

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED **1-15-92**
 LAND: FEE & PATENTED _____ STATE LEASE NO. _____ PUBLIC LEASE NO. **UTU-65215** INDIAN _____

DRILLING APPROVED: **1-21-92**

SPUDDED IN: _____
 COMPLETED: **7-20-93 LA** PUT TO PRODUCING: _____

INITIAL PRODUCTION: _____
 GRAVITY A.P.I. _____

GOR: _____
 PRODUCING ZONES: _____

TOTAL DEPTH: _____
 WELL ELEVATION: _____

DATE ABANDONED: **LAD Per BLM EFF. 7-20-93**

FIELD: **WILDCAT**
 UNIT: **DESERT SPRINGS**

COUNTY: **UINTAH**

WELL NO. **DESERT SPRINGS 19-B-7** API NO. **43-047-32183**

LOCATION **1511' FNL** FT. FROM (N) (S) LINE. **2267' FEL** FT. FROM (E) (W) LINE. ~~NE-SW~~ **SWNE** 1/4 - 1/4 SEC. **19**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
10S	18E	19	ANR PRODUCTION COMPANY				



ANR Production Company
A SUBSIDIARY OF THE COASTAL CORPORATION

The Energy People

January 10, 1992

Mr. David E. Little
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, Utah 84078

Re: Desert Spring Unit Applications for Permit to Drill

Dear Mr. Little:

Enclosed please find Applications for Permit to Drill for the following locations:

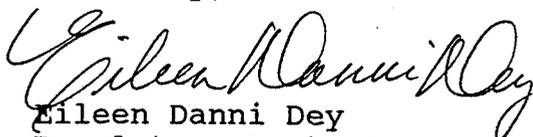
Desert Spring Unit #24-B-9
Desert Spring Unit #21-B-16
Desert Spring Unit #30-B-15
Desert Spring Unit #35-C-1
Desert Spring Unit #13-C-10
Desert Spring Unit #19-B-7
Desert Spring Unit #29-B-1
Desert Spring Unit #29-B-11

ANR Production Company requests that the APD's for the Desert Spring Unit #24-B-9 and Desert Spring Unit #21-B-16 be prioritized for processing. Ms. Jean Nitschke-Sinclear informed me today that she would be able to clear the Desert Spring Unit #24-B-9 proposed location and access road for T & E plant life. The archeological survey has been completed and submitted to your office for this location as well.

Please communicate at every opportunity the status and/or additional information that may be needed in order for expedient processing of these applications.

Thank you very much for your prompt attention to this matter.

Sincerely,


Eileen Danni Dey
Regulatory Analyst

RECEIVED

JAN 15 1992

Enclosure
xc: Utah Division of Oil, Gas & Mining

DIVISION OF
OIL GAS & MINING

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
 ANR Production Company

3. ADDRESS OF OPERATOR
 P. O. Box 749 Denver, CO 80201-0749 (303) 573-4476

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface 1511' FNL & 2267' FEL SWNE
 At proposed prod. zone Same as above.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 29 miles SE of Myton, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 1511'

16. NO. OF ACRES IN LEASE 920

17. NO. OF ACRES ASSIGNED TO THIS WELL N/A

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

19. PROPOSED DEPTH 7350' DSTC

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5415' GR

22. APPROX. DATE WORK WILL START* 1/15/92

5. LEASE DESIGNATION AND SERIAL NO.
 UTU-65215

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

7. UNIT AGREEMENT NAME
 Desert Spring Unit

8. FARM OR LEASE NAME
 Desert Spring Unit

9. WELL NO.
 19-B-7

10. FIELD AND POOL, OR WILDCAT
 Wildcat 001

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 19, T10S-R18E

12. COUNTY OR PARISH
 Uintah County

13. STATE
 Utah

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" K-55	24#	0 - 250'	180 sx circ to surface*
7-7/8"	5-1/2" K-55	17#	0 - 7350'	1000 sx circ to surface*

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JAN 15 1992

* Cement volumes may change due to hole size. Calculate from caliper log.
 Eight Point Resource Protection Plan Attached

DIVISION OF
OIL GAS & MINING

I hereby certify that ANR Production Company is authorized by the proper lease interest owners to conduct lease operations associated with this Application for Permit to Drill the Desert Spring Unit #19-B-7, Federal Lease #UTU-65215. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by ANR Production Company, Nationwide Oil & Gas Bond #CO-0001, who will be responsible for compliance with all the terms and conditions of that portion of the lease associated with this application.

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 Wileen Danni Day TITLE Regulatory Analyst DATE 1/10/92

PERMIT NO. 43-047-30183 APPROVAL DATE _____

APPROVED BY _____ TITLE _____

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 1-21-92
BY: JM Mathew
WELL SPACING: 665-2-3

*See Instructions On Reverse Side

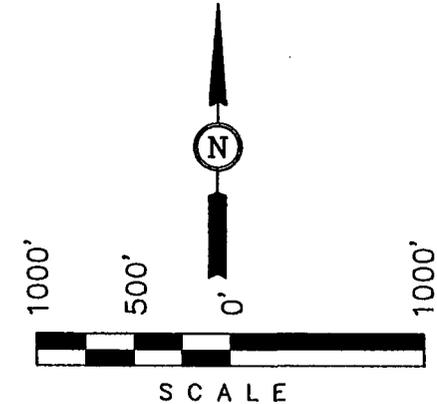
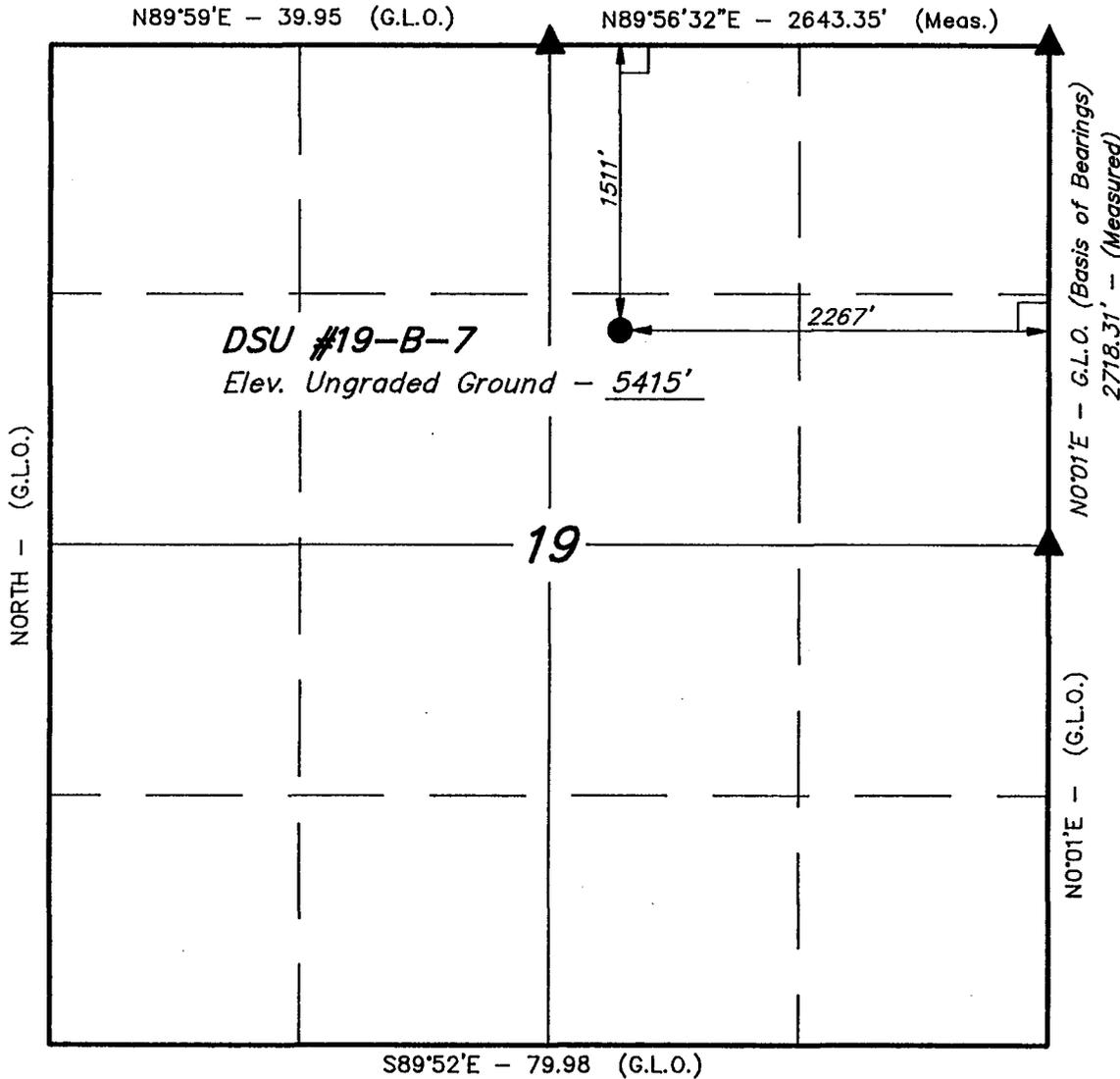
T10S, R18E, S.L.B.&M.

ANR PRODUCTION CO.

Well location, DSU #19-B-7, located as Shown in the SW 1/4 NE 1/4 of Section 19, T10S, R18E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

THE FLUK VABM LOCATED IN THE SE 1/4 OF SECTION 32, T9S, R18E, S.L.B.&M. TAKEN FROM THE CROW KNOLL QUADRANGLE, UTAH, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5244 FEET.



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

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH - 200 EAST
 VERNAL, UTAH - 84078

SCALE 1" = 1000'	DATE 10-8-91
PARTY D.A. K.L. MDA	REFERENCES G.L.O. PLAT
WEATHER HOT	FILE ANR PRODUCTION CO.

