

(November 1983)
(Formerly 9-331C)

(Other instructions on reverse side)

Form approved,
Budget Bureau No. 1004-0136
Expires August 31, 1985

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**
 5 AM 9:37

b. TYPE OF WELL
 OIL WELL **DEWATERING** **OTHER CEMENT**
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 LONE MOUNTAIN PRODUCTION COMPANY

3. ADDRESS OF OPERATOR
 100 N. 27TH, SUITE 450, BILLINGS, MT 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface: 1069' FNL 885' FEL
 At proposed prod. zone: SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 25 MILES NORTHWEST OF MACK, COLORADO

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 1069'

16. NO. OF ACRES IN LEASE 2240 ACRES

17. NO. OF ACRES ASSIGNED TO THIS WELL 160 ACRES

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2170'

19. PROPOSED DEPTH 5250' MORRISON

20. ROTARY OR CABLE TOOLS ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6427' GR

22. APPROX. DATE WORK WILL START* JUNE 6, 1994

5. LEASE DESIGNATION AND SERIAL NO.
 U-05015-A

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

7. UNIT AGREEMENT NAME
 BMG

8. FARM OR LEASE NAME
 FEDERAL

9. WELL NO.
 9

10. FIELD AND POOL, OR WILDCAT
 SAN ARROYO

11. SEC., T. R., M., OR BLE. AND SURVEY OR AREA
 NENE SEC. 17-T16S-R26E

12. COUNTY OR PARISH GRAND

13. STATE UTAH

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	9 5/8"	32.3#	150'	100 sx'G' + 3% CaCl yld:1.1
8 3/4"	7"	20 #	1770'	100 sx'G' + 3% CaCl yld:1.1
6 1/4"	4 1/2"	10.5#	5250'	175 sx 10-0 Thixotropic yld: 1.60

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: [Signature] TITLE: PETROLEUM ENGINEER DATE: May 2, 1994

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE: _____

APPROVED BY: William C. Hinger TITLE: Associate District Manager DATE: 5/26/94

CONDITIONS OF APPROVAL, IF ANY:
 FLARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A
 Dated 1/1/80

CONDITIONS OF APPROVAL ATTACHED
 *See Instructions On Reverse Side

LONE MOUNTAIN PRODUCTION COMPANY

1622 16 Road
Loma, CO 81524

Phone & Fax (303) 858-7546
Mobile (303) 244-6238

May 6, 1994

Ron Firth
State of Utah
Dept. of Natural Resources
Division of Oil, Gas, & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

RECEIVED
MAY 10 1994
DIVISION OF
OIL GAS & MINING

RE: APPLICATION FOR PERMIT TO DRILL

Bar-X Federal #19
NWSW Sec. 11-T17S-R25E
Grand County, Utah

Bar-X Federal #21
NENW Sec. 12-T17S-R25E
Grand County, Utah

BMG Federal #9
NENE Sec. 17-T16S-R26E
Grand County, Utah

Dear Ron:

Enclosed please find the APDs to drill the above referenced wells. We plan to do this work in mid May to mid June.

If any further information is needed please call me at (303) 858-7546.

Very truly yours,

Lone Mountain Production


Joe Dyk
Petroleum Engineer

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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12. COUNTY OR PARISH 13. STATE
 GRAND UTAH

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24. SIGNED _____ TITLE PETROLEUM ENGINEER DATE _____

(This space for Federal or State office use)

PERMIT NO. 43-019-31351

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

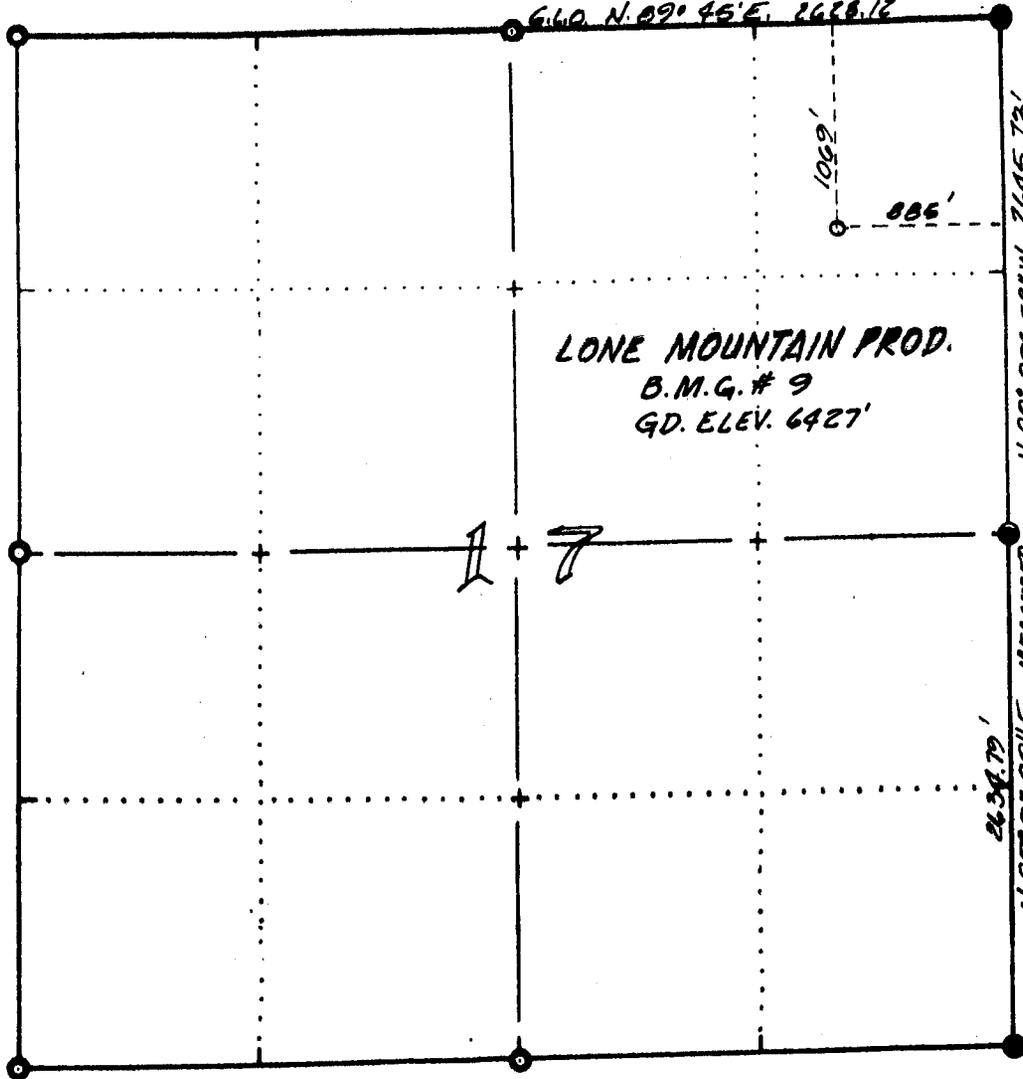
APPROVED BY _____ TITLE _____
 CONDITIONS OF APPROVAL, IF ANY:

APPROVAL DATE _____ DATE: 6-9-94
 BY: [Signature]
 WELL SPACING Case No. 107-1

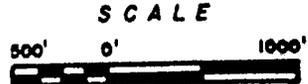
*See Instructions On Reverse Side

SEC. 17, T. 16S., R. 26E. OF THE S.L.D.M.

PLAT #1
LOCATION PLAT



LONE MOUNTAIN PROD.
B.M.G. # 9
G.D. ELEV. 6427'



- LEGEND -

- ⊙ STANDARD LOCATION OF OLD SECTION CORNERS.
- OLD CORNERS FOUND.
- WELL LOCATION STAKES.

REFERENCE DOCUMENTS

- 1924 OLD PLAT
- JIM CANYON, UTAH
QUADRANGLE, U.S.G.S.

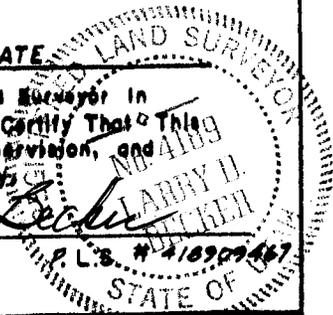
THIS WELL LOCATION PLAT WAS PREPARED FOR: LONE MOUNTAIN PRODUCTION CO.
 TO LOCATE THE B.M.G. # 9, 1062' F.N.L. &
885 F.E.L. IN THE NE 1/4 NE 1/4, OF SECTION 17, T. 16S., R. 26E.
 OF THE S.L.D.M. GRAND COUNTY, UTAH

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



SURVEYED	3/94
DRAWN	4-3-94
CHECKED	4-3-94

ENERGY SURVEYS CORPORATION
 361 Pikes Peak Drive
 Grand Junction, CO 81505
 (303) 248-7881

SCALE: 1" = 1000'
 JOB NO.
 SHEET OF

Application for Permit to Drill
BMG Federal No. 9
NWNE Section 17-T16S-R26E
Grand County, Utah

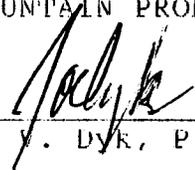
1. Surface formation is the Mesa Verde.
2. Anticipated Geologic markers are: Castlegate 1370', Mancos 1620', Dakota Silt 4830', Dakota 4930', 5075'.
3. Gas is anticipated in the Dakota and Morrison. No oil or other minerals are anticipated. No water sands are expected.
4. Proposed casing program: See item no. 23
5. Pressure control equipment: See Attached well control plan and schematic of contractor's BOP stack. BOP's will be tested before drilling out from under surface casing and checked daily.
6. Air or mist drilling will be used to drill the surface hole unless water is encountered. If water is encountered, chemical-gel mud will be used. The well will be air drilled from under intermediate casing to total depth.
7. Auxiliary equipment: See Well Control Plan.
8. The logging program will consist of a DIL log from total depth to base of intermediate casing and GR-FDC-CNL logs on the bottom 1000 feet. GR-CNL from base of Intermediate casing to 1100'. No cores or drill stem tests are planned.
9. No abnormal pressures or temperatures are anticipated. No poisonous gas is anticipated.
10. Anticipated spud date is June 6, 1994. Completion operations should commence within 30 days of rig release.
11. Survey plats are attached.
12. The gas is dedicated to Mesa Pipeline.
13. Lone Mountain Production Company's Statewide Bond Number is: UT0719
14. The completion program will be designed after the logs have been evaluated.

