

UNITED STATES

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OBM NO. 1004-0136
Expires: February 28, 1995

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

001

5. LEASE DESIGNATION AND SERIAL NO.

U-0559

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

1a. TYPE OF WORK

DRILL DEEPEN

7. UNIT AGREEMENT NAME

RED WASH UNIT

b. TYPE OF WELL

OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

8. FARM OR LEASE NAME, WELL NO.

RWU #43-23A

2. NAME OF OPERATOR

Shenandoah Energy Inc.

9. API WELL NO.

3. ADDRESS AND TELEPHONE NO. Phone: 435-781-4341

11002 East 17500 South

Fax: 435-781-4329

Vernal, Utah 84078

10. FIELD AND POOL, OR WILDCAT

RED WASH

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

At surface

959' FEL, 2581' FNL, SENE

At proposed prod. Zone

4450647 N
636147 E

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA

SEC. 23, T7S, R22E, SLB&M

Same

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

8 miles West of Redwash Utah

12. COUNTY OR PARISH

Uintah

13. STATE

Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST

959' ±

16. NO. OF ACRES IN LEASE

2080

17. NO. OF ACRES ASSIGNED TO THIS WELL

40

PROPERTY OR LEASE LINE, FT. (Also to nearest drig. Unit line if any)

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

500' ±

19. PROPOSED DEPTH

5975'

20. ROTARY OR CABLE TOOLS

Rotary

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

5354' GR

22. APPROX. DATE WORK WILL START*

A.S.A.P

23. PROPOSED CASING AND CEMENTING PROGRAM

REFER TO S.O.P

Shenandoah Energy Inc. proposes to drill a well to 5975' to test the Green River. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

Operations will be according to the Standard Operating Procedures for the Red Wash Unit, Wonsits Valley Unit and area Green River formatin wells.

See Onshore Order No. 1 attached.

Please be advised that Shenandoah Energy Inc. is considered to be the operator of the above mentioned well. Shenandoah Energy Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Bond No. 0969. The principal is Shenandoah Energy Inc. via surety as consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program if any.

24

SIGNED John Busch John Busch TITLE Red Wash Operations Representative DATE 2/12/01

(This space for Federal or State office use)

PERMIT NO. 43-047-33949 FEDERAL APPROVAL OF THIS ACTION IS NECESSARY APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Bradley G. Hill BRADLEY G. HILL RECLAMATION SPECIALIST II DATE 03-05-01

*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 faudulent statements or representations as to any matter within its jurisdiction.

RECEIVED

FEB 14 2001

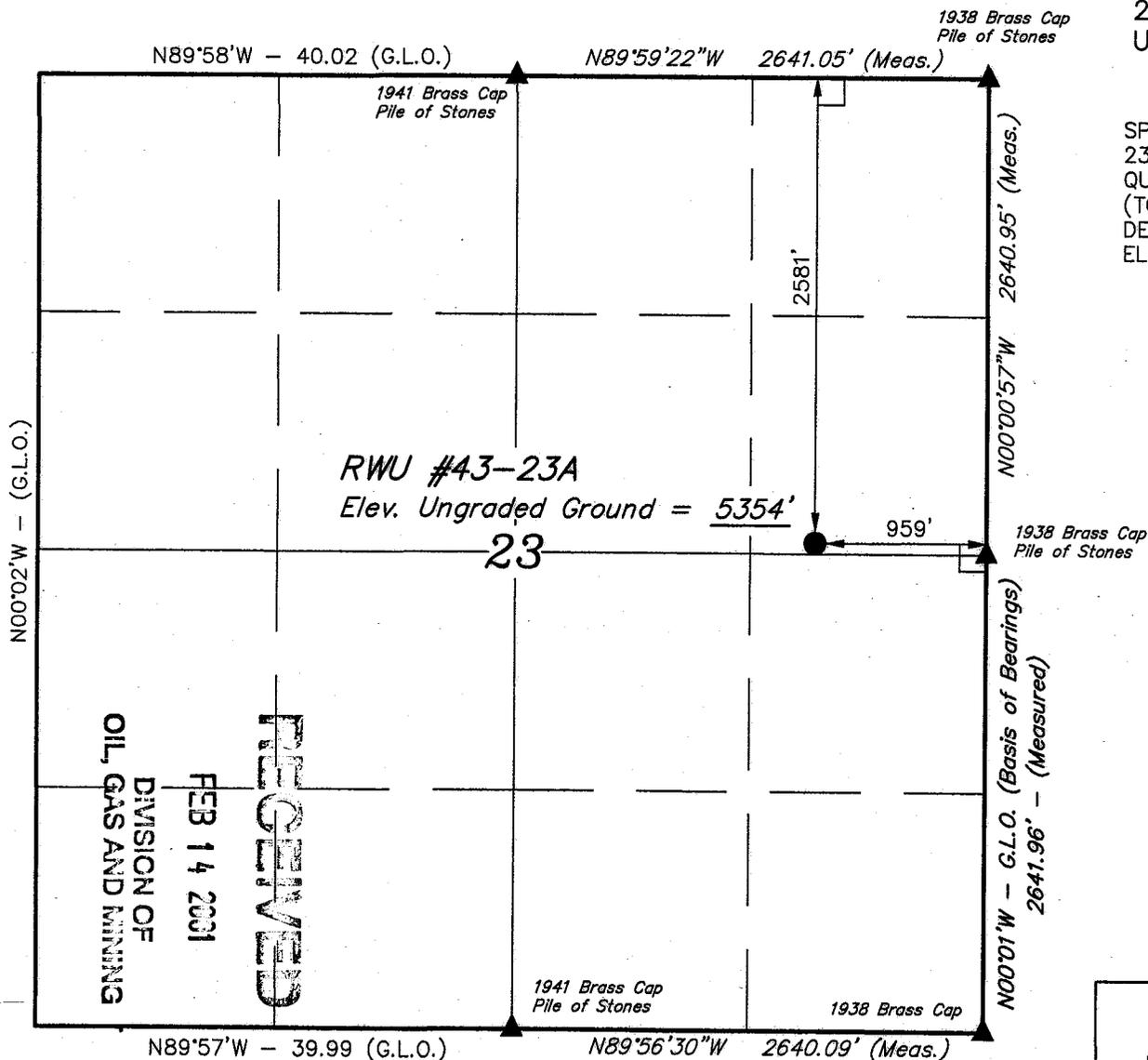
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

T7S, R22E, S.L.B.&M.

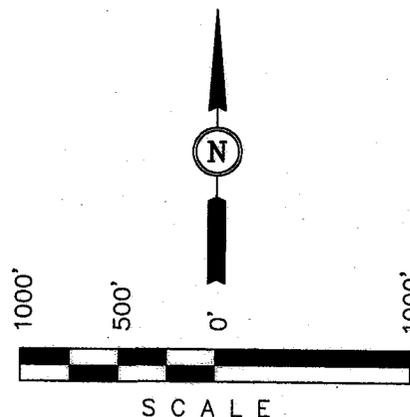
SHENANDOAH ENERGY, INC.

Well location, RWU #43-23A, located as shown in the SE 1/4 NE 1/4 of Section 23, T7S, R22E, S.L.B.&M., Uintah County, Utah.



BASIS OF ELEVATION

SPOT ELEVATION AT THE SOUTHEAST CORNER OF SECTION 23, T7S, R22E, S.L.B.&M. TAKEN FROM THE RED WASH NW, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5439 FEET.



SCALE

CERTIFICATE

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

REGISTERED LAND SURVEYOR
 REGISTRATION NO. 161319
 STATE OF UTAH
 No. 161319
 ROBERT L. KAY

LEGEND:

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

LATITUDE = 40°11'50"
 LONGITUDE = 109°24'02"

UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 01-17-01	DATE DRAWN: 01-22-01
PARTY G.S. T.A. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE SHENANDOAH ENERGY, INC.	