▲ = SECTION CORNERS LOCATED. (Brass Caps)

ANR PRODUCTION COMPANY
Lease #UTU-65215, Desert Spring Unit #19-B-7
SW/NE, Section 19, T10S, R18E
Uintah County, Utah

Drilling Prognosis

1. Estimated Tops of Important Geologic Markers:

Uinta	Surface	Wasatch	4810'
		Total Depth	7350'

2. Estimated Depths of Anticipated Water, Oil, Gas or Mineral Formations:

Wasatch 4810' Gas (Primary Objective)

If any shallow water zones are encountered, they will be adequately protected and reported; none anticipated. All potentially productive hydrocarbon zones will be cemented off.

3. Pressure Control Equipment: (Schematic Attached)

A. Type: 11" Double Gate Hydraulic.

The Blow-Out Preventer will be equipped as follows:

1. One (1) blind ram (above).
2. One (1) pipe ram (below).
3. Kill line (2-inch minimum).
4. One (1) kill line valve (2-inch minimum).
5. One (1) choke line valve.
6. Two (2) adjustable chokes.
7. Upper kelly cock valve with handle available.
8. Safety valve & subs to fit all drill strings in use.
9. 2-inch (minimum) choke line.
10. Pressure gauge on choke manifold.

B. Pressure Rating: 2,000 psi

C. Testing Procedure:

At a minimum, the BOP, choke manifold, and related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by a test plug) or to 70% of the internal yield strength of the surface casing (if the BOP is not isolated from the casing by a test plug). Pressure will be maintained for a period of at least ten (10) minutes or until the requirements of the test are met, whichever is longer.

3. Pressure Control Equipment:

C. Testing Procedure: Continued

At a minimum, the above pressure test will be performed:

1. When the BOP is initially installed.
2. Whenever any seal subject to test pressure is broken.
3. Following related repairs; and
4. At thirty (30) day intervals.

In addition to the above, the pipe and blind rams will be activated each trip, but not more than once each day.

All BOP drills and tests will be recorded in the IADC driller's log.

D. Choke Manifold Equipment.

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration.

E. Accumulator:

The accumulator will have sufficient capacity to close all BOP's and retain 200 psi above precharge. Nitrogen bottles which meet the manufacturer's specifications will be used as the backup to the required independent power source. The accumulator precharge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six (6) months thereafter. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum limits specified in Onshore Operating Order #2.

F. Special Drilling Operations:

In addition to the equipment already specified in Items A through E, above, the following equipment will be in place and operational during air/gas drilling:

1. Properly lubricated and maintained rotating head.
2. Spark arresters on engines or water cooled exhaust.
3. Bloopie line discharge 100 feet from wellbore and securely anchored.

3. Pressure Control Equipment:

F. Special Drilling Operations: Continued

4. Straight run on blooie line.
5. Deduster equipment (not required for aerated water system).
6. All cuttings and circulating medium(s) shall be directed into a reserve or blooie pit.
7. Float valve above bit.
8. Automatic igniter or continuous pilot light on the blooie line (not required for aerated water system).
9. Compressors located in the opposite direction from the blooie line and at a minimum of 100 feet from the wellbore.
10. Mud circulating equipment, water, and mud materials (does not have to be pre-mixed) sufficient to maintain the capacity of the hole and circulating tanks or pits.

G. Miscellaneous Information:

The Blow-Out Preventer and related pressure control equipment will be installed, tested and maintained in compliance with the specifications in and requirements of Onshore Operating Order #2.

The choke manifold and BOP extension rods with hand wheels will be located outside the rig sub-structure. The hydraulic BOP closing unit will be located at least twenty-five (25) feet from the wellhead but readily accessible to the driller.

Exact locations and configurations of the hydraulic BOP closing unit will depend upon the particular rig contracted to drill this hole.

A flare line will be installed after the choke manifold, extending 100 feet (minimum) from the center of the drill hole to a separate flare pit.

4. The Proposed Casing and Cementing Program: (All New)

A. Casing Program

Hole Size Casing Size Wt./Ft. Grade Joint Depth Set

12-1/4" 8-5/8" 24# K-55 ST&C 0-250'

4. The Proposed Casing and Cementing Program: (All New)

A. Casing Program - Continued

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Grade</u>	<u>Joint</u>	<u>Depth Set</u>
7-7/8"	5-1/2"	17#	K-55	LT&C	0-7350'

Casing string(s) will be pressure tested to 0.22 psi per foot, or 1500 psi (not to exceed 70% of the internal yield strength of the casing), whichever is greater, after cementing and prior to drilling out from under the casing shoe.

B. Cementing Program

Surface Casing : Cement with approximately 180 sx Class "G" cement + additives, circulated to surface with 100% excess.

Production Casing: Lead with approximately 400 sx Hi-fill cement with 1#/sx Capseal; tail with 600 sx 50-50 POZ w/10% salt, 2% gel, .6% Halad 24, 1/4#/sx Flocele & 1#/sx Capseal. Cement will be circulated back to surface with 30% excess.

Actual cement volumes to be required will be determined from the caliper log.

All waiting on cement (WOC) times will be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.

5. Mud Program: (Visual Monitoring)

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-7350'	Aerated Water	-----	-----	-----

Sufficient quantities of mud materials will be maintained or readily accessible for the purpose of assuring well control during the course of drilling operations.

6. Evaluation Program:

Logs : Dual Laterlog & Caliper : TD - Surface
FDC-CNL : TD - 3000'

DST'S : None anticipated.

Cores : None anticipated.

The proposed evaluation program may change at the discretion of the wellsite geologist, with prior approval from the Authorized Officer, Bureau of Land Management.

Stimulation : No stimulation or frac treatment has been formulated for this test at this time. The drill site, as approved, will be of sufficient size to accommodate all completion activities.

Whether the well is completed as a dry hole or as a producer, Well Completion and Recompletion Report and Log (Form 3160-4) will be submitted to the Vernal District Office no later than thirty (30) days after the completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164.

Two (2) 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, Vernal District Office, Bureau of Land Management, 170 South 500 East, Vernal, Utah 84078, Phone: (801) 789-1362.

7. Abnormal Conditions:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 3,418 psi (calculated at 0.465 psi/foot) and maximum anticipated surface pressure equals approximately 1,801 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates and Notification of Operations:

A. Drilling Activity

Anticipated Commencement Date : February 15, 1992
Drilling Days : Approximately 10 days
Completion Days : Approximately 7 days

B. Notification of Operations

The Vernal District Office, Bureau of Land Management will be notified at least twenty-four (24) hours PRIOR to the commencement of the following activities:

1. Spudding of the well. This oral report will be followed up with a Sundry Notice (Form 3160-5).
2. Initiating pressure tests of the blow-out preventer and related equipment.
3. Running casing and cementing of ALL casing strings.

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 suspended status without prior approval of the Authorized Officer. If operations are to be suspended, prior approval of the Authorized Officer will be obtained and notification given before resumption of operations.

In accordance with Onshore Operating Order #1, this well will be reported on MMS Form 3160-6, "Monthly Report of Operations", starting with the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with the Royalty Management Program, Minerals Management Service, P. O. Box 17110, Denver, Colorado 80217.

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

8. Anticipated Starting Dates and Notification of Operations:

B. Notification of Operations - Continued

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 Authorized Officer, and all conditions of this approved plan will be applicable during all operations conducted with the replacement rig.

Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication no later than five (5) business days following the date on which the well is placed on production.

Pursuant to NTL-2B, with the approval of the Authorized Officer, produced water may be temporarily disposed of into the reserve pit for a period of up to ninety (90) days. During this 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 Authorized Officer.

Pursuant to NTL-4A, lessees and operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of thirty (30) days or the production of fifty (50) MMCF of gas, whichever occurs first. An application must be filed with the Authorized Officer, and approval received, for any venting/flaring of gas beyond the initial thirty (30) day or otherwise authorized test period.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the Vernal District Office within thirty (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 fifteen (15) days after receipt of the first production notice.

