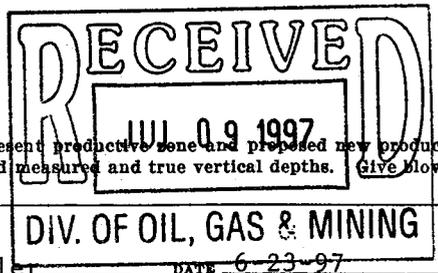
13. STATE  
UT

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	300'	(See attached Drilling Plan)
7 7/8"	5 1/2"	15.5#	2800'	(See attached Drilling Plan)

- M.I.R.U.
- Drill to T.D. 2800'
- Run 5 1/2" casing if commercial production is indicated
- If dry hole, well will be plugged and abandoned as instructed by B.L.M.
- Well will be drilled with air/mist to T.D. mud will be in place to run 5 1/2" casing

I hereby certify that I am responsible by the terms and conditions of the lease to conduct lease operations. Bond coverage for lease activities is being provided by Chandler & Associates, Inc. B.L.M. Bond # 124290364.



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 Tracy D. Henline TITLE Agent for Chandler DATE 6-23-97  
 (This space for Federal or State office use)

PERMIT NO. 43-015-30332 APPROVAL DATE 10/22/98  
 APPROVED BY Bradley G. Hill TITLE RECLAMATION SPECIALIST III DATE 10/22/98  
 CONDITIONS OF APPROVAL, IF ANY:

**Federal Approval of this Action is Necessary**

\*See Instructions On Reverse Side

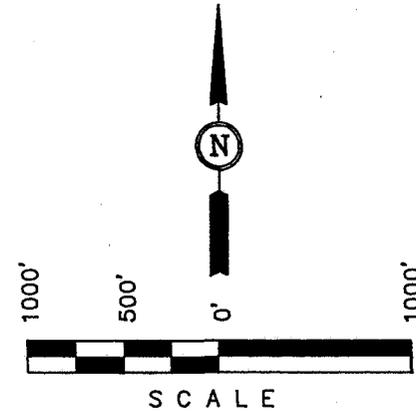
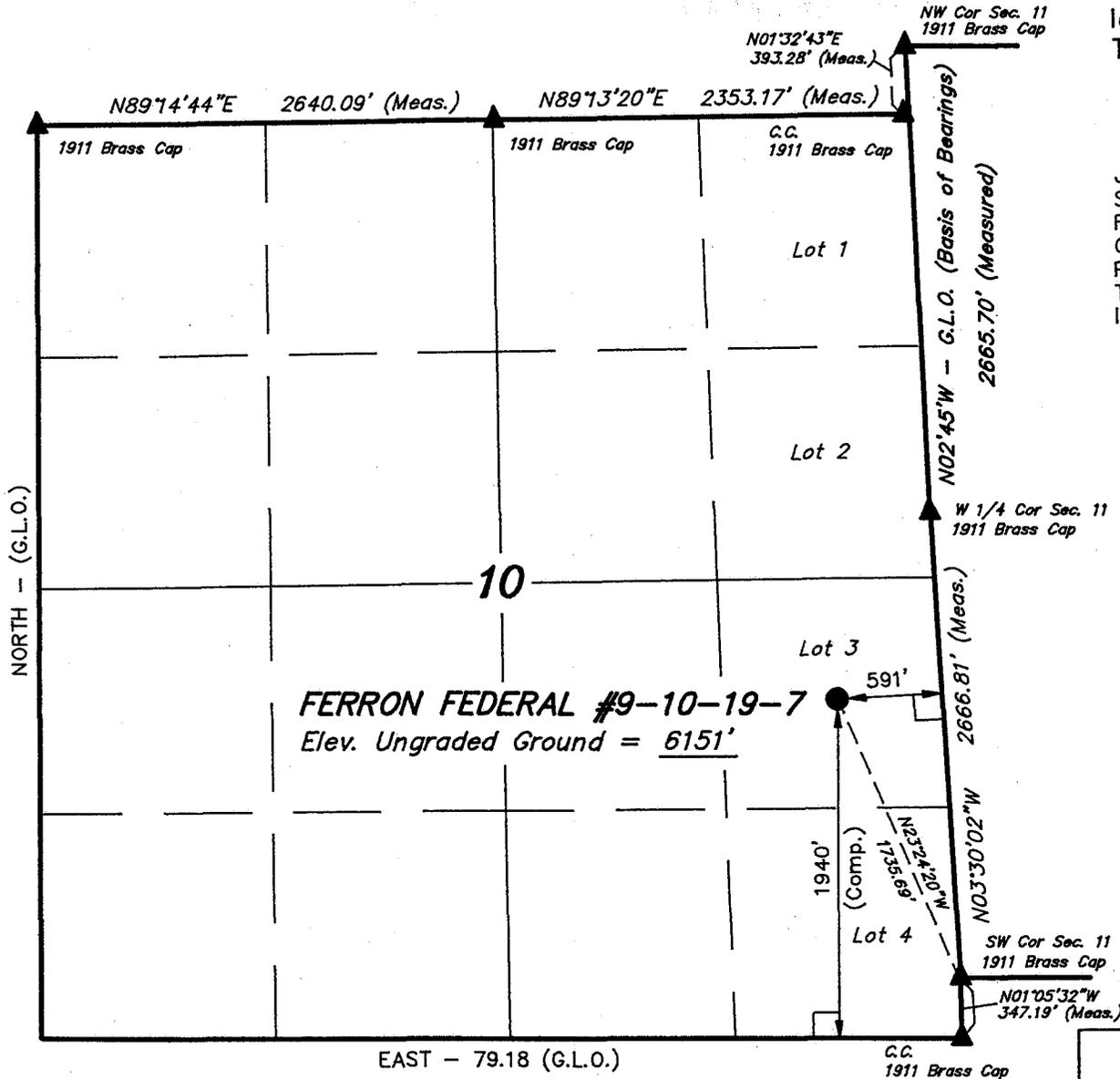
# T19S, R7E, S.L.B.&M.

CHANDLER & ASSOCIATES, INC.

Well location, FERRON FEDERAL #9-10-19-7, located as shown in Lot 3 of Section 10, T19S, R7E, S.L.B.&M. Emery County, Utah.

## BASIS OF ELEVATION

JOHNSON TRIANGULATION STATION LOCATED IN THE SE 1/4 OF SECTION 11, T19S, R7E, S.L.B.&M. TAKEN FROM THE CASTLE DALE QUADRANGLE, UTAH, EMERY COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5958 FEET.



CERTIFICATE OF LAND SURVEYING

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

NO. 161319

ROBERT L. [Signature]

REGISTERED LAND SURVEYOR

REGISTRATION NO. 198019

STATE OF UTAH

UTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(801) 789-1017

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

SCALE 1" = 1000'	DATE SURVEYED: 05-30-97	DATE DRAWN: 06-12-97
PARTY B.B. D.R. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE CHANDLER & ASSOCIATES, INC.	

**DRILLING PLAN  
CHANDLER & ASSOCIATES, INC.  
FERRON FEDERAL #9-10-19-7**

I. DRILLING PLAN:

1. Geological Surface Formation: QUATERNARY

2. Estimated Tops:

<u>Name</u>	<u>Depth</u>	<u>Prod. Phase Anticipated</u>
Top of Ferron	2400'	Gas
Tununk Shale	2650'	
TD	2800'	

3. CASING PROGRAM:

	<u>Depth</u>	<u>Hole</u>	<u>Csg.</u>	<u>Type</u>	<u>Weight</u>
		<u>Size</u>	<u>Size</u>		
Surface	300'	12-1/4"	8-5/8"	K-55	24#/ft (new)
Prod.	TD	7-7/8"	5-1/2"	K-55	15.5#/ft (new)

4. Operator's Specification for Pressure Control Equipment:

- A. 2,000 psi W.P. Double Gate BOP or Single Gate BOP (Schematic attached).
- B. Functional test daily.
- C. All casing strings shall be pressure-tested (0.2 psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
- D. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All tests shall be for a period of 15 minutes.

5. Auxiliary Equipment:

- A. Kelly Cock - yes.
- B. Float at the bit - no.
- C. Monitoring equipment on the mud system - visually.
- D. Full opening safety valve on rig floor - yes.
- E. Rotating head - yes.
- F. The blooie line shall be a least 6" in diameter and extend at least 100' from the wellbore into the reserve/blooie pit.
- G. Blooie line ignition shall be provided by a continuous pilot (ignited when drilling below 500').
- H. Compressor shall be tied directly to the blooie line through a manifold.
- I. A mistor with a continuous stream of water shall be installed near the end of the blooie lines for dust suppression.

6. Proposed Circulating Medium:

<u>Depth</u>	<u>Mud Type</u>	<u>Density</u> (lb./gal)	<u>Viscosity</u>	<u>Water Loss</u>
0'- TD	Air/Mist	-	-	-

7. Testing, Logging, and Coring Program:

- A. Cores - possible core of Ferron sand.
- B. DST - none anticipated.
- C. Logging - DIL-GR (TD to base of surface casing).  
FDC-CNL-GR-Cal (TD to base of surface casing).

- D. Formation and Completion Interval: Ferron interval, final determination of completion will be made by analysis of logs.  
Stimulation - Stimulation will be designed for the particular area of interest as encountered.
- E. Frac gradient - approximately .80 psi/ft.

8. Anticipated Cementing Program:

<u>Casing</u>	<u>Volume</u>	<u>Type &amp; Additives</u>
Surface	145 sx	Class "G" (based on 100% excess)
Production	260 sx*	180 sx 50-50 poz, plus 80 sx class "G".

