



POWERS ELEVATION

OIL WELL ELEVATIONS — LOCATIONS
ENVIRONMENTAL — ARCHAEOLOGICAL SERVICES
600 SOUTH CHERRY STREET, SUITE 1201
DENVER, COLORADO 80222
PHONE NO. 303/321-2217

September 9, 1981

State of Utah
Division of Oil, Gas, and Minerals
1588 West North Temple
Salt Lake City, Utah 84116

RE: Filing Application for Permit to Drill

Odegard Resources, Inc.
Federal C #1
NE NW Sec. 12 T17S R23E
660' FNL & 1955' FWL
Grand County, Utah

RECEIVED
SEP 11 1981

DIVISION OF
OIL, GAS & MINING

Gentlemen:

Enclosed are three copies each of the Federal A.P.D. Form 9-331C, the Location and Elevation Plat, the Ten-Point Compliance Program, and the Blowout Preventer Diagram for the above-referenced well location.

Please return the approved copies to:

Cameron I. Downey
Odegard Resources, Inc.
3070 One Denver Place
999 18th Street
Denver, Colorado 80202

Very truly yours,

POWERS ELEVATION

Connie L. Frailey

Connie L. Frailey
Vice President, Environmental Services

CLF:sb
Enclosures

cc: Odegard Resources, Inc., 3070 One Denver Place, 999 18th Street,
Denver, Colorado 80202, Attn: Mr. Cam Downey

**UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Odgard Resources, Inc.

3. ADDRESS OF OPERATOR
 3070 One Denver Place, 999 18th Street, Denver, Colorado 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 660' FNL & 1955' FWL (NE NW)
 At proposed prod. zone 710'
 same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 The location is 35.7 miles Northwest of Mack, Colorado

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 660'

16. NO. OF ACRES IN LEASE
 2222.62

17. NO. OF ACRES ASSIGNED TO THIS WELL
 320

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

19. PROPOSED DEPTH
 5250'

20. ROTARY OR CABLE TOOL
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5831' GR

22. APPROX. DATE WORK WILL START
 August 1, 1981

5. LEASE DESIGNATION AND SERIAL NO.
 SL 078192

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

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Federal

9. WELL NO.
 C #1

10. FIELD AND POOL, OR WILDCAT
 Westwater

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 12 T17S R23E

12. COUNTY OR PARISH
 Grand

13. STATE
 Utah

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8" New	36# K-55 ST&C	200'	Class "G" + additives
8 3/4"	7" New	20# K-55 ST&C	1600'	50/50 Poz + additives
6 1/2"	4 1/2" New	11.6# N-80 LT&C	5250'	50/50 Poz + additives

1. Drill 12 1/4" hole and set 9 5/8" surface casing to 200' with good cement.
2. Drill 8 3/4" hole and set 7" intermediate casing to 1600'.
3. Log B.O.P. checks in daily drill reports and drill 6 1/2" hole to 5250'.
4. Run tests if warranted and run 4 1/2" casing if productive.
5. Run logs, as needed, and perforate and stimulate as needed.

RECEIVED
 SEP 11 1981

EXHIBITS ATTACHED:

- "A" Location and Elevation Plat "H"
- "B" The Ten-Point Compliance Program
- "C" The Blowout Preventer Diagram
- "D" The Multi-Point Requirements for A.P.D.
- "E" & "E₁" Access Road Maps to Location
- "F" Radius Map of Field
- "G" & "G₁" Drill Pad Layout, Production Facilities & Cut-Fill Cross-Sections

DIVISION OF
 OIL, GAS & MINING
 Drill Rig Layout

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

24. SIGNED Robert C. Dickinson TITLE Denver Manager DATE 1/20/81

(This space for Federal or State office use)

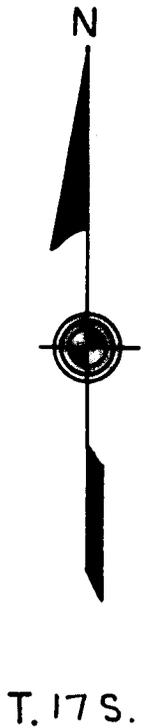
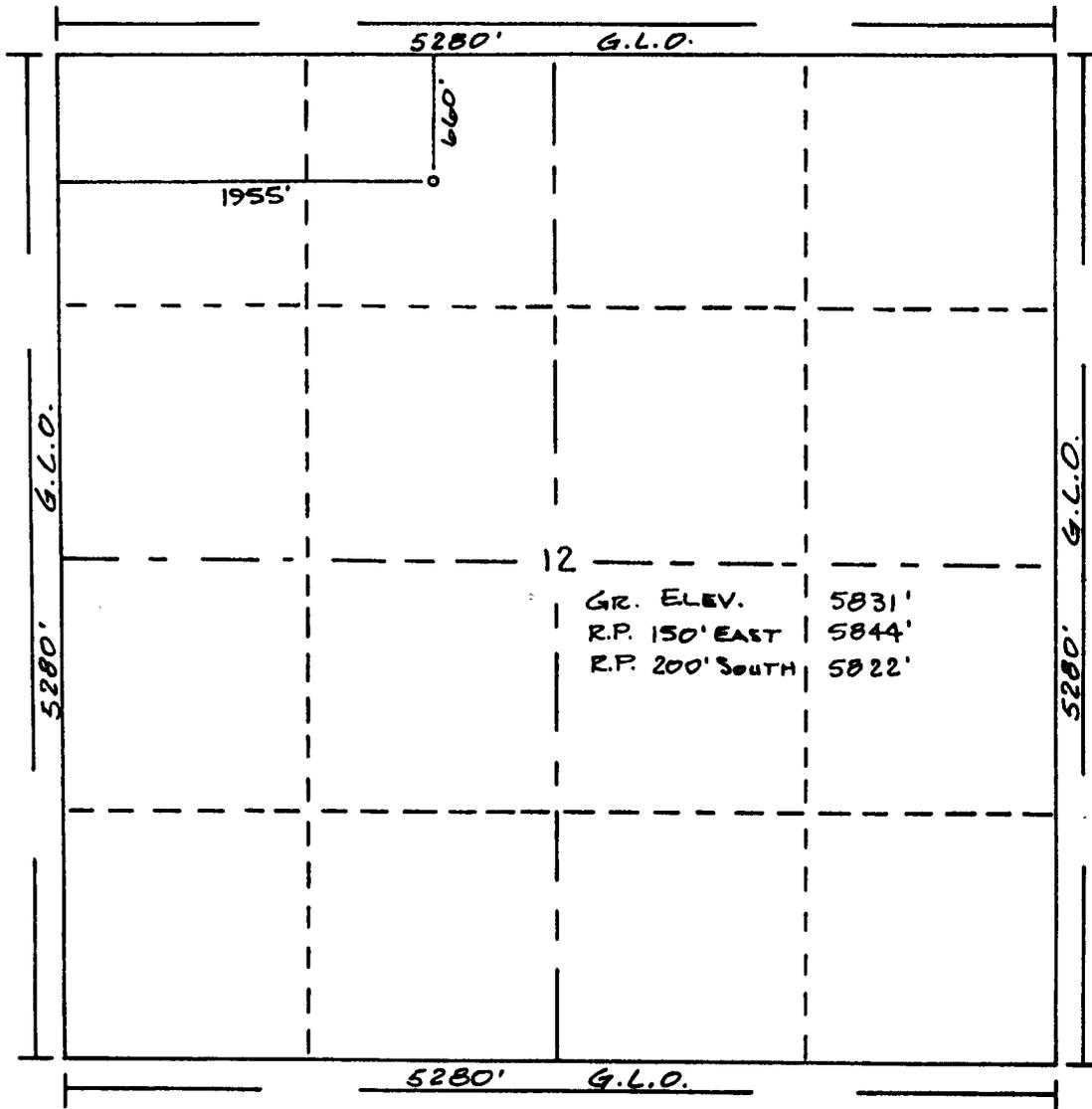
PERMIT NO. _____ APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

APPROVED BY _____ DATE 12-10-81

CONDITIONS OF APPROVAL, IF ANY: _____ BY: M. J. Minder



R. 23 E.



Scale... 1" = 1000'

Powers Elevation of Denver, Colorado
 has in accordance with a request from CAM DOWNEY
 for ODEGARD RESOURCES, INC.
 determined the location of FEDERAL C#1
 to be 660' FNL & 1955' FWL Section 12 Township 17 South
 Range 23 EAST OF THE SALT LAKE Meridian
 GRAND County, UTAH

I hereby certify that this plat is an
 accurate representation of a correct
 survey showing the location of
 FEDERAL C#1

Date: July 10, 1981

Edward A. Lewis

Licensed Land Surveyor No. 5443
State of UTAH

EXHIBIT "B"

TEN-POINT COMPLIANCE PROGRAM

OF NTL-6 APPROVAL OF OPERATIONS

Attached to Form 9-331C
Odegard Resources, Inc.
Federal C#1
NE NW Sec 12 T17S R23E
660' FNL & 1955' FWL
Grand County, Utah

1. The Geologic Surface Formation

The surface formation is the Mesaverde.

2. Estimated Tops of Important Geologic Markers

Castlegate	1223'
Mancos	1333'
Dakota "Silt"	4823'
Dakota	4897'
Morrison	5060'
Total Depth	5250'

3. Estimated Depths of Anticipated Water, Oil, Gas or Minerals

Castlegate	1223'	Water
Dakota	4897'	Gas
Morrison	5060'	Gas

No water zones are anticipated.

4. The Proposed Casing Program

<u>HOLE SIZE</u>	<u>INTERVAL</u>	<u>SECTION LENGTH</u>	<u>SIZE (OD)</u>	<u>WEIGHT, GRADE & JOINT</u>	<u>NEW OR USED</u>
12-1/4"	0-200'	200'	9-5/8"	36# K-55 ST&C	New
8-3/4"	0-1600'	1600'	7"	20# K-55 ST&C	New
6-1/4"	1600-5250'	3650'	4-1/2"	11.6# N-80 LT&C	New

Cement Program -

Surface (9-5/8") - Class "G" with 3% CaCl₂ and 1/4# Flocele; cement to surface. ✓

Intermediate (7") - 50/50 Poz with 2% gel, 5% KCL, 0.4% Halad 9, and 2% CaCl₂; cement to 500' above Castlegate.

Production (4-1/2") - Same as for Intermediate casing; cement to 500 feet above pay zone.

5. The Operator's Minimum Specifications for Pressure Control ✓

EXHIBIT "C" is a schematic diagram of the blowout preventer equipment. The BOP's will be hydraulically tested to half of working pressure after nipping up and after any use under pressure. Pipe rams will be operationally checked each 24-hour period, as will blind rams and double-ram annular preventer each time pipe is pulled out of the hole. Such checks of BOP will be noted on daily drilling reports.

Accessories to BOP will include an upper kelly cock, floor safety valve, and 2"-2000# choke manifold with pressure rating equivalent to the BOP stack.

6. The Type and Characteristics of the Proposed Circulating Muds

This well will be drilled with air or air mist from surface to total depth. Exhaust will be muffled. Other down hole materials will be on site to handle any anticipated down hole problems as well as possible spill of fluid on the surface.

7. The Auxiliary Equipment to be Used

- (a) An upper kelly cock will be kept in the string.
- (b) A float will be used at the bit.
- (c) Neither a mud logging unit nor gas detecting device will be monitoring the system.
- (d) A stabbing valve will be on the floor to be stabbed into the drill pipe when kelly is not in the string.

8. The Testing, Logging and Coring Programs to be Followed

- (a) No DST's are anticipated.
- (b) The logging program will consist of the following:
 - DIL: Total depth to intermediate casing
 - SNP-GR: Total depth to 4650' (Dakota-Morrison)
2900' to intermediate casing (Mancos "B")
 - FDC-GR: Same intervals as SNP-GR
- (c) No coring is anticipated.
- (d) Stimulation procedures will be to perforate zones of interest, acidize and frac with KCL water. If treatment is indicated and when treatment program has been formalized, appropriate Sundry Notice will be submitted for approval.

9. Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000-1100 psi.

No hydrogen sulfide or other hazardous fluids or gases have been found, reported or known to exist at these depths in the area.

10. Anticipated Starting Date and Duration of the Operations

The anticipated starting date is set for August 1, 1981, or as soon as possible after examination and approval of drilling requirements. Operations should be completed within two weeks after spudding the well to intermediate casing point.

7-7 B. R. T. TO C.L.

8'-6 1/2" B. R. T. DIA. TO C.L.

36"
46"
30"

12" - 900
GRANT
ROT
HEAD

12" - 900
HYDRIL

12" - 900
DBL HYD
SHAFFER

12" - 900
CS&ND

10 1/2" BLOWIE LINE

COMBINATION KILL LINE
FILL-UP LINE

POSITIVE CHOKE

TO PIT OR TANKS

2" - 400 CR VALVE

2" - 400 PLUG VALVE

G.A.N.G.E

2" - 400 PLUG VALVE

TO PIT OR TANKS

B.R.P.

2" - 400 PLUG VALVES

2" - 400 PLUG VALVE

TO PIT OR TANKS

ADJUSTABLE CHOKE

C.S. Level

OUTLET BELOW
BLIND RANS

EXHIBIT "C"
Blowout Preventer Diagram

** FILE NOTATIONS **

DATE: September 30, 1981
OPERATOR: Odegard Resources, Inc.
WELL NO: Federal C # 1
Location: Sec. 12 T. 17S R. 23E County: Grand

File Prepared: Entered on N.I.D:
Card Indexed: Completion Sheet:

API Number 43-019-30895

CHECKED BY:

Petroleum Engineer: W. J. Munder 12-10-81
Per phone call C. Downey 10-15-81 scheduled for
Nov. Hearing

Director: _____

Administrative Aide: ok as per order below

APPROVAL LETTER:

Bond Required: Survey Plat Required:

Order No. 47-5, 11-19-81 O.K. Rule C-3

Rule C-3(c), Topographic Exception - company owns or controls acreage
within a 660' radius of proposed site

Lease Designation Fed. Plotted on Map

Approval Letter Written

Hot Line P.I.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER

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 Odegard Resources, Inc.

