

UTAH OIL AND GAS CONSERVATION COMMISSION

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

970324 LA'D off March 17, 1997

DATE FILED DECEMBER 7, 1994

LAND. FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. U-0576 INDIAN

DRILLING APPROVED: JANUARY 11, 1995

SPUDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: 3.17.97 LA

FIELD: NATURAL BUTTES FIELD

UNIT: NATURAL BUTTES UNIT

COUNTY: UINTAH

WELL NO. NBU 225 WELL API NO. 43-047-32608

LOCATION 859' FNL FT. FROM (N) (S) LINE. 1863' FWL FT. FROM (E) (W) LINE NE NW 1/4 - 1/4 SEC. 33

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
				9S	21E	33	COASTAL OIL & GAS CORP

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

R E C E I V E D

SUBMIT IN DUPLICATE
(Other instructions on reverse side)
DEC 7 1994

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

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-0576
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			6. INDIAN, ALLOTTEE OR TRIBE NAME N/A
2. NAME OF OPERATOR Coastal Oil & Gas Corporation			7. UNIT AGREEMENT NAME Natural Buttes Unit
3. ADDRESS OF OPERATOR P.O. Box 749, Denver, CO 80201-0749 (303) 573-4476			8. FARM OR LEASE NAME NBU
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface: 859' FNL & 1863' FWL At proposed prod. zone: Same as above			9. WELL NO. 225
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* Approximately 13.4 miles SE of Ouray, UT			10. FIELD AND POOL, OR WILDCAT Natural Buttes
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 859'	16. NO. OF ACRES IN LEASE 1480	17. NO. OF ACRES ASSIGNED TO THIS WELL N/A	
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1320'	19. PROPOSED DEPTH 9800'	20. ROTARY OR CABLE TOOLS rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4945' GR			22. APPROX. DATE WORK WILL START* upon approval

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36 #	250'	155 cf or suff. to circ. to surf.
8-3/4"	7"	23 #	7500'	2548 cf or suff. to circ. to surf.
6-1/8"	5"	18 #	7200'-9800'	

Coastal Oil & Gas Corporation proposes to drill a well to 9800' to test the Wasatch 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.

Coastal Oil & Gas Corporation is considered to be the operator of the above referenced well. It agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Coastal Oil & Gas Corporation under their Nationwide Bond #CO-0018 and U605382-9.

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 Bonnie Blush TITLE Environmental Coordinator DATE 12/5/94

(This space for Federal or State office use)

PERMIT NO. 43-047-32608 APPROVAL DATE _____ APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING

APPROVED BY _____ TITLE _____ DATE: 11/11/95 BY: M. Matthews

CONDITIONS OF APPROVAL, IF ANY: _____ WELL SPACING: 649-2-3

*See Instructions On Reverse Side

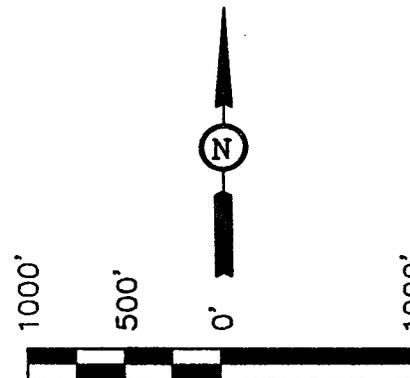
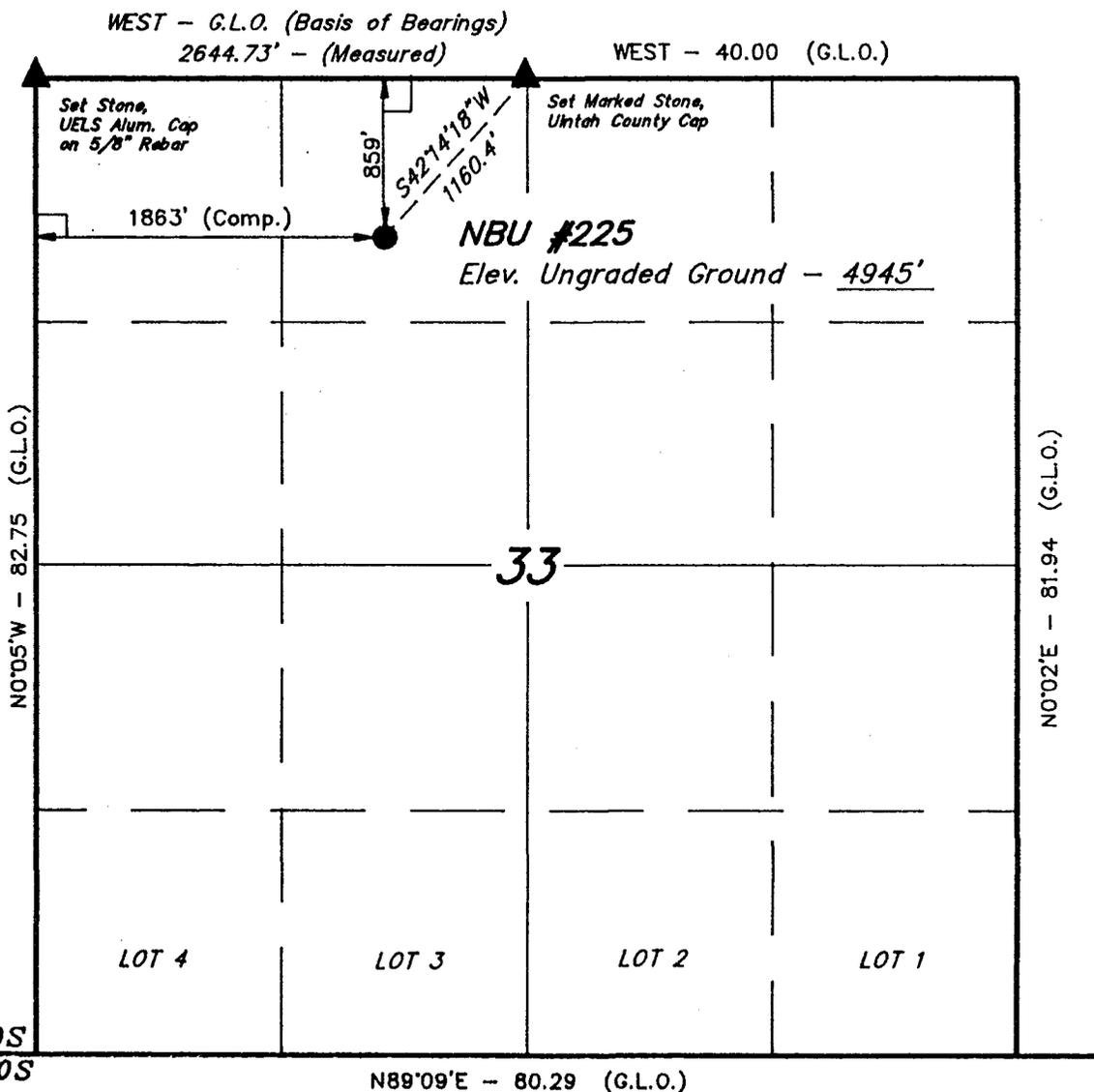
T9S, R21E, S.L.B.&M.

COASTAL OIL & GAS CORP.

Well location, NBU #225, located as shown in the NE 1/4 NW 1/4 of Section 33, T9S, R21E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK LOCATED IN THE SE 1/4 SW 1/4 SECTION 29, T9S, R21E, S.L.B.&M. TAKEN FROM THE OURAY SE QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4995 FEET.



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.

Robert L. Key
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 11-20-94	DATE DRAWN: 11-23-94
PARTY D.K. B.R. D.J.S.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE COASTAL OIL & GAS CORP.	

LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

NBU # 225
859' FNL & 1863' FWL
NE/NW, SECTION 33, T9S-R21E
Uintah County, Utah
Lease Number:U-0576

ONSHORE ORDER NO. 1
Coastal Oil & Gas Corporation

DRILLING PROGRAM

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>
Uintah	Surface
Wasatch	4865'
Mesa Verde	7765'
Total Depth	9800'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil	N/A	
Gas	Wasatch	4865'
Water	N/A	
Other Minerals	N/A	

All freshwater and 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)

Coastal's minimum specifications for pressure control equipment are as follows:

Ram type: Hydraulic double with hydril, 2000 psi w.p.

Ram type preventors and associated equipment shall be tested to approved stack working pressure if isolated by test plug or to 70% 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% 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 preventors (if used) shall be tested to 50% 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 will be performed when initially installed; whenever any seal subject to test pressure is broken; following related repairs; or 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 preventors 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/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 preventor controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection shall be recorded on the daily drilling report. Preventors 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 the 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 be used as a fill-up line.
- c. The accumulator system shall have a pressure capacity to provide for repeated operation of hydraulic preventors.
- 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 program will be as follows:

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Csg Size</u>	<u>Wt/ft</u>	<u>Grade</u>	<u>Type</u>
Surface	0-250'	12-1/4"	9-5/8"	36#	K-55	ST&C
Product.	0-7500'	8-3/4"	7"	23#	S-95	LT&C
	7200-9800'	6-1/8"	5"	18#	L-80	HD-L

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.

Casing design shall assume formation pressure gradients of 0.44 to 0.50 psi per foot for exploratory wells (lacking better data).

Casing design shall assume fracture gradients from 0.70 to 1.00 psi per foot for exploratory wells (lacking better data).

Casing collars shall have a minimum clearance of 0.422" of all sides in the hole/casing annulus, with recognition that variances can be granted for justified exceptions.

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.

All casing, except conductor casing, shall be new or reconditioned and tested. Used casing shall meet or exceed API standards for new casing.

The surface casing shall be cemented back to surface either during the primary cement job or be remedial cementing.

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.

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

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 being displaced ahead of the cement slurry.

All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or to 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective action shall be taken.

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

b. The cement program will be as follows:

<u>Surface</u>	<u>Type and Amount</u>
0-250'	Prem V cmt w/2% CaCl ₂ & 1/4#/sx Flocele circulated to surface w/100% excess
<u>Production</u>	<u>Type</u>
0-2200'	Lead: HiFill @ w/3% HR5, 2# Gilsonite @ 11ppg, 3.82 yield
2200-7200'	Tail: 50-50 Poz w/2% gel 0.5% Halad 322, 0.4% Super CBL @ 14.2#/gal, 1.24 yield
7200-9800'	Type "H" 50-50 Poz @ 14.2#/gal, 1.24 yield

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.

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.

c. The following reports shall be filed with the District Manager within 30 days after the work is completed:

1. Progress reports, Form 3160-5, "Sundry Notices and Reports on Wells," must include the following information:
 - a) Setting of each string of casing, showing the size, grade, weight of casing set, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of the cementing tools used, casing test method and results, and the date of the work done. Spud date will be shown 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.

d. Auxiliary equipment to be used as follows:

1. Kelly cock
2. No bit float is deemed necessary.
3. A sub with a full opening valve

5. Drilling Fluids Program

- | | |
|--------------------|--------------|
| a. <u>Interval</u> | <u>Type</u> |
| 0-9800' | aerated mist |

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 will be checked periodically 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.

6. Evaluation Program

- a. Logging Program:

Dual Laterlog & Caliper	TD to base of surface casing
FDC/CNL/GR	TD to 2500'

Drill Stem Tests: None anticipated

Cores: None anticipated

The evaluation program may change at the discretion of the wellsite geologist.

Drill stem tests, if they are run, will adhere to the following requirements:

Initial opening of the 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 DST's may be performed day or night.

Some means of reverse circulation shall be provided in case of flow to the surface showing evidence of hydrocarbons.

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 be operational during the test shall have spark arresters or water-cooled exhausts.

- b. Whether the well is completed as a dry hole or 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.
- c. No stimulation or frac treatment has been formulated for this well at this time; however, the drill site, as approved, will be of sufficient size to accommodate all completion activities. Any frac treatment program specifics will be submitted via sundry notices.

7. Abnormal Conditions

No abnormal temperatures or pressures are anticipated. No hydrogen sulfide has been encountered in or known to exist from previous drilling in the area at this depth. Maximum anticipated bottomhole pressure approximately equals (calculated at 0.4 psi/foot) and maximum anticipated surface pressure equals approximately (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates and Notification of Operations

a. Drilling Activity

Anticipated commencement date: Upon approval of this application

Drilling days: Approximately 10 days

Completion days: Approximately 7 days

b. Notification of Operations

The BLM in Vernal, Utah, will be notified at least 24 hours prior to the commencement of spudding the well (to be followed with a Sundry Notice, Form 3160-5), of initiating pressure tests of the blow-out preventer and related equipment, and running casing and cementing of all casing strings.

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

In accordance with Onshore 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, Utah 84078.

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

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

Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status. Such notification will be sent by written communication not later than 5 days following the date when the well is placed on production.

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 this period, an application for approval of the permanent disposal method, accompanied by water analysis and other required information, must be submitted to the District Engineer.

Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during the initial well evaluation tests, not to exceed 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.

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

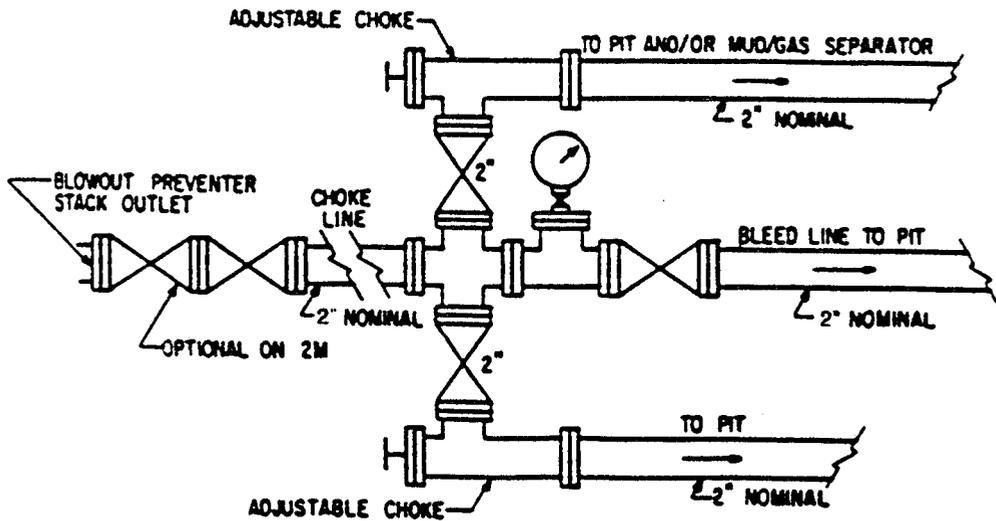
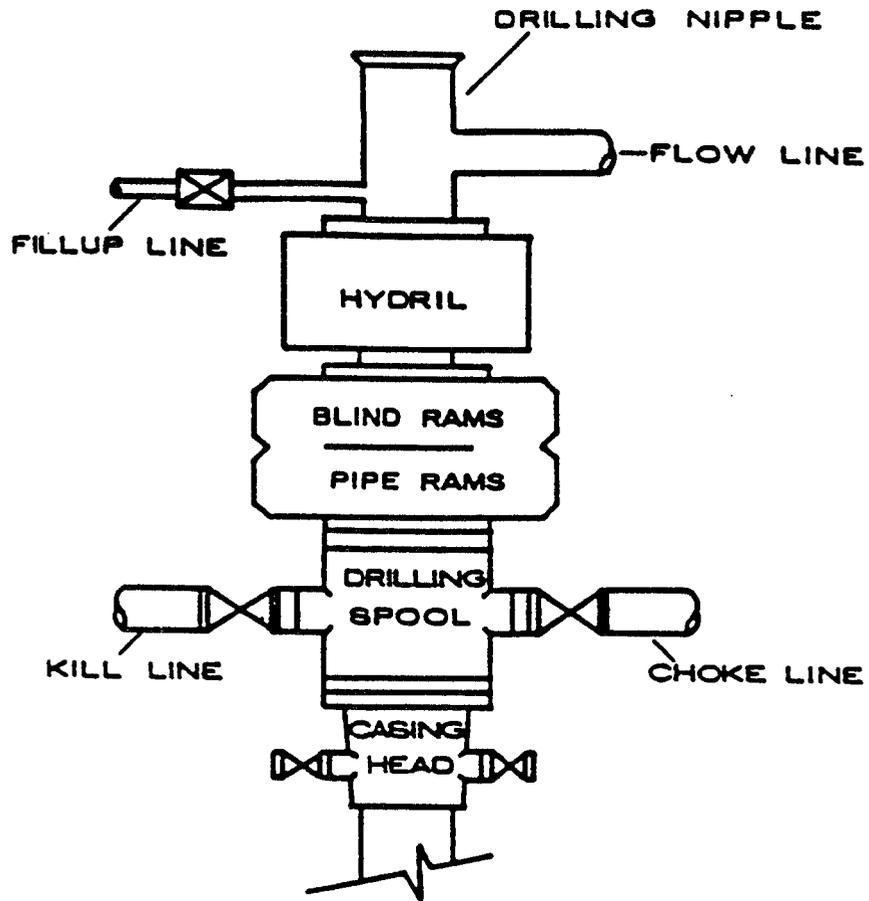
A first production conference will be scheduled within 15 days after receipt of the first production notice.