Cement Characteristics:

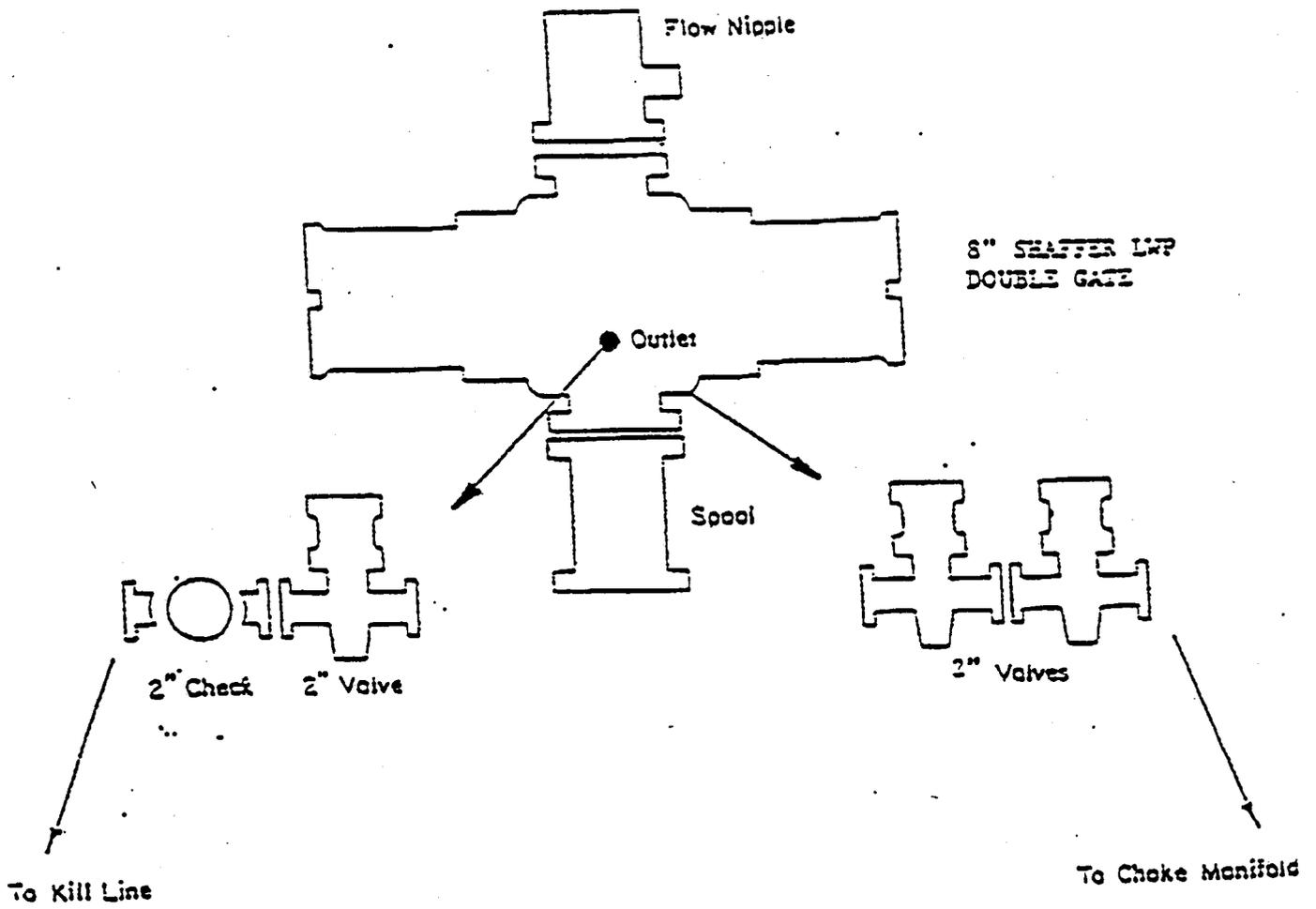
Class "G" - yield = 1.18 cu.ft. per. sack  
weight = 15.8 lb./gal  
strength = 3200 psi in 72 hrs @ 135 degrees

\* Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

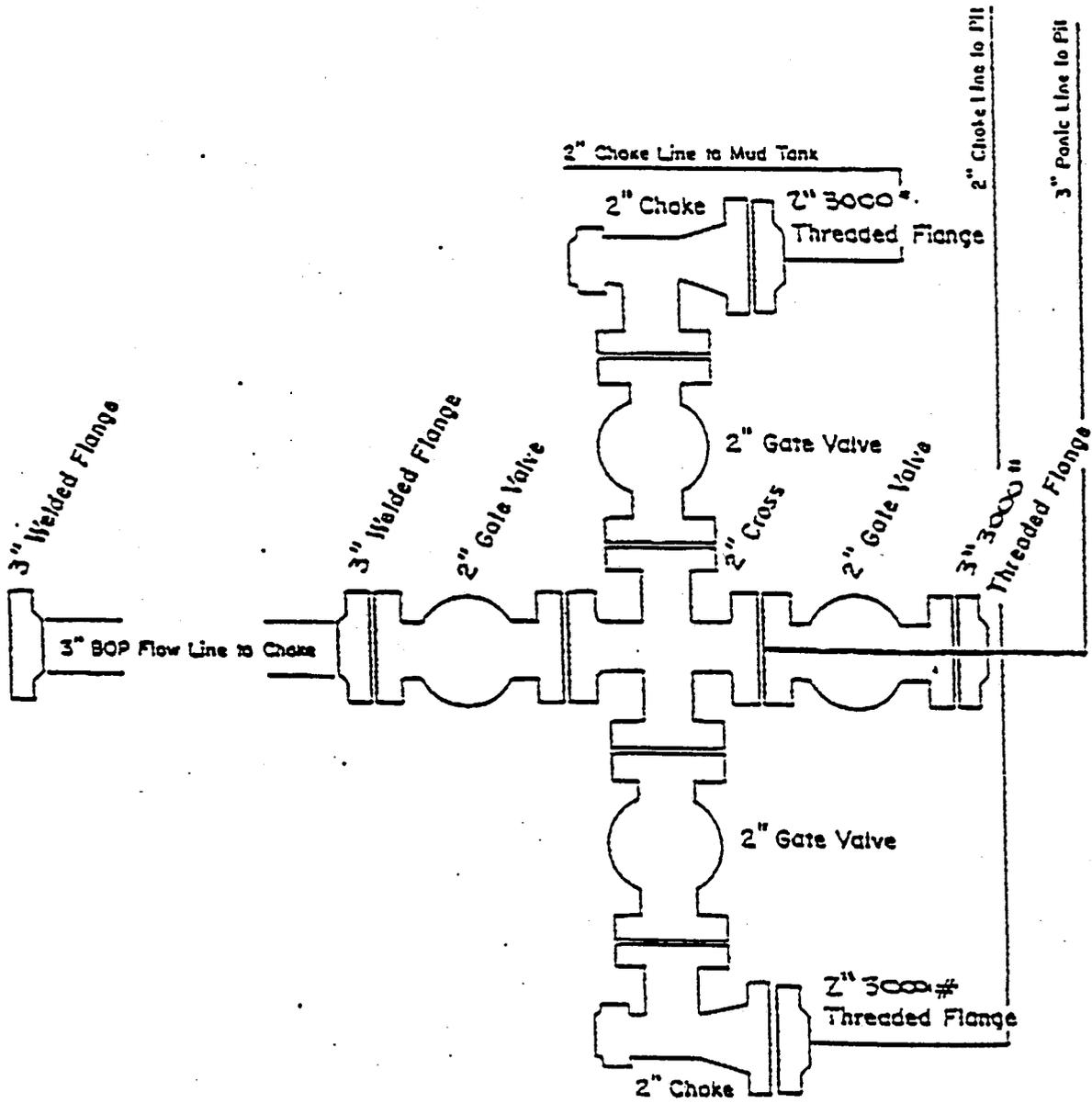
No abnormal temperatures or pressures are anticipated. No H<sub>2</sub>S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1,500 psi (calculated at 0.536 psi/ft) and maximum anticipated surface pressure equals approximately 884 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

CHANDLER DRILLING  
RIG NO.7



# CHANDLER DRILLING

RIG NO.7



**SURFACE USE PLAN**  
**CHANDLER & ASSOCIATES, INC.**  
**FERRON FEDERAL #9-10-19-7**

1. Existing Road:

- A. Topo Map "A" is the vicinity map, showing the access routes from Castle Dale, Utah.
- B. Topo Map "B" shows the proposed access road to each individual well. It also shows existing roads in the immediate area.
- C. The existing and proposed access road, unless otherwise stated, shall be crowned, ditched, and dipped from the nearest improved road.
- D. Occasional maintenance blading and storm repairs will keep roads in good condition.
- E. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.

2. Planned Access Roads:

The proposed access road, will be crowned, ditched, and dipped.

- A. Maximum grade will be 8% or less, unless otherwise stated.
- B. No turnouts will be required.
- C. Low water crossings to be placed in Proposed Access road during drilling process and culverts may be installed at a later date.
- D. Road surface material will be that native to the area.
- E. No cattle guard will be required.
- F. The proposed access road was flagged at the time the location was staked.
- G. The area authorized officer will be contacted at least 24 hours prior to commencing construction of the access road and well pad.
- H. The back slopes of the proposed access roads will be no steeper than vertical

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or 1/4:1 in rock; and 2:1, elsewhere.

The operator or his contractor will notify the B.L.M. office at least 48 hours prior to commencement of any work on these locations, roadways, or pipelines.

3. Location of Existing Wells:

See Topographic Map "C"

4. Location of Existing and/or Proposed Facilities:

- A. All Petroleum Production Facilities are to be contained within the proposed location sites.
- B. In the event that production of these wells is established, the following will be shown:
  - 1. Proposed location and attendant lines, by flagging, if off well pad.
  - 2. Dimensions of facilities.
  - 3. Construction methods and materials.
- C. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
- D. All permanent facilities placed on the locations shall be painted a non-reflective color which will blend with the natural environment.
- E. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
- F. All buried pipelines shall be covered to a depth of 3 feet except at road

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crossings where they shall be covered to a depth of 4 feet.

- G. Construction width of the right-of way/pipeline route shall be restricted to 30 feet of disturbance.
- H. Pipeline location warning signs shall be installed within 90 days upon completion of construction.

5. Location and Type of Water Supply:

Any water to be used for the drilling of this well will be from the city of Castle Dale and transported by a local trucking company. *\* Public Water Source*

No water wells are to be drilled.

6. Source of Construction Materials:

A. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.

B. All access roads crossing B.L.M. Land are described under item #2 and shown on Map #B.

All Construction material for these location sites and access roads shall be borrow material accumulated during the construction of the location sites and access roads. No additional construction material from other sources is anticipated at this time, but if it is required, the appropriate actions will be taken to acquire it from private sources.

C. All well pad surface disturbance area is on B.L.M. lands

7. Methods for Handling Waste Disposal:

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- A. Drill cuttings will be buried in the reserve pit when covered.
- B. Drilling fluids will be contained in the reserve pit.
- C. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.
- D. Portable chemical toilets will be provided and serviced by a local commercial sanitary service.
- E. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill.

