

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

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			6. LEASE DESIGNATION AND SERIAL NO. UTU-73440	
8. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. IF INDIAN, ALLOTTEE OR TRIBE NAME NA	
2. NAME OF OPERATOR Lone Mountain Production Company			7. UNIT AGREEMENT NAME NA	
3. ADDRESS OF OPERATORS P.O. Box, 3394, Billings, MT. 59103 406-245-5077			8. FARM OR LEASE NAME NA	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement) at surface 738' FSL, 565' FEL SE/SE At proposed prod. Zone 239 172			9. WELL NO. Fed. Q 44-22	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 23.4 miles south of Ouray, Utah			10. FIELD OR LEASE NAME	
15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drig. Unit line, if any) 565'		16. NO. OF ACRES IN LEASE 2,560		17. NO. OF ACRES ASSIGNED TO THIS WELL 40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. 2,500'		19. PROPOSED DEPTH 6,000'		20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.) 6,463' GR			22. APPROX. DATE WORK WILL START Oct. 1, 1998	

PROPOSED CASING AND CEMENT PROGRAM

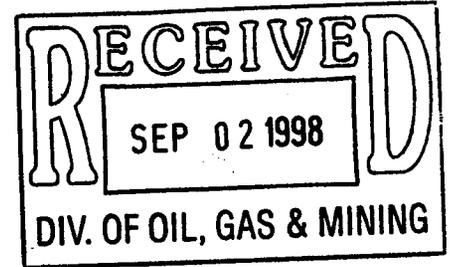
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	9 5/8	36	300	To Surface
7 7/8	4 1/2	11.6	T.D.	Cement top to cover the oil shale

**Operator requests permission to drill the subject well.
Please see the attached 10 Point and 13 Point Surface Use Plan.**

*624613.H
4401245.3*

If you require additional information please contact:

**William Ryan
350 S., 800E.
Vernal, Utah
435-789-0968**



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

24

SIGNATURE William A Ryan TITLE Agent DATE Aug 23, 1998

(This space for Federal or State Office Use)

PERMIT NO. 43-047-33185 APPROVAL DATE BRADLEY G. HILL
 APPROVED BY [Signature] TITLE RECLAMATION SPECIALIST II DATE 9/15/98

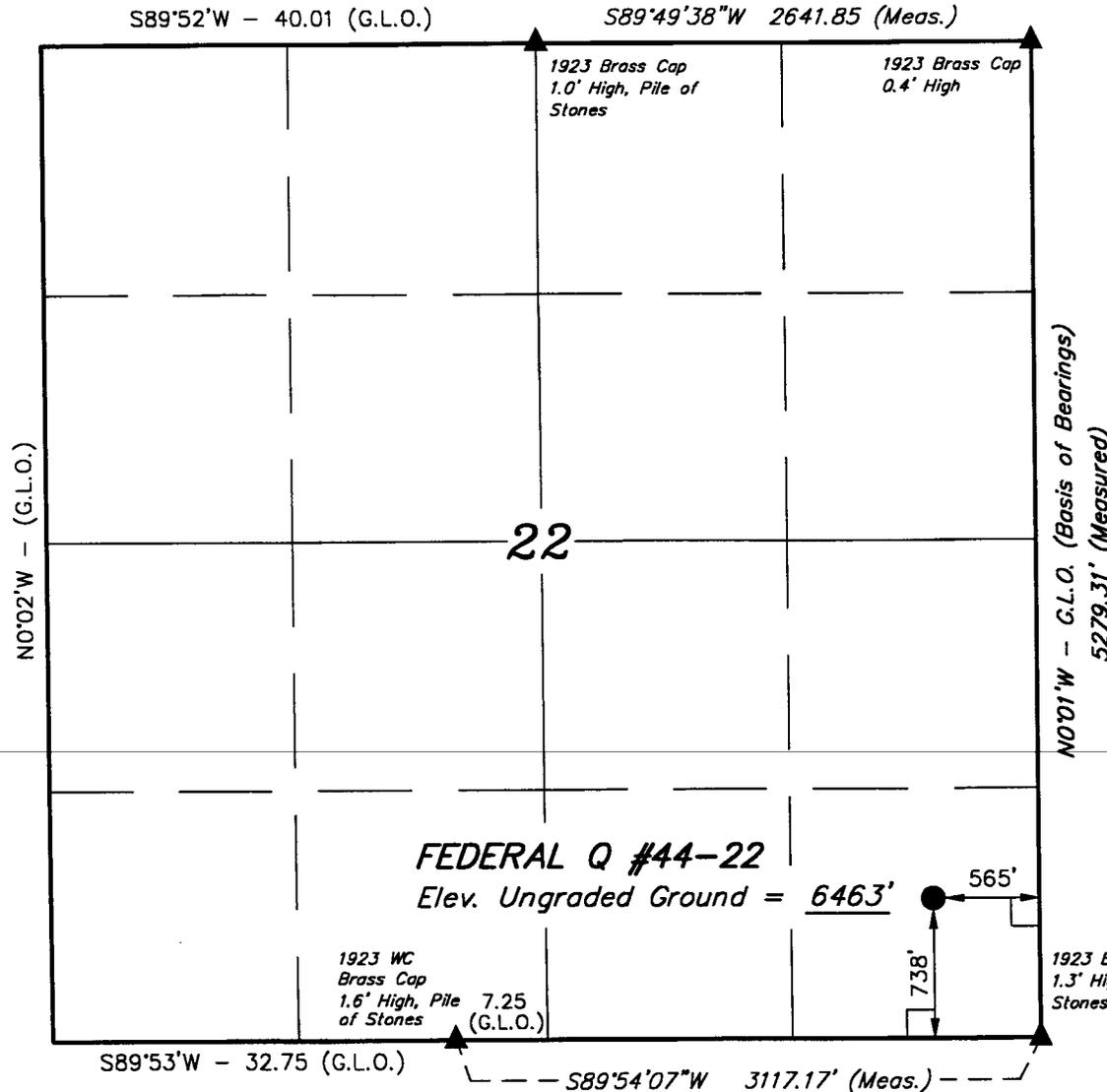
Federal Approval of this Action is Necessary

*See Instructions on Reverse Side

T12S, R21E, S.L.B.&M.

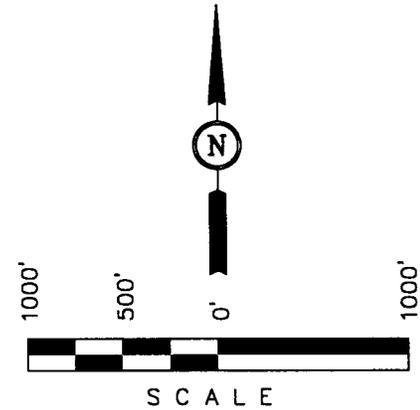
LONE MOUNTAIN PRODUCTION

Well location, FEDERAL Q #44-22, located as shown in the SE 1/4 SE 1/4 of Section 22, T12S, R21E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION AT THE SOUTHEAST CORNER OF SECTION 22, T12S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN. SE. QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 6490 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 J. Hays
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH

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

LEGEND:

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

LATITUDE = 39°45'14"
 LONGITUDE = 109°32'43"

SCALE 1" = 1000'	DATE SURVEYED: 07-14-98	DATE DRAWN: 07-16-98
PARTY D.K. P.R. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE LONE MOUNTAIN PRODUCTION	

SELF-CERTIFICATION STATEMENT

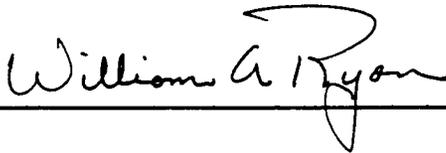
The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised that Lone Mountain Prod., Co. are considered to be the operator of the following well.

**Fed. Q 44-22
SE 1/4, SE 1/4, Section 22, T. 12, R. 21 E.
Lease UTU-73440
Uintah County, Utah**

Lone Mountain Prod., Co. is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

State Wide Bond Coverage is provided by -Bond Fed. UT-0719

A handwritten signature in black ink that reads "William A. Ryan". The signature is written in a cursive style and is positioned above a solid horizontal line.

**William A. Ryan
Agent
Rocky Mountain Consulting
350 S. 800 E.
Vernal UT 84078
435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax**

Ten Point Plan

Lone Mountain Prod., Co.

Fed. Q 44-22

Surface Location SE 1/4, SE 1/4, Section 22, T. 12 S., R. 21 E.

1. Surface Formation:

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	+6,463' G.L.
Oil Shale	648	+5,815
Wasatch	3,123	+3,340
Mesaverda formation	873	+1,590
T.D.	6,000	+463

3. Producing Formation Depth:

Formation objective includes the Wasatch and its sub-members.

Off Set Well Information:

Off set well: Sec. 22, T12S, R21E, SW/NE, Gas Well.

4. Proposed Casing:

<u>Hole</u> <u>Size</u>	<u>Casing Grade</u> <u>Size</u> <u>Weight/Ft.</u>	<u>Setting</u> <u>& Tread</u>	<u>Casing</u> <u>Depth</u>	<u>New/Used</u>
11	9 5/8 24	J-55/STC	300	New
7 7/8	4 1/2 11.6	J-55/LTC	T.D.	New

Cement Program:

<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amount</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
9 5/8	Class "G" 2% Calcium 1/4 #/sk. Cello Flake	150 sks. +/-	1.16 cu. ft./sk.	15.82 lbs./gal.
4 1/2 Lead.	Class "G" 3% salt 16% gel (Bentonite) 2% WR15 .4 lbs./sk. FL 25	205 sks. +/-	3.91 cu. ft./sk.	11.0 lbs./gal.
Tail	Class "G" 10% salt 10% gel .1% R-3 .4 FL-25	540 sks. +/-	1.44 cu. ft./sk.	15.23 lbs./gal.

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to the minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./Qt.</u>	<u>Fluid Loss MI/30 Mins.</u>	<u>Mud Type</u>
0-300	Air/Clear Water	----	No Control	Water/Gel
300-2500	Clear Water	----	No Control	Water/Gel
2500-T.D.	8.4-8.6	30	8-10	Water/Gel

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, 2 1/2" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 2000' to T.D.
- d) Logging:

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is October 1, 1998. Duration of operations expected to be 30 days.

