

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER Wareham 15-14-1					
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT FERRON					
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO						5. UNIT or COMMUNITIZATION AGREEMENT NAME					
6. NAME OF OPERATOR EMERY RESOURCE HOLDINGS LLC						7. OPERATOR PHONE 480 528-6836					
8. ADDRESS OF OPERATOR 136 E South Temple Ste 2100, Salt Lake City, UT, 84111						9. OPERATOR E-MAIL cwilliams@emeryresource.com					
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) Wareham 15-14-1			11. MINERAL OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>					
13. NAME OF SURFACE OWNER (if box 12 = 'fee') Kenneth Ray & Maribelle B Wareham						14. SURFACE OWNER PHONE (if box 12 = 'fee') 4353843000					
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 405 West Main, P O Box 55, ,						16. SURFACE OWNER E-MAIL (if box 12 = 'fee') maribell@etv.net					
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input type="checkbox"/> (Submit Commingling Application) NO <input checked="" type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>					
20. LOCATION OF WELL		FOOTAGES		QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN			
LOCATION AT SURFACE		946 FSL 1914 FWL		SESW	15	20.0 S	7.0 E	S			
Top of Uppermost Producing Zone		946 FSL 1914 FWL		SESW	15	20.0 S	7.0 E	S			
At Total Depth		946 FSL 1914 FWL		SESW	15	20.0 S	7.0 E	S			
21. COUNTY EMERY			22. DISTANCE TO NEAREST LEASE LINE (Feet) 100			23. NUMBER OF ACRES IN DRILLING UNIT 160					
			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 0			26. PROPOSED DEPTH MD: 1500 TVD: 1500					
27. ELEVATION - GROUND LEVEL 5891			28. BOND NUMBER 0029209137			29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE City of Ferron					
Hole, Casing, and Cement Information											
String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight	
Surf	10.625	8.625	0 - 150	24.0	J-55 Casing/Tubing	9.5	Class G	35	1.15	15.8	
I1	6.125	4.5	0 - 1500	10.5	J-55 Casing/Tubing	9.5	Class G	177	1.15	15.8	
ATTACHMENTS											
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES											
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER						<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN					
<input checked="" type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)						<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER					
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)						<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP					
NAME Susan Mohr				TITLE Accountant				PHONE 480 214-9601			
SIGNATURE				DATE 01/20/2011				EMAIL susan@emeryresource.com			
API NUMBER ASSIGNED 43015500020000				APPROVAL				 Permit Manager			

**Emery Resources
Wareham Lease
Well Name: Wareham 15-14-1
Sec. 15 T20S-R-7E
1914 FWL – 946 FSL
Emery, County, Utah
Elevation (Graded GL 5889.80)**

SUMMARY OF DRILLING PROGNOSIS

PRESSURE CONTROL EQUIPMENT (Schematic Attached - Figure 1)

Type: 9" x 3,000 psi WP double-gate BOP and 9" x 3,000 psi WP annular BOP with hydraulic closing unit. 7" x 9" x 3,000 psi WP slip-on welded casing head and 4.5" x 7-1/16" x 3,000 psi WP tubing head.

THE PROPOSED CASING AND CEMENTING PROGRAM

A) Casing Program (Surface casing was run when well was originally drilled):

<u>SIZE</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>DESCRIPTION</u>
8 5/8"	0' – 150'	150'	J-55 24 #/ft
4 1/2"	0' – 1500'	1500'	J-55 10.5#/ft

NOTE: Surface casing will be pressure tested to 1,000 psi prior to exiting casing.

B) Cementing Program:

<u>SURFACE CASING CASING/HOLE SIZE</u>	<u>CEMENT SLURRY</u>	<u>SX</u>	<u>PPG</u>	<u>YIELD</u>
8 5/8" casing/ 10 5/8" hole	Class 'G	35	15.8	1.15

<u>PRODUCTION CASING/HOLE SIZE</u>	<u>CEMENT SLURRY</u>	<u>SX</u>	<u>PPG</u>	<u>YIELD</u>
4.5" casing 6 1/8" hole	Class 'G' + fluid loss	177	15.8	1.15

5. MUD PROGRAM:

All fresh water used for drilling mud will be treated with bactericide. If bentonite mud is used it will be mixed with fresh water prior to adding KCL. If attapulgate is used it will be mixed after the 2% KCL solution is achieved.

<u>INTERVAL</u>	<u>WEIGHT (PPG)</u>	<u>VISCOSITY (SEC)</u>	<u>WL (CCS)</u>
SURFACE to 150'	8.5-9.5 ppg	30-60 sec	10-20 ccs
150' to 1,500 '	8.5-9.5 ppg	30-60 sec	10-20 ccs

Prior to drilling out surface casing, mud-up with low-solids, non-dispersed mud system utilizing gel (10-12 ppb), caustic soda, and PHPA polymer (1/2 to 1/2 ppb). Treat out cement contamination with soda ash and sodium bicarbonate. Mud weight should be dictated by gas concentration to maintain nearly balanced conditions. Keep trip speeds down to reduce surge-swab pressure. Keep hole full at all times. Monitor pit volume constantly as lost circulation should be expected at all times. Sweep hole as dictated by

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DRILLING PROGNOSIS

NOTE: This will be a: Vertical Hole

1. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS (Assumes KB elevation of 5895')

<u>FORMATION</u>	<u>TOP (TVD)</u>	<u>SUB SURFACE</u>
Mancos (Blue Gate)	Surface	Surface to 700'
Ferron SS	700'	700'-890'
Tununk Shale	800'	800'-1515'

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS, OR MINERAL FORMATIONS (Assumes KB elevation of')

<u>FORMATION</u>	<u>TOP</u>	<u>CONTENTS</u>
Mancos Shale	Surface	none
Ferron SS	700'	Gas
Tununk Shale	800'	Gas

3. PRESSURE CONTROL EQUIPMENT (Schematic Attached - Figure 1)

- A) Type: 9" x 3,000 psi WP double-gate BOP and 9" x 3,000 psi WP annular BOP with hydraulic closing unit. 8-5/8" x 9" x 3,000 psi WP slip-on welded casing head and 9" x 7-1/16" x 3,000 psi WP tubing head.

The blowout preventer will be equipped as follows:

- 1) One set of blind rams.
- 2) One set of pipe rams.
- 3) Drilling spool with two side outlets (choke side: 3" minimum and kill side: 2" minimum).
- 4) Kill line: Two-inch minimum.
- 5) Two kill line valves, one of which will be a check valve (two-inch).
- 6) Choke line: Three-inch minimum.
- 7) Two choke line valves: Three-inch minimum.
- 8) One manually operated choke: Three-inch minimum.
- 9) Pressure gauge on choke manifold.
- 10) Upper kelly cock with handle readily available.
- 11) Full opening internal blowout preventer or drill pipe safety valve able to fit all connections.
- 12) Fillup line to be located above uppermost preventer.

- B) Pressure Rating: 3,000 psi.

- C) Testing Procedure:

At a minimum, this pressure test will be performed:

At a minimum, the BOP, choke manifold, and all related equipment will be pressure tested to the approved working pressure of the BOP stack (if isolated from the surface casing by means of a test plug) or to 70% of the internal yield strength of the surface casing (if not isolated from the surface casing by means of a test plug). Pressure will be maintained for a period of at least ten minutes or until requirements of the test are met, whichever is longer.

- 1) When the BOP is initially installed.
- 2) Whenever any seal subject to test pressure is broken.

- 3) Following related repairs.
- 4) At thirty-day intervals.

In addition to the above, the pipe rams will be activated daily and each trip, and the blind rams will be activated each trip (but not more frequently than once each day). All BOP tests and drills will be recorded in the IADC Driller's Log (four sheets).

D) Choke Manifold Equipment:

All choke lines will be straight lines, unless turns use tee-blocks, or are targeted with running tees. These lines will be anchored to prevent whip and vibration.

E) Accumulator:

The accumulator will have sufficient capacity to close all rams (plus the annular preventer, if applicable) and retain a minimum of 200 psi above the pre-charge pressure without the use of the closing-unit pumps. The fluid reservoir capacity will be double the accumulator capacity and the fluid level will be maintained at the manufacturer's recommendations. The BOP system will have two independent power sources to close the preventers. Nitrogen bottles (three minimum) will be considered one of these sources and will maintain a charge equal to the manufacturer's specifications.

The accumulator pre-charge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter. The accumulator pressure will be corrected if the measured pre-charge pressure is found to be above or below the maximum or minimum limits as specified on *Onshore Oil and Gas Order Number 2*.

F) Miscellaneous Information:

The blowout preventer and related pressure-control equipment will be installed, tested, and maintained in compliance with the specifications in and requirements of *Onshore Oil and Gas Order Number 2*. The choke manifold and BOP extension rods will be located outside the rig sub-structure. The hydraulic BOP closing unit will be located at least twenty-five feet from the wellhead, but will be readily accessible to the driller. Exact locations and configurations of the hydraulic BOP closing unit will depend upon the particular drilling rig contracted to drill this hole.

4. THE PROPOSED CASING AND CEMENTING PROGRAM

A) Casing Program (Surface casing was run when well was originally drilled):

<u>SIZE</u>	<u>INTERVAL</u>	<u>LENGTH</u>	<u>DESCRIPTION</u>
8 5/8"	0' - 150'	150'	J-55 24 #/ft
4 1/2"	0' - 1500'	1500'	J-55 10.5 #/ft

NOTE: Surface casing will be pressure tested to 1,000 psi prior to exiting casing.

B) Cementing Program:

<u>SURFACE CASING</u> <u>CASING/HOLE SIZE</u>	<u>CEMENT SLURRY</u>	<u>SX</u>	<u>PPG</u>	<u>YIELD</u>
8 5/8" / 10 5/8"	Class 'G neat	37	15.8	1.15
<u>PRODUCTION</u> <u>CASING/HOLE SIZE</u>	<u>CEMENT SLURRY</u>	<u>SX</u>	<u>PPG</u>	<u>YIELD</u>
4.5" - 7 7/8"	Class 'G' + fluid loss	177	15.8	1.15

5. MUD PROGRAM:

This well will be drilled with air, however in the event a drilling mud system is required the following system will be used.

All fresh water used for drilling mud will be treated with bactericide. If bentonite mud is used it will be mixed with fresh water prior to adding KCL. If attapulgite is used it will be mixed after the 2% KCL solution is achieved.

<u>INTERVAL</u>	<u>WEIGHT (PPG)</u>	<u>VISCOSITY (SEC)</u>	<u>WL (CCS)</u>
SURFACE to 150'	8.5-9.5 ppg	30-60 sec	10-20 ccs
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Prior to drilling out surface casing, mud-up with low-solids, non-dispersed mud system utilizing gel (10-12 ppb), caustic soda, and PHPA polymer (1/2 to 1/2 ppb). Treat out cement contamination with soda ash and sodium bicarbonate. Mud weight should be dictated by gas concentration to maintain nearly balanced conditions. Keep trip speeds down to reduce surge-swab pressure. Keep hole full at all times. Monitor pit volume constantly as lost circulation should be expected at all times. Sweep hole as dictated by hole conditions. Keep the drill pipe moving at all times. Monitor the system for the presence of bacteria and treat out accordingly.

