

September 1, 2006

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

RECEIVED
SEP 08 2006
DIV. OF OIL, GAS & MINING

RE: Application for Permit to Drill—Fellows Energy, LTD
Gordon Creek, State 1-7-14-8 2,109' FNL, 574' FEL, SE/4 NE/4
Section 7, T14S, R8E, SLB&M, Carbon County, Utah

Dear Mrs. Whitney:

On behalf of Fellows Energy, LTD (Fellows), Buys & Associates, Inc. respectfully submits the enclosed original and one copy of the Application for Permit to Drill (APD) for the above referenced State administered vertical well. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats, layouts and cross-sections of the proposed well site;

Exhibit "B" - Proposed location maps with access and utility corridors;

Exhibit "C" - Drilling Plan;

Exhibit "D" - Surface Use Plan;

Exhibit "E" - Typical BOP and Choke Manifold diagram.

Please accept this letter as Fellows 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 Steven Prince of Fellows at 435-636-4492 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton
Agent for Fellows

cc: Steven Prince, Fellows

ORIGINAL
CONFIDENTIAL

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: ML- 46537	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Fellows Energy, LTD		9. WELL NAME and NUMBER: Gordon Creek, State 1-7-14-8	
3. ADDRESS OF OPERATOR: 807 N Pinewood Circle CITY Price STATE UT ZIP 84501		PHONE NUMBER: (435) 636-4492	10. FIELD AND POOL, OR WILDCAT: Gordon Creek <i>Undesignated</i>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2,109' FNL, 574' FEL <i>494650 X 39.624124</i> AT PROPOSED PRODUCING ZONE: Same <i>4385833Y -111.062269</i>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 7 14 8 S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 13.57 miles northwest of Price, Utah		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 574'	16. NUMBER OF ACRES IN LEASE: 1,679.36	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1,900'	19. PROPOSED DEPTH: 4,000	20. BOND DESCRIPTION: Blanket B32644629	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7251' GR	22. APPROXIMATE DATE WORK WILL START: 10/1/2006	23. ESTIMATED DURATION: 6 months	

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4"	8-5/8" J-55 ST 24 #	2,000	Class G	<i>825</i> 300 sacks	1.15 cu.ft/sk	15.8 ppg <i>OK</i>
7-7/8"	5-1/2" J-55 ST 15.5 #	4,000	50/50 Poz	230 sacks	2.08 cu.ft/sk	12.5 ppg
			10-1 RFC	395 sacks	1.61 cu.ft/sk	14.2 ppg

25. ATTACHMENTS

ORIGINAL

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | | |
|--|--|---------------------|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN | CONFIDENTIAL |
| <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER | |

NAME (PLEASE PRINT) Don Hamilton TITLE Agent for Fellows Energy, LTD
SIGNATURE Don Hamilton DATE 9/1/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31231

Approved by the
Utah Division of
Oil, Gas and Mining
APPROVAL

RECEIVED
SEP 08 2006

DIV. OF OIL, GAS & MINING

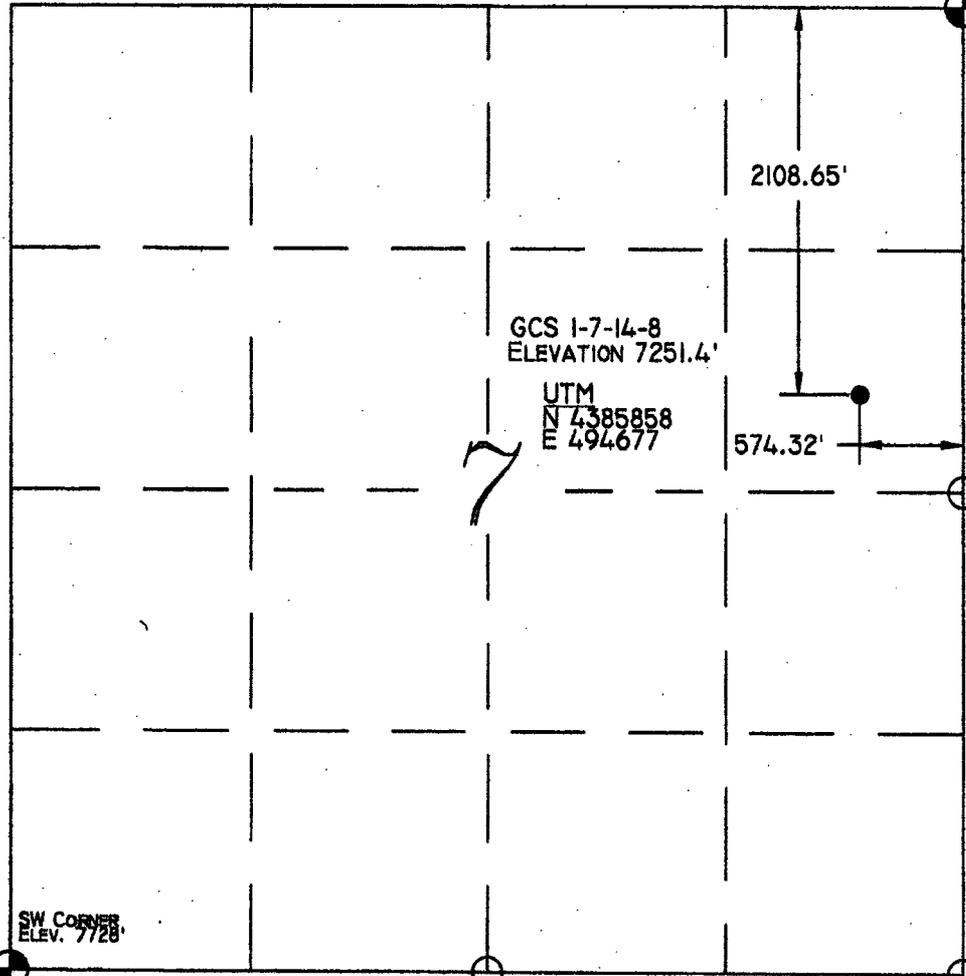
(11/2001)

Date: 9/1/2006
(See Instructions on Reverse Side)
By: [Signature]

Range 8 East

(EAST - 5261.52')

TOWNSHIP 14 SOUTH



2108.65'

574.32'

GCS 1-7-14-8
ELEVATION 7251.4'

UTM
N 4385858
E 494677

SW CORNER
ELEV. 7728'

(N89°49'E - 5253.60')

Legend

- Drill Hole Location
- Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- GLO

GPS Measured

NOTES:

1. UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 27 DATUM.

LAT / LONG
39°37'28"N
111°03'43"W

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

BASIS OF ELEVATION OF 7728' BEING AT THE SOUTHWEST SECTION CORNER OF SECTION 7, 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 SE1/4 NE1/4 OF SECTION 7, T14S, R8E, S.L.B.&M., BEING 2108.65' SOUTH AND 574.32' WEST FROM THE NORTHEAST CORNER OF SECTION 7, 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.



GRAPHIC SCALE

0 500' 1000'

(IN FEET)

1 inch = 1000 ft.



Talon Resources, Inc.

195 N. 100 W., P.O. Box 1230
Huntington, Utah 84528
Ph: 435-687-5310
Fax: 435-687-5311

KLABZUBA OIL & GAS

GCS 1-7-14-8

Section 7, 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:

01/30/03

Scale:

1" = 1000'

Sheet 1 of 1

Job No.
874

EXHIBIT "D"
Drilling Program

Attached to UDOGM Form 3
Fellows Energy, LTD
Gordon Creek, State 1-7-14-8
SE/4 NE/4, Sec. 7, T14S, R8E, SLB & M
2,109' FNL, 574' 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	<u>MD</u> 3,325'
-------------------------	---------------------

3. Projected Gas & Water Zones

Mancos Gas Zone:	2,100' – 2,875'
Ferron Sands:	3,420' – 3,740'

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

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	2000'	8-5/8"	24# J-55 ST&C	New
7-7/8"	2000' - TD ($\pm 4000'$)	5-1/2"	15.50# J-55 ST&C	New

Cement Program -

Surface Casing: ~~250~~ 300 sacks G + 2 % CaCl₂ + 0.25 pps cellophane flakes; DKD

Weight: 15.8 #/gal
Yield: 1.15 cu.ft/sk
Excess: 125%

Production Casing: 230 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%

395 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.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 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

0-2000	12-1/4" hole	Drill with air, will mud-up if necessary.
2000-TD	7-7/8" hole	Drill with air, will mud-up if necessary. 500 psi @ 1500-2300 Scf.

