



## WESTPORT OIL AND GAS COMPANY, L.P.

410 Seventeenth Street #2300 Denver Colorado 80202-4436  
Telephone: 303 573 5404 Fax: 303 573 5609

February 1, 2002

Department of the Interior  
Bureau of Land Management  
2850 Youngfield Street  
Lakewood, CO 80215-7093  
Attention: Ms. Martha Maxwell

RE: BLM Bond CO-1203  
BLM Nationwide Bond 158626364  
Surety - Continental Casualty Company  
Belco Energy Corporation merger into Westport Oil and Gas Company, Inc.  
Conversion of Westport Oil and Gas Company, Inc., into Westport Oil and Gas Company, L.P.  
Assumption Rider - Westport Oil and Gas Company, L.P.

Dear Ms. Maxwell:

Pursuant to our recent conversations, please find the following list of enclosures for the BLM's consideration and approval:

Two (2) Assumption Riders, fully executed originals.  
Copies of Belco Energy Corporation merger into Westport Oil and Gas Company, Inc.  
Copies of Westport Oil and Gas Company, Inc., conversion into Westport Oil and Gas Company, L.P.  
List of all Federal/BIA/State Leases - Belco/Westport's leases - in all states.

Please inform us of any additional information needed to complete the change to Westport Oil and Gas Company, L.P., as operator of record.

I thank you for your assistance and cooperation in this matter. Please do not hesitate contacting the undersigned, should a question arise.

Sincerely,  
Westport Oil and Gas Company, L.P.

*Debby J. Black*  
Debby J. Black  
Engineer Technician

Encl:



United States Department of the Interior

RECEIVED

BUREAU OF LAND MANAGEMENT

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

FEB 22 2002

DIVISION OF  
OIL, GAS AND MINING

In Reply Refer To:

3106

UTU-25566 et al

(UT-924)

FEB 21 2002

NOTICE

Westport Oil and Gas Company L.P. : Oil and Gas  
410 Seventeenth Street, #2300 :  
Denver Colorado 80215-7093 :

Name Change Recognized

Acceptable evidence has been received in this office concerning the name change of Westport Oil and Gas Company, Inc. into Westport Oil and Gas Company, L.P. with Westport Oil and Gas Company, L.P. being the surviving entity.

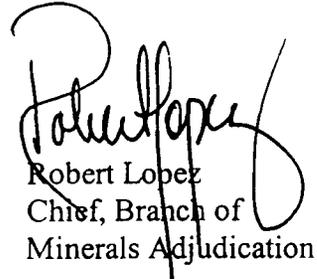
For our purposes, the name change is recognized effective December 31, 2001.

The oil and gas lease files identified have been noted as to the name change. The exhibit was compiled from a list of leases obtained from our computer program. We have not abstracted the lease files to determine if the entities affected by this name change hold an interest in the leases identified nor have we attempted to identify leases where the entities are the operator on the ground maintaining no vested recorded title or operating rights interests. We will be notifying the Minerals Management Service and all applicable Bureau of Land Management offices of the change by a copy of this notice. If additional documentation for changes of operator are required by our Field Offices, you will be contacted by them.

If you identify additional leases in which the entities maintain an interest, please contact this office and we will appropriately document those files with a copy of this Notice.

Due to the name change, the name of the principal/obligor on the bond is required to be changed from Westport Oil and Gas Company, Inc. to Westport Oil and Gas Company, L.P.. You may accomplish this either by consent of surety rider on the original bond or a rider to the original bond. The bonds are held in Colorado.

UTU-03405  
UTU-20895  
UTU-25566  
UTU-43156  
UTU-49518  
UTU-49519  
UTU-49522  
UTU-49523



Robert Lopez  
Chief, Branch of  
Minerals Adjudication

cc: Moab Field Office  
Vernal Field Office  
MMS, Reference Data Branch, MS3130, PO Box 5860, Denver CO 80217  
State of Utah, DOGM, Attn: Jim Thompson (Ste. 1210), Box 145801, SLC UT 84114  
Teresa Thompson (UT-922)  
Joe Incardine (UT-921)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

012

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		<b>CONFIDENTIAL</b>	5. Lease Serial No. UTU02278
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone			6. If Indian, Allottee or Tribe Name
2. Name of Operator EL PASO PROD OIL & GAS CO		Contact: CHERYL CAMERON E-Mail: cheryl.cameron@elpaso.com	7. If Unit or CA Agreement, Name and No. UTU63047A
3a. Address ALTAMONT, UT 84001		3b. Phone No. (include area code) Ph: 435.781.7023 Fx: 435.781.7094	8. Lease Name and Well No. CIGE 275
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NENW 699FNL 2196FWL At proposed prod. zone			9. API Well No. 43-047-34799-00-X1
14. Distance in miles and direction from nearest town or post office* 15.7 MILES SOUTHEAST OF OURAY, UT			10. Field and Pool, or Exploratory NATURAL BUTTES
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 699		16. No. of Acres in Lease 1440.00	11. Sec., T., R., M., or Blk. and Survey or Area Sec 21 T10S R21E Mer SLB SME: STATE
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C		19. Proposed Depth 8050 MD	12. County or Parish UINTAH
21. Elevations (Show whether DF, KB, RT, GL, etc.) 5225 GL		22. Approximate date work will start	13. State UT
			17. Spacing Unit dedicated to this well 40.00
			20. BLM/BIA Bond No. on file CO1203
			23. Estimated duration

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).</li> </ul> | <ul style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification</li> <li>6. Such other site specific information and/or plans as may be required by the authorized officer.</li> </ul> |
|--|--|

25. Signature (Electronic Submission)	Name (Printed/Typed) CHERYL CAMERON	Date 11/20/2002
Title OPERATIONS		
Approved by (Signature) EXPIRED	Name (Printed/Typed) EXPIRED	Date 01/09/2005
Title EXPIRED		
Office Vernal		

Application approval does not warrant or certify 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, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

**Electronic Submission #16274 verified by the BLM Well Information System  
For EL PASO PROD OIL & GAS CO, sent to the Vernal  
Committed to AFMSS for processing by LESLIE WALKER on 11/25/2002 (03LW0341AE)**

\*\* BLM REVISED \*\*

## Revisions to Operator-Submitted EC Data for APD #16274

### Operator Submitted

Lease: U-02278  
Agreement: NATURAL BUTTES  
Operator: EL PASO PRODUCTION O&G COMPANY  
P.O. BOX 1148  
VERNAL, UT 84078  
Ph: 435.781.7023  
Fx: 435.781.7094

Admin Contact: CHERYL CAMERON  
OPERATIONS  
P.O. BOX 1148  
VERNAL, UT 84078  
Ph: 435.781.7023  
Fx: 435.781.7094  
E-Mail: Cheryl.Cameron@ElPaso.com

Tech Contact:

Well Name: CIGE  
Number: 275  
Location:  
State: UT  
County: UINTAH  
S/T/R: Sec 21 T10S R21E Mer SLB  
Surf Loc: NENW 699FNL 2196FWL  
Field/Pool: NATURAL BUTTES

Bond: WY3457

### BLM Revised (AFMSS)

UTU02278  
UTU63047A  
EL PASO PROD OIL & GAS CO  
ALTAMONT, UT 84001  
Ph: 435.454.3394

CHERYL CAMERON  
OPERATIONS  
ALTAMONT, UT 84001  
Ph: 435.781.7023  
Fx: 435.781.7094  
Cell: 435.671.2747  
E-Mail: cheryl.cameron@elpaso.com

CIGE  
275  
UT  
UINTAH  
Sec 21 T10S R21E Mer SLB  
NENW 699FNL 2196FWL  
NATURAL BUTTES

CO1203



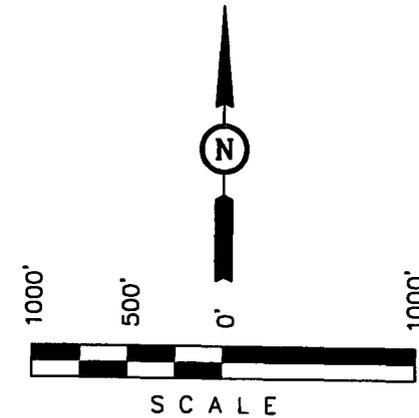
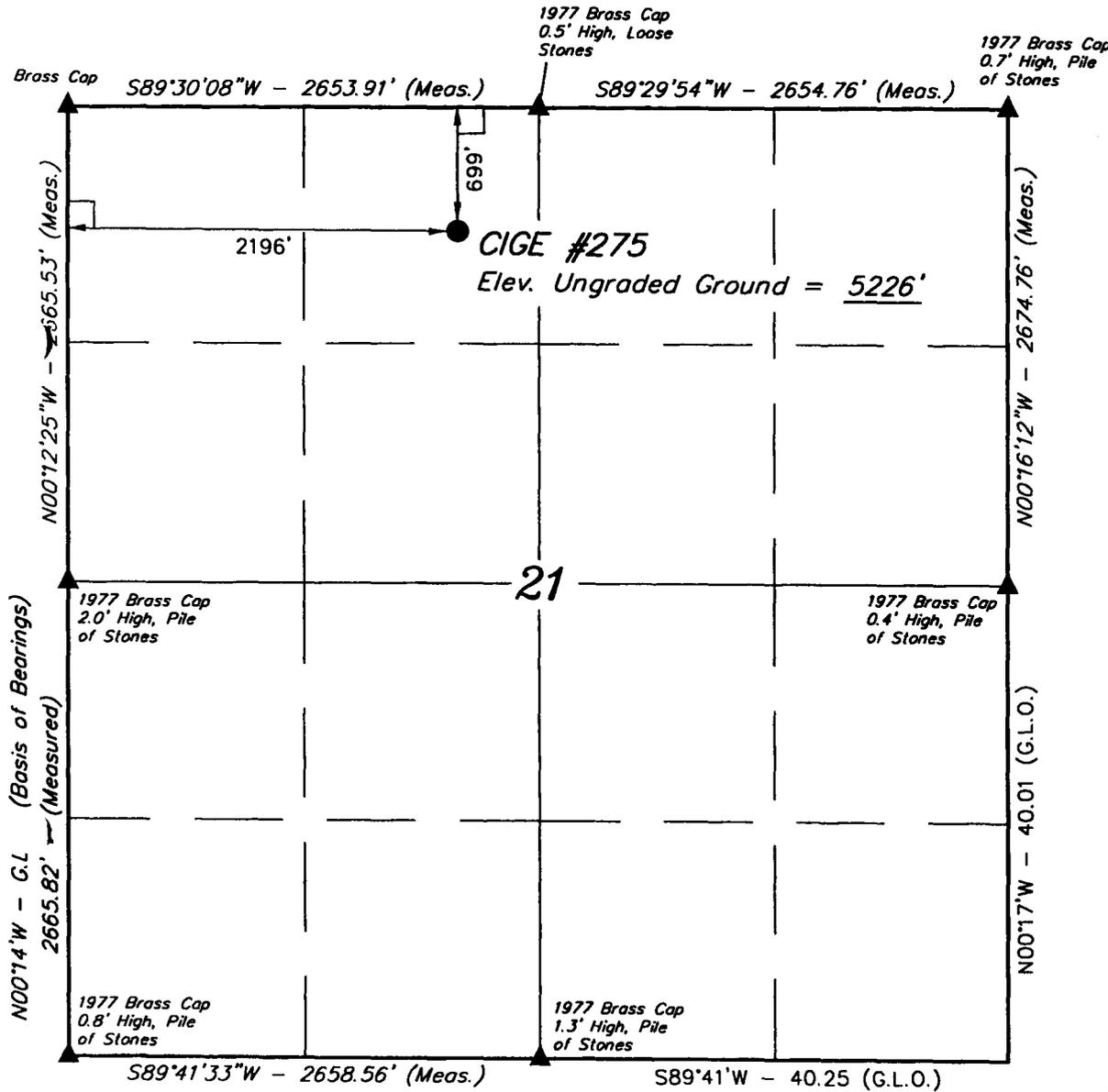
T10S, R21E, S.L.B.&M.

EL PASO  
PRODUCTION OIL & GAS COMPANY

Well location, CIGE #275, located as shown in the NE 1/4 NW 1/4 of Section 21, T10S, R21E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE 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 5238 FEET.



CERTIFICATE

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

*Robert L. Kay*  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 161319  
STATE OF UTAH

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

LEGEND:

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

LATITUDE = 39°56'19"  
LONGITUDE = 109°33'30"

SCALE 1" = 1000'	DATE SURVEYED: 10-15-01	DATE DRAWN: 10-16-01
PARTY D.K. R.W. D.COX	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE EL PASO PRODUCTION OIL & GAS COMPANY	

**CIGE 275  
NENW Sec. 21, T10S, R20E  
UINTAH COUNTY, UTAH  
U-02278**

**ONSHORE ORDER NO. 1**

***DRILLING PROGRAM***

**1. Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
KB	5240'
Green River	1230'
Wasatch	4450'
Mesaverde	7250'
Total Depth	8050'

**2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	KB	5240'
	Green River	1230'
Gas	Wasatch	4450'
Gas	Mesaverde	7250'
Water	N/A	
Other Minerals	N/A	

**3. Pressure Control Equipment: (Schematic Attached)**

*Please see Natural Buttes/Ouray Field Standard Operating Procedure (SOP).*

**4. Proposed Casing & Cementing Program:**

*Please see Natural Buttes/Ouray Field Standard Operating Procedure (SOP).*

**5. Drilling Fluids Program:**

*Please see Natural Buttes/Ouray Field Standard Operating Procedure (SOP).*

**6. Evaluation Program**

*Please see Natural Buttes/Ouray Field Standard Operating Procedure (SOP).*

**7. Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated @ 8,050' TD, approximately equals 3,220 psi (calculated at 0.4 psi/foot).

Maximum anticipated surface pressure equals approximately 1,449 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Date:**

Drilling operations are planned to commence upon approval of this application.

9. **Variations:**

*Please see Natural Buttes/Ouray Field SOP.*

10. **Other Information:**

*Please see Natural Buttes/Ouray Field SOP.*

**CIGE 275  
NENW Sec. 21, T10S, R21E  
UINTAH COUNTY, UTAH  
U-02278**

**ONSHORE ORDER NO. 1**

***MULTI-POINT SURFACE USE & OPERATIONS PLAN***

**1. Existing Roads:**

Refer to Topo Map A for directions to the location.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

**2. Planned Access Roads:**

*Please see Natural Buttes/Ouray Field Standard Operating Procedure (SOP).*

Refer to Topo B for the location of the proposed access road.

**3. Location of Existing Wells Within a 1-Mile Radius**

Please refer to Topo Map C.

**4. Location of Existing & Proposed Facilities**

*The following guidelines will apply if the well is productive.*

*Please see Natural Buttes/Ouray Field SOP.*

Refer to Topo Map D for the placement of the pipeline lateral.

**5. Location and Type of Water Supply:**

*Please see Natural Buttes/Ouray Field SOP.*

**6. Source of Construction Materials**

*Please see Natural Buttes/Ouray Field SOP.*

**7. Methods of Handling Waste Materials**

*Please see Natural Buttes/Ouray Field SOP.*

*Any produced water from the proposed well will be contained in a common water tank(s), and will then be hauled by truck to one of the pre-approved disposal Sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E (Request is in lieu of filing Form 3160-5, after initial production).*

**8. Ancillary Facilities**

*Please see Natural Buttes/Ouray Field SOP.*

**9. Well Site Layout: (See Location Layout Diagram)**

*Please see Natural Buttes/Ouray Field SOP.*

**10. Plans for Reclamation of the Surface:**

*Please see Natural Buttes/Ouray Field SOP.*

**11. Surface Ownership:**

SITLA  
State of Utah  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

**12. Other Information:**

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of 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.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III Archaeological Survey has been conducted. A copy of the survey report is attached.

**13. Lessee's or Operator's Representative & Certification:**

Cheryl Cameron  
Senior Regulatory Analyst  
El Paso Production Oil & Gas Company  
P.O. Box 1148  
Vernal, UT 84078  
(435) 781-7023

Scott Palmer  
Drilling Manager  
El Paso Production Oil & Gas Company  
9 Greenway Plaza  
Houston, TX 77046  
(832) 676-3391

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 and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its 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.

El Paso Production Oil & Gas Company is considered to be the operator of the subject well. El Paso Production Oil & Gas Company agrees to be responsible under the terms and conditions of the lease for the operations conducted upon leased lands. Bond coverage pursuant to 43 CFR 3104 for the lease activities is being provided by Nationwide Bond No. WY3457.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

s/s Cheryl Cameron  
Cheryl Cameron

11/20/02  
Date

A handwritten signature in black ink, appearing to read "Cheryl Cameron", is written over a horizontal line.

**ORIGINAL**  
CIG 295

**CULTURAL RESOURCE INVENTORY OF  
EL PASO PRODUCTION'S  
NATURAL BUTTES 11 WELL LOCATIONS,  
UINTAH COUNTY, UTAH**

**Keith R. Montgomery**

**RECEIVED**

NOV 22 2002

DIVISION OF  
OIL, GAS AND MINING

**ORIGINAL**

**CULTURAL RESOURCE INVENTORY OF  
EL PASO PRODUCTION'S  
NATURAL BUTTES ELEVEN WELL LOCATIONS  
UINTAH COUNTY, UTAH**

**Keith R. Montgomery**

**Prepared For:**

**Bureau of Land Management  
(Vernal Field Office)**

**Prepared Under Contract With:**

**El Paso Production Oil and Gas Company  
1368 South 1200 East  
Vernal, Utah 84078**

**Prepared By:**

**Montgomery Archaeological Consultants  
P.O. Box 147  
Moab, Utah 84532**

**MOAC Report No. 01-173**

**October 31, 2001**

**United States Department of Interior (FLPMA)  
Permit No. 01-UT-60122**

**State of Utah Antiquities Project (Survey)  
Permit No. U-01-MQ-0738b**

## INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) in October 2001 for El Paso Production Oil and Gas Company proposed eleven well locations (CIGE #275, CIGE #276, CIGE #277, NBU #399, NBU #400, NBU #419, NBU #420, NBU #421, NBU #425, NBU #426 and NBU #427). The proposed well locations with access and pipeline corridors are situated in the Natural Buttes area, southeast of Ouray, Utah (Figures 1 and 2). The survey was implemented at the request of Mr. Carroll Estes, El Paso Production Oil and Gas Company, Vernal, Utah. The project is situated on land administered by the Bureau of Land Management (BLM), Vernal Field Office

The objective of the inventory was to locate, document, and evaluate any cultural resources within the project area in order to comply with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Environmental and Policy Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, the American Indian Religious Freedom Act of 1978, and Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on October 25 and 26, 2001 by Keith R. Montgomery, (Principal Investigator) and assisted by Jacki Montgomery. The project was initiated under the auspices of U.S.D.I. (FLPMA) Permit No. 01-UT-60122 and State of Utah Antiquities Permit (Survey) No. U-01-MQ-0738b issued to MOAC.

