

January 29, 2007

Fluid Minerals Group
Bureau of Land Management
82 East Dogwood
Moab, Utah 84532

RE: Application for Permit to Drill - Savoy Energy LLC
Savoy #1- 577' FSL & 726' FWL, SW/4 SW/4,
Section 8, T15S, R12E, SLB&M, Carbon County, Utah

Dear Fluid Minerals Group:

On behalf of Savoy Energy LLC (Savoy Energy), Buys & Associates, Inc. respectfully submits the enclosed original and three copies of the Application for Permit to Drill (APD) for the above referenced federal surface and mineral vertical CO₂ well. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey plat and layout of the proposed well site;
- Exhibit "B" - Proposed location maps with access & pipeline corridor;
- Exhibit "C" - H₂S Drilling Operations Plan;
- Exhibit "D" - Drilling Program;
- Exhibit "E" - Surface Use Plan;
- Exhibit "F" - Typical BOP and Choke Manifold diagram.

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

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Steve Lund or Jon Larsen of Savoy Energy at 435-851-0535 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton
Agent for Savoy Energy

cc: Steve Lund, Savoy Energy
Jon Larsen, Savoy Energy
Don Stephens, BLM - Price Field Office
Diana Whiney, Division of Oil, Gas & Mining

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DIV. OF OIL, GAS & MINING

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CONFIDENTIAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

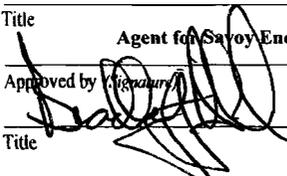
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. UTU-76254	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. Savoy #1	
9. API Well No. 43-007-31263	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory undiscovered Wildcat
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other CO₂ <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone	11. Sec., T. R. M. or Blk. and Survey or Area Section 8, T15S, R12E, SLB&M
2. Name of Operator Savoy Energy LLC	12. County or Parish Carbon
3a. Address P.O. Box 87 Manti, Utah 84642	13. State UT
3b. Phone No. (include area code) 435-851-0535	14. Distance in miles and direction from nearest town or post office* 7.0 miles southeast of Wellington, Utah
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 577' FSL & 726' FWL, SW/4 SW/4, 5339734 39.539568 At proposed prod. zone 577' FSL & 726' FWL, SW/4 SW/4, 43754114 110.604709	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 577'
16. No. of acres in lease 1,701.57 acres	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 40'	20. BLM/BIA Bond No. on file UTB 000210
19. Proposed Depth 3,820'	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,689' GR
22. Approximate date work will start* 03/01/2007	23. Estimated duration 15 days drilling 30 days completion

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature Don Hamilton	Name (Printed/Typed) Don Hamilton	Date 01/29/2007
Title Agent for Savoy Energy LLC		
Approved by 	Name (Printed/Typed) BRADLEY G. HILL	Date 02-01-07
Title ENVIRONMENTAL MANAGER		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

**Federal Approval of this
Action is Necessary**

RECEIVED

FEB 01 2007

DIV. OF OIL, GAS & MINING

CONFIDENTIAL

PREPARED FOR:

Savoy Energy

P.O. Box 87
Manti, Utah 84642

PREPARED BY:

Barker & Associates

36 W. Main St. (PO Box 43)
Wellington, Utah 84542

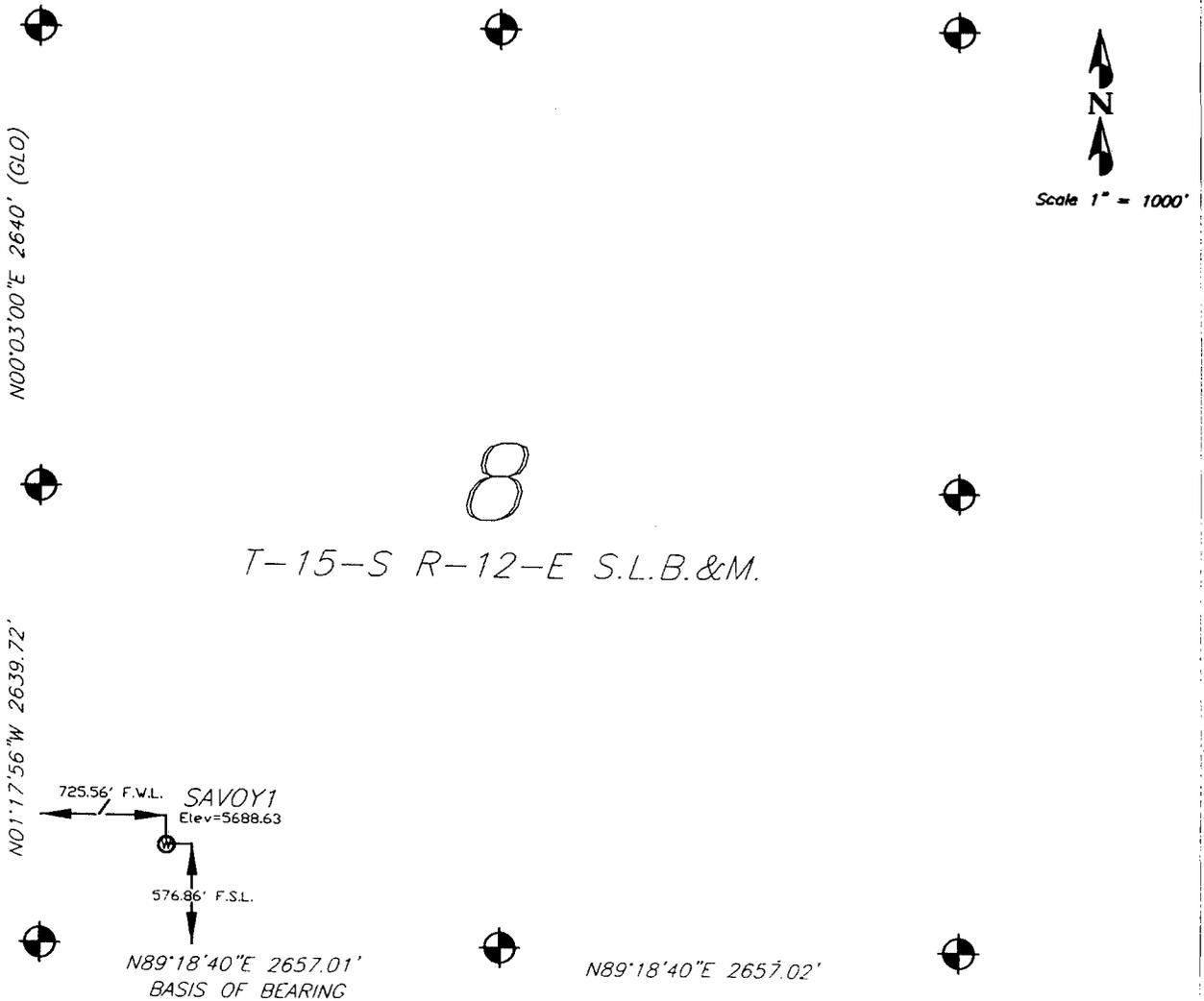
Location map for Well # Savoy 1

Section 8, T-15-S R-12-E S.L.B. & M.

DATUM: W.G.S. 84

Latitude: N39°31'46.0"

Longitude: W110°36'19.9"



Surveyor's Certificate

I, Art F. Barker do hereby depose and say that I am a Registered Land Surveyor as prescribed by the laws of the state of Utah and hold certificate number 162812 I further certify that I have made the survey shown herewith.

 Art F. Barker
 Utah Reg. No. 162812
 A. F. BARKER
 162812

11/5/07
Date: _____

Drilling Program

Attached to BLM Form 3
Savoy Energy LLC
Savoy #1
577' FSL & 726' FWL, SW/4 SW/4
Sec. 8 -T15S-R12E SLB&M
Carbon County, Utah

1. The Geologic Surface Formation

Ferron

2. Estimated Tops of Important Geologic Markers

<u>Marker</u>	<u>Depth (MD)</u>
Ferron Sandstone	Surface - 1002'
Morrison	1002' - 1873'
Curtis	1873' - 2030'
Entrada	2030' - 2465'
Carmel	2465' - 2787'
Navajo - Wingate	2787' - 3716''
Chinle	3716' - 3820'
Total Depth	3820'

3. Projected Gas & Water Zones

Ferron sandstones Surface to 350 feet

No groundwater is expected to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive Carbon dioxide and possibly 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)	CSG SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	350'	8-5/8"	24# J-55 ST&C	New
7-7/8"	3820'	5-1/2"	15.5# J-55 ST&C	New

Cement Program – Every attempt will be made to bring cement back to surface

Surface Casing: 241 sacks Howco Premium Plus V + CaCl + Flocele;
Extra: 85%
Weight: 15.6 #/gal
Yield: 1.20 cu.ft/sk

Production Casing: 239 sacks Howco CBM Light LCM
Weight: 10.5 #/gal
Yield: 4.59 cu.ft/sk

303 sacks Howco CBM Light
Weight: 13.0 #/gal
Yield: 1.99 cu.ft/sk

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 - 350' 12-1/4" hole Drill with air, will mud-up if necessary.

350' - TD 7-7/8" hole Drill with air, will mud-up if necessary.
500 psi @ 1500-2300 Scf.

If fluid is necessary it will be fresh water + Quik-Gel + Pac-R + Therma-Thin + Barolift at 8.5 – 8.8 #/gal maximum.

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

350-TD Schlumberger Neutron-Density, PEX-AITH

Overpressuring

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.

Lost Circulation

Previous drilling records in this area indicate potential lost circulation while drilling or cementing the production casing for the wells. We plan to include lost circulation material in the production cement and have lost circulation material /additives on location while drilling.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: March 15, 2007.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Bureau of Land Management:

- (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 Bureau of Land Management and the Division of Oil, Gas & Mining immediately

SURFACE USE PLAN

Attachment for Permit to Drill

Name of Operator: Savoy Energy LLC
Address: P.O. Box 87
Manti, Utah 84642
Well Location: Savoy #1
577' FSL & 726' FWL, SW/4 SW/4,
Section 8, T15S, R12E
Carbon County, UT

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

An off-lease federal right-of-way is being requested with this application and is necessary for use of the off-lease portion of the access to SR-6 and pipeline corridor to Pure CO₂ surface as reflected on the attached map.

The BLM onsite inspection for the referenced well was conducted on Thursday, December 14, 2006 at approximately 8:45 am. In attendance at the onsite inspections were the following individuals:

Don Stephens	Geologist	Bureau of Land Management--Price
David Watson	Realty Specialist	Bureau of Land Management--Price
Mike Leschin	Paleontologist	Bureau of Land Management--Price
Steve Lund	Company Representative	Savoy Energy LLC
Jon Larsen	Company Representative	Savoy Energy LLC
Don Hamilton	Agent	Buys & Associates, Inc.

1. Existing Roads:

- a. The proposed well site is located approximately 7.0 miles southeast of Wellington, Utah.
- b. From Price, travel 10.7 miles east from the eastern most exit in Price along SR-6 through Wellington to a gravel parking area on the south side of SR-6. Turn right and travel through the parking area and right-of-way fence along the native-surfaced Carbon County maintained Mounds road for 1.6 miles. Turn east at the existing native-surfaced BLM road and travel 0.5 miles in a southeastern direction to an intersection that will traverse along an existing reclaimed well access road north of the small hill. Follow the reclaimed access road 0.5 miles to the Savoy #1 (see attached maps).
- c. The use of roads under State and County Road Department maintenance are necessary to access the project area. An encroachment permit is not anticipated for SR-6 with the UDOT but an encroachment is anticipated and will be applied for with Carbon County for use and upgrade of the Mounds Road.
- d. From SR-6 the existing roads to the wellsite will require blading, resurfacing, ditching and crowning. Upgrades to these segments of road are requested with this application.
- e. All existing roads will be maintained and kept in good repair during all phases of operation.
- e. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- f. An off-lease federal right-of-way is necessary for the off-lease portions of the access road trending to SR-6 and the pipeline corridor trending southwest to the Savoy #2 from the federal lease UTU-76254. An off-lease federal right-of-way grant is being requested with this application.

2. Planned Access Roads:

- a. Existing roads and an existing previously reclaimed road will be utilized with no new access proposed with this application.
- b. From SR-6 the existing native-surface Carbon County maintained Mounds Road trending southeast will be upgraded for approximately 1.6 miles. From that point the existing native-surfaced road trending southeast 0.5 miles then the existing reclaimed road trending north east to the proposed well site will be upgraded for 1.0 mile.
- c. The access consists of entirely existing disturbance and crosses no significant drainages.
- d. A road design plan is not anticipated at this time.
- e. The proposed access road will consist of a 24' travel surface within a 30' disturbed area across entirely BLM managed lands.
- f. BLM approval to upgrade the existing access corridor is requested with this application.
- g. A maximum grade of 10% will be maintained throughout the project with no turnouts proposed.
- h. No low water crossings and one 18' culvert at the Mounds Road / BLM road intersection is anticipated. Additional culverts and adequate drainage structures will be incorporated into the remaining existing road.
- i. No surfacing material will come from federal or Indian lands.
- j. No gates or cattle guards are anticipated at this time.
- k. Surface disturbance and vehicular travel will be limited to the approved location access road.
- l. All access roads and surface disturbing activities will conform to the standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).
- m. The operator will be responsible for all maintenance of the access road including drainage structures.

3. Location of Existing Wells:

- a. An existing plugged CO2 well is reflected on the attached location layout and maps. No other wells are known to exist within a one mile radius of the proposed well.

4. Location of Production Facilities:

- a. All permanent structures will be painted a flat, non-reflective Desert Tan to match the standard environmental colors. All facilities will be painted within six months of installation. Facilities complying with the Occupational Safety and Health Act (OSHA) may be excluded.
- b. Site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- c. A gas meter run will be constructed and located on lease within 500 feet of the wellhead. Meter runs will be housed and/or fenced. All gas production and measurement shall comply

with the provisions of 43 CFR 3162. 7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

- d. A two-tank battery will be constructed on this location, it will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- e. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry.
- f. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- g. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- h. A gas pipeline is associated with this application and is being applied for at this time. The proposed gas pipeline corridor will leave the southwest side of the well site and traverse 1.9 miles southeast to the proposed Savoy #2 crossing entirely federal surface.
- i. The new gas pipeline will be a 4.5" reinforced plastic buried pipeline within a 30' wide utility corridor. The use of the proposed well sites and existing access roads will facilitate the staging of the pipeline construction. A new pipeline length of approximately 1.9 miles is associated with this well.
- j. Savoy intends on installing the pipeline utilizing a spider plow mounted on a dozer. The method is similar to the method utilized to install fiber-optic cable. The pipe is on a spool that is carried by a support vehicle or dozer. Long lengths of pipe are spliced utilizing the company developed fusing method.
- k. The pipeline will be buried unless surface rock exists or conditions encountered during construction prohibit the burial of the pipeline.

5. Location and Type of Water Supply:

- a. The water supply for construction, drilling and operations will be provided by Sunnyside City, a local source of municipal water through a coin operated delivery tap. The water is available to Sunnyside City through an existing valid water right.
- b. Water will be trucked to the wellsite over approved access roads.
- c. No water well is proposed with this application.
- d. Should additional water sources be pursued they will be properly permitted through the State of Utah – Division of Water Rights.

6. Source of Construction Material:

- a. The use of materials will conform to 43 CFR 3610.2-3.
- b. No construction materials will be removed from BLM lands.

- c. If any gravel is used, it will be obtained from a state approved gravel pit.

7. Methods of Handling Waste Disposal:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities.
- b. Drill cuttings will be contained and buried on site.
- c. The reserve pit will be located inboard of the location and along the north side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12 mil minimum thickness plastic nylon reinforced liner material. The liner will overlay a felt liner pad only if rock is encountered during excavation. The pit liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit has been located in cut material. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. After the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completion of the well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completion of the well.
- h. Trash will be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Carbon County Landfill near Price, Utah.
- i. Produced fluids from the well other than water will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.
- j. After initial clean-up, a 400 bbl tank will be installed to contain produced waste water. This water will be transported from the tank to an approved disposal well for disposal near Roosevelt, Utah.
- k. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- l. Sanitary facilities will be on site at all times during operations. Sewage will be placed in a portable chemical toilet and the toilet replaced periodically utilizing a licensed contractor to transport by truck the portable chemical toilet so that its contents can be delivered to the Price River Water Improvement District Wastewater Treatment Facility near Wellington, Utah in accordance with state and county regulations.

8. Ancillary Facilities:

- a. Garbage Containers and Portable Toilets are the only ancillary facilities proposed in this application.

9. Well Site Layout: (See Exhibit B)

- a. The well will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the south.
- c. The pad and road designs are consistent with BLM specification
- d. A pre-construction meeting with responsible company representative, contractors and the BLM will be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road will be construction-staked prior to this meeting.
- e. The pad has been staked at its maximum size of 185' X 225'; however it will be constructed smaller if possible, depending upon rig availability. Should the layout change, this application will be amended and approved utilizing a sundry notice.
- f. All surface disturbing activities, will be supervised by a qualified, responsible company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- g. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- h. Diversion ditches will be constructed as shown around the well site to prevent surface waters from entering the well site area.
- i. The site surface will be graded to drain away from the pit to avoid pit spillage during large storm events.
- j. The stockpiled topsoil (first 6 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent any possible contamination. All topsoil will be stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- k. Pits will remain fenced until site cleanup.
- l. The blooie line will be located at least 100 feet from the well head.
- m. Water injection may be implemented if necessary to minimize the amount of fugitive dust.

10. Plans for Restoration of the Surface (Interim Reclamation and Final Reclamation):

- a. Site reclamation for a producing well will be accomplished for portions of the site not required for the continued operation of the well.
- b. Upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1. Once the reserve pit is dry, the plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit. The reserve pit and that portion of the location not needed for production facilities/operations will be re-contoured to the approximate natural contours.

- c. Following BLM published Best Management Practices the interim reclamation will be completed within 90 days of completion of the well to reestablish vegetation, reduce dust and erosion and compliment the visual resources of the area.
 - a. All equipment and debris will be removed from the area proposed for interim reclamation and the pit area will be backfilled and re-contoured.
 - b. The area outside of the rig anchors and other disturbed areas not needed for the operation of the well will be re-contoured to blend with the surrounding area and reseeded at 12 lbs /acre with the following native grass seeds:
 - 1. Crested Wheat Grass (4 lbs / acre)
 - 2. Needle and Thread Grass (4 lbs / acre)
 - 3. Rice Grass (4 lbs / acre)
 - c. Reclaimed areas receiving incidental disturbance during the life of the producing well will be re-contoured and reseeded as soon as practical.
- d. The Operator will control noxious weeds along access road use authorizations, pipeline route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, it is required that a Pesticide Use Proposal be submitted and approved prior to the application of herbicides, pesticides or possibly hazardous chemicals.
- e. Prior to final abandonment of the site, all disturbed areas, including the access road, will be scarified and left with a rough surface. The site will then be seeded and/or planted as prescribed by the BLM. The BLM recommended seed mix will be detailed within their approval documents.

11. Surface and Mineral Ownership:

- a. Surface Ownership – Federal under the management of the Bureau of Land Management - Price Field Office, 125 South 600 West, Price, Utah 84501; 435-636-3608.
- b. Mineral Ownership – Federal under the management of the Bureau of Land Management - Price Field Office, 125 South 600 West, Price, Utah 84501; 435-636-3608.

12. Other Information:

- a. Senco-Phenix Archaeological Consultants will conduct a Class III archeological survey. A copy of the pending report will be submitted under separate cover to the appropriate agencies by Senco-Phenix Archaeological Consultants.
- b. The need for a paleontological survey has been reviewed with BLM staff determining that no survey is necessary.
- c. Our understanding of the results of the onsite inspection are:
 - a. No Threatened and Endangered flora and fauna species were found during the onsite inspection.
 - b. The pipeline crossing Grassy Trails drainage will require a Section 404 permit prior to any construction.

13. Operator's Representative and Certification

<u>Title</u>	<u>Name</u>	<u>Office Phone</u>
Company Representative (Manti)	Steve Lund	1-435-340-0557
Agent	Don Hamilton	1-435-719-2018

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 currently exists; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Savoy Energy LLC and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under Savoy's BLM bond. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signature: Don Hamilton Date: 1-29-07

H₂S Drilling Operations Plan

Savoy Energy LLC

Savoy #1

**SW/4 SW/4, Section 8,
Township 15S – Range 12E
Carbon Co, Utah**

**Elevation 5,689' ft
(est. graded elev.)**

Savoy Energy LLC
P.O. Box 87
Manti, Utah 84642

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Introduction

The following H₂S Drilling Operations Plan (DOP) is to be used as a contingency plan during the drilling and completion of the Savoy #1 well. It is intended to follow and meet the requirements of the Bureau of Land Management (BLM) Onshore Oil and Gas Order 6 (Order 6). An H₂S Public Protection Plan (PPP) does not accompany this DOP because the Savoy #1 is located such that exposure risk to the public is minimal and the wellsite does not meet the criteria requiring a PPP as specified in Order 6.

The purpose of this plan is to act as a guideline for personnel working at the wellsite in the event of hydrogen sulfide release during drilling or completion operations. All personnel working at the wellsite as well as service personnel that may travel to location on an unscheduled basis must be familiar with this program and are expected to follow procedures in the plan if Hydrogen Sulfide (H₂S) is detected. The cooperation and participation of all personnel involved with the drilling or completion operation is necessary for this plan to be effective.

Directions to Location:

From Price, travel 10.7 miles east from the eastern most exit in Price along SR-6 through Wellington to a gravel parking area on the south side of SR-6. Turn right and travel through the parking area and right-of-way fence along the native-surfaced Carbon County maintained Mounds road for 1.6 miles. Turn east at the existing native-surfaced BLM road and travel 0.5 miles in a southeastern direction to an intersection that will traverse along an existing reclaimed well access road north of the small hill. Follow the reclaimed access road 0.5 miles to the Savoy #1 (see attached maps).

General

A copy of this H₂S DOP is to be available at the wellsite beginning when operations become subject to the terms of Order 6. The operations on any BLM authorized well are subject to Order 6 when drilling reaches a depth of 500 feet above or 3 days prior to penetrating the first zone that is reasonably expected to contain in excess of 100 ppm in the gas stream. When the H₂S DOP becomes effective, initial training of personnel is to have been completed and all H₂S related safety equipment is to be installed, tested, and operational. On the Savoy #1, the first formation with potential to contain H₂S is the Navaho, at a projected top of 2,787'

I. Duties & Responsibilities

In order to assure proper execution of the contingency plan, it is essential that one person be responsible for and in charge of implementing the procedures outlined in this plan. The order of responsibility will be as follows:

1. Savoy representative on location – if unable to perform his/her duties.
2. Alternate Savoy representative – if unable to perform his/her duties.
3. Rig Toolpusher/Supervisor – if unable to perform his/her duties.
4. Safety consultant representative – if available.

A. All Personnel

1. Always be alert for possible H₂S alarms – both audible and visual.
2. Be familiar with location of Safe Briefing Areas (SBA) and protective breathing equipment.
3. Develop “wind awareness”. Be aware of prevailing wind direction as well as nearby uphill areas, should there be no wind.
4. Familiarize yourself with nearest escape routes for safe evacuation.
5. Should an H₂S alarm sound, DON'T PANIC – remain calm and follow instructions of person in charge.
6. If the H₂S alarms sound (indicating H₂S concentration greater than 10 ppm):
 - a. Essential personnel shall don the appropriate respiratory protective equipment and follow safety procedures. Essential personnel will continue to wear respiratory protective equipment until the area is declared safe (H₂S <10 ppm) by the person in charge.
 - b. Non-essential personnel shall evacuate to the appropriate safe briefing area using escape-breathing systems and then wait there for further instructions from the authorized Savoy drilling representative.
 - c. Initiate rescue protocol if necessary – following training procedures.

B. Savoy – Foreman

1. The Savoy foreman will confirm that all personnel on location at any time are trained in H₂S safety and aware of above list of duties.
2. The Savoy foreman will ensure that all personnel follow all safety and emergency procedures.
3. The Savoy foreman will endeavor to keep the number of personnel on location to a minimum and to ensure that only essential personnel are on location during critical operations.
4. Should any extreme danger condition exist (H₂S >10 ppm), the Savoy foreman will:
 - a. Assess the situation and inform all personnel by an appropriate means of communication
 - b. Be responsible for having an evaluation of the condition conducted and if warranted, have the red flags and warning signs posted at location entrances.
 - c. Go to safe briefing area and give clear instructions relative to hazard on location, and actions for personnel to follow.
 - d. Notify company and regulatory groups of current situation as outlined in this plan and company protocol. Follow appropriate emergency procedures for emergency services notification.
 - e. Proceed to rig floor with personal protection equipment and supervise operations with rig supervisor. Take action to control and reduce the H₂S hazard.
 - f. Verify that essential personnel are properly protected with supplied air breathing equipment and that non-essential personnel are in a safe breathing area.
 - g. Be responsible for contacting local emergency personnel to authorize and conduct and evacuation of persons/residents in area surrounding the drilling location.
 - h. Commence ignition procedures if the ignition criteria as outline in Section IV of this plan are met.

C. Rig Supervisor- Toolpusher

1. If the Savoy foreman is unable to perform his/her duties, and the alternate foreman is also unable or unavailable to perform his duties, the drilling rig toolpusher will assume command of the wellsite operations and all responsibilities listed above for drilling foreman.
2. Ensure that all rig personnel are properly trained to work in H₂S environment and fully understand purpose of H₂S alarms, and actions to take when alarms activate. Ensure that all crew personnel understand the buddy system, safe briefing areas, and individual duties as well as emergency evacuation procedures.
3. Should any extreme danger condition exist (H₂S >10 ppm), the rig toolpusher shall assist the Savoy foreman by doing the following:
 - a. Proceed to the rig floor with personal protection equipment and assist in supervising rig operations.
 - b. Ensure that only essential working personnel remain in hazardous areas.
 - c. Ensure that all crewmembers that remain in hazardous area wear respiratory protective equipment until notified that area is "clear" of any toxic gases.
 - d. Assign a rig crewmember or other service representative to block entrance to location. No unauthorized personnel will be allowed entry to location.
 - e. Help to determine hazardous areas on location using portable detection equipment and position electric fans to circulate air to any high concentration areas.

D. Safety Consultant

1. During normal operations (no H₂S present), the safety consultant will be responsible for doing the following:
 - a. Ensure that all wellsite safety equipment is in place and operational.
 - b. Ensure that all wellsite personnel are familiar with location safety layout and operation of all safety equipment.
 - c. Assist the Savoy foreman in performing weekly H₂S drills for personnel on location.
2. When an operational condition is classified as extreme danger (H₂S > 10 ppm), the safety consultant will be responsible for the following:
 - a. Account for all wellsite personnel.
 - b. Assess any injuries and administer or direct any necessary first aid.
 - c. Ensure that all safety and monitoring equipment is functioning properly and available where needed.
 - d. Monitor the safety of wellsite personnel.
 - e. Maintain a close communication with the Savoy foreman.
 - f. Be prepared to assist Savoy foreman with support for rig crew or other personnel using breathing equipment.
 - g. Be prepared to assist Savoy foreman with emergency procedures including possible well ignition.

E. Drilling Manager

1. The Drilling Manager will be responsible for notifying and maintaining contact with Savoy Senior Management and other company supervisory personnel.
2. Maintain communication with the Savoy foreman and be prepared to provide any assistance that might be required.
3. Travel to wellsite if appropriate.
4. Assist Savoy foreman with all other notifications – both company and regulatory.

II. Well Location Layout

A. Location

1. An attached well site diagram depicts location and rig orientation, prevailing wind directions, terrain of surrounding area, location of briefing areas, access roads (including secondary egress), location of flare lines and pits, location of caution/danger signs, and location of wind indicators.
2. If practical, the drilling rig will be situated on location to allow for the prevailing winds to blow across the rig toward the circulation tanks or at right angles to the lines from the BOP stack to the circulation tanks or as near this configuration as possible. The proposed orientation of the drilling rig at Savoy #1 is not situated as prescribed and is not practical to change the rig orientation..
3. If practical, there will be 2 roads from location with one at each end of location or as dictated by prevailing winds and terrain. If an alternate road is not practical, a clearly marked footpath to a safe area will be provided. The auxiliary escape route will be kept available and passable at all times so that a shift in wind direction will not prevent escape from the location if an emergency should occur.
4. The entrance(s) to the location will be designed to be barricaded if necessary because of a hydrogen sulfide emergency condition.
5. A minimum of 2 safe briefing areas (SBA) will be designated for assembly of personnel during emergency conditions. These will be located at least 150 feet from the wellbore and in such a location that at least one area will be upwind of the well at all times. Upon recognition of an emergency situation, all personnel will be trained to assemble at the designated briefing area for instructions.
6. Smoking areas will be established and smoking will be allowed only at those established smoking areas.
7. Reliable 24-hour telephone communications will be available at the drilling foremen's office.
8. The drilling rig will have a continuous electronic H₂S detections system that will be located to detect the presence of hydrogen sulfide in areas where it is most likely to appear on site. The sensor head locations will be: 1) rig floor by driller's console, 2) substructure area near the bell nipple, 3) the shale shaker, 4) the mud mixing area. Additional sensors will be positioned at the discretion of the drilling foreman. At least 1 light and 1 siren will be placed on the rig to indicate the presence of hydrogen sulfide. The light and siren will be strategically placed to be visible to all personnel on the drill site.
9. Equipment to indicate wind direction will be installed at prominent locations and will be visible at all times during drilling operations. At least 2 wind direction indicators (i.e. windsocks) will be placed at separate elevations (i.e. near ground level and rig floor height). At least 1 wind direction indicator will be clearly visible from all principal working areas at all times to that wind direction can be easily determined. In addition, a wind indicator will be provided at each of the two

briefing areas if the other wind direction indicators on location are not visible from the briefing areas.

10. Operational danger or cautions sign(s) will be displayed along all controlled accesses to the site. The sign(s) will be legible and large enough to be read by all persons entering the wellsite and be placed at a minimum of 200 feet but not more than 500 feet from the wellsite and at a location which allows vehicles to turn around at a safe distance prior to reaching the site.
11. Protective safety equipment will be available for all essential personnel. There will be five 30-minute SCBA and five air line breathing units with emergency escape cylinders located at the drilling floor or dog house, one SCBA and air line unit will be located in the derrick (for derrick man), one 30 minute SCBA per person will be located by the quarters of all personnel on location, and 30-minute SCBA and escape units will be distributed as needed near the shaker, mud tanks, and any other area where escape from an H₂S contaminated area could be difficult. A safety trailer containing the compressed breathing air will be located near the well site and air lines will be run from the safety trailer to where the air line breathing units are located.

III. Safety Procedures

A. Training

When this plan is in effect, everyone on the drilling location must be properly trained in hydrogen sulfide safety and carry documentation indicating that the training has occurred within the previous 12 months. There will be a training session that reviews this site specific H₂S plan and the H₂S PPP (if applicable) for all personnel on each work crew on location. Training will also include weekly H₂S and well control drills. All training sessions and drills are to be recorded in the driller's log, as well as in the safety trailer logbook.

Training topics shall include at a minimum:

1. Hazards and characteristics of hydrogen sulfide, nitrogen, and oxygen deficient atmospheres and symptoms of exposure to these gases.
2. Proper use, care and limitations of respiratory protective equipment with hands on practice.
3. Use of both fixed and portable detection toxic gas equipment.
4. Confined space procedures and work practices to reduce possibility of toxic gas exposure.
5. First aid for toxic gas exposure and resuscitation equipment.
6. The buddy system.
7. Emergency evacuation procedures.
8. A review of the contingency plan for this well.

B. Operating Conditions

A three-color flag warning system will be used to notify personnel approaching the drill site as to operating conditions on the wellsite. The flags represent the following:

Green Flag – Potential Danger

Yellow Flag – Moderate Danger

Red Flag – Extreme Danger – Do no approach if red flag is flying.

A red warning flag will be displayed when H₂S is detected in excess of 10 ppm at any detection point.

The operational danger or caution signs located at the entrance to the location will be painted a high visibility red, black and white, or yellow with black lettering. They will be legible and large enough to be read by all persons entering the wellsite and will read “DANGER – POISON GAS – HYDROGEN SULFIDE” and in small lettering “Do not approach if Red Flag is Flying”.

All sign(s) and, when appropriate, flag(s) will be visible to all personnel approaching the location under normal lighting and weather conditions.

Location access will be monitored and controlled during “non-routine” operations such as perforating, pressurized pumping, and well testing of potential H₂S bearing formations. The number of personnel on location will be restricted to “essential” personnel only.

C. Warning System Response and Evacuation Plan

When H₂S is detected in excess of 10 ppm at any detection point indicating that an extreme danger condition exists, all non-essential personnel will be moved to a safe area and essential personnel (i.e., those necessary to maintain control of the well) shall wear pressure-demand type protective breathing apparatus. Once accomplished, operations may proceed.

There are no permanent residents of areas frequented by the public within 1-mile radius of the drill site. The prevailing wind is from the southwest. The Savoy foreman will contact local authorities to authorize and work in coordination with them to evacuate and restrict non-essential personnel from areas near the wellsite where H₂S concentration levels could potentially exceed 10 ppm. All regulatory agencies will be notified as soon as possible.

D. Emergency Rescue Procedures

Well site personnel should not attempt emergency rescues unless they have been properly trained. A trained person who discovers another person overcome by hydrogen sulfide **should not attempt to rescue without first donning the proper breathing equipment.** When making an emergency rescue always use the following procedures:

1. Don rescue breathing equipment before attempting to rescue someone.
2. Remove the victim from the contaminated area to an area free of toxic gas by traveling upwind or cross wind. Be certain that you are in a safe area before removing your breathing equipment.
3. If the victim is not breathing, initiate mouth-to-mouth resuscitation immediately. Follow CPR guidelines and replace mouth to mouth with a bag mask resuscitator if available.
4. Treat the victim for shock, keeping the victim warm and calm. Never leave the victim alone.
5. Any personnel who experience hydrogen sulfide exposure must be taken to a hospital for examination and their supervisor must be notified of the incident.
6. Their supervisor shall follow the company Emergency Preparedness plan.

IV. H₂S Safety Equipment on Drilling Location

<u>Item</u>	<u>Amount</u>	<u>Description</u>
1.	1	Safety trailer with a cascade system of 10-300 cu. ft bottles of compressed breathing air complete with high-pressure regulators.
2.	At least 1000 ft.	Low-pressure airline equipped with Hanson locking fittings. This airline will be rigged up with manifolds to supply breathing air to the rig floor, substructure, derrick, shale shaker area, and mud mixing areas. Three high-pressure refill hoses will be attached to cascade systems for cylinder refill.
3.	Twelve (12)	Scott 30-minute self-contained breathing apparatuses (SCBA).
4.	Twelve (12)	Scott airline units with emergency escape cylinders.
5.	One (1)	4-channel continuous electronic H ₂ S monitors with audible and visual alarms. The set points for these alarms are 10 ppm for the low alarm and 15 ppm for the high alarm.
6.	Two (2)	Sensidyne portable hand operated pump type detection units with tubes for hydrogen sulfide and sulfur dioxide.
7.	One (1)	Oxygen resuscitator with spare oxygen cylinder.
8.	One (1)	Trauma first aid kit.
9.	One (1)	Stokes stretcher and one (1) KED.
10.	Four	Windssocks.
11.	At least one (1)	Well condition sign with 3 flag system.
12.	Two (2)	Safe Briefing Area (SBA) signs.
13.	One (1)	Fire blanket.
14.	One (1)	Set air splints.
15.	Two (2)	Electric explosion proof fans.
16.	One (1)	Bullhorn and chalk board.
17.	Three (3)	300 cu. ft. air bottles for the safe briefing area.
18.	Two (2)	30# fire extinguishers.
19.	Six (6)	Battery powered voice microphones for communication when wearing air masks.
20.	One (1)	Battery powered combustible gas meter.

V. Operating Procedures and Equipment

1. If zones containing in excess of 100 ppm of H₂S gas are encountered while drilling with air, gas, mist, other non-mud circulating mediums for aerated mud, the well will be killed with a water-based mud and mud will be used thereafter as the circulating medium for continued drilling.
2. A flare system will be designed and installed to safely gather and burn H₂S - bearing gas and it will be equipped with a suitable and safe means of ignition. If noncombustible gas is to be flared, the system will have a supplemental fuel to maintain ignition.
3. Flare lines will be located as far from the operating site as feasible and in a manner to compensate for wind changes. The flare line(s) mouth(s) will be located not less than 150 feet from the wellbore. Flare lines will be straight unless targeted with running tees.
4. If SO₂ is to be released as a result of flaring of H₂S, portable SO₂ detection equipment will be available for checking the SO₂ level in the flare impact area. If the flare impact area reaches a sustained ambient threshold level of 2 ppm or greater of SO₂ in air and includes any occupied residence, school, church, park, or place of business, or other area where the public could reasonably be expected to frequent, the PPP will be implemented.
5. The choke manifold included as a component of the well control system will have at least one remote controlled choke with controls readily accessible to the drilling or other authorized personnel.
6. A rotating head will be installed and operable.
7. A mud-gas separator will be rigged up and manifolded to the choke and flare system.
8. The drilling mud will be a water-based system maintained with a pH of 10 or greater. Corrosion inhibitor additives will be in the mud. Sufficient scavenger chemicals will be available on location and will be used to scavenge or neutralize any H₂S in the drilling fluid. Mud weight will be maintained as needed to control pressure in any formations encountered.
9. All equipment that has potential for exposure to H₂S will be suitable for H₂S service. The casing head and spools, blowout preventer assembly, rotating head, kill lines, choke manifold and lines, valves, mud-gas separator and other related equipment will have metallurgical standards conforming to NACE MR0175/ISO 15156. Elastomers, packing, and similar inner parts exposed to H₂S will be resistant at the maximum anticipated temperature of exposure. Drill strings, surface casing, intermediate casing, and BOP shear rams are exempt from these requirements.

10. All respiratory protective, H₂S detection, and other needed safety equipment will be in place and ready for use, and all rig crews and other service personnel will be trained in its use when this plan is effective.
11. There will be a continuous electronic H₂S detection system that will automatically activate visible and audible alarms if hydrogen sulfide is detected. The visible light will activate if 10 ppm H₂S is present. The audible siren will activate if 15 ppm H₂S or higher concentration is present. There will be at least four H₂S sensors in place on the drilling rig. Additional alarm lights & sirens may be added to ensure that all personnel on the drill site are able to notice the alarms at any time. All H₂S detection equipment will be calibrated as recommended by the manufacturer and calibration records will be maintained on location.
12. Both 30-minute self-contained breathing apparatuses (SCBA) and workline units with escape cylinders will be available on location. There will be sufficient numbers of this supplied air breathing equipment on location to ensure that all personnel on location have equipment available to them. All respiratory protective equipment will use nose cups to prevent fogging in temperatures below 32°F. Spectacle kits will be available for personnel that require corrective lenses when working under mask.
13. Electronic voice-microphones will be available for essential personnel to use when working under mask to facilitate communication.
14. Additional breathing equipment will be provided for non routine operations that require additional service personnel on the well location to ensure that all personnel on the well location have a dedicated supplied air respirator.
15. Electric explosion-proof ventilating fans (bug blowers) will be available to provide air movement in enclosed areas where gas might accumulate.
16. Any drill stem test performed on any formation potentially containing H₂S will be done with a minimal number of personnel at the drilling site as necessary to safely operate the test equipment. Any such drill-stem test will be conducted only during daylight hours and will be a closed chamber test with no fluids allowed to flow from surface.

VI. Well Ignition Procedures

If it should become apparent that an uncontrolled release of hydrogen sulfide to the atmosphere might endanger the health and safety of the public or well site personnel, the Savoy drilling foreman will make a decision to ignite the well. In the absence of mitigating circumstances, this should be when the discharge of H₂S is not controllable and continued discharge could expose the public to an H₂S concentration exceeding 10 ppm or well site personnel to an H₂S concentration exceeding 50 ppm. The following procedure should be followed before attempting to ignite the well.

A. Ignition Equipment – The following equipment will be available for on-site for use by the ignition team.

1. Two 12-gauge flare guns with flare shells.
2. Two 500-foot fire-resistant retrieval ropes.
3. One portable combustible gas meter.
4. Self contained breathing apparatus (SCBA) for each member of the ignition team.
5. One backup vehicle with communication equipment.

B. Ignition Procedures:

1. The Savoy drilling foreman will ensure that well site personnel are evacuated to a safe area upwind of the well bore prior to any ignition action.
2. The Savoy foreman and a designated partner “buddy” backed up by well site safety personnel will comprise the ignition team. All team members will be wearing 30-minute SCBA’s.
3. The backup crew will be positioned near a radio-equipped vehicle at a safe distance from the sour gas release. They will stand by to rescue the actual team igniting the well.
4. The partner of the ignition team will carry a combustible gas/Hydrogen Sulfide meter to continuously monitor the area in which they are working and define the perimeter of the of the gas cloud.
5. The Savoy foreman will carry the flare gun and shells.
6. The ignition team will determine the hazardous area and establish safe working perimeters. Once this is identified the team will proceed upwind of the release and fire a flare into the area. If trouble is encountered in trying to light the leak, reattempt to ignite by firing the flare shells at 45° and 90° angles to the gas source, but DO NOT approach close to the leak.
7. After ignition, monitor sulfur dioxide and work with the support group to restrict access to the contaminated area.

VII. Residents – Public in Radius of Exposure

There are no permanent residents or paved roads within a 1-mile radius of the well site. Savoy may have personnel working in the area and their contact numbers will be included. The surrounding area is federally and privately owned and maintained. This land may be used for recreational purposes including hunting and recreational vehicles any time during the drilling or completion of this well.

VIII. Emergency Phone Directory

A. Savoy Energy LLC

Steve Lund	office 435-851-0535
	cell 435-340-0557
Jon Larsen	office 435-851-0535
	cell 435-340-0075

B. Emergency Services Phone List

1. Castleview Hospital – Price, UT 435-637-4800
2. Ambulance Services – Carbon County, UT 911
3. Sheriff Department – Carbon County, UT 435-637-0890
4. Highway Patrol – Utah 800-222-0038
5. Fire Department – Wellington, UT 911
6. Don Stephens, BLM – Price, UT) 435-636-3608
7. Utah Division Oil, Gas & Mining – Salt Lake City, UT 801-538-5277
8. Medical Helicopter – Air Med- Salt Lake City, UT 800-453-0120
9. Utah OSHA (Mark LeBlanc) 801-530-6862

IX. Reference for Hydrogen Sulfide (H₂S) and Sulfur Dioxide (SO₂)

PROPERTY OF GAS

If gas should be produced, it could be a mixture of Carbon Dioxide, Hydrogen Sulfide, and Methane.

TOXICITY OF VARIOUS GASES

<u>Common Name</u>	<u>Chemical Formula</u>	<u>Specific Gravity Of Air=1</u>	<u>1 Threshold Limit</u>	<u>2 Hazardous Limit</u>	<u>3 Lethal Concern</u>
Hydrogen Cyanide	HCN	0.94	10 ppm	150 ppm/hr	300 ppm
Hydrogen Sulfide	H ₂ S	1.18	10 ppm	250 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21	2 ppm	-----	1,000 ppm
Chloride	CL ₁	2.45	1 ppm	4 ppm/hr	1,000 ppm
Carbon Monoxide	CO	0.97	50 ppm	400 ppm/hr	1,000 ppm
Carbon Dioxide	CO ₂	1.52	5,000 ppm	5%	10%
Methane	CH ₄	0.55	90,000 ppm	Combustible Above 5% in Air	-----

1 Threshold=Concentration at which it is believed that all workers may repeatedly be exposed, day after day, without adverse site effects.

2 Hazardous=Concentration that may cause death.

3 Lethal=Concentration that will cause death with short-term exposure.

HYDROGEN SULFIDE

GENERAL PROPERTIES

Hydrogen Sulfide itself is a colorless and transparent gas and is flammable. It is heavier than air and, hence, may accumulate in low places.

Although the slightest presence of H₂S in the air is normally detectable by its Characteristic "Rotten Egg" odor, it is dangerous to rely on the odor as a means of detecting excessive concentrations because the sense of smell is rapidly lost allowing lethal concentrations to be accumulated without warning. The following table indicates the poisonous nature of Hydrogen Sulfide, which is more toxic than Carbon Monoxide.

COMMON NAMES: Sour Gas, Rotten Egg Gas, Sulphurated Hydrogen, Hydrogen Sulfide, Stink Damp, H₂S, Acid Gas, Sweet Gas*

PHYSICAL-CHEMICAL PROPERTIES

Chemical Formula.....	H ₂ S
1. Specific Gravity (Air = 1.000).....	1.193 (@ 77°F)
2. Color	None
3. Odor	Compared to Rotten Eggs
4. Odor Threshold	0.13 part of 1 ppm
5. Corrosivity	Reacts with metals, plastics, tissues and nerves.
6. Solubility in Water.....	4.0 to 1 in H ₂ O @ 32°F 2.6 to 1 in H ₂ O @ 68°F
7. Effects on Humans.....	Olfactory nerves, respiratory nerves, irritates sensitive membranes in eyes, nose, and throat.
8. Vapor Pressure	19.6 atmospheres at 25°C
9. Explosive Limits	4.3% to 46% by volume in air.

* H₂S is a sweet tasting Gas, but often the word "tasting" is left out.

10. Ignition Temperature18°F (Burns with a pale blue flame)
11. Molecular Weight34.08
12. Conversion Factors1 mg/1 of air = 717 ppm (at 25°C and 760 mg HG). 1 ppm = 0.00139 mg/1 of air.
13. pH.....3 in water

INDUSTRIAL OCCURANCES

Hydrogen Sulfide exposures occur in certain processes in the petroleum industry, chemical plants, chemical laboratories, sulfur and gypsum mines, viscose rayon and rubber industries, tanneries, and in the manufacture of some chemicals, dyes, and pigments. It may be encountered in excavations in the swampy or filled ground. It is produced when sulfur-containing organic matter decomposes, and it can therefore be found in sewage or organic-waste treatment plants. A common sewer gas, it may find its way into utility manhole, particularly dangerous when encountered in tanks, vessels, and other enclosed spaces.

TOXIC PROPERTIES

Hydrogen Sulfide is an extremely toxic and irritating gas. Free Hydrogen Sulfide in the blood reduces its oxygen carrying capacity, thereby depressing the nervous system. Sufficiently high concentrations can cause blockage of the phrenic nerve, resulting in immediate collapse and death due to respiratory failure and asphyxiation.

Because Hydrogen Sulfide is oxidized quite rapidly to sulfates in the body, no permanent after effects occur in case of recovery from acute exposures unless oxygen deprivation of the nervous system is prolonged. However, in cases of acute exposures, there is always the possibility that pulmonary edema may develop. It is also reported that symptoms such as nervousness, dry nonproductive coughing, nausea, headache and insomnia, lasting up to about 3 days have occurred after acute exposures to Hydrogen Sulfide.

At low concentrations the predominant effect of Hydrogen Sulfide is on the eyes and respiratory tract. Eye irritation, conjunctivitis, pain, lacrimation, keratitis, and photophobia may persist for several days. Respiratory tract symptoms include coughing, painful breathing, and pain in the nose and throat.

There is no evidence that repeated exposures to Hydrogen Sulfide results in accumulative or systemic poisoning. Effects such as eye irritation, respiratory tract irritation, slow pulse rate, lassitude, digestive disturbances, and cold sweats may occur, but these symptoms disappear in a relatively short time after removal from the exposure. Repeated exposures to Hydrogen Sulfide do not appear to cause any increase or decrease in susceptibility to this gas.

The paralytic effect of Hydrogen Sulfide on the olfactory nerve is probably the most significant property of the gas. This paralysis may create a false sense of security. A worker can

be overcome after the typical rotten-egg odor has disappeared. Rather than the characteristic Hydrogen Sulfide odor, some victims of sudden acute overexposure have reported a brief sickeningly sweet odor just prior to unconsciousness.

Subjective olfactory responses to various concentrations of Hydrogen Sulfide have been summarized as follows:

0.02 ppm	No odor
0.13 ppm	Minimal perceptible odor
0.77 ppm	Faint, but readily perceptible odor
4.60 ppm	Easily detectable, moderate odor
27.0 ppm	Strong, unpleasant odor, but not intolerable

Physiological responses to various concentrations of Hydrogen Sulfide have been reported as follows:

10 ppm	Beginning eye irritation
50-100 ppm	Slight conjunctivitis and respiratory tract irritation after 1 hour exposure
100 ppm	Coughing, eye irritation, loss of sense of smell after 2-15 minute. Altered respiration, pain in the eyes, and drowsiness after 15-30 minutes, followed by throat irritation after 1 hour. Several hours ¹ exposure results in gradual increase in severity of these symptoms and death may occur within the next 48 hours.
200-300 ppm	Marked conjunctivitis and respiratory tract irritation after 1 hour exposure
500-700 ppm	Loss of consciousness and possibly death in 30 minutes
700 ppm	Rapid unconsciousness, cessation of respiration, and death.
1000-2000 ppm	Unconsciousness at once, with early cessation of respiration and death in a few minutes. Death may occur even if an individual is removed to fresh air at once.

ACCEPTABLE CONCENTRATIONS

ACCEPTABLE EIGHT-HOUR TIME-WEIGHTED AVERAGE

To avoid discomfort, the Time-Weighted average concentration of Hydrogen Sulfide Shall not exceed 10 ppm.

ACCEPTABLE CEILING CONCENTRATION

The acceptable concentration for protecting of health for an eight-hour, five-day week shall be 20 ppm, Fluctuations are to occur below this concentration.

ACCEPTABLE MAXIMUM FOR PEAKS ABOVE ACCEPTABLE BASE LINE FOR CONTINUOUS EXPOSURE

A single-peak concentration not exceeding 50 ppm for a maximum of 10 minutes is allowable provided that the daily time-weighted average is not exceeded.

H₂S EQUIVALENTS

<u>Parts Per Million</u>	<u>Percents</u>	<u>Grains per 100 cu. Ft.</u>
1	0.0001	0.055
10	0.001	0.55
18	0.0018	1.0
100	0.01	5.5
1000	0.1	55.5
10000	1.0	555.5

Grains per 100 cu. Ft. = % by volume Mole 636.4
1% by volume = 10,000 ppm

SULFUR DIOXIDE

Sulfur Dioxide (SO₂) is a colorless, transparent gas and is non-flammable.

Sulfur Dioxide is produced during the burning of H₂S. Although SO₂ is heavier than air, it will be picked up by a breeze and carried downwind at elevated temperatures, while Sulfur Dioxide is extremely irritating to the eyes and mucous membranes of the upper respiratory tract, it has exceptionally good warning powers in the respect.

CONCENTRATIONS

EFFECTS

<u>%SO₂</u>	<u>ppm</u>	
.0002	2	Safe for eight (8) hour exposure
.0005	5	Pungent odor-normally a person can detect SO ₂ in this range.
.0012	12	Throat irritation, coughing, constriction of the chest, tearing and smarting of the eyes.
.015	150	So irritating that it can only be endured for a few minutes.
.05	500	Causes a sense of suffocation, even with the first breath.

PHYSICAL PROPERTIES AND CHARACTERISTICS

Chemical Formula.....	SO ₂
1. Specific Gravity	2.212
2. Color	None
3. Flammable.....	No
4. Odor	Characteristic, pungent, gives ample warning of its presence,
5. Corrosivity	Dry---not corrosive to ordinary metals. Wet---corrosive to most common metals.
6. Allowable Concentrations.....	2 ppm (ACGIH) 2 ppm (OSHA)
7. Effects on Humans.....	Irritates eyes, throat and upper respiratory system.

TOXIC PROPERTIES

Sulfur Dioxide is an irritating gas in its vapor form and the odor is so intensely irritating that concentrations of 3 to 5 parts per million in the air are readily detectable by the normal person. In higher concentrations, the severely irritating effect of the gas makes it unlikely that any person would be able to remain in a Sulfur Dioxide contaminated atmosphere unless they were unconscious or trapped.

Sulfur Dioxide is intensely irritating to the eyes, throat, and upper respiratory system. Inhalation of this gas in concentrations of 8 to 12 parts per million in air causes throat irritation, coughing, constriction of the chest, tearing and smarting of the eyes. 150 parts per million is so extremely irritating that it can be endured only for a few minutes. 500 parts per million is so acutely irritating to the upper respiratory tract that it causes a sense of suffocation, even with the first breath.

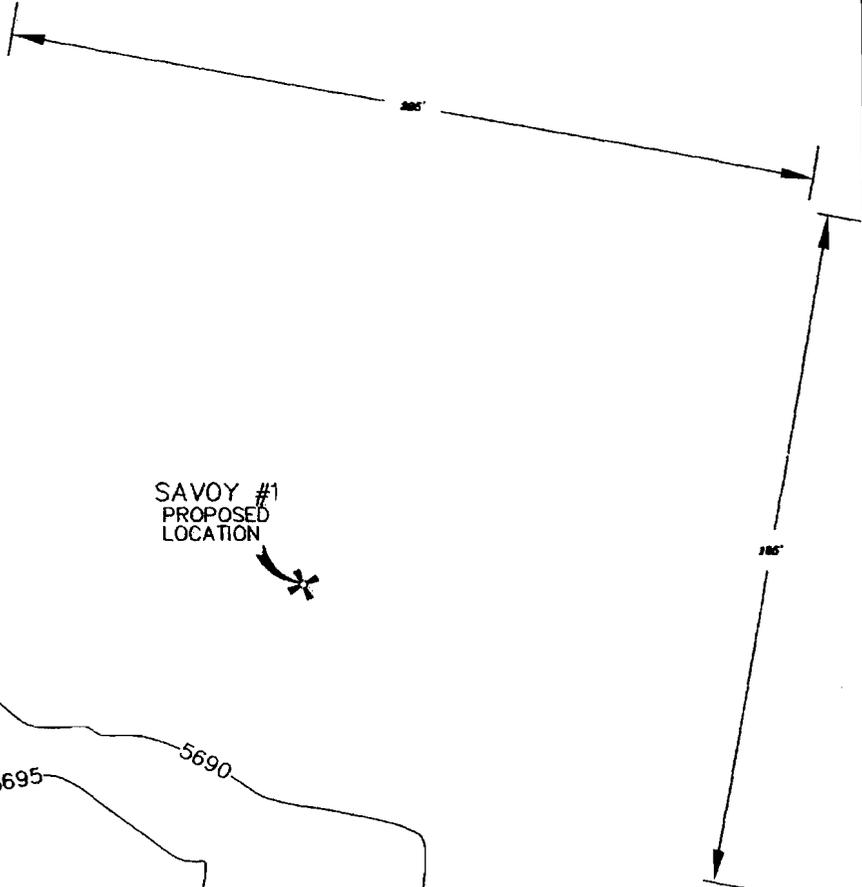
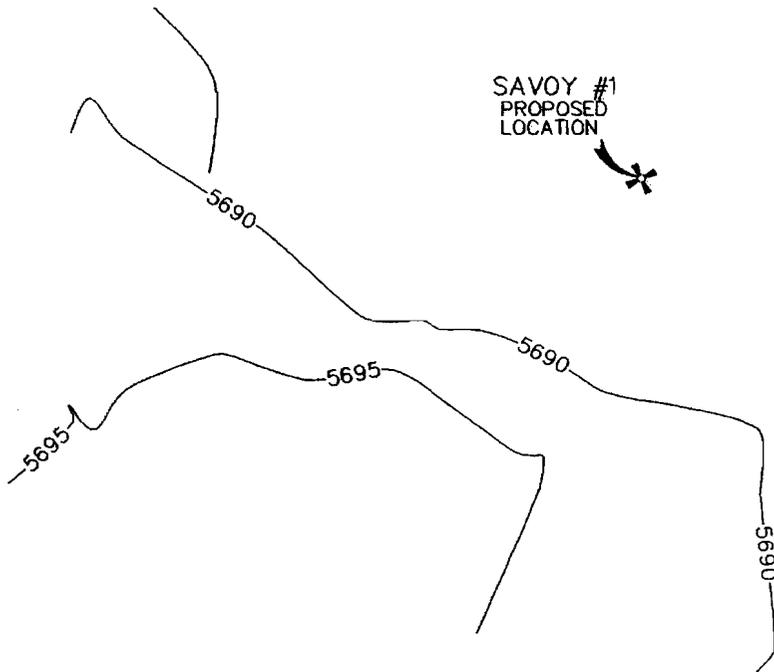
Out of numerous reported exposures to Sulfur Dioxide, there are few references that would indicate pneumonia as an after effect.

SAVOY ENERGY

PURE CO²



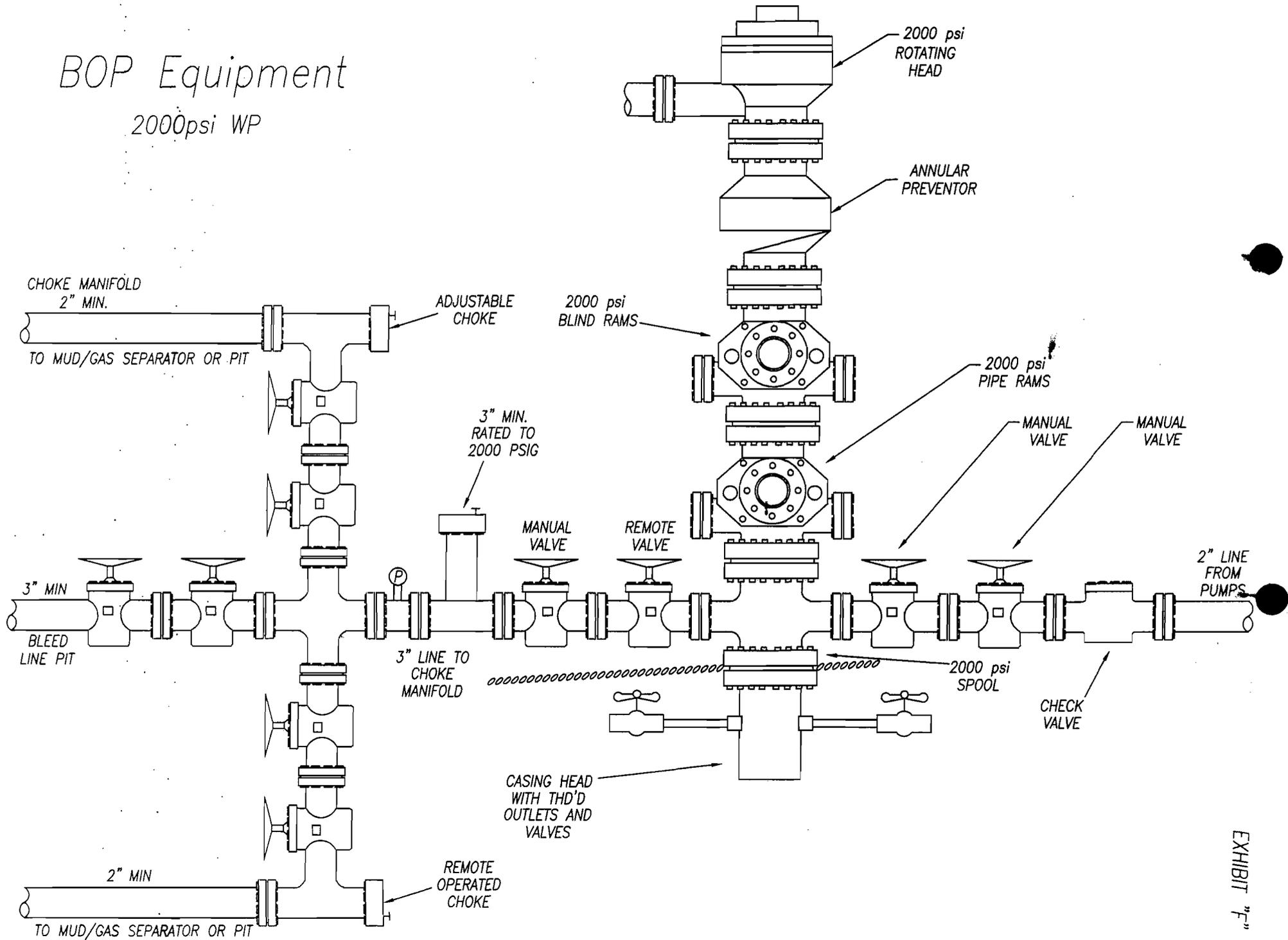
TYPICAL
LOCATION
ENTRANCE ROAD



		△

BOP Equipment

2000psi WP



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/01/2007

API NO. ASSIGNED: 43-007-31263

WELL NAME: SAVOY 1
 OPERATOR: SAVOY ENERGY, LLC (N2690)
 CONTACT: DON HAMILTON

PHONE NUMBER: 435-851-0535

PROPOSED LOCATION:

SWSW 08 150S 120E
 SURFACE: 0577 FSL 0726 FWL
 BOTTOM: 0577 FSL 0726 FWL
 COUNTY: CARBON
 LATITUDE: 39.52957 LONGITUDE: -110.6047
 UTM SURF EASTINGS: 533973 NORTHINGS: 4375411
 FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-76254
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WINGT
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB 000210)
- 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: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal Approval
2- Spacing Strip

T15S R12E

FDP 1

9

FARNHAM DOME FIELD ABANDONED

FARNHAM
DOME I-A
FARNHAM
DOME UNIT 1
SAVOY 1

MOUNDS 3-A

COYT
MOUNDS 1

8

17

16

FARNHAM
DOME U 2
SAVOY 2

FEDERAL 1-19

OPERATOR: SAVOY ENERGY (N2690)

SEC: 8,17 T.15S R.12E

FIELD: WILDCAT (001)

COUNTY: CARBON

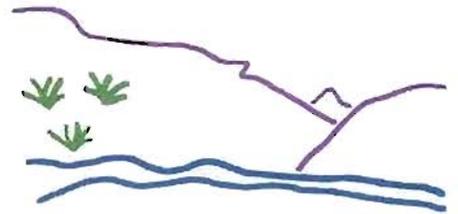
SPACING: R649-3-2 / GENERAL SITING

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

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

Wells Status

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



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 1-FEBRUARY-2007



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

February 1, 2007

Savoy Energy, LLC
P O Box 87
Manti, UT 84642

Re: Savoy 1 Well, 577' FSL, 726' FWL, SW SW, Sec. 8, T. 15 South, R. 12 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 43-007-31263.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor
Bureau of Land Management, Moab District Office

Operator: Savoy Energy, LLC

Well Name & Number Savoy 1

API Number: 43-007-31263

Lease: UTU-76254

Location: SW SW Sec. 8 T. 15 South R. 12 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.		5. Lease Serial No. UTU-76254
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Savoy Energy LLC		7. If Unit or CA/Agreement, Name and/or No. N/A
3a. Address P.O. Box 87; Manti, Utah 84642	3b. Phone No. (include area code) 435-851-0535	8. Well Name and No. Savoy #1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 577' FSL & 726' FWL, SW/4 SW/4,, Section 8, T15S, R12E, SLB&M		9. API Well No. 43-007-31263
		10. Field and Pool, or Exploratory Area undesignated
		11. County or Parish, State Carbon County, Utah

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Updated
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	layout and x-sections

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Savoy Energy LLC respectfully submits the following updated Exhibit "B" (layout and cross-section pages) to replace those previously submitted within the APD.

Attached please find an updated Exhibit B to replace that previously submitted within the APD.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Don Hamilton	Title Agent for Savoy Energy LLC
Signature <i>Don Hamilton</i>	Date 3-30-07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office _____	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

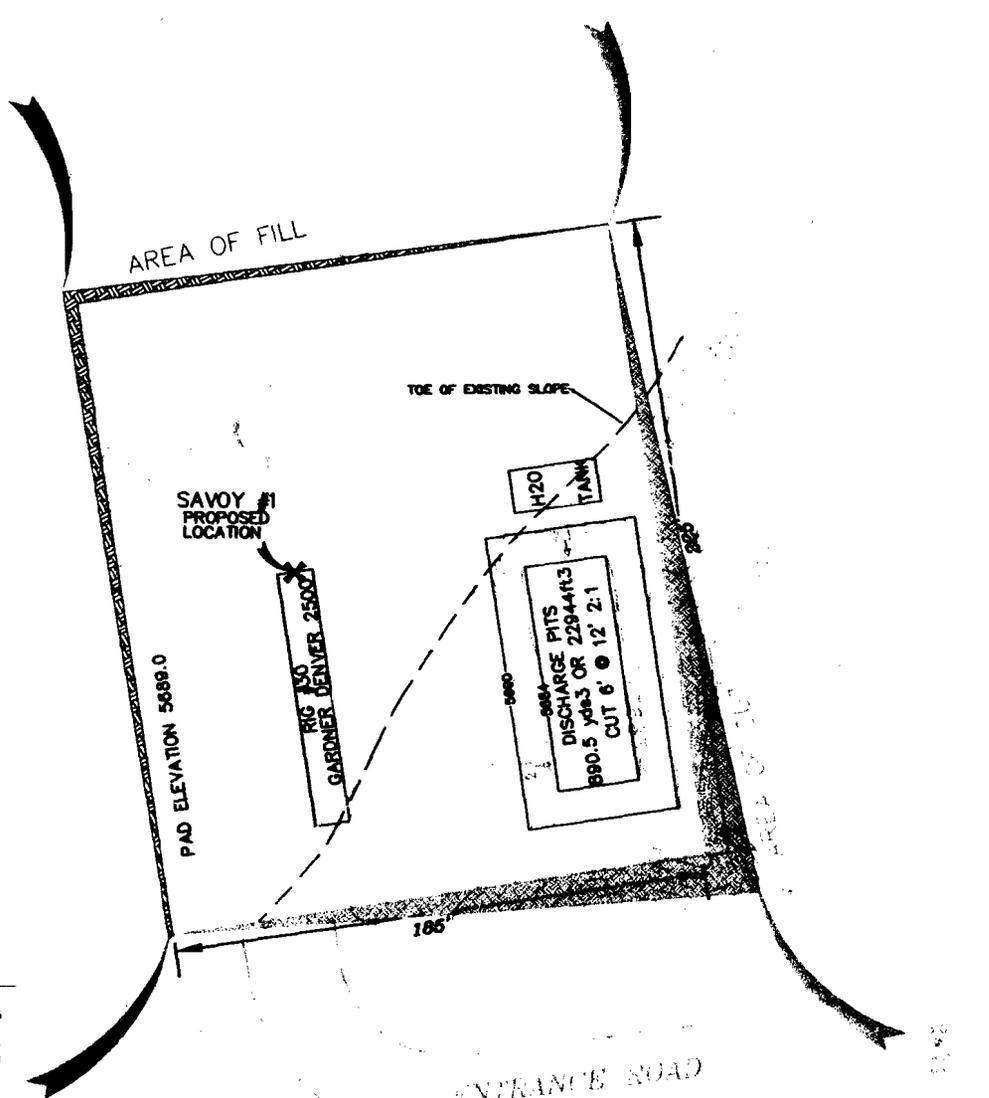
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APR 06 2007
DIV. OF OIL, GAS & MINERAL

SAVOY ENERGY

SAVOY#1 (REVISED)

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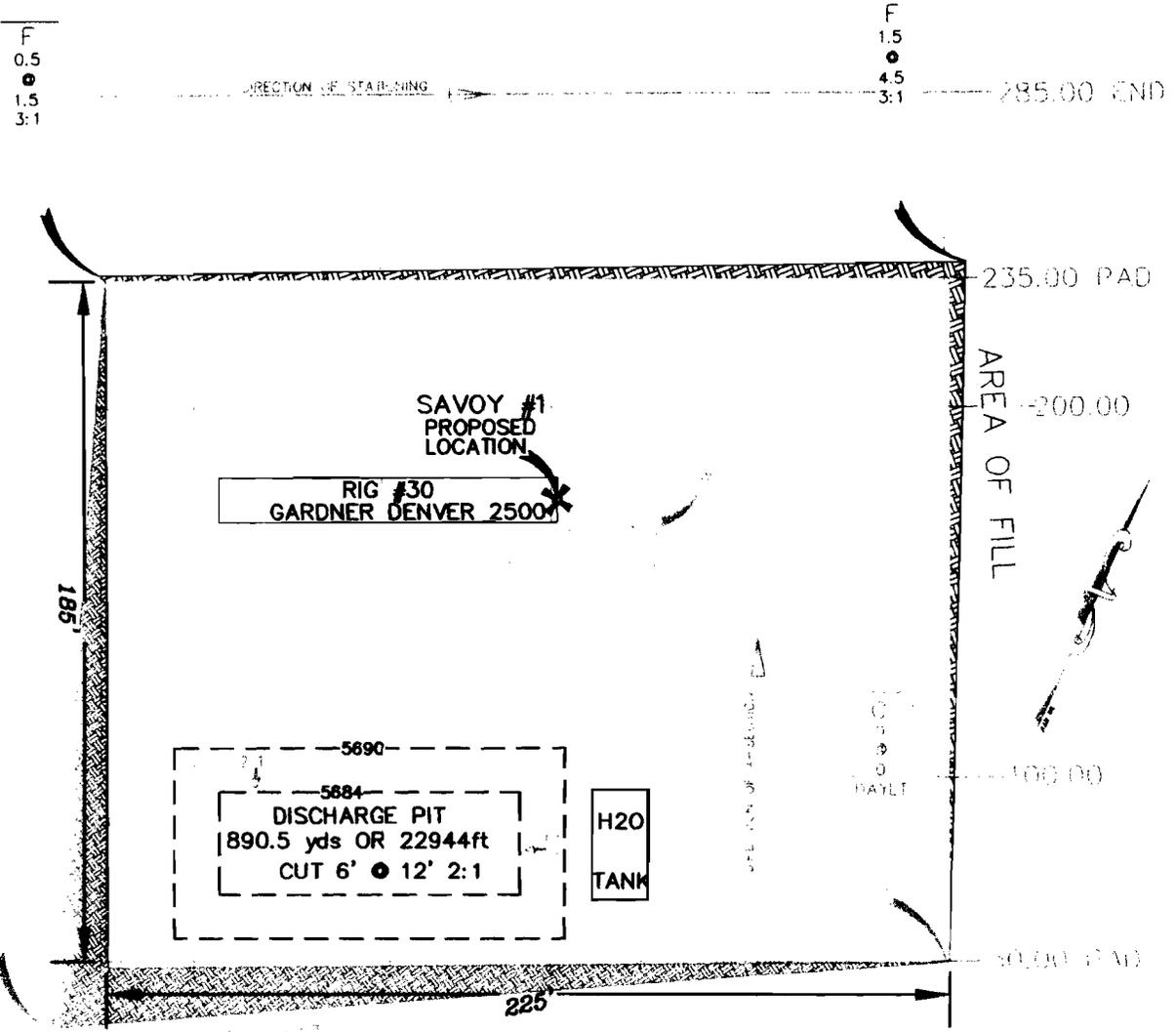
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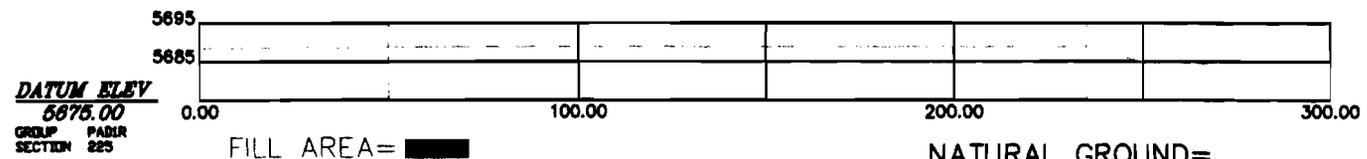
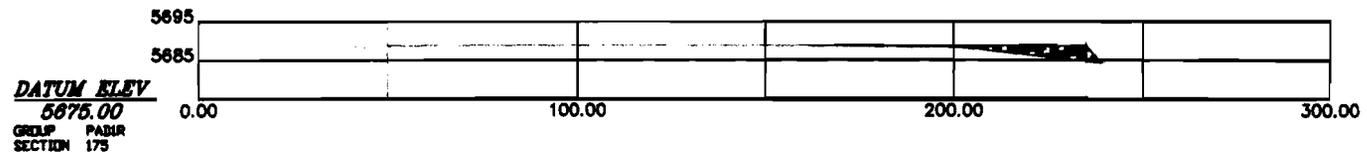
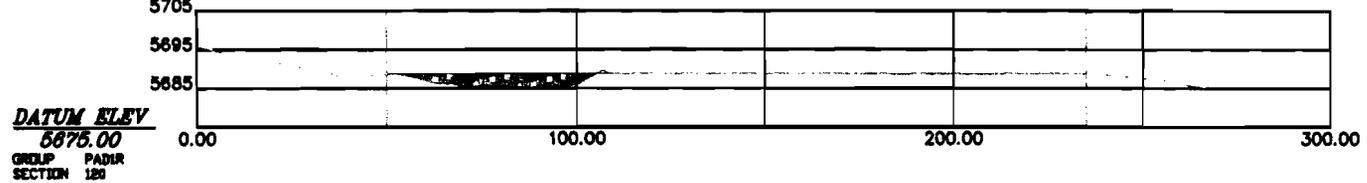
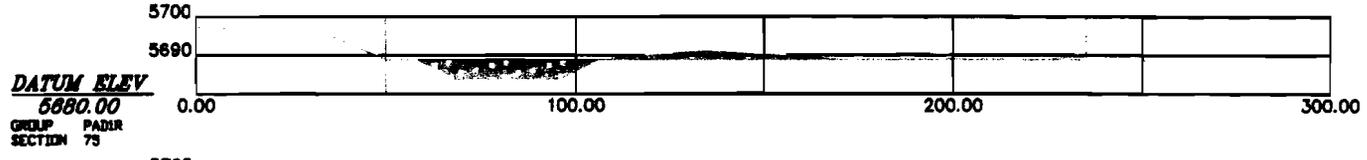
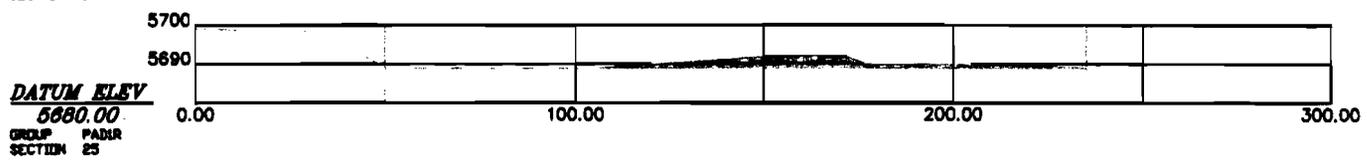
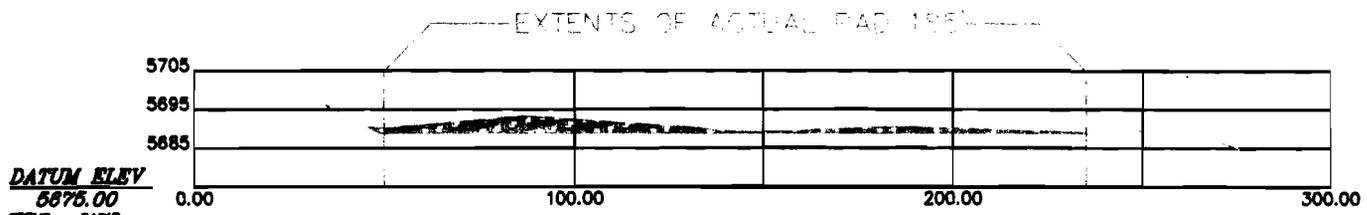
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SAVOY #1
 CROSS SECTION
 LACING & DIRECTION



SAVOY#1 PAD 1 SW 1/4 SECT. 8 T-15-S R-12-E SLB&M	DRAWN BY: G.L.B.	CHECKED BY: A.F.B.
	SCALE: 1" = 50'	
	DATE: MARCH 06 2007	
X-SECTION LAYOUT		△



FILL AREA=
 CUT AREA=

NATURAL GROUND=
 TOP OF PAD=

DRAWN BY: G.L.B.	CHECKED BY: A.F.B.		
SCALE: 1" = 50'		DATE: MARCH 03 2007	
SAVOY#1	PAD 1 SW 1/4 SECT. 8 T-15-S R-12-E SLB&M		CROSS SECTIONS PAD1
			△

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No. UTU-76254	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. Savoy #1	
9. API Well No. 43-007-31263	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory undesignated
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone	11. Sec., T. R. M. or Blk. and Survey or Area Section 8, T15S, R12E, SLB&M
2. Name of Operator Savoy Energy LLC	12. County or Parish Carbon
3a. Address P.O. Box 87 Manti, Utah 84642	13. State UT
3b. Phone No. (include area code) 435-851-0535	
4. Location of Well (Report location clearly and in accordance with any State requirements*) At surface 577' FSL & 726' FWL, SW/4 SW/4, At proposed prod. zone 577' FSL & 726' FWL, SW/4 SW/4,	
14. Distance in miles and direction from nearest town or post office* 7.0 miles southeast of Wellington, Utah	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 577'	16. No. of acres in lease 1,701.57 acres
17. Spacing Unit dedicated to this well 40 acres	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 40'	19. Proposed Depth 3,820'
20. BLM/BIA Bond No. on file UTB 000210	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5,689' GR	22. Approximate date work will start* 03/01/2007
23. Estimated duration 15 days drilling 30 days completion	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature <i>Don Hamilton</i>	Name (Printed/Typed) Don Hamilton	Date 01/29/2007
--------------------------------------	--------------------------------------	--------------------

Title
Agent for Savoy Energy LLC

Approved by (Signature) <i>/s/ Lynn Jackson</i>	Name (Printed/Typed) Lynn Jackson	Date 8/2/07
--	--------------------------------------	----------------

Title
Assistant Field Manager,
Division of Resources

Office
Division of Resources
Moab Field Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED
RECEIVED

AUG 07 2007

DIV. OF OIL, GAS & MINING

RECEIVED
MOAB FIELD OFFICE
2007 JAN 30 A 12:39

CONFIDENTIAL

PREPARED FOR:

Savoy Energy

P.O. Box 87
Manti, Utah 84642

PREPARED BY:

Barker & Associates

36 W. Main St. (PO Box 43)
Wellington, Utah 84542

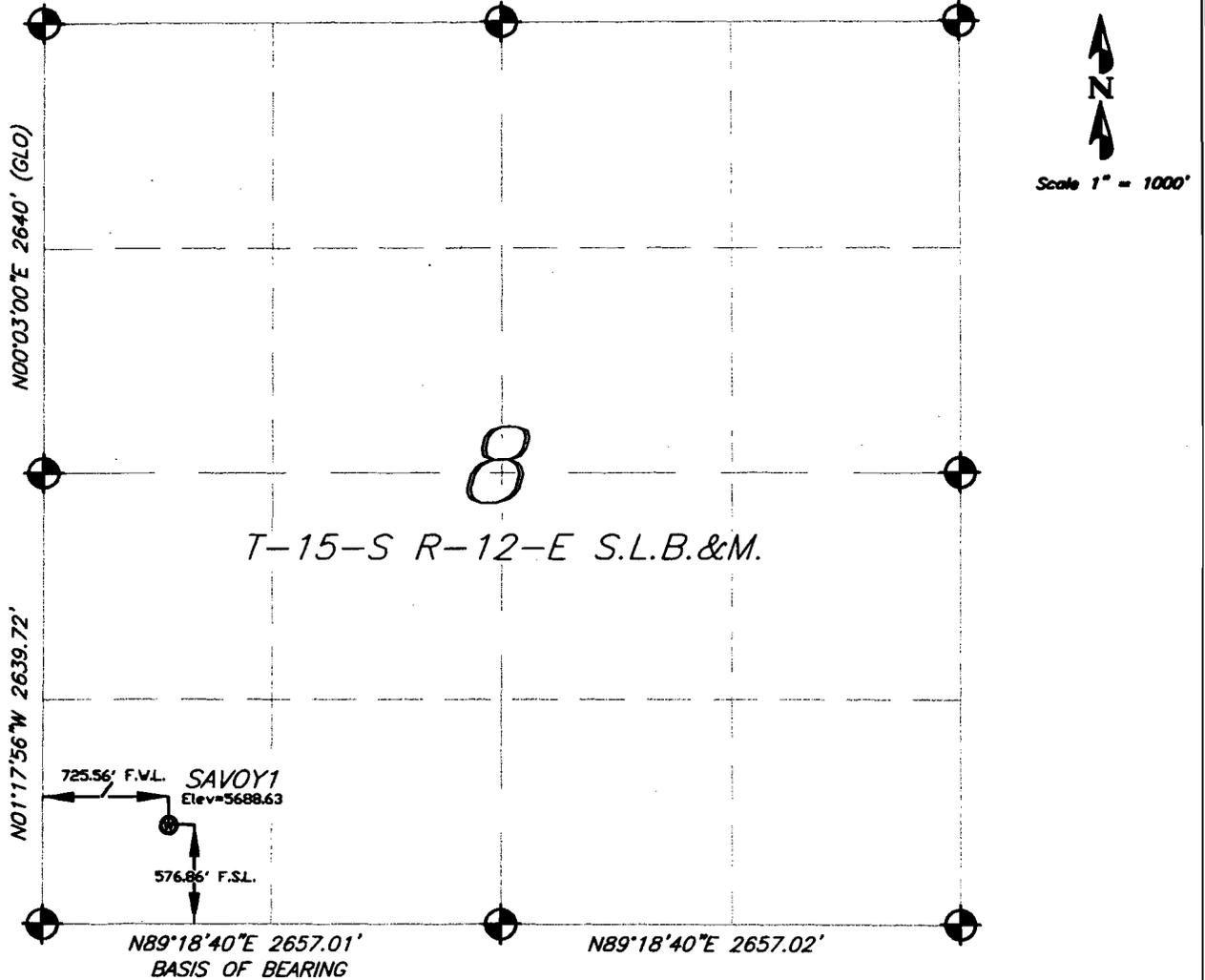
Location map for Well # Savoy 1

Section 8, T-15-S R-12-E S.L.B.& M.

DATUM: W.G.S. 84

Latitude: N39°31'46.0"

Longitude: W110°36'19.9"



Surveyor's Certificate

I, Art F. Barker do hereby depose and say that I am a Registered Land Surveyor as prescribed by the laws of the state of Utah and hold certificate number 162812 I further certify that I have made the survey shown herewith.

Art F. Barker
 Art F. Barker
 Utah Reg. No. 162812
 ART F. BARKER
 162812
 SURVEYOR

1/18/07
Date:

Savoy Energy LLC
Savoy #1
Clark Valley Unit
Lease UTU76254
SW/SW Section 8, T15S, R12E
Carbon County, Utah

A COMPLETE COPY OF THIS APPROVED PERMIT and Conditions of Approval shall be maintained on location during all construction and drilling operations, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Savoy Energy LLC is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **UTB000210** (Principal – Savoy Energy LLC) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. Deviation from the approved plan is not allowed. The operator is fully responsible for the actions of his subcontractors.

Failure to comply with the provisions of this permit, including applicable regulations, stipulations, and/or approval conditions, will be considered a violation subject to the enforcement provisions of 43 CFR Subpart 3163.

A. DRILLING PROGRAM

1. The proposed 2M BOPE is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOG M) is required before conducting any surface disturbing activities.
3. Drilling reports, which describe the activities of each day, shall be submitted to the BLM Moab Field Office on a weekly, or more frequent, basis. In addition to a daily summary of activities, drilling reports shall include the drilling fluid weight, details of casing and cement, water flows, lost circulation zones and any other information that would contribute to our understanding of drilling conditions.
4. When drilling with air, the requirements of Onshore Oil and Gas Order No. 2, part III, E, Special Drilling Operations, shall apply.
5. If cement does not circulate to surface on the production casing, a cement bond log (CBL), or other appropriate tool for determining top-of-cement, shall be run and shall be submitted to BLM.

**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Price Field Office
Price, Utah**

**SURFACE USE
CONDITIONS OF APPROVAL**

Project Name: Savoy Energy's Clark's Valley CO2 Project

Operator: Savoy Energy

List of Wells:

<u>Name</u>	<u>Section SH/DH</u>	<u>TWP/RNG</u>	<u>Lease Number</u>
Savoy # 1	8	15S/12E	UTU-76254
Savoy # 2	17	15S/12E	UTU-76255

2.1.8 Applicant-Committed Environmental Protection Measures

The following applicant-committed protection measures would be implemented to avoid or minimize negative effects on biotic and abiotic resources in the Project Area during implementation of the Proposed Action.

2.1.8.1 Air Quality

Members of the construction crew would car pool to and from surrounding cities and towns to minimize vehicle-related emissions.

2.1.8.2 Noxious and Invasive Weeds

To minimize the potential for the introduction of noxious and invasive weed species via project-related vehicles and equipment into the area, the following measures would be implemented:

- Savoy and their contractors would power-wash all construction equipment and vehicles prior to the start of construction. Any vehicles traveling between the project location and outside areas would be power-washed on a weekly basis.
- Savoy would implement an intensive weed control program beginning the first growing season after project completion. Weed control would be conducted in accordance with a Pesticide Use Proposal submitted to and approved by the BLM.

2.1.8.3 Wildlife

Savoy would conform to the existing lease stipulation for antelope that allows exploration activity from May 15 to December 15 in any given year, unless an exception is granted by the Authorized Officer.

2.1.8.4 Soils and Watershed

During construction and reclamation, no vehicles would be operated during periods of saturated soil conditions when surface ruts greater than 4 inches could occur along travel routes.

2.1.8.5 Human Health and Safety

To protect and minimize the possibility of fires during the construction phase, all equipment, including pickup trucks, would be equipped with fire extinguishers.

As described above, an H₂S drilling operations plan has been developed. The safety actions outlined in this plan would be strictly followed.

2.1.8.6 Cultural and Paleontological Resources

Sites eligible for listing on the National Register of Historic Places (NRHP) would be protected. A buffer zone for such sites would be established and identified by flagging prior to construction. Areas inside these buffer zones would be avoided by heavy equipment.

A qualified archaeologist would monitor pipeline construction from the plant site to the dunal area on the west side of Grassy Trail Creek.

Should any significant cultural or fossil resources be unearched, the BLM would be immediately notified and the construction would be re-routed to avoid the site.

I Site Specific Conditions of Approval

1. A pre-construction field meeting may be conducted prior to beginning any dirt work approved under this APD. The operator shall contact the BLM Authorized Officer Don Stephens @ 435-636-3608 at least 7-days prior to beginning operations so that the meeting can be scheduled. The operator is responsible for having all contractors present (dirt contractors, drilling contractor, pipeline contractor, project oversight personnel, etc.) including the overall field operations superintendent, and for providing all contractors copies of the approved APD(s), project map and BLM Conditions of Approval pertinent to the work that each will be doing.
2. Savoy is given authorization to upgrade the existing two-track to a Resource Road (Class III Road) as defined in BLM Manual Section 9113. The road will be designed to an appropriate standard no higher than necessary to accommodate their intended function adequately in accordance with the *Surface Operating Standards for Oil & Gas Exploration and Development*, Third Edition and BLM Manual

Section 9113 concerning road construction standards on projects subject to federal jurisdiction by August 1, 2006.

3. The operator will be responsible for performing any remediation and/or necessary road upgrading (e.g. elevating, surfacing, culverts, low-water crossings, water-wings, surfacing, etc.) as directed by the BLM Authorized Officer, resulting from untimely access.
4. All equipment and personnel used during drilling and construction activities will be restricted to only approved routes.
5. All permanent above-ground structures (e.g., production equipment, tanks, etc.) not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color which simulates "Standard Environmental Colors." The color selected for the wells is Sudan Brown, (2.5 Y 4/2). All facilities will be painted the designated color at the time of installation.
6. All areas not needed for production of the well will be reclaimed by fall, 2007.
7. The reserve pit will be closed by November 1, 2007. If the pit is not dry, the fluids will be removed and solidifying material in the pit to bind the remaining wet material. Mud and cuttings left in pit must be buried at least 3-feet below re-contoured grade.
8. The operator will drill seed on the contour to a depth of 0.5 inch, followed by cultipaction to compact the seedbed, preventing soil and seed losses. To maintain quality and purity, the current years tested, certified seed with a minimum germination rate of 80% and a minimum purity of 90% will be used. On BLM surface or in lieu of a different specific mix desired by the surface owner, use the attached seed list Table A-2.
9. Please contact Don Stephens, Natural Resource Specialist, (435) 636-3608, Bureau of Land Management, Price Field Office, if there are any questions concerning these surface use COAs.

II Standard Conditions of Approval

1. If any cultural values [sites, artifacts, human remains] are observed during operation of this lease/permit/right-of-way, they will be left intact and the Price Field Manager notified. The authorized officer will conduct an evaluation of the cultural values to establish appropriate mitigation, salvage or treatment. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized BLM officer (AO). Within five working days the AO will inform the operator as to:
 - whether the materials appear eligible for the National Register of Historic Places;
 - the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
 - a time-frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate. The AO will provide technical and procedural guidelines for

the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction measures.

2. The operator shall restrict travel on unimproved roads during periods of inclement weather or spring thaw when the possibility exists for excessive surface resource damage (e.g., rutting in excess of 4-inches, travel outside roadway, etc.).
3. The Companies will provide georeferenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, and other related facilities to the BLM by November 1 of each year until completion of project construction activities has occurred.
4. If any dead or injured threatened, endangered, proposed, or candidate species is located during construction or operation, the BLM Price Field Office (435-636-3600) shall be notified within 24 hours.
5. The Company will conduct clearance surveys for threatened, endangered or other special-concern species at the optimum time. This will require coordination with the BLM before November 1 annually to review the potential for disturbance and to agree on inventory parameters.

A. Construction

1. The operator will limit vegetation removal and the degree of surface disturbance wherever possible. Where surface disturbance cannot be avoided, all practicable measures will be utilized to minimize erosion and stabilize disturbed soils.
2. Construction and drilling activity will not be conducted using frozen or saturated soil material during periods when watershed damage or excessive rutting is likely to occur.
3. Remove all available topsoil from constructed well locations including areas of cut and fill, and stockpile at the site. Topsoil will also be salvaged for use in reclamation on all other areas of surface disturbance (roads, pipelines, etc.). Clearly segregate topsoil from excess spoil material. Any topsoil stockpiled for one year or longer will be signed and stabilized with annual ryegrass or other suitable cover crop.
4. The operator will not push soil material and overburden over side slopes or into drainages. All soil material disturbed will be placed in an area where it can be retrieved without creating additional undue surface disturbance and where it does not impede watershed and drainage flows.
5. Construct the backslope no steeper than 1½:1, and construct the foreslope no steeper than 2:1, unless otherwise directed by the BLM Authorized Officer.
6. Maintain a minimum 20-foot undisturbed vegetative border between toe-of-fill of pad and/or pit areas and the edge of adjacent drainages, unless otherwise directed by the BLM Authorized Officer.
7. With the overall objective of minimizing surface disturbance and retaining land stability and productivity, the operator shall utilize equipment that is appropriate to the scope and scale of work being done for roads and well pads (utilize equipment no larger than needed for the job).
8. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, in lieu of more stringent requirements by the surface owner, is defined as follows:

- Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.
 - Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in adequate condition until pit is closed.
9. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
 10. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than 10^7 cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.
 11. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
 12. The reserve pit shall have 2 foot of freeboard maintained at all times to prevent overflow of fluids.
 13. Culverts will be placed on channel bottoms on firm, uniform beds, which have been shaped to accept them, and aligned parallel to the channel to minimize erosion. Backfill will be thoroughly compacted.
 14. The minimum diameter for culverts will be 18 inches. However, all culverts will be appropriately sized in accordance with standards in BLM Manual 9113.
 15. Construction and other project-related traffic will be restricted to approved routes. Cross-country vehicle travel will not be allowed.
 16. Maximum design speed on all operator-constructed and maintained roads will not exceed 25 miles per hour.
 17. Pipeline construction shall not block nor change the natural course of any drainage. Pipelines shall cross perpendicular to drainages. Pipelines shall not be run parallel in drainage bottoms. Suspended pipelines shall provide adequate clearance for maximum runoff.
 18. Pipeline trenches shall be compacted during backfilling. Pipeline trenches shall be routinely inspected and maintained to ensure proper settling, stabilization and reclamation.
 19. During construction, emissions of particulate matter from well pad and road construction would be minimized by application of water or other non-saline dust suppressants with at least 50 percent control efficiency. Dust inhibitors (surfacing materials, non-saline dust suppressants, and water) will be used as necessary on unpaved roads that present a fugitive dust problem. The use of chemical dust suppressants on public surface will require prior approval from the BLM Authorized Officer.

20. The operator shall submit a Sundry Notice (Form 3160-5) to BLM for approval prior to construction of any new surface disturbing activities that are not specifically addressed in the approved APD.
21. Companies will contact the counties to pursue development of maintenance agreements to ensure county roads are adequately maintained for the projected increase in use.

B. Operations/Maintenance

1. If in the process of air drilling the wells there is a need to utilize mud, all circulating fluids will be contained either in an approved pit or in an aboveground containment tank. The pit or containment tank will be large enough to safely contain the capacity of all expected fluids without danger of overflow. Fluid and cuttings will not be squeezed out of the pit, and the pit will be reclaimed in an expedient manner.
2. Confine all equipment and vehicles to the access road(s), pad(s), and area(s) specified in the approved APD.
3. All waste, other than human waste and drilling fluids, will be contained in a portable trash cage. This waste will be transported to a State approved waste disposal site immediately upon completion of drilling operations. No trash or empty barrels will be placed in the reserve pit or buried on location. All state and local laws and regulations pertaining to disposal of human and solid waste will be complied with.
4. Rat and mouse holes shall be filled and compacted from the bottom to the top immediately upon release of the drilling rig from the location.
5. The operator will be responsible for prevention and control of noxious weeds and weeds of concern on all areas of surface disturbance associated with this project (well locations, roads, water management facilities, etc.) Use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of Interior. Prior to the use of pesticides on public land, the holder shall obtain from the BLM authorized officer written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the authorized officer to such use.
6. Sewage shall be placed in a self-contained, chemically treated porta-potty on location.
7. The operator and their contractors shall ensure that all use, production, storage, transport and disposal of hazardous and extremely hazardous materials associated with the drilling, completion and production of these wells will be in accordance with all applicable existing or hereafter promulgated federal, state and local government rules, regulations and guidelines. All project-related activities involving hazardous materials will be conducted in a manner to minimize potential environmental impacts. In accordance with OSHA requirements, a file will be maintained onsite containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds and/or substances which are used in the course of construction, drilling, completion and production operations.
8. Produced fluids shall be put in test tanks on location during completion work. Produced water will be put in the reserve pit during completion work per Onshore Order #7.
9. The only fluids/waste materials which are authorized to go into the reserve pit are RCRA exempt exploration and production wastes. These include:

- drilling muds & cuttings
- rigwash
- excess cement and certain completion & stimulation fluids defined by EPA as exempt

It does not include drilling rig waste, such as:

- spent hydraulic fluids
- used engine oil
- used oil filter
- empty cement, drilling mud, or other product sacks
- empty paint, pipe dope, chemical or other product containers
- excess chemicals or chemical rinsate

Any evidence of non-exempt wastes being put into the reserve pit may result in the BLM Authorized Officer requiring specific testing and closure requirements.

10. Reserve pits will be closed as soon as possible, but no later than 90 days from time of drilling/well completion, unless the BLM Authorized Officer gives an extension. Squeezing of pit fluids and cuttings is prohibited. Pits must be dry of fluids or they must be removed via vac-truck or other environmentally acceptable method prior to backfilling, re-contouring and replacement of topsoil. Mud and cuttings left in pit must be buried at least 3-feet below re-contoured grade. The operator will be responsible for re-contouring any subsidence areas that develop from closing a pit before it is sufficiently dry.
11. If this well is drilled during the fire season (June-October), the operator shall institute all necessary precautions to ensure that fire hazard is minimized, including but not limited to mowing vegetation on the access route(s) and well location(s), keeping fire fighting equipment readily available when drilling, etc.

C. Dry Hole/Reclamation

1. All disturbed lands associated with this project, including the pipelines, access roads, water management facilities, etc will be expediently reclaimed and resceded in accordance with the surface use plan and any pertinent site-specific COAs.
2. Disturbed lands will be re-contoured back to conform with existing undisturbed topography. No depressions will be left that trap water or form ponds.
3. Reserve pits will be closed as soon as possible, but no later than 90 days from time of drilling/well completion, unless the BLM Authorized Officer gives an extension. Squeezing of pit fluids and cuttings is prohibited. Pits must be dry of fluids or they must be removed via vac-truck or other environmentally acceptable method prior to backfilling, re-contouring and replacement of topsoil. Mud and cuttings left in pit must be buried at least 3-feet below re-contoured grade. The operator will be responsible for re-contouring any subsidence areas that develop from closing a pit before it is sufficiently dry.
4. Before the location has been reshaped and prior to redistributing the topsoil, the operator will rip or scarify the drilling platform and access road on the contour, to a depth of at least 12 inches. The rippers are to be no farther than 24 inches apart.

5. Distribute the topsoil evenly over the entire location and other disturbed areas. Prepare the seedbed by disking to a depth of 4-to-6 inches following the contour.
6. Phased reclamation plans will be submitted to BLM for approval prior to individual POD facility abandonment via a Notice of Intent (NOI) Sundry Notice. Individual facilities, such as well locations, pipelines, discharge points, impoundments, etc. need to be addressed in these plans as they are no longer needed. Individual items that will need to be addressed in reclamation plans include:
 - Pit closure (Close ASAP after suitably dry, but no later than 90 days from time of drilling unless an extension is given by BLM Authorized Officer.) BLM may require closure prior to 90 days in some cases due to land use or environmental concerns.
 - Configuration of reshaped topography, drainage systems, and other surface manipulations
 - Waste disposal
 - Revegetation methods, including specific seed mix (pounds pure live seed/acre) and soil treatments (seedbed preparation, fertilization, mulching, etc.). On private surface, the landowner should be consulted for the specific seed mix.
 - Other practices that will be used to reclaim and stabilize all disturbed areas, such as water bars, erosion fabric, hydro-mulching, etc.
 - An estimate of the timetables for beginning and completing various reclamation operations relative to weather and local land uses.
 - Methods and measures that will be used to control noxious weeds, addressing both ingress and egress to the individual well or POD.
 - Decommissioning/removal of all surface facilities
7. BLM will not release the performance bond until all disturbed areas associated with the APD/POD have been successfully revegetated (evaluation will be made after the second complete growing season) and has met all other reclamation goals of the surface owner and surface management agency.
8. A Notice of Intent to Abandon and a Subsequent Report of Abandonment must be submitted for abandonment approval.
9. For performance bond release approval, a Final Abandonment Notice (with a surface owner release letter on split-estate) must be submitted prior to a final abandonment evaluation by BLM.
10. Soil fertility testing and the addition of soil amendments may be required to stabilize some disturbed lands.
11. Any mulch utilized for reclamation needs to be certified weed free.
12. Waterbars are to be constructed at least one (1) foot deep, on the contour with approximately two (2) feet of drop per 100 feet of waterbar to ensure drainage, and extended into established vegetation. All waterbars are to be constructed with the berm on the downhill side to prevent the soft material from silting in the trench. The initial waterbar should be constructed at the top of the backslope. Subsequent waterbars should follow the following general spacing guidelines:

<u>Slope (percent)</u>	<u>Spacing Interval (feet)</u>
≤ 2	200
2 - 4	100
4 - 5	75
≥ 5	50

D. Producing Well

1. Landscape those areas not required for production to the surrounding topography as soon as possible. The fluids and mud must be dry in the reserve pit before re-contouring pit area. The operator will be responsible for re-contouring and reseeding of any subsidence areas that develop from closing a pit before it is completely dry.
2. Reduce the backslope to 2:1 and the foreslope to 3:1, unless otherwise directed by the BLM Authorized Officer. Reduce slopes by pulling fill material up from foreslope into the toe of cut slopes.
3. Production facilities (including dikes) must be placed on the cut portion of the location and a minimum of 15 feet from the toe of the back cut unless otherwise approved by the BLM Authorized Officer.
4. Any spilled or leaked oil, produced water or treatment chemicals must be reported in accordance with NTL-3A and immediately cleaned up in accordance with BLM requirements. This includes clean-up and proper disposition of soils contaminated as a result of such spills/leaks.
5. Distribute stockpiled topsoil evenly over those areas not required for production and reseed as recommended.
6. Upgrade and maintain access roads and drainage control (e.g., culverts, drainage dips, ditching, crowning, surfacing, etc.) as necessary and as directed by the BLM Authorized Officer to prevent soil erosion and accommodate safe, environmentally-sound access.
7. Prior to construction of production facilities not specifically addressed in the APD, the operator shall submit a Sundry Notice to the BLM Authorized Officer for approval.
8. If not already required prior to constructing and drilling the well location, the operator shall immediately upgrade the entire access road to BLM standards (including topsoiling, crowning, ditching, drainage culverts, surfacing, etc.) to ensure safe, environmentally-sound, year-round access. This requirement does not supersede or apply where specific road requirements are addressed in the APD/POD surface use plan (e.g., two track road, spot upgrade, etc.)
9. Waterbars shall be installed on all reclaimed pipeline corridors per the guidelines in D #12.

Appendix A — Reclamation Plan

Table A-2

Common Plant Name	Scientific Name	Pounds per acre (PLS) ¹
Salt Desert Areas		
<i>Grasses</i>		
Indian ricegrass	<i>Stipa hymenoides</i>	2
Squirreltail	<i>Elymus elymoides</i>	2
Galleta	<i>Hilaria jamesii</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
Gooseberryleaf globemallow	<i>Sphaeralcea grossulariifolia</i>	0.5
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Rubber rabbitbrush	<i>Chrysothamnus nauseosus</i>	1
Fourwing saltbush	<i>Atriplex canescens</i>	2
Winterfat	<i>Krascheninnikovia (Eurotia) lanata</i>	2
	TOTAL	15.5
Sagebrush/Grass Areas		
<i>Grasses</i>		
Indian ricegrass	<i>Stipa hymenoides</i>	2
Squirreltail	<i>Elymus elymoides</i>	2
Thickspike wheatgrass	<i>Elymus lanceolatus</i>	1
Crested wheatgrass	<i>Agropyron desertorum</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
Small burnet	<i>Sanguisorba minor</i>	1
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Whitestem rabbitbrush	<i>Chrysothamnus nauseosus albicaulis</i>	1
Fourwing saltbush	<i>Atriplex canescens</i>	2
	TOTAL	15

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Price Field Office at least 48-hours prior to commencing construction of location.

Spud- Notify the Price Field Office 24-hours prior to spudding. Submit written notification of spud (Sundry Notice, Form 3160-5) to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the Moab Field Office on a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Price Field Office.

Notify the Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Nathan Sill (435-636-3668) or Walton Willis (435-636-3662) of the BLM Price Field Office for the following:

2 days prior to constructing location (Sill);

1 day prior to spudding (Willis);

50 feet prior to reaching the surface casing setting depth (Willis).

If the people at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU 76254

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Clark Valley Unit UTU 85363X

1. TYPE OF WELL:

OIL GAS OTHER CO2

8. WELL NAME and NUMBER:

Savoy #1

2. NAME OF OPERATOR:

Savoy Energy LLC

9. API NUMBER

43-007-31263

3a. ADDRESS OF OPERATOR

97 North Main CITY **Manti** STATE **Utah** ZIP **84642**

3b.

435.835.4248 Office

PHONE

435.340.0557 Mobil

10. FIELD AND POOL, OR WILDCAT

Farnham dome

4. LOCATION OF WELL

FOOTAGE AT SURFACE:

577' FSL & 726' FWL, SW/4 SW/4

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

SEC 8 - T15S- R12E SLB&M

11. County or Parish, State

CARBON, UTAH

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

TYPE OF SUBMISSION

Notice of Intent

Subsequent Report

Final Abandonment Notice

ACIDIZE

ALTER CASING

CASING REPAIR

CHANGE PLANS

Convert to Injection

DEEPEN

FRACTURE TREAT

NEW CONSTRUCTION

PLUG AND ABANDON

PLUG BACK

PRODUCTION (START/RESUME)

RECLAMATION

RECOMPLETE

Temporarily Abandon

WATER DISPOSAL

WATER SHUT-OFF

Well Integrity

OTHER **SPUD WELL**

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The Savoy #1 well was Spud at 1:30 pm August 15, 2007

Conductor was set at 40 feet.

Waiting on a rig to move in, anticipate the drilling rig will move on before September 15th, 2007

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

NAME (Printed/Typed)

Steven J. Lund

Title **Engineer**

SIGNATURE

DATE

8/20/07

Approved by

Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United State any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

AUG 30 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

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Clark Valley Unit UTU 85363X

SUBMIT IN TRIPLICATE - Other instructions on reverse side

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8. WELL NAME and NUMBER:

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2. NAME OF OPERATOR:

Savoy Energy LLC

9. API NUMBER

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3b. 435.835.4248 Office
PHONE 435.340.0557 Mobil

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Farnham dome

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FRACTURE TREAT

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RM

KS

PIC

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Conductor was set at 40 feet.

Waiting on a rig to move in, anticipate the drilling rig will move on be

07

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

NAME (Printed/Typed)

Steven J. Lund

Title Engineer

SIGNATURE

DATE

10/4/07

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved by

Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

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Date

Office

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(Instructions on reverse)

RECEIVED

OCT 10 2007

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DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

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Notice of Intent

Subsequent Report

Final Abandonment Notice

ACIDIZE

ALTER CASING

CASING REPAIR

CHANGE PLANS

Convert to Injection

DEEPEN

FRACTURE TREAT

NEW CONSTRUCTION

PLUG AND ABANDON

PLUG BACK

PRODUCTION (START/RESUME)

RECLAMATION

RECOMPLETE

Temporarily Abandon

WATER DISPOSAL

WATER SHUT-OFF

Well Integrity

OTHER **SPUD WELL**

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The Savoy #1 well was Spud at 1:30 pm August 15, 2007

Conductor was set at 40 feet.

Waiting on a rig to move in, anticipate the drilling rig will move on before September 15th, 2007

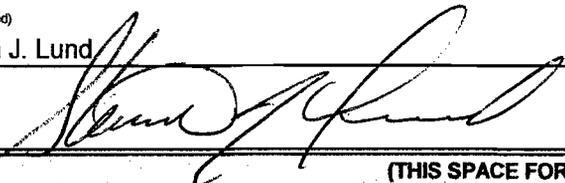
14. I hereby certify that the foregoing is true and correct

NAME (Printed/Typed)

Steven J. Lund

Title **Engineer**

SIGNATURE



DATE

10/4/07

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved by

Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Title

Office

Date

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United State any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

RECEIVED

OCT 10 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals

5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU 76254

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:
Clark Valley Unit UTU 85363X

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. TYPE OF WELL: OIL GAS OTHER CO2

8. WELL NAME and NUMBER:
Savoy #1

2. NAME OF OPERATOR:
Savoy Energy LLC

9. API NUMBER
43-007-31263

3a. ADDRESS OF OPERATOR
97 North Main CITY **Manti** STATE **Utah** ZIP **84642**

3b. OFFICE PHONE **435.835.4248** MOBILE PHONE **435.340.0557**

10. FIELD AND POOL, OR WILDCAT
Farnham dome

4. LOCATION OF WELL
FOOTAGE AT SURFACE: **577' FSL & 726' FWL, SW/4 SW/4**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SEC 8 - T15S- R12E SLB&M**

11. County or Parish, State
CARBON, UTAH

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

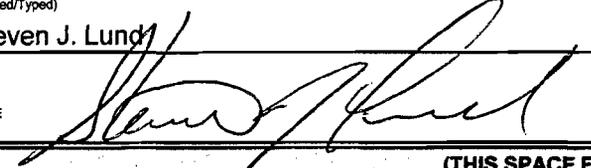
TYPE OF SUBMISSION					
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF	
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> RECLAMATION	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> RECOMPLETE	<input checked="" type="checkbox"/> OTHER Set	Surface Casing
	<input type="checkbox"/> CHANGE PLANS	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL		

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

*
Surface Casing was set September 11 2007 on the Savoy #1 well
8 5/8" J-55 casing was set at 350 ft.
250 sks of G was pumped with good returns

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

NAME (Printed/Typed) **Steven J. Lund** Title **Engineer**

SIGNATURE  DATE **9/20/2007**

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved by _____ Title _____ Date _____
Conditions of approval, if any are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon
Office _____

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RECEIVED
OCT 10 2007
DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

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OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

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7. UNIT or CA AGREEMENT NAME:

Clark Valley Unit UTU 85363X

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. TYPE OF WELL:

OIL GAS OTHER CO2

8. WELL NAME and NUMBER:

Savoy #1

2. NAME OF OPERATOR:

Savoy Energy LLC

9. API NUMBER

43-007-31263

3a. ADDRESS OF OPERATOR

97 North Main CITY **Manti** STATE **Utah** ZIP **84642**

3b. **435.835.4248 Office**

PHONE **435.340.0557 Mobil**

10. FIELD AND POOL, OR WILDCAT

Farnham dome

4. LOCATION OF WELL

FOOTAGE AT SURFACE:

577' FSL & 726' FWL, SW/4 SW/4

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

SEC 8 - T15S- R12E SLB&M

11. County or Parish, State

CARBON, UTAH

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TYPE OF SUBMISSION

Notice of Intent

Subsequent Report

Final Abandonment Notice

ACIDIZE

ALTER CASING

CASING REPAIR

CHANGE PLANS

Convert to Injection

DEEPEN

FRACTURE TREAT

NEW CONSTRUCTION

PLUG AND ABANDON

PLUG BACK

PRODUCTION (START/RESUME)

RECLAMATION

RECOMPLETE

Temporarily Abandon

WATER DISPOSAL

WATER SHUT-OFF

Well Integrity

OTHER Log

Production Csg

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones.

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* **Logged hole Ran dual induction and compensated density suite**

Production Casing was set September 27, 2007 on the Savoy #1 well

5 1/2" J-55 casing was set at 3132 ft.

260 sks of 50/50 Pozz (Lead)

130 sks RFC good returns

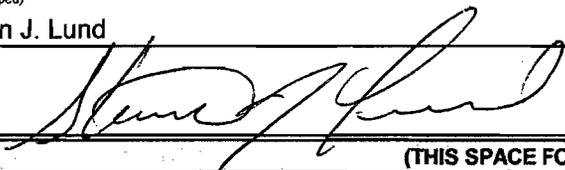
14. I hereby certify that the foregoing is true and correct

NAME (Printed/Typed)

Steven J. Lund

Title **Engineer**

SIGNATURE



DATE **9/30/2007**

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved by

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(Instructions on reverse)

*U.S. GOVERNMENT PRINTING OFFICE 2001-773 001/46035

RECEIVED

OCT 10 2007

DIV. OF OIL, GAS & MINING

ENTITY ACTION FORM

Operator: Savooy Energy LLC
Address: 97 North Main Street
City Manly
state Utah zip 84642

Operator Account Number: N-2690

Phone Number: 435.835.4248

Well 1

API Number	Well Name	QQ	Sec	Twp	Rng	County
43 007-31263	Savooy #1	SWSW	NWSE	8	15S	12E Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A	99999	16428	1:30pm 8/15/07		10/30/07	
Comments: <u>WING T Clark Valley Unit</u> <u>This well was completed 10/4/07, a completion rpt is being pending</u>						

CONFIDENTIAL

Well 2

API Number	Well Name	QQ	Sec	Twp	Rng	County
43 007-31262	Savooy #2	SESE	17	15S	12E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date	
A						
Comments: <u>MNKP</u> <u>This well was PEA due to Psh lost in hole, it will be redrilled</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 J. LUND
Name (Print)
Steven J. Lund
Signature
Managing Member 10/30/07
Title Date

(4/2000)

RECEIVED
OCT 30 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONFIDENTIAL

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

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5. LEASE DESIGNATION AND SERIAL NUMBER:
UTU 76254

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Clark Valley Unit UTU 85363X

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. TYPE OF WELL:
OIL GAS OTHER CO2

8. WELL NAME and NUMBER:
Savoy #1

2. NAME OF OPERATOR:
Savoy Energy LLC

9. API NUMBER:
43-007-31263

3a. ADDRESS OF OPERATOR
97 North Main CITY Manti STATE Utah ZIP 84642
3b. OFFICE PHONE 435.835.4248 OFFICE
PHONE 435.340.0557 MOBIL

10. FIELD AND POOL, OR WILDCAT
Farnham dome

4. LOCATION OF WELL
FOOTAGE AT SURFACE: 577' FSL & 726' FWL, SW/4 SW/4
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SEC 8 - T15S- R12E SLB&M

11. County or Parish, State
CARBON, UTAH

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TYPE OF SUBMISSION

Notice of Intent

Subsequent Report

Final Abandonment Notice

ACIDIZE
 ALTER CASING
 CASING REPAIR
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DEEPEN
 FRACTURE TREAT
 NEW CONSTRUCTION
 PLUG AND ABANDON
 PLUG BACK

PRODUCTION (START/RESUME)
 RECLAMATION
 RECOMPLETE
 Temporarily Abandon
 WATER DISPOSAL

WATER SHUT-OFF
 Well Integrity
 OTHER

FINAL

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The Savoy #1 well was Spud at 1:30 pm August 15, 2007

Conductor was set at 40 feet.

Waiting on a rig to move in, anticipate the drilling rig will move on before September 15th, 2007

See Attached for complete drill report, Form 3160-4, Well Completion report is forth coming

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

NAME (Printed/Typed)

Steven J. Lynd

Title Engineer

SIGNATURE

DATE 11/1/2007

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

Approved by

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(Instructions on reverse)

U.S. GOVERNMENT RECEIVED

2001-773 001/48035

NOV 07 2007

DIV. OF OIL, GAS & MINING

DRILLING REPORT FOR SAVOY #1 USING PATTERSON-UTI RIG 778

Date	Description
9/6/2007	Rig up on Savoy #1
9/7/2007	Rig up on Savoy #1
9/8/2007	Rig up on Savoy #1, Make up BHA, RIH, Repair Drawworks (Brake Pads)
9/9/2007	Drill from 68' - 215', Repair Drawworks
9/10/2007	Repair rig, POOH
9/11/2007	Drill 204'-360, TD @ 2:30 am Drill actual 12 1/4" Surface from 310'-360' TD @ 2:30 am
9/12/2007	R/U Casing crew, Run Casing, Set at 336' R/U Cement crew, Pump cement, WOC, Nipple up BOP, Repair rig
9/13/2007	Nipple up BOP and Manufacture choke f/well location, Test BOP, Repair BOP
9/14/2007	Repair BOP replace 4" valve (Why wasn't this done before this rig got here? This was supposed to be a hot rig! Test BOP, Install flow lines and choke, Strap BHA, RIH, Drill 360-841'
9/15/2007	Drill f/841-1691'
9/16/2007	Drill f/1691-1911'
9/17/2007	Drill from 1911-1976
9/18/2007	Repairs pumps, Reaming washing 120 foot, Drill 2384-2699',
9/19/2007	Drill 2699-2920' STUCK
9/20/2007	Repairs pumps
9/21/2007	Work tight hole, RU air pack to unstick DP, Pipe free
9/22/2007	Drill 2699-2920', Work Stuck pipe
9/23/2007	Work stuck pipe, free stuck pipe with air pack, Drill 2699-2982' Condition mud & circulate, seeing mud rings, dehydrating mud down hole Work stuck pipe (circulate 1 gal of ring free), work tight hole
9/24/2007	Work tight hole, Rig up air pack
9/25/2007	TIH, ream down, drill 2982-3172'
9/26/2007	Condition mud & circulate, w/o air pack, POOH to 800', RIH to 1062'
9/27/2007	Reaming 1062-1670', to 2900' Pump sweep POOH for logs (L/D Mud Motor and bit) R/U loggers, Run logs (Neutron Density, dual induction suite) R/D loggers
9/28/2007	Condition mud & circulate, LDDP, LDDC, Pull Wear ring, NO WEAR RING Unload 5 1/2" J-55 casing, clean threads and strap, Rig up casing crew, Run 5 1/2" J-55 casing Condition mud & circulate & R/U Cementers, Cement Casing, P/U BOP, Set Slips Rig up and tear down
9/29/2007	Rig Down & Clean mud tanks