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

2000-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 1000 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.: October 2006.

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
Fellows Energy, LTD
Gordon Creek, State 1-7-14-8
SE/4 NE/4, Sec. 7, T14S, R8E, SLB & M
2,109' FNL, 574' 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 to utilize and encroach has previously been received. An existing approach will be utilized that presently accesses the Gordon Creek, State 1A-18-14-8 (see Exhibit "B").
- b. The proposed access road will utilize the existing access road for the Gordon Creek, State 1A-18-14-8 well site in its entirety.
- c. 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.

2. Planned Access

- a. Approximately 0.41 miles of new access will be required (see Exhibit "B").
- b. Maximum Width: 20' travel surface with a 27' base.
- c. Maximum grade: 13%.
- d. Turnouts: None.
- e. Drainage design: approximately 3 – 18" culverts may be required. Water will be diverted away from the planned access as necessary and practical.
- f. If the well is productive, the road will be surfaced and maintained as necessary to prevent soil erosion and accommodate year-round traffic.

3. Location of Existing Wells

- a. There are two proposed wells and two existing wells within a one mile radius of the proposed well site (see Exhibit "B").

4. Location of Existing and/or Proposed Facilities

- a. If the well is a producer, installation of production facilities will follow.
- b. Buried powerlines and gathering lines will follow the proposed access road to the proposed Gordon Creek, State 4-7-14-8 then follow the existing road east and connect to the existing Pipeline Corridor (see Exhibit "B").
- c. 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 and completion activities will be obtained from the existing water well near the Gordon Creek Unit #1 (Provisional Well Number 02-91-002P00) or obtained through a direct purchase from Price River Water Improvement District, a local, municipal source of culinary water.
- b. Water is obtained from the well will be properly permitted with the Utah State Division of Water Rights and a copy of the permit and pertinent information supplied to the Utah Division of Oil, Gas and Mining.
- c. Water will be transported by truck over approved access roads.
- d. No new water well is to be drilled for this location.

6. Source of Construction Materials

- a. All necessary construction materials needed will be obtained locally 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. Since the well will 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 not be lined unless conditions encountered during construction warrant it or if deemed necessary by the DOGM representative during the pre-site inspection. 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 operation 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 pad location.
- c. In the event fluids are produced, any oil will be retained in tankage 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 of trailers to be located on the drill site.

9. Wellsite Layout

- a. Available topsoil will be removed from the location and stockpiled. The location of mud tanks, reserve and bermed pits, and soil stockpiles will be located as shown on Exhibit "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 flare pit. The flare 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 recontoured to minimize possible erosion.
- 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 the existing conditions.
- e. Rehabilitation will commence following completion of the well. Holes will be filled immediately upon release of the drilling rig from the location. If the wellsite is to be abandoned, all disturbed areas will be recontoured.

11. Surface Ownership

- a. The wellsite will be constructed on lands owned by the School and Institutional Trust Lands Administration, 675 East 500 South, SLC, Utah 84102-2818; 801-538-5100. 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. The nearest dwelling is approximately 8.53 miles southeast. Nearest live water is Summerhouse Spring approximately 1,900' northeast.
- 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 backslope and foreslope 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 at the well site during construction and drilling operations.
- f. There will be no deviation from the proposed construction, drilling, and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

Steven Prince
Fellows Energy
807 North Pinewood Circle,
Price, Utah 84501
1-435-636-4492

Agent

Don Hamilton
Buys & Associates, Inc.
2580 Creekview Road
Moab, Utah 84532
435-719-2018

Mail Approved A.P.D. To:

Agent

14. **Certification**

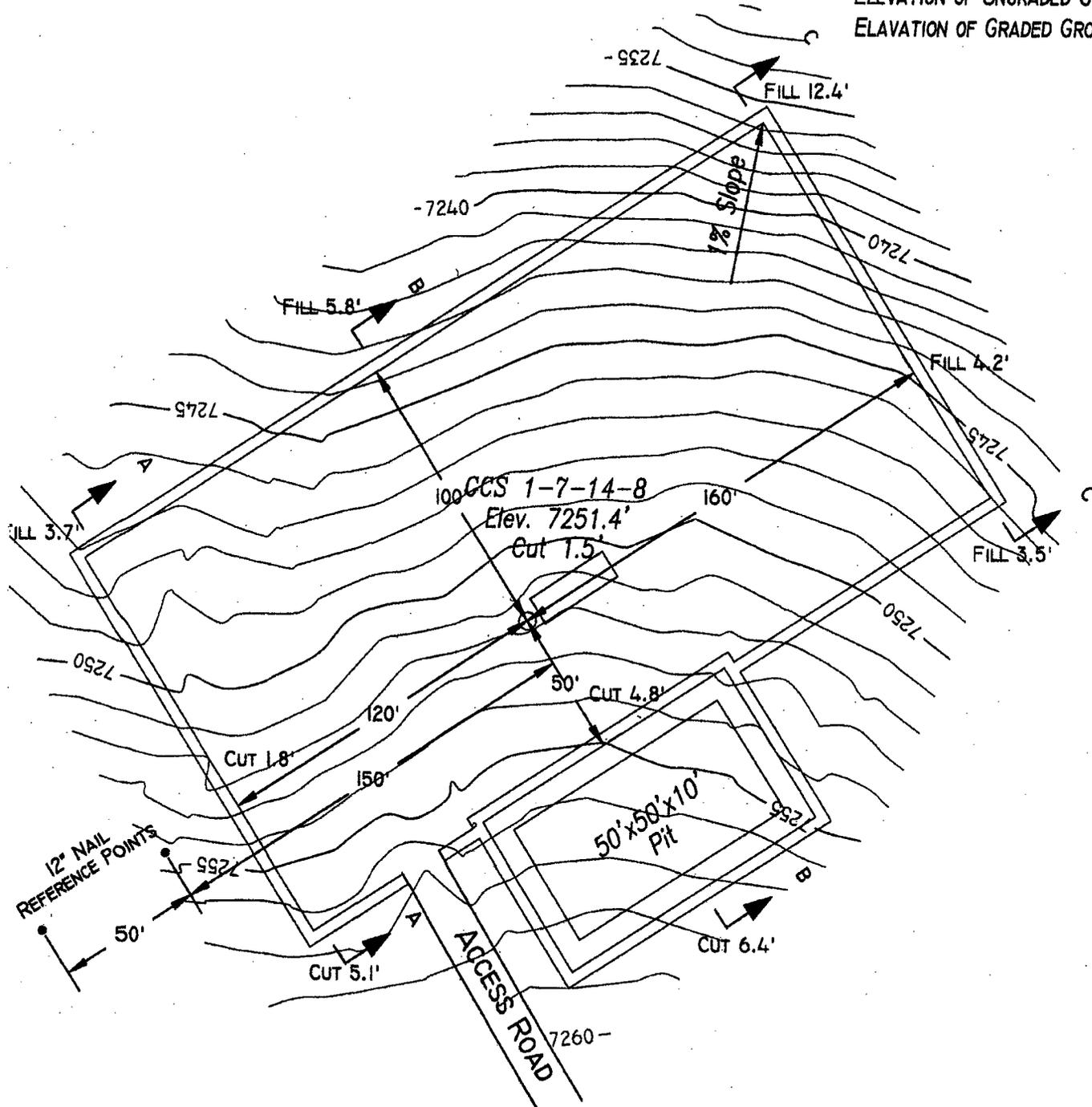
I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated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

9-1-06
Date

Don Hamilton
Don Hamilton
Agent for Fellows Energy, LTD

ORIGINAL

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7251.4
 ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7249.9'