A file search was performed by Sarah Ball at the Utah Division of State History on October 15, 2001. This consultation indicated that several archaeological inventories have been completed in near the project area. In 1981, Brigham Young University completed the Magic Circle Cottonwood Wash inventory (Thompson 1981). In 1991, Metcalf Archaeological Consultants (MAC) inventoried several Natural Butte well locations for Coastal Oil and Gas Corporation (Scott 1991a, b). In 1995, Archeological Environmental Research Corporation surveyed the Glen Bench Road documented an ineligible lithic scatter (42Un1792) near the current project area (Hauck and Hadden 1995). Metcalf Archaeological Consultants surveyed a number of well locations for Coastal Oil & Gas Corporation in 1997 (Spath 1997). In 2001, Montgomery Archaeological Consultants inventoried 10 El Paso Production's well locations in the Natural Buttes area (Montgomery 2001). No archaeological sites have been documented in the immediate project area.

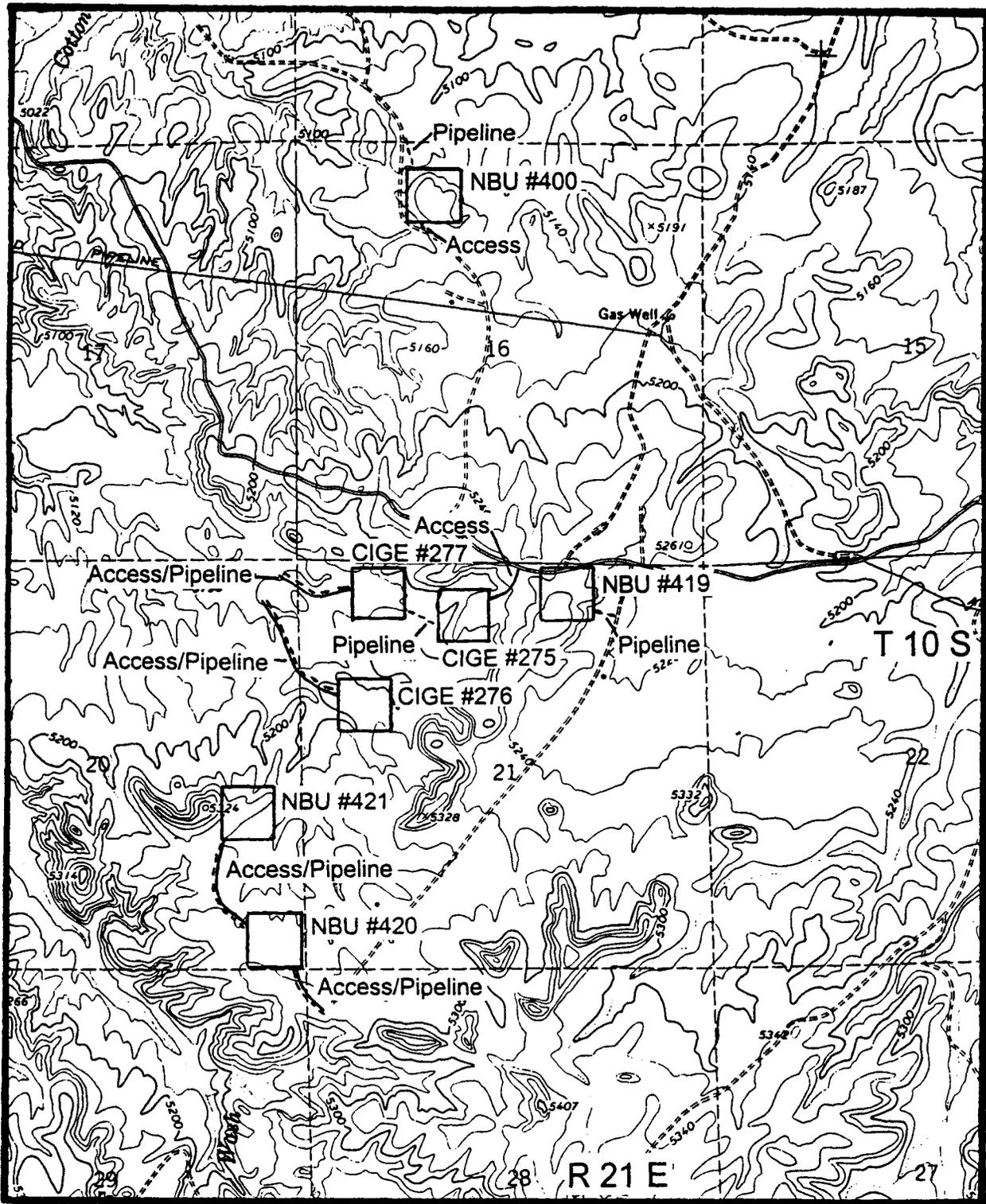


Figure 1. Inventory Area of El Paso Production Oil and Gas Company's CIGE #275, CIGE #276, CIGE #277, NBU #400, NBU #419, NBU #420, NBU #421 well locations. USGS 7.5' Big Pack Mtn. NE, Utah 1968. Scale 1:24000.

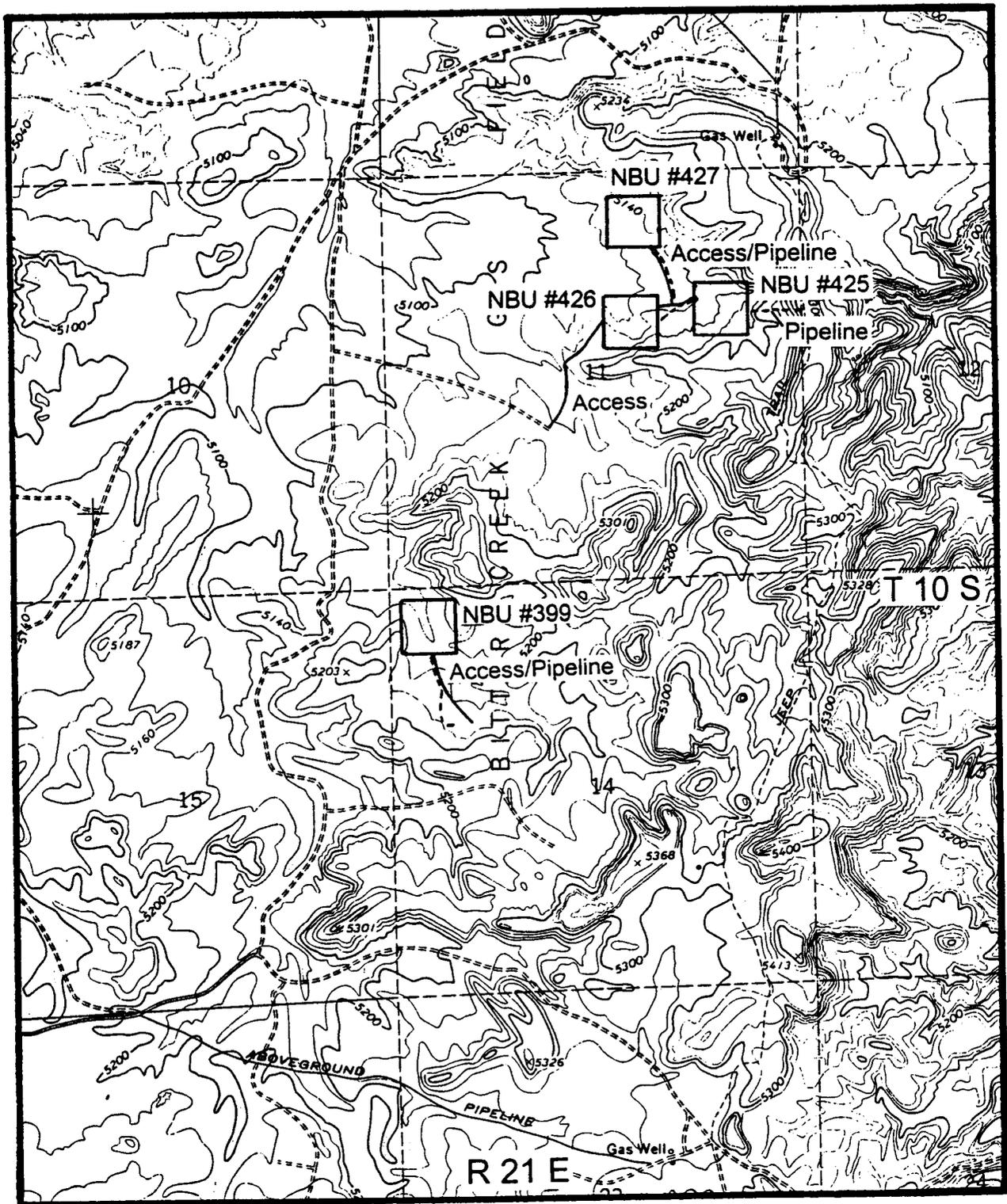


Figure 2. Inventory Area of El Paso Production Oil and Gas Company's NBU #399, NBU #425, NBU #426, and NBU #427 well locations. USGS 7.5' Archy Bench, Utah 1987. Scale 1:24000.

## DESCRIPTION OF PROJECT AREA

The eleven proposed El Paso Production well locations, access and pipeline corridors are situated in the Natural Buttes Field, southeast of Ouray, Utah. The legal description is T 10S, R 21E, Sections 11, 14, 16, 20, 21 and 32 (USGS 7.5' Big Pack Mtn. NE). The proposed well locations are designated: CIGE #275, CIGE #276, CIGE #277, NBU #399, NBU #400, NBU #419, NBU #420, NBU #421, NBU #425, NBU #426 and NBU #427 (Table 1).

Table 1. El Paso Production's Natural Butte Eleven Well Locations

Well Location Designation	Legal Location	Location at Surface	Access/Pipeline	Cultural Resources
CIGE #275	T 10S, R 21E, Sec. 21 NE/NW	699' FNL 2196' FWL	Access 600' Pipeline 500'	None
CIGE #276	T 10S, R 21E, Sec. 21 SW/NW	1954' FNL 892' FWL	Access/Pipeline 1800'	None
CIGE #277	T10S, R21E, Sec. 21 NW/NW	473' FNL 1101' FWL	Access/Pipeline 1100'	None
NBU #399	T10S, R21E, Sec. 14 NW/NW	543' FNL 578' FWL	Access/Pipeline 500' Access 600' Pipeline 700'	None
NBU #400	T10S, R21E, Sec. 16 NE/NW	709' FNL 1800' FWL	Access 100' Pipeline 500'	None
NBU #419	T10S, R21E, Sec. 32 NW/NE	424' FNL 1816' FEL	Access in 10 Acre Pipeline 300'	None
NBU #420	T10S, R21E, Sec. 20 SE/SE	343' FSL 416' FEL	Access/Pipeline 700'	None
NBU #421	T10S, R21E, Sec. 20 NE/SE	2000' FSL 706' FEL	Access/Pipeline 1400'	None
NBU #425	T10S, R21E, Sec. 11 SE/NE	1852' FNL 1054' FEL	Access 500' Pipeline 700'	None
NBU #426	T10S, R21E, Sec. 11 SW/NE	1980' FNL 2226' FEL	Access 1700' Pipeline 600'	None
NBU #427	T10S, R21E, Sec. 11 NW/NE	660' FNL 2155' FEL	Access/Pipeline 900'	None

## Environment

The study area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. The geology is comprised of Tertiary age deposits which include Paleocene age deposits, and Eocene age fluvial and lacustrine sedimentary rocks. The Uinta Formation, which is predominate in the project area, occurs as eroded outcrops formed by fluvial deposited, stream laid interbedded sandstone and mudstone, and is known for its prolific paleontological localities. Specifically, the project area occurs on the east side of Cottonwood Wash on the valley floor which is interspersed by flat topped buttes and narrow steep-sided ridges. The area is heavily dissected and carved by ephemeral drainages. The surface geology consists of hard pan residual soil armored with shale and sandstone pebbles as well as some sand shadows. The elevation averages 5200 feet a.s.l. The project occurs within the Upper Sonoran Desert Shrub Association which includes shadscale, greasewood, mat saltbrush, snakeweed, rabbitbrush, prickly pear cactus, Indian ricegrass and non-native grasses. Modern disturbances include roads, and oil/gas development.

## SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At each of the proposed well locations, a ten acre area centered on the center stake of the location was surveyed by the archaeologists walking parallel transects space no more than 10 meters apart. The access and pipeline corridors were 100 feet wide, surveyed by walking parallel transects along the staked centerline, spaced no more than 10 m (30 ft) apart. A wider corridor (150 foot) was inspected when access/pipeline routes share a corridor. Ground visibility was considered to be good. A total of 148 acres was inventoried on BLM (Vernal Field Office) administered land.

## RESULTS AND RECOMMENDATIONS

The inventory of the eleven proposed El Paso Production Oil and Gas Company well locations resulted in the location of no archaeological resources. Based on the findings, a determination of "no historic properties affected" is recommended for this undertaking pursuant to Section 106, CFR 800.

# EL PASO PRODUCTION OIL & GAS COMPANY

CIGE #275

SECTION 21, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 6.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 2.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 2.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 4.0 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHWEST; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 46.7 MILES.

# EL PASO PRODUCTION OIL & GAS COMPANY

## CIGE #275

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 21, T10S, R21E, S.L.B.&M.

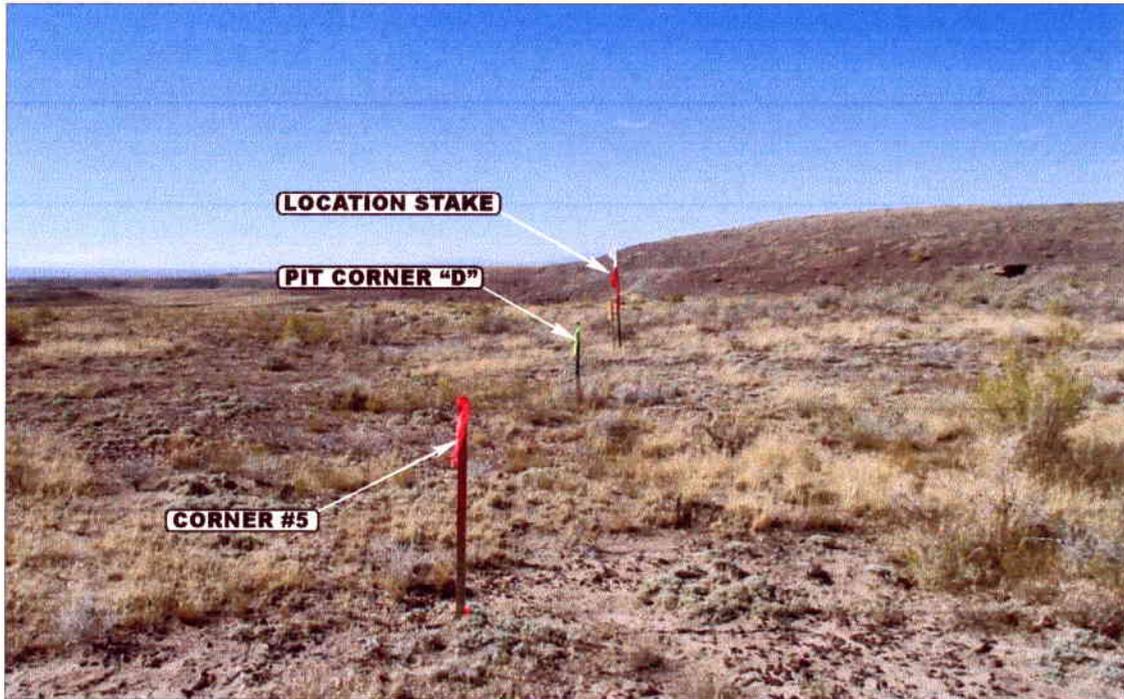


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



- Since 1964 -

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

LOCATION PHOTOS

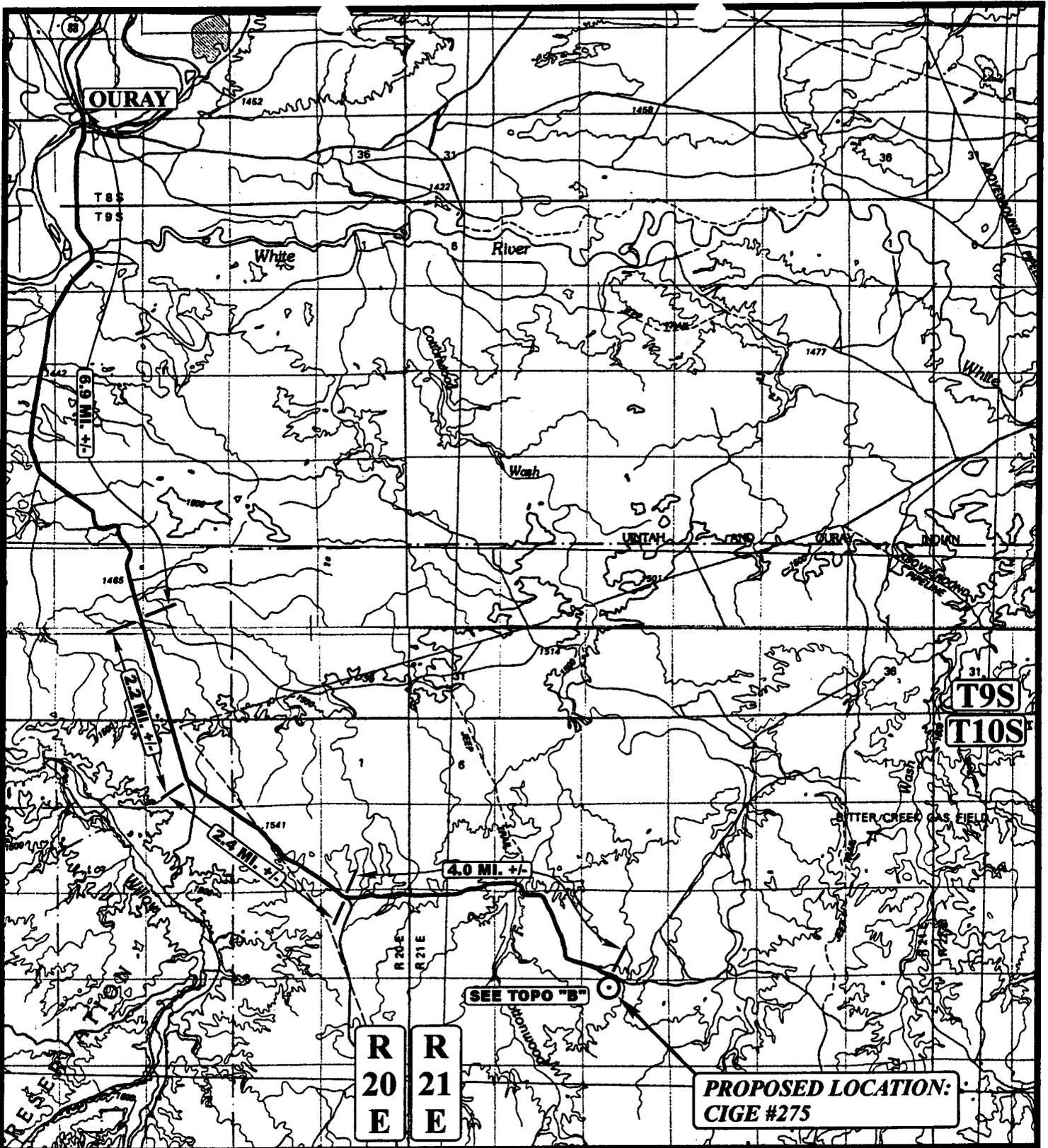
10 18 01  
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: P.M.

