

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED **8-07-89**

LAND: FEE & PATENTED _____ STATE LEASE NO. _____ PUBLIC LEASE NO. **U-53860** INDIAN _____

DRILLING APPROVED: **8-10-89 (CAUSE NO. 145-8)**

SPUDDED IN: _____

COMPLETED: _____ PUT TO PRODUCING: _____

INITIAL PRODUCTION: _____

GRAVITY A.P.I. _____

GOR: _____

PRODUCING ZONES: _____

TOTAL DEPTH: _____

WELL ELEVATION: _____

DATE ABANDONED: **Well never drilled LA 9-11-90**

FIELD: **HORSESHOE BEND**

UNIT: _____

COUNTY: **UINTAH**

WELL NO. **SHUFFLEBOARD FED. #2** API NO. **43-047-31871**

LOCATION **1885' FNL** FT. FROM (N) (S) LINE. **576' FWL** FT. FROM (E) (W) LINE. **SWNW** 1/4 - 1/4 SEC. **27**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
6S	21E	27	TXO PRODUCTION CORP.				

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JUL 21 1989

FILING FOR WATER IN THE STATE OF UTAH

Rec. by _____
 Fee Rec. _____
 Receipt # _____
 Microfilmed _____
 Roll # _____

DIVISION OF
OIL, GAS & MINING

APPLICATION TO APPROPRIATE WATER

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3 of the Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 1464

APPLICATION NO. T64087

1. PRIORITY OF RIGHT: July 14, 1989

FILING DATE: July 14, 1989

2. OWNER INFORMATION

Name: TXO Production Corp.
 c/o C.K. Curlee
 Address: 1800 Lincoln Center Bldg., Denver, CO 80264

The land is not owned by the applicant(s), see explanatory.

3. QUANTITY OF WATER: 20.0 acre feet (Ac. Ft.)

4. SOURCE: Green River DRAINAGE: SE Uintah Basin
POINT(S) OF DIVERSION:

COUNTY: Uintah

(1) N. 2000 feet, E. 2400 feet, from the SW Corner of Section 22,
 Township 6 S, Range 21 E, SLB&M
COMMON DESCRIPTION:

5. NATURE AND PERIOD OF USE

Oil Exploration From January 1 to December 31.

6. PURPOSE AND EXTENT OF USE

Oil Exploratio: For drilling gas wells(Shuffleboard Federal#2&Cricket Federal#1)poss.2

7. PLACE OF USE

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

TOWN	RANGE	SEC	North East Quarter				North West Quarter				South West Quarter				South East Quarter			
			NE 1/4	NW 1/4	SW 1/4	SE 1/4	NE 1/4	NW 1/4	SW 1/4	SE 1/4	NE 1/4	NW 1/4	SW 1/4	SE 1/4	NE 1/4	NW 1/4	SW 1/4	SE 1/4
6 S	21 E	27					X	X	X	X	X	X	X	X				
6 S	21 E	28	X	X	X	X									X	X	X	X

All locations in Salt Lake Base and Meridian

EXPLANATORY

Temporary Drilling July 15, 1989 to July 15, 1990.

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

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

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

Signature of Applicant

STATE ENGINEER'S ENDORSEMENT

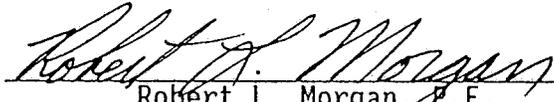
WATER RIGHT NUMBER: 49 - 1464

APPLICATION NO. T64087

1. July 14, 1989 Application received by VP.
 2. July 20, 1989 Application designated for APPROVAL by RWL and KLJ.
 3. Comments:
-
-

Conditions:

This application is hereby APPROVED, dated July 20, 1989, subject to prior rights and this application will expire on July 20, 1990.


Robert L. Morgan, P.E.
State Engineer

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
 TXO Production Corp. Attn: C.K. Curlee

3. ADDRESS OF OPERATOR
 1800 Lincoln Center Bldg. Denver, CO 80264

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface (SW/NW) 1885' FNL, 576' FWL Section 27-T6S-R21E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 13 miles south of Vernal, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 576'

16. NO. OF ACRES IN LEASE
 430

17. NO. OF ACRES ASSIGNED TO THIS WELL
 160

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

19. PROPOSED DEPTH
 3800'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4815' G.R.

22. APPROX. DATE WORK WILL START*
 August 15, 1989

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DIVISION OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NO.
 U-53860

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 - - -

7. UNIT AGREEMENT NAME
 - - -

8. FARM OR LEASE NAME
 Shuffleboard Federal

9. WELL NO.
 2

10. FIELD AND POOL, OR WILDCAT
 Horseshoe Bend (620)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 27-T6S-R21E

12. COUNTY OR PARISH
 Uintah

13. STATE
 UT

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24#	300'	150 sacks (approx.) to surface
7 7/8"	4 1/2"	10.5#	3800'	200 sacks

All casing will be new K-55.

JUL 1989
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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 Gary E. Wurdeman TITLE Dist. Drilling & Prod. Mgr. DATE July 13, 1989

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE JUL 28 1989
 APPROVED BY [Signature] TITLE ASSISTANT DISTRICT MANAGER MINERALS
 CONDITIONS OF APPROVAL, IF ANY: _____ DATE _____

NOTICE OF APPROVAL CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL
WITHIN THE UINTAH OURAY RESERVATION

Company TXO Productions Co. Well No. Shuffleboard Fed.
Location SW/NW Sec. 27 T 6S R 21E Lease No. U-53860

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.

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

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to the hydrologist of this office. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

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

2. Pressure Control Equipment

Please be advised that the potential exists for abnormal pressure gradients to occur in the lower portion of the Uinta Formation. Borehole intercept depth for this zone is approximately 3389 feet. Therefore, sufficient mud volumes will be on hand to control the overpressure if encountered.

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc. and individual components shall be operable as designed.

The Vernal District Office shall be notified, with sufficient lead time, in order to have a BLM representative present while pressure testing.

3. Casing Program and Auxiliary Equipment

The District Office shall be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.

Surface casing shall have centralizers on every fourth joint of casing starting with the shoe joint and up to the bottom of the cellar.

Usable water may be encountered at depths of + 346-831 ft., + 3621-3846 ft. in the Uinta formation. Therefore, the resources will be isolated and/or protected via the cementing program for the production casing.

4. Mud Program and Circulating Medium

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the Authorized Officer. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight, unless prior approval is obtained from the Authorized Officer..

A cement bond log (CBL) shall be utilized to determine the top of cement (TOC) for the production casing.

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 not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer (AO).

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well

to be placed in a suspended status without prior approval of the A0. If operations are to be suspended, prior approval of the A0 will be obtained and notification given before resumption of operations.

The spud date will be reported orally to the A0 within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

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

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the A0, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

Should the well be successfully completed for production, the A0 will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Pursuant to NTL-2B, with the approval of a District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

A first production conference will be scheduled within 15 days after receipt of the first production notice.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

Pursuant to Onshore Oil and Gas Orders, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.

7. Other Information

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

All site security guidelines identified in Onshore Oil and Gas Order No. 3 regulations will be adhered to.

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

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

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

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or work-over program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An additional one (1) year approval period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hour approvals are necessary, please contact one of the following individuals:

Gerald E. Kenczka
Petroleum Engineer

(801) 781-1190

Ed Forsman
Petroleum Engineer

(801) 789-7077

TXO

TXO PRODUCTION CORP.

1800 LINCOLN CENTER BUILDING
DENVER, COLORADO 80264

TELEPHONE (303) 861-4246

August 3, 1989

State of Utah
Division of Oil, Gas and Mining
Dept. of Natural Resources
355 West North Temple
3 Triad Center
Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
AUG 07 1989

DIVISION OF
OIL, GAS & MINING

Re: Shuffleboard Federal #2
Section 27-T6S-R21E
Uintah County, Utah
Lease No. U-53860

Gentlemen:

Enclosed please find three copies of the Application for Permit to Drill and a copy of the Drilling Program and Surface Use Plans submitted to the BLM for the referenced well. Additionally, TXO Production Corp. hereby requests a location exception for this proposed well, pursuant to paragraph 5 of the Findings of the Board in Order Cause No. 145-2, for topographic reasons.

The proposed location is staked at 1885' FNL, 576' FWL, Section 27-T6S-R21E due to the proximity of the Green River. This site is about 200' west of a cliff which drops off into the Green River flood plain, as shown on the enclosed topographic map. The course of the Green River prevents TXO from using another location in the northwest quarter of Section 27 which would comply with said paragraph and order. Therefore, TXO requests that the Division grant an administrative exception due to topography for the location of the referenced proposed well.

If you have any questions or need additional information, do not hesitate to contact me at this office.

*Not applicable.
Well falls under
145-8 which
allows 2 well
per 320 acre unit.*

Very truly yours,

TXO PRODUCTION CORP.

Charles K. Curlee
Charles K. Curlee
Environmental Manager

CKC/gbp

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

(Other instructions on reverse side)

5. Lease Designation and Serial No.
U-53860

6. If Indian, Allottee or Tribe Name
- - -

7. Unit Agreement Name
- - -

8. Farm or Lease Name
Shuffleboard Federal

9. Well No.
2

10. Field and Pool, or Wildcat
Horseshoe Bend

11. Sec., T., R., M., or Blk. and Survey or Area
Section 27-T6S-R21E

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

TXO Production Corp. Attn: C.K. Curlee

3. Address of Operator

1800 Lincoln Center Bldg. Denver, CO 80264

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

At surface (SW/NW) 1885' FNL, 576' FWL Section 27-T6S-R21E
At proposed prod. zone

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

Approximately 13 miles south of Vernal, Utah

15. Distance from proposed* location to nearest property or lease line, ft.

576'

16. No. of acres

430

17. No. of acres assigned to this well

160

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

- - -

19. Proposed depth

3800' Winta

20. Rotary or cable tools

Rotary

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

4815' G.R.