WELL CONTROL PLAN

1. Surface casing: 9-5/8" O.D., 32.3#, STC, J-55 casing set at 150' and cemented back to surface with 100 sx Standard cement + 3% CaCl₂ (yield=1.19 ft³/sk; compressive strength= 650 psi in 6 hours).
2. Intermediate casing: 7" O.D., 20#, STC, J-55 casing set at 1770'.
3. Casinghead flange: 7" x 4-1/2" 600 series casinghead with two 2", 2000psi L.P. outlets.
4. Blowout Preventer: The rig is equipped with a 10" 3000 psi W.P. double gate hydraulic Shafter BOP (or equivalent) with drill pipe rams and blind rams to meet requirements for a 2000 psi stack in Onshore Order No. 2. All fill, kill and choke lines will be a 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 before drilling through the Dakota. BOP's will be worked daily. Blind rams will be checked during trips. BOP's will be tested to 2000 psi but not more than 70% of casing burst pressure (1904 psig) prior to drilling the shoe joint.
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 the floor.
6. Anticipated bottom hole pressure is less than 1000 psi at 5250' or 0.20 psi/ft. No abnormal temperatures or hydrogen sulfide gas are anticipated.

LONE MOUNTAIN PRODUCTION COMPANY

By: _____


J. V. DYK, P.E.

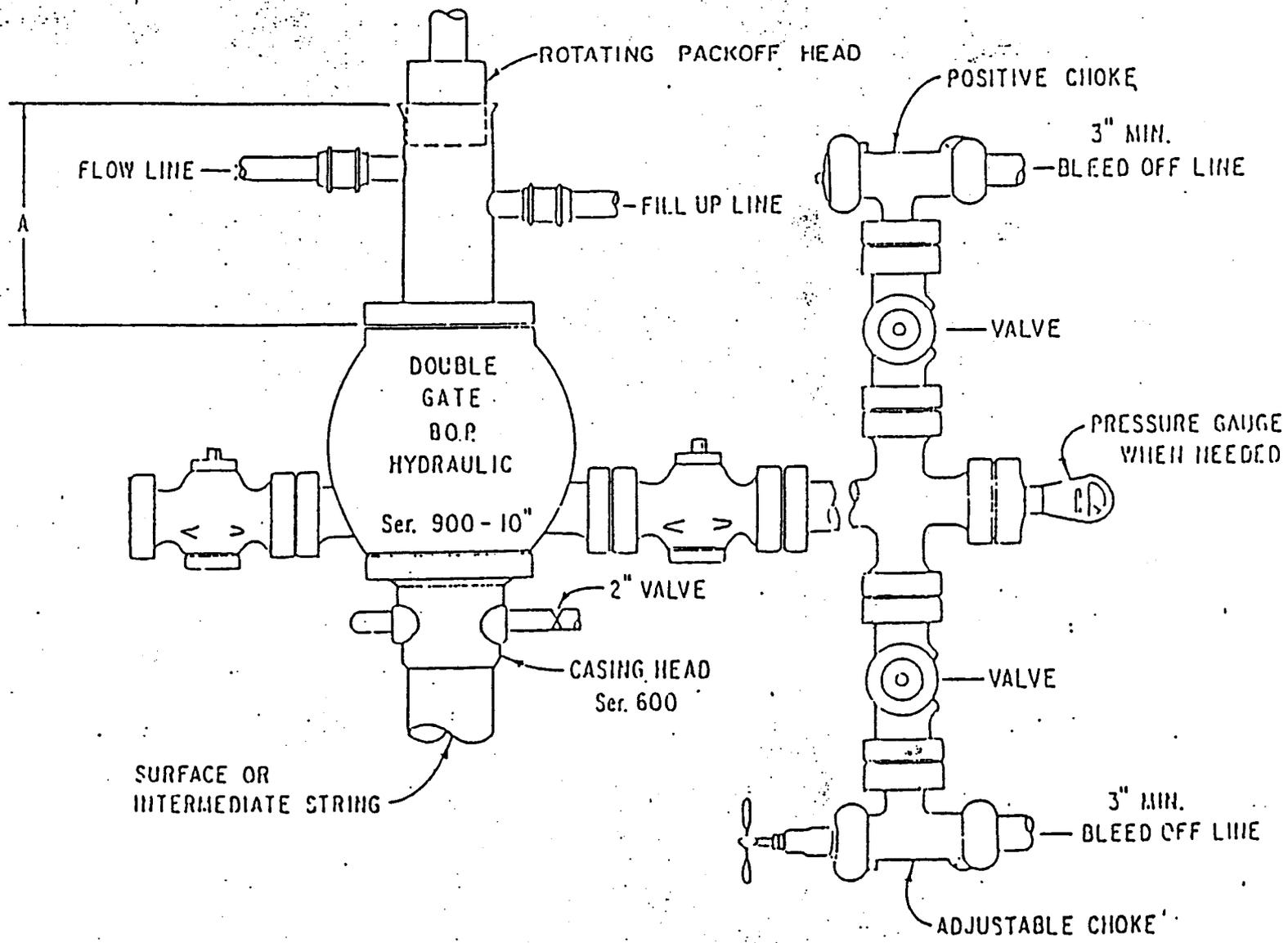


EXHIBIT I
 BLOWOUT PREVENTER DIAGRAM

SURFACE USE PLAN

Lone Mountain Production Company
BMG Federal No. 9
NWNE Section 17-T16S-R26E
Grand County, Utah

1. EXISTING ROADS

See Maps #1 and #2 and Plat #1. This proposed well is located approximately 25 miles northwest of Mack, Colorado. It is reached by going west of Mack on old Highway 6&50 to 8 road (Baxter Pass Road Turnoff). Turn right on 8 road and go north 2.5 miles to S road. Turn left and go west to the end of the pavement. Go north on gravel road 3 miles and turn left onto Prairie Canyon road. Go 8 miles and turn left into Cottonwood canyon. Go up canyon 3.5 miles to location on top of ridge.

2. ACCESS ROADS TO BE CONSTRUCTED

The proposed location is in the middle of an existing road. The road will be rerouted through the location. This road serves two other wells operated by Lone Mountain and deadends at the Federal 36-7 well in Colorado. A cultural survey was performed on the location. See Map #1 and Plat #2.

The topsoil will be windrowed on the north side of the road.

3. LOCATION OF EXISTING WELLS

9 producing wells are within one mile radius. See Map #3.

4. LOCATION OF PRODUCTION FACILITIES

See Plat #5. Every thing will be painted pinyon green.

5. LOCATION AND TYPE OF WATER SUPPLY

The source of water for this well is West Salt Creek. The pickup point is on old highway 6 & 50 out 2.5 miles west of Mack, Colorado.

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. Only upon completion will outside material be brought in if deemed necessary for production operations.

7. METHODS FOR HANDLING WASTE MATERIAL

Cuttings will be buried in the reserve pit at cleanup. Garbage and other waste material will be contained in a trash cage. This cage will be dumped at an approved sanitary landfill. Human waste will be contained in chemically treated sanitary porta-potties.

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, saltwater, 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 and onshore order no. 7.

8. ANCILLARY FACILITIES

A 3" welded steel surface pipeline will be layed westward along the road to tie into the existing pipeline approximately 1400 feet from the well. The pipeline is entirely on lease and will be constructed after a sundry notice has been submitted.

9. WELLSITE LAYOUT

See Plat #2 - Pit and Pad Layout
See Plat #3 - Cross Sections of Pit and Pad
See Plat #4 - Rig Layout

The location will be constructed large enough to accomodate the drilling rig and associated equipment with allowance made for future completion and production equipment.

Topsoil will be stripped to a depth of 4 inches and stockpiled on the north edge of the location. No topsoil stripping will be done when soils are moisture saturated to a depth of 3 inches, or frozen below the stripping depth.

The reserve pit will be fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished. Fencing will be four strands of barb wire or 48 inch woven wire with one strand of barb wire above the woven wire. All corners will be braced. The fence construction will be on cut or undisturbed surface. A dirt bank will be constructed on the west end of the reserve pit to contain dust from the blooie line. All liquids from the blooie

line will drain back to the pit.

All construction activities will be confined to the minimum area necessary. The exterior boundaries of the construction area will be clearly flagged prior to any surface disturbing activities or vegetation removal.

Lone Mountain Production Company will clear all brush prior to construction. Brush will be stock piled on the west edge of the location and will be kept separate from the soil stock piles. The brush will be used for mulch after the disturbed area has been seeded.

10. PLANS FOR RECLAMATION OF THE SURFACE

A biodegradable mulch may be required if soil erosion or vegetation establishment is determined to be a problem by the authorized officer on the access or location reclamation.

All disturbed areas will be seeded with the approved seed mixture. Application rates are for pure, live seed (PLS). Seed tags will be submitted to the area manager within 30 days of seeding.

Lone Mountain will prepare seedbed by contour cultivating 4 - 6 inches deep and drilling seed 1/2 to 1 inch deep following the contour. In areas that cannot be drilled, seed will be broadcast at 1.5 times the application rate and covered 1/2 to 1 inch deep with a harrow or drag bar.

Seeding will be completed after August 15/September 1 and prior to October 1 of the fall of 1994, if feasible, but not later than the fall of 1995.

If the well is a producer:

Lone Mountain will upgrade and maintain access roads as necessary to prevent soil erosion and accommodate year-round traffic. Lone Mountain will reshape areas unnecessary to operation, rip or disk on the contour, and seed all disturbed areas outside the work area according to the above seed mixture. The top soil will be saved for use during final reclamation unless the site can be recontoured to blend with the natural topography as required for final abandonment. Perennial vegetation will be established. Additional work will be required in case of seeding failures. All permanent facilities placed on the location will be painted dark green to blend with the natural environment.

If the well is abandoned/dryhole:

Lone Mountain will restore the access road and location to blend with the natural topography. During reclamation of the site, fill material will be pushed into cuts and up over the backslope. No depressions will be left that could trap water or form ponds. Topsoil will be distributed evenly over the location and seeding according to the above seed mixture. The access road and location will be ripped or disked prior to seeding.

The area is considered to be satisfactorily reclaimed when:

- A) Soil erosion resulting from the operation has been stabilized.
- B) A vegetative cover at least equal to that present prior to disturbance and a plant species composition at least as desirable as that present prior to disturbance has been established. Establishment of seeded species in the approved seed formula will be considered as acceptance.

Additional work will be required until these conditions are satisfied.

11. SURFACE OWNERSHIP

All lands involving new construction are federal lands.