3. ADDRESS OF OPERATOR
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 Rotary

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 5831' GR

22. APPROX. DATE WORK WILL START*
 August 1, 1981

OCT 21 1981
 DIVISION OF OIL, GAS & MINING

5. LEASE DENOMINATION AND SERIAL NO.
 SL 078192 071892

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

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Federal

9. WELL NO.
 C #1

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 Westwater

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Sec. 12 T17S R23E

12. COUNTY OR PARISH
 Grand

13. STATE
 Utah

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24. SIGNED Robert C. Dickinson TITLE Denver Manager DATE 1/20/81

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY W. W. Guynn FOR E. W. GUYNN
 TITLE DISTRICT OIL & GAS SUPERVISOR DATE OCT 20 1981

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED
 TO OPERATOR'S COPY
 *See Instructions On Reverse Side

NOTICE OF APPROVAL

State of CO

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

United States Department of the Interior
Geological Survey
2000 Administration Bldg.
1745 West 1700 South
Salt Lake City, Utah 84104

NEPA CATEGORICAL EXCLUSION REVIEW

PROJECT IDENTIFICATION

Operator Odegard Resources, Inc.
Project Type Gas Well - Wildcat
Project Location 710' FNL & 1955' FWL - Section 12, T. 17S, R. 23E
Well No. C #1 Lease No. SL-071892
Date Project Submitted July 27, 1981

FIELD INSPECTION Date August 19, 1981

Field Inspection Participants

<u>Craig Hansen</u>	<u>USGS - Vernal</u>
<u>Elmer Duncan</u>	<u>BLM - Moab</u>
<u>Jeff Robbins</u>	<u>BLM - Moab</u>
<u>Don Dunkley</u>	<u>Odegard Resources</u>
<u>Ed Lewis</u>	<u>Powers Elevation</u>
<u>Leonard Lewis</u>	<u>Dirt Contractor</u>

Related Environmental Documents: _____

I have reviewed the proposal in accordance with the categorical exclusion review guidelines. This proposal would not involve any significant effects and, therefore, does not represent an exception to the categorical exclusions.

8-21-81
Date Prepared

Craig Hansen
Environmental Scientist

I concur
OCT 16 1981
Date

W. W. Mouton
District Supervisor
FOR E. W. GYNN
DISTRICT OIL & GAS SUPERVISOR

Typing In August 21, 1981 Typing Out August 24, 1981

CATEGORICAL EXCLUSION REVIEW COMMON REFERENCE LEGEND

1. Surface Management Agency Input
2. Reviews Reports, or information received from Geological Survey
(Conservation Division, Geological Division, Water Resource Division,
Topographic Division)
3. Lease Stipulations/Terms
4. Application Permit to Drill
5. Operator Correspondence
6. Field Observation
7. Private Rehabilitation Agreement



Odegaard #
C-1 South

RECOMMENDED STIPULATIONS FOR ODERGARD RESOURCES C #1

1. Operator will adhere to BLM surface stipulations.
2. Blooie lines will be misted to reduce dust to access road and passers-by.
3. Ten foot buffer strip will be left on the edge of the wash to reduce erosion potential.
4. Flowlines will follow existing road to main transmission lines.
5. The location will be rotated 15° to the right and moved 50' south to reduce cut and fill and reduce erosion to the wash west of the location.
6. Topsoil will be piled on the north edge of the location to insure rehabilitation efforts.



United States Department of the Interior

IN REPLY REFER TO

3109
(U-068)

BUREAU OF LAND MANAGEMENT

Moab District
Grand Resource Area
P.O. Box M
Moab, Utah 84532

Memorandum

To: Oil and Gas Office
USGS Conservation Division
P.O. Box 1037
Vernal, Utah 84078

From: Area Manager, Grand

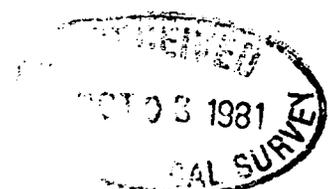
Subject: Application for Permit to Drill
Well: Federal C #1
Section 12, T. 17 S., R. 23 E.
Grand County, Utah

On August 19, 1981 a representative from this office met with Cody Hansen USGS, and Don Dunckley agent of the Odegard Resources for an inspection of the above referenced location. Subject to the attached conditions and written approval from USGS, I am approving the surface management portion of the Application for Permit to Drill.

The archaeological requirement has been fulfilled on this location. No threatened or endangered flora or fauna are indicated in the area.

Please forward the enclosed information to Odegard Resources.

Enclosure: (3)
1-Reclamation Procedures
2-Seed Mixture
3-Suggested Colors - Production Facilities



ADDITIONS TO THE MULTIPONT
SURFACE USE PLAN
AND
RECLAMATION PROCEDURES

CONSTRUCTION:

- 1). The operator or his contactor will contact the Grand Resource Area Office in Moab, Utah (phone (801) 259-6111) 48 hours prior to beginning any work on public land.
- 2). The dirt contractor will be furnished with an approved copy of the surface use plan and any additional BLM stipulations prior to any work.
- 3). Use of water from sources such as wells, springs, streams or stock ponds for activities associated with this well will be approved, prior to use, by the agency or individual holding the water right.
- 4). If subsurface cultural material is exposed during construction, work in that spot will stop immediately and the Grand Resource Area Office will be contacted. All employees working in the area will be informed by the operator that they will be subject to prosecution if they are caught disturbing archaeological sites or picking up artifacts. Salvage or excavation of indentified archaeological sites will only be done if damage occurs.
- 5). Improvement to the existing road will be necessary. The allowable travel surface will be 20 feet. The access will be brought up to class II standards.

Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

Surface material will not be placed on the access road or location without prior BLM approval.

LOCATION:

The hole has been moved 50 feet south. The location was rotated 15 degrees east. Edges near wash will be rounded, there will be a 15' buffer strip by wash.

- 6). The top 8' inches of soil material will be removed from the location and stockpiled separate from the trees on the north side of the location in a windrow (refer exhibit "H").
- 7). The reserve pit will not be lined with commerial bentoninte or plastic sufficient to prevent seepage. Keyway. The reserve pit banks will be 1.5 to 2.0 feet above pad and constructed in 8" lifts, machinery compacted, and sufficiently wide for equipment to pass over. The reserve pit will run long and narrow on the east side.

- 8). Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying. The fence will be 4 strand barbed wire.

Rehabilitation

1. Immediately upon completion of drilling, the location and surrounding area will be cleared of all debris resulting from the operation. All trash will be disposed of in the trash pit/cage. Non-burnable debris will be hauled to a local town dump site.
2. The operator or his contractor will contact the Grand Resource Area BLM office in Moab, Utah, phone (801) 259-6111, 48 hours prior to starting rehabilitation work that involves earthmoving equipment and upon completion of restoration measures.
3. Before any dirt work to restore the location takes place, the reserve pit must be completely dry and any trash (barrels, metal ect.) it contains must be removed from public lands.
4. All disturbed areas will be recontoured to blend as nearly as possible with the surrounding area.
5. The stockpiled topsoil will be evenly distributed over the disturbed area.
6. All disturbed areas will be scarified with the contour to a depth of 12 inches. Do not smooth pads out, leave a roughened surface.
7. Seed will be (broadcast/drilled) at a time to be specified by the BLM with the enclosed seed prescription. When broadcast seeding, a harrow or some such implement will be dragged over the seeded area to assure seed cover.
8. After seeding is complete the stockpiled trees will be scattered evenly over the disturbed areas and walked down with a dozer. The access will be blocked to prevent any use/vehicle use.

Production

- 1 The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed in the methods described in the rehabilitation section. Any remaining stockpile of topsoil will be seeded in place using the prescribed seed mixture.
2. All above-ground production facilities will be painted using the attached suggested colors.
3. The access will be to the design of a Class II road. The size of the production location will be kept to a minimum.

SEED MIXTURE

List #7

Drainage bottoms:
perennial valleys, from
Ecodiff to I-70 in
Nash, Cottonwood, Hay,
Middle, E. Canyon, etc.

Species

Grasses

Hilaria jamesii
Sporobolus airoides
Sporobolus cryptandrus

Galleta (Curlygrass)
Alkali sacaton
Sand dropseed

Forbs

Aster chilensis
Helianthus annuus
Sphaeralcea coccinea

Pacific aster
Common sunflower
(Kansas sunflower)
Scarlet globemallow

$\frac{1}{2}$
 $\frac{1}{2}$
1

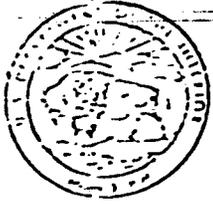
Shrubs

Eurotia lanata

Winterfat (Whitesage)

$\frac{1}{6}$ lbs/ac

Double the recommended rate when broadcasting



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

SUGGESTED COLORS TO PAINT OIL & GAS
PRODUCTION FACILITIES

Cisco Desert and Flats below the Bookcliffs:

Dynasty Green	(Sears)
Tumbleweed	(Pratt & Lambert)
Desert Tan	-----
Sage Gray	(Pratt & Lambert)

Bookcliffs Region:

Sage Gray	(Pratt & Lambert)
Sea Life	(Pratt & Lambert)
Dynasty Green	(Sears)

Similar hues other than the ones mentioned above must be approved by the Grand Resource Area Manager.

CLASS II ROADS

SECTION 1

SURVEY AND DESIGN

Definition - Class II roads are those existing or proposed roads which will serve the development of a depletable natural resource or temporary facility. When these roads are no longer required for access, they will be rehabilitated. If it is determined by the controlling authority (prior to rehabilitation) that the road continues to serve a useful purpose, that authority may retain the road as part of its active transportation system and assume maintenance responsibilities.

1. Field Survey Requirements

- (A) Establish a flag line survey along the route shown on the BLM's Transportation Plan Maps.
- (B) Flag line stationing shall be located to follow the route line with station intervals not exceeding 100 feet, or be intervisible whichever is less
- (C) Any significant deviation from the route line established by BLM (as shown on the Transportation Plan Maps) shall be approved by BLM prior to construction.

2. Design Requirements

- (A) Design speed 20 mph.
- (B) Travel way width - minimum 20 feet, maximum 24 feet (exceptions may be made to width requirements if approved by BLM prior to construction).
- (C) Minimum horizontal curve radius, 115 feet (maximum degree of curve 50° unless a shorter radius is approved by BLM prior to construction).
- (D) Minimum length of vertical curves (see attached graph).
- (E) Maximum grade 10% (except pitch grades*).

Mass diagrams and earthwork balancing will not be required; however, obvious areas of waste or borrow shall be noted on the road location map as well as proposed locations of borrow or waste disposal areas.

- (F) All culverts shall be designed for a 10 year frequency storm with an allowable head of one foot at the pipe inlet. All culverts planned shall be sized in accordance with accepted engineering practices, i.e. talbot chart, etc. The minimum size culvert shall be 18 inches.

- (G) Drainage dips shall be placed to control backslope and travel surface runoff on side hill sections when such drainage is not controlled by rolling topography on culverts. Dip placement shall be in accordance with the table in Section 2, paragraph 6 of these standards.

The Company shall submit to the BLM two copies of a road location map showing grades in excess of 10 percent, culvert location, as well as calculations made to determine the size of any culverts. The BLM shall review the proposed design and approve or suggest correction to the Company within ten working days of the receipt of such maps.

3. Construction Control

The road shall be constructed along the approved flag line. All fill sections over three feet high shall be marked with 1" x 2" wood stakes on centerline showing the amount of fill. Road centerline flags or stakes shall be placed at maximum intervals of 300 feet.

THE COMPANY SHALL PROVIDE A COMPETENT ON SITE INSPECTOR DURING CONSTRUCTION OF THE ROAD TO INSURE COMPLIANCE WITH ALL STIPULATIONS. THE INSPECTOR SHALL BE DESIGNATED AT THE PRE-DRILL CONFERENCE, AND SHALL BE GIVEN AN APPROVED COPY OF ALL MAPS AND STIPULATIONS PRIOR TO START OF CONSTRUCTION.

THE BLM WILL ALSO DESIGNATE A REPRESENTATIVE FOR THE PROJECT AT THE PRE-DRILL CONFERENCE.

- * Pitch grades are defined as those grades exceeding 10% which are necessary because of topography, i.e. low water crossings. Such grades shall not extend over 300 feet in length, nor shall they be used to circumvent the intent of these stipulations. Maximum pitch grade shall be 15 percent.

CONSTRUCTION STANDARDS1. Public Convenience and Safety

The Company shall provide, erect, and maintain all necessary signs and other traffic control devices as may be deemed necessary by the BLM and shall take all necessary precautions for the protection of the work and safety of the public during construction of the road.

Warning signs shall be posted wherever directed during blasting operations.

2. Clearing and Grubbing

Clearing and grubbing shall be carried out on all sections of the road where side slopes are less than 60 percent.

All clearing and grubbing shall be confined to the limits of actual construction unless otherwise authorized by the BLM.

All surface objects and all trees, stumps, roots and other protruding obstructions not designated to remain shall be cleared and/or grubbed, except as provided below:

Low hanging branches and unsound or unsightly branches on trees or shrubs designated to remain shall be trimmed as directed. Branches of trees extending over the roadbed shall be trimmed to give a clear height of 20 feet above the roadbed surface. All perishable material resulting from clearing and grubbing operations shall be disposed of through one of the following methods:

- (A) By Burning: If perishable material is burned, it shall be burned under the constant care of competent watchmen at such times and in such a manner that the surrounding vegetation, other adjacent property or anything designated to remain on the right-of-way will not be jeopardized. If permitted, burning shall be done in accordance with applicable laws, ordinances and regulations.

In the event that the Company is directed by the BLM not to start burning operations or to suspend such operations because of hazardous weather conditions, material to be burned which interferes with subsequent construction operations shall be moved to temporary locations clear of construction operations and later placed on a designated spot and burned.

- (B) By Burying: Materials and debris which cannot be burned and perishable materials may be disposed of by methods and at locations approved on or off the project. If disposal is by burying, the debris shall be placed in layers with the materials so distributed to avoid nesting. Each layer shall be covered or mixed with earth material by the landfill method to fill all voids. The top layer of material buried shall be covered with at least 24 inches of earth or other approved material and shall be graded, shaped and compacted to present a pleasing appearance.

- (C) By Chipping: Woody material smaller than three inch diameter may be disposed of by chipping. The wood chips may be used for mulch, slope erosion control, or may be uniformly spread over selected areas as directed by the BLM. Woody material larger than three inch diameter shall be disposed of as directed by BLM.

3. Excavation

Prior to beginning excavation and fill placement operations, all vegetation or debris within the designated limits of the roadway, except such objects as are designated to remain in place, are to be removed and disposed of as provided in Paragraph #2. All suitable material removed during excavation operation shall be used as far as practicable in the formation of the embankments.

4. Embankment Construction

Embankment material shall not be placed when either the materials or the surface on which they will be placed are frozen or too wet (as determined by BLM) for satisfactory compaction.

Embankment materials shall be placed parallel to the axis of the roadway in even, continuous, approximately horizontal layers not more than eight (8) inches in thickness. The full cross section of the fill shall be maintained as each successive layer is placed. Successive layers of material shall be placed on embankment areas so as to produce the best practical distribution of the material. The distribution of the materials throughout the embankment shall be such that it shall be free from lenses, pockets, streaks or layers of material differing substantially in texture, gradation or compaction from the surrounding material. The combined excavation and placing operation shall be such that the materials when placed in the embankment shall be blended sufficiently to secure the best practicable degree of compaction and stability.

The Contractor shall route his construction equipment over the layers of embankment material already in place and shall distribute the travel evenly over the entire width of the embankment so as to obtain the maximum compaction while placing the material and to avoid uneven compaction anywhere along the travel route.

Borrow material shall not be used until all of the accessible roadway excavation has been placed in the embankments, unless otherwise permitted by the BLM.

