



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Color Country District Office

Cedar City Field Office

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www.blm.gov/ut/st/en/fo/cedar_city.html

In Reply Refer To:

UTC01000

2920: UTU-91597

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

7013 1090 0000 3234 5219

March 7, 2016

Mr. Gary Smith
Chief Executive Officer
Energy Drilling, LLC
P.O. Box 1346
Glenrock, WY 82637

Mr. Smith:

I am writing to you in regards to Energy Drilling's #8 drilling rig and associated drilling support equipment presently being stored on the Lone Pine 34-11-5 #5 well site, located on former federal oil and gas lease UTU-84126, now expired. The well location occupies four acres of BLM-managed land falling within the SE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 5, T. 34 S., R. 11 W., Iron County, Utah. The storage of the equipment at the well site was previously granted by BLM to allow Virtus Oil and Gas, the federal lessee and operator, time to evaluate the test well drilled at the site in September 2015 and consider re-entering or twinning the well.

With the expiration of federal lease UTU-84126 on February 1, 2016, any lease rights formerly held by Virtus have also expired. As no further drilling operations can be carried out at the site, the continued storage of the drilling equipment at the site is no longer authorized. Virtus has been directed to commence site reclamation but this cannot occur until the drilling equipment is removed from the site.

You are hereby directed to remove all equipment owned or controlled by Energy Drilling from the Lone Pine 34-11-5 #5 site by no later than 60 days from receipt of this letter. If the equipment is not removed by that time, the continued storage of the equipment on the site will be considered a willful trespass against the U.S. Government. With that trespass you will be held liable for the administrative costs incurred by the United States as a consequence of such trespass; the fair market value rental of the lands during the term of the trespass and the cost of removing of the equipment.

I appreciate your prompt attention in resolving this matter. Please contact Ed Ginouves of my staff at 435-865-3040, eginouve@blm.gov, for any questions regarding the equipment removal.

Elizabeth Burghard,
Field Office Manager