

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ELECTRIC LOGS FILE X WATER SANDS LOCATION INSPECTED SUB REPORT/abd

890107 OVA per BPM of 1-25-89

DATE FILED 12-8-87

LAND: FEE & PATENTED STATE LEASE NO PUBLIC LEASE NO U-31262 INDIAN

DRILLING APPROVED 12-10-87 (Cause No. 102-16B)

SPUDDED IN

COMPLETED: PUT TO PRODUCING

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED OVA 1-25-89

FIELD GREATER CISCO

UNIT:

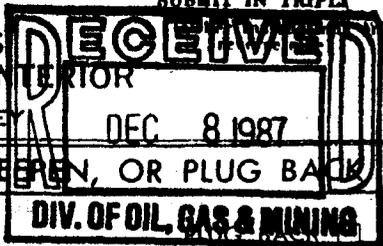
COUNTY: GRAND

WELL NO. FIRST ZONE FEDERAL 8-2 API #43-019-31257

LOCATION 3256' FSL FT. FROM (N) (S) LINE. 597' FEL FT. FROM (E) (W) LINE. SE NE 1/4 - 1/4 SEC. 8

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				<u>21S</u>	<u>23E</u>	<u>8</u>	<u>FIRST ZONE PRODUCTION INC</u>

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



5. Lease Designation and Serial No.
U-31262
6. If Indian, Allottee or Tribe Name
7. Unit Agreement Name

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
DRILL DEEPEN

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

2. Name of Operator
FIRST ZONE PRODUCTION, INC.

3. Address of Operator
2046 East 4800 South, Suite 101, SLC, Utah 84117

4. Location of Well (Report location clearly and in accordance with any State requirements.)
At surface 597' West of the East Line, 3256' No of South
At proposed prod. zone Line, Section 8, T21S, R23E
WITHIN 50'

14. Distance in miles and direction from nearest town or post office*
8 Miles to Cisco, Utah 84515

8. Firm or Lessee Name
TEXAS AMERICAN OIL CO.

9. Well No. FIRST ZONE FED.
8-2

10. Field and Pool, or Wildcat
Greater Cisco Area

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 8, T21S, R23E

12. County or Parrish 13. State
GRAND UTAH

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drlg. line, if any) 597'
16. No. of acres in lease 640.0
17. No. of acres assigned to this well 40.0

18. Distance from proposed location* to nearest well, drilling, completed, or applied for, on this lease, ft. 2640'
19. Proposed depth 1500
20. Rotary or cable tools Rotary

21. Elevations (Show whether DT, RT, GR, etc.) 4515 GR
22. Approx. date work will start* Nov 10, 1987

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
8 5/8"	7"	18# J-55	150'	Cemented back to surface
6 1/4"	4 1/2"	9.5 J-55	TOTAL Depth	Cemented 400' above highest Hydrocarbon or water zone Encountered.*

FORMATIONS:

MANCOS SHALE Surface to 950'
DAKOTA 950 to 1050'
MORRISON 1050 to 1250'
SALT WASH 1250 to 1500'

*Operator will complete a Cement Bond Log to determine height of the Cement. In the event that sufficient cement is not present Operator will cement down the back-side of the surface casing prior tp perforation.

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 mensural and true vertical depths. Give blowout preventer program, if any.

24. Signed JAKE HAROUNY Title PRESIDENT Date

Permit No. 43-019-31257

Approval by Conditions of approval, if any.

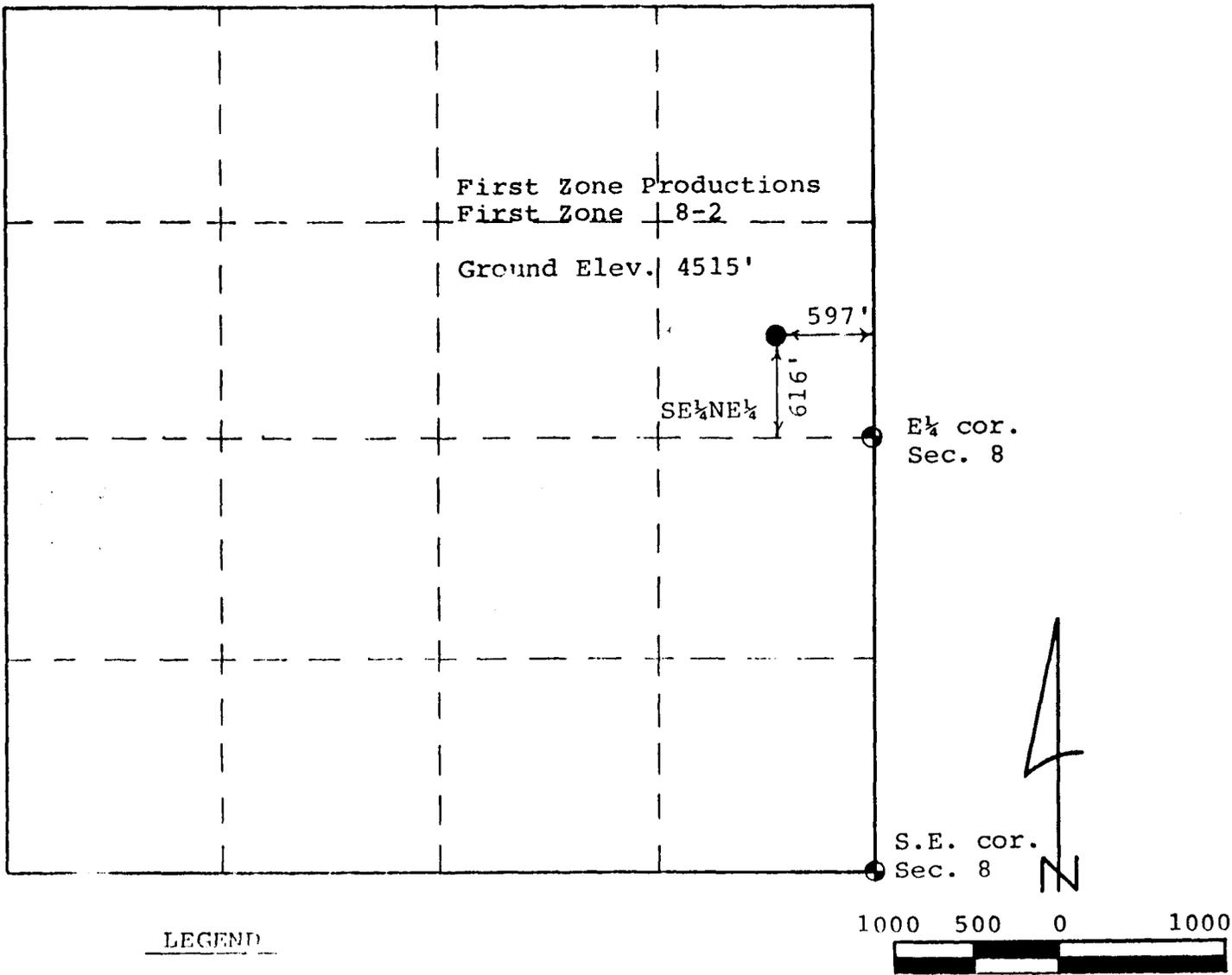
APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS AND MINING