Furrow ditches shall conform to the slope, grade and shape of the required cross section, with no projections of roots, stumps, rocks or similar matter. Furrow ditches shall be "V" type ditches excavated to a depth of one foot minimum below finished road surface. All slopes, shoulders and road surfaces shall be finished smoothly and in accordance with the lines and grades shown on the drawings and as staked.

Furrow ditch backslopes shall not be cut flatter than 3 to 1. Furrow ditch "turn outs" shall be constructed at intervals not exceeding 500 feet when the cross slope does not exceed 5 percent.

5. Culvert Pipe Installation

(A) Materials

The Company shall furnish all corrugated metal or aluminum pipe of the types, sizes, gages and lengths shown on the approved design sheets. Galvanized corrugated metal pipe shall be new and conform to the requirements of AASHO M36. All spots on the pipe where the zinc coating has been injured or destroyed shall be painted with two coats of hot asphaltic paint or otherwise repaired in a satisfactory manner. In no case shall pipes be dragged on the ground.

(B) Excavation

Excavation of trenches for pipe culverts shall be to the lines and grades or elevations shown on the plans or as staked on the ground. Culvert outlets shall be at ground level unless otherwise approved by BLM. The width of the pipe trench shall be two feet wider than the pipe diameter to permit satisfactory placement of the pipe and thorough tamping of the bedding material under and around the pipe.

(C) Bedding

Bed the culvert pipe in a trench cut in natural ground or existing embankment to a depth of not less than 30 percent of the outside pipe diameter plus the thickness of bedding material. The pipe shall be bedded on a minimum of four inches of fine well graded material. Such material shall be free of stones larger than one-half (1/2) inch in diameter, sticks and other deleterious matter and shall be the best material available at the site.

Backfill

(D)

After the trench and bedding have been completed, the pipe may be installed. The pipe shall be laid carefully and true to line and grades as given. Any pipe which is not in true alignment or which shows any undue settlement after being laid, or is damaged, shall be taken up and relaid or replaced. The trench shall then be backfilled with well graded compactable soil selected from excavation or borrow. The material shall be placed along each side of the pipe in layers not over six (6) inches in depth. Each layer of material shall then be thoroughly compacted with hand or mechanical tampers or other approved methods. Special care shall be taken to compact thoroughly the material under the haunches of the pipe and to insure that the backfill material is in intimate contact with the sides of the pipe. The backfill shall be brought up evenly on both sides of the pipe to a depth of at least two feet above the top of the pipe and for its full length.

6. Drainage Dip Construction

Drainage dips shall be spaced in accordance with the following table:

Road grade (%)	Material				
	Hard sediment	Basalt	Granite	Glacial silt	Andesite
-----cross-drain spacing, feet -----					
2	165	155	135	135	105
4	150	135	125	120	90
6	145	130	115	110	80
8	135	125	110	105	75
10	125	115	95	95	65

Culvert pipe shall be used for cross drains on grades in excess of 10 percent.

(A) Construction Requirements

Construction shall be as specified in paragraphs 3 and 4, and as shown on the drawings.

7. Seeding

- (A) The Company shall carry out erosion control items of vegetation establishment during the season established for seeding. Vegetation establishment shall be completed on areas of disturbance as they are completed if actual construction is being accomplished during the seeding season.

Seeding shall be carried out on all of the areas described as follows:

- (1) On cut slopes, and shall extend from the bottom of the ditch to the top of the cut slope.
- (2) On embankment slopes, and shall extend from the roadway shoulder to the toe of the embankment slope.
- (3) On all areas used for disposal of clearing and grubbing debris.
- (4) On all borrow pit areas.
- (5) On all "side cast" in areas of full bench construction.

- (B) Seeding season shall be from September 15 to December 15, or as otherwise allowed by BLM.

(C) Seed application will be by seed drill or broadcasted and harrowed; other methods will require prior BLM approval.

(D) Species and application rates are as follows:

Type of Grass Seed

Application Rate*

* These rates will be increased by 2.5 times if seed is broadcasted.

THE COMPANY SHALL COMPLETE CONSTRUCTION OF THIS ROAD IN ACCORDANCE WITH ALL STIPULATIONS AND HAVE IT APPROVED BY BLM PRIOR TO WELL SPUDGING.

SECTION 3

ROAD MAINTENANCE STANDARDS

The completed road shall be maintained to the following standards as applicable for the term of use.

1. Travel Way

- (A) Roadbed is smooth, free of ruts, chuckholes, rocks, slides, washboards; crowned and/or sloped for drainage.
- (B) Free from excessive accumulation of dust pockets of layers which are a driving hazard or public nuisance.
- (C) Berms shall be absent along the shoulder.
- (D) Soft spots, such as those resulting from springs and seeps, shall be absent.

2. Shoulders

- (A) Shoulders are straight and present a uniform line with the surface free from large rocks, limbs, or stumps.

3. Ditches and Drainage Dips

- (A) Original cross section shall be maintained. Drainage area clear of rocks, slides and sediments.
- (B) Vegetation or sedimentation does not restrict ditch flow or reduce the waterway area.
- (C) Ditch bottom is stable and is not excessively eroded.
- (D) Back slope area above ditches is stable.

4. Culverts

- (A) The barrel is uniform in shape, free from bends which may restrict the flow, separations, rust, wear holes, sedimentation, obstructions, and have sufficient cover to protect the pipe.
- (B) The entrance is the original shape, free from bends, tears, brush, or debris.

(C) No excessive camber or reverse camber which cause water pockets in the pipe.

(D) Erosion at inlets and outlets is controlled.

(E) Riprap is stable and free from undercutting.

5. Other Related Road Features

(A) Right-of-way free of excessive or objectional litter.

6. Fences, Gates and Cattleguards

(A) Posts are sound, plumb and secure.

(B) Wire is tight and securely fastened to the posts.

(C) Stays are uniformly spaced and vertical between posts and affixed to keep the strands properly spaced.

(D) Rock deadmen are properly secured to the fence.

(E) Gates are free from deterioration, damage to structural sections or loose hardware.

(F) Cattleguard pits are clean and functional. End wings securely fastened and in serviceable condition. Cattleguard and base in serviceable condition.

7. Fords and Low Water Crossings

(A) There is a smooth transition between road and ford.

(B) No excessive erosion adjacent to the structure.

(C) The surface of the structure is clear of debris, brush, rocks and sediment.

(D) Bottom of crossing is level with stream bottom.

8. Safety and Hazard Control

(A) Sight distance free of shrubs, trees and obstacles and meets design standards.

(B) Travel way and ditches free of overhanging trees and limbs. No down trees or branches in ditch area.

(C) No unstable material above the roadway.

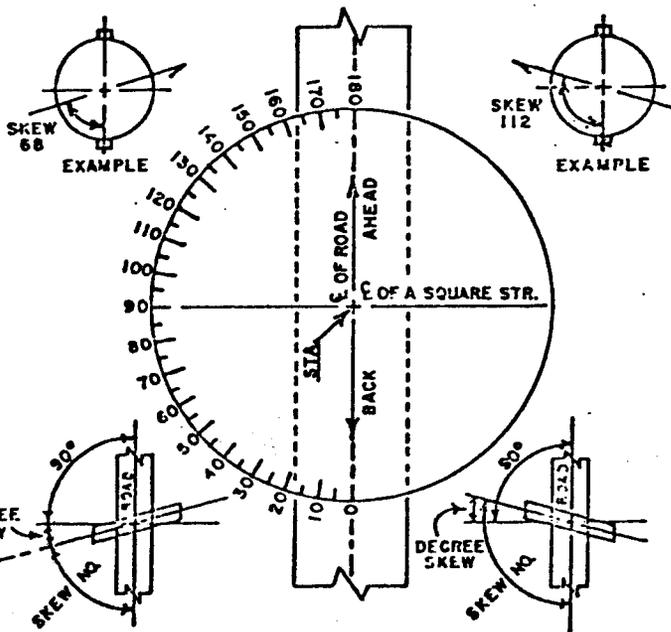
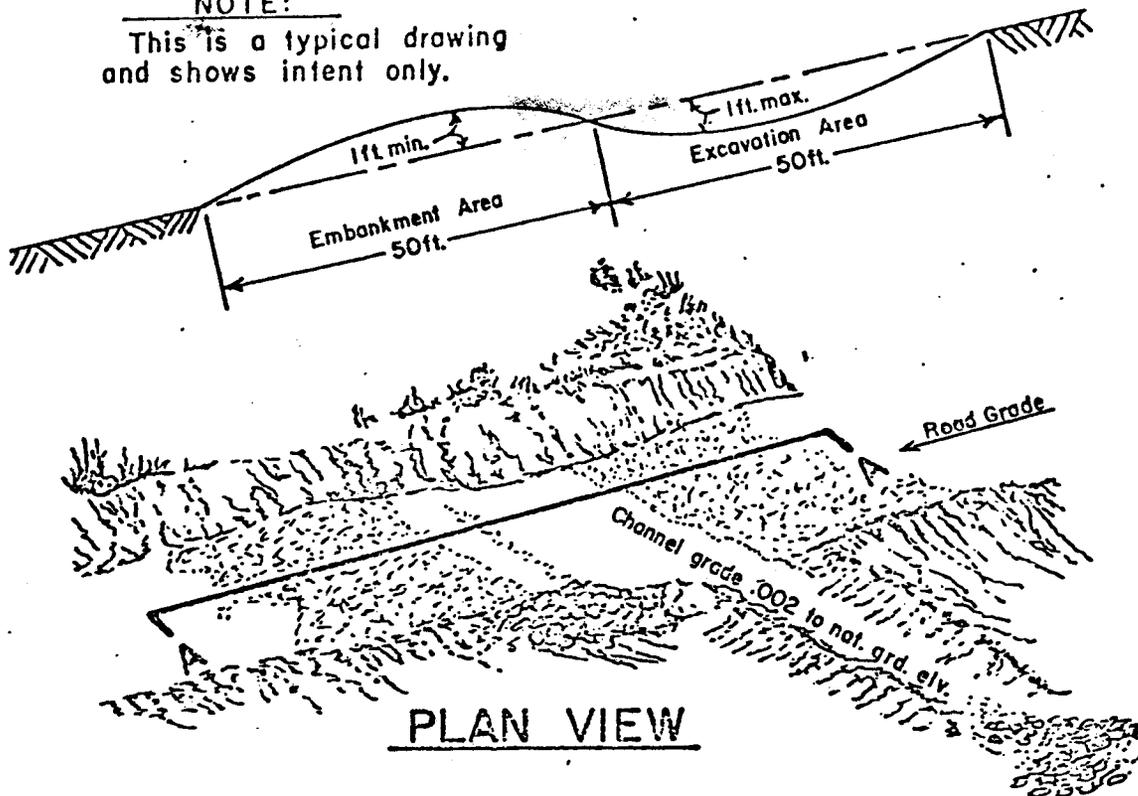
SECTION 4

ROAD RECLAMATION STANDARDS

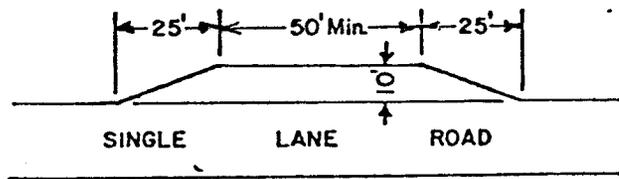
Roads servicing more than one operator or company will require a rehabilitation agreement between all principals for ultimate restoration. Such agreement must be approved by BLM prior to well abandonment by any of the companies involved.

TYPICAL DRAINAGE TOP SECTION A-A

NOTE:
This is a typical drawing
and shows intent only.

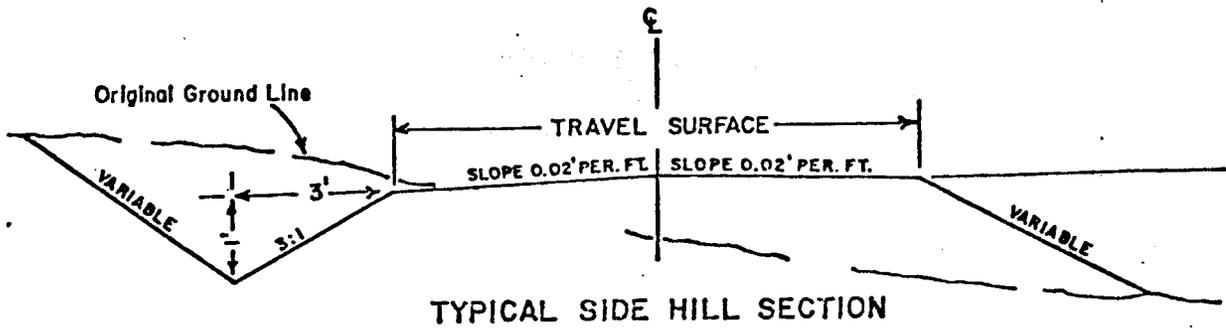


SKEW NUMBER DEFINITION
(Culverts and Drainage Dips)

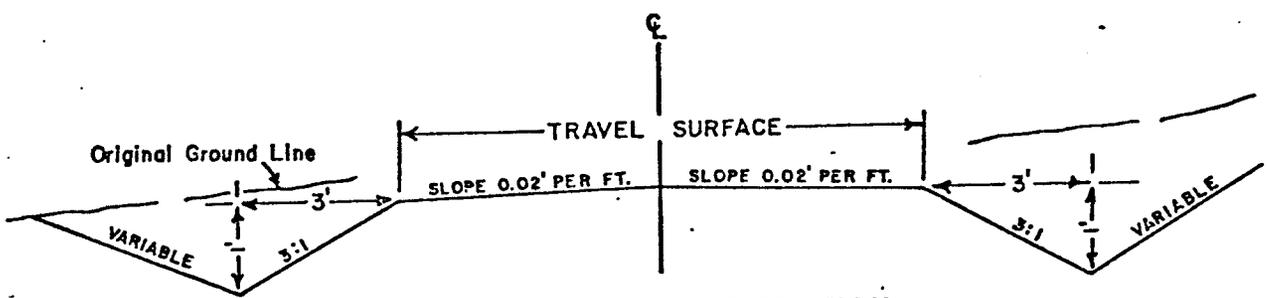


TYPICAL TURNOUT

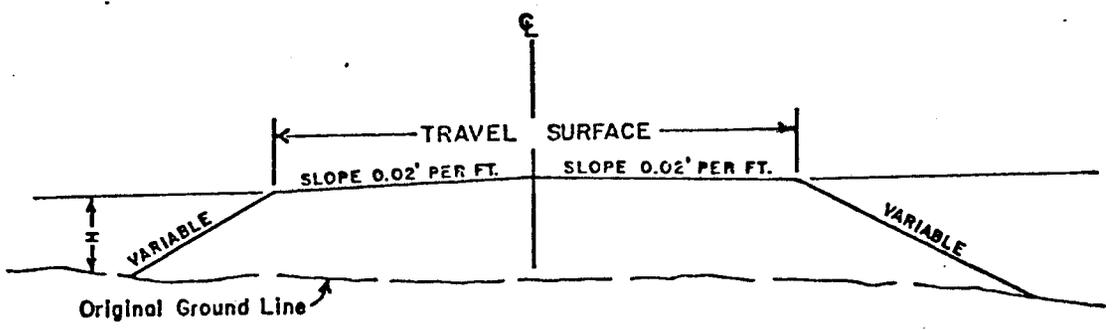
U. S. DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT	
TYPICAL ROAD SECTIONS	
DESIGNED <u>R.A.D.</u>	RECOMM. _____
DRAWN <u>J.H.S.</u>	RECOMM. <i>Robert A. Sullivan</i>
CHECKED <u>RAD</u>	APPROVED <i>Robert A. Sullivan</i>
SCALE NONE	
DATE <u>4-5-81</u>	SHEET ___ OF ___
DRAWING NO. _____	