6. EVALUATION PROGRAM:

Open hole Electric Logs:

It is anticipated that a log suite consisting of (DIL/Sonic/Neutron-Density/GR/Cal) will be run from TD to bottom of surface casing.

Drillstem Testing:
Coring:

None anticipated.
None anticipated.

Stimulation: No stimulation has been formulated for this test at this time. The drill site, as proposed, will be of sufficient size to accommodate all completion activities.

The proposed Evaluation Program may change at the discretion of the well site geologist, with approval from the authorized officer, at the Division of Oil, Gas and Mining office.

Whether the well is completed as a dry hole or as a producer, *Well Completion and Recompletion Report and Log Form DOGM #8*) will be submitted to the Division of Oil, Gas and Mining not later than thirty (30) days after the completion of the well or after completion of operations being performed.

Two (2) copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations will be filed with Form DOGM #9. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Division of Oil, Gas and Mining.

7. ABNORMAL CONDITIONS

No abnormal temperatures or pressures are anticipated. A maximum bottomhole pressure gradient of 0.52 psi per ft (8.3 ppg) could be expected, and is planned for.

8. ANTICIPATED STARTING DATES AND MISCELLANEOUS

A. Anticipated Starting Dates:

Anticipated Commencement date	-	February 1, 2011
Drilling Days	-	Approximately 5 Days
Completion Days	-	Approximately 2 Days

B. Miscellaneous:

There shall be no deviation from the proposed drilling and/or workover program as approved. Safe drilling and operating practices must be observed.

All wells, whether drilling, producing, suspended or abandoned shall be identified in accordance with R649-3. There shall be a sign or marker with the name of the operator, the lease serial number, the well number and the surveyed description of the well.

Any changes in operation must have prior approval from the Division of Oil, Gas and Mining's authorized officer. Pressure tests are required before drilling out from under all casing strings set and cemented in place. Blowout preventer controls will remain in use until the well is either completed or abandoned. Preventers will be inspected and operated at least daily to insure good mechanical working order, and this inspection will be recorded on the daily drilling report. All BOP tests must be recorded in the daily drilling report.

The spud date will be orally reported to the Division of Oil Gas and Mining, SLC Office within forty-eight (48) hours after spudding. If spudding occurs on a weekend or holiday, this report will be called in on the next regular workday following spudding of the well.

All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in R649-14, 15, 16 and 32 will be reported to the DOGM SLC Office. Major events will be reported verbally within twenty-four (24) hours and will be followed with a written report within fifteen (5) days. "Other than Major Events" will be reported in writing within fifteen (5) days. "Minor Events" will be reported on the *Monthly Report of Operations and Production* (Form DOGM #9).

No well abandonment operations will be commenced without the prior approval of the authorized officer. In the case of newly-drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the DOGM SLC Office Petroleum Engineer. A *Notice of Intention to Plug and Abandon* (Form DOGM 9) will be filed with the authorized officer within fifteen (5) days following the granting of oral approval to plug and abandon.

Upon completion of approved plugging, a regulation marker will be erected in accordance with R-649-3-24. The following information will be permanently placed on the marker with a plate, cap, or beaded-on with a welding torch: Company Name, Well Name and Number, Location by Quarter/Quarter, Section, Township, Range, and the Federal Lease Number.

A Subsequent Report of Abandonment will be submitted, on Form DOGM #9 within thirty (30) days following the actual plugging of the well bore. This report will indicate where plugs were placed and the current status of surface restoration operations. If surface restoration has not been completed at that time, a follow-up report will be filed when all surface restoration work has been completed and the location is considered ready for final inspection.

Pursuant to R649-3-19, lessees and operators are authorized to vent/flare gas during initial well evaluation tests, not exceeding a period of twenty four hours and report test results within 15 days. An application must be filed with the authorized officer, and approval received, for any venting/flaring of gas beyond the initial (30) day or otherwise authorized test period.

Not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than ninety (90) days, the operator shall notify the authorized officer by letter or

"Sundry Notice", of the date on which such production has begun or resumed. The notification shall provide as a minimum, the following informational items:

- a. Operator name, address, and telephone number.
- b. Well name and number.
- c. Well location "1/4, 1/4, Section, Township, Range, P.M."
- d. Date well was placed in a producing status.
- e. The nature of the wells production, i.e.: crude oil casing gas, or natural gas and entrained liquid hydrocarbons.

- f. The OCS, 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.

Within sixty (60) days following construction of a new tank battery, a site facility diagram of the battery showing actual conditions and piping must be submitted to the authorized officer at the Division of Oil, Gas and Mining. Facility diagrams shall be filed within sixty (60) days after existing facilities are modified. All facility diagrams shall be approved by the authorized officer at the Division of Oil, Gas and Mining in accordance with R-649.

Pursuant to R-649 lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in such a manner which conforms with applicable Federal laws and regulations and with State and Local laws and regulations to the extent that such State and local laws are applicable to operations on Federal and Indian lands.

Date:

Prepared by: Steven J. Lund

Please direct all correspondence regarding this permit to:

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PAD CONSTRUCTION DATA

TOPSOIL STRIPPING = 1232 CY (6" DEPTH)

RAW VOLUMES (INCLUDES TOPSOIL):

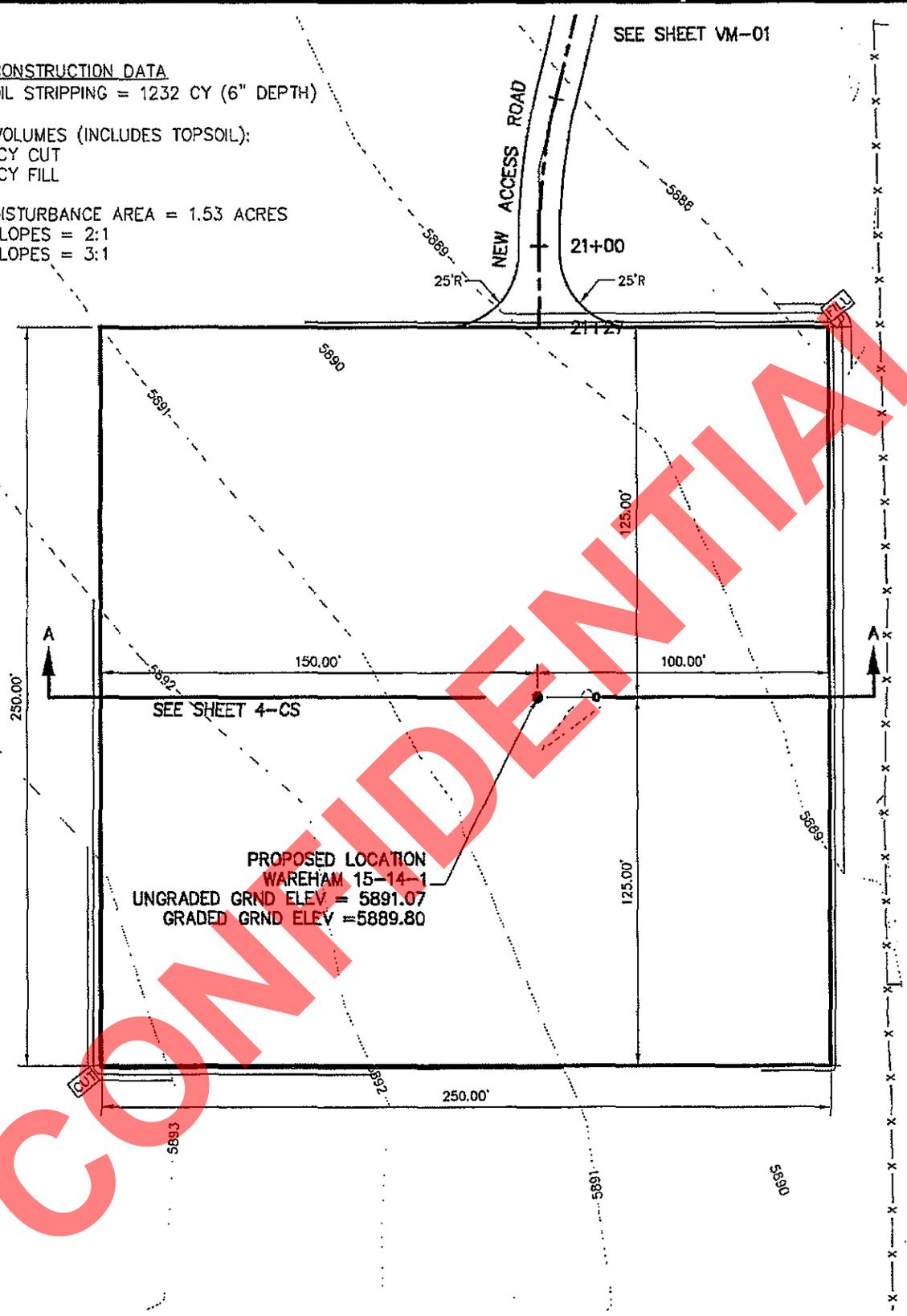
1259 CY CUT

1244 CY FILL

PAD DISTURBANCE AREA = 1.53 ACRES

CUT SLOPES = 2:1

FILL SLOPES = 3:1



PROPOSED LOCATION
WAREHAM 15-14-1
 UNGRADED GRND ELEV = 5891.07
 GRADED GRND ELEV = 5889.80

EMERY RESOURCES

WAREHAM 15-14-1 - NG WELL SITE PLAN

SE1/4, SW 1/4 of Section 15, T.20 S, R.7 E., S.L.B.&M.

1914' FWL - 946' FSL



Jones & DeMille Engineering, Inc.

