

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER**

5. Lease Serial No.  
66312

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.  
Walker Hollow Unit

8. Lease Name and Well No.  
Walker Hollow Unit #84

1a. Type of Work  DRILL  REENTER

1b. Type of Well  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name of Operator  
Citation Oil & Gas Corp.

9. API Well No.

3a. Address  
P O Box 690688 Houston, Texas 77269-0688

3b. Phone No. (include area code)  
281-517-7800

10. Field and Pool, or Exploratory  
Walker Hollow Green River

4. Location of well (Report location clearly and in accordance with any State requirements. \*)  
At surface NW SW 673' FWL & 1985' FSL Latitude 40 14'12.19" Longitude 109 16'59.92"  
  
At proposed prod. zone NW SW 673' FWL & 1985' FSL

11. Sec., T., R., M., or Blk. And Survey or Area  
Sec. 1, T7S, R23E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
+/- 27.5 miles East of Vernal Utah

12. County or Parish  
Uintah County

13. State  
Utah

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any) 3310'+/-

16. No. of Acres in lease  
3277.2

17. Spacing Unit dedicated to this well  
40

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. 1090' +/-

19. Proposed Depth  
+/- 5501'

20. BLM/ BIA Bond No. on file  
MT 0630

21. Elevations (Show whether DF, RT, GR, etc.)  
5395' GR

22. Aproximate date work will start\*  
2004

23. Estimated Duration  
8 Days

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

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 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).

- 4. Bond to cover the operations unless covered by existing bond on file(see item 20 above).
- 5. Operator certification.
- 6. Such other site specific information and/ or plans as may be required by the a authorized officer.

25. Signature *Sharon Ward* Name (Printed/ Typed) Sharon Ward Date 24-Mar-03

Title  
Regulatory Administrator

Approved By (Signature) Name (Printed/ Typed) Date

Title Office

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

\* (Instructions on reverse)



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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**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.*

*SUBMIT IN TRIPLICATE Other instructions on reverse side*

1. Type of Well  
 Oil Well    Gas Well    Other

2. Name of Operator  
**CITATION OIL & GAS CORP.**

3a. Address      3b. Phone No. (include area code)  
**P.O. Box 690688, Houston, Texas 77269-0688**      **(281) 517-7800**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**673' FWL & 1985' FSL NW SW Section 1-7S-23E**

5. Lease Serial No.  
**UTSL 066312**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**Walker Hollow Unit #84**

9. API Well No.

10. Field and Pool, or Exploratory Area  
**Walker Hollow Green River**

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 checked="" type="checkbox"/> Other <b>Dispose of</b>	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>produced water into</b>	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<b>injection system</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 recompleat 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 recompleat 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.)

**Citation Oil & Gas Corp. requests permission to dispose of produced water from our Walker Hollow Unit 83 well into a common commingled injection system in the Walker Hollow Unit.**

*OK. See email 4/26/2004 from Sharon Ward for additional information DWJ*

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

Name (Printed/Typed)

**Sharon Ward**

Signature

*Sharon Ward*

Title

**Regulatory Administrator**

Date

**March 26, 2004**

THIS SPACE FOR FEDERAL OR STATE OFFICE 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 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.

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STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT   
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

USSL

5. MINERAL LEASE NO: 066312  
6. SURFACE: Federal

1A. TYPE OF WORK: DRILL  REENTER  DEEPEN   
B. TYPE OF WELL: OIL  GAS  OTHER \_\_\_\_\_ SINGLE ZONE  MULTIPLE ZONE

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

2. NAME OF OPERATOR: Citation Oil & Gas Corp.

8. UNIT or CA AGREEMENT NAME: Walker Hollow Unit

3. ADDRESS OF OPERATOR: P O Box 690688 CITY Houston STATE TX ZIP 77269

PHONE NUMBER: (281) 517-7309

9. WELL NAME and NUMBER: Walker Hollow Unit 84

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: 673' FWL & 1985' FSL Latitude: 40 14' 12.19" Longitude: 109 16' 56.92"  
AT PROPOSED PRODUCING ZONE: 673' FWL & 1985' FSL 4455236Y 40.23671  
646178X -109.28165

10. FIELD AND POOL, OR WILDCAT: Walker Hollow Green River

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 1 7S 23E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: +/- 27.5 East of Vernal Utah

12. COUNTY: Uintah  
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 3310 ±

16. NUMBER OF ACRES IN LEASE: 3277.20

17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40

18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): 1090 ±

19. PROPOSED DEPTH: ±5,501

20. BOND DESCRIPTION: MT 0630

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5395

22. APPROXIMATE DATE WORK WILL START: 2004

23. ESTIMATED DURATION: 8 Days

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4	8 5/8 J-55 24 ppf	400	Class A + additives 225 sxs
7 7/8	5 1/2 J-55 15.5ppf	5,501	Class G + additives 375 sxs

RECEIVED  
APR 01 2004

DIV. OF OIL, GAS & MINING

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

- COMPLETE DRILLING PLAN
- FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Sharon Ward  
SIGNATURE *Sharon Ward*

TITLE Regulatory Administrator  
DATE 3/24/2004

(This space for State use only)

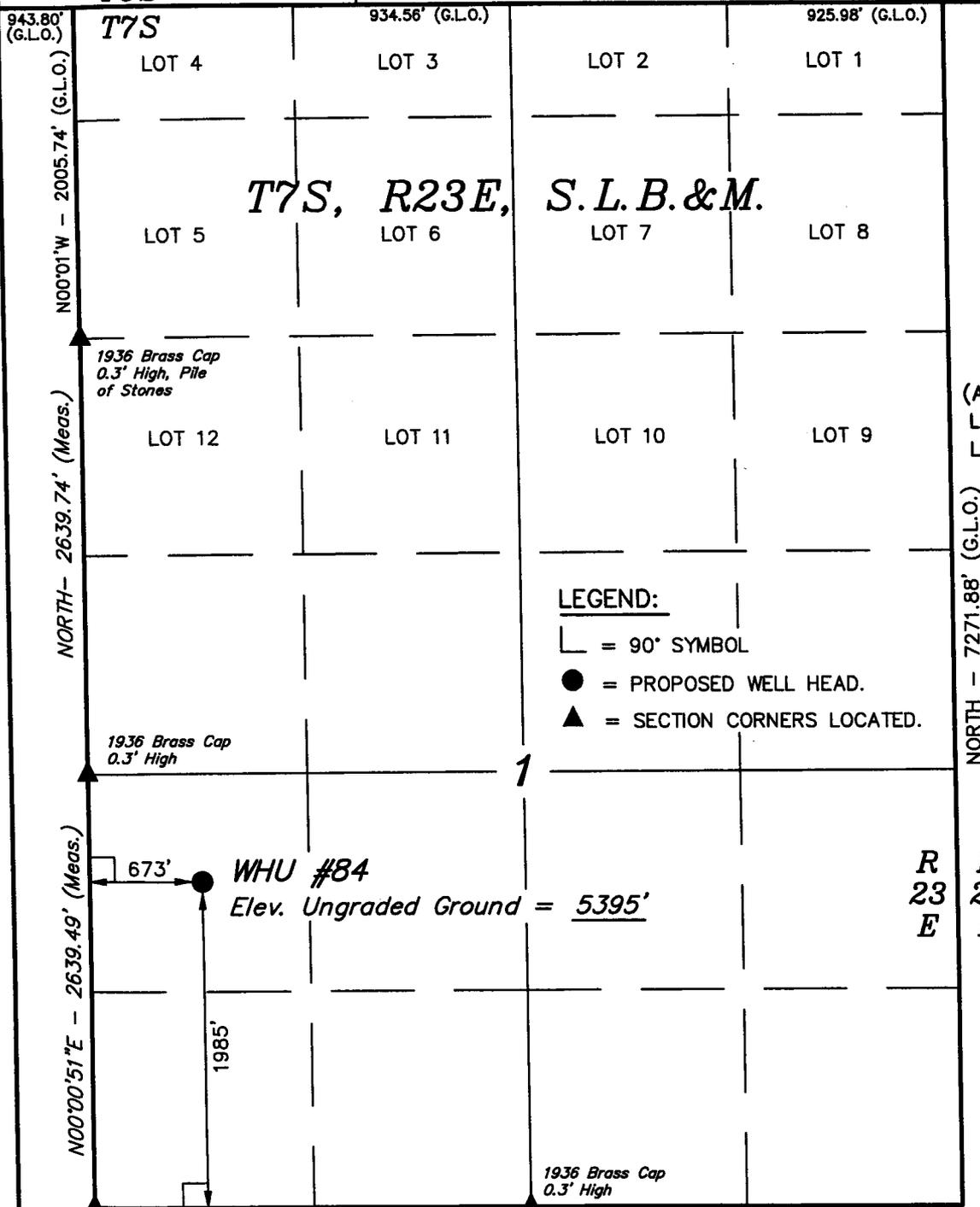
API NUMBER ASSIGNED: 43-047-35608

Federal Approval of this  
Action is Necessary

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 05-11-04  
By: *[Signature]*

T6S Sec. 36 EAST - 5280.00' (G.L.O.)



**CITATION OIL & GAS CORP.**

Well location, WHU #84, located as shown in the NW 1/4 SW 1/4 of Section 1, T7S, R23E, S.L.B.&M. Uintah County, Utah

**BASIS OF ELEVATION**

SPOT ELEVATION AT AN INTERSECTION LOCATED IN THE NE 1/4 OF SECTION 12, T7S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5608 FEET.

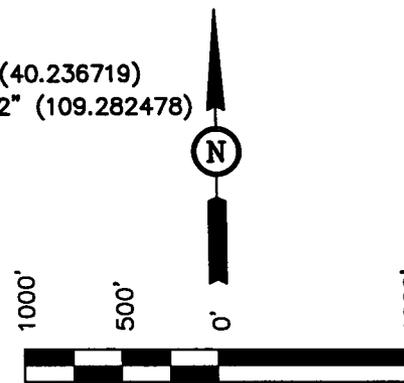
**BASIS OF BEARINGS**

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)

LATITUDE = 40°14'12.19" (40.236719)

LONGITUDE = 109°16'56.92" (109.282478)



**CERTIFICATE**

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

REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 01-14-04	DATE DRAWN: 01-28-04
PARTY B.B. T.H. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE CITATION OIL & GAS CORP.	

**WALKER HOLLOW UNIT NO. 84**  
**APD INFORMATION**  
**NW SW, Sec. 1, T-7-S, R-23-E**  
**Uintah County, Utah**

1. The geologic name of the surface formation: Quaternary Alluvium.
2. The estimated tops of important geological markers:

Green River (G.R.)	3061'
G.R. Du 5	4761'
G.R. Du 6	4991'
G.R. Du 7	5090'
G.R. Du 8	5286'
G.R. Du 8c	5381'
G.R. Du 8d	5466'
G.R. DL1A	5481'
G.R. K	5536'
<b>Total Depth</b>	<b>± 5501'</b>

3. The estimated depths at which anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered:

Fresh Water	Surface - 4761'.
Oil and Gas	4761' - TD.

4. Proposed casing program:

<u>String</u>	<u>Depth Interval</u>	<u>Size</u>	<u>Weight/Grade</u>	<u>Condition</u>
Surface	0 - +/-400'	8 5/8"	24#/ft, J-55	New
Production	0 - +/-5501'	5 1/2"	15.5#/ft, J-55	New

5. Minimum specifications for pressure control equipment:
  - a. Blowout preventers – Refer to Exhibit “A” for description of BOP stack and choke manifold.
  - b. Wellhead Equipment – Slip-on weld type with a 5000 psi rated working pressure. See Exhibit “B”
  - c. BOP Control Unit – Unit will be hydraulically operated and have at least 3 control stations.
  - d. Testing – When installed on the 8 5/8” surface casing, the BOP stack will be tested to a low pressure (200-300 psi) and a high pressure to 2100 psi. Casing rams will be tested in like manner when installed prior to running production casing. An operational test of the blowout preventers will be performed on each round trip (but not more than once each day); the annular and pipe ram preventers will be closed on drill pipe, and the blind rams will be closed while pipe is out of the hole.

6. Type and anticipated characteristics of drilling fluid:

<u>Depth Interval</u>	<u>Mud Type</u>
0' - Surface Casing Seat	Fresh Water Spud Mud-Air drill if possible
Surface Casing Seat - 2960'	GYP/Water. No Fluid loss control. 8.4 - 8.7 ppg.
2960'-TD	GEL/CHEM. Fluid loss 8-12CC's. 8.7 - 9.5 ppg

7. Auxiliary Control Equipment:

- a. Kelly Cocks: Upper and lower installed on kelly.
- b. Safety Valve: Full opening ball type to fit each type and size of drill pipe in use will be available on rig floor at all times, in open position for stabbing into drill pipe when kelly is not in the string.
- c. If available, a trip tank will be used during the drilling of the production hole to insure the hole is full.

8. Testing, Logging, and Completion Programs:

- a. Logging: Caliper – SFL – DIL – GR from base of surface casing (BSC) – TD.  
CNL – LDT – GR from BSC – TD.  
Microlog from BSC – TD.
- b. Maximum bottom hole formation pressure is anticipated at 2,200 psi based off formation pressure data acquired within the area through running Repeat Formation Testing Logs.

Completion – Formation: Green River – Zones: Du 8c, Du 8d, and DL1A.

Anticipated Completion Procedure: Selectively perforate from log analysis, acidize perforations with a 7 1/2% - 15% HCl acid, evaluate inflow performance, then sand fracture as deemed necessary for optimal commercial production.

- c. Production method: Rod pump through 2 7/8" tubing.
9. Hydrogen sulfide (H<sub>2</sub>S) should not be encountered, and no H<sub>2</sub>S hazards are anticipated. The well may be subject to offset waterflood pressure maintenance and therefore may require higher mud weights to control higher formation pressures from injection.
10. Starting date of drilling operations will depend on rig availability. It is anticipated that drilling and completion operations will occur between June through October in 2004.

# EXHIBIT "A"

## TYPICAL 3,000 PSI MINIMUM REQUIREMENTS BLOWOUT PREVENTER AND CHOKE MANIFOLD SCHEMATIC

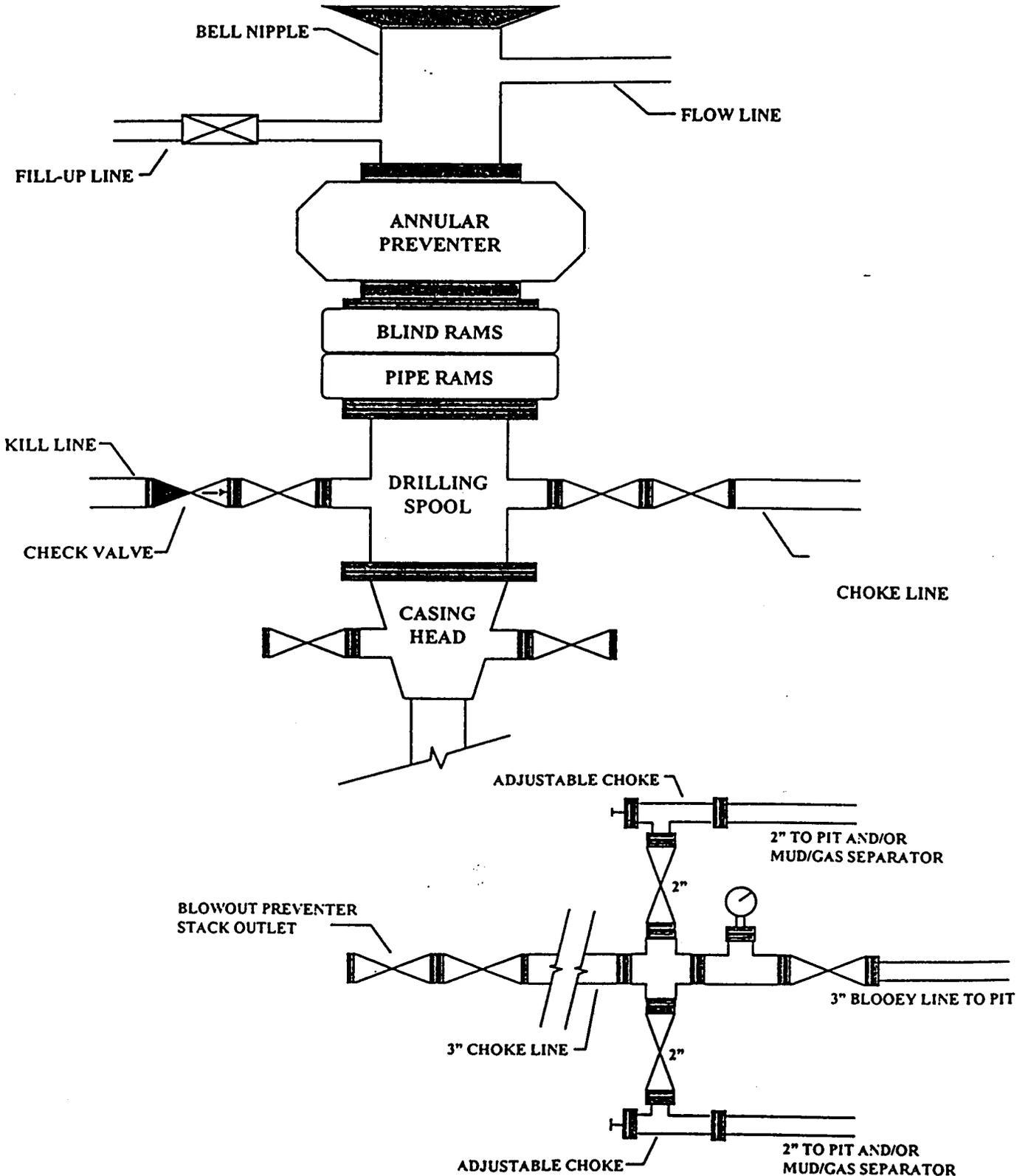
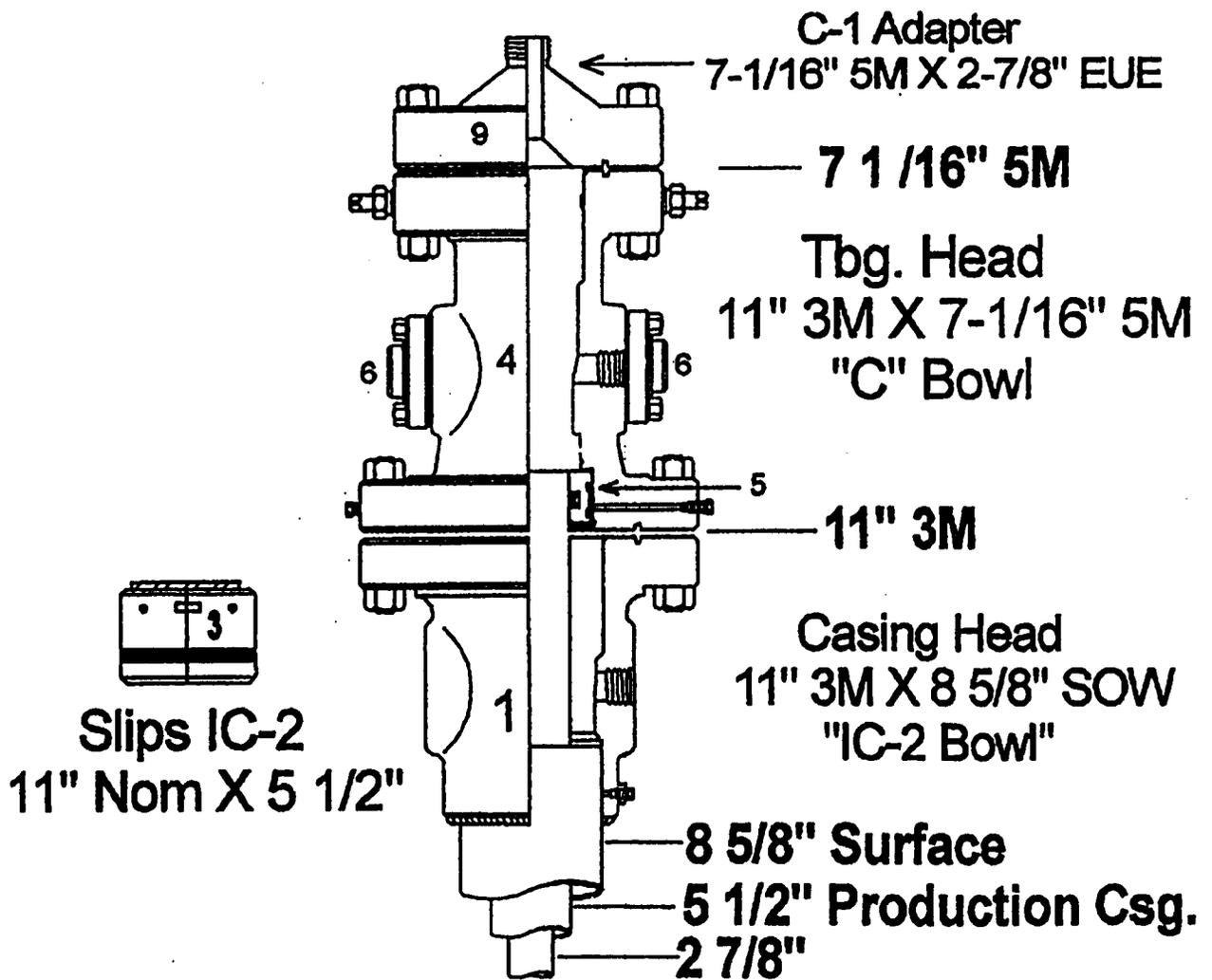


