UTAH OIL AND GAS CONSERVATION COMMISSION

REMARKS: WELL LOG ____ ELECTRIC LOGS ____ FILE X WATER SANDS ____ LOCATION INSPE ____ SUB. REPORT/abd.

DATE FILED: JULY 3, 1995

LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. U-0804 INDIAN

DRILLING APPROVED: JULY 27, 1995

SPUDDED IN:

COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:

GRAVITY A.P.I.

GOR:

PRODUCING ZONES:

TOTAL DEPTH:

WELL ELEVATION:

DATE ABANDONED: LOCATION ABANDONED PER BLM EFF SEPTEMBER 17, 1996

FIELD: GYPSUM HILLS FIELD

UNIT: GYPSUM HILLS UNIT

COUNTY: UINTAH

WELL NO. GYPSUM HILLS #22 API NO. 43-047-32714

LOCATION 1996' FNL FT. FROM (N) (S) LINE, 666' FWL FT. FROM (E) (W) LINE. SW NW 1/4 — 1/4 SEC. 20

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
8S	21E	20	CHEVRON USA PROD CO				

Chevron

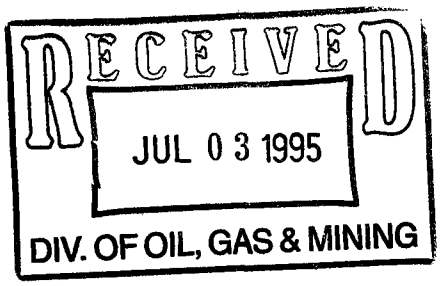
Chevron

JUNE 27, 1995

APPLICATION FOR PERMIT TO DRILL
GYPSUM HILLS UNIT #22
GYPSUM HILLS FIELD
UINTAH COUNTY, UT

Chevron U.S.A. Production Co.
Rocky Mountain Profit Center
11002 East 17500 South
Vernal, UT 84078-8526
(801) 781-4300

BUREAU OF LAND MANAGEMENT
VERNAL DISTRICT OFFICE
170 SOUTH 500 EAST
VERNAL, UT 84078



Ladies and Gentlemen:

The enclosed APD proposes naming conventions and surface facility plans that apply to wells within Gypsum Hills (SR) Unit. In fact, the proposed well will be located outside of Gypsum Hills Unit and will have to be produced on a lease basis for some period of time. The following outlines our plans and explains proposals in the APD.

Offset drilling during the past few years has convinced us that the proposed well will penetrate the unitized zone for Gypsum Hills Unit. Members of our staff met with personnel from the BLM State Office in Salt Lake City on June 26, 1995, to discuss expansion of Gypsum Hills Unit. We believe the proposed location is ideally suited for waterflood expansion and plan to convert the well to a Class II (ER) water injector within the next few years. At the June 26 meeting, BLM personnel strongly recommended that we drill the well and demonstrate reservoir continuity before proposing unit expansion. If expectations are met, the expansion process could be completed by the end of 1995 and the well will become part of Gypsum Hills Unit. For these reasons, the APD contains naming conventions and surface facility plans consistent with a unit well.

Please advise us of any revisions or modifications that may be required for prompt processing of this APD. Your timely consideration is appreciated.

Sincerely,

J. T. CONLEY
RED WASH AREA TEAM LEADER

Enclosures

Form 3160-3
(December 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE* (Other instructions on reverse side)

RECEIVED
JUL 03 1995
DIV OF OIL, GAS & MINING

Form approved.
Budget Bureau No. 1004-0136
Expires December 31, 1991

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: U-0804

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: UINTAH-OURAY

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b TYPE OF WELL: OIL WELL [X] GAS-WELL [ ] OTHER ____ SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME: GYPSUM HILLS

8. FARM OR LEASE NAME, WELL NO.: #22

2. NAME OF OPERATOR: CHEVRON USA PRODUCTION CO., INC.

9. API WELL NO.:

3. ADDRESS AND TELEPHONE NO.: 11002 EAST, 17500 SOUTH, VERNAL, UT 84078-8526 (801) 781-3400

10. FIELD AND POOL, OR WILDCAT: GYPSUM HILLS / GREEN RIVER

4. LOCATION OF WELL (*Report location clearly and in accordance with any State requirements*)*
At surface: 1996' FNL, 666' FWL, SWNW
At proposed prod. zone: SAME

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: SEC. 20-T8S-R21E, SLB&M

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 8.3 MILES FROM OURAY, UTAH

12. COUNTY OR PARISH: UINTAH

13. STATE: UTAH

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
665'	480	NA
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1331'	5310'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4740' GL

22. APPROX. DATE WORK WILL START*: 2/15/95

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" K-55	24#	360	190 SX.
7-7/8"	5-1/2" K-55	15.5#	5310	506 SX.

We propose to develop oil reserves in the Green River Formation at the specified location. Enclosures:

- Certified Plat
- Self Certification Statement
- Thirteen Point Surface Use Plan With Attachments
- Eight Point Drilling Plan With Attachments

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 J. Cooley TITLE Team Leader DATE 1-12-95

(This space for Federal or State office use)

PERMIT NO. 43-047-32714 APPROVAL DATE ____

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

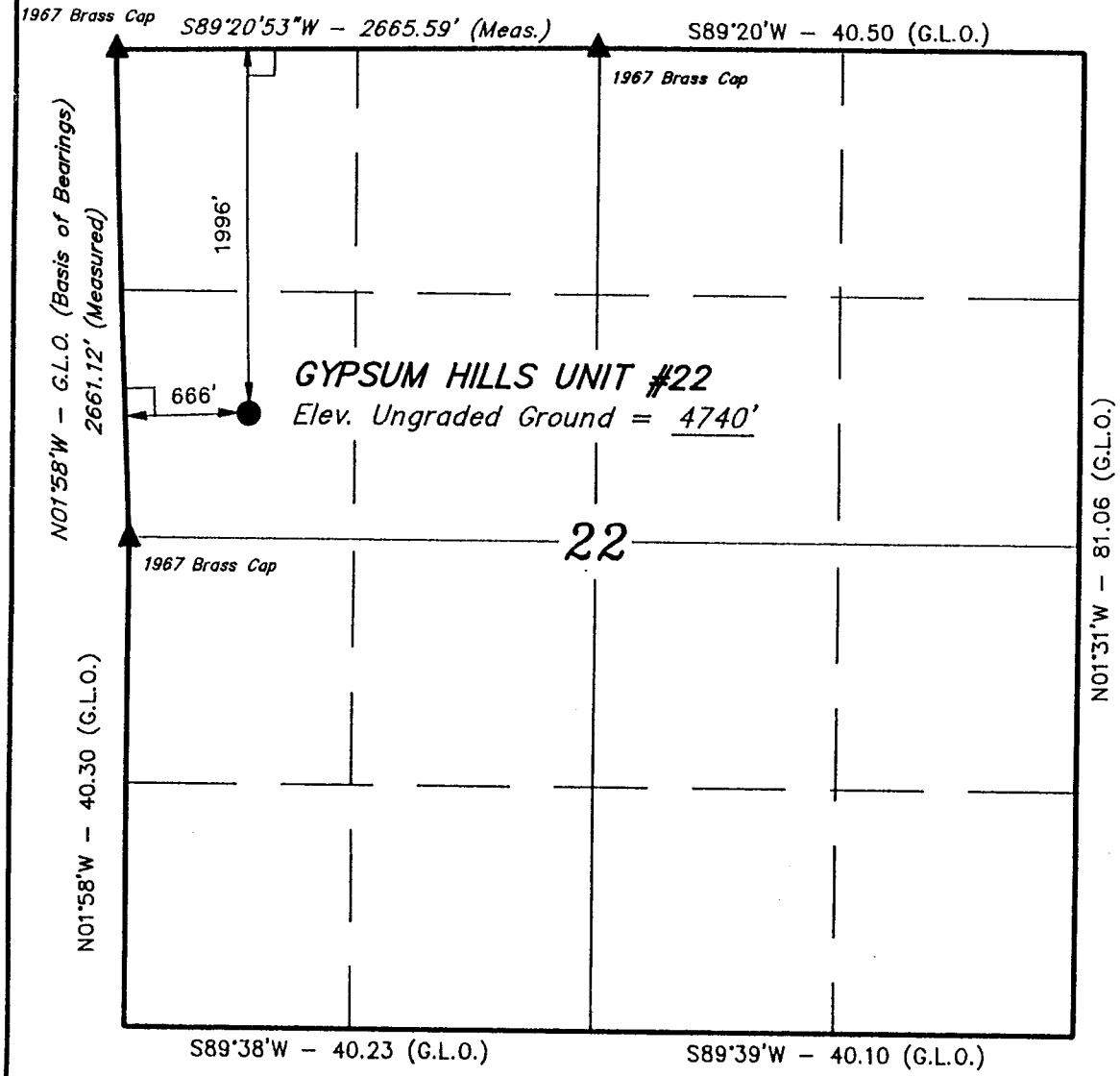
APPROVED BY J.R. Matthews TITLE Petroleum Engineer DATE 7/27/95

*See Instructions On Reverse Side

CHEVRON U.S.A., INC.

Well location, GYPSUM HILLS UNIT #22, located shown in the SW 1/4 NW 1/4 of Section 22, T8S, R21E, S.L.B.&M. Uintah County, Utah.

