

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

RE: Application for Permit to Drill—Fellows Energy, LTD  
**Gordon Creek, State 2-29-14-8** 575' FNL, 619' FWL, NW/4 NW/4  
Section 29, 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

RECEIVED

SEP 08 2006

DIV. OF OIL, GAS & MINING

ORIGINAL

CONFIDENTIAL

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>			5. MINERAL LEASE NO: <b>ML- 46539</b>	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: <b>Fellows Energy, LTD</b>			9. WELL NAME and NUMBER: <b>Gordon Creek, State 2-29-14-8</b>	
3. ADDRESS OF OPERATOR: <b>807 N Pinewood Circle</b> CITY <b>Price</b> STATE <b>UT</b> ZIP <b>84501</b>		PHONE NUMBER: <b>(435) 636-4492</b>	10. FIELD AND POOL, OR WILDCAT: <b>Gordon Creek</b>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>575' FNL, 619' FWL</b> AT PROPOSED PRODUCING ZONE: <b>Same</b>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWNW 29 14 8 S</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>13.28 miles southwest of Price, Utah</b>			12. COUNTY: <b>Carbon</b>	13. STATE: <b>UTAH</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>1,300'</b>	16. NUMBER OF ACRES IN LEASE: <b>2,153.27</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>160</b>		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) <b>1,850'</b>	19. PROPOSED DEPTH: <b>4,000</b>	20. BOND DESCRIPTION: <b>Blanket B32644629</b>		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>7,432' GR</b>	22. APPROXIMATE DATE WORK WILL START: <b>10/1/2006</b>	23. ESTIMATED DURATION: <b>6 months</b>		

**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	<b>825</b> <del>300</del> sacks	1.15 cu.ft/sk	15.8 ppg
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

**ATTACHMENTS**

**ORIGINAL**

**CONFIDENTIAL**

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                                   |
| <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)

**RECEIVED**

Approved by the  
Utah Division of  
Oil, Gas and Mining

SEP 08 2006

DIV. OF OIL, GAS & MINING

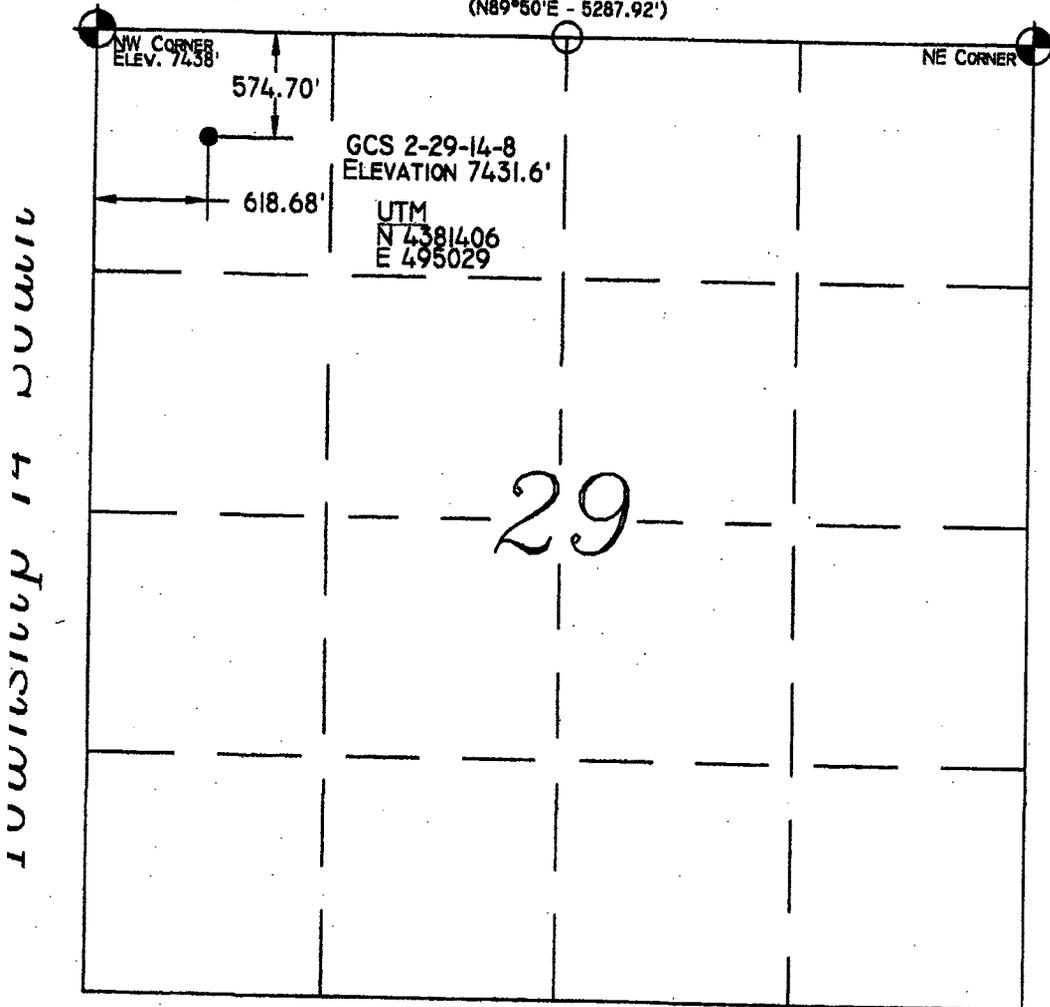
API NUMBER ASSIGNED: 43007-31234

(11/2001)

Date: 09-19-07  
(See instructions on Reverse Side)  
By: [Signature]

# Range 8 East

(N88°39'53"E - 5347.64')  
(N89°50'E - 5287.92')



T14S R8E

### 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°35'03"N
110°03'28"W

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

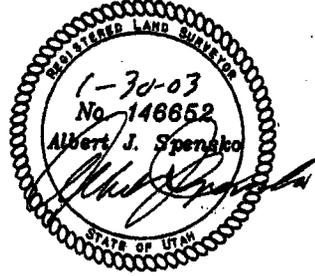
**Basis of Bearing:**  
THE BASIS OF BEARING IS GPS MEASURED.

**GLO Bearing:**  
THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

**Basis of Elevation:**  
BASIS OF ELEVATION OF 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 NW1/4 OF SECTION 29, T14S, R8E, S.L.B.&M., BEING 514.70' SOUTH AND 618.68' EAST FROM THE NORTHWEST 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.



**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

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**KLABZUBA OIL & GAS**  
GCS 2-29-14-8  
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 01/30/03
	Scale 1" = 1000'
Sheet 1 of 4	Job No. RAR

EXHIBIT "D"  
Drilling Program

Attached to UDOGM Form 3  
Fellows Energy, LTD  
Gordon Creek, State 2-29-14-8  
NW/4 NW/4, Sec. 29, T14S, R8E, SLB & M  
575' FNL, 619' FWL  
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: ~~300~~ 300 sacks G + 2 % CaCl<sub>2</sub> + 0.25 pps cellophane flakes; DUN

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 2-29-14-8  
NW/4 NW/4, Sec. 29, T14S, R8E, SLB & M  
575' FNL, 619' FWL  
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 been applied for and is pending approval. The new approach is located opposite the present Main Pipeline terminus (see Exhibit "B").
- 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.

**2. Planned Access**

- a. Approximately 0.94 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 5 – 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 is one proposed well and five 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 existing Main Pipeline terminus (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 6.16 miles northeast. Nearest live water is First Water Creek approximately 1,000 feet south.
- 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

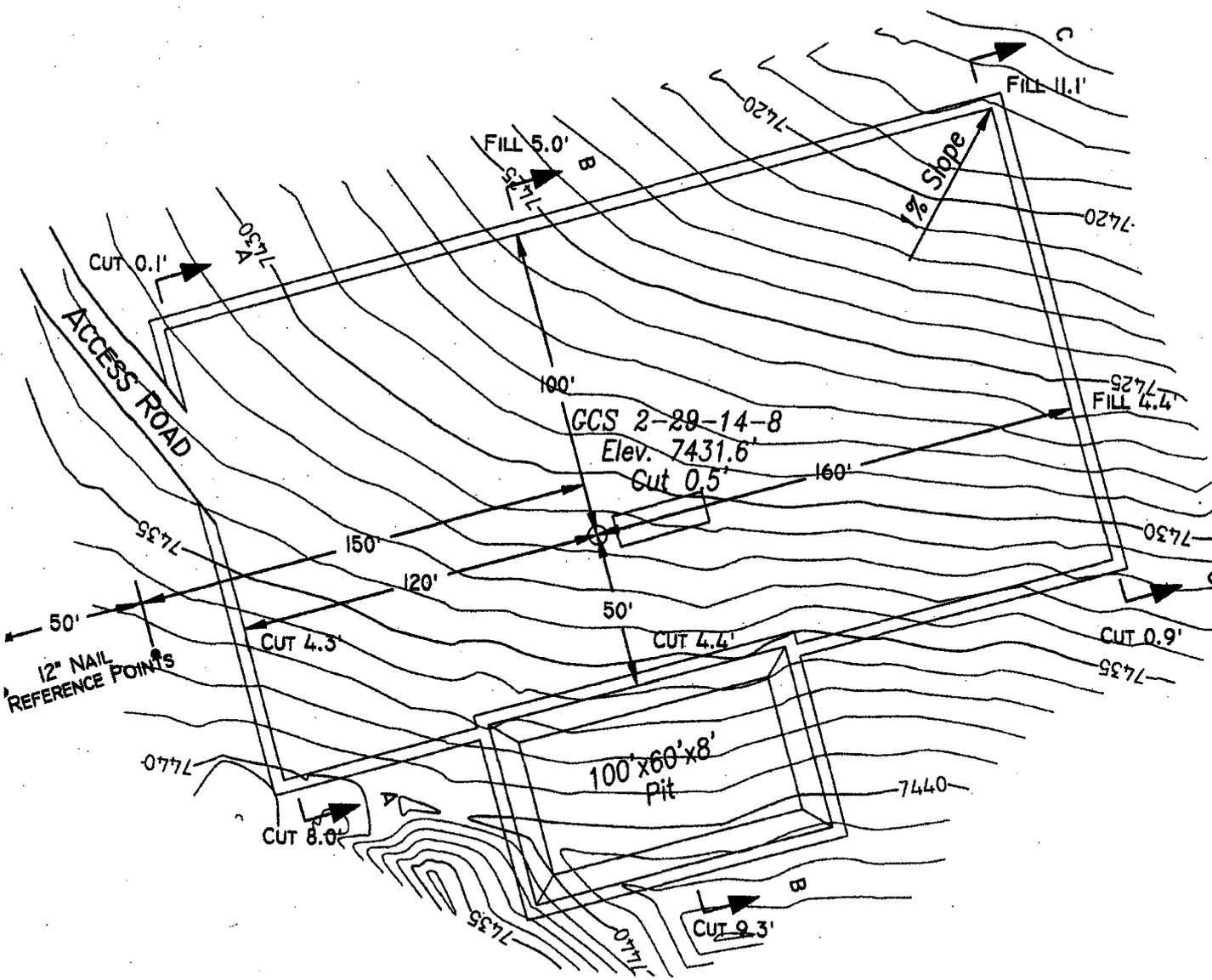
Don Hamilton

Don Hamilton

Agent for Fellows Energy, LTD

ORIGINAL

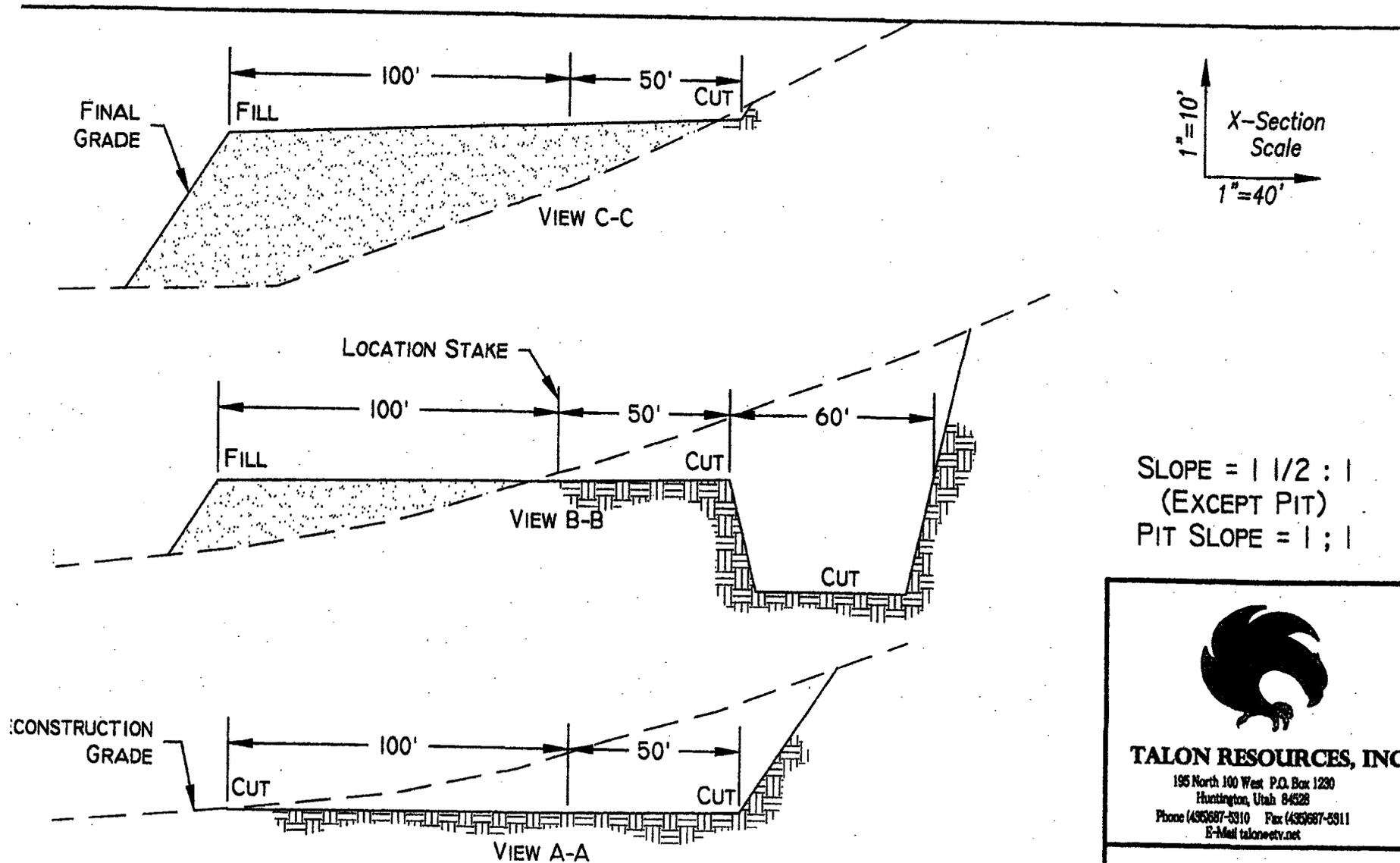
ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7431.6'  
 ELAVATION OF GRADED GROUND AT LOCATION STAKE = 7431.1'



**TALON RESOURCES, INC.**  
 195 North 100 West P.O. Box 1230  
 Huntington, Utah 84028  
 Phone (435)687-5310 Fax (435)687-5311  
 E-Mail talonres@net.net

**KLABZUBA OIL & GAS**  
**LOCATION LAYOUT**  
 Section 29, T14S, R8E, S.L.B.&M.  
 GCS 2-29-14-8

Drawn By <b>J. STANSFIELD</b>	Checked By <b>L.W.J.</b>
Drawing No. <b>A-2</b>	Date <b>01/30/03</b>
	Scale <b>1" = 50'</b>
Sheet <b>2 of 4</b>	Job No. <b>888</b>



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

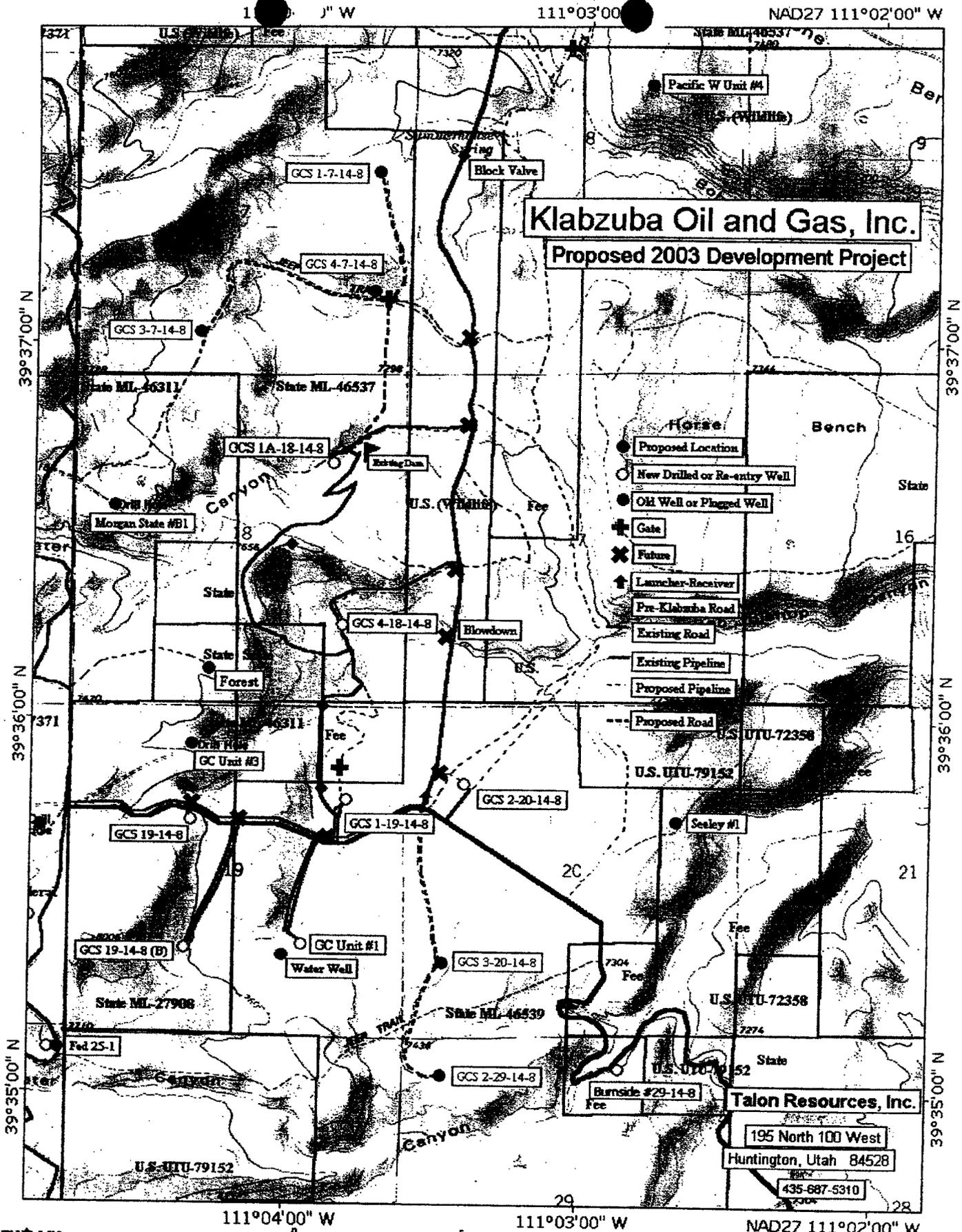
Phone (435)687-5310 Fax (435)687-5311  
E-Mail talonecvtv.net

**KLABZUBA OIL & GAS**  
**TYPICAL CROSS SECTION**  
Section 29, T14S, R8E, S.L.B.&M.  
GCS 2-29-14-8

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 01/30/03
	Scale: 1" = 40'
Sheet 3 of 4	Job No. RAR

APPROXIMATE YARDAGES

UT  
5") TOPSOIL STRIPPING = 750 CU. YDS.  
REMAINING LOCATION = 1,725 CU, YDS.  
TOTAL CUT = 4,870 CU. YDS.  
TOTAL FILL = 4,115 CU. YDS.

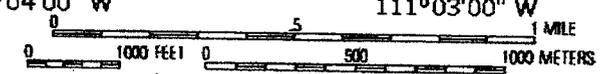


**Klabzuba Oil and Gas, Inc.**  
**Proposed 2003 Development Project**

- 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/MN  
 13°

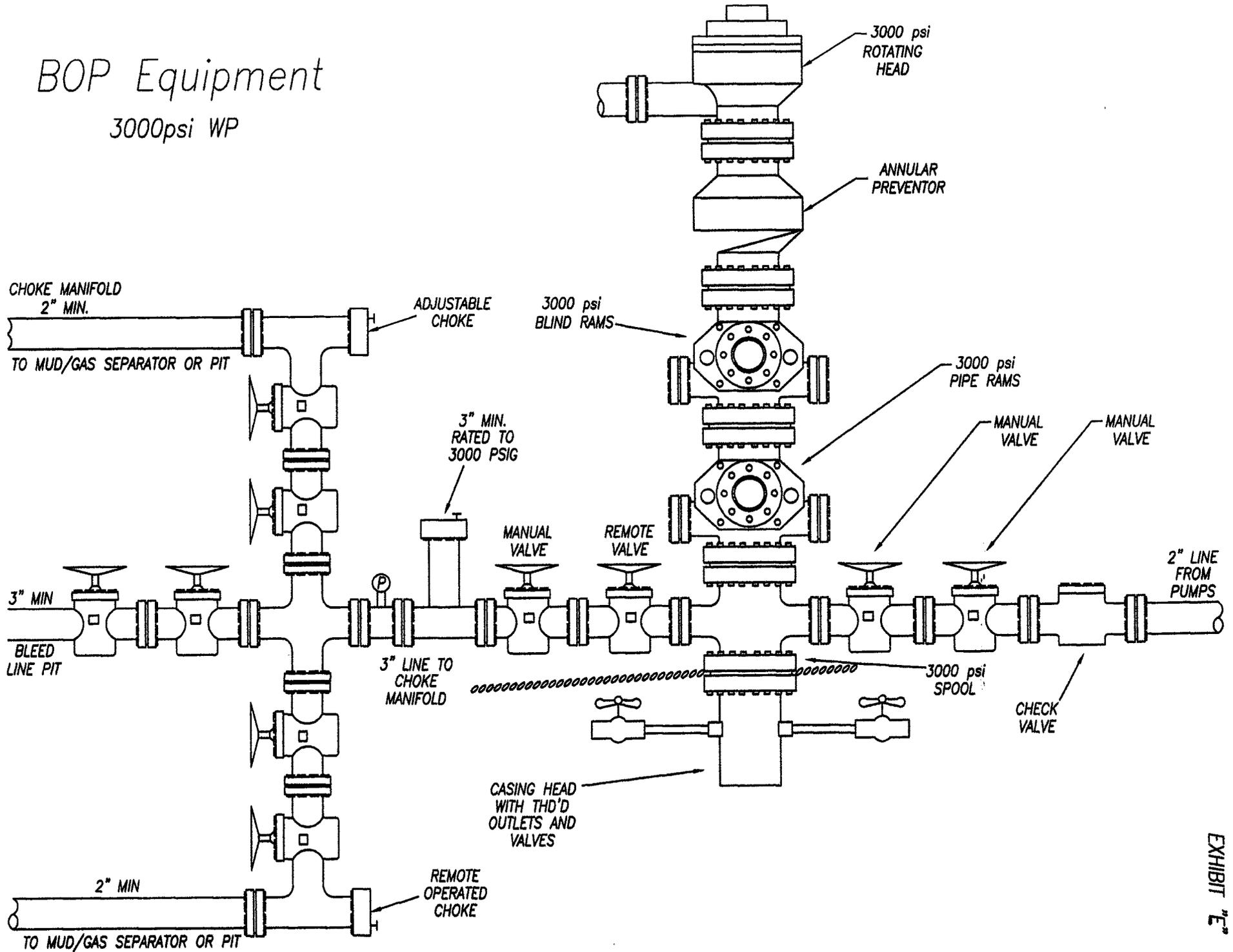


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# BOP Equipment

3000psi WP



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/08/2006

API NO. ASSIGNED: 43-007-31234

WELL NAME: GORDON CREEK ST 2-29-14-8  
 OPERATOR: FELLOWS ENERGY LTD ( N2560 )  
 CONTACT: DON HAMILTON

PHONE NUMBER: 435-646-4492

PROPOSED LOCATION:

NWNW 29 140S 080E  
 SURFACE: 0575 FNL 0619 FWL  
 BOTTOM: 0575 FNL 0619 FWL  
 COUNTY: CARBON  
 LATITUDE: 39.58426 LONGITUDE: -111.0579  
 UTM SURF EASTINGS: 495032 NORTHINGS: 4381408  
 FIELD NAME: GORDON CREEK ( 20 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWD	4/08/07
Geology		
Surface		

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML-46539  
 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: 348-1  
Eff Date: 5-15-02  
Siting: 460' by Dancer subseq of 920' by 2700' wells
- R649-3-11. Directional Drill

COMMENTS:

Needs Permit (10-12-06)

STIPULATIONS:

- 1 - STATEMENT OF BASIS
- 2 - Surface Csg Cont Strip



# 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
97	43-007-31234-00-00		GW	S	No
<b>Operator</b>	FELLOWS ENERGY LTD	<b>Surface Owner-APD</b>			
<b>Well Name</b>	GORDON CREEK ST 2-29-14-8	<b>Unit</b>			
<b>Field</b>	UNDESIGNATED	<b>Type of Work</b>			
<b>Location</b>	NWNW 29 14S 8E S 0 FL 0 FL GPS Coord (UTM) 495032E 4381408N				

### Geologic Statement of Basis

This location is on the foot wall of a small, north-south trending graben valley, the west-side bounding fault of which is mapped ~600' 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 ~6 miles east), 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 with high quality ground water 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. Three underground water rights existed within a mile of this location but all were terminated. To summarize, there are three water wells, one as deep as 500' and most likely into or through the Emery Sandstone, within a mile of the location, none of which currently have active filed water rights. The three wells are within about 600' of one another and were owned separately by three distinct parties, two of which are state agencies, DWR, SITLA and a private individual. While the exact circumstances that engendered the termination of the water rights are uncertain at present, Water Rights records seem to indicate that DWR protested the other two filings resulting in their termination. DWR subsequently permitted their own water right to lapse and terminate for some reason. It is recommended that these wells be considered as if they were existing subsurface water rights as regards considerations of maintenance of water quality and the planning of casing and cementing programs.

Chris Kierst  
APD Evaluator

11/17/2006  
Date / Time

### Surface Statement of Basis

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

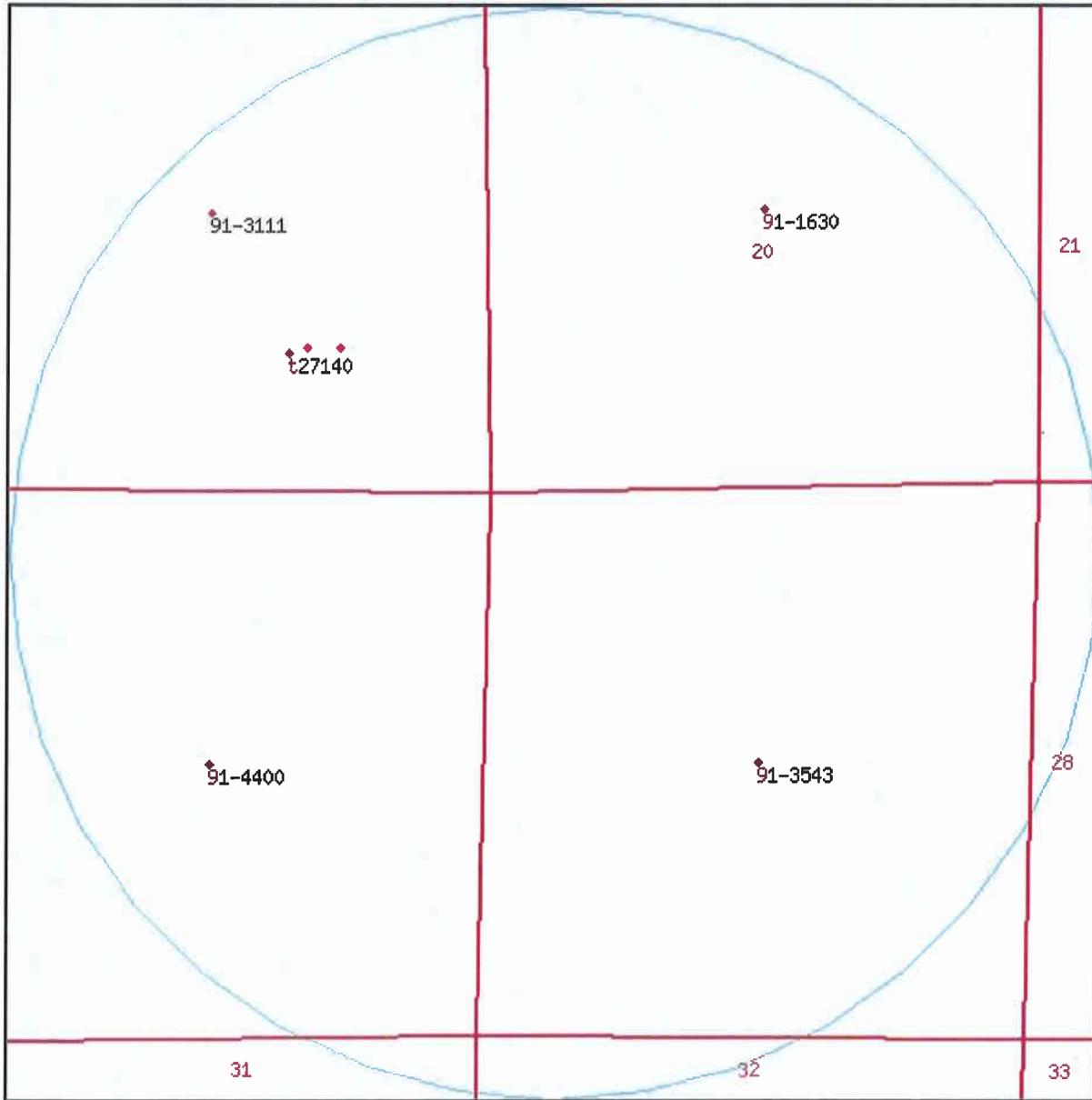
Division of Wildlife Resources (DWR) stated that project site is considered crucial deer and elk winter range and recommends winter closures (Dec 1-April 15). Project site is considered Sage Grouse brooding range, DWR not recommending closures at this time. DWR requesting contributions from Fellows Energy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



**Water Rights**

# ON-SITE PREDRILL EVALUATION

## Utah Division of Oil, Gas and Mining

**Operator** FELLOWS ENERGY LTD  
**Well Name** GORDON CREEK ST 2-29-14-8  
**API Number** 43-007-31234-0 **APD No** 97 **Field/Unit** UNDESIGNATED  
**Location:** 1/4,1/4 NWNW **Sec** 29 **Tw** 14S **Rng** 8E 0 FL 0 FL  
**GPS Coord (UTM)** 495030 4381407 **Surface Owner**

### Participants

Bart Kettle (DOGM), 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**

Grazing  
Wildlife Habitat  
Recreational

#### **New Road**

<b>Miles</b>	<b>Well Pad</b>	<b>Src Const Material</b>	<b>Surface Formation</b>
	<b>Width 150</b>	<b>Length 180</b>	<b>Onsite</b>
			<b>EMMA</b>

**Ancillary Facilities** N

### Waste Management Plan Adequate? Y

### Environmental Parameters

**Affected Floodplains and/or Wetland** N

#### **Flora / Fauna**

Forbs: Western salsify, long leaf phlox, spiny phlox, phlox spp, silver lupine, hairy aster, rocky mountain aster, Unitah groundsel, and Palmer's penstemon.

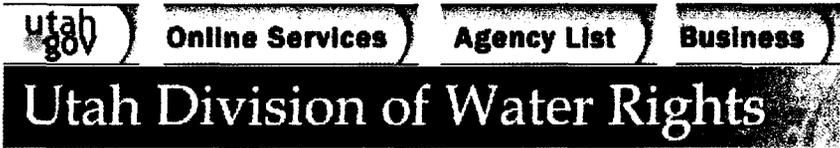
Grass: Salina Rye, blue grama, muttongrass, Junegrass, Letterman's needle grass, cheatgrass, Sandburg's bluegrass and bottlebrush squirrel tail.

Shrubs: Douglas rabbit brush, Wyoming sage, black sage, birch leaf mahogany, Utah service berry, broom snake weed, James buckwheat, Gamble oak, Oregon grape, and common snowberry.

Trees: Rocky Mountain Juniper, and Utah Juniper

#### **Soil Type and Characteristics**

Light brown Sandy Clay Loam



Search Utah.gov **GO**



## WRPLAT Program Output Listing

Version: 2006.11.17.00      Rundate: 11/17/2006 03:20 PM

Radius search of 5280 feet from a point S575 E619 from the NW corner, section 29, Township 14S, Range 8E, SL b&m Criteria:wrtypes=W,C,E podtypes=all status=all usetypes=all

<b>WR Number</b>	<b>Diversion Type/Location</b>	<b>Well Log</b>	<b>Status</b>	<b>Priority</b>	<b>Uses</b>	<b>CFS</b>	<b>ACFT</b>	<b>Owner Name</b>
<u>91-1168</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.000	0.000	RAY JORGENSEN CASTLE DALE UT 84513
<u>91-1171</u>	Point to Point S660 W660 E4 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN CASTLE DALE UT 84513
<u>91-1178</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN CASTLE DALE UT 84518
<u>91-1179</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN CASTLE DALE UT 84518
<u>91-1180</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	RAY JORGENSEN UT
<u>91-1601</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.000	0.000	JOHN L. JORGENSEN UT
<u>91-1603</u>	Point to Point S660 W660 E4 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
<u>91-1604</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
<u>91-1605</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
<u>91-1606</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.011	0.000	JOHN L. JORGENSEN UT
<u>91-1609</u>	Point to Point N660 W660 SE 20 14S 8E SL		P	18690000	S	0.000	0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513

<u>91-1611</u>	Point to Point S660 W660 E4 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
<u>91-1612</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
<u>91-1613</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
<u>91-1614</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	JOSEPH C. JORGENSEN CASTLE DALE UT 84513
<u>91-1617</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.000 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
<u>91-1619</u>	Point to Point S660 W660 E4 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
<u>91-1620</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
<u>91-1621</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
<u>91-1622</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	A. GALE JORGENSEN CASTLE DALE UT 84513
<u>91-1625</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.000 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513
<u>91-1627</u>	Point to Point S660 W660 E4 20 14S 8E SL	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513
<u>91-1628</u>	Point to Point N660 W660 SE 20 14S	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513

	8E SL					
<u>91-1629</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513	
<u>91-1630</u>	Point to Point N660 W660 SE 20 14S 8E SL	P	18690000 S	0.011 0.000	THERON DON JORGENSEN CASTLE DALE UT 84513	
<u>91-1655</u>	Point to Point N660 W660 S4 30 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528	
<u>91-1656</u>	Point to Point S660 W1980 E4 30 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528	
<u>91-1657</u>	Point to Point S660 E660 N4 29 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528	
<u>91-1658</u>	Point to Point N660 W660 SE 29 14S 8E SL	P	18690000 S	0.011 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528	
<u>91-1659</u>	Point to Point N660 W660 SE 29 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528	
<u>91-1660</u>	Point to Point N660 W660 SE 29 14S 8E SL	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE HUNTINGTON UT 84528	
<u>91-2704</u>	Point to Point S660 E1980 W4 30 14S 8E SL	P	18690000 S	0.000 0.000	PRICE FIELD OFFICE USA BUREAU OF LAND MANAGEMENT 125 SOUTH 600 WEST	
<u>91-3073</u>	Point to Point N660 E660 W4 19 14S 8E SL	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN. 675 EAST 500 SOUTH, 5TH FLOOR	
<u>91-3096</u>	Point to Point	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS	

Well ID	Well Type	Well Status	Well Depth	Well Location	Well Owner
				S660 W660 E4 29 14S 8E SL	ADMIN. 675 EAST 500 SOUTH, 5TH FLOOR
<u>91-3111</u>	Point to Point	P	18690000 S	0.011 0.000	MILTON A. OMAN
				S660 W660 NE 19 14S 8E SL	717 CONTINENTAL BANK BUILDING
<u>91-3543</u>	Point to Point	P	18690000 S	0.000 0.000	SARAH MCVEY BURNSIDE
				S660 W660 NE 29 14S 8E SL	UT
<u>91-3926</u>	Point to Point	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
				N660 W660 E4 30 14S 8E SL	675 EAST 500 SOUTH, 5TH FLOOR
<u>91-4400</u>	Point to Point	P	18690000 S	0.000 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
				S660 E1980 W4 30 14S 8E SL	675 EAST 500 SOUTH, 5TH FLOOR
<u>91-4209</u>	Underground	T	19790906 X	0.100 0.000	UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMIN.
				N1411 W1484 SE 19 14S 8E SL	675 EAST 500 SOUTH, 5TH FLOOR
<u>91-4212</u>	Underground	T	19790919 DIS	1.050 0.000	MILTON A. OMAN
				N1410 W1785 SE 19 14S 8E SL	1714 MILLCREEK WAY
<u>t27140</u>	Underground	T	20021009 O	0.000 3.000	STATE OF UTAH DIVISION OF WILDLIFE RESOURCES
				N1332 E721 S4 19 14S 8E SL	BOX 146301



2006-11a Fellows Gordon Creek ST 2-29-14-8

Casing Schematic

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

Gas 480  
 $1267 \text{ psi, MASP}$

BOPE 3M ✓

Burst 2950  
70% 2065 psi

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

test to 1267 psi ✓  
8-5/8" MW 8.4 Frac 19.3

Strip surf. cnt. ✓

✓ Adequate 9/20 4/18/07

5-1/2" MW 8.4

Surface

12 3/4"

18 3/4"

TOC @ 1. TOC @ 2.

Emergy SS mbr.

Surface 2000. MD

3325' Mancos Blue Gate  
3420' Ferron

Production 4000. MD

Well name:	<b>2006-11a Fellows Gordon Creek ST 2-29-14-8</b>		
Operator:	<b>Fellows Energy Ltd.</b>		
String type:	Surface	Project ID:	43-007-31234
Location:	Carbon County		

**Design parameters:**

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

**Minimum design factors:**

**Collapse:**  
Design factor 1.125

**Environment:**

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

**Burst**

Max anticipated surface pressure: 1,265 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 1,505 psi

No backup mud specified.

**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

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:	<b>2006-11 Fellows Gordon Creek ST 2-29-14-8</b>		
Operator:	<b>Fellows Energy Ltd.</b>		
String type:	Production	Project ID:	43-007-31234
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: 3,491 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.*

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

**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

**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:

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 2-29-14-8 Well, 575' FNL, 619' FWL, NW NW, 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 43-007-31234.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Carbon County Assessor  
SITLA



Page 2

43-007-31234

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**

<b>FROM: (Old Operator):</b> N2560-Fellows Energy, LTD 8716 Arapahoe Rd Boulder, CO 80303  Phone: 1 (303) 327-1515	<b>TO: ( New Operator):</b> 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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>See Attachment A</b>
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>
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.		7. UNIT or CA AGREEMENT NAME: <b>N/A</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>See Attached</b>	
2. NAME OF OPERATOR: <b>Gordon Creek, LLC</b>		9. API NUMBER: <b>See Att. A</b>
3. ADDRESS OF OPERATOR: 807 North Pinewood Circle CITY Price STATE UT ZIP 84501	PHONE NUMBER: <b>(435) 650-4492</b>	10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ COUNTY: _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: <b>UTAH</b>		

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)

<b>Well name:</b>	Gordon Creek State 2-29-14-8
<b>API number:</b>	4300731234
<b>Location:</b>	Qtr-Qtr: NWNW Section: 29 Township: 14S Range: 8E
<b>Company that filed original application:</b>	Fellows Energy Ltd.
<b>Date original permit was issued:</b>	04/19/2007
<b>Company that permit was issued to:</b>	Fellows Energy Ltd.

Check one	Desired Action:
<input type="checkbox"/>	<b>Transfer pending (unapproved) Application for Permit to Drill to new operator</b>
	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"/>	<b>Transfer approved Application for Permit to Drill to new operator</b>
	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.

**DIVISION OF OIL, GAS AND MINING**

**SPUDDING INFORMATION**

Name of Company: GORDON CREEK, LLC

Well Name: GORDON CREEK ST 2-29-14-8

Api No: 43-007-31234 Lease Type: STATE

Section 29 Township 14S Range 08E County CARBON

Drilling Contractor ROCKY MOUNTAIN DRLG RIG # RATHOLE

**SPUDDED:**

Date 10/31/07

Time 10:00 AM

How DRY

**Drilling will Commence:** \_\_\_\_\_

Reported by JOE FISHER

Telephone # (403) 827-8406

Date 11/01/07 Signed CHD

ENTITY ACTION FORM

Operator: Gordon Creek, LLC Operator Account Number: N 3245  
 Address: 807 N. Pinewood Circle  
city Price  
state UT zip 84501 Phone Number: (435) 650-4492

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731233	Gordon Creek State 3-20-14-8		sww	20	14S	8E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16468	10/28/2007		11/20/07		
Comments: <u>FRSD</u>							
CONFIDENTIAL							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731234	Gordon Creek State 2-29-14-8		nwnw	29	14S	8E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	16469	11/5/2007		11/20/07		
Comments: <u>FRSD</u>							
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)

Steven L. Prince

Name (Please Print)

*Steven L. Prince*  
Signature

Operations Manager

11/6/2007

Title

Date

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NOV 06 2007

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

**CONFIDENTIAL**

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46539
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
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.		7. UNIT or CA AGREEMENT NAME: NA
		8. WELL NAME and NUMBER: Gordon Creek State 2-29-14-8
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	9. API NUMBER: 4300731234	
2. NAME OF OPERATOR: Gordon Creek, LLC	10. FIELD AND POOL, OR WILDCAT: Gordon Creek	
3. ADDRESS OF OPERATOR: 807 N. Pinewood Circle CITY Price STATE UT ZIP 84501	PHONE NUMBER: (435) 650-4492	
4. LOCATION OF WELL FOOTAGES AT SURFACE: 575' FNL, 619' FWL		COUNTY: Carbon
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 29 14S 8E S		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" 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"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input 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"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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.  
Gordon Creek LLC proposes the following changes to the original approved drilling plan for your approval:  
Surface Casing: 9-5/8", J-55, 36 ppf to replace the 8-5/8", J-55, 24 ppf; adjusted cement volume of 700 sx instead of 825 sx.  
Production Casing: 8-3/4" hole instead of 7-7/8" hole; adjusted cement volumes: "50/50 Poz" - 250 sx instead of 235 sx and "10-1 RFC" - 400 sx instead of 395 sx.

Regarding the mud program, we will be using a gypsum water instead of air in the surface hole and will be using a DAP mud in the production hole instead of air.

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NOV 13 2007  
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Steven L. Prince</u>	TITLE <u>Operations Manager</u>
SIGNATURE <u><i>Steven L. Prince</i></u>	DATE <u>11/12/2007</u>

(This space for State use only) APPROVED BY THE STATE OF UTAH DIVISION OF OIL, GAS, AND MINING  
DATE: 11/13/07  
BY: *[Signature]* (See Instructions on Reverse Side)  
\*Surface casing cut shall be brought back to surface  
Verbal Approval given 11/12/07

COPY SENT TO OPERATOR  
Date: 11-15-07  
Initials: Rm

(5/2000)

Well name:	<b>2006-11a Fellows Gordon Creek ST 2-29-14-8rev</b>		
Operator:	<b>Fellows Energy Ltd.</b>		
String type:	Surface	Project ID:	43-007-31234
Location:	Carbon County		

**Design parameters:**

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

**Minimum design factors:**

**Collapse:**  
Design factor 1.125

**Burst:**  
Design factor 1.00

**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: 731 ft

**Burst**

Max anticipated surface pressure: 1,265 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 1,505 psi

No backup mud specified.

**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: 1,751 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 (ft <sup>3</sup> )
1	2000	9.625	36.00	J-55	ST&C	2000	2000	8.796	868.1

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	2020	2.315	1505	3520	2.34	72	394	5.47 J

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

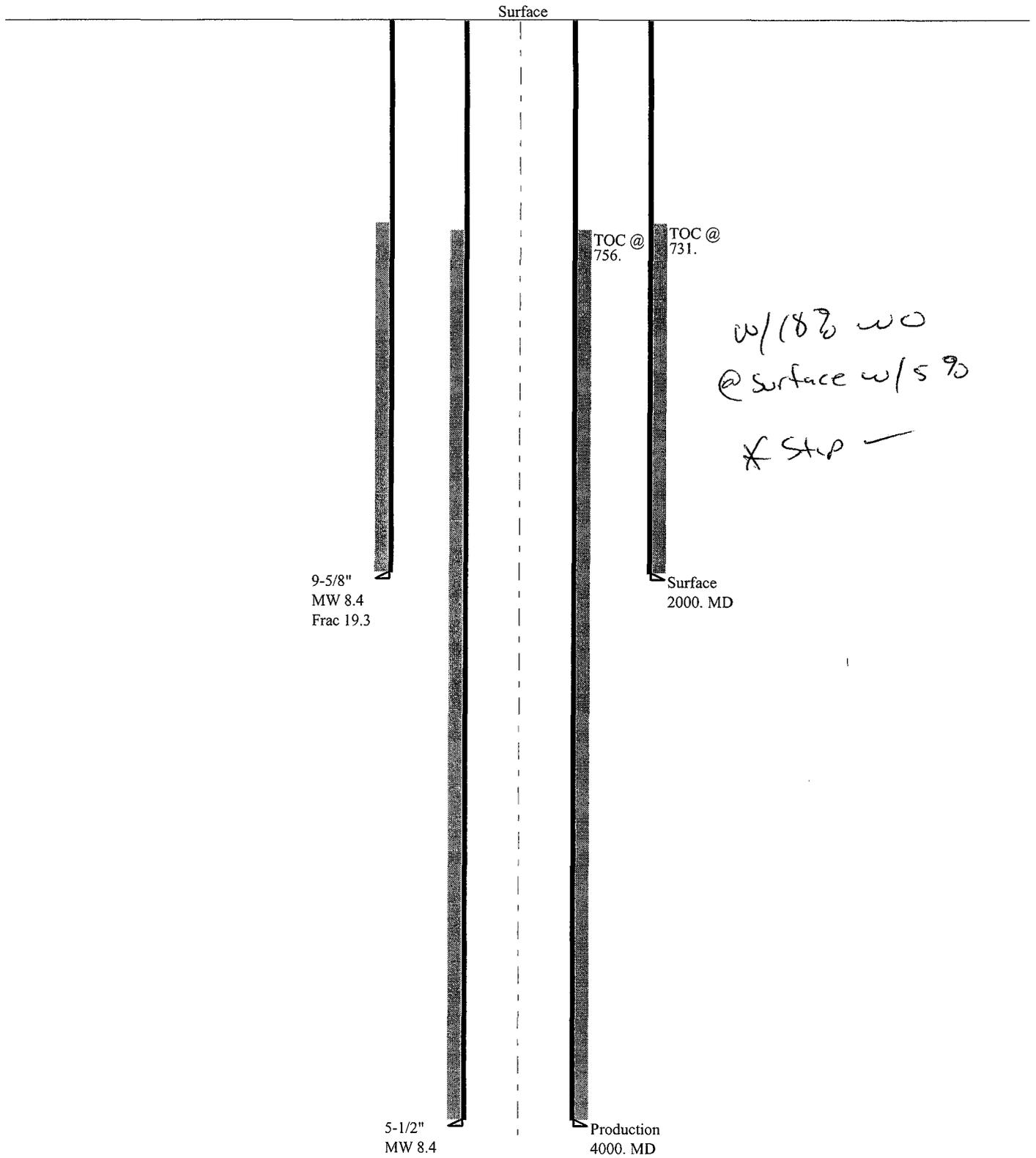
Phone: 801/538-5357  
FAX: 801/359-3940

Date: November 13, 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.

# 2006-11a Fellows Gordon Creek ST 2-29-14-8rev Casing Schematic



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

**CONFIDENTIAL**

AMENDED REPORT  FORM 8  
(highlight changes)

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

5 LEASE DESIGNATION AND SERIAL NUMBER  
ML 46539

6 IF INDIAN, ALLOTTEE OR TRIBE NAME  
N/A

7 UNIT or CA AGREEMENT NAME  
N/A

8 WELL NAME and NUMBER  
Gordon Creek State 2-29-14-8

9 API NUMBER  
4300731234

10 FIELD AND POOL, OR WLD/CAT  
Gordon Creek

11 QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN  
NWNW 29 14S 8E S

12 COUNTY  
Carbon

13 STATE  
UTAH

1a TYPE OF WELL  
OIL WELL  GAS WELL  DRY  OTHER \_\_\_\_\_

b. TYPE OF WORK:  
NEW WELL  HORIZ LATS.  DEEP-EN  RE-ENTRY  DIFF RESVR  OTHER \_\_\_\_\_

2 NAME OF OPERATOR:  
Thunderbird Energy Inc.

3 ADDRESS OF OPERATOR:  
200, 744 - 4 Avenue SW City Calgary STATE AB ZIP T2P 3T4 PHONE NUMBER: (403) 503-9070

4 LOCATION OF WELL (FOOTAGES)  
AT SURFACE: 575' FNL, 619" FWL  
AT TOP PRODUCING INTERVAL REPORTED BELOW: 575' FNL, 619" FWL  
AT TOTAL DEPTH: 575' FNL, 619" FWL

14 DATE SPUDDED: 11/4/2007 15 DATE T.D. REACHED: 11/17/2007 16 DATE COMPLETED: 12/5/2007  
ABANDONED  READY TO PRODUCE  17 ELEVATIONS (DF, RKB, RT, GL): 7445' KB

18. TOTAL DEPTH MD 3,760 TVD \_\_\_\_\_ 19. PLUG BACK T.D. MD 3,750 TVD \_\_\_\_\_ 20. IF MULTIPLE COMPLETIONS, HOW MANY? \* \_\_\_\_\_ 21. DEPTH BRIDGE MD \_\_\_\_\_ PLUG SET TVD \_\_\_\_\_

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)  
GR/CCL/VDL/CBL

23  
WAS WELL CORED? NO  YES  (Submit analysis)  
WAS DST RUN? NO  YES  (Submit report)  
DIRECTIONAL SURVEY? NO  YES  (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12.25	9.625 J-55	36	0	2,000		RockLT 464	273	CIR	
8.75	5.5 M-80	15.5	0	3,760		RockLT 340	213	CIR	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) Ferron	3,543	3,900		
(B)				
(C)				
(D)				

27. PERFORATION RECORD

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
3,504 3,510	3.5	24	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
3,514 3,536	3.5	88	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
3,580 3,592	3.5	48	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
3,709 3,714	3.5	20	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
3504 - 3510, 3514 - 3536	2600 gal 15% HCL
3580 - 3592	1200 gal 15% HCL acid squeeze

**RECEIVED**  
**JAN 07 2008**

DIV. OF OIL, GAS & MINING

29. ENCLOSED ATTACHMENTS:

30. WELL STATUS:

- ELECTRICAL/MECHANICAL LOGS
- SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION
- GEOLOGIC REPORT
- CORE ANALYSIS
- DST REPORT
- OTHER: \_\_\_\_\_
- DIRECTIONAL SURVEY

SI

**31. INITIAL PRODUCTION**

**INTERVAL A (As shown in item #26)**

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

**INTERVAL B (As shown in item #26)**

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

**INTERVAL C (As shown in item #26)**

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

**INTERVAL D (As shown in item #26)**

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES →	OIL - BBL:	GAS - MCF:	WATER - BBL:	INTERVAL STATUS:

**32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)**

**33. SUMMARY OF POROUS ZONES (Include Aquifers):**

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.

**34. FORMATION (Log) MARKERS:**

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)

**36. ADDITIONAL REMARKS (Include plugging procedure)**

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

NAME (PLEASE PRINT) Ambrose Gross TITLE Crest Consultants  
 SIGNATURE *Ambrose Gross* DATE Dec 31 / 07

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

\*\* ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining  
 1594 West North Temple, Suite 1210  
 Box 145801  
 Salt Lake City, Utah 84114-5801

Phone: 801-538-5340  
 Fax: 801-359-3940

# Swab Report

**Well Name:** GCS 2-29-14-8  
**Location:** 2-29-14-8

**Report Date:** Dec 5/2007 **Page:** 1

**Cumulative Fluid Production:** 59.20 bbls  
**Cumulative Water Production:** 59.20 bbls  
**Cumulative Oil / Condensate Production:** 0.00 bbls

**Objective:** Test Ferron Interval 3709 - 3714ftkb

**Supervisor:** Greg Novik

SWAB DATA				WELLHEAD		FLUID PRODUCTION								REMARKS		
Swab Number	Time Out	Fluid Level	Swab Depth	PRESSURES		Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H <sub>2</sub> S	
				Casing	Tubing											ppm
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls	m <sup>3</sup>	m <sup>3</sup>	ppm		%	
1	13:30	1000	3684	0	0	9.60	9.60		9.60	9.60						dead fluid
2	13:45	2200	3684	0	0	6.40	16.00		6.40	16.00						R nipple = 3684 ftkb
3	14:00	2400	3684	0	0	6.40	22.40		6.40	22.40						
4	14:15	2500	3684	0	0	4.80	27.20		4.80	27.20						
5	14:30	2600	3684	0	0	4.80	32.00		4.80	32.00						
6	14:45	2600	3684	0	0	6.40	38.40		6.40	38.40						no fluid movement in casing
7	15:00	3000	3684	0	0	3.20	41.60		3.20	41.60						change flags
8	15:30	2600	3684	0	0	4.80	46.40		4.80	46.40						
9	16:00	1800	3684	0	0	3.20	49.60		3.20	49.60						change saver rubbers
10	16:30	1700	3684	0	0	4.80	54.40		4.80	54.40						
11	17:15	2000	3684	0	0	4.80	59.20		4.80	59.20						1% PPM salinity, dead fluid

**DEC 6/2007**

1	7:00			vac	0												
2	7:18	1700	3684	0	0	6.40	65.60		6.40	65.60		0.00					
3	7:38	1900	3684	0	0	6.40	72.00		6.40	72.00		0.00					lay down lube and fix saver head
4	8:40	1700	3684	0	0	4.80	76.80		4.80	76.80		0.00					
5	9:39	1700	3684	0	0	4.80	81.60		4.80	81.60		0.00					1 % PPM salinity, Produced water, casing stable

# Swab Report

Well Name: GCS 2-29-14-8  
 Location: 2-29-14-8

Report Date: Dec 6/2007 Page: 1

Cummulative Fluid Production: 12.00 bbls

Objective: SWAB TEST FERRON INTERVAL 3580 - 3592FTKB

Cummulative Water Production: 12.00 bbls

Page Link:

Supervisor: Greg Novik

Cummulative Oil / Condensate Production:

SWAB DATA				WELLHEAD		FLUID PRODUCTION							REMARKS			
Swab Number	Time Out	Fluid Level	Swab Depth	PRESSURES		Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H <sub>2</sub> S	
				Casing	Tubing											
#	hrs:mins	m	m	Kpa	Kpa	bbls	bbls	%	bbls	bbls						
1	10:30	1200	3563	0	0	9.60	9.60	0.0%	9.60	9.60			1			R nipple at 3563ftkb, casing stable, fluid dirty compared to last interval fluid cleaning up casing stable no gas present
2	10:50	dry	3563	0	0	0.00	9.60	0.0%	0.00	9.60			1			
3	12:00	3300	3563	0	0	0.80	10.40	0.0%	0.80	10.40			1			
4	13:00	3300	3563	0	0	0.80	11.20	0.0%	0.80	11.20			1			
5	14:00	3300	3563	0	0	0.80	12.00	0.0%	0.80	12.00			1			

# Swab Report For Intervals 3580-3592, 3514-3536, 3504-3510ftkb

**Well Name:** GCS 2-29-14-8E  
**Location:** Thunderbird Energy 2-29-14-8E  
**Report Date:** Dec 8/2006 **Page:** 1  
**Cummulative Fluid Production:** 116.00 bbls  
**Cummulative Water Production:** bbls  
**Cummulative Oil / Condensate Production:** bbls **Page Link:** **Objective:** Swab 3 Comingled Intervals In  
**Supervisor:** Greg Novik

SWAB DATA				WELLHEAD		FLUID PRODUCTION							REMARKS				
Swab Number	Time Out	Fluid Level	Swab Depth	PRESSURES		Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H <sub>2</sub> S		
				Casing	Tubing												ppm
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls			ppm		%		
DEC 7/2007																	
1	17:30	1600	3472	0	0	6.4											PACKER SET AT 3478 FTKB BRIDGE PLUG SET AT 3700 FTKB sb = slight blow tubing bleeds off in 1 min R nipple at 3472 ftkb spent acid and water mix change oil saver rubbers, slight blow pump 54.4 bbls to sump gas shows, spent foamy acid/water
DEC 8/2007																	
0	7:00	1700		Opacker	41												
1	7:45	1700	3472	0	0	6.40	6.40										
2	8:00	2300	3472	0	0	6.40	12.80										
3	8:55	1800	3472	0	sb	6.40	19.20										
4	9:17	1900	3472	0	sb	4.80	24.00										
5	9:29	2300	3472	0	sb	3.20	27.20										
6	10:15	1600	3472	0	sb	4.80	32.00										
7	10:30	2400	3472	0	sb	4.00	36.00										
8	10:47	2100	3472	0	sb	4.00	40.00										gas cut foamy water
9	11:04	2300	3472	0	sb	2.40	42.40										
10	11:20	2000	3472	0	sb	4.00	46.40										
11	11:40	2000	3472	0	sb	3.20	49.60										
12	12:00	1900	3472	0	sb	3.20	52.80										
13	12:30	1900	3472	0	sb	2.40	55.20										change cups
14	12:40	2000	3472	0	sb	4.00	59.20										
15	12:52	2300	3472	0	sb	4.00	63.20										
16	13:03	2500	3472	0	sb	3.20	66.40										new cups
17	13:20	2300	3472	0	sb	4.00	70.40										
18	13:35	2400	3472	0	sb	3.20	73.60										
19	13:50	2400	3472	0	sb	2.40	76.00										
20	14:18	1900	3472	0	sb	3.20	79.20										pump 64.2 bbls to sump change cups and oil saver rubbers
21	14:45	1900	3472	0	sb	4.80	84.00										
22	14:55	2300	3472	0	0	4.80	88.80										
23	15:05	2300	3472	0	0	3.20	92.00										
24	15:20	2400	3472	0	0	3.20	95.20										
25	15:35	2400	3472	0	sb	3.20	98.40										change cups, spent creamy acid
26	15:46	2300	3472	0	sb	3.20	101.60										creamy foamy acid
27	16:15	1800	3472	0	sb	4.80	106.40										lay down lub and change saver rubbers
28	16:27	2300	3472	0	sb	3.20	109.60										gas cut spent acid

# Swab Report For Intervals 3580-3592, 3514-3536, 3504-3510ftkb

Well Name:	GCS 2-29-14-8	Report Date:	DEC 9/2007	Page:	1
Location:	2-29-14-8	Objective:	FURTHER SWAB TEST INTERVALS		
Cumulative Fluid Production:	48.80 bbl	Supervisor:	Greg Novik		
Cumulative Water Production:	48.80 bbl	Page Link:			
Cumulative Oil / Condensate Production:	bbls				

SWAB DATA				WELLHEAD		bbls							REMARKS			
Swab Number	Time Out	Fluid Level	Swab Depth	PRESSURES		Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H <sub>2</sub> S	
				Casing	Tubing											
#	hrs:mins	ft	ft	psi	psi	bbls	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
0		1800		0	28											s.i. pressures
1	8:00	1800	3472	0	0	4.80	4.80	100.0%	4.80	4.80						foamy water
2	8:30	2100	3472	0	0	3.20	8.00	100.0%	3.20	8.00						
3	9:05	1800	3472	0	0	6.40	14.40	100.0%	6.40	14.40						
4	9:25	2000	3472	0	0	1.60	16.00	100.0%	1.60	16.00						foamy water
5	9:40	2000	3472	0	0	3.20	19.20	100.0%	3.20	19.20						
6	10:00	2400	3472	0	0	3.20	22.40	100.0%	3.20	22.40						
7	10:20	2100	3472	0	0	6.40	28.80	100.0%	6.40	28.80						new cups
8	10:30	2300	3472	0	0	3.20	32.00	100.0%	3.20	32.00						
9	10:45	2000	3472	0	0	4.00	36.00	100.0%	4.00	36.00						
10	11:15	1900	3472	0	0	6.40	42.40	100.0%	6.40	42.40						
11	11:39	2200	3472	0	0	3.20	45.60	100.0%	3.20	45.60						gas cut water, no slugging fluid
12	11:53	2400	3472	0	0	3.20	48.80	100.0%	3.20	48.80						new cups, new oil saver rubbers, foamy water

# Swab Report For Intervals 3504-3510, 3514-3536 Ftkb

**Well Name:** Thunderbird GCS 2-29-14-8  
**Location:** 2-29-14-8

**Report Date:** Dec 9/2007 **Page:** 1

**Cumulative Fluid Production:** 73.60 bbl  
**Cumulative Water Production:** 73.60 bbl  
**Cumulative Oil / Condensate Production:** bbl

**Objective:** SWAB TEST 3504 - 3510, 3514 - 3536 FTKB

**Page Link:**

**Supervisor:** Greg Novik

SWAB DATA				WELLHEAD PRESSURES		FLUID PRODUCTION							REMARKS			
Swab Number	Time Out	Fluid Level	Swab Depth	Casing	Tubing	Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H <sub>2</sub> S	
#	hrs:mins	ft	ft	psi	psi	bbl	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
1	13:47	1600	3472	0	0	6.40	6.40	100.0%	6.40	6.40						some acid, foamy KCL water
2	14:05	1800	3472	0	0	4.80	11.20	100.0%	4.80	11.20						
3	14:15	1900	3472	0	0	4.80	16.00	100.0%	4.80	16.00						clean saver head, change cups
4	14:45	1800	3472	0	0	6.40	22.40	100.0%	6.40	22.40						
5	15:00	1920	3472	0	0	4.80	27.20	100.0%	4.80	27.20						
6	15:15	2200	3472	0	0	4.80	32.00	100.0%	4.80	32.00						some spent acid
7	15:27	1800	3472	0	0	4.80	36.80	100.0%	4.80	36.80						
8	15:35	1800	3472	0	0	4.80	41.60	100.0%	4.80	41.60						
9	15:50	1900	3472	0	0	4.80	46.40	100.0%	4.80	46.40						
10	16:00	1900	3472	0	0	4.80	51.20	100.0%	4.80	51.20						
11	16:12	1800	3472	0	0	4.80	56.00	100.0%	4.80	56.00						
12	16:25	1900	3472	0	0	4.80	60.80	100.0%	4.80	60.80						gas cut water acid
13	16:35	1900	3472	0	0	4.80	65.60	100.0%	4.80	65.60						consistent
14	16:49	1900	3472	0	0	3.20	68.80	100.0%	3.20	68.80						no gas after swabs
15	17:15	1700	3472	0	0	4.80	73.60	100.0%	4.80	73.60						foamy gas cut water, no slugging after swab

# Swab Report For Intervals 3504-3510, 3514-3536 Ftkb

Well Name: Thunderbird GCS 2-29-14-8

Location: 2-29-14-8

Report Date: Dec 10/2007

Page: 1

Cumulative Fluid Production: 115.20 bbl

Objective: SWAB TEST 3504 - 3510, 3514 - 3536 FTKB

Cumulative Water Production: 115.20 bbl

Cumulative Oil / Condensate Production: bbl

Page Link:

Supervisor: Greg Novik

SWAB DATA				WELLHEAD		FLUID PRODUCTION							REMARKS			
Swab Number	Time Out	Fluid Level	Swab Depth	PRESSURES		Fluid Prod.	Cumm. Fluid	Water Cut	Water Prod.	Cumm. Water	Oil/Cond. Prod.	Cumm. Oil/Cond.	Salinity	pH	H <sub>2</sub> S	
				Casing	Tubing											ppm
#	hrs:mins	ft	ft	psi	psi	bbl	bbls	%	bbls	bbls	bbls	bbls	ppm		%	
0	7:00	1800		0	4											
1	9:20	1800	3472	0	0	3.20	3.20	100.0%	3.20	3.20						Morning pressures
2	10:50	1800	3472	0	0	5.60	8.80	100.0%	5.60	8.80						foamy water, some acid, no gas
3	11:07	1800	3472	0	0	4.00	12.80	100.0%	4.00	12.80						
4	11:20	1800	3472	0	0	5.60	18.40	100.0%	5.60	18.40			1			
5	11:30	1800	3472	0	0	5.60	24.00	100.0%	5.60	24.00						
6	11:43	1800	3472	0	0	4.00	28.00	100.0%	4.00	28.00						
7	11:55	1800	3472	0	0	4.00	32.00	100.0%	4.00	32.00						
8	12:05	1900	3472	0	0	3.20	35.20	100.0%	3.20	35.20						
9	12:20	2000	3472	0	0	4.00	39.20	100.0%	4.00	39.20						
10	12:33	2000	3472	0	0	5.60	44.80	100.0%	5.60	44.80			1			misc small brown spurts of spent acid
11	12:49	1800	3472	0	0	4.00	48.80	100.0%	4.00	48.80						
12	13:00	1900	3472	0	0	4.80	53.60	100.0%	4.80	53.60						
13	13:18	1800	3472	0	0	3.20	56.80	100.0%	3.20	56.80						
14	13:30	1800	3472	0	0	3.20	60.00	100.0%	3.20	60.00						
15	13:43	1800	3472	0	0	4.00	64.00	100.0%	4.00	64.00			1			
16	13:54	1800	3472	0	0	3.20	67.20	100.0%	3.20	67.20						
17	14:15	1800	3472	0	0	4.80	72.00	100.0%	4.80	72.00			1			foamy produced water
18	14:30	1800	3472	0	0	4.00	76.00	100.0%	4.00	76.00						smal black particles(fines) in water
19	14:45	1800	3472	0	0	4.00	80.00	100.0%	4.00	80.00						1.25 % salinity
20	14:55	1800	3472	0	0	3.20	83.20	100.0%	3.20	83.20						no gas
21	15:05	1800	3472	0	0	4.80	88.00	100.0%	4.80	88.00						
22	15:18	2000	3472	0	0	3.20	91.20	100.0%	3.20	91.20						
23	15:30	1800	3472	0	0	4.00	95.20	100.0%	4.00	95.20						
24	15:42	1800	3472	0	0	4.00	99.20	100.0%	4.00	99.20						
25	16:00	1800	3472	0	0	4.00	103.20	100.0%	4.00	103.20						
26	16:10	1800	3472	0	0	4.00	107.20	100.0%	4.00	107.20						
27	16:22	1800	3472	0	0	4.00	111.20	100.0%	4.00	111.20						
28	16:46	1800	3472	0	0	4.00	115.20	100.0%	4.00	115.20			1			no gas, foamy produced water,



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

January 28, 2009

Hand Delivered January 29, 2009

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

43 007 3123A  
Gordon Creek St 2-9-14-8  
14S 8E 29

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

Dear Mr. Ironside:

As of January 2009, Gordon Creek LLC (Thunderbird) has three (3) State Lease Wells (see attachment A) that have recently been added as being in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status.

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 Utah Division of Oil, Gas & Mining 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.



Page 2  
January 28, 2009  
Mr. Ironside

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

cc: Compliance File  
Well File  
Jim Davis, SITLA

# ATTACHMENT A

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
1	GORDON CREEK ST 3-20-14-8	43-007-31233	ML-46539	1 year 1 month
2	GORDON CREEK ST 2-29-14-8	43-007-31234	ML-46539	1 year 1 month
3	GORDON CREEK ST 1-30-14-8	43-007-31235	ML-46539	1 year 2 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 3123A  
Gordon Creek St 2-29-14-9  
14S 8E 29

Rick Ironside  
Thunderbird Energy  
Suite 645, 1010 1<sup>st</sup> 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).

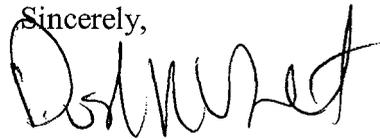
Please note that the Divisions preferred method for showing well integrity is by MIT.

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

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
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

Handwritten address: 43 007 3123A, Gordon Creek St. 2-2914-8, IAS 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

	<b>Well Name</b>	<b>API</b>	<b>Lease Type</b>	<b>Years Inactive</b>
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6	GORDON CREEK ST 4-18-14-8	43-007-30881	STATE	4 Years 10 Months

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-46539
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> GORDON CREEK ST 2-29-14-8
<b>2. NAME OF OPERATOR:</b> GORDON CREEK, LLC	<b>9. API NUMBER:</b> 43007312340000
<b>3. ADDRESS OF OPERATOR:</b> 1179 E Main #345 , Price, UT, 84501	<b>PHONE NUMBER:</b> 403 453-1608 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0575 FNL 0619 FWL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNW Section: 29 Township: 14.0S Range: 08.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> GORDON CREEK  <b>COUNTY:</b> CARBON  <b>STATE:</b> UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 8/29/2011	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> DEEPEN	<input checked="" type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input checked="" type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input checked="" type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 50px;" type="text"/>

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

Move on Workover rig, run into well with bit and casing scraper to TD, POOH. Then add perforations to the Ferron A + B (3612' - 3629', 3662' - 3664', 3671' - 3673', 3679' - 3686' + 3,694' - 3700') Then run into the well with tubing and a packer, set packer @ 3565' KB, then frac the Lower Ferron A + B down tbg with a 60 T high rate treatment, then flow test and clean up. Then kill the well and pull the tubing and packer out of the well. Then set a composite BP @ 3550'. Then frac the Upper Ferron C down casing with a 30 T high rate treatment, then flow test and clean up. Then kill the well and RIH with bit and drill out composite BP. Then run the final 2.375" production tubing string, BHP and rods, install pumpjack and place well on production as a Ferron A + B + C producer.

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

Date: 08/31/2011

By: *Dark K. Quist*

<b>NAME (PLEASE PRINT)</b> Barry Brumwell	<b>PHONE NUMBER</b> 403 453-1608	<b>TITLE</b> Vice President-Operations
<b>SIGNATURE</b> N/A	<b>DATE</b> 8/15/2011	

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: LAS 8E 29

Name: Gordon Creek, LLC c/o Thunderbird Energy.

Table with 2 columns: Well(s) or Site(s) and API #. Contains 7 rows of well information including well names and API numbers.

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.

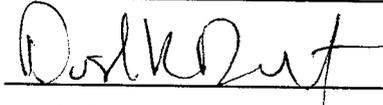
Immediate Action: For the wells subject to this notice, Thunderbird shall fulfill full cost bonding requirements for each well. Thunderbird shall also submit all information as required by R649-3-36 or plug and abandon or place the wells on production.

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

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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: ML-46539
1. TYPE OF WELL Gas Well	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: GORDON CREEK, LLC	7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: 1179 E Main #345 , Price, UT, 84501	8. WELL NAME and NUMBER: GORDON CREEK ST 2-29-14-8
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0575 FNL 0619 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 29 Township: 14.0S Range: 08.0E Meridian: S	9. API NUMBER: 43007312340000
5. PHONE NUMBER: 403 453-1608 Ext	9. FIELD and POOL or WILDCAT: GORDON CREEK
6. COUNTY: CARBON	9. 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 Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 1/18/2013	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input checked="" type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input checked="" type="checkbox"/> OTHER	OTHER: <input type="text" value="Mechanical Integrity Test"/>

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

As witnessed by Mark Jones of DOGM, this well was filled with inhibited fluid (topped off with diesel at surface to prevent freezing) and the production casing string was pressure tested to 769 psi. The pressure dropped to 761 psi over 30 minutes, indicating a successful Mechanical Integrity Test. A copy of the test chart is attached.

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

Date: April 02, 2013  
 By: *DeKQ*

NAME (PLEASE PRINT) Barry Brumwell	PHONE NUMBER 403 453-1608	TITLE Vice President-Operations
SIGNATURE N/A	DATE 2/15/2013	



**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 43007312340000**

**SI/TA extension valid through 2/1/2014. Periodic monitoring of pressures and fluid levels should be conducted to ensure continued integrity. Any change should be reported to the Division immediately.**



**THUNDERBIRD**  
ENERGY

**GORDON CREEK, LLC.**

December 19<sup>th</sup>, 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**

**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 |

**RECEIVED**

**DEC 26 2012**

**DIV. OF OIL, GAS & MINING**

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
<b>TOTAL ESTIMATED WELL ABANDONMENT &amp; SITE RESTORATION COST</b>			<b>\$ 17,500.00</b>

**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
<b>TOTAL ESTIMATED WELL ABANDONMENT &amp; SITE RESTORATION COST</b>			<b>\$ 12,700.00</b>

**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
<b>TOTAL ESTIMATED WELL ABANDONMENT &amp; SITE RESTORATION COST</b>			<b>\$ 21,400.00</b>

**RECEIVED**

**DEC 26 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

**RECEIVED****DEC 26 2012****DIV. OF OIL, GAS & MINING**



**THUNDERBIRD**  
ENERGY

**GORDON CREEK, LLC.**

December 18<sup>th</sup>, 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**

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
<u>Gordon Creek ST 19-14-8 (B)</u>	<u>API</u>	<u>43-007-30807</u>

We are in receipt of your Notice of Violation(s) dated November 27<sup>th</sup>, 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.

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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 8/12/2011 to 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.

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**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.

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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](mailto:bbrumwell@thunderbirdenergy.com).

Best regards;

A handwritten signature in blue ink that reads "B Brumwell". The signature is stylized and cursive.

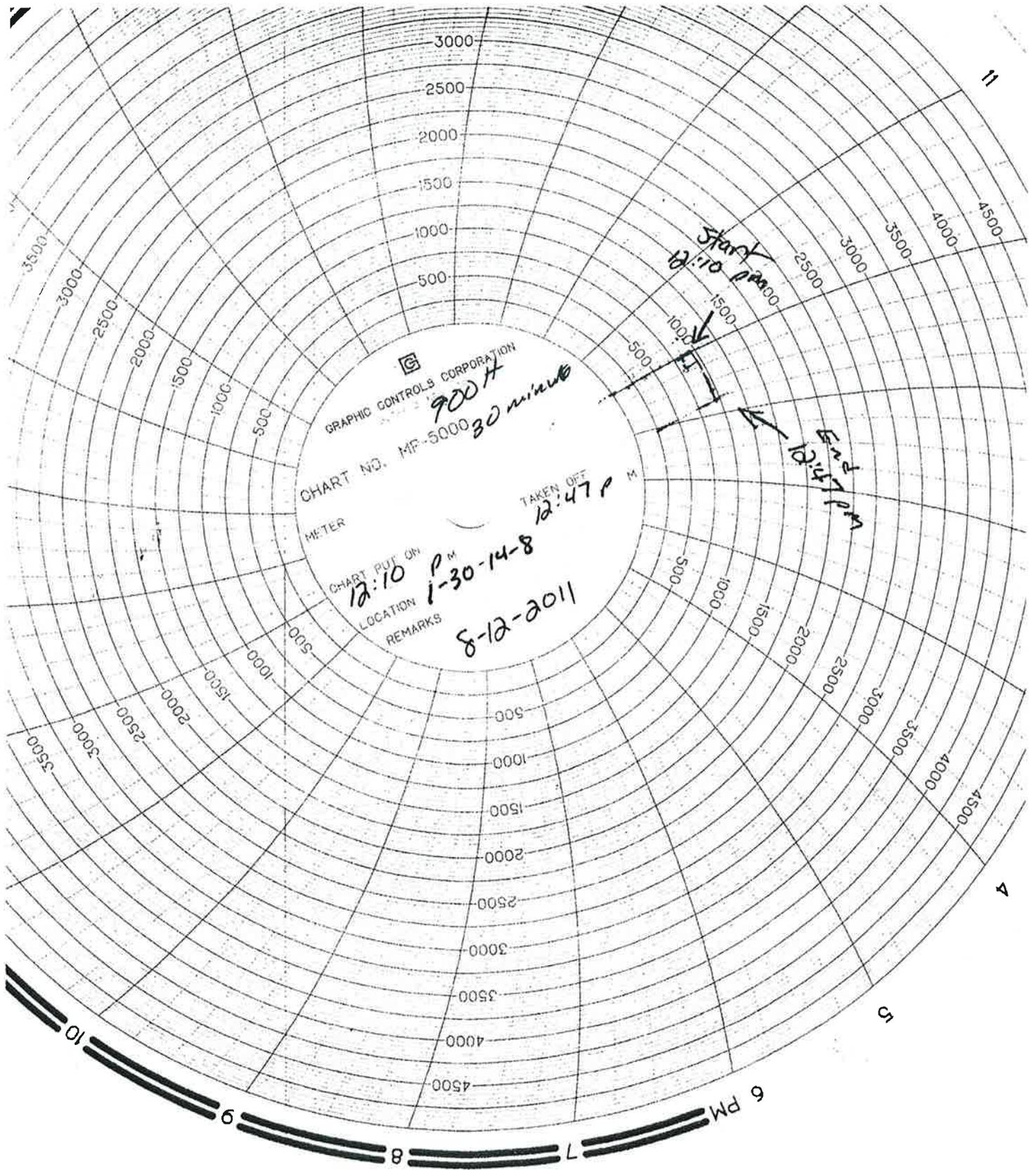
Barry Brumwell, C.E.T.  
Vice President of Operations  
Thunderbird Energy / Gordon Creek, LLC.

cc: SITLA – Jim Davis

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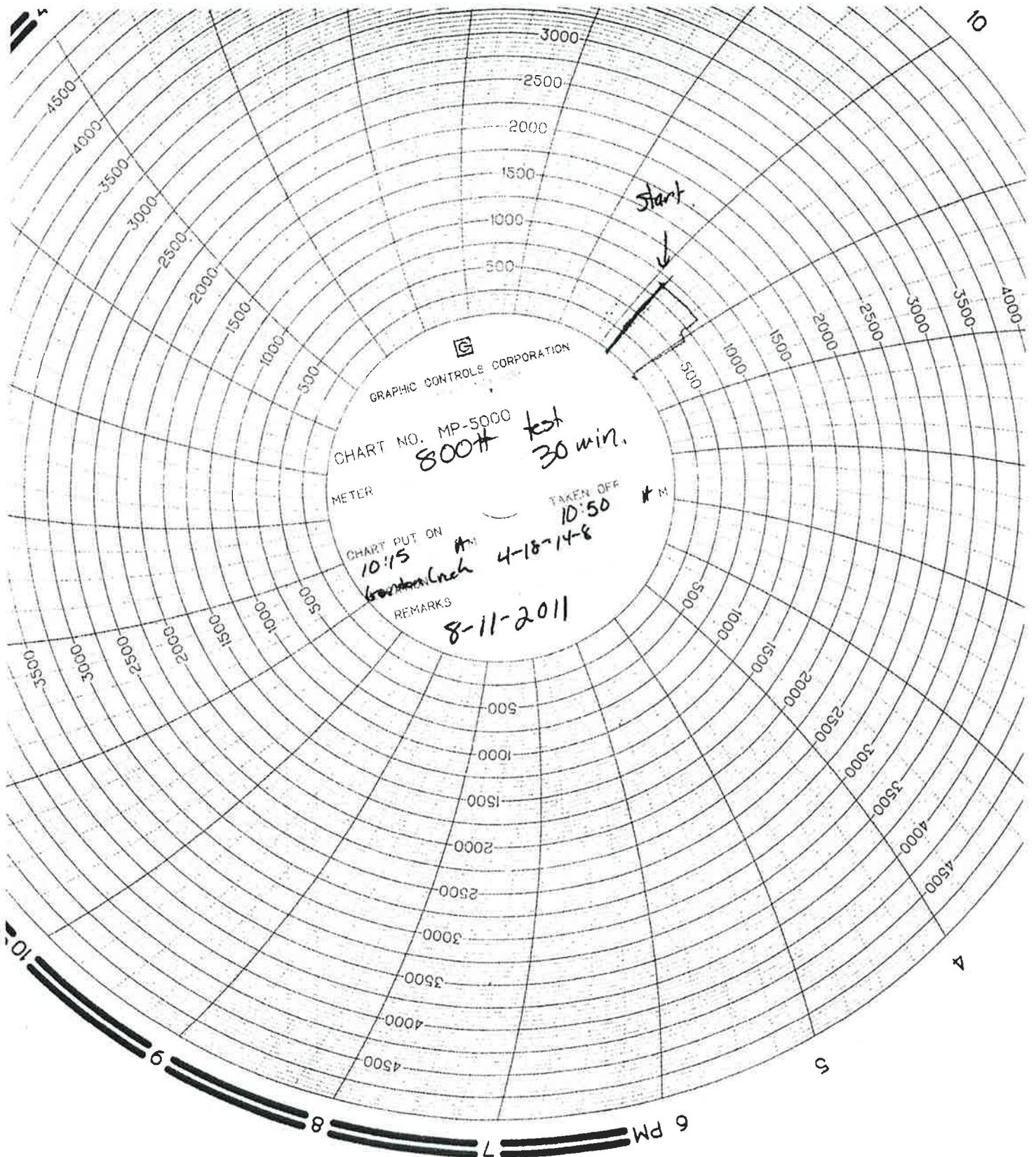
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**DIV. OF OIL, GAS & MINING**



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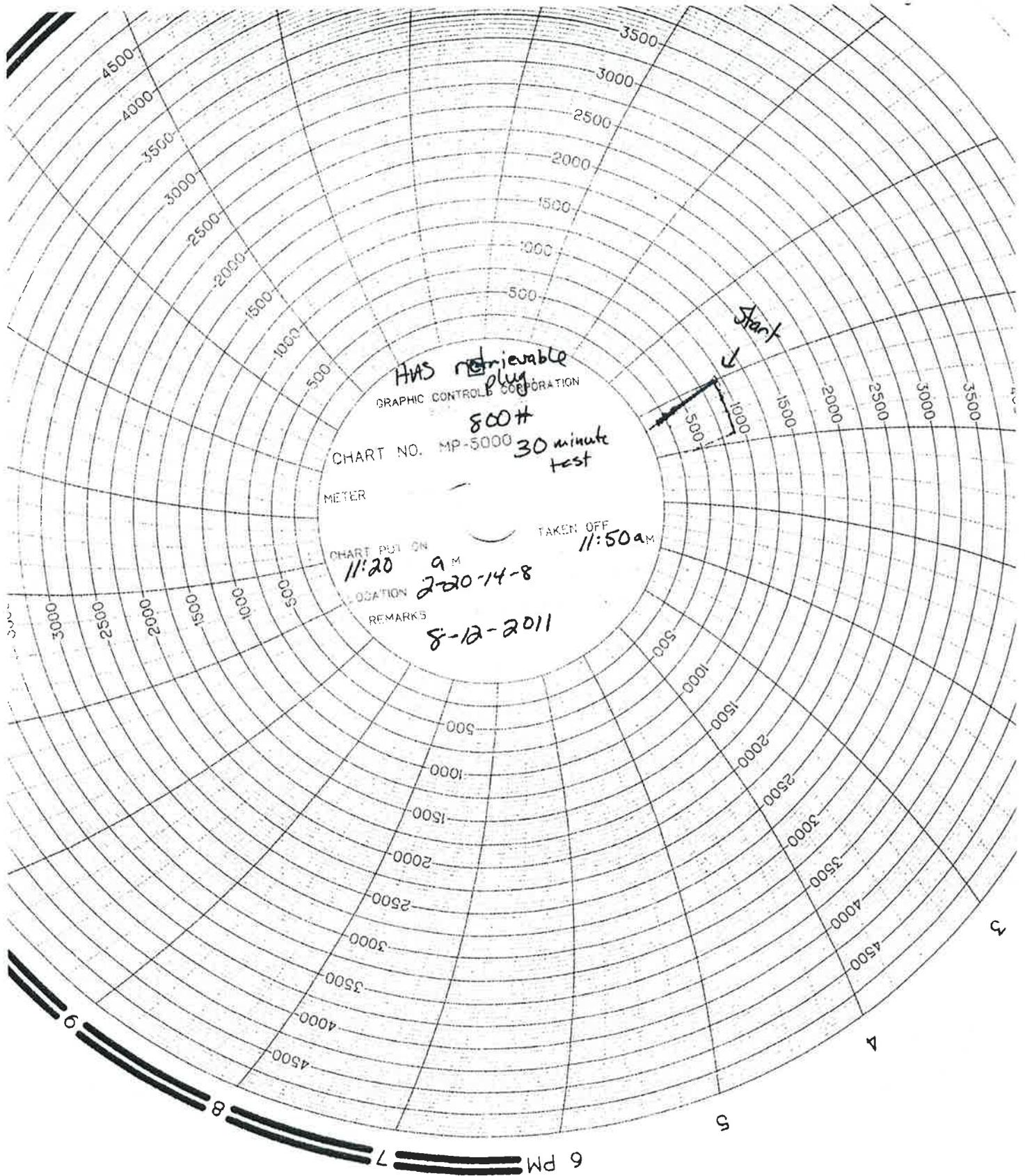
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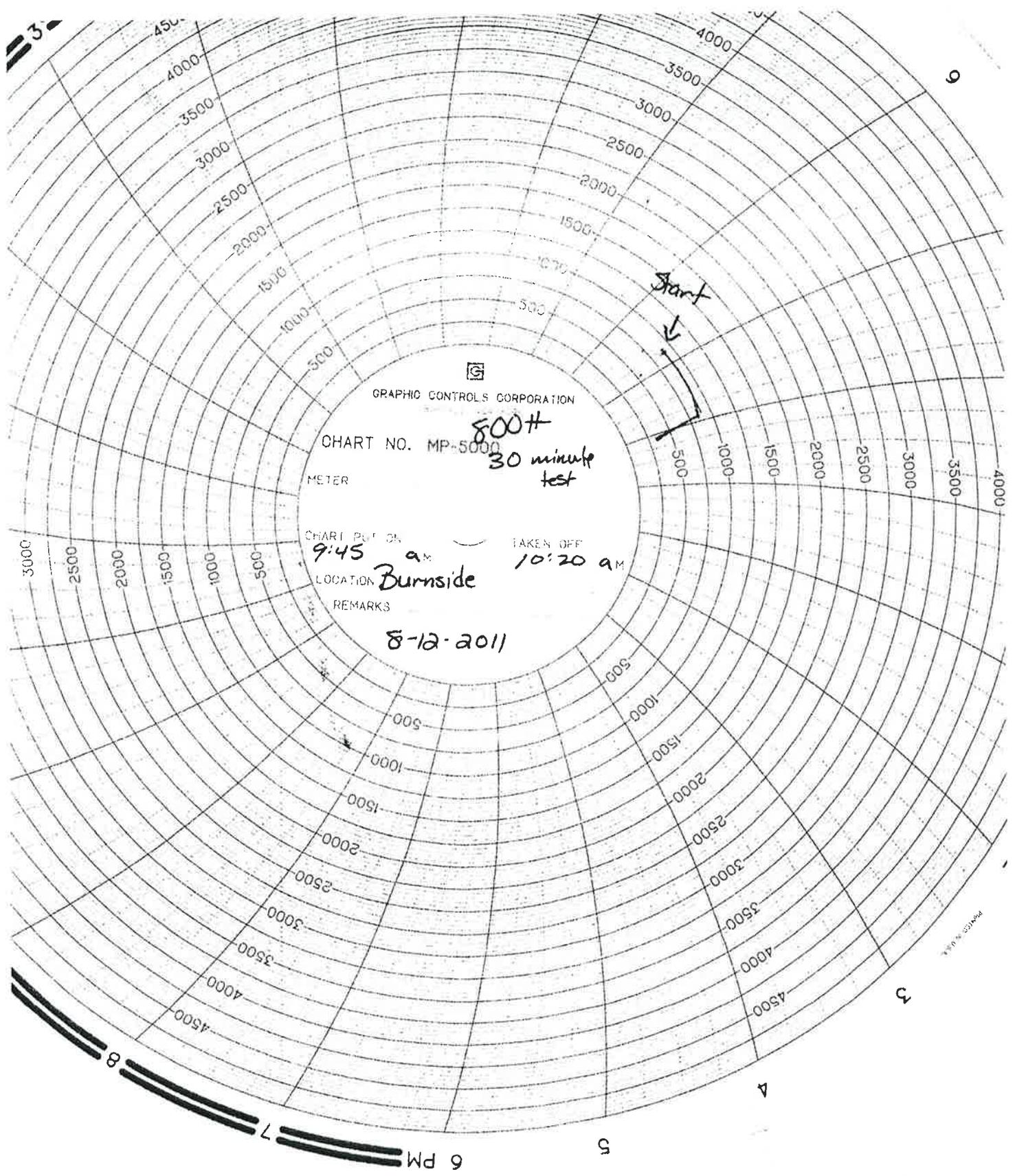
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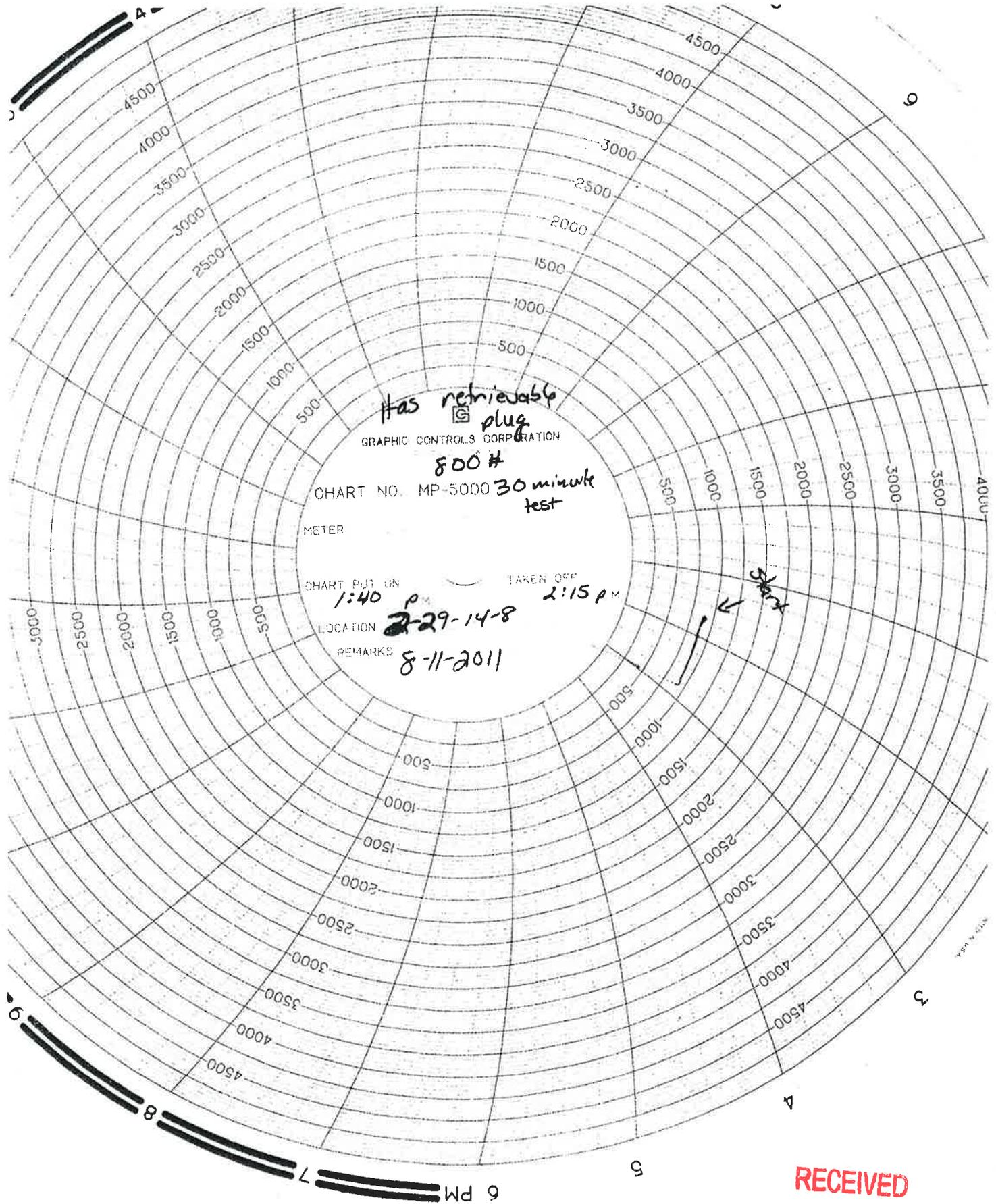
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**DEC 26 2012**  
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GARY R. HERBERT  
Governor

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 – 4<sup>th</sup> 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:

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

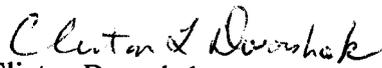
The operator is responsible to file, yearly, for extended shut-in or temporary abandonment for wells shut-in or temporarily abandoned for a period of twelve (12) consecutive months. Gordon Creek must file a Sundry Notice providing the following information for each of the above seventeen listed wells; 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](mailto:clintondworshak@utah.gov) or 801-538-5280 or Dustin Doucet, Petroleum Engineer, at [dustindoucet@utah.gov](mailto:dustindoucet@utah.gov) or 801-538-5281.

Sincerely,

  
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.**

ATTORNEYS AT LAW  
7440 CREEK ROAD, SUITE 250  
SANDY, UTAH 84093  
TELEPHONE (801) 566-8446  
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CHEYENNE  
DENVER  
SALT LAKE CITY  
SANTA FE

BRIAN A. TAYLOR

(801) 676-2307  
BTAYLOR@BWEENERGYLAW.COM

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  
43-007-30892  
43-007-50242

Gordon Creek 4-18-14-8  
Gordon Creek 1A-18-14-8  
Gordon Creek SW 7-14-8

**BEATTY & WOZNIAK, P.C.**

Clinton Dworshak  
Utah Division of Oil, Gas and Mining  
December 24, 2014  
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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

- 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:

<u>API No.</u>	<u>Well Name</u>
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

- 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.
- 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.
- 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.

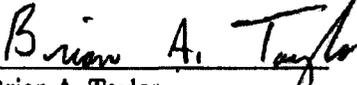
**BEATTY & WOZNAK, P.C.**

Clinton Dworshak  
Utah Division of Oil, Gas and Mining  
December 24, 2014  
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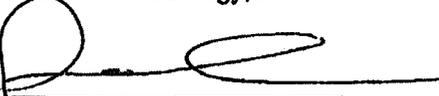
6. The first payment of \$120,000.00 covering the equivalent of four wells will be due and payable by February 27, 2015.
7. Gordon Creek will make additional \$120,000.00 payments every three months until all of the existing shut-in wells listed on Schedule A of the Order are fully covered. These additional 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  
Attorney for Gordon Creek Energy

Gordon Creek Energy, Inc.

  
\_\_\_\_\_  
Rupert Evans  
President

**BEATTY & WOZNIAK, P.C.**

Clinton Dworshak  
Utah Division of Oil, Gas and Mining  
December 24, 2014  
Page 4

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