1535 South 100 West
 Richfield, Utah 84701
 Voice 435.896.8266
 Fax 435.896.8268

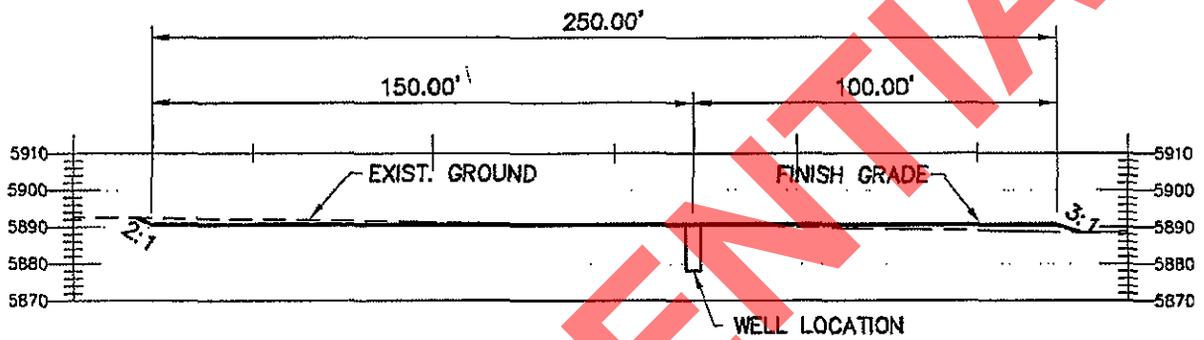
1675 South HWY 10
 Price, Utah 84501
 Voice 435.637.8266
 Fax 435.637.8268

www.jonesanddemille.com



SCALE: 1"=50'

DRAWN: B.L. 11-10	PEN: TBL: 1stIndrd-Ar2800.ctb	PROJECT: 1011-006	SHEET: 3-SP
CHECK:	FILE: SITE_1011-006	LAST UPDATE: 12/8/2010	



SECTION A-A

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EMERY RESOURCES



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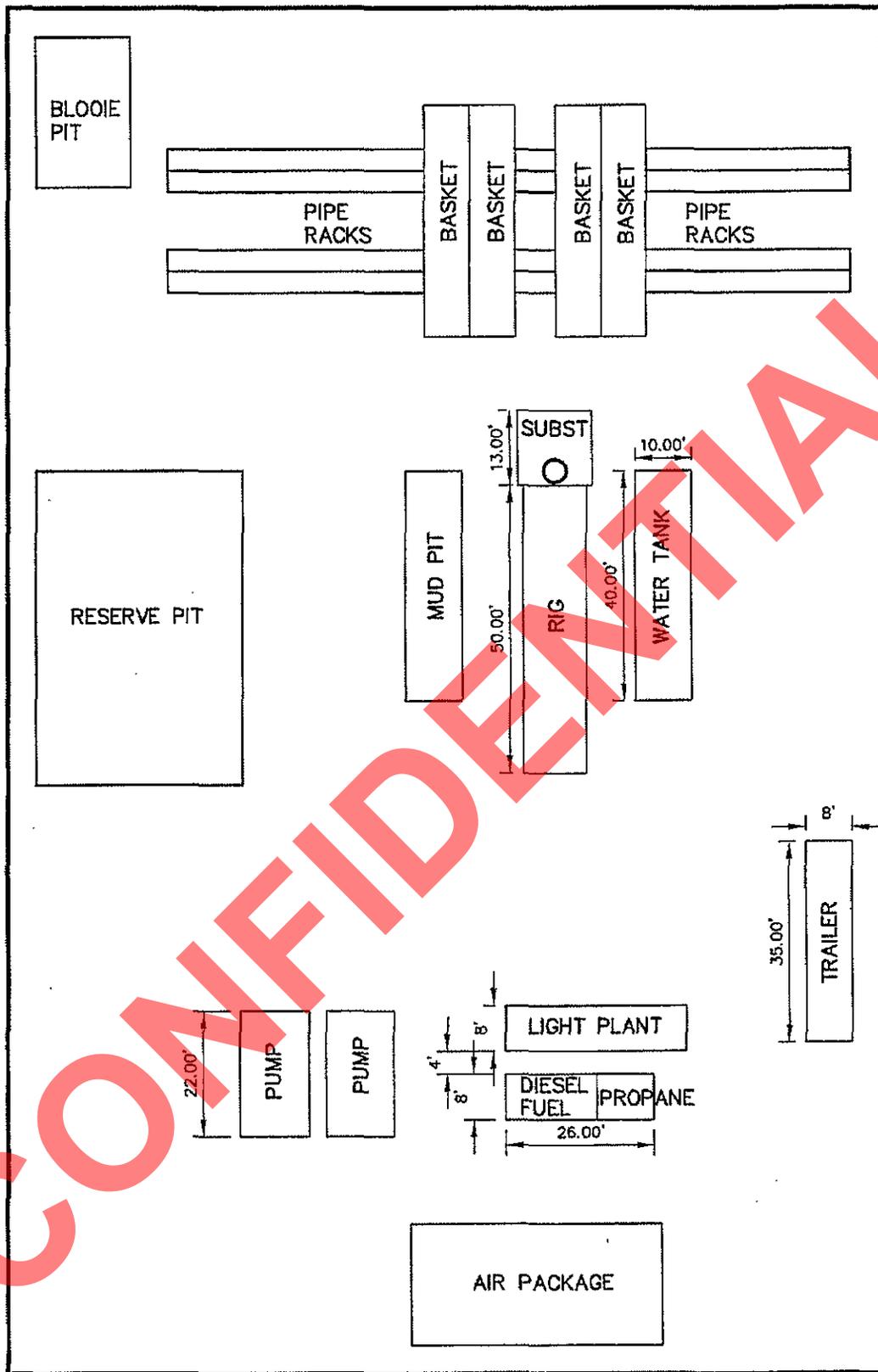
SCALE: 1"=50' H&V

WAREHAM 15-14-1 - NG WELL CROSS-SECTIONS

SE 1/4, SW 1/4 of Section 15, T.20 S, R.7 E., S.L.B.&M.

1914' FWL - 946' FSL

DRAWN: B.L.	11-10	PEN TBL: _1sthd-rd-112800.ctb	PROJECT: 1011-006	SHEET:
CHECK:		FILE: SITE_1011-006	LAST UPDATE: 12/6/2010	4-CS



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EMERY RESOURCES

WAREHAM 15-14-1 - NG RIG LAYOUT

SE1/4, SW 1/4 of Section 15, T.20 S, R.7 E., S.L.B.&M.

1914' FWL - 946' FSL



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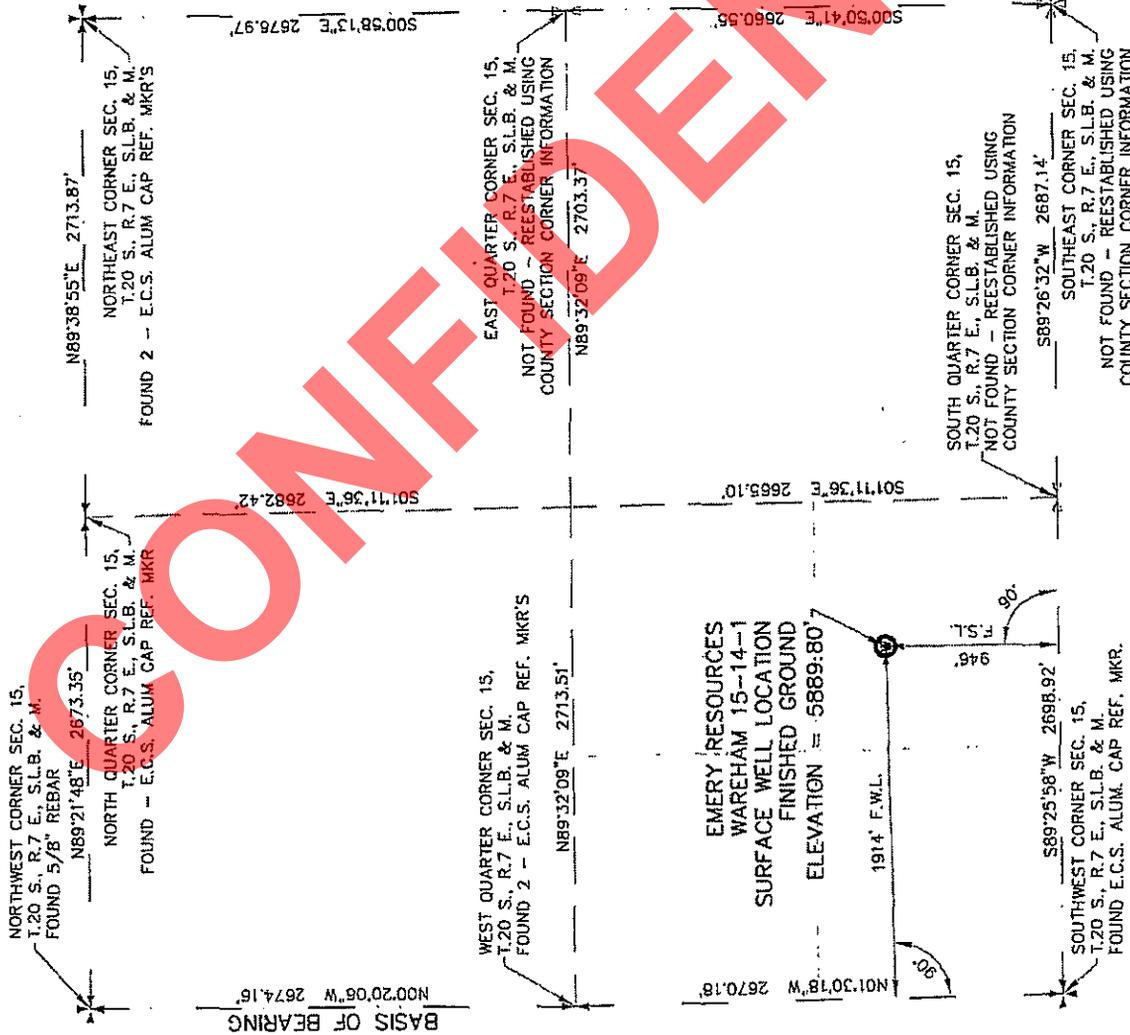
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SCALE: N/A

DRAWN: L.G. 12-10	PEN: TBL: 1sthrd-ir2800.ctb	PROJECT: 1011-006	SHEET: 5-RL
CHECK: -	FILE: RIG	LAST UPDATE: 12/6/2010	

Section 15, T.20 S., R.7 E., S.L.B. & M.



BASIS OF BEARINGS
 BASIS OF BEARING USED WAS N00°20'06"W BETWEEN THE WEST QUARTER CORNER AND THE NORTHWEST CORNER OF SECTION 15, T.20 S., R.7 E., S.L.B. & M.
 S.H.L. LAT.: 39°04'34.0836" (39.076134333) NAD83 - UTM ZONE 12 NAD27 N 14189694.779
 S.H.L. LONG.: -111°07'29.8063" (-111.124946194) NAD83 - UTM ZONE 12 NAD27 E 1605163.117

PROJECT
Emery Resources - Wareham 15-14-1 Well
 WELL LOCATION, LOCATED AS SHOWN IN THE S.W. 1/4 OF SECTION 15, T.20 S., R.7 E., S.L.B. & M. EMERY COUNTY, UTAH

- LEGEND**
- ⊕ = SECTION CORNERS (LOCATED)
 - ⊕ = QUARTER SECTION CORNERS (LOCATED)
 - ⊕ = SECTION CORNERS (REESTABLISHED)
 - ⊕ = QUARTER SECTION CORNERS (REESTABLISHED)
 - ⊕ = PROPOSED SURFACE WELL LOCATION

NOTE: THE PURPOSE OF THIS SURVEY WAS TO PLAT THE LOCATION OF THE WAREHAM 15-14-1 WELL, LOCATED IN THE S.W. 1/4 OF SECTION 15, T.20 S., R.7 E., S.L.B. & M., EMERY COUNTY, UTAH.

