

Utah

THE CRESCENT EAGLE OIL CO.
SE 1/4 SW 1/4 Sec. 4, T. 22 S., R. 19 E.,
Grand County, Utah

Extracted from pg. 161-163
of the USGS Bulletin 863

Log of Crescent Eagle Oil Co's well

	<u>Feet</u>
Surface wash	54
Mancos shale:	
Blue shale; sulphur water at 200 feet	200
Gray-blue shale	260
Dark-blue shale	325
Hard gray lime	327
Blue lime shale	329
Hard blue-gray lime	350
Blue to brown shale	417
Blue lime shale	420
Blue shale; salt water at 487 feet	487
Dark-gray sandy shale; showing of gas	500
Black shale; particles of calcite	533
Gray to black lime shale	545
Black shale; salt water at 570 feet	570
Blue to gray sandy lime shale	582
Light-gray to brown sandy shale	585
Drab sandy lime	595
Bluish-gray sandy shale	600
Hard gray lime	645
Hard black lime or lime shale	674
Dark-gray lime, shale; some clayish material resembling bentonite	757
Light-gray lime shale with clayish material	760
Black lime shale	780
Black sandy shale; showing of oil and gas	787
Blue to black shale	818
Black lime shale; salt water; gas and oil colors	824
Light-gray shale; showing of oil and gas	869
Dark-gray lime shale; showing of oil and gas	874
Light-gray sandy lime	888
Hard sandstone; showing of oil	890
Sandy lime, very hard; showing of oil	900
Gray sandy shale; showing of oil	903
Light-gray shale	1142
Black lime, showing good gas conditions	1147
Light-gray shale	1177
Dark-blue shale	1217
Gray lime shale	1250
Gray shale	1395
Drab shale with varying lime content	1630
Light-gray lime shale; oil and gas	1670
Blue shale	1690
Light-gray shale	1755
Blue shale	1808

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN		5. Lease Designation and Serial Number: Utah ML #49306 O&G	
1A. Type of Work: DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		6. If Indian, Alottee or Tribe Name: N/A	
8. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER: SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. Unit Agreement Name: N/A	
2. Name of Operator: Steve Kosanke		8. Farm or Lease Name: N/A	
3. Address and Telephone Number: Box 193 , La Sal, Utah 84530, 435-686-2367		9. Well Number: LILY ANN #1	
4. Location of Well (Footages) NE$\frac{1}{4}$NW$\frac{1}{4}$ Sec32, T21S, R19E At Surface: 3581.67' FEL, 581.12' FNL At Proposed Producing Zone:		10. Field and Pool, or Wildcat: Wildcat	
11. City/Co., Section, Township, Range, Meridian: NE$\frac{1}{4}$NW$\frac{1}{4}$ Sec 32, T21S, R19E, SLBM		12. County: Grand	
14. Distance in miles and direction from nearest town or post office: Green River, Utah is 20 miles West		13. State: UTAH	
15. Distance to nearest property or lease line (feet): 581.12 North	16. Number of acres in lease: 160	17. Number of acres assigned to this well: 40	
18. Distance to nearest well, drilling, completed, or applied for, on this lease (feet): N/A	19. Proposed Depth: 2,600'	20. Rotary or cable tools: Rotary	
21. Elevations (show whether DF, RT, GR, etc.): 4595.28 GR		22. Approximate date work will start: April 10, 1988	

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
See attached Exhibits for details				CONFIDENTIAL

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

Operator proposes to drill this well in accordance with the attached exhibits

Questions about this APD should be addressed to: Steve Kosanke
Box 193
La Sal, Utah 84530
Ph: 435-686-2367

Confidential

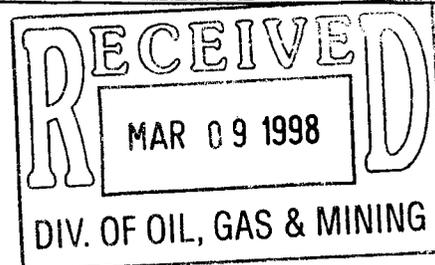
CONFIDENTIAL

24. Name & Signature: *Steve Kosanke* Title: *Operator* Date: *3/9/98*

(This space for State use only)

API Number Assigned: *43-019-31367*

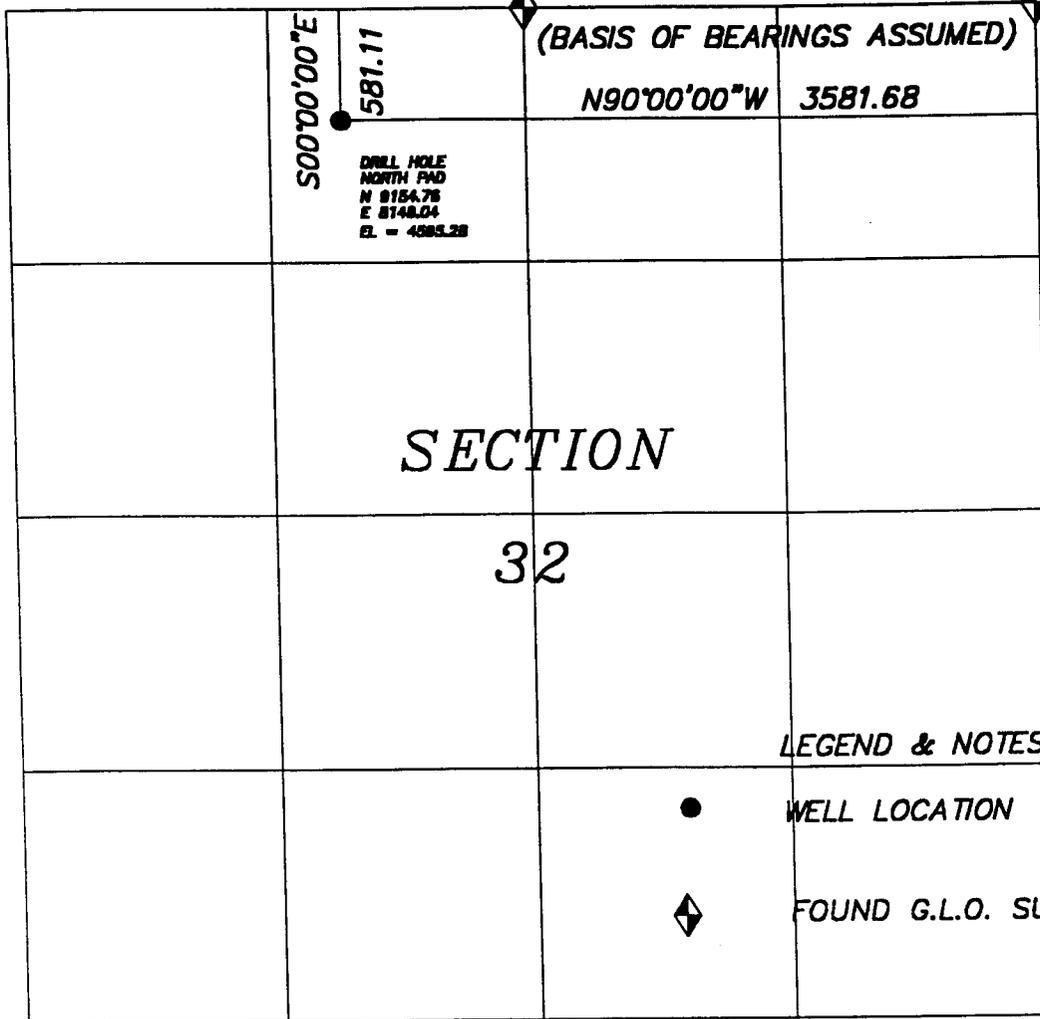
Approval:



N1/4 CORNER N 9735.88
 SECTION 32 E 8097.57
 T21S, R19E EL. = 4601.49
 SLBM

N90°00'00"E 2633.14

NE CORNER
 SECTION 32
 T21S, R19E
 SLBM
 N 9735.88
 E 11730.71



DRILL HOLE
 NORTH PAD
 N 8154.75
 E 8148.04
 EL. = 4885.28

LEGEND & NOTES

● WELL LOCATION

◆ FOUND G.L.O. SURVEY MARKER

THIS PLAT WAS PREPARED TO SHOW THE LOCATION
 OF THE PROPOSED DRILL HOLE FOR PERMIT APPLICATION

CERTIFICATION

I, DAVID M. MORRIS, CERTIFY THAT THIS PLAT IS PREPARED FROM FIELD
 NOTES OF A SURVEY MADE UNDER MY SUPERVISION IN MARCH 1998.

David Max Morris 3/3/98

UTAH REG. PROF. LAND SURVEYOR L.S. 329172



DRILL HOLE LOCATION

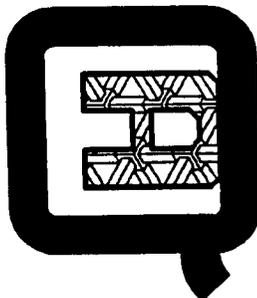
LILY ANN NO. 1

SITUATED IN THE NE1/4 NW1/4 SECTION 32, T21S, R19E, SL&BM

FOR: KOSANKE

SCALE: 1 IN = 1000 FT

DATE: 3/2/98



Q.E.D.
 SURVEYING
 SYSTEMS Inc.
 1018 COLO. AVE.
 GRAND JUNCTION
 COLORADO 81501
 464-7568
 241-2370

SURVEYED BY: SB EG

DRAWN BY: MEM

ACAD ID: KOSANKE

SHEET NO. VIEW 3

FILE: 98055.1

Lease owned by Tom lsley
Steve Kosanke

Operator: Steve Kosanke

Lil' on Wildcat #1
NE $\frac{1}{4}$ Sec32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

EXHIBITS

1. PROPOSED DRILLING PROGRAM 5 PAGES
2. SURFACE USE PROGRAM 4 PAGES
3. ACCESS MAP 1 PAGE
4. WATER SOURCE MAP 1 PAGE
5. BOP SCHEMATIC 2 PAGES
6. SURVEY PLATS 3 PAGES
7. DRILL RIG LAYOUT 1 PAGE
8. ARCHAEOLOGICAL REPORT 6 PAGES

Lease owned by Tom Balsley
Steve Kosanke
Utah ML #47306 O&G
Operator: Steve Kosanke

LilyAnn Wildcat #1
NE $\frac{1}{4}$ NW Sec32, T21S,R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

PROPOSED DRILLING PROGRAM

1. SURFACE FORMATION

Mancos Shale

2. ESTIMATED DEPTH TO GEOLOGICAL FORMATIONS TO BE PENETRATED

Formation	Estimated Depth
Mancos Shale	Surface-1,800'
Ferron Sand	1,800-1,850'
Tununk Shale	1,850-2,300'
Dakota Sand	2,300-2,380'
Cedar Mountain TD	2,300-2,500'

3. ESTIMATED DRILLING DEPTH TO OIL & GAS POTENTIAL

The target formation for this wildcat drilling is the Dakota Sandstone which should be located at 2,300'. The Mancos can contain isolated pockets of gas in fractured portions. Natural gas could be encountered in the Ferron but the intended target is the Dakota. Water is not expected to be found below 100' so casing will be set to 150'.

4. CASING PROGRAM

- 0-150' of 7", 20#, K-55 used pipe will be cemented back to surface with clean returns. Class G cement will be used with 2% CaCl₂, wgt. 14.8 PPG, yield 1.29 CuFt/sack. Water required 7.80 gal/sk.
- 4 $\frac{1}{2}$ ", J-55, 9.5# with LT&C collars set at TD with Premium Plus thixotropic. Weight 14.2 PPG, yield 1.59 CuFt/sk. Water needed is 7.8 gal/sk.
- All casing strings will be tested to .22 psi/ft of casing string lengths or 1,500 psi whichever is greater (not to exceed 70% of yield).
- It is anticipated that all casing will be used and, pressure tested before running.

5. PRESSURE CONTROL

- This well will be drilled using a double ram BOP and a

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Utah ML #47306
Operator: Steve Kosanke

LilyAnn Wildcat #1
NE 1/4 Sec32, T21S, R19E
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rotating head (see exhibits) The BOP will be installed after setting and cementing 150 of 7" casing. The BOP double ram unit will be tested to 1,500 psi when initially installed, whenever any seal subject to test pressure is broken, and following all related repairs. An upper Kelly cock will be used while drilling this well.

6. DRILLING FLUIDS

This well will be drilled from surface to TD with air. Mud and other materials of sufficient quantity will be at the site to aid in well control if needed.

7. ADDITIONAL ON SITE EQUIPMENT

A primary air compressor will be located 100' south of the rig. Drill string safety valves will be available on the rig floor and a float valve will be run above the bit. A mist pump will be used when necessary and a piolet light will be on the blooie line. Steel tanks will be on-site in case drill fluids are needed or encountered.