22. Approx. date work will start*

August 15, 1989

23. PROPOSED CASING AND CEMENTING PROGRAM

Size of Hole	Size of Casing	Weight per Foot	Setting Depth	Quantity of Cement
12 1/4"	8 5/8"	24#	300'	150 sacks (approx.) to surface
7 7/8"	4 1/2"	10.5#	3800'	200 sacks

All casing will be new K-55

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. Gary Wurdeman
Signed: Gary Wurdeman Title: Dist. Drilling & Prod. Mgr. Date: Aug. 3, 1989
(This space for Federal or State office use)

Permit No. 43-047-31871

Approval Date APPROVED BY THE STATE

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

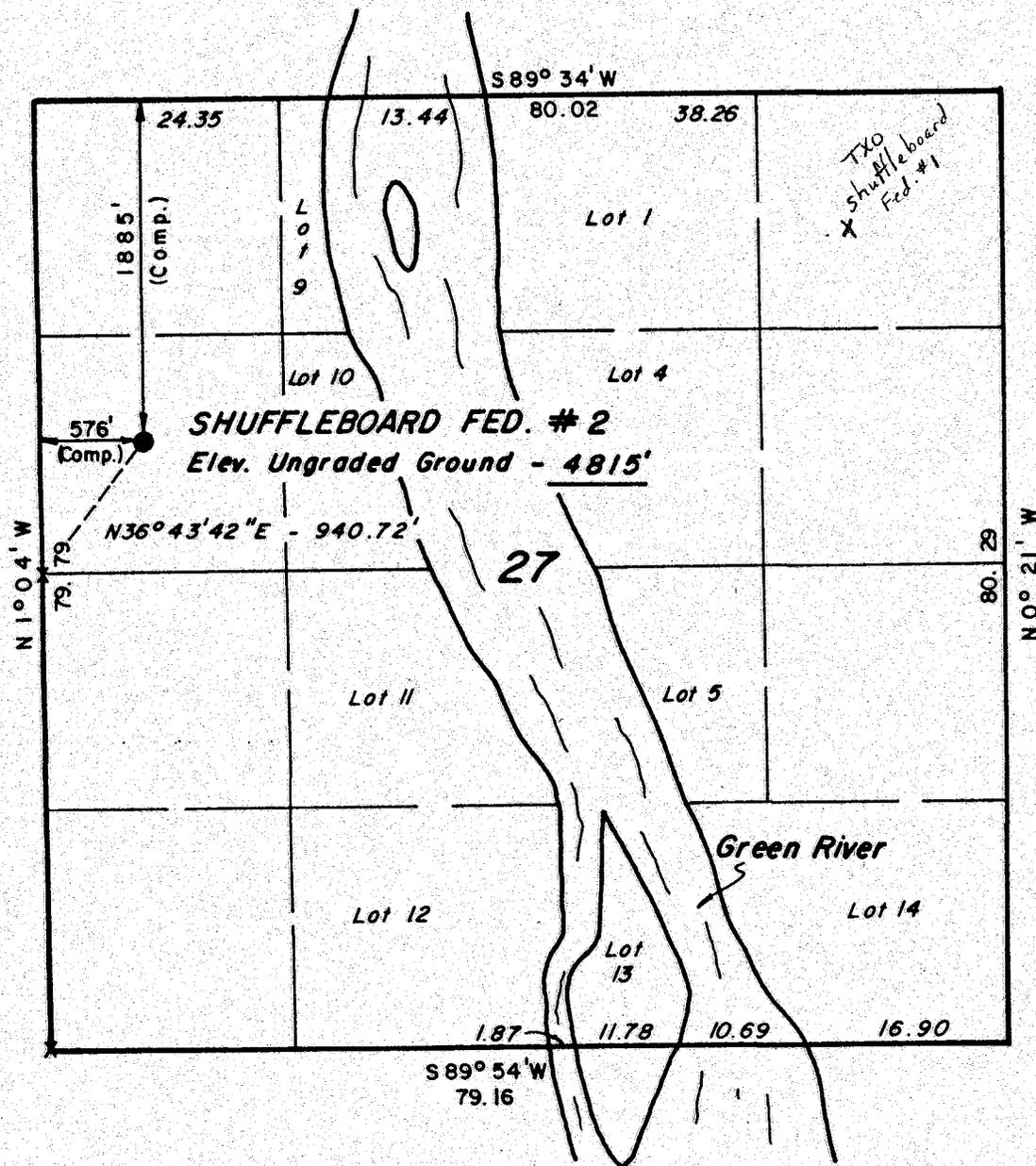
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: B-10-89
BY: [Signature]

*See Instructions On Reverse Side
WELL SPACING: Lease No. 145-8

T6S, R21E, S.L.B. & M.

PROJECT
TXO PRODUCTION CORP.

Well location, **SHUFFLEBOARD
FED. #2**, located as shown in the
SW 1/4 NW 1/4 Section 27, T6S,
R21E, S.L.B. & M. Uintah County,
Utah.



TXO
Shuffleboard
Fed. #1
X



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

Lawrence L. Kay
REGISTERED LAND SURVEYOR
REGISTRATION NO. 3137
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
P.O. BOX Q - 85 SOUTH - 200 EAST
VERNAL, UTAH - 84078

SCALE	1" = 1000'	DATE	6-28-89
PARTY	RK JK DB RP	REFERENCES	GLO Plat
WEATHER	Cold	FILE	TXO PROD.

X = Section Corners Located

DRILLING PLAN

DATE: July 14, 1989
WELL NAME: Shuffleboard Federal #2
SURFACE LOCATION: 1885' FNL, 576' FWL, (SW/NW)
Section 27-T6S-R21E
Uintah County, Utah

FEDERAL OIL & GAS LEASE NO.: U-53860

Be advised that TXO Production Corp. is considered to be the operator on the above described lands and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands or portions thereof, bond coverage for this well is provided by Bond No. 5570134, Principal TXO Production Corp.

I. DRILLING PROGRAM

1. SURFACE FORMATION: Uinta
2. ESTIMATED FORMATION TOPS:

Lower Uinta "B" Zone	3365'
Total Depth	3800'
3. ESTIMATED DEPTH AT WHICH OIL, GAS, WATER OR OTHER MINERAL BEARING ZONES ARE EXPECTED TO BE ENCOUNTERED:

Expected Gas Zones: Lower Uinta "B" Zone
4. PRESSURE CONTROL EQUIPMENT:
 - A. After surface casing is set, a double ram-type blowout preventer with blind rams and pipe rams, with minimum working pressure of 2000 psi, will be installed. See Exhibit 1. The anticipated bottomhole pressure is 1200 psi.
 - B. A choke control, fill and kill lines with minimum working pressure of 2000 psi will be installed. Choke and kill lines will be 2" minimum in size.
 - C. The equipment in A and B will be pressure-tested to 2000 psi for a minimum of 15 minutes before drilling surface pipe cement. The blowout preventer will be tested for proper operation daily and during trips.

5. CASING PROGRAM AS PER FORM 3160-3.

6. MUD PROGRAM:

0'-350'	Spud mud: 8.8-9.2 ppg; 35-45 viscosity API
350'-2800'	Native, 8.8-9.2 ppg; 28-32 viscosity API;
2800'-3800'	LSND, 9.0-9.4 ppg, 35-45 viscosity API, WL less than 10 cc's.

Mud flow will be monitored via pit level indicator.

7. CORING, LOGGING, TESTING PROGRAM:

A. No coring anticipated.

B. Logging will consist of: GR-SP-DIL from TD to surface casing; FDC-CNL, GR, CAL from TD to 500' above TD.

8. ABNORMAL CONDITIONS:

A. No abnormal pressures or temperatures are expected.

B. No hazardous gases such as H₂S are expected.

9. AUXILIARY EQUIPMENT:

A. A kelly cock will be used.

B. A float valve will be run in the drill string above the bit.

C. A sub with full opening valve will be kept on the derrick floor to stab into DP when kelly is not in use.

10. ANTICIPATED STARTING DATES:

Start location construction	August 15, 1989
Spud date	August 18, 1989
Complete drilling	August 30, 1989
Completed, ready for pipeline	September 15, 1989

11. COMPLETION PROGRAM:

A smaller completion rig will replace the drilling rig for this portion of the operations if the well shows capability of commercial production. After casing is set by the drilling rig, the completion rig will be moved in and productive zones will be perforated, tested and treated as necessary. Gas will be flared during testing. Produced liquid hydrocarbons will be directed to test tanks on location. Produced water will be contained in the drilling reserve pit. The extent of treatment of a zone (acidizing and/or fracing) can only be determined after the zone has been tested. An exact completion program will be furnished after drilling

be contained in the drilling reserve pit. The extent of treatment of a zone (acidizing and/or fracing) can only be determined after the zone has been tested. An exact completion program will be furnished after drilling and logging, if requested.

II. SURFACE USE PROGRAM

This Surface Use Program contains all stipulations received during the on-site inspection of the access road and drill site, held June 29, 1989.

