

UTAH OIL AND GAS CONSERVATION COMMISSION

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

DATE FILED **JUNE 20, 1998**
 LAND: FEE & PATENTED STATE LEASE NO. PUBLIC LEASE NO. INDIAN #
 DRILLING APPROVED: **JULY 23, 1998** **14-20-H62-4835**

SPUDDED IN:
 COMPLETED: PUT TO PRODUCING:

INITIAL PRODUCTION:
 GRAVITY A.P.I.

Confidential

GOR:
 PRODUCING ZONES:
 TOTAL DEPTH:
 WELL ELEVATION:
 DATE ABANDONED:

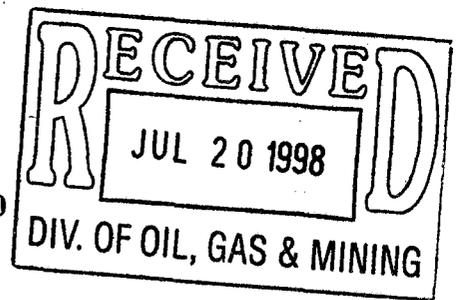
FIELD: **NATURAL BUTTES**

UNIT:
 COUNTY: **UINTAH**

WELL NO. **UTE 07-01E3E** API NO. **43-047-33153**
 LOCATION **465 FNL** FT. FROM (N) (S) LINE, **855 FEL** FT. FROM (E) (W) LINE, **NE NE** 1/4 - 1/4 SEC. **7**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
5S	3E	7	SEGO RESOURCES				

SEGO RESOURCES
9137 East Mineral Circle, Suite 250
Englewood, CO 80112-3423



July 13, 1998

Utah Division of Oil, Gas, & Mining
1594 West North Temple
Box 145801
Salt Lake City, UT 84114-5801

RE: APPLICATION FOR PERMIT TO DRILL
UTE #07-01E3E
LOT 1, SEC. 7, T5S, R3E
UINTAH COUNTY, UTAH
LEASE NO.: BIA E & D AGMT #4750
UTE TRIBAL LANDS

Enclosed please find a copy of the Application for Permit to Drill and associated attachments for the referenced well.

Please address further communication regarding this matter (including approval) to:

Ed Trotter
P.O. Box 1910
Vernal, UT 84078
Phone: (435)789-4120
Fax: (435)789-1420

Sincerely,



Ed Trotter
Agent
Sego Resources

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

14-20-H62-4835

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

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

2. NAME OF OPERATOR
 SEGO RESOURCES

3. ADDRESS AND TELEPHONE NO.
 9137 EAST MINERAL CIRCLE, SUITE 250, ENGLEWOOD, CO 80112

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
 At surface: 465' FNL & 855' FEL LOT 1
 At proposed prod. zone: 76'

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 18.9 MILES SOUTHEAST OF FORT DUCHESNE, UTAH

16. NO. OF ACRES IN LEASE
 17. NO. OF ACRES ASSIGNED TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 7500'

20. ROTARY OR CABLE TOOLS
 ROTARY

21. ELEVATIONS (Show whether DF, BT, GR, etc.)
 4656.6' GRADED GROUND

22. APPROX. DATE WORK WILL START*
 AUGUST 1998

5. LEASE DESIGNATION AND SERIAL NO.
 BIA E & D AGMT #4750

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 UTE INDIAN TRIBE

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME, WELL NO.

9. API WELL NO.
 UTE TRIBAL #07-01E3E

10. FIELD AND POOL, OR WILDCAT

11. SEC., T., R., N., OR BLK. AND SURVEY OR AREA
 Sec. 7, T5S, R3E

12. COUNTY OR PARISH 18. STATE
 UINTAH UTAH

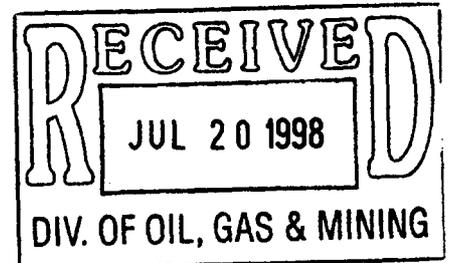
23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8 5/8 H-40	24.00#	500'	200 sx class "G" + 2% CaCl ₂ 50/50 POZMIX + 2% Gel + 10% SALT TO 400' ABOVE ALL ZONES OF INTEREST (+10% EXCESS). LIGHT CEMENT (11 PPG) + LCM TO 200' ABOVE OIL SHALE OR FRESH WATER INTERVALS (+ 5% EXCESS).
6 1/4"	4 1/2 J-55	11.60#	7500'	

CONFIDENTIAL

SEGO RESOURCES WILL BE THE DESIGNATED OPERATOR OF THE SUBJECT WELL UNDER BOND NO. 141797300.

p.c.: Utah Division of Oil, Gas, & Mining
Bureau of Indian Affairs, Fort Duchesne, Utah



6/15/98
HA36153.3

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 [Signature] TITLE AGENT FOR SEGO DATE 7-13-1998

(This space for Federal or State office use)

PERMIT NO. 43-047-33153 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: **Federal Approval of this Action is Necessary**

APPROVED BY [Signature] TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE 7/23/98

*See Instructions On Reverse Side

T5S, R3E, U.S.B.&M.

(Basis of Bearings)
NORTH - G.L.O.
1324.29' (Measured)

E 1/4 Cor. Sec. 6
Set Stone, Pile
of Stones, 1998
Alum. Cap on
5/8" Rebar

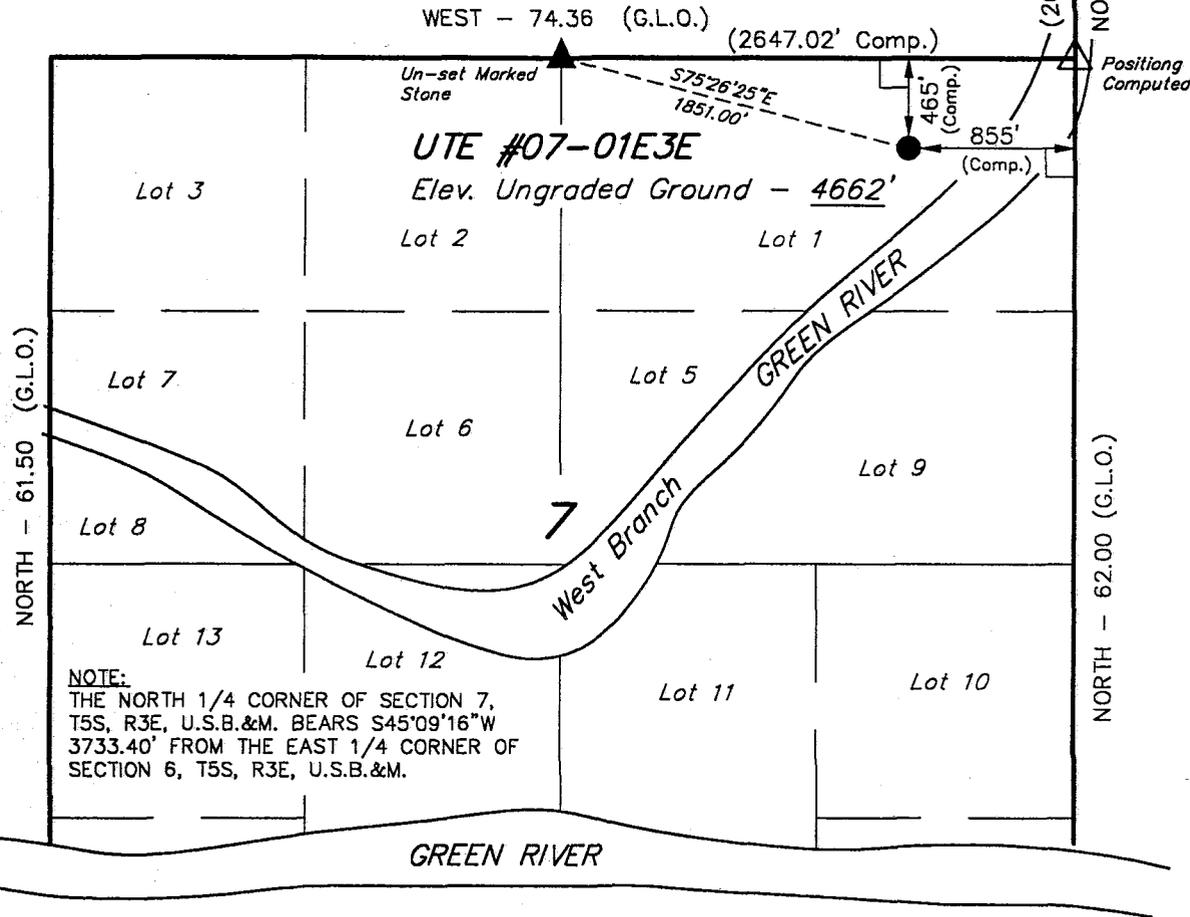
E 1/16 Cor. Sec. 6
Semi-Set Marked
Stone, Post

