

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS WELL LOG LITHOLOGIES FILE WATER SANDS LOCATION MAPS/EL SUB REPORT

DATE FILED FEBRUARY 22, 1994

LAND FEE & PATENTED

STATE LEASE NO.

PUBLIC LEASE NO.

U-01193

INDIAN

DRILLING APPROVED APRIL 12, 1994

SPUDDED IN

COMPLETED

PUT TO PRODUING

INITIAL PRODUCTION

GRAVITY API

GOR

PRODUCING ZONES

TOTAL DEPTH

WELL ELEVATION

DATE ABANDONED

LA'D PER BLM EFF. 4-27-95

FIELD

NATURAL BUTTES

UNIT

NATURAL BUTTES UNIT

COUNTY

UINTAH

WELL NO

CIGE #176-14-9-21

API NO. 43-047-32472

LOCATION

569' FNL FT FROM (H) (S) LINE.

1865' FEL

FT FROM (E) (W) LINE

NW NE

14 - 14 SEC

14

TWP

RGE

SEC

OPERATOR

TWP

RGE

SEC

OPERATOR

9S

21E

14

COASTAL OIL & GAS CORP

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
 Coastal Oil & Gas Corporation

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: 569' FNL & 1865' FEL (NW/NE) Section 14, T9S, R21E
 At proposed prod. zone

5 LEASE DESIGNATION AND SERIAL NO
 U-01193

6 IF INDIAN ALLOTTEE OR TRIBE NAME
 Ute Tribal Surface

7 UNIT AGREEMENT NAME
 Natural Buttes Unit

8 FARM OR LEASE NAME
 CIGE

9 WELL NO
 176-14-9-21

10 FIELD AND POOL OR WILDCAT
 Natural Buttes

11 SEC. T. R. W., OR BLM AND SURVEY OR AREA
 Section 14, T9S, R21E

12 COUNTY OR PARISH 13 STATE
 Uintan Utah

14 DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 20 miles southeast of Duran, Utah

15 DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED OR APPLIED FOR, ON THIS LEASE, FT
 1200'

16 NO. OF ACRES IN LEASE
 1920.00

17 NO. OF ACRES ASSIGNED TO THIS WELL
 30

18 DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED OR APPLIED FOR, ON THIS LEASE, FT
 1200'

19 PROPOSED DEPTH
 6550'

20 ROTARY OR CABLE TOOLS
 Rotary

21 ELEVATIONS (Show whether DF, RT, GR, etc.)
 4779' GR

22 APPROX DATE WORK WILL START*
 October 1, 1992

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#	0 - 250'	180 sx circ to surface *
7-7/8"	5-1/2" K-55	17.0#	0 - 6550'	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 Coastal Oil & Gas Corporation is authorized by the proper Lease Interest Owners to conduct lease operations associated with this Application for Permit to Drill the CIGE #176-14-9-21, Federal Lease U-01193. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Coastal Oil & Gas Corporation, Nationwide Bond #CO-0018, who will be responsible for compliance with all the terms and conditions of that portion of the lease associated with this Application.

14 ABOVE SPACE DESCRIBE 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.

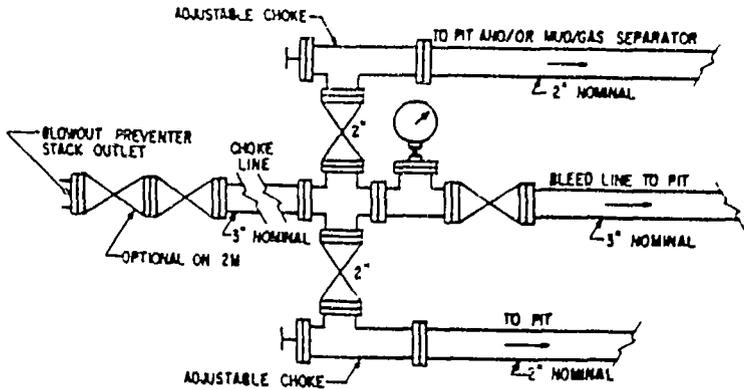
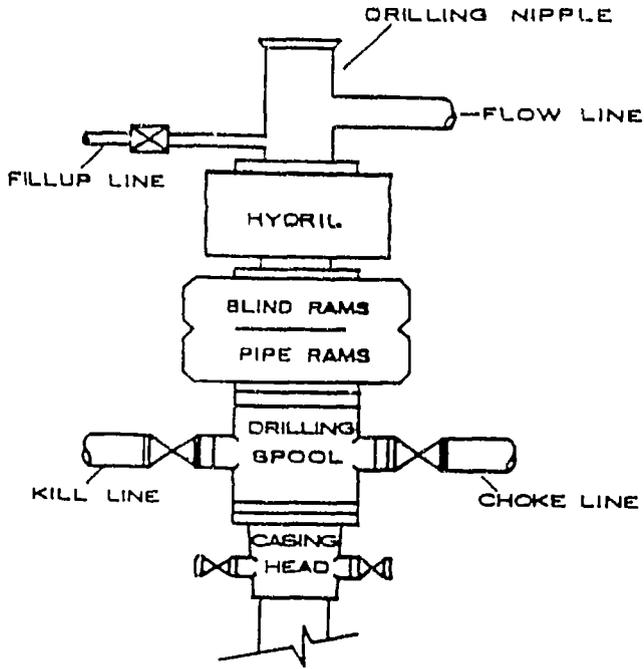
SIGNED: *[Signature]* TITLE: Environmental Coordinator DATE: 7/18/94