1. EXISTING ROADS

- A. From junction of new highway and U.S. 40 near Naples, Utah proceed 12.9 miles southeast on new highway. Turn right (west) at BLM sign to "Stirrup" onto dirt road and proceed 4.0 miles west and south to a junction. Turn right and proceed northwest staying on main dirt road for 4.6 miles. Take right branch at "Y" and proceed 1.5 miles north up across a saddle and down to another "Y" (main road goes left, 2-track right). The location is about 200' east of the 2-track.
- B. Access route to location color coded in red and labeled. Refer to Exhibit 2.
- C. For development well, all existing roads within one mile color coded in yellow. Refer to Exhibit 3.
- D. Plans for improvement and maintenance of existing roads: The existing roads will require minimal maintenance. During wet periods, maintenance may be necessary to facilitate passage by heavy well servicing equipment. Dry periods may require some road watering to control dust and improve stability.

2. PLANNED ACCESS ROAD

- A. Approximately 200' of new road will be constructed in a 30' right-of-way width to provide access to the well pad. The road, which arcs from the main dirt road across the 2-track to the pad, will be flat-bladed to a 16' running surface and will have a grade of \pm 1%. No culverts, fence cuts, cattleguards or turnouts will be necessary. See Exhibit 4.
- B. A surface pipeline will be coated, wrapped, and buried for about 50' where the access road begins from the main dirt road.
- C. All travel will be confined to existing access road rights-of-way. Access roads and surface disturbing activities will conform to standards outlined in the BLM Publication (1989) Surface Operating Standards for Oil & Gas Development.

3. LOCATION OF EXISTING WELLS

Exhibit 5 is a one-mile radius locating and identifying the following:

- A. Water wells-None
- B. Injection Wells-None
- C. Abandoned Wells-Luff 2 Fed. 33-6S-21E

Chevron 3 Fed. 27-6S-21E
Calif. 3A Fed. 27-6S-21E
McLish 1 McConkie 27-6S-21E

- D. Disposal Wells-None
- E. Producing Wells-Luff 1 Fed. 21-T6S-21E
Luff 2 Govt. 28-6S-21E
Calif. Oil 5 Fed 33-6S-21E
TXO Shuffleboard Fed. #1
- F. Drilling Wells-None
- G. Shut-in Wells-None

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

- A. On-well-pad production facilities, if well is successfully completed for production.

1. Proposed facilities and attendant lines in relation to the well pad. Refer to Exhibit 6.
2. Dimensions of facilities: Refer to Exhibit 6.
3. The production facilities will include: Combination production unit, meter run, and dehydrator, and two small production pits. The anticipated location of these facilities is shown on Exhibit 6.

The pits will be located in cut to contain all water production and built in accordance with NTL-2B IV.4. specifications for disposal of less than five barrels of produced water per day. In the event the volume of produced water exceeds 5 BWPD, TXO will investigate alternate disposal methods and obtain approval as required by NTL-2B.

4. Two pits are required for efficient operations at this prospective gas well.

One pit will contain high pressure blowdown discharges and the second pit will be located adjacent to the production unit. The blowdown pit will be remote from the production equipment because of the hazards of the occasional high pressure discharge. Limited fluid discharge from the production equipment to the blowdown pit is not feasible due to line freezes in winter. Thus, the second pit is required adjacent to the production equipment.

5. Protective devices and measures to protect livestock and wildlife: The water production pit and blowdown pit will be fenced with woven wire in a welded frame to protect livestock and wildlife. Production lines on the location between the wellhead, production equipment, pits, and gas pipeline will be wrapped and buried.

6. All permanent structures on-site will be painted a flat, non-reflective earthtone (Desert Brown) within 6 months of installation, excluding OSHA compliance facilities.

B. Off-well-pad production facilities.

No off-well-pad facilities, other than a gas pipeline, are anticipated.

5. LOCATION AND TYPE OF WATER SUPPLY

A. Location and type of water supply: TXO is obtaining state approval to draw water from the Green River in the NE/NE/SW Section 22-T6S-R21E.

Temporary water use permits from the State of Utah will be obtained for the sources used.

B. Method of transporting water: The water will be hauled in trucks by a certified water hauler. The haul route will follow a portion of the identified access route. All travel will be on existing roads.

C. If water well is to be drilled, so state: No water well is contemplated.

6. SOURCES OF CONSTRUCTION MATERIALS

A. Show information either on map or by written description: It is anticipated that cuts on location will furnish sufficient quantities of material to construct a level location. Topsoil will be stockpiled off the southeast side of the pad for later use during rehabilitation of the disturbed areas. Excess excavated material from the pit will be stockpiled on the northwest side of the pit for use during rehabilitation. Please refer to Exhibit 7.

B. Identify if from Federal or Indian Land: The affected land is federal and under the jurisdiction of the Bureau of Land Management.

C. No additional materials, such as sand or gravel, are to be obtained and a minerals material application is not required. If such fill materials are needed, proper permits will be obtained from BLM if the material source is on federal public land.

7. METHODS OF HANDLING WASTE DISPOSAL

A. Drill cuttings and drilling fluids will be contained and disposed of in the reserve pit.

B. Produced fracing fluids will be directed to the reserve pit for evaporation.

C. Sewage: A portable chemical toilet will be on location during

drilling operations.

- D. Garbage and other trash will be placed in a trash cage and removed to a sanitary landfill upon completion. Burning will not be allowed.
- E. Protective Devices: The reserve pit will be fenced on three sides during drilling, and on the fourth side prior to the rig moving off location to protect animals. The flare pit will be fenced as part of the reserve pit. Fencing will consist of a wire mesh ("stocktight") fence topped with one strand of barbed wire and will be as prescribed in the Vernal District Minimum Fencing Standards. If any oil is in the reserve pit, it will be removed or overhead flagging will be installed.
- F. Statement regarding proper cleanup when rig moves out: When the rig moves out, all trash and refuse will be removed from the location and hauled to an approved landfill. Burning will not be allowed. All pits will be filled after drying and the area restored as under Item 10 of this plan.
- G. Produced waste water will be confined to an unlined pit or a storage tank for a period not to exceed 90 days after first production. During the 90-day period, an application for approval of a permanent disposal method (unlined production pits) will be submitted to BLM for approval.

8. ANCILLARY FACILITIES

Identify all proposed camps and airstrips on a map as to their location, area required and construction methods: Camp facilities and use of airstrips are not required.

9. WELL SITE LAYOUT ATTACHMENT AND PROPOSED RIG LAYOUT

- A. Cross section of drill pad with cuts and fills: Refer to Exhibit 7.
- B. Location of mud tank, reserve pit, trash bin, pipe racks and other facilities; rig orientation, parking areas, access road: Refer to Exhibit 7.
- C. Statement regarding pit lining: The reserve pit will be unlined. However, if the subsurface structure should prove too porous or highly fractured, a 4-inch layer of bentonite or a commercial plastic liner will be placed in the pit to prevent excessive seepage and possible groundwater contamination. A BLM representative will be contacted prior to use of the pit if unlined so that the unlined pit can be inspected by BLM.

10. PLANS FOR RESTORATION OF SURFACE

- A. Backfilling, leveling, contouring, and waste disposal: Immediately upon completion of the well, the site will be cleared of all debris

and materials not needed for production and the mouse and rat holes filled. Prior to backfilling, the reserve pit will be allowed to dry by evaporation and any cans, barrels, pipe or other debris will be removed. Cuttings, drilling muds, and similar spent chemicals directed to the reserve pit pursuant to Item 7 above will be buried as the pit is backfilled. The reserve pit will be reclaimed within 90 days from the date of well completion.

- B. All disturbed areas, including either areas of the pad not needed for production facilities or the entire location and access road if a dry hole, will be graded to an appearance consistent with the natural contours. Stockpiled topsoil will then be distributed evenly over these disturbed areas. The disturbed areas will be scarified by plowing or ripping to a depth of 12" and left rough in preparation for reseeding.
- C. Disturbed areas will be reseeded with an appropriate seed mix to be determined by BLM at the time restoration activities begin. Seed will be planted using a disc-type drill set 10" apart. Seed will be planted between one-half and three quarter inches deep. A drag or roller may be used to insure uniform coverage and compaction. Drilling will be done on contour. On slopes too steep for drilling, a "Cyclone" brand seeder or similar broadcast seeder will be used, using twice the recommended amount of seed per acre. Seed will then be covered to the prescribed depth by whatever means is practical.
- D. Seeding will be done from October 1 until ground freeze. If unsuccessful, additional seeding may be required. At such time as the well is P&A'd, a surface reclamation plan will be submitted to BLM via SRA to obtain additional seeding requirements and seed mixes.
- E. Timetable for commencement and completion of rehabilitation operations: Rehabilitation will commence when drilling operations are completed, approximately September 15, 1989 and will be finished within approximately one year. It is anticipated that seeding of the recontoured pad would be performed in the Fall of 1989 following pit backfill and recontouring operations.

11. SURFACE OWNERSHIP

The access road and the well pad are located on public lands managed by the BLM.

12. OTHER INFORMATION

- A. Topography, soil characteristics, geologic features, flora, fauna: The drill site is located on a relatively flat, gently sloping terrace above the Green River. Soil in the area is sandy clay loam. Vegetative cover is predominantly shrubs. Plant species in the area include four-wing saltbush, broom snakeweed, rabbitbrush, along with Indian ricegrass and galleta grass. Local fauna include deer, antelope, and various birds and small mammals. No threatened or endangered species are known to occur in the area.