SEGO RESOURCES

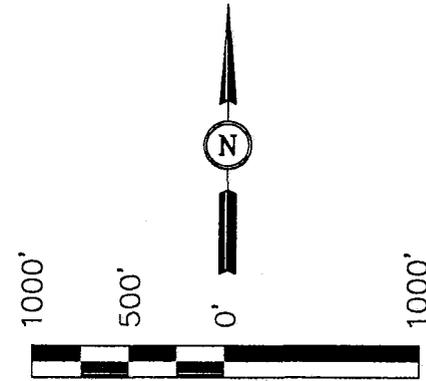
Well Location, UTE #07-01E3E, located as shown in LOT 1 of Section 7, T5S, R3E, U.S.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK 31EAM LOCATED IN THE SW 1/4 OF SECTION 29, T4S, R3E, U.S.B.&M. TAKEN FROM THE OURAY QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4697 FEET.

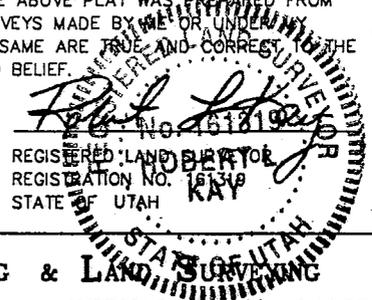


NOTE:
THE NORTH 1/4 CORNER OF SECTION 7, T5S, R3E, U.S.B.&M. BEARS S45°09'16"W 3733.40' FROM THE EAST 1/4 CORNER OF SECTION 6, T5S, R3E, U.S.B.&M.



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.



Revised: 6-12-98 C.B.T.

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = POSITION COMPUTED - (Bearing - Bearing Intersection)

NOTE:
THE BASIS OF BEARINGS IS THE EAST LINE OF THE SE 1/4 NE 1/4 OF SECTION 6, T5S, R3E, U.S.B.&M. WHICH IS ASSUMED FROM G.L.O. INFORMATION TO BEAR NORTH.

SCALE 1" = 1000'	DATE SURVEYED: 5-22-98	DATE DRAWN: 5-28-98
PARTY D.K. K.H. C.B.T.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE SEGO RESOURCES	

EIGHT POINT PLAN

UTE #07-01E3E

Lot 1, SEC. 7, T5S,R3E
UINTAH COUNTY, UTAH

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS:

FORMATIONS	DEPTH
Tgr	2211
Mahog OS	2978
Douglas Creek	4611
Wasatch Top	5747
Total Depth	7500
Anticipated BHP	2700 psi

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS FORMATIONS:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil/Gas	Douglas Creek	4611
Oil/Gas	Wasatch	5747
Other mineral zones	N/A	

3. PRESSURE CONTROL EQUIPMENT: BOP Schematic Diagram attached.

4. CASING PROGRAM:

<u>HOLE SIZE</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>SIZE</u>	<u>WEIGHT</u>	<u>GRADE</u>
11"	0' - 500'	500'	8 5/8"	24.0 #	H-40
6 1/4"	0' - 7500'	7500'	4 1/2"	11.6 #	J-55

All casing will be new or inspected.

EIGHT POINT PLAN

UTE #07-01E3E
Lot 1, SEC. 7, T5S,R3E
UINTAH COUNTY, UTAH

5. MUD PROGRAM

<u>INTERVAL</u>	<u>MUD TYPE</u>
0' - 500'	Air
500' - 5400'	DAP/Water System
5400' - TD	Light Mud w/Salt Gel
TD	Gel/polyacrylamide polymer w/5-10% LCM

Sufficient mud inventory will be maintained on location during drilling to handle any adverse conditions that may arise.

6. EVALUATION PROGRAM:

Logs: Mud Logging	T.D. to base of surface casing
Compensated Density-Compensated Neutron Log	T.D. to base of surface casing
Dual Induction	T.D. to base of surface casing

Completion: To be submitted at a later date.

8. ABNORMAL CONDITIONS:

None anticipated.

9. STANDARD REQUIRED EQUIPMENT:

- A. Choke Manifold
- B. Kelly Clock
- C. Stabbing Valve
- D. Visual Mud Monitoring

10. HAZARDOUS CHEMICALS:

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.

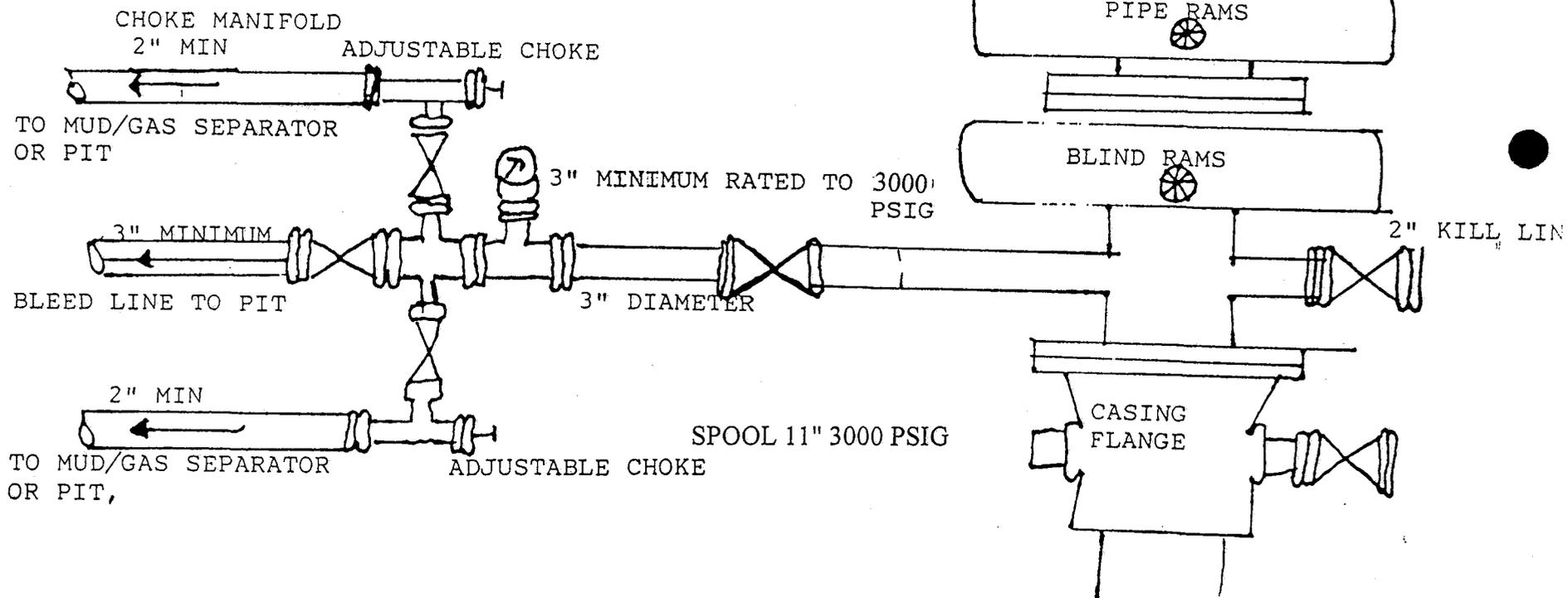
(Attachment: BOP Schematic Diagram)

3000 PSIG DIAGRAM

ANNULAR PREVENTOR AND BOTH RAMS ARE 3000 RATED.
 CASING FLANGE IS 11" 3000 PSIG RATED.
 BOPE 11" 3000 PSIG

TESTING PROCEDURE:

1. BOPE 's will be tested with a professional tester to conform to Onshore Order #2 with retest every 14 days.
2. Blind & Pipe rams will be tested to rated working pressure, 3000 psig
3. Annular preventor will be tested to 50% of working pressure, 1500 psig
4. Casing will be tested to 0.22 psi/ft. or 1500 psig. Not to exceed 70% of burst strength, whichever is greater.
5. All lines subject to well pressure will be pressure tested to the same pressure as blind & pipe rams.
6. All BOPE specifications and configurations will meet Onshore Order #2 requirements for 3000 psig BOPE specifications.



