

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

**1a. TYPE OF WORK**  
 DRILL                       DEEPEN

**b. TYPE OF WELL**  
 OIL WELL       GAS WELL       OTHER       SINGLE ZONE       MULTIPLE ZONE

**2. NAME OF OPERATOR**  
 FALCON ENERGY LLC

**3. ADDRESS AND TELEPHONE NO.**  
 510 WEST 3560 SOUTH, SALT LAKE CITY, UTAH 84115

**4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)\***  
 At surface: 501' FSL and 501' FEL  
 At proposed prod. zone: SAME  
 645, 853 E  
 41,323, 060 N

**14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\***  
 SIX MILES NORTHEAST OF CISCO, UTAH

**16. NO. OF ACRES IN LEASE**  
 80 ACRES

**17. NO. OF ACRES ASSIGNED TO THIS WELL**  
 10 ACRES

**18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.**  
 ~300'

**19. PROPOSED DEPTH**  
 1270'

**20. ROTARY OR CABLE TOOLS**  
 ROTARY

**21. ELEVATIONS (Show whether DF, RT, GR, etc.)**  
 4593' GR

**22. APPROX. DATE WORK WILL START\***  
 AUGUST, 1999

**5. LEASE DESIGNATION AND SERIAL NO.**  
 UTU-75984

**6. IF INDIAN, ALLOTTEE OR TRIBE NAME**  
 N/A

**7. UNIT AGREEMENT NAME**  
 N/A

**8. FARM OR LEASE NAME, WELL NO.**  
 POWELSON # 1

**9. API WELL NO.**  
 43-019-31374

**10. FIELD AND POOL, OR WILDCAT**  
 GREATER CISCO (SPRINGS)

**11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA**  
 SEC. 24, T. 20 S., R. 23 E. SLBM.

**12. COUNTY OR PARISH**      **13. STATE**  
 GRAND                      UTAH

**23. PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	7" K-55	17 lb	120"	35 SXS
6 1/4"	4.5" K-55	10.5 lb	1270'	50 SXS

WELL WILL BE DRILLED TO TEST THE MORRISON SALT WASH FORMATION. ALL SHOWS ENCOUNTERED WILL BE TESTED.

BLOWOUT EQUIPMENT WILL BE AN 8" DOUBLE GATE SHAFFER HYDRAULIC TYPE LWS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

**24. SIGNED** Douglas H. Powelson      **TITLE** MANAGING MEMBER      **DATE** JULY 6, 1999

(This space for Federal or State office use)

**PERMIT NO.** 43-019-31374      **APPROVAL DATE** \_\_\_\_\_

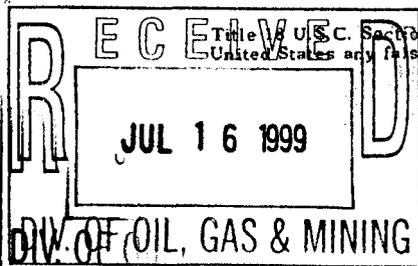
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

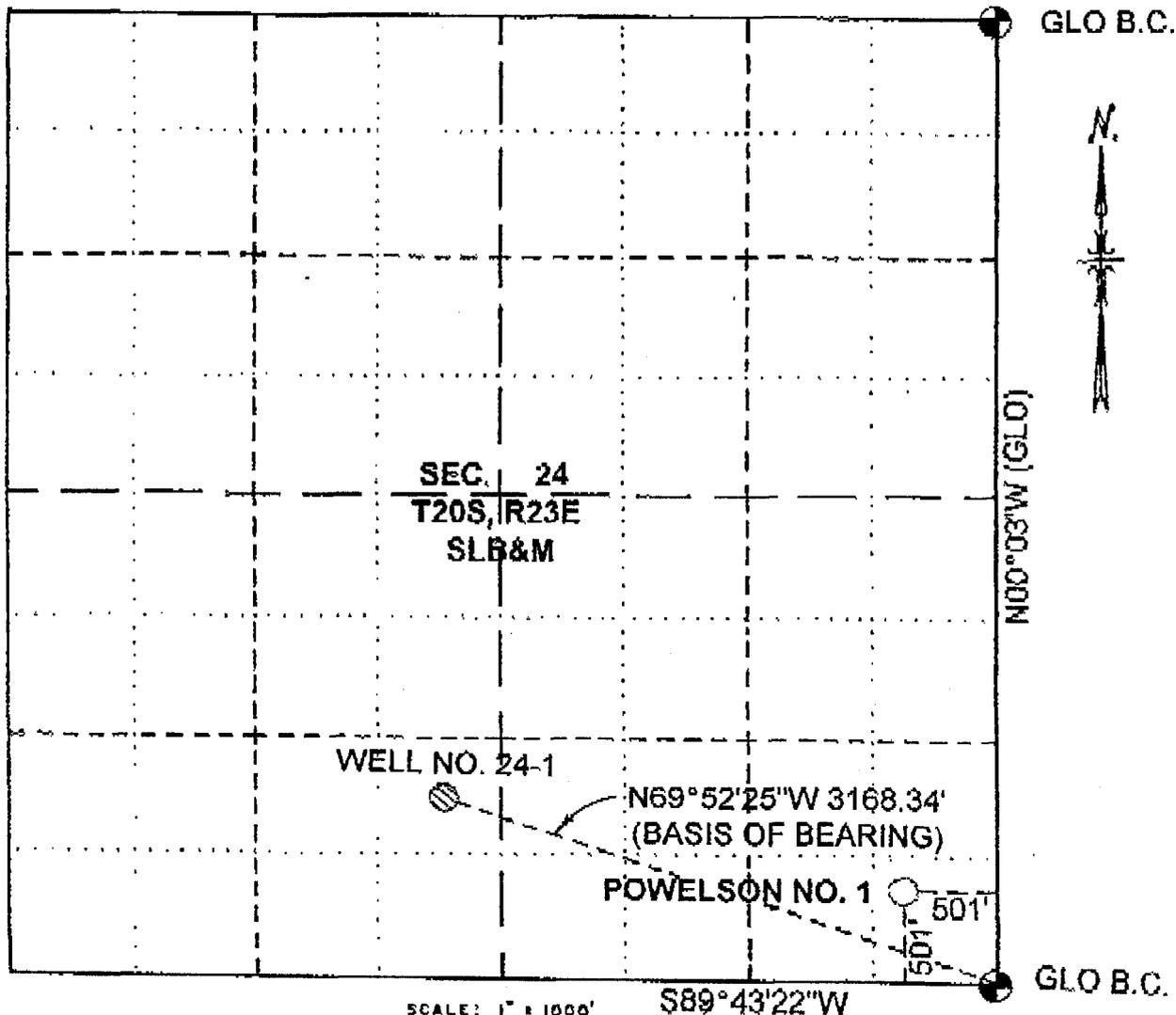
**CONDITIONS OF APPROVAL, IF ANY:**  
**APPROVED BY** Bradley G. Hill      **TITLE** BRADLEY G. HILL RECLAMATION SPECIALIST III      **DATE** 10/4/99

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

*Federal Approval of this Action is Necessary*



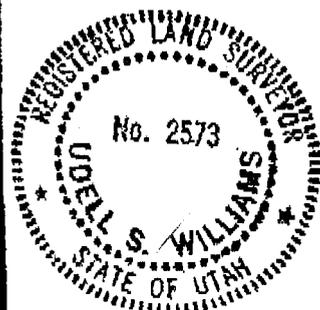


**POWELSON NO. 1**

Located 501 feet FSL and 501 feet FEL of Section 24, T20S, R23E, SLB&M.

ELEV. 4593

Grand County, Utah



**SURVEYOR'S CERTIFICATE**

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

*Udell S. Williams*  
Utah RLS No. 2573



**UDELL S. WILLIAMS**  
751 Rood Avenue  
Grand Junction, Colorado 81501

PLAT OF  
PROPOSED LOCATION  
**POWELSON NO. 1**  
SE1/4SE1/4 SEC. 24  
T20S, R23E, SLB&M

SURVEYED BY: USW      DATE: 6/12/99

DRAWN BY: USW      DATE: 6/22/99

BUREAU OF LAND MANAGEMENT  
82 East Dogwood, Suite M  
Moab, Utah 84532

RE: FALCON POWELSON NO.1  
NTL-6 Supplementary Information  
Form APD, 9-331-C

Application for Falcon Energy, LLC, a Utah corporation, to drill in the SE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub> of Section 24, T 20 S, R 23 E, Grand County, Utah is set forth on Form 9-331-C. This letter is to set forth the additional information required on the NTL-6 regulation.

1. Geologic name of surface formation: Cretaceous Mancos Shale

2. & 3. Geologic tops and formation depths:

Cretaceous	Mancos Shale	surface
	Base, Dakota Silt	740'
	Dakota	770'
	Cedar Mountain	880'
Jurassic	Morrison (Brushy Basin)	970'
	Salt Wash	1250'
	Total Depth	1270'

4. Casing Program: See Form 9-331-C.

5. Pressure Control Equipment: BOP and manifold to be tested 1000 PSI Prior to drilling out shoe, then pipe rams to be operational tested daily blind rams to be operational tested on trips. BOP and manifold to be visually inspected daily. Ail tests to be recorded in daily tour sheet. See BOP schematic.

6. Drilling and circulating medium: Operator plans to drill with air and air mist as far as possible. Water base filling fluid will be used in the event formation water is encountered and to control or kill oil or gas flows when running long string - 4 $\frac{1}{2}$ " 10.5 LB casing - run invert polymer type bio-degradable mud 8.2 LB per gallon. Weight and mud to 10 LB per gallon if required will be provided. The addition of potassium (KCL) chloride D.G. chemical added as required.

7. Auxiliary equipment: (1) Kelly Cock - Demlo (2) floats at the bits and string (3) monitoring equipment on mud system - none (4) sub on floor with a full opening valve. The fill, kill and choke lines will be attached to well head below BOP. Also auxiliary equipment to be used.

a. 6,000# shut off valve on stand pipe. b. One float at bit and two string floats. c. Sub 3 $\frac{1}{2}$ " IF to 2" valve for controlling blowouts for use when making round trips in event of well blowouts.

8. Testing, logging, coring: Southwest Survey, Rocky Mountain Wireline or appropriate wire-line company . No DST's programmed. Dual induction laterlog (DIL) compensated neutron and formation density (CNFD), caliber log (CL), sonic BHC. If casing is run, a cement bond log (CBL) and gamma ray (GRL). During drilling, we will take samples every 10' starting at to 1270'T.D. Microscope analysis will be done by a geologist.

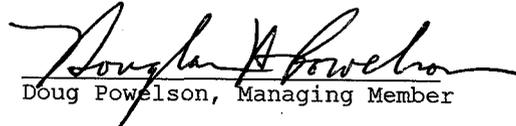
9. Maximum bottom hole pressure expected is 1000 PSI. Flexibility provisions are the BOP and high pressure fittings and couplings. No hydrogen sulfide problems are expected.

10. Starting date is August 1st,1999 and should take from three to five days.

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

DATE

7/6/99

  
Doug Powelson, Managing Member

1. Existing Roads

a. Proposed well site is staked.

b. Route and distance from nearest town. Well site is located approximately eight miles northeast of Cisco, Utah. Exit at the east Cisco Bookcliff exit on 1-70. Go north about 150' and turn left at the first intersection of the county road. Proceed northwest 1.5 miles on the Cisco Springs road. Turn left (southwest) onto the Clayton Energy #1/Nicole #1 access road. Proceed approximately 2.3 miles on the existing road to the Powelson #1 well access road. The new access road is approximately 100' southeast off of existing access road to the left and will proceed approximately (100') northeast and is marked in red on the enclosed topographic map. The existing road is marked in blue. The new road is on a flat surface and will require no cuts, but will be lightly bladed.

c. Access road is color coded in red. The existing road is color coded in blue.

d. Does not apply.

e. If development well, list all the existing roads within a one mile radius of well site. This radius includes the County road, referred to as the Cisco Springs road. Also included in the one mile radius is the access for the Ambra FX 25-3 as well as the existing access roads noted in 1 b. above.

f. Plans for improvement and/or maintenance of existing roads. In the event of production, operator will work to maintain a graded and an improved road year-round. This will require cooperation with the other operators in the area to maintain this road.

2. Planned Access Road

1. Width: 15' bladed out on flat land.

2. Maximum grades: 1/2 to 1 degree

3. Turn-out: access road is straight, no turn-outs are needed.

4. Drainage design: small borrow pits on each side for easy drainage.

5. Location of culverts and brief description of any major cuts and fills.  
No culverts are wanted or needed in this area. Land is flat desert with small weeds growing.  
There are no major cuts or fills in this area.

6. Surfacing material: none needed. Land will be disturbed little. No foreign material is needed.

7. Necessary gates, cattle guards, or fence cuts: none needed in this area.

8. New or constructed roads: Operator will make use of existing roads in the area. The new access road will be constructed approximately 100' in length and the proposed route flagged in red. Width will be 15', scraped only on the surface. Surface disturbance will be kept to a minimum. Surface is flat, requiring no cuts.

3. Location of Existing Wells

a. See USGS topo map.

b. Producing wells in a one mile radius:

1. Sec. 24 Clayton #1; oil
2. Sec. 24 Nicole #1; gas
3. Sec. 24 Jacob's # 24-2; gas
4. Sec. 24 Saturn Fed 24-1; gas
5. Sec. 24 Clayton Kathy #1; gas
6. Sec. 24 Hope #2; oil
7. Sec. 24 Hope #4; gas
8. Sec. 24 Saturn CS 24-3; gas
9. Sec. 24 Saturn Len 24-4; gas
10. Sec. 24 Saturn Robin 24-1; gas
11. Sec. 24 Saturn Robin 24-4; gas
12. Sec. 25 Ambra FX 25-3; oil
13. Sec. 25 Jacob's Fed 1-25; oil
14. Sec. 25 Four Leaf # 1; oil
15. Sec. 30 Martha #1; gas (T.20 S., R.24 E)
16. Sec. 30 Martha #4; gas " " " "

c. Producing wells in a two mile radius:

1. Sec. 23 TXO Mesa 23-1; oil
2. Sec. 23 IF 23-4; gas
3. Sec. 23 IF 23-10; gas
4. Sec. 23 TXO 23-1c; oil
5. Sec. 23 SS 23-15; gas
6. Sec. 13 Saturn T Fed #8; gas
7. Sec. 13 Saturn Jacob's #1; gas
8. Sec. 13 Saturn Pioneer #2A; gas
9. Sec. 13 Saturn Len 13-3; oil
10. Sec. 13 Harrison Pioneer 2A; gas
11. Sec. 31 Saturn Fed UTI 31-72; gas (T.20 S., R.24 E.)

d. No water well, disposal wells, or injection wells in this one mile radius.

4. Location of Existing and/or Proposed Facilities

a. 1. Tank batteries: Operator maintains various production tank batteries in T 20 S, R 23 E. If production is established, new tank batteries will be installed on the proposed location. New tank batteries will be 125' from wellhead.

2. Production facilities: Operator maintains various pumpjacks, dehydrators, separators in T 20 S, R 23 E. If production is established, new production facilities will be installed on the proposed location.

3. Oil gathering lines: none - only tank at location if oil production is established.

4. Gas gathering lines: Northwest Pipeline's lateral A-5 in the SW corner of Section 13 and main 6" gathering line in the north half of Sections 13 & 14, operator's 4" collection line in the SE1/4 of section of 24, adjacent to this proposed location.

5. Injection lines: none

6. Disposal lines: none

b. If new facilities are contemplated in the event of production: See the enclosed exact sketch of the area showing planned production facilities. All open and exposed pits will be fenced to protect livestock and wildlife and an earthen fire bunker will be built around any tanks. Gas lines will be laid on the surface to the operator's collection line. A time schedule for this will be within a 60-day period upon completion of the well.

c. Plan for rehabilitation of disturbed areas: No longer needed for operation after construction. Pits will be fenced until fluid evaporates and then filled in. That will be reseeded anywhere from October 15 to November 15, as required by the BLM. The seeding mixture prescribed by the BLM will be used. The surface area is flat, however, this area will be graded to the original contours. Also note, construction and rehabilitation will be limited to the original well pad. All stock pile surface soil will be graded back over location after contouring for subsequent reseeded.

5. Location and Type of Water Supply

a. Water will be purchased from Ute Water Company, # 56 25 Road, Fruita, Colorado.

b. State method of transporting water: water tank truck.

c. No water well is planned or needed.

6. Source of Construction Materials

The location will be on Federal land so if any sand or gravel is needed, it will be brought into the area from a private source in Thompson, Utah, 21 miles west. Until production is established, the road will be surface scraped dirt road from the existing road to the proposed well location. However, no construction materials are planned or needed. This is a flat desert land on Mancos shale formations. Bladed roads that are watered and packed down are the best roads in this area.

7. Method for Handling Waste Disposal

Cutting and drilling fluids will be discharged via air into reserve pit. Portable chemical toilet will be on location for sewage. Garbage and waste materials will go in a cage then hauled out when work is completed. Location will be cleaned and all materials not burned will be hauled away. Produced fluids (oil and water) will go into tanks and pits, respectively. The blowey line will be 125' long, centered and angled down into a trench pit. It will be anchored. The blowey line will be misted while drilling with air. The area will be free of trash and debris when rig is moved out.

8. Auxiliary Facilities

None other than a trailer and dog house. No camp or air strip required.

9. Well Site Layout

1. Cross section of drill pad with cuts and fills 150' x 150'. Well location is relatively flat and require minimum cuts and fills. Any cuts and fills needed will be determined at on-site inspection. Surface soil will be stock piled on the north side of location 12" high.

2. Mud tank, reserve, burn and trash pits, see drawing.

3. See drawing.

4. Pits are to be unlined.

10. Restoration Plans

1. Backfill of pits and all surface holes will be completed and will be leveled to the original contour of the land before drilling. Waste disposal will be accomplished as follows: All portable waste will be buried in the waste pit. All other trash will be hauled out of the area.

2. Re-vegetation and rehabilitation: the grounds including the access road will be conditioned and re-vegetated and seeded as per BLM requirements, that being re-grading of the surface soil and reseeding to take place from October 15 to November 15.

3. After the rig is moved.

4. If there is oil in the pit, we will either remove it or install overhead flagging.

5. Rehabilitation of the well site area will be completed within 60 days after the spud date. With the exception of the reseeding following BLM instruction (October 15 to November 15). We will restore location back to original condition before rig is moved in.

11. Other Information

The location is part of the Green River desert area. No trees grow on the mancos shale valley only sagebrush and shad. Cattle graze the area in fall and spring seasons. There is no water and very little vegetation. Cisco Springs is one mile to the northeast with practically no dwellings and no evidence of historical, cultural or archeological value. There will be no other surface use.

12. Operator

Falcon Energy LLC  
3560 South 510 West  
Salt Lake City, Utah 84115

Telephone: (801) 269-0701

Attention: Doug Powelson

13. Certification

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

DATE: \_\_\_\_\_

7/6/99

  
Doug Powelson, Managing Member

EXISTING ROADS

8D5

8D2

8D1

13

18

14

F12

J1

IF21-4

H2

F24-2

23

24

19



POWELSON #1

Sec. 24, T. 20 S., R. 23 E

FY15-3

26

25

30

D A N I S H F L A T

SEC. 24, T. 20 S., R. 23 E.

UTU-75984

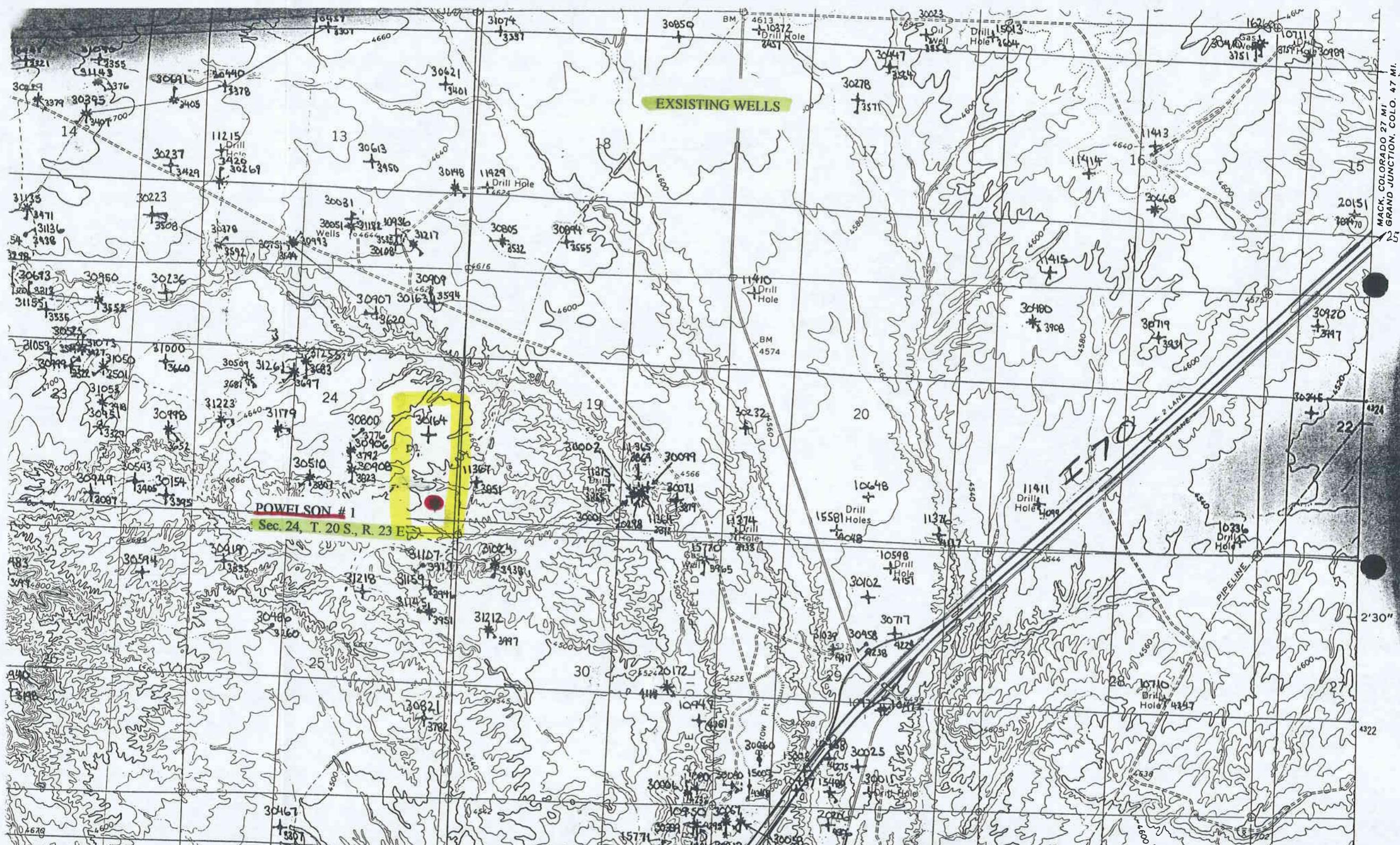
POWELSON #1

Danish GRAVELLY OIL FIELD

RAILROAD

2 LANE  
2 LANE





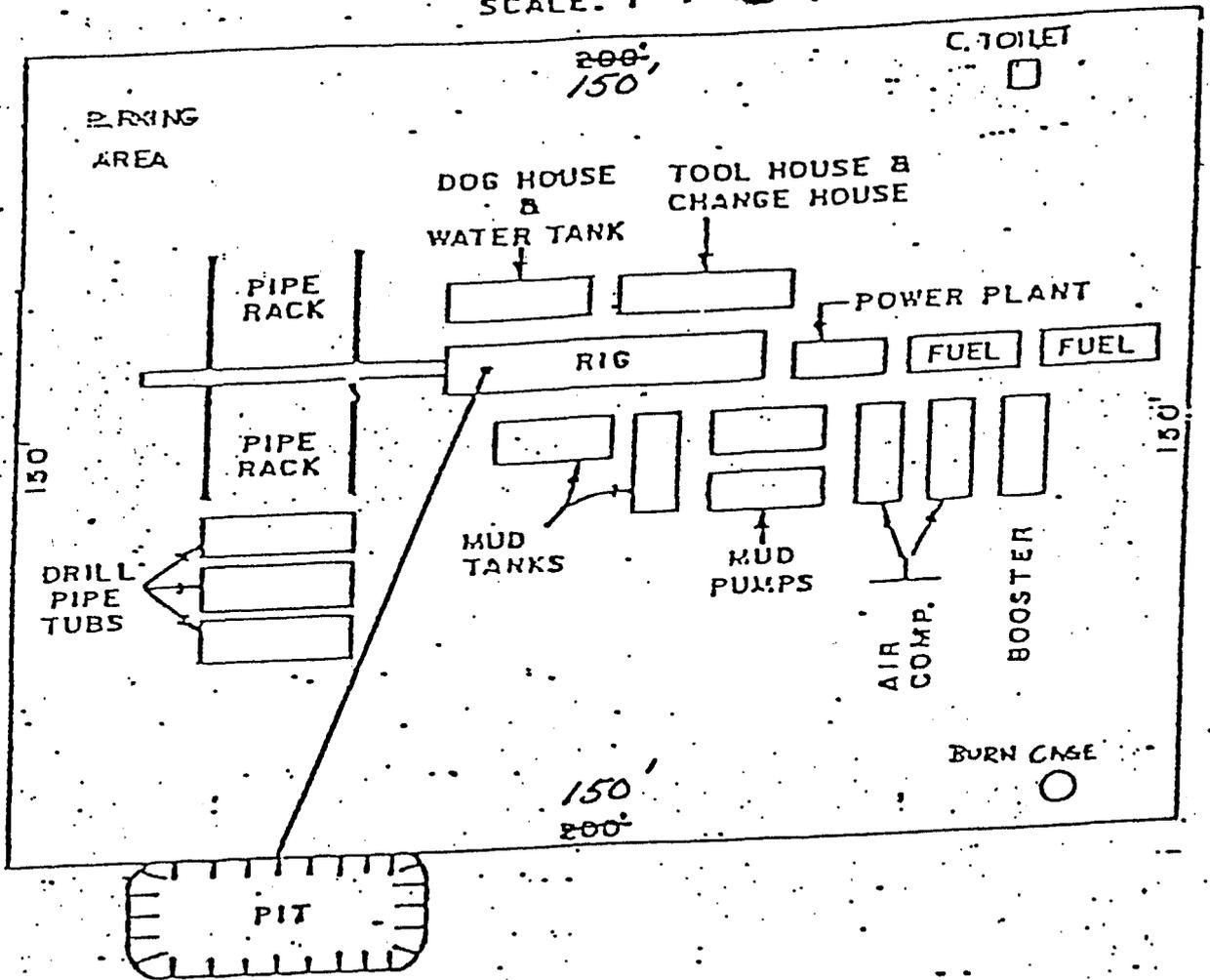
EXISTING WELLS

POWELSON #1  
Sec. 24, T. 20 S., R. 23 E.

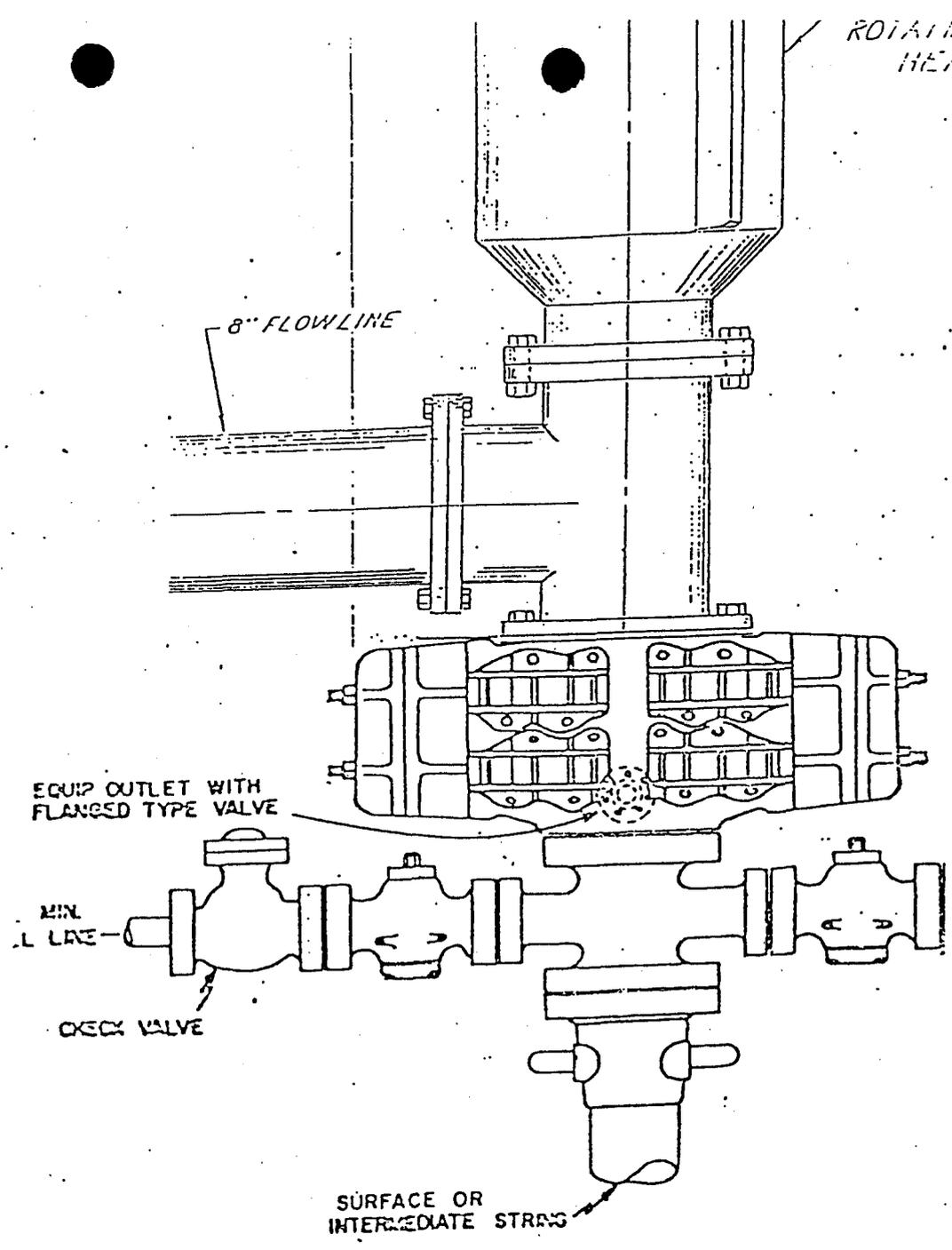
MACK, COLORADO 27 MI  
GRAND JUNCTION, COLO. 47 MI.

2' 30"

SCALE: 1" = 200'

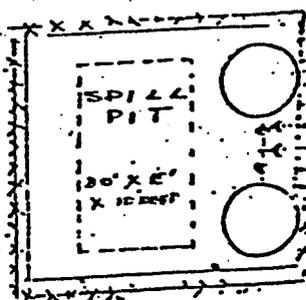


ROTATING DR  
HEAD



TANK BATTERY  
OIL SALES

FENCED  
AND  
WELLED  
BERMED



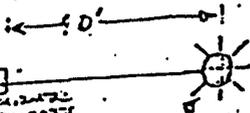
PIT IS  
30' x 20'  
10' DEEP



METER

SEPARATOR/  
DEHYDRATOR

GAS  
SALE



OIL AND/OR GAS

SCALE 1" = 40'

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/16/1999

API NO. ASSIGNED: 43-019-31374

WELL NAME: POWELSON 1  
 OPERATOR: FALCON ENERGY LLC (N6710)  
 CONTACT: Doug Powelson 269-0701

PROPOSED LOCATION:  
 SESE 24 - T20S - R23E  
 SURFACE: 0501-FSL-0501-FEL  
 BOTTOM: 0501-FSL-0501-FEL  
 GRAND COUNTY  
 GREATER CISCO FIELD (205)

INSPECT LOCATN BY: / /		
TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: FED  
 LEASE NUMBER: UTU-75984  
 SURFACE OWNER: Federal

PROPOSED FORMATION: SLTW

RECEIVED AND/OR REVIEWED:

Plat

Bond: Fed  Ind  Sta  Fee   
 (No. KT1049 (per BLM 8-26-99))

Potash (Y/N)

Oil Shale (Y/N) \*190-5(B)

Water Permit  
 (No. Water Per. Hope #2/Prod. Wts.)

RDCC Review (Y/N)  
 (Date: \_\_\_\_\_)

N/A Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3. Unit \_\_\_\_\_

R649-3-2. General

R649-3-3. Exception

Drilling Unit  
 Board Cause No: 102-16B  
 Date: 11-15-79

R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

\_\_\_\_\_

STIPULATIONS: ① FEDERAL APPROVAL

\_\_\_\_\_

\_\_\_\_\_





State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

October 4, 1999

Falcon Energy, LLC  
510 West 3560 South  
Salt Lake City, Utah 84115

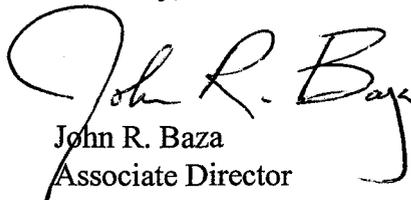
Re: Powelson #1 Well, 501' FSL, 501' FEL, SE SE, Sec. 24, T. 20 S., R. 23 E., Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. 40-6-1 et seq., Utah Administrative Code R649-3-1 et seq., and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31374.

Sincerely,

  
John R. Baza  
Associate Director

lwp

Enclosures

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

**Operator:** Falcon Energy, LLC

**Well Name & Number:** Powelson #1

**API Number:** 43-019-31374

**Lease:** Federal                      **Surface Owner:** Federal

**Location:** SE SE                      **Sec.** 24    **T.** 20 S.    **R.** 23 E.

### **Conditions of Approval**

**1. General**

Compliance with the requirements of Utah Admin. R649-1 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 or Robert Krueger at (801) 538-5274.

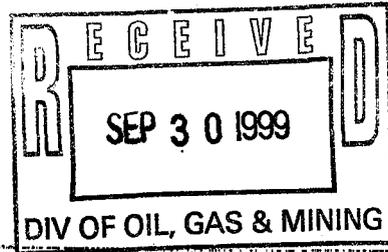
**3. Reporting Requirements**

All required reports, forms and submittals shall 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.**

# FALCON ENERGY, L.L.C.

510 West 3560 South  
Salt Lake City, Utah 84115  
(801) 269-0701 FAX (801) 269-0761



DATE: 9/30/99

TO: Lisha Cordova

FAX NO. 801-359-3940

COMPANY/DEPARTMENT: \_\_\_\_\_

FROM: Doug Powelson

NUMBER OF PAGES: 1 (including this cover sheet)

MESSAGE: Per our discussion the water for the drilling of the Roberts #1, Powelson #1 and Stout #2 wells will come from one of our own wells within 1/2 mile of these locations. The well is the Hope #2 (T20S, R23E, Sec.

Thanks For your Help,  
Doug Powelson

MOAB FIELD OFFICE

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE\* (Other instructions on reverse side)

FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

1999 JUL 19 P 2:28

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL

DEEPEN

1b. TYPE OF WELL OIL WELL  GAS WELL  OTHER

SINGLE ZONE

MULTIPLE ZONE

2. NAME OF OPERATOR

FALCON ENERGY LLC

3. ADDRESS AND TELEPHONE NO.

4103 South 500 West 510 WEST 5500 SOUTH, SALT LAKE CITY, UTAH 84115

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SIX MILES NORTHEAST OF CISCO, UTAH

10. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT.

(Also to nearest drilg. unit line, if any) 501'

16. NO. OF ACRES IN LEASE

80 ACRES

17. NO. OF ACRES ASSIGNED TO THIS WELL

10 ACRES

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

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20. ROTARY OR CABLE TOOLS

ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

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AUGUST, 1999

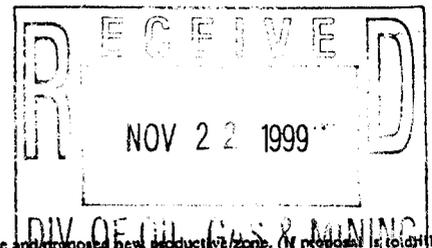
23.

PROPOSED CASING AND CEMENTING PROGRAM

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24.

SIGNED [Signature] TITLE MANAGING MEMBER DATE JULY 6, 1999

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

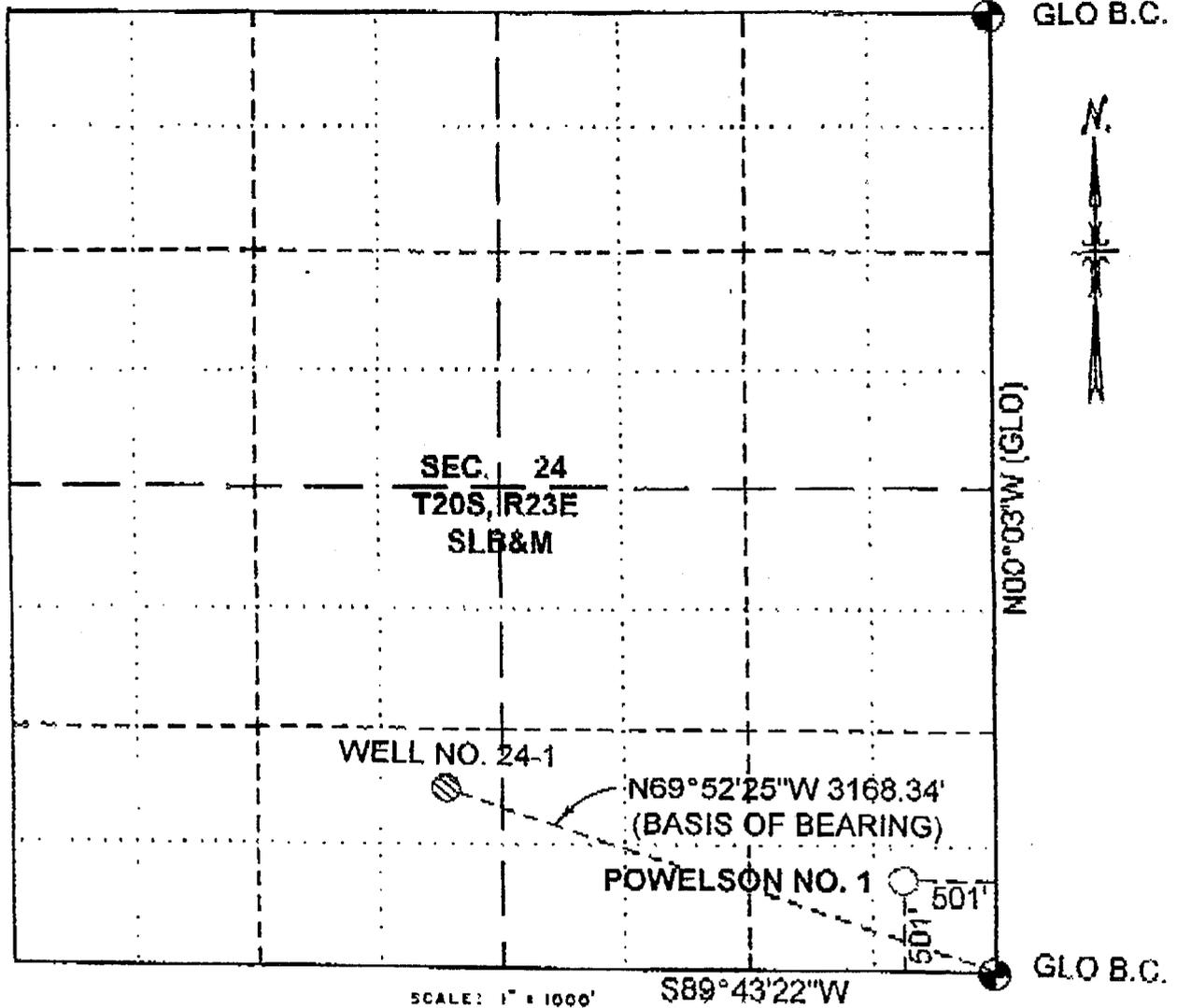
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY /S/ WILLIAM C. STRINGER Assistant Field Manager, Division of Resources DATE NOV 18 1999

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

CONDITIONS OF APPROVAL ATTACHED

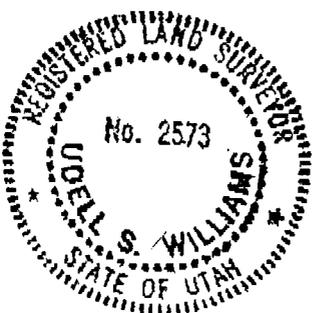


POWELSON NO. 1

Located 501 feet FSL and 501 feet FEL of Section 24, T20S, R23E, SLB&M.

ELEV. 4593

Grand County, Utah



SURVEYOR'S CERTIFICATE

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

*Udell S. Williams*  
Utah RLS No. 2573



UDELL S. WILLIAMS  
751 Rood Avenue  
Grand Junction, Colorado 81501

PLAT OF  
PROPOSED LOCATION  
**POWELSON NO. 1**  
SE1/4SE1/4 SEC. 24  
T20S, R23E, SLB&M

SURVEYED BY: USW DATE: 6/12/99  
DRAWN BY: USW DATE: 6/22/99

Falcon Energy, LLC  
Powelson No. 1  
Lease U-75894  
SE/SE Section 24, T20S, R23E  
Grand County, Utah

CONDITIONS OF APPROVAL

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

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

Bond coverage for this well is provided by UT 1049 (Principal - Falcon Energy, LLC) via surety consent as provided for in 43 CFR § 3104.2.

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

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

All lease operations will be conducted in full compliance with applicable regulations (43 CFR § 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions and the approved plan will be made available to field representatives to insure compliance.

## A. DRILLING PROGRAM

1. The proposed BOPE is in a 2M configuration, and is adequate for this depth in this area. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed. This section requires, at a minimum, the use of the following equipment not mentioned in the application:
  - Spark arresters
  - Blooie line discharge 100 feet from wellbore
  - Straight blooie line
  - Deduster equipment
  - Automatic igniter on the blooie line
3. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining is required before conducting any surface disturbing activities.

B. SURFACE USE PLAN

1. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;

- the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and

- a time frame for the AO to complete an expedited review under 36 CFR § 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

2. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6. When the well is abandoned, the abandonment marker must be at least four feet above restored ground level and must be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).
3. Surface disturbance and vehicular travel will be limited to the approved location and access route. Any additional area needed will be approved in advance.
4. The uphill side of the well site will be ditched to provide drainage control around the well site. The ditch will be extended approximately 20 feet past the edge of the well site along the contour of the terrain.
5. The access road will be rehabilitated or brought to Resource (Class III) Road Standards within sixty (60) days of dismantling the drilling rig. If upgraded, the road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the authorized officer will be notified so that temporary drainage control can be installed along the access road.
6. At the end of drilling operations and prior to reclamation of the reserve pit, the fourth side of the pit will be fenced and the top of the pit will be covered with netting of one inch or less to prevent access by birds.

7. All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, nonreflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required by comply with the Occupational Safety and Health Act (OSHA) may be excluded. Colors will match the adjacent soils.
8. All site security guidelines identified in 43 CFR § 3162.7-5 and Onshore Oil and Gas Order No. 3 shall be followed.
9. If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR § 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
10. If a tank battery is constructed on this lease, it will be surrounded by a berm of sufficient capacity to contain 1½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR § 3162.7-2 and Onshore Oil and Gas Order No. 4.
11. Pipeline installation involving cross-country traffic will be suspended during periods of wet weather to reduce soil rutting and soil compaction.
12. In the event the well pad or road is graveled or surfaced, the material will be removed prior to recontouring the surface for rehabilitation.
13. The operator will be responsible for noxious weed control on the disturbed areas within the limits of the well site and new road construction. The operator is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.
14. During reclamation, the area will be scarified 6 inches deep prior to seeding. The entire soil surface will be scarified with a 6 inch or less distance between the ripped surfaces. The scarified areas will be left in a rough condition to retain moisture, and the soils will be dry and loose prior to seeding. The areas will be broadcast seeded between October 1 and December 31 with the following mixture of pure live seed (PLS):

Indian ricegrass	4 pounds/acre
Fourwing saltbush	2 pounds/acre
Shadscale	2 pounds/acre
Sand dropseed	1 pound/acre

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the BLM Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab Field Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed, with the Moab Field Office, for approval of all changes of plans and subsequent operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

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

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

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Moab Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Moab Field Office, and they shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-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, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

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

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

TABLE 1

NOTIFICATIONS

The following notifications are required. Notify Rich McClure (435-259-2127) for construction and reclamation matters. Notify Jack Johnson (work: 435-259-2129, home: 435-259-4800) for spud and surface casing:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching the surface casing setting depth

If the people above cannot be reached, notify the Moab Field Office at (435) 259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at (435) 259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer      Office: (435) 259-2117  
Home: (435) 259-2214

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

FORM 6

ENTITY ACTION FORM

Operator: Falcon Energy, LLC Operator Account Number: N 6710  
 Address: 4103 So. 500 W.  
 city Salt Lake City  
 state Utah zip 84123 Phone Number: 369-0701

Well 1

API Number	Well Name	DQ	Sec	Twp	Rng	County
430193137400	Powelson # 1	SESE	24	20S	23E	Grand
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	12893	12-29-99	12-29-99		
Comments: 9-28-00						

Well 2

API Number	Well Name	DQ	Sec	Twp	Rng	County
430193137500	Stout # 2	NESE	24	20S	23E	Grand
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	12894	2-7-00	2-7-00		
Comments: 9-28-00						

Well 3

API Number	Well Name	DQ	Sec	Twp	Rng	County
430193137600	Roberts # 1	SESE	24	20S	23E	Grand
Action Code	Current Entity Number	New Entity Number	Spud Date	Entity Assignment Effective Date		
A	99999	12895	7-26-00	7-26-00		
Comments: 9-28-00						

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

FALCON ENERGY, LLC  
4103 SOUTH 500 WEST  
SALT LAKE CITY, UTAH 84123  
801-369-0701 • FAX 801-369-0761

Name (Please Print) \_\_\_\_\_  
 Signature Roughland Powellson  
 Title Manager Date 9/27/00

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

SUBMIT IN DUPLICATE\*

(See other instructions on reverse side)

FORM APPROVED  
OMB NO. 1004-0137  
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.

**UTU-75894**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

**Powelson #1**

9. API WELL NO.

**430193137400**

10. FIELD AND POOL, OR WILDCAT

**Cisco Springs**

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

**S24,T20S,R23E,SESE**

12. COUNTY OR PARISH

**Grand**

13. STATE

**Utah**

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG\***

1a. TYPE OF WELL: OIL WELL  GAS WELL  DRY  Other \_\_\_\_\_

1b. TYPE OF COMPLETION: NEW WELL  WORK OVER  REPERF.  PLUG BACK  DIFF. REPERF.  Other \_\_\_\_\_

2. NAME OF OPERATOR  
**Falcon Energy, LLC**

3. ADDRESS AND TELEPHONE NO.  
**55 South Hwy. 89 - North Salt Lake, Utah 84054**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)\*  
At surface **501' FSL and 501' FEL**  
At top Prod. Interval reported below **Same**  
At total depth **Same**

14. PERMIT NO. **4301931374** DATE ISSUED **11-18-99**

15. DATE SPUDDED **12-29-99** 16. DATE T.D. REACHED **1-21-00** 17. DATE COMPL. (Ready to prod.) **2-14-00** 18. ELEVATIONS (OF RNB, AT, CB, ETC.)\* **4593' GR** 19. ELEV. CASINGHEAD **KB-4597'**

20. TOTAL DEPTH, MD & TVD **1284'** 21. PLUG BACK T.D., MD & TVD **N/A** 22. IF MULTIPLE COMPL. HOW MANY\* **N/A** 23. INTERVALS DRILLED BY: ROTARY TOOLS **ALL** CABLE TOOLS **-**

24. PRODUCING INTERVAL(S) OF THIS COMPLETION--TOP, BOTTOM, NAME (MD AND TVD)\*  
**Brushy Basin (Morrison)  
Salt Wash (Morrison)** 25. WAS DIRECTIONAL SURVEY MADE **No**

26. TYPE ELECTRIC AND OTHER LOGS RUN **Cement Bond Log - Gamma Ray/CCL Log - 3-1-01** 27. WAS WELL CORDED **No**

28. CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
<b>7" K-55</b>	<b>20#</b>	<b>120'</b>	<b>11.5"</b>	<b>To Surface</b>	
<b>4.5" K-55</b>	<b>9.5#</b>	<b>1284'</b>	<b>6.25"</b>	<b>786'</b>	<b>N/A</b>

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)
		<b>NONE</b>		

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
<b>2 3/8"</b>	<b>To TO</b>	

31. PERFORATION RECORD (Interval, size and number)

**1057'-1059' - 4 shots  
1072'-1075' - 4 shots  
1092'-1095' - 6 shots  
1166'-1176' - 20 shots  
1260'-1269' - 18 shots**

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
<b>NONE</b>	

33. PRODUCTION

DATE FIRST PRODUCTION **3-13-00** PRODUCTION METHOD (Flowing, gas lift, pumping--size and type of pump) **Pumping** WELL STATUS (Producing or shut-in) **Producing**

DATE OF TEST **2-16-00** HOURS TESTED **3** CHOKED SIZE **No Gas Test** PROD'N. FOR TEST PERIOD **7.5** OIL--BBL. **7.5** GAS--MCF. **---** WATER--BBL. **---** GAS-OIL RATIO **---**

FLOW. TUBING PRESS. **---** CASING PRESSURE **430#** CALCULATED 24-HOUR RATE **---** OIL--BBL. **60** GAS--MCF. **---** WATER--BBL. **---** OIL GRAVITY-API (CORR.) **36**

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) **Vented** TEST WITNESSED BY **Scott Roberts**

35. LIST OF ATTACHMENTS  
**Cement Bond Log - Gamma Ray/CCL Log Drilling History/Geologic Report**

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

SIGNED **Douglas A. Powell** TITLE **Manager** DATE **2-20-01**

\*(See Instructions and Spaces for Additional Data on Reverse Side)

**RECEIVED**

MAR 01 2001

Allin Proprietary/ David L. Allin-Consultant

AAPG Certified Petroleum Geologist 2934

660 North Columbus Street, Salt Lake City, UT, USA 84103-2117

Telephone: 801-521-0215 Facsimile: 801-535-0077 E-mail: allinpro@sina.com

## DRILLING HISTORY AND GEOLOGIC REPORT

## FALCON ENERGY

## POWELSON 1 FEDERAL

SESE Section 24, T20S, R23E, SLM

Grand County, Utah

January 22, 2000

1/17/00 1630 Drilled out from under surface casing in Mancos Shale to 250' in 4.25 hours of active drilling operations

1/18/00 1730 In Mancos Shale to 550' in 7 hours of active drilling operations

1/19/00 1455 4' Dakota Marker bentonite bed @ 756'

X 1515 3' coal bed @ 770'

1545 In Dakota Formation above Kd1 sandstone @ 800' in 5.25 hours of active drilling operations

1/20/00 0750 Circulated bottoms up including coal dust with no water. Igniter set at end of blooie line.

0810 825' connection in 20 minutes. No sample recovered but siltstone, sandstone and traces of coal were observed. Sample catcher set at end of blooie line. Connection gas show.

0825 Crossovers installed for pipe thread change.

0826 Began making water @ 826' @ top of Kd2 sandstone. Began rigging up for foam drilling.

0905 Lost circulation @ 840'. Surfactant injection increased to sweep hole.

0930 850' connection in 80 minutes. Sample recovered was mostly quartzitic sandstone. Connection gas show.

1000 875' conn. in 55 minutes. Sample recovered. Connection gas show.

1105 900' conn. in 65 minutes. Sample recovered. Connection gas show.

1115 First red shale @ 915'. In Cedar Mountain Formation.

1130 925' conn. in 25 minutes. Sample recovered. Connection gas show.

1150 Laid down drill pipe joint with crack near box.

1210 Lost circulation @ 940' coinciding with show of greenish-brown oil. X

1215 Reciprocated drill string once and started surfactant foam sweep.

1230 950' conn. in 60 minutes. Sample recovered. Connection gas show.

1310 975' conn. in 40 minutes. Sample recovered. Connection gas show.

1405 1000' conn. in 55 minutes. Sample recovered. Conn. gas stronger. X

1445 1025' conn. in 40 minutes. Sample recovered. Conn. gas weaker.

1455 Dark brown to black oil show began @ 1032'.

1520 1050' conn. in 35 minutes. Sample recovered. Conn. gas stronger. X

1545 Drilling rate slowed and circulation lost @ 1064'.

1550 Circulation returned slowly on increased surfactant foam sweeps showing black oil to 1070'. X

1600 Circulation lost @ 1070'.

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MAR 01 2001

DIVISION OF  
OIL, GAS AND MINING

- 1605 Regained circulation after sweep @ 1073'.
- 1620 ~~1075~~' conn. in 60 minutes. Sample recovered. Conn. gas weaker with ~~strong~~ greenish-brown oil show.
- 1630 Aux. compressor pressure relief valve tripped, blew ATF on ground and into air intakes. Rig motor killed.
- 1632 Gas flaring naturally to 3' from blooie line.
- 1645 Irregular circulation with oil shows @ 1087'.
- 1700 Reached 1100' with circulation lost, increased surfactant sweep and rig motor killed.
- 1715 Rig restarted, sweep worked to regain circulation and drilling stopped to condition hole.
- 1730 1100' conn. in 70 minutes. Sample recovered. Conn. gas stronger.
- 1800 Reached 1125' and stopped drilling to condition hole.
- 1810 1125' conn. in 40 minutes. Sample recovered. Gas flaring naturally to 5' from blooie line.
- 1910 1150' conn. in 60 minutes. Sample recovered. Oil show while conditioning hole prior to connection. Conn. gas strong on 3 minute (quick) connection break.
- 1925 Oil show @ 1160'. Reciprocated drill string 10' and back to bottom.
- 2000 Gas came in with 20' blown flare @ 1160'. Full lunar eclipse began.
- 2025 Gas flare blew out and oil show began @ 1170'.
- 2105 1175' conn. in 115 minutes. Sample recovered. Gas flaring naturally to 10' from blooie line. Lunar eclipse full.
- 2230 ~~1200~~' conn. in 85 minutes. Sample recovered. Brown oil show was continuous during last joint. Gas flaring naturally to 12' from blooie line.
- 2345 Circulation lost and regained several times with surfactant sweeps around 1218'.
- 1/21/00 0010 1225' conn. in 100 minutes. Sample recovered. Gas flaring naturally to 12' from blooie line.
- 0046 Gas increasing with oil show after hard streak @ 1235'
- 0110 Very slow drilling from 1239-40'
- 0140 Circulation minimal on this joint to 1248'. Surfactant sweeps increased to unload hole.
- 0155 Drill string sticking in hole @ 1249'. Drill string reciprocated several times to assist circulation and sweep efficiency. Cuttings all less than 1/8" and composed of hard, calcareous green shale.
- 0230 1250' conn. in 140 minutes. Sample recovered.
- 0242 Salt Wash topped @ 1260' and gas came in with 40' blown flare.
- 0335 1275' conn. in 65 minutes. Sample left in catcher. Gas flaring naturally to 20' from blooie line.
- 0400 Allin departed location while crew continued drilling for rat hole to insure that casing can be landed past Salt Wash pay zone.
- 0500? TD reached at 1289'

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>UTU-75894</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:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	8. WELL NAME and NUMBER: <b>Powelson 1</b>	
2. NAME OF OPERATOR: <b>Running Foxes Petroleum, Inc.</b>		9. API NUMBER: <b>4301931374</b>
3. ADDRESS OF OPERATOR: 7060 B South Tucson Way CITY Centennial STATE CO ZIP 80112	PHONE NUMBER: (720) 889-0510	10. FIELD AND POOL, OR WILDCAT: <b>Cisco Springs</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>501' FSL &amp; 501' FEL</b>  QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESE 24 20S 23E</b>		COUNTY: <b>Grand</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 type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start:  <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: <b>8-18-06</b>	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input checked="" type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input type="checkbox"/> OTHER: _____

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

This notice is to inform the State of Utah that Running Foxes Petroleum has plugged and abandoned the Powelson 1 well. Superior Well Services was used to cement the well from total depth to the surface as well as the surface casing annulus. They used 128 sacks of Class A cement on this particular well to plug it. A P&A marker is currently being welded on to mark its location with all pertinent well information on it. Jack Johnson of the BLM was present for this plugging.

Attached: Job Log & Service Ticket

NAME (PLEASE PRINT) <u>Neil D. Sharp</u>	TITLE <u>Geologist</u>
SIGNATURE	DATE <u>9-5-2006</u>

(This space for State use only)

**RECEIVED**  
**SEP 06 2006**





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: UTU-75894
2. NAME OF OPERATOR: Running Foxes Petroleum, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 7060 B South Tucson Way CITY Centennial STATE CO ZIP 80112		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 501' FSL & 501' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 24 20S 23E		8. WELL NAME and NUMBER: Powelson 1
		9. API NUMBER: 4301931374
		10. FIELD AND POOL, OR WLDCAT: Cisco Springs
		COUNTY: Grand
		STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> 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 checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

This notice is to inform the State of Utah that Running Foxes Petroleum intends to plug & abandon the above forementioned well. It's current total depth is 1,284 ft. All perforated intervals will be cemented at least 50 ft. from the top and bottom of the interval. The surface casing shoe and surface annulus will be cemented as well. A subsequent report will be submitted detailing the cement job performed on this well after its completion.

**THIS SUNDRY IS BEING RETURNED; Running Foxes, Inc. is not the recognized operator of record for this well.**

**Federal Approval of This Action is Necessary**

*Debra R. [Signature]*

December 1, 2006

Utah Division of Oil, Gas and Mining

NAME (PLEASE PRINT) <u>Neil D. Sharp</u>	TITLE <u>Geologist</u>
SIGNATURE <u><i>Neil D. Sharp</i></u>	DATE <u>08/10/2006</u>

(This space for State use only)

COPY SENT TO OPERATOR  
Date: 12/07/06  
Initials: CH

**RECEIVED**

AUG 11 2006

DIV. OF OIL, GAS & MINING

Division of Oil, Gas and Mining  
**OPERATOR CHANGE WORKSHEET**

**ROUTING**

- |        |
|--------|
| 1. DJJ |
| 2. CDW |

**X Change of Operator (Well Sold)**

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective: **5/15/2006**

<b>FROM:</b> (Old Operator): N6710-Falcon Energy, LLC 1137 19 Rd Fruita, CO 81521-9678 Phone: 1 (970) 858-8252	<b>TO:</b> ( New Operator): N2195-Running Foxes Petroleum, Inc. 7060 B S. Tucson Centennial, CO 80112 Phone: 1 (720) 377-0923
--	---

**CA No.** \_\_\_\_\_ **Unit:** \_\_\_\_\_

**OPERATOR CHANGES DOCUMENTATION**

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 12/7/2006
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 5/31/2006
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 6/6/2006
- Is the new operator registered in the State of Utah: YES Business Number: 6097088-0143
- (R649-9-2)Waste Management Plan has been received on: requested 12/18/06
- Inspections of LA PA state/fee well sites complete on: n/a
- Reports current for Production/Disposition & Sundries on: \_\_\_\_\_
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 6/19/2006 BIA
- Federal and Indian Units:**  
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**  
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

**DATA ENTRY:**

- Changes entered in the **Oil and Gas Database** on: 12/14/2006
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 12/14/2006
- Bond information entered in RBDMS on: n/a
- Fee/State wells attached to bond in RBDMS on: n/a
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: n/a

**BOND VERIFICATION:**

- Federal well(s) covered by Bond Number: UTB000207
- Indian well(s) covered by Bond Number: n/a
- (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number n/a
- a. The **FORMER** operator has requested a release of liability from their bond on: n/a  
The Division sent response by letter on: n/a

**LEASE INTEREST OWNER NOTIFICATION:**

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

**COMMENTS:**

Two wells remain in dispute regarding leases and were not moved - 4301930713 TXO Springs 9-1 and 4301931284 FZ 22-3

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER:
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:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Change of Operator</u>		7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: <u>Running Foxes Petroleum, Inc.</u> <span style="float: right;"><u>N2195</u></span>		8. WELL NAME and NUMBER:
3. ADDRESS OF OPERATOR: <u>7060 B South Tucson</u> CITY <u>Centennial</u> STATE <u>CO</u> ZIP <u>80112</u>	PHONE NUMBER: <u>(720) 377-0923</u>	9. API NUMBER:
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____		10. FIELD AND POOL, OR WILDCAT: COUNTY: <u>Grand</u> STATE: <u>UTAH</u>

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>May 15, 2006</u>	<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 checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

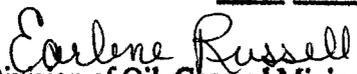
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

This is to inform the State of Utah that there will be a change of operator from Falcon Energy LLC to Running Foxes Petroleum, Inc. for the attached well list. The BLM issued bond number is UTB-000207 and the bond was accepted on May 15, 2006. All wells and leases are on Federal Land and all operations have been deemed as satisfactory at this point. If there are any questions or information needed please contact our office and all inquiries will be addressed.

NAME (PLEASE PRINT) <u>Neil D. Sharp</u>	TITLE <u>Geologist</u>
SIGNATURE 	DATE <u>05/23/06</u>

(This space for State use only)

**APPROVED** 12/14/2006

  
Earlene Russell  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

**RECEIVED**  
**MAY 31 2006**  
DIV. OF OIL, GAS & MINING

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

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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		5. LEASE DESIGNATION AND SERIAL NUMBER:
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
		7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <u>Change of Operator</u>		8. WELL NAME and NUMBER:
2. NAME OF OPERATOR: <b>Falcon Energy LLC</b>		9. API NUMBER:
3. ADDRESS OF OPERATOR: 1383 Bridal Path Court CITY <u>Fruita</u> STATE <u>CO</u> ZIP <u>81521</u>	PHONE NUMBER: <u>(970) 234-8095</u>	10. FIELD AND POOL, OR WILDCAT:
4. LOCATION OF WELL FOOTAGES AT SURFACE:  QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		COUNTY: <b>Grand</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: <u>5/15/2006</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 checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

This is to inform the State of Utah that there will be a change of operator from Falcon Energy LLC to Running Foxes Petroleum, Inc. for the attached well list. The BLM issued bond number is UTB-000207 and the bond was accepted on May 15, 2006. All wells and leases are on Federal Land and all operations have been deemed as satisfactory at this point. If there are any questions or information needed please contact our office and all inquiries will be addressed.

NAME (PLEASE PRINT) <u>Wayne Stant</u>	TITLE <u>Manager</u>
SIGNATURE <u>Wayne O Stant</u>	DATE <u>11-14-06</u>

(This space for State use only)

**APPROVED** 12/14/2006  
*Earlene Russell*  
Division of Oil, Gas and Mining  
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

**RECEIVED**  
**DEC 07 2006**

DIV. OF OIL, GAS & MINING

FALCON ENERGY LLC (N6710) TO RUNNING FOXES PETROLEUM, INC (N2195)

well_name	sec	twp	rng	api	entity	lease	well	stat	qtr_qtr	l_num	op no
CHASE GROSSMAN 1	31	190S	240E	4301915014	8174	Federal	GW	S	SENE	UTU-012362B	N6710
SWANSON FEDERAL UTI 31-72	31	200S	240E	4301915771	9653	Federal	GW	S	NENE	UTU-011879A	N6710
FEDERAL 30-88X	30	200S	240E	4301930006	9659	Federal	GW	S	SESE	UTU-027403	N6710
FEDERAL 1-355	09	200S	230E	4301930115	240	Federal	OW	P	SENE	UTU-6355B	N6710
FEDERAL 3-355	09	200S	230E	4301930123	10947	Federal	GW	S	NENE	UTU-6355B	N6710
THOMAS FED 8	13	200S	230E	4301930148	565	Federal	GW	S	NESE	UTU-7623	N6710
ROBERT S WEST WK 1	01	210S	230E	4301930266	566	Federal	OW	P	SWSW	UTU-17309	N6710
WK 3	01	210S	230E	4301930267	566	Federal	OW	S	SWNW	UTU-17309	N6710
WK 2	01	210S	230E	4301930270	566	Federal	GW	S	SWSE	UTU-17309	N6710
W-KOLMAN FED 1-14	01	210S	230E	4301930299	566	Federal	OW	S	SWNE	UTU-17309	N6710
JACOBS 1	13	200S	230E	4301930378	567	Federal	GW	P	SWSW	UTU-7945	N6710
CISCO 3	27	200S	230E	4301930404	4500	Federal	GW	S	NENW	UTU-17245A	N6710
WK 1-13	01	210S	230E	4301930420	566	Federal	OW	S	SESW	UTU-17309	N6710
FED CISCO 1	27	200S	230E	4301930456	4500	Federal	GW	S	SENE	UTU-17245A	N6710
FEDERAL LANSDALE 3	29	200S	240E	4301930458	9185	Federal	OW	P	SWNE	UTU-7218	N6710
CISCO FEDERAL 1	10	210S	230E	4301930475	8171	Federal	GW	P	SWSE	UTU-30956A	N6710
JACOBS FED 1-25	25	200S	230E	4301930486	568	Federal	OW	P	SENW	UTU-7623	N6710
FEDERAL 24-1	24	200S	230E	4301930510	569	Federal	GW	S	SESW	UTU-7623	N6710
PETRO FED 15-3	15	210S	230E	4301930523	8212	Federal	GW	S	SENE	UTU-75141	N6710
PETRO 15-5-80A	15	210S	230E	4301930611	2241	Federal	GW	P	NWNE	UTU-75141	N6710
CP 1-4	01	210S	230E	4301930671	566	Federal	OW	P	SESW	UTU-17309	N6710
CP 1-5	01	210S	230E	4301930674	566	Federal	GW	PA	SESW	UTU-17309	N6710
FEDERAL 2-037	03	200S	230E	4301930864	250	Federal	OW	P	SESW	UTU-19037	N6710
KATHY 1	24	200S	230E	4301930906	8183	Federal	GW	S	NWSE	UTU-15049	N6710
HOPE 2	24	200S	230E	4301930907	640	Federal	OW	S	NWNE	UTU-17610	N6710
NICOL 1	24	200S	230E	4301930908	8184	Federal	GW	S	SWSE	UTU-75894	N6710
HOPE 4	24	200S	230E	4301930909	11170	Federal	GW	S	NENE	UTU-17610	N6710
FEDERAL 3-037	03	200S	230E	4301930992	13039	Federal	OW	S	SESW	UTU-19037	N6710
FED PIONEER 2A	13	200S	230E	4301930993	10976	Federal	GW	P	SESW	UTU-0148171B	N6710
FEDERAL 7-037	03	200S	230E	4301931015	250	Federal	OW	S	SWSE	UTU-19037	N6710
MARTHA 1	30	200S	240E	4301931024	9655	Federal	GW	S	NWNW	UTU-027403	N6710
CISCO SS 15-8	15	200S	230E	4301931052	2285	Federal	OW	S	NWSE	UTU-64270	N6710
CISCO SPRINGS B 1	15	200S	230E	4301931065	6683	Federal	OW	S	NESE	UTU-62845	N6710
CISCO SPRINGS A 1	09	200S	230E	4301931076	6682	Federal	GW	S	NWNE	UTU-62845	N6710
CISCO SPRINGS B 2	15	200S	230E	4301931115	6684	Federal	GW	S	NESE	UTU-62845	N6710
MUSTANG 3-1	03	200S	230E	4301931128	9860	Federal	GW	S	SWSW	UTU-6791	N6710
CISCO SPRINGS 24-3	24	200S	230E	4301931179	571	Federal	GW	PA	NESW	UTU-7623	N6710
THOMAS 2A	13	200S	230E	4301931182	572	Federal	GW	S	SWSE	UTU-7623	N6710
MARTHA 4	30	200S	240E	4301931212	9655	Federal	GW	P	SWNW	UTU-027403	N6710
M P D 9-2	09	210S	230E	4301931216	9801	Federal	GW	S	NESE	UTU-30956	N6710
LEN 13-3	13	200S	230E	4301931217	572	Federal	GW	S	SESE	UTU-7623	N6710
LEN 24-4	24	200S	230E	4301931223	573	Federal	GW	S	NWSW	UTU-7623	N6710
ROBIN G NO 24-1	24	200S	230E	4301931255	10837	Federal	GW	P	SENW	UTU-58207	N6710
ROBIN G 24-4	24	200S	230E	4301931261	10963	Federal	GW	S	SENW	UTU-58207	N6710
FEDERAL 1-355A	09	200S	230E	4301931265	10941	Federal	GW	P	SENE	UTU-6355B	N6710
MPD 10-2C	10	210S	230E	4301931276	9801	Federal	OW	P	NWSW	UTU-30956	N6710
MPD 15-2	15	210S	230E	4301931277	11003	Federal	GW	S	SENW	UTU-0148172	N6710
MPD 9-2B	09	210S	230E	4301931281	9801	Federal	GW	S	NWSE	UTU-30956	N6710
M6-130	24	200S	230E	4301931346	12343	Federal	OW	P	SENW	UTU-58207	N6710
POWELSON 1	24	200S	230E	4301931374	12893	Federal	OW	PA	SESE	UTU-75984	N6710
STOUT 2	24	200S	230E	4301931375	12894	Federal	OW	S	NESE	UTU-75984	N6710
ROBERTS 1	24	200S	230E	4301931376	12895	Federal	GW	P	SESE	UTU-75894	N6710

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. UTU 75894
2. Name of Operator RUNNING FOXES PETROLEUM, INC.		6. If Indian, Allottee or Tribe Name
3a. Address 7060 B SO. TUCSON WAY CENTENNIAL, CO. 80112	3b. Phone No. (include area code) 303-617-7242	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SE SE    SEC. 24 T20S - R23E		8. Well Name and No. Powelson #1
		9. API Well No. 43019 - 31374
		10. Field and Pool, or Exploratory Area CISCO SPRINGS
		11. County or Parish, State GRAND COUNTY, UTAH

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

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

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

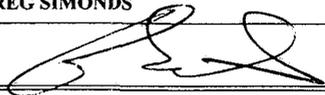
RUNNING FOXES PETROLEUM, INC. IS TAKING OVER OPERATIONS OF THE ABOVE CAPTIONED WELL(S).

RUNNING FOXES PETROLEUM, INC. IS RESPONSIBLE UNDER THE TERMS AND CONDITIONS OF THE LEASE FOR OPERATIONS CONDUCTED ON THE LEASED LANDS OR PORTIONS THEREOF.

BOND COVERAGE FOR THIS WELL SILL BE PROVIDED BY BLM BOND NO. UTB000207.

EFFECTIVE DATE: 5/15/2006

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

Name (Printed/Typed) GREG SIMONDS	Title V.P. OPERATIONS
Signature 	Date 05/30/2006

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by <b>ACCEPTED</b>	Division of Resources Moab Field Office	Date 6/12/06
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office		

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

(Instructions on page 2)

**RECEIVED**  
JUN 19 2006  
CONDITIONS OF APPROVAL ATTACHED  
DIV. OF OIL, GAS & MINING

Running Foxes Petroleum, Inc.  
Well Nos. Nicol 1, Powelson 1, Roberts 1-2, Stout 2  
Section 24, T20S, R23E  
Lease UTU75894  
Grand County, Utah

CONDITIONS OF ACCEPTANCE

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

Be advised that Running Foxes Petroleum, Inc. is considered to be the operator of the above wells effective May 15, 2006, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for these wells is provided by UTB000207 (Principal – Running Foxes Petroleum, Inc.) via surety consent as provided for in 43 CFR 3104.2.

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