12. OTHER INFORMATION

Lone Mountain will contact the Grand Resource Area Manager at least 24 hours prior to commencing construction or maintenance of the access road and well pad.

Lone Mountain will immediately bring to the attention of the Grand Resource Area Manager any and all antiquities or other objects of historic or prehistoric ruins, artifacts, or fossils discovered as a result of operations under this permit. Lone Mountain will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the Area Manager. Notice to proceed will be based upon evaluation of the cultural significance of the object. Evaluation will be by a qualified professional selected by the Area Manager from a federal agency insofar as practical. When not practical, Lone Mountain will follow the mitigation requirements set forth by the Area Manager concerning protection, preservation, or disposition of any sites or material discovered. In those situations where the Area Manager determines that data recovery and/or salvage excavations are necessary, Lone Mountain will bear the cost of such data recovery and/or salvage operations.

The Grand Resource Area Manager will be notified at least 24 hours prior to commencing reclamation work.

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

Joe Dyk
Lone Mountain Production Company
1360 Hwy 6&50
Loma, Colorado 81524
Office Phone: 303-858-7546
Home Phone: 303-858-0536
Mobile phone: 303-244-6238

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.

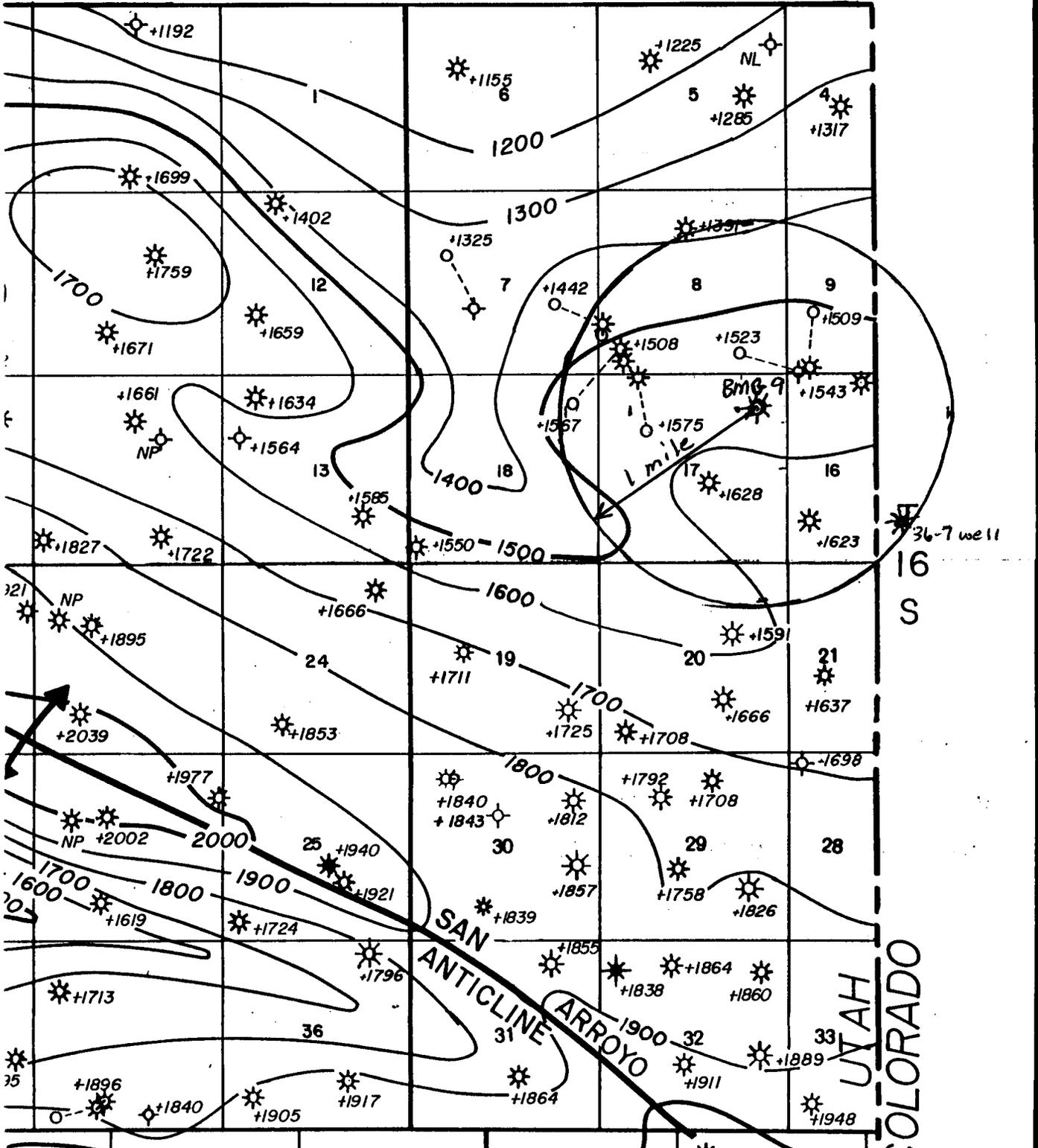
May 2, 1994
Date

Joe Dyk
Joe Dyk, H.E.