BASIS OF ELEVATION
 ELEVATION BASED ON N.A.V.D. 1988



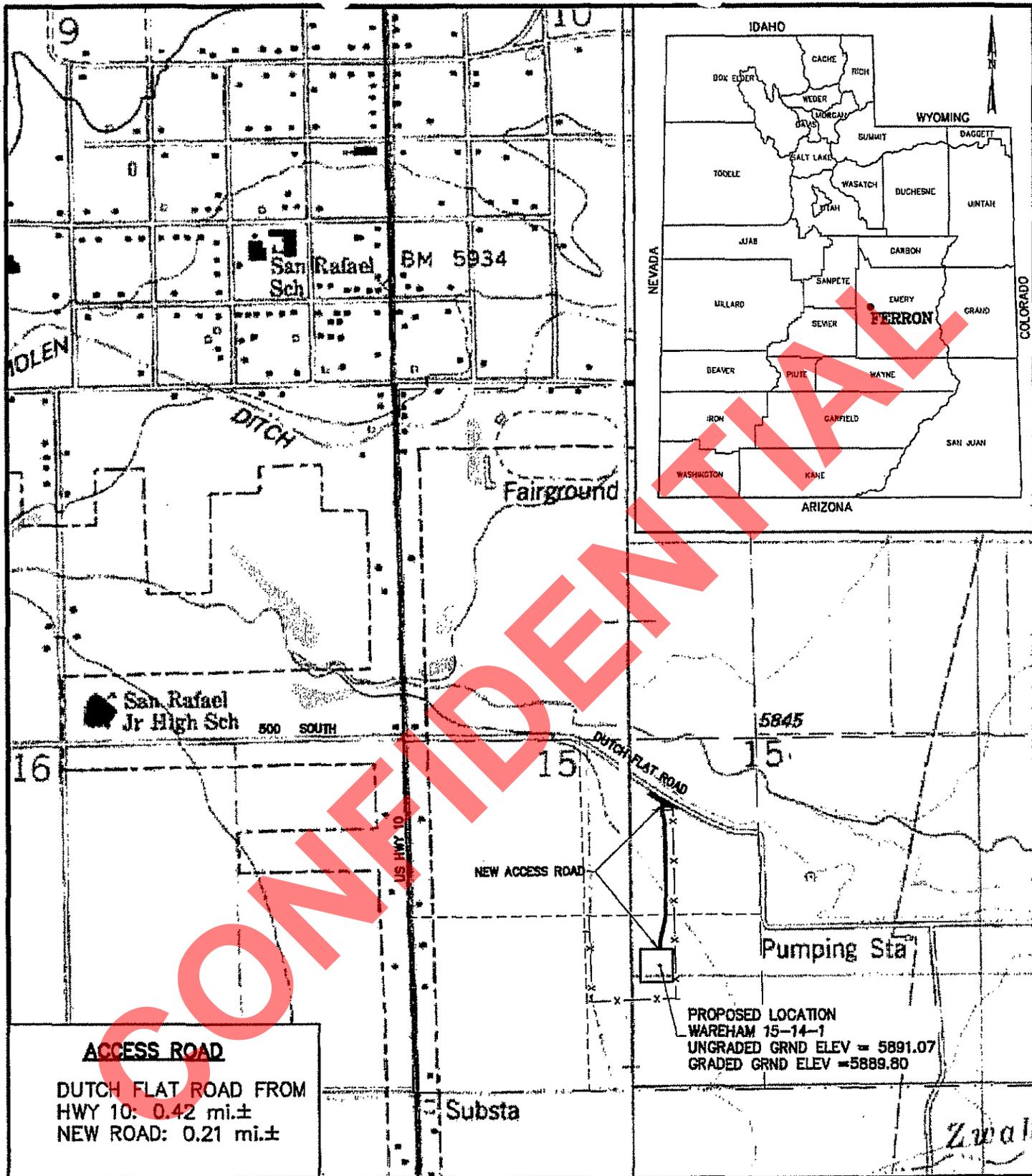
CERTIFICATE
 THIS IS TO CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION, AND THAT THE PLAT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



Jones & Demille Engineering, Inc.
 1535 South 100 West
 Provo, Utah 84501
 Phone 435.896.8266
 Fax 435.896.8268
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Well Location Plat for

Emery Resources - Wareham 15-14-1 Well		PROJECT NO		SHEET NO	
DESIGNED	DRAWN	PROJECT NO	1011-006		
DATE	SCALE	T.W.G.			
12/08/10	1"=1000'	ENG NAME			
		1011-006...			



ACCESS ROAD

DUTCH FLAT ROAD FROM
HWY 10: 0.42 mi.±
NEW ROAD: 0.21 mi.±

PROPOSED LOCATION
WAREHAM 15-14-1
UNGRADED GRND ELEV = 5891.07
GRADED GRND ELEV = 5889.80

EMERY RESOURCES

WAREHAM 15-14-1 - WELL VICINITY MAP

SE1/4, SW 1/4 of Section 15, T.20 S, R.7 E., S.L.B.&M.

1914' FWL - 946' FSL



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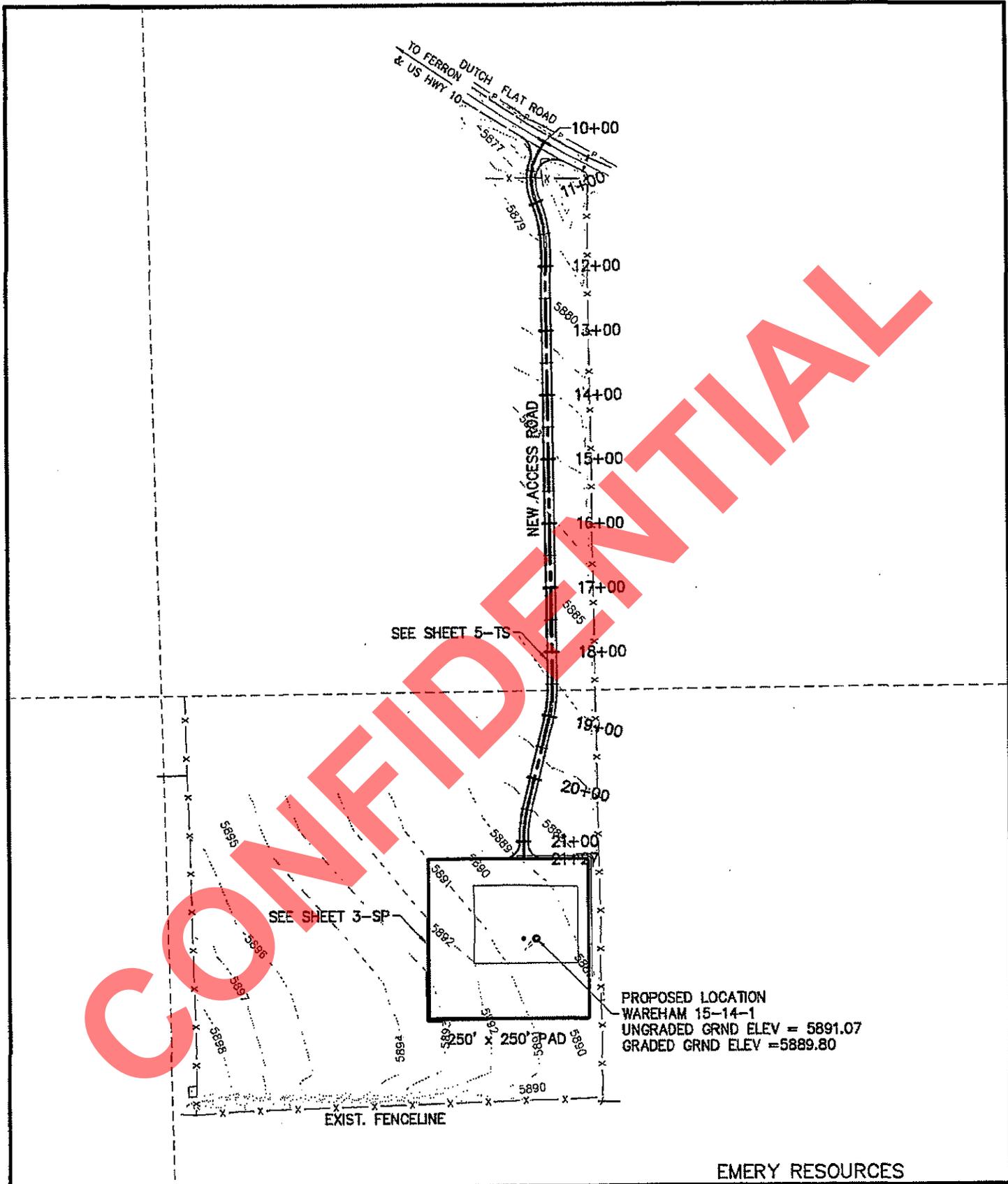
1675 South HWY 10
Price, Utah 84501
Voice 435.637.8266
Fax 435.637.8268

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SCALE: 1"=1000'

DRAWN: B.L. 11-10	PEN TBL: _1stndrd-lk2890.ctb	PROJECT: 1011-006	SHEET: 1-VM
CHECK:	FILE: SITE_1011-006	LAST UPDATE: 12/8/2010	



EMERY RESOURCES

WAREHAM 15-14-1 - NG WELL LOCATION MAP

SE1/4, SW 1/4 of Section 15, T.20 S, R.7 E., S.L.B.&M.

1914' FWL - 946' FSL



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 Fax 435.637.8268

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SCALE: 1"=200'

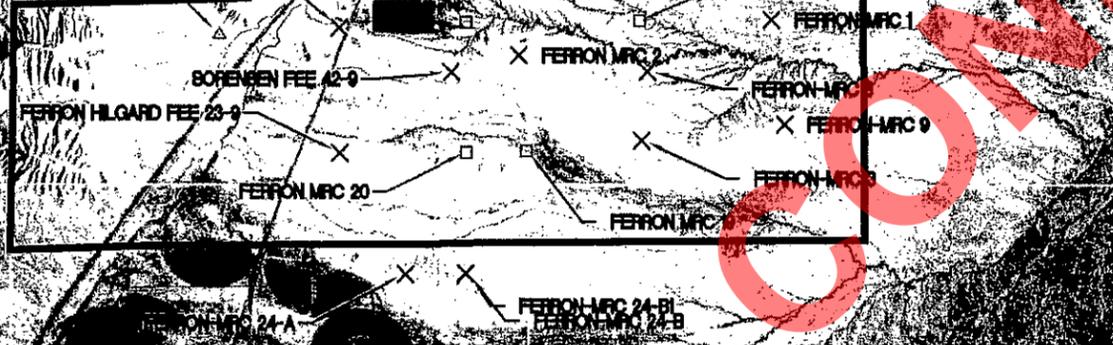
DRAWN: B.L. 11-10	PER TBL: _1stindrd-1r2800.plb	PROJECT: 1011-008	SHEET: 2-LM
CHECK:	FILE: SITE_1011-008	LAST UPDATE: 12/16/2010	