8. ABNORMAL CONDITIONS OR HAZARDS

- a. Expected bottom hole temperature is 85° F.
- b. No abnormal pressures or temperatures have been noted or reported in wells drilled to this depth in this area.
- c. No dangerous levels of hydrogen sulfide, hazardous gases or fluids have been found, reported or known to exist in wells drilled to this depth in this area.

9. TESTING AND LOGGING

- a. Coring - none
- b. Drill stem testing - none
- c. Logging - Natural Gamma, Resistivity, SP.

Lease owned by Tom Wilsley
Steve Kosanke
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Operator: Steve Kosanke

LilyAnn Wildcat #1
NE $\frac{1}{4}$ Sec32, T21S, R19E
Grand County, Utah 1
ML #47306 - Oil, Gas, Hydrocarbons

10. BLOOIE PIT

A blooie pit 10' x 10' x 6' will be constructed 100' north of the rig and anchored securely with steel posts. The top six inches of growth medium will be stockpile to the east of the pit.

11. STARTING DATE AND TIME TO COMPLETION

- a. Drilling should commence on this hole by mid-April.
- b. Five to seven days will required to set casing, TD hole, and log this well.
- c. If this well is successful, a sundry notice will be filed with the exact location of all installed equipment and all materials used for installation.
- d. If this well is unproductive, a sundry notice will be filed with the state requesting abandonment.

12. PROPOSED COMPLETION PLAN

- a. The well will be drilled with a Larkin well head on the 7" casing and the BOP on the Larkin Head.
- b. If the well is a producer, plan to nipple off of the Larkin head and run 4 $\frac{1}{2}$ " production casing.
- c. Complete well as open hole completion.

13. SURFACE AND MINERAL OWNERSHIP

- a. The lease (ML # 47306) and the 160 acres it covers are owned by the State of Utah. The state owns the minerals.
- b. A portion of the access road (800'+) is on federal lands.

Lease owned by Tom Palsley
Steve Kosanke
Utah ML#47305
Operator: Steve Kosanke

LilyAnn Wildcat #1
NE 1/4 Sec 32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

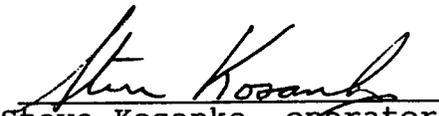
14. LESSEE OR OPERATORS REPRESENTATIVE AND CERTIFICATION

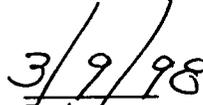
Tom Balsley
201 East 1st North
Moab, Utah 84532

or

Steve Kosanke
Box 193
La Sal, Utah 84530

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site 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 myself and/or our contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.


Steve Kosanke, operator


Date

Lease owned by Tom F. Wesley
Steve Kosanke
Utah ML # 47305
Operator: Steve Kosanke

Lily Ann Wildcat #1
NE 1/4 Sec 32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

15. OTHER INFORMATION

- a. See attached report by Montgomery Archeological Consultants
- b. Threatened or endangered species--none
- c. Wildlife seasonal restrictions - none.
- d. Off location geophysical testing - none
- e. Application for road right-of-way and trespass ,UTU-75368,
has been filed at the Moab, Utah B.L.M. offices.
- f. Permission to use county road #223 has been granted.

DESIGNATION OF AGENT OR OPERATOR

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

LEASE NAME: Tom Balsley

LEASE NUMBER: Utah ML # 47306 Oil and Gas and Hydrocarbon

and hereby designates

NAME: Steve Kosanke

ADDRESS: Box 193 La Sal, Utah 84530

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

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

N $\frac{1}{4}$ N $\frac{1}{4}$ Sec 32, T21S, R19E, SLBM, Grand county, Utah
Coontaing 160 acres
There are no other wells in this section or with two miles.

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

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

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

Effective Date of Designation: 3-9-98

BY: (Name) TOM BALSLEY

OF: (Company) _____

(Signature) Tom Balsley

(Address) _____

(Title) _____

(Phone) 801-259-5408

Lease owned by Tom Walsley
Steve Kosanke
Utah ML # 47306
Operator: Steve Kosanke

Lil' n Wildcat #1
NE 1/4 Sec32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

SURFACE USE PROGRAM

1. EXISTING ROADS

- a. Proposed wellsite is shown on Access Route Map.
- b. To visit wellsite go to Crescent Junction then go right (east) to first graveled road to left (north) which is county road #223. Travel north on county road for 1.9 miles and turn left on trail at stock pens continuing to bear to left (SW) to end of trail.
- c. There are no plans to improve existing road.

2. ACCESS ROADS

- IN 21-10-85 CHA WALSLEY*
- a. A access trail must be built across federal lands for approximately .2 of a mile.
 - b. Additional access road (approximately .4 mile) must be built across state land in Section32.
 - c. There are no plans to improve the existing road or trails as this well will be drilled with a truck mounted rig.

3. LOCATION OF EXISTING WELLS (within one mile radius)

- a. Water wells - none
- b. Abandoned wells - none
- c. Temporarily abandoned wells - none
- d. Disposal wells - none
- e. Drilling wells - none
- f. Producing wells - none
- g. Shut in wells - none
- h. Injection wells - none
- i. Monitoring or observation wells for other resources - none

Lease owned by Tom Palsley
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Utah ML #47306
Operator: Steve Kosanke

LilyAnn Wildcat #1
NE $\frac{1}{4}$ Sec32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

4. PROPOSED PRODUCTION FACILITIES

Upon successful completion of this well, a sundry notice and plat showing the exact location of production facilities will be submitted. A dike will be constructed around said facilities which contain fluids (ie. production tanks, any produced water tanks that may be needed, and any treater. These dikes will be constructed of compacted material, hold 100% of the capacity of the largest tank, and be independent of any back cut. All facilities shall be painted a desert brown except those required to be another color for safety.

5. LOCATION AND TYPE OF WATER SUPPLY

- a. This well will be air drilled and will not require water while drilling.
- b. Water will be hauled to the wellsite for safety use and dust control from a private source.
- c. Water used will be purchased from Thompson Springs water supply the location of which is shown on the water map.

6. MATERIALS FOR ROAD AND LOCATION CONSTRUCTION

- a. Any construction materials which are required shall be from the location or access road.
- b. All construction materials for this location site and access road shall be borrowed material accumulated during the construction of the site and road and if more material is needed, it will be from an approved source.
- c. Precaution will be taken to protect all lands involved.

7. METHODS FOR HANDLING WASTE MATERIALS AND DISPOSAL

- a. Cuttings will be disposed in a 10' x 10' x 6' blooie pit located 100' north west of the hole. The pit will be dug with the growth medium to the east side and the pit cut set to the north.
- b. Dust will be controlled with water introduced into the blooie line.

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LilyAnn Wildcat #1
NE $\frac{1}{4}$ Sec32, T21S, R19E
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ML #47306 - Oil, Gas, Hydrocarbons

- c. No water disposal should be required. If it is required, it will be done according to state regulations.
- d. Sewage: Drilling operations will be conducted during daylight hours only and a proper facility shall be provided.
- e. Garbage and trash will be collected and contained in proper trash containers which shall be disposed in the county dump as needed.

8. ANCILLARY FACILITIES

None

9. WELLSITE LAYOUT

- a. Location of rig, pits, and other necessary equipment are shown on attached Layout Map.
- b. Access to wellsite will be from a point approximately 1,600' to the East.
- c. The reserve pit if needed will be located on the west side of the site.
- d. The blooie pit will be 100' northwest of the well.
- e. The end of the blooie line will be angled downward to divert cuttings and dust into the pit. Material removed from the construction of the pit will be a buffer fill on the north side of the pit. Water will only be injected to control dust.
- f. Pits will be fenced to minimum standards.

WELL SITE
CHANGED
SHIP NORTH

10. SURFACE RECLAMATION PLAN

The state will be notified of any reclamation plans for either a producing well or well abandonment.

Producing location:

- a. Upon well completion, the location and surrounding area

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Steve Kosanke
Utah ML # 47306
Operator: Steve Kosanke

LilyAnn Wildcat #1
NE $\frac{1}{4}$ Sec32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

- b. Upon well completions any hydrocarbons in the pits will be removed.
- c. The reserve pit and that portion of the location not for production facilities will be recontoured as per state requirement.

Dry hole:

- a. If well is non productive, it will be plugged and abandoned.
- b. The wellsite will be recontoured and the topsoil shall be spread evenly over the site. The access road shall be treated in a similar manner.

11. OTHER INFORMATION

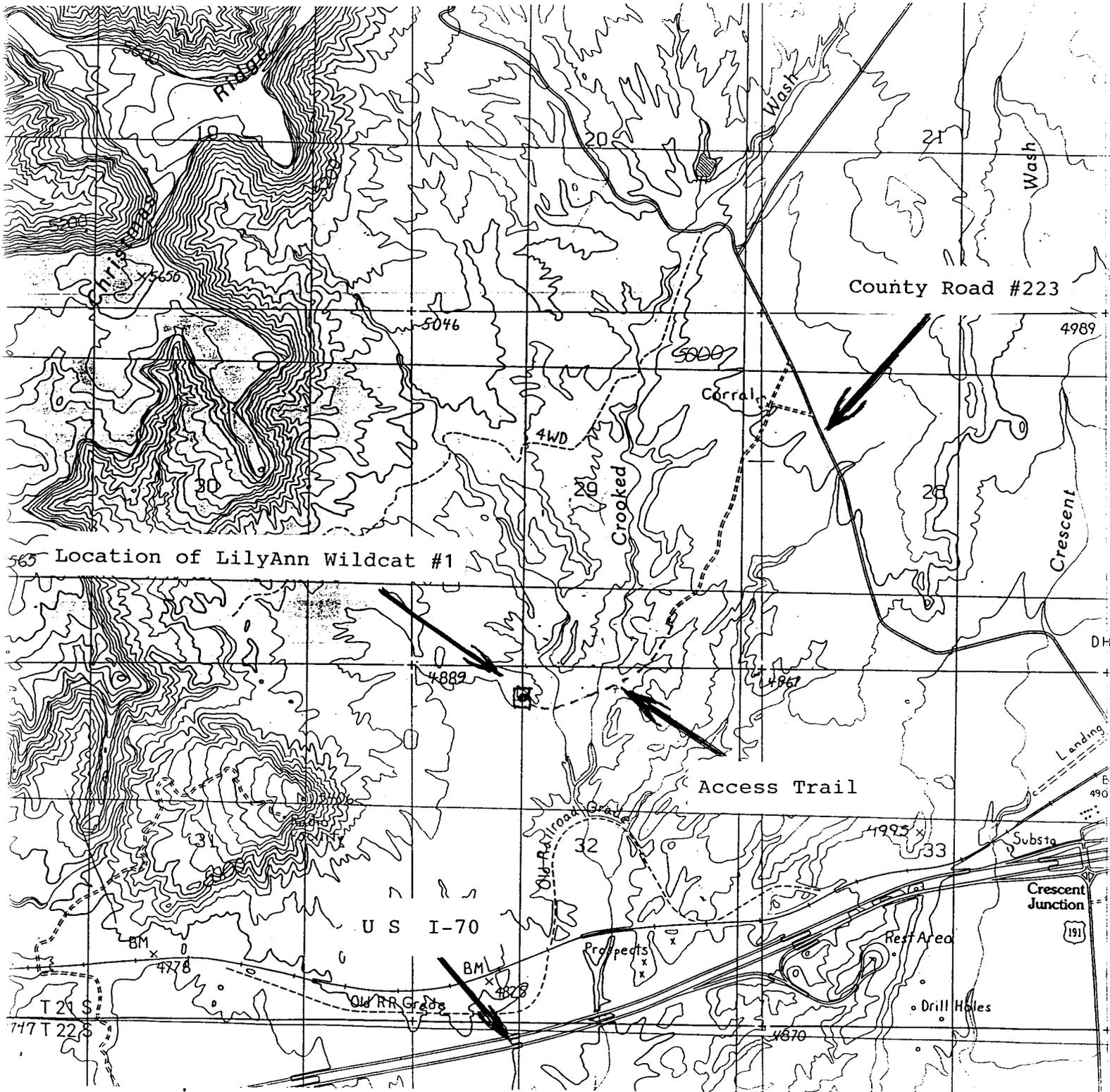
- a. Operator will have a copy of the Surface Use Program and supplemental conditions on site.
- b. Drilling will be carried out in accordance with state conditions of approval when received.
- c. All surface disturbance and reclamation will be done in accordance with state laws governing such.

