

UTAH OIL AND GAS CONSERVATION COMMISSION

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

2000 0224 LAD, eff 2-18-2000!

DATE FILED: **NOVEMBER 19, 1998**
 LAND: FEE & PATENTED _____ STATE LEASE NO. _____ PUBLIC LEASE NO. **UTU-74974** INDIAN _____

DRILLING APPROVED: **JANUARY 25, 1999**

SPUDED IN: _____
 COMPLETED: _____ PUT TO PRODUCING: _____

INITIAL PRODUCTION: _____
 GRAVITY A.P.I. _____

GOR: _____
 PRODUCING ZONES: _____

TOTAL DEPTH: _____
 WELL ELEVATION: _____

DATE ABANDONED: **2-18-2000 LAD**
 FIELD: **WILDCAT**

UNIT: _____
 COUNTY: **UINTAH**

WELL NO. **FED. L 43-26** API NO. **43-047-33259**

LOCATION **1927 FSL** FT. FROM (N) (S) LINE. **662 FEL** FT. FROM (E) (W) LINE. **NE SE** 1/4 - 1/4 SEC. **26**

TWP.	RGE.	SEC.	OPERATOR	TWP.	RGE.	SEC.	OPERATOR
11S	22E	26	LONE MOUNTAIN PROD.				

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

5. LEASE DESIGNATION AND SERIAL NO.
UTU-74974

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
NA

7. UNIT AGREEMENT NAME
NA

8. FARM OR LEASE NAME
NA

9. WELL NO.
Fed. L 43-26

10. FIELD OR LEASE NAME

11. Sec., T., R., M., OR BLK AND SURVEY OR AREA
Sec. 26, T11S, R22E

12. COUNTY OR PARISH
Uintah

13. STATE
Utah

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

B TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Lone Mountain Production Company

3. ADDRESS OF OPERATORS
P.O. Box, 3394, Billings, MT. 59103 406-245-5077

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement)
 at surface **1,927' FSL, 662' FEL NE/SE** *635673.75*
 At proposed prod. Zone *584 202* **4409851.60**

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

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any)
662'

18. NO. OF ACRES IN LEASE
1,280

17. NO. OF ACRES ASSIGNED TO THIS WELL
40

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

19. PROPOSED DEPTH
6,000'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.)
5,339' GR

22. APPROX. DATE WORK WILL START
April 1, 1999

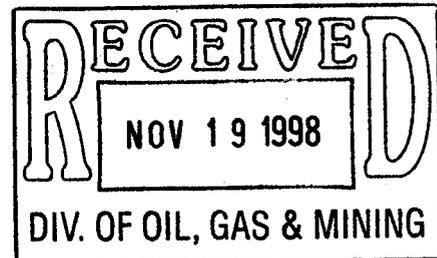
PROPOSED CASING AND CEMENT PROGRAM

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
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

Oct. 12, 1998

(This space for Federal or State Office use)

PERMIT NO.

43-047-33259

APPROVAL DATE

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

BRADLEY G. HILL
RECLAMATION SPECIALIST III

DATE

1/25/99

**Federal Approval of this
Action is Necessary**

***See Instructions on Reverse Side**

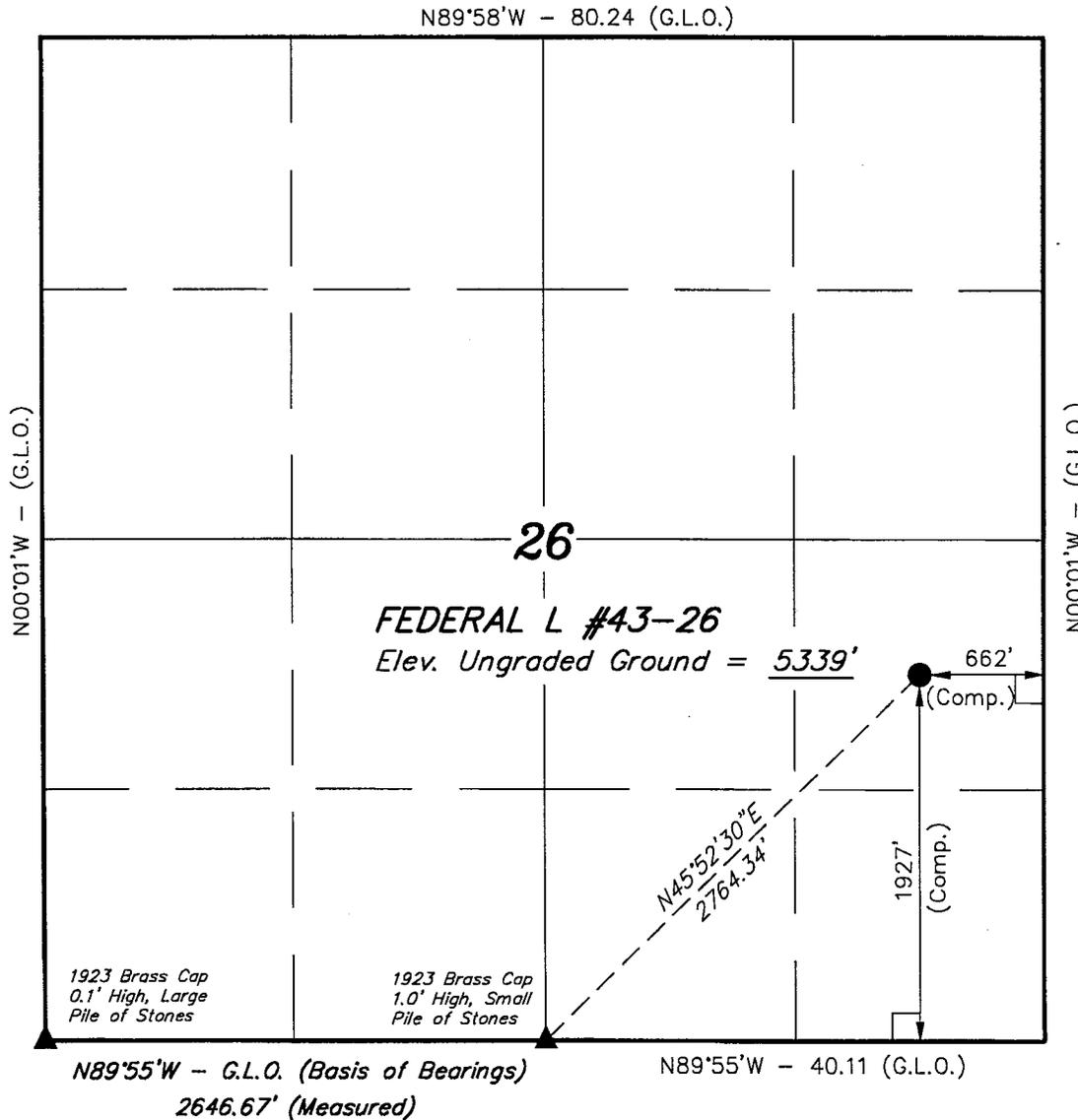
T11S, R22E, S.L.B.&M.