8. Anticipated Starting Dates and Notification of Operations:

B. Notification of Operations - Continued

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

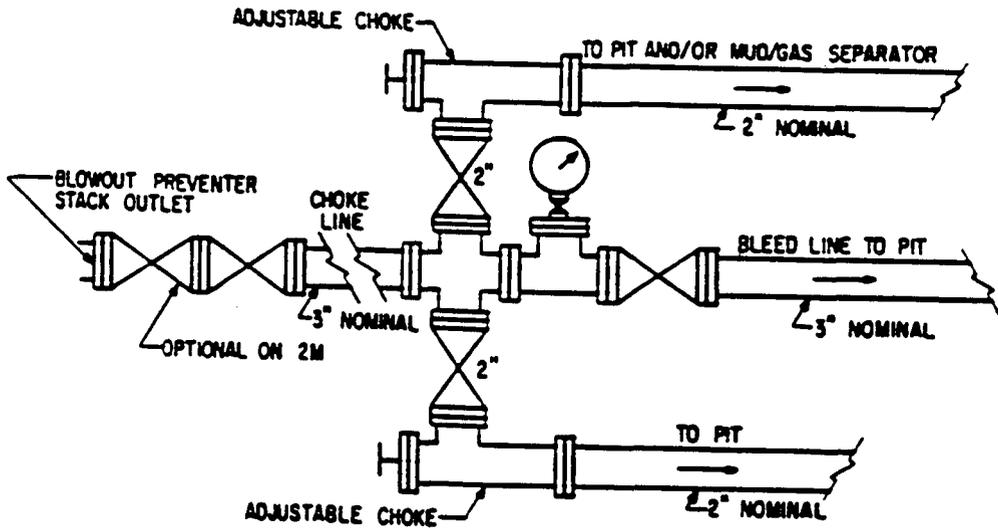
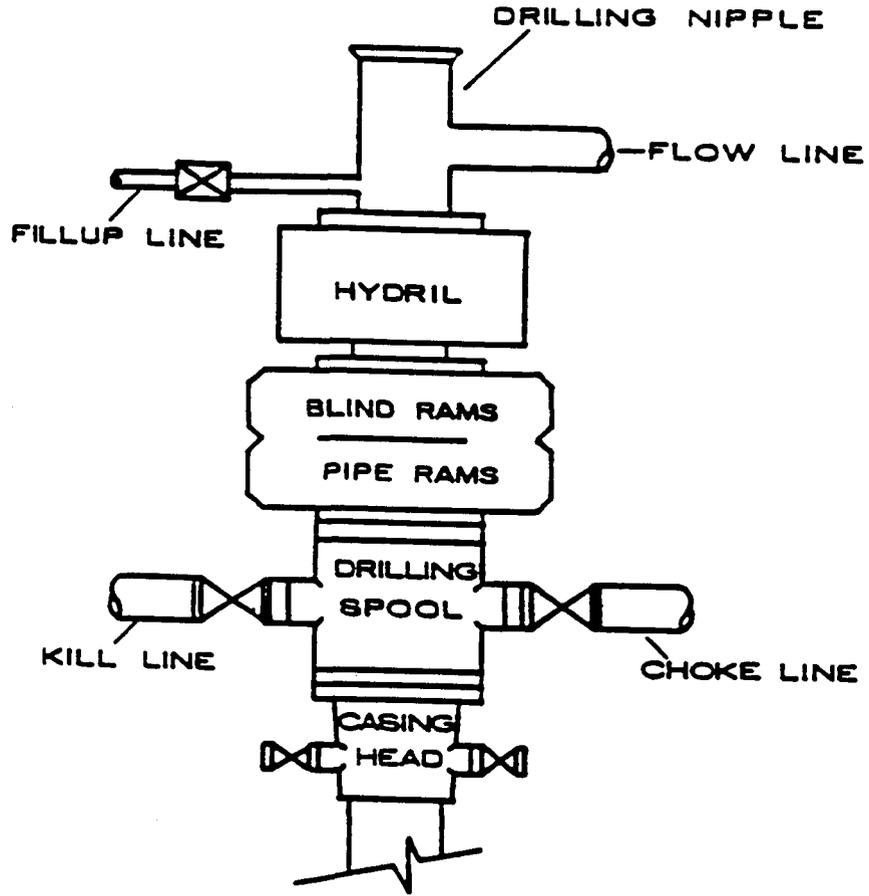
A "Notice of Intention to Abandon" (Form 3160.5) will be filed with the Authorized Officer within fifteen (15) days following the granting of oral approval to plug and abandon.

Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch: "Fed" or "Ind", as applicable; Company Name, Well Name and Number, Location by Quarter/Quarter, Section, Township, Range, and Federal or Indian Lease Number.

A "Subsequent Report of Abandonment" (Form 3160-5) will be submitted within thirty (30) days following the actual plugging of the wellbore. This report will indicate where plugs were placed and the current status of surface restoration operations. If surface restoration has not been completed at that time, a follow-up report on Form 3160-5 will be filed when all surface restoration work has been completed and the location is considered ready for final inspection. Final abandonment will not be approved until the surface reclamation work required by the approved Application for Permit to Drill has been completed to the satisfaction of the Authorized Officer or his representative, or the appropriate Surface Management Agency.

Pursuant to Onshore Operating Order #1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such 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 and Indian lands.

BOP STACK



ANR PRODUCTION COMPANY
Lease #UTU-65215, Desert Spring Unit #19-B-7
SW/NE, Section 19, T10S, R18E
Uintah County, Utah

Multi-Point Surface Use and Operations Plan

1. Existing Roads: Refer to Maps "A" & "B" (shown in ORANGE)
 - A. The proposed wellsite is staked and four 200-foot reference stakes are present.
 - B. To reach the location from Myton, proceed westerly on U.S. Highway 40 approximately 1.5 miles to Wellington Junction, turn left and proceed in a southerly direction 11.2 miles to the junction of this road and an existing road to the southwest, turn right and proceed in a southerly direction 6.6 miles to the junction of this road and an existing road to the southwest, turn left and proceed in an easterly direction 4.5 miles to the junction of this road and an existing road to the southwest, turn right and proceed in a southwesterly direction 1.7 miles to the junction of this road and an existing road to the southeast, turn left and proceed in a southeasterly direction 0.3 miles to the beginning of the proposed access road. Follow road flags in a easterly direction approximately 0.1 miles to the proposed location.
 - C. Access roads - refer to Maps "A" and "B".
 - D. Access roads within a one-mile radius - refer to Map "B".
 - E. The existing gravel roads will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of the Desert Spring #19-B-7.

2. Planned Access Roads: Refer to Map "B" (Shown in GREEN)

Approximately 0.1 mile of new road construction will be required for access to the proposed Desert Spring Unit #19-B-7 well location.

 - A. Width - maximum 30-foot overall right-of-way with an 18-foot road running surface, crowned and ditched.

2. Planned Access Roads: Continued

- B. Construction standard - the access road will be constructed in accordance with Bureau of Land Management Rooding Guidelines established for oil and gas exploration and development activities as referenced in the BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development (1989).

The access road will be constructed to meet the standards of the anticipated traffic flow and all-weather requirements. Construction/upgrading will include ditching, draining, graveling, crowning, and capping the roadbed as necessary to provide a well constructed and safe road.

Prior to construction/upgrading, the roadway shall be cleared of any snow cover and allowed to dry completely.

Traveling off of the thirty (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 the 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 a 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.

- C. Maximum grade - 3%
- D. Turnouts - turnouts will be constructed along the access route as necessary or required to allow for the safe passage of traffic. None anticipated at this time.
- E. Drainage design - the access road will be crowned, ditched, and water turnouts installed as necessary to provide for proper drainage along the access road route.
- F. Culverts, cuts and fills - no culverts will be required. There are no major cuts and/or fills on/along the proposed access road route.

2. Planned Access Roads: Continued

G. Surface materials (source) - any construction materials which may be required for surfacing of the access road will be purchased from a local contractor having a permitted source of materials in the area, if required by the Authorized Officer, Bureau of Land Management. None anticipated at this time. Native material from access location and access road will be used.

H. Road maintenance - during both the drilling and production phase of operations, the road surface and shoulders will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will also be maintained in accordance with the original construction standards.

The access road right-of-way will be kept free of trash during operations.

I. The proposed access route has been centerline flagged.

3. Location of Existing Wells Within a One-Mile Radius:

Please refer to Map "C"

- A. Water wells - none known.
- B. Abandoned wells - none known.
- C. Temporarily abandoned wells - none known.
- D. Disposal wells - none known.
- E. Drilling wells - none known.
- F. Producing wells - NE1/4, SW1/4, Section 20, T10S-R18E
- G. Shut-in wells - none known.
- H. Injection wells - none known.
- I. Monitoring wells - none known.

4. Location of Existing and/or Proposed Facilities Owned by ANR Production Company Within a One-Mile Radius:

A. If well is productive the following guidelines will be followed:

- 1. A diagram showing the proposed production facilities layout will be submitted via Sundry Notice Form 3160-5 prior to facilities installation.

4. Location of Existing and/or Proposed Facilities Owned by ANR Production Company Within a One-Mile Radius:

A. If well is productive the following guidelines will be followed: Continued

2. All production facilities will be located on the disturbed portion of the well pad and at a minimum of twenty-five (25) feet from the toe of the backslope or top of the fill slope.
3. The production facilities (consisting primarily of a christmas tree at the wellhead, dehydration unit, and emergency pit) will require an area approximately 300' x 135'.
4. Production facilities will be accommodated on the existing well pad. Construction materials required for installation of the production facilities will be obtained from the site; any additional materials required will be purchased from a local supplier having a permitted (private) source of materials with the area.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

5. All permanent (on-site for six months or longer) above-the-ground 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 Five (5) State Rocky Mountain Interagency Committee. All production facilities will be painted within six (6) months of installation. Facilities required to comply with Occupational Health and Safety Act Rules and Regulations will be excluded from this painting requirement.

The required paint color is Desert Brown, Munsell standard color number 10 YR 6/3.

4. Location of Existing and/or Proposed Facilities Owned by ANR Production Company Within a One-Mile Radius:

- A. If well is productive the following guidelines will be followed: Continued
6. If at any time the facilities located on public lands 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), the Bureau of Land Management will process a change in authorization to the appropriate statute. The authorization will be subject to the appropriate rental or other financial obligation as determined by the Authorized Officer.
 7. A 4" surface gas pipeline will be installed from the Desert Spring Unit #19-B-7 gas well and tie into the proposed gas pipeline located in Section 20, T10S-R18E (see attached Topo Map D). This pipeline will be inside the Desert Spring Unit boundary. A 30' width easement of approximately 4987' is requested for this pipeline. There will be minimum surface disturbance as the pipeline will be laid on the surface.
- B. The production (emergency) pit will be fenced with woven wire mesh topped with one (1) strand of barbed wire held in place with metal side posts and wooden corner "H" braces in order to protect livestock and wildlife. Please refer to Item #9E (page #9) for additional information on the fencing specifications.
- C. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road right-of-way and any additional areas as specified in the approved Application for Permit to Drill.
- D. Reclamation of disturbed areas no longer needed for operations will be accomplished by grading, leveling and seeding as recommended by the Authorized Officer, Bureau of Land Management.

5. Location and Type of Water Supply:

- A. Fresh water for drilling will be obtained from Owen Anderson well in care of Dalbo/Bob Williams located in Section 27, T1S-R2W, Duchesne County, Utah, Permit #43-9974, A14289. Dalbo, Inc. will haul this water.
- B. Water will be transported over existing roads via tank truck from the point of diversion to the proposed Desert Spring Unit #19-B-7 well location. No new construction will be required on/along the proposed water haul route.
- C. No water well will be drilled on this location.

6. Source of Construction Materials:

- A. Construction materials needed for surfacing of the well pad will be native from location and/or access road.
- B. No construction materials will be taken from Federal and/or Indian lands without prior approval from the appropriate Surface Management Agency.
- C. If production is established, any additional construction materials needed for surfacing the access road and installation of production facilities will be purchased from a local supplier having a permitted (private) source of materials in the area.
- D. No new access roads for construction materials will be required.