Lease owned by Tom Welsley
Steve Kosanke

Operator: Steve Kosanke

LilyAnn Wildcat #1
NE $\frac{1}{4}$ N. 4 Sec32, T21S, R19E
Grand County, Utah
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ACCESS MAP

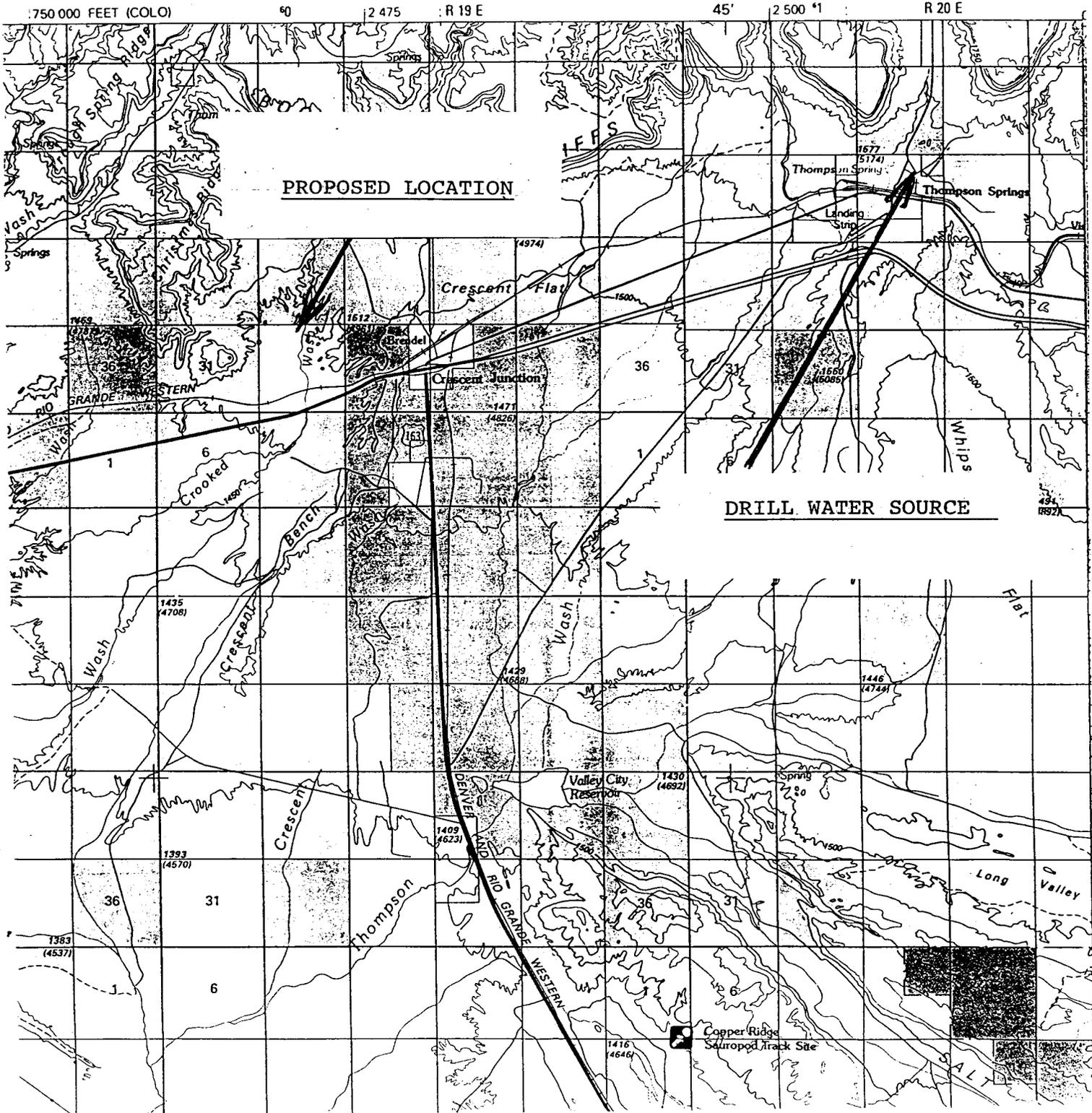


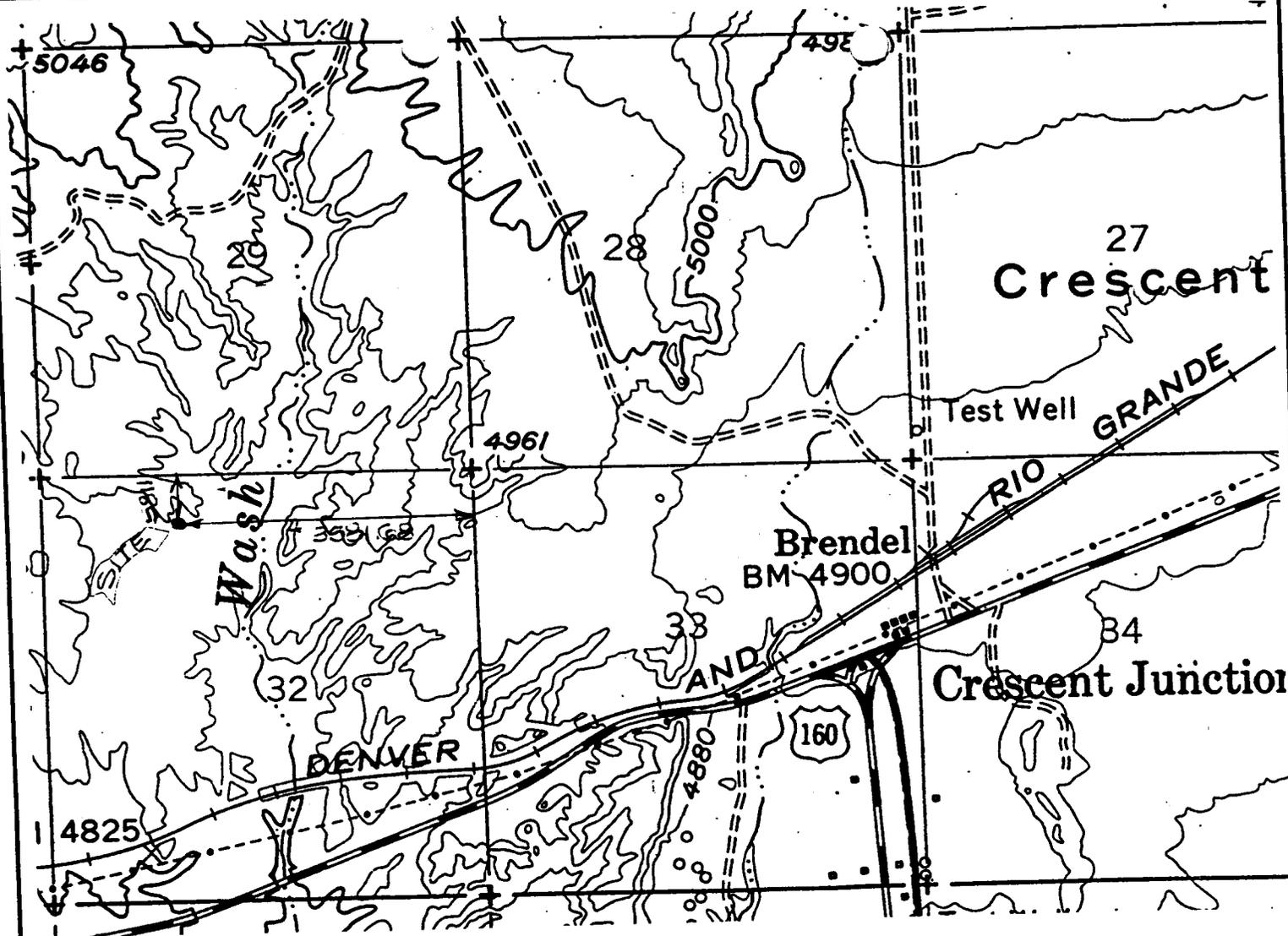
Scale 1' = 2,000'

Lease owned by Tom Palsley
Ste Kosanke
Utah ML # 47306
Operator: Steve Kosanke

LilyAnn Wildcat #1
NE: 1/4 Sec32, T21S,R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

WATER SOURCE





THIS PLAT WAS PREPARED TO SHOW THE LOCATION OF THE PROPOSED DRILL HOLE FOR PERMIT APPLICATION

CERTIFICATION

I, DAVID M. MORRIS, CERTIFY THAT THIS PLAT IS PREPARED FROM FIELD NOTES OF A SURVEY MADE UNDER MY SUPERVISION IN MARCH 1998.

David M. Morris 3/3/98

UTAH REG. PROF. LAND SURVEYOR L.S. 329172



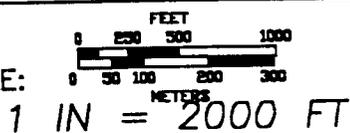
**VICINITY MAP
LILY ANN NO. 1**

SITUATED IN THE NE1/4 NW1/4 SECTION 32, T21S, R19E, SL&BM

FOR:

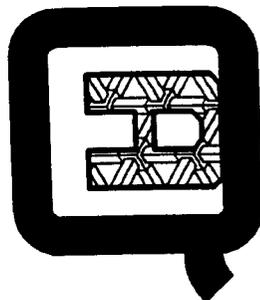
KOSANKE

SCALE:



DATE:

3/2/98



Q.E.D.
SURVEYING
SYSTEMS Inc.
1018 COLO. AVE.
GRAND JUNCTION
COLORADO 81501
464-7568
241-2370

SURVEYED BY: SB EG

DRAWN BY: MEM

ACAD ID: KOSANKE

SHEET NO. VIEW 6

FILE: 98055.1

SECTION 29

N80°00'00"E 2833.14

SECTION 32

(BASIS OF BEARINGS ASSUMED)

N89°59'56"E 150.00

N1/4 CORNER
SECTION 32
T21S, R19E
SLBM
N 9735.88
E 9097.57
EL. = 4601.49

NE CORNER
SECTION 32
T21S, R19E
SLBM
N 9735.88
E 11730.71

N 9254.77
E 8224.03

2+00.00

1+75

1+50

1+25

1+00

0+75

0+50

0+25

0+00

N00°00'04"W 200.00

S00°00'04"E 200.00

DRILL HOLE
NORTH PAD
N 8154.76
E 8149.04
EL. = 4595.28



LEGEND & NOTES

- CORNER OF PAD LOCATION
- ◆ FOUND G.L.O. SURVEY MARKER

S89°59'56"W 150.00

THIS PLAT WAS PREPARED TO SHOW THE LOCATION OF THE PROPOSED DRILL HOLE FOR PERMIT APPLICATION

CERTIFICATION

I, DAVID M. MORRIS, CERTIFY THAT THIS PLAT IS PREPARED FROM FIELD NOTES OF A SURVEY MADE UNDER MY SUPERVISION IN MARCH 1998.

David Max Morris 3/3/98

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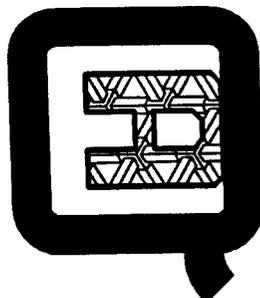
DRILL HOLE LOCATION

LILY ANN NO. 1

SITUATED IN THE NE1/4 NW1/4 SECTION 32, T21S, R19E, SL&BM

FOR:

KOSANKE



Q.E.D.
SURVEYING
SYSTEMS Inc.
1018 COLO. AVE.
GRAND JUNCTION
COLORADO 81501
464-7568
241-2370

SURVEYED BY: SB EG

DRAWN BY: MEM

ACAD ID: KOSANKE

SHEET NO. VIEW 2

FILE: 98055.1

SCALE:



1 IN = 50 FT

DATE:

3/2/98

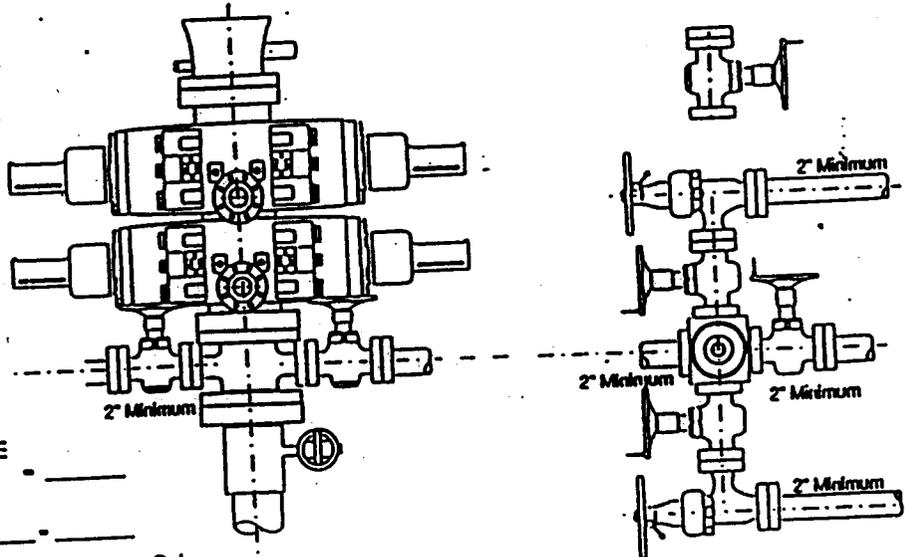
Lease owned by T Balsley
 Steve Kosanke
 Utah ML# 47306
 Operator: Steve Kosanke

Li Ann Wildcat #1
 NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec 32, T21S, R19E
 Grand County, Utah

BOP DIAGRAM

2-M SYSTEM

RAM TYPE B.O.P.
 Make:
 Size:
 Model:



GAL TO CLOSE
 Annular BOP - _____
 Ramtype BOP
 _____ Rams x _____
 _____ Gal.
 _____ x 2 = _____ Total Gal.

