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MOAB FIELD OFFICE

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Form 3160-3
(September 2001)

DEPT OF THE INTERIOR
BUREAU OF LAND MGMT
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

003

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.

UT U80209

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Otto G Seal Federal #1

9. API Well No.

10. Field and Pool, or Exploratory

Exploratory

11. Sec., T., R., M., or Blk. and Survey or Area

Sec 19, T20S, R9E

12. County or Parish

Emery

13. State

UT

1a. Type of Work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
Fair Oil, Ltd.

3a. Address
P.O. Box 689, Tyler TX 75710

3b. Phone No. (include area code)
903-510-6527

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface 675' FNL 1034' FWL of Sec 19, T20S, R9E(NW/4)
At proposed prod. zone

14. Distance in miles and direction from nearest town or post office*
7 miles SE of Clawson Utah

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
5955' to nearest lease line

16. No. of Acres in lease
5766

17. Spacing Unit dedicated to this well
160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
NA

19. Proposed Depth
4200

20. BLM/BIA Bond No. on file
UTB000047

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5781.5 GL

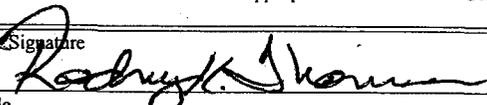
22. Approximate date work will start*
08-15-2003

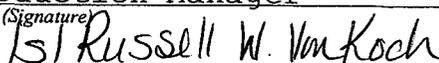
23. Estimated duration
15 days

24. Attachments

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

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

25. Signature:  Name (Printed/Typed): Rodney K Thomson Date: 7-14-2003

Title: Production Manager
Approved by (Signature):  Name (Printed/Typed): Russell W. Von Koch Date: AUG 27 2003
Title: Acting Assistant Field Manager, Office: Division of Resources

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

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

*(Instructions on reverse)

CONDITIONS OF APPROVAL AT RECEIVED

SEP 02 2003

DIV. OF OIL, GAS & MINING

BASIS OF BEARING

S89°51'51"E 2656.16' (MEASURED)

NORTH 1/4 CORNER,
SECTION 19, T. 20 S.,
R. 9 E., S.L.B. & M.
1918 BRASS CAP
BENCHMARK, EL=5781

986.16'
NORTHWEST CORNER,
SECTION 19, T. 20 S.,
R. 9 E., S.L.B. & M.
1918 BRASS CAP

NARRATIVE

THE PURPOSE OF THIS SURVEY IS TO LOCATE AND DESCRIBE A WELL SITE FOR FAIR OIL, LTD.
THE BASIS OF BEARING USED FOR THIS SURVEY IS SOUTH 89°51'51" EAST BETWEEN THE NORTHWEST CORNER AND THE NORTH QUARTER CORNER OF SECTION 19, TOWNSHIP 20 SOUTH, RANGE 9 EAST, SALT LAKE BASE AND MERIDIAN.

SITE DESCRIPTION

A PARCEL OF LAND SITUATED IN THE NORTHWEST QUARTER OF SECTION 19, TOWNSHIP 20 SOUTH, RANGE 9 EAST, SALT LAKE BASE AND MERIDIAN, EMERY COUNTY, STATE OF UTAH, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES 986.16 FEET S.89°51'51"E ALONG SECTION LINE AND 452.23 FEET SOUTH FROM THE NORTHWEST CORNER OF SAID SECTION 19, AND RUNNING THENCE S.50°00'E 360.00 FEET; THENCE S.40°00'W 265.00 FEET; THENCE N.50°00'W 360.00 FEET; THENCE N.40°00'E 265.00 FEET TO THE POINT OF BEGINNING.

CONTAINS: 2.190 ACRES, MORE OR LESS, AS DESCRIBED.

ACCESS DESCRIPTION

A 50 FOOT WIDE STRIP OF LAND SITUATED IN THE NORTHWEST QUARTER OF SECTION 19, TOWNSHIP 20 SOUTH, RANGE 9 EAST, SALT LAKE BASE AND MERIDIAN, EMERY COUNTY, STATE OF UTAH, AND BEING 25 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

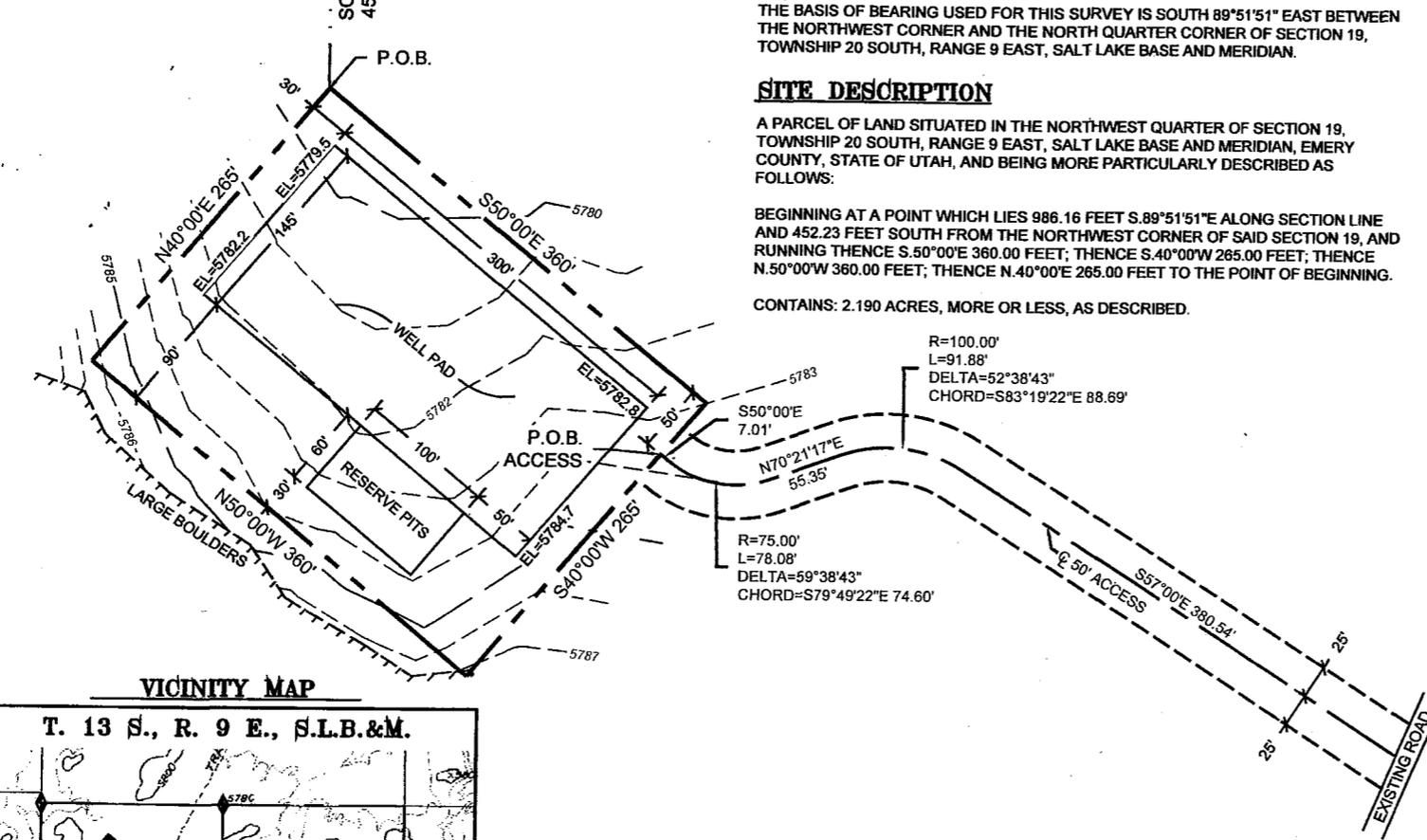
BEGINNING AT A POINT WHICH LIES 986.16 FEET S.89°51'51"E ALONG SECTION LINE AND 452.23 FEET SOUTH, AND 360.00 FEET S.50°00'E, AND 50.00 FEET S.40°00'W FROM THE NORTHWEST CORNER OF SAID SECTION 19, SAID POINT LIES ON THE SOUTHEASTERLY BOUNDARY OF A WELL PAD, AND RUNNING THENCE S.50°00'E 7.01 FEET TO A POINT OF CURVATURE OF A 75.00 FOOT RADIUS TANGENT CURVE TO THE LEFT; THENCE EASTERLY 78.08 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 59°38'43"; THENCE N.70°21'17"E 55.35 FEET TO A POINT OF CURVATURE OF A 100.00 FOOT RADIUS CURVE TO THE RIGHT; THENCE EASTERLY 91.88 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 52°38'43"; THENCE S.57°00'E 380.54 FEET TO AN EXISTING ROAD AND TERMINATING.

CONTAINS: 0.703 ACRES, MORE OR LESS, AS DESCRIBED.

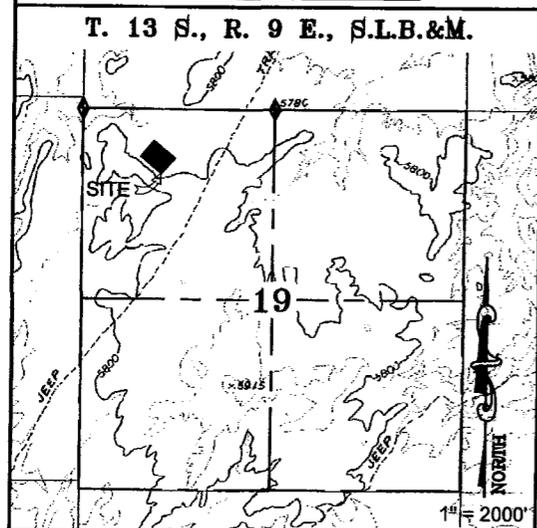
CERTIFICATE OF SURVEY

I, BRUCE T. S. WARE, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR, CERTIFICATE NO. 153834 AS PRESCRIBED BY THE LAWS OF THE STATE OF UTAH. I FURTHER CERTIFY THAT I HAVE MADE A SURVEY OF THE TRACT OF GROUND SHOWN AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. IT DOES NOT PURPORT TO SHOW ALL EASEMENTS OF RECORD, NOR IS IT PROOF OF OWNERSHIP.

DATE: July 8, 2003 *Bruce T. S. Ware, mgr.*
BRUCE T. S. WARE, MGR.

