

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

001

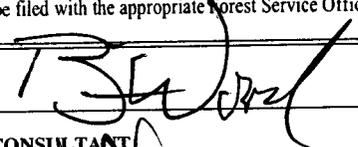
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-069403</b>
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator <b>MERRION OIL &amp; GAS CORPORATION</b>		7. If Unit or CA Agreement, Name and No. N/A
3a. Address <b>610 REILLY AVE. FARMINGTON, NM 87401</b>	3b. Phone No. (include area code) <b>(505) 324-5300</b>	8. Lease Name and Well No. <b>WOOLY BUGGER #1</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface <b>SWSW 200 FSL &amp; 110 FWL 488699X 39.176230</b> At proposed prod. zone <b>SAME 4336133Y - 111.130832</b>		9. API Well No. <b>43-015-30619</b>
14. Distance in miles and direction from nearest town or post office* <b>6 AIR MILES SW OF CASTLE DALE</b>		10. Field and Pool, or Exploratory <b>BUZZARD BENCH</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>228'</b>	16. No. of acres in lease <b>2,100.67</b>	11. Sec., T. R. M. or Blk. and Survey or Area <b>10-19S-7E SLM</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>1,056' (Ferron Fed. 16)</b>	19. Proposed Depth <b>3,300'</b>	12. County or Parish <b>EMERY</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>6,185' GL</b>	22. Approximate date work will start* <b>04/01/2005</b>	13. State <b>UT</b>
17. Spacing Unit dedicated to this well <b>SW4</b>		
20. BLM/BIA Bond No. on file <b>NM-0883</b>		
23. Estimated duration <b>2 WEEKS</b>		
24. Attachments		

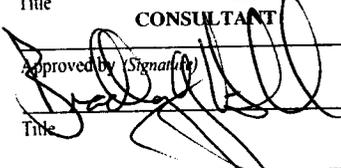
RECEIVED  
MAR 03 2005  
DIV. OF OIL, GAS & MINING

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

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

25. Signature 	Name (Printed/Typed) <b>BRIAN WOOD</b>	Date <b>02/26/2005</b>
---	---	---------------------------

Title **CONSULTANT** PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) 	Name (Printed/Typed) <b>BRADLEY G. HILL</b>	Date <b>03-08-05</b>
Title	<b>ENVIRONMENTAL SCIENTIST III</b>	

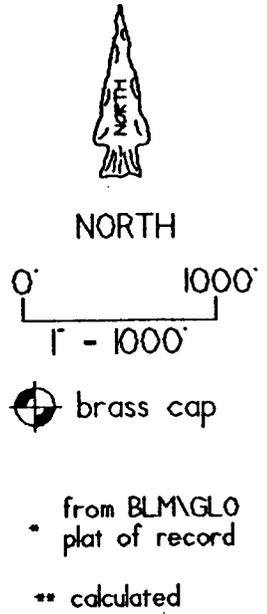
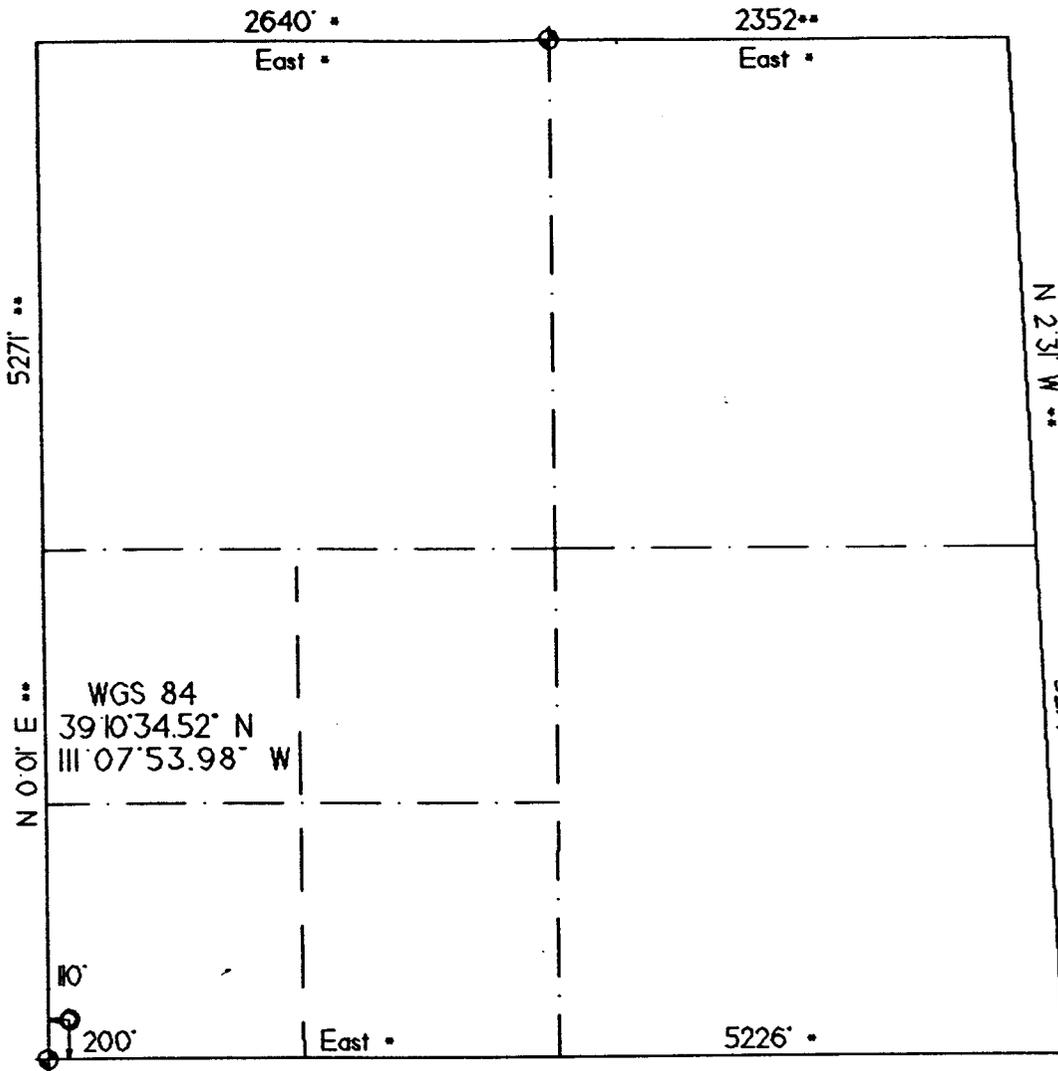
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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 page 2)

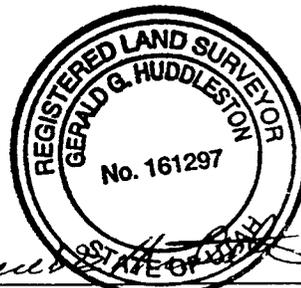
**Federal Approval of this  
Action is Necessary**

Well Location Plat



Well Location Description

MERRION OIL & GAS CORPORATION  
 Woolly Bugger # 1  
 200' FSL & 110' FWL  
 Section 10, T.19 S., R.7 E., SLM  
 Emery County, UT  
 6185' grd. el. ( from GPS )



04/28/04

Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

Merrion Oil & Gas Corporation  
 Wooly Bugger #1  
 200' FSL & 110' FWL  
 Sec. 10, T. 19 S., R. 7 E.  
 Emery County, Utah

### Drilling Program

<u>1. Formation Name</u>	<u>Depth from GL</u>	<u>Depth from KB</u>	<u>Elevation</u>
Mancos Shale	0'	12'	+6,185'
Emery Sandstone	599'	611'	+5,586'
Blue Gate Shale	1,191'	1,203'	+4,994'
Ferron Sandstone	2,741'	2,753'	+3,444'
Total Depth	3,300'	3,312'	+2,885'

### 2. NOTABLE ZONES

Ferron is the goal. No other oil or gas zones are expected. Coal zones are the only anticipated water zones.

### 3. PRESSURE CONTROL (Also see "5." on PAGE 2)

A 2,000 psi double ram BOP with 2,000 psi choke manifold will be used from bottom of surface casing to TD. (A typical 2,000 psi BOP is on Page 3. Actual model will not be known until the bid is let.) After surface and intermediate casing are each cemented for 8 hours, will nipple up BOP and test each to  $\approx$ 1,500 psi for 15 minutes each. Tests will be recorded in the driller's log. BOPs will be inspected and operated daily.

### 4. CASING & CEMENTING

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u><math>\approx</math> Setting Depth</u>
12-1/4"	8-5/8"	24	J-55	L T & C	New	250'
7-7/8"	5-1/2"	15.5	J-55	L T & C	New	3,300'

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah

PAGE 2

Will place centralizer on each joint of surface casing. Surface casing will be circulated to surface with  $\approx 245$  sacks Class B or Class H + 3%  $\text{CaCl}_2$ . Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack. Excess: >100%.

Long string will be cemented to surface. Will install float collar with float on top of the shoe joint of the production casing. Will cement production casing to surface. Lead with  $\approx 20$  barrels gel water followed by  $\approx 10$  barrels for a spacer followed by  $\approx 375$  sacks 50/50 Poz with 8% gel + 10% CalSeal + 1/4 pound per sack Flocele (slurry = 12.5 pounds per gallon & 1.9 cubic feet per sack. Tail with  $\approx 100$  sacks Type V with 10% CalSeal + 1%  $\text{CaCl}_2$  + 1/4 pound per sack Flocele (slurry = 14.2 pounds per gallon & 1.61 cubic feet per sack. Total volume = 873 cubic feet calculated at  $\approx 50\%$  excess of gauge hole. Exact volumes will be determined from caliper log. All slurries will include lost circulation additives since lost circulation is anticipated.

#### 5. MUD PROGRAM

Will drill surface hole with fresh water gel. Will air drill production hole with 2,400 scfm air/mist. Lost circulation material will be on location.

#### 6. DATA GATHERING

Starting with production hole, will run SS surveys with azimuth every 500'. If build rate is  $\geq 1'$  per 100', then SS surveys will be run at 100' intervals. Will also run SS survey at TD. No cores or drill stem tests are planned at this time. Will run caliper, Gamma Ray/Collar log, and Compensated Neutron log.

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah

PAGE 4

7. DOWN HOLE CONDITIONS

Maximum anticipated bottom hole pressure is  $\approx$ 1,000 psi. No hydrogen sulfide, abnormal pressures, nor abnormal temperatures are expected.

8. MISCELLANEOUS

Projected spud date is upon approval. It will take  $\approx$ 5 days to drill the well and  $\approx$ 4 days to complete the well.

Will complete well by moving in frac tanks. Tanks will be filled with 2% KCl. Will install frac valve and pressure test casing to  $\approx$ 4,000 psi. Will run Gamma Ray/Collar log (and Compensated Neutron log if no open hole logs) and then perforate. Will stimulate and allow well to flow. Run 2-3/8" tubing with notched collar on bottom and seating nipple on top of the bottom joint. Clean hole with air or nitrogen.

## Surface Use Plan

### 1. EXISTING ROADS & DIRECTIONS (See PAGES 10 - 12)

From the equivalent of Mile Post 33.1 on U-10 south of Castle Dale, Utah ...  
Go West 2.4 miles on dirt County Road 604 to a dam  
Bear right at the top of the dam and continue Northwest 1.6 miles  
Then turn right at a lath and go North  $\approx 10'$  cross country to the pad

### 2. ROAD TO BE BUILT OR UPGRADED (See PAGES 11 & 12)

The last  $\approx 10'$  of road will be crowned and ditched with a  $\approx 14'$  wide running surface. Maximum disturbed width will be  $\approx 30'$ . Maximum cut or fill will be 6'. Maximum grade will be 10%. No culvert is needed. No fence is crossed. No turn out is needed. No upgrading is needed for the existing road.