T8S, R21E, S.L.B.&M.



LEGEND:

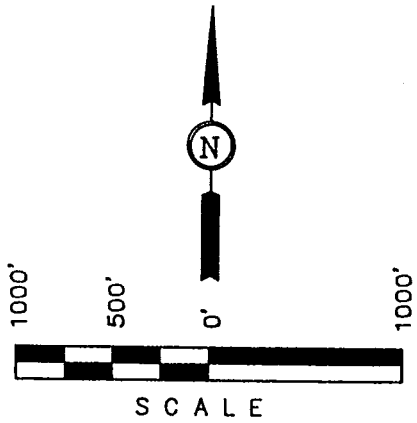
└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

BASIS OF ELEVATION

SPOT ELEVATION AT THE NORTHWEST CORNER OF SECTION 22, T8S, R21E, S.L.B.&M. TAKEN FROM THE OURAY SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4751 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Kay

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: 12-5-94	DATE DRAWN: 12-7-94
PARTY: B.B. R.C. C.B.T.	REFERENCES: G.L.O. PLAT	
WEATHER: COOL	FILE: CHEVRON U.S.A., INC.	

CHEVRON USA PRODUCTION CO.

GYPSUM HILLS UNIT #22
1996' FNL & 666' FWL
SWNW-S22-T8S-R21E, SLB&M
UINTAH COUNTY, UTAH

THIRTEEN POINT SURFACE USE PLAN

1. EXISTING ROADS:

A. See Topographic Map A. There are no plans to change, alter or improve upon any existing state or county road.

B. See Topographic Map A. Travel south from Ouray 0.3 miles on State Hwy. 88. Turn left and travel 7.7 miles on the Wonsits Valley oil field road. Turn right and proceed 0.1 mile on the existing lease road to the proposed access road.

2. ACCESS ROADS TO BE CONSTRUCTED OR RECONSTRUCTED:

See Topographic Maps A and B. The access road and location site are on Ute Tribal lands. A new road of approximately 0.3 miles is proposed for access to location.

3. LOCATION OF EXISTING WELLS WITHIN ONE MILE:

See Topographic Map B.

4. LOCATION OF EXISTING OR PROPOSED FACILITIES IF WELL IS PRODUCTIVE:

A. See Topographic Map C.

B. Rod pumping equipment, a line heater and cathodic protection system will be installed on the location.

C. The permitting process to construct a central gathering system for Gypsum Hills Unit is underway. A heat-traced surface pipeline is planned to connect the proposed well with the gathering system. If appropriate permits for the gathering system have not been obtained prior to completion of the well, production tankage will be installed on location until the gathering system is built.

D. Disturbed areas no longer needed for operations will be graded back to as near original state as possible. Drainage channels will be returned to original state and the areas will be reseeded as prescribed by the BIA.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water from the following sources will be used:

A. Wonsits Valley Federal Unit water supply wells, 1965 Application #36125.

B. Water well in Ouray operated by A-1 Tank and Brine, Permit #43-8496.

C. City water from Ouray provided by and via Ouray Brine's facility in Ouray. No permit.

Transportation of water shall be by tank truck.

6. CONSTRUCTION MATERIALS:

Native dirt and gravel will be used as construction materials.

7. METHODS FOR HANDLING WASTE DISPOSAL:

A. A closed mud system is planned, requiring a trench for the reserve tank.

B. Excess reserve pit fluid will be disposed of via haul-off to a commercial disposal facility.

C. Drill cuttings will be caught and settled in the reserve tank and buried when the trench is backfilled.

D. Commercial service will provide portable toilets and haul-off to a commercial disposal facility.

E. Trash will be stored in trash containers and hauled to commercial or municipal facility for disposal.

F. It is not anticipated that any salt or chemicals will need to be disposed of. If required, disposal will be by commercial disposal facility.

G. In the event fluids are produced, any oil will be transferred to existing facilities within Gypsum Hills Unit and sold. Any water will be transferred to WVFU Battery 6 to be injected through the waterflood system.

H. Hazardous chemicals 10,000 lb. of which will most likely be used, produced, stored, transported or disposed of in association with the proposed action of drilling, completing and producing this well: We anticipate that none of the hazardous chemicals in quantities of 10,000 lb. or more will be associated with these operations.

I. Extremely hazardous substances threshold quantities of which will be used, produced, stored, transported or disposed of in association with the proposed action of drilling, completing and producing this well: We anticipate that none of the extremely hazardous substances in threshold quantities per 40 CFR 355 will be associated with these operations.

8. ANCILLARY FACILITIES:

None.

9. WELLSITE LAYOUT:

A. See Figures 1 and 2. A closed mud system is planned

B. Burn pit will not be lined.

C. Access to the well pad will be as shown on Topographic Map B.

10. PLAN FOR RESTORATION OF SURFACE:

A. All surface areas not required for production operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum. Any rock encountered in excavation will be disposed of beneath backfill to return surface to its present appearance and provide soil for seed growth.

B. The topsoil will be evenly distributed over the disturbed areas. Reseeding will be performed as directed by the BIA.

C. Pits that would present a hazard to wildlife or livestock will be backfilled when the rig is released and removed.

D. Completion of the well is planned during 1995. Rehabilitation will commence following completion of the well. If the wellsite is to be abandoned, all disturbed areas will be recontoured to the natural contour as soon as possible.

11. SURFACE OWNERSHIP:

The wellsite, access roads and flowlines are constructed on Ute Tribal land. The operator shall contact the BLM office at (801) 789-1362 and the BIA office at (801) 722-2406 between 24 and 48 hours prior to construction activities.

12. OTHER INFORMATION:

A. The well is located in hilly and sandy terrain. Vegetation consists of sagebrush and natural grasses around the location. The soil is a poorly developed, semi-arid, thin topsoil layer over the Uintah Formation.

B. Surface use activities other than the oil and gas well facilities consist of grazing.

C. There are no occupied dwellings near the wellsite.

GHU #22 - THIRTEEN POINT SURFACE USE PLAN

13. COMPANY REPRESENTATIVE:

Mr. J. T. Conley
11002 East 17500 South
Vernal, UT 84078
(801) 781-4301

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 Chevron USA Production Co., Inc. and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

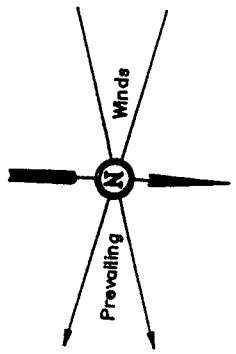
6-27-95
Date

J. T. Conley
Red Wash Area Team Leader

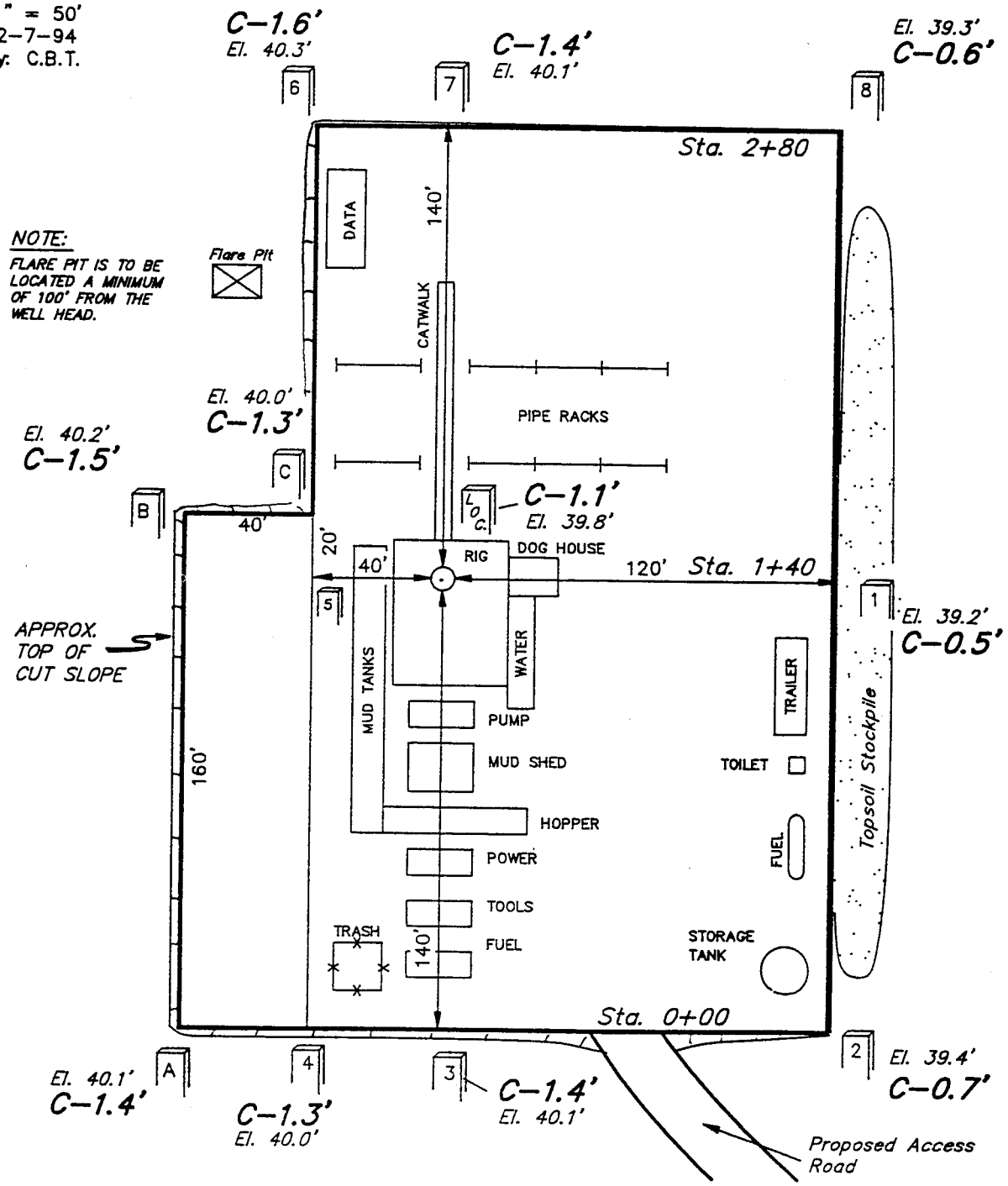
CHEVRON USA., INC.

