



STATE OF UTAH
NATURAL RESOURCES & ENERGY
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Cleon B. Feight, Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

March 15, 1983

Mr. Doug Bremner
Staff Geophysicist
ARCO Exploration Company
P.O. Box 2819
Dallas, Texas 75221

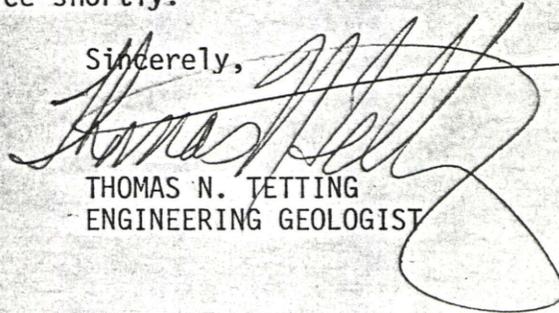
RE: Coal Exploration
CEP/015/007
Emery County, Utah

Dear Mr. Bremner:

Thank you for the copy of your letter to Carolyn Driscoll received on March 7, 1983. The situation appears well on the way to resolution as you have indicated it. The fact remains however, that no "core-activity" drilling has been permitted for your company in the areas indicated. I have sent a copy of the Coal Chapter Rules and Regulations to Mr. Tuhy but do not recall receiving an application for conducting exploration accordingly. I believe that this is a point of concern and ought to be addressed immediately, referencing UMC 776 and UMC 815, sections.

Please feel free to contact me if there are any questions as I will be looking forward to receiving a notice shortly.

Sincerely,



THOMAS N. TETTING
ENGINEERING GEOLOGIST

TNT/mn

cc: Jim Smith
Carolyn Driscoll
Tim Abing, MMS

ARCO Exploration Company
Post Office Box 2819
Dallas, Texas 75221
Telephone 214 651 5151



January 26, 1983

RECEIVED
MAR 07 1983

Ms. Carolyn Driscoll
1105 Continental Bank Bldg.
Salt Lake City, Utah 84101

DIVISION OF
OIL, GAS & MINERALS

Dear Ms. Driscoll:

In reviewing your letter to Mr. Tom Tetting of the State of Utah Division of Oil, Gas, and Minerals regarding FL Energy Corporations claim of B.L.M. trespass against Rocky Mountain Geophysical and ARCO Exploration Company, it has become apparent that several matters need to be clarified.

First, the primary cause of this incident appears to be the confusion over the ownership of the Oil and Gas leases in Section 8 T21S R7E, Emery County, Utah. On at least two occasions Mr. Fred Jaeger of Mountain Resources Corporation stated in front of me and others that he did in fact hold those leases. The first of these discussions was held November 28 East of Moore, Utah at one of our seismic test sites. On that occasion Mr. Jaeger stated that he owned the Oil and Gas leases in Sections 8, 9, 10, 11, 12, 14, 15, 21, and 22 T21S R7E. The second occasion was November 29 when we discussed obtaining the permits for this area. During this discussion Mr. Jaeger referred to the leases in Section 8 T21S R7E by both legal description and lease number. These lease numbers corresponded to those obtained from the B.L.M. On this occasion Mr. Jaeger signed permits for all of Mountain Resources holdings in T20 and 21S R 6, 7, and 8E, Emery County, Utah (copy attached). It should be obvious from the excess damages shown on that permit that a corehole had been discussed and agreed to. With these facts in mind it is easy to see why Rocky Mountain Geophysical and ARCO Exploration Company believed that all necessary permits had been obtained.

Second, in your letter you state that this corehole was not permitted with the B.L.M.. This statement is in fact in error as evidenced by the attached copy of the B.L.M. permit.

Carolyn Driscoll
January 26, 1983
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Third, you state that Mr. Alan Tuhy misrepresented the depth at which we were drilling on December 28, 1982. In fact, Mr. Tuhy may not have been aware of the fact that we were approaching core point before December 29, 1982. The formations in the well in Section 8 T21S R7E were approximately 225-250 feet higher than our original estimates. As Mr. Tuhy was only given our original estimates he was stating a reasonable best estimate based on his knowledge on December 28. When core point was reached on December 28th and Mr. Tuhy was informed of this fact he made no attempt to conceal it as evidenced by your conversation on December 29th.

Fourth, you state that considerable damage was done to your "client's access roads and the lease holders surface". As this land belongs to the B.L.M. the disposition of any surface damage is primarily their affair. With this in mind we had all alterations to the access road verbally approved by the B.L.M. and have a B.L.M. representative, Mr. Mervin Miles, inspecting all damages to B.L.M. lands. We have attempted to cooperate with his investigations in any way we can and as per his request will have representatives return in the spring to reclaim any damaged areas to their satisfaction. As the aforementioned roads and surface are on B.L.M. lands I feel sure that these will be included in any reclamation plan if necessary.

Fifth, you leave the impression that by failing to come to a swift decision the governmental agencies involved "compounded" the "original damages". When we were informed by the B.L.M. on December 30 that we were to suspend operations we were already shut down for repairs. Those repairs were completed on December 30, 1982 at which time the drilling crew was put on standby until January 1, 1983 when cementing operations began. At no time was any further drilling attempted and traffic was cut to a minimum. Thus no further "damages" should have been incurred due to the time involved in the decision making process. Actually the amount of time taken by these agencies to render a decision seems quite short considering the number of individuals on vacation during the holiday season, the fact that our operations fall into a jurisdictional "grey area," and the desire of the state of Utah and the B.L.M. to be both fair and responsive to all parties involved.

Carolyn Driscoll
January 26, 1983
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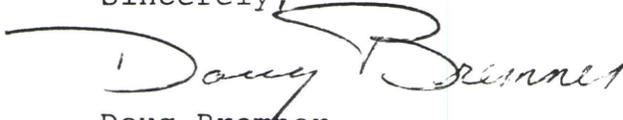
Finally, the existence of your letter leaves the impression that this matter has not been resolved to your clients satisfaction. In fact, an agreement was reached with Mr. Pat Driscoll of FL Energy on December 29, 1982. During our discussions two stipulations were made to the granting of this permit. First, Mr. Driscoll requested that a representative of FL Energy be present when the well was plugged. When our plugging operations began, representatives from both the State and FL Energy were notified so that they could be present if they so chose. Second, Mr. Driscoll asked that the Ferron interval be isolated during our plugging operations. This was in fact done when the well was plugged. Mr. Driscoll also requested that he be given the opportunity to view the cores and receive copies of our data but stated that this was not a necessary condition. This request was later denied by ARCO Exploration Company. This list of requests and stipulations appears to be a subset of the conditions for obtaining a permit and withdrawal of claims described in your letter. The remaining two conditions you describe have also been or will be met in that Rocky Mountain Geophysical was required to post a \$50,000 bond in order to operate in the state of Utah (to be released upon satisfactory completion of land reclamation) and as mentioned above, will be required to do any necessary reclamation on B.L.M. lands this spring. These facts have apparently satisfied your client in that he has issued a permit for a corehole in Section 8 T21S R7E (see attached copy).

With this in mind, while the incident has been unfortunate, I believe that the best interests of your client have been served. Only one matter needs to be finalized. Once you have checked with your client to determine that he has in fact "acquiesced" ARCO Exploration Company and Rocky Mountain Geophysical would appreciate it if you would generate a letter stating that in fact your conditions have been met, that a permit has been issued, and that your

Carolyn Driscoll
January 26, 1983
Page 4

client has relinquished his claims against us. We regret any problem that this incident has caused and appreciate your assistance in resolving the matter.

Sincerely,



Doug Bremner
Staff Geophysicist
ARCO Exploration Company

DB:mbm

Enclosures

cc: Mr. Ron Daniels
Mr. Pat Driscoll
Mr. Cleon Feight
Mr. Ron Firth
Mr. R. N. Specht
Mr. Tom Tetting
Mr. Alan Tuhy



ROCKY MOUNTAIN GEOPHYSICAL, INC.

HOME OFFICE

ROCKY MOUNTAIN GEOPHYSICAL
Post Office Box 1557
Dickinson, North Dakota 58601

Phone: (701) 227-0913

Check - Mountain Resource Corp.

NAME Fred G. Jaeger
ADDRESS P.O. Box 27044
CITY, STATE Salt Lake City Utah
ZIP CODE 84127
PHONE 801-487-1773

PROSPECT/AREA Emery County Utah
COUNTY Emery
RMG. JOB NO. _____
LINE NO. 1 & 2

ROCKY MOUNTAIN GEOPHYSICAL, AND INDEPENDENT CONTRACTOR, REQUESTS PERMISSION TO CONDUCT A GEOPHYSICAL SURVEY ON LANDS OWNED BY YOU AND DESCRIBED AS FOLLOWS:

T-215 T205

R-7-6-8E

All The Holdings in This Block belonging to
Mountain Resource Corporation for a period
Starting 11-29-82 Ending 2-15-83

In conducting the proposed survey, every effort will be made to carry on the work without any inconvenience to you or damage to your property. It is unusual for any appreciable damage to result from our operations, but we will, of course, assume full responsibility for any physical damages that might be done to your land, crops or any property as a result of this survey.