LONE MOUNTAIN PRODUCTION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

FED Q 44-22

LOCATED IN

SE 1/4, SE 1/4

SECTION 22, T. 12 S., R. 21 E., U.S.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: UTU-73440

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads

To reach the Lone Mountain Production Co. well Fed. Q 44-22, in Section 22, T 12 S, R 21 E, from Ouray, Utah, proceed south on the paved and gravel road for 26.2 miles.

The proposed access road will start at this point.

All existing roads to the proposed location are State or County Class D roads.

Please see the attached map for additional details.

2. Planned access road

The proposed location will require approximately 500 feet of new access road.

The road will be built to the following standards:

A) Approximate length	500 ft
B) Right of Way width	30 ft.
C) Running surface	18 ft.
D) Surfacing material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road flagged	Yes
K) Access road surface ownership	Federal
L) All new construction on lease	Yes
M) Pipe line crossing	None

Please see the attached location plat for additional details.

A BLM right of way will not be required all new construction will be on lease.

3. Location of existing wells

The following wells are located within a one mile radius of the location site.

A) Producing well	Sec. 15, T12S, R21E Sec. 22, T11S, R21E SW/NE
B) Water well	None
C) Abandoned well	None
D) Temp. abandoned well	None
E) Disposal well	None
F) Drilling/Permitted well	None
G) Shut in wells	None
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities, and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Juniper Green** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

The required paint color is Juniper Green.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulations identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of production in paying quantities a surface pipeline will be required. The line will be welded on location and pulled to the tie in. The line will then be boomed off the road. The approximate length will be 500 ft.

A BLM right-of-way will not be required. All construction will be on lease.

The gathering pipeline will be a 2" or 4" steel surface pipeline.

Please see the attached location diagram for pipeline location. There will be no additional surface disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the well head. The gas line will be buried or anchored down from the well head to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter proving schedule. A copy of the meter calibration report will be submitted to the **BLM Vernal District Office, Vernal Utah**. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing the subject well will be hauled by truck from Willow Creek at the bottom of Buck Canyon. Water for completion will come from the same supply or Vernal City.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravels or pit lining material will be obtained from private sources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately 10 ft. deep and most of the depth shall be below the surface of the existing ground.

Please see the attached plat for details.

The reserve pit will not be lined.

The reserve pit will not be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90 days an application will be made to the authorized officer for approval of a permanent disposal method and location.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized land fill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follow:

A) Pad length	350 ft.
B) Pad width	155-134 ft.
C) Pit depth	10 ft.
D) Pit length	180 ft.
E) Pit width	50 ft.
F) Max cut	6.2 ft.
G) Max fill	8.4 ft.
H) Total cut yd's	6,840 cu. yd's
I) Pit location	south side
J) Top soil location	west end
K) Access road location	east end
L) Flare pit	corner B

Please see the attached location diagram for additional details.

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 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 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,000 cubic yards of material. **Topsoil will be stockpiled in two distinct piles (location topsoil and pit topsoil).** Placement of the topsoil is noted on the attached location plat. **The topsoil pile from the location will be seeded as soon as the soil is stock piled with a seed mix provided by the State of Utah.** The unused portion of the location (the area outside the dead men.) will be recontoured

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be recontoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days. After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when the topsoil is stock piled and when reclamation work is performed.

B) Seed Mix

Needle and Thread (Stipe Comata)	3#/acre
Fourwing Saltbush (Atriplex Canescens)	4#/acre
Shad Scale (Antriplex Cenfertifolia)	3#/acre
Thickspike Wheat Grass (Agropyron Dasystachum)	3#/acre

At such time as the well is plugged and abandoned the operator will submit a surface reclamation plan to the surface

management agency for prescribed seed mixture and reseeding requirements.

The nearest water is Willow Creek Evacuation Creek located 3 miles to the west

11. Surface ownership:

Access road	Federal
Location	Federal
Pipeline	Federal

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

12. Other information

A) Vegetation:

The vegetation coverage is slight. The majority of the existing vegetation consists of sagebrush. Rabbit brush, bitter brush and Indian rice grass are also found on the location.

B) Dwellings:

There are no dwellings or other facilities within a one mile radius of the location.

C) Archeology:

The location has not been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations which would effect such sites will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

F) Notification:

a) Location construction

At least forty eight (48) hours prior to construction of location and access roads

b) Location completion

Prior to moving in the drilling rig.

c) Spud notice

At least twenty-four (24) hours prior to spudding the well.

d) Casing string and cementing

At least twenty-four (24) hours prior to running casing and cementing all casing strings.

e) BOP and related equipment tests

At least twenty-four (24) hours prior to initial pressure tests.

f) First production notice

Within five (5) business days after the new well begins, or production resumes after well has been off production for more than ninety 90 days.

H) Flare pit:

The flare pit will be located in corner B of the reserve pit out side the pit fence and 100 feet from the bore hole on the **east side of the location**. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan

Rocky Mountain Consulting
350 South 800 East
Vernal, Utah 84078

Office 435-789-0968
Fax 435-789-0970
Cellular 435-828-0968

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 applicable laws, regulations, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by **Lone Mountain Production**

Company and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date August 24, 1998



William A. Ryan, Agent
Rocky Mountain Consulting

Statement of use of Hazardous Material

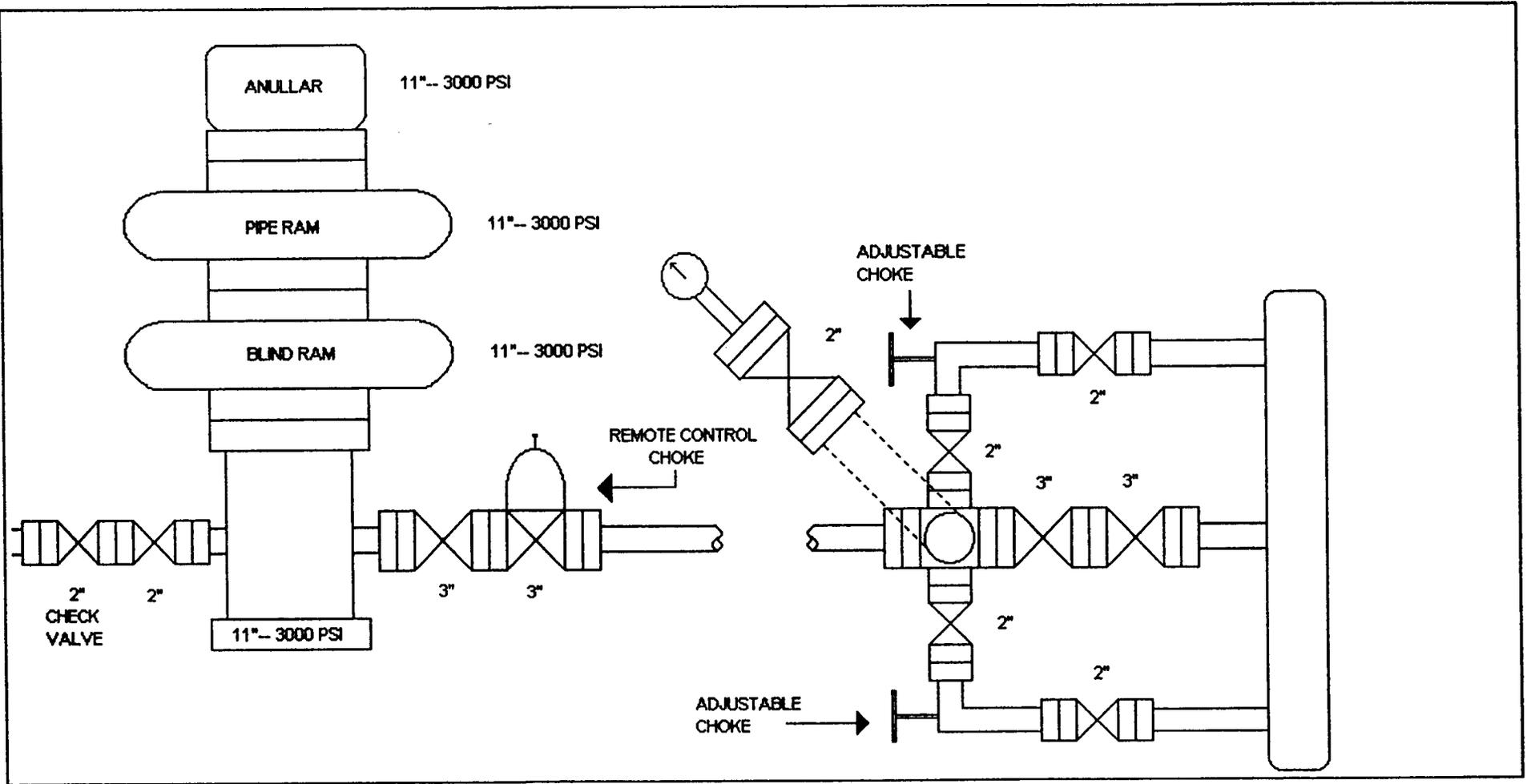
No chemical(s) from the EPA's Consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986.