EXHIBIT "B"

**Citation Oil & Gas Corp.**

**Walker Hollow Field  
2003 Drilling Program  
8 5/8" X 5 1/2" X 2 7/8"**



**I. GENERAL INFORMATION**

WELL NAME: WALKER HOLLOW UNIT #84

AREA: WALKER HOLLOW UNIT

SURFACE LOCATION: 1985' FSL & 673' FWL  
NW SW, SEC. 1, T-7-S, R-23-E  
UINTAH CO., UT

BOTTOM HOLE LOCATION: 1985' FSL & 673' FWL  
NW SW, SEC. 1, T-7-S, R-23-E  
UINTAH CO., UT

OPERATOR: CITATION OIL & GAS CORPORATION

ENGINEER: JOHN LONG  
OFFICE: (307) 682-4853  
CELL: (307) 689-3406  
HOME: (307) 682-5482

CLASSIFICATION: DEVELOPMENTAL VERTICAL

ELEVATION (GR): 5,395' - ungraded, 5393' - graded

ESTIMATED DEPTH: 5,501' MD

ESTIMATED DRILLING TIME: 8 DAYS

OBJECTIVE: PRIMARY: GREEN RIVER (OIL)

WELL OBJECTIVE

The Walker Hollow Unit #84 is planned as a vertical test well drilled to the Green River Formation at an estimated total depth of 5,501'. It is classified as a development well.

A 12 1/4" surface hole will be drilled to ± 400', then 8 5/8", 24# surface casing will be set and cemented to surface in accordance with State of Utah/BLM requirements. The production casing will be 5 1/2", 15.5#, J-55 to be set at ± 5,501'. Lost circulation problems may be encountered from the top of the Green River formation at +/-3,061' to TD.

The surface hole to ± 400' is intended to be air-drilled using fresh water as needed. The production hole from ± 400' to ± 2960' will be drilled with fresh water using viscous sweeps to clean the hole. From ± 2960' to ± 5,501' (TD), the hole will be drilled with a gel-polymer fluid of 8.7 - 9.5 ppg to control fluid loss and provide adequate cleaning.

## II. OPERATIONAL DRILLING PROGRAM

Construct the location and reserve pit per pad layout plat in the APD. Set 14" conductor pipe at  $\pm 15'$  with a 6' diameter culvert to accommodate the drilling of the surface hole.

### A. 12 1/4" Hole: 8 5/8" Casing (surface to +/-400')

**Drill solids: 1 - 2%**

**Solids control: Reserve/blooiie pit**

**Fluid system: Air drill/fresh water.**

- Notify the BLM and other proper authorities 24 hours prior to spud.
- Air drill a 12 1/4" hole to +/-400'. Foam up if necessary.
- At TD, pump a high viscosity pill & circulate the hole clean. TOH.
- Run 8 5/8", 24 #/ft J-55 ST&C casing to TD and cement according to the attached program. (See D. below)
- Notify proper authorities (at least 24 hours prior to testing) about testing the BOPE.
- WOC a minimum of 4 hrs. Cut off 8 5/8" casing and install casing head. Cut casing off so that the top of the 8 5/8" casing head is at or slightly below ground level.
- Install BOPE, manifold, and control lines. Pressure test the casing head, blind rams, pipe rams, manifold, and 8 5/8" casing to 2100 psi. Pressure test annular preventer to 1500 psi.
- WOC a minimum of 12 hours prior to drilling the float equipment.

\*Note: Lost circulation is problematic in this area, especially if mud-up of the system is required for any reason. Keep a good supply of fibrous lost circulation materials on location for any mud losses.

### B. 7 7/8" Hole: 400' - $\pm 2,960'$ .

**Mud weight: 8.3 - 8.7 ppg**

**Drill solids: 1 - 2%**

**Solids control: Reserve pit**

**Fluid system: Fresh water W/appropriate viscosity and flocculent additives.**

- Drill out of the 8 5/8" casing with fresh water.
- Use viscous sweeps whenever necessary to ensure adequate hole cleaning while drilling with water.
- Keep the drilled solids to a minimum by using a selective flocculent.
- Use sweep treatments of drilling detergent to provide lubricity and minimize bit balling.
- Lost circulation is problematic in this area, especially if mud-up of the system is required for any reason. Keep a good supply of fibrous lost circulation materials on location for any mud losses.

**C. 7 7/8" Hole: ± 2,960' - ± 5,501'.**

**Mud weight: 8.7 - 9.5 ppg**

**Drill solids: 4 - 6%**

**Solids control: Adjustable linear shaker, Centrifuge, Mud Cleaner.**

**Fluid system: Mud up with a polymer-gel system.**

- Mud up with a polymer-gel system. Use caustic soda to achieve a 9.0 - 9.5 pH.
- Additional fluid loss control will be required in this interval. Use fluid loss additives as necessary to maintain the API fluid loss at 8 - 10 cc's/30 min or less.
- Sloughing may become problematic in this interval. If this occurs, reduce the API fluid loss further.
- Run all available solids control equipment to maintain the mud weight and keep solids as low as possible.
- Lost circulation will be problematic when mudded up. Pre-treating with 15 - 25% fibrous LCM is recommended prior to drilling below 2960'.
- The anticipated mud weight of this well is 8.7 - 9.5 ppg, but allow the hole to dictate the mud weight required. Penetrated intervals may be affected by the local waterflood and a higher mud weight may be required.
- For lost circulation, use pill treatments of 25 - 35% fibrous LCM. To fight lost circulation, pull up four stands and while moving pipe, spot a 15 - 20 ppb pill of varied size LCM. Allow the pill to sit and heal the zone prior to drilling ahead.

**\*NOTE: At +/-4100', notify COGC geology to come to location to choose TD based from mud log sample analysis. The "K" sequence of the Green River formation must not be penetrated!**

**D. Proposed Casing Design and Cement:**

- Surface Casing: Surface - +/-400', 8 5/8", 24 #/ft, J-55, ST&C.  
Cement: 20 BBLs pre-flush containing 4 sx Gel followed by 225 sx Class "A" cmt containing 2% CaCl<sub>2</sub> + .25 #/sk Flocele mixed at 15.6 ppg.
1. **Make sure all connections & csg jts are clean, drifted, & compatible prior to RIH.**
  2. **Float shoe & insert float collar connections need to be thread locked prior to RIH.**
  3. **Run centralizers: 1 on float shoe jt, 1 on jt above FC, 1 @ +/-200', then 1 on second to last jt from surface while RIH.**
  4. **Install cmt head. RU cement service. Test lines to 500 psi.**
  5. **Pump 1 BBL lse wtr spacer. Mix & pump cmt according to service company's recommendations.**
  6. **Pump plug. Displace cmt to FC W/lse wtr. Bump plug & hold final pressure for 5 minutes. RD cmt service.**

- **Production Casing: Surface – +/-5,501', 5 1/2", 15.5 #/ft, J-55, LT&C. Cement: CSG WILL BE ROTATED BUT NOT RECIPROCATED DURING JOB!** Lead system: 165 sx of lightweight grade (11.0 ppg – 3.91 cubic ft/sk) cmt with recommended additives. Tail system: 210 sx of 50:50 Pozmix class "G" + 10% salt + 2% Bentonite Gel + 0.2% Anti-foamer. Cement volumes may vary based upon hole caliper logs.

1. **Make sure all connections & csg jts are clean, drifted, & compatible prior to RIH.**
2. **Run two jts of csg between float shoe & FC.**
3. **All connections from float collar (FC) down need to be thread locked & tack welded prior to RIH.**
4. **Run alternating, left-hand/right-hand positive standoff Turbolizer type centrizers: 2 on float shoe jt & 2 on jt below FC utilizing stop collars to evenly space the centrizers on each jt, then 1 per jt in unproductive intervals or 2 per jt in productive intervals for the next 20 jts, then 1 every 5th jt to +/-30 jts from surface. RIH.**
5. **Install cmt head & swivel. RU cement service. Test lines to 5000 psi. Circ 1 1/2 times csg - hole annular volume to break back mud system.**
6. **Pump 5 BBLs lse wtr spacer. Mix & pump cmt according to service company's recommendations. Rotate pipe throughout cementing. Do not reciprocate pipe.**
7. **Drop plug. Displace cmt to FC W/lse wtr. Bump plug & hold final pressure for 5 minutes. RD cmt service.**

**E. Anticipated Bit Program:**

1. 12 1/4" IADC Bit #111 – Surface hole to +/-400'.
2. 7 7/8" IADC Bit #517Y, 400 - 3,200'.
3. 7 7/8" IADC Bit #527Y, 3,200 - 4,800'.
4. 7 7/8" IADC Bit #527Y, 4,800 - 5,501'.

## SURFACE USE PLAN: WHU #84

### **Citation Oil & Gas Corporation-Walker Hollow Unit**

Well WHU #84: 1985' FSL & 673' FWL, NW SW, Sec. 1, T-7-S, R-23-E, Uintah County, Utah

1. EXISTING ROADS – See enclosed survey package.
  - A. See enclosed survey package for the proposed well site as staked.
  - B. From Vernal, go south-easterly on Highway 45 approximately 21 miles, then easterly approximately 2.6 miles to Red Wash, then approximately 2.2 miles north-easterly to the Walker Hollow field, then on oil field roads approximately 5 miles to the proposed location.
  - C. See enclosed survey package for the new access road to be built:  
No new road will be needed to access Well #84
  - D. See enclosed survey package for the existing roads within a one-mile radius.
  - E. No improvements of existing roads will be required as the roads are being maintained in the oil field.
2. PLANNED ACCESS ROADS – No new road will be needed to access Well #84. See the enclosed survey package.
3. LOCATION OF EXISTING WELLS WITHIN A ONE-MILE RADIUS – See enclosed survey package for well numbers and locations.
  - A. Water wells – none.
  - B. Abandoned wells – WHU #'s: 78 & 79.
  - C. Temporarily Abandoned Wells – none.
  - D. Disposal Wells – none.
  - E. Drilling Wells – WHU #'s: 83, 85, 86, & 87.
  - F. Producing Wells – WHU #'s: 15, 21, 23, 25, 33, 38, 43, 45, 46, 47, 52, 54, 55, 56, 63, 69, & 76.
  - G. Shut-in Wells – WHU #'s: 30, 35, 37, 44, 57, & 58.
  - H. Injection Wells – WHU #'s: 17 & 18.
  - I. Monitoring or Observation Wells for Other Resources – none.
4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES –
  - A. Existing facilities are within a one-quarter (1/4) mile radius from the proposed location.
    1. Satellite Tank Battery – SE SW, Sec. 1, T-7-S, R-23-E.
    2. Production facilities are located at the tank battery site.
    3. Oil and Gas gathering lines, injection lines, and disposal lines where needed are laid along the existing or proposed roads to existing lines or tank battery site.
    4. The oil and gas gathering and fuel supply lines will be laid as shown in the enclosed survey package. These routes may serve for future use for injection or disposal lines.

Flowline: The flowline route will extend from the wellhead and tie into an existing flowline system at the edge of the well-site location. The total anticipated pipeline length is estimated at +/-100' as shown in the enclosed survey package. The line will be a surface line constructed from 2", schedule 40 steel line pipe and laid in conjunction with 2 – 1 1/4", schedule 40, steel heat tracing lines. All three lines will be wrapped with insulation that will subsequently be wrapped in colored tin in accordance with BLM guidelines.

Fuel Line: The fuel line route will extend from the wellhead and tie into an existing fuel supply line system at the edge of the well-site location. The total anticipated pipeline length is estimated at +/-100' as shown in the enclosed survey package. The line will be a surface line constructed from 2", SDR 7, polyethylene pipe.

- B. Citation Oil & Gas Corporation will make adjustments to enlarge existing tank batteries servicing the proposed location to accommodate the additional production if necessary.
- C. Rehabilitation will be done on any disturbed areas no longer needed for operations after completion of the production facilities. This will consist of reshaping the existing surface and seeding as specified.

5. LOCATION AND TYPE OF WATER SUPPLY -

- A. Water will be hauled over existing roads or piped alongside existing and proposed roads from the water flood plant or water flood distribution system. The water flood plant is located about 1.5 miles south-southeast of the proposed location.

1. Fresh water will be hauled in through contract trucking (DALBO, Inc. – water permit number 53617, telephone number 435-789-0743)

- B. No new roads will be needed for the water supply.

6. SOURCE OF CONSTRUCTION MATERIALS - Contractor will furnish gravel and haul from a source outside the area.

7. WASTE DISPOSAL –

- A. Drill cuttings will be disposed of in the reserve pit.
- B. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for backfilling. (In the event of a dry hole, pumpable liquid on the surface of the pit will be injected into the well to shorten the pit drying time.)
- C. Water produced during tests will be disposed of in the reserve pit. Oil produced during tests will be stored in test tanks until sold, at which time it will be hauled from site.
- D. Sewage from trailer houses will be collected in a sewage tank. The tank will be cleaned and the contents disposed of at an approved location as determined by the sewage service provider. Portable toilet facilities will also be provided for the rig crews. Waste removal and disposal will be handled by a professional sewage service and disposal provider.
- E. Trash, waste paper, and garbage will be contained in trash baskets covered with small mesh wire to prevent wind scattering. Trash will be hauled from location and disposed of in approved landfill facilities.
- F. When the rig moves out, all trash and debris left on location will be removed and disposed of appropriately.

8. ANCILLARY FACILITIES – No camps, airstrips, etcetera, will be constructed.

9. WELLSITE LAYOUT –

- A. See enclosed survey package for the proposed well-site layout.
- B. Included in the proposed well-site layout are: the proposed location of mud tanks, reserve pit, trash baskets, pipe racks, other major rig components, living facilities, stockpile, and turn-in from access road.

C. Mud pits in the active circulating system will be steel pits, and the reserve pit is proposed to be lined.

10. RESTORATION OF SURFACE –

- A. Upon completion of the operation and removal of any trash or debris as discussed earlier, pits will be backfilled and leveled or contoured as soon as practical after drying time. The drill-site surface will be re-shaped to combat erosion and stockpiled topsoil will be distributed to the extent available. Prior to leaving the drill-site upon rig move-out, any pit that is to remain open for drying will be fenced and so maintained until backfilled and reshaped.
- B. Citation Oil & Gas Corp. will rehabilitate the road as per BLM requirements.
- C. Re-vegetation of the drill pad will comply with the State of Utah Division of Oil, Gas, & Mining and/or BLM specifications.
- D. Any oil on pits will be removed and taken to the well battery for recovery.
- E. Rehabilitation operations will start the Spring after completion and finished by the following Fall to the State of Utah Division of Oil, Gas, & Mining and/or BLM specifications.

11. OTHER INFORMATION –

- A. The proposed well pad is located on clay soil. Other than sparse cedar trees, there is little vegetation.
- B. There is no surface use other than grazing and hunting.
- C. There are no major dwellings, archaeological, historical, or cultural sites apparent in the area.
- D. There are no ponds, streams, or water wells in the area.
- E. There are no buildings of any kind in the area.

12. OPERATOR'S REPRESENTATIVE – Citation Oil & Gas Corporation's contact personnel regarding compliance with the Surface Use Plan are:

Citation Oil & Gas Corporation  
Attn: John Long – Petroleum Engineer  
1016 E. Lincoln  
Gillette, WY 82716

Citation Oil & Gas Corporation  
Attn: Robert Eye – Field Foreman  
P.O. Box 1026  
Vernal, UT 84078

OR

Office Phone: 307-682-4853  
Cell Phone: 307-689-3406  
Home Phone: 307-682-5482

Office Phone: 435-790-4406  
Cell Phone: 435-790-4406  
Home Phone: 435-781-4147

13. CERTIFICATION – I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Citation Oil & Gas Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. A copy of this plan will be posted at the wellsite during the drilling of the well for reference by all contractors and subcontractors.

Date: 3-23-04

Signed: John R. Long  
John Long – Petroleum Engineer  
Citation Oil & Gas Corporation





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
Land Office  
Post Office Box No. 777  
Salt Lake City 10, Utah

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Certified Mail

March 19, 1959

DECISION

The Carter Oil Company

*6-132300*  
*cc. record noted*  
*Sheet flagged*  
*P. H. J. reg. J.*  
Serial Number  
Salt Lake 066312

Subject Oil and Gas Lease Segregated as to  
School Lands Affected by Public Law 340, as Amended  
Jurisdiction of State Portion of Lease Transferred to State of Utah

Title to a portion of the land in this lease vested in the State of Utah under the Dawson Act, Public Law 340 (68 Stat. 57) as amended. The State has succeeded to the position of lessor as to the State land.

The lessee and the State of Utah are hereby notified that this lease is herewith segregated into two separate leases. The State now has the exclusive right of administration, as lessor, over the lease to the extent it covers land vested in the State. The United States retains exclusive jurisdiction over the lease as to the Federal lands. The Appendix includes a description of the land in each lease as segregated.

The lessee is hereby notified that all future payments or correspondence concerning the segregated State lease shall be made to the Utah State Land Board, 105 State Capitol Building, Salt Lake City. All future payments or correspondence concerning the segregated Federal lease shall continue to be made to the Bureau of Land Management, P. O. Box 777, Salt Lake City 10, Utah.

The State of Utah is notified by an enclosed accounting advice of the allocation of rents or royalties accrued since title vested in the State. Payments already made are not listed. Payment will be made to the State in due course for the balance due.

The right of appeal to the Director, Bureau of Land Management, is allowed in accordance with information in enclosed Form 4-1366 made a part hereof. An appeal filed in accordance with the regulations in attached form 4-1364 will be properly filed.

