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COASTAL OIL & GAS CORPORATION  
SOUTH DOUGLAS CREEK #7339  
NW/NE SECTION 12-T4S-R102W  
RIO BLANCO COUNTY, COLORADO

**THIRTEEN POINT WELL PROGRAM**

1. **EXISTING ROADS** See attached Topographic Map "A" & "B".
  - A. The proposed wellsite is staked and reference stakes are present.
  - B. Refer to the attached Topographic Maps "A" and "B".
  - C. Access Roads – refer to maps "A" & "B".
  - D. Access roads within a one mile radius – refer to map "B".
  - E. The existing roads will be maintained in the same or better condition as existed prior to the commencement of operations and said maintenance will continue until final abandonment and reclamation of the well location.

2. **PLANNED ACCESS ROAD: Refer to Map "B".**

No access road required.

- A. Width – maximum – 30 foot overall right-of-way with an 18 foot road running surface, crowned & ditched and/or sloped and dipped.
- B. Construction standard – the access road will be constructed to same standards as previously accepted in this area.

The road will be constructed to meet the standards of the anticipated traffic flow and all weather requirements. Construction will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-constructed and safe road.

Prior to construction/upgrading, the roadway shall be cleared of any snow cover and allowed to dry completely.

Traveling off of the thirty (30) foot right-of-way will not be allowed.

Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or the accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of the drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts.

Upgrading shall not be allowed during muddy conditions.

Should mud holes develop, they will be filled in and detours around them avoided.

- C. Maximum grade – grade will be 8% or less, wherever possible. The 8% grade will only be exceeded in areas where physical terrain or unusual circumstances require it.

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- D. Drainage design- the access road will be crowned and ditched or sloped and dipped, and water turnouts installed as necessary to provide proper drainage along the access road route.
- E. Turnouts – turnouts will be constructed along the access route as necessary or required to allow for the safe passage of traffic.
- F. Culverts – no culverts will be required.
- G. Surface materials – any surfacing materials required will be purchased from a local contractor having a permitted source of materials in the area. None are anticipated at this time.
- H. Gates, cattleguards or fence cuts – none required.
- I. Road maintenance – during both the drilling and production phase of operations, the road surface and shoulders will be kept in a safe and useable condition and will be maintained in accordance with the original construction standards. The access road right-of-way will be kept free of trash during operations.
- J. The proposed access road has been centerline flagged.
- K. Dust will be controlled on the roads and locations during construction and drilling by periodic watering of the roads and locations.

3. **LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS**

Please refer to map "C"

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES**

- A. There are no existing facilities that will be used by this well.
- B. New Facilities Contemplated – in the event of production the following will be shown:
  - 1. Proposed location and attendant lines, by flagging, if off well pad.
  - 2. Dimensions of facilities.
  - 3. Construction methods and materials.
  - 4. Protective measures and devices to protect livestock and wildlife.
  - 5. All buried pipelines will be buried to a depth of 3 feet, except at road crossings where they will be buried to a depth of 4 feet.
  - 6. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
  - 7. Pipeline location warning signs shall be installed within 90 days after construction is completed.
  - 8. Coastal shall condition pipeline right-of-ways in a manner to preclude vehicular travel upon said rights-of way, except for access to pipeline drips and valves.
  - 9. A dike will be constructed completely around any production facilities which contain

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fluids (i.e. production tanks, produced water tanks, etc.). These dikes will be constructed of compacted subsoil, be impervious, hold 110% of the capacity of the largest tank, and be independent of the back cut.

- 10. All permanent (onsite for six months or longer) above-the-ground constructed or installed, including pumping units, will be painted a flat non-reflective, earthtone color to match one of the standard environmental colors as determined by the Five State Rocky Mountain Interagency Committee. All production facilities will be painted within six months of installation. Facilities required to comply with Occupational Health and Safety Act Rules and Regulations will be excluded from this painting requirement.

The required paint color is Spinach Green (12-D-32 SOL Komac Colorizer) or equivalent.

- C. The production (emergency) pit will be 8 feet in diameter and 8 feet deep. It will be lined with corrugated steel with a steel mesh cover.
- D. Coastal Oil & Gas Corporation shall protect all survey monuments, witness corners, reference monuments and bearing trees in the affected areas against disturbance during construction, operation, maintenance and termination of the facilities authorized herein.