MAP # 3

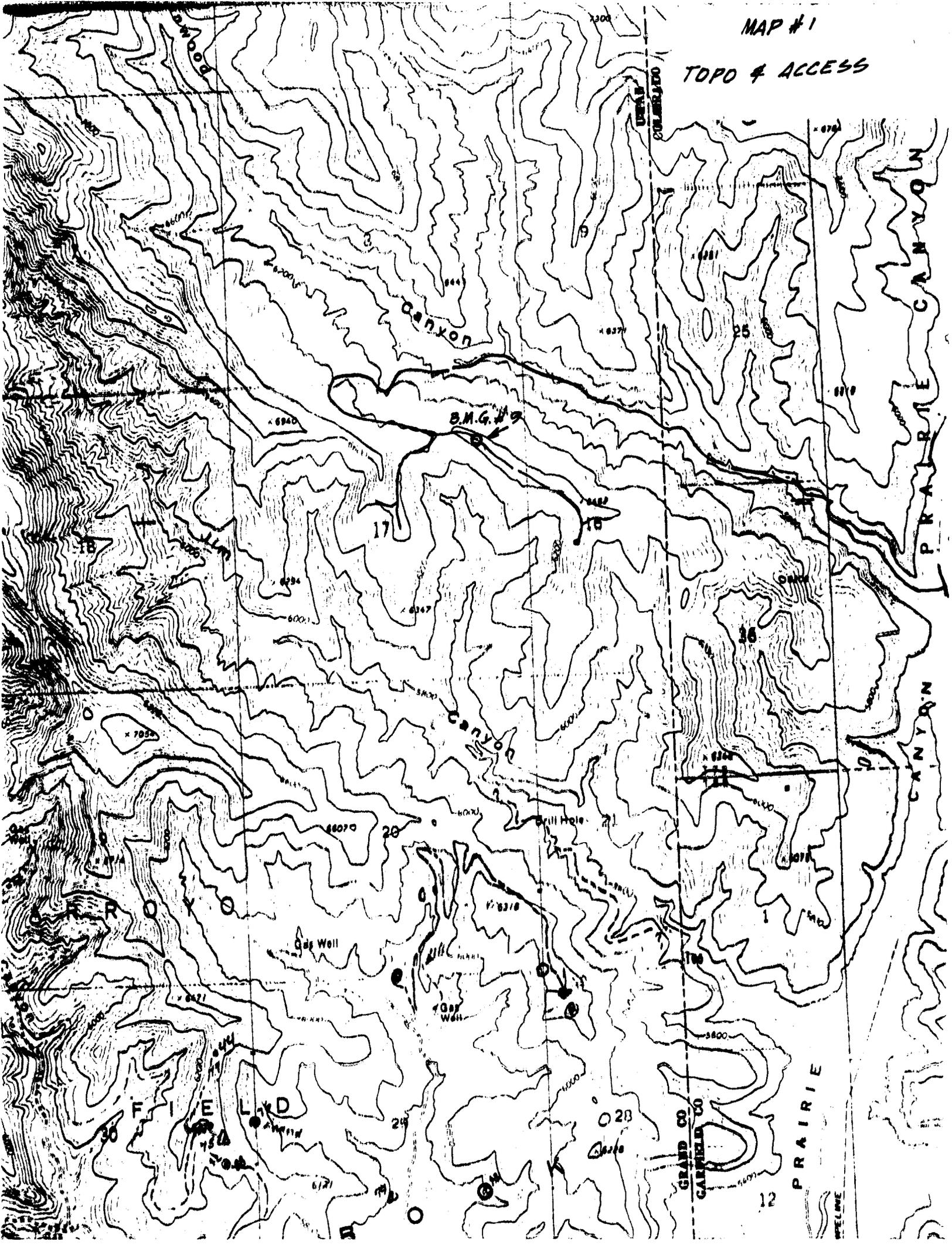
9 Producing Well in one mile radius

R 26 E

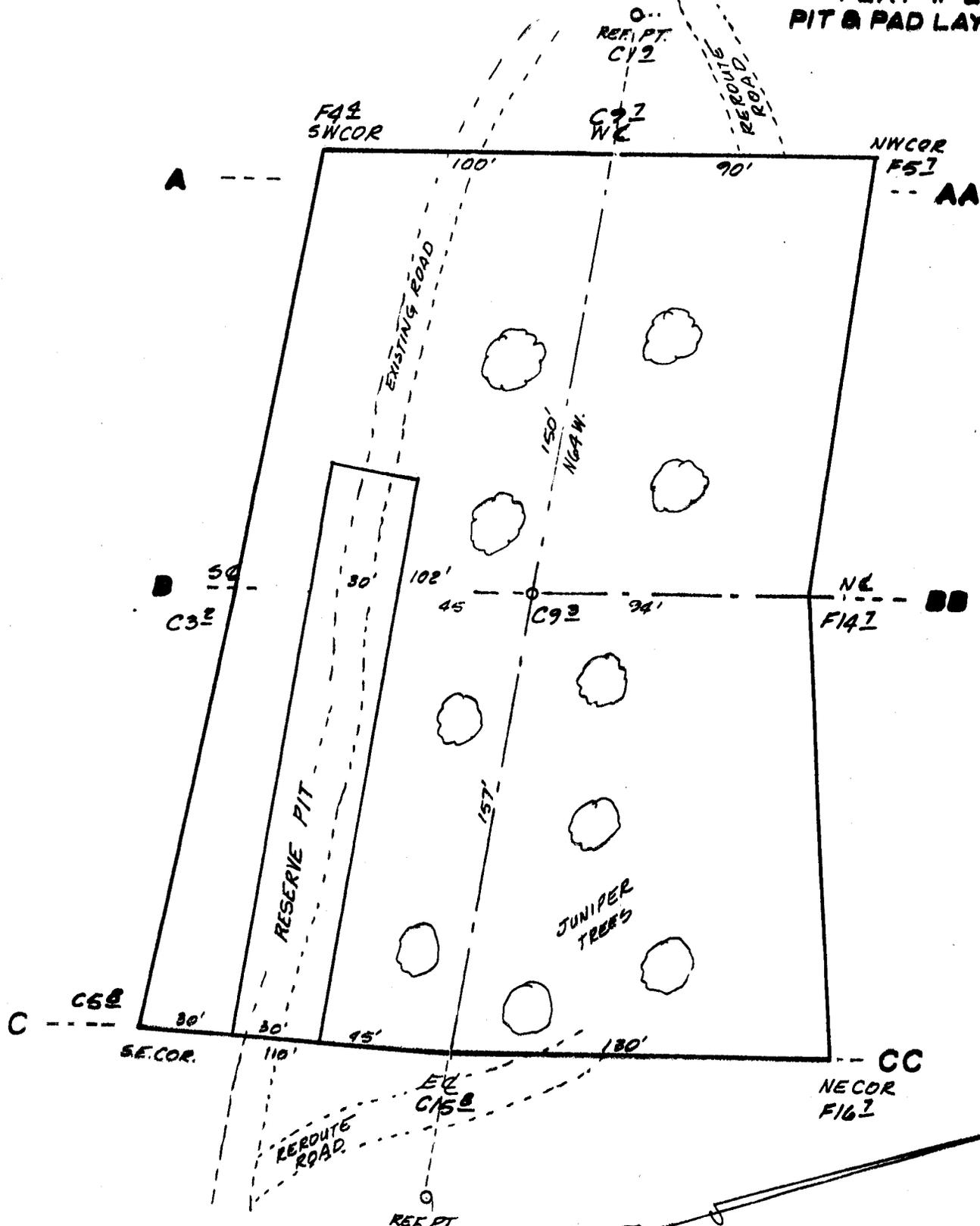


MAP #1

TOPO & ACCESS



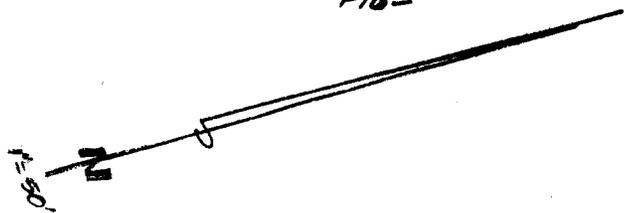
**PLAT # 2
PIT & PAD LAYOUT**



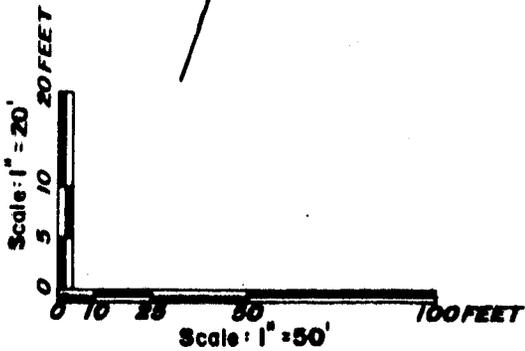
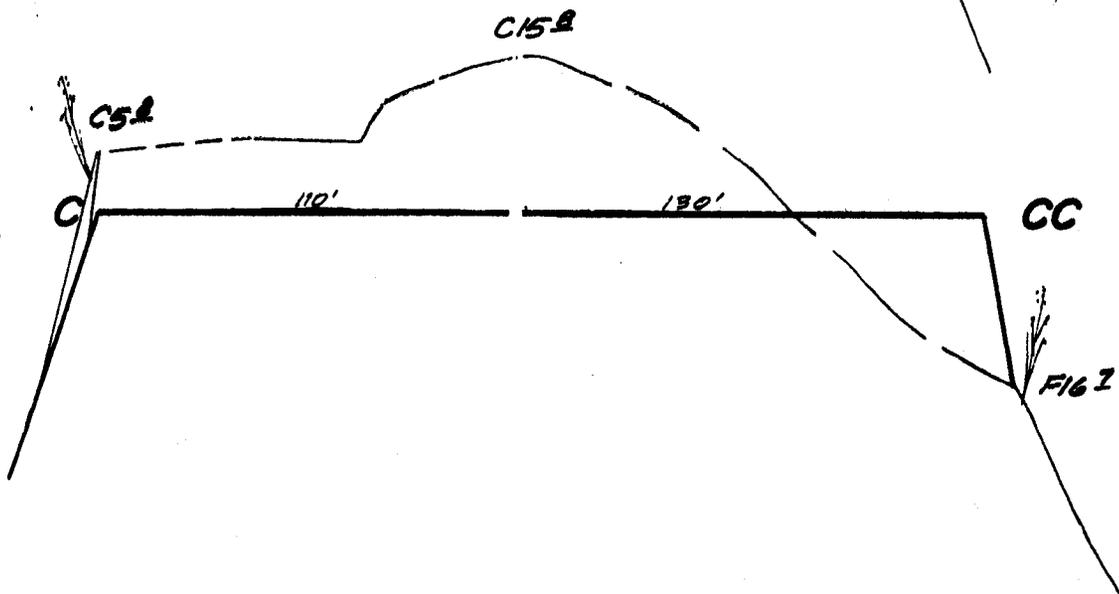
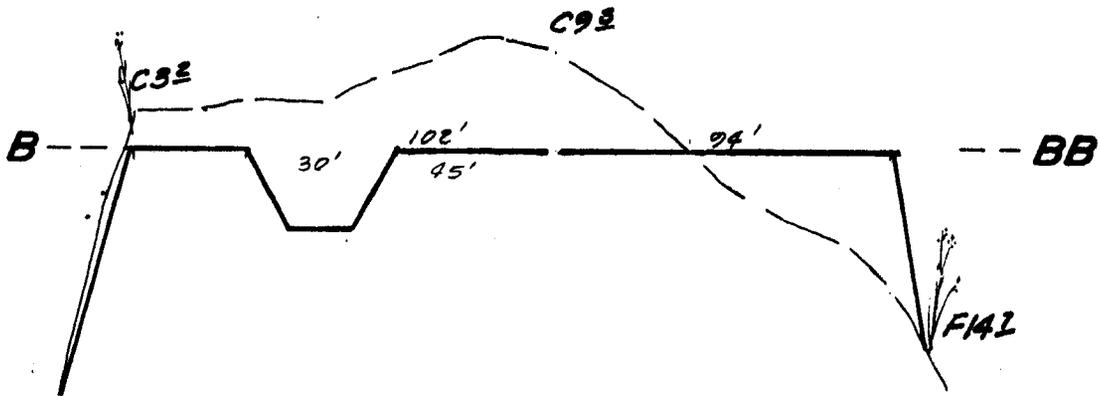
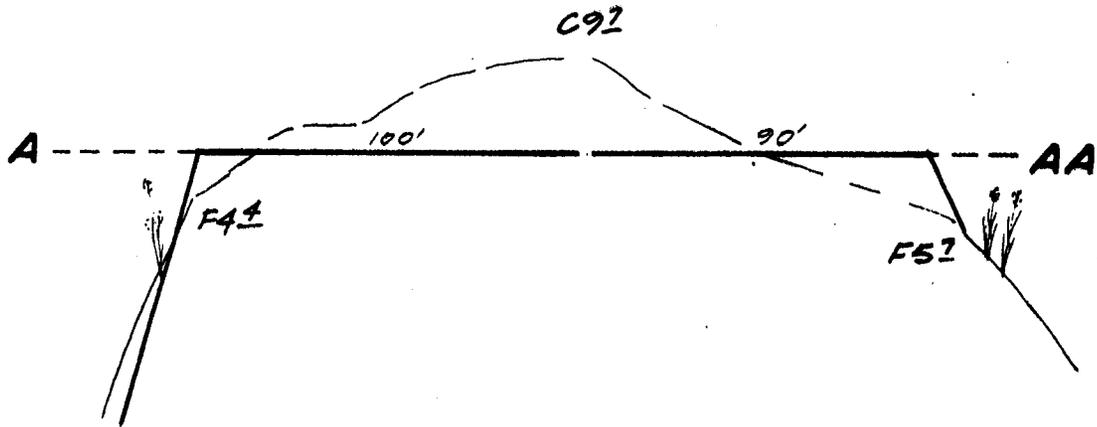
ESTIMATED DIRT QUANTITIES				
ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	8880	6200	1300	
PIT	1770			
TOTAL	10650	6200	1300	3150