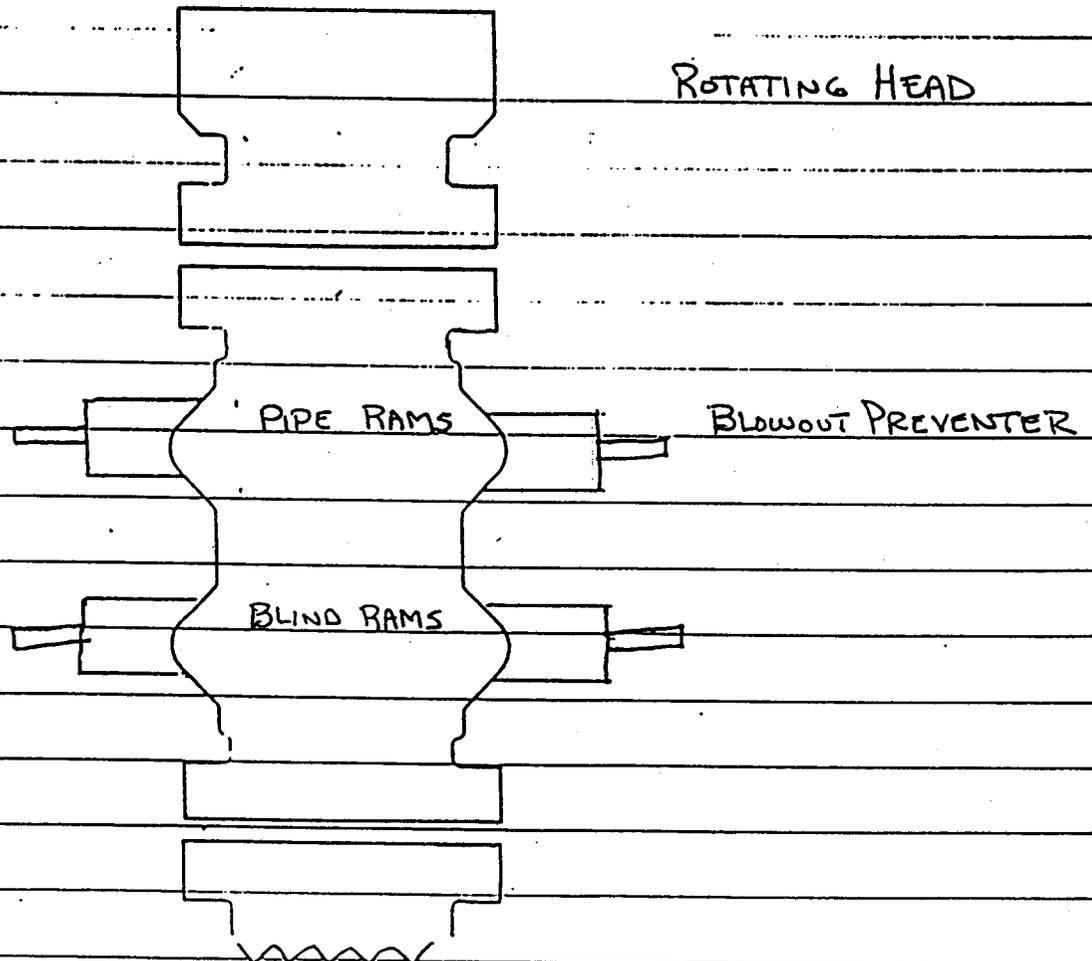
Rounding off to the next higher
 increment of 10 gal. would require
 _____ Gal. (total fluid & nitro volume)

Lease owned by Tom Balsley
Steve Kosanke
Utah ML # 47306
Operator: Steve Kosanke

L. Ann Wildcat #1
NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec 32, T21S, R19E
Grand County, Utah

TYPICAL LARSEN HEAD
ON BOP

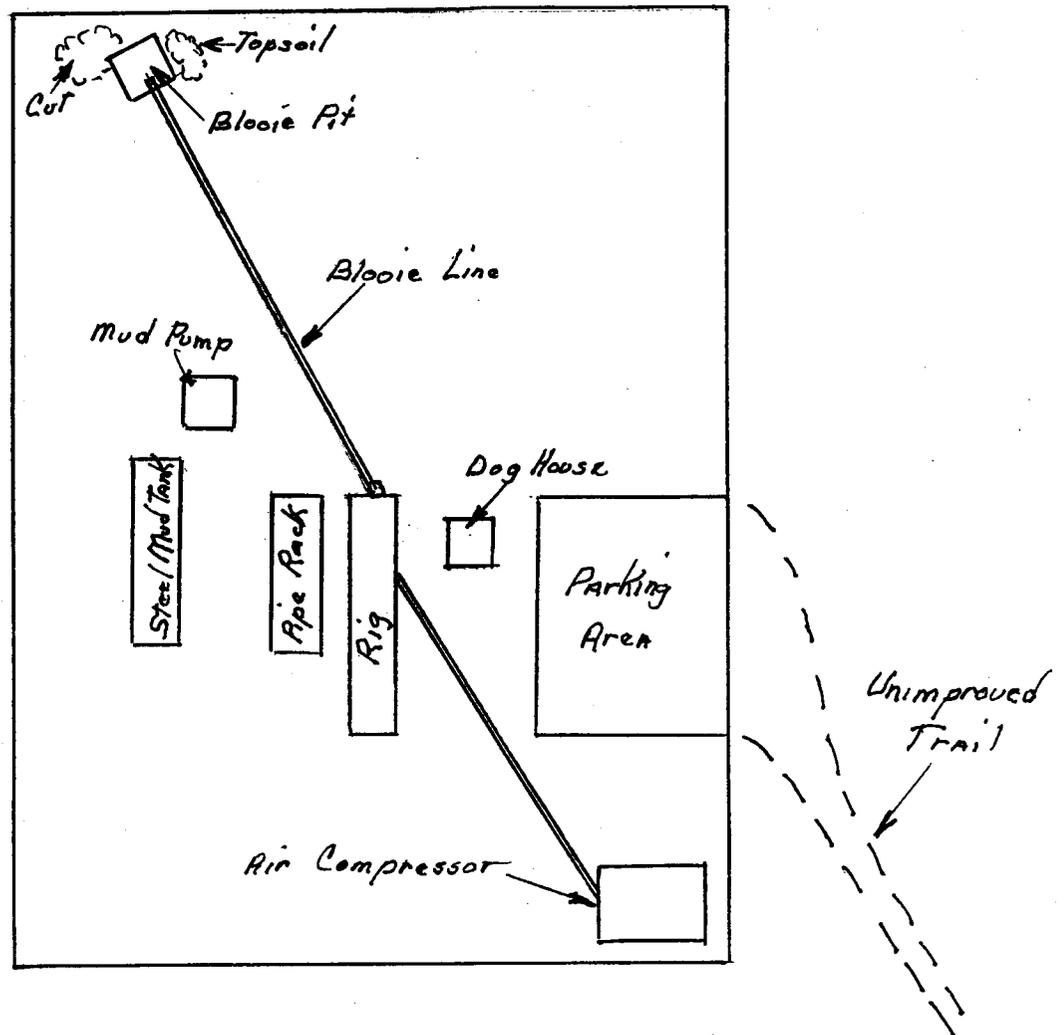
7'1163600[±]



Lease owned by Tom Isley
Steve Kosanke
Utah ML #47306
Operator: Steve Kosanke

Lil' n Wildcat #1
NE 1/4 Sec 32, T21S, R19E
Grand County, Utah
ML #47306 - Oil, Gas, Hydrocarbons

RIG LAYOUT DIAGRAM



Scale 1" = 40'

First Security Bank, N.A.

Moab Branch

Office:

Date: 03091998

Account Number: 0459992903154

Owner(s): UTAH TRUST LANDS ADMINISTRATION 456522419
FOR DRILLING BOND ON UTAH ML #47306
Remitter: Steve Kosanke

You have deposited \$ 10,000.00 into a First Security Bank MONEY MASTER CERTIFICATE-Fixed Rate

for a term of 60 MONTHS with a maturity date of 03092003 . The interest rate is 5.350% with an

annual percentage yield of 5.460%. The annual percentage yield was calculated, using the terms you requested, with the interest

compounded N/A, paid QUARTERLY, by depositing to checking/savings

Thank you for opening a Time Deposit Account with First Security Bank.

Opened by: Valerie McDonald

This is a receipt for funds you have placed on deposit with First Security Bank. It need not be presented when you wish to withdraw funds from your account. Your account is subject to the terms stated above and to the following conditions. The terms "we", "our" and "us" mean First Security Bank.

SPECIFIC ACCOUNT CONDITIONS Money Master Insured Certificate of Deposit Account - Fixed Rate

- The interest rate and annual percentage yield on this account will remain fixed until maturity.
- The term of this account may range from two (2) months to five (5) years. The specific term you have chosen is disclosed above.
- This account will automatically renew at maturity for an additional like term. A new interest rate and annual percentage yield may be assigned when the deposit renews, which will remain fixed until the next maturity date. You will have ten (10) calendar days after maturity to withdraw funds without penalty. If you choose to close the account during this ten-day grace period, you will forfeit any interest that would have otherwise been accruing since maturity at the new interest rate/annual percentage yield.
- A deposit of at least \$500 is required to open this account.
- A daily balance of at least \$500 is required to obtain the disclosed annual percentage yield. No interest will be paid on any day your account balance is less than \$500.
- Additional deposits to this account are not permitted except at maturity.

 Money Master Insured Certificate of Deposit Account - Variable Rate

- The interest rate and annual percentage yield on this account may change at any time at our discretion.
- The term of this account may range from two (2) months to five (5) years. The specific term you have chosen is disclosed above.
- This account will automatically renew at maturity for an additional like term. A new, variable interest rate and annual percentage yield may be assigned when the deposit renews. You will have ten (10) calendar days after maturity to withdraw funds without penalty. If you choose to close the account during this ten-day grace period, you will forfeit any interest that would have otherwise been accruing since maturity at the new interest rate/annual percentage yield.
- A deposit of at least \$500 is required to open this account.
- A daily balance of at least \$500 is required to obtain the disclosed annual percentage yield. No interest will be paid on any day your account balance is less than \$500.
- Additional deposits of at least \$100 may be made to this account at any time. Deposits by an automatic transfer from a First Security Bank checking or savings account may be made in any amount.

 Special Day Certificate of Deposit Account

- The interest rate and annual percentage yield on this account will remain fixed until maturity.
- The term of this account may range from fourteen (14) days to five (5) years. The specific term you have chosen is disclosed above.
- This account will not automatically renew at maturity. If you do not renew the account, your deposit will be placed in a non-interest earning account. No interest will be paid after final maturity.
- A deposit of at least \$500 is required to open this account unless the maturity is between fourteen (14) and sixty-two (62) days, in which case a deposit of at least \$10,000 is required to open the account.
- A daily balance of at least \$500 is required to obtain the disclosed annual percentage yield unless the maturity is between fourteen (14) and sixty-two (62) days, in which case a daily balance of at least \$10,000 is required to obtain the disclosed annual percentage yield. No interest will be paid on any day your account balance is less than this minimum balance requirement.
- Additional deposits to this account are not permitted.

**CULTURAL RESOURCE INVENTORY OF TWO PROPOSED
WELL LOCATIONS IN THE CROOKED WASH AREA
GRAND COUNTY, UTAH**

by

Keith R. Montgomery

Prepared For:

**Bureau of Land Management
Grand Resource Area
Moab District
and
State of Utah**

Prepared Under Contract With:

**Tom Balsley and Steve Kosanke
Moab, Utah 84532**

Prepared By:

**Montgomery Archaeological Consultants
P.O. Box 147
Moab, Utah 84532**

March 1, 1998

**United States Department of Interior (FLPMA)
Permit No. 97-UT-60122**

**State of Utah Antiquities Project (Survey)
Permit No. U-98-MQ-0109b**

INTRODUCTION

On February 27, 1998, a cultural resource inventory was conducted for two proposed well locations (Marylou No. 1 and Lillyann No. 1), situated on the west side of Crooked Wash, Grand County, Utah (Figure 1). The survey was implemented at the request Tom Balsley and Steve Kosanke, Moab, Utah. The project area occurs on public land administered by the Bureau of Land Management (BLM), Grand Resource Area (Moab District), and State of Utah land.

