

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK
 b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 LONE MOUNTAIN PRODUCTION COMPANY

3. ADDRESS OF OPERATOR
 408 Petroleum Building, P.O. Box 3394, Billings, Montana 59103

4. LOCATION OF WELL (Report location clearly and in accordance with State public lands laws)
 At surface: 2482' FNL, 400' FEL
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE
 21 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) 158'

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2788'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6435' GL, 6446' KB

23. 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	32.30# L.S.	200'	150 sacks Class "G" (to surface)
8 3/4"	7" new	20# L.S.	1550'	150 sacks 50-50 Pozmix
6 1/4"	4 1/2" new	11.6# K-55	5296'	175 sacks RFC

- Surface formation is the Mesaverde.
- Anticipated geologic markers are: Castlegate 1296', Mancos 1500', Dakota Silt 4746', Dakota Sand 4819', Morrison 4985'.
- Gas is anticipated in the Dakota and Morrison. No oil or other minerals are anticipated. Minor water sands are expected in the Mesaverde.
- Proposed casing program: See Item No. 23 above.
- Pressure control equipment: See attached well control plan and schematic of drilling contractor's BOP stack. BOPs will be tested before drilling out from under surface casing and checked daily.
- Air or mist drilling will be used to drill the surface hole and intermediate hole unless water is encountered. If water is encountered, chemical gel-type mud will be used. The well will be air drilled from under intermediate casing to total depth.

(Continued on page 2)

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

24. SIGNED James R. Rauten TITLE Petroleum Engineer DATE March 25, 1987

(This space for Federal or State office use)

PERMIT NO. 43-019-31242

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

APPROVED BY _____ TITLE _____

DATE 4-6-87
 BY: John R. Baye
 WELL SPACING: 13-6 3/26/87

*See Instructions On Reverse Side

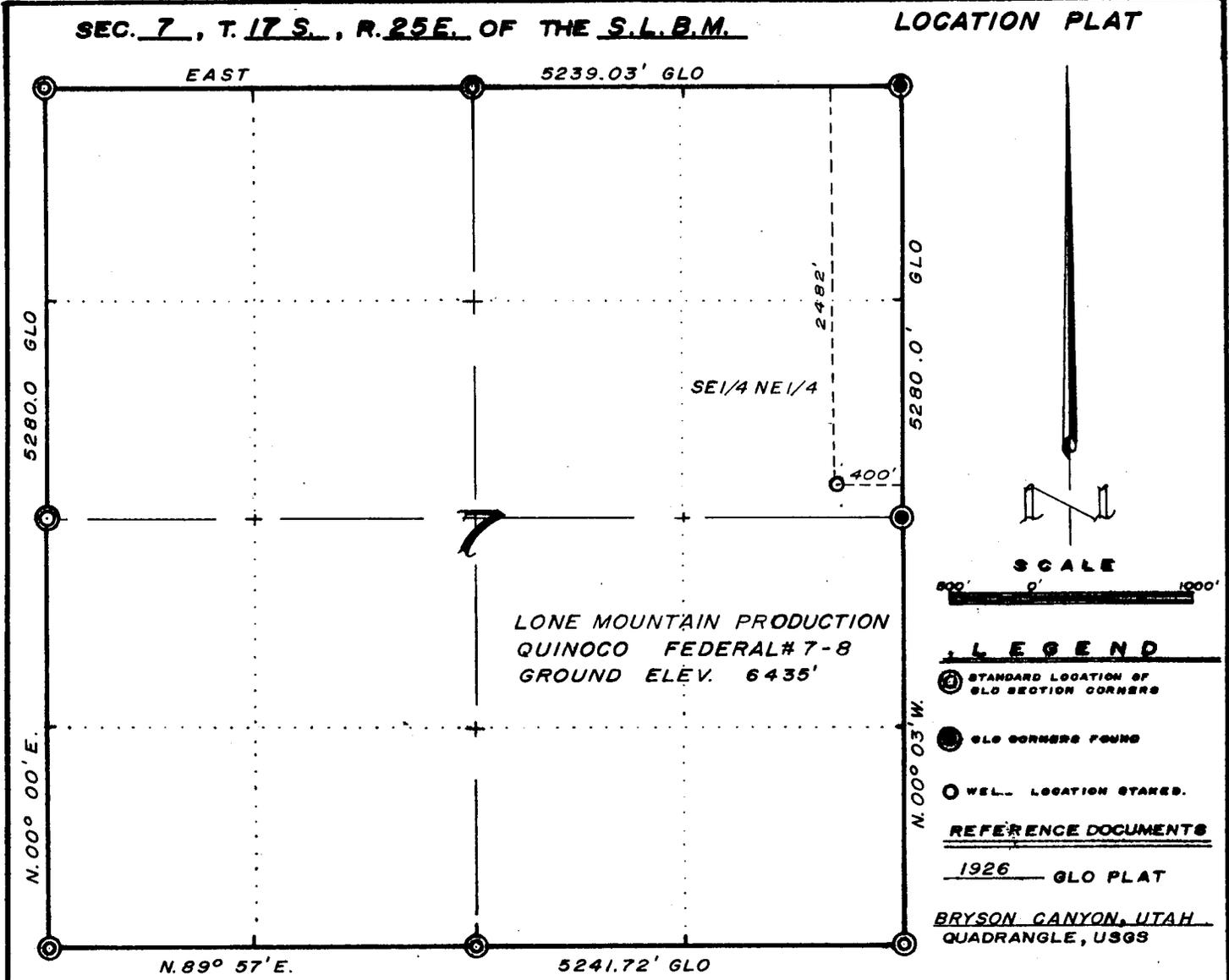
Application for Permit to Drill, Deepen, or Plug Back
Federal No. 7-8
SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 7-T17S-R25E SLM
Grand County, Utah
Lease U-38033

Page 2

7. Auxiliary equipment: See well control plan.
8. The logging program will consist of a DIL log from TD to base of intermediate casing, GR-FDC-CNL logs from TD to 500' above the Dakota Silt, and a cased hole GR-CNL from 1600' to 1000'. No cores or DSTs are planned.
9. No abnormal pressures or temperatures are anticipated. No poisonous gas is anticipated.
10. Anticipated spud date is May 10, 1987. Completion operations should commence within 30 days of rig release.
11. Survey plats are attached.
12. The gas is dedicated to Southwest Gas Company.
13. Designation of Operator forms from Quinoco and their et als are attached.
14. The well will be drilled under Quinoco's bond.

SEC. 7, T. 17 S., R. 25 E. OF THE S.L.B.M.

LOCATION PLAT



LONE MOUNTAIN PRODUCTION
QUINOCO FEDERAL # 7-8
GROUND ELEV. 6435'

- LEGEND**
- ⊙ STANDARD LOCATION OF GLO SECTION CORNERS
 - GLO CORNERS FOUND
 - WELL LOCATION STAKES.
- REFERENCE DOCUMENTS**
- 1926 GLO PLAT
 - BRYSON CANYON, UTAH QUADRANGLE, USGS

THIS WELL LOCATION PLAT WAS PREPARED FOR LONE MTN. PRODUCTION CO. TO LOCATE THE QUINOCO FEDERAL # 7-8, 2482 F.N.L.S. 400' F.E.L. IN THE SE 1/4 NE 1/4, OF SECTION 7, T. 17 S., R. 25 E. OF THE S.L.B.M. GRAND COUNTY, UTAH

SURVEYOR'S CERTIFICATE

I, LARRY D. BECKER A REGISTERED LAND SURVEYOR IN THE STATE OF UTAH DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT REPRESENTS SAID SURVEY.

Larry D. Becker
UTAH L.S. # 4189

SURVEYED		ENERGY SURVEYS & ENGINEERING CORP. 715 HORIZON DRIVE, SUITE 330 GRAND JUNCTION, CO 81501 (303) 245-7221	SCALE 1" = 1000'
DRAWN	2/27/87		JOB NO.
CHECKED	2/28/87		SHEET OF

WELL CONTROL PLAN

1. Surface Casing: 9-5/8" O.D., 32.3 #/ft., L.S., Short T&C, set at 200' or deeper, cemented with pump and plug method back to the surface or bottom of cellar.
2. Casinghead Flange: 9-5/8" x 10"-900 series casinghead with two 2"-2000 psi L.P. outlets.
3. Intermediate Casing: 7", 20#, L.S., set at 1,550' and cemented with sacks.
4. Blowout Preventor: A 10" 3000 psig W.P. double gate hydraulic shaffer BOP (or equivalent) with drillpipe rams and blind rams. All fill, kill and choke lines will be minimum of 2" 2000 psi W.P. A Grant rotating head will be used while air and mist drilling. A new rubber will be installed prior to drilling through the Dakota. BOP's will be worked daily. Blind rams will be checked during trips. BOP's will be tested to 1000 psi prior to drilling shoe joint on surface casing and intermediate casing.
5. Auxiliary Equipment: (a) Drill pipe floats will be allowed at contractor's discretion. (b) Visual monitoring of air returns will be maintained. (c) Upper kelly cock will be used. (d) Stabbing valve will be kept on floor.
6. Anticipated bottom hole pressure is less than 1,000 psi at 4,819 or a gradient of .208 psi/ft or less. No abnormal temperatures or hydrogen sulfide gas are anticipated.