### 3. EXISTING WELLS (See PAGE 11)

One gas well and one plugged well are within a mile. There are no existing oil, water, injection, or disposal wells within a mile.

### 4. PROPOSED PRODUCTION FACILITIES (See PAGE 12)

A 2 phase separator, 100 barrel water tank, meter run, and pump will be installed on the pad. All surface equipment will be painted a flat dark olive green color. A 3" steel Schedule 40 (burst pressure  $>1,000$  psi) gas pipeline will parallel the new road for  $\approx 10'$ . The line (operating pressure  $<500$  psi) will be buried. The new gas line will tie into Merrion's existing 4" steel gas line on the north side of the existing road.

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah

PAGE 6

#### 5. WATER SUPPLY

Water will be trucked from Neilson Construction Company east of Huntington in 19-17s-9e (water right #93-300).

#### 6. CONSTRUCTION MATERIALS & METHODS

Soil and brush will be stripped and stockpiled north of the pad. Diversion ditch will be cut north and west of the pad. The reserve pit will be lined with minimum 12 mil plastic. Southwest corner of the pad will be rounded to reduce fill.

#### 7. WASTE DISPOSAL

The reserve pit will be fenced 4' high on 3 sides with 4 strands of barbed wire or woven wire topped with barbed wire. The fourth side will be fenced once the rig moves off hole. The fence will be kept in good repair while the pit dries. No fluids will be discharged in the flare pit.

All trash will be placed in a trash cage. When full, it will be hauled to a state approved landfill. There will be no trash burning or disposal of trash in the reserve pit. Chemical toilets will be used for human waste. Their contents will be disposed of in state approved facilities.

No oil will be allowed on the reserve pit. Any oil which accumulates on the pit will be pumped or skimmed off and hauled to a state approved recycle facility. Once dry, the reserve pit contents will be buried in place. The pit will be back filled sufficiently deep so that no liner is exposed.

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah

PAGE 7

#### 8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Camper trailers will be on site for the company man, roughnecks, mud logger, tool pusher, etc.

#### 9. WELL SITE LAYOUT

See PAGES 12 and 13 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation.

#### 10. RECLAMATION

After completing drilling, the well site and immediate area will be cleared of all debris and material not needed for production.

Reclamation will start when the reserve pit is dry. At least 2' of cover will be placed on the reserve pit. All areas not needed for production will be back filled, contoured to match natural contours, and reserved topsoil and brush evenly spread. If the well is a producer, then enough topsoil will be kept aside to reclaim the rest of the pad. Disturbed areas will be ripped, harrowed, or scarified before seeding.

All reclaimed areas will be broadcast seeded in late fall or winter with seed mix specified by BLM. Seeded areas will be left rough and lightly harrowed or drug with a chain after seeding.

#### 11. SURFACE OWNER

All construction is on lease and on BLM.

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah

PAGE 8

## 12. OTHER INFORMATION

Closest hospital is an hour drive north in Price. The Castlevue Hospital is at 300 North Hospital Drive. Phone number is (435) 637-4800.

Archaeology report CASA 04-65 filed June 16, 2004.

This APD is also an application for approval of an exception location. The well is staked 260' too far south and 350' too far west. I am requesting an exception because of topography (contour lines on west half of topo map are at 40' intervals). Steep to vertical slopes in the north and east of the drilling window force the location south and west.

The well is staked at 200' FSL & 110' FWL on a 2,100.67 acre BLM lease. Merrion is requesting permission to drill at 200' FSL & 110' FWL 10-19s-7e. This is the only oil or gas well, existing or planned, in the "quarter" section. Closest (1,056') well of any type is Merrion's existing Ferron Federal 16-9-19-7 at 200 FS & 110 FW 10-19s-7e. Closest lease line is 228' southwest, but Merrion is the operator of the offset lease. Merrion is owner of all drilling units within a minimum 3,676' radius of the proposed exception. Merrion is the owner of all 8 of the 8 offset quarter sections.

## 13. REPRESENTATION

Anyone having questions concerning the APD should contact:

Brian Wood  
Permits West, Inc.  
37 Verano Loop  
Santa Fe, NM 87508  
(505) 466-8120    FAX: (505) 466-9682    Mobile: (505) 699-2276

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah

PAGE 9

The field representative during drilling and production will be:

John Thompson  
Merrion Oil & Gas Corporation  
610 Reilly Ave.  
Farmington, NM 87401  
(505) 327-94-5300      FAX (505) 324-5350      Mobile: (505) 320-1748

I hereby certify Merrion Oil & Gas Corporation has the necessary consents from the proper lease and unit interest owners to conduct lease and unit operations in conjunction with this APD. Bond (NM-0883) coverage *per* 43 CFR 3104 for lease activities is being provided by Merrion Oil & Gas Corporation.

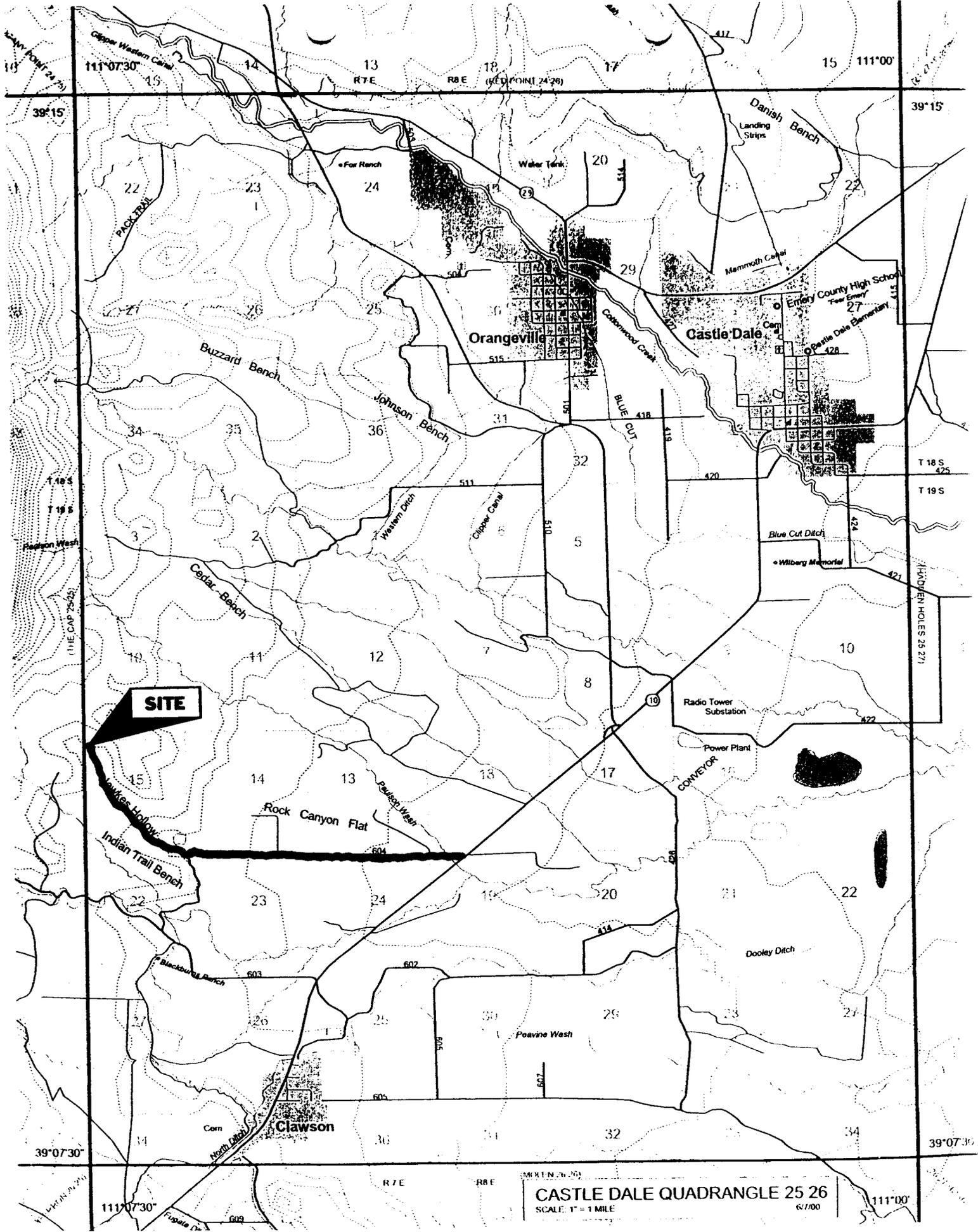
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Merrion Oil & Gas Corporation 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.



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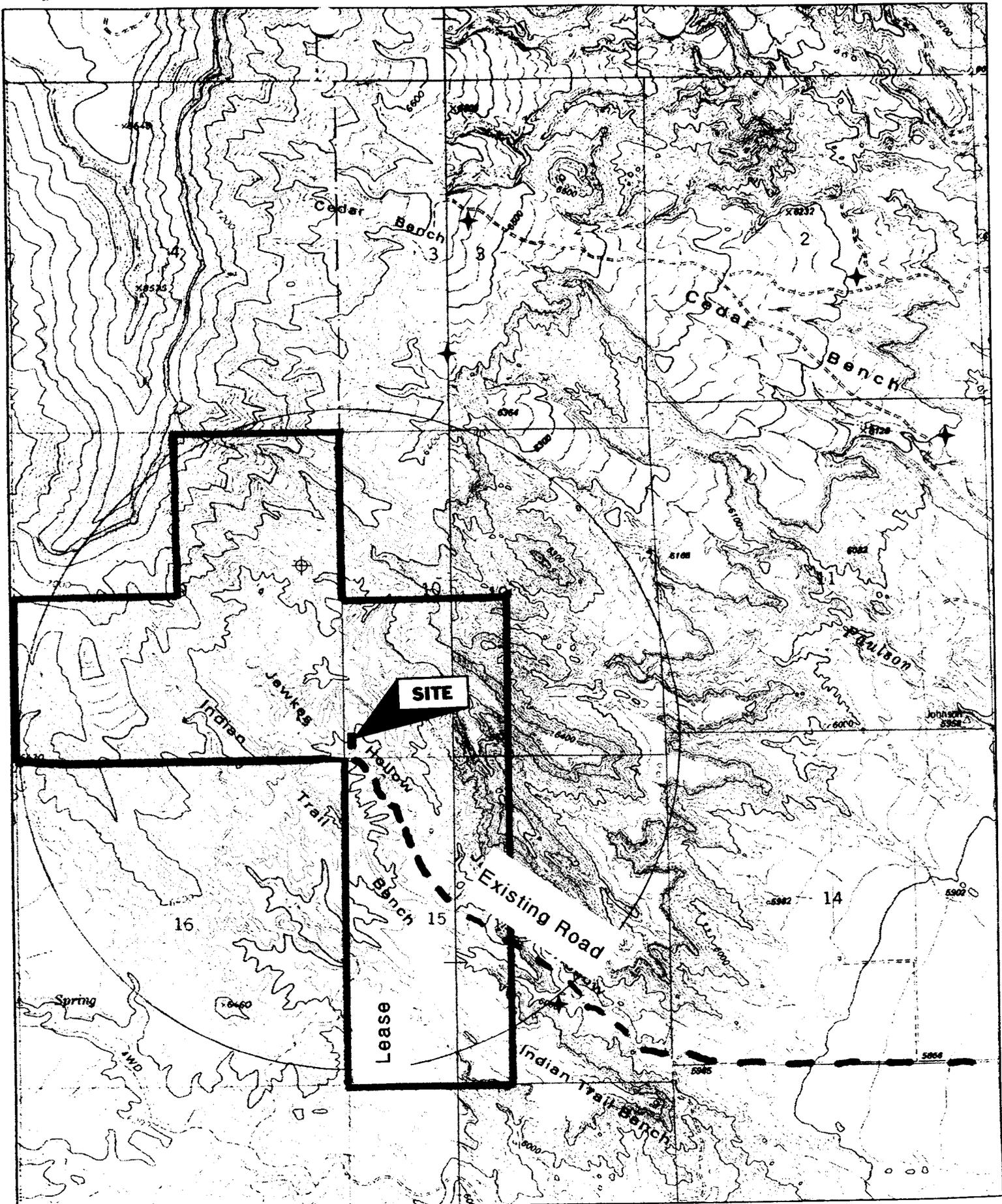
Brian Wood, Consultant