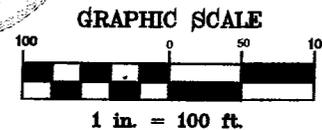
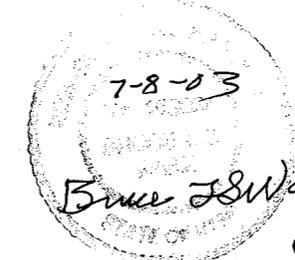


VICINITY MAP

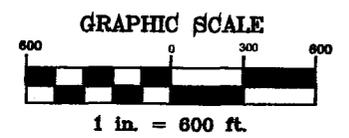
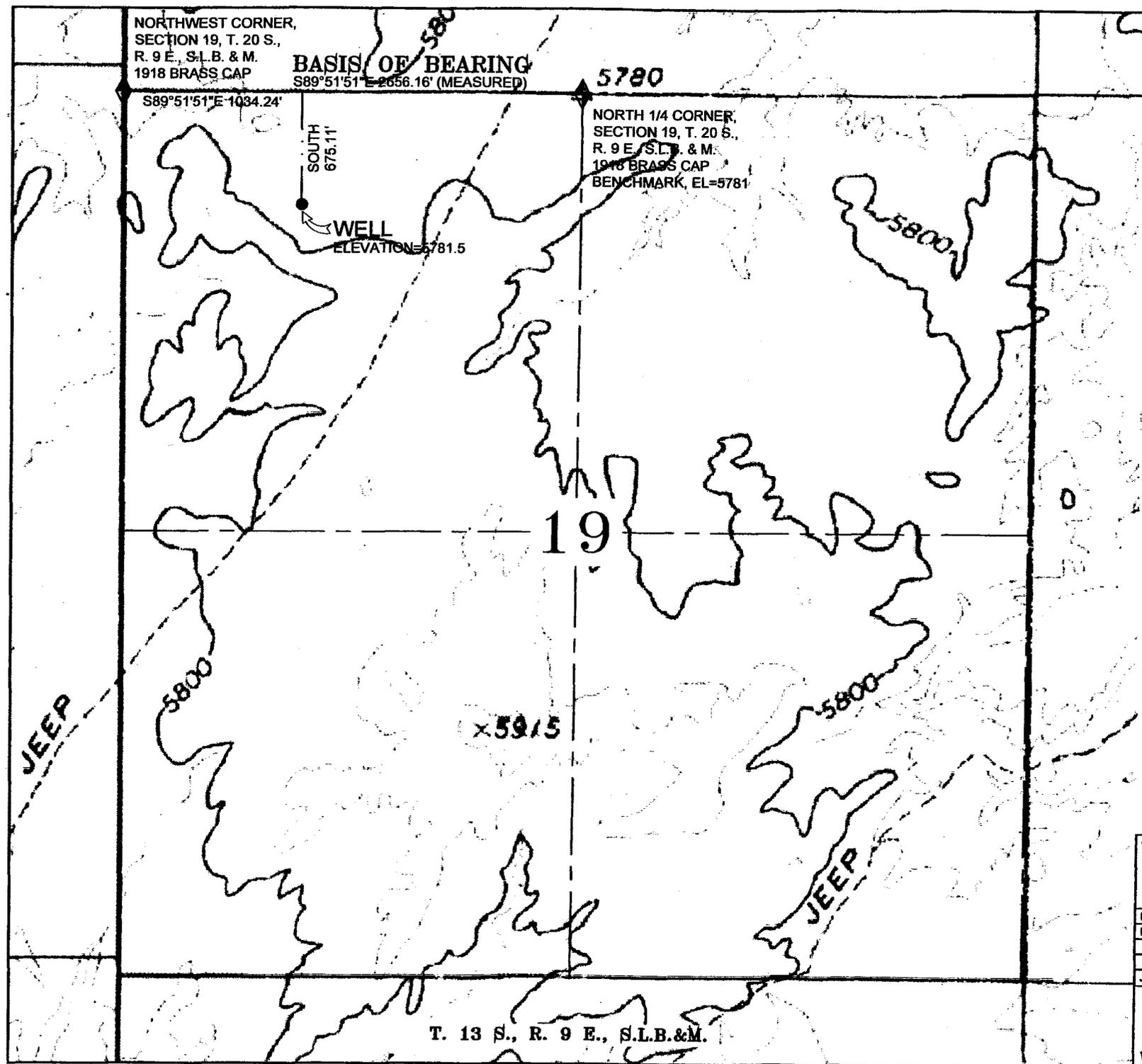


LEGEND

- FOUND MONUMENT
- SET 5/8" REBAR W/CAP
- P.O.B.
- SECTION LINE



WELL SURVEY FOR:		FAIR OIL LTD.	
		P.O. BOX 689, 225 S. COLLEGE - TYLER, TX 75710	
		- SITE LOCATION: { N.W. 1/4 SECTION 19, T. 20 S., R. 9 E., S. L. B. & M. 7 MILES S.E. OF CLAWSON, EMERY COUNTY, UTAH	
DRAWING RECORD		IFAIR OIL.dwg\FOL-CLAWSON.dwg	
NO.	DATE	DESCRIPTION	BY
1	07-08-03	PLOTTED FOR REVIEW	M.C.W.
JOB NO.: FAIR OIL-03-001		DATE OF SURVEY: 07-04-03	
WARE SURVEYING & ENGINEERING, L.L.C.			
G.P.S. & CONVENTIONAL SURVEYING - AUTOCAD MAPPING - CIVIL ENGINEERING			
Phone: 435-637-2620		2223 North 1200 West	
Email: waresurveying@castnet.com		Helper, Utah 84526	



WELL SURVEY FOR: **FAIR OIL LTD.**
 P.O. BOX 689, 225 S. COLLEGE - TYLER, TX 75710
 SITE LOCATION: { N.W. 1/4 SECTION 19, T. 20 S., R. 9 E., S. L. B. & M.
 7 MILES S.E. OF CLAWSON, EMERY COUNTY, UTAH

DRAWING RECORD		VFAIR OIL.dwg\FOL-CLAWSON.dwg	
NO.	DATE	DESCRIPTION	BY
1	07-09-03	PLOTTED FOR REVIEW	M.C.W.

JOB NO.: FAIR OIL-03-001 DATE OF SURVEY: 07-04-03

WARE SURVEYING & ENGINEERING, L.L.C.
 G.P.S. & CONVENTIONAL SURVEYING - AUTOCAD MAPPING - CIVIL ENGINEERING
 Phone: 435-637-2620 2223 North 1200 West
 Email: waresurveying@castlenet.com Helper, Utah 84526

Fair Oil, Ltd.
Otto G Seal Federal No. 1
Lease U-80209
NW/NW Section 19 T20S, R9E
Emery County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

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 Fair Oil, Ltd. 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 UTB000047 (Principal – Fair Oil, Ltd.) 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. DRILLING PROGRAM

1. The proposed 3M BOPE is adequate for anticipated conditions. Installation, testing and operation of the BOP system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGGM) is required before conducting any surface disturbing activities.
3. When drilling with air, the requirements of Onshore Oil and Gas Order No. 2, part III, E, Special Drilling Operations, shall apply. Among the requirements in this section are:
 - Spark arresters
 - Blooie line discharge 100 feet from wellbore
 - Straight blooie line
 - Deduster equipment
 - Float valve above bit
 - Automatic igniter on the blooie line
4. The Navajo Sandstone, which will be penetrated by this well, is a regional aquifer of usable quality water. Water flows can be expected when drilling through the Navajo Ss. Therefore, the Navajo Ss must be isolated behind cement. Should production casing be run, the Navajo Ss can be isolated by either:
 - 1) increasing the cement behind the production casing by a volume sufficient to bring the top-of-cement to 200 feet above the top of the Navajo Ss; or
 - 2) stage cementing with a DV tool not less than 50 feet below the bottom of the Navajo Ss, and a cement volume sufficient to bring the top-of-cement to 200 feet above the top of the Navajo Ss.

In either case, a sundry notice proposal describing the preferred method shall be submitted as soon as possible, but not less than one week prior to the anticipated schedule for running production casing.
5. As proposed, a cement bond log (CBL), or other appropriate tool for determining top-of-cement, shall be run on the production casing string and shall be submitted to BLM.

APD Conditions:

1. Fair Oil LTD. shall construct and operate the proposed action as described by the individual Thirteen Point Surface Use Plans included within the individual APD's and as agreed upon within the stipulations of the Price Coalbed Methane Project Final Environmental Impact Statement (EIS).
2. The following appendices are attached for your reference. They are to be followed as conditions of approval:

Table A-2: Seed Mixture for Salt Desert Area.

3. Biological soil crusts shall be collected and shall be stored in a dry condition for distribution on the surface at the time of reclamation. Approximately 100 pounds of soil crusts and accompanying soil shall be collected in five gallon buckets.
4. A paleontologist would be at the site during all construction activities, which involve cutting (excavation). In the event fossils are unearthed in the course of excavation the paleontologist will instruct the contractor as to the proper course of action.
5. Vehicle use shall be restricted to designated roads and trails.
6. The mud pit shall be lined.
7. Within six months of installation, surface structures shall be painted in the following flat, earth tone color: Slate Gray (5Y 6/1). This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.

GENERAL CONSTRUCTION

1. Operator shall contact the Price BLM Office at least forty-eight hours prior to the anticipated start of construction and/or any surface disturbing activities. The BLM may require and schedule a preconstruction conference with the operator prior to the operator commencing construction and/or surface disturbing activities. The operator and the operator's contractor, or agents involved with construction and/or any surface disturbing activities associated with the project, shall attend this conference to review the Conditions of Approval and plan of development. The operator's inspector will be designated at the pre-drill conference, and is to be given an approved copy of all maps, permits and conditions of approval before the start of construction. The BLM will also designate a representative for the project at the preconstruction conference.

2. The operator shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the BLM. The operator's representative shall be available for communication with the BLM within a reasonable time when construction or other surface disturbing activities are underway.
3. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public land is to be immediately reported to the Price BLM Office. The operator will suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price BLM Office. An evaluation of the discovery will be made by the BLM to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator is responsible for the cost of evaluation of any site found during construction. The BLM will determine what mitigation is necessary.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by the Price BLM Office prior to use.
5. The operator must provide a trash cage for the collection and containment of all trash. The trash shall be disposed in an authorized landfill. The location and access roads shall be kept litter free.
6. Vegetation removal necessitated by construction shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.
7. Prior to surface disturbance, topsoil is to be separately removed and segregated from other material. Topsoil depth will be decided onsite by BLM. If the topsoil is less than 6 inches, a 6-inch layer that includes the A horizon and the unconsolidated material immediately below the A horizon shall be removed and the mixture segregated and redistributed as the surface soil layer.

Generally topsoil shall be stored within the pad site or adjacent to access roads. The company in consultation with BLM shall determine stockpile locations and dimensions at the onsite. If the topsoil stockpiles will not be redistributed for a period in excess of one (1) year, the stockpiles are to be seeded with a seed mixture to be determined on a case by case basis.

ROAD and PIPELINE CONSTRUCTION

8. Operator shall provide an inspector under the direction of a registered professional engineer (PE) at all times during road construction. A PE shall certify (statement with PE stamp) that the road was constructed to the required Bureau of Land Management (BLM) road standards.

9. Road construction or routine maintenance activities are to be performed during periods when the soil can adequately support construction equipment. If such equipment creates ruts more than 6 inches deep, the soil is deemed too wet to adequately support construction equipment.
10. The operator is responsible for maintenance of all roads authorized through the lease or a right-of-way. Construction and maintenance shall comply with Class II or III Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards, except as modified by BLM. Maintenance may include but is not limited to grading, applying gravel, snow removal, ditch cleaning, headcut restoration/prevention.
11. Topsoil from access roads and pipelines is to be wind rowed along the uphill side of the road or stored in an approved manner. When the road and pipeline is rehabilitated, this soil will then be used as a top coating for the seed bed.
12. Erosion-control structures such as water bars, diversion channels, and terraces will be constructed to divert water and reduce soil erosion on the disturbed area. Road ditch turnouts shall be equipped with energy dissipaters as needed to avoid erosion. Where roads interrupt overland sheet-flow and convert this runoff to channel flow, ditch turnouts shall be designed to reconvert channel flow to sheet flow. Rock energy dissipaters and gravel dispersion fans may be used, or any other design which would accomplish the desired reconversion of flow regime. As necessary cut banks, road drainages, and road crossings shall be armored or otherwise engineered to prevent headcutting.

PAD CONSTRUCTION

13. During the construction of the drill pad, suitable topsoil material is to be stripped and conserved in a stockpile on the pad. If stockpiles are to remain for more than a year, they shall be seeded with the seed mixture to be determined on a case by case basis.
14. Generally, drill pads are to be designed to prevent overland flow of water from entering or leaving the site. The pad is to be sloped to drain spills and water into the reserve pit. The drill pad shall be designed to disperse diverted overland flow and to regulate flow velocity so as to prevent or minimize erosion. Well pad diversion outlets shall be equipped with rock energy brakes and gravel-bedded dispersion fans.

REHABILITATION PROCEDURES

Site Preparation

15. The entire roadbed should be obliterated and brought back to the approximate original contour. Drainage control is to be reestablished as necessary. All areas affected by road construction are to be recontoured to blend in with the existing topography. All berms are to be removed unless determined to be beneficial by BLM. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.