RECEIVED
 FEB 14 2001
 DIVISION OF
 OIL, GAS AND MINING

ONSHORE OIL & GAS ORDER NO. 1
 Shenandoah Energy Inc.
 RWU #43-23A

DRILLING PROGRAM

ONSHORE OIL & GAS ORDER NO. 1 Approval of Operations on Onshore Federal Oil and Gas Leases

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 No. 1, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

1. Formation Tops

The estimated tops of important geologic markers are as follows:

<u>Formation</u>	<u>Depth</u>	<u>Prod. Phase Anticipated</u>
Uinta	Surface	
Green River	3040'	
Mahogany Ledge	3960'	
Mesa	5800'	
TD (Green River)	5975'	Oil

2. Anticipated Depths of Oil Gas Water and Other Mineral Bearing Zones

The estimated depths at which the top and bottom of the anticipated water, oil, gas. Or other mineral bearing formations are expected to be encountered are as follows:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil/Gas	Green River	5975'

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

All water shows and water-bearing sands will be reported to the BLM in Vernal, Utah. Copies of State of Utah form OGC-8-X are acceptable. If no flows are detected, samples will be submitted to the BLM along with any water analyses conducted.

3. Anticipated Bottom Hole Pressures

Maximum anticipated bottom hole pressure equals approximately 2390.0 psi.

4. Surface Ownership

The well pad and access road are located on lands owned by the Federal Government.

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CONFIDENTIAL

MULTI-POINT SURFACE USE & OPERATIONS PLAN

SHENANDOAH ENERGY INC.
RED WASH UNIT #43-23A
NESE, SECTION 23, T7S, R22E
UINTAH COUNTY, UTAH

1. Plans for Reclamation of the Surface

As per the onsite with Byron Tolman Vernal BLM, Raleen Searle Shenandoah Energy Inc., John Busch Shenandoah Energy Inc. the following stipulations were determined. There will a pit liner will be determined upon construction. The were will be seed mix of 12 lbs per acre consisting of the following:

- 4lbs – Fourwing Saltbush
- 4lbs – Indian Rice Grass
- 4lbs – Needle & Thread Grass

2. Other Information

See attached maps

Topo map A- Access routes

Topo map B- Proposed Access road

Topo map C- Location of wells within a one mile radius

Topo map D- Proposed pipeline

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Lessee's or Operator's Representative:

John Busch
Red Wash Operations Rep.
Shenandoah Energy Inc.
11002 East 17500 South
Vernal, Utah 84078
(435) 781-4341

Certification:

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

Shenandoah Energy Inc. will be fully responsible for the actions of their subcontractors.

A complete copy of the approved Application for Permit to Drill will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Shenandoah Energy Inc. its' contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

John Busch

John Busch
Red Wash Operations Representative

FEBRUARY 12, 2001 RECEIVED

Date

FEB 14 2001

DIVISION OF
OIL, GAS AND MINING

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SHENANDOAH ENERGY, INC.

RWU #43-23A

LOCATED IN UINTAH COUNTY, UTAH
SECTION 23, T7S, R22E, S.L.B.&M.

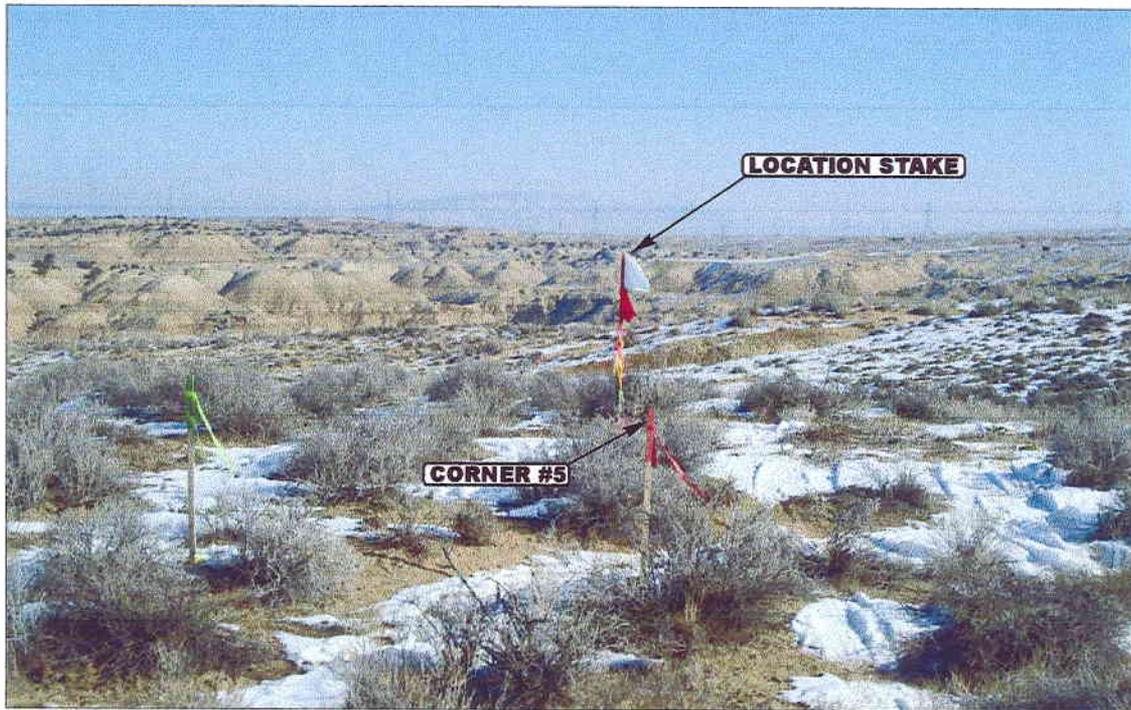


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	1	22	01	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: G.S.	DRAWN BY: K.G.		REVISED: 00-00-00	

SHENANDOAH ENERGY, INC.

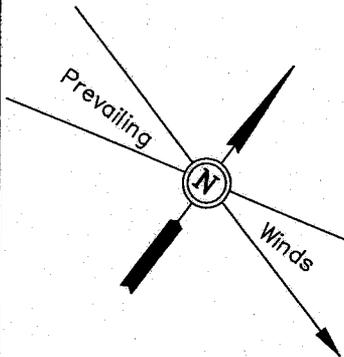
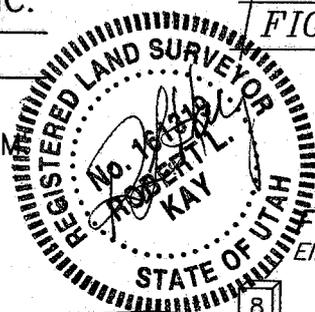
LOCATION LAYOUT FOR

RWU #43-23A

SECTION 23, T7S, R22E, S.L.B.&M

2581' FNL 959' FEL

FIGURE #1



F-0.5'
El. 49.0'