LONE MOUNTAIN PRODUCTION

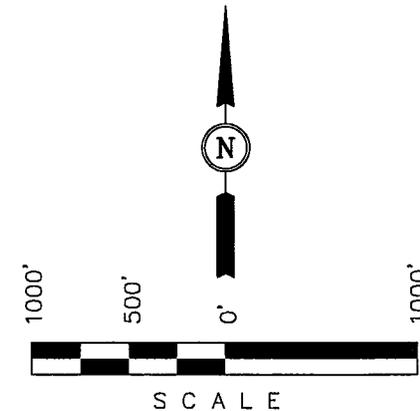
Well location, FEDERAL L #~~42~~⁴³-26, located as shown in the NE 1/4 SE 1/4 of Section 26, T11S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK 87 EAM LOCATED IN THE SW 1/4 OF SECTION 1, T12S, R23E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE., QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5887 FEET.



N00°01'W - (G.L.O.)



CERTIFICATE

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

Robert L. Gray
REGISTERED LAND SURVEYOR
REGISTRATION NO. 16316
STATE 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°49'47"
LONGITUDE = 109°24'53"

SCALE 1" = 1000'	DATE SURVEYED: 07-21-98	DATE DRAWN: 07-23-98
PARTY D.K. P.R. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE LONE MOUNTAIN PRODUCTION	

Ten Point Plan

Lone Mountain Prod., Co.

Fed. L 43-26

Surface Location NE 1/4, SE 1/4, Section 26, T. 11 S., R. 22 E.

1. Surface Formation:

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	+5,339' G.L.
Oil Shale	39	+5,300
Wasatch	2,364	+3,340
Mesaverda formation	3,749	+1,590
T.D.	6,000	-661

3. Producing Formation Depth:

Formation objective includes the Wasatch and its sub-members.

Off Set Well Information:

Off set well: None

4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Grade Size</u>	<u>Weight/Ft.</u>	<u>Setting & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 1/4	9 5/8	36	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	200 sks. +/-	1.18 cu. ft./sk.	15.6 lbs./gal.
4 1/2 Lead.	Class "G" 3% salt 16% gel (Bentonite) 10# sk Gilsonite .4 lbs./sk. FL 25	200 sks. +/-	3.90 cu. ft./sk.	11.0 lbs./gal.
Tail	Class "G" 10% salt 10% Gypsum 2% WR14 .4 lbs/sk FL-25	500 sks. +/-	1.53 cu. ft./sk.	14.8 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 April 1, 1999. Duration of operations expected to be 30 days.

LONE MOUNTAIN PRODUCTION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

FED L 43-26

LOCATED IN

NE 1/4, SE 1/4

SECTION 26, T. 11 S., R. 22 E., U.S.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: UTU-74974

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads

To reach the **Lone Mountain Production Co. well Fed. L 43-26, in Section 26, T 11 S, R 22 E**, from Bonanza, Utah:

Starting in Bonanza Utah, proceed south on the paved road for 4 miles.

Turn south (left) on the Book Cliffs road (dirt road). Proceed south 3.9 miles to the Greeks Corrals.

Turn west (right) at the fork in the road. Proceed 8.3 miles to the Asphalt Wash sign.

Stay to the south (left) of the sign. Proceed .7 miles to the Rainbow sign.

Stay to the west (right) of the sign. This is also called the Kings Wells road. Proceed 15.8 miles.

Turn north (right). Proceed .1 miles.

Turn west (left). Proceed .25 miles.

The proposed access road will start at this point.

The proposed location will be at this point. All roads to this point are State or County Class D roads.

Please see the attached map for additional details.

2. Planned access road

The proposed location will require 200 feet of new access road.

The new road will be built to the following standards:

A) Approximate length	200 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 road 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	None
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 **tan** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required **paint** color is **Carls Bad Canyon**.

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 the county road and boomed off the road. The approximate length will be 5 miles. The right-of-way width will be 15 feet.

A BLM right-of-way will be required.

The gathering pipeline will be a 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 **See update 1-19-99*

#49-1547 fc
Water for drilling and cementing the subject well will be **pumped from Bitter Creek. A second alternative could be used. Water would be hauled by truck from the flowing well in the bottom of Bitter Creek. The well is located at the bottom of Camp Canyon.** Water for completion will come from the listed locations 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 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	325 ft.
B) Pad width	155 ft.
C) Pit depth	10 ft.
D) Pit length	180 ft.
E) Pit width	50 ft.
F) Max cut	5.6 ft.
G) Max fill	4.0 ft.
H) Total cut yd's	6,730 cu. yd's
I) Pit location	west side
J) Top soil location	east side
K) Access road location	south 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 the seed mix listed below. The seeded area will be walked over with a cat after the seed has been broad cast.** 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.

After the seed has been broad cast the area seeded will be walked with the cat.

A) Seeding dates:

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

C) **Seed Mix**

Four Wing 6#/acre

Needle and thread 6#/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.

11. Surface ownership:

Access road	Federal
Location	Federal
Pipeline	Federal

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:

The nearest water is Bitter Creek located 700 to the east.

E) Chemicals:

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

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 outside the pit fence and 100 feet from the bore hole on the **west 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

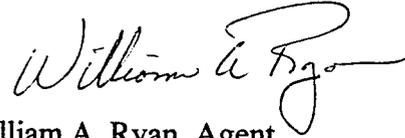
A) Representative

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

Date Oct 27, 1998



William A. Ryan, Agent
Rocky Mountain Consulting

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.