All wastes caused by the construction activities shall be promptly remove and disposed of in a sanitary landfill or as directed by the authorized officer.

- F. Prior to commencement of drilling, the reserve pit will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pit shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

8. Ancillary Facilities:

No air strips, camps, or other living facilities will be built off the location. Housing and office trailers will be on the location as seen on the location layout.

9. Well Site Layout:

- A. See attached cutsheet.
- B. The areas authorized officer will be contacted at least 24 hours prior to commencing construction of the access road and well pad.
- C. The authorized officer will determine after the location is constructed whether

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the pit is to be lined, and if so, the type of material to be used.

- D. Topsoil shall be stripped to a depth of 4 to 6 inches and stockpiled as shown on the location layout plat.
- E. The back slopes of the locations will be no steeper than vertical or 1/4:1 in rock, and 2:1 elsewhere.
- F. The upper edges of all cut banks on the access roads and well pads will be rounded.
- G. Catchment ponds to be placed as required to intercept drainage re-routes.

10. Plans for Restoration:

- A. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
- B. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within 90 days from the date of well completion.
- C. The area officer shall be notified at least 48 hours prior to commencing reclamation work.
- D. All disturbed areas will be seeded with the a mixture which is found suitable by the B.L.M.
- E. The seed bed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than ½ inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soil. Certified seed is recommended.
- F. Fall seeding will be completed after September, and prior to prolonged ground frost.

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- G. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- H. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site the fill material will be pushed into cuts and up over the backslope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- I. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application proposals must be approved. Application of herbicides must be under direct field supervision of an EPA certified pesticide applicator.

11. Other Information:

- A. The area is used by man for the primary purpose of grazing domestic livestock.

All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the Authorized Officer.

If any fossils are discovered during construction, the operator shall cease construction immediately and notify the Authorized Officer so as to determine the significance of the discovery.

- B. A Class III cultural resource inventory shall be completed prior to disturbance by a qualified professional Archaeologist.

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C. The B.L.M. considers the development of groundwater resources to be necessary and frequently indispensable to effective land management. Therefore, any groundwater intercepted by the party conducting mineral exploration shall be reported to the authorized officer immediately including approximate quantities and a sample in a sealed quart container. The B.L.M. shall have the first opportunity to file State water rights for the intercepted groundwater. The undersigned may file for water rights only with a written waiver from the State.

D. 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 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 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, an operator will then be allowed to resume construction.

E. Less than 10,000 pounds of any chemical(s) from EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less than threshold planning quantity (TPQ) of any extremely hazardous substances(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

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12. Lessee's or Operator's Representative:

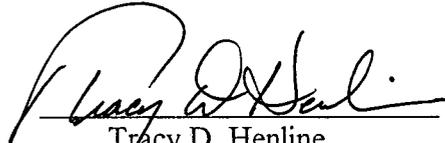
Mr. Terry J. Cox  
Vice President of Operations/Production  
Chandler & Associates, Inc.  
475 Seventeenth Street  
Suite 1000  
Denver, Colorado 80202  
Telephone #(303)295-0400

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by **Chandler & Associates, Inc.**, and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.

6-23-97  
Date

  
Tracy D. Henline  
Agent

## ADDITIONAL INFORMATION

1. General Stipulation

The operator (permittee) shall construct, operate and maintain the facilities, improvements and structures with in this APD in strict conformity with the surface use plan which was made a part of the approved APD. Any relocation, additional construction or use that is not in accord with the APD shall not be initiated without prior written approval of the authorized officer. A copy of the complete APD including all conditions of approval and the surface use plan shall be made available onsite during construction, drilling, and well completion. Noncompliance with the above shall be grounds for an immediate suspension of activities if it constitutes a threat to public health and safety or the environment

2. Road Stipulations

No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 6 - 12 inches deep, the soil shall be deemed too wet to adequately support construction equipment.

- A. When upgrading or maintaining existing roads, the permittee shall utilize Class III road standards. No upgrading beyond the existing disturbed area is authorized under this permit. If determined necessary by the authorized officer, the permittee shall upgrade the road to meet the standards for Class III roads. This request shall be made if damage is determined to be occurring to the resource due to poor drainage or other inherent problems with the current design of the road.
- B. The permittee shall utilize (Class III) road standards in the upgrading, use and maintenance of the new roads authorized under this permit. No upgrading beyond the existing disturbed area is authorized under this permit. If determined necessary by the authorized officer, the permittee shall upgrade the road to meet the standards for (Class II) (Class III) roads. This request shall be made if it is determined due to poor drainage or other inherent problems with the current design of the road, damage to the public lands is occurring incidental to such road use.

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- C. The permittee shall be responsible for construction and maintenance of the road utilizing Class III (Resource) Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards for the term of the permit including, but not limited to, grading, graveling, snow removal, ditch cleaning, or other construction and maintenance requirements as directed by the authorized officer.
- D. The company shall provide a competent onsite inspector during construction of the road and drill pad site to ensure compliance with all stipulations. The inspector shall be designated at the pre-drill conference, and shall be given an approved copy of all maps, permits and stipulations prior to the start of construction. The BLM shall also designate a representative for the project at the pre-drill conference.
- E. All suitable topsoil material removed in conjunction with clearing and stripping shall be conserved in stockpiles as pre-determined at the on-site inspection. Topsoil shall be stripped to an average depth of 2 - 6 inches, to be determined onsite by the BLM authorized officer. Topsoil shall be stripped and salvaged during the construction of all new roads and pads. If areas are to be left disturbed for a period in excess of one (1) year, topsoil stockpiles shall be seeded with a mixture prescribed by the authorized officer.

3. Construction Stipulations

Topsoil from the access roads shall be wind rowed along the uphill side of the road. When the well is plugged and the road rehabilitated, this soil shall then be used as a top coating for the seed bed.

- A. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the permittee, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. The permittee shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery shall be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The permittee shall be responsible for the cost of evaluation and any decision as to proper mitigation measures shall be made by the San Rafael Resource Area Manager's authorized officer after consulting with the permittee.

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- B. All facilities onsite for six months or longer shall be painted a flat, non-reflective color matching the standard environmental colors as determined by the Rocky Mountain Five State Interagency Committee. Facilities required to be painted to comply with OSHA requirements are exempt.

4. Site Preparation Stipulations

- A. The entire roadbed and drill site should be obliterated and brought back to the approximate original contour. Drainage control shall be reestablished as necessary.
- B. All areas impacted by road construction shall be recontoured to blend in with the existing topography. All berms shall be removed. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.
- C. Erosion-control structures such as water bars, diversion channels, and terraces shall be constructed to divert water and reduce soil erosion on the disturbed area. Water bars shall be spaced on road grades greater than 4 percent (i.e., 4 to 8 percent grade on 200-foot intervals and greater than 8 percent on 100-foot intervals). In addition, water bars should be installed at all alignment changes (curves), significant grade changes, and as determined by a qualified engineer. Water bars should be sloped with the grade and cut to a minimum 12-inch depth below the surface. The grade of the water bar should be 2 percent greater than the grade of the road.
- D. An adequate seedbed should be prepared for all sites to be seeded. Areas to be revegetated should be chiseled or disked to a depth of at least 12 inches.
- E. Ripping of fill material should be completed by a bulldozer equipped with single or twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches and shall follow final grading and precede seedbed material application. Ripping shall be completed at a speed which maximizes ripper shank action and promotes soil material disruption to the specified depth. Ripping should be repeated until the compacted area is loose and friable.
- F. Seedbed preparation should be considered to be complete when the soil surface is completely roughened and the number of rocks on the site is sufficient to cause the site to match the surrounding terrain.

**Chandler & Associates, Inc.**  
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5. Fertilization Stipulations

- A. Commercial fertilizer shall be outlined by the authorized officer in regard to type, quantity and method of application.
- B. Fertilizer shall be applied not more than 48 hours prior to seeding and cultivated into the upper 3 inches of soil.

6. Mulching Stipulation

- A. Mulching shall be conducted as directed by the authorized officer.
- B. The type of mulch if required shall meet the following requirements unless changed by the authorized officer:

Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. The homogeneous slurry or mixture shall be capable of application with power spray equipment. A colored dye that is noninjurious to plant growth may be used when specified. Wood cellulose fiber shall be packaged in new, labeled containers. A minimum application of 1500 pounds per acre shall be applied. A suitable tackifier shall be applied with the mulch at a rate of 60 to 80 pounds per acre.

An alternative method of mulching on small sites would be the application of straw or hay mulch at a rate of 2000 pounds per acre. Hay or straw shall be certified weed free. Following the application of straw or hay, crimping shall occur to ensure retention.

7. Reseeding Stipulation

- A. All disturbed areas shall be seeded with the seed mixture required by the authorized officer. The seed mixture(s) shall be planted in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no primary or secondary noxious weed seed in the seed mixture. Seed shall be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to purchase. Commercial seed shall be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and available for inspection by the authorized officer.

**Chandler & Associates, Inc.**  
**Ferron Federal #9-10-19-7**

- B. Seed shall be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. (Smaller/heavier seeds have a tendency to drop to the bottom of the drill and are planted first. The holder shall take appropriate measures to ensure this does not occur.) Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. Woody species with seeds that are too large for the drill shall be broadcast. When broadcasting the seed, the pounds per acre noted below are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to the surface rights owner's specifications. Evaluation of the seeding's success shall not be made before completion of the second growing season after the vegetation becomes established. The authorized officer is to be notified a minimum of seven (7) days prior to seeding of the project.
- C. The disturbed areas for the drill site and road must be seeded with the following seed mix immediately after the topsoil is replaced: (Seed list to be supplied by B.L.M.)

8. Hydrology Stipulations

- A. Reserve pits and disposal ponds shall be constructed to prevent commingling with both ground and surface water. Enough freeboard shall be maintained in disposal ponds to contain precipitation from a 50-year 24-hour event without overflow.
- B. Applicant shall provide estimates based on best available data for produced water quantities and chemical quality to be expected from each well. Once drilled, one-time chemical analysis (to include ion balance and TDS) will be provided to BLM Price Office. Additionally, the potentiometric surface of water in the Ferron and the Navajo (for injection wells) shall be recorded and provided to BLM Price. Any additional water of note (such as levels in the unconfined surface alluvium) shall be recorded and information provided to BLM Price.
- C. Applicant shall submit (to BLM Price) specific and comprehensive plans for the disposal of produced water.