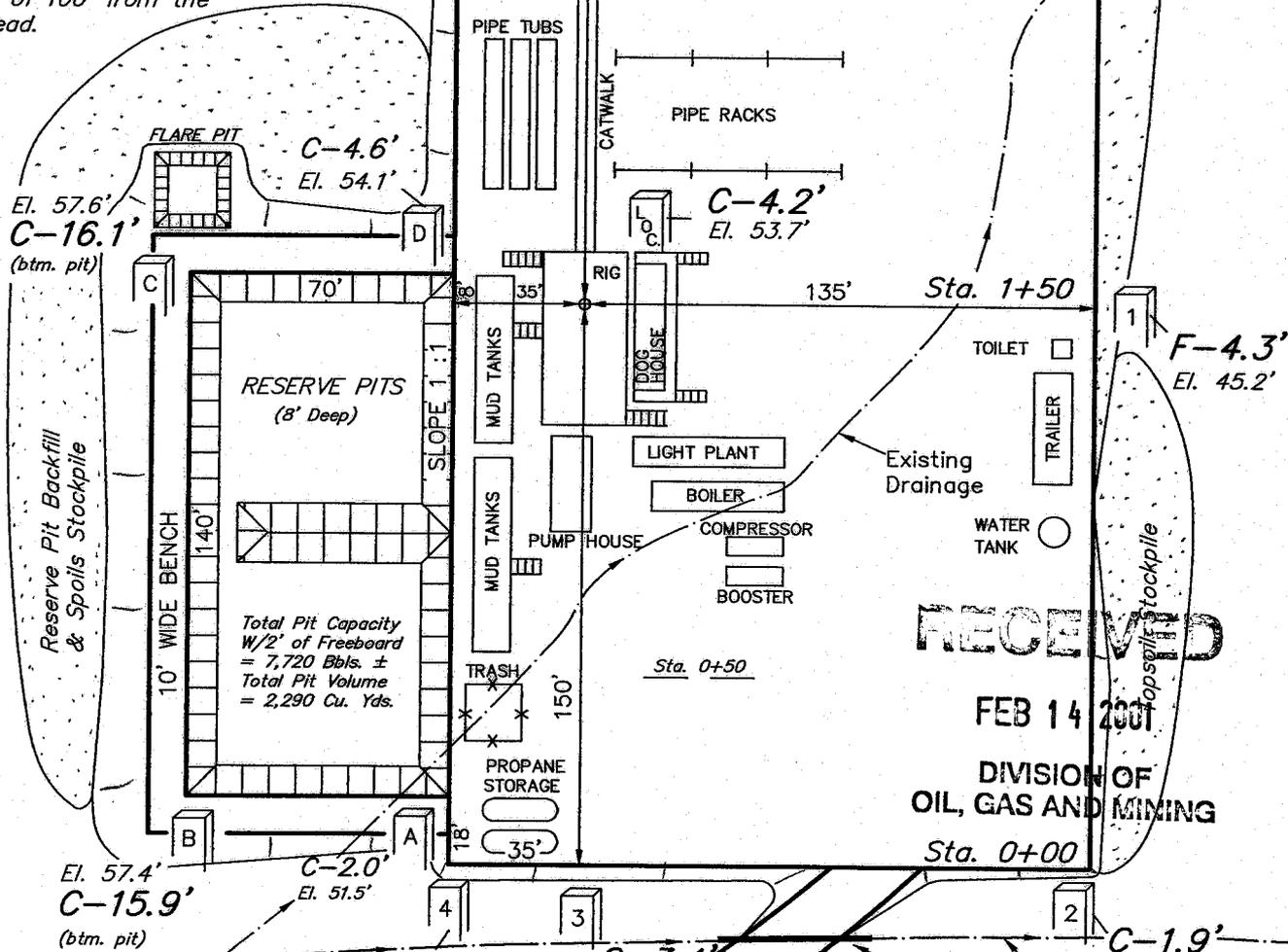
F-2.4'
El. 47.1'

F-7.8'
El. 41.7'

SCALE: 1" = 50'
DATE: 01-22-01
Drawn By: D.R.B.

NOTE:

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



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DIVISION OF OIL, GAS AND MINING

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5353.7'

FINISHED GRADE ELEV. AT LOC. STAKE = 5349.5'

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

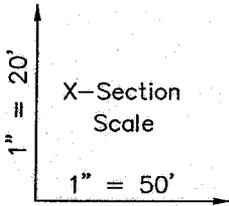
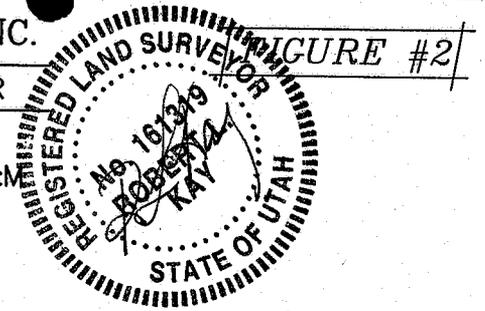
SHENANDOAH ENERGY, INC.

TYPICAL CROSS SECTIONS FOR

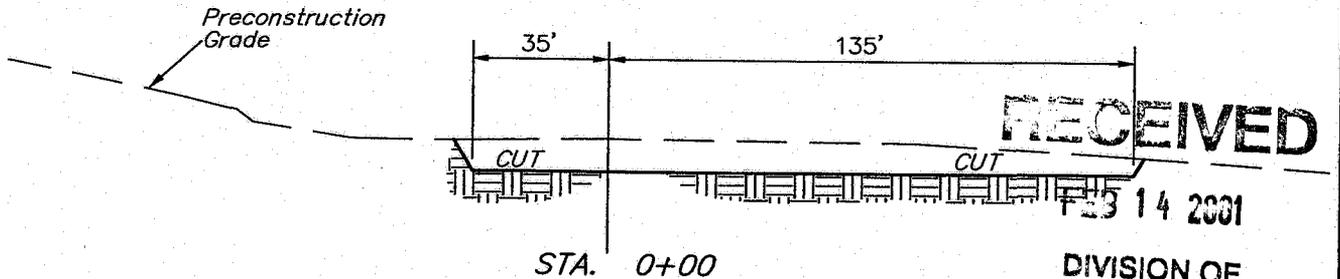
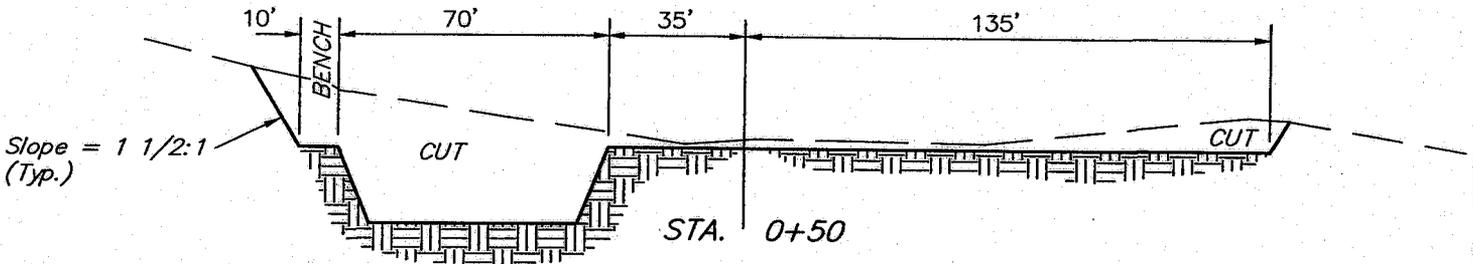
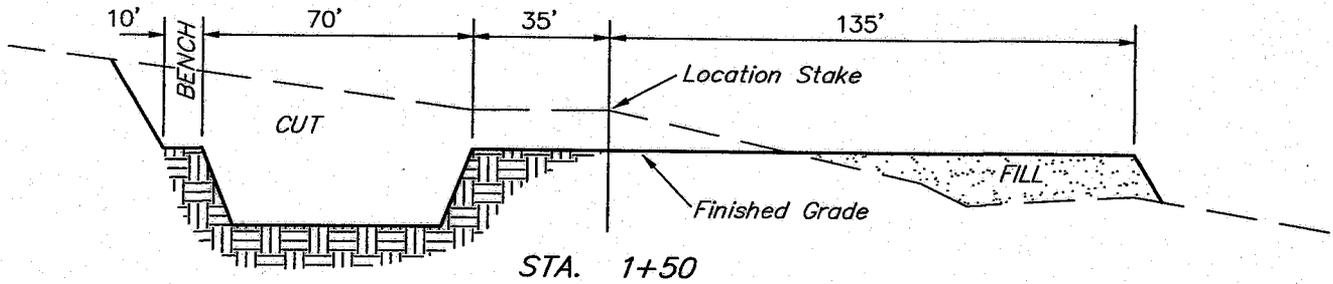
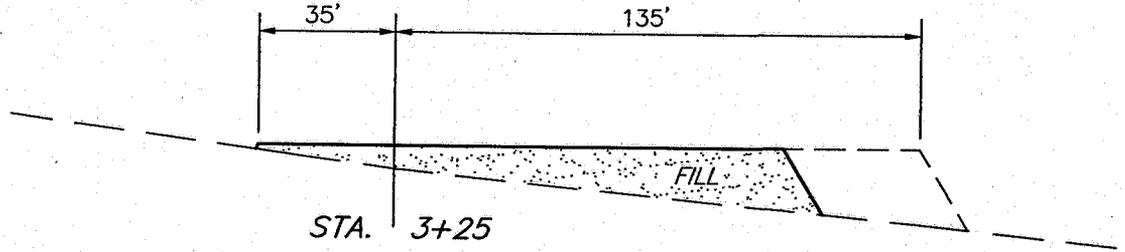
RWJ #43-23A