February 26, 2005



**SITE**

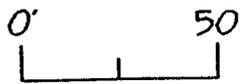
CASTLE DALE QUADRANGLE 25 26  
SCALE: 1" = 1 MILE  
6/700



Name: CASTLE DALE  
 Date: 8/16/2004  
 Scale: 1 inch equals 2000 feet

Location: 039.1823313° N 111.1227216° W  
 Caption: 10, 19S-7E

Wooly Bugger # 1  
well pad & section



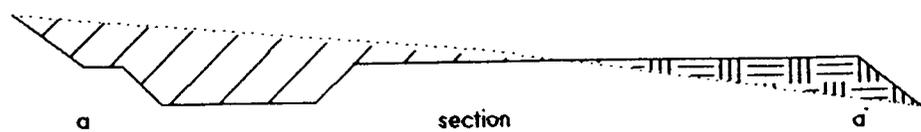
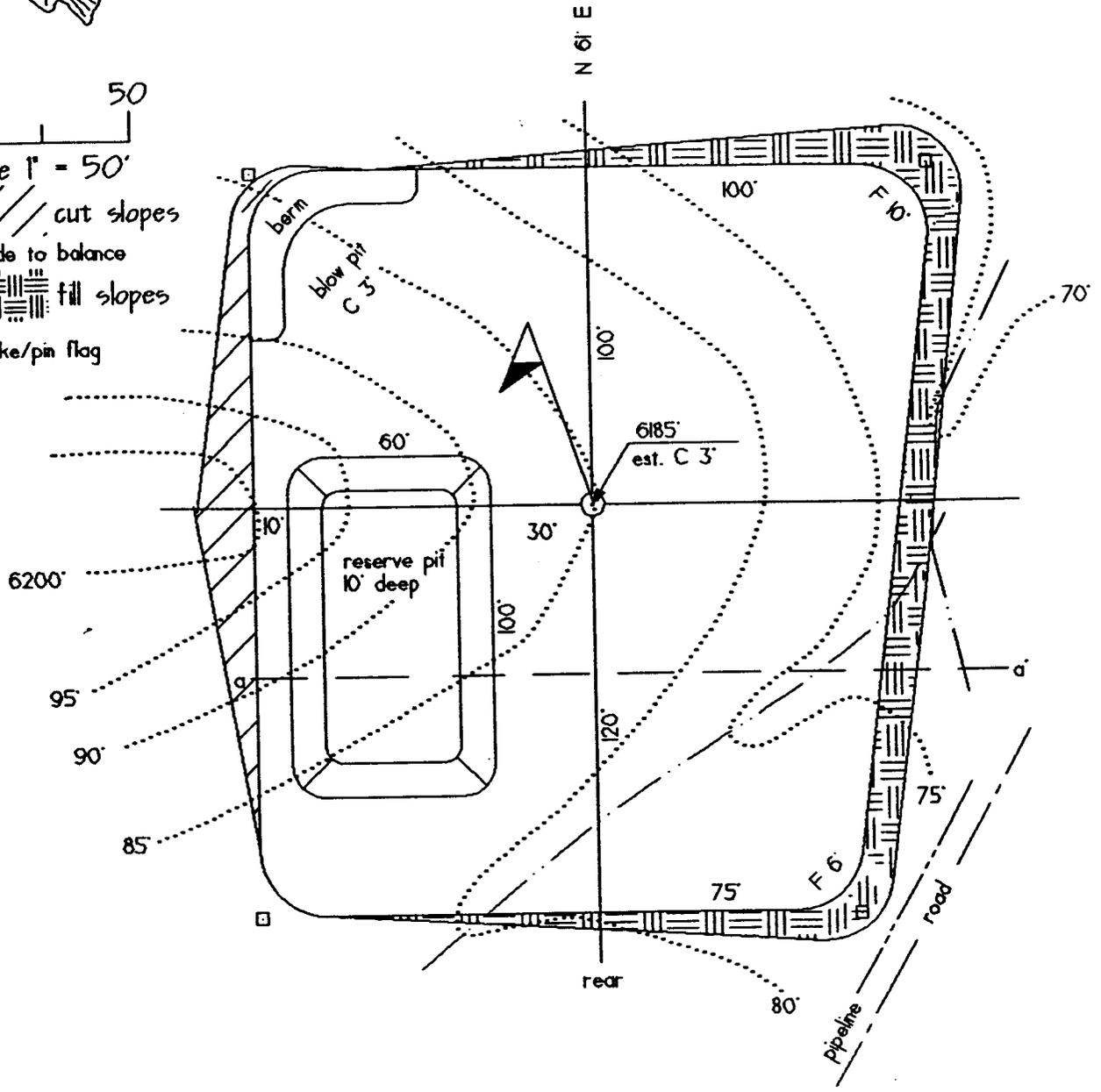
Scale 1" = 50'