IN CONSIDERATION FOR GRANTING US THIS PERMISSION, WE AGREE THAT:

1. All operations will be conducted at our own risk and expense.
2. This company will indemnify and hold you harmless from all liability to or claims of others which result from our operations on your lands.
3. All damages caused by or arising from our operations on your lands will be paid by us.

Permi. T Fee \$300⁰⁰ per mile (5 miles of program)
Excess Damage \$1200⁰⁰ per mile

Total Fee Plus Damage = \$7500⁰⁰

Please sign and return all copies except the Last Copy which is for your file.

Permission Granted This _____

Date 11-29 1982
Fred G. Jaeger
PRESIDENT, MOUNTAIN RESOURCE

Sincerely,
Rocky Mountain Geophysical
By [Signature]
Rocky Mountain Geophysical



United States Department of the Interior

IN REPLY REFER TO

3045
(U-067)

BUREAU OF LAND MANAGEMENT
Moab District
San Rafael Resource Area
P. O. Drawer AB
Price, Utah 84501

UTAH SURFACE REQUIREMENTS FOR GEOPHYSICAL EXPLORATION

(Oil and Gas)

Date: _____

Case Serial No.: _____

PRACTICES TO BE FOLLOWED DURING GEOPHYSICAL EXPLORATION OPERATIONS ON PUBLIC LANDS IN UTAH

Company filing the "Notice of Intent":

Name: Rocky Mtn. Geo

P.O. Box 1657

Address: Dickinson, N.D.

Phone Number: 701-227-0913

Seismic Company, Party Chief:

Name: Alan Turing / Bob Hennington

Village Inn Motel #19

Address: Huntington, Utah

Phone Number: _____

Sub-Contracting Company:

Name: _____

Address: _____

Phone Number: _____

Seismograph:

Method of Operations:

2 Core Holes

5' Holes 1/2 lb charges 50' apart

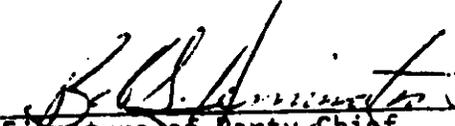
- The operator will furnish a map with the "Notice of Intent" showing approximate line to be used. A map shall also be filed with the "Notice of Completion" showing the completed line. The map should be of a minimum scale of 1" equals one mile.

LAVRILLE
4:30
Morges

- ② No blading or other dirt work will be allowed without written permission (Form 3045-4, Permit for Use of Earthmoving Equipment During Geophysical Exploration Operations on Public Lands in Utah) from the Area Manager.
- ③ All disturbed areas will be reseeded as directed by the Area Manager. Adequate vegetative cover will be established. Adequate cover will be determined through soil testing, vegetative density guides, etc.
4. Rehabilitation of disturbed areas is to be done concurrent with the geophysical operations insofar as possible. Seeding shall be done during the months of September or October. Although chances of failure are much greater with spring seeding, it may be done during April or May if approved by the Area Manager.
- ⑤ Blasting or vibrating within one-eighth (1/8) mile of Federal owned or controlled springs and flowing water wells must be approved in writing by the Area Manager.
- ⑥ No blasting or dozing will be permitted within one-fourth (1/4) mile as determined by the Area Manager of historic trails, natural areas, identified archaeological sites, and recreation areas. The operator will, unless otherwise relieved by the Area Manager:
 - a. Engage an intensive cultural resource inventory on areas where "surface disturbance will likely occur" in connection with the use of earthmoving equipment;
 - b. Avoid or mitigate impacts to cultural resources located by the survey.
- ⑦ The operator shall avoid any operations when the ground is muddy and/or wet. The Area Manager may prohibit exploration, drilling, or other activities during wet or heavy snow periods.
- ⑧ All trash, flagging, lath, etc. will be removed and hauled to an authorized disposal site. No oil or lubricants shall be drained onto the ground surface.
- ⑨ The operator must notify the Area Manager the date rehabilitation operations commence and are completed. The operator and Area Manager will make a joint project field examination at each of these times.
- ⑩ If powder magazines are used they will be located out of sight of and at least one-fourth (1/4) mile from traveled roads. Loaded shot holes will not be left unattended.
- ⑪ A portable mud pit will be used when drilling with fluids. All core materials will be disposed of down a hole if possible and the surface smoothed out when operations are completed.
- ⑫ No range improvements will be disturbed without written approval from the Area Manager.
- ⑬ A copy of these practices to be followed will be kept by each seismic crew.