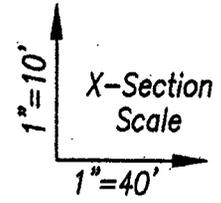
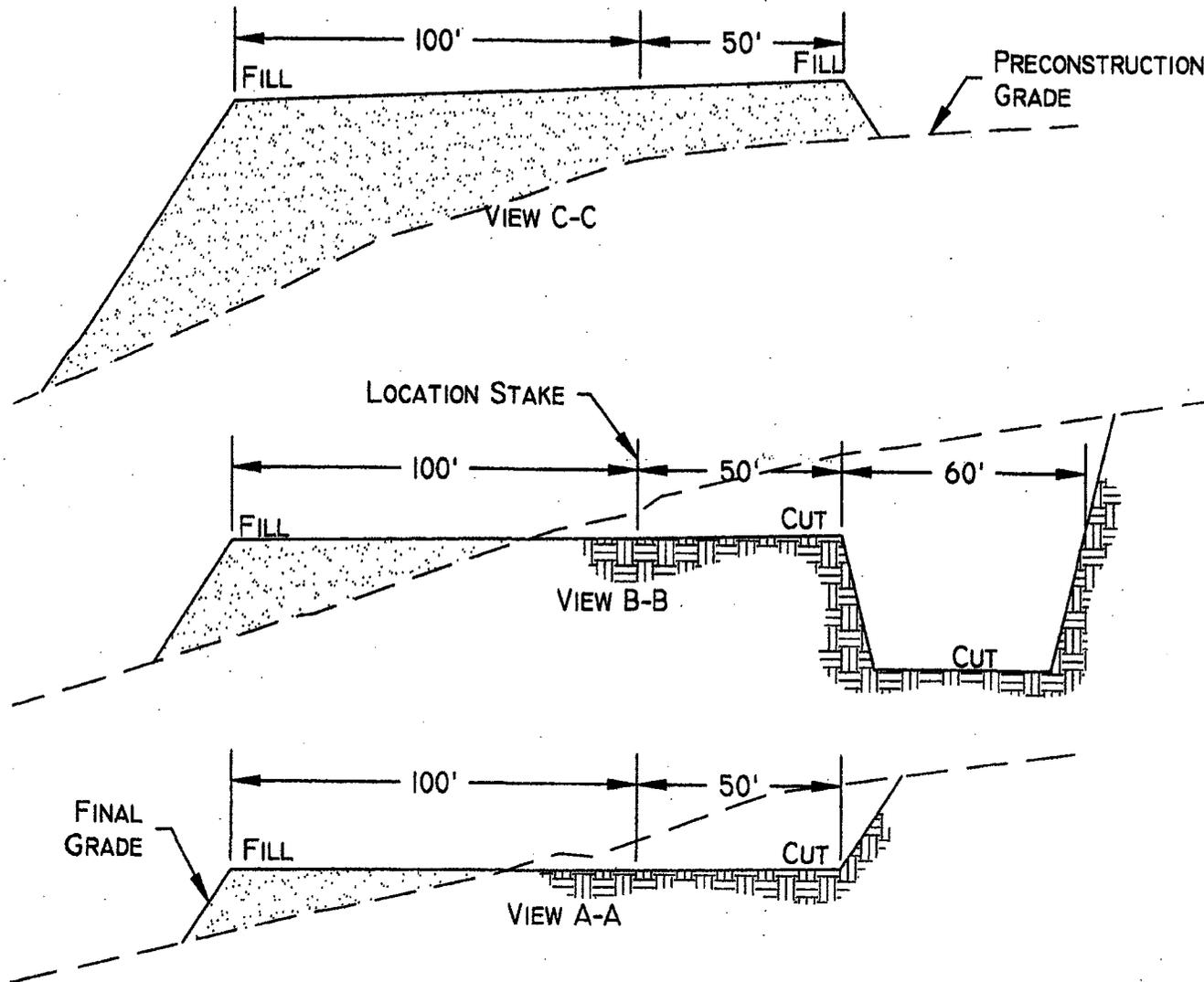




TALON RESOURCES, INC.
 196 North 100 West P.O. Box 1230
 Huntington, Utah 84328
 Phone (435)687-5310 Fax (435)687-5311
 E-Mail talon@tv.net

KLABZUBA OIL & GAS
LOCATION LAYOUT
 Section 7, T14S, R8E, S.L.B.&M.
 GCS 1-7-14-8

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 01/30/03
Sheet 2 of 4	Scale: 1" = 50'
Job No. 874	



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



TALON RESOURCES, INC

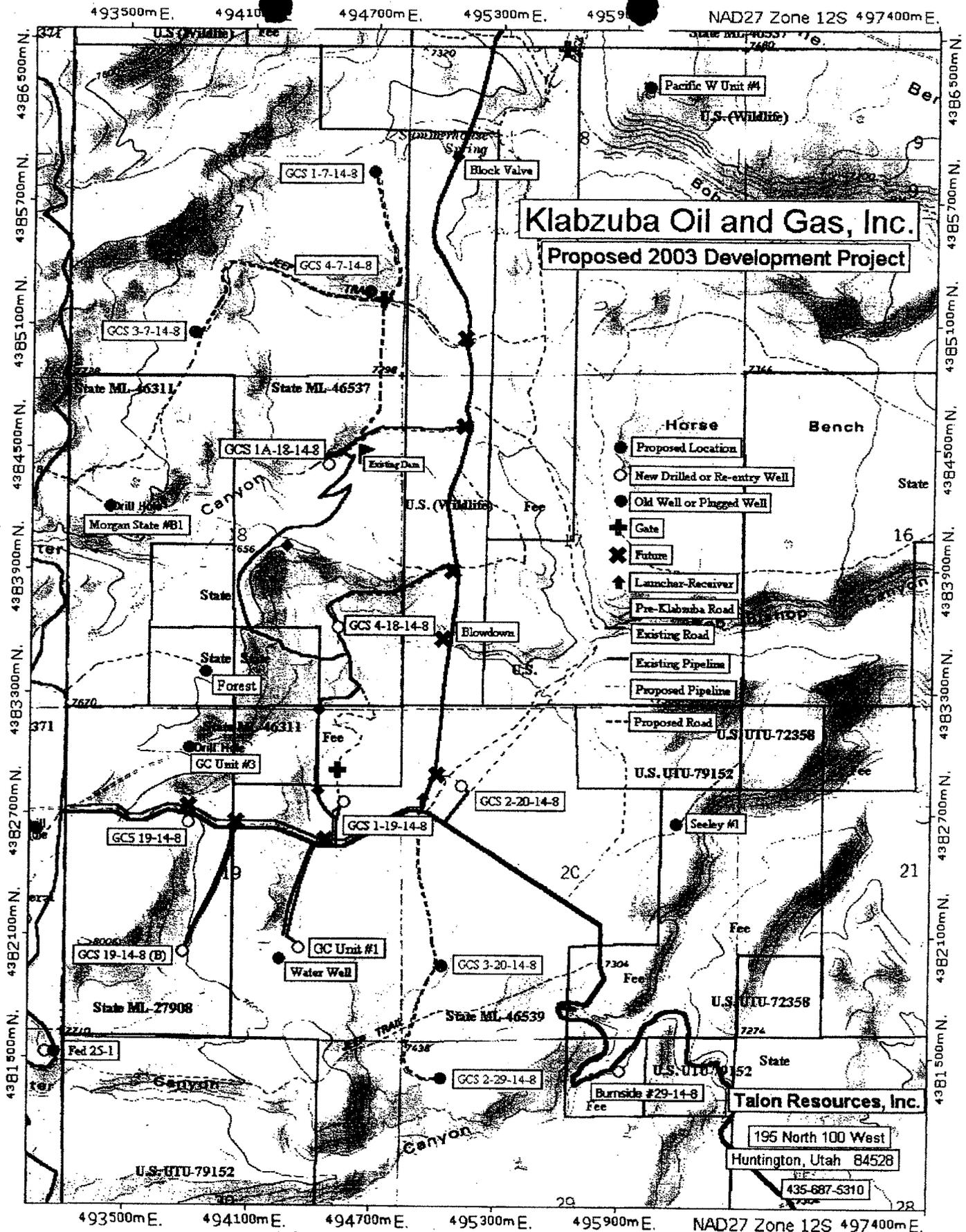
195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435)687-6310 Fax (435)687-6311
 E-Mail talonres@net

KLABZUBA OIL & GAS
 TYPICAL CROSS SECTION
 Section 7, T14S, R8E, S.L.B.&M.
 GCS 1-7-14-8

Drawn By J. STANSFIELD	Checked By L.W.J.
Drawing No. C-1	Date 01/31/03
	Scale 1" = 40'
Sheet 3 of 4	Job No. 874

APPROXIMATE YARDAGES

JT
 6") TOPSOIL STRIPPING = 750 CU. YDS.
 REMAINING LOCATION = 1,525 CU, YDS.
 TOTAL CUT = 4,400 CU. YDS.
 TOTAL FILL = 4,310 CU. YDS.



Klabzuba Oil and Gas, Inc.
Proposed 2003 Development Project

- Legend**
- Proposed Location
 - New Drilled or Re-entry Well
 - Old Well or Plugged Well
 - ⊕ Gate
 - ⊗ Future
 - ↑ Launcher-Receiver
 - ▬ Pre-Klabzuba Road
 - ▬ Existing Road
 - ▬ Existing Pipeline
 - ▬ Proposed Pipeline
 - ▬ Proposed Road

Talon Resources, Inc.
 195 North 100 West
 Huntington, Utah 84528
 435-687-5310

TN
 13°

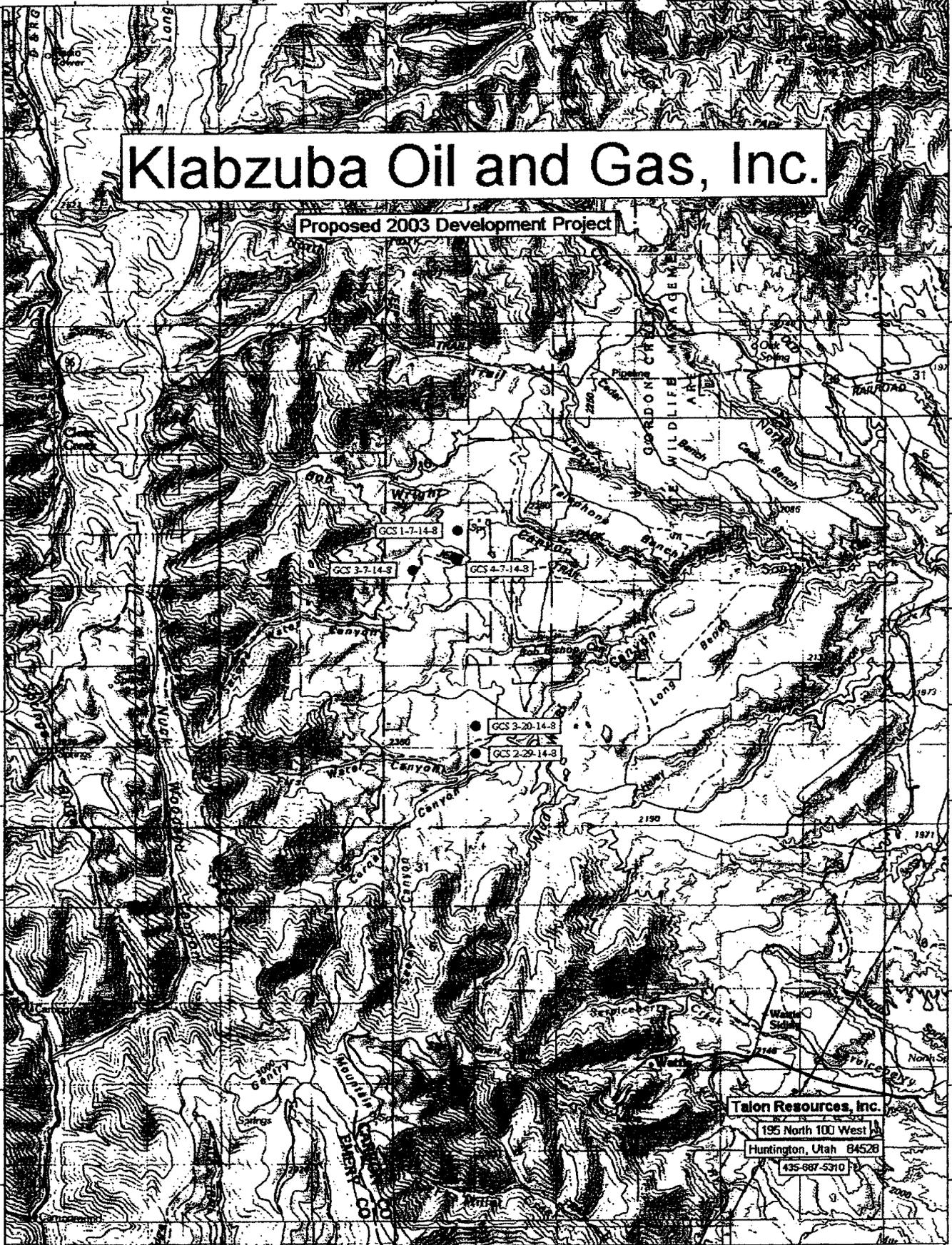
0 1000 FEET 0 500 1000 METERS
 Printed from TOPO! ©2000 National Geographic Holdings (www.topo.com)

487300mE. 489100mE. 490900mE. 492700mE. 494500mE. 496300mE. 498100mE. 499900mE. NAD27 Zone 12S 504200mN.

4996300mN. 4993700mN. 4991100mN. 4988500mN. 4985900mN. 4983300mN. 4980700mN. 4978100mN. 4975500mN. 4972900mN. 4970300mN. 4967700mN. 4965100mN. 4962500mN. 4959900mN. 4957300mN. 4954700mN. 4952100mN. 4949500mN. 4946900mN. 4944300mN. 4941700mN. 4939100mN. 4936500mN. 4933900mN. 4931300mN. 4928700mN. 4926100mN. 4923500mN. 4920900mN. 4918300mN. 4915700mN. 4913100mN. 4910500mN. 4907900mN. 4905300mN. 4902700mN. 4900100mN. 4897500mN. 4894900mN. 4892300mN. 4889700mN. 4887100mN. 4884500mN. 4881900mN. 4879300mN. 4876700mN. 4874100mN. 4871500mN. 4868900mN. 4866300mN. 4863700mN. 4861100mN. 4858500mN. 4855900mN. 4853300mN. 4850700mN. 4848100mN. 4845500mN. 4842900mN. 4840300mN. 4837700mN. 4835100mN. 4832500mN. 4829900mN. 4827300mN. 4824700mN. 4822100mN. 4819500mN. 4816900mN. 4814300mN. 4811700mN. 4809100mN. 4806500mN. 4803900mN. 4801300mN. 4798700mN. 4796100mN. 4793500mN. 4790900mN. 4788300mN. 4785700mN. 4783100mN. 4780500mN. 4777900mN. 4775300mN. 4772700mN. 4770100mN. 4767500mN. 4764900mN. 4762300mN. 4759700mN. 4757100mN. 4754500mN. 4751900mN. 4749300mN. 4746700mN. 4744100mN. 4741500mN. 4738900mN. 4736300mN. 4733700mN. 4731100mN. 4728500mN. 4725900mN. 4723300mN. 4720700mN. 4718100mN. 4715500mN. 4712900mN. 4710300mN. 4707700mN. 4705100mN. 4702500mN. 4700000mN.

Klabzuba Oil and Gas, Inc.

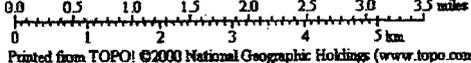
Proposed 2003 Development Project



Talon Resources, Inc.
 195 North 100 West
 Huntington, Utah 84520
 435-687-5310

487000mE. 488800mE. 490600mE. 492400mE. 494200mE. 496000mE. 497800mE. 499600mE. NAD27 Zone 12S 504200mN.

IN 13° MN



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BOP Equipment

3000psi WP

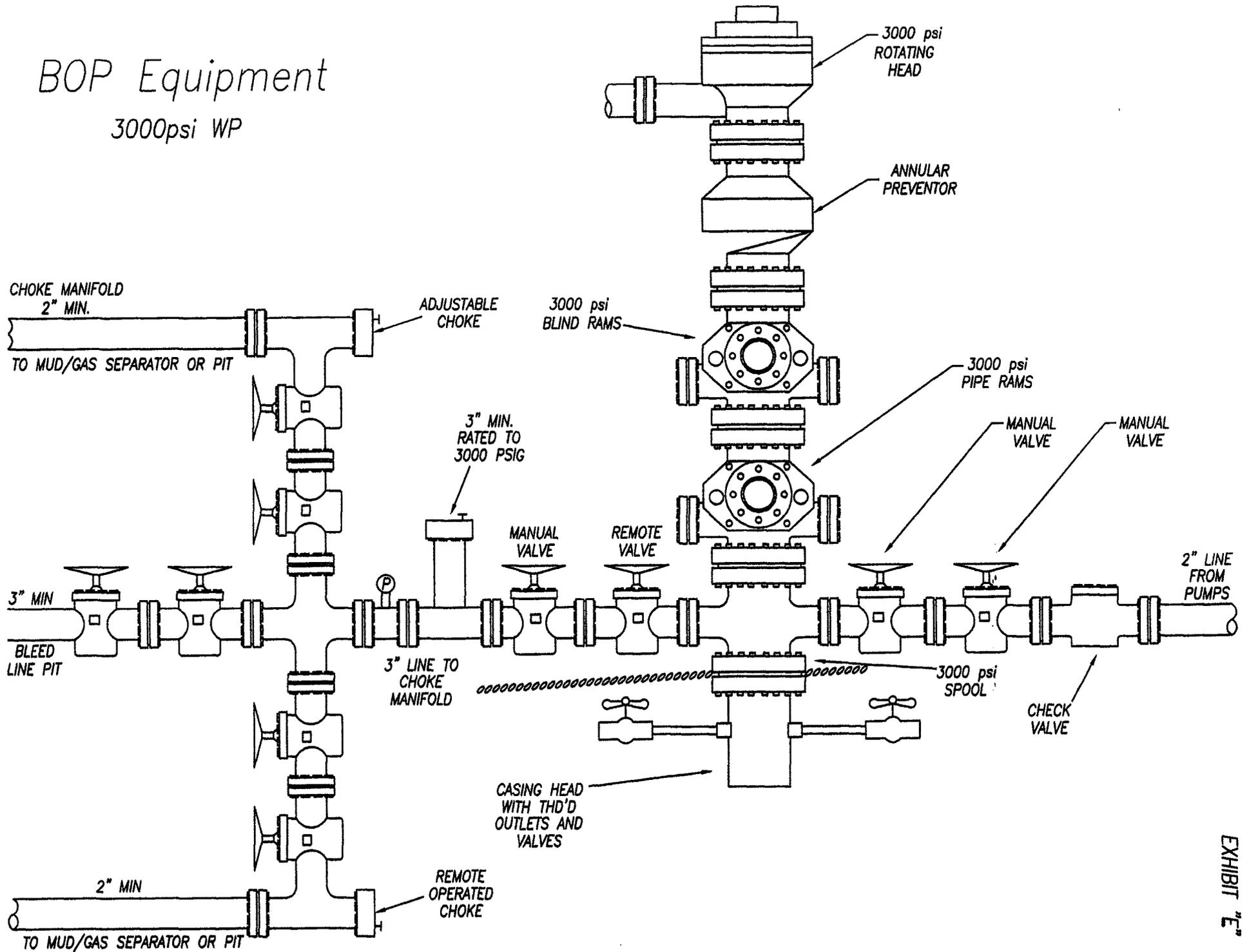


EXHIBIT "E"

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/08/2006

API NO. ASSIGNED: 43-007-31231

WELL NAME: GORDON CREEK ST 1-7-14-8
 OPERATOR: FELLOWS ENERGY LTD (N2560)
 CONTACT: DON HAMILTON

PHONE NUMBER: 435-636-4492

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DHD	4/18/07
Geology		
Surface		

SENE 07 140S 080E
 SURFACE: 2109 FNL 0574 FEL
 BOTTOM: 2109 FNL 0574 FEL
 COUNTY: CARBON
 LATITUDE: 39.62412 LONGITUDE: -111.0623
 UTM SURF EASTINGS: 494656 NORTHINGS: 4385833
 FIELD NAME: UNDESIGNATED (2)

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-46537
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: FRSD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

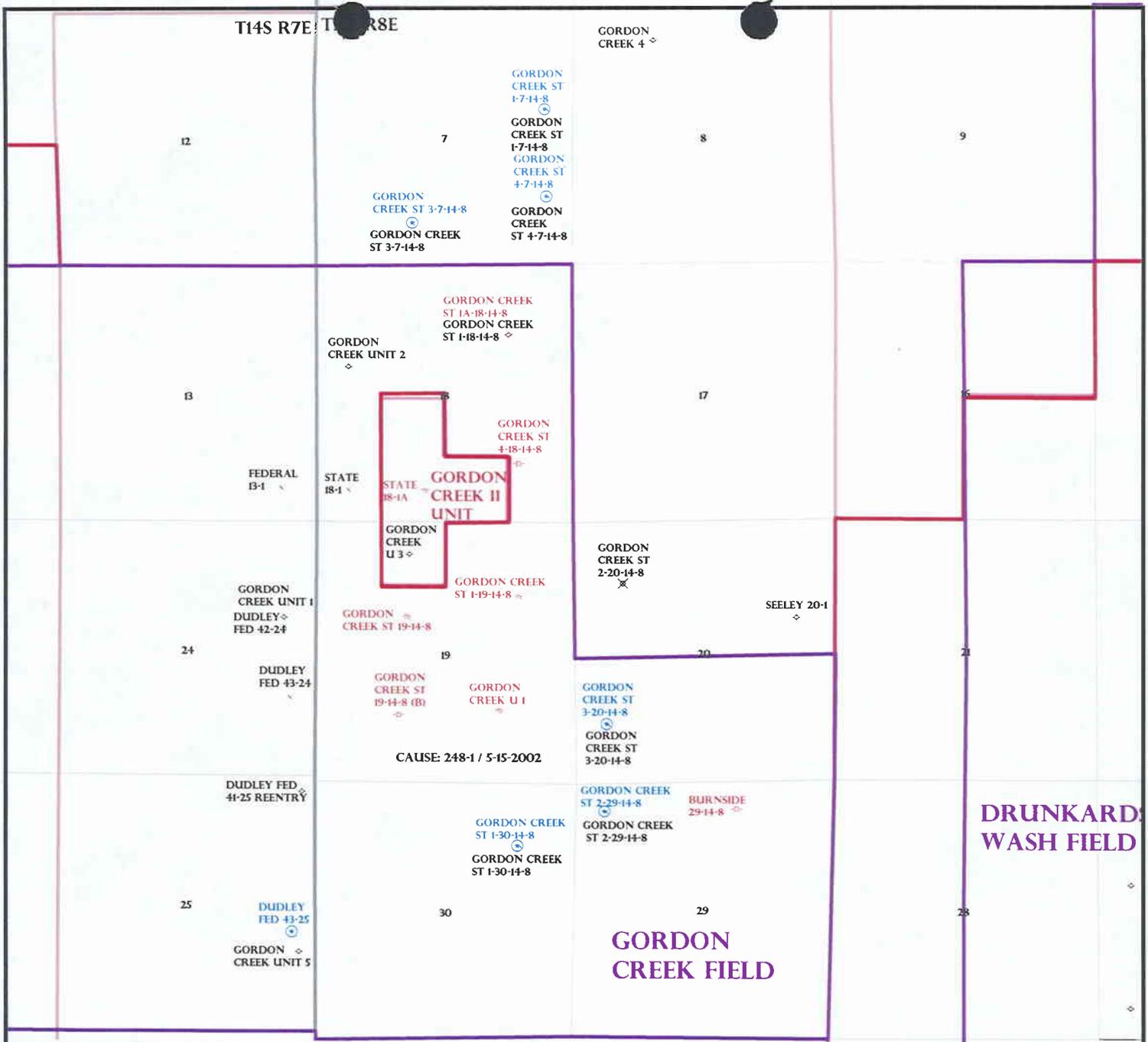
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0009012)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. MUNICIPAL)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: _____
- R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 248-1
Eff Date: 5-15-02
Siting: 460' fr water u being 920' fr other wells
- R649-3-11. Directional Drill

COMMENTS: Needs Permits (10-12-06)

STIPULATIONS: 1- STATEMENT OF BASIS
2- Surface Csg Cont Stop



OPERATOR: FELLOWS ENERGY LTD (N2560)

SEC: 7 T.14S R. 8E

FIELD: UNDESIGNATED (002)

