



EVERTSON OPERATING, INC.
Evertson Federal 11-1-12S-98W
900' FNL 800' FWL (N/2 N/2-LOT 5)
Sec. 11 T12S R98W
Mesa County, Colorado
Federal Lease #COC-61718

SURFACE USE PLAN

WELL LOCATION AND INTRODUCTION:

The proposed location is 900' FNL 800' FWL of Sec. 11. The wellsite was surveyed and staked on December 14, 2002 by High Desert Surveying, LLC at a site that was geologically and topographically acceptable. An on-site meeting will be as determined by BLM, at which time the specific concerns of Evertson Operating, Inc. (Evertson) and BLM will be discussed. Please contact Candy Bussinger at 308-235-4871 in Kimball, Nebraska or Randy Walck at 970-243-7205 in Grand Junction, Colorado at your earliest convenience to schedule this on-site meeting.

- * Possible specific stipulations arising from the proposed on-site meeting are shown as starred. Best efforts have been made to address specific concerns of the BLM representatives.

The Grand Junction Field Manager will be notified 48 hours prior to commencing construction of the drillsite and 24 hours prior to commencing reclamation work.

An access Right of Way (ROW) application was submitted to BLM in Grand Junction on November 26, 2002, for ROW to the proposed Evertson 12-1A location and due to ongoing discussions with surface owner, city of Grand Junction, two access routes were proposed, Option A and Option B. Option A utilizes City of Grand Junction lands and Option B utilizes primarily BLM lands. This ROW application is currently in process and has not been approved as of February 10, 2003. A slightly revised "Option B" route is being applied for with this location and the final route will be determined based on discussions between BLM, the City of Grand Junction, and Evertson. Evertson understands a BLM ROW amendment will be required.

(OPTION B)

DIRECTIONS TO LOCATION:

From Grand Junction, Colorado travel southeasterly approximately 13.5 miles on state Highway 50. Turn left onto Lands End Road, being the access to Reeder Mesa and travel northeast for 8.3 miles to a proposed staked access road. Turn left and travel 270 feet to the creek crossing then onto an upgraded two-track trail and travel westerly for approximately 1.31 miles, then northerly, then westerly for approximately 0.87 miles to the existing Evertson Federal 13-11 location. Continue travel northerly, then westerly on the staked two-track trail for approximately 3,180 feet (0.60 miles). Then travel northerly, then northwesterly on staked undisturbed surface for approximately 4,686 feet (0.89 miles) to an existing two-track trail. Turn left, passing the proposed compressor station site on the right, and travel southwesterly on the existing two-track trail for approximately 100', to a staked access road. Turn right and travel northwesterly on staked undisturbed surface for approximately 2,700 feet (0.51 miles) to the proposed Evertson Federal 11-1-12S-98W location.

TOTAL LENGTH-ROADS TO BE UTILIZED ON FEDERAL LANDS (See attached map)

EXISTING ROAD:	0.00 MILES
NEW CONSTRUCTION:	0.55 MILES
TO BE UPGRADED:	0.96 MILES
TOTAL:	1.51 MILES

1) EXISTING ROADS

- A) The well is an exploratory well.
- B) Existing roads within 3 miles - existing county and BLM roads to within 1.51 miles.
- C) Plans for improvement and/or maintenance of existing roads are to maintain in as good or better conditions than at present.
- D) Due to the rocky nature of portions of the existing roads in this area, portions of the existing roads will be crowned and ditched, some portions will be left as is. The existing portions in rocky areas will be widened as agreed to at the pre-construction meeting.

PLANNED ACCESS ROADS

The following route includes a portion of access Right of Way (ROW) applied for on behalf of Evertson on November 26, 2002, as Option B in the ROW application:

Additional Access (From the existing Evertson Federal 13-11):

Upgrade Two-track Trail:

Federal Surface:

- ±715' - (0.14 miles) construction to be upgraded, BLM, Section 11 T12S R98W
- ±100' - (0.02 miles) construction to be upgraded, BLM, Section 12 T12S R98W
- ±3,180' - (0.60 miles) construction to be upgraded, BLM, Section 13 T12S R98W
- ±1,100' - (0.21 miles) construction to be upgraded, BLM, Section 36 T1S R2E
- ±5,095' - (0.96 miles) Total additional construction to be upgraded, BLM

New Construction:

Federal Surface:

- ±2,900' - (0.55 miles) new construction, BLM, Section 11 T12S R98W
- ±2,900' - (0.55 miles) total additional new construction, BLM

- * A) The proposed access road will be crowned and ditched to the location prior to use for moving the drill rig onto the site. The maximum disturbed width will not exceed 24 feet with a 16 to 18 foot running surface. Dust will be controlled by the use of water or an approved dust retardant, as directed by the Grand Junction Field Manager. All roads, including access to drilling water, will be maintained in good condition.
- B) Borrow ditches to be backsloped no greater than 2:1.
- C) Maximum grades 3% for 500'.
- * D) Drainage to consist of borrow ditches on both sides. In the access road, if the well is completed as a producer, culverts or gravel bottom low water crossings, if necessary, will be placed on channel bottoms, on firm uniform beds which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.
- E) No additional surfacing material will be required.
- F) No major road cuts are necessary.
- G) Fence cuts, gates, and cattleguards will not be required.
- * H) Round the upper edges of all cut banks on the access road and well pad.
- I) All construction shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the Authorized Officer.
- * J) There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.
- * K) The Grand Junction Field Manager shall be notified at least 24 hours prior to commencing reclamation work.

3) LOCATION OF EXISTING WELLS

Within a 3-mile radius

Drilling	None	
Abandoned	T1S R2E	Sec. 23 NW/4 NE/4 Sec. 25 SW/4 NW/4 Sec. 27 SW/4 SE/4
	T2S R2E	Sec. 1 NE/4 SW/4 Sec. 12 NE/4 NW/4
	T12S R98W	Sec. 12 SW/4 NW/4 SW/4 SE/4 Sec. 24 SW/4 SW/4
Proposed	T12S R98W	Sec. 11 Lot 7 Sec. 12 SE/4 SW/4 Sec. 13 SE/4 NW/4 Sec. 36 SE/4 NW/4
Disposal injection	T1S R2E	
Shut-In	None	
	T12S R97W	Sec. 18 SW/4 NW/4
	T12S R98W	Sec. 13 SE/4 NW/4
Producing	T12S R98W	Sec. 12 SW/4 NW/4 Sec. 13 NE/4 SW/4

LOCATION OF EXISTING PRODUCING FACILITIES OPERATED BY Evertson Operating, Inc.

Within three miles:	T12S R98W	Sec. 12 SW/4 NW/4 Sec. 13 NE/4 SW/4
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4) NEW PRODUCTION FACILITIES PROPOSED

- A) Facilities to be constructed on location will be submitted by Sundry Notice upon well completion.
- B) Dimension of Proposed Facility is 285' x 190'. Pad size will be reduced to minimum size necessary to conduct safe operations cuts and fills will be reduced to 2:1 or shallower.
- C) Site preparation for production will be done with standard excavation equipment using native materials. Additional surface material will be obtained from commercial sources or an approved borrow area.
- * D) All above ground permanent structures including production equipment will be painted to blend with the surrounding landscape. The color specified is dark green.
- * E) Production facilities may vary according to actual reservoir discovered and will be engineered upon completion of well tests.
- * If well is a producer, all production facilities will be authorized by Sundry Notice.
- * F) All pits will be fenced on all sides.
- G) No facilities will be constructed off location.
- H) Rehabilitation of unneeded, previously disturbed areas will consist of backfilling and contouring the reserve pit area, back sloping and contouring all cut and fill slopes. These areas will be re-seeded. Refer to plans for restoration of surface for additional details.
- I) Pits, which contain oil, will be overhead flagged.
- J) A dike shall be constructed around the tank battery, of sufficient capacity to contain at least 110 percent of the storage capacity of the largest tank within the dike.

5) LOCATION OF WATER SUPPLY

Water, if necessary, will be transported by truck from an existing ditch (N/2 Sec. 14 T12S R98W). The water will be diverted from the ditch on an existing road. The landowner has been contacted to discuss negotiations for use of water. The address is:

City of Grand Junction
250 North 5th Street
Grand Junction, CO 81501

Broken Spoke Ranch (City of Grand Junction)
250 North 5th Street
Grand Junction, CO 81501

An alternative source is the White Water municipal water supply. Any other source will be applied for separately by Sundry Notice.