LOCATION LAYOUT FOR

GYPSUM HILLS UNIT #22
SECTION 22, T8S, R21E, S.L.B.&M.
1996' FNL 666' FWL



SCALE: 1" = 50'
DATE: 12-7-94
Drawn By: C.B.T.



Elev. Ungraded Ground at Location Stake = 4739.8'

Elev. Graded Ground at Location Stake = 4738.7'

FIGURE #1

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017

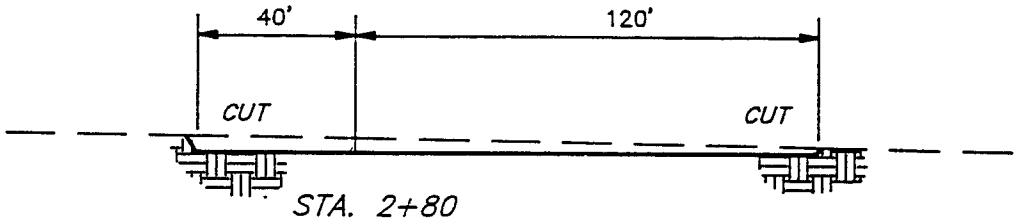
CHEVRON USA., INC.

TYPICAL CROSS SECTIONS FOR

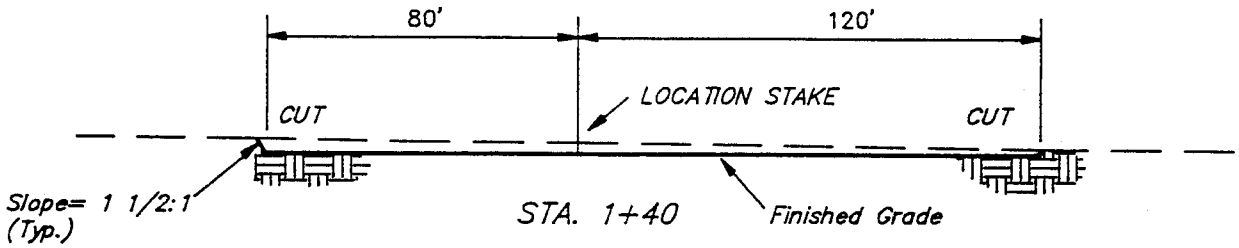
GYPSUM HILLS UNIT #22
SECTION 22, T8S, R21E, S.L.B.&M.
1996' FNL 666' FWL

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

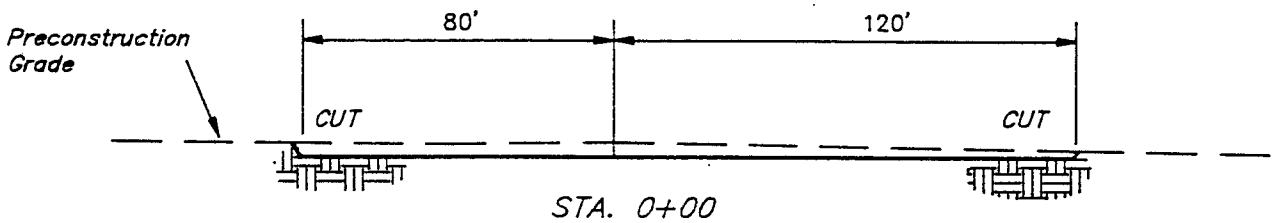
DATE: 12-7-94
Drawn By: C.B.T.



STA. 2+80



STA. 1+40



STA. 0+00

FIGURE #2

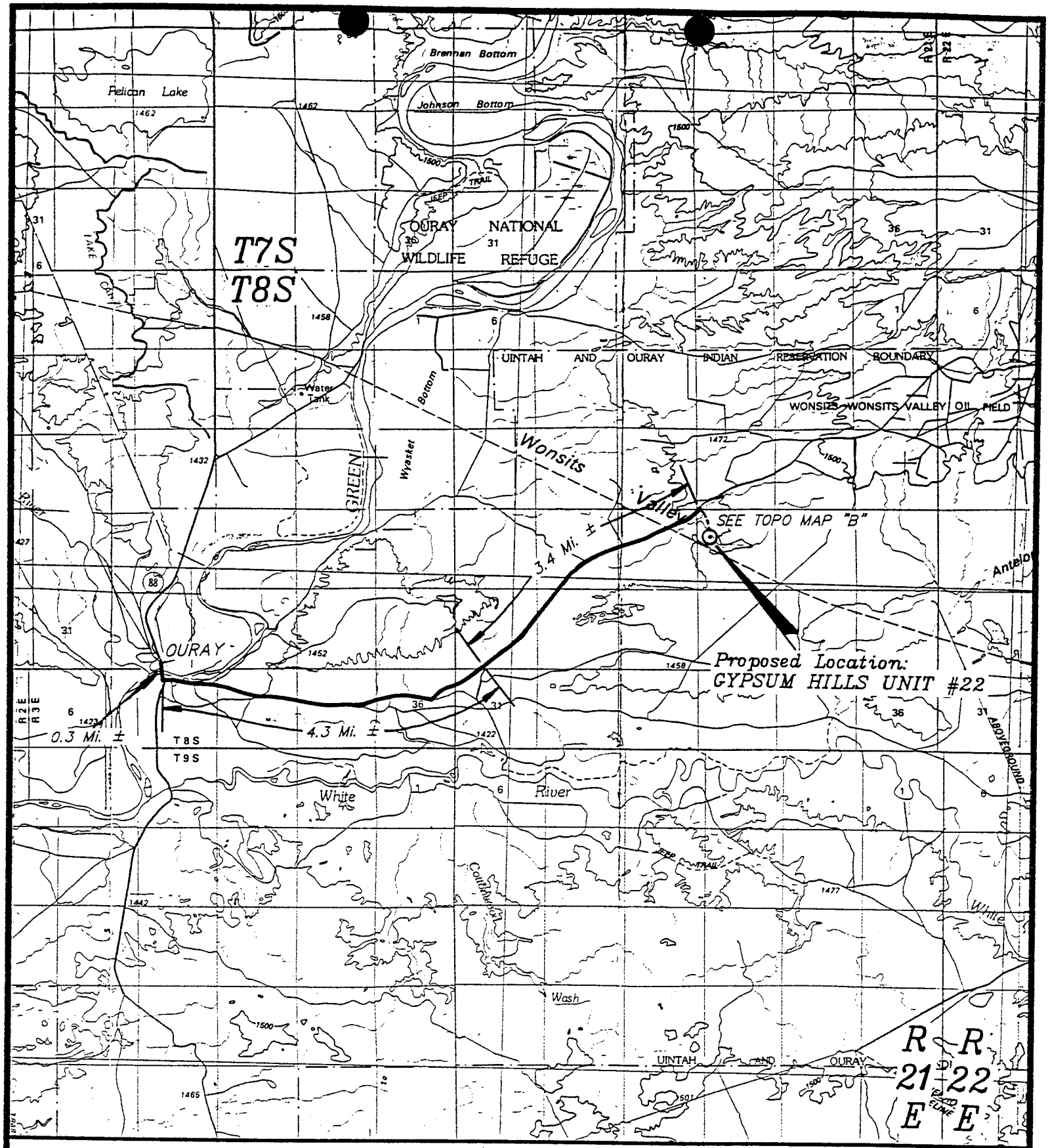
APPROXIMATE YARDAGES

CUT

(12") Topsoil Stripping	= 1,900	Cu. Yds.
Remaining Location	= 210	Cu. Yds.
TOTAL CUT	= 2,110	CU.YDS.
FILL	= 200	CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 1,900	Cu. Yds.
Topsoil	= 1,900	Cu. Yds.
EXCESS CUT MATERIAL	= 0	Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (801) 789-1017