REVISED: 00-00-00



**LEGEND:**

○ PROPOSED LOCATION



**EL PASO PRODUCTION OIL & GAS COMPANY**

**CIGE #275**

**SECTION 21, T10S, R21E, S.L.B.&M.  
699' FNL 2196' FWL**



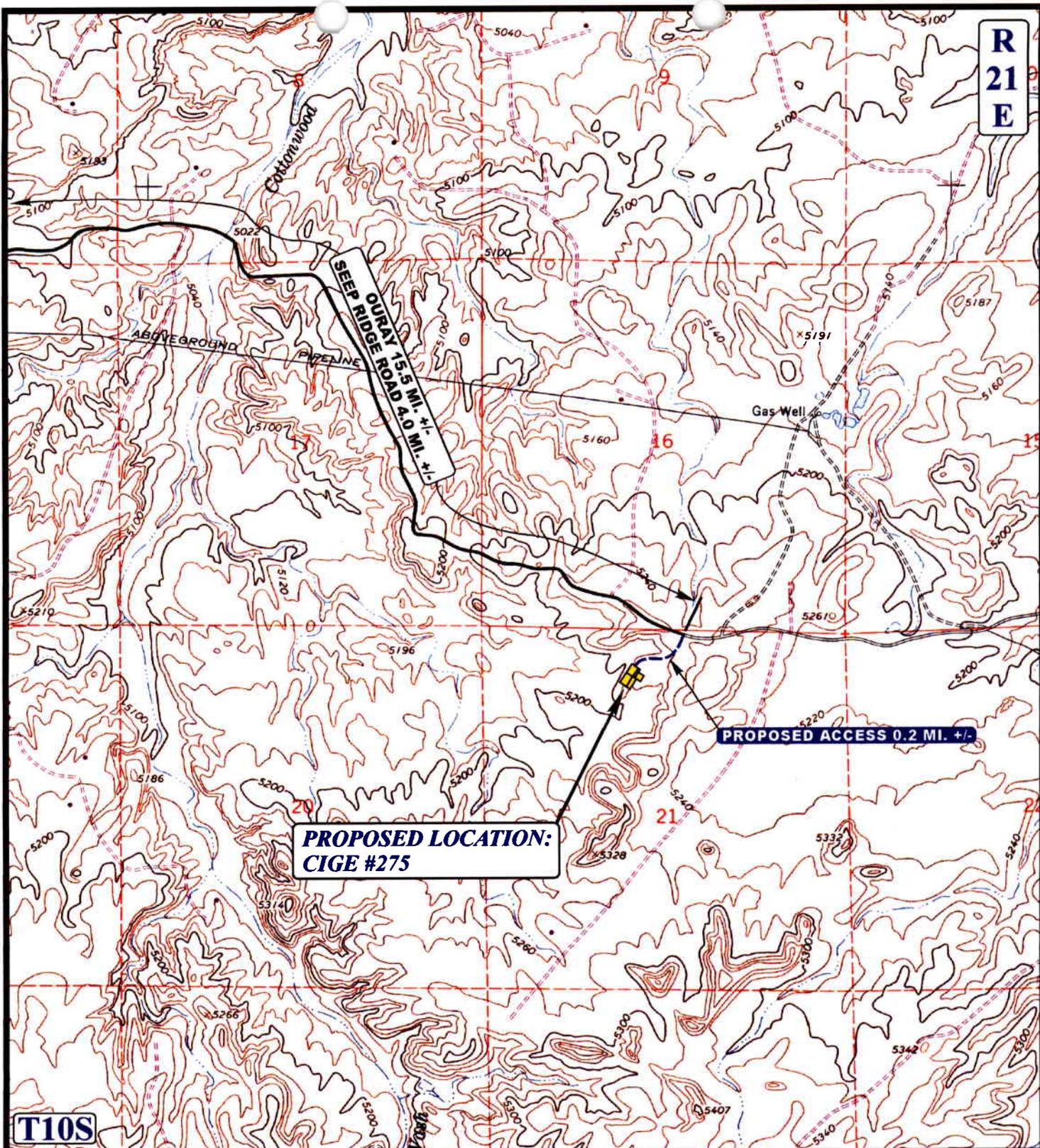
**Utah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC**  
**MAP**

<b>10</b>	<b>18</b>	<b>01</b>
MONTH	DAY	YEAR

SCALE: 1:100,000 DRAWN BY: P.M. REVISED: 00-00-00





**T10S**

**R21E**

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING ROAD



**EL PASO PRODUCTION OIL & GAS COMPANY**

**CIGE #275**  
**SECTION 21, T10S, R21E, S.L.B.&M.**  
**699' FNL 2196' FWL**

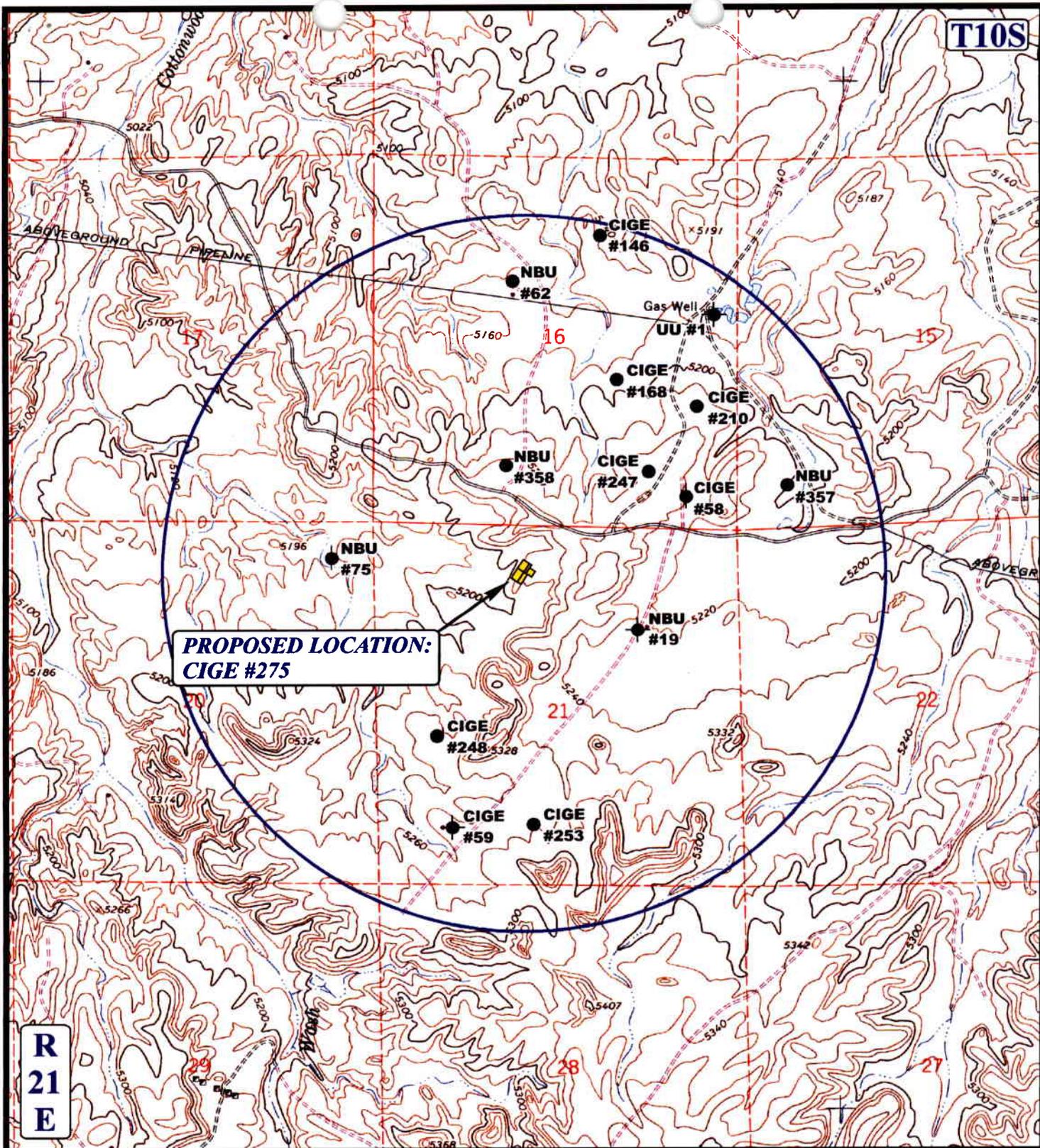


**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** **10** **18** **01**  
**MAP** MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00





**PROPOSED LOCATION:  
CIGE #275**

**R  
21  
E**

**LEGEND:**

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

**EL PASO PRODUCTION OIL & GAS COMPANY**

**CIGE #275  
SECTION 21, T10S, R21E, S.L.B.&M.  
699' FNL 2196' FWL**



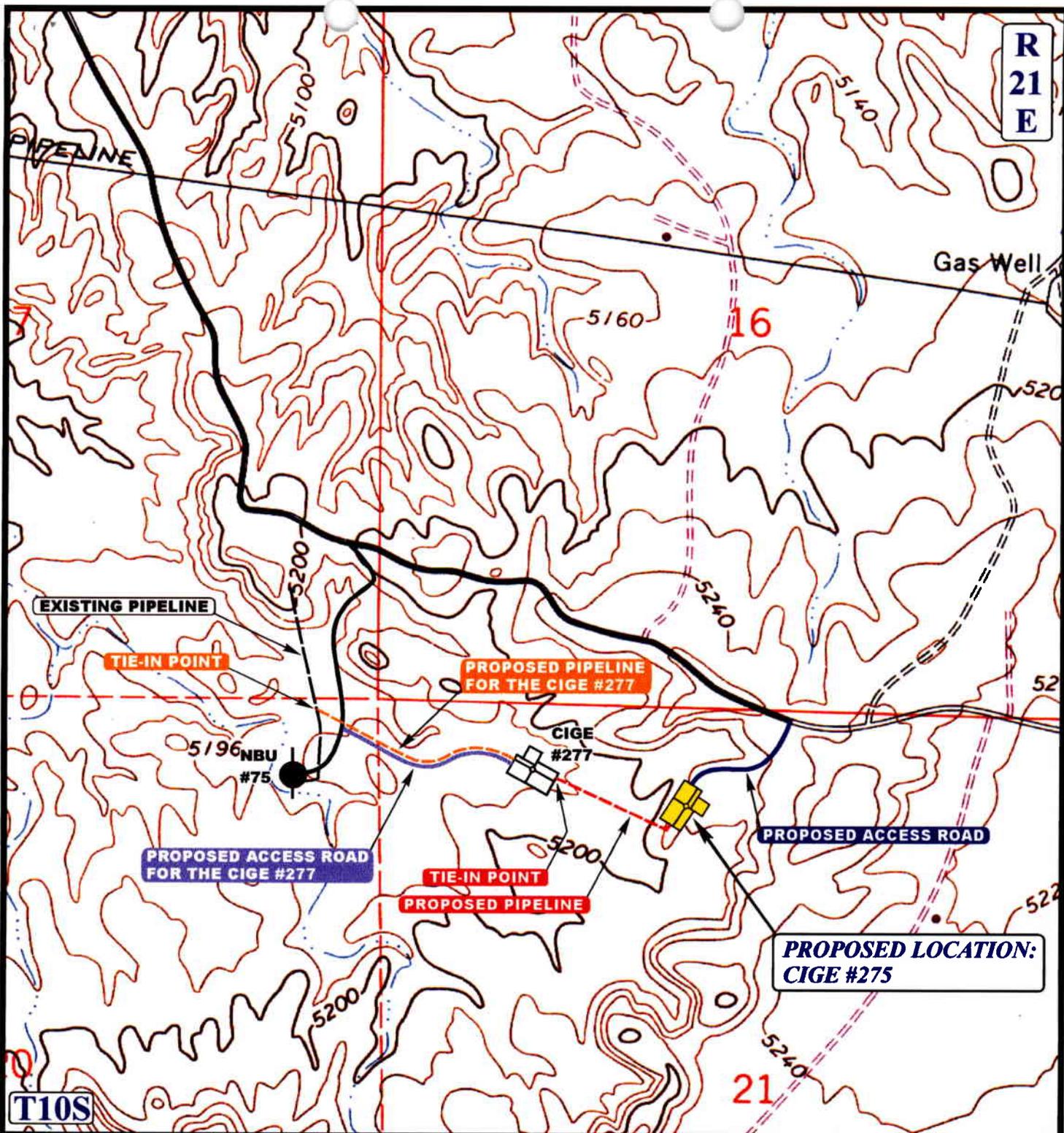
**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813



**TOPOGRAPHIC** 10 18 01  
**MAP** MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00





**APPROXIMATE TOTAL PIPELINE DISTANCE = 1000' +/-**

**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE

**EL PASO PRODUCTION OIL & GAS COMPANY**

**CIGE #275**  
**SECTION 21, T10S, R21E, S.L.B.&M.**  
**699' FNL 2196' FWL**



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



**TOPOGRAPHIC MAP**

**10 18 01**  
 MONTH DAY YEAR

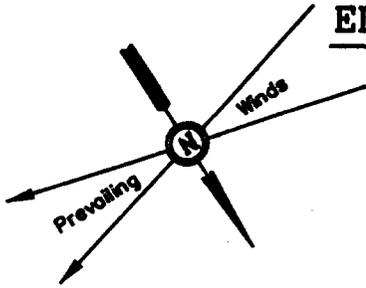
SCALE: 1" = 1000' DRAWN BY: P.M. REVISED: 00-00-00



# EL PASO PRODUCTION OIL & GAS COMPANY

## LOCATION LAYOUT FOR

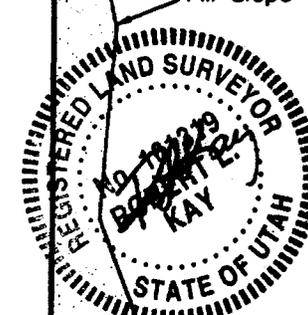
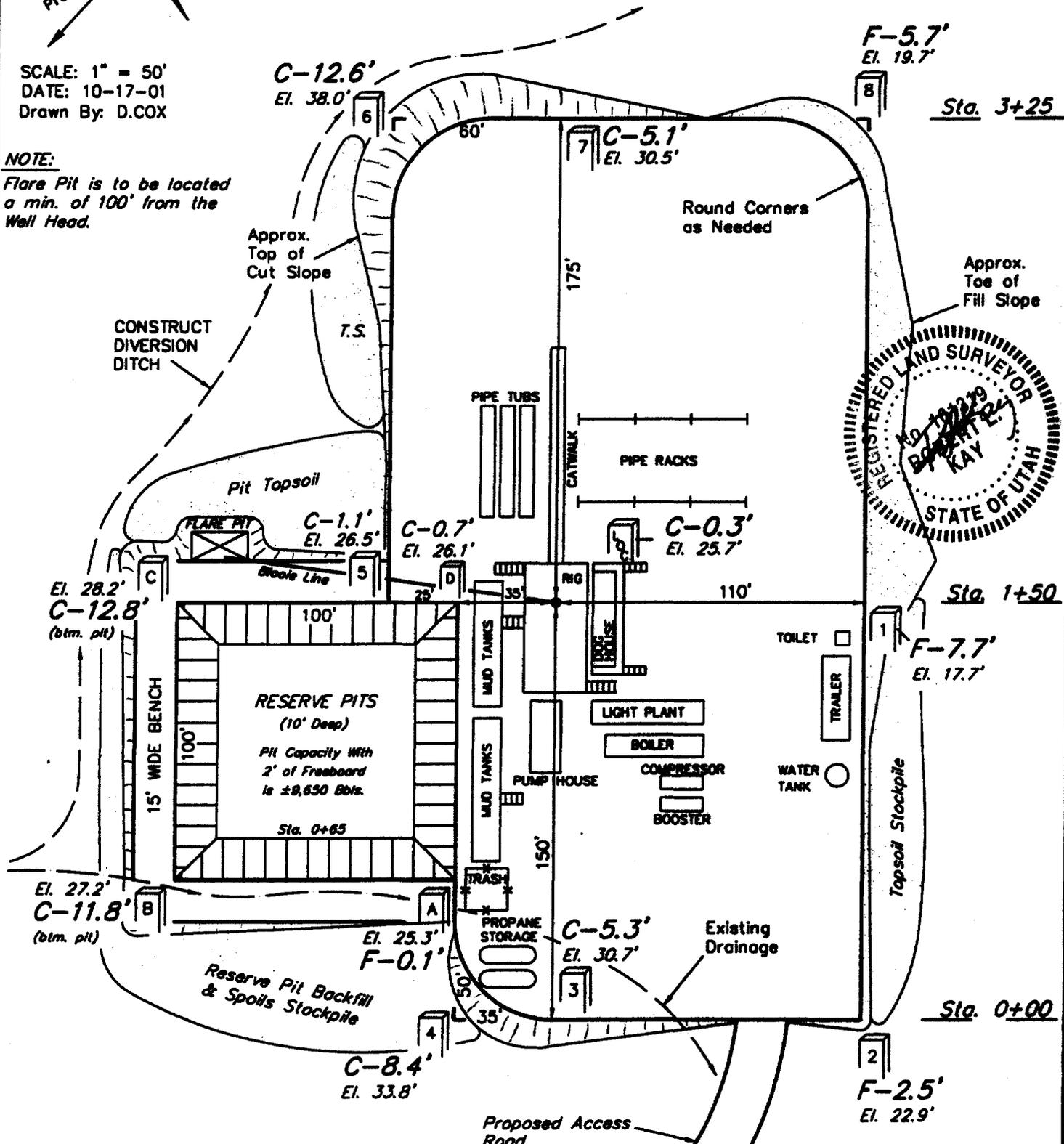
CIGE #275  
SECTION 21, T10S, R21E, S.L.B.&M.  
699' FNL 2196' FWL



SCALE: 1" = 50'  
DATE: 10-17-01  
Drawn By: D.COX

**NOTE:**

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



**NOTES:**

Elev. Ungraded Ground At Loc. Stake = 5225.7'  
FINISHED GRADE ELEV. AT LOC. STAKE = 5225.4'

UINTAH ENGINEERING & LAND SURVEYING  
86 So. 200 East • Vernal, Utah 84078 • (435) 789-1077