The objective of the inventory was to locate, document, and evaluate any cultural resources and within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventories were implemented to attain compliance with a number of federal and state mandates, including the National Environmental and Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and Utah State Antiquities Act of 1973 (amended 1990).

The archaeological fieldwork was performed by Keith R. Montgomery, Principal Investigator for Montgomery Archaeological Consultants under the auspices of U.S.D.I. (FLPMA) Permit No. 97-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-98-MQ-0109b,p.

A file search for previous archaeological inventories and documented cultural resources was conducted on February 27, 1998, by the author at the BLM Grand Resource Area Office, Moab. These consultations indicated that several project have been completed in the area. In 1984, Sagebrush Archaeological Consultants inventoried a number of seismic lines for Rocky Mountain Geophysical (Montgomery 1984). In 1995, Abajo Archaeology survey a 345 kV transmission line from Green River, Utah to Grand Junction, Colorado (Montgomery and Montgomery 1995). Although prehistoric and historic sites have been documented in the vicinity, no cultural resources have been recorded in the project area.

DESCRIPTION OF PROJECT AREA

The project area is situated approximately 1.5 miles northwest of Crescent Junction, Grand County, Utah (Figure 1). Proposed Well Location Marylou No. 1 is situated in the SW/SW of S. 29 (BLM) T 21S, R 19E (3800 FEL, 660 FSL). Proposed Well Location Lillyann No. 1 is located in the NW/NW of S. 32 (State of Utah) T 21S, R 19E (3600 FEL, 660 FNL). The access road begins at the Crescent and Thompson Pass road, extending southwest across Crooked Wash to the well locations.

In general, the project area occurs within the Mancos Shale Lowlands physiographic subdivision of the northern Colorado Plateau (Stokes 1986). The area is characterized by narrow flat-bottomed alluvial valleys most notably Crescent Flat. Most of the Mancos Shale Lowlands is composed of clayey alluvial and residual soils derived from Mancos shale on shale pediments, broad flat plains, and steep escarpments. Loamy alluvial soil derived from sandstone, shale, or conglomerate rock extend into the Mancos Lowlands from the Book Cliffs. The nearest water source is Crooked Wash, an ephemeral drainage originating in the Book Cliffs. The elevation of the project area ranges from 4880 to 5000 feet a.s.l. The inventory occurs in the Salt Desert Shrub community characterized by shadscale, blackbrush, mat saltbrush, Indian ricegrass, Russian thistle, winterfat, snakeweed, and prickly pear cactus. Modern impacts to the landscape includes a fence, several dirt roads, and livestock activity.

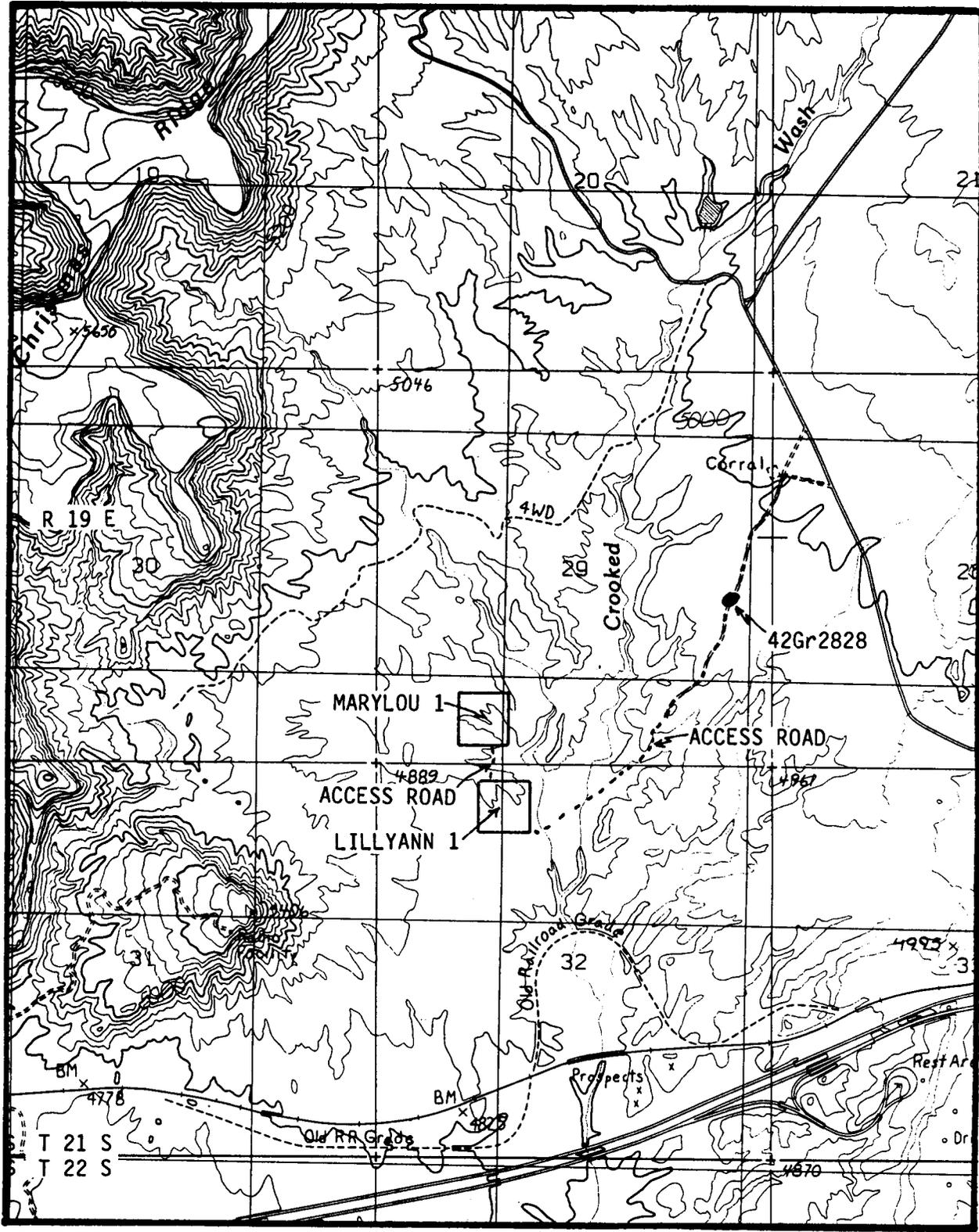


Figure 1. Inventory Area of Two Well Locations near Crooked Wash, Grand County, Utah. USGS Crescent Junction, UT 7.5', 1991. Scale 1:24000.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed by the archaeologist for this project which is considered 100% coverage. At the two proposed well locations, a 10 acre square was defined, centered on the well pad center stake. The interiors of the well locations were examined for cultural and paleontological resources by the archaeologist walking parallel transects spaced no more than 10 m apart. The 1.4 mile long access road was surveyed to a 150 foot (46 m) width by walking parallel transects along the staked centerline, spaced no more than 10 m apart. Ground visibility was considered good. A total of 45.4 acres was surveyed for this project, of which 28.9 acres was situated on BLM land, and 16.7 acres occurred on State of Utah land.

INVENTORY RESULTS

The inventory of proposed well locations and access road resulted in the documentation of a historic camp (42Gr2828). No isolated finds of artifacts or paleontological sites were found during the survey.

Smithsonian Site No.: 42Gr2828

Temporary Site No.: CWWL K/1

Legal Description: T 21S, R 19E S. 29 NE, NE, SE

Description: This is a limited activity historic camp situated on top of a low ridge east of Crooked Wash. The site occurs on a broad ridge and extends 30 m north-south by 50 m east-west (Figure 2). The trash scatter contains primarily sanitary tin cans (N=22), a purple glass condiment container (42 fragments), and pieces of axe-cut wood. The numerous condensed/evaporated milk cans, and proximity of domestic trash suggests this was used as a sheep camp. The temporal span ranges from 1904 to ca. 1925. The site lacked evidence of hearths or other historic features. The site was probably associated with a transient home on the range type sheep wagon.

NATIONAL REGISTER OF HISTORIC PLACES EVALUATION

The National Register Criteria for Evaluation of Significance and procedures for nominating cultural resources to the National Register of Historic Places (NRHP) are outlined in 36 CFR 60.4 as follows:

The quality of significance in American history, architecture, archaeology, and culture is present in districts, sites, buildings, structures, and objects of State and local importance that possess integrity of location, design, setting, material, workmanship, feeling, and association, and that they:

a)...are associated with events that have made a significant contribution to the broad patterns of our history; or

b)...are associated with the lives of persons significant to our past; or

c)...embody the distinctive characteristics of a type, period, or method of construction; or that represents the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or

d)...have yielded or may be likely to yield information important in prehistory or history.

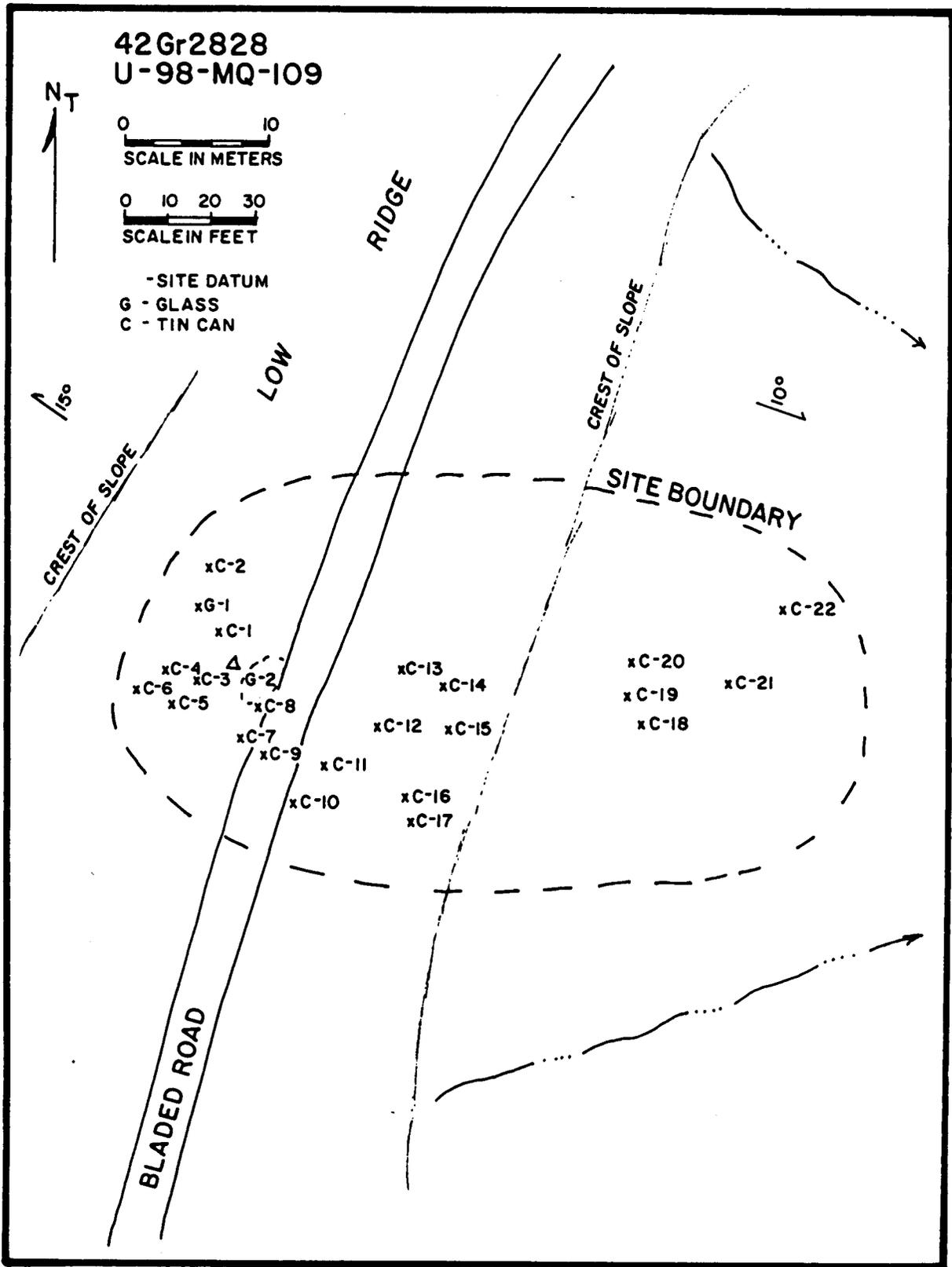


Figure 2. 42Gr2828 Site Map.