Ernest E. House  
Manager

Enclosure  
Copy to: Utah State Land Board

*J. L. Kirk*  
Acting

(2)  
APPENDIX

1. Original Federal Lease

Serial Number: Salt Lake 066312  
Date Issued: November 1, 1948  
Extended by production

2. Segregated State portion

Title to Land vested under Act of June 6, 1955  
Date transferred to State: November 1, 1956  
Description of lands:

T. 7 S., R. 23 E., S. L. Mer., Utah  
Sec. 2: Lots 1 thru 8, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$  (all)

883.36 acres

Uintah County

3. Segregated Federal portion

Description of lands:

T. 7 S., R. 23 E., S. L. Mer., Utah  
Sec. 1: Lots 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$   
Sec. 3: Lots 1 thru 12, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$   
Sec. 4: Lots 1, 2, 7, 8, 9, 10, S $\frac{1}{2}$ NE $\frac{1}{4}$

1644.97 acres

Uintah County

**The United States of America,**

To all to whom these presents shall come, Greeting:

WHEREAS, There are now deposited in the Bureau of Land Management of the United States an application by the State of Utah and a decision of the Land Office at Salt Lake City, Utah, directing that a patent issue to the State of Utah under the provisions of the Act of Congress approved June 21, 1934 (48 Stat. 1185), entitled "An Act Authorizing the Secretary of the Interior to issue patents to the numbered school sections in place, granted to the States by the Act approved February 22, 1889, by the Act approved January 25, 1927 (44 Stat. 1026), and by any other Act of Congress," for the following numbered school section lands in place, granted for the support of common schools and the title to which vested in the State of Utah under the Act of July 11, 1956 (70 Stat. 529), upon the date of the act:

Salt Lake Meridian, Utah.

T. 7 S., R. 23 E.,

Sec. 2, All.

The area described contains 883.36 acres, according to the Official Plat of the Survey of the said Land, on file in the Bureau of Land Management:

NOW, THEREFORE, KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, and in conformity with the said Act of Congress of June 21, 1934 and as evidence of the title which was granted to and vested in the State of Utah to the above described land on July 11, 1956, for the support of common schools, as aforesaid, and in confirmation of such title for such purpose, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT, unto the said State of Utah, and to its assigns, the lands above described; TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, therunto belonging, unto the said State of Utah, and to its assigns forever.

In accordance with subsection (d) of section 1 of the Act of January 25, 1927 (44 Stat. 1026), as amended by the Act of July 11, 1956 (70 Stat. 529; 43 U.S.C. 870 (4) (2)), the State of Utah succeeded to the position of the United States as lessor of oil and gas lands Salt Lake City 066312 at the time the title to the lands described herein vested in the State.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in the District of Columbia, the EIGHTEENTH day of MAY in the year of our Lord one thousand nine hundred and SIXTY and of the Independence of the United States the one hundred and EIGHTY-FOURTH.

[SEAL]

For the Director, Bureau of Land Management.

By Ruth W. Talley  
Chief, Patents Section.Patent Number 1208696



SEV-3924 (11590)

Form 4-218  
(August 1947)

RECEIVED  
SALT LAKE CITY  
BUREAU OF LAND MANAGEMENT

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
NONCOMPETITIVE

Office Salt Lake City  
Serial 066312 - State

57

LEASE OF OIL AND GAS LANDS UNDER THE ACT OF  
FEBRUARY 25, 1920, AS AMENDED WALK - 30807

THIS INDENTURE OF LEASE, entered into, in triplicate, as of the day of **NOV 1 1948** by and between the UNITED STATES OF AMERICA, through the Bureau of Land Management, party of the first part, and Fenneken S. Smith, 1442 Leadville Avenue, Salt Lake City, Utah;

party of the second part, hereinafter called the lessee, under, pursuant, and subject to the terms and provisions of the act of February 25, 1920 (41 Stat. 437), as amended, hereinafter referred to as the act, and to all reasonable regulations of the Secretary of the Interior now or hereafter in force when not inconsistent with any express and specific provisions herein, which are made a part hereof, WITNESSETH:

SECTION 1. Rights of Lessee.—That the lessor, in consideration of rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits except helium gas in or under the following-described tracts of land situated in ~~the~~

- T. 7 S., R. 23 E., S.L.M., Utah;
  - sec. 1, lots 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ ;
  - sec. 2, all;
  - sec. 3, lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$ , SE $\frac{1}{4}$ ;
  - sec. 4, lots 1, 2, 7, 8, 9, 10, S $\frac{1}{2}$ NE $\frac{1}{4}$ .
- x  
x  
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containing 2,528.33 acres, more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph or telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a period of 5 years, and so long thereafter as oil or gas is produced in paying quantities; subject to any unit agreement heretofore or hereafter approved by the Secretary of the Interior, the provisions of said agreement to govern the lands subject thereto where inconsistencies with the terms of this lease occur.

SEC. 2. In consideration of the foregoing, the lessee hereby agrees:  
(a) Bonds.—(1) To maintain any bond furnished by the lessee as a condition for the issuance of this lease. (2) If the lease is issued noncompetitively, to furnish a bond in a sum double the amount of the \$1 per acre annual rental, but not less than \$1,000 nor more than \$5,000, upon the inclusion of any part of the leased land within the geologic structure of a producing oil or gas field. (3) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by the lessor a bond in the penal sum of \$5,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon compliance with the terms of this lease, unless a bond in that amount is already being maintained or unless such a bond furnished by an approved operator of the lease is accepted.

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Until a general lease bond is filed a noncompetitive lessee will be required to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface rights. In all other cases where a bond is not otherwise required, a \$1,000 bond must be filed for compliance with the lease obligations not less than 90 days before the due date of the next unpaid annual rental, but this requirement may be successively dispensed with by payment of each successive annual rental not less than 90 days prior to its due date.

(b) Cooperative or unit plan.—Within 30 days of demand, or if the land is within an approved unit plan, in the event such a plan is terminated prior to the expiration of this lease, within 30 days of demand made thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) Wells.—(1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor or lands of the United States leased at a lower royalty rate, or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined under instructions of said Secretary; (2) at the election of the lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior; and (3) promptly after due notice in writing to drill and produce such other wells as the Secretary of the Interior may require to insure diligence in the development and operation of the property.

(d) Rentals and royalties.—(1) To pay the rentals and royalties set out in the rental and royalty schedule attached hereto and made a part hereof.

(2) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas; due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the calendar month next following the calendar month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such tanks provided by the lessee as reasonably may be required by the lessor, but in no case shall the lessee be required to hold such royalty oil or other products in storage beyond the last day of the calendar month next following the calendar month in which produced. The lessee shall not be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Royalties shall be subject to reduction on the entire leasehold or on any portion thereof segregated for royalty purposes if the Secretary of the Interior finds that the lease cannot be successfully operated upon the royalties fixed herein, or that such action will encourage the greatest ultimate recovery of oil or gas or promote conservation.

(e) Contracts for disposal of products.—Not to sell or otherwise dispose of oil, gas, natural gasoline, and other products of the lease except in accordance with a contract or other arrangement first approved by the Director of the Geological Survey or his representative, such approval to be subject to review by the Secretary of the Interior but to be effective unless and until revoked by the Secretary or the approving officer, and to file with such officer all contracts or full information as to other arrangements for such sales.

(f) Statements, plats, and reports.—At such times and in such form as the lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amounts used for production purposes or unavoidably lost; a plat showing development work and improvements on the leased lands and a report with respect to stockholders, investment, depreciation, and costs.

(g) Well records.—To keep a daily drilling record, a log, and complete information on all well surveys and tests in form acceptable to or prescribed by the lessor of all wells drilled on the leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof to the lessor when required.

(h) Inspection.—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises and all wells, improvements, machinery, and fixtures thereon and all books, accounts, maps, and records relative to operations and surveys or investigations on the leased lands or under the lease.

(i) Payments.—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to the lessor, to the order of the Treasurer of the United States, such payments to be tendered to the manager of the district land office in the district in which the lands are located or to the Director of the Bureau of Land Management if there is no district land office in the State in which the lands are located.

(j) Diligence—Prevention of waste—Health and safety of workmen.—To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations in accordance with approved methods and practice as provided in the operating regulations, having due regard for the prevention of waste of oil or gas or damage to deposits or formations containing oil, gas, or water or to coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees; to plug properly and effectively all wells before abandoning the same; to carry out at expense of the lessee all reasonable orders of the lessor relative to the matters in this paragraph, and that on failure of the lessee so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessee's cost: Provided, that the lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(k) Taxes and wages—Freedom of purchase.—To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil, and gas produced from the lands hereunder, or other rights, property, or assets of the lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(l) Nondiscrimination.—Not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and to require an identical provision to be included in all subcontracts.

(m) Assignment of oil and gas lease or interest therein.—To file within 30 days from the date of final execution any instrument of transfer made of this lease, or any interest therein, including assignments of record title, working or royalty interests, operating agreements and subleases for approval, such instrument to take effect upon its final approval by the Director, Bureau of Land Management, as of the first day of the lease month following the date of filing in the proper land office.

(n) Pipe lines to purchase or convey at reasonable rates and without discrimination.—If owner, or operator, or owner of a controlling interest in any pipe line or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipe line.

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operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the act.

(c) Reserved deposits.—To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(p) Reserved or segregated lands.—If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(q) Overriding royalties.—To limit the obligation to pay overriding royalties or payments out of production in excess of 5 percent to periods during which the average production per well per day is more than 15 barrels on an entire leasehold or any part of the area thereof or any zone segregated for the computation of royalties.

(r) Deliver premises in cases of forfeiture.—To deliver up the premises leased, with all permanent improvements thereon, in good order and condition in case of forfeiture of this lease; but this shall not be construed to prevent the removal, alteration, or renewal of equipment and improvements in the ordinary course of operations.

SEC. 3. The lessor expressly reserves:

(a) Rights reserved—Easements and rights-of-way.—The right to permit for joint or several use easements or rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same or of other lands containing the deposits described in the act, and the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) Disposition of surface.—The right to lease, sell, or otherwise dispose of the surface of any of the lands embraced within this lease which are owned by the United States under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the lessee in the extraction and removal of the oil and gas therein.

(c) Monopoly and fair prices.—Full power and authority to promulgate and enforce all orders necessary to insure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) Helium.—Pursuant to section 1 of the act, and section 1 of the act of March 3, 1927 (44 Stat. 1387), as amended, the ownership and the right to extract helium from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the lessor elects to take the helium the lessee shall deliver all gas containing same, or portion thereof desired, to the lessor at any point on the leased premises in the manner required by the lessor, for the extraction of the helium in such plant or reduction works for that purpose as the lessor may provide, whereupon the residue shall be returned to the lessee with no substantial delay in the delivery of gas produced from the well to the purchaser thereof. The lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The lessor further reserves the right to erect, maintain, and operate any and all reduction works and other equipment necessary for the extraction of helium on the premises leased.

(e) Taking of royalties.—All rights pursuant to section 36 of the act, to take royalties in amount or in value of production.

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(f) Casing.—All rights pursuant to section 40 of the act to purchase casing and lease or operate valuable water wells.

(g) Fissionable materials.—Pursuant to the provisions of the act of August 1, 1946 (Public Law 585, 79th Congress) all uranium, thorium, or other material which has been or may hereafter be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine and remove the same, making just compensation for any damage or injury occasioned thereby.

SEC. 4. Drilling and producing restrictions.—It is covenanted and agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee, or State or Federal officer or agency so authorized in the unit plan, may alter or modify from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

SEC. 5. Surrender and termination of lease.—The lessee may surrender this lease or any legal subdivision thereof by filing in the proper land office a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the regulations and the terms of the lease, to be accompanied by a statement that all wages and moneys due and payable to the workmen employed on the land relinquished have been paid.

SEC. 6. Purchase of materials, etc., on termination of lease.—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessor or another lessee may, if the lessor shall so elect, within 3 months from the termination of the lease, purchase all materials, tools, machinery, appliances, structures, and equipment placed in or upon the land by the lessee, and in use thereon as a necessary or useful part of an operating or producing plant, on the payment to the lessee of such sum as may be fixed as a reasonable price therefor by a board of three appraisers, one of whom shall be chosen by the lessor, one by the lessee, and the other by the two so chosen; pending such election all equipment shall remain in normal position. If the lessor, or another lessee, shall not within 3 months elect to purchase all or any part of such materials, tools, machinery, appliances, structures, and equipment, the lessee shall have the right at any time, within a period of 90 days thereafter to remove from the premises all the material, tools, machinery, appliances, structures, and equipment which the lessor shall not have elected to purchase, save and except casing in wells and other equipment or apparatus necessary for the preservation of the well or wells. Any materials, tools, machinery, appliances, structures, and equipment, including casing in or out of wells on the leased lands, shall become the property of the lessor, on expiration of the period of 90 days above referred to or such extension thereof as may be granted on account of adverse climatic conditions throughout said period.

SEC. 7. Proceedings in case of default.—If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or make default in the performance or observance of any of the terms, covenants, and stipulations hereof and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, the lease may be canceled by the Secretary of the Interior in accordance with section 31 of the act, as amended, and all materials, tools, machinery, appliances, structures, equipment, and wells shall thereupon become the property of the lessor, except that if said lease covers lands known to contain valuable deposits of oil or gas, the lease may be canceled only by judicial proceedings in the manner provided in section 31 of the act; but this provision shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular

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cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture, or for the same cause occurring at any other time.

SEC. 8. Heirs and successors in interest.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

SEC. 9. Unlawful interest.—It is also further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified, and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of section 3741 of the Revised Statutes of the United States, and sections 114, 115, and 116 of the Codification of the Penal Laws of the United States approved March 4, 1909 (35 Stat. 1109), relating to contracts, entered into and form a part of this lease so far as the same may be applicable.

IN WITNESS WHEREOF:

THE UNITED STATES OF AMERICA.

By L. E. Howard  
Director of the Bureau of Land Management.

Fernando S. Smith  
Witnesses to signature of lessee.

Lessee.

Schedule "A"

RENTALS AND ROYALTIES

Rentals.—To pay the lessor in advance on the first day of the month in which the lease issues a rental at the following rates:

(a) If the lands are wholly outside the known geologic structure of a producing oil or gas field:

- (1) For the first lease year, a rental of 50 cents per acre.
- (2) For the second and third lease years, no rental.
- (3) For the fourth and fifth years, 25 cents per acre.
- (4) For the sixth and each succeeding year, 50 cents per acre.

(b) On leases wholly or partly within the geologic structure of a producing oil or gas field:

- (1) Beginning with the first lease year after 30 days' notice that all or part of the land is included in such a structure and for each year thereafter, prior to a discovery of oil or gas on the lands herein, \$1 per acre.
- (2) On the lands committed to an approved cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production, for the lands not within the participating area an annual rental of 50 cents per acre for the first and each succeeding lease year following discovery.

Minimum royalty.—To pay the lessor in lieu of rental at the expiration of each lease year after discovery a minimum royalty of \$1 per acre or, if there is production, the difference between the actual royalty paid during the year and the prescribed minimum royalty of \$1 per acre, provided that on unitized leases, the minimum royalty shall be payable only on the participating acreage.

Royalty on production.—To pay the lessor 12½ percent royalty on the production removed or sold from the leased lands.

The average production per well per day for oil and for gas shall be determined pursuant to 30 CFR, Part 221, "Oil and Gas Operating Regulations."

In determining the amount or value of gas and liquid products produced, the amount or value shall be net after an allowance for the cost of manufacture. The allowance for cost of manufacture may exceed two-thirds of the amount or value of any product only on approval by the Secretary of the Interior.

DALBO INC. / A-1 TANK RENTAL  
 P. O. BOX 1168  
 VERNAL, UT 84078  
 (435) 789-0743  
 FAX (435) 789-9208

TO: John - Citation  
 FROM: Buggs  
 DATE: 10/29/02  
 TOTAL PAGES SENT: 4

PLEASE NOTIFY US IF YOU DO NOT RECEIVE ALL THE ABOVE PAGES. OUR FAX NUMBER IS (435) 789-9208.

17. If application is for domestic purposes, number of persons \_\_\_\_\_, or families \_\_\_\_\_
18. If application is for municipal purposes, name of municipality \_\_\_\_\_
19. If application is for other uses, include general description of proposed uses Making Brine Drilling fluid for drilling oil and gas wells
20. Give place of use by legal subdivision of the United States Land Survey for all uses described in paragraphs 14 to 19, incl. SW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 32, T4S, R3E, USB&M
21. The use of water as set forth in this application will consume .015 second-foot and/or acre-feet of water and None second feet and/ or acre feet will be returned to the natural stream or source at a point described as follows: \_\_\_\_\_

Page 2

EXPLANATORY

The following additional facts are set forth in order to define more clearly the full purpose of the proposed application:

[Lined area for explanatory text]

(Use page 4 if additional explanatory is needed.)

The quantity of water sought to be appropriated is limited to that which can be beneficially used for the purpose herein described

[Signature]
Signature of Applicant

\*If applicant is a corporation or other organization, signature must be the name of such corporation or organization by its proper officer, or in the name of the partnership by one of the partners, and the names of the other partners shall be listed. If a corporation or partnership, the affidavit below need not be filled in. If there is more than one applicant, a power of attorney, authorizing one to act for all, should accompany the Application.

DECLARATION OF CITIZENSHIP

STATE OF UTAH, Utah } ss
County of \_\_\_\_\_

On the 17th day of August, 1979, personally appeared before me, a notary public for the State of Utah, the above applicant who, on oath, declared that he is a citizen of the United States, or has declared his intention to become a citizen.

My commission expires \_\_\_\_\_



[Signature: Theodor Baldwin]
Notary Public

RECEIVED

FEEES FOR APPLICATIONS TO APPROPRIATE WATER IN UTAH AUG 22 1979

Flow rate — c.f.s.	Cost
0.0 to 0.1 .....	\$ 15.00
over 0.1 to 0.5 .....	30.00
over 0.5 to 1.0 .....	45.00
over 1.0 to 15.0 .....	45.00 plus \$7.50 for each cfs above the first cubic foot per second.
over 15.0 .....	150.00

Storage — acre-feet	Cost
0 to 20 .....	22.50
over 20 to 500 .....	45.00
over 500 to 7500 .....	45.00 plus \$7.50 for each 500 a.f. above the first 500 acre feet.
over 7500 .....	150.00

(This section is not to be filled in by applicant)

11:55 a.m

STATE ENGINEER'S ENDORSEMENTS

1. 17 August 1979 Application received ~~over counter~~ <sup>by mail</sup> in State Engineer's office by 74.3
2. Priority of Application brought down to, on account of .....
3. 8/23/79 Application fee, \$15.00, received by W.S. Rec. No. 04730
4. 9/24/79 Application microfilmed by ..... Roll No. 874-4
5. 9/22/79 Indexed by dpk Platted by Mr. 34-79  
(D-4-3) 32 c.f.s.
6. 17 August 1979 Application examined by 74.3
7. Application returned, ..... or corrected by office .....
8. Corrected Application resubmitted <sup>by mail</sup> ~~over counter~~ to State Engineer's office.
9. 17 August 1979 Application approved for advertisement by .....
10. OCT 11 1979 Notice to water users prepared by W.S.
11. OCT 14 1979 Publication began; was completed NOV 1 1979  
Notice published in UTAH JOURNAL
12. 10/19/79 Proof slips checked by W.S.
13. Application protested by .....
14. 11/5/79 Publisher paid by M.E.V. No. 631210
15. Hearing held by .....
16. Field examination by .....
17. 12/14/79 Application designated for approval <sup>rejection</sup> RF 5.61
18. 2/1/80 Application copied or photostated by slf proofread by .....
19. 2/1/80 Application ~~approved~~
20. Conditions:  
This Application is approved, subject to prior rights, as follows:  
a. Actual construction work shall be diligently prosecuted to completion.  
b. Proof of Appropriation shall be submitted to the State Engineer's office by 6/30/82  
c. ....
21. Time for making Proof of Appropriation extended to .....
22. Proof of Appropriation submitted.
23. Certificate of Appropriation, No. ...., issued

*Carl M. Staker*  
FOR Dee C. Hansen, State Engineer

Application No. 53617

DALBO INC. / A-1 TANK RENTAL  
 P. O. BOX 1168  
 VERNAL, UT 84078  
 (435) 789-0743  
 FAX (435) 789-9208

TO: John - Citation

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[Signature]
Signature of Applicant\*

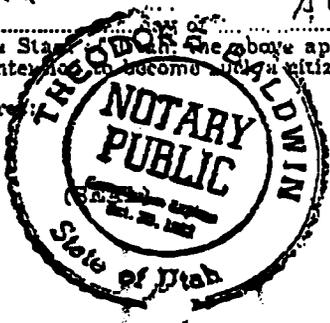
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DECLARATION OF CITIZENSHIP

STATE OF UTAH, Utah } us
County of.....

