

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED 7-11-91

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. U-66761 INDIAN

DRILLING APPROVED: 8-12-91 (EXCEPTION LOCATION)

SPUDDED IN:

COMPLETED: 8-25-92 LA PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: LAD Per BLM eff. 8-25-92

FIELD: WILDCAT

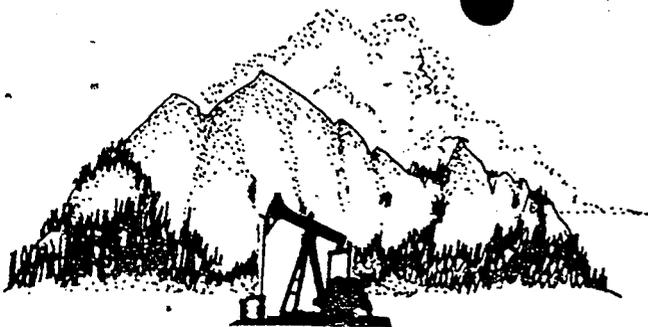
UNIT:

COUNTY: UINTAH

WELL NO. POT OF GOLD #24-1 API NO. 43-047-32061

LOCATION 2166' FNL FT. FROM (N) (S) LINE. 557' FWL FT. FROM (E) (W) LINE. SWNW 1/4 - 1/4 SEC. 24

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
11S	24E	24	WASATCH GAS DEVELOPMENT				



DOLAR OIL PROPERTIES

9035 South 700 East, Suite 100A
Sandy, UT 84070-2418
(801) 561 - 3121

June 21, 1991

Ms. Diane Nielson
State Director
Utah Division of Oil, Gas & Mining
355 W. North Temple, Suite 350
Salt Lake City, Utah 84180

RECEIVED

JUN 25 1991

DIVISION OF
OIL GAS & MINING

RE: Request for Exception of Spacing
Wasatch Gas Development, Inc.
Pot of Gold Well 23-1
Sec. 23: S/2SE/4, T.11 S.; R.24 E., S.L.M.;
Pot of Gold Well 1-1
Sec. 1: NW/4NW/4, T.12 S; R. 23 E., S.L.M.;
and Pot of Gold Well 12-1
Sec. 12: E/2NW/4, T.12 S.; R. 23 E., S.L.M.

Dear Ms. Nielson:

Please be advised that Wasatch Gas Development Inc. has filed a Permit to Drill for the above referenced wells. In accordance with State spacing regulations, it has been requested in the APD's "Thirteen Point Plan of Development" that an exception for spacing be approved by the State office in drilling the wells.

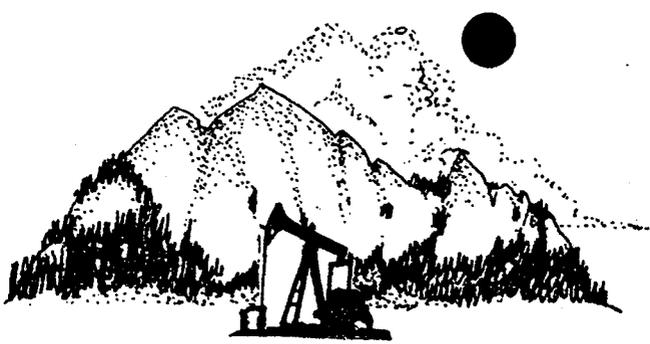
It is our understanding that the region that will be drilled has not been spaced to date, and therefore falls under the Statewide 40 acre spacing ruling. Via farm-out agreement from Global Natural Resources Corporation of Nevada, Wasatch Development Inc. owns record title interest to a half section surrounding each proposed location. The primary objective will be to produce gas from the Wasatch and Mesa Verde formations; and upon review of reservoir information, a formal spacing order will be applied for with the State Oil and Gas Conservation Commission.

The locations were chosen to cause the least amount of surface damage and obtain easy access from existing roads; therefore, the proposed locations are not staked within 200 feet of each quarter-quarter section line. Furthermore, the completion of a well at each location will not infringe upon the rights of any other operators in the area; and therefore we deem our request for exception of spacing as being appropriate.

Yours truly,

DOLAR OIL PROPERTIES


Mark S. Dolar, CPL
MSD/df



DOLAR OIL PROPERTIES

9035 South 700 East, Suite 100A
Sandy, UT 84070-2418
(801) 561 - 3121

July 10, 1991

RECEIVED

JUL 11 1991

DIVISION OF
OIL GAS & MINING

Mr. Frank Matthews
Utah Division of Oil, Gas and Mining
355 West North Temple
Suite 350
Salt Lake City, Utah 84180

RE: Wasatch Gas Development, Inc.
Pot of Gold Wells 1-1, 12-1, 23-1 & 24-1
Uintah County, Utah

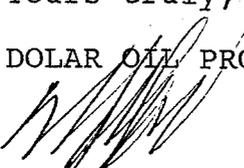
Dear Mr. Matthews:

I've been away during the past two weeks on vacation and upon my return learned you had requested copies of the above referenced A.P.D.'s.

The full applications are enclosed herein for your review. Please call if you have any questions.

Yours truly,

DOLAR OIL PROPERTIES


Mark S. Dolar, CPL

Enclosures

MSD/df

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

Budget Bureau No. 1004-U130
Expires August 31, 1985

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
Wasatch Gas Development, Inc.

3. ADDRESS OF OPERATOR
1455 Riverchon Plaza, 3500 Maple Avenue, Dallas, Texas 75219

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface
557 feet from West line; 2166 feet from North line
At proposed prod. zone
same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
16.9 miles south of Bonanza, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 557'
16. NO. OF ACRES IN LEASE 2,494.86

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. _____
19. PROPOSED DEPTH 4,500' m/R/O

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
6107 feet (GR)

5. LEASE DESIGNATION AND SERIAL NO.
U-66761

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.
Pot of Gold #24-1

10. FIELD AND POOL, OR WILDCAT
wildcat 001

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 24, T11S; R24E, SLB&M

12. COUNTY OR PARISH 13. STATE
Uintah Utah

17. NO. OF ACRES ASSIGNED TO THIS WELL
320.00

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START*
July 15, 1991

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/2"	9 5/8"	15.5 lbs.	300'	Determined upon review of Caliper
7 5/8"	5 1/2"	15.5 lbs.	4500'	"

RECEIVED

JUL 11 1991

DIVISION OF
OIL GAS & MINING

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 _____ TITLE Contract Landman DATE 6-12-91

(This space for Federal or State office use)

PERMIT NO. 43-047-30061 APPROVAL DATE _____ APPROVED BY THE STATE

APPROVED BY _____ TITLE _____ OF UTAH DIVISION OF

CONDITIONS OF APPROVAL, IF ANY: DATE: 8/12/91 BY: [Signature]