7. Methods of Handling Waste Materials:

- A. Cuttings - the cuttings will be deposited in the reserve/bloolie pit.
- B. Drilling fluids - including salts and chemicals will be contained in the reserve/bloolie pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within ninety (90) days after termination of drilling and completion activities. In the event adverse weather conditions event removal of the fluids from the reserve pit within this time period,

7. Methods of Handling Waste Materials:

B. Drilling fluids: Continued

an extension may be granted by the Authorized Officer upon receipt of a written request from ANR Production Company. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined if deemed necessary by BLM on post construction inspection. If a plastic nylon reinforced liner is used, it will be a minimum of 12 MIL thickness w/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 Authorized Officer.

- C. Produced fluids - liquid hydrocarbons produced during completion operations will be placed in test tanks on the location. Produced waste water will be confined to a lined pit (reserve pit) or storage tank for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, in accordance with NTL-2B, an application for approval of a permanent disposal method and location, along with the required water analysis, shall be submitted for the Authorized Officer's approval. Failure to file an application within the time frame allowed will be considered an incidence of noncompliance.

Any spills of oil, gas, salt water or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

- D. Sewage - self-contained, chemical toilets will be provided by Rocket Sanitation for human waste disposal. Upon completion of operations, or as needed, the toilet holding tanks will be pumped and the contents thereof disposed of in the nearest, approved, sewage disposal facility.
- E. Garbage (trash) and other waste material - garbage, trash and other waste materials will be collected in a portable, self-contained and fully-enclosed trash cage during drilling and completion operations. Upon completion of operations (or as needed) the accumulated trash will be disposed of at an authorized sanitary landfill. No trash will be burned on location or placed in the reserve pit.

7. Methods of Handling Waste Materials: Continued

F. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No adverse materials will be left on the location upon the termination of drilling and completion operations. Any open pits will be fenced during the drilling operation and the fencing will be maintained until such time as the pits are backfilled.

8. Ancillary Facilities:

None anticipated.

9. Wellsite Layout:

- A. Figure #1 shows the drill site layout as staked. Cross sections have been drafted to visualize the planned cuts and fills across the location. A minimum of six (6) inches of topsoil will be stripped from the location (including areas of cut, fill, and/or subsoil storage) and stockpiled for future reclamation of the wellsite. Refer to Figure #1 for the location of the topsoil and subsoil stockpiles. (Stockpiled topsoil will be located on the northeast side of the location.) The reserve pit will be located on the southeast side of the location. The flare pit will be located downwind of the prevailing wind direction on the south side of location. Access to the location will be from the northwest corner. The drainage(s) from location shall be diverted from location and go toward the silt dam (see page 13).
- B. Figure #1 is a diagram showing the rig layout. No permanent living facilities are planned. There will be one (1) trailer on location during drilling operations for the toolpusher.
- C. A diagram showing the proposed production facility layout will be submitted to the Authorized Officer via Sundry Notice (Form 3160-5) for approval of subsequent operations. Please refer to Item #4A (page #4) for additional information in this regard.

9. Wellsite Layout: Continued

- D. If porous subsoil materials (gravel, scoria, sand, faulted rock structures, etc.) are encountered during reserve pit construction, an impervious liner will be installed in order to prevent drilling water loss through seepage.
- E. Prior to the commencement of drilling operations, the reserve pit will be fenced "sheep tight" on three (3) sides according to the following minimum standards:
1. 39-inch net wire shall be used with at least one (1) 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).
 2. The net wire shall be no more than two (2) inches above the ground. The barbed wire shall be three (3) inches above the net wire. Total height of the fence shall be at least 42 inches.
 3. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 4. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.
 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- The fourth side of the reserve pit will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is backfilled.
- F. Any hydrocarbons on the pit will be removed from the pit as soon as possible after drilling operations are completed.

10. Plans for Reclamation of the Surface:

A. Production

1. Immediately upon well completion, the well location and surrounding area(s) will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
2. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
3. If a plastic or nylon reinforced pit liner is used, it shall be torn and perforated before backfilling of the reserve pit.
4. Before any dirt work to restore the location takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc. will be removed. Other waste and spoil materials will be disposed of immediately upon completion of drilling and workover activities.
5. The reserve pit and that portion of the location and access road not needed for production facilities/operations will be reclaimed within ninety (90) days from the date of well completion, weather permitting.
6. For production, the fill slopes will be reduced from a 1.5:1 slope to a 3:1 slope and the cut slopes will be reduced from a 1.5:1 slope to a 3:1 slope by pushing the fill material back up into the cut.
7. Upon completion of backfilling, leveling and recontouring, the stockpiled topsoil will be evenly spread over the reclaimed area(s). Prior to reseeding, all disturbed surfaces (including the access road and location) will be scarified and left with a rough surface. No depressions will be left that would trap water and form ponds. All disturbed surfaces (including the access road and well pad areas) will be reseeded with a seed mixture to be recommended by the Authorized Officer, Bureau of Land Management.

10. Plans for Reclamation of the Surface:

A. Production: Continued

7. Seed will be drilled on the contour to an approximate depth of one-half (1/2) inch. All seeding will be conducted after September 15 and prior to ground frost.

B. Dry Hole/Abandoned Location

1. At such time as the well is physically plugged and abandoned, ANR Production Company will submit a "Subsequent Report of Abandonment" to the Authorized Officer for approval. At that time, the Bureau of Land Management will formulate and appropriate surface rehabilitation requirements and attach them as the conditions of approval for final abandonment.

11. Surface Ownership:

The wellsite and proposed access road are situated on surface estate which is owned by the United States of America.

This surface estate is administered by:

Area Manager
Diamond Mountain Resource Area Office
Bureau of Land Management
170 South 500 East
Vernal, Utah 84078
Phone: (801) 789-1362

12. Other Information:

- A. ANR Production Company will be 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, ANR Production Company will suspend all operations that might further disturb such materials and immediately contact the Authorized Officer.

12. Other Information:

A. Continued:

Within five (5) working days the Authorized Officer will inform ANR Production Company 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 Authorized Officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Authorized Officer are correct and that mitigation is appropriate.

If ANR Production Company wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Authorized Officer will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, ANR Production Company will be responsible for mitigation costs.

The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, ANR Production Company will then be allowed to resume construction.

- B. ANR Production Company 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 Bureau of Land Management, or the Uintah County Extension Office. On lands administered by the Bureau of Land Management, it is required that a "Pesticide Use Proposal" shall be submitted, and approval obtained, prior to the application of herbicides or other pesticides or possible hazardous chemicals for the control of noxious weeds.

12. Other Information: Continued

- C. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on federal lands after conclusion of drilling operations or at any other time without the proper authorization from the Bureau of Land Management. However, if BLM authorization is obtained, it is only a temporary measure to allow ANR Production Company the time to make arrangements for permanent storage at a commercial facility.

13. Additional Surface Stipulations:

- A. A silt catchment dam and basin will be constructed according to BLM specifications, approximately 500' northeast of the location where flagged.
- B. ANR Production Company shall contact the Bureau of Land Management between 24 and 48 hours prior to commencement of construction activities on the access road and/or well location: (801) 789-1362.
- C. The Bureau of Land Management shall be notified upon site completion and prior to moving drilling tools onto the location.
- D. T&E (threatened & endangered) plant and animal clearances will be performed on location and access road by BLM specialists or third party acceptable by the BLM.

14. Lessee's or Operator's Representative and Certification:

Representative

ANR Production Company
Randy L. Bartley, Operations Manager
P. O. Box 749
Denver, Colorado 80201-0749
Phone: (303) 572-1121

Eileen Dey, Regulatory Analyst*
P. O. Box 749
Denver, Colorado 80201-0749
Phone: (303) 573-4476

14. Lessee's or Operator's Representative and Certification:

Representative

- * Contact for any additional information which may be required for approval of this Application for Permit to Drill.

Certification:

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 & Gas Orders, the approved plan of operations, and any applicable Notice to Lessees.

ANR Production Company will be fully responsible for the actions of their subcontractors. A complete copy of the approved Application for Permit to Drill will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

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 ANR Production Company, 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.

1/10¹⁰/92
Date

Eileen Danni Dey
Eileen Danni Dey - Regulatory Analyst

RECEIVED

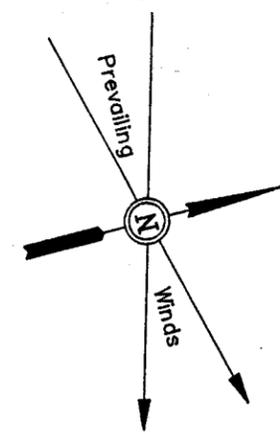
JAN 15 1992

DIVISION OF OIL GAS & MINING

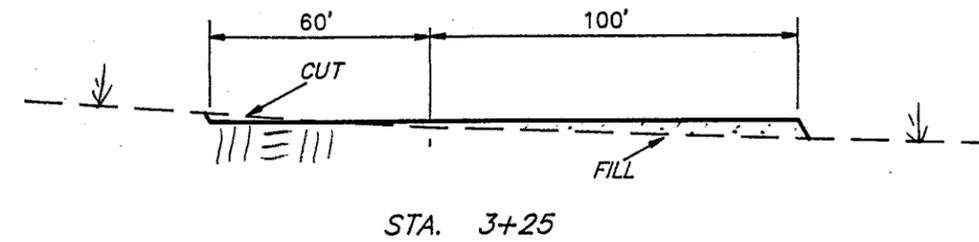
ANR PRODUCTION CO.