No well abandonment operations will be commenced without the prior approval of the Authorized Officer. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the Authorized Officer. A "Subsequent Report of Abandonment," Form 3160-5, will be filed with the Authorized Officer within 30 days following completion of the well for abandonment. This report will indicate

placement of the plugs and current status of the 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 Authorized Officer or his representative, or the appropriate Surface Managing Agency.

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 the State and local laws, to the extent to which they are applicable, to operations on Federal or Indian lands.

BOP STACK 2,000 PSI



2,000 PSI CHOKER MANIFOLD

NBU #225
859' FNL & 1863' FWL
NE/NW, SECTION 33, T9S-R21E
Uintah County, Utah
Lease Number: U-0576

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

NOTIFICATION REQUIREMENTS

Location Construction: 48 hours prior to construction of location and access roads

Location Completion: Prior to moving the drilling rig

Spud Notice: At least 24 hours prior to spudding the well

Casing String and Cementing: 24 hours prior to running casing and cementing all casing strings

BOP and Related Equipment Tests: 24 hours prior to initiating pressure tests

First Production Notice: Within 5 days after new well begins or production resumes after well has been off production for more than 90 days

The onsite inspection for this well was conducted on 11/16/94. Weather conditions were cloudy and cold. In attendance at the inspection were the following individuals:

Bonnie Johnston	Coastal Oil & Gas Corporation
Larry Tavegia	Coastal Oil & Gas Corporation
Byron Tolman	BLM
Harry Barber	BLM
John Kay	U.E.L.S., inc.
Harley Jackson	Jackson Construction

1. Existing Roads:

The proposed well site is approximately 14 miles SE of Ouray, Utah.

Directions to the location from Ouray, Utah:

Proceed southerly from Ouray, Utah, on Highway 88 approximately 6.9 miles to the junction of this road and an existing road to the southeast. Turn left and proceed in a southeasterly direction approximately 5.0 miles to the junction of this road and an existing road to the north. Turn left and proceed in a northerly

direction approximately 0.3 miles to the junction of this road and an existing road to the northeast. Turn right and proceed in a northeasterly direction approximately 0.9 miles to the junction of this road and an existing road to the south. Turn right and proceed in a southerly direction approximately 0.6 miles to the beginning of the proposed access road. Follow road flags in a southerly direction approximately 0.4 miles to the proposed location.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

There will be no improvement to existing access roads.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads

Approximately 0.4 mile of new access will be required. The new access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

No pipelines will be crossed with the new construction.

The maximum grade will be less than 8%.

There will be no turnouts.

There will be no major cut and fills, culverts, or bridges.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

There will be no gates, cattleguards, fence cuts, or modifications to existing facilities.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

Access roads and surface disturbing activities will conform to standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing, and will be maintained according to original construction standards. The access road right-of-way will be kept free of trash during operations. All traffic will be confined to the approved Right-of-Way. 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 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. Should mud holes develop, they shall be filled in and detours around them avoided.

3. Location of Existing Wells Within a 1-Mile Radius: See Map C

- a. Water wells - 0
- b. Producing wells - 13
- c. Drilling wells - 0
- d. Shut-in wells - 2
- e. Temporarily abandoned wells - 1
- f. Disposal wells - 0
- g. Abandoned wells - 1
- h. Injection wells - 0

4. Location of Existing and Proposed Facilities:

The following guidelines will apply if the well is productive.

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

- b. All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.
- c. A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.
- d. All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

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

- e. 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), the BLM will process a change in authorization to the appropriate statute. The authorization will be subject to the appropriate rental or other financial obligation, as determined by the Authorized Officer.
- f. Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.
- g. A 4" OD steel pipeline with cathodic protection shall be constructed on the surface to connect the well to the existing natural gas pipeline. The proposed pipeline leaves the wellpad in a northwesterly direction, in parallel to the proposed new access road, for an approximate distance of 1800 feet.

5. Location and Type of Water Supply

All water needed for drilling purposes will be obtained from A1 Tank Underground Well

Section 32, T4S-R3E; E400' & N200' from south qtr. corner
Operated by Dalbo, Inc., Vernal, Utah
Water Permit Number: 53617 43-8496)

Water will be hauled to location over the roads marked on
Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials

Surface and subsoil materials in the immediate area will be
utilized.

Any gravel will be obtained from a commercial source.

The use of materials under BLM jurisdiction will conform
with 43 CFR 3610.2.3. Construction material will not be
located on lease.

No construction materials will be removed from
Federal/Indian lands without prior approval from the
appropriate surface management agency.

7. Methods of Handling Waste Materials

- a. Drill cuttings will be contained and buried in the
reserve pit.
- b. Drilling fluids, including salts and chemicals, will be
contained in the reserve pit. Upon termination of
drilling and completion operations, the liquid contents
of the reserve pit will be removed and disposed of at an
approved waste disposal facility within 120 days after
drilling is terminated.
- c. The reserve pit will be constructed on the location and
will not be located within natural drainages, where a
flood hazard exists or surface runoff will destroy or
damage the pit walls. The reserve pit shall be lined.
The reserve pit will be constructed so that it will not
leak, break, or allow discharge of liquids.

If a plastic reinforced liner is used, it will be a
minimum of 12 mil thick, with sufficient bedding used 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 or scrap that could puncture the liner
will be disposed of in the pit. More stringent

protective requirements may be deemed necessary by the Authorized Officer.

- d. After first production, produced waste water will be confined to the approved pit or storage tank for a period not to exceed 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 Authorized Officer's approval.
- e. Any spills of oil gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.
- f. A chemical porta-toilet will be furnished with the drilling rig.
- g. Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.
- h. All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

- i. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount 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.

8. Ancillary Facilities

None are anticipated.

9. Well Site Layout: See Location Layout Diagram

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud

tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

See the attached diagram to describe rig orientation, parking areas, and access roads.

- a. The reserve pit will be located on the east side of the location.
- b. The stockpiled topsoil (first six inches) will be stored on the west side of the location. All brush removed from the well pad during construction will be stockpiled separately from the topsoil.

The topsoil shall be windrowed.

- c. The flare pit will be located on the southeast side of the location, downwind from the prevailing wind direction and a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.
- d. Access will be from the west.
- e. All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two fence posts shall be no greater than 26 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

- f. The reserve pit fencing will be on three sides during

drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

10. Plans for Reclamation of the Surface

a. Producing Location

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

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

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

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

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 90 days from the date of well completion, weather permitting.