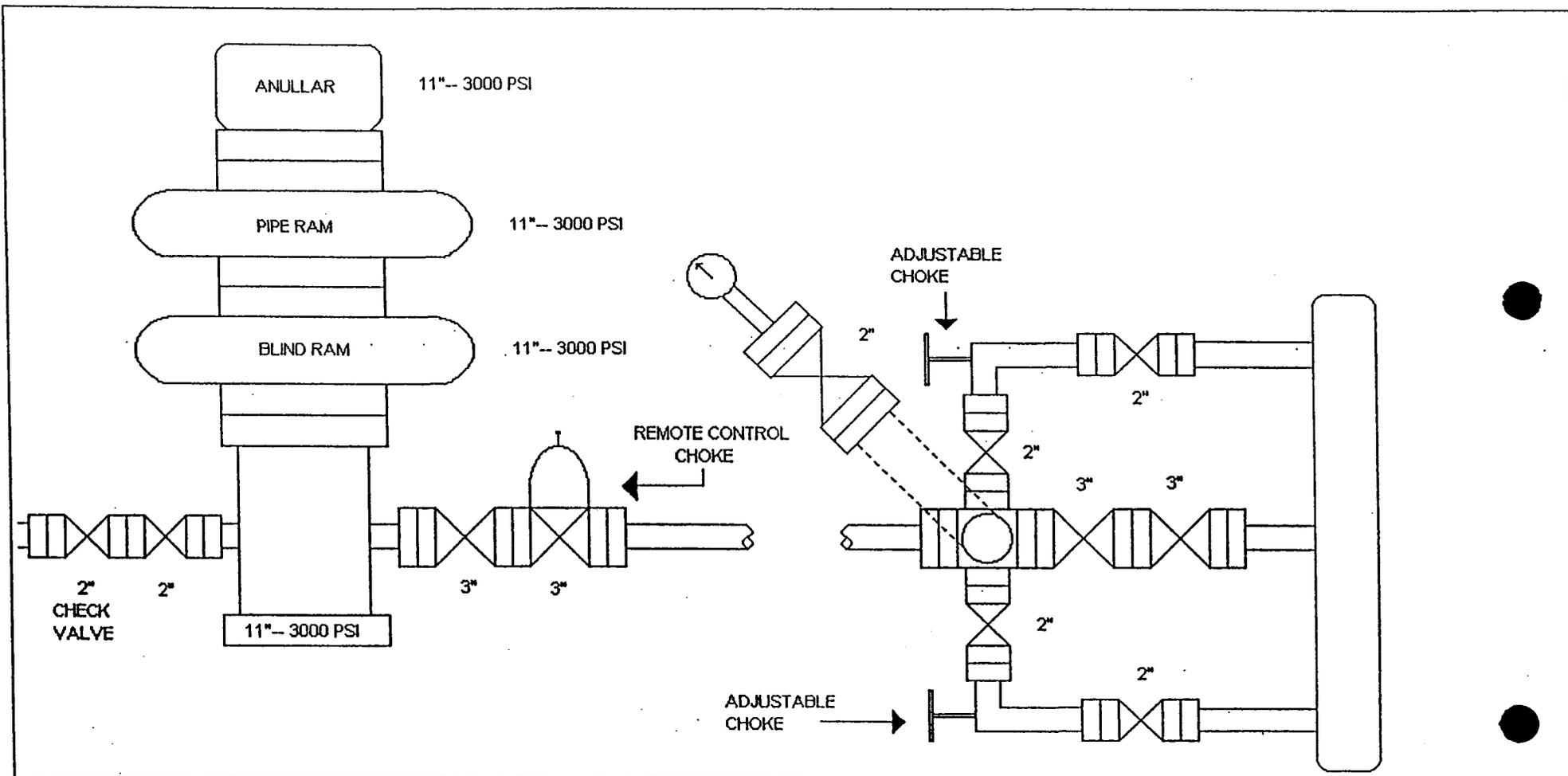
Statement of use of Hazardous Material

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.

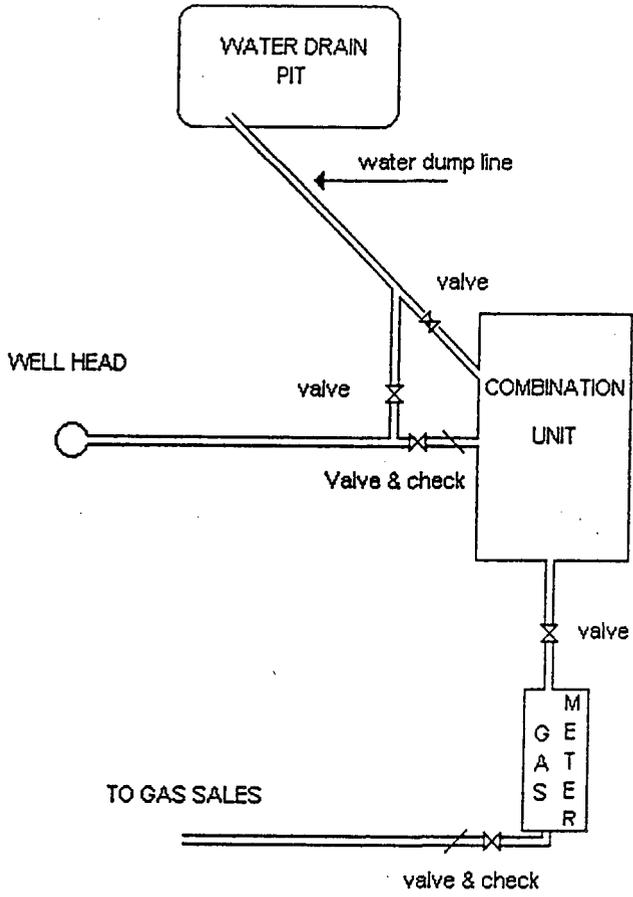
If you require additional information please contact:

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

Telephone
(801) 789-0968 office
(801) 823-6152 cellular
(801) 789-0970 fax



LONE MOUNTAIN
TYPICAL
GAS WELL



SELF-CERTIFICATION STATEMENT

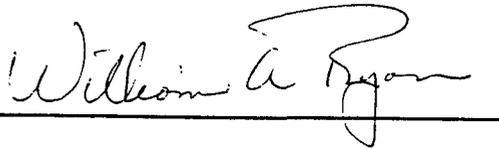
The following self-certification statement is provided per Federal requirements dated June 15, 1988.