Site 42Gr2828 is a limited activity sheep camp lacking cultural features such as hearths or architectural features. The artifacts consist mainly of sanitary condensed/evaporated milk cans. The site is similar in content to numerous other ephemeral campsites in the area. Site 42Gr2828 is considered not eligible for consideration to the NRHP. The recordation of this site is deemed as exhaustive and further research would not contribute significant information to the local or regional history.

MANAGEMENT RECOMMENDATIONS

During the inventory of the proposed well locations and access road, one historic site (42Gr2828) was documented. The historic campsite was evaluated as not eligible for consideration to the NRHP. Based on the findings, a determination of "no effect" to Section 106, CFR 800 is recommended for this project.

REFERENCES CITED

- Montgomery, Keith R.
1984 Cultural Resources Survey and Monitor of Five Seismic Line in Grand County, Utah. Sagebrush Archaeological Consultants, Ogden, UT. Report No. 84-734, on file at the BLM Grand Resource Area Office.
- Montgomery, Keith R. and Jacki A. Montgomery
1995 Cultural Resources Inventory of Pacificorp/Utah Power Proposed 345 kV Transmission Line Green River to Grand Junction Section, Grand County, Utah and Mesa County, Colorado. Abajo Archaeology, Bluff, UT. Report No. 94-443, on file at the BLM Grand Resource Area Office.
- Stokes, William L.
1986 Geology of Utah. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/09/98

API NO. ASSIGNED: 43-019-31367

WELL NAME: LILLY ANN #1
 OPERATOR: STEVE KOSANKEE (N7610)

PROPOSED LOCATION:
 NENW 32 - T21S - R19E
 SURFACE: 0581-FNL-3582-FEL
 BOTTOM: 0581-FNL-3582-FEL
 GRAND COUNTY
 WILDCAT FIELD (001)

INSPECT LOCATION BY: 03/21/98		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: STA
 LEASE NUMBER: ML - 47306

PROPOSED PRODUCING FORMATION: CDMTN

RECEIVED AND/OR REVIEWED:

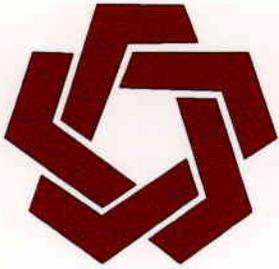
Plat
 Bond: Federal State Fee
 (Number CD WITH FSB (mbAB))
 Potash (Y/N)
 Oil shale (Y/N)
 Water permit
 (Number THOMPSON UTAH)
 RDCC Review (Y/N)
 (Date: 3-MAR-1998)

LOCATION AND SITING:

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

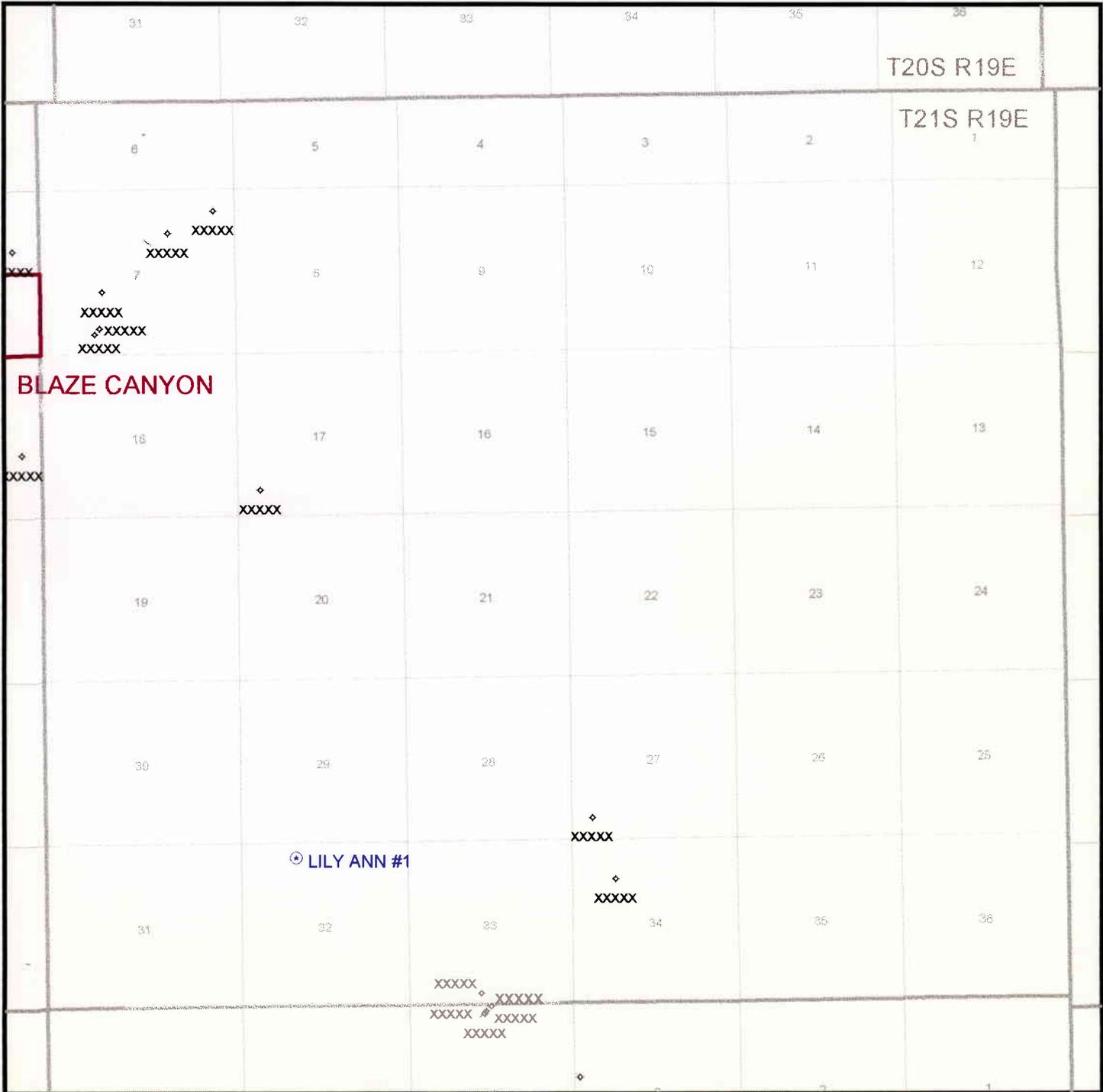
COMMENTS:

STIPULATIONS: ① STATEMENT OF BASIS



DIVISION OF OIL, GAS & MINING

OPERATOR: STEVE KOSANKE (N7610)
FIELD: WILDCAT (001)
SEC. 32, TWP. 21S, RNG. 19E,
COUNTY: GRAND UAC: R649-3-2 GENERAL SPACING



DATE PREPARED:
17-MAR-1998

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN		5. Lease Designation and Serial Number: Utah ML #49306 O&G	
		6. If Indian, Allottee or Tribe Name: N/A	
1A. Type of Work: DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		7. Unit Agreement Name: N/A	
8. Type of Well: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER: SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name: N/A	
2. Name of Operator: Steve Kosanke		9. Well Number: LILY ANN #1	
3. Address and Telephone Number: Box 193, La Sal, Utah 84530, 435-686-2367		10. Field and Pool, or Wildcat: Wildcat	
4. Location of Well (Footages) NE 1/4 NW 1/4 Sec 32, T21S, R19E At Surface: 3581.67' FEL, 581.12' FNL At Proposed Producing Zone: 1097 177		11. Qtr/Qtr, Section, Township, Range, Meridian: NE 1/4 NW 1/4 Sec 32, T21S, R19E, SLBM	
14. Distance in miles and direction from nearest town or post office: Green River, Utah is 20 miles West		12. County: Grand	13. State: UTAH
15. Distance to nearest property or lease line (feet): 581.12 North	16. Number of acres in lease: 160	17. Number of acres assigned to this well: 40	
18. Distance to nearest well, drilling, completed, or applied for, on this lease (feet): N/A	19. Proposed Depth: 2,600'	20. Rotary or cable tools: Rotary	
21. Elevations (show whether DF, FT, GR, etc.): 4595.28 GR		22. Approximate date work will start: April 10, 1988	

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
See attached Exhibits for details				

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

Operator proposes to drill this well in accordance with the attached exhibits

Questions about this APD should be addressed to: Steve Kosanke
Box 193
La Sal, Utah 84530
Ph: 435-686-2367

FAX 435
259-3030

Confidential

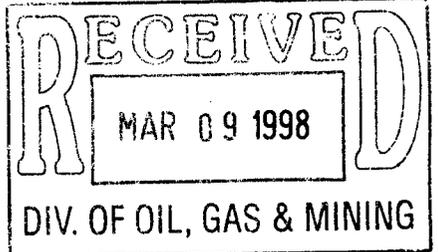
CONFIDENTIAL

100018.4
4311492.0

24. Name & Signature: Steve Kosanke Title: Operator Date: 3/9/98

(This space for State use only)
API Number Assigned: 43-019-31367

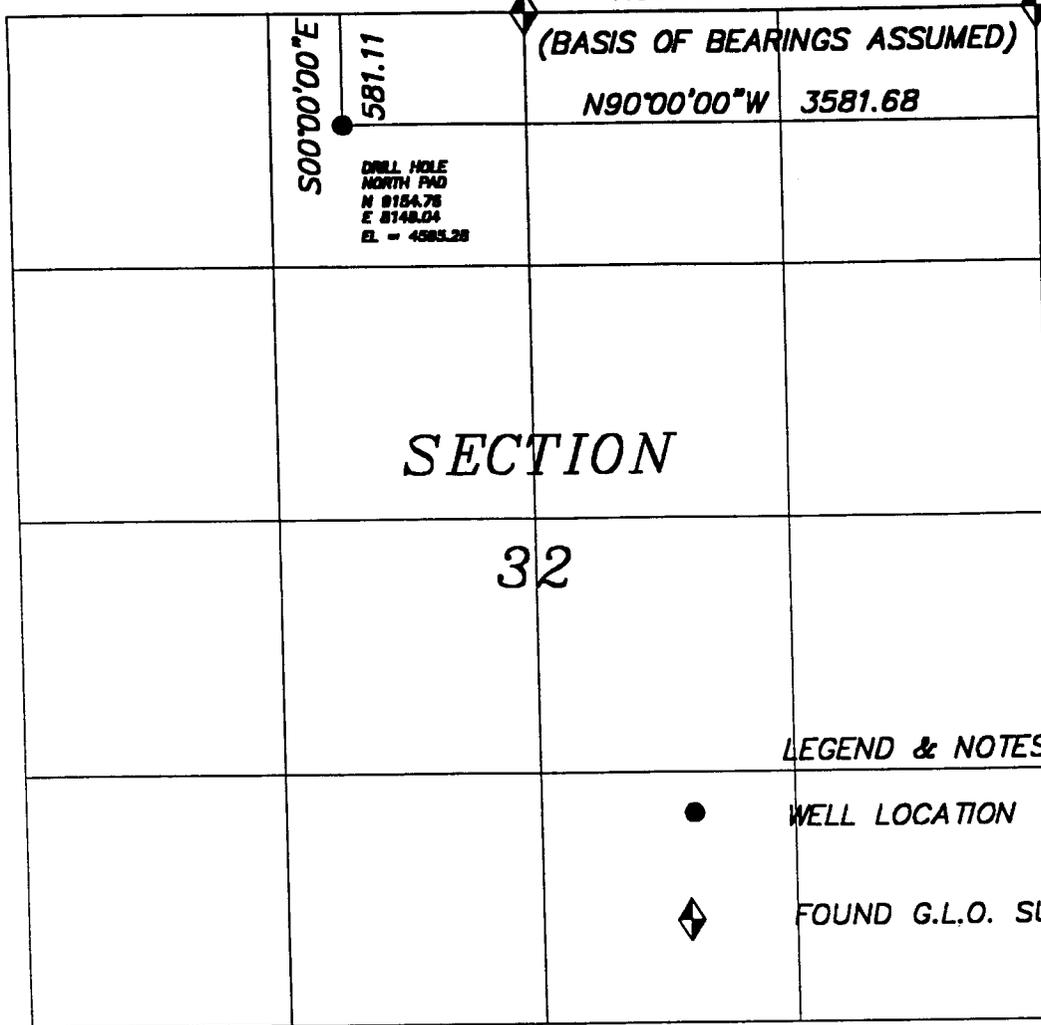
Brad Hill
4/6/98



N1/4 CORNER
SECTION 32
T21S, R19E
SLBM
N 9735.88
E 9097.57
EL. = 4601.49

N90°00'00"E 2633.14

NE CORNER
SECTION 32
T21S, R19E
SLBM
N 9735.88
E 11730.71



LEGEND & NOTES

- WELL LOCATION
- ◆ FOUND G.L.O. SURVEY MARKER

THIS PLAT WAS PREPARED TO SHOW THE LOCATION OF THE PROPOSED DRILL HOLE FOR PERMIT APPLICATION

CERTIFICATION

I, DAVID M. MORRIS, CERTIFY THAT THIS PLAT IS PREPARED FROM FIELD NOTES OF A SURVEY MADE UNDER MY SUPERVISION IN MARCH 1998.