FIGURE 12



FERRON FIELD

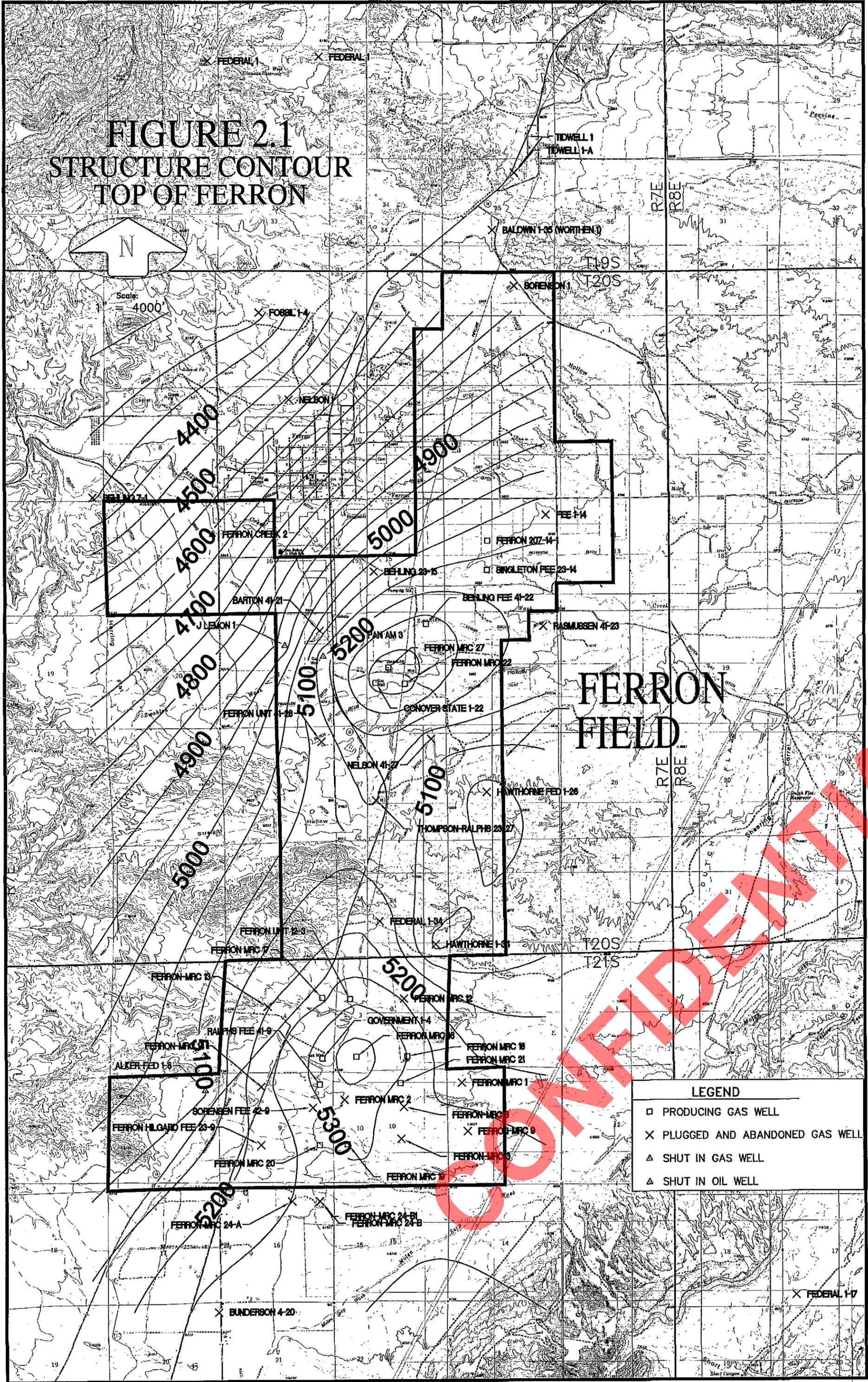
LEGEND	
□	PRODUCING GAS WELL
×	PLUGGED AND ABANDONED GAS WELL
△	SHUT IN GAS WELL
△	SHUT IN OIL WELL



× FEDERAL 1-7

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FIGURE 2.1 STRUCTURE CONTOUR TOP OF FERRON



FERRON FIELD

LEGEND

□	PRODUCING GAS WELL
×	PLUGGED AND ABANDONED GAS WELL
△	SHUT IN GAS WELL
▲	SHUT IN OIL WELL

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Emery Resource Holdings, LLC
8350 E Raintree Dr, Ste 125
Scottsdale, AZ 85260

Ent 8333 Page 1 of 3
Date: 18-OCT-2010 3:51:12PM
Fee: \$14.00 Check
Filed By: JD
NIXIE SWASEY, Recorder
EMERY COUNTY CORPORATION
For: EMERY RESOURCE HOLDINGS LLC

SURFACE USE AGREEMENT
(For Oil and Gas Facilities)

State: Utah
County: Emery
Surface Owner: Ray Wareham and Maribelle Wareham, 405 West Main, Ferron, UT 84523
Grantee: Emery Resource Holdings, 6245 North 24th Parkway, Suite 215, Phoenix, Arizona 85016
Effective Date: Sept. 15, 2010

For adequate consideration, the receipt and sufficiency of which is acknowledged, Surface Owner, named above, leases and lets to Grantee, named above, the following lands (the "Lands") located in the county and state named above:

The South Half of the Northwest quarter of the Southeast quarter of Section 15, Township 20 South, Range 7 East of the Salt Lake Base and Meridian. Being part of Parcel No. 5-87-10 located in the office of the Emery County Recorder's office.

For adequate consideration, this Agreement is entered into and a Surface Use Agreement (the "Agreement") is granted by the Surface Owner and accepted by Grantee on the following terms:

1. The term of this Agreement shall extend through the term of the associated Oil and Gas Lease dated 10/13/10, with both parties having the option, at the end of that period, to renew thereafter with adequate consideration, so long as Grantee makes use of the Lands for the purposes provided below.
2. Surface Owner does hereby grant to Grantee, its successors and assigns; all surface and subsurface rights in the land necessary for the drilling, completing, producing and subsequent operations of all well (s), including but not limited to right-of-ways, right of ingress and egress, easement rights, rights to build and use roadways, rights to build pads and mud pits and the rights to lay pipeline under the surface for production from the wells. It is understood that Grantee will have ongoing use of the Land for the purposes set out above if any well drilled on the Land is completed as a producer.
3. All equipment, fixtures, and facilities placed on the Lands by Grantee, shall be and remain the property of Grantee. Upon expiration of this Agreement, Grantee shall have a reasonable time, not to exceed 30 days, in which to remove all of Grantee's equipment, fixtures, and facilities. Following the termination of the Agreement, within one year, Grantee shall restore the Lands, as nearly as practicable, to its original condition.

Surface Owner does hereby release, acquit, and forever discharge Grantee, its successors and assigns, from all liability for damages created or cause by reasons of the clearing, use and operations on the Land, including all drilling, completing, and subsequent operations of oil and/or gas well (s) that may be drilled by Grantee and/or an assignee of Grantee on any part of the Land. This Agreement is intended to cover all surface damages to crops, tree, grass, and/or

other vegetation and soil damage.

4. Surface Owner shall pay the ad valorem taxes on the Lands. Grantee shall pay all taxes assessed against any structure, material, equipment, fixtures, and facilities placed on the Lands by Grantee.

5. Grantee shall fence and maintain the Lands with written approval from Surface Owner. Any changes in roads or entrances to the Lands must be approved in writing by Surface Owner. Further, Grantee agrees to defend, indemnify and hold Surface Owner harmless against any claim or demand by a third party or payment for injuries caused by the operations of the Grantee.

6. Surface Owner represents that there is not tenant lessee or authorized person in possession of the land, other than as indicated below and further agrees to defend, indemnify and hold Grantee harmless against any claim or demand by a third party or payment of surface damages occasioned by damage to any part of the Land.

7. This Agreement, and all of its terms and provisions shall extend to and be binding on the heirs, devisees, executors, administrators, representatives, successors and assigns of Surface Owner and Grantee.

This Agreement is executed by Surface Owner and Grantee as of the date of acknowledgment of their signatures, but shall be effective as of the Effective Date stated above. Exhibit "A" is an integral part of this agreement.

Ray Wareham Maribelle B. Wareham
Surface Owner, Ray Wareham and Maribelle Wareham

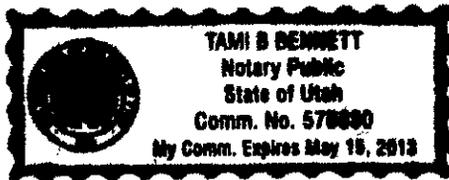
Craig C. Williams
Grantee, Emery Resource Holdings, LLC, Craig C. Williams

ACKNOWLEDGMENTS

STATE OF Utah

COUNTY OF Emery

On this 15th day of Sept., 2010, before me, Tami Bennett, a notary public, personally appeared Ray Wickham + Maribelle Wickham, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed the same. Witness my hand and official seal.



