

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. Type of Work: DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. Lease Designation and Serial Number: ML-42072
B. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER: <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. If Indian, Alutotee or Tribe Name:
2. Name of Operator: BHP Petroleum (Americas) Inc.		7. Unit Agreement Name:
3. Address and Telephone Number: 5847 San Felipe, Suite 3600, Houston, Texas 77057		8. Farm or Lease Name: State 2
4. Location of Well (Footages) At Surface: 580' FSL & 2140' FEL At Proposed Producing Zone:		9. Well Number: 1
14. Distance in miles and direction from nearest town or post office: 29 miles southeast of Boulder		10. Field and Pool, or Wildcat: Cambrian
15. Distance to nearest property or lease line (feet): 580'		11. Cr./Qt., Section, Township, Range, Meridian: SW/SE Section 2, T-34-S, R-7-E
16. Number of acres in lease: 479.16		12. County: Garfield
17. Number of acres assigned to this well: 40		13. State: UTAH
18. Distance to nearest well, drilling, completed, or applied for, on this lease (feet): no wells on lease		20. Rotary or cable tools: rotary
19. Proposed Depth: 7350'		22. Approximate date work will start: as soon as approved
21. Elevations (show whether DF, RI, GR, etc.): 6740' GR		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
36"	30"		0-90'	Preset & cmt. w/dryhole digger
17-1/2"	13-3/8"	54.5#	0-1050"	35/65 Poz G + 2% CaCl2+0.5#/sk cello-flakes+ 6% gel+ 10#/sk Kolite.

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

Proposed to spud well and drill to 7350' to test the Cambrian formation. Will drill a 17-1/2" hole to a TD of 1050'. Run and cmt. surface casing (13-3/8"). WOC 12 hours. Test to 1000 psi/30 minutes. No abnormal pressures or poisonous gases are anticipated. Drill a 8-3/4" hole to a TD of 7350' using fresh water mud. Run logs at TD. Run and cement production casing. WOC 12 hours. Move out drilling rig and move in completion unit. Pressure test to 2500 psi/30 minutes prior to perforating. Run cased hole correlation logs. Perforate the Tapeats. No stimulation treatments are planned.

Permit to use county road will be obtained from Garfield County. (Burr Trail) One Quarter (1/4) mile of new access road will be built for this exploratory well. Water Permit is being applied for with The Division of Water Rights / State of Utah. Designation of Operator is included with this APD on Form 5 (Designation of Operator or Agent)

24. Name & Signature: <u>Carl Kolbe</u>	APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS AND MINING DATE: <u>10/22/93</u> BY: <u>[Signature]</u> WELN872011993
(Title - space for State use only)	
API Number Assigned: <u>43-017-30137</u>	Approval: _____

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

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RECEIVED
NOV 25 1995

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Designation of Operator is included with this APD on Form 5 (Designation of Operator or Agent)

24

Name & Signature:

Carl Kolbe

Title: Regulatory Affairs Rep. Date: 11/22/93

(1) - piece for State use only

APN Number Assigned:

43-017-30137

Approval

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

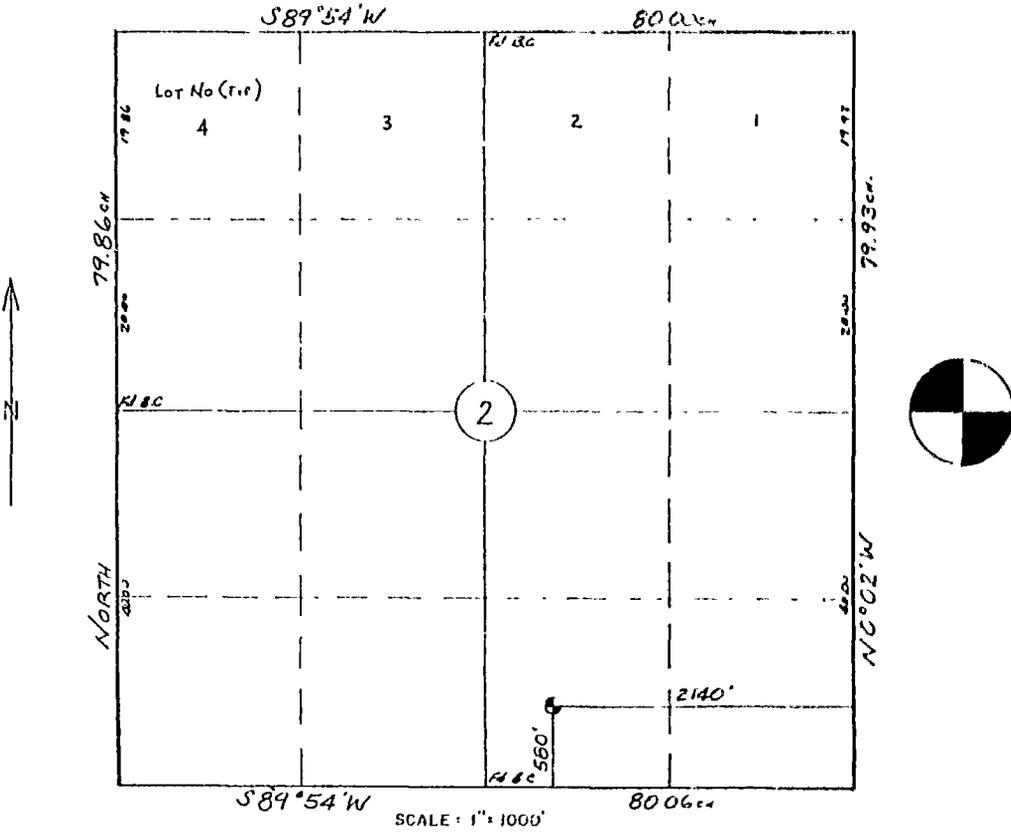
DATE:

BY:

WELL SPACING:

11-24-93
[Signature]
12-04-93

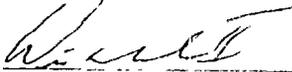
COMPANY P PETROLEUM (AMERICAS) INC.
 LEASE STATE 2 WILL NO 1
 SLC 2, T 34 S, R 7 E, SLB & M
 COUNTY Garfield STATE Utah
 LOCATION 540'FSL & 2140'FSL
 EL EAVATION 6740



SCALE: 1" = 1000'

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




 WILLIAM E. MAHNKE II
 NEW MEXICO PLS N° 8466

SURVEYED 10.5.93 93

Mike

STATE ACTIONS

Mail to
RDCC Coordinator
116 State Capitol
Salt Lake City, Utah 84114

1. ADMINISTERING STATE AGENCY
OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

2 STATE APPLICATION IDENTIFIER NUMBER
(assigned by State Clearinghouse)

3 APPROXIMATE DATE PROJECT WILL START
Upon approval

4 AREAWIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS
(to be sent out by agency in block 1)
Southeastern Utah Association of Governments

5. TYPE OF ACTION. Lease Permit License Land Acquisition
 Land Sale Land Exchange Other _____

6 TITLE OF PROPOSED ACTION
Application for Permit to Drill

7 DESCRIPTION
BHP Petroleum (Americas) Inc proposes to drill the State 2-#1 well (wildcat) on state lease ML-42072, Garfield County, Utah This action is being presented to RDCC for consideration of resource issues affecting state interests The Division of Oil, Gas and Mining is the primary administrative agency in this action; and must issue approval before operations commence

8 LAND AFFECTED (site location map required) (indicate county)
SW/4, SE/4, Section 2, Township 34 South, Range 7 East, Garfield County, Utah

9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?

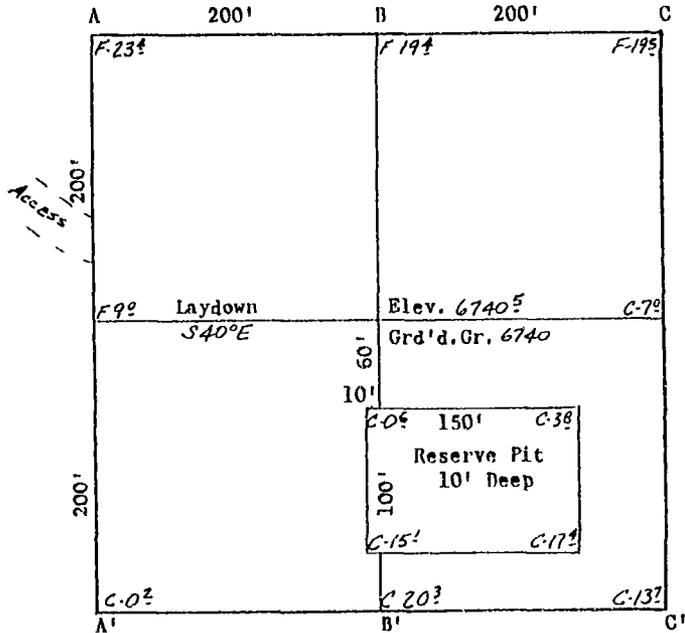
10 POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR
Degree of Impact is based on the discovery of oil or gas in commercial quantities

