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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

OK

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
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May 7, 2002

Certified Mail #7099 3400 0016 8896 0884

Steven L. Prince
Clear Creek, LLC
1431 N. 1200 W.
Orem, Utah 84058

*Account
0/007/001
FAX PFO*

Re: Notice of Violation, Proposed Cook #17-2 Well, Section 17, T. 13S, R. 7E,
Carbon County, Utah

Copy from

Dear Mr. Prince:

Personnel from the Division of Oil, Gas and Mining ("the Division") conducted a site visit to the referenced proposed well location on April 30, 2002. Your company has submitted an Application for Permit to Drill ("APD") to the Division for this location; however, at this time, the Division has not issued its approval of the APD. Such approval is awaiting your submittal to the Division of proper bonding (Rule R649-3-1-8.1 attached), water use information, and surface use agreement or affidavit.

Upon visiting the proposed well location, Division personnel discovered that construction work had already been performed on the access roads, well pad and reserve pit. The construction work commenced prior to any permit being issued by the Division and your actions are in violation of Rule R649-3-4.1 (attached). Several other aspects of this construction activity are of concern to the Division:

- 1) The construction appeared to be not in accordance with what was discussed at the onsite evaluation in the presence of the landowner and Division staff.
- 2) The reserve pit appeared to be not constructed as proposed in the APD. Although the pit was lined, it had a hole in the liner a few inches above fluid level. The pit also contained fluid that had the appearance of drilling fluid, possibly from another location.
- 3) This location may be within an existing coal mine permit area. This led Division personnel to question whether construction activities had been coordinated through the coalmine operator. Please refer to Rule R649-3-29 Workable Coal Beds and Rule R649-3-30 Underground Mining Operations, which are attached.

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- 4) The Division does not view your recent activities as "good faith efforts" to conduct safe and workmanlike operations in accordance with Rule R649-3-15, (see attached). It is definitely not a good start toward developing the gas resources in the area.

The Division will not be issuing any further approvals to drill to your company until the required information for the pending APD is received, and any issues related to the existing disturbance have been adequately addressed. ✓

In accordance with Rule R649-10-4 (1.2), Procedures for Informal Adjudicative Proceedings, Clear Creek LLC may submit a written objection to the Notice of Violation and a request for an informal hearing before the Division within ten days of the date of this mailing. The request for an informal hearing must be directed to the presiding officer, Mr. Lowell Braxton, Director of the Division of Oil Gas and Mining. A hearing will then be scheduled and held within the Division offices at 1594 West North Temple, Salt Lake City, Utah. Intervention is prohibited; however, if an informal hearing is scheduled, such hearing shall be open to the public.

If you have questions or would like to discuss this matter further, please contact Gil Hunt at 801-538-5297 or myself at 801-538-5334.

Sincerely,



for John R. Baza
Associate Director

er
Enclosures

cc: Lowell Braxton, Director
Mary Ann Wright, Associate Director
George Liodakis, Landowner