LOCATION LAYOUT FOR DSU #19-B-7 SECTION 19, T10S, R18E, S.L.B.&M. JAN 15 1992

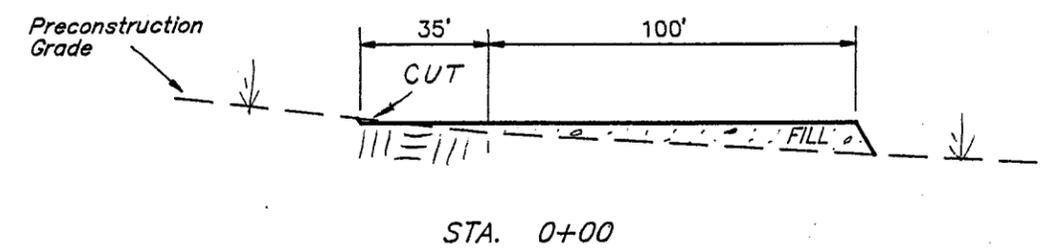
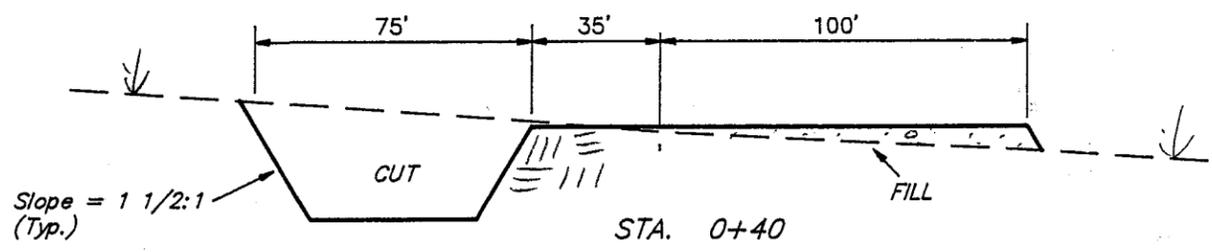
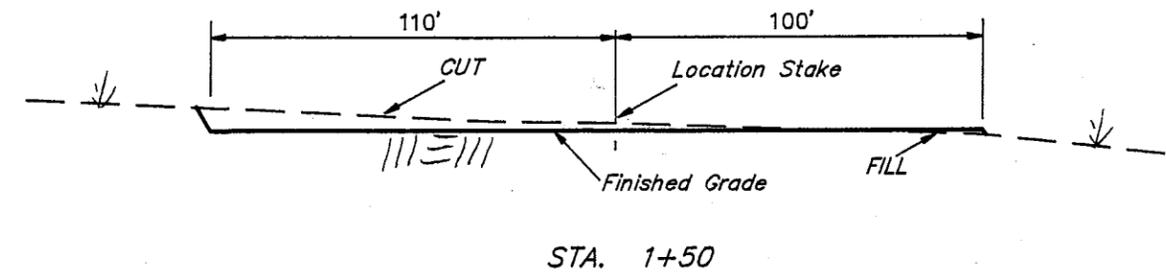
DIVISION OF OIL GAS & MINING



SCALE: 1" = 50'
DATE: 10-11-91
Drawn By: MDA



X-Section Scale
1" = 20'
1" = 50'



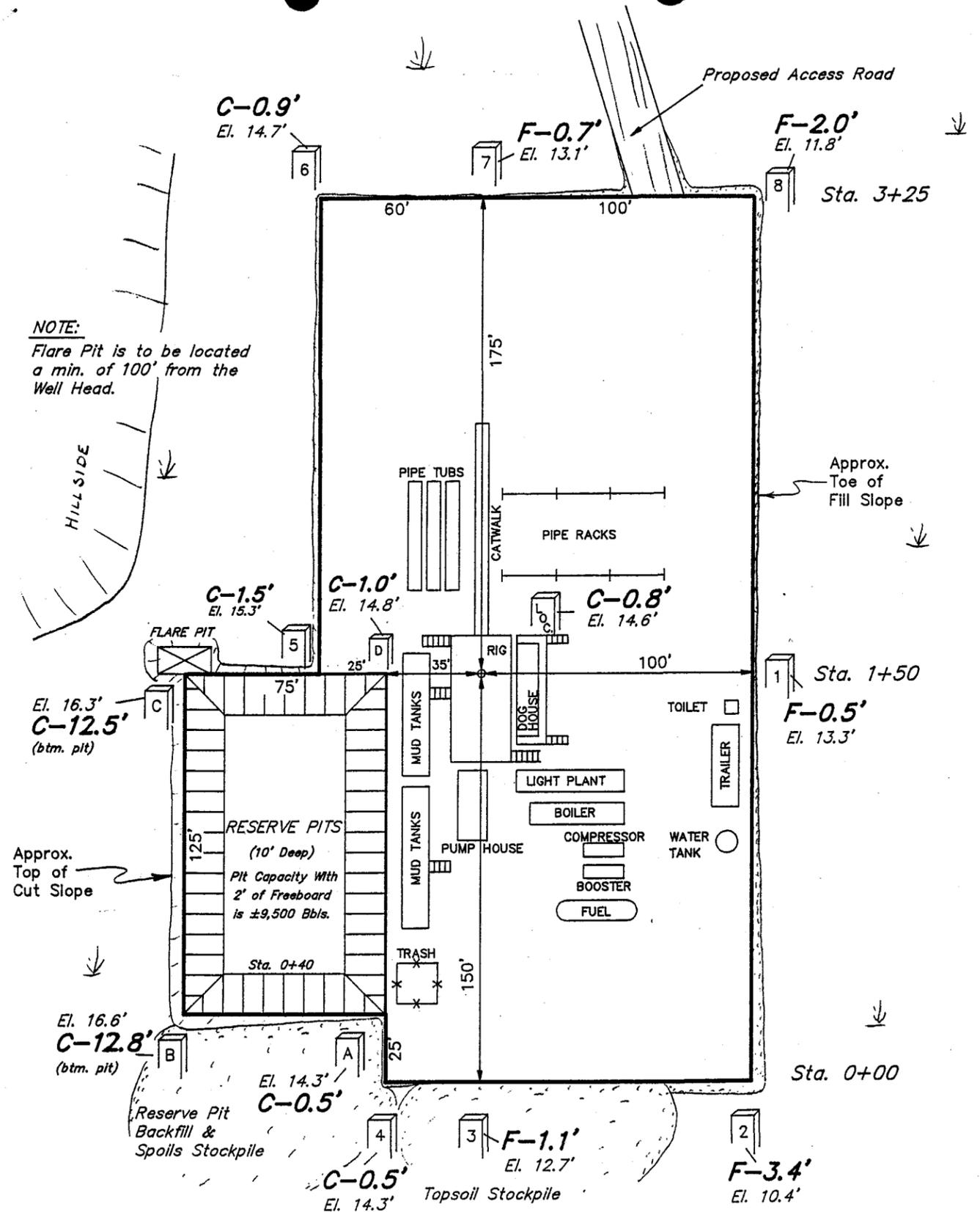
TYP. LOCATION LAYOUT
TYP. CROSS SECTIONS

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5414.6'
FINISHED GRADE ELEV. AT LOC. STAKE = 5413.8'

FIGURE #1

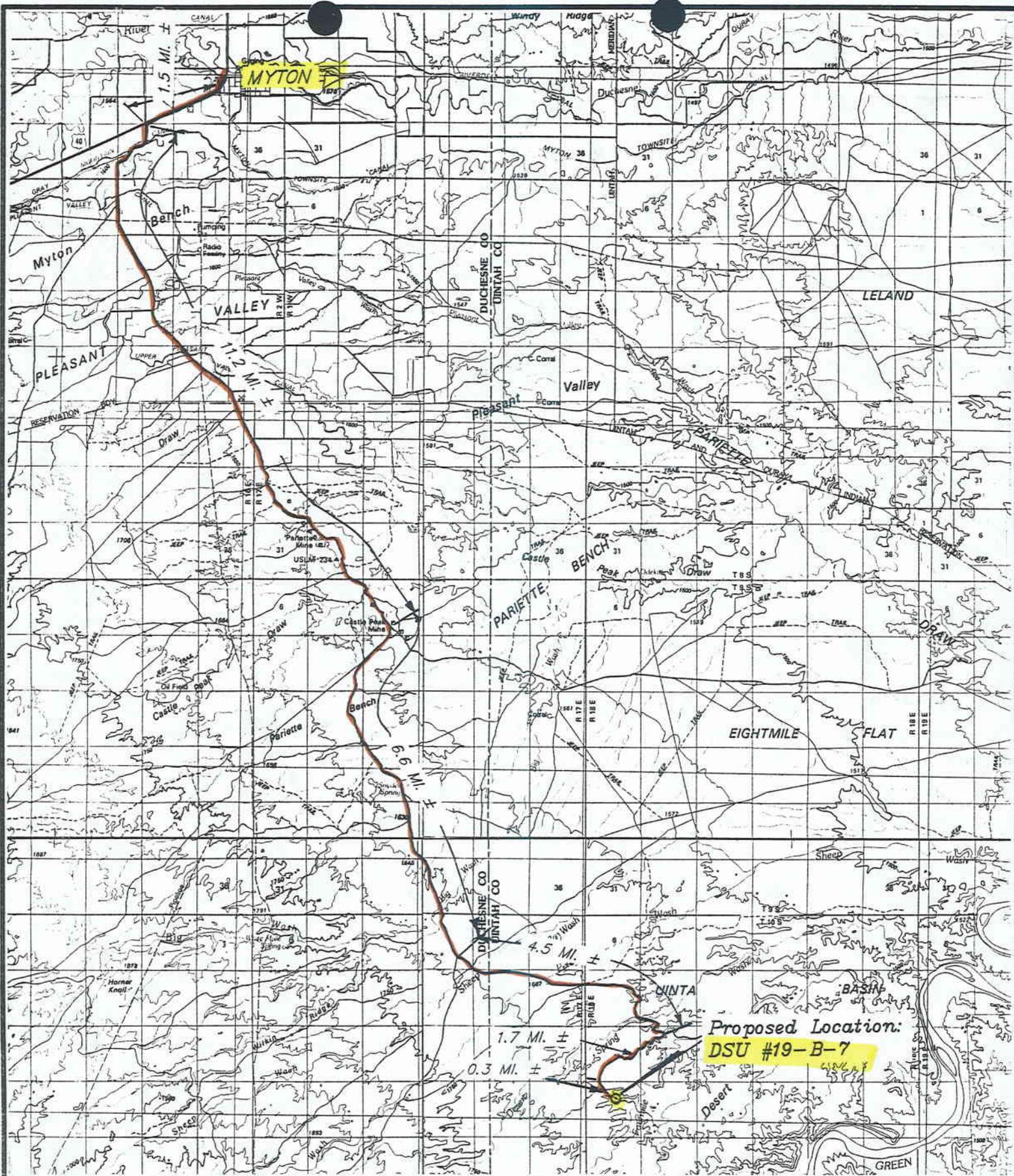
UINTAH ENGINEERING & LAND SURVEYING
85 South 200 East Vernal, Utah



APPROXIMATE YARDAGES

CUT (6") Topsoil Stripping	= 1,070 Cu. Yds.
Remaining Location	= 3,070 Cu. Yds.
TOTAL CUT	= 4,140 CU.YDS.
FILL	= 1,760 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,290 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,290 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.