11 NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE

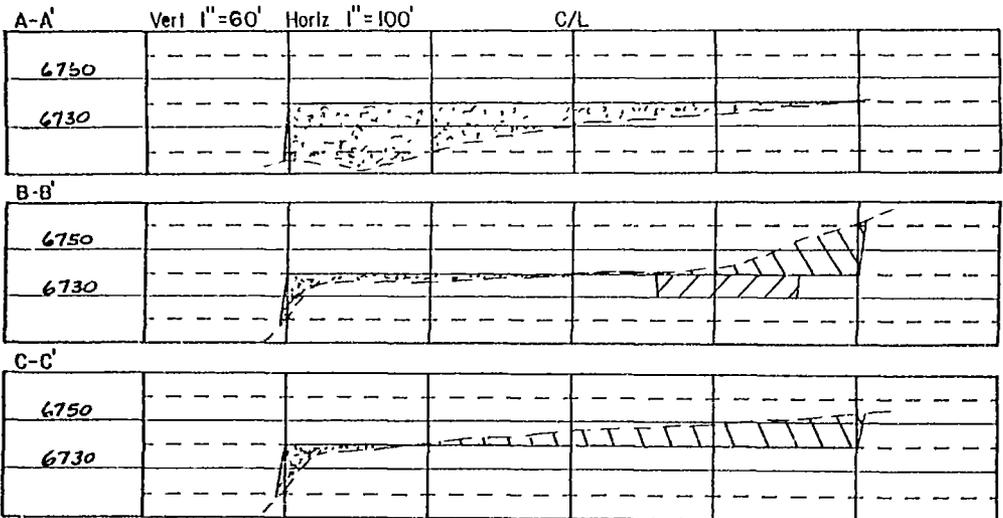
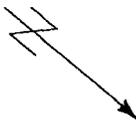
12. FOR FURTHER INFORMATION, CONTACT 13 SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL
Frank R Matthews
PHONE 538-5340

[Signature]
DATE 11-23-03 Petroleum Engineer

BHP PETROLEUM (AMERICAS) INC.
 STATE 2 #1
 580' FSL & 2140' FEL
 Sec. 2, T34S, R7E, SLB & M
 Garfield Co., Utah



Scale : 1"=100'



STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

DESIGNATION OF AGENT OR OPERATOR

RECEIVED

NOV 23 1993

The undersigned is, on record the holder of oil and gas lease

LEASE NAME: STATE 2

LEASE NUMBER: ML-42072

DIVISION OF
OIL, GAS & MINING

and hereby designates

NAME: BHP PETROLEUM (AMERICAS) INC.

ADDRESS: 5847 SAN FELIPE, SUITE 3600, HOUSTON, TEXAS 77057

as his agent /operator , with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to.

(Describe acreage to which this designation is applicable and identify each applicable oil and gas well by name and API number. Attach additional pages as needed.)

LOTS 1,2,3,4, S/2 N/2, SE/4 SECTION 2, T-34-S, R-7-E, GARFIELD COUNTY, UTAH.
WELL NAME: STATE 2-#1, API NO. To be assigned upon receipt of completed APD.
THE STATE 2-#1 IS LOCATED 580' FSL & 2140 FEL

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation 11/08/93

BY (Name) WILLIAM C. KIRKWOOD OF (Company)

(Signature) *William C. Kirkwood* (Address) 120 South Durbin

(Title) Casper, Wyoming 82602

(Phone)

BHP PETROLEUM (AMERICAS) INC.
 STATE 2 NO. 1
 580' FSL & 2,140' FEL (SW/SE)
 SECTION 2, T-34-S, R-7-E
 GARFIELD COUNTY, UTAH

TEN POINT PROGRAM

1. Surface Formation: Triassic Moenkopi
2. Estimated Formation Tops:
3. Elevation: 6,740' GR ungraded ground level

FORMATION	TOP	EXPECTED PRODUCTION
Triassic Moenkopi	Surface	
Permian Kaibab	300'	
White Rim	370'	
Organ Rock	810'	
Cedar Mesa	1010'	
Pennsylvanian Hermosa	2,570'	
Molas	3,255'	
Mississippian	3,375'	
Devonian	4,050'	
Cambrian	4,615'	
Bright Angel	5,445'	
Tapeats	5,115'	Oil
Precambrian	6,325'	
PTD	7,350'	

4. Casing Program

Casing	Interval	Size	Weight	Grade	Conn	Length (ft)	Burst SF	Collapse SF	Tension SF
Conductor	0-90'	30"	---	---	---	---	---	---	---
Surface	0-1050'	13.375"	54.5#	K-55	STC	1050'	2,730/ 1.88	1,107/ 2.13	547,000/ 9.6