Coastal shall immediately notify the authorized officer in the event that any corners, monuments or markers are disturbed or are anticipated to be disturbed. If any monuments, corners or accessories are destroyed, obliterated or damaged during construction, operation or maintenance, Coastal shall secure the services of a Registered Land Surveyor to restore the disturbed monuments, corners or accessories, at the same location, using surveying procedures found in the Manual of surveying Instructions for the Survey of the Public Lands of the United States, latest edition. Coastal shall ensure that the Registered Land Surveyor properly records the survey in compliance with Colorado Revised Statutes 38-53-101 through 38-53-112 (1973) and shall send a copy to the authorized officer.

- E. During drilling and subsequent operations, all equipment and vehicles will be confined to the access road right-of-way and any additional areas as specified in the approved Application For Permit to Drill.
- F. Reclamation of disturbed areas no longer needed for operation will be accomplished by grading, leveling and seeding as recommended by the Bureau of Land Management.

**5. LOCATION AND TYPE OF WATER SUPPLY**

- A. Water to be used for the drilling of these wells will be hauled by truck over the roads described in item #1 and item #2, from the Rangely City water supply (which is approximately 29.5 miles southeast of the proposed location).
- B. No water well will be drilled on this location.

**6. SOURCE OF CONSTRUCTION MATERIALS**

- A. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads to the area. No special access other than for drilling operations and pipeline construction is needed.
- B. All access roads crossing Federal land are described under Item #2, and shown on Map "A".

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All construction material for these location sites and access roads shall be borrow material accumulated during the construction of the location sites and access roads. No additional construction material from other sources is anticipated at this time. If in the future it is required, the appropriate actions will be taken to acquire it from private sources.

- C. All surface disturbance area is on BLM lands.
- D. All trees on the locations, access road, and proposed pipeline routes shall be purchased prior to construction from the Bureau of Land Management, White River Resource Area, and Disposed of by one of the following methods:
  - i. Trees shall be cut with a maximum stump height of six inches (6"), and cut to 4' lengths and stacked off location. Trees will not be dozed off the location or access road, except on private surface where trees may be dozed. Trees may also be dozed on pipeline routes and then pulled back onto right-of-way as part of final reclamation.
  - ii. Limbs may be scattered off location, access road or along the pipeline, but not dozed off.

Rootballs shall be buried or placed off location, access road, or pipeline route to be scattered back over the disturbed area as part of final reclamation.

7. **METHODS OF HANDLING WASTE MATERIALS:**

- A. Cuttings – the cuttings will be deposited in the reserve/blooiie pit.
- B. Drilling fluids – including salts and chemicals will be contained in the reserve/blooiie pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within ninety (90) days after termination of drilling and completion activities.

In the event adverse weather conditions prevent removal of the fluids from the reserve pit within this time period, an extension may be granted by the Authorized Officer upon receipt of a written request from Coastal.

The reserve pit will be constructed so as not to leak, break, or allow discharge.

- C. Produced fluids – liquid hydrocarbons produced during completion operations will be placed in test tanks on the location. Produced waste water will be confined to a lined pit (reserve pit) or storage tank for a period not to exceed ninety (90) days after initial production. During the ninety (90) day period, in accordance with NTL-2B, an application for approval of a permanent disposal method and location, along with the required water analysis shall be submitted for the Authorized Officer's approval. Failure to file an application within the time frame allowed will be considered an incidence of noncompliance.

Any spills of oil, gas, salt water or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

- D. Sewage- self-contained, chemical toilets will be provided for human waste disposal. Upon completion of operations, or as needed, the toilet holding tanks will be pumped and the contents thereof disposed of in the nearest, approved, sewage disposal facility.
- E. Garbage and other waste material – garbage, trash and other waste materials will be collected in a portable, self-contained and fully-enclosed trash cage during drilling and completion operations. Upon completion of operations (or as needed) the accumulated trash will be

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disposed of at an authorized sanitary landfill. No trash will be burned on location or placed in the reserve pit.

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- F. Immediately after removal of the drilling rig, all debris and other waste materials not contained in the trash cage will be cleaned up and removed from the well location. No adverse materials will be left on the location. Any open pits will be maintained until such time as the pits are backfilled.
- G. The reserve and/or production pit will be constructed on the existing location and will not be located in natural drainages where a flood hazard exists or surface runoff will destroy or damage the pit walls. All pits will be constructed so as not to leak, break, or allow the discharge of liquids therefrom.