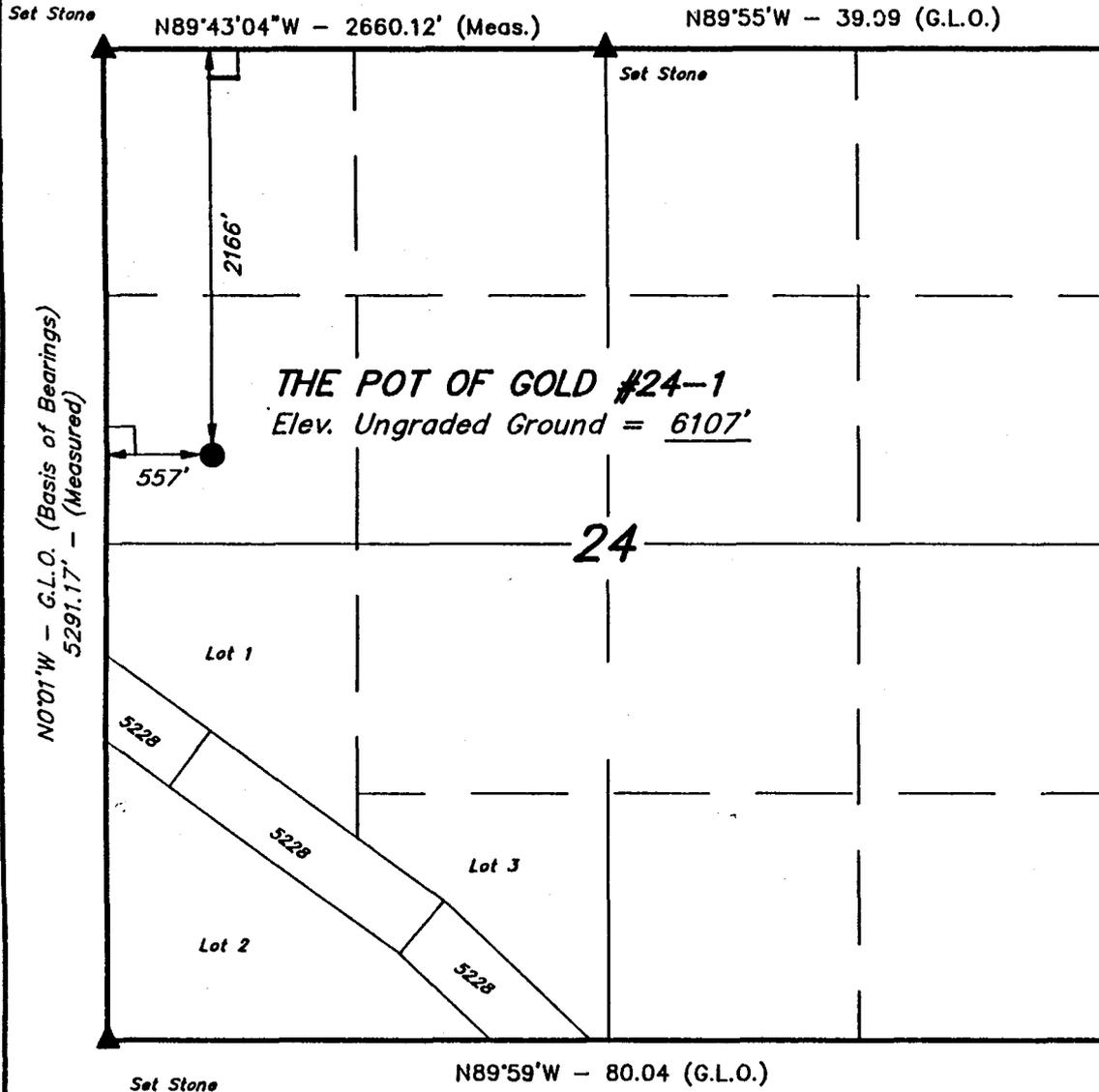
*See Instructions On Reverse Side

WELL SPACING: 2015-2-3

T11S, R24E, S.L.B.&M.

WASATCH GAS DEVELOPMENT, INC.

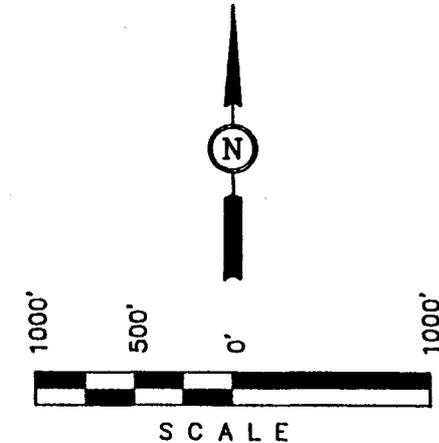
Well location, THE POT OF GOLD #24-1, located as shown in the SW 1/4 NW 1/4 of Section 24, T11S, R24E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

BENCH MARK 95 EAM, 1965 LOCATED IN THE E 1/2 SECTION 23, T11S, R24E, S.L.B.&M. TAKEN FROM THE RAINBOW QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6156 FEET.

SOUTH - (G.L.O.)



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.

Robert L. King
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 5709
 STATE OF UTAH

REVISED: 5-31-91

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (801) 789-1017

SCALE 1" = 1000'	DATE 5-21-91
PARTY G.S. D.A. T.D.H.	REFERENCES G.L.O. PLAT
WEATHER	FILE

▲ = SECTION CORNERS LOCATED.

BUREAU OF LAND MANAGEMENT
VERNAL DISTRICT

CONDITIONS OF APPROVAL FOR PERMIT TO DRILL

Company: WASATCH GAS DEVELOPMENT, INC. Well No.: POT OF GOLD 24-1

Location: Sec 24: SW/4SW/4, T. 11 South, R. 24 East, S.L.M. Lease: U-66761

Onsite Inspection date: June 26, 1991

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

A. DRILLING PROGRAM:

1. Surface formation and Estimated Formation Tops:

Green River formation -- Surface
Wasatch formation -- 2,600 feet
Mesaverde formation -- 4,500 feet

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

	Formation	Depth
Expected Oil Zones:	None	
Expected Gas Zones:	Wasatch	2,600'
	Mesaverde	4,500'
Expected Water Zones:	None	
Expected Mineral Zones:	None	

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

3. Pressure Control Equipment:

Bottom Hole Pressures will be checked by pressure method prior to drilling. A Rotating Head will be used and checked. The anticipated bottom hole pressure will be 1,850 psi. See the attached Exhibit "A", for a diagram of the equipment which will be used in testing procedures.

BOP systems will be consistent with Onshore Oil and Gas Order #2. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and will be recorded on the daily drilling report. The District Office will be notified 1 day in advance when pressure tests are to be conducted.

4. Casing Program and Auxiliary Equipment:

A 12 1/4 inch hole will be drilled to from the surface to the depth of 300 feet, with 9 5/8 inch casing being set. A 7 7/8 inch hole will then be drilled to total depth, with 5 1/2" production casing being set to T.D. New, 15.5 lb casing will be used, the grade of casing will be K55. Class G cement will be used to cover all productive zones, the ratio will be 15.6 pounds per gallon. The same mixture of filler cement will be used to the depth of 1,000 feet above total depth drilled. The quantity of cement will be determined after review of the Caliper log. The tread type will be ST&C.

Anticipated cement tops will be reported as to depth, not the expected number of sacks. The District Office will be notified one day in advance when running casing strings and cement.

5. Mud Program and Circulating Medium:

The well will be drilled with 2% Kcl water to the top of the Wasatch formation (approximately 2,600 feet), Kcl-Polymer will then be used in drilling to total depth. The anticipated mud weight will 9 pounds.

6. Coring, Logging and Testing Program:

The Mesaverde formation will be cored. Gamma Ray-Dual Induction, Microlog with Caliper Simultaneous Compensated Neutron Litho-Density log and Sonic log will be used. All logs will be run from the depth of 300 feet, except the Gamma Ray Log will be pulled to the surface.

Whether the well is completed as a dry hole or as a producer, a "Well Completion and Recompletion Report and Log" (form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well test data, geological summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4.

7. Abnormal Conditions, Bottom Hole Pressures and Potential Hazards:

No abnormal gas pressures or temperatures are expected. Hydrogen Sulfide or other hazardous gases or fluids are not expected in the area.

8. Anticipated Starting Dates and Notifications of Operations:

The Operator will contact the Vernal District Office at Vernal, Utah forty-eight (48) hours prior to beginning any dirt work on this location.

No location will be construed or moved, no well will be plugged, and drilling or workover equipment will not be removed from a well without prior approval of the District Manager. District Manager will also be notified if a well is placed in a suspended status, and approval will be requested from District Manager before resuming operations.

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

In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 9-329, "Monthly Report of Operations", starting with the month in which operations commence and continue each month until drilling is concluded. This report will be filed directly with the BLM District Office, 170 East 500 South, Vernal, Utah.

9. Immediate Reports:

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

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 District Manager, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig. In emergency situations, verbal approval to bring on a replacement rig will be approved by the District Petroleum Engineer.

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

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

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

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

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

The top of the marker will be closed or capped.

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

"Fed" or "Ind", as applicable. "Well number, location by 1/41/4 section, township and range". "Lease number".

THIRTEEN POINT PLAN OF DEVELOPMENT

1. Existing Roads:
 - a. Location is 16.9 miles south of Bonanza, Utah to planned access road.
 - b. Access will be obtained by traveling 16.9 miles south of Bonanza by miles along graveled county road to well access road. Improvements will not be required for use of existing roads.
 - c. Improvements and/or maintenance of existing roads will not be necessary.

2. Planned Access Roads:
 - a. The maximum total distributed width will be 30 feet.
 - b. Maximum grades will not exceed six percent.