DATE: 12-10-87
BY: John R. By

WELL SPACING. Case 102-168
11/15/79

WELL LOCATION PLAT

Section 8, T. 21 S., R. 23 E., S.L.B. & M., Grand County, Utah.



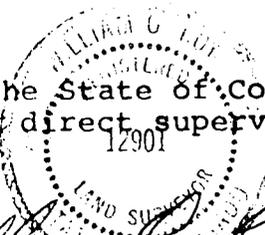
LEGEND

- ⊕ = Found Govt. Brass Cap
- = Well Location

SCALE 1" = 1000'

This well location plat was prepared for First Zone Productions as requested by Dean Christensen, to locate the First Zone 8-2, 597 F.E.L. & 616 F.S.L. in the SE 1/4 NE 1/4 of Section 8, T. 21 S., R. 23 E., S.L.B. & M., Grand County, Utah.

I, William O. Roy, a Registered Land Surveyor in the State of Colorado, do hereby certify that this plat was made under my direct supervision and accurately represents a field survey of same.


 William O. Roy
 Colo. L.S. 12901 8-17-87

DESIGNATION OF OPERATOR

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

DISTRICT LAND OFFICE: Moab District Office, Grand Resource Area
SERIAL NO.: P.O. Box M, Moab Utah 84532

U-31262

and hereby designates

NAME: First Zone Production Inc.
2046 East 4800 South
ADDRESS: Suite 101
Salt Lake City, Utah 84117

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):

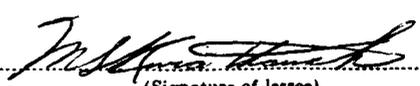
T21S, R23E; S.L.M.
Sec 8: SE NE
Grand Co. Utah

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.

Texas American Oil Corporation


.....
(Signature of lessee)
Marion Kwiatkowski, President
300 W. Wall
Suite 400
.....
Midland, Texas 79701
.....
(Address)

Sept. 29, 1987

.....
(Date)

UT-060-3160-1
(April 1984)

BUREAU OF LAND MANAGEMENT
MOAB DISTRICT
CONDITIONS OF APPROVAL FOR PERMIT TO DRILL

Company FIRST ZONE PRODUCTION, INC. Well No. 8-2
Location: Sec. 8 T. 21S R. 23E Lease No U-31262
Onsite Inspection Date 87/09/21

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Order No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

A. DRILLING PROGRAM

1. Surface Formation and Estimated Formation Tops:

<u>MANCOS SHALE</u>	<u>Surface to 950'</u>
<u>DAKOTA</u>	<u>950 to 1050</u>
<u>Morrison</u>	<u>1050 to 1250</u>
<u>Salt Wash</u>	<u>1250 to 1500</u>

2. Estimated Depth at Which Oil, Gas, Water, or Mineral-Bearing Zones Are Expected to Be Encountered:

	<u>Formation</u>	<u>Depth</u>
Expected oil zones:	<u>SALT WASH</u>	<u>1250</u>
Expected gas zones:	<u>DAKOTA</u>	<u>950</u>
Expected water zones:	<u>MORRISON</u>	<u>1050</u>
Expected mineral zones:	<u>COAL BELOW THE Dakota</u>	

All fresh water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling will be recorded by depth, cased and cemented. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment: SEE ATTACHED DIAGRAM. OPERATOR WILL UTILIZE A DOUBLE RAM BOP (BLIND RAMS ON BOTTOM, PIPE RAMS ON TOP) SET BELOW A HYSDRIL STRIPPING BOP.

BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventors will be pressure-tested before drilling casing cement plugs.

4. Casing Program and Auxiliary Equipment: Opr. will set 120' of surface casing. 7" 18# casing. The Production casing will be 4 $\frac{1}{2}$ " 9.5#
The Surface casing will be cemented to surface, and the Production casing will be cemented 400' above the highest hydrocarbon or water zone encountered.
Anticipated cements tops will be reported as to depth, not the expected number of sacks. The Resource Area (/will not) be notified _____ days in advance when running casing strings and cement.