Seedbed Preparation

16. 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 unless restrained by bedrock.
17. Ripping of fill materials should be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches. The process should be repeated until the compacted area is loose and friable, then shall be followed by final grading. Seedbed preparation will be considered complete when the soil surface is completely roughened and the number of rocks (if present) on the site is sufficient to cause the site to match the surrounding terrain.
18. After final grading, the stockpiled topsoil shall be spread evenly across the disturbed area.

Fertilization

19. Commercial fertilizer with a formula of 16-16-8 is to be applied at a rate of 200 pounds per acre to the site. The rate may be adjusted depending on soil.
20. Fertilizer is to be applied not more than 48 hours before seeding, and shall be cultivated into the upper 3 inches of soil.
21. Fertilizer is to be broadcast over the soil using hand-operated "cyclone-type" seeders or rotary broadcast equipment attached to construction or revegetation machinery as appropriate to slope. All equipment should be equipped with a metering device. Fertilizer application is to take place before the final seeding preparation treatment. Fertilizer broadcasting operations should not be conducted when wind velocities would interfere with even distribution of the material.

Mulching

22. When it is time to reclaim this location, the Price BLM Office will determine whether it will be necessary to use mulch in the reclamation process. The type of mulch should meet the following requirements: Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. Mulch shall be thermally produced and air dried. 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 is to 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.

Reseeding

23. All disturbed areas are to be seeded with the seed mixture required by the BLM. The seed mixture(s) shall be planted in the fall of the year (Sept-Nov), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to planting. Commercial seed will 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 BLM. Seed is to 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 tend to drop to the bottom of the drill and are planted first. Appropriate measures should be taken to ensure this does not occur.) Where drilling is not possible, seed is to be broadcast and the area raked or chained to cover the seed. Woody species with seeds that are too large for the drill will 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 will not be made before completion of the second growing season after the vegetation becomes established. The Price BLM Office is to be notified a minimum of seven days before seeding a project.
24. The disturbed areas for the road and pipeline must be seeded in the fall of the year, immediately after the topsoil is replaced.

General

25. Prior to the use of insecticides, herbicides, fungicides, rodenticides and other similar substances, the operator must obtain from BLM, approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled, the method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands.

The following seed mixture is for the area that would receive final reclamation. Areas would be planted to protect them from soil erosion and to restore forage production.

Table A-2

Common Plant Name	Scientific Name	Pounds per acre (PLS)
Salt Desert Areas		
<i>Grasses</i>		
Indian ricegrass	<i>Stipa hymenoides</i>	2
Squirreltail	<i>Elymus elymoides</i>	2
Galleta	<i>Hilaria jamesii</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
Gooseberryleaf globemallow	<i>Sphaeralcea Grossulariifolia</i>	.5
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Rubber rabbitbrush	<i>Chrysothamnus</i>	1
Fourwing saltbrush	<i>Atriplex canescense</i>	2
Winterfat	<i>Krascheninnikovia (Eurotia) lanata</i>	2
TOTAL		15.5

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

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

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field 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 Field 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 with the Moab Field Office for approval of all changes of plans and subsequent 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 Moab Field Office. 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 BLM 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 Price Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field 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 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 Moab Field Office. The Moab Field 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 Field Office not later than thirty-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 Moab Field 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 Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor (BLM) 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- An application for approval of a permanent disposal method and location will be submitted to the Moab Field 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 Field 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 Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-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 Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Don Stephens (435-636-3608) of the BLM Price Field Office for the following:

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

1 day prior to spudding;

50 feet prior to reaching the surface casing setting depth.

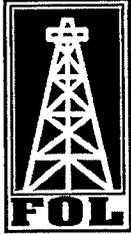
If the person at the above number cannot be reached, notify the Moab Field Office at 435-259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at 435-259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214



FAIR OIL, LTD.

P.O. Box 689 • Tyler, Texas, 75710 • 225 South College • Tyler, Texas 75702 • (903) 592-3811 • FAX (903) 597-3587

July 16, 2003

Ms. Marie McGann
Moab BLM Field Office
82 East Dogwood
Moab, UT 84532

Dear Ms. McGann:

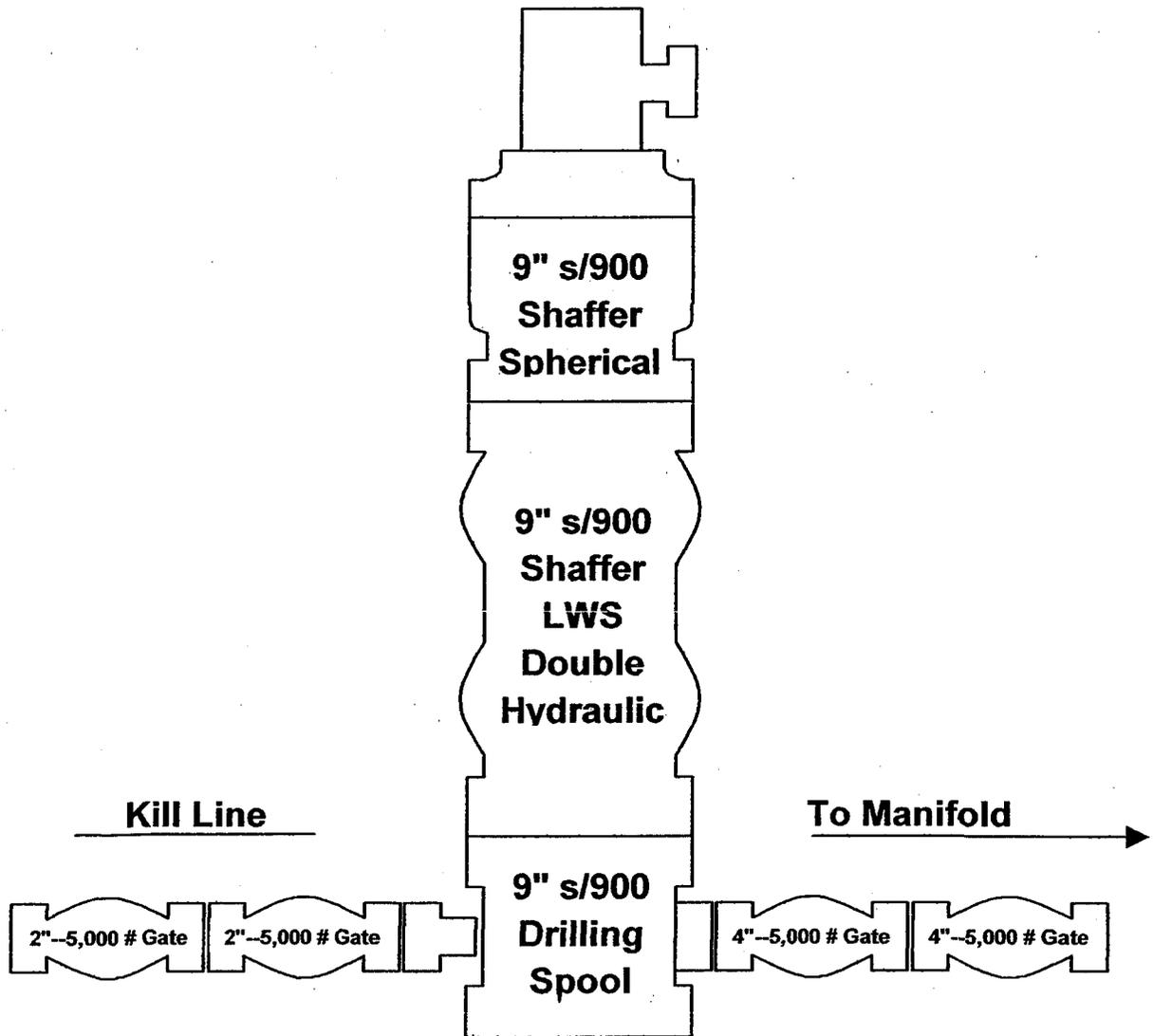
Enclosed you will find schematics of Sauer Drilling's BOP's and associated well control equipment to be attached to Fair Oil Ltd.'s APD for the Otto G. Seal Federal #1 well.