PERMIT TO: 43-641 10-7-7 APPROVAL DATE: 4/12/94

APPROVED BY: *[Signature]* TITLE: *[Signature]*

*See Instructions On Reverse Side

BOP STACK



COASTAL OIL & GAS CORPORATION
Lease #U-01193, CIGE #176-14-9-21
NW/NE, Section 14, T9S, R21E
Uintah County, Utah

Drilling Prognosis

1. Estimated Tops of Important Geologic Markers:

Uinta	Surface	Wasatch	5080'
		Total Depth	6550'

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

Wasatch 5080' 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: 10" 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. Coastal requests a variance to the straight run on the blooie line. Blooie line will have two targeted tees.
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 will be located outside the rig sub-structure. BOP will be fitted with handwheels and extension. 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

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft.</u>	<u>Grade</u>	<u>Joint</u>	<u>Depth Set</u>
12-1/4"	8-5/8"	24#	K-55	ST&C	0-250'
7-7/8"	5-1/2"	17.0#	K-55	LT&C	0-6550'

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 + 2% CaCl₂ and 1/4#/sx Flocele 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>
0-1500'	Aerated/ Mist	-----	-----	-----
1500-6550'	Aerated Water	-----	-----	-----

5. Mud Program: (Visual Monitoring - continued)

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

The surface hole will be drilled with an air mist system, injecting water @ the rate of 15-20 gallons/minute, until the lost circulation zone is reached @ $\pm 1500'$. At that point, Coastal Oil & Gas Corporation will switch to an aerated water system, utilizing the rig pumps to inject water at a rate of 190 gallons/minute to total depth.

6. Evaluation Program:

Logs : Dual Laterlog & Caliper : TD - Surface
FDC-CNL : TD - 2300'

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 not 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: (901) 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 3046 psi (calculated at 0.465 psi/foot) and maximum anticipated surface pressure equals approximately 1605 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 : October 1, 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.

8. Anticipated Starting Dates and Notification of Operations:

B. Notification of Operations - Continued

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.

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.

8. Anticipated Starting Dates and Notification of Operations:

B Notification of Operations - Continued

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.

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 & 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.

8. Anticipated Starting Dates and Notification of Operations:

B. Notification of Operations - Continued

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.

COASTAL OIL & GAS CORPORATION
Lease #U-01193, CIGE #176-14-9-21
NW/NE, Section 14, T9S, R21E
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. Proceed westerly from Vernal on U. S. Highway 40 approximately ± 14.0 miles to the junction of State Highway 88; exit left and proceed south ± 17.0 miles on State Highway 88 to Ouray, Utah; proceed south from Ouray ± 6.9 miles on the Seep Ridge Road to the junction of this road and an existing oilfield service road to the east; turn left and proceed in an easterly direction along this road ± 5.0 miles to the junction of this road and an existing road to the north; turn left and proceed in a northerly direction ± 0.3 miles to the junction of this road and an existing road to the northeast; turn right and proceed in a northeasterly direction ± 5.2 miles to the junction of this road and an existing road to the north; turn left and proceed in a northwesterly direction ± 2.1 miles to the junction of this road and an existing road to the south; turn left and proceed in a southerly direction ± 0.5 miles to the beginning of the proposed access road; follow road flags in a northwesterly direction approximately ± 0.2 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 CIGE #176-14-9-21 well location.
2. Planned Access Roads: Refer to Map "B" (Shown in GREEN)

Approximately 0.2 mile of new road construction will be required for access to the proposed CIGE #176-14-9-21 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 - 8%
- 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 Indian Affairs. None anticipated at this time. Native material from access location and access road will be used.

H. Gates, cattleguards or fence cuts - none required.

I. 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.

J. 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 - SE1/4, SE1/4, Section 11, T9S, R21E
SE1/4, SE1/4, Section 14, T9S, R21E

C. Temporarily abandoned wells -
NE1/4, SE1/4, Section 10, T9S, R21E

D. Disposal wells - none known.

E. Drilling wells - none known.

F. Producing wells - SW1/4, NW1/4, Section 12, T9S, R21E
NW1/4, NE1/4, Section 13, T9S, R21E
SE1/4, NW1/4, Section 13, T9S, R21E
NW1/4, NW1/4, Section 13, T9S, R21E
NW1/4, SW1/4, Section 13, T9S, R21E
SE1/4, NW1/4, Section 14, T9S, R21E
SE1/4, SW1/4, Section 14, T9S, R21E
NE1/4, SE1/4, Section 15, T9S, R21E
NW1/4, NE1/4, Section 15, T9S, R21E

G. Shut-in wells - none known.

H. Injection wells - none known.

I. Monitoring wells - none known.

4. Location of Existing and/or Proposed Facilities:

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.
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 Carlsbad Canyon, Munsell standard color number 2.5Y6/2.