SECTION 23, T7S, R22E, S.L.B.&M

2581' FNL 959' FEL



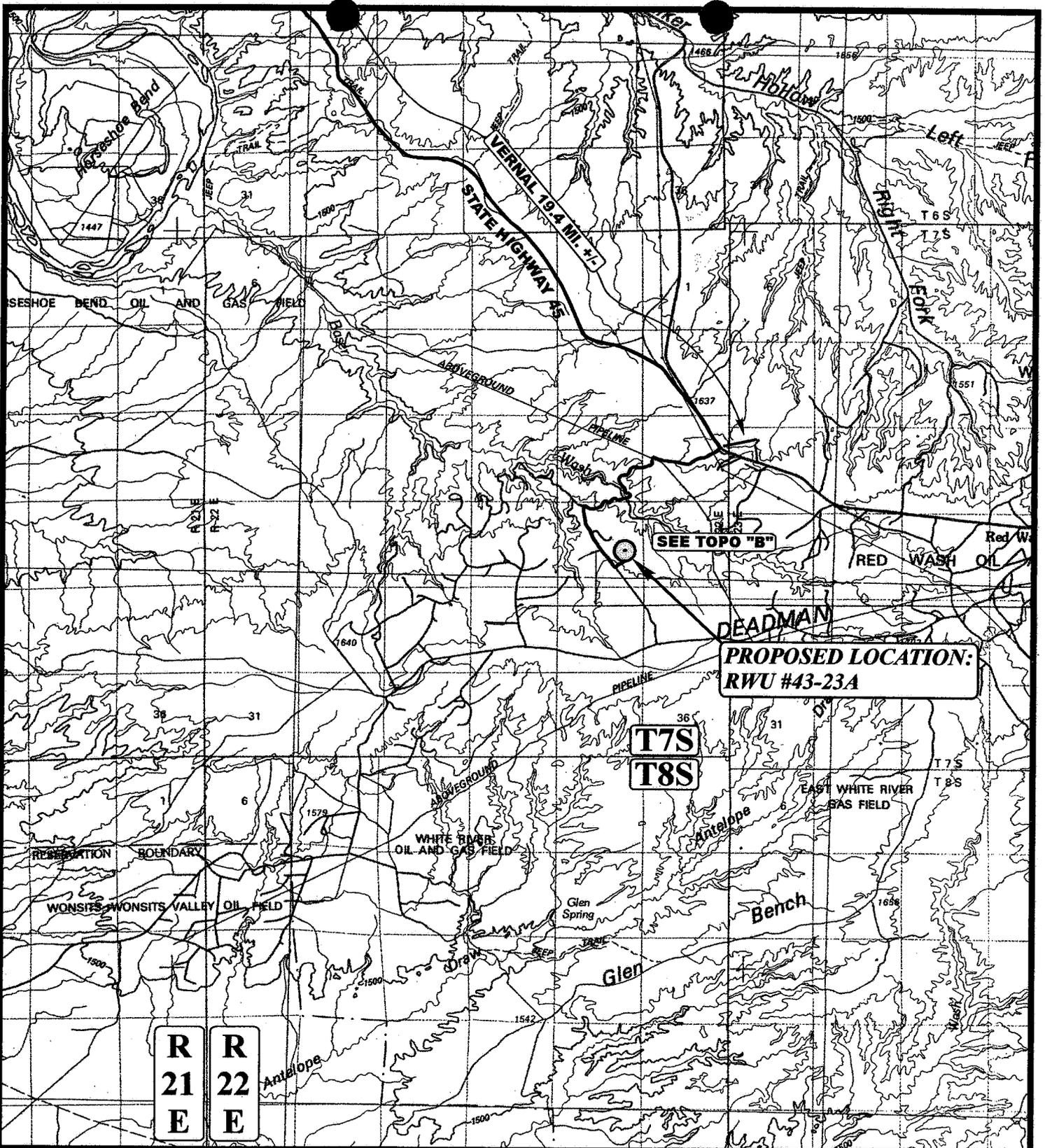
DATE: 01-22-01
Drawn By: D.R.B.



APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,260 Cu. Yds.
Remaining Location	= 6,550 Cu. Yds.
TOTAL CUT	= 7,810 CU.YDS.
FILL	= 5,130 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION	= 2,410 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,410 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 0 Cu. Yds.



**DEADMAN
PROPOSED LOCATION:
RWU #43-23A**

**T7S
T8S**

**R 21 E
R 22 E**

LEGEND:

⊙ PROPOSED LOCATION

SHENANDOAH ENERGY, INC.

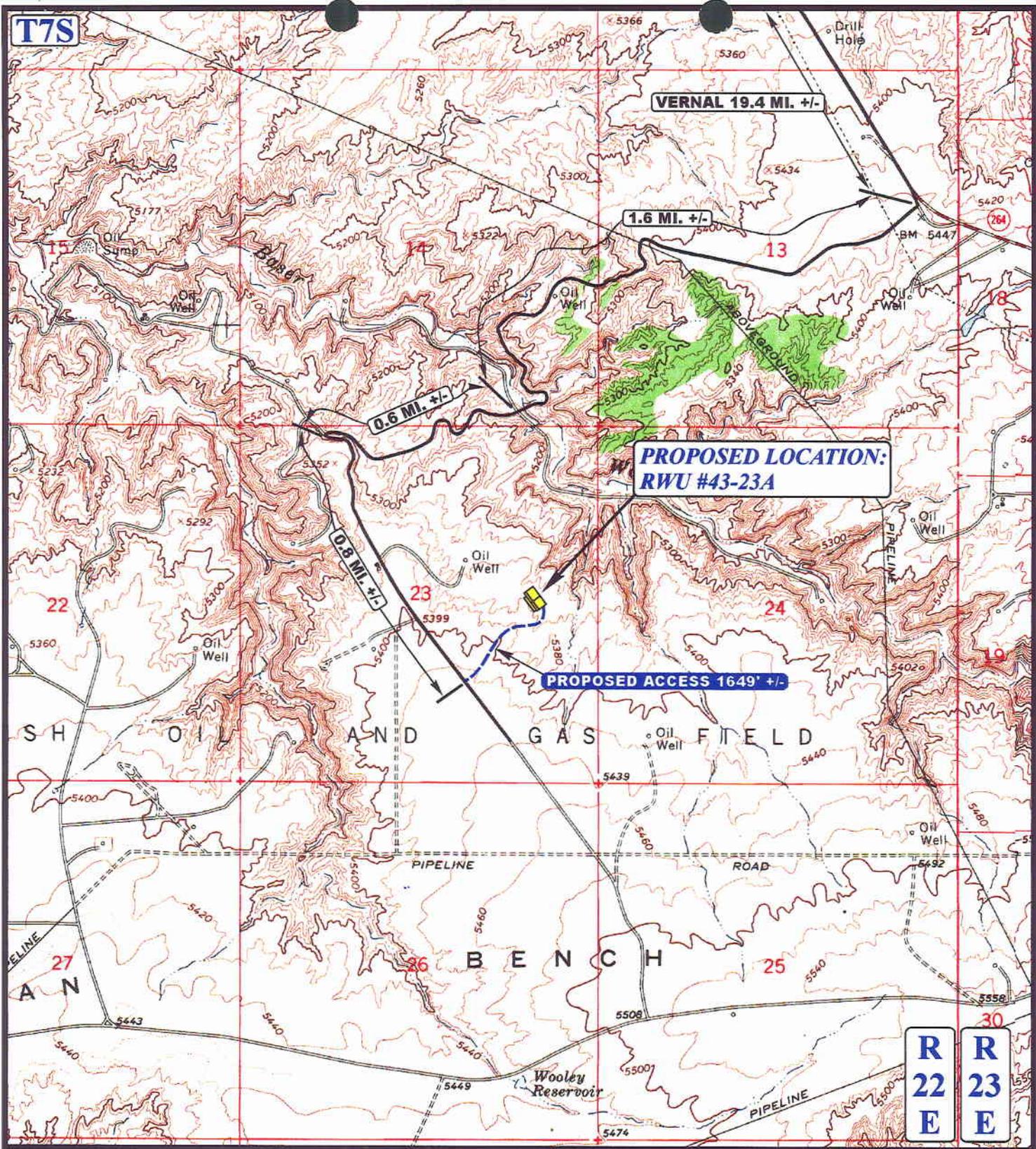
**RWU #43-23A
SECTION 23, T7S, R22E, S.L.B.&M.
2581' FNL 959' FEL**