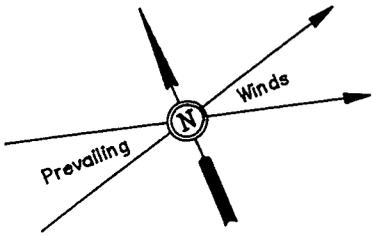
**Chandler & Associates, Inc.**  
**Ferron Federal #9-10-19-7**

- D. All hydrologic modifications shall be made in accordance with the "State of Utah Nonpoint Source Management Plan for Hydrologic Modifications-March 1995", unless otherwise authorized by BLM.
- E. Applicant shall submit plans to detect, contain, and mitigate leaks in all water storage and transport systems within a 72-hour period.

CHANDLER & ASSOCIATES, INC.

LOCATION LAYOUT FOR

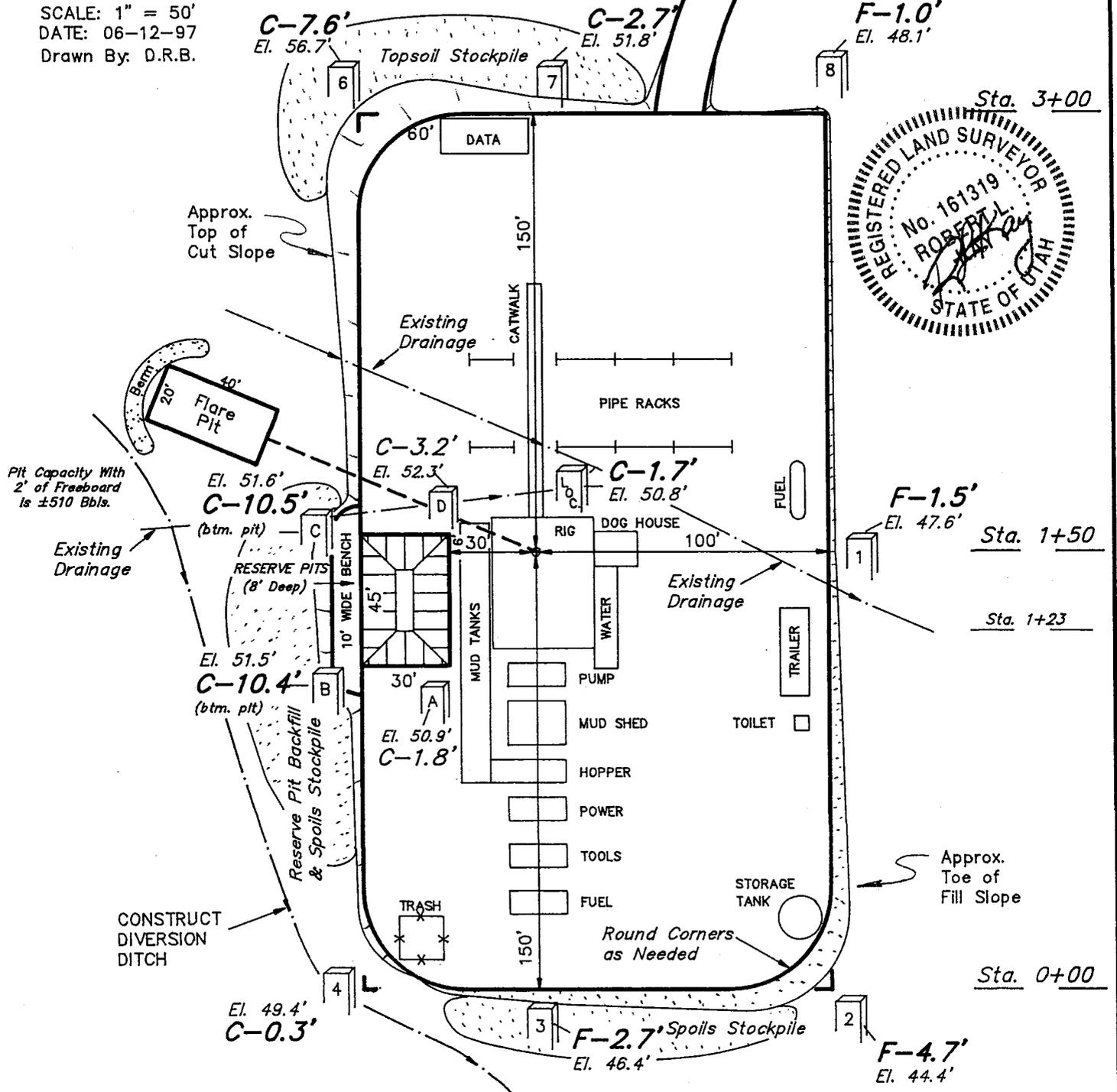
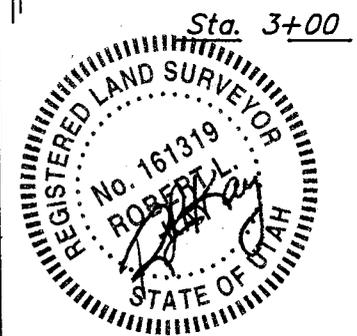
FERRON FEDERAL #9-10-19-7  
SECTION 10, T19S, R7E, S.L.B.&M.  
1940' FSL 591' FEL



SCALE: 1" = 50'  
DATE: 06-12-97  
Drawn By: D.R.B.

Proposed Access Road

F-1.0'  
El. 48.1'



Elev. Ungraded Ground at Location Stake = 6150.8'  
Elev. Graded Ground at Location Stake = 6149.1'

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

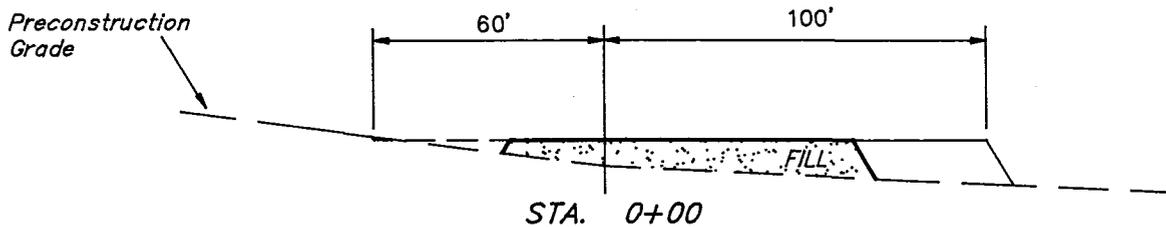
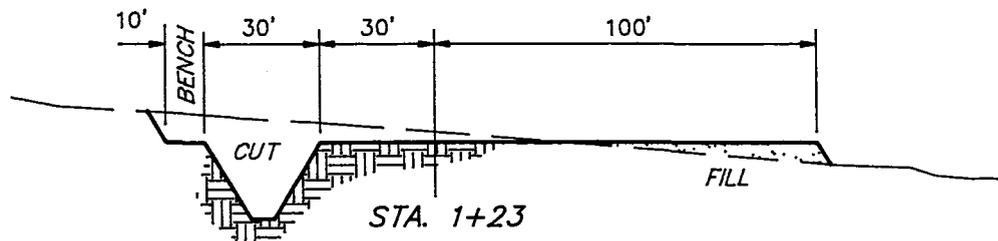
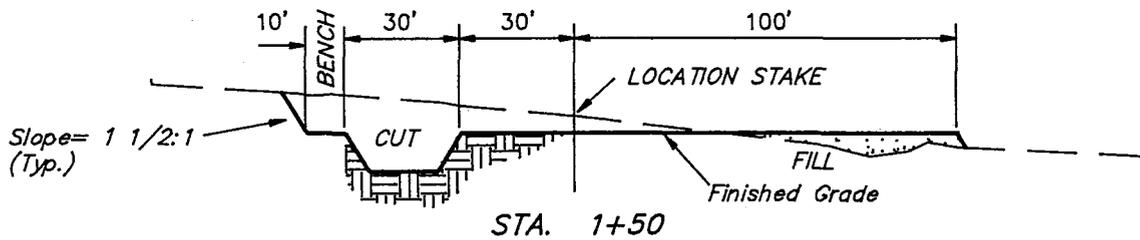
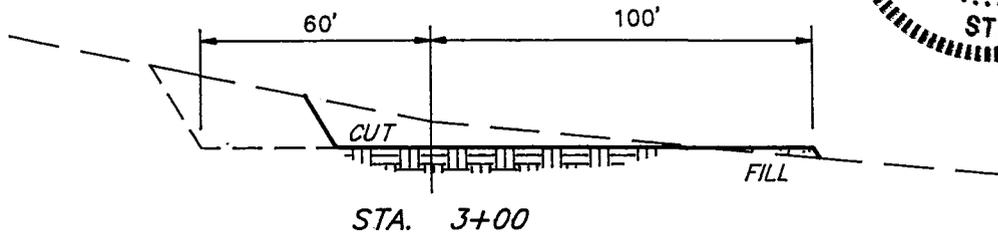
CHANDLER & ASSOCIATES, INC.

TYPICAL CROSS SECTIONS FOR  
 FERRON FEDERAL #9-10-19-7  
 SECTION 10, T19S, R7E, S.L.B.&M.  
 1940' FSL 591' FEL



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

DATE: 06-12-97  
 Drawn By: D.R.B.