4. Location of Existing and/or Proposed Facilities:

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 CIGE #176-14-9-21 gas well and tie into the existing gas pipeline located in Section 14, T9S-R21E (see attached Topo Map D). This pipeline will be inside the Natural Buttes Unit boundary and within federal lease #U-01193. A 30' width easement of approximately 664' length 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 #9D (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 Bureau of Indian Affairs.

5. Location and Type of Water Supply:

A. Freshwater for drilling will be obtained from the Indian water line in Ouray, Utah, located in the SE1/4 of Section 32, Township 8 South, Range 20 East, Uintah County, Utah.

5. Location and Type of Water Supply:

- B. Water will be transported over existing roads via tank truck from the point of diversion to the proposed CIGE #176-14-9-21 well location. No new construction will be required on/along the proposed water haul route. Access roads which cross off-lease Tribal lands on/along the proposed water haul route will be authorized under a separate right-of-way grant/special use permit to be obtained from the Uintah and Ouray Ute Indian Tribes and/or the Bureau of Indian Affairs prior to commencement of operations, if required.
- 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.

7. Methods of Handling Waste Materials:

B. Drilling fluids - Continued

In the event adverse weather conditions prevent removal of the fluids from the reserve pit within this time period, an extension may be granted by the Authorized Officer upon receipt of a written request from Coastal Oil & Gas Corporation. The reserve pit will be constructed so as not to leak, break, or allow discharge. The reserve pit will be lined. A plastic nylon reinforced liner will be 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 twelve (12) 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 southwest and northeast sides of the location.) The reserve pit will be located on the east side of the location. The flare pit will be located downwind of the prevailing wind direction on the southeast side of location. Access to the location will be from the northeast and west. The drainage(s) from the location shall be diverted from location and go toward the silt dam.
- 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:

D. 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.

E. 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.

10. Plans for Reclamation of the Surface:

A. Production - Continued

3. The plastic or nylon reinforced pit liner 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.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface ± 3 feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

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 Indian Affairs.

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.

10. Plans for Reclamation of the Surface:

B. Dry Hole/Abandoned Location

1. On lands administered by the Bureau of Indian Affairs, abandoned well sites, roads, or other disturbed areas will be restored to near their original condition. This procedure will include:
 - (a) re-establishing, irrigation systems where applicable,
 - (b) re-establishing, soil conditions in irrigated field in such a way as to ensure cultivation and harvesting of crops and,
 - (c) ensuring revegetation of the disturbed areas to the specifications of the Uintah & Ouray Indian Tribes or the Bureau of Indian Affairs at the time of abandonment.
2. All disturbed surfaces will be recontoured to the approximate natural contours with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed in the fall following completion of reclamation operations. Please refer to Item #10A7 (page #10) for additional information regarding the reseeding operation.

11. Surface Ownership:

The wellsite and proposed access road are situated on surface lands owned by the Uintah and Ouray Ute Indian Tribes and administered in trust by:

Bureau of Indian Affairs
Uintah & Ouray Agency
P. O. Box 130
Fort Duchesne, Utah 84026
Phone: (801) 722-2406

12. Other Information:

- A. Coastal Oil & Gas Corporation 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, Coastal Oil & Gas Corporation will suspend all operations that might further disturb such materials and immediately contact the Authorized Officer, Bureau of Indian Affairs.

Within five (5) working days the Authorized Officer will inform Coastal Oil & Gas Corporation 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 Coastal Oil & Gas Corporation 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, Coastal Oil & Gas Corporation 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, Coastal Oil & Gas Corporation will then be allowed to resume construction.

12. Other Information: Continued

- B. Coastal Oil & Gas Corporation 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.

On lands administered by the Bureau of Indian Affairs, it is required that a "Pesticide Use Proposal" be submitted and approval obtained prior to the application of herbicides, pesticides or possible hazardous chemicals for the control of noxious weeds.

13. Additional Stipulations for Operations on Lands Administered by the Bureau of Indian Affairs:

- A. If the surface rights are owned by the Ute Indian Tribe and mineral rights are owned by another entity, an approved right-of-way will be obtained from the Bureau of Indian Affairs before the operator begins any construction activities. If the surface is owned by another entity and the mineral rights are owned by the Ute Indian Tribe, rights-of-way will be obtained from the other entity.
- B. All roads constructed by oil and gas operators on the Uintah & Ouray Indian Reservation will have appropriate signs. Signs will be neat and of sound construction. They will state:
1. that the land is owned by the Uintah & Ouray Indian tribes,
 2. the name of the operator,
 3. that firearms are prohibited by all non-Tribal members,

13. Additional Stipulations for Operations on Lands Administered by the Bureau of Indian Affairs:

B. Continued

4. that permits must be obtained from the Bureau of Indian Affairs before cutting firewood or other timber products, and
 5. only authorized personnel are permitted to use said road.
- C. All well site locations on the Uintah & Ouray Indian Reservation will have an appropriate sign indicating the name of the Operator, the lease serial number, the well name and number, the survey description of the well (either footages or the quarter-quarter section, section, township and range).
- D. Coastal Oil & Gas Corporation shall contact the Bureau of Land Management and the Bureau of Indian Affairs between 24 and 48 hours prior to commencement of construction activities. BLM: (801) 789-1362; BIA: (801) 722-2406.
- E. The BLM and BIA offices shall be notified upon site completion and prior to moving drilling tools onto the location.
- F. A silt catchment dam will be constructed southwest of the location per BIA's specifications.

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

Representative

Coastal Oil & Gas Corporation
Ned Shiflett, Operations Superintendent
P O. Box 749
Denver, CO 80201-0749
Phone: (303) 573-4455

Joe Adamski, Environmental Coordinator
P O. Box 749
Denver, CO 80201-0749
Phone (303) 573-4476

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

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

Certification:

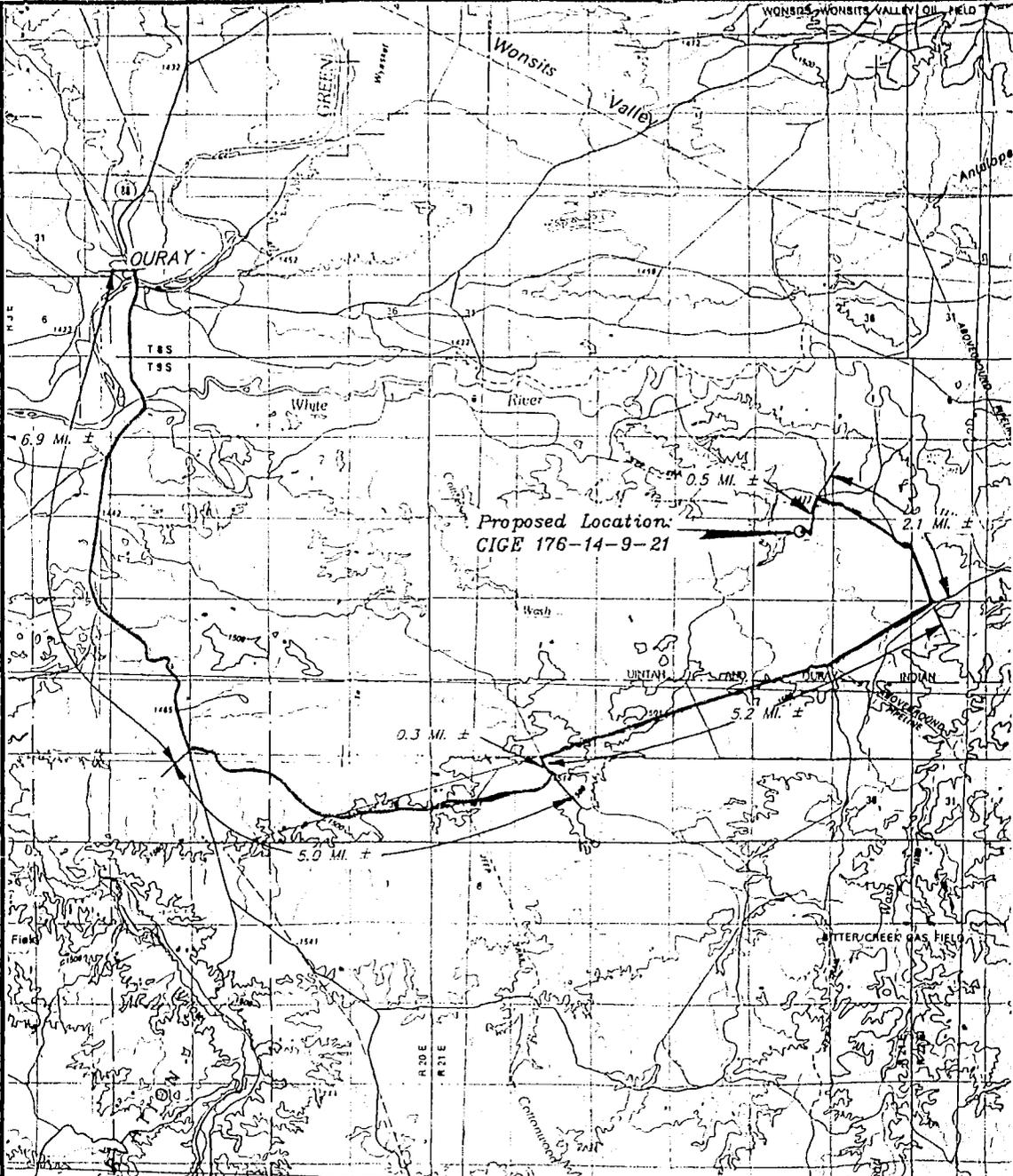
All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil & Gas Orders, the approved plan of operations, and any applicable Notice to Lessees.

Coastal Oil & Gas Corporation 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 Coastal Oil & Gas Corporation, 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.

Date

Joe Adamski, Environmental Coordinator



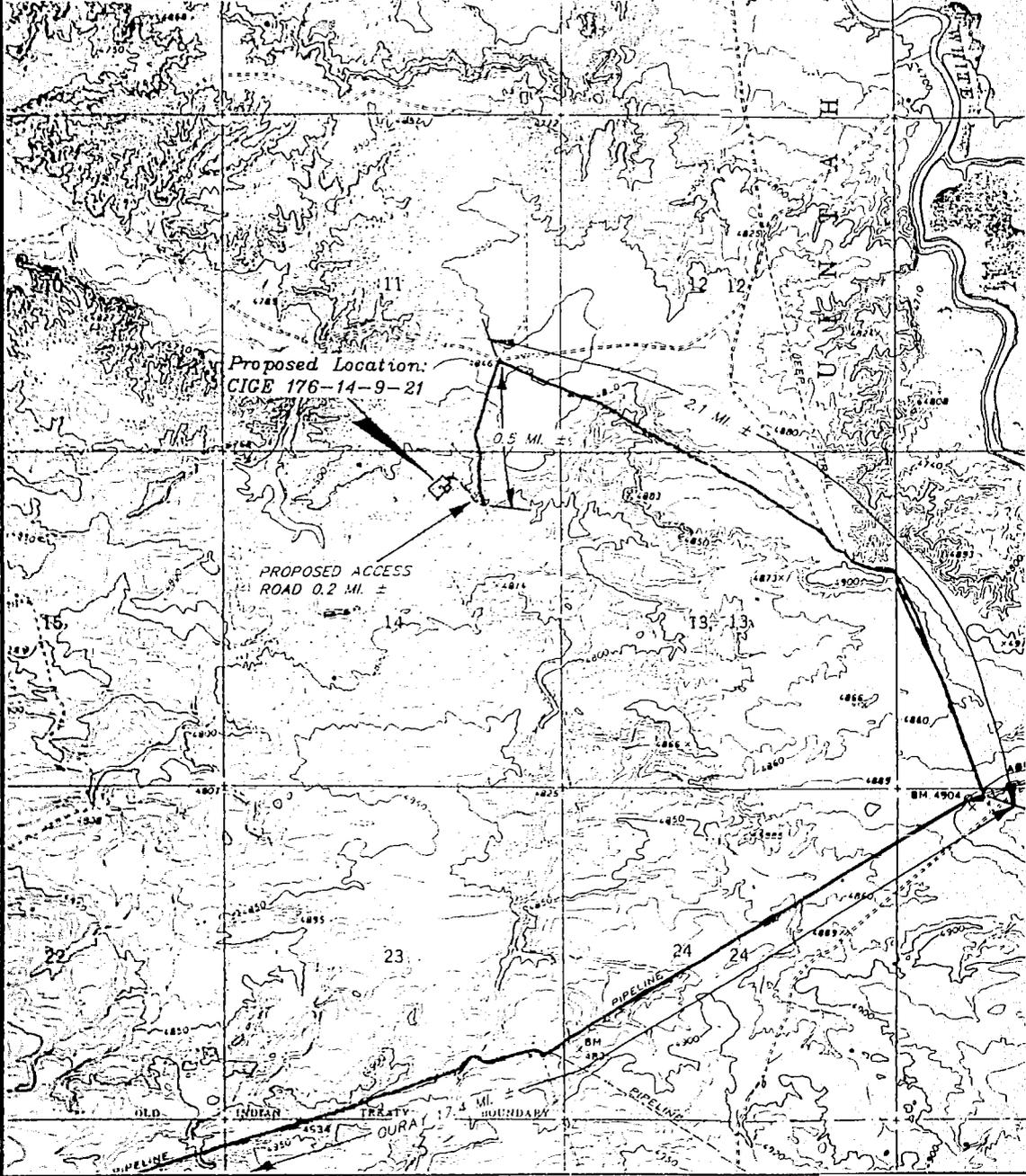
TOPOGRAPHIC
MAP "A"

DATE 8-3-92 J.L.C.



COASTAL OIL & GAS CORP.

CIGE #176-14-9-21
SECTION 14, T9S, R21E, S.L.B.&M.