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

TOPOGRAPHIC MAP
1 22 01
 MONTH DAY YEAR
 SCALE: 1:100,000 DRAWN BY: K.G. REVISED: 00-00-00





LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING ROAD



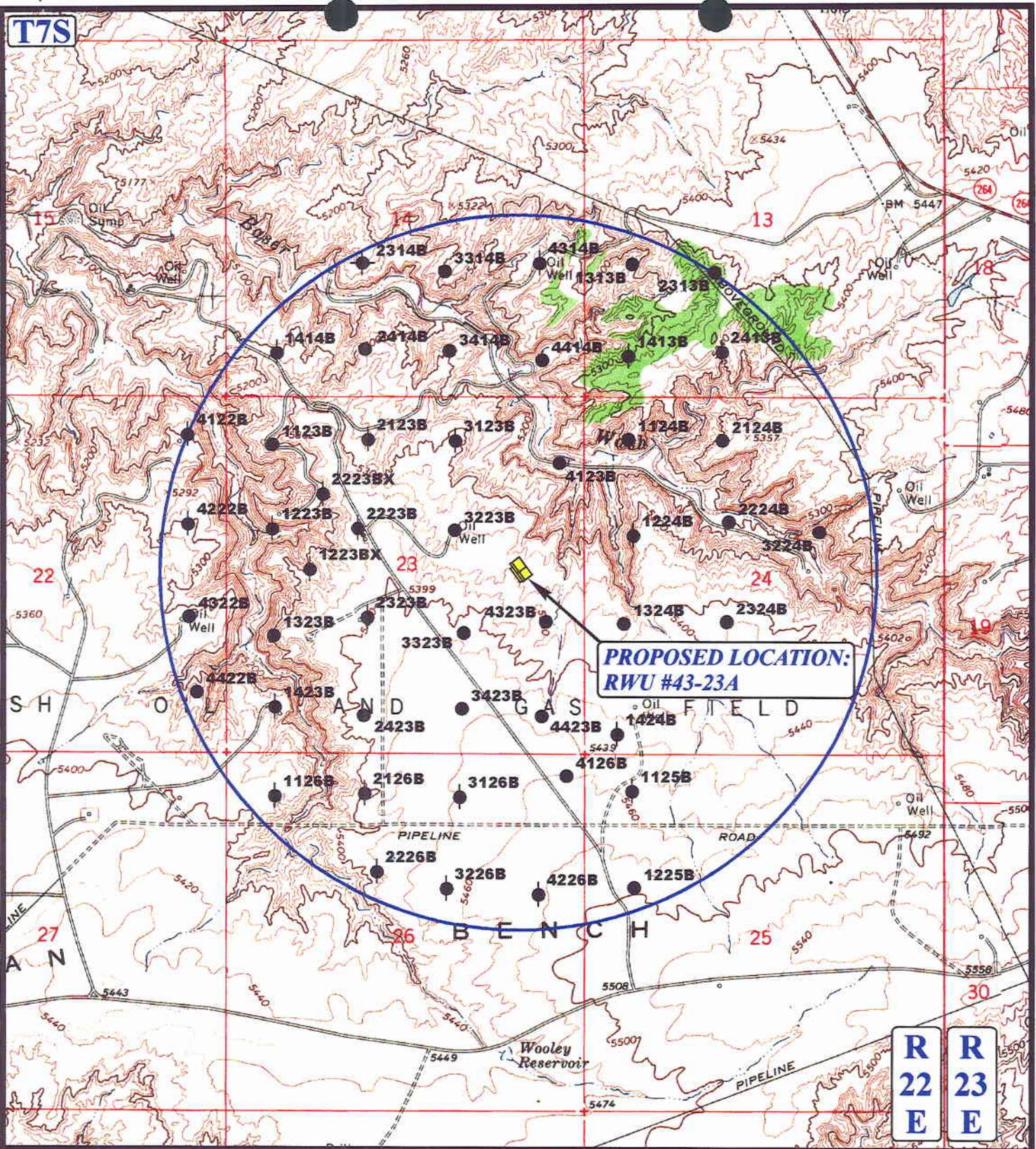
SHENANDOAH ENERGY, INC.

RWU #43-23A
SECTION 23, T7S, R22E, S.L.B.&M.
2581' FNL 959' FEL

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

TOPOGRAPHIC MAP **1 22 01**
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: K.G. REVISED: 00-00-00 **B**
 TOPO

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**PROPOSED LOCATION:
RWU #43-23A**

LEGEND:

- ⊘ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊘ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

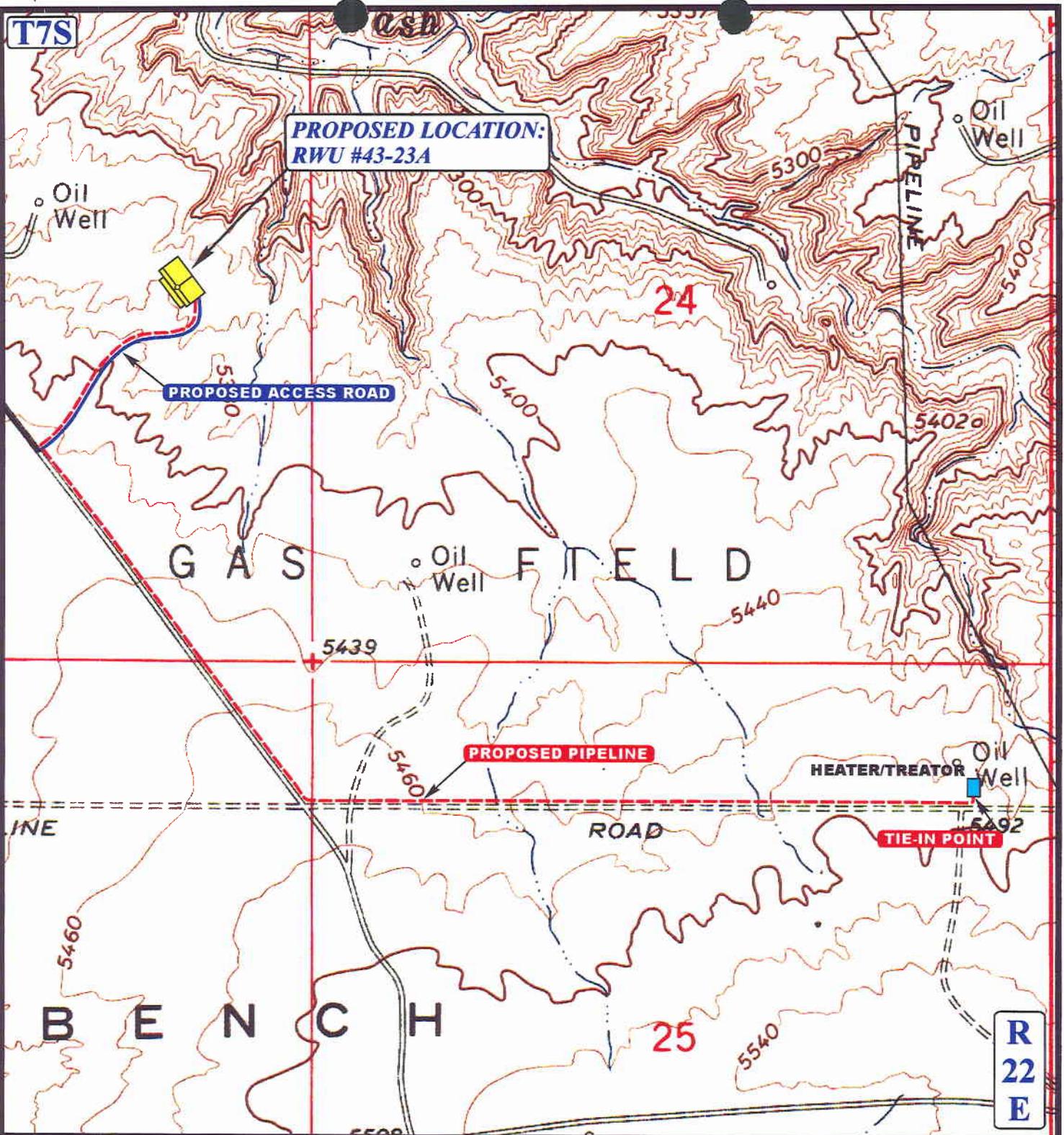
UEIS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