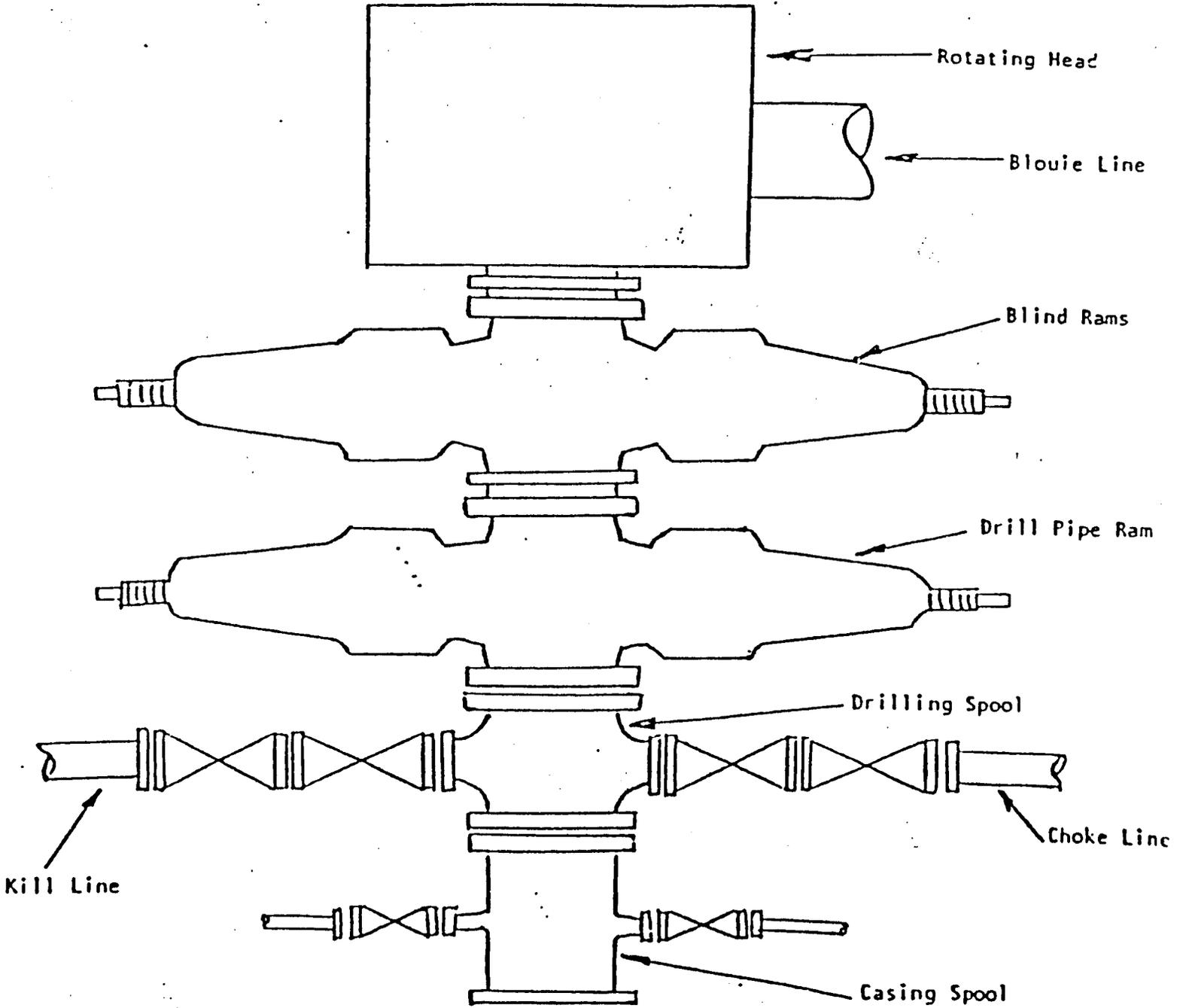
LONE MOUNTAIN PRODUCTION COMPANY

By: James G. Routson
James G. Routson
Petroleum Engineer

SCHEMATIC OF BOP STACK

Air drilled wells using 900 series wellhead equipment.

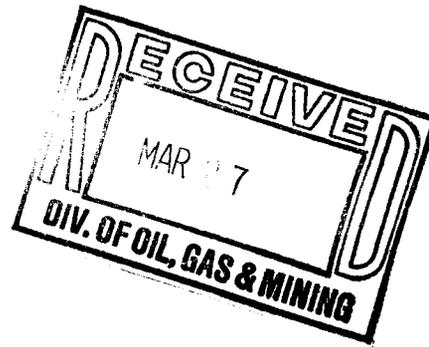
Interval from 200' to total depth.



LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077

March 25, 1987



State of Utah
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Attention: Ron Firth, Associate Director

Dear Ron:

Enclosed in duplicate please find an APD for the drilling of our Quinoco Federal No. 7-8 well located in Grand County, Utah. Attached to each APD are Designations of Operator from Quinoco and their et als.

Due to severe topographic restrictions, we are hereby requesting a topographic exception location for the Federal No. 7-8. We meet all spacing requirements as to distances from wells and lease boundaries, excepting one. We are located only 158' from the southern boundary of the spacing unit. The SE $\frac{1}{4}$ of Section 7 is part of the same lease as the NE $\frac{1}{4}$ and has common ownership. Attached to the APD is a letter from Quinoco indicating they approve of the exception location. Given the rough topography, this location is in an optimum location to develop gas reserves which would not otherwise be recovered.

We will be located the following distances from direct offset wells:

Lone Mountain Federal No. 6-16, SW $\frac{1}{4}$ Section 6:	3167'
Quinoco Federal No. 7-4, NW $\frac{1}{4}$ Section 7:	4189'
Quinoco Federal No. 7-14, SW $\frac{1}{4}$ Section 7:	2789'
Burton W. Hancock Federal No. 8-3, NW $\frac{1}{4}$ Section 8:	2598'

Eventually we plan to drill in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7 and would be located approximately 2400' from the Federal No. 7-8 with that location.

We plan to drill this well in early May, so your expedient handling of this APD is appreciated.

Very truly yours,

LONE MOUNTAIN PRODUCTION COMPANY


James G. Routson

JGR:hg
Enclosures
cc: Ken Currey

#136
3/26/87

Surface Use Program
Lone Mountain Production Company
Quinoco Federal No. 7-8
SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 7, T17S, R25E
Grand County, Utah

1. Existing Roads

See Maps #1, #2, and Plat #1. This proposed location is about 21 miles north of the I-70 Highway Westwater Interchange. It is reached by going north and east of the interchange 1.4 miles to the East Canyon road, turn left and go 5.6 miles to the "T" intersection. Then turn right and go north 2.6 miles to the San Arroyo Canyon road, turn right and go up San Arroyo Canyon 7.4 miles. Then turn right and go up the hill toward the Lone Mountain No. 6-16 well for 1.2 miles to the beginning of the new access road.

Most of the existing roads are Grand County roads. These roads are gravel/dirt. Lone Mountain will maintain these roads in cooperation with the County and other oil and gas operators in the area.

Lone Mountain has utilized all of the existing road before as access to their 6-16 well and has ROW up to the start of the new access road.

2. Access Road to be Constructed

See Map #1. The 0.5 mile of new road to be constructed will leave the existing 6-16 road in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 7 and follow the rim rock to the top of a small ridge, then go down the ridge top to the well pad. This road will be constructed to BLM-Moab Class 3 road standards. All new road construction will be on the lease.

Because of topography the road cuts will be from 5 to 40 feet and the disturbed area will be from 35 to 100+ feet. This road will utilize as much as possible a natural bench just above a big rim. Once the ridge is reached, the road disturbance will be greatly reduced.

Water will be diverted from and across the road using water dips. No culverts are planned.

3. Location of Existing Wells

See Map #3. There are 7 producing wells and 1 well being completed within one mile of the proposed location.

4. Location of Production Facilities

a) On Well Pad. See Plat #4. (Paint everything dark green.)

Surface Use Program - Page 2

5. Location and Type of Water Supply

The water source for this well is West Salt Creek. The pickup point is on Old Highway 6 & 50 about 2.5 miles west of Mack, Colorado. The water will be hauled over the well access road.

6. Source of Construction Materials

No construction materials will be used other than native materials. Soil from cuts will be used in fills. No outside material will be brought in.

7. Methods for Handling Waste Disposal

Cuttings will be buried in the reserve pit at clean up. Garbage and other waste material will be contained in a trash cage. This cage will be dumped at an approved sanitary land fill. Human waste will be disposed of in chemically treated sanitary pits.

Drilling fluids will be contained in the reserve pit and left to evaporate. Any fluids produced during testing operations will be collected in a test tank. If a test tank is not available, the fluids will be contained in the reserve pit. Any spills of oil, gas, salt water, or noxious fluid will be cleaned up and removed.

If the well is productive, produced water will be disposed of on site for 30 days only or 90 days with the permission of the State Petroleum Engineer. After that time application will be made for approval of permanent disposal method in compliance with the rules and regulations of the State of Utah.

