

UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS WELL LOG ELECTRIC LOGS FILE **X** WATER SANDS LOCATION INSP SUB. REPORT/abd.

950118 fr P6+E Eff 10-1-94

DATE FILED **SEPTEMBER 20, 1994**

LAND. FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. **U-19267** INDIAN

DRILLING APPROVED: **DECEMBER 19, 1994**

SPUDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES: **Confidential**

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: **LOCATION ABANDONED PER BLM EFF JANUARY 22, 1996**

FIELD: **EIGHT MILE FLAT NORTH FIELD**

UNIT: **NA**

COUNTY: **UINTAH**

WELL NO. **FEDERAL #21-29** API NO. **43-047-32547**

LOCATION **660' FNL** FT. FROM (N) (S) LINE, **1980' FWL** FT. FROM (E) (W) LINE. **NE NW** 1/4 - 1/4 SEC. **29**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				9S	18E	29	DALEN RESOURCES Oil & Gas

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. UNIT AGREEMENT NAME N/A
1b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. FARM OR LEASE NAME Federal
2. NAME OF OPERATOR PG & E Resources Company		9. WELL NO. #21-29
3. ADDRESS OF OPERATOR PERMITCO INC. - Agent		10. FIELD AND POOL OR WILDCAT Eight Mile Flat North
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) At Surface 660' FNL and 1980' FWL At proposed Prod. Zone NE NW Sec. 29, T9S - R18E		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 29, T9S - R18E
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 20 miles south of Myton, Utah		12. COUNTY OR PARISH Uintah
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660'		13. STATE Utah
16. NO. OF ACRES IN LEASE 1920	17. NO. OF ACRES ASSIGNED TO THIS WELL 40	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT. Approx. 1800'	19. PROPOSED DEPTH 5650'	20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5156' GR		22. APPROX. DATE WORK WILL START* Immediately Upon Approval
23. PROPOSED CASING AND CEMENTING PROGRAM		
SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT
12-1/4"	9-5/8"	36#
7-7/8"	5-1/2"	17#
SETTING DEPTH	QUANTITY OF CEMENT	
350'	240 cubic feet, circ to surface.	
5,650'	660 cubic feet or suffic. to cover zones of interest.	

PG & E Resources Company proposes to drill a well to 5650' to test the Green River formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

Please be advised that PG & E Resources Company is considered to be the Operator of the above mentioned well. PG & E Resources Company agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Bond No. U-187011. The principal is PG & E Resources Company via surety consent as provided for in 43 CFR 3104.2.

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 *Don Y. Small* CONSULTANT FOR: PG & E Resources Co. DATE 09/19/94

PERMIT NO. 43-047-32547 APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY: _____

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 12/19/94
BY: Jim Matthews

cc: Utah Division of Oil, Gas & Mining

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

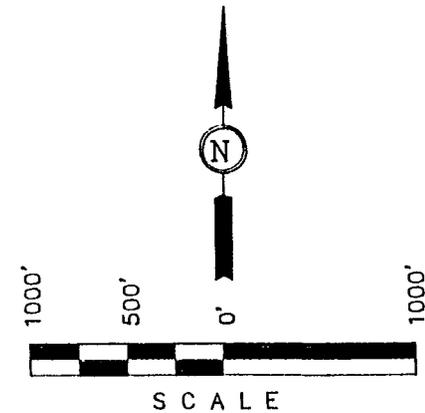
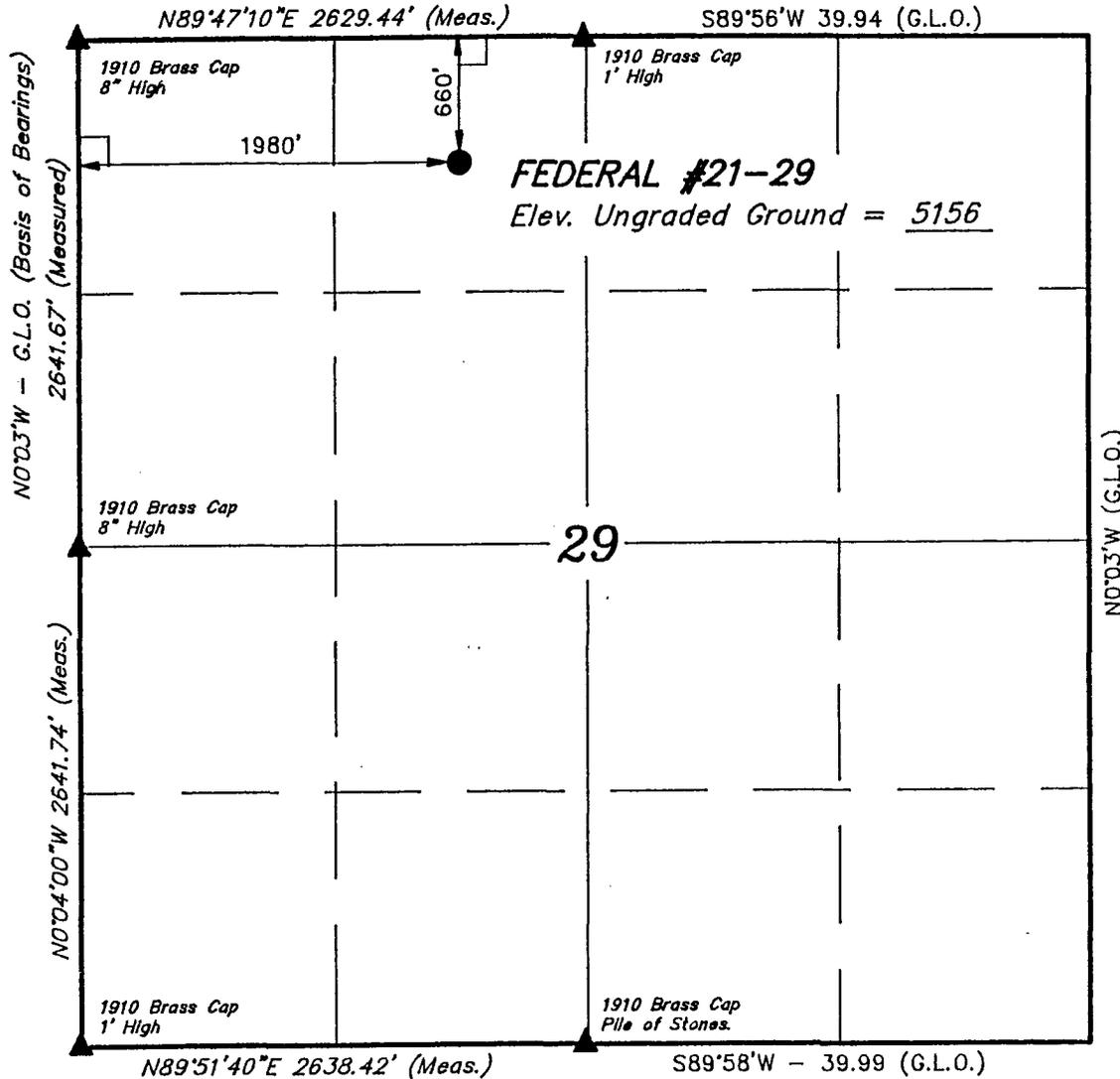
T9S, R18E, S.L.B.&M.

PG&E RESOURCES COMPANY

Well location, FEDERAL #21-29, located as shown in the NE 1/4 NW 1/4 of Section 29, T9S, R18E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHWEST CORNER OF SECTION 29, T9S, R18E, S.L.B.&M. TAKEN FROM THE PARIETTE DRAW SW QUADRANGLE, UTAH, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5171 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.

Paul L. Kay
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(801) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 9-1-94	DATE DRAWN: 9-5-94
PARTY J.F. D.G. D.J.S.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PG&E RESOURCES	



September 19, 1994

Utah Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203



Attn: Frank Matthews

Re: PG & E Resources Company
Federal #21-29
NE NW Sec. 29, T9S - R18E
Uintah County, Utah

Dear Frank,

Enclosed please find three copies of the Application for Permit to Drill on the above mentioned well along with one copy of the drilling program and surface use plan which has been filed with the BLM in Vernal, Utah.

Please forward the approved copies to Cindy Keister, PG & E Resources Company at the address shown on the A.P.D. Thanks for your assistance in this matter.

Sincerely,

PERMITCO INC.

Lisa L. Smith
Consultant for:
PG & E Resources Company

Enc.

cc: PG & E Resources Company - Dallas, TX
PG & E Resources Company - Vernal, UT

Permitco Incorporated
A Petroleum Permitting Company

13585 Jackson Drive Denver, Colorado 80241 (303) 452-8888

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE

(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

SEP 20 1994

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. U-19267
1b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
2. NAME OF OPERATOR PG & E Resources Company			7. UNIT AGREEMENT NAME N/A
3. ADDRESS OF OPERATOR PERMITCO INC. - Agent			8. FARM OR LEASE NAME Federal
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *) At Surface: 660' FNL and 1980' FWL At proposed Prod. Zone: NE NW Sec. 29, T9S - R18E			9. WELL NO. #21-29
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7-7/8"	5-1/2"	17#	5,650'
QUANTITY OF CEMENT 240 cubic feet, circ to surface. 660 cubic feet or suffic. to cover zones of interest.			

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CONFIDENTIAL - TIGHT HOLE

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24. SIGNED *Don L. Smith* CONSULTANT FOR: PG & E Resources Co. DATE 09/19/94

(This space for Federal or State office use)

PERMIT NO. 43-049-32547 APPROVAL DATE _____

APPROVED BY _____ TITLE _____

CONDITIONS OF APPROVAL, IF ANY: _____

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING
DATE: 12/19/94
BY: JM Matthews