5. Mud Program and Circulating Medium: Opr. will utilize compressed air as a circulating medium. In the event that mud is necessary, a metal storage tank will be rented and placed on the site and a pre-mixed mud will be delivered to the site as necessary.

Blooi line will be misted to reduce fugitive dust when air drilling.

6. Coring, Logging, and Testing Program: OPR. WILL LOG THE WELL. A DUAL INDUCTION AND COMPENSATED DENSITY NEUTRON SURVEY WILL BE COMPLETED. ANY TESTING WILL BE PRODUCTION TESTING INTO EITHER A TANK IF AN OIL WELL, OR INTO CISCO GATHERING SYSTEM IF A GAS WELL.

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 description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cutting, fluids, and/or gases) will be submitted when requested by the Moab District Manager.

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards:
The Operator will utilize a double ram BOP with Blind Rams on the bottom and Pipe Rams on the Top. A Hydril stripping BOP will be set ontop of the Double Ram BOP. Opr. is prepared to control pressures up to 3000 PSI. Operator does not anticipate any pressure in excess of 700 PSI.

8. Anticipated Starting Dates and Notification of Operations:

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.

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 Manager. If operations are to be suspended, prior approval of the District Manager will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the Area Manager within a minimum of twenty-four (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 twenty-four (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 Oil and Gas 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 continue each month until the well is physically plugged and abandoned. This report will be filed directly with the BLM 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 Resource Area in accordance with requirements of NTL-3A.

If the replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed for prior approval of the District Manager, 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 by the District Petroleum Engineer.

Should the well be successfully completed for production, the District Manager will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) business days following the date on which the well is placed on production.

A first production conference will be scheduled within fifteen (15) days after receipt of the first production report. The Resource Area Office will coordinate the field conference.

No well abandonment operations will be commenced without the prior approval of the District Manager. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be

obtained from the District Petroleum Engineer. A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Manager within thirty (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 Manager or his representative, or the appropriate surface managing agency.

Approval to vent/flare gas during initial well evaluation will be obtained from the District Office. This preliminary approval will not exceed 30 days or 50 MMCF gas. Approval to vent/flare beyond this initial test period will require District Office approval pursuant to guidelines in NTL-4A.

Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The marker will be constructed as follows: _____

The top of the marker will be closed or capped.

The following minimum information will be permanently placed on the marker plate, cap or beaded-on with a welding torch:

"Fed" or "Ind", as applicable, "Well Number, location by 1/4 1/4 section, township and range". "Lease Number".

Other: _____

B. THIRTEEN-POINT SURFACE USE PLAN

1. Existing Roads:

a. Location of proposed well in relation to town or other reference point: This well is located approximately 10 miles from Cisco, Utah 84515. _____

b. Proposed route to location:

Attached is a map detailing the rout to the well. Qpr. will utilize the Windy Mesa Road to the Lone Tree access Road and then the existing road to the Vukasovich 24A Location then directly onto the U-31262 Lease and then to the site.

c. Plans for improvement and/or maintenance of existing roads:

A culvert will be placed in the eroded area approximately 1000' South of the Vukasovich 24-A Location, and the road will be graded back over the culvert in a modified low water crossing.

d. Other: _____

2. Planned Access Roads:

a. The ~~maximum total~~ disturbed width will be _____ feet.

b. Maximum grades:
_____ N/A _____

c. Turnouts: _____ N/A _____

d. Location (centerline):
_____ N/A _____

e. Drainage: _____ N/A _____

f. Surface Materials:
_____ N/A _____

g. Other: _____

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.

3. Location of Existing Wells:

- _____ Vukasovich 4-1 (SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec 4, T21S, R23E)
- _____ Texas American 9-2a (SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec 9, T21S, R23E)
- _____ Petro X 9-1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec 9, T21S, R23E)

4. Location of Tank Batteries and Production Facilities:

All permanent (onsite for six (6) months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective, earth tone color to match the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within six (6) months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows:

JUNIPER GREEN

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 1/2 times the storage capacity of the battery.

All loading lines and valves will be placed inside the berm surrounding the tank battery.

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.

All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

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

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from:
KNUT AND SONS, MOAB, UTAH, OR THE BROWN RANCH APPROPRIATION,
FISH FORD, UTAH

A temporary water use permit for this operation will be obtained from the Utah State Engineer:

PRICE, UTAH if Necessary

Water obtained on private land, or land administered by another agency, will require approval from the owner or agency for use of the land.

6. Source of Construction Material:

Pad construction material will be obtained from:

SURFACE SOIL WILL BE STACKED ON THE EDGE OF THE SITE IF DISTURBED OR IF CONTRUCTION (Site Prep) is necessary.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3. Source of construction material (will not be located on lease.

7. Methods of Handling Water Disposal:

The reserve pit (will-not) be lined.

Any produced substances will be removed from the site and disposed of in the Grand County Disposal Pond. Any oil that can be recovered will be accounted for and sold.

Three sides of the reserve pit will be fenced with Three ft high BARBED WIRE 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.

All trash must be contained and disposed of by: COLLECTED IN A WIRE CAGE AND BURNED ON SITE AT THE COMPETION OF OPERATIONS. Those items that cannot be burned will be taken to the Cisco Dump.

If burning is required, a permit will be obtained from the State Fire Warden (Grand County Fire Marshall).

Produced waste water will be confined to an unlined pit for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the District Manager's approval pursuant to Onshore Oil and Gas Order No. 3 (NTL-2B).