- (14) The operator shall extinguish, without expense to the Government, all fires on or in the vicinity of the project site, and caused by his employees whether directly or indirectly as a result of operations.
15. Loading and unloading of heavy equipment shall be done with the use of blocks or natural embankments. Dozing of loading ramps must be specifically approved by the Area Manager on the "Permit for Earthmoving Equipment During Geophysical Operations on Public Lands in Utah".
- (16) Prior to conducting seismic drilling and blasting in a mining district, all mine operators in the area will be contacted and informed of such activities. Failure to give ample warning to underground mining activities carries criminal and civil penalties (CFR 30 Part 57.6-160).

I have been appraised of the practices which will be followed or avoided in the conduct of our geophysical operations. These practices will be explained to all of our subcontractors and they also will be expected to meet all the requirements.


Signature of Party Chief

Date

11/22/97

Circled stipulations are the ones which will apply to this operation.

- 14. The operator shall extinguish, without expense to the Government, all fires on or in the vicinity of the project site, and caused by his employees whether directly or indirectly as a result of operations.
- 15. Loading and unloading of heavy equipment shall be done with the use of blocks or natural embankments. Dozing of loading ramps must be specifically approved by the Area Manager on the "Permit for Earthmoving Equipment During Geophysical Operations on Public Lands in Utah".
- 16. Prior to conducting seismic drilling and blasting in a mining district, all ~~mine~~ operators in the area will be contacted and informed of such activities. Failure to give ample warning to underground mining activities carries criminal and civil penalties (CFR 30 Part 57.6-160).

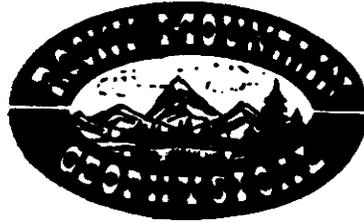
I have been appraised of the practices which will be followed or avoided in the conduct of our geophysical operations. These practices will be explained to all of our subcontractors and they also will be expected to meet all the requirements.

Bob Dominator _____ Date 11/22/82
 Signature of Party Chief

Circled stipulations are the ones which will apply to this operation.

- 7 After the snow is gone the operator will have an archeological inventory conducted of the seismic lines in order to assess the impact, if any, of activities conducted while snow was on the ground.
- Areas that are snow free will have an archeological inventory completed before any surface disturbing activities. Drilling at site temp. # RM 2-1 will be monitored by an archeologist.

Allen Cook
 12-20-82



ROCKY MOUNTAIN GEOPHYSICAL

HOME OFFICE 687-9064 - HUNTINGTON, UTAH

PHONE

December 29, 1982

F.L. ENERGY COMPANY
2020 East 3300 South
Suite 23
Salt Lake City, Utah 84109
Attention: Pat Driscoll
Dear Sir:

GEOPHYSICAL PERMIT NO. _____
Oil and Gas Lessee

Rocky Mountain Geophysical, Inc. requests your permission to conduct seismic operations on the following described lands in which you own (an) oil and gas lease (s):

Township 21S Range 7E Section NW $\frac{1}{4}$ of NE $\frac{1}{4}$ Section 8

1 Core Hole & 1 Monitor Hole plugged to State regulations, or F.L. Energy, if requirements exceed State Regs.

Permission to view core pending approval from ARCO, as well as core results

Will receive copy of all publications regarding project, when published.

Rocky Mountain agrees to rehabilitate all lands disturbed by their operation.

Rocky Mountain Geophysical, Inc. agrees to obtain permission of the surface owners prior to conducting such seismic operations on the lands under lease to you.

Rocky Mountain Geophysical, Inc. further agrees to protect and indemnify you against all claims, actions, or judgements which may occur as a result of these operations.

If you are agreeable to granting Rocky Mountain Geophysical, Inc. this permission, please sign and return the attached copy of this letter to me at the above address.

ROCKY MOUNTAIN GEOPHYSICAL, INC.

By _____ By Pat Driscoll

Permission granted this 10th
day of January, 1983.

By P. L. Driscoll

we have received word from our field personnel that Rocky Mtn. has moved in explosives storage on our 1-34 well. Section 34 20 S 7E. If this is the case, please be advised that this lease road will be shut-down to all traffic pending approval from F.L.

outgoing