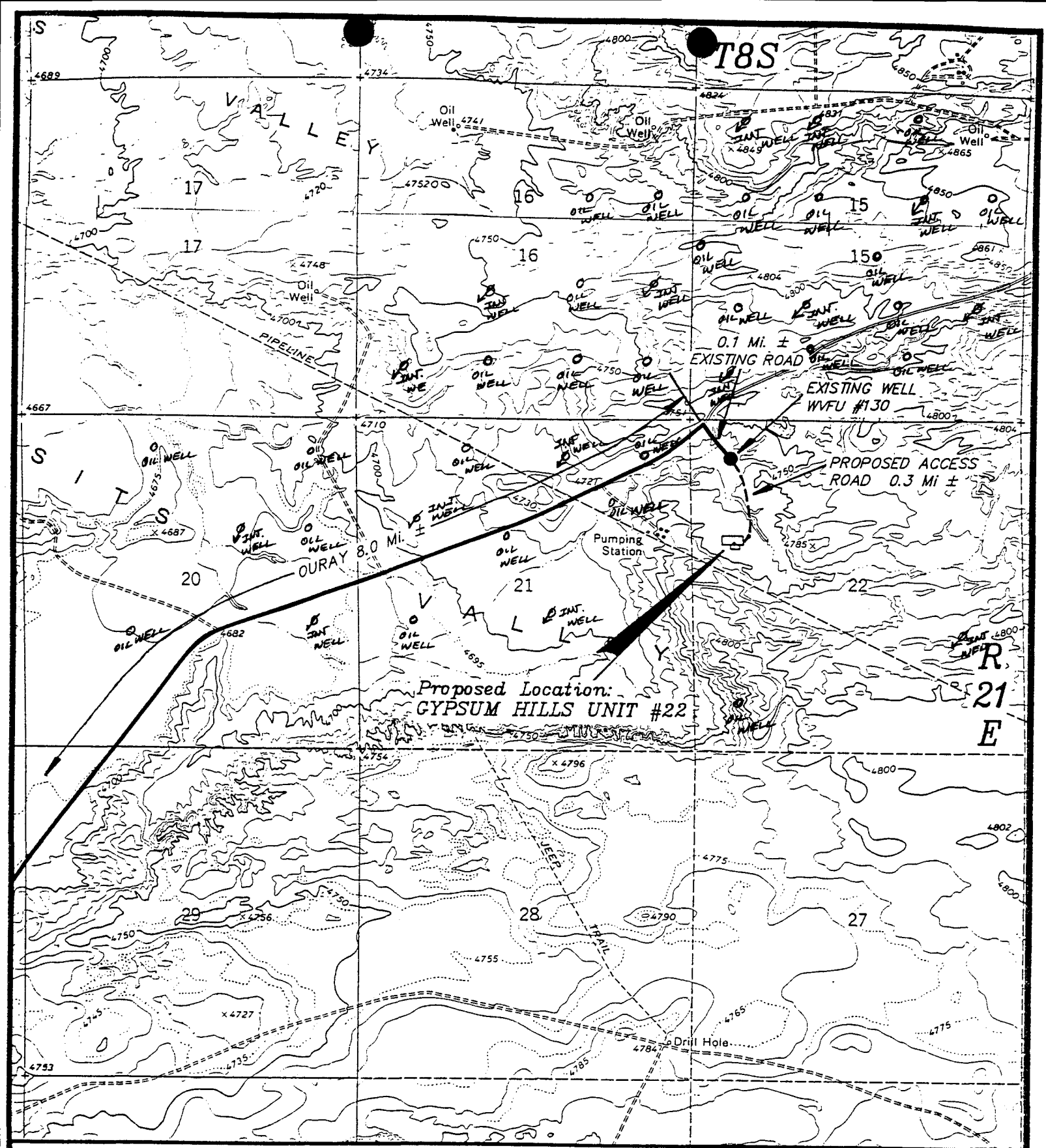


TOPOGRAPHIC MAP "A"

DATE: 12-6-94 J.D.S.

CHEVRON U.S.A., INC.

GYPSUM HILLS UNIT #22
SECTION 22, T8S, R21E, S.L.B.&M.
1996' FNL 666' FWL



TOPOGRAPHIC

MAP "B"

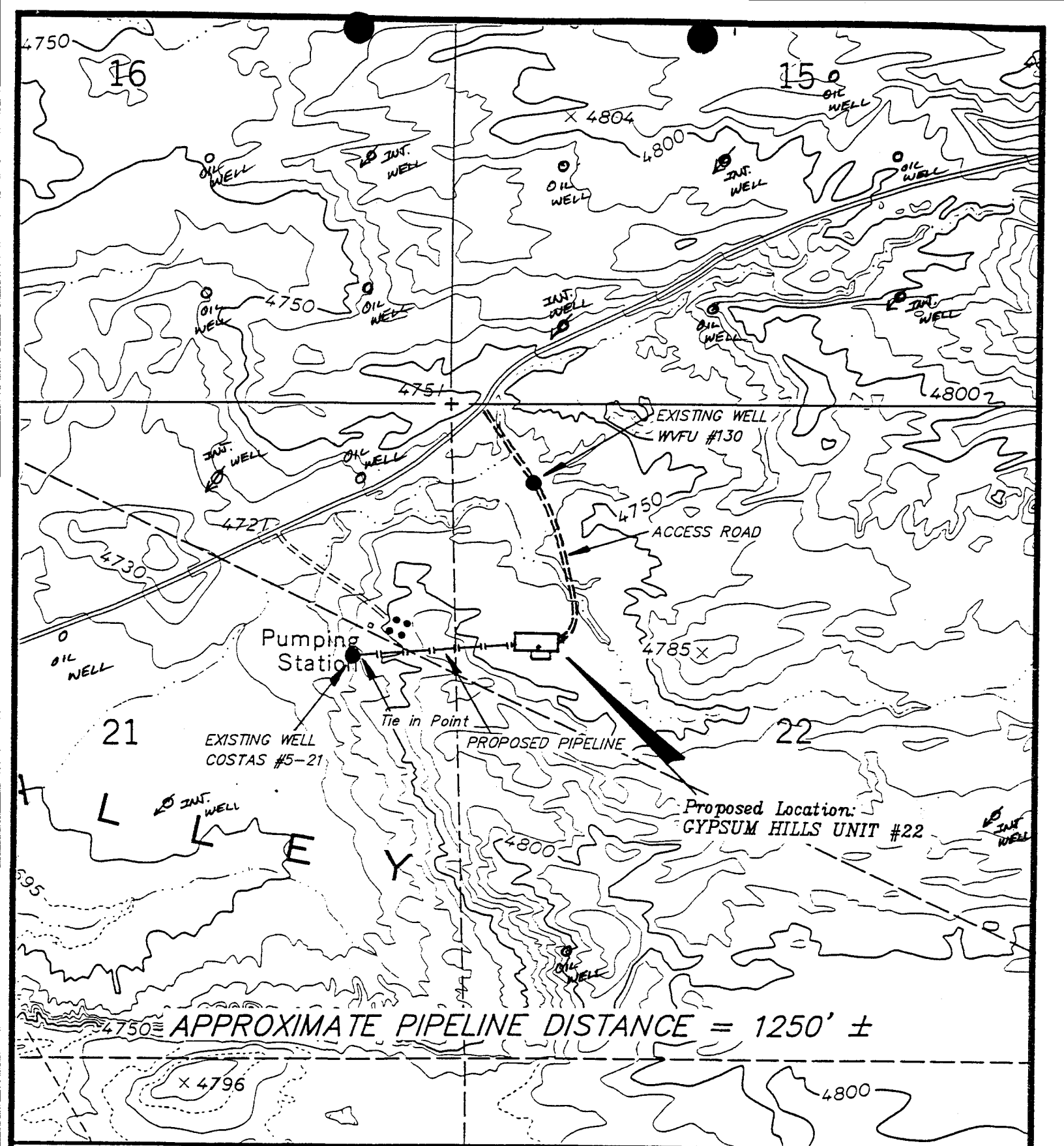
SCALE: 1" = 2000'

DATE: 12-6-94 J.D.S.

N

CHEVRON U.S.A., INC.

GYPSUM HILLS UNIT #22
SECTION 22, T8S, R21E, S.L.B.&M.
1996' FNL 666' FWL



TOPOGRAPHIC MAP "C"

LEGEND:

EXISTING PIPELINE

Proposed Pipeline

N

CHEVRON U.S.A., INC.

GYPSUM HILLS UNIT #22
SECTION 22, T8S, R21E, S.L.B.&M.

DATE: 12-6-94 J.D.S.

CHEVRON USA PRODUCTION CO.

GYPSUM HILLS UNIT #22
1996' FNL, 666' FWL
SWNW-S22-T8S-R21E
UINTAH COUNTY, UTAH

EIGHT POINT DRILLING PLAN

1. ESTIMATED FORMATION TOPS:

Uinta	Surface
Green River	~2134' to 5310' TD
Oil Shale	~3252-3553'
G1 Lime (objective)	~5145-5158'

2. ESTIMATED DEPTHS OF TOP AND BOTTOM OF WATER, OIL, GAS, OR OTHER MINERAL BEARING FORMATIONS AND PLAN FOR PROTECTION:

Deepest Fresh Water: ~700', Uinta Formation.

Oil Shale: Oil shale is expected between depths of ~3252-3553'.

Oil: Oil is expected in the G1 Lime of the Green River Formation.

Gas: None expected, although minor shows may be encountered below ~2100'.

Protection of oil, gas, water, or other mineral bearing formations: Protection shall be accomplished by cementing surface casing and production casing back to the surface or to depths sufficient to isolate required formations. Please refer to casing and cement information for protection plans.