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

Company/Operator: Sego Resources
Well Name & Number: Ute #07-01E3E
Lease Number: BIA E & D AGMT #4750
Location: 465' FNL & 855' FEL, Lot 1, Sec. 7, T5S, R3E,
U.S.B.&M., Uintah County, Utah
Surface Ownership: Ute Indian Tribe

NOTIFICATION REQUIREMENTS

Location Construction - forty-eight (48) hours prior to construction of location and access roads.

Location Completion - prior to moving on the drilling rig.

Spud Notice: - at least twenty-four (24) hours prior to spudding the well.

Casing String and Cementing - twenty-four (24) hours prior to running casing and cementing all casing strings.

BOP and related Equipment Tests - twenty-four (24) hours prior to running casing and 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.

THIRTEEN POINT SURFACE USE PROGRAM

1. EXISTING ROADS

- A. See attached Wellsite Plats showing directional reference stakes on location, and attached TOPO Map "B" showing access to location from existing roads.
- B. The proposed well site is located approximately 18.9 miles southeast of Fort Duchesne, Utah - See attached TOPO Map "A".
- C. Refer to attached Topographic Map "A" showing labeled access route to location.
- D. Existing roads will be maintained and repaired as necessary. No off lease Right-of-Way will be required.

2. PLANNED ACCESS ROAD

- A. The access road will be approximately 0.1 miles in length. See attached TOPO Map "B".
- B. The access road has a 30 foot ROW w/ 18 foot running surface.
- C. Maximum grade on access road will be 8%.
- D. No turnouts will be required.
- E. Road drainage crossings shall be of the typical dry creek drainage crossing type.
- F. No culverts, bridges, or major cuts and fills will be required.
- G. The access road will be dirt surface.
- H. No gates, cattleguards, or fences will be required or encountered.

New or reconstructed roads will be centerlined - flagged at time of location staking.

All travel will be confined to existing access road Right-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 & Gas Exploration and Development, (1989).

The road shall be upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Upgrading shall include ditching, drainage, 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 crossings nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by run off 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.

As operator, Se-go Resources shall be responsible for all maintenance on cattleguards, or gates associated with this oil and/or gas operation.

3. **LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS OF PROPOSED WELL LOCATION**

- A. Water wells - None
- B. Abandoned wells - None
- C. Temporarily abandoned wells - None
- D. Disposal wells - None
- E. Drilling wells - None
- F. Producing wells - None
- G. Shut in wells - None
- H. Injection wells - None

(*See attached TOPO map "C" for location)

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES**

A. **ON WELL PAD**

- 1. Tank batteries - None
- 2. Production facilities - To be submitted later
- 3. Oil gathering lines - None
- 4. Gas gathering lines - None
- 5. Injection lines - None
- 6. Disposal lines - None
- 7. Surface pits - None

B. **OFF WELL PAD**

Protective measures and devices for livestock and wildlife will be taken and/or installed where required.

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 required 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.

The required paint color is Desert Brown or other BIA approved color.

5. **LOCATION & TYPE OF WATER SUPPLY**

A water supply well may be drilled or water will be pumped from the river under Tribal water rights.

6. **SOURCE OF CONSTRUCTION MATERIAL**

- A. All construction material for this location and access road will be of native borrow and soil accumulated during the construction of the location.
- B. All construction material will come from Ute Tribal Land.
- C. No mineral materials will be required.

7. **METHODS OF HANDLING WASTE DISPOSAL**

A. **METHODS AND LOCATION**

- 1. Cuttings will be confined in the reserve pit.
 - 2. A portable toilet will be provided for human waste during the drilling and completion of the well. Disposal will be at the Vernal sewage disposal plant.
 - 3. Burning will not be allowed. Trash and other waste material will be contained in a wire mesh cage and disposed of at an approved waste disposal facility.
 - 4. Produced waste water will be confined to a lined pit or storage tank for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, together with the required water analysis, will be submitted for the AO's approval.
 - 5. All chemicals will be disposed of at an authorized disposal site.
- B. Water from drilling fluids and recovered during testing operations will be disposed of by either evaporating in the reserve pit or be removed and disposed of at an authorized disposal site.

On BIA administered land:

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).

If lined, a 12 mill liner shall be installed in the reserve pit.

_____ To protect the environment (without chemical analysis), reserve pits will be constructed so as not to leak, break, or allow discharge of liquids.

_____ After first production, produced waste water will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90 day period, in accordance with NTL-2B, an application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.

8. **ANCILLARY FACILITIES**

- A. No airstrips are planned for this well
- B. An 8 man camp may be utilized on location.

9. **WELLSITE LAYOUT**

- A. Refer to attached well site plat for related topography cuts and fills and cross sections.
- B. Refer to attached well site plat for rig layout and soil material stockpile location as approved on On-site.
- C. Refer to attached well site plat for rig orientation, parking areas, and access road.

The reserve pit will be located on the West side of the location. The flare pit will be located downwind of the prevailing wind direction on the West side of the location, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

The stockpiled topsoil will be stored on the North corner.

Access to the well pad will be from the West.

N/A Diversion ditch(es) shall be constructed on the _____ side of the location (above/below) the cut slope, draining to the _____.

N/A Soil compacted earthen berm(s) shall be placed on the _____ side(s) of the location between the _____.

N/A The drainage(s) shall be diverted around the sides of the well pad location.

N/A The reserve pit and/or pad locations shall be constructed long and narrow for topographic reasons _____.

X Corner #7 will be rounded off to minimize excavation.

FENCING REQUIREMENTS:

All pits will be fenced according to the following minimum standards:

- A. Thirty-nine 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 strand 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 as 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 the 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.

Each existing fence to be crossed by the access road shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be closed temporarily as necessary during construction to prevent the escape of livestock, and, upon completion of construction, the fence shall be repaired to BIA or SMA specifications. A cattleguard with an adjacent 16 foot gate shall be installed in any fence where a road is to be regularly traveled. If the well is a producer, the cattleguards (shall/shall not) be permanently mounted on concrete bases. Prior to a new road, crossing any fence located on Tribal land, or any fence between Tribal land and private land, the operator will contact the BIA, who will in turn contact the grazing permittee or owner of said fence and offer him/her the opportunity to be present when the fence is cut in order to satisfy himself/herself that the fence is adequately braced and tied off.

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 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 120 days from the date of well completion (weather permitting). Before any dirt work takes place, the reserve pit will be completely dry and all cans, barrels, pipe, fluid, and hydrocarbons, will be removed.

Contact appropriate surface management agency for required seed mixture.

B. DRY HOLE/ABANDONED LOCATION

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

ON BIA ADMINISTERED LANDS:

Abandoned well sites, roads, or other disturbed areas will be restored to near their original condition. This procedure will include: (a) reestablishing irrigation systems where applicable, (b) reestablishing soil conditions in irrigated fields in such a way as to ensure cultivation and harvesting of crops and, © ensuring revegetation of the disturbed areas to the specifications of the Ute Indian Tribe or the BIA at the time of abandonment.

11. SURFACE OWNERSHIP

Access road: Ute Indian Tribe

Location: Ute Indian Tribe

12. OTHER INFORMATION

A. Se-go Resources will inform all persons in the area who are associated with this project that they are 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 will immediately stop work that might further disturb such materials, and contact the 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.

-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 wished, 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 that 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. As operator, Sego Resources will control noxious weeds along Rights-of-Way for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds will be obtained from the BIA, or the appropriate County Extension Office. On BIA administered land, 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 well site will not be stacked or stored on Tribal Lands after the conclusion of drilling operations or at any other time without BIA authorization. However, if BIA authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities.