 - c. Turnouts:

 - d. Location (centerline): Centerline has been flagged. The road will be approximately 30 feet wide with 18 feet running surface.

 - e. Drainage will not be required. Low water crossings only.
 - f. Surface materials will be purchased from a private source.

 - g. Other:

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

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

3. Location of Existing Wells:

None on Property.

4. Location of Tank Batteries and Production Facilities:

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

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

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

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

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

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

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

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

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from:

Water will be hauled in by a private source, bids will be solicited.

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

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

6. Source of Construction Material:

Pad construction material will be obtained from a private source, bids will be solicited.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3. Source of construction material will be located on lease.

7. Methods of Handling Waste Disposal:

The reserve pit will not be lined.

Three sides of the reserve pit will be fenced with fencing material and/or barbed wire before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying.

All trash must be contained and disposed of by loading and hauling away.

If burning is required, a permit will be obtained from the State Fire Warden

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

Other:

8. Ancillary Facilities:

Camp facilities will not be required.

9. Well Site Layout:

The reserve pit will be located on the South side of the well site.

The top six inches of soil material will be removed from the location and stockpiled separately on North and South sides. Topsoil along the access road will be reserved in place adjacent to the road.

Access to the well pad will be from the West along the planned access road.

The trash pit will be located on the Southeast corner of the well pad.

10. Plans for Restoration of Surface:

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

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

The operator or his contractor will notify the Vernal District Office at Vernal, Utah, forty-eight (48) hours before starting reclamation work that involves earth moving equipment and upon completion of restoration measures.

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

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

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

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

The following seed mixture will be used:

Indian Grass, or other seedings which match undisturbed lands.

The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed within six months from the date of well completion.

Additional Requirements:

11. Surface and Mineral Ownership: The Federal Government owns all surface and mineral interests.

12. Other Information:

a. Right of Way for Gas Pipeline:

In the event of gas production, Operator intends to lay a two inch pipeline four and one-half miles long, with a six foot right-of-way width, along county access through Sections 23, 24, 26, 27, 33 and 34 of Township 11 South, Range 24 East; and through Sections 4 and 5, Township 12 South, Range 24 East. A right of way easement will be requested to cross fee property located in the W/2SW/4 of Section 26, T11S,R24E, as well as across the following federal oil and gas leases:

U-66762 U-54232 U-64833 U-01252A U-014739A U-08424A

See attached Exhibit "B" for map and diagram of proposed right-of-way.

- b. There will be no deviation from the proposed drilling and/or workover program without prior approval from the District Manager. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.2.
- c. "Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3164.
- d. The dirt contractor will be provided with an approved copy of the surface operations in accordance with 43 CFR 3164.
- e. The dirt contractor will be provided with an approved copy of the surface use plan.
- f. A cultural resource clearance (will/will not) be required before any construction begins. If any cultural resources are found during construction, all work will stop and the District Manager will be notified.
- g. This permit will be valid for a period of one (1) year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

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

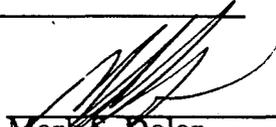
Representative:

Name: Mark S. Dolar
Address: 9035 South 700 East
Sandy, Utah 84070
Phone No.: (801) 561-3121

Certification:

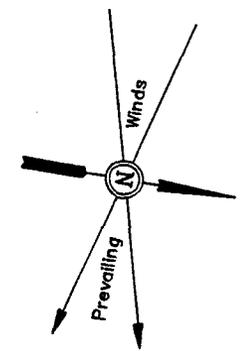
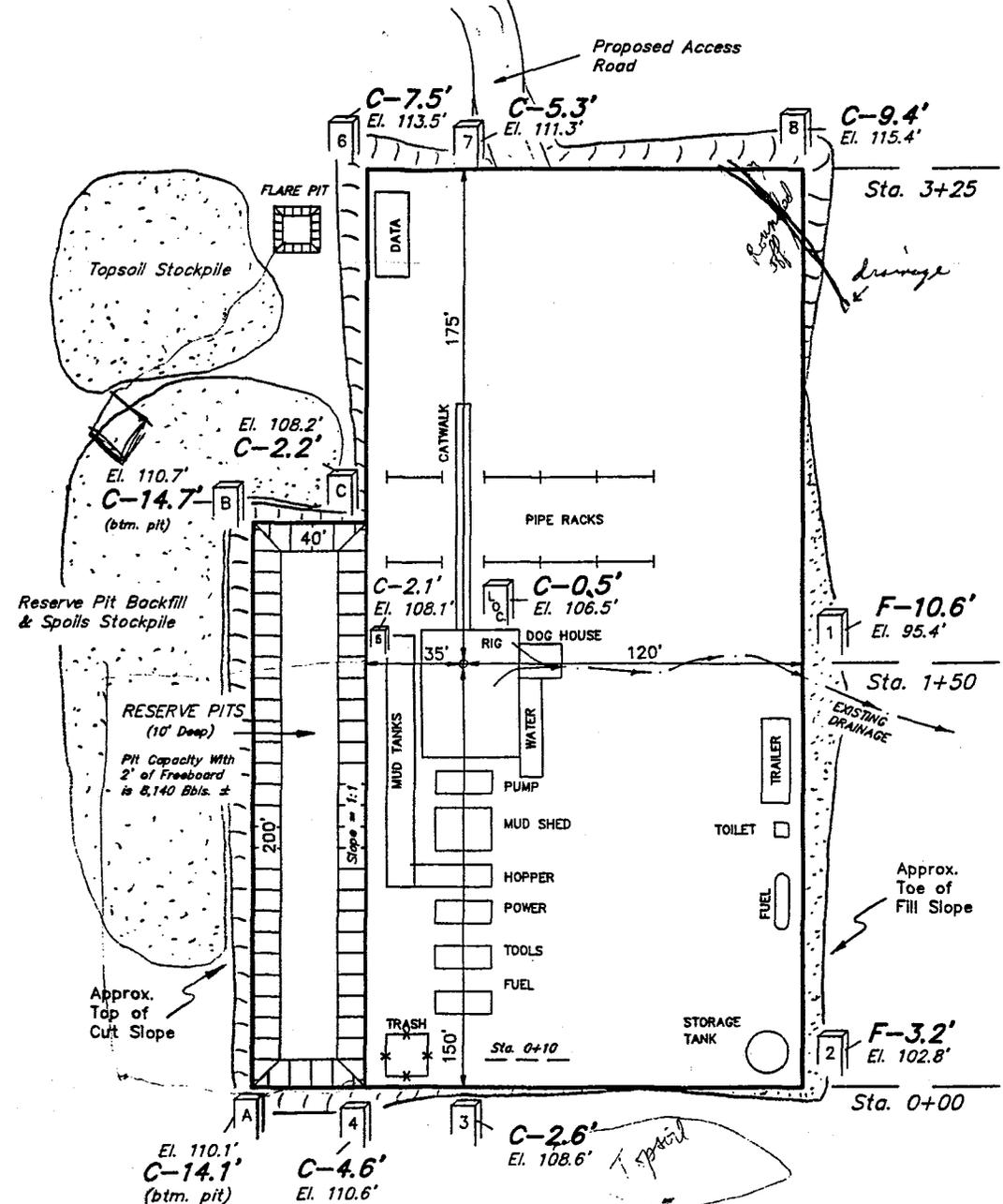
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by: WASATCH GAS DEVELOPMENT, INC. 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 U.S.C. 1001 for the filing of a false statement.