3. PRESSURE CONTROL EQUIPMENT:

For drilling 12-1/4" surface hole to 360': No BOP equipment required.

For drilling through 8.625" surface casing to TD:

Maximum anticipated surface pressure <1200 psi.

Pressure control equipment shall be in accordance with BLM minimum standards for 2000 psi equipment.

A casing head with an 11", 3000 psi flange will be screwed or welded onto the 8.625" surface casing.

BOP stack will consist of a double gate and annular preventor. The double gate will be equipped with pipe rams on bottom and blind rams on top. The choke and kill lines will be connected to outlets between the bottom and top rams, utilizing either the ram body outlets or a drilling spool with side outlets. The BOP stack will be 9" or 11" bore, 2000 or 3000 psi working pressure. The choke and kill lines will be 2" or 3" bore, 2000 or 3000 psi working pressure. Please refer to attached schematics.

Test procedure and frequency shall be in accordance with BLM minimum standards for 2000 psi equipment.

4. SUPPLEMENTAL DRILLING EQUIPMENT AND CASING INFORMATION:

Casing Information:

Casing	Conn.	New/ Used	Stage Tool	Centralizers
8.625"	STC	New	None	10' above shoe, on 1st and 3rd collars
5.5"	STC	New	None	10' above shoe, every other collar to top of pay (~5145')

Cement Information:

8.625" Casing: Oilfield type cement circulated in. Class A single slurry mixed to 15.6 ppg, yield = 1.19 cf/sx. Fill to surface with 225 cf (190 sx). Tail plug used. Allowed to set under pressure.

5.5" Casing: Lead/tail oilfield type cement circulated in.

Tail slurry - 50/50 Class H/pozzolan + 2% gel + additives as required mixed to 14.1 ppg, yield = 1.23 cf/sx; or Class G + 12.5 lb/sx. gilsonite + additives as required mixed to 14.8 ppg, yield = 1.34 cf/sx. Fill to ~4850' (~300' above top of pay) with 105 cf (85 sx. or 78 sx.).

Lead slurry - Class A + extender + additives mixed to 11.0 ppg, yield = 3.82 cf/sx. Fill to surface using ~1610 cf (~421 sx.).

Tail plug used. Allowed to set under pressure.

Drilling Equipment:

Surface hole will be drilled and surface casing set with a small rotary surface hole rig.

A rotating head may be used while drilling below surface casing for control of gas cut mud.

5. CIRCULATING MEDIUM, MUD TYPE, MINIMUM QUANTITIES OF WEIGHT MATERIAL, AND MONITORING EQUIPMENT:

Surface hole will be drilled with air, air/mist, foam or mud depending on hole conditions. Drilling below surface casing will be with water based drilling fluids consisting primarily of fresh water, bentonite, lignite, caustic, lime, soda ash, and polymers. No chromates will be used. It is not intended to use oil in the mud, however, in the event it is used, oil concentration will be less than 4% by volume. Maximum anticipated mud weight is ~9.5 ppg.

No minimum quantity of weight material will be required to be kept on location.

PVT/Flow Show will be used from base of surface casing to TD.

Gas detector will be used from base of surface casing to TD.

6. ANTICIPATED TYPE AND AMOUNT OF TESTING, LOGGING, AND CORING:

Logging:

Mud logging	~360' to TD
Gamma Ray	TD to ~360'
Spontaneous Potential	TD to ~360'
Induction	TD to ~360'
Density/Neutron	TD-3500'
Sonic	TD-360'

Coring: None planned.

Testing: None planned.

7. **EXPECTED BOTTOM HOLE PRESSURE AND ANY ANTICIPATED ABNORMAL PRESSURE, TEMPERATURES, OR OTHER HAZARDS (H_2S, STEAM, ETC.) AND ASSOCIATED CONTINGENCY PLANS:**

Normal pressure gradient to TD, although target interval may be slightly pressure depleted. Drill with water or unweighted mud.

Maximum expected BHP @ 5310': ~2300 psi (~0.433 psi/ft.).
Maximum expected BHT @ 5310': ~130° F.

No abnormal hazards are anticipated and no contingency plans are required.

8. **OTHER:**

None.

D. CLASS III CHOKE MANIFOLD

The Class III choke manifold is suitable for Class III workovers and drilling operations. The Standard Class III choke manifold is shown in Figure 11J.8 below. Specific design features of the Class III manifold include:

1. The manifold is attached to a drilling spool or the top ram preventer side outlet.

2. The minimun internal diameter is 2" (nominal) for outlets, flanges, valves and lines.

3. Includes two steel gate valves in the choke line at the drilling spool outlet. The inside choke line valve may be remotely controlled (HCR).

4. Includes two manually adjustable chokes which are installed on both side of the manifold cross. Steel isolation gate valves are installed between both chokes and the cross, and also downstream of both chokes.

5. Includes a bicoey line which runs straight through the cross and is isolated by a steel gate valve.

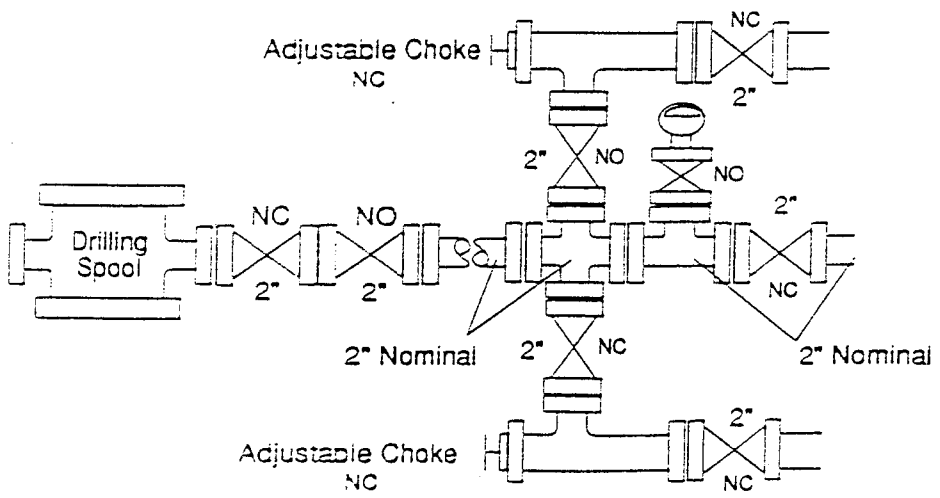
6. Includes a valve isolated pressure gauge suitable for drilling service which can display the casing pressure within view of the choke operator.

7. Returns through the choke manifold must be divertible through a mud-gas seperator and then be routed to either the shale shaker or the reserve pit through a buffer tank or manifold arrangement.

8. If the choke manifold is remote from the wellhead, a third master valve should be installed immediately upstream of the manifold cross.

Figure 11J.8 - Class III Choke Manifold

NC = Normally Closed
NO = Normally Open



D. TYPE "B" KILL LINE — CLASS III, IV, AND V WELLS

The type B kill line described below in Figure 11J.11 is the minimum recommended hookup for installation on all Class III, Class IV and Class V wells. Specific design features of the type B kill line include:

1. The preferred kill line connection to the well is at the drilling spool, however, a preventer side outlet may be used when space restrictions exclude the use of a drilling spool. In all cases, the kill line must be installed below the uppermost blind rams so the well can be pumped into with no pipe in the hole.

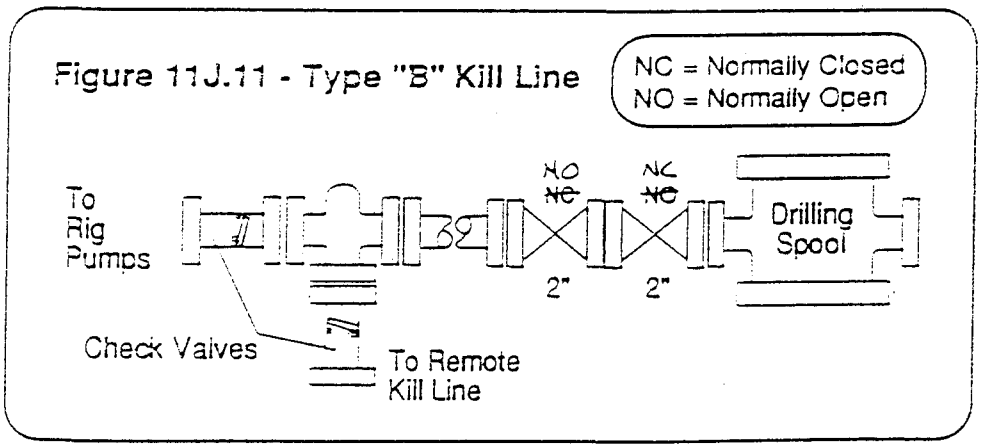
2 The arrangement includes two - 2" (nominal) gate valves installed at the drilling spool and an upstream fluid cross. The outside valve may be hydraulically remote controlled.

3. Two pump-in lines should be attached to the fluid cross. The **primary kill line** should be routed to the rig standpipe where it can be manifolded to the rig pumps. The **remote kill line** should be run to a safe location away from the rig or to the rig cementing unit. The remote kill line should have a loose end connection for rigging-up a high pressure pumping unit.

4. Both the primary kill line and the remote kill line must include a 2" check valve which is in working condition while drilling. If a check valve is crippled for testing purposes, the flapper or ball must be re-installed and tested before drilling resumes.