Cementing Program

Hole Size	Casing Size	Est. sx	Fill & Excess	Cement Blend	Water gal/sx	Weight ppg	Yield $\frac{ft^3}{sx}$	Notes
17 5"	13 375" @ 1050'	780 Lead	910' 100%	35/65 (Poz/G) cement + 2% CaCl ₂ + 0.5 lb/sx cello- flakes + 6% gel + 10 lbs/sk Kolite	7.506	13.4	1.565	Float : hoe & collar Top of down annulus w/1" pipe, if required
		250 Tail	140' 100%	25/75 (Poz/G) cement + 2% CaCl ₂ + 0.5 lb/sx cello- flakes	4.349	15.4	1.106	

5. Pressure Control Equipment: A minimum of 3,000 psi BOP equipment will be utilized. BOPE and choke manifold will be installed and pressure tested before drilling out under surface casing and then will be rechecked daily as to mechanical integrity. Ram type preventors and choke manifold will be tested to full working pressure. The annular BOP will be tested to 70% of working pressure.

6. Mud Program

Interval	Mud Weight	Viscosity	PV	YP	Filtrate (API)	Treatment
0'-1050'	8.5-8.7 (as low as possible)	30-35	3-7	8-10	N/C	FW/Gel/Hi-Vis & LCM Sweeps or Air/Air Mist
1050'-7,350'	8.7-9.0 (as low as possible)	32-36	5-8	8-10	25-6	Air/Air Mist or LSND/Gel/Caustic, Lignite, Pac, LCM

7. Auxiliary Equipment

Upper Kelly Cock	Remote adjustable choke
Inside BOP	Hydraulic drilling jars
PVT	Continuous circulating trip tank
Flow-Show	Dart float and string float
Rotating Head	Mud cleaner with LCM saver
Bloolie Line & stands	

8. Logging Program: DIL/BHC Sonic/CNL-FDC/GR/SP/Caliper/Dipmeter from base of surface casing to TD. RFT for Tapeats pressure data and formation water sample. Checkshot survey at TD.

NOTE: Actual logging tool selection will be subject to change, depending on anticipated drilling fluids medium and conditions.

Coring Program: 60' conventional core in Cambrian Tapeats.

Testing Program: No tests are planned.

Stimulation Program: No stimulation treatments are planned.

9. Abnormal Pressures/H₂S: No abnormal pressures or H₂S are expected.

Estimated Bottomhole Pressure: 1,700 psi

10. Anticipated Starting Date: As soon as all required approvals are received.

Duration of Operation: 40 dryhole drilling days and 12 completion days

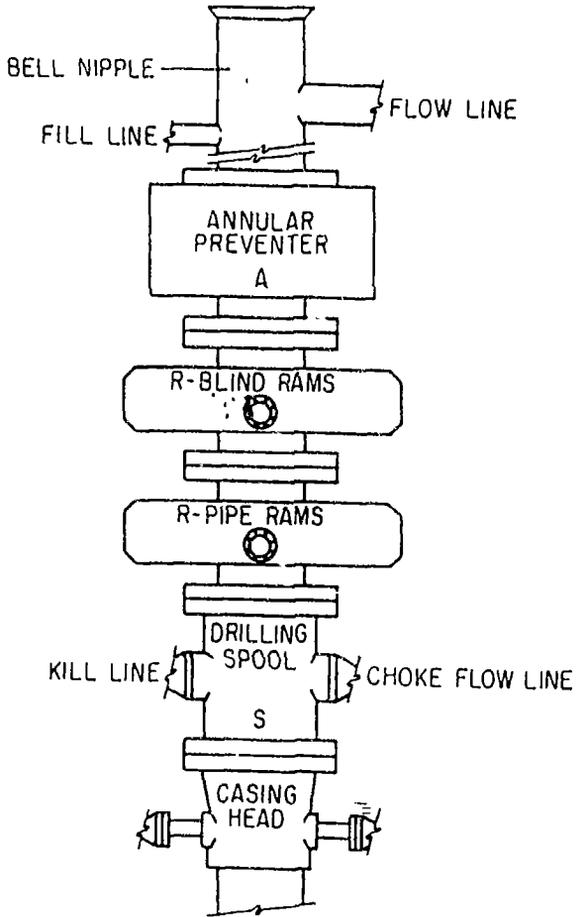


Figure 5-1. Typical two-ram blowout-preventer stack arrangement 4

SURFACE USE PLAN

Operator: BHP Petroleum (Americas) Inc.