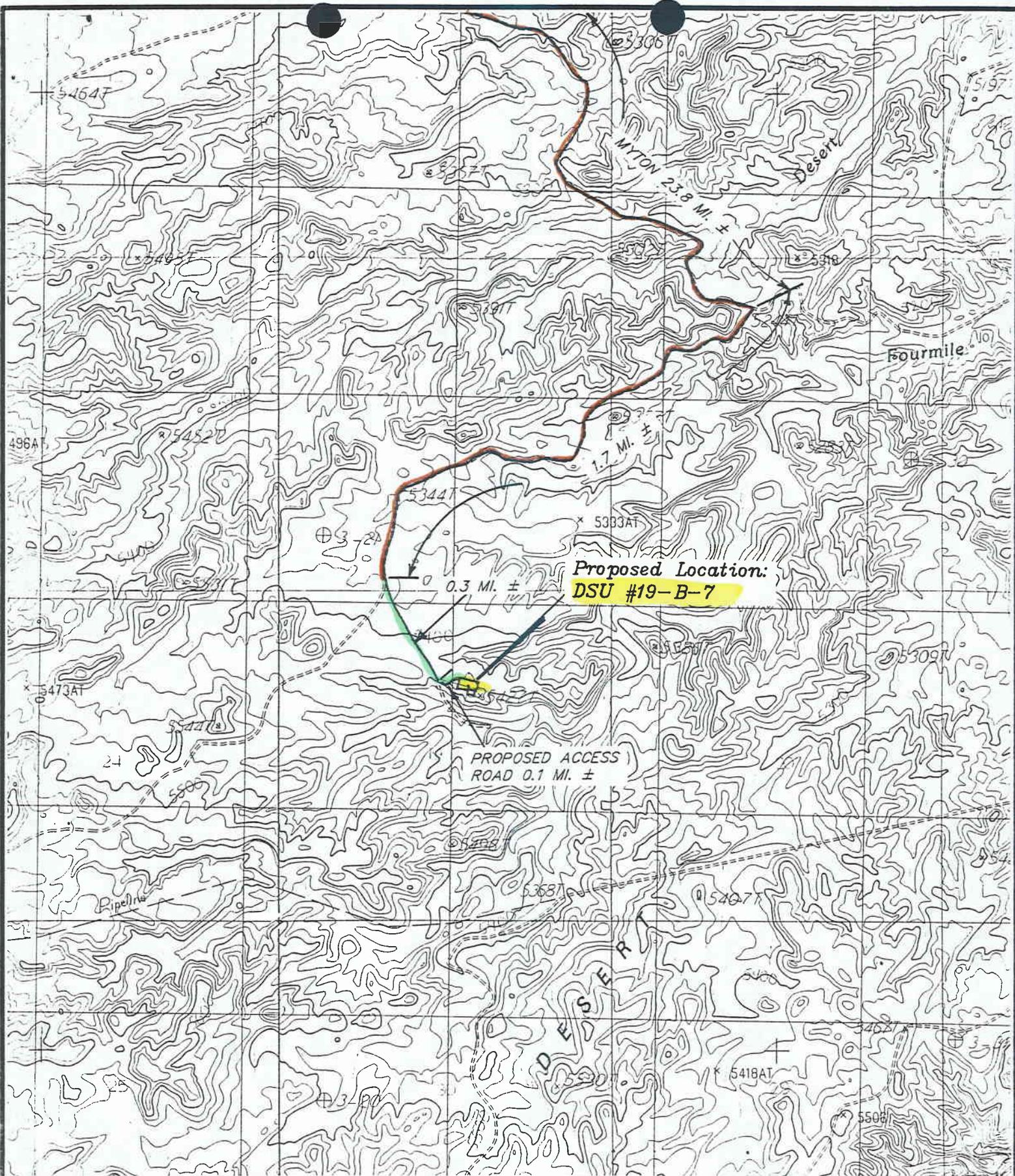
TOPOGRAPHIC
 MAP "A"

DATE 10-9-91 MDA



ANR PRODUCTION CO.

DSU #19-B-7
 SECTION 19, T10S, R18E, S.L.B.&M.



TOPOGRAPHIC

MAP "B"

SCALE: 1" = 2000'

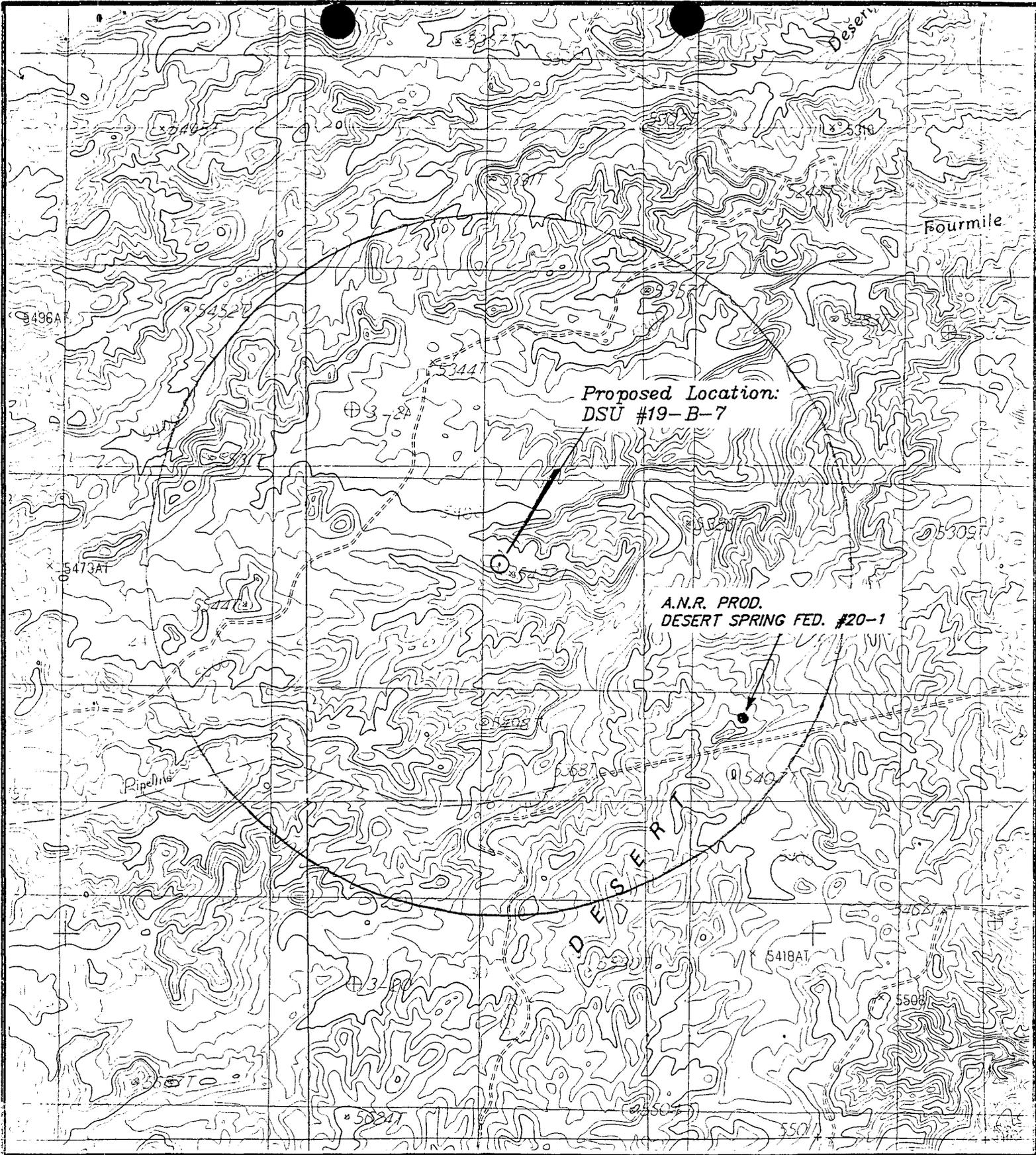
DATE 10-9-91 MDA



ANR PRODUCTION CO.

DSU #19-B-7

SECTION 19, T10S, R18E, S.L.B.&M.