Other: _____

8. Ancillary Facilities:

Camp facilities (will/will not) be required. They will be located:

NOT REQUIRED

9. Well Site Layout:

The reserve pit will be located: See attached well layout plan

The top four (4) inches of soil material will be removed from the location and stockpiled separately on the NE Part of the pad.

Topsoil along the access road will be reserved in place adjacent to the road.

Access to the well pad will be from:

Directly from the the 8-1 Location. All of the planned access road will be on the U-31262 Lease.

The trash pit will be located:

A Trash Cage will be used on site to collect all waste Materials

10. Plans for Restoration of Surface:

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.

Before any dirt work to restore the location and surrounding area will be cleared of all remaining debris, materials, trash and junk not required for production.

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

All disturbed areas will be recontoured to the approximate natural contours.

The stockpiled topsoil will be evenly distributed over the disturbed areas.

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

The Operator will utilize a Harrow to scarify the surface and will countour in such a manner to reduce erosion.

Seed will be broadcast or drilled at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used:

TO BE PROVIDED WITH THE PERMIT.

omitted with permit

The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed.

Additional Requirements:

11. Surface and Mineral Ownership:

Federal Lease

12. Other Information:

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

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3164.

The dirt contractor will be provided with an approved copy of the surface use plan.

A cultural resource clearance (will/will not) be required before any construction begins. If any cultural resources area found during construction, all work will stop and the Area Manager will be notified.

This permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

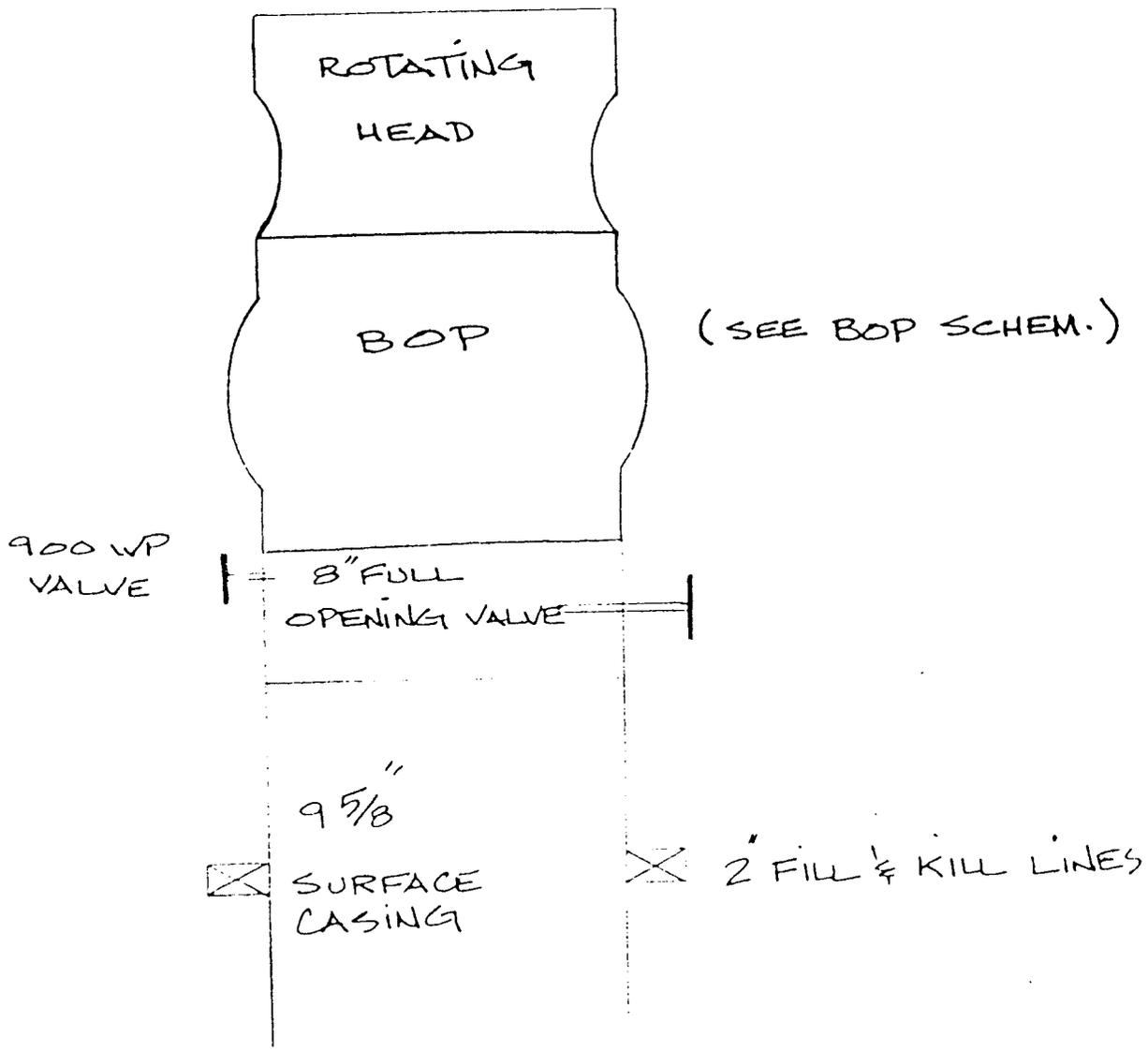
13. Lessee's Operator's Representative and Certification

Representative:

Name: JAKE HAROUNY

Address: 2046 East 4800 South, Suite 101, SLC, Ut 84117

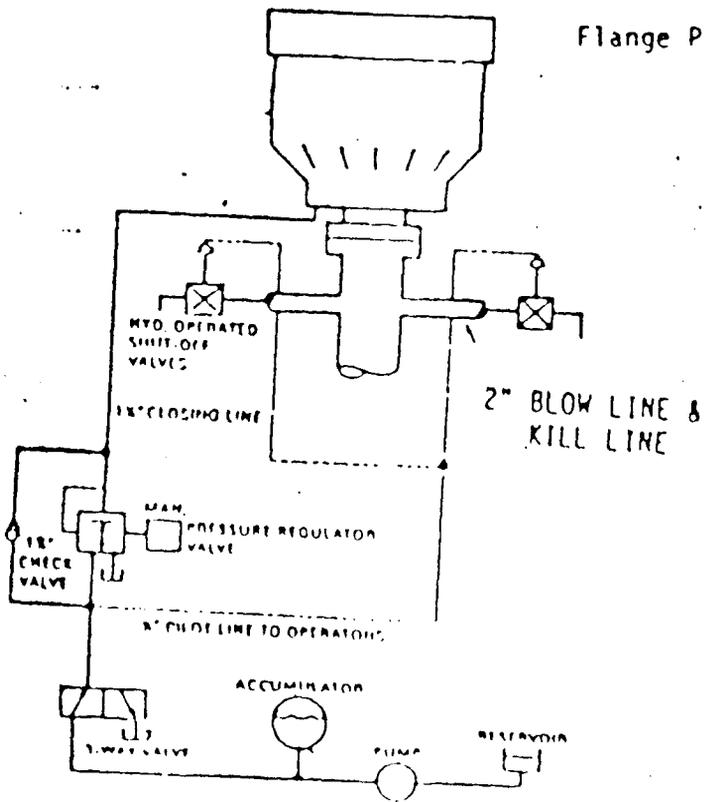
Phone No: 801-277-0801, 277-0885



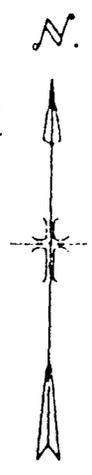
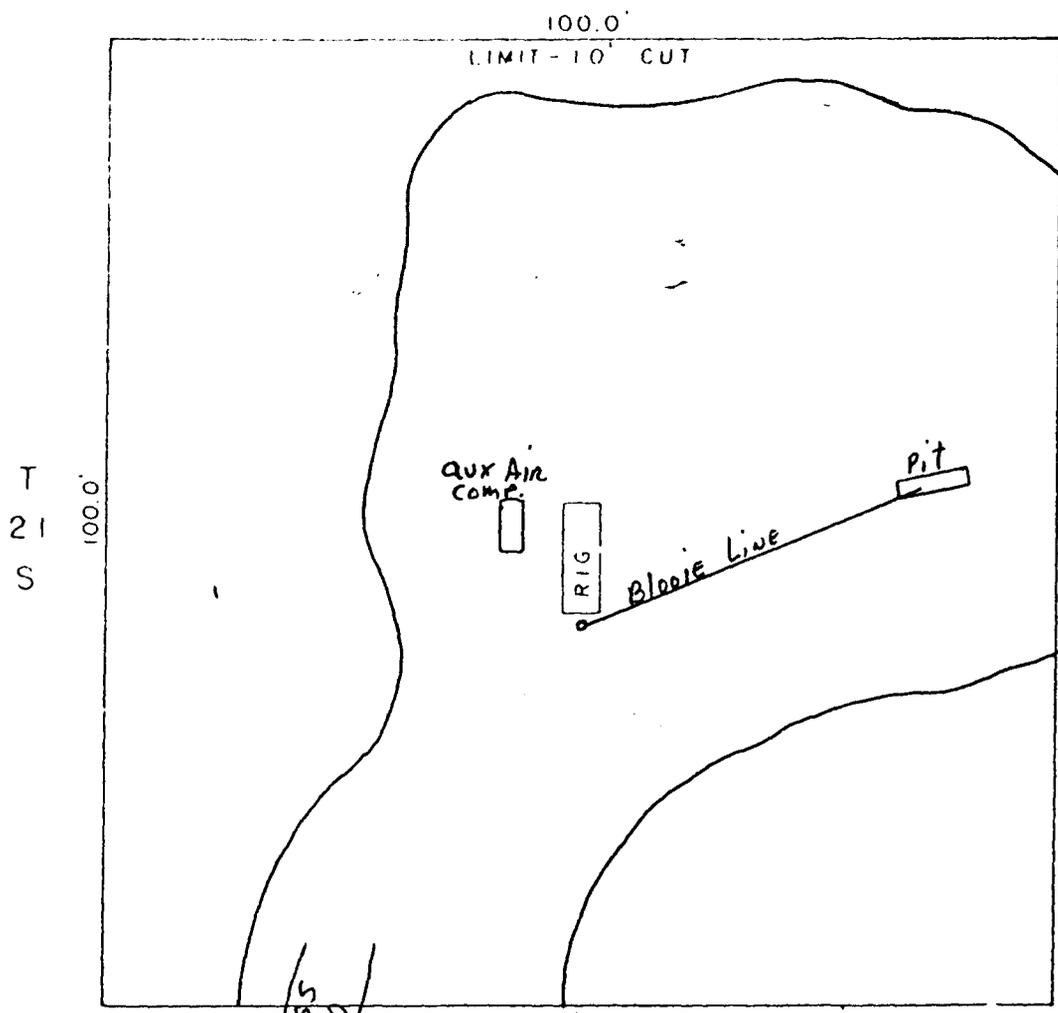
PREPARED BY: DEAN H. CHRISTENSEN

A GRANT ROTATING HEAD WILL BE BOLTED TO THE BOP FLANGE PLATE.*

A DISCHARGE LINE RUNS FROM THE ROTATING HEAD.