APPROXIMATE YARDAGES

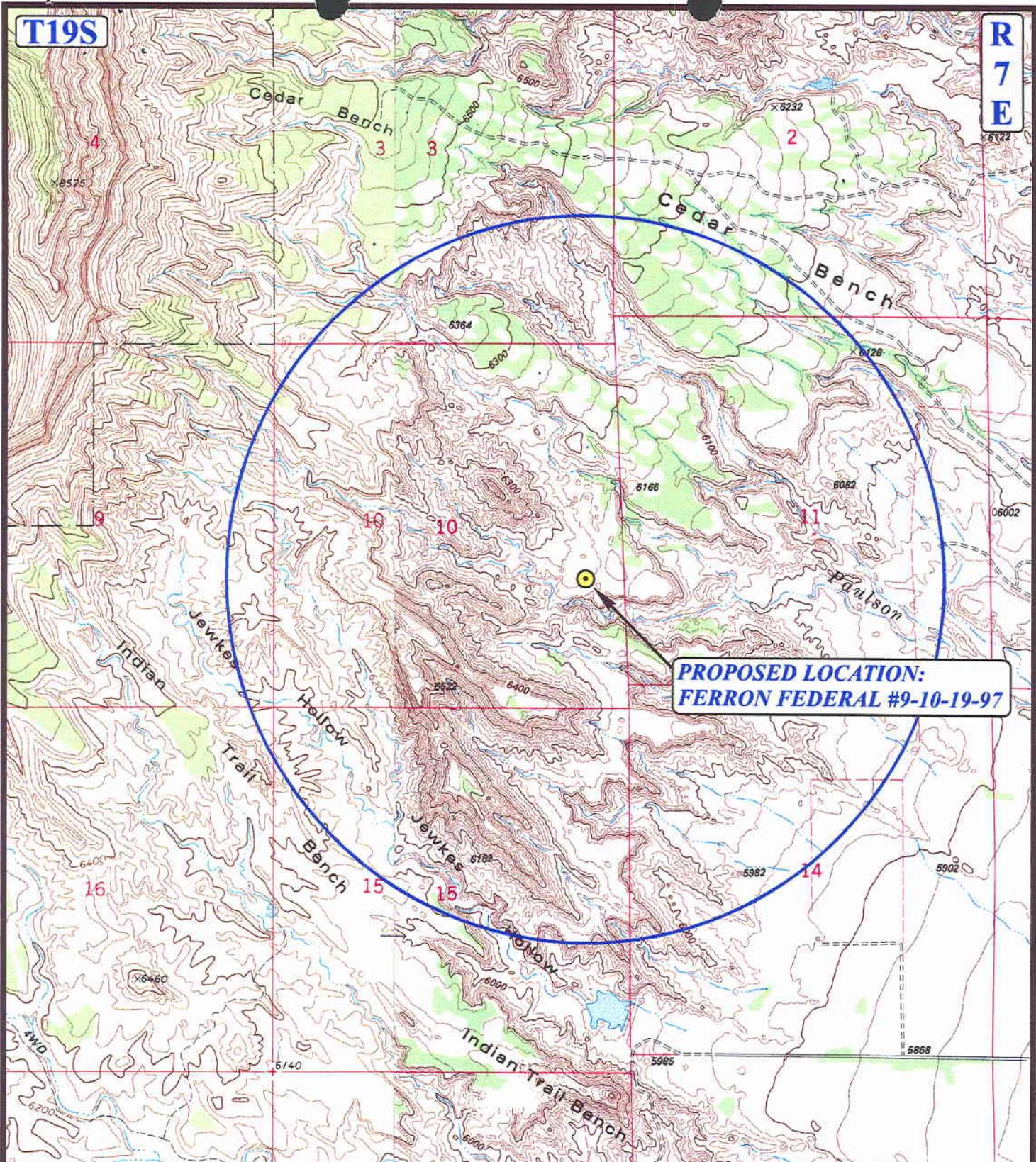
(6") Topsoil Stripping	= 890 Cu. Yds.
Remaining Location	= 2,040 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 2,930 CU.YDS.</b>
<b>FILL</b>	<b>= 1,840 CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	= 990 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 990 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.



T19S

R7E



**PROPOSED LOCATION:  
FERRON FEDERAL #9-10-19-97**

**LEGEND:**

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

**CHANDLER & ASSOCIATES, INC.**

**FERRON FEDERAL #9-10-19-97  
SECTION 10, T19S, R7E, S.L.B.&M.  
1940' FSL 591' FEL**



**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(801) 789-1017 \* FAX (801) 789-1018  
Email: [uel@easilink.com](mailto:uel@easilink.com)

<b>TOPOGRAPHIC MAP</b>	<b>6</b> MONTH	<b>2</b> DAY	<b>97</b> YEAR	<b>C</b> TOPO
SCALE: 1" = 2000'	DRAWN BY: J.L.G.		REVISED: 00-00-00	

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  
Chandler and Associates, Inc.

3. ADDRESS OF OPERATOR  
475 Seventeenth Street Suite 1000, Denver, CO 80202  
 At surface  
1940' FSL 591' FEL (NE/SE)  
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
See Topo Map "A" (Attached)

16. NO. OF ACRES IN LEASE  
760.33

17. NO. OF ACRES ASSIGNED TO THIS WELL  
40

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

19. PROPOSED DEPTH  
200'

20. ROTARY OR CABLE TOOLS  
Rotary

22. APPROX. DATE WORK WILL START\*  
A.S.A.P.

5. LEASE DESIGNATION AND SERIAL NO.  
U-51015

6. IF INDIAN, ALLOTTED OR TRIBE NAME  
N/A

7. UNIT AGREEMENT NAME  
N/A

8. FARM OR LEASE NAME  
Ferron Federal

9. WELL NO.  
#9-10-19-7

10. FIELD AND POOL, OR WILDCAT  
Wildcat

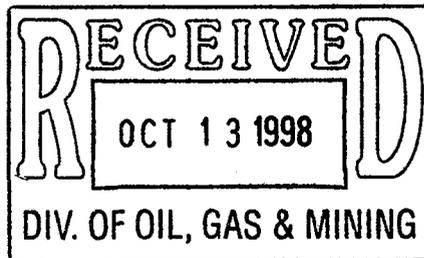
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
Sec. 10, T19S, R7E, S.L.B.&M

12. COUNTY OR PARISH  
Emery

13. STATE  
UT

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
			200'	(See attached Drilling Plan)



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 [Signature] TITLE Agent for Chandler DATE 6-23-97  
 (This space for Federal or State office use)  
 Tracy D. Henline

PERMIT NO. 43-015-30332 APPROVAL DATE \_\_\_\_\_  
 APPROVED BY Brad Palmer TITLE Assistant Field Manager, DATE OCT - 8 1998  
Resource Management

CONDITIONS OF APPROVAL, IF ANY:  
**CONDITIONS OF APPROVAL ATTACHED**

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

\*See Instructions On Reverse Side

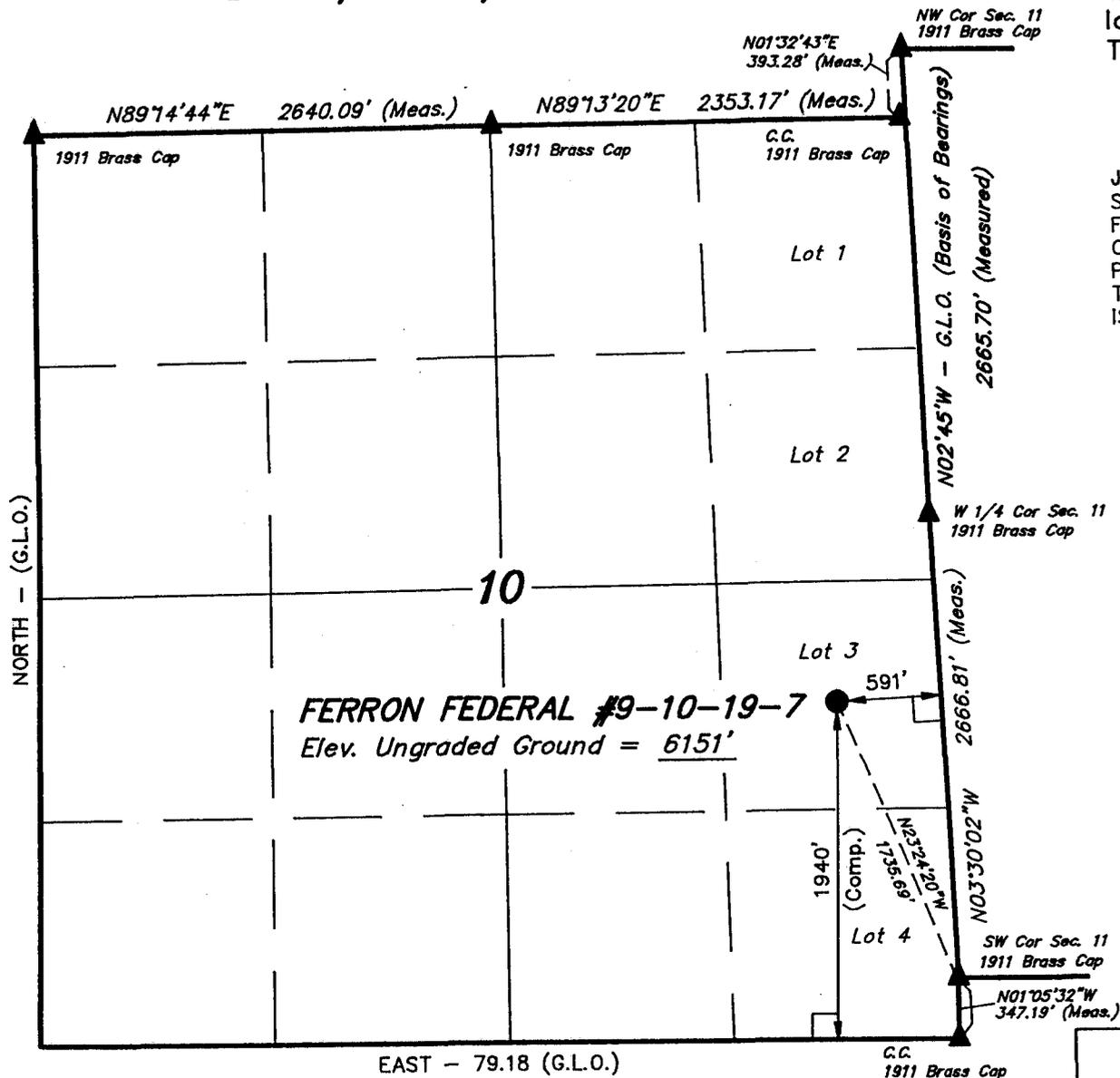
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Doan

# T19S, R7E, S.L.B.&M.

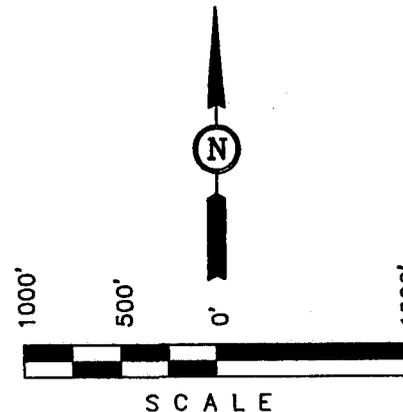
CHANDLER & ASSOCIATES, INC.