**FIGURE #1**

# EL PASO PRODUCTION OIL & GAS COMPANY

## TYPICAL CROSS SECTIONS FOR

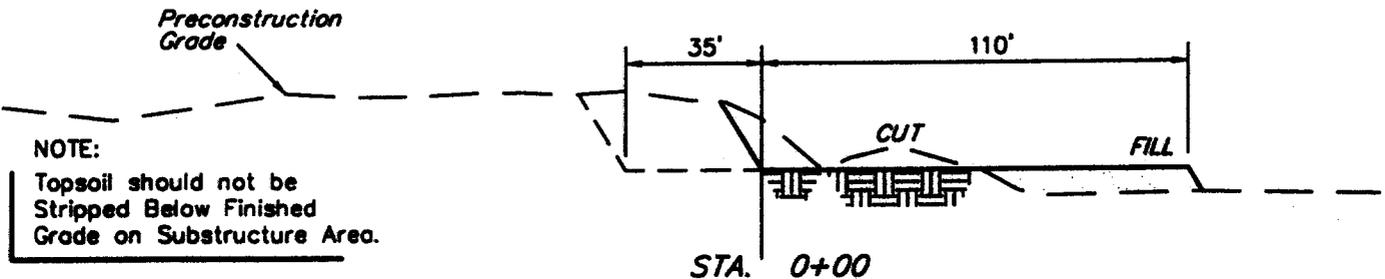
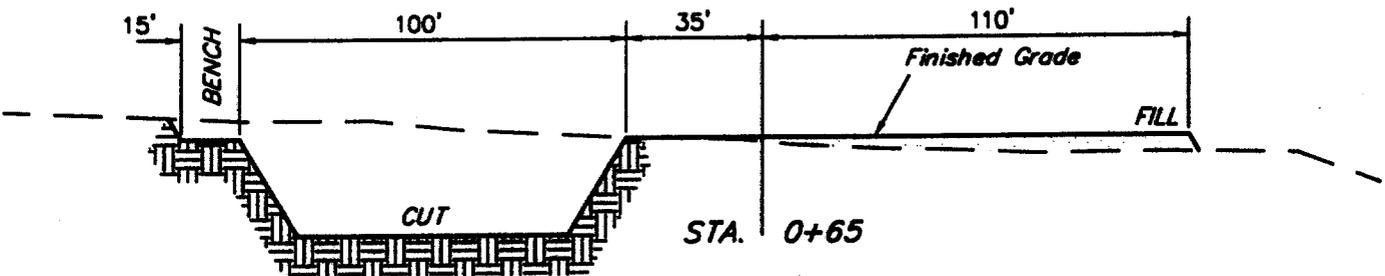
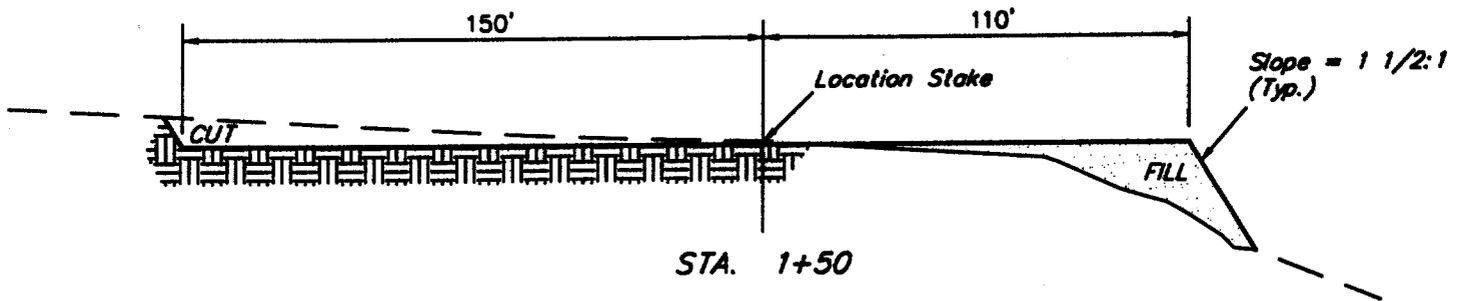
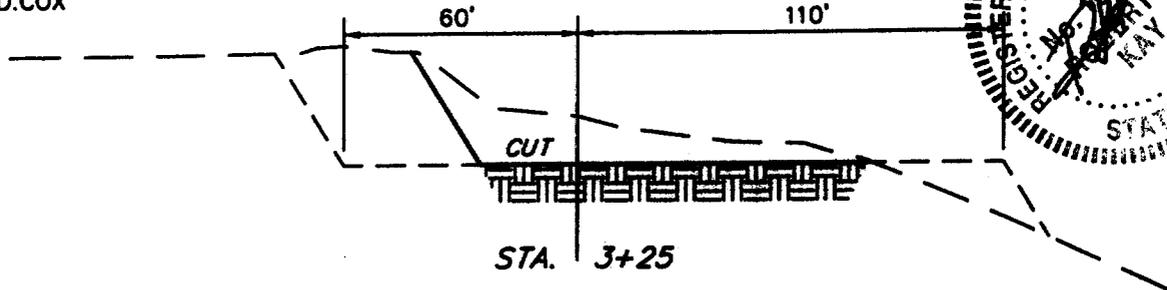
CIGE #275

SECTION 21, T10S, R21E, S.L.B.&M.

699' FNL 2196' FWL

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

DATE: 10-17-01  
Drawn By: D.COX



NOTE:  
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

### FIGURE #2

#### APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,220 Cu. Yds.
Remaining Location	= 5,110 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 6,330 CU.YDS.</b>
<b>FILL</b>	<b>= 2,600 CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	= 3,590 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 2,560 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 1,030 Cu. Yds.

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



WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/22/2002

API NO. ASSIGNED: 43-047-34799

WELL NAME: CIGE 275

OPERATOR: EL PASO PROD OIL & GAS ( N1845 )

CONTACT: CHERYL CAMERON

PHONE NUMBER: 435-781-7023

PROPOSED LOCATION:

NENW 21 100S 210E  
SURFACE: 0699 FNL 2196 FWL  
BOTTOM: 0699 FNL 2196 FWL  
UINTAH  
NATURAL BUTTES ( 630 )

LEASE TYPE: 1 - Federal

LEASE NUMBER: U-02278

SURFACE OWNER: 3 - State

PROPOSED FORMATION: MVRD

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

LATITUDE: 39.93847

LONGITUDE: 109.55816

RECEIVED AND/OR REVIEWED:

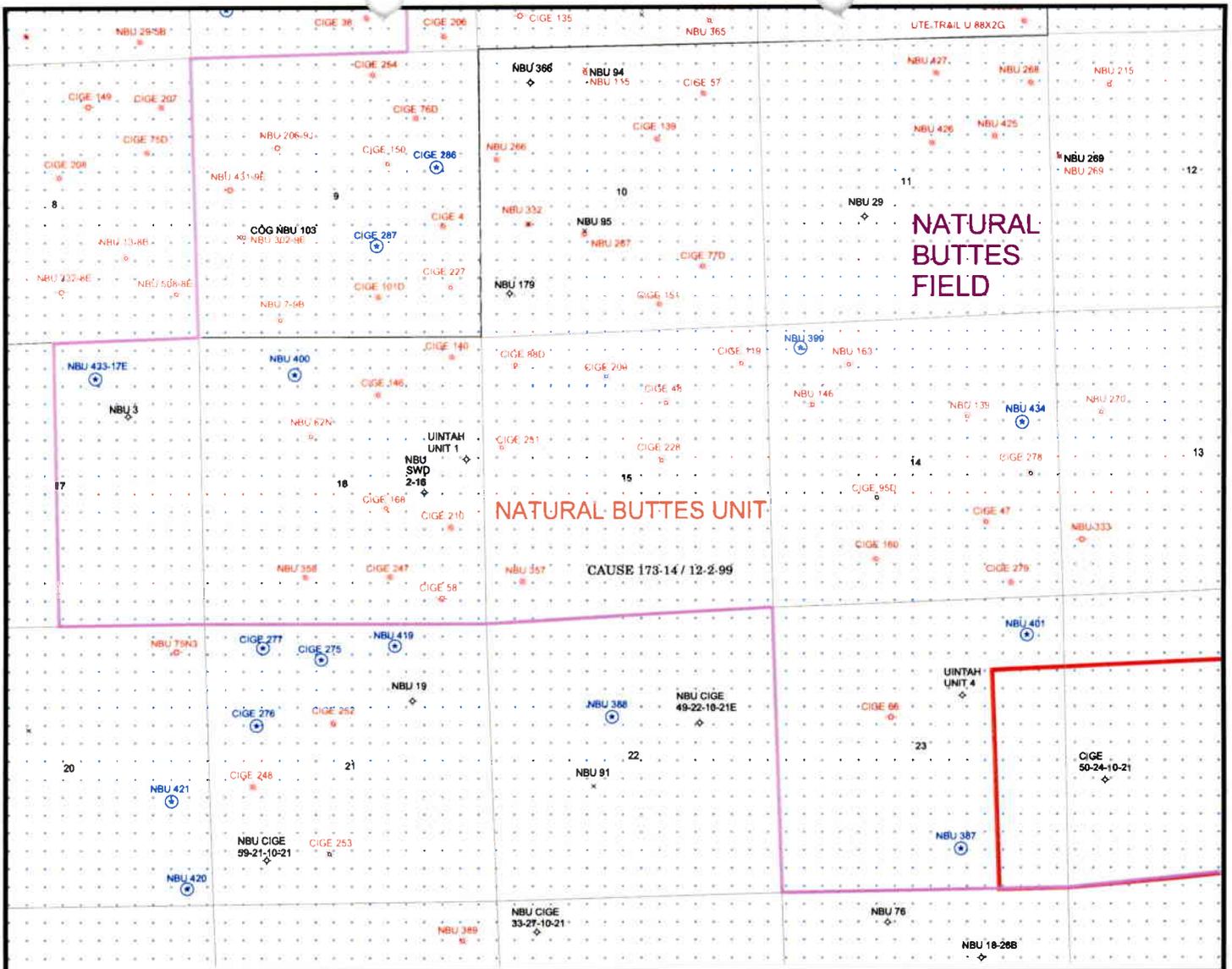
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. WY3457 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 43-8496 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

- \_\_\_ R649-2-3.
- Unit NATURAL BUTTES
- \_\_\_ R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- \_\_\_ R649-3-3. Exception
- Drilling Unit  
Board Cause No: 173-14  
Eff. Date: 12-2-99  
Siting: *4100' fr. N boundary E. Uncomm. Tract*
- \_\_\_ R649-3-11. Directional Drill

COMMENTS: Sep. Separate file (12-11-02)

STIPULATIONS: 1- Federal approval  
2- OIL SHALE  
3. Statement of Basis



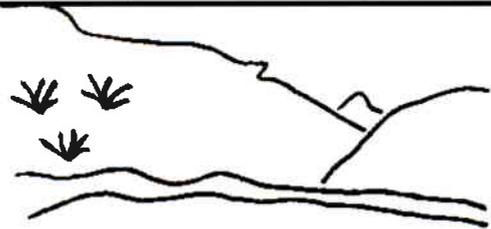
OPERATOR: EL PASO PRODUCTION (N1845)

SEC. 21 T10S, R21E,

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

CAUSE: 173-14 / 12-2-99



Utah Oil Gas and Mining

WELLS

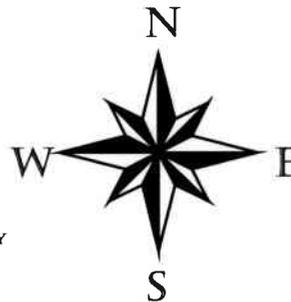
- ▬ GAS INJECTION
- ▬ GAS STORAGE
- LOCATION ABANDONED
- ⊙ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ◆ WATER SUPPLY
- ♣ WATER DISPOSAL

UNIT STATUS

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

FIELD STATUS

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- COUNTY BOUNDARY
- SECTION LINES
- TOWNSHIP LINES



PREPARED BY: DIANA MASON  
DATE: 26-NOVEMBER-2002

**DIVISION OF OIL, GAS AND MINING  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS**

**OPERATOR:** EL PASO PRODUCTION & GAS COMPANY  
**WELL NAME & NUMBER:** CIGE 275  
**API NUMBER:** 43-047-34799  
**LOCATION:** 1/4,1/4 NE/NW Sec:21 TWP:10S RNG:21E 2196' FWL 699' FNL

**Geology/Ground Water:**

El Paso proposes to set 250' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 3,700'. A search of Division of Water Rights records shows two water wells within a 10,000 foot radius of the center of section 21 . These wells are approximately .75 to 1.75 miles from the proposed location and are listed as oilfield water and the furthest well is listed as domestic use for a mining company. Depth of the wells are not listed for the oilfield wells. The domestic use well is completed from 2200-3300 feet. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought to above the base of the moderately saline groundwater in order to isolate it from fresher waters uphole.

**Reviewer:** Brad Hill **Date:** 12/16/02

**Surface:**

The predrill investigation of the surface was performed on 12/12/02. Floyd Bartlett and Miles Hanberg with DWR and Ed Bonner with SITLA were invited to this investigation on 12/2/02. Mr. Bartlett was present. SITLA did not have a representative present. Mr. Bartlett did not have any concerns regarding the construction of this location or the drilling of the well. This site is on State surface with USA minerals. This site appears to be the best site for a location in the immediate area. An existing drainage crossing site will be re-routed around the south side of the location.

**Reviewer:** David W. Hackford **Date:** 12/13//02

**Conditions of Approval/Application for Permit to Drill:**

None.

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

**OPERATOR:** EL PASO PRODUCTION OIL & GAS COMPANY.  
**WELL NAME & NUMBER:** CIGE 275  
**API NUMBER:** 43-047-34799  
**LEASE:** U-02278      **FIELD/UNIT:** NATURAL BUTTES  
**LOCATION:** 1/4, 1/4 NENW Sec: 21 TWP: 10S RNG: 21E 2196' FWL 699' FNL  
**LEGAL WELL SITING:** \_\_\_\_\_ F SEC. LINE; \_\_\_\_\_ F 1/4, 1/4 LINE; \_\_\_\_\_ F ANOTHER WELL.  
**GPS COORD (UTM):** 4421950N 12623160N      **SURFACE OWNER:** STATE OF UTAH

**PARTICIPANTS**

DAVID W. HACKFORD (DOGM), FLOYD BARTLETT, (DWR), SONIA LOUCKS, CARROLL WILSON, (EL PASO). DAVID KAY, (UELS).

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

SITE IS ON THE SHOULDER OF A LOW RIDGE WHICH RUNS NORTHWEST TO SOUTHEAST. TOP OF RIDGE IS 600' TO THE NORTHEAST. A SHALLOW DRAW DRAINING WEST HEADS 300' NORTHWEST OF SITE. ALL DRAINAGES IN THIS AREA EVENTUALLY TURN NORTH TOWARD THE WHITE RIVER. THIS SITE IS 8.5 MILES SOUTH OF THE WHITE RIVER AND 15.7 MILES SOUTHEAST OF OURAY, UTAH.

**SURFACE USE PLAN**

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 325' BY 245'. ACCESS ROAD WILL BE 0.2 MILES.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE WILL RUN NORTHWEST TO THE CIGE 277.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

**WASTE MANAGEMENT PLAN:**

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL.

**ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: SALTBRUSH, SHADSCALE, PRICKLEY PEAR, CHEATGRASS, NATIVE GRASSES: PRONGHORN, COYOTES, SONGBIRDS, RAPTORS, RODENTS, RABBITS.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION.  
SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION  
SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED.

**RESERVE PIT**

CHARACTERISTICS: 100' BY 100' AND 10' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A LINER WILL NOT BE  
REQUIRED FOR THE RESERVE PIT.

**SURFACE RESTORATION/RECLAMATION PLAN**

**AS PER SITLA.**

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE WAS INSPECTED BY MONTGOMERY  
ARCHEOLOGICAL CONSULTANTS. A REPORT OF THIS INVESTIGATION WILL BE PLACED ON  
FILE.

**OTHER OBSERVATIONS/COMMENTS**

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COLD, FROSTY DAY WITH TWO  
INCHES OF SNOW COVER.

**ATTACHMENTS**

PHOTOS OF THIS SITE WERE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD  
DOGM REPRESENTATIVE

12/12/02. 10:30 PM  
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      10      (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.  
Sensitivity Level II = 15-19; lining is discretionary.  
Sensitivity Level III = below 15; no specific lining is required.