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

**Fed. L 43-26
NE 1/4, SE 1/4, Section 26, T. 11, R. 22 E.
Lease UTU-74974
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 on Federal Lands is provided by Bond Fed. UT-0719

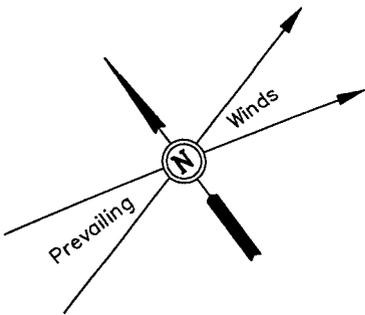


**William A. Ryan
Agent
Rocky Mountain Consulting
350 S. 800 E.
Vernal UT 84078
435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax**

LONE MOUNTAIN PRODUCTION

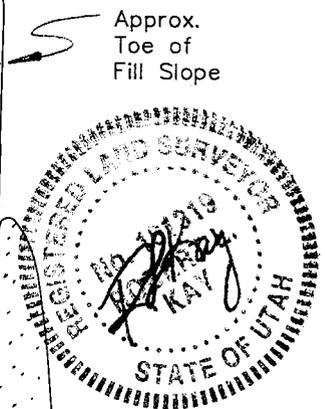
LOCATION LAYOUT FOR

FEDERAL L #43-26
SECTION 26, T11S, R22E, S.L.B.&M.
1927' FSL 662' FEL



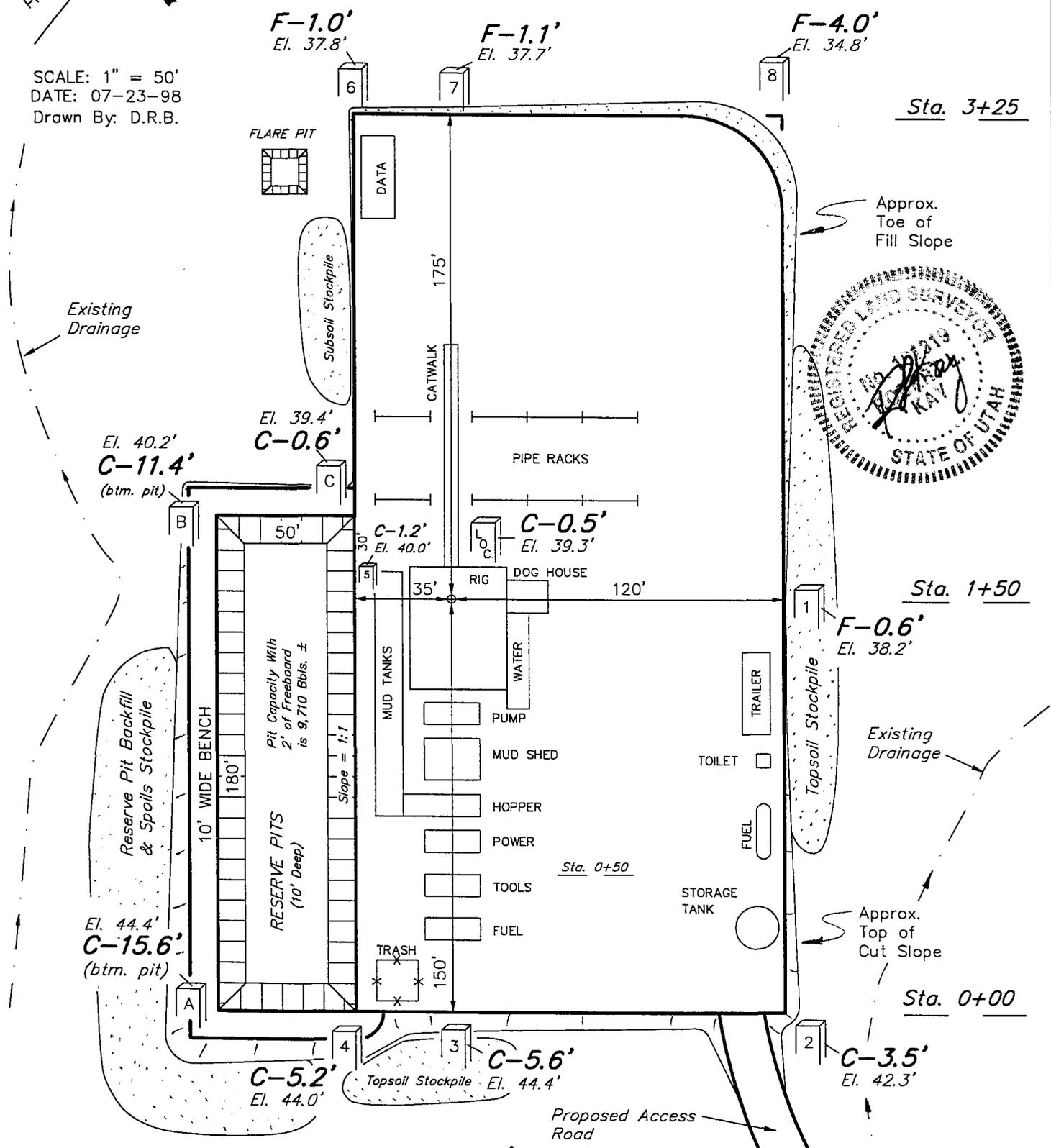
SCALE: 1" = 50'
DATE: 07-23-98
Drawn By: D.R.B.

Sta. 3+25



Sta. 1+50

Sta. 0+00



Elev. Ungraded Ground at Location Stake = **5339.3'**
Elev. Graded Ground at Location Stake = **5338.8'**

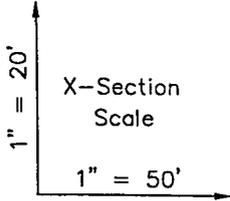
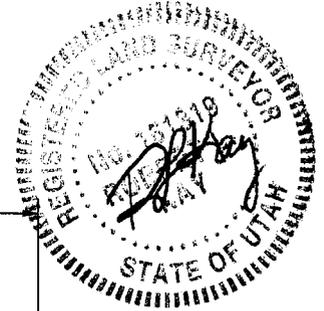
LONE MOUNTAIN PRODUCTION