Will be used, produced, transported, stored, disposed, or associated with the proposed action, No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

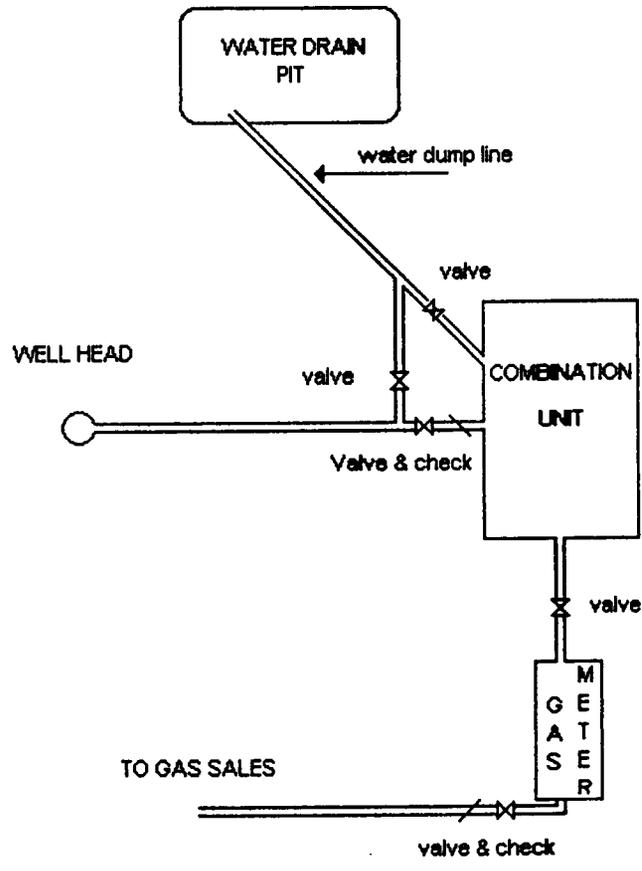
If you require additional information please contact:

William A Ryan
Agent for Lone Mountain Production Company
Rocky Mountain Consulting
350 S. 800 E.
Vernal Utah, 84078

Telephone
(435) 789-0968 office
(435) 828-0968 cellular
(435) 789-0970 fax



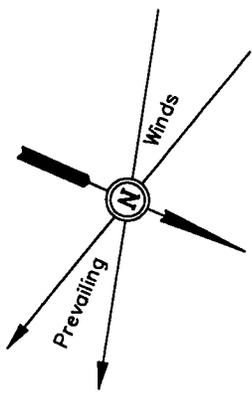
LONE MOUNTAIN
TYPICAL
GAS WELL



LONE MOUNTAIN PRODUCTION

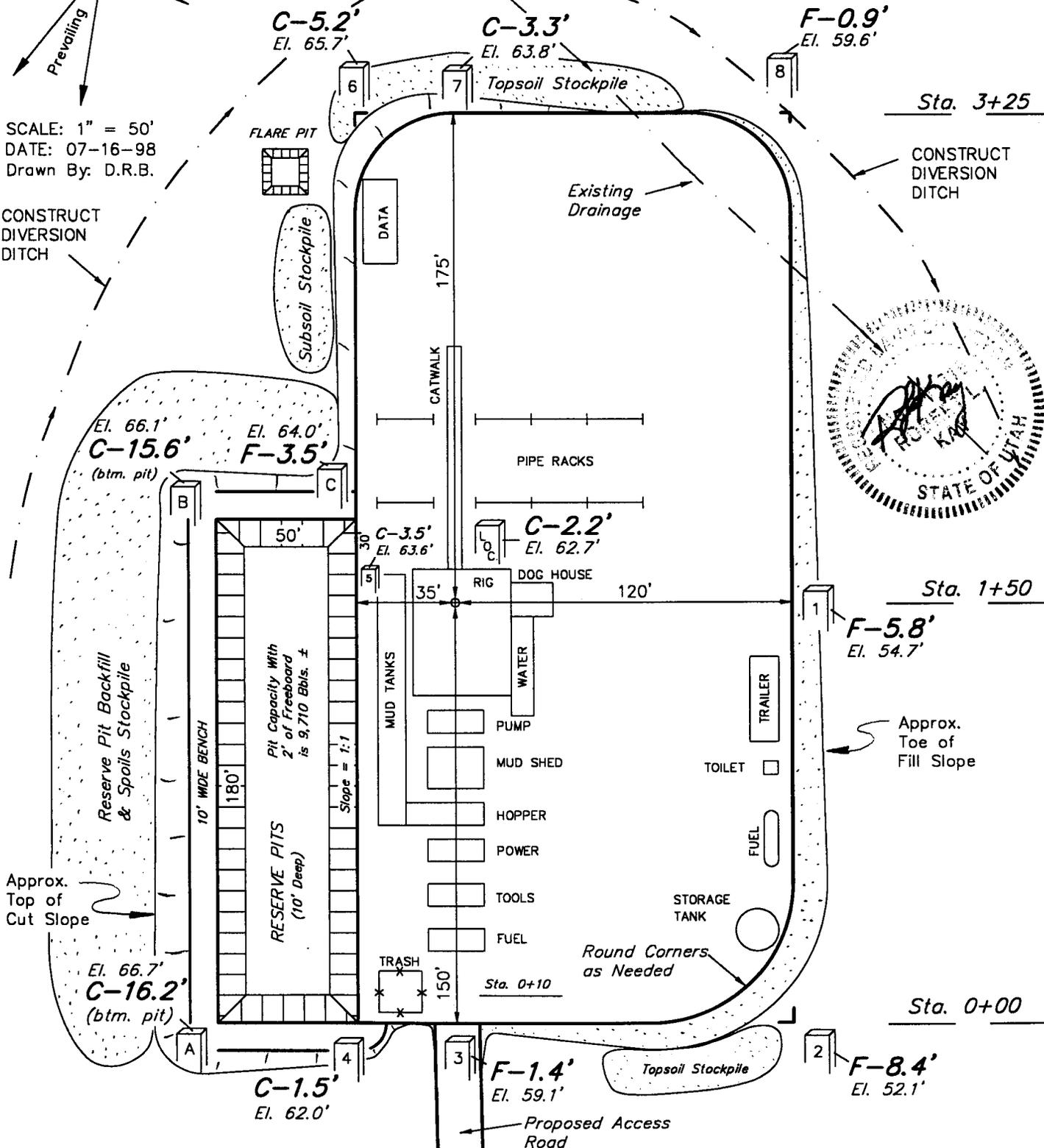
LOCATION LAYOUT FOR

FEDERAL Q #44-22
SECTION 22, T12S, R21E, S.L.B.&M.
738' FSL 565' FEL



SCALE: 1" = 50'
DATE: 07-16-98
Drawn By: D.R.B.

CONSTRUCT
DIVERSION
DITCH



Elev. Ungraded Ground at Location Stake = 6462.7'
Elev. Graded Ground at Location Stake = 6460.5'

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

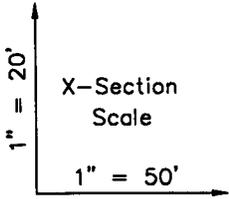
LONE MOUNTAIN PRODUCTION

TYPICAL CROSS SECTIONS FOR

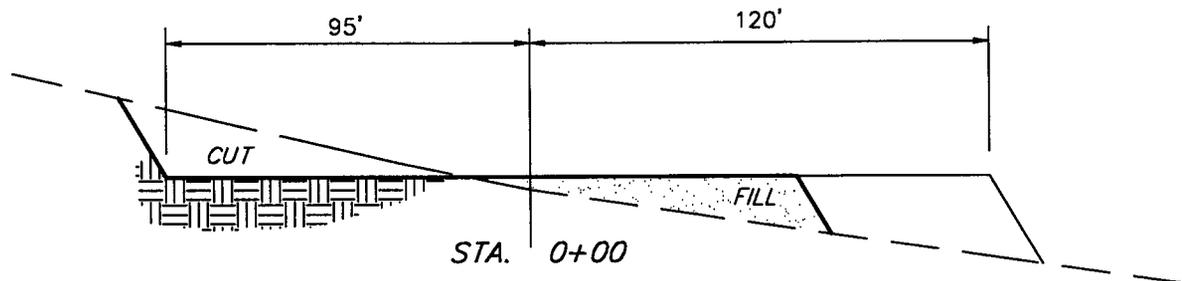
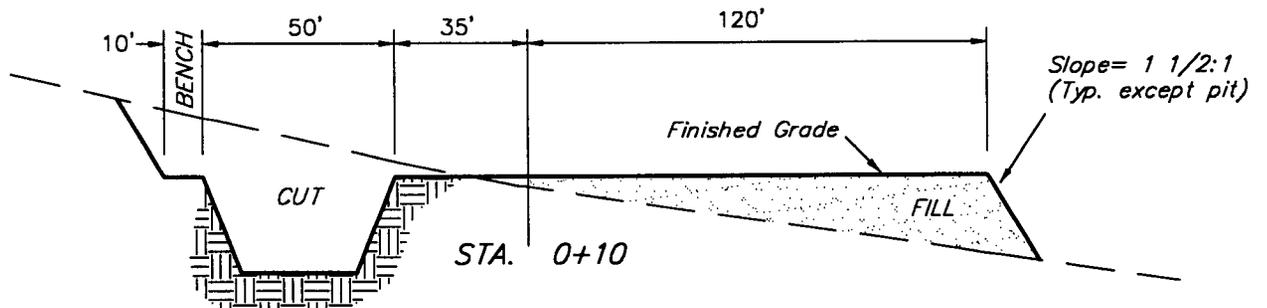
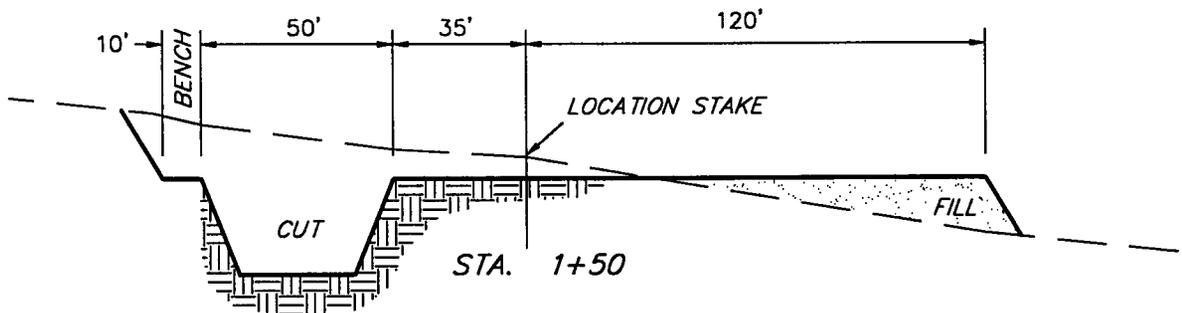
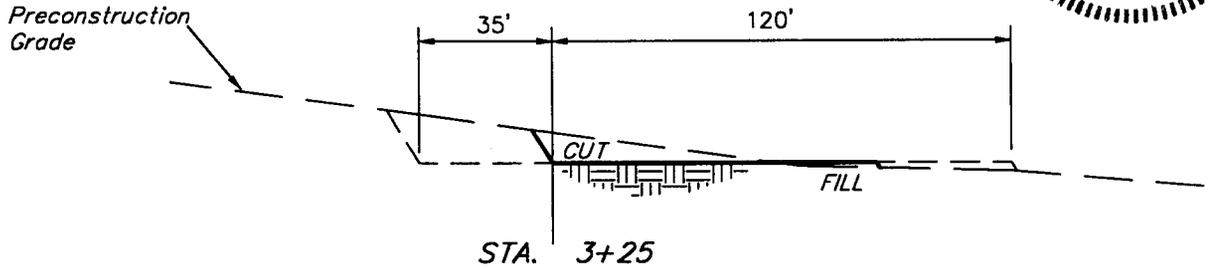
FEDERAL Q #44-22

SECTION 22, T12S, R21E, S.L.B.&M.