- B. Other surface-use activities include: Oil and gas production and livestock grazing.
- C. Proximity of water, occupied dwellings: The Green River lies about 1500' east of the location. There are no occupied dwellings in the area. A cultural resource survey was completed for this location in 1984 and the results forwarded to the BLM.
- D. Archeological, historical, or cultural sites: An archeological survey has been conducted for the access road and well pad and the results forwarded to the Vernal BLM Office. If any archeological, historical or cultural sites are discovered during operations, all operations affecting such sites will be suspended and the discovery reported promptly to BLM.
- E. Noxious weeds along the access road and on the wellsite will be controlled. If herbicides or pesticides are used, prior approval will be obtained from BLM for the specific chemical proposed via a Pesticide Use Proposal.
- F. BLM will be contacted between 24 and 48 hours prior to beginning construction activities at the site. BLM contacts are Byron Tolman and Jim Piani at (801) 789-1362.
- G. The drilling rig and/or other drilling equipment will not be stacked or stored on federal lands after the conclusion of drilling operations without BLM authorization. Any BLM authorization for such rig storage would only be a temporary measure until arrangements are made for storage at off-site commercial facilities.

13. LESSEE'S OR OPERATOR'S REPRESENTATIVES AND CERTIFICATION

- A. Name, address and phone number of the lessee's or operator's field representative who is responsible for assuring compliance with the approved surface use and operations plan.

Gary E. Wurdeman
District Drilling & Production Manager
TXO Production Corp.
1660 Lincoln Street
1800 Lincoln Center Building
Denver, Colorado 80264
(303) 861-4246 - Business
(303) 741-2517 - Residence

Comments regarding the content of this plan or arrangements for an on-site inspection should be directed to:

Charles K. Curlee
Environmental Manager
TXO Production Corp.
1660 Lincoln Street
1800 Lincoln Center Bldg.
Denver, Colorado 80264
(303) 861-4246 - Business
(303) 355-3297 - Residence

- B. All operations will be conducted in full compliance with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable NTL's. TXO Production Corp. is fully responsible for the actions of its subcontractors. Copies of the approved permit, including all conditions, will be furnished to TXO's field representative and to the dirt contractor (Surface Use Plan portion only) to insure compliance.
- C. 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 the operations proposed herein will be performed by TXO Production Corp. and its 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 USC 1001 for the filing of a false statement.

DATE:

July 14, 1989

NAME AND TITLE:

GARY E. WURDEMAN
By [Signature]
Gary E. Wurdeman
District Drilling & Production Manager

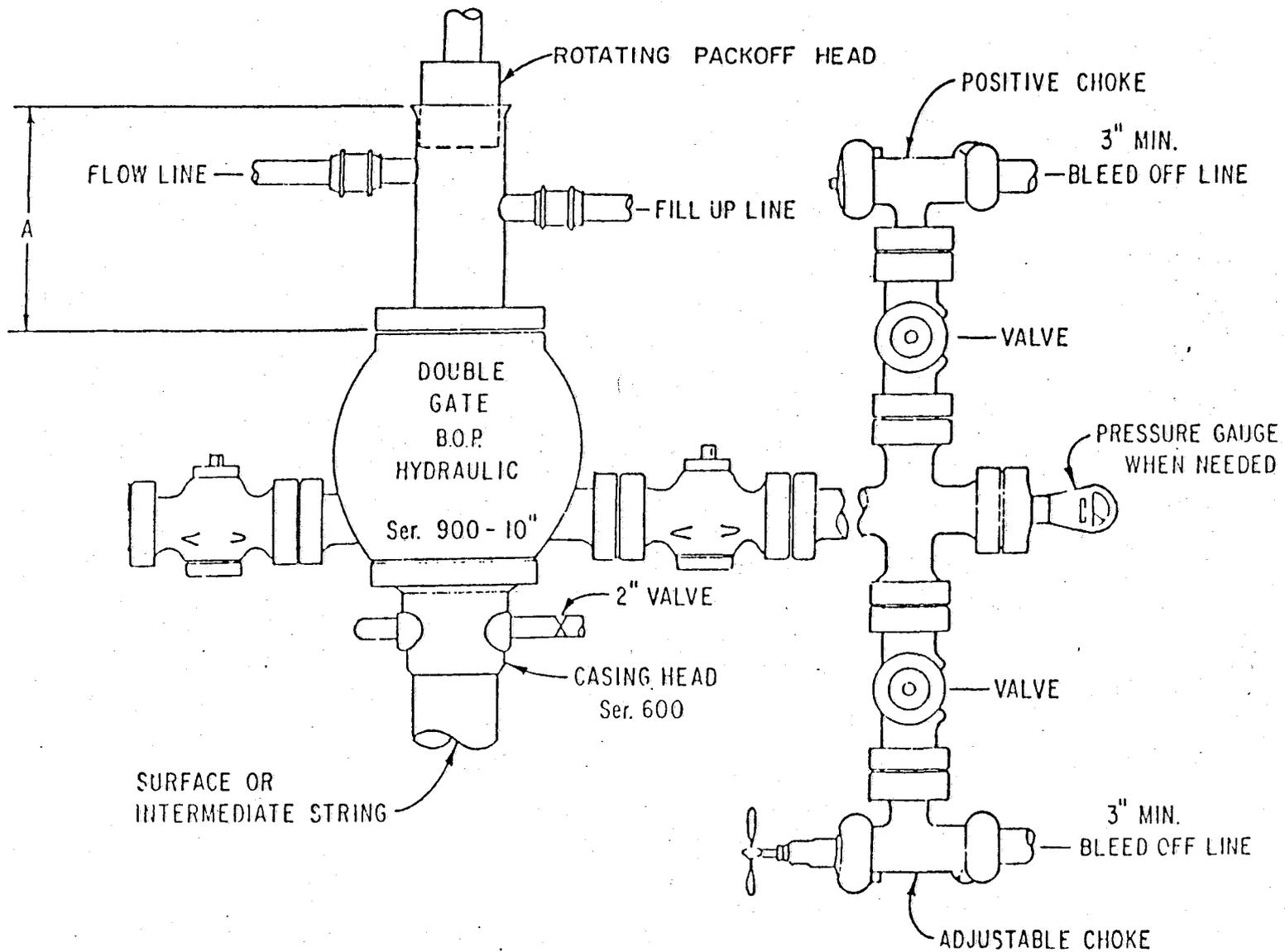
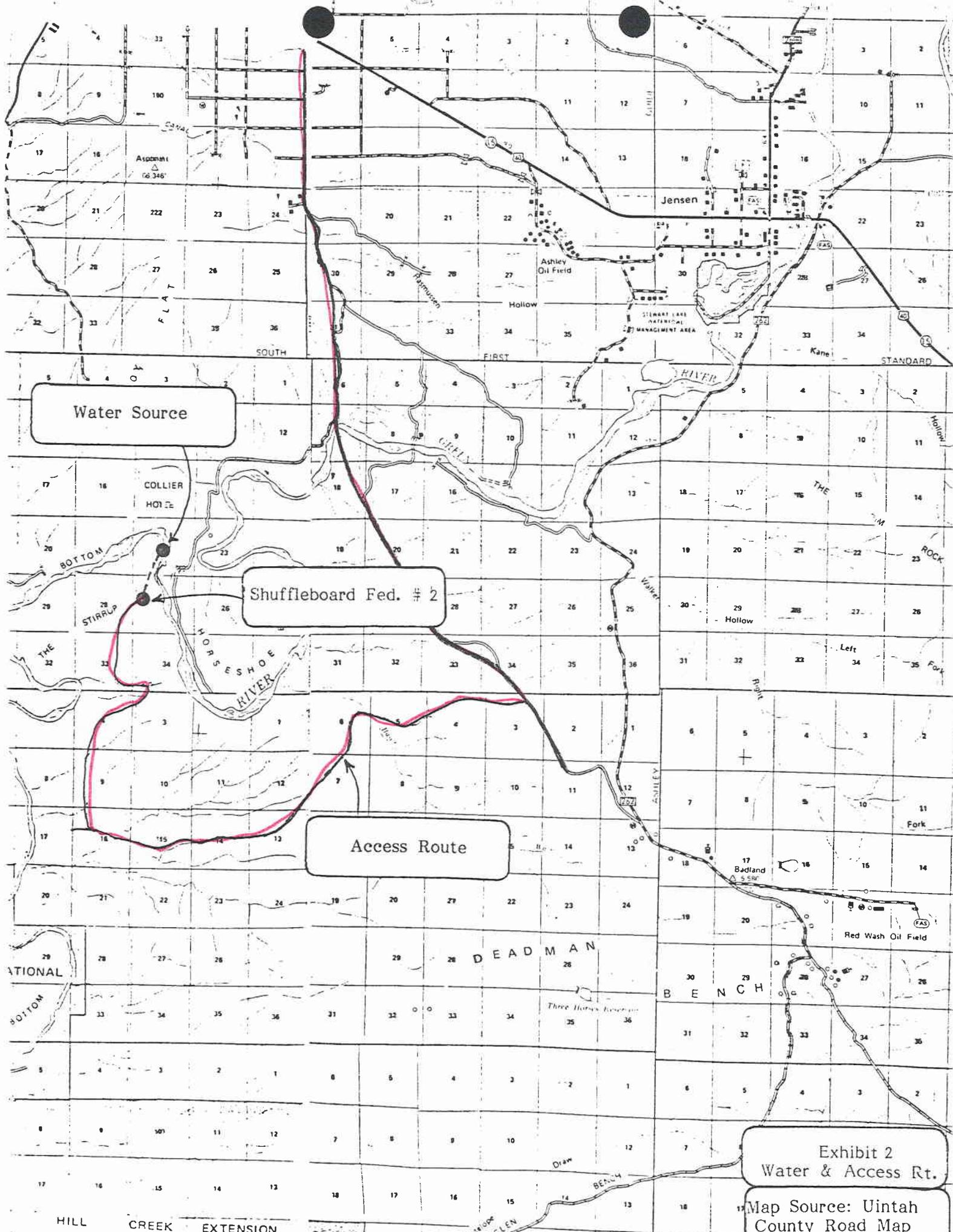