2002 12 12



2002 12 12

1 49 392 .1700 .00 16 2200 - 3300 S 2900 W 1300 NE 19 10S 21E S  
WATER USE(S): DOMESTIC OTHER PRIORITY DATE: 02/20/1  
Magic Circle Energy Corp. (C/O Synfuels E 1667 Cole Blvd. Bldg. #19, Suite 400 Golden

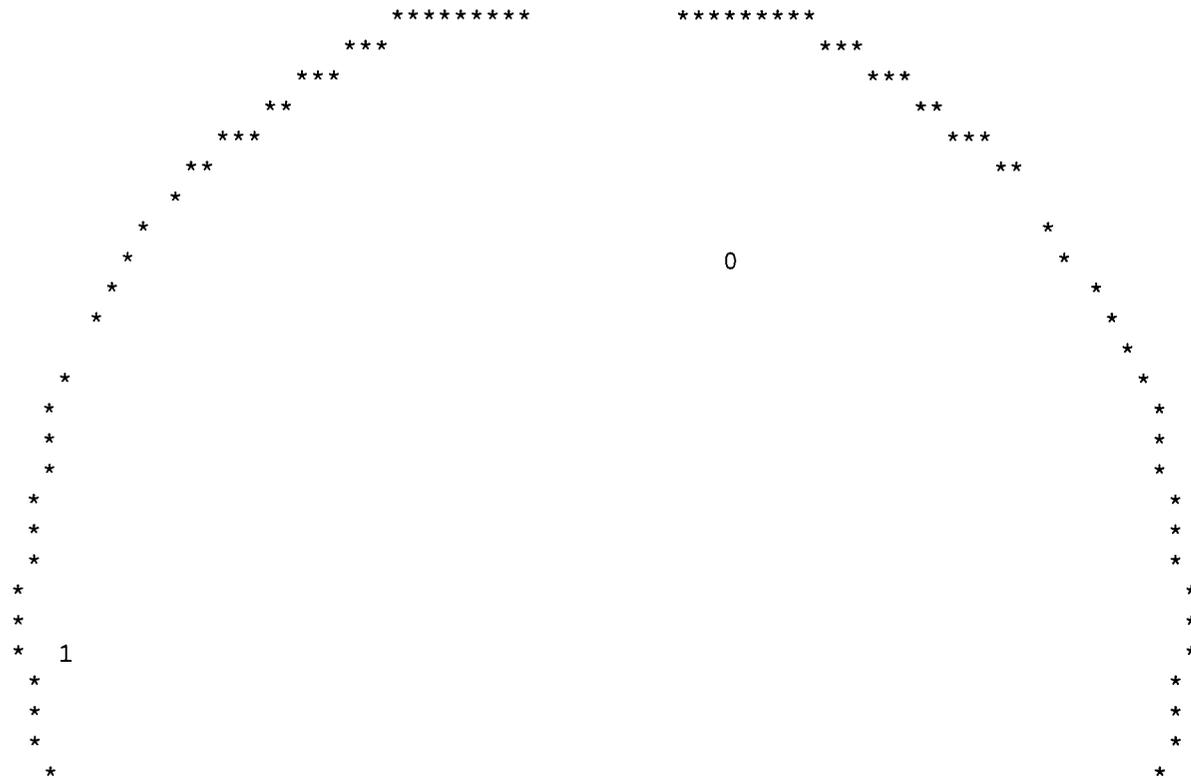
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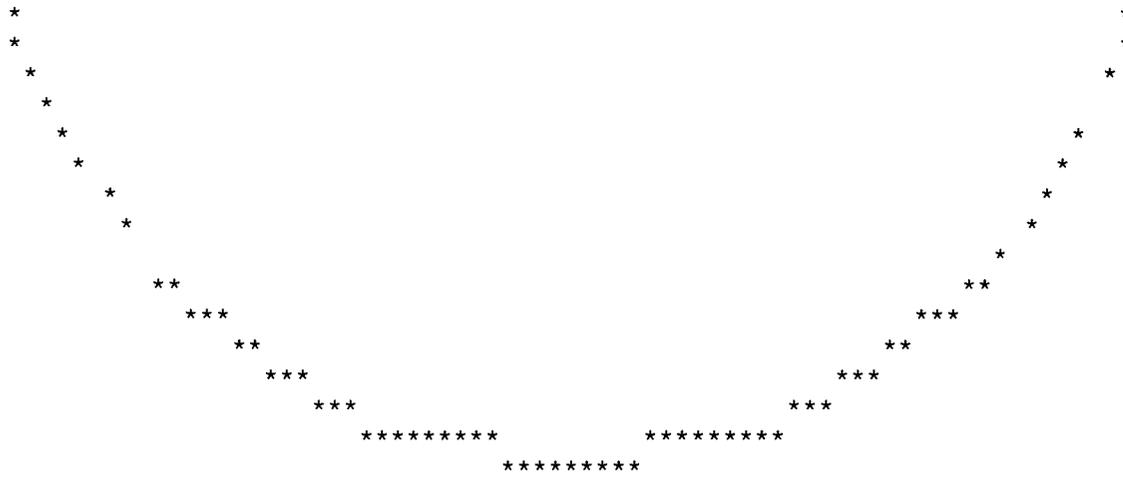
UTAH DIVISION OF WATER RIGHTS  
WATER RIGHT POINT OF DIVERSION PLOT CREATED MON, DEC 16, 2002, 3:14 PM  
PLOT SHOWS LOCATION OF 4 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 10000 FEET FROM A POINT  
FEET, FEET OF THE CT CORNER,  
SECTION 21 TOWNSHIP 10S RANGE 21E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 4000 FEET

N O R T H  
\*\*\*\*\*





UTAH DIVISION OF WATER RIGHTS  
 NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	QUANTITY CFS	AND/OR	AC-FT	SOURCE DESCRIPTION or WELL INFO	POINT OF DIVERSION DESCRIPTION
					DIAMETER DEPTH YEAR LOG	NORTH EAST CNR SEC TWN RNG B&
0	49 986	.0150		.00	Underground Water Well	S 2200 W 400 NE 16 10S 21E S
					Curry Leasing	PRIORITY DATE: 03/09/1 Altamont,
0	49 991	.0150		.00	Underground Water Well	S 2200 W 400 NE 16 10S 21E S
					Target Trucking Inc.	PRIORITY DATE: 03/30/1 Vernal
0	49 1399	.0150		.00	8	S 2200 W 400 NE 16 10S 21E S
					Dalbo Incorporated	PRIORITY DATE: 08/15/1 Vernal

# memorandum

Branch of Real Estate Services  
Uintah & Ouray Agency

Date: 5 December, 2002

Reply to  
Attn of: Supervisory Petroleum Engineer

Subject: Modification of Utah Division of Oil, Gas and Mining Regulations

To: Director, Utah Division of Oil, Gas and Mining Division: John Baza

We have been advised of changes occurring with the operation of your database for Change of Operator. You will be modifying your records to reflect Change of Operator once you have received all necessary documentation from the companies involved, and perhaps in advance of our Notice of Concurrence/Approval of Change of Operator where Indian leases are involved.

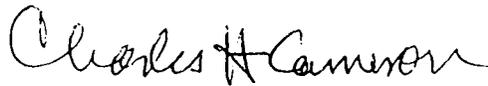
We have no objection.

With further comment to Rulemaking, I wish to comment concerning the provision of Exhibits for upcoming Hearings. I would like to see the Uintah & Ouray Agency, BIA, and the Ute Indian Tribe, Energy & Mineral Resources Department added to the list of those parties that receive advance Exhibits so as to allow us to have research time prior to Hearing dates. We will be able to provide a more informed recommendation to the Oil, Gas and Mining Board. It would be best if we would receive only those Exhibits that concern Indian lands, specifically on or adjacent to Indian lands. This may be a difficult situation to attain, as it is not always clear where 'on or adjacent' occurs.

I am aware that you have gone to extra effort to correct this matter already, and I fully appreciate it. My request is intended only to allow the addition of Uintah & Ouray Agency and Ute Indian Tribe to the official listing.

We appreciate your concern, and hope that these comments are timely enough for consideration in the revision process.

CC: Minerals & Mining Section of RES  
Ute Energy & Mineral Resources Department: Executive Director  
chrono





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

December 17, 2002

El Paso Production Oil & Gas Company  
P O Box 1148  
Vernal, UT 84078

Re: CIGE 275 Well, 699' FNL, 2196' FWL, NE NW, Sec. 21, T. 10 South, R. 21 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.

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 43-047-34799.

Sincerely,

A handwritten signature in black ink, appearing to read 'John R. Baza'.

(for) John R. Baza  
Associate Director

pb

Enclosures

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

**Operator:** El Paso Production Oil & Gas Company  
**Well Name & Number** CIGE 275  
**API Number:** 43-047-34799  
**Lease:** U-02278

**Location:** NE NW      **Sec.** 21      **T.** 10 South      **R.** 21 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. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

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

6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

RECEIVED

JAN 13 2003

DIV. OF OIL, GAS &amp; MINING

**INDUSTRIAL  
SPECIAL USE LEASE AGREEMENT NO. 1366**

**Fund: School**

The STATE OF UTAH, acting by and through the SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, LESSOR, hereby leases to El Paso Production Oil & Gas Company, LESSEE, a Delaware Corporation, qualified to do business in Utah, 9 Greenway Plaza, Houston, Texas 77046, the following described parcel of trust land ("Subject Property") in Uintah County, Utah, to-wit:

**WELL PAD SITE - CIGE#275**

Township 10 South, Range 21 East, SLB&M

Section 21:

**Surface Use Area Description:**

Beginning at a point in the NE4NW4 of Section 21, T10S, R21E, SLB&M, which bears South 39°08'30" West 666.71 feet from the North Quarter Corner of said Section 21; thence South 56°58'29" East 232.79 feet; thence South 33°01'23" West 199.90 feet; thence South 56°11'09" West 190.09 feet; thence North 57°00'29" West 107.86 feet; thence North 57°00'29" West 112.08 feet; thence North 33°01'39" East 374.80 feet; thence South 56°58'29" East 61.89 feet to the point of beginning. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North 0°14' West. Contains 2.385 acres more or less.

**Road Right of Way Description:**

A 30 foot wide right of way, 15 feet on each side of the following described centerline.

Beginning at a point in the NW4NE4 of Section 21, T10S, R21E, SLB&M, which bears South 39°47'48" East 268.17 feet from the North Quarter Corner of said Section 21; thence South 07°41'14" West 273.71 feet; thence South 31°19'17" West 60.84 feet; thence South 89°35'20" West 90.54 feet; thence North 86°41'54" West 166.28 feet; thence North 80°11'42" West 155.17 feet; thence South 83°27'56" West 80.20 feet; thence South 68°11'39" West 37.84 feet to a point in the NF4NW4 of said Section 21 which bears South 39°08'30" West 666.71 feet from the North Quarter Corner of said Section 21. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North 0°14' East. Contains 0.595 acres more or less.

**Pipeline Right of Way Description:**

A 30 foot wide right of way, 15 feet on each side of the following described centerline.

Beginning at a point in the NE4NW4 of Section 21, T10S, R21E, SLB&M, which bears South 34°10'38" West 1037.86 feet from the North Quarter Corner of said Section 21; thence South 36°57'20" West 13.60 feet; thence North 69°25'37" West 834.82 feet to a point in the

NW4NW4 of said Section 21 which bears South  $67^{\circ}13'58''$  West 1488.77 feet from the North Quarter Corner of said Section 21. The sidelines of said described right-of-way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North  $0^{\circ}14'$  East. Contains 0.584 acres more or less.

**WELL PAD SITE - CIGE#276**

Township 10 South, Range 21 East, SLB&M

Section 21:

**Surface Use Area Description:**

Beginning at a point in the NE4NW4 of Section 21, T10S, R21E, SLB&M, which bears North  $41^{\circ}10'47''$  East 1067.23 feet from the West Quarter Corner of said Section 21; thence North  $12^{\circ}29'48''$  East 93.77; thence South  $77^{\circ}30'12''$  East 375.00; thence South  $12^{\circ}29'48''$  West 295.00 feet; thence North  $77^{\circ}30'12''$  West 200.00 feet; thence North  $54^{\circ}18'18''$  West 190.39 feet; thence North  $12^{\circ}29'48''$  East 126.23 feet to the point of beginning. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North  $0^{\circ}14'$  West. Contains 2.389 acres more or less.

**Corridor Right of Way Description:**

A 60 foot wide right of way, 30 feet on each side of the following described centerline.

Beginning at a point in the NE4NE4 of Section 20, T10S, R21E, SLB&M, which bears South  $32^{\circ}19'17''$  West 783.17 feet from the Northeast Corner of said Section 20, thence South  $52^{\circ}58'09''$  East 62.67 feet; thence South  $47^{\circ}26'53''$  East 133.15 feet; thence South  $39^{\circ}05'04''$  East 435.71 feet to a point on the East Line of the NE4 of said Section 20, which bears South  $00^{\circ}12'25''$  East 1127.82 feet from the Northeast Corner of Section 20; thence South  $39^{\circ}05'04''$  East 18.98 feet; thence South  $37^{\circ}40'18''$  East 255.95 feet; thence South  $30^{\circ}45'17''$  East 267.11 feet; thence South  $44^{\circ}05'23''$  East 230.29 feet; thence South  $63^{\circ}27'43''$  East 272.47 feet to a point in the SW4NW4 of Section 21, T10S, R21E, SLB&M, which bears North  $41^{\circ}10'47''$  East 1067.23 feet from the West Quarter Corner of said Section 21. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North  $0^{\circ}14'$  West. Contains 2.309 acres more or less.

**WELL PAD SITE - CIGE#277**

Township 10 South, Range 21 East, SLB&M

Section 21:

**Surface Use Area Description:**

Beginning at a point in the NW4NW4 of Section 21, T10S, R21E, SLB&M, which bears South 66°17'50" East 1017.87 feet from the Northwest Corner of said Section 21; thence North 28°57'14" East 195.35 feet; thence South 60°58'08" East 200.25 feet; thence South 37°41'45" East 190.40 feet; thence South 28°56'54" West 219.74 feet; thence North 60°57'37" West 375.08 feet; thence North 28°57'14" East 99.57 feet to the point of beginning. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North 0°14' West. Contains 2.385 acres more or less.

**Corridor Pipeline Right of Way Description:**

A 60 foot wide right of way, 30 feet on each side of the following described centerline.

Beginning at a point in the NE4NE4 of Section 20, T10S, R21E, SLB&M, which bears South 66°08'56" West 416.62 feet from the Northeast Corner of said Section 20; thence South 81°14'57" East 92.13 feet; thence South 54°15'48" East 154.06 feet; thence South 59°47'16" East 163.05 feet; thence South 59°22'48" East 29.48 feet; to a point on the West Line of the NW4 of Section 21 which bears South 0°12'25" East 369.53 feet; thence South 59°22'48" East 115.34 feet; thence North 88°18'51" East 109.83 feet; thence North 77°28'45" East 302.79 feet; thence North 82°07'41" East 176.76 feet; thence South 79°20'04" East 132.66 feet; thence South 67°42'26" East 130.32 feet; to a point in the NW4NW4 of said Section 21, T10S, R21E, SLB&M, which bears South 66°17'50" East 1017.87 feet from the Northwest Corner of said Section 21. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North 0°14' West. Contains 1.937 acres more or less.

**WELL PAD SITE - NBU #398**

Township 10 South, Range 21 East, SLB&M  
Section 18:

**Surface Use Area Description:**

Beginning at a point in the NE4NW4 of Section 18, T10s, R21e, SLB&M, which bears South 59°58'30" West 1118.91 feet from the North Quarter Corner of said Section 18, thence North 56°54'04" East 250.17 feet; thence South 33°02'35" East 200.42 feet; thence South 09°46'56" East 190.35 feet; thence South 56°59'33" West 91.83 feet; thence South 56°59'33" West 128.16 feet; thence North 33°03'21" West 374.87 feet; thence North 56°54'04" East 45.07 feet to the point of beginning. Basis of bearings is the North Line of the NW4 of said Section 18, which is assumed from G.L.O. information to bear North 88°31' West. Contains 2.391 acres more or less.

**Road Right of Way Description:**

A 30 foot wide right of way, 15 feet on each side of the following described centerline.

Beginning at a point in the NE4NW4 of Section 18, T10S, R21E, SLB&M, which bears South 80°48'57" West 1141.90 feet from the North Quarter Corner of said Section 18; thence South 22°23'56" East 177.17 feet; thence South 23°03'09" East 232.37 feet to a point in the NE4NW4 of said Section 18 which bears South 59°58'30" West 1118.91 feet from the North Quarter Corner of said Section 18. The side lines of said described right-of-way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the North Line of the NW4 of said Section 18, which is assumed from G.L.O. information to bear North 88°31' West. Contains 0.282 acres more or less.

**Pipeline Right of Way Description:**

A 30 foot wide right of way, 15 feet on each side of the following described centerline.

Beginning at a point in the NE4NW4 of Section 18, T10S, R21E, SLB&M, which bears South 39°57'43" West 1081.41 feet from the North Quarter Corner of said Section 18; thence South 20°28'39" East 179.44 feet; thence South 85°40'34" East 214.13 feet; thence North 89°07'24" East 218.93 feet; thence South 89°15'10" East 853.62 feet; thence South 88°54'49" East 311.89 feet to a point in the NW4NE4 of said Section 18 which bears South 43°15'09" East 1409.79 feet from the North Quarter Corner of said Section 18. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the North Line of the NW4 of said Section 18, which is assumed from G.L.O. information to bear North 88°31' West. Contains 1.225 acres more or less.

**WELL PAD SITE - NBU #419**

Township 10 South, Range 21 East, SLB&M

Section 21:

**Surface Use Area Description:**

Beginning at a point in the NW4NE4 of Section 21, T10S, R21E, SLB&M, which bears South 77°59'25" East 912.58 feet from the North Quarter Corner of said Section 21; thence South 87°09'07" East 90.45 feet; thence South 02°54'18" West 375.80 feet; thence North 86°52'28" West 150.49 feet; thence North 86°52'28" West 144.32 feet; thence North 02°48'27" East 199.49 feet; thence North 26°03'21" East 190.28 feet; thence South 87°09'07" East 129.89 feet to the point of beginning. Basis of bearings is the West Line of the SW4 of said Section 21 which is assumed from G.L.O. information to bear North 0°14' West. Contains 2.390 acres more or less.

**Road Right of Way Description:**

A 30 foot wide right of way, 15 feet on each side of the following described centerline.

Beginning at a point in the NW4NE4 of Section 21, T10S, R21E, SLB&M, which bears South 77°59'25" East 912.58 feet from the North Quarter Corner of said Section 21; thence South 05°21'09" East 29.37 feet to a point in the NW4NE4 of said Section 21 which Bears South

76°14'52" East 921.76 feet from the North Corner of Section 21. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North 0°14' West. Contains 0.020 acres more or less.

**Pipeline Right of Way Description:**

A 30 foot wide right of way, 15 feet on each side of the following described centerline.

Beginning at a point in the NW4NE4 of Section 21, T10S, R21E, SLB&M, which bears South 54°06'36" East 1007.67 feet from the North Quarter Corner of said Section 21; thence South 00°59'35" West 33.41 feet; thence South 71°40'27" East 268.03 feet; thence South 79°46'55" East 370.31 feet to a point in the NE4NE4 of said Section 21 which bears South 61°39'00" East 1630.17 feet from the North Quarter Corner of said Section 21. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the West Line of the SW4 of said Section 21, which is assumed from G.L.O. information to bear North 0°14' West. Contains 0.463 acres more or less.

**WELL PAD SITE - NBU #420**

Township 10 South, Range 21 East, SLB&M  
Section 20:

**Surface Use Area Description:**

Beginning at a point in the SE4SE4 of Section 20, T10S, R21E, SLB&M, which bears North 46°33'49" West 365.44 feet from the Southeast Corner of said Section 20; thence South 25°57'18" West 148.53 feet; thence North 64°02'42" West 200.00 feet; thence North 40°50'47" West 190.39 feet; thence North 25°57'18" East 220.00 feet; thence South 64°02'42" East 375.00 feet; thence South 25°57'18" West 146.47 feet to the point of beginning. Basis of bearings is the East Line of the SE4 of said Section 20, which is assumed from G.L.O. information to bear North 0°14' East. Contains 2.389 acres more or less.

**Corridor Pipeline Right of Way Description:**

A 60 foot wide right of way, 30 feet on each side of the following described centerline.

Beginning at a point on the South Line of the SE4 of Section 20, T10S, R21E, SLB&M, which bears South 89°54'00" West from the Southeast Corner of said Section 18, thence North 24°49'40" West 282.09 feet to a point in the SE4SE4 of said Section 20 which bears North 46°33'49" West 365.44 feet from the Southeast Corner of said Section 20. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the East Line of the SE4 of said Section 20, which is assumed from G.L.O. information to bear North 0°14' East. Contains 0.389 acres more or less.

**WELL PAD SITE - NBU #421**  
**Township 10 South, Range 21 East, SLB&M**  
**Section 20:**

**Surface Use Area Description:**

Beginning at a point in the NE4SE4 of Section 20, T10S, R21E, SLB&M, which bears South 47°35'11" West 1142.76 feet from the East Quarter Corner of said Section 20; thence North 34°47'56" West 135.09 feet; thence North 55°12'04" East 200.00 feet; thence North 69°37'19" East 180.69 feet; thence South 34°47'56" East 220.00 feet; thence South 55°12'04" West 375.00 feet; thence North 34°47'56" West 129.91 feet to the point of beginning. Basis of bearings is the East Line of the SE4 of said Section 20, which is assumed from G.L.O. information to bear North 0°14' East. Contains 2.191 acres more or less.