cut slopes

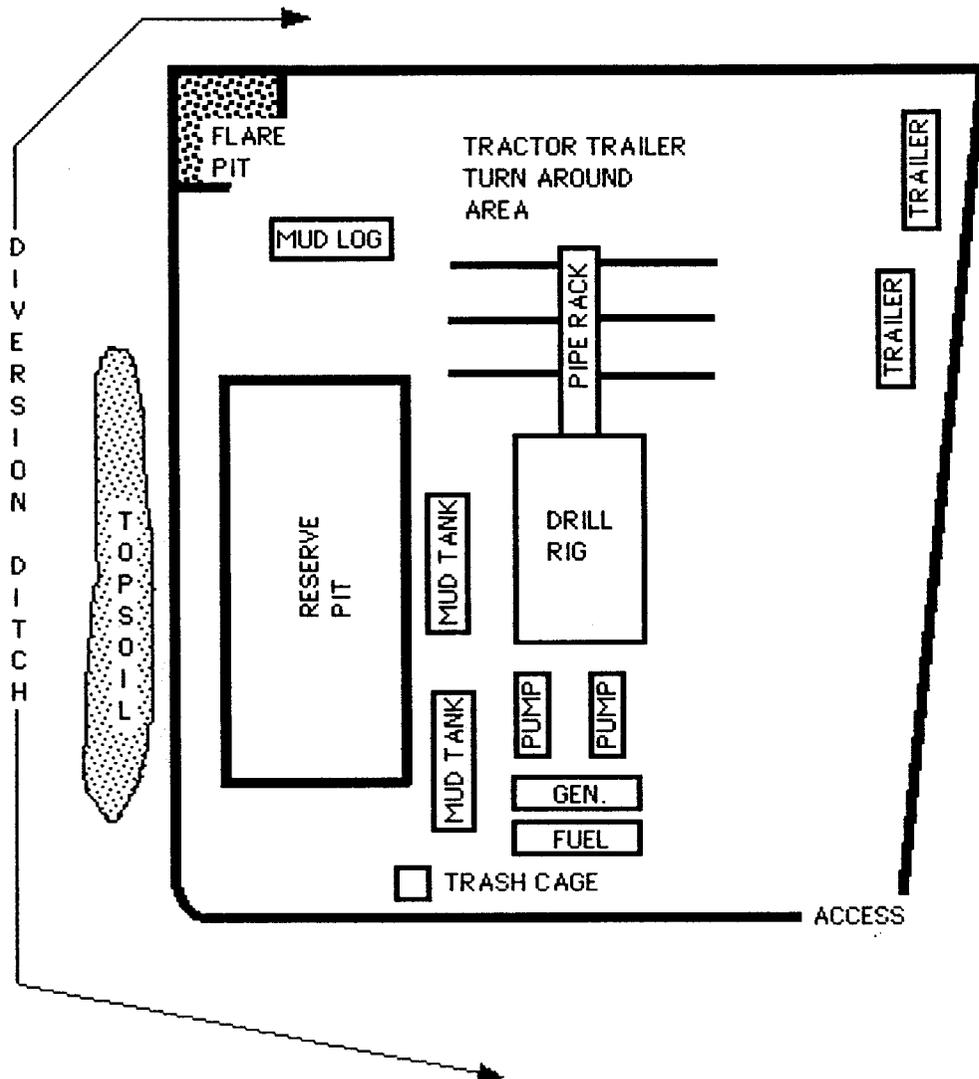
grade to balance

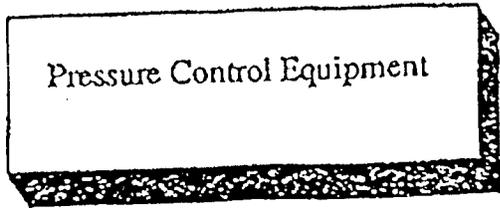
fill slopes

stake/pin flag



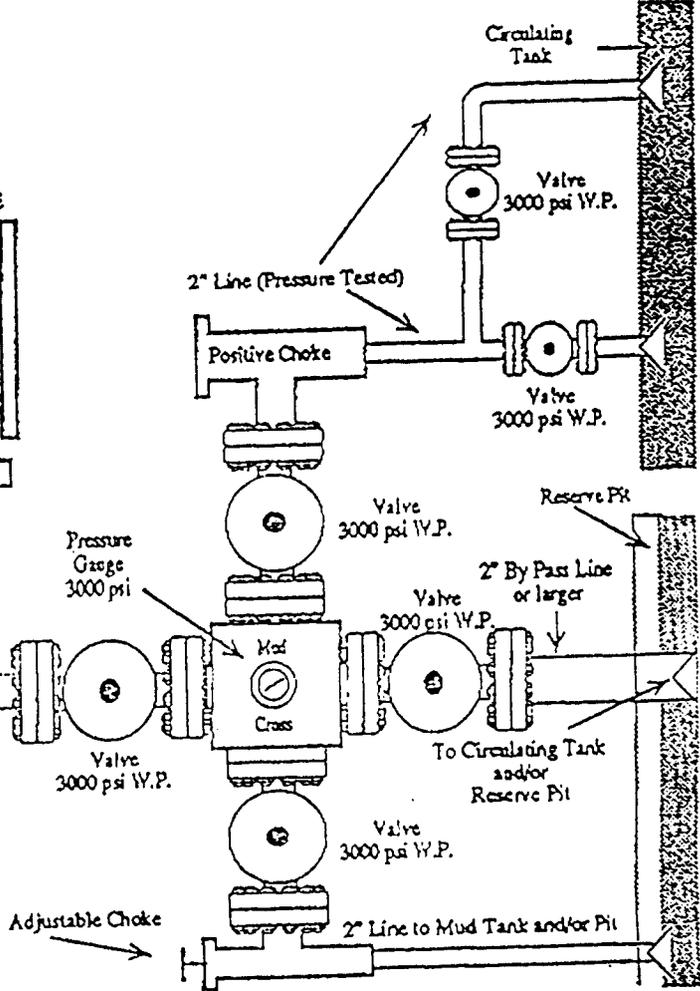
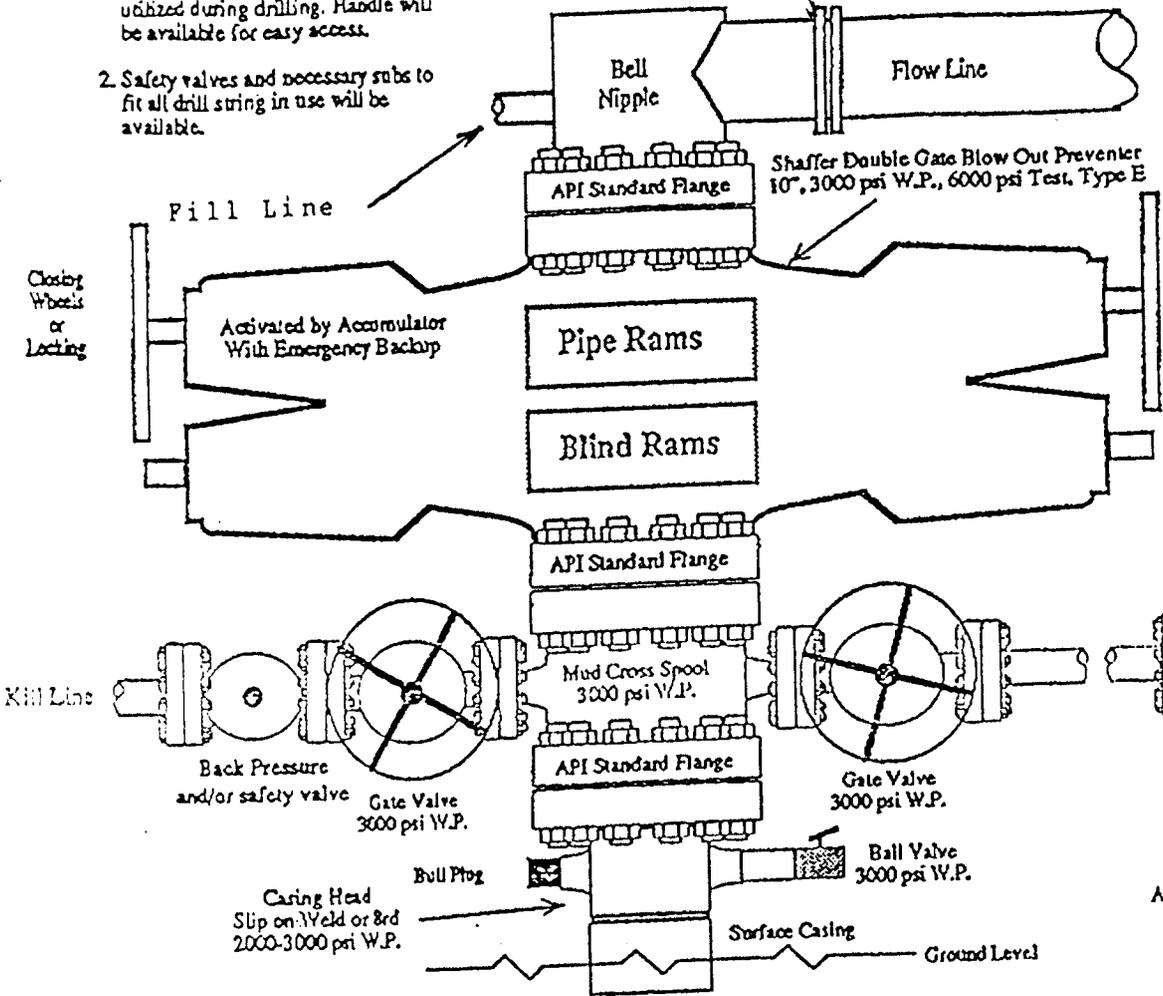
Merrion Oil & Gas Corporation  
Wooly Bugger #1  
200' FSL & 110' FWL  
Sec. 10, T. 19 S., R. 7 E.  
Emery County, Utah





Minimum 2" Choke Line.  
 Minimum 2" Kill Line.  
 At Least One 2" Minimum Kill Line Valve.

- Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.  
 2. Safety valves and necessary subs to fit all drill string in use will be available.



Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.

WORKSHEET

APPLICATION FOR PERMIT TO DRILL

003

APD RECEIVED: 03/03/2005

API NO. ASSIGNED: 43-015-30619

WELL NAME: WOOLY BUGGER #1

OPERATOR: MERRION OIL & GAS CORP ( N0630 )

CONTACT: BRIAN WOOD

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

SWSW 10 190S 070E
SURFACE: 0200 FSL 0110 FWL
BOTTOM: 0200 FSL 0110 FWL
EMERY
BUZZARD BENCH ( 132 )

Table with 3 columns: Tech Review, Initials, Date. Rows include Engineering, Geology, Surface.

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-069403

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? NO

LATITUDE: 39.17623

LONGITUDE: -111.1308

RECEIVED AND/OR REVIEWED:

- Plat
Bond: Fed[1] Ind[] Sta[] Fee[] (No. NM-0883 )
Potash (Y/N)
Oil Shale 190-5 (B) or 190-3 or 190-13
Water Permit (No. 93-300 )
RDCC Review (Y/N) (Date: )
Fee Surf Agreement (Y/N)

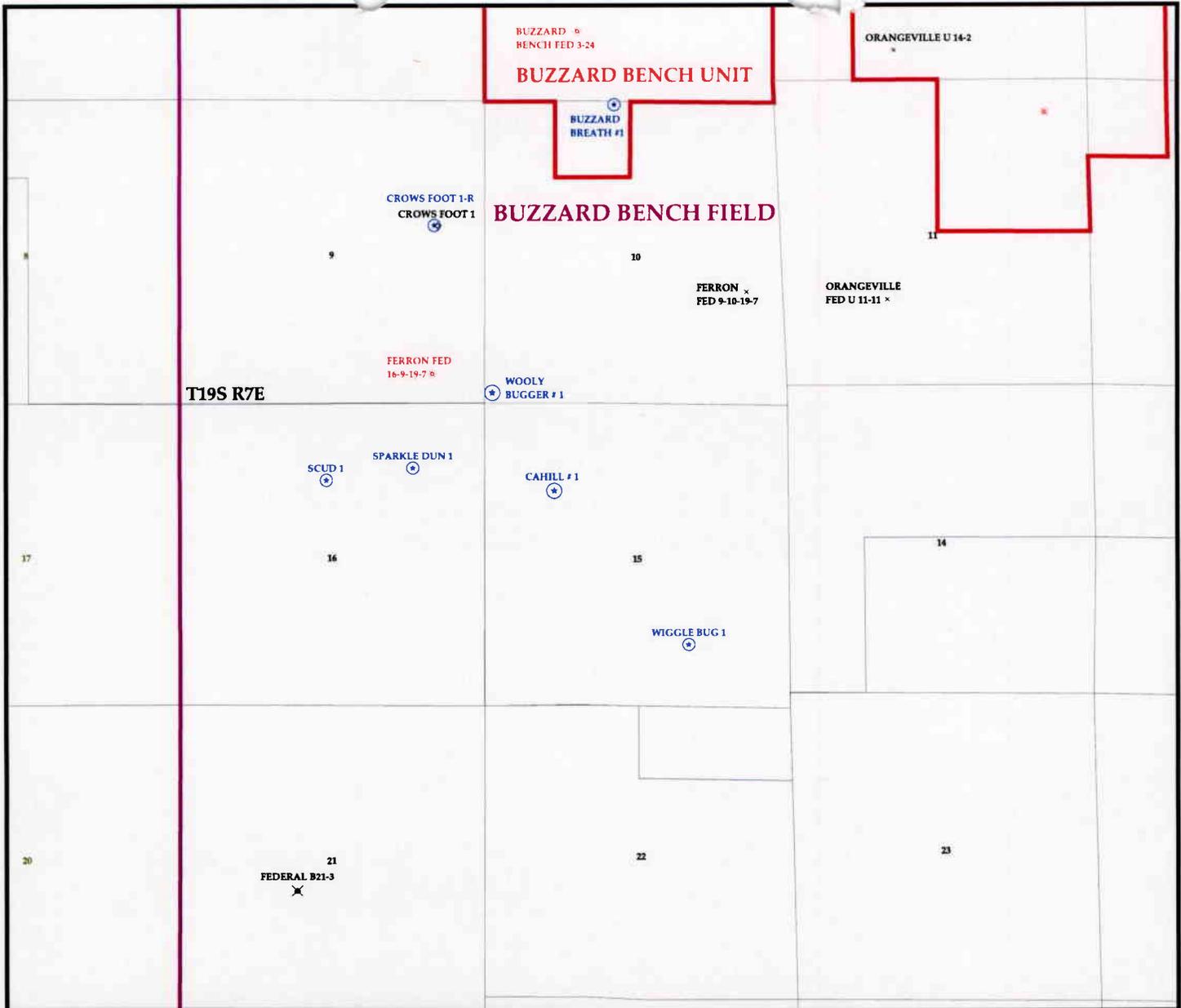
LOCATION AND SITING:

- 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- Federal Approval
2- Spacing Strip



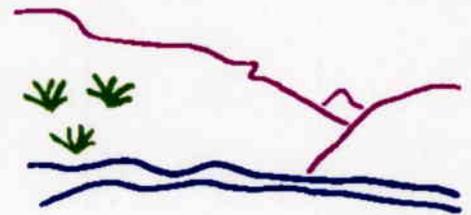
OPERATOR- MERRION O&G CORP (N0630)

SEC. 15 & 10 T.19S R.7E

FIELD: BUZZARD BENCH (132)

COUNTY: EMERY

SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
DATE: 3-MARCH-2005

Wells	Units.shp	Fields.shp
♣ GAS INJECTION	□ EXPLORATORY	□ ABANDONED
○ GAS STORAGE	□ GAS STORAGE	□ ACTIVE
× LOCATION ABANDONED	□ NF PP OIL	□ COMBINED
⊕ NEW LOCATION	□ NF SECONDARY	□ INACTIVE
⊖ PLUGGED & ABANDONED	□ PENDING	□ PROPOSED
⊛ PRODUCING GAS	□ PI OIL	□ STORAGE
● PRODUCING OIL	□ PP GAS	□ TERMINATED
⊙ SHUT-IN GAS	□ PP GEOTHERML	
⊙ SHUT-IN OIL	□ PP OIL	
⊙ TEMP. ABANDONED	□ SECONDARY	
○ TEST WELL	□ TERMINATED	
△ WATER INJECTION		
♣ WATER SUPPLY		
♣ WATER DISPOSAL		



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

MARY ANN WRIGHT  
*Acting Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

March 8, 2005

Merrion Oil & Gas Corporation  
610 Reilly Ave  
Farmington, NM 87401

Re: Wooly Bugger #1 Well, 200' FSL, 110' FWL, SW SW, Sec. 10, T. 19 South,  
R. 7 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 43-015-30619.

