

**MUST SPUD BEFORE
OCTOBER 31, 2004
TO SAVE LEASE**

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-46759	
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
8. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: MSC EXPLORATION L. P. 16800 IMPERIAL VALLEY DR., SUITE 380		8. WELL NAME and NUMBER: NORTH THOMPSON 2-1	
3. ADDRESS OF OPERATOR: CITY HOUSTON STATE TX ZIP 77060		PHONE NUMBER: (281) 931-8933	9. FIELD AND POOL, OR WILDCAT: WILDCAT
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1900 FSL & 615 FWL 614069X 39.01212 AT PROPOSED PRODUCING ZONE: SAME 4318739Y -109.68251		10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E S	
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 3 AIR MILES NNE OF THOMPSON SPRINGS		11. COUNTY: GRAND	12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 615	15. NUMBER OF ACRES IN LEASE: 389	16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) N/A	18. PROPOSED DEPTH: 8,700	19. BOND DESCRIPTION: SINGLE (to be submitted)	
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,762 GL	21. APPROXIMATE DATE WORK WILL START: 10/25/2004	22. ESTIMATED DURATION: 5 WEEKS (to drill & complete)	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4	8-5/8	J-55	24	500	CLASS A	315 SX	1.18	14.5
7-7/8	5-1/2	N-80	17	8,700	BLEND	215 SX	3.82	11.0
					50/50 POZ	215 SX	1.26	14.4

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24. 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"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) BRIAN WOOD PHONE: (505) 466-8120 TITLE CONSULTANT FAX: (505) 466-9682
 SIGNATURE *Brian Wood* DATE 9/23/2004

(This space for State use only)

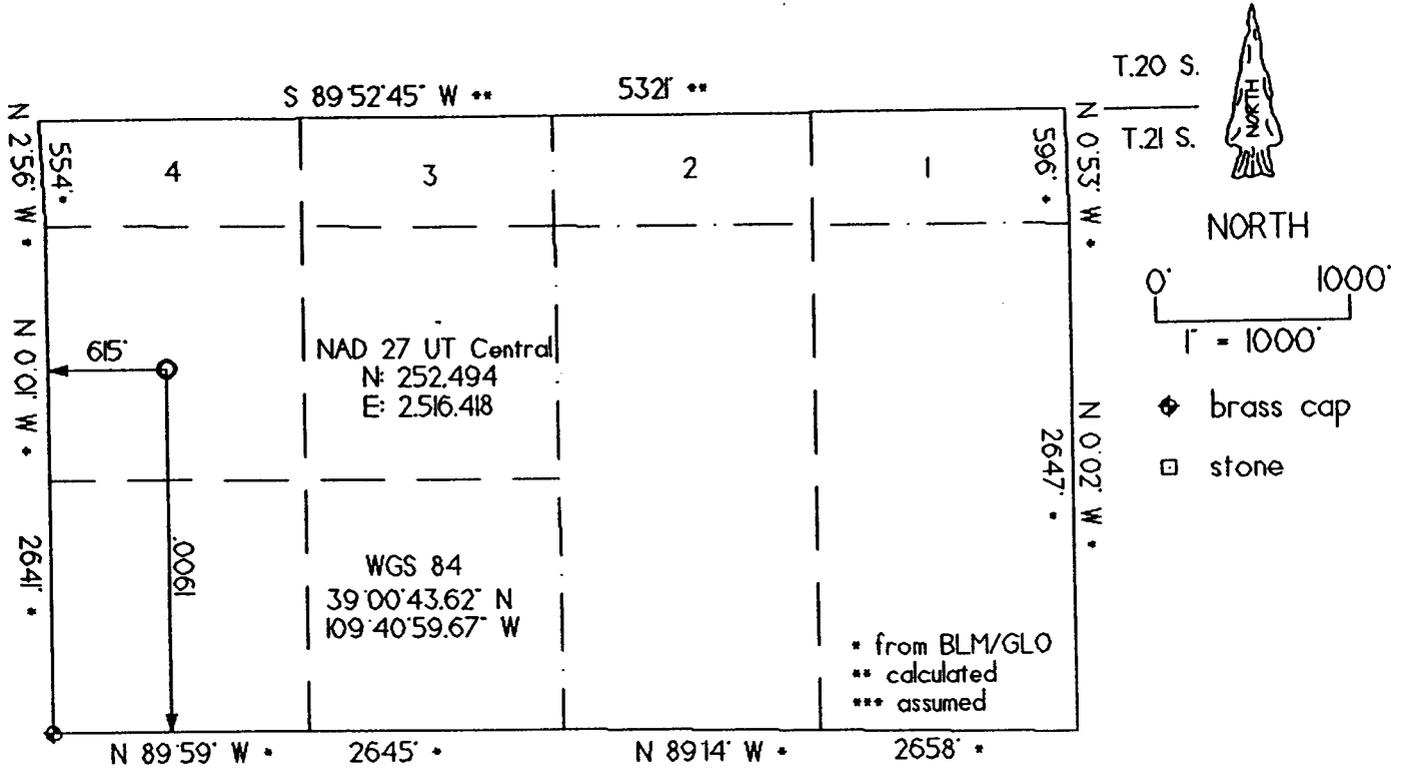
API NUMBER ASSIGNED: 43019-31412

APPROVAL:

**RECEIVED
SEP 24 2004**

DIV. OF OIL, GAS & MINING

Well Location Plat



Well Location Description

MSC EXPLORATION, L.P.
North Thompson 2-1
 1900' FSL & 615' FWL
 Section 2, T.21 S., R.20 E., SLM
 Grand County, UT
 5762' grd. el. (from GPS)



09/10/04

Gerald G. Huddleston
 Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

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NAME (PLEASE PRINT) BRIAN WOOD PHONE: (505) 466-8120 TITLE CONSULTANT FAX: (505) 466-9682
 SIGNATURE *Brian Wood* DATE 9/23/2004

(This space for State use only)

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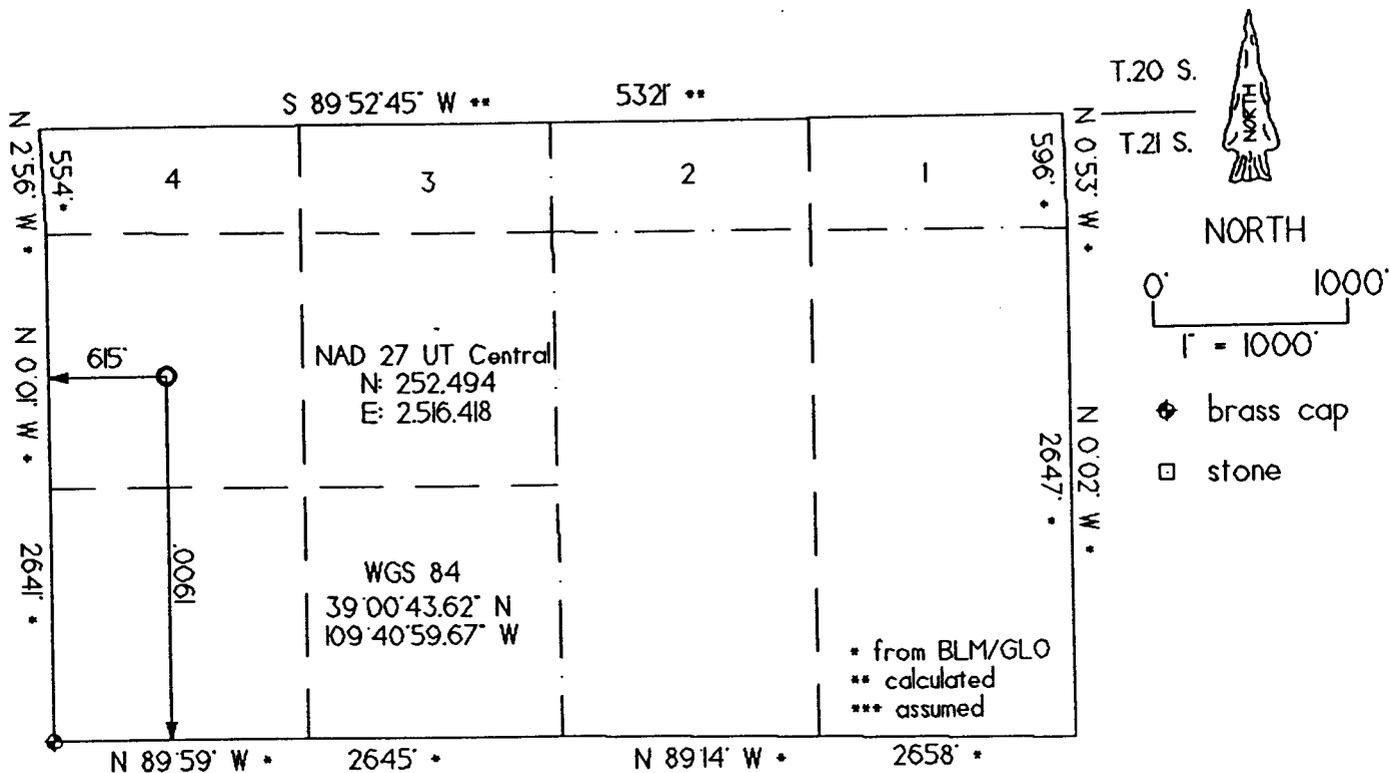
**Approved by the
Utah Division of
Oil, Gas and Mining**

APPROVAL
Date: 10-25-04
By: *[Signature]*

**RECEIVED
SEP 24 2004**

DIV. OF OIL, GAS & MINING

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09/10/04

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MSC Exploration L. P.
 North Thompson 2-1
 1900' FSL & 615' FWL
 Sec. 2, T. 21 S., R. 20 E.
 Grand County, Utah

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Drilling Program

<u>1. Formation Name</u>	<u>Depth from GL</u>	<u>Depth from KB</u>	<u>Elevation</u>
Mesa Verde Sandstone	0'	12'	+5,762'
Mancos Shale	362'	374'	+5,400'
Dakota Sandstone	3,262'	3,274'	+2,500'
Morrison	3,362'	3,372'	+2,400'
Kayenta	4,820'	4,832'	+942'
Wingate	5,280'	5,292'	+482'
White Rim	6,380'	6,392'	-618'
Base White Rim	6,570'	6,582'	-788'
Total Depth	8,700'	8,712'	-2,938'

(All depths are based on an ungraded ground level of 5,762')

2. NOTABLE ZONES

Dakota sandstone and Glen Canyon group of sandstones are the goals.

3. PRESSURE CONTROL (Also see "5." on PAGE 2)

A 3,000 psi BOP and choke manifold will be used from the bottom of the surface casing to TD. (A typical 3,000 psi BOP system is on Page 3. Actual model will not be known until the bid is let.) BOP Equipment and the 8 5/8 casing will be pressure tested to rated pressures prior to drilling out of the 8 5/8" surface casing. BOP rams will be function tested on trips and the stack will be pressure tested every 30 days if necessary. Tests will be recorded in the driller's log. BOPs will be inspected and operated daily to assure good mechanical working order.

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4. CASING & CEMENTING

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth</u>
12-1/4"	8-5/8"	24	J-55	S T & C	New	500'
7-7/8"	5-1/2"	17	N-80	L T & C	New	8,700'

All tubular goods will be new or inspected to premium specifications. Casing strings will be pressure tested to 0.22 psi/ft of casing string length or to 1,500 psi whichever is greater (not to exceed 70% of the internal yield strength of the casing), after cementing and prior to drilling out from under the casing shoe. Surface casing shoe will be set in a competent formation. A pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.

Surface casing will be cemented to the surface with 370 cubic feet (\approx 315 sacks or >75% excess) Type 1 Class A cement (weight = 14.5 pounds per gallon & yield 1.18 cubic feet per sack).