On BIA administered land:

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 right-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 Uintah 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 Uintah 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 footage or the quarter-quarter section, the section, township, and range).

Additional Surface Stipulations

N/A No construction or drilling activities shall be conducted between _____ and _____ because of _____.

N/A No surface occupancy will be allowed within 1,000 feet of any sage grouse strutting ground.

N/A No construction or exploration activities are permitted within a 1.5 mile radius of sage grouse strutting grounds from April 1 to June 30.

N/A There shall be no surface disturbance within 600 feet of live water (includes stock tanks, springs, and guzzlers).

N/A No cottonwood trees will be removed or damaged.

N/A Pond will be constructed according to BIA specifications approximately _____ feet _____ of the location, as flagged on the onsite.

LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION

PERMITTING

Ed Trotter
P.O. Box 1910
Vernal, UT 84078
Telephone: (435)789-4120
Fax: (435)789-1420

OPERATIONS

Roger Alinger
9137 East Mineral Circle, Suite #250
Englewood, CO 80112-3423
(303)799-0322
(303)799-0333

All lease 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 approval plan of operations, and any applicable Notice to Lessees. Se-go Resources is fully responsible for the actions of their subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

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

The BIA office shall be notified upon site completion prior to moving on the drilling rig.

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in the 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 Sego Resources and its contractors and subcontractors in conformity with this Plan and the terms and conditions under which it is approved.

7-13-1998

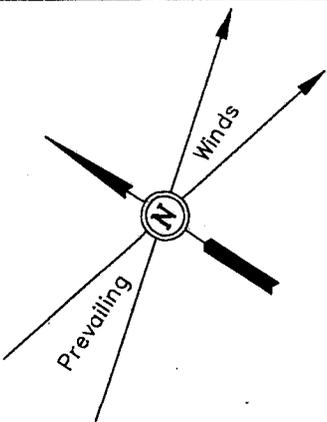
Date



SEGO RESOURCES

LOCATION LAYOUT FOR

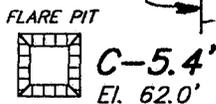
UTE #07-01E3E
SECTION 7, T5S, R3E, U.S.B.&M.
465' FNL 855' FEL



SCALE: 1" = 50'
DATE: 5-28-98
Drawn By: C.B.T.
Revised: 6-12-98 C.B.T.

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

Approx. Top of Cut Slope



NOTE:
Pit Capacity W/2' of Freeboard is ±5,800 Bbls.

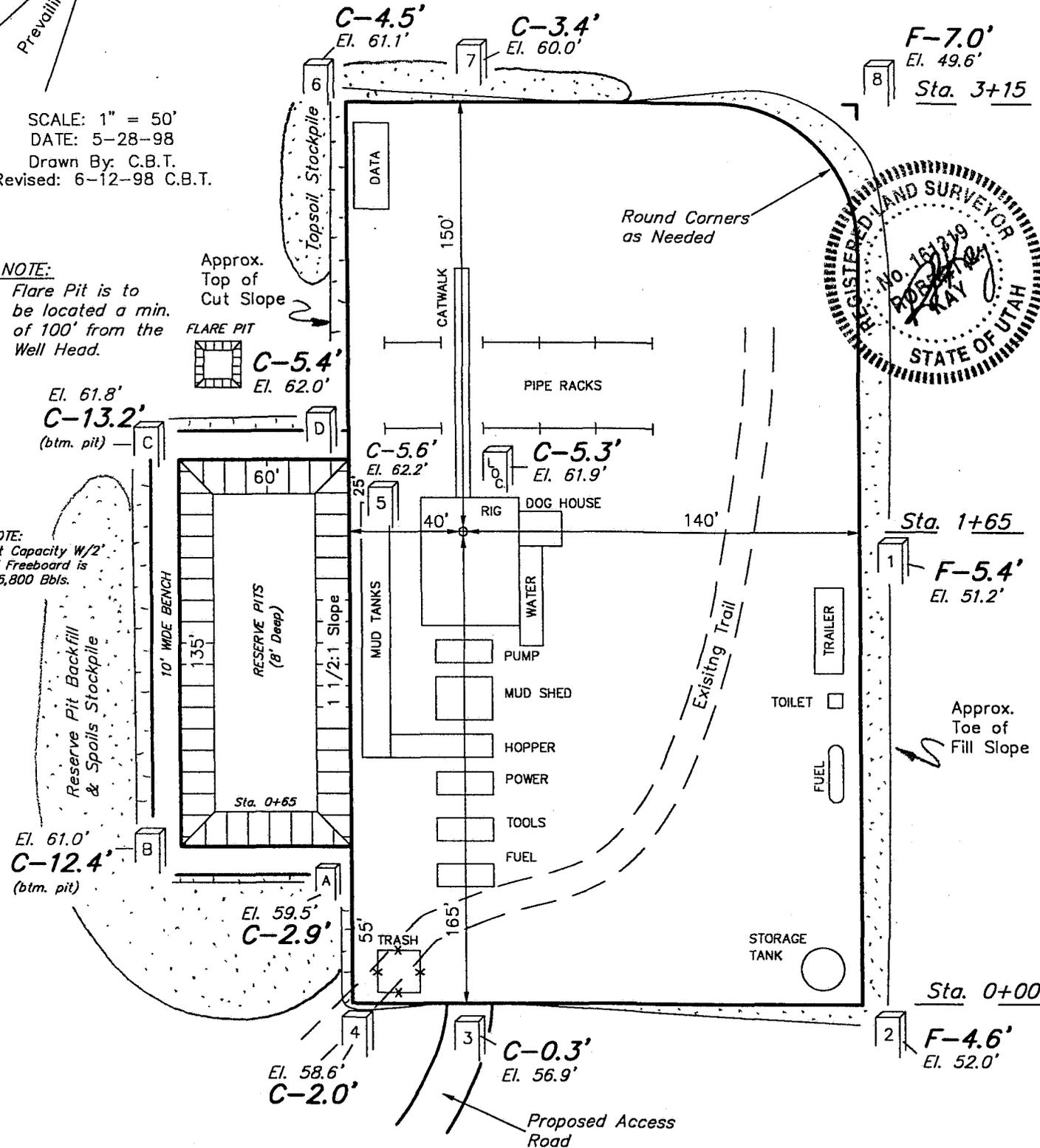
Reserve Pit Backfill & Spoils Stockpile

10' WIDE BENCH

RESERVE PITS (8' Deep)

1 1/2:1 Slope

Sta. 0+65



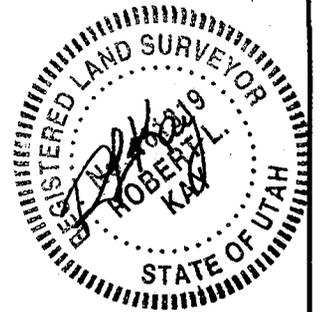
Elev. Ungraded Ground at Location Stake = **4661.9'**
Elev. Graded Ground at Location Stake = **4656.6'**