David Max Morris 3/3/98

UTAH REG. PROF. LAND SURVEYOR L.S. 329172



DRILL HOLE LOCATION

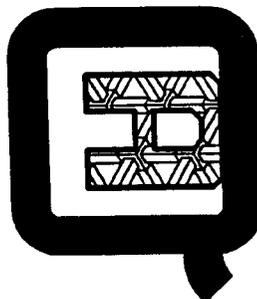
LILY ANN NO. 1

SITUATED IN THE NE1/4 NW1/4 SECTION 32, T21S, R19E, SL&BM

FOR: KOSANKE

SCALE: 1 IN = 1000 FT

DATE: 3/2/98



Q.E.D. SURVEYING SYSTEMS Inc.
1018 COLO. AVE.
GRAND JUNCTION COLORADO 81501
464-7568
241-2370

SURVEYED BY: SB EG

DRAWN BY: MEM

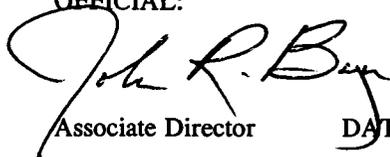
ACAD ID: KOSANKE

SHEET NO. VIEW 3

FILE: 98055.1

STATE ACTIONS

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

-
1. ADMINISTERING STATE AGENCY
OIL, GAS AND MINING
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
2. STATE APPLICATION IDENTIFIER NUMBER:
(assigned by State Clearinghouse)
-
3. APPROXIMATE DATE PROJECT WILL START:
Upon Approval
-
4. AREA WIDE CLEARING HOUSE(S) RECEIVING STATE ACTIONS:
(to be sent out by agency in block 1)
Southeastern Utah Association of Governments
-
5. TYPE OF ACTION: Lease Permit License Land Acquisition
 Land Sale Land Exchange Other _____
-
6. TITLE OF PROPOSED ACTION:
Application for Permit to Drill
-
7. DESCRIPTION:
Steve Kosanke proposes to drill the Lily Ann #1 well (wildcat) on state lease ML-49306, Grand County, Utah. This action is being presented to RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.
-
8. LAND AFFECTED (site location map required) (indicate county)
NE/4, NW/4, Section 32, Township 21 South, Range 19 East, Grand County, Utah
-
9. HAS THE LOCAL GOVERNMENT(S) BEEN CONTACTED?
No
-
10. POSSIBLE SIGNIFICANT IMPACTS LIKELY TO OCCUR:
Degree of impact is based on the discovery of oil or gas in commercial quantities.
-
11. NAME AND PHONE NUMBER OF DISTRICT REPRESENTATIVE FROM YOUR AGENCY NEAR PROJECT SITE, IF APPLICABLE:
-
12. FOR FURTHER INFORMATION, CONTACT:
13. SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL:

Associate Director
- DATE: March 9, 1998
-
- John R. Baza
PHONE: 538-5334

State of Utah
On-Site Evaluation
Division of Oil, Gas and Mining

OPERATOR: Steve Kosanke

WELL NAME & NUMBER: Lily Ann #1

API NUMBER: 43-019-31367

LEASE: ML - 47306 FIELD/UNIT: Wildcat (001)

LOCATION: 1/4, 1/4 NE NW Sec: 32 TWP: 21S RNG: 19E 581 FNL 3582 FEL

LEGAL WELL SITING: 460F SEC. LINE; 460F 1/4, 1/4 LINE; 920F ANOTHER WELL.

GPS COORD (UTM): 599969 E 4311389 N

SURFACE OWNER: State of Utah

PARTICIPANTS:

Mike Hebertson Oil Gas & Mining, Steve Kosanke Operator, Tom Basley,
Terry Leach Dirt and Drilling Contractor.

REGIONAL/LOCAL SETTING & TOPOGRAPHY:

This location is in the Book Cliffs area of Grand County South and
East of Christmas Ridge, and West of Crooked Wash. The actual location
will be on the Mancos flats in front of the rubble and talus slopes of
the 1,500 - 2,000 foot high sandstone cliffs. This well is in the
geologic transition zone of the Uintah Basin and the NW plunging nose
of the Uncompahgre Uplift.

SURFACE USE PLAN:

CURRENT SURFACE USE: Open Range, minor wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 3.5 Acres including road access and
Location.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: One dry hole in
Section 30 T21S, R19E

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Facilities for this
well will be kept on location.

SOURCE OF CONSTRUCTION MATERIAL: Borrowed from the construction of
the location.

ANCILLARY FACILITIES: None

WASTE MANAGEMENT PLAN:

An adequate waste disposal plan for this site was filed with the APD.

ENVIRONMENTAL PARAMETERS:

AFFECTED FLOOD PLAINS AND/OR WETLANDS: Two gully crossings will be needed to access this location, they will be low water crossings and the gullies are dry, except for times of flash flood. No wetlands are effected.

FLORA/FAUNA: Prong Horn, occasional Deer, Rabbit, indigenous birds and reptiles, Sagebrush, varieties of grasses, cactus.

SOIL TYPE AND CHARACTERISTICS: Clay very fine grained with minor sand Light buff to tan in color. Some pebbles.

SURFACE FORMATION & CHARACTERISTICS: Mancos Shale, medium to light gray, in fresh cut exposure, weathers light buff to tan, blocky to Platy sheets.

EROSION/SEDIMENTATION/STABILITY: minor erosion along the east side where a sheet wash crosses location, very stable and no sedimentation.

PALEONTOLOGICAL POTENTIAL: low some minor fossil (invertebrate fossils were found about 300 feet from location in an exposed sandstone.

RESERVE PIT:

CHARACTERISTICS: 50 X 10 X 4 feet located on the NE corner, outboard of the wellpad.

LINER REQUIREMENTS (Site Ranking Form attached): No liner is required

SURFACE RESTORATION/RECLAMATION PLAN:

As per stipulations by SITLA at the time of abandonment.

SURFACE AGREEMENT: State School & Trust Lands.

CULTURAL RESOURCES/ARCHAEOLOGY: None present.

OTHER OBSERVATIONS/COMMENTS:

None.

ATTACHMENTS:

Photos

K. Michael Hebertson
DOGM REPRESENTATIVE

25-Mar-1998 9:45 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	15	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	15	
TDS >10000 or Oil Base	20	
Mud Fluid containing high levels of hazardous constituents		<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility		
Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>
Final Score (Level III Sensitivity)		<u>0</u>

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

Operator Name: Steve Kosanke

Name & Number: Lily Ann #1

API Number: 43-019-31367

Location: 1/4, 1/4 NE NW Sec. 32 T. 21 S R. 19 E

Geology/Ground Water:

There is no known ground water in this area and no points of diversion were found within one mile radius of this wellsite. A well drilled in Sec. 4, T22S, R19E, encountered water at 2047' which was saline and not of culinary quality. 150' of surface casing should be sufficient to over any waters that may be encountered.

Reviewer: K. Michael Hebertson Date: 30-Mar-1998

Surface:

The access road was surveyed with the dirt contractor and the centerline stakes were noted. The road was changed in two places to allow for less construction and total material to be moved, and to lessen the slope on both sides of the gullies that will be crossed. The stakes were moved to compensate for the changes. The pit was moved from the north center of the pad to the NE corner and it will be outboard from the actual pad. The wellbore will be moved 20' north to lessen the cut required to level the pad and lessen the impact. A wildlife issue concerning the Pronghorn birthing cycle in May was discussed. The well should be gone by then. The arch and paleo clearances have been completed and filed. BLM has issued a right-of-way for their portion of the access road and RDCC clearance is completed. Berms and diversions to prevent runoff were discussed and agreed upon.

Reviewer: K. Michael Hebertson Date: 30-Mar-1998

Conditions of Approval/Application for Permit to Drill:

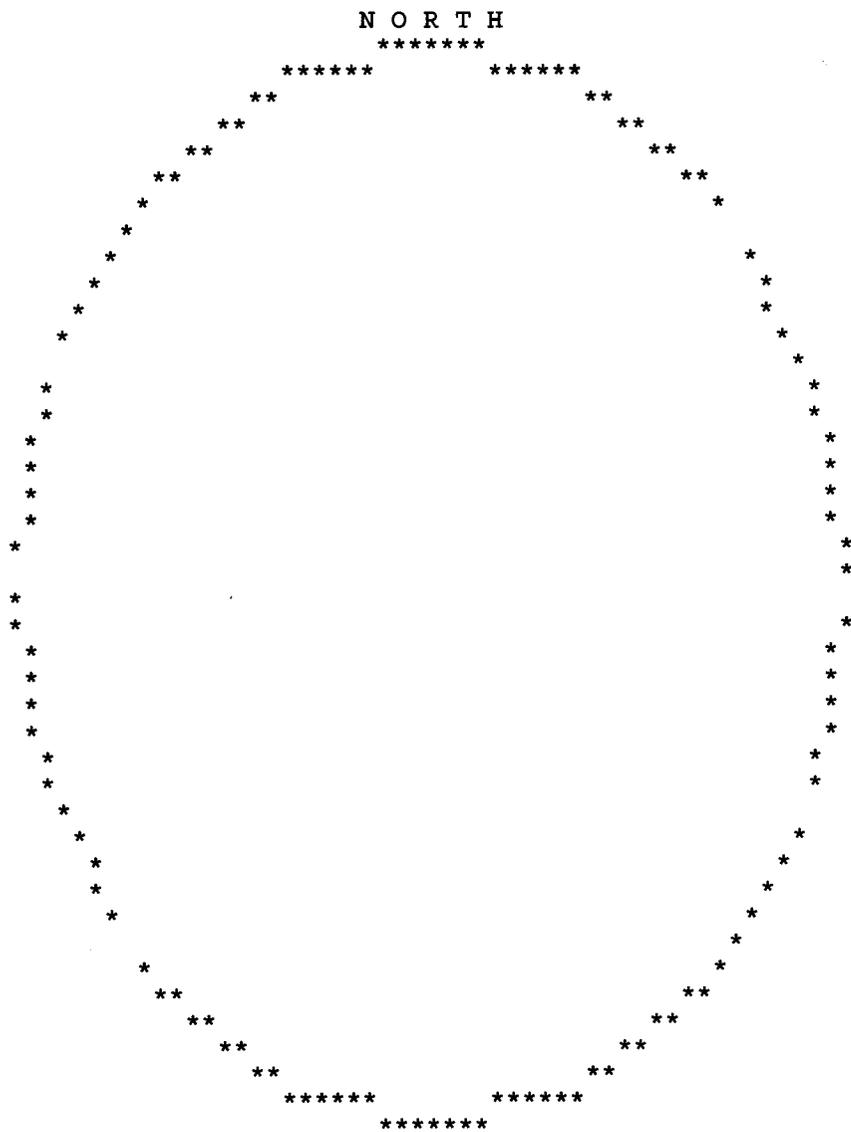
1. The location will be bermed along the North, East, and West Sides.
2. A diversion ditch will be cut along the West and South side.
3. No pit liner is required.

ONE MOMENT. HARDCOPY BEING PRINTED ON DEVICE 0

UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED THU, MAR
PLOT SHOWS LOCATION OF 0 POINTS OF DI

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET
S 581 FEET, W 3582 FEET OF THE NE CORNER,
SECTION 32 TOWNSHIP 21S RANGE 19E SL BASE

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 F





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

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

April 6, 1998

Steve Kosanke
P.O. Box 193
La Sal, Utah 84530

Re: Lily Ann #1 Well, 581' FNL, 3582' FEL, NE NW, Sec. 32,
T. 21 S., R. 19 E., Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31367.

Sincerely,


for John R. Baza
Associate Director

lwp

Enclosures

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

Operator: Steve Kosanke
Well Name & Number: Lily Ann #1
API Number: 43-019-31367
Lease: ML-47306
Location: NE NW Sec. 32 T. 21 S. R. 19 E.

Conditions of Approval

1. General
Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.
2. Notification Requirements
Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jim Thompson at (801)538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or John R. Baza at (801)538-5334.
3. Reporting Requirements
All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.
4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis dated March 30, 1998 (copy attached).