ENERGY SURVEYS CORP.
GRAND JUNCTION, COLORADO

LONE MOUNTAIN PRODUCTION
B.M.G. # 9



PLAT NO. 3
CROSS SECTIONS OF PIT & PAD

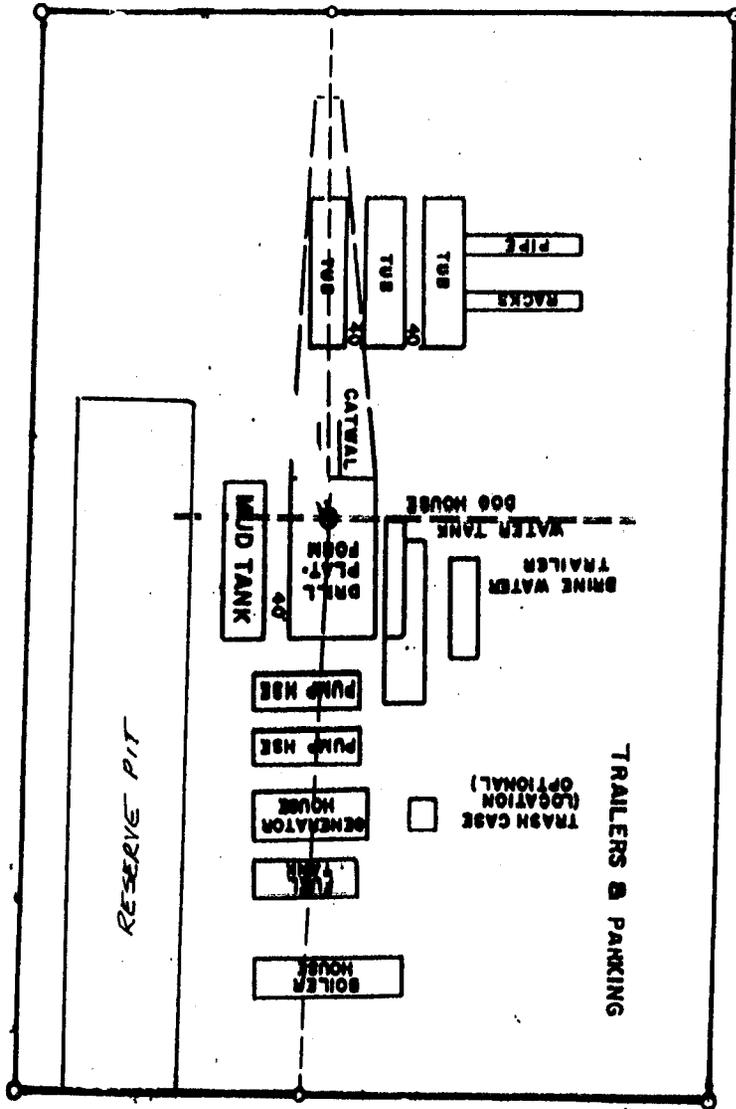


B.M.G. #9

SURVEYED	3/92	
DRAWN	4/94	
CHECKED	4/94	

**ENERGY
 SURVEYS &
 ENGINEERING CORP.**

PLAT # 4
RIG LAYOUT



DA

B.M.G.#9

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 05/10/94

API NO. ASSIGNED: 43-019-31351

WELL NAME: BMG FEDERAL 9
OPERATOR: LONE MOUNTAIN PRODUCTION (N7210)

PROPOSED LOCATION:
NENE 17 - T16S - R26E
SURFACE: 1069-FNL-0885-FEL
BOTTOM: 1069-FNL-0885-FEL
GRAND COUNTY
SAN ARROYO FIELD (250)

INSPECT LOCATION BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: FED
LEASE NUMBER: U-05015-A

PROPOSED PRODUCING FORMATION: DKTA

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Federal State Fee
 (Number UT 0719)
 Potash (Y/N)
 Oil shale (Y/N)
 Water permit
 (Number _____)
 RDCC Review (Y/N)
 (Date: _____)

LOCATION AND SITING:

R649-2-3. Unit: _____
 R649-3-2. General. R649-3-2-2.
 R649-3-3. Exception.
 Drilling Unit.
 Board Cause no: 107-1
 Date: 2-11-65

COMMENTS: R649-3-2-2 - Administrative approval
predicated on conditions of Cause no. 13-6.

STIPULATIONS: ~~1. WATER PERMIT & SOURCE WILL BE SUPPLIED~~
~~BY SUNDAY MORNING PRIOR TO SPUD.~~
This well may not be completed in the
Dakota Formation as per Cause order 107-1

16.1. The division shall take action to forfeit the bond if any of the following occur:

16.1.1. The operator refuses or is unable to conduct plugging and site restoration.

16.1.2. Noncompliance as to the conditions of a permit issued by the division.

16.1.3. The operator defaults on the conditions under which the bond was accepted.

16.2. In the event forfeiture of the bond is necessary, the matter will be considered by the board.

16.3. For matters of bond forfeiture, the division shall send written notification to the parties identified in R649-3-1.15.3, in addition to the notice requirements of the board procedural rules.

16.4. After proper notice and hearing, the board may order the division to do any of the following:

16.4.1. Proceed to collect the forfeited amount as provided by applicable laws for the collection of defaulted bonds or other debts.

16.4.2. Use funds collected from bond forfeiture to complete the plugging and restoration of the well or wells to which bond coverage applies.

16.4.3. Enter into a written agreement with the operator or another party to perform plugging and restoration operations in accordance with a compliance schedule established by the division as long as such party has the ability to perform the necessary work.

16.4.4. Allow a surety to complete the plugging and restoration, if the surety can demonstrate an ability to complete the plugging and restoration.

16.4.5. Any other action the board deems reasonable and appropriate.

16.5. In the event the amount forfeited is insufficient to pay for the full cost of the plugging and restoration, the division may complete or authorize completion of plugging and restoration and may recover from the operator all costs of plugging and restoration in excess of the amount forfeited.

16.6. In the event the amount of bond forfeited was more than the amount necessary to complete plugging and restoration, the unused funds shall be returned by the division to the party from whom they were collected.

16.7. In the event the bond is forfeited and there exists any unplugged well or wells previously covered under the forfeited bond, then the operator must establish new bond coverage in accordance with these rules.

16.8. If the operator requires new bond coverage under the provisions of R649-3-1.16.7, then the division will notify the operator and specify a reasonable period, not to exceed 90 days, to establish new bond coverage.

R649-3-2. Location And Siting Of Wells.

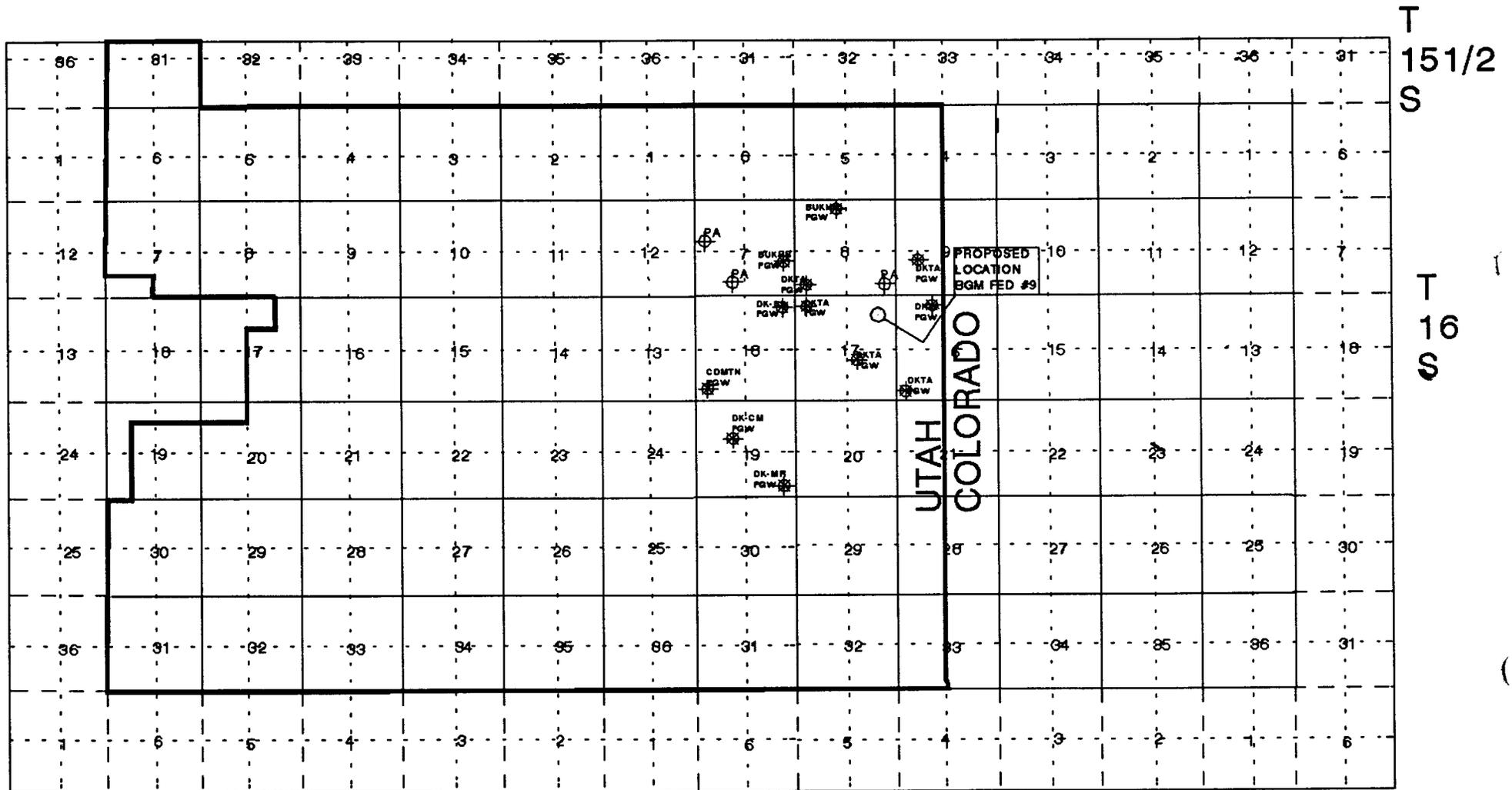
1. In the absence of special orders of the board establishing drilling units or authorizing different well density or location patterns for particular pools or parts thereof, each oil and gas well shall be located in the center of a 40 acre quarter-quarter section, or a substantially equivalent lot or tract or combination of lots or tracts as shown by the most recent governmental survey, with a tolerance of 200 feet in any direction from the center location, a "window" 400 feet square. No oil or gas well shall be drilled less than 920 feet from any other well drilling to or capable of producing oil or gas from the same pool, and no oil or gas well shall be completed in a known pool unless it is located more than 920 feet from any other well completed in and capable of producing oil or gas from the same pool.

2. The division shall have the administrative authority to determine the pattern location and siting of wells adjacent to an area for which drilling units have been established or for which a request for agency action ~~has been taken to~~ ~~the~~ establish drilling units has been filed with the board and adjacent to a unitized area, where there is sufficient evidence to indicate that the particular pool underlying the drilling unit or unitized area may extend beyond the boundary of the drilling unit or unitized area and the uniformity of location patterns is necessary to ensure orderly development of the pool.

R649-3-3. Exception to Location and Siting of Wells.