Well location, FERRON FEDERAL #9-10-19-7, located as shown in Lot 3 of Section 10, T19S, R7E, S.L.B.&M. Emery County, Utah.



### BASIS OF ELEVATION

JOHNSON TRIANGULATION STATION LOCATED IN THE SE 1/4 OF SECTION 11, T19S, R7E, S.L.B.&M. TAKEN FROM THE CASTLE DALE QUADRANGLE, UTAH, EMERY COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5958 FEET.



### CERTIFICATE

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

ROBERT L. KAY  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

### LEGEND:

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

<b>UNTAH ENGINEERING &amp; LAND SURVEYING</b>		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 05-30-97	DATE DRAWN: 06-12-97
PARTY B.B. D.R. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE CHANDLER & ASSOCIATES, INC.	

Chandler & Associates, Inc.  
Ferron Federal 9-10-19-7  
Lease U-51015  
NENW Section 10, T. 19 S., R. 7 E.  
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 Chandler & Associates, Inc. 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 UT0969 (Principal - Chandler & Associates, Inc.) 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. The BOP system shall be rated to 2M as proposed. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. The proposal indicated that a double gate or single gate BOP would be used. A double gate BOP, as depicted on your schematic, must be used. A single gate BOP does not meet the standards of Onshore Oil and Gas Order No. 2.
3. The application indicated that a rotating head would not be used. As with all air drilling operations, use of a rotating head is mandatory.
4. The application also indicated that no float would be used at the bit. During air drilling operations, a float valve must be in place above the bit.
5. The choke manifold diagram does not depict a pressure gauge in the system. The manifold must include a pressure gauge with a valve capable of isolating the gauge from the system.
6. In accordance with the proposal, cement for the 8-5/8" and 5-1/2" casing shall be circulated to surface. If the cement does not circulate, a CBL or other appropriate tool must be run to determine the top-of-cement.
7. Any fluid bearing zones or lost circulation zones encountered while drilling will be isolated behind casing and cement.
8. 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.
9. The spacing requirement for this well must be approved by the Utah Board of Oil, Gas and Mining prior to drilling.

## B. SURFACE

### 1. General

The operator shall construct, operate and maintain the facilities, improvements and structures within this APD in strict conformity with the surface use plan which was made part of the approved APD. Any relocation, additional construction or use that is not in accord with the APD shall not be initiated without prior written approval of the BLM Moab Field Office. A copy of the complete APD including all conditions of approval and the surface use plan shall be made available on site during construction, drilling and well completion. Noncompliance with the above shall be grounds for an immediate suspension of activities if it constitutes a threat to public health and safety or the environment.

### 2. Road

No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 6 - 12 inches deep, the soil shall be deemed too wet to adequately support construction equipment.

A. When upgrading or maintaining existing roads, the operator shall utilize Class III road standards. No upgrading beyond the existing disturbed area is authorized under this permit. If determined necessary by the Price Field Office, the operator shall upgrade the road to meet the standards for Class II roads. This request shall be made if damage is determined to be occurring to the resource due to poor drainage or other inherent problems with the current design of the road.

B. The operator shall utilize Class III road standards in the upgrading, use and maintenance of the new roads authorized under this permit. If determined necessary by the Price Field Office, the operator shall upgrade the road to meet the standards for Class II roads. This request shall be made if it is determined due to poor drainage or other inherent problems with the current design of the road or damage to the public lands is occurring incidental to such road use.

C. The operator shall be responsible for construction and maintenance of the road utilizing Class III road standards as described in BLM Manual Section 9113 and the Moab District Road Standards for the term of the permit including, but not limited to grading, graveling, snow removal, ditch cleaning, or other construction and maintenance requirements as directed by the Price Field Office.

D. The operator shall provide a competent on site inspector during construction of the road and drill pad site to ensure compliance with all stipulations. The inspector shall be designated at the pre-drill conference and shall be given an approved copy of all maps, permits and stipulations prior to the start of construction. The BLM shall also designate a representative for the project at the pre-drill conference.

E. All suitable topsoil material removed in conjunction with clearing and stripping shall be conserved in stockpiles as predetermined at the on site inspection. Topsoil shall be stripped to an average depth of 2 - 6 inches. Topsoil shall be stripped and salvaged during the construction of all new roads and pads. If areas are to be left disturbed for a period in excess of one year, topsoil stockpiles shall be seeded with a mixture prescribed by the Price Field Office.

3. Construction

Topsoil from the access roads shall be wind rowed along the uphill side of the road. When the well is plugged and the road rehabilitated, this soil shall then be used as a top coating for the seed bed.

A. Any cultural an/or paleontological resource (historic or prehistoric site or object) discovered by the operator or any person working on his behalf, on public or Federal land shall be immediately reported to the Price Field Office. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price Field Office. An evaluation of the discovery shall be made by the Price Field Office to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures shall be made by the Price Field Office Manager's authorized officer after consulting with the operator.

B. All facilities on site for six months or longer shall be painted a flat, nonreflective color matching the standard environmental colors as determined by the Rocky Mountain Five State Interagency Committee. Facilities required to be painted to comply with OSHA requirements are exempt.

4. Site Preparation

The entire roadbed and drill site should be obliterated and brought back to the approximate original contour. Drainage control shall be reestablished as necessary.

A. All areas impacted by road construction shall be recontoured to blend in with the existing topography. All berms shall be removed. In recontouring the disturbed areas, care shall be taken not to disturb additional vegetation.

B. Erosion control structures such as water bars, diversion channels and terraces shall be constructed to divert water and reduce soil erosion on the disturbed area. Water bars shall be spaced at 200 foot intervals on road grades between 4 and 8 percent, and shall be spaced on 100 foot intervals for road grades greater than 8 percent. In addition, water bars should be installed at all curves, significant grade changes, and as determined by a qualified engineer. Water bars should be sloped with the grade and cut to a minimum 12 inch depth below the surface. The grade of the water bar should be 2 percent greater than the grade of the road.

C. An adequate seed bed should be prepared for all sites to be seeded. areas to be revegetated should be chiseled or disked to a depth of at least 12 inches.

D. Ripping of fill material should be completed by a bulldozer equipped with single or twin set of ripper shanks. Ripping should be done on 4 foot centers to a depth of 12 inches and shall follow final grading and precede seed bed material application. Ripping shall be completed at a speed which maximizes ripper shank action and promotes soil material distribution to the specified depth. Ripping should be repeated until the compacted area is loose and friable.

E. Seed bed preparation should be considered to be complete when the soil surface is completely roughened and the number of rocks on the site is sufficient to cause the site to match the surrounding terrain.

5. Fertilization

Commercial fertilizer shall be outlined by the Price Field Office in regard to type, quantity and method of application.

A. Fertilizer shall be applied not more than 48 hours prior to seeding, and shall be cultivated into the upper 3 inches of soil.

6. Mulching

Mulching shall be conducted as directed by the Price Field Office.

A. The type of much if required shall meet the following requirements unless changed by the Price Field Office.

-Wood cellulose fiber shall be natural or cooked, shall be dispersed readily in water and shall be nontoxic. The homogeneous slurry or mixture shall be capable of application with power spray equipment. A colored dye that is noninjurious to plant growth may be used when specified. Wood cellulose fiber shall be packaged in new, labeled containers. A minimum application of 1500 pounds per acre shall be applied. A suitable tackifier shall be applied with the mulch at a rate of 60 to 80 pounds per acre.

-An alternative method of mulching on small sites would be the application of straw or hay mulch at a rate of 2000 pounds per acre. Hay or straw shall be certified weed free. Following the application of straw or hay, crimping shall occur to ensure retention.

7. Reseeding

All disturbed areas shall be seeded with the seed mixture required by the Price Field Office. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no primary or secondary noxious weed seed in the seed mixture. Seed shall be tested and the viability testing of seed shall be done in accordance with State

law(s) and within 12 months prior to purchase. Commercial seed shall be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and available for inspection by the Price Field Office.

A. Seed shall be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. (Smaller/heavier seeds have a tendency to drop to the bottom of the drill and are planted first. The operator shall take appropriate measures to ensure this does not occur.) Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. Woody species with seeds that are too large for the drill shall be broadcast. When broadcasting the seed, the pounds per acre noted below are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to Price Field Office specifications. Evaluation of the seeding's success shall not be made before completion of the second growing season after the vegetation becomes established. The Price Field Office is to be notified a minimum of 7 days prior to seeding of the project.

B. The disturbed areas for the drill site and road must be seeded with a seed mixture specified by the Price Field Office immediately after the topsoil is replaced.

8. Hydrology

Reserve pits and disposal ponds shall be constructed to prevent commingling with both ground and surface water. Enough freeboard shall be maintained in disposal ponds to contain precipitation from a 50 year 24 hour event without overflow.

A. Once drilled, a one time chemical analysis (to include ion balance and TDS) will be provided to the Price Field Office. Additionally, the potentiometric surface of water in the Ferron shall be recorded and provided to the Price Field Office. Any additional water of note (such levels in the unconfined surface alluvium) shall be recorded and information provided to the Price Field Office.

B. All hydrologic modifications shall be made in accordance with the "State of Utah Nonpoint Source Management Plan for Hydrologic Modifications - March 1995" unless otherwise authorized by the Price Field Office.

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

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 Price BLM Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab BLM 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 Moab BLM 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 Price BLM 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 Price BLM Office. The Price BLM 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 Moab BLM 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 authorized officer. 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 uneconomic 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 with the required water analysis, will be submitted to the Moab BLM Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab BLM 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 Moab BLM Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab BLM Office within thirty (30) days following completion of the well for abandonment. 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 Price BLM Office, or the appropriate surface managing agency.