8. Ancillary Facilities

No ancillary facilities are planned.

9. Wellsite Layout

See Plat #2 - Pit and Pad Layout
See Plat #2A - Cross Sections of Pit and Pad
See Plat #3 - Rig Layout

The location will be constructed large enough to accommodate the drilling rig and associated equipment, with allowance made for future completion and fracturing equipment considering the topographic limitations.

The location construction will begin by stripping and stockpiling all available (4-6") topsoil. The stockpile will be along the south end of the location.

The reserve pit will be constructed along the east side of the well pad. The pit will be fenced on three sides during drilling and closed on the fourth side at rig release. The fence will be maintained through completion and while the pit area is drying.

10. Plans for Reclamation of the Surface

If the well is productive, the reserve pit will be allowed to dry and then backfilled. All of the area not necessary for production will be resloped, covered with available topsoil, and revegetated using a seed formula supplied by the BLM in Moab.

If the well is abandoned, the entire area of disturbance will be returned to a reasonable contour approximating the topography of the surrounding area. The topsoil will be distributed over the recontoured area and revegetated using the appropriate seed formula.

Cleanup will begin after completion rig release; and resloping should begin by the Fall of 1987.

11. Surface Ownership

All lands involving new construction are federal lands.

12. Other Information

The vegetation is sparse and includes juniper, sagebrush, western wheatgrass, Indian rice grass, and a few annual plants. A cultural resource survey of the area is being done and the report will be filed with the BLM-Moab.

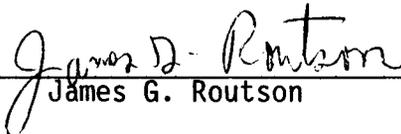
13. Lessee's or Operator's Representatives and Certification

James G. Routson
Lone Mountain Production Company
P. O. Box 3394
Billings, Montana 59103
Office Phone: 406 - 245-5077
Home Phone: 406 - 245-8797

Ken Currey
Field Consultant
P. O. Box 1491
Fruita, Colorado 81521
Office/Home Phone: 303 - 858-3257
Mobile Phone: 303 - 245-3660, Unit 5858

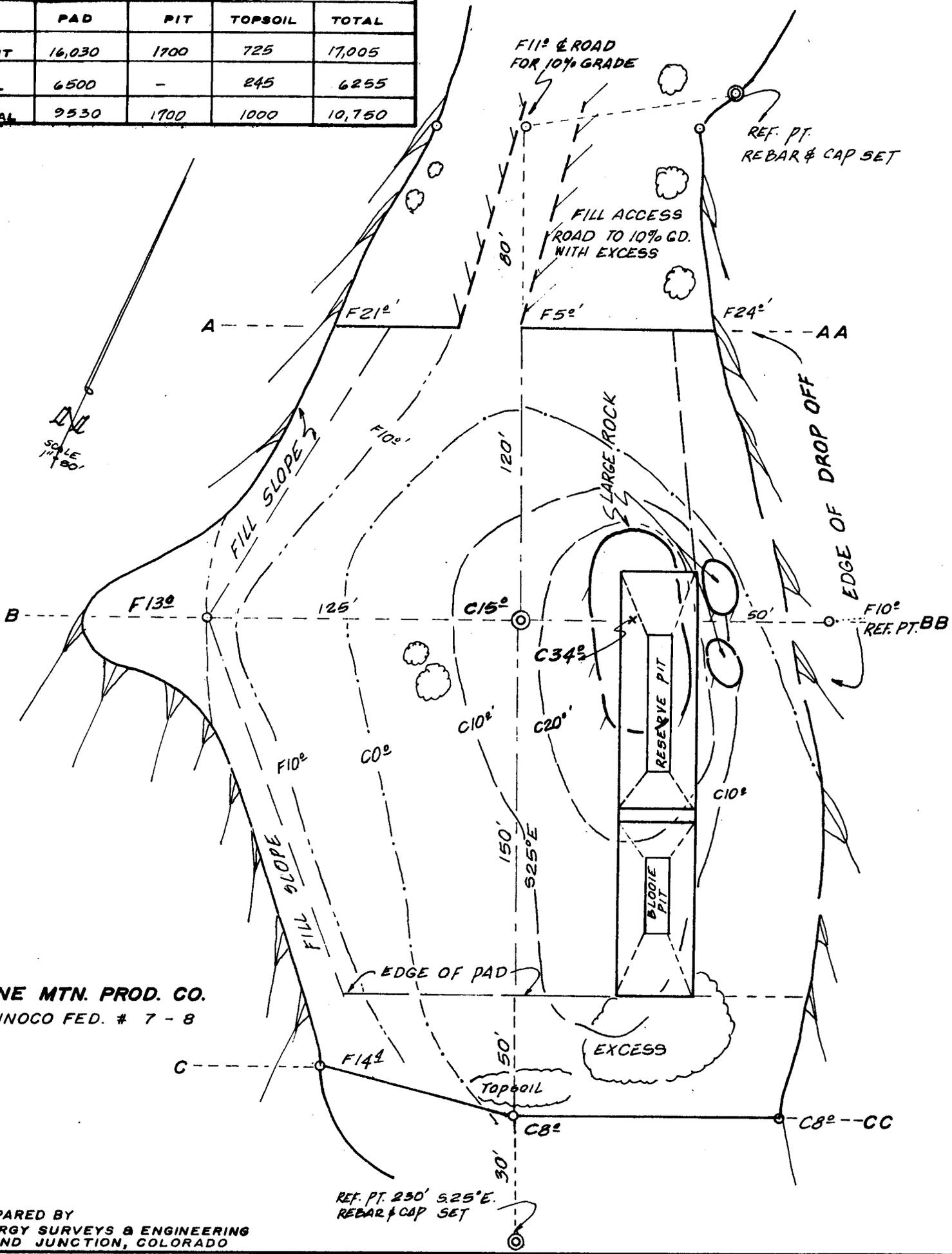
I hereby certify that I, or persons under my supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge true and correct; and that the work associated with operations proposed herein will be performed by Lone Mountain Production Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

March 25, 1987
Date


James G. Routson

PLAT # 2
PIT & PAD LAYOUT

ESTIMATED C.YDS. QUANTITIES OF DIRTWORK				
	PAD	PIT	TOPSOIL	TOTAL
CUT	16,030	1700	725	17,005
FILL	6500	-	245	6255
TOTAL	9530	1700	1000	10,750

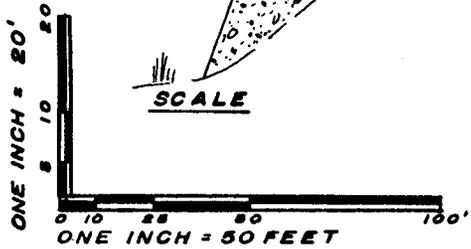
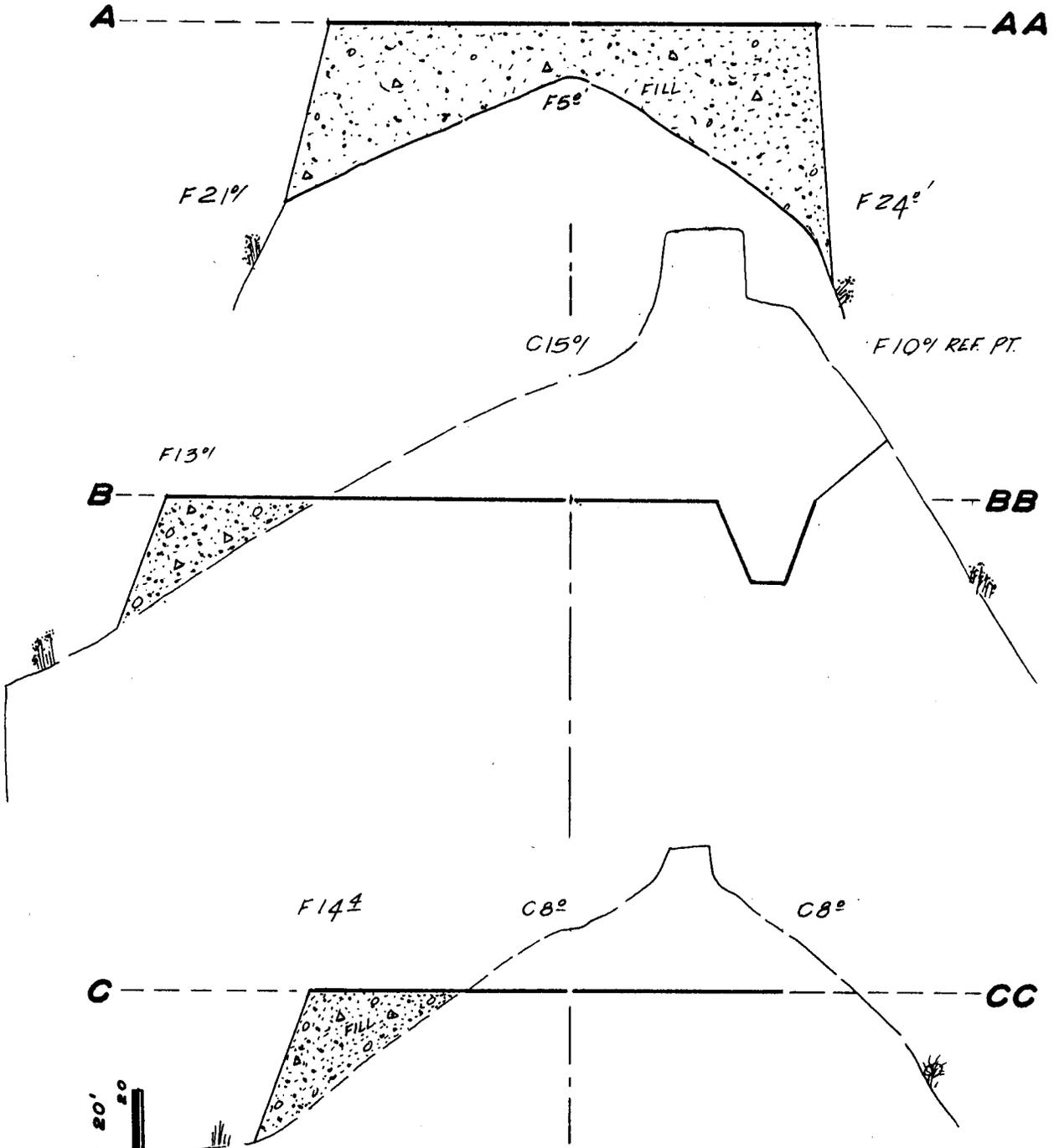