Lease Name: State 2

Lease Number: ML-42072

Location: 580' FSL & 2140' FEL, Section 2, T-34-S, R-7-E Garfield County, Utah

1. Existing Roads:

- A. See attached Vicinity Map.
- B. Follow State Highway 12 1/2 mile south from Boulder to Burr Trail Road. Turn left and go 29 miles to newly constructed access road and turn right approximately 1/4 mile to location.
- C. This well will require 1/4 miles of new access road.
- D. Exploratory Well - All existing roads are shown on the attached Vicinity Map.
- E. Development Well - N/A
- F. Plans for improvement and maintenance - Existing county road (Burr Trail) is paved and will be maintained by the county. Any other existing roads used by BHP during the drilling and completion of this well will be upgraded by BHP to be consistent with the specifications of the new access road. (See 2A. Access Road)

2. Access Road:

- A. Width: 20' running surface. 24' of total ROW is requested to accomodate construction activity for the road and drainage.
- B. Maximum Grade: Less than 5%.
- C. Turnouts: As per State/BLM operating standards.
- D. Drainage Design: As per State/BLM operating standards.
- E. Upgrade Existing Road: Consistent with new access road specifications.
New Construction: 24'
- F. Location and size of culverts: 2 / 18-24 inch diameter.
- G. Major cuts and fills: None.
- H. Surface Materials: Gates - 0. Cattleguards - 0
Fence cuts - 0. Road base - None.
- I. Centerline Flagging: The proposed access road is centerline flagged from the existing road to the proposed location.

3. Location of Existing Wells:

This is an exploratory well location. There are no existing wells within a one mile radius.

4. Location of Existing and Production Facilities:

- A. Existing facilities: N/A
- B. Proposed facilities: The actual equipment used and it's configuration will be determined after the well is completed.

- C. Plans for rehabilitation of the surface: All surface areas not needed for operation of the well will be recontoured to blend with the existing topography and seeded with a mixture specified by the surface managing agency. All pits will be fenced until they are covered.
5. Location and Type of Water Supply:
- A. Location: On wellsite.
 - B. Supply : Groundwater
 - C. Method of Transportation: N/A
 - D. Water wells to be drilled: 1
6. Source of Construction Materials:
No construction materials are anticipated.
7. Methods of Handling Waste Disposal:
- A. Cuttings and Drilling Fluids: Cuttings will be placed in a reserve pit with a 16 mil liner. Drilling fluids will be kept in the reserve pit. All cuttings will be pushed into the reserve pit and buried during the clean up operation. The drilling fluids will be allowed to dry in the reserve pit and buried during the clean up operation.
 - B. Produced Fluids: Tanks will be used for the storage of all produced liquids during testing and production. Oil will be retained in the tanks until it can be treated and sold. Water from testing operations will be drained into the reserve pit. Produced water will be stored in a tank battery on the location.
 - C. Sewage: Sewage will be contained in a portable latrine.
 - D. Garbage: Garbage will be contained in a Trash cage. This This will be hauled to the nearest dump facility and disposed of during and upon completion of the well.
 - E. Wellsite Clean Up: Upon completion of the drilling operation, all trash will be gathered and placed in the trash cage. The pits will be fenced with a woven wire material on three sides during drilling. The fourth side will be fenced upon completion of the drilling operation. The pits will remain fenced until the pits have dried enough to backfill.
8. Ancillary Facilities: None
9. Wellsite Layout: Cuts and fills, location of pits and drilling equipment and orientation are shown on the attached Wellsite Layout and Cut/Fill section. Due to the rocky nature of the terrain, minimal use of explosives may be necessary to properly construct the reserve pit. The rest of the drilling pad will be ripped and levelled with conventional grading equipment.

10. Plans for Restoration of the Surface:

- A. Backfilling of the pits will be done as soon as they dry sufficiently. Contouring will be done in conjunction with the backfilling. Waste disposal will commence as soon as the drilling is complete. Topsoil will be stripped from the location when appropriate and stockpiled in the construction buffer for use during the rehabilitation of the location.
- B. Revegetation will be done during the appropriate season. This will be conducted using BLM specified seed mixtures and planting times. All areas not necessary for production operations will be seeded.
- C. All drilling pits will be fenced until they are covered. Any oil accumulation will be removed or overhead flagging installed to protect waterfowl.
- D. Rehabilitation will commence when drilling is completed. Completion of rehabilitation depends on the weather and the time it takes the pits to dry.