1. The division shall have the administrative authority to grant an exception to the locating and siting requirements of R649-3-2 or an order of the

SAN ARROYO



R 25 E

R 26 E

GRAND COUNTY
FIELD 250 ACTIVE

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

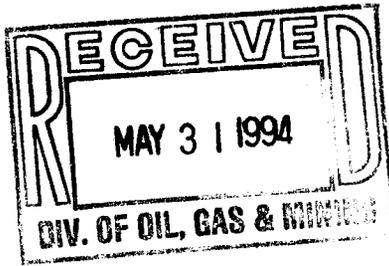
3. ADDRESS OF OPERATOR
100 N. 27TH, SUITE 450, BILLINGS, MT 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
1069' FNL 885' FEL
At proposed prod. zone
SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
25 MILES NORTHWEST OF MACK, COLORADO

15. DISTANCE FROM PROPOSED*

5. LEASE DESIGNATION AND SERIAL NO.
U-05015-A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A
7. UNIT AGREEMENT NAME
BMG
8. FARM OR LEASE NAME
FEDERAL
9. WELL NO.
9
10. FIELD AND POOL, OR WILDCAT
SAN ARROYO
11. SEC., T., E., M., OR BLK. AND SURVEY OR AREA
WENE SEC. 17-T16S-R26E
12. COUNTY OR PARISH
GRAND
13. STATE
UTAH



1. _____
2. _____
3. _____
24. SIGNED [Signature] TITLE PETROLEUM ENGINEER DATE May 2, 1994

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
/S/ WILLIAM C. STRINGER Associate District Manager MAY 26 1994

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

FLARING OR VENTING OF
GAS SUBJECT TO NTL 4-A

CONDITIONS OF APPROVAL ATTACHED

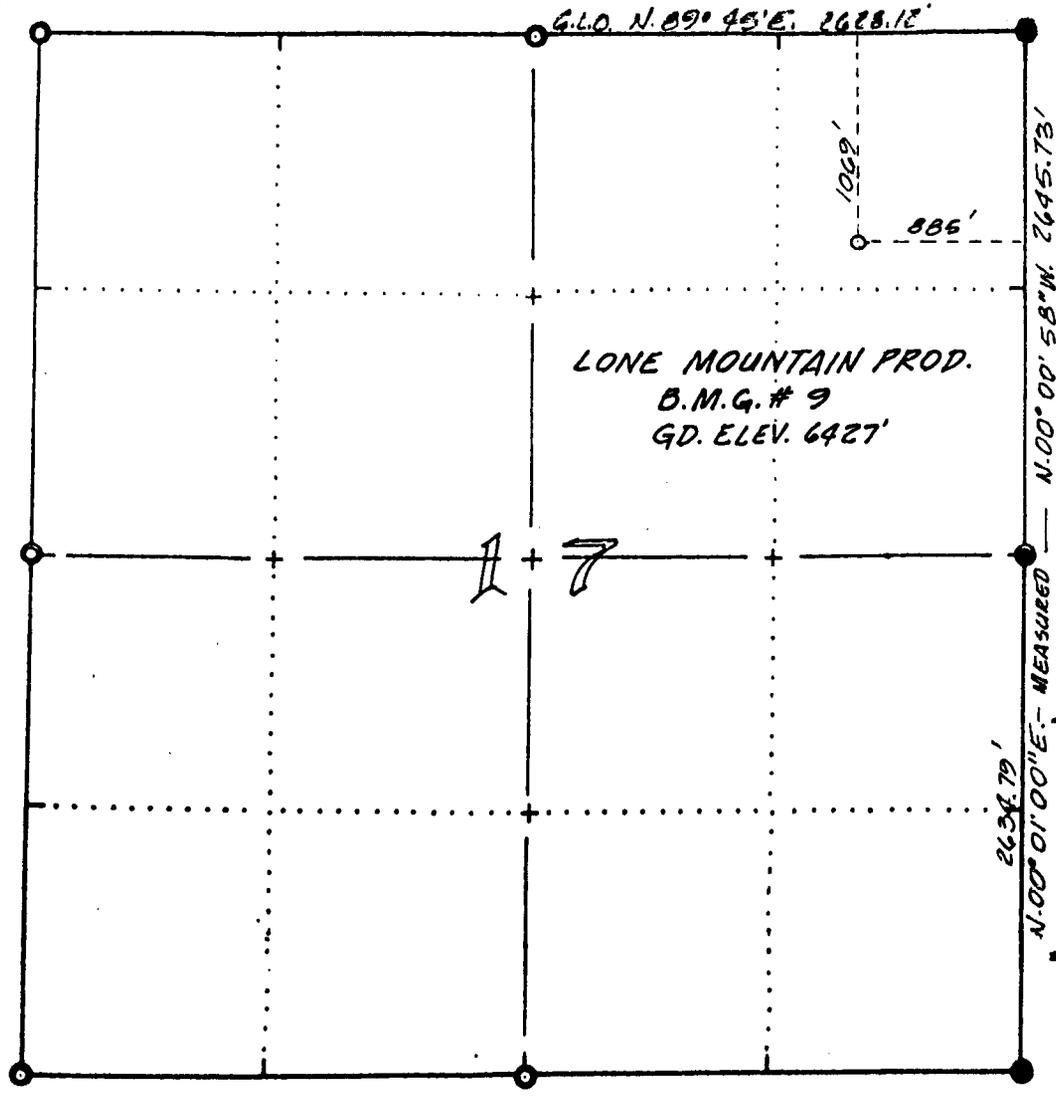
*See Instructions On Reverse Side

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.

Logan

SEC. 17, T. 16S., R. 26E. OF THE S.L.D.&M.

PLAT #1
LOCATION PLAT



LONE MOUNTAIN PROD.
B.M.G. # 9
GD. ELEV. 6427'



- LEGEND -**
- ⊙ STANDARD LOCATION OF GLO SECTION CORNERS.
 - GLO CORNERS, FOUND.
 - ⊙ WELL LOCATION STARS.

REFERENCE DOCUMENTS

1924 GLO PLAT

JIM CANYON, UTAH
QUADRANGLE, U.S.G.S.

THIS WELL LOCATION PLAT WAS PREPARED FOR: LONE MOUNTAIN PRODUCTION CO.
TO LOCATE THE B.M.G. # 9, 1069' F.N.L. @
885 F.E.L. IN THE NE 1/4 NE 1/4, OF SECTION 17, T. 16S., R. 26E.
OF THE S.L.D.&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 P.L.S. # 418909467

SURVEYED	3/94	ENERGY SURVEYS CORPORATION	581 PINES PEAK DRIVE GRAND JUNCTION, CO. 81503 (303) 249-7821	SCALE: 1" = 1000'
DRAWN	4-3-74			JOB NO.
CHECKED	4-3-94			SHEET OF

Lone Mountain Production Company
BMG Federal No. 9
Lease U-05015-A
NE/NE Section 17, T16S, R26E
Grand County, Utah

CONDITIONS OF APPROVAL

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

Be advised that Lone Mountain Production Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by UT 0719 (Principal - Lone Mountain Production Company) via surety consent as provided for in 43 CFR § 3104.2.

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

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

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

A. DRILLING PROGRAM

1. This action requires concurrent approval from the State of Utah, Division of Oil, Gas and Mining (DOG M). This location is not in a spacing "window" as defined in the Utah General Spacing Order.
2. The proposed 2M BOP system is adequate. The BOP system shall be maintained and tested in accordance with Onshore Oil and Gas Order No. 2.
3. If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

B. SURFACE USE PLAN

1. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer. Within five working days the authorized officer will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- a timeframe for the authorized officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the authorized officer are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the authorized officer will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The authorized officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the authorized officer that the required mitigation has been completed, the operator will then be allowed to resume construction.

2. The use of water from West Salt Creek (Mesa County, Colorado) has been identified as a water depletion to the Colorado River and potentially affecting the T&E fish species. The impacts from the depletion will be offset with the one-time contribution of \$12.34 per acre-foot of water to:

National Fish and Wildlife Foundation
The Bender Building
1120 Connecticut Avenue, N.W.
Washington, D.C. 20036

Payments should be accompanied by a cover letter that identifies the project and biological opinion that is requiring the payment, the amount of the payment enclosed, check number, the balance of payment still due, the name and address of the payor, the name and address of the BLM office authorizing the project, and the address of the FWS office issuing the biological opinion. This information will be used by the Foundation to notify the payor, the BLM, and FWS when payment has been received.

3. In order to protect deer winter range, no drilling will be allowed from December 1 through April 15. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the authorized officer.
4. Surface disturbance and vehicular travel will be limited to the approved location and access route. Any additional area needed will be approved in advance.
5. Cross-country traffic will be suspended during periods of wet weather to reduce soil rutting and soil compaction.
6. The access road will be rehabilitated or brought to Resource (Class III) Road Standards within sixty (60) days of dismantling the drilling rig. If upgraded, the road must be maintained at these standards until the well is properly abandoned. 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.
7. The reserve pit will be located in cut material, with at least 50% of the pit volume below original ground level.
8. To minimize the amount of fugitive dust and spray escaping from the blooie pit, the blooie line will be directed into a sloped bank of subsoil.
9. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6. When the well is abandoned, the abandonment marker must be at least four feet above restored ground level and must be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).
10. At the end of drilling operations and prior to reclamation of the reserve pit, the fourth side of the pit will be fenced and the top of the pit will be covered with netting of one inch or less to prevent access by birds.
11. In the event the well pad or road is graveled or surfaced, the material will be removed prior to recontouring the surface for rehabilitation.

12. Prior to the installation of a pipeline, a Sundry Notice and map of the pipeline route will be submitted to determine if additional cultural resource inventories would be needed. No pipeline installation will be authorized until appropriate Sundry Notices or Rights-of-way are approved by BLM.
13. No drilling or construction activities will be allowed at the BMG No. 9 Well between November 2 and April 29 to reduce potential impacts to the soils and watershed values.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the Resource Area, Natural Resource Protection Specialist at least 48 hours prior to commencing construction of location.

Spud- The spud date will be reported to the Resource Area Office 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, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the District Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First Production- Should the well be successfully completed for production, the District Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

Well Completion Report- 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 § 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the District Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the authorized officer. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the District Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the District Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

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

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the District Office 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. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Rich McClure or Jack Johnson of the Grand Resource Area in Moab, Utah, at (801) 259-8193 for the following:

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

1 day prior to spudding;

3 hours prior to testing BOPE

If the person at the above number cannot be reached, notify the Moab District Office at (801) 259-6111. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (801) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer Office: (801) 259-6111
Home: (801) 259-2214

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

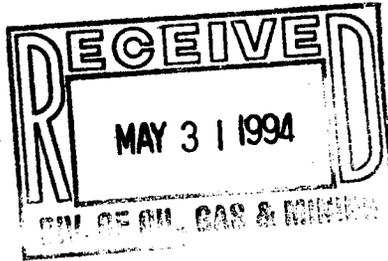
3. ADDRESS OF OPERATOR
100 N. 27TH, SUITE 450, BILLINGS, MT 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
1069' FNL 885' FEL
At proposed prod. zone
SAME

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
25 MILES NORTHWEST OF MACK, COLORADO

15. DISTANCE FROM PROPOSED*

5. LEASE DESIGNATION AND SERIAL NO.
U-05015-A
6. IF INDIAN, ALLOTTEE OR TRIBE NAME
N/A
7. UNIT AGREEMENT NAME
BMG
8. FARM OR LEASE NAME
FEDERAL
9. WELL NO.
9
10. FIELD AND POOL, OR WILDCAT
SAN ARROYO
11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
NENE SEC.17-T16S-R26E
12. COUNTY OR PARISH
GRAND
13. STATE
WYOMING



24. SIGNED [Signature] TITLE PETROLEUM ENGINEER DATE May 2, 1994

(This space for Federal or State office use)

PERMIT NO. 13-019-31351 APPROVAL DATE _____
/S/ WILLIAM C. STRINGER Associate District Manager

APPROVED BY _____ TITLE _____ DATE MAY 26 1994

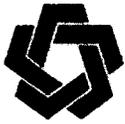
CONDITIONS OF APPROVAL, IF ANY:

FLARING OR VENTING OF
GAS SUBJECT TO NTL 4-A

CONDITIONS OF APPROVAL ATTACHED

*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.