LEGEND:

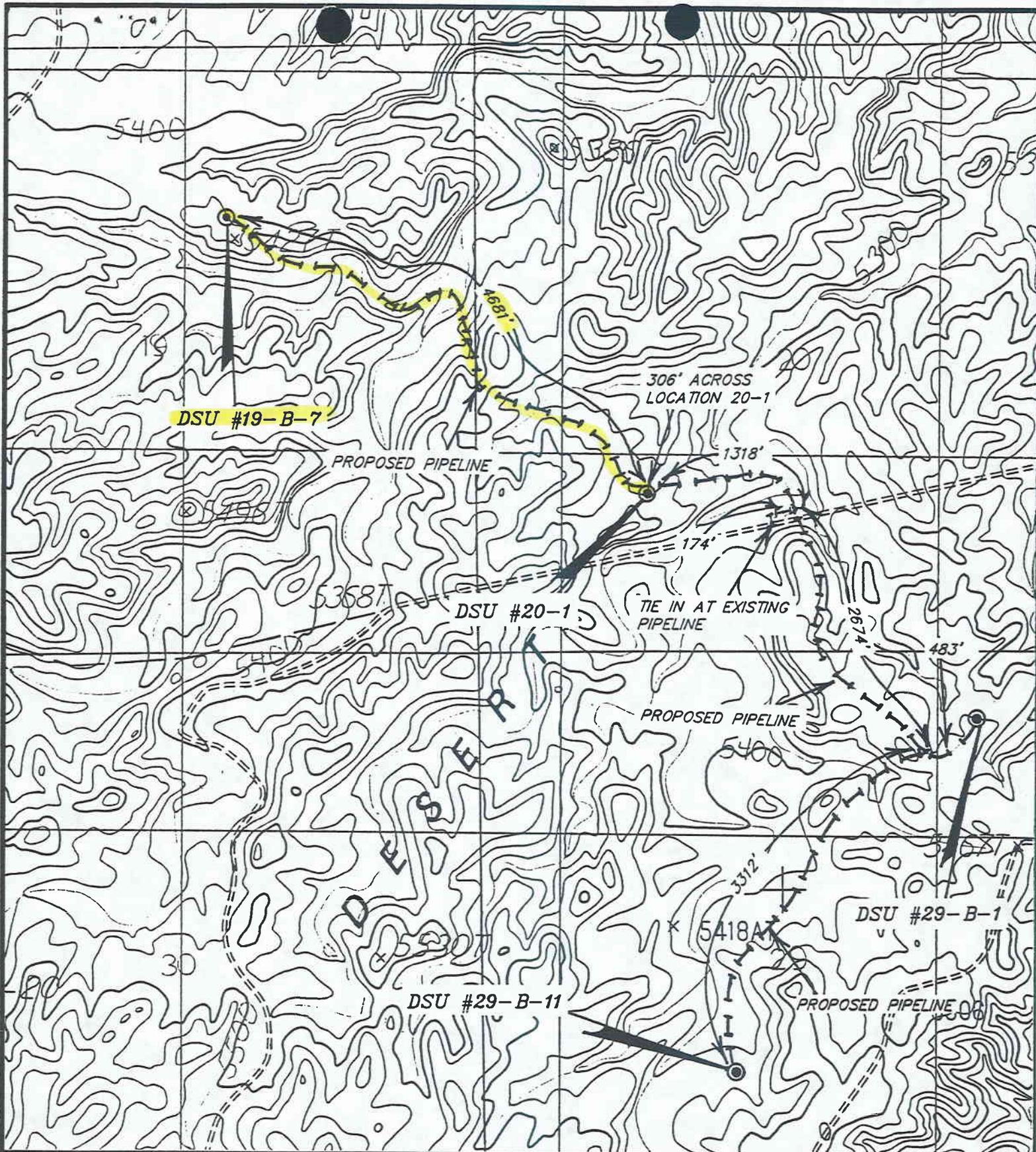
- ⊕ = Water Wells
- ◆ = Abandoned Wells
- = Temporarily Abandoned Wells
- ⊘ = Disposal Wells
- = Drilling Wells
- = Producing Wells
- = Shut-in Wells



ANR PRODUCTION CO.

DSU #19-B-7
 SECTION 19, T10S, R18E, S.L.B.&M.
 T O P O M A P " C "

DATE: 10-9-91 MDA



TOTAL PIPELINE SLOPE DISTANCE = 12,948'

**TOPOGRAPHIC
MAP "D"**

- LEGEND**
- EXISTING PIPELINE
 - Proposed Pipeline

DATE 11-11-91



ANR PRODUCTION CO.

PROPOSED PIPELINE RIGHTS-OF-WAY FOR
DSU #19-B-7, DSU #20-1, DSU #29-B-1
& DSU #29-B-11

SECTIONS 19, 20, & 29, T10S, R18E, S.L.B.&M.

OPERATOR ANR Production Co J-0675 DATE 1-01-90

WELL NAME Desert Springs 19-B-7

SEC SWNE 19 T 10S R 18E COUNTY Mintah

43-047-30183
API NUMBER

Federal (1)
TYPE OF LEASE

CHECK OFF:

PLAT.

BOND

NEAREST WELL

LEASE

FIELD SLBM

POTASH OR OIL SHALE

PROCESSING COMMENTS:

Included in 91 POD approved 11-07-91.
Water Permit 43-9974 (A14089) Dallas Inc.
No submittal to ROCC needed "tight gas area"

APPROVAL LETTER:

SPACING:

R615-2-3

Desert Springs
UNIT

R615-3-2

N/A
CAUSE NO. & DATE

R615-3-3

STIPULATIONS:



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

January 21, 1992

ANR Production Company
P.O. Box 749
Denver, Colorado 80201-0749

Gentlemen:

Re: Desert Spring Unit 19-B-7 Well, 1511 feet from the north line, 2267 feet from the east line, NE 1/4 SW 1/4, Section 19, Township 10 South, Range 18 East, Uintah County, Utah

Pursuant to Utah Code Ann. § 40-6-18, (1953, as amended), Utah Admin. R. 615-2-3, and Utah R. 615-3-4, approval to drill the referenced well is hereby granted.

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

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

Page 2
ANR Production Company
Desert Spring Unit 19-B-7 Well
January 21, 1992

Prior to commencement of the proposed drilling operations, plans for facilities for disposal of sanitary wastes at the drill site should be submitted to the local health department. These drilling operations and any subsequent well operations should 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 Department of Environmental Quality, Division of Drinking Water/Sanitation, telephone (801)538-6159.

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 43-047-32183.

Sincerely,



R.J. Fifth
Associate Director, Oil and Gas

ldc
Enclosures
cc: Bureau of Land Management
J.L. Thompson
WO11

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
 ANR Production Company

3. ADDRESS OF OPERATOR
 P. O. Box 749 Denver, CO 80201-0749

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 1511' FNL & 2267' FEL
 At proposed prod. zone Same as above.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 29 miles SE of Myton, Utah.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)
 1511'

16. NO. OF WELLS ON LEASE
 920

17. NO. OF ACRES ASSIGNED TO THIS WELL
 N/A

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

19. PROPOSED DEPTH
 7350'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5415' GR

22. APPROX. DATE WORK WILL START*
 1/15/92

5. LEASE DESIGNATION AND SERIAL NO.
 UTU-65215

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

7. UNIT AGREEMENT NAME
 Desert Spring Unit

8. FARM OR LEASE NAME
 Desert Spring Unit

9. WELL NO.
 19-B-7

10. FIELD AND POOL, OR WILDCAT
 Wildcat

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 Section 19, T10S-R18E

12. COUNTY OR PARISH
 Uintah County

13. STATE
 Utah

RECEIVED
 FEB 06 1992
 DIVISION OF OIL, GAS & MINING

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" K-55	24#	0 - 250'	180 sx circ to surface*
7-7/8"	5-1/2" K-55	17#	0 - 7350'	1000 sx circ to surface*

* Cement volumes may change due to hole size. Calculate from caliper log.

Eight Point Resource Protection Plan Attached

I hereby certify that ANR Production Company is authorized by the proper lease interest owners to conduct lease operations associated with this Application for Permit to Drill the Desert Spring Unit #19-B-7, Federal Lease #UTU-65215. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by ANR Production Company, Nationwide Oil & Gas Bond #CO-0001, who will be responsible for compliance with all the terms and conditions of that portion of the lease associated with this application.

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 Wileen Danni Day TITLE Regulatory Analyst DATE 1/10/92

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY Tim Chiswell TITLE ASSISTANT DISTRICT MANAGER MINING DATE FEB 5 1992

CONDITIONS OF APPROVAL, IF ANY:

NOTICE OF APPROVAL

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY

44050-211-073

CONDITION OF APPROVAL

The Interior Board of Land Appeals (IBLA) has ruled that the decision to approve an APD may be appealed under 43 CFR Part 4.21(a), by adversely affected parties. These appeal rights are further modified by 43 CFR Part 3165.3(b) which makes the decision, if contested, first subject to a State Director Review.

A Plan Conformance/NEPA Compliance Record has been completed on this Application for Permit to Drill (APD).

If the decision to approve the APD is contested under 43 CFR Part 3165.3(b), the operator will be immediately notified that no further action can be taken (unless otherwise directed by the authorized officer for protection of surface and subsurface resources) and cannot be resumed until the State Director has issued a decision on the Review. If the State Director rules favorably, the operator may be authorized to resume activities, but must recognize there is still the risk under 43 CFR Part 4.21(a) of an appeal to IBLA.

Any adversely affected party who contests a decision of the Authorized Officer may request an administrative review before the State Director. Such requests, including all supporting documentation, shall be filed with the appropriate State Director within twenty (20) business days from the date such decision was considered received. Upon request and showing good cause, an extension for submitting supporting data may be granted by the State Director. Requests for administrative review should be sent to: State Director, Bureau of Land Management, Utah State Office, P.O. Box 45155, Salt Lake City, Utah 84145-0155.

RECEIVED

FEB 06 1992

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

DIVISION OF
OIL GAS & MINING

Company ANR Production Company Well No. DSU 19-B-7

Location SWNE, Section 19, T10S, R18E Lease No. U - 65215

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

Be 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

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.

The special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to if air is used as the principle drilling medium, i.e., if the rig mud pumps are not being utilized while drilling.

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 ft. above the top of the Mahogany oil shale, identified at \pm 1,836 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

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 AO. 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 vapor-proof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

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

6. Notification of Operations

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 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.

All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to.

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 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 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, spend solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

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.

RECEIVED

FEB 06 1992

DIVISION OF
OIL GAS & MINING

CONDITIONS OF APPROVAL FOR THE
APPLICATION FOR PERMIT TO DRILL

Company/Operator ANR Production

Well Name & Number 19-B-7

Lease Number U-65215

Location SWNE Sec. 19 T. 10 S. R. 18 E.