LONE MTN. PROD. CO.
QUINOCO FED. # 7 - 8

PREPARED BY
ENERGY SURVEYS & ENGINEERING
GRAND JUNCTION, COLORADO

PLAT NO. 2A

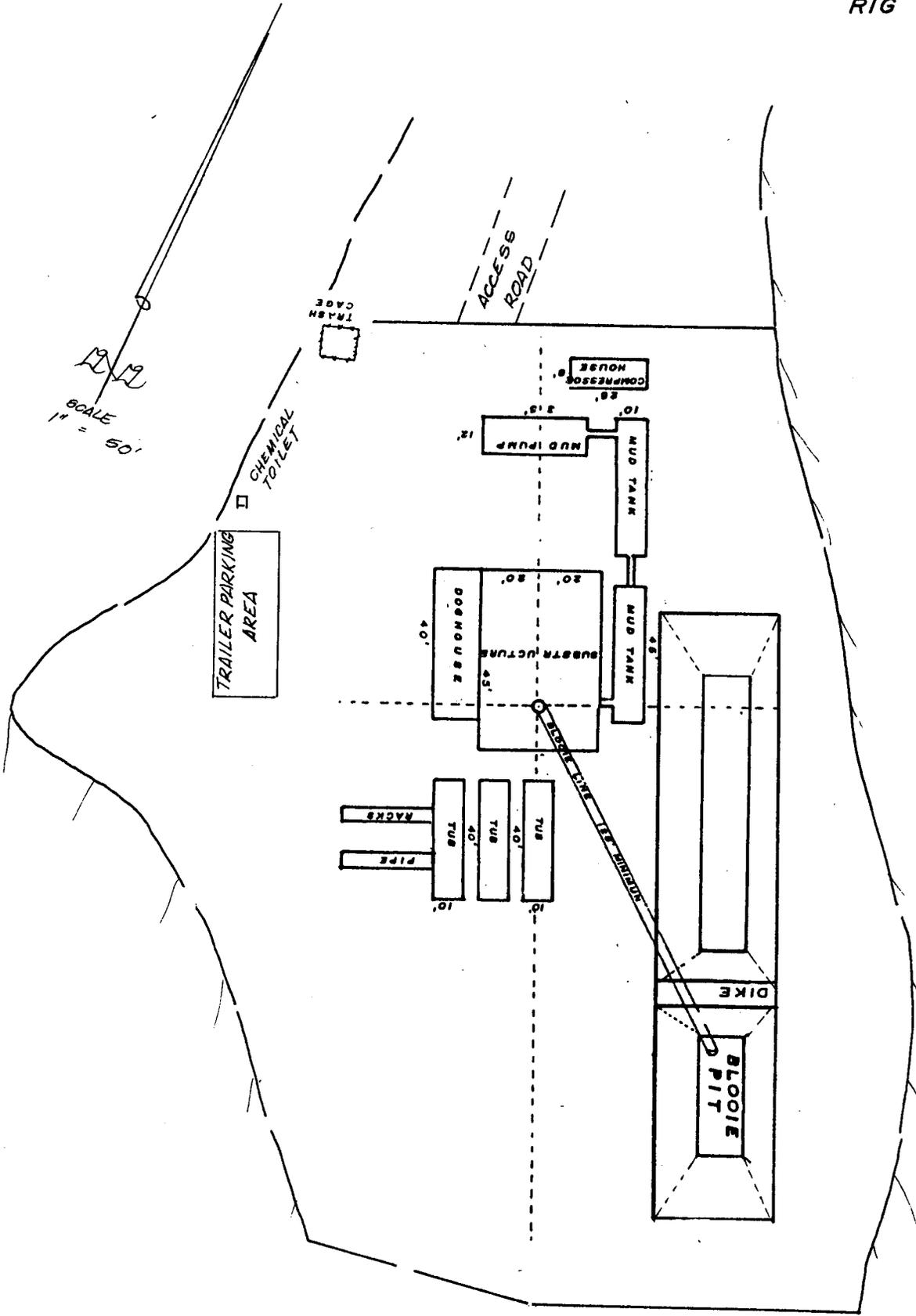
CROSS SECTIONS
OF PIT & PAD



LONE MOUNTAIN PRODUCTION CO.
QUINOCO FEDERAL # 7-8

PREPARED BY ENERGY SURVEYS & ENGINEERING CORP

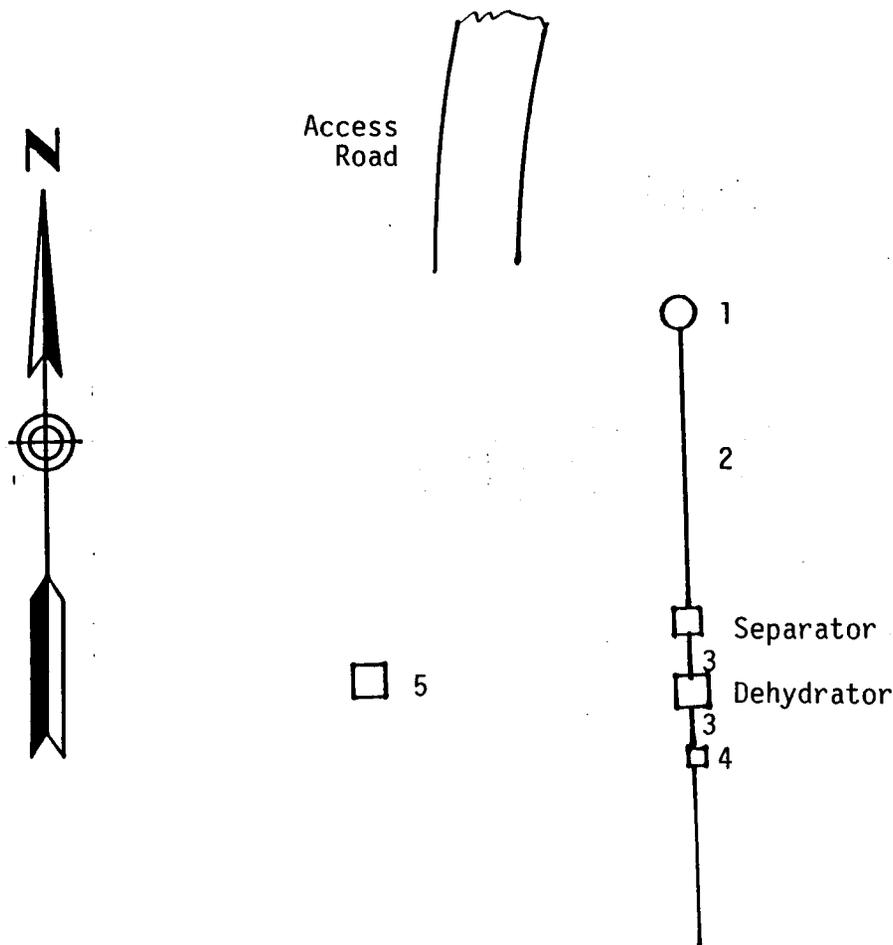
PLAT # 3
RIG LAYOUT



QUINOCO FEDERAL # 7-8
LONE MOUNTAIN PRODUCTION CO.

FACILITIES DIAGRAM

Plat No. 4



1. Wellhead will be a 6"-900 series flanged top. Tubing head will be 10"-900 x 6"-3000 psi with two 2" 3000 psi flanged valves. Tree will be 2" screwed x 2000 psi W.P.
2. Line between wellhead and separator will be approximately 100 feet in length and constructed of 2-3/8" .218 wall seamless, welded, wrapped and buried approximately 5 feet deep.
3. Line between separator and meter will be 2-3/8" OD seamless, .218 wall, welded, coated, wrapped and buried, and will be approximately 25 feet in length.
4. Meter run will be American 2" run, or equivalent, 1000 psi static rating, 100" of water differential rating.
5. Pit, if necessary, will be 10' x 10', enclosed by dikes and fenced.