11. Other Information:

- A. Surface vegetation is mainly Utah Juniper and Sagebrush.
- B. Surface Use and Ownership: Grazing - State
- C. Proximity of water, dwellings, etc:
 - Nearest water - 19.5 miles NW, The Gulch.
 - Nearest dwelling - Unknown

12. Lessee or Operators' Field Representative:

Mr. Fred Lowery
BHP Petroleum (Americas) Inc.
P.O. Box 977
Farmington, New Mexico 87499
(505) 327-1639

13. Certification:

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

11/22/93
Date

Carl Kolbe
Carl Kolbe

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/25/93

API NO. ASSIGNED: 43-017-30137

WELL NAME: STATE 2-1
OPERATOR: BHP PETROLEUM (AMERICAS) (N0390)

PROPOSED LOCATION:
SWSE 02 - T34S - R07E
SURFACE: 0580-FSL-2140-FEL
BOTTOM: 0580-FSL-2140-FEL
GARIFIELD COUNTY
WILDCAT FIELD (001)

INSPECT LOCATION BY: 11/10/93		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface	JH	11/10/93

LEASE TYPE: STA
LEASE NUMBER: ML-42072

RECEIVED AND/OR REVIEWED:

- Plat
 - Bond 18000
(Number 204410)
 - Potash (Y/N)
 - Oil shale (Y/N)
 - Water permit
(Number BEING APPLIED FOR)
 - RDCC Review (Y/N)
(Date: IN THE PROCESS)
- Submitted 11/23/93 ✓

LOCATION AND SITING:

- R649-2-3. Unit: _____
- R649-3-2. General.
- R649-3-3. Exception.
- Drilling Unit.
- Board Cause no: _____
- Date: _____

COMMENTS:

STIPULATIONS:

- ✓ SEE ATTACHED PRE-SITE Report.
- 1 RDCC STIPULATION NEEDED
- 2 CULVERT AT MAIN ACCESS ROAD HIGHWAY
- 3 BEAM AROUND NE, N, NW SIDES OF LOCATION
- 4 PIT PAVED OR SLOTTED TO PREVED LINER
PULVICURE + 16 MIL PLASTIC LINER AS
STIPULATED IN SECTION SA OF SURFACE USE
PLAN.

DRILLING LOCATION ASSESSMENT

State of Utah Division of Oil, Gas and Mining

OPERATOR: BHP PETROLEUM (AMERICAS) INC.
SEC: 2 TWP:34 S RNG:7E SURFACE LOC:580 FSL 2140 FWL QTR/QTR SW SE
BOTTOM HOLE LOCATION: SAME AS ABOVE
COUNTY: GARFIELD FIELD: WILDCAT SURFACE OWNER: STATE
SURFACE AGREEMENT: NA
SPACING: STATE SPACING GENERAL RULE R649- -
GEOLOGIST: MICHAEL HEBERTSON & FRANK MATTHEWS
DATE AND TIME NOV. 10, 1993 1:30 PM

PARTICIPANTS: MIKE HEBERTSON, FRANK MATTHEWS, JESSE ROBERTS, BOB PARRICK, CARL HUNT

REGIONAL SETTING/TOPOGRAPHY: AQUARIUS PLATEAU OF THE BOULDER MOUNTAINS, WEST OF CAPITOL REEF, EAST OF BRYCE CANYON, AND WITHIN THE AREA KNOWN AS THE CIRCLE CLIFFS. TOPOGRAPHY IS A SERIES OF STEP LIKE MESAS WITH BROAD PLATEAUS, STEEP SANDSTONE CLIFFS, AND DEEPLY INCISED CANYONS.

LAND USE:

CURRENT SURFACE USE: GRAZING FOR DOMESTIC LIVESTOCK, WINTER RANGE FOR DEER AND WILDLIFE.

PROPOSED SURFACE DISTURBANCE: 400 X 400 SQUARE FEET AND 1/4 MILE OF ACCESS ROAD 24 FEET WIDE.

AFFECTED FLOODPLAINS NONE

FLORA/FAUNA: LOWER SONORAN PINON/JUNIPER CLIMAX COMMUNITY, SAGE BRUSH, SPARSE GRASSES. DEER, COYOTES, LIZARDS, HAWKS, SMALLER INDIGENOUS BIRDS.

ENVIRONMENTAL PARAMETERS:

SURFACE GEOLOGY:

SOIL TYPE AND CHARACTERISTICS: VERY SANDY VERY POROUS 1-2 INCHES THICK, MOSTLY DEFLATION SURFACE SOILS DECOMPOSED SANDSTONE.

SURFACE FORMATION & CHARACTERISTICS: WEATHERED SANDSTONE OF THE NAVAJO FORMATION. SOME INTERMIXED ANKARAH SHALE. WEATHERS TO FINE SAND WITH LIGHT GRAVELS MOSTLY A REDISH BROWN COLOR.

EROSION/SEDIMENTATION/STABILITY: NO EROSION OR STABILITY PROBLEMS EXCEPT DURING FLASH FLOOD TIMES.

PALEONTOLOGICAL POTENTIAL: NONE.