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
CEMENTING OPERATIONS

OPERATOR: STEVE KOSANKE API NO: 43-019-31367

WELL NAME: LILY ANN # 1 LEASE: STATE

QTR/QTR: NE/NW SECTION: 32 TOWNSHIP: 21S RANGE: 19E

PLUGGING COMPANY NAME: Used rig to pump cement

COMPANY REPRESENTATIVE: Terry Leach 1-435-1385 (mobile)

DOG M INSPECTOR: JIM THOMPSON DATE: 4/21/98

TYPE OF WELL: OIL: GAS: WIW:

CASING INFORMATION:

SURFACE CASING: YES OTHER:

SIZE: 8 5/8" GRADE: 24# K-55 HOLE SIZE: 8 3/4" DEPTH: 150'

PIPE CENTRALIZED: YES: Y NO: CEMENTING CO. Rig pump

CEMENTING STAGES: 1 STAGE TOOL @:

SLURRY INFORMATION:

1. LEAD 11 bbls fresh water

2. SLURRY: 40 sx Portland "A"

3. SLURRY: Displaced w/ 11 bbls fresh water

4. SLURRY:

5. SLURRY:

6. CEMENT TO SURFACE: YES: NO: LOST RETURNS: YES: y NO:

7. 1" INFORMATION: CLASS: ADDITIVES:

8. CEMENT WEIGHT: CEMENT TO SURFACE: LENGTH OF 1": FT.

ADDITIONAL COMMENTS: 4/21-8:30 am contacted operator, be ready to set surface casing in 4 hours. Arrived location 1:45 pm-rig broke drilling line, still had 60' of surfce hole to drill. 3:45 pm started in hole w/8 5/8" csg. 5:30 pm started cementing operations. 7:00 pm finished pumping cement. WOC 30 minutes, cement fell back +- 4'. Shut down for day, will top off hole the next day.

4/22/98-Mixed 2 s Portland "A" cement to fil' annulus around the surface csg-cement to surface. WOC 24 hours before drilling out. While waiting on cement, will rig up BOPE's and construct reserve pit. BOPE's will be tested with the rig and results forwarded to the division.

4/21/98-Cement pumped to surface-fell back

+ - 4'. 4/22/98-mixed 2 sx Portland "A" and topped off hole. WOC 24 hours. Will test BOPE's with rig and send results to Division

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
CEMENTING OPERATIONS

OPERATOR: CALTAH OIL COMPANY API NO: 43-019-20381

WELL NAME: KENMORE 24-25 LEASE: FEE

QTR/QTR: NE/NW SECTION: 24 TOWNSHIP: 21S RANGE: 23E

PLUGGING COMPANY NAME: QUALITY REMEDIATION SERVICES

COMPANY REPRESENTATIVE: MIKE MOLD

DOG M INSPECTOR: JIM THOMPSON DATE: 4/17/97

TYPE OF WELL: OIL: X GAS: _____ WIW: _____

CASING INFORMATION: SURFACE CASING: _____ OTHER: _____

SIZE: 7" GRADE: _____ HOLE SIZE: _____ DEPTH: 250'

PIPE CENTRALIZED: YES: _____ NO: _____ CEMENTING CO. _____

CEMENTING STAGES: 1 STAGE TOOL @: _____

SLURRY INFORMATION:

1. LEAD COMMERCIAL 7 SX MORTAR MIX NO GRAVEL.

FORM 8

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

Fax To: 801-359-3940

5. Lease Designation and Serial Number:
O & G ML 47306

SUNDRY NOTICES AND REPORTS ON WELLS

6. If Indian, Alutian or Tribe Name:

7. Unit Agreement Name:

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
Use APPLICATION FOR PERMIT TO DRILL OR DEEPEN form for such proposals.

1. Type of Well: OIL GAS OTHER:

8. Well Name and Number:

Lily Ann #1

2. Name of Operator: Steve Kosanke

9. API Well Number:

43-019-31327

3. Address and Telephone Number: Box 193, La Sal, Utah 84530
435-686-2367 Fax 435-259-3030

10. Field and Pool, or Field:

4. Location of Well NE 1/4 NW 1/4, Sec 32, Y21S, R19E, SLBM, Grand County, Utah
Footage: 3582 FEL, 581 FNL
CCL Sec., T., R., M.:
Date:

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT
(Submit in Duplicate)

SUBSEQUENT REPORT
(Submit Original Form Only)

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Multiple Completion
- Other
- New Construction
- Pull or Alter Casing
- Recomplete
- Reperforate
- Vent or Flare
- Water Shut-Off

- Abandon
- Repair Casing
- Change of Plans
- Convert to Injection
- Fracture Treat or Acidize
- Other
- New Construction
- Pull or Alter Casing
- Reperforate
- Vent or Flare
- Water Shut-Off

Approximate date work will start 5/5/98

Date of work completion

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION REPORT AND LOG form.

* Must be accompanied by a cement verification report.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all reservoirs and zones pertinent to this work.) Hole TD @ 2,700' due to faulting and caving. drilled in Mancos formation from surface to TD. Hole blind @ 1,640-80, 2150-70, and 2660-TD. No water encountered, no noted gas shows, and no oil shows. Plan to abandon hole is: fill from bottom to 200' with nine pound 32 viscosity mud. Set 100' cement plug centered across bottom of surface casing (100-200'). Set a fifty foot surface cement plug with appropriate marker.

Name & Signature: Steve Kosanke

Title: Operator

Date: 5/4/98

(This space for State use only)

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

(See Instructions on Reverse Side)

DATE: 5-4-98

BY: [Signature]

Utah Division of Oil, Gas and Mining

Attachment to **Sundry Notice and Report on Wells**
dated May 4, 1998.

Subject: Request of Steve Kosanke for permission to plug and
abandon the Lily Ann # 1.

NE/NW, sec. 32, T21S R19E, Grand, County
API = 43-019-31367

Conditions of Approval:

1. If the hole will not hold fluid, a CIBP will be placed
at the shoe of the casing and 10 sacks of cement will
be placed on top of the CIBP.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING
RECORD OF ABANDONMENT OPERATIONS

COMPANY NAME: STEVE KOSANKE CEMENTING CO.: RIG

WELL NAME: LILY ANN #1

QTR/QTR: NE/NW SECTION: 32 TOWNSHIP: 21S RANGE: 19E

COUNTY: GRAND API NO.: 43-019-31367

INSPECTOR: J. THOMPSON DATE: 5/5-5/6/98

CEMENTING OPERATIONS: P&A WELL: X

SURFACE CASING SHOE DEPTH: _____ FT. CASING PULLED YES: _____ NO: X

CASING: SIZE: 8 5/8" DEPTH: 160' FT. CSG RECOVERED: _____

CASING: SIZE: _____ DEPTH SET: _____

PROCEDURE: Pumped 8 5/8" wiper plug down hole through casing into 6 1/4" open hole. Set 20,000 #'s on plug. Plug stayed in place. Mixed 43 sx Portland "A" cement and pumped to surface. Cement fell approximately 6" in one hour. Topped off. Will recheck in the am. 5/6/98- cement stayed in place.

(1) PLUG SET @:FROM: 160' TO: surface FT. TAGGED: YES: _____ NO: _____
SLURRY: _____

(2) PLUG SET @:FROM: _____ TO: _____ FT. TAGGED: YES: _____ NO: _____
SLURRY: _____

(3) PLUG SET @:FROM: _____ TO: _____ FT. TAGGED: YES: _____ NO: _____
SLURRY: _____

SURFACE PLUG: FROM: _____ TO: _____ FT.

ALL ANNULUS CEMENTED TO SURFACE: YES: X NO: _____

ABANDONMENT MARKER: PLATE: X PIPE: _____

COMMENTS: _____

OPERATOR Steve Kosanko
 ADDRESS Box 193
La Sal, Utah 84530
435-686-2367

OPERATOR ACCT. NO. N 7610

CONFIDENTIAL

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	12360	43-019-31367	Lily Ann #1	NE/4	32	215	19E	Grand	12:45 4/20/98	
WELL 1 COMMENTS: Entity added 4-28-98. Lec											
WELL 2 COMMENTS:											
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.

(3/89)

Steve Kosanko
 Signature
Operator 4/22/98
 Title Date
 Phone No. (435) 686 2367

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

3. LEASE DESIGNATION AND SERIAL NO.
ML - 47306 0+G

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.
Lily Ann #1

10. FIELD AND POOL, OR WILDCAT
wildcat

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA
NE NW Sec 32, T21S R19E S4BM

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

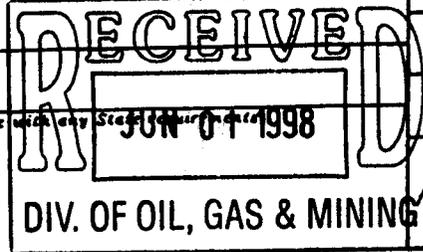
1. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

1. TYPE OF COMPLETION: NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESRV. Other Plug & Abandon

2. NAME OF OPERATOR
Steve Kosanke

3. ADDRESS OF OPERATOR
Box 193
La Sal, Utah 84530

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface 581' FNL, 3582' FEL
At top prod. interval reported below
At total depth



14. API NO. 43-019-31367 | DATE ISSUED 4/6/98 | 12. COUNTY Grand | 13. STATE Utah

15. DATE SPUNDED 4/20/98 | 16. DATE T.R. REACHED 5/2/98 | 17. DATE COMPL. (Ready to prod.) ~~4/20/98~~ (Plug & ABN) | 18. ELEVATIONS (OF. RES. RT. CR. ETC.) 4595, 28 | 19. ELEV. CASINGHEAD

20. TOTAL DEPTH, MD & TVD 2,700' | 21. PLUG BACK T.R., MD & TVD | 22. IF MULTIPLE COMPL. HOW MANY | 23. INTERVALS DRILLED BY | ROTARY TOOLS 0-2700 | CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD) - 0 - | 25. WAS DIRECTIONAL SURVEY MADE NO

26. TYPE ELECTRIC AND OTHER LOGS RUN Never got out of Maracas | 27. WAS WELL CORED YES NO (Submit analysis) | DRILL STEM TEST YES NO (See separate order)

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

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	MOLE SIZE	CEMENTING RECORD		AMOUNT POLLED
8 5/8 OD	27 lb./ft	150'	12"	160'-0" OD	160'-0" ID	- 0 -

29. LINER RECORD | 30. TUBING RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number) | 32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED

CONFIDENTIAL

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

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROG'N. FOR TEST PERIOD	OIL—BSL	GAS—MCF	WATER—BSL	GAS-OIL RATIO

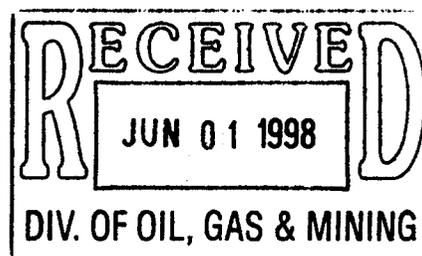
34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) | TEST WITNESSED BY

35. LIST OF ATTACHMENTS
ON 6/5/99

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records
SIGNED Steve Kosanke | TITLE Operator | DATE 5/15/98

STEVE KOSANKE
Consulting in Geology & Placer Mining
Box 193
La Sal, Utah 84530
801-686-2367

May 15, 1998



Hole Log of
Lilyann #1 Wildcat
NENW, Sec 32, T21S, R19E, SLBM
Grand County, Utah
Lease # ML-47306 O&G
API # 43-019-31367
Drilled 4/20/98-5/2/98

Monday, April 20, Drilled Mancos 0-160'. No moisture or gas

Tuesday, April 21 No drilling ahead. Reamed out hole to 11"
Set 150' of 85/8" 24lb casing, mix 38 sacks
class G cement and slurry pump outside casing
back to surface.

Wednesday, April 22 No drilling ahead. Cement flush to surface,
nipple-up and test BOP. Drilled out bottom of
cement plug

Thursday, April 23 Drilled Mancos 169-860'. Damp at 380-410' but
no flow. Mancos is uniform.

Friday, April 24 Mancos 860-1620' Damp at 380-410' but no flow

Saturday, April 25 Mancos 1620-1680. Hole went blind at 1640 to
1680' Circulation loss probably due to intense
fracturing Small amount of gas but no pressure

Monday April 27 Mancos 1680-1740 Trying to catch circulation all
day. Went to injection to close formation cracks.

Tuesday, April 28 Mancos 1740-2000' Caught circulation by 11 and
drilled to 2000' no gas or oil

Wednesday, April 29 Mancos 2000-2300 Three hours spent packing
voids before circulation. Areas of blind
drilling but all returns are Mancos

Friday, May 1 Mancos 2300-2500' Took six hours to break circulation
Areas of blind drilling. all samples were Mancos

Saturday, May 2 Mancos 2500-2700TD Blind drilling last 100'
heavy fracturing evident and hung in hole at
2700' so decided to TD hole. What sample
recovered was Mancos. Dakota was not drilled.

Tuesday, May 5 Set plug at casing bottom and fill with 15 lb
cement to top of casing. Hole abandoned.

Operator: Steve Kosanke

A handwritten signature in black ink, appearing to read "Steve Kosanke", written over a horizontal line.