REGAN-TOROUS TYPE E-1 BOP



SCALE: 1" = 20'

Vukasaich
 ACCESS ROAD
 24 LOCATIONS

S. L. B. & M.

8-2
 SITE LAYOUT
 GRAND COUNTY, UTAH
 DRAWN 9-22-87

121606

OPERATOR First Zone Prod. Inc DATE 12-9-87

WELL NAME First Zone Fed. 8-2

SEC SE NE 8 T 215 R 23E COUNTY Grand

43-019-31257
API NUMBER

Fed
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

No other well within 1320'
Need water permit

APPROVAL LETTER:

SPACING:

R615-2-3

UNIT

R615-3-2

102-16 B 11/15/79
CAUSE NO. & DATE

R615-3-3

STIPULATIONS:

1-Water



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

December 10, 1987

N 3255

First Zone Production, Inc.
2046 East 4800 South, Suite 101
Salt Lake City, Utah 84117

Gentlemen:

Re: First Zone Federal 8-2 - SE NE Sec. 8, T. 21S, R. 23E
3256' FSL, 597' FE1 - Grand County, Utah

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 102-16B dated November 15, 1979 subject to the following stipulations:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.

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 of an Entity Action Form to the Division within five working days of the time that the well is spudded or a change in operations or interests necessitates a change in entity status.
3. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
4. 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.

Page 2
First Zone Production, Inc.
First Zone Federal 8-2
December 10, 1987

5. Compliance with the requirements of Rule R615-3-22, Gas Flaring or Venting, Oil and Gas Conservation General Rules.
6. 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) 538-6121.
7. 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 43-019-31257.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

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

FILING FOR WATER IN THE STATE OF UTAH

RECEIVED
NOV 25 1987
WATER RIGHTS

Rec. by
Fee Rec. 30.00
Receipt # 23351
Microfilmed
Roll #

APPLICATION TO APPROPRIATE WATER

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer based upon the following showing of facts, submitted in accordance with the requirements of the Laws of Utah.

RECORDED
DEC 10 1987

DIVISION OF
OIL, GAS & MINING

WATER USER CLAIM NO. 01 - 272

APPLICATION NO. T62980

1. PRIORITY OF RIGHT: November 25, 1987

FILING DATE: November 25, 1987

2. OWNER INFORMATION

Name: First Zone Production
Address: 2046 East 4800 South, Salt Lake City, UT 84117

3. QUANTITY OF WATER: 1.0 acre feet (Ac. Ft.)

4. SOURCE: Colorado River DRAINAGE: NW Colorado River
POINT(S) OF DIVERSION:

COUNTY: Grand

(1) S. 700 feet, E. 2300 feet, from the NW Corner of Section 22,
Township 21 S, Range 24 E, SLB&M

Description of Diverting Works: Pump and truck

COMMON DESCRIPTION: Fish Ford

5. NATURE AND PERIOD OF USE

Oil Exploration From November 25 to November 25.

6. PURPOSE AND EXTENT OF USE

Oil Exploratio: Water will be used for oil exploration.

7. PLACE OF USE

The water is used in all or parts of each of the following legal subdivisions.

TOWN	RANGE	SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
			NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$	NE $\frac{1}{4}$	NW $\frac{1}{4}$	SW $\frac{1}{4}$	SE $\frac{1}{4}$
21	S	23 E 8			X													X
21	S	23 E 9							X									X
21	S	23 E 16			X													
*21	S	23 E 22			X				X									X

All locations in Salt Lake Base and Meridian

EXPLANATORY

Water will be trucked from diversion point to places of use.
The period of use will be from Nov. 25, 1987 to Nov. 25, 1988.

EXPLANATORY CONTINUED ON REVERSE

Appropriate

The applicant hereby acknowledges he/they are a citizen(s) of the United States or intends to become such a citizen.

The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purpose herein described.

The undersigned hereby acknowledges that even though he/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained therein, at the time of filing, rests with the applicant(s).

David Chinit
Signature of Applicant

* EXPLANATORY CONTINUED

OIL EXPLORATION WELLS WILL BE DRILLED AT THE FOLLOWING LOCATIONS:

FZ8-2 597 FT W OF E SEC LINE + 616 N OF SL SE 1/4 NE 1/4 SEC 8, T 21 S, R 23 E, SLB+M.

FZ8-1 660 FT W OF E SEC LINE + 660 N OF S SEC LINE SEC 8, T 21 S, R 23 E, SLB+M.

FZ9-3 1956 FT E OF W SEC LINE + 741 FT N OF SOUTH LINE OF SE 1/4 NW 1/4 SEC 9, T 21 S, R 23 E, SLB+M.

FZ16-2A 22 FT W OF EAST SECTION LINE + 2102 FT S OF N SEC LINE SEC 16, T 21 S, R 23 E, SLB+M.

FZ22-10S 2398 E OF WEST SECTION LINE + 1992 S OF N SEC LINE SEC 22, T 21 S, R 23 E, SLB+M.

* ADDITIONS OR AS PER JAME HAROUNY 12-3-87.

TS

STATE ENGINEER'S ENDORSEMENT

WATER RIGHT NUMBER: 01 - 272

APPLICATION NO. T62980

1. November 25, 1987 Application received by REB.
 2. December 8, 1987 Application designated for APPROVAL by MP and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated December 9, 1987, subject to prior rights and this application will expire on December 9, 1988.


Robert L. Morgan, P.E.
State Engineer

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

8

APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

Lease Designation and Serial No.