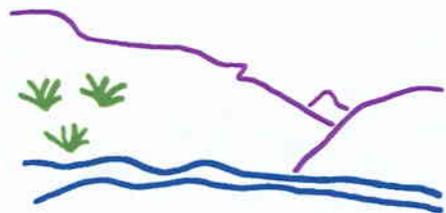
COUNTY: CARBON

CAUSE: 248-1 / 5-15-2002

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- * GAS INJECTION
 - * GAS STORAGE
 - x LOCATION ABANDONED
 - o NEW LOCATION
 - x PLUGGED & ABANDONED
 - * PRODUCING GAS
 - * PRODUCING OIL
 - * SHUT-IN GAS
 - * SHUT-IN OIL
 - x TEMP. ABANDONED
 - o TEST WELL
 - * WATER INJECTION
 - * WATER SUPPLY
 - * WATER DISPOSAL
 - * DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 15-SEPTEMBER-2006

Application for Permit to Drill

Statement of Basis

11/20/2006

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
100	43-007-31231-00-00		GW	S	No
Operator	FELLOWS ENERGY LTD		Surface Owner-APD		
Well Name	GORDON CREEK ST 1-7-14-8		Unit		
Field	UNDESIGNATED		Type of Work		
Location	SENE 7 14S 8E S 0 FL 0 FL GPS Coord (UTM) 494656E 4385833N				

Geologic Statement of Basis

This location is within a small, north-south trending graben valley, the west-side bounding fault of which is ~1,600 feet west. The silty, poorly permeable soil is developed on the Upper Portion of the Blue Gate Member of the Mancos Shale. Several units of the Emery Sandstone Member of the Mancos Shale are likely to be present at this location. If the Garley Canyon Sandstone and other superjacent units of the Emery Sandstone Member are present (probable) and wet (possible - standing water was found in upper Garley Canyon Beds in Pinnacle Canyon ~7 miles southeast), these strata should be included within the interval protected by the surface casing string. The operator should be informed of the likelihood of these units being saturated and respond to protect the zones by extending the surface casing string as needed. Extending the proposed casing and cement will adequately isolate any shallow zones containing water. While numerous water rights have been filed within a mile of the location, none of these involve underground water resources.

Chris Kierst
APD Evaluator

11/17/2006
Date / Time

Surface Statement of Basis

Pe-site conducted October 12, 2006. Present: Bart Kettle (DOGGM), Nathan Sill (DWR), Jim Davis (SITLA) and Steve Prince (Fellows Energy).

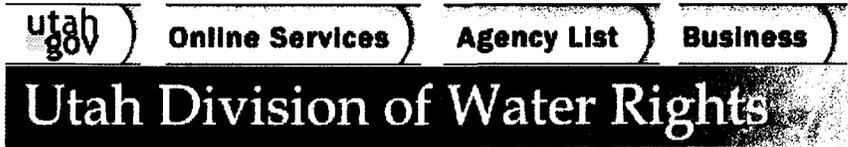
Division of Wildlife Resources (DWR) stated that project site is considered crucial deer and elk winter range and recommends winter closures (Dec 1-April 15). Project site is considered Sage Grouse brooding range, DWR not recommending closures at this time. DWR requesting contributions from Fellows Energy to the Habitat Mitigation Fund as set forth by the Price River EIS. Division of Oil, Gas and Mining (DOGGM) requiring that all drilling and completion activities be restricted to permitted access road and well pad.

Bart Kettle
Onsite Evaluator

10/12/2006
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Surface	The reserve pit shall be fenced upon completion of drilling operations.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.



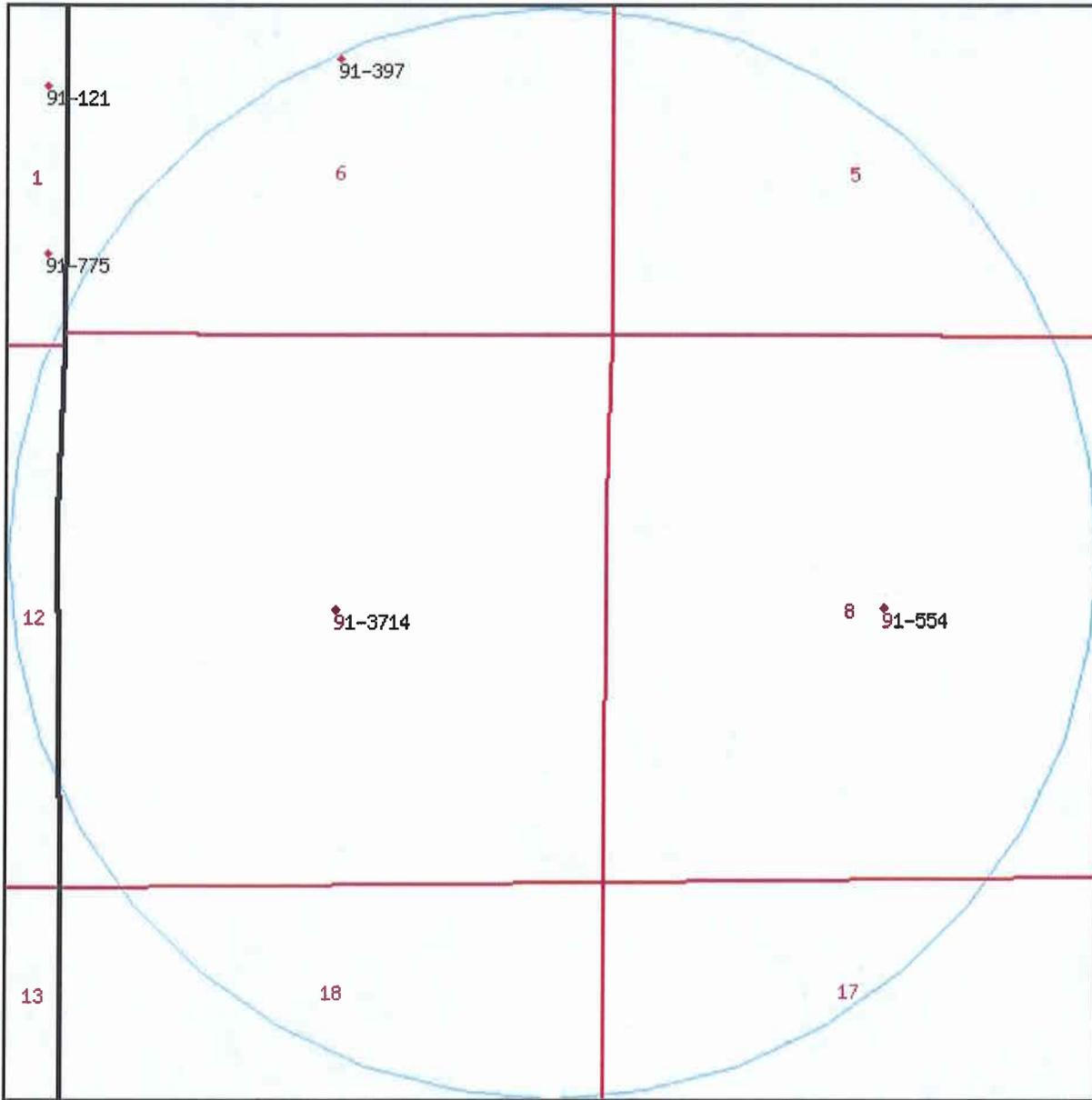
Search Utah.gov **GO**



WRPLAT Program Output Listing

Version: 2006.11.17.00 Rundate: 11/17/2006 04:54 PM

Radius search of 5280 feet from a point S2109 W574 from the NE corner, section 07, Township 14S, Range 8E, SL b&m Criteria:wrtypes=W,C,E
podtypes=all status=all usetypes=all



Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>91-3097</u>	Point to Point S660 W660 N4 08 14S 8E SL		P	18690000	DS	0.011	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3099</u>	Point to Point S660 W660 N4 08 14S 8E SL		P	18690000	DS	0.011	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3101</u>	Point to Point N660 E1980 W4 08 14S 8E SL		P	18690000	DS	0.011	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3105</u>	Point to Point S660 E660 NW 08 14S 8E SL		P	18690000	S	0.000	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3107</u>	Point to Point N660 E1980 W4 08 14S 8E SL		P	18690000	S	0.000	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3109</u>	Point to Point S660 W660 N4 08 14S 8E SL		P	18690000	S	0.000	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3113</u>	Point to Point S660 W660 NE 07 14S 8E SL		P	18690000	S	0.000	0.000	MILTON A. OMAN 717 CONTINENTAL BANK BUILDING
<u>91-3216</u>	Point to Point N660 W660 SE 06 14S 8E SL		P	18690000	S	0.000	0.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES 1594 WEST NORTH TEMPLE, STE 2110
<u>91-3714</u>	Point to Point N660 E660 W4 07 14S 8E SL		P	18690000	S	0.000	0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN. 675 EAST 500 SOUTH, 5TH FLOOR
<u>91-397</u>	Point to Point S660 E660 W4 06 14S 8E SL		P	18690000	S	0.000	0.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES 1594 WEST NORTH TEMPLE, STE 2110 STATE OF UTAH DIVISION OF