EXHIBIT I
 BLOWOUT PREVENTER DIAGRAM



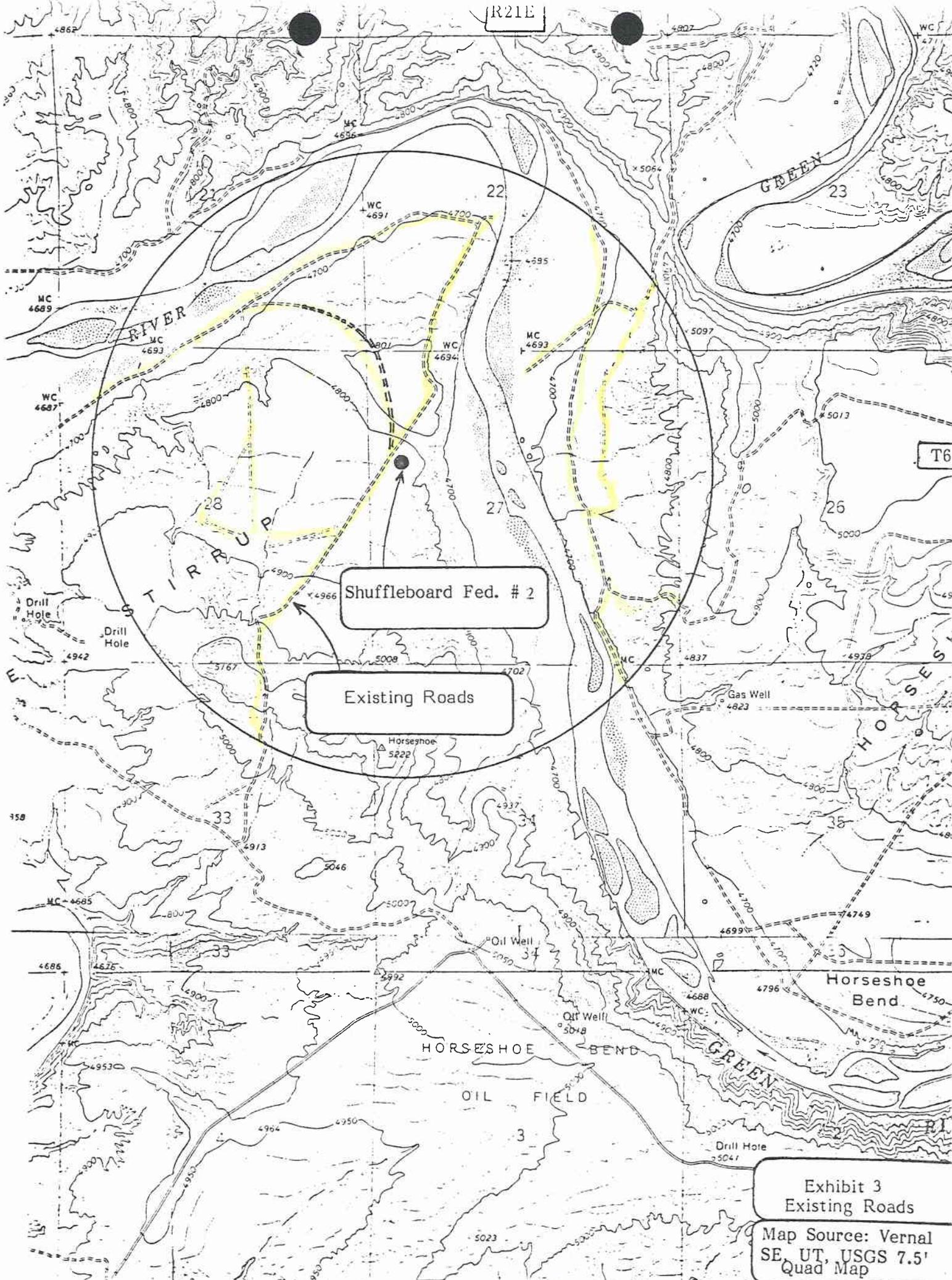
Water Source

Shuffleboard Fed. # 2

Access Route

Exhibit 2
Water & Access Rt.

Map Source: Uintah
County Road Map



R21E

Shuffleboard Fed. # 2

Existing Roads

Exhibit 3
Existing Roads
Map Source: Vernal
SE, UT, USGS 7.5'
Quad Map



Exhibit 4

ACCESS ROAD



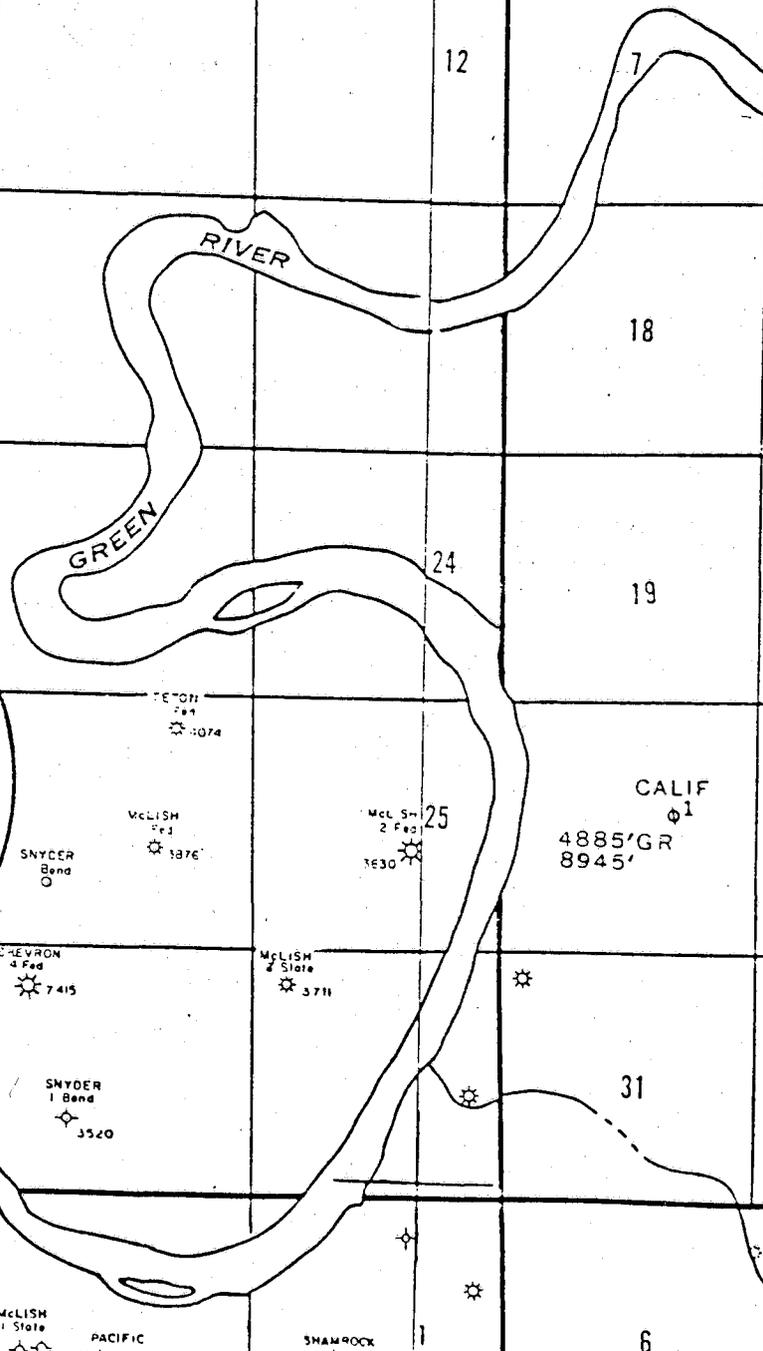
SCALE: 1" = 2000'

TXO PRODUCTION CORP.

SHUFFLE BOARD FED. #2
SEC. 27, T6S, R21E, S.L.B.&M.

R 21 E

CARTER
φ¹ 5022'DF
9002'



LUFF
2 Govt
349'

LUFF
1 Govt
408'

LUFF
3 Govt
340'

LUFF
1 Fed
3730

← 1 Mile R. →

LUFF
2 Govt
3820'

CHEVRON
3 Fed
3612

MCLISH
1 McConkie
3665

MCLISH
1 Govt
8102

MCLISH
1 Govt
3720

LUFF
2 Fed
4050

CALIF OIL
5 Fed
7379

CALIF OIL
24 Fed
7250

7750
LUFF
3750
LUFF
1 Fed

CHEVRON
4 Fed
7415

SNYDER
1 Bend
3520

LUFF
2 McConkie
3480

MCLISH
1 Fed
7470

SHAMROCK
3 Bend
7131

SHAMROCK
2 Bend
7402

SHAMROCK
4 Bend
7366

MCLISH
1 State

PACIFIC

SHAMROCK

TXO
TXO PRODUCTION CORP.
DENVER DISTRICT

Shuffleboard Federal #2
Horseshoe Bend Field
Uintah County, Utah
Exhibit 3
One Mile Radius

Scale: 1"=1000'

Geologist:

C.I.:

Date: 1/9/84

LOMAR
3 Fed
0

CHIEF

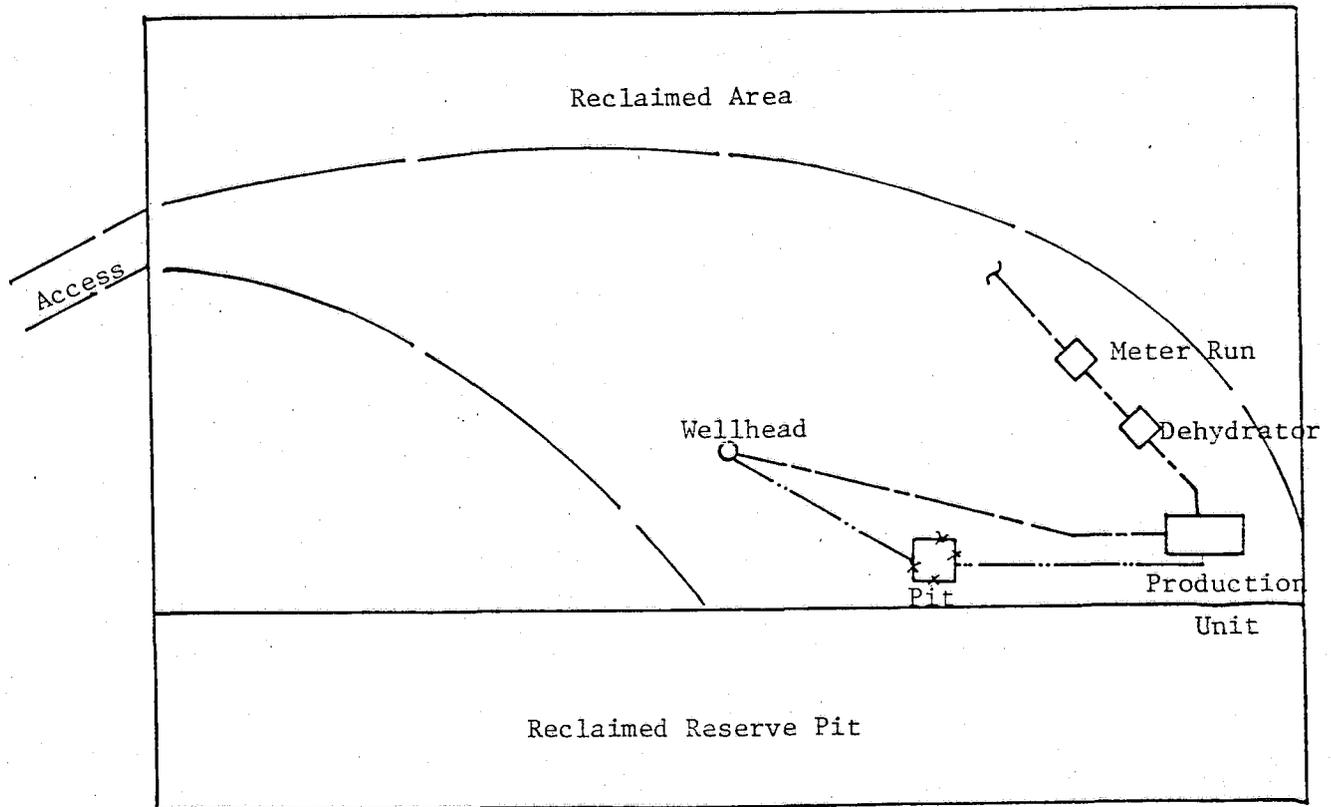


EXHIBIT 6

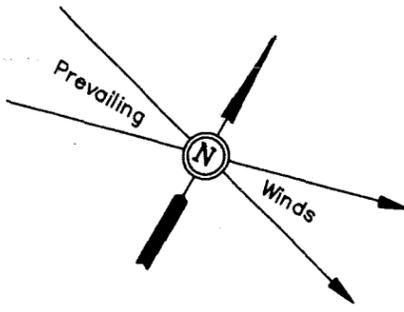
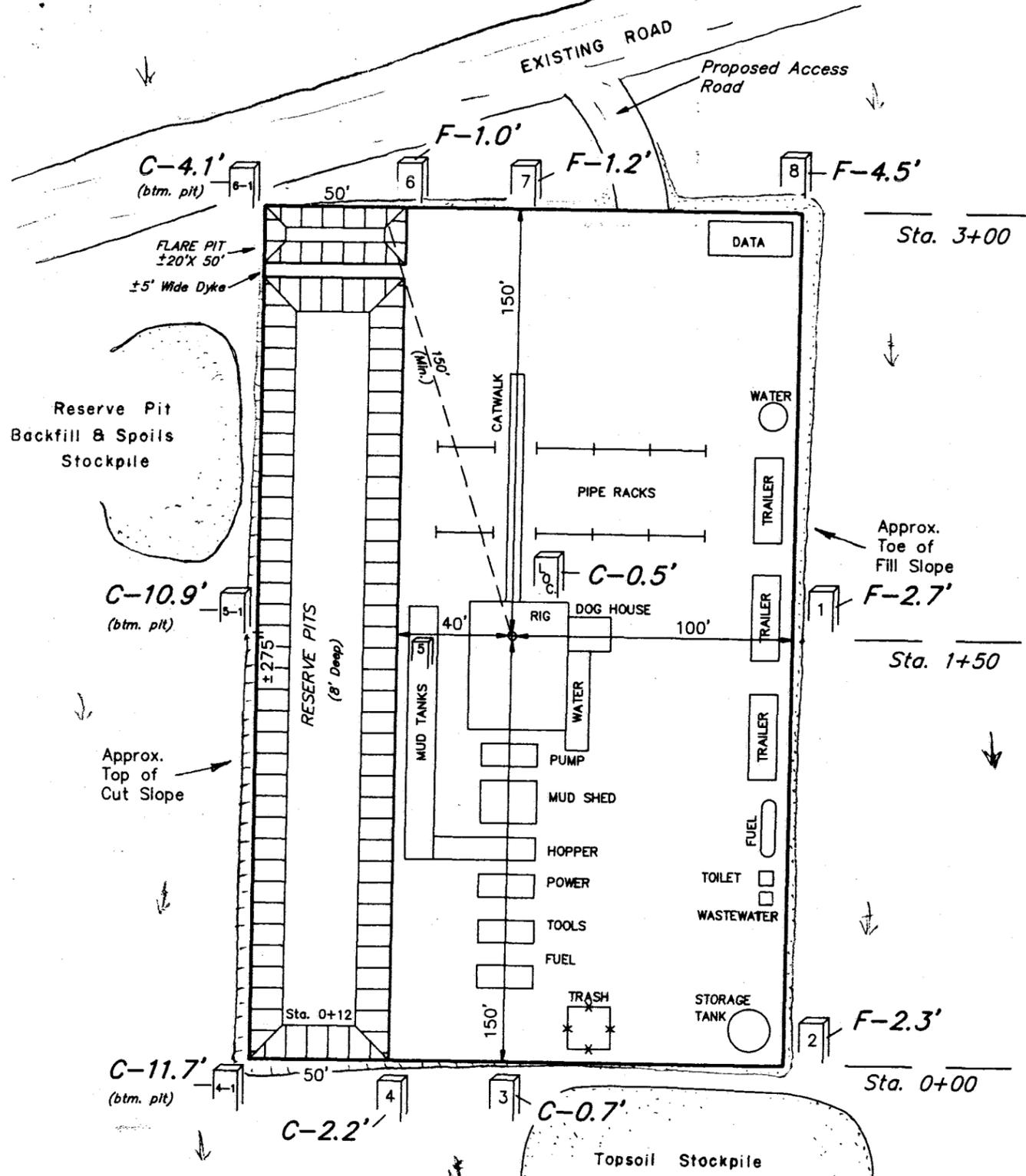
PRODUCTION FACILITIES

SHUFFLEBOARD FEDERAL #1

- 1) Pits will be 10' x 10' x 6' deep and will be surrounded by fence.
- 2) Sacrificial magnesium anodes will be used, if necessary, to control corrosion.
- 3) All pipelines will be coated and wrapped, then buried.
- 4) A surface mounted high/low safety shutdown system will be installed.
- 5) The separator will be an ASME coded vessel.

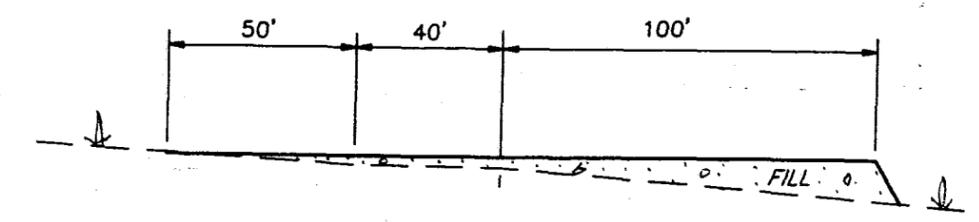
TXO PRODUCTION CORP.
 LOCATION LAYOUT FOR
 SHUFFLEBOARD FED. #2
 SECTION 27, T6S, R21E, S.L.B.&M.