SUBSURFACE GEOLOGY:

OBJECTIVES/DEPTHS: THE OBJECTIVE FORMATION IS THE CAMBRIAN TAPEATS AT 5,100 ±.

ABNORMAL PRESSURES--HIGH AND LOW: THIS AREA IS UNKNOWN NONE ARE EXPECTED.

CULTURAL RESOURCES/ARCHAEOLOGY: NONE HAVE BEEN SITED.

CONSTRUCTION MATERIALS: LOCATION WILL BE CONSTRUCTED WITH MATERIALS AT THE SITE USING CUT & FILL AS AVAILABLE, THE ROAD WILL BE CAPPED WITH A GRAVEL SURFACE FROM THE RUNOFF CHANNEL AT THE SITE.

SITE RECLAMATION: AS REQUIRED BY STATE LANDS.

RESERVE PIT:

CHARACTERISTICS: 150 X 100 FEET AND MAY NEED TO BE BLASTED TO THE DESIRED DEPTH.

LINING: A LINER OF 16 MIL PLASTIC WILL BE REQUIRED AND THE PIT WILL BE PADDED OR SMOOTHED SO AS TO PREVENT THE LINER FROM BEING PUNCTURED.

MUD PROGRAM: AS SPECIFIED IN THE APD AND DRILLING PLAN. MOSTLY AIR WHENEVER POSSIBLE OR UNLESS SUFFICIENT WATER IS ENCOUNTERED SO AS TO PROHIBIT THE USE OF AIR.

DRILLING WATER SUPPLY: WATER WILL BE SUPPLIED FROM A WATER WELL THAT WILL BE DRILLED ON LOCATION. A PERMIT HAS BEEN APPLIED FOR.

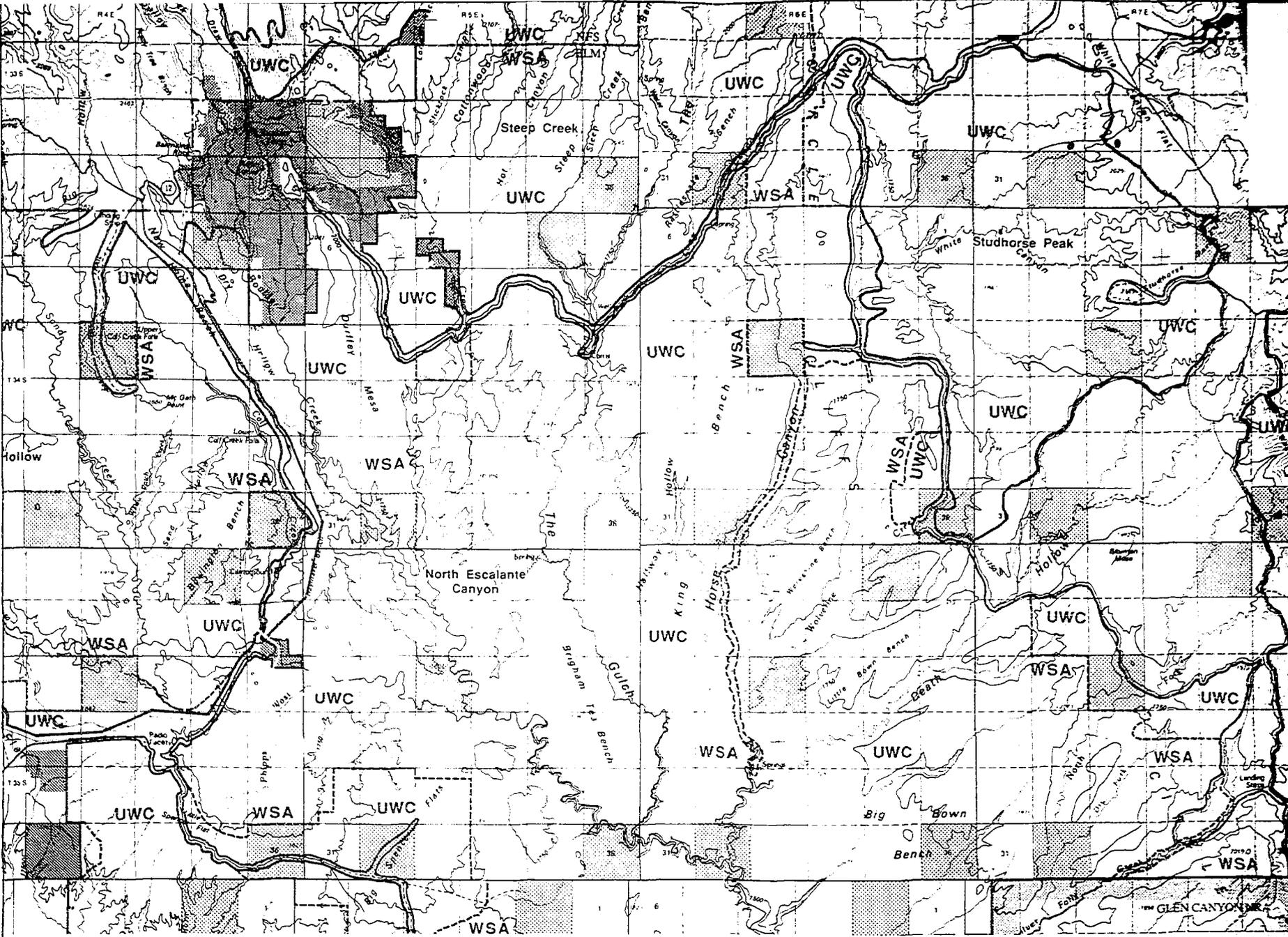
OTHER OBSERVATIONS :