TYPICAL CROSS SECTIONS FOR

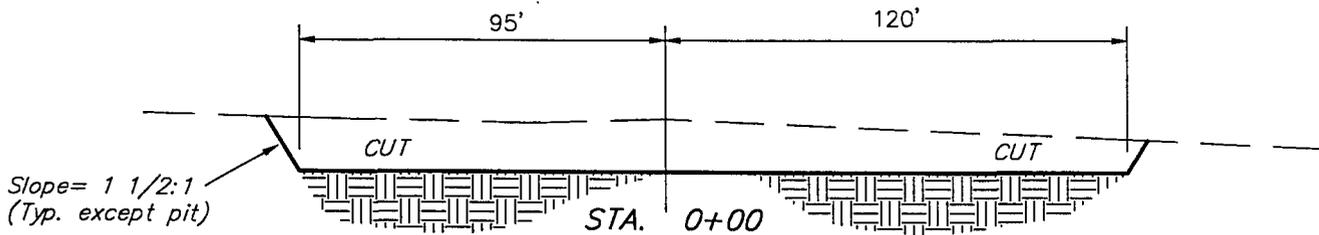
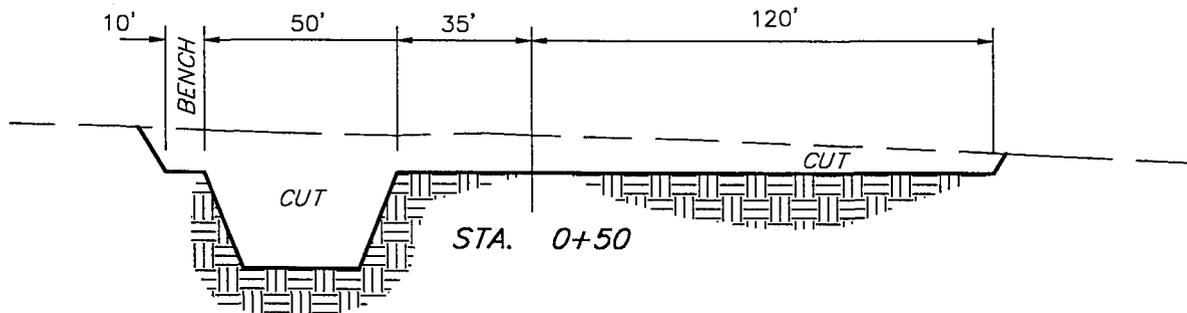
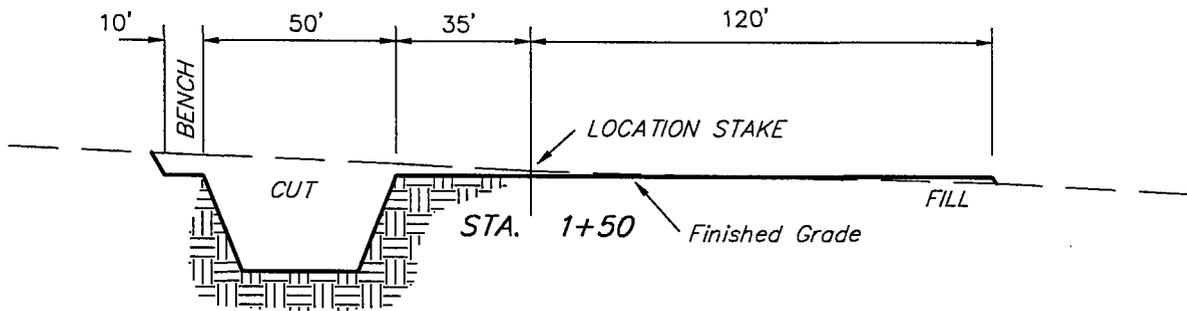
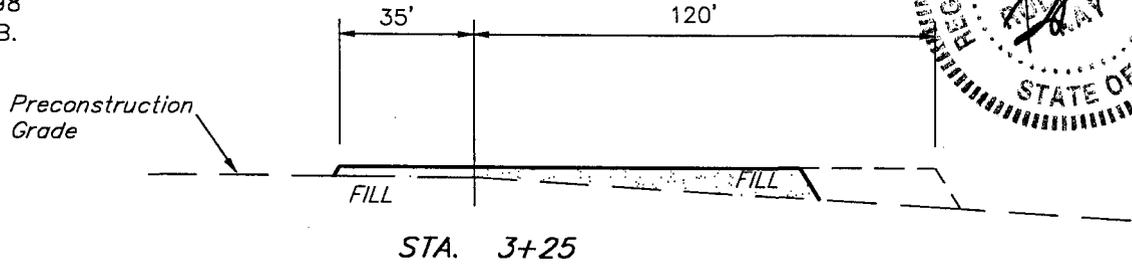
FEDERAL L #43-26

SECTION 26, T11S, R22E, S.L.B.&M.

1927' FSL 662' FEL



DATE: 07-23-98
Drawn By: D.R.B.