Surface Ownership Federal

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.

A silt catchment dam and basin will be constructed according to BLM specifications. A copy of the BLM specifications, "Minimum Standards for Dams Impounding Under 10-acre Feet" is attached hereto.

Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes and fill areas will be accomplished by grading, leveling, and seeding as recommended by the Authorized Officer. The following seed mixture will be used:

<u>Pure Live Seed (PLS)</u> <u>lbs./acre</u>	<u>Seed Mix</u>
1	Forage Kochia (<i>Kochia prostrata</i>)
5	Ephriam Crested Wheatgrass (<i>Agropyron cristatum</i> Ephriam)
4	Russian Wildrye (<i>Elymus junceus</i>)
2	Fourwing Saltbush (<i>Atriplex canescens</i>)

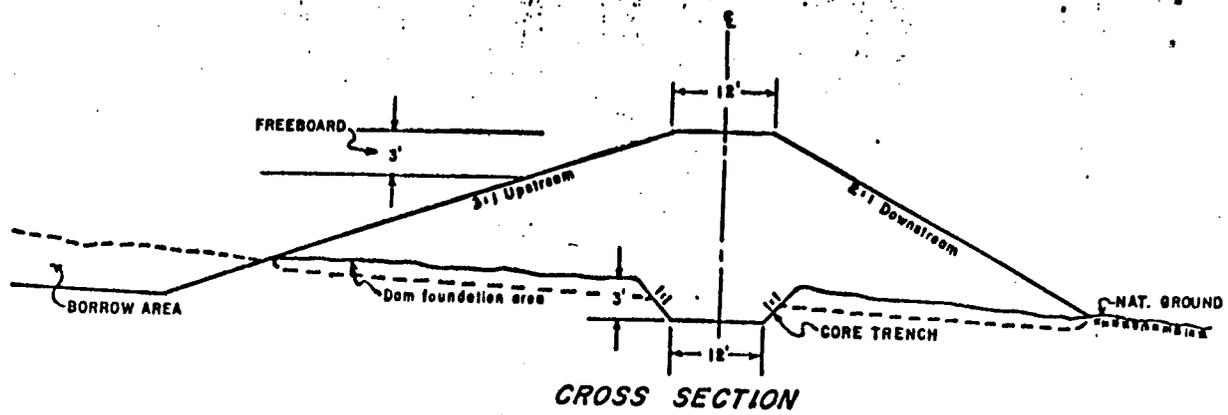
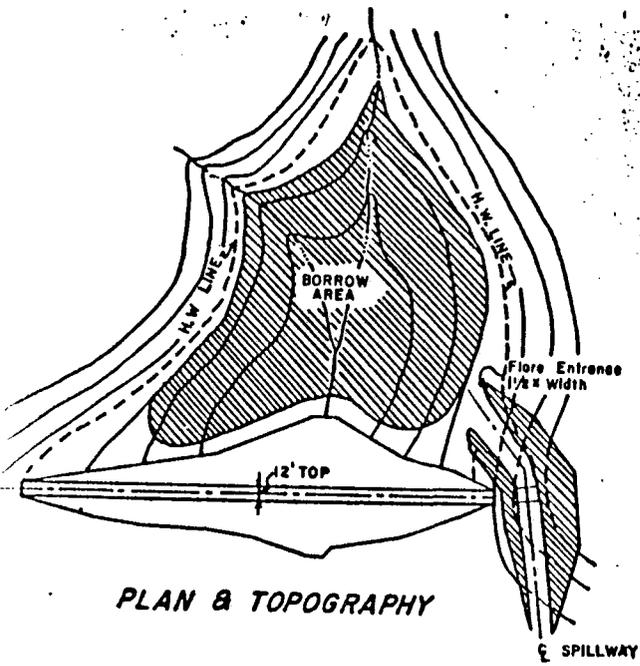
PIPELINE CONDITIONS OF APPROVAL

The four-inch gas surface pipeline applied for in the Surface Use Plan of the APD is approved subject to the following conditions:

1. If, at any time, the facilities located on public lands authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change) the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation determined by the authorized officer.
2. No blading will be allowed.
3. During installation of the pipeline, vehicle and equipment use will be restricted to the pipeline route and existing roads. When installation is complete, no vehicle use will be allowed along cross country portions of the pipeline.
4. All gravel terraces will be avoided during wet periods to avoid damage to subsurface archaeological resources.
5. All surface lines will be either black or brown in color.
6. No blowdown or condensate pits are allowed.
7. The measurement of all hydrocarbons shall be done in accordance with the applicable onshore oil and gas order.

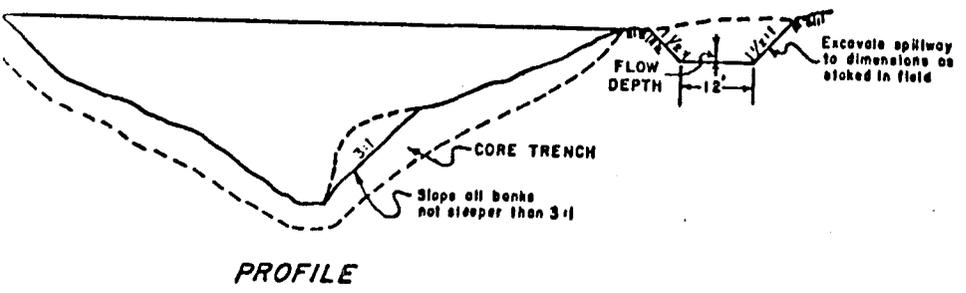
MINIMUM STANDARDS FOR DAMS
IMPOUNDING UNDER 10 AC. FT.

- I. Site Location and Design
 - A. Authorized BLM personnel must approve site location, fill material, foundation material, spillway size and location.
 - B. Dam layout and location shall be with surveying instruments by qualified personnel.
- II. Borrow Areas
 - A. Borrow material shall be taken from within the reservoir basin below the high water line whenever possible.
 - B. Vegetation, debris, and topsoil shall be removed to a depth of 12" below natural ground line and deposited as directed.
 - C. Vegetation, debris, and topsoil shall be stockpiled to be used as cover for borrow areas above the high water line as directed.
 - D. Vegetation, debris and topsoil moved below the dam shall be contoured, smoothed and blended into natural ground lines away from fill areas and outside the wash bottom.
 - E. Borrow areas shall be smoothed, contoured and blended into natural ground lines.
- III. Core Trench and Dam Foundation
 - A. A core trench shall be constructed 12' wide along the full length of the dam center line to a minimum depth of 3' or bedrock.
 - B. Sides of the core trench shall not be steeper than 1:1 slopes.
 - C. Soft or unstable material encountered in the core trench or dam foundation shall be removed and will not be used as fill.
- IV. Dam and Core Fill
 - A. Fill shall be homogeneous material, preferably of highly impervious, compactable soils (such as high clay content soils free of organic material, sand or rock).
 - B. Lifts of fill shall not exceed 6" when compacted.
 - C. Fill shall be built up at a consistent rate the full length of the dam.
 - D. Lifts shall be compacted by at least one pass of the crawler tractor over the entire width of the lift.
 - E. Fill shall be smoothed, maintaining specified slopes.
- V. Spillway
 - A. Spillway shall be constructed through natural material.
 - B. Spillway shall be constructed to divert overflow away from fill areas or natural material that is an integral part of the dam.
 - C. Incorporate in-place rock or hauled-in rock in spillway and at discharge point below spillway to prevent "down cutting" and "blowout" holes, when possible.



**MINIMUM STANDARDS FOR DAMS
IMPOUNDING UNDER 10 AC. FT.**

1. BLM PERSONNEL MUST APPROVE SITE LOCATION, FILL MATERIAL, FOUNDATION MATERIAL, SPILLWAY SIZE AND LOCATION.
2. DAM LAYOUT & LOCATION MUST BE WITH SURVEYING INSTRUMENTS BY QUALIFIED SURVEYOR,
3. MAX. WATER DEPTH AGAINST THE DAM WILL BE 10' WHEN CONSTRUCTED WITH A CRAWLER TRACTOR.
4. SOIL WILL BE PLACED IN NOT MORE THAN 6" LIFTS AND EACH LIFT COMPACTED WITH A CRAWLER TRACTOR.
5. SPILL WAY MUST BE THROUGH NATURAL MATERIAL.
6. A COAR TRENCH WILL BE CONSTRUCTED 3' DEEP. OR TO BED ROCK.
7. BORROW MATERIAL WILL BE TAKEN FROM WITHIN THE RESERVOIR BASIN BELOW THE HIGH WATER MARK WHENEVER POSSIBLE.



U. S. DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT	
RETENTION DAM TYPICAL PLAN & SECTION	
DESIGNED _____	RECOMM. _____
DRAWN _____	RECOMM. _____
CHECKED _____	APPROVED _____
SCALE NOT TO SCALE	
DATE _____	SHEET 1 OF 1
DRAWING NO. _____	

ALWAYS THINK SAFETY OPO 230-175



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078

Phone (801) 789-1362

IN REPLY REFER TO:
3162

July 2, 1993

FAX (801) 781-4410 UT08438

RECEIVED

JUL 06 1993

**DIVISION OF
OIL, GAS & MINING**

Eileen Dey
ANR Production Company
P.O. Box 749
Denver, CO 80201-0749

Re: Notification of Expiration
Well No. 19-B-7 *42-047-32183*
Section 19, T10S, R18E
Lease No. U-65215
Uintah County, Utah

Dear Ms Dey:

The Application for Permit to Drill the above-referenced well was approved on February 5, 1992. Since that date, no known activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. 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,

Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M



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

Michael O'Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

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

July 20, 1993

Ms. Eileen Danni Dey
ANR Production Company
P.O. Box 749
Denver, Colorado 80201-0749

Dear Ms. Dey:

Re: Well No. Desert Springs 19-B-7, Sec. 19, T. 10S, R. 18E, Uintah County, Utah
API No. 43-047-32183

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: Bureau of Land Management - Vernal
R.J. Firth
Well file

WOI196