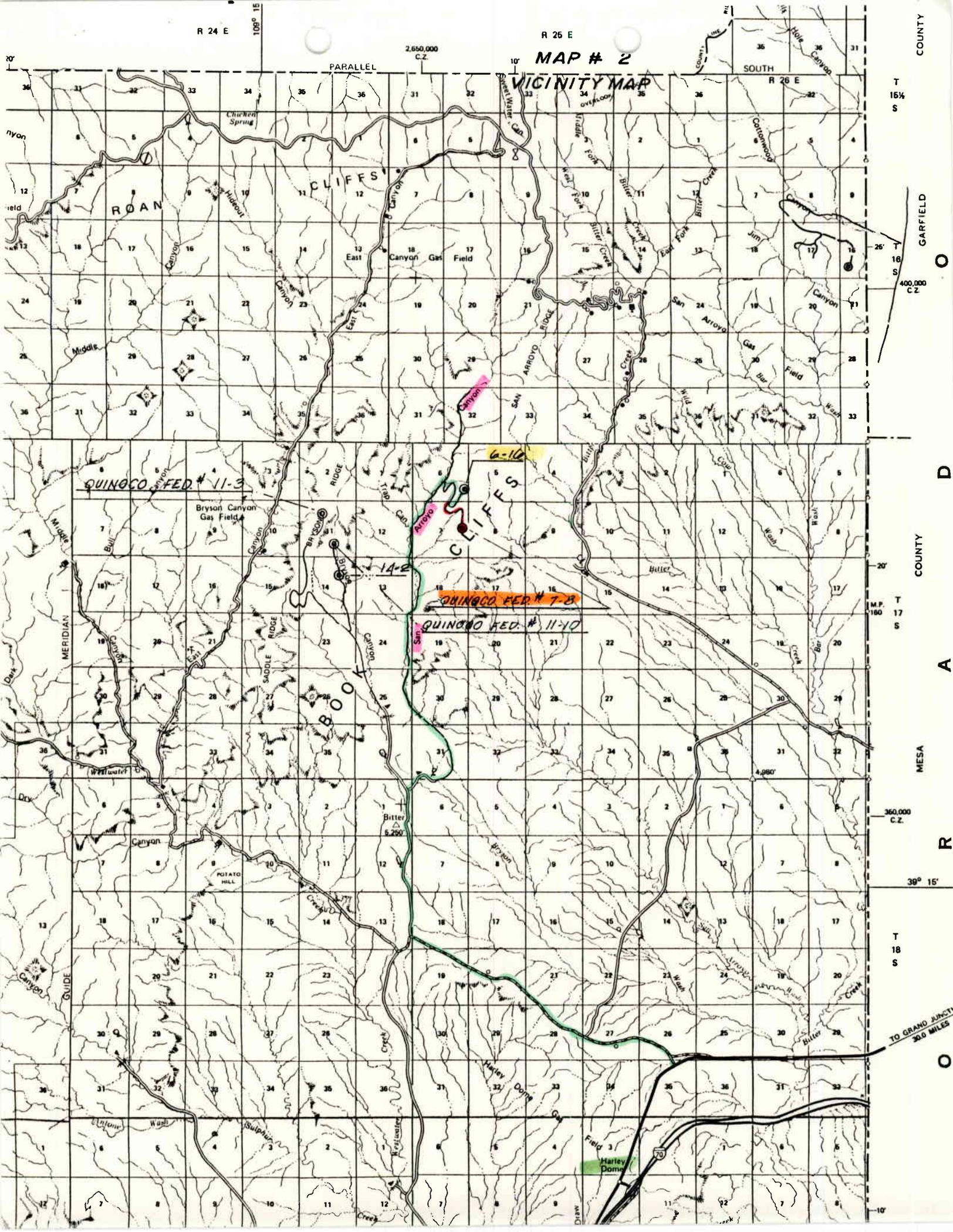
R 24 E

R 26 E

2,650,000
C.Z.

MAP # 2

VICINITY MAP



COUNTY GARFIELD

COUNTY MESA

COUNTY R

COUNTY O

T 16 1/2 S

T 18 S

T 26 S

T 20 S

T 17 S

T 18 S

T 18 S

T 10 S

M.P. 160

360,000
C.Z.

TO GRAND JUNCTION
30.0 MILES

10'

PARALLEL

SOUTH

ROAN

CLIFFS

CLIFFS

BOBO

QUINOCO FED. # 11-3

6-10

14-2

QUINOCO FED. # 7-8

QUINOCO FED. # 11-10

400,000
C.Z.

26'

18 S

20'

17 S

26 S

360,000
C.Z.

39° 15'

18 S

10 S

10'

10'

36

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DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Moab, Utah
SERIAL NO.: U 38033

and hereby designates

NAME: Lone Mountain Production Company
ADDRESS: 408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Township 17 South, Range 25 East
Section 7: NE $\frac{1}{4}$

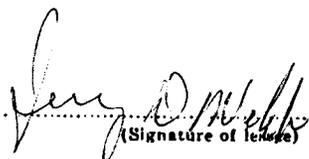
Containing 160.00 acres, more or less
Grand County, Utah

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

QUINOCO OIL AND GAS INCOME PROGRAM 1983-2,
1983-3, 1983-4

By 
(Signature of lessee)

March 11, 1987

(Date)

P. O. Box 378111, Denver, CO 80237

(Address)

DESIGNATION OF OPERATOR

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DISTRICT LAND OFFICE: Moab, Utah
SERIAL NO.: U 38033

and hereby designates

NAME: Lone Mountain Production Company
ADDRESS: 408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103

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Township 17 South, Range 25 East
Section 7: NE $\frac{1}{4}$

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Grand County, Utah

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The lessee agrees promptly to notify the supervisor of any change in the designated operator.

E. M. NOMINEE PARTNERSHIP COMPANY,
By QUINOCO ENERGY, INC. as Managing
General Partner

By Jerry D. Webb
(Signature of lessee)

Jerry D. Webb, Senior Vice President-Operations

P. O. Box 378111, Denver, CO 80237

March 11, 1987

(Date)

(Address)

LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077

TO: STATE OF UTAH
DIVISION OIL, GAS & MINING

RE: PROPOSED QUINOCO FEDERAL 7-8 WELL
TOWNSHIP 17 SOUTH, RANGE 25 EAST
SECTION 7: 2482' FNL & 400' FEL (SE NE)
GRAND COUNTY, UTAH

DATE: MARCH 13, 1987

Gentlemen:

We, the undersigned, as offsetting oil and gas leasehold owners, have no objection to Lone Mountain Production Company drilling the Federal 7-8 well at the captioned location. We understand that this well will be 158 feet from the spacing unit boundary; however, due to topographic limitations, this is the only location available in the northeast quarter of Section 7. We request that the State of Utah grant this exception location.

Executed this 18th day of March, 1987.

QUINOCO OIL AND GAS INCOME PROGRAM 1983-2
QUINOCO OIL AND GAS INCOME PROGRAM 1983-3
QUINOCO OIL AND GAS INCOME PROGRAM 1983-4

By *Greg D. Webb*

E. M. NOMINEE PARTNERSHIP COMPANY by
QUINOCO ENERGY, INC. as Managing General
Partner

By *Greg D. Webb*

CARSON WATER COMPANY

By _____

040731

OPERATOR Lone Mountain Prod. Co. DATE 4-1-87

WELL NAME Federal 7-8

SEC SE NE 7 T 12S R 2SE COUNTY Grand

43-019-31242
API NUMBER

Fed.
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Cause 13-6
Water - Mark Co.

APPROVAL LETTER:

SPACING: 203 _____ UNIT

302

13-6 3/26/87
CAUSE NO. & DATE

302.1

STIPULATIONS:



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

April 6, 1987

Lone Mountain Production Company
408 Petroleum Building
P. O. Box 3394
Billings, Montana 59103

Gentlemen:

Re: Federal 7-8 - SE NE Sec. 7, T. 17S, R. 25E
-2482' FNL, 400' FEL - Grand County, Utah

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 13-6 dated March 26, 1987.

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

1. Spudding notification to the Division within 24 hours after drilling operations commence.
2. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
3. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
4. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 533-6163.

Page 2
Lone Mountain Production Company
Federal 7-8
April 6, 1987

5. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-019-31242.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

as
Enclosures
cc: Branch of Fluid Minerals
D. R. Nielson
8159T

LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077

April 7, 1987

Duly.
041418

RECEIVED
APR 10 1987

**DIVISION OF
OIL, GAS & MINING**

Bureau of Land Management
P. O. Box 970
Moab, Utah 84532

Gentlemen:

Enclosed are Designation of Operator forms (in triplicate) which we did not have at the time the APDs were submitted for the following gas wells:

Federal No. 7-8
SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 7-T17S-R25E
Grand County, Utah
Lease U-38033

43-019-31040

Federal No. 11-10
SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 11-T17S-R24E
Grand County, Utah
Lease SL-071172

If any further information is needed to approve these APDs, please advise.