<u>91-554</u>	Point to Point S1980 E660 N4 08 14S 8E SL	P	18690000 S	0.000 0.000	WILDLIFE RESOURCES 1594 WEST NORTH TEMPLE, STE 2110
<u>91-121</u>	Surface N810 W180 E4 01 14S 7E SL	P	19390512 IS	7.000 0.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES 1594 WEST NORTH TEMPLE SUITE 2110 BOX146301
<u>91-774</u>	Surface S810 W180 E4 01 14S 7E SL	P	18740000 IS	1.050 0.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES 1594 WEST NORTH TEMPLE, STE 2110
<u>91-775</u>	Surface S810 W180 E4 01 14S 7E SL	P	18760000 IS	0.167 0.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES 1594 WEST NORTH TEMPLE, STE 2110

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ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator FELLOWS ENERGY LTD
Well Name GORDON CREEK ST 1-7-14-8
API Number 43-007-31231-0 **APD No** 100 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SENE **Sec** 7 **Tw** 14S **Rng** 8E 0 FL 0 FL
GPS Coord (UTM) 494678 4385858 **Surface Owner**

Participants

Bart Kettle (DOGGM), Steve Prince (Fellows Energy), Jim Davis (SITLA) and Nathan Sill (DWR).

Regional/Local Setting & Topography

Proposed project is ~13 miles northwest of Price, located in Carbon County Utah. Project site is surrounded by Mountain browse and P/J woodland rangelands. Regional topography is predominantly semi-arid rangelands dominated by clay based soils. Local topography consists of a series of sage benches cut by P/J and Mountain Browse washes and small canyons. Current uses included seasonal grazing, wildlife habitat, recreation, and oil and gas development. Grazing is conducted in late spring and early fall as livestock are moved from agriculture fields to National Forest lands. The project is located along Water Canyon in a 14-16" precept zone. Soils in this zone are poor to moderately developed and tend to be highly erosive when disturbed. There were no perennial streams or springs observed in close proximity to the project site.

Surface Use Plan

Current Surface Use

Recreational
Grazing
Wildlife Habitat
Wildlife Habitat

New Road

Miles	Well Pad		Src Const Material	Surface Formation
0.41	Width 150	Length 280	Onsite	EMMA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Forbs: Long leaf phlox, spiny phlox, silver lupine, Uintah groundsel, owl clover and rocky mountain penstemon.
Grass: Salina Rye, muttongrass, Junegrass, Letterman's needle grass, Sandburg's bluegrass and bottlebrush squirrel tail.
Shrubs: Douglas rabbit brush, Wyoming sage, black sage, birch leaf mahogany, Utah service berry, broom snake weed, Jasme's buckwheat, and common snowberry.
Trees: Rocky Mountain Juniper

Soil Type and Characteristics

Fine gray clay, some small sandstone fragments

Erosion Issues Y
Site erosive when disturbed

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y
Divert drainages on southern side of location

Berm Required? N

Erosion Sedimentation Control Required? Y
Divert drainage, re-vegetate disturbed sites.

Paleo Survey Run? N **Paleo Potential Observed?** N **Cultural Survey Run?** **Cultural Resources?**

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Low permeability	0
Fluid Type	Air/mist	0
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	5 3 Sensitivity Level

Characteristics / Requirements
No requirements recommended. 50x50x10

Closed Loop Mud Required? N **Liner Required?** N **Liner Thickness** **Pit Underlayment Required?** N

Other Observations / Comments

Division of Wildlife Resources (DWR) stated that project site is considered crucial deer and elk winter range and recommends winter closures according to Price EIS (Dec 1-April 15) written by the Bureau of Land Management (BLM). Project site is considered Sage Grouse brooding range, DWR not recommending closures at this time. DWR requesting contributions from Fellows Energy to the Habitat Mitigation Fund as set forth by the Price River EIS. State Institute of Trust Lands Administration (SITLA) providing no comments for project site. Division of Oil, Gas and Mining (DOGGM) requiring that all drilling and completion activities be restricted to permitted access road and well pad. DOGM recommending raised bed access road be built to help mitigate long term erosion and sedimentation problems. Proper re-vegetation will be required for disturbed sites to limit short term erosion problems.

Bart Kettle
Evaluator

10/12/2006
Date / Time

Casing Schematic

BHP $0.052(4000)8.4 = 1747 \text{ psi}$
anticipate 1000 psi

Gas 480
 1267 psi, MASF

BOPE 3M ✓

Burst 2950
70% 2065 psi

Max P @ shoe
 $.22(2000) = 440$
 $1747 - 440 = 1307 \text{ psi}$

8-5/8"
MW 8.4
Frac 19.3

Test to 1267 psi ✓

⇒ Strip surf amt ✓

✓ Adequate OKD 4/18/07

Surface

1 1/2"

1 1/2"

TOC @ 0.

TOC @ 2.

Emergy SS subr.

Surface
2000. MD

5-1/2"
MW 8.4

Production
4000. MD

3325' Mancos Blue Gate
3420' Ferron

Well name:	2006-11a Fellows Gordon Creek ST 1-7-14-8		
Operator:	Fellows Energy Ltd.		
String type:	Surface	Project ID:	43-007-31231
Location:	Carbon County		

Design parameters:

Collapse

Mud weight: 8.400 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,265 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 1,505 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 air weight.
 Neutral point: 1,748 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 93 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 185 ft

Cement top: 2 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 4,000 ft
 Next mud weight: 8.400 ppg
 Next setting BHP: 1,745 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 2,000 ft
 Injection pressure: 2,000 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 (ft³)
1	2000	8.625	24.00	J-55	ST&C	2000	2000	7.972	715.1
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	873	1370	1.570	1505	2950	1.96	48	244	5.08 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: 801/538-5357
 FAX: 801/359-3940

Date: April 11, 2007
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	2006-11 Fellows Gordon Creek ST 1-7-14-8		
Operator:	Fellows Energy Ltd.		
String type:	Production	Project ID:	43-007-31231
Location:	Carbon County		

Design parameters:

Collapse

Mud weight: 8.400 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 865 psi
 Internal gradient: 0.220 psi/ft
 Calculated BHP: 1,745 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 air weight.
 Neutral point: 3,492 ft

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 121 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 368 ft

 Cement top: Surface

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 (ft³)
1	4000	5.5	15.50	J-55	ST&C	4000	4000	4.825	534.5
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	1745	4040	2.315	1745	4810	2.76	62	202	3.26 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: 801/538-5357
 FAX: 801/359-3940

Date: November 21, 2006
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 4000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

From: Ed Bonner
To: Whitney, Diana
Date: 10/3/2006 1:43:10 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Dominion E&P, Inc

Kings Canyon 2-32E (API 43 047 38261)
Kings Canyon 9-32E (API 43 047 38262)
Kings Canyon 11-32E (API 43 047 38378)
LCU 3-36F (API 43 047 37986)
LCU 6-36F (API 43 047 37999)
LCU 8-36F (API 43 047 37988)
LCU 10-36F (API 43 047 37987)
LCU 13-36F (API 43 047 37989)
LCU 15-36F (API 43 047 38260) 1 significant site which must be avoided
LCU 11-36F (API 43 047 38026)

Fellows Energy, LLC

Gordon Creek State 4-7-14-8 (API 43 007 31230)
Gordon Creek State 1-7-14-8 (API 43 007 31231)
Gordon Creek State 3-7-14-8 (API 43 007 31232)
Gordon Creek State 3-20-14-8 (API 43 007 31233)
Gordon Creek State 2-29-14-8 (API 43 007 31234) 1 significant site in access/pipeline corridor which must be avoided
Gordon Creek State 1-30-14-8 (API 43 007 31235) 1 significant site in access/pipeline corridor which must be avoided

Gasco Production Company

State 4-32A (API 43 047 38533)

Kerr McGee Oil & Gas Onshore LP

NBU 922-32L-4T (API 43 047 38568)
NBU 922-31A-4T (API 43 047 38561)
NBU 922-31J-1T (API 43 047 38566)
NBU 922-31K-2T (API 43 047 38565)
NBU 922-31P-3T (API 43 047 38564)
NBU 922-31P-1 (API 43 047 38560)
NBU 1022-7B-3T (API 43 047 38571)
NBU 1022-10C-1 (API 43 047 38562)

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

13. Company Representative

Steven Prince
Fellows Energy
807 North Pinewood Circle,
Price, Utah 84501
1-435-636-4492

Agent

Don Hamilton
Buys & Associates, Inc.
2580 Creekview Road
Moab, Utah 84532
435-719-2018

Mail Approved A.P.D. To:

Agent

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 Fellows Energy, LTD and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

9-1-06
Date

Don Hamilton
Don Hamilton
Agent for Fellows Energy, LTD

Helen Sadik-Macdonald - RE: Gordon Creek APDs

From: "Steven L. Prince"
To: "'Helen Sadik-Macdonald'"
Date: 3/30/2007 1:53 PM
Subject: RE: Gordon Creek APDs

Helen,

We intend to bring cement to surface for the surface casing of all the below listed wells. I'm not certain how much more cement volume the 18% washout factor will add to what I've calculated. Please let me know how much additional cement we will need to specify to comply with the requirements and add that volume to the APD of each of the below listed wells. Thank you so much for your help and please let me know of whatever else we need to change to facilitate the approval process.

Best regards,
Steven L. Prince
Fellows Energy Ltd.
435-650-4492

From: Helen Sadik-Macdonald [mailto:hmacdonald@utah.gov]
Sent: Friday, March 30, 2007 9:41 AM
To: Steven L. Prince
Subject: Re: Gordon Creek APDs

Steve,

I have the following APDs on Gordon Creek:

Gordon Creek ST 1-7-14-8
Gordon Creek ST 3-7-14-8
Gordon Creek ST 4-7-14-8
Gordon Creek ST 3-20-14-8
Gordon Creek ST 2-29-14-8
Gordon Creek ST 1-30-14-8

Are these the Gordon Creek wells you are referring to?

We use an 18% washout factor on surface casing to estimate cement volumes. This is a hole diameter increase, which has a geometric effect on the cement volume calculations. 825 sacks will bring the cement to approximately 700 feet below ground surface.

We will require shallow ground water protection in the Gordon Creek area.

Please state whether you intend to bring cement to surface and on which wells. You may copy the well list above into your response, if the list is correct. Thank you.

*Helen Sadik-Macdonald, CPG, PG
Petroleum Engineering Services
Utah Div. of Oil, Gas & Mining
PO Box 145801
Salt Lake City, UT 84114-5801*

801/538-5357 Desk
801/359-3940 Fax

>>> On 3/30/2007 at 10:57 AM, in message <001001c772ec\$9147ab30\$140aa8c0@Fellows1>, "Steven L. Prince" <stevenprince@preciscom.net> wrote:

file://C:\Documents and Settings\ogmuser\Local Settings\Temp\XPgrpwise\460D166CNRDOMA... 3/30/2007

Hey Helen,

I appreciate your help in reviewing the six APDs for Fellows Energy in the Gordon Creek area. Please change the volume of surface casing cement on each of the APDs from 300 sacks to 825 sacks. As we discussed on the telephone, this represents a volume sufficient to bring cement to surface plus about fifteen percent excess.

Also, would you please note on each APD that the permit should be forwarded to the operator and not to the agent at the following address:

807 N. Pinewood Circle
Price, Utah 84501

If you have any questions, please feel free to contact me at the telephone number below or by email. Thank you very much for your help.

Best regards,
Steven L. Prince
Fellows Energy Ltd.
435-650-4492



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 19, 2007

Fellows Energy, LTD
807 N Pinewood Circle
Price, UT 84501

Re: Gordon Creek State 1-7-14-8 Well, 2109' FNL, 574' FEL, SE NE, Sec. 7,
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 43-007-31231.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor
SITLA

Page 2

43-007-31231

April 19, 2007

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. Surface casing shall be cemented to the surface.

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

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/27/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/27/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 10/30/2007
- a. Is the new operator registered in the State of Utah: _____ Business Number: 6208039-0160
- b. If **NO**, the operator was contacted on: _____
- a. (R649-9-2)Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: 6/15/2007
- c. Reports current for Production/Disposition & Sundries on: ok
- 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
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: _____
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: _____
- 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:

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

BOND VERIFICATION:

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

- (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		5. LEASE DESIGNATION AND SERIAL NUMBER: See Attachment A
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: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: N/A
2. NAME OF OPERATOR: Gordon Creek, LLC		8. WELL NAME and NUMBER: See Attached
3. ADDRESS OF OPERATOR: 807 North Pinewood Circle CITY Price STATE UT ZIP 84501		9. API NUMBER: See Att. A
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		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> 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
Cameron White, President
Date: AUGUST 3, 2007

NAME (PLEASE PRINT) _____ TITLE _____
SIGNATURE _____ DATE _____

(This space for State use only)

APPROVED 10115107
Earlene Russell
Earlene Russell, Engineering Technician
(See Instructions on Reverse Side)

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			SENE	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	

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

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Gordon Creek State 1-7-14-8
API number:	4300731231
Location:	Qtr-Qtr: SENE Section: 7 Township: 14S Range: 8E
Company that filed original application:	Fellows Energy Ltd.
Date original permit was issued:	04/19/2007
Company that permit was issued to:	Fellows Energy Ltd.

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?	<input type="checkbox"/>	<input type="checkbox"/>
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0010790</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Steven L. Prince Title Operations Manager
 Signature *Steven L. Prince* Date 09/27/2007
 Representing (company name) Gordon Creek LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.



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

June 23, 2008

Don Hamilton
Gordon Creek, LLC.
807 N Pinewood Circle
Price, UT 84501

Re: APD Rescinded – Gordon Creek St. 1-7-14-8 Sec. 7, T.14S, R. 8E
Carbon County, Utah API No. 43-007-31231

Dear Mr. Hamilton:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 19, 2007. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 23, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner



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 9, 2009

Certified Mail No.: 70041160000301903232

Gordon Creek, LLC
700 N Molyneux
Price, UT 84501

Subject: Notice of Violation for two well locations in Carbon County Utah

Mr. Rick Ironside:

14S 8E 7

Per field inspections it has been noted that the Gordon Creek ST 3-7-14-8 (API# 43-007-31232), and the Gordon Creek ST 1-7-14-8 (API# 43-007-31231) operated by Gordon Creek, LLC are in violation of UT Admin Code R649-3. This letter will serve as formal Notice of Violation (NOV), to Gordon Creek, LLC.

The Division of Oil, Gas and Mining sent out letters for the above referenced wells on June 23, 2008 informing Gordon Creek, LLC that the Application for Permit to Drill (APD) had been rescinded. Field inspections conducted November 6, 2008 revealed that the above well sites had been built and pits dug.

Mr. Steve Lessar of Gordon Creek, LLC was contacted on April 23, 2009 about these two locations. He referred the Division to Mr. Rick Ironside. Mr. Ironside was also contacted via telephone on April 23, 2009 regarding these two locations. Mr. Ironside stated that he would still like to develop that part of the field. Mr. Ironside was told that he no longer had permits to drill these two wells and that the locations needed to be reclaimed or new APD's be turned into the Division promptly requesting new permits. A deadline of June 23, 2009 was given to Mr. Ironside to have new APD's turned into the Division for approval. As of June 25, 2009 the Division has not seen new APD's for the referenced well locations.

Field inspections conducted July 9, 2009 indicate that the well locations and access roads have not yet been reclaimed. Gordon Creek, LLC shall have 60 days to reclaim these two abandoned well locations and their access roads, including reseeding of all disturbed areas. School and Institutional Trust Lands Administration (SITLA) should be contacted for seed mixture specifications for the area.



Page 2

July 9, 2009

Subject: Notice of Violation for two well locations in Carbon County Utah

Response should be directed to:

Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

If you have questions feel free to contact me at (435) 820-8504.

Sincerely,



Mark Jones
Environmental Scientist

MLJ/MLJ/DJJ

CC: La Vonne Garrison, SITLA
Dan Jarvis, DOGM
Clinton Dorshawk, DOGM
Well File
Compliance File (if applicable)