738' FSL 565' FEL



DATE: 07-16-98
Drawn By: D.R.B.

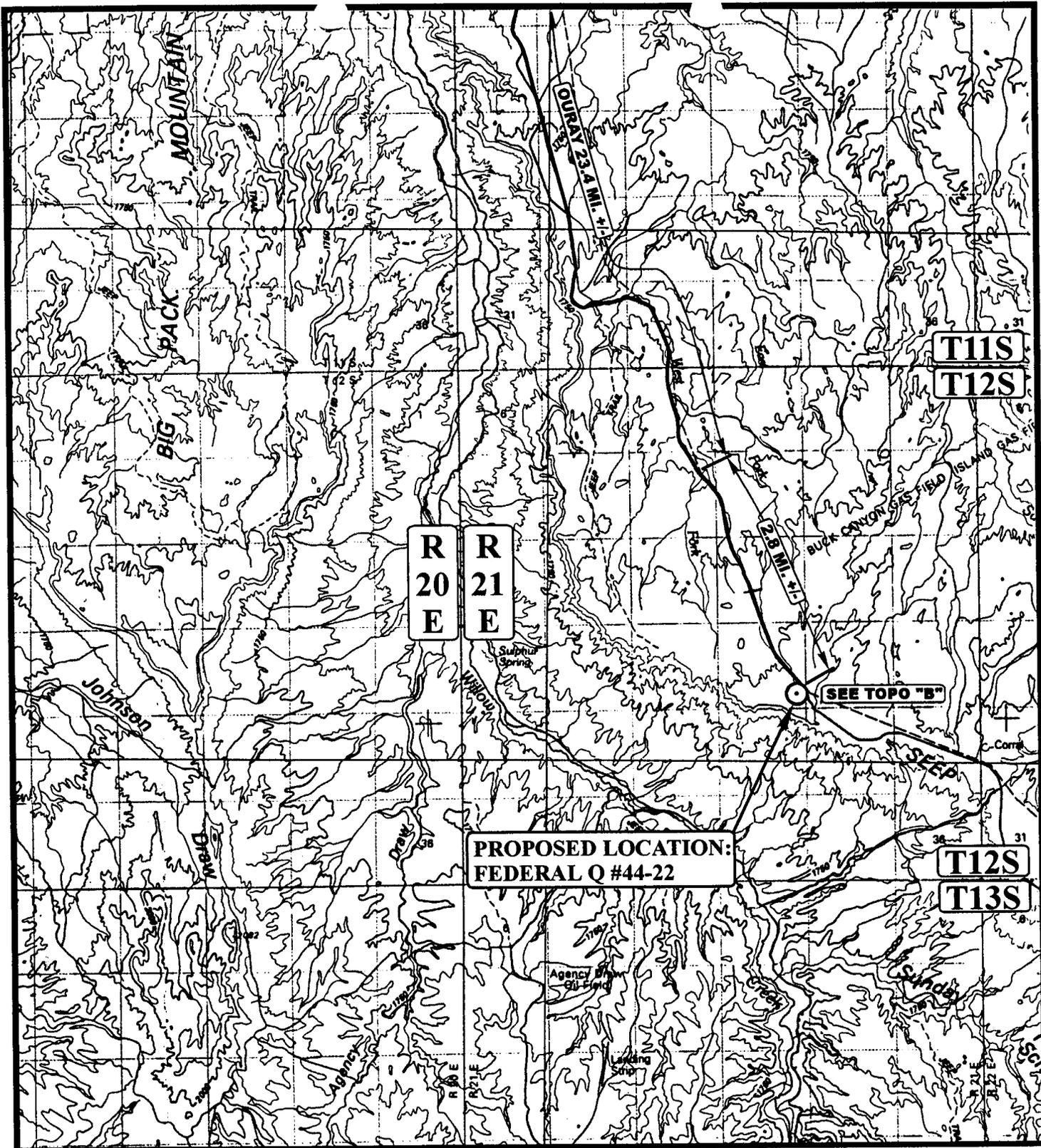


APPROXIMATE YARDAGES

(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 5,740 Cu. Yds.
TOTAL CUT	= 6,840 CU.YDS.
FILL	= 4,260 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,360 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.

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



**PROPOSED LOCATION:
FEDERAL Q #44-22**

SEE TOPO "B"

LEGEND:

○ PROPOSED LOCATION

LONE MOUNTAIN PRODUCTION

FEDERAL Q #44-22
SECTION 22, T12S, R21E, S.L.B.&M.
738' FSL 565' FEL

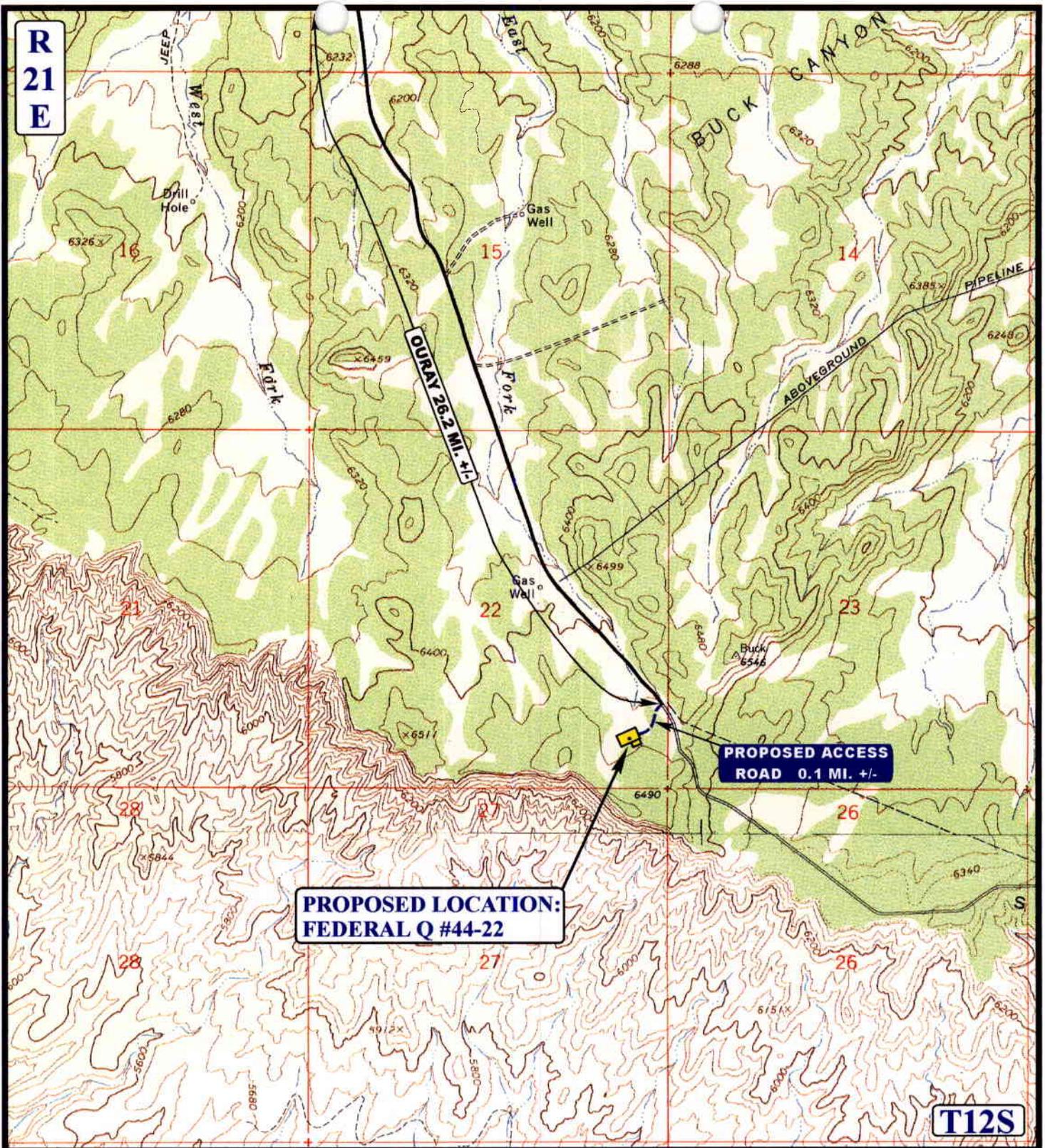


Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(801) 789-1017 * FAX (801) 789-1813
Email: uels@eastlink.com

TOPOGRAPHIC 7 16 98
MAP MONTH DAY YEAR

SCALE: 1 : 100,000 DRAWN BY: D.COX REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD



LONE MOUNTAIN PRODUCTION

FEDERAL Q #44-22
SECTION 22, T12S, R21E, S.L.B.&M.
738' FSL 565' FEL



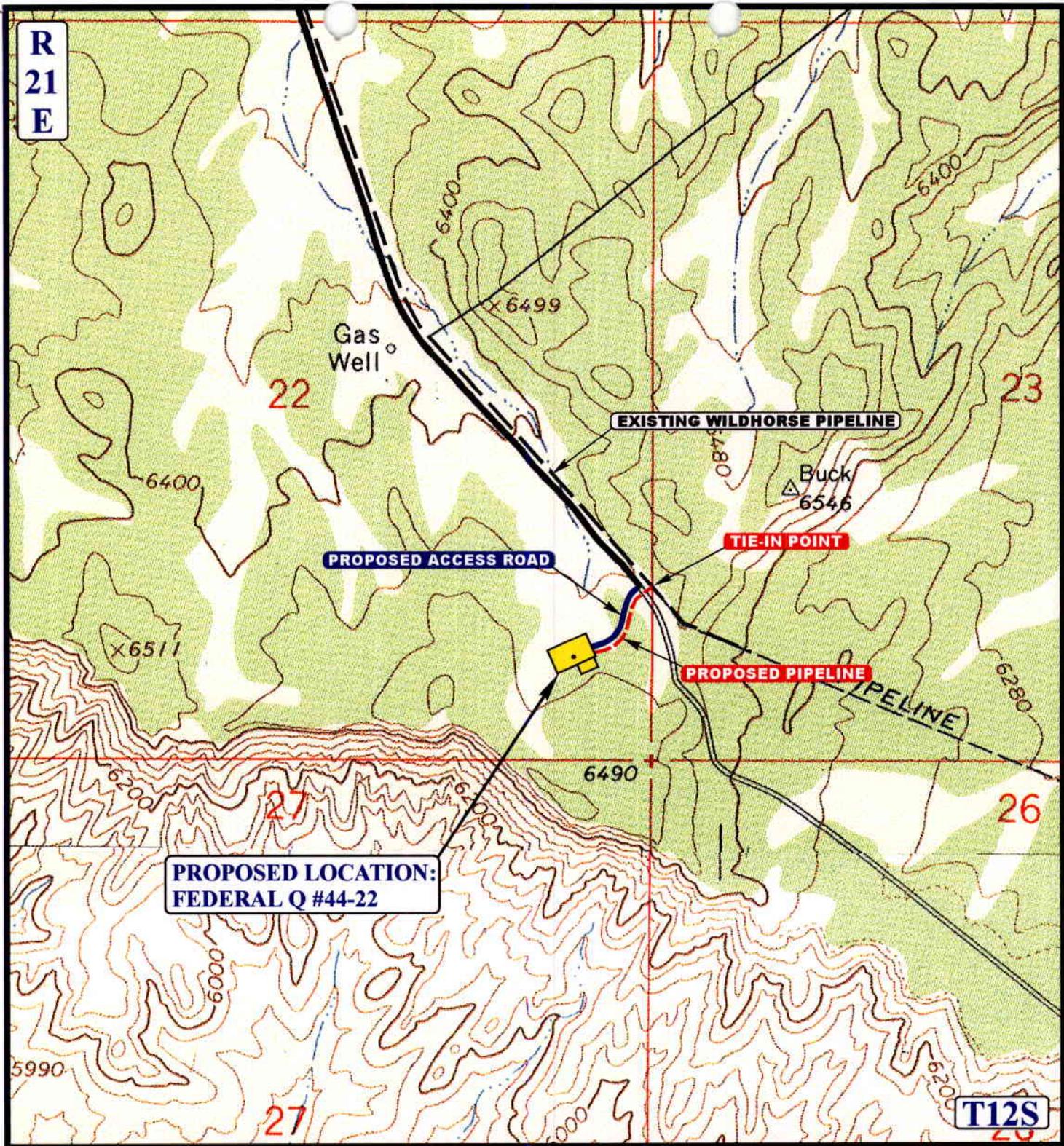
Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC **7 16 98**
MAP MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: D.COX REVISED: 00-00-00



R
21
E



APPROXIMATE TOTAL PIPELINE DISTANCE = 700' +/-

LEGEND:

-  EXISTING PIPELINE
-  PROPOSED PIPELINE
-  PROPOSED ACCESS



LONE MOUNTAIN PRODUCTION

FEDERAL Q #44-22
SECTION 22, T12S, R21E, S.L.B.&M.
738' FSL 565' FEL



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

TOPOGRAPHIC
MAP

7	16	98
MONTH	DAY	YEAR

SCALE: 1" = 1000' | DRAWN BY: D.COX | REVISED: 00-00-00



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/02/98

API NO. ASSIGNED: 43-047-33185

WELL NAME: FED Q 44-22
 OPERATOR: LONE MOUNTAIN PROD. CO. (N7210)
 CONTACT: William Ryan (435) 789-0968

PROPOSED LOCATION:
 SESE 22 - T12S - R21E
 SURFACE: 0738-FSL-0565-FEL
 BOTTOM: 0738-FSL-0565-FEL
 UINTAH COUNTY
 BUCK CANYON FIELD (565)

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

LEASE TYPE: FED
 LEASE NUMBER: UTU-73440
 SURFACE OWNER: Federal

PROPOSED FORMATION: WSTC

RECEIVED AND/OR REVIEWED:

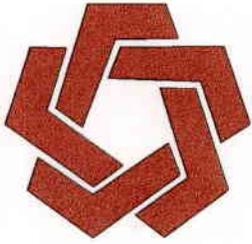
Plat
 Bond: Federal State Fee
 (No. UT-0719)
 Potash (Y/N)
 Oil Shale (Y/N) *190-5(B)
 Water Permit
 (No. Willow Creek)
 RDCC Review (Y/N)
 (Date: _____)
 St/Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3. Unit _____
 R649-3-2. General
 R649-3-3. Exception
 Drilling Unit
 Board Cause No: 119-1 (640'6)
 Date: 2-17-66

COMMENTS: _____

STIPULATIONS: ① FEDERAL APPROVAL



DIVISION OF OIL, GAS & MINING

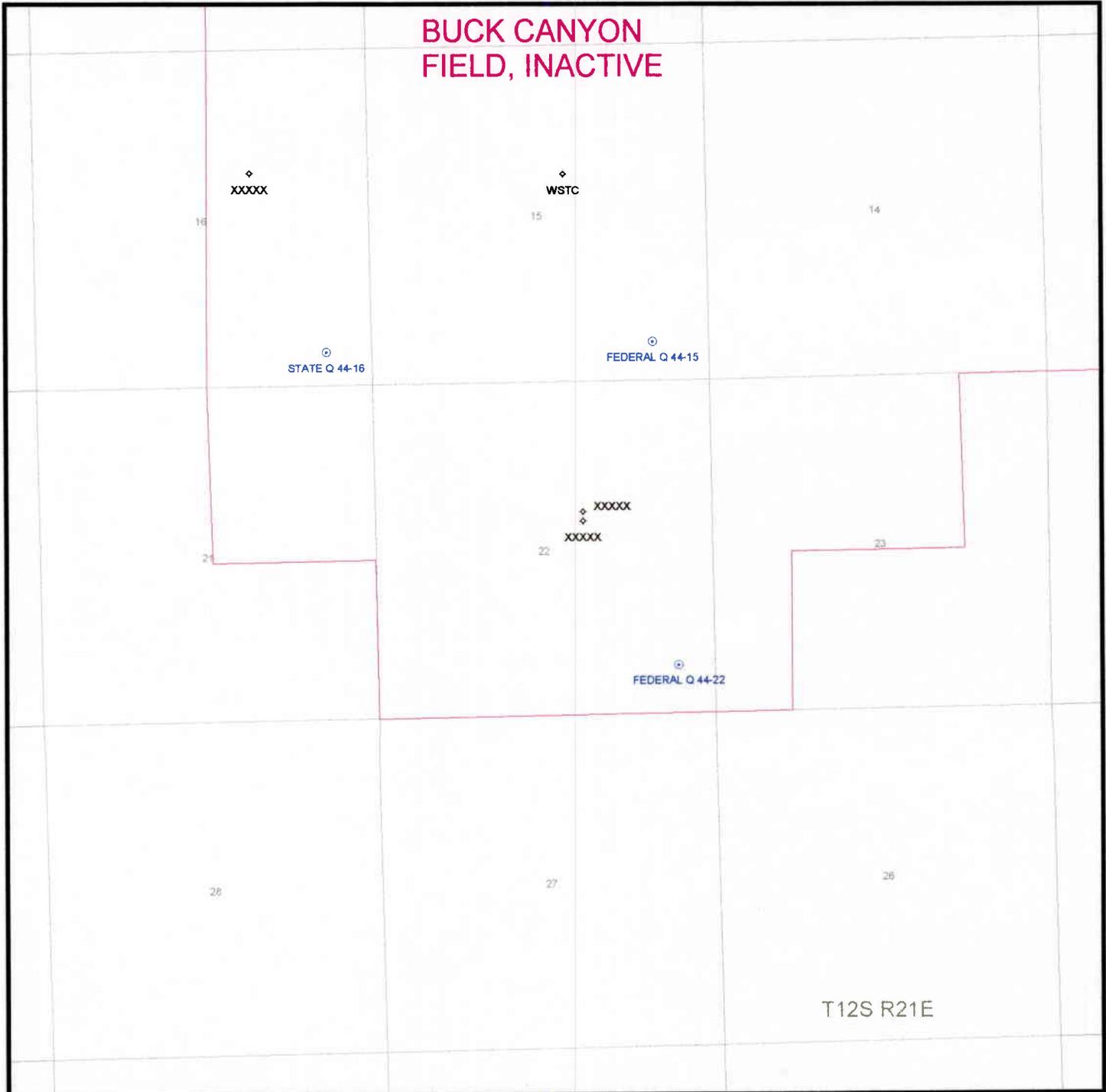
OPERATOR: LONE MOUNTAIN PRODUCTION (N7210)

FIELD: BUCK CANYON (565)

SEC. 15 & 22, TWP 12S, RNG 21E

COUNTY: UINTAH UNIT: NONE

**BUCK CANYON
FIELD, INACTIVE**



DATE PREPARED:
14-SEP-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

801-358-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

September 15, 1998

Lone Mountain Production Company
P.O. Box 3394
Billings, Montana 59103

Re: Fed. O 44-22 Well, 738' FSL, 565' FEL, SE SE, Sec. 22,
T. 12 S., R. 21 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 43-047-33185.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza". The signature is written in a cursive style with a large, sweeping initial "J".