Sincerely,

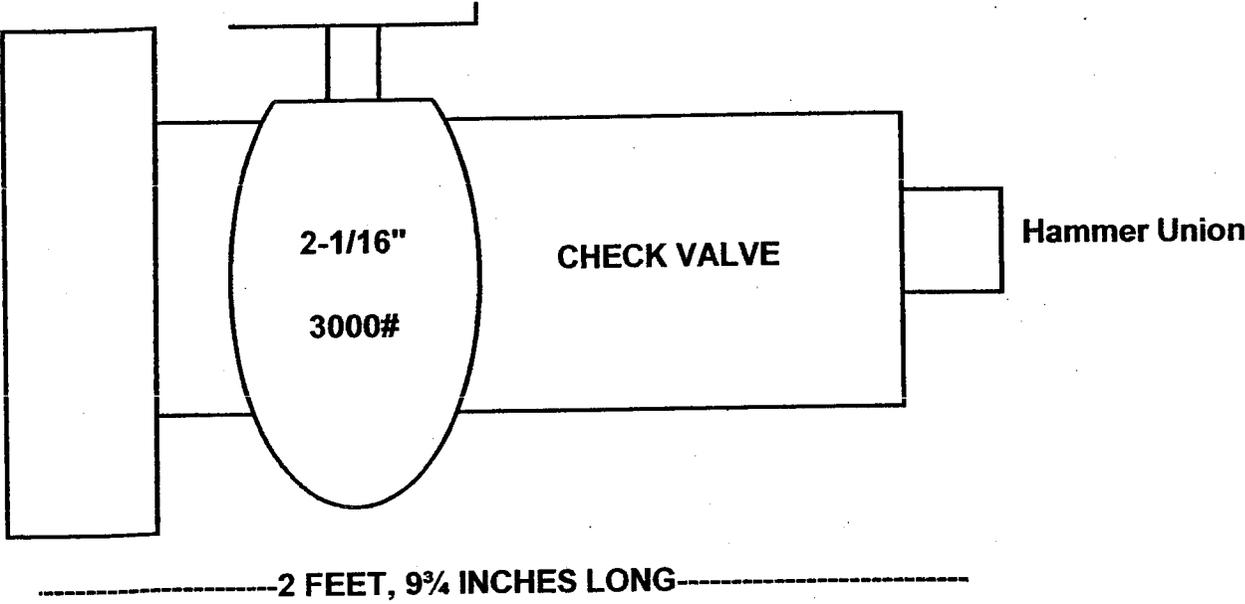
Rodney Thomson

RECEIVED
MOAB FIELD OFFICE
2003 JUL 17 P 12:45
DEPT OF THE INTERIOR
BUREAU OF LAND MGMT

Sauer Drilling Company

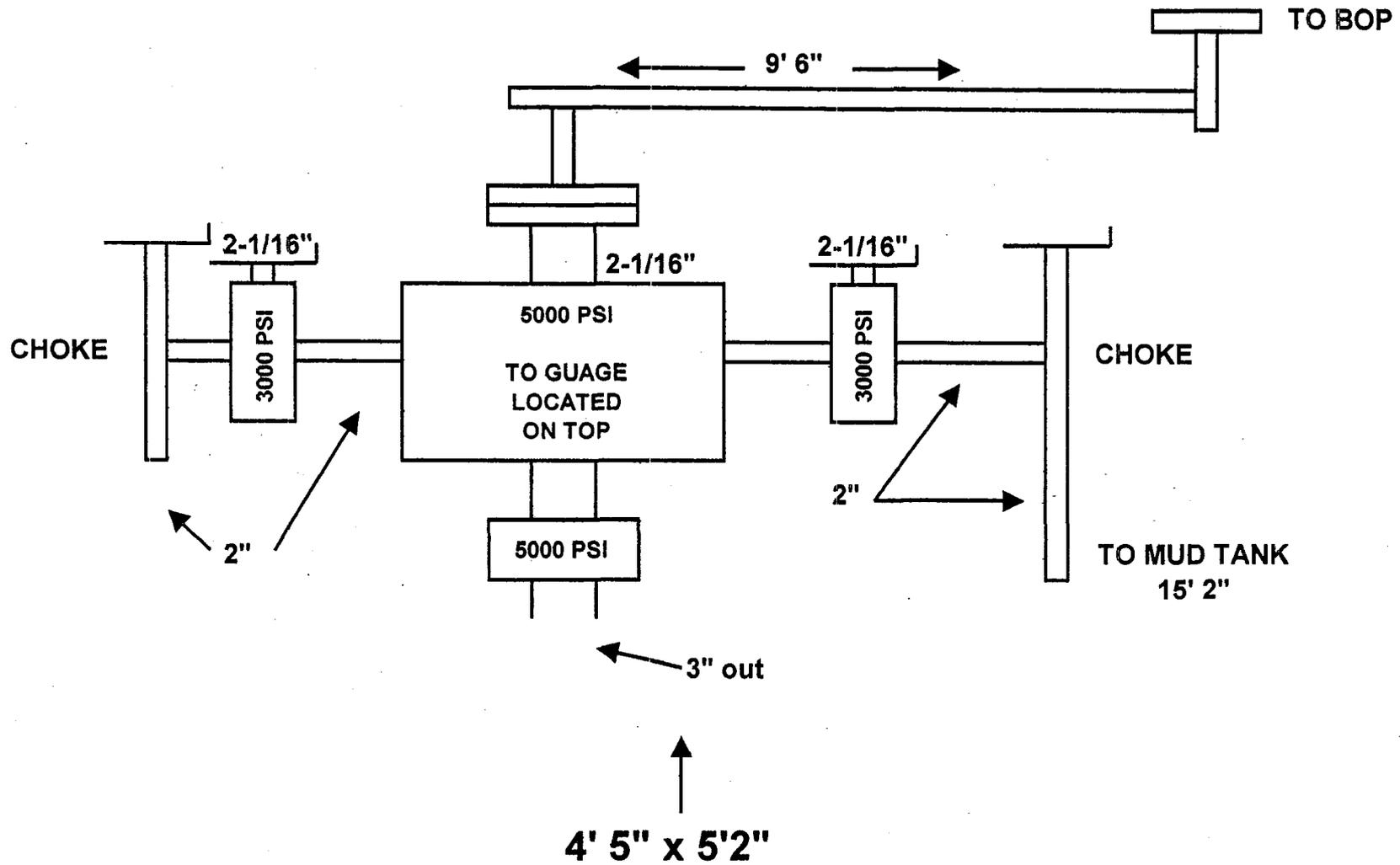


BOP Diagram



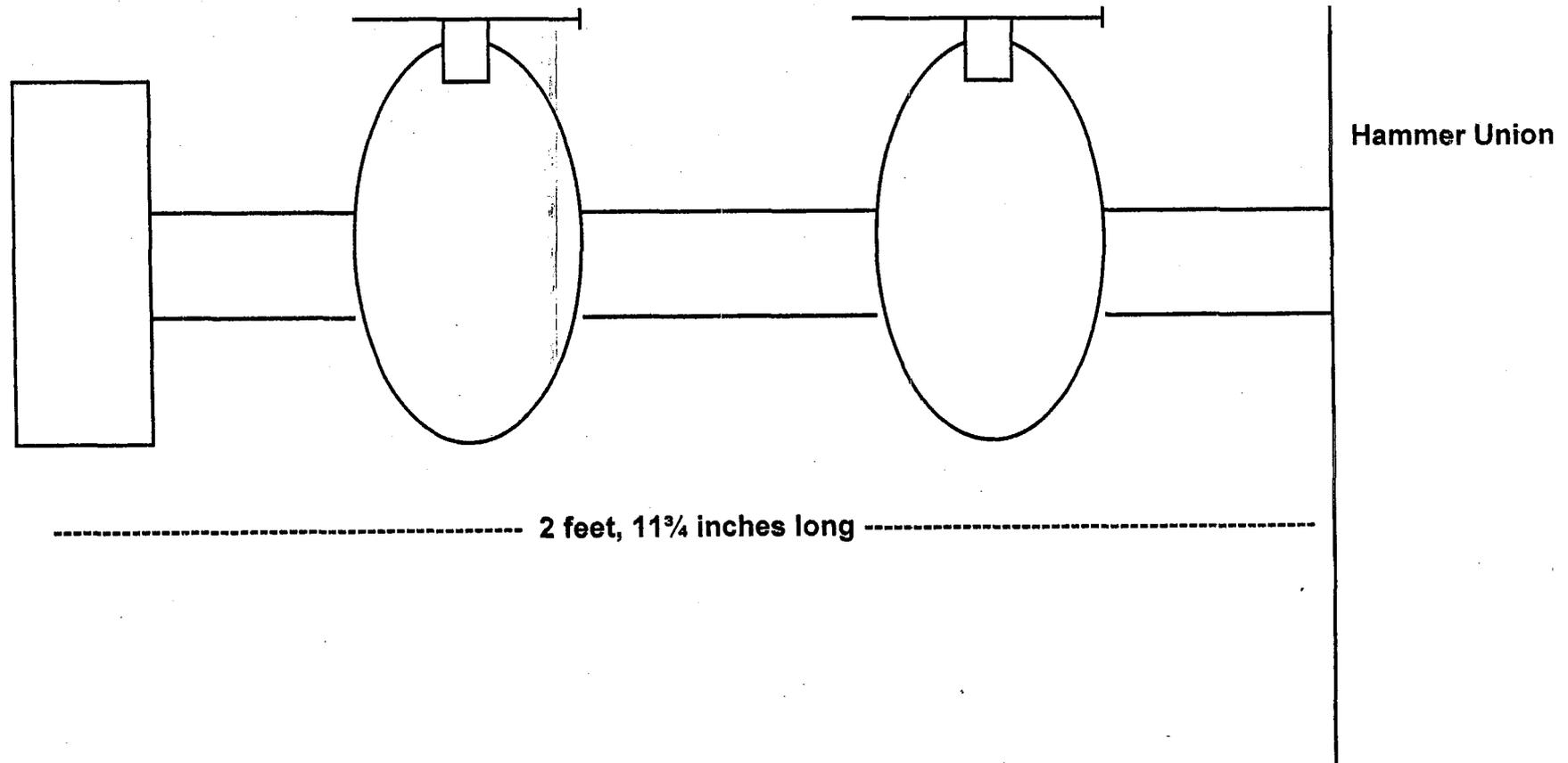
Rig 30
Kill Line Valve

Sauer Drilling Company

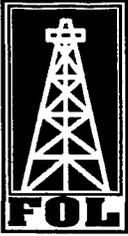


Rig 30
Choke

Sauer Drilling Company



Rig 30
Valves Before Choke



FAIR OIL, LTD.

P.O. Box 689 • Tyler, Texas, 75710 • 225 South College • Tyler, Texas 75702 • (903) 592-3811 • FAX (903) 597-3587

July 14, 2003

Lessee's or Operator's Representative and Certification

Representative:

Name: Jay W Bynum

Title: Superintendent

Address: P.O. Box 689, Tyler, Tx 75710

Phone No.: 903-510-6525

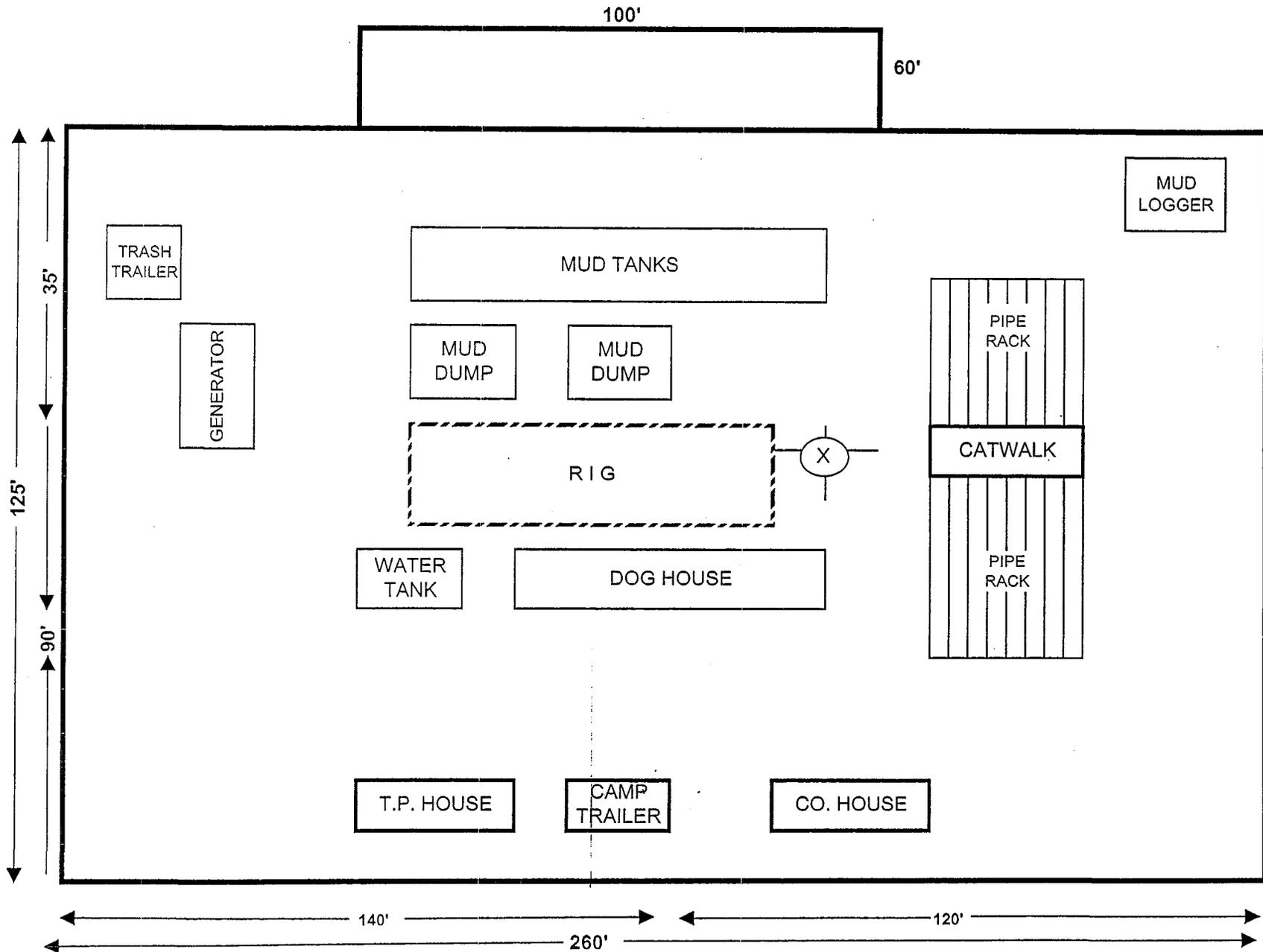
Certification:

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 Fair Oil, Ltd. and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased land associated with this application, with bond coverage being provided under BLM bond number UTB000047. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signature: _____

Jay W Bynum
Jay W Bynum Superintendent
Dated: July 14, 2003

FAIR OIL, LTD.
OTTO G. SEAL FEDERAL #1
TYPICAL LOCATION: EXACT PLACEMENT MAY VARY





FAIR OIL, LTD.

P.O. Box 689 • Tyler, Texas, 75710 • 225 South College • Tyler, Texas 75702 • (903) 592-3811 • FAX (903) 597-3587

September 2, 2003

State of Utah
Division of Oil and Gas Mining
1594 West North Temple, Ste 1210
Salt Lake City UT 84114-5801

Re: Application for Permit to Drill
Otto G Seal Federal #1
Emery County

To Whom It May Concern:

Fair Oil, Ltd has applied for and received approval from the BLM to drill the above well. Please find enclosed a complete copy of the approved APD from the BLM. Please review for approval our request for a drilling permit for the above well. Due to the topography, the BLM requested a move of the location which is an exception to statewide spacing rules. Fair Oil, therefore requests an exception to the spacing rules to allow the drilling of the well in a location that is suitable to the BLM. The nearest lease line is located 5955' to the north of the well. There are no other lease owners within 460' of the well site. Fair's lease acreage is 5766 acres with the well site located in the section that is the center of our lease block.