TYPICAL SIDE HILL SECTION



TYPICAL FULL CUT SECTION



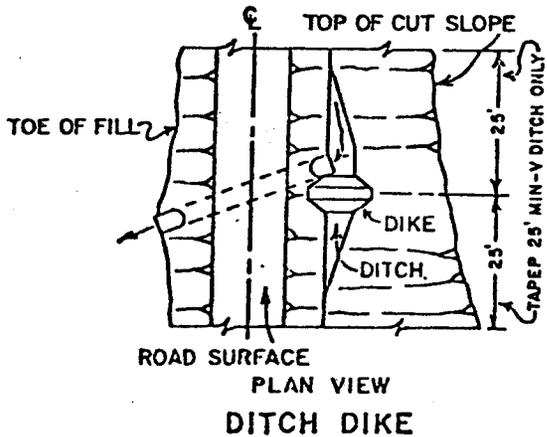
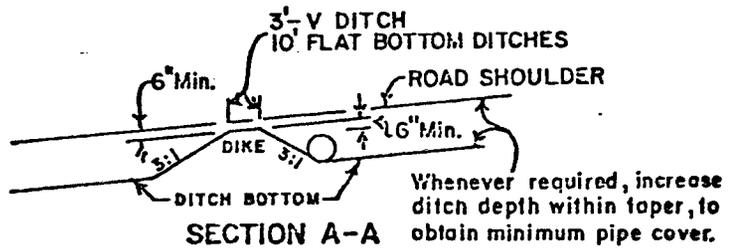
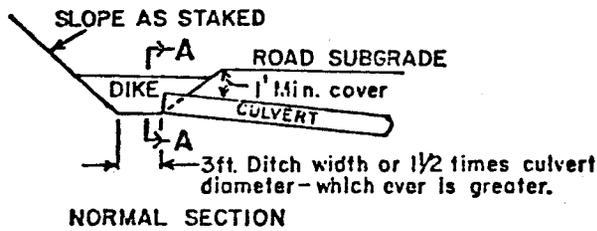
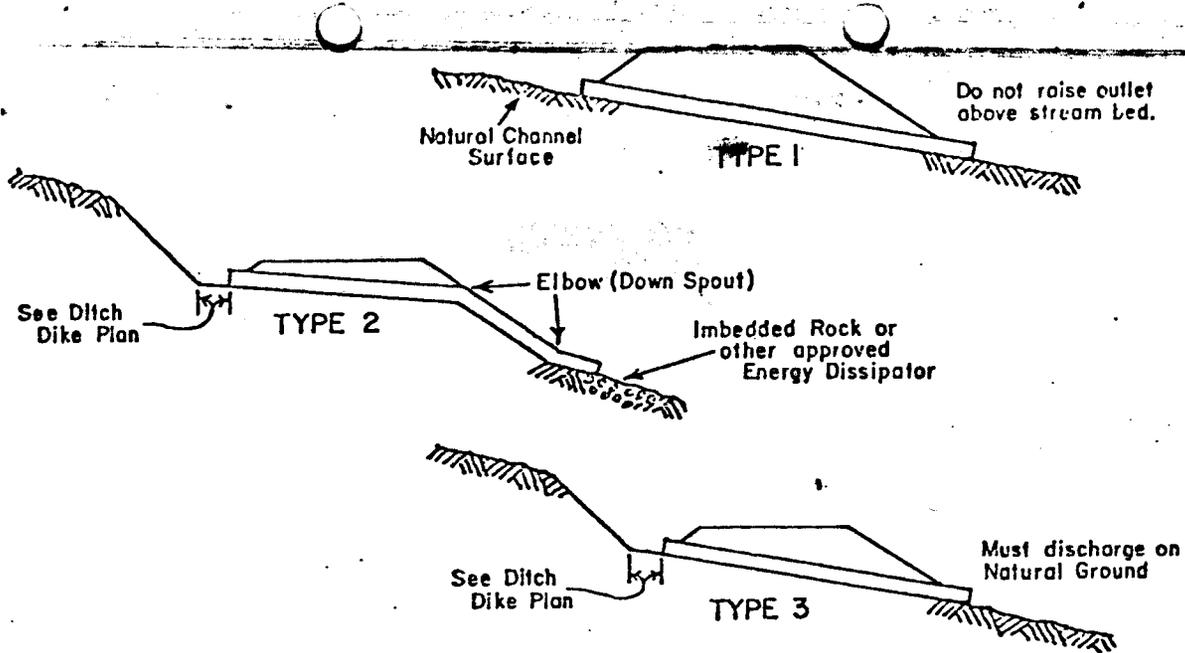
TYPICAL EMBANKMENT SECTION

Height of Cut or Fill	Cut Slope	Fill Slope
0' - 3'	3:1	4:1
3' - 10'	2:1	3:1
OVER 10'	1 1/2:1	2:1
ROCK	1/4:1	—

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

TYPICAL ROAD SECTIONS

DESIGNED <u>R.A.D.</u>	RECOMM. _____
DRAWN <u>J.H.S.</u>	RECOMM. <i>Robert A. Sullivan</i>
CHECKED <u>SAP</u>	APPROVED <i>Robert A. Sullivan</i>
SCALE NONE	
DATE <u>8-5-81</u>	SHEET _____ OF _____
DRAWING NO. _____	



U. S. DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT	
TYPICAL CULVERT INSTALLATIONS	
DESIGNED B.A.D.	RECOMM. _____
DRAWN J.H.S.	RECOMM. <i>[Signature]</i>
CHECKED <i>[Signature]</i>	APPROVED <i>[Signature]</i>
SCALE NONE	
DATE 8-5-81	SHEET ___ OF ___
DRAWING NO.	

U. S. GEOLOGICAL SURVEY, CONSERVATION DIVISION

FROM: DISTRICT GEOLOGIST, SALT LAKE CITY, UTAH
 TO: DISTRICT ENGINEER, SALT LAKE CITY, UTAH

Well	Location	Lease No.
Willard Pease Oil & Gas Co. #M-12 Federal	1194' PSL, 1336' PWB, sec. ¹² 11, T. 17 S., R. 23 E., SLM, Grand Co., Utah. Gr. Bl. 7365	SL-071892
<p>1. Stratigraphy and Potential Oil and Gas Horizons. Well will spud in the Wasatch Formation, Tertiary Age Oil, Inc. #C-9-10 well of sec. 10, same township, reports the following tops: Mesaverde-815', Castlegate-2063', Mancos-2717', Dakota silt-6193', Cedar Mtn.-6350', Buckhorn Ss-6394', Morrison-6460', Salt Wash Ss.-6802'. T.D. 6876'.</p> <p>2. Fresh Water Sands. WRD reports: (see page 2).</p> <p>3. Other Mineral Bearing Formations. (Coal, Oil Shale, Potash, Etc.) Within the lands classified prospectively valuable for coal. Coal beds in the Mesaverde Group must be protected. Base of coal sequence at about 1340'.</p> <p>4. Possible Lost Circulation Zones. Lenticular sands of Dakota, Cedar Mtn., and Morrison Formations may possibly have lost circulation zones.</p> <p>5. Other Horizons Which May Need Special Mud, Casing, or Cementing Programs. Casing will be needed to protect the coal zones of the Mesaverde.</p> <p>6. Possible Abnormal Pressure Zones and Temperature Gradients. Unknown.</p> <p>7. Competency of Beds at Proposed Casing Setting Points. Surface alluvium will cave, if present.</p> <p>8. Additional Logs or Samples Needed. None.</p> <p>9. References and Remarks. Within Westwater KGS. USGS Bulls. 851, 852, and USGS Prof, Paper 332. ORIGINAL FORWARDED TO CASPER</p>		
Date: September 15, 1976	Signed: <i>B.R. O'Neil for E. Pease</i>	

FILE

6. (D-17-23) 1 h/b
Oil Incorporated, Westwater M-8

1430' fnl, 1630' fwl, sec 1, T 17 S, R 23 E, Grand County, Utah

Elev 5931', test to 5500' in Dakota Sandstone.

Formations:

Mesa Verde Fm 0- 1500 may contain fresh water

Mancos Shale 1500- 5500 generally contains salty water in sandstones

Dakota Sandstone 5500- 5650 will contain salty water

In this area the Mesa Verde Fm is known to contain fresh water. It should be protected from contamination to below the base of the Sego Mem. The Mancos Shale and lower formations will contain salty water under artesian head.

CTS
11-7-69

December 10, 1981

Odegard Resources, Inc
3070 One Denver Place
999 18th Street
Denver, Colo. 80202

RE: Well No. Federal C #1,
Sec. 12, T. 17S, R. 23E,
Grand County, Utah

Insofar as this office is concerned, approval to drill the above referred to gas well is hereby granted in accordance with the Order issued in Cause No. ~~4855~~, dated November 19, 1981.

Should you determine that it will be necessary to plug and abandon this well, you are hereby requested to immediately notify the following:

MICHAEL T. MINDER - Petroleum Engineer
Office: 533-5771
Home: 876-3001

Enclosed please find Form OGC-8-X, which is to be completed whether or not water sands (aquifers) are encountered during drilling. Your cooperation in completing this form will be appreciated.

Further, it is requested that this Division be notified within 24 hours after drilling operations commence, and that the drilling contractor and rig number be identified.

The API number assigned to this well is 43-019-308⁹⁵.

Sincerely,

DIVISION OF OIL, GAS, AND MINING



MICHAEL T. MINDER
Petroleum Engineer

DCD/db
CC: USSB

December 15, 1981

Odegard Resources, Inc.
3070 One Denver Place
999 18th Street
Denver, Colo. 80202

RE: Well No. Federal #1,
Sec. 12, T. 17S, R. 23E
Grand County, Utah

Insofar as this office is concerned, approval to drill the above referred to gas well is hereby granted in accordance with the Order issued in Cause No. 47-5, dated November 19, 1981.

Should you determine that it will be necessary to plug and abandon this well, you are hereby requested to immediately notify the following:

MICHAEL T. MINDER - Petroleum Engineer
Office: 533-5771
Home: 876-3001

Enclosed please find Form OGC-8-X, which is to be completed whether or not water sands (aquifers) are encountered during drilling. Your cooperation in completing this form will be appreciated.

Further, it is requested that this Division be notified within 24 hours after drilling operations commence, and that the drilling contractor and rig number be identified.

The API number assigned to this well is 43-019-30895. ***THIS IS A CORRECTED API NO.***

Sincerely,

DIVISION OF OIL, GAS AND MINING

Cleon B. Feight
Director

CBF/db
CC: USGS

NOTICE OF SPUD

Company: Odegaard Resources Inc.

Caller: Don Dunkley

Phone: _____

Well Number: C-1

Location: NENW 12-17S-23E

County: Grand State: Utah

Lease Number: SL-078192

Lease Expiration Date: _____

Unit Name (If Applicable): _____

Date & Time Spudded: 6 pm January 18, 1982

Dry Hole Spudder/Rotary: _____

Details of Spud (Hole, Casing, Cement, etc.) 12½"; 212' 9 5/8 36#'s
160 sxs

Rotary Rig Name & Number: Terra #16

Approximate Date Rotary Moves In: January 14, 1982

FOLLOW WITH SUNDRY NOTICE

Call Received By: Al Johansson

Date: January 19, 1982

bcc: / State O&G
USGS Vernal
MER
Dee
file



STATE OF UTAH
NATURAL RESOURCES & ENERGY
Oil, Gas & Mining

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Cleon B. Feight, Division Director

January 24, 1982

Odegard Resources, Inc.
999 18th Street, Suite 3070
Devner, Colorado 80202

Re: Well No. Federal D #1 & C #1
T. 17S, R. 23E, Sec. 11 & 12
Grand County, Utah

Gentlemen:

According to production reports received from J. C. Thompson, this well is now operated by Thompson. We have not received the proper information stating that J. C. Thompson is now operator of this well. If they have resumed operations on this well, it is your responsibility as previous operator to submit those changes to this office. Please send in those changes stated on a Sundry Notice OGC-1b (enclosed). If J. C. Thompson has not taken over responsibility of this well, please explain why their office is sending in the reports for this well.

We will be happy to acknowledge receipt of your response to this notice if you will include an extra copy of the transmittal letter with a place for our signature, and a self addressed envelope for the return. Such acknowledgement should avoid unnecessary mailing of a firm second notice from our company.

Thank you for your prompt attention to the above matter.

Respectfully,

DIVISION OF OIL, GAS AND MINING

Cari Furse
Well Records Specialist

CF/cf
Enclosures

Board/Charles R. Henderson, Chairman • John L. Bell • E. Steele McIntyre • Edward T. Beck
Robert R. Norman • Margaret R. Bird • Herm Olsen

an equal opportunity employer • please recycle paper

Odegard Resources, Inc.

3070 ONE DENVER PLACE

909 18TH STREET

DENVER, CO 80202

303-623-4732

February 11, 1982

Utah Division of Oil,
Gas and Mining
4241 State Office Bldg.
Salt Lake City, UT 84114

TIGHT HOLE

Attn: Jack Feight

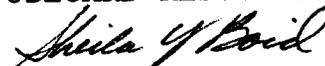
RE: Federal "C" #1
Sec. 12-17S-23E
Grand County, Utah

Gentlemen:

Enclosed are the open hole logs of our captioned well. This material is for your files as required by State Regulation. If this letter is stamped "TIGHT HOLE", would you please keep the logs of this well confidential for the maximum period allowed by regulation or until we notify you to the contrary.

Very truly yours,

ODEGARD RESOURCES, INC.



Sheila Y. Boid

syb

Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See instructions on reverse side)

Form approved.
Budget Bureau No. 42-R355.5.