**Corridor pipeline right of way description**

A 60 foot wide right of way, 30 feet on each side of the following described centerline.

Beginning at a point in the SE4SE4 of Section 20, T10S, R21E, SLB&M, which bears North 53°28'39" West 738.05 feet from the Southeast Corner of said Section 20, thence North 46°12'24" West 114.29 feet; thence North 49°10'03" West 160.45 feet; thence North 43°48'44" West 176.02 feet; thence North 38°43'07" West 234.62 feet; thence North 17°33'02" West 295.11 feet; thence North 07°20'26" West 258.64 feet; thence North 22°22'40" East 265.03 feet; thence North 50°34'08" East 165.94 feet; thence North 54°49'23" East 127.29 feet to a point in the NE4SE4 of said Section 20 which bears South 47°35'11" West 1142.76 feet from the East Quarter Corner of said Section 20. The side lines of said described right of way being shortened or elongated to meet the grantor's property lines. Basis of bearings is the East Line of the SE4 of said Section 20, which is assumed from G.L.O. information to bear North 0°14' East. Contains 2.476 acres more or less.

TO HAVE AND TO HOLD for a term of 51 Years, effective November 1, 2002, and expiring October 31, 2053, subject to any and all existing valid rights in Subject Property and subject also to the following terms and conditions. LESSOR and LESSEE enter into this Special Use Lease Agreement (the "Lease") for the purpose that LESSEE develop Subject Property in the manner hereinafter described and consistent with the principles and objectives of land development expressed and implicit in the Enabling Act of Utah (Act of July 16, 1894, Ch. 138, 28 Stat. 107) and Article X of the Constitution of the State of Utah. The LESSEE takes this Lease subject to the continued regulation of the LESSOR pursuant to the rules of the LESSOR as they may be adopted hereafter.

1. Purpose. The Subject Property shall be used by LESSEE in connection with the exploration and development of the oil and gas estate underlying the Subject Property, pursuant to LESSEE's Bureau of Land Management leases, identified as U-02278 and U-02270-A, (the "Oil and Gas Leases"). Specifically, the LESSEE shall be permitted to construct, maintain and operate seven well pad sites, access roads and surface pipeline lateral sales connection lines on

the locations described above. All improvements constructed on the Subject Property shall comply with the applicable provisions of the Uniform Building Code, current edition, and the International Conference of Building Officials.

2. Rent.

LESSEE shall make one rental payment to cover the entire term of the Lease, which shall be due prior to the commencement of the Lease. The rental payment shall be calculated at the rate of \$1,000.00 per acre plus fees. LESSOR acknowledges receipt of \$28,174.00, which satisfies the rental payment, and includes a \$250.00 application fee, a \$700.00 Lease processing charge, and a \$424.00 advertising fee.

LESSEE shall not be entitled to a refund of any portion of this payment in the event this Lease is terminated prior to the expiration date, in whole or in part for any reason, other than a condemnation action as set forth in paragraph 18. LESSEE shall also not be entitled to a refund of any portion of this payment in the event LESSOR acquires the underlying oil and gas estate or the Oil and Gas Leases.

3. Expiration or Termination of Oil and Gas Leases.

In the event any portion of LESSEE's Oil and Gas Leases expires or terminates, LESSEE shall perform reclamation on any related portions of the Subject Property, as directed by LESSOR. The reclamation shall be completed the earlier of one year after the expiration or termination of the Oil and Gas Lease or upon the expiration or termination of this Lease. At its option, LESSOR may cancel any related portions of this Lease.

4. Due Diligence. LESSEE agrees that if, at the end of a five-year period, LESSEE has not substantially completed the improvements to be made to the Subject Property, as specified in Paragraph 1 above, LESSOR shall thereafter have the right to terminate the Lease by giving written notice thereof to LESSEE. Such termination shall be effective thirty (30) days after the giving of such notice. LESSOR shall have the right, in lieu of such termination, to grant extensions in writing to such due diligence requirement, as LESSOR deems advisable in its sole discretion.

5. Compliance. LESSEE, in exercising the privileges granted by the Lease, shall comply with the provisions of all valid Federal, State, County, and Municipal laws, ordinances, and regulations which are applicable to the Subject Property and operations covered by the Lease.

6. Survey Monuments. LESSEE shall take reasonable precautions to protect, in place, all public land survey monuments and private property corners.

7. Access. LESSEE agrees to permit LESSOR free and unrestricted access to and upon the Subject Property at all reasonable times for all lawful and proper purposes not inconsistent with the

intent of the Lease or with the reasonable exercise and enjoyment by the LESSEE of the rights and privileges granted herein.

8. Antiquities. It is hereby understood and agreed that all treasure-trove and all articles of antiquity in or upon the Subject Property are and shall remain the property of the LESSOR. LESSEE shall report any discovery of a "site" or "specimen" to LESSOR and the Division of State History in compliance with the provisions of Section 9-8-305, Utah Code Annotated (1953), as amended and take such action as may be required for the protection of said site or specimen.

9. Default. In the event of a default or breach by LESSEE and LESSEE's failure to cure such default or breach, LESSOR may at any time and with or without notice do any one or more of the following:

a. Re-enter the Subject Property, remove all persons and property, and repossess and enjoy such Subject Property.

b. Terminate the Lease and LESSEE's right of possession of the Subject Property. Such termination shall be effective upon LESSOR's giving written notice and upon receipt of such notice LESSEE shall immediately surrender possession of the Subject Property to LESSOR. Upon such termination, all improvements on the Subject Property shall, at LESSOR's discretion, be forfeited and become the property of the LESSOR subject only to any previously approved waiver of interest or security interest.

c. Maintain the Lease in full force and effect and recover any rental, royalty, or other consideration as it becomes due without terminating LESSEE's right of possession regardless of whether LESSEE shall have abandoned the Subject Property.

d. The LESSOR may seek damages for any and all violations or defaults with or without canceling the Lease. In the event LESSOR deems the breach or default to constitute a threat to safety, life, or property it may elect to intervene immediately, without notice, to remedy the breach or default and LESSEE hereby agrees to repay LESSOR for all costs in remedying the breach or default upon demand, together with interest thereon from the date of expenditure at the rate set forth in the Lease. Alternatively, LESSOR may require LESSEE itself to act immediately to remedy the breach or default, should LESSOR deem it a threat to safety, life, or property.

e. Exercise any other right or remedy which LESSOR may have at law or equity.

10. Survival. LESSEE agrees that all obligations of LESSEE to be performed prior to the expiration or earlier termination shall not cease upon the termination or expiration of the Lease, and shall continue as obligations until fully performed. All clauses of the Lease which require performance beyond the termination or expiration date shall survive the termination or expiration date of

the Lease. However, upon expiration or earlier termination of the Lease, the rights of LESSEE and of all persons, firms, corporations, and entities claiming under LESSEE in and to the Subject Property and all improvements hereon, unless specified otherwise in the Lease, shall cease.

11. Lessor's Right to Cure Defaults. If LESSEE fails to perform and is in default of any undertaking or promise contained herein, including those set forth in any plan of development, the LESSOR shall have the option, but is not obligated, to make such performance after giving 10 days written notice to the LESSEE. The LESSOR's costs and expense to correct LESSEE's failure to perform shall be reimbursed by LESSEE and shall be immediately due and payable, together with interest accruing from the date such cost or expense is incurred.

12. Remedies Cumulative. The specified remedies to which the LESSOR may resort under the terms of the Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which LESSOR may lawfully be entitled in case of any breach or threatened breach by LESSEE of any provision of the Lease.

13. Force Majeure. The LESSEE's failure to comply with any of the obligations under the Lease shall be excused only if due to causes beyond LESSEE's control and without the fault or negligence of the LESSEE, including acts of God, acts of the public enemy, acts of any government, fires, floods, epidemics and strikes. LESSEE's obligation to pay rentals will not be suspended by any event of force majeure.

14. Bond. LESSEE agrees to furnish LESSOR a performance and reclamation bond in such type and amount and by such date as LESSOR may request. Further, it is expressly agreed that LESSOR may at any time, upon 30 days notice by certified mail, require LESSEE to furnish LESSOR such additional performance and reclamation bond as LESSOR may deem to be in the best interest of LESSOR.

15. Improvements upon Expiration. Subject to Paragraph 39, upon the expiration of the Lease, LESSEE shall have the right to remove from the Subject Property all personal property and fixtures. All physical improvements attached to the Subject Property shall become the property of LESSOR upon such expiration; provided that by written notice, LESSOR may require LESSEE to remove any such improvements upon expiration at LESSEE's sole cost and expense, in which event LESSEE shall cause such improvements to be removed and the Subject Property restored within sixty (60) days of the giving of such notice.

16. Indemnity. LESSEE agrees to protect, indemnify and save harmless the LESSOR, its agents and employees, from and against all claims, demands, damages, and causes of action of every kind or character on account of bodily injuries, death, or damage to property arising because of, for, out of, or in any way connected with the performance of this agreement, except where such injury,

death, or damage has resulted from the sole negligence of the LESSOR, without negligence or willful act on the part of the LESSEE, its agents, employees, or subcontractors, it being the intent of this provision that the LESSEE indemnify the LESSOR and its agents and employees regardless of whether or not such injury, death, or damage is caused in part by the LESSOR, its agents and employees. LESSEE shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto, but the LESSOR shall have the right, at its option, to participate in the defense of any such suit without relieving the LESSEE of any obligation hereunder.

17. Insurance.

a. Casualty Insurance. Throughout the entire term, LESSEE, at its sole cost and expense, shall cause the Subject Property, improvements, and equipment to be insured against fire, windstorm, or other casualty or hazard with extended coverage in such amounts and with such deductibles as may reasonably be required. This insurance coverage shall not be less than the estimated replacement cost of the improvements.

b. Bodily Injury, Property Damage and Other Insurance. In addition to the insurance required in a. above, LESSEE, at its sole cost and expense, shall purchase and maintain during the entire term the following insurance, subject to the terms and conditions set forth in c. below:

(i) Commercial general liability bodily injury and property damage liability insurance against claims for bodily injury, death, or property damage, occurring in, on, or about the Subject Property (including any injury, death, or property damage arising from a hazardous activity permitted under the Lease), such insurance to afford minimum protection during the entire term of not less than Two Million Dollars (\$2,000,000.00) in respect of bodily injury or death to any one person or in respect of any one accident, or property damage, or Four Million Dollars (\$4,000,000.00) in the aggregate, the foregoing dollar amounts being subject to increase by the percentage increase in the CPI not more frequently than every five (5) lease years, provided that LESSEE shall not carry less than the amount or scope of coverage customary in the industry from time to time; and,

(ii) During any period of building construction, including the construction of the initial improvements, and all alterations and restorations:

(a) Builder's Risk Insurance written on the Completed Value Form or on the Monthly Reporting form;

(b) Worker's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE, or the Subject Property; and

c. Conditions and Requirements of Insurance. All insurance required by this Article and any additional insurance maintained by LESSEE with respect to the Subject Property and improvements shall:

(i) Name LESSOR, State, its agencies and employees as loss payee or additional insured as its interest may appear;

(ii) Be effected under valid and enforceable policies issued by insurers of recognized responsibility that are licensed to do business in the State of Utah, with a Best's Rating of A-VII or better, including acceptable insurance pools or risk management arrangements which may generally provide such insurance coverage in the industry from time to time;

(iii) Expressly waive any right of subrogation against LESSOR and have attached thereto an endorsement that such policy shall not be canceled without at least (30) days' prior written notice to LESSOR; and,;

(iv) Provide that the insurance coverage for the State and the LESSOR is primary and not contributing; that other insurance of the State and the LESSOR is excess over the insurance required by the Lease; and, the amount of the insurance company's liability or coverage limits required by the Lease shall not be reduced by the existence of other State and LESSOR.

d. Copies of Policies to Lessor. Upon the commencement date, and thereafter not less than thirty (30) days prior to the expiration dates of the policies furnished pursuant to this Article, LESSEE shall deliver to LESSOR policy copies of certificates thereof, in the case of bodily injury and property damage liability insurance, bearing notations evidencing the payment of premiums or accompanied by other evidence of such payment.

e. Adjustments. LESSOR and each mortgagee shall have the right to participate in the adjustment of any insurance claim filed by LESSEE relating to any insurance required by this Article to the extent necessary to protect their respective interests in the Subject Property and the improvements.

18. Condemnation.

a. Total taking.

(i) Termination and distribution. If at any time during the term of the Lease, the whole or the Subject Property is taken by condemnation or other act of eminent domain (a "Taking" or "Taken"):

(a) the Lease shall terminate and expire on the date of such Taking and LESSEE shall pay within thirty (30) days after the date of Taking all lease rentals accrued to the date of Taking;

(b) LESSEE shall comply with all of its other obligations under the Lease up to the date of Taking; and

(c) LESSEE's share of any condemnation award shall be disbursed to LESSEE.

b. Partial taking.

(i) Continuation of the Lease. If at any time during the term of the Lease title to less than the whole of the Subject Property has been Taken, LESSEE shall have the right but not the obligation to continue the Lease. LESSEE may, within thirty (30) days after receiving its share of the condemnation award, give notice of its election to terminate the Lease, provided that each mortgagee consents in writing to such termination.

(ii) Proceedings. LESSOR, LESSEE, and any mortgagee shall have the right to participate in respect of their respective interests in any proceeding of purchase negotiations relating to any Taking. In case of any Taking, LESSEE shall bear its proportionate share of all reasonable costs and fees, including reasonable counsel fees and expenses incurred in the determination and collection on any condemnation award. LESSOR shall bear only such costs, expenses, and fees as it may authorize in writing.

19. Assignment and Sublease. LESSEE shall not assign the Lease, in whole or in part, nor sublease the Subject Property, nor allow unauthorized or commercial use of the Subject Property without obtaining the prior written consent of LESSOR.

a. In granting such approval, LESSOR reserves the right to change the terms and conditions of the Lease as it may affect the sublessee/assignee. The LESSOR shall be entitled to consider, among other items, the proposed sublessee's/assignee's financial condition, managerial capability, business reputation, nature of the proposed sublessee's/assignee's business, the then current fair market rental value of the Subject Property, and such other factors as may reasonably bear upon the suitability of the sublessee/assignee or transferee as a tenant of the Subject Property or the holder of the Lease.

b. Approval may also be conditioned on, among other items, additional payment to reimburse the LESSOR for any additional costs of management or losses of payments resulting from the assignment.

c. Consent of the LESSOR to an assignment or transfer shall not constitute a waiver of the LESSOR's right to approve subsequent assignments or transfers. The acceptance by LESSOR of payment or performance following an assignment or transfer shall not constitute consent to any assignment or transfer, and LESSOR's consent shall be evidenced only in writing.

d. An assignment does not constitute a new lease but is continuation of the existing Lease.

20. Title. LESSOR claims title in fee simple, but does not warrant to LESSEE the validity of title to the Subject Property. LESSEE shall have no claim from damages or refund against the LESSOR for any claimed failure or deficiency of LESSOR's title to said Subject Property or for interference by any third party. LESSEE takes possession subject to all existing encumbrances, rights-of-way, or encroachments as may exist or be of record. Possession is subject to a reservation of rights-of-way as may be necessary to access other trust lands.

21. Water Rights. If LESSEE shall initiate or establish any water right on the Subject Property, such right shall become an appurtenance of the Subject Property. LESSEE agrees that any existing application to appropriate water on said trust land shall be transferred to the LESSOR after the application has been completed, without any cost to the LESSOR. It is expressly understood and agreed that the Lease does not confer any rights upon LESSEE to use any water presently developed on the Subject Property.

22. Fire. LESSEE shall at all times observe reasonable precautions to prevent fire on the Subject Property and shall comply with all applicable laws and regulations of any governmental agency having jurisdiction. In the event of a fire on the Subject Property proximately caused by LESSEE, its servants, employees, agents, sublessees, assignees or licensees which necessitates suppression action, LESSEE agrees to reimburse LESSOR for the costs incurred by LESSOR for such fire suppression action.

23. Fencing. LESSEE may fence the Subject Property at his own expense, but if there is no fence erected, LESSEE shall have no right of action against any other LESSOR grazing permittee by reason of a trespass upon the Subject Property. The right of LESSEE to fence the Subject Property shall be subject to the LESSOR's rights of access across trust lands to other trust lands.

24. Waste. LESSEE shall neither commit nor permit any waste on the said Subject Property. LESSEE shall maintain said Subject Property in good condition and at its own expense, free from any nuisance. Surface and subsurface areas will be cleaned of all trash, debris, and waste of any kind to the satisfaction of the LESSOR. LESSEE shall maintain the Subject Property to standards of repair, orderliness, neatness, sanitation, and safety as required by law and applicable regulations.

25. Pollution. LESSEE shall be bound by all of the environmental regulatory programs, including air quality, water pollution and water quality, solid and hazardous waste management and underground storage tanks, and other conditions as contained in the provisions, conditions, and rules and regulations developed under authority of Title 19, Utah Code Annotated (1953) as amended.

26. Hazardous, Toxic, or Harmful Substances.

a. LESSEE shall not make, or suffer to be made, any filling in of the Subject Property or any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological or other wastes, hydrocarbons, any other pollutants, or other matter within or upon the Subject Property, except as approved in writing by the LESSOR. If the LESSEE fails to remove all non-approved fill material, refuse, garbage, wastes or any other of the above materials from the Subject Property, the LESSEE agrees that the LESSOR may, but is not obligated to, remove such materials and charge the LESSEE for the cost of removal and disposal.

b. LESSEE shall not keep on or about the Subject Property any substances now or hereinafter designated as or containing components now or hereinafter designated as hazardous, toxic, dangerous, or harmful, and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful by any federal, state or local law, regulation, statute or ordinance (hereinafter collectively referred to as "Hazardous Substances") unless such are necessary to carry out LESSEE's permitted use under paragraph 1 and unless LESSEE fully complies with all federal, state and local laws, regulations, statutes, and ordinances, now in existence or as subsequently enacted or amended. LESSEE shall provide LESSOR with copies of any reports regarding the identity of Hazardous Substances used or stored on the Subject Property required by federal, state, or local agencies.

c. LESSEE shall:

(1) Immediately notify the LESSOR of (i) all spills or releases of any Hazardous Substance affecting the Subject Property, (ii) all failures to comply with any federal, state or local law, regulation or ordinance, as now enacted or as subsequently enacted or amended, (iii) all inspections of the Subject Property by, or any correspondence, orders, citations, or notifications from any regulatory entity concerning Hazardous Substances affecting the Subject Property, (iv) all regulatory orders or fines or all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party concerning the Subject Property; and

(2) On request, provide copies to the LESSOR of any and all correspondence, pleadings, and/or reports received by or required of LESSEE or issued or written by LESSEE or on LESSEE's behalf with respect to the use, presence, transportation or generation of Hazardous Substances related to the Subject Property.

d. LESSEE shall be fully and completely liable to the LESSOR, and shall indemnify, defend, and save harmless LESSOR and its agencies, employees, officers, and agents with respect to any and all damages, costs, fees (including attorneys' fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of LESSEE's use, disposal, transportation, generation

and/or sale of Hazardous Substances or that of LESSEE's employees, agents, assigns, sublessees, contractors, subcontractors, licensees or invitees, and for any breach of this subsection.