SHENANDOAH ENERGY, INC.

RWU #43-23A
SECTION 23, T7S, R22E, S.L.B.&M.
2581' FNL 959' FEL

TOPOGRAPHIC MAP	1	22	01	C TOPO
	MONTH	DAY	YEAR	
SCALE: 1" = 2000'	DRAWN BY: K.G.		REVISED: 00-00-00	

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APPROXIMATE TOTAL PIPELINE DISTANCE = 9524' +/-

LEGEND:

-  EXISTING PIPELINE
-  PROPOSED PIPELINE
-  PROPOSED ACCESS

SHENANDOAH ENERGY, INC.

RWU #43-23A
SECTION 23, T7S, R22E, S.L.B.&M.
2581' FNL 959' FEL

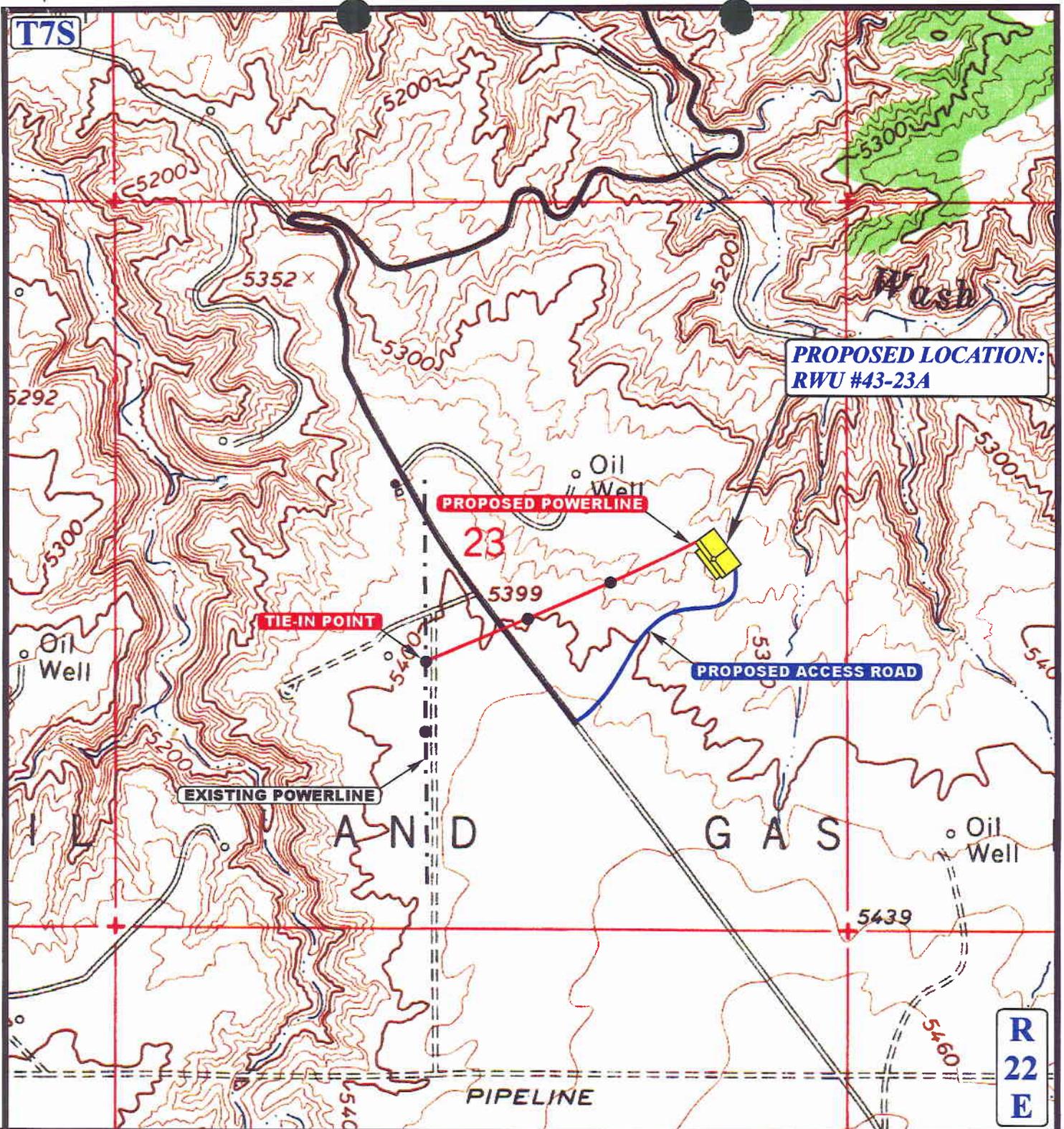
U E I S
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC **1 22 01**
MAP MONTH DAY YEAR
 SCALE: 1" = 1000' DRAWN BY: K.G. REVISED: 00-00-00

D
TOPO

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APPROXIMATE TOTAL POWERLINE DISTANCE = 2078' +/-

LEGEND:

-  PROPOSED ACCESS ROAD
-  EXISTING ROAD
-  EXISTING POWERLINE
-  PROPOSED POWERLINE



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



SHENANDOAH ENERGY, INC.

RWU #43-23A
SECTION 23, T7S, R22E, S.L.B.&M.
2581' FNL 959' FEL

TOPOGRAPHIC
MAP

1 22 01
 MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: K.G. REVISED: 00-00-00

E
TOPO

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WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/14/2001

API NO. ASSIGNED: 43-047-33949

WELL NAME: RWU 43-23A
OPERATOR: SHENANDOAH ENERGY INC (N4235)
CONTACT: JOHN BUSCH

PHONE NUMBER: 435-781-4341

PROPOSED LOCATION:

SENE 23 070S 220E
SURFACE: 2581 FNL 0959 FEL
BOTTOM: 2581 FNL 0959 FEL
UINTAH
RED WASH (665)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1-Federal
LEASE NUMBER: U-0559
SURFACE OWNER: 1-Federal

PROPOSED FORMATION: GRRV

RECEIVED AND/OR REVIEWED:

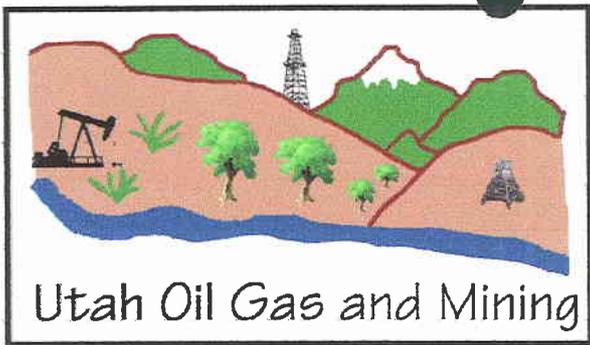
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UT-0969)
- Potash (Y/N)
- Oil Shale (Y/N) *190-5 (B) or 190-3
- Water Permit
(No. 43-8496)
- RDCC Review (Y/N)
(Date:)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