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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

June 1, 1994

Lone Mountain Production Company
100 North 27th, Suite 450
Billings, Montana 59103

Re: Federal #9 Well, 1069' FNL, 885' FEL, NE NE, Sec. 17, T. 16 S., R. 26 E., Grand County, Utah

Gentlemen:

Pursuant to Utah Admin. R. 649-3-2-2, Location and Siting of Wells and the order issued by the Board of Oil, Gas and Mining in Cause No. 107-1 dated February 11, 1965, approval to drill the referenced well is hereby granted.

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

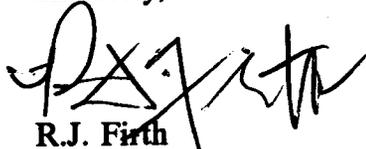
1. Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules.
2. Notification to the Division within 24 hours after drilling operations commence.
3. Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations and whenever a change in operations or interests necessitates an entity status change.
4. Submittal of the Report of Water Encountered During Drilling, Form 7.
5. Prompt notification prior to commencing operations, if necessary, to plug and abandon the well. Notify Frank R. Matthews, Petroleum Engineer, (Office) (801)538-5340, (Home) (801)476-8613, or K. Michael Hebertson, Reclamation Specialist, (Home) (801)269-9212.
6. Compliance with the requirements of Utah Admin. R. 649-3-20, Gas Flaring or Venting, if the well is completed for production.



Page 2
Lone Mountain Production Company
Federal #9 Well
June 1, 1994

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-019-31351.

Sincerely,

A handwritten signature in black ink, appearing to read 'R.J. Firth', written over a printed name.

R.J. Firth
Associate Director

ldc
Enclosures
cc: Grand County Assessor
Bureau of Land Management, Moab District Office
WOI1

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

NAME OF COMPANY: LONE MOUNTAIN PRODUCTION

WELL NAME: FEDERAL # 9

API NO. 43-019-31351

Section 17 Township 16S Range 26E County GRAND

Drilling Contractor VECO

Rig # 16

SPUDED: Date 7/8/94

Time EVENING

How ROTARY

Drilling will commence _____

Reported by JOE DYKE

Telephone # _____

Date 7/8/94 SIGNED FRM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
U-05015-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Lone Mountain Production Company

3. Address and Telephone No.

P. O. Box 3394, Billings, MT 59103 (406) 245-5077

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1069' FNL, 885' FEL, Sec 17: T16S-R26E
(NE $\frac{1}{4}$ NE $\frac{1}{4}$)

8. Well Name and No.

BMG Federal No. 9

9. API Well No.

43-019-31351

10. Field and Pool, or Exploratory Area

San Arroyo

11. County or Parish, State

Grand County, UT

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

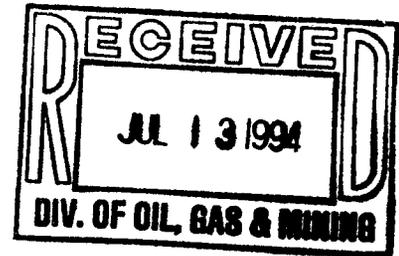
TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Notice of Spud</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

13. 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.)*

The BMG Federal No. 9 well was spud at 12:30 p.m., July 9, 1994.

Drilled 12 $\frac{1}{4}$ " hole to 167'. Set 9 5/8", 36#, J-55 casing at 160'. Cemented with 100 sacks Class G, 3% CaCl₂. Pumped 33 sacks down backside through 1" tubing.



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

Signed James Benton Title President Date July 11, 1994

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

ENTITY ACTION FORM - FORM 6

OPERATOR Lone Mountain Production Company

OPERATOR ACCT. NO. N 7210

ADDRESS P. O. Box 3394

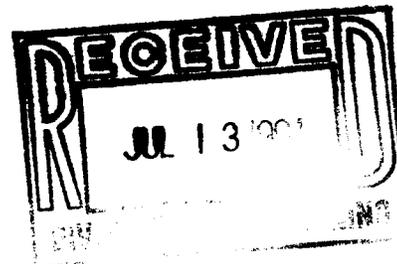
Billings, MT 59103

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					QQ	SC	TP	RG	COUNTY		
A	99999	11648	43-019-31351	BMG Federal No. 9	NENE	17	16	26	Grand	7/9/94	7/9/94
WELL 1 COMMENTS: Well was spud at 12:30 p.m., July 9, 1994											
WELL 2 COMMENTS: <i>Entity added 7-15-94. f lee</i>											
WELL 3 COMMENTS:											
WELL 4 COMMENTS:											
WELL 5 COMMENTS:											

ACTION CODES (See instructions on back of form)

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.



James R. ...
Signature
President Title
7/11/94 Date
Phone No. (406) 245-5077

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No
U-05015-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.

BMG Federal No.9

2. Name of Operator

Lone Mountain Production Company

9. API Well No.

43-019-31351

3. Address and Telephone No.

P. O. Box 3394 Billings, MT 59103 (406) 245-5077

10. Field and Pool, or Exploratory Area

San Arroyo

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1069' FNL, 885' FEL, Sec. 17: T16S-R26E
NE 1/4 NE 1/4

11. County or Parish, State

Grand County, UT

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Status Report</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

13. 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" wellbore to 1791'. Ran 7" casing to 1785' and cemented with 100 sx Cl. G + 3% CaCl.

Drilled 6 1/4" wellbore to 5245'. Ran E-logs. Log tops: Dakota Silt @ 4880' (+1562); Dakota Sand @ 4972' (+1470); Morrison @ 5154' (+1288).

Ran 4 1/2" casing to 5226' and cemented w/175 sx of 10-0 thixotropic.

Rig released @ 3:45 p.m., 7/18/94.

JUL 21 1994

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

Signed John S. Rounton Title President Date 7/19/94

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

REPORT OF WATER ENCOUNTERED DURING DRILLING - FORM 7

1. Well name and number: BMG Federal No. 9
 API number: 43-019-31351

2. Well location: QQ NENE section 17 township 16S range 26E county Grand

3. Well operator: Lone Mountain Production Company
 Address: P. O. Box 3394 phone: 406-245-5077
Billings, MT 59103

4. Drilling contractor: Veco Drilling Company, Inc. Rig #16
 Address: P. O. Box 1705 phone: 303-242-6912
Grand Junction, CO 81502

5. Water encountered (continue on reverse side if necessary)

Depth		Volume (flow rate or head)	Quality (fresh or salty)
from	to		
920	926	Damp air while drilling too small to measure.	Not determined

6. Formation tops: Dakota Silt 4880' +1562
Dakota Sand 4972' +1470
Morrison 5154' +1288

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

I certify that this report is true and complete to the best of my knowledge.

Name James G. Routson Signature James G. Routson
 Title President Date 7/18/84

Comments:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No

U-05015-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Lone Mountain Production Company

3. Address and Telephone No.

P. O. Box 3394, Billings MT 59103 (406) 245-5077

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1069' FNL, 885' FEL Sec 17: T16S-R26E
(NE $\frac{1}{4}$ NE $\frac{1}{4}$)

8. Well Name and No.

BMG Federal No. 9

9. API Well No.

43-019-31351

10. Field and Pool, or Exploratory Area

San Arroyo

11. County or Parish, State

Grand County, UT

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Lay surface pipeline</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

13. 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.)*

A surface gas line will be laid from the BMG No. 9 well to the line from the BMG No. 7 well. The line will be 2 7/8", schedule 80, welded steel pipe. Minimal surface disturbance will occur.

The line is all located in Lease No. U-05015-A. It will be laid adjacent to the existing access road. The road crossing will be coated, wrapped, and buried at least 3' deep.

The attached map shows the existing roads, lines, and proposed line. The approximate length is 1000'.