Fair Oil, Ltd has only one office which is located at the address shown in the letterhead. Rodney Thomson will be responsible party to file all state filings and reports. His e-mail address is rodney.thomson@fairoil.com; his phone number is 903-510-6527. At this time Fair Oil will not be drilling any fee wells. Plans are to develop the Federal lands that are currently under lease.

Fair will purchase any water needed for drilling from Nelco, Inc. Presently our drilling plans call for air drilling unless conditions dictate otherwise.

Thank you for your prompt response to our request for a drilling permit. Fair's plans are to proceed with drilling the well as soon as possible. Please contact Rodney Thomson at 903-510-6527 if any additional information is needed.

Sincerely
Fair Oil, Ltd.

Rodney K Thomson
Production Manager

RECEIVED
SEP 04 2003
DIV. OF OIL, GAS & MINING

RECEIVED
MOAB FIELD OFFICE

2003 JUL 15 A 11:09

Form 3160-3
(September 2001)

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. Lease Serial No.
UT U80209

6. If Indian, Allottee or Tribe Name

001

APPLICATION FOR PERMIT TO DRILL OR REENTER

7. If Unit or CA Agreement, Name and No.

1a. Type of Work: DRILL REENTER

8. Lease Name and Well No.
Otto G Seal Federal #1

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
Fair Oil, Ltd.

9. API Well No.
43-015-30612

3a. Address
P.O. Box 689, Tyler TX 75710

3b. Phone No. (include area code)
903-510-6527

10. Field and Pool, or Exploratory
Exploratory

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface **675' FNL 1034' FWL of Sec 19, T20S, R9E(NW/4)**

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 19, T20S, R9E

At proposed prod. zone **4324642 Y 503646 X 39. 07275 -110.95785**

12. County or Parish
Emery

13. State
UT

14. Distance in miles and direction from nearest town or post office*
7 miles SE of Clawson Utah

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)
5955' to nearest lease line

16. No. of Acres in lease
5766

17. Spacing Unit dedicated to this well
160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.
NA

19. Proposed Depth
4200

20. BLM/BIA Bond No. on file
UTB000047

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5781.5 GL

22. Approximate date work will start*
08-15-2003

23. Estimated duration
15 days

24. Attachments

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

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

Signature: Rodney K Thomson Name (Printed/Typed): Rodney K Thomson Date: 7-14-2003

Title: Production Manager

Approved by (Signature): Russell W von Koch Name (Printed/Typed): Russell W. von Koch Date: 8/27/2003

Title: Acting Assistant Field Manager, Division of Resources Office:

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached.

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

*(Instructions on reverse)

Approved by the
Utah Division of
Oil, Gas and Mining

CONDITIONS OF APPROVAL ATTACHED

RECEIVED

SEP 04 2003

DIV. OF OIL, GAS & MINING

Date: 08-15-03
By: [Signature]

Federal Approval of this
Action is Necessary

NORTHWEST CORNER,
SECTION 19, T. 20 S.,
R. 9 E., S.L.B. & M.
1918 BRASS CAP

BASIS OF BEARING
S89°51'51"E 2656.16' (MEASURED)

5780

S89°51'51"E 1034.24'

SOUTH
675.11'

NORTH 1/4 CORNER,
SECTION 19, T. 20 S.,
R. 9 E., S.L.B. & M.
1918 BRASS CAP
BENCHMARK, EL=5781

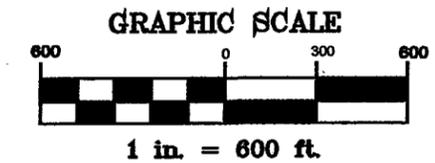
WELL
ELEVATION=5781.5

19

x 5915

JEEP

JEEP



WELL SURVEY FOR: **FAIR OIL LTD.**
P.O. BOX 689, 225 S. COLLEGE - TYLER, TX 75710
SITE LOCATION: { N.W. 1/4 SECTION 19, T. 20 S., R. 9 E., S. L. B. & M.
7 MILES S.E. OF CLAWSON, EMERY COUNTY, UTAH

DRAWING RECORD		VFAIR OIL.dwg\FOL-CLAWSON.dwg	
NO.	DATE	DESCRIPTION	BY
1	07-09-03	PLOTTED FOR REVIEW	M.C.W.

JOB NO.: FAIR OIL-03-001 DATE OF SURVEY: 07-04-03

WARE SURVEYING & ENGINEERING, L.L.C.
G.P.S. & CONVENTIONAL SURVEYING - AUTOCAD MAPPING - CIVIL ENGINEERING
Phone: 435-637-2620 2223 North 1200 West
Email: waresurveying@castlernet.com Helper, Utah 84526

20
T. 20 S., R. 9 E., S.L.B.&M.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

IN REPLY REFER TO:
3104
(UT-924)

JUL 03 2003

DECISION

Obligor:

Fair Oil, Ltd.
P. O. Box 689
Tyler, TX 75710

: Bond Amount: \$25,000
:
: Bond Type: Statewide Oil and Gas
:

Financial Institution:

Bank of America, N. A. Trade Operations
Attention: Teena Evangelista
333 S. Beaudry Avenue, 19th Floor
Los Angeles, CA 90017

: Bond Instrument: Letter of Credit (LOC)
:
: BLM Bond No.: UTB000047
:
:

Statewide Bond and Letter of Credit Accepted

On July 1, 2003, this office received a personal bond and Letter of Credit (LOC) No. 3057130 in the amount of \$25,000 for statewide bond coverage in the State of Utah for the above obligor. The bond and LOC have been examined, found to be satisfactory, and are accepted effective the date of filing.

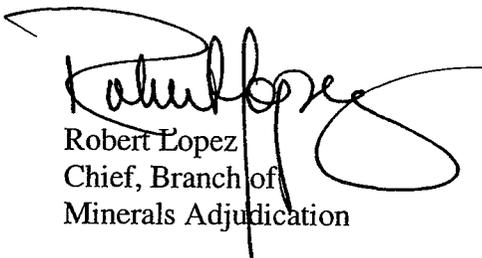
The pledge for the bond is a LOC written by the financial institution named above. The LOC will be retained by the Bureau of Land Management (BLM), Utah State Office, until all the terms and conditions of the leases have been fulfilled or until a satisfactory replacement bond is accepted by BLM. The LOC will be returned to the financial institution when this office determines that the bond is no longer required.

The term of the LOC will continue indefinitely in the absence of notice from the financial institution of its determination not to renew the credit. Such a notice must be received in this office at least 90 days prior to the original expiration date of July 1, 2004, or the automatic extension date following on the same day in subsequent years. A copy of such notice also should be provided to the obligor, who would then be responsible for providing replacement bonding to BLM. Unless the obligor provides a satisfactory replacement bond at least 30 days prior to the fixed expiration date, BLM will demand that the financial institution pay the full amount of the credit to ensure continuing bond coverage of the obligor. Any such funds obtained will be

retained until the bond is no longer necessary or replacement bond coverage is accepted by BLM.

The bond will be maintained by this office and constitutes coverage of all operations conducted by the obligor on all Federal oil and gas leases in the State of Utah. The bond provides coverage of the obligor where that obligor has interest in, and/or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Please note that Federal leases do not include Indian leases.

If you have any questions, please contact Connie Seare of our office at (801) 539-4111.



Robert Lopez
Chief, Branch of
Minerals Adjudication

bc: Moab and Vernal Field Office
UT-930, Al McKee

Fair Oil, Ltd.
Otto G Seal Federal No. 1
Lease U-80209
NW/NW Section 19 T20S, R9E
Emery County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

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 Fair Oil, Ltd. 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 UTB000047 (Principal – Fair Oil, Ltd.) 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. DRILLING PROGRAM

1. The proposed 3M BOPE is adequate for anticipated conditions. Installation, testing and operation of the BOP system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGGM) is required before conducting any surface disturbing activities.
3. When drilling with air, the requirements of Onshore Oil and Gas Order No. 2, part III, E, Special Drilling Operations, shall apply. Among the requirements in this section are:
 - Spark arresters
 - Blooie line discharge 100 feet from wellbore
 - Straight blooie line
 - Deduster equipment
 - Float valve above bit
 - Automatic igniter on the blooie line
4. The Navajo Sandstone, which will be penetrated by this well, is a regional aquifer of usable quality water. Water flows can be expected when drilling through the Navajo Ss. Therefore, the Navajo Ss must be isolated behind cement. Should production casing be run, the Navajo Ss can be isolated by either:
 - 1) increasing the cement behind the production casing by a volume sufficient to bring the top-of-cement to 200 feet above the top of the Navajo Ss; or
 - 2) stage cementing with a DV tool not less than 50 feet below the bottom of the Navajo Ss, and a cement volume sufficient to bring the top-of-cement to 200 feet above the top of the Navajo Ss.

In either case, a sundry notice proposal describing the preferred method shall be submitted as soon as possible, but not less than one week prior to the anticipated schedule for running production casing.
5. As proposed, a cement bond log (CBL), or other appropriate tool for determining top-of-cement, shall be run on the production casing string and shall be submitted to BLM.

APD Conditions:

1. Fair Oil LTD. shall construct and operate the proposed action as described by the individual Thirteen Point Surface Use Plans included within the individual APD's and as agreed upon within the stipulations of the Price Coalbed Methane Project Final Environmental Impact Statement (EIS).
2. The following appendices are attached for your reference. They are to be followed as conditions of approval:

Table A-2: Seed Mixture for Salt Desert Area.
3. Biological soil crusts shall be collected and shall be stored in a dry condition for distribution on the surface at the time of reclamation. Approximately 100 pounds of soil crusts and accompanying soil shall be collected in five gallon buckets.
4. A paleontologist would be at the site during all construction activities, which involve cutting (excavation). In the event fossils are unearthed in the course of excavation the paleontologist will instruct the contractor as to the proper course of action.
5. Vehicle use shall be restricted to designated roads and trails.
6. The mud pit shall be lined.
7. Within six months of installation, surface structures shall be painted in the following flat, earth tone color: Slate Gray (5Y 6/1). This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.

GENERAL CONSTRUCTION

1. Operator shall contact the Price BLM Office at least forty-eight hours prior to the anticipated start of construction and/or any surface disturbing activities. The BLM may require and schedule a preconstruction conference with the operator prior to the operator commencing construction and/or surface disturbing activities. The operator and the operator's contractor, or agents involved with construction and/or any surface disturbing activities associated with the project, shall attend this conference to review the Conditions of Approval and plan of development. The operator's inspector will be designated at the pre-drill conference, and is to be given an approved copy of all maps, permits and conditions of approval before the start of construction. The BLM will also designate a representative for the project at the preconstruction conference.

2. The operator shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the BLM. The operator's representative shall be available for communication with the BLM within a reasonable time when construction or other surface disturbing activities are underway.
3. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public land is to be immediately reported to the Price BLM Office. The operator will suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price BLM Office. An evaluation of the discovery will be made by the BLM to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator is responsible for the cost of evaluation of any site found during construction. The BLM will determine what mitigation is necessary.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by the Price BLM Office prior to use.
5. The operator must provide a trash cage for the collection and containment of all trash. The trash shall be disposed in an authorized landfill. The location and access roads shall be kept litter free.
6. Vegetation removal necessitated by construction shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.
7. Prior to surface disturbance, topsoil is to be separately removed and segregated from other material. Topsoil depth will be decided onsite by BLM. If the topsoil is less than 6 inches, a 6-inch layer that includes the A horizon and the unconsolidated material immediately below the A horizon shall be removed and the mixture segregated and redistributed as the surface soil layer.

Generally topsoil shall be stored within the pad site or adjacent to access roads. The company in consultation with BLM shall determine stockpile locations and dimensions at the onsite. If the topsoil stockpiles will not be redistributed for a period in excess of one (1) year, the stockpiles are to be seeded with a seed mixture to be determined on a case by case basis.