John R. Baza
Associate Director

lwp

Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal

Operator: Lone Mountain Production Company
Well Name & Number: Fed. O 44-22
API Number: 43-047-33185
Lease: UTU-73440
Location: SE SE Sec. 22 T. 12 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 prior to spudding the well. Contact Jim Thompson at (801) 538-5336.

Notify the Division prior to commencing operations to plug and abandon the well. Contact Dan Jarvis at (801) 538-5338 or Robert Krueger at (801) 538-5274.

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.

4. State approval of this well does not supersede the required federal approval which must be obtained prior to drilling.

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

5. LEASE DESIGNATION AND SERIAL NO.

UTU-73440

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

NA

1a TYPE OF WORK

DRILL

DEEPEN

PLUG BACK

B TYPE OF WELL

OIL WELL

GAS WELL

OTHER

SINGLE ZONE

MULTIPLE ZONE

7. UNIT AGREEMENT NAME

NA

8. FARM OR LEASE NAME

NA

2. NAME OF OPERATOR

Lone Mountain Production Company

9. WELL NO.

Fed. Q 44-22

3. ADDRESS OF OPERATORS

P.O. Box, 3394, Billings, MT. 59103 406-245-5077

10. FIELD OR LEASE NAME

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

at surface

738' FSL, 565' FEL

SE/SE

43-047-33185

At proposed prod. Zone

11. Sec., T., R., M., OR BLK

AND SURVEY OR AREA

Sec. 22, T12S, R21E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

23.4 miles south of Ouray, Utah

12. COUNTY OR PARISH

Uintah

13. STATE

Utah

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drig. Unit line, if any)

565'

16. NO. OF ACRES IN LEASE

2,560

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

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

2,500'

19. PROPOSED DEPTH

6,000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATION (SHOW WHETHER DF. RT, GR, etc.)

6,463' GR

22. APPROX. DATE WORK WILL START

Oct. 1, 1998

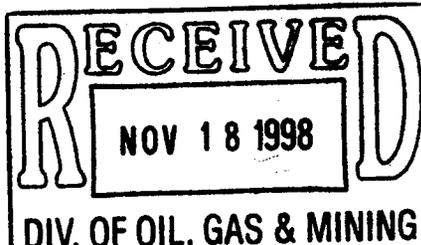
PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	9 5/8	36	300	To Surface
7 7/8	4 1/2	11.6	T.D.	Cement top to cover the oil shale

**Operator requests permission to drill the subject well.
 Please see the attached 10 Point and 13 Point Surface Use Plan.**

If you require additional information please contact:

**William Ryan
 360 S., 800E.
 Vernal, Utah
 435-789-0968**



RECEIVED
 SEP 01 1998

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

24

SIGNATURE

William A Ryan
William A Ryan

TITLE

Agent

DATE

Aug 23, 1998

(This space for Federal or State Office Use)

PERMIT NO.

NOTICE OF APPROVAL

APPROVAL DATE

**Assistant Field Manager
 Mineral Resources**

DATE

11/12/98

APPROVED BY

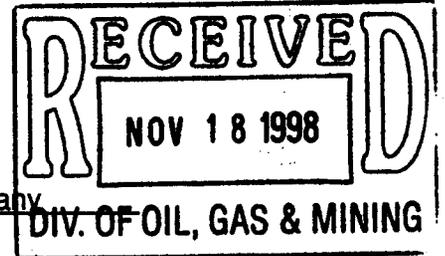
CONDITIONS OF APPROVAL, IF ANY:

***See Instructions on Reverse Side**

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

TO OPERATING COPY

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL



Company/Operator: Lone Mountain Production Company

Well Name & Number: Federal Q 44-22

API Number: 43-047-33185

Lease Number: U - 73440

Location: SESE Sec. 22 T.12S 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 **prior to setting the next casing or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

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

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

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

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

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Mahogany Oil Shale, identified at ± 792 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

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

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

5. .Coring, Logging and Testing Program

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

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

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

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

6. Notifications of Operations

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

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(d) shall be submitted to the appropriate Field Office within 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 (1).

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 onlease 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 on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

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

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

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

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

Ed Forsman (435) 789-7077
Petroleum Engineer

Wayne P. Bankert (435) 789-4170
Petroleum Engineer

Jerry Kenczka (435) 781-1190
Petroleum Engineer

BLM FAX Machine (435) 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.

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

-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, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing 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. Should mud holes develop, they shall be filled in to prevent detours. 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. When snow is removed from the road during the winter months, the snow should be pushed outside of the burrow ditches and the turn outs should be kept clear so that when the snow melts the water will be channeled away from the road. The seed mix to be used for seeding topsoil, the reserve pit, and final reclamation will be:

-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.

-Drilling rigs and/or equipment used during drilling operations on this well site 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).

-The reserve pit will be lined if blasting is required. The liner will be a minimum of 12 mils thick with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.

-The APD mentions that the topsoil will be seeded with a seed mix provided by the state of Utah. This is in error. The topsoil as well as all reclamation, will be seeded with the seed mix provided in the APD.

-The cleared trees will be piled on the east end of the reserve pit.

-The location topsoil will be windrowed between stakes 1 and 8, not as shown on the cut sheet. The pit topsoil will be piled on the west end of the reserve pit.

-A subsoil pile will be left on the east end of the location north of the access road which sufficient material for the construction of tank dikes

DOGMA

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a TYPE OF WORK DRILL [X] DEEPEN [] PLUG BACK []
B TYPE OF WELL OIL [] GAS WELL [X] SINGLE ZONE [] MULTIPLE ZONE [X]

5. LEASE DESIGNATION AND SERIAL NO. UTU-73440
6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA
7. UNIT AGREEMENT NAME NA
8. FARM OR LEASE NAME NA

2. NAME OF OPERATOR Lone Mountain Production Company
3. ADDRESS OF OPERATORS P.O. Box, 3394, Billings, MT. 59103 406-245-5077

9. WELL NO. Fed. Q 42-22
10. FIELD OR LEASE NAME

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)
at surface 1,770' FNL, 893' FEL SE/NE
At proposed prod. Zone

11. Sec., T., R., M., OR BLK AND SURVEY OR AREA Sec. 22, T12S, R21E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 23.4 miles south of Ouray, Utah

12. COUNTY OR PARISH Uintah 13. STATE Utah

16. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drip. Unit line, if any) 893'
16. NO. OF ACRES IN LEASE 2,560
17. NO. OF ACRES ASSIGNED TO THIS WELL 40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2,500'
19. PROPOSED DEPTH 6,000'
20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.) 6,450' GR
22. APPROX. DATE WORK WILL START April 1, 1999

PROPOSED CASING AND CEMENT PROGRAM table with columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT

Operator requests permission to drill the subject well. Please see the attached 10 Point and 13 Point Surface Use Plan.

If you require additional information please contact:

William Ryan
350 S., 800E.
Vernal, Utah
435-789-0968

RECEIVED
NOV 20 1998

RECEIVED
JAN 19 1999
OIL AND GAS

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

SIGNATURE William A Ryan TITLE Agent DATE Oct 16, 1998

NOTICE OF APPROVAL
PERMIT NO. APPROVAL DATE Assistant Field Manager Mineral Resources DATE JAN 07 1999

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

CONDITIONS OF APPROVAL ATTACHED TO OPERATOR'S COPY



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)

March 3, 1999

Dave Koval
White River Enterprises, LLC
Suite 925, 410 17th Street
Denver, Colorado 80202

Re: Fed Q 44-22 Well, SESE Sec. 22, T. 12S, R. 21E, Uintah County, Utah
API No. 43-047-33185

Dear Mr. Koval:

In response to your letter dated February 23, 1999 (copy enclosed), please be advised that the Division does hereby grant Lone Mountain Production Company administrative approval to drill the above referenced well as an "Exception Location" under Cause No. 119-1.

Should you have any questions regarding this matter, please contact me or Lisha Cordova at (801)538-5340.

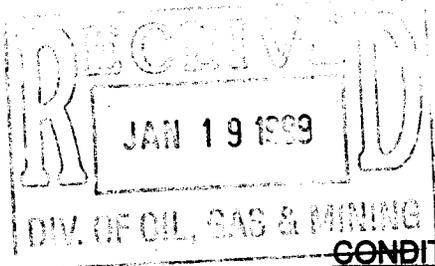
Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

John R. Baza
Associate Director, Oil & Gas

enclosure

cc: Lone Mountain Production Company, William Ryan
Well File



CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Lone Mountain Production Company

Well Name & Number: Federal Q 42-22

API Number: 43-047-33258

Lease Number: U - 73440

Location: SENE Sec. 22 T.12S R. 21E

Agreement: Buck Canyon Unit

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 **prior to setting the next casing or requesting plugging orders**. Faxed copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

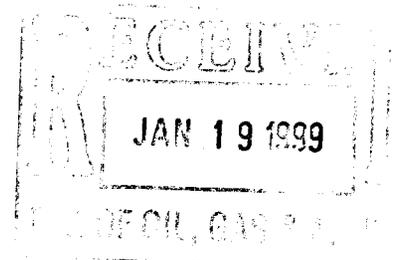
All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a **3M** system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

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

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



3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Mahogany Oil Shale, identified at ± 849 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

4. Mud Program and Circulating Medium

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

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

5. Coring, Logging and Testing Program

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

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

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

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

6. Notifications of Operations

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

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(d) shall be submitted to the appropriate Field Office within 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 (1).

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 onlease 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 on initial meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

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

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

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

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

Ed Forsman (435) 789-7077
Petroleum Engineer

Wayne P. Bankert (435) 789-4170
Petroleum Engineer

Jerry Kenczka (435) 781-1190
Petroleum Engineer

BLM FAX Machine (435) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

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

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.

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

-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, and crowning (2 to 3%). Graveling or capping the roadbed will be required as necessary to provide a well constructed safe road. Prior to construction/upgrading, the proposed road surface or existing 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. Should mud holes develop, they shall be filled in to prevent detours. 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. When snow is removed from the road during the winter months, the snow should be pushed outside of the burrow ditches and the turn outs should be kept clear so that when the snow melts the water will be channeled away from the road.

-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.

-Drilling rigs and/or equipment used during drilling operations on this well site 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).