Production casing will be cemented to \approx 2,700' or at least 200' above top of Dakota with 25% excess. Lead cement will consist of \approx 215 sacks Blend weight (weight = 11.0 pounds per gallon & yield = 3.82 cubic feet per sack). Tail with \approx 215 sacks 50/50 poz (weight = 14.4 pounds per gallon & yield 1.26 cubic feet per sack). Wait on cement, set slips with casing in full tension. Actual volumes to be determined after reviewing logs and shows. All potentially productive zones will be covered with cement.

5. MUD PROGRAM

Will drill from surface to \approx 2,800' with air and/or fresh water mud system. Will drill from \approx 2,800' to TD with aerated LSND.

MSC Exploration L. P.
North Thompson 2-1
1900' FSL & 615' FWL
Sec. 2, T. 21 S., R. 20 E.
Grand County, Utah

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6. DATA GATHERING

May cut cores or may run drill stem tests depending on shows. Two mud loggers will be on site from $\approx 500'$ to TD and will collect samples every 10'. They will have FID and chromatograph unit. Will run following log suites:

GR/Dual Induction - SFL
GR/Bore Hole Compensated Sonic
GR/Neutron Density

7. DOWN HOLE CONDITIONS

Maximum anticipated bottom hole pressure is $\approx 3,775$ psi. No hydrogen sulfide, abnormal pressures, nor abnormal temperatures are expected.

8. MISCELLANEOUS

Projected spud date is October 25, 2004. It will take ≈ 3 weeks to drill the well and ≈ 2 weeks to complete the well.

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Grand County, Utah

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Surface Use Plan

1. EXISTING ROADS & DIRECTIONS (See PAGES 9 - 10)

From the Thompson Springs Exit (#185) on I-70 ...
Go North 4.7 mi. on paved U-94/County Road 159 through Thompson Springs
(pavement ends at cattle guard after 4.3 miles)
Then turn right and go E 0.2 miles on County Road 332/Sego Canyon Road
After passing a cemetery and crossing a cattle guard
Bear right and go SE 2.1 miles on County Road 332/Sagers Canyon Road
Then turn left and go W \approx 10' to the well

2. ROAD TO BE BUILT (See PAGES 11 & 12)

Upgrading will be needed on final 2.1 miles of road. Vertical curves will be reduced by cutting hilltops or installing culverts. A gate or cattle guard will be installed if the downed fence is repaired on the Section 33 & 34 line.

The last \approx 10' of road will be built with a \geq 14' wide running surface. Maximum grade = 10%. Maximum cut or fill = 5'. An 18" x 40' culvert will be installed at the entrance to the pad.

3. EXISTING WELLS

There are no existing water, injection, disposal, oil, or gas wells within a mile.

4. PROPOSED PRODUCTION FACILITIES

A tank battery, separator, and pump will be installed on the pad. All surface

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equipment will be painted a flat juniper green color. A pipeline, if needed, will be planned and applied for later if production results.

5. WATER SUPPLY

Water will be trucked from the Thompson Special Service District (right #92-180) in Thompson Springs.

6. CONSTRUCTION MATERIALS & METHODS (See PAGES 11 & 12)

Topsoil and brush will be stripped and stockpiled north of the pad. Pit subsoil will be piled south of the pad. A diversion ditch will be cut south of the pad. The reserve pit will be lined with minimum 12 mil plastic.

7. WASTE DISPOSAL

The reserve pit will be fenced 4' high on 3 sides with 4 strands of barbed wire or woven wire topped with barbed wire. The fourth side will be fenced once the rig moves off hole. The fence will be kept in good repair while the pit dries.

All trash will be placed in a trash cage. When full, it will be hauled to a state approved landfill. There will be no trash burning or disposal of trash in the reserve pit. Chemical toilets will be used for human waste. Their contents will be disposed of in state approved facilities.

No oil will be allowed on the reserve pit. Any oil which accumulates on the pit will be pumped or skimmed off and hauled to a state approved recycle facility. Once dry, the reserve pit contents will be buried in place. The pit will be back filled sufficiently deep so no liner is exposed.

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8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Camper trailers will be on site for the company man, roughnecks, mud logger, tool pusher, etc.

9. WELL SITE LAYOUT

See PAGES 11 & 12 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation.

10. RECLAMATION

After completing drilling, the well site and immediate area will be cleared of all debris and material not needed for production.

Reclamation will start when the reserve pit is dry. At least 2' of cover will be placed on the reserve pit. All areas not needed for production will be back filled, contoured to match natural contours, and reserved topsoil and brush evenly spread. If the well is a producer, then enough topsoil will be kept aside to reclaim the rest of the pad. Disturbed areas will be ripped, harrowed, or scarified before seeding.

All reclaimed areas will be broadcast seeded as specified by the surface owner. Seeded areas will be left rough and lightly harrowed or drug with a chain after seeding.

11. SURFACE OWNER

All construction is on private land. Surface owner is LeGrande Bair Ranch

MSC Exploration L. P.
North Thompson 2-1
1900' FSL & 615' FWL
Sec. 2, T. 21 S., R. 20 E.
Grand County, Utah

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Company, 1130 North 1200 West, Monroe, UT 84754.

12. OTHER INFORMATION

Closest first aid is the Green River Medical Center at 305 West Main in Green River, Utah. Its phone number is (435) 564-3434. It is a 3/4 hour drive.

Montgomery Archaeological Consultants submitted report MOAC 04-233 on September 15, 2004.

13. REPRESENTATION

Anyone having questions concerning the APD should contact:

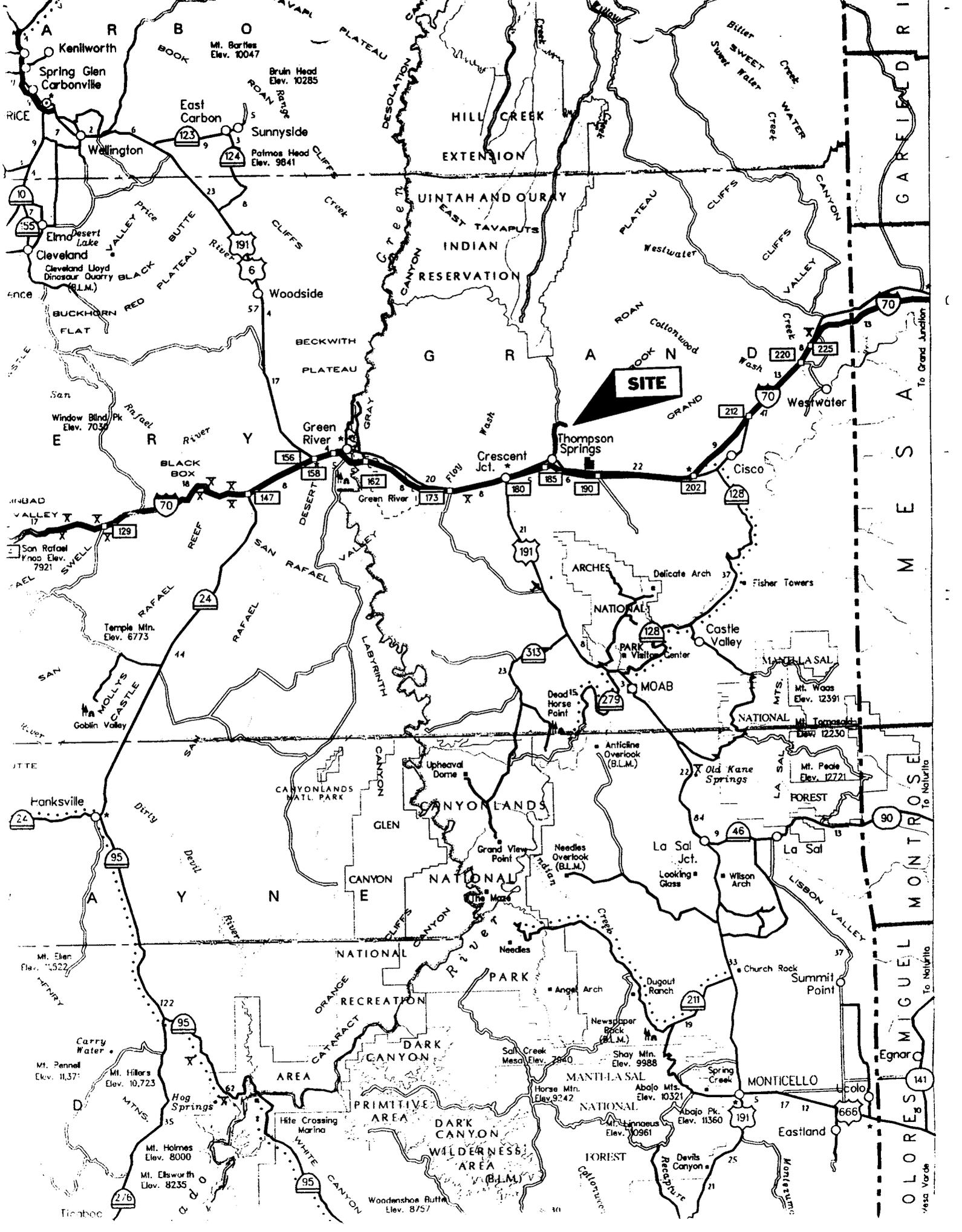
Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508
(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

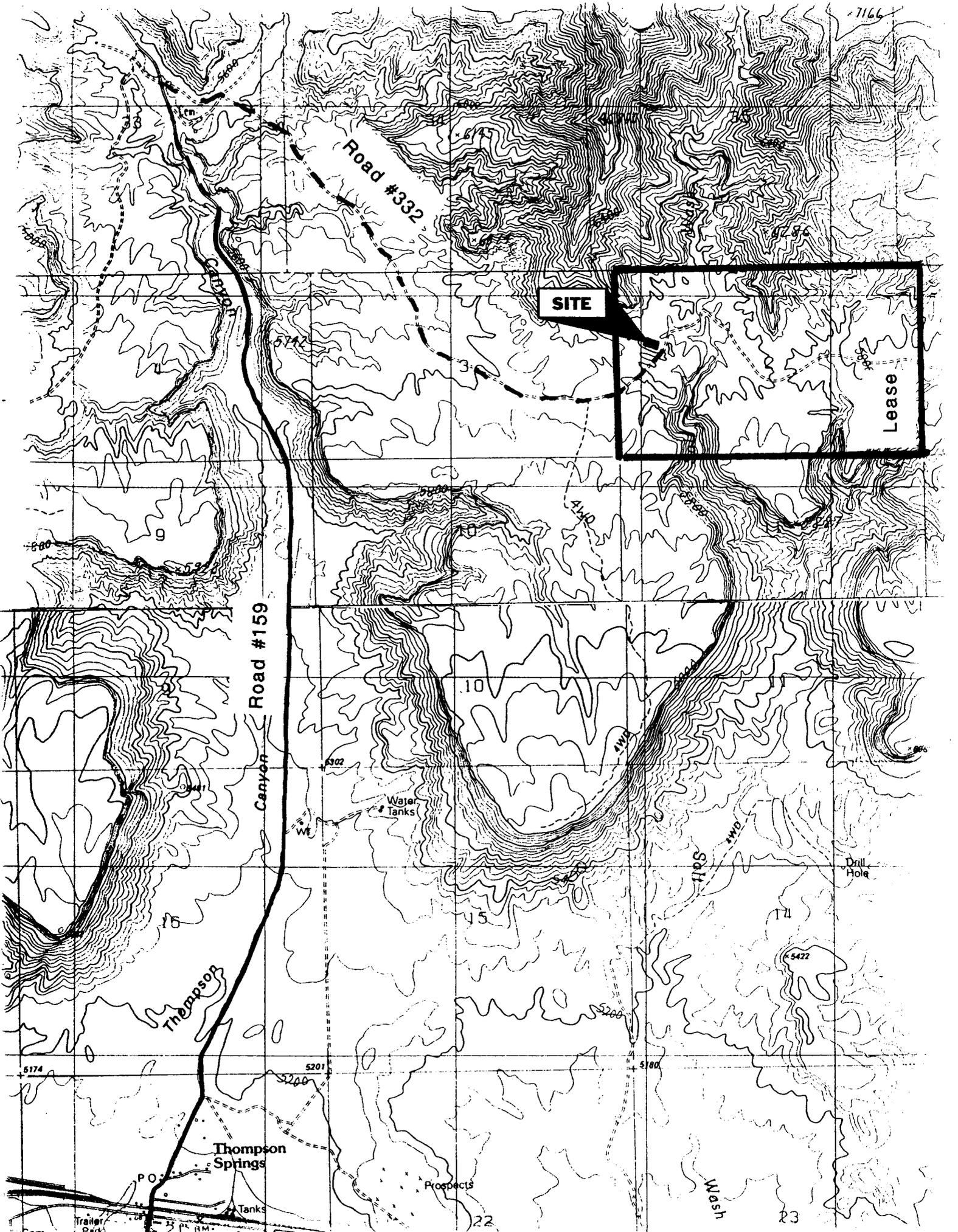
The operator's contact is:

Lynn Faust or Jack Stanley
MSC Exploration L. P.
16800 Imperial Valley Dr., Suite 380
Houston, TX 77060
(281) 931-8933 FAX (281) 931-8655 Mobile: (832) 434-9900

The field representative is:

Galan Williams
PPI Technology Services
800 Gesser St., Suite 900
Houston, TX 77024
(713) 463-2361 FAX (866) 591-4997 Mobile: (713) 705-0765





SITE

Lease

Canyon Road #159

Road #332

Thompson

Thompson Springs

Water Tanks

Drill Hole

Wash

Prospects

Trailer Park

P.O.

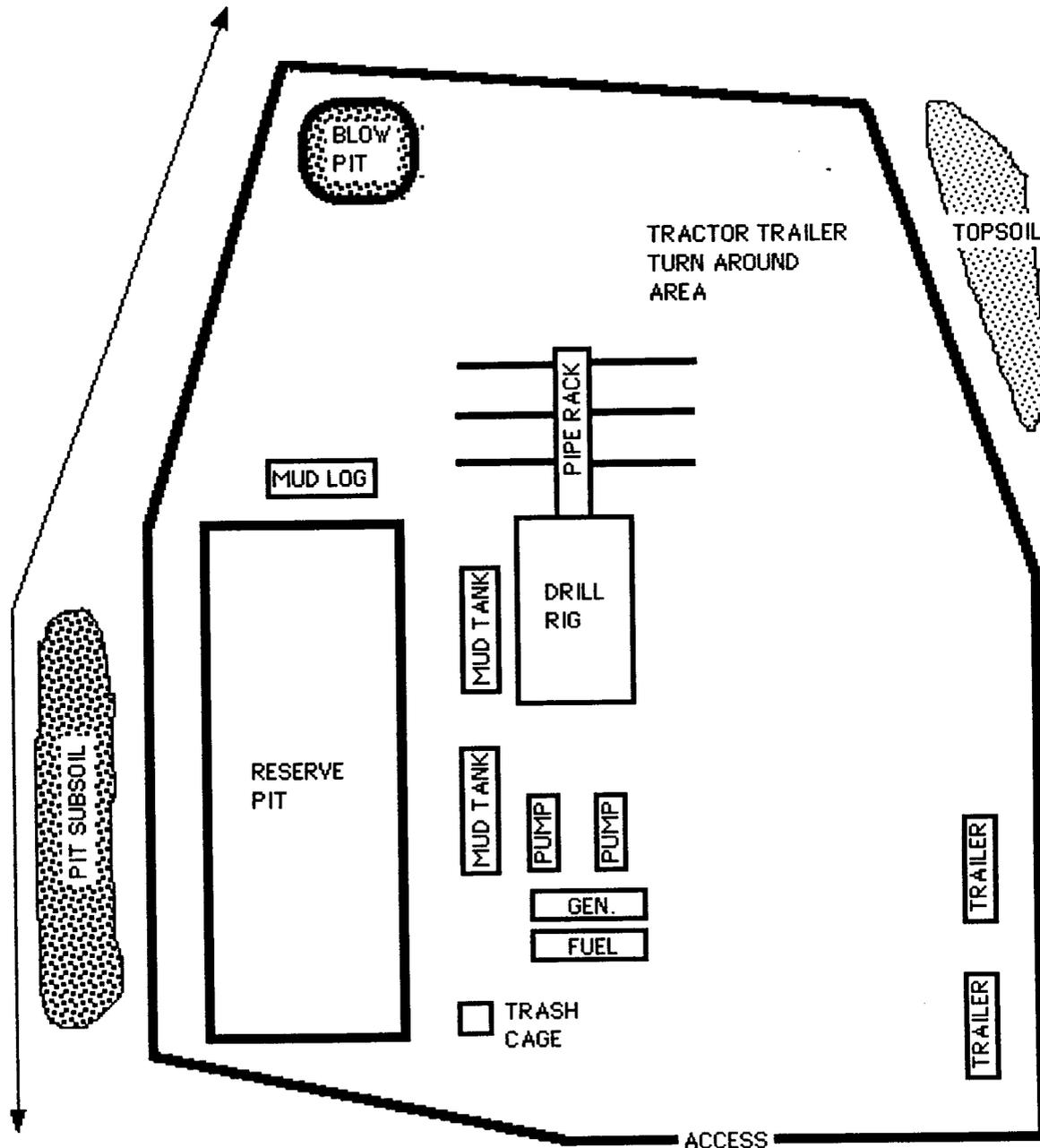
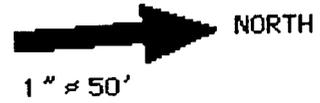
Tanks

22

23

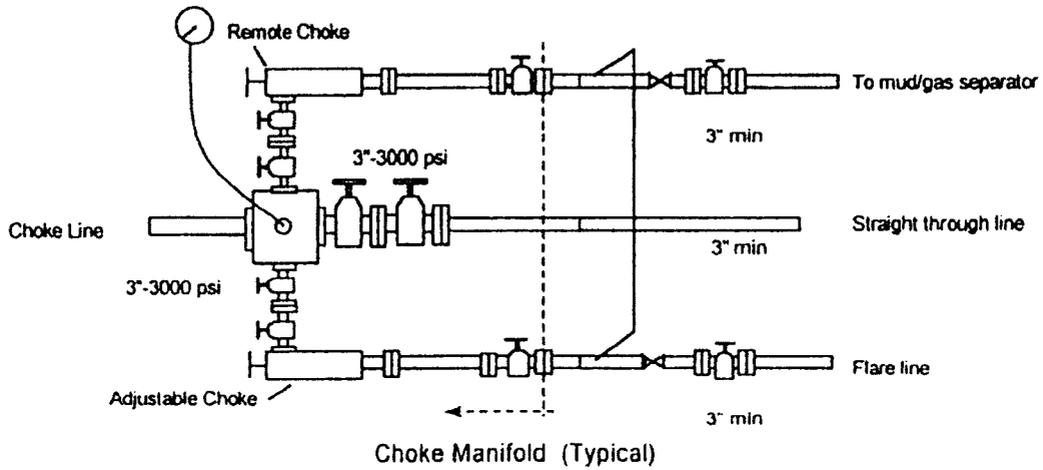
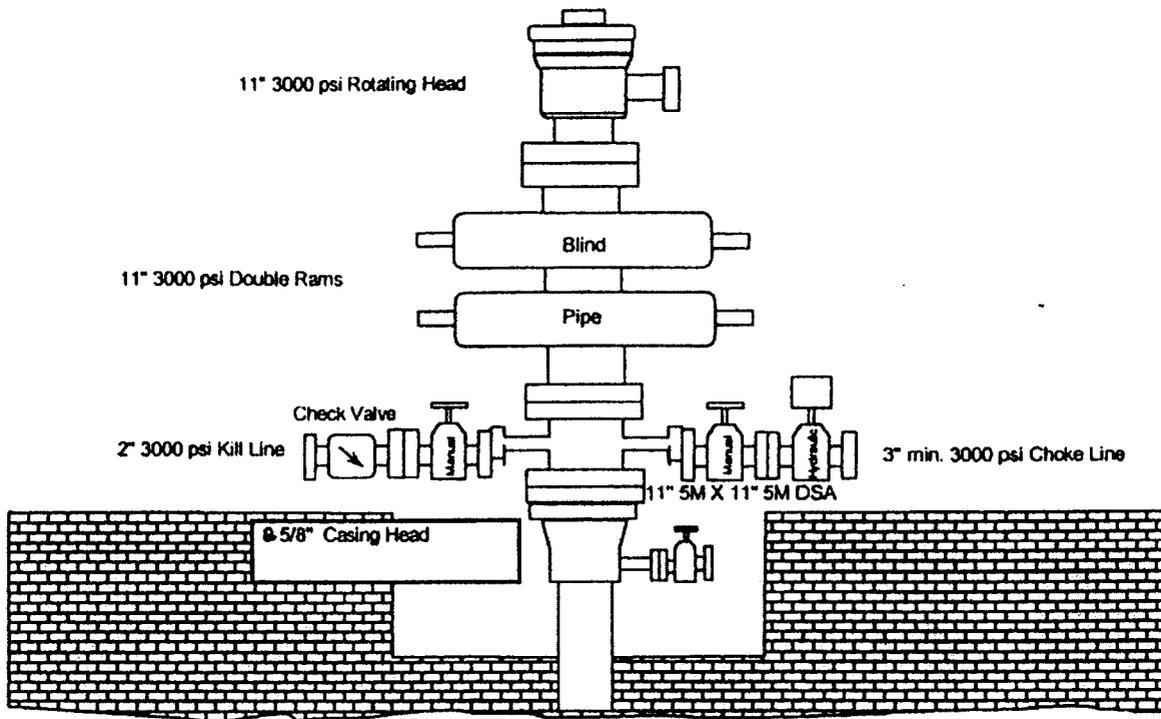
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Grand County, Utah

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INSTALL 18" X 40' CULVERT 

BOPE Diagram 3000 psi WP



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 09/24/2004

API NO. ASSIGNED: 43-019-31412

WELL NAME: N THOMPSON 2-1
OPERATOR: MSC EXPLORATION, LP (N2595)
CONTACT: BRIAN WOOD

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

NWSW 02 210S 200E
SURFACE: 1900 FSL 0615 FWL
BOTTOM: 1900 FSL 0615 FWL
GRAND
WILDCAT (1)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	10/21/04
Geology		
Surface		

LEASE TYPE: 3 - State
LEASE NUMBER: ML-46759
SURFACE OWNER: 4 - Fee
PROPOSED FORMATION: WINGT
COALBED METHANE WELL? NO

LATITUDE: 39.01212
LONGITUDE: -109.6825

RECEIVED AND/OR REVIEWED:

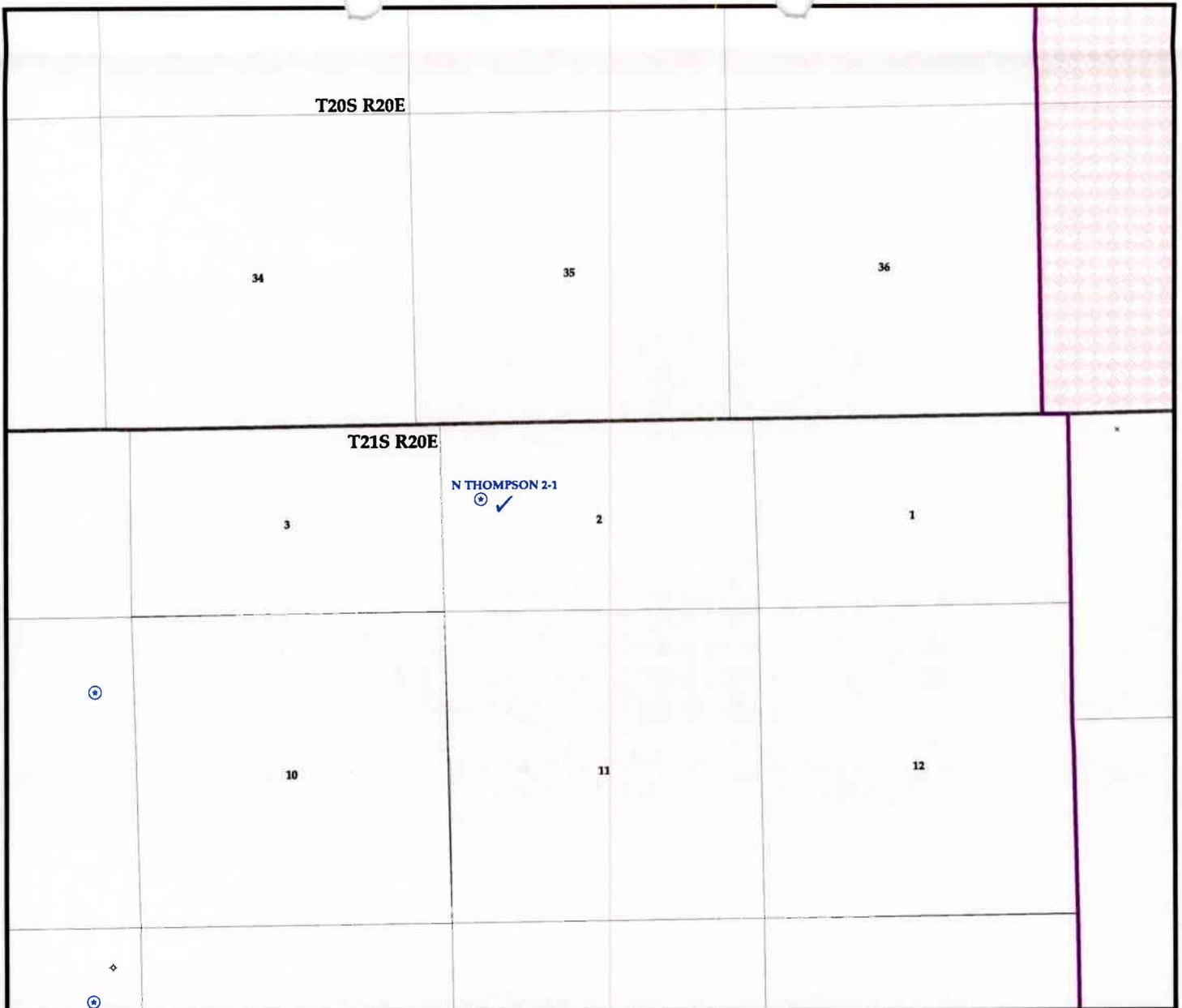
- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 6801331296)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 92-180)
- RDCC Review (Y/N)
(Date: 10/15/2004)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

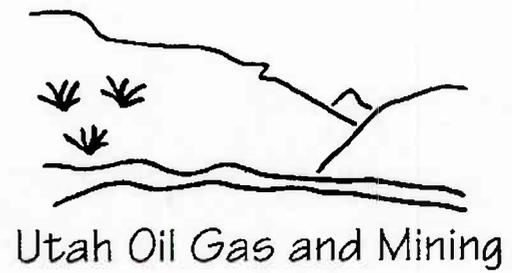
- R649-2-3.
- Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (10-08-04)

STIPULATIONS: 1- Spacing Strip
2- 5 1/2" prod. csg. cont. should be brought back to ±3000' min. to isolate Dakota Fm.
3- STATEMENT OF BASIS
4- RDCC



OPERATOR: MSC EXPL LP (N2595)
SEC. 2 T.21S R.20E
FIELD: WILDCAT (001)
COUNTY: GRAND
SPACING: R649-3-2 / GENERAL SITING

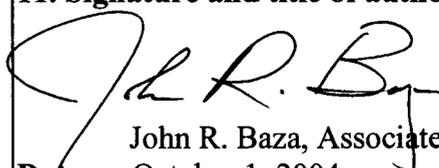


Wells	Units.shp	Fields.shp
♠ GAS INJECTION	□ EXPLORATORY	□ ABANDONED
◊ GAS STORAGE	□ GAS STORAGE	□ ACTIVE
× LOCATION ABANDONED	□ NF PP OIL	□ COMBINED
⊕ NEW LOCATION	□ NF SECONDARY	□ INACTIVE
⊖ PLUGGED & ABANDONED	□ PENDING	□ PROPOSED
⋄ PRODUCING GAS	□ PI OIL	□ STORAGE
● PRODUCING OIL	□ PP GAS	□ TERMINATED
⊖ SHUT-IN GAS	□ PP GEOTHERML	
⊖ SHUT-IN OIL	□ PP OIL	
× TEMP. ABANDONED	□ SECONDARY	
○ TEST WELL	□ TERMINATED	
♠ WATER INJECTION		
♠ WATER SUPPLY		
♠ WATER DISPOSAL		



PREPARED BY: DIANA WHITNEY
 DATE: 30-SEPTEMBER-2004

STATE ACTIONS
Resource Development Coordinating Committee
Governor's Office of Planning and Budget
5110 State Office Building
SLC, UT 84114
Phone No. 537-9230

1. State Agency Oil, Gas and Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801	2. Approximate date project will start: Upon Approval or October 25, 2004
3. Title of proposed action: Application for Permit to Drill	
4. Description of Project: MSC Exploration proposes to drill the North Thompson 2-1 well (wildcat) on a State lease ML-46759, Grand County, Utah. This action is being presented to the RDCC for consideration of resource issues affecting state interests. The Division of Oil, Gas and Mining is the primary administrative agency in this action and must issue approval before operations commence.	
5. Location and detailed map of land affected (site location map required, electronic GIS map preferred) (include UTM coordinates where possible) (indicate county) 1900' FSL 615' FWL, NW/4 SW/4, Section 2, Township 21 South, Range 20 East, Grand County, Utah	
6. Possible significant impacts likely to occur: Surface impacts include up to five acres of surface disturbance during the drilling and completion phase (estimated for five weeks duration). If oil and gas in commercial quantities is discovered, the location will be reclaimed back to a net disturbance of between one and two acres – not including road, pipeline, or utility infrastructure. If no oil or gas is discovered, the location will be completely reclaimed.	
7. Identify local government affected a. Has the government been contacted? No. b. When? c. What was the response? d. If no response, how is the local government(s) likely to be impacted?	
8. For acquisitions of land or interests in land by DWR or State Parks please identify state representative and state senator for the project area. Name and phone number of state representative, state senator near project site, if applicable: a. Has the representative and senator been contacted? N/A	
9. Areawide clearinghouse(s) receiving state action: (to be sent out by agency in block 1) Southeastern Utah Association of Governments	
10. For further information, contact: Diana Whitney Phone: (801) 538-5312	11. Signature and title of authorized officer  John R. Baza, Associate Director Date: October 1, 2004

From: Kimm Harty
To: Whitney, Diana
Date: 10/6/2004 8:54:30 AM
Subject: Fwd: Re: UGS RDCC Comments item 4562

Diana, I'm told this comment should go to you. Kimm Harty

>>> Carolyn Wright 10/06/04 08:47AM >>>
Item 4562 should be going to DOGM Diana Whitney, not Karl

>>> Kimm Harty 10/6/2004 8:11:16 AM >>>
Karl - Here are UGS comments on RDCC short turnaround item 4562. The comments are from our paleontological staff. Contact us if you have any questions. Kimm

Comments:
4562. Division of Forestry, Fire and State Lands, Short Turn Around Project: Drilling Permit
Sec. 2, T21S, R20E, Grand County
Application for Permit to Drill - proposal to drill the North Thompson 2-1 wildcat on a State lease ML-46579

Although there are no paleontological localities recorded in our files for this project area, the Late Cretaceous Mesaverde Group including the Blackhawk and Neslen Formations that are exposed here, have the potential for the discovery of significant vertebrate paleontological localities. The office of the State Paleontologist therefore recommends that a paleontological evaluation be conducted for this project to mitigate any potential impacts to paleontological resources.

CC: Karl Kappe; Pam Grubaugh-Littig

003

From: Ed Bonner
To: Whitney, Diana
Date: 10/7/2004 3:06:34 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

MSC Exploration LP
State MSC 35-2
North Thompson 2-1

Medallion Exploration
Atchee Ridge 16-19 #1

QEP Uinta Basin, Inc
CB 13G-36-6-20

Prima Oil & Gas Company
State Lost Creek 32-44
(Must avoid site in access road)

Westport Oil & Gas Company
NBU 1022-16H
NBU 1022-16K
NBU 1022-16O
NBU 1022-16A
NBU 1022-16C
NBU 1022-16G
NBU 1022-16E
NBU 1022-16M

Merrion Oil & Gas Corporation
Scud 1
Sparkle Dun 1

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; Hill, Brad; Hunt, Gil

From: Robert Clark
To: Whitney, Diana
Date: 10/12/2004 10:24:06 AM
Subject: Air Quality comments

The following comments are submitted in response to an application to drill proposal for the Divide #1 wildcat well in Grand County. Due to the short turn around time involved, I am submitting comments directly to you rather than to Carolyn Wright at RDCC.

Response to RDCC #4562.

Comments begin: The proposed well drilling project may require a permit, known as an Approval Order, from the Utah Division of Air Quality if any compressor stations are operating at the site. A permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, SLC, UT, 84116 for review according to the Utah Air Conservation Rule R307-400, Permits, Notice of Intent and Approval Order.

The proposed project is also subject to Utah Air Conservation Rule R307-205-3, Fugitive Dust, due to the fugitive dust that is generated during the excavating phases of the project. These rules apply to construction activities that disturb an area greater than 1/4 acre in size. A permit, known as an Approval Order, is not required from the Division of Air Quality, but steps need to be taken to minimize fugitive dust, such as, watering and/or chemical stabilization, providing vegetative or synthetic cover and windbreaks. A copy of the rules are found at www.rules.utah.gov/publicat/code/r307/r307.htm . **Comments end.**

Robert Clark
Division of Air Quality
536-4435

CC: Dave Mcneill

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: MSC Exploration L.P.

WELL NAME & NUMBER: North Thompson 2-1

API NUMBER: 43-019-31412

LEASE: State **FIELD/UNIT:** Wildcat

LOCATION: 1/4,1/4 NWSW Sec: 2 TWP: 21S RNG: 20E 1900 FSL 615 FWL

LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 460 F ANOTHER WELL.

GPS COORD (UTM): X = E; Y = N SURFACE OWNER: FEE

PARTICIPANTS

Bart Kettle(DOGM), Samantha Clark (Permits West), Ed Bonner (SITLA),
LeGrande Bair (Landowner)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is 3 miles northeast of Thompson Springs Utah in Grand County Utah. The proposed location is adjacent to Salt Wash on a small mesa in a 10-12" precept zone. Pinion/Juniper and salt scrub rangelands cut by rocky canyons surround the well site. Topography consists of steep slopes dropping into small mesas eventually turning into extensive salt scrub flats on the valley floor to the south. Slopes are steep to the north, climbing into mountain browse rangelands at the top of the Bookcliffs divide. Salt wash, and dry wash, is the major drainage in the area eventually draining into the Colorado River 20 miles to the southeast. The proposed location is located on the western side of a small drainage contain stock watering ponds. There are no perennial streams located in close proximity to the location, but the location will divert the flow of several small dry washes. Drainages in the immediate area are ephemeral in nature, being dry throughout the warmer months of the year. One perennial spring is known to exist ~2 miles away in Thompson Canyon and is the source for culinary water for the community of Thompson Springs.

SURFACE USE PLAN

CURRENT SURFACE USE: Winter sheep grazing, winter big game habitat, seasonal recreation.

PROPOSED SURFACE DISTURBANCE: 215' x 270'

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: None known.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Production facilities such as separators, dehydrators, flow meters and tanks will be located on-site. The Sales Gas line if needed will be planned and applied for if production results.

SOURCE OF CONSTRUCTION MATERIAL: On-site

ANCILLARY FACILITIES: None required

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Drilling at this location is not expected to generate significant public concern. With the exception of the fall hunting seasons there is limited public visitation into this portion of the Bookcliffs. The closest residence are located ~3 miles away in Thompson Springs Utah. Derrick or rig may be visible from I-70, but is not expected to generate significant public interest.

WASTE MANAGEMENT PLAN:

Garbage and other trash will be contained in an acceptable trash container. Refuse will be transported to an approved sanitary landfill. Sewage will be handled in self-contained portable toilets and contents hauled off location to an authorized facility in accordance with State and local regulations.

Reserve pit will be fenced and lined with a 12-mil liner prior to use. Drill cuttings will be constrained in the reserve pit.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Construction of proposed location will alter the drainage of several dry washes and potentially effect adjacently located stock watering ponds by increasing sediment load being deposited into them.

FLORA/FAUNA: Mule Deer, Black Bear, Cougar, Bobcat, rabbits, songbirds, raptors, and lizards.
Grasses: Salina Wildrye, Squirreltail bottlebrush, Indian rice grass, Sandburgs bluegrass and Small galleta. Forbs: Spiny Phlox. Shrubs: Douglas rabbit brush, Gray horsebrush and Shadecale. Trees: Two needle pinion pine and Utah juniper. Other: Prickly pear

SOIL TYPE AND CHARACTERISTICS: Light gray Sandy Clay.

SURFACE FORMATION & CHARACTERISTICS: Alternating sandstone and clay layers cut by deep canyons. Soils are erosive in nature due to lack of litter/vegetation over entire surface area and steep slopes.

EROSION/SEDIMENTATION/STABILITY: Fine soils prone to wind and water erosion when disturbed.

PALEONTOLOGICAL POTENTIAL: None noted

RESERVE PIT

CHARACTERISTICS: 20'x160'x10'

LINER REQUIREMENTS (Site Ranking Form attached): Liner Required

SURFACE RESTORATION/RECLAMATION PLAN

Rat and mouse holes will be backfilled upon release of the drilling rig from location. The pit will be backfilled when the contents have been

sufficiently dewatered. If the well is productive areas not required for operations will be seeded. Noxious weeds will be controlled on the location in accordance with State guidelines. In the event of a dry hole the location will re re-contoured, the topsoil distributed evenly over the entire location and then re-seeded.

SURFACE AGREEMENT: Per agreement.

CULTURAL RESOURCES/ARCHAEOLOGY: Completed by Montgomery Archaeological Consultants

OTHER OBSERVATIONS/COMMENTS

Landowner requested that stock ponds be maintained in working condition. Requested that operator built sediment basins for drainage leaving location to prevent accelerated sedimentation of stock ponds.

ATTACHMENTS

Photos of this location were taken and placed on file.

Bart Kettle
DOGM REPRESENTATIVE

October 14, 2004
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>20</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 30 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

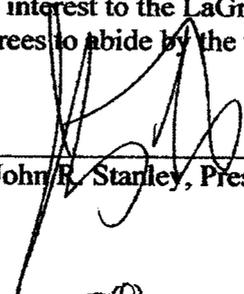
October 18, 2004

Affidavit of Surface Use Agreement

A Surface Use Agreement dated October 15, 2004 exists by and between MSC Exploration, LP and LaGrande Bair Ranch Company covering the use of the land connected with the MSC North Thompson 2-1 Well in Grand County, Utah

MSC Exploration, LP, as successor in interest to the LaGrande Bair Ranch Company under said Surface Use Agreement agrees to abide by the terms and conditions of said Agreement.

On behalf of MSC Exploration, LP



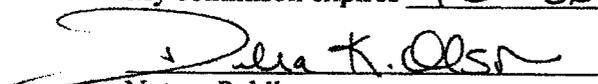
John R. Stanley, President

State of Texas
County of Harris

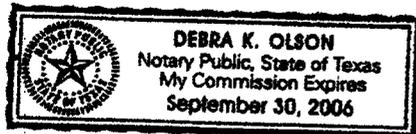
Subscribed and sworn to before me this 18th day of October 2004 by JOHN R. STANLEY

Witness my hand and notarial seal.

My commission expires 9-30-06.



Notary Public



RECEIVED
OCT 18 2004
DIV. OF OIL, GAS & MINING

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: MSC Exploration L.P.
WELL NAME & NUMBER: North Thompson 2-1
API NUMBER: 43-019-31412
LOCATION: 1/4,1/4 NWSW Sec:2 TWP: 21S RNG: 20E 1900 FSL 615 FWL

Geology/Ground Water:

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 the undivided Cretaceous age Castlegate and Blackhawk Formations. Because of the prominent cliff edge near the well location, it is unlikely that a fresh groundwater resource will be encountered in the undivided Castlegate and Blackhawk Formations at this location. The thick and relatively impermeable Mancos Shale and subjacent strata are unlikely to host any fresh groundwater resources. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. One surface water right has been filed on an area within a mile of the proposed well site.

Reviewer: Christopher J. Kierst **Date:** 10/19/2004

Surface:

On-site conducted October 8, 2004. In attendance: Bart Kettle (DOGM), Samantha Clark (Permits West) Ed Bonner (SITLA) and LeGrande Bair (Land owner) invited but choosing not to attend Mary Hofhine (Grand County).

Proposed location lies within small basin used as collection source for stock watering pond. Diversion of drainages to allow construction of location will divert additional drainage towards stock watering pond. Construction of well pad and routine maintenance activities could increase sediment load being carried to stock pond causing accelerated sedimentation of ponds and require that they be cleaned more frequently in order to remain in proper working condition. Due to its position at the bottom of a small hill, turnouts or water bars along access road may be required to prevent water discharged from roadway from entering location. To assure that location does not become flooded diversion ditches will be constructed on the southern portion of the location and water bars/turnouts constructed as needed on access road.

Reviewer: Bart Kettle **Date:** October 14, 2004

Conditions of Approval/Application for Permit to Drill:

1. Construct diversion ditch around higher portions of location and water bars/turnouts along access road.
2. Construct sediment collection basin for drainage being diverted away from location towards stock ponds.
3. A synthetic liner with a minimum thickness of 12 mills shall be properly installed and maintained in the reserve pit.



Search Utah.gov

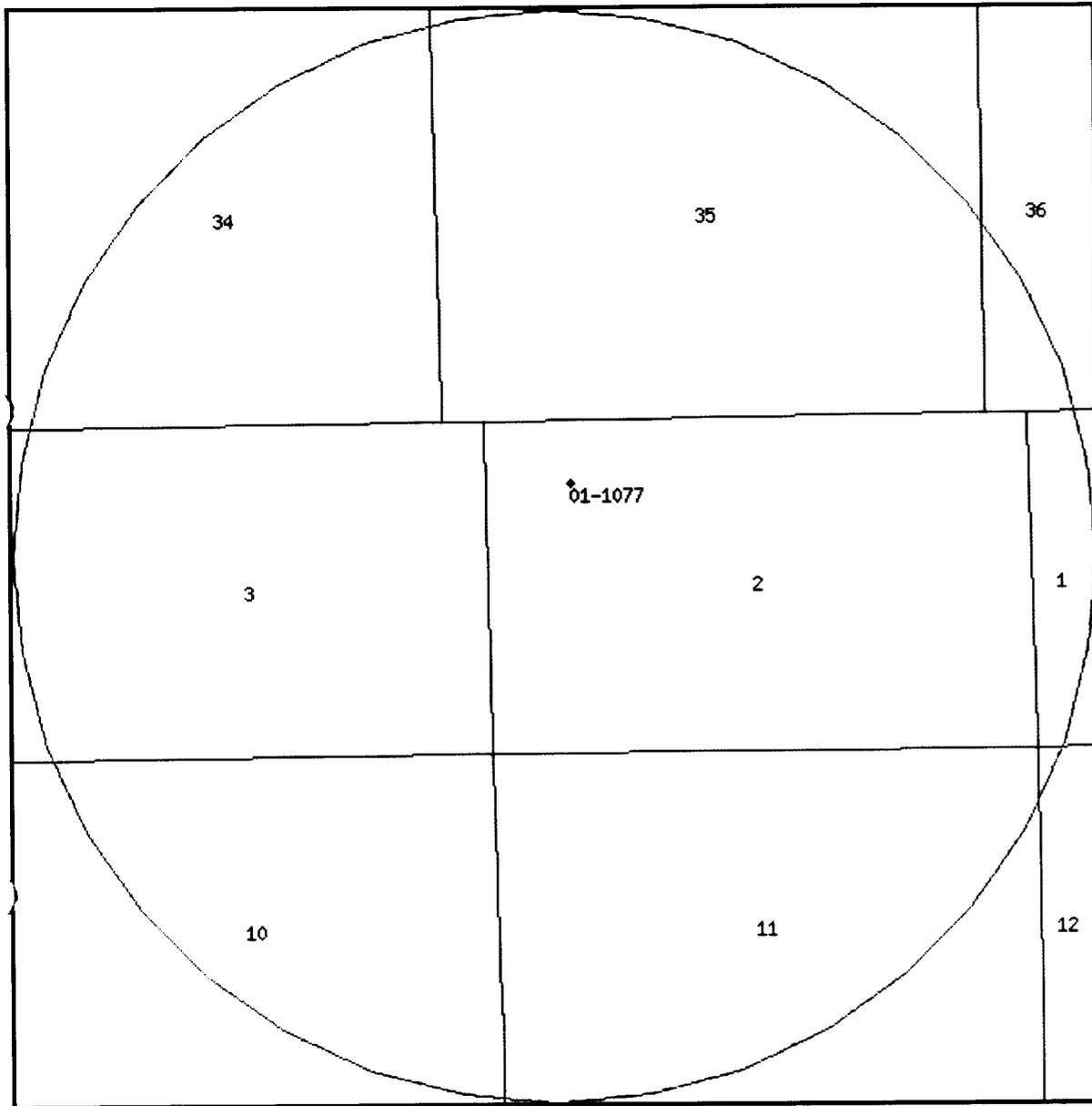
GO

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.03.26.00 Rundate: 10/19/2004 03:27 PM

Radius search of 5280 feet from a point N1900 E615 from the SW corner, section 02, Township 21S, Range 20E, SL
b&m Criteria:wrtypes=W,C,E podtypes=S,U,D,Sp,P status=U,A,P usetypes=all



0 700 1400 2100 2800 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner Name
<u>01-1077</u>	Surface S600 E850 NW 02 21S 20E SL		P	19020000	S	0.000	1.000	THELMA C. BAIR 66586 HIGHWAY 6 & 24

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Well name:

10-04 MSC N Thompson 2-1

Operator: **MSC Exploration LP**

String type: Surface

Project ID:

43-019-31412

Location: Grand County

Design parameters:

Collapse

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

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 72 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 200 ft

Cement top: Surface

Burst

Max anticipated surface pressure: -16 psi
Internal gradient: 0.468 psi/ft
Calculated BHP 218 psi

No backup mud specified.

Tension:

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

Tension is based on air weight.
Neutral point: 437 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 8,700 ft
Next mud weight: 8.800 ppg
Next setting BHP: 3,977 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 500 ft
Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500 ✓	8.625 ✓	24.00 ✓	J-55 ✓	ST&C ✓	500	500	7.972	24.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1370	6.282 ✓	218	2950	13.53 ✓	12	244	20.34 J ✓

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5281
FAX: 801-359-3940

Date: October 20, 2004
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:	10-04 MSC N Thompson 2-1	
Operator:	MSC Exploration LP	Project ID:
String type:	Production	43-019-31412
Location:	Grand County	

Design parameters:

Collapse
Mud weight: 8.800 ppg
Collapse is based on evacuated pipe.

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 187 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 368 ft

Burst

Max anticipated surface pressure: -93 psi
Internal gradient: 0.468 psi/ft
Calculated BHP: 3,977 psi

No backup mud specified.

Burst:
Design factor 1.00

Cement top: 4,831 ft

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

Non-directional string.

Tension is based on air weight.
Neutral point: 7,539 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)	Internal Capacity (ft ³)
1	8700	5.5	17.00	N-80	LT&C	8700	8700	4.767	299.8

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	3977	6290	1.582	3977	7740	1.95	148	348	2.35 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & Mining

Phone: 801-538-5281
FAX: 801-359-3940

Date: October 20, 2004
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 8700 ft, a mud weight of 8.8 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.

10-04 MSC N Thompson 1

Casing Schematic

Mesa Verde

Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.
362 Mancos w/ 18% abchoat
Surface
500. MD

BHP
 $(.052)(8.8)(8700) = 3981$
 Anticipate 3,775

Gcs
 $(.12)(8700) = 1044$

MASP = 2937

BOPE - 3,000 ✓

Say/Csg - 2950
 70% = 2065

Test to 2000 psi ✓

Adequate DUD
 10/21/04

1-1/2"
MW 8.8

3262
Dakota s.s.

TOC ± 3000
 protect Dakota
 (propose 200' above Dakota)

w/ 15% washout
 2396 w/ 0% washout

TOC @
4831.

5280
Wingate

7740
TOC Tail

Production
8700. MD

006



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

October 25, 2004

MSC Exploration, L P
16800 Imperial Valley Dr., Suite 380
Houston, TX 77060

Re: North Thompson 2-1 Well, 1900' FSL, 615' FWL, NW SW, Sec. 2,
T. 21 South, R. 20 East, 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 43-019-31412.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

John R. Baza
Associate Director

pab
Enclosures

cc: Grand County Assessor
SITLA

Operator: MSC Exploration, L P

Well Name & Number North Thompson 2-1

API Number: 43-019-31412

Lease: ML-46759

Location: NW SW Sec. 2 T. 21 South R. 20 East

Conditions of Approval

1. **General**

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

2. **Notification Requirements**

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

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

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

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. Operator shall comply with applicable recommendations resulting from Resource Development Coordinating Committee review. Statements attached.

7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
8. A 5 ½ " production casing cement shall be brought back to ±3000' minimum to isolate Dakota Formation.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS

DREW SITTERUD
CHAIRMAN

WILLIAM D. HOWELL
EXECUTIVE DIRECTOR



375 SOUTH CARBON AVE.
P.O. DRAWER 1106
PRICE, UTAH 84501
(435) 637-5444
FAX (435) 637-5448

AREA WIDE CLEARINGHOUSE REVIEW

Federal Action _____ State Action _____ Approved (x) Yes () No
SEUAOG x

Applicant Address:

Oil, Gas and Mining

1594 West North Temple, #1210

SLC, UT 84114-5801

Name/Phone # Diana Whitney 801-538-5312

Title/Project Description Application for Permit to Drill - MSC Exploration proposes the North Thompson 2-1 well on a State lease ML-46759 in Grand County at Sec 2, T21S, R20E. Five acres of surface disturbance, five weeks duration for drilling.

- [] No Comment
[] See comment below

Comments: Favorable comment recommended.

RECEIVED

OCT 26 2004

SEUALG

DATE

10/21/04

DIV. OF OIL, GAS & MINING

DIVISION OF OIL, GAS AND MINING**SPUDDING INFORMATION**Name of Company: MSC EXPLORATION LPWell Name: N THOMPSON 2-1Api No: 43-019-31412 Lease Type: STATESection 02 Township 21S Range 20E County GRAND

Drilling Contractor _____ RIG # _____

SPUDDED:Date 10/29/04Time 1:30 PMHow DRY**Drilling will commence:** _____Reported by GAYLEN WILLIAMSTelephone # 1-713-464-4200Date 11/01/2004 Signed CHD

MSC EXPLORATION, L.P.
16800 IMPERIAL VALLEY DR., SUITE 380
HOUSTON, TEXAS 77060
PHONE: 281-931-8933 FAX: 281-931-8655

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
<i>Carol Daniels</i>	
COMPANY	DATE:
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
PHONE NUMBER	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:

RECEIVED
OCT 19 2005
DIV. OF OIL, GAS & MINING

CONFIDENTIAL

FORM 9

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

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:
2. NAME OF OPERATOR: <u>MSC Exploration LP</u>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <u>N/A</u>
3. ADDRESS OF OPERATOR: <u>16800 Imperial Valley Dr. Ste 380 Houston, TX 77060</u>		7. UNIT or CA AGREEMENT NAME: <u>N/A</u>
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____ QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>T21S R20E S-02</u>		8. WELL NAME and NUMBER: <u>N. Thompson 2-1</u>
PHONE NUMBER: <u>281937-8933</u>		9. API NUMBER: <u>4301931412</u>
		10. FIELD AND POOL, OR WILDCAT: <u>Wildcat</u>
		COUNTY: <u>GRAND</u>
		STATE: <u>UTAH</u>

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"/> 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Nov. 2004 - Oct. 2005 lost lease due to unavailability of rig before extension deadline. Well was spudded but not drilled. Anticipate reclamation in the spring. Temporarily abandon.

NAME (PLEASE PRINT) <u>Lynn Faust</u>	TITLE <u>Administrator</u>
SIGNATURE <u>L Faust</u>	DATE <u>10-18-05</u>

RECEIVED

OCT 19 2005

DIV. OF OIL, GAS & MINING

(This space for State use only)

(5/2000)

(See Instructions on Reverse Side)

43,019,31412
- 215. 20E 2

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: MSC EXPLORATION LP Today's Date: 08/02/2005

Well: API Number: Drilling Commenced:

SEE ATTACHED LIST:

No monthly drilling reports since 12/2004

To avoid compliance action, required reports should be mailed within 7 business days to:

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

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

008

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

FORM 6

ENTITY ACTION FORM

Operator: MSC Exploration LP
Address: 11800 Imperial Valley Dr.
Sec 280
city Houston
state TX zip 77060

Operator Account Number: N 2595

Phone Number: 281-931-8933

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
43-019-3142	North Thompson 2-1		NWSE	2	21S	20E	GRAND
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	14376	10-29-04				
Comments: <u>WINGT</u> CONFIDENTIAL							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

ACTION CODES:

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

Lynn Faust
Name (Please Print)
L Faust
Signature
Admin
Title
11/10/04
Date

(5/2000)

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NOV 10 2004

CONFIDENTIAL

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

AMENDED REPORT [] FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [X] GAS WELL [] DRY [] OTHER TEMP SUSPEND

b. TYPE OF WORK: NEW WELL [X] HORIZ. LATS. [] DEEP-EN [] RE-ENTRY [] DIFF. RESVR. [] OTHER []

2. NAME OF OPERATOR: MSC Exploration

3. ADDRESS OF OPERATOR: 1645 Court Pl. #300 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 468-0656

4. LOCATION OF WELL (FOOTAGES): AT SURFACE: 1900FSL, 615 FWL

AT TOP PRODUCING INTERVAL REPORTED BELOW:

AT TOTAL DEPTH: 1900FSL, 615 FWL

5. LEASE DESIGNATION AND SERIAL NUMBER: ML 46759

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER: North Thompson 2-1

9. API NUMBER: 4301931412

10. FIELD AND POOL, OR WILDCAT WILDCAT

11. QTR/QTR. SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E

12. COUNTY GRAND 13. STATE UTAH

14. DATE SPURRED: 10/29/2004 15. DATE T.D. REACHED: 11/8/2004 16. DATE COMPLETED: ABANDONED [] READY TO PRODUCE [] 17. ELEVATIONS (DF, RKB, RT, GL): GL

18. TOTAL DEPTH: MD 546 TVD 546 19. PLUG BACK T.D.: MD 546 TVD 546 20. IF MULTIPLE COMPLETIONS, HOW MANY? * Temp. suspendd 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) SURFACE CASING SET, NO LOGS 23. WAS WELL CORED? NO [X] YES [] (Submit analysis) WAS DST RUN? NO [X] YES [] (Submit report) DIRECTIONAL SURVEY? NO [X] YES [] (Submit copy)

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

Table with 10 columns: HOLE SIZE, SIZE/GRADE, WEIGHT (#/L), TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP **, AMOUNT PULLED. Row 1: 12 1/4, 8 5/8 J55, 24, 0, 546, 546, REDI 294, 68, SURF, 0

25. TUBING RECORD

Table with 9 columns: SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS

Table with 5 columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD)

27. PERFORATION RECORD

Table with 10 columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS (Open/Squeezed)

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

Table with 2 columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

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

30. WELL STATUS: ops TEMP ST

MAY 01 2006

31. INITIAL PRODUCTION

INTERVAL A (As shown in Item #26)

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

INTERVAL B (As shown in Item #26)

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

INTERVAL C (As shown in Item #26)

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

INTERVAL D (As shown in Item #26)

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

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

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

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

35. ADDITIONAL REMARKS (Include plugging procedure)

WELL TEMP. SUSPENDED, WAITING ON DRILLING RIG

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

NAME (PLEASE PRINT) R.E. KNIGHT TITLE AGENT
 SIGNATURE *R.E. Knight* DATE 4/7/2006

This report must be submitted within 30 days of

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

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

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

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

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

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

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 type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: MSC Exploration LP		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 16800 Imperial Valley Dr Houston TX 77060		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		8. WELL NAME and NUMBER: N. Thompson 2-1
PHONE NUMBER: 281 931 8933		9. API NUMBER: 43-019-31412
COUNTY: GRAND		10. FIELD AND POOL OR WILDCAT: Wildcat
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <u>7-15-06</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN
<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"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input checked="" type="checkbox"/> RECLAMATION OF WELL SITE
	<input type="checkbox"/> CONVERT WELL TYPE	<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.

3 wells will be done as a package by the same company. Start date will vary based on which wells are done at beginning of program.

NAME (PLEASE PRINT) <u>Lynn Faust</u>	TITLE <u>Admin</u>
SIGNATURE <u>[Signature]</u>	DATE <u>6-6-06</u>

(This space for State use only)

WELL Completion Report (Form 8) and a Sundry Notice of plugging Plan shall be submitted and Approved prior to work commencing

(5/2000)

(See Instructions on Reverse Side)

RECEIVED
JUN 07 2006

[Signature]

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: _____

LEASE NUMBER: _____

and hereby designates

NAME: Tidewater Oil & Gas LLC N3000

ADDRESS: 1645 Court Place, Suite 301

city DENVER state CO zip 80202

as his (check one) agent / operator , with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

- 43-019-31401 STATE MSC 16-1
- 43-019-31402 CACTUS ROSE MSC 2-1
- ~~43-019-31404 FEDERAL MSC 26-1~~
- 43-019-31408 STATE MSC 35-2
- 43-019-31394 STATE 1-32
- 43-019-31399 STATE 21-19 (32-16D)
- 43-019-31404 STATE MSC 35-1
- ~~43-019-31412 N THOMPSON 2-1~~

ER APPROVED 10/25/06
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

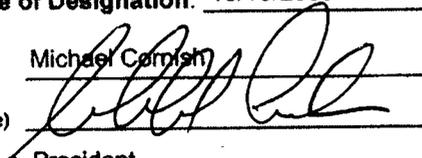
MSC HAS BONDED THESE WELLS - ER

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 10/10/2006

BY: (Name) Michael Cornish
(Signature) 
(Title) President
(Phone) (203) 994-1079

OF: (Company) MSC Exploration, LP N2595
(Address) 369 Florida Hill Rd.
city RIDGEFIELD
state CT zip 06877

RECEIVED
OCT 25 2006

**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:

2/12/2008

FROM: (Old Operator): N3000-Tidewater Oil & Gas Company, LLC 110 16th St, Suite 1200 Denver, CO 80202 Phone: 1 (303) 327-7134	TO: (New Operator): N3440-NAE, LLC 16800 Imperial Valley Dr, Suite 380 Houston, TX 77060 Phone: 1 (281) 931-8933
--	--

WELL NAME	CA No.	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
SEE ATTACHED LIST									

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 2/26/2008
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 2/22/2008
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 1/15/2008
- Is the new operator registered in the State of Utah: _____ Business Number: 6666480-0161
- If **NO**, the operator was contacted on: _____
- (R649-9-2)Waste Management Plan has been received on: IN PLACE
- Inspections of LA PA state/fee well sites complete on: ok
- Reports current for Production/Disposition & Sundries on: ok
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: not yet
- 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: 2/27/2008
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 2/27/2008
- Bond information entered in RBDMS on: 2/27/2008
- Fee/State wells attached to bond in RBDMS on: 2/27/2008
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 2/27/2008

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB000296
- 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 8030575893
- The **FORMER** operator has requested a release of liability from their bond on: 2/22/2008
The Division sent response by letter on: n/a

LEASE INTEREST OWNER NOTIFICATION:

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

COMMENTS:

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.

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 GAS WELL OTHER _____

8. WELL NAME and NUMBER: *see attached list*

9. API NUMBER:

2. NAME OF OPERATOR:
NAE, LLC *N3440*

3. ADDRESS OF OPERATOR: 16600 Imperial Valley Dr. CITY Ste. 380 HOUSTON STATE TX ZIP 77060 PHONE NUMBER: (281) 931-8933

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL
FOOTAGES AT SURFACE: _____ COUNTY: _____
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____ STATE: **UTAH**

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

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

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

NAE, LLC will be assuming all plugging and reclamation liabilities for the wells on the schedule attached hereto.

Effective Date: 2/12/08

Federal Bond Number: UTB000296

State Bond Number: 8030575893

Name: Tidewater Oil & Gas Company LLC. Address: 110 16th St., Ste 1200, Denver, CO 80202

Signature: *[Signature]* *N3000*
Title: *Manager*
Date: *02/21/08*

NAME (PLEASE PRINT) MICHAEL CORWISH TITLE MANAGER NAE
SIGNATURE [Signature] DATE 2/13/08

(This space for State use only)

(5/2009)

APPROVED 2127108
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

(See Instructions on Reverse Side)

RECEIVED
FEB 22 2008
DIV. OF OIL, GAS & MINING

well_name	sec	twp	rng	api	entity	lease	well	stat
FEDERAL MSC 26-1	26	210S	190E	4301931407	14785	Federal	GW	S
FEDERAL 7-34-2122	07	210S	220E	4301931484		Federal	OW	APD
BLACK HAT FED 18-43-2224	18	220S	240E	4301931495		Federal	OW	APD
OLD SAGERS FED 13-32-2222	13	220S	220E	4301931497		Federal	OW	APD
STATE 1-32	32	210S	190E	4301931394	13598	State	OW	PA
STATE 21-19 (32-16D)	32	210S	190E	4301931399	13903	State	OW	TA
STATE MSC 16-1	16	210S	200E	4301931401	14166	State	OW	S
STATE MSC 35-1	35	210S	190E	4301931404	14259	State	GW	S
N THOMPSON 2-1	02	210S	200E	4301931412	14376	State	GW	OPS
TIDEWATER ST 23-5	23	210S	230E	4301931466	16258	State	OW	PA
TIDEWATER ST 23-2	23	210S	230E	4301931467		State	GW	APD
TIDEWATER ST 23-1	23	210S	230E	4301931468		State	GW	APD

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

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	* Please see attached schedule *
API number:	
Location:	
Company that filed original application:	Tidewater oil + Gas Company
Date original permit was issued:	
Company that permit was issued to:	

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		<input checked="" type="checkbox"/>
<input type="checkbox"/> If so, has the surface agreement been updated?		
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		<input checked="" type="checkbox"/>
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		<input checked="" type="checkbox"/>
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		<input checked="" type="checkbox"/>
Has the approved source of water for drilling changed?		<input checked="" type="checkbox"/>
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		<input checked="" type="checkbox"/>
Is bonding still in place, which covers this proposed well? Bond No. <u>8030575893</u>	<input checked="" type="checkbox"/>	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Michael Carnish Title MANAGER
 Signature [Signature] Date 2-26-08
 Representing (company name) NAE, LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

FEB 26 2008

DIV. OF OIL, GAS & MINING

**NOTICE OF LATE REPORTING
DRILLING & COMPLETION INFORMATION**

Utah Oil and Gas Conservation General Rule R649-3-6 states that,

- Operators shall submit monthly status reports for each drilling well (including wells where drilling operations have been suspended).

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.

- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
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Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: NAE, LLC Today's Date: 07/18/2008

Well:	API Number:	Drilling Commenced:
N Thompson 2-1 21s Joe 2	4301931412	10/29/2004

List Attached

To avoid compliance action, required reports should be mailed within 7 business days to:

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

If you have questions or concerns regarding this matter, please contact Rachel Medina
at (801) 538-5260.

cc: Well File
Compliance File

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 type="checkbox"/> OTHER <u>Suspended</u>		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50781
2. NAME OF OPERATOR: NAE, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 110 16th St, Ste 1220 Denver CO 80202		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1900' FSL, 615' FWL		8. WELL NAME and NUMBER: North Thompson 2-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E 2		9. API NUMBER: 4301931412
COUNTY: Grand		10. FIELD AND POOL, OR WILDCAT: Wildcat
STATE: UTAH		

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> 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 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 checked="" 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.

NAE intends to P&A the referenced well and reclaim the surface location. This well was spud in 2004 and 8-5/8" surface casing was set in a 12-1/4" hole to 505'. The surface casing was never drilled out, and the shoe joint and float shoe are still intact. Recently the lease expired. NAE intends to set a 100' cement plug at the surface inside the 8-5/8" casing, cut off the casing 3' BGL, install a dry hole marker pursuant to State regulations, pull the cellar ring, and fill-in the cellar and rathole/mousehole. After P&A, NAE intends to reclaim the location pursuant to the requests and specification of the State Trust Lands (mineral owner) and the surface owner.

COPY SENT TO OPERATOR

Date: 7-23-2008

Initials: KS

NAME (PLEASE PRINT) Walter D. Lowry TITLE Operations Manager

SIGNATURE [Signature] DATE 7/18/2008

(This space for State use only)

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE: 7/22/08

BY: [Signature]

* See Conditions of Approval (Attached)

RECEIVED

JUL 18 2008

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

CONFIDENTIAL

CONDITIONS OF APPROVAL TO PLUG AND ABANDON WELL

Well Name and Number: North Thompson 2-1
API Number: 43-019-31412
Operator: NAE, LLC
Reference Document: Original Sundry Notice dated July 18, 2008,
received by DOGM on July 18, 2008.

Approval Conditions:

1. Notify the Division at least 24 hours prior to conducting abandonment operations. Please call Dan Jarvis at 801-538-5338.
2. Surface reclamation shall be done in accordance with R649-3-34 – Well Site Restoration. Evidence of compliance with this rule should be supplied to the Division upon completion of reclamation.
3. All annuli shall be cemented from a minimum depth of 100' to the surface.
4. All requirements in the Oil and Gas Conservation General Rule R649-3-24 shall apply.
5. If there are any changes to the plugging procedure or the wellbore configuration, notify Dustin Doucet at 801-538-5281 (ofc) or 801-733-0983 (home) prior to continuing with the procedure.
6. All other requirements for notice and reporting in the Oil and Gas Conservation General Rules shall apply.

Dustin K. Doucet
Petroleum Engineer

July 22, 2008

Date





JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

September 29, 2008

CERTIFIED MAIL NO.: 7004 2510 0004 1824 6343

Mr. Walter Lowry
North American Exploration, LLC
110 16th Street, STE# 1220
Denver, CO 80202

21S 2DE 2

Re: State 21-19 (32-16D) API 43-019-31399; State MSC 16-1 API 43-019-31401;
Cactus Rose MSC 2-1 API 43-019-31402; State MSC 35-1 API 43-019-31404;
N Thompson 2-1 API 43-019-31412
Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases

Dear Mr. Lowry:

North American Exploration, LLC has five (5) Mineral Lease Wells (see Attachment A) that are currently in non-compliance for extended shut-in and temporary abandonment (SI/TA) status. It is understood that a couple of these wells have been or will be plugged shortly. Wells SI/TA beyond twelve (12) consecutive months require the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

For extended SI/TA consideration the operator shall provide the Division with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and

Page 2
September 29, 2008
Mr. Lowry

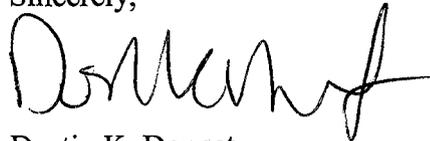
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3)

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions will be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

JP/js
Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

Attachment A

	Well Name	API	Lease Type	Years Inactive
1	STATE 21-19 (32-16D)	43-019-31399	ML-47441	4 Years 11 Months
2	STATE MSC 16-1	43-019-31401	ML-46760	3 Years 9 Months
3	CACTUS ROSE MSC 2-1	43-019-31402	ML-47721	2 Years 9 Months
4	STATE MSC 35-1	43-019-31404	ML-47576	3 Years 5 Months
5	N THOMPSON 2-1	43-019-31412	ML-46759	3 Years 10 Months



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 23, 2009

CERTIFIED MAIL NO.: 7005 0390 0000 7507 4238

Mr. Walter Lowry
North American Exploration, LLC
110 16th Street, STE# 1220
Denver, CO 80202

215 2DE 2

Subject: **SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Requirements for Wells on Fee or State Leases**

State 21-19 (32-16D) API 43-019-31399; State MSC 16-1 API 43-019-31401;
Cactus Rose MSC 2-1 API 43-019-31402; State MSC 35-1 API 43-019-31404;
N Thompson 2-1 API 43-019-31412

Dear Mr. Lowry:

North American Exploration, LLC ("NAE") has five (5) Mineral Lease Wells (see Attachment A) that are currently in non-compliance for extended shut-in and temporary abandonment (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months require the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining ("Division") approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

Based on a sundry dated February 13, 2008 it was understood by the Division that NAE would be "assuming all plugging and reclamation liabilities" for the above listed wells. The N THOMPSON 2-1 well had a sundry dated July 18, 2008 with intent to plug and abandon (P&A). Condition of approval to P&A was sent to NAE July 22, 2008. The STATE 21-19 (32-16D) also had a sundry dated August 22, 2008 with intent to P&A. Condition of approval to plug this well was sent September 3, 2008. A notice of SI/TA status for wells listed (Attachment A) was sent via certified mail September 29, 2008. To date the Division has no record of the proposed work being done on these wells, nor received any such correspondence addressing the issue. Please address this matter promptly.



Page 2
North American Exploration, LLC
February 23, 2009

For extended SI/TA consideration the operator shall provide the Division with the following:

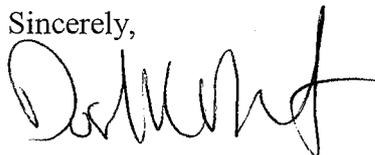
1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3)

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, a notice of violation will be issued. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



Dustin K. Doucet
Petroleum Engineer

DKD/JP/js

Enclosure

cc: Jim Davis, SITLA
Compliance File
Well File

N:\O&G Reviewed Docs\ChronFile\PetroleumEngineer\SITLA

Attachment A

	Well Name	API	Lease Type	Years Inactive
1	STATE 21-19 (32-16D)	43-019-31399	ML-47441	5 Years 3 Months
2	STATE MSC 16-1	43-019-31401	ML-46760	4 Years 2 Months
3	CACTUS ROSE MSC 2-1	43-019-31402	ML-47721	3 Years 2 Months
4	STATE MSC 35-1	43-019-31404	ML-47576	3 Years 10 Months
5	N THOMPSON 2-1	43-019-31412	ML-46759	4 Years 3 Months

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

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-46759

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL OIL WELL GAS WELL OTHER _____

8. WELL NAME and NUMBER:
North Thompson 2-1

2. NAME OF OPERATOR:
NAE LLC

9. API NUMBER:
4301931412

3. ADDRESS OF OPERATOR:
16800 Imperial Valley Dr., St. CITY Houston STATE TX ZIP 77060 PHONE NUMBER: (281) 931-8933

10. FIELD AND POOL, OR WILDCAT:
Wildcat

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 1900'FSL & 615 FWL COUNTY: Grand
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 7/30/2008	<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.

*SEE ATTACHED P&A REPORT

RECEIVED

MAR 25 2009

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) LYNN FAUST TITLE Agent
SIGNATURE L Faust DATE 3-16-09

(This space for State use only)

Drilling/Completion Summary Report

Well Name: Thompson North 2-1

Field: Wildcat

AFE: Plug and Abandon

County/Parish/State: Grand /Utah

Operator: North American Exploration, LLC

Contractor:

Date: 7/30/2008

7/29/2008

DAILY SUMMARY

Present Operations:	23 – Abandonment
Days From Spud:	
Present Depth:	
Footage Last 24 Hours:	0.00
Hours Drilling:	
Daily Well Cost:	\$14,800.00
Cumulative Well Cost:	\$14,800.00

24 hr Activity: 13:00 Attempt to MIRU Professional Well Service Rig #1. Could not get rig up the hill to location. Attempt to move cement equipment to well, could not make it up the hill to location. Order road grader to MIRU equipment. Run 105' of tubing into well. RU cementers. Mix and pump 40 sx of Class 'G' neat cement @ 15.6 ppg with a yield of 1.14 cu ft/sx (6.2 bbls of cement). Circulate cement to surface for P&A plug #1 (only plug required by State of Utah Division of Oil, Gas, and Mining). Cement stayed at surface. 11:00 Release cement equipment and SDFN.



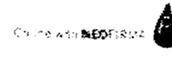
Well Name: Thompson North 2-1
AFE: Plug and Abandon
Operator: North American Exploration, LLC

Daily Costs Detail

Field: Wildcat
County/Parish/State: Grand /Utah
Contractor:
Date: 7/25/2008

Code	Category Title	Code	Subcategory Title	Vendor	Notes	Daily Cost	Cumulative Cost
0	Intangible Drilling Cost	9102	Auxillary Rig Equipment	Cascade Tanks, LLC		\$2,000.00	\$2,000.00
0	Intangible Drilling Cost	9127	Site Supervision	John Durham		\$600.00	\$600.00
0	Intangible Drilling Cost	9170	Plug & Abandon	Halliburton		\$9,300.00	\$9,300.00
0	Intangible Drilling Cost	9171	Rental Equipment	Cascade Tanks, LLC		\$1,400.00	\$1,400.00
0	Intangible Drilling Cost	9183	Water	Cascade Tanks, LLC		\$1,500.00	\$1,500.00
Totals:						\$14,800.00	\$14,800.00

Managed By: North American Exploration, LLC



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

CONFIDENTIAL

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.

5. LEASE DESIGNATION AND SERIAL NUMBER: M 44759

6. IF APPLICABLE, ALLOTTEE OR TRIBE NAME: _____

7. UNIT OR AGREEMENT NAME: _____

1. TYPE OF WELL: OIL WELL GAS WELL OTHER _____

2. NAME OF OPERATOR: NAE LLC

3. ADDRESS OF OPERATOR: 16800 Imperial Valley Dr., St. CITY Houston STATE TX ZIP 77060 PHONE NUMBER: (281) 931-8933

4. LOCATION OF WELL: FOOTAGES AT SURFACE: 1900'FSL & 615 FWL COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E STATE: UTAH

8. WELL NAME and NUMBER: North Thompson 2-1

9. API NUMBER: 4301931412

10. FIELD AND POOL, OR WILDCAT: Wildcat

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: <u>7/30/2008</u>	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input 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.

*SEE ATTACHED P&A REPORT

RECEIVED

MAR 25 2009

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) LYNN FAUST TITLE Agent

SIGNATURE L Faust DATE 3-16-09

(This space for State use only)



Drilling/Completion Summary Report

Well Name: Thompson North 2-1

Field: Wildcat

AFE: Plug and Abandon

County/Parish/State: Grand /Utah

Operator: North American Exploration, LLC

Contractor:

Date: 7/30/2008

7/25/2008

DAILY SUMMARY

Present Operations:	23 – Abandonment
Days From Spud:	
Present Depth:	
Footage Last 24 Hours:	0.00
Hours Drilling:	
Daily Well Cost:	\$14,800.00
Cumulative Well Cost:	\$14,800.00

24 hr Activity: 13:00 Attempt to MIRU Professional Well Service Rig #1. Could not get rig up the hill to location. Attempt to move cement equipment to well, could not make it up the hill to location. Order road grader to MIRU equipment. Run 105' of tubing into well. RU cementers. Mix and pump 40 sx of Class 'G' neat cement @ 15.6 ppg with a yield of 1.14 cu ft/sx (6.2 bbls of cement). Circulate cement to surface for P&A plug #1 (only plug required by State of Utah Division of Oil, Gas, and Mining). Cement stayed at surface. 11:00 Release cement equipment and SDFN.



Well Name: Thompson North 2-1

AFE: Plug and Abandon

Operator: North American Exploration, LLC

Daily Costs Detail

Field: Wildcat

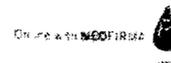
County/Parish/State: Grand /Utah

Contractor:

Date: 7/25/2008

Code	Category Title	Code	Subcategory Title	Vendor	Notes	Daily Cost	Cumulative Cost
0	Intangible Drilling Cost	9102	Auxillary Rig Equipment	Cascade Tanks, LLC		\$2,000.00	\$2,000.00
0	Intangible Drilling Cost	9127	Site Supervision	John Durham		\$600.00	\$600.00
0	Intangible Drilling Cost	9170	Plug & Abandon	Halliburton		\$9,300.00	\$9,300.00
0	Intangible Drilling Cost	9171	Rental Equipment	Cascade Tanks, LLC		\$1,400.00	\$1,400.00
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Totals:						\$14,800.00	\$14,800.00

Managed By: North American Exploration, LLC



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

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

5. LEASE DESIGNATION AND SERIAL NUMBER: ME-50781

6. IF INDIAN ALLOTTEE OR TRIBE NAME: _____

7. UNIT or CA AGREEMENT NAME: _____

8. WELL NAME and NUMBER: North Thompson 2-1

9. API NUMBER: 4301931412

10. FIELD AND POOL, OR WILDCAT: Wildcat

1. TYPE OF WELL: OIL WELL GAS WELL OTHER Suspended

2. NAME OF OPERATOR: NAE, LLC

3. ADDRESS OF OPERATOR: 110 16th St, Ste 1220 Denver CO 80202 PHONE NUMBER: (303) 327-7169

4. LOCATION OF WELL: FOOTAGES AT SURFACE: 1900' FSL, 615' FWL COUNTY: Grand
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E 2 STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input 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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: <u>8/1/2008</u>	<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 checked="" type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

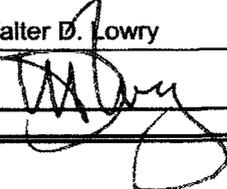
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

This well was spud in 2004 and 8-5/8" surface casing was set in a 12-1/4" hole to 505'. The surface casing was never drilled out, and the shoe joint and float shoe are still intact. Recently the lease expired.

On July 25, 2008, NAE moved a rig onto this location and set a 100' surface plug in the 8-5/8" casing. NAE then cut off the casing 3' BGL, installed a dry hole marker pursuant to State regulations, pulled the cellar ring, and filld-in the cellar and rathole/mousehole. After P&A, NAE reclaimed and reseeded the surface pursuant to the requests and specifications of the State Trust Lands (mineral owner) and the surface owner.

NAE requests the Division of Oil, Gas, and Mining inspect approve the reclamation in order for NAE to have its bond for this well released.

NAME (PLEASE PRINT) Walter D. Lowry TITLE Operations Manager

SIGNATURE  DATE 4/8/2009

(This space for State use only)

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CONFIDENTIAL

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

RECOMMENDED REPORT [] FORM 8
(highlight changes)

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL [] GAS WELL [] DRY [x] OTHER []
b. TYPE OF WORK: NEW WELL [] HORIZ. LATS. [] DEEP-EN [] RE-ENTRY [] DIFF. RESVR. [] OTHER P&A

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-50781

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER: N. Thompson 2-1

2. NAME OF OPERATOR: NAE, LLC

9. API NUMBER: 4301931412

3. ADDRESS OF OPERATOR: 110 16th St., Ste 1220 CITY Denver STATE CO ZIP 80202 PHONE NUMBER: (303) 327-7169

10 FIELD AND POOL, OR WILDCAT Wildcat

4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1900' FSL, 615' FWL AT TOP PRODUCING INTERVAL REPORTED BELOW: AA AT TOTAL DEPTH: AA

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 2 21S 20E 2

12. COUNTY Grand 13. STATE UTAH

14. DATE SPUNDED: 10/29/2004 15. DATE T.D. REACHED: 11/5/2004 16. DATE COMPLETED: 7/25/2008 ABANDONED [x] READY TO PRODUCE []

17. ELEVATIONS (DF, RKB, RT, GL): 5005 GR

18. TOTAL DEPTH: MD 527 TVD 527 19. PLUG BACK T.D.: MD TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? *

21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) None 23. WAS WELL CORED? NO [x] YES [] (Submit analysis) WAS DST RUN? NO [x] YES [] (Submit report) DIRECTIONAL SURVEY? NO [x] YES [] (Submit copy)

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

Table with columns: HOLE SIZE, SIZE/GRADE, WEIGHT (#/ft.), TOP (MD), BOTTOM (MD), STAGE CEMENTER DEPTH, CEMENT TYPE & NO. OF SACKS, SLURRY VOLUME (BBL), CEMENT TOP **, AMOUNT PULLED. Row 1: 12-1/4", 8 5/8 J 55, surface.

25. TUBING RECORD

Table with columns: SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD), SIZE, DEPTH SET (MD), PACKER SET (MD)

26. PRODUCING INTERVALS

Table with columns: FORMATION NAME, TOP (MD), BOTTOM (MD), TOP (TVD), BOTTOM (TVD). Row 1: (A) None

27. PERFORATION RECORD

Table with columns: INTERVAL (Top/Bot - MD), SIZE, NO. HOLES, PERFORATION STATUS. Row 1: Open [] Squeezed []

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

Table with columns: DEPTH INTERVAL, AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

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

30. WELL STATUS:

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31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

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

INTERVAL B (As shown in item #26)

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

INTERVAL C (As shown in item #26)

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

INTERVAL D (As shown in item #26)

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

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

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
None					

35. ADDITIONAL REMARKS (Include plugging procedure)

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

NAME (PLEASE PRINT) Mark Grummon TITLE Executive VP
 SIGNATURE _____ DATE 8/20/2009

This report must be submitted within 30 days of

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

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

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

Send to: Utah Division of Oil, Gas and Mining Phone: 801-538-5340
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 Salt Lake City, Utah 84114-5801