3

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL GAS WELL DRY Other

b. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESRV. Other

2. NAME OF OPERATOR
ODEGARD RESOURCES, INC.

3. ADDRESS OF OPERATOR
999 18th St.; Suite 3070; Denver, Colorado 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State laws and regulations.)
At surface 660' FNL & 1955' FWL (NENW)
At top prod. interval reported below same
At total depth same

14. PERMIT NO. 30895

RECEIVED
FEB 28 1982
DIVISION OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NO.
SL-078192

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

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME
Federal "C"

9. WELL NO.
#1

10. FIELD AND POOL, OR WILDCAT
Westwater

11. SEC. T. R. M., OR BLOCK AND SURVEY OR AREA
Sec. 12-T17S-R23E

12. COUNTY OR PARISH
Grand

13. STATE
Utah

15. DATE SPUDDED 1/18/82
16. DATE T.D. REACHED 1/29/82
17. DATE COMPL. (Ready to prod.) 2/15/82
18. ELEVATIONS (DF, REB, RT, GR, ETC.)* 5843' KB
19. ELEV. CASINGHEAD 5831'

20. TOTAL DEPTH, MD & TVD 5550' KB
21. PLUG, BACK T.D., MD & TVD 5464' KB
22. IF MULTIPLE COMPL., HOW MANY*
23. INTERVALS DRILLED BY
ROTARY TOOLS
CABLE TOOLS
all

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
4953' - 5007' Dakota - Buckhorn
25. WAS DIRECTIONAL SURVEY MADE
No

26. TYPE ELECTRIC AND OTHER LOGS RUN
DIL-GR & CNL-FDC
27. WAS WELL CORED
No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9 5/8"	36#	208' KB	12 1/4"	to surface	none
7"	20#	1611' KB	8 3/4"	125 sxs.	none
4 1/2"	11.6#	5503' KB	6 1/4"	150 sxs.	none

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"	4890' KB	none

31. PERFORATION RECORD (Interval, size and number)
4956', 58', 60', 62', 64', 66', 68', 70', 72', 80', 81', 86', 87', 92', 94', 96', 98', 5000', 02', 04', 06', one jspf., .25" holes; 21 shots.

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4956'-5006'	15 bbls. 3% KCl water

33. PRODUCTION

DATE FIRST PRODUCTION
PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)
WELL STATUS (Producing or shut-in)
shut in.

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
2/14/82	24	3/4"	→	0	750	trace	N/A
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
50#	50#	→	0	750	trace	N/A	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
vented
TEST WITNESSED BY
D. R. Dunckley

35. LIST OF ATTACHMENTS

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

SIGNED D. R. Dunckley TITLE Engineer DATE 2/15/82

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. **Items 22 and 24:** If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

OIL, GAS & MINING
DIVISION OF

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	33.	GEOLOGIC MARKERS
Dakota	4854'	4978'	Drilg. w/air - produced est. 5 MMCFPD.		1183' same 1251' same 1895' same 4774' same 4854' same 4979' same 5008' same 5330' same 5550' same 5550' same
Buckhorn	4979'	5008'	No test.		

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

SUPPLY IN TRIPLICATE*
(See instructions on reverse side)

SUNDRY NOTICES AND REPORTS ON WELLS <small>(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)</small>		5. LEASE DESIGNATION AND SERIAL NO. SL-071892
1. <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Odegard Resources, Inc.		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR 999 18th Street #3070, Denver, Colorado 80202		8. FARM OR LEASE NAME Federal "C"
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 710' FNL 1955' FWL (NENW)		9. WELL NO. #1
14. PERMIT NO.		10. FIELD AND POOL, OR WILDCAT Westwater
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 5843' KB		11. SEC., T., R., M., OR BLK. AND SUBVY OR ASB 12-17S-23E
		12. COUNTY OR PARISH 18. STATE Grand Utah

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> SHOOT OR ACIDIZE <input type="checkbox"/> REPAIR WELL <input type="checkbox"/> (Other) <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETE <input type="checkbox"/> ABANDON* <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/> FRACTURE TREATMENT <input type="checkbox"/> SHOOTING OR ACIDIZING <input type="checkbox"/> (Other) <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> ABANDONMENT* <input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Change in operator effective September 3, 1982 (date of first production) to J.C. Thompson, 1700 Broadway, Suite 1219, Denver, Colorado 80290.

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

SIGNED *Robert C. Robinson* TITLE Denver Manager DATE 1/28/83

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

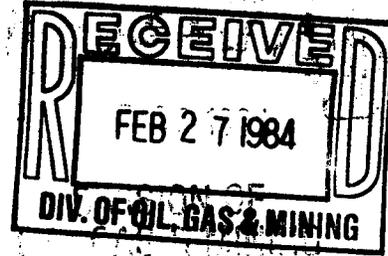
*See Instructions on Reverse Side

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

February 14, 1984

STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining
4241 State Office Bldg.
Salt Lake City, UT 84114

Attn: Claudia Jones
Well Records Specialist



RE: Utah Operated Wells

Dear Claudia,

Pursuant to your request, attached is a list of all producing wells which are operated by J. C. Thompson in the state of Utah.

Very truly yours,

A handwritten signature in cursive script that reads "Sandra S. Brown".

Sandra S. Brown

Enclosure

Westwater #3
Sec 13, T17S-R23E, NENW
Grand County, UT

Moon Ridge #31-15
Sec. 15, T17S-R21E NWNE
Grand County, UT

Segundo Canyon 2
Sec 33, T16S-R21E SWSE
Grand County, UT

Segundo Canyon 23-4
Sec. 4, T17S-R21E NESW
Grand County, UT

Westwater M-15
Sec. 2, T17S-R23E NESE
Grand County, UT

Bull Canyon #1 4970
Sec. 4, T20S-R21E SWSE
Grand County, UT

Westwater Federal C#1
Sec. 12, T17S-R23E NENW
Grand County, UT

Westwater Federal D#1
Sec. 11, T17S-R23E SESE
Grand County, UT

Westwater Federal B#1
NWSE Sec. 17-T17S-R24E
Grand County, UT

Westwater #5
NESW Sec. 18-T17S-R24E
Grand County, UT

Bull Canyon #1 104
NWNE Sec. 4, T20S-R21E
Grand County, UT

Federal #1
SWSW Sec. 8-T17S-R24E
Grand County, UT

Castlegate C-2
SWNW Sec. 18-T17S-R24E
Grand County, UT

Castlegate C-4
NENW Sec. 13-T17S-R23E
Grand County, UT

M-3 Horse Point
NWNW Sec. 7-T17S-R24E
Grand County, UT

M-4
SENE Sec. 6-T17S-R24E
Grand County, UT

M-6 Horse Point
NESE Sec. 32-T17S-R24E
Grand County, UT

E-2
SWSE Sec. 7-T17S-R24E
Grand County, UT

E-3
NENW Sec. 17-T17S-R24E
Grand County, UT

E-5
NWNE Sec. 18-T17S-R24E
Grand County, UT

Dakota M-1
SESW Sec. 1-T17S-R23E
Grand County, UT

Horse Point M-7
SWNW Sec 6-T17S-R24E
Grand County, UT

#1 Fed 675
NENW Sec 10-T20S-R21E
Grand County, UT

Castlegate C-5 (SI)
NWSE Sec. 12-T17S-R23E
Grand County, UT

Castlegate C-6
SENW Sec. 18-T17S-R24E
Grand County, UT

Castlegate C-7
NESE Sec. 7-T17S-R24E
Grand County, UT

Castlegate D-2
NWNE Sec. 18-T17S-R24E
Grand County, UT

Castlegate C-10
NWNE Sec. 13-T17S-R23E
Grand County, UT

THE FOLLOWING METERS WILL HAVE CALIBRATION / SETTLEMENT TESTS RUN ON THE DATES INDICATED. STARTING TIME WILL BE 0800 OR AS SPECIFIED BELOW AND AT THE OFFICE OF THE NORTHWEST PIPELINE GRAND JUNCTION DISTRICT YOU WILL BE NOTIFIED SHOULD ANY CHANGES OCCUR IN THIS SCHEDULE. IF YOU HAVE ANY QUESTIONS ABOUT THE SCHEDULE, CONTACT OR WRITE THE DISTRICT OFFICE.

METER CODE	WELL NAME	LOC	RUN	DAY	MO/YR	STARTING TIME
92041018	M-2 17S. 23E. 12	06	03	<u>1</u>	10/85	<u>0800</u>
92050017	HORSE POINT UNIT M-7 17S. 24E. 4	06	03	<u>1</u>	10/85	<u>1100</u>
92259013	WESTWATER #3 17S. 23E. 13	06	03	<u>2</u>	10/85	<u>1000</u>
92263010	FEDERAL D-1 17S. 23E. 11	06	03	<u>2</u>	10/85	<u>1100</u>
92037010	E-5-E 17S. 24E. 18	06	03	<u>5</u>	11/85	<u>0900</u>
92038017	E-2-M 17S. 24E. 7	06	03	<u>5</u>	11/85	<u>1000</u>
92040011	M-1 17S. 23E. 1	06	03	<u>5</u>	11/85	<u>1300</u>
92108015	WESTWATER M-15 17S. 23E. 2	06	03	<u>7</u>	11/85	<u>1000</u>
92051013	SEGUNDO #2 16S. 21E. 33	06	03	<u>3</u>	12/85	<u>1100</u>
92052010	SEGUNDO #23-4 17S. 21E. 4	06	03	<u>3</u>	12/85	<u>1300</u>
92053016	MOUNTRIDGE #31-15 16S. 21E. 15.	06	03	<u>4</u>	12/85	<u>1100</u>
92262014	FEDERAL C-1 17S. 23E. 12	06	03	<u>6</u>	12/85	<u>0900</u>
92301010	WESTWATER #5 17S. 24E. 18	06	03	<u>6</u>	12/85	<u>1100</u>
92039013	E-3-M 17S. 24E. 17	06	07	<u>9</u>	10/85	<u>0830</u>
92042014	M-3 17S. 24E. 7	06	07	<u>9</u>	10/85	<u>1000</u>
92043010	FEDERAL #1 17S. 23E. 13	06	07	<u>9</u>	10/85	<u>0930</u>
92048012	HORSE POINT UNIT M-4 17S. 24E. 6	06	07	<u>10</u>	10/85	<u>1000</u>
92049019	HORSE POINT UNIT M-6 16S. 24E. 32	06	07	<u>10</u>	10/85	<u>0900</u>



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
P. O. Box 970
Moab, Utah 84532

RECORDED
MAR 25 1988

DIVISION OF
OIL, GAS & MINING

3160
(SL-071892)
(SL-071567)
(U-04011)
(WESTWATER)
(U-065)

MAR 23 1988

Mr. J. C. Thompson
410-17th Street, Suite 1305
Denver, Colorado 80202

Re: Westwater Central Compressor Proposal

Dear Mr. Thompson:

We are in receipt of various documents from your office, Minerals Management Service, Mr. Gordon L. Allott, Jr., and the State of Utah (Divisions of Oil, Gas, and Mining as well as Lands and Forestry) dated from December 15, 1987 through February 18, 1988 regarding your proposal in the Westwater Gas Field in Grand County, Utah. This request for approval centers around the following key elements:

Construction of Pipeline Tie-ins for wells C-1, M-1, and M-3 to the well site at C-1;

Approval of off-lease measurement of gas for wells M-3 and M-1 at the C-1 well site;

Approval of gas used for compression purposes (of all three wells) at well site C-1 to be considered as "royalty free" (as used on lease) gas under NTL-4A;

Approval to allocate gas sold, gas used on lease, and gas used for compression purposes to be based on individual well tests; and

The method and frequency of said tests.

After careful consideration, approval of this proposal is hereby granted under the following terms and conditions:

1. Construction of the pipeline between M-1 to M-3 shall not commence prior to obtaining a ROW grant from the Grand Resource Area BLM Office.

2. The Grand Resource Area office will be notified 48 hours in advance prior to any work commencing on either lease or ROW approved actions.
3. The Grand Resource Area office shall be notified 48 hours in advance of any well tests, meter calibrations, etc.
4. Well tests to determine individual allocations of well production will be conducted at a minimum of every ninety (90) days, be at least seven (7) days in duration, and all meters shall be calibrated prior to each test. Modification of this methodology shall be reviewed on an annual basis. The Grand Resource Area office shall be notified as in item #3, so that staff from that office may witness said tests.
5. Well tests shall be conducted in a manner that as close as possible represents actual conditions during selling phases (pressure, choke, etc.).
6. Test results for each well test and meter calibration shall be submitted to this office whether those tests are witnessed or not.
7. All gas produced, sold, used on lease, etc., will be reported to this office on Form 3160-6 on a well-by-well basis.

We regret not responding to this matter on a more timely basis. A great deal of confusion arose over federal and state jurisdiction over this project. In the future we recommend sending any and all requests directly to the Utah State Division of Oil, Gas, and Mining for state level approval.

Please feel free to call the Branch of Fluid Minerals at (801) 259-6111, if you have any questions or comments. Thank you for your cooperation, we look forward to a continued excellent working relationship.

Sincerely yours,

/S/ GENE NODINE

District Manager

cc:

U-922, Howard Lemm

U-068, Elmer Duncan

U-065, Paul Brown

Minerals Management Service-RMP

G. L. Alott, Jr.

State Division of Oil, Gas, and Mining ✓

State Division of Lands and Forestry



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

MEMORANDUM

MARCH 15, 1988

FROM: LISA SCHNEIDER, STATE LANDS & FORESTRY *LS*

TO: JOHN BAZA, OIL, GAS & MINING

SUBJECT: J. C. THOMPSON WESTWATER COMPRESSOR PROPOSAL

Attached for your review and files is the BLM response to the J. C. Thompson proposal for a central compressor for his wells in the Westwater field. It covers both production and royalty related matters.

Please let me know if you have any comments or if the Division of Oil, Gas & Mining must formally respond to Thompson's proposal.

Thanks for your input.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab District
P. O. Box 970
Moab, Utah 84532

3160
(SL-071892)
(SL-071567)
(U-04011)
(Westwater)
(U-065)

FEB 18 1988

Mr. Patrick D. Spurgin, Director
State of Utah, Division of State Lands and Forestry
355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204

Re: Westwater Central Compressor Proposal; J. C. Thompson, Operator

Dear Mr. Spurgin:

We are in receipt of numerous correspondence (copies enclosed) to and from Utah State Division of Lands and Forestry, Minerals Management Service, and Mr. J. C. Thompson, regarding Mr. Thompson's Westwater proposal for a common sales point for the C-1, M-1, and M-3 wells, located on three federal leases in Grand County, Utah.

These documents, as well as telephone conversations between our office, Mr. Thompson, and the State Divisions of Oil, Gas and Mining and Lands and Forestry, indicate there are concerns being raised by Lands and Forestry that have effectively brought this proposal to a standstill. Additionally, some of the correspondence to Mr. Thompson from Lands and Forestry has directed him to a federal agency (MMS) having no jurisdictional responsibilities in this matter, and has erroneously informed him that lease use gas is subject to royalty. Accordingly, we would like to address these concerns as outlined in your letters to Mr. Thompson, and inform you of BLM's position on this matter.