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

SEGO RESOURCES

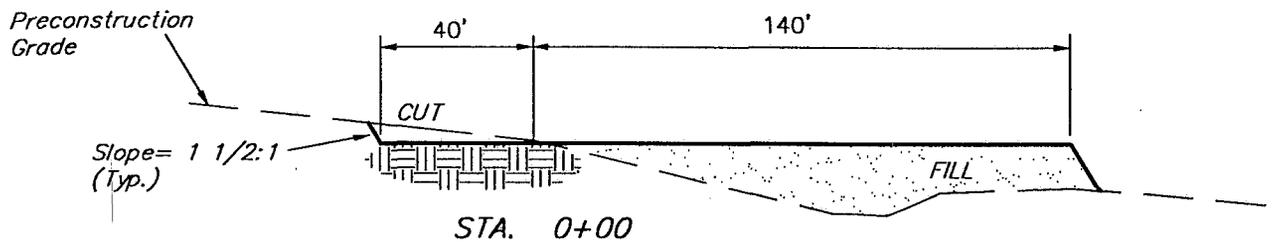
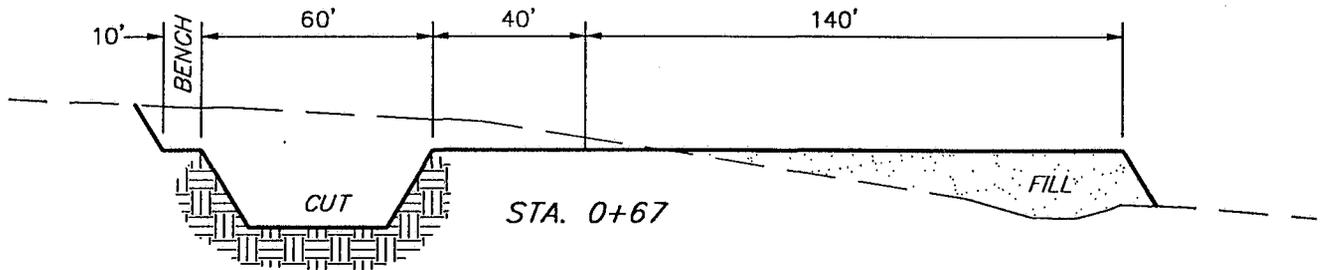
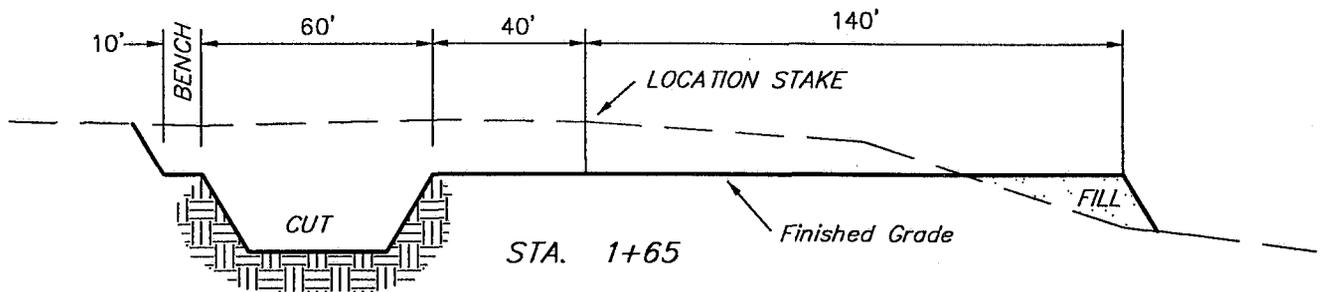
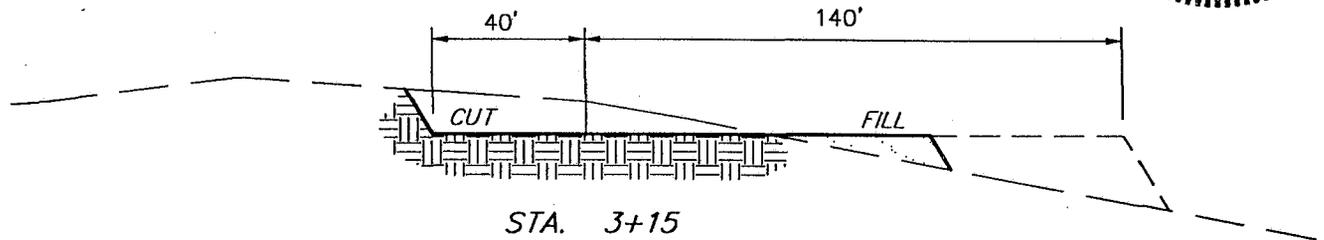
TYPICAL CROSS SECTIONS FOR

UTE #07-01E3E
SECTION 7, T5S, R3E, U.S.B.&M.
465' FNL 855' FEL



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

DATE: 5-28-98
Drawn By: C.B.T.
Revised: 6-12-98 C.B.T.

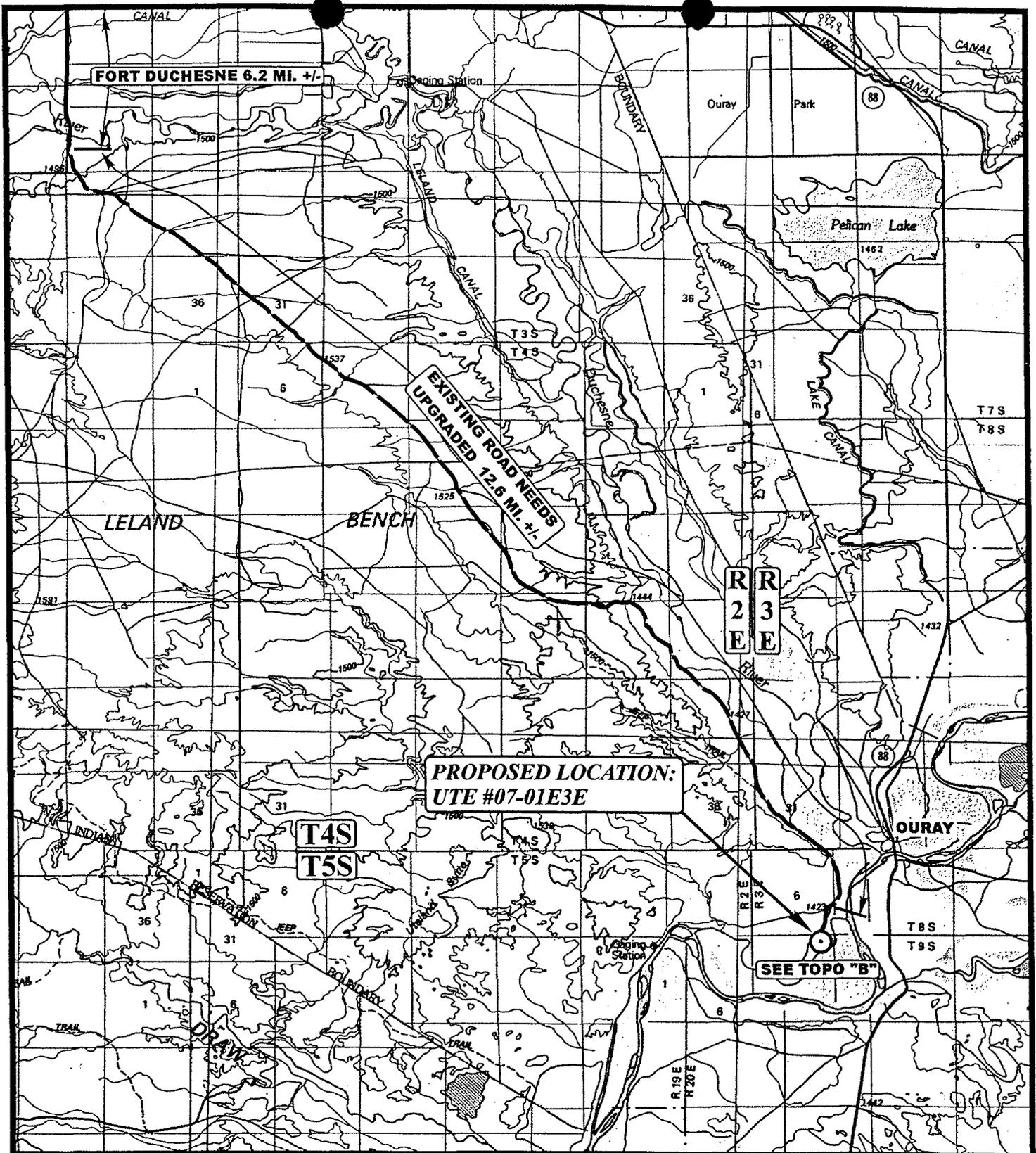


APPROXIMATE YARDAGES

(12") Topsoil Stripping	=	2,400 Cu. Yds.
Remaining Location	=	6,030 Cu. Yds.
TOTAL CUT	=	8,430 CU.YDS.
FILL	=	4,880 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	=	3,290 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	=	3,280 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	=	10 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (435) 789-1017



LEGEND:

⊙ PROPOSED LOCATION



SEGO RESOURCES

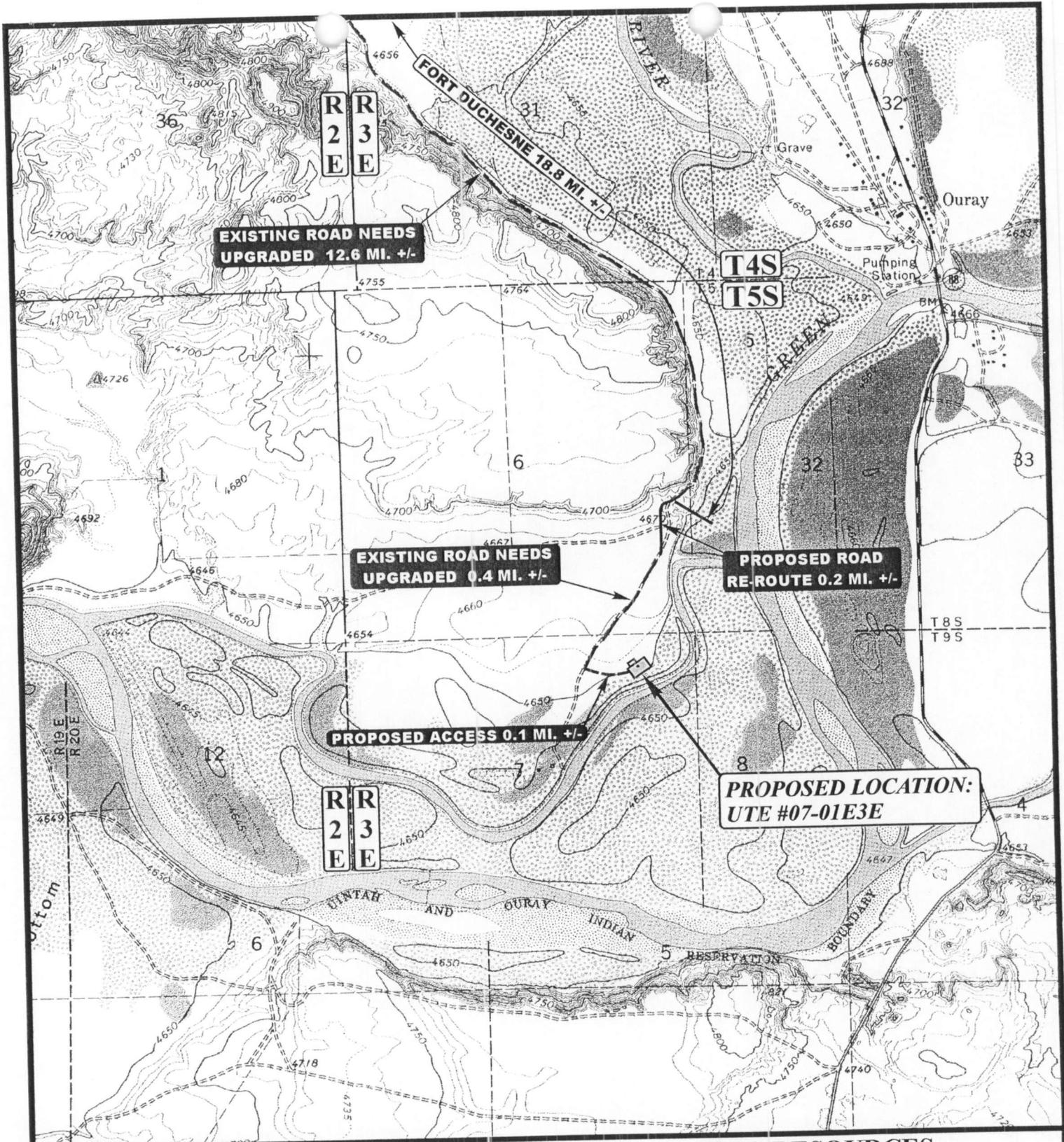
UTE #07-01E3E
SECTION 7, T5S, R3E, U.S.B.&M.
465' FNL 855' FEL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC **5 27 98**
MAP MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: D.COX REVISED: 6-12-98





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD

SEGO RESOURCES

UTE #07-01E3E
 SECTION 7, T5S, R3E, U.S.B.&M.
 465' FNL 855' FEL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

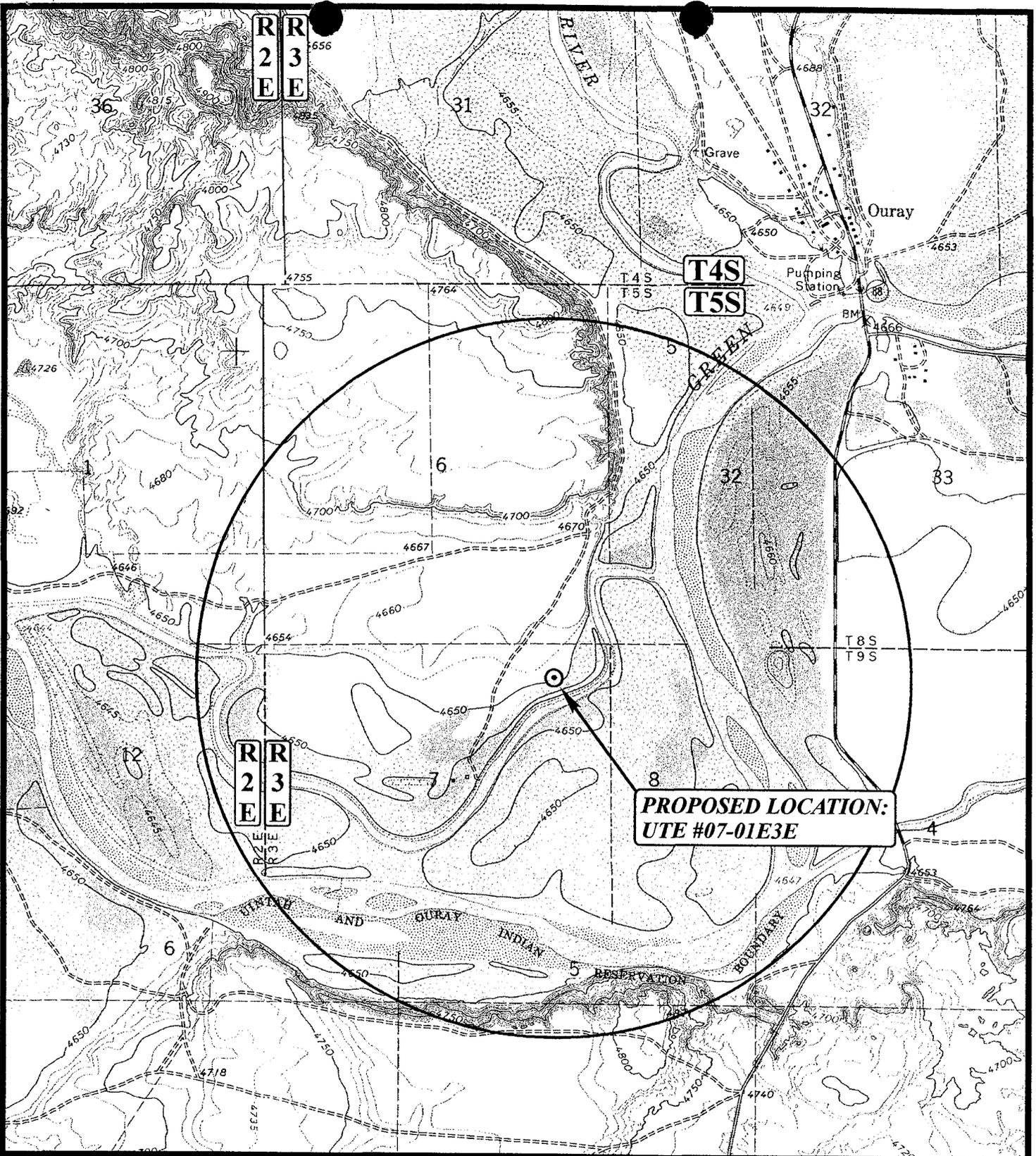


TOPOGRAPHIC
 MAP

5 27 98
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: D.COX REVISED: 6-12-98





**PROPOSED LOCATION:
UTE #07-01E3E**

LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- ⬮ SHUT IN WELLS
- ♂ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

SEGO RESOURCES

**UTE #07-01E3E
SECTION 7, T5S, R3E, U.S.B.&M.
465' FNL 855' FEL**



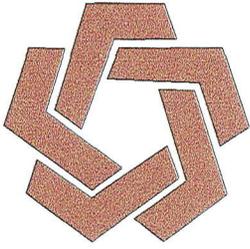
Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