ROAD and PIPELINE CONSTRUCTION

8. Operator shall provide an inspector under the direction of a registered professional engineer (PE) at all times during road construction. A PE shall certify (statement with PE stamp) that the road was constructed to the required Bureau of Land Management (BLM) road standards.

9. Road construction or routine maintenance activities are to be performed during periods when the soil can adequately support construction equipment. If such equipment creates ruts more than 6 inches deep, the soil is deemed too wet to adequately support construction equipment.
10. The operator is responsible for maintenance of all roads authorized through the lease or a right-of-way. Construction and maintenance shall comply with Class II or III Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards, except as modified by BLM. Maintenance may include but is not limited to grading, applying gravel, snow removal, ditch cleaning, headcut restoration/prevention.
11. Topsoil from access roads and pipelines is to be wind rowed along the uphill side of the road or stored in an approved manner. When the road and pipeline is rehabilitated, this soil will then be used as a top coating for the seed bed.
12. Erosion-control structures such as water bars, diversion channels, and terraces will be constructed to divert water and reduce soil erosion on the disturbed area. Road ditch turnouts shall be equipped with energy dissipaters as needed to avoid erosion. Where roads interrupt overland sheet-flow and convert this runoff to channel flow, ditch turnouts shall be designed to reconvert channel flow to sheet flow. Rock energy dissipaters and gravel dispersion fans may be used, or any other design which would accomplish the desired reconversion of flow regime. As necessary cut banks, road drainages, and road crossings shall be armored or otherwise engineered to prevent headcutting.

PAD CONSTRUCTION

13. During the construction of the drill pad, suitable topsoil material is to be stripped and conserved in a stockpile on the pad. If stockpiles are to remain for more than a year, they shall be seeded with the seed mixture to be determined on a case by case basis.
14. Generally, drill pads are to be designed to prevent overland flow of water from entering or leaving the site. The pad is to be sloped to drain spills and water into the reserve pit. The drill pad shall be designed to disperse diverted overland flow and to regulate flow velocity so as to prevent or minimize erosion. Well pad diversion outlets shall be equipped with rock energy brakes and gravel-bedded dispersion fans.

REHABILITATION PROCEDURES

Site Preparation

15. The entire roadbed should be obliterated and brought back to the approximate original contour. Drainage control is to be reestablished as necessary. All areas affected by road construction are to be recontoured to blend in with the existing topography. All berms are to be removed unless determined to be beneficial by BLM. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.

Seedbed Preparation

16. 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 unless restrained by bedrock.
17. Ripping of fill materials should be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches. The process should be repeated until the compacted area is loose and friable, then shall be followed by final grading. Seedbed preparation will be considered complete when the soil surface is completely roughened and the number of rocks (if present) on the site is sufficient to cause the site to match the surrounding terrain.
18. After final grading, the stockpiled topsoil shall be spread evenly across the disturbed area.

Fertilization

19. Commercial fertilizer with a formula of 16-16-8 is to be applied at a rate of 200 pounds per acre to the site. The rate may be adjusted depending on soil.
20. Fertilizer is to be applied not more than 48 hours before seeding, and shall be cultivated into the upper 3 inches of soil.
21. Fertilizer is to be broadcast over the soil using hand-operated "cyclone-type" seeders or rotary broadcast equipment attached to construction or revegetation machinery as appropriate to slope. All equipment should be equipped with a metering device. Fertilizer application is to take place before the final seeding preparation treatment. Fertilizer broadcasting operations should not be conducted when wind velocities would interfere with even distribution of the material.

Mulching

22. When it is time to reclaim this location, the Price BLM Office will determine whether it will be necessary to use mulch in the reclamation process. The type of mulch should meet the following requirements: Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. Mulch shall be thermally produced and air dried. 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 is to 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.

Reseeding

23. All disturbed areas are to be seeded with the seed mixture required by the BLM. The seed mixture(s) shall be planted in the fall of the year (Sept-Nov), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to planting. Commercial seed will 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 BLM. Seed is to 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 tend to drop to the bottom of the drill and are planted first. Appropriate measures should be taken to ensure this does not occur.) Where drilling is not possible, seed is to be broadcast and the area raked or chained to cover the seed. Woody species with seeds that are too large for the drill will 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 will not be made before completion of the second growing season after the vegetation becomes established. The Price BLM Office is to be notified a minimum of seven days before seeding a project.
24. The disturbed areas for the road and pipeline must be seeded in the fall of the year, immediately after the topsoil is replaced.

General

25. Prior to the use of insecticides, herbicides, fungicides, rodenticides and other similar substances, the operator must obtain from BLM, approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled, the method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands.

The following seed mixture is for the area that would receive final reclamation. Areas would be planted to protect them from soil erosion and to restore forage production.

Table A-2

Common Plant Name	Scientific Name	Pounds per acre (PLS)
Salt Desert Areas		
<i>Grasses</i>		
Indian ricegrass	<i>Stipa hymenoides</i>	2
Squirreltail	<i>Elymus elymoides</i>	2
Galleta	<i>Hilaria jamesii</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
Gooseberryleaf globemallow	<i>Sphaeralcea Grossulariifolia</i>	.5
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Rubber rabbitbrush	<i>Chrysothamnus</i>	1
Fourwing saltbrush	<i>Atriplex canescense</i>	2
Winterfat	<i>Krascheninnikovia (Eurotia) lanata</i>	2
TOTAL		15.5

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

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

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field 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 Field 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 with the Moab Field Office for approval of all changes of plans and subsequent 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 Moab Field Office. 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 BLM 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 Price Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field 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 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 Moab Field Office. The Moab Field 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 Field Office not later than thirty-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 Moab Field 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 Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor (BLM) 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- An application for approval of a permanent disposal method and location will be submitted to the Moab Field 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 Field 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 Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-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 Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Don Stephens (435-636-3608) of the BLM Price Field Office for the following:

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

1 day prior to spudding;

50 feet prior to reaching the surface casing setting depth.

If the person at the above number cannot be reached, notify the Moab Field Office at 435-259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at 435-259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer Office: 435-259-2117
Home: 435-259-2214

DRILLING PLAN
TO ACCOMPANY APPLICATION FOR PERMIT TO DRILL

Company:	Fair Oil LTD.	Well:	Otto G Seal Federal #1
Location:	SEC 19, T. 20 S., R. 9 E. Emery County, Utah	Lease:	UT U80209 Surface Elevation: 5,795'

A. Estimated Tops of Important Geological Markers:

<u>GEOLOGICAL MARKER</u>	<u>DEPTH</u>
Morrison	Surface
Moenkopi	3,200
Kaibab	3,942
White Rim SS	3,989

B. Estimated Depth at which Water, Oil, Gas or other Mineral-Bearing zones are expected to be encountered:

Oil-bearing Kaibab Formation is expected to be encountered from: 3,940

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

C. Pressure Control Equipment:

A 9-inch 3,000-psi WP double gate hydraulic BOP with pipe rams and blind rams will be installed on the 8 5/8 inch casinghead. In addition to the BOP stack, a rotating head will be installed on top of the BOP to assist in sage air drilling operations. The BOP stack will be tested prior to drilling below surface casing. The ram preventers will be tested to 70 percent of the working pressure of the casinghead. The annular will be tested to 50 percent of its working pressure. Operations checks will be made daily or on trips. A BOP schematic is shown on attached Exhibit A.

The BOP system will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings, which are set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order. This inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs. The accumulator system will meet IADC guidelines concerning pump capacities, storage capacity, and reservoir volume. Closing unit fluid volume will be sufficient to pre-charge the system to operating pressure plus 50 percent excess. One set of controls will be in the doghouse on the rig floor and one set will be remote on the drilling pad.

D. Casing Program

Surface Casing: 8-5/8 inches, 24#, J55, LTC, new casing will be set at approximately 300 feet
Production Casing: 5-1/2 inch, 17#, N80, LTC, new casing will be set at TD if productive.

Casing Design Factors

The safety factors on casing strings will equal or exceed the following values:

Collapse	1.00
----------	------

Joint Strength	1.60
Burst	1.33

E. Cement Program

Surface - Cement will be circulated to the surface casing. Casing will be cemented with approximately 200 cu. feet of API Class 'G' cement.

Production - Casing will be cemented with approximately 300 cu. feet of API Class 'G' cement. The actual cement volume will be based upon hole depth and gauge, and will be determined from logs.

Additional additives will be used to retard the cement, accelerate the cement, control lost circulation, or control fluid loss. All cementing will be done in accordance with API cementing practices.

The cement program will be modified to cover and adequately protect water bearing sands if water is encountered while drilling, although no water bearing sands are anticipated.

F. Mud Program and Circulating Medium:

A truck-mounted air-drilling rig will be used to drill the surface hole to 300 feet and to pre-set the surface casing before moving a drilling rig on location to drill the rest of the hole to TD. An air or air/mist system will be used for drilling from below surface pipe at 300 feet to TD. The mud/fluid system will be monitored visually and with a gas chromatograph detector.

G. Coring, Logging, and Testing Program:

- a. Rotary sidewall coring in the Kaibab Sandstone interval may be performed, depending upon shows and hole conditions.
- b. DST's may be run depending upon shows.
- c. The following logging program is planned:
 - a. SDL-GR-CAL over prospective intervals
 - b. DIL-SP-GR-CAL over prospective intervals.
- d. A mud-logging unit with Chromatograph will be used from approximately 1000 feet to TD.
- e. After production casing is installed, a cement bond log will be run to determine the top of cement. Productive zones will then be perforated and swab tested. Water produced during testing will be contained in the temporary reserve pit. All produced oil will be stored and sold. Gas will be flared during testing.

H. Abnormal Conditions and Potential Hazards:

Abnormal conditions such as abnormal temperatures or pressures are not anticipated. Reservoir pressure is only anticipated to be 2,000 psi. Potential hazards such as H₂S are also not anticipated.

**SURFACE USE PLAN
FAIR OIL LTD.
WILDCAT
EMERY COUNTY, UTAH**

1. Existing Roads: (Please reference Topo, Access, and Area Map)
 - a. Location; of the proposed well is approximately 7 miles east of Clawson, Utah.
 - b. Proposed route to location: (Reference Topo, Access, and Area Map).
 - c. Location and description of roads in the area: (Reference Topo, Access, and Area Map).
 - d. Plans for improvement and/or maintenance of existing roads: The existing roads will be maintained in the same or better condition as existed prior to the commencement of operations.

2. Planned Access Roads:
 - a. Access Roads will be constructed using standard equipment and techniques such as the crown-and-ditch method (BLM 1989). Heavy equipment will clear vegetation and topsoil materials form the road surface. Both materials will be windrowed for future redistribution during reclamation. All roads will be constructed with adequate drainage and erosion control features/structures (e.g., cut and fill slopes and drainage ditch stabilization, relief and drainage culverts, water bars, wing ditches, and rip-rap). When needed, four-inches of sand and gravel will be placed on newly constructed roads to provide a year round travel way surface. Dust will be controlled by the use of water or an approved dust retardant, as directed by the Price Field Office Manager. All roads will be maintained in as good or better condition than the existing road condition.
 - b. Maximum grades: Maximum road grades will not exceed 15 percent.
 - c. Location: New roads that will be constructed for access off of the existing roads are flagged. (Refer to submitted Topo, Access and Area Maps).
 - d. Drainage: The road surface will be center crowned with ditches on each side of the road. Slopes will have a maximum slope of 3:1.
 - e. Culverts will be used where necessary during the drilling phase of operations. Further evaluation will be made for the additions of culverts if the road is to have long-term use.
 - f. Surface materials (source): Surface materials will most likely not be required to be transported to the access road or drill pad for construction purposed. However, if gravel is required, the dirt contractor will be responsible for locating and permitting any necessary construction material.