PROPOSED METHOD OF MEASUREMENT

Mr. Thompson's proposal is to meter all three wells at a central point in Section 12 downstream of a compressor. This would be the custody transfer point to Northwest Pipeline Company. Allocation of sales volumes back to individual wells would be done on the basis of individual well tests done on each well every three months with each well test to last seven days. The frequency of well tests would be adjusted up or down depending on the variation of allocation ratios from that point on. This method of allocation for both gas used on lease and gas sold is one of the standard methods used by industry in such situations, and will therefore be approved by our office.

J. C. Thompson

FLUCTUATION OF GAS VOLUMES PRODUCED

Another concern raised by your office is apparently related to past fluctuations in gas produced from these wells. A review of BLM production records show that the three wells in question have produced in varying rates (MCF per day) over the last eighteen months:

C-1 Well (SL-071892) 16-514 MCF Per Day, 217 MCF Avg/18 months

M-1 Well (SL-071567) 22-462 MCF Per Day, 217 MCF Avg/18 months

M-3 Well (U-04011) 14-660 MCF Per Day, 256 MCF Avg/18 months

Further discussions with both Mr. Thompson and Northwest Pipeline indicate that fluctuations in production are due to pipeline pressures, individual operating conditions, and reservoir characteristics. We are in agreement with Mr. Thompson that these fluctuations will moderate when this proposal is implemented, as the central compressor will stabilize pressure differentials between the wells and the pipeline.

ROYALTY DUE GAS

The final issue is whether or not gas used for compression purposes is subject to royalty.

Current BLM policy identified in NTL-4A, Royalty or Compensation for Oil and Gas Lost (copy enclosed), indicates that "no royalty obligation shall accrue on any produced gas which (1) is used on the same lease...for beneficial purposes, ...". We have determined this to be the case and will approve accordingly.

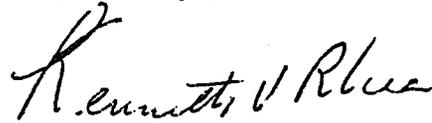
In addition, Mr. Thompson's proposal would replace existing well head compressors operating at 112 horsepower, with a single central compressor operating at 50 horsepower, making the total system more efficient and resulting in increased sales and royalty payments to both the State and Federal government.

We hope this letter has clarified BLM's role and responsibility in such matters. We would also like to emphasize that it is our goal to maximize royalty from oil and gas production on federal leases under our jurisdiction, and to coordinate our approvals with the State of Utah.

Towards these ends, we feel the proposal at issue is viable, meets industry and government standards for allocating production, and will maximize royalty returns to both the State and Federal governments. The only alternative is to shut the wells in, possibly resulting in premature abandonment of the resource, in which case, no one benefits.

It is our intent to approve Mr. Thompson's proposals within the next thirty days. In the event that your office has further concerns in this matter, please feel free to contact either Paul Brown, District I & E Coordinator, or Lynn Jackson, District Branch Chief of Fluid Minerals, at 259-6111.

Sincerely yours,



District Manager

Enclosures

- 1-NTL-4A Excerpt
- 2-Misc. Correspondence

ACTING

cc:

- U-920, Howard Lemm (w/Encl.)
Division of Oil, Gas and Mining (w/Encl.)
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1204
- G. L. Allot, Jr. (w/Encl.)
1600 Broadway
400 Colorado State Bank Bldg.
Denver, Colorado 80202-4991
- J. C. Thompson (w/Encl.)
410 17th St., Suite 1305
Denver, Colorado 80202
- U-065, Paul Brown (w/Encl.)
- U-068, Elmer Duncan (w/Encl.)
Minerals Management Service-RMP (w/Encl.)
P. O. Box 25165, MS 653
Denver, Colorado 80225

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
CONSERVATION DIVISION

Notice to Lessees and Operators of Onshore
Federal and Indian Oil and Gas Leases
(NTL-4A)

Royalty or Compensation for Oil and Gas Lost

This Notice is issued pursuant to the authority prescribed in the Oil and Gas Operating Regulations, Title 30 CFR 221, and in accordance with the terms of the Federal and Indian oil and gas leases under the jurisdiction of the Geological Survey. This Notice supersedes certain provisions of NTL-4, issued effective December 1, 1974; Supplement No. 1 to NTL-4, issued effective December 1, 1978, to 10 lessees and operators on a nationwide basis; and Supplement No. 1 to NTL-4, issued effective December 1, 1978, to all lessees and operators in Wyoming. Lessees and operators who submitted payments for royalty on oil and gas lost under those provisions of NTL-4, which are hereby revoked, may file with the Area Oil and Gas Supervisor (Supervisor) an application for a refund of those payments in accordance with the addendum attached to this Notice.

I. GENERAL

Oil production subject to royalty shall include that which (1) is produced and sold on a lease basis or for the benefit of a lease under the terms of an approved communitization or unitization agreement and (2) the Supervisor determines to have been avoidably lost on a lease, communitized tract, or unitized area. No royalty obligation shall accrue as to that produced oil which (1) is used on the same lease, same communitized tract, or same unitized participating area for beneficial purposes or (2) the Supervisor determines to have been unavoidably lost.

Gas production (both gas well gas and oil well gas) subject to royalty shall include that which is produced and sold on a lease basis or for the benefit of a lease under the terms of an approved communitization or unitization agreement. No royalty obligation shall accrue on any produced gas which (1) is used on the same lease, same communitized tract, or same unitized participating area for beneficial purposes, (2) is vented or flared with the Supervisor's prior authorization or approval during drilling, completing, or producing operations, (3) is vented or flared pursuant to the rules, regulations, or orders of the appropriate State regulatory agency when said rules, regulations, or orders have been ratified or accepted by the Supervisor, or (4) the Supervisor determines to have been otherwise unavoidably lost.

Where produced gas (both gas well gas and oil well gas) is (1) vented or flared during drilling, completing, or producing operations without the prior authorization, approval, ratification, or acceptance of the Supervisor or (2) otherwise avoidably lost, as determined by the Supervisor, the compensation due the United States or the Indian lessor will be computed on the basis of the full value of the gas so wasted, or the allocated portion thereof, attributable to the lease.

II. DEFINITIONS

As used in this Notice, certain terms are defined as follows:

A. "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) any combination of the foregoing.

B. "Beneficial purposes" shall mean that oil or gas which is produced from a lease, communitized tract, or unitized participating area and which is used on or for the benefit of that same lease, same communitized tract, or same unitized participating area for operating or producing purposes such as (1) fuel in lifting oil or gas, (2) fuel in the heating of oil or gas for the purpose of placing it in a merchantable condition, (3) fuel in compressing gas for the purpose of placing it in a marketable condition, or (4) fuel for firing steam generators for the enhanced recovery of oil. Gas used for beneficial purpose shall also include that which is produced from a lease, communitized tract, or unitized participating area and which is consumed on or for the benefit of that same lease, same communitized tract, or same unitized participating area (1) as fuel for drilling rig engines, (2) as the source of actuating automatic valves at production facilities, or (3) with the prior approval of the Supervisor, as the circulation medium during drilling operations. Where the produced gas is processed through a gasoline plant and royalty settlement is based on the residue gas and other products at the tailgate of the plant, the gas consumed as fuel in the plant operations will be considered as being utilized for beneficial purposes. In addition, gas which is produced from a lease, communitized tract, or unitized participating area and which, in accordance with a plan approved

by the Supervisor, is reinjected into wells or formations subject to that same lease, same communitized tract, or same unitized participating area for the purpose of increasing ultimate recovery shall be considered as being used for beneficial purposes; provided, however, that royalty will be charged on the gas used for this purpose at the time it is finally produced and sold.

C. "Unavoidably lost" production shall mean (1) those gas vapors which are released from storage tanks or other low-pressure production vessels unless the Supervisor determines that the recovery of such vapors would be warranted, (2) that oil or gas which is lost because of line failures, equipment malfunctions, blowouts, fires, or otherwise except where the Supervisor determines that said loss resulted from the negligence or the failure of the lessee or operator to take all reasonable measures to prevent and/or control the loss, and (3) the venting or flaring of gas in accordance with Section III hereof.

III. AUTHORIZED VENTING AND FLARING OF GAS

Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in III.B and C above, only after approval by the Supervisor.

GORDON L. ALLOTT, JR.

Attorney At Law

1600 Broadway

400 Colorado State Bank Building

Denver, Colorado 80202-4991

(303) 831-6068

February 8, 1988

RECEIVED

FEB 9 1988

J. C. THOMPSON

Patrick D. Spurgin, Director
Department of Natural Resources
Division of State Lands and Forestry
3 Triad Center, Suite 400
355 West North Temple
Salt Lake City, UT 84180-1204

ATTENTION: Lisa Schneider

Dear Mr. Spurgin:

This letter is in reply to your January 25, 1988 letter concerning the Westwater Well of J.C. Thompson and the proposed installation of a central compressor unit.

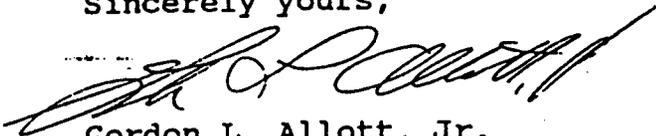
The next to last paragraph of your letter states:

We also understand the MMS has the final approval over both the proposed measurement and allocation methods and the allocation of any compression deduction for the royalty base.

I must say that we also thought that this was correct, but have found, after making application to the MMS, that we were incorrect. Evidently, on January 21, 1987, the MMS and the BLM entered into a Memorandum of Understanding which makes it the sole function of the BLM not only to make the determination of the proposed measurement, but also of the royalty question. I am enclosing a copy of a letter from the MMS to that effect.

Mr. Thompson has made application to the BLM concerning the allocation method and the royalty question. I have not yet received an answer. As soon as we do, we will contact you. If you have any questions, please call me.

Sincerely yours,


Gordon L. Allott, Jr.

GLA/kll

cc: J. C. Thompson



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM
P.O. BOX 25165
DENVER, COLORADO 80225

IN REPLY
REFER TO:

Mail Stop 653

MMS-RVS-OG:88-0024

FEB 3 1988

Memorandum

To: District Manager, Moab District Office, Bureau of Land Management

From: ^{Acting} Chief, Royalty Valuation and Standards Division *D. G. H.*

Subject: Determination of Royalty Free Gas

By letter dated January 8, 1988 (copy attached), Mr. Gordon L. Allott, Jr., Attorney at Law, requested a ruling from the Royalty Valuation and Standards Division regarding the royalty-bearing status of gas that would be used off-lease to power a central compression station. This central compression station would replace existing individual on-lease compressors located on three Federal leases in Utah.

In accordance with the January 21, 1987, Memorandum of Understanding between the Bureau of Land Management (BLM) and the Minerals Management Service, it is the sole responsibility of BLM to determine the royalty free use of gas produced onshore. Consequently, we are forwarding to you, for your action, Mr. Allott's letter along with all supporting documentation.

The attached documents indicate that the point of royalty measurement, under the central compressor scenario, would be a single meter located downstream of the central compressor if approved by BLM. Allocation to the individual leases would be by well tests. Our understanding of BLM's current policy indicates that, under such an arrangement, each Federal lease's proportionate share of the gas used to fuel the central compressor upstream of the point of royalty measurement would be royalty free.

If you have any questions regarding this matter, please contact Mr. Tom Phillips at (303) 231-3181. Also, please advise us of your response to Mr. Allott.

Attachment



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

ROYALTY MANAGEMENT PROGRAM

P.O. BOX 25165

DENVER, COLORADO 80225

IN REPLY
REFER TO:

Mail Stop 653

MMS-RVS-OG:88-0024

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

FEB 3 1988

Mr. Gordon L. Allott, Jr.
Attorney at Law
1600 Broadway
400 Colorado State Bank Building
Denver, Colorado 80202-4991

Dear Mr. Allott:

Reference is made to your January 8, 1988, letter wherein you requested a ruling from the Royalty Valuation and Standards Division regarding the royalty-bearing status of gas that would be used off-lease to power a central compression station. This central compression station would replace existing individual on-lease compressors located on three Federal leases in Utah.

In accordance with the January 21, 1987, Memorandum of Understanding between the Bureau of Land Management (BLM) and the Minerals Management Service, it is the sole responsibility of BLM to determine the royalty free use of gas produced onshore. Consequently, we have forwarded your request along with copies of all supporting documentation to:

Bureau of Land Management
Moab District Office
P.O. Box 970
Moab, Utah 84532
Attn: Mr. Lynn Jackson

If you wish to inquire further regarding the status of your request, please contact Mr. Lynn Jackson of BLM at (801) 259-6111.

Sincerely,

David A. Hubbard

Acting

Chief, Royalty Valuation and
Standards Division

pg 18
✓

GORDON L. ALLOTT, JR.

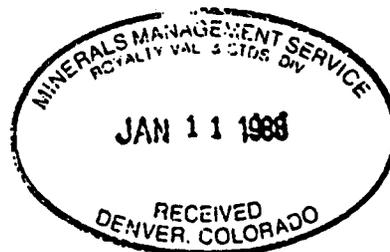
Attorney At Law

1600 Broadway

400 Colorado State Bank Building

Denver, Colorado 80202-4991

(303) 831-6068



January 8, 1988

Thomas J. Blair
Acting Chief
Royalty Valuation & Standards Division
Minerals Management Service
Denver Federal Center
Building 41, Room 288
6th and Kipling
Denver, CO 80225

Dear Tom:

Enclosed is the correspondence concerning the matter about which we spoke this morning. As you can tell from Mr. Thompson's letter of December 15, 1987, he proposes to switch from individual well-head compressors to a central compressor for these three wells. As he points out, this should result in a decline in both the amount of fuel used and the general costs.

Upon the switch to a single compressor there would be a single sales point. The first purchaser would remove it's sales meters from the individual wells. Allocation of fuel usage and production would be done on a sampling basis as described in Mr. Thompson's letter.

The State of Utah has some concerns about the accuracy of this sampling method, which is reflected in the enclosed copy of a letter that Mr. Thompson received from Patrick Spurgin, Director of the State of Utah, Department of Natural Resources. As you can see, Utah is concerned about the previous consistency of production as being incompatible with the ability to be allocated back to the various wells. Mr. Thompson's tests show that the previous inconsistency is due to variables, including different line pressures and other unique operational factors, which would be controlled by centralized compression. The BLM has no problem with the allocation method and I am sure that after we have had an opportunity to discuss this further with the Utah officials, that they will have no objections either. The consistency can be demonstrated. I raise this issue with you only so that you will

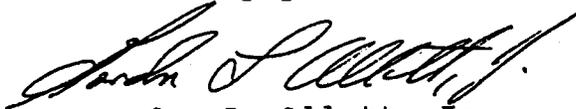
have a full picture of the issues involved. Allocations of this kind are common in the industry. The wells are mature and if consistency cannot be found, then my client has the ability to shorten the sample period.

The issue that really has Mr. Thompson concerned is the last paragraph of Mr. Spurgin's letter. My client believes that gas used for well-head compression is exempt from royalty as gas used on the leasehold. If he switches to a single compressor which is off the lease to save leasehold gas and costs, then that gas should come within the same exception.