Very truly yours,

LONE MOUNTAIN PRODUCTION COMPANY

James G. Routson
James G. Routson

JGR:hg
Enclosures
cc: Utah Division of Oil, Gas & Mining ✓

RECEIVED
APR 10 1987

DESIGNATION OF OPERATOR

**DIVISION OF
OIL, GAS & MINING**

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Moab, Utah
SERIAL NO.: U 38033

and hereby designates

NAME: Lone Mountain Production Company
ADDRESS: 408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Township 17 South, Range 25 East
Section 7: NE $\frac{1}{4}$

Containing 160.00 acres, more or less
Grand County, Utah

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

CARSON WATER COMPANY

By E. F. Kulas
(Signature of lessee)

March 11, 1987
(Date)

Box 15015, Las Vegas, NV 89114
(Address)

RECEIVED
APR 10 1987

DESIGNATION OF OPERATOR

DIVISION OF
OIL, GAS & MINING

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Moab, Utah
SERIAL NO.: SL 071172

and hereby designates

NAME: Lone Mountain Production Company
ADDRESS: 408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

Township 17 South, Range 24 East
Section 11: SE4

Containing 160.00 acres, more or less
Grand County, Utah

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

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CARSON WATER COMPANY

By F.F. Kulas
(Signature of lessee)

March 11, 1987
(Date)

Box 15015, Las Vegas, NV 89114
(Address)

LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077

April 7, 1987

RECEIVED
APR 10 1987

**DIVISION OF
OIL, GAS & MINING**

Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

Attention: Ron Firth

Re: Federal No. 7-8
SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 7-T17S-R25E
Grand County, Utah
Lease U-38033

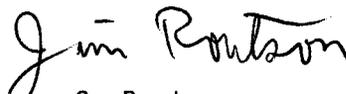
Dear Ron,

Enclosed in triplicate is a letter from Carson Water Company indicating they have no objection to our request for an off pattern location for the above referenced well. This letter was not yet in our possession when we filed the APD.

If further information is needed, please advise.

Very truly yours,

LONE MOUNTAIN PRODUCTION COMPANY



James G. Routson

JGR:hg
Enclosure
cc: BLM, Moab - w/enc.

Return

Adj.

LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077

041416

RECEIVED
APR 10 1987

TO: STATE OF UTAH
DIVISION OIL, GAS & MINING

RE: PROPOSED QUINOCO FEDERAL 7-8 WELL
TOWNSHIP 17 SOUTH, RANGE 25 EAST
SECTION 7: 2482' FNL & 400' FEL (SE NE)
GRAND COUNTY, UTAH

DATE: MARCH 13, 1987

DIVISION OF
OIL, GAS & MINING

43-019-31040

Gentlemen:

We, the undersigned, as offsetting oil and gas leasehold owners, have no objection to Lone Mountain Production Company drilling the Federal 7-8 well at the captioned location. We understand that this well will be 158 feet from the spacing unit boundary; however, due to topographic limitations, this is the only location available in the northeast quarter of Section 7. We request that the State of Utah grant this exception location.

Executed this 30th day of March, 1987.

QUINOCO OIL AND GAS INCOME PROGRAM 1983-2
QUINOCO OIL AND GAS INCOME PROGRAM 1983-3
QUINOCO OIL AND GAS INCOME PROGRAM 1983-4

By _____

E. M. NOMINEE PARTNERSHIP COMPANY by
QUINOCO ENERGY, INC. as Managing General
Partner

By _____

CARSON WATER COMPANY

By E.F. Kulos

LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077



TO: STATE OF UTAH
DIVISION OIL, GAS & MINING

RE: PROPOSED QUINOCO FEDERAL 7-8 WELL
TOWNSHIP 17 SOUTH, RANGE 25 EAST
SECTION 7: 2482' FNL & 400' FEL (SE NE)
GRAND COUNTY, UTAH

DATE: MARCH 13, 1987

DIVISION OF
OIL, GAS & MINING

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QUINOCO OIL AND GAS INCOME PROGRAM 1983-4

By _____

E. M. NOMINEE PARTNERSHIP COMPANY by
QUINOCO ENERGY, INC. as Managing General
Partner

By _____

CARSON WATER COMPANY

By E.F. [Signature]

LONE MOUNTAIN PRODUCTION COMPANY

P.O. BOX 3394
408 PETROLEUM BUILDING
BILLINGS, MONTANA 59103-3394
(406) 245-5077

TO: STATE OF UTAH
DIVISION OIL, GAS & MINING

RE: PROPOSED QUINOCO FEDERAL 7-8 WELL
TOWNSHIP 17 SOUTH, RANGE 25 EAST
SECTION 7: 2482' FNL & 400' FEL (SE NE)
GRAND COUNTY, UTAH

DATE: MARCH 13, 1987

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APR 10 1987

DIVISION OF
OIL, GAS & MINING

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QUINOCO OIL AND GAS INCOME PROGRAM 1983-3
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By _____

E. M. NOMINEE PARTNERSHIP COMPANY by
QUINOCO ENERGY, INC. as Managing General
Partner

By _____

CARSON WATER COMPANY

By E. F. Kulas

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

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

2. NAME OF OPERATOR
 LONE MOUNTAIN PRODUCTION COMPANY

3. ADDRESS OF OPERATOR
 408 Petroleum Building, P.O. Box 3394, Billings, Montana 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface: 2482' FNL, 400' FEL
 At proposed prod. zone: Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 21 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) 158'

16. NO. OF ACRES IN LEASE 952.94

17. NO. OF ACRES ASSIGNED TO THIS WELL 160

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2788'

19. PROPOSED DEPTH 5296'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6435' GL, 6446' KB

22. APPROX. DATE WORK WILL START* May 10, 1987

5. LEASE DESIGNATION AND SERIAL NO. U-38033

6. IF INDIAN, ALLOTTEE OR TRIBE NAME 051411

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME Federal

9. WELL NO. 7-8

10. FIELD AND POOL, OR WILDCAT State Line

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SE 1/4 NE 1/4 Sec. 7-T17S-R25E, SLM

12. COUNTY OR PARISH Grand

13. STATE Utah

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT

RECEIVED
MAY 11 1987
DIV. OIL, GAS, MINING

24. SIGNED James D. Runtz TITLE Petroleum Engineer DATE March 25, 1987

(This space for Federal or State office use)

PERMIT NO. 43-019-31040 APPROVAL DATE _____

APPROVED BY /s/ Kenneth V. Rhea TITLE Acting DISTRICT MANAGER DATE _____

CONDITIONS OF APPROVAL, IF ANY:

CONDITIONS OF APPROVAL ATTACHED

*See Instructions On Reverse Side

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

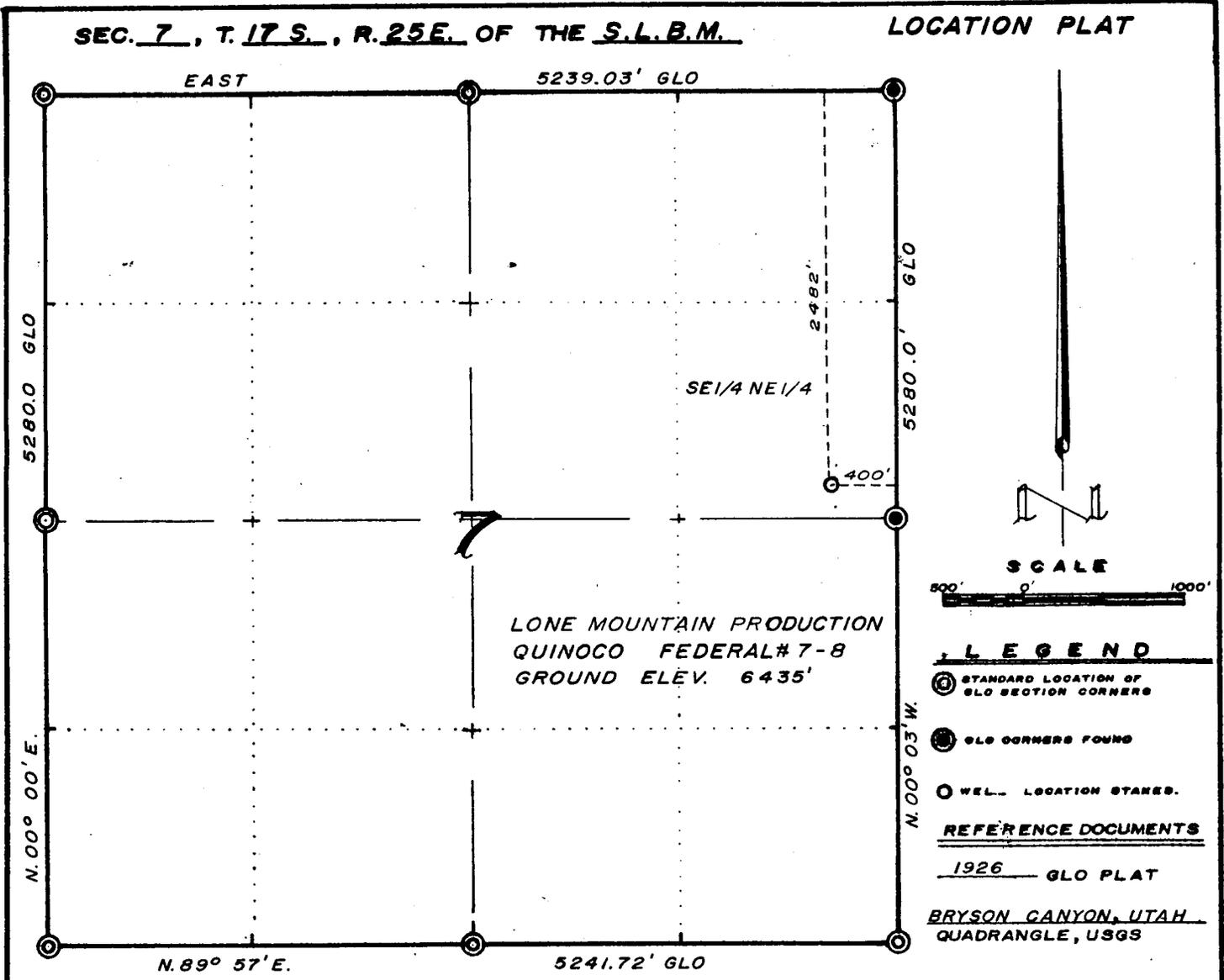
Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