-If the reserve pit is blasted, a pit liner will be required.

February 23, 1999

State of Utah
Department of Natural Resources
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT

RE: **REQUEST FOR EXCEPTION LOCATION**
Lone Mtn Production Co. Fed Q #44-22 Well
API No. 43-047-33185
Township 12 South, Range 21 East, SLM
Section 22: 728' FSL, 565' FEL (SESE)
Uintah County, Utah

Ladies and Gentlemen:

We have received an approved permit for the captioned well, which is an obligation well that the undersigned plans to drill in the near future in accordance with the terms and conditions of the recently approved Buck Canyon Unit Agreement, No. UTU77378X.

Subsequent to the aforementioned unit agreement becoming effective, and after we received a valid drilling permit, it was pointed out to us that Section 22, ~~T~~¹²S, R21E, where the captioned well is to be located, is currently subject to an existing spacing order, being Cause No. 119-1. Paragraph 2 of this order discusses that no more than 1 well may be drilled in each section and such well shall be located in any quarter quarter section nearest the center of each section.

Our proposed well, located 728' FSL, 565' FEL (SESE), does not conform to the location parameters addressed in Cause No. 119-1, and as a result, we are hereby submitting our request for an exception location.

In accordance with R649-3 of the Rules and Regulations of the Department of Natural Resources, the purpose for our request is for topographic considerations.

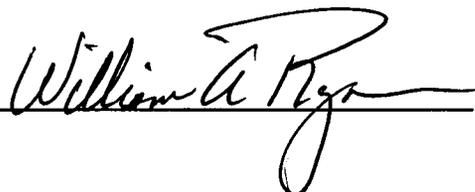
In addition, R649-3 requires that written consent is required from all owners within a 460 foot radius of the well location. Please be advised that the only owner within this boundary is White River Enterprises, LLC, and by executing this letter at the space provided below, White River Enterprises, LLC, is hereby consenting to this exception location.

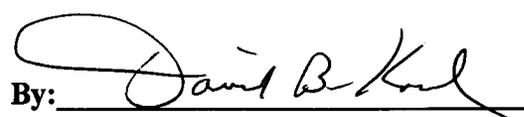
Please provide us with written confirmation that this exception location is being granted. Thank you in advance for your consideration and please don't hesitate to call if you have any questions or comments.

Very Truly Yours,

LONE MOUNTAIN PRODUCTION CO.

WHITE RIVER ENTERPRISES, LLC

By: 

By: 

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: ROSEWOOD RESOURCES

Well Name: FEDERAL Q 4-22

Api No. 43-047-33185 Lease Type: FEDERAL

Secton 22 Township 12S Range 21E County UINTAH

Drilling Contractor BILL MARTIN DRILLING RIG #

SPUDDED:

Date 04/15/99

Time 3:00 PM

How DRY HOLE

Drilling will commence

Reported by LUCY NEMEC

Telephone # 1-435-789-0414

Date 4/16/99 Signed: CHD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial No.
UTU-77378

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA, Agreement Designation
BUCK CANYON UNIT

8. Well Name and No.
Federal Q #44-22

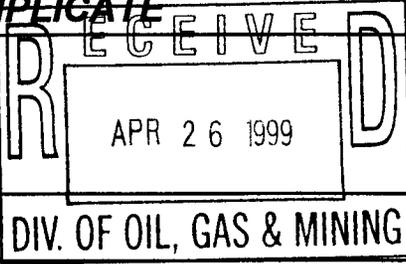
9. API Well No.
43-047-33185

10. Field and Pool, or Exploratory Area

11. County or Parish, State

UINTAH CO., UTAH

SUBMIT IN TRIPLICATE



1. Type of Well

Oil Well Gas Well Other

2. Name of Operator
ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.
P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
738' FSL 565' FEL, SE/SE Section 22, T¹¹S, R21E
12

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent <input type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input type="checkbox"/> Other _____ (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
	<input checked="" 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

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.)*

Operator respectfully requests permission to change surface casing to 9 5/8" 36# J-55 and surface depth from 300' to 500'. Operator also requests permission to change the cement for the surface casing. Cement would be as follows:

350 sx Class "G" containing 2% CaCl₂ and 1/4# sk Cello-flake or sufficient to circulate to surface.

If you require additional information please feel free to contact Rosewood Resources @ 435-789-0414.

Lucy Nemece
Agent for Lone Mountain Production Company

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

COPY SENT TO OPERATOR
Date: 4-28-99
Initials: CHD

COPIES: ORIG. & 2-BLM; DIV. OG&M; J MCQUILLEN

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

Signed Lucy Nemece

Title Administrative Assistant

Date 04/14/99

(This space for Federal or State office use)

Approved by _____

Title _____

Date _____

Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Designation and Serial No.
UTU-77378

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA, Agreement Designation
BUCK CANYON UNIT

8. Well Name and No.
Federal Q #44-22

9. API Well No.
43-047-33185

10. Field and Pool, or Exploratory Area

11. County or Parish, State

UINTAH CO., UTAH

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator
ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.
P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
738' FSL 565' FEL, SE/SE Section 22, T11S, R21E
12

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TYPE OF SUBMISSION	TYPE OF ACTION
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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.)*

Operator reports that the above well was spud @ 3:00 p.m. 4/15/99 with Bill Martin's dry hole digger. Surface hole was drilled to 510'. See attached rig report for surface casing cementing information.

If you require additional information please feel free to contact Rosewood Resources @ 435-789-0414.
Lucy Nemeč
Agent for Lone Mountain Production Company

If you require additional information please feel free to contact Rosewood Resources @ 435-789-0414.

COPIES: ORIG. & 2-BLM; DIV. OG&M; J MCQUILLEN

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

Signed Lucy Nemeč Title Administrative Assistant Date 04/22/99

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

INSPECTION FORM 1 STATE OF UTAH
DIVISION OF OIL GAS AND MINING

DRILLING OPERATIONS

Well Name: Fed O 44-22	API Number: 43-047-33185		
Qtr/Qtr: SE/SE	Section: 22	Township: 12S	Range: 21E
Company Name: Rosewood Resources			
Lease: State	Fee	Federal X	Indian
Inspector: David W. Hackford	Date: 5/12/99		

Inspection made in accordance with Division Inspection Standards and Procedures for drilling operations, any exceptions noted in comments.

Depth at time of visit: 4227' Last BOPE test recorded: 5/10/99
Drilling Contractor: Chandler Drilling Co. Rig No. 1

COMMENTS: Survey at 3271' was 4 degrees. Nippled up with double gate, annular and rotating head. This well was originally permitted by Lone Mountain Production Co.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

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5. Lease Designation and Serial No.
UTU-77378

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA, Agreement Designation
BUCK CANYON UNIT

8. Well Name and No.
Federal Q #44-22

9. API Well No.
43-047-33185

10. Field and Pool, or Exploratory Area

11. County or Parish, State
UINTAH CO., UTAH

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator
LONE MOUNTAIN PRODUCTION COMPANY

3. Address and Telephone No.
P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
738' FSL 565' FEL, SE/SE Section 22, T11S, R21E

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

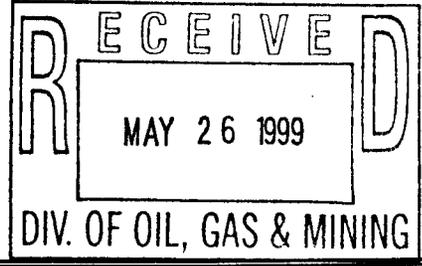
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(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

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

Drilled to 6500'. Caza Rig #1 was released 5/19/99. See attached rig reports for drilling information.

If you require additional information please feel free to contact Rosewood Resources @ 435-789-0414.
Lucy Nemec
Agent for Lone Mountain Production Company



COPIES: ORIG. & 2-BLM; DIV. OG&M; J MCQUILLEN

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

Signed Lucy Nemec Title Agent Date 05/22/99

(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 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

ROSEWOOD RESOURCES, INC.

DA DRILLING REPORT

LEASE: ROSEWOOD FEDERAL
 WELL: "O" #22-16
 RIG: CHANDLER RIG #1
 PRESENT OPERATION: Drlg

DATE: 5-11-99

CURRENT DEPTH 2070
 PROPOSED TD 6500
 FOOTAGE PAST 24 HRS 1551
 ENGINEER D.WIDNER
 CONSULTANT BO SHERMAN

FROM TO ACTMITY PAST 24 HRS:

0600	0630	Pressure test rams. Install wear ring
0630	0800	Trip in
0800	0930	Drig cement 433 to 519
0930	1000	Survey 519 1/2 degree
1000	1100	Drig 519 to 592
1100	1200	Repair mud line
1200	1630	Drig 592 to 1016
1630	1700	Survey 1016 3 degrees
1700	1730	Drig 1016 to 1076
1730	1800	Survey @ 1030 3 3/4 degrees
1800	2030	Trip
2030	2130	Drig 1076 to 1198
2130	2200	Survey @ 1158 3 1/2 degrees
2200	0200	Drig 1198 to 1633
0200	0230	Survey @ 1593 2 1/2 degrees. Should be mudding up soon (hole taking fluid)
0230	0600	Drig 1633 to 2070

DAILY COSTS:

MUD PROPERTIES:

WT	W	% OIL	
VIS	A	%SAND	
WL	T	%SOLID	
HThP	E	ALK	
PV	R	Cl-	
YP			

Ca+ cake	
pH	
DAILY MUD COST	
CUM. MUD COST	

FOOTAGE	21947
DAYWORK	
LOCATION	
MUD	
RIG MOVE	10340
SURVEYOR	
LOGGING	
MUD LOG	550
CEMENTING	
FISHING	
WATER	
WELLHEAD	
CSG CREW	
RENTALS	700
CASING	
SUPERVISION	500
CASING HEAD	

PUMP DATA:

	1	2
MAKE	GD	Emsco
MODEL	PZ8	D-500
LINER	6 1/2	5 1/2
SPM		80
PSI		950

HYDRAULICS:

WOB	10/15
RPM	60/90
GPM	318

BIT RECORD:

Bit #	1	2
Ser#	LT0652	JO8239
Size	7 7/8	7 7/8
Make	STC	STC
Type	F3H	MR316
Jets	3-13	6-15
In @	519	1076
Out @	1076	
Feet	557	994
Hrs	6	8 1/2
Ft/Hr	92.8	116.9
CUM	6	14 1/2
Grade	Z-Z-I	

SURVEY DATA:

DEPTH	DEGREES	
519	1/2	Teledrift
1016	3	Teledrift
1030	3 3/4	Wireline
1158	3 1/2	Teledrift
1593	2 1/2	Teledrift

Show #	UNITS	Show #	UNITS
Show #1	566-575 164	Show #10	867-878 119
Show #2	576-585 208	Show #11	883-924 149
Show #3	633-840 123	Show #12	935-946 135
Show #4	662-867 112	Show #13	956-982 108
Show #5	681-701 115	Show #14	970-976 104
Show #6	727-733 108	Show #15	977-997 208
Show #7	740-754 119	Show #16	1100-1150 742
Show #8	755-763 120	Show #17	1154-1166 143
Show #9	852-860 129		

TOTAL DAILY	34037
COST FORWARD	48312
CUM.TO DATE	82349

ROSEWOOD RESOURCES, INC.