I take it from Mr. Spurgin's letter that Utah would accept that concept if we could get a ruling from your Division to that effect and would, therefore, request such a ruling.

If you have any further questions, please feel free to call me or my client directly.

Sincerely yours,



Gordon L. Allott, Jr.

GLA/kll

Enclosures

cc: J. C. Thompson
Patrick D. Spurgin
Paul Brown



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangertter
Governor
Dev. C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

RECEIVED

FEB 01 1988

GORDON L. ALLOTT

January 25, 1988

Camp Pipel. Com.

Gordon L. Allott, Jr.
Attorney at Law
1600 Broadway, 400 Colorado State Bank Building
Denver, CO 80202-4991

RECEIVED

FEB 2 1988

J. C. THOMPSON

Dear Mr. Allott:

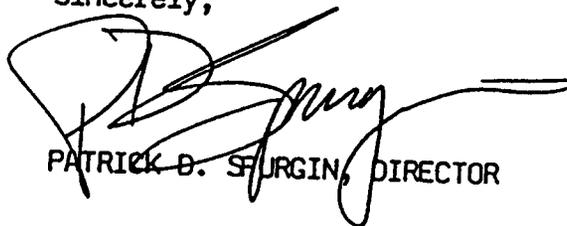
We received a copy of your January 8, 1988 letter to the Minerals Management Service (MMS) regarding the Westwater wells and the central compressor proposal.

Lisa Schneider of our staff recently discussed this situation with Paul Brown of the Bureau of Land Management and Ron Firth of the Utah Division of Oil, Gas and Mining. It is our understanding after these discussions that the main concern with this proposal is the accuracy of the allocation of volumes from the central sales meter back to the individual wells given the past consistency of the wells.

We also understand the MMS has the final approval over both the proposed measurement and allocation methods and the allowance of any compression deduction from the royalty base. Accordingly, we will await their comments before we approve any part of the proposal.

If you have any questions, please contact us at (801) 538-5508.

Sincerely,



PATRICK D. SPURGIN, DIRECTOR

lys

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

January 26, 1988

Bureau of Land Management
P.O. Box 970
Moab, UT 84532
Attention: Paul Brown

State of Utah
Division of State Lands & Forestry
355 West N. Temple
3 Triad Center, Suite 400
Salt Lake City, UT 84180-1204
Attn: Patrick D. Spurgin, Director

Re: Westwater Field
Grand County, Utah

Gentlemen:

This request is being written in substitution of our letter of December 15 regarding central compression and delivery facilities for the following wells:

Federal C-1	NE4 NW4 Sec. 12-T17S-R23E	SL-071892 (Non-unit)
Westwater M-1	SE4 SW4 Sec. 1-T17S-R23E	SL-071567 (Non-unit)
Westwater M-3	NW4 NW4 Sec. 7-T17S-R23E	U-04011 (Unitized).

The State of Utah owns 1/3 of the royalty on production from Well M-1 and the United States owns royalty on the remaining 2/3; moreover, the United States owns all the royalty on production from Wells C-1 and M-3. Please refer to the enclosed map.

The background of this request is that delivery pressures from all three wells have declined to the point that they are not capable of producing into the purchasers lines. The most economic and efficient procedure for the producer to continue production is to lay pipelines from all three wells to a central compression and delivery site. Individual wellhead compressors are currently in use at each well, but individual compressors use more fuel and involve other operating costs that would ultimately result in premature abandonment; therefore, the central delivery point is proposed.

The question arises about accurate measurement of the production from each well when there would be fuel used for compression followed by delivery into a single purchase meter. The procedure proposed herein is that tests be run on the producers test meter on a three-month frequency, with the volume measured from each well to be compared to the other wells to determine a ratio of total production for each well. That ratio would be applied to total production measured at the purchase meter to calculate production and to determine royalty amounts. This method has the attribute of allocating fuel gas use on the basis of production, and the royalty payable to the State of Utah could be determined on a reasonable basis in accord with the State's ownership.

We propose that tests be run every three months initially with each well test to be 7 days in duration. The ratios determined would be used for the following three months. Individual Btu determinations would be performed annually and would be used for determining gas quality adjustments. Current standards for retaining on file the meter charts and gas quality measurements would continue. If after six months the ratios are found to be stable, then we propose to extend the testing frequency to a six-month period.

The Utah Division of State Lands & Forestry has objected to the procedure described above because of concern that production during the first half of 1987 was not consistent among the wells. Our response to this concern is as follows:

- 1) We believe production with the proposed facility will be much more consistent than before where many wells were competing for space in the pipeline.
- 2) Production can be managed by the operator to achieve the desired short term ratio. These are older wells (M-1 and M-3 have produced for more than 25 years), and remaining reserves may be determined with a relatively high degree of accuracy -- we believe with as much accuracy as the measurement facilities. If adjustments of the ratios are required based on productive characteristics, then such adjustments could be made without inequity to either the Federal or State royalty owners.

The State raised another concern which is very troublesome to Thompson as operator; that is, the State believes there may be reason to collect royalty on the gas used for fuel in the compressor. Thompson believes the facility proposed falls properly in the category of lease use gas, which is allowed in the Lease from the United States. Further, the proposed facility will result in less fuel consumption than at present where three individual wellhead compressors are employed. Thompson requests that both the Bureau of Land Management (BLM) and Division of State Lands & Forestry (DSL) initial in the column adjacent their approval that royalty will be collected based on measurements at the purchase meter.

For BLM

For DSL

Preliminary discussions with the BLM indicate the method proposed herein is reasonable. Thompson understands that the responsibility for determining the proper method for measuring production for royalty purposes has been agreed in a memorandum dated 7-21-87 between the Minerals Management Service and the BLM rests with the BLM.

Thompson requests that the BLM consider this request and if acceptable, sign and send two copies to DSL. Then DSL is requested to sign and send a copy to Thompson.

Thank you in advance for your prompt attention to this request.



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangert
Governor
Dee C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508

JAN - 7 1988
J. C. Thompson

December 31, 1987

J. C. Thompson
Independent Oil Operator
410 - 17th Street, Suite 1305
Denver, CO 80202

JAN 07 1988
ORDON

Gentlemen:

After reviewing your request of December 15, 1987 for the Westwater Field wells with the Division of Oil, Gas and Mining, we have determined your proposal is not acceptable.

While the use of a central compressor is encouraged to maintain production from the three wells, we do not feel the proposed method of measurement is reasonable. Since the test meters at the wellhead would have to be maintained, we would suggest measurements be taken on a monthly basis rather than every three to six months. The allocation of fuel used in the central compressor could be based on these measurements.

Oil, Gas and Mining provided us with a history of production from these wells for the first six months of 1987. The allocation of production between the wells is not consistent during this period and we do not feel a measurement every three or six months would provide an accurate basis for allocation of production and costs.

We would also like to remind Thompson that under the concept of gross proceeds, compression costs are not allowable deductions from the royalty base. In order for these costs to be acceptable deductions, we would need to have evidence that the Minerals Management Service Royalty Compliance Group had allowed them to be taken as these types of costs are normally to be borne exclusively by the lessee or operator.

If you have any questions concerning our position, please contact us.

Sincerely,

PATRICK D. SPURGIN, DIRECTOR

lys

cc: Ronald J. Firth, Utah Division of Oil, Gas and Mining

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1308
DENVER, COLORADO 80202

December 15, 1987

State of Utah
Division of State Lands & Forestry
355 West North Temple
3 Triad Center, Ste. 400
Salt Lake City, UT 84180-1204
Attention: Patrick D. Spurgin, Director

Bureau of Land Management
P.O. Box 970
Moab, UT 84532
Attention: Paul Brown

Re: Westwater Field
Grand County, Utah

Gentlemen:

The purpose of this letter is to propose a new central compression and delivery system for three wells located in the Westwater Field as follows:

<u>Well</u>	<u>Location</u>	<u>Ø81</u>	<u>Lease No.</u>
Federal C-1	NE4 NW4 Sec. 12-T17S-R23E		SL-071892 (Non-unit)
Westwater M-1	SE4 SW4 Sec. 1-T17S-R23E		SL-071567 (Non-unit)
Westwater M-3	NW4 NW4 Sec. 7-T17S-R24E		U-04011 (Unitized).

The State of Utah owns 1/3 of the royalty on production from Well M-1 and the United States owns royalty on the remaining 2/3; moreover, the United States owns all the royalty on production from Wells C-1 and M-3. Please refer to the enclosed map.

The background of this request is that delivery pressures from all three wells have declined to the point that they are not capable of producing into the purchasers lines. The most economic and efficient procedure for the producer to continue production is to lay pipelines from all three wells to a central compression and delivery site. Individual wellhead compressors are currently in use at each well, but individual compressors use more fuel and involve other operating costs that would ultimately result in premature abandonment; therefore, the central delivery point is proposed.

The question arises about accurate measurement of the production from each well when there would be fuel used for compression followed by delivery into a single purchase meter. The procedure proposed herein is that tests be run on the producers test meter on a three-month frequency, with the volume measured from each well to be compared to the other wells to determine a ratio of total production for each well. That ratio would be applied to total production measured at the purchase meter to calculate production and to determine royalty amounts. This method has the attribute of allocating fuel gas use on the basis of production, and the royalty payable to the State of Utah could be determined on a reasonable basis in accord with the State's ownership.

ESTWATER
PACED AREA

R 23E | R 24E

PEASE
M-14 St
6912'

OIL INC.
M-8 Westwater
5524'

THOMPSON
M-7 Horsepoint
5603'

M-4
6

3

2

6

THOMPSON
M-15 Westwater St.
6417

THOMPSON
M-1 Westwater
5165'

(State 1/3)
(USA 2/3)

New Pipeline
SL-071567

PEASE
M-10 Fed.
6275'

Compressor Site
THOMPSON
Fed C-1
5550'

New Pipeline

OIL INC.
C-3 Westwater
1194'

M-3
5550'

(USA 100%)
U#04011

T
17
S

10

THOMPSON
C-9 Westwater
6876'

PEASE
M-12 Fed
6608'

THOMPSON
Fed D-1
6749'

M-2
4897'
C-3
939'

(USA 100%)
SL-071892

PEA
Gov
1136

C-7
1136

T. O. B. G.
I Plosynski - Fed.
6

15

14

E-4
6471'

3
5930'

C-10
1973'

4
O

3167
4-C
729

D-2
5289'
4408'

E-5
5957'

WESTWATER FIELD
Grand County, Utah
COMPRESSOR / PIPELINE PROJECT

WESTWATER UNIT (THOMPSON)

Scale: 1"=2000'

12-15-87



DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangert
Governor
Dee C. Hansen
Executive Director
Patrick D. Spurgin
Division Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
(801) 538-5508

3/29/88

RECEIVED
MAR 30 1988

March 28, 1988

DIVISION OF
OIL, GAS & MINING

Mr. Gordon Allott, Jr.
Attorney at Law
1600 Broadway
400 Colorado State Bank Building
Denver, CO 80202-4991

*John -
Attached is a copy
of the letter we
sent to Thompson's
attorney regarding the
Westwater field.
Thanks, Jim*

Dear Mr. Allott:

We have received a letter dated February 18, 1988 from Mr. Kenneth V. Rhea, Acting District Manager of the Moab District office of the Bureau of Land Management (BLM), and have reviewed it with personnel in the Utah Division of Oil, Gas and Mining (DOGM).

Based on the discussions we have had with the BLM and DOGM, we will approval J. C. Thompson's request for a central compressor in the Westwater field. The production will be monitored over the next several months to determine if the central metering is adequately accounting for production. If it is felt the arrangement is not accurate, J. C. Thompson will be notified.

Based on the BLM's letter and 30 C.F.R. 202.150, an allowance will be made for the gas used for compression purposes as it is considered to be beneficial for the lease. J. C. Thompson should be reminded that compression deductions are not usually allowable and before a deduction can be made from the royalty base, approval must be granted.

For future inquires of this nature, please be advised that DOGM normally deals with production and measurement issues while this Division handles royalty matters.

If you have any questions, please contact Lisa Schneider at (801) 538-5508.

Sincerely,

PATRICK D. SPURGIN, DIRECTOR

lys



State of Utah
 DEPARTMENT OF NATURAL RESOURCES
 DIVISION OF STATE LANDS AND FORESTRY

Norman H. Bangert
 Governor
 Dee C. Hansen
 Executive Director
 Patrick D. Spurgin
 Division Director

355 West North Temple
 3 Triad Center, Suite 400
 Salt Lake City, Utah 84180-1204
 801-538-5508

RECEIVED
 OCT 07 1988

DIVISION OF
 OIL, GAS & MINING

MEMORANDUM

OCTOBER 6, 1988

FROM: LISA SCHNEIDER, STATE LANDS & FORESTRY *LS*

TO: JOHN BAZA, OIL, GAS & MINING

SUBJECT: J. C. THOMPSON WESTWATER FIELD CENTRAL COMPRESSOR

It has been six months since the BLM and State Lands approved J. C. Thompson's proposal for a central compressor in the Westwater field. Below is a recap of the production since that time:

	<u>C-1</u> ³⁰⁸⁹⁵	<u>M-1</u> ^{43-019 15660}	<u>M-3</u> ¹⁵⁶⁶²
March, 1988	0	0	0
April, 1988	0	0	0
May, 1988	168	28	0
June, 1988	3550	6609	2377
July, 1988	3506	8205	2525
	270	308	301

These figures are mcf of gas produced and transported.

Do you feel these numbers are reasonable given the past production of these wells and the affect a central compressor might have on them?

Thanks.



State of Utah

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 2, 1988

TO: Lisa Schneider, Royalty Audit Supervisor
Utah Division of State Lands and Forestry

FROM: John Baza, Petroleum Engineer *JPB*

RE: J. C. Thompson Westwater Field Central Compressor

As a follow up to your memo and our previous conversations concerning J. C. Thompson's installation of a central compressor for three wells in the Westwater field, I have reviewed the available production data on the Oil and Gas Information System. The most current production information available from the database only includes reported production through August 1988. The following table restates the figures from your memo to me dated October 6, 1988, and the August 1988 reported volumes are included:

	<u>C-1</u>	<u>M-1</u>	<u>M-3</u>	<u>Total</u>
March 1988	0	0	0	0
April	0	0	0	0
May	168	28	0	196
June	3550	6609	2377	12536
July	3506	8205	2525	14236
August	0	8913	0	8913

Limited production has occurred since the central compressor was approved by the U.S. Bureau of Land Management and your agency. As shown by the table, the wells produced significant amounts of gas only during June, July, and August of this year. As yet, I can see nothing which would cause me to doubt the validity of the Mr. Thompson's production reporting or his allocation methods.

It would be my recommendation that we continue to monitor reported production figures on a six month basis and observe how production amounts change with time. Reported production from previous years for the three wells showed seasonal production fluctuations of more than 100 percent. If we begin to note similar variations in reported production under the current measurement method, then we may want to approach Mr. Thompson about the validity of using the central compressor.