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

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

The appropriate surface management agency shall be contacted for the required seed mixture. Seed will be drilled on the contour to an appropriate depth.

b. Dry Hole/Abandoned Location

On lands administered by the BLM, abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and the re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface Ownership

Access roads: All access roads are County maintained or administered by the Bureau of Land Management.

Well pad: The well is located on lands owned by
United States of America
Bureau of Land Management
170 E. - 500 S.
Vernal, Utah 84018
(801) 789-1362

12. Other Information

- a. 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 of Lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.
- b. A Class III archaeological survey was conducted by Metcalf Archaeological Consultants. A copy of this report has been submitted directly to the appropriate agencies by Metcalf Archaeological Consultants.

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.

- c. The operator will control noxious weeds along right-of-ways 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 be submitted and approved prior to the application of herbicides or other pesticides or possibly hazardous chemicals.
- d. Drilling rigs and/or equipment used during drilling operations on this location will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time with BLM authorization. If BLM authorization is obtained, such storage is only a temporary measure.
- e. The BLM office shall be notified upon site completion and prior to moving drilling tools onto the location.
- f. Two, possibly three, catchment dams will be constructed along the gully and access along the reserve pit side of the location.
- g. An antelope fawning stipulation was determined necessary at the onsite inspection. No construction or drilling activities shall occur between the following dates:
May 15 - June 20.

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

Bonnie Johnston
Environmental Analyst
Coastal Oil & Gas Corporation
P.O. Box 749
Denver, CO 80201-0749
(303) 573-4476

Ned Shiflett
Drilling Manager
(303) 573-4455

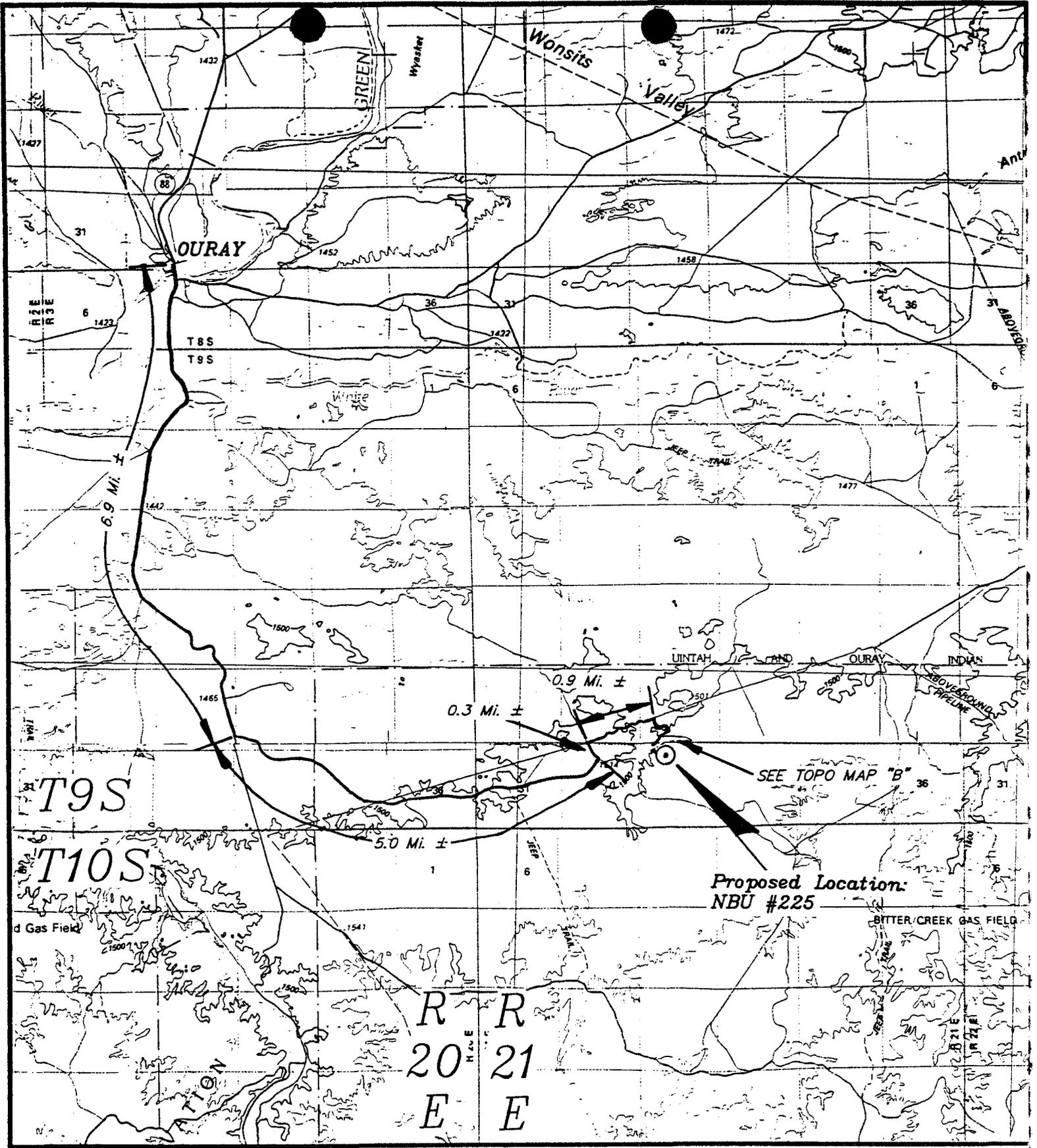
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees.

The operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the

field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the operator, its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

12/5/94 Date  Bonnie Johnston



REVISED DATE: 11-28-94 J.D.S.

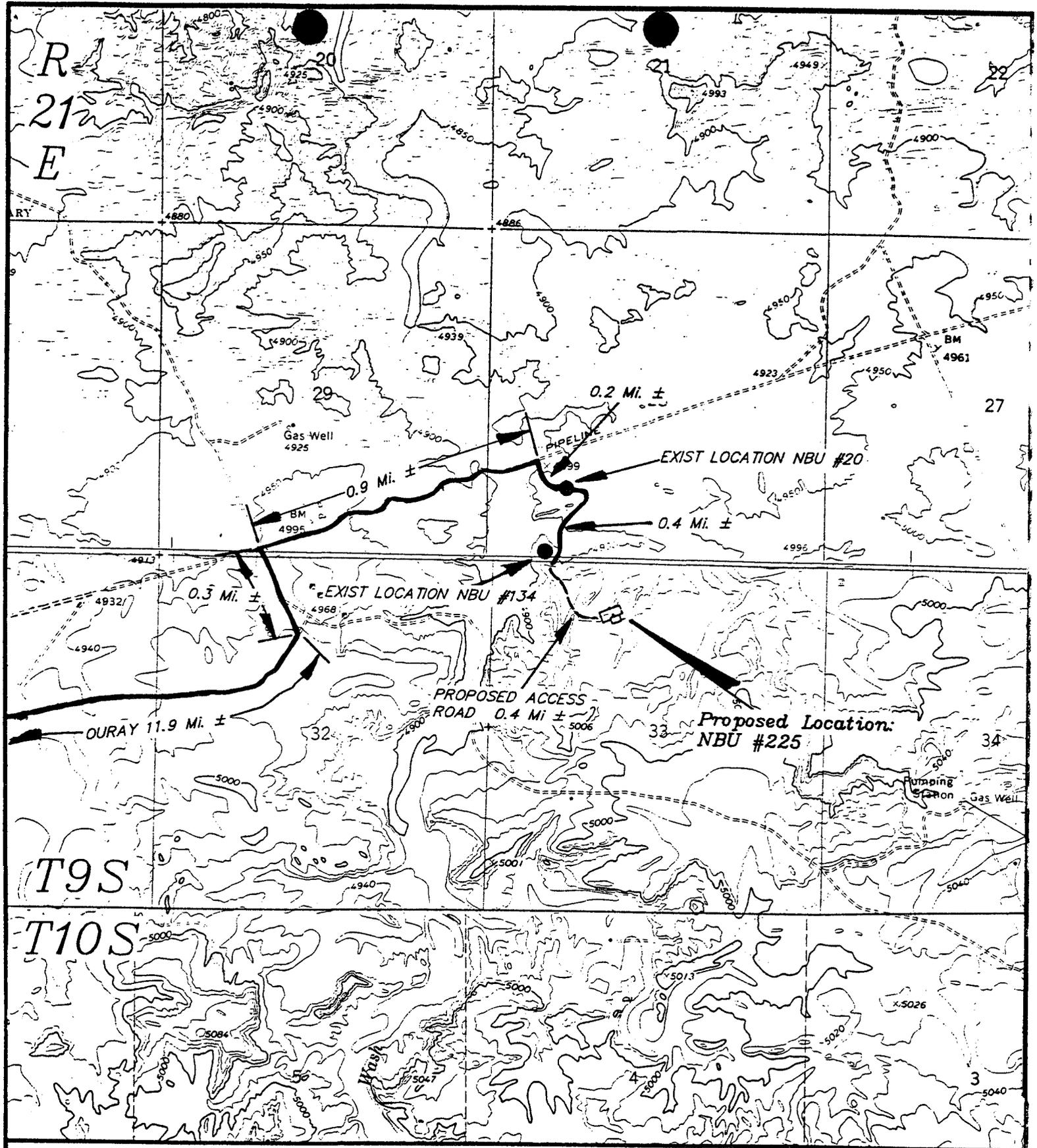
TOPOGRAPHIC
MAP "A"