U-31262

If Indian, Allottee or Tribe Name

012007

RECEIVED JAN 13 1988

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

FIRST ZONE PRODUCTION, INC. DIVISION OF OIL, GAS & MINING

3. Address of Operator

2046 East 4800 South, Suite 101, SLC, Utah 84117

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 597' West of the East Line, 3256' No of South Line, Section 8, T21S, R23E

WITHIN 50'

14. Distance in miles and direction from nearest town or post office*

8 Miles to Cisco, Utah 84515

43019-31257

12. County or Parrish

GRAND

13. State

UTAH

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

597'

16. No. of acres in lease

640.0

17. No. of acres assigned to this well

40.0

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

2640'

19. Proposed depth

1500

20. Rotary or cable tools

Rotary

21. Elevations (Show whether DF, RT, GR, etc.)

4515 GR

22. Approx. date work will start*

Nov 10, 1987

23.

PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
8 5/8"	7"	18# J-55	150'	Cemented back to surface
6 1/4"	4 1/2"	9.5 J-55	TOTAL Depth	Cemented 400' above highest Hydrocarbon or water zone Encountered.*

FORMATIONS:

MANCOS SHALE Surface to 950'
 DAKOTA 950 to 1050'
 MORRISON 1050 to 1250'
 SALT WASH 1250 to 1500'

*Operator will complete a Cement Bond Log to determine height of the Cement. In the event that sufficient cement is not present Operator will cement down the back-side of the surface casing prior tp perforation.

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 JAKE HAROUNY

PRESIDENT

Date

3 NOV 87

Permit No.

Approval Date

/s/ Kenneth V. Rhea

Acting

DISTRICT MANAGER

Date

JAN 11 1988

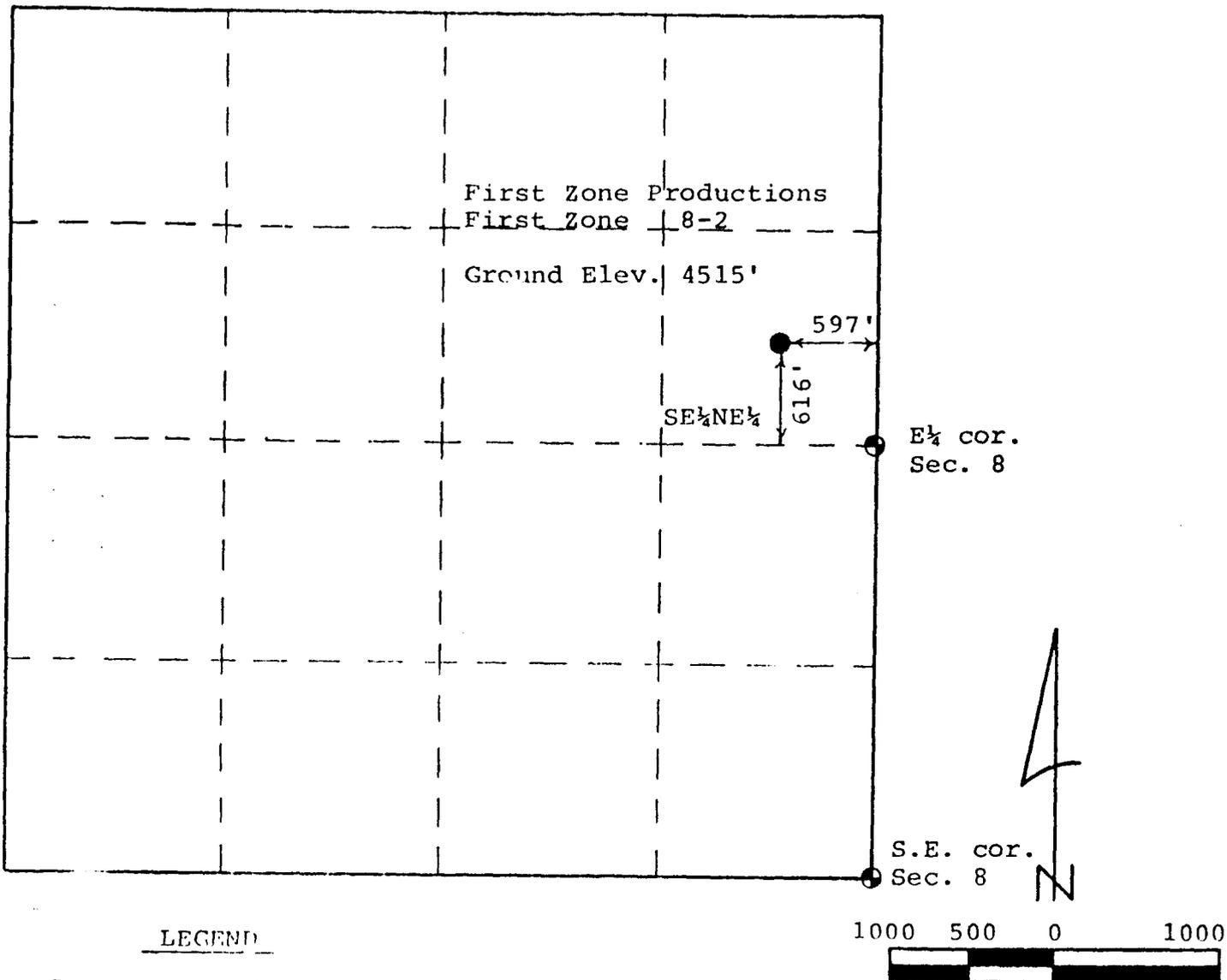
SUBJECT TO RIGHT OF WAY APPROVAL

*See Instructions On Reverse Side CONDITIONS OF APPROVAL ATTACHED

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

WELL LOCATION PLAT

Section 8, T. 21 S., R. 23 E., S.L.B. & M., Grand County, Utah.