OI3/21

cc: R. J. Firth
Well files



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

June 15, 1989

Mr. J. C. Thompson
410 17th Street, Ste. 1305
Denver, CO 80202

Dear Mr. Thompson:

An internal review has identified a concern regarding the reporting of gas production on the wells which flow to your Westwater central compressor, the C-1, M-1 and M-3.

Your accepted January, 1988 proposal for the allocation of production to individual wells called for well tests to be performed every three months with each test to be seven days in duration. Our review of production reported during the past year does not appear to reflect the allocation method which was agreed upon. We would appreciate your review of the production reported on the subject wells from May, 1988 to April, 1989, and advising the division of your findings.

As a related item, your January, 1988 proposal identified that fuel gas used would be allocated on the basis of production. However, no fuel gas has been reported to our division.

Thank you in advance for your review of this reporting.

Sincerely,

A handwritten signature in cursive script that reads "Steven L. Schneider".

Steven L. Schneider
Audit Supervisor

tlc

cc: D. R. Nielson
R. J. Firth
L. Y. Schneider

AU10/16

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

J.C. Thompson Internal Memo

6-20-89

Calculation of Fuel Use Gas at Central Delivery Point
(Wells Fed C-1, M-1, M3)

Compressor: Ariel JGS Integral

Utilized Brake HP: 42

Fuel Consumption: 7900 Btu/BHP-Hr.

Gas Quality (5-25-89): 1,088 Btu/Ft.³, or 1,088,000/MCF.

Hourly Fuel Consumption: $\frac{7900 \times 42}{1,088,000} = .30496$ MCF

Daily Fuel Consumption: $.30496 \times 24 = 7.319$ MCF

J. C. THOMPSON
INDEPENDENT OIL OPERATOR
410 - 17TH STREET, SUITE 1305
DENVER, COLORADO 80202

RECEIVED
JUN 26 1989

June 21, 1989

DIVISION OF
OIL, GAS & MINING

Mr. Steven L. Schneider, Audit Supervisor
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Ste. 350
Salt Lake City, UT 84180-1203

TTS, R23E, 12

Re: Central Compressor Project (Westwater Wells C-1, M-1, M-3)

Dear Mr. Schneider:

This is in response to your letter of June 15 wherein you request a report of production allocation procedures during the period May 1988 to April 1989. You also requested a report of fuel use gas for the captioned project.

It must be stated at the outset that our project as proposed did not start operating until March 10, 1989. We had all equipment in place and ready to operate; however, the pipeline delayed certain necessary action for over six months. Therefore, all operations until March 10, 1989 were as before. No allocation of production reporting or fuel gas was necessary prior to March 10. Production for March and April is shown on the attached table.

The volume measurement procedure originally proposed involved a test meter. By agreement with the pipeline the meters at Wells M-1 and M-3 have been left in place and are read by the pipeline. In addition, the Central Delivery Meter (#94129) is read by the pipeline, and the difference is allocated to Well C-1. We believe this procedure is more accurate than using a test meter.

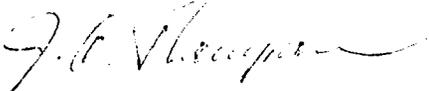
Fuel use gas for March, April, and May 1989 will be allocated among the wells based on their volumes and on the gas quality measurement as determined by the pipeline at the Central Delivery Meter on 5-25-89. The attached handwritten Internal Memo shows daily gas use to be 7.319 MCF for all wells. We plan

Page 2
June 21, 1989
Division of Oil, Gas & Mining

to review the quality of gas at three month intervals to determine if adjustments are necessary. Amended production reports to show fuel use gas will be filed for the months of March and April 1989.

Please advise if there are any questions or if you require additional information.

Yours sincerely,



J.C. Thompson

JCT/bkf

Enclosures

cc: Bureau of Land Management (w/enclosures)

Table 1.
Production and Allocation of Fuel Use Gas*
for Common Delivery Point - March & April 1989

	<u>Production (MCF)</u>		<u>Fuel Use (MCF)</u>	
	<u>As Reported</u>	<u>Corrected</u>	<u>March</u>	<u>April</u>
<u>C-1</u>				
3/1-3/9/89	3,678	3,678	0	
3/10-3/31/89	<u>952</u>	<u>965</u>	14	
Total (March)	4,630	4,643		
4/89	472	478		6
<u>M-1</u>				
3/1-3/9/89	1,902	1,902	0	
3/10-3/31/89	<u>2,446</u>	<u>2,481</u>	35	
Total (March)	4,348	4,383		
4/89	0	0		0
<u>M-3</u>				
3/1-3/9/89	5,885	5,885	0	
3/10-3/31/89	<u>7,906</u>	<u>8,019</u>	112	
Total (March)	13,791	13,904		
4/89	68	69		1
Total Fuel Use			<u>161</u>	<u>7</u>

*Calculation of Fuel Use Gas 3/10-3/31/89 (22 days):

$$22 \text{ days} \times 7.319 \text{ MCF/Day} = 161.018 \text{ MCF}$$

Allocation of Fuel Use Gas:

$$\begin{aligned} \text{C-1: } & 965 \div 11,465 \times 161 = 14 \\ \text{M-1: } & 2,481 \div 11,465 \times 161 = 35 \\ \text{M-3: } & \underline{8,019} \div 11,465 \times 161 = \underline{112} \\ \text{Total } & 11,465 \qquad \qquad \qquad 161 \end{aligned}$$

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

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:
see attached list

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

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

8. WELL NAME and NUMBER:
see attached list

9. API NUMBER:

1. TYPE OF WELL
OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR:
J.C. THOMPSON OPERATOR, LLC

3. ADDRESS OF OPERATOR:
7979 E Tufts Ave Pkwy #815 CITY **Denver** STATE **CO** ZIP **80237**

PHONE NUMBER:
(303) 220-7772

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: COUNTY: **Grand**
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.
Effective March 17, 2005, J.C. Thompson Operator, LLC became the operator of all wells on the attached list, which were previously operated by J.C. Thompson.

previous operator: J.C. Thompson
7979 E Tufts Ave Pkwy #815 N1240
Denver CO 80237-2873
by: *J.C. Thompson*

new operator: J.C. Thompson Operator, LLC
7979 E Tufts Ave Pkwy #815 N2805
Denver CO 80237-2843

State + Fee BOND # LPM 8756586
BLM Bond # LPM 4021517

NAME (PLEASE PRINT) J.C. Thompson TITLE Member and Manager
SIGNATURE *J.C. Thompson* DATE 3/17/2005

(This space for State use only)

APPROVED 8/24/05
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician
(52/000) (See Instructions on Reverse Side)

RECEIVED
MAY 25 2005
DIV. OF OIL, GAS & MINING

SCHEDULE OF PROPERTIES

J C Thompson Operator, LLC
(effective March 17, 2005)

<u>API No.</u>	<u>Lease No.</u>	<u>Well Name</u>	<u>Location (Grand County, Utah)</u>	
4301930169	ML-27428	State 428 #1	SWSE	5-T16S-R22E
4301930193	ML-21913	State 913 #1A	C SE	9-T16S-R22E
4301930706	ML-27406	Peterson Springs #1	NWSE	14-T17S-R21E
4301916206	UTU-05109	Horse Point Unit 1-X	NWNE	14-T16S-R23E
4301920154	UTU-020509	Horsepoint M-4	SENE	6-T17S-R24E
4301930013	ML-21613	Horsepoint M-6	NESE	32-T16S-R24E
4301930049	UTU-029600	Horsepoint M-7	SWNW	6-T17S-R24E
4301915671	UTU-02981	Moonridge 31-15	NWNE	15-T16S-R21E
4301915672	UTU-03008A	Segundo #2	SWSE	33-T16S-R21E
4301915673	UTU-04600	Segundo #23-4	NESW	4-T17S-R21E
4301930895	SL-071892	Westwater C-1	NENW	12-T17S-R23E
4301930891	SL-071892	Westwater D-1	SESE	11-T17S-R23E
4301930853	SL-071893	Westwater Unit #3	S2N2NW	13-T17S-R23E
4301930852	SL-071893	Westwater Unit #5	NESW	18-T17S-R24E
4301930892	SL-071892	Westwater B-1	NWSW	17-T17S-R24E
4301915657	SL-071892	Westwater E2	SWSE	7-T17S-R24E
4301915649	SL-071892	Castlegate 2	SWNW	18-T17S-R24E
4301915650	SL-071893	Westwater Castlegate 4	NENE	13-T17S-R23E
4301915652	SL-071892	Westwater Castlegate 6	SENE	18-T17S-R24E
4301915653	UTU-04011	Westwater Castlegate 7	NESE	7-T17S-R24E
4301915656	SL-071892	Castlegate D-2	NWNE	18-T17S-R24E
4301915654	SL-071891	Westwater C9-10	SWSE	10-T17S-R23E
4301930077	SL-071892	Westwater E5	NWNE	18-T17S-R24E
4301915658	SL-071892	Westwater E3	NENW	17-T17S-R24E
4301915662	UTU-04011	Westwater M3	NWNW	7-T17S-R24E

SCHEDULE OF PROPERTIES
J C Thompson Operator, LLC
Page 2

<u>API No.</u>	<u>Lease No.</u>	<u>Well Name</u>	<u>Location (Grand County, Utah)</u>	
4301915660	SL-071567	Westwater M1	SESW	1-T17S-R23E
4301915661	SL-071892	Westwater M2	NWSE	12-T17S-R23E
4301915647	UTU-026A	Bryson Canyon Govt #1	SWSW	8-T17S-R24E
4301930641	UTU-15889	Middle Canyon #4-30	SWSW	30-T16S-R24E
4301930925	UTU-30123	Middle Canyon #11-30	SENW	30-T16S -R24E

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: 7/26/2005

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: n/a

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

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

DATA ENTRY:

1. Changes entered in the Oil and Gas Database on: 8/24/2005
2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 8/24/2005
3. Bond information entered in RBDMS on: 8/24/2005
4. Fee/State wells attached to bond in RBDMS on: 8/24/2005
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: U0068

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number LPM8756586**
2. The **FORMER** operator has requested a release of liability from their bond on: n/a
The Division sent response by letter on: n/a

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

**** Bond rider deleted J. C. Thompson and added J. C. Thompson Operator, LLC**

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING
 CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

6/1/2012

FROM: (Old Operator): N2805- J. C. Thompson 8400 E Prentice Ave, Suite 735 Greenwiid Village, CO 80111 Phone: 1 (303) 220-7772	TO: (New Operator): N8060- National Fuel Corporation 8400 E Prentice Ave, Suite 735 Greenwood Villiage, CO 80111 Phone: 1 (303) 220-7772
-------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

WELL NAME	CA No.	SEC	TWN	RNG	Unit:	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
See Attached List										

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 8/14/2012
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 8/14/2012
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 8/14/2012
- a. Is the new operator registered in the State of Utah: Business Number: 1260477-0143
- 5a. (R649-9-2)Waste Management Plan has been received on: Yes
- 5b. Inspections of LA PA state/fee well sites complete on: N/A
- 5c. Reports current for Production/Disposition & Sundries on: 8/14/2012
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM Not Yet BIA N/A
- Federal and Indian Units:**
 The BLM or BIA has approved the successor of unit operator for wells listed on: Not Yet
- Federal and Indian Communization Agreements ("CA"):**
 The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to **Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 8/31/2012
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/31/2012
- Bond information entered in RBDMS on: 8/31/2012
- Fee/State wells attached to bond in RBDMS on: 8/31/2012
- Injection Projects to new operator in RBDMS on: N/A
- Receipt of Acceptance of Drilling Procedures for APD/New on: N/A

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: LPM4021517
- Indian well(s) covered by Bond Number: N/A
- 3a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number LPM 8756586
- 3b. The **FORMER** operator has requested a release of liability from their bond on: N/A

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

COMMENTS:

J C Thompson Operator, LLC (N2805) to National Fuel Corporation (N8060)
 Effective 8/1/2012

Well Name	Sec	TWP	RNG	API Number	Entity	Least	Well Type	Well Status
FED 18 CASTLEGATE-2	18	170S	240E	4301915649	355	Federal	GW	P
WESTWATER FED C9-10	10	170S	230E	4301915654	304	Federal	GW	P
WESTWATER U M-1	01	170S	230E	4301915660	308	Federal	GW	P
SEGUNDO 2	33	160S	210E	4301915672	320	Federal	GW	P
SEGUNDO 23-4	04	170S	210E	4301915673	325	Federal	GW	S
HORSE POINT M-7	06	170S	240E	4301930049	305	Federal	GW	S
STATE 913-1A	09	160S	220E	4301930193	6035	State	GW	S
WESTWATER FED B-1	17	170S	240E	4301930892	306	Federal	GW	P
FEDERAL C-1	12	170S	230E	4301930895	270	Federal	GW	S

PHONE 303-220-7772
FAX 303-220-7772

J. C. THOMPSON OPERATOR, LLC
8400 E. Prentice Ave. – Suite 735
Greenwood Village, Colorado 80111

August 9, 2012

RECEIVED

AUG 14 2012

DIV. OF OIL, GAS & MINING

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

Re: Operator Change
J.C. Thompson Operator, LLC to National Fuel Corporation

J.C. Thompson Operator, LLC, the operator of certain wells located in Grand County, Utah, requests that the designated operator of all wells be changed to National Fuel Corporation effective June 1, 2012. Accordingly, enclosed for approval is the Sundry Notice (submitted in triplicate) regarding the leases.

National Fuel Corporation is principal to its Statewide Utah Bond #LPM4021517 and the bond has been previously provided to the Salt Lake City office. The Resignation of Unit Operator and Designation of Successor Operator will also be provided accordingly.

Please advise if any additional information or documentation is required.

Sincerely,



Lynne Jansons
Land and Contract Management
National Fuel Corporation
303.996.6776 (office)
303.220.7773 (fax)
ljansons@national-fuel.com

enclosures

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: see attached list
2. NAME OF OPERATOR: NATIONAL FUEL CORPORATION <i>128060</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 8400 E Prentice Ave., Suite 7 Greenwood Village CO 80111		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (303) 220-7772		8. WELL NAME and NUMBER: see attached list
4. LOCATION OF WELL FOOTAGES AT SURFACE:		9. API NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		10. FIELD AND POOL, OR WILDCAT:
COUNTY: Grand		
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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Effective June 1, 2012, National Fuel Corporation succeeded J.C. Thompson Operator, LLC as operator of all wells on the attached list and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. National Fuel Corporation is principal to the Statewide Utah Bond No. LPM4021517.

State: LPM 8756586

NAME (PLEASE PRINT) <u>Diane Thompson</u>	TITLE <u>President and Chief Operating Officer</u>
SIGNATURE <i>Diane Thompson</i>	DATE <u>July 30, 2012 July 30, 2012</u>

(This space for State use only)

APPROVED

AUG 31 2012

(5/2000)

DIV. OIL GAS & MINING
Rachael Medina
Engineer Tech

(See Instructions on Reverse Side)

RECEIVED

AUG 14 2012

DIV. OF OIL, GAS & MINING