DAILY DRILLING REPORT

LEASE: ROSEWOOD FEDERAL DATE: 5-19-99
 WELL: "O" #22-16
 RIG: CHANDLER RIG #1
 PRESENT OPERATION: Clean mud tanks

CURRENT DEPTH 8500 TD
 PROPOSED TD 8500
 FOOTAGE PAST 24 HRS 0 TD
 ENGINEER D.WIDNER
 CONSULTANT BO SHERMAN

FROM	TO	ACTMITY PAST 24 HRS:
0600	0900	Trip in with drill pipe to plug well
0900	1100	Circ @ 5787
1100	1200	Lay down 26 jts drill pipe to 4980
1200	1700	Circ. W.O. cement to arrive on location
1700	1730	Plug #1. 4980 to 4780 (good returns)
1730	2130	W.O. cement (Circ @ 4330)
2130	2200	Trip in. Tag cement 4625. 10,000# on plug. Lay down D.P. to 3360
2230	2300	Plug #2. 3360 to 3160 (good returns)
2300	0200	Lay down drill pipe. Break kelly
0200	0230	Plug #3. 620 to 420 (good returns)
0230	0330	Lay down drill pipe. Rig down lay down machine
0330	0500	Nipple down stack (W.O. cement)
0500	0530	Plug #4. 50' to surface (good returns)
0530	0600	Clean mud tanks
		Plugging witnessed by BLM rep. Jerry Barnes.

MUD PROPERTIES:

WT	<input type="text"/>	% OIL	<input type="text"/>	Ca+	<input type="text"/>
VIS	<input type="text"/>	%SAND	<input type="text"/>	cake	<input type="text"/>
WL	<input type="text"/>	%SOLID	<input type="text"/>	pH	<input type="text"/>
HTHP	<input type="text"/>	ALK	<input type="text"/>	DAILY MUD COST	<input type="text"/>
PV	<input type="text"/>	Cl-	<input type="text"/>	CUM. MUD COST	<input type="text"/>
YP	<input type="text"/>				

DAILY COSTS:

FOOTAGE	
DAYWORK	6350
LOCATION	
MUD	
RIG MOVE	
SURVEYOR	
LOGGING	
MUD LOG	550
CEMENTING	9308
FISHING	
WATER	
WELLHEAD	
CSG CREW	1853 (lay down machine)
RENTALS	700
CASING	
SUPERVISION	500
CASING HEAD	
TOTAL DAILY	19261
COST FORWARD	195307
CUM.TO DATE	214568

PUMP DATA:

MAKE	<input type="text"/>
MODEL	<input type="text"/>
LINER	<input type="text"/>
SPM	<input type="text"/>
PSI	<input type="text"/>

HYDRAULICS:

WOB	<input type="text"/>
RPM	<input type="text"/>
GPM	<input type="text"/>

BIT RECORD:

Bit #	<input type="text"/>	<input type="text"/>
Ser#	<input type="text"/>	<input type="text"/>
Size	<input type="text"/>	<input type="text"/>
Make	<input type="text"/>	<input type="text"/>
Type	<input type="text"/>	<input type="text"/>
Jets	<input type="text"/>	<input type="text"/>
In @	<input type="text"/>	<input type="text"/>
Out @	<input type="text"/>	<input type="text"/>
Feet	<input type="text"/>	<input type="text"/>
Hrs	<input type="text"/>	<input type="text"/>
Ft/Hr	<input type="text"/>	<input type="text"/>
CUM	<input type="text"/>	<input type="text"/>
Grade	<input type="text"/>	<input type="text"/>

SURVEY DATA:

DEPTH	DEGREES
<input type="text"/>	<input type="text"/>

ADDL COMMENTS:

Plug #1 4980 to 4780 125 sks Prem G 2% CaCl
 Plug #2 3360 to 3160 105 sks Prem G
 Plug #3 620 to 420 85 sks Prem G 3% CaCl
 Plug #4 50' to surface 30 sks Prem G
 15.8 # cement.

RECEIVED
 SUBMIT IN DUPLICATE*
 JUN - 9 1999 (See other instructions on reverse side)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
 DIV. OF OIL, GAS & MINING

FORM APPROVED
 OMB NO. 1004-0137
 Expires: February 28, 1995
 LEASE DESIGNATION AND SERIAL NO.
UTU-77378
 IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WORK OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> Other _____		7. UNIT AGREEMENT NAME BUCK CANYON UNIT	
1b. TYPE OF WELL NEW WELL <input type="checkbox"/> WORK OVER <input checked="" type="checkbox"/> DEEP EN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> Other _____		8. FARM OR LEASE NAME, WELL NO. FEDERAL Q #44-22	
2. NAME OF OPERATOR LONE MOUNTAIN		9. API WELL NO. 43-047-33185	
3. ADDRESS AND TELEPHONE NO. P.O. BOX 1668, VERNAL, UT 84078 435-789-0414		10. FIELD AND POOL OR WILDCAT WILDCAT	
4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.)* At Surface 738' FSL 565' FEL SE/SE SEC. 22 T4S R21E <i>12 per CHD</i> At top prod. Interval reported below At total depth		11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA SEC. 22, T4S, R21E Block & Survey: S.L.B. & M	
15. DATE SPUNDED 4/15/99		19. ELEV. CASINGHEAD 6478' KB	
16. DATE T.D. REACHED 5/16/99		12. COUNTY OR PARISH UINTAH	
17. DATE COMPL. (Ready to prod.) P&A'D 5/18/99		13. STATE UTAH	
18. ELEVATIONS (DF, RKB, RT, GR, ETC.)* 6463' GL		14. PERMIT NO. _____ DATE ISSUED 8/23/98	
20. TOTAL DEPTH, MD & TVD 6500' MD TVD		21. PLUG, BACK T.D., MD & TVD TD _____ TVD _____	
22. IF MULTIPLE COMPL., HOW MANY* _____		23. INTERVALS DRILLED BY → 510' - 6500'	
24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* P & A'D		25. WAS DIRECTIONAL SURVEY MADE NO	
26. TYPE ELECTRIC AND OTHER LOGS RUN MUD LOG; SD/DSN; HRIL; ML 5-19-99		27. WAS WELL CORED NO	

23. CASING RECORD (Report all strings set in well)					
CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" J-55	36#	501' GL	12-1/4"	SURF-300 SX PREM + ADD	NONE

29. LINER RECORD				30. TUBING RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)			32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL	SIZE	NUMBER	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
new				

33.* PRODUCTION							
DATE FIRST PRODUCTION P & A'D 5/18/99		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in) P & A'D	
DATE OF TEST	HOURS TESTED	CHOKO SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) _____ TEST WITNESSED BY _____

35. LIST OF ATTACHMENTS _____

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED Lucy Nemes TITLE AGENT DATE 6/8/99

*(See Instructions and Spaces for Additional Data on Reverse Side)

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

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);		38. GEOLOGIC MARKERS											
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.										
			PLUGGING INFORMATION										
			Plug #1 4980' - 4780' 125 sks 2% CaCl ₂ Plug #2 3360' - 3160' 105' sks Plug #620' - 420' 85 sks 3% CaCl ₂ Plug #4 50' - surf 30 sks Cement: Prem G 2%/3% CaCl 15.8										
			UTELAND BUTTES WASATCH TOP MESA VERDE TOP										
			<table border="1"> <thead> <tr> <th colspan="2">TOP</th> </tr> <tr> <th>MEAS. DEPTH</th> <th>TRUE VERT. DEPTH</th> </tr> </thead> <tbody> <tr> <td>2420'</td> <td></td> </tr> <tr> <td>2835'</td> <td></td> </tr> <tr> <td>4880'</td> <td></td> </tr> </tbody> </table>	TOP		MEAS. DEPTH	TRUE VERT. DEPTH	2420'		2835'		4880'	
TOP													
MEAS. DEPTH	TRUE VERT. DEPTH												
2420'													
2835'													
4880'													

COPIES: BLM - VERNAL/ORIG. & 2 COPIES; DIV. OG&M - DALLAS 1 COPY;

Division of Oil, Gas and Mining
PHONE CONVERSATION DOCUMENTATION FORM

Route original/copy to:

Well File _____

(Loc.) Sec _____ Twp _____ Rng. _____
(API No.) _____

Suspense
(Return Date) _____
(To-Initials) _____

Other

1. Date of Phone Call: 6-11-99 Time: 12:45

2. DOGM Employee (name) J. Cordova (Initiated Call)
Talked to:
Name Lucy Nemecek (Initiated Call) - Phone No. (435) 789-0414
of (Company/Organization) _____

3. Topic of Conversation: Prop. TD 6000', Compl. TD 6500'
(No req. to deepen in file)

4. Highlights of Conversation:
990615 Inci- Will fax Sundry "Req. to deepen" filed w/BEM.
No sundry was ever filed w/BEM or OOGM. It was
accidentally overlooked. Zone mtn. will be more careful
in the future.
* Spacing ok - Cause 119-1 (waste-mvrd Pz)