STIPULATIONS FOR APD APPROVAL:

1. A CULVERT WILL BE PLACED IN THE SHALLOW GULLY OFF OF THE MAIN ROAD ACCESS.
2. A BERM WILL BE PLACED AROUND THE NE, N, & NW SIDES TO LOCATION SO AS TO PREVENT WATER WASHING ONTO THE PAD AND IN SUCH A MANNER THAT RUNOFF WILL BE DIVERTED TO THE NATURAL DRAINAGES.
3. PIT WILL BE PADDED OR SMOOTHED IN SUCH A WAY THAT A LINER OF 16 MIL PLASTIC WILL NOT PUNCTURE.

ATTACHMENTS

PHOTOGRAPHS WILL BE PLACED OF FILE.





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

Michael O. Leavitt
Governor
Tod Stewart
Executive Director
James W. Cantler
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84100 1203
801 538 5340
801 359-3940 (Fax)
801-538 5319 (TDD)

November 24, 1993

BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, Texas 77057

Re: State 2 #1 Well, 580' FSL, 2140' FEL, SW SE, Sec. 2, T. 34 S., R. 7 E., Garfield County, Utah

Gentlemen.

Pursuant to Utah Admin. R. 649-3-2, Location and Siting of Wells and Utah Admin. R. 649-3-4, Permitting of Wells to be Drilled, Deepened or Plugged-Back, approval to drill the referenced well is hereby granted

In addition, the following specific actions are necessary to fully comply with this approval:

1. The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. BHP Petroleum (Americas) Inc., will be required to comply with any applicable recommendations resulting from the review.
2. The reserve pit shall be lined with a synthetic liner of at least 16 mil thickness. The bottom of the reserve pit shall be conditioned prior to the liner installation so as to prevent damage to the synthetic liner.
3. A culvert shall be installed at the main access road and highway
4. A berm should be constructed on the north, northeast and northwest sides of the location to provide for diversion of run off away from the location into the natural drainages
5. Compliance with the requirements of Utah Admin. R. 649-1 et seq., Oil and Gas Conservation General Rules.

6. Notification within 24 hours after commencing drilling operations.
7. Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations and whenever a change in operations or interests necessitates an entity status change.
8. Submittal of the Report of Water Encountered During Drilling, Form 7
9. Prompt notification prior to commencing operations, if necessary, to plug and abandon the well. Notify Frank R Matthews, Petroleum Engineer, (Office) (801)538-5340, (Home) (801)476-8613, or Mike Hebertson, Oil and Gas Field Specialist, (Home) (801)269-9212.
10. Compliance with the requirements of Utah Admin R 649-3-20, Gas Flaring or Venting, if the well is completed for production.

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-017-30137.

Sincerely,



R. J. Erth
Associate Director, Oil and Gas

ldc
Enclosures
cc: Garfield County Assessor
State Lands and Forestry
Bureau of Land Management, Cedar City District Office
WO11



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

Michael O. Leavitt
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355 West North Temple
3 Trade Center, Suite 350
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801 538 5340
801 359 3940 (Fax)
801 538 5319 (TDD)

January 9, 1995

BIIP Petroleum (Americas) Inc
5847 San Felipe, Suite 3600
Houston, Texas 77057

Re State 2-1 Well, Sec 2, T. 34 S., R. 7 E., Garfield County, Utah
API No. 43-017-30137

Gentlemen

Due to excessive time delay in commencing drilling operations, approval to drill the subject well is hereby rescinded, effective immediately

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

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

Sincerely,

A handwritten signature in cursive script that reads "Don Staley".

Don Staley
Administrative Manager
Oil and Gas

ldc
cc R J Firth, Associate Director
Well file
WOI219