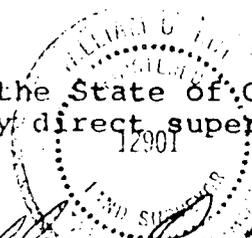


LEGEND

- ⊕ = Found Govt. Brass Cap
- = Well Location

This well location plat was prepared for First Zone Productions as requested by Dean Christensen, to locate the First Zone 8-2, 597 F.E.L. & 616 F.S.L. in the SE 1/4 NE 1/4 of Section 8, T. 21 S., R 23 E., S.L.B. & M., Grand County, Utah.

I, William O. Roy, a Registered Land Surveyor in the State of Colorado, do hereby certify that this plat was made under my direct supervision and accurately represents a field survey of same.


William O. Roy
William O. Roy
Colo. L.S. 12901 8-17-87

First Zone Production, Inc.
Well No. First Zone 8-2
Sec. 8, T. 21 S., R. 23 E.
Grand County, Utah
Lease U-31262

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.

First Zone Production, Inc. 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

Operator will require cement contractor to test the water used to mix cement. Water quality must meet the minimum standards acceptable to the cement contractor.

Operator must pressure test surface casing to 1000 psi for 20 minutes before drilling out from surface casing shoe. This pressure test must be witnessed by a representative of the BLM.

B.O.P.E. will be consistent with API RP 53.

Operator must use double ram BOP's with both blind and pipe rams rated to 3000 psi. Operator must pressure test both blind and pipe rams to at least 1000 psi, before drilling out from surface casing shoe. This pressure test must be witnessed by a representative of the BLM.

Operator must install and maintain a choke manifold system with at least one (1) line to the pit. Choke manifold system must be rated to 3000 psi and must be pressure tested to 1000 psi prior to drilling out from surface casing shoe. This pressure test must be witnessed by a representative of the BLM.

BOP's must be activated by an accumulator system consistent with API RP 53. Manual controls must also be installed and maintained at all times.

Operator will be required to install a lubricator during all perforating operations. Operator must install at least one (1) master valve rated to at least 1000 psi before perforating.

B. SURFACE USE PLAN

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.

If at any time the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to the appropriate rental, or other financial obligation determined by the authorized officer.

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>	
Indian ricegrass	2
Curley grass	3
Streambank wheatgrass	2
<u>Shrubs</u>	
Four wing saltbush	2
Summer cypress (prostrate kochia)	1
Winterfat	2
	<u>12</u>
	lbs/acre

Broadcast seed will be applied at double the above rate.

Final location release will be issued when the seeding is shown to be successful (when perennial vegetation is established).

NOTIFICATIONS

Notify the Grand Resource Area, at (801) 259-8193 for the following:

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

1 day prior to spudding;

1 day prior to pressure testing of BOPE.

Your contact with the Grand Resource Area Office is:

Jeff Robbins

Office Phone (801) 259-8193

Home Phone (801) 259-7964

Grand Resource Area office address:

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

Notify the Moab District Office, Branch of Fluid Minerals, at (801) 259-6111 for the following:

No well abandonment operations will be commenced without the prior approval of the District Manager. In the case of newly drilled dry holes, and in emergency situations, verbal approval can be obtained by calling the following individuals, in the order listed.

Dale Manchester, Petroleum Engineer Office Phone: (801) 259-6111
Home Phone: (801) 259-6038

Lynn Jackson, Chief, Branch of Fluid Minerals
Office Phone (801) 259-6111
Home Phone (801) 259-7990

Paul Brown, I&E Coordinator Office Phone (801) 259-6111
Home Phone (801) 259-7018

24 hours advance notice is required for all abandonments.

RECEIVED
JAN 17 1989

3162 (U-065)
(U-31262)

DIVISION OF
OIL, GAS & MINING

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

JAN 13 1989

First Zone Production, Inc.
2046 East 4800 South, Suite 115
Salt Lake City, Utah 84117

43 019 31257

Re: Rescinding Application for
Permit to Drill
Well No. First Zone 8-2
Sec. 8, T. 21 S., R. 23 E.
Grand County, Utah
Lease U-31262

Gentlemen:

The Application for Permit to Drill the above well was approved January 11, 1988. Since that date, no known activity has transpired at the approved location.

This permit was valid for a period of one year from the date of approval. In view of the foregoing, we are rescinding your Application for Permit to Drill. After permit termination, a new application will be filed for approval of any further operations at this location.

If you have any questions, please contact the Branch of Fluid Minerals (801) 259-6111.

Sincerely yours,

/s/ GENE NODINE

District Manager

cc: Grand Resource Area

State of Utah, Division of Oil, Gas and Mining ✓
Salt Lake City, Utah 84180-1203

bcc: USO, U-942

CFreudiger/cf 1/13/89



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter

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

January 25, 1989

First Zone Production, Inc.
2046 East 4800 South, Suite 115
Salt Lake City, Utah 84117

Gentlemen:

Re: First Zone 8-1 and 8-2, Sec. 8, T. 21S, R. 23E, Grand County, Utah
API Nos. 43-019-31256 and 43-019-31257

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced wells is hereby rescinded. New Applications for Permits to Drill must be filed with this office for approval prior to the commencement of any future work on the subject locations.

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

Sincerely,

Don T. Staley
Administrative Supervisor

TAS/tc

cc: D. R. Nielson

R. J. Firth

BLM-Moab

Well files

WE16/99