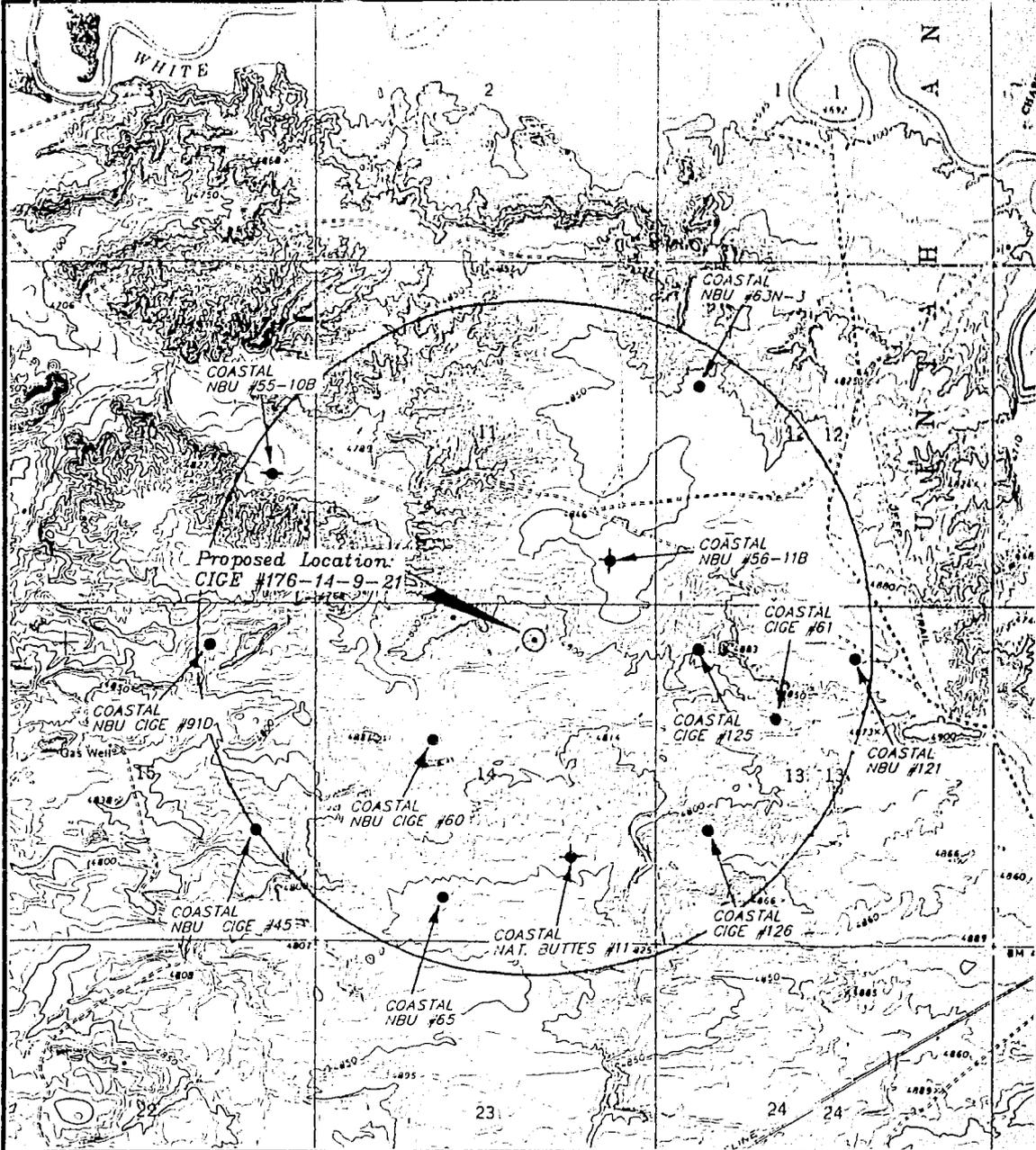
TOPOGRAPHIC
MAP "B"

SCALE: 1" = 2000'
DATE 8-3-92 J.L.G.



COASTAL OIL & GAS CORP.

CIGE #176-14-9-21
SECTION 14, T9S, R21E, S.L.B.&M.



LEGEND:

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

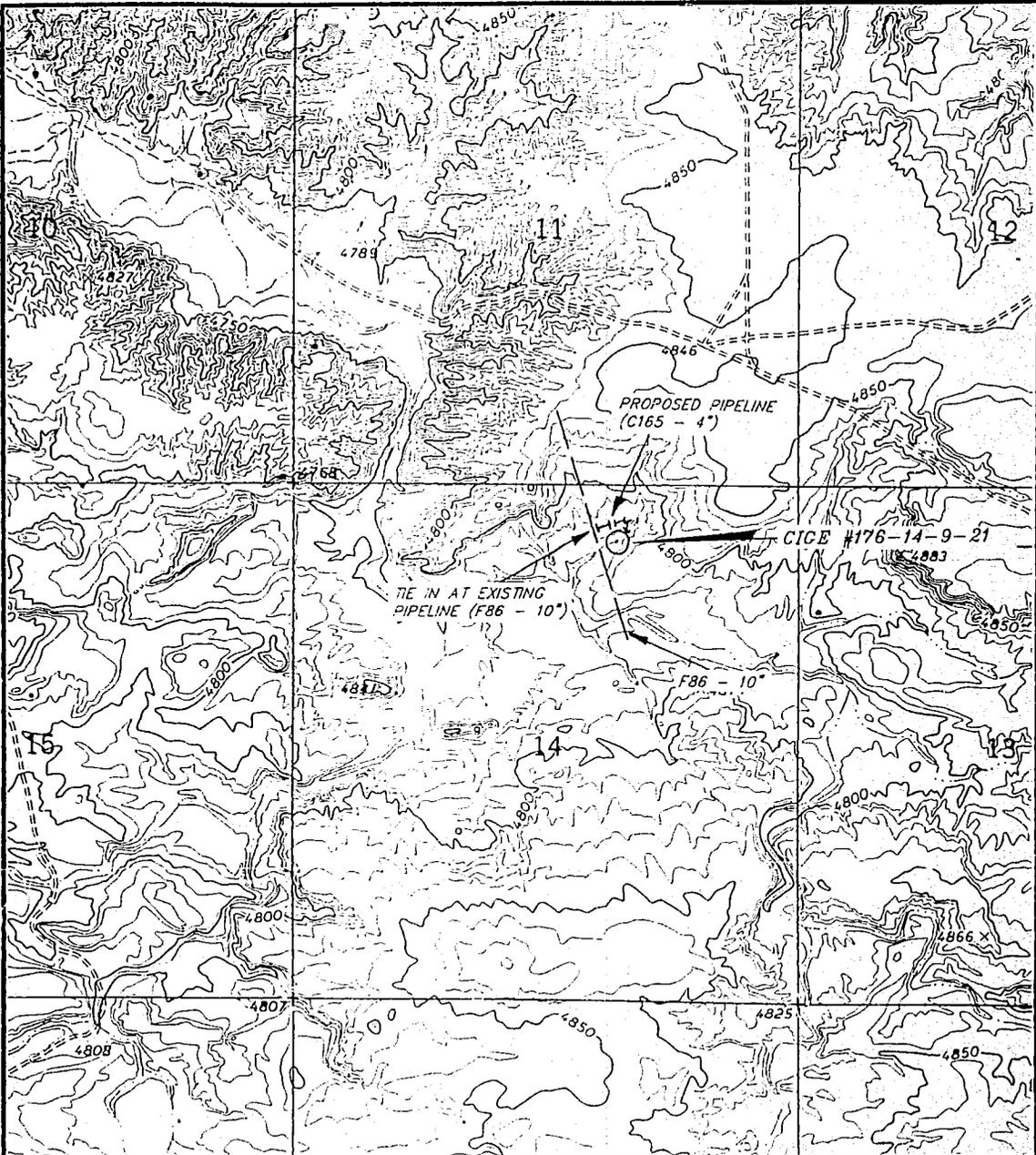


COASTAL OIL & GAS CORP.

CIGE #176-14-9-21
SECTION 14, T9S, R21E, S.L.B.&M.

TOP O MAP "C"

DATE: 8-3-92 J.L.G.

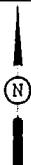


TOTAL PIPELINE SLOPE DISTANCE = 664'

TOPOGRAPHIC
MAP "D"

LEGEND

- EXISTING PIPELINE
- Proposed Pipeline



COASTAL OIL & GAS CORP.

PROPOSED PIPELINE RIGHT-OF-WAY FOR
CIGE #176-14-9-21
SECTION 14, T9S, R21E, S.L.B.&M.

DATE: 8-3-92

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

T
9
S

R 21 E



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 Trade Center, Suite 350
Salt Lake City, Utah 84103-1203
801 538 5340
801 359 3940 (Fax)
801 538 5319 (TDD)

April 12, 1994

Coastal Oil & Gas Corporation
P.O. Box 749
Denver, Colorado 80201-0749

Re. CIGE #176-14-9-21 Well, 569' FNL, 1865' FEL, NW NE, Sec 14, T 9 S,
R 21 E, Uintah County, Utah

Gentlemen

Pursuant to Utah Code Ann § 40-6-18, (1953, as amended), Utah Admin R 649-2-3, Application of Rules to Unit Agreements and R 649-3-4, Permitting of Wells to be Drilled, Deepened or Plugged-Back, approval to drill the referenced well is hereby granted

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

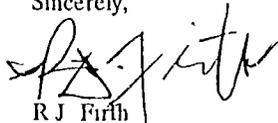
- 1 Compliance with the requirements of Utah Admin R 649-1 et seq, the Oil and Gas Conservation General Rules
2. Notification to the Division within 24 hours after drilling operations commence
- 3 Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations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

Page 2
Coastal Oil & Gas Corporation
CIGE #176-14-9-21 Well
April 12, 1994

- 6 Compliance with the requirements of Utah Admin. R. 649-3-20, Gas Flaring or Venting, if the well is completed for production

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-047-32472.

Sincerely,



R J Firth
Associate Director

ldc
Enclosures
cc: Utah County Assessor
Bureau of Land Management, Vernal District Office
WOH

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION AND SERIAL NO.
 U-01193

6. IF INDIAN, ALLOTED OR TRIBE NAME
 Ute Tribal Surface

7. UNIT AGREEMENT NAME
 Natural Buttes Unit

8. FIRM OR LEASE NAME
 CIGE

9. WELL NO.
 #176-14-9-21

10. FIELD AND POOL, OR WILDCAT
 Natural Buttes

11. SEC. T. R. M., OR B.L.K.
 AND SUBSET OR AREA
 Section 14, T9S, R21E

12. COUNTY OR PARISH 13. STATE
 Uintah Utah

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
 Coastal Oil & Gas Corporation

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 569' FNL & 1865' FEL (NW/NE) Section 14, T9S, R21E
 At proposed prod. zone

4. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 Approximately 20 miles southeast of Ouray, Utah.

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 569'

19. NO. OF ACRES IN LEASE
 1920.00

17. NO. OF ACRES ASSIGNED TO THIS WELL
 30

15. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLYING FOR, ON THIS LEASE, FT.
 2200'

19. PROPOSED DEPTH
 6550'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 4779' GR

22. APPROX. DATE WORK WILL START*
 October 1, 1992

43-047-32472

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#	0 - 250'	180 sx circ to surface *
7-7/8"	5-1/2" K-55	17.0#	0 - 6550'	1000 sx circ to surface *

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

RECEIVED
 FEB 22 1994

EIGHT-POINT RESOURCE PROTECTION PLAN ATTACHED.

I hereby certify that Coastal Oil & Gas Corporation is authorized by the proper Lease Interest Owners to conduct lease operations associated with this Application for Permit to Drill the CIGE #176-14-9-21, Federal Lease U-01193. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Coastal Oil & Gas Corporation, Nationwide Bond #CO-0018, 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.

SIGNED J. Adamski TITLE Environmental Coordinator DATE 2/18/94

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY [Signature] TITLE ASSISTANT DISTRICT MANAGER DATE APR 14 1994

CONDITIONS OF APPROVAL, IF ANY:

NOTICE OF APPROVAL

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY

CONDITIONS OF APPROVAL.
APPLICATION FOR PERMIT TO DRILL

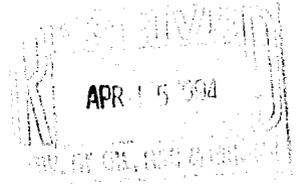
Company/Operator: Coastal Oil & Gas Corporation

Well Name & Number: CIGE 176-14-9-21

API Number: 43-047-32472

Lease Number: UTU-01193

Location: NWNE Sec. 14 T. 9S R. 21E



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.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

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., for a 2M system 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.

If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2, regarding air or gas drilling shall be adhered to. If a mist system is being utilized then the requirement for a deduster shall be waived.

The Vernal District Office shall be notified, at least 24 hours prior to initiating the pressure tests, in order to have a BLM representative on location during pressure testing.

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 base of the usable water zone, identified at ± 294 ft or by setting the surface casing at ± 344 ft. and having a cement top for the production casing at least 200 ft above the top of the Mahogany oil shale, identified at 2600 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program

The Vernal District Office shall be notified at least 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 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 vaporproof 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) will be run from the production casing shoe to ± 2400 ft if the surface casing is set at 344 ft or it will be run to surface if the surface casing is set at 250 ft and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6 Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours prior to spudding the well.

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

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

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

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.

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

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

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & 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.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 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 AO or his representative, or the appropriate Surface Managing Agency.

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 flow line will be buried or anchored down from the wellhead to the meter and within 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) 781-4410

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 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

B SURFACE USE PROGRAM

Methods for Handling Waste Disposal

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 900 day period, in accordance with Onshore Order No. 7, 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.

Plans for Restoration of Surface

Landscape disturbance cannot be effectively mitigated at this time. However, before the site is abandoned the company will be required to restore the well pad, access roads, and pipeline rights-of-way to near their original state. The disturbed area will be reseeded with desirable perennial vegetation and the seed will be covered with a weed free organic mulch.

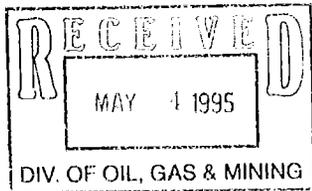
Other Additional Information

Noxious weeds will be controlled on all well sites and rights-of-way. If noxious weeds spread from the well sites or rights-of-way, the company will also be responsible for their control.



Coastal
The Energy People

May 2, 1995



CIGE #176-14-9-21
Section 14-T9S-R21E
Lease No. U-01193
Uintah County, Utah

42-047-~~32275~~
32472

Ms. Margie Herrmann
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, UT 84078-2799

Dear Ms. Herrmann:

We are in receipt of your Notification of Expiration letter dated April 27, 1995, to Bonnie Johnston for the above referenced well. After verification with our District Drilling Manager, this letter is being submitted to confirm that no surface disturbance has been made for this drill site. If at such time Coastal intends to drill at this location in the future, a new Application for Permit to Drill will be submitted.

If you need any further information, please do not hesitate to contact us.

Sincerely,

Sheila Bremer

/sab

xc: Bonnie Johnston
Ned Shiflett
State of Utah

Coastal Oil & Gas Corporation

A SUBSIDIARY OF THE COASTAL CORPORATION
600 NORTH STATE ST. SUITE 300 S • P.O. BOX 170 • DENVER, COLORADO 80202-1170 • 303.733.1121



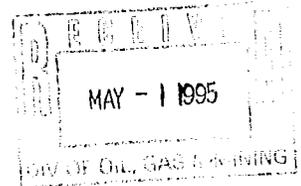
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

April 27, 1995

3162
IN REPLY, PLEASE REFER TO
UT08438



Bonnie Johnston
Coastal Oil & Gas Corporation
P.O. Box 749
Denver, CO 80201-0749

Re: Notification of Expiration
Well No. 176-14-9-21 43-097-32472
Section 14, T9S, R21E
Lease No. U-01193
Uintah County, Utah

Dear Ms Johnston:

The Application for Permit to Drill the above-referenced well was approved on April 11, 1994. 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,

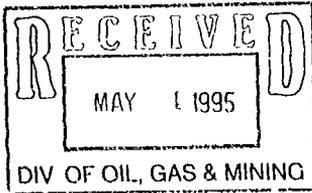
Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M



Coastal
The Energy People

May 2, 1995



CIGE #176-14-9-21
Section 14-T9S-R21E
Lease No U-01193
Utah County, Utah

48-097-~~2222~~
32472

Ms Margie Herrmann
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, UT 84078-2799

Dear Ms Herrmann

We are in receipt of your Notification of Expiration letter dated April 27, 1995, to Bonnie Johnston for the above referenced well. After verification with our District Drilling Manager, this letter is being submitted to confirm that no surface disturbance has been made for this drill site. If at such time Coastal intends to drill at this location in the future, a new Application for Permit to Drill will be submitted.

If you need any further information, please do not hesitate to contact us

Sincerely,

Sheila Bremer

/sab

xc: Bonnie Johnston
Ned Shiflett
State of Utah

Coastal Oil & Gas Corporation

A SUBSIDIARY OF THE COASTAL CORPORATION
200 WEST WASHINGTON STREET, SUITE 2000, SALT LAKE CITY, UTAH 84119