8. **ANCILLARY FACILITIES:**

None anticipated.

9. **WELLSITE LAYOUT**

- A. The attached plat specifies the drill site layout as staked. Cross sections have been drafted to visualize the planned cuts and fills across the location. An average minimum of six (6) inches of topsoil will be stripped from the location (including areas of cut, fill and/or subsoil storage), and stockpiled for future reclamation of the well site. Refer to stockpiled for future reclamation of the well site. Refer to Figure #1 for the location of the topsoil and subsoil stockpiles.
- B. No permanent living facilities are planned (refer to the rig location layout plat). There will be one (1) trailer on location during drilling operations for the toolpusher.
- C. A diagram showing the proposed production facility layout will be submitted to the
- D. The reserve pit and blooie pit will be constructed as a combination pit capable of holding 500-600 bbls of fluid. This size of pit will be approximately equivalent to four times the TD hole volume. The pits were combined, as these are gas wells and there will be no danger of the accumulation of hydrocarbons that could result in a potential safety hazard. The blooie pit might be used for testing, but only after the drilling is completed and the drilling equipment and personnel are off the well site location. In the event that drilling fluid (mud) will have to be used, then this pit will also serve as the reserve pit.

The reserve pit will be lined with either native clay, commercial bentonite, or plastic sufficient to prevent seepage (12 mil). If a plastic-nylon reinforced liner is used, it will be torn and perforated after the pit dries and before backfilling of the reserve pit.

This requirement may be waived by the Bureau of Land Management upon receipt of additional information from Coastal, concerning location of fresh water aquifers and potential flow rates, chemical analyses of waters from these aquifers, and information concerning both the mechanics and nature of the air mist drilling system including any additives used therein.

- E. Prior to the commencement of drilling operations, the reserve pit will be fenced on three (3) sides using three strands of barbed wire according to the following minimum standards:
  - 1. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
  - 2. Standard steel, wood, or pipe posts shall be used between the corner braces. The maximum distance between any two (2) posts shall be no greater than sixteen (16) feet.

3. All wire shall be stretched by using a stretching device, before it is attached to the corner posts.

The fourth side of the reserve pit will be will be fenced immediately upon removal of the drilling rig and the fencing will be maintained until the pit is backfilled.

- F. Any hydrocarbons on the pit will be removed from the pit as soon as possible after drilling operations are completed.

10. **PLANS FOR RECLAMATION OF THE SURFACE:**

The BLM will be contacted prior to commencement of any reclamation operations.

**A. Production**

1. Immediately upon well completion, the well location and surrounding area(s) will be cleared of all debris, materials, trash and junk not required for production.
2. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.
3. If a plastic or nylon reinforced pit liner is used, it shall be torn and perforated before backfilling of the reserve pit.
4. Before any dirt work to restore the location takes place, the reserve pit will be completely dry and all cans, barrels, pipe, etc. will be removed.

Other waste and spoil materials will be disposed of immediately upon completion of drilling and workover activities.

5. The reserve pit and that portion of the location and access road not needed for production facilities/operations will be reclaimed within ninety (90) days from the date of well completion, weather permitting.
6. If the well is a producer, Coastal will: Upgrade and maintain access roads as necessary to prevent soil erosion, and accommodate year round traffic. Reshape areas unnecessary to operations, distribute topsoil, disk and seed all disturbed areas outside the work area according to the BLM recommended seed mixture.

If the well is abandoned/dry hole, Coastal will: Restore the access road and location to approximately the original contours. 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.

Seedbed will be prepared by disking, then roller packing following the natural contours. Seed will be drilled on contours at a depth no greater than one-half inch (1/2). In areas that cannot be drilled, seed will be broadcast at double the seeding rate and harrowed into soil. Certified seed will be used whenever available.

Fall seeding will be completed after September 1, and prior to prolonged ground frost. To be effective, spring seeding will be completed after the frost has left the ground and prior to may 15<sup>th</sup>.

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7. Upon completion of backfilling, leveling and recontouring, the stockpiled topsoil will be evenly spread over the reclaimed area(s). Prior to reseeding, all disturbed surfaces will be scarified and left with a rough surface. No depressions will be left that would trap water and form ponds. All disturbed surfaces will be reseeded with a seed mixture to be recommended by the Bureau of Land Management.

Seed will be drilled on the contour to approximate depth of one-half (1/2) inch. All seeding will be conducted after September 1 and prior to ground frost. Spring seeding will be done after the frost leaves the ground and no later than May 15<sup>th</sup>. If the seeding is unsuccessful, Coastal may be required to make subsequent seedings.

**B. Dry Hole/Abandoned Location**

1. On lands administered by the Bureau of Land Management, abandoned well sites, roads, or other disturbed areas will be restored to near their original condition.

This procedure will include:

- (a) re-establishing irrigation systems where applicable,
  - (b) re-establishing soil conditions in irrigated fields in such a way as to ensure cultivation and harvesting of crops and,
  - (c) ensuring revegetation of the disturbed areas to the specifications of the Bureau of Land Management at the time of abandonment.
2. All disturbed surfaces will be recontoured to the approximate natural contours and reseeded according to BLM specifications. Reclamation of the well pad and access road will be performed as soon as practical after final abandonment and reseeding operations will be performed in the fall or spring following completion of reclamation operations.

**11. SURFACE OWNERSHIP**

All well sites and proposed access roads except those listed in section 6, part C of this plan are situated on surface lands administered by: Bureau of Land Management, Meeker District Office, Meeker, Colorado

**12. OTHER INFORMATION:**

- A. Topographic and geologic features of the area – Refer to Topographic map "A".

The area slopes from the rim of the Book Cliff Mountains to the South to the White River to the North, and is a portion of the Roan Plateau. The area is interlaced with canyons and ridges which are extremely steep with numerous ledges formed in sandstone, conglomerate, and shale deposits.

The soils in this semi-arid area of the Williams Fork Formation (Upper Cretaceous) And the Wasatch Formation (Eocene) consist of light brownish-gray clays (OL) to Sandy soils (SM-ML) type with poorly graded gravels.

Outcrops of sandstone ledges, conglomerate deposits and shale are common in this area.

The topsoils in the area range from a sandy clay 9SM-ML) type soil to a clayey (OL) type soil.

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The majority of the numerous washes and streams in the area are of a non-perennial nature flowing during the early spring run-off and heavy rainstorms of long duration which are rare as the normal annual rainfall in the area is only 8".

Douglas Creek flows from the South to the North and is the only stream in the area that has a year-round flow of any consequence. This stream is a tributary to the White River to the North.

Due to the low precipitation average, climate conditions, and the marginal types of soils, the vegetation that is found in the area is common of the semi-arid regions and consists of juniper and pinion forest as the primary flora with areas of sagebrush, rabbitbrush, greasewood, some grasses, and cacti.

The fauna of the area consist predominantly of the mule deer, coyotes, bears, rabbits, and varieties of small ground squirrels and other types of rodents. The area is used by man for the primary purpose of grazing sheep and cattle.

The birds of the area are raptors, finches, ground sparrow, magpies, crows, and jays.

- B. The surface ownership is Federal except as noted previously in this plan. The surface use is grazing and petroleum production.
- C.
  1. The nearest live water is Douglas Creek, which lies easterly of and parallel with Highway 139.
  2. The only dwelling in the area is a ranch house and out building in the SE ¼ of Section 20, T2S, R103W, in Park Canyon. No significant archaeological, historical or cultural sites are known to be present.
  3. The archaeological report surveyed by "Montgomery Archaeological Consultants", is attached.
  4. There are no reported restrictions or reservations noted on the oil and gas lease.

Any construction activity in the area shall be done with awareness that many natural gas pipelines are buried. Some are apparent as to location, some have grown over with weeds and brush. It is suggested that the contractor contact the operators in the area to locate all lines before digging.

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13. LESSEE'S OR OPERATORS REPRESENTATIVE & CERTIFICATION:

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Darrell Molnar  
Drilling Manager  
Coastal Oil & Gas Corporation  
9 Greenway Plaza, Suite 2770  
Houston, TX 77046  
(713) 418-4295

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

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Coastal Oil & Gas Corporation is responsible under terms and conditions of the lease for the operations on the lease.

Bond Coverage pursuant to 43 CFR 3104 lease activities associated with this well is being provided by Coastal Oil & Gas Corporation. BLM Nationwide Bond #962270, and State of Colorado #10003883.

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

  
Cheryl Cameron

12/28/00  
Date