DATE: 10-13-94 J.D.S.



COASTAL OIL & GAS CORP.

NBU #225
SECTION 33, T9S, R21E, S.L.B.&M.
859' FNL 1863' FWL



REVISED DATE: 11-28-94 J.D.S.

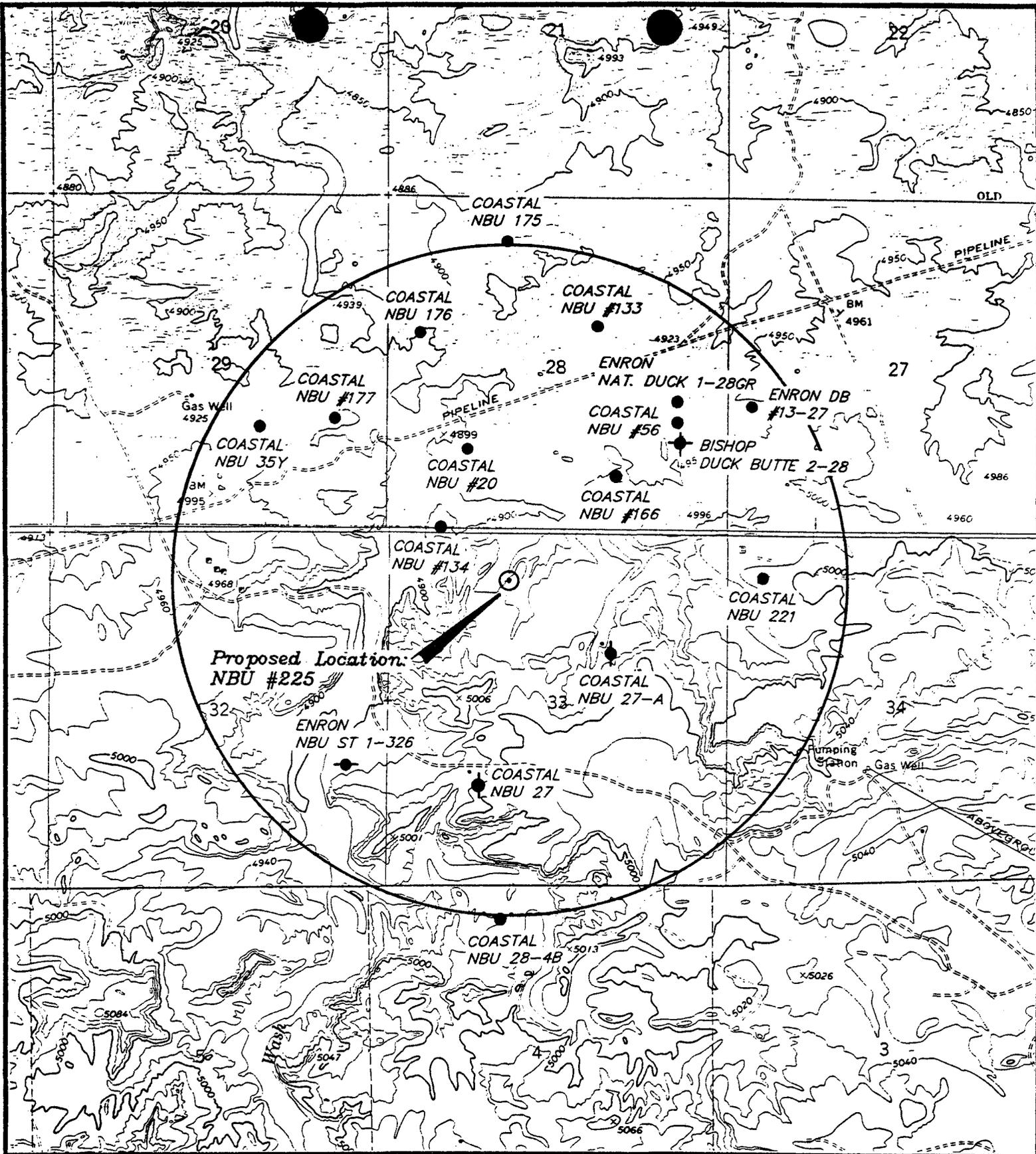
**TOPOGRAPHIC
MAP "B"**

SCALE: 1" = 2000'
DATE: 10-13-94 J.D.S.



COASTAL OIL & GAS CORP.

NBU #225
SECTION 33, T9S, R21E, S.L.B.&M.
859' FNL 1863' FWL



Proposed Location:
NBU #225

LEGEND:

- ⊗ = Water Wells
- ◆ = Abandoned Wells
- ⊖ = Temporarily Abandoned Wells
- ⊙ = Disposal Wells
- = Drilling Wells
- = Producing Wells
- ◐ = Shut-in Wells



REVISED DATE: 11-28-94 J.D.S.