Exhibit 7

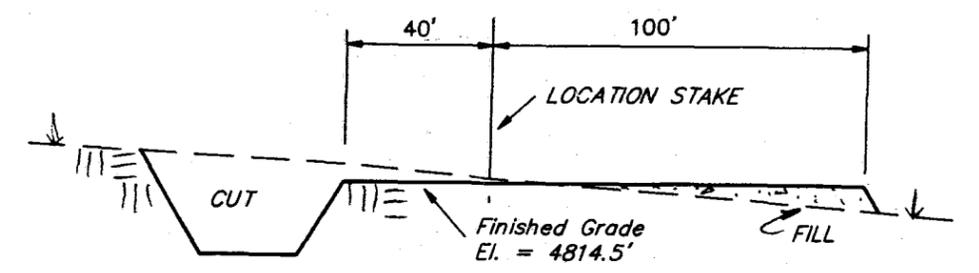


SCALE: 1" = 50'
 DATE: 6-27-89

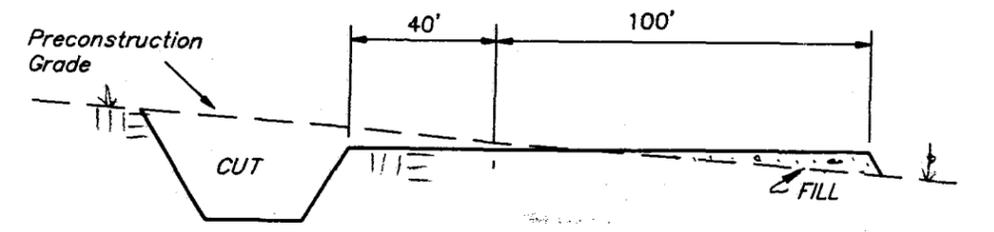
X-Section Scale
 1" = 50'



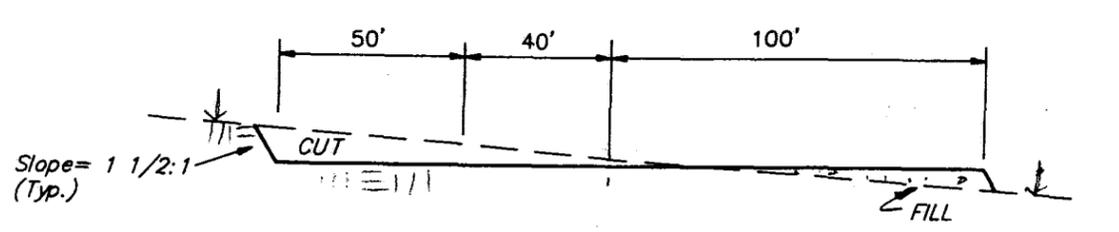
STATION 3+00



STATION 150+00



STATION 0+12



STATION 0+00

TYP. LOCATION LAYOUT
 TYP. CROSS SECTIONS

APPROXIMATE YARDAGES

CUT		EXCESS MATERIAL AFTER 5% COMPACTION	
(6") Topsoil Stripping	= 1,056 Cu. Yds.	Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,536 Cu. Yds.
Pit Volume (Below Grade)	= 2,961 Cu. Yds.	EXCESS UNBALANCE (After Rehabilitation)	= 30 Cu. Yds.
Remaining Location	= 1,186 Cu. Yds.		
TOTAL CUT	= 5,203 CU.YDS.		
FILL	= 2,505 CU.YDS.		

OPERATOR TXO Prod. Corp. (N1580) DATE 8-9-89

WELL NAME Shuttleboard Fed. #2

SEC SWNW 27 T 6S R 21E COUNTY Winteh

43-047-31871
API NUMBER

Federal
TYPE OF LEASE

CHECK OFF:

PLAT

BOND

NEAREST WELL

LEASE

FIELD

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Nearest well ok under Cause 145-8.
Water Permit 49-1464 / T64087 (7-89 to 7-90)
Btm Approved APD on 7-28-89.

APPROVAL LETTER:

SPACING: R615-2-3 N/A R615-3-2
UNIT

145-8 9-19-85 R615-3-3
CAUSE NO. & DATE

STIPULATIONS:

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE PETITION OF TXO *
PRODUCTION CORPORATION FOR AN ORDER *
ALLOWING TWO PRODUCTION WELLS WITHIN *
ESTABLISHED 320 ACRE SPACING UNITS *
FOR THE UINTA FORMATION IN THE *
HORSESHOE BEND FIELD, UINTAH COUNTY, *
UTAH. *

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

Docket No. 85-044
Cause No. 145-8

Pursuant to the Petition of TXO Production Corporation, this cause came on for hearing before the Board of Oil, Gas & Mining, Department of Natural Resources and Energy, State of Utah, on Thursday, August 22, 1985, at 10 o'clock a.m. in the Board Room of the Division of Oil, Gas & Mining, 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah. The following Board members were present:

Gregory P. Williams, Chairman
James W. Carter
Richard B. Larsen
John M. Garr
E. Steele McIntyre
Charles R. Henderson

The Board was represented by Mark C. Moench, Esq., Assistant Attorney General for the State of Utah.

Appearances for the Division of Oil, Gas & Mining were made by:

Ronald J. Firth, Associate Director,
Oil & Gas

John R. Baza, Petroleum Engineer

The Division was represented by Barbara W. Roberts, Assistant Attorney General for the State of Utah.

The Petitioner, TXO Production Corporation was represented by John A. Harja of Hugh C. Garner & Associates, 310 S. Main Street, Suite 1400, Salt Lake City, Utah 84101.

Testimony was given by:

Ricky J. Taylor; Geologist, for Petitioner
Russ E. Gillis; Petroleum Engineer, for Petitioner
Thomas A. Mitchell; Attorney-at-law, for Petitioner

Mr. Assad M. Raffoul, Petroleum Engineer of the Utah State Office of the Bureau of Land Management was also present.

NOW, THEREFORE, the Board having considered the testimony adduced and the exhibits reviewed in said hearing, and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the Rules and Regulations of the Board. Said parties are listed in Exhibit "B" attached to the Petition.
2. The Board has jurisdiction over the subject matter of the Petition and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Board entered its Order in Cause No. 145-2 to establish 320 acre spacing units for the Uinta formation within the following lands:

Township 6 South, Range 21 East, S.L.M.
Sections 25-27, 34-36

Township 6 South, Range 22 East, S.L.M.
Sections 28-33

Township 7 South, Range 21 East, S.L.M.
Sections 1-3, 10-12

Township 7 South, Range 22 East, S.L.M.
Sections 4-6, 8-10

These 320 acre drilling units are composed of the N1/2 and S1/2 of each governmental surveyed section.

4. The Order in Cause No. 145-2 further provided that well sites within the units would be located not less than 1000 feet from the North line and 1000 feet from the East line of the Northeast Quarter, and not less than 1000 feet from the South line and 1000 feet from the West line of the Southwest Quarter of each section, except in Section 2, Township 7 South, Range 21 East, S.L.M., and Sections 27 and 34 of Township 6 South, Range 21 East, S.L.M., where the permitted well locations were established as not less than 1000 feet from the North line and 1000 feet from the West line of the Northwest Quarter and not less than 1000 feet from the South line and 1000 feet from the East line of the Southeast Quarter of each such exception section.

5. The Order in Cause No. 145-2 further provided that the Board may by administration make exceptions to the prescribed well

locations in the event topographic and other structural considerations so require.

6. This Board entered its Order in Cause No. 145-3 to extend the provisions of the Order in Cause No. 145-2 to Section 4, Township 7 South, Range 21 East, S.L.M., Uintah County, Utah.

7. This Board entered its Order in Cause No. 145-4 to allow for the drilling of and simultaneous production from two wells in the Uinta formation within each 320 acre spacing drilling unit in Sections 31, 32 and 33 of Township 6 South, Range 22 East, S.L.M.

8. The Order in Cause No. 145-4 restricted the permitted well locations within Sections 31, 32 and 33 to the area not less than 500 feet from the boundaries of each surveyed quarter section.

9. The Order in Cause No. 145-4 provided that the Board may administratively make exceptions to the prescribed well locations in the event topographic and other structural variations so require.

10. This Board entered its Order in Cause No. 145-5 to allow, inter alia, two production wells per 320 acre spacing unit for the Uinta formation within Sections 28, 29, 30 of Township 6 South, Range 22 East, S.L.M. Said Order further provided that the permitted well locations should be located within each quarter Section, no closer than 500 feet from the boundaries of such quarter section, and that exception locations to the prescribed well locations may be granted administratively by the Division of Oil, Gas & Mining in the event topographic conditions so require.

11. This Board entered its Order in Cause No. 145-6 to extend the 320 acre Uinta formation spacing (established by Cause No. 145-2) to Section 32, Township 6 South, Range 21 East, S.L.M. Said Order also provided that exceptions to the prescribed well locations, may be granted administratively, (without Board hearing) in the event topography or other structural reasons so require.

12. The Uinta formation constitutes a common source of supply of gas under the following tracts:

Township 6 South, Range 21 East, S.L.M.
Sections 25-27, 32, 34-36

Township 7 South, Range 21 East, S.L.M.
Sections 1-4, 10-12

Township 7 South, Range 22 East, S.L.M.
Sections 4-6, 8-10

13. One well per each 320 acre drilling/spacing unit previously established on the lands described in paragraph 12 will not effectively, efficiently, or adequately drain the gas within the Uinta formation.

14. Economic evaluation of the proposed wells in the lands described in paragraph 12 indicates that the wells will very probably recover commercial amounts of gas, reach payout and provide a good rate of return to investors.

15. The Board has the authority, pursuant to Section 40-6-6(4) U.C.A. (1953 as amended) to modify previous orders to authorize additional wells on each previously established spacing/drilling unit.

16. To protect the correlative rights of the various interest owners, and to prevent waste, maximize recovery of the natural

resource, and prevent the drilling of unnecessary wells, the Board should enter an Order permitting two (2) wells to be drilled and produce simultaneously within each 320 acre Uinta formation drilling unit on the lands described in paragraph 12 above.

17. The permitted well locations within each 320 acre Uinta formation spacing unit should be within each government surveyed quarter section, one well per quarter section, no closer than 500 feet from the boundaries of each quarter section.

18. The Division of Oil, Gas and Mining, or successor agency, should have the right to administratively approve exceptions to the prescribed well locations if topographical, cultural, geological or other considerations so require.