cc: Utah Division of Oil, Gas & Mining

*See Instructions On Reverse Side WELL SPACING 1649-3-2

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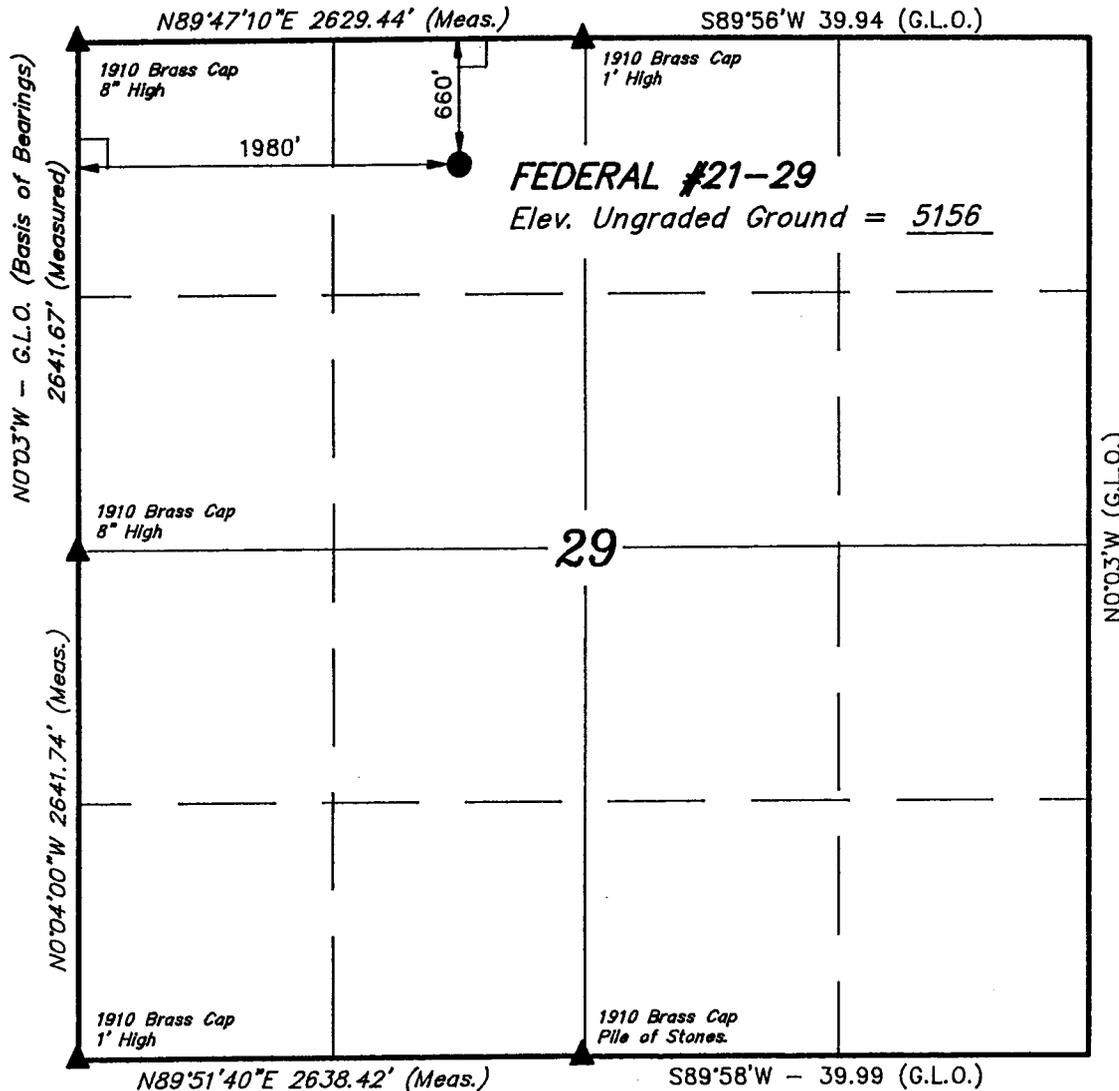
T9S, R18E, S.L.B.&M.

PG&E RESOURCES COMPANY

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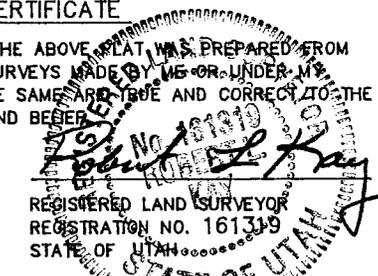
N0°03'W (G.L.O.)



SCALE

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.



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UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(801) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 9-1-94	DATE DRAWN: 9-5-94
PARTY J.F. D.G. D.J.S.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PG&E RESOURCES	

ONSHORE OIL & GAS ORDER NO. 1

**Approval of Operations on Onshore
Federal and Indian Oil & Gas Leases**

**Federal #21-29
660' FNL and 1980' FWL
NE NW Sec. 29, T9S - R18E
Uintah County, Utah**

Prepared For:

PG & E RESOURCES COMPANY

By:

**PERMITCO INC.
13585 Jackson Drive
Denver, Colorado 80241
303/452-8888**

Copies Sent To:

- 3 - BLM - Vernal, Utah**
- 1 - Utah Division of Oil, Gas & Mining - SLC, UT**
- 3 - PG & E Resources - Dallas, TX**
- 1 - PG & E Resources - Vernal, Utah**



Permitco Incorporated
A Petroleum Permitting Company

August 9, 1993

Bureau of Land Management
170 S. 500 E.
Vernal, UT 84078



Attn: Minerals

Re: Agent Designation

Gentlemen:

This letter is to inform you that Permitco, Inc. is authorized to act as Agent and to sign documents on behalf of PG&E Resources Company when necessary for filing county, state and federal permits including Onshore Order No. 1, Right of Way applications, etc.

It should be understood that Permitco is acting as Agency only in those matters stated above and is not responsible for drilling, completion, production or compliance with regulations.

PG&E Resources Company agrees to accept full responsibility for operations including drilling, completion and production.

Yours very truly,

Jim LaFevers
Supervisor
Regulatory Affairs

JLF:ah

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Federal #21-29

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ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

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

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>	<u>Subsea</u>
Uinta	Surface	
Green River	1101'	+4068'
Douglas Creek Marker	4189'	+ 980'
"D" Marker	4415'	+ 754'
"E" Marker	4517''	+ 652'
"E ₂ "	4673'	+ 496'
"F" Marker	4975'	+ 194'
Basal Limestone	5365'	- 196'
Wasatch	5539'	- 370'
T.D.	5650'	

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil	DC ₄	4263-4277'
Oil	E (d) Sand	4617-4632'
Oil	E (e) Sand	4645-4662'
Water	N/A	
Other Mineral Zones	N/A	



All fresh water prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

3. Pressure Control Equipment: (Schematic Attached)

PG & E's minimum specifications for pressure control equipment are as follows:

Ram Type: 10" Hydraulic double with annular, 3000 psi w.p.

Ram type preventers and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70 percent of internal yield pressure of casing. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer. If a test plug is utilized, no bleed-off pressure is acceptable. For a test not utilizing a test plug, if a decline in pressure of more than 10 percent in 30 minutes occurs, the test shall be considered to have failed. Valve on casing head below test plug shall be open during test of BOP stack.

Annular type preventers (if used) shall be tested to 50 percent of rated working pressure. Pressure shall be maintained at least 10 minutes or until provisions of test are met, whichever is longer.

As a minimum, the above test shall be performed:

- a. when initially installed;
- b. whenever any seal subject to test pressure is broken
- c. following related repairs; and
- d. at 30-day intervals

Valves shall be tested from working pressure side during BOPE tests with all down stream valves open.

When testing the kill line valve(s) the check valve shall be held open or the ball removed.

Annular preventers shall be functionally operated at least weekly.

Pipe and blind rams shall be activated each trip, however, this function need not be performed more than once a day.

A BOPE pit level drill shall be conducted weekly for each drilling crew.

Pressure tests shall apply to all related well control equipment.

All of the above described tests and/or drills shall be recorded in the drilling log.

BOP systems shall be consistent with API RP53. Pressure tests will be conducted before drilling out from under casing strings which have been set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection will be recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs.

The District Office should be notified, with sufficient lead time, in order to have the BLM representative on location during pressure testing.

- a. The size and rating of the BOP stack is shown on the attached diagram. Although a rig has not been chosen to drill this well, most of the equipment for this depth of hole in the area use a 2000 psi working pressure blowout preventor.**
- b. A choke line and a kill line are to be properly installed. The kill line is not to be used as a fill-up line.**
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventers.**
- d. Drill string safety valve(s), to fit all tools in the drill string, are to be maintained on the rig floor while drilling operations are in progress.**



4. Proposed Casing and Cementing Program:

- a. The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation which will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including; presence/absence of hydrocarbons; fracture gradients; usable water zones; formation pressures; lost circulation zones; other minerals; or other unusual characteristics. All indications of usable water shall be reported.
- b. Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).
- c. Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data)
- d. Casing collars shall have a minimum clearance of 0.422 inches of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.
- e. All waiting on cement times shall be adequate to achieve a minimum of 500 psi compressive strength at the casing shoe prior to drilling out.
- f. All casing except the conductor casing, shall be new or reconditioned and tested used casing that meets or exceeds API standards for new casing.
- g. The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing.
- h. All indications of usable water shall be reported to the authorized officer prior to running the next string of casing or before plugging orders are requested, whichever occurs first.



- i. Surface casing shall have centralizers on every fourth joint of casing starting with the shoe joint and up to the bottom of the cellar.
- j. Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc. shall be utilized to help isolate the cement from contamination by the mud fluid being displaced ahead of the cement slurry.
- k. All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or 1500 psi, whichever is greater, but not to exceed 70 percent of the minimum internal yield. If pressure declines more than 10 percent in 30 minutes, corrective action shall be taken.
- l. On all exploratory wells, and on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

m. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>New or Used</u>	
						<u>Type</u>	<u>Used</u>
Surface	0-350'	12-1/4"	9-5/8"	36#	K-55	ST&C	New
Produc.	0-5650'	7-7/8"	5-1/2"	17#	N-80	LT&C	New

n. Casing design subject to revision based on geologic conditions encountered.

o. The cement program will be as follows:

<u>Surface</u>	<u>Type and Amount</u>
0-350'	± 110 sx (240 cubic feet) Class "A" Cement or sufficient volume to circulate to surface.



Production

Type and Amount

Approx. 660 cubic feet of 50/50 Poz Mix, 14.1 ppg, 1.26 yield or sufficient to cover zones of interest (from T.D. to approximately 2600'.

- p. Anticipated cement tops will be reported as to depth; not the expected number of sacks of cement to be used. The District Office should be notified, with sufficient lead time, in order to have a BLM representative on location while running all casing strings and cementing.
- q. After cementing but before commencing any test, the casing string shall stand cemented until the cement has reached a compressive strength of at least 500 psi at the shoe. WOC time shall be recorded in the driller's log.
- r. The following reports shall be filed with the District Manager within 30 days after the work is completed.
 - 1. Progress reports, Form 3160-5 (formerly 9-331) "Sundry Notices and Reports on Wells", must include complete information concerning:
 - a. Setting of each string of casing, showing the size, grade, weight of casing set, hole size, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of cementing tools used, casing test method and results, and the date work was done. Show the spud date on the first reports submitted.
 - b. Temperature or bond logs must be submitted for each well where the casing cement was not circulated to the surface.
- s. Auxiliary equipment to be used is as follows:
 - 1. Kelly cock
 - 2. No bit float is deemed necessary.
 - 3. A sub with a full opening valve.

5. Mud Program:

- a. The proposed circulating mediums to be employed in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>F/L</u>	<u>PH</u>
0-5650'	Water/Lime & Gel	8.4-8.6	27-36	N/C	N/C

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

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, static filtration loss, and Ph.

- b. Mud monitoring equipment to be used is as follows:

1. Periodic checks will be made each tour of the mud system. The mud level will be checked visually.

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

- d. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

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



6. Evaluation Program:

The anticipated type and amount of testing, logging and coring are as follows:

- a. No drill stem tests are anticipated, however, if they are run the following will be adhered to:

Initial opening of drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the authorized officer. However, DST's 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 shall not begin before daylight, unless prior approval is obtained from the authorized officer. Closed chamber DSTs may be accomplished day or night.

A DST that flows to the surface with evidence of hydrocarbons shall be either reversed out of the testing string under controlled surface conditions. This would involve provided some means for reverse circulation.

Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

All engines within 100 feet of the wellbore that are required to "run" during the test shall have spark arresters or water cooled exhausts.

- b. The logging program will consist of a Dual Laterolog, 1", 2" and 5" from T.D. to base of surface casing. A Spectral Density Dual-Spaced Neutron Log, 5" from T.D. to 2500'.
- c. No cores are anticipated.
- d. Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after



completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the authorized officer (AO).

- e. The anticipated completion program is as follows: Perforate and casing water frac potential hydrocarbon bearing zones.
- f. Daily drilling and completion progress reports shall be submitted to the BLM in Vernal on a weekly basis.

7. Abnormal Temperatures or Pressures

- a. 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.
- b. The maximum anticipated bottom hole pressure will be approximately 2940 psi at T.D.

8. Anticipated Starting Dates and Notification of Operations:

- a. Drilling will commence immediately upon approval of this application.
- b. It is anticipated that the drilling of this well will take approximately 8 days.
- c. 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.
- d. Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

- e. 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.
- f. 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.
- g. 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.
- h. The spud date will be reported orally to the AO within 48 hours after spudding. If the spudding occurs on a weekend or holiday, the report will be submitted on the following regular work day. The oral report will be followed up with a Sundry Notice.
- i. In accordance with Onshore Oil and Gas Order No. 1, this well will be reported on Form 3160-6 "Monthly Report of Operations", starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report will be filed with the Vernal BLM District Office, 170 South 500 East, Vernal, UT 84078.



- j. **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.
- k. 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.
- l. 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 communications, not later than 5 days following the date on which the well is placed on production.
- m. Pursuant to Onshore Order No. 7, with the approval of the District Engineer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During the period so authorized, an application for approval of the permanent disposal method, along with the required water analysis and other information, must be submitted to the District Engineer.
- n. Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the District Engineer and approval received, for any venting/flaring of gas beyond the initial 30 day or authorized test period.
- o. A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3 and 3162.7-4 shall be submitted to the appropriate District Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in 43 CFR 3162.7 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.
- p. A first production conference will be scheduled within 15 days after receipt of the first production notice.



ONSHORE ORDER NO.
PG & E Resources Company
Federal #21-29
660' FNL and 1980' FWL
NE NW Sec. 29, T9S - R18E
Uintah County, Utah

CONFIDENTIAL - TIGHT HOLE

Lease No. U-19267

DRILLING PROGRAM

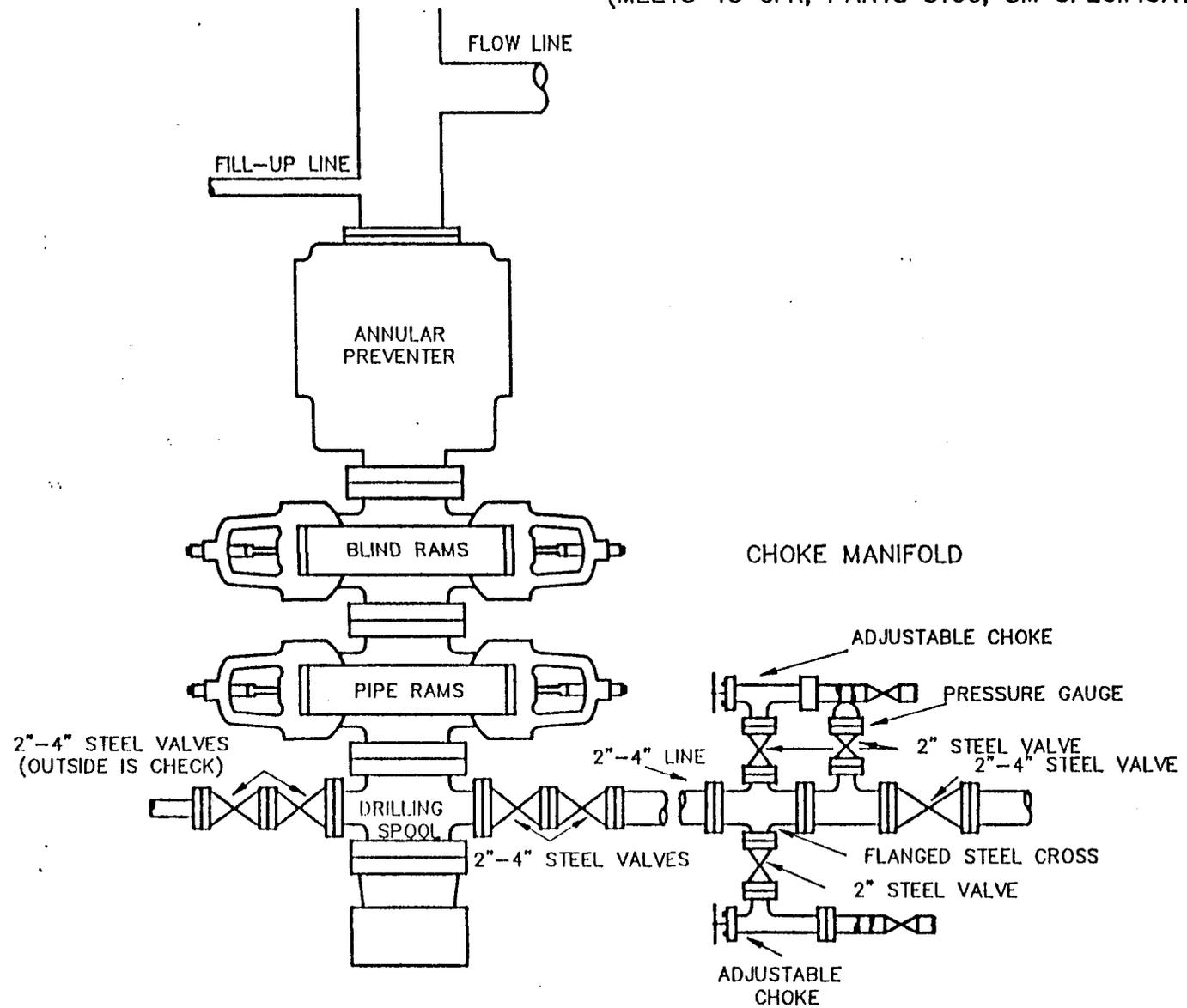
Page 12

- q. 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 SO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within 30 days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.
- r. Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner which conforms with applicable Federal laws and regulations and with State and local laws and regulations to the extent that such State and local laws are applicable to operations on Federal or Indian lands.



Permitco Incorporated
A Petroleum Permitting Company

THREE PREVENTER HOOKUP
CLASS III
(MEETS 43 CFR, PARTS 3160, 3M SPECIFICATIONS)



ONSHORE OIL & GAS ORDER NO. 1

NOTIFICATION REQUIREMENTS

- Location Construction -** **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 -** **twenty-four (24) hours prior to running casing and cementing all casing strings.**

- BOP and Related Equipment Tests -** **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.**

The onsite inspection for the subject well was conducted on Thursday, September 15, 1994 at approximately 11:00 a.m. Weather conditions were warm and sunny. In attendance at the onsite inspection were the following individuals:

Robert Kay
Lisa Smith
Byron Tolman

Uintah Engineering and Land Surveying
Permitco Inc.
Bureau of Land Management

1. Existing Roads

- a. The proposed well site is located approximately 20 miles south of Myton, Utah.**

- b. **Directions to the location from Myton, Utah are as follows:**

From Myton proceed southwesterly on Highway 40 for 1.5 miles. Turn left onto County Road #53 and #216 and proceed southeasterly for 11.2 miles to the Castle Peak Mine. Stay left and continue southeasterly for 3.1 miles to a fork in the road. Proceed easterly an additional 1.8 miles. Turn left and proceed south for 2.4 miles. Turn right and proceed westerly for .5 miles. Turn right onto new access route (flagged) and proceed northerly for approximately 0.2 miles to the location.

- c. **For location of access roads within a 2-Mile radius, see Maps A & B.**
- d. **Improvement to the existing access will not be necessary except for minor upgrading to the last 0.5 miles of existing road.**
- e. **All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.**
- f. **Existing roads and newly constructed roads on surface under the jurisdiction of any Surface Managing Agency shall be maintained in accordance with the standards of the SMA.**

2. Planned Access Roads

- a. **Approximately 0.2 miles of new construction will be required as shown on Map B.**
- b. **The maximum grade (of the new construction) will be approximately 3%.**
- c. **No turnouts are planned.**
- d. **No low water crossings will be necessary. There are no major cuts and fills. No culverts and/or bridges will be required.**
- e. **The new access road was centerline flagged at the time of staking.**



- f. The use of surfacing material is not anticipated, however it may be necessary depending on weather conditions.
- g. No cattleguards will be necessary.
- h. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- i. Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- j. The road will be constructed/upgraded to meet the standards of the anticipated traffic flow and all weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowing and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.
- k. No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.
- l. A right of way application will not be required.



3. Location of Existing Wells Within a 1-Mile Radius of the Proposed Location.
(See Map #C).

- a. Water wells - none
- b. Injection wells - none
- c. Producing wells - two
- d. Drilling wells - none
- e. Shut-in wells - none
- f. Temporarily abandoned wells - none
- g. Disposal wells - none
- h. Abandoned wells - none
- i. Dry Holes - none

4. Location of Tank Batteries and Production Facilities.

- a. All permanent structures (onsite for six months or longer) constructed or installed (including oil well pump jacks) will be painted Desert Tan (10YR6/3). All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded.
- b. If storage facilities/tank batteries are constructed on this lease, the facility/battery or the wellpad shall be surrounded by a containment dike of sufficient capacity to contain at a minimum, the entire content of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.



- c. A Sundry Notice will be submitted showing placement of all production facilities prior to construction.**
- d. All loading lines will be placed inside the berm surrounding the tank battery.**
- e. 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.**
- f. 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 and Gas Order No. 4 for liquid hydrocarbons and Onshore Oil and Gas Order No. 5 for natural gas measurement.**
- g. If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a contraction in the unit or other lease or unit boundary change), BLM will process a change in authorization to the appropriate statute. The authorization will be subject to appropriate rental or other financial obligation as determined by the authorized officer.**
- h. Any necessary pits will be properly fenced to prevent any wildlife entry.**
- i. All site security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.**
- j. All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the District Manager.**



- k. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic.
- l. The road will be maintained in a safe useable condition.

5. Location and Type of Water Supply

- a. All water needed for drilling purposes will be obtained from the Hicken Pond which is located N 475' W, 40' from the South quarter corner of Section 12, T4S - R2W, Duchesne County, Utah. Permit No. 47-1437 (Dalbo).
- b. Water will be hauled to location over the roads marked on Maps A and B.
- c. No water well is to be drilled on this lease.
- d. A copy of the approved water permit is attached.

6. Source of Construction Material

- a. Surface and subsoil materials in the immediate area will be utilized.
- b. Any gravel used will be obtained from a commercial source.
- c. The use of materials under BLM jurisdiction will conform with 43 CFR 3610.2.3. Construction material will not be located on lease.
- d. No construction materials will be removed from Federal land.

7. Methods of Handling Waste Disposal

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

- b. A 12 mil plastic nylon reinforced liner is utilized. The pit will be first lined with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O. If a pit liner is deemed to be unnecessary, the pit must be inspected by a representative of the Bureau of Land Management prior to putting fluids in the pit.
- c. Burning will not be allowed. All trash will be contained in a trash cage and its contents removed at the end of drilling operations and hauled to an approved disposal sight.
- d. After first production, produced waste water will be confined to a unlined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.
- e. Drill cuttings are to be contained and buried in the reserve pit.
- f. Any salts and/or chemicals which are an integral part of the drilling system will be disposed of in the same manner as the drilling fluid.
- g. A chemical porta-toilet will be furnished with the drilling rig.
- h. The produced fluids will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities

There are no airstrips, camps, or other facilities planned during the drilling of the proposed well.



9. Well Site Layout

- a. The operator or his/her contractor shall contact the BLM Office at 801/789-1362 forty-eight (48) hours prior to construction activities.
- b. The reserve pit will be located on the west side of the location.
- c. The flare pit will be located downwind of the prevailing wind direction on the northwest side, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. The stockpiled topsoil (first six inches) will be stored on the southwest side of the location between points 3 and 4.
- e. Access to the wellpad will be from the south between points 2 and 3.
- f. See Location Layout for orientation of rig, cross section of drill pad and cuts and fills.
- g. The location of mud tanks; reserve pit, trash cage; pipe racks; living facilities and soil stockpiles will be shown on the Location Layout.
- h. During construction, all brush will be removed from the wellpad and access road and stockpiled separately from the topsoil.
- i. All pits will be fenced according to the following minimum standards:
 1. 39 inch net wire shall be used with at least one strand or 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 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.



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 posts shall be no greater than 16 feet.
 5. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.
- j. The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

10. Plans for Restoration of Surface

Producing Location

- a. Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.
- b. Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with 43 CFR 3162.7-1.
- c. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- d. The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 120 days from the date of well completion. Before any dirt work takes place, the reserve pit must have all fluids and hydrocarbons removed and all cans, barrels, pipe, etc., will be removed.



- e. 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 seed mixture for reclamation work will be a sight specific mixture as recommended by the authorized officer of the BLM at the time of reclamation. Seeding will be performed in the fall after September 15 or until permanent ground freeze. Any other seeding period will require the approval of the authorized officer of the BLM.

Dry Hole

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

11. Surface Ownership

Access Roads - All roads are County maintained or managed by the Bureau of Land Management.

Wellpad - The well pad is located on lands owned by the BLM.

12. Other Information

- a. A Class III archeological survey was conducted by Metcalf Archeological Consultants. A copy of this report will be submitted directly by Metcalf Archeological Consultants.
- b. The operator is responsible for informing all persons in the areas who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further

disturb such materials, and contact the authorized officer (AO). Within five working days the AO will inform the operator as to:

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

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

-a time frame for the AO to complete and expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- c. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.**
- d. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure.**
- e. A silt catchment dam and basin will not be required. However, if requested by the BLM, a silt catchment dam will be installed.**



- f. All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.**
- g. A complete copy of the approved APD shall be on location during construction of the location and drilling activities.**
- h. 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.**
- i. "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.**
- j. This permit will be valid for a period of one year from the date of approval. An extension period may be granted, if requested, prior to the expiration of the original approval period. After permit termination, a new application will be filed for approval for any future operations.**
- k. The operator or his contractor shall contact the BLM Offices at 801/789-1362 48 hours prior to construction activities.**
- l. The BLM Office shall be notified upon site completion prior to moving on the drilling rig.**
- m. In the event after-hours approvals are necessary, please contact one of the following individuals:**

Gerald E. Kencska
Ed Forsman
BLM Fax Machine

Petroleum Engineer
Petroleum Engineer

801/781-1190
801/789-7077
801/789-3634



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

Permit Matters

PERMITCO INC.
Lisa L. Smith
13585 Jackson Drive
Denver, CO 80241
303/452-8888

Drilling & Completion Matters

PG & E Resources Company
6688 N. Central Expressway
Suite 1000
Dallas, TX 75206-3922
Gary Whetstone - 214/750-3800
Cindy Keister - 214/750-3800 (Regulatory)

Certification

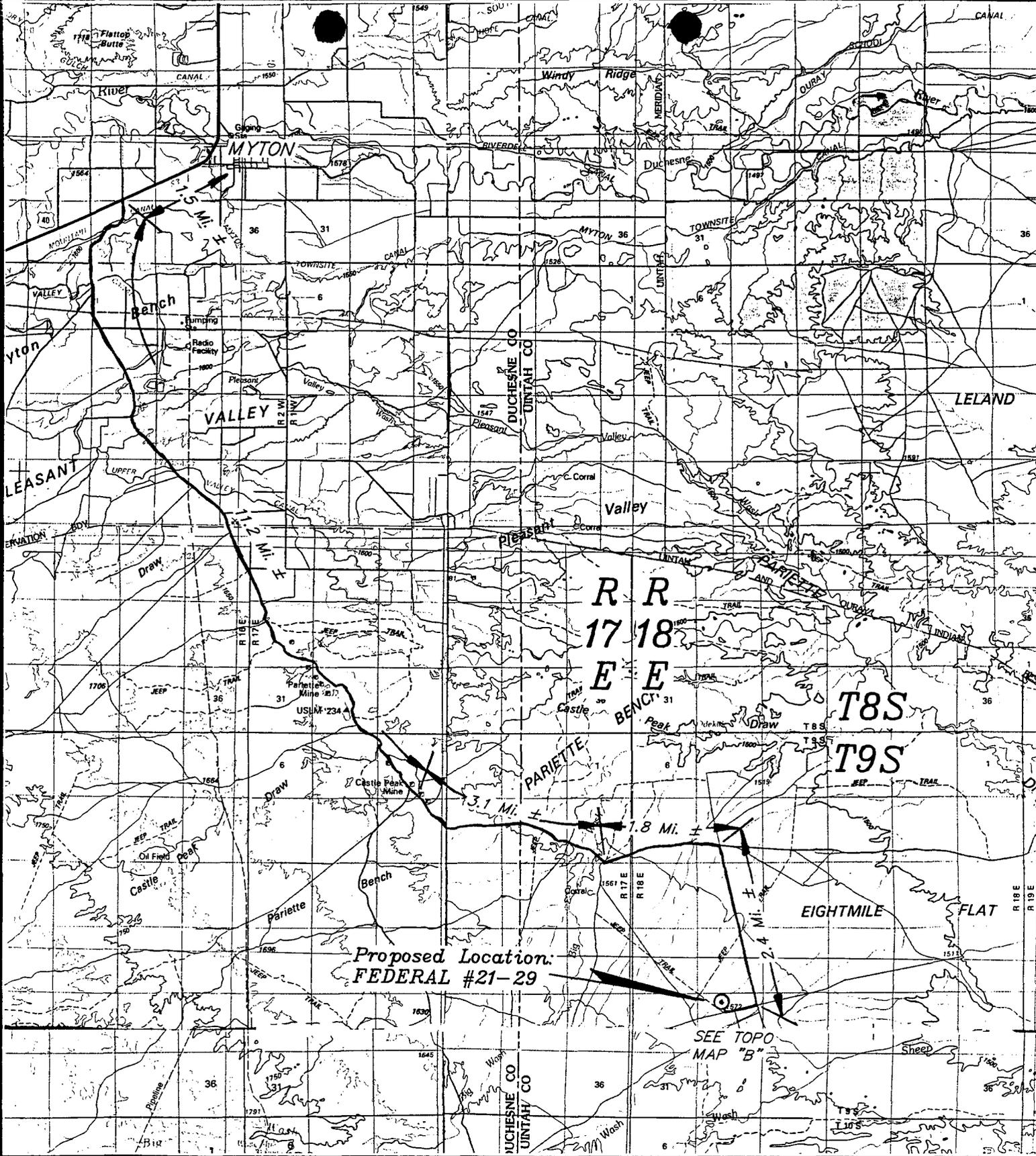
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by PG & E Resources Company and its contractors and subcontractors in conformity with the 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.

September 19, 1994
Date:



Lisa L. Smith - PERMITCO INC.
Authorized Agent for:
PG & E Resources Company



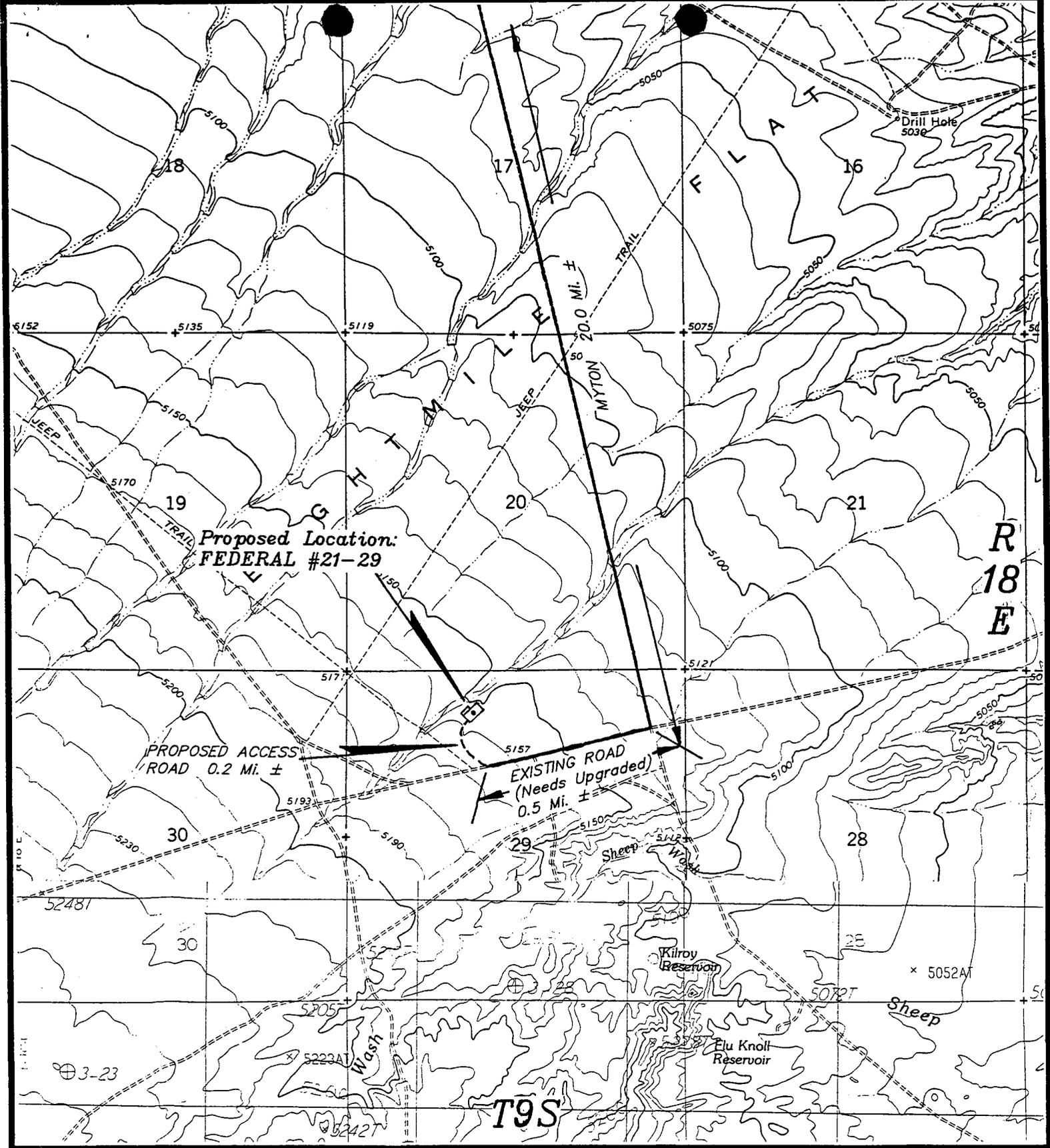
TOPOGRAPHIC
MAP "A"

DATE: 9-12-94 C.B.T.



PG&E RESOURCES COMPANY

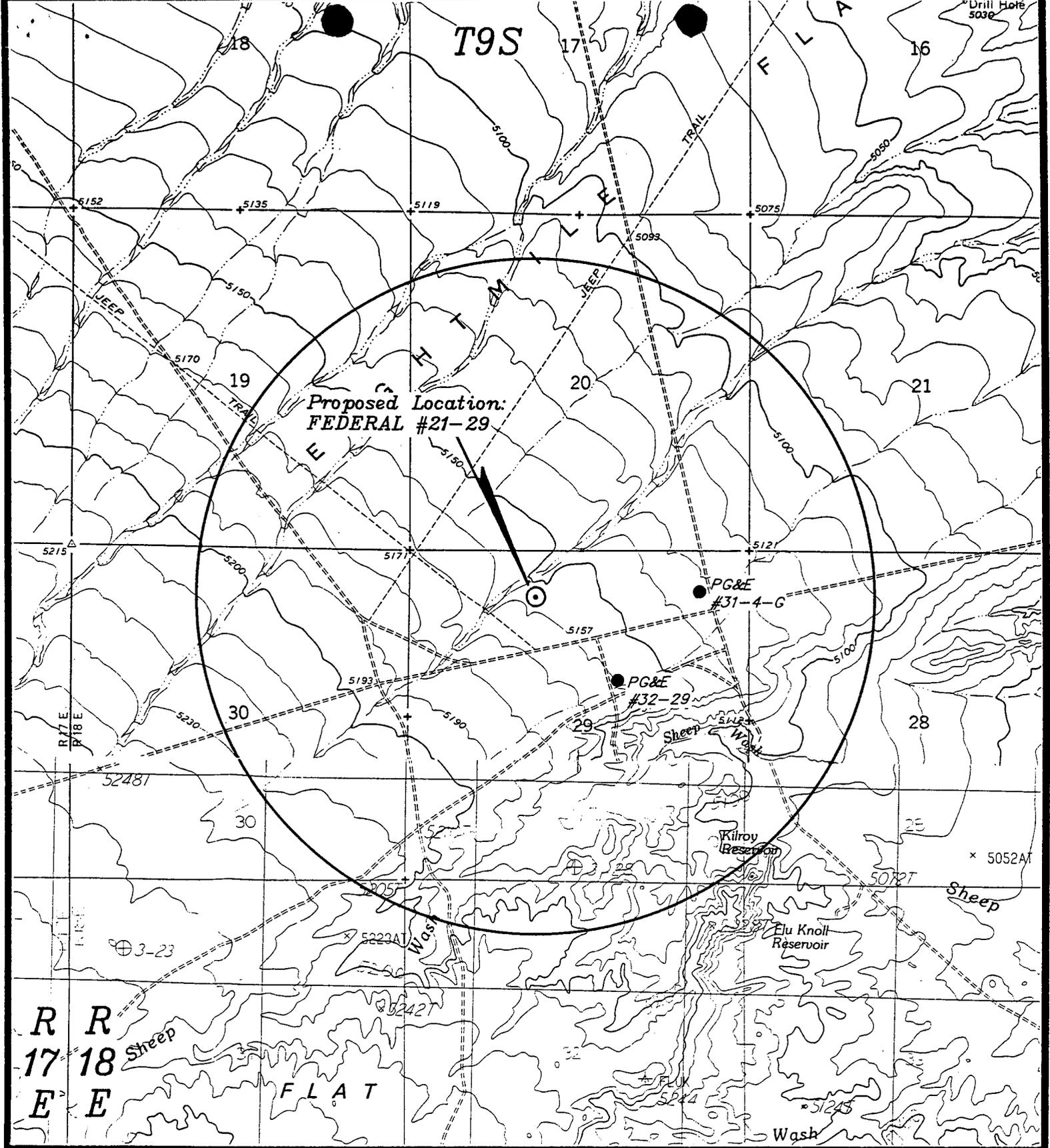
FEDERAL #21-29
SECTION 29, T9S, R18E, S.L.B.&M.
660' FNL 1980' FWL



TOPOGRAPHIC
 MAP " B "
 SCALE: 1" = 2000'
 DATE: 9-12-94 C.B.T.



PG&E RESOURCES COMPANY
 FEDERAL #21-29
 SECTION 29, T9S, R18E, S.L.B.&M.
 660' FNL 1980' FWL



Proposed Location:
FEDERAL #21-29

PG&E
#31-4-G

PG&E
#32-29

Kilroy Reservoir

Elu Knoll Reservoir

R R
17 18
E E



LEGEND:

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

PG&E RESOURCES COMPANY

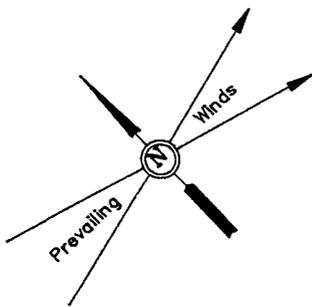
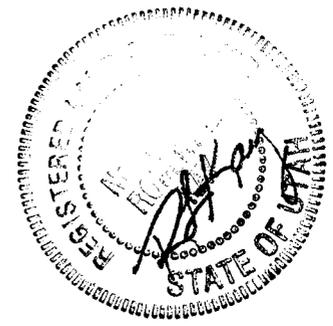
FEDERAL #21-29
SECTION 29, T9S, R18E, S.L.B.&M.
T O P O M A P " C "

DATE: 9-12-94 C.B.T.

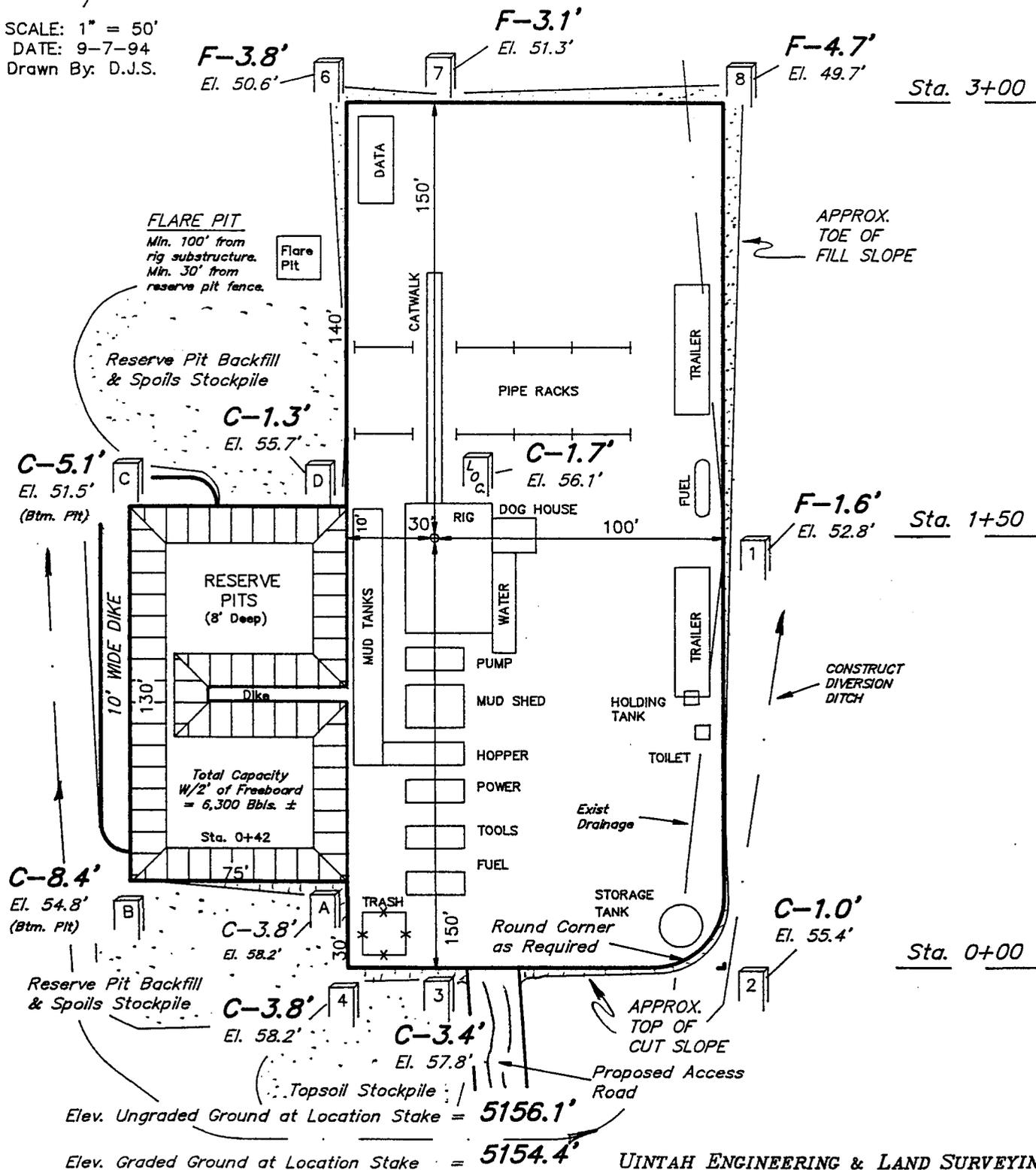
PG&E RESOURCES COMPANY

LOCATION LAYOUT FOR

FEDERAL #21-29
SECTION 29, T9S, R18E, S.L.B.&M.
660' FNL 1980' FWL



SCALE: 1" = 50'
DATE: 9-7-94
Drawn By: D.J.S.



PG&E RESOURCES COMPANY

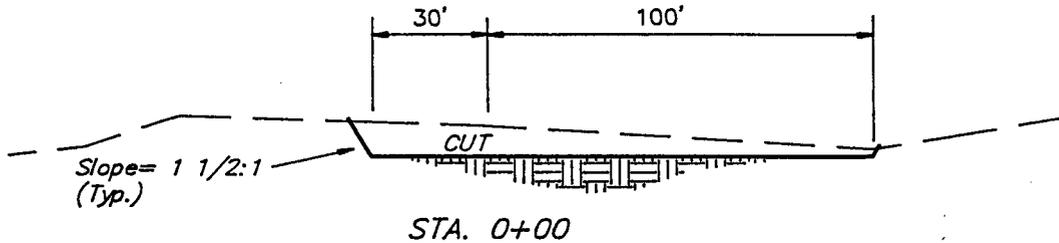
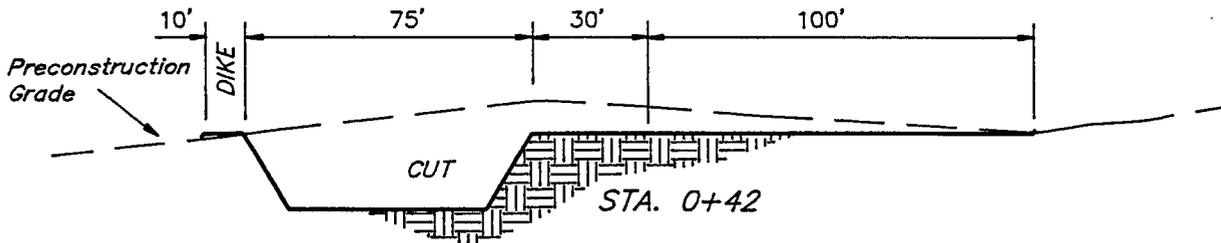
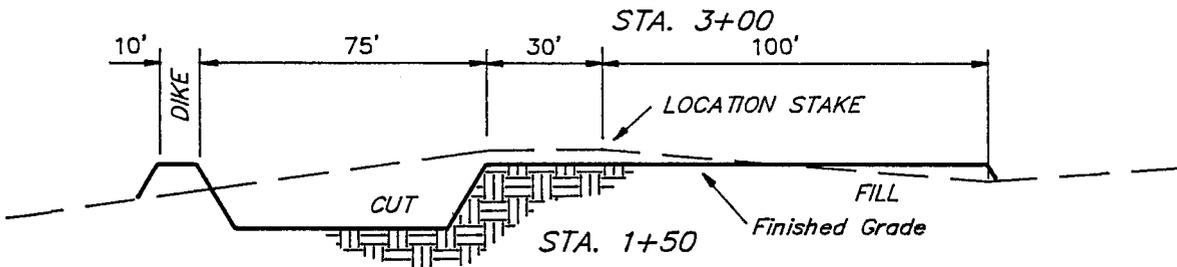
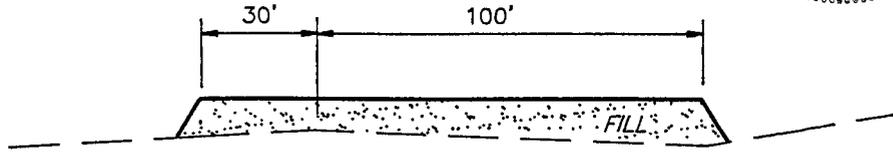
LOCATION LAYOUT FOR

FEDERAL #21-29
SECTION 29, T9S, R18E, S.L.B.&M.
660' FNL 1980' FWL



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

DATE: 9-7-94
Drawn By: D.J.S.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 900 Cu. Yds.
Remaining Location = 3,020 Cu. Yds.
TOTAL CUT = **3,920 CU.YDS.**
FILL = **1,940 CU.YDS.**

EXCESS MATERIAL AFTER
5% COMPACTION = 1,880 Cu. Yds.
Topsoil & Pit Backfill
(1/2 Pit Vol.) = 1,880 Cu. Yds.
EXCESS UNBALANCE = 0 Cu. Yds.
(After Rehabilitation)

There are no federal stipulations at this time.



A Class III Archeological Survey has been conducted by Metcalf Archeological Consultants. A copy of this report will be submitted to the appropriate agencies by Metcalf Archeological Consultants.



UINTAH BASIN DISTRICT HEALTH DEPARTMENT

Reply To:

Uintah County Courthouse, Rm 20, Vernal, UT 84078 - (801) 781-0770
Duchesne County Courthouse, Box 210, Duchesne, UT 84021 - (801) 738-5370
Daggett County Courthouse, Box 156, Manila, UT 84046 - (801) 784-3494
Roosevelt Branch Office, 57 No. 100 East (83-7), Roosevelt, UT 84066 - (801) 722-5085

Joseph B. Shaffer, M.A.
Director
Health Officer
Lorraine Wilson, R.N.
Nursing Supervisor
Lowell Card, R.S.
Environmental Health
Supervisor
Carma Preece
Office Manager

**UINTAH BASIN DISTRICT
HEALTH DEPARTMENT**

Wastewater Permit Application
for Drilling Sites

FOR DEPARTMENT USE ONLY

Permit #: _____
Fee (\$55.00) received _____
Approved: _____
Date: _____

Board of Health Members
LaRae Sadlier
Thomas Howells
Alton Moon
William Durant, M.D.
Keith Goodspeed
Ellen Rawlings
Neal Domgaard
Richard Jolley, D.D.S.

DRILLING COMPANY Nabors Drilling U.S.A. RESPONSIBLE PARTY Larry Larson
ADDRESS 2801 Youngfield St., #178, Golden, CO PHONE NUMBER 303/234-1444
DRILLING FOR PG & E Resources Company
SITE LOCATION Federal #21-29, NE NW Sec. 29, T9S - R18E, Uintah County

APPROXIMATE DATES 10/1/94 TO 5/01/94

SERVICES: POTABLE WATER [X] YES [] NO, SUPPLIER Rocket Sanitation
CHEMICAL TOILETS [X] YES [] NO, SUPPLIER Rocket Sanitation
LIVING OR OFFICE UNITS: BUNKHOUSES 0
MOBILE HOMES 3
REC. VEHICLES 1
TOTAL UNITS 4
TOTAL PERSONNEL AT SITE Approx. 8

WASTEWATER DISPOSAL PROPOSED:

X HOLDING TANK AND SCAVENGER PUMPING SERVICE If this system is used, indicate the licensed scavenger employed Rocket Sanitation

SEPTIC TANK AND ABSORPTION SYSTEM If this system is proposed, please supply the following information:
1. A soil log prepared by a certified engineer or sanitarian using the unified soil classification system at least four feet below the intended absorption system depth.
2. Indicate the type of absorption system intended
[] Absorption field
[] Seepage trench
[] Seepage pit
[] Absorption bed

OTHER Describe proposal in detail on an attached sheet.

In the space below provide a sketch or drawing of the site indicating:
1. Location of water supply and plumbing
2. Location of living units, offices etc.
3. Proposed wastewater system layout including septic tank or holding tank and absorption system if any.

See rig layouts and topographic maps attached.

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/20/94

API NO. ASSIGNED: 43-047-32547

WELL NAME: FEDERAL 21-29
OPERATOR: PG & E RESOURCES (N0595)

PROPOSED LOCATION:
NENW 29 - T09S - R18E
SURFACE: 0660-FNL-1980-FWL
BOTTOM: 0660-FNL-1980-FWL
UINTAH COUNTY
EIGHT MILE FLAT NORTH FIELD (590)

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

LEASE TYPE: FED
LEASE NUMBER: U-19267

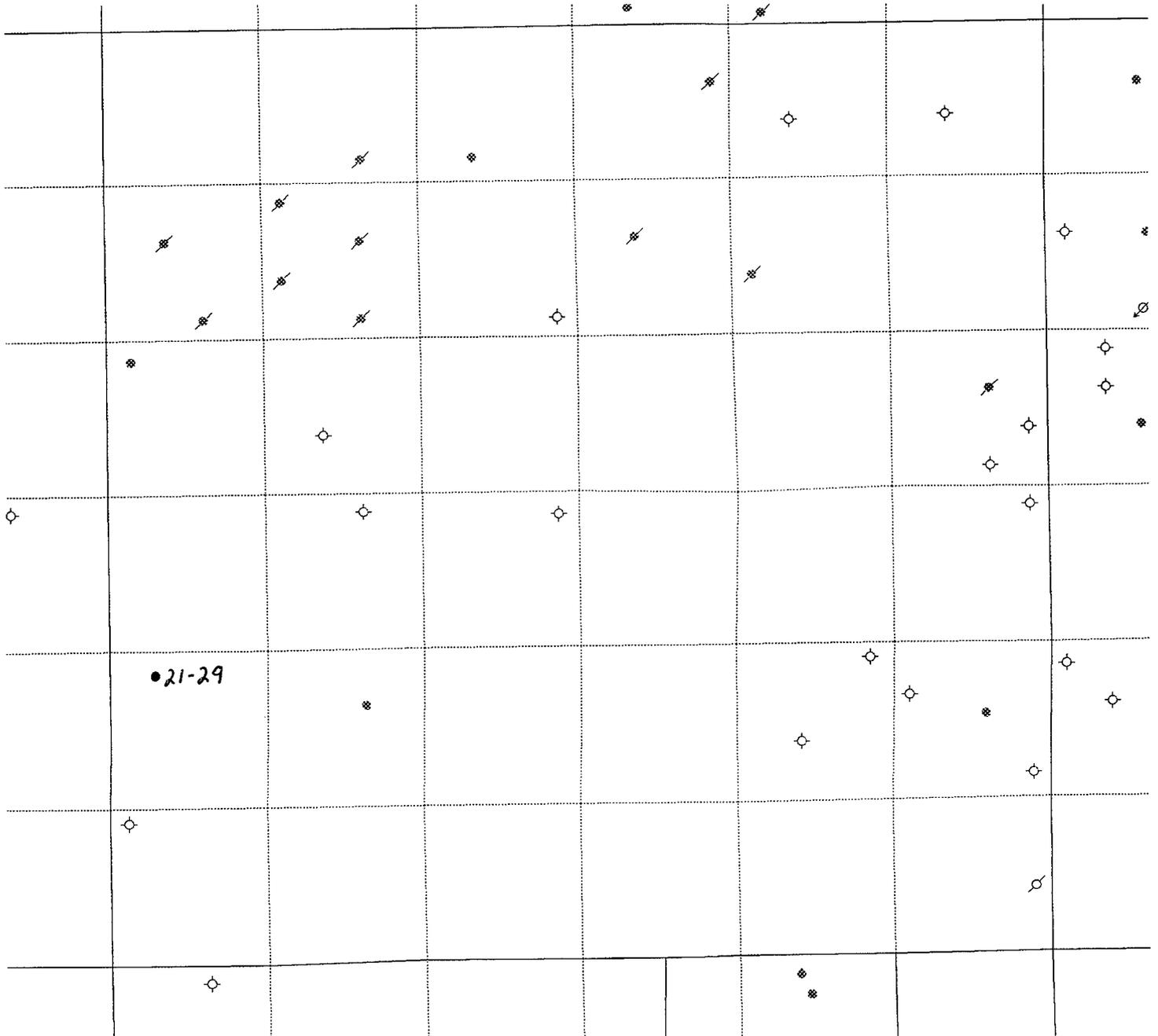
PROPOSED PRODUCING FORMATION: GRRV

<p>RECEIVED AND/OR REVIEWED:</p> <p><u>Y</u> Plat <u>Y</u> Bond: Federal [<u>Y</u> State[] Fee[] (Number <u>66-187011</u>) <u>N</u> Potash (Y/N) <u>N</u> Oil shale (Y/N) <u>Y</u> Water permit (Number <u>47-1437</u>) <u>N</u> RDCC Review (Y/N) (Date: _____)</p>	<p>LOCATION AND SITING:</p> <p>___ R649-2-3. Unit: _____ <u>Y</u> R649-3-2. General. ___ R649-3-3. Exception. ___ Drilling Unit. ___ Board Cause no: _____ ___ Date: _____</p>
--	--

COMMENTS: _____

STIPULATIONS: _____

PG&E RESOURCES
EIGHT MILE FLAT NORTH FIELD
STATE 21-29 LOCATION
NO SPACING ORDERS COVER THIS AREA



STATE OF UTAH

Operator: PG & E RESOURCES	Well Name: FEDERAL 21-29
Project ID: 43-047-32547	Location: SEC. 29 - T09S - R18E

Design Parameters:

Mud weight (8.60 ppg) : 0.447 psi/ft
 Shut in surface pressure : 2216 psi
 Internal gradient (burst) : 0.055 psi/ft
 Annular gradient (burst) : 0.000 psi/ft
 Tensile load is determined using buoyed weight
 Service rating is "Sweet"

Design Factors:

Collapse : 1.125
 Burst : 1.00
 8 Round : 1.80 (J)
 Buttress : 1.60 (J)
 Other : 1.50 (J)
 Body Yield : 1.50 (B)

Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost		
1	5,650	5.500	17.00	N-80	LT&C	5,650	4.767		
	<u>Collapse</u>			<u>Burst Min Int Yield</u>			<u>Tension</u>		
	<u>Load</u>	<u>Strgth</u>	<u>S.F.</u>	<u>Load</u>	<u>Strgth</u>	<u>S.F.</u>	<u>Load</u>	<u>Strgth</u>	<u>S.F.</u>
	(psi)	(psi)		(psi)	(psi)		(kips)	(kips)	
1	2524	6280	2.488	2524	7740	3.07	83.42	348	4.17 J

Prepared by : FRM, Salt Lake City, UT
 Date : 12-19-1994
 Remarks :

Minimum segment length for the 5,650 foot well is 1,000 feet.
 SICP is based on the ideal gas law, a gas gravity of 0.69, and a mean gas temperature of 102°F (Surface 74°F , BHT 130°F & temp. gradient 1.000°/100 ft.)
 The mud gradient and bottom hole pressures (for burst) are 0.447 psi/ft and 2,524 psi, respectively.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser. Costs for this design are based on a 1987 pricing model. (Version 1.06)

**CERTIFICATE OF OWNERSHIP
AND MERGER**

MERGING

**PG&E Resources Offshore Company
a Delaware corporation**

INTO

**PG&E Resources Company
a Delaware corporation**

**(Pursuant to Section 253 of the General Corporation
Law of the State of Delaware)**

PG&E Resources Company, a corporation duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware ("Resources"), does hereby certify:

FIRST: That Resources and PG&E Resources Offshore Company ("Offshore") are corporations duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware.

SECOND: That Resources owns all of the outstanding shares of the capital stock of Offshore.

THIRD: That the board of directors of Resources adopted the following resolutions by unanimous written consent on September 16, 1994, and that such resolutions have not been rescinded and are in full force and effect on the date hereof:

"RESOLVED, that PG&E Resources Offshore Company, a Delaware corporation ("Offshore"), which is a wholly-owned subsidiary of Resources, merge with and into Resources pursuant to Section 253 of the General Corporation Law of the State of Delaware (the "Merger"), effective as of 9:00 A.M., Wilmington, Delaware time, on October 1, 1994, and that Resources assume all of the obligations of Offshore at such time;

RESOLVED, that upon the effective time of the Merger the name of the surviving corporation shall be changed to "DALEN Resources Oil & Gas Co."; and

RESOLVED, that the President or any Vice President of Resources are hereby authorized and empowered to file with the Secretary of State of the State of Delaware a certificate of ownership and merger to effect the Merger and the name change of the surviving corporation, and the appropriate officers of Resources are hereby authorized to incur the necessary expenses therefor and to take, or cause to be taken, all such further action and to execute and deliver

or cause to be executed and delivered, in the name of and on behalf of Resources, all such further instruments and documents as any such officer may deem to be necessary or advisable in order to effect the purpose and intent of the foregoing resolutions and to be in the best interests of Resources (as conclusively evidenced by the taking of such action or the execution and delivery of such instruments and documents, as the case may be, by or under the direction of any such officer)."

FOURTH: This Certificate shall not be effective upon its filing date, but shall become effective at 9:00 A.M., Wilmington, Delaware time, on October 1, 1994 (the "Effective Date").

FIFTH: Upon the Effective Date, the name of the surviving corporation shall be changed to "DAI.EN Resources Oil & Gas Co."

IT WITNESS WHEREOF, Resources has caused this Certificate to be signed by its duly authorized officer this 19th day of September 1994.

PG&E RESOURCES COMPANY

By Joseph T. Williams
Name: Joseph T. Williams
Title: President

DALEN Resources
Oil & Gas Co.



October 1, 1994

State of Utah
Department of Natural Resources, Division of Oil, Gas & Mining
355 W. North Temple, 3 Triad Center #350
Salt Lake City, UT 84180-1203

RE: U1870145

Gentlemen:

As of October 1, 1994, PG&E Resources Offshore Company was merged into PG&E Resources Company which simultaneously changed to DALEN Resources Oil & Gas Co. Enclosed please find the following documents:

1. Rider of the name change on the above referenced bond
2. Certificate of Ownership and Merger

Should you have additional requirements for completing this name change, contact CoCo Kasik at (214)750-3111.

Thank you for your assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael R. Bakke", written in a cursive style.

Michael R. Bakke
Assistant Treasurer

Encl.

OCT 3

DALEN Resources
Oil & Gas Co.



October 5, 1994

OCT 11

Lisha Romero
State Oil & Gas Office
3 Triad Center
Salt Lake City, Utah 84180-1203

Re: Company Name Change

Dear Ms. Romero:

PG&E Resources Company changed its name to DALEN Resources Oil & Gas Co. We are requesting a blanket change for all of PG&E Resources Company's properties to:

DALEN Resources Oil & Gas Co.
6688 N. Central Expressway, Suite 1000
Dallas, Texas 75206-3922

This change is effective October 1, 1994 for all records and reports filed in all districts throughout the state of Utah. I have included a listing of our Utah properties.

Also enclosed is a copy of the Certificate of the Secretary of State of Delaware regarding the name change to DALEN Resources Oil & Gas Co.

If you have any questions regarding this matter, please contact me at (214) 706-3678.

Sincerely,

A handwritten signature in cursive script that reads "Jim Johnson".

Jim Johnson
Regulatory Analyst

JJ/sw
Enclosures

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

State of Delaware
Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"PG&E RESOURCES OFFSHORE COMPANY", A DELAWARE CORPORATION, WITH AND INTO "PG&E RESOURCES COMPANY" UNDER THE NAME OF "DALEN RESOURCES OIL & GAS CO.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE NINETEENTH DAY OF SEPTEMBER, A.D. 1994, AT 1:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.



A handwritten signature in cursive script, reading "Edward J. Freel".

Edward J. Freel, Secretary of State

2261176 8100M

944175519

AUTHENTICATION:

7242629

DATE:

09-19-94



RELIANCE SURETY COMPANY
Philadelphia, Pennsylvania
RELIANCE INSURANCE COMPANY
Philadelphia, Pennsylvania

UNITED PACIFIC INSURANCE COMPANY
Philadelphia, Pennsylvania
RELIANCE NATIONAL INDEMNITY COMPANY
Philadelphia, Pennsylvania

RIDER

To be attached to and form a part of

Type of Bond: SURETY BOND - FORM 4-A (BLANKET OIL DRILLING BOND)
 Bond No. U1870145
 executed by PG&E RESOURCES COMPANY, as Principal,
 and by UNITED PACIFIC INSURANCE COMPANY, as Surety,
 in favor of STATE OF UTAH
 and dated JUNE 22, 1992

In consideration of the premium charged for the attached bond, it is hereby agreed to change:

NAME OF PRINCIPAL
 From: PG&E RESOURCES COMPANY

 To: DALEN Resources Oil & Gas Co.

The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

This rider is effective OCTOBER 1, 1994

Signed and Sealed SEPTEMBER 26, 1994

Principal DALEN Resources Oil & Gas Co.

By: [Signature] Assistant Treasurer
 Title

UNITED PACIFIC INSURANCE COMPANY
 By: [Signature]
 THERESA FERMANICH Attorney-in-Fact

RIDER ACCEPTED (Please sign duplicate of this Rider and return to Surety)

By: [Signature]
 Date [Signature]

OCT 3

UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint Theresa Fermanich, individually, of San Francisco, California, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 13 day of October, 1993



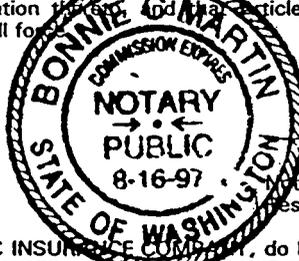
UNITED PACIFIC INSURANCE COMPANY

Vice President

STATE OF Washington
COUNTY OF King

}ss.

On this 13 day of October, 1993 personally appeared Lawrence W. Carlstrom, to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto. I, Bonnie C. Martin, Notary Public in and for State of Washington, residing at Sumner, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.



Notary Public in and for State of Washington
residing at Sumner

I, Robyn Layng, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 26th day of September 19 94



Assistant Secretary

OCT 3

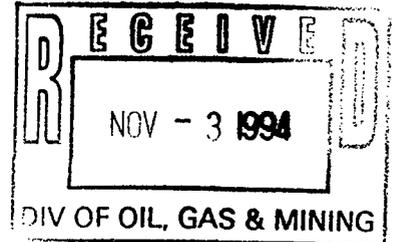
DALEN Resources
Oil & Gas Co.



October 31, 1994

Kent E. Johnson
Vice President
Exploration/Development

STATE OF UTAH NATURAL RESOURCES
OIL & GAS MINING
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
Attn: Gil Hunt



Re: Name Change
PG&E Resources Company

Gentlemen:

Effective October 1, 1994, PG&E Resources Company (PG&ER) changed its name to **DALEN** Resources Oil & Gas Co. As a result of this action, all activities previously conducted in the name of PG&E Resources Company will subsequently be conducted by **DALEN** Resources Oil & Gas Co.. No changes in ownership, personnel, office address, telephone numbers, or business practices were caused by this name change.

Please revise your records by replacing PG&E Resources Company or PG&E Resources Offshore Company with **DALEN** Resources Oil & Gas Co.

Very truly yours,

A handwritten signature in cursive script that reads "John R. Wingert".

John R. Wingert
Exploration Manager
Northern Division

JRW:lkd

Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

3100
U-01470A
(UT-923)

NOV 29 1994

CERTIFIED MAIL---Return Receipt Requested

DECISION

DALEN Resources Oil & Gas Co. :
6688 N. Central Expwy., #1000 : Oil and Gas
Dallas, Texas 75206 : U-01470A et al

Corporate Name Change Recognized

Acceptable evidence has been received in this office concerning the change of name of PG&E Resources Company to DALEN Resources Oil & Gas Co. on Federal oil and gas leases.

The oil and gas lease files identified on the enclosed exhibit have been noted as to the name change. We are notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the name change by a copy of this decision. If additional documentation for changes of operator are required by our field offices, you will be contacted by them.

A rider to the Nationwide Bond No. U1870111 (BLM Bond No. WY2554) has been filed in the Wyoming State Office, in order to change the name of the principal on the bond. It has been examined and found to be satisfactory by that office.

/s/ ROBERT LOPEZ

Chief, Minerals
Adjudication Section

Enclosure
Exhibit

bc: Moab District Office w/encl.
Vernal District Office w/encl.
MMS-Data Management Division, Denv
UT-922 (Teresa Thompson) w/encl.

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 2
To LISHA CARDOUR	From CHRIS MERRITT	
Co. STATE OF UTAH	Co. BLM	
Dept. OIL & GAS	Phone # 539-4109	
Fax # 359-3940	Fax # 539-4260	

CMerritt:dab 11/25/94 (U01470A)

List of Leases Affected

U-01470A	U-6632	UTU-65615	UTU-68631
U-01790	U-6634	UTU-66004	UTU-69024
U-02896A	U-7206	UTU-66027	UTU-69166
U-03505	U-10291	UTU-66033	UTU-69482
U-03576	U-10760	UTU-66184	UTU-69744
U-013429A	U-11385	UTU-66185	UTU-72104
U-013765	U-12942	UTU-66187	UTU-73087
U-013766	U-13905	UTU-66193	UTU-73089
U-013767	U-14236	UTU-66484	UTU-73433
U-013769	U-15392	UTU-66743	UTU-73512
U-013769A	U-16172	UTU-67168	U-47453 ROW
U-013769B	U-16535	UTU-67841	U-49204 ROW
U-013769C	U-16539	UTU-67857	U-49205 ROW
U-013792	U-16544	UTU-67996	U-49223 ROW
U-013793	U-17036	UTU-67997	U-49236 ROW
U-013793A	U-17424	UTU-68108	U-49243 ROW
U-013794	* U-19267	UTU-68109	U-50487 ROW
U-013818A	U-30096	UTU-68316	U-50488 ROW
U-013820	U-39221	UTU-68328	U-50497 ROW
U-013821A	U-39713	UTU-68330	U-50806 ROW
U-017713	U-39714	UTU-68338	U-50809 ROW
U-035316	U-40026	UTU-68346	U-50825 ROW
U-037164	U-46825	UTU-68347	U-50833 ROW
U-0141644	U-47171	UTU-68348	U-53910 ROW
U-0143519	U-49092	UTU-68388	U-54803 ROW
U-0143520A	U-50750	UTU-68402	U-61946 ROW
U-0143521A	U-52765	UTU-68544	U-63969 ROW
U-0147541	U-55626	UTU-68548	UTU-69111 ROW
U-0147541A	U-58546	UTU-68619	
U-2838	U-61052	UTU-68624	
U-6610	U-61189	UTU-68625	
U-6612	U-62657	UTU-68626	
U-6615	UTU-65218	UTU-68627	

U-034217A *Confirmed Btm/LSJ
11-29-94 Jc



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)

December 19, 1994

PG & E Resources Company
6688 N. Central Expressway, Suite 1000
Dallas, Texas 75206

Re: Federal #21-29 Well, 660' FNL, 1980' FWL, NE NW, Sec. 29, T. 9 S., R. 18 E.,
Uintah County, Utah

Gentlemen:

Pursuant to Utah Admin. R. 649-3-2, Location and Siting of Wells and Utah Admin. 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:

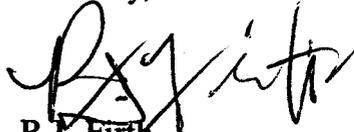
1. Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules.
2. Notification to the Division within 24 hours after drilling operations commence.
3. Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling 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. Compliance with the requirements of Utah Admin. R. 649-3-20, Gas Flaring or Venting, if the well is completed for production.
6. 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
PG & E Resources Company
Federal #21-29 Well
December 19, 1994

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 43-047-32547.

Sincerely,



R.J. Firth
Associate Director

ldc
Enclosures
cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office
WO11

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

DEC 22 1994

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK & MINING

1a. TYPE OF WORK **DRILL** **DEEPEN** **PLUG BACK**

1b. TYPE OF WELL

OIL **GAS** **SINGLE** **MULTIPLE**

WELL **WELL** **OTHER** **ZONE** **ZONE**

2. NAME OF OPERATOR **2147/750-3800** **6688 N. Central Expressway,**
 PG & E Resources Company **Suite 1000 Dallas, TX 75206**

3. ADDRESS OF OPERATOR **303/452-8888** **13585 Jackson Drive**
 PERMITCO INC. - Agent **Denver, CO 80241**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *)

At Surface **660' FNL and 1980' FWL**

At proposed Prod. Zone **NE NW Sec. 29, T9S - R18E**

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME
 Federal

9. WELL NO.
 #21-29

10. FIELD AND POOL OR WILDCAT
 Eight Mile Flat North

11. SEC., T., R., M., OR BLK.
 AND SURVEY OR AREA
 Sec. 29, T9S - R18E

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
 660'

16. NO. OF ACRES IN LEASE
 1920

17. NO. OF ACRES ASSIGNED TO THIS WELL
 40

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT.
 Approx. 1800'

19. PROPOSED DEPTH
 5650'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 5156' GR

22. APPROX. DATE WORK WILL START*
 Immediately Upon Approval

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#	350'	240 cubic feet, circ to surface.
7-7/8"	5-1/2"	17#	5,650'	660 cubic feet or suffic. to cover zones of interest.

PG & E Resources Company proposes to drill a well to 5650' to test the Green River formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

See Onshore Order No. 1 attached.

Please be advised that PG & E Resources Company is considered to be the Operator of the above mentioned well. PG & E Resources Company agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Bond No. U-187011. The principal is PG & E Resources Company via surety consent as provided for in 43 CFR 3104.2.

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

24. SIGNED *[Signature]* TITLE **Consultant for:
PG & E Resources Co.** DATE **09/19/94**

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY *[Signature]* TITLE **ASSISTANT DISTRICT
MANAGER MINERALS** DATE **DEC 20 1994**

CONDITIONS OF APPROVAL, IF ANY. _____

cc: Utah Division of Oil, Gas & Mining **NOTICE OF APPROVAL** **CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY**

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

14080-411-150

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: PG & E RESOURCES COMPANY

Well Name & Number: FEDERAL 21-29

API Number: 43-047-32547

Lease Number: U-19267

Location: NENW Sec. 29 T. 9S R. 18E

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.

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 3M 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 top of the usable water zone identified at ± 1271 ft. or by setting the surface casing at ± 1321 ft. and have a cement top for the production casing at least 200 ft. above the Mahogany Oil Shale, identified at ± 2460 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.

5. Coring, Logging and Testing Program

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

A cement bond log (CBL) will be run from the production casing shoe to ± 2260 ft. if the surface casing is set at ± 1321 ft. or it will be run to ± 1071 ft. if the surface casing is set at ± 350 ft. and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

6. Notifications 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.

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 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).

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

Ed Forsman (801) 789-7077
Petroleum Engineer

Wayne Bankert (801) 789-4170
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.

CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL

Company/Operator: PG&E

API Number 43-047-32547

Well Name & Number: 21-29

Lease Number: U-19267

Location: NE NE Sec. 29 T.9 S. R.18 E.

Surface Ownership: Private

Date NOS Received September 7, 1994

Date APD Received September 20, 1994

-If the proposed development is scheduled between March 15 and August 15, additional special status animal species clearances will be required a minimum of 14 days prior to surface disturbance.

01/17/95	D E T A I L W E L L D A T A				menu: opt 00
api num: 4304732547	prod zone:	sec	townshp	range	qr-qr
entity: 99999 : DRILLING FILES		29	9.0 S	18.0 E	NENW
well name: FEDERAL 21-29					
operator: N0595 : PG&E RESOURCES COMPANY				meridian: S	
field: 590 : 8 MILE FLAT NORTH				alt addr flag:	
confidential flag: C confidential expires:				* * * application to drill, deepen, or plug back * * *	
lease number: U-19267	lease type: 1	well type:	OW		
surface loc: 0660 FNL 1980 FWL	unit name:	depth: 5650	proposed zone: GRRV		
prod zone loc: 0660 FNL 1980 FWL	depth:	apd date: 941219	auth code: R649-3-2		
elevation: 5156' GR	apd date:	date recd:	la/pa date:		
* * completion information * *	date recd:	compl date:	total depth:		
spud date:	compl date:				
producing intervals:	first prod:	well status: DRL			
bottom hole:	24hr water:	gas/oil ratio:			
24hr oil: 24hr gas:	directionl:	api gravity:			
* * well comments:					

opt: 21 api: 4304732547 zone: date(yymm): enty acct: N0595

* mH, (Modified)

All other wells chg'd 11-28-94. This well permitted 12-19-94 under P&E's.
 Any permits in progress, should be reviewed and permitted under correct
 operator name (DALEN Resources 08'67).

Thank You!
 Lisa

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

Routing	
1- LEC	
2- LWP 7-PL	✓
3- DT 28-SJ	✓
4- VLC 9-FILE	
5- RJF	✓
6- LWP	✓

Attach all documentation received by the division regarding this change.
 Initial each listed item when completed. Write N/A if item is not applicable.

- Change of Operator (~~well sold~~) Designation of Agent
 Designation of Operator Operator Name Change ~~Only~~

The operator of the well(s) listed below has changed (EFFECTIVE DATE: 10-1-94)

TO (new operator):	<u>DALEN RESOURCES OIL & GAS</u>	FROM (former operator):	<u>PG&E RESOURCES COMPANY</u>
(address):	<u>6688 N CENTRAL EXP #1000</u>	(address):	<u>6688 N CENTRAL EXP #1000</u>
	<u>DALLAS TX 75206-3922</u>		<u>DALLAS TX 75206-3922</u>
	phone (<u>214</u>) <u>750-3800</u>		phone (<u>214</u>) <u>750-3800</u>
	account no. <u>N 3300</u>		account no. <u>N 0595</u>

Hell(s) (attach additional page if needed):

Name: <u>FEDERAL 21-29/DRL</u>	API: <u>43-047-32547</u>	Entity: <u>99999</u>	Sec <u>29</u> Twp <u>9S</u> Rng <u>18E</u>	Lease Type: <u>U19267</u>
Name: _____	API: _____	Entity: _____	Sec ___ Twp ___ Rng ___	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec ___ Twp ___ Rng ___	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec ___ Twp ___ Rng ___	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec ___ Twp ___ Rng ___	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec ___ Twp ___ Rng ___	Lease Type: _____
Name: _____	API: _____	Entity: _____	Sec ___ Twp ___ Rng ___	Lease Type: _____

OPERATOR CHANGE DOCUMENTATION

- N/A 1. (Rule R615-8-10) Sundry or other legal documentation has been received from former operator (Attach to this form).
- LEC 2. (Rule R615-8-10) Sundry or other legal documentation has been received from new operator (Attach to this form). (10-3-94) (10-5-94) (11-3-94)
- N/A 3. The Department of Commerce has been contacted if the new operator above is not currently operating any wells in Utah. Is company registered with the state? (yes/no) ____ If yes, show company file number: _____.
- LEC 4. (For Indian and Federal Hells ONLY) The BLM has been contacted regarding this change (attach Telephone Documentation Form to this report). Make note of BLM status in comments section of this form. Management review of Federal and Indian well operator changes should take place prior to completion of steps 5 through 9 below.
- LWP 5. Changes have been entered in the Oil and Gas Information System (Wang/IBM) for each well listed above. 1-17-95
- LWP 6. Cardex file has been updated for each well listed above. 1-18-95
- LWP 7. Well file labels have been updated for each well listed above. 1-18-95
- LEC 8. Changes have been included on the monthly "Operator, Address, and Account Changes" memo for distribution to State Lands and the Tax Commission. (1-17-95)
- LEC 9. A folder has been set up for the Operator Change file, and a copy of this page has been placed there for reference during routing and processing of the original documents.

ENTITY REVIEW

- Lee 1. (Rule R615-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) no (If entity assignments were changed, attach copies of Form 6, Entity Action Form).
- N/A 2. State Lands and the Tax Commission have been notified through normal procedures of entity changes.

BOND VERIFICATION (~~Fee wells only~~) #U2164274/80,000 eff. 10-5-94. (Trust Lands Admin.)

- Lee 1. (Rule R615-3-1) The new operator of any fee lease well listed above has furnished a proper bond.
- N/A 2. A copy of this form has been placed in the new and former operators' bond files.
- N/A 3. The former operator has requested a release of liability from their bond (yes/no) _____. Today's date _____ 19____. If yes, division response was made by letter dated _____ 19____.

LEASE INTEREST OWNER NOTIFICATION RESPONSIBILITY

- N/A 1. (Rule R615-2-10) The former operator/lessee of any fee lease well listed above has been notified by letter dated _____ 19____, of their responsibility to notify any person with an interest in such lease of the change of operator. Documentation of such notification has been requested.
- N/A 2. Copies of documents have been sent to State Lands for changes involving State leases.

FILMING

1. All attachments to this form have been microfilmed. Date: January 20 1995.

FILING

1. Copies of all attachments to this form have been filed in each well file.
2. The original of this form and the original attachments have been filed in the Operator Change file.

COMMENTS

950117 Btm/SL. Aprv. 11-25-94.

1/23/96



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

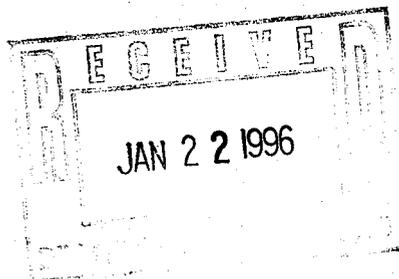
Phone: (801) 781-4400
Fax: (801) 781-4410

IN REPLY REFER TO:

3162
UT08438

January 17, 1996

*DOGm
LA date →*



Dalen Resources Oil & Gas Company
6688 North Central Expressway Suite 1000
Dallas, TX 75206

Re: Notification of Expiration
Well No. Federal 21-29 *43-047.325-47*
Section 29 T9S, R18
Lease No. U-19267
Uintah County, Utah

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on December 20, 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

DALEN Resources
Oil & Gas Co.



February 7, 1996

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

Attention: Ms. Margie Hermann

RE: Federal 21-29
Sec 29, T9S-R18E
Lease No. U-19267
Uintah County, Utah

43-047-32547

Dear Ms. Hermann:

In reference to your letter of January 17, 1996, there has been no activity at the subject location and no surface disturbance occurred.

If you have any questions or need further information, please contact the undersigned at 214/987-6353.

Very truly yours,

A handwritten signature in cursive script that reads "Cindy R. Keister".

Cindy R. Keister
Regulatory Compliance Specia

CRK/ck

Attachments

cc: Utah Division Oil, Gas & Mining