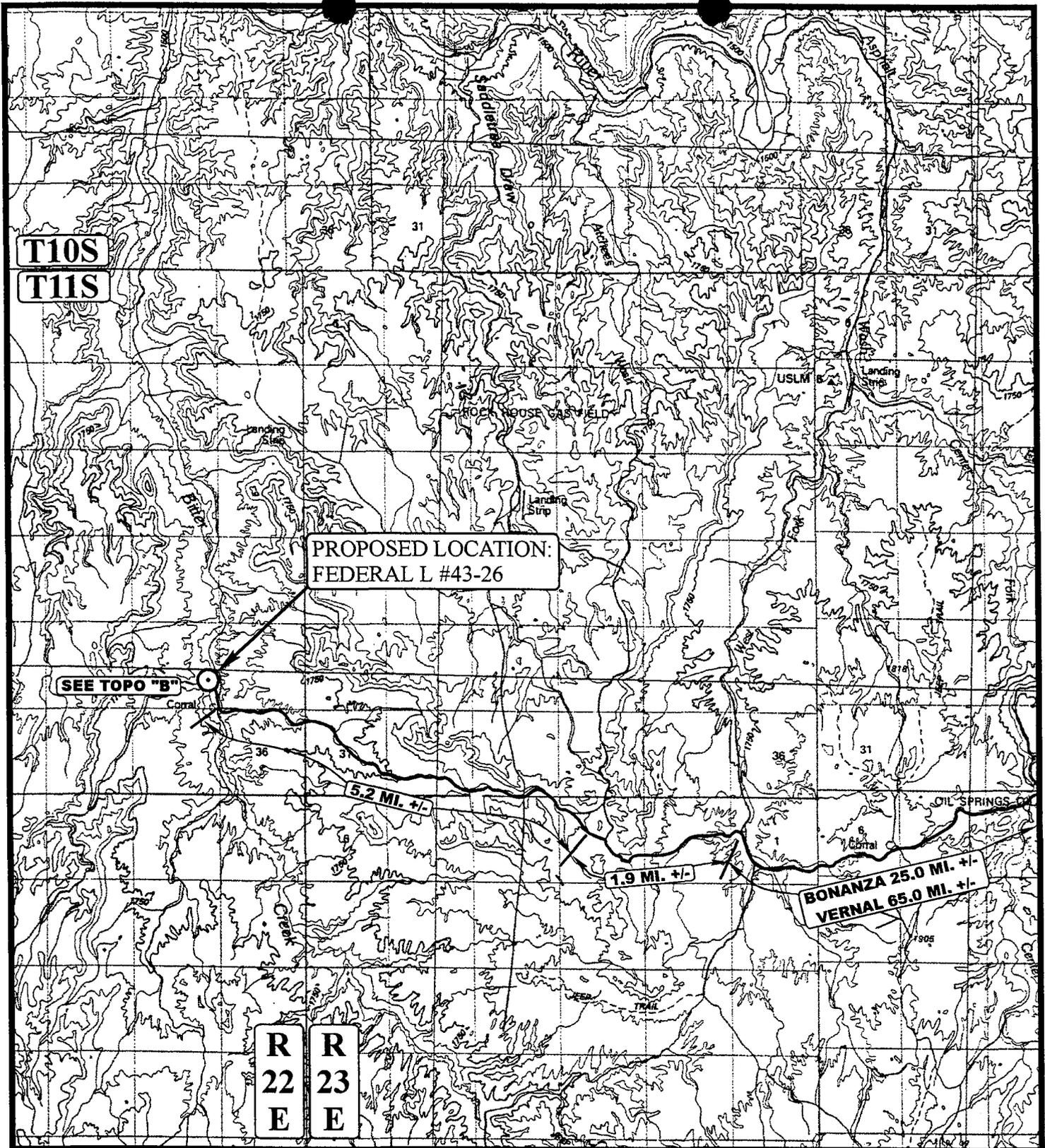


APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,100 Cu. Yds.
Remaining Location	= 5,630 Cu. Yds.
TOTAL CUT	= 6,730 CU.YDS.
FILL	= 1,790 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 4,850 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,360 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 2,490 Cu. Yds.

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



LEGEND:

○ PROPOSED LOCATION



LONE MOUNTAIN PRODUCTION

FEDERAL L #43-26
SECTION 26, T11S, R22E, S.L.B.&M.
1927' FSL 662' FEL



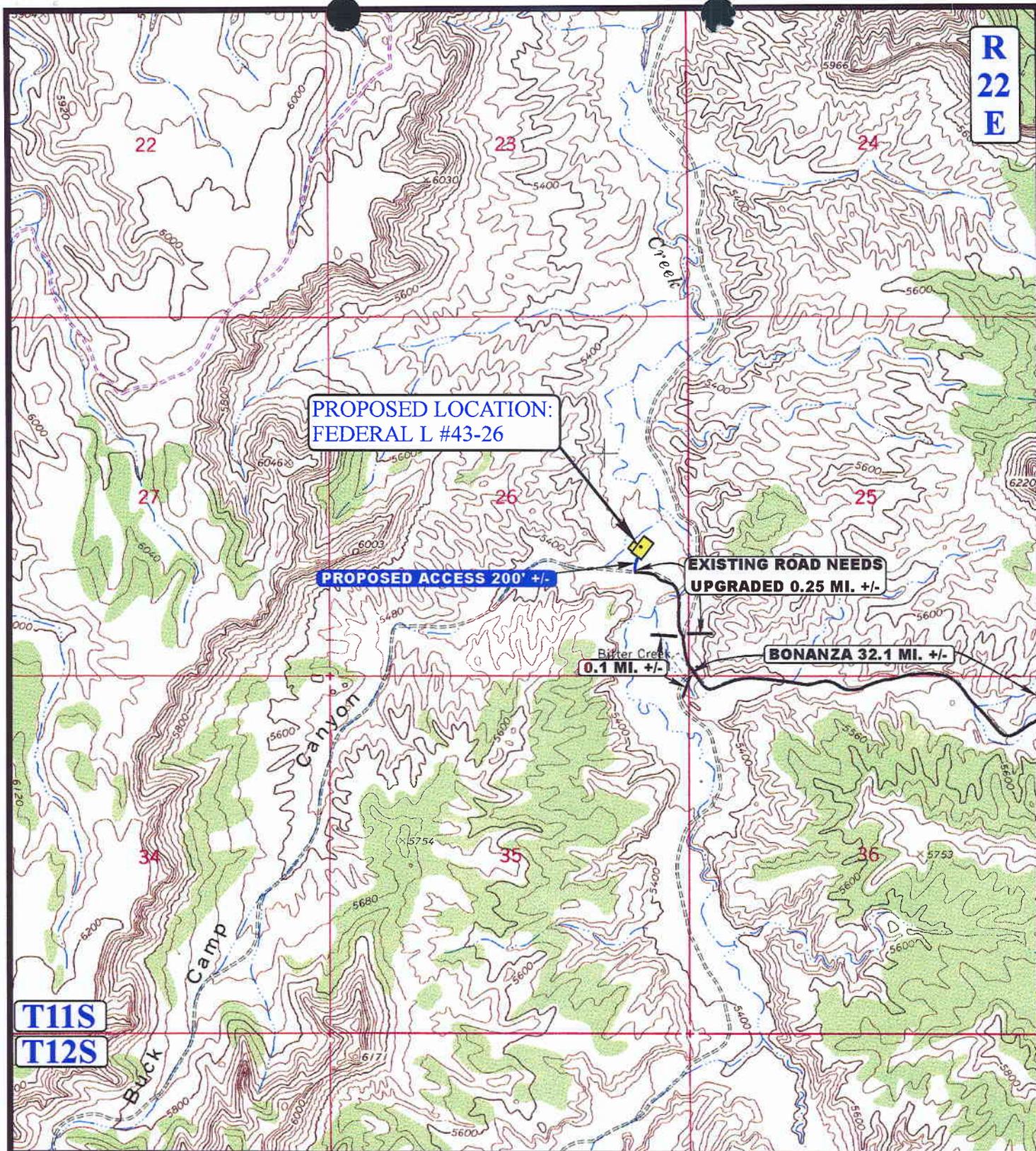
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

7 23 98
MONTH DAY YEAR

SCALE: 1 : 100,000 DRAWN BY: C.G. REVISED: 00-00-00





LEGEND:

- - - - - PROPOSED ACCESS ROAD
- EXISTING ROAD



LONE MOUNTAIN PRODUCTION

FEDERAL L #43-26
SECTION 26, T11S, R22E, S.L.B.&M.
1927' FSL 662' FEL

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

TOPOGRAPHIC **7** **23** **98**
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.G. REVISED: 00-00-00



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/19/98

API NO. ASSIGNED: 43-047-33259

WELL NAME: FED L 43-26
 OPERATOR: LONE MOUNTAIN PROD CO (N7210)
 CONTACT: Bill Ryan (435) 789-0968

PROPOSED LOCATION:
 NESE 26 - T11S - R22E
 SURFACE: 1927-FSL-0662-FEL
 BOTTOM: 1927-FSL-0662-FEL
 UINTAH COUNTY
 WILDCAT FIELD (001)

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

LEASE TYPE: FED
 LEASE NUMBER: UTU-74974
 SURFACE OWNER: Federal

PROPOSED FORMATION: WSTC

RECEIVED AND/OR REVIEWED:

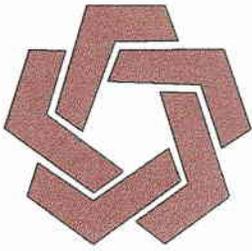
Plat
 Bond: Federal State Fee
 (No. UT-0719)
 Potash (Y/N)
 Oil Shale (Y/N) *190-5(B)
 Water Permit
 (No. 49-1547)
 RDCC Review (Y/N)
 (Date: _____)
 Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3. Unit _____
 R649-3-2. General
 R649-3-3. Exception
 Drilling Unit
 Board Cause No: _____
 Date: _____

COMMENTS: _____

STIPULATIONS: ① FEDERAL APPROVAL



DIVISION OF OIL, GAS & MINING

OPERATOR: LONE MOUNTAIN (N7210)
FIELD: WILDCAT (001)
SEC. 26 TWP 11S, RNG 22E
COUNTY: UINTAH UNIT: NONE



DATE PREPARED:
20-NOV-1998



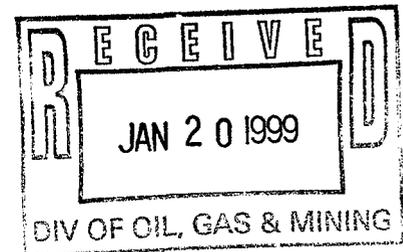
Office (435) 789-0968
Cellular (435) 828-0968

350 S. 800 E.
Vernal, UT 84078

January 19, 1999

Re: Water for Drilling

Utah Division of Oil Gas and Mining
1594 West North Temple
Suite 1210
P.O. Box 145801
Salt Lake City UT, 84114-5801
Lisha Cordova



Dear Lisha:

Lone Mountain Production Company (Lone Mountain) would like to change the point of diversion for water requested in five APD submitted to your office recently. The water will be used for drilling and completion operations.

The five locations are the:

- State L 31-16, Sec. 16, T11S, R22E
- Fed. L 43-26, Sec. 26, T11S, R22E
- Fed. L 44-31, Sec. 31, T11S, R22E
- Fed. R 42-11, Sec. 11, T12S, R22E
- Fed. R 42-8, Sec. 8, T12S, R22E

The new water source will be the Rose Wood water plant, Well 5a in Sec.13, T11S, R24E water permit number 49-1547.

Sincerely

William (Bill) Ryan
Agent



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

Michael O. Leavitt
Governor
Ted Stewart
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)

January 25, 1999

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

Re: Fed. L 43-26 Well, 1927' FSL, 662' FEL, NE SE, Sec.26, T.11 S., R. 22 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 43-047-33259.

Sincerely,

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

John R. Baza
Associate Director

lwp

Enclosures

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

Operator: Lone Mountain Production Company
Well Name & Number: Fed. L 43-26
API Number: 43-047-33259
Lease: Federal Surface Owner: Federal
Location: NE SE Sec. 26 T. 11 S. R. 22 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 of spudding the well. Contact Carol Daniels at (801)538-5284.

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-74974
6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA
7. UNIT AGREEMENT NAME NA
8. FARM OR LEASE NAME NA
9. WELL NO. Fed. L 43-26
10. FIELD OR LEASE NAME
11. Sec., T., R., M., OR BLK AND SURVEY OR AREA Sec. 26, T11S, R22E
12. COUNTY OR PARISH Uintah 13. STATE Utah
15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any) 662'
16. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED. OR APPLIED FOR, ON THIS LEASE, FT. NA'
17. NO. OF ACRES ASSIGNED TO THIS WELL 40
18. NO. OF ACRES IN LEASE 1,280
19. PROPOSED DEPTH 6,000'
20. ROTARY OR CABLE TOOLS Rotary
21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.) 5,339' GR
22. APPROX. DATE WORK WILL START April 1, 1999

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

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

2. NAME OF OPERATOR Lone Mountain Production Company

3. ADDRESS OF OPERATORS P.O. Box, 3394, Billings, MT. 59103 406-245-5077

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirement) at surface 1,927' FSL, 662' FEL NE/SE
At proposed prod. Zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 28.3 miles south of Ouray, Utah

15. DISTANCE FROM PROPOSED LOC. TO NEAREST PROP. OR LEASE LINE, FT. (Also to nearest drlg. Unit line, if any) 662'
18. NO. OF ACRES IN LEASE 1,280

16. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED. OR APPLIED FOR, ON THIS LEASE, FT. NA'
19. PROPOSED DEPTH 6,000'

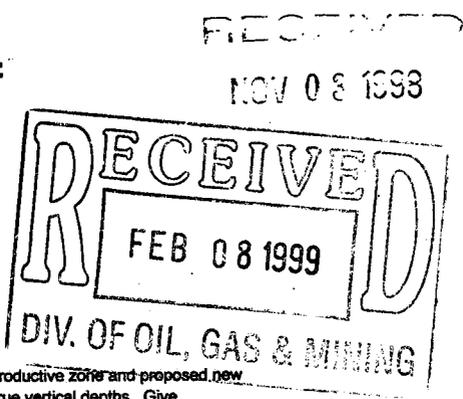
21. ELEVATION (SHOW WHETHER DF, RT, GR, etc.) 5,339' GR

PROPOSED CASING AND CEMENT PROGRAM table with columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12 1/4 inch hole with 9 5/8 inch casing, and 7 7/8 inch hole with 4 1/2 inch casing.

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



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. 12, 1998

NOTICE OF APPROVAL PERMIT NO. APPROVED BY Assistant Field Manager Mineral Resources DATE FEB 01 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.