NOTIFICATIONS

Notify Mike Kaminski of the BLM, Price Area Office in Price, Utah, at (801) 636-3640, or at home (801) 637-2518 for the following:

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

1 day prior to spudding;

50 feet prior to the surface casing setting 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 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
Gary Torres, Petroleum Engineer	Office: (801) 587-2141
	Home: (801) 587-2705

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/09/97

API NO. ASSIGNED: 43-015-30332

WELL NAME: FERRON FED 9-10-19-7  
 OPERATOR: CHANDLER & ASSOCIATES INC (N3320)  
 CONTACT: Tracy Henline or Terry Cox (303) 295-0400

PROPOSED LOCATION:  
 NESE 10 - T19S - R07E  
 SURFACE: 1940-FSL-0591-FEL  
 BOTTOM: 1940-FSL-0591-FEL  
 EMERY COUNTY  
 UNDESIGNATED FIELD (002)

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

LEASE TYPE: FED  
 LEASE NUMBER: U-51015  
 SURFACE OWNER: Federal

PROPOSED FORMATION: FRSD

RECEIVED AND/OR REVIEWED:

Plat  
 Bond: Federal  State  Fee   
 (No. 124290364)

Potash (Y/N)  
 Oil Shale (Y/N) \*190-5(B)  
 Water Permit  
 (No. City of Castle Dale)

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

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: X BLM Aprv. 10-8-98.

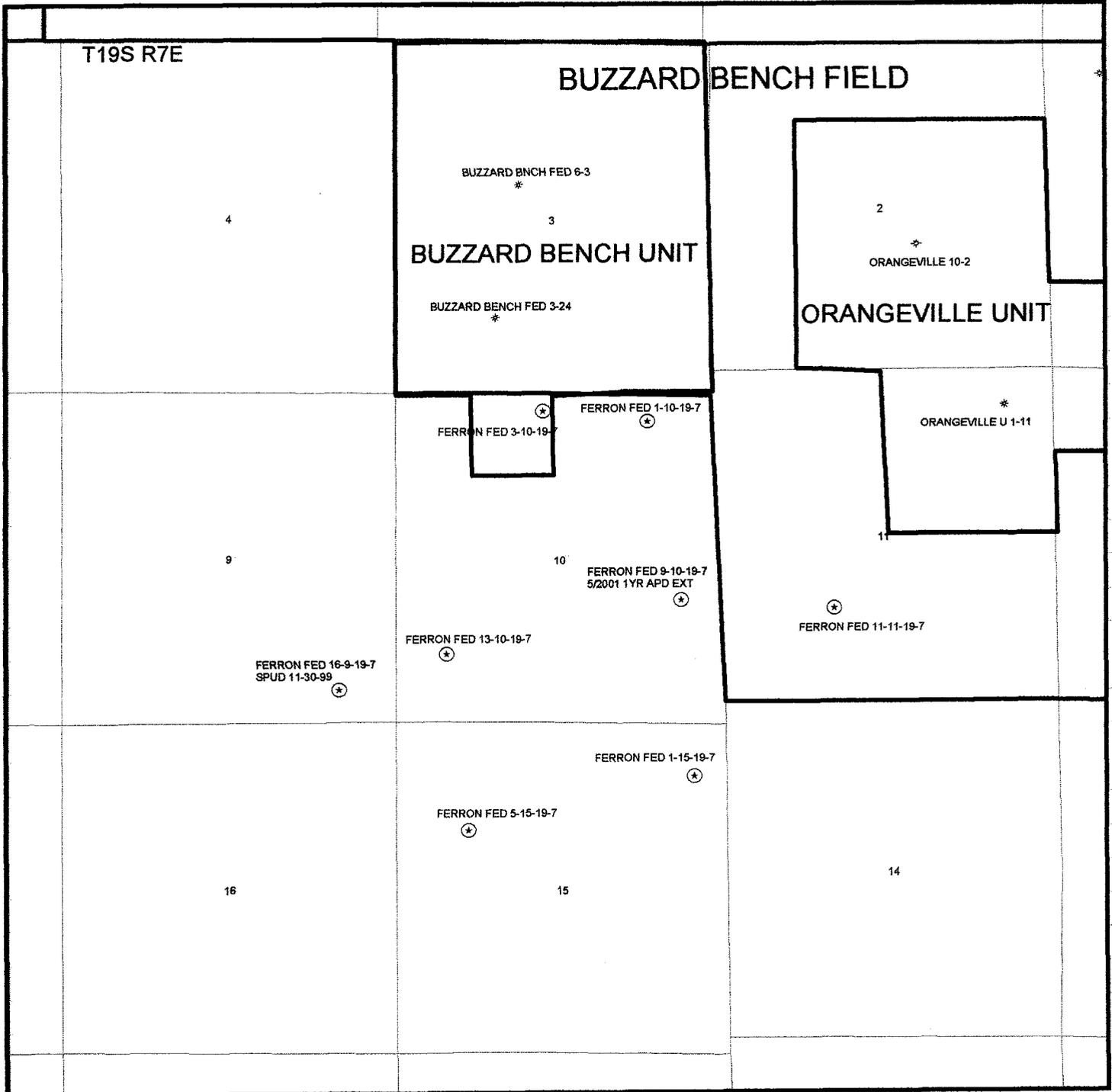
STIPULATIONS: ① FEDERAL APPROVAL

OPERATOR: SHENANDOAH ENERGY (N4235)

SEC. 9,10,11 & 15, T19S, R7E

FIELD: BUZZARD BENCH & UNDESIGNATED

COUNTY: EMERY

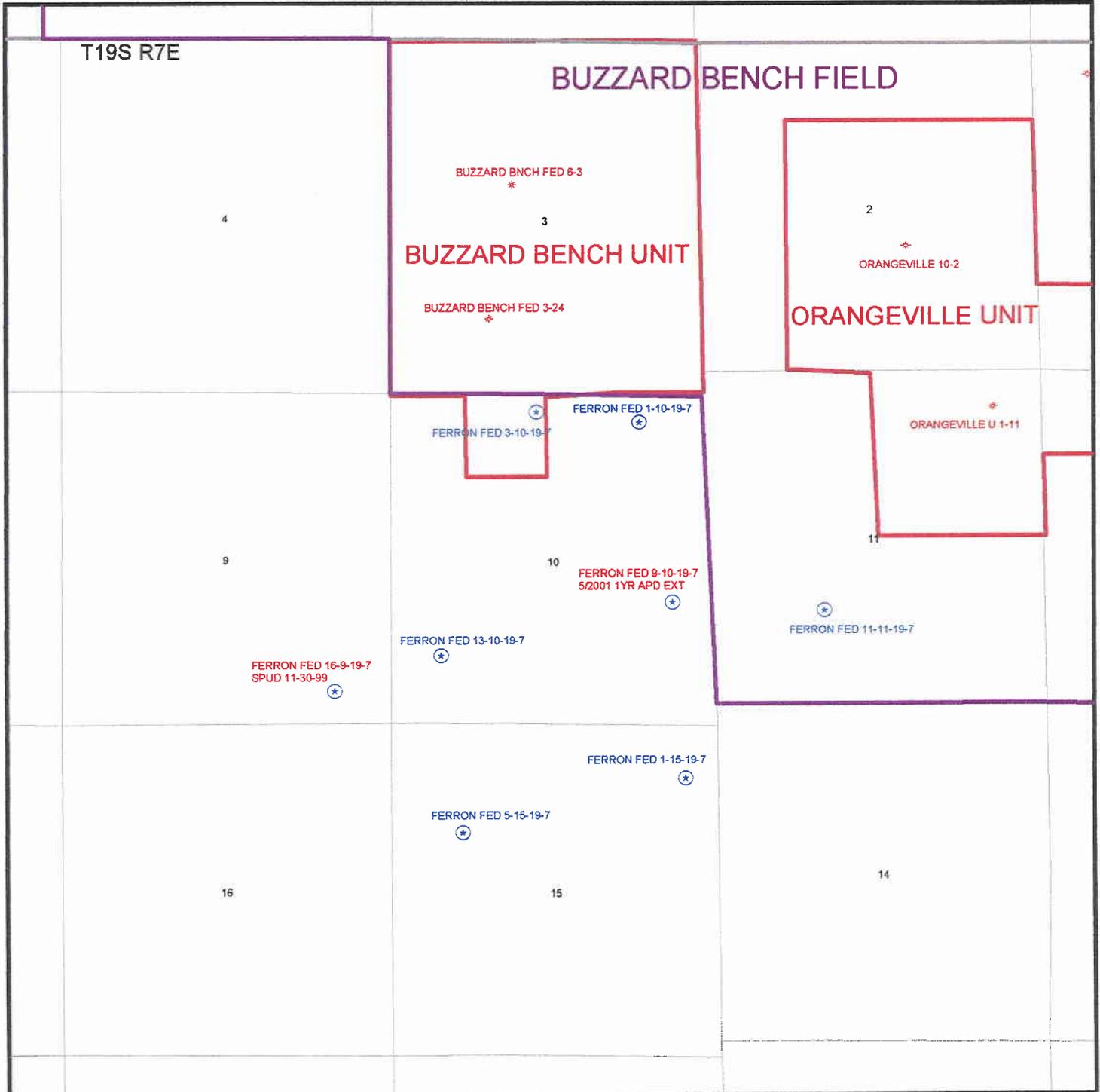


OPERATOR: SHENANDOAH ENERGY (N4235)

SEC. 9,10,11 & 15, T19S, R7E

FIELD: BUZZARD BENCH & UNDESIGNATED

COUNTY: EMERY





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)

October 22, 1998

Chandler & Associates, Inc.  
475 Seventeenth Street, Suite 1000  
Denver, Colorado 80202

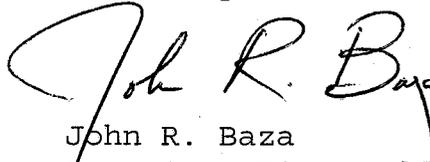
Re: Ferron Federal 9-10-19-7 Well, 1940' FSL, 591' FEL, NE SE,  
Sec. 10, T. 19 S., R. 7 E., Emery County, Utah

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 43-015-30332.

Sincerely,

  
John R. Baza  
Associate Director

lwp

Enclosures

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

Operator: Chandler & Associates, Inc.  
Well Name & Number: Ferron Federal 9-10-19-7  
API Number: 43-015-30332  
Lease: Federal Surface Owner: Federal  
Location: NE SE Sec. 10 T. 19 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 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.