6) SOURCE OF CONSTRUCTION MATERIALS

- A) Construction materials will consist of native materials from borrow ditches and location areas.
- B) Surfacing materials will be obtained from available permitted sources, if needed, and consist of pit gravel.

7) WASTE DISPOSAL

- A) Drill cuttings will be buried in "blewie pit" when dry.
- B) Drilling fluid will be evaporated then buried in the reserve pit, if used, when dry.
- C) Produced fluid will be contained in test tanks during completion and testing.
- * D) Sewage disposal facilities will be in accordance with State and Local Regulations. Sewage may not be buried on location or put in a borehole. Colorado Department of Public Health and Environmental (CDPHE) Regulations prevent this unless a CDPHE Permit is obtained.
- * E) Garbage and other waste - Burning of waste or oil is not approved. Waste will be contained in a portable trash cage, which will be totally enclosed with small mesh wire. Cage and contents will be transported to and trash dumped at a CDPHE approved Sanitary Landfill upon completion of operations.
- F) Trash will be picked up if scattered and contained in trash cage as soon as practical after rig is moved off.
- * G) Reserve pit will be fenced "stock tight" on three sides during drilling operations, and on fourth side at time of rig release. Pit will remain fenced until backfilled. Fencing to be 48" woven wire with 1 strand of barbed wire, or 4 strands of barbed wire
- H) Upon release of the drilling rig, rathole, mousehole and sewage holes will be filled. Debris and excess equipment will be removed.

8) ANCILLARY FACILITIES

No ancillary facilities will be necessary.

9) * WELLSITE LAYOUT

- A) See attached drillsite plat and cut/fill diagram.
- * B) Pit will not be required unless mud drilling becomes necessary (not anticipated). If a pit is necessary, it will be constructed as shown on location plat, and will be unlined. If permeable material is encountered in the reserve pit, the BLM will be contacted during construction and a pit liner 12 mil or thicker will be installed.
- C) Backslopes to be 1:1 or shallower.
- D) Flare (blewie) pit to be at least 100' from well

10) SURFACE RESTORATION

- * A) Topsoil will be stripped together to a depth of 6 inches and stockpiled as shown on plat. No topsoil stripping will be allowed when soils are moisture saturated to a depth of 3 inches, or frozen below the stripping depth.
- * Topsoil to be piled as shown on Location Plat. The operator shall clear all brush prior to construction.
- B) Backfilling, leveling and contouring are planned as soon as all pits have dried. Waste and spoils materials will be buried immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible.
- * C) The soil banked material will be spread over the area. Revegetation will be accomplished by planting mixed grasses as per formula by BLM. Revegetation is recommended for road area as well as around drill pad.
- D) The rehabilitation will begin after the drilling rig is removed. Removal of oil or other adverse substances will begin immediately or area will be flagged and fenced. Other cleanup will be done as needed. Planting and revegetation is considered best in Fall, unless requested otherwise.
- * E) A proposed seed mixture for this location is:
 - 2#/acre PLS - Western Wheatgrass (Arriba)
 - 3#/acre PLS - Indian Rice Grass (Paloma)
 - 3#/acre PLS - Pubescent Wheatgrass (Luna)
 - 1#/acre PLS - Fourwing saltbush Rincon)
 - 1#/acre PLS - Cicer milkvetch (Lutana)
 - 10#/acre PLS - TOTAL
- * F) Prepare seedbed by disking or ripping 4"-6" following the natural contour. Drill seed on contour at a depth 1/2 to 1". In areas that cannot be drilled, broadcast at 1.5 times the seeding rate and harrow seed into soil. Certified seed is recommended. Seeding must be completed after Sept. 1 and prior to Oct. 15.
- G) During reclamation of the site, push the fill material into cuts and up over the backslope. Leave no depressions that will trap water or form ponds. Distribute topsoil evenly over the location, and seed according to the above seed mixture. The access road and location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- * H) If the well is a producer:
 - Upgrade and maintain access roads as necessary to prevent soil erosion and accommodate year-round traffic. Reshape areas unnecessary to operation, rip or disk, and seed all disturbed areas outside the work area according to the above seed mixture. Save the topsoil to be used during final reclamation unless the location can be recontoured to meet final reclamation specifications. Perennial vegetation must be established. Additional work will be required in case of seeding failures. All permanent facilities placed on the location will be painted a non-reflective dark green to blend with the natural environment.
- * I) The area is considered to be satisfactory reclaimed when:
 - A. Soil erosion resulting from the operation has been stabilized.
 - B. A vegetative cover at least equal to that present prior to disturbance and a plant species composition at least as desirable as that present prior to disturbance has been established. Establishment of all the species in the seed formula will be considered as meeting the composition/desirable species criteria.

11) GENERAL INFORMATION

- A) Project area is situated in the undulated uplands east of the Colorado River.
- B) Topographic and geologic features - moderate relief area, well drained, sand and silt deposition.
- C) Soil characteristics - clay loam.
- D) Fauna - none observed, assume deer, elk, coyotes, rabbits, raptors, and rodents.
- E) Flora consists of: Crested wheat, Western wheat, Sand dropseed, Eriogonum, and Buckwheat.
- F) Concurrent surface use - grazing and hunting.
- G) Mineral Lessor - Bureau of Land Management.
- H) Surface Owner
 - Drillsite - Bureau of Land Management
 - Access - Bureau of Land Management:
- I) Proximity of water, occupied dwellings or other features – unnamed intermittent drainage adjacent to location, which flows into Sink Creek, 400' northwest of location.
- J) Archaeological, cultural and historical information is contained in a report sent under separate cover by Grand River Institute, dated February 3, 2003.
- K) If any fossils are discovered during construction, the operator shall cease construction immediately and notify the Authorized Officer so as to determine the significance of the discovery.
- L) Annual or noxious weeds shall be controlled on all disturbed areas as directed by the Grand Junction Field Manager. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application proposals must be approved by the BLM. Application of herbicides must be under direct field supervision of an EPA certified pesticide applicator.
- M) A Class III (100% pedestrian) cultural resource inventory shall be completed prior to disturbance by a qualified professional archaeologist in the following areas: Well location. A report of the inventory will be submitted and approved by the BLM with stipulations as appropriate in order to comply with EO 11593 and Section 106 of the National Historic Preservation Act of 1966.
- N) The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). With five working days the AO will inform the operator as to:
 - whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in site preservation is not necessary); and,
 - a timeframe for the AO to complete and expedited review under 36 CFR 800-111 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the Operator will then be allowed to resume construction.

12) LESSEE'S OR OPERATOR'S REPRESENTATIVE:

Operator

Evertson Operating, Inc.

Field Operations:

730 Seventeenth Street, Suite 410

Denver, Colorado 80202

Phone: (303) 595-9478

Fax: (303) 592-1909

Mr. Phil Kriz – Senior Operations Engineer

Corporate Office:

Evertson Operating, Inc.

P.O. Box 397

Kimball, NE 69145

Phone: (308) 235-4871

*Ms. Candy Bussinger

*Randy Walck

Walck Consulting, Inc.

833 24.5 Road

Grand Junction 81505-9629

Phone: 970.243.7205 Fax: 970.241.1985

- * Contact with any questions or comments regarding the on-site meeting
- + Contact with any questions or comments regarding this permit.

Permit Agent

Banko Petroleum Management, Inc.

9285 Teddy Lane, Suite 100

Lone Tree, CO 80124-6705

(303) 820-4480

+ David F. Banko - Agent

(303) 820-4480

e-mail: david@banko1.com

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(307) 389-8227 – mobile

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+ Kathy Schneebeck – Regulatory Analyst

(303) 820-4480

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13) CERTIFICATION:

I hereby certify that Evertson Operating, Inc. is responsible under the terms and conditions of the lease to conduct lease operations in conjunction with the application. Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Evertson Operating, Inc. under their nationwide bond, BLM Bond #CO-934.

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access road; that I am familiar with the conditions which presently exist; that the statements made in this plan area, to the best of my knowledge, are true and correct; and that the work associated with the operations proposed herein will be performed by Evertson Operating, Inc. and its contractors and sub-contractors in conformity with this plan and conditions under which it is approved.

February 18, 2003

Kathy L. Schneebeck

Kathy L. Schneebeck

Agent For Evertson Operating, Inc.

Electronic Submission #18653