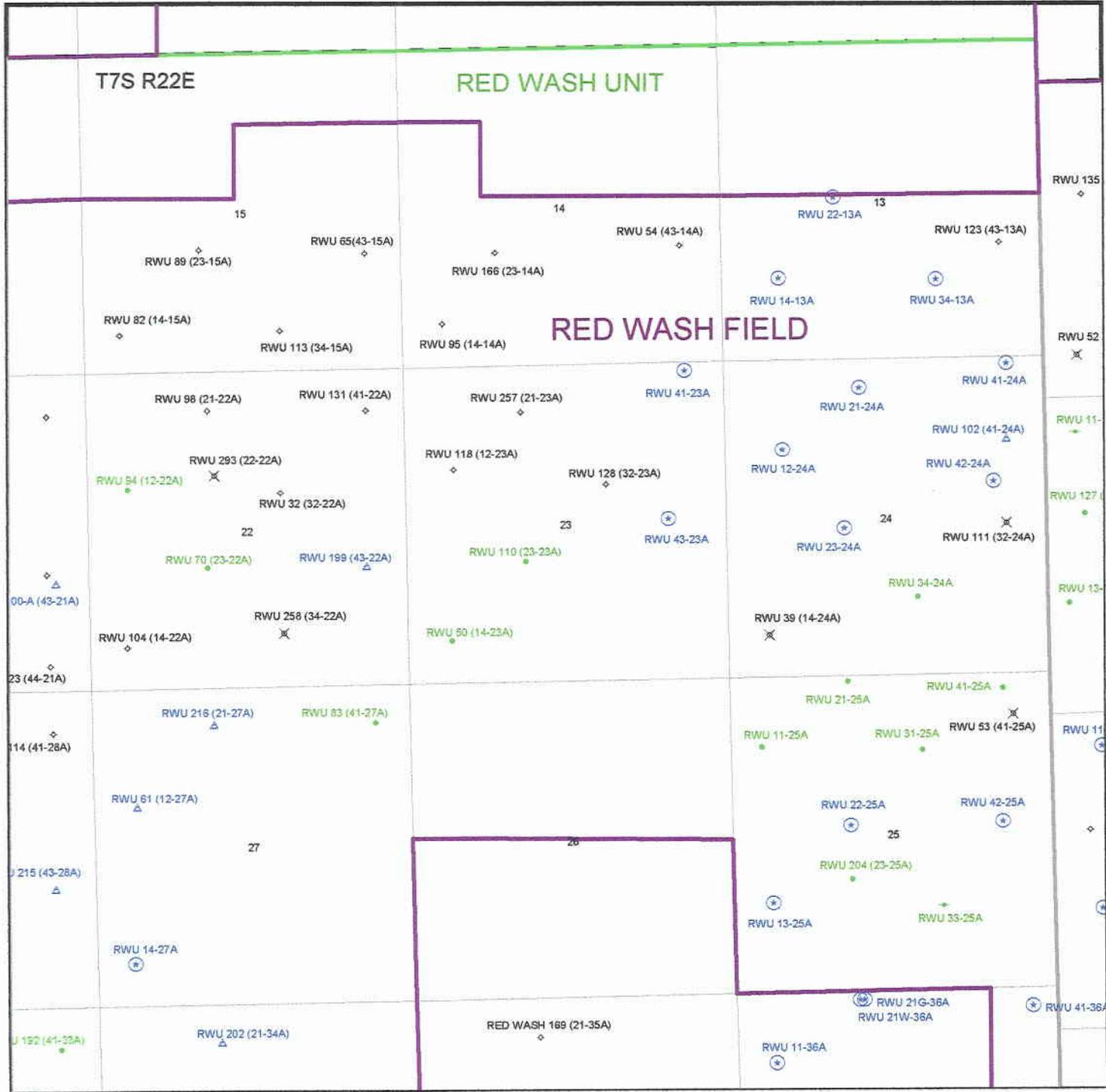
- R649-2-3. Unit RED WASH
- R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Need add'l info. "Ex. Loc." (Rec'd 3-1-01)

STIPULATIONS: ① FEDERAL APPROVAL



OPERATOR: SHENANDOAH ENERGY (N4235)
 FIELD: RED WASH (665)
 SEC. 23, T7S, R22E,
 COUNTY: UINTAH UNIT: RED WASH
 SPACING: R649-3-3/EX LOC



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:
 3160
 (UT-922)

February 22, 2001

Memorandum

To: Assistant District Manager Minerals, Vernal District
 From: Michael Coulthard, Petroleum Engineer
 Subject: 2001 Plan of Development Red Wash Unit,
 Uintah County, Utah.

Pursuant to email between Lisha Cordova, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management. The following wells are planned for calendar year 2001 within the Red Wash Unit, Uintah County, Utah.

Api Number	Well	Location
(Proposed Green River Completions)		
43-047-33949	RWU 43-23A	Sec. 23, T7S, R22E 2581 FNL 0959 FEL
43-047-33950	RWU 14-13A	Sec. 13, T7S, R22E 1323 FSL 0958 FWL
43-047-33951	RWU 41-23A	Sec. 23, T7S, R22E 0117 FNL 0687 FEL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

bcc: File - Red Wash Unit
 Division of Oil Gas and Mining
 Agr. Sec. Chron
 Fluid Chron

MCoulthard:mc:2-22-1

SHENANDOAH ENERGY INC.

11002 East 17500 South
Vernal, UT 84078
Phone: (435) 781-4300
Fax (435) 781-4329

February 28, 2001

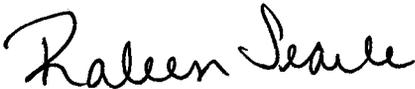
Division of Oil, Gas & Mining
1594 W. N. Temple STE 1210
Salt Lake City, UT 84114-5801

To Whom It May Concern:

Shenandoah Energy Inc. Red Wash Unit #43-23A is an exception location due to severe topography and a closure of 700' between T7S, R22E, & T7S, R23E. This lease #(U-0559) is under the Red Wash Unit Agreement and all owners are committed under the Unit Agreement.

There are no additional lease owners within 460' of this proposed well. If you have any question please contact Raleen Searle @ (435) 781-4309.

Thank you,


Raleen Searle
Administrative Assistant

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MAR 01 2001
DIVISION OF
OIL, GAS AND MINING



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 5, 2001

Shenandoah Energy, Inc.
11002 E 17500 S
Vernal, UT 84078

Re: Red Wash Unit 43-23A Well, 2581' FNL, 959' FEL, SE NE, Sec. 23, T. 7 South,
R. 22 East, 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-047-33949.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

John R. Baza
Associate Director

er

Enclosures

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

Operator: Shenandoah Energy, Inc.
Well Name & Number Red Wash Unit 43-23A
API Number: 43-047-33949
Lease: U-0559

Location: SE NE **Sec.** 23 **T.** 7 South **R.** 22 East

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

3. Reporting Requirements

All required reports, forms and submittals will 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.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

006

5. LEASE DESIGNATION AND SERIAL NO.

U-0559

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

RED WASH UNIT

8. FARM OR LEASE NAME, WELL NO.

RWU #43-23A

9. API WELL NO.

10. FIELD AND POOL, OR WILDCAT

RED WASH

11. SEC., T., R., M., OR BLK AND SURVEY OR AREA

SEC. 23, T7S, R22E, SLB&M

12. COUNTY OR PARISH

Uintah

13. STATE

Utah

1a. TYPE OF WORK

DRILL

DEEPEEN

b. TYPE OF WELL

OIL

GAS

SINGLE

MULTIPLE

WELL

WELL

OTHER

ZONE

ZONE

2. NAME OF OPERATOR

Shenandoah Energy Inc.