RECEIVED
GRAND RESOURCE AREA
1987 MAR 25 AM 10:11
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DOG:m

SEC. 7, T. 17 S., R. 25 E. OF THE S.L.B.M.

LOCATION PLAT



LONE MOUNTAIN PRODUCTION
QUINOCO FEDERAL # 7-8
GROUND ELEV. 6435'

- LEGEND**
- ⊙ STANDARD LOCATION OF GLO SECTION CORNERS
 - GLO CORNERS FOUND
 - ⊙ WELL LOCATION STAKES.
- REFERENCE DOCUMENTS**
- 1926 GLO PLAT
 - BRYSON CANYON, UTAH QUADRANGLE, USGS

THIS WELL LOCATION PLAT WAS PREPARED FOR LONE MTN. PRODUCTION CO. TO LOCATE THE QUINOCO FEDERAL # 7-8, 2482 F.N. L.S. 400' F.E. L. IN THE SE 1/4 NE 1/4, OF SECTION 7, T. 17S., R. 25E. OF THE S.L.B.M. GRAND COUNTY, UTAH

SURVEYOR'S CERTIFICATE

I, LARRY D. BECKER A REGISTERED LAND SURVEYOR IN THE STATE OF UTAH DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT REPRESENTS SAID SURVEY.

Larry D. Becker
UTAH L.S. # 4189

SURVEYED		ENERGY SURVEYS & ENGINEERING CORP. 713 HORIZON DRIVE, SUITE 330 GRAND JUNCTION, CO 81501 (303) 245-7221	SCALE 1" = 1000'
DRAWN	2/27/87		JOB NO.
CHECKED	2/28/87		SHEET OF

Lone Mountain Production Company
Well No. Federal 7-8
Sec. 7, T. 17 S., R. 25 E.
Grand County, Utah
Lease U-38033

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Lone Mountain Production Company is the bonded entity on this application. Liability will remain with the bonded party named above until we are formally notified by letter of the new bonded entity in reference to this Application for Permit to Drill.

A. DRILLING PROGRAM

7" casing will be pressure tested to 1000 psi prior to drilling casing shoe. Jim Monroe with the Grand Resource Area Office (801) 259-8193 will be notified at least 24 hours in advance of this pressure test.

Well control equipment will be consistent with standards in API RP 53, including the choke manifold arrangement.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Order 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to the field representative to insure compliance.

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the District Office. If operations are to be suspended, prior approval of the District Office will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the District Office within a minimum of 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the District Office within 24 hours after spudding. If the spudding occurs on a weekend or holiday, the written report will be submitted on the following regular work day.

In accordance with Onshore Order No. 1 this well will be reported on Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continued each month until the well is plugged and abandoned. This report will be sent to the District Office, P.O. Box 970, Moab, Utah 84532.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported to the Area Office in accordance with requirements of NTL-3A.

If a replacement rig is needed for completion operations, a Sundry Notice (Form 3160-5) to that effect will be filed for prior approval from the District Office, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations, verbal approval to bring on a replacement rig will be approved through the District Office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, work-over, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Moab District Manager.

If the well is to be completed for production the Area Office is to be contacted in order to set up a pre-production conference. When the well is placed in a producing status the District Office is to be notified by telegram or other written communication within five working days.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

No well abandonment operations will be commenced without the prior approval of the District Office. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the District Office. A Subsequent Report of Abandonment (Form 3160-5) will be sent to the District Office within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Office, or the appropriate surface managing agency. Upon completion of approved plugging, a dry hole marker will be erected in accordance with 43 CFR 3162.6. The top of the marker will be closed or capped. The following minimum information will be permanently placed on the marker; "Fed" or "Ind", as applicable, "Lease Number", "Well number", location of well by 1/41/4 section, township, and range.

B. SURFACE USE PROGRAM

The operator will contact the Grand Resource Area at (801) 259-8193, forty-eight (48) hours prior to beginning any dirt work on this location.

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

The access road will be rehabilitated or brought to Resource (Class III) Road Standards within sixty (60) days of dismantling of the drilling rig. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

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

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

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.

Gas meter runs for each well will be located within five hundred (500) feet of the wellhead. The gas flowline will be buried from the wellhead to the meter along with any other sections occurring on the pad. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three (3) months on new meter installations and at least quarterly thereafter. The Area Manager will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration reports will be submitted to the Resource Area Office. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

The operator or his contractor will notify the Grand Resource Area at (801) 259-8193 forty-eight (48) hours before starting reclamation work that involves earthmoving equipment and upon completion of restoration measures.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

The following seed mixture will be used:

<u>Species</u>		<u>lbs/acre</u>
<u>Grasses</u>		
Agropyron spicatum	Bluebunch wheatgrass	2
Oryzopsis hymenoides	Indian ricegrass	1
Agropyron cristatum	Crested wheatgrass (Fairway crested wheatgrass)	2
<u>Forbs</u>		
Medicago sativa	Alfalfa (Spreador II, Nomad, Ladak)	1
<u>Shrubs</u>		
Cercocarpus montanus	Mountain mahagony	1
Atriplex canescens	Fourwing saltbush	2
Artemesia tridentata (Wyo)	Big sage	1
		<u>10 total</u>

Broadcast seed will be applied at double the above rate.

Your contact with the District Office is:

Greg Noble, Petroleum Engineer Office Phone: (801)259-6111
Home Phone: (801) 259-8811

District Address:

82 East Dogwood, P.O. Box 970
Moab, Utah 84532

Your contact with the Grand Resource Area Office is:

Jeff Robbins Office Phone: (801)259-8193
Home Phone: (801) 259-7964

Area Office Address:

Sand Flats Road, P.O. Box M
Moab, Utah 84532

060308

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

API #43-019-31242

NAME OF COMPANY: LONE MOUNTAIN PRODUCTION CO

WELL NAME: FEDERAL 7-8

SECTION SE NE 7 TOWNSHIP 17S RANGE 25E COUNTY Grand

DRILLING CONTRACTOR VECO

RIG # 2

SPUDDED: DATE 6-7-87

TIME 4:00 PM

HOW Rotary

DRILLING WILL COMMENCE _____

REPORTED BY Jim Routson

TELEPHONE # (406) 245-5077

DATE 6-8-87 SIGNED AS

(November 1983)
(Formerly 9-331)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions on re-
verse side)

Expires August 31, 1985

6. LEASE DESIGNATION AND SERIAL NO

U-38033

Duly

0. IF INDIAN, ALLOTTEE OR TRIBE NAME
061104

SUNDRY NOTICES AND REPORTS ON WELLS

(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.)

1. OIL WELL GAS WELL OTHER

2. NAME OF OPERATOR
Lone Mountain Production Company

3. ADDRESS OF OPERATOR
408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface
2482' FNL, 400' FEL

14. PERMIT NO.
43-019-31242

16. ELEVATIONS (Show whether DF, RT, OR, etc.)
6435' GL, 6446' KB

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
Federal

9. WELL NO.
7-8

10. FIELD AND POOL, OR WILDCAT
State Line

11. SEC., T., R. M., OR BLK. AND SURVEY OR AREA
SE 1/4 NE 1/4 Sec. 7-T17S-R25E

12. COUNTY OR PARISH
Grand

13. STATE
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"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANE <input type="checkbox"/>	(Other) Spud Report <input checked="" 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.)*

Spudded 12 1/4" hole at 4:00 P. M., June 7, 1987. Drilled to 238'. Ran 9 5/8", 36#, J-55 casing to 226'. Cemented with 150 sacks Class "G", 3% CaCl₂, 1/4# Celloflake/sack. Good cement to surface.