Tami Bennett
NOTARY PUBLIC

Printed Name: Tami B Bennett

STATE OF Arizona

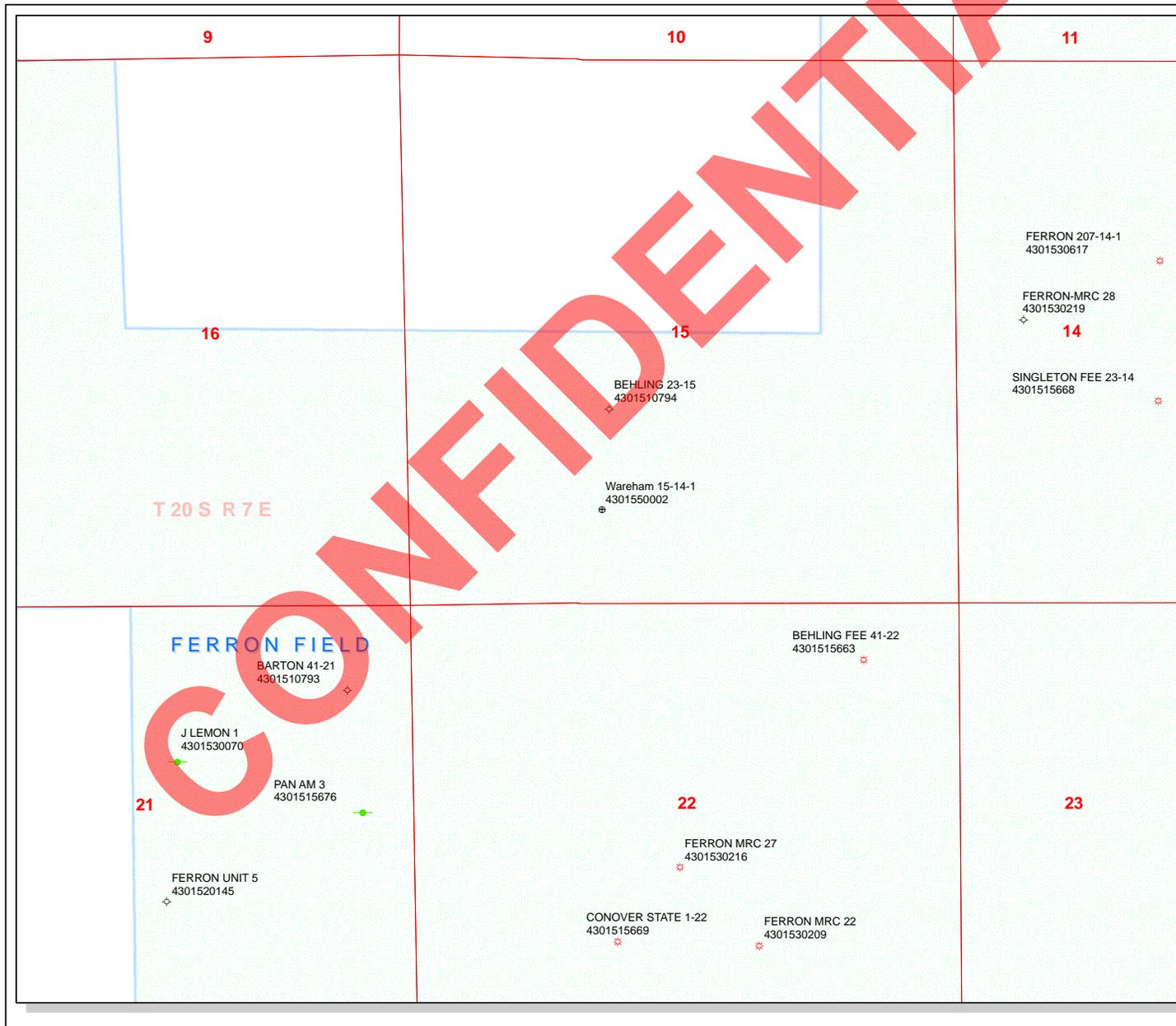
COUNTY OF Maricopa

On this 23rd day of Sept., 2010, before me, Susan Mohr, a notary public, personally appeared Craig C. Williams, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged that he/she executed the same. Witness my hand and official seal.



Susan Mohr
NOTARY PUBLIC

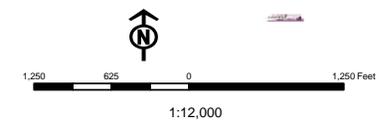
Printed Name: Susan S. Mohr



API Number: 4301550002
Well Name: Wareham 15-14-1
Township 20.0 S Range 07.0 E Section 15
Meridian: SLBM
 Operator: EMERY RESOURCE HOLDINGS LLC

Map Prepared:
 Map Produced by Diana Mason

- | | |
|---------------|------------------------------------|
| Units | Wells Query |
| STATUS | Status |
| ACTIVE | APD - Approved Permit |
| EXPLORATORY | DRL - Spudded (Drilling Commenced) |
| GAS STORAGE | GIW - Gas Injection |
| NF PP OIL | GS - Gas Storage |
| NF SECONDARY | LA - Location Abandoned |
| PI OIL | LOC - New Location |
| PP GAS | OPS - Operation Suspended |
| PP GEOTHERML | PA - Plugged Abandoned |
| PP OIL | PGW - Producing Gas Well |
| SECONDARY | POW - Producing Oil Well |
| TERMINATED | RET - Returned APD |
| Fields | STATUS |
| Unknown | SGW - Shut-in Gas Well |
| ABANDONED | SOW - Shut-in Oil Well |
| ACTIVE | TA - Temp. Abandoned |
| COMBINED | TW - Test Well |
| INACTIVE | WDW - Water Disposal |
| STORAGE | WIW - Water Injection Well |
| TERMINATED | WSW - Water Supply Well |
| Sections | |
| Township | |



April 2, 2011

State of Utah
Division of Oil Gas and Mining
1594 West, North Temple, STE 1210
Salt Lake City, UT 84114-5801

RE: Exception Location for the Wareham 15-14-1, SESW 15-T20S-R7E, Emery County, Utah

To Whom it May Concern:

In reference to the State Oil and Gas Conservation Rule R649-3-3 Emery Resources Holdings' Wareham 15-14-1 well is an exception to this rule due to the land owner's farming operation. Drilling this well in the center of the 160 acres would inhibit the landowner's ability to farm his land.

There are no additional lease owners within 460' of the proposed location.

If you have any questions please contact Craig Williams.

Sincerely

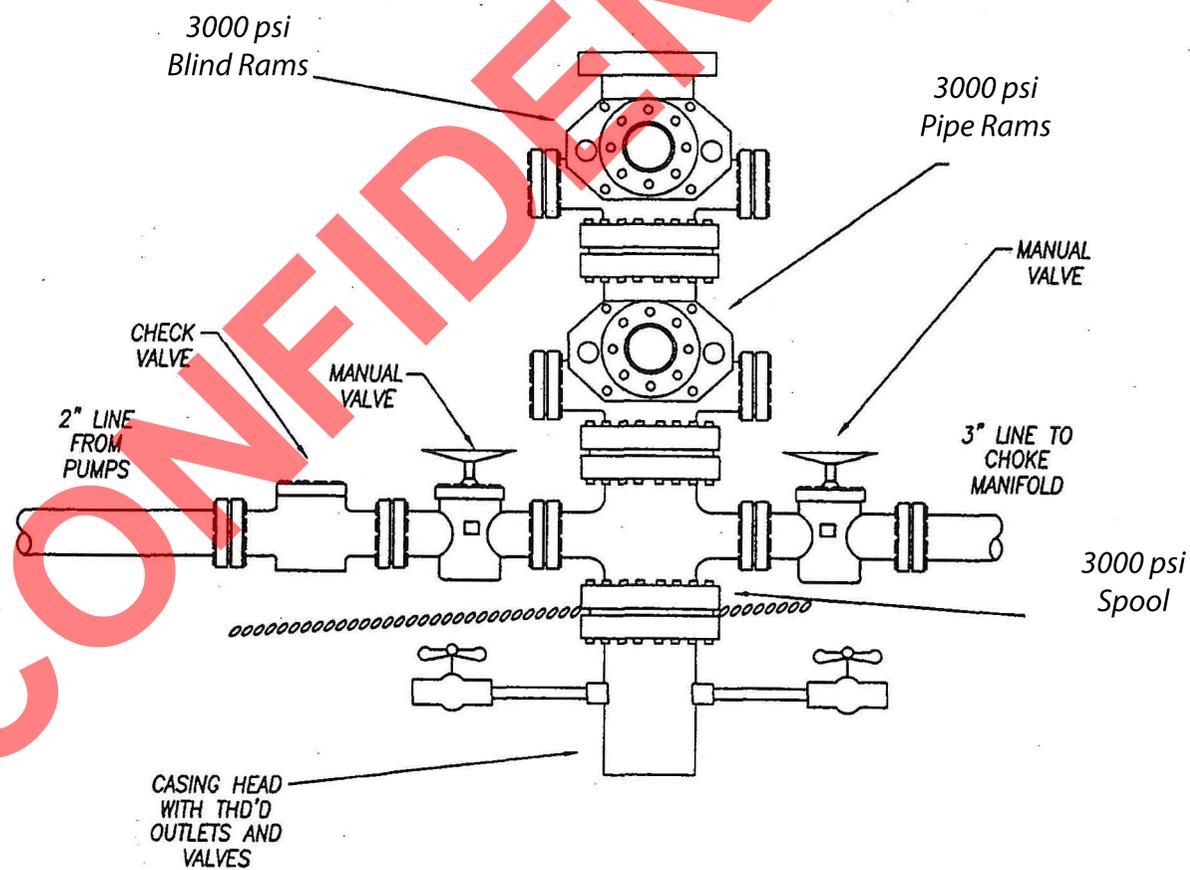
Craig Williams

EMERY RESOURCE HOLDINGS, LLC

Wareham 15-14-1

BOP

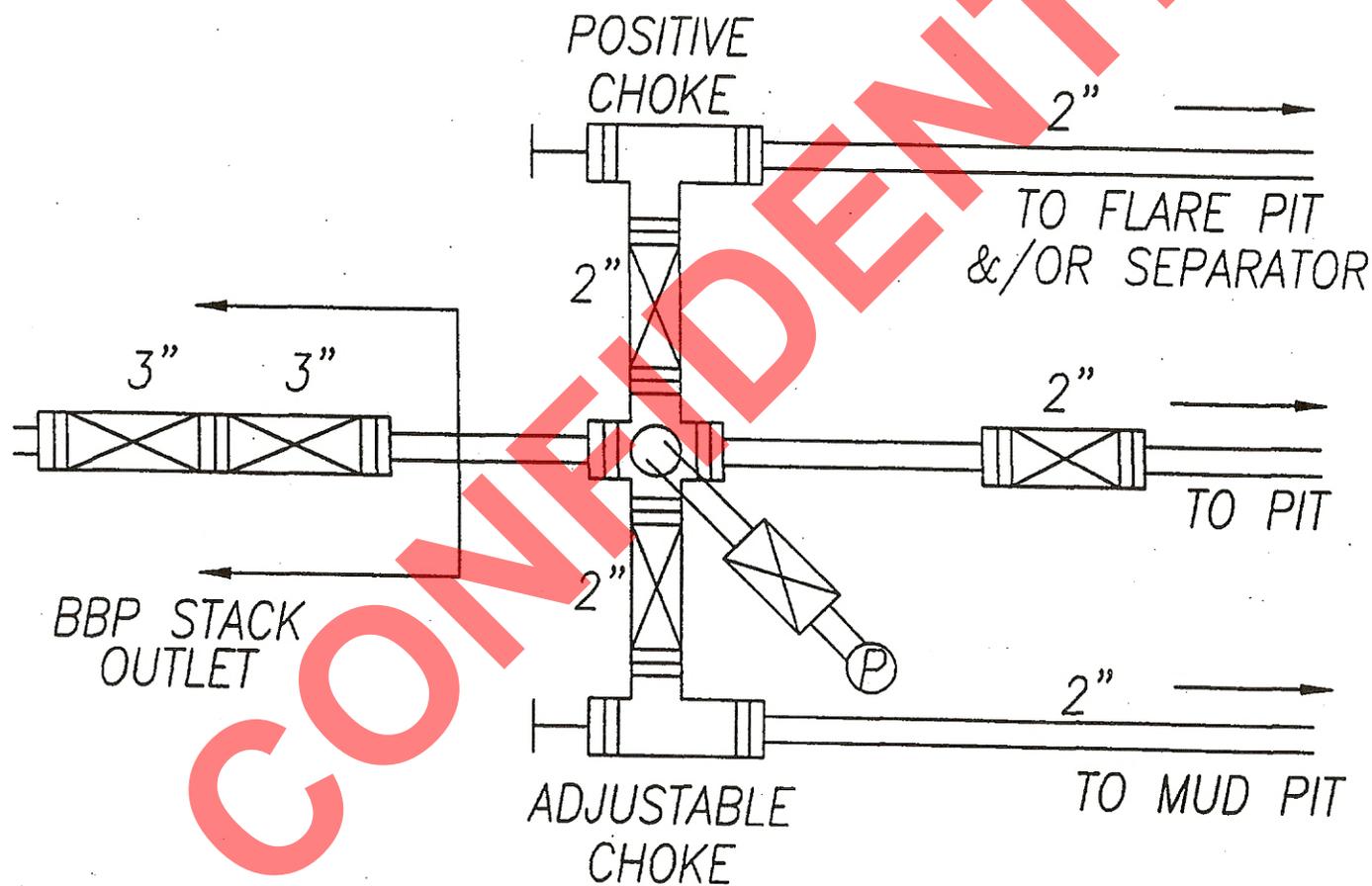
3000 psi WP



EMERY RESOURCE HOLDINGS

Wareham 15-14-1

Choke Manifold



Well Name	EMERY RESOURCE HOLDINGS LLC Wareham 15-14-1 4301			
String	Surf	11		
Casing Size(")	8.625	4.500		
Setting Depth (TVD)	150	1500		
Previous Shoe Setting Depth (TVD)	0	150		
Max Mud Weight (ppg)	9.5	9.5		
BOPE Proposed (psi)	0	3000		
Casing Internal Yield (psi)	2950	4790		
Operators Max Anticipated Pressure (psi)	1000	12.8		