5. The primary kill line must include a pressure gauge which can display the pump-in pressure on the rig floor.

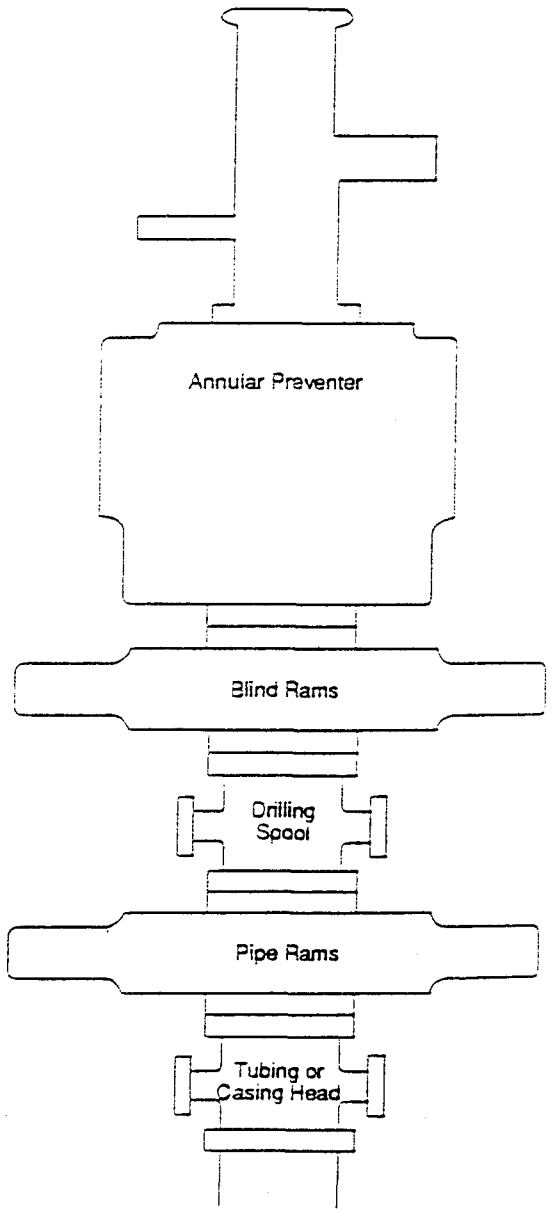
6. Any lines which are installed at the wellhead are designated as "**emergency kill lines**" and should only be used if the primary and remote kill lines are inoperable.



E. CLASS III BLOWOUT PREVENTER STACK:

The Class III preventer stack is designed for drilling or workover operations. It is composed of a single hydraulically operated annular preventer on top, then a blind ram preventer, a drilling spool, and a single pipe ram preventer on bottom. The choke and kill lines are installed onto the drilling spool and must have a minimum internal diameter of 2". All side outlets on the preventers or drilling spool must be flanged, studded, or clamped. An emergency kill line may be installed on the wellhead. A double ram preventer should only be used when space limitations make it necessary to remove the drilling spool. In these instances, the choke manifold should be connected to a flanged outlet between the preventer rams only. In this hookup, the pipe rams are considered master rams only, and cannot be used to routinely circulate out a kick. The Class III blowout preventer stack is shown to the right in Figure 11J.4.

Figure 11J.4
Class III Blowout Preventer Stack



United States Department of the Interior
Bureau of Land Management
Vernal District Office
170 South 500 West
Vernal, UT 84078

SELF-CERTIFICATION STATEMENT

Be advised that Chevron USA Production Company is considered to be the operator of Gypsum Hills Unit #22, SWNW-Sec.22-T8S-R21E, Uintah County, Utah, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by Nationwide Bond #U-89-75-81-34 (Standard Oil Co. of California and its wholly owned subsidiary Chevron USA Production Co., as co-principals) via surety consent as provided for in 43 CFR 3104.2.

Sincerely,

J. T. Conley
Red Wash Area Team Leader

DATE: 1-12-95

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/03/95

API NO. ASSIGNED: 43-047-32714

WELL NAME: GYPSUM HILLS #22
OPERATOR: CHEVRON USA INC (N0210)

PROPOSED LOCATION:
SWNW 20 - T08S - R21E
SURFACE: 1996-FNL-0666-FWL
BOTTOM: 1996-FNL-0666-FWL
UINTAH COUNTY
GYPSUM HILLS FIELD (610)

LEASE TYPE: FED
LEASE NUMBER: U - 0804

PROPOSED PRODUCING FORMATION: GRRV

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

RECEIVED AND/OR REVIEWED:

Y Plat
Y Bond: Federal[✓] State[ ] Fee[ ]
(Number U-89-75-81-34)
N Potash (Y/N)
N Oil shale (Y/N)
Y Water permit
(Number 43-8496)
N RDCC Review (Y/N)
(Date:)

LOCATION AND SITING:

___ R649-2-3. Unit: _____

✓ R649-3-2. General.

___ R649-3-3. Exception.

___ Drilling Unit.
Board Cause no: _____
Date: _____

COMMENTS: Results obtained from drilling this well will probably result in expansion of the Gypsum Hills Unit.

✓STIPULATIONS: _____

STATE OF UTAH

Operator: CHEVRON USA INC	Well Name: GYPSUM HILLS #22
Project ID: 43-047-32714	Location: SEC. 20 - T08S - R21E

Design Parameters:

Mud weight (9.50 ppg) : 0.494 psi/ft
Shut in surface pressure : 2294 psi
Internal gradient (burst) : 0.062 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	5,310	5.500	15.50	K-55	ST&C	5,310	4.825	

	Collapse Load (psi)	Collapse Strgth (psi)	Collapse S.F.	Burst Load (psi)	Min Int Yield Strgth (psi)	Burst S.F.	Tension Load (kips)	Tension Strgth (kips)	Tension S.F.
1	2621	4040	1.542	2621	4810	1.84	70.35	222	3.16 J

Prepared by : MATTHEWS, Salt Lake City, UT
Date : 07-27-1995
Remarks :

Minimum segment length for the 5,310 foot well is 1,000 feet.
SICP is based on the ideal gas law, a gas gravity of 0.75, and a mean gas temperature of 101°F (Surface 74°F , BHT 127°F & temp. gradient 1.000°/100 ft.)
The mud gradient and bottom hole pressures (for burst) are 0.494 psi/ft and 2,621 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
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

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

July 27, 1995

Chevron USA Production Company, Inc.
11002 East 17500 South
Vernal, Utah 84078

Re: Gypsum Hills #22 Well, 1996' FNL, 666' FWL, SW NW, Sec. 20, T. 8 S., R. 21 E., Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Admin. R. 649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-32714.

Sincerely,

R. J. Firth
Associate Director

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

Operator: Chevron USA Production Company, Inc.

Well Name & Number: Gypsum Hills #22

API Number: 43-047-32714

Lease: Federal U-0804

Location: SW NW **Sec.** 20 **T.** 8 S. **R.** 21 E.

Conditions of Approval

1. General

   Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. Notification Requirements

   Notify the Division within 24 hours following spudding the well or commencing drilling operations. Contact Jimmie Thompson at (801)538-5340.

   Notify the Division prior to commencing operations to plug and abandon the well. Contact Frank Matthews or Mike Hebertson at (801)538-5340.

3. Reporting Requirements

   All required reports, forms and submittals shall be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

Form 3160-3
(December 1990)

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 December 31, 1991

DOGMA

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: U-0804

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: UINTAH-OURAY

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b TYPE OF WELL: OIL WELL [X] GAS-WELL [ ] OTHER ____ SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. UNIT AGREEMENT NAME: GYPSUM HILLS

8. FARM OR LEASE NAME, WELL NO.: #22

2. NAME OF OPERATOR: CHEVRON USA PRODUCTION CO., INC.

9. API WELL NO.: 43-047-32714

3. ADDRESS AND TELEPHONE NO.: 11002 EAST, 17500 SOUTH, VERNAL, UT 84078-8526 (801) 781-3400

10. FIELD AND POOL, OR WILDCAT: GYPSUM HILLS / GREEN RIVER

4. LOCATION OF WELL (*Report location clearly and in accordance with any State requirements*)*
At surface: 1996' FNL, 666' FWL, SWNW
At proposed prod. zone: SAME

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: SEC. 20 T8S-R21E, SLB&M (22)

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 8.3 MILES FROM OURAY, UTAH

12. COUNTY OR PARISH: UINTAH

13. STATE: UTAH

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
665'	480	NA
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
1331'	5310'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4740' GL

22. APPROX. DATE WORK WILL START*: 2/15/95

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" K-55	24#	360	190 SX.
7-7/8"	5-1/2" K-55	15.5#	5310	506 SX.

We propose to develop oil reserves in the Green River Formation at the specified location. Enclosures:

- Certified Plat
- Self Certification Statement
- Thirteen Point Surface Use Plan With Attachments
- Eight Point Drilling Plan With Attachments

RECEIVED
JUL 31 1995
DIV. OF OIL, GAS & MINING

RECEIVED
JUL 09 1995

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, 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 Ed Cooley TITLE Team Leader DATE 1-12-95

(This space for Federal or State office use)

PERMIT NO. CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY APPROVAL DATE NOTICE OF APPROVAL

Application approval 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.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Jerry Kenczka TITLE ASSISTANT DISTRICT MANAGER MINERALS DATE JUL 28 1995

*See Instructions On Reverse Side

UT080-5M1-195

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Chevron USA Production Co.