COPIES OF APPROVAL TO OPERATIONS COPY

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Lone Mountain Production Company

Well Name & Number: Federal L 43-26

API Number: 43-047-33259

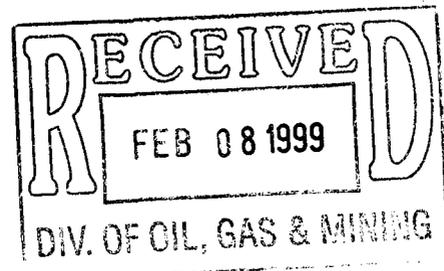
Lease Number: U - 74974

Location: NESE Sec. 26 T.11S R. 22E

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 ± 902 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).

-Once the reserve pit is dry, it should be filled, recontoured, topsoil spread, seeded, and walked with a CAT to plant the seed. The same seed mix outlined in the APD should be used.

-The topsoil from the reserve pit should be piled to the north of pit corner C, rather than as shown on the cut sheet.

-The subsoil pile to be used for the construction of tank dikes shall be moved from where it is shown on the cut sheet and piled just west of where the access road enters the location.

-Because the area is critical mule deer winter range, no construction or drilling will be allowed from Nov. 15 to April 15 in order to minimize disturbance to wintering mule deer. It is further stipulated that no construction or drilling be allowed from April 16 to June 15 to protect nesting short-eared owls. The short-ear owl stipulation can be waived if it is determined by a qualified wildlife biologist that no birds are present in the area.

-The water source identified in the APD for drilling and completion activities is not an approved source. A letter receive Jan. 27, 1999, from Rocky Mountain Operating identifies the water source as being the Rock House 5A water well located in the SW SE Sec. 13, T11S, R23E.

LONE MOUNTAIN PRODUCTION COMPANY

Mailing Address:
P.O. Box 3394
Billings, MT 59103-3394

(406) 245-5077
FAX 248-6321

Shipping Address:
100 North 27th Street
Suite 650
Billings, MT 59101

February 15, 2000

RECEIVED
FEB 17 2000
DIVISION OF
OIL, GAS AND MINING

State of Utah
Division of Oil, Gas & Mining
1594 W. Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801

RE: SUNDRY NOTICES
APD EXTENSION REQUESTS
VARIOUS PROPERTIES
UINTAH COUNTY, UTAH

Gentlemen:

Enclosed in duplicate are three (3) state sundry notices and six (6) BLM sundry notices requesting approval for a one year APD extension by your office for various properties in Uintah County, Utah.

Should you have any questions or need further information please our office at the letterhead address or phone number or Dave Koval at White River Resource Management at (303) 628-1951.

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY



Carolyn George
Land Department

Enclosures

cc: White River Management

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

SUBMIT IN
TRIPLICATE*
(Other Instructions on
reverse side)

Form Approved.
Budget Bureau No. 1004-0135
Expires : March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NO. UTU-74974
Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals		6. IF INDIAN, ALLOTEE OR TRIBE NAME
SUBMIT IN TRIPLICATE		7. IF UNIT OR CA, AGREEMENT DESIGNATION
D. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. WELL NAME and No. Federal No. L 43-26
2. NAME OF OPERATOR Lone Mountain Production Company		9. API WELL NO. 43-047-33259
3. ADDRESS OF OPERATOR P. O. Box 3394, Billings, Montana 59103 (406) 245-5077		10. Field and Pool, or Exploratory Area
4. LOCATION OF WELL (Footage, Sec. T., R., M., or Survey Description) 1927' FSL, 662' FEL Section 26-T11S-R22E (NESE)		11. County or Parish, State Uintah County, Utah

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

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

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

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

Lone Mountain Production Company, as operator for White River Resource Management Inc., requests the extension of one year on the approved APD for the subject well.

If additional information is needed please contact the following agent:

**William Ryan
Rocky Mountain Consulting**

Phone: (435) 789-0968

**Approved by the
Utah Division of
Oil, Gas and Mining**

Date: 2/22/00

By: [Signature]

COPY SENT TO OPERATOR
Date: 2-23-00
Initials: CHD

RECEIVED

FEB 17 2000

DIVISION OF
OIL, GAS AND MINING

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

Signed: [Signature]

Title: President

Date: February 15, 2000

(This space for Federal or State office use)

APPROVED BY: _____ TITLE: _____ DATE: _____
CONDITIONS OF APPROVAL IF ANY

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make 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 of Reverse Side



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

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

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

February 16, 2000

RECEIVED

FEB 18 2000

DIVISION OF
OIL, GAS AND MINING

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

Re: Notification of Expiration
Well No. Federal L 43-26
NESE, Section 26, T11S, R22E
Lease No. U-74974
Uintah County, Utah

43-047-33259

Gentlemen:

The Application for Permit to Drill the above-referenced well was approved on February 1, 1999. Since that date, no known activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

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

Sincerely,

Margie Herrmann

Margie Herrmann
Legal Instruments Examiner

cc: State Div. OG&M
William A. Ryan - Rocky Mountain Consulting

From: <Margie_Herrmann@ut.blm.gov>
To: "Don Staley" <nrogm.dstaley@state.ut.us>
Date: Thu, Feb 24, 2000 9:47 AM
Subject: Re: APD Extension - Federal L 43-26

Hi Don,

I just found out about the request for extension yesterday. The APD actually expired on 2/2/00, the letter was send 2/16, and we received the request on 2/18/00. We really are suppose to receive the request before the expiration date, but I usually wait a couple weeks before sending out the letter just in case. Since the APD had expired and the letter had been sent before we received the request, we have to deny it.

I talked to Karen yesterday and think they plan to resubmit it.

Hope this helps.

Margie

"Don Staley" <nrogm.dstaley@state.ut.us> on 02/24/2000 07:56:40 AM

To: Margie Herrmann/VFO/UT/BLM/DOI@BLM

cc:

Subject: APD Extension - Federal L 43-26

Hi Margie,

I have a question:

Last week, we received a copy of an APD rescind letter from you dated 2/16/2000 for the following well:

Federal L 43-26
NESE, Section 26, T11S, R22E
Lease No. U-74974
Uintah County
API 43-047-33259

In looking at our database, I see that Lone Mountain recently requested an extension to their APD.

Did you not received this same request, or did the BLM choose to deny the request?

Your help is appreciated!

Sincerely,

Don Staley
Information Services Manager - Oil & Gas
Utah Division of Oil, Gas and Mining
801-538-5275
nrogm.dstaley@state.ut.us