27. No Partnership. The LESSOR is not a partner nor a joint venturer with the LESSEE in connection with the activities conducted and business carried on under the Lease and the LESSOR shall have no obligation with respect to the LESSEE's debts or other liabilities.

28. Time of Essence. Time is expressly declared to be of the essence of the Lease and each and every covenant of LESSEE hereunder.

29. Amendments. Any amendments, revisions, supplements, or additions to the Lease or the attached exhibits shall be made in writing executed by the parties hereto, and neither LESSOR nor LESSEE shall be bound by verbal or implied agreements.

30. Entire Agreement. This written Lease or its successor or replacement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other agreement, statement or promise made by any party hereto, or to any employee, officer or agent of any party hereto, which is not contained herein, shall be binding or valid.

31. Invalidity. If any term or provision of the Lease or the application thereof to any person or circumstance shall to any extent prove to be invalid, unenforceable, void, or illegal, the remainder of the Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall be not affected thereby, and each term and provision of the Lease shall be valid and be enforced as written to the fullest extent permitted by law.

32. Consent to Suit. The LESSEE consents to suit in the courts of the LESSOR in any dispute arising under the terms of the Lease or as a result of operations carried on under the Lease. Service of process in any such action is hereby agreed to be sufficient if sent by certified mail to the LESSEE at the last known address of LESSEE appearing on the LESSOR's records.

33. Venue. The LESSEE agrees for itself, its heirs, successors and assigns that any suit brought by the LESSEE, its heirs, successor or assigns concerning the Lease may be maintained only in the Utah State District Court of Salt Lake County.

34. No Waiver of Conditions. Waiver by the LESSOR of any default of the LESSEE or failure of the LESSOR to timely enforce any provisions of the Lease shall not constitute a waiver of or constitute a bar to subsequent enforcement of the same or other provisions of the Lease. No provision in the Lease shall be construed to prevent the LESSOR from exercising any legal or equitable remedy it may otherwise have.

35. Inspection of Books. LESSEE shall permit any authorized representative of the LESSOR to examine all books and records pertaining to its operations and royalties payable to LESSOR under the Lease at their regular place of business with reasonable notice, and to make copies of and extracts from such books and records if desired.

36. Right to Audit. The LESSOR has the right to audit the LESSEE's performance of the terms and conditions of the Lease. Nevertheless, it is the continuing duty of the LESSEE to faithfully perform all of the terms, conditions, and obligations of the Lease, including, but not limited to, the duty to properly calculate and render to the LESSOR any and all amounts due. Any term, condition, provision, or obligation subject to change or interpretation shall be deemed self-executing, and shall in no way shift or relieve the LESSEE of its continuing duties and obligations.

37. Attorney's Fees. In the event the LESSOR shall prevail in any action or suit for the enforcement of any provision of the Lease or concerning the Lease in any manner, the LESSEE shall pay to the LESSOR a reasonable attorney's fee on account thereof.

38. Lessor's Lien. LESSOR shall have at all times a valid lien for all rentals and other sums of money becoming due hereunder from LESSEE, upon all goods, wares, equipment, fixtures, furniture and other personal property of LESSEE situated on the Subject Property, and such property shall not be removed therefrom without the consent of the LESSOR until all arrearage in rent as well as any and all other sums of money then due to LESSOR hereunder shall first have been paid and discharged. Upon the occurrence of any event of default by LESSEE, LESSOR may, in addition to any other remedies provided herein or by law, enter upon the Subject Property and take possession of any and all goods, wares, equipment, fixtures, furniture and other personal property of LESSEE situated on the Subject Property without liability for trespass or conversion, and sell the same with or without notice at public or private sale, with or without having such property at the sale, at which LESSOR or its assigns may purchase, and apply the proceeds thereof less any and all expenses connected with the taking of possession and sale of the property, as a credit against any sums due by LESSEE to LESSOR. Any surplus shall be paid to LESSEE and LESSEE agrees to pay any deficiency forthwith. Alternatively, the lien hereby granted may be foreclosed in the manner and form provided by law for foreclosure of security interest or in any other form provided by law. The statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto. Anything herein to the contrary notwithstanding, purchase money financing of LESSEE's removable trade fixtures and equipment shall not be a default. LESSEE will execute upon LESSOR's request a financing statement and security agreement evidencing LESSOR's security interest in LESSEE's personal property and warrants to LESSOR that there are no prior liens or security interest on said personal properties.

39. Notice. Any notice contemplated herein to be served upon LESSEE shall be in writing and shall be deemed sufficient if deposited in the United States mail, postage prepaid and certified or registered, and addressed as follows:

EL PASO PRODUCTION OIL & GAS COMPANY  
9 Greenway Plaza  
Houston, Texas 77046

or at any such other address as LESSEE may from time to time designate by written notice to LESSOR.

40. Responsibilities of Successors. The provisions hereof shall inure to and be binding upon the successors and assigns of LESSEE.

IN WITNESS WHEREOF, the State of Utah, by and through the School and Institutional Trust Lands Administration, has caused these presents to be executed this 17 day of December, 2002 by the Director.

**LESSOR:**

STATE OF UTAH  
SCHOOL AND INSTITUTIONAL  
TRUST LANDS ADMINISTRATION  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818

By: [Signature]  
STEPHEN G. BOYDEN, DIRECTOR

**LESSEE:**

EL PASO PRODUCTION OIL & GAS  
COMPANY  
9 Greenway Plaza  
Houston, Texas 77046

By: [Signature]  
Jon R. Nelsen  
Its: Attorney in Fact

APPROVED AS TO FORM:  
MARK L. SHURTLEFF  
ATTORNEY GENERAL

BY: [Signature]  
Special Assistant Attorney General

Date: 12/29/2002

Director Review SGB

STATE OF UTAH )  
 : §  
COUNTY OF SALT LAKE )

On the \_\_\_\_\_ day of \_\_\_\_\_, 2002, personally appeared before me Stephen G. Boyden, who being by me duly sworn did say that he is the Director of the School and Institutional Trust Lands Administration and the signer of the above instrument, who duly acknowledged that he executed the same

Given under my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF )  
 : §  
COUNTY OF )

On the 17 day of December, 2002, personally appeared before me Jon R. Nelsen, who being by me duly sworn did say that (s)he is the Attorney in Fact of El Paso Production Oil and Gas Company and the authorized signer of the above instrument, who duly acknowledged that (s)he executed the same.

Given under my hand and seal this 17 day of December, 2002.

My commission expires:

Notary Public

*Betsy O'Banion*



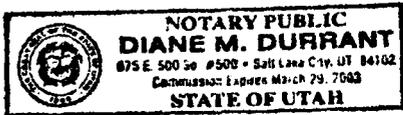
STATE OF UTAH            )  
  : ss.  
COUNTY OF SALT LAKE )

On the 31st day of December, 2002, personally appeared before me Kevin S. Carter, who being by me duly sworn did say that he is the Deputy Director of the School and Institutional Trust Lands Administration of the State of Utah, and the signer of the above instrument, who duly acknowledged that he executed the same.

Given under my hand and seal this 31st day of December, 2002.

My Commission expires:  
March 29, 2003

*Diane M. Durrant*  
Notary Public, residing at:  
Salt Lake City, Utah



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

005

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		<b>CONFIDENTIAL</b>	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No. NATURAL BUTTES	
2. Name of Operator EL PASO PRODUCTION O&G COMPANY		8. Lease Name and Well No. CIGE 275	
3a. Address P.O. BOX 1148 VERNAL, UT 84078		9. API Well No.	
3b. Phone No. (include area code) Ph: 435.781.7023 Fx: 435.781.7094		10. Field and Pool, or Exploratory NATURAL BUTTES	
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface: <b>NENW 699FNL 2196FWL</b> At proposed prod. zone		11. Sec., T., R., M., or Blk. and Survey or Area Sec 21 T10S R21E Mer SLB	
14. Distance in miles and direction from nearest town or post office* 15.7 MILES SOUTHEAST OF OURAY, UT		12. County or Parish UINTAH	
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 699		13. State UT	
16. No. of Acres in Lease 1440.00		17. Spacing Unit dedicated to this well 40.00	
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C		20. BLM/BIA Bond No. on file WY3457	
19. Proposed Depth 8050 MD		21. Elevations (Show whether DF, KB, RT, GL, etc.) 5225 GL	
22. Approximate date work will start		23. Estimated duration	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).</li> </ul> | <ul style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification</li> <li>6. Such other site specific information and/or plans as may be required by the authorized officer.</li> </ul> |
|--|--|

25. Signature (Electronic Submission)	Name (Printed/Typed) CHERYL CAMERON	Date 11/20/2002
<b>RECEIVED</b>		
Title OPERATIONS		
Approved by (Signature) 	Name (Printed/Typed) JAN 13 2003	Date 01/09/2003
Title Assistant Field Manager Mineral Resources	Office DIV. OF OIL, GAS & MINING	

Application approval does not warrant or certify 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, are attached.

**NOTICE OF APPROVAL**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

Additional Operator Remarks (see next page)

Electronic Submission #16274 verified by the BLM Well Information System  
For EL PASO PRODUCTION O&G COMPANY, sent to the Vernal  
Committed to AFMSS for processing by LESLIE WALKER on 11/25/2002 ()

**CONDITIONS OF APPROVAL ATTACHED**

\*\* ORIGINAL \*\*

02LW019/AE

NOS 10/25/02

CONDITIONS OF APPROVAL  
APPLICATION FOR PERMIT TO DRILL

Company/Operator: El Paso Production Oil & Gas Corp.

Well Name & Number: CIGE 275

API Number: 43-047-34799

Lease Number: U-02278

Location: NENW Sec. 21 T.10S R. 21E

Agreement: Natural Buttes 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.

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 John Mayers of this office prior to setting the next casing string or requesting plugging orders. Faxed copies of State of Utah form OGC-8-X are acceptable.

2. Pressure Control Equipment

The variances requested in section 9 of the NBU Field SOP are granted with the following conditions:

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.

3. Casing Program and Auxiliary Equipment

As a minimum requirement, the cement behind the production casing must extend at least 200' above the top of the Green River Formation which has been identified at  $\pm 1240'$ .

4. Mud Program and Circulating Medium

None

5. Coring, Logging and Testing Program

Cement Bond Logs will be required from TD to the surface casing shoe.

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

**Please submit to this office, in LAS format, an electronic copy of all logs run on this well  
This submission will replace the requirement for submittal of paper logs to the BLM.**

6. Notifications of Operations

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.

7. Other Information

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

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

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

Ed Forsman (435) 828-7874  
Petroleum Engineer

Kirk Fleetwood (435) 828-7875  
Petroleum Engineer

BLM FAX Machine (435) 781-4410



# United States Department of the Interior

BUREAU OF INDIAN AFFAIRS  
Washington, D.C. 20240

FEB 10 2003

IN REPLY REFER TO:  
Real Estate Services

Carroll A. Wilson  
Principal Landman  
Westport Oil and Gas Company, L.P.  
1368 South 1200 East  
Vernal, Utah 84078

Dear Mr. Wilson:

This is in response to your request for approval of RLI Insurance Company's Nationwide Oil and Gas Lease Bond No. RLB0005239 executed effective December 17, 2002, (\$150,000 coverage) with Westport Oil and Gas Company, L. P., as principal.

This bond is hereby approved as of the date of this correspondence and will be retained in the Bureau of Indian Affairs' Division of Real Estate Services, 1849 C Street, NW, MS-4512-MIB, Washington, D.C. 20240. All Bureau oil and gas regional offices and the surety are being informed of this action.

In cases where you have existing individual and/or collective bonds on file with one or more of our regional offices, you may now request those offices, directly, to terminate in lieu of coverage under this Nationwide Bond.

Enclosed is a copy of the approved bond for your files. If we may be of further assistance in this matter, please advise.

Sincerely,

Director, Office of Trust Responsibilities

ACTING

Enclosure

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: El Paso Production Oil & Gas Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 9 Greenway Plaza Houston TX 77064-0995		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____		8. WELL NAME and NUMBER: Exhibit "A"
PHONE NUMBER: (832) 676-5933		9. API NUMBER:
		10. FIELD AND POOL, OR WILDCAT:
		COUNTY: _____
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

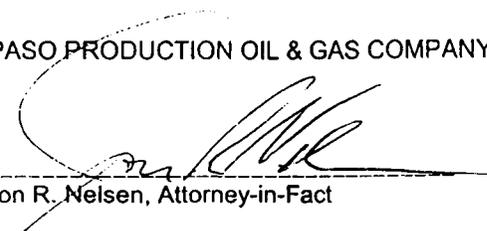
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Operator change to Westport Oil and Gas Company, L.P., 1670 Broadway, Suite 2800, Denver, CO. 80202-4800, effective December 17, 2002.

BOND # \_\_\_\_\_

State Surety Bond No. RLB0005236  
 Fee Bond No. RLB0005238

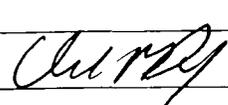
EL PASO PRODUCTION OIL & GAS COMPANY

By:   
 Jon R. Nelsen, Attorney-in-Fact

RECEIVED

FEB 28 2003

DIV. OF OIL, GAS & MINING

WESTPORT OIL AND GAS COMPANY, L.P.	
NAME (PLEASE PRINT) David R. Dix	TITLE Agent and Attorney-in-Fact
SIGNATURE 	DATE 12/17/02

(This space for State use only)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS  
Do not use this form for proposals to drill or reenter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**WESTPORT OIL & GAS COMPANY, L.P.**

3a. Address  
**P.O. BOX 1148 VERNAL, UT 84078**

3b. Phone No. (include area code)  
**(435) 781-7023**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

5. Lease Serial No.  
**SEE ATTACHED EXHIBIT "A"**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
**SEE ATTACHED EXHIBIT "A"**

9. API Well No.  
**SEE ATTACHED EXHIBIT "A"**

10. Field and Pool, or Exploratory Area

11. County or Parish, State  
**UINTAH COUNTY, UT**

**SEE ATTACHED EXHIBIT "A"**

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>SUCCESSOR OF</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<b>OPERATOR</b>

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed if testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator determined that the site is ready for final inspection.

WESTPORT OIL & GAS COMPANY, L.P., IS CONSIDERED TO BE THE OPERATOR ON THE ATTACHED DESCRIBED LANDS AND IS RESPONSIBLE UNDER THE TERMS AND CONDITIONS OF THE LEASE FOR THE OPERATIONS CONDUCTED ON THE LEASED LANDS OR PORTIONS THEREOF, BOND COVERAGE FOR THIS WELL IS PROVIDED BY FEDERAL NATIONWIDE BOND NO. 158626364, EFFECTIVE FEBRUARY 1, 2002, AND BIA NATIONWIDE BOND NO. RLB0005239, EFFECTIVE FEBRUARY 10, 2003.

RECEIVED  
MAR 04 2003

DEPT. OF OIL, GAS & MINING

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

Name (Printed/Typed) <b>CHERYL CAMERON</b>	Title <b>OPERATIONS</b>
Signature 	Date <b>March 4, 2003</b>

**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

Title 18 U.S.C. Section 1001, make 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.

(Instructions on reverse)

**OPERATOR CHANGE WORKSHEET**

1. GLH
2. CDW ✓
3. FILE

007

**X Change of Operator (Well Sold)**

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective: <b>12-17-02</b>	
<b>FROM: (Old Operator):</b>	<b>TO: (New Operator):</b>
EL PASO PRODUCTION OIL & GAS COMPANY	WESTPORT OIL & GAS COMPANY LP
Address: 9 GREENWAY PLAZA	Address: P O BOX 1148
HOUSTON, TX 77064-0995	VERNAL, UT 84078
Phone: 1-(832)-676-5933	Phone: 1-(435)-781-7023
Account No. N1845	Account No. N2115

CA No.

Unit:

WELL(S)						
NAME	SEC TWN RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SANTIO 4-233	04-09S-21E	43-047-34776	99999	INDIAN	GW	APD
CIGE 289	07-09S-21E	43-047-34865	99999	FEDERAL	GW	APD
NBU 452	08-09S-21E	43-047-34875	99999	FEDERAL	GW	APD
NBU 406	10-09S-21E	43-047-34747	99999	FEDERAL	GW	NEW
NBU 391	17-09S-21E	43-047-34874	99999	FEDERAL	GW	APD
NBU 410	32-09S-21E	43-047-34872	99999	STATE	GW	APD
CIGE 288	21-09S-21E	43-047-34842	99999	FEDERAL	GW	APD
NBU 445	30-09S-21E	43-047-34867	99999	FEDERAL	GW	APD
CIGE 225	03-10S-21E	43-047-34895	99999	FEDERAL	GW	APD
CIGE 291	10-10S-21E	43-047-34868	99999	FEDERAL	GW	APD
CIGE 290	10-10S-21E	43-047-34869	99999	FEDERAL	GW	APD
NBU 468	11-10S-21E	43-047-34856	99999	FEDERAL	GW	APD
CIGE 275	21-10S-21E	43-047-34799	99999	FEDERAL	GW	APD
CIGE 271	32-09S-22E	43-047-34795	99999	STATE	GW	APD
CIGE 293	08-10S-22E	43-047-34838	99999	FEDERAL	GW	APD
CIGE 294	08-10S-22E	43-047-34870	99999	FEDERAL	GW	APD
CIGE 292	08-10S-22E	43-047-34871	99999	FEDERAL	GW	APD
CIGE 298	09-10S-22E	43-047-34855	99999	FEDERAL	GW	APD
CIGE 297	14-10S-22E	43-047-34857	99999	STATE	GW	NEW
CIGE 296	14-10S-22E	43-047-34858	99999	STATE	GW	NEW
CIGE 299	14-10S-22E	43-047-34859	99999	FEDERAL	GW	APD

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 02/28/2003
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 03/04/2003
3. The new company has been checked through the **Department of Commerce, Division of Corporations Database** on: 03/06/2003
4. Is the new operator registered in the State of Utah: YES Business Number: 1355743-0181

5. If **NO**, the operator was contacted on: \_\_\_\_\_

6. (R649-9-2)Waste Management Plan has been received on: IN PLACE

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM-12/31/2003 BIA-12/5/02

**8. Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: 02/27/2003

**9. Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: 01/09/2003

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

**DATA ENTRY:**

1. Changes entered in the Oil and Gas Database on: 03/28/2003

2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 03/28/2003

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

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

**STATE WELL(S) BOND VERIFICATION:**

1. State well(s) covered by Bond Number: RLB 0005236

**FEDERAL WELL(S) BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: 158626364

**INDIAN WELL(S) BOND VERIFICATION:**

1. Indian well(s) covered by Bond Number: RLB 0005239

**FEE WELL(S) BOND VERIFICATION:**

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB 0005238

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

**LEASE INTEREST OWNER NOTIFICATION:**

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

**COMMENTS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

008

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well     Gas Well     Other

2. Name of Operator  
**WESTPORT OIL & GAS COMPANY, L.P.**

3a. Address  
**P.O. BOX 1148 VERNAL, UT 84078**

3b. Phone No. (include area code)  
**(435) 781-**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**Multiple Wells - see attached**

5. Lease Serial No.  
**Multiple Wells - see attached**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**891008900A**

8. Well Name and No.  
**Multiple Wells - see attached**

9. API Well No.  
**Multiple Wells - see attached**

10. Field and Pool, or Exploratory Area  
**Natural Buttes Unit**

11. County or Parish, State  
**Uintah County, UT**

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

Westport Oil & Gas requests a variance to Onshore Order No. 4, Part III.c.a. requiring each sales tank be equipped with a pressure-vacuum thief hatch and/or vent line valve. The variance is requested as an economic analysis shows the value of the shrunk condensate will not payout the incremental cost of purchasing and maintaining the valve resulting in a loss of value over the producing life of the well.