On the 17th day of August, 1979, personally appeared before me, a notary public for the State of Utah, the above applicant who, on oath, declared that he is a citizen of the United States, or has declared his intention to become a citizen.

My commission expires.....



[Signature: Theodore Baldwin]
Notary Public

RECEIVED

FEEES FOR APPLICATIONS TO APPROPRIATE WATER IN UTAH AUG 22 1979

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13. Application protested by .....
14. 11/5/79 Publisher paid by M.E.V. No. 631210
15. Hearing held by .....
16. Field examination by .....
17. 12/14/79 Application designated for approval rejection *RFA S.G.*
18. 2/1/80 Application copied or photostated by *slf* proofread by .....
19. 2/1/80 Application approved ~~rejected~~
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This Application is approved, subject to prior rights, as follows:  
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22. Proof of Appropriation submitted.
23. Certificate of Appropriation, No. ...., issued

*Carl M. Staker*  
FOR Dee C. Hansen, State Engineer

Application No. 53617

CULTURAL RESOURCE INVENTORY OF CITATION OIL AND  
GAS CORPORATION'S 5 WELL LOCATIONS IN  
WALKER HOLLOW OIL FIELD, UINTAH COUNTY, UTAH

Keith R. Montgomery

**CULTURAL RESOURCE INVENTORY OF CITATION OIL AND GAS  
CORPORATION'S 5 WELL LOCATIONS IN WALKER HOLLOW  
OIL FIELD, UINTAH COUNTY, UTAH**

**By:**

**Keith R. Montgomery**

**Prepared For:**

**Bureau of Land Management  
Vernal Field Office  
and  
State Institutional Trust Lands Administration (SITLA)  
Salt Lake City, Utah**

**Prepared Under Contract With:**

**Citation Oil and Gas Corporation  
1016 East Lincoln St.  
Gillette, Wyoming 82716**

**Prepared By:**

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

**March 25, 2004**

**MOAC Report No. 04-55**

**United States Department of Interior (FLPMA)  
Permit No. 03-UT-60122**

**State of Utah Antiquities Project (Survey)  
Permit No. U-04-MQ-0258b,s**

## INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) for Citation Oil and Gas proposed well locations WHU #83, WHU #84, WHU #85, WHU # 86, and WHU #87 in the Walker Hollow Oil Field. The project area is located in and around Walker Hollow, to the north of Red Wash, east of Vernal, Uintah County, Utah. The survey was implemented at the request of Mr. John Long, Citation Oil and Gas Corporation, Vernal, Utah. The project includes a total of 57.2 acres, 23.6 of which are situated on public land administered by the Bureau of Land Management (BLM), Vernal Field Office, and 33.6 acres which are administered by the State of Utah, School and Institutional Trust Land Administration (SITLA).

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 inventories were 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 the Utah State Antiquities Act of 1973 (amended 1990).

The fieldwork was performed on March 18 and 19, 2004 by Keith Montgomery, under the auspices of U.S.D.I. (FLPMA) Permit No. 03-UT-60122, State of Utah Antiquities Permit (Survey) No. U-04-MQ-0258b,s issued to Montgomery Archaeological Consultants, Moab, Utah.

A file search for previous cultural resource inventories and archaeological sites was conducted by Marty Thomas at Utah Division of State History on March 19, 2004. This consultation indicated that several archaeological inventories have been conducted in the vicinity of the project area; no archaeological sites are documented within the project area. Archeological-Environmental Research Corporation (AERC) conducted an archaeological inventory of proposed oil and gas well locations for Exxon Corporation in the Walker Hollow area in 1978, finding no cultural resources (Hauck 1978). In 1979, Nickens and Associates conducted a 10 percent stratified random sampling of the 128,000-acre Red Wash Cultural Resources Study Tract in Uintah County, Utah (Larralde and Nickens 1980). For this study, 320 40-acre parcels were surveyed, resulting in the documentation of 26 archaeological sites. One historic site, the Kennedy Stage Stop (42Un799), of the Uintah Railway System, was recorded. The remaining 25 sites are prehistoric, and include temporary camps, lithic scatters, a lithic and ceramic scatter, and a quarry (42Un795-820). AERC conducted an inventory of a proposed drill pad, access road, tank battery and borrow area in 1980 for Exxon (Hauck 1980a). The proposed tank battery occurs at the location for the current proposed well WHU #84. No cultural resources were found. Also in 1980, AERC evaluated seven proposed well locations in the Walker Hollow Field, finding

no cultural resources (Hauck 1980b). In 1981, AERC conducted archaeological evaluations of five flowline corridors and well location #54 for Exxon Corporation, finding no cultural resources (Hauck 1981a). That same year, AERC conducted an additional five projects pertaining to oil and gas development in the Walker Hollow area (Hauck 1981b, 1981c, 1981d, 1981e, 1981f). These investigations yielded a finding of no cultural resources, with the exception of an isolated find (obsidian secondary flake) documented during the inventory of the Kienitz Federal No. 3 and 4 well locations. AERC in 1984 surveyed a proposed well location in the Walker Hollow Locality (Milsen Federal No. 1) finding no cultural resources (Hauck 1984). In 1986, AERC inventoried a proposed access route between well locations #79 and #80 for Exxon Corporation, finding no cultural resources (Hauck 1986).

## PROJECT AREA

Citation Oil and Gas Corporation's proposed well locations WHU #83, WHU #84, WHU #85, WHU #86, and WHU #87 with associated access roads are located in the Walker Hollow Oil Field, Uintah County, Utah (Figure 1). Well location WHU #83 is located in T 7S, R 23E, Section 2, 421 ft FSL and 1849 ft FWL. Well location WHU #84 is located in T 7S, R 23E, Section 1, 1985 ft FSL and 673 ft FWL. Well location WHU #85 is located in T 7S R 23E, Section 2, 1908 ft FSL and 1996 ft FEL. Well location WHU #86 is located in T7S, R23E, Section 1, 3541 ft FSL and 2085 ft FWL. Well location WHU #87 is located in T7S, R23E, Section 2, 3087 ft FSL and 750 ft FEL.

The project area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The entire Uinta Basin ecosystem is within the Green River drainage, considered to be the northernmost extension of the Colorado Plateau. Red Wash occurs within the Central Badlands District of the Uintah Basin, which is an area of broad erosional benches with extensive badland rims along the drainages. The heavily eroded benches and mesas are capped with sand and silt which erode downslope forming areas of sand dunes, sand sheets, and colluvial clays. The elevation of the project area is 5180 to 5380 feet a.s.l.

Specifically, the inventory area is situated in and around Walker Hollow, to the north of Red Wash and Deadman Bench. Geologically, the area includes recent alluvial deposits, older alluvial terrace deposits, and rock outcrops of the Upper Eocene Uinta Formation. The Uinta Formation occurs as eroded outcrops formed by fluvial deposited stream laid interbedded sandstone and mudstone. This formation is known for its fossil vertebrate turtles, crocodilians, fish, and mammals. Vegetation in the project area includes juniper, greasewood, shadscale, rabbitbrush, Mormon tea, snakeweed, and prickly pear cactus. Modern disturbances include livestock grazing, roads, and oil/gas development.

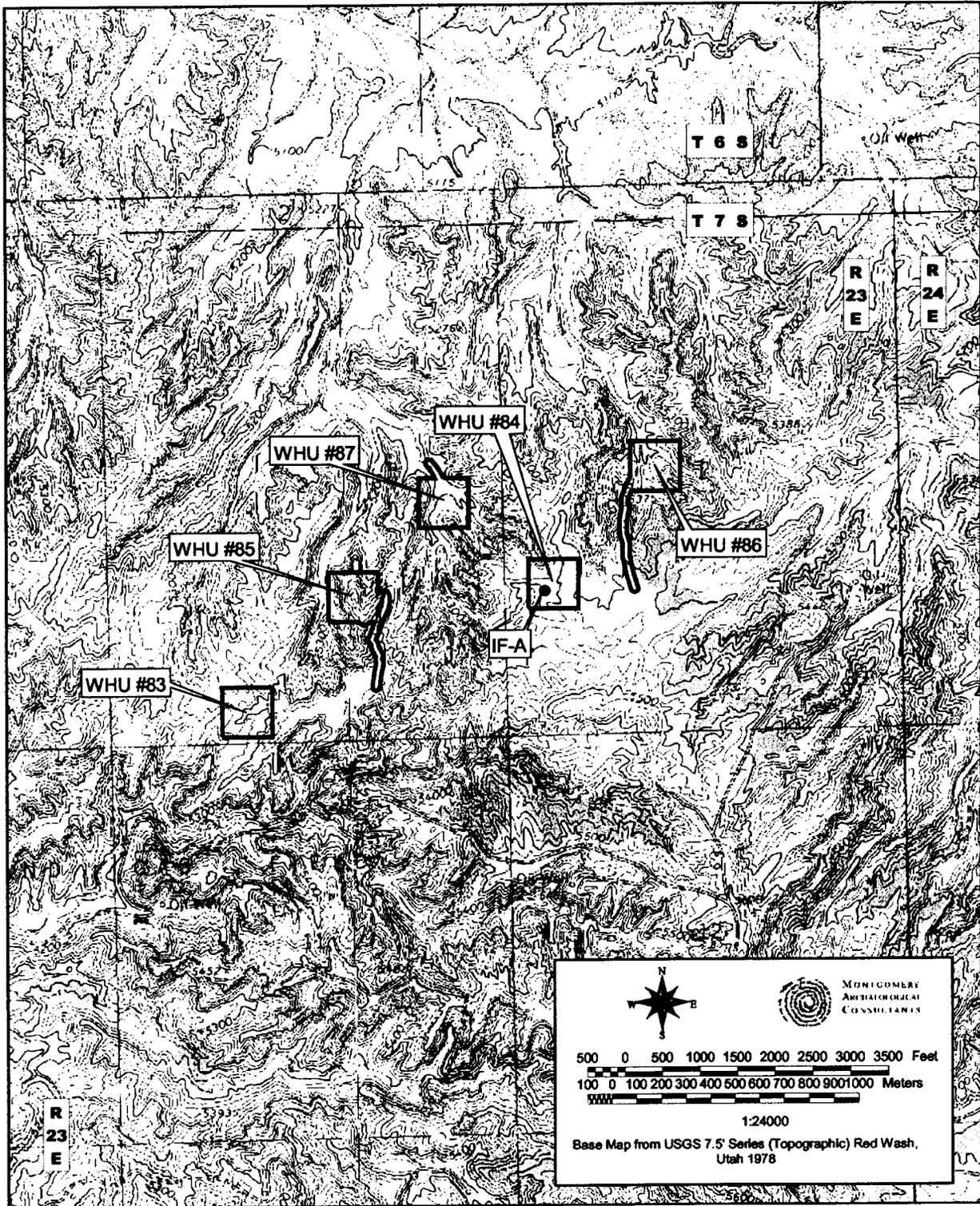


Figure 1. Citation Oil and Gas Corporation's Five Well Locations in Walker Hollow, Uintah County, UT. USGS Red Wash, UT 7.5', 1968.

## SURVEY METHODOLOGY

An intensive pedestrian survey was completed for this project which is considered 100% coverage. The survey was performed by Keith Montgomery, Principal Investigator of MOAC. At the proposed well locations, a 10 acre square was defined, centered on the well pad center stake. The interior of the well location was examined for cultural resources by the archaeologist walking parallel transects. The access road corridors were surveyed to a width of 30 m (100 ft). Ground visibility was considered good. A total of 57.2 acres was inventoried, 23.6 of which are situated on public land administered by the Bureau of Land Management (BLM), Vernal Field Office, and 33.6 acres which are administered by the State of Utah, School and Institutional Trust Land Administration (SITLA).

## RESULTS AND RECOMMENDATIONS

The inventory of Citation Oil and Gas Corporation's proposed five well locations in Walker Hollow resulted in a finding of one isolated find of artifact within the 10-acre parcel at proposed well location #84. Isolated Find A (IF-A) is a white semitranslucent chert secondary flake exhibiting unifacial use on the slightly convex ventral margin. It measures 4.9x3.6x0.7 cm. The UTM coordinates of IF-A are 646128E/4455212N. Isolated finds are not considered to be eligible cultural resources for inclusion to the NRHP. On the basis of this finding, a determination of "no historic properties affected" is recommended for the project pursuant to Section 106, CFR 800.

## REFERENCES CITED

Hauck, F. Richard

- 1978 Exxon Corporation-Proposed Oil and Gas Well Locations in Walker Hollow-Red Wash Locality in Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-78-Af-0329b.
- 1980a Cultural Resource Inventory of Drill Pads, Access Roads, Tank Batteries and Borrow Areas in the Red Wash Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-80-Af-0472b.
- 1980b Archeological Evaluations of Proposed Well Locations in the Walker Hollow Oil and Gas Field of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-80-Af-0474b.
- 1981a Archeological Evaluations of Five Flowline Corridors and Well Location No. 54 in the Walker Hollow Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-81-Af-0632b.
- 1981b Archeological Reconnaissance of Drill Locations and Access Roads in the Fort Duchesne and Walker Hollow Localities of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-81-Af-0578b.
- 1981c Archeological Reconnaissance of Drill Locations and Access Roads in the Red Wash Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-81-Af-0631b.
- 1981d Cultural Resource Evaluations in the Red Wash Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-81-Af-0634b.
- 1981e Cultural Resource Inventory of a Proposed Flowline in the Walker Hollow Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-81-Af-0636b.
- 1981f Archeological Evaluations in the Walker Hollow Oil and Gas Field of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-81-Af-0640b

Hauck, F. Richard

- 1984 Cultural Resource Evaluation of Proposed Well Location in the Walker Hollow Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-84-Af-0894b
- 1986 Cultural Resource Evaluations of a Proposed Access Route Between Walker Hollow Units No. 79 and 80 in the Red Wash Locality of Uintah County, Utah. Archeological-Environmental Research Corporation, Bountiful, Utah. Project No. U-86-Af-0133b,s.

Larralde, Signa L. and Nickens, Paul R.

- 1980 Sample Inventories of Oil & Gas Fields in Eastern Utah 1978-1979. Utah Bureau of Land Management, Cultural Resource Series No. 5. Bureau of Land Management Utah State Office, Salt Lake City, Utah.

Stokes, W.L.

- 1986 *Geology of Utah*. Utah Museum of Natural History and Utah Geological and Mineral Survey, Salt Lake City.

# CITATION OIL & GAS CORP.

WHU #84

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 1, T7S, R23E, S.L.B.&M.

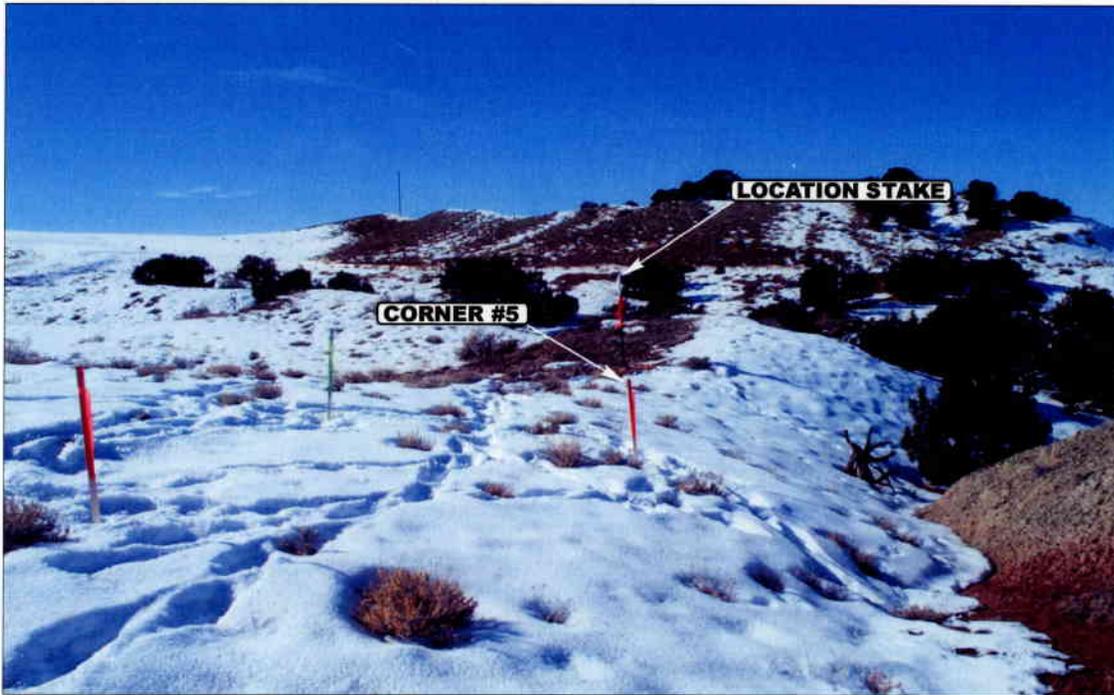


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW OF EXISTING ACCESS

CAMERA ANGLE: NORTHEASTERLY



Since 1964 -

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

LOCATION PHOTOS

02 02 04  
MONTH DAY YEAR

PHOTO

TAKEN BY: B.B.

DRAWN BY: T.H.

REVISED: 00-00-00

CITATION OIL & GAS CORP.

FIGURE #1

LOCATION LAYOUT FOR

WHU #84

SECTION 1, T7S, R23E, S.L.B.&M.

