002

KLABZUBA OIL & GAS, INC.

Manville Plaza, Suite 1435
717 Seventeenth Street
Denver, Colorado 80202

Phone 303-299-9097 Fax 303-299-9087

KOG DENVER

FEB 5 2001
DIV OF OIL, GAS & MINING

September 6, 2000

Lannie and Kelly Burnside
P.O. Box 297
Huntington, Utah 84528

Re: Burnside 29-14-8
Carbon County, Utah

Dear Mr. and Mrs. Burnside:

In anticipation of drilling the subject well I have enclosed two originals of a surface use agreement. Upon your review and approval please execute both documents where indicated, have your signature acknowledged by a notary public and return one original in the self addressed stamped envelope enclosed for your convenience. The second original is for your file. The State will not issue our permit until they receive a fully executed copy of this document so time is of the essence.

With regard to surface damages, I propose that Klabzuba Oil & Gas, Inc. pay $1,500, prior to commencing construction of the wellsite, for reasonable damages associated with the drillsite and road. Any extraordinary damages or damages associated with pipelines (other than those located onsite) will be covered by a separate settlement. If this is acceptable to you please so indicate by signing below and returning one copy of this letter with the executed surface use agreement.

We have jumped through all of the regulatory hoops for this well and now we are faced with the task of finding a rig. We are pursuing this project in earnest, but high commodity prices have but a strain on the infrastructure of our industry. Because of this, there is a very real possibility we will not be able to drill this well until next spring.

We truly appreciate your continued cooperation and patience. As always, if you have any questions, please feel free to call me at my office (303-382-2170) or my home (303-798-9028).

Very truly yours,

Paul Urban
Area Manager

Accepted and Agreed to this ___ day of September, 2000.

Lannie K. Burnside
Lannie K. Burnside

Kelly P. Burnside
Kelly P. Burnside

Cc: John Klabzuba, Mark Caldwell and Don Hamilton

NOTARY PUBLIC
JENENE HANSEN
51 North Main, PO Box 60
Huntington, Utah 84528
My Commission Expires
March 31, 2004
STATE OF UTAH

STATE OF UTAH
County of Emery
On the 10 day of Nov 2000 personally appeared before me Lannie K. Burnside and Kelly P. Burnside the signer(s) to the foregoing instrument who duly acknowledged to me that he/they executed the same.

Notary
Commission expires: Residing at:

Fort Worth, Texas Havre, Montana Fort Smith, Arkansas

STATE OF UTAH)
COUNTY OF CARBON)

SURFACE LAND USE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, the undersigned **Lannie K. Burnside and Kelly P. Burnside, husband and wife,** whose address is Post Office Box 297, Huntington, Utah 84528, (hereinafter referred to as **GRANTOR,** whether one or more), owns the surface of the following described property in **Carbon County, Utah,** to-wit:

NW/4NE/4 SECTION 29, TOWNSHIP 14 SOUTH, RANGE 8 EAST

and **Klabzuba Oil and Gas, Inc.**, a Delaware Corporation authorized to conduct business in the state of Utah, whose address is 717 Seventeenth Street, Suite 1435, Denver, Colorado 80202 (hereinafter referred to as **Grantee**).

WHEREAS, Grantee desires to build access roads, pipelines and appurtenances thereto, power lines, and well sites for the drilling of oil and /or gas wells on a portion of said property.

NOW THEREFORE, for and in consideration of the sum of ten dollars ($10.00) and other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, Grantor does hereby grant, sell and convey to Grantee, its successors and assigns, the easement and right to use that portion of the herein above described property as may be necessary to conduct its drilling and production operations on said property, including the right to construct and maintain oil and / or gas well sites; to construct, entrench, maintain, operate, replace, remove, protect, or abandon a pipeline or pipelines for water or gas with appurtenances thereto, including, but not limited to, valves, metering equipment, and cathodic equipment (all pipelines shall be buried below normal plow depth); to construct, maintain or cover up any pits or ponds necessary for drilling operations or water storage, to erect, maintain, relocate, replace or remove production facilities, including, but not limited to, pumps, compressors, separators, treaters, etc.; to construct, maintain, relocate, or abandon roads, and in connection therewith, a power line or power lines (said well sites, pipelines, appurtenances, valves, metering equipment, cathodic equipment, road and power lines being sometimes collectively called the "facilities") over, under and through the herein described land.

Grantee shall have the free right of ingress and egress to, over, upon, through and across said right-of-way and easement for any and all purposes that may be necessary or incidental to the maintenance fo the right-of-way and easement with the right to use existing roads which enter Grantor's property for the purpose of constructing, inspecting, repairing and maintaining the facilities and the removal or replacement of same at will, either in whole or in part, and the replacement of said pipeline or pipelines with either like or different size pipe. During temporary periods, Grantee may use such portions of the property along and adjacent to said right-of-way as may be necessary in connection with construction, maintenance, repair, removal or replacement of the facilities and if such use causes any damages to Grantor's lands outside or the above right-of-way, Grantee shall pay Grantor for such damages.

Grantor reserves the right to the use and enjoyment of said property except for the purposes herein granted, but such use shall not hinder, conflict or interfere with Grantee's surface or subsurface rights hereunder or disturb its facilities. No road, reservoir, excavation, obstruction or structure shall be constructed, created or maintained on, or over this right-of-way without Grantee's prior written consent.

If Grantee desires to remove any trees adjacent to said right-of-way at a later date which may be hazardous to the maintenance and use of the facilities on the right-of-way, Grantee shall first obtain approval for Grantor in writing, grantor's approval not to be unreasonably withheld, and after receipt of such approval, may proceed to cut and remove such trees subject to payment of additional timber damages, if any are determined.

The undersigned hereby covenants and warrants that they are the surface owner of the herein described land, and has the right to enter into this agreement.

TO HAVE AND TO HOLD the above described rights and easements, together with all rights necessary to operate and maintain the facilities over the right-of-way hereby granted unto the said Grantee, its successors and assigns, until such time as the right-of-way and easement is abandoned under the terms stipulated herein. The Grantee may assign the rights and easements herein granted, either in whole or in part, subject to the terms of this grant, and such rights and easements shall be covenants running with the land and be binding upon Grantor, Grantor's heirs, legal representatives and successors in title. Upon abandonment, Grantee shall execute and deliver to Grantor a document in recordable form evidencing said abandonment.

The making, execution and delivery of this document by Grantor has been induced by no representations, statements, warranties, or other agreements other than those herein expressed. This agreement embodies the entire understanding of the parties, and this instrument may be amended or modified only by subsequent written agreement of the parties.

This agreement shall inure to the benefit of the parties hereto, their heirs, successors, and assigns and shall be a burden running with the land.

IN WITNESS WHEROF, this Surface Land Use Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute for all purposes one instrument executed as of the dates of the respective acknowledgments of the parties hereto, but being effective as of the 6th day of September, 2000.

Grantor:

Lannie K. Burnside

Lannie K. Burnside
Social Security 529-58-8428

Date: 11/10/00

Kelly P. Burnside

Kelly P. Burnside
Social Security _____

Date: _____

Grantee:

~~Klabzuba Oil~~ and Gas, Inc.

By: _____

Paul Urban
Its: Area manager
Date: 9/6/00

ACKNOWLEDGMENTS

STATE OF UTAH)
COUNTY OF CARBON)

Individual acknowledgment:

This instrument was acknowledged before me on

11/10/00 by **Lannie K. Burnside and Kelly P. Burnside, husband and wife**

(Seal, if any)

NOTARY PUBLIC
JENENE HANSEN
51 North Main, PO Box 60
Huntington, Utah 84528
My Commission Expires
March 31, 2004
STATE OF UTAH

Title (and Rank) Customer Service Manager

My commission expires: 3/31/04

Acknowledgment in representative capacity:

State of Colorado)

) ss.

County of Denver)

This instrument was acknowledged before me on

09/06/00 by **Paul Urban** as

Area Manager of **Klabzuba Oil and Gas, Inc.**.

(Seal, if any)

C JAY TURNER
NOTARY
PUBLIC
STATE OF COLORADO

Title (and Rank) Notary Public

My commission expires: 03/09/04

EXHIBIT "A"
SPECIAL STIPULATIONS

Attached to and made a part of the certain Surface Land Use Agreement effective the 6th day of September, 2000, by and between Lanny K. Burnside and Kelly P. Burnside, husband and wife, as Grantor, and Klabzuba Oil and Gas, Inc. as Grantee.

1. Each pipeline (and power line if installed underground) installed hereunder shall be constructed not less than thirty-six (36) inches below the surface elevation of said land at the time of construction, provided that subsoil or subsurface conditions will permit a pipeline (or power line) to be constructed at or below this depth using normal construction methods. In the event that rock or other subsoil or subsurface conditions, including other previously laid pipe or other lines, do not permit a pipeline (or power line) to be constructed at or below this depth by normal construction methods, each pipeline (or power line) constructed hereunder shall be at the lowest depth above the thirty-six (36) inch minimum depth specified above that normal construction methods permit. It is agreed and understood that there is no obligation on the part of Grantee to bury power lines. Grantor, its successors or assigns, shall give reasonable notice to Grantee before crossing a pipeline or power line at locations other than existing roadways so that Grantee may instruct Grantor on what measures must be taken by Grantor to protect such facilities from damage.

2. It is hereby understood and agreed that by the execution of this agreement, the parties do not serve to waive, forfeit, or limit any rights they may have by virtue of the mineral lease active on the subject properties and shall not be deemed as a limitation additional surface use if further mineral development is contemplated. If the need for such additional surface use arises, Grantor and Grantee agree to negotiate in good faith to reach an agreement substantially similar in form to this agreement for such use.

3. All roads shall be constructed with appropriate ditches and drain culverts to allow proper drainage off of said roads and also to prevent water from backing up along said roads, all at the sole expense of Grantee.

4. It is specifically understood that, notwithstanding provisions herein to the contrary, Grantee shall remain liable to Grantor for any and all losses, injuries and damages to the surface of the lands described herein and to any appurtenances or improvements thereon caused by or arising out of the gross negligence or willful misconduct of the Grantee, its employees, agents, contractors, or subcontractors.

5. Grantee, upon abandonment, will remove all machinery, fixtures, power lines and pipelines placed on or in said land. During the plugging procedure of any well drilled on properties contained herein, Grantee, at Grantee's sole expense, shall cut and remove the casing from ground level to a depth of five (5) feet. The surface shall be reclaimed in compliance with adjoining surface. All plugging and abandoning procedures shall be conducted in accordance with all applicable governmental agency rules and regulations.

6. Grantee shall comply with all laws and ordinances and with all lawful regulations and orders of any regulating agency or agencies pertaining to water, noise, air pollution, and erosion control, and all other federal, state and local laws, rules, and regulations applicable to Grantee's operations under this agreement.

7. Grantee shall keep the rights-or-way and property of Grantor free from refuse and litter causes by Grantee or his agents.

EXHIBIT "A"
SPECIAL STIPULATIONS

8. Grantee shall hereby agree to enforce all applicable federal and State of Utah environmental protection and construction specifications and regulations as a condition for obtaining construction approval on Grantor's lands. Grantee shall comply with all laws and regulations relating to construction, operation, maintenance and occupancy of the right-of-ways and any improvements therein, particularly as they relate to hazardous materials and the environment. Grantee shall indemnify Grantor against any liability or damage resulting from the violation of said laws.

9. Grantee will reimburse the owner or owners (Grantor or lessees) for any livestock lost or killed because of Grantee's operations or activities on the Grantor's property. Compensation for lost or killed livestock will be the reasonable cash market price thereof, for injured livestock the net decrease in such market price caused by Grantee's operations or activities on the Grantor's property.

Signed for Identification:

Lannie K. Burnside

Lannie K. Burnside

Date: 11/10/00

Kelly P. Burnside

Kelly P. Burnside

Date: 11/10/00

Klabzuba Oil and Gas, Inc.

By: _____

Paul Urban
Its: Area manager

Date: 9/6/00

Talon Resources, Inc.

Service, Quality and Accuracy

375 South Carbon Avenue A-10
Suite 101
Price, Utah 84501
Phone: 435-637-8781
435-637-5032 Ext 710/711

Cell: 801-650-1401
801-650-1402
Fax: 435-636-8603
Email: talon@castlenet.com

February 01, 2001

Lisha Cordova
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Klabzuba Oil and Gas, Inc. Well sites—Gordon Creek State 19-14-8, Burnside 29-14-8

Dear Mrs. Cordova:

On behalf of Klabzuba Oil and Gas, Inc. (Klabzuba), Talon Resources, Inc. respectfully submits the enclosed supplemental information for the above referenced wells located in Carbon County. It is our understanding that an executed surface use agreement for the Burnside 29-14-8 and an Oxy USA, Inc. designation of operator for the Gordon Creek State 19-14-8 is all that is required to complete the application process. Both of these documents have been enclosed for your review and inclusion within your files.

Please feel free to contact me or Mr. Paul Urban with Klabzuba if you have any questions or need additional information.

Sincerely;

Don Hamilton
Don Hamilton
Environmental Manager / Project Coordinator

RECEIVED
FEB 5 2001
DIV OF OIL, GAS & MINING

enc.

cc. Mr. Paul Urban, Klabzuba (without enclosures)
Job Number 151 file

FORM 3

STATE OF UTAH

DIVISION OF OIL, GAS AND MINING

001

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. Type of Work: DRILL [X] DEEPEN [ ]

B. Type of Well: OIL [ ] GAS [X] OTHER: SINGLE ZONE [X] MULTIPLE ZONE [ ]

2. Name of Operator: Klabzuba Oil and Gas, Inc.

3. Address and Telephone Number: 717 17th St., Ste. 1435, Denver, CO 80202 1-303-299-9097

4. Location of Well (Footages)
At Surface: 556' FNL, 1955' FEL
At Proposed Producing Zone:

4381426 N
495862 E

5. Lease Designation and Serial Number: Fee

6. If Indian, Allottee or Tribe Name: N/A

7. Unit Agreement Name: N/A

8. Farm or Lease Name: Burnside

9. Well Number: 29-14-8

10. Field or Pool, or Wildcat: Undesignated

11. Qtr/Qtr, Section, Township, Range, Meridian: NW/4 NE/4, Section 29, T14S, R8E, SLB&M

14. Distance in miles and direction from nearest town or post office: 12.5 miles west of Price, Utah

12. County: Carbon

13. State: Utah

15. Distance to nearest property or lease line (feet): 556'

16. Number of acres in lease: 237.54 acres

17. Number of acres assigned to this well: 40

18. Distance to nearest well, drilling, completed, or applied for, or: None

19. Proposed Depth: 3850'

20. Rotary or cable tools: Rotary

21. Elevations (show whether DF, RT, GR, etc.): 7175' GR

22. Approximate date work will start: September 2000

23. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8" J-55 ST&C	36	550'	300 sacks Class G cement + 2% $CaCl_2$ + 0.25 pps cellophane
(See Exhibit "D" Section 4 for Intermediate and Production casing and cement program details, for various conditions encountered during drilling.)				

DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.*

Approved by the Utah Division of Oil, Gas and Mining
Date: 02-06-01
By: [signature]

ORIGINAL

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24.

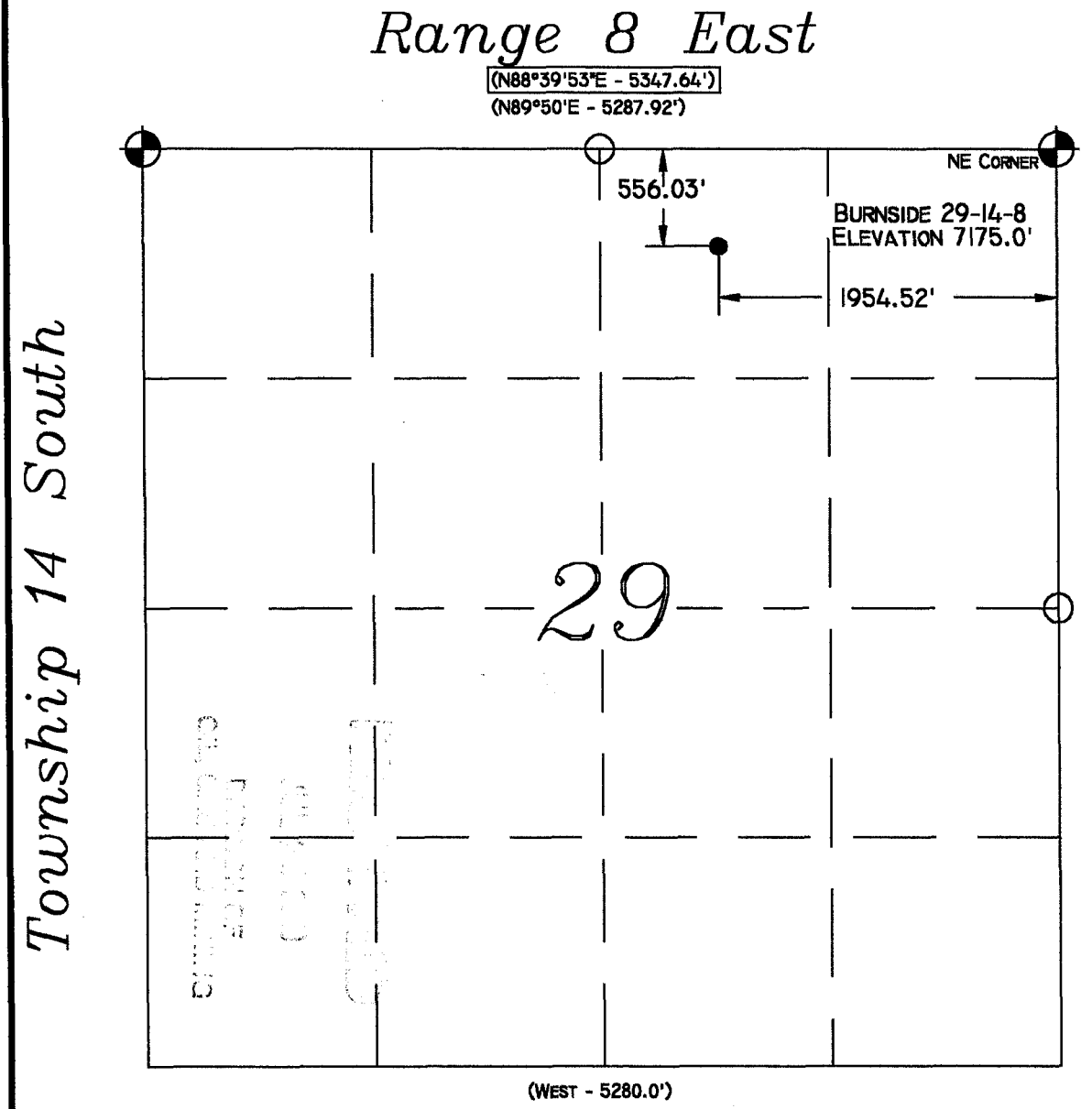
Name & Signature: Don S. Hamilton Don S. Hamilton Title: Agent for Klabzuba Date: 7-21-00

(This space for state use only)

API Number Assigned: 43-007-30725

Approval:

(1/93) (See Instructions on Reverse Side)



Location:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE. THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Elevation:

BASIS OF ELEVATION OF 7438' BEING AT THE NORTHWEST SECTION CORNER OF SECTION 29, TOWNSHIP 14 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE NW1/4 NE1/4 OF SECTION 29, T14S, R8E, S.L.B.&M., BEING 556.03' SOUTH AND 1954.52' WEST FROM THE NORTHEAST SECTION CORNER OF SECTION 29, T14S, R8E, SALT LAKE BASE & MERIDIAN.

Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.

REGISTERED LAND SURVEYOR
7/9/2000
No. 146652
Albert J. Spensko
STATE OF UTAH

Legend

- ● Drill Hole Location
- ⊕ Brass Cap (Found)
- ○ Brass Cap (Searched for, but not found)
- △ Calculated Corner
- ( ) GLO
- GPS Measured

GRAPHIC SCALE
0 500' 1000'
(IN FEET)
1 inch = 1000 ft.

Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL & GAS
BURNSIDE 29-14-8
Section 29, T14S, R8E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J. / A.J.S.
Drawing No. A-1	Date: 07/05/00
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 131

0.0.3

Talon Resources, Inc.

Service, Quality and Accuracy

375 South Carbon Avenue A-10
Suite 101
Price, Utah 84501
Phone: 435-637-8781
435-637-5032 Ext 710/711

Cell: 801-650-1401
801-650-1402
Fax: 435-637-7336
Email: talon@castlenet.com

ORIGINAL

July 21, 2000

Mr. John Baza
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill — Burnside 29-14-8, Carbon County, Utah
556' FNL, 1955' FEL, Section 29, T14S, R8E, SLB&M.

Dear Mr. Baza:

On behalf of Klabzuba Oil and Gas, Inc. (Klabzuba), Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above referenced well. Included with the APD is the following supplemental information:

Exhibit "A" - Survey Plats and Layouts;

Exhibit "B" - Location Maps;

Exhibit "C" - Drilling Site Layout;

Exhibit "D" - Drilling Program;

Exhibit "E" - Multi Point Surface Use Plan;

Exhibit "F" - Typical Production Site Layout;

Exhibit "G" - Typical BOP Diagram;

Exhibit "H" - Typical Choke Manifold Diagram.

Please accept this letter as Klabzuba Oil and Gas's written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Mr. Paul Urban of Klabzuba if you have any questions.

Sincerely,

Don S. Hamilton

Don S. Hamilton
Environmental Manager / Project Coordinator

cc: Mr. Paul Urban, Klabzuba
Mr. Mark Caldwell, Klabzuba
Mr. Dave Levanger, Carbon County Planning and Zoning
Klabzuba Well File

EXHIBIT "D"
DRILLING PROGRAM

Attached to UDOGM Form 3
Klabzuba Oil and Gas, Inc.
Burnside 29-14-8
NW4 NE/4, Sec. 29, T14S, R8E, SLB & M
556' FNL, 1955' FEL
Carbon County, Utah

1. The Geologic Surface Formation

   Emery Sandstone Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

   Mancos Blue Gate Marker 3134'

3. Projected Gas & H2O zones

   Mancos Gas Zone: 1914' – 2604'
   Ferron Sands: 3224' – 3534'

   Groundwater may be encountered within the Emery Sandstone Member of the Mancos Shale. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

   Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

   Surface casing will be tested to 2000 psi.

4. The Proposed Casing and Cementing Programs

The following casing and cement program will be used if mud is necessary above 2000'

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT,GRADE & JOINT	CONDITION
12–1/4"	550'	9-5/8"	36# J-55 ST&C	New
8-3/4"	2000'	7"	20# J-55 ST&C	New
6-1/4"	1950' – 3850'	4-1/2"	10.5# J-55 ST&C	New

Cement Program –

Surface Casing: 300 sacks G + 2 % $CaCl_2$ + 0.25 pps cellophane flakes;
Weight: 15.8 #/gal
Yield: 1.15 cu.ft/sk
Excess: 100%

Intermediate Casing: 90 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake
Weight: 12.5 #/gal
Yield: 2.08 cu.ft/sk
Excess: 25%
60 sacks 10-1 RFC with 0.25 pps cellophane flakes
Weight: 14.2 #/gal
Yield: 1.61 cu.ft/sk
Excess: 25%

Production Casing: 155 sacks 10-1 RFC with 0.25 pps cellophane flakes
Weight: 14.2 #/gal
Yield: 1.61 cu.ft/sk
Excess: 25%

The following casing and cement program will be used if mud is not necessary above 2000'

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT,GRADE & JOINT	CONDITION
12–1/4"	550'	9-5/8"	36# J-55 ST&C	New
8-3/4"	3850'	5-1/2"	15.50# J-55 ST&C	New

Cement Program –

Surface Casing: 300 sacks G + 2 % $CaCl_2$ + 0.25 pps cellophane flakes;
Weight: 15.8 #/gal
17 % Yield: 1.15 cu.ft/sk
Excess: 100%

Production Casing: 230 sacks 50/50 pozmix + 8% gel +10% salt + 0.25 pps cellophane flake
Weight: 12.5 #/gal
15 % Yield: 2.08 cu.ft/sk
Excess: 25%
365 sacks 10-1 RFC with 0.25 pps cellophane flakes
Weight: 14.2 #/gal
Yield: 1.61 cu.ft/sk
Excess: 25%

The following shall be entered in the driller's log:

1) Blowout preventer pressure tests, including test pressures and results;

2) Blowout preventer tests for proper functioning;

3) Blowout prevention drills conducted;

4) Casing run, including size, grade, weight, and depth set;

5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;

6) Waiting on cement time for each casing string;

7) Casing pressure tests after cementing, including test pressures and results.

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5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-550	12-1/4" hole	Drill with air, will mud-up if necessary.
550-TD	8-3/4" hole	Drill with air, will mud-up if necessary. 400 psi @ 1500-1800 Scf.

7. The Testing, Logging and Coring Programs are as followed

550-TD Gamma Ray, Density, Neutron Porosity, Induction, Caliper

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in The area nor at the depths anticipated in this well. Bottom hole pressure expected is 1700 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: September 2000.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

(a) prior to beginning construction;

(b) prior to spudding;

(c) prior to running any casing or BOP tests;

(d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

EXHIBIT "E"
Multipoint Surface Use Plan

Attached to UDOGM Form 3
Klabzuba Oil and Gas, Inc.
Burnside 29-14-8
NW/4 NE/4, Sec. 29, T14S, R8E, SLB & M
556' FNL, 1955' FEL
Carbon County, Utah

1. **Existing Roads**

   a. The proposed access road will encroach the gravel surfaced Haley Canyon Road under Carbon County Maintenance in which approval has been received. The approach will be constructed consistent with Carbon County Road specifications.

   b. We do not plan to change, alter or improve upon any other existing state or county roads. Existing roads will be maintained in the same or better condition. See Exhibit "B".

2. **Planned Access**

   No new access is required (See Exhibit "B")

   a. Maximum Width: None

   b. Maximum grade: None

   c. Turnouts: None

   d. Drainage design: 1 – 18" culverts will be required. Water will be diverted around the road as necessary and practical.

   e. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

   f. Existing trees will be left in place where practical to provide screening and buffer areas.

3. **Location of Existing Wells**

   a. See Exhibit "B". There are no proposed and one existing wells within a one mile radius of the proposed location.

4. **Location of Existing and/or Proposed Facilities**

   a. If the well is a producer, installation of production facilities will be as shown on Exhibit "H".

   b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with landowner stipulations.

5. **Location and Type of Water Supply**

   a. Water to be used for drilling will be obtained from a local water source Price River Water Improvement District (a local source of municipal water).

   b. Water will be transported by truck over approved access roads.

   c. No water well is to be drilled for this location.

6. **Source of Construction Materials**

   a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.

   b. No construction or surfacing materials will be taken from Federal/Indian land.

7. **Methods for handling waste disposal**

   a. As the well is expected to be air drilled, a small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.

c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.

d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. **Ancillary Facilities**

a. We anticipate no need for ancillary facilities with the exception trailers to be located on the drill site.

9. **Well-site Layout**

a. Available topsoil will be removed from the location and stockpiled. Location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Attachment "C".

b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.

c. Access to the well pad will be as shown on Exhibit "B".

d. Natural runoff will be diverted around the well pad.

10. **Plans for Restoration of Surface**

a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.

b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the landowner.

c. Pits and any other area that would present a hazard to wildlife or livestock will be fenced off when the rig is released and removed.

d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existed conditions.

e. Rehabilitation will commence following completion of the well. Rat and mouse holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be recontoured to the natural contour as is possible.

11. **Surface Ownership**

a. The well-site and access road will be constructed on lands owned by Lannie K and Kelly P. Burnside, P.O. Box 297, 32 West 100 North, Huntington, Utah 84528 1-435-687-2260. The operator shall contact the landowner and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. **Other Information**:

a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is approximately 5.5 miles northeast. Nearest live water is Corner Canyon Creek 400' north.

b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.

c. The back-slope and fore-slope will be constructed no steeper than 4:1.

d. All equipment and vehicles will be confined to the access road and well pad.

e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations shall be on the well-site during construction and drilling operations.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

Paul Urban / Mark Caldwell
Klabzuba Oil and Gas, Inc
717 – 17th Street
Manville Plaza, Suite 1435
Denver, Colorado 80202
1-303-382-2170

Drilling Consultant

Carl Lesher
Lesher Consulting, Inc.
10390 West 34th Avenue
Wheat Ridge, Colorado 80033
1-303-238-5622

Permitting Consultant
Don Hamilton
Environ. Man. / Proj. Coord.
Talon Resources, Inc.
375 South Carbon Ave. (A-10)
Price, Utah 84501
1-435-637-8781

Excavation Contractor
Kimball Rasmussen
Foreman
Nielson Construction, Inc
North Loop Road, North of Huntington
Huntington, Utah 84528
1-435-687-2494

Mail Approved A.P.D. To:
Company Representative

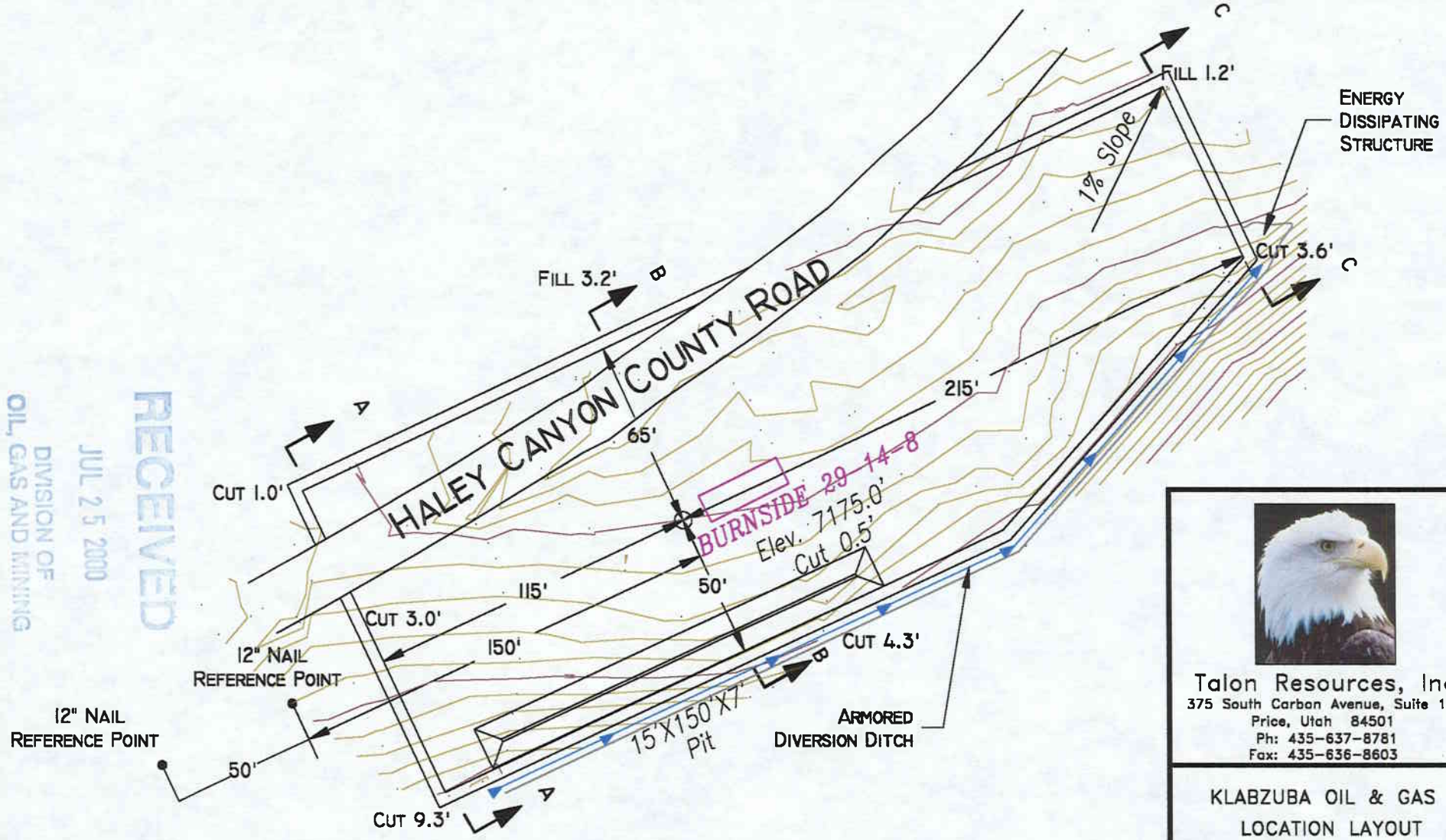
14. **Certification**

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

7-21-00
Date

Don S. Hamilton
Don S. Hamilton
Environmental Manager / Project Coord.
Talon Resources, Inc.

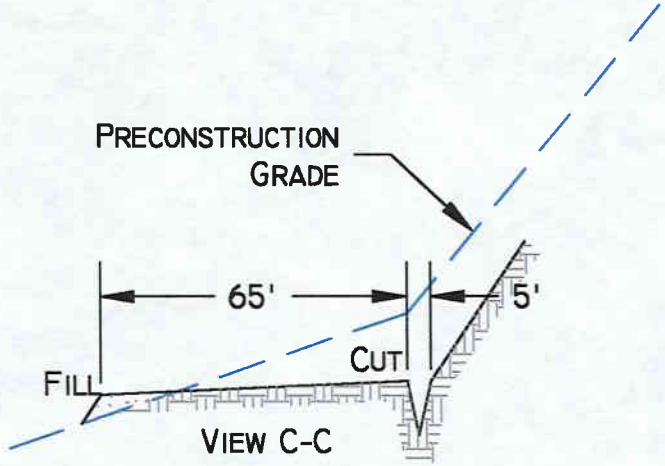
ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6515.2'
ELAVATION OF GRADED GROUND AT LOCATION STAKE = 6514.7'



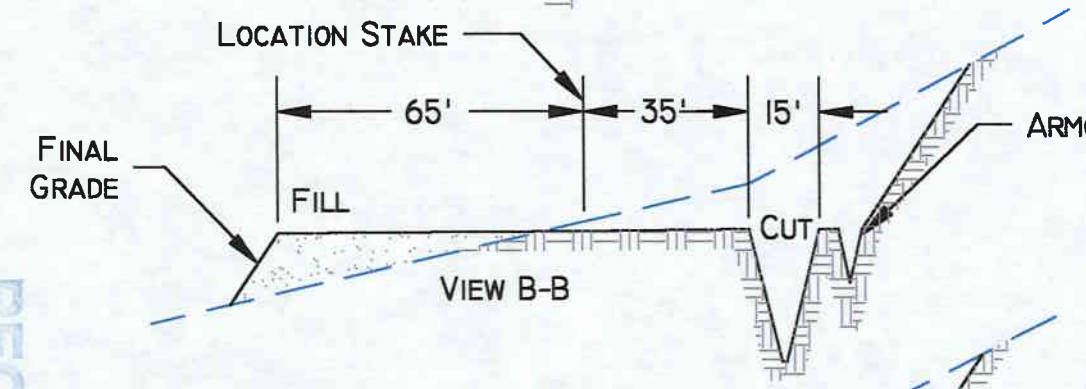
Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL & GAS
LOCATION LAYOUT
Section 29, T14S, R8E, S.L.B.&M.
BURNSIDE 29-14-8

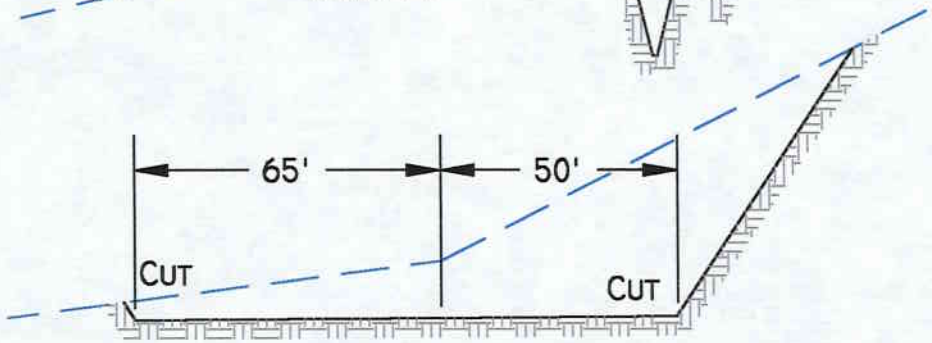
Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 07/05/00
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 131



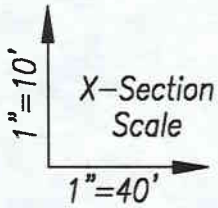
VIEW C-C



VIEW B-B



VIEW A-A



SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 ; 1

APPROXIMATE YARDAGES

CUT

(6")TOPSOIL STRIPPING = 650 CU. YDS.