3. ADDRESS AND TELEPHONE NO. Phone: 435-781-4341

11002 East 17500 South

Fax: 435-781-4329

Vernal, Utah 84078

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

At surface

959' FEL, 2581' FNL, SENE

At proposed prod. Zone

Same

RECEIVED

FEB 13 2001

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

8 miles West of Redwash Utah

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST

959' ±

PROPERTY OR LEASE LINE, FT.

(Also to nearest drig, Unit line if any)

16. NO. OF ACRES IN LEASE

2080

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.

500' ±

19. PROPOSED DEPTH

5975'

20. ROTARY OR CABLE TOOLS

Rotary

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

5354' GR

22. APPROX. DATE WORK WILL START*

A.S.A.P

23. PROPOSED CASING AND CEMENTING PROGRAM

REFER TO S.O.P

Shenandoah Energy Inc. proposes to drill a well to 5975' to test the Green River. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and State of Utah requirements.

Operations will be according to the Standard Operating Procedures for the Red Wash Unit, Wonsits Valley Unit and area Green River formatin wells.

See Onshore Order No. 1 attached.

Please be advised that Shenandoah Energy Inc. is considered to be the operator of the above mentioned well. Shenandoah Energy Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond coverage for this well is provided by Bond No. 0969. The principal is Shenandoah Energy Inc. via surety as consent as provided for in 43 CFR 3104.2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program if any.

24

SIGNED

John Busch

John Busch

TITLE Red Wash Operations Representative

DATE

2/12/01

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

NOTICE OF APPROVAL

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

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

Howard R. Clarys

Assistant Field Manager

TITLE Mineral Resources

DATE

05/01/2001

*See Instructions On Reverse Side

CONFIDENTIAL

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

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Shenandoah Energy Inc.

Well Name & Number: RWU 43-23A

API Number: 43-047-33949

Lease Number: U - 0559

Location: SENE Sec. 23 T.7S R. 22E

Agreement: Red Wash Unit

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

CONDITIONS OF APPROVAL

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.

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.

DRILLING PROGRAM

As a minimum, the usable water resources shall be isolated and/or protected by having a cement top behind the production casing at least 200' above the base of the usable water zone identified at $\pm 4290'$.

The variances requested in section 9 of the Red Wash Unit SOP

Where the location and rig layout allows, the blooie line shall be straight and extend 100' from the wellbore. This requirement will be waived only in the case where the location is too small to accommodate it.

Coring, Logging and Testing Program

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

Other Information

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

Ed Forsman (435) 789-7077 (HOME) (435) 646-1685 (PAGER)
Petroleum Engineer

Kirk Fleetwood (435) 789-6858 (HOME) (435) 646-1678 (PAGER)
Petroleum Engineer

Jerry Kenczka (435) 781-1190 (HOME) (435) 646-1676 (PAGER)
Petroleum Engineer

BLM FAX Machine (435) 781-4410

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

-The reserve pit will be inspected by Byron Tolman of BLM to determine if a pit liner will be needed prior to putting fluids in the pit.

-The topsoil shall be windrowed as shown on the cut sheet, but it shall also be windrowed on the west end of the location between corners 6 and 8.

-Once the reserve pit is closed, the south side of the location shall be ditched to prevent runoff water from entering the location.

-When installing the power poles and lines, vehicles shall stay on the flagged route, existing roads or well pads, or other previously disturbed areas. The powerlines will be constructed in accordance with the "Suggested Practices for Raptor Protection on Powerlines;" (Raptor Research Foundation, Incorporated, 1981).

-When installing the surface pipeline bundle, the pipelines shall be welded or zap locked on location and dragged into place using a dozer or backhoe. The bundling crew should then make one pass along the pipeline staying on the pipeline route or roads located in the area.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

007

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to deepen or reentry to a different reservoir
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
U-0559

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

7. If Unit or CA, Agreement Designation
Red Wash Unit

8. Well Name and No.
RWU 43-23A

9. API Well No.
43-047-33949

10. Field and Pool, or Exploratory Area
RED WASH - GREEN RIVER

11. County or Parish, State
UINTAH, UTAH

SUBMIT IN TRIPLICATE

1. Type of Well
Oil Gas
 Well Well Other

2. Name of Operator
SHENANDOAH ENERGY INC

3. Address and Telephone No.
11002 E. 17500 S. VERNAL, UT 84078-8526 (801) 781-4341

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2581' FNL, 959' FEL SENE Sec. 23, 7S 22E

CONFIDENTIAL

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

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

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

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

Shenandoah Energy Inc. hereby requests an 1 year extension on the RWU 43-23A.

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 04-23-02
By: [Signature]

COPY SENT TO OPERATOR
Date: 4-24-02
Initials: [Signature]

RECEIVED
APR 23 2002
**DIVISION OF
OIL, GAS AND MINING**

14. I hereby certify that the foregoing is true and correct.
Signed JOHN BUSCH [Signature] Title OPERATIONS REPRESENTATIVE Date 4/22/02

(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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

008

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Gas
 Well Well Other

2. Name of Operator
SHENANDOAH ENERGY INC

3. Address and Telephone No
11002 E. 17500 S. VERNAL, UT 84078-8526 (801) 781-4341

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2581' FNL, 959' FEL SENE

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APR 22 2002

5. Lease Designation and Serial No.
U-0559

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

7. If Unit or CA, Agreement Designation
Red Wash Unit

8. Well Name and No.
RWU 43-23A

9. API Well No.
43-047-33949

10. Field and Pool, or Exploratory Area
RED WASH - GREEN RIVER

11. County or Parish, State
UINTAH, 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"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>APD Extension</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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

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

Shenandoah Energy Inc. hereby requests an 1 year extension on the RWU 43-23A.

RECEIVED
JUN 12 2002
DIVISION OF
OIL, GAS AND MINING

CONDITIONS OF APPROVAL ATTACHED

14. I hereby certify that the foregoing is true and correct.
Signed JOHN BUSCH *John Busch* Title OPERATIONS REPRESENTATIVE Date 4/22/02

(This space for Federal or State office use)
Approved by: *Kirk Fulwood* Title Petroleum Engineer Date 6/5/02
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.

DOGm

Shenandoah Energy Inc.
APD Extension

Well: RWU 43-23A

Location: SENE Sec 23 T7S, R23E

Lease: UTU 0559

CONDITIONS OF APPROVAL

An extension for the referenced APD is granted with the following conditions:

1. The extension will expire 5/1/03
2. No other extensions beyond that time frame will be granted or allowed.

If you have any other questions concerning this matter, please contact Kirk Fleetwood of this office at (435) 781-4486

RECEIVED
JUN 12 2002
DIVISION OF
OIL, GAS AND MINING



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 telephone
(801) 359-3940 fax
(801) 538-7223 TTY
www.nr.utah.gov

Michael O. Leavitt
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

May 1, 2003

Raleen Searle
Shenandoah Energy Inc.
11002 East 17500 South
Vernal, UT 84078

Re: APD Rescinded – RWU 43-23A, Sec.23 T.7S, R.22E – Uintah County, Utah,
API No. 43-047-33949

Dear Ms. Searle:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 5, 2001. On April 23, 2002, the Division granted a one-year APD extension. On May 1, 2003, you requested that the division rescind the approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective May 1, 2003.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

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

Sincerely,


Diana Mason
Engineering Technician

cc: Well File
Bureau of Land Management, Vernal



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078-2799

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

Phone: (435) 781-4400

Fax: (435) 781-4410

IN REPLY REFER TO:

3160

UT08300

June 12, 2003

Raleen Searle
Shenandoah Energy Inc.
11002 East 17500 South
Vernal, UT 84078

Re: Notification of Expiration
Well No. RWU 43-23A
SENE, Sec. 23, T7S, R22E
Uintah County, Utah
Lease No. UTU-0559
Red Wash GR

Dear Raleen:

The Application for Permit to Drill the above-referenced well was approved on May 1, 2001. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until May 1, 2003. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

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

Sincerely,

Leslie Walker
Legal Instruments Examiner

cc: UDOGM – Diana Mason

RECEIVED

JUN 18 2003

DIV. OF OIL, GAS & MINING