Sincerely,

for John R. Baza  
Associate Director

pab  
Enclosures

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

**Operator:** Merrion Oil & Gas Corporation

**Well Name & Number** Wooly Bugger #1

**API Number:** 43-015-30619

**Lease:** UTU-069403

**Location:** SW SW                      **Sec.** 10                      **T.** 19 South                      **R.** 7 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.**

**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.**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

**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.*

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well  
 Oil Well     Gas Well     Other

2. Name of Operator **MERRION OIL & GAS CORPORATION**

3a. Address  
**610 REILLY AVE., FARMINGTON, NM 87401**

3b. Phone No. (include area code)  
**505 324-5300**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**200 FSL & 110 FWL 10-19S-7E SLM**

5. Lease Serial No.  
**UTU-069403**

6. If Indian, Allottee or Tribe Name  
**N/A**

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

8. Well Name and No.  
**WOOLY BUGGER #1**

9. API Well No.  
**43-015-30619**

10. Field and Pool, or Exploratory Area  
**BUZZARD BENCH**

11. County or Parish, State  
**EMERY COUNTY, UT**

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> 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 type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" type="checkbox"/> Change Plans	<input 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 recomplate 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 recompletion 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.)

As requested by BLM, refined map of existing access attached. No change in route proposed. No upgrade proposed on existing road. Map is based on GPS data collected from driving route by Gerald Huddleston, registered surveyor.

Will change pipeline from steel to polyethylene. No change in size, throughput, operating pressure, or route. Pipe will be laid on surface to minimize disturbance. Pipe will tie into existing surface pipeline which is on same side of existing road.

cc: BLM (Moab & Price), Dunn, UDOGM

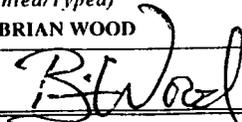
14. I hereby certify that the foregoing is true and correct  
 Name (Printed/Typed)

**BRIAN WOOD** (PHONE 505 466-8120)

Title **CONSULTANT**

(FAX 505 466-9682)

Signature



Date

**08/02/2005**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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.

Title

Date

Office

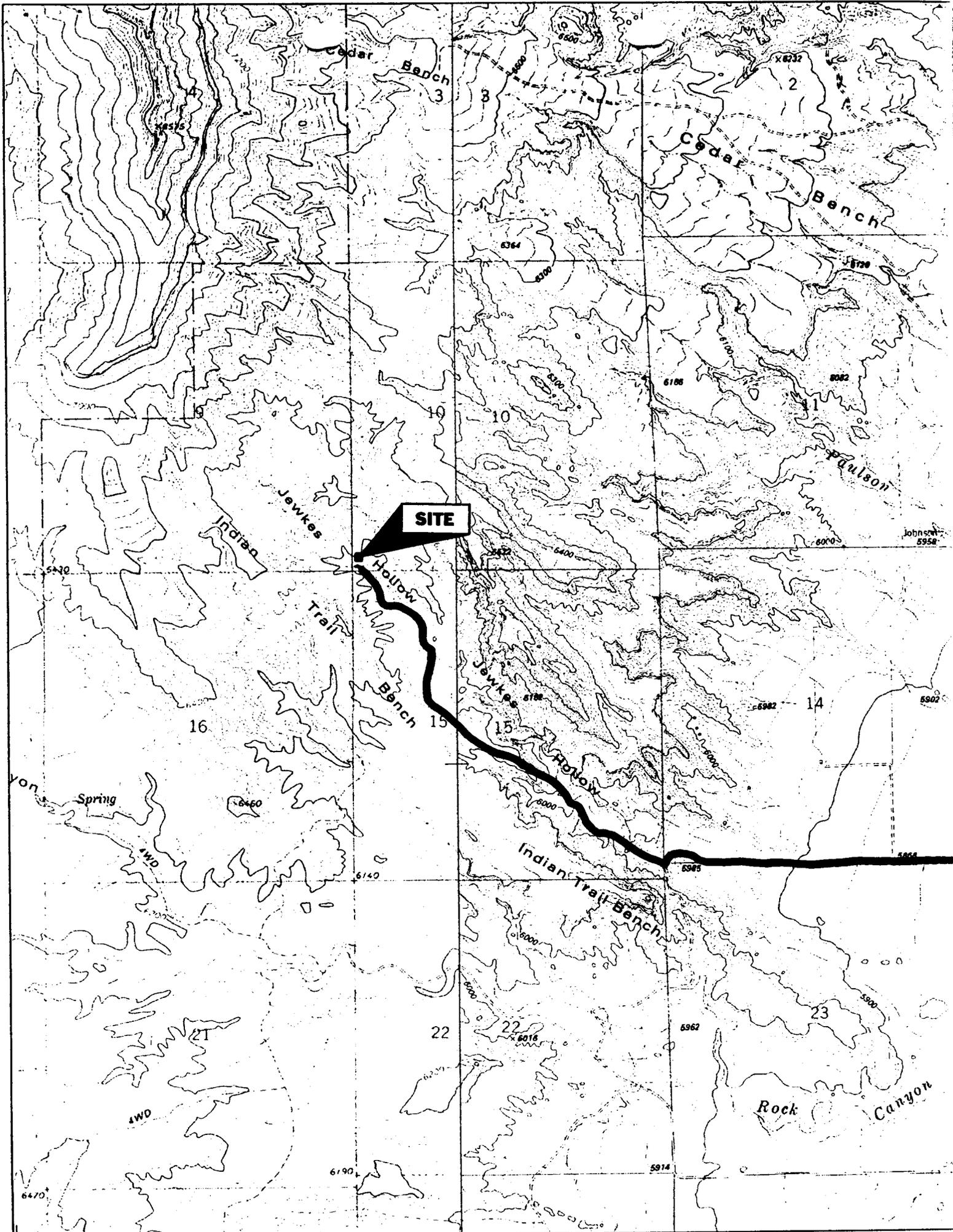
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**RECEIVED**

**AUG 05 2005**

DIV. OF OIL, GAS & MINING



RECEIVED  
AUG 18 2005

RECEIVED  
MOAB FIELD OFFICE  
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007  
2005 MAR -3 A 11: 3

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
DIV. OF OIL, GAS & MINING  
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. UTU-069403  
6. If Indian, Allottee or Tribe Name NA

1a. Type of work:  DRILL  REENTER  
1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

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

8. Lease Name and Well No. WOOLY BUGGER #1

2. Name of Operator MERRION OIL & GAS CORPORATION

9. API Well No. 43-015-30619

3a. Address 610 REILLY AVE. FARMINGTON, NM 87401

3b. Phone No. (include area code) (505) 324-5300

10. Field and Pool, or Exploratory BUZZARD BENCH

4. Location of Well (Report location clearly and in accordance with any State requirements.)  
At surface 200 FSL & 110 FWL  
At proposed prod. zone SAME

11. Sec., T., R. M. or Blk. and Survey or Area 10-19S-7E SLM

14. Distance in miles and direction from nearest town or post office\* 6 AIR MILES SW OF CASTLE DALE

12. County or Parish EMERY 13. State UT

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 228'

16. No. of acres in lease 2,100.67

17. Spacing Unit dedicated to this well SW4

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. 1,056' (Ferron Fed. 16)

19. Proposed Depth 3,300'

20. BLM/BIA Bond No. on file NM-0883

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,185' GL

22. Approximate date work will start\* 04/01/2005

23. Estimated duration 2 WEEKS

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 *Brian Wood* Name (Printed/Typed) BRIAN WOOD Date 02/26/2005  
Title CONSULTANT PHONE: (505) 466-8120 FAX: (505) 466-9682

Approved by (Signature) *A. Lynn Jackson* Name (Printed/Typed) Assistant Field Manager Date AUG 15 2005  
Title Division of Resources Office Moab Field Office

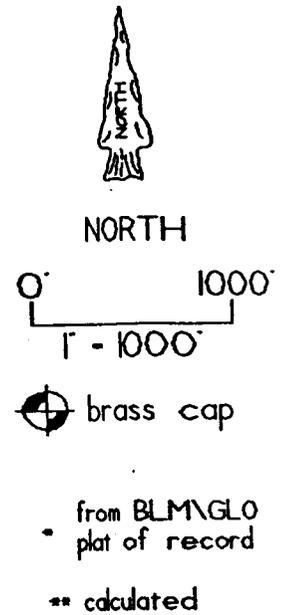
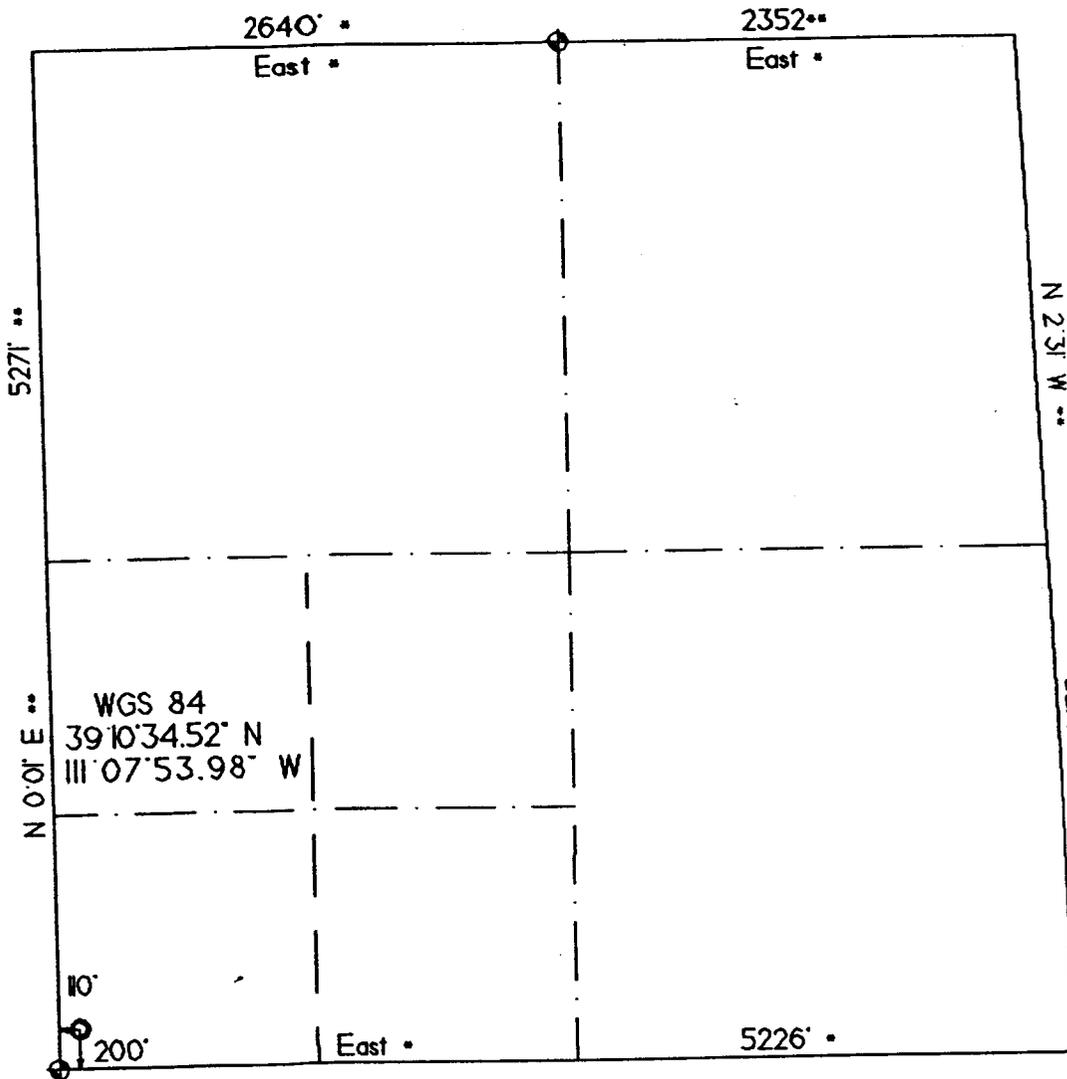
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Conditions of approval, if any, are attached.