Contractor: Veco Drilling Co. Rig No. 2.

Notified Steve Jones, BLM, Moab, 8:45 A. M., 6-8-87.

Notified Arlene Sollis, Utah Division of Oil, Gas, and Mining, 8:30 A. M., 6-8-87.

RECEIVED
JUN 10 1987

DIVISION OF
OIL, GAS & MINING

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

SIGNED *James D. Rumbert* TITLE Petroleum Engineer DATE June 8, 1987

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Budget Bureau No. 1091-0113
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(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.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR Lone Mountain Production Company		8. FARM OR LEASE NAME Federal	
3. ADDRESS OF OPERATOR 408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103		9. WELL NO. 7-8	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 2482' FNL, 400' FEL		10. FIELD AND POOL, OR WILDCAT State Line	
14. PERMIT NO. 43-019-31242		15. ELEVATIONS (Show whether DF, RT, OR, etc.) 6435' GL, 6446' KB	
11. SEC., T., R., M., OR BLK. AND SURVEY OR ARMA SE 1/4 NE 1/4 Sec. 7-T17S-R25E		12. COUNTY OR PARISH Grand	13. STATE 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"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <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.)*

Drilled 8 3/4" hole to 1550'. Ran 7", 23#, J-55 casing to 1543'; cemented with 150 sacks 50-50 pozmix, 3% calcium chloride. Air drilled 6 1/2" hole to 5286'. No gas shows encountered.

Log tops:	Castlegate	1204	(+5242)
	Mancos	1410	(+5036)
	Dakota Silt	4724	(+1722)
	Dakota Sand	4795	(+1651)
	Morrison	4908	(+1538)

Plugged and abandoned as follows:

Plug No. 1: 4850-4750, 30 sacks
 Plug No. 2: 1600-1500, 25 sacks
 Plug No. 3: 100-surface, 20 sacks

Finished plugging at 8:30 A. M., 6-13-87.

Plugging orders received from Steve Jones, BLM, Moab, at 11:00 A. M., 6-12-87.
 Plugging orders confirmed by John Baza, Utah Division of Oil, Gas, & Mining, at 1:30 P. M., 6-12-87.

Dry hole marker will be installed and rehab work will begin within 30 days.

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

SIGNED James D. Pontson TITLE Petroleum Engineer DATE 6-15-87

(This space for Federal or State office use)

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

*See Instructions on Reverse Side

RECEIVED
JUN 17 1987

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

Budget Bureau No. 1001-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(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.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER		5. LEASE DESIGNATION AND SERIAL NO. U-38033 <i>Dwg.</i>
2. NAME OF OPERATOR Lone Mountain Production Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME 062935
3. ADDRESS OF OPERATOR 408 Petroleum Building, P. O. Box 3394, Billings, Montana 59103		7. UNIT AGREEMENT NAME Federal
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 2482' FNL, 400' FEL		8. FARM OR LEASE NAME Federal
14. PERMIT NO. 43-019-31242		9. WELL NO. 7-8
15. ELEVATIONS (Show whether DF, RT, OR, etc.) 6435' GL, 6446' KB		10. FIELD AND POOL, OR WILDCAT State Line
		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA SE 1/4 Sec. 7-T17S-R25E
		12. COUNTY OR PARISH Grand
		13. STATE 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"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <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.)*

Drilled 8 3/4" hole to 1550'. Ran 7", 23#, J-55 casing to 1543'; cemented with 150 sacks 50-50 pozmix, 3% calcium chloride. Air drilled 6 1/2" hole to 5286'. No gas shows encountered.

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	Mancos	1410	(+5036)
	Dakota Silt	4724	(+1722)
	Dakota Sand	4795	(+1651)
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Dry hole marker will be installed and rehab work will begin within 30 days.

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

SIGNED James D. Runtson TITLE Petroleum Engineer DATE 6-15-87

(This space for Federal or State office use)

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

RECEIVED
JUN 17 1987

*See Instructions on Reverse Side

RECEIVED
JUN 17 1987

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UT 84180-1203

DIVISION OF
OIL, GAS & MINING

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well Name & Number Federal No. 7-8

Operator Lone Mountain Production Company Address P.O. Box 3394, Billings, MT 59103

Contractor Veco Drilling Company Address P.O. Box 1705, Grand Junction, CO 81502

Location SE 1/4 NE 1/4 Sec. 7 T. 17S R. 25E County Grand

Water Sands

<u>Depth</u>		<u>Volume</u>	<u>Quality</u>
From	To	Flow Rate or Head	Fresh or Salty
<u>No water sands encountered. The Castlegate was damp as was a sand in the</u>			
<u>Lower Morrison 5246-5258.</u>			

(Continue on reverse side if necessary)

<u>Formation Tops</u>	Castlegate	1204 (+5242)	Dakota Sand	4795 (+1651)
	Mancos	1410 (+5036)	Morrison	4908 (+1538)
	Dakota Silt	4724 (+1722)		

Remarks

- NOTE: (a) Report on this form as provided for in Rule 806, Oil and Gas Conservation General Rules.
- (b) If a water analysis has been made of the above reported zone, please forward a copy along with this form.

RECEIVED
JUN 17 1987

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
3 TRIAD CENTER, SUITE 350
SALT LAKE CITY, UT 84180-1203

DIVISION OF
OIL, GAS & MINING

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well Name & Number Federal No. 7-8

Operator Lone Mountain Production Company Address P.O. Box 3394, Billings, MT 59103

Contractor Veco Drilling Company Address P.O. Box 1705, Grand Junction, CO 81502

Location SE 1/4 NE 1/4 Sec. 7 T. 17S R. 25E County Grand

Water Sands

<u>Depth</u>		<u>Volume</u>	<u>Quality</u>
From	To	Flow Rate or Head	Fresh or Salty

No water sands encountered. The Castlegate was damp as was a sand in the Lower Morrison 5246-5258.

(Continue on reverse side if necessary)

<u>Formation Tops</u>	Castlegate	1204 (+5242)	Dakota Sand	4795 (+1651)
	Mancos	1410 (+5036)	Morrison	4908 (+1538)
	Dakota Silt	4724 (+1722)		

Remarks

- NOTE: (a) Report on this form as provided for in Rule 806, Oil and Gas Conservation General Rules.
- (b) If a water analysis has been made of the above reported zone, please forward a copy along with this form.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

(See instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0137
Expires August 31, 1985

5. LEASE DESIGNATION AND SERIAL NO.

U-38033

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NO. **082910**

8. FARM OR LEASE NAME

Federal

9. WELL NO.

7-8

10. FIELD AND POOL, OR WILDCAT

State Line

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

SE NE Sec. 7: T17S - R25E

12. COUNTY OR PARISH

Grand

13. STATE

Utah

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. REMV. Other _____

2. NAME OF OPERATOR
LONE MOUNTAIN PRODUCTION COMPANY

3. ADDRESS OF OPERATOR
408 Petroleum Bldg., P.O. Box 3394, Billings, MT 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface 2482' FNL, 400' FEL
At top prod. interval reported below Same
At total depth Same

14. PERMIT NO. 43-019-31242 DATE ISSUED 4-6-87

15. DATE STUDDED 6-7-87 16. DATE T.D. REACHED 6-12-87 17. DATE COMPL. (Ready to prod.) 6-13-87 18. ELEVATIONS (OF, RKB, RT, OR, ETC.)* 6435' GL, 6446' KB 19. ELEV. CASINGHEAD NA

20. TOTAL DEPTH, MD & TVD 5286' 21. PLUG, BACK T.D., MD & TVD SFC 22. IF MULTIPLE COMPL., HOW MANY* 23. INTERVALS DRILLED BY ROTARY TOOLS 0 - TD CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* None 25. WAS DIRECTIONAL SURVEY MADE No

26. TYPE ELECTRIC AND OTHER LOGS RUN GR-FDC-CNL, DIL mud log 6-29-87 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# J-55	226'	12-1/4"	150 sx "G", 3% CaCl ₂	none
7"	23# J-55	1543'	8-3/4"	150 sx 50-50 Pozmix + 3% CaCl ₂	none

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
none					none		

31. PERFORATION RECORD (Interval, size and number) None 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
100' - Surface	20 sacks Class "G" cement.
1600 - 1500'	25 sacks Class "G" cement.
4850 - 4750'	30 sacks Class "G" cement.

33. PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)
none		P & A

DATE OF TEST	HOURS TESTED	CHOKED SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	WATER—BBL.	OIL GRAVITY-API (CORR.)

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

35. LIST OF ATTACHMENTS None

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

SIGNED James G. Routson TITLE Petroleum Engineer DATE June 16, 1987

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



37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals; and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	TOP	
					MEAS. DEPTH	TRUE VERT. DEPTH
Castlegate	1204	1220	Tight, water, quality not determined.	Castlegate	1204	(+5242)
Dakota	4886	4908	Tight, gas.	Mancos	1410	(+5036)
Morrison	5246	5258	Tight, water, quality not determined.	Dakota Silt	4724	(+1722)
				Dakota Sand	4795	(+1651)
				Morrison	4908	(+1538)