5 27 98
MONTH DAY YEAR

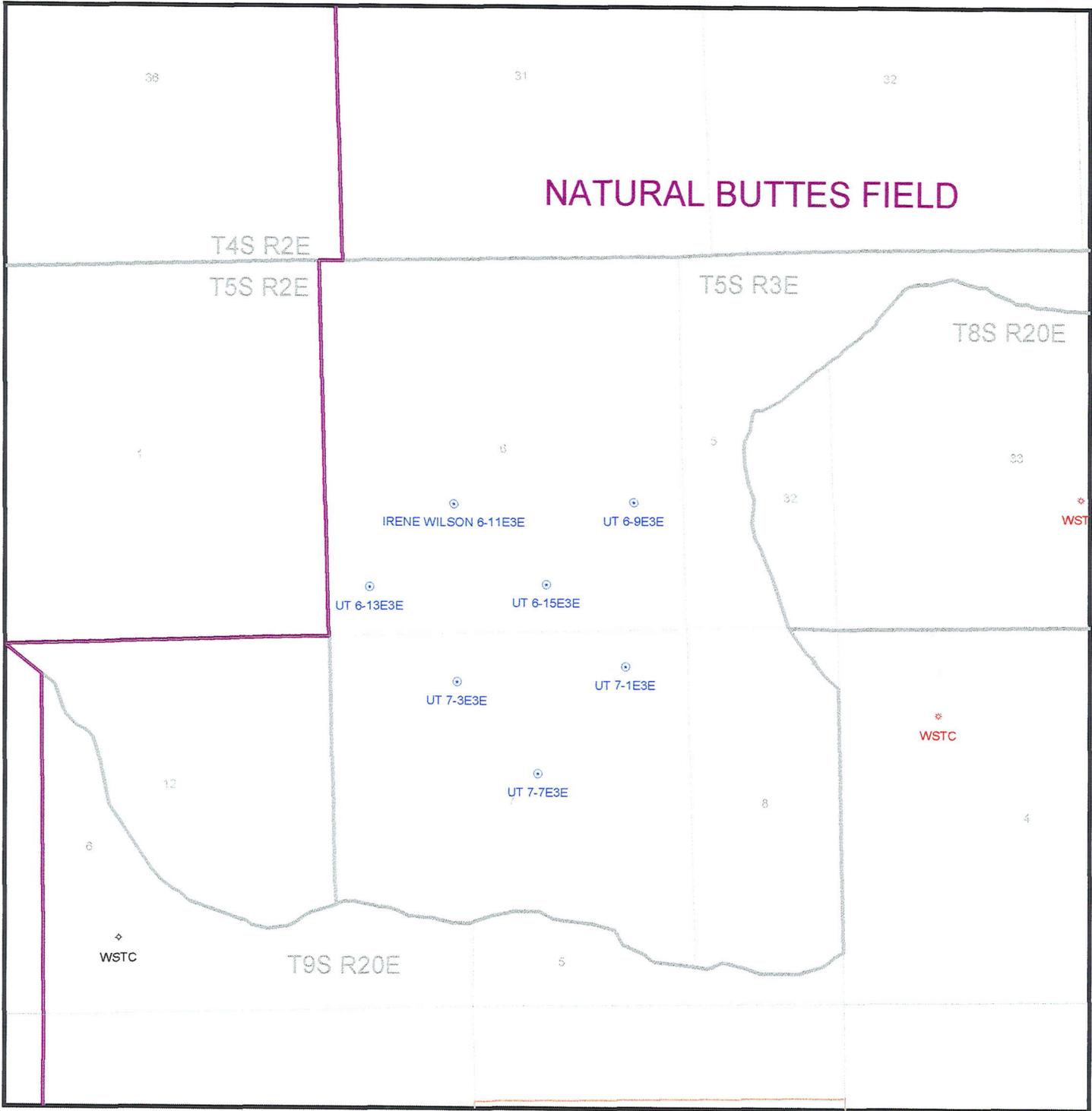
SCALE: 1" = 2000' DRAWN BY: D.COX REVISED: 6-12-98





DIVISION OF OIL, GAS & MINING

OPERATOR: SEGO RESOURCES (N6095)
FIELD: NATURAL BUTTES FIELD (630)
SEC. 6 & 7, TWP 5S, RNG 3E
COUNTY: UINTAH UAC: R649-3-2 STATEWIDE SPACING



DATE PREPARED:
22-JULY-1998



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

July 23, 1998

Sego Resources
9137 East Mineral Circle, Suite 250
Englewood, CO 80112

Re: Ute 07-01E3E Well, 465' FNL, 855' FEL, NE NE, Sec. 7,
T. 5 S., R. 3 E., Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 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 43-047-33153.

Sincerely,

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

John R. Baza
Associate Director

lwp

Enclosures

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



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

RECEIVED

SEP 22 1999

BLM VERNAL, UTAH

In Reply Refer To:
3106
UTU-62159 et al
(UT-932)

SEP 21 1999

NOTICE

Falcon Creek Resources, Inc. : Oil and Gas
621 17th Street, Suite 1800 :
Denver, CO 80293-0621 :

Merger Recognized

Acceptable evidence has been filed in this office concerning the merger of Sego Resources Corp. into Falcon Creek Resources, Inc. with Falcon Creek Resources, Inc. being the surviving entity.

For our purposes the merger is recognized effective September 7, 1999, the date the Secretary of State of the State of Delaware recognized the merger.

The oil and gas lease files identified on the enclosed exhibit have been noted as to the merger. The exhibit is the list supplied by Falcon Creek Resources, Inc. We have not adjudicated the case files to determine if the entity affected by the merger holds an interest in the leases identified, nor have we attempted to identify leases where the entity is the operator on the ground, maintaining no vested record title or operating rights interest. We are notifying the Minerals Management Service and all applicable BLM offices of the merger by a copy of this notice. If additional documentation for a change of operator is required by our Field Offices, you will be contacted by them.

By recognition of the merger the principal is automatically changed by operation of law from Sego Resources Corp. to Falcon Creek Resources, Inc. on Statewide Surety Bond No. 158577991 (BLM Bond No. UT1089).

/s/ Robert Lopez

Robert Lopez
Chief, Branch of
Minerals Adjudication

Enclosure
Exhibit of Leases

cc: Moab Field Office
Vernal Field Office
MMS—Reference Data Branch, MS 3130, P.O. Box 5860, Denver, CO 80217
State of Utah, DOGM, Attn: Kristen Risbeck (Ste. 1210), Box 145801, SLC, UT 84114
American Casualty Company of Reading Pennsylvania, CNA Plaza, Chicago, IL 60685
Irene Anderson (UT-932)
Teresa Thompson (UT-931)
LaVerne Steah (UT-942)

RECEIVED

FEB 20 2001

DIVISION OF
OIL, GAS AND MINING

FAX COVER SHEET

FROM: ED TROTTER

FAX NO. 435-789-1420

TELEPHONE NO. 435-789-4120

TO: UDOG & M

FAX NO. 801-359-3940

ATTENTION: LESHA CORDOVA

DATE: 12-29-1999

TOTAL NUMBER OF PAGES INCLUDING COVER PAGE: 1

All information contained in this facsimile is confidential and is solely directed to the above named recipient. If you receive this fax in error, or there is a problem with the transmission, please call: 1-435-789-4120. Thank you.

Notes:

The following are the well and API numbers for the Segro Resources permits we would like to get approved. 1 year APO Extensions.

WELL NO.	API NO.	
Ute Tribal 06-09E3E	43-047-33149	Deferm APIV. 7-23-98
Ute 06-13E3E	43-047-33151	"
Ute 06-15E3E	43-047-33152	"
Ute 07-01E3E	43-047-33153	"
Ute 07-03E3E	43-047-33154	"
Ute Tribal 07-07E3E	43-047-33155	"

Thank you,

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 1/10/00
By: [Signature]

COPY SENT TO OPERATOR
Date: 1-13-2000
Initials: CHD



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Uintah and Ouray Agency

P. O. Box 130

988 South 7500 East

Fort Duchesne, Utah 84026-0130

Phone: (435) 722-4300

Fax: (435) 722-2323

1420H624836
Well # 32-0303

IN REPLY REFER TO:
Minerals and Mining
Phone: (435) 722-4310
Fax: (435) 722-2809

January 25, 2000

Falcon Creek Resources, Inc.