3. Location of Tank Batteries and Production Facilities:

All permanent (on site for six months or longer) structures constructed or installed (including oil well pumpjacks) will be painted a flat, non-reflective, earth tone color to match the standard environmental colors, as determined by the Rocky Mountain 5-State Interagency Committee and in accordance with the EIS for the Ferron Natural Gas Project. This will include all facilities except those required to comply with Occupational Safety and Health Act (OSHA) regulations. These will be painted the color stipulated by OSHA. All facilities will be painted within six months of installation.

All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

If at any time, any off-lease storage, off-lease measurement, or commingling on-lease or off-lease occurs, there shall first be prior written approval from the AO.

Gas meter runs for the well, if needed, will be located within 500 feet of the well head. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream from the meter run or any production facilities. Meter runs will be housed or fenced.

The oil and gas measurement facilities will be installed on each well location. The oil and gas meters will be calibrated in place prior to any deliveries. Test for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be providing with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration reports will be submitted to the Price Field Office. All meter measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

4. Location and Type of Water Supply:

Water supply for drilling and completion purposes will be furnished by a water hauler and will be obtained from the Cottonwood Irrigation Company located nearby.

5. Source of Construction Material:

Native material will be used for road surfacing and pad construction. Should additional construction material be required, it will be the responsibility of the dirt contractor to locate and permit (if necessary) use of that material. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

6. Methods of Handling Waste Disposal

All reserve pits will be lined.

Produced wastewater will be confined to a lined pit for a period not to exceed 90-days after initial production.

Trash will be confined in covered containers and hauled to an approved landfill. Burning of waste or oil is not approved, and spoil material will be kept on site for re-contouring.

No boreholes will be used for disposal of waste materials. Human waste will be contained and will be disposed of at an approved sanitary landfill.

7. Ancillary Facilities:

Associated roads, pipelines, and electric lines will be installed as per attached Figure 2-1

8. Well site Layout:

Please refer to the submitted site layout diagram.

The location and access road will be cleared of vegetation prior to any construction. Any stump left in place will be cut so that the stump height does not exceed 12 inches. All slash less than four inches in diameter will be chipped or scattered outside the cleared area and must be within 24 inches of the ground at all points. All material four inches in diameter or greater will be removed from Federal land, unless otherwise directed. All of the above will take place prior to placement of drilling facilities.

Topsoil and vegetation will be stripped together to a depth of 6 to 8 inches and stockpiled by windrow on the northeast edge of the location. No topsoil stripping will be allowed when soils are moisture saturated to a depth of 3 inches, or frozen below the stripping depth.

The reserve pit will be fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished. Fencing will be four strands of barbed wire or 48-inch woven wire with one strand of barbed wire above woven wire. All corners will be braced with a wooden H-type brace. The fence construction will be on cut or undisturbed ground and the fence will be maintained in a livestock tight condition.

9. Plans for Restoration of Surface:

The Price Field Office Manager will be notified at least 24 hours prior to commencing reclamation work.

Immediately upon completion of drilling, the location and surrounding area will be cleared of all debris, materials, trash, and junk not required for production/

Before any dirt work to restore the location takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc. will be removed.

If well is completed as a producer:

Unneeded areas of the location will be reclaimed as soon as the reserve pit has dried. The access road will be upgraded and maintained as necessary to prevent soil erosion and accommodate year-round traffic. Reshape areas unnecessary to operations, rip or disk on the contour, and seed all disturbed area outside of the work area according to the seed mixture specified by BLM. Save the topsoil for use during final reclamation unless the site can be re-contoured to blend with the natural topography as required for final abandonment. Perennial vegetation must be established. Additional work will be required in case of seeding failures. All permanent facilities placed on the locations will be painted to blend with the natural environment.

If well is abandoned/dry hole:

Restore the access road and location to blend with the natural topography. During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the locations and re-seed according to BLM recommendations. The access road and location will be ripped or disked prior to seeding.

Prepare seed-bed by contour cultivating four to six inches deep. Drill seed ½ to 1 inch deep following the contour. In areas that cannot be drilled, broadcast seed at 1.5 times the application rate and cover ½ inch to 1 inch deep with a harrow or drag-bar.

Fall seeding will be completed after September 1 and prior to ground frost. Spring seeding will be completed after the frost has left the ground and prior to June 1.

Biological soils salvage pre-construction will be broadcast over the newly seeded areas, as per BLM recommendations.

10. Surface and Minerals Ownership

The United States of America, Department of the Interior, Bureau of Land Management, owns the surface and the minerals.

11. Other Information:

There will be no deviation from the proposed drilling and/or work over program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.2.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.2

The dirt contractor will be provided with an approved copy of the APD and Surface Use Plan.

An archaeological survey for the proposed well has been performed by Montgomery Archaeological & Associated and this survey has been submitted to the Utah State Historical Preservation Office (SHPO), Price District BLM, Moab District BLM and the Price Field Office.

The Operator is responsible for informing all persons in that 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 or fossils. The Operator will immediately bring to the attention of the Price Field Office Manager any and all antiquities or other objects of historic or scientific interest including, but not limited to, historic or prehistoric ruins, artifacts, or fossils discovered as a result of operations under this permit. The Operator will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the Price Field Office Manager. Notice to proceed will be based upon evaluation of the cultural significance of the object. Evaluation will be by a qualified professional selected by the Price Field Office Manager from a Federal Agency insofar as practical. When not practical, the Operator will follow the mitigation requirements set forth by the Price Field Office Manager concerning protection, preservation, or disposition of any sites or material discovered. Within five working days the Price Field Office Manager will inform the Operator as to:

Whether materials appear eligible for the National Register of Historic Places;

The mitigation measure(s) the Operator will likely have to undertake before the site can be used (assuming in site preservation is not necessary); and,

A time frame for the Price Field Office Manager to complete an expedited review under 36 CFR 800.11 to conform, through the State Historical Preservation Officer, that the findings of the Price Field Office Manager are correct and that mitigation is appropriate.

If the Operator wishes, at any time, to relocate activities to avoid the expenses of mitigation and/or the delays associated with this process, the Price Field Office Manager will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, in those situations where the Price Field Office Manager determines that mitigation, data recovery and/or salvage excavations are necessary the Operator will bear the cost. The Price Field Office Manager will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Price Field Office Manager that the required mitigation has been completed, the Operator will then be allowed to resume construction.

12. Lessee or Operator's Representatives and Certification:

REPRESENTATIVE

Name: Jay W. Bynum
Phone: (903) 510-6525
Address: 225 South College
Tyler, Texas 75702
Mailing: P.O. Box 689
Tyler, Texas 75710

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 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

FAIR OIL LTD.,

And its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C 1001 for the filing of a false statement.

07-14-03
Date



Jay W. Bynum
Superintendent
Fair Oil LTD.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/04/2003

API NO. ASSIGNED: 43-015-30612

WELL NAME: OTTO G SEAL FED 1
OPERATOR: FAIR OIL, LTD (N2515)
CONTACT: RODNEY THOMSON

PHONE NUMBER: 903-510-6527

PROPOSED LOCATION:

NWNW 19 200S 090E
SURFACE: 0675 FNL 1034 FWL
BOTTOM: 0675 FNL 1034 FWL
EMERY
WILDCAT (1)

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

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU80209
SURFACE OWNER: 1 - Federal

LATITUDE: 39.07275
LONGITUDE: 110.95785

PROPOSED FORMATION: WHRM

RECEIVED AND/OR REVIEWED:

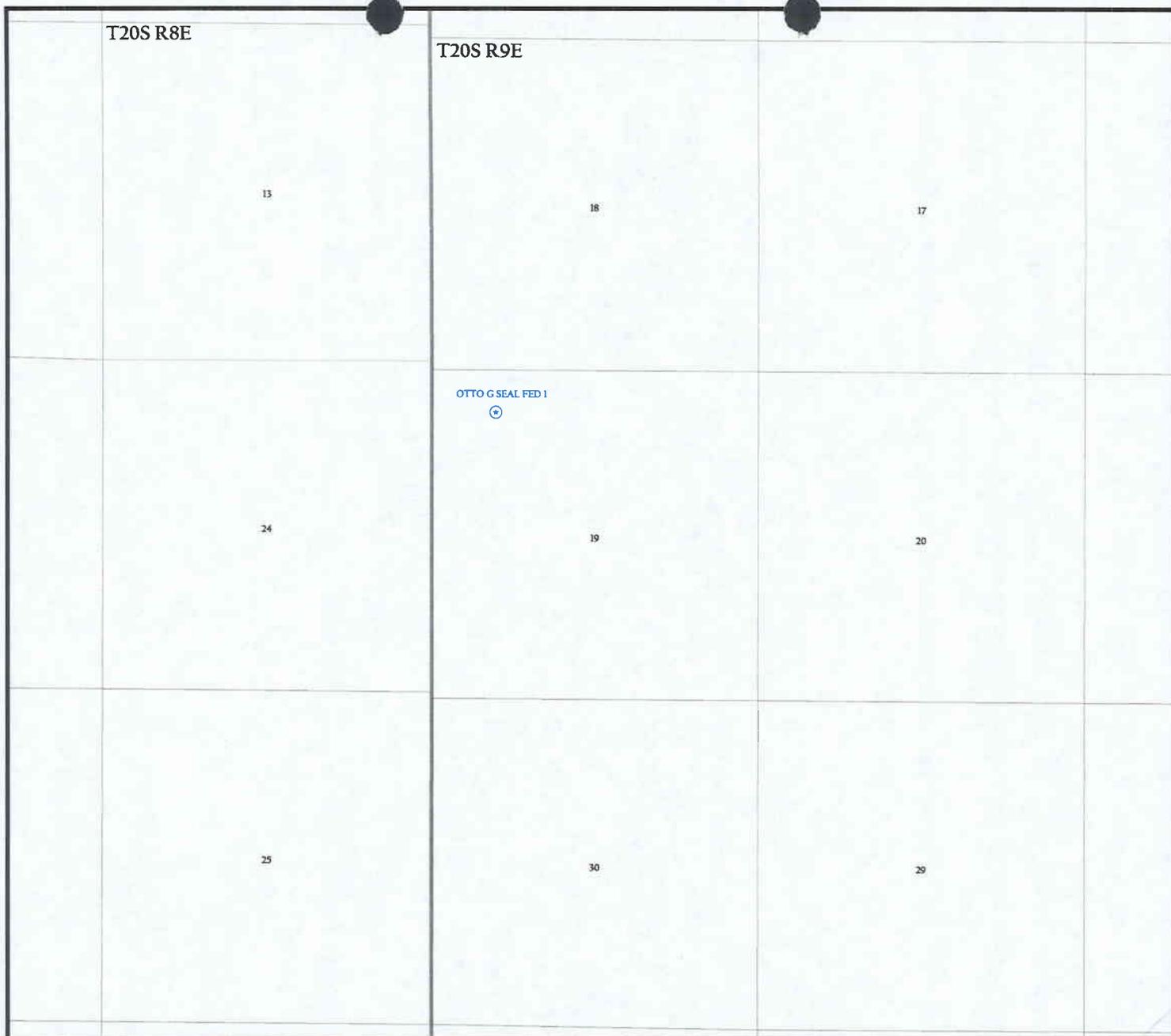
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB000047)
- N Potash (Y/N)
- N Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. Price River)
- N RDCC Review (Y/N)
(Date: _____)
- NA Fee Surf Agreement (Y/N)

LOCATION AND SITING:

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

COMMENTS: _____

STIPULATIONS: 1- Spacing Strip
Already has Federal Approval 8-27-03



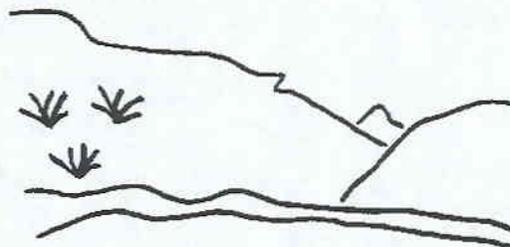
OPERATOR: FAIR OIL LTD (N1665)

SEC. 19 T.20S, R.9E

FIELD: WILDCAT (001)

COUNTY: EMERY

SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining

Wells

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

Unit Status

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

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA MASON
DATE: 09-SEPTEMBER-2003



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

September 15, 2003

Fair Oil, Ltd.
P O Box 689
Tyler, TX 75710

Subject: Otto G Seal Federal #1 Well, 675' FNL, 1034' FWL, NW NW, Sec. 19,
T. 20 South, R. 9 East, 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-015-30612.

Sincerely,


for John R. Baza
Associate Director

ts
Enclosures

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

Operator: Fair Oil, Ltd.
Well Name & Number Otto G Seal Federal #1
API Number: 43-015-30612
Lease: UTU80209

Location: NW NW **Sec.** 19 **T.** 20 South **R.** 9 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling. (Federal approval given August 27, 2003.)

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

DIVISION OF OIL, GAS AND MINING**SPUDDING INFORMATION**Name of Company: FAIR OIL, LTDWell Name: OTTO G SEAL FED 1Api No: 43-015-30612 Lease Type: FEDERALSection 19 Township 20S Range 09E County EMERYDrilling Contractor SAUER'S RIG # 30**SPUDDED:**Date 11/25/03Time 1:00 AMHow ROTARY**Drilling will commence:** _____Reported by JAY BYNUMTelephone # 1-903-780-4913Date 11/25/2003 Signed CHD

006

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

FORM 6

ENTITY ACTION FORM

Operator: Fair Oil, Ltd
Address: P.O. Box 689
city Tyler
state Tx zip 75710

Operator Account Number: N2515
Phone Number: (903) 510-6527

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4301530612	Otto G Seal Federal #1		NWNW	19	20S	9E	Emery
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	13974	11/25/2003		12/4/03		
Comments: <u>WHRM</u>							

K

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Rodney K Thomson

Name (Please Print)
Rodney K Thomson
Signature
Production Manager
Title

12/4/2003
Date

(6/2000)

RECEIVED

DEC 04 2003

DIV. OF OIL, GAS & MINING

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

FORM 9

007

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER:

UT 480209

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

8. WELL NAME and NUMBER:

Otto S. Seal Federal #1

2. NAME OF OPERATOR:

Fair Oil, Ltd.

9. API NUMBER:

43-015-30612

3. ADDRESS OF OPERATOR:

P.O. Box 689 Tyler Tx 75710

PHONE NUMBER:

903-510-6527

10. FIELD AND POOL, OR WILDCAT:

Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 675' FNL + 1034' FWL of Section 19, T20S, R9E COUNTY: Emery

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NW / NW

STATE:

UTAH

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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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"/> 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: _____
	<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.

File drilling report, request confidentiality

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MAR 17 2004

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT)

Rodney K Thomson

TITLE

Production Manager

SIGNATURE

Rodney K Thomson

DATE

3-17-04

FAIR OIL, LTD.
Otto G. Seal Federal #1
Drilling Report
Emery County, Utah

CONFIDENTIAL

11-24-03

Spudded @ 1:00 AM 11-25-03.

11-25-03

Drilled w/ air to 344' - Ran 340' 8-5/8" csg. - cmt. w/ 250 sx of type 5 cmt. w/ 2% CACL & 1/4# per bbl. flowseal - cmt. to surface w/ 23 bbls. return.

11-26-03

Cut conductor & surf. csg., weld bradenhead on, NU BOP's - TIH w/ bit #2 - 7-7/8" Security, SEB 542, SN 10417503 - tagged top of cmt. @ 271'.

11-27-03

Repair Buey line, thaw frozen water line - drill cmt. @ 271' - drill 72' through cmt. to formation - tagged formation @ 342' - repair split shaft chain - dev. survey 1 1/2" @ 505' - drilled to 621'.

11-28-03

Last 24 hrs. drilling - 350'

Drilling @ 621' w/ air - Survey 2 3/4" @ 992' - TOOH w/ bit #2 @ 1427', tight conn. on tool jts. - TIH w/ bit #3, 7-7/8", Reed, KP2977 - dev. survey 3 3/4" @ 1469' - drill to 1520'.

11-29-03

Last 24 hrs. drilling - 899'

Drilling @ 1520' w/ air - Survey 5.75" @ 1670', 6.50" @ 1825', 6.50" @ 1870', 3.75" @ 2287' - drilled to 2389'.

11-30-03

Last 24 hrs. drilling - 869'

Drilling @ 2389' w/ air - Install rotating head - drill in at 2444', trip for bit #4, 7-7/8", Sec. X8-27, SN 10537042 - run check - shot survey @ 1708' w/ 6.50" totco - drill to 2617' - circ. fluid out of hole to mud tanks - dev. survey 1.75" @ 2764' - drill to 2820'.

12-01-03

Last 24 hrs. drilling - 431'

Drilling @ 2820' - Lubricate rig - Survey 2.00" @ 3255' - Blow & circ. hole till clean @ 3470' - repair rig @ 3492' - floor motor went down, wait on parts & mec.

12-02-03

Last 24 hrs. drilling - 672'

12-03-03

RD - waiting on new engine - 8 hrs. to install - expect to resume drlg. 8:00 PM tonight.

12-05-03

Waiting on rig repair - drum clutch sprocket being repaired.

12-06-03

Repair rig drum clutch & roller bearings - trip for bit #5, 7-7/8", Sec. X842S, SN 10552747 - TIH to 2400' & break circ - PU Kelly & break circ. - set back Kelly & cont. TIH to 3502'.

12-07-03

Ream & wash 18 F.T. - drilling to 3882' - dev. survey 4.25" @ 3850' - circ. hole - air jammer equipment down - TOH to 1800' - circ. & pump reserve pit dn. hole @ 1807' - waiting on repair to air jammer.

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MAR 17 2004

DIV. OF OIL, GAS & MINING

FAIR OIL, LTD.
Otto G. Seal Federal #1
Drilling Report
Emery County, Utah

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MAR 17 2004

DIV. OF OIL, GAS & MINING

12-08-03

Circ. pump reserve pit water dn. hole – trip in 10 stds. – circ. reserve pit water dn. hole – trip in – drill 3882-3957' – lubricate rig – trip out 20 stds. to work on pump – repair rig work on pump – RU pump clutch & guards – TIH 20 stds. – press. up pump 1 – plugged bit – work plugged bit – drill 3867-3980' – circ. samples every 10 min. – drill 3980-3987' – circ. samples, condition hole for trip - TOOH for bit #6 (loss of penetration & metal cutting in samples) – slip & cut 100' drill line & make up bit #6.

12-09-03

Last 24 hrs. drilling – 105'

Cut off drill line – trip in install RO rubber – reaming 85' to btm – circ. hole clean – drill to 4080 – circ. for samples up – unload hole – pump press. up to 900# – bleed off pump – air out pump & Weatherford line – drill to 4155. New TD 4240'. Expect to reach TD this evening.

12-10-03

Last 24 hrs. drilling – 168'

Drill to 4230 – short trip to collars (strap pipe on way out) – TIH w/ 58 stds. & 1 single – ream 35' to bottom – circ. & condition hole for logs (moving pipe every 15 min.) – circ. bottoms up w/ 10 gal. of polymer sweep – clean floor & drop survey – TOOH for logs – RU loggers.

12-11-03

TOH for logs – RU logging crew – work blind rams – service rig – Wireline logs w/ Schlumberger – tear dn. Schlumberger – TIH to 1900' – Kelly up & break circ. – press. up on formation est 1200 bbls. pumped away – break Kelly & TIH (ck. for flow none) – Kelly up & ream 62' to bottom – circ. RU lay down crew – lay dn. drill pipe – preparing to run 5-1/2" csg. - BLM has been notified.

12-12-03

Lay dn. drill pipe – brake Kelly & Kelly swivel – RU csg. crew & run 5-1/2" csg. w/ T & M Casers – hook up circ. swedge & wash dn. 20' of csg. to bottom – RD csg. crew – RU 1st stage cmt. w/ Halliburton – circ. & wait on 1st stage of cmt. – RU 2nd stage cmt w/ Halliburton – ND BOP & set csg. slips – continue to RD blooie lines.

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: FAIR OIL, LTD Today's Date: 05/10/2004

Well:	API Number:	Drilling Commenced:
OTTO G SEAL FED 1 T20S R09E SEC 19 LAST DRILLING REPORT THRU 12/12/2003	4301530612	11/25/2003

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

009

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

AMENDED REPORT [] FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:
UT U80209

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME
Otto G. Seal Federal

8. WELL NAME and NUMBER:
Otto G. Seal Federal #1

9. API NUMBER:
48-015-30612

10. FIELD AND POOL, OR WILDCAT
Wildcat

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
NWNW 19 20S 9E

12. COUNTY Emery 13. STATE UTAH

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [] GAS WELL [] DRY [x] OTHER []

b. TYPE OF WORK: NEW WELL [x] HORIZ. LATS. [] DEEP-EN [] RE-ENTRY [] DIFF. RESVR. [] OTHER []

2. NAME OF OPERATOR: Fair Oil, Ltd

3. ADDRESS OF OPERATOR: P.O. Box 689 CITY Tyler STATE TX ZIP 75710 PHONE NUMBER: (903) 510-6527

4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 675' FNL & 1034' FWL Sec 19,T20S,R9E AT TOP PRODUCING INTERVAL REPORTED BELOW: AT TOTAL DEPTH:

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RECEIVED MAY 14 2004

DIV. OF OIL, GAS & MINING

14. DATE SPUNDED: 11/24/2003 15. DATE T.D. REACHED: 12/10/2003 16. DATE COMPLETED: 3/24/2004 17. ELEVATIONS (DF, RKB, RT, GL): DF 5792.5, GL 5781.5

18. TOTAL DEPTH: MD 4,230 TVD 19. PLUG BACK T.D.: MD 4,199 TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) Platform Express, CNL-GR-CCL, CBL-GR/CCL 23. WAS WELL CORED? NO [x] YES [] WAS DST RUN? NO [x] YES [] DIRECTIONAL SURVEY? NO [x] YES []

24. CASING AND LINER RECORD (Report all strings set in well)

Table with columns: HOLE SIZE, SIZE/GRADE, WEIGHT (#/ft.), TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP **, AMOUNT PULLED

25. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS 27. PERFORATION RECORD

Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD), INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

Table with columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS: 30. WELL STATUS:

[x] ELECTRICAL/MECHANICAL LOGS [] GEOLOGIC REPORT [] DST REPORT [] DIRECTIONAL SURVEY [] SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION [] CORE ANALYSIS [] OTHER: T&A

CONFIDENTIAL PERIOD EXPIRED ON 4-29-05

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

no gas

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) Rodney K Thomson TITLE Production Manager
 SIGNATURE *Rodney K Thomson* DATE 5/12/2004

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining Phone: 801-538-5340
 1594 West North Temple, Suite 1210
 Box 145801 Fax: 801-359-3940
 Salt Lake City, Utah 84114-5801

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JUL 18 2005

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR DIV. OF OIL, GAS & MINING
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. **UT U80209**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No. **OTTO B. SEAL FEDERAL #1**

9. API Well No. **43-015-30612**

10. Field and Pool, or Exploratory Area
Wildcat

11. County or Parish, State
Emery

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Fair Oil, Ltd.

3a. Address
P.O. Box 689 Tyler Tx 75710

3b. Phone No. (include area code)
903-510-6527

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
675' FNH + 1034' FWL, Sec. 19, T20S, R9E

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input checked="" type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

H-21-05 Set CIBP e 4000' with 50' cement plug on top

Load hole with Gel

Pump balanced cement plug from 2311' to 1900' w/46 sks

Perforate 388' to 390', pump cement to surface w/30 sks

Pull out of cement retainer, pump cement to surface

inside 5 1/2" casing using 41 sks cement.

Cut off casing, install marker as requested.

Fill reserve pit, reclaim location & lease road to

original condition, sow seeds as directed

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

Name (Printed/Typed) **Rodney K Thomson** Title **Production Manager**

Signature *Rodney K Thomson* Date **7-15-05**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office _____

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

(Instructions on reverse)