Calculations	Surf String	8.625	"
Max BHP (psi)	.052*Setting Depth*MW=	74	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	56	NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	41	NO OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	41	NO
Required Casing/BOPE Test Pressure=		150	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

Calculations	11 String	4.500	"
Max BHP (psi)	.052*Setting Depth*MW=	741	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	561	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	411	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	444	NO Reasonable - normal pressure expected
Required Casing/BOPE Test Pressure=		1500	psi
*Max Pressure Allowed @ Previous Casing Shoe=		150	psi *Assumes 1psi/ft frac gradient

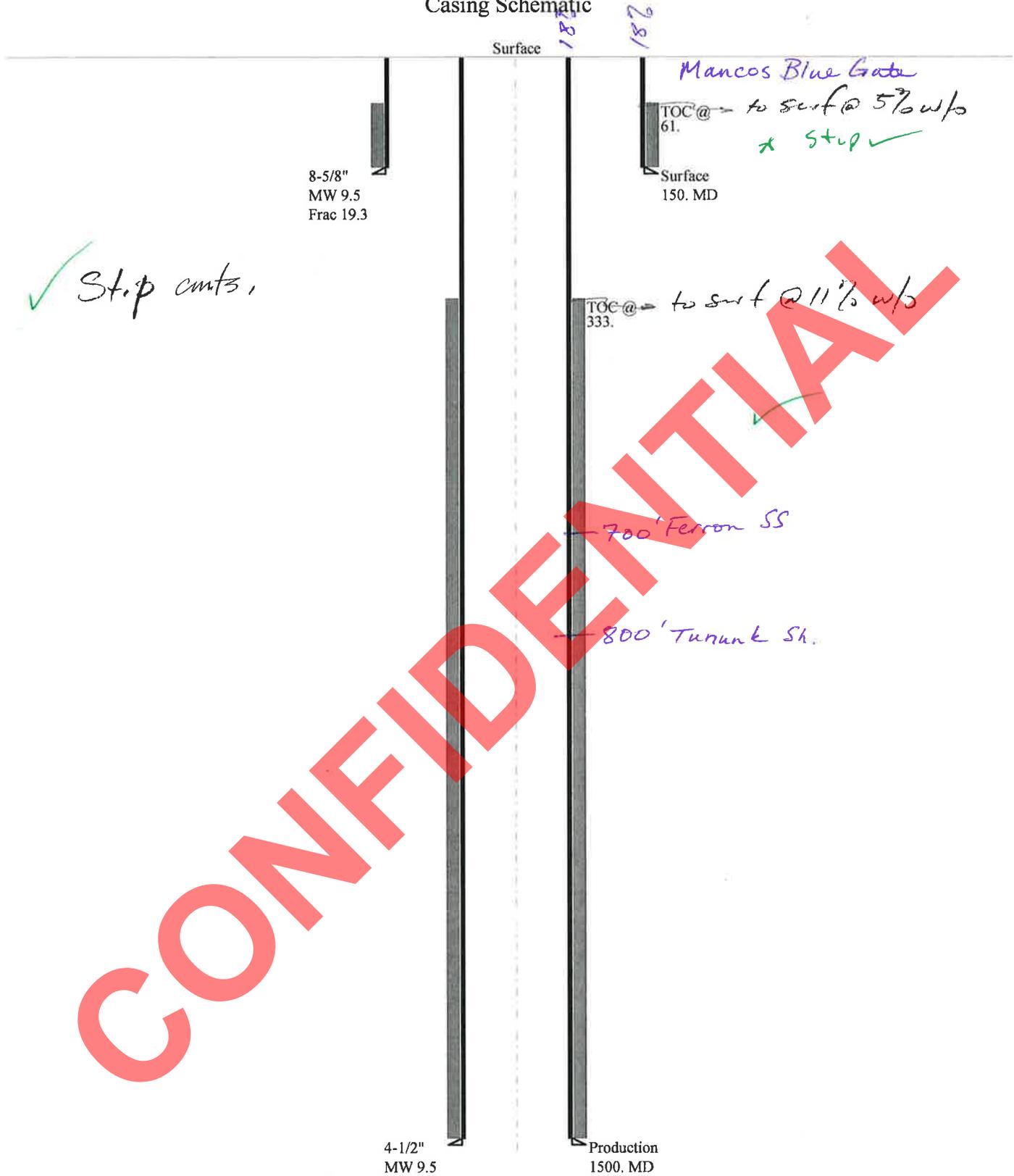
Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi

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43015500020000 Wareham 15-14-1

Casing Schematic



Well name:	43015500020000 Wareham 15-14-1	
Operator:	EMERY RESOURCE HOLDINGS LLC	
String type:	Surface	Project ID: 43-015-50002
Location:	EMERY COUNTY	

Design parameters:

Collapse

Mud weight: 9.500 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 132 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 150 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor: 1.125

Burst:

Design factor: 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.70 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on air weight.
Neutral point: 129 ft

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 76 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: 61 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 1,500 ft
Next mud weight: 9.500 ppg
Next setting BHP: 740 psi
Fracture mud wt: 19,250 ppg
Fracture depth: 150 ft
Injection pressure: 150 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	150	8.625	24.00	J-55	ST&C	150	150	7.972	772
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	74	1370	18.507	150	2950	19.67	3.6	244	67.78 J

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

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

Date: April 14, 2011
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 150 ft, a mud weight of 9.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	43015500020000 Wareham 15-14-1		
Operator:	EMERY RESOURCE HOLDINGS LLC		
String type:	Production	Project ID:	43-015-50002
Location:	EMERY COUNTY		

Design parameters:

Collapse

Mud weight: 9.500 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 74 °F
 Bottom hole temperature: 95 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 1,000 ft

Cement top: 333 ft

Burst

Max anticipated surface pressure: 560 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP 740 psi

No backup mud specified.

Tension:

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

Non-directional string.

Tension is based on air weight.
 Neutral point: 1,288 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	1500	4.5	10.50	J-55	ST&C	1500	1500	3.927	3376
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	740	4010	5.417	740	4790	6.47	15.7	132	8.38 J

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

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

Date: April 14, 2011
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 1500 ft, a mud weight of 9.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator EMERY RESOURCE HOLDINGS LLC
Well Name Wareham 15-14-1
API Number 43015500020000 **APD No** 3430 **Field/Unit** FERRON
Location: 1/4,1/4 **SESW** **Sec** 15 **Tw** 20.0S **Rng** 7.0E 946 FSL 1914 FWL
GPS Coord (UTM) **Surface Owner** Kenneth Ray & Maribelle B Wareham

Participants

Bart Kettle-Division of Oil, Gas & Mining (DOGGM), Mike McCandless-Emery County Economic Development, Ray Wareham-Surface owner, Craig Williams-Emery County Holdings, LLC, Steve Lund-Consultant, John Larsons-Consultant

Regional/Local Setting & Topography

Proposed project is located just outside the city limits of Ferron, in Emery County Utah. Locally the proposed project is surrounded by agriculture lands used to grow alfalfa, small grains and irrigated pasture. Ferron city limits are within 1,000' of the proposed project, several permanent residents are located within 600'. Lights from drilling operations will be visible from most locations within city limits. Regionally the project area is within in the Castle Valley. The Castle Valley is largely composed of arid sites with poorly developed soils and sparse vegetation. Topography rises sharply to the west reaching elevations in excess of 10,000 atop the Wasatch Plateau. Montane forest and high elevation grass/forb communities dominate vegetation. To the east a series of reefs rise to the San Rafael Swell. Vegetation is a mixture of salt desert scrub and Pinyon/Juniper forest. Natural precipitation at the project site is considered a 8-10" zone, although artificial irrigation will raise annual water applications to around 40". Drainage flows into Ferron Creek, a perennial stream, within 1500' and eventually to the Green River 60 miles away.

Surface Use Plan

Current Surface Use

Grazing
Agricultural
Wildlife Habitat

New Road Miles

0.25

Well Pad

Width Length

Src Const Material

Surface Formation

ALLU

Ancillary Facilities

None planned. Limited personal stationed onsite during drilling activities.

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Site is irrigated with the use of side roll sprinkler irrigation

Flora / Fauna

Proposed project is planned in an alfalfa hay field. Alfalfa, smooth broom, orchard grass, salt grass and pickle weed observed. Limited wildlife sign observed. Site as the potential to hold small ground nesting birds, seasonal use by song birds, burrowing rodents, red fox and mule deer.

Soil Type and Characteristics

Saltair-Libbings association. Moderately deep fine textured clay loams, high salt content.

Erosion Issues Y

Soils prone to wind erosion once disturbed

Sedimentation Issues N

Site Stability Issues N

Soils high in salt prone to soft conditions when moist

Drainage Diversion Required? N

Berm Required? Y

Berm should be around tanks built to prevent fluids from leaving well and entering surrounding field.

Erosion Sedimentation Control Required? Y

Interim reclamation should be completed on well pad as soon as practical to prevent excessive wind erosion of disturbed soils.

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

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	25 to 75	15	
Distance to Surface Water (feet)	300 to 1000	2	
Dist. Nearest Municipal Well (ft)	1320 to 5280	5	
Distance to Other Wells (feet)	>1320	0	
Native Soil Type	Low permeability	0	
Fluid Type	Fresh Water	5	
Drill Cuttings	Normal Rock	0	
Annual Precipitation (inches)	>20	10	
Affected Populations	>50	>50	
Presence Nearby Utility Conduits	Unknown	10	
Final Score		57	1 Sensitivity Level

Characteristics / Requirements

Small reserve pit is being requested. Due to location of proposed project among residents and agriculture lands all contents of the reserve pit must be removed from the location within 6 months of the completion of drilling. A geomembrane liner with a minimum thickness of 20 mils shall be installed and maintained. Geomembrane liner shall consist of a string reinforced impervious synthetic material, resistant to hydrocarbons, salts and alkaline solutions. Shallow subsurface water is possible from surrounding irrigation and the proximity to Ferron Creek.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 20 Pit Underlayment Required? N

Other Observations / Comments

Emery County expressed considerable concern regarding the location of the proposed project. Previous oil and gas related activities in and around the City of Ferron have created a fire storm of nuisance related complaints and several public meetings. Potential nuisance issue are:

Dust

H2S

Noise

Rig Lights

County Road Encroachment

It is in the best interest of all parties to take steps prior to drilling to limit potential for conflicts. Access roads and the well pad should have regular application of fresh water to control dust. In the event that an air drilling package is used a foaming agent is recommended to control dust from drill cuttings. Management of fluids should include a biocide to prevent the formation of H2S. A daylight drilling program could address noise and rig light nuisance issues.