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

**CONFIDENTIAL**

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> 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 -- for such proposals		6. Lease Designation and Serial Number <b>U-51015</b>
		7. Indian Allottee or Tribe Name <b>N/A</b>
		8. Unit or Communitization Agreement <b>N/A</b>
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (specify)		9. Well Name and Number <b>Ferron Federal 9-10-19-7</b>
2. Name of Operator <b>Chandler &amp; Associates, LLC</b>		10. API Well Number <b>43-015-30332</b>
3. Address of Operator <b>475 17th Street, Suite 1000, Denver, CO 80202</b>	4. Telephone Number <b>Rangely 970-675-8451</b>	11. Field and Pool, or Wildcat <b>Wildcat</b>
5. Location of Well Footage : <b>1940' FSL, 591' FEL</b> County : <b>Emery</b> QQ, Sec, T., R., M. : <b>NESE Sec. 10, T19S, R7E, SLB&amp;M</b> State : <b>Utah</b>		
12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		

**NOTICE OF INTENT**  
(Submit in Duplicate)

<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Other <u>Request APD extension</u>	

Approximate Date Work Will Start \_\_\_\_\_

**SUBSEQUENT REPORT**  
(Submit Original Form Only)

<input type="checkbox"/> Abandonment *	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Other _____	

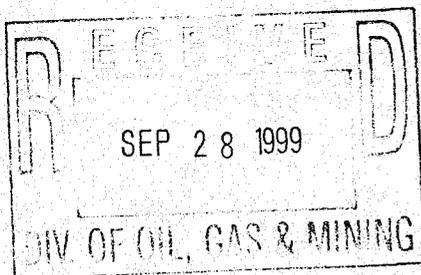
Date of Work Completion \_\_\_\_\_

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.

\* Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

We plan to drill this well at a later date, therefore we request a 1-year extension on the Permit to Drill.

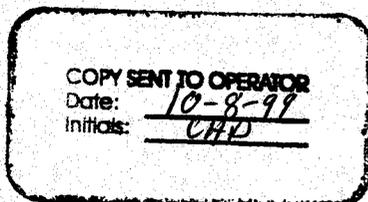


14. I hereby certify that the foregoing is true and correct

Name & Signature Tom Taylor *Tom Taylor jpp* Title Production Geologist Date 09/24/99

(State Use Only)

(8/90)



See Instructions on Reverse Side

Approved by the  
Utah Division of  
Oil, Gas and Mining  
Date: 10/27/99  
By: *[Signature]*

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

1. TYPE OF WELL: OIL WELL  GAS WELL  OTHER \_\_\_\_\_

2. NAME OF OPERATOR: SHENANDOAH ENERGY INC.

3. ADDRESS OF OPERATOR: 11002 E. 17500 S. CITY VERNAL STATE UT ZIP 84078 PHONE NUMBER: (435) 781-4300

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 1940' FSL, 591' FEL COUNTY: UINTAH  
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 10 19S 7E STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER: U-51015

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

8. WELL NAME and NUMBER: FERRON FEDERAL 9-10-19-7

9. API NUMBER: 43-015-30332

10. FIELD AND POOL, OR WILDCAT: WILDCAT

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
SHENANDOAH ENERGY INC. HEREBY REQUESTS AN 1 YEAR EXTENSION FROM APPROVAL DATE ON THE FERRON FEDERAL 9-10-19-7.

**RECEIVED**  
MAR 29 2001  
DIVISION OF  
OIL, GAS AND MINING

NAME (PLEASE PRINT) JOHN BUSCH TITLE OPERATIONS REPRESENTATIVE

SIGNATURE John Busch DATE MARCH 28-01

(This space for State use only)

COPIES SENT TO OPERATOR  
DATE: 5-8-01  
BY: CHD

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 05-08-01  
By: [Signature]

(5/2000) (See Instructions on Reverse Side)

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.	<b>U-51015</b>
6. If Indian, Allottee or Tribe Name	N/A
7. If Unit or CA, Agreement Designation	N/A
8. Well Name and No.	<b>Ferron Federal #9-10-19-7</b>
9. API Well No.	<b>43-015-30332</b>
10. Field and Pool, or Exploratory Area	<b>WILDCAT</b>
11. County or Parish, State	<b>EMERY COUNTY, UT</b>

***SUBMIT IN TRIPLICATE***

1. Type of Well	
Oil	Gas
<input type="checkbox"/> Well	<input type="checkbox"/> Well <input checked="" type="checkbox"/> Other
2. Name of Operator	
<b>CHANDLER &amp; ASSOCIATES INC.</b>	
3. Address and Telephone No.	
<b>11002 E. 17500 S. VERNAL, UT 84078-8526</b>	<b>(435) 781-4341</b>
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)	
<b>591' FEL 1940' FSL, NESE SEC. 9, T19S, R7E, SLB&amp;M</b>	

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 checked="" type="checkbox"/> Other <b>CHANGE OF OPERATOR</b>
	<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)

**Chandler & Associates Inc. resign as operator on Ferron Federal #9-10-19-7.  
The successor operator for this well will be:  
Shenandoah Energy Inc.  
475 17<sup>th</sup> Street, Suite 1000  
Denver, CO 80202**

RECEIVED  
FEB 07 2001  
DIVISION OF  
OIL, GAS AND MINING

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

Signed *Jim Simonson* Title Central District Manager Date 2-2-2001

(This space for Federal or State office use)

Approved by: \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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.

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>U-51015</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>
		7. UNIT or CA AGREEMENT NAME: <b>N/A</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: <b>FERRON FEDERAL 9-10-19-7</b>
2. NAME OF OPERATOR: <b>SHENANDOAH ENERGY INC</b>		9. API NUMBER: <b>43-015-30332</b>
3. ADDRESS OF OPERATOR: <b>11002 E. 17500 S.</b> CITY <b>VERNAL</b> STATE <b>UT</b> ZIP <b>84078</b>		10. FIELD AND POOL, OR WILDCAT: <b>WILDCAT</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>1940' FSL, 591' FEL</b>		COUNTY: <b>UINTAH</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NESE 9 19S 7E</b>		STATE: <b>UTAH</b>

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

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

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  
**PLEASE BE ADVISED THAT SHENANDOAH ENERGY INC. IS CONSIDERED TO BE THE OPERATOR OF FERRON FEDERAL 9-10-19-7 NESE, SECTION 9, T19S, R7E, EMERY COUNTY, UT AND IS RESPONSIBLE UNDER THE TERMS AND CONDITIONS OF THE LEASE FOR THE OPERATIONS CONDUCTED UPON THE LEASED LANDS. BOND COVERAGE IS PROVIDED BY U-0969.**

NAME (PLEASE PRINT) <u>JOHN BUSCH</u>	TITLE <u>OPERATIONS REPRESENTATIVE</u>
SIGNATURE <u>John Busch</u>	DATE <u>MARCH 29 /01</u>

(This space for State use only)

**RECEIVED**  
**APR 02 2001**  
**DIVISION OF OIL, GAS AND MINING**

**OPERATOR CHANGE WORKSHEET**

**ROUTING**

1. GLH		4-KAS
2. CDW		5-SJ
3. JLT		6-FILE

Enter date after each listed item is completed

Change of Operator (Well Sold)

Designation of Agent

**X Operator Name Change (Only)**

Merger

The operator of the well(s) listed below has changed, effective: **01-01-2000**

<b>FROM:</b> (Old Operator):
CHANDLER & ASSOCIATES INC
Address: 475 17TH ST STE 1000
DENVER, CO 80202
Phone: 1-(303)-295-0400
Account N3320

<b>TO:</b> ( New Operator):
SHENANDOAH ENERGY INC
Address: 475 17TH ST STE 1000
DENVER, CO 80202
Phone: 1-(303)-295-0400
Account N4235

**CA No.**

**Unit: BOOK CLIFFS**

**WELL(S)**

NAME	API NO.	ENTITY NO.	SEC. TWN RNG	LEASE TYPE	WELL TYPE	WELL STATUS
FERRON FEDERAL 9-10-19-7	43-015-30332	99999	09-19S-07E	FEDERAL	GW	APD

**OPERATOR CHANGES DOCUMENTATION**

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 02/07/2001
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 04/02/2001
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 05/04/2001
- Is the new operator registered in the State of Utah: YES Business Number: 1467732-0143
- If **NO**, the operator was contacted on: \_\_\_\_\_
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the (merger, name change, or operator change for all wells listed on Federal or Indian leases on: 06/05/00
- Federal and Indian Units:** The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
- Federal and Indian Communization Agreements ("CA"):** The BLM or the BIA has approved the operator change for all wells listed involved in a CA on: N/A

9. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

---

**DATA ENTRY:**

1. Changes entered in the **Oil and Gas Database** on: 05/04/2001
2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 05/04/2001
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A

---

**STATE BOND VERIFICATION:**

1. State well(s) covered by Bond No.: N/A

---

**FEE WELLS - BOND VERIFICATION/LEASE INTEREST OWNER NOTIFICATION:**

1. (R649-3-1) The **NEW** operator of any fee well(s) listed has furnished a bond: N/A
2. The **FORMER** operator has requested a release of liability from their bond on: N/A  
The Division sent response by letter on: N/A
3. (R649-2-10) The **FORMER** operator of the Fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

---

**FILMING:**

1. All attachments to this form have been **MICROFILMED** on:

---

**FILING:**

1. **ORIGINALS/COPIES** of all attachments pertaining to each individual well have been filed in each well file on: \_\_\_\_\_

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**COMMENTS:**

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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 telephone  
(801) 359-3940 fax  
(801) 538-7223 TTY  
www.nr.utah.gov

Michael O. Leavitt  
Governor  
Robert L. Morgan  
Executive Director  
Lowell P. Braxton  
Division Director

March 4, 2003

Raleen Searle  
Shenandoah Energy Inc.  
11002 East 17500 South  
Vernal, Utah 84078

Re: APD Rescinded – Ferron Fed 9-10-19-7, Sec. 9, T. 19S, R. 7E –  
Emery County, Utah API No. 43-015-30332

Dear Ms. Searle:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on October 22, 1998. Since then the Division has granted three more 1-year extentions.

It is understood that Sheandoah believes they are no longer the operator of this lease after a recent operator change to Medallion Production. The Division has not received any change of operator forms to request the transfer to Medallion Production. Therefore, approval to drill the well is hereby rescinded, effective March 4, 2003.

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

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

Sincerely,

Diana Mason  
Engineering Technician

cc: Well File  
Gil Hunt, Technical Services Manager  
Bureau of Land Management, Moab