CONCLUSIONS OF LAW

1. The Board has the authority, pursuant to Section 40-6-6(4) U.C.A. (1953 as amended) to modify previous orders to authorize additional wells on each previously established spacing/drilling unit.

2. An Order permitting (a) the drilling of additional wells on existing units as provided herein, and (b) the simultaneous production of two wells per 320 acre Uinta formation spacing/drilling unit will prevent waste, maximize recovery, prevent the drilling of unnecessary wells, and protect the correlative rights of interest owners.

Sufficient evidence now being available upon which to reach a decision, the Board issues the following:

ORDER

Based upon evidence presented covering the geology, ownership, reservoir characteristics and reserves of natural gas, and to protect correlative rights and maximize the recovery of gas, the Orders issued in Cause Nos. 145-2, 145-3, 145-6, and 145-7 are hereby amended to the extent necessary to authorize the following:

1. Two production wells are allowed per each 320 acre Uinta formation drilling unit on the following lands:

Township 6 South, Range 21 East, S.L.M.
Sections 25-27, 32, 34-36

Township 7 South, Range 21 East, S.L.M.
Sections 1-4, 10-12

Township 7 South, Range 22 East, S.L.M.
Sections 4-6, 8-10

2. The permitted well locations within each 320 acre drilling unit are within each government surveyed quarter section, one well per quarter section, at a point no closer than 500 feet from the boundaries of each quarter section;

3. The Division of Oil, Gas & Mining, or successor agency, may administratively approve exceptions to the prescribed well locations pursuant to Rule C3 of the General Rules and Regulations of the Board (or any duly promulgated replacement rule) if topographical, cultural, geological or other considerations so require;

4. The Board retains exclusive and continuing jurisdiction of all matters covered by this Order and of all parties affected

thereby, and particularly reserves exclusive and continuing jurisdiction to make further orders as appropriate and as authorized by statute and regulation.

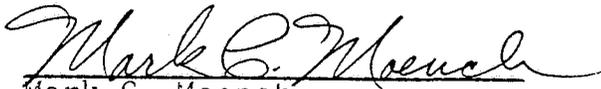
DATED this 19th day of Sept., 1985.

STATE OF UTAH
BOARD OF OIL, GAS & MINING



Gregory P. Williams, Chairman

Approved as to form:



Mark C. Moench
Assistant Attorney General



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

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

August 10, 1989

TXO Production Corporation
1800 Lincoln Center Bldg.
Denver, Colorado 80264

Gentlemen:

Re: Shuffleboard Fed. #2 - SW NW Sec. 27, T. 6S, R. 21E - Uintah County, Utah
1885' FNL, 576' FWL

Approval to drill the referenced well is hereby granted in accordance with the Order of Cause No. 145-8 dated September 19, 1985.

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

1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of an Entity Action Form within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
4. Prompt notification if it is necessary to plug and abandon the well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or Jim Thompson, Lead Inspector, (Home) 298-9318.
5. Compliance with the requirements of Rule R615-3-20, Gas Flaring or Venting, Oil and Gas Conservation General Rules.
6. Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site shall be submitted to the local health department. These drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.

Page 2
TXO Production Corporation
Shuffleboard Fed. #2
August 10, 1989

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

The API number assigned to this well is 43-047-31871.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

lcr
Enclosures
cc: Bureau of Land Management
D. R. Nielson
J. L. Thompson
WE14/1-2

RECEIVED
DEC 7 1989

FILING FOR WATER IN THE STATE OF UTAH RECEIVED

Rec. by _____
Fee Rec. _____
Receipt # _____
Microfilmed _____
Roll # _____

DIVISION OF WATER RIGHTS
VERNAL, UTAH

APPLICATION TO APPROPRIATE WATER

DEC 11 1989

RECEIVED

WATER RIGHTS

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the _____ based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3 of the Utah Code Annotated (1953, as amended).

DIVISION OF
OIL, GAS & MINING

* WATER RIGHT NO. 45-5381 * APPLICATION NO. T64334

1. *PRIORITY OF RIGHT: December 7, 1989 * FILING DATE: December 7, 1989

2. OWNER INFORMATION

Name(s): TXO Production Corp. Attn: C. Curlee * Interest: _____ %
Address: 1800 Lincoln Center Bldg.
City: Denver State: CO Zip Code: 80264
Is the land owned by the applicant? Yes _____ No X
(If "No", please explain in EXPLANATORY section.)

3. QUANTITY OF WATER: 0.1 cfs and/or _____ ac-ft

4. SOURCE: Green River * DRAINAGE: _____
which is tributary to Colorado River
which is tributary to _____

POINT(S) OF DIVERSION: _____ COUNTY: Uintah
1500' east and 2000' south of northwest corner of Section 29-T6S-R21E or an alternate point of diversion at 1200' east and 1300' north of southwest corner of Section 32-T6S-R21E.

Description of Diverting Works: _____
* COMMON DESCRIPTION: _____

5. POINT(S) OF REDIVERSION

The water will be rediverted from Not Applicable at a point: _____
Description of Rediverting Works: _____

6. POINT(S) OF RETURN

The amount of water consumed will be 0.1 cfs or _____ ac-ft
The amount of water returned will be None cfs or _____ ac-ft
The water will be returned to the natural stream/source at a point(s): _____

7. STORAGE

Reservoir Name: Not Applicable Storage Period: from _____ to _____
Capacity: _____ ac-ft. Inundated Area: _____ acres
Height of dam: _____ feet
Legal description of inundated area by 40 acre tract(s): _____

* These items are to be completed by the Division of Water Rights

Appropriate

8. List any other water rights which will supplement this application. None

9. NATURE AND PERIOD OF USE

Irrigation:	From _____	to _____
Stockwatering:	From _____	to _____
Domestic:	From _____	to _____
Municipal:	From _____	to _____
Mining:	From _____	to _____
Power:	From _____	to _____
Other:	From <u>12-15-89</u>	to <u>12-15-90</u>

10. PURPOSE AND EXTENT OF USE

Irrigation: _____ acres. Sole supply of _____ acres.
 Stockwatering (number and kind): _____
 Domestic: _____ Families and/or _____ Persons
 Municipal (name): _____
 Mining: _____ Mining District in the _____ Mine
 Ores mined: _____
 Power: Plant name: _____ Type: _____ Capacity: _____
 Other (describe): for drilling oil & gas wells.

11. PLACE OF USE

Legal description of place of use by 40 acre tract(s): Proposed oil/gas wells in T6S-R21E:
NE/NW and SE/SW of Section 28
SE/SW and SE/NE of Section 29 43-047-31883 Football 29-4
NW/NW of Section 32
SW/NW of SW/SW of Section 27 43-047-31871 Shuttle board #2
Exact location of wells may change.

12. EXPLANATORY

The following is set forth to define more clearly the full purpose of this application. (Use additional pages of same size if necessary): Land is federal and state, managed by the Vernal District BLM and the State of Utah. TXO Production Corp. is the operator of oil & gas leases on the subject lands.

The applicant(s) hereby acknowledges that he/she/they are a citizen(s) of the United States of America or intends to become such a citizen(s). The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purposes herein described. The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained herein, at the time of filing, rests with the applicant(s).

Charles K. Curlee
 Signature of Applicant(s)
 Charles K. Curlee
 Environmental Manager

STATE ENGINEER'S ENDORSEMENT

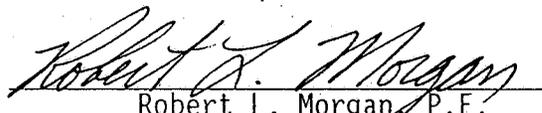
WATER RIGHT NUMBER: 45 - 5381

APPLICATION NO. T64334

1. December 7, 1989 Application received.
 2. December 7, 1989 Application designated for APPROVAL by RWL and KLJ.
 3. Comments:
-

Conditions:

This application is hereby APPROVED, dated January 19, 1990, subject to prior rights and this application will expire on January 19, 1991.


Robert L. Morgan, P.E.
State Engineer

Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, Utah 84078

3162.35
(UT08438)

August 17, 1990

TXO Production Corp.
ATTN: C.K. Curlee
1800 Lincoln Center Bldg.
Denver, CO 80264

Re: Rescind Application for Permit to Drill
Well #: Shuffleboard Fed. 2
Section 27, T6S, R21E 4304731654
Uintah County, Utah 21871
Lease U-53860

The Application for Permit to Drill the referenced well was approved on July 28, 1989. Since that date, no known activity has transpired at the approved location. Under current District policy, Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is rescinding the approval of the referenced application without prejudice. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,


Howard B. Cleavinger II
Assistant District Manager
for Minerals

bcc: State Div. O G & M
Well File
U-922/U-943
U-942
RA
AIRS

MHerrmann:plp:0360H

OIL AND GAS	
DPN	RJF
JFB	GLH
DIS	SLS
1-778 DWE	
MICROFILM	
FLE	



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangarter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

September 11, 1990

TXO Production Corporation
1800 Lincoln Center Building
Denver, Colorado 80264

Gentlemen:

Re: Well No. Shuffleboard Federal #2 Sec. 27, T. 6S, R. 21E, Uintah County, Utah,
API No. 43-047-31871

In concert with action taken by the U.S. Bureau of Land Management, approval to drill the above referenced well is hereby rescinded. A new Application for Permit to Drill must be filed with this office for approval prior to the commencement of any future work on the subject location.

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

Sincerely,

A handwritten signature in cursive script that reads "Don Staley".

Don Staley
Administrative Supervisor

DME/lc

cc: D.R. Nielson

R.J. Firth

Bureau of Land Management

Well file

WOI196