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

AUG - 8 1994

DIV. OF OIL, GAS & MINING

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

Signed James R. Porter

Title Petroleum Engineer

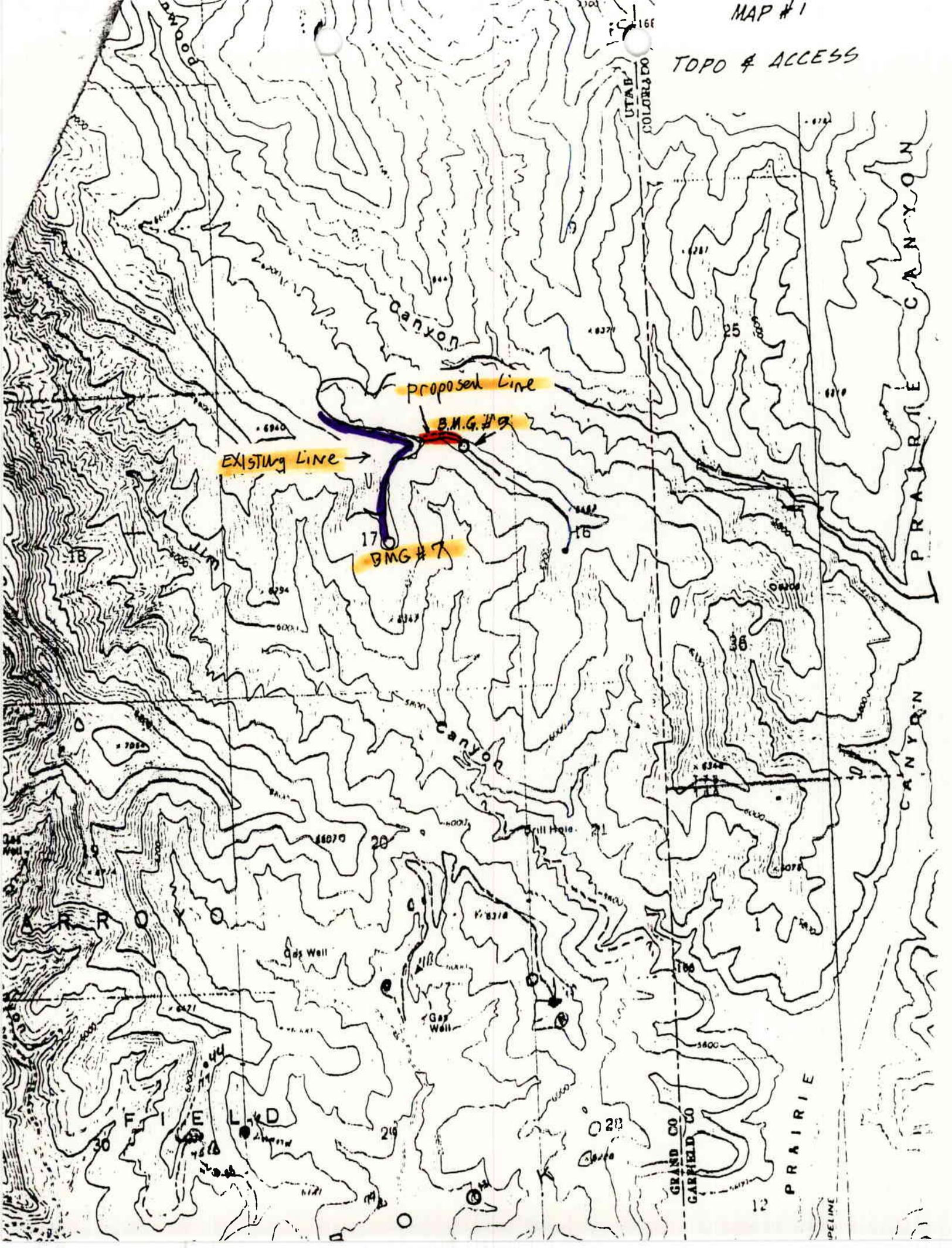
Date 8/5/94

(This space for Federal or State office use)

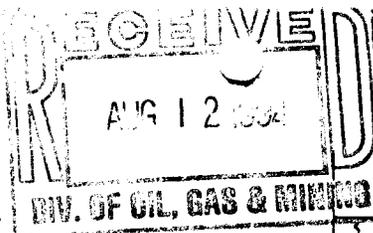
Approved by _____
Conditions of approval, if any:

Title _____

Date _____



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



FORM APPROVED
Budget Bureau No 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Lone Mountain Production Company

3. Address and Telephone No.

P. O. Box 3394, Billings, MT 59103-3394

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1069'FNL, 885' FEL Sec. 17: T16S-R26E
(NENE)

5. Lease Designation and Serial No

U-05015-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

BMG Federal No. 9

9. API Well No.

43-019-31351

10. Field and Pool, or Exploratory Area

San Arroyo

11. County or Parish, State

Grand County, UT

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Completion</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

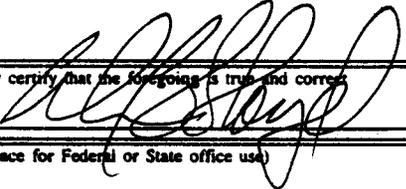
13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Lone Mountain Production Company intends to complete the BMG Federal No. 9 as per the attached completion procedure.

We hope to commence operations on or about August 19, 1994.

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

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

Signed  Title Petroleum Engineer Date 8-9-94

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

BMG FEDERAL NO. 9

COMPLETION PROCEDURE

4½", 10.5#, J-55 casing
@ 5226', float @ 5180'
cemented with 175 sx.

- 1: Rig up mast truck and wireline truck. Run GR-CBL-VDL logs PBTD to cement top. Rig down wireline truck.
- 2: MIRU service rig. Nipple up tubing head, frac spool, & BOP's. Run 2 3/8" tbg, 4½" casing scraper, 3 3/4" bit to PBTD. Circulate well clean. Pressure test casing, tbg head & BOP's to 4000 psi. Drop standing valve, test tubing to 7000 psi. Swab well dry, COH with tubing.
- 3: Rig up wireline truck, perforate the Dakota with one .31" diameter hole at each of the following depths: 5047', 5060', 5066', 5073', 5075', 5116', 5120', 5132', 5134', 5144', 10 holes total. Rig down wireline truck.
- 4: TIH with 4½" packer. Set @ ± 5020'. Acidize all perforations with 600 gallons 15% MSR and 25 ball sealers. Displace with 21 bbls 4% KCl water.
- 5: Swab back load. Lower packer to ± 5150' to knock balls off perforations. Swab well dry, COH with packer.
- 6: Run tbg with SN on bottom to ± 4800'. Land with blast jt. and N-80 pup jt. in top of string. Rig up frac company, triple entry foam frac the Dakota with 20,000# 100 mesh sand, 80,000# 20-40 sand in 80,000 gallons foam. Frac @ 30-32 BPM total rate.
- 7: Open well to flow back after frac. Displace annulus with nitrogen. Flow to cleanup overnight.
- 8: Test well. Lay down blast jt. and N-80 pup jt. Reverse out sand fill to PBTD with well gas. Flange up with SN @ ± 5150. Rig down service rig. Flow well to clean up and test.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN DUPLICATE

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

LEASE DESIGNATION AND SERIAL NO.

U-05015-A
IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND GAS CHINING

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

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

2. NAME OF OPERATOR
LONE MOUNTAIN PRODUCTION COMPANY

3. ADDRESS OF OPERATOR
P.O. BOX 3394 BILLINGS, MT 59103

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface **1069'FNL, 885'FEL**
At top prod. interval reported below **SAME**
At total depth **SAME**

14. PERMIT NO. **43-019-31351** DATE ISSUED **6-1-94**

12. COUNTY OR PARISH **GRAND** 13. STATE **UTAH**

7. UNIT AGREEMENT NAME _____
8. FARM OR LEASE NAME _____
9. WELL NO. _____
10. FIELD AND POOL, OR WILDCAT
BM/G FED. NO. 9
SAN ARROYO
11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
SEC. 17: T16S-R26E

15. DATE SPUNDED **7-9-94** 16. DATE T.D. REACHED **7-16-94** 17. DATE COMPL. (Ready to prod.) **8-26-94** 18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* **6442' KB** 19. ELEV. CASINGHEAD **6427'**

20. TOTAL DEPTH, MD & TVD **5235'** 21. PLUG, BACK T.D., MD & TVD **5180'** 22. IF MULTIPLE COMPL., HOW MANY* _____ 23. INTERVALS DRILLED BY _____ ROTARY TOOLS **YES** CABLE TOOLS _____

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
5047'-5144' DAKOTA

25. WAS DIRECTIONAL SURVEY MADE
NO

26. TYPE ELECTRIC AND OTHER LOGS RUN
FDC/CNL/GR DIL/GR CBL/GR 1-20-94

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#	160'	12 1/4"	100sk CL.G + 3% CACL	---
7"	23#	1785'	8 3/4"	100sk CL.G + 3% CACL	---
4 1/2 "	10.5#	5226'	6 1/4"	175 sk 10-0	---

29. LINER RECORD

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

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)
5047', 5060', 5066', 5073', 5075', 5116'
5120', 5132', 5134', 5144'
0.31', 10 SHOTS

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

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
5047'-5144'	1533 BBLS N₂FOAM, 65,797#20/40

33.* PRODUCTION

DATE FIRST PRODUCTION **9-1-94** PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump) **FLOWING** WELL STATUS (Producing or shut-in) **SI-NOPL**

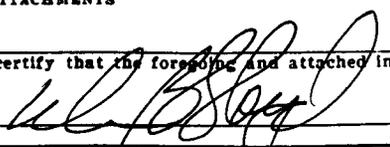
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
9-1-94	24	1/2"	→		1210		

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)
182	335	→		1210		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) **VENTED** TEST 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  TITLE **PETROLEUM ENGINEER** DATE **9-6-94**

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

43019-31351

LONE MOUNTAIN PRODUCTION COMPANY

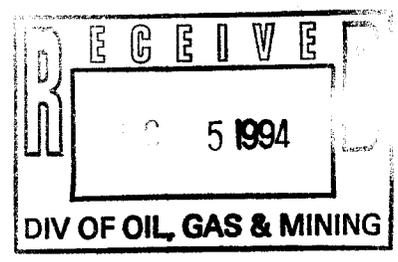
Mailing Address:
P.O. Box 3394
Billings, MT 59103-3394

(406) 245-5077
FAX 248-6321

Shipping Address:
100 North 27th Street
Suite 450
Billings, MT 59101

November 29, 1994

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180
Attn: Mr. Frank Matthews



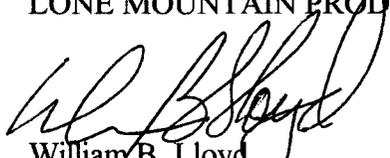
RE: SUNDRY NOTICE
Notice of First Production
BMG Federal No. 9
NWNE Sec. 17, T16S-R26E
Grand County, Utah

Dear Frank,

Enclosed please find in duplicate a Sundry Notice for the referenced well indicating notice of first production. If you have any questions, please call.

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY


William B. Lloyd
Petroleum Engineer

Enclosure
cc: Joe Dyk

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1054-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. U-05015-A
2. Name of Operator Lone Mountain Production Company	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P. O. Box 3394, Billings, MT 59103-3394	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1069' FNL & 885' FEL Sec. 17: T16S-R26E	8. Well Name and No. BMG FED. NO. 9
	9. API Well No. 43-019-31351
	10. Field and Pool, or Exploratory Area San Arroyo
	11. County or Parish, State GRAND COUNTY, UT

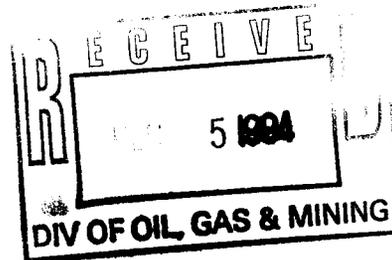
12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>FIRST PRODUCTION</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

13. 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.)*

This sundry notice serves as notification that the BMG Federal No. 9 was turned to production on 11/3/94 at 10:30 a.m.. SICP was 540 psi and SITP was 540 psi. Initial rate was 200 mcf/d.



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

Signed [Signature] Title Petroleum Engineer Date 11-29-94

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any: _____