REMAINING LOCATION = 1,762.8 CU, YDS.

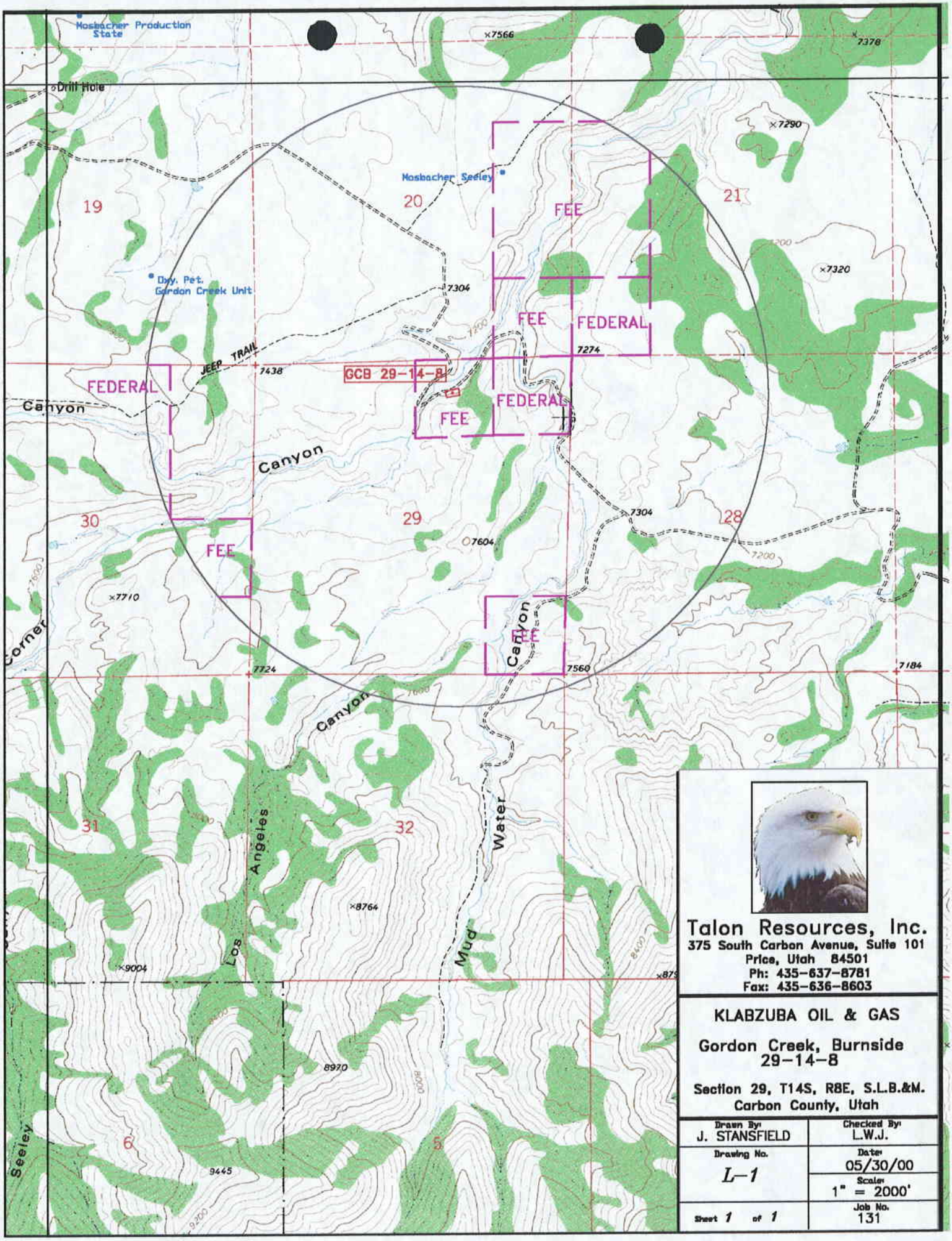
TOTAL CUT = 2,287.8 CU. YDS.

TOTAL FILL = 588.5 CU. YDS.

Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL & GAS
TYPICAL CROSS SECTION
Section 29, T14S, R8E, S.L.B.&M.
BURNSIDE 29-14-8

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 07/05/00
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 131



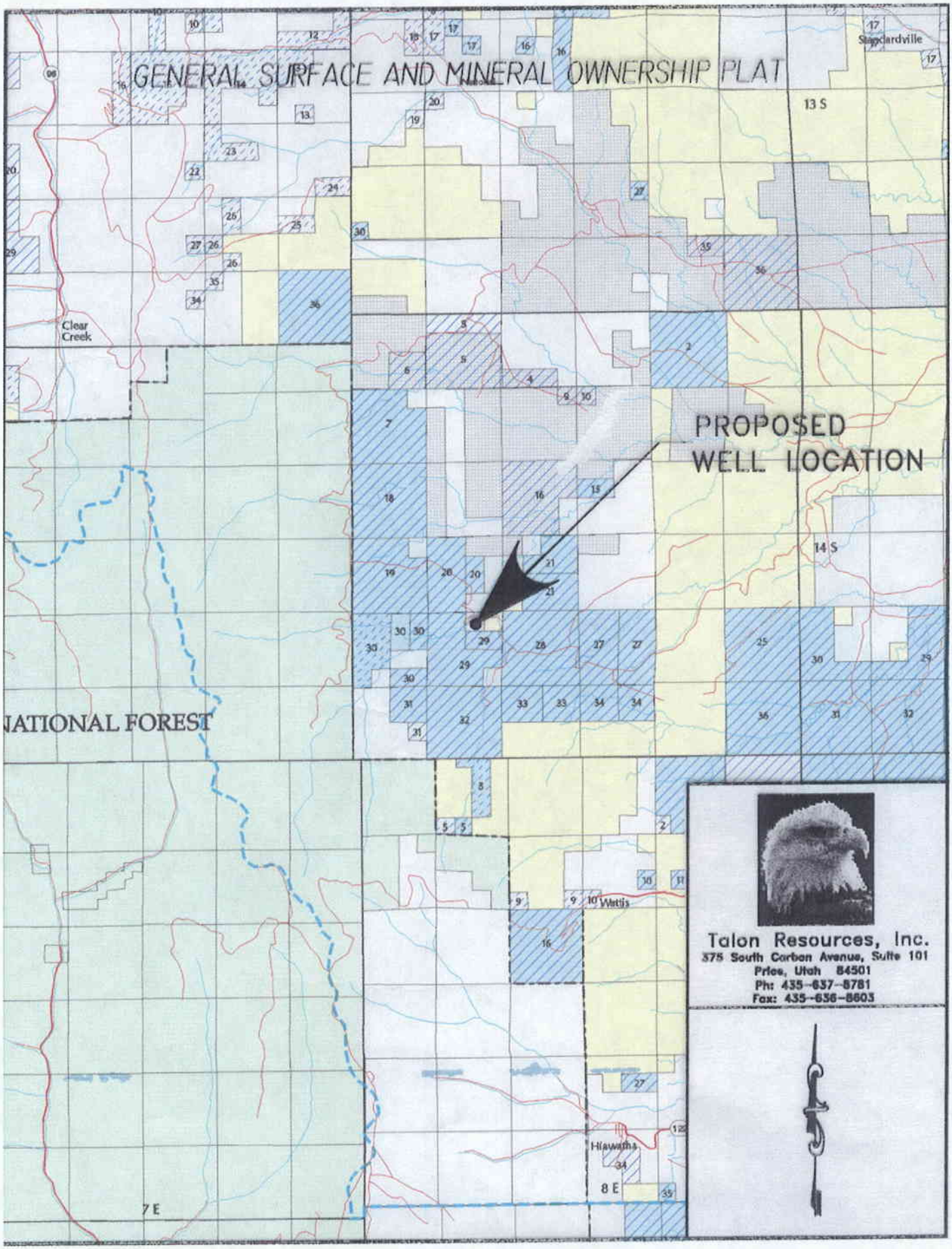
Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

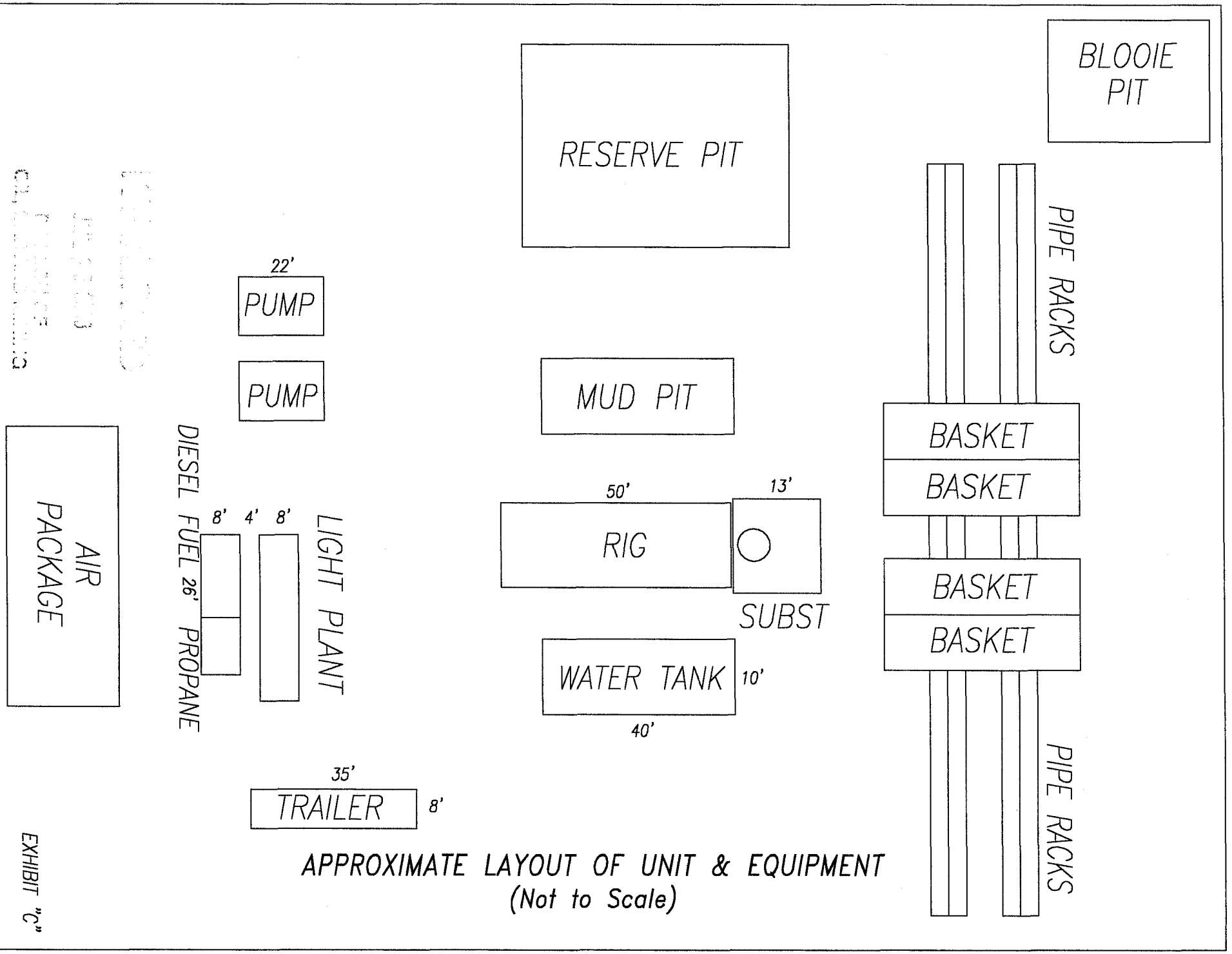
KLABZUBA OIL & GAS

Gordon Creek, Burnside
29-14-8

Section 29, T14S, R8E, S.L.B.&M.
Carbon County, Utah

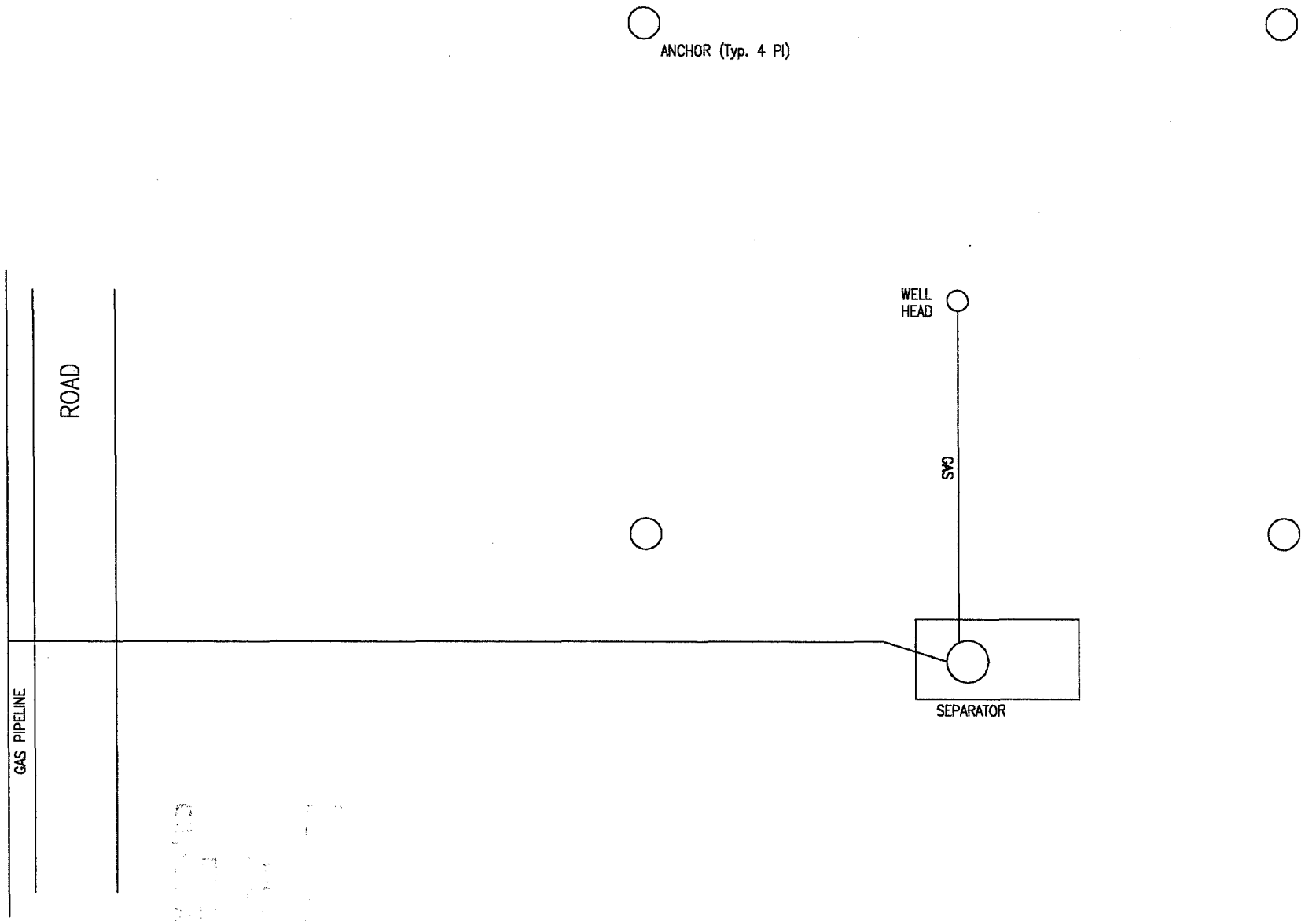
Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. *L-1*	Date: 05/30/00
	Scale: 1" = 2000'
Sheet 1 of 1	Job No. 131


GENERAL SURFACE AND MINERAL OWNERSHIP PLAT
Standardville
13 S
Clear Creek
PROPOSED WELL LOCATION
14 S
NATIONAL FOREST
Wattis
Hiawatha
8 E
7 E
Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603



APPROXIMATE LAYOUT OF UNIT & EQUIPMENT
(Not to Scale)

EXHIBIT "C"



TYPICAL PRODUCTION SITE LAYOUT
(Not to Scale)

EXHIBIT "F"

BOP Equipment

3000psi WP (except rotating head at 1000psi)

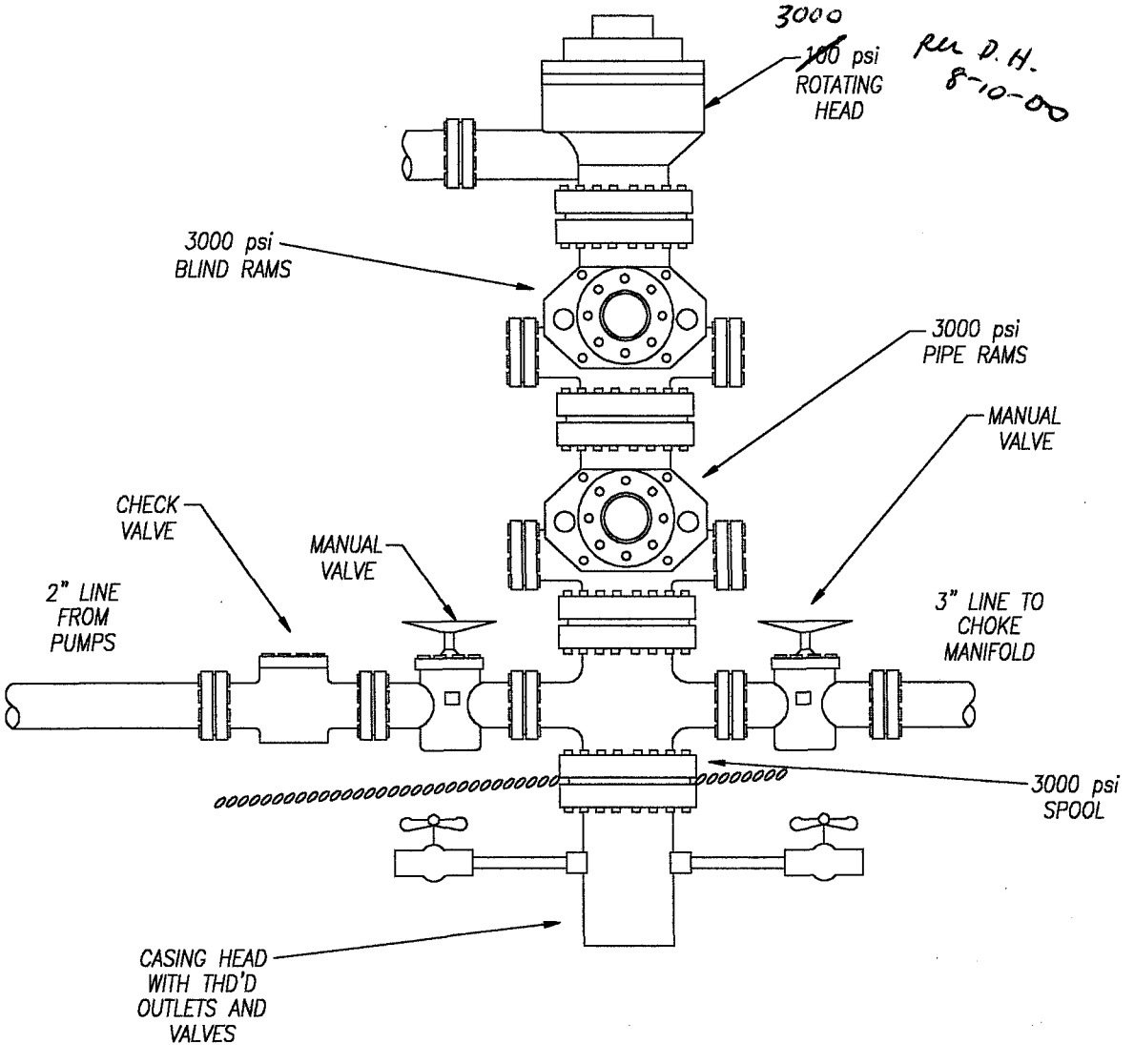


EXHIBIT "G"

CHOKE MANIFOLD

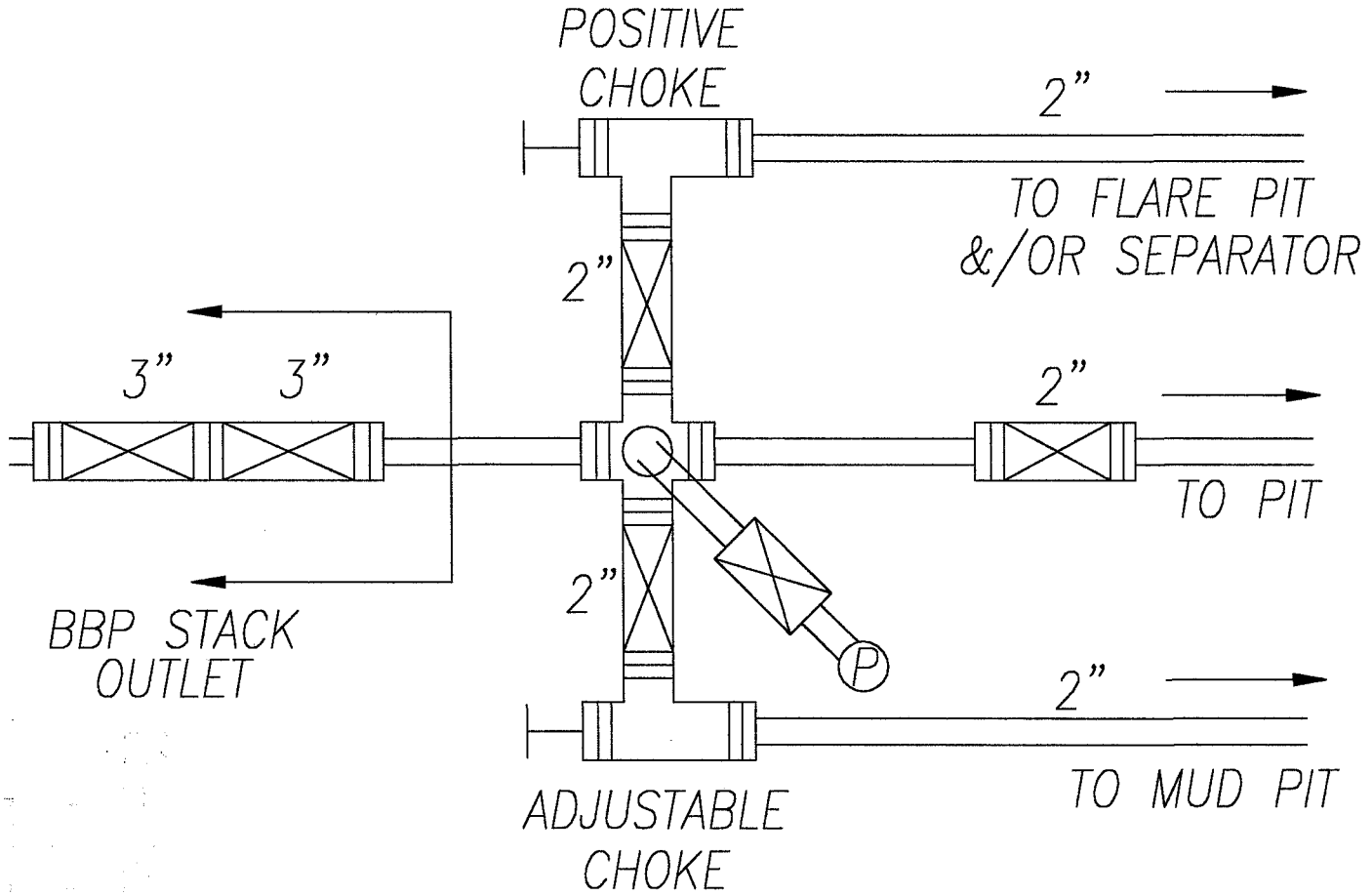


EXHIBIT "H"

004

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/25/2000

API NO. ASSIGNED: 43-007-30725

WELL NAME: BURNSIDE 29-14-8

OPERATOR: KLABZUBA OIL & GAS INC. (N1325)

CONTACT: DON HAMILTON, AGENT

PHONE NUMBER: 435-637-8781

PROPOSED LOCATION:

NWNE 29 140S 080E

SURFACE: 0556 FNL 1955 FEL

BOTTOM: 0556 FNL 1955 FEL

CARBON

UNDESIGNATED (2)

LEASE TYPE: 4 - Fee

LEASE NUMBER: FEE

SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: MNCS

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	RSK	8-9-00
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[✓4]
(No. 588081 eff. 7/2000

N Potash (Y/N)

N Oil Shale (Y/N) *190 - 5 (B)

✓ Water Permit
(No. PRWID)

N RDCC Review (Y/N)
(Date:)

Y Fee Surf Agreement (Y/N) * Rec'd 2-5-01.

LOCATION AND SITING:

___ R649-2-3. Unit ___

✓ R649-3-2. General
Siting: ___

___ R649-3-3. Exception

___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___

___ R649-3-11. Directional Drill

COMMENTS: Need Prosite. (Conducted 5-26-2000)

STIPULATIONS: (1) STATEMENT OF BASIS

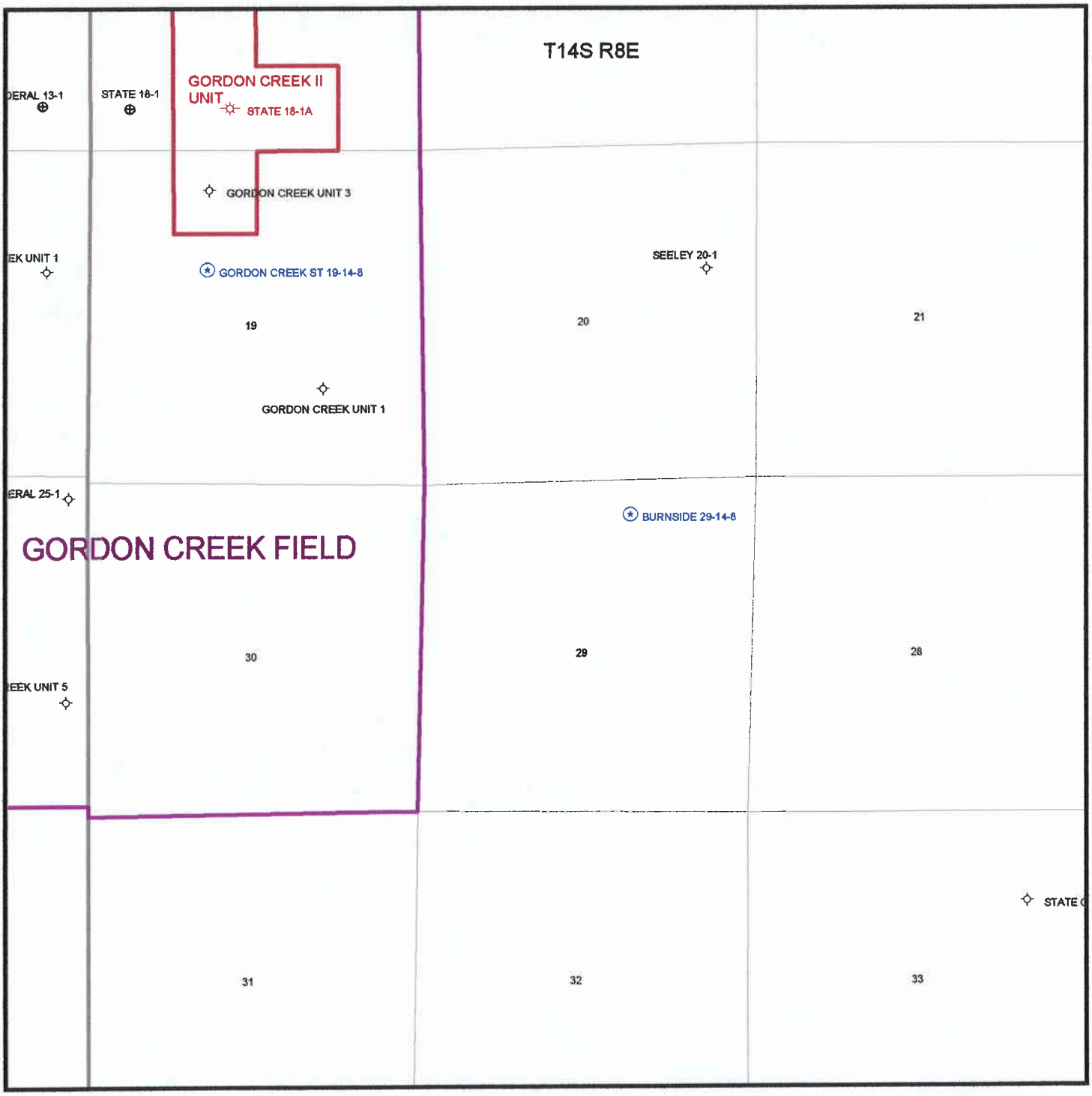
Utah Oil Gas and Mining

OPERATOR: KLABZUBA OIL & GAS (N1325)

FIELD: UNDESIGNATED (002)

SEC. 29, T14S, R8E,

COUNTY: CARBON SPACING: R649-3-2/GEN ST



PREPARED BY: LCORDOVA
DATE: 31-JULY-2000

ON-SITE PREDRILL EVALUATION

Division of Oil, Gas and Mining

OPERATOR: KLABZUBA OIL & GAS COMPANY
WELL NAME & NUMBER: Burnside 29-14-8
API NUMBER: 43-007-30725
LEASE: Fee **FIELD/UNIT:** Undesignated
LOCATION:1/4,1/4 NW NE **Sec:** 29 **TWP:** 14 S **RNG:** 8 E 556 **FNL** 1955 **FEL**
LEGAL WELL SITING: 460 **Setback and** 920 **From another well.**
GPS COORD (UTM): 495862 E 4381426 N
SURFACE OWNER: Fee Lannie K. Burnside of Huntington Utah

PARTICIPANTS:

Mike Hebertson (DOGM), Don Hamilton (Talon Resources) Ed Bonner (SITLA) Chris Colt (DWR)

REGIONAL/LOCAL SETTING & TOPOGRAPHY:

This well is located on the Eastern edge of the Wasatch Plateau in the transitional zone between the Wasatch Plateau and the San Rafael Swell, and the Western margin Colorado Plateaus. The area is highly faulted in a series of horst and graben fault blocks which step up to the top of Wasatch Plateau. The well is located on an unnamed drainage which flows into Bob Bishop Canyon and thence to Mud Water Canyon. There may be as much as 200 feet of Upper Blue Gate Shale above Emery Sandstone at this location.

SURFACE USE PLAN:

CURRENT SURFACE USE: Wild life habitat, open range, and grazing.

PROPOSED SURFACE DISTURBANCE: 144 X 260 feet with an inboard reserve pit 50 X 50 X 10 feet. Top soil and spoil piles will be outboard of the location and will have vegetation mixed in to act as erosion control. The access road will parallel the location on the north side for the entire length of the location. One access in the center of the location will be allowed.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: 1 plugged and abandoned well is within the I mile radius of this location. 48 points of diversion which lie along the stream and creek beds are within the 1 mile radius of this location.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: all production equipment, power and utility lines will follow the established roads.

SOURCE OF CONSTRUCTION MATERIAL: borrowed from the construction of the pad.

ANCILLARY FACILITIES: none

WASTE MANAGEMENT PLAN:

Portable chemical toilets which will be emptied into the municipal waste treatment system; garbage cans on location will be emptied

into centralized dumpsters which will be emptied into an approved landfill. No crude oil is expected to be produced. Drilling fluid, completion & frac fluid and cuttings will be buried in the pit after evaporation and slashing the pit liner. Produced water will be gathered to the evaporation pit. Used oil from drilling operations and support is hauled to a used oil re-cycler and re-used. A suitable waste management plan has not been submitted by the operator for 2000 and this must be in place before drilling begins.

ENVIRONMENTAL PARAMETERS:

AFFECTED FLOODPLAINS AND/OR WETLANDS: The location lies along the creek which forms the bottom of Corner Canyon, and the creek is less than 100' from the north edge of the location. During drilling the location and road will actually occupy some of the same area. During some operations it may be necessary to close the road and the county is being consulted about this matter.

FLORA/FAUNA: Pinyon, juniper / birds, lizards, coyotes, rodents, Raptors, elk and deer critical winter range, reptiles.

SOIL TYPE AND CHARACTERISTICS: Emery Sandstone Member of the Mancos Shale. Soil type is CL= Inorganic clays of low to medium plasticity gravelly clays, sandy clays, silty clays, and lean clays.

SURFACE FORMATION & CHARACTERISTICS: Emery Sandstone Member of the Mancos formation, light buff to reddish tan with bentonitic shale and sandstone ledges interfingered.

EROSION/SEDIMENTATION/STABILITY: Erosion is slight, Sedimentation is low, and the pad is located in a stable area.

PALEONTOLOGICAL POTENTIAL: None was observed at this location.

RESERVE PIT:

CHARACTERISTICS: 50 X 50 X 10 feet, built inboard on the location pad. Although the soils are high in clay content the pit will be lined due to the sensitive nature of the area where the will is located.

LINER REQUIREMENTS (Site Ranking Form attached): A liner is required .

SURFACE RESTORATION/RECLAMATION PLAN:

The surface will be restored as stipulated in the surface owners agreement. No sworn affidavit or singed agreement was filed with the permit.

SURFACE AGREEMENT: Not provided with the APD.

CULTURAL RESOURCES/ARCHAEOLOGY: An archaeology and cultural resource clearance is not necessary.

OTHER OBSERVATIONS/COMMENTS:

A Redtail Hawk nest is within less than 1320 feet of this location and special mitigation agreements are being worked out with DWR, even though

the pad is on private ground. At the time of the On-site the surface owner was not invited, owing to the fact that the surface owner information was not supplied. However the surface owner was contacted by phone later in the day and knew that the on-site had taken place. They seemed to be agreeable to almost anything, and liked the location where it is.

ATTACHMENTS:

Pictures were taken and the location typed as per the date below noted

K. Michael Hebertson	26-May-2000 11:30 AM
DOGM REPRESENTATIVE	**DATE/TIME**

Evaluation Ranking Criteria and Ranking Score
For Reserve and On-site Pit Liner Requirements

Site-Specific Factors	Ranking	Site Ranking
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	5
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	8
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	15	0
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	8
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	5
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	15	
TDS >10000 or Oil Base	20	
Mud Fluid containing high levels of hazardous constituents		5
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	0
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	5
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	
Final Score		36

Sensitivity Level II
Pit liner is required

DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS

Operator Name: Klabzubz Oil & Gas Company
Well Name & Number: Burnside 29-14-8
API Number: 43-007-30725
Location: 1/4,1/4 NW NE Sec. 19 T. 14 S R. 8 E County: CARBON

Geology/Ground Water:

This location is in a horst and graben area of the Wasatch Plateau. A search of the water rights database for this area show that there are 12 points of diversion within a mile of this location. One of these is an underground water well of an undetermined depth. However surface casing for this well will be set through the Emery Sandstone Member of the Mancos Formation and cemented back to surface to protect any water bearing strata encountered in the upper portions of the drill hole. In like manner any water zone encountered in the lower hole will also be placed behind pipe and cement will be placed across the zone for a minimum of 100' above and below the water bearing zone.

Reviewer: K. Michael Hebertson Date: 24-May-2000

Surface:

Representatives for the surface owner were invited to attend, but were unable to arrange the time. However SITLA and DWR attended the on-site review for this well. The well is located in a very sensitive wildlife area and is adjacent to lands owned and protected by Wildlife Resources. Winter operations were discussed by DWR and operational restrictions were agreed to by the operators representative and the surface owner agreed that winter use was out of the question. Mitigation issues for the raptor nesting site are being settled with DWR.

Reviewer: K. Michael Hebertson Date: 24-May-2000

Conditions of Approval/Application for Permit to Drill:

1. Rocks and or boulders will be placed along the edges of the access road.
2. Berms and silt fences will be places at the toe of all fill slopes.
3. Water bars and diversions will be places to keep surface runoff from entering the well pad.
4. Fencing will be installed around the pit on three sides during drill operations and the fourth side when the rig moves off the well.
5. Any water zone encountered in the lower hole will also be placed behind pipe and cement will be placed across the zone for a minimum of 100' above and below the water bearing zone.