Attn: Linda Baker

621 17th Street, #1800

Denver, CO 80293-0621

RECEIVED

SEP 22 2000

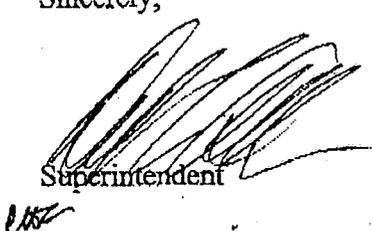
Dear Mrs. Baker:

We are in receipt of your corporate documents relating to the merger of Sego Resources Corporation and Falcon Creek Resources Inc.

All documents appear to be in order, and the approval is hereby given to change all records, including change of operator of certain oil and gas wells, from Sego Resources Corp. to read, "Falcon Creek Resources, Inc."

If you have any questions, please do not hesitate to contact this office.

Sincerely,


Superintendent

RECEIVED

FEB 20 2001

DIVISION OF
OIL, GAS AND MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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

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

5. Lease Designation and Serial No.
BIA E&D Agmt. #4750 14-20-H62-4836

6. If Indian, Allottee or Tribe Name
Ute Indian Tribe

7. If Unit or CA, Agreement Designation
N/A

8. Well Name and No.
Ute Tribal #32-03-D3E

9. API Well No.
43-047-33016

10. Field and Pool, or Exploratory Area
Natural Buttes

11. County of Parish, State
Uintah, Utah

SUBMIT IN TRIPLICATE

1. Type of Well:
OIL GAS OTHER:

2. Name of Operator
Falcon Creek Resources, Inc.

3. Address and Telephone Number
621 17th Street, Suite 1800
Telephone (3 303-675-0007

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FNL 1980" FWL Lot #3, Sec. 32, T4S, R3E U.S.B. & M.

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" 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: See Below
	<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 completions 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 markers and zones pertinent to this work)*

Sego Resources Corp. effective September 2, 1999 merged into Falcon Creek Resources, Inc.

Falcon Creek Resources, Inc.
621 17th Street, Suite 1800
Denver CO. 80293-0621

The bonds in effect are attached.

Sego Resources, Corp. bond's will have a name change to read Falcon Creek Resources, Inc.

If additional information is needed, please contact the undersigned at (435) 789-7250, FAX (435) 789-7261

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

Name/Signature: Joe H. Cox Jr.  Title: Senior Engineer Date: September 27 1999

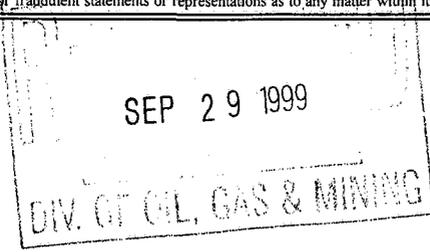
(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

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 any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instructions On Reverse Side



OPERATOR CHANGE WORKSHEET

ROUTING

1. GLH		4-KAS
2. CDW		<i>CDW</i> ✓
3. JLT		6-FILE

Enter date after each listed item is completed

Change of Operator (Well Sold)

Designation of Agent

Operator Name Change (Only)

X Merger

The operator of the well(s) listed below has changed, effective: **9/7/1999**

FROM: (Old Operator):
SEGO RESOURCES CORPORATION
Address: 621 17TH STE 1800
DENVER, CO 80293-0621
Phone: 1-(303)-675-50007
Account No. N6095

TO: (New Operator):
FALCON CREEK RESOURCES INC.
Address: 621 17TH STE 1800
DENVER, CO 80293-0621
Phone: 1-(303)-675-50007
Account No. N2915

CA No.

Unit:

WELL(S)

NAME	API NO.	ENTITY NO.	SEC. TWN RNG	LEASE TYPE	WELL TYPE	WELL STATUS
UTE TRIBAL 32-03D3E	43-047-33016	12294	32-04S-30E	INDIAN	GW	P
UTE TRIBAL 06-09E3E	43-047-33149	99999	06-05S-30E	INDIAN	GW	APD
UTE 06-13E3E	43-047-33151	99999	06-05S-30E	INDIAN	GW	APD
UTE 06-15E3E	43-047-33152	99999	06-05S-30E	INDIAN	GW	APD
UTE 07-01E3E	43-047-33153	99999	07-05S-30E	INDIAN	GW	APD
UTE 07-03E3E	43-047-33154	99999	07-05S-30E	INDIAN	GW	APD
UTE 07-07E3E	43-047-33155	99999	07-05S-30E	INDIAN	GW	APD

OPERATOR CHANGES DOCUMENTATION

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 09/29/1999
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 02/20/2001
- The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 02/23/2001
- Is the new operator registered in the State of Utah: YES Business Number: 1464952-0143
- If **NO**, the operator was contacted on: N/A
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the (merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 09/07/1999 BIA 01/25/2000

7. **Federal and Indian Units:** The BLM or BIA has approved the successor of unit operator for wells listed on: N/A

8. **Federal and Indian Communization Agreements ("CA"):** The BLM or the BIA has approved the operator change for all wells listed involved in a CA on: N/A

9. **Underground Injection Control ("UIC") Prog:** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 02/23/2001

2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 02/23/2001

3. Bond information entered in RBDMS on: N/A

4. Fee wells attached to bond in RBDMS on: N/A

STATE BOND VERIFICATION:

1. State well(s) covered by Bond No.: N/A

FEE WELLS - BOND VERIFICATION/LEASE INTEREST OWNER NOTIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed has furnished a bond No: N/A

2. The **FORMER** operator has requested a release of liability from their bond on: N/A
The Division sent response by letter on: N/A

3. (R649-2-10) The **FORMER** operator of the Fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

FILMING:

1. All attachments to this form have been **MICROFILMED** on: 3-17-01

FILING:

1. **ORIGINALS/COPIES** of all attachments pertaining to each individual well have been filled in each well file on: _____

COMMENTS:



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

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

April 10, 2001

Mary Jo Thomas
Falcon Creek Resources, Inc.
c/o Sapient Energy Corporation
621 17th Street, Suite 1800
Denver, Colorado 80293-0621

Re: APD's Rescinded – 06-09E3E, 06-13E3E, 06-15-E3E, 07-01E3E, 07-03-E3E and 07-07E3E, Sec. 6 & 7, T.5S, R.3E - Uintah County, Utah

Dear Ms. Thomas:

The Application's for Permit to Drill (APD's) for the well's listed below were approved by the Division of Oil, Gas and Mining (Division) on July 23, 1998. On January 10, 2000, Falcon Creek was granted a one-year APD extension for each well.

06-09-E3E	Sec. 6, T5S, R3E	43-047-33149
06-13E3E	Sec. 6, T5S, R3E	43-047-33151
06-15E3E	Sec. 6, T5S, R3E	43-047-33152
07-01E3E	Sec. 7, T5S, R3E	43-047-33153
07-03E3E	Sec. 7, T5S, R3E	43-047-33154
07-07E3E	Sec. 7, T5S, R3E	43-047-33155

No drilling activity at these locations have been reported to the division. Due to the excessive time delay in commencing drilling operations, approval to drill the well's are hereby rescinded, effective January 10, 2001.

New APD's must be filed with this office for approval prior to the commencement of any future work on the subject locations.

Page 2

Falcon Creek Resources, Inc.

April 10, 2001

If any previously unreported operations have been performed on these well locations, it is imperative that you notify the Division immediately.

Sincerely,

A handwritten signature in cursive script that reads "Lisha Cordova".

Lisha Cordova
Eng. Technician

cc: Well File
Bureau of Land Management, Vernal



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

<http://www.blm.gov/utah/vernal>

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

March 30, 2001

Falcon Creek Resources, Inc.
c/o Sapient Energy Corp.
621 17th Street, Suite 1800
Denver CO 80293-0621

Re: Notification of Expiration
Well No. 07-01E3E
Lot 1, Sec. 7, T5S, R3E
Lease No. 14-20-H62-4835
Uintah County, Utah

43-047-33153

Dear Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on February 16, 2000. 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,

Leslie Crinklaw

Leslie Crinklaw
Legal Instruments Examiner

cc: UDOGM - Lisha Cordova

RECEIVED

APR 05 2001

DIVISION OF
OIL, GAS AND MINING