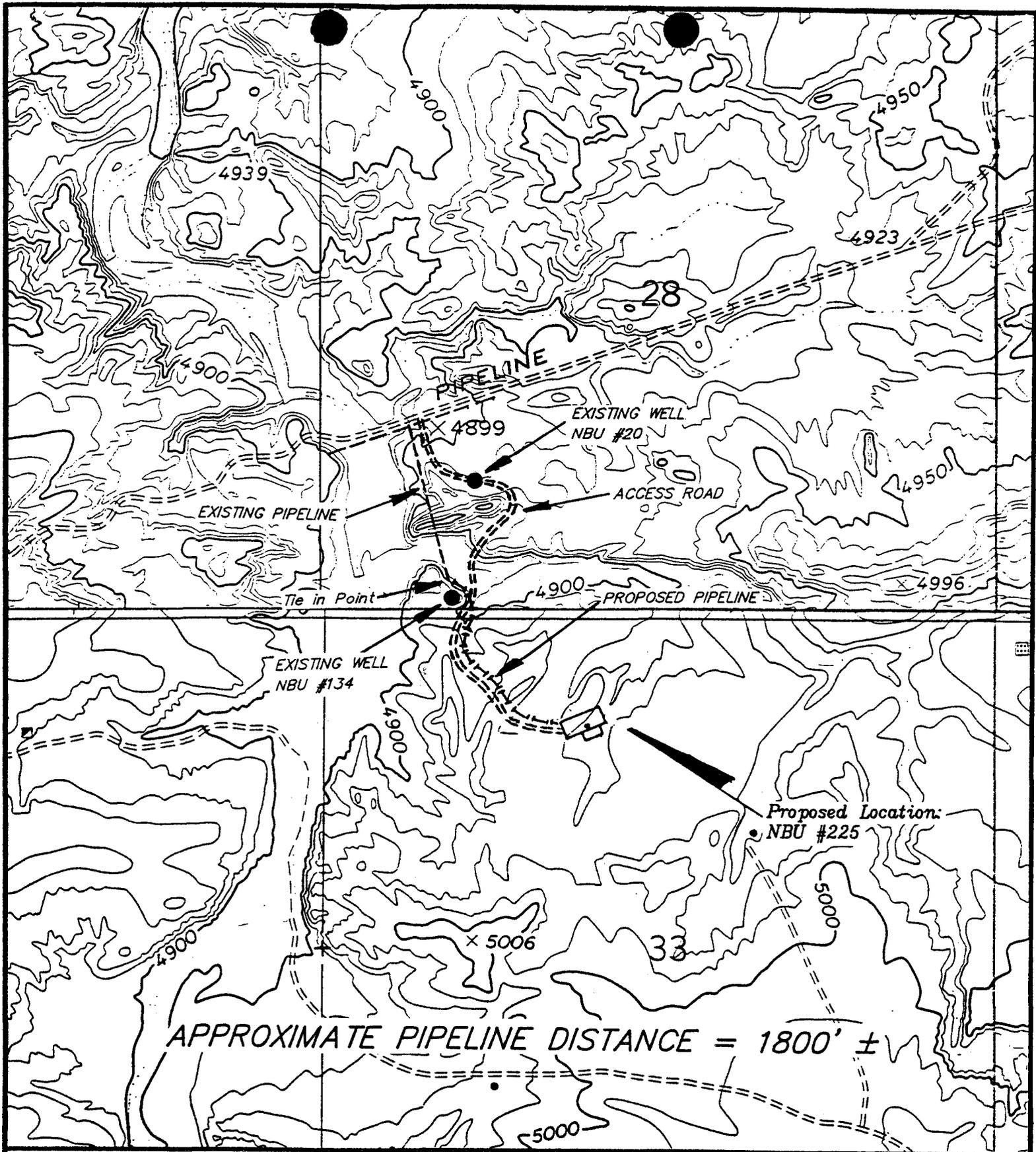
COASTAL OIL & GAS CORP.

NBU #225

SECTION 33, T9S, R21E, S.L.B.&M.

TOP O MAP "C"

DATE: 10-3-94 J.D.S.



**TOPOGRAPHIC
MAP "D"**

LEGEND:

- EXISTING PIPELINE
- - - - - Proposed Pipeline



COASTAL OIL & GAS CORP.

NBU #225
SECTION 33, T9S, R21E, S.L.B.&M.

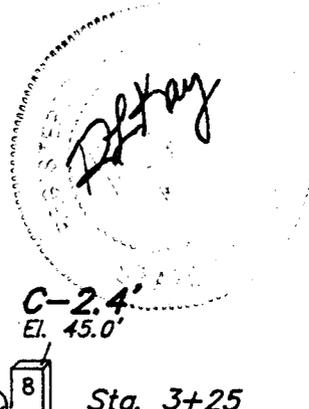
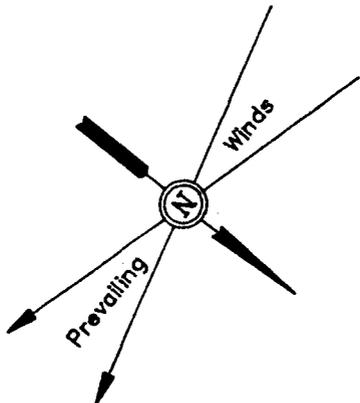
REVISED DATE: 11-28-94 J.D.S.

DATE: 10-14-94 J.D.S.

COASTAL OIL & GAS CORP.

LOCATION LAYOUT FOR

NBU #225
SECTION 33, T9S, R21E, S.L.B.&M.
859' FNL 1863' FWL



SCALE: 1" = 50'
DATE: 11-28-94
Drawn By: D.J.S.

F-0.1'
El. 42.5'

C-2.3'
El. 44.9'

C-2.4'
El. 45.0'

Sta. 3+25

Approx.
Top of
Cut Slope

Topsoil Stockpile

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.

Reserve Pit Backfill & Spoils Stockpile

C-1.5'
El. 44.1'

C-2.3'
El. 44.9'

C-2.0'
El. 44.6'

El. 41.1'
C-8.5'
(btm. pit)

Sta. 1+50

F-1.1'
El. 41.5'

El. 40.1'
C-7.5'
(btm. pit)

Approx.
Toe of
Fill Slope

Edge of
Ledge

Reserve Pit Backfill & Spoils Stockpile

GRADE

C-0.2'
El. 42.8'

F-0.7'
El. 41.9'

F-7.6'
El. 35.0'

Exist.
Drainage

NOTES:

Elev. Ungraded Ground At Loc. Stake = 4944.6'

FINISHED GRADE ELEV. AT LOC. STAKE = 4942.6'

FIGURE #1

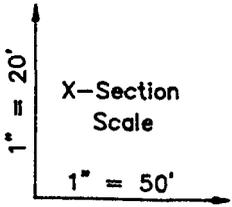
COASTAL OIL & GAS CORP.

TYPICAL CROSS SECTIONS FOR

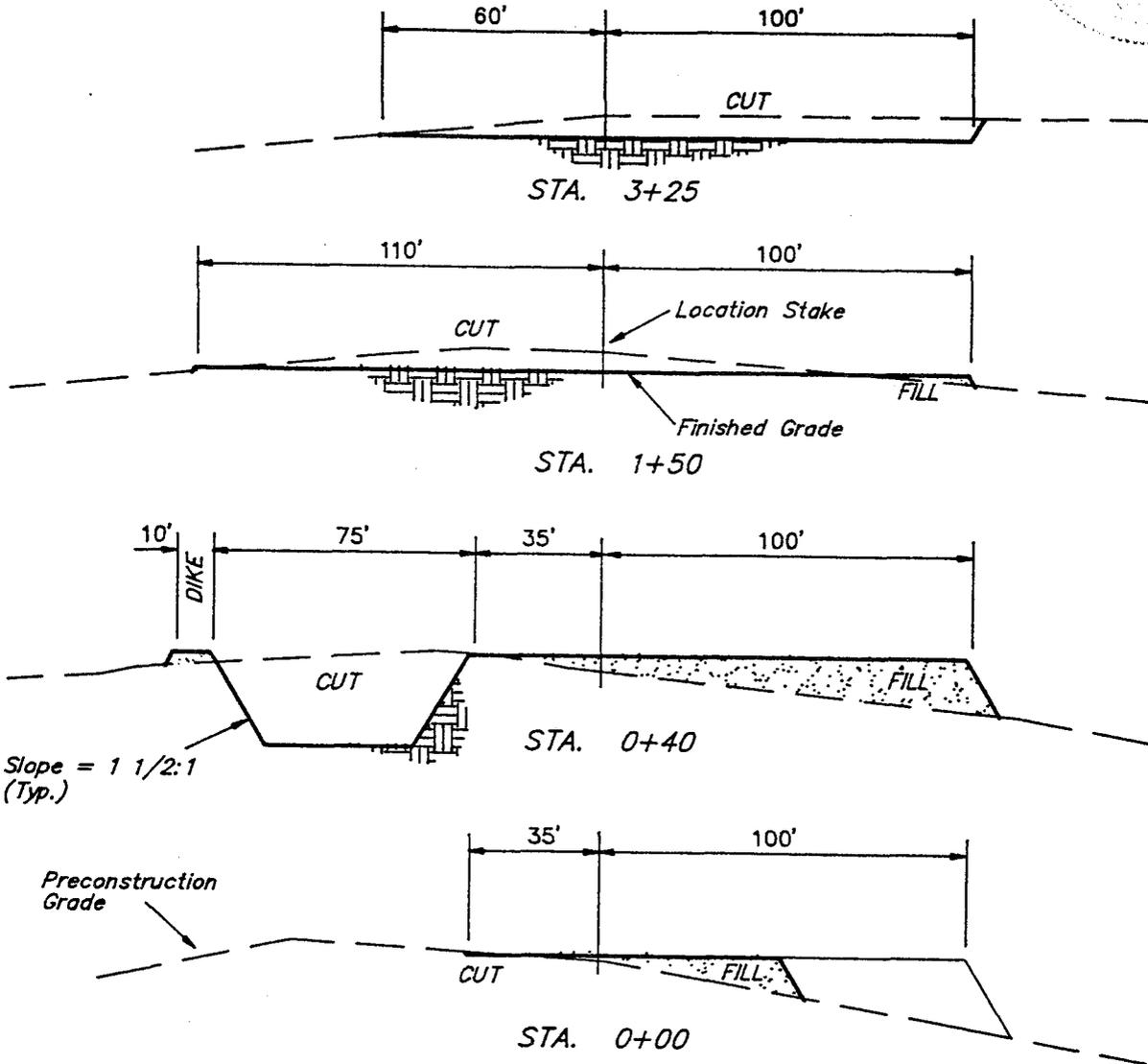
NBU #225

SECTION 33, T9S, R21E, S.L.B.&M.

859' FNL 1863' FWL



DATE: 11-28-94
Drawn By: D.J.S.



APPROXIMATE YARDAGES

CUT			
(6") Topsoil Stripping	=	1,070 Cu. Yds.	EXCESS MATERIAL AFTER 5% COMPACTION
Remaining Location	=	3,210 Cu. Yds.	= 2,290 Cu. Yds.
TOTAL CUT	=	4,280 CU.YDS.	Topsoil & Pit Backfill (1/2 Pit Vol.)
FILL	=	1,890 CU.YDS.	= 2,290 Cu. Yds.
			EXCESS UNBALANCE (After Rehabilitation)
			= 0 Cu. Yds.

FIGURE #2

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 12/07/94

API NO. ASSIGNED: 43-047-32608

WELL NAME: NBU 225
OPERATOR: COASTAL OIL & GAS (N0230)

PROPOSED LOCATION:
NENW 33 - T09S - R21E
SURFACE: 0859-FNL-1863-FWL
BOTTOM: 0859-FNL-1863-FWL
UINTAH COUNTY
NATURAL BUTTES FIELD (630)

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

LEASE TYPE: FED
LEASE NUMBER: U-0576

PROPOSED PRODUCING FORMATION: WSTC

RECEIVED AND/OR REVIEWED:

Y Plat
Y Bond: Federal [Y State[] Fee[]
(Number 20-0018)
N Potash (Y/N)
Y Oil shale (Y/N)
Y Water permit
(Number 53617)
N RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

R649-2-3. Unit: UTU 63047X
 R649-3-2. General.
 R649-3-3. Exception.
 Drilling Unit.
 Board Cause no: _____
 Date: _____

COMMENTS: _____

STIPULATIONS: _____

COASTAL OIL & GAS CORP
NBU 225 SEC. 33, T9S, R21E

• NBU 225

STATE OF UTAH

Operator: COASTAL OIL & GAS CORP	Well Name: NBU 225
Project ID: 43-047-32608	Location: SEC. 33 - T09S - R21E

Design Parameters:

Mud weight (8.30 ppg) : 0.431 psi/ft
 Shut in surface pressure : 2729 psi
 Internal gradient (burst) : 0.067 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	7,500	7.000	23.00	S-95	LT&C	7,500	6.250			
		<u>Collapse</u> Load (psi)	<u>Strgth</u> (psi)	<u>S.F.</u>	<u>Burst</u> Load (psi)	<u>Min Int</u> Strgth (psi)	<u>Yield</u> S.F.	<u>Tension</u> Load (kips)	<u>Strgth</u> (kips)	<u>S.F.</u>
1		3234	5650	1.747	3234	7530	2.33	150.61	512	3.40 J

Prepared by : FRM, Salt Lake City, UT
 Date : 01-10-1995
 Remarks :

LINER 7200-9800

Minimum segment length for the 7,500 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 112°F (Surface 74°F , BHT 149°F & temp. gradient 1.000°/100 ft.)

The mud gradient and bottom hole pressures (for burst) are 0.431 psi/ft and 3,234 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)

STATE OF UTAH

Operator: COASTAL OIL & GAS CORP	Well Name: NBU 225
Project ID: 43-047-32608	Location: SEC. 33 - T09S - R21E

Design Parameters:

Mud weight (8.33 ppg) : 0.433 psi/ft
 Shut in surface pressure : 3412 psi
 Internal gradient (burst) : 0.085 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	2,600	5.000	18.00	L-80	LT&C	9,800	4.151		
	Collapse Load (psi)	Strgth (psi)	S.F.	Burst Load (psi)	Min Int Strgth (psi)	Yield S.F.	Tension Load (kips)	Strgth (kips)	S.F.
1	4241	10500	2.476	4241	10140	2.39	40.84	376	9.21 J

Prepared by : FRM, Salt Lake City, UT
 Date : 01-10-1995
 Remarks :

Minimum segment length for the 9,800 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 123°F (Surface 74°F , BHT 172°F & temp. gradient 1.000°/100 ft.)
 The liner string design has a specified top of 7,200 feet.
 The burst load shown is the pressure at the bottom of the segment.
 The mud gradient and bottom hole pressures (for burst) are 0.433 psi/ft and 4,241 psi, respectively.

NOTE: The design factors used in this casing string design are as shown above. As a general guide-line, 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)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT" - for such proposals

5. Lease Designation and Serial No.

U-0576

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

Natural Buttes Unit

8. Well Name and No.

NBU #225

9. AAPI Well No.

43-049-32608

10. Field and Pool, Or Exploratory Area

Natural Buttes

11. County or Parish, State

Uintah County, UT

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Coastal Oil & Gas Corporation

3. Address and Telephone No.

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

4. Location of Well (Footage, Sec., T., R., M., Or Survey Description)

859' FNL & 1863' FWL
Section 33, T9S-R21E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Cement amounts

Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markets and zones pertinent to this work.)*

Please change the APD for the subject well to reflect the following cement program:

Surface Type and Amount
0-250' Prem V cmt w/2% CaCl2 & 1/4#/sx Flocele circ. to surf. with 100% excess, about 130 sx

Production Type and Amount
0-4500' Lead: Hifill w/3% HR5, 2# Gilsonite @ 11ppg, 3.82 yld, about 400 sx
4500-7500' Tail: 50-50 Poz w/2% gel 0.5% Halad 322, 0.4% Super CBL @ 14.2#/gal, 1.24 yld, about 820 sx
7200-9800' Type "H" 50-50 Poz @ 14.2#/gal, 1.24 yld, about 190 sx

14. I hereby certify that the foregoing is true and correct

Signed Bonnie Johnston Title Environmental Analyst Date 12/15/94

(This space for Federal or State office use)

APPROVED BY _____ Title _____ Date _____
Conditions of approval, if any:

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 12/15/94
BY: [Signature]

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.

*See Instruction on Reverse Side



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)

January 11, 1995

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

Re: NBU 225 Well, 859' FNL, 1863' FWL, NE NW, Sec. 33, T. 9 S., R. 21 E., Uintah County, Utah

Gentlemen:

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

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

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

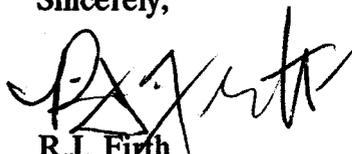


Page 2
Coastal Oil & Gas Corporation
NBU 225 Well
January 11, 1995

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

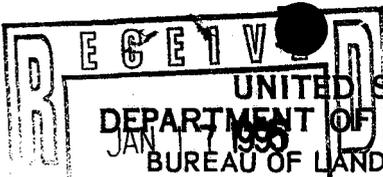
This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-047-32608.

Sincerely,



R.J. Firth
Associate Director

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



SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

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

10/19/94

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
OF OIL, GAS & MINING
DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Coastal Oil & Gas Corporation

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

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface 859' FNL & 1863' FWL
At proposed prod. zone Same as above

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
Approximately 13.4 miles SE of Ouray, UT

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)	859'	16. NO. OF ACRES IN LEASE	1480	17. NO. OF ACRES ASSIGNED TO THIS WELL	N/A
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	1320'	19. PROPOSED DEPTH	9800'	20. ROTARY OR CABLE TOOLS	rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4945' GR

22. APPROX. DATE WORK WILL START*
upon approval

5. LEASE DESIGNATION AND SERIAL NO.
U-0576

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

7. UNIT AGREEMENT NAME
Natural Buttes Unit

8. FARM OR LEASE NAME
NBU

9. WELL NO.
225

10. FIELD AND POOL, OR WILDCAT
Natural Buttes

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Section 33, T9S-R21E

12. COUNTY OR PARISH | 13. STATE
Utah | Utah

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36 #	250'	155 cf or suff. to circ. to surf.
8-3/4"	7"	23 #	7500'	2548 cf or suff. to circ. to surf.
6-1/8"	5"	18#	7200'-9800'	

Coastal Oil & Gas Corporation proposes to drill a well to 9800' to test the Wasatch 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.

Coastal Oil & Gas Corporation is considered to be the operator of the above referenced well. It agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Coastal Oil & Gas Corporation under their Nationwide Bond #CO-0018 and U605382-9.

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 Bonnie Blush TITLE Environmental Coordinator DATE 12/5/94

(This space for Federal or State office use)

PERMIT NO. 43-047-24608 APPROVAL DATE JAN 11 1995
APPROVED BY [Signature] TITLE ASSISTANT DISTRICT MANAGER MINERALS DATE JAN 11 1995
CONDITIONS OF APPROVAL, IF ANY:

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY

U+080-5M-057

*See Instructions On Reverse Side

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

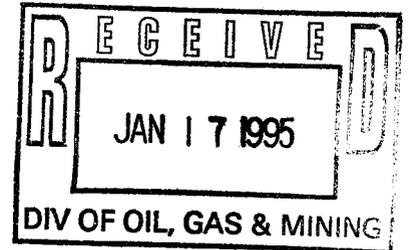
Company/Operator: Coastal Oil & Gas Corporation

Well Name & Number: NBU 225

API Number: 43-047-32608

Lease Number: UTU-0576

Location: NENW Sec. 33 T. 9S R. 21E



NOTIFICATION REQUIREMENTS

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

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

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

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

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

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

A. DRILLING PROGRAM

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

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

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

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 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 required by Utah Board of Oil, Gas and Mining cause number 197-1 order number 5 the production casing will be **CEMENTED TO SURFACE**.

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

4. Mud Program and Circulating Medium

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

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

5. Coring, Logging and Testing Program

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

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

A cement bond log (CBL) will be run from the production casing shoe to **SURFACE** and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

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

6. Notifications of Operations

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

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

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

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

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

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

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

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

A schematic facilities diagram as required by 43 CFR 3162.7-5 (b.9. d.), and shall be submitted to the appropriate District Office within sixty (60) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (b. 4).

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

7. Other Information

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

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

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas 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).

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

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

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: Coastal Oil and Gas Corp.

API Number 43-047-32608

Well Name & Number: NBU 225

Lease Number: U-0576

Location: NE NW Sec. 33 T.9 S. R.21 E.

Surface Ownership: BLM

Date NOS Received October 19, 1994

Date APD Received December 8, 1994

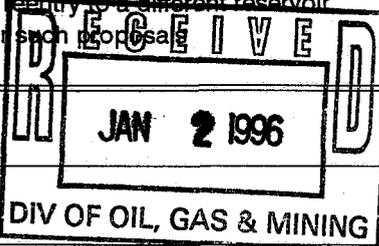
-The maximum distance between fence posts shall be no greater than 16 feet when constructing fences around any pits on location.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT" - for such proposals.



SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. U-0576
2. Name of Operator Coastal Oil & Gas Corporation	6. If Indian, Alottee or Tribe Name N/A
3. Address and Telephone No. P. O. Box 749, Denver, CO 80201-0749 (303) 573-4455	7. If Unit or CA, Agreement Designation Natural Buttes Unit
4. Location of Well (Footage, Sec., T., R., M., Or Survey Description) 859' FNL & 1863' FWL Section 33-T9S-R21E	8. Well Name and No. NBU #225
	9. API Well No. 43-047-32608
	10. Field and Pool, Or Exploratory Area Natural Buttes
	11. County or Parish, State Uintah County, UT

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>APD Extension</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markets and zones pertinent to this work.)*

The subject APD was approved January 11, 1995. Due to continuing economic evaluation, Coastal Oil & Gas Corporation will not be able to spud this well prior to the expiration date. Operator therefore requests a one year extension of the subject APD.

Thank you for your prompt attention to this matter.

14. I hereby certify that the foregoing is true and correct

Signed Sheila Bremer Title Environmental & Safety Analyst Date 12/28/95
Sheila Bremer

(This space for Federal or State Signatures)

APPROVED BY [Signature] Title Petroleum Engineer Date 1/2/96
 Conditions of approval, if any:

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.

*See Instruction on Reverse Side

3/19/97



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

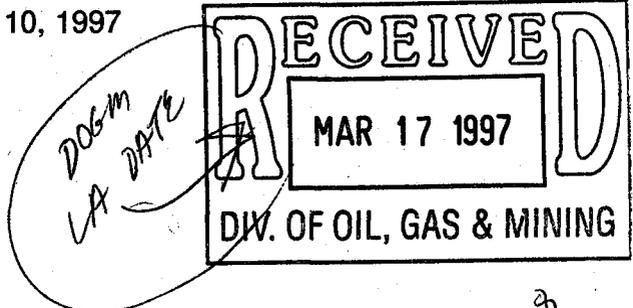
Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

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

IN REPLY REFER TO:
3160
UT08300

March 10, 1997

Coastal Oil & Gas Corporation
Attn: Bonnie Carson
P O Box 749
Denver CO 80201-0749



Re: Notification of Expiration
Well No. NBU 225
Section 33 T9S, R21E
Lease No. U-0576
Uintah County, Utah

Dear Ms. Carson:

The Application for Permit to Drill the above-referenced well was approved on January 11, 1995. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until January 11, 1997. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

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

Sincerely,

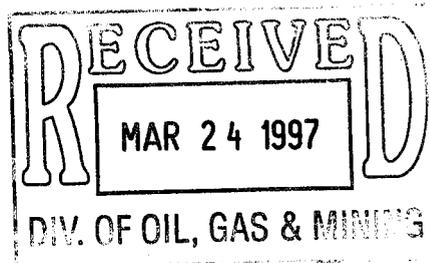
Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M



Coastal
The Energy People

March 21, 1997



NBU #225
Section 33-T9S-R21E
Lease No. U-0576
Uintah County, Utah

43-047-32608

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

Dear Ms. Herrmann:

We are in receipt of your Notification of Expiration letter dated March 10, 1997, for the above referenced well. After verification with our Production Manager, this letter is being submitted to confirm that no surface disturbance has been made for this drill site. If at such time Coastal intends to drill at this location in the future, a new Application for Permit to Drill will be submitted.

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

Sincerely,

Sheila Bremer

xc: State of Utah

Coastal Oil & Gas Corporation

A SUBSIDIARY OF THE COASTAL CORPORATION
600 17TH ST • STE 800 S • P O BOX 749 • DENVER CO 80201-0749 • 303.572-1121