1985' FSL 673' FWL

C-19.7'  
El. 412.8'

C-8.4'  
El. 401.5'

El. 406.0'  
C-12.9'

Sta. 3+50

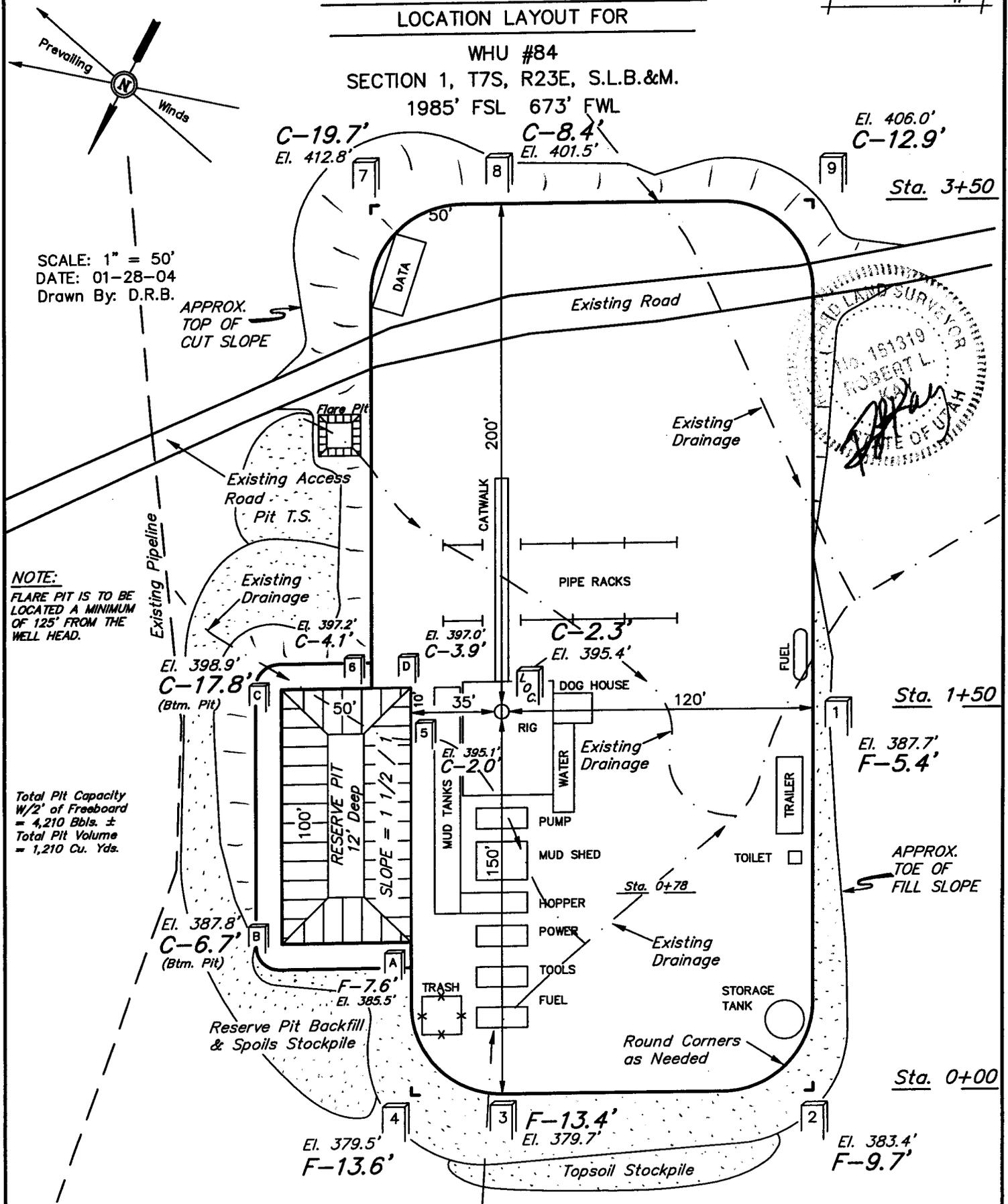
SCALE: 1" = 50'  
DATE: 01-28-04  
Drawn By: D.R.B.

APPROX. TOP OF CUT SLOPE



NOTE:  
FLARE PIT IS TO BE LOCATED A MINIMUM OF 125' FROM THE WELL HEAD.

Total Pit Capacity W/2' of Freeboard = 4,210 Bbls. ±  
Total Pit Volume = 1,210 Cu. Yds.



Elev. Ungraded Ground at Location Stake = 5395.4'  
Elev. Graded Ground at Location Stake = 5393.1'

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

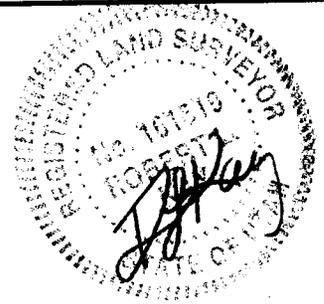
UNION PACIFIC OIL & GAS CORP.

TYPICAL CROSS SECTIONS FOR

WHU #84

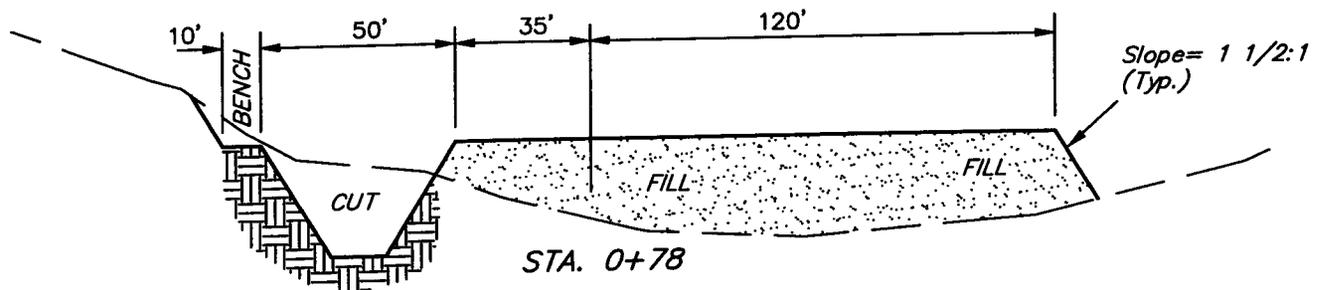
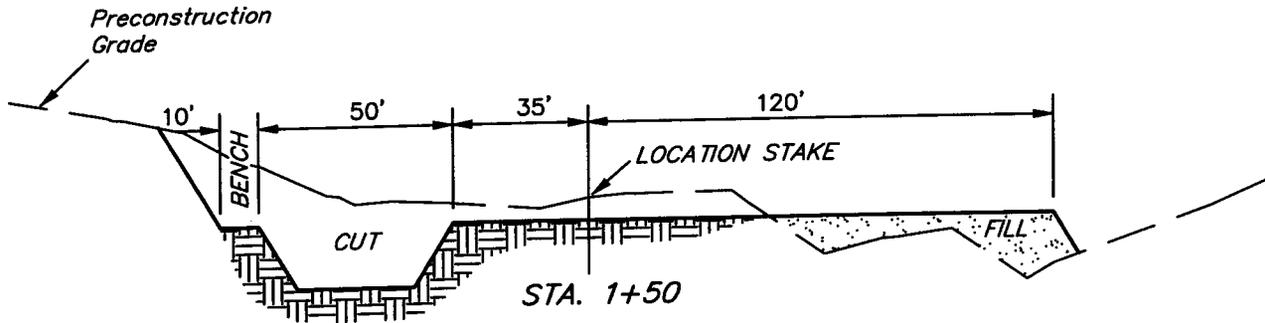
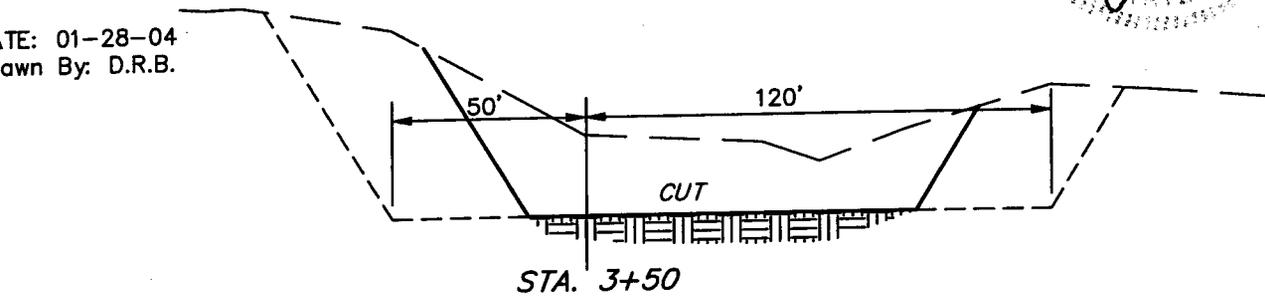
SECTION 1, T7S, R23E, S.L.B.&M.

1985' FSL 673' FWL



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

DATE: 01-28-04  
Drawn By: D.R.B.



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

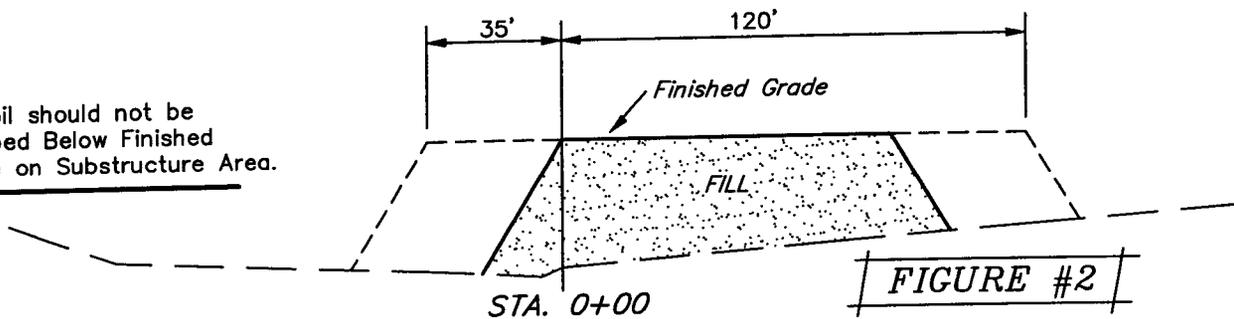


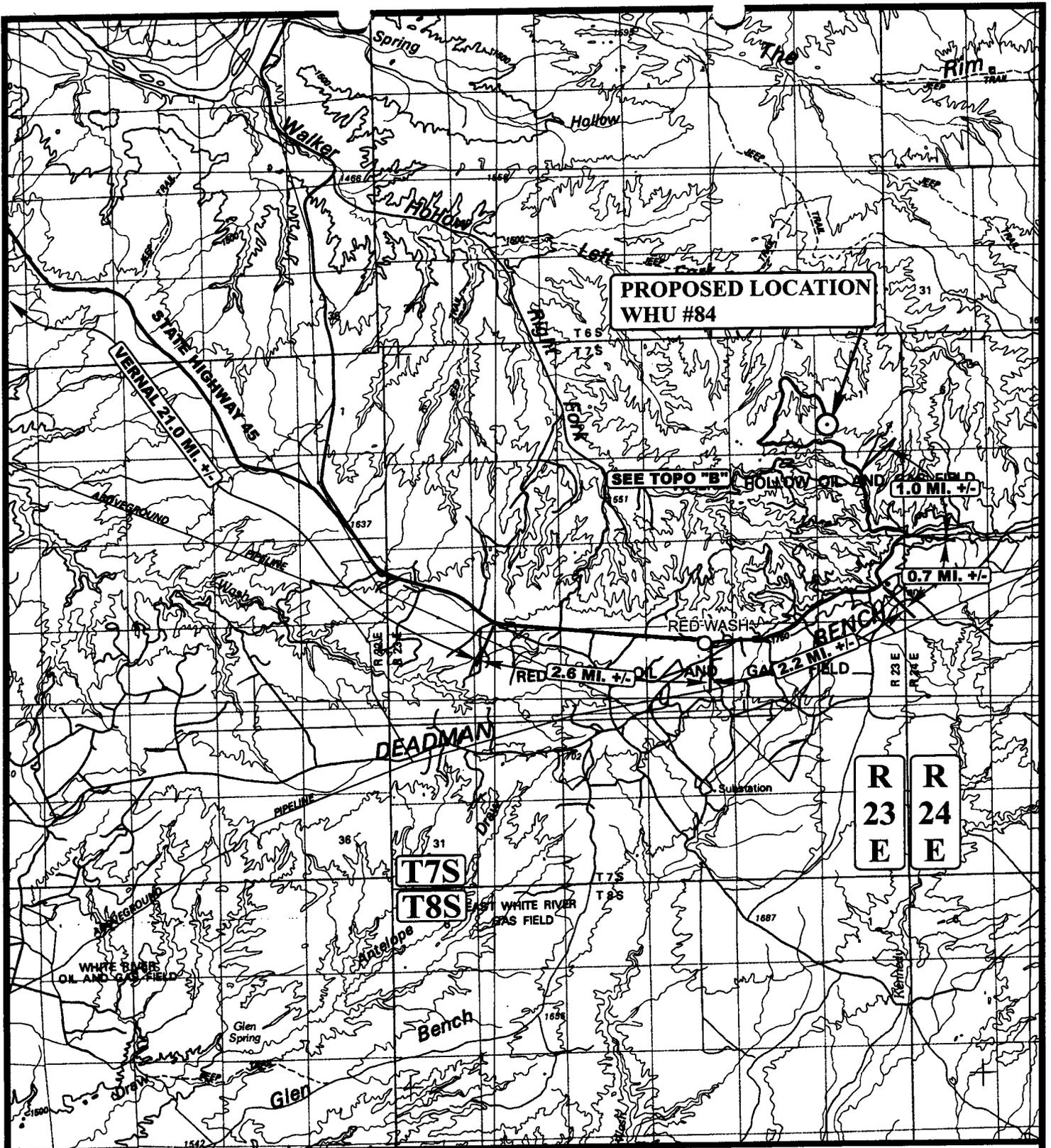
FIGURE #2

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,190 Cu. Yds.
Remaining Location	= 10,290 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 11,480 CU.YDS.</b>
<b>FILL</b>	<b>= 9,200 CU.YDS.</b>

EXCESS MATERIAL AFTER 5% COMPACTION	= 1,800 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 1,800 Cu. Yds.
EXCESS MATERIAL After Reserve Pit is Backfilled & Topsoil is Re-distributed	= 0 Cu. Yds.

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



**LEGEND:**

○ PROPOSED LOCATION

**CITATION OIL & GAS CORP.**

WHU #84

SECTION 1, T7S, R23E, S.L.B.&M.

1985' FSL 673' FWL

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



**TOPOGRAPHIC MAP** 02 02 04  
 MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: T.H. REVISED: 00-00-00



R 23  
E R 24  
E

1.5 MI. +/-

PROPOSED LOCATION:  
WHU #84

1.5 MI. +/-

1.0 MI. +/-

0.7 MI. +/-

STATE HIGHWAY 45 4.8 MI. +/-  
VERNAL 25.8 MI. +/-

T7S

**LEGEND:**

————— EXISTING ROAD

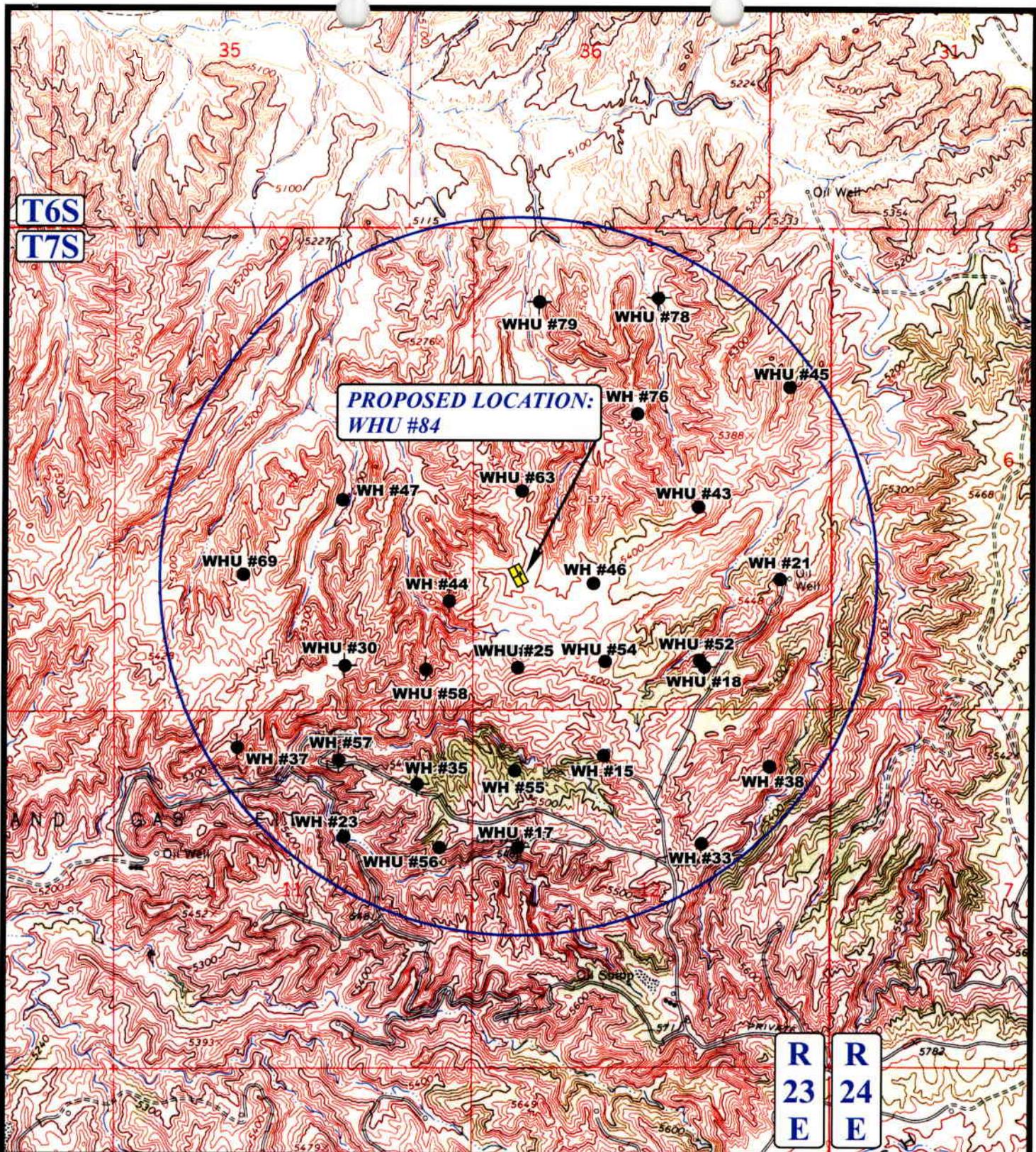


**CITATION OIL & GAS CORP.**

WHU #84  
SECTION 1, T7S, R23E, S.L.B.&M.  
1985' FSL 673' FWL

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

**TOPOGRAPHIC MAP** 02 02 04  
MONTH DAY YEAR  
SCALE: 1" = 2000' DRAWN BY: T.H. REVISED: 00-00-00 **B TOPO**



**PROPOSED LOCATION:**  
**WHU #84**

**LEGEND:**

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

**CITATION OIL & GAS CORP.**

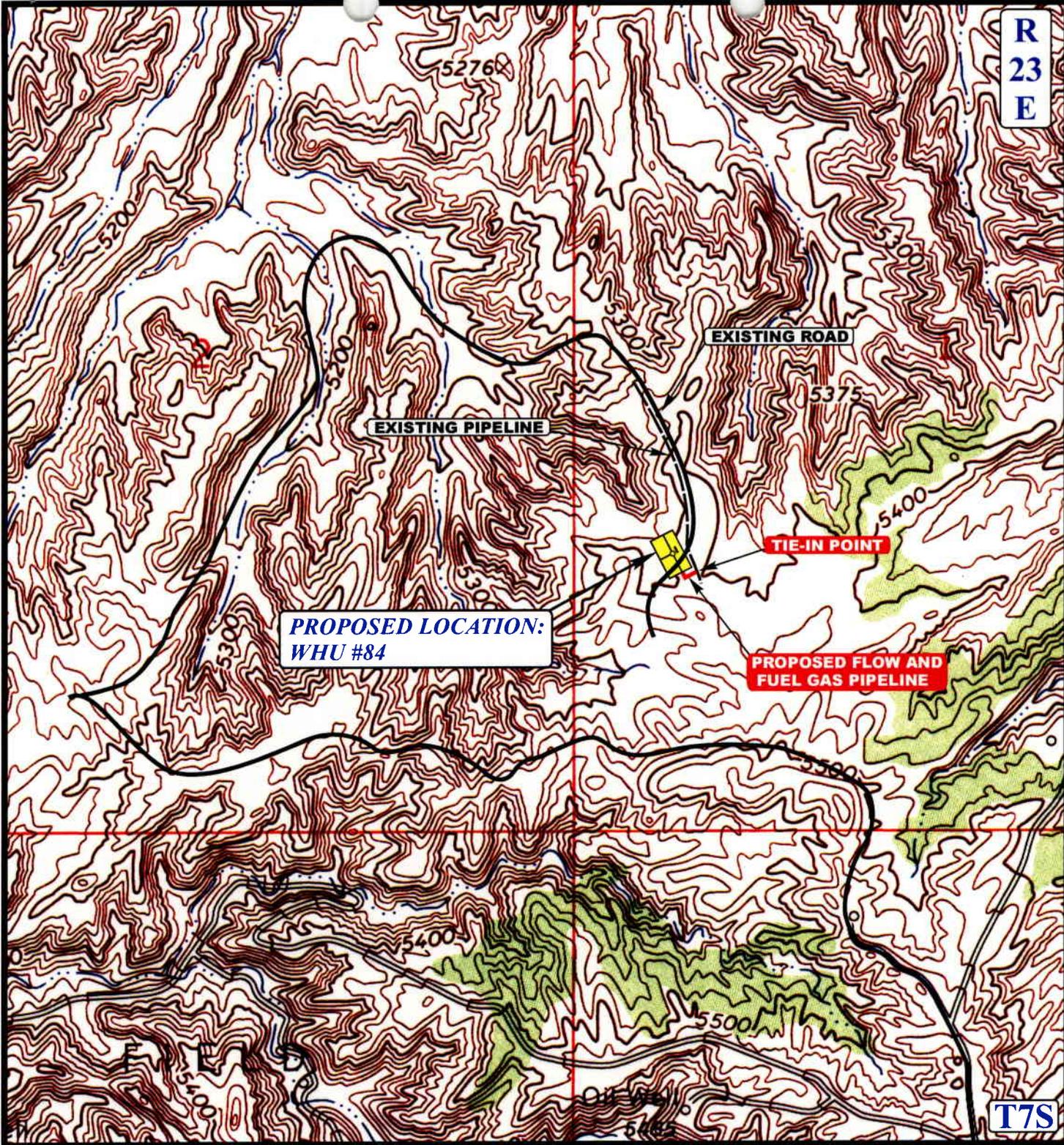
**WHU #84**  
**SECTION 1, T7S, R23E, S.L.B.&M.**  
**1985' FSL 673' FWL**