6-12-91
Date _____

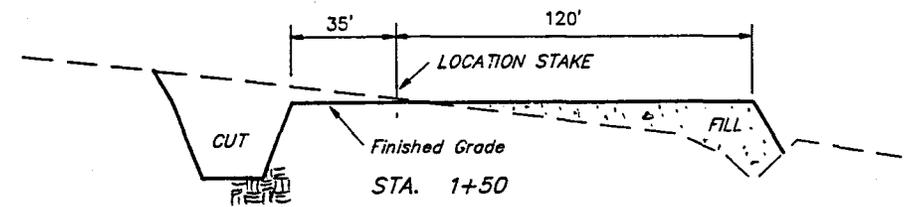
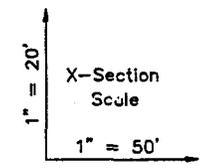
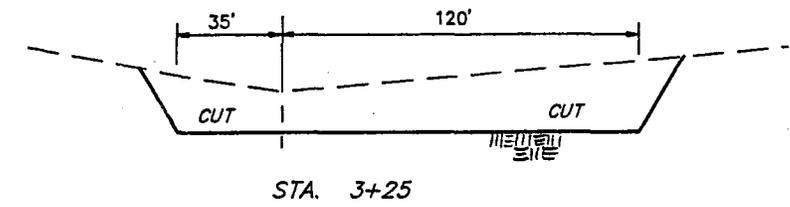


Mark S. Dolar
Attorney-In-Fact

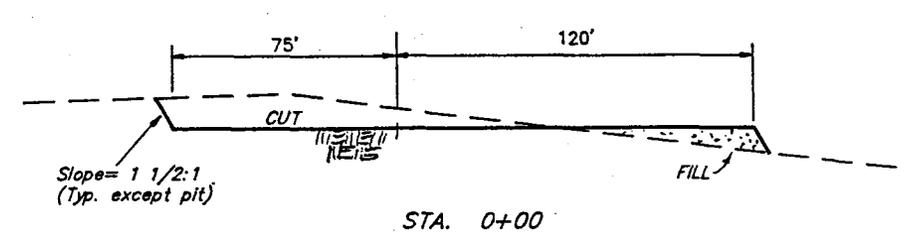
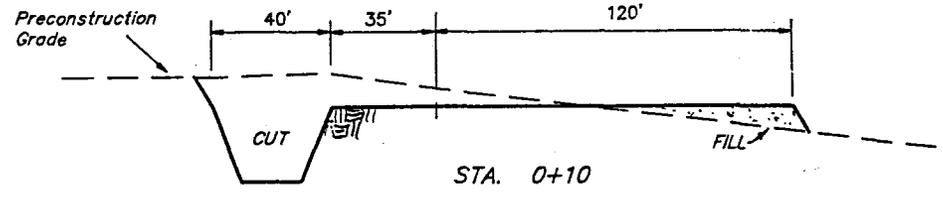
WASATCH GAS DEVELOPMENT INC.
 LOCATION LAYOUT FOR
 THE POT OF GOLD #24-1
 SECTION 24, T11S, R24E, S.L.B.&M.



SCALE: 1" = 50'
 DATE: 5-21-91
 Drawn By: T.D.H.
 REVISED: 5-31-91



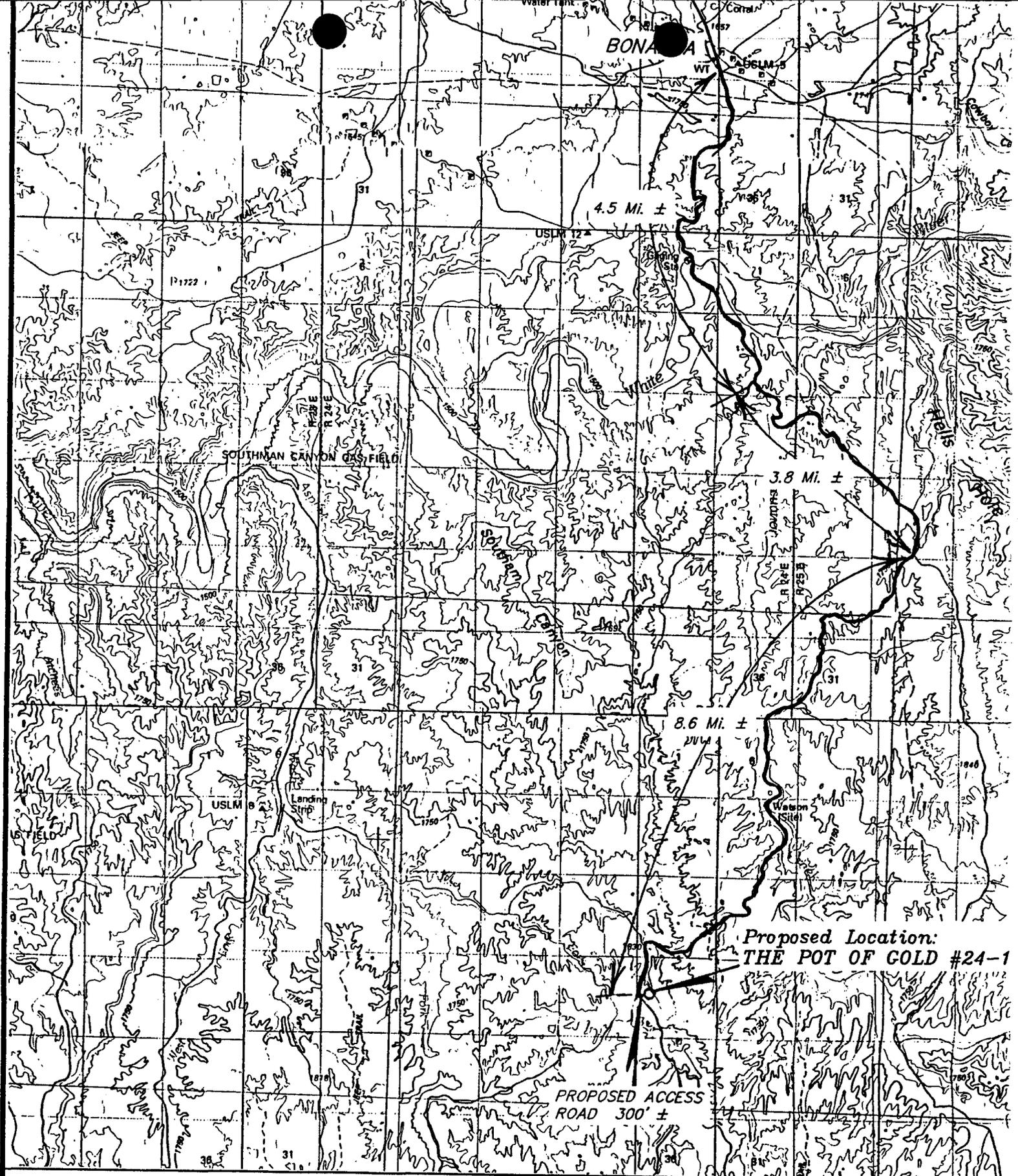
TYP. LOCATION LAYOUT



APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,080 Cu. Yds.	EXCESS MATERIAL AFTER 5% COMPACTION	= 4,570 Cu. Yds.
Remaining Location	= 6,770 Cu. Yds.	Topsoll & Pit Backfill (1/2 Pit Vol.)	= 2,140 Cu. Yds.
TOTAL CUT	= 7,850 CU.YDS.	EXCESS UNBALANCE (After Rehabilitation)	= 2,430 Cu. Yds.
FILL	= 3,120 CU.YDS.		

Elev. Ungraded Ground at Location Stake = 6106.5'
 Elev. Graded Ground at Location Stake = 6106.0'



TOPOGRAPHIC
MAP "A"

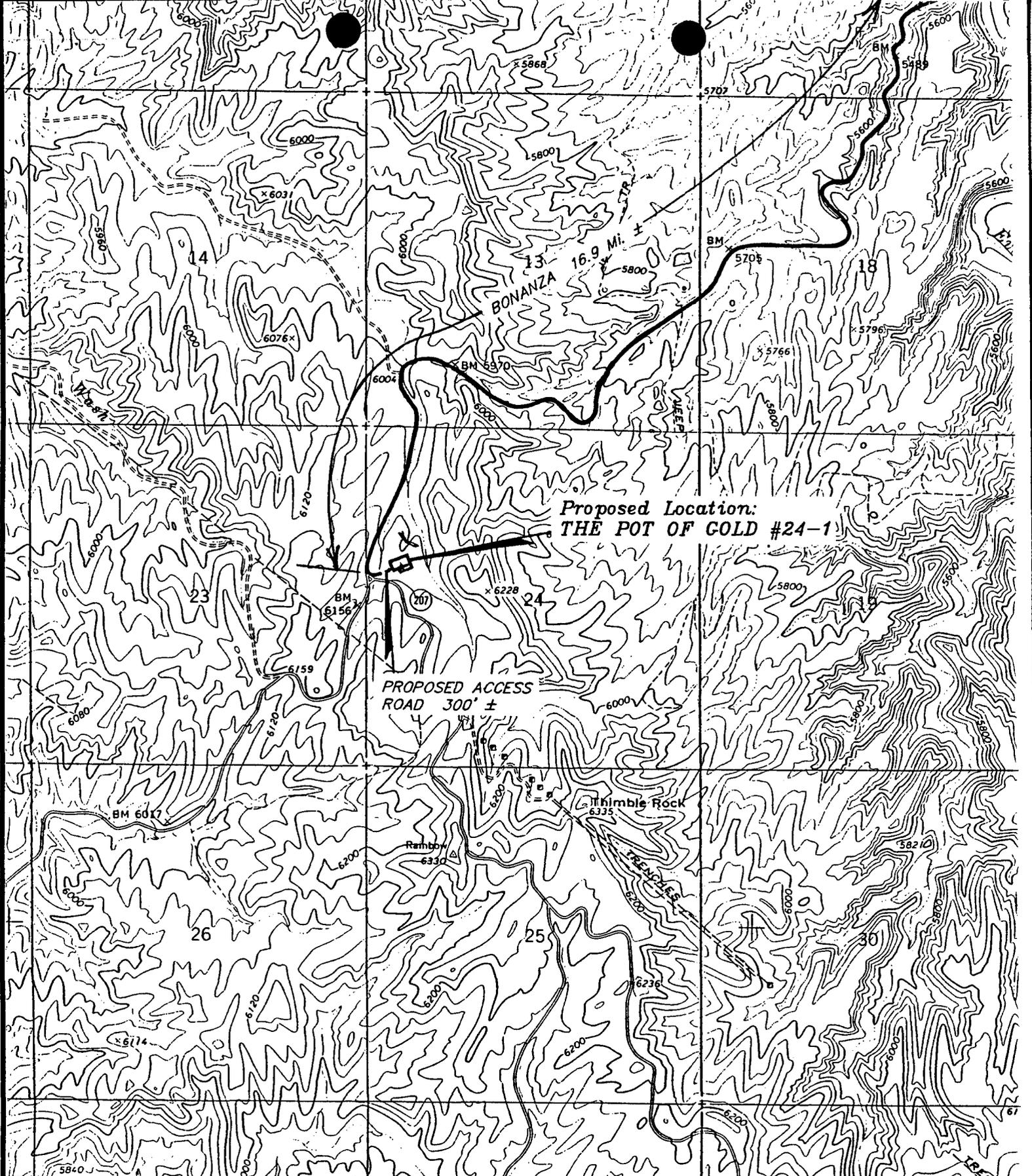
DATE: 5-21-91 R.E.H.



WASATCH GAS DEVELOPMENT INC.

THE POT OF GOLD #24-1
SECTION 24, T11S, R24E, S.L.B.&M.

REVISED: 6-2-91 R.E.H.



Erosion control dam North of location.
TOPOGRAPHIC
MAP "B"
 SCALE: 1" = 2000'
 DATE: 5-21-91 R.E.H.

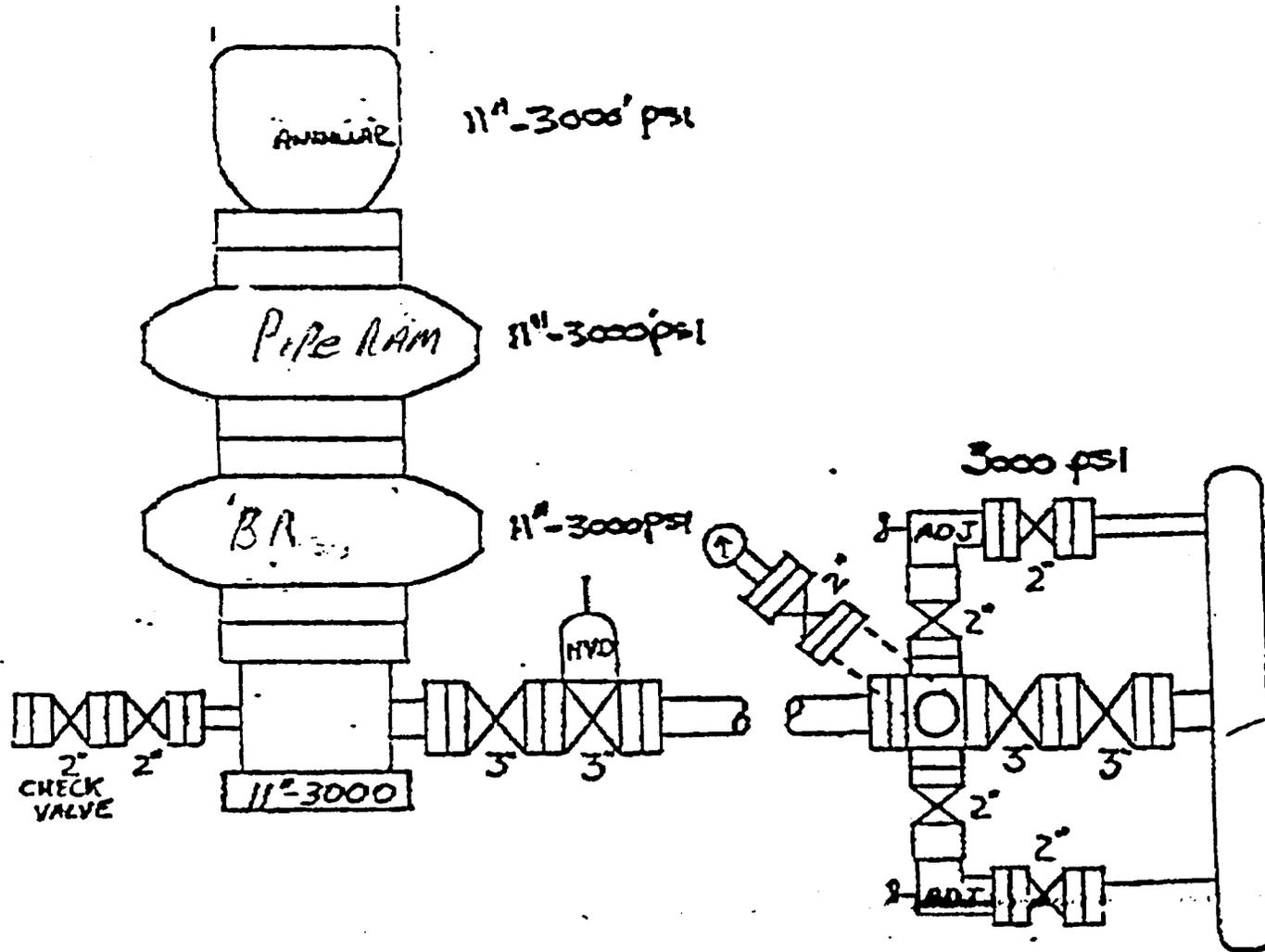


WASATCH GAS DEVELOPMENT INC.

THE POT OF GOLD #24-1
 SECTION 24, T11S, R24E, S.L.B.&M.
 REVISED: 6-2-91 R.E.H.

EXHIBIT "A"

POT OF GOLD 24-1
Bottom Hole Diagram



TITLE

BOP STACK ARRANGEMENT

SCALE NONE

POT OF GOLD 24-1

EXHIBIT "B"

UNIT

RAINBOW

T115
R24E

POT OF GOLD
#24-1

LATERAL SYSTEM OF DIV.

SPRINGS

UNIT

POT OF GOLD
#1-1

ROAD
2

11

ROAD

POT OF GOLD
#12-1

12

OIL SPRINGS
#5

OIL SPRINGS
#3

PROPOSED
TIE-IN POINT

OIL SPRINGS
#4

OIL SPRINGS
#7

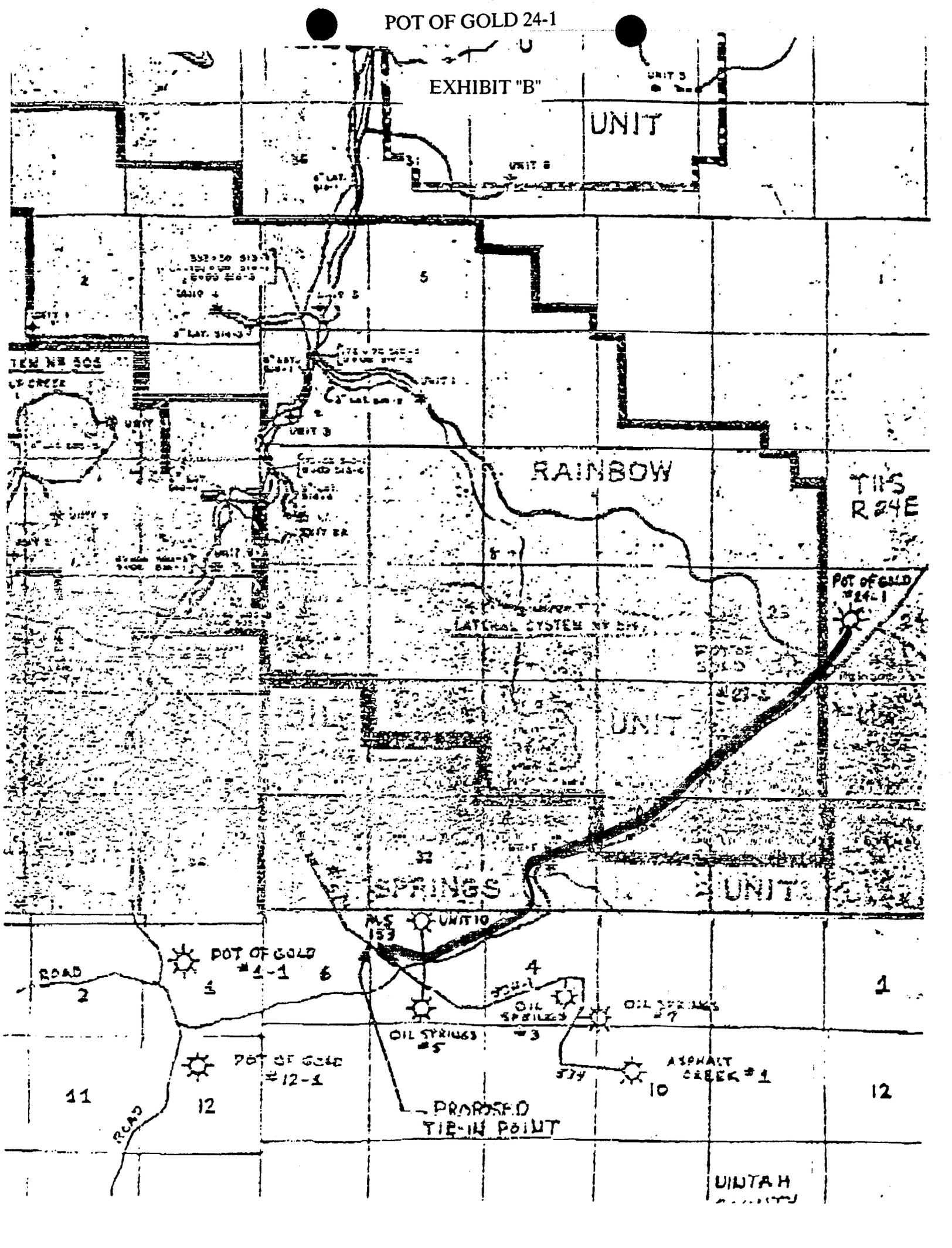
ASPHALT
CREEK #1

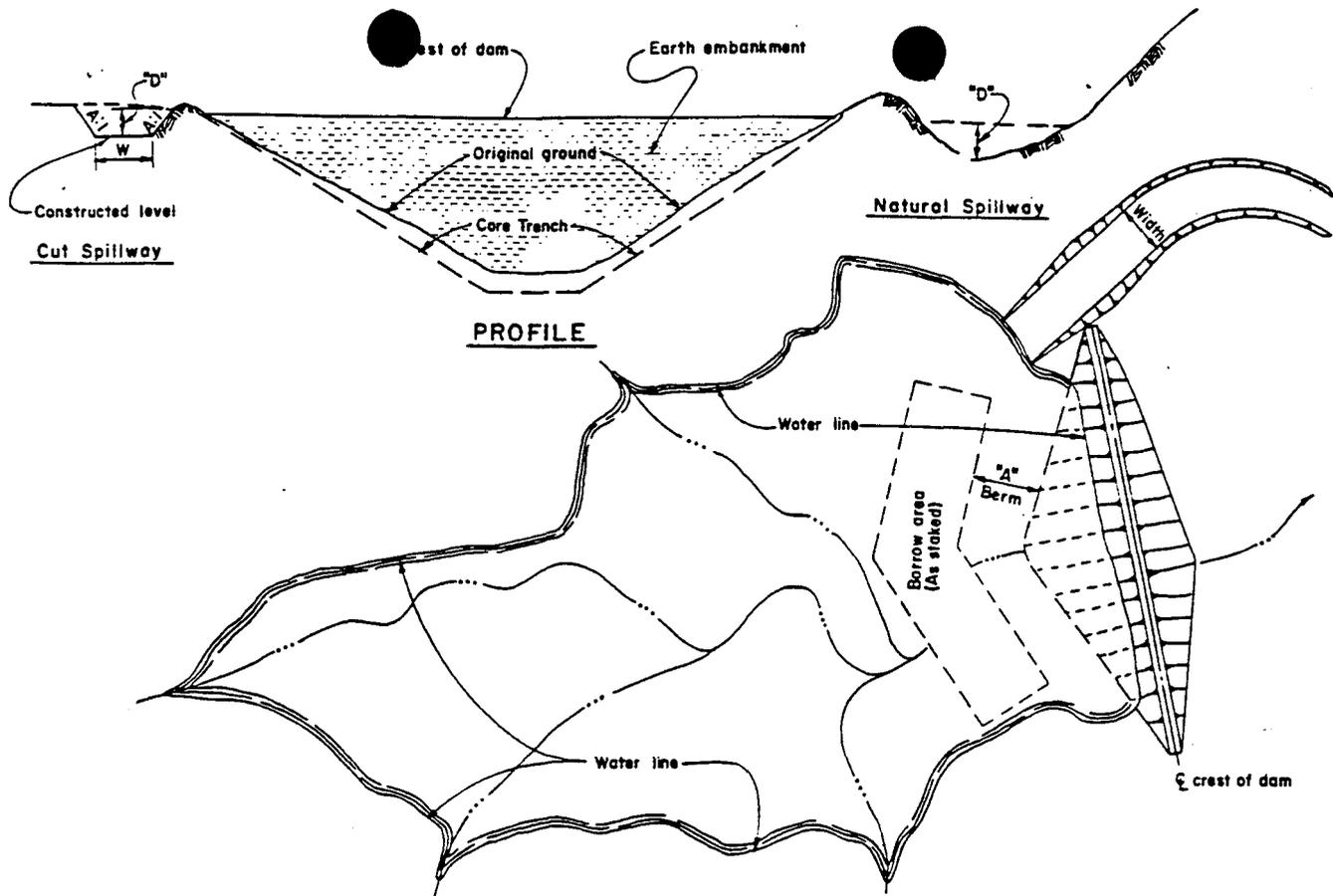
10

1

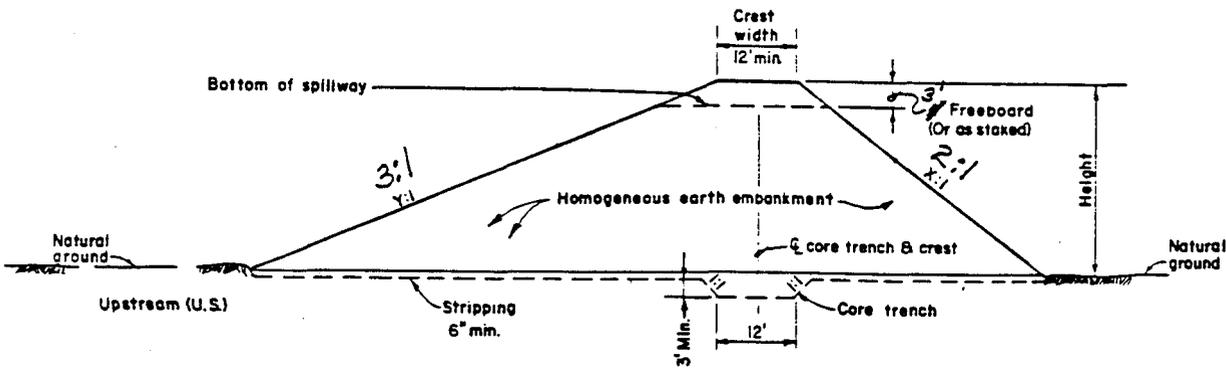
12

UINTAH





PLAN



**CROSS-SECTION
(BOTTOM OF DRAINAGE)**

NOTES:

1. Embankment slopes & dimensions shall be as shown on the Work Summary Chart
2. Cut spillway to be constructed where no adequate natural spillway exists

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
DIVISION OF ENGINEERING SYSTEMS DENVER SERVICE CENTER

TYPICAL
MINOR RETENTION DAM

DESIGNED <i>Donald W. [Signature]</i>	
REVIEWED <i>[Signature]</i>	
APPROVED <i>[Signature]</i>	
DRAWN P.W. Twist J.D. Sedillo	SCALE NONE
DATE MARCH 9, 1984	SHEET OF
DRAWING NO. 02294-2	

DOGma

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
 Wasatch Gas Development, Inc.

3. ADDRESS OF OPERATOR
 1455 Riverchon Plaza, 3500 Maple Avenue, Dallas, Texas 75219

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface
 557 feet from West line; 2166 feet from North line
 At proposed prod. zone
 same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 16.9 miles south of Bonanza, Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 557'

16. NO. OF ACRES IN LEASE
 2,494.86

17. NO. OF ACRES ASSIGNED TO THIS WELL
 320.00

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

19. PROPOSED DEPTH
 4,500'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 6107 feet (GR)

22. APPROX. DATE WORK WILL START*
 July 15, 1991

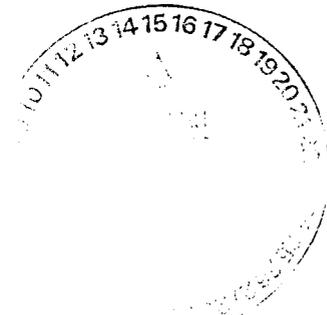
PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/2"	9 5/8"	15.5 lbs. 15.5 lbs.	300' New	Determined upon review of Caliper log
7 5/8"	5 1/2"	15.5 lbs.	4500'	"
		32.30# H-40-LTC		

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DIVISION OF
OIL GAS & MINING



* Changes made as per Mark Dolan on 7/30/91. 824

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

24. SIGNED [Signature] TITLE Contract Landman DATE 6-12-91

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
 ASSISTANT DISTRICT MANAGER MINERALS
 APPROVED BY [Signature] TITLE ADP DATE 8/1/91
 CONDITIONS OF APPROVAL, IF ANY:

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

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL
FOR APPLICATION FOR PERMIT TO DRILL

Company/Operator: Wasatch Gas Development, Inc.

Well Name & Number: #24-1

Lease Number: U-66761

Location: 557'FWL 2166' FNL, Sec. 24, T11S, R24E

Surface Ownership: Public Lands Administered by the BLM

NOTIFICATION REQUIREMENTS

- Location Construction - at least forty-eight (48) hours prior to construction of location and access roads.
- Location Completion - prior to moving on the drilling rig.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well
- Casing String and Cementing - at least twenty-four (24) hours prior to running casing and cementing all casing strings.
- BOP and Related Equipment Tests - at least twenty-four (24) hours prior to initiating pressure tests.
- First Production Notice - within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

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 Orders, 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.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

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 Tim Ingwell 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 usable 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

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. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 feet above the top of the Mahogany oil shale, identified at + 770 feet.

The Vernal District Office shall be notified at least twenty-four (24) hours prior to the running and cementing of all casing strings, in order to have a BLM representative on location while running and cementing all casing strings.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

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 (AO).

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

6. Notifications of Operations

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

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.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of thirty (30) days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the AO. 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 thirty (30) days of installation or first production, whichever occurs first. All site security regulations, as specified in Onshore Oil and Gas Order No. 3, 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.

7. Other Information

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

All off-lease storage, off-lease measurement, or commingling onlease 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 Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 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 workover 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."

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 extension period may be granted, if requested, prior to the expiration of the original approval period.

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

Gerald E. Kenczka (801) 781-1190
Petroleum Engineer

Ed Forsman (801) 789-7077
Petroleum Engineer

BLM FAX Machine (801) 789-3634

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous:

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids.
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt wastes.
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation, and miscellaneous solids

B. THIRTEEN POINT SURFACE USE PROGRAM:

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 Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development (1989).

The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowning, and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain, at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

All permanent (on site for six months or longer) structures constructed or installed (including pumping units) will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

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

*Burning will not be allowed. All trash must be contained in a trash cage and hauled away to an approved disposal site at the completion of the drilling activities.

On BLM administered lands:

The reserve pit shall be constructed so as not to leak, break, or allow discharge.

If blasting is required to construct the pit, then the reserve pit shall be lined to conserve water and drilling fluids.

"If a plastic nylon reinforced liner is used, it will be a minimum of 10 mil thickness with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O."

After first production, produced waste water will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90 day period, in accordance with NTL-2B, an application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.

The reserve pit will be located on the: south side of the location.

The flare pit will be located downwind of the prevailing wind direction on the south side of the location a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

The stockpiled topsoil (first six inches) will be stored on the: southwest corner and east sides of the location.

Access to the well pad will be from the: west.

— Diversion ditch(es) shall be constructed on the west side of the location, draining to the north corner and 011 be rounded off to reduce cut and make this channel closer to the present grade.

— The drainage(s) shall be diverted around the west side(s) of the well pad location.

— The northwest corner of the well pad will be rounded off to avoid the cut required there and better position the drainage diversion.

Fencing Requirements

All pits will be fenced according to the following minimum standards:

- a. 39-inch net wire shall be used with at least one strand of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
- b. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

- d. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- e. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until clean-up.

1. Plans for Restoration of Surface

a. Producing Location

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.

If a plastic nylon reinforced liner is used, it shall be torn and perforated before backfilling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within one year from the date of well completion. Before any dirt work takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc., will be removed.

Contact appropriate surface management agency for required seed mixture.

b. Dry Hole/Abandoned Location

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

2. Other Additional Information

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

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

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

- b. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- c. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs.)

Additional Surface Stipulations

A silt catchment dam and basin will be constructed according to BLM specifications north of the location, where flagged.

The area has been identified as having critical to severe soil erosion conditions. In order to minimize watershed damage during wet and muddy periods, the authorized BLM officer may prohibit surface disturbing activities. This limitation does not apply to maintenance and operation of producing wells.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. 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 complete copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location and drilling activities.

The operator or his/her contractor shall contact the BLM Office at (801) 789-1362 forty-eight (48) hours prior to construction activities.

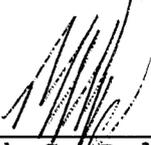
The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

SELF CERTIFICATION STATEMENT

Please be advised that Wasatch Gas Development, Inc. is considered to be the operator of Well No. Pot of Gold #24-1

Uintah County, Utah; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Crown Charter National Bank (letter of credit number 165) of Rolex Building, P. O. Box 191069, Dallas, TX 75219.

WASATCH GAS DEVELOPMENT, INC.

By: 

Mark S. Dolar
Attorney in Fact

SELF CERTIFICATION STATEMENT

1. Under the Federal regulations in effect as of June 15, 1988, designation of operator froms are no longer required when operator is not 100% record title holder. An operator is now required to submit a self-certification statement to the appropriate Bureau office stating that said operator has the right to operate upon the leasehold premises.

Please be advised that Wasatch Gas Development, Inc. is considered to be the operator of Well No. Pot of Gold #24-1, Section 24: SW/4NW/4, Township 11 South, Range 24 East, SLB&M, Lease U-66761, Uintah County, Utah; and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond coverage is provided by Underwriter's Indemnity under Nationwide BLM Bond #B10611.

3160
UT08438

Wasatch Gas Development, Inc.
1455 Riverchon Plaza
3500 Maple Avenue
Dallas, TX 75219

Re: Well No. 24-1
SENE, Sec. 24, T11S, R24E
Lease No. U-66761
Uintah County, Utah

Gentlemen:

Enclosed is an approved copy of the Application for Permit to Drill for the above referenced well.

A copy of the approved APD was also sent to Mark S. Dolar, 9035 South 700 East, Sandy, Utah, 84070 on August 1, 1991.

If you have any questions concerning this matter, please contact Pat Sutton of this office at (801) 789-1362.

Sincerely,

Howard B. Cleavinger II
Assistant District Manager
for Minerals

Enclosure

cc: Mark Dolar

bcc: Well File
Reading File
Central File

PSutton:plp:1338S

RECEIVED

AUG 06 1991

DIVISION OF
OIL GAS & MINING

CONDITIONS OF APPROVAL
FOR APPLICATION FOR PERMIT TO DRILL

Company/Operator: Wasatch Gas Development, Inc.

Well Name & Number: #24-1

Lease Number: U-66761

Location: 557'FWL 2166' FNL, Sec. 24, T11S, R24E

Surface Ownership: Public Lands Administered by the BLM

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DIVISION OF
OIL GAS & MINING

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Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

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 (AO).

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

6. Notifications of Operations

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

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.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of thirty (30) days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the AO. 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 thirty (30) days of installation or first production, whichever occurs first. All site security regulations, as specified in Onshore Oil and Gas Order No. 3, 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.

7. Other Information

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

All off-lease storage, off-lease measurement, or commingling onlease 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 Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 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 workover 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."

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 extension period may be granted, if requested, prior to the expiration of the original approval period.

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

Gerald E. Kenczka (801) 781-1190
Petroleum Engineer

Ed Forsman (801) 789-7077
Petroleum Engineer

BLM FAX Machine (801) 789-3634

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous:

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids.
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt wastes.
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation, and miscellaneous solids

B. THIRTEEN POINT SURFACE USE PROGRAM:

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 Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development (1989).

The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowning, and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain, at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

All permanent (on site for six months or longer) structures constructed or installed (including pumping units) will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

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

*Burning will not be allowed. All trash must be contained in a trash cage and hauled away to an approved disposal site at the completion of the drilling activities.

On BLM administered lands:

The reserve pit shall be constructed so as not to leak, break, or allow discharge.

If blasting is required to construct the pit, then the reserve pit shall be lined to conserve water and drilling fluids.

"If a plastic nylon reinforced liner is used, it will be a minimum of 10 mil thickness with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O."

After first production, produced waste water will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90 day period, in accordance with NTL-2B, an application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.

The reserve pit will be located on the: south side of the location.

The flare pit will be located downwind of the prevailing wind direction on the south side of the location a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

The stockpiled topsoil (first six inches) will be stored on the: southwest corner and east sides of the location.

Access to the well pad will be from the: west.

— Diversion ditch(es) shall be constructed on the west side of the location, draining to the north corner and 011 be rounded off to reduce cut and make this channel closer to the present grade.

— The drainage(s) shall be diverted around the west side(s) of the well pad location.

— The northwest corner of the well pad will be rounded off to avoid the cut required there and better position the drainage diversion.

Fencing Requirements

All pits will be fenced according to the following minimum standards:

- a. 39-inch net wire shall be used with at least one strand of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
- b. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

- d. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- e. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until clean-up.

1. Plans for Restoration of Surface

a. Producing Location

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.

If a plastic nylon reinforced liner is used, it shall be torn and perforated before backfilling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within one year from the date of well completion. Before any dirt work takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc., will be removed.

Contact appropriate surface management agency for required seed mixture.

b. Dry Hole/Abandoned Location

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

2. Other Additional Information

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

-whether the materials appear eligible for the National Register of Historic Places;

-the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

-a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

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

- b. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- c. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs.)

Additional Surface Stipulations

A silt catchment dam and basin will be constructed according to BLM specifications north of the location, where flagged.

The area has been identified as having critical to severe soil erosion conditions. In order to minimize watershed damage during wet and muddy periods, the authorized BLM officer may prohibit surface disturbing activities. This limitation does not apply to maintenance and operation of producing wells.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. 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 complete copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location and drilling activities.

The operator or his/her contractor shall contact the BLM Office at (801) 789-1362 forty-eight (48) hours prior to construction activities.

The BLM Office shall be notified upon site completion prior to moving on the drilling rig.

OPERATOR Wasatch Gas Development H-9630 DATE 8-10-91

WELL NAME Pot of Gold #04-1

SEC SWNW 04 T 11S R 04E COUNTY Mitchell

43-047-30001
API NUMBER

Individual (1)
TYPE OF LEASE

CHECK OFF:

- PLAT.
- BOND
- NEAREST WELL
- LEASE
- FIELD SLBM
- POTASH OR OIL SHALE

PROCESSING COMMENTS:

No producing well within local
water permit
ROCC not needed BLM approved 8-1-91

APPROVAL LETTER:

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

N/A CAUSE NO. & DATE R615-3-3

STIPULATIONS:

1- Needs water permit



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangertter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

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

August 12, 1991

Wasatch Gas Development, Inc.
1455 Riverchon Plaza
3500 Maple Avenue
Dallas, Texas 75219

Gentlemen:

Re: Pot of Gold #24-1 Well, 2166 feet from the North line, 557 feet from the West line, SW NW, Section 24, Township 11 South, Range 24 East, Uintah County, Utah

Approval to drill the referenced well is hereby granted in accordance with Utah Admin. R.615-3-2, subject to the following stipulation:

1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Utah Code Ann. Section 73-3, Appropriation.

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

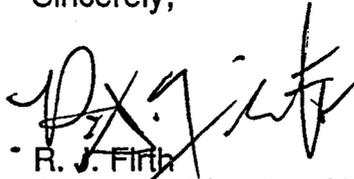
1. Spudding notification within 24 hours after drilling operations commence.
2. Submittal of Entity Action Form 6, within five working days following spudding and whenever a change in operations or interests necessitates an entity status change.
3. Submittal of the Report of Water Encountered During Drilling, Form 7.
4. Prompt notification in the event it is necessary to plug and abandon the well. Notify Frank R. Mathews, Petroleum Engineer, (Office) (801) 538-5340, (Home) (801) 476-8613, or R. J. Firth, Associate Director, (Home) (801) 571-6068.
5. Compliance with the requirements of Utah Admin. R.615-3-20, Gas Flaring or Venting.

Page 2
Wasatch Gas Development, Inc.
Pot of Gold #24-1
August 12, 1991

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 Drinking Water/Sanitation, telephone (801)538-6159.
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 43-047-32061.

Sincerely,



R. J. Firth
Associate Director, Oil & Gas

lcr
Enclosures
cc: Bureau of Land Management
J. L. Thompson
WE36/7-8



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078

IN REPLY REFER TO:

Phone (801) 789-1362

FAX (801) 789-3634

3162.3-5
UT08438

AUG 6 1992

Dolar Oil Properties
Attn: Mark Dolar
9035 S 700 E, Suite 100-A
Sandy, UT 84070-2418

Re: Rescind Application for Permit
to Drill *43-047-32061*
Well No. Pot of Gold 24-1
Section 24, T11S, R24E
Lease No. U-66761
Uintah County, Utah

Gentlemen:

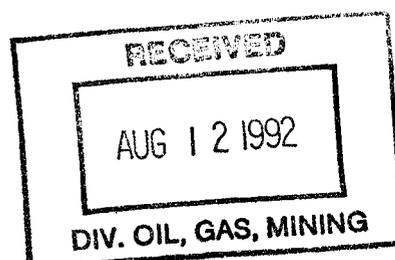
The Application for Permit to Drill the above-referenced well was approved on August 1, 1991. Since that date, no known activity has transpired at the approved location. Under current District policy, Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this 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

cc: State Div. OG&M





State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
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 25, 1992

Wasatch Gas Development, Inc.
1455 Riverchon Plaza
3500 Maple Avenue
Dallas, Texas 75219

Gentlemen:

Re: Well No. Pot of Gold 24-1, Sec. 24, T. 11S, R. 24E, Uintah County, Utah
API No. 43-047-32061

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,

Don Staley
Administrative Manager
Oil and Gas

DME/lde

cc: Dolar Oil Properties
Bureau of Land Management - Vernal
R.J. Firth
Well file

WO1196