DOGM expressed concern that an access gate/cattle guard arrangement had not be discussed with the surface owner. Access gate should meet the wishes of the surface owner, but at a minimum contain enough width to accommodate the expected traffic and remain functional as a barrier to livestock.

Due to the potential environmental and social consequences of on-site burial of drill cuttings all contents of the reserve pit shall be removed and disposed of in an authorized disposal facility.

An informative heads up should be delivered to Ferron City outlining the project location, activities and anticipated length prior to initiating drilling activities.

Bart Kettle
Evaluator

2/15/2011
Date / Time

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Application for Permit to Drill Statement of Basis

4/18/2011

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
3430	43015500020000	LOCKED	GW	P	No
Operator	EMERY RESOURCE HOLDINGS LLC		Surface Owner-APD	Kenneth Ray & Maribelle B Wareham	
Well Name	Wareham 15-14-1		Unit		
Field	FERRON		Type of Work	DRILL	
Location	SESW 15 20S 7E S 946 FSL 1914 FWL		GPS Coord (UTM)	489265E	4325029N

Geologic Statement of Basis

Emery Resource Holdings has proposed to set 150 feet of surface casing in this well. A search of Division of Water Rights records indicates that there are no water wells within a 10,000 foot radius of the proposed well. Significant volumes of high quality ground water are unlikely to be encountered in the bedrock at this location. A poorly to moderately permeable soil is likely to be developed on a thin Quaternary Slope Wash covering the Blue Gate Shale Member of the Mancos Shale. A shallow, minor fresh water resource may be encountered in the Ferron Sandstone Member of the Mancos Shale owing to the Member's shallow depth and the relatively close proximity of surficial exposures that are within 3½ miles to the east. The proposed surface casing and cementing program should adequately isolate any zones of fresh water that may be penetrated in the Quaternary Slope Wash.

Brad Hill
APD Evaluator

3/3/2011
Date / Time

Surface Statement of Basis

On-site evaluation conducted February 15, 2011. In attendance: Bart Kettle-Division of Oil, Gas & Mining (DOGM), Mike McCandless-Emery County Economic Development, Ray Wareham-Surface owner, Craig Williams-Emery County Holdings, LLC, Steve Lund-Consultant, John Larsons-Consultant

As proposed project area is in close proximity to permanent residence and the Ferron City limits. Nuisance complaints regarding drilling activity are a potential conflict. Emery County expressed multiple concerns regarding the management of nuisance issues. A daylight drilling program may limit noise conflicts. In the event a 24 hour drilling program is chosen traffic to the project site should be limited between 8 pm and 7 am.

Fresh water should be applied daily to the access road and well pad to control dust. Portions of access road in close proximity to permanent residence may require fresh water applications multiple times each day. A foaming agent may be required to control dust in the event an air drill package is used.

Strict quality control should be implemented for all fluids used for the drilling and completion at this site. Biocide agents should be mixed with fluids to prevent the formation of H₂S currently and into the future.

Emery County requires application with the counties building and zoning department: Individual Gas/ Oil Well (Level I Permit) must be submitted and approved prior to drilling. An Emery County Road Encroachment Permit will be required for use of the counties road system to access project location.

Due to the proposed project location in an agriculture area the reserve pit will require prudent management to prevent environmental damage and social outrage. A geomembrane liner with a minimum thickness of 20 mils shall be installed and maintained. Geomembrane liner shall consist of a string reinforced impervious synthetic material, resistant to hydrocarbons, salts and alkaline solutions. All materials including fluids, cutting and liner material will require removal within six months following drilling completion or as request by the Division.

Application for Permit to Drill Statement of Basis

4/18/2011

Utah Division of Oil, Gas and Mining

Page 2

Notification to Emery County and Ferron City officials prior to initiating drilling may help manage some nuisance complaints.

Bart Kettle
Onsite Evaluator

2/15/2011
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A geomembrane liner with a minimum thickness of 20 mils shall be installed and maintained. Geomembrane liner shall consist of a string reinforced impervious synthetic material, resistant to hydrocarbons, salts and alkaline solutions.
Pits	All materials including fluids, cutting and liner material will require removal within six months following drilling completion.
Surface	The well site shall be bermed to prevent fluids from leaving the pad.
Surface	Fresh water should be applied daily to the access road and well pad to control dust.

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WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 1/20/2011

API NO. ASSIGNED: 43015500020000

WELL NAME: Wareham 15-14-1

OPERATOR: EMERY RESOURCE HOLDINGS LLC (N3695)

PHONE NUMBER: 480 214-9601

CONTACT: Susan Mohr

PROPOSED LOCATION: SESW 15 200S 070E

Permit Tech Review:

SURFACE: 0946 FSL 1914 FWL

Engineering Review:

BOTTOM: 0946 FSL 1914 FWL

Geology Review:

COUNTY: EMERY

LATITUDE: 39.07617

LONGITUDE: -111.12410

UTM SURF EASTINGS: 489265.00

NORTHINGS: 4325029.00

FIELD NAME: FERRON

LEASE TYPE: 4 - Fee

LEASE NUMBER: Wareham 15-14-1

PROPOSED PRODUCING FORMATION(S): TUNUNK

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: STATE/FEE - 0029209137
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: City of Ferron
- RDCC Review:
- Fee Surface Agreement
- Intent to Commingle

Commingling Approved

LOCATION AND SITING:

- R649-2-3.
- Unit:**
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No:** Cause 7-13
- Effective Date:** 7/27/1984
- Siting:** 660' From Drilling Unit Boundary
- R649-3-11. Directional Drill

Comments: Presite Completed

Stipulations: 5 - Statement of Basis - bhill
8 - Cement to Surface -- 2 strings - hmadonald



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Wareham 15-14-1
API Well Number: 43015500020000
Lease Number: Wareham 15-14-1
Surface Owner: FEE (PRIVATE)
Approval Date: 4/18/2011

Issued to:

EMERY RESOURCE HOLDINGS LLC, 136 E South Temple Ste 2100, Salt Lake City, UT 84111

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 7-13. The expected producing formation or pool is the TUNUNK Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

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

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.

Conditions of Approval:

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Cement volumes for the 4 1/2" and 8 5/8" casing strings shall be determined from actual hole diameters in order to place cement from the pipe setting depths back to the surface.

Additional Approvals:

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan – contact Dustin Doucet
- Significant plug back of the well – contact Dustin Doucet
- Plug and abandonment of the well – contact Dustin Doucet

Notification Requirements:

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

- Within 24 hours following the spudding of the well – contact Carol Daniels

OR

submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <http://oilgas.ogm.utah.gov>

- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

Contact Information:

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

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
801-231-8956 - after office hours

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:



For John Rogers
Associate Director, Oil & Gas

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

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <u>FEE</u>
2. NAME OF OPERATOR: Emery Resource Holdings LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 8350 E Raintree Dr Ste 125 CITY <u>Scottsdale</u> STATE <u>Az</u> ZIP <u>85260</u>		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 946 FSL 1914 FWL		8. WELL NAME and NUMBER: Wareham 15-14-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 15 20 7E		9. API NUMBER: 4301550002
COUNTY: Emery		10. FIELD AND POOL, OR WILDCAT:
STATE: UTAH		

CONFIDENTIAL

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input 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>APD 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.

Filing for Extension to drill

COPY SENT TO OPERATOR

Date: 4-16-2012
Initials: KS

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 04-12-12
By: [Signature]

NAME (PLEASE PRINT) <u>Edward Rasbold</u>	TITLE <u>Operations Manager</u>
SIGNATURE <u>[Signature]</u>	DATE <u>4/6/2012</u>

(This space for State use only)

RECEIVED
APR 11 2012

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

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

API: 43015500020000
Well Name: Wareham 15-14-1
Location: T 20 S15 R7E / 946 FSL/ 1914 FWL SESW
Company Permit Issued to: Emery Resource Holdings LLC
Date Original Permit Issued: 4/18/2011

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

4/6/2012

Date

Title: Operations Manager

Representing: Emery Resource Holdings LLC

RECEIVED

APR 11 2012

DIV. OF OIL, GAS & MINING

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

FORM 9

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QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 15 20 7E		9. API NUMBER: 4301550002
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STATE: UTAH		

CONFIDENTIAL

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Initials: KS

Approved by the
Utah Division of
Oil, Gas and Mining

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By: [Signature]

NAME (PLEASE PRINT) <u>Edward Rasbold</u>	TITLE <u>Operations Manager</u>
SIGNATURE <u>[Signature]</u>	DATE <u>4/6/2012</u>

(This space for State use only)

RECEIVED
APR 11 2012

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Validation**

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Signature

4/6/2012

Date

Title: Operations Manager

Representing: Emery Resource Holdings LLC

RECEIVED

APR 11 2012

DIV. OF OIL, GAS & MINING

Emery Resource Holdings, LLC
8350 E. Raintree Drive Suite 125
Scottsdale, AZ 85260
Phone 480-528-6836
Fax 480-991-9388

RECEIVED
JAN 28 2013
DIV. OF OIL, GAS & MINING

January 24, 2013

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

RE: Well Wareham 15-14-1 – API No. 4301550002

Dear Sir/Madam,

Since we are not drilling well Wareham 15-14-1 (API No. 4301550002) at this time, we request the release of the Collateral Bond for \$15,000.00.

Sincerely,


Craig C. Williams
President

RECEIVED

JAN 28 2013

FORM 9

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

DIV. OF OIL, GAS & MINING

5. LEASE DESIGNATION AND SERIAL NUMBER:

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8. WELL NAME and NUMBER:

Wareham 15-14-1

2. NAME OF OPERATOR:
EMERY RESOURCE HOLDINGS LLC

9. API NUMBER:

4301550002

3. ADDRESS OF OPERATOR:
8350 E Raintree Dr Ste 125 Scottsdale STATE AZ ZIP 85260

PHONE NUMBER:
(480) 528-6836

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 946 FSL 1914 FWL

COUNTY: Emery

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 15 20 7E

STATE: UTAH

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

ERH has decided not to drill at this time. Will reapply in the future.

NAME (PLEASE PRINT) Craig C Williams

TITLE President

SIGNATURE *Craig C Williams*

DATE 1/24/2013

(This space for State use only)



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 1, 2013

Craig C. Williams
Emery Resources Holdings LLC
8350 E Raintree Dr. Ste. 125
Scottsdale, AZ 85260

Re: APD Rescinded – Wareham 15-14-1, Sec. 15, T.20S, R.7E
Emery County, Utah API No. 43-015-50002

Dear Mr. Williams:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 18, 2011. On April 12, 2012 the Division granted a one-year APD extension. On January 24, 2013, 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 January 24, 2013.

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
Brad Hill, Technical Service Manager