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



**TOPOGRAPHIC MAP** **02 02 04**  
 MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: T.H. REVISED: 00-00-00 **TOPO**

R  
23  
E



T7S

APPROXIMATE TOTAL FLOW AND FUEL GAS PIPELINE DISTANCE = 100' +/-

**LEGEND:**

————— EXISTING ROAD

————— EXISTING PIPELINE



**CITATION OIL & GAS CORP.**

**WHU #84**

**SECTION 1, T7S, R23E, S.L.B.&M.**

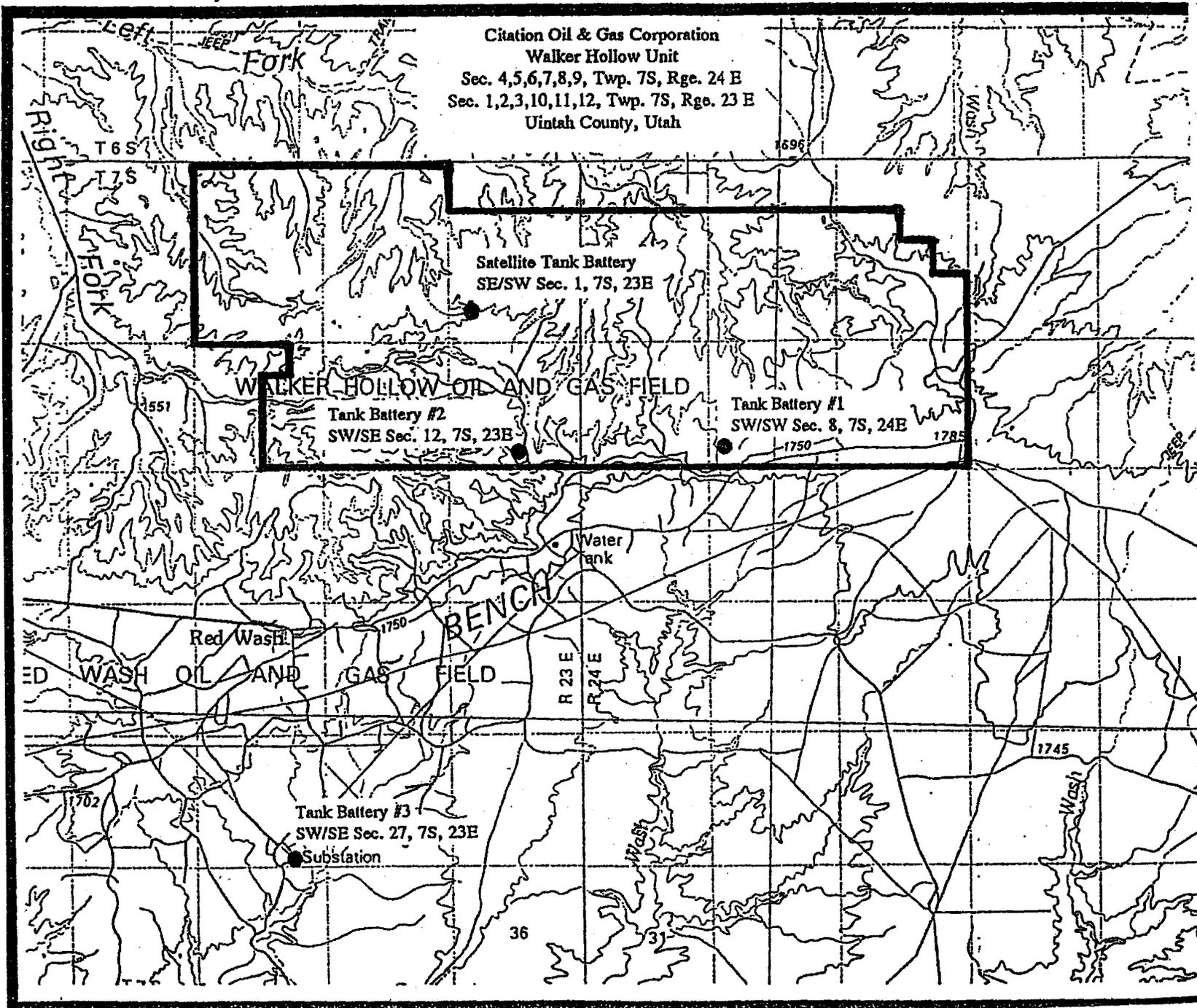
**1985' FSL 673' FWL**

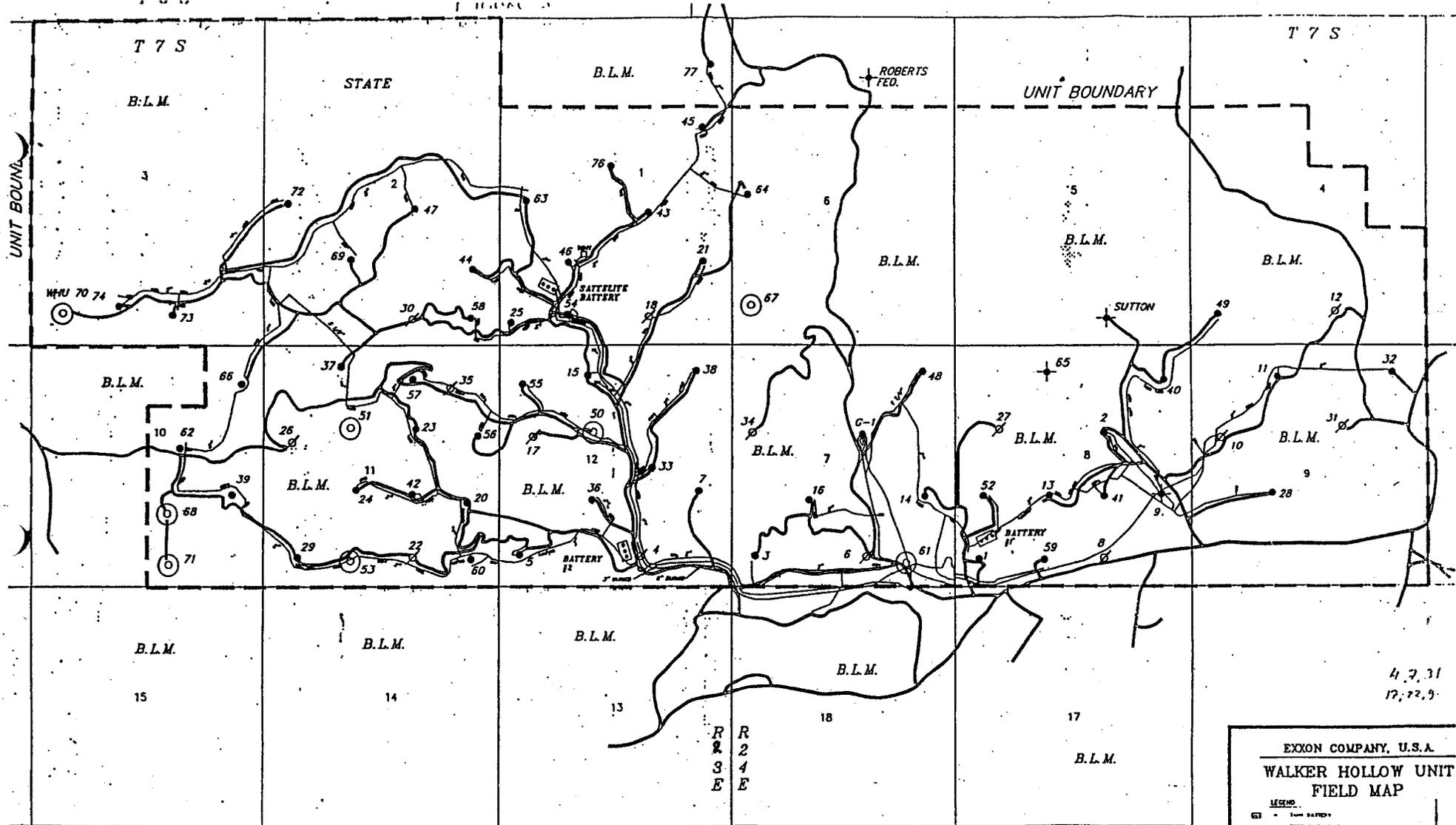
**UELS** Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** 02 02 04  
**MAP** MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: T.H. REVISED: 00-00-00 **D**  
 TOPO

# Walker Hollow Unit Tank Battery Locations





47.31  
17,72.9

EXXON COMPANY, U.S.A.

**WALKER HOLLOW UNIT  
FIELD MAP**

**LEGEND**

- - SATELLITE BATTERY
- - PRODUCING WELLS
- - SHUT-IN WELLS
- ⊙ - UNPLANNED / UNDESIGNED WELLS
- ⊕ - ABANDONED WELLS
- ⊖ - PROPOSED WELLS
- ⊗ - SAVED / SCHEDULED WELLS
- ⊘ - SUPPLEMENTAL WELLS

100' 200' 300'

SCALE

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

**008**

APD RECEIVED: 04/01/2004

API NO. ASSIGNED: 43-047-35608

WELL NAME: WHU 84  
 OPERATOR: CITATION OIL & GAS CORP ( N0265 )  
 CONTACT: SHARON WARD

PHONE NUMBER: 281-517-7309

PROPOSED LOCATION:

NWSW 01 070S 230E  
 SURFACE: 1985 FSL 0673 FWL  
 BOTTOM: 1985 FSL 0673 FWL  
 UINTAH  
 WALKER HOLLOW ( 700 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTSL 066312  
 SURFACE OWNER: 1 - Federal  
 PROPOSED FORMATION: GRRV  
 COALBED METHANE WELL? NO

LATITUDE: 40.23671  
 LONGITUDE: 109.28165

RECEIVED AND/OR REVIEWED:

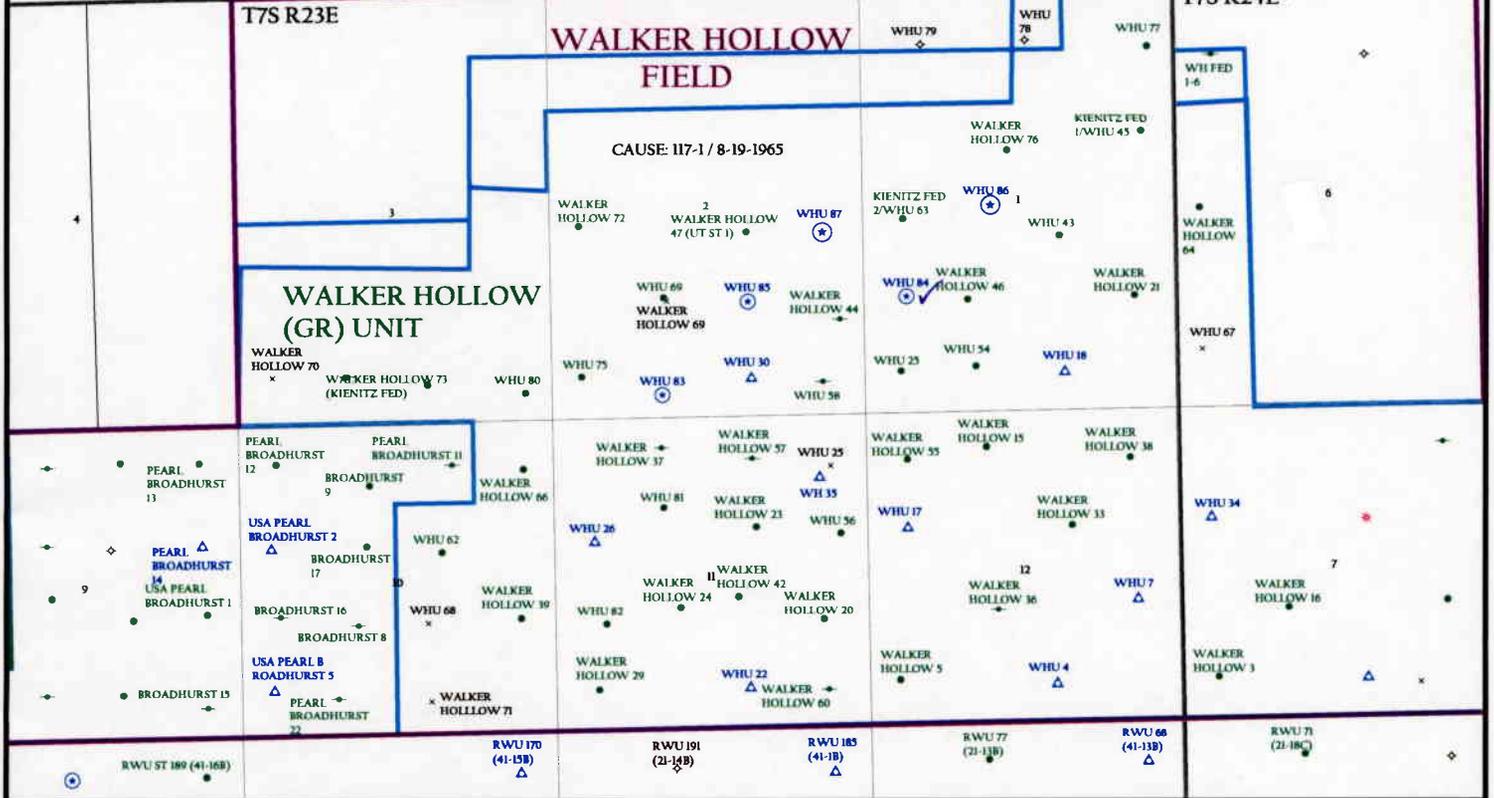
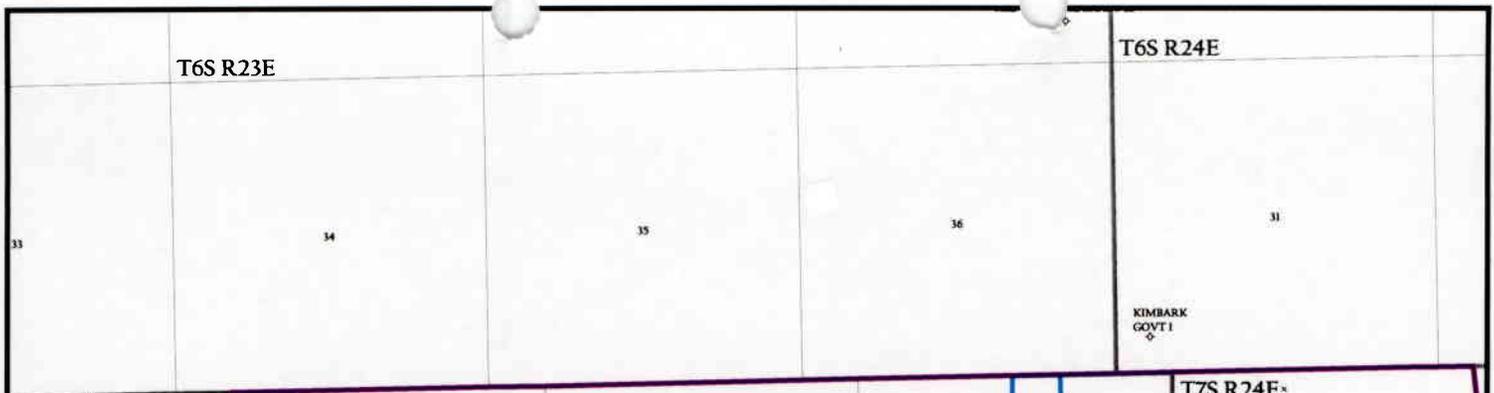
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. MT 0630 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 53617 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

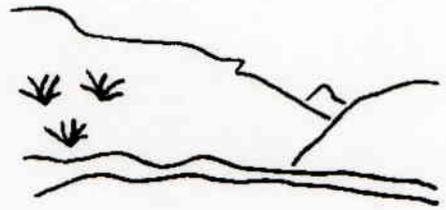
- \_\_\_ R649-2-3.
- Unit WALKER HOLLOW
- \_\_\_ R649-3-2. General  
Siting: 460' From Qtr/Qtr & 920' Between Wells
- \_\_\_ R649-3-3. Exception
- Drilling Unit  
Board Cause No: 117-1  
Eff Date: 8-19-1965  
Siting: 460' fr W boundary & 920' fr other wells.
- \_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1- Federal approval



OPERATOR: CITATION O&G CORP (N0265)  
 SEC. 1 T.7S, R.23E  
 FIELD: WALKER HOLLOW (700)  
 COUNTY: Uintah  
 CAUSE: 117-1 / 8-19-1965



Utah Oil Gas and Mining

- Well Status**
- ↗ 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



PREPARED BY: DIANA WHITNEY  
 DATE: 2-APRIL-2004

004

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

## IN REPLY REFER TO:

3160

(UT-922)

April 5, 2004

## Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 2004 Plan of Development Walker Hollow Unit  
Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2003 within the Walker Hollow Unit, Uintah County, Utah.

API#	WELL NAME	LOCATION
(Proposed PZ Green River)		
43-047-35607	WHU 86 Sec 1	T07S R23E 3541 FSL 2085 FWL
43-047-35608	WHU 84 Sec 1	T07S R23E 1985 FSL 0673 FWL
43-047-35609	WHU 85 Sec 2	T07S R23E 1908 FSL 1996 FEL
43-047-35610	WHU 83 Sec 2	T07S R23E 0421 FSL 1849 FWL
43-047-35611	WHU 87 Sec 2	T07S R23E 3087 FSL 0750 FEL

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

/s/ Michael L. Coulthard

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

MCoulthard:mc:4-5-04

003

**From:** "Sharon Ward" <SWard@cogc.com>  
**To:** <clintondworshak@utah.gov>  
**Date:** 4/26/2004 12:04:18 PM  
**Subject:** Walker Hollow Unit APD's

Per your request for the yield for the surface casing and the tail of the production casing:

Surface casing: 1.18 cubic feet/sack yield and a 15.6 ppg cement density

Production casing: Lead Cement - 3.91 cubic feet/sack yield and a 11.0 ppg cement density

Tail Cement - 1.36 cubic feet/sack yield  
and a 14.1 ppg cement density

Per your request for the testing of production and water:

As far as the produced water is concerned, we will be transferring all oil, gas, and water to centralized production facilities where we will have the capability of producing into gross separators and heater treaters or testing the wells on an individual basis for oil, gas, and water volumes. The wells are planned to be tested for 24 hour periods, through test separator facilities, on a monthly basis and reported as such.

If you require additional information, please advise.

Thank you,

Sharon Ward  
Regulatory Administrator  
Citation Oil & Gas Corp.  
281-517-7309  
Fax 281-469-9667



State of Utah

Department of  
Natural Resources

Division of  
Oil, Gas & Mining

ROBERT L. MORGAN  
*Executive Director*

LOWELL P. BRAXTON  
*Division Director*

May 11, 2004

Citation Oil & Gas Corporation  
P O Box 690688  
Houston, TX 77269

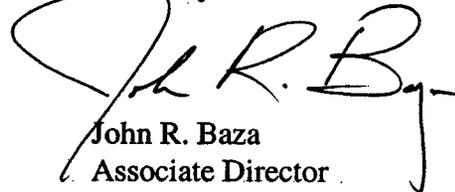
Re: Walker Hollow Unit 84 Well, 1985' FSL, 673' FWL, NW SW, Sec. 1,  
T. 7 South, R. 23 East, Uintah County, Utah

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 43-047-35608.

Sincerely,



John R. Baza  
Associate Director

pab  
Enclosures

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

**Operator:** Citation Oil & Gas Corporation  
**Well Name & Number** Walker Hollow Unit 84  
**API Number:** 43-047-35608  
**Lease:** 066312

**Location:** NW SW                      **Sec.** 1                      **T.** 7 South                      **R.** 23 East

### Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

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

APR 14 2004

010

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTSLO - 66312</b>
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input 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 Citation Oil & Gas Corp.		7. If Unit or CA Agreement, Name and No. Walker Hollow Unit
3a. Address P O Box 690688 Houston, Texas 77269-0688		8. Lease Name and Well No. Walker Hollow Unit #84
3b. Phone No. (include area code) 281-517-7800		9. API Well No. <b>43.047.35608</b>
4. Location of well (Report location clearly and in accordance with any State requirements. *) At surface NW SW 673' FWL & 1985' FSL Latitude 40 14'12.19" Longitude 109 16'59.92"  At proposed prod. zone NW SW 673' FWL & 1985' FSL		10. Field and Pool, or Exploratory Walker Hollow Green River
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* +/- 27.5 miles East of Vernal Utah		11. Sec., T., R., M., or Blk. And Survey or Area Sec. 1, T7S, R23E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg unit line, if any) 3310'+/-	16. No. of Acres in lease 3277.2	12. County or Parish Uintah County
17. Spacing Unit dedicated to this well 40	13. State Utah	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1090' +/-	19. Proposed Depth +/- 5501'	20. BLM/ BIA Bond No. on file MT <del>2000</del> <b>3000053</b>
21. Elevations (Show whether DF, RT, GR, etc.) 5395' GR	22. Approximate date work will start* 2004	23. Estimated Duration 8 Days

24. Attachments
- The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1 shall be attached to this form:
- |   |   |
|---|---|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by existing bond on file (see item 20 above).        |
| 2. A Drilling Plan.   | 5. Operator certification.  |
| 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). | 6. Such other site specific information and/ or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/ Typed) Sharon Ward	Date 24-Mar-03
Title Regulatory Administrator	<b>RECEIVED</b>	
Approved By (Signature) 	Name (Printed/ Typed) Thomas B. Leverage	Date 07/13/2004
Title Assistant Field Manager Mineral Resources	Office D.V. OF OIL, GAS & MINING	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

**CONDITIONS OF APPROVAL 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.

\* (Instructions on reverse)

**NOTICE OF APPROVAL**

**CONDITIONS OF APPROVAL**  
**APPLICATION FOR PERMIT TO DRILL**

Company/Operator: Citation Oil & Gas Corporation  
Well Name & Number: Walker Hollow Unit #84  
API Number: 43-047-35608  
Lease Number: UTSL - 066312  
Location: NWSW Sec. 1 TWN: 7S RNG: 23E  
Agreement: WALKER HOLLOW GR SR

**NOTIFICATION REQUIREMENTS**

- |                                 |   |
|---------------------------------|---|
| Location Construction           | - At least forty-eight hours prior to construction of the location or access roads.   |
| Location Completion             | - Prior to moving on the drilling rig.  |
| Spud Notice                     | - At least twenty-four (24) hours prior to spudding the well.   |
| Casing String and Cementing     | - At least twenty-four (24) hours prior to running casing and cementing all casing strings.   |
| BOP and Related Equipment Tests | - At least twenty-four (24) hours prior to initiating pressure tests.   |
| First Production Notice         | - Within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

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

## **CONDITIONS OF APPROVAL FOR NOTICE TO DRILL**

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease, which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

### **DRILLING PROGRAM**

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

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

#### **Pressure Control Equipment**

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

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

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

#### **Casing Program and Auxiliary Equipment**

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

As a minimum, the usable water resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of the Green River Formation, identified at  $\pm$  3,160 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

#### Mud Program and Circulating Medium

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

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

#### Coring, Logging and Testing Program

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

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

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

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

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

#### Notifications of Operations

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

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-5(d) shall be submitted to the appropriate Field Office within 60 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5 (1).

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

#### Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted on initial meter installations and at least quarterly thereafter. The AO will be provided

with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal Field Office. All meter measurement facilities will conform to Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

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

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

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

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

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

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, please 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

**EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES**

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

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

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

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

Refinery wastes

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

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids

**SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

At the time that the well is no longer in operation, the well shall be plugged and the location and access road shall be reclaimed. All disturbed surfaces shall be re-contoured to near natural contours. Any stockpiled topsoils shall be spread over the re-contoured surfaces and reseeded with the following seed mixture:

<b>Seed Mixture:</b>		<b>lbs/acre</b>
Shadscale	Atriplex confertifolia	4
Indian rice grass	Oryzopsis hymenoides	4
Mat salt bush	Atriplex corrugata	4

Seed shall be drilled but if broadcasted double the pounds per acre used and work the soils mechanically to cover the seed.

The reserve pit shall be lined with a 12 mil or more plastic re-enforced liner.

All facilities on location shall be painted a non-reflective Carlsbad Canyon to blend with the natural vegetation of the area.

**DIVISION OF OIL, GAS AND MINING****SPUDDING INFORMATION**Name of Company: CITATION OIL & GAS CORPWell Name: WHU 84Api No: 43-047-35608 Lease Type: FEDERALSection 01 Township 07S Range 23E County UINTAHDrilling Contractor UNION DRILLING RIG # 17**SPUDDED:**Date 08/24/04Time 3:30 AMHow DRY**Drilling will commence:** \_\_\_\_\_Reported by JACK HOUTTelephone # 1-254-460-9735Date 08/25/2004 Signed CHD

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

012

ENTITY ACTION FORM

Operator: Citation Oil & Gas Corp. Operator Account Number: N 0265  
 Address: P.O. Box 690688  
city Houston  
state TX zip 77269-0688 Phone Number: (281) 517-7194

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304735608	Walker Hollow Unit 84		NWSW	1	8S 7S	23E	Utah
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
B	99999	610	8/23/2004		8/30/04		
Comments: <u>New well being drilled in the Walker Hollow Green River Unit</u> <u>GREV</u>							

K

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Debra Harris

Name (Please Print)

Signature

Prod/Reg Coordinator

Title

8/25/2004

Date

(5/2000)

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AUG 25 2004

DIV. OF OIL, GAS & MINING

013

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

AMENDED REPORT FORM 8 (highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [X] GAS WELL [ ] DRY [ ] OTHER [ ]
b. TYPE OF WORK: NEW WELL [X] HORIZ. LATS. [ ] DEEP-EN [ ] RE-ENTRY [ ] DIFF. RESVR. [ ] OTHER [ ]

2. NAME OF OPERATOR: Citation Oil & Gas Corp.

3. ADDRESS OF OPERATOR: P.O. Box 690688 CITY Houston STATE TX ZIP 772690688 PHONE NUMBER: (281) 517-7194

4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1985' FSL & 673' FWL AT TOP PRODUCING INTERVAL REPORTED BELOW: Same AT TOTAL DEPTH: Same

5. LEASE DESIGNATION AND SERIAL NUMBER: UTSL 066312

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT OR CA AGREEMENT NAME: UTU66837A Walker Hollow

8. WELL NAME and NUMBER: Walker Hollow Unit 84

9. API NUMBER: 4304735608

10. FIELD AND POOL, OR WILDCAT: Walker Hollow Green River

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 1 7S 23E

12. COUNTY: Uintah 13. STATE: UTAH

14. DATE SPUNNED: 8/23/2004 15. DATE T.D. REACHED: 8/31/2004 16. DATE COMPLETED: 9/30/2004 ABANDONED [ ] READY TO PRODUCE [X]

17. ELEVATIONS (DF, RKB, RT, GL): 5395' GL

18. TOTAL DEPTH: MD 5,504 TVD 5,504

19. PLUG BACK T.D.: MD 5,504 TVD 5,504

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) [X]-Densilog/CNL/GR/Cal; High Definition Ind/GR/Cal (previously submitted by logging company) MINLOG/GR

23. WAS WELL CORED? NO [X] YES [ ] (Submit analysis) WAS DST RUN? NO [X] YES [ ] (Submit report) DIRECTIONAL SURVEY? NO [X] YES [ ] (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

Table with columns: HOLE SIZE, SIZE/GRADE, WEIGHT (#/ft.), TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP \*\*, AMOUNT PULLED. Includes entries for 12-1/4" and 7-7/8" holes.

25. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD). Includes entry for 2-7/8" size.

26. PRODUCING INTERVALS

Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD). Includes entry for Green River.

27. PERFORATION RECORD

Table with columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS. Includes entry for 4" size.

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

Table with columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL. Includes entries for acidizing and fracturing treatments.

29. ENCLOSED ATTACHMENTS:

Checkboxes for ELECTRICAL/MECHANICAL LOGS, GEOLOGIC REPORT, DST REPORT, DIRECTIONAL SURVEY, SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION, CORE ANALYSIS, OTHER.

30. WELL STATUS:

Producing RECEIVED

CONFIDENTIAL

CONFIDENTIAL PERIOD

EXPIRED

RECEIVED

OCT 15 2004

DIV. OF OIL, GAS & MINING

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 10/4/2004		TEST DATE: 10/6/2004		HOURS TESTED: 24		TEST PRODUCTION RATES: →		OIL - BBL: 185	GAS - MCF: 93	WATER - BBL: 221	PROD. METHOD: Pumping
CHOKE SIZE: N/A	TBG. PRESS. 70	CSG. PRESS. 70	API GRAVITY 26.00	BTU - GAS	GAS/OIL RATIO 503	24 HR PRODUCTION RATES: →	OIL - BBL: 185	GAS - MCF: 93	WATER - BBL: 221	INTERVAL STATUS: Producing	

INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:	

INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:	

INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:	

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Fuel

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Green River	5,372	5,502	Oil/Gas/Water	Green River	5,372

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) Debra Harris TITLE Production/Regulatory Coordinator  
 SIGNATURE *Debra Harris* DATE 10/8/2004

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

\*\* ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining Phone: 801-538-5340  
 1594 West North Temple, Suite 1210  
 Box 145801 Fax: 801-359-3940  
 Salt Lake City, Utah 84114-5801



October 8, 2004

State of Utah  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Sale Lake City, Utah 84114-5801

**CONFIDENTIAL**

Re: "CONFIDENTIALITY"  
Walker Hollow Green River Unit  
Well #84 – API 43-047-35608  
NW SW Sec. 2, T7S, R23E  
Uintah County, Utah

Gentlemen:

Citation Oil & Gas Corp. requests "CONFIDENTIALITY" under State of Utah DOGM R649-2-11., for the recently drilled and completed well which is referenced above. All items have been stamped "CONFIDENTIAL" in red as required by the rule.

I have enclosed Form 8 – Well Completion Report and Log. The logs were submitted previously by the logging company, so they were not stamped 'CONFIDENTIAL'. Please advise if these previously submitted logs can also be kept confidential as well as the completion forms.

If you need additional information, please contact me at (281) 517-7194.

Sincerely,

Debra Harris  
Production/Regulatory Coordinator

RECEIVED  
OCT 15 2004  
DIV. OF OIL, GAS & MINING

/dkh

Enclosures

# Citation Oil & Gas Corp.

**014**

**RMA**

**WALKER HOLLOW UNIT 84**

WALKER HOLLOW FIELD

UINTAH COUNTY, UT

Drill & Complete A Green River Infill Development Well

*T 0 9 5 K 2 3 E S-01  
43-047-3608*

CONFIDENTIAL

CapBudget#: 322  
AFE#: 040246  
AFE Cost: \$732,000  
COG WI: 100 %  
STATUS: A

<b>Prior Production:</b>	BOPD	MCFPD	BWPD
<b>Proj. Production:</b>	50 BOPD	40 MCFPD	BWPD
<b>Prior Lease:</b>	BOPD	MCFPD	BWPD

7/30/2004	Day: 1 /	<p><b>Present Operation: Shut Down</b></p> <p>Build location, fence &amp; line pit. MIRU Rathole rig, drill drill mouse, rat &amp; surface. Run 400.10' of 8 5/8" csg &amp; cement. Set anchors for rig. Dig celler ring, location ready for rig. Csg landed 415 ft KB. Cmt w/ 225 sx type 5 class "G" @ 15.8 ppg. Bump plug, held. Circ 6 bbl cmt to sfc. Drop until rotary rig moves in.</p> <p>DROP FROM REPORT PENDING FURTHER ACTIVITY.</p> <p>Corrected report.</p> <p>DC: \$51,426      CC: \$51,426      TD:      PBTB:</p>	
8/24/2004	Day: 2 /	<p><b>Present Operation: Drilling</b></p> <p>Mud type: Fresh H2O. 13 1/2 hrs-MIRU. 6 hrs-test BOPE. 1hr-PU BHA. 1 hr-tag float, drill out float &amp; cmt. 2 1/2 hrs-drill new hole.</p> <p>DC: \$18,432      CC: \$69,858      TD: 571      PBTB:</p>	
8/25/2004	Day: 3 /	<p><b>Present Operation: Drilling</b></p> <p>Mud type: Fresh H2O. 21 1/2 hrs-drilling. 2 1/2 hrs-survey &amp; rig service.</p> <p>DC: \$29,451      CC: \$99,309      TD: 1,775      PBTB:</p>	
8/26/2004	Day: 4 /	<p><b>Present Operation: Drilling</b></p> <p>Mud: Wt: 8.6, Vis: 28. Type: Wtr. Depth: 2000. Angle: .75. Depth: 2468. Angle: 1. 22 1/2 hrs-drlg. 1 1/2 hrs-survey &amp; rig service.</p> <p>DC: \$29,941      CC: \$129,250      TD: 2,900      PBTB:</p>	
8/27/2004	Day: 5 /	<p><b>Present Operation: Drilling</b></p> <p>Mud: Wt: 8.7, Vis: 30. Type: Wtr. Depth: 2984. Angle: 1.25. Depth: 3523. Angle: 1. 23 hrs-drlg. 1 hr-survey &amp; rig service.</p> <p>DC: \$20,434      CC: \$149,684      TD: 3,608      PBTB:</p>	
8/28/2004	Day: 6 /	<p><b>Present Operation: Survey</b></p> <p>Mud: Wt: 8.7, Vis: 31. Type: Wtr. 5 hrs-pump pill &amp; TOO. 1 hr-replace bit, MM &amp; inspect BHA. 2 hrs-rig repair. 5 hrs-TIH w/ bit 2, wash &amp; ream f/ 3483-3608. 10 1/2 hrs-drill f/ 3608-4108. 1/2 hr-survey.</p> <p>DC: \$22,760      CC: \$172,444      TD: 4,108      PBTB:</p>	
8/29/2004	Day: 7 /	<p><b>Present Operation: Drilling</b></p> <p>Mud: Wt: 9.2, Vis: 41. WI: 9.2. Type: LSND. LCM%: 4. Depth: 4012. Angle: 1. 24 hrs-drlg. Begin daywork @ 4410' @ 8 PM.</p> <p>DC: \$21,999      CC: \$194,443      TD: 4,635      PBTB:</p>	
8/30/2004	Day: 8 /	<p><b>Present Operation: Mix Pill for Bit Trip</b></p> <p>Mud: Wt: 9.2, Vis: 41. WI: 9.2. Type: LSND. LCM%: 8. Depth: 4553. Angle: 1.25. 23 hrs-drlg. 1/2 hr-survey. 1/2 hr-mix &amp; pump pill f/ trip.</p> <p>DC: \$25,081      CC: \$219,524      TD: 5,006      PBTB:</p>	
8/31/2004	Day: 9 /	<p><b>Present Operation: Drilling</b></p> <p>Mud: Wt: 9.2, Vis: 41. WI: 8.4. Type: LSND. LCM%: 4. Depth: 4553. Angle: .5. 4 hrs- POOH. .5 hrs- RIH w/ STC FH30V. .5 hrs- Ream &amp; wash 40'. 11.5 hrs- Drill f/5006'-5245'.</p> <p>DC: \$26,070      CC: \$245,594      TD: 5,245      PBTB:</p>	
9/1/2004	Day: 10 /	<p><b>Present Operation: RU Baker Atlas</b></p> <p>Mud: Wt: 9.2, Vis: 38. WI: 7.8. Type: LSND. LCM%: 3. Depth: 5444. 15 hrs- Drilling. .5 hrs- Service rig. 1.5 hrs- Circ &amp; cond. 5 hrs- POOH f/ logs.</p> <p>DC: \$16,951      CC: \$262,545      TD:      PBTB:</p>	

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RMA

WALKER HOLLOW UNIT 84

WALKER HOLLOW FIELD

UINTAH COUNTY, UT

Drill & Complete A Green River Infill Development Well

**CONFIDENTIAL**

CapBudget#: 322

AFE#: 040246

AFE Cost: \$732,000

COG WI: 100 %

STATUS: A

9/2/2004 Day: 11 /

**Present Operation: Cementing 5-1/2" Production String**

Mud: 9.3. Vis: 45. WI: 7.4. Type: LSND. LCM%: 4.

1/2 hr- TOOH f/ logs.

6 hrs- Logging.

5-1/2 hrs- TIH. Wash 22' to btm.

1/2 hr- Circ f/ csg.

5 hrs- LD DP.

5-1/2 hrs- Run 5-1/2" 15.5-lb J-55 csg to 5510'.

1 hr- RU BJ.

DC: \$95,003                      CC: \$357,548                      TD: 5,510                      PBTB:

9/3/2004 Day: 12 /

**Present Operation: Move to WHU #86**

2 hrs- Cmt 5-1/2" csg. Lead w/ 185 sxs Prem Lite II @ 11 ppg. Tail w/ 250 sxs 50/50

Poz G @ 14.3 ppg. Good returns. Bumped plug, floats held.

2 hrs- ND BOP. Set slips. Cut csg.

8 hrs- Clean tanks. RD.