Utah Oil Gas and Mining

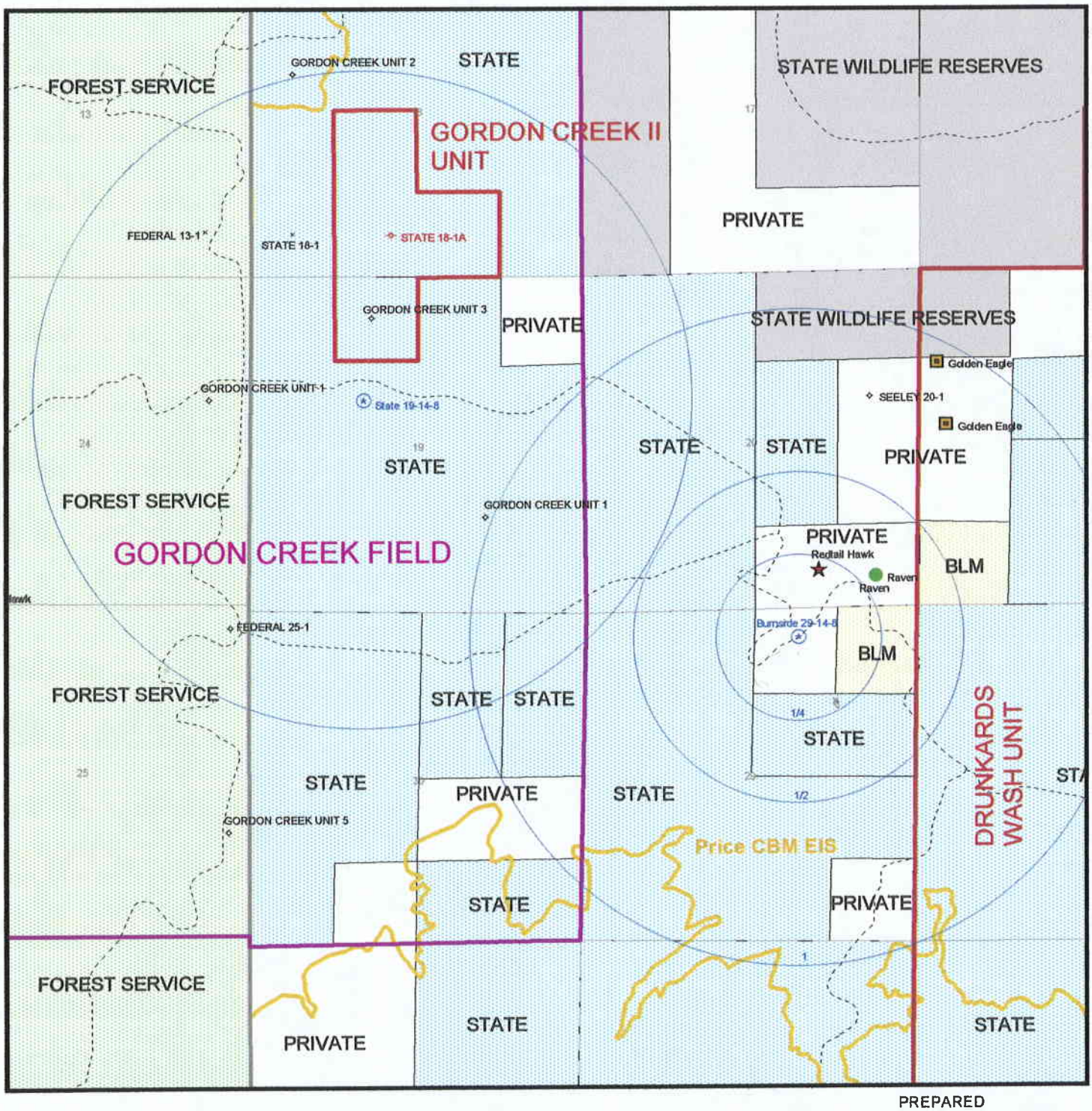
Serving the Industry, Protecting the Environment

OPERATOR: KLABZUBA OIL & GAS COMANY (N)

FIELD: GORDON CREEK (020) , UNDESIGNATED (002)

SEC. 19 & 29, T 14 S, R 8 E,

COUNTY: CARBON STATE SPACING

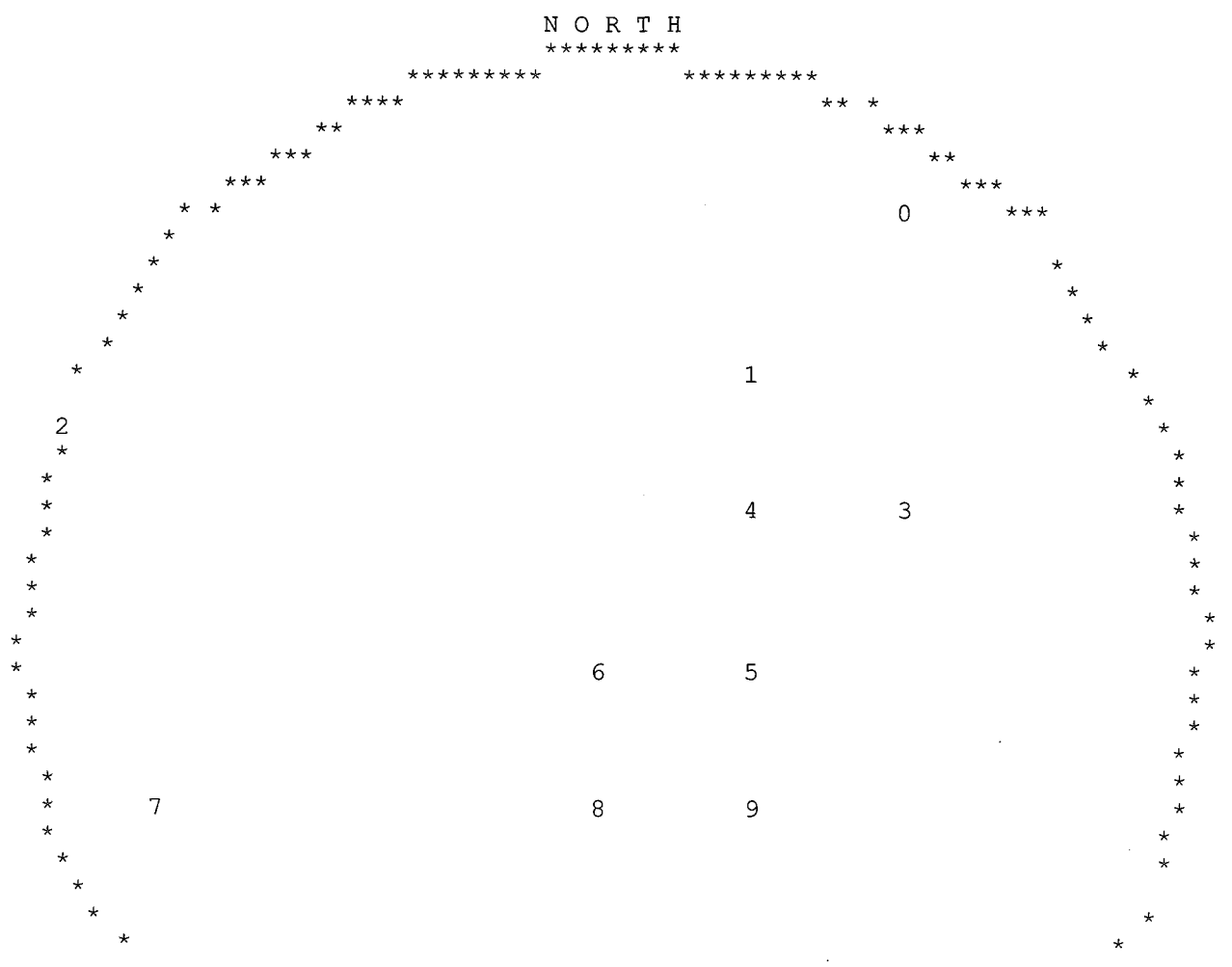


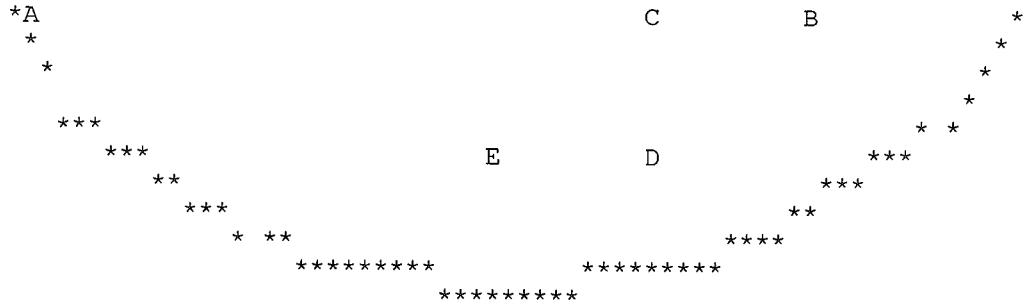
PREPARED
DATE: 24-MAY-2000

UTAH DIVISION OF WATER RIGHTS
WATER RIGHT POINT OF DIVERSION PLOT CREATED WED, MAY 24, 2000, 1:26 PM
PLOT SHOWS LOCATION OF 48 POINTS OF DIVERSION

PLOT OF AN AREA WITH A RADIUS OF 5280 FEET FROM A POINT
S 500 FEET, W 1900 FEET OF THE NE CORNER,
SECTION 29 TOWNSHIP 14S RANGE 8E SL BASE AND MERIDIAN

PLOT SCALE IS APPROXIMATELY 1 INCH = 2000 FEET





UTAH DIVISION OF WATER RIGHTS
NWPLAT POINT OF DIVERSION LOCATION PROGRAM

MAP CHAR	WATER RIGHT	CFS	QUANTITY AND/OR	AC-FT	SOURCE DESCRIPTION or WELL INFO DIAMETER	DEPTH	YEAR LOG	NORTH	EAST	POINT OF DIVERSION DESCRIPTION CNR	SEC	TWN	RNG	B&M	UNN	APP
0	91 1168	.0000		.00	South Fork Gordon Creek & Trib											
	WATER USE(S): Jorgensen, Ray									PRIORITY DATE: 00/00/1869 Castle Dale					UT	84
0	91 1601	.0000		.00	South Fork Gordon Creek & Trib											
	WATER USE(S): Jorgensen, John L.									PRIORITY DATE: 00/00/1869					UT	
0	91 1609	.0000		.00	South Fork Gordon Creek & Trib											
	WATER USE(S): Jorgensen, Joseph C.									PRIORITY DATE: 00/00/1869 Castle Dale					UT	84
0	91 1617	.0000		.00	South Fork Gordon Creek & Trib											
	WATER USE(S): Jorgensen, A. Gale									PRIORITY DATE: 00/00/1869 Castle Dale					UT	84
0	91 1625	.0000		.00	South Fork Gordon Creek & Trib											
	WATER USE(S): Jorgensen, Theron Don									PRIORITY DATE: 00/00/1869 Castle Dale					UT	84
1	91 1171	.0110		.00	Unnamed Spring											
	WATER USE(S):									PRIORITY DATE: 00/00/1869						

Jorgensen, Ray Castle Dale UT 84

1 91 1603 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, John L. UT

1 91 1611 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Joseph C. Castle Dale UT 84

1 91 1619 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, A. Gale Castle Dale UT 84

1 91 1627 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Theron Don Castle Dale UT 84

2 91 4209 .1000 .00 6 10 - 500 N 1411 W 1484 SE 19 14S 8E SL
WATER USE(S): MINING PRIORITY DATE: 09/06/1979
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

3 91 3116 .0000 .00 Unnamed Stream
WATER USE(S): PRIORITY DATE: 00/00/1902
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

4 91 1178 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Ray Castle Dale UT 84

4 91 1604 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, John L. UT

4 91 1612 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Joseph C. Castle Dale UT 84

4 91 1620 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, A. Gale Castle Dale UT 84

4 91 1628 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Theron Don Castle Dale UT 84

4 91 1179 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Ray Castle Dale UT 84

4 91 1605 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869

Jorgensen, John L. UT

4 91 1613 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Joseph C. Castle Dale UT 84

4 91 1621 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, A. Gale Castle Dale UT 84

4 91 1629 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Theron Don Castle Dale UT 84

4 91 1180 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Ray UT

4 91 1606 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, John L. UT

4 91 1614 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Joseph C. Castle Dale UT 84

4 91 1622 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, A. Gale Castle Dale UT 84

4 91 1630 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Theron Don Castle Dale UT 84

4 91 1168 .0000 .00 South Fork Gordon Creek & Trib
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Ray Castle Dale UT 84

4 91 1601 .0000 .00 South Fork Gordon Creek & Trib
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, John L. UT

4 91 1609 .0000 .00 South Fork Gordon Creek & Trib
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, Joseph C. Castle Dale UT 84

4 91 1617 .0000 .00 South Fork Gordon Creek & Trib
WATER USE(S): PRIORITY DATE: 00/00/1869
Jorgensen, A. Gale Castle Dale UT 84

4 91 1625 .0000 .00 South Fork Gordon Creek & Trib
WATER USE(S): PRIORITY DATE: 00/00/1869

Jorgensen, Theron Don Castle Dale UT 84

5 91 3543 .0000 .00 Unnamed Stream
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey UT

5 91 3543 .0000 .00 Unnamed Stream
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey UT

6 91 1657 .0000 .00 South Fork Gordon Creek
WATER USE(S): STOCKWATERING PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

6 91 1657 .0000 .00 South Fork Gordon Creek
WATER USE(S): STOCKWATERING PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

7 91 3926 .0000 .00 North Fork Corner Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

8 91 3926 .0000 .00 North Fork Corner Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

9 91 3096 .0000 .00 Mud Water Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

A 91 1656 .0000 .00 North Fork Corner Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

B 91 3102 .0000 .00 Haley Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

C 91 3096 .0000 .00 Mud Water Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

D 91 1659 .0000 .00 Mud Water Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

D 91 1659 .0000 .00 Mud Water Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

D 91 1658 .0110 .00 Unnamed Spring
WATER USE(S): PRIORITY DATE: 00/00/1869

Burnside, Sarah McVey Huntington UT 84

D 91 1660 .0000 .00 Losangles Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

D 91 1660 .0000 .00 Losangles Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
Burnside, Sarah McVey Huntington UT 84

E 91 3098 .0000 .00 Losangles Canyon Creek
WATER USE(S): PRIORITY DATE: 00/00/1869
State of Utah School & Institutional Tru 675 East 500 South, 5th Floor Salt Lake City UT 84

TALON RESOURCES, INC.

375 S. Carbon Ave. (A-10), Suite 101, Price, Utah 84501
Phone: (435) 637-8781 Fax: (435) 636- 8603

Fax Transmittal Cover Sheet

Date: 5/19/00 **Number of pages: 2**

Message To: Mr. Mike Hebertson – Division of Oil, Gas, and Mining
Mr. Carl Lesher – Lesher Consulting, Inc.

Telephone Number: 1-801-538-5337 **Fax Number: 1- 801-359-3940**
1-303-238-2718

Message From: Don Hamilton

Mike:

Following is the information you requested for the proposed Klabzuba Oil and Gas Company well presite. We appreciate the opportunity to complete an onsite prior to the submission of an APD.

Please feel free to contact me if you need additional information prior to the onsite.

Don

KLABZUBA OIL AND GAS COMPANY

State 19-14-8

Proposed Location:	2000' FNL 1850' FWL, SE/4 NW/4 (N 459920, E 2120500) Section 19, T14S, R8E, Carbon County, Utah
Lease Ownership:	State
Lease Designation:	ML-27908
Surface Ownership:	State surface
Comments:	The proposed well site just outside of Gordon Creek Wildlife Management Area lies on a north facing gentle gravel covered slope approximately 300' off of the main Class D county road. Travel is along the Haley Canyon road approximately 11 miles beyond the railroad track crossing. Numerous P&A and TA wells are nearby.

493769 E
4367614 N

Burnside 29-14-8

Proposed Location:	500' FNL 1900' FEL, NW/4 NE/4 (N 456500, E 2127400) Section 29, T14S, R8E, Carbon County, Utah
Lease Ownership:	Lannie K. Burnside, 32W 100 N Huntington, 435-687-2260
Lease Designation:	Fee Tract
Surface Ownership:	Lannie K. Burnside, 32W 100 N Huntington, 435-687-2260
Comments:	The proposed well site outside of Gordon Creek Wildlife Management Area lies within a sagebrush flat at the base of a large gravelly hill approximately 100' off of the main Class D county road. Travel is along the Haley Canyon road approximately 8 miles beyond the railroad track.

495887 E
4391451 N

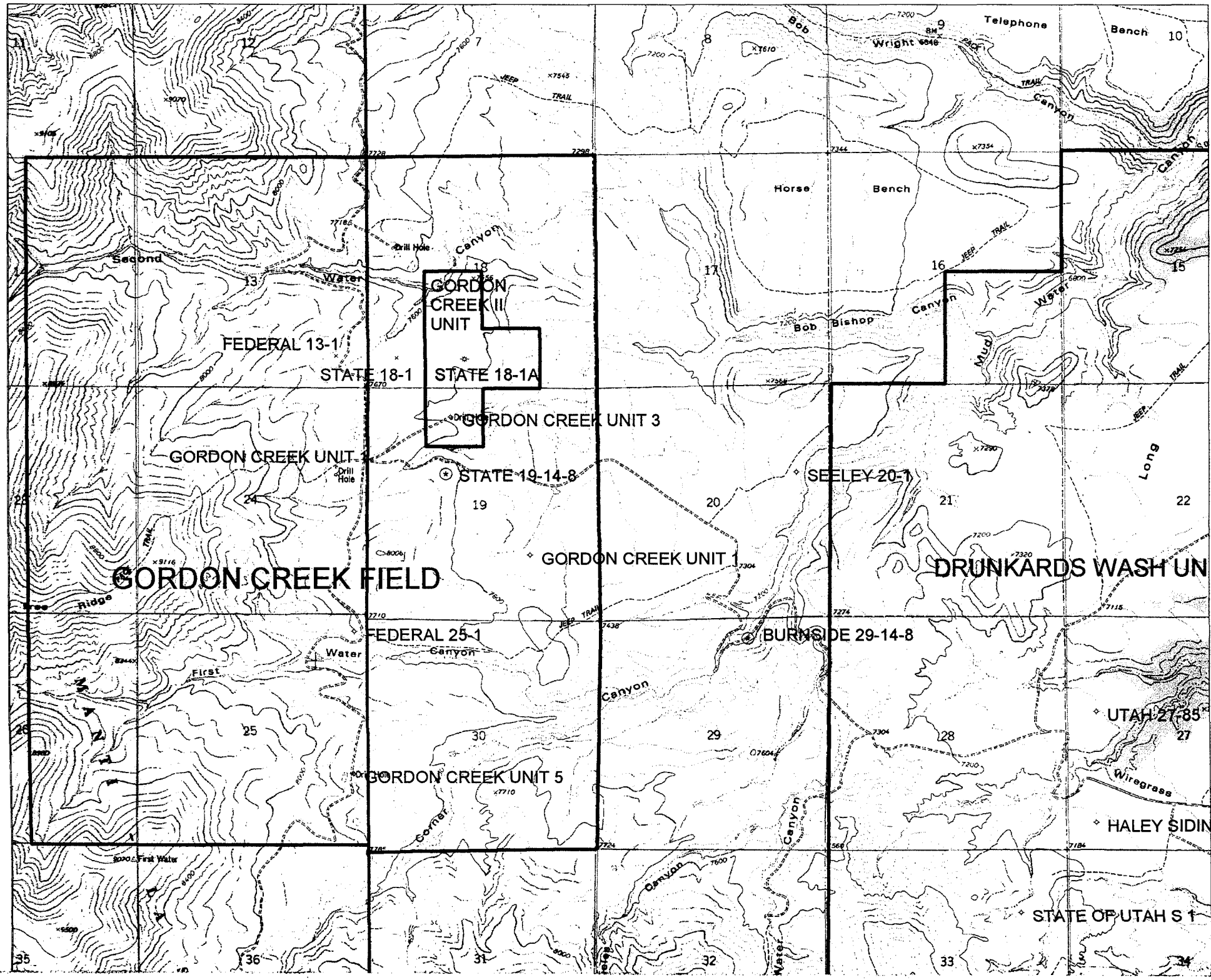
KLABZUBA OIL AND GAS

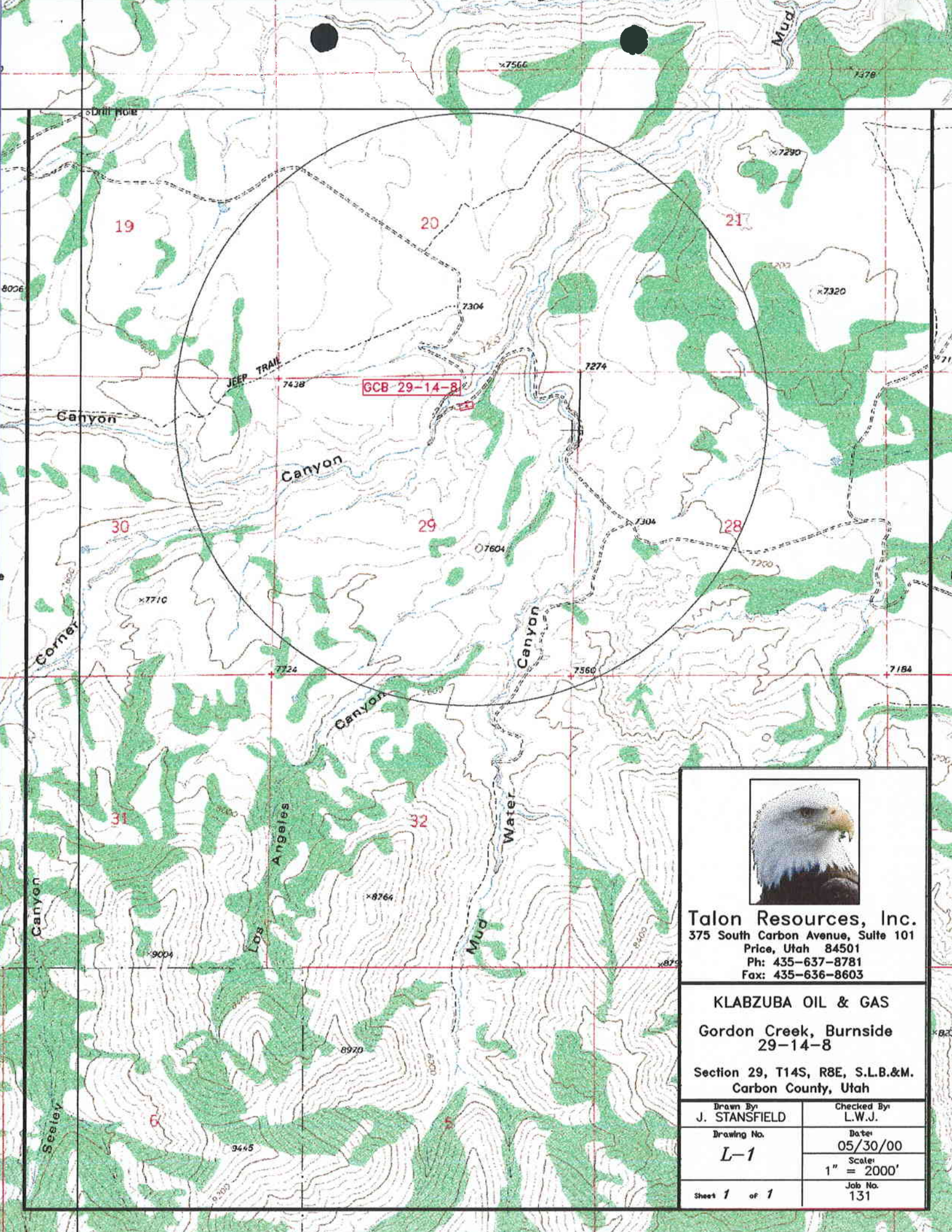
Preferred Casing Program

Casing	Description	Setting Depth
16"	conductor	40' – 60'
10-3/4"	surface	350'
7"	intermediate	2000' (if drilling without air)
4-1/2"	production	TD

Alternate Casing Program

Casing	Description	Setting Depth
16"	conductor	40' – 60'
13-3/8"	surface	350'
8-5/8"	intermediate	2000' (if drilling without air)
4-1/2 to 5-1/2"	production	TD


GORDON CREEK FIELD
GORDON CREEK II UNIT
FEDERAL 13-1
STATE 18-1
STATE 18-1A
GORDON CREEK UNIT 3
GORDON CREEK UNIT 4
STATE 19-14-8
SEELEY 20-1
GORDON CREEK UNIT 1
DRUNKARDS WASH UN
FEDERAL 25-1
BURNSIDE 29-14-8
UTAH 27-85
GORDON CREEK UNIT 5
HALEY SIDIN
STATE OF UTAH S 1
Second Water Canyon
First Water Canyon
Bob Wright Canyon
Telephone Bench
Horse Bench
Bob Bishop Canyon
Mud Water Canyon
Long Canyon
Wiregrass Canyon
Corner Canyon
Ridge
Drill Hole
JEEP TRAIL



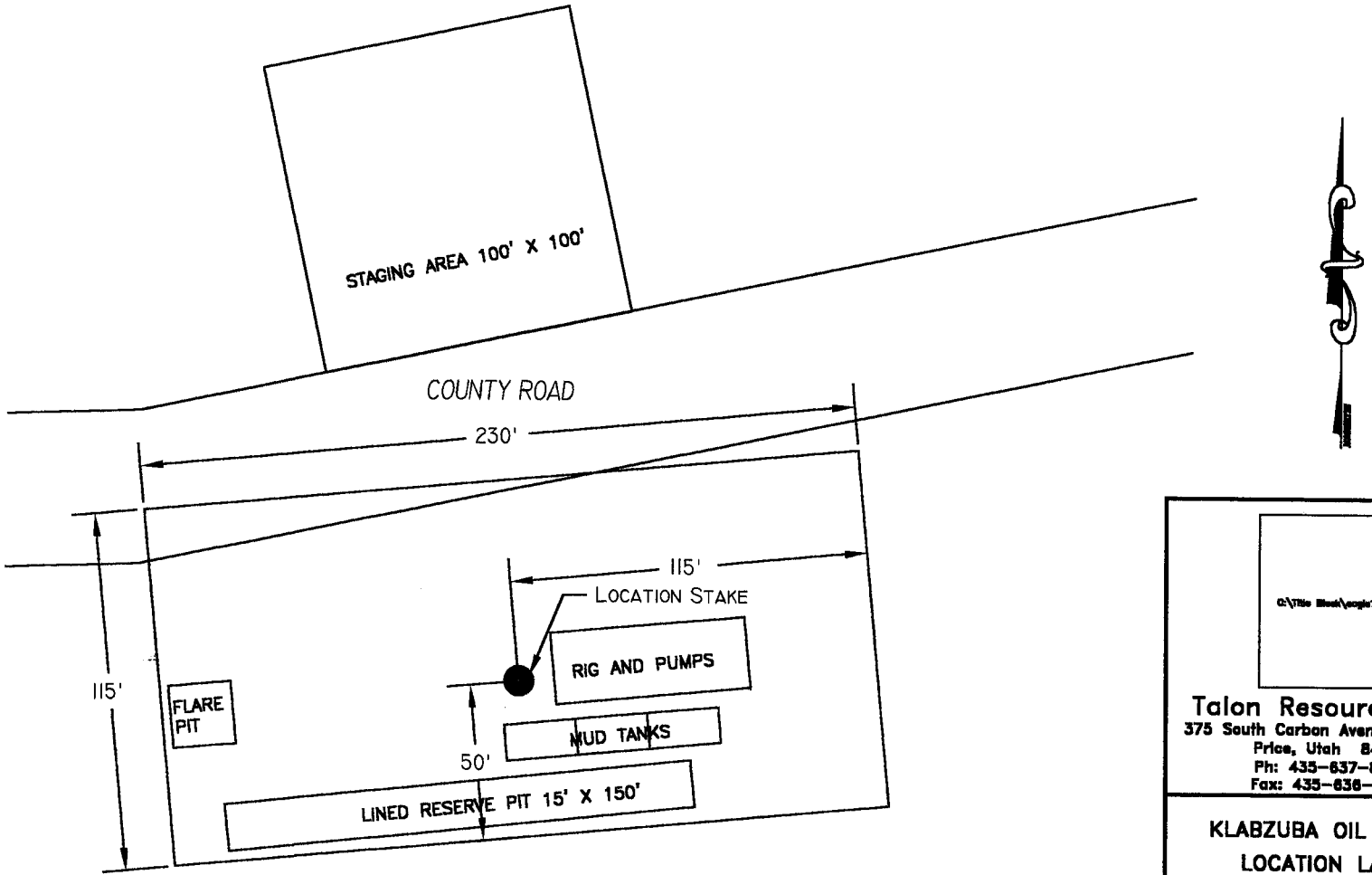
Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

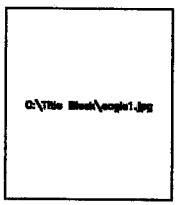
KLABZUBA OIL & GAS

Gordon Creek, Burnside
29-14-8

Section 29, T14S, R8E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. L-1	Date: 05/30/00
	Scale: 1" = 2000'
Sheet 1 of 1	Job No. 131





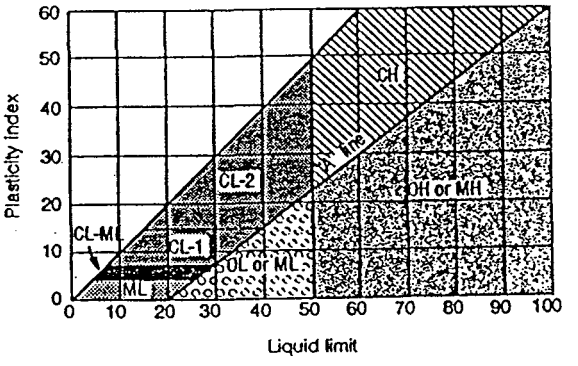
Talon Resources, Inc.
375 South Carbon Avenue, Suite 101
Price, Utah 84501
Ph: 435-637-8781
Fax: 435-636-8603

KLABZUBA OIL AND GAS
LOCATION LAYOUT
Section 29, T14S, R8E, S.L.B.&M.
GC, BURNSIDE 29-14-8

Drawn By: D. HAMILTON	Checked By: L.W.J./D.H.
Drawing No. *A-2*	Date: 05/25/00
	Scale: 1" = 50'
Sheet *2* of *2*	Job No. 131

Unified Soil Classification System

Major Divisions			Group Symbols	Typical Names	Laboratory Classification Criteria		
Coarse-grained Soils More than half of material is larger than No. 200 sieve	Gravels More than half of coarse fraction is larger than No. 4 sieve size	Clean Gravels (Little or no fines)	GW	Well graded gravels, gravel-sand mixtures, little or no fines.	Determine percentage of gravel and sand from grain size curve. Depending on percentage of fines (fraction smaller than No. 200 sieve size), coarse-grained soils are classified as follows: Less than 5% ..... GW, GP, SW, SP More than 12% ..... GM, GC, SM, SC 5% to 12% ..... Borderline cases requiring use of dual symbols**	$C_u = \frac{D_{60}}{D_{10}}$ Greater than 4 $C_c = \frac{(D_{30})^2}{D_{10} \times D_{60}}$ Between 1 and 3	
			GP	Poorly graded gravels, gravel-sand mixtures, little or no fines		Not meeting all gradation requirements for GW	
		Gravels with fines (Appreciable amount of fines)	GM* d GM* u	Silty gravels, poorly graded gravel-sand-clay mixtures		Atterberg limits below "A" line, or PI less than 4	Above "A" line with PI between 4 and 7 are borderline cases requiring uses of dual symbols
			GC	Clayey gravels, poorly graded gravel-sand-clay mixtures		Atterberg limits above "A" line, or PI greater than 7	
	Sands More than half of coarse fraction is smaller than No. 4 sieve size	Clean Sands (Little or no fines)	SW	Well graded sands, gravelly sands, little or no fines		$C_u = \frac{D_{60}}{D_{10}}$ Greater than 6 $C_c = \frac{(D_{30})^2}{D_{10} \times D_{60}}$ Between 1 and 3	
			SP	Poorly graded sands, gravelly sands, little or no fines.		Not meeting all gradation requirements for SW	
		Sands with fines (Appreciable amount of fines)	SM* d SM* u	Silty sands, poorly graded sand-silt mixtures		Atterberg limits below "A" line, or PI less than 4	Above "A" line with PI between 4 and 7 are borderline cases requiring uses of dual symbols
			SC	Clayey sands, poorly graded sand-clay mixtures		Atterberg limits above "A" line, or PI greater than 7	
Fine-grained Soils More than half of material is smaller than No. 200 sieve	Silt and Clays Liquid limit less than 50		ML	Inorganic silts and very fine sands, rock flour, silty or clayey fine sands or clayey silts with slight plasticity			
			CL 1 CL 2	Inorganic clays of low to medium plasticity, gravelly clays, sandy clays, silty clays, lean clays			
			OL	Organic silts and organic silt-clays of low plasticity			
	Silts and Clays Liquid limit greater than 50		MH	Inorganic silts, micaceous or diatomaceous fine sandy or silty soils, elastic silts			
			CH	Inorganic clays of high plasticity, fat clays			
			OH	Organic clays of medium to high plasticity, organic silts			
Highly Organic Soils			Pt	Peat and other highly organic soils			



Plasticity Chart
For laboratory classification of fine-grained soils

*Division of GM and SM groups into subdivisions of d and u for roads and airfields only. Subdivision is based on Atterberg limits; suffix d used when liquid limit is 28 or less and the PI is 6 or less, the suffix u used when liquid limit is greater than 28.
**Borderline classification: Soils possessing characteristics of two groups are designated by combinations of group symbols. For example GW-GC, well graded gravel-sand mixture with clay binder.

Figure No. 7

Well name:	**8-00 Klabzuba GCS 29-14-8**
Operator:	**Klabzuba**
String type:	Surface
Project ID:	43-007-30725
Location:	Carbon County

Design parameters:

Collapse

Mud weight: 8.330 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 0 psi
Internal gradient: 0.433 psi/ft
Calculated BHP 238 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 482 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 83 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 300 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 7,500 ft
Next mud weight: 8.330 ppg
Next setting BHP: 3,245 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 3,865 ft
Injection pressure 3,865 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	550	9.625	36.00	J-55	ST&C	550	550	8.796	39.2

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	238	2020	8.49	238	3520	14.79	17	394	22.70 J

Prepared by: RJK
Utah Dept. of Natural Resources

Date: August 9,2000
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.
Collapse is based on a vertical depth of 550 ft, a mud weight of 8.33 ppg The casing is considered to be evacuated for collapse purposes.
Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**8-00 Klabzuba GCS 29-14-8**
Operator:	**Klabzuba**
String type:	Production
Project ID:	43-007-30725
Location:	Carbon County

Design parameters:

Collapse

Mud weight: 8.330 ppg

Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 0 psi

Internal gradient: 0.433 psi/ft

Calculated BHP 1,666 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on buoyed weight.

Neutral point: 3,365 ft

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	129 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	368 ft
Cement top:	1,097 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	3850	5.5	15.50	J-55	ST&C	3850	3850	4.825	120.7

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1666	4040	2.42	1666	4810	2.89	52	202	3.87 J

Prepared by: RJK
Utah Dept. of Natural Resources

Date: August 9,2000
Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

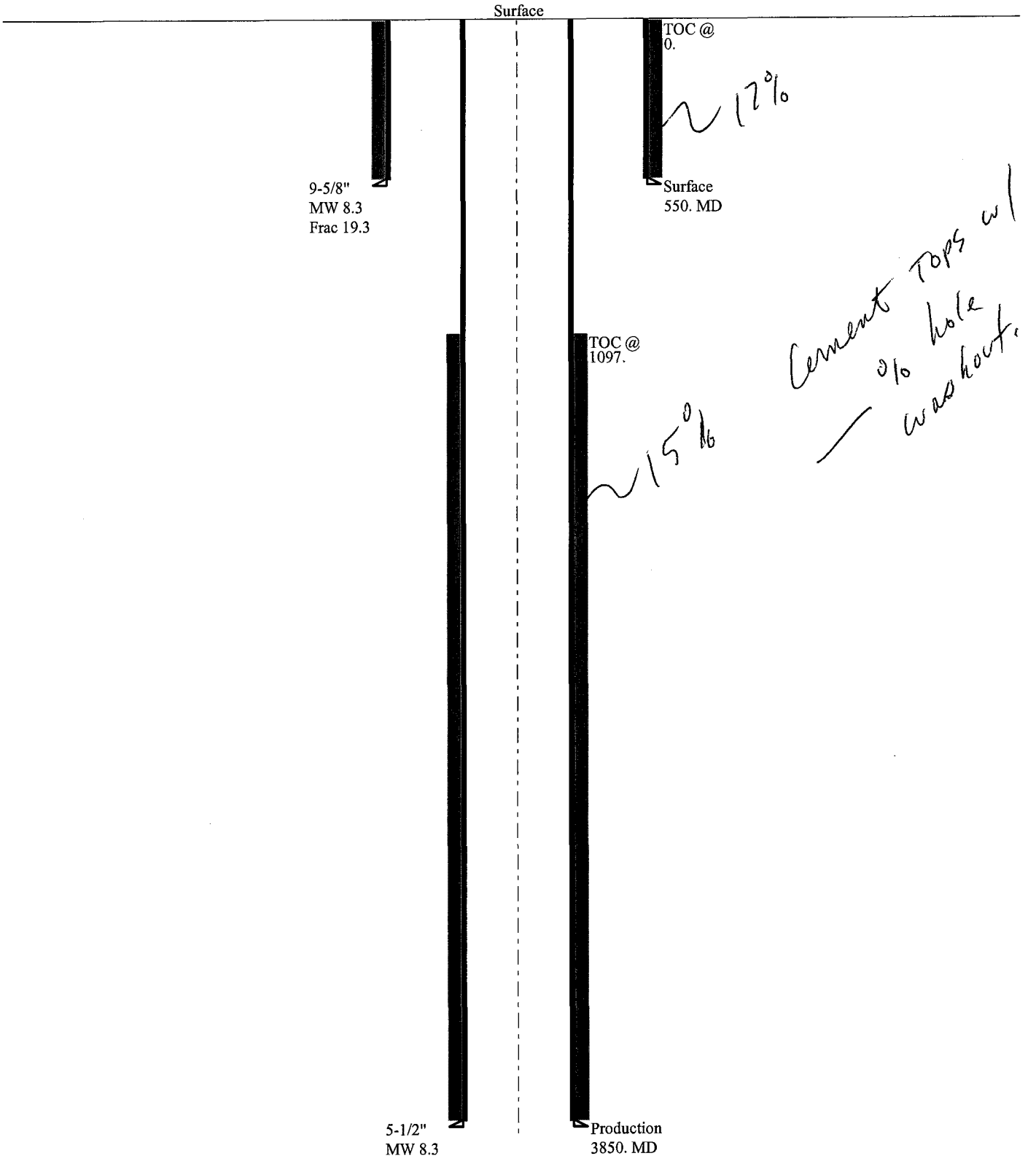
Collapse is based on a vertical depth of 3850 ft, a mud weight of 8.33 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

8-00 Klabzuba GCS 29-14

Casing Schematic



005

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

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

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 6, 2001

Klabzuba OIl and Gas , Inc.
717 Seventeenth St, Suite 1435
Denver, CO 80202

Re: Burnside 29-14-8 Well, 556' FNL, 1955' FEL, NW NE, Sec. 29, T. 14 South, R. 8 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30725.

Sincerely,

John R. Baza
Associate Director

er
Enclosures
cc: Carbon County Assessor

Operator: Klabzuba OIl and Gas , Inc.

Well Name & Number Burnside 29-14-8

API Number: 43-007-30725

Lease: FEE

Location: NW NE **Sec.** 29 **T.** 14 South **R.** 8 East

Conditions of Approval

1. General

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

   The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

   - 24 hours prior to cementing or testing casing
   - 24 hours prior to testing blowout prevention equipment
   - 24 hours prior to spudding the well
   - within 24 hours of any emergency changes made to the approved drilling program
   - prior to commencing operations to plug and abandon the well

   The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

   - Dan Jarvis at (801) 538-5338
   - Carol Daniels at (801) 538-5284 (spud)

3. Reporting Requirements

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

006

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WILDLIFE RESOURCES

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
John Kimball
Division Director

Southeastern Region
475 West Price River Drive, Suite C
Price, Utah 84501-2860
435-636-0260
435-637-7361 (Fax)

27 March 2001

CONFIDENTIAL

Mr. Paul Urban
Klabzuba Oil & Gas
Manville Plaza, #1435
717 Seventeenth Street
Denver, CO 80202

RE: Request for delay of drilling on the Burnside 29-14-8 well due to Raptor nesting
Sec. 29, 14S, 8E 43-007-30725

Dear Mr. Urban,

I am writing to request that the construction and drilling of the Burnside 29-14-8 be delayed until after July 15 due to it's close proximity (<1/2 mile) from a red-tailed hawk nest (#630) and a golden eagle nest (#632). Construction activities along the road and at the well site may cause the abandonment of these nests if they are being used this year. By July 15th the young should have fledged the nest and are not as susceptible to disturbance. Thank you for your cooperation in this matter. If you have any questions, please contact Chris Colt (Habitat Biologist) at 435-636-0279.

Sincerely,

Kevin Christopherson
Regional Supervisor

C: UDOGM
USFWS
Talon Resources, Inc.

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

RECEIVED
MAR 30 2001
DIVISION OF
OIL, GAS AND MINING

007

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WILDLIFE RESOURCES

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
John Kimball
Division Director

Southeastern Region
475 West Price River Drive, Suite C
Price, Utah 84501-2860
435-636-0260
435-637-7361 (Fax)

CONFIDENTIAL

11 June 2001

43-007-30725
T14S R08E Sec 29

Gil Hunt
UIC Manager
Oil & Gas Program
1594 W. North Temple #1210
Salt Lake City, UT 84114-5801

RE: Construction start date for Klabzuba's Burnside 29-14-8 well with regard to raptor nest #632

Dear Mr. Hunt,

Based on field observations of raptor nests #632, it is our opinion that construction of the Burnside 29-14-8 well may commence as early as the 6th of July without causing undue stress on the nesting red-tailed hawks. By July 6th the red-tailed hawk chicks in nest #632 should have fledged.

Thank you for working with us to protect the wildlife resources in the state. If you have any questions about these comments, please contact Chris Colt (Habitat Biologist) at 435-636-0279.

Sincerely,

For Kevin Christopherson
Regional Supervisor

C: Mike Hebertson
USFWS
Talon Resources

RECEIVED
JUL 13 2001
DIVISION OF
OIL, GAS AND MINING

008

CONFIDENTIAL

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: KLABZUBA OIL & GAS INC

Well Name: BURNSIDE 29-14-8

Api No.. 43-007-30725 LEASE TYPE: FEE

Section 29 Township 14S Range 08E County CARBON

Drilling Contractor ELENBERG RIG #

SPUDDED:

Date 07//21/2001

Time

How DRY

Drilling will commence

Reported by C J TURNER

Telephone # 1-303-382-2175

Date 08/01/2001 Signed: CHD

009

Attn: Jim Thompson
801-538-5336

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Klabzuba Oil and Gas Operator Account Number: N-1325
Address: 200 17th St. Suite 1300
city DENVER, C
state CO zip 80202 Phone Number: 303-299-9097

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-007-30725	Burnside 29-14-8	~~NWSE~~ NWNE	29	14S	8E	Carbon

Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date
A	99999	13250	7-21-01	8-20-01

Comments: 8-20-01 CONFIDENTIAL

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
43-007-30724	Gordon Creek State 19-14-8	SENW	19	14S	8E	Carbon

Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date
A	99999	13251	7-13-01	8-20-01

Comments: 8-20-01 CONFIDENTIAL

Well 3

API Number	Well Name	QQ	Sec	Twp	Rng	County

Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date

Comments:

ACTION CODES:
- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

MARK CALDWELL
Name (Please Print)
Mark Caldwell
Signature
GEOLOGIST 8/10/01
Title Date

(5/2000)

010

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 7

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well name and number: Burnside 29-14-8

API number: 430073072500

Well Location: QQNWNE Section 29 Township 14S Range 8E County Carbon

Well operator: Klabzuba Oil & Gas

Address: 700 17th Street, Suite 1300

city Denver state CO zip 80202 Phone: 303-299-9097

Drilling contractor: Ellenberg

Address: P.O. Box 2440

city Casper state WY zip 82602 Phone: 307-235-8609

Water encountered (attach additional pages as needed):

DEPTH		VOLUME	QUALITY
FROM	TO	(FLOW RATE OR HEAD)	(FRESH OR SALTY)
800	1600ft	Flowing est 5 BWPH	Fresh

Formation tops:
(Top to Bottom)

1 Emery SS @ Surface 2 _____ 3 _____
4 Base Mancos Sandy Zones 1600ft 5 _____ 6 _____
7 Ferron 3265 8 _____ 9 _____
10 _____ 11 _____ 12 _____

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

I hereby certify that this report is true and complete to the best of my knowledge.

NAME (PLEASE PRINT) Mark S. Caldwell TITLE Geologist

SIGNATURE Mark S Caldwell DATE 8/14/01

RECEIVED
AUG 23 2001
DIVISION OF
OIL, GAS AND MINING

(5/2000)

011

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.

- Within 30 days after the completion or plugging of a well, the following shall be filed:
  - Form 8, Well Completion or Recompletion Report and Log
  - A copy of electric and radioactivity logs, if run
  - A copy of drillstem test reports,
  - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
  - A copy of core analyses, and lithologic logs or sample descriptions if compiled
  - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: KLABZUBA OIL & GAS INC Today's Date: 10/14/2003

Well:	API Number:	Drilling Commenced:
BURNSIDE 29-14-8 T14S R08E SEC 29 WELL LOGS NOT RECEIVED	4300730725	07/21/2001
GORDON CREEK ST 2-20-14-8 T14S R08E SEC 20 WELL LOGS NOT RECEIVED	4300730883	12/05/2002

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

Compliance File

012

FORM 3160-4
(July 1992)

SUBMIT IN DUPLICATE*

(See other instructions ons reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.
State: ~~ML-46539 Fed: UTU-72358~~ FEE

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA

7. UNIT AGREEMENT NAME: NA

8. FARM OR LEASE NAME, WELL NO.: Burnside

9. WELL NO.: 29-14-8

10. FIELD AND POOL OR WILDCAT: NA

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: NW/NE Sec. 29, Twp. 14S, Rng. 8E

1a. TYPE OF WORK: OIL WELL [ ] GAS WELL [X] DRY [ ] Other

1b. TYPE OF WELL: NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF RESVR. [ ] Other

2. NAME OF OPERATOR: Klabzuba Oil & Gas Co.

3. ADDRESS AND TELEPHONE NO.: 700 17th St. Suite 1300 Denver, CO 80202

4. LOCATION OF WELL (Report locations clearly and in accordance with any State requirements.*)
At Surface: 556' FNL & 1955' FEL (NW/NE) Sec. 29, Twp. 14S, Rng. 8E
At top prod. Interval reported below: Same
At total depth: Same

14. API NO.: 43-007-30725
DATE ISSUED: 2/6/01
12. COUNTY OR PARISH: Carbon
13. STATE: UT

15. DATE SPUDDED: 7/23/01
16. DATE T.D. REACHED: 7/29/01
17. DATE COMPL. (Ready to prod.): 10/17/01 SI WO pipeline
18. ELEVATIONS (DF, RKB, RT, GR, ETC.)*: 7175' GR
19. ELEV. CASINGHEAD: 7186' KB

20. TOTAL DEPTH, MD & TVD: 3532' KB
21. PLUG BACK T.D., MD & TVD: 3511' KB
22. IF MULTIPLE COMPL., HOW MANY*: 3
23. INTERVALS DRILLED BY: ------>
ROTARY TOOLS: X
CABLE TOOLS:

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*: Ferron SS 3266' - 3471'

25. WAS DIRECTIONAL SURVEY MADE: No

26. TYPE ELECTRIC AND OTHER LOGS RUN: Cased Hole DIGL/SP/CDL/GR/Cal

27. WAS WELL CORED: No

23. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" - J-55	36#	558'	12-1/4"	350 sxs of Class G	
7 1/2" - J-55	20#	2025'	8 3/4"	225 sxs 50/50 poz & Class G	
4 1/2" - I-80	11.6#	3532'	6 1/4"	225 sxs 50/50 poz & Class G	

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8"	EOT @ 3245' KB	None

31. PERFORATION RECORD (Interval, size and number)

INTERVAL	SIZE	SPF/#shots
(Ferron A) 3441' [redacted]	0.51"	4/24
(Ferron B sand) 3328-32', 3346-50', 3383-86', 3398'-3402'	0.42"	4/60
(Ferron C sand) [redacted] 70', 3278-84'	0.43"	4/50

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Same	Acidize w/500 gal 15% HCL
Same	Acidize w/1084 gal 15% HCL, then Frac w/61,700# 16/30 snd in 890 bbls fluid
Same	Frac w/110,600# 16/30 snd in 810 bbls fluid & 418 MCF N2 ie: 30 Q Foam

33.* PRODUCTION

DATE FIRST PRODUCTION: Shut in, waiting on pipeline
PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump): Flowing
WELL STATUS (Producing or shut-in): Shut in, waiting on pipeline

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL--BBLS.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO
10/01	4 Day Test		---->		100 MCF	1 bbl/hr on C	#VALUE!

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL-BBL.	GAS--MCF.	WATER--BBL.	OIL GRAVITY-API (CORR.)
Ferron C - 0 psig	Ferron C -100 psig	---->		100 MCF		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): SI Waiting on pipeline

TEST WITNESSED BY

RECEIVED
NOV 28 2003
DIV. OF OIL, GAS & MINING

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED George Rooney TITLE Petroleum Engineer DATE 11/28/2003

GBRIV

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
			Burnside 21-14-8

38. GEOLOGIC MARKERS

NAME	TOP MEAS. DEPTH	TOP TRUE VERT. DEPTH
Emery SS Member (Mancos)	@ surface	
L. Mancos (Base Sandy Zones)	2035'	
Mancos Blue Gate Marker	3100'	
Ferron Top	3233'	
Ferron Marine	3254'	
Lower Ferron Sand	NDE	

'013

43.007.30725
14S. 8E. 29

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

March 3, 2005

CERTIFIED MAIL NO. 7002 0510 0003 8602 5788

Mr. George Rooney
Klabzuba Oil & Gas Inc.
700 17th Street, Suite 1300
Denver, Colorado 80202

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Fee or State Leases.

Dear Mr. Rooney:

As of March 2005, Klabzuba Oil & Gas Inc. has one (1) Fee Lease Well and two (2) State Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and

2. Copy of recent casing pressure test, and

3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and

4. Fluid level in the wellbore, and

5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DTS:jc
Attachment
cc: John Baza
Well File
SITLA

ATTACHMENT A

	Well Name	Location	API	Lease Type	Years Inactive
1	Gordon Creek St 1A-18-14-8	SENE Sec 18-T14S-R8E	43-007-30892	State	1 Year 3 Months
2	Gordon Creek ST 2-20-14-8	NWNW Sec 20-T14S-R8E	43-007-30883	State	1 Year 3 Months
3	Burnside 29-14-8	NWNE Sec 29-T14S-R8E	43-007-30725	Fee	1 Year 3 Months

FORM 3160-4
(July 1992)

SUBMIT IN DUPLICATE*
(See other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

5. LEASE DESIGNATION AND SERIAL NO.: State: ML-46539 Fed: UTU-72358

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA

7. UNIT AGREEMENT NAME: NA

8. FARM OR LEASE NAME, WELL NO.: Burnside

9. WELL NO.: 29-14-8

10. FIELD AND POOL OR WILDCAT: NA

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA: NW/NE Sec. 29, Twp. 14S, Rng. 8E

1a. TYPE OF WORK: OIL WELL [ ] GAS WELL [X] DRY [ ] Other

1b. TYPE OF WELL: NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF RESVR. [ ] Other

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DATE ISSUED: 2/6/01
12. COUNTY OR PARISH: Carbon
13. STATE: UT

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16. DATE T.D. REACHED: 7/29/01
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19. ELEV. CASINGHEAD: 7186' KB

20. TOTAL DEPTH, MD & TVD: 3532' KB
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22. IF MULTIPLE COMPL., HOW MANY*: 3
23. INTERVALS DRILLED BY: ------> ROTARY TOOLS: X CABLE TOOLS:

24. PRODUCING INTERVAL(S), OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)*: Ferron SS 3266' - 3471'

25. WAS DIRECTIONAL SURVEY MADE: No

26. TYPE ELECTRIC AND OTHER LOGS RUN: Cased Hole DIGL/SP/CDL/GR/Cal — Rec 1-20-04

27. WAS WELL CORED: No

23. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
9-5/8" - J-55	36#	558'	12-1/4"	350 sxs of Class G	
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10/01	4 Day Test		---->		100 MCF	1 bbl/hr on C	#VALUE!

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Ferron C - 0 psig	Ferron C -100 psig	---->		100 MCF		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): SI Waiting on pipeline
TEST WITNESSED BY:

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED: George B. Rooney — George Rooney
TITLE: Petroleum Engineer
DATE: 11/28/2003
GBRIV

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);

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Lower Ferron Sand	NDE	

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

015

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well: [ ] Oil Well [X] Gas well [ ] Other

2. Name of Operator: **KLABZUBA OIL & Gas INC.**

3. Address and Telephone No.: **700 Seventeenth Street, Suite 1300 Denver, CO 80202 (303) 299-9097**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description): NW/NE 956' FNL & 1955' FEL Section 29-T14S-R8E

5. Lease Designation and Serial No.: ML-46539

6. If Indian, Allottee or Tribe Name: NA

7. If unit or CA, Agreement Designation: NA

8. Well Name and No.: Burnside 29-14-8

9. API Well No.: 43-007-30725

10. Field and Pool, or Exploratory Area: Gordon Creek

11. County or Parish, State: Carbon, UT

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
[ ] Notice of Intent	[ ] Abandonment	[ ] Change of Plans
	[ ] Recompletion	[ ] New Construction
[X] Subsequent Report	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing repair	[ ] Water Shut-off
[ ] Final Abandonment Notice	[ ] Altering Casing	[ ] Conversion to Injection
	[X] Other **Severance Tax Exemption**	[ ] Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Klabzuba Oil & Gas Inc. is requesting a severance tax exemption under rule 649-3-35. Supporting documents attached.

14. I hereby certify that the foregoing is true and correct

Signed: George B. Rooney III — George Rooney — Title: Project Engineer — Date: 02.18.04

(This space of Federal or State office use.)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly to make to any department of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

COPY SENT TO OPERATOR
Date: 4-26-04
Initials: CHD

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 4/23/04
BY: Dell Hunt

* See Statement of Basis (Attached)
CC: State Tax Commission

KLABZUBA OIL & GAS

A FAMILY LIMITED PARTNERSHIP

Legacy Tower
700 Seventeenth Street, Suite 1300
Denver, Colorado 80202-3512
Phone: 303-299-9097 Fax: 303-299-9087

March 4, 2004

Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84114-4820
Attn: Dustin Doucet

Dear Dustin,

Klabzuba Oil & Gas Inc is requesting the Utah DOGM consider the Burnside 29-14-8 and the Gordon Creek State 19-14-8 wells as candidates for the Rule 649-3-35 severance tax exemption. Enclosed are sundry notices, maps, pressure data, wellbore diagrams, and a cross section. The Gordon Creek Unit #1 is included in the cross section, as it is our type log for the area. The GCU #1 was drilled and plugged in 1979, and considered non-productive. Klabzuba has re-entered and completed this well as a producer in the Ferron C in 2003 after the GCS 19-14-8 and GCS 19-14-8(B) were drilled and completed as producing gas wells in 2002. The Burnside 29-14-8 well was the first well drilled, followed by the GCS 19-14-8. KOG considers the Burnside well a marginal producer, and has not connected the well to the gathering system at this time due to connection costs.

The cross section shows the section from Blue-Gate marker to the top of the Ferron B. KOG has determined that the A, B, and C sections are all connected, and has limited production in all the existing wellbores to the Ferron C (uppermost producing interval).

In 2003 KOG drilled 4 additional wells located in sections 18 and 19. These well are shown on the attached plat. The nearest producing wells to KOG's Gordon Creek production are operated by Conoco-Phillips and are located in sections 22 and 27 T14S R8E. These wells are outside the 1 mile radius, and are coal bed production versus the more conventional gas sand production in Gordon Creek.

Please look over the attached documents to verify I have prepared all the required information. I will give you a call next week to follow up. If the materials are satisfactory I will mail hard copies to DOGM.

Klabzuba askes DOGM to keep the pressure data information and cross section confidential.

I can be contacted at 303-382-2177(W) or 303-619-1908© if you have any questions.

RECEIVED
MAR 1 0 2004
DIV. OF OIL, GAS & MINING

Sincerely,

George Rooney

Principal Office
Lexington Place
930 West First Street
Fort Worth, Texas 76102
Phone 817-336-5757 FAX 817-336-5927

Havre Office
48 Second Avenue
P.O. Box 40
Havre, Montana 59501
Phone 406-262-9912 FAX 406-262-9400

Arkoma Basin Office
5908 Jenny Lind Road
Fort Smith, Arkansas 72908-7497
Phone 501-649-0300 FAX 501-649-0500

FORM 3160-4
(July 1992)

SUBMIT IN DUPLICATE*

(See other instructions ons reverse side)

FORM APPROVED
OMB NO. 1004-0137
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION AND SERIAL NO.
State: ML-46539 Fed: UTU-72358

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7. UNIT AGREEMENT NAME
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Burnside

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Klabzuba Oil & Gas Co.

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29-14-8

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13. STATE UT

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DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
Same	Acidize w/500 gal 15% HCL
Same	Acidize w/1084 gal 15% HCL, then Frac w/61,700# 16/30 snd in 890 bbls fluid
Same	Frac w/110,600# 16/30 snd in 810 bbls fluid & 418 MCF N2 ie: 30 Q Foam

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump)	WELL STATUS (Producing or shut-in)
Shut in, waiting on pipeline	Flowing	Shut in, waiting on pipeline

DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL--BBLS.	GAS--MCF.	WATER--BBL.	GAS-OIL RATIO
10/01	4 Day Test		---->		100 MCF	1 bbl/hr on C	#VALUE!

FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL-BBL.	GAS--MCF.	WATER--BBL.	OIL GRAVITY-API (CORR.)
Ferron C - 0 psig	Ferron C -100 psig	---->		100 MCF		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)
SI Waiting on pipeline

TEST WITNESSED BY

35. LIST OF ATTACHMENTS

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED George Rooney TITLE Petroleum Engineer DATE 2/18/2004

GBRIV

*(See Instructions and Spaces for Additional Data on Reverse Side)

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof; cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries);

FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.
			Burnside 21-14-8

38. GEOLOGIC MARKERS

NAME	TOP MEAS. DEPTH	TOP TRUE VERT. DEPTH
Emery SS Member (Mancos)	@ surface	
L. Mancos (Base Sandy Zones)	2035'	
Mancos Blue Gate Marker	3100'	
Ferron Top	3233'	
Ferron Marine	3254'	
Lower Ferron Sand	NDE	

Burnside 29-14-8

Spud Date: 07/23/01
Put on Production:

GL: 7175' KB: 7186'

Wellbore Diagram

Updated 11/28/03

Initial Production:

SURFACE CASING

CSG SIZE: 9-5/8"
GRADE: J-55
WEIGHT: 36#
LENGTH: 547'
DEPTH LANDED: 558' KB
HOLE SIZE:12-1/4"
CEMENT DATA: 350 sxs

INTERMEDIATE CASING

CSG SIZE: 7"
GRADE: J-55
WEIGHT: 20#
LENGTH: 2014'
DEPTH LANDED: 2025' KB
HOLE SIZE: 8 3/4"
CEMENT DATA: 225 sxs
CEMENT TOP AT: Surface

PRODUCTION CASING

CSG SIZE: 4-1/2"
GRADE: I-80
WEIGHT: 11.6#
LENGTH: 84 jts. (3522')
DEPTH LANDED: 3533' KB
HOLE SIZE: 6 1/4"
CEMENT DATA: 140 sxs 50/50 poz & 105 sxs Class G
CEMENT TOP AT: 1765' per CBL

TUBING

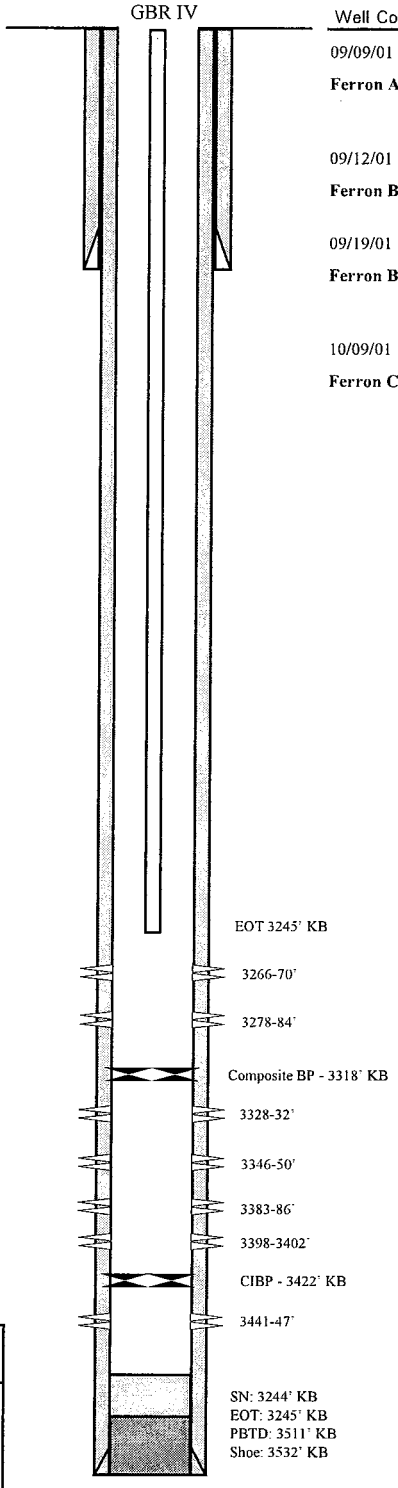
SIZE/GRADE/WT.: 2-3/8" / J-55 /4.7#
NO. OF JOINTS: 98 (3233')
SN: (1.10')
PACKER: None
EOT @ 3245' KB

SUCKER RODS

POLISHED ROD:
SUCKER RODS:
PUMP SIZE:
STROKE LENGTH:
PUMP SPEED:

Logs

LOGS: Open Hole DILs across Ferron C
Cased hole DIL/DN/GR?CAL



Well Completion

09/09/01	3441-3447'	**Acidize as follows:**
Ferron A		500 gals 15% HCL. Breakdown 4.0 bpm 2266 psig. Flush 9.6 BPM 2150 psig ISIP-1766 psig
09/12/01	3328-3402'	**Acidize as follows:**
Ferron B		1084 gals. 15% HCL, Breakdown 4.5 bpm @2500-300 psig w/balls, ISIP - 1675 psig
09/19/01	3328'-3402'	**Frac as follows:**
Ferron B		61,700# 16-30 snd in 890 bbls cross linked borate gel, 2-5 ppg @ 60 BPM job screened out. 5 min SI - 2610 psig
10/09/01	3266-3284'	**Frac as follows:**
Ferron C		110,600# 16-30 snd in 810 bbls gelled water & 418 MCF N2 (30 Q Foam) @ 20BPM. ISIP 2360 psig.

PERFORATION RECORD

10/06/01	3266-70'	4 JSPF	16 holes
10/06/01	3278-84'	4 JSPF	24 holes
09/11/01	3328-32'	4 JSPF	16 holes
09/11/01	3346-50'	4 JSPF	16 holes
09/11/01	3383-86'	4 JSPF	12 holes
09/11/01	3398-3402'	4 JSPF	16 holes
09/09/01	3441-47'	4 JSPF	24 holes

Klabzuba Oil & Gas Co.

Burnside 29-14-8

556' FNL & 1955' FEL

NW/NE Section 29-T14S-R8E

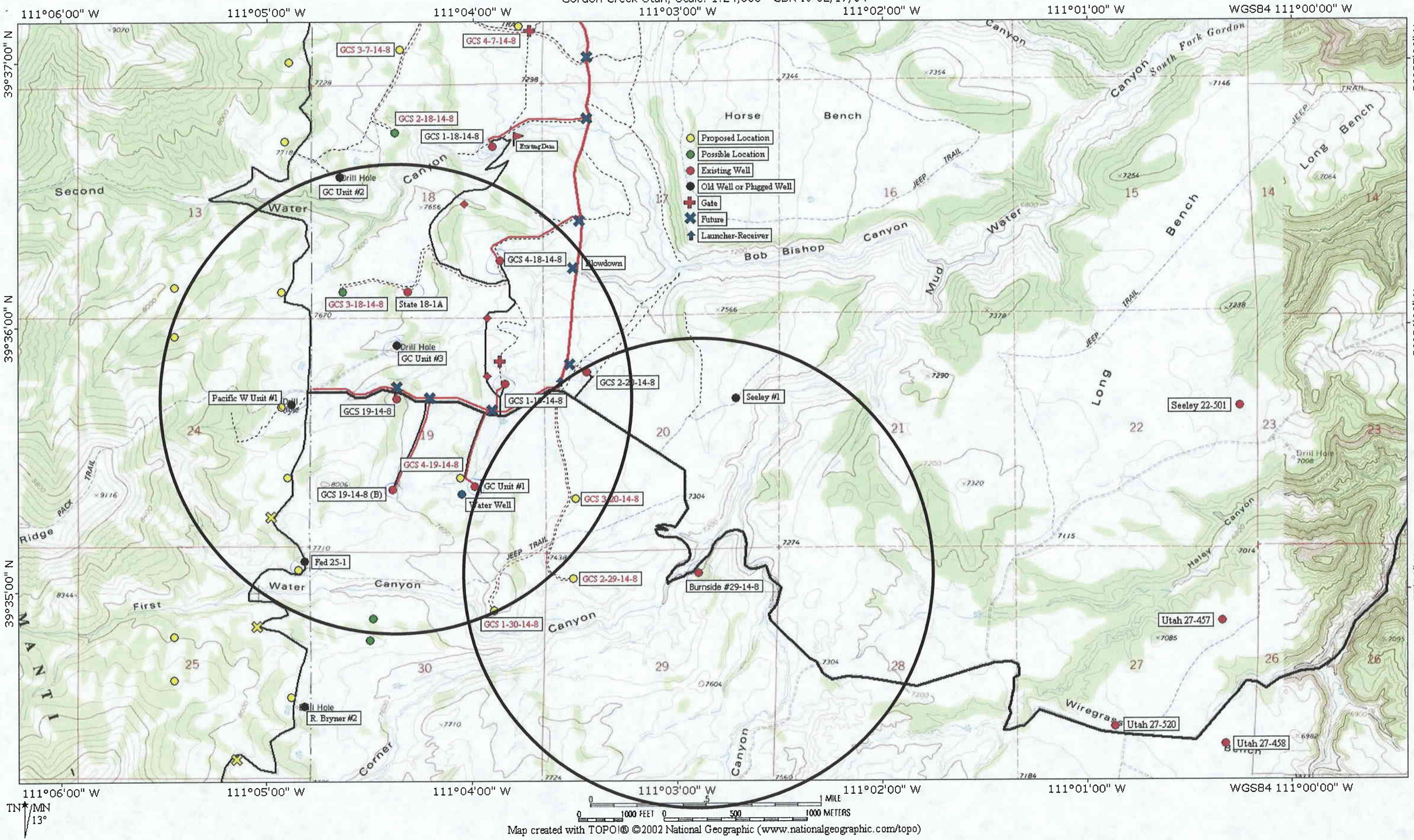
Carbon Co, Utah

API #43-007-30725

State Of Utah Lease # - ML-46539

Federal Lease # - UTU-72358

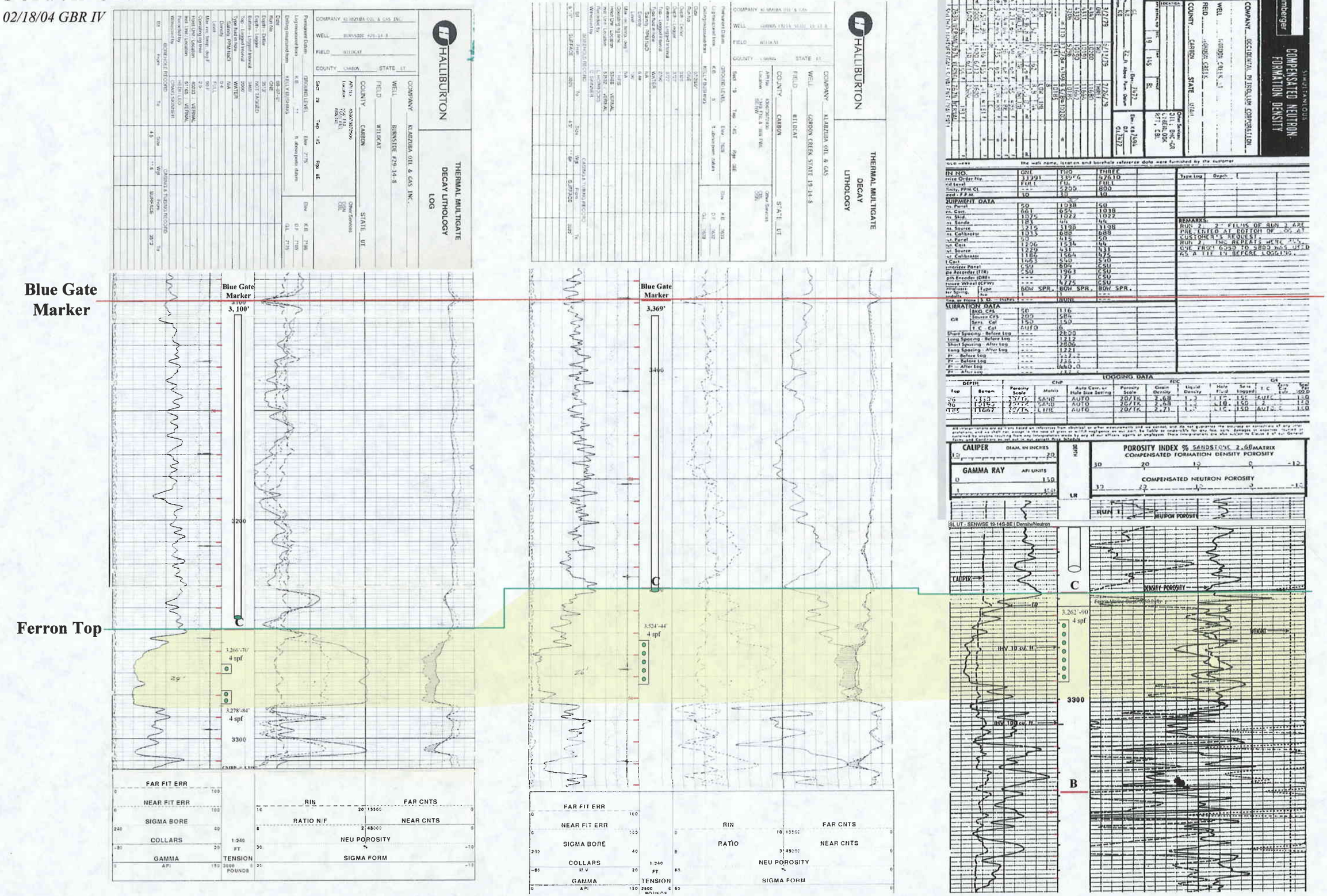
Gordon Creek Utah, Scale: 1:24,000 GBR IV 02/17/04



Map created with TOPO!® ©2002 National Geographic (www.nationalgeographic.com/topo)

Gordon Creek Cross Section

02/18/04 GBR IV



DIVISION OF OIL, GAS AND MINING

Wildcat Well Determination

STATEMENT OF BASIS

Applicant: Klabzuba Oil and Gas

Location: NWNE Sec. 29 T14S, R8E, Carbon County, Utah

WELL NAME: Burnside 29-14-8 **API #:** 43-007-30725

FINDINGS

1. This well is ± 1 mile from any known production in the Ferron Formation.
2. Although the Seeley 20-1 well (API # 43-007-30068) was drilled and sparsely tested in Ferron formation, there wasn't sufficient information to consider the Seeley 20-1 well a known productive well. This well was spud on 8/20/1981, reached TD on 9/16/1981, and was plugged and abandoned on 9/20/1981.
3. The Burnside had pressures and flow rates that were different than the wells with known production in the area. The well also appears to be in a different fault block than the wells with known production. See attached copy of Field history excerpt from UGA publication 22.
4. The Wildcat Tax Credit application was received 2+ years after completion of the GCS 19-14-8 well and at about the time the Well Completion Report was filed (see submittal requirements in R649-3-35-1). There has been no production from this well or from wells within a 1-mile radius of this well.

CONCLUSIONS

Based off of the findings above the Division has determined the Burnside 29-14-8 well was drilled into an unknown area for the Ferron formation. Although the request for wildcat well determination was received well after the completion of the well, no production has commenced in the immediate area that would show this well to be in a known producing formation. Therefore, the Division finds that this well qualifies for the severance tax exemption under Section 59-5-102(2)(d) for wildcat wells. This determination was made in accordance with Oil and Gas General Conservation Rule R649-3-35.

Reviewer(s): Dustin K. Doucet DKD Date: 4/23/2004

Thomas C. Chidsey, Jr.
Utah Geological Survey,
Salt Lake City, Utah

Lara Chamberlain
Sacramento State University,
Sacramento, California

GENERAL FIELD DATA

Regional Setting: Eastern Wasatch Plateau
Producing Formation(s): Permian - White Rim (Coconino, Cedar Mesa equivalent formations) Sandstone (carbon dioxide); Triassic - Moenkopi Formation, Sinbad Limestone Member (carbon dioxide); Cretaceous - Mancos Shale, Ferron Sandstone and Blue Gate Shale Members (combustible gas)
Type of Trap: Faulted anticline
Exploration Method Leading to Discovery: Surface geologic mapping
Other Significant Shows: Gas shows in the Jurassic - Navajo Sandstone (carbon dioxide) and Cretaceous - Dakota Sandstone (combustible gas)
Oldest Stratigraphic Horizon Penetrated: Pennsylvanian - Hermosa Group
Surface Formation(s): Cretaceous - Star Point Sandstone; Cretaceous - Mancos Shale, Emery Sandstone and Upper Blue Gate Shale Members
Spacing: 640 acres
Productive Area: 8,320 acres
Completion Practice: Acidization
Logging Practice: Early wells had electrical logs with SP, radioactivity logs, and some micrologs; newer wells have GR-DIL-SFL with SP, GR-DLL with SP, FDC-CNL-GR, BHC-Sonic-GR, SWNL-GR, Mudlog
Number of Producing Wells: 0
Number of Abandoned Producers: 3
Number of Dry Holes: 3, within designated field area
Number of Shut-in Wells: 1
Number of Disposal Wells: 0
Number of Secondary Recovery Injection Wells: 0
Market for Production: Salt Lake City for combustible gas; future secondary/tertiary oil-recovery projects in the Utah thrust belt, Uinta and Paradox basins for carbon dioxide.
Method of Transportation: None; Questar Pipeline Company's 20-inch diameter line is 3 miles (4.8 km) north of the field for combustible gas; pipeline for carbon dioxide would have to be constructed.
Major Operators: Forecenergy Gas Exploration, Inc.

DISCOVERY WELL (White Rim Sandstone)

Name: Gordon Creek Unit 1 (Pacific Western Oil Corp.)
Location: SE/NE Sec. 24, T. 14 S., R. 7 E.
Date of Completion: December 31, 1947
Initial Potential: 8,880 MCFGPD (carbon dioxide)
Initial Pressure: 4,200 psi

GORDON CREEK

T. 14 S., R. 7-8 E., SLB&M
Carbon County, Utah

Perforations: 11,657-12,006' (drill-stem test)
Treatment: No treatment in discovery well; acidized with 5,000 gallons of HCl in the 2 Richard Bryner well (Skelly Oil Co.), NE/SE Sec. 25, T. 14 S., R. 7 E.
Casing: 13 3/8" @ 650', 9 5/8" @ 4,567', 5 ½" @ 10,877'
Total Depth: 12,146'
Elevation: 7,700' GR (estimated)

RESERVOIR DATA

Producing Formation: White Rim Sandstone
Lithology: Sandstone
Type of Drive: Gas expansion
Net Pay Thickness: 175'
Geometry of Reservoir Rock: Massive, horizontally bedded sandstone; 500 to 700' thick
Porosity: 8-12%
Permeability: NA
Water Saturation: NA
Rw and/or Salinity: NA
Bottom Hole Temperature: 192°F @ 11,470' by geophysical logs
Gas-Oil Ratio: NA
Initial Field Pressure: 4,200 psi
Present Field Pressure: 4,200 psi
Oil and/or Gas Characteristics: BTU/ft^3 - 1.4, specific gravity - 1.512, carbon dioxide - 98.82%, nitrogen - 1.03%, oxygen - 0.01%, methane - 0.14%, hydrogen sulfide - 0.0%.
Original Gas, Oil and Water Contact: Unknown
Cumulative Production: 0
Estimated Primary Recovery: 121 BCFG
Type of Secondary Recovery: None
Estimated Secondary Recovery: None
Estimated Ultimate Recovery: 121 BCFG

DISCOVERY WELL (Moenkopi Formation, Sinbad Limestone Member)

Name: Gordon Creek Unit 1 (Pacific Western Oil Corp.)
Location: SE/NE Sec. 24, T. 14 S., R. 7 E.
Date of Completion: December 31, 1947
Initial Potential: 8,500 MCFGPD (carbon dioxide)
Initial Pressure: 3,900 psi
Perforations: 10,890-10,980'
Treatment: No treatment in discovery well; acidized with 1,000 gallons of HCl in the 2 Richard Bryner well (Skelly Oil Co.), NE/SE Sec. 25, T. 14 S., R. 7 E.
Casing: 13 3/8" @ 650', 9 5/8" @ 4,567', 5 ½" @ 10,877'
Total Depth: 12,146'
Elevation: 7,700' GR (estimated)

RESERVOIR DATA

Producing Formation: Moenkopi Formation, Sinbad Limestone Member
Lithology: Limestone
Type of Drive: Gas expansion
Net Pay Thickness: 23'
Geometry of Reservoir Rock: Horizontally bedded, fractured limestone; 50 to 60' thick
Porosity: 6% estimated
Permeability: NA
Water Saturation: NA
Rw and/or Salinity: NA
Bottom Hole Temperature: 198°F @ 11,009' by geophysical logs
Gas-Oil Ratio: NA
Initial Field Pressure: 3,900 psi
Present Field Pressure: 3,900 psi
Oil and/or Gas Characteristics: BTU/ft^3 - 8, specific gravity - 1.527, carbon dioxide - 99.5%, methane - 0.1%, ethane - 0.1%, higher fractions - 0.1%, oxygen - 0.1%, helium - trace, argon - trace, hydrogen sulfide - 0.0%, nitrogen - 0.0%.
Original Gas, Oil and Water Contact: Unknown
Cumulative Production: 0
Estimated Primary Recovery: 18.63 BCFG
Type of Secondary Recovery: None
Estimated Secondary Recovery: None
Estimated Ultimate Recovery: 18.63 BCFG

DISCOVERY WELL (Mancos Shale, Ferron Sandstone Member)

Name: Gordon Creek Unit 3 (Pacific Western Oil Corp.)
Location: NE/NW Sec. 19, T. 14 S., R. 8 E.
Date of Completion: November 20, 1952
Initial Potential: 1,500 MCFGPD (combustible gas)
Initial Pressure: 1,000 psi
Perforations: 3,416-3,516'
Treatment: Acidized with 3,000 gallons of HCl
Casing: 13 3/8" @ 235', 5 ½" @ 4,221'
Total Depth: 4,357'
Elevation: 7,666' KB

RESERVOIR DATA

Producing Formation: Mancos Shale, Ferron Sandstone Member
Lithology: Sandstone
Type of Drive: Gas expansion
Net Pay Thickness: 65'
Geometry of Reservoir Rock: Fluvial, lenticular sandstone; net sand values range from 108 to 271'
Porosity: 10-14%
Permeability: NA
Water Saturation: NA
Rw and/or Salinity: NA
Bottom Hole Temperature: 99°F @ 4,320' by geophysical logs
Gas-Oil Ratio: NA
Initial Field Pressure: 1,000 psi
Present Field Pressure: 1,000 psi
Oil and/or Gas Characteristics: NA; combustible gas
Original Gas, Oil and Water Contact: Unknown
Cumulative Production: 0
Estimated Primary Recovery: NA
Type of Secondary Recovery: None
Estimated Secondary Recovery: None
Estimated Ultimate Recovery: NA

DISCOVERY WELL (Mancos Shale, Blue Gate Shale Member)

Name: State 18-1A (Mosbacher Production Co.)
Location: SE/SW Sec. 18, T. 14 S., R. 8 E.
Date of Completion: July 30, 1982
Initial Potential: 1,000 MCFGPD combustible gas)
Initial Pressure: NA
Perforations: 1,910-2,859' (open-hole)
Treatment: NA
Casing: 13 3/8", @ 400', 9 5/8" @ 1,910', 4 ½" liner 1,900-2,844'
Total Depth: 2,859'
Elevation: 7,634' KB

RESERVOIR DATA

Producing Formation: Mancos Shale, Blue Gate Shale Member
Lithology: Shale
Type of Drive: Gas expansion
Net Pay Thickness: Unknown; reservoir rock is fractured
Geometry of Reservoir Rock: Horizontally bedded shale; ± 2,500' thick
Porosity: Unknown; reservoir rock is fractured
Permeability: NA
Water Saturation: NA
Rw and/or Salinity: NA
Bottom Hole Temperature: Too low to measure according to log header
Gas-Oil Ratio: NA
Initial Field Pressure: NA
Present Field Pressure: NA
Oil and/or Gas Characteristics: NA; combustible gas
Original Gas, Oil and Water Contact: NA
Cumulative Production: 0
Estimated Primary Recovery: NA
Type of Secondary Recovery: None
Estimated Secondary Recovery: None
Estimated Ultimate Recovery: NA

COMMENTS

Carbon dioxide trends in Utah are underlain by a thick section of Paleozoic carbonate rocks. The likely origin for the carbon dioxide in Gordon Creek field is from metamorphism of these carbonate rocks by igneous intrusive rocks or deep burial (Chidsey and Morgan, 1993). Large volumes of carbon dioxide can be generated by the thermal decomposition of limestone by direct

contact with igneous intrusions and/or heated ground water. The nearest known intrusive rocks are over 60 miles (96.6 km) to the south, requiring long-distance migration of the carbon dioxide. The heat flow in the Gordon Creek field and most carbon dioxide-prone areas of Utah is greater than 1.5 heat flow units (Lachenbruch and Sass, 1980). The biogenic alteration of organic matter and dissolution of limestone by ground water are not capable of generating the quantity of reserves present in Gordon Creek field, but may be minor contributors (Morgan and Chidsey, 1991).

Carbon dioxide is used for secondary recovery of oil in the Greater Aneth field of the southern Paradox basin. As production from other major oil fields in Utah continues to decline, the need for carbon dioxide for secondary recovery projects will increase. Gordon Creek field represents an untapped carbon dioxide resource, but will require construction of a pipeline.

The hydrocarbon potential of the fluvial-deltaic Ferron Sandstone and fractured Blue Gate Shale at Gordon Creek field is unknown and needs to be further evaluated. Anderson (1991) describes the landward pinch-outs of nearshore marine sandstones from outcrops of the Ferron Sandstone to the southeast. These types of pinch-outs may form traps in the Gordon Creek field. Current studies on geologic and reservoir characteristics of the Ferron Sandstone will improve development and completion strategies for Ferron reservoirs in Gordon Creek and other similar reservoirs. Questar Pipeline Company's 20-inch line is 3 miles (4.8 km) north of the field.

REFERENCES

Anderson, P.B., 1991, Comparison of Cretaceous landward pinch-outs of nearshore sandstones: wave-versus river-dominated deltas, east-central, Utah, in Chidsey, T.C., Jr., editor, Geology of east-central Utah: Utah Geological Association Publication 19, p. 283-299.

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Chidsey, T.C., Jr., and Morgan, C.D., 1993, Low-BTU gas in Utah, in Atlas of major Rocky Mountain gas reservoirs: New Mexico Bureau of Mines and Mineral Resources, p. 171.

Lachenbruch, A.H., and Sass, O.H., 1980, Heat flow and energetics of the San Andreas fault zone: Journal of Geophysical Research, v. 85, p. 6185-6222.

Moore, B.J., and Sigler, Stella, 1987, Analyses of natural gases, 1917-85: U.S. Bureau of Mines Information Circular 9129, p. 947.

Morgan, C.D., and Chidsey, T.C., Jr., 1991, Gordon Creek, Farnham Dome, and Woodside fields, Carbon and Emery Counties, Utah, in Chidsey, T.C., Jr., editor, Geology of east-central Utah: Utah Geological Association Publication 19, p. 301-309.

Peterson, V.E., 1961, Gordon Creek field, Carbon County, Utah, in Preston, Don, editor, A symposium of the oil and gas fields of Utah: Intermountain Association of Petroleum Geologists, non-paginated.

Tripp, C.N., 1991, Wasatch Plateau oil and gas fields, Carbon, Emery, and Sanpete Counties, Utah, in Chidsey, T.C., Jr., editorial, Geology of east-central Utah: Utah Geological Association Publication 19, p. 255-263.

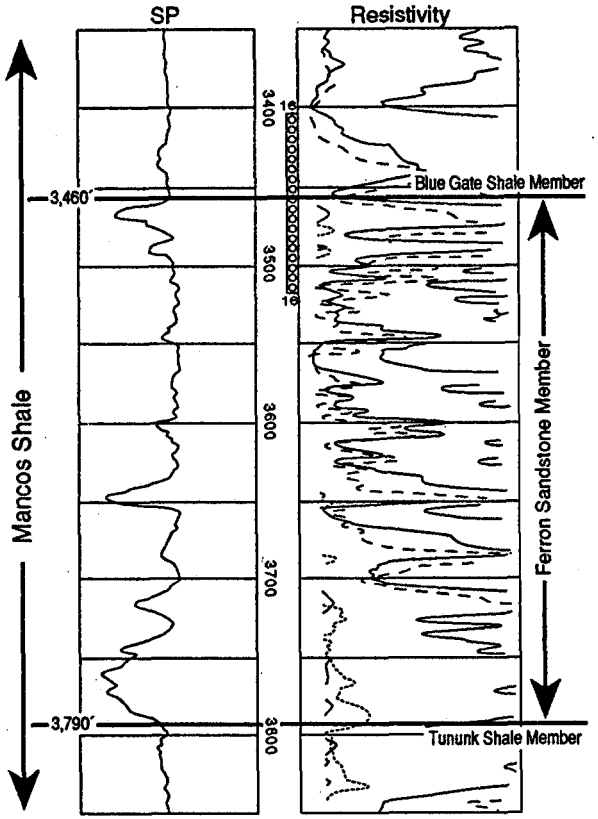
Walton, P.T., 1954, Wasatch Plateau gas fields, Utah: American Association of Petroleum Geologists Bulletin, v. 39, no. 4, p. 385-421.

Gordon Creek Field

Carbon County, Utah

Ferron Sandstone

Pacific Western Oil Corp.
Gordon Creek Unit 3
19-14S-8E
KB 7,666′

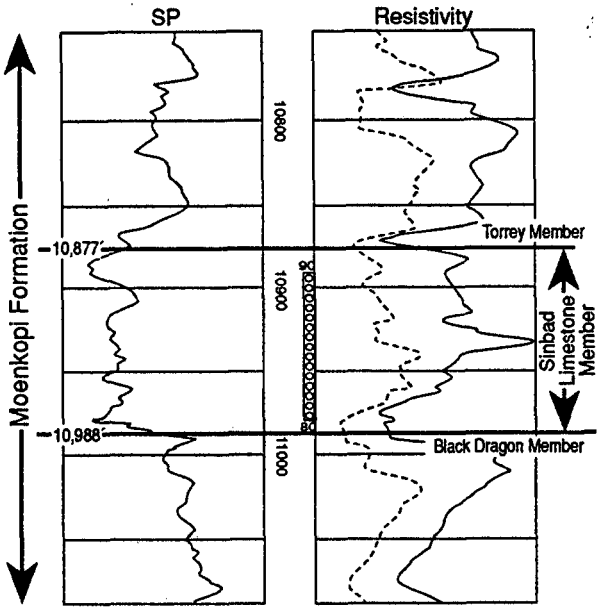


TD 4,357′

Prod. Int.: 3,416-3,516′
IP: 1,500 MCFGPD
Completed: 11-20-52

Sinbad Limestone

Pacific Western Oil Corp.
Gordon Creek Unit 1
24-14S-7E
GR 7,700′est.

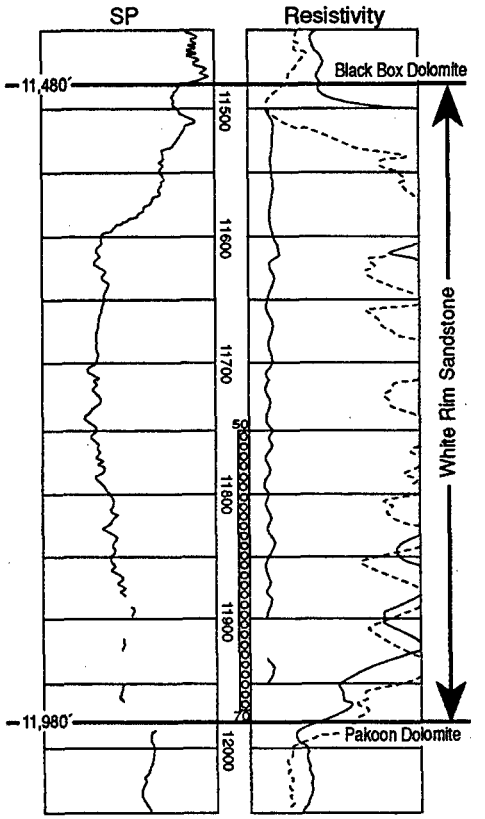


TD 12,146′

Prod. Int.: 10,890-10,980′
IP: 8,500 MCFGPD
Completed: 12-31-47

White Rim Sandstone

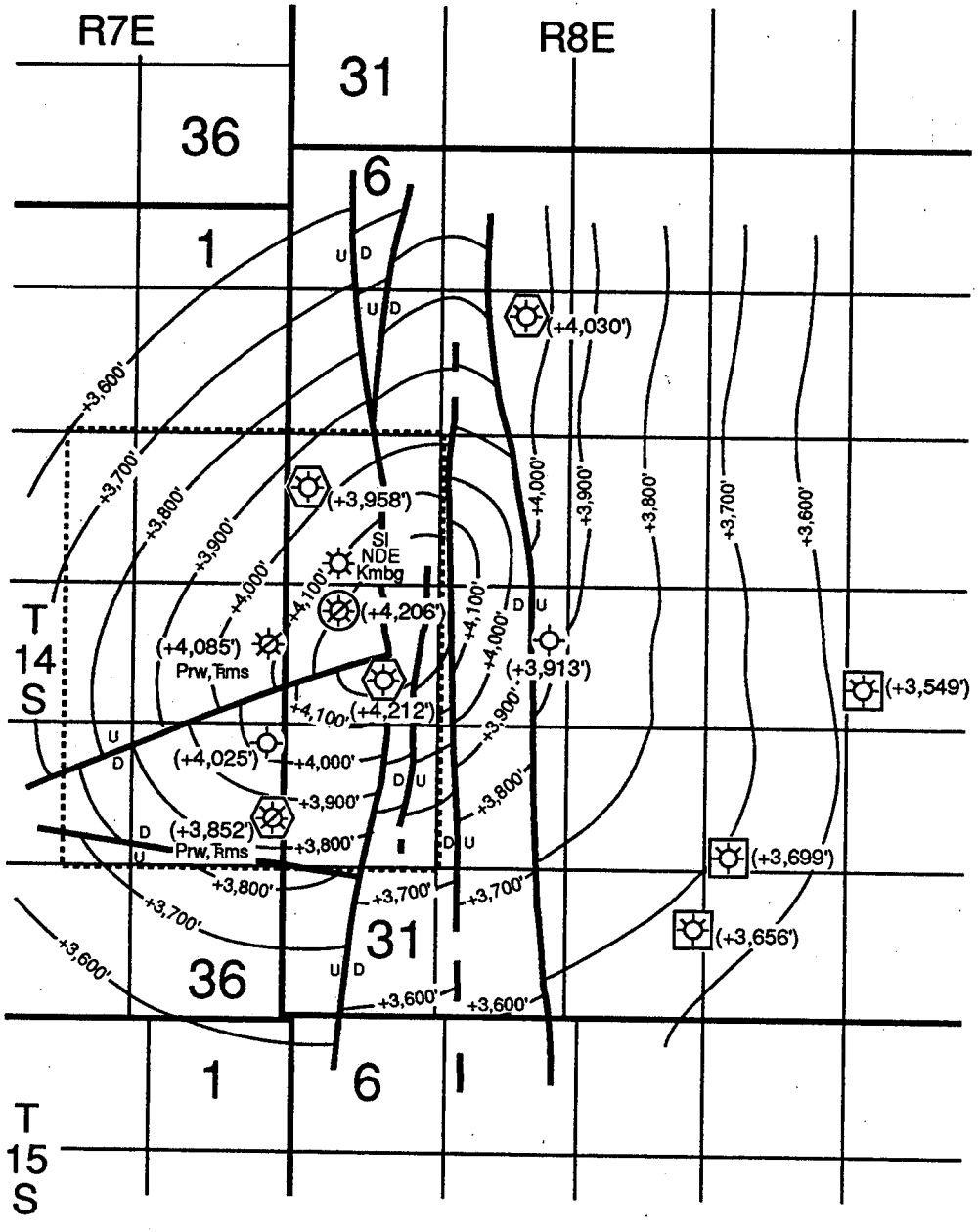
Skelly Oil Co.
2 Richard Bryner
25-14S-7E
KB 7,614′



TD 12,293′

Prod. Int.: 11,750-11,970′
IP: 6,520 MCFGPD
Completed: 12-05-56

Type Logs



Gordon Creek Field

Carbon County, Utah

Explanation

- SI — Shut-in gas well
- Dry hole
- Abandoned gas well
- Dry hole with gas show
- Kmbg — Productive in Cretaceous Blue Gate Shale Member, Mancos Shale based on completion or drill-stem test
- Ŧms — Productive in Triassic Sinbad Limestone Member, Moenkopi Formation based on completion or drill-stem test
- Pwr — Productive in Permian White Rim Sandstone based on completion or drill-stem test
- Ferron completion
- Ferron completion attempt
- Ferron drill-stem test
- NDE — Not deep enough to penetrate the Ferron
- Designated field boundary

Structure Map

Contours on top of Ferron Sandstone Member of the Mancos Shale
C.I. 100 ft
Map compiled from: Subsurface data; Walton, 1954; Peterson, 1961.

M. Lee Allison[1], Susan J. Lutz[2], and Gary C. Mitchell[3]
[1]Utah Geological Survey, [2]University of Utah Research Institute, [3]Consultant

GRASSY TRAIL

T. 15-16 S., R. 12 E., SLB&M
Carbon & Emery Counties, Utah

GENERAL FIELD DATA

Regional Setting: North plunge of the San Rafael Swell
Producing Formation(s): Triassic-Moenkopi Formation (Torrey, Sinbad, and Black Dragon Members)
Type of Trap: Structural-stratigraphic (fracture dependent)
Exploration Method Leading to Discovery: Recompletion of a 1953 Mississippian test (well was originally drilled on seismic data) using oil saturation data from core and DST results
Other Significant Shows: CO_2 in Mississippian @ 7,831-7,930'
Oldest Stratigraphic Horizon Penetrated: Mississippian-Humbug (?)
Surface Formation(s): Lower Cretaceous-Cedar Mountain Formation through Ferron Sandstone and Tununk Shale members of the Cretaceous-Mancos Shale Formation
Spacing: 40 acres
Productive Area: 880 acres (22 producing wells x 40 acres)
Completion Practice: Perf'd 5-1/2" production casing with 4 spf; sand-oil fracturing; short radius horizontal laterals
Logging Practice: Resistivity and GRN originally; GR-DIL-SFL-CAL, CNL-FDC-GR, and/or BHC-Sonic-GR
Number of Producing Wells: 21 active wells, 11 producing
Number of Abandoned Producers: 6
Number of Dry Holes: 11
Number of Shut-in Wells: 10
Number of Disposal Wells: 1
Number of Secondary Recovery Injection Wells: 0
Market for Production: Flying J Refinery, North Salt Lake, Utah
Method of Transportation: Trucked
Major Operators: Seely Oil Co.

DISCOVERY WELL

Name: Cities Service Petroleum Co., 1 Government
Location: NE/NW Sec. 1, T. 16 S., R. 12 E., Emery Co., Utah
Date of Completion: September 21, 1961
Initial Potential: 84.5 BOPD (1% water), Gravity 38.7 API
Initial Pressure: 1,045 + psi (increasing when tool shut-in and packer unseated)
Perforations: 3,872-3,908'
Treatment: 500 gal MA, 2,500 # sand and 2,500 gal oil
Casing: 10-3/4" @ 290', 5-1/2" @ 4,038'
Total Depth: 7,930' plugged back to 3,983'
Elevation: 5,424' GL, 5,435' KB

RESERVOIR DATA

Producing Formation: Triassic-Moenkopi Formation
Lithology: A&B zones (Torrey): thin bedded, rippled sandy siltstone; Sinbad Limestone: oolitic grainstones-packstones; C zone (Black Dragon): thick, crossbedded, upward fining, dolomitic sandstones
Type of Drive: Depletion ?
Net Pay Thickness: 21-36'
Geometry of Reservoir Rock: A&B zones: thickened meanders in locally-developed tidal channels; C zone: channelized estuary-fill deposits of regional extent; Sinbad Limestone: oolitic barrier shoals along shelf edge
Porosity: 1.2-7.0%, Average 3.4% (A&B zones)
Permeability: tr.-68 md, Average 0.55 md
Water Saturation: 17-99%, Average 54.2%
Rw and/or Salinity: 0.07 ohm-m (calculated)
Bottom Hole Temperature: 136° F @ 7,930' (Miss.),approximately 100° F @ 3,900' (Moenkopi)
Gas-Oil Ratio: <100:1 est.
Initial Field Pressure: 1,045 + psi (increasing when tool shut-in and packer unseated)
Present Field Pressure: Not known
Oil and/or Gas Characteristics: Oil: specific gravity 0.823, pour point <5° F, visc. 100° F @ 38.8 sec., sulfur 0.18%, nitrogen 0.012%, API gravity 37.8-40.4°; Gas: see "Gas Analysis Table"
Original Gas, Oil and Water Contact: NA
Cumulative Production: 540,088 BO, 150,378 MCF, 76,914 BW (9/92)
Estimated Primary Recovery: 650,000 BO
Type of Secondary Recovery: NA
Estimated Secondary Recovery: NA
Estimated Ultimate Recovery: 650,000 BO

COMMENTS

77 short radius laterals totaling 20,532.5' in length (33 productive, 11,084.5'; 44 dry, 9,448') in 18 wells (includes Sections 4-5, T. 16 S., R. 12 E.)

Zone	Prod.	Lengths laterals	Dry laterals	Lengths	Member
A	18	5,776'	13	2,673.5'	Torrey
B	2	452'	3	584'	Torrey
C	12	4,412.5'	28	6,190.5'	Blk. Dragon
Sinbad	1	244'	0	0	Sinbad
total	33	11,084.5'	44	9,448'	

Fracture spacing 100-200', average 140'. Dominant trend of open fractures N5°E. Dominant trend of filled fractures N65°W.

R649-3-35. Wildcat Wells.

1. For purposes of qualifying for a severance tax exemption under Section 59-5-102(2)(d), an operator must file an application with the division for designation of a wildcat well. The application may be filed prior to drilling the well, and a tentative determination of the wildcat designation will be issued at that time. An application or request for final designation of wildcat status as appropriate, must be filed at the time of filing of Form 8, Well Completion or Recompletion Report and Log. The application shall contain, where applicable, the following information:

1.1. A plat map showing the location of the well in relation to producing wells within a one mile radius of the wellsite.

1.2. A statement concerning the producing formation or formations in the wildcat well and also the producing formation or formations of the producing wells in the designated area, including completion reports and other appropriate data.

1.3. Stratigraphic cross sections through the producing wells in the designated area and the proposed wildcat well.

1.4. A statement as to whether the well is in a known geologic structure. However, whether the well is in a known geologic structure shall not be the sole basis of determining whether the well is a wildcat.

1.5. Bottomhole pressures, as applicable, in a wildcat well compared to the wells producing in the designated area from the same zone.

1.6. Any other information deemed relevant by the applicant or requested by the division.

2. Information derived from well logs, including certain information in completion reports, stratigraphic cross sections, bottomhole pressure data, and other appropriate data provided in R649-3-35-1 will be held confidential in accordance with R649-2-11 at the request of the operator.

3. The division shall review the submitted information and advise the operator and the State Tax Commission of its decision regarding the wildcat well designation as related to Section 59-5-102(2)(d).

4. The division is responsible for approval of a request for designation of a well as a wildcat well. If the operator disagrees with the decision of the division, the decision maybe appealed to the board. Appeals of all other tax-related decisions concerning wildcat wells should be made to the State Tax Commission.

R649-3-36. Shut-in and Temporarily Abandoned Wells.

1. Wells may be initially shut-in or temporarily abandoned for a period of twelve (12) consecutive months. If a well is to be shut-in or temporarily abandoned for a period exceeding twelve

of any oil or gas well in a manner that causes reduction in the quantity of oil or gas ultimately recoverable from a reservoir under prudent and economical operations, or that causes unnecessary wells to be drilled, or that causes the loss or destruction of oil or gas either at the surface or subsurface.

The production of oil or gas in excess of:

Transportation or storage facilities.

The amount reasonably required to be produced in the proper drilling, completing, testing, or operating of a well or otherwise utilized on the lease from which it is produced.

Underground or above ground waste in the production or storage of oil or gas.

"Waste Crude Oil Treatment Facility" means any facility or site constructed or used for the purpose of wholly or partially reclaiming, treating, processing, cleaning, purifying or in any manner making nonmerchantable waste crude oil marketable.

"Well" means an oil or gas well, injection or disposal well, or a hole drilled for the purpose of producing oil or gas or both. The definition of well shall not include water wells, or seismic, stratigraphic test, core hole, or other exploratory holes drilled for the purpose of obtaining geological information only.

"Well Site" means the areas which are directly disturbed during the drilling and subsequent use of, or affected by production facilities directly associated with any oil well, gas well or injection well.

"Wildcat Wells" means oil and gas producing wells which are drilled and completed in a pool in which a well has not been previously completed as a well capable of producing in commercial quantities.

"Working Interest Owner" means the owner of an interest in oil or gas burdened with a share of the expenses of developing and operating the property.

"Workover" means any operation designed to sustain, to restore, or to increase the production rate, the ultimate recovery, or the reservoir pressure system of a well or group of wells and approved as a workover, a secondary recovery, a tertiary recovery, or a pressure maintenance project by the division. The definition shall not include operations which are conducted principally as routine maintenance or the replacement of worn or damaged equipment.

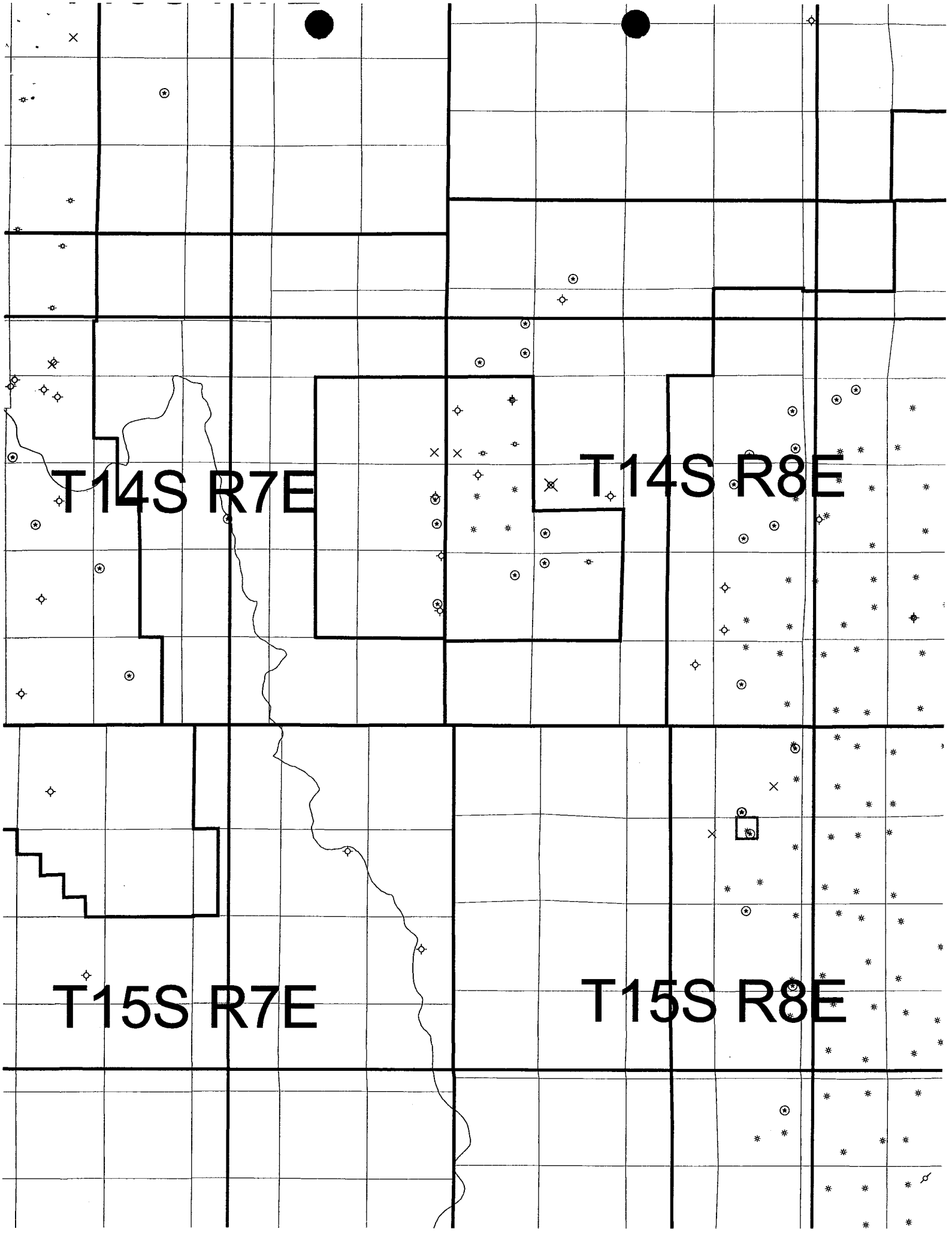
KEY:
oil and gas law

Date of Enactment or Last Substantive Amendment

June 2, 1998

Notice of Continuation

April 30, 1997 **40-6-1 et seq.**


T14S R7E
T14S R8E
T15S R7E
T15S R8E

OIL & GAS INFORMATION SYSTEM

FILE EDIT OIL GAS GAS PLANT REPORTS DB MAINTENANCE OPTIONS HELP DATA CONVERSION LOGS DATABASE QUERY

Well Data

WELL SEARCH | WELL DATA | WELL HISTORY | WELL ACTIVITY

WELL NAME: SEELEY 20-1
API NUMBER: 4300730068
WELL TYPE: NA
WELL STATUS: PA

OPERATOR: MOSBACHER, ROBERT
ACCOUNT: N9570 #
OPERATOR APPROVED BY BLM/BIA:

DESIGNATED OPERATOR:
ACCOUNT:

FIELD NAME: UNDESIGNATED
FIELD NUMBER: 2
FIRST PRODUCTION:
PA/TA DATE: 9 20 1981

WELL LOCATION:

SURF LOCATION: 1980 FNL 0800 FEL
Q-S-T-R-M: SENE 20 14.0 S 08.0 E S
COUNTY: CARBON

SURFACE N: 4382635.00
BHL N:
SURFACE E: 496238.00
BHL E:

39.59532
-111.04380

CONFIDENTIAL FLAG:
CONFIDENTIAL DATE:
DIRECTIONAL/HORIZONTAL:
HORIZONTAL LATERALS:
ORIGINAL FIELD TYPE:
WILDCAT TAX FLAG:
CB METHANE FLAG:
ELEVATION: 7336' KB
BOND NUMBER / TYPE:

LEASE NUMBER: FEE
MINERAL LEASE TYPE: 4
SURFACE OWNER TYPE: 4
INDIAN TRIBE:
CA NUMBER:
UNIT NAME:

CUMULATIVE PRODUCTION
OIL: 0
GAS: 0
WATER: 0

Create New Rec | Save | Cancel Change | To History | To Activity | Print Recd | Export Recd

OIL & GAS INFORMATION SYSTEM

FILE EDIT OIL GAS GAS PLANT REPORTS DB MAINTENANCE OPTIONS HELP DATA CONVERSION LOGS DATABASE QUERY

Well Data

WELL SEARCH | WELL DATA | WELL HISTORY | WELL ACTIVITY

WELL NAME: SEELEY 20-1
API NUMBER: 4300730068
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OPERATOR: MOSBACHER, ROBERT
ACCOUNT: N9570 #
OPERATOR APPROVED BY BLM / BIA: ☐
DESIGNATED OPERATOR:
ACCOUNT:
FIELD NAME: UNDESIGNATED
FIELD NUMBER: 2
FIRST PRODUCTION:
LA | PA DATE: 9 20 1981

WELL LOCATION:

SURF LOCATION: 1980 FNL 0800 FEL
Q. S. T. R. M.: SENE 20 14.0 S 08.0 E S
COUNTY: CARBON

UTM Coordinates:

SURFACE - N: 4382635.00
BHL - N:
SURFACE - E: 496238.00
BHL - E:

LATITUDE: 39.59532
LONGITUDE: -111.04380

CONFIDENTIAL FLAG: ☐
CONFIDENTIAL DATE:
DIRECTIONAL | HORIZONTAL:
HORIZONTAL LATERALS:
ORIGINAL FIELD TYPE:
WILDCAT TAX FLAG: ☐
CB-METHANE FLAG: ☐
ELEVATION: 7336' KB
BOND NUMBER / TYPE:

SHOW WELL IMAGES

LEASE NUMBER: FEE
MINERAL LEASE TYPE: 4
SURFACE OWNER TYPE: 4
INDIAN TRIBE:
C.A. NUMBER:
UNIT NAME:

CUMULATIVE PRODUCTION:

OIL: 0
GAS: 0
WATER: 0

COMMENTS:

Create New Rec | Save | Cancel Change | To History | To Activity | Print Recd | Export Recd

Start | Novell-delivered Applicat... | Novell GroupWise - Mailbox | OIL & GAS INFORMATIO... | 12:51 PM

Friday, February 20, 2004 10:51:07 PM

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43 007 30725
14S 8E Sec. 29

KLABZUBA OIL AND GAS

A FAMILY LIMITED PARTNERSHIP

700 Seventeenth Street, Suite 1300
Denver, Colorado 80202-3512
Phone: 303-299-9097 Fax: 303-299-9087

RECEIVED
APR 29 2005
DIV. OF OIL, GAS & MINING

April 27, 2005

Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84114-4820
Attn: Dustin Doucet

Dear Dustin,

As a follow up to our phone conversation in early April, Klabzuba Oil & Gas Co. intends to plug the Burnside 29-14-8 and GCS 2-20-14-8 wells this summer. The GCS 1A-18-14 well is currently producing. There could be some confusion associated with the status of this well, as KOG plugged the original GCS 1-18-14-8 well due to conductor casing failure, and skidded the rig.

Klabzuba has submitted completion reports on all the wells mentioned in your March 3 letter, but I have included well bore diagrams.

I will follow up with a sundry notice to plug the wells and a proposal for doing the work.

Please call me at (303) 619-1908 if you have any questions.

Sincerely,

George B. Rooney III

George Rooney

Gordon Creek State 2-20-14-8

Spud Date: 12/05/02
Waiting on Final Completion
GL: 7359' KB: 7369'

Wellbore Diagram
Updated 11/28/03

Initial Production: NA MCFPD

SURFACE CASING

CSG SIZE: 8-5/8"
GRADE: J-55
WEIGHT: 23#
LENGTH: 2178'
DEPTH LANDED: 2215' KB
HOLE SIZE:12-1/4"
CEMENT DATA: Cmt'd with 665 sks Premium Lite II (lead), 280 sks Class G (tail), and 20 sks Class G A-10. Ready mix 12 yds (top out).

INTERMEDIATE CASING

CSG SIZE:
GRADE:
WEIGHT:
LENGTH:
DEPTH LANDED:
HOLE SIZE:
CEMENT DATA:
CEMENT TOP AT:

PRODUCTION CASING

CSG SIZE: 5-1/2"
GRADE: N-80
WEIGHT: 17.0#
LENGTH: 88 jts. + Landing Joint (3739')
DEPTH LANDED: 3733' KB
HOLE SIZE: 7 7/8"
CEMENT DATA: 60 sxs Prem. Lite II (Lead) & 150 sxs Prem. II (Tail)
CEMENT TOP AT: 2110' per CBL

TUBING

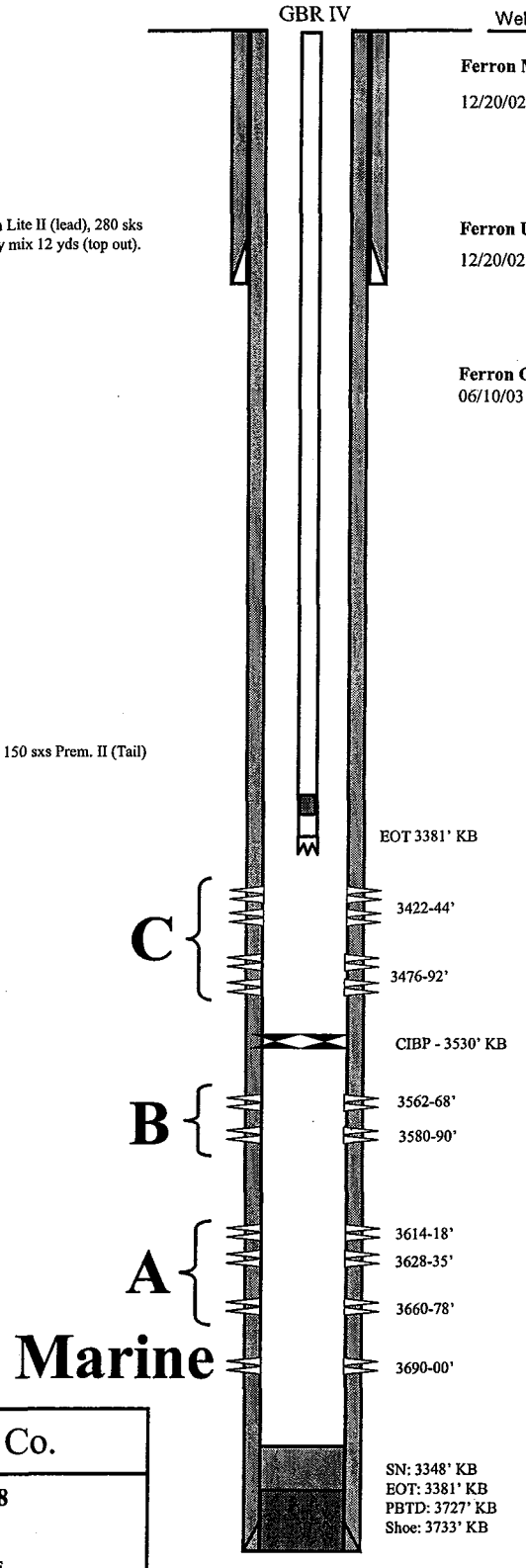
SIZE/GRADE/WT.: 2-3/8" / J-55 /4.7#
NO. OF JOINTS: 103
SN: XN (1.10') @ 3348' KB
PACKER: None
EOT @ 3381' KB

SUCKER RODS

POLISHED ROD:
SUCKER RODS:
PUMP SIZE:
STROKE LENGTH:
PUMP SPEED:

Logs

LOGS: Open Hole DIL, CNLD, GR, SP
Cased hole: CBL



Well Completion

Ferron Marine- Lower A

12/20/02 Lower A: 3660-78' & Marine: 3690'-3700'

Acidize as follows:
1000 gals 15% HCL 5.5 BPM.
Press: 2200-2600 psig. ISIP 2900 psig
On Vacuum.

Ferron Upper A & Lower B

12/20/02 Upper A: 3628-35' & 3614-18' Lower B: 3580-90' & 3562-68'

Acidize as follows:
1000 gals 15% HCL 5.5 BPM.
Press: 2300-2500 psig. ISIP 660 psig
Slight blow.

Ferron C

06/10/03 3476-92' & 3422-44'

Acidize as follows:
2000 gals 15% HCL 5.5 BPM.
Press: 2800-3300 psig. ISIP 560psig
Slight Blow w/ burnable gas

PERFORATION RECORD

12/19/02	3690-00'	4 JSPF	40 holes
12/19/02	3660-78'	4 JSPF	72 holes
12/19/02	3628-35'	4 JSPF	28 holes
12/19/02	3614-18'	4 JSPF	16 holes
12/19/02	3580-90'	4 JSPF	40 holes
12/19/02	3562-68'	4 JSPF	24 holes
06/10/03	3476-92'	4 JSPF	64 holes
06/10/03	3422-44'	4 JSPF	88 holes

Klabzuba Oil & Gas Co.

Gordon Creek 2-20-14-8
1018' FWL & 1250' FNL
NW/NW Section 20-T14S-R8E
Carbon Co, Utah
API #43-007-30883
State of Utah Lease # - ML-46539

Burnside 29-14-8

Spud Date: 07/23/01
Put on Production:

GL: 7175' KB: 7186'

Wellbore Diagram

Updated 03/23/04

Initial Production:

SURFACE CASING

CSG SIZE: 9-5/8"
GRADE: J-55
WEIGHT: 36#
LENGTH: 547'
DEPTH LANDED: 558' KB
HOLE SIZE:12-1/4"
CEMENT DATA: 350 sxs

INTERMEDIATE CASING

CSG SIZE: 7"
GRADE: J-55
WEIGHT: 20#
LENGTH: 2014'
DEPTH LANDED: 2025' KB
HOLE SIZE: 8 3/4"
CEMENT DATA: 225 sxs
CEMENT TOP AT: Surface

PRODUCTION CASING

CSG SIZE: 4-1/2"
GRADE: I-80
WEIGHT: 11.6#
LENGTH: 84 jts. (3522')
DEPTH LANDED: 3533' KB
HOLE SIZE: 6 1/4"
CEMENT DATA: 140 sxs 50/50 poz & 105 sxs Class G
CEMENT TOP AT: 1765' per CBL

TUBING

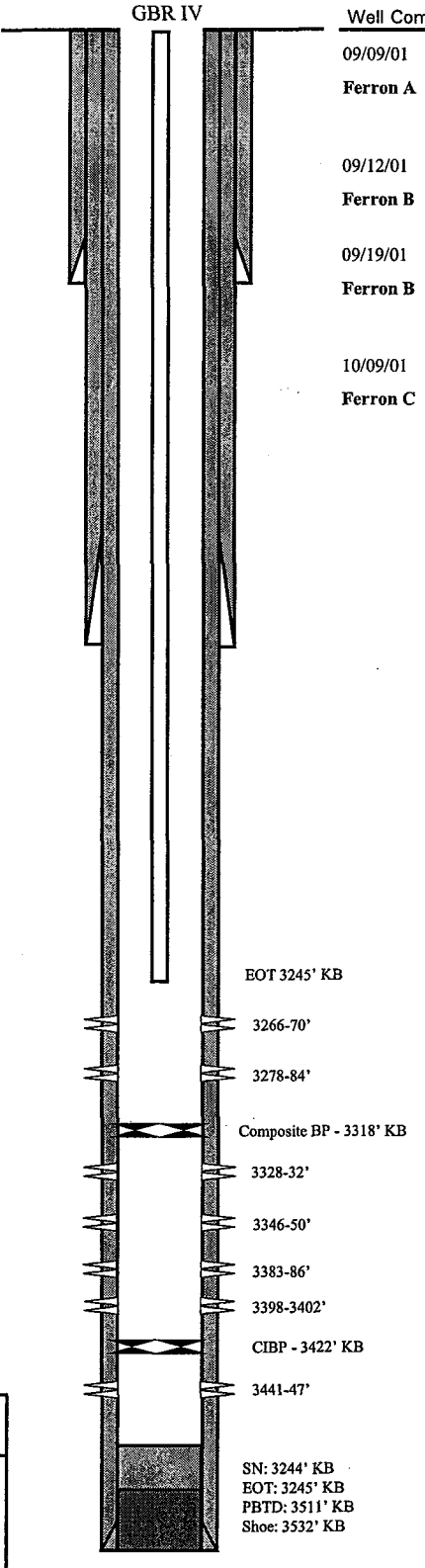
SIZE/GRADE/WT.: 2-3/8" / J-55 /4.7#
NO. OF JOINTS: 98 (3233')
SN: (1.10')
PACKER: None
EOT @ 3245' KB

SUCKER RODS

POLISHED ROD:
SUCKER RODS:
PUMP SIZE:
STROKE LENGTH:
PUMP SPEED:

Logs

LOGS: Open Hole DILs across Ferron C
Cased hole DIL/DN/GR?CAL



Well Completion

09/09/01	3441-3447'	**Acidize as follows:**
Ferron A		500 gals 15% HCL. Breakdown 4.0 bpm 2266 psig, Flush 9.6 BPM 2150 psig ISIP-1766 psig
09/12/01	3328-3402'	**Acidize as follows:**
Ferron B		1084 gals. 15% HCL, Breakdown 4.5 bpm @2500-300 psig w/balls, ISIP - 1675 psig
09/19/01	3328'-3402'	**Frac as follows:**
Ferron B		61,700# 16-30 snd in 890 bbls cross linked borate gel, 2-5 ppg @ 60 BPM job screened out. 5 min SI - 2610 psig
10/09/01	3266-3284'	**Frac as follows:**
Ferron C		110,600# 16-30 snd in 810 bbls gelled water & 418 MCF N2 (30 Q Foam) @ 20BPM. ISIP 2360 psig.

PERFORATION RECORD

10/06/01	3266-70'	4 JSPF	16 holes
10/06/01	3278-84'	4 JSPF	24 holes
09/11/01	3328-32'	4 JSPF	16 holes
09/11/01	3346-50'	4 JSPF	16 holes
09/11/01	3383-86'	4 JSPF	12 holes
09/11/01	3398-3402'	4 JSPF	16 holes
09/09/01	3441-47'	4 JSPF	24 holes

Klabzuba Oil & Gas Co.

Burnside 29-14-8

556' FNL & 1955' FEL

NW/NE Section 29-T14S-R8E

Carbon Co, Utah

API #43-007-30725

State Of Utah Lease # - ML-46539

Federal Lease # - UTU-72358

016

14S 8E Sec. 29

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

May 2, 2005

Mr. George Rooney
Klabzuba Oil & Gas Inc.
700 17th Street, Suite 1300
Denver, Colorado 80202

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Fee or State Leases dated March 3, 2005.

Dear Mr. Rooney:

The Division of Oil, Gas and Mining (the "Division") is in receipt of your letter dated April 27, 2005 (received by the Division 04/29/2005) in regards to the three (3) shut-in wells operated by Klabzuba Oil & Gas Inc. ("Klabzuba"). It is the Division's understanding that Klabzuba plans to plug and abandon (P&A) the Burnside 29-14-8 (API # 43-007-30725) and the GCS 2-20-14-8 (API # 43-007-30883) this summer. The third well, the GCS 1A-18-14-8 (API # 43-007-30892) has been returned to production.

Based on the submitted plan of action, the Division grants Klabzuba extended shut-in and temporarily abandoned status for the Burnside 29-14-8 and the GCS 2-20-14-8 wells. The extensions for these wells are valid through October 1, 2005 to allow time to accomplish the P&A work. Sundry Notice of Intents for the proposed work should be submitted to and approved by the Division prior to initiating work. If you have any questions or need additional assistance in regards to the above matters please contact me at (801) 538-5281.

Sincerely,

Dustin Doucet
Petroleum Engineer

cc: SITLA
Well File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: ~~ML-46539~~ FEE
6. If Indian, Allottee or Tribe Name: NA
7. If unit or CA, Agreement Designation: NA
8. Well Name and No.: Burnside 29-14-8
9. API Well No.: 43-007-30725
10. Field and Pool, or Exploratory Area: Gordon Creek
11. County or Parish, State: Carbon, UT

1. Type of Well: [ ] Oil Well [X] Gas well [ ] Other
2. Name of Operator: **KLABZUBA OIL & Gas INC.**
3. Address and Telephone No.: **700 Seventeenth Street, Suite 1300 Denver, CO 80202 (303) 299-9097**
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): NW/NE ~~956~~ 556' FNL & 1955' FEL Section 29-T14S-R8E

12 CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
[X] Notice of Intent	[X] Abandonment	[ ] Change of Plans
	[ ] Recompletion	[ ] New Construction
[ ] Subsequent Report	[ ] Plugging Back	[ ] Non-Routine Fracturing
	[ ] Casing repair	[ ] Water Shut-off
[ ] Final Abandonment Notice	[ ] Altering Casing	[ ] Conversion to Injection
	[ ] _____	[ ] Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directioally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work)

Klabzuba Oil & Gas Inc. is requesting approval to plug the Burnside 29-14-8. Procedure and WBD enclosed.

14. I hereby certify that the foregoing is true and correct

Signed: George B. Rooney III — George Rooney Title: Project Engineer Date: 06.06.05

(This space of Federal or State office use.)

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly to make to any department of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

COPY SENT TO OPERATOR
Date: 6-21-05
Initials: CHD

APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING
DATE: 6/20/05
BY: [signature]
* See conditions of Approval (attached)

RECEIVED
JUN 09 2005
DIV. OF OIL, GAS & MINING

Proposed - Plugging Procedure – 06-06-05

Burnside #29-14-8

(556' FNL & 1,955' FEL)
NW NE Section 29-T14S-R8E
Carbon Co., Utah

Elevations: KB: 7,186' (11') GR: 7,175'
Bot. Hole Temp: 98 deg. F – Open hole logging temp – Assume this is lower than static
Surface Casing: 9-5/8" 36# J55 ST&C @ 558' KB, Cmt'd with 350 sxs
Intermediate Csg: 7" 20# J55 ST&C @ 2,025' KB, Cmt'd with 225 sxs
Production Casing: 4-1/2" 11.6# I-80 LT&C @ 3,533' cmt'd with 140sx 50/50 poz lead & 105 sx'G'

		Length	
			3,533.0' KB **TD**
1-	4-1/2" Haliburton float shoe	1.10'	3,531.9' KB
1-	4-1/2" 11.6# I80 8rd. Shoe Jt. LTC	20.00'	3,511.9' KB
1-	4-1/2" Halliburton float Collar	1.10'	**3.510.8' KB est.PBTD**
84-	4-1/2" 11.6# I80 8rd. LTC	3,510.8'	surface

Casing Volume Empty to a drilled out depth of 3,511' = 54.4 bbl
Cement Top: **1,765'** CBL ran 8-7-01
Tubing: 2-3/8" 4.7# J55 EUE 8rd – new (Not purchased Yet)

Pipe:	Capacity (BBL/ft)	Tension	Burst	Collapse	ID (Drift)	OD (collar)
4-1/2" 11.6# I80	.0155	223,000	7,780	6,350	3.875"	
2-3/8" 4.7# J55	.00387	71,730	7,700	8,100	1.901"	3.063"
4-1/2" 11.6* 2-3/8" Ann.	.0101					

Plugging Procedure:

1. RU Well Service Unit, bring in Swab Tank, and Pump.
2. NU BOP
3. PU & TOOH with 2-3/8" J55 tbg & SN
4. RU wireline truck & set CIBP @ 3,240'KB Top perf @ 3,266'KB
5. RD wireline truck
6. TIH w/ 2 3/8" tbg and tag CIBP
7. Circulate production water and load the hole
8. Pull tbg up to 3,200' and set balanced cement plug (Class G) from 3,200' to 3,100'KB
9. Pull tbg up to 600' and set balanced cement plug (Class G) from 600' to 500'KB
10. Pull tbg up to 100' and set balanced cement plug (Class G) from 100' to 10' below surface
11. TOOH w/tbg
12. SI well w/BOP
13. RD WO rig & MOL
14. ND BOP, rig down wellhead, cut all casing strings off 3' below GL
15. Weld plate on 9 5/8" csg and install DHM with following info: Loc., Well Name, API #, Lease #, spud date, plugging date

Burnside 29-14-8

Spud Date: 07/23/01
Put on Production:

GL: 7175' KB: 7186'

Wellbore Diagram

Updated 03/23/04

Initial Production:

SURFACE CASING

CSG SIZE: 9-5/8"
GRADE: J-55
WEIGHT: 36#
LENGTH: 547'
DEPTH LANDED: 558' KB
HOLE SIZE:12-1/4"
CEMENT DATA: 350 sxs

INTERMEDIATE CASING

CSG SIZE: 7"
GRADE: J-55
WEIGHT: 20#
LENGTH: 2014'
DEPTH LANDED: 2025' KB
HOLE SIZE: 8 3/4"
CEMENT DATA: 225 sxs
CEMENT TOP AT: Surface

PRODUCTION CASING

CSG SIZE: 4-1/2"
GRADE: I-80
WEIGHT: 11.6#
LENGTH: 84 jts. (3522')
DEPTH LANDED: 3533' KB
HOLE SIZE: 6 1/4"
CEMENT DATA: 140 sxs 50/50 poz & 105 sxs Class G
CEMENT TOP AT: 1765' per CBL

TUBING

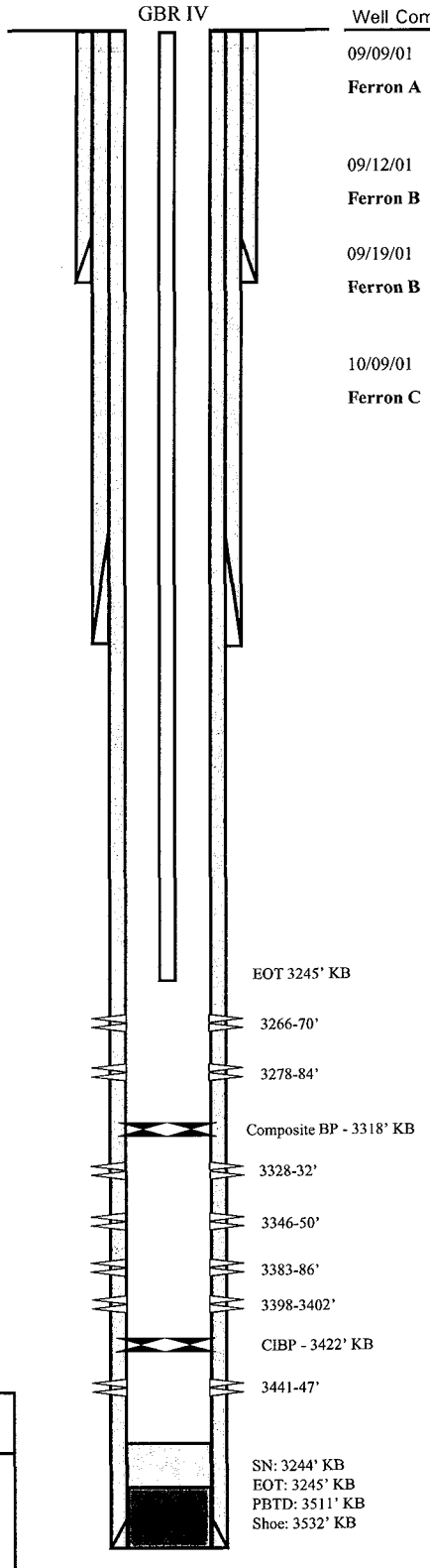
SIZE/GRADE/WT.: 2-3/8" / J-55 /4.7#
NO. OF JOINTS: 98 (3233')
SN: (1.10')
PACKER: None
EOT @ 3245' KB

SUCKER RODS

POLISHED ROD:
SUCKER RODS:
PUMP SIZE:
STROKE LENGTH:
PUMP SPEED:

Logs

LOGS: Open Hole DILs across Ferron C
Cased hole DIL/DN/GR?CAL



Well Completion

09/09/01	3441-3447'	**Acidize as follows:**
Ferron A		500 gals 15% HCL. Breakdown 4.0 bpm 2266 psig, Flush 9.6 BPM 2150 psig ISIP-1766 psig
09/12/01	3328-3402'	**Acidize as follows:**
Ferron B		1084 gals. 15% HCL, Breakdown 4.5 bpm @2500-300 psig w/balls, ISIP - 1675 psig
09/19/01	3328'-3402'	**Frac as follows:**
Ferron B		61,700# 16-30 snd in 890 bbls cross linked borate gel, 2-5 ppg @ 60 BPM job screened out. 5 min SI - 2610 psig
10/09/01	3266-3284'	**Frac as follows:**
Ferron C		110,600# 16-30 snd in 810 bbls gelled water & 418 MCF N2 (30 Q Foam) @ 20BPM. ISIP 2360 psig.

PERFORATION RECORD

10/06/01	3266-70'	4 JSPF	16 holes
10/06/01	3278-84'	4 JSPF	24 holes
09/11/01	3328-32'	4 JSPF	16 holes
09/11/01	3346-50'	4 JSPF	16 holes
09/11/01	3383-86'	4 JSPF	12 holes
09/11/01	3398-3402'	4 JSPF	16 holes
09/09/01	3441-47'	4 JSPF	24 holes

Klabzuba Oil & Gas Co.

Burnside 29-14-8

556' FNL & 1955' FEL

NW/NE Section 29-T14S-R8E

Carbon Co, Utah

API #43-007-30725

State Of Utah Lease # - ML-46539

Federal Lease # - UTU-72358

KLABZUBA OIL AND GAS
A FAMILY LIMITED PARTNERSHIP

700 Seventeenth Street, Suite 1300
Denver, Colorado 80202-3512
Phone: 303-299-9097 Fax: 303-299-9087

June 6, 2005

Division of Oil, Gas, and Mining
P.O. Box 145801
Salt Lake City, UT 84114-4820
Attn: Dustin Doucet

Dear Dustin,

Enclosed are the sundry, procedure, and wellbore diagram to plug the Burnside 29-14-8 and the Gordon Creek State 2-20-14-8.

Please call me at (303) 619-1908 if you have any questions.

Sincerely,

George B. Rooney IV

George Rooney

RECEIVED
JUN 09 2005
DIV. OF OIL, GAS & MINING

Principal Office
Lexington Place
930 West First Street
Fort Worth, Texas 76102
Phone 817-336-5757 FAX 817-336-5927

Havre Office
P.O. Box 40
4100 1st Street West
Havre, Montana 59501
Phone 406-262-9900 FAX 406-262-9400

Arkoma Basin Office
5908 Jenny Lind Road
Fort Smith, Arkansas 72908-7497
Phone 479-649-0300 FAX 479-649-0500

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number:	Burnside 29-14-8
API Number:	43-007-30725
Operator:	Klabzuba Oil & Gas Inc.
Reference Document:	Original Sundry Notice Dated June 6, 2005 Received by DOGM on June 9, 2005

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.

2. All intervals between plugs shall be filled with noncorrosive fluid.

3. All annuli shall be cemented from 100 ft to surface (R649-3-24.3.3).

5. Balanced plugs shall be tagged to ensure the plugs are at the depths specified in the proposal.

6. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.

7. If there are any changes to the plugging procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 prior to continuing with the procedure.

8. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet
Petroleum Engineer

June 20, 2005
Date

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

Wellbore Diagram

API Well No: 43-007-30725-00-00 **Permit No:** **Well Name/No:** BURNSIDE 29-14-8

Company Name: KLABZUBA OIL & GAS INC

Location: Sec: 29 T: 14S R: 8E Spot: NWNE

Coordinates: X: 495862 Y: 4381426

Field Name: GORDON CREEK

County Name: CARBON

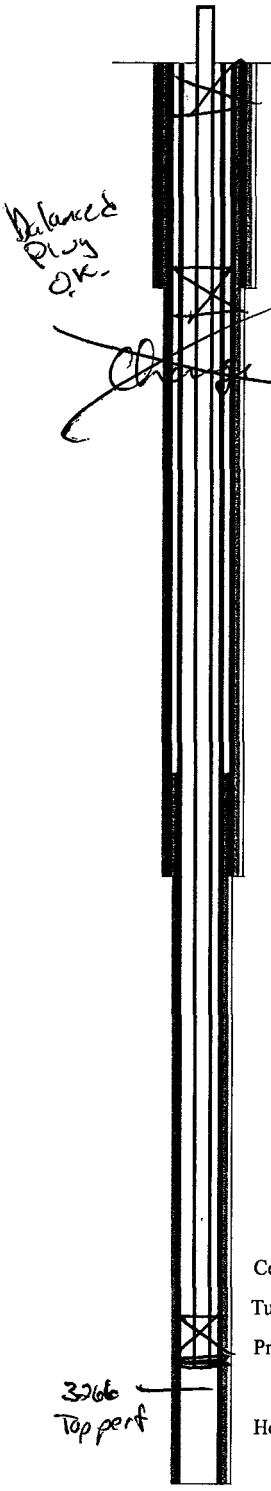
100/(1.21)(11.459) = 8sks
100/(1.21)(8.556) = 10 sks

String Information

String	Bottom (ft sub)	Diameter (inches)	Weight (lb/ft)	Length (ft)
HOL1	558	12.25		
SURF	558	9.625	36	558
HOL2	2025	8.75		
I1	2025	~~7.5~~ 7.0	20	2025
HOL3	3532	6.25		
PROD	3532	4.5	11.6	3532
T1	3245	2.375		

8.55

11.459



Surface plug from 100-surface, All Around

Balanced Plug O.K.

Cement from 558 ft. to surface

Surface: 9.625 in. @ 558 ft.

Hole: 12.25 in. @ 558 ft.

plug - balanced

CICR @ 2560

perfs @ 610

Inside/outside plug 610-510

100/(1.21)(8.556) = 10 sks

~~100~~ below 50/(1.21)(11.459) = 4 sks

Above 50/(1.21)(11.459) = 4 sks

Cement Information

String	BOC (ft sub)	TOC (ft sub)	Class	Sacks
I1	2025	0	PC	225
PROD	3532	1765	PC	225
SURF	558	0	G	350

Cement from 2025 ft. to surface

Intermediate: 7.5 in. @ 2025 ft.

Hole: 8.75 in. @ 2025 ft.

Perforation Information

Top (ft sub)	Bottom (ft sub)	Shts/Ft	No Shts	Dt Squeeze
3266	3447			

Formation Information

Formation	Depth
MNCS	2035
BLUGT	3100
FRSD	3233

Cement from 3532 ft. to 1765 ft.

Tubing: 2.375 in. @ 3245 ft.

Production: 4.5 in. @ 3532 ft.

CIBP @ 3240 plug 3200-3100

3266 Top perf

Hole: 6.25 in. @ 3532 ft.

100/(1.21)(11.459) = 8 sks

TD: 3532 **TVD:** 3532 **PBTD:** 3511

Division of Oil, Gas and Mining

OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

X Change of Operator (Well Sold) Designation of Agent/Operator

Operator Name Change Merger

The operator of the well(s) listed below has changed, effective: **1/1/2006**

FROM: (Old Operator):	**TO:** (New Operator):
N1325-Klabzuba Oil & Gas, Inc. 700 17th St, Suie 1300 Denver, CO 80202-3512 Phone: 1-(303) 299-9097	N2560-Fellows Energy Ltd. 8716 Arapahoe Road Boulder, CO 80303 Phone: 1-(303) 926-4415

CA No. **Unit:**

WELL(S)

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
GORDON CREEK ST 3-5-14-8	05	140S	080E	4300730932		State	GW	APD	C
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300730902		State	GW	APD	C
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300730903		State	GW	APD	C
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300730904		State	GW	APD	C
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S	
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P	
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P	
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P	
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S	
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P	
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	TA	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300730905		State	GW	APD	C
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300730906		State	GW	APD	C
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300730875		State	GW	APD	C

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 3/28/2006
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 3/28/2006
3. The new company was checked on the **Department of Commerce, Division of Corporations Database on:** 5/25/2005
4. Is the new operator registered in the State of Utah: YES Business Number: 5589189-0143
5. If **NO**, the operator was contacted contacted on:

6a. (R649-9-2)Waste Management Plan has been received on: Requested 3/29/2006

6b. Inspections of LA PA state/fee well sites complete on: n/a

15-K

FORM 9

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER: SEE ATTACHMENT

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

8. WELL NAME and NUMBER: SEE ATTACHMENT

9. API NUMBER:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

2. NAME OF OPERATOR: KLABZUBA OIL & GAS, INC.

3. ADDRESS OF OPERATOR: 700 17th St., Suite 1300 CITY Denver STATE CO ZIP 80202-3512 PHONE NUMBER: (303) 299-9097

10. FIELD AND POOL, OR WILDCAT: GORDON CREEK

4. LOCATION OF WELL

FOOTAGES AT SURFACE: SEE ATTACHMENT COUNTY: CARBON

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☑ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Klabzuba Oil & Gas, Inc. to Fellows Energy, Limited, effective January 1, 2006:

From: N1325
Klabzuba Oil & Gas, Inc.
700 17th Street, Suite 1300
Denver, Colorado 80202-3512

(303) 299-9097

Stephen K. Frazier, Vice President

Date: 3-13-06

To: N2560
Fellows Energy, Limited
8716 Arapahoe Road
Boulder, Colorado 80303

(303) 926-4415

Steven L. Prince, Vice President Operations

Date: 3-13-06

NAME (PLEASE PRINT) _____ TITLE _____

SIGNATURE _____ DATE _____

(This space for State use only)

APPROVED 3/29/06
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

(5/2000)

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MAR 2 8 2006
DIV. OF OIL

EXHIBIT "A"
SUNDRY NOTICES AND REPORTS ON WELLS

CHANGE OF OPERATOR FROM KLABZUBA OIL & GAS, INC. TO FELLOWS ENERGY, LIMITED, EFFECTIVE JANUARY 1, 2006

API #	Well Name	Description	Lease Serial Number
43-007-30044	Gordon Creek Unit #1	NW/4SE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30724	Gordon Creek State 19-14-8	SE/4NW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30725	Burnside 29-14-8	NW/4NE/4 of Section 29, T14S-R8E, SLB&M	
43-007-30807	Gordon Creek State 19-14-8(B)	NW/4SW/4 of Section 19, T14S-R8E, SLB&M	ML-27908
43-007-30874	Gordon Creek State 1-19-14-8	SE/4NE/4 of Section 19, T14S-R8E, SLB&M	ML-46539
43-007-30881	Gordon Creek State 4-18-14-8	SE/4SE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30883	Gordon Creek State 2-20-14-8	NW/4NW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30892	Gordon Creek State 1A-18-14-8	SE/4NE/4 of Section 18, T14S-R8E, SLB&M	ML-46537
43-007-30875	Gordon Creek State 1-30-14-8	NE/4NE/4 of Section 30, T14S-R8E, SLB&M	ML-46539
43-007-30902	Gordon Creek State 1-7-14-8	SE/4NE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30903	Gordon Creek State 3-7-14-8	SE/4SW/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30904	Gordon Creek State 4-7-14-8	NE/4SE/4 of Section 7, T14S-R8E, SLB&M	ML-46537
43-007-30905	Gordon Creek State 3-20-14-8	SW/4SW/4 of Section 20, T14S-R8E, SLB&M	ML-46539
43-007-30906	Gordon Creek State 2-29-14-8	NW/4NW/4 of Section 29, T14S-R8E, SLB&M	ML-46539
43-007-30932	Gordon Creek State 3-5-14-8	SE/4SW/4 of Section 5, T14S-R8E, SLB&M	ML-46537

FOCUS ENERGY LLC
216 16th Street, Suite 1220
Denver, CO 80202
(303) 629-8779

certified return receipt

May 2, 2006

Klabzuba Oil & Gas, Inc.
700 17th Street, Suite 1300
Denver, CO 80202
ATTN: Raul R. Chavez

Fellows Energy, Limited
370 Interlocken Boulevard, Suite 400
Broomfield, CO 80021
ATTN: George Young

RE: Burnside 29-14-8 Well 43-007-30725
Change of Operator Notice
Gordon Creek Field 14S 8E 29
Carbon County, Utah

Ladies and Gentlemen:

Please be advised that the Burnsides provided to Focus Energy LLC a copy of that April 17, 2006 letter from Klabzuba Oil l& Gas, Inc., regarding the change of operator of the referenced well from Klabzuba to Fellows Energy, Limited.

As Focus acquired an Oil and Gas Lease from the Burnsides dated August 15, 2005, recorded n Book 599, Page 645 in the records of Carbon County, Utah, covering the SESE, NWNE Section 29, SESW, N2SE Section 30, Lot 7 (SESE) Section 31-14S-8E, please advise Focus Energy LLC as to your intentions regarding the referenced well prior to your entry onto our lease.

Sincerely,

Lynn S. Belcher
Manager

cc: Utah Royalty Owners Association
P. O. Box 1292
Roosevelt, UT 84066

Fellows Energy, Limited
Field Office
North Pinewood Circle
Price, UT 84501

RECEIVED
MAY 04 2006
DIV. OF OIL, GAS & MINING

Ms. Earlene Russell
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

Lannie K. and Kelly P. Burnside
P. O. Box 297
Huntington, UT 84528

ConocoPhillips Company
P. O. Box 2197
Houston, TX 77252-2197

ChevronTexaco E & P, Co.
P. O. Box 730436
Dallas, TX 75373

Dominion Exploration & Production, Inc.
Four Greenspoint Plaza
16945 Northchase Drive, Suite 1750
Houston, TX 77060-2133

Division of Oil, Gas and Mining

OPERATOR CHANGE WORKSHEET

ROUTING
1. DJJ
2. CDW

X - Change of Operator (Well Sold) Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective: **6/1/2007**

FROM: (Old Operator):	**TO:** (New Operator):
N2560-Fellows Energy, LTD	N3245-Gordon Creek, LLC
8716 Arapahoe Rd	807 N Pinewood Cir
Boulder, CO 80303	Price, UT 84501
Phone: 1 (303) 327-1515	Phone: 1 (435) 650-4492

CA No. **Unit:**

WELL NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST								

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/27/2007
2. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/27/2007
3. The new company was checked on the **Department of Commerce, Division of Corporations Database on:** 10/30/2007

4a. Is the new operator registered in the State of Utah: _____ Business Number: 6208039-0160

4b. If **NO**, the operator was contacted contacted on:

5a. (R649-9-2)Waste Management Plan has been received on: IN PLACE

5b. Inspections of LA PA state/fee well sites complete on: 6/15/2007

5c. Reports current for Production/Disposition & Sundries on: ok

6. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM BIA
7. **Federal and Indian Units:**
   The BLM or BIA has approved the successor of unit operator for wells listed on: _____
8. **Federal and Indian Communization Agreements ("CA"):**
   The BLM or BIA has approved the operator for all wells listed within a CA on: _____
9. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject,** for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 10/15/2007

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database on:** 10/15/2007
2. Changes have been entered on the **Monthly Operator Change Spread Sheet on:** 10/15/2007
3. Bond information entered in RBDMS on: 10/15/2007
4. Fee/State wells attached to bond in RBDMS on: 10/15/2007
5. Injection Projects to new operator in RBDMS on: 10/15/2007
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 9/27/2007

BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: _____
2. Indian well(s) covered by Bond Number: _____

3a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number RLB0010790

3b. The **FORMER** operator has requested a release of liability from their bond on: not yet

The Division sent response by letter on:

LEASE INTEREST OWNER NOTIFICATION:

4. (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 10/16/2007

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER: See Attachment A

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A

7. UNIT or CA AGREEMENT NAME: N/A

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER

8. WELL NAME and NUMBER: See Attached

2. NAME OF OPERATOR: Gordon Creek, LLC

9. API NUMBER: See Att. A

3. ADDRESS OF OPERATOR: 807 North Pinewood Circle CITY Price STATE UT ZIP 84501 PHONE NUMBER: (435) 650-4492

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL

FOOTAGES AT SURFACE: COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
☐ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☑ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☐ OTHER:
	☐ CONVERT WELL TYPE	☐ RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Change of Operator from Fellows Energy, Ltd. to Gordon Creek, LLC effective June 1, 2007:

Bond # for Gordon Creek, LLC is RLB 0010790

From:
Fellows Energy, Ltd. N2560
Steven L. Prince
Steven L. Prince, Vice President and Director
Date: 3 AUGUST 2007

To:
Gordon Creek, LLC N 3245
By Thunderbird Energy Inc., its Managing Member
Cameron White, President
Date: AUGUST 3, 2007

NAME (PLEASE PRINT) TITLE

SIGNATURE DATE

(This space for State use only)

APPROVED 10/15/07
Earlene Russell
Division of Oil, Gas and Mining (See Instructions on Reverse Side)
Earlene Russell, Engineering Technician

(5/2000)

RECEIVED
SEP 27 2007
DIV. OF OIL, GAS & MINING

Fellows Energy, LLC (N2560) to Gordon Creek, LLC (N3245)

well_name	sec	twp	rng	api	entity	lease	well	stat	flag	unit	qtr_qtr	l_num	op no	zone
GORDON CREEK U 1	19	140S	080E	4300730044	13707	State	GW	P			NWSE	ML-46539	N2560	FRSD
GORDON CREEK ST 19-14-8	19	140S	080E	4300730724	13251	State	GW	P			SENW	ML-27908	N2560	FRSD
BURNSIDE 29-14-8	29	140S	080E	4300730725	13250	Fee	GW	S			NWNE	FEE	N2560	FRSD
GORDON CREEK ST 19-14-8 (B)	19	140S	080E	4300730807	13708	State	GW	S			NESW	ML-27908	N2560	FRSD
GORDON CREEK ST 1-19-14-8	19	140S	080E	4300730874	13646	State	GW	P			SENE	ML-46539	N2560	FRSD
GORDON CREEK ST 4-18-14-8	18	140S	080E	4300730881	13665	State	GW	S			SESE	ML-46537	N2560	FRSD
GORDON CREEK ST 2-20-14-8	20	140S	080E	4300730883	13694	State	GW	S			NWNW	ML-46539	N2560	FRSD
GORDON CREEK ST 1A-18-14-8	18	140S	080E	4300730892	13709	State	GW	P			SENE	ML-46537	N2560	FRSD
GORDON CREEK ST 4-7-14-8	07	140S	080E	4300731230		State	GW	APD	TRUE		NESE	ML-46537	N2560	
GORDON CREEK ST 1-7-14-8	07	140S	080E	4300731231		State	GW	APD	TRUE		SENE	ML-46537	N2560	
GORDON CREEK ST 3-7-14-8	07	140S	080E	4300731232		State	GW	APD	TRUE		SESW	ML-46537	N2560	
GORDON CREEK ST 3-20-14-8	20	140S	080E	4300731233		State	GW	APD			SWSW	ML-46539	N2560	
GORDON CREEK ST 2-29-14-8	29	140S	080E	4300731234		State	GW	APD	TRUE		NWNW	ML-46539	N2560	
GORDON CREEK ST 1-30-14-8	30	140S	080E	4300731235		State	GW	APD	TRUE		NENE	ML-46539	N2560	

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington
Gordon Creek, LLC
c/oThunderbird Energy
744 4th Ave SW Suite # 200
Calgary, AB Canada T2P 3T4

43 007 30725
Burnside 29-14-8
14S 8E 29

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

The Division has had discussions and correspondence with Gordon Creek, LLC and their predecessors Fellows Energy and Klabzuba about the SI/TA wells in this field. Plans were submitted to plug and abandon a couple of the wells, but no further action has been taken. Gordon Creek, LLC should submit their plans to produce or plug these wells. For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

JP:js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8 (B)	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 6, 2009

CERTIFIED MAIL NO.: 7004 1160 0003 0190 3164

43 007 30725
Burnside 29-14-8
14S 8E 29

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

Subject: **SECOND NOTICE:** Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases
(See Attachment A)

Dear Mr. Ironside:

As of January 2009, Thunderbird Energy ("Thunderbird") has six (6) State Mineral or Fee Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

This is the second notice of non-compliance that Thunderbird has received for the above-mentioned wells. On January 29, 2009 the first notice for wells 1-3, requesting required information to bring the wells into compliance, was hand delivered at the meeting you had with the Utah Division of Oil, Gas & Mining ("Division"). At that meeting wells 4-6 were discussed as a result of a first notice being sent via certified mail on August 12, 2008. To date the Division has not received any correspondence from Thunderbird addressing the wells SI/TA non-compliance issues per Rule R649-3-36.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (**Surface Casing Pressure, Production Casing Pressure** and Tubing Pressure) showing wellbore has integrity, and
4. **Fluid level** in the wellbore, and
5. **An explanation of how the submitted information proves integrity.**

If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Jim Davis, SITLA
Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 Year 7 Months
2	GORDON CREEK ST 2-29-14-8	43-007-31234	ML-46539	1 Year 7 Months
3	GORDON CREEK ST 1-30-14-8	43-007-31235	ML-46539	1 Year 8 Months
4	GORDON CREEK ST 2-20-14-8	43-007-30883	STATE	6 Years 4 Months
5	BURNSIDE 29-14-8	43-007-30725	FEE	7 Years 9 Months
6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 15, 2009

Via Fed Ex Tracking # 7977 6495 0001

43 007 30725
Burnside 29-14-8
14S 8E 29

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

Subject: **SECOND NOTICE:** Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases
(See Attachment A)

Dear Mr. Ironside:

As of January 2009, Thunderbird Energy ("Thunderbird") has six (6) State Mineral or Fee Lease Wells (see attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

This is the second notice of non-compliance that Thunderbird has received for the above-mentioned wells. On January 29, 2009 the first notice for wells 1-3, requesting required information to bring the wells into compliance, was hand delivered at the meeting you had with the Utah Division of Oil, Gas & Mining ("Division"). At that meeting wells 4-6 were discussed as a result of a first notice being sent via certified mail on August 12, 2008. To date the Division has not received any correspondence from Thunderbird addressing the wells SI/TA non-compliance issues per Rule R649-3-36.

Wells SI/TA beyond twelve (12) consecutive months requires filing a Sundry Notice (R649-3-36-1). Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (649-3-36-1.3.3). For extended SI/TA consideration the operator shall provide the Division with the following:

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2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Please note that the Divisions preferred method for showing well integrity is by MIT.

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
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If the required information is not received within 30 days of the date of this notice, a Notice of Violation will be issued. If you have any questions concerning this matter, please contact Joshua Payne at (801) 538-5314 or me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Jim Davis, SITLA
Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 Year 7 Months
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4	GORDON CREEK ST 2-20-14-8	43-007-30883	STATE	6 Years 4 Months
5	BURNSIDE 29-14-8	43-007-30725	FEE	7 Years 9 Months
6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months

THUNDERBIRD
ENERGY

September 12, 2008

Attention: Dustin K. Doucet
Suite 1210-1594 West North Temple
PO Box 145801,
Salt Lake City, UT
84114-5801

Thank you for your letter of August 12, 2008, a copy of which is enclosed. Unfortunately, we just received the letter this week, as we have recently moved our Calgary head office and the letter was not forwarded on from our old office. In order to avoid this type of interruption in the future, I would ask that you amend your records to indicate that the mailing address for Gordon Creek LLC and the parent company Thunderbird Energy Corp, be changed to our corporate head office address, as follows:

847 Hamilton Street
Vancouver, British Columbia
Canada, V6B 2R7

I am also pleased to tell you that Rick Ironside P. Eng has joined us as Chief Operating Officer. Rick is based at our new Calgary office located at:

Suite 645
1010 1st Street S.W.
Calgary, Alberta
T2R 1K4
Phone: 604-453-1608

Our field operations at Gordon Creek are now being run from Price, Utah by Steve Lessar who reports directly to Rick Ironside. Steve's coordinates are:

700 N Molyneux
Price, Utah
84501
Phone: 435-820-1489

We are very active in the Gordon Creek area and are very optimistic about the opportunity to re-activate the wells that are the subject of your letter. I won't discuss them in detail here, as I believe that Rick Ironside is intending to provide you with a review of our current operations and future plans.

THUNDERBIRD
ENERGY

Yours truly,

THUNDERBIRD ENERGY CORP.

per:

Cameron White
President
Enclosure

Cc:

Jim Davis, SITLA
Compliance File
Well File

Rick Ironside,
Chief Executive Officer

Steve Lessar

Thunderbird Energy Corporation

847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 www.thunderbirdenergy.com

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington
Gordon Creek, LLC
c/oThunderbird Energy
744 4th Ave SW Suite # 200
Calgary, AB Canada T2P 3T4

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

The Division has had discussions and correspondence with Gordon Creek, LLC and their predecessors Fellows Energy and Klabzuba about the SI/TA wells in this field. Plans were submitted to plug and abandon a couple of the wells, but no further action has been taken. Gordon Creek, LLC should submit their plans to produce or plug these wells. For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).

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Sincerely,

Dustin K. Doucet
Petroleum Engineer

JP:js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months

THUNDERBIRD
ENERGY

Fax

To:	Dustin K. Doucet	**From:**	Nicola Pender
Fax:	1.801.359.3940	**Date:**	September 12th, 2008
Phone:		**Pages:**	6 (including cover)
Re:	Thunderbird Energy	**CC:**	Rick Ironside, Jim Davis, Steve Lessar

Hi Dustin,

Enclosed is the response to your letter dated August 12th, 2008 to Mike Worthington of Gordon Creek and a copy of the original letter sent.

If you have any questions please do not hesitate to contact me.

Kind regards,

Nicola Pender
Executive Assistant

nicola@thunderbirdenergy.com
Tel: 604-707-0373
Fax: 604-707-0378

THUNDERBIRD
ENERGY

September 12, 2008

Attention: Dustin K. Doucet
Suite 1210-1594 West North Temple
PO Box 145801,
Salt Lake City, UT
84114-5801

Thank you for your letter of August 12, 2008, a copy of which is enclosed. Unfortunately, we just received the letter this week, as we have recently moved our Calgary head office and the letter was not forwarded on from our old office. In order to avoid this type of interruption in the future, I would ask that you amend your records to indicate that the mailing address for Gordon Creek LLC and the parent company Thunderbird Energy Corp, be changed to our corporate head office address, as follows:

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1010 1st Street S.W.
Calgary, Alberta
T2R 1K4
Phone: 604-453-1608

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Yours truly,

THUNDERBIRD ENERGY CORP.

Cameron White
President

RECEIVED
SEP 15 2008
DIV. OF OIL, GAS & MINING

THUNDERBIRD
ENERGY

Enclosure

Cc:

Jim Davis, SITLA
Compliance File
Well File

Rick Ironside,
Chief Executive Officer

Steve Lessar

Thunderbird Energy Corporation
847 Hamilton Street Vancouver, BC, Canada, V6B 2R7 Tel (604) 707-0373 Fax (604) 707-0378 www.thunderbirdenergy.com

JON M. HUNTSMAN, JR.
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GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 12, 2008

CERTIFIED MAIL NO. 7004 2510 0004 1824 5896

Mr. Mike Worthington
Gordon Creek, LLC
c/o Thunderbird Energy
744 4th Ave SW Suite # 200
Calgary, AB Canada T2P 3T4

Re: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases

Dear Mr. Worthington,

As of January 2008, Gordon Creek, LLC has one (1) Fee Lease Well and three (3) State Lease Wells (Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon showing of good cause by the operator (R649-3-36-1.3.3).

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1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov

UTAH DNR OIL, GAS & MINING

3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
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If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

JP:js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

ATTACHMENT A

	Well Name	API	Lease Type	Years Inactive
1	Gordon Creek ST 2-20-14-8	43-007-30883	State	5 years 4 months
2	Gordon Creek 19-14-8	43-007-30807	State	3 years 10 months
3	Gordon Creek 4-18-14-8	43-007-30881	State	3 years 10 months
4	Burnside 29-14-8	43-007-30725	Fee	6 years 9 months

RECEIVED
SEP 15 2008
DIV. OF OIL, GAS & MINING

THUNDERBIRD
ENERGY

Suite 645, 1010 1st Street SW Calgary, Alberta T2R 1K4
(403)453-1609

November 29, 2008

State of Utah
Department of Natural Resources
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

Attention: **Mr. Dustin K. Doucet**
Petroleum Engineer

Dear Sir:

Re: **Gordon Creek LLC**
Extended Shut In and Temporarily Abandoned Well Requirements

Gordon Creek State 2-20-14-8	API	43-007-30883
Gordon Creek State 19-14-8B	API	43-007-30807
Gordon Creek State 4-18-14-8	API	43-007-30881
Burnside 29-14-8	API	43-007-30725

In response to your letter dated August 12, 2008 we wish to advise that Thunderbird Energy Corporation through its wholly owned subsidiary Gordon Creek LLC has embarked on a program of reworking and reactivating wells. The well Gordon Creek State 19-14-8 B has been reactivated and commenced pumping in October. For the other three locations we currently plan to complete the following work within the next twelve months:

Gordon Creek State 2-20-14-8 API 43-007-30883
- Fracture stimulate the existing perforations 3422' – 3444'; 3476' – 3492'

Gordon Creek State 4-18-14-8 API 43-007-30881
- Drill out the bridge plug
- Re-activate the Ferron sand intervals 3243' – 3308'

Burnside 29-14-8 API 43-007-30725
- Complete and test a Mancos Shale interval still to be determined

If you have any additional questions with regard to these wells, please do not hesitate to contact the undersigned.

Yours truly,
Thunderbird Energy Corporation

Rick J. Ironside, P.Eng., MBA
Chief Operating Officer

RECEIVED
DEC 04 2008
DIV. OF OIL, GAS & MINING

THUNDERBIRD
ENERGY

THUNDERBIRD ENERGY CORPORATION
645, 1010 1st Street S.W.
Calgary, AB T2R 1K4
Phone: 403-453-1608
Fax: 403-453-1609

FAX

To: Dustin Doucet
Fax: (801) 359-3940
Phone: (801) 538-5340
Re: SI / TA Wells

From:
Pages: 2
Date: December 4, 2008
CC:

Comments:

Original letter sent by Mail

RECEIVED
DEC 04 2008
DIV. OF OIL, GAS & MINING

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 21, 2009

Rick Ironside
Thunderbird Energy
Suite 645, 1010 1st St SW
Calgary, Alberta T2R 1K4

14S 8E 29

Subject: Gordon Creek State 2-20-14-8 API 43-007-30883, Gordon Creek State 4-18-14-8 API 43-007-30881 and Burnside 29-14-8 API 43-007-30725
Extended Shut-in and Temporary Abandoned Well Requirements for Fee or State Leases Dated August 12, 2008

Dear Mr. Ironside:

The Division of Oil, Gas and Mining (the Division) is in receipt of your letter dated November 29, 2008 (received by the Division on 12/04/2008) in regards to the three (3) shut-in or temporarily abandoned (SI/TA) wells operated by Gordon Creek LLC (Thunderbird). It is the Divisions understanding that Thunderbird plans to complete work on the following wells within the next twelve months: Gordon Creek State 2-20-14-8 (43-007-30883), Gordon Creek State 4-18-14-8 (43-007-30881), & Burnside 29-14-8 (43-007-30725).

The Division does not object to the plan to workover the wells. However, due to insufficient evidence the Division is unable to grant extended SI/TA status for the above said wells. No evidence was received per R649-3-36 providing proof of integrity or lengths of time wells are expected to be shut-in. The Divisions preferred method of demonstrating well integrity is to perform an MIT. Please submit the necessary information to bring these wells back into compliance. Please note approval will be necessary prior to continuing with the planned work for these wells.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
cc: Jim Davis, SITLA
Well Files
Compliance File
N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITA

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

NOTICE OF VIOLATION

STATE OF UTAH

OIL AND GAS CONSERVATION ACT

****

To the following operator: 14S 8E 29

Name: Gordon Creek, LLC c/o Thunderbird Energy.

Well(s) or Site(s): 1.)	BURNSIDE 29-14-8	API #: 43-007-30725
2.)	GORDON CREEK ST 1-30-14-8	43-007-31235
3.)	GORDON CREEK ST 4-18-14-8	43-007-30881
4.)	GORDON CREEK ST 2-20-14-8	43-007-30883
5.)	GORDON CREEK ST 3-20-14-8	43-007-31233
6.)	GORDON CREEK ST 2-29-14-8	43-007-31234
7.)	GORDON CREEK ST 19-14-8 (B)	43-007-30807

Date and Time of Inspection/Violation: November 27, 2012

Mailing Address: Attn: Rick J. Ironside
Suite 800, 555 - 4th Ave SW
Calgary, Alberta, Canada T2P 3E7

Under the authority of the Utah Oil and Gas Conservation Act, Section 40-6 et. Seq., Utah Code Annotated, 1953, as amended, the undersigned authorized representative of the Division of Oil, Gas and Mining (Division) has conducted an inspection of the above described site and/or records on the above date and has found alleged violation(s) of the act, rules or permit conditions as described below.

Description of Violation(s):

Rule R649-3-36, *Shut-in and Temporarily Abandoned Wells* – Wells 1 - 6 listed above have been Shut-in or Temporarily Abandoned (SI/TA) over 5 consecutive years. Well 7 has been SI/TA over 3 consecutive years. According to Rule R649-3-36, the operator is required to supply the Division with reasons for extended SI/TA, the length of time for extended SI/TA and proof of well bore integrity for every well SI/TA over 12 consecutive months. After 5 years of continued SI/TA, the wells are to be plugged unless good cause is supplied to the Division for extended SI/TA in addition to the required information just mentioned.

Rule R649-3-4.3, Bonding - If the division finds that a well subject to this bonding rule is in violation of Rule R649-3- 36., Shut-in and Temporarily Abandoned Wells, the division shall require a bond amount for the applicable well in the amount of actual plugging and site restoration costs.

4.4.1. - Within 30 days of notification by the division, the operator shall submit to the division an estimate of plugging and site restoration costs for division review and approval.

UTAH DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

Oil and Gas Program

1594 West North Temple, Suite 1210, Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 Phone

(801) 359-3940 Fax

The Division has previously issued two (2) SI/TA Notices and a Notice of Violation to Gordon Creek LLC/Thunderbird Energy (Thunderbird) regarding these wells. There has not been any evidence of effort being made to bring them out of violation status. These wells are in violation of R-649-3-36 and R649-3-4.3 – 4.4.1 as listed above. The Division requires Thunderbird to put up full cost bonding for all wells in violation above per R649-3-4. It is also mandatory that Thunderbird submit all documentation as required by R649-3-36 concerning shut-in and temporarily abandoned wells.

Immediate Action: For the wells subject to this notice, Thunderbird shall fulfill full cost bonding requirements for each well. Thunderbird shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

This notice shall remain in effect until it is modified, terminated, or vacated by a written notice of an authorized representative of the director of the Division of Oil, Gas and Mining. Failure to comply with this notice will result in the Division pursuing further actions against said operator. Further actions may include initiation of agency actions to order full cost bonding and plugging and abandonment of wells and requests for bond forfeiture and civil penalties.

Compliance Deadline: December 27, 2012

Date of Service Mailing: November 28, 2012

Tracking #: 7941 6767 9933

Division's Representative

Operator or Representative

(If presented in person)

6/2005

DKD/JP/js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

5.LEASE DESIGNATION AND SERIAL NUMBER: FEE

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL
Gas Well

8. WELL NAME and NUMBER:
BURNSIDE 29-14-8

2. NAME OF OPERATOR:
GORDON CREEK, LLC

9. API NUMBER:
43007307250000

3. ADDRESS OF OPERATOR:
1179 E Main #345 , Price, UT, 84501

PHONE NUMBER:
403 453-1608 Ext

9. FIELD and POOL or WILDCAT:
GORDON CREEK

4. LOCATION OF WELL
FOOTAGES AT SURFACE:
0556 FNL 1955 FEL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
Qtr/Qtr: NWNE Section: 29 Township: 14.0S Range: 08.0E Meridian: S

COUNTY:
CARBON

STATE:
UTAH

11.
CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 4/19/2013	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
☐ SPUD REPORT Date of Spud:	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
☐ DRILLING REPORT Report Date:	☐ WATER SHUTOFF	✓ SI TA STATUS EXTENSION	☐ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	✓ OTHER	OTHER: FLUID LEVEL TO DETERMINE R

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Based on a recommendation from Mr. Dustin Doucet of DOGM, on March 23rd, 2013, a surface casing vent flow check and a tubing annulus fluid level test were performed on the well. There was NO surface casing vent flow and the fluid level was indicated to be at 1,332' from surface. Using that information plus the SICP on the well when the test was done, it was determined that the well appears to have solid integrity as there is only 8 psi of pressure at surface AND the reservoir pressure calculated from the fluid level test is indicated as NORMAL. There is NO indication that ANY wellbore pressure from the existing open perforations is leaking into another zone or back to surface in any manner. Based on this information, we feel this is adequate proof of wellbore integrity in the well and we hereby request an extension to Shut In Status for this well for an additional 12 months.

Approved by the Utah Division of Oil, Gas and Mining

Date: July 19, 2013

By: Dark K Quist

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Barry Brumwell	403 453-1608	Vice President-Operations

SIGNATURE	DATE
N/A	4/19/2013

RECEIVED: Apr. 19, 2013

The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Sundry Conditions of Approval Well Number 43007307250000

Approval valid through May 1, 2014. Periodic monitoring of pressures and fluid levels should be conducted throughout the year to ensure ongoing integrity.

RECEIVED: Jul. 19, 2013

THUNDERBIRD
ENERGY

GORDON CREEK, LLC.

December 19th, 2012

Utah Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

Facsimile: (801) 359-3940

Attention: **Dustin Doucet**
Petroleum Engineer

RECEIVED
DEC 26 2012
DIV. OF OIL, GAS & MINING

Re: **Notice of Violation dated November 27, 2012**
Gordon Creek LLC c/o Thunderbird Energy

1.)	Burnside 29-14-8	API 43-007-30725
2.)	Gordon Creek ST 1-30-14-8	API 43-007-31235
3.)	Gordon Creek ST 4-18-14-8	API 43-007-30881
4.)	Gordon Creek ST 2-20-14-8	API 43-007-30883
5.)	Gordon Creek ST 3-20-14-8	API 43-007-31233
6.)	Gordon Creek ST 2-29-14-8	API 43-007-31234
7.)	Gordon Creek ST 19-14-8(B)	API 43-007-30807

The purpose of this letter is to provide justification pursuant to Rule R649-3-36 of the Utah Oil and Gas Conservation Act for maintaining these sites in a suspended status until Thunderbird Energy has the appropriate infrastructure and capital in place to proceed with the required additional operations and equipping to place them into production. Planned operations and equipping includes re-completions, wellsite separators, electrification, pumping equipment, pipelines and in the case of 1-30-14-8, re-drilling below surface casing. The issue of wellbore integrity testing is addressed in a separate letter that details the company's plan to prove wellbore integrity for all 7 non-producing wells and the dually completed Gordon Creek State GC1 (4-19-14-8) well. Please note that as of today's date the company has 12 producing and 7 suspended wellbores in total and that the additional letter also addresses every suspended well that the company has in the state of Utah.

First and foremost, based on our recent work and plans for the Gordon Creek area, we are convinced that each and every one of the suspended wellbores has economic potential if what we have determined to be best practices for the area are implemented. Gordon Creek area best practices typically include the following elements:

- Completion of all sand pay intervals with porosity exceeding 7%.
- Completion of all coal pay intervals.
- Proper fracture stimulation of all pay intervals.
- Equipping the well with a properly sized bottom hole pump and pumping unit.
- Well site electrification.
- Installation of a 2 phase well site separator equipped with gas and liquid meters.
- Tying in of the well site to both raw gas and produced water pipeline gathering systems.

As we have learned in recent years in a low gas price environment, it takes more time, a logical and well organized development plan and sufficient available capital to undertake these operations. Given, the company's recent success and an improving natural gas price outlook, we are confident that we will be able to move forward and implement our plan for each of the 7 suspended wells in the medium term (2 to 3 years). Further, as outlined in more detail below, in 2013 we intend to expand our infrastructure to bring all of the sites closer and we intend to re-complete equip and place into production 3 of the 7 suspended wellbores.

2013 Development Plan:

As soon as the 2013 winter closure is over we will be electrifying the GC1 (4-19-14-8) and 19-14-8(A) sites. From there, the next phase of our plan involves the drilling of up to 20 new wells and the re-completion of 3 suspended wells. Several of the new wells are required to prevent pending lease expiries. The electrification and drilling of 20 new wells will expand our facilities taking pipelines and electrification right by wells 4, 5 and 6 as numbered above and in addition bringing those same facilities much closer to the remaining wells 1,2,3 and 7. In this manner, the economic viability of the suspended locations will be significantly improved.

As part of Thunderbird's ongoing best practices, we test and analyze potential ways to improve and make our practices even better. An example of this approach is the conducting of radioactive tracer logs in 3 of the 8 new wells that we just completed. These tracer logs definitely expanded our understanding of how the historical fracture stimulation practices performed and definitely suggested room for improvement. On this basis we fully intend to do some similar type testing and analysis on the first 3 re-completions planned for 2013 such that we may use those results to modify and improve our plans for the remaining suspended wells.

Specifically, Thunderbird plans to recomplete the following 3 locations in 2013.

Gordon Creek ST 4-18-14-8	API 43-007-30881
Gordon Creek ST 3-20-14-8	API 43-007-31233
Gordon Creek ST 2-29-14-8	API 43-007-31234

At the end of 2013, this plan will leave 3 sites requiring a re-completion and 1 site requiring a re-drill. We are confident that the remaining 4 sites will be remedied before the end of 2015. However, should we be disappointed in the results of the 3 re-completions slated for 2013, we would likely then revise our plan to abandon and reclaim these sites.

Subject to an annual review and annual proof of wellbore integrity, Thunderbird Energy hereby requests your approval in writing pursuant to Rule R649-3-36 to maintain these wells in a suspended status until we can complete our proposed development plans.

Also pertaining to bonding as required by Rule R649-3-1 subsection 4.4.1, please find attached for each of the seven sites addressed in the Notice of Violation an estimate of the plugging and site restoration costs.

Best Regards;

Barry Brumwell, C.E.T.
Vice President, Operations
Thunderbird Energy / Gordon Creek, LLC.

cc: SITLA, Jim Davis

RECEIVED
DEC 26 2012
DIV. OF OIL, GAS & MINING

GORDON CREEK, LLC.

WELL ABANDONMENT AND SITE RECLAMATION COST ESTIMATES

PURSUANT TO Rule 649.3.1, subsection 4.4.1 - Notice of Violation dated 11/27/2012

BURNSIDE 29-14-8 — API #: 4300730725

1	Cost to recover tubulars and run wellbore abandonment plugs, cut and cap wellbore	$	22,300.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	13,000.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***17,500.00***

GORDON CREEK ST 1-30-14-8 — API #: 4300731235

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	6,000.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***12,700.00***

GORDON CREEK ST 4-18-14-8 — API #: 4300730881

1	Cost to recover tubulars and run wellbore abandonment plugs, cut and cap wellbore	$	22,300.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	9,100.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***21,400.00***

RECEIVED
DEC 2 6 2012
DIV. OF OIL, GAS & MINING

GORDON CREEK ST 2-20-14-8

API #: 4300730883

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	8,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***15,500.00***

GORDON CREEK ST 3-20-14-8

API #: 4300731233

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	8,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***15,500.00***

GORDON CREEK ST 2-29-14-8

API #: 4300731234

1	Cost to run wellbore abandonment plugs, cut and cap wellbore	$	8,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	1,500.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***15,500.00***

GORDON CREEK ST 19-14-8 (B)

API #: 4300730807

1	Cost to recover bhp, RODS, tubulars and run wellbore abandonment plugs, cut and cap wellbore	$	26,800.00
2	Cost to restore wellsite	$	7,000.00
3	Cost to re-seed wellsite	$	1,200.00
4	Salvage value of wellbore and wellsite equipment	-$	30,200.00
	TOTAL ESTIMATED WELL ABANDONMENT & SITE RESTORATION COST	***$***	***4,800.00***

THUNDERBIRD
ENERGY

GORDON CREEK, LLC.

December 18th, 2012

State of Utah - Department of Natural Resources
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84114-5801

VIA FAX: (801) 359-3940

Attention: Mr. Dustin K. Doucet - Petroleum Engineer

RECEIVED
DEC 26 2012
DIV. OF OIL, GAS & MINING

Mr. Doucet;

Re: **Gordon Creek, LLC. c/o Thunderbird Energy**
Casing Integrity Testing of Shut In Wells:

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 1-30-14-8	API	43-007-31235
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 2-20-14-8	API	43-007-30883
Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 2-29-14-8	API	43-007-31234
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We are in receipt of your Notice of Violation(s) dated November 27th, 2012, for the above noted wells.

The intent of this letter is to address the issue of regularly proving wellbore integrity of our shut in wells. All other matters pertaining to the NOV issued will be addressed in a separate letter.

In July – September of 2010, we performed casing integrity pressure testing on ALL of the above noted wells and submitted that test information to you. We didn't receive any response from you requesting any further data or information was required; we therefore assumed that the submissions were acceptable.

We did perform similar testing in 2011, but it appears the test charts weren't submitted to you. I have attached the successful pressure test charts dated 8/12/2011to this letter for the following 5 of 7 shut in wells:

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 1-30-14-8	API	43-007-31235
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 2-20-14-8	API	43-007-30883
Gordon Creek ST 2-29-14-8	API	43-007-31234

I have been informed by our Production Superintendent, Mr. Steve Lessar that Mark Jones witnessed the 2 tests at the wells 2-20 and 2-29 above and then informed Mr. Lessar he didn't wish to witness the tests on the other wells.

Erroneously, tests were not performed at the same time at the following 2 wells:

Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We sincerely apologize for this oversight.

We clearly recognize that we were remiss for not performing casing integrity pressure testing on ALL of our shut in wells in the calendar year 2012. We wish to rectify that omission, first by performing this testing on the following wells within the next couple of days ***(for ALL tests, Mark Jones would be invited to witness the testing procedures)***:

Gordon Creek ST 1-30-14-8 API 43-007-31235

This well only has surface casing set in the well and the open hole section below the surface casing was plugged back inside the surface casing with cement. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed.

Gordon Creek ST 2-29-14-8 API 43-007-31234

This well only has production casing set in the well and a retrievable bridge plug set inside the production casing above the uppermost set of perforations. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed. We will also test for a surface casing vent flow on this well.

RECEIVED
DEC 2 6 2012
DIV. OF OIL, GAS & MINING

Gordon Creek ST 2-20-14-8 API 43-007-30883

This well only has production casing set in the well and a retrievable bridge plug set inside the production casing above the uppermost set of perforations. To prove mechanical integrity of this casing string we plan to fill it with inhibited water and to pressure test it to 750 psig for 30 minutes and record the test data on a chart, which would be submitted to you after the test is completed. We will also test for a surface casing vent flow on this well.

Since we have never received written confirmation from you that you approve of the integrity testing methods proposed to you in 2010 by Mr. Rick Ironside, we are going to hold off on performing integrity tests on the following 4 wells until we receive your approval for the testing method: ***(for ALL tests, Mark Jones would be invited to witness the testing procedures):***

Burnside 29-14-8	API	43-007-30725
Gordon Creek ST 4-18-14-8	API	43-007-30881
Gordon Creek ST 3-20-14-8	API	43-007-31233
Gordon Creek ST 19-14-8 (B)	API	43-007-30807

We believe proving mechanical integrity of the production casing string in these wells can be accomplished by pressure testing the annular space between the surface casing and the production casing. During the test, we would:

- Bled any pressure off of the surface casing and ensure that there is no flow.
- Record the production tubing pressure.
- Inject inhibited water and diesel into the annular space to fill the space (the diesel will float on top of annulus and prevent freezing).
- Top up allowing several hours for any trapped air to be displaced.
- Pressure up to 750 psig by hand with a Baker pump and a chart recorder.
- Monitor the production tubing and casing pressures for 24 hours (pressure may fluctuate slightly with daily temperature variation).

As stated above, we will await your approval for the testing method laid out before proceeding.

Dustin, I again apologize for our failing to perform integrity testing on our shut in wells and commit to you that we will do the required testing on the 3 wells (1-30, 2-20 & 2-29) within the next couple of days, with the rest of the wells being tested as soon as possible after your approval for the testing method.

Additionally, at the same time we will perform a Mechanical Integrity Test of our dually producer/injector well at GCU #1, which was last proven in January 2012 with an RA Tracer log.

RECEIVED
DEC 2 6 2012
DIV. OF OIL, GAS & MINING

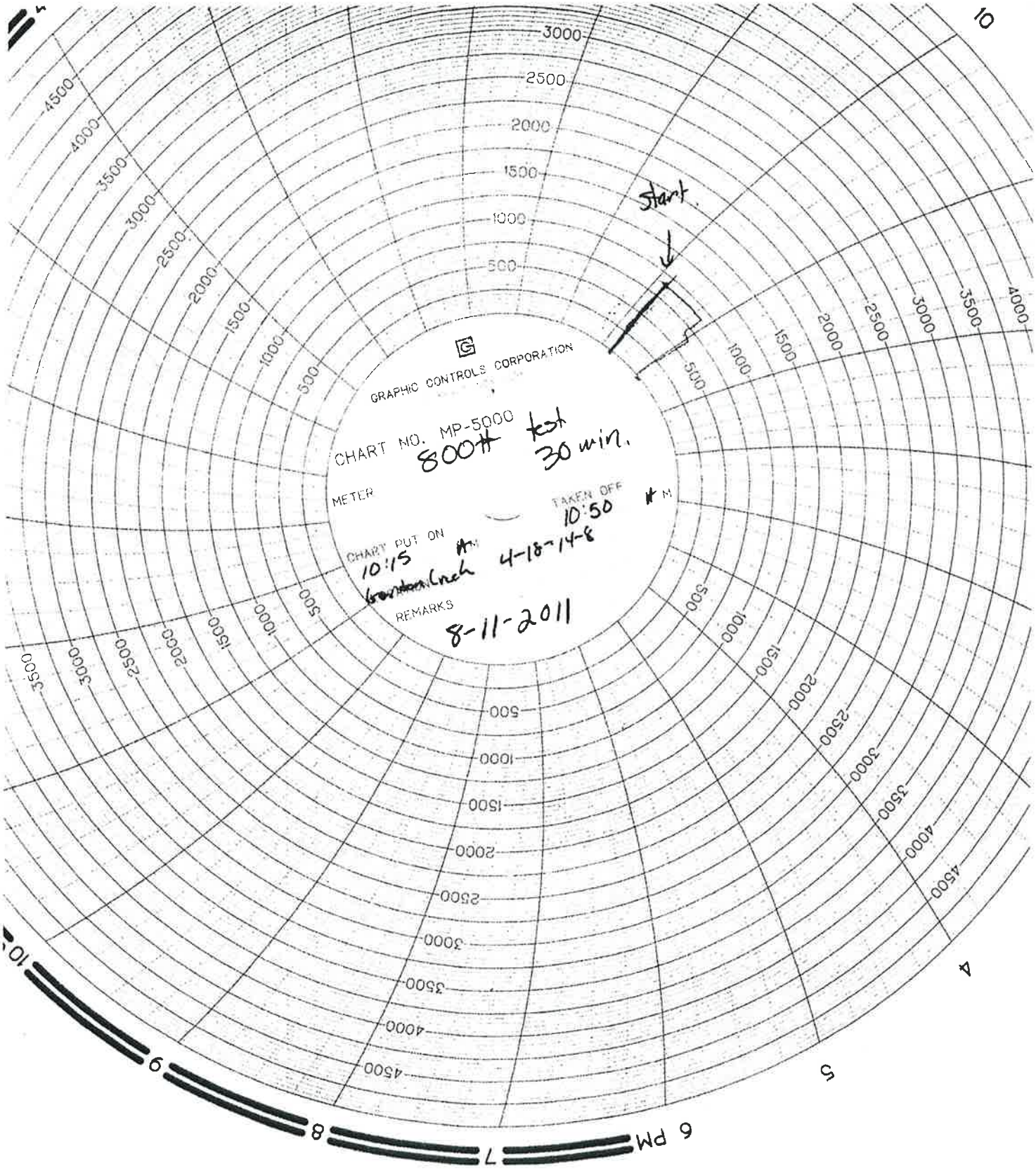
We sincerely regret that the "upkeep" of testing of these shut-in wells and the dissemination of our plans for these wells wasn't handled in a timely manner. I commit to you that we will ensure these omissions and errors aren't repeated in the future. Should you have any questions or require further information, please do not hesitate to contact me by telephone at (403) 453-1608 or by email at bbrumwell@thunderbirdenergy.com.

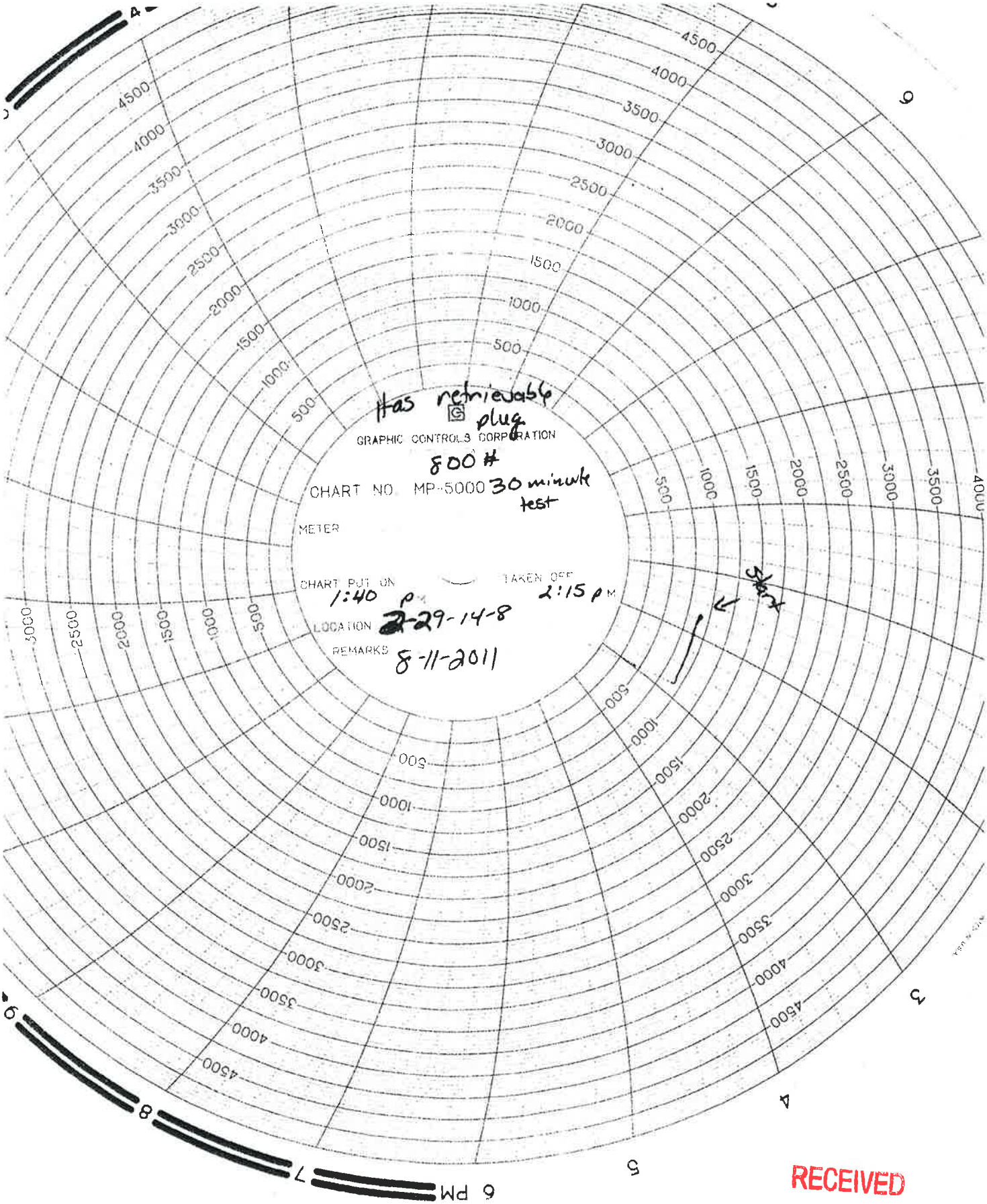
Best regards;

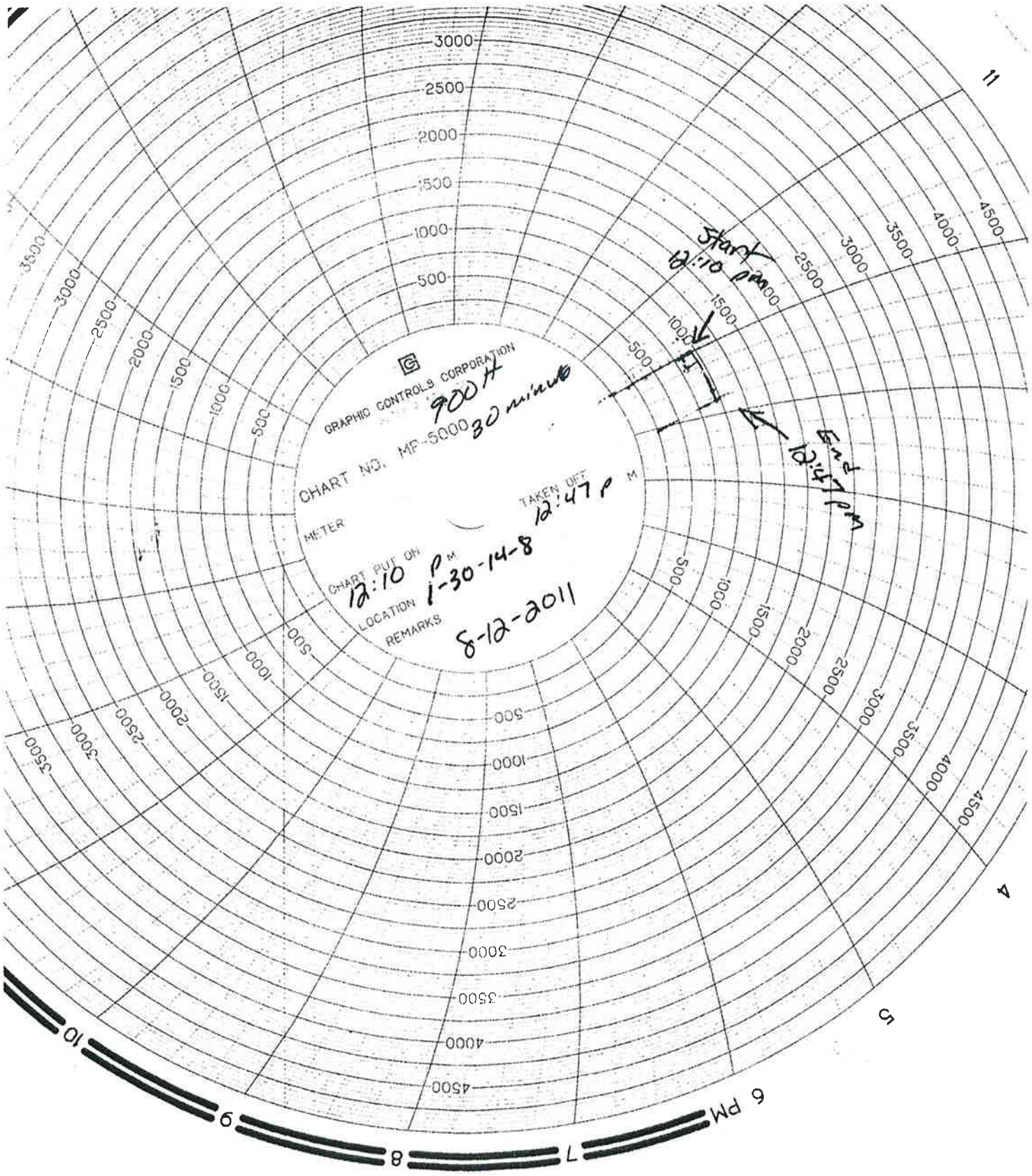
Barry Brumwell, C.E.T.
Vice President of Operations
Thunderbird Energy / Gordon Creek, LLC.

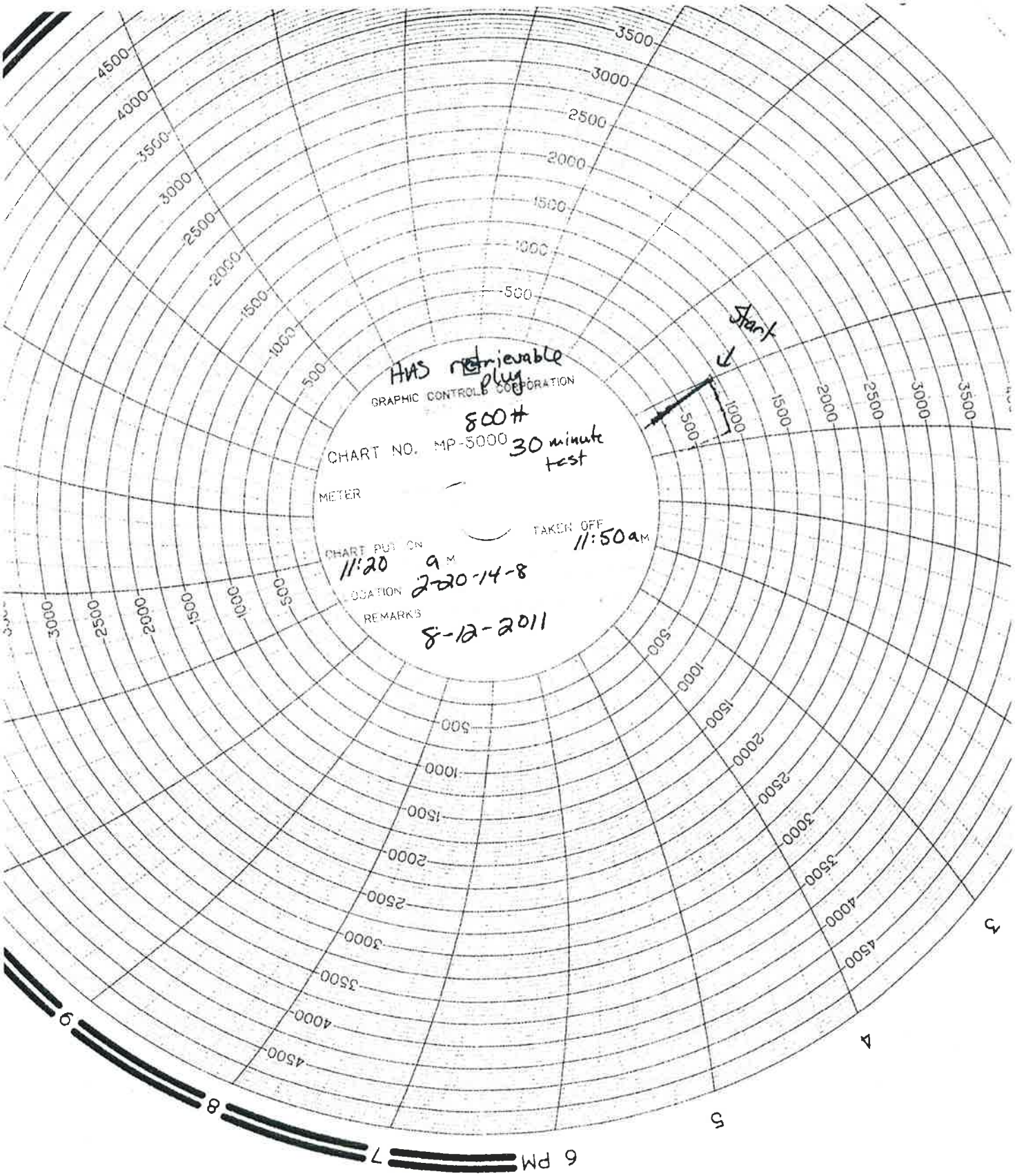
cc: SITLA – Jim Davis

RECEIVED
DEC 2 6 2012
DIV. OF OIL, GAS & MINING

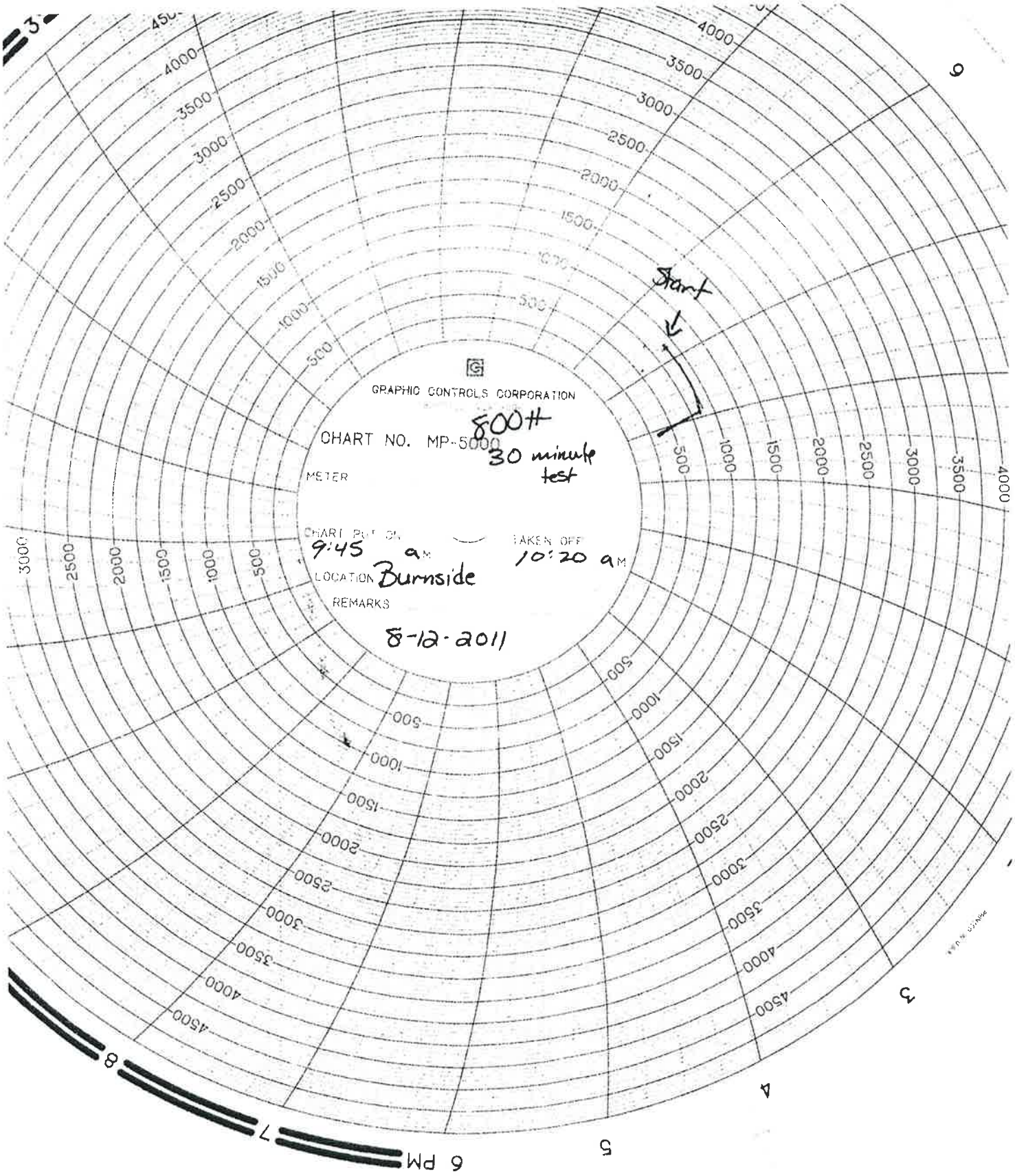








RECEIVED
DEC 26 2012
DIV. OF OIL, GAS & MINING



Burnside 29-14-8

Spud Date: 07/23/01
Put on Production:

GL: 7175' KB: 7186'

SURFACE CASING

CSG SIZE: 9-5/8"
GRADE: J-55
WEIGHT: 36#
LENGTH: 547'
DEPTH LANDED: 558' KB
HOLE SIZE:12-1/4"
CEMENT DATA: 350 sxs

INTERMEDIATE CASING

CSG SIZE: 7"
GRADE: J-55
WEIGHT: 20#
LENGTH: 2014'
DEPTH LANDED: 2025' KB
HOLE SIZE: 8 3/4"
CEMENT DATA: 225 sxs
CEMENT TOP AT: Surface

PRODUCTION CASING

CSG SIZE: 4-1/2"
GRADE: I-80
WEIGHT: 11.6#
LENGTH: 84 jts. (3522')
DEPTH LANDED: 3533' KB
HOLE SIZE: 6 1/4"
CEMENT DATA: 140 sxs 50/50 poz & 105 sxs Class G
CEMENT TOP AT: 1765' per CBL

TUBING

SIZE/GRADE/WT.: 2-3/8" / J-55 /4.7#
NO. OF JOINTS: 98 (3233')
SN: (1.10')
PACKER: None
EOT @ 3245' KB

SUCKER RODS

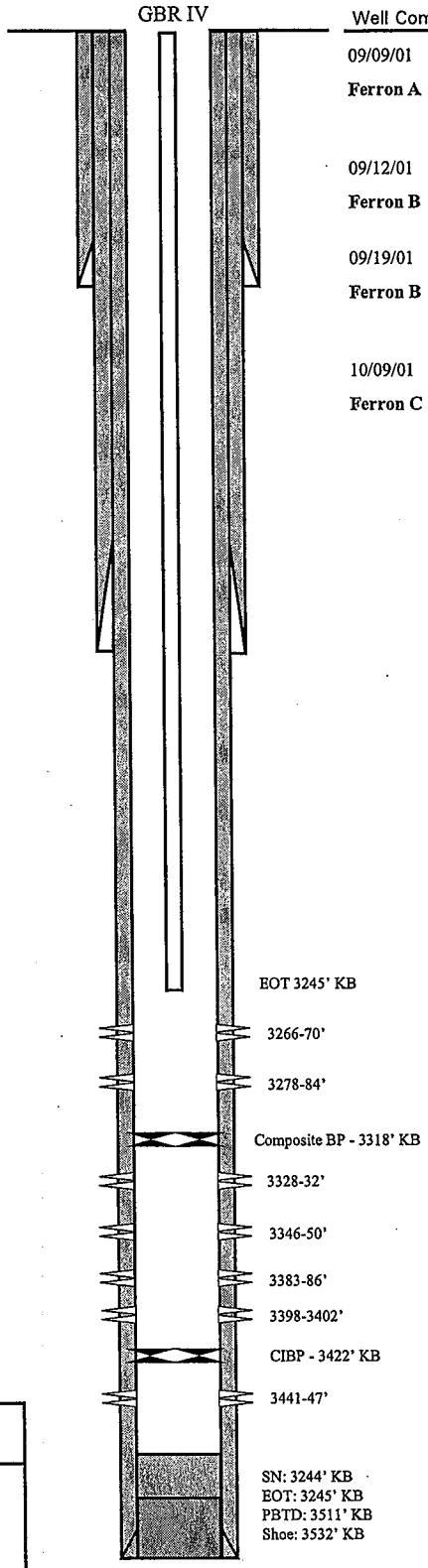
POLISHED ROD:
SUCKER RODS:
PUMP SIZE:
STROKE LENGTH:
PUMP SPEED:

Logs

LOGS: Open Hole DILs across Ferron C
Cased hole DIL/DN/GR?CAL

Wellbore Diagram

Updated 03/23/04



Initial Production:

Well Completion

09/09/01	3441-3447'	**Acidize as follows:**
Ferron A		500 gals 15% HCL. Breakdown 4.0 bpm 2266 psig, Flush 9.6 BPM 2150 psig ISIP-1766 psig
09/12/01	3328-3402'	**Acidize as follows:**
Ferron B		1084 gals. 15% HCL, Breakdown 4.5 bpm @2500-300 psig w/balls, ISIP - 1675 psig
09/19/01	3328'-3402'	**Frac as follows:**
Ferron B		61,700# 16-30 snd in 890 bbls cross linked borate gel, 2-5 ppg @ 60 BPM job screened out. 5 min SI - 2610 psig
10/09/01	3266-3284'	**Frac as follows:**
Ferron C		110,600# 16-30 snd in 810 bbls gelled water & 418 MCF N2 (30 Q Foam) @ 20BPM. ISIP 2360 psig.

PERFORATION RECORD

10/06/01	3266-70'	4 JSPF	16 holes
10/06/01	3278-84'	4 JSPF	24 holes
09/11/01	3328-32'	4 JSPF	16 holes
09/11/01	3346-50'	4 JSPF	16 holes
09/11/01	3383-86'	4 JSPF	12 holes
09/11/01	3398-3402'	4 JSPF	16 holes
09/09/01	3441-47'	4 JSPF	24 holes

Klabzuba Oil & Gas Co.

Burnside 29-14-8
556' FNL & 1955' FEL
NW/NE Section 29-T14S-R8E
Carbon Co, Utah
API #43-007-30725
State Of Utah Lease # - ML-46539
Federal Lease # - UTU-72358

BURNSIDE 29-14-8

CALCULATED RESERVOIR PRESSURE

SFC CSG VENT FLOW?	*JTS TO FLUID*	*AVG JT LENGTH*	*ANNULAR FLUID LEVEL*	*SICP*	*SITP*
(yes/no)	*(#)*	*(ft)*	*(ft)*	*(psi)*	*(psi)*
NO	41	32.5	1332.5	8	628

CALCULATED RESERVOIR PRESSURE (at top perf)

= SICP + WATER GRADIENT

= 8 psi + ((3,266' - 1332') X 0.052 X 8.3 #/gal)

= 842 psi

842 psi is a normal pressure for the Ferron formation in the area. It is therefore assumed that there are no leaks in the production casing annulus and no counter-flow to or from any other zone. The SITP of 628 psi simply means that the fluid level inside the tubing is at approximately 2,770' at present.

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 27, 2014

Via FedEx

Barry Brumwell
Vice President of Operations
Thunderbird Energy / Gordon Creek, LLC
#800, 555 – 4th Avenue S.W.
Calgary, Alberta, Canada T2P 3E7

Subject: Oil and Gas General Conservation Rule R649-3-36 - Shut-in and Temporarily Abandoned Wells

Dear Mr. Brumwell:

The Division of Oil, Gas and Mining (the "Division") issued Gordon Creek LLC c/o Thunderbird Energy (Gordon Creek) a Shut-in and Temporary Abandonment Notice of Violation (NOV), dated November 12, 2012, for the following seven (7) wells:

29 14S 8E

→ Burnside 29-14-8	API	43-007-30725	SI/TA approval - May 1, 2014
Gordon Creek ST 1-30-14-8	API	43-007-31235	SI/TA approval - Feb 1, 2014
Gordon Creek ST 4-18-14-8	API	43-007-30881	SI/TA approval - May 1, 2014
Gordon Creek ST 2-20-14-8	API	43-007-30883	Subsequent Sundry 2/15/2013 For Record Only
Gordon Creek ST 3-20-14-8	API	43-007-31233	SI/TA approval - May 1, 2014
Gordon Creek ST 2-29-14-8	API	43-007-31234	SI/TA approval - Feb 1, 2014
Gordon Creek ST 19-14-8(B)	API	43-007-30807	SI/TA approval - May 1, 2014

In response to the NOV, the Division and Gordon Creek held a December 2012 conference call. Gordon Creek stated they had capital for equipping the field with well-site separators, electrification, pumping equipment and pipelines. Gordon Creek also stated they had capital for drilling additional wells in the field and committed to meeting shut-in well requirements for the above subject wells. Gordon Creek submitted a letter dated December 18, 2012, stating that it conducted casing integrity tests on all of the subject wells between July and September of 2010. Similar tests were also conducted on five (5) of the subject wells in 2011. The integrity tests were submitted to the Division. In addition, Gordon Creek submitted a letter dated December 19, 2012, specifically outlining its 2013 field development plans to electrify parts of the field, recomplete the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 wells and drill 20 new additional wells. The Division later granted shut-in and temporary abandonment approvals for six (6) of the seven (7) wells listed above based on submitted sundries meeting shut-in extension requirements and the field plans described in the December 2012 letters with the understanding Gordon Creek would keep the Division updated on field development and any changes to the plans.

If any of the above proposed work was accomplished last year Gordon Creek did not keep the Division informed. We reviewed the Gordon Creek ST 4-18-14-18, Gordon Creek ST 3-20-14-8 and Gordon Creek ST 2-29-14-8 well files and did not find any notices of intent for recompletion or subsequent recompletion sundries for the wells. If work was done on the wells please submit sundries

immediately for the well files. Also, the above extended shut-in approvals required periodic pressure and fluid monitoring to ensure ongoing integrity of the wells. The periodic monitoring should have also been submitted to the Division on individual well sundries for Division review and well files. Shut-in extensions for two of the above wells expired February 1, 2014 and the other four expired May 1, 2014.

As of the date of this letter Gordon Creek currently have seventeen (17) shut-in wells, the above listed seven wells and the following ten (10) new wells:

Gordon Creek ST 1A-18-14-18	API	43-007-30892	Last Prod – June 2013
Gordon Creek NE-31-13-8	API	43-007-50243	Last Prod – May 2013
Gordon Creek NE-32-13-8	API	43-007-50245	Last Prod – March 2013
Gordon Creek SW-32-13-8	API	43-007-50246	Last Prod – June 2013
Gordon Creek NW-5-14-8	API	43-007-50248	Last Prod – July 2013
Gordon Creek ST SW-7-14-8	API	43-007-50242	Last Prod – May 2013
Gordon Creek ST SE-B-7-14-18	API	43-007-50255	Last Prod – April 2013
Gordon Creek NW-32-13-18	API	43-007-50244	Last Prod – Jan 2014
Gordon Creek NW-31-13-8	API	43-007-50250	OPS – Spud Feb 2012
Gordon Creek SE-32-13-8	API	43-007-50247	OPS – Spud Jan 2012

The operator is responsible to file, yearly, for extended shut-in or temporary abandonment for wells shut-in or temporarily abandoned for a period of twelve (12) consecutive months. Gordon Creek must file a Sundry Notice providing the following information for each of the above seventeen listed wells; reasons for shut-in or temporarily abandonment of the well, length of time the well is expected to be shut-in or temporarily abandoned and an explanation and supporting data showing the well has integrity (R649-3-36.1). After review the Division will either approve the continued shut-in or temporarily abandoned status or require remedial action (R649-3-36.2). After five (5) years of non-activity or non-productivity, the well shall be plugged in accordance with R649-3-24, unless approval for extended shut-in time is given by the Division upon a showing of good cause by the operator (R649-3-36.3). Please note, six (6) of the seventeen wells listed above have been shut-in over five (5) years.

Gordon Creek has until **June 30, 2014,** to submit sundries, for the subject wells, in accordance with **Oil and Gas Conservation General Rule 649-3-36 Shut-in and Temporarily Abandoned Wells.**

Should Gordon Creek not meet shut-in and temporarily abandoned well requirements, the Division is prepared to file a Notice of Agency Action (NAA) for Commencement of Informal Adjudicative Proceedings (R649-10-3) for this matter in accordance with Oil and Gas Conservation General Rule R649-10 Administrative Procedures.

If you have any questions or need further assistance, please feel free to contact me at clintondworshak@utah.gov or 801-538-5280 or Dustin Doucet, Petroleum Engineer, at dustindoucet@utah.gov or 801-538-5281.

Sincerely,

Clinton L Dworshak

Clinton Dworshak
Oil and Gas Compliance Manager

CLD/js
cc: John Rogers, Oil & Gas Associate Director
Dustin Doucet, Petroleum Engineer
Well Files
Compliance File

BEATTY & WOZNIAK, P.C.

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December 24, 2014

Clinton Dworshak
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

Dear Clint:

The purpose of this letter is to place in writing the agreement between Gordon Creek Energy, Inc. ("Gordon Creek") and the Utah Division of Oil, Gas and Mining (the "Division"), in order to satisfy the requirements of the August 4, 2014 Division Bonding Order (the "Order") issued by the Division.

At a meeting between Gordon Creek and the Division at the offices of the Division on Wednesday October 29, 2014, the Division and Gordon Creek discussed the various issues associated with Gordon Creek's operations in Utah and the impact the Order has on those operations. As a result of those discussions, it is understood by the Division that Gordon Creek is in the process of obtaining both short term and long term financing to enhance its operations in the State of Utah and that securing this financing is essential for Gordon Creek to acquire the necessary bonding for its wells in the State of Utah. It is anticipated that Gordon Creek will obtain some of this financing in early December 2014. Based on the receipt of those funds, Gordon Creek and the Division agreed to the following terms and conditions to withhold enforcement of the Order:

1. The funds obtained in December of 2014 will be used to re-work Gordon Creeks existing shut-in wells and improve the existing infrastructure of Gordon Creeks operations in the State of Utah. It is anticipated that all re-working activities will be completed by the end of December 2014 for the following wells:

API No.	Well Name
43-007-30881	Gordon Creek 4-18-14-8
43-007-30892	Gordon Creek 1A-18-14-8
43-007-50242	Gordon Creek SW 7-14-8

43-007-50243	Gordon Creek NE 31-13-8
43-007-50244	Gordon Creek NW 32-13-8
43-007-50245	Gordon Creek NE 32-13-8
43-007-50246	Gordon Creek SW 32-13-8
43-007-50248	Gordon Creek NW 5-14-8
43-007-50249	Gordon Creek NE 5-14-8
43-007-50255	Gordon Creek SE B 7-14-8

2. Given the winter closure requirements of the Utah Division of Wildlife Resources, from December 1, 2014 until April 15, 2015, and the amount of surface disturbance required to rework the wells, all re-working activities will be completed by June 30, 2015 for the following wells:

API No.	Well Name
43-007-30725	Burnside 29-14-8
43-007-30807	Gordon Creek ST 19-14-8(B)
43-007-30883	Gordon Creek ST 2-20-14-8
43-007-31233	Gordon Creek ST 3-20-14-8
43-007-31234	Gordon Creek ST 2-29-14-8

3. Gordon Creek will provide Sundry Notices to the Division on the progress of these well and infrastructure activities as required by the Well Workover and Recompletions rule, Utah Admin. Code R649-3-23.

4. The Division will not require Gordon Creek to provide bonding for all of its well locations at once, but will allow it to acquire the necessary depth bonding as described in R649-3-1(5.3) to cover the equivalent of four wells at a time at the rate of $30,000.00 per well.

5. The existing $120,000.00 blanket bond and the future bonding or surety, provided by Gordon Creek, as outlined in Paragraph 7 below, will cover all of the wells listed on Schedule A of the Order as two separate blanket bonds. In the event it becomes necessary to use proceeds from the blanket bonds, the Division will apply the proceeds to any one or more of the wells listed on Schedule A at its discretion. As such, if the plugging of a well, or group of a wells, cost less than the estimated $30,000.00 as outlined in R649-3-1(5.3), the Division can use the remaining amount to plug and/or reclaim any of the other wells and well sites on Schedule A.

6. The first payment of $120,000.00 covering the equivalent of four wells will be due and payable by February 27, 2015.

7. Gordon Creek will make additional $120,000.00 payments every three months until all of the existing shut-in wells listed on Schedule A of the Order are fully covered. These additional payments will be due on or before May 29, 2015, August 31, 2015, and November 30, 2015, with a final payment covering any outstanding amounts by February 27, 2016.

8. In the event Gordon Creek obtains additional long term financing prior to February 27, 2016, it will pay any remaining amount owed to have depth bonding on all of its wells in the State of Utah within 30 days of the closing date of the additional financing.

9. The Division will conduct a surface inspection of the wells listed as "Location Abandoned" on Schedule A of the Order to determine if any reclamation work is needed. In the event no reclamation work is needed, the $1,500.00 bond requirements listed for those lands will be removed from the total amount owed by Gordon Creek.

10. When Gordon Creek has satisfied the requirements for a blanket bond under R649-3-1 (6), the Division will release all additional bonding required by the Order upon the request of Gordon Creek.

If I have accurately stated our agreement and understanding, please sign below and return to me at your earliest opportunity.

Respectfully,

Brian A. Taylor

Brian A. Taylor
Attorney for Gordon Creek Energy

Gordon Creek Energy, Inc.

Rupert Evans
President

The above correctly sets forth our agreement and understanding

Utah Division of Oil, Gas and Mining

Date: 12/30/14

Clinton L Dworshak
By: Clinton Dworshak
Compliance Manager

BAT: dc
5056.0002
334073
cc: John Rogers, Associate Director
Dustin Doucet, Petroleum Engineer
Douglas J. Crapo, Assistant Attorney General
John Robinson Jr., Assistant Attorney General