Well Name & Number: Gypsum Hills 22

API Number: 43-047-32714

Lease Number: U-0804

Location: SWNW Sec. 22 T. 8S R. 21E

NOTIFICATION REQUIREMENTS

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

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

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

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

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

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

A. DRILLING PROGRAM

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

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

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

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **2M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

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

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

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

3. Casing Program and Auxiliary Equipment

If conductor pipe is set then it will be cemented to surface. If drive pipe is used it will be pulled prior to cementing surface casing.

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 ± **1,255 ft.** If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

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

4. Mud Program and Circulating Medium

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

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

5. Coring, Logging and Testing Program

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

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

A cement bond log (CBL) will be run at a minimum from the production casing shoe to ± **1,055 ft.** and shall be utilized to determine the top of cement (TOC) and bond quality for 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.

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 following initial installation 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:

Wayne Bankert (801) 789-4170
Petroleum Engineer

Ed Forsman (801) 789-7077
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

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

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

6.0 MITIGATION STIPULATIONS

A. VEGETATION/LANDSCAPE

1. Before the site is abandoned, the company will be required to restore the well pad and access road to near their original state. The disturbed area will be reseeded with desirable perennial vegetation. The seed mix is to be determined by BIA when the site is restored.

Although the road right-of-way will be 30 feet wide, the graded area of the road will be limited in most places to 21 feet between the two outer edges of the barrow pits. Where deep cuts are required for road construction, or where intersections or sharp curves occur, the road may be constructed wider than 21 feet so that large pieces of equipment will have enough room to make turns.

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

Production water, oil, and other by-products will not be applied to roads or well pads for the control of dust or weeds. Indiscriminate dumping of oil field by-products on tribal lands will not be allowed.

D. CULTURAL RESOURCES

Because there are sand dunes in the area and a possibility of having buried cultural resources present, an archaeologist will be present during the construction phases of the project.

All well sites, access roads, and pipelines rights-of-way have had cultural resource surveys completed by a qualified archaeologist or paleontologist. They have also been cleared through the Phoenix Area Archaeologist as required by Sec. 106 of the Historical and Preservation Act.

8.0 CUMULATIVE IMPACTS

A. FULL DEVELOPMENT

Each additional well drilled for development increases the soil erosion potential, reduces wildlife habitat and grazing, increases potential soil and geologic pollution resulting from salt loading, reduces the soil's potential to recover, and increases the potential of water pollution from produced waters and hydrocarbons. Therefore, strict conformance with the mitigation measures and recommendations in this document is emphasized to minimize the adverse environmental impacts.

B. THIRTEEN POINT SURFACE USE PROGRAM:

The following stipulations and comments are provided to supplement the Surface Use Plan.

2. Planned Access Roads

Culverts will be placed where needed to construct the new access road. At the onsite, at least one culvert was recommended where the road crosses a wash.

All travel will be confined to existing access road rights-of-way.

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

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

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

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

6. Source of Construction Materials

Adequate gravel will be used for the construction of the pad and access road. Gravel will be purchased from nearby gravel pits.

7. Methods for Handling Waste Disposal

On BIA administered lands:

All reserve pits will be lined with either native clay, commercial bentonite, or plastic sufficient to prevent seepage. (If a plastic nylon reinforced liner is used, it shall be torn and perforated after the pit dries and before backfilling of the reserve pit.)

Reserve Pits will be constructed so as not to leak, break, or allow discharge of liquids.

The well will have a closed production system. The reserve pit will be reclaimed within six months from the date of well completion.

9. Well Site Layout

Fencing Requirements

The reserve pit will be fenced according to the following minimum standards:

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

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

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

d. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.

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

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

10. Plans for Restoration of Surface

a. Producing Location

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

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

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

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 6 months from the date of well completion. Before any dirt work takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc., will be removed.

On BIA administered lands:

Abandoned well sites, roads, or other disturbed areas will be restored to near their original condition ensuring revegetation of the disturbed areas to the specifications of the Ute Indian Tribe or the BIA at the time of abandonment.

12. Other Additional Information

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

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

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

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

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

b. The operator will control noxious weeds along rights-of-way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds may be obtained from the BLM, or the appropriate County Extension Office. On BLM administered land it is required that a Pesticide Use Proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.

c. Drilling rigs and/or equipment used during drilling operations on this wellsite will not be stacked or stored on Federal Lands after the conclusion of drilling operations or at any other time without BLM authorization. However, if BLM authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BLM does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs.)

<u>On BIA administered land:</u>

Operator's employees, including subcontractors, will not gather firewood along roads constructed by operators. If wood cutting is required, a permit will be obtained from the Forestry Department of the BIA pursuant to 25 CFR 169.13 "Assessed Damages Incident to Right-of-Way Authorization". All operators, subcontractors, vendors and their employees or agents may not disturb saleable timber (including firewood) without a duly granted wood permit from the BIA Forester.

If the surface rights are owned by the Ute Indian Tribe and mineral rights are owned by another entity, an approved rights-of-way will be obtained from the BIA before the operator begins any construction activities. If the surface is owned by another entity and the mineral rights are owned by the Ute Indian Tribe, rights-of-way will be obtained from the other entity.

All roads constructed by operators on the Uinta and Ouray Indian Reservation will have appropriate signs. Signs will be neat and of sound construction. They will state: (a) that the land is owned by the Ute Indian Tribe, (b) the name of the operator, (c) that firearms are prohibited to all non-Ute Tribal members, (d) that permits must be obtained from the BIA before cutting firewood or other timber products and (e) only authorized personnel permitted.

All well site locations on the Uinta and Ouray Indian Reservation will have an appropriate sign indicating the name of the operator, the lease serial number, the well name and number, the survey description of the well (either footages or the quarter-quarter section, the section, township, and range).

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

A complete copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location and drilling activities.

The operator or his/her contractor shall contact the BLM Office at (801) 781-4400 forty-eight (48) hours prior to construction activities.

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

UNITED STATES GOVERNMENT

memorandum

DATE: FEB 16 1995

REPLY TO ATTN OF: Superintendent, Uintah & Ouray Agency

SUBJECT: Concurrence Letter for CHEVRON U.S.A. Inc., Gympsum Hills Units-GHU#14, GHU#15, GHU#16, GHU#17, GHU#18, GHU#19, GHU#20, GHU#21 & GHU#22 Wellsite locations

TO: Bureau of Land Management, Vernal District Office
Attention: Mr. Paul Andrews, Area Manager

The following wellsite locations have been cleared:
GHU#14 Well, BIA ROW # H62-95-97; NWSW Sec. 20,T8S.,R21E., SLB&M
GHU#15 Well, BIA ROW # H62-95-113; SWSW Sec. 20,T8S.,R21E., SLB&M
GHU#16 Well, BIA ROW # H62-95-100; SESW Sec. 20,T8S.,R21E., SLB&M
GHU#17 Well, BIA ROW # H62-95-101; SWSE Sec. 20,T8S.,R21E., SLB&M
GHU#18 Well, BIA ROW # H62-95-103; SESE Sec. 20,T8S.,R21E., SLB&M
GHU#19 Well, BIA ROW # H62-95-105; SWNW Sec. 20,T8S.,R21E., SLB&M
GHU#20 Well, BIA ROW # H62-95-107; SENW Sec. 20,T8S.,R21E., SLB&M
GHU#21 Well, BIA ROW # H62-95-109, SWSW Sec. 21,T8S.,R21E., SLB&M
GHU#22 Well, BIA ROW # H62-95-111, SWNW Sec. 22,T8S.,R21E., SLB&M

Based on available information received on **February 15, 1995**, we have cleared the proposed location in the following area of environmental impact.

YES x	NO ____	Listed threatened or endangered species
YES x	NO ____	Critical wildlife habitat
YES x	NO ____	Archeological or cultural resources
YES____	NO ____	Air quality aspects (to be used only if project is in or adjacent to a Class I area of attainment
YES____	NO ____	Other (if necessary)

REMARKS: Environmental Analysis-6. MITIGATION STIPULATIONS
Strict conformance to Site Specific Environmental Analysis, attached hereto is required.

Upon completion of construction, please submit an Affidavit of Completion with accompanying Certification so that we may record all pertinent documents at the BIA Southwest Title Plant in Albuquerque, New Mexico.

If you have any question regarding said right-of-way, you may contact Mr. Charles Cameron, Acting Resources Officer or Norman Cambridge, Realty Specialist at (801) 722-2406 Ext. 52/49.

Sincerely,

Superintendent.

OPTIONAL FORM NO. 10
(REV. 1-80)
GSA FPMR (41 CFR) 101-11.6
5010-114

* U.S. GPO: 1988-201-760

PROJECT
Tracking & Progress Sheet

Proposed Project: Chevron - Gypsum Hills #22 Oil Well

Date Received by Land Operations:_____ Initialed by:_____

ACTION	DATE	COMMENTS
ARCH Report Completed	1987-1992	Block Surveys.
Pathology Report Completed	NA	
Other Assessments (If Needed)	NA	
Onsite Inspection Scheduled	1-6-95	
Onsite Inspection Completed	1-11-95	
Draft E.A. Completed	1-20-95	
E.A. Typed	1-20-95	
E.A. Delivered to Min. Mgmt.		
SHIPO	1-18-95	

Comments

SITE SPECIFIC
ENVIRONMENTAL ANALYSIS

1.0 PROPOSED ACTION

Chevron USA incorporated is proposing to drill an oil well, and construct 0.3 miles of access road, and 1250 feet of surface steel pipeline.

2.0 ALTERNATIVE ACTIONS

A. ALTERNATIVE CONSIDERED: The proposed action is the preferred alternative.

B. NO ACTION: Under the no action alternative the proposed action would not be implemented.

C. OTHER: NA

3.0 PERMITTEE/LOCATION

A. Permittee- Chevron USA Inc.
B. Date- 1-11-95
C. Well number- Gypsum Hills #22
D. Right-of-way- Access road 0.3 miles, Pipeline 1250 feet.
E. Site location SWSW, Section 22, T8S, R21E, SLB&M.

4.0 SITE SPECIFIC SURVEY

A. SITE DESCRIPTION

1. Elevation (feet) 4740
2. Annual precipitation (inches)- 4 to 8
3. Topography - flat plain
4. Soil- The soil texture (0 to 6") is clay.

B. VEGETATION

1. Habitat type is semi-desert shrub.

2. Percent Ground Cover- less than 10%

3. Vegetation- The main variety of grass are Galletta, cheat grass. Forbs are tumble weed, and other annuals. Scrubs consist of Spiny horsebrush, Nuttle saltbush, grease wood, rabbit brush.

4. Observed Threatened & Endangered species: None.

5. Potential For Threatened & Endangered species: Slight

7. Observed Noxious Weeds: None

C. AFFECTED ENVIRONMENTAL

1. There are no surface damages as a result of the initial survey.

4.1 WILDLIFE

A. POTENTIAL SITE UTILIZATION

1. Big Game- Antelope is the primary big game animal using this area.

2. Small Game- There is minimal use by cottontail rabbit.

3. Raptor/Bird- Raptors which are observed using the area are Golden eagles, Redtail hawk, & Kestrel.

5. Non-Game Wildlife- Animal species which have been observed using this area are coyote, fox, badger, and various species of reptiles, and song birds.

6. Threatened & Endangered Species: Bald eagles migrate into the area along the Green & White River during the winter months. They are not commonly observed in this area, but on occasion they may fly over the area.

4.2 PRESENT SITE USE

A. USAGE

	acres
Rangeland	2.60
Irrigable land	0
Woodland	0
Non-Irrigable land	0
Commercial timber	0
Floodplain	0
Wetland	0
Riparian	0
Other:	0

4.3 CULTURAL RESOURCES

A. CULTURAL SURVEY

The well site, and access road and pipeline rights-of-ways, had a cultural resource survey performed by John Senulis of Senco-Phenix.

5.0 ENVIRONMENTAL IMPACTS

A. SURFACE ALTERATIONS

	acres
1. Access road	0.33

2. Well site 1.41
3. Pipeline right-of-way 0.86
4. Total disturbed 2.60

B. VEGETATION/LANDSCAPE

1. Production loss (AUM's)/year: 0.13
2. Permanent scar on landscape: Yes X No
3. Potential impacts to Threatened & Endangered species: Yes No X

C. SOIL/RANGE/WATERSHED

There will be an increase in wind and water erosion as a result of removing vegetation and exposing the soil from construction of the wellsite and access road. This will increase water runoff and the soil will remain exposed causing erosion to continue for the life of the well, and until the site is rehabilitated.

The well will have a closed drilling and production system. Produced water will be stored in closed tanks until it is either injected into injection wells, or hauled to approved disposal pits. Produced water will only occur when there are accidental spills. Therefore,the impact to the soil resources, or ground water aquifers will be minimal.

The area is presently used as rangeland and permits have been issued by BIA for grazing livestock. This project will reduce livestock grazing by approximately 0.13 AUM/ year.

The area is not used as irrigated cropland and a water right has not been designated for the area.

D. WILDLIFE/THREATENED & ENDANGERED SPECIES

There will be a reduction of wildlife habitat and grazing for livestock. There will also be an increase in wildlife disturbance and poaching resulting from the additional traffic and people using the area. There are no known impacts to Threatened or Endangered species or critical wildlife habitat.

6.0 MITIGATION STIPULATIONS

A. VEGETATION/LANDSCAPE

1. Before the site is abandoned the company will be required to restore the well pad, and access road to near their original state. The disturbed area will be reseeded with desirable perennial vegetation.

Although the road rights-of-way will be 30 feet wide, the graded area of the road will be limited in most places to 21 feet between the two outer edges of the barrow pits. Where deep cuts are required for road construction, or where intersections or sharp curves occur the road may be constructed wider than 21 feet so that large pieces of equipment will have enough room to make turns.

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

B. SOILS/RANGE/WATERSHEDS

1. Soil erosion will be mitigated by reseeding all disturbed areas.

3. Salt and pollution loading of the soil and geological formations will be mitigated by requiring the oil company to have closed drilling and productions systems.

Reason(s): This stipulation is recommended, but would not be required, except the company agreed to this practice.

c. Production water, oil, and other by-products will not be applied to roads or well pads for the control of dust or weeds. Indiscriminate dumping of oil field by-products on tribal lands will not be allowed.

C. WILDLIFE/VEGETATION/THREATENED & ENDANGERED SPECIES

No Threatened & Endangered species have been identified associated with this project. Therefore, no stipulations have been developed for their protection.

D. CULTURAL RESOURCES

Because there is sand dunes in the area and a possibility of having buried cultrural resources present, an archeologist will be present during the construction phases of the project.

All well sites, access roads, and pipeline rights-

of-way have had cultural resource surveys completed by a qualified archaeologist or, paleontologist. They have also been cleared through the Phoenix Area Archeologist as required by Sec. 106 of the Historical and Preservation Act.

7.0 UNAVOIDABLE ADVERSE IMPACTS

A. SURFACE ALTERATIONS

None of the adverse impacts listed in 5.0 above can be avoided in a practical manner except those which are mitigated in item 6.0 above and those specified in BLM's 13 point surface use plan.

B. RELATIONSHIP BETWEEN SHORT-TERM USE OF THE ENVIRONMENT VS LONG TERM PRODUCTIVITY.

1. Short Term: (Estimated 20 years) A total loss of production on the land and the associated environmental impacts will continue to influence the surrounding area for the productive life of the well.

2. Long Term: Standard policies provide for rehabilitation of the well sites and access roads. After the land is rehabilitated, it is not expected to return to its original productive capability. Normally, there will be a permanent scar left on the landscape.

C. IRREVERSIBLE AND IRRETRIEVABLE COMMITMENT

Oil and Gas are non-renewable resources, once they have been removed they can never be replaced.

8.0 CUMULATIVE IMPACTS

A. FULL DEVELOPMENT

Each additional well drilled for development increases the soil erosion potential, reduces wildlife habitat and grazing, increases potential soil and geologic pollution resulting from salt loading, reduces the soil's potential to recover, and increases the potential of water pollution from produced waters and hydro-carbons. Therefore, strict conformance with the mitigation measures and recommendations in this document is emphasized to minimize the adverse environmental impacts.

9.0 NEPA COMPLIANCE

A. RESEARCH/DOCUMENTATION

Based on available information, 1-20-95 , the proposed

location in the following areas of environmental impacts has been cleared:

X	Yes	_____ No	Listed Threatened & Endangered species
X	Yes	_____ No	Critical wildlife habitat
X	Yes	_____ No	Historical and cultural resources

10.0 REMARKS

A. SURFACE PROTECTION/REHABILITATION

All essential surface protection and rehabilitation requirements are specified above.

11.0 RECOMMENDATIONS

A. APPROVAL/DISAPPROVAL

We recommend approval of the proposed action as outlined in item 1.0 above.

1-27-95
Date

Dale S. Hanberg
Representative - BIA Land Operations, Uintah and Ouray Agency

12.0 REVIEWING OFFICIAL

A. CONCURRENCE

We concur with the approval X disapproval _____ of the proposed action as outlined in item 1.0 above.

2/2/95
Date

Allen Lloyd
Environmental Coordinator, Uintah and Ouray Agency

13.0 DECLARATION

A. APPROVAL

It has been determined that the proposed action is not a federal action significantly affecting the quality of the environment as it would require the preparation of an environmental impact statement in accordance with Section 102 (2) (c) of the National Environmental Policy Act of 1969 (42 USC 4331) (2) (C).

2-2-95
Date

Superintendent,
Uintah and Ouray Agency

14.0 CONSULTATION

A. REPRESENTATIVES/ORGANIZATION

Brent Sexton-Chevron
Greg Darlington-BLM
Alvin Innacio-UTEM
Dale Hanberg- BIA

B:\EACHEV.22

9/18/96

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
UT08300

September 10, 1996

DOGM
LA
DATE

RECEIVED
SEP 17 1996
DIV. OF OIL, GAS & MINING

Chevron U.S.A. Production Co.
P O Box 455
Vernal, Utah 84078

Re: Notification of Expiration
Well No. 22
Section 20, T8S, R21E
Lease No. U-0804
Uintah County, Utah

Gypsum Hills 22

43-047-32714

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on July 28, 1995. 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

Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M