The volume lost to shrinkage by dropping the tank pressure from 6 ozs. to 0 psig is shown to be 0.3% of the tank volume. This was determined by lab analysis of a representative sample from the field. The sample shrunk from 98.82% of original volume to 98.52% when the pressure was dropped.

The average NBU well produces approximately 6 bbls condensate per month. The resulting shrinkage would amount to 0.56 bbls per month lost volume due to shrinkage. The value of the shrunk and lost condensate does not recoup or payout the cost of installing and maintaining the valves and other devices that hold the positive tank pressure. An economic run based on the loss and costs is attached.

Westport Oil & gas requests approval of this variance in order to increase the value of the well to the operator and the mineral royalty owners.

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

Name (Printed/Typed) **J.T. Conley** Title **Operations Manager**

Signature *J.T. Conley* Initials **CHD** Date **9-2-2003**

**SEP 10 2003**  
DIV. OF OIL, GAS & MINING

THIS SPACE FOR FEDERAL OR STATE USE

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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

Office \_\_\_\_\_ Date: **9/16/03**

**Federal Approval of This Action is Necessary**

Conditions of approval, if any, are attached. Approval of this notice 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.

Title 18 U.S.C. Section 1001, make 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.

**Westport Oil & Gas, L.P.**  
**Project Economics Works!**

Instructions: Fill in blue areas with before and after project data. The evaluation results are shown below and graphed automatically at the bottom of the page. This sheet is protected to prevent accidental alteration of the formulas. See JTC for changes. OPX entered as annual costs and/or as unit OPX costs for \$/BF and \$/MCF

Project Name: **Condensate Shrinkage Economics**

Is this job a well pull or production rig job ??? **N** (Y or N)

	BEFORE \$/Year	AFTER \$/Year	DIFFERENCE \$/Year
Gross Oil Revenue	\$1,088	\$1,099	\$11
Gross Gas Revenue	\$0	\$0	\$0
NGL Revenue	\$0	\$0	\$0
PULING UNIT SERVICE			\$0
WIRELIN SERVICE			\$0
SUBSURF EQUIP REPAIRS			\$0
COMPANY LABOR			\$0
CONTRACT LABOR	\$0	\$200	\$200
CONTR SERVICE			\$0
LEASE FUEL GAS	\$0	\$0	\$0
UTILITIES - ELECTRICITY	\$0	\$0	\$0
CHEMICAL TREATING			\$0
MATERIAL & SUPPLY	\$0	\$150	\$150
WATER & HAULING			\$0
ADMINISTRATIVE COSTS			\$0
GAS PLANT PROCESSING			\$0
<b>Totals</b>	<b>\$0</b>	<b>\$350</b>	<b>\$350</b>

**Increased OPX Per Year**

**Investment Breakdown:**

	Cap/Exp Code	Cost, \$
Capital \$	820/830/840	\$1,200
Expense \$	830/860	\$0
Total \$		\$1,200

Oil Price	\$ 23.00	\$/BO
Gas Price	\$ 3.10	\$/MCF
Electric Cost	\$ -	\$/ HP / day
OPX/BF	\$ 2.00	\$/BF
OPX/MCF	\$ 0.62	\$/MCF

**Production & OPX Detail:**

	Before		After		Difference	
Oil Production	0.192	BOPD	0.194	BOPD	0.002	BOPD
Gas Production	0	MCFPD	0	MCFPD	0	MCFPD
Wtr Production	0	BWPD	0	BWPD	0	BWPD
Horse Power		HP		HP	0	HP
Fuel Gas Burned		MCFPD		MCFPD	0	MCFPD

<p><b>Project Life:</b>                  Life = <b>20.0</b> Years                  (Life no longer than 20 years)</p> <p><b>Internal Rate of Return:</b>                  After Tax IROR = <b>#DIV/0!</b></p> <p><b>AT Cum Cashflow:</b>                  Operating Cashflow = <b>(\$2,917)</b> (Discounted @ 10%)</p>	<p><b>Payout Calculation:</b>                  Payout = <math>\frac{\text{Total Investment}}{\text{Sum(OPX + Incremental Revenue)}} = 1</math></p> <p>Payout occurs when total AT cashflow equals investment                  See graph below, note years when cashflow reaches zero</p> <p>Payout = <b>NEVER</b> Years or <b>#VALUE!</b> Days</p>
--	--

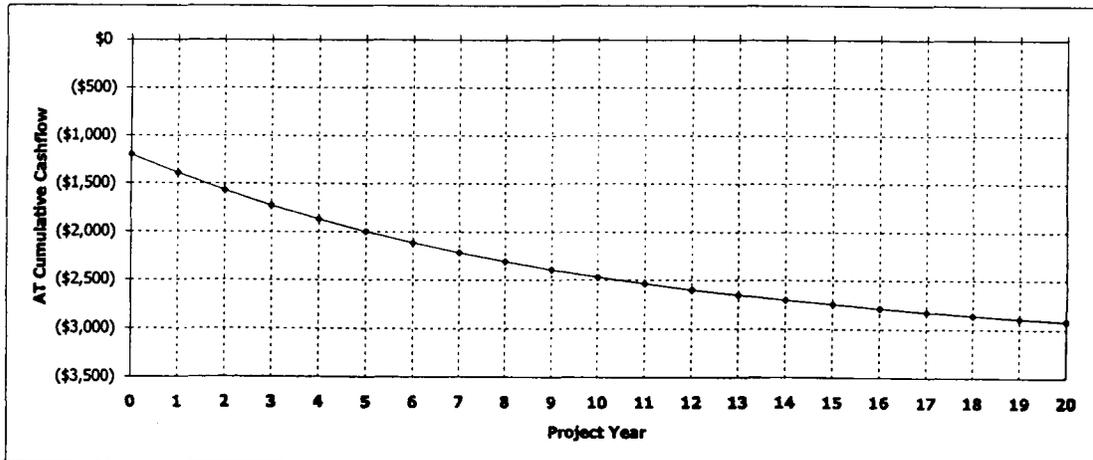
**Gross Reserves:**

Oil Reserves =	6 BO
Gas Reserves =	0 MCF
Gas Equiv Reserves =	38 MCFE

**Notes/Assumptions:**

**An average NBU well produces 0.192 Bopd with no tank pressure. The production is increased to 0.196 Bopd if 6 ops of pressure are placed on the tank. The increased production does not payout the valve cost or the estimated annual maintenance costs.**

**Project: Condensate Shrinkage Economics**



**Westport Oil and Gas, Inc.**

**NBU/Ouray Field**

RFL 2003-022

**COMPARISON OF FLASH BACK PRESSURES**

Calculated by Characterized Equation-of-State

Flash Conditions		Gas/Oil Ratio (scf/STbbl) (A)	Specific Gravity of Flashed Gas (Air=1.000)	Separator Volume Factor (B)	Separator Volume Percent (C)
psig	°F				

**Calculated at Laboratory Flash Conditions**

80	70			1.019	
0	122	30.4	0.993	1.033	101.37%
0	60	0.0	---	1.000	98.14%

**Calculated Flash with Backpressure using Tuned EOS**

80	70			1.015	
6.0 oz	65	24.6	0.777	1.003	98.82%
0	60	0.0	---	1.000	98.52%
80	70			1.015	
4.0 oz	65	24.7	0.778	1.003	98.82%
0	60	0.0	---	1.000	98.52%
80	70			1.015	
2.0 oz	65	24.7	0.779	1.003	98.82%
0	60	0.0	---	1.000	98.52%
80	70			1.015	
0	65	24.8	0.780	1.003	98.82%
0	60	0.0	---	1.000	98.52%

(A) Cubic Feet of gas at 14.696 psia and 60 °F per Barrel of Stock Tank Oil at 60 °F.

(B) Barrels of oil at indicated pressure and temperature per Barrel of Stock Tank Oil at 60 °F.

(C) Oil volume at indicated pressure and temperature as a percentage of original saturated oil volume.

Note: Bubblepoint of sample in original sample container was 80 psig at 70° F with 1 cc water

WELL	LEGALS	STFLEASENO	CANUMBER	APINO
CIGE 258	16-9-21 NWSE	UTU0591	891008900A	430473468700S1 ✓
CIGE 259	6-10-21 SWNE	UTU01791	891008900A	430473436700S1
CIGE 260	6-10-21 NENE	UTU01791	891008900A	430473436800S1
CIGE 261	7-10-21 NWSE	UTU02270A	891008900A	430473436900S1
CIGE 262	7-10-21 SENE	UTU01791	891008900A	430473437000S1
CIGE 263	19-10-22 SESE	ML20714	891008900A	430473422600S1
CIGE 264	19-10-21 SWSW	ML-22792	891008900A	430473422700S1
CIGE 265	15-9-20 SENE	UTU0144868	891008900A	430473478100S1
CIGE 266	33-9-22 NWSW	UTU01191A	891008900A	430473438600S1
CIGE 268	8-10-22 NWSE	UTU01196E	891008900A	430473441200S1
CIGE 271	32-9-22 SWNE	ML22649	891008900A	430473479500S1
CIGE 274	13-9-21 NENW	UTU01193	891008900A	430473477800S1
CIGE 275	21-10-21 NENW	UTU02278	891008900A	430473479900S1
CIGE 276	21-10-21 SWNW	UTU02278	891008900A	430473441700S1
CIGE 277	21-10-21 NWNW	UTU02278	891008900A	430473480000S1
CIGE 278	14-10-21 NESE	UTU01393C	891008900A	430473444500S1 ✓
CIGE 279	14-10-21 SESE	UTU01393C	891008900A	430473447900S1 ✓
CIGE 280	5-10-22 SWNW	UTU01195	891008900A	430473444300S1 ✓
CIGE 281	5-10-22 NWSW	UTU01191A	891008900A	430473444400S1 ✓
CIGE 282	7-10-22 NENE	ML23609	891008900A	430473443800S1 ✓
CIGE 283	35-9-21 SESE	ML22582	891008900A	430473479000S1 ✓
CIGE 284	1-10-21 SWNW	ML23612	891008900A	430473479200S1
CIGE 285	2-10-21 NENE	ML22652	891008900A	430473479300S1
CIGE 286	9-10-21 SENE	U01416	891008900A	430473479700S1
CIGE 287	9-10-21 NWSE	U01416	891008900A	430473479800S1
CIGE 288	21-9-21 NWSE	UTU0576	891008900A	430473484800S1
CIGE 289	7-9-21 NWSE	UTU0575B	891008900A	430473486500S1 ✓
CIGE 290	10-10-21 NESE	UTU0149079	891008900A	430473486900S1
CIGE 291	10-10-21 NWSE	UTU0149079	891008900A	430473486800S1
CIGE 292	8-10-22 SESE	UTU01196E	891008900A	430473487100S1
CIGE 293	8-10-22 SWSE	UTU01196E	891008900A	430473483800S1
CIGE 294	8-10-22 NENW	UTU466	891008900A	430473487000S1
CIGE 295	14-10-22 NENW	UTU01197A-ST	891008900A	430473482000S1
CIGE 296	14-10-22 NWNW	U01197A-ST	891008900A	430473485800S1 ✓
CIGE 297	14-10-22 SWNW	U01197A-ST	891008900A	430473485700S1 ✓
CIGE 298	9-10-22 SESW	UTU01196B	891008900A	430473485500S1
CIGE 299	14-10-22 NWSW	UTU468	891008900A	430473485900S1
NBU 004	23-9-21 NESE	UTU0149075	891008900A	430473005600S1
NBU 006	24-9-21 NWSE	UTU0149076	891008900A	430473008300S1
NBU 015	26-9-21 SESW	U99070-01	891008900A	430473020400S1
NBU 016	34-9-22 SWSE	UTU0149077	891008900A	430473020900S1
NBU 018	10-10-22 SWNE	UTU025187	891008900A	430473022100S1
NBU 020	28-9-21 NESW	U05676	891008900A	430473025000S1
NBU 022	18-10-22 SENE	ML22973	891008900A	430473025600S1
NBU 023	19-9-22 SWNE	UTU0284	891008900A	430473086800S1
NBU 024N2	12-10-22 SESE	U01197A	891008900A	430473053500S1
NBU 026	27-9-21 CSE	U01194A	891008900A	430473025200S1 ✓
NBU 027	33-9-21 NESW	U015630	891008900A	430473030400S1
NBU 027A	33-9-21 SWNE	U015630	891008900A	430473039800S1
NBU 028	13-10-21 NWSE	ML23608	891008900A	430473030500S1
NBU 029	11-10-21 NESW	UTU0149080	891008900A	430473030200S1
NBU 030	16-10-22 SWSE	ML22653	891008900A	430473030600S1
NBU 031	11-10-22 SESW	U01197A	891008900A	430473030700S1 ✓
NBU 032Y	20-9-22 NWNW	UTU0284	891008900A	430473051400S1
NBU 033Y	18-10-21 NWNW	UTU02270A	891008900A	430473050400S1
NBU 035Y	29-9-21 NWSE	UTU0581	891008900A	430473050300S1
NBU 036Y	30-9-21 SENE	UTU0581	891008900A	430473060300S1
NBU 037XP	3-10-22 SESE	UTU01191A	891008900A	430473072400S1
NBU 038N2	13-10-22 NWSW	U06512	891008900A	430473053600S1
NBU 039	29-10-22 SWSW	UTU0132568A	891008900A	430473086100S1
NBU 041J	31-9-22 NWSW	ML23607	891008900A	430473122400S1 ✓



**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-047-34799  
**Well Name:** CIGE 275  
**Location:** NATURAL BUTTES  
**Company Permit Issued to:** WESTPORT OIL & GAS COMPANY, L.P.  
**Date Original Permit Issued:** 12/17/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes  No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

  
Signature

12/5/2003

Date

Title: SR ADMINISTRATIVE ASSISTANT

Representing: WESTPORT OIL & GAS COMPANY, L.P.

RECEIVED

DEC 09 2003

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

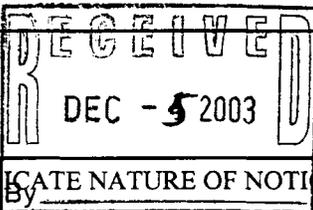
FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

009

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. CIGE 275
2. Name of Operator WESTPORT RESOURCES CORP.		9. API Well No. 43-047-34799
3a. Address PO BOX 1148 VERNAL, UT 84078		10. Field and Pool, or Exploratory NATURAL BUTTES
3b. Phone No. (include area code) Ph: 435.781.7060		11. County or Parish, and State UINTAH COUNTY, UT
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 21 T10S R21E NENW 699FNL 2196FWL		



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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Recomplete
	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

THE OPERATOR REQUESTS THAT THE APD BE EXTENDED FOR AN ADDITIONAL YEAR SO THAT DRILLING OPERATIONS MAY BE COMPLETED.

VERNAL DIST  
ENG. \_\_\_\_\_  
GEOL. \_\_\_\_\_  
E.S. \_\_\_\_\_  
PET. \_\_\_\_\_  
A.N. \_\_\_\_\_

**CONDITIONS OF APPROVAL ATTACHED**

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

**Electronic Submission #25788 verified by the BLM Well Information System  
For WESTPORT RESOURCES CORP., sent to the Vernal  
Committed to AFMSS for processing by LESLIE WALKER on 12/08/2003 ()**

**DEC 31 2003**

Name (Printed/Typed) DEBRA DOMENICI	Title SR ADMINISTRATIVE ASSISTANT
Signature (Electronic Submission)	Date 12/05/2003

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <i>Kirk Fulwood</i>	Title Petroleum Engineer	1219103
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	Date

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

042529015E

Westport Oil and Gas Company L.P.  
APD Extension

Well: CIGE 275

Location: NENW Sec. 21, T10S, R21E

Lease: U-02278

**Conditions of Approval**

An extension for the referenced APD is granted with the following condition(s):

1. The extension will expire 1/09/05
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 at (435) 781-4486.



## State of Utah

Department of  
Natural ResourcesROBERT L. MORGAN  
*Executive Director*Division of  
Oil, Gas & MiningMARY ANN WRIGHT  
*Acting Division Director*OLENE S. WALKER  
*Governor*GAYLE F. McKEACHNIE  
*Lieutenant Governor*

January 5, 2005

Sheila Upchego  
Westport Resources Corp.  
1368 South 1200 East  
Vernal UT 84078Re: APD Rescinded – CIGE 275, Sec.21, T. 10S, R. 21E Uintah County, Utah  
API No. 43-047-34799

Dear Ms. Upchego:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on December 17, 2002. On December 10, 2003 the Division granted a one-year APD extension. On January 5, 2005, you requested that the division rescind the state approved APD.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective January 5, 2005.

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 Whitney  
Engineering Techniciancc: 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, UT 84078

(435) 781-4400 Fax: (435) 781-4410

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



IN REPLY REFER TO:

3160

UT08300

February 7, 2005

Sheila Upchego  
Westport Oil & Gas Co.  
1368 South 1200 East  
Vernal, UT 84078

43,047,3499  
Re: Notification of Expiration  
Well No. CIGE 275  
NENW, Sec. 21, T10S, R21E  
Uintah County, Utah  
Lease No. UTU-02278  
Natural Buttes WS MV

Dear Ms. Upchego:

The Application for Permit to Drill the above-referenced well was approved on January 9, 2003. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until January 9, 2005. 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 in the future, 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 Wilcken*

Leslie Wilcken  
Legal Instruments Examiner

RECEIVED

FEB 14 2005

DIV. OF OIL, GAS & MINING

cc: UDOGM