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 page 2)

CONDITIONS OF APPROVAL ATTACHED

Well Location Plat



Well Location Description

MERRION OIL & GAS CORPORATION  
 Wooly Bugger # 1  
 200' FSL & 110' FWL  
 Section 10, T19 S., R.7 E., SLM  
 Emery County, UT  
 6185' grd. el. ( from GPS )



04/28/04

Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565 -3330

Merrion Oil & Gas Corporation  
Wooly Bugger #1  
Lease U-69403  
SW/SW Section 10, T19S, R7E  
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 Merrion Oil & Gas Corporation is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **NM0883** (Principal – Merrion Oil & Gas Corporation) via surety consent as provided for in 43 CFR 3104.2.

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

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

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

## A. DRILLING PROGRAM

1. The BOPE, as proposed, is comprised of 3M equipment in a 2M configuration, which is adequate for anticipated conditions. Installation, testing and operation of the 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. If cement does not circulate to surface on the production casing, a cement bond log (CBL), or other appropriate tool for determining top-of-cement, shall be run and shall be submitted to BLM.

B. SURFACE

Well Name: Wooly Bugger #1

Operator: Merrion Oil & Gas Corporation

I **Site Specific Conditions of Approval**

1. All permanent above-ground structures (e.g., production equipment, tanks, etc.) not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color which simulates "Standard Environmental Colors." The color selected for the Cahill # 1 well is Dune, 17-1009 TPX. All facilities will be painted the designated color at the time of installation.
2. The operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. On BLM surface or in lieu of a different specific mix desired by the surface owner, use the following:

Species - <i>Cultivar</i>	Full Seeding (lbs/ac PLS*)
Forage kochia	2
Wyoming big sagebrush	1
Douglas low rabbitbrush	1
Thickspike Wheatgrass	2
Slender Wheatgrass	2
<b>Totals</b>	<b>8</b>

\*PLS = pure live seed (this seeding rate has not been doubled).

- Slopes too steep for machinery may be hand broadcast and raked with twice the specified amount of seed. Complete fall seeding after September 15 and prior to prolonged ground frost. To be effective, complete spring seeding after the frost has left the ground and prior to May 15.
- 3. Interim reclamation of well pad (areas not needed for production facilities) will be completed the first fall season after completion of the well.
- 4. Please contact Mary Maddux, Natural Resource Specialist, @ (435) 636-3668, Bureau of Land Management, if there are any questions concerning these surface use COAs.

## II Standard Conditions of Approval

### A. General

1. If any cultural values [sites, artifacts, human remains are observed during operation of this lease/permit/right-of-way, they will be left intact and the Price Field Manager notified. The authorized officer will conduct an evaluation of the cultural values to establish appropriate mitigation, salvage or treatment. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized BLM officer (AO). Within five working days the AO will inform the operator as to:
  - whether the materials appear eligible for the National Register of Historic Places;
  - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
  - a time-frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction measures.
2. If paleontological resources, either large or conspicuous, and/or a significant scientific value are discovered during construction, the find will be reported to the Authorized Officer immediately. Construction will be suspended within 250 feet of said find. An evaluation of the paleontological discovery will be made by a BLM approved professional paleontologist within five (5) working days, weather permitting, to determine the appropriate action(s) to prevent the potential loss of any significant paleontological values. Operations within 250 feet of such a discovery will not be resumed until written authorization to proceed is issued by the Authorized Officer. The applicant will bear the cost of any required paleontological appraisals, surface collection of fossils, or salvage of any large conspicuous fossils of significant scientific interest discovered during the operation.

3. The operator shall restrict travel on unimproved roads during periods of inclement weather or spring thaw when the possibility exists for excessive surface resource damage (e.g., rutting in excess of 4-inches, travel outside two-track roadway, etc.).
4. If any dead or injured threatened, endangered, proposed, or candidate species is located during construction or operation, the BLM Price Field Office (435-636-3600) shall be notified within 24 hours. If any dead or injured sensitive species is located during construction or operation, the BLM Price Field Office (435-636-3600) shall be notified within 24 hours.

## **B. Construction**

1. The operator will limit vegetation removal and the degree of surface disturbance wherever possible. Where surface disturbance cannot be avoided, all practicable measures will be utilized to minimize erosion and stabilize disturbed soils.
2. Construction and drilling activity will not be conducted using frozen or saturated soil material during periods when watershed damage or excessive rutting is likely to occur.
3. Remove all available topsoil from constructed well locations including areas of cut and fills, and stockpile at the site. Topsoil will also be salvaged for use in reclamation on all other areas of surface disturbance (roads, pipelines, etc.). Clearly segregate topsoil from excess spoil material. Any topsoil stockpiled for one year or longer will be signed and stabilized with annual ryegrass or other suitable cover crop.
4. The operator will not push soil material and overburden over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved without creating additional undue surface disturbance and where it does not impede watershed and drainage flows.
5. Construct the backslope no steeper than 1½:1, and construct the foreslope no steeper than 2:1, unless otherwise directed by the BLM Authorized Officer.
6. Maintain a minimum 20-foot undisturbed vegetative border between toe-of-fill of pad and/or pit areas and the edge of adjacent drainages, unless otherwise directed by the BLM Authorized Officer.
7. With the overall objective of minimizing surface disturbance and retaining land stability and productivity, the operator shall utilize equipment that is appropriate to the scope and scale of work being done for roads and well pads (utilize equipment no larger than needed for the job).
8. To minimize electrocution potential to raptors, all overhead electrical power lines will be constructed to Avian Power Line Interaction Committee (1996) standards.
9. The operator shall utilize wheel trenchers or ditchers to construct all pipeline trenches, except where extreme topography or other environmental factors preclude their use.
10. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, in lieu of more stringent requirements by the surface owner, is defined as follows:
  - Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic

snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.

1. Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in adequate condition until pit is closed.
11. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
12. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having permeability less than  $10^{-7}$  cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
13. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
14. Culverts will be placed on channel bottoms on firm, uniform beds, which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.
15. The minimum diameter for culverts will be 18 inches. However, all culverts will be appropriately sized in accordance with standards in BLM Manual 9113.
16. Construction and other project-related traffic will be restricted to approved routes. Cross-country vehicle travel will not be allowed.
17. Maximum design speed on all operator-constructed and maintained roads will not exceed 25 miles per hour.
18. Pipeline construction shall not block nor change the natural course of any drainage. Pipelines shall cross perpendicular to drainages. Pipelines shall not be run parallel in drainage bottoms. Suspended pipelines shall provide adequate clearance for maximum runoff.
19. Pipeline trenches shall be compacted during backfilling. Pipeline trenches shall be routinely inspected and maintained to ensure proper settling, stabilization and reclamation.
20. During construction, emissions of particulate matter from well pad and road construction would be minimized by application of water or other non-saline dust suppressants with at least 50 percent control efficiency. Dust inhibitors (surfacing materials, non-saline dust suppressants, and water) will be used as necessary on unpaved roads that present a fugitive dust problem. The use of chemical dust suppressants on public surface will require prior approval from the BLM Authorized Officer.

21. The operator shall submit a Sundry Notice (Form 3160-5) to BLM for approval prior to construction of any new surface disturbing activities that are not specifically addressed in the approved APD or POD Surface Use Plan.
22. Weed educational material will be reviewed with operators during pre-construction on-site meetings with operators, subcontractors, and landowners and will also be attached to approved APDs.
23. Companies will contact the counties to pursue development of maintenance agreements to ensure county roads are adequately maintained for the projected increase in use.

### **C. Operations/Maintenance**

1. Confine all equipment and vehicles to the access road(s), pad(s), and area(s) specified in the approved APD or POD.
2. All waste, other than human waste and drilling fluids, will be contained in a portable trash cage. This waste will be transported to a State approved waste disposal site immediately upon completion of drilling operations. No trash or empty barrels will be placed in the reserve pit or buried on location. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with.
3. Rat and mouse holes shall be filled and compacted from the bottom to the top immediately upon release of the drilling rig from the location.
4. The operator will be responsible for prevention and control of noxious weeds and weeds of concern on all areas of surface disturbance associated with this project (well locations, roads, water management facilities, etc.) Use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of Interior. Prior to the use of pesticides on public land, the holder shall obtain from the BLM authorized officer written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer to such use.
5. Sewage shall be placed in a self-contained, chemically treated porta-potty on location.
6. The operator and their contractors shall ensure that all use, production, storage, transport and disposal of hazardous and extremely hazardous materials associated with the drilling, completion and production of these wells will be in accordance with all applicable existing or hereafter promulgated federal, state and local government rules, regulations and guidelines. All project-related activities involving hazardous materials will be conducted in a manner to minimize potential environmental impacts. In accordance with OSHA requirements, a file will be maintained onsite containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds and/or substances which are used in the course of construction, drilling, completion and production operations.
7. Produced fluids shall be put in test tanks on location during completion work. Produced water will be put in the reserve pit during completion work per Onshore Order #7.
8. The only fluids/waste materials which are authorized to go into the reserve pit are RCRA exempt exploration and production wastes. These include:
  - drilling muds & cuttings
  - rigwash

- excess cement and certain completion & stimulation fluids defined by EPA as exempt

It does not include drilling rig waste, such as:

- spent hydraulic fluids
- used engine oil
- used oil filter
- empty cement, drilling mud, or other product sacks
- empty paint, pipe dope, chemical or other product containers
- excess chemicals or chemical rinsate

Any evidence of non-exempt wastes being put into the reserve pit may result in the BLM Authorized Officer requiring specific testing and closure requirements.

9. Reserve pits will be closed as soon as possible, but no later than 90 days from time of drilling/well completion, unless the BLM Authorized Officer gives an extension. Squeezing of pit fluids and cuttings is prohibited. Pits must be dry of fluids or they must be removed via vac-truck or other environmentally acceptable method prior to backfilling, re-contouring and replacement of topsoil. Mud and cuttings left in pit must be buried at least 3-feet below re-contoured grade. The operator will be responsible for re-contouring any subsidence areas that develop from closing a pit before it is sufficiently dry.
10. If this well is drilled during the fire season (June-October), the operator shall institute all necessary precautions to ensure that fire hazard is minimized, including but not limited to mowing vegetation on the access route(s) and well location(s), keeping fire fighting equipment readily available when drilling, etc.

#### **D. Dry Hole/Reclamation**

1. All disturbed lands associated with this project, including the pipelines, access roads, water management facilities; etc will be expediently reclaimed and reseeded in accordance with the surface use plan and any pertinent site-specific COAs.
2. Disturbed lands will be re-contoured back to conform with existing undisturbed topography. No depressions will be left that trap water or form ponds.
3. The fluids and mud must be dry in the reserve pit before re-contouring pit area. The operator will be responsible for re-contouring of any subsidence areas that develop from closing a pit before it is completely dry. The plastic pit liner (if any) will be cut off below grade and properly disposed of at a state authorized landfill before beginning to re-contour the site.
4. Before the location has been reshaped and prior to redistributing the topsoil, the operator will rip or scarify the drilling platform and access road on the contour, to a depth of at least 12 inches. The rippers are to be no farther than 24 inches apart.
5. Distribute the topsoil evenly over the entire location and other disturbed areas. Prepare the seedbed by disking to a depth of 4-to-6 inches following the contour.

6. Phased reclamation plans will be submitted to BLM for approval prior to individual POD facility abandonment via a Notice of Intent (NOI) Sundry Notice. Individual facilities, such as well locations, pipelines, discharge points, impoundments, etc. need to be addressed in these plans as they are no longer needed. Individual items that will need to be addressed in reclamation plans include:
  - Pit closure (Close ASAP after suitably dry, but no later than 90 days from time of drilling unless an extension is given by BLM Authorized Officer.) BLM may require closure prior to 90 days in some cases due to land use or environmental concerns.
  - Configuration of reshaped topography, drainage systems, and other surface manipulations
  - Waste disposal
  - Revegetation methods, including specific seed mix (pounds pure live seed/acre) and soil treatments (seedbed preparation, fertilization, mulching, etc.). On private surface, the landowner should be consulted for the specific seed mix.
  - Other practices that will be used to reclaim and stabilize all disturbed areas, such as water bars, erosion fabric, hydro-mulching, etc.
  - An estimate of the timetables for beginning and completing various reclamation operations relative to weather and local land uses.
  - Methods and measures that will be used to control noxious weeds, addressing both ingress and egress to the individual well or POD.
  - Decommissioning/removal of all surface facilities
  - Closure and reclamation of areas utilized or impacted by produced CBM water, including discharge points, reservoirs, off-channel pits, land application areas, livestock/wildlife watering facilities, surface discharge stream channels, etc
7. BLM will not release the performance bond until all disturbed areas associated with the APD/POD have been successfully revegetated (evaluation will be made after the second complete growing season) and has met all other reclamation goals of the surface owner and surface management agency.
8. A Notice of Intent to Abandon and a Subsequent Report of Abandonment must be submitted for abandonment approval.
9. For performance bond release approval, a Final Abandonment Notice (with a surface owner release letter on split-estate) must be submitted prior to a final abandonment evaluation by BLM.
10. Soil fertility testing and the addition of soil amendments may be required to stabilize some disturbed lands.
11. Any mulch utilized for reclamation needs to be certified weed free.
12. Waterbars are to be constructed at least one (1) foot deep, on the contour with approximately two (2) feet of drop per 100 feet of waterbar to ensure drainage, and extended into established vegetation. All waterbars are to be constructed with the berm on the downhill side to prevent the soft material from silting in the trench. The initial waterbar should be constructed at the top of the backslope. Subsequent waterbars should follow the following general spacing guidelines:

Slope (percent)	Spacing Interval (feet)
≤ 2	200
2 – 4	100
4 – 5	75
≥ 5	50

### E. Producing Well

1. Landscape those areas not required for production to the surrounding topography as soon as possible. The fluids and mud must be dry in the reserve pit before re-contouring pit area. The operator will be responsible for re-contouring and reseeding of any subsidence areas that develop from closing a pit before it is completely dry.
2. Reduce the backslope to 2:1 and the foreslope to 3:1, unless otherwise directed by the BLM Authorized Officer. Reduce slopes by pulling fill material up from foreslope into the toe of cut slopes.
3. Production facilities (including dikes) must be placed on the cut portion of the location and a minimum of 15 feet from the toe of the back cut unless otherwise approved by the BLM Authorized Officer.
4. Any spilled or leaked oil, produced water or treatment chemicals must be reported in accordance with NTL-3A and immediately cleaned up in accordance with BLM requirements. This includes clean-up and proper disposition of soils contaminated as a result of such spills/leaks.
5. Distribute stockpiled topsoil evenly over those areas not required for production and reseed as recommended.
6. Upgrade and maintain access roads and drainage control (e.g., culverts, drainage dips, ditching, crowning, surfacing, etc.) as necessary and as directed by the BLM Authorized Officer to prevent soil erosion and accommodate safe, environmentally-sound access.
7. Prior to construction of production facilities not specifically addressed in the APD/POD, the operator shall submit a Sundry Notice to the BLM Authorized Officer for approval.
8. If not already required prior to constructing and drilling the well location, the operator shall immediately upgrade the entire access road to BLM standards (including topsoiling, crowning, ditching, drainage culverts, surfacing, etc.) to ensure safe, environmentally-sound, year-round access. This requirement does not supercede or apply where specific road requirements are addressed in the APD/POD surface use plan (e.g., two track road, spot upgrade, etc.)
9. Waterbars shall be installed on all reclaimed pipeline corridors per the guidelines in D #12.

## Appendix 1

### Ferron Natural Gas Project

#### Environmental Protection Measures

1. Avoid surface disturbance within 330 feet of the centerline or within a designated 100-year floodplain of perennial streams.
2. Avoid surface disturbance within 660 feet of springs, whether flowing or not.
3. Avoid blasting or geophysical drilling within 0.25 mile of a spring or water well.
4. Avoid construction on frozen or saturated soils. The Authorized Officer (BLM or FS) will determine what is wet, muddy, or frozen based on weather and field conditions at the time. This does not apply to maintenance of existing roads and wells.
5. Exclude road and pad construction on slopes in excess of 25 percent. Pipeline construction on slopes in excess of 25 percent would be determined on a site-specific basis.
6. On critical soils, avoid construction on slopes greater than 6 percent. Where construction cannot be avoided, operations and facilities will be located to reduce erosion and improve the opportunity for revegetation.
7. New roads will be constructed to avoid critical soil areas, where possible. Where roads must be allowed, new roads will be constructed in accordance with agency-specified design standards to minimize watershed damage.
8. On critical soils, avoid road grades greater than 10 percent. The Authorized Officer (BLM or FS) may allow grades in excess of 10 percent with a maximum length of 1,000 feet. No road grades in excess of 15 percent will be allowed.
9. On critical soils, pipelines will avoid slopes in excess of 15 percent.
10. In accordance with a weed control plan developed for this project (Appendix C), treat and control noxious weed infestations within 100 feet of disturbed areas associated with well sites and facilities and roads or rights-of-way constructed or improved by the Companies, to the extent the infestation is caused by the Companies.
11. Avoid construction, development, and rights-of-way within 220 feet of the boundary of riparian areas. Where these areas must be disturbed, minimize impacts and perform post-disturbance reclamation.
12. All project roads designated for reclamation (or partial reclamation) and all well sites, facility sites, and pipelines shall be reclaimed (recontoured and reseeded) in the fall season or at a period specified by the Authorized Officer.
13. Disturbed areas will be restored to approximately the original contour.

14. Reclamation on sites with critical soils will be graded using slopes of 5 percent or less where feasible and grading the site so as to collect water for revegetation. Site-specific evaluation by the surface managing agency may allow for modification to this standard.
15. Selected roads in big game winter range habitats shall be gated and signed. The gates shall be locked during the critical period for wildlife (December 1 to April 15). The gate locations shall be determined by the Authorized Officer for the BLM in consultation with Emery or Carbon counties. A cooperative agreement will be developed to detail maintenance responsibilities, design of gates, and contingency methods for excessive vandalism to the gates. The BLM shall provide the verbiage for the signs, which shall explain the reasons for the seasonal closure and agencies participating in the closure shall be identified.
16. In elk and mule deer winter range (crucial and high priority), exploration, drilling, and other development shall occur only during the period of April 16 to November 30. This shall not apply to maintenance and operation of producing wells. Exceptions to this limitation in any year shall be requested in writing to the Authorized Officer of the BLM or Forest Service.
17. In elk and mule deer crucial winter range, all non-emergency workover operations, as defined in this EIS, shall occur only during the period April 16 to November 30. The proponent shall provide notice for all emergency work requiring use of heavy equipment during the winter period (December 1 to April 15). The notice shall be provided within five days of the work.
18. Minimize the number of actual visits by personnel needed to monitor well operations.
19. Reclamation on big game crucial winter range will include hand planting of seedling browse plants and use of seedling protectors.
20. In order to provide winter range protection for mule deer and elk, avoidance areas would be created in big game wildlife corridors on Federal lands. The big game corridors (shown on Plates 3-5 and 3-6 of the FEIS) include drainages and critical areas within winter range habitat. Under existing regulations (43 CFR 3101.1-2) and lease rights, BLM would relocate wells, roads, or facilities within the boundary of the proposed 160-acre legal subdivision of a lease to minimize surface disturbance and/or surface occupancy within the designated big game corridors. It is recognized that in some instances, wells, roads, and facilities would be located within the big game corridors. Evaluation of the need to relocate any facility would be conducted during the site-specific, on-site evaluation of a proposed well at the time an APD is submitted. BLM shall not identify relocation of facilities that would result in a well being situated off the lease or outside the 160-acre legal subdivision. BLM would not recommend relocating wells, roads, or facilities outside the corridors in those circumstances where useable roads already exist. With corroboration by BLM geologists, BLM would not recommend relocation of wells that would prevent the proponent from hitting a specific geologic target with regard to presence and alignment of known fault lines. Wells, roads, or facilities would not be relocated to a position that would be more environmentally damaging or exceed provisions of this EIS or appropriate land use plan. The Companies may choose to alter the location of wells adjacent to the big game corridor to achieve desired drainage of gas and water resources.
21. To offset direct impacts to mule deer and elk, when disturbance exceeds 10 acres in elk or mule deer winter range (crucial and high priority), an equivalent acreage of adjacent habitat will be enhanced to accommodate increased use by the animals. The habitat enhancement will be completed commensurate with the surface disturbing activity. All costs associated with project

planning through completion shall be the obligation of the lessee. To satisfy this mitigation provision of the governing land use plans, the companies and BLM have agreed to establish a Wildlife Habitat Mitigation Fund that includes provisions for monetary contributions of \$1,301.26 (1998 dollars) per well on Federal surface/subsurface ownership in big game crucial and high priority winter range. This mitigation fund would be used to complete habitat enhancement projects to directly benefit wildlife by being used within the herd unit affected. Administration of this fund, including objectives for habitat enhancement, would be formalized in an agreement developed between the proponents, BLM and the UDWR.

22. Individual companies will attend yearly meetings with BLM to coordinate and organize APD processing for yearly drilling plans of the companies to assure that expected reworking of newly completed wells occurs before the winter closure period.
23. Avoid temporary surface disturbance and occupancy (i.e., seismic lines and pipeline, power line, and project construction) within one-half mile of active raptor nests during the critical nesting period (February 1 to August 15). Site-specific evaluation in coordination with the USFWS and UDWR may allow for modifications. This mitigation does not apply to maintenance and operation of existing wells and access roads constructed prior to occupancy of the nest.
24. Permanent surface disturbance and occupancy shall be prohibited within 0.5 mile of raptor nests that have been documented as occupied within the 3-year period proceeding construction. Site-specific evaluations in coordination with USFWS and UDWR may allow for modifications to this requirement.
25. Permanent surface disturbance and occupancy shall be prohibited within 1.0 mile of peregrine falcon eyries. Section 7, Endangered Species Act consultation with USFWS shall be required for modifications to this requirement.
26. Perform raptor surveys to determine the status of known nests and to verify the presence of additional nests for all federal leases within the Project Area. Surveys shall be conducted by consultants qualified to conduct such surveys and approved by the BLM's Authorized Officer. All surveys shall be conducted by helicopter during May of each year, prior to the proposed drilling and prior to APD approval. The surveys shall be done in the same year as the proposed drilling so the current nest activity status data are available. Costs for the survey and preparation of a report of the findings of the survey shall be borne by the lease holder. This survey could be conducted in cooperation with the annual raptor surveys conducted by other companies (coal and power) so that the companies may share costs.
27. All APDs, Sundry Notices, and rights-of-way submitted for proposed wells and other surface-disturbing activities within Winkler cactus habitat shall be submitted before April 1 of any given year. This would allow the clearances for T & E plants at the optimum time. Any applications for surface-disturbing activities received after April 1 shall be held until the next year. On extremely dry years, the cactus does not surface or bloom and clearances shall be delayed until conditions are better, possibly until the next year.
28. Avoid surface disturbance in special-status plant habitats. Site-specific evaluations or Section 7 Endangered Species Act consultation with the USFWS may allow for modifications to this requirement.

29. Any replacements, improvements, or additions of rangeland facilities shall meet BLM or Forest Service standards as applicable. [BLM Handbook H-1741-1 (fencing), BLM Manual Section 9100 (roads, reservoirs, dams, pipelines, cattle guards, gates, etc.), BLM Manual Section 9200 (Integrated and Chemical Pest Management and Control), Forest Service Manual 2242.03, and BLM Price Field Office and Manti-La Sal National Forest policies.]
30. In the North Area, all existing recreational trails identified in the 1998 Carbon County Trails Plan that are disturbed by the Companies would be reclaimed to pre-development conditions upon abandonment of individual roads and locations. Reclamation of company-constructed roads throughout the Project Area would be determined by the Authorized Officer on a case-by-case basis in consultation with the County.
31. The Companies and the BLM will complete an agreement to study the development of trails to offset recreational impacts in the Project Area.
32. Where topography permits, well sites would be positioned to prevent "sky lining".
33. Existing vegetation and topographic features would be used to screen wells, facilities, and roads from the viewshed of Key Observation Points.
34. To eliminate broadside views of pumping units, design well locations so the pumping units are situated "in line" with Key Observation Points.
35. When installing chain link fences, use non-reflective materials to reduce visibility from a distance.
36. Avoid straight line-of-sight bulldozing. Design roads through wooded areas to take a curvilinear path.

## Appendix 2

### Ferron Natural Gas Project

#### Mitigation/Approval Conditions

1. Where usable quality water and/or prospectively-valuable minerals are encountered by the well bore, those formations shall be isolated and/or protected by the cement program for the production casing.
2. Potential conflicts with coal operations shall be coordinated with the coal companies and the authorizing agencies.
3. Drill pads and facility sites shall be designed and constructed to prevent overland flow of water from entering or leaving the sites through the use of berms, terraces and grading to form depressions.
4. Roads shall be designed to divert stormwater runoff and reduce erosion by:
  - Proper design and installation of erosion control structures, such as water bars and diversion channels.
  - Road ditch turnouts shall be equipped with energy dissipaters.
  - Use rock energy dissipaters and gravel dispersion fans or other designs where roads interrupt overland sheet-flow of water to convert this runoff to channel flow.
  - Cut banks, road drainages and road crossings shall be armored or otherwise designed to prevent headcutting.
5. Maintain stream channel stability road crossings on channels having 10 year flows by:
  - Crossing designs shall be based on cross-sections, longitudinal profile, and other pertinent physical characteristics specific to each crossing.
  - A culvert diameter of 30 inches or greater shall be engineered to allow flows to pass through the crossing at the same velocity and position (i.e., on the floodplain or in the channel) as would occur if the crossing were absent.
  - Bankfull flow shall be determined and crossings designed to pass this flow within the channel. Flows in excess of this quantity shall be channeled separately through the crossing (i.e., on the floodplain).
  - Flows shall not be converged from a floodplain into a channel when passed through by a road crossing. Multiple culverts or combination low-water crossing designs are encouraged in these circumstances.
  - Where multiple culverts are used, the minimum cumulative capacity of all culverts shall be the 10-year flow.
  - Floodplain culvert outlets shall be equipped with energy brakes and dispersion fans if needed to preserve existing flow velocity and position. Such stream crossing designs will preserve the physical dimensions of channels such as slope, width, depth, pool/riffle ration, etc.
6. Spills, leaks, and contaminated soils shall be cleaned up, excavated, or treated, to prevent pollution to surface or ground waters.

7. During production operations, dust suppression (watering or chemical application) shall be applied along roads near residential areas and at congested project traffic areas as determined necessary by the AO.
8. An Approval Order from the UDEQ will be required for each individual gas fired compressor.
9. Road construction or routine maintenance shall be performed during periods when soils are dry enough to adequately support construction equipment. Soils would be deemed too wet if construction equipment creates ruts more than six inches deep.
10. During construction, topsoil shall be removed by clearing and stripping and stockpiled within or adjacent to the drill pad. Topsoil depths will be determined for individual applications by the authorizing agency.
11. To stabilize topsoil stockpiles, any areas left disturbed for more than one year shall have stockpiles seeded with mixtures specified by the authorizing agency.
12. Topsoil from access road construction shall be windrowed along the uphill side of the road for uses as a seed bed top coating during road rehabilitation.
13. Reclamation of roads and facilities will include planting of seedlings to speed up the reclamation of riparian areas.
14. Loop roads will not be allowed to access a well.
15. The Companies shall not allow the discharge of firearms in the project area by on-duty employees and contractors.
16. The Companies should not allow harassment of wildlife by employees and contractors.
17. The Companies shall schedule non-emergency visits to project facilities from one hour after sunrise until one hour before sunset during the big game critical winter period.
18. Potential effects to significant cultural resources resulting from direct and indirect project impacts will be mitigated through the Programmatic Agreement developed between the operators, BLM, SHPO, and the Advisory Council.
19. All new roads or upgraded roads across Public or National Forest lands shall be constructed to BLM or Forest Service standards as appropriate.
20. The companies shall notify landowners and livestock permittees prior to any surface activities and/or disturbances of existing livestock facilities.
21. During construction activities, the companies shall install signs on access roads that are also used for recreation to warn users of heavy equipment and truck traffic. Sign placement on BLM lands will be determined by the AO.
22. Speed limits along project roads shall be kept to a maximum of 25 miles per hour unless otherwise posted.

23. In the Semi-primitive Motorized areas of the South Area (see Plate 3-10 of the FEIS), any electric power lines to well sites shall be buried, unless an exception is granted by the authorized officer.
24. In Semi-Primitive Motorized areas, to reduce noise effects on recreationists, gas powered pumping units shall utilize sound reducing techniques such as mufflers, multi-cylinder muffled engines and sound barriers as determined by the AO.
25. Effects to visual resources shall be reduced by completing the following measures where possible: minimizing pumping unit height, using vegetative and topographic screening when siting well locations, avoiding highwall cuts and shielding drilling rig lights.
26. In general, each pumping unit shall be aligned parallel to a road unless it has been determined that this type of alignment is not feasible.
27. Power poles shall blend in with the surroundings.
28. Reclamation operations shall utilize the following measures as prescribed by the AO:

#### Site Preparation

- The entire roadbed and drill site shall be obliterated and brought back to the approximate original contour. Drainage control shall be reestablished as necessary. All areas affected by road construction shall be recontoured to blend in with the existing topography. All berms shall be removed unless determined to be beneficial by the AO. In recontouring the disturbed areas, care shall be taken to not disturb additional vegetation.
- Water bars shall be installed at all alignment changes (curves), significant grade changes, and as determined necessary by an approved engineer. Water bars shall be sloped with the grade and cut to a minimum 12-inch depth below the surface. The grade of the water bar should be 2 percent greater than the grade of the road.

#### Seedbed Preparation

- An adequate seedbed shall be prepared for all sites to be seeded. Areas to be revegetated shall be chiseled or disked to a depth of at least 12 inches unless restrained by bedrock.
- Ripping of fill materials shall be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping shall be done on 4-foot centers to a depth of 12 inches. Ripping shall be followed by final grading and precede seedbed material application. Ripping shall be completed at a speed that maximizes ripper shank action and promotes soil material disruption to the specified depth. Ripping shall be repeated until the compacted area is loose and friable.
- Seedbed preparation will be considered complete when the soil surface is completely roughened, the number of rocks (if present) on the site will be sufficient to cause the site to match the surrounding terrain, and topsoil is redistributed.

#### Fertilization

- Commercial fertilizer with a formula of 16-16-8 shall be applied at a rate of 200 pounds per acre. The rate may be adjusted depending on soil test results.

- Fertilizer shall be applied not more than 48 hours before seeding and cultivated into the upper 3 inches of soil.
- Fertilizer shall 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 shall be equipped with a metering device. Fertilizer application shall take place before the final seeding preparation treatment. Fertilizer broadcasting operations shall not be conducted when wind velocities would interfere with even distribution of the material.

#### Mulching

- Mulching shall be conducted as directed by the authorized officer. The type of mulch shall meet the following requirements: Wood cellulose fiber will 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 required. Wood cellulose fiber shall be packaged in new, labeled containers. A minimum application of 1,500 pounds per acre shall be applied. A suitable tackifier will also be applied with the mulch at a rate of 60 to 80 pounds per acre.
- An acceptable alternative method of mulching on small sites is the application of straw or hay mulch at a rate of 2,000 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

- All disturbed areas shall be seeded with the seed mixture required by the authorizing agency. The seed mixture(s) shall be planted in the fall of the year (September through November), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seeds will be tested. The viability testing of seeds 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 authorized officer. 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 shall 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 are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to specifications. Evaluation of the seeding's success will not be made before completion of the second growing season after the vegetation becomes established. The Authorized Officer shall be notified a minimum of seven (7) days before seeding of a project.
- Seed mixes will be specified by the authorizing agency and distributed immediately after the topsoil is replaced.

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Price Field Office at least 48-hours prior to commencing construction of location.

Spud- Notify the Price Field Office 24-hours prior to spudding. Submit written notification of spud (Sundry Notice, Form 3160-5) 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 that describe the progress and status of the well shall be submitted to the Moab Field Office on a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

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, immediately notify the Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Price Field Office.

Notify the Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the Moab Field Office within thirty-days after completion of the well. 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 to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

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 of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

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

A "Subsequent Report of Abandonment" (Sundry Notice, 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:

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 BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:

UTU-069403

**SUNDRY NOTICES AND REPORTS ON WELLS**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

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.

7. UNIT or CA AGREEMENT NAME:

N/A

1. TYPE OF WELL

OIL WELL

GAS WELL

OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:

WOOLY BUGGER 1

2. NAME OF OPERATOR:

MERRION OIL & GAS CORPORATION

9. API NUMBER:

4301530619

3. ADDRESS OF OPERATOR:

610 REILLY AVE. CITY FARMINGTON STATE NM ZIP 87401

PHONE NUMBER:

(505) 327-9801

10. FIELD AND POOL, OR WILDCAT:

BUZZARD BENCH

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 200' FSL & 110' FWL

COUNTY: EMERY

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 10 19S 7E S

STATE:

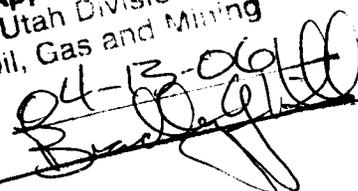
UTAH

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

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

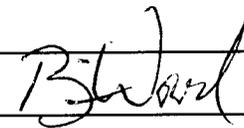
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

REQUEST STATE RENEW APPROVAL OF APD.  
MERRION IS WAITING FOR DRILL RIG TO BECOME AVAILABLE.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**  
Date: 04-13-06  
By: 

NAME (PLEASE PRINT) BRIAN WOOD

TITLE CONSULTANT

SIGNATURE 

DATE 4/10/2006

(This space for State use only)

**RECEIVED**

**APR 12 2006**

DIV. OF OIL, GAS & MINING





JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

June 7, 2007

Brian Wood  
Merrion O&G Corporation  
610 Reilly Ave.  
Farmington, NM 87401

Re: APD Rescinded –Wooly Bugger #1 Sec. 10, T. 19S R. 7E  
Emery County, Utah API No. 43-015-30619

Dear Mr. Wood:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 8, 2005. On April 19, 2006 the Division granted a one-year APD extension.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 7, 2007.

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

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

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Moab