DROP FROM REPORT UNTIL COMPLETION COMMENCES.

DC: \$25,414                      CC: \$382,962                      TD: 5,510                      PBTB:

9/17/2004 Day: 13 /

**Present Operation: Finish PU Tubing**

Completion Day: 1

MIRU. PU bit & DC's. Start tally & PU tbg. SDFN.

DDC: \$-0-                      CDC: \$382,962

Cum Completion Cost: \$48,949

DC: \$48,949                      CC: \$431,911                      TD:                      PBTB:

9/18/2004 Day: 14 /

**Present Operation: Shut Down for Saturday**

Completion Day: 2

Finish PU tbg. Tag @ 5416'. Drill to float collar @ 5417'. Had some cmt above collar.

Drill to shoe @ 5509'. Circ hole clean. TOOH. SDFN.

DDC: \$-0-                      CDC: \$382,962

Cum Completion Cost: \$55,032

DC: \$6,083                      CC: \$437,994                      TD:                      PBTB:

9/19/2004 Day: 15 /

**Present Operation: Shut Down for Sunday**

Completion Day: 3

Shut dn for Saturday.

DDC: \$-0-                      CDC: \$382,962

Cum Completion Cost: \$55,637

DC: \$605                      CC: \$438,599                      TD:                      PBTB:

9/20/2004 Day: 16 /

**Present Operation: LD Collars**

Completion Day: 4

Shut dn for Sunday.

DDC: \$-0-                      CDC: \$382,962

Cum Completion Cost: \$56,242

DC: \$605                      CC: \$439,204                      TD:                      PBTB:

9/21/2004 Day: 17 /

**Present Operation: Swab**

Completion Day: 5

LD DC. TIH w/ bit & scraper to PBTB. TOOH. Run bond log. Find TOC +/-2300'. Perf DL1A using 4" csg gun @ 4 jspf & 90 phasing from 5485'-5502'. RD WL. TIH w/ pkr to 5465'. Drop ball & test tbg to 3000 psi. Circ ball out. PT csg to 2000 psi. Swab to 3000' from surface in 3 runs. Recover a total of 21 bbis. SDFN.

DDC: \$-0-                      CDC: \$382,962

Cum Completion Cost: \$67,681

DC: \$11,439                      CC: \$450,643                      TD:                      PBTB:

**RMA****WALKER HOLLOW UNIT 84**

WALKER HOLLOW FIELD

UINTAH COUNTY, UT

Drill &amp; Complete A Green River Infill Development Well

**CONFIDENTIAL**CapBudget#: 322  
AFE#: 040246  
AFE Cost: \$732,000  
COG WI: 100 %  
STATUS: A

9/22/2004 Day: 18 /

**Present Operation: Swab**

Completion Day: 6

0-tbg & 0-csg. Swab. IFL @ 3000'. POOH & didn't have sinker bars. Threads on rope socket had pulled. Tried to fish bar but didn't catch it. TOOH w/ pkr, laid dn bar. TIH w/ pkr @ 5465'. Test csg to 2000 psi. Spot 5 bbls Xysol, 5 bbls 2% KCL, then start acid job. Pump 1700 gal 7 1/2% HCL w/ additives. Broke @ 1400 psi. Dropped balls w/ acid. Treated w/ avg psi of 1300, @ avg 3 bpm. ISIP-450 psi, 5 min-100 psi, 10 min-30 psi, 15 min-vac. Start swabbing. IFL-1100'. Swab 55 bbl fluid, final OC 60%. FFL @ 5300'. 18 BLTR. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$83,983

DC: \$16,302

CC: \$466,945

TD:

PBSD:

9/23/2004 Day: 19 /

**Present Operation: Frac DU8C & DU8D**

Completion Day: 7

Had 100 psi on tbg. Swab. IFL 2200. Swab dry in 2 hrs, rec 19 bbl w/ 90% OC. Release pkr. TIH to PBSD & circ, recovered 84 of 85 ball sealers. TOOH w/ pkr. MIRU wireline. Set RBP @ 5479'. Test RBP & csg to 2000 psi. Perf Greenriver DU8C from 5440-42' & DU8D from 5452-66' ( 16', 4 JSPF, 90 degree phasing). All shots fired. RIH w/ pkr, set @ 5334'. Test backside to 2000 psi. Break dn perms w/ rig pump & 2% KCL wtr @ 2500 psi. Broke back to 1800 pai. Pump into perms @ 5.5 bpm & 1800 psi. Swab. IFL sfc. Swab dry in 1.5 hrs, rec 33 bbl, 100% wtr. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$94,798

DC: \$10,815

CC: \$477,760

TD:

PBSD:

9/24/2004 Day: 20 /

**Present Operation: Frac DU8B & DU8C**

Completion Day: 8

TP - 0 psi. IFL = 5000' FS. Swab well dry in 2 runs. Recoverd 1.18 total bbls fluid. Final cut = 95% oil. RU BJ. Pump 105 bbls slick wtr pad. Frac well dn 2 7/8" tbg w/ 35,380# 20 - 40 sd ramped up from 1# - 4# gal stages in 14,784 gal 17# gal gel. Avg treating rate of 14.4 bpm, avg treating press of 3987 psi. Max press = 4247 psi. Max rate = 14.9 bpm. ISIP = 2220 psi, 5 min = 1840 psi, 10 min = 1589 psi & 15 min = 1226 psi. Tagged all sand stages w/ SC-46 tracer. TLTR = 490 bbls. Wait 1 hr, open well on vac. Release pkr. Rev circ 5' SD off top of RBP. Reset RBP @ 5437'. Test csg & RBP to 2000 psi, OK. POOH w/ pkr. Perf Greenriver DU8B f/ 5372 - 79' & DU8C f/ 5385 - 96', 5400 - 14', & 5420 - 26', 4 JSPF & 90 degree phasing. RIH w/ pkr & set @ 6753'. Test backside to 2000 psi. Break perms w/ 2% KCL wtr @ 2000 psi. Broke back to 1800 psi then broke again after that. Pump into perms @ 6.4 bpm & 1800 psi. IFL 50'. Swab well dn in 5 runs, recovered 33 bbls, Final cut = 80% oil. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$142,629

DC: \$47,813

CC: \$525,573

TD:

PBSD:

9/25/2004 Day: 21 /

**Present Operation: Shut Down for Saturday**

Completion Day: 9

TP- 60 psi. IFL- 2800' FS. Make 1 run. Recover 4 bbls, 100% oil. RU BJ. Pump 207 bbls slick wtr pad. Frac well dn 2-7/8" tbg w/ 71,192 lbs 20-40 sd staged from 1 lb-5 lb/gal in 25,158 gal 17#/gal gel. Avg rate 15.8 bpm. Avg press 3952 psi. Max 4248 psi. Max rate 16.0 bpm. ISIP- 1750 psi. 5 min- 1580 psi; 10 min- 1407 psi; 15 min- 1232 psi. Tagged sd w/ iridium 192 tracer. TLTR (today) = 921 bbls. Wait 1 hr after frac then open up well, slight vac. Rls pkr. RIH & rev circ 10' sd off top of RBP. Rls RBP. POOH w/ tbg & tools. RIH w/ notched collar to PBSD. Had 2' of fill, circ off sand. Set EOT @ +/-5366'. Swab. IFL 1300'. FFL 1800'. Rec 69 bbls. Final OC 50%. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$200,284

DC: \$57,655

CC: \$583,228

TD:

PBSD:

RMA

WALKER HOLLOW UNIT 84

WALKER HOLLOW FIELD

UINTAH COUNTY, UT

Drill & Complete A Green River Infill Development Well

**CONFIDENTIAL**

CapBudget#: 322

AFE#: 040246

AFE Cost: \$732,000

COG WI: 100 %

STATUS: A

9/26/2004	Day: 22 /	<b>Present Operation:</b> Shut Down for Sunday Completion Day: 10  Shut dn for Saturday.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$200,944 DC: \$660 CC: \$583,888 TD: PBTD:
9/27/2004	Day: 23 /	<b>Present Operation:</b> Swab Completion Day: 11  Shut dn for Sunday.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$201,604 DC: \$660 CC: \$584,548 TD: PBTD:
9/28/2004	Day: 24 /	<b>Present Operation:</b> Running Production Completion Day: 12  TP- 300 psi. CP- 300 psi. Swab. IFL- 1400' FS. Recover a total of 122 bbls, 80% oil. FFL- 1800'. TIH w/ SpectraScan log to trace frac jobs. Top frac went from 5366'-5415'. Btm frac from 5454'-5496', did not communicate. RD slickline. TOOH w/ 112 jts tbg & rig broke dn. SDFN.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$214,693 DC: \$13,089 CC: \$597,637 TD: PBTD:
9/29/2004	Day: 25 /	<b>Present Operation:</b> Running Production Completion Day: 13  TP- 250 psi. CP- 250 psi. Finish TOOH w/ tbg. TIH w/ prod tbg. Well blew in 2 times. PU pump & TIH w/ 10 1" rods. SDFN.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$220,779 DC: \$6,086 CC: \$603,723 TD: PBTD:
9/30/2004	Day: 26 /	<b>Present Operation:</b> Flush Tubing Completion Day: 14  TP- 250 psi. CP- 300 psi. TIH w/ rods & start to hit wax. Pump 27 bbls hot wtr dn tbg. PT to 2000 psi & could not pump. Put 135 bbls dn csg & still could not pump dn tbg. TOOH w/ rods & pump. PT tbg to 2500 psi & got it to go. Pump 35 bbls hot wtr to flush tbg. SDFN.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$226,067 DC: \$5,288 CC: \$609,011 TD: PBTD:
10/1/2004	Day: 27 /	<b>Present Operation:</b> Set Pumping Unit Completion Day: 15  Flush tbg w/ 30 bbls hot wtr. TIH w/ pump & rods. Load hole w/ 30 bbls Xysol. Test pump to 1000 psi. RDMO. Start setting pumping unit, digging flowlines & power to location. SDFN.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$308,208 DC: \$82,141 CC: \$691,152 TD: PBTD:
10/2/2004 10/4/2004	Day: 28 / 30	<b>Present Operation:</b> Finish Setting PU Shut dn for weekend. DC: \$0 CC: \$691,152 TD: PBTD:

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WALKER HOLLOW UNIT 84

WALKER HOLLOW FIELD

UINTAH COUNTY, UT

Drill & Complete A Green River Infill Development Well

**CONFIDENTIAL**

CapBudget#: 322  
AFE#: 040246  
AFE Cost: \$732,000  
COG WI: 100 %  
STATUS: A

10/5/2004 Day: 31 /

**Present Operation:** Producing

Completion Day: 16

Replace sheave on electric motor. Finish electric hook up. Tie in & open flowline. Start well.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$337,468

DC: \$29,260 CC: \$720,412 TD: PBTD:

10/6/2004 Day: 32 /

**Present Operation:** Producing

Completion Day: 17

19 hrs: Prod: 128 BO, 41 MCF, 273 BW. 4428' FAP.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$337,468

DC: \$0 CC: \$720,412 TD: PBTD:

10/7/2004 Day: 33 /

**Present Operation:** Producing

Completion Day: 18

24 hrs: Prod: 185 BO, 93 MCF, 221 BW. 1920' FAP.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$337,468

DC: \$0 CC: \$720,412 TD: PBTD:

10/8/2004 Day: 34 /

**Present Operation:** Producing

Completion Day: 19

16 hrs: Prod: 140 BO, 74 MCF, 131 BW. 2409' FAP. Dn 8 hrs- Pump stuck.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$337,468

DC: \$0 CC: \$720,412 TD: PBTD:

10/9/2004 Day: 35 /

**Present Operation:** Producing

Completion Day: 20

0 hrs: Prod: 0 BO, 0 MCF, 0 BW. Dn 24 hrs- Pump stuck.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$337,468

DC: \$0 CC: \$720,412 TD: PBTD:

10/10/2004 Day: 36 /

**Present Operation:** SD Sunday

Completion Day: 21

MIRU. Unseat pump & try to flush past rods but could not. TOOH w/ rods & pump, try to flush tbg but could not. Tried to release TAC but could not turn. Got all torque back manually free pointed tbg & showed free to 5100' FFS. SDFN.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$346,208

DC: \$8,740 CC: \$729,152 TD: PBTD:

10/11/2004 Day: 37 /

**Present Operation:** Free Pointing Tbg

Completion Day: 22

Shut down for Sunday.

DDC: \$-0- CDC: \$382,962  
Cum Completion Cost: \$346,208

DC: \$0 CC: \$729,152 TD: PBTD:

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AFE Cost: \$732,000

COG WI: 100 %

STATUS: A

10/12/2004 Day: 38 /

**Present Operation:** TIH w/ Overshot

Completion Day: 23

MIRU WL. RIH w/ 1-3/4" swedge to open wax dn tbg. POOH & PU free point tool. Find 100% free tbg @ 5348', 9' below TAC. POOH. PU 2" chem cutter. RIH & cut tbg @ 5344' (WLM). RD WL. Rls TAC & TOOH w/ tbg. Cut tbg 1' below collar on jt below TAC. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$357,318

DC: \$11,110

CC: \$740,262

TD:

PBTD:

10/13/2004 Day: 39 /

**Present Operation:** PU Washover Pipe

Completion Day: 24

PU Bowen OS & DC's. TIH & catch fish. Move fish total of 5.20' in 4 hrs. Tried to circ hole, could not. Had trouble releasing OS, finally released. TOOH w/ wet string. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$373,242

DC: \$15,942

CC: \$756,204

TD:

PBTD:

10/14/2004 Day: 40 /

**Present Operation:** Finish Washing Over Fish

Completion Day: 25

PU 4.750" OD x 3.812" ID washover shoe & 153.15' 4.500" washover pipe. TIH & wash over fish to 5406'. Have 79' to go over fish. PU hole to 5178', circ clean. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$385,632

DC: \$12,390

CC: \$768,594

TD:

PBTD:

10/15/2004 Day: 41 /

**Present Operation:** Finish TIH

Completion Day: 26

TIH & tag sand around fish @ 5410', 5' lower than where we left it. Washover to 5490' & stopped making hole. TOOH & LD washover pipe. TIH w/ OS to 5178'. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$391,064

DC: \$5,432

CC: \$774,026

TD:

PBTD:

10/16/2004 Day: 42 /

**Present Operation:** TIH w/ Production Tubing

Completion Day: 27

TIH to fish & catch it. TOOH. LD fish. PU bail & TIH. Tag sand @ 5494'. Bail well to PBTD @ 5509'. TOOH w/ bailer. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$399,274

DC: \$8,210

CC: \$782,236

TD:

PBTD:

10/17/2004 Day: 43 /

**Present Operation:** Shut Down for Sunday

Completion Day: 28

TIH w/ prod assembly. TIH w/ new pump & rods. Test to 1000 psi. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$403,009

DC: \$3,735

CC: \$785,971

TD:

PBTD:

10/18/2004 Day: 44 /

**Present Operation:** RDMO

Completion Day: 29

Shut Down for Sunday.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$403,009

DC: \$0

CC: \$785,971

TD:

PBTD:

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CapBudget#: 322

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AFE Cost: \$732,000

COG WI: 100 %

STATUS: A

10/19/2004 Day: 45 /

**Present Operation:** Flush Tbg. TIH w/ Prod Tbg

Completion Day: 30

Well not pumping. Unseat pump & try to flush past rods but could not. TOOH w/ rods & pump. Try to pump dn tbg, pressured to 3000 psi. ND WH & release TAC. NU BOP. TOOH w/ tbg. Orange peeled jt full of sand, no other blockage was found. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$408,390

DC: \$5,381 CC: \$791,352 TD: PBTD:

10/20/2004 Day: 46 /

**Present Operation:** RDMO

Completion Day: 31

PU tbg prod assembly & TIH. TIH w/ pump & rods. Test to 1000 psi. SDFN.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$416,719

DC: \$8,329 CC: \$799,681 TD: PBTD:

10/21/2004 Day: 47 /

**Present Operation:** Producing

Completion Day: 32

Well not pumping. Lower rods to get a tag & well started pumping. RDMO. RTP. 18 hrs: Prod: 3060' FAP.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$418,092

DC: \$1,373 CC: \$801,054 TD: PBTD:

10/22/2004 Day: 48 /

**Present Operation:** Producing

Completion Day: 33

24 hrs: Prod: 2213' FAP.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$418,092

DC: \$0 CC: \$801,054 TD: PBTD:

10/23/2004 Day: 49 / 51

**Present Operation:** Producing

10/25/2004

Completion Day: 33-34-35

Too muddy to get to location.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$418,092

DC: \$0 CC: \$801,054 TD: PBTD:

10/26/2004 Day: 52 /

**Present Operation:** Producing

Completion Day: 36

24 hrs: Prod: No FAP taken.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$418,092

DC: \$0 CC: \$801,054 TD: PBTD:

10/27/2004 Day: 53 /

**Present Operation:** Producing

Completion Day: 37

24 hrs: Prod: No FAP taken.

DDC: \$-0- CDC: \$382,962

Cum Completion Cost: \$418,092

DC: \$0 CC: \$801,054 TD: PBTD:

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CapBudget#: 322

AFE#: 040246

AFE Cost: \$732,000

COG WI: 100 %

STATUS: A

10/28/2004	Day: 54 /	<b>Present Operation:</b> Producing Completion Day: 38  24 hrs: Prod: No FAP taken.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
10/29/2004	Day: 55 /	<b>Present Operation:</b> Producing Completion Day: 39  24 hrs: Prod: No FAP taken.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
10/30/2004	Day: 56 /	<b>Present Operation:</b> Producing Completion Day: 40  24 hrs: Prod: No test.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
10/31/2004	Day: 57 /	<b>Present Operation:</b> Producing Completion Day: 41  24 hrs: Prod: No test.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
11/1/2004	Day: 58 /	<b>Present Operation:</b> Producing Completion Day: 42  24 hrs: Prod: 63 BO, 44 MCF, 23 BW.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
11/2/2004	Day: 59 /	<b>Present Operation:</b> Producing Completion Day: 43  24 hrs: Prod: 57 BO, 44 MCF, 31 BW. FL NA.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
11/3/2004	Day: 60 /	<b>Present Operation:</b> Producing Completion Day: 44  24 hrs: Prod: 48 BO, 41 MCF, 28 BW. 2669' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:
11/4/2004	Day: 61 /	<b>Present Operation:</b> Producing Completion Day: 45  24 hrs: Prod: 71 BO, 44 MCF, 35 BW. 2278' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTB:

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COG WI: 100 %  
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11/5/2004	Day: 62 /	<b>Present Operation:</b> Producing Completion Day: 46  24 hrs: Prod: 64 BO, 50 MCF, 104 BW. 2832' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTD:
11/6/2004	Day: 63 /	<b>Present Operation:</b> Producing Completion Day: 47  24 hrs: Prod: 35 BO, 44 MCF, 63 BW. 3222' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTD:
11/7/2004	Day: 64 /	<b>Present Operation:</b> Producing Completion Day: 48  24 hrs: Prod: 43 BO, 38 MCF, 48 BW. 3255' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTD:
11/8/2004	Day: 65 /	<b>Present Operation:</b> Producing Completion Day: 49  24 hrs: Prod: 39 BO, 38 MCF, 30 BW. 3320' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTD:
11/9/2004	Day: 66 /	<b>Present Operation:</b> Producing Completion Day: 50  24 hrs: Prod: 40 BO, 44 MCF, 32 BW. 3385' FAP.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTD:
11/10/2004	Day: 67 /	<b>Present Operation:</b> Producing Completion Day: 51  24 hrs: Prod: No test.  DDC: \$-0- CDC: \$382,962 Cum Completion Cost: \$418,092 DC: \$0 CC: \$801,054 TD: PBTD: