

# FIML NATURAL RESOURCES, LLC

September 25, 2006

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

Attn.: Ms. Diana Whitney

RE: Exception Letter for the Ute Tribal #16-12-56  
Duchesne County, Utah

Dear Ms. Whitney:

FIML Natural Resources, LLC has no objection to the proposed Ute Tribal #16-12-56 well being drilled **317' FSL & 431' FEL** of Section 12 T-5S R-6W. The original "legal" drillsite location was moved due to severe topographic conditions. Moreover, the Ute Tribal representatives would not allow the drillsite to be placed at the legal location due to the severe topographic constraints.

FIML Natural Resources, LLC is the only owner within a 460 foot radius of the proposed well location.

The signature below is our written waiver of objection to UT Administrative Code R649-3-3.

Signature:



Name: Mark D. Bingham

Title: Senior Vice President

Date: September 25, 2006

FIML Natural Resources, LLC  
410 17th Street, 9<sup>th</sup> Floor  
Denver, CO 80202

**RECEIVED**

**SEP 27 2006**

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

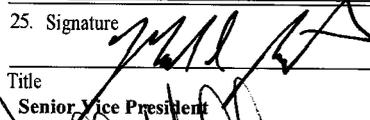
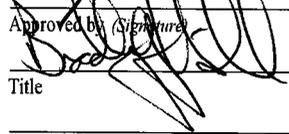
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

5. Lease Serial No. <b>14-20-H62-5062</b>	
6. If Indian, Allottee or Tribe Name <b>Ute Indian Tribe</b>	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. <b>Ute Tribal 16-12-56</b>	
9. API Well No. <b>1/3-013-33360</b>	
10. Field and Pool, or Exploratory <b>Undesignated Wildcat</b>	
11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec 12, T5S-R6W, U.S.B.&amp;M.</b>	
12. County or Parish <b>Duchesne</b>	13. State <b>Utah</b>
14. Distance in miles and direction from nearest town or post office* <b>37 miles southwest of Myton, Utah</b>	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>317'</b>
16. No. of acres in lease <b>640</b>	17. Spacing Unit dedicated to this well <b>40</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>2,047'</b>	19. Proposed Depth <b>6,400'</b>
20. BLM/BIA Bond No. on file <b>8191-82-71</b>	21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>7,316' GL (Ungraded)</b>
22. Approximate date work will start* <b>06/01/2007</b>	23. Estimated duration <b>Seven days</b>

**24. Attachments**

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

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

25. Signature 	Name (Printed/Typed) <b>Mark D. Bingham</b>	Date <b>09/25/2006</b>
Title <b>Senior Vice President</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>BRADLEY G. HILL</b>	Date <b>09-28-06</b>
Title <b>Office</b>	<b>ENVIRONMENTAL MANAGER</b>	

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**

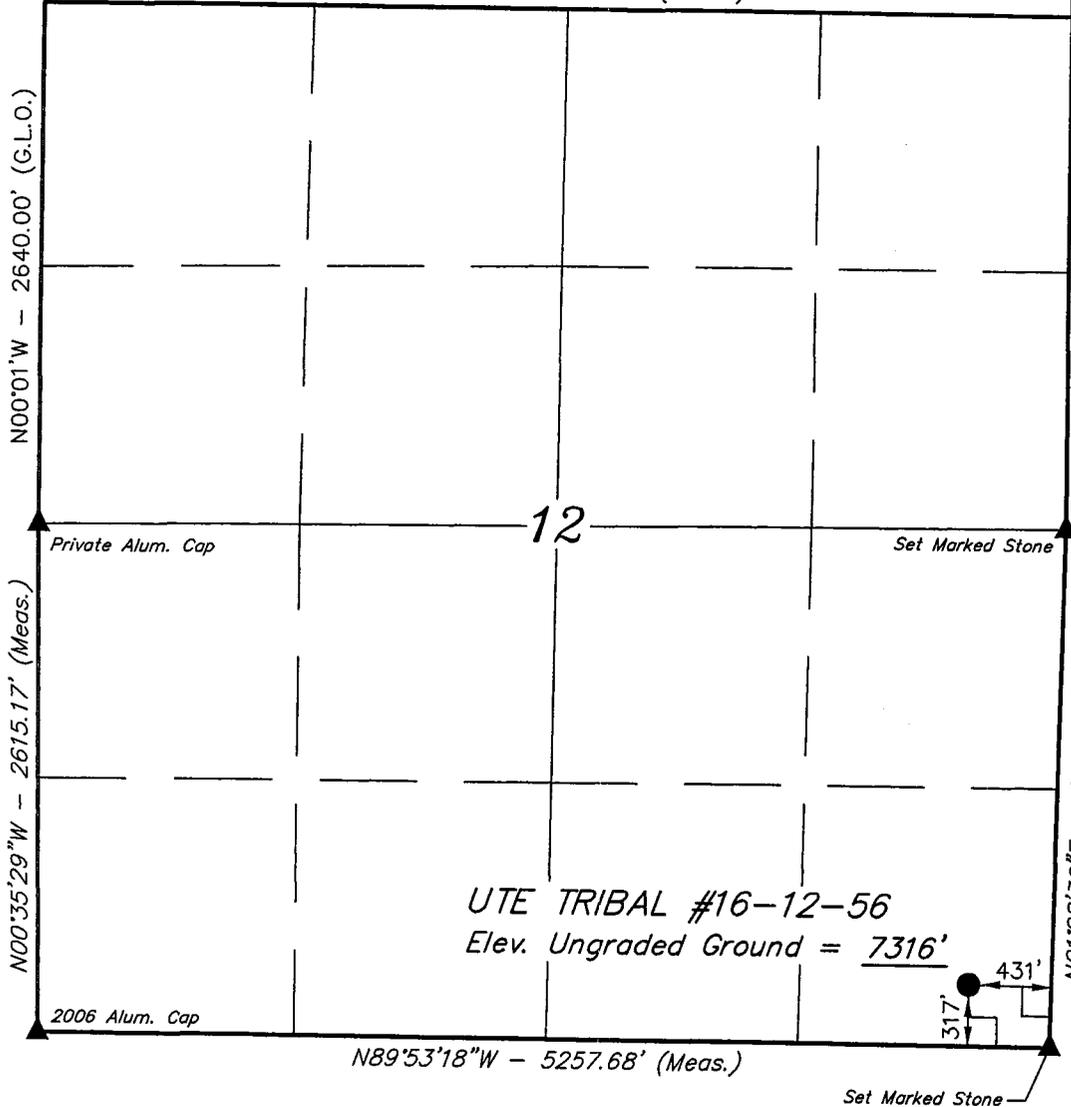
**RECEIVED  
SEP 27 2006  
DIV. OF OIL, GAS & MINING**

T5S, R6W, U.S.B.&M.

R  
6  
W

R  
5  
W

N89°52'W - 5277.36' (G.L.O.)



NORTH - 2640.00' (G.L.O.)

N00°01'W - 2640.00' (G.L.O.)

N00°35'29\"/>

N89°53'18\"/>

N01°08'30\"/>

UTE TRIBAL #16-12-56  
Elev. Ungraded Ground = 7316'

UTE/FNR, LLC.

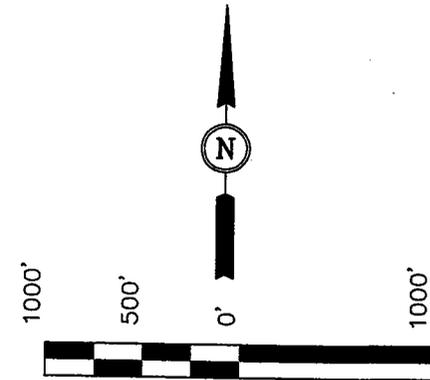
Well location, UTE TRIBAL #16-12-56, located as shown in the SE 1/4 SE 1/4 of Section 12, T5S, R6W, U.S.B.&M., Duchesne County, Utah.

BASIS OF ELEVATION

BENCH MARK (M67) LOCATED IN THE SW 1/4 OF SECTION 9, T5S, R4W, U.S.B.&M., TAKEN FROM THE DUCHESNE SE QUADRANGLE, UTAH, DUCHESNE COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED ON CAP AS BEING 6097 FEET.

BASIS OF BEARINGS

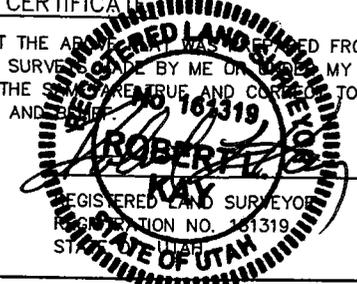
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)  
 LATITUDE = 40°03'16.93" (40.054703)  
 LONGITUDE = 110°30'01.68" (110.500467)  
 (NAD 27)  
 LATITUDE = 40°03'17.07" (40.054742)  
 LONGITUDE = 110°29'59.12" (110.499756)

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 08-29-06	DATE DRAWN: 08-31-06
PARTY J.R. R.P. P.M.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE UTE/FNR, LLC.	

**SELF CERTIFICATION STATEMENT**

The following self-certification statement is provided per federal requirements dated June 15, 1988.

Please be advised that FIML Natural Resources, LLC is considered to be the operator of the following well.

Ute Tribal 16-12-56  
SE/4 SE/4 317' FSL 431' FEL, Section 12 T-5S, R-6W U.S.B. & M.  
Lease BIA: #14-20-H62-5062  
Duchesne County, Utah

FIML Natural Resources, LLC is responsible under the terms of this lease for the operations conducted upon lease lands.

A handwritten signature in black ink, appearing to read "Rick L. Parks", with a long horizontal flourish extending to the right.

Rick L. Parks  
Operations Manager  
FIML Natural Resources, LLC  
410 17<sup>th</sup> Street  
Suite 900  
Denver, Colorado 80202  
(303) 893-5081

**FIML NATURAL RESOURCES, LLC**

**Ute Tribal 16-12-56  
SESE 317'FSL 431' FEL Sec 12, T-5S, R-6W, U.S.B. & M.  
Duchesne County, Utah  
BIA Lease Number 14-20-H62-5062**

**DRILLING PROGRAM**

**1. Estimated Tops of Geological Markers:**

**Formation Depth**

Uinta	surface
Green River	1,456' (top based on FIML Natural Resources, LLC Green River structure map dated September 26, 2005)
Mahogany Bench	2,654' (top based on FIML Natural Resources, LLC Mahogany Bench structure map dated September 26, 2005)
Garden Gulch	3,565' (top based on FIML Natural Resources, LLC Garden Gulch structure map dated September 26, 2005)
Douglas Creek	4,456' (top based on FIML Natural Resources, LLC Douglas Creek structure map dated September 26, 2005)
Castle Peak	5,406' (top based on FIML Natural Resources, LLC Castle Peak structure map dated September 26, 2005)
Uteland Butte Ls.	5,747' (top based on FIML Natural Resources, LLC Uteland Butte structure map dated September 26, 2005)
Wasatch	5,993' (top based on FIML Natural Resources, LLC Wasatch structure map dated September 26, 2005)
Total Depth	6,343'

**2. Estimated Depths of Anticipated Water, Oil, Gas, or Other Minerals:**

**Substance Formation Depth**

Oil/Gas	Douglas Creek	4,456' (top based on FIML Natural Resources, LLC Douglas Creek structure map dated September 26, 2005)
Oil/Gas	Castle Peak	5,406' (top based on FIML Natural Resources, LLC Castle Peak structure map dated September 26, 2005)
Oil/Gas	Uteland Butte	5,747' (top based on FIML Natural Resources, LLC Uteland Butte structure map dated September 26, 2005)
Oil/Gas	Wasatch	5,993' (top based on FIML Natural Resources, LLC Wasatch structure map dated September 26, 2005)
Other Mineral Zones		N/A

3. **Pressure Control Equipment:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

4. **Proposed Casing and Cementing Program:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

5. **Drilling Fluids Program:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

6. **Evaluation Program:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

7. **Abnormal Conditions:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

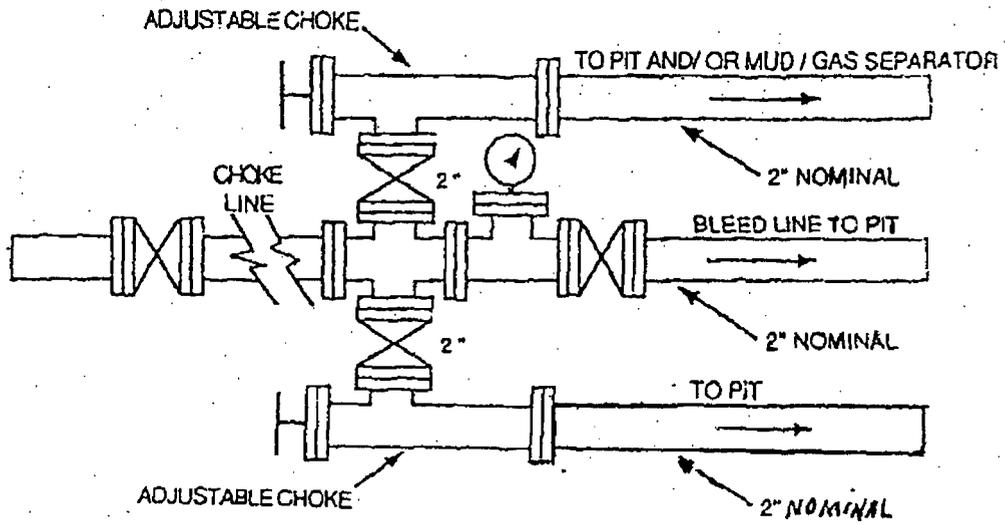
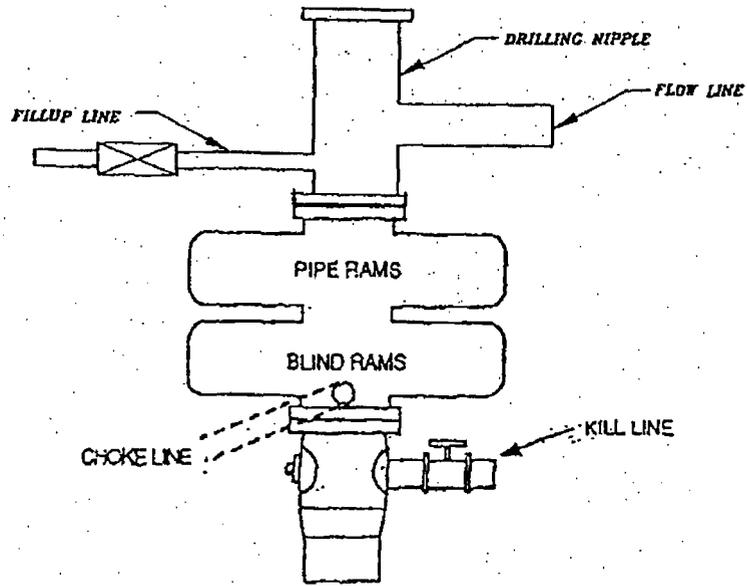
8. **Anticipated Starting Dates and Notification of Operations:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

9. **Other Information:**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: Revised October 6, 2005).

**2M SYSTEM**  
**BLOWOUT PREVENTER FOR HIGH PRESSURE WELLS**  
**900 SERIES MINIMUM**  
**2000# psi W.P.**  
**BOP 6" X 3000 PSI or 10" X 3000 PSI**



**FIML NATURAL RESOURCES, LLC**

**Ute Tribal 16-12-56**  
**SESE 317' FSL 431' FEL, Sec 12, T-5S, R-6W, U.S.B. &M. Duchesne County, Utah**  
**Lease Number 14-20-H62-5062**

**Onshore Order No. 1**

**MULTI-POINT SURFACE USE & OPERATIONS PLAN**

**1. Existing Roads**

- A. Start in Myton, Utah. Proceed west on US Highway 40, 8.8 miles to the Antelope Creek/Sowers Canyon Road at the Bridgeland turnoff. Turn south and then west and proceed 13.4 miles on the Sowers Canyon Road. Turn right and go northeast and then northwest for approximately 5.5 miles. Turn left and proceed in a southwesterly direction for approximately 5.7 miles. Turn right and proceed westerly the existing two-track road for approximately 0.9 miles to the proposed access road for the Ute Tribal 16-12-56. Proceed 150' to the proposed Ute Tribal 16-12-56 well location.
- B. The proposed well site is located approximately 37 miles southwest of Myton, Utah – See attached Topographic Map “A”.
- C. Refer to attached Topographic Map “A”.
- D. Existing roads will be maintained and repaired as necessary. No off lease Right-of-Way will be required.

**2. Planned Access Roads**

See Topographic Map “B” for the location of the proposed access road.

**3. Location of existing wells within a one mile radius of proposed well location**

See Topographic Map “C” for the location of existing wells within a one-mile radius.

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

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

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

- A. Water supply will be from East Duchesne Water District, Arcadia, Utah. Section 28, T-3S, R-3W, Duchesne County, Utah. The water right number is 43-10152.
- B. Water will be hauled by Ute Tribal Water Service.
- C. No water well will be drilled on the lease.

**6. Source of Construction Materials**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

**7. Method of Handling Waste Materials**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

**8. Ancillary Facilities**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

**9. Well Site Layout**

The attached Location Layout diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, pipe racks, trailer parking, spoil dirt stockpile(s) and top soil stockpile(s).

**10. Plans for Restoration of the Surface**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

**11. Surface Ownership**

Access Road: Ute Indian Tribe  
Location: Ute Indian Tribe

**12. Other Information**

Please refer to FIML Natural Resources, LLC Standard Operating Procedure (SOP Version: October 6, 2005).

**13. Operator's Representative and Certification**

Name: Rick L. Parks  
Address: 410 17<sup>th</sup> Street  
Suite 900  
Denver, Colorado 80202  
Phone No. 303-893-5081  
Cellular No. 303-229-7689

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations and Onshore Oil and Gas Orders. FIML Natural Resources, LLC is fully responsible for the actions of its subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

**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 that presently exist; that the statements made in this plan are, to the best of my knowledge and belief, true and correct; and that the work associated with operations proposed herein will be performed by FIML Natural Resources, LLC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it was approved. This statement is subject to the provisions of 18 U.S. C. 1001 for the filing of a false statement.

9/25/06  
Date

  
Rick L. Parks  
Operations Manager  
FIML Natural Resources, LLC

## **EPA's LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES**

While the following wastes are nonexempt, they are not necessarily hazardous.

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide waste
- Radioactive tracer wastes
- Drums, insulation, and miscellaneous solids

**UTE/FNR, LLC.**  
**UTE TRIBAL #16-12-56**  
 LOCATED IN DUCHESNE COUNTY, UTAH  
 SECTION 12, T5S, R6W, U.S.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

**UELS** Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 435-789-1017 uels@uelsinc.com

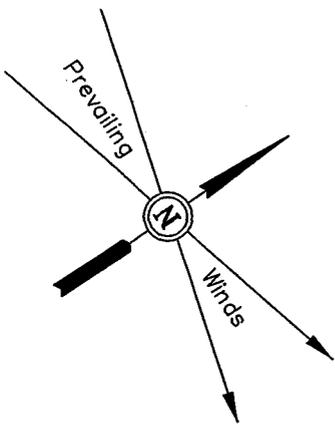
<b>LOCATION PHOTOS</b>			<b>09</b>	<b>05</b>	<b>06</b>	<b>PHOTO</b>
			MONTH	DAY	YEAR	
TAKEN BY: J.R.	DRAWN BY: P.M.	REVISED: 00-00-00				

UTE/FNR, LLC.

LOCATION LAYOUT FOR

UTE TRIBAL #16-12-56  
SECTION 12, T5S, R6W, U.S.B.&M.

317' FSL 431' FEL



SCALE: 1" = 50'  
DATE: 08-31-06  
DRAWN BY: P.M.

**NOTE:**  
Flare Pit is to be located a min. of 100' from the Well Head.

C-11.3'  
El. 326.3'

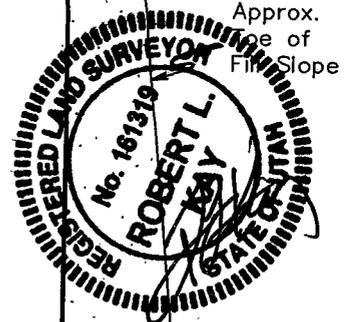
F-7.4'  
El. 307.6'

Sta. 3+30

Topsoil Stockpile

C-10.8'  
El. 325.8'

Round Corners as needed



Flare Pit  
C-5.7'  
El. 320.7'

C-12.8'  
El. 317.8'  
(Btm. Pit)

C-1.1'  
El. 316.1'

Sta. 1+60

Reserve Pit Backfill & Spoils Stockpile

Total Pit Capacity  
W/2' of Freeboard  
= 12,810 Bbls. ±  
Total Pit Volume  
= 3,590 Cu. Yds.

C-6.8'  
El. 321.8'

F-16.6'  
El. 298.4'

Approx. Top of Cut Slope

10' WIDE BENCH

RESERVE PITS  
(10' Deep)

1 1/2:1 Slope

MUD TANKS

C-17.1'  
El. 332.1'

Sta. 0+50

Existing 2-Track

C-33.5'  
El. 338.5'  
(Btm. Pit)

C-21.1'  
El. 336.1'

C-8.3'  
El. 323.3'

Sta. 0+00

Existing Buried Pipeline

Proposed Access Road

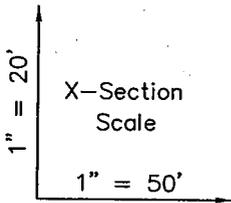
Elev. Ungraded Ground at Location Stake = 7316.1'  
Elev. Graded Ground at Location Stake = 7315.0'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

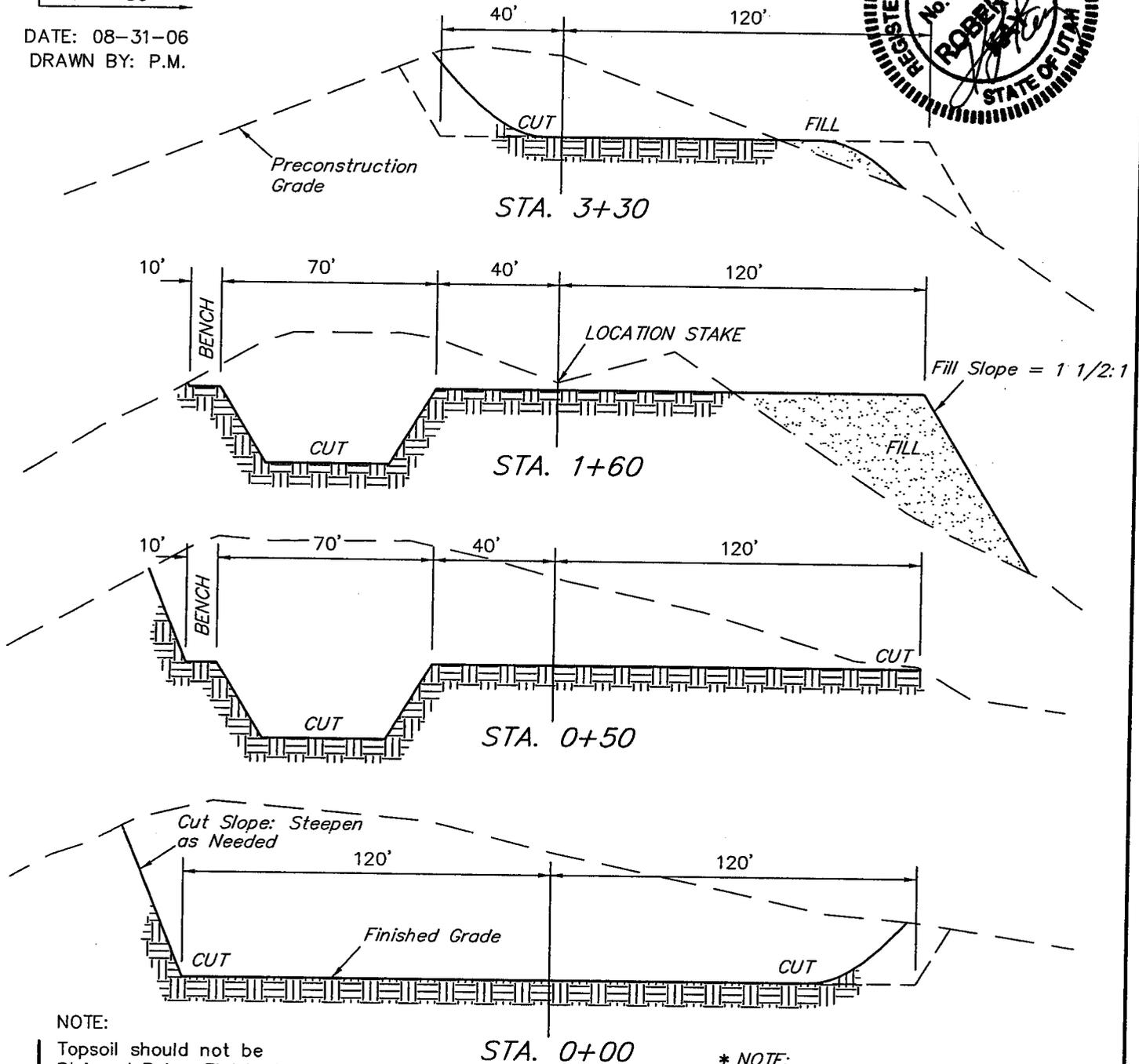
UTE/FNR, LLC.

TYPICAL CROSS SECTIONS FOR

UTE TRIBAL #16-12-56  
SECTION 12, T5S, R6W, U.S.B.&M.  
317' FSL 431' FEL



DATE: 08-31-06  
DRAWN BY: P.M.



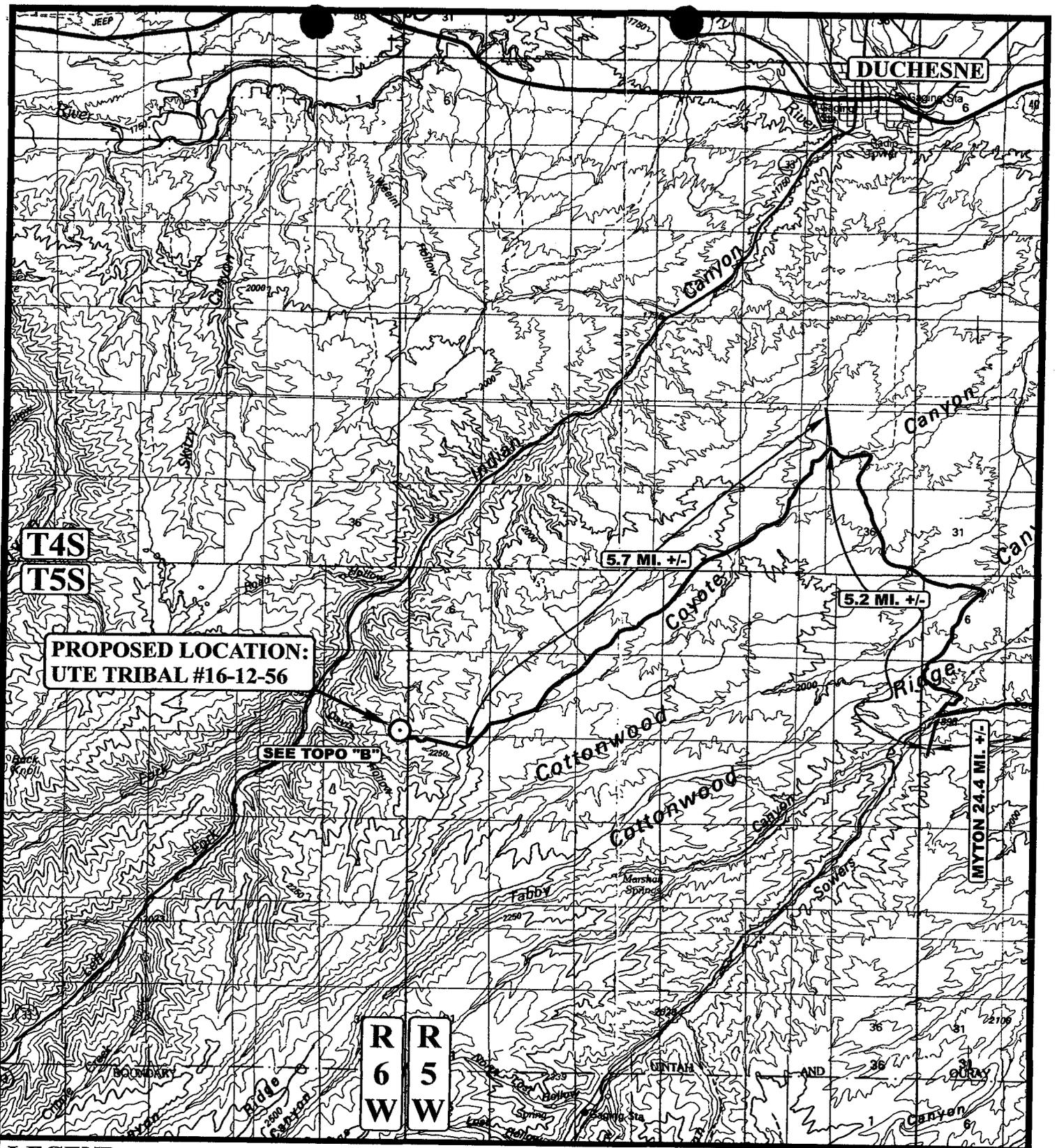
NOTE:  
Topsoil should not be Stripped Below Finished Grade on Substructure Area.

\* NOTE:  
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(12") Topsoil Stripping	= 3,410 Cu. Yds.
Remaining Location	= 19,880 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 23,290 CU.YDS.</b>
<b>FILL</b>	<b>= 5,920 CU.YDS.</b>

EXCESS MATERIAL	= 17,370 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 5,210 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 12,160 Cu. Yds.



**LEGEND:**

○ PROPOSED LOCATION



**UTE/FNR, LLC.**

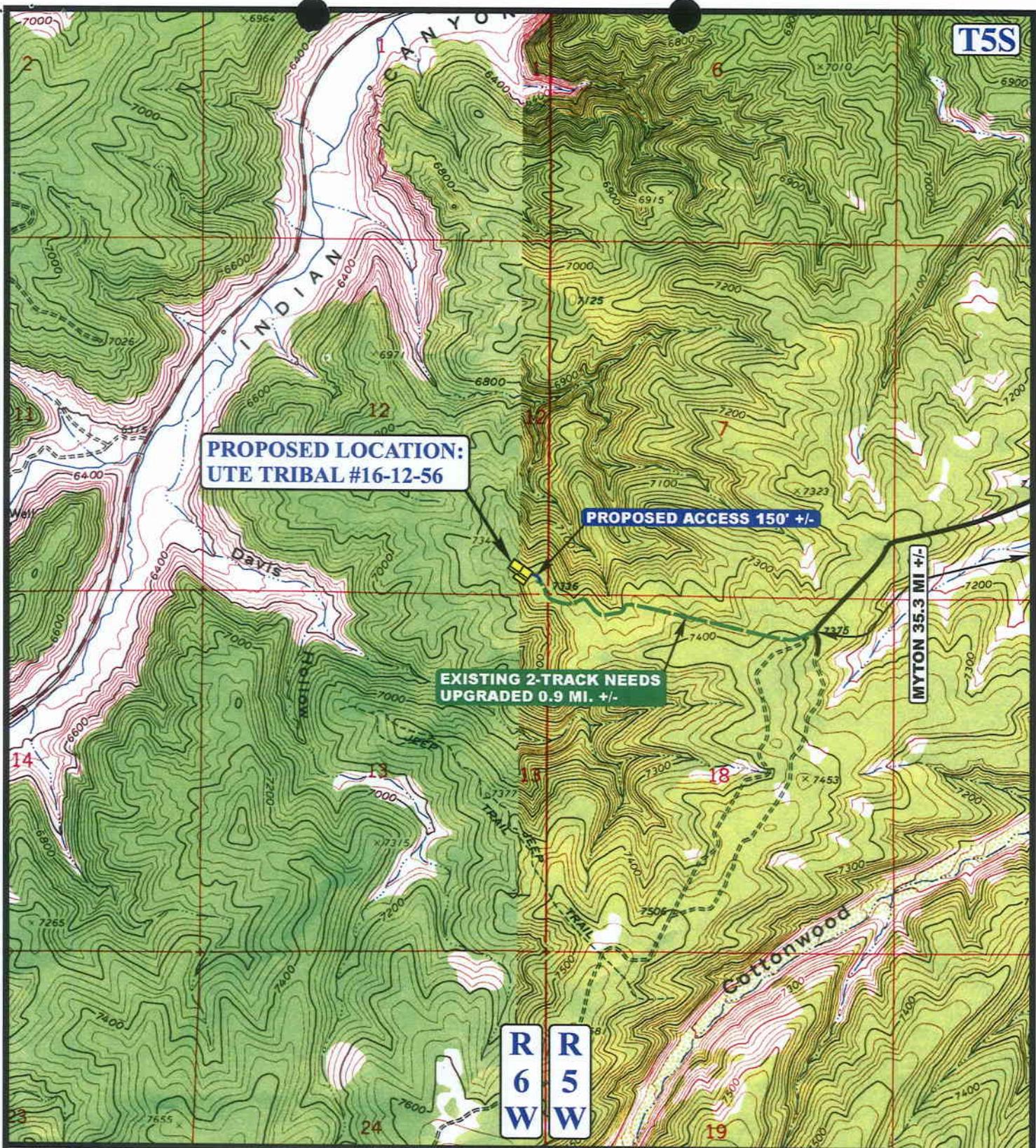
**UTE TRIBAL #16-12-56  
SECTION 12, T5S, R6W, U.S.B.&M.  
317' FSL 431' FEL**



**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** 09 05 06  
**MAP** MONTH DAY YEAR  
SCALE: 1:100,000 DRAWN BY: P.M. REVISED: 00-00-00





**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED



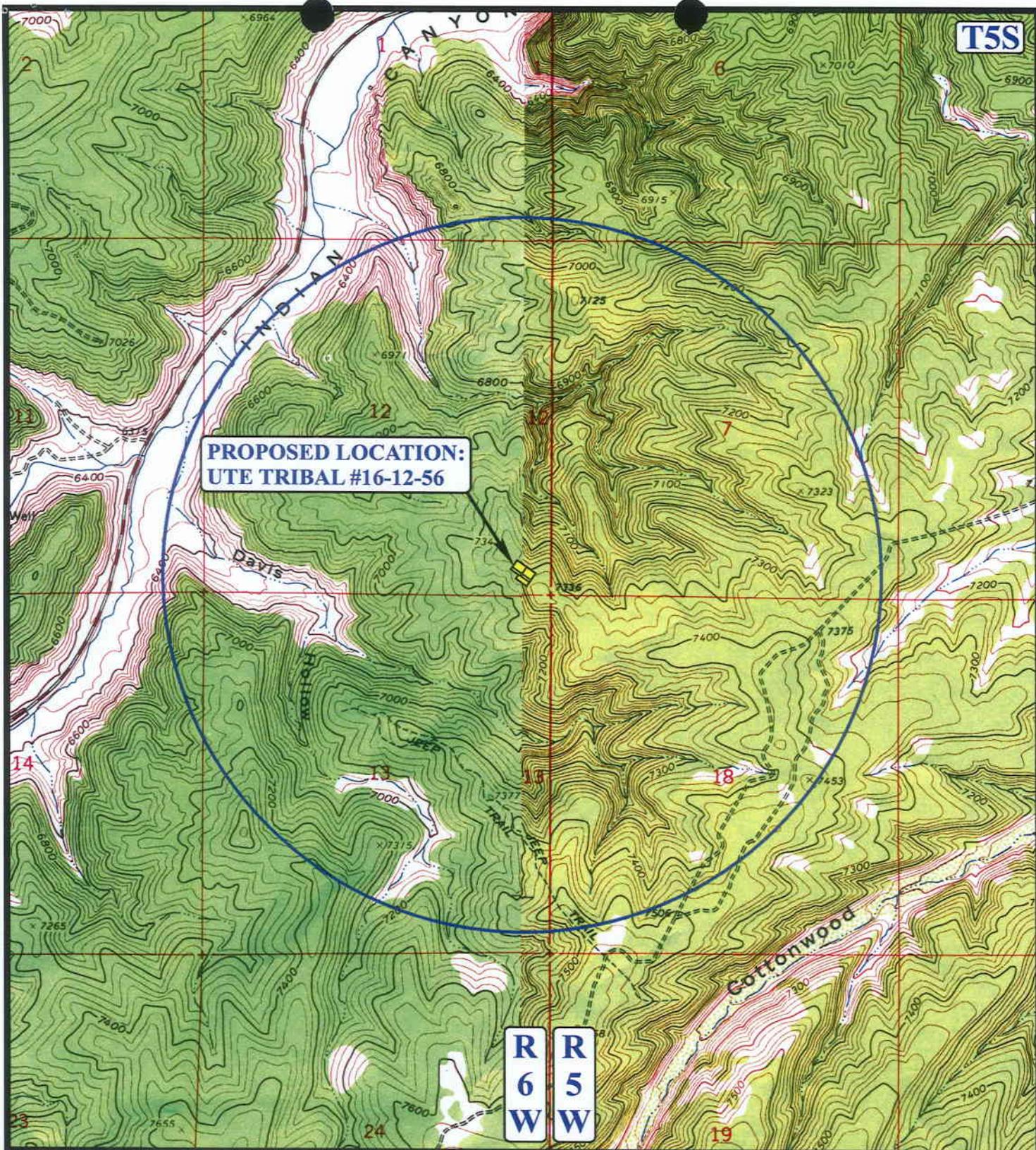
**UTE/FNR, LLC.**

**UTE TRIBAL #16-12-56  
SECTION 12, T5S, R6W, U.S.B.&M.  
317' FSL 431' FEL**

**U E I S** Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC MAP** 09 05 06  
MONTH DAY YEAR  
SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00

**B**  
TOPO



T5S

**PROPOSED LOCATION:  
UTE TRIBAL #16-12-56**

R 6 W  
R 5 W

**LEGEND:**

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- ⊖ SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



**UTE/FNR, LLC.**

**UTE TRIBAL #16-12-56  
SECTION 12, T5S, R6W, U.S.B.&M.  
317' FSL 431' FEL**



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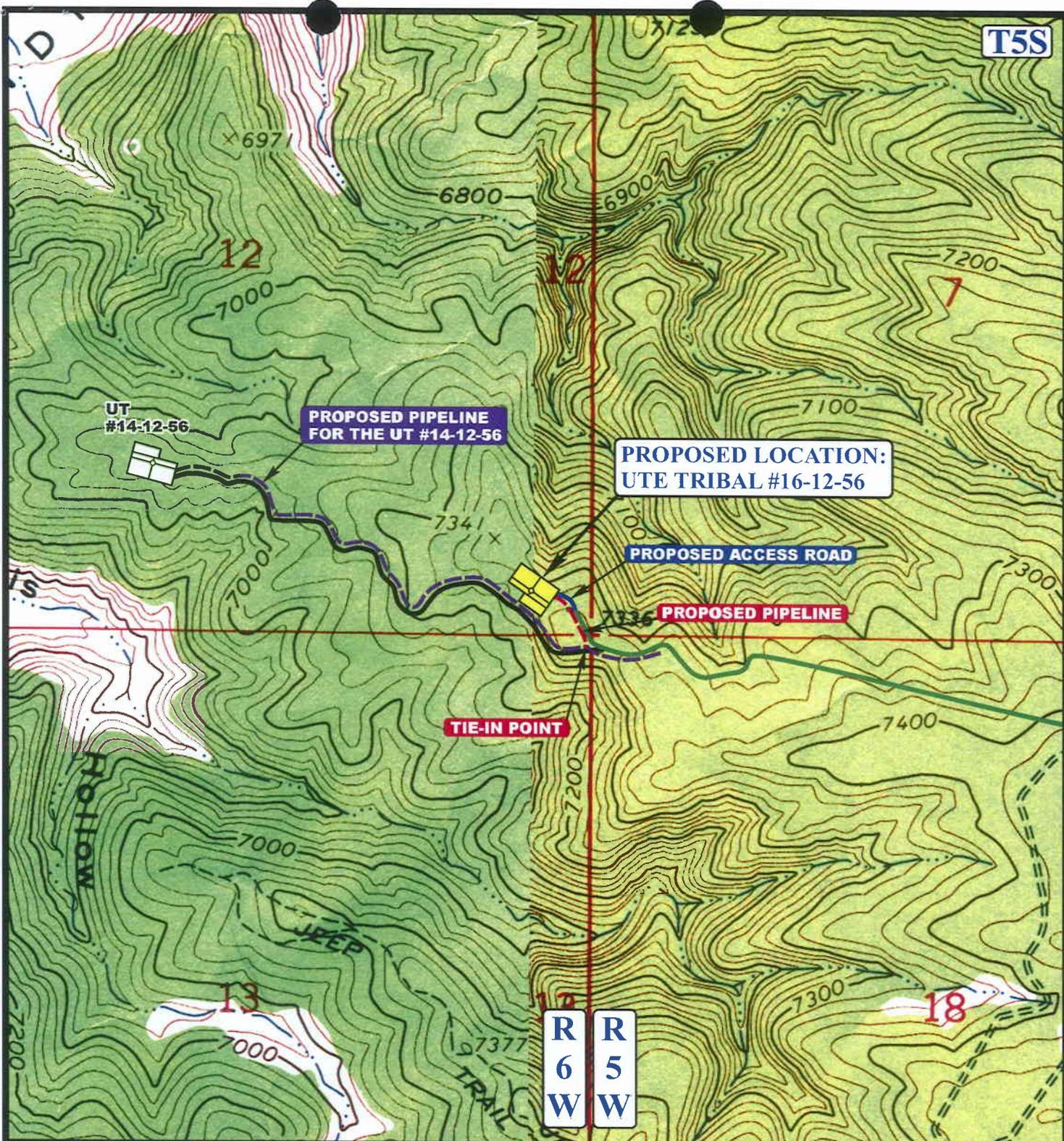
**TOPOGRAPHIC  
MAP**

**09 05 06**  
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: P.M. REVISED: 00-00-00



T5S



APPROXIMATE TOTAL PIPELINE DISTANCE = 444' +/-

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)



**UTE/FNR, LLC.**

**UTE TRIBAL #16-12-56**  
**SECTION 12, T5S, R6W, U.S.B.&M.**  
**317' FSL 431' FEL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC** 09 05 06  
**MAP** MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: P.M. | REVISED: 00-00-00



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/27/2006

API NO. ASSIGNED: 43-013-33366
--------------------------------

WELL NAME: UTE TRIBAL 16-12-56  
 OPERATOR: FIML NATURAL RESOURCES ( N2530 )  
 CONTACT: MARK BINGHAM

PHONE NUMBER: 303-893-5073

PROPOSED LOCATION:

SESE 12 050S 060W  
 SURFACE: 0317 FSL 0431 FEL  
 BOTTOM: 0317 FSL 0431 FEL  
 COUNTY: DUCHESNE  
 LATITUDE: 40.05475 LONGITUDE: -110.5000  
 UTM SURF EASTINGS: 542650 NORTHINGS: 4433744  
 FIELD NAME: WILDCAT ( 1 )

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

LEASE TYPE: 2 - Indian  
 LEASE NUMBER: 14-20-H62-5062  
 SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: WSTC  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[2] Sta[] Fee[]  
(No. 8191-82-71 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 43-10152 )
- 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: Sop, Seperate File

STIPULATIONS: 1- Federal Approval  
2- Spacing Strip

T5S R6W

T5S R5W

11

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12

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10-12-56 ⊕

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UTE TRIBAL  
14-12-56 ⊕

UTE TRIBAL  
15-12-56 ⊕

UTE TRIBAL  
16-12-56 ⊕

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18

UTE TRIBAL  
4-13-56 ⊕

UTE TRIBAL  
2-13-56 ⊕

UTE TRIBAL  
1-13-56 ⊕

UTE TRIBAL  
4-18-55 ⊕

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5-13-56 ⊕

UTE TRIBAL  
12-18-55 ⊕

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12-13-56 ⊕

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14-18-55 ⊕

UTE TRIBAL  
13-13-56 ⊕

UTE TRIBAL  
16-13-56 ⊕

UTE TRIBAL  
13-18-55 ⊕

OPERATOR: FIML NAT RES LLC (N2530)

SEC: 12,13 T.5S R. 6W

FIELD: WILDCAT (001)

COUNTY: DUCHESNE

SPACING: R649-3-3 / EXCEPTION LOCATION

**Field Status**

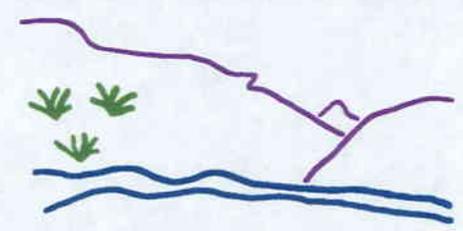
ABANDONED
ACTIVE
COMBINED
INACTIVE
PROPOSED
STORAGE
TERMINATED

**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 WHITNEY  
DATE: 28-SEPTEMBER-2006



**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*

September 28, 2006

FIML Natural Resources, LLC  
410 17th St., 9th Fl.  
Denver, CO 80202

Re: Ute Tribal 16-12-56 Well, 317' FSL, 431' FEL, SE SE, Sec. 12, T. 5 South,  
R. 6 West, Duchesne 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-013-33366.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Duchesne County Assessor  
Bureau of Land Management, Vernal District Office

Operator: FIML Natural Resources, LLC  
Well Name & Number Ute Tribal 16-12-56  
API Number: 43-013-33366  
Lease: 14-20-H62-5062

Location: SE SE                      Sec. 12                      T. 5 South                      R. 6 West

**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.

RECEIVED

SEP 28 2006

Form 3160-3  
(April 2004)

BLM VERNAL, UTAH

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

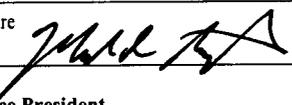
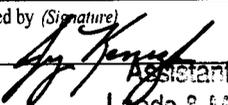
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. <b>14-20-H62-5062</b>	
6. If Indian, Allottee or Tribe Name <b>Ute Indian Tribe</b>	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. <b>Ute Tribal 16-12-56</b>	
9. API Well No. <b>43-013-333166</b>	
10. Field and Pool, or Exploratory <b>Undesignated</b>	11. Sec., T. R. M. or Blk. and Survey or Area <b>Sec 12, T5S-R6W, U.S.B.&amp;M.</b>
12. County or Parish <b>Duchesne</b>	13. State <b>Utah</b>
14. Distance in miles and direction from nearest town or post office* <b>37 miles southwest of Myton, Utah</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>317'</b>	16. No. of acres in lease <b>640</b>
17. Spacing Unit dedicated to this well <b>40</b>	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>2,047'</b>
19. Proposed Depth <b>6,400'</b>	20. BLM/BIA Bond No. on file <b>8191-82-71</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>7,316' GL (Ungraded)</b>	22. Approximate date work will start* <b>06/01/2007</b>
23. Estimated duration <b>Seven days</b>	

24. Attachments

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

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

25. Signature 	Name (Printed Typed) <b>Mark D. Bingham</b>	Date <b>09/25/2006</b>
Title <b>Senior Vice President</b>		
Approved by (Signature) 	Name (Printed Typed) <b>Jerry Kewerka</b>	Date <b>9-10-2007</b>
Title <b>Assistant Field Manager Lands &amp; Mineral Resources</b>		

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. **CONDITIONS OF APPROVAL 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)

NOTICE OF APPROVAL

RECEIVED

APR 16 2007

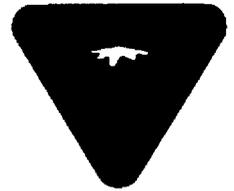
DIV. OF OIL, GAS & MINING

UDOGM



**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE**

**170 South 500 East VERNAL, UT 84078 (435) 781-4400**



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

<b>Company:</b>	<b>FIML Natural Resources, LLC</b>	<b>Location:</b>	<b>SESE, Sec. 12, T5S, R6W</b>
<b>Well No:</b>	<b>Ute Tribal 16-12-56</b>	<b>Lease No:</b>	<b>14-20-H62-5062</b>
<b>API No:</b>	<b>43-013-33366</b>	<b>Agreement:</b>	<b>N/A</b>

<b>Title</b>	<b>Name</b>	<b>Office Phone Number</b>	<b>Cell Phone Number</b>
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Paul Buhler	(435) 781-4475	(435) 828-4029
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:	Melissa Hawk	(435) 781-4476	(435) 828-7381
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Jannice Cutler	(435) 781-3400	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	

Fax: (435) 781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a one-year period. An additional year extension may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)***

**GENERAL SURFACE COA**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

**SITE SPECIFIC COAs**

- **Re-route high pressure gas pipeline before beginning construction.**

## ***DOWNHOLE CONDITIONS OF APPROVAL***

### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- None

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

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

5. LEASE DESIGNATION AND SERIAL NUMBER:  
14-20-H62-5062

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:  
Ute Tribe

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL OIL WELL  GAS WELL  OTHER \_\_\_\_\_

8. WELL NAME and NUMBER:  
Ute Tribal 16-12-56

2. NAME OF OPERATOR:  
FIML Natural Resources, LLC

9. API NUMBER:  
4301333366

3. ADDRESS OF OPERATOR:  
410 17th Street Ste. 900 CITY Denver STATE CO ZIP 80202

PHONE NUMBER:  
(303) 893-5090

10. FIELD AND POOL, OR WILDCAT:  
Wildcat

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 317' FSL 431' FEL

COUNTY: Duchesne

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 12 5S 6W

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>1/1/2008</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Permit Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

FIML Natural Resources, LLC is requesting a permit extension for the Ute Tribal 16-12-56. Further evaluation of the area is needed before drilling this well. The Request for Permit Extension Validation Form is attached.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 09-20-07  
By: [Signature]

NAME (PLEASE PRINT) Cassandra Parks

TITLE Operations Assistant

SIGNATURE [Signature]

DATE 9/13/2007

(This space for State use only)

9-20-07  
PM

RECEIVED  
SEP 19 2007

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-013-33366  
**Well Name:** Ute Tribal 16-12-56  
**Location:** SESE Sec 12 T-5S R-6W  
**Company Permit Issued to:** FIML Natural Resources, LLC  
**Date Original Permit Issued:** 9/28/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes  No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

  
Signature

9/13/2007  
Date

Title: Operations Assistant

Representing: FIML Natural Resources, LLC

**RECEIVED**  
**SEP 19 2007**

DIV. OF OIL, GAS & MINING

# FIML NATURAL RESOURCES, LLC

September 13, 2007

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

Attn.: Ms. Diana Mason

RE: Source of Drilling Water

Dear Ms. Mason:

FIML Natural Resources, LLC water for drilling operations will now be hauled by Betts Trucking. It will come from Duchesne City, Utah. The water right number is 43-3651.

If any questions arise or need additional information is required, please contact the undersigned at 303-893-5090.

Sincerely,



Cassandra Parks  
Operations Assistant

/cp

**RECEIVED**  
**SEP 19 2007**

DIV. OF OIL, GAS & MINING

**CONFIDENTIAL**

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>14-20-H62-5062</b>
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>Ute Tribe</b>
1. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: <b>FIML Natural Resources, LLC</b>		8. WELL NAME and NUMBER: <b>Ute Tribal 16-12-56</b>
3. ADDRESS OF OPERATOR: <b>410 17th Street Ste. 900</b> CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80202</b>		9. API NUMBER: <b>4301333366</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>317' FSL 431' FEL</b>		10. FIELD AND POOL, OR WILDCAT: <b>Wildcat</b>
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESE 12 5S 6W</b>		COUNTY: <b>Duchesne</b>
		STATE: <b>UTAH</b>

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

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

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

FIML Natural Resources, LLC is requesting a permit extension for the Ute Tribal 16-12-56. Further evaluation of the area is needed before drilling this well. The Request for Permit Extension Validation Form is attached.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 09-16-08  
By: [Signature]

NAME (PLEASE PRINT) <u>Elaine Winick</u>	TITLE <u>Drilling Technician</u>
SIGNATURE <u>Elaine Winick</u>	DATE <u>9/12/2008</u>

(This space for State use only)

**COPY SENT TO OPERATOR**  
Date: 9.17.2008  
Initials: KS

(See Instructions on Reverse Side)

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

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-013-33366  
**Well Name:** Ute Tribal 16-12-56  
**Location:** SESE Sec 12 T-5S R-6W  
**Company Permit Issued to:** FIML Natural Resources, LLC  
**Date Original Permit Issued:** 9/28/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes  No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

Elaine Wierick  
Signature

9/12/2008  
Date

Title: Drilling Technician

Representing: FIML Natural Resources, LLC

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



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Green River District-Vernal Field Office  
170 South 500 East  
Vernal, UT 84078  
(435) 781-4400 Fax: (435) 781-4410  
<http://www.blm.gov/ut/st/en/fo/vernal.html>

IN REPLY REFER TO:  
3160  
UTG011

July 31, 2009

Cassandra Parks  
FIML Natural Resources, LLC  
410 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

43-013-33366

Re: Notice of Expiration  
Well No. Ute Tribal 16-12-56  
SESE, Sec. 12, T5S, R6W  
Duchesne County, Utah  
Lease No. 14-20-H62-5062

Dear Ms. Parks:

The Application for Permit to Drill for the above-referenced well was approved on April 10, 2007. No extension of the original APD was requested. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

*Cindy Severson*

Cindy Severson  
Land Law Examiner

cc: UDOGM  
BIA  
Ute Tribe

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AUG 20 2009

DIV. OF OIL, GAS & MINING

**CONFIDENTIAL**

**SUNDRY NOTICES AND REPORTS ON WELLS**

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2. NAME OF OPERATOR: FIML Natural Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Tribe
3. ADDRESS OF OPERATOR: 410 17th Street Ste. 900 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 317' FSL 431' FEL		8. WELL NAME and NUMBER: Ute Tribal 16-12-56
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 12 5S 6W		9. API NUMBER: 4301333366
COUNTY: Duchesne		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

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Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 09-17-09  
By: [Signature]

**COPY SENT TO OPERATOR**  
Date: 9/26/2009  
Initials: KS

NAME (PLEASE PRINT) <u>Elaine Winick</u>	TITLE <u>Regulatory Specialist</u>
SIGNATURE <u>[Signature]</u>	DATE <u>9/11/2009</u>

(This space for State use only)

**RECEIVED**  
**SEP 15 2009**  
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-013-33366  
**Well Name:** Ute Tribal 16-12-56  
**Location:** SESE Sec 12 T-5S R-6W  
**Company Permit Issued to:** FIML Natural Resources, LLC  
**Date Original Permit Issued:** 9/28/2006

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Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

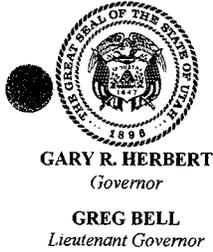
Elaine Miniel  
Signature

9/11/2009  
Date

Title: Regulatory Specialist

Representing: FIML Natural Resources, LLC

**RECEIVED**  
**SEP 15 2009**  
DIV. OF OIL, GAS & MINING



# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

October 6, 2010

Karin Kuhn  
FIML Natural Resources  
410 17<sup>th</sup> Street, Suite 900  
Denver, Colorado 80202

Re: APD Rescinded – Ute Tribal 16-12-56, Sec. 12, T.5S, R.6W,  
Duchesne County, Utah API No. 43-013-33366

Dear Ms. Kuhn:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 28, 2006. On September 20, 2007, September 16, 2008 and September 17, 2009 the Division granted a one-year APD extension. On September 30, 2